

GROUPE PLASTIVALOIRE

First-half 2019-2020 results

EBITDA margin: 9.7%

In € million *Pre-audit figures*	**H1 18-19**	**H1 19-20**
Revenue	**360.6**	**366.7**
Gross margin	176.1	178.4
EBITDA	**36.1**	**35.7**
Recurring operating income	**20.5**	**16.7**
Operating income	19.8	10.1
Net income of companies accounted for by the equity method	0.2	0.1
Net income	**15.0**	**5.7**
Net income attributable to equity holders of the parent	**12.8**	**4.4**

Plastivaloire Group enjoyed a robust start to 2019-2020 (October–March), with business, mainly in the motor vehicle segment, remaining buoyant through to February. In March, however, due to the Covid-19 global pandemic, the Group had to gradually shut down its production sites, dampening first-half growth and profitability.

Plastivaloire Group reported revenue of €366.7 million for the first half of the 2019-2020 financial year, up 1.7%. This growth includes TransNav over six months of the period, versus five months in 2018-2019. At constant scope, business remained stable, despite the fall in activity of around €20 million in March, directly attributable to the health crisis.

EBITDA margin of 9.7%

In this unique context, the Group achieved EBITDA of €35.7 million for the first half, a figure very similar to one year earlier. EBITDA margin edged back 0.3 points to 9.7%. The Group's gross margin remained high at 48.7%, with operational costs well controlled.

After taking into account an increase in depreciation, amortization and provisions (€18.9 million versus €15.6 million in first half 2018-2019), due to major investments made in recent years, recurring operating income came in at €16.7 million, representing a recurring operating margin of 4.6%, down 1.1 points.

Operating income was impacted by the €4.5 million impairment of the Turkish subsidiary's goodwill following impairment tests.

The joint venture in Slovakia contributed €0.1 million to net income. Net financial expense came to €1.7 million, offset by a €1.0 million foreign exchange gain, while the Group's tax expense was €2.8 million. This brought net income to €5.7 million, of which €4.4 million in net income attributable to equity holders of the parent.

Positive free cash flow for the period

Shareholders' equity amounted to €298.3 million, up more than €15 million year on year. Cash flow from operating activities came to €27.7 million for the first half of the year, compared with €24.9 million for the same period a year earlier, mainly thanks to the controlled increase in working capital. These flows were primarily used to finance net operating investments for the period, which totaled €15.9 million.

The cash surplus was used to reduce debt, with net debt falling by nearly €6 million to €255.8 million compared with September 30, 2019 (€237.8 million excluding rental debt – IFRS 16), representing a gearing ratio of 86% (80% restated for rental debt). The Group's available cash amounted to €37.8 million at March 31, 2020.

In April, in the context of the health crisis, the Group obtained State-guaranteed loans (Prêts garantis par l'Etat – PGE) in France from its banking partners, as well as a so-called "prêt Atout" loan of €32 million from Bpifrance. These measures to increase available cash have enabled the Group to gradually resume operations with confidence.

Note on outlook

After being forced to idle almost all of its production sites for two months from mid-March due to the health crisis, Plastivaloire Group gradually started to resume operations from mid-May, as local restrictions were eased and customer orders picked up pace. All sites have now reopened. Utilization rates are increasing on a weekly basis, at current rates of around 75% of normative activity.

In the third quarter, the loss of turnover is expected to amount to some €100 million, half of which corresponding to the month of April. This sharp decline in turnover will naturally have an impact on profitability, which will however be mitigated by flexibility measures, including short-time working in France and strict cost management.

The strength of the recovery remains highly uncertain, making it impossible to provide precise projections for the fourth quarter and annual closings.

The decline in consultations has impacted new business since the beginning of the year, but the Group remains positioned on several significant calls for tenders, primarily relating to upcoming vehicle programs for premium automakers, in line with the Group's strategy.

The Group's plans to establish its presence in China remain relevant. Discussions, which were hampered by the global context, are now resuming with a potential Chinese partner to create a joint-venture able to produce parts for one of the Group's premium clients.

The Group will provide a further business update at the time of the publication of its third-quarter turnover at end August.

Plastivaloire Group ranks amongst the very top European manufacturers of complex plastic parts used in retail consumer products. It designs and manufactures these plastic parts and handles their mass production. Present within the multimedia, motor vehicle and electric and electrical appliance sectors, the Group has 32 production sites in France, Germany, Poland, Spain, Romania, Turkey, Tunisia, England, Portugal, Slovakia and Mexico.

Number of shares: 22,125,600 - Euronext Paris, Segment B - ISIN: FR0013252186 - PVL - Reuters: PLVP.PA - Bloomberg: PVL.FP