Groupe Plastivaloire

2018-2019 yearly results:
EBITDA margin: 10.4% – Target met

In € million *Pre-audit figures*	**2017-2018 published**	**2018-2019 restated***	**2018-2019 published**
Revenue	**658.9**	**733.1**	**728.4**
Gross margin	316.4	357.1	352.4
EBITDA**	**72.2**	**65.3**	**75.5**
EBITDA margin	11.0%	8.9%	10.4%
Recurring operating income	**51.8**	**37.8**	**42.3**
Operating income	50.8	35.5	39.9
Net income	**43.7**	**24.1**	**27.8**
Net income attributable to equity holders of the parent	39.7	20.9	24.6

** Provisional income statement, restated to reflect the application of IFRS 15 and IFRS 16 in 2018-2019.*
*** Recurring operating income before net allocations to depreciation, amortization and provisions.*

The 2018-2019 period was difficult for the Motor Vehicle division, with a slowdown in production, particularly in Europe. However, the Plastivaloire Group held up well and achieved its main objective with an annual EBITDA margin of 10.4%. The year was also characterized by both organic growth and acquisitions in North America, accounting for almost 13% of the year's revenue.

Revenue for 2018-2019 came to €728.4 million, representing growth of 10.5%. These results were driven by the integration of the American company TransNav, which contributed €83.0 million over 11 months, perfectly in line with Group expectations. Revenue was down just 2.1% on an organic basis (-1.3%, excluding the impact of IFRS 15) thanks to restored organic growth in the second half (+0.9%), primarily underpinned by the development of the San Luis Potosi site in Mexico, which generated €10.0 million in revenue over the year.

The Motor Vehicle (parts and tooling) division posted revenue of €584.5 million, or 80.2% of total revenue (compared with 82.2% in 2017-2018). The buoyant Industries (parts and tooling) division contributed €143.9 million, or 19.8% of total revenue (compared with 17.8% in 2017-2018).

EBITDA margin in the second half: 10.7%

The Group's annual EBITDA margin came to 10.4% (8.9% before the application of IFRS 15 and IFRS 16, compared to 11.0% in 2017-2018), meeting its high expectations. TransNav had a 0.7-point positive impact on the EBITDA margin.

Over the period, the Group was affected by the slump in the motor vehicle market, which was especially slow between the close and launch of programs at certain sites, particularly in Portugal and Slovakia. The site in Mexico is still in its deployment phase and is not yet profitable but should turn the corner in 2020.

A strict cost control policy and progressive improvements in organic growth have nevertheless limited the impact of cyclical trends, **carrying the EBITDA margin to 10.7% in the second half of the year, compared to 10.0% in the first half.**

After amortization, depreciation and provisions, the Group's recurring operating income totaled €42.3 million (€37.8 million before the application of IFRS 15 and IFRS 16), resulting in a current operating margin of 5.8%.

The joint venture in Slovakia contributed €0.3 million to net income. Net financial expense came to €6.4 million, a significant increase due primarily to the loan taken out for the TransNav acquisition and tax expense of €6.0 million. This brought net income to €27.8 million, of which €24.6 million attributable to equity holders of the parent.

A carefully managed financial structure

Shareholders' equity amounted to €298.8 million at September 30, 2019, up nearly €18 million year on year.

Cash flow linked to operations increased sharply to €52.7 million (versus €28.8 million one year earlier), benefiting in particular from the careful management of the Group's WCR. These flows perfectly match the high level of net operating investments, which also came in at €52.7 million, associated with the development and expansion of sites in line with the growth plan.

The €90.3 million net outflow (including a supplement to the price paid in June) arising on the acquisition of TransNav was financed by bank loans. Consequently, net debt came to €261.3 million (€244.5 million restated for the application of IFRS 15 and IFRS 16), representing a gearing ratio of 87% (82% restated). The Group's available cash amounted to €36.6 million at September 30, 2019. The 3.4 financial leveraging ratio remains completely in line with banking covenants.

Proposed dividend of €0.13 per share

In keeping with its dividend policy, the Group will propose payment of €0.13 per share at its next Annual General Meeting.

Outlook:

The Group has a solid multi-year order book, which was bolstered by the year's dynamic sales, consistent with previous years. New programs are scheduled for launch in 2020, particularly in the Motor Vehicle division. Market shifts towards hybrid and electric vehicles have no impact on the Group's business. The synergies in North America are going ahead as expected and are a confirmation of the region's development potential. Close to half of TransNav's new orders are from longstanding clients of Plastivaloire Group.

This improvement is expected to continue. For 2019-2020, Plastivaloire Group is cautiously targeting increased revenues of €750 million and a higher EBITDA margin. An emphasis will also be put on generating free cash flow thanks to the bottom line and a sharp drop in investment programs scheduled for 2019-2020.

In the medium term, Plastivaloire Group confirms its ambitious development plan for steady growth. It aims to reach revenues of €1 billion by September 2025. To this end and in keeping with the world-wide premium client advisory strategy in the three key areas (Europe, America and Asia), the Group is currently looking into developing its operations in Asia. Contracts are underway with potential partners in China to create a joint-venture in order to produce parts for one of the Group's premium clients.

Plastivaloire Group ranks amongst the very top European manufacturers of complex plastic parts used in retail consumer products.
Using innovative solutions, it designs and manufactures these high-tech plastic parts and handles their mass production for the motor vehicle and industries sectors.
Plastivaloire Group has more than 6,000 employees and 32 production sites in France, Germany, the United States, Poland, Spain, Romania, Turkey, Tunisia, England, Portugal, the Czech Republic, Slovakia and Mexico.

Number of shares: 22,125,600 - Euronext Paris, Segment B - ISIN: FR0000051377 - PVL - Reuters: PLVP.PA - Bloomberg: PVL.FP