

27 September 2018 after the market close

FIRST-HALF 2018 EARNINGS**SALES OF €559.3 MILLION****OPERATING MARGIN OF 10.3%**

The Executive Board of the Akwel Group met on 24 September 2018 and approved the financial statements for the first half of 2018. These statements were subjected to a limited review by the Statutory Auditors.

Simplified, consolidated income statement – 1st half 2018 (1 January to 30 June)

In €m	H1 2018	H1 2017	Chg. in %
Sales	559.3	534.7	+4.6%
Income from ordinary activities	57.5	67.4	-14.7%
Operating margin	10.3%	12.6%	-2.3 pt
Operating income	57.5	67.5	-14.7%
Financial income/(expense)	(1.1)	(1.0)	n.s.
Profit before tax and non-recurring items	56.4	66.5	-15.2%
Group share of consolidated net income	45.7	48.5	-5.8%
Net margin	8.2%	9.1%	-0.8 pt

As previously indicated, the first half has historically contributed more to full-year earnings than the second half.

OPERATING MARGIN MAINTAINED ABOVE 10% AMID SUSTAINED CAPITAL EXPENDITURE

In the first half, the Akwel Group achieved sales of €559.3 million, up 4.6% unadjusted and 10.7% on a like-for-like basis. A negative currency impact of €32.7 million, which included €13.9 million on the Turkish lira and €14.6 million on the US dollar, essentially reflected translation differences. The results of the entities concerned were therefore not affected.

Against a background of business growth and expansion of its production capacity, the Akwel Group posted first-half results that were down compared with the first half of 2017.

EBITDA for the period came in at €74.6 million, down €10.7 million from H1 2017. Income from ordinary activities totalled €57.5 million.

The operating margin remained high at 10.3% of sales, but declined 2.3 points compared with the H1 2017 operating margin, reflecting:

- an increase in the payroll;
- a large number of sites in a start-up or ramp-up phase;
- increases in the price of certain raw materials.

Provisions remained at a high level in the first half and included an additional provision for the risk of warranty returns.

Design study costs totalled €35.2 million during the period, vs. €29.6 million in H1 2017, reflecting a strengthening of the Industrialisation and Methods teams, as the Group sought to internalise as much of its core competencies as possible.

After net financial expense of €1.1 million and tax expense of €10.4 million, vs. €17.8 million last year, net income, Group share, was €45.7 million, down 5.8%.

Net margin remained high at 8.2% of H1 2018 sales, vs. 9.1% in H1 2017.

Cash flow was virtually stable at €64.2 million.

The Akwel Group's financial structure is very sound, with net financial debt of €42.4 million as of 30 June 2018. Group equity stood at €442.4 million as of 30 June 2018. Net gearing was less than 10% as of 30 June 2018.

As projected, capital expenditure declined significantly, to €35.8 million, vs €46.4 million in H1 2017. Capital expenditure is expected to remain high in the second half of the year before declining more significantly starting in 2019.

MEDIUM-TERM OBJECTIVES

The Akwel Group will continue to pursue its policy of robust capital expenditure through the rest of 2018 so as to deploy its international strategy, with the ramp-up of sites recently opened in China and Thailand and a future project planned in Bulgaria.

The worldwide market was growing at 4% as of end-June and will remain healthy overall through the end of the year. Akwel's sales will benefit from the start-up and ramp-up of new production facilities.

In light of the Group's first-half performance and the effort devoted to development and to bringing new projects on stream, management anticipates that 2018 operating income will be down compared with 2017.

Akwel aims to achieve sales of approximately €1.2 billion by 2020. The Group believes it is well positioned to take advantage of the opportunities that new forms of mobility present.

Information meeting: 9 October 2018 at 10.00 a.m. at the Hotel Bedford, 17 rue de l'Arcade, 75008 Paris.

Next press release: Third-quarter 2018 sales on 15 November 2018 after the market close

An independent family-owned and operated group listed on Euronext Paris, Akwel is an equipment and systems manufacturer for the car and HGV industry, positioned in two areas of expertise: fluids management and mechanisms. Present in 22 countries on five continents, Akwel had 11,531 employees as of 30 June 2018.

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