Press release

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CURRENT OPERATING PROFIT UP 19% TO €92.2m

PREPARATION AND REACTION TO THE COVID-19 CRISIS

SUSPENSION OF 2020 TURNOVER TARGET

Akwel (FR0000053027, AKW, PEA-eligible), the automotive and HGV equipment and systems manufacturer specialising in fluid management and mechanisms, posted its 2019 annual results, as approved by the executive board, on 6 April 2020. Audit processes have taken place and the certifying audit report is currently being issued.

Consolidated data - in € millions	2019	2018	Var. in %
Turnover	**1,101.2**	1,062.2	+3.7%
EBITDA	**130.3**	124.6	+4.6%
Current operating profit	**92.2**	77.4	+19.0%
Current operating margin	***8.4%***	7.3%	*+1.1 pt*
Operating profit	**88.9**	73.1	+21.6%
Financial income	**(2.4)**	(2.1)	+11.4%
Net result (group share)	**62.7**	61.1	+2.6%
Net margin	***5.7%***	5.8%	*-0.1 pt*

BUSINESS IN 2019 OUTPERFORMED (+9%) DESPITE A DECLINING MARKET

Akwel posted an annual turnover of €1,101.2 million in 2019, an increase of 3.7% and 4.4% when taking exchange rates and scope as constants. This growth took place in a global automotive production market down by approximately 5%, outperforming by more than 9% as a result. This growth can be explained by the success of a number of promising products – notably in the Cooling (+11.4%) and Mechanisms (+5.7%) families and within Air (+8.2%) and Fuel (+4.4%) specific product lines – and by the significant stepping up of activity with certain manufacturers.

SIGNIFICANT GROWTH IN OPERATING RESULTS

EBITDA, the increase of which (+4.6%) is in line with that of turnover, stood at €130.3m compared to €124.6m in 2018 thanks, in particular, to a controlled wage bill and reduced losses on sites that were starting up or ramping up their levels of activity. R&D costs amounted to €67.9m in 2019, or 6.2% of turnover.

The current operating margin, 8.4% of turnover, grew by 1.1 point to €92.2m, with no exceptional allocations for guaranteed returns and recall campaigns being recorded over the course of this financial year (against €23m in 2018). Akwel owns the majority of its facilities, so the impact of the application of IFRS 16 standard on its operating results remains insignificant (+€0.5m).

Operating profit was €88.9m, representing growth of 21.6%.

Financial income amounted to -€2.4m and the tax rate, which was exceptionally low in 2018, returned to a more normative level in 2019 (27%), leading to a group share net result of €62.7m, up 2.6%.

ACHIEVING THE POSITIVE FREE CASH FLOW TARGET

Following two peaks recorded over the course of 2017 (€87m) and 2018 (€77m), as expected, net investment flows slowed to €48.1m. As activity generated €76.7m in cash flow (against €73.4m in 2018), 2019 free cash flow was positive and reached €28.1m.

Akwel ended the year on a solid financial footing: net financial debt of €34.7m (including €10.6m related to IFRS 16) and consolidated shareholders' equity of €507.6m as of 31 December 2019.

STRENGTHS IN THE FACE OF THE CRISIS

Since the third week of March, the global health crisis caused by COVID-19 has led to significant reductions and total suspensions of activity across all Group sites in order to protect employees and adapt to the needs of manufacturers. A minimum level of activity has been maintained to ensure requested deliveries and certain productions can continue to take place. Various government support measures are being used where appropriate.

Benefiting from the experience of our Asian sites – some of which are already gradually starting up again –, Akwel was able to anticipate the crisis to a degree. It is thanks, in particular, to the commitment and quick reactions of teams at all levels that the Group has been able to adapt and reduce its costs through short decision and implementation chains.

To weather this unprecedented crisis, Akwel benefits from a number of structural assets, including a diversified geographic footprint with highly localised organisation, a healthy financial situation, efficient and flexible industrial tools and a close relationship (grade 1) with manufacturers who provide the required visibility to anticipate and effectively support a resumption in activity.

In this context, the Group is suspending its 5% growth target for 2020 and the dividend proposed for the 2019 financial year will be €0.195, a 35% reduction compared to the previous financial year.

***Next press release:** turnover for the first quarter of 2020, Thursday 14 May 2020, after markets close.*

An independent family group listed on the Euronext Paris Stock Exchange, Akwel is an automotive and HGV equipment and systems manufacturer specialising in fluid management and mechanisms, offering first-rate industrial and technological expertise in applying and processing materials (plastics, rubber, metal) and mechatronic integration.

Operating in 20 countries across five continents, Akwel employs almost 12,000 people worldwide.

Euronext Paris – Compartiment B – ISIN: FR0000053027 – Reuters: AKW.PA – Bloomberg: AKW:FP

Contacts

AKWEL
Jean-Louis Thomasset – Vice-President of the Executive Board/Financial VP – Tel.: +33 4 50 56 99 25

EKNO – Press Relations
Christine Savoie – Jean-Marc Atlan – christine.savoie@ekno.fr – Tel.: +33 6 46 90 34 23/+33 6 07 37 20 44

CALYPTUS – Investor Relations
Mathieu Calleux – Gregory Bosson – akwel@calyptus.net – Tel.: +33 1 53 65 68 68