

Thursday 24 September 2020

AKWEL POSTS NET EARNINGS OF €20.2 MILLION IN THE FIRST HALF OF 2020

AKWEL (FR0000053027, AKW, PEA-eligible), the automotive and HGV equipment and systems manufacturer specialising in fluid management and mechanisms, published its 2020 half-yearly results, as approved by the executive board, on 21 September 2020.

Consolidated data - in € millions	30.06.2020	30.06.2019	Var. in %
Revenue	387.0	566.5	-31.7%
EBITDA	60.0	66.6	-9.9%
Current operating income	24.3	46.9	-48.2%
<i>Current operating margin</i>	6.3 %	8.3 %	-2.0 pts
Operating income	25.2	46.7	-45.9%
Financial income	(1.0)	(1.1)	-10.1%
Net result (group share)	20.2	35.5	-43.0%
<i>Net margin</i>	5.2 %	6.3 %	-1.1 pt

THE COVID-19 CRISIS HAD A MAJOR IMPACT ON ACTIVITY IN THE SECOND QUARTER OF 2020

In the first half of 2020, AKWEL posted a consolidated turnover of €387.0 million, down by 31.7% when comparing published figures and by 31.0% when taking exchange rates and scope as constants. After significant growth at the beginning of the year, the decline in the global automotive market from March onwards due to the COVID-19 crisis had a major impact on the group's activity, particularly in April (-90%) and May (-70%). Under these atypical conditions, during this half-year period AKWEL continued to outperform global production trends, down by 42.5% in Europe and 43.1% in North America.

POSITIVE HALF-YEARLY RESULTS IN A TIME OF CRISIS

EBITDA was €60.0 million, compared to €66.6 million in the first half of 2019, a fall of 9.9%. The EBITDA includes among other things insurance payments to be received totalling €19 million, offset by provisions for warranty returns, therefore having a neutral impact upon the current operating income. The latter figure was down by 48.2% in the first half year, at €24.3 million, representing a fall of 2 points in the current operating margin at 6.3% of turnover. After tax charges of €4.0 million compared to €9.8 million in 2019, the net earnings were €20.2 million, i.e. a net margin of 5.2% of turnover, down by 1.1 points. Against this backdrop of an exceptional crisis in the world automotive market and with only limited provision of public aid, the robustness of AKWEL'S business model and speed at which it is able to adapt enabled it to achieve positive results.

A HIGH LEVEL OF CASH-FLOW GENERATION IN THE FIRST HALF YEAR

Excluding the impact of the insurance payments to be received, the group's self-financing capacity is €37.7 million, down by 33.7% compared to the first half of 2019. The reduction in working capital requirements related to the fall in activity and structural action to optimise stocks in addition to the adaptation of the investment margins made it possible to generate a free cash flow of €51.5 million in the first half of 2020. On 30 June, the Group had a positive net cash position of €7.7 million, with €157.8 of available cash.

2020 OUTLOOK

The upturn in activity seen at the start of the year has continued for AKWEL, with a cumulative turnover achieved in July and August of €153.5 million, with the fall being limited to 4.6% compared to the comparable months of 2019. However, market visibility continues to be extremely limited for the months to come, and the Group still intends to prioritise the flexibility and efficiency of its business model in order to adapt to the crisis.

Additionally, to secure its supplies of a key component, in July AKWEL participated along with its co-shareholders in the holding company Bionnassay M&P Technology in the acquisition from the Commercial Court of Grenoble of the activities of Franck & Pignard, which had filed for bankruptcy due to the COVID-19 crisis. Bionnassay M&P Technology was already the major shareholder in Franck & Pignard and had been since 2018.

The Group is continuing to invest in order to meet new market requirements as a priority, particularly in clean vehicles and new hybrid, electrical or hydrogen engine systems, or in the innovative partnership developed with Tallano to reduce microparticle emissions when braking. AKWEL is also ready to take up any external growth opportunities, enabling it to extend its geographical reach or to speed up the development of new product lines independent of the thermal engine.

Next press release: third quarter turnover for 2020, Thursday 12 November, after markets close.

An independent, family-owned 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 every continent, AKWEL employs more than 10,500 people worldwide.

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

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