



## Press release

*Sainte Hélène du Lac (Savoie, France), 23 July 2014 (after market close)*

### 2013/2014 results

#### The drivers for sustainable growth have been established

The 2013/2014 financial year was characterised by the implementation of a number of strategic projects for the Group, which enabled MND to provide a global and packaged offering in mountain development, and to develop a revolutionary cable-mounted transport system in the urban transport sector.

#### 2013/2014 was a transitional year that was heavily affected by the integration of targeted external acquisitions and by significant structuring efforts

**In the mountain development sector**, the Group implemented its strategy aimed at consolidating its traditional businesses. Strategic acquisitions have enabled the Group to broaden its product and service offering in a very significant manner, especially in its snowmaking and outdoor leisure businesses. Thanks to this strategy, the Group now has an unparalleled global offering, which covers all of its customers' requirements, and thereby occupies a leading position at the global level.

The integration of this new expertise was accompanied by an optimisation and means and resources structuring plan, which included the consolidation and specialisation of each of the Group's five industrial and logistics facilities according to business area. Extensive work was also performed on restructuring the Snownet business, which specialises in snowmaking systems (Sufag and Areco brands) and was taken over in October 2013 at a time when it was heavily loss-making.

MND now has the industrial and commercial resources required to successfully carry out its medium-term development plan. At the same time, the teams were strengthened and reorganised at every level in order to structure the Group and support its international development.

**In the cable-mounted transport sector**, the Group made preparations for developing a revolutionary cable-mounted urban transport solution.

Accordingly, during the year the Group acquired an exclusive local operating licence for this revolutionary system. The Group also set up a specific entity that is known as the "urban transport" project and put the finishing touches to a partnership with Vinci Construction France to jointly install a test track (demonstration) for the CABLINE system during 2015.

All these initiatives, which will enable the Group to ensure strong and profitable medium-term like-for-like growth, combined with a business performance that has been weaker than expected, had a very marked impact on the results of the financial year.

**Thanks to this structuring plan, which was implemented at a rapid rate, the Group believes that it is now ready to draw sustainable benefits from the growth in its markets, and so return to profitable growth in booming global markets.**



The Board of Directors' Meeting, which was held on 21 July 2014, approved the annual consolidated financial statements for the financial year ended 31 March 2014. The audit processes have been completed, and the certification report will be issued once the checks required for the publication of the annual financial report have been finalised.

Highlights of the income statement (period from 1 April to 31 March)

In €million – IFRS	2013/2014	2012/2013 Reported
<b>Revenues</b>	<b>50.8</b>	29.7
<b>Income from current operations</b>	<b>(10.2)</b>	0.5
<b>Operating income</b>	<b>(11.2)</b>	1.1
<b>Net financial income</b>	<b>(0.8)</b>	(0.5)
<b>Tax</b>	<b>1.9</b>	(0.1)
<b>Net profit, Group share</b>	<b>(10.1)</b>	0.6

As the acquisitions performed during the financial year just-ended had an impact of over 25% on a number of aggregate items, the Group has prepared *pro forma* data. Consolidated *pro forma* 2013/2014 revenues amounted to €62.5 million (compared with €58.0 million for the previous year excluding Prisme), while the Safety & Leisure and Snowmaking & Ski Lifts Divisions generated revenues of €22.5 million and €40.0 million respectively. The net *pro forma* loss was €10.7 million (compared with €2.5 million as at 31 March 2013).

The MND Group generated revenues that increased by 71% to €50.8 million over the financial year, 61% of which were generated abroad. The revenues of the Snowmaking & Ski Lifts Division amounted to €31.7 million (compared with €10.0 million in 2012/2013), while the revenues of the Safety & Leisure Division amounted to €19.1 million (compared with €17.3 million last year).

Income from current operations for the financial year amounted to a loss of €10.2 million, to which the Snowmaking & Ski Lifts and Safety & Leisure Divisions contributed €7.5 million and €2.7 million respectively.

After including:

- a non-current operating expense of €1 million (including €0.6 million in securities purchase expenses),
- a net cost of financial debt of €0.8 million compared with €0.5 million as at 31 March 2013,
- and a tax credit relating to the activation of tax loss carryforwards amounting to €2.1 million,

net income, Group share amounted to a loss of €10.1 million. The difference with the announced targets (a loss ranging between €5.5 and €7.5 million) was primarily due to the activation of a lower amount of deferred tax assets relating to the tax losses for the financial year, as the Group decided to activate only a portion of these losses for the sake of caution. The amount of unrecognised deferred tax amounted to €1.8 million, which represents a "potential asset" for future financial years.



The Group invested almost €13 million overall over the financial year, including:

- €9 million in external growth, which specifically enabled it to acquire new product ranges and new expertise (low-pressure snow cannons and leisure activities etc.), and to broaden its distribution network; and
- €4 million in internal growth, which related to the extension of some industrial facilities, a significant structuring effort, including the implementation of its ERP tool and the acquisition of an exclusive global licence for the CABLINE system, on which its cable-mounted urban transport project is based.

R&D expenditure amounted to €0.5 million, and was primarily dedicated to the development of a new generation of chairlifts and detachable cable cars.

The Group's equity capital amounted to €17.9 million as at 31 March 2014, compared with net debt of €24.6 million. This means that the gearing ratio (net debt to net equity) amounted to 1.37.

### **Strengthened financial capabilities: capital increase and plans to arrange an Equity Line**

MND completed a €2.5 million private placement on 7 July 2014. Montagne et Vallée (the majority shareholder that includes the Group's three main directors) subscribed €1 million of this capital increase, and now owns 49.31% of the share capital and 62.17% of the voting rights following the transaction.

Furthermore, MND has just finalised the arrangement of an equity line with Kepler Cheuvreux. This financing line will amount to a maximum potential issuance of 2,500,000 shares over a total period of 36 months, with a maximum discount of 5% compared to the weighted average share price at the time of issue.

This financing tool will enable MND to handle the acceleration of its international expansion, as well as the ramp-up of the cable-mounted urban transport project by providing it with flexibility and a guarantee, while protecting the interests of the company and of all the Group's shareholders to the maximum extent possible.

The implementation of this Equity Line will be subject to the AMF's prior approval of the prospectus.

### **Strong commercial momentum and a healthy order book**

As at 30 June 2014 (three months) the Group's invoice revenues for the first quarter, combined with its order book, amounted to €20.9 million, and reflect the dynamic trend that the Group is following in international markets.

**Snowmaking:** there was a sharp increase in orders in regions where the Group would not have been able to position itself before taking over the SUFAG brand (Northern Europe, Austria and Eastern Europe, etc.), as well as an increase in sales in China. SUFAG, which is already a partner of the FIS (International Ski Federation), has just seen its partnership with the Federation extended to 2018, and has now become the official partner of the FIS in the snowmaking system sector.

**Ski Lifts:** major orders in France, Spain, Turkey, Poland, and Kazakhstan, as well as in China, with several projects.



**Safety:** the Group has maintained a strong development rate thanks to the reinforcement of the avalanche prevention range and to the first orders for preventive avalanche blasting systems in Sweden and in the US, which foreshadow a new expansion in these geographical regions.

**Leisure:** following the signing of several flagship projects in France, the marketing launch of the full range via the subsidiaries and the distribution network will accelerate the development of this business.

**Urban cable transport:** following the cancellation of the first tender for the construction of the Brest urban cable-car system, MND has just been selected to apply for a new tender, and will submit its project in the near future in partnership with Vinci Construction.

**All the initiatives conducted in 2013/2014, and the healthy outlook for the order book, support the Group's international development ambitions. Moreover, MND believes that it will reap the first benefits from the cost-saving drivers implemented in 2013/2014 as from the current financial year, thanks to the specialisation of the industrial facilities, a pooled procurement policy, initiatives to optimise R&D, and the introduction of a unified information and management system, which will enable it to benefit from more efficient management tools in the future.**

Next release: Provisional revenues for the 1<sup>st</sup> quarter of 2014/2015, 30 July 2014 (after market close)

Full details may be consulted in MND's annual financial report which will be available from the [www.mnd-group.com](http://www.mnd-group.com) website under the "Investors" section as from 30 July 2014.

Find all the information you need on [www.mnd-bourse.com](http://www.mnd-bourse.com)



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**ABOUT MND GROUP**

The MND Group has been based at Sainte H el ene du Lac (Savoie), in the very heart of the French Alps, since 2004. MND is one of the few market players to have a global range of products and services dedicated to the development, equipping and protection of ski resorts, leisure areas and other mountain infrastructure.

Buoyed by its industrial expertise in the mountain cable transport market and by innovative technology protected by worldwide patents, the MND Group has strong growth potential in the urban cable public transport field, where it offers an unobtrusive alternative mode of urban transport.

With five manufacturing plants in Europe (France, Germany and Sweden), eight distribution subsidiaries and 50 distributors worldwide, the MND Group has 300 employees and almost 3,000 customers in 49 countries.

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