COMMUNIQUÉ DE PRESSE

MND Group (FR0011584549, MND) designs and builds efficient solutions for developing mountain areas and facilitating transport in tourist and urban areas. The Group is listed on the Paris Euronext regulated market, compartment C.

Sainte Hélène du Lac (Savoie, France), 19 July 2018

2017/2018 annual results

Sustained annual revenue growth of 15%

A structuring and investment exercise in line with the 2020 goals

Q1 2018/2019 revenues up 24%

Orders worth €110 million signed over the past 12 months

Record order backlog of €184.3 million at 30 June 2018

The 2017/2018 annual results demonstrate the Group's sales momentum. Thanks to a 15% increase in its consolidated revenues for the second consecutive year, MND has completed another year in which its business volumes increased significantly. However, this performance was hindered by a contribution lower than initially expected from the multi-year (€110 million) Snowland contract in China, where there was a €12 million revenue shortfall as a result of delays caused by the client.

From an operating standpoint, the 2017/2018 financial year represented a structuring and investment milestone for the Group, in keeping with the 2020 strategic plan, which aims to achieve revenues of €150 million, and a current operating margin ranging between 8% and 10% within that timeframe. Accordingly, the 2017/2018 financial results are characterised by a combined increase in personnel expense and overheads, which could not be fully offset by business volumes as a result of the revenue shortfall. Most of these efforts have now been made, and the Group currently has the right size and structure to support the acceleration of its growth and to achieve its objectives.

The buoyant business volumes in 2017/2018 were also reflected in the very high level of the order backlog, including €110 million in new orders signed over the past 12 months (period between 1 July 2017 and 30 June 2018). Accordingly, the order backlog at 30 June 2018 reached a record level of €184.3 million, and now amounts to 2.1 times 2017/2018 revenues, thereby supporting the Group's growth targets.

Key income statement information – Period from 1 April to 31 March

€m - IFRS	2017/2018 12 months	2016/2017 12 months
Revenues	**87.6**	76.4
Gross margin[1] *Gross margin*	**38.4** *43.9%*	38.2 *50.0%*
Income/(loss) from current operations	**1.9**	3.1
Operating income/(loss)	1.1	3.1
Cost of debt	(1.6)	(1.4)

[1] Gross margin = revenues - cost of sales (see Appendix for definition)

Other financial income and expense	(0.3)	0.3
Tax	(0.5)	0.2
Net income/(loss) Group share	**(1.6)**	2.2

The Board of Directors met on 18 July 2018, in order to approve the consolidated annual financial statements for the 2017/2018 financial year ended 31 March 2018. The audit processes are ongoing, and the certification report will be issued once the checks required for the publication of the annual financial report have been finalised. The Statutory Auditors have indicated that the certification of the annual financial statements would be accompanied by a reservation regarding the recognition of €3.9 million in revenues linked to three contracts in the 2017/2018 financial year for the provision of snowmaking equipment.

Sustained growth in 2017/2018: 15.4% increase in revenues at constant consolidation scope and exchange rates

MND Group's revenues amounted to €87.6 million for the 2017/2018 financial year, an increase of 14.6% (or 15.4% at constant consolidation scope and exchange rates – LFL).

However, this dynamic growth was held back by a contribution lower than initially expected from the multi-year (€110 million) Snowland contract due to delays taken by the customer in obtaining the administrative authorisations and arrangement of the credit facilities. These delays, the impact of which on the 2017/2018 financial year was around €12 million, will be made up over the remaining term of the contract, which is now expected to extend until 2022 (initially 2020).

The Snowmaking & Ski Lifts division gave a solid performance in 2017/2018, posting sales of €65.4 million and strong growth of 28.3% (+29.0% LFL). The division benefited from initial invoicing for the Snowland and Wanlong contracts in China, which amounted to €11.9 million.

The Safety & Leisure division recorded more mixed results, and generated annual revenues of €22.2 million, down 12.8% (-11.8% LFL), primarily due to the postponement of several deliveries, which was caused by order placements later in the year, and by particularly adverse weather conditions in Europe during the winter.

Geographically, the Group generated 22% of its 2017/2018 revenues in France, 30% in Europe (excluding France) and 48% on other continents, including 28% in China. The Group continued to expand in new areas, as seen by the latest contracts signed in the Caucasus (Georgia), Asia (China and Japan), and Central Asia, thanks to its innovative solutions and global offering strategy.

Very buoyant order backlog: Orders worth €110 million signed over the past 12 months

MND Group has experienced particularly buoyant business volumes over the past few quarters, including an order backlog of €109.9 million on a 12-month rolling basis (period between 1 July 2017 and 30 June 2018).

The Group's total order backlog at 31 March 2018 amounted to €184.0 million at the year-end, which represented 2.1 years of business (on the basis of the 2017/2018 annual revenues), and continued to strengthen during the first quarter of 2018/2019 (see below).

Results for the 2017/2018 financial year

The gross margin at the end of the 2017/2018 financial year amounted to €38.4 million, and was stable compared with the previous financial year (+1%). This relative stability is due to the evolution in the product mix, including the lower contribution of the Safety business in 2017/2018. The gross margin ratio was 43.9% for the financial year, compared with 50.0% from the previous financial year.

The Group increased its structuring efforts with a view to expanding in 2017/2018. In addition to strengthening its organisational and management structure (creation of an Executive Committee and of a Business Development Division, and the appointment of a new CFO and of an HR Director, etc.) the Group pursued its industrial structuring process (new machine tools, and strengthening the organisation of the supply chain). These primarily industrial and human resource investments could not be completely offset by the growth in business volumes, including in view of the shortfall in revenues, and therefore put pressure on the operating performance for the financial year.

This means that income from current operations amounted to €1.9 million in 2017/2018, compared to €3.1 million a year earlier. Both business divisions contributed to the Group's profitability. Accordingly, the Snowmaking & Ski Lifts division recorded income from current operations of €0.8 million, while the Safety & Leisure division posted current operating income of €1.1 million in 2017/2018.

Operating income amounted to €1.1 million after factoring in other non-recurring operating expenses.

The cost of debt was €1.6 million, a slight increase compared to the 2016/2017 financial year, as a result of the arrangement of new bank loans to support growth, and of the short-term financing of the trade receivables item during the months when business volumes were high. The currency risk hedging policy, which was introduced at the very end of the 2016/2017 financial year, enabled currency losses to be limited during the second half of 2017/2018, while other financial expenses amounted to €0.3 million over the full year just-ended, compared with €0.9 million in the first half.

Lastly, after recognising a €0.5 million income tax charge, including €1.1 million in deferred tax assets, the net loss, Group share, amounted to €1.6 million for the 2017/2018 financial year.

Balance sheet position at 31 March 2018

Internal cash flow from operations remained at a high level of €4.4 million in 2017/2018, compared to €5.3 million a year earlier. The increase in trade receivables, which was due to 40% growth in the fourth quarter, put pressure on the change in working capital, which was partially offset by improved inventory management (€4.0 million decrease in inventory levels at 31 March 2018 compared to 31 March 2017).

Cash flow from operations was nonetheless largely replenished in the second half, and amounted to €1.3 million for the financial year (compared to €4.3 million in 2016/2017).

The sustained investment policy consumed €11.1 million in cash in 2017/2018, €9.4 million of which was CAPEX, compared with €8.5 million the previous year.

Cash flow from financing activities amounted to €12.0 million, driven by the capital increase by private placement of €6.0 million (€5.7 million net) carried out in June 2017 and new borrowings amounting to €6.6 million (net of repayments). Meanwhile, financial interest expenses amounted to €1.6 million in 2017/2018.

The change in cash ultimately worked out as an increase of €2.2 million in 2017/2018, compared to a decrease of €6.4 million in the previous financial year.

MND Group's total equity capital amounted to €31.3 million at 31 March 2018, compared to €26.2 million a year earlier. Borrowings amounted to €69.3 million (€48.7 million in the previous year), i.e. a gearing (debt-to-equity) ratio of 2.2.

Following the close of the 2017/2018 financial year, MND announced the implementation of new financing tools in order to boost its financial structure and align it with its significant order backlog. The Group has already issued a first tranche of convertible bonds with a face value of €6.0 million, while the second tranche, with a face value of €4.0 million, will be issued by 28 August 2018 at the latest.

At the same time, a multi-year equity financing facility of a maximum amount of €30 million will be arranged as soon as the French Financial Markets Authority has approved the offering memorandum relating to this three-year financing facility.

Lastly, MND will submit to a shareholder vote at the Annual General Meeting on 27 September 2018 the allotment of free stock warrants ($_{\text{BONUS}}$SSW) to all shareholders (except for subscribers to the convertible bonds); 10 $_{\text{BONUS}}$SSW would enable the holder to subscribe to 1 new share at a price of €5 per share between 1 October 2020 and 30 September 2021.

Strong start to the 2018/2019 financial year: growth of 24%, and a record order backlog of €184.3 million

MND Group generated consolidated revenues of €10.2 million in the first quarter of 2018/2019, an increase of 24.4%, or 26.5% on a like-for-like basis. This performance was especially strong since the first quarter of 2017/2018 had already been characterised by strong growth of 39.3% (42.2% LFL). As a reminder, the Group generates a large portion of its revenues in the second half of its financial year.

The Snowmaking & Ski Lifts division recorded growth of 22.1% (23.0% LFL), which was driven by several major projects that are underway.

Following a downturn in the 2017/2018 financial year, the Safety & Leisure division returned to buoyant growth in the first quarter with revenues of €3.3 million, a sharp increase of 29.5% (34.6% LFL), which was partially due to the delivery delays that had a negative impact on the Group in the second half of 2017/2018.

The Group's total order backlog at 30 June 2018[1] amounted to a record level of €184.3 million, which represents 2.1 years of business (on the basis of the 2017/2018 annual revenues), including €52.2 million of orders to be executed during the 2018/2019 financial year. Total invoices for the first quarter of 2018/2019, and the amount still to be invoiced over the next part of the year already account for over 70% of the revenues for the 2017/2018 financial year.

Outlook: confirmation of the 2020 goals

MND is entering a new stage in its growth. Following a structuring stage that was completed in 2017/2018, in order to establish the basis for its development, the Group has secured the perfect size and structure to achieve its 2020 goals, i.e. reaching critical mass with total revenues of €150 million within the next two years, and having profitability in line with this goal by aiming for a current operating margin of 8%-10%.

To support this new growth stage, MND has drawn up a strategic plan, in order to ensure that all of its teams share are aligned with a common ambition. This process, which has been named *Succeed Together*, relies on four key values, which are shared by all of MND's employees: Performance, Courage, Trust, and Enthusiasm.

The aim of the process is to base the Group's growth in the coming years on major cornerstones that are shared by everyone, i.e. the customer experience, like-for-like growth, operating excellence, and the commitment of all of its employees.

These priorities will be applied to each of the growth drivers that will boost MND's growth over the next two years, including the detachable ski lifts market, the expansion into Asian countries, the boom in "four season" outdoor leisure, and new urban transport modes.

Against this backdrop, the 2018/2019 financial year will amount to a major step in the Group's progress towards its target of €150 million in revenues by 2020.

2018/2019 financial publications

MND is announcing its financial publication dates for the 2018/2019 financial year. All of the announcements will be published after the close of the Euronext Paris market.

Date	Publication
27 September 2018	Annual General Meeting
18 December 2018	2018/2019 first half results
30 January 2019	Q3 2018/2019 revenues
16 May 2019	2018/2019 annual revenues
23 July 2019	2018/2019 annual results Q1 2019/2020 revenues

[1] calculated on an identical basis to the 2017/2018 financial year, after factoring in the potential impact on revenues of switching to the new IFRS 15 as from 1 April 2018 (the impact of which is currently still being quantified).

Appendices

Consolidated 12-month revenues by business sector – from 1 April to 31 March (12 months)

€m - IFRS – unaudited	2018/2017 12 months	2017/2016 12 months	Change	Change (LFL)*
Revenues	**87.6**	**76.4**	**+15.5%**	**+16.3%**
of which Snowmaking & Ski Lifts	65.4	50.9	+28.3%	+29.0%
of which Safety & Leisure	22.2	25.5	-12.8%	-11.8%

*At constant consolidation scope and exchange rates (LFL)

Summary half-yearly income statement – from 1 April 2017 to 31 March 2018

€m - IFRS	H1 2017/2018 6 months	H2 2017/2018 6 months
Revenues	**30.3**	**57.3**
Gross margin[1] *Gross margin*	**14.2** *47%*	**24.2** *42%*
Income/(loss) from current operations	**(3.5)**	**5.4**
Operating income/(loss)	(3.8)	4.9
Cost of debt	(0.8)	(0.8)
Other financial income and expense	(0.9)	0.6
Tax	1.5	(2.0)
Net income/(loss) Group share	**(4.0)**	**2.4**

Consolidated quarterly revenues by business sector – from 1 April to 30 June (Q1)

€m - IFRS – unaudited	2019/2018 3 months	2018/2017 3 months	Change	Change (LFL)*
Revenues	**10.2**	**8.2**	**+24.4%**	**+26.5%**
of which Snowmaking & Ski Lifts	7.0	5.7	+22.1%	+23.0%
of which Safety & Leisure	3.3	2.5	+29.5%	+34.6%

*At constant consolidation scope and exchange rates (LFL)

[1] Gross margin = revenues - cost of sales (see Appendix for definition)

Contacts:
MND
MND Group – Roland Didier – Tel. +33 (0)4 79 65 08 90
Actus Finance – Investor Relations – Mathieu Omnes – Tel. +33 (0)1 53 67 36 92 – momnes@actus.fr
Actus Finance – Press Relations – Serena Boni – Tel. +33 (0)4 72 18 04 92 – sboni@actus.fr

ABOUT MND GROUP

The MND Group has been based at Sainte Hélène 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 5 manufacturing plants in Europe, 8 distribution subsidiaries and 30 distributors worldwide, the MND Group has 366 employees and almost 3,000 customers in 49 countries.

Find all the information you need on www.mnd-bourse.com

Appendices

Definition of financial indicators not codified by accounting standards boards
This section presents the financial indicators used by the Group that are not codified by accounting standards boards.

Organic growth or change at constant consolidation scope and exchange rates (like-for-like or LFL)
Adjustment for currency impact consists of calculating current year totals at the previous year's exchange rate. The impact of foreign exchange instruments qualifying as hedging instruments is taken into account in the current data.
Adjustment for newly consolidated entities is calculated as follows:

- for entities consolidated during the current financial year, by deducting the contribution of the acquisition from the current year totals;
- for entities consolidated during the previous year, by deducting the contribution of the acquisition from 1 January of the current year until the last day of the month in the current year in which the company was acquired in the previous year.

Adjustment for deconsolidated entities:

- for entities deconsolidated during the current financial year, by deducting the contributions of the deconsolidated entity from the previous year totals from the first day of the month of disposal;
- for entities deconsolidated during the previous year, by deducting the contributions of the deconsolidated entity from the totals of the previous year.

Order backlog
The order backlog consists of revenues not yet recognised for orders received.
The order backlog at financial year-end is calculated as follows: order backlog brought forward + new orders received during the financial year – order cancellations recorded during the financial year – revenues recognised for the financial year.
The order backlog may vary due to changes in the consolidation scope, adjustments in contractual prices and foreign currency conversion effects.