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ABEO: Information on COVID-19 and the Tokyo Olympic Games

ABEO, a leading global supplier of sports and leisure equipment, has reviewed the current impact of the COVID-19 epidemic and the postponement of the Tokyo Olympic Games.

COVID-19: update

As a reminder, the ABEO Group is organised into different regions worldwide, with production units in Europe (France, Germany, Spain, Netherlands and UK), China, Canada, USA and New Zealand. This organisational structure helps the Group to provide locally based supply services to customers.

Against today's backdrop of the COVID-19 pandemic, ABEO has been applying all preventive sanitary measures to protect its employees' health, in liaison with the authorities in each country where the Group operates.

Lockdown measures have gradually become widespread throughout the world, affecting the business of many of ABEO's customers. Although equipment installation has mostly been put on hold for the time being, the Group's employees are constantly in touch with customers and partners to coordinate a return to operations as soon as possible.

In France and the UK, production has slowed or been progressively suspended as the demand was impacted by stringent containment measures. In contrast, in the other geographic areas where it operates, the Group continues to operate at more than half of its capacity, sometimes even at full capacity.

In China, industry is gradually resuming, more than two months after the crisis began.

In every country where it is possible, the Group has applied part-time work measures or partial unemployment schemes. Furthermore, all financial support offered by public authorities is currently under review, especially in France with the country's BPI public investment bank, to offset effects of the downturn and protect resources during this period.

Lastly, a work-from-home policy has been introduced for all eligible jobs in the Group and its subsidiaries.

Review of 2019/20 financial year

The first two months of Q4 2019/20 (1 January – 31 March 2020) was marked by a step-up in organic growth, which amounted to 5.5% for January and February combined, in line with short-term forecasts and the Group's medium-term goal.

For the 11-month period from 1 April 2019 to 29 February 2020, ABEO posted a 7.3% growth in business (1.3% organic growth), despite the impact of Cannice's repositioning in China, the slowdown in demand due to Brexit in the UK subsidiaries, and, above all, the level of business at its US subsidiary Fun Spot (slow conversion of open orders into revenues).

In March, the business momentum observed was then suddenly interrupted by today's extraordinary health crisis.

For the year 2019/20 (ended 31 March 2020), the Group's level of business will therefore probably be below forecasts and revenue is estimated to be around €235m (versus €230m for the previous year). Covid-19 will automatically affect the recurring EBITDA¹ margin expected for March.

Because the crisis is a changing situation and will last for an unknown duration, it is currently difficult to quantify effects on business over the coming months of the 2020/21 financial year. To date, ABEO has not faced any cancellation of orders but has had to postpone a number of roll-outs due to movement restrictions and site closures. In order to preserve its operating margins, ABEO has also implemented part-time work measures (partial unemployment or equivalent in other countries) and an external cost-reduction plan (marketing, projects, etc.)

¹ Recurring operating income + depreciation of fixed assets

