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Rioz, 10 June 2020

ABEO: Full-year 2019/20 results

- > Revenue up 2.3%
- > Recurring EBITDA[1] of €22.2m
- > Improved operating performance excluding the impact of COVID-19
- > Strong improvement of working capital
- > Post-balance sheet, improved cash position (State-guaranteed PGE and BPI loans for €33m)

ABEO, a world leader in sports and leisure equipment, today announces its consolidated results for the 19/20 financial year.

> **Consolidated 2019/20 results** (1 April 2019 to 31 March 2020) – audited – ABEO's Board of Directors met on 10 June 2020 to approve the 2019/20 financial statements. 2019/20 earnings take into account first-time application of IFRS 16 as of 1 April 2019[2]. The statutory auditors have conducted their audit, and the certification report will be issued once the procedures required for the publication of the 2020 Universal Registration Document are complete.

€m	31.03.19 12 months	31.03.20 12 months (excl. IFRS 16)	31.03.20 12 months (reported)	Change reported
Revenue	230.4	235.7	235.7	+2.3%
Recurring EBITDA[1]	17.7	16.6	22.2	+25.5%
% revenue	*7.7%*	*7.0%*	*9.4%*	*+1.7 pt*
Recurring operating income	12.4	9.5	10.0	-19.2%
Operating income	10.5	8.2	8.6	-18.3%
Net income	7.1	0.7	0.5	-93.6%
Group Net income	7.2	1.0	0.7	-90.4%

Full-year business growth up 2.3%

ABEO posted 2019/20 full-year revenue of €235.7m, an increase of 2.3% from the previous year, driven by a consolidation gain of 4.9%. 2019/20 like-for-like revenues were down 3.0%, severely impacted by the COVID-19 health crisis.
For the 11-month period from 1 April 2019 to 29 February 2020, ABEO posted 7.3% growth (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 Fun Spot in the US (slow conversion of open orders into revenue).

[1] Recurring operating income + depreciation of fixed assets
[2] The Group chose to apply the simplified retrospective transition approach, the financial statements for the periods 31 March 2019 have not be restated to reflect the impact of the application of IFRS 16

Improved operating performance over 3 consecutive semesters, excluding the impact of COVID-19[3]

2019/20 recurring EBITDA rose from €17.7m last year to €22.2m, including a €5.6m gain from the application of IFRS 16. Group recurring EBITDA excluding IFRS 16 amounted to €16.6m, i.e. an operating margin of 7.0%, versus 7.7% last year, impacted by the 40% decline in business in March due to the COVID-19 health crisis. However, thanks to action taken since the beginning of the fiscal year to improve performance, ABEO posted an H2 2019/20 recurring EBITDA margin (excluding IFRS 16) of 6.9%, in line with that of the first half and higher than that of the second half of the previous year, despite the significant impact of COVID-19 at year-end.
Excluding the impact of COVID-19, recurring EBITDA (excluding IFRS 16) would have been close to €20m[3] in 2019/20 (i.e. full-year margin of 8.2%[3]) with an EBITDA margin of 9.4%[3] for the second half of the year, reflecting an operating performance that has been continually improving for 3 consecutive semesters.

€m	31 /03/2020				31/03/2019			
	Sports	Sportainment & Climbing	Changing Rooms	Total Group	Sports	Sportainment & Climbing	Changing Rooms	Total Group
Revenue	112.1	61.5	62.1	235.7	115.8	51.9	62.8	230.4
Recurring EBITDA excl. IFRS 16	8.5	1.3	6.8	16.6	7.2	4.1	6.4	17.7
% revenue	7.5%	2.1%	10.9%	7.0%	6.2%	7.8%	10.2%	7.7%
Recurring EBITDA incl. IFRS 16	12.2	2.4	7.6	22.2				
% revenue	10.8%	3.9%	12.3%	9.4%				

The **Sports** division posted recurring EBITDA of €12.2m, i.e. an EBITDA margin of 10.8%. Excluding the impact of IFRS 16, recurring EBITDA amounted to €8.5m and the EBITDA margin came to 7.5%, up 1.3 percentage points compared to the previous year. Having already suffered the effects of Brexit in the first half of the year, the Division posted a strong second half performance with a margin of 9.0% (excluding IFRS 16) thanks in part to the momentum of the Gymnastics business. These results were achieved despite the repositioning of Cannice in China and the impact of the COVID-19 health crisis on business in March 2020.

The **Sportainment & Climbing** division posted recurring EBITDA of €2.4m and an EBITDA margin of 3.9%. Excluding IFRS 16, there was a decline in both recurring EBITDA (€1.3m) and the EBITDA margin (2.1%, down 5.7 pp), primarily due to adverse developments in the product mix and competitive environment combined with slower-than-expected growth in the Fun Spot business and the impact of COVID-19 in the fourth quarter.

Finally, the **Changing Rooms** division posted recurring EBITDA of €7.6m, i.e. 12.3% of revenue. Recurring EBITDA excluding IFRS 16 amounted to €6.8m with an EBITDA margin of 10.9%, up 0.7 pp compared to the previous year, despite the adverse effects of Brexit and COVID-19 at the end of the year.

After depreciation of fixed assets (€12.2m) including the impact of the first-time application of IFRS 16 of €5.2m, as well as an additional €1.3m expense related to the acquisition of Fun Spot (including a €1m non-recurring expense), recurring operating income amounted to €10.0m (€9.5m excluding IFRS 16) compared to €12.4m last year.

Other non-recurring operating expenses amounted to €1.4m (compared to a €1.8m expense in 2018/19) including reorganisation expenses and costs arising from the closure of an unprofitable climbing centre in Spain. Accordingly, 2019/20 operating income came to €8.6m (€8.2m excluding the impact of IFRS 16).

After cost of net debt amounting to €3.5m (€2.7m excluding the impact of IFRS 16), a €0.5m foreign exchange loss and a €4.2m tax charge, net income Group share for the period amounted to €0.7m (€1.0m excluding the impact of IFRS 16). 2019/20 net income Group share includes a €1.4m non-recurring deferred tax expense amplified by the non-recognition of certain tax loss carryforwards. Excluding non-recurring items (Fun Spot depreciation expense, closure of a centre in Spain, reorganization expenses and tax impacts), net income Group share would amount to €4.1m.

[3] Unaudited data - excluding the impact of IFRS 16 and COVID-19, and including non-recurring income of €1 million

A strengthened financial structure

Group cash flow from operations before change in working capital and tax amounted to €19.7m (including a €5.6m increase related to the application of IFRS 16) compared to €18.1m at 31 March 2019. Excluding IFRS 16, cash flow from operations amounted to €25.7m due in particular to a significant improvement in working capital requirements in the second half of the year, generating €13.6m in cash flow from operations in the 2019/20.

Capital expenditure amounted to €4.6m compared to €7.3m last year.

At the end of March 2020, cash and cash equivalents amounted to €56.5m, including short-term line drawdown of €20m, unused at March 31, 2020. Net debt stood at €98.7m (€65.2m excluding IFRS 16), compared to €80.2m at 31 March 2019.

Excluding IFRS 16, with €97.4m in equity, ABEO has a controlled debt-to-equity ratio[4] of 0.7, and the covenants under the loan agreement and bond issue were in compliance at 31 March 2020.

Proposal to suspend dividends in respect of 2019/20 financial year

In light of uncertainties relating to the economic context of the COVID-19 epidemic, ABEO Board of Directors will propose to the General Meeting scheduled for 28 July this year that no dividend be paid for the 2019/20 financial year.

Developments

After the widespread enforcement of lockdown measures throughout the world in April 2020, ABEO Group's business fell by over 50% compared to its pre-lockdown position. Business began to gradually improve in May.
To curb this sudden drop-in activity, ABEO has adapted its working hour arrangements (short time working or equivalent, paid leave) and has implemented a plan to reduce external costs (marketing, projects).

Amid an extremely uncertain economic context that could slow the recovery of its markets, ABEO is rolling out a performance plan to lower the Group's operating breakeven point.

Furthermore, to conserve resources during this period, ABEO has obtained, post-closing, two loans from BPI France totalling €10m and, from its banking partners, loans guaranteed by the French state (PGE loans) totalling €23m. As such, these institutions have confirmed their confidence in the Group's ability to recover.
These loans, guaranteed up to 90% by the French State as part of its PGE scheme (approved on 23 March and 17 April 2020 granting State guarantees to credit institutions and finance companies, pursuant to Article 6 of French law no. 2020-289 of 23 March 2020), have been taken out for an initial period of one year.
These financing arrangements, combined with strict management of the performance plan and no dividend distribution on 2019/20 earnings, help strengthen the Group's liquidity.

Given the uncertainties weighing on economic recovery, ABEO does not believe it is in a position to set financial targets for 2020/21. However, order intake at 31 March 2020 amounted to €242m, up 2.1% (down 4.4% like-for-like, up 6.0% external growth, and a 0.4% currency gain). This level of order intake is €6.3m higher than 2019/20 revenue (order intake/revenue ratio of 103%).

Confident in its fundamentals and its teams' proven ability to rapidly adapt, ABEO is facing this crisis with a continued focus on long-term and value-creating growth, while ensuring that it secures its financial position.

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> **Next release**

29 July 2020 before start of trading	Q1 2020/21 revenue
16 November 2020 before start of trading	H1 2020/21 revenue
9 December 2020 after close of trading	H1 2020/21 results

[4] Net debt/equity (gearing)

Find out more at www.abeo-bourse.com

ABOUT ABEO

ABEO is a major player in the sports and leisure market. The Group posted turnover of € 235.7 million for the year ended 31 March 2020, 74% of which was generated outside France, and 1,677 employees.
ABEO is a designer, manufacturer and distributor of sports and leisure equipment. It also provides assistance in implementing projects to professional customers in the following sectors: specialised sports halls and clubs, leisure centres, education, local authorities, construction professionals, etc.
ABEO has a unique global offering, and operates in a wide variety of market segments, including gymnastics apparatus and landing mats, team sports equipment, physical education, climbing walls, leisure equipment and changing room fittings. The Group has a portfolio of strong brands which partner sports federations and are featured at major sporting events, including the Olympic Games.
ABEO (ISIN code: FR0013185857, ABEO) is listed on Euronext Paris – Compartment C.

Contacts

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