



Rioz, 9 December 2020

ABEO publishes H1 2020/21 earnings

- > Business impacted by an unprecedented global health crisis
- > Operating performance resilient: recurring EBITDA margin¹ of 9.8%
- > Cash resources maintained during the crisis: €59.9m
- > Financial structure under control

ABEO, a world leader in sports and leisure equipment, today announces its consolidated earnings for the first half of 2020/21.

- > **Consolidated H1 2020/21 earnings** (1 April to 30 September 2020) reviewed – ABEO’s Board of Directors met on 9 December 2020 to approve the first half 2020/21 financial statements. The half-year financial report is made available to the public and filed with the French Financial Markets Authority (AMF) on this day. It may be consulted on the company’s website.

€m	09.30.19 6 months	09.30.20 6 months	Change
Revenue	121.9	83.8	-31.2%
Recurring EBITDA ¹	11.7	8.2	-29.4%
% revenue	9.6%	9.8%	+0.2pp
Recurring operating income	4.8	2.6	-45.2%
Operating income	4.0	0.1	-96.6%
Net income/loss	0.3	-2.3	-
Group net income/loss	0.4	-2.3	-

First half business severely impacted by the COVID-19 crisis

ABEO posted H1 2020/21 revenue of €83.8m, down 31.2% (down 31.0% like-for-like) versus the same period last year. As expected, ABEO had to face the consequences of an unprecedented health crisis that caused exceptional fluctuations in business volumes at the beginning of this financial year.

Since summer and the progressive easing of lockdown measures, the Group has seen a gradual recovery across all of its divisions.

Business contracted more severely in some countries such as the USA, where the market slackened in view of the health crisis and upcoming presidential election, but remained buoyant in other regions including Benelux and Germany.

¹ Recurring operating income + depreciation of fixed assets

Operating performance resilient, recurring EBITDA margin of 9.8%

ABEO immediately implemented an action plan in response to the pandemic, with a focus on the following priority areas:

- > The health and safety of all employees, as well as the creation of the appropriate conditions for a 100% safe resumption of production;
- > Securing financial resources;
- > The roll-out of rapid measures via a performance plan to protect Group profitability.

H1 2020/21² recurring EBITDA was €8.2m, compared to €11.7m the previous year, while the EBITDA margin rose 0.2 percentage points to 9.8% revenue.

Amid a significant slowdown in activity, the resilient operating performance reflects the efficiency of the measures rapidly implemented through the performance plan (cost structure optimisation) in order to lower the operating breakeven point. Meanwhile, ABEO continued to boost the operational synergies between Group brands while optimising its industrial footprint.

The combination of measures implemented during the period enabled the Group to lower its operating expenses (down €18m excl. IFRS 16) as follows:

- > Staff costs down €9.3m or 27%, following adjustments to the payroll (remuneration and recruitment freeze, reduction of temporary and fixed-term contracts, non-replacement of departures or retirements, job cuts) amid a major crisis and through support measures provided by the public authorities (short-time working schemes in France, grants and subsidies in some countries totalling €3.3m);
- > Fixed and semi-fixed expenses (marketing, advertising, travel, overheads) down €6.0m or 32%;
- > Variable expenses down €2.8m or 27% (sub-contracting, temporary staff, etc.).

The **Sports** division posted recurring EBITDA of €5.0m i.e. 13.1% of revenue, up 3.7 percentage points. The robust operating performance reflects the improvement in the division's gross margin (up 0.6 percentage points), strict management of fixed costs and the use of government aid in France and the Netherlands.

The **Sportainment & Climbing** division posted a recurring EBITDA loss of €0.1m, with an EBITDA margin down 5.6 percentage points to -0.6%. The division was hit particularly hard by the effects of the health crisis. Nevertheless, the significant improvement in gross margin (up almost 6 percentage points) coupled with the division's savings plan lowered the breakeven point and limited the impact of the downturn in business.

The **Changing Rooms** division posted recurring EBITDA of €3.3m, with an EBITDA margin of 13.2%, down 1.1 percentage points. The 0.8-pp improvement in the gross margin, strict implementation of the performance plan and the use of the government aid schemes limited the impact of the downturn in business.

After depreciation of fixed assets (€-5.6m, including €-2.5m related to IFRS 16), recurring operating income amounted to €2.6m (3.2% of revenue) compared to €4.8m (4.0% of revenue) the previous year.

Non-recurring operating income and expenses amounted to a €2.5m expense (compared to a €0.9m expense in H1 2019/20), mainly comprising restructuring costs. H1 2020/21 operating income amounted to €0.1m.

After taking into account the cost of debt (€2.1m) and a tax charge of €0.3m, the Group posted a net loss Group share of €2.3m for H1 2020/21.

² H1 2020/21 recurring EBITDA (excl. IFRS 16): €5.7m or 6.8% of revenue, compared to €8.7m or 7.1% of revenue in H1 2019/20.

Financial structure under control

Group cash flow from operations before change in working capital and tax amounted to €6.1m, reflecting the efficiency of the performance plan.

Capital expenditure during the period amounted to €1.4m compared to €2.2m the previous year, and was primarily related to the industrial reorganisation completed in China.

In order to preserve resources during this period, ABEO has taken out two loans for a total amount of €10m from BPI France, as well as state-guaranteed PGE loans totalling €23m from its banking partners. Cash and cash equivalents amounted to €59.9m at 30 September 2020, having repaid the €20m short-term line drawn at 31 March 2020 over the period. Net debt stood at €108.0m (€76.6m excluding IFRS 16) compared to €98.7m at 31 March 2020 (€65.2m excluding IFRS 16). Excluding IFRS 16, ABEO posted a solid gearing ratio³ of 0.8.

Developments

H1 2020/21 order intake amount to €83.1m with an improvement in Q2 versus Q1, thereby confirming customers' unflagging trust in the Group and ABEO's leadership in its markets. Due to the low level of cancellations since the start of the crisis, the order book remains healthy under the present circumstances.

Amid ongoing uncertainty fuelled by further lockdown measures introduced in France and the rest of Europe, it is still difficult to predict how business will develop over the coming months.

ABEO will continue to implement measures to safeguard its profitability, improve cash generation and maintain a healthy financial structure during the second half of the year, without jeopardising its ability to recover. Commercial and industrial synergies are being strengthened in order to drive efficiency.

The resilient H1 operating performance renews the Group's confidence in achieving its target to lower the operating breakeven point by between 15% and 20% over the full financial year.

ABEO Group CEO Olivier Estèves said: *"In the face of an unprecedented global crisis, we are able to draw on solid human, industrial, technical and financial fundamentals that allow us to pursue our value-creating development with ambition. The rapid deployment of our key resilience initiatives allied to the supplementary structural work will enable us to emerge stronger into a new post-COVID environment. All of ABEO's employees are more determined than ever and I thank them for their commitment."*



> Next releases

8 February 2021
17 May 2021

2020/21 Q3 revenue (before start of trading)
2020/21 annual revenue (after close of trading)

³ Net debt/equity

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 has 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 B.

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