

2020-2021 half-year results: Limited decline in results in light of the Covid-19 health crisis

2020-2021 six-month period analysis

- ➔ **S1 activity down by 27%** against a background of an economic environment deteriorated by the health crisis
- ➔ **EBITDA positive at €0.3 million** following careful cost management and other appropriate measures
- ➔ **Current operating profit with a limited loss of €1.1 million**, in line with expectations.
- ➔ **Available cash-flow stands at €3.6 million**
- ➔ **Order backlog on September 30, 2020 at €8.1 million**

In €M	30.09.20 6 months	30.09.19 6 months	Variation (€M)
Total sales	18.91	26.06	-7.15
EBITDA¹	0.30	1.60	-1.30
Current operating profit	-1.11	0.22	-1.33
Operating profit	-1.11	0.06	-1.17
Financial result excl. Foreign exchange	-0.13	-0.16	
Foreign exchange gains & losses / Other	-0.15	0.02	
Pre-tax current profit	-1.39	-0.08	-1.31
Income taxes	0.02	-0.11	
Net result	-1.36	-0.19	
Net consolidated result - group	-1.01	-0.21	-0.80
Cash flow	0.13	1.67	-1.54

¹ Current operating income + net depreciation expenses and provisions + other net calculated charges

The 2020-2021 interim consolidated accounts – subject to a limited review by the auditors - were approved by the Prismaflex International Board on December 7, 2020.

S1 (April-September) activity was hard hit by the Covid-19 health crisis, notably during the Q1 lockdown. The second quarter saw a slight upturn in activity although pre-crisis levels were not attained. Total sales for the six-month period is down -27.4% at €18.9 million (-26.6% at constant exchange rate).

Printing activity, clearly exposed to sectors hardest-hit by the crisis (events and distribution), and whose sales channel is shorter than for Hardware, was most impacted, with sales at €11.1 million, down by €6 million. **Hardware activity** is down only by €1.2 million at €7.8 million thanks to an increase in LED display sales (+12% or €6.4 million) and the delivery of international orders (in particular to Brazil and Italy) that were signed before the economic crisis caused by the Covid-19 pandemic.

In such unprecedented times, Prismaflex International did everything to reduce costs in order to limit the impact of a fall in sales on profitability, attaining a positive EBITDA at €0.3 million.

Current operating income is down - €1.1 million, in line with Group forecasts of late October. Half of this loss comes from the American subsidiary Anthem Displays that was strongly



affected by the almost total stoppage of all deliveries to its key client during the period. In France, Group activities are at breakeven point, proof of their resistance in such a difficult period.

Operating income is at - €1.1 million in the absence of non-recurring costs. Pre-tax operating income stands at - €1.4 million, with €0.2 exchange losses. The cost of gross financial debt remains low at - €0.1 million

Excluding minority interests, net consolidated result - Group stands at - €1.0 million.

Effectively managed financial structure

	30.09.20	31.03.20	Variation
Equity capital (including minority shareholders)	17.07	18.86	-1.79 M€
Net debt (before IFRS 16)	11.81	9.57	-0.73 M€
Gearing (before IFRS 16)	69%	51%	-18 points

Equity capital stood at €17.1 million on September 30, 2020. With a positive cash-flow of +€0.1 million, the variation in working capital (- €0.7 million) explains the cash usage of - €0.6 million generated by the activity. Production-related investments were maintained during the period to reach €1.3 million with notably the acquisition of printing equipment to strengthen the Group's competitive edge.

In order to strengthen its net cash position during the period, Prismaflex International requested and was granted additional aid amounting to €3.8 million (including a €1.5 million state-backed loan). On September 30, 2020, available funding stands at €3.6 million.

Net debt, including €1.7 million IFRS 16-related lease debt, is at €13.5 million. **Gearing is at 0.79 (0.69 before IFRS 16).**

Outlook

On September 30, 2020, order backlog stands at €8.1 million, close to the level recorded one year ago. Q3 is again affected by restrictive measures deployed throughout Europe, particularly since early November, restricting opportunity for an upturn in activity and adding to the wait-and-see attitude of key decision makers with many projects already suspended or postponed.

During this difficult period, the Group continues to actively control operating costs and the management of its cash-flow.

Printing activity for S2 should be up on SI with efforts being made on Home Décor with a new contract in Canada starting in December (with a targeted €1.0 million in total sales) and a growth in on-line sales in the wake of the launch of the new Scenolia website.

Concerning Hardware, the Group is well positioned on a number of international tenders for LED displays and continues to focus its business operations on municipalities and the retail sector. Despite the clear improvement in activity in the United States following the resumption of orders and deliveries, Hardware activity sales should be slightly down on S1 figures.

The persistent economic uncertainty caused by the Covid-19 pandemic means Prismaflex International is unable to state clear objectives for the financial year.



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Potential modification in the capital standing for Anthem Displays

The Group announces it has entered exclusive negotiations with an industrial partner to financially strengthen its subsidiary Anthem Displays and push forward its development. If the move is conclusive, the Group will no longer control the subsidiary (total sales €7.2 and current operating loss of €81K in 2019-2020), and that it will no longer be consolidated but rather accounted for on an equity basis.

Forthcoming date

Press release: Q3 2020-2021 results, January 21, 2021, after closure

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