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TURNOVER UP TO €1,062.2m CURRENT OPERATING PROFIT OF €77.4m

AKWEL (FR0000053027, AKW, eligible for PEA - French stock savings plan), an automotive and HGV components manufacturer specialising in fluid and mechanism management, announces its annual results for 2018, approved by the Executive Board on 8 April 2019. The audit procedures have been completed and the audit report relating to certification is currently being issued.

Consolidated data - in €m	2018	2017	Var. in %
Turnover	1,062.2	1,024.2	+3.7 %
EBITDA	124.6	145.3	-14.2 %
Current operating profit	77.4	115.1	-32.8 %
<i>Current operating margin</i>	7.3 %	11.2 %	-3.9 pts
Operating profit	73.1	115.4	-36.6 %
Financial profit	(2.1)	(1.8)	+16.1 %
Net profit (group share)	61.1	84.8	-28 %
<i>Net margin</i>	5.8 %	8.3 %	-2.5 pts

AUTOMOTIVE BUSINESS ACTIVITY ON THE RISE IN A CHALLENGING ENVIRONMENT

In 2018, AKWEL recorded an annual turnover of €1,062.2m, up 3.7% and 9.4% on a like for like basis and at a constant exchange rate. This business growth, against the backdrop of a global automotive market that has been in decline for the first time in 10 years, particularly in the fourth quarter, arose despite a negative exchange rate impact of €58.8m particularly affecting the Turkish lira and the US dollar. Products and Functions' turnover exceeded €1 billion for the first time, reaching €1,011.8m, driven by the Cooling and Emission Control product lines.

FALLING PROFITABILITY IN A CONTEXT OF GROWTH AND INVESTMENT

Alongside significant growth in business activity and industrial investments since 2017, the group's current operating profitability was adversely affected in 2018 by several factors:

- the pick-up in growth of recently opened sites in Morocco, Mexico, China and Thailand,
- the continuation of development and industrialisation projects,
- the non-recurring impact of an additional provision.

EBITDA amounted to €124.6m compared with €145.3m in 2017, down 14.2%, due to tensions surrounding a number of raw materials, a 7.3% increase in payroll and the initiation and increase in workload of new industrial sites. R&D costs rose to €69.6m in 2018, i.e. 6.6% of turnover.

As announced in previous publications, a higher than expected level of warranty returns, linked to problems concerning a product marketed with a manufacturing client in previous years, justifies accounting for an additional €23 million in provisions over the financial year. The current operating margin ultimately fell by 3.9 points to €77.4m, or 7.3% of revenue, half of which (2 points) is attributable to this one-off additional provisioning.

A goodwill impairment charge of €4.8m on the Swedish subsidiary, following industrial and commercial difficulties, led to operating profits of €73.1m.

After a financial loss of €2.1m and a significant decrease in tax expenses, from €28.6m in 2017 down to €9.2m, the group's net profit amounts to €61.1m, i.e. a net margin of 5.8% of turnover.

A SOLID FINANCIAL STRUCTURE

The AKWEL group's net financial debt remains limited to €40.6m, with consolidated shareholders' equity of €454m as at 31 December 2018. Cash at the end of the period amounted to €92.1m compared with €107.4m, largely due to an increase in WCR, with self-financing capacity remaining virtually unchanged compared with last year, at €112.8 compared with €113.7m.

Investments made during the financial year were down from the previous financial year, at €77m compared with €87.3m in 2017, while remaining at a sustained level.

At the Annual General Meeting of shareholders, to be held on Wednesday 29 May 2019, a dividend distribution of €0.30 per share, identical to that of the previous financial year, will be proposed for the 2018 financial year.

CONSOLIDATION OF INVESTMENTS IN 2019

In a global automotive environment that will remain challenging, AKWEL has set itself the objectives of continuing to support its strategic customers in the evolution of their models and optimising its operating conditions throughout 2019. After two years of highly noteworthy industrial investments, 2019 will be a consolidation year, with no new site launches. Priority will be given to restoring profitability and optimising WCR, with a particular focus on improving quality and customer satisfaction.

In this context, the Group anticipates further business growth for 2019, with a return to a positive free cash flow, and reaffirms its objective of achieving turnover of around €1.2 billion by 2020.

Next press release: turnover for Q1 2019, on Tuesday 2 May 2019, after closure of stock market.

An independent family-owned group listed on Euronext Paris, AKWEL is an automotive and HGV components manufacturer specialising in fluid and mechanism management, with leading industrial and technological expertise in the application and transformation of materials (e.g. plastic, rubber, metal) and mechatronic integration.

Operating in 20 countries across five continents, AKWEL employs nearly 12,000 people worldwide.

Euronext Paris – Compartment B – ISIN: FR0000053027 – Reuters: AKW.PA – Bloomberg: AKW:FP

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