

**PRESS RELEASE**

## **2018 FIRST-HALF EARNINGS**

- **First quarter impacted by destocking caused by extreme volatility of aluminium price (Q1 revenues: –27%), followed by a return to more normal demand levels in second quarter**
- **Transitional first half of the year to further strengthen industrial capabilities**
- **Earnings temporarily affected by non-recurring costs for starting up the two new production lines**
- **Robust balance sheet with net debt representing 45% of shareholders' equity**
- **Margins expected to pick up again over the second half of the year**

*Brussels, October 2, 2018 (5:45pm) – COIL, the world leader for aluminium anodising, is releasing its earnings for the first half of 2018.*

### **Half-year highlights**

From a commercial perspective, the first half of 2018 was marked by unprecedented aluminium price volatility. This had a negative impact on the short-term purchasing strategies of industrial aluminium users and particularly metal distributors. Reflected in a destocking trend, primarily during the first quarter, this affected the company's sales for the first half, which contracted 15.5% to €12.1m. Given the high level of variable costs, this had a significant unforeseen impact on profitability.

From an industrial perspective, COIL has supported the start-up of its sixth continuous anodising line, in Germany, and brought into service its new automated batch anodising line, based on the innovative Aloxiide® process, in Belgium.

A number of different technical issues on Line 6 delayed the full transition of production from Line 3 in Belgium to Line 6 in Germany, creating a duplication of costs and a lack of opportunity to optimise variable costs on Line 6. Most of these issues have now been successfully resolved.

The new Aloxiide® line in Belgium has entered service successfully with excellent levels of production quality.

These two new facilities are contributing to a significant increase in COIL's production capacity and consolidating the expansion of the range of products and services it is able to offer.

### **Earnings**

The cost structure is aligned with expectations for future sales growth and the temporary slowdown in business over the first half of the year and the non-recurring costs linked to the two new production lines starting up affected the accounts for the period.

EBITDA for the first half of 2018 came to €1.3m, compared with €3.9m for the first half of 2017. This notably reflects the recognition of: i/ non-productive costs to bring the two new production lines into service (€0.5m) and ii/ an increase in payroll costs (+€0.4m) linked to the recruitment of additional staff to cover the launch of operations for Line 6 in Germany.

Operating income represents €(0.6)m and notably includes an increase in other expenses (+€0.8m) due to higher environmental taxes and lower subsidies.

With financial expenses down to €0.2m, net income is negative, coming in at €(0.8)m, versus a €2.3m profit for the first half of 2017.

## Condensed income statement

€m	H1 2018	H1 2017
Revenues	12.1	14.4
EBITDA*	1.3	3.9
% of revenues	10.3%	26.9%
Operating income	(0.6)	2.7
% of revenues	(4.5%)	18.6%
Pre-tax income	(0.7)	2.3
Net income	(0.8)	2.3
% of revenues	(6.5%)	16.0%

## Financial structure

COIL's balance sheet highlights the company's capacity to successfully come through a major strategic investment cycle in a positive position. Shareholders' equity represents €28.7m, down €3.6m from December 31, 2017, factoring in half-year earnings and the dividend (€2.8m), recorded at June 30 and paid in September. Net financial debt at June 30, 2018 came to €13.0m, stable versus December 31, 2017, and represents 45% of shareholders' equity.

## Outlook

For the second half of the year, based on a more normal situation for its activity and an optimised industrial organisation, COIL expects its sales to gradually improve and its profitability to pick up again. For the full year in 2018, the company is targeting annual revenues of between €24m and €26m.

At the leading-edge of aluminium anodising, COIL has outstanding fundamentals in place to ramp up its development in a market for which the long-term outlook is very positive. Its prospects have been further strengthened by the development of its new Aloxide® business and the benefits of its investments in Line 6.

The return to a more normal market situation, elimination of non-recurring costs and the extra capacity and diversity of the Aloxide® line will allow Coil to forecast significant improvements across all areas in 2019.

## Next date

2018 full-year revenues will be released on February 8, 2019 (after close of trading)



**COIL** is the world's largest architectural and industrial anodiser.

Anodising is an electrochemical process - electrolysis - that develops a natural and protective exterior layer on aluminium that can be coloured, providing exceptional corrosion protection and/or increased functionality for the metal.

Anodising preserves all the natural and ecological properties of aluminium - it retains its high strength-to-weight ratio, non-magnetic properties and exceptional corrosion resistance without any impact on the total and repeated recyclability of the metal.

Anodised aluminium is used across a wide range of architectural, designer, industrial and automotive applications.

Euronext Growth Paris  
 ISIN: BE0160342011 - ALCOI  
 Reuters: ALCOI.PA  
 Bloomberg: ALCOI:FP  
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