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**PRESS RELEASE**

*Brussels, March 6<sup>th</sup>, 2007*

## **EARNINGS FOR 2006 VALIDATING THE ORGANIC GROWTH STRATEGY STRONG ACCELERATION IN DEVELOPMENT**

### **TIM HUTTON, CHIEF EXECUTIVE OFFICER:**

*"In 2006, COIL's operational and financial results were in line with the trajectory mapped out: double-digit growth in business and clear improvements in our margins. While we have benefited from a favorable economic environment, this strong earnings growth reflects the quality of our new production line in Germany, our dynamic level of sales and our focus on operational efficiency.*

*The start of 2007 has been marked by a further series of investments in the UK. Indeed, the two external growth operations that we have just carried out confirm the Group's leading role in the consolidation of our market. In this way, we aim to capitalize on the current reconfiguration of the aluminum market, while cementing our position as the global leader for anodized aluminum.*

*Driven by aluminum's strong competitive advantages in addition to the genuine technical and commercial benefits of anodizing over other traditional products, COIL is rolling out a proactive strategy to develop its market in order to capitalize on the many opportunities available and the potential brought about by improved margins.*

*More than ever, we are now in a unique and rare position to continue deploying our activities on our various end and regional markets, while implementing a value-creating industrial project, ensuring our promising development".*

### **CLEAR IMPROVEMENT ACROSS ALL DEVELOPMENT INDICATORS**

Illustrating the relevance of the organic growth strategy implemented over the last two years, improvements have been recorded on all the various development indicators:

- In 2006, sales reached a record level of €21.5 million, up 17.1% on 2005, with this significant growth, achieved on a constant structural basis, thanks to the new production line's very good performance levels in Germany.

For the first time since 1999, COIL has notably been able to fulfill increased levels of demand on all of its end markets.

- In light of the good level of business seen, combined with a now stable fixed cost structure, COIL has been able to move back up to a historical level of EBITDA.

This progress has been accompanied by efficient operations on the new production line in Germany in addition to a relative downturn in variable costs as expected. In 2006, such costs represented 28.2% of sales, compared with 29.2% one year earlier, with, value-added (sales – variable costs) up from €12,986,000 to €15,421,000.

EBITDA totaled €4,285,000, representing 19.96% of sales, compared with €2,034,000 in 2005, while operating income came to €1,283,000, compared with a loss of €(902,000) in 2005.

- The objective to break even again was fully achieved in 2006, with net financial expenses cut from €1,361,000 to €1,123,000. The figure for 2005 reflects the temporary financing facilities put in place linked to the new investment in Germany.

After a transitional year in 2005, resulting from the integration of costs linked to the 40% increase in production capacity, net income came to €179,000, compared with a loss of €(2,263,000) one year earlier.

These results factor in all fixed costs – including amortization – linked to the new investment in Germany. Thanks to this new production line, the Group is in a position to achieve strong growth in its sales, without any relative increase in its fixed costs.

- In light of these results, COIL's balance sheet remains unchanged to a great extent compared with the situation at December 31<sup>st</sup>, 2005, with net debt coming out at €14.9 million, compared with €14.5 million one year earlier. However, it does reflect the borrowing taken out to prepare for the acquisitions of LHT and HMF in the UK, representing a total of €0.8 million.

In relation to the €12.3 million in shareholders' equity, gearing came out at 1.21 in 2006, compared with 1.24 at December 31<sup>st</sup>, 2005. COIL is firmly based on a perfectly healthy balance sheet, with financial debt spread over close to 15 years.

- All of these favorable trends were confirmed by a newfound cash generation capacity. In this way, cash flow from operations was multiplied by 4.8 over the period, climbing to €3.1 million at December 31<sup>st</sup>, 2006.

#### **GROWTH STRATEGY STEPPED UP**

At the start of 2007, COIL moved into a new phase in its development with two simultaneous external growth operations in the UK.

These acquisitions of the UK's two leading traditional anodizing firms (LHT Anodisers Ltd and Heywood Metal Finishers Ltd.) represented major strategic opportunities for the future development of the Group. More than a capital-focused operation, these investments officially sealed a new strategic alliance on the market, aimed at increasing the appeal of anodized aluminum. They are perfectly in line with plans to create a powerful anodized aluminum group with a view to stepping up its development.

More specifically, they will enable COIL to significantly increase its regional reach, extend its range of treatments, and take on areas of expertise that dovetail effectively with one another, offering strong potential for synergies and growth.

These investments therefore represent the start of moves to create an international-level industrial cluster, based on a pooling of their means and resources and an integration of the three companies' strategies. Trading as United Anodisers, the aim is to maximize the effectiveness of each company's individual actions by creating a new critical mass that will make it possible to:

- Ensure that product ranges dovetail more effectively with one another, from the lowest to the highest in terms of value added, with better pan-European distribution;
- Develop the client base and build closer ties with end markets;
- Strengthen the marketing approach based on a technical pull model (covering key influencers throughout their projects), ramping it up across Europe;
- Consolidate market shares in order to optimize the return on investment for marketing;
- Open up new opportunities in order to develop new products, notably continuous lines.

For the years to come, COIL is setting itself ambitious and realistic objectives: growing more and more quickly than the company has done over the last few years. The Group's position on its market now represents a considerable competitive advantage: with its European leadership strengthened, combined

with dominant regional positions on unit-based treatments, COIL represents the global specialist on all aluminum anodizing businesses.

Focused exclusively on its business, COIL is able to draw on first-rate industrial units. Indeed, the Group is now closer to its clients, with more resources dedicated to its businesses than major aluminum conglomerates.

This unique position will enable the Group to be more aggressive and more conquering, rapidly increasing its size by accelerating its growth.

#### **OUTLOOK**

In light of its new dynamics, COIL is drawing on its unique fundamentals to achieve strong, profitable and sustainable growth.

COIL expects to see a clear improvement on all areas over 2007. Like-for-like, the Group is once again forecasting double-digit growth in sales, with a strong increase in operating income.

The contribution by the two UK companies, both profitable and growing strongly, will be seen as of 2007. These investments have already given the Group a new dimension, with close to €30 million in pro forma sales over 2006, and €5.6 million in pro forma EBITDA.

**NEXT ANNOUNCEMENT:** sales for Q1 2007 to be published in April 2007

**To find out more, visit: [www.coil.be](http://www.coil.be)**

#### ***About COIL***

*COIL, a Belgian Group listed on the Euronext Paris Eurolist C since June 26<sup>th</sup>, 1996 is the world's largest architectural and industrial anodizer, specializing in the surface treatment of aluminum extrusions, castings and flat-rolled products.*

*Anodizing is an electrochemical process – electrolysis – that develops a natural and protective exterior layer on aluminum that can be colored, providing exceptional corrosion protection and/or increased functionality for the metal.*

*Anodizing preserves all the natural and ecological properties of aluminum – 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.*

*Anodized aluminum is used across a wide range of architectural, designer, industrial and automotive applications.*

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**Key figures**

Definitions: EBITDA = earnings before interest, tax, depreciation and amortization

<b>Audited data at December 31<sup>st</sup> (€'000)</b>		
	<b>2005</b>	<b>2006</b>
<b>Sales</b>	<b>18,333</b>	<b>21,468</b>
Production costs	(15,662)	(16,507)
<b>Gross profit</b>	<b>2,671</b>	<b>4,961</b>
Selling and administrative expenses	(3,414)	(3,473)
Research and development expenses	(159)	(205)
<b>Operating profit</b>	<b>(902)</b>	<b>1,283</b>
Interest expenses	(1,361)	(1,123)
<b>Pre-tax net income</b>	<b>(2,263)</b>	<b>160</b>
Corporate income tax	-	19
<b>Net income after tax</b>	<b>(2,263)</b>	<b>179</b>
<b>Earnings per share</b>		
Net earnings per share	€ 1.56)	€0.12
Weighted average number of shares in issue	1,452,655	1,455,264
<b>EBITDA</b>	<b>2,034</b>	<b>4,285</b>
EBITDA/sales	11.1%	19.96%
Free cash-flow (EBITDA – investments + subsidies)	5,282	3,333
<b>Balance sheet</b>		
Operational working capital (working capital – cash and cash equivalents – short-term bank borrowings)	269	2,911
Fixed assets	26,439	24,404
Total assets	32,966	33,682
Long-term debt (over one year)	14,204	8,343
Shareholders' equity	11,744	12,311
<b>Cash-flow and use of funds</b>		
Cash-flow from operating activities	(854)	503
Cash-flow from investment activities	3,221	(948)
Net cash-flow before financing	2,367	(445)
Increase (decrease) in cash and cash equivalents	28	620