



## Booming sales across all business activities

MND reported full-year revenues of €67.6 million, an increase of 10.0%, or 11.6% at constant exchange rates and consolidation scope (like-for-like). This improvement was mainly due to an improvement in sales across all divisions and particularly strong business momentum in the Asian and Americas regions. Accordingly, the Group now generates 66% of its sales on export markets and 20% of its revenues outside Europe, in line with its strategy.

The Safety & Leisure division generated revenues of €24.2 million, up 16.3% from the previous financial year, while the Group's Snowmaking and Ropeway division reported sales of €43.4 million, up 6.8% (9.6% of organic growth). This difference is primarily due to the sale of MND Eastern Europe, whose sales amounted €1.5 million in 2014-2015 against €0.1 million in 2015-2016.

## Marked improvement in profitability

MND once again increased its gross margin during the 2015-2016 financial year: the margin increased to €33.8 million, representing 50.0% of revenues for the year ended 31 March 2016. Gross margin increased by 1.8 percentage points excluding the impact of the calculation method adopted as of 31 March 2016<sup>2</sup>. This positive development reflects changes in the sales mix, including the increased importance of the "high-adrenaline leisure" business, where value-added is higher, as well as the impact of the purchasing synergies achieved.

Income from current operations amounted to €1.5 million, compared with a loss of €3.7 million last year. This €5.2 million improvement was primarily due to the increase in the gross margin combined with a decrease in personnel expenses and overheads as a result of the streamlining plan launched 24 months ago. The Group, which had 315 employees as at 31 March 2016, has restructured operations in Germany while boosting its production, sales and R&D teams in France. All these measures enabled the Group to fulfil its commitment to lower the breakeven point to revenues of less than €65 million.

Both business divisions reported a marked improvement in their operating profitability. Accordingly, the Snowmaking & Ski Lift division reduced its loss from current operations by €3.8 million to €0.3 million, thus coming close to operating breakeven point. Meanwhile, the Safety & Leisure division reported growth of €1.4 million, generating €1.7 million in income from current operations.

Group operating income amounted to €1.0 million, including non-recurring restructuring costs of €0.6 million, which were primarily recognised over the second half of the financial year. Despite these expenses, **second half operating income rose by 59% to €5.1 million.**

Net income, Group share amounted to €0.5 million, compared with a loss of €2.3 million in the previous year, i.e. an improvement of €2.8 million. This figure includes a non-recurring operating expense of €0.6 million, net financial expense of €1.2 million (compared with €1.3 million in the previous year), a €0.5 million currency loss compared to a €0.9 million currency gain last year, and tax income of €0.7 million (€1.9 million in the previous year) which was primarily due to the use of tax loss carryforwards. At 31 March 2016, the Group has a deferred tax asset of €6.1 million that is deductible from future profits.

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<sup>2</sup> See Note 1



During the year, the Group continued to invest in the development of its new generation of detachable ski lifts and urban transport solutions, filing a number of patent applications. R&D expenditure amounted to over €4 million (compared with €2 million in 2014-2015), €2.4 million of which was capitalised over the financial year.

### **Improvement in the financial structure**

Besides developing its business, MND also pursued its policy of strengthening its balance sheet over the 2015-2016 financial year.

Shareholders' equity amounted to €23.9 million as at 31 March 2016 (€19.7 million in 2015) compared with net debt of €43.3 million (€38.4 million in 2015). This means that the gearing or debt-to-equity ratio improved to 1.81 (1.95 in 2015).

In terms of improving cash management, the Company benefited from the introduction of new optimised inventory management processes: these processes enabled the level of inventory to be reduced by €1.5 million over the period, despite the increase in sales volumes. However, working capital increased as at 31 March 2016, due to the high level of trade receivables at that date (€24.6 million compared with €19.7 million in the previous year) due to the Company's sustained growth, especially during the last quarter of the financial year.

During the year, MND closed the Equity Line programme (equity capital credit facility) arranged in November 2014. The drawdown between 1 April 2015 and 31 March 2016 represented a total of 2,200,000 shares amounting to €3.8 million.

Lastly, MND's banking partners renewed their trust in the Group in April 2016, by confirming the short-term annual and seasonal credit facilities required for the 2016-2017 financial year. These facilities will support the increase in the Group's sales volumes and will enable it to anticipate purchases and production relating to its peak activity period.

### **A very positive outlook**

The Group's outlook for the 2016-2017 financial year is very positive. Revenues for the 1<sup>st</sup> quarter ended 30 June 2016 (3 months) amounted to €5.9 million, up 19.1% (21.2% like-for-like). The Safety & Leisure division posted sales of €1.7 million compared with €2.2 million for Q1 2014-2015. The Snowmaking & Ski Lift division reported sales of €4.2 million compared with €2.8 million last year. We would remind you that the Group generates most of its revenues in the second half of its financial year.

Total invoices billed and firm order backlog to be fulfilled over the current financial year amount to €31.3 million, an increase of 6.2% like-for-like. The order backlog notably includes two recently-signed flagship contracts for the renovation of the Montmartre funicular railway (RATP) and the installation of the Group's first new-generation detachable chairlift at the La Plagne ski resort, a subsidiary of Compagnie des Alpes.

Buoyed by these promising business trends, the Group expects to generate higher revenues and income from current operations over the 2016-2017 financial year. In terms of business development, the Group intends to focus on stepping up its operations in China, thanks to a new industrial and commercial partnership (currently under negotiation) that will enable it to supply the entire Asian region with mountain and urban transport solutions. At the same time, MND plans to continue selling off non-strategic distribution subsidiaries (Turkey, Canada, etc.). Lastly, MND intends to pursue its policy of managing overheads and strengthening its balance sheet by reducing inventory levels and shortening customer payment terms.

In the medium term, MND will continue to implement its strategy plan and capitalise on the growth drivers put in place over recent financial years, including:

- targeting the new detachable chair lift market, worth €800 million (compared with €150 million previously), via the innovative solutions launched in 2015-2016;
- winning market share in Asia, where the market is booming, including the development of “four-season” ski resorts in China and the preparation of the Beijing 2022 Olympic Games;
- increasing high-adrenaline leisure sales in a profitable market;
- continuing research aimed at developing new urban cable transport solutions, with a view to signing an initial agreement during the current financial year. Five projects have been identified so far and are under review;
- lastly, boosting its position as a major operator in the snowmaking and safety markets.



**Xavier Gallot-Lavallée, the Group’s Chairman and Chief Executive Officer,** made the following comments: *“Our strong business momentum and return to operating profitability enable us to view the 2016-2017 financial year with confidence. Following a period of in-depth reorganisation of the Group in view of its rapid expansion between 2012 and 2013, MND is entering a stage of sustained profitable growth. We will henceforth focus our initiatives on business development. Accordingly, the Group is reaffirming its goal of developing effective and innovative solutions in each of its divisions, while pursuing its policy of improving profitability and strengthening its balance sheet. MND has the necessary strengths to make its plan a success, including a global offer, brands recognised worldwide, innovative solutions, an international presence, modern industrial technology and teams focused on driving the Group’s successful development and satisfying its customers and partners”.*



## Appendices:

### Consolidated 12-month revenues – 1 April 2015 to 31 March 2016

€m - IFRS	31/03/2016 12 months	31/03/2015 12 months	Growth	Pro forma growth*
Revenues	67.6	61.4	+10.0%	+11.6%
Of which Safety & Leisure	24.2	20.8	+16.3%	+15.5%
Of which Snowmaking & Ski Lifts	43.4	40.7	+6.8%	+9.6%

\*At constant consolidation scope and exchange rates (like-for-like)

### Summary half-yearly income statement – 1 April 2015 to 31 March 2016

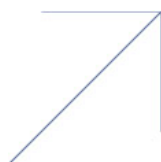
€m - IFRS	H1 2015-2016 6 months	H2 2015-2016 6 months
Revenues	22.6	45.0
Gross margin	11.5	22.3
Gross margin (%)	50.8%	49.5%
Income/(loss) from current operations	(3.9)	5.4
Operating income/(loss)	(4.1)	5.1
Net financial income/(loss)	(1.0)	(0.2)
Tax	1.3	(0.6)
Net income/(loss) Group share	(3.8)	4.3

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## ABOUT MND GROUP



The MND Group has been based at Sainte Hélène du Lac (Savoie), in the very heart of the French Alps, since 2004. MND is one of the few market players to have a global range of products and services dedicated to the development, equipping and protection of ski resorts, leisure areas and other mountain infrastructure. Buoyed by its industrial expertise in the mountain cable transport market and by innovative technology protected by worldwide patents, the MND Group has strong growth potential in the urban cable public transport field, where it offers an unobtrusive alternative mode of urban transport. With five manufacturing plants in Europe, eight distribution subsidiaries and 30 distributors worldwide, the MND Group has 315 employees and almost 3,000 customers in 49 countries.

Find all the information you need on [www.mnd-bourse.com](http://www.mnd-bourse.com)