



Press release

Sainte Hélène du Lac (Savoie, France), 10 December 2015 (after market close)

2015/2016 first half results **Sustained organic growth at 14%** **International business booming: up 18%** **Sharp improvement in earnings**

The MND Group (FR0011584549, MND), an innovative developer of mountain and urban mobility solutions, is listed on the Paris Euronext market, compartment C.

The reader is reminded that the Group's business is highly seasonal and that only a third of its revenues are generated during the first half of its financial year. As a result, the Group makes a structural deficit during the first half.

During the first half-year MND consolidated the growth momentum seen in the second half of the last financial year by generating revenues of €22.6 million, up 14% in terms of organic growth. The Group continues to develop its international business, with exports generating revenues of €15.1 million, or 67% of total revenues for the period.

The strategic actions and decisions implemented last year in order to lower the breakeven point to €65 million are proving their worth, with ongoing improvement in the margin rate and structural costs down over the first half. As a result of these cost control measures, first half loss from current operations was reduced from €7.4 million for the 6 months ended 30 September 2014 to €3.9 million for the period just ended.

This good financial performance shows the Group's ability to drive sustained growth and to return to profitability on current operations as of the present financial year.

Backed by an extensive, innovative and competitive packaged product offering and a structured organisational system and distribution network, MND is well placed to take full advantage of its differentiating strategy and growth drivers.

First half consolidates Group momentum and augurs well for a profitable 2015/2016 financial year

The main factors affecting 2015/2016 first half results were: 1/ Gross margin over variable costs up again, by 4 points from 46.8% last year to 50.8%; 2/ overheads down €1.3 million; 3/ currency losses of €0.4 million mainly related to the Swedish krona; 4/ recognition of deferred tax assets of €1.3 million.



Income statement highlights – IFRS - (period from 1 April to 30 September)

| (€ million) | H1 2015/2016 | H1 2014/2015 |
|--|--------------|--------------|
| Revenues | 22.6 | 19.8 |
| Gross margin | 11.5 | 9.3 |
| % of revenues | 50.8% | 46.8% |
| Income/(loss) from current operations | (3.9) | (7.4) |
| Operating income/(loss) | (4.1) | (7.1) |
| Net financial income/(loss) | (1.0) | (0.4) |
| Tax | 1.3 | (0.1) |
| Net profit/(loss), Group share | (3.8) | (7.6) |

A limited review of the first half consolidated financial statements is currently underway.

First half organic growth of 14% was driven by all of the Group's operating regions, with particularly strong performance in North America (€1.6 million versus €1.1 million last year) and Asia (€2.2 million versus €0.3 million), where MND is setting up a subsidiary in Beijing, due to host the 2022 Winter Olympics.

The sharp improvement in the gross margin rate, from 46.8% for the 6 months ended 30 September 2014 and 47.3% at 31 March 2015 to 50.8%, is the result of the Group-wide purchasing synergies implemented, the introduction of Group business management processes and the new industrial facility organisational system.

The income from current operations benefited from the increase in volumes with like-for-like revenues up 14%, improving margins and a further reduction in overheads. As a result, the Group reduced its loss by €3.5 million from €7.4 million last year to €3.9 million. The Snowmaking & Ski Lifts Division and the Safety & Leisure Division reported losses of €2.8 million and €1.1 million respectively.

Net loss Group share fell by half from €7.6 million last year to €3.8 million, including net cost of debt of €0.6 million (versus €0.5 million for the 6 months ended 30 September 2014), a €0.4 million currency loss, compared to a €0.1 million currency gain in the previous period, and tax income of €1.3 million resulting from the recognition of tax loss carryforwards.

During the first half, the Group also continued its programme of strategic investments aimed at:

- 1/ developing its new generation of detachable chair lifts. The market launch of this new range is confirmed for the 2015/2016 season, with the first installation expected in summer 2016. This innovative new range gives MND access to a further potential ropeway market worth €800 million compared to €150 million at this time.
- 2/ launching a new Alpine Coaster. This product has a very strong growth potential, particularly in Asia, which is developing four-season tourism in its mountain resorts.
- 3/ continuing studies for the development of the Cabline range, with market launch slated for 2016/2017 and a possible first installation in 2017/2018. So far, five projects have been identified and are currently under review.



Financial structure

The Group's equity capital amounted to €17.6 million as at 30 September 2015, compared to net debt of €39.1 million.

In view of the expected full-year trends, MND expects to see a sharp improvement in its debt-to-equity ratio by the end of the financial year.

Despite the highly seasonal nature of the Group's business, the change in working capital amounted to a €0.4 million inflow compared to a €4.1 million outflow in the previous year. This improvement was due to the initial benefits of the new ERP system and the introduction of internal inventory optimisation and trade receivables management procedures.

In October MND's bank partners showed their continuing trust in the Group by confirming the existing €17 million short-term credit lines for the coming year and by granting an additional €8 million in seasonal short-term financing lines. MND also took out two innovation loans for a total of €2 million.

Strong commercial momentum and a sustained order backlog

The backlog of firm orders to be invoiced during the year confirms the strong momentum seen in Q1 2015/2016. At 30 September 2015 the backlog amounted to €26.2 million, up €3.3 million from the same time last year. Sales operations reflect the efficiency of the new organisation based on 8 subsidiaries and 30 distributors, making progress in international markets, particularly in the new Asian markets.

Expected trends over the following months

On the basis of business forecasts for the second half, the Group expects to meet its targets via sustained organic growth and a return to operating profitability.

In addition to a committed sales drive, MND is also carrying out extensive work on improving its working capital and financial structure. The impact of these measures should begin to materialise from the end of the current financial year.

MND has the necessary strengths to achieve its business plan: a comprehensive product offering, internationally reputed brands, a global footprint, cutting edge production technology and a motivated workforce focused on driving the Group's successful development.

Next release: Revenues for the 3rd quarter of 2015/2016, 28 January 2016 (after market close)

The MND half-yearly financial report containing full information will be available for consultation in the Investor section of our website at www.mnd-group.com between now and 31 December 2015, to be announced in a forthcoming press release.



Find all the information you need on www.mnd-bourse.com

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 (France, Germany and Sweden), seven distribution subsidiaries and 30 distributors worldwide, the MND Group has 320 employees and almost 3,000 customers in 49 countries.

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