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STRONG 2022 HALF-YEAR RESULTS IN A CONTEXT OF ENERGY CRISIS AND COST INCREASES

- **Sales: €13.9 M, up 12.1 %**
- **EBITDA: €2.5 M (18.1% of sales)**
- **Net income: €0.85 (5.7 % of sales)**
- **Net financial debt: 15.3 % of equity at 30 June 2022**

COIL, world leader in aluminium anodising, has released its results for the first half of the 2022 financial year.

❖ Half-year highlights

In the first six months of 2022, COIL recorded a turnover of €13.9m, up +12.1% compared to the previous year.

Tolling sales (84% of half-yearly sales) continued to be strongly influenced by the supply/demand imbalance caused by the COVID-19 pandemic. Initially, the lengthy delivery times for flat-rolled products on the market had forced distributors to build up stocks in order to meet renewed demand. The sharp fall in the price of aluminium at the end of Q1 then led to a sharp deceleration in orders by distributors and a rapid return to more normal delivery times by rolling mills in the market. Typically, this slowdown in demand from distributors takes several months to be reflected in the Company's sales. In this context, tolling sales continued to be strong until after the end of the period and grew by 18.5% for the half year as a whole.

Package Sales, which include metal (16% of half-year sales), fell by 12.5%, despite the increase in sales in Europe. They were impacted by i) the closure of the Russian market due to the conflict in Ukraine and ii) the continued weakness of the Asian markets due to high costs and long delivery times.

During the half year, the macro-economic environment was strongly affected by renewed inflation, which accelerated following the outbreak of war in Ukraine and Russia and its impact on the global economic environment. The company reacted by increasing its prices; however, the growth of its operating expenses, including a significant increase in its energy and raw material costs, weighed on the half-year results.

Despite the lower results against a high base of comparison in 2021, the Company still managed to maintain a high level of profitability and a strong and healthy balance sheet at 30 June 2022.

❖ Results

The increase in the Company's sales and the shift in the product mix towards subcontracting were strongly affected by the rise in production costs (energy and raw materials), which impacted the gross margin for the first half of the year, which rose by only 2.9% compared to the previous year.

Increased personnel costs (+5.1%) and other operating expenses (+24%) also affected the Company's operating profitability. EBITDA thus decreased by - €0.5m compared to the previous year and amounting to €2.5m, representing 18.1% of sales, compared to 24.4% of sales in the first half of 2021.

After depreciation and amortisation down by €0.4m to €1.5m, operating profit was €1.0m, or 7.2% of sales, compared with €1.1m in the first half of 2021 and a loss of €(1.9)m in the first half of 2020.

The net result for the first half of 2022 is a profit of €0.85m, compared to €0.95m in the first half of 2021 and a loss of €(2.1)m in the first half of 2020.

❖ Simplified income statement

(€M)	2022 H1	2021 H1
Sales	13.95	12.45
<i>Tolling sales</i>	11.68	9.86
<i>Package sales¹</i>	2.27	2.59
EBITDA	2.52	3.04
<i>% of sales</i>	18.1%	24.4%
Operating profit	1.01	1.13
<i>% of sales</i>	7.2%	9.1%
Income before tax	0.85	0.95
Net income	0.80	0.95
<i>% of sales</i>	5.7%	7.6%

❖ Review

Taking into account the results of the half-year, shareholders' equity at 30 June 2022 was €30.0m, an increase of €0.8m compared to 31 December 2021. Cash and cash equivalents at 30 June 2022 improved to €3.4m, compared to €2.2m at 31 December 2021 and €0.5m at 30 June 2021. Net financial debt at 30 June 2022 was €4.6m, up €0.7m on the previous year, and represented 15.3% of equity, compared with 13.4% at 31 December 2021 and 25.2% at 30 June 2021.

❖ 2022 third quarter sales

Sales for the third quarter of 2022 amounted to €6.7m, up 5.3% on the previous year. Tolling sales decreased (- 3.1%), while Package Sales grew strongly (+ 38.5%). As a result, sales for the first nine months of the 2022 financial year amounted to €20.7m, up 9.8% on the same period of the previous year.

❖ Outlook

In an increasingly unstable environment, the Company remains cautious and anticipates a continued slowdown in tolling demand towards the end of the year as distributors run down part of their stocks.

In order to cope with the significant increases in energy costs in Europe, the Company is gearing its operations in the short term to its Landen site in Belgium, where energy prices are currently lower, and is relying on its high-efficiency Line 6 in Germany as a back-up.

At the same time, the company is accelerating its energy efficiency investment projects through an action plan aimed at the sustainable use of renewable energy sources at attractive costs. A solar energy park, developed in partnership with local specialist operators in Germany, came on stream in October 2022; this will make it possible to significantly reduce part of the electricity costs in the medium term at the Bernburg site.

¹ Anodising and metal included

More generally, the Company is taking steps to limit the impact of an economic slowdown on its results, relying in particular on the flexibility of its industrial facilities and the continued optimisation of its cost base.

The Company is confident in its longer-term development prospects and is capitalising on its broad portfolio of premium, sustainable and low carbon footprint products to increase the potential of its business.

❖ Additional information

The financial statements were approved by the Board of Directors on 28 October 2022. They are included in the 2022 half-yearly financial report available on the company's financial website (<http://investors.coil.be>).

❖ Agenda

2022 annual sales will be published on 26 January 2023 after the close of trading.

ABOUT COIL

COIL is the world's leading anodiser in the building and industrial sectors and trades under the ALOXIDE® brand name.

Anodising is an electrochemical process (electrolysis) which develops a natural, protective oxide layer on the surface of aluminium and can be coloured in a range of UV-proof finishes. It gives the metal excellent resistance to corrosion and/or reinforces its functional qualities. Anodising preserves all the natural and ecological properties of aluminium; it retains its high rigidity and excellent strength-to-weight ratio, its non-magnetic properties, its exceptional resistance to corrosion. The metal remains totally and repeatedly recyclable through simple re-melting. Anodised aluminium is used in a wide variety of industries and applications: architecture, design, manufacturing and the automotive sector.

COIL deploys an industrial model that creates value by leveraging its unique know-how, its operational excellence, the quality of its investments and the expertise of its people. COIL has around 110 employees in Belgium and Germany and generated a turnover of €25 million in 2021.

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For more information, please visit www.aloxide.com

CONTACT

COIL

Tim Hutton | Chief Executive Officer
tim.hutton@coil.be | Tel.: +32 (0)11 88 01 88

CALYPTUS

Cyril Combe
cyril.combe@calyptus.net | Tel.: +33 (0)1 53 65 68 68