

Press Release

Q3 & 9M 2023 Revenues

In a context of weak market demand, 2023 guidance maintained for Ebitda and Ebita but adjusted down for free cash flow (FCF)¹.

Revenues down 38% in Q3.

Visibility limited for 2024.

Paris (France), October 26th, 2023 – Vantiva (Euronext Paris: VANTI) is today announcing its unaudited Q3 2023 revenues.

Thanks to strict operational efficiency and despite anticipated adverse market conditions in Q3, the guidance is maintained for EBITDA and EBITA. FCF¹ is expected to be positive, but lower than the previous guidance, mainly because of developments in working capital.

On a challenging base of comparison for Connected Home, Vantiva experienced a 38% revenue decline in the quarter due to decreasing market demand.

Visibility for 2024 is limited, but first indications demonstrate a need for prudence about the market development.

The group's revenues amounted to €473m in the quarter, down 38% (-34% at constant exchange rate).

- Connected Home contributed €339m, a decrease of 42% (-37% at constant exchange rate).
- SCS contributed €134m, a decrease of 26% (-22% at constant exchange rate).
- With the announcement of the projected acquisition of CommScope Home Networks activities, Vantiva has achieved a key strategic milestone which is expected to be a game changer for the group.
- The Group's liquidity position at September 30th stood at €39m (including €16m of undrawn credit facility). Since then a new €85m financing, maturing March 24th 2024, has been signed.
- FY guidance unchanged for adjusted EBITDA and EBITA, but FCF¹ still expected positive, should be lower than expected.

Luis Martinez-Amago, Chief Executive Officer of Vantiva, said:

“Our solid operating performance and continuing efficiencies are allowing us to confirm our guidance for EBITDA for the year. This is being achieved in a market with weaker demand from our customers due to the overall macroeconomic conditions, as previously communicated. Performance is nevertheless still in the range of our scenarios. The FCF¹ will be lower than the guidance due to the timing of revenues within Q4 for Connected Home. We expect the market to remain weak in 2024. However, with the announced agreement to acquire CommScope's Home Division, we are in a perfect position to reinforce our operational performance from a customer perspective, and from an efficiency and productivity perspective. We anticipate that a sizeable amount of synergies will be realized, which will improve our profitability and performance over the coming years. We continue to believe in the mid to long term attractiveness of our markets, and we keep investing in making Vantiva a leading player of the industry.”

¹ before interest and tax



I- Q3 & 9M 2023 Revenues

In € million, continuing operations	Q3				9M			
	2023	2022	Actual Change	Change at Constant Rate	2023	2022	Actual Change	Change at Constant Rate
Revenues	473	765	(38)%	(34)%	1,511	1,958	(23)%	(21)%

Q3 2023 Key Highlights

The deterioration of the economic environment worldwide, together with the rise in inflation and in interest rates explain the sharp fall in demand in our main markets. This, combined with high levels of inventories, led our clients to cut, or at least to postpone, their orders. Both divisions have been significantly impacted by this negative trend and showed decreasing revenues in the quarter on high base of comparison. The revenue trend and the change of timing for some orders have penalized the development of our working capital, and in consequence our liquidity situation has been negatively impacted. A new financing of €85m, maturing in March 2024, has been put in place in October to meet this temporary liquidity need.

Outlook

Thanks to the continuing efforts to improve our operational efficiency, and as Q4 is traditionally stronger than Q3, the full year guidance remains unchanged for adjusted EBITDA and EBITA. However we are revising our FCF¹ guidance from more than €50m to positive, mostly because of the negative movement in working capital already mentioned.

2024 is likely to be another difficult year for our industry, and we anticipate a lower group performance than for 2023 at constant scope.

Guidance for the fiscal year 2023:

- EBITDA > €140m Unchanged
- EBITA > € 45 m Unchanged
- FCF⁽¹⁾ > €50m > 0m

¹ before interest and tax



II- Q3 & 9M Segment Review

Connected Home

Revenues breakdown by product

In € million, continuing operations	Q3				9M			
	2023	2022	Actual Change	Change at Constant Rate	2023	2022	Actual Change	Change at Constant Rate
Revenues	339	584	(42.0)%	(37.3)%	1,146	1,481	(22.6)%	(20.9)%
<i>o/w Broadband</i>	284	414	(31.5)%	(26.2)%	931	1,108	(16.0)%	(14.5)%
<i>o/w Video</i>	55	171	(67.8)%	(64.5)%	215	373	(42.3)%	(40.2)%

Connected Home revenues represented 72% of group revenues in the quarter (76% in Q3 22), and totaled €339 million, down 42%. At constant exchange rate, the decline would have been 37% compared with Q3 2022. As in the previous quarters, Video activities have suffered in all regions, while Broadband showed some growth in Latam and EMEA, but this was not enough to offset the decrease in North America and APAC.

This development in revenue resulted from a fall in demand from our main clients in North America, which have faced a high level of inventory. Both the Fiber and Video businesses have been particularly hit in the region.

In Latin America, especially in Brazil, the market has been also relatively weak as economic conditions were adverse. However, Fiber products' strong growth has mitigated lower demand for DOCSIS products.

In EMEA, the situation has not been significantly better, with a strong decline for DOCSIS and Video products, not fully compensated by high growth in Fiber.

In APAC, on the one hand, one of our large customers, facing a high level of inventories for gateways in a context of softening demand, adjusted its volume of orders, and on the other hand demand in India for Video devices was weak.

As management had anticipated a declining demand, strict cost control and efficiency measures have been put in place without delay in order to defend the profitability of the business.

Connected Home continues to prepare the next generation of devices based on DOCSIS4.0 and Wi-Fi 7 technologies to support its growth, and win its first contracts for 5G FWA technology in North America and Europe.



Supply Chain Solutions

In € million, continuing operations	Q3				9M			
	2023	2022	Actual Change	Change at Constant Rate	2023	2022	Actual Change	Change at Constant Rate
Revenues	134	181	(26)%	(22)%	365	476	(23)%	(22)%

Supply Chain Solutions' revenues for the quarter represented 28% of Group revenues (24% in Q3 22) and totaled €134 million in the quarter, a 26% decrease compared to Q3 22. At constant exchange rate the drop would have been 22%. This decline was not only due to the structural downward trend affecting the optical discs business, but also to the economic conditions which has penalized the discretionary consumption. All major studios have revised downwards their orders, and volumes of disc were down 33% in the quarter. Some pricing actions have mitigated the negative impact on the revenues. Vinyl volumes have grown although not reaching expectations. The other diversification activities also suffered from this general slowdown.

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted, or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Vantiva's filings with the French Autorité des marchés financiers. 2021 Universal Registration Document (Document d'enregistrement universel) has been filed with the French Autorité des marchés financiers (AMF) on April 26, 2023, under number D-23-0337.

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About Vantiva

Pushing the Edge

Vantiva shares are admitted to trading on the regulated market of Euronext Paris (VANTI).

Vantiva, formerly known as Technicolor, is headquartered in Paris, France. It is an independent company which is a global technology leader in designing, developing and supplying innovative products and solutions that connect consumers around the world to the content and services they love – whether at home, at work or in other smart spaces. Vantiva has also earned a solid reputation for optimizing supply chain performance by leveraging its decades-long expertise in high-precision manufacturing, logistics, fulfillment and distribution. With operations throughout the Americas, Asia Pacific and EMEA, Vantiva is recognized as a strategic partner by leading firms across various vertical industries, including network service providers, software companies and video game creators for over 25 years. The group’s relationships with the film and entertainment industry goes back over 100 years by providing end-to-end solutions for its clients.

Vantiva is committed to the highest standards of corporate social responsibility and sustainability across all aspects of their operations.

For more information, please visit vantiva.com and follow Vantiva on [LinkedIn](#) and [Twitter](#).

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Image 7 for Vantiva

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