Groupe Plastivaloire

Langeais – August 6, 2024

Strategic divestment of German subsidiary Karl Hess and the Pilsen site by Plastivaloire Group

On August 5, 2024, Plastivaloire Group announced the signing of a memorandum of understanding for the sale of 100% of its subsidiary Plastivaloire Germany GmbH, which owns the German company Karl Hess and the Pilsen production site in the Czech Republic, to the principal manager of Karl Hess, with support from an institutional financial partner.

The transaction is part of industrial streamlining measures undertaken by the Group to focus on its most profitable activities and restore its performance.

In recent months, Karl Hess, which has debts of €44.4 million with German banks, has come under increasing financial pressure due to very low operating profitability as a result of the inflationary context, leading to the recognition of a €15 million goodwill impairment loss in respect of this asset in Plastivaloire Group's 2022-2023 financial statements.

If Karl Hess is to continue operating successfully, additional financing will be needed to support its development and ongoing operations.

As PVL's possibilities of financing its German activities are strictly limited due to the ring fencing[1] put in place in July 2023, as part of an agreement signed with its creditors, the sale of this subsidiary to its manager appeared to be the best option. The sale of the Pilsen site, which is complementary to the Karl Hess site, will enable the new group to serve customers in this geographical region.

The transaction has been approved by Karl Hess and Pilsen's main customers. Plastivaloire Group will continue doing business with German clients, with whom production is already underway at other sites, and to this end is setting up a local PVL Germany front office, which will be operational as of this summer.

Negative impact on 2023-2024 net income, but positive impact on short-term net debt

The companies sold for a symbolic €1 represent around €90 million in revenue out of the €770 million target announced by the Group for fiscal year 2023-2024.

The deconsolidation of assets (fixed assets, net working capital), liabilities (debt) and the financing of Karl Hess and Pilsen operations over the last few months will have a **one-off negative accounting**

[1] Separation of assets to protect them from risks or external factors.

impact of €30 million on the Group's 2023-2024 net income (September 30, 2024 closing) and de facto on consolidated shareholders' equity.

The agreement puts an end to the guarantee given to the German banks by Plastivaloire Group on Karl Hess' bank debt, significantly reducing Plastivaloire Group's financial risk.

Furthermore, **Plastivaloire Group has undertaken to take over €10 million of Karl Hess's €44.4 million debt**, repayable as follows: €1 million will be repaid when the transaction is completed and the remaining €9 million will be repaid between June 2027 and December 2029. **The Group's consolidated net debt is thus reduced by €34.4 million as a result of the transaction.**

Given the one-off costs associated with the transaction in the current financial year, this transaction will have an accretive impact on the Group's EBITDA margin as from the next fiscal year 2024-2025.

Next steps

Finalization of the agreement is still subject to a number of conditions precedent, including confirmation of the participation of the financial partner in the planned takeover by the manager of Karl Hess, and final approval by the German banks. **It should be effective by the end of the fiscal year**.

Due to this change in the Group's scope of consolidation, the covenant relating to EBITDA, as well as that relating to the leverage ratio set in the July 2023 agreements entered into with the Group's financial partners on the Group's syndicated debt, have been adapted as follows, subject to completion of the transaction:

- a minimum level of annual EBITDA ranging from €54 million for fiscal year 2023-2024 to €70 million for fiscal year 2026-2027, part of which will be dedicated to debt servicing;
- a decreasing leverage ratio (debt/EBITDA), slightly amended for certain intermediate values, but still ranging from a maximum of 5 for fiscal year 2023-2024 to 3 from fiscal year 2026-2027 onwards.

The last covenant remains unchanged:

- a minimum gross cash position of €12 million at September 30 and March 31 of each year, starting from September 30, 2024.

Antoine Doutriaux, Chief Executive Officer of Plastivaloire Group, said: "This strategic divestment illustrates our determination to rapidly activate the levers that will enable us to strengthen the Group's operating and financial profile over the long term, as well as our determination to continue the turnaround in profitability over the medium term. Following this transaction, Plastivaloire will be a more profitable group, with a lower level of debt and financial risk."

Next financial publication on August 29, 2024:
Third quarter 2023-2024 revenue

If you would like to receive financial information about Plastivaloire Group by e-mail, go to:
www.actusnews.com

About Plastivaloire Group:
Plastivaloire Group ranks amongst the very top European manufacturers of complex plastic parts used in retail consumer products.
Using innovative solutions, it designs and manufactures these high-tech plastic parts and handles their mass production for the Motor Vehicle and Industries sectors.
Plastivaloire Group has more than 7,000 employees and 30 production sites in France, Germany, the United States, Poland, Spain, Romania, Turkey, Tunisia, England, Portugal, the Czech Republic, Slovakia and Mexico.

Number of shares: 22,125,600 – Euronext Paris, Segment B – ISIN: FR0013252186 - PVL
Reuters: PLVP.PA – Bloomberg: PVL.FP

Contacts

Plastivaloire Group:
Antoine Doutriaux and Vanessa Findeling on +33 (0)2 47 96 15 15

ACTUS finance & communication:
Investor Relations: Guillaume Le Floch on +33 (0)1 53 67 36 70
Pierre Jacquemin-Guillaume on +33 (0) 1 53 67 36 79
Press Relations: Amaury Dugast on +33 (0)1 53 67 36 74