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MANITOU

H1'10 Earnings: Manitou ahead of plan

- H1'10 revenue up 8,3% vs. H1'09 with peak backlog at end-of-June
- Recurring EBITDA of +€2m vs. -€25m in H1'09
- Operating loss of -€7 vs. -€104m in H1'09
- Net debt down 25% at €182m with 54% gearing ratio
- Growing supply chain issues with leadtimes, quality, and now cost
- New financing avenues in the US with finalizing DLL partnership for sales financing
- FY 2010 +10/15% revenue growth and narrowing our operating loss

Jean-Christophe Giroux, Manitou President & Chief Executive Officer, declared: *"The strong business swing over the last six months reflects favourably in our H1 earnings, and pulled us up towards breakeven earlier than expected. Our end-June balance-sheet also features reduced indebtedness and confirms Manitou's recovered financial condition. The challenge is now to further improve our profile, finding ways to reconcile erratic end-demand levels and highly-congested components supplies. As the environment still fails to clear up, and possibly for quite some time, we believe the key to profitable growth will be in new models for operational efficiency. For FY'10 however, thanks to a strong backlog, we confirm revenue up +10/15% vs. 2009, and expect to be progressing further towards OP breakeven."*

€ in millions	RTH	IMH	CE	Conso H1'10	Conso H1'09	Variance
Revenue	273.9	59.2	53.9	**387.1**	357.8	+8.3%
Gross margin	94.5	19.2	15.7	**129.4**	99.7	+29.8%
Gross margin %	*34.5%*	*32.4%*	*29.1%*	***33.4%***	*27.9%*	*+550bps*
Recurring EBITDA	15.4	1.0	-14.8	**1.7**	-25.3	
Op. Profit/(Loss)	9.3	-3.6	-12.9	**-7.3**	-103.7	
Net Income	Na	Na	na	**-14.3**	-93.8	
Net Debt				**182.4**	362.9	-50%
Net Equity				**336.9**	375.4	-10%
Gearing (%)				***54%***	*97%*	
Working Capital				**241.0**	383.9	-37%

Divisional Review

With revenue of €274m in H1'10 vs. €252m in H1'09, the **Rough Terrain Handling (RTH)** Division posted a 9% growth year-over-year. Construction, even with very limited Rental business, has grown from very low H1'09 levels, while Agriculture did the opposite. Spare Parts and Service showed a very good contribution in terms of mix and margin. RTH successfully launched in April a new compact machine (MT625) and also introduced a change in its operational processes with the "Red Series" for better efficiency. With €9m operating profit over H1, RTH enjoys the benefits of its 2009 restructuring efforts and lowered break-even point. RTH now focuses on ramping up manufacturing volumes, compensating for elongated suppliers leadtimes with added direct manpower.

The **Industrial Material Handling (IMH)** Division posted revenue of €59m vs. €68m ie -12% resulting mainly from a change of mix in sourced products. While Toyota forklift trucks in France are also down from last year, IMH has been successful in gaining share in this very challenging environment. IMH has been executing on its new PSA-Aulnay full service contract, and is also progressing on the redeployment plan of its Paris-based site for warehousing, onto its Beaupréau HQ. While back in the black at recurring EBITDA level, IMH still lacks some volume effect to be profitable again.

With revenue of €54m vs. €38m, the **Compact Equipment (CE)** Division registered a strong 42% rebound from its historically low levels of 2009. This came exclusively from skidloaders, with telehandlers still at a standstill with US rental customers. The division also registered a significant improvement in margins, with 2009 destocking programs now over. CE also benefitted from expanding sales volumes thanks to the Manitou combination. However, and despite very significant restructuring efforts across the board, CE is still in the red with H1 operating loss of -€13m that reflects a very depressed environment in the US.

US Financing

Manitou's subsidiary Gehl Company is finalizing a strategic finance program with De Lage Landen Financial Services (DLL) whereas DLL will act as preferred partner for equipment sales financing in North America. This initiative aims at providing Gehl's customers and dealers with unique and tailored financing solutions, and will gradually come as a substitution to Gehl proprietary-funded programs. In parallel, Manitou and Gehl are finalizing options to shortly refinance Gehl's syndicated loan of €11m as of June 30, 2010 (i.e. 6% only of Manitou consolidated net debt).

2010 Outlook

With a record order book as of June 30, we believe H2 revenue should be very close to H1, resulting in a 10-to-15% topline growth on a full year basis. Final delivery, as well as the progress towards OP breakeven, will mainly depend upon Manitou's ability to contain mounting operational risks such as suppliers' delays, cost of certain components, new regulatory constraints (EN15000) and overall leadtime management.

Forthcoming events
26 october 2010: Q3'10 Revenue
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