vantiva

Press Release

First half 2024 Results

Fast and successful integration of Home Networks
H1 RESULTS in line with group's anticipations
GUIDANCE 2024 CONFIRMED

REVENUE: €1,004 million (vs €1,038 million in H1 2023)
ADJUSTED EBITDA: €23 million (vs €49 million in H1 2023)
Free Cash Flow [1]: -€19 million (vs -€104 million in H1 2023) and this FCF positive at €14 million before restructuring cash out

Lars Ihlen becomes interim CEO following the announcement of Luis Martinez Amago retirement

Paris (France) – July 24, 2024 - **Vantiva (Euronext Paris: VANTI)** is announcing its results for the first half of 2024. These results have been approved by the Board of Directors today. Limited review procedures on the consolidated condensed financial statements have been carried out, and the statutory auditors' report will be issued once the verification of the management report for the first half of 2024 have been finalized.

Vantiva's results for the first half of 2024 show a decrease compared to the previous year but are in line with the group's anticipations. This stems mainly from weaker activity for CH due to lower demand from the operators, orders timing issues and duplicate operating costs structures related to Home Networks integration before extracting full synergies.
Supply Chain Solutions (**SCS**) **continues to see a decline in the optical disc volumes mitigated by the growth in new activities.**
Globally Q2 marks an improvement over Q1, and this positive trend should be confirmed in H2. In addition, the speed and the success of the integration of Home Networks activities in Connected Home are driving synergies at the top end of our expectations. Vantiva confirms its guidance for the year.

- **Revenues** decreased by 3.4% to €1,004 million (-2.9% at constant exchange rate) after the consolidation of Home Networks.
- **Adjusted EBITDA** at €23 million vs €49 million in H1 2023, representing 2.3% of revenues (vs 4.7% in H1 2023) largely explained by lower volumes and duplicated cost structure from the integration of Home Networks before the synergies are taken out in full.
- **Adjusted EBITA** at -€23 million (vs €9 million in H1 2023) after a €6 million increase in D&A.
- **Net result from continuing operations** was negative at -€166 million vs -227 million in H1 2023.
- **Group net result** was negative at -€167 million vs -€229 million in H1 2023 after negative non-recurring items of -€61 million.

[1] After financial charges, tax and excluding Home networks integration costs.

- **Capex** stood at €26 million (vs €44 million) after taking into account the disposal of a real estate asset in Poland.
- **Free Cash Flow**, before financial and tax, was positive at €30 million vs -€74 million in H1 2023 largely due to the change in working capital and the payment terms alignment between **Connected Home** and Home Networks.
- **Free Cash Flow**, after financial and tax, was at -€19 million vs - €104 million in H1 2023. Before restructuring, FCF was positive at €14 million.
- At the end of the semester, Vantiva's **cash position** stood at €39 million, same level as on June 30th, 2023.
- **Total net debt** (w/o capital lease) amounted to €410 million in nominal terms vs €378 million on June 30th, 2023.

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

"Despite a challenging Q1, we've seen improvements in Q2. This environment explains largely our financial performance, which is in line with our expectations for the H1. What is more important is that our swift integration of Home Networks, thanks to our team's competence and excellence in execution, is making us progress at a pace twice as fast as any comparable integration. We are now ready for fully leveraging the demand recovery for connecting devices that should materialize by the end of the year."

I- H1 2024 Key Highlights & 2024 Outlook

In € million, continuing operations	H1 2024	H1 2023	*Change at current rate*	*Change at constant rate*
Revenues	1,004	1,038	*(3.4)%*	*(2.9)%*
Adjusted EBITDA	23	49	*(52.3)%*	*(51.1)%*
As a % of revenues	*2.3%*	*4.7%*	*(240)bps*	*(235)bps*
Adjusted EBITA	(23)	9	*nm*	*nm*
Free Cash Flow before Financial & Tax	30	(74)	*104*	

2024 with Home Networks

H1 2024 Key Highlights

The demand for **Connected Home** has been hampered by strict capex policy from telco and cable operators still holding too high inventories. This has been particularly true in the North America and LATAM regions. But the consolidation of Home Networks activities has mitigated the negative impact of this change.
Diversification businesses (retail and services) have started to contribute to the P&L. One positive note is the start of recovery in Q2, which showed 21% growth over last year.
On **SCS** side, the decrease in optical discs demand has been in line with our anticipations and less severe than a year ago. The "Growth activities" have continued to develop well and offset part of the structural decline in optical disc.
But the key achievement of the first half has been the success and the speed of the integration of the business acquired from CommScope. In less than 6 months, we have almost completed the operational merger of Home Networks and Vantiva's **Connected Home** operations and have exited from most of the Transitional Service Agreements put in place in January.

Vantiva revenues totaled €1,004 million, down -3.4% (-2.9% at constant exchange rate).
Connected Home revenues amounted to €797 million for the half, a 1.2% decrease (-0.7% at constant exchange rate). **SCS** revenues were €206 million, down 10.9% (-10.6% at constant exchange rate).

Adjusted EBITDA has been negatively impacted by this volume decline and dual cost structure, but benefited from the first positive impacts of the combined business with Home Networks. It was down to €23 million in the semester vs €49 million in H1 2023.
Connected Home, including Home Networks and Diversifications, contributed €33 million (versus €56 million in the previous year) to adjusted EBITDA while **SCS** contributed €2 million (versus €7 million in H1 last year).

FCF, before financial and tax for the half was positive by €30 million, showing a €104 million improvement over last year, despite a lower EBITDA, thanks to a favorable change in working capital.
Capex is €18 million below last year reflecting our strict policy, the first fruits of the combined business with Home Networks and the disposal of a real estate asset in Poland.
The working capital development which was more strictly managed by Vantiva than Home Networks, has benefited from Vantiva's management.

Outlook 2024

We expect the recovery, which started in the second quarter, to accelerate in the second part of the year. Therefore, the second half should benefit from better volumes of demand and positive impact from the synergies.

In this context, Vantiva confirms its guidance for the year.

- EBITDA > €140m
- FCF [2] > €0m

[2] After interest and tax and excluding restructuring and integration costs for HN.

II- Segment Review – H1 2024 Results Highlights

Connected Home

Revenues breakdown by product

In € million	H1 2024	H1 2023	*Change at current rate*	*Change at constant rate*
Revenues	**797**	**807**	**(1.2)%**	**(0.7)%**
o/w by product				
Broadband	**476**	**647**	*(26.5)%*	*(26.2)%*
Video	**287**	**160**	*79.6%*	*81.0%*
Diversification	**34**		*nm*	*nm*
EBITDA adj	**33**	**56**	*(41.2)%*	*(40.2)%*
As a % of revenues	*4.2%*	*7.0%*		

Connected Home revenues contributed 79% of Group revenues (78% in H1 23) and totaled €797 million in the semester, down 1.2%. At constant exchange rate, the decrease would have been -0.7% compared with H1 2023. The integration of Home Networks and Diversification activities have almost compensated for the negative impact of the lower demand in a context of inventory adjustments by our customers. North America has been the most penalized market, as well as LATAM. Eurasia and APAC regions have resisted better, notably thanks to Video products.

Adjusted EBITDA of the division amounted to €33 million (vs €56 million in H1 23), or 4.2% of revenues (vs 7.0% in H1 23). The drop in revenues and the dual operational cost structure due to the acquisition (HN) are the main reasons for the margin decline.

Supply Chain Solutions

In € million	H1 2024	H1 2023	*Change at current rate*	*Change at constant rate*
Revenues	**206**	**231**	*(10.9)%*	*(10.6)%*
o/w by activity				
Disc	**153**	**193**	*(21.1)%*	*(20.9)%*
Growth activities	**53**	**38**	*42.0%*	*42.3%*
EBITDA	**2**	**7**	*(77.9)%*	*(77.3)%*
As a % of revenues	*0.7%*	*3.0%*		

SCS revenues totaled €206 million in the period, down 10.9% from H1 2023. At constant exchange rate the decline would have been 10.6%. The volume decline of the optical disc activity has normalized and has been partly offset by continuing price actions. Logistics activities have continued to develop well, but the Freight business is still suffering from overcapacity. Vinyl records production has grown strongly as expected. Thus, it is in line with our plan in the US, meanwhile we have higher expectations in Europe where competition is more fragmented.

Adjusted EBITDA of the division amounted to €2 million (vs €7m in H1 23), or 0.7% of revenues (3.0% in H1 23). The margin decline came from the lower volumes of optical discs.

Corporate & Other

In € million	**H1 2024**	**H1 2023**	*Change at current rate*	*Change at constant rate*
Revenues	**0**	**0**		
EBITDA	**(11)**	**(14)**	*nm*	*nm*
As a % of revenues	*ns*	*ns*		

"Corporate & Other" have no revenue anymore and the corporate costs explain the EBITDA negative contribution of -€11 million vs -€14 million in H1 2023. This is nonetheless delivering a €3 million saving year-on-year.

III- Results analysis

P&L analysis

In € million	H1 2024	H1 2023	*Change at current rate*	*Change at constant rate*
Revenues from continuing operations	**1,004**	**1,038**	*(3.4)%*	*(2.9)%*
Adjusted EBITDA from continuing operations	**23**	**49**	*(52.3)%*	*(51.1)%*
As a % of revenues	*2.3%*	*4.7%*	*(240)bps*	*(235)bps*
D&A & Reserves[1], w/o PPA amortization	(46)	(40)	*15.5%*	*16.1%*
Adjusted EBITA from continuing operations	**(23)**	**9**	*nm*	*nm*
As a % of revenues	*(2.3%)*	*0.9%*	*(315)bps*	*(310)bps*
PPA amortization	(15)	(13)	*(10.2)%*	*(10.6)%*
Non-recurring items	(61)	(146)	*nm*	*nm*
EBIT from continuing operations	**(98)**	**(150)**	*nm*	*nm*
As a % of revenues	*(9.8)%*	*(14.5)%*	*na*	*na*
Net financial income (loss)	(58)	(55)	*(6.9)%*	*(7.6)%*
Income tax	(9)	3	*nm*	*nm*
Gain (loss) from associates	(1)	(25)	*nm*	*nm*
Profit (loss) from continuing operations	**(166)**	**(227)**	*nm*	*nm*
Net gain (loss) from discontinued operations	(1)	(2)	*nm*	*nm*
Net income (loss)	**(167)**	**(229)**	*nm*	*nm*

[1]Risk, litigation and warranty reserves

H1 Revenues stood at €1,004 million, representing a 3.4% decrease (-2.9% at constant exchange rate). The decrease for **Connected Home** (-1.2%) resulted from the consolidation of Home Networks business and the lower demand from our main customers due to market conditions. **SCS** revenues were down 10.9% reflecting the structural decline of the optical disc demand, partly offset by the growth of the other activities.

H1 Adjusted EBITDA amounted to €23 million, down €26 million year-on-year. This stems from the decline in volume but also largely from the dual cost structure coming with the integration of Home Networks.

H1 Adjusted EBITA of -€23 million represented a €32 million year-on-year decrease, explained by lower EBITDA and higher depreciation and amortization.

PPA amortization was slightly up at -€15 million versus -€13 in H1 2023.

Non-recurring items amounted to -€61 million versus -€146 million a year ago which was largely impacted by the impairment of SCS goodwill.

EBIT from continuing operations was a -€98 million loss compared to -€150 million.

The financial result totaled -€58 million in the first half, compared to -€55 million in H1 2023.

Income tax is a negative of €9 million, versus a positive of €3 million.

Result from associates is negative of -€1 million versus -€25 million last year (depreciation of our stake in TCS from the first of January to the deconsolidation date).

Net loss from continued operations amounted to -€166 million compared to -€227 million in H1 2023.

Result of discontinued operations showed a small loss of €1 million.

Group net result therefore is a loss of -€167 million in the half, compared to a loss of -€229 million in H1 2023.

FCF and debt analysis

In € million	**H1 2024**	**H1 2023**	*Change at current rate*	*Change at constant rate*
Adjusted EBITDA from continuing operations	**23**	**49**	*(52.3)%*	*(51.1)%*
Capex	(26)	(44)	*(40.7)%*	*(40.4)%*
Non-recurring items (cash impact)	(58)	(26)	*nm*	*nm*
Change in working capital and other assets and liabilities	91	(54)	*nm*	*nm*
Free Cash Flow from continuing operations before Tax & Financial	**30**	**(74)**	*104*	*105*

	30/06/2024	31/12/2023
Nominal Gross Debt (including IFRS 16 Lease debt)*	516	544
Cash and Cash Equivalent	(39)	(133)
Net financial debt at nominal value (non IFRS)	**477**	**411**
IFRS adjustments**	4	(4)
Net financial debt (IFRS)	**481**	**407**

* Nominal Gross Debt considers PIK interest at nominal value and excludes exit fees accruals

** IFRS adjustments consider PIK at IFRS value and exit fees and deduct original discount fees (OID)

Capex decreased by 40.7% thanks to strict control of spending, first fruits of the merger and the disposal of a real estate asset in Poland.

Free Cash Flow[3] went from -€74 million to €30 million. This significant improvement despite the lower EBITDA
(-€26 million) came from lower capex (€18 million) and positive change in working capital (€144 million) explained by better payment terms with some suppliers, following the acquisition.

The cash position at the end of June 2024 was €39 million not including the Wells Fargo Credit Line of €66 million.

[3] Before interest and tax and excluding Home Networks integration costs.

Appendix

Debt details

In € million

Line	Characteristics	Nominal	IFRS amount	Nominal Rate	IFRS Rate
Barclays	Cash: Euribor 3M + 2.50% & PIK	258	258	10.2%	13.5%
Angelo Gordon	Cash: Euribor 3M + 4.00% & PIK	131	131	13.2%	17.8%
Barclays AG short term loans	PIK: E+ 10%	11	11	13.7%	21.3%
Wells Fargo	WF Prime +2.0%	31	31	10.3%	10.3%
Operating Lease		67	67	15.8%	15.8%
Capital Lease		2	2	11.2%	11.2%
Other		16	20	NA	NA
Total Debt		**516**	**520**	**11.4%**	**14.3%**
Cash & Cash Equivalents		**39**	**39**		
Net Debt		**477**	**481**		

IFRS 16 impact

	Actual H1 24 (incl IFRS 16)	Actual H1 24 (excl. IFRS16)	IFRS16 impact
	Actual	Actual	Actual
In € million	Current rate	Current rate	Current rate
SALES	**1,004**	**1,004**	**+0**
EBITDA ADJ	**23**	**7**	**+16**
In % of sales	2.3%	0.7%	*1.6%*
EBITA	**(23)**	**(27)**	**+4**
Operating Cash Flow	**(36)**	**(52)**	**+16**
FCF before Financial & Tax	**30**	**11**	**+19**
FCF after Financial & Tax	**(19)**	**(33)**	**+14**

Reconciliation of adjusted operating indicators

In addition to published results, and with the aim of providing a more comparable view of the evolution of its operating performance in H1 2024 compared to last year, Vantiva is presenting a set of adjusted indicators which exclude the following items as per the statement of operations of the group's consolidated financial statements:

- net restructuring costs;
- net impairment charges;
- other income and expenses (other non-current items).

In € million	**H1 2024**	**H1 2023**	*Change[1]*
EBIT from continuing operations	**(98)**	**(150)**	*52*
Restructuring charges, net	(69)	(8)	*(61)*
Net impairment gain (losses) on non-current operating assets	(4)	(135)	*131*
Other income (expense)	12	(4)	*16*
PPA amortization	(15)	(13)	*(1)*
Adjusted EBITA from continuing operations	**(23)**	**9**	**(32)**
Depreciation and amortization ("D&A")	(46)	(40)	*(6)*
Adjusted EBITDA from continuing operations	**23**	**49**	**(26)**

[1] *Variation at current rates*

The caption "Adjusted EBITDA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties).

The caption "Adjusted EBITA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense) and amortization of purchase accounting items.

Vantiva Announces Resignation of CEO Mr. Luis Martinez Amago

After 9 years of dedicated service and exemplary leadership, Mr. Martinez Amago has decided to retire and therefore step down from his position as Chief Executive Officer and director of Vantiva, effective August 15, 2024.

The Board of Directors warmly thanks Mr. Martinez Amago for his leadership and significant contributions to Vantiva.

The Board is pleased to announce that Mr. Lars Ihlen, currently Chief Financial Officer of Vantiva, has agreed to step in as interim CEO while remaining Chief Financial Officer of Vantiva, until the Board's Governance & Social Responsibility Committee and Remuneration & Talent Committee finalize the appointment of Vantiva's next Chief Executive Officer.

Mr. Ihlen brings extensive experience and a deep understanding of Vantiva's operations, having served as Chief Financial Officer of Connected Home for the past 11 years, after having served in various financial management positions at Alcatel Lucent in Norway, France and China for 10 years.

A smooth transition plan is in place and Mr. Martinez Amago will continue to work closely with Mr. Ihlen over the coming weeks to ensure continuity and stability of Vantiva's business operations and the realization of the synergy plan.

Mr. Brian Shearer, Chairman of the Board: "*We thank Luis Martinez Amago for his leadership and significant contributions to Vantiva and wish him all the best in his future endeavors. We are confident in Lars Ihlen's ability to lead the group during this transition period.*"

Mr. Luis Martinez Amago, Chief Executive Officer: "*It has been a tremendous honor to lead Vantiva over the past years. I am incredibly proud of what we have achieved together and grateful for the dedication and hard work of Vantiva's talented team. I am confident that Vantiva will continue to thrive and succeed in the years to come.*"

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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 (AMF). The Universal Registration Document (Document d'enregistrement universel) for fiscal year 2023 was filed with the Autorité des marchés financiers on April 30, 2024, under no. D.24-0375.

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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.

Following the acquisition of CommScope's Home Networks in January 2024, Vantiva continues its 130-year legacy as a global leader in the connected home market.

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 X (Twitter).

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