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FIRST-HALF 2024 RESULTS

- RESULTS PENALISED BY A LESS FAVOURABLE MARKET ENVIRONMENT WITH INVESTMENTS STEPPED UP
- IMMINENT ROLL-OUT OF NEW SERVICE OFFERING TO FINANCE ENERGY RENOVATION

French standards (€m)	H1 2023	H1 2024	Change
Revenue	32.5	25.7	-20.8%
Gross margin in %	31.1%	38.4%	+7 points
EBITDA ¹	1.8	(0.2)	n/a
EBIT ²	1.6	(0.4)	n/a
Net profit	1.0	(0.8)	n/a

Laurent Roegel, Airwell CEO: “During this first half of 2024, we operated in a depressed market, owing to the real estate crisis in new construction and sluggish momentum in the renovation segment. In response to this economic downturn, we focused efforts on curbing the impact of our results, particularly with a 7-point increase in our gross margin. However, we continued investments in our new offerings (“Ma Maison Hybride”, “Leezy”, and “Airwell Industrie”) which will accelerate our growth, going forward. As a result, our EBITDA ended close to breakeven. We are about to launch at end-September the roll-out of our all-new energy renovation financing offer for the residential sector. Our positioning as an energy efficiency trailblazer should place us in pole position to benefit from the recovery in the market.”

¹ EBITDA = Operating profit before depreciation, amortisation and impairment of goodwill

² Operating profit after depreciation and amortisation and before goodwill

First-half results illustrating the decline in revenue with investments stepped up

At the end of the first half of 2024, the Airwell Group, supplier and creator of smart energy ecosystems, achieved consolidated revenue of €25.7m, down 20.8% in an overall declining market for heat pumps of around -50%³. Revenue in France showed resilience (+4% vs. 30 June 2023) and could have improved without the postponement of some orders to the second half. Mainland France remains the Group's number-one market, accounting for 62% of revenue over the period.

The Group's other regions markedly declined. French overseas departments and territories (DOM-TOM, -44.6%) are in the process of recovering with an upturn in direct sales for Guadeloupe and French Guiana. Sales in the international region (-43.1%) were adversely affected by logistical disruptions (lengthening of international shipping times), resulting in delivery delays into the third quarter.

Gross margin totalled €9.9m (vs. €10.1m in H1 2023). It represented an increase in percentage terms, accounting for 38.4% of revenue versus 31.1% year-on-year, and illustrating excellent margins and regional mix (with France prevailing).

In H1 2024, the Airwell Group stepped up its investments with the launch of new service offerings ("Leezy", "Ma Maison Hybride") and the development of a high-end offer, namely Airwell Industrie.

Operating expenses increased by +20.2% in the first half of 2024, reaching €9.9 million, in the context of launching of new offers and expanding the scope with Airwell Industrie (consolidated since July 2023). At 30 June 2024, the Group's headcount totalled 111 (compared to 75 at 30 June 2023 and 107 at 31 December 2023). Overheads came out to €2.6m (+€0.7m vs. H1 2023), linked to the scale-up in manufacturing (Airwell Industrie site, with a showroom in Guadeloupe and a new warehouse in French Guiana) and includes €0.3m in non-recurring costs (one-off fees related to the roll-out of new service offerings).

EBITDA⁴ came close to breakeven at €(0.2)m versus €1.8m exactly a year earlier, due to particularly high comparatives.

After depreciation and amortisation, EBIT⁵ stood at €(0.4)m, on the back of €1.6m in H1 2023.

Net financial loss was €(0.4)m, stable year-on-year. After accounting corporate income tax €(0.1)m, net loss ended at €(0.8)m.

Financial structure

Airwell's equity amounted to €9.9m, versus €10.7m at 31 December 2023, factoring in the first-half results for 2024.

Cash flow from operating activities totalled €(0.6)m at end-June 2024, compared to €(4.9)m on 30 June 2023. It includes a positive €0.9m change in WCR (working capital requirement); effective management of trade receivables and payables, offsetting the one-off impact on inventories (significant Air/Water heat pump inventories, plus a seasonal peak in inventories at 30 June).

³ Source: Company

⁴ EBITDA = Operating profit before depreciation, amortisation and impairment of goodwill

⁵ EBIT: operating profit after depreciation and amortisation and before goodwill

Net cash flow from investing activities amounted to €(0.2)m (including €(0.3)m in respect of the shareholding acquired in Synerpod⁶ and +€0.2m, representing changes in long-term financial investments).

Cash flow from financing activities totalled €(0.4)m, reflecting the repayment of a bank loan over the period.

Available cash came to €2.2m at 30 June 2024, excluding new subsidies after the balance sheet date, totalling €0.8m. Gross financial debt amounted to €7.2m at 30 June 2024 (vs. €7.6m on 31 December 2023). At 30 June 2024, net debt remained under control at €5.0m (vs. €4.2m on 31 December 2023).

Outlook for 2024

Since the last press release in July, the heat pump market has not recovered, with high inventories at distributors and installers serving to restrict order visibility in the months ahead. This scenario is especially noticeable in France, which continues to be hampered by a sluggish performance in new construction with political instability over the summer that halted decision-making, but also more generally across the European market. Demand for residential air conditioning (RAC) units remains more robust.

Factoring in this new market situation, the Group anticipates sequential improvement in its revenue versus the first half, with a second half performance now expected to be comparable to the same period in 2023.

Parallel to this and as planned, Airwell will step up its operating (OPEX) investments at the same pace as the first half, with new developments (data) in its service solution catering to smart and connected homes (“Ma Maison Hybride”) as well as in R&D through Airwell Industrie’s offerings, positioning the Group to get ready to win new market share.

At the end of September, the Airwell Group has also scheduled to present its new energy renovation financing offer for the residential sector (“Leezy”) at an exclusive trade fair, before showcasing its latest “Ma Maison Hybride” innovations as well as forthcoming offers from Airwell Industrie at the Interclima trade exhibition.

By leveraging the Airwell Group’s trailblazer positioning as a creator of energy-efficient solutions causing market disruption, the Group is expected to quickly resume its profitable growth trajectory from 2025.

Next release: Revenue for the third quarter of 2024: 5 November 2024, after market close.

⁶ See the press release of 13 February 2024

About Airwell

Founded in 1947 in France, Airwell is France's leading designer of heat pumps in the field of climatic and thermal engineering. A major operator, the French pioneer in heat pumps and then the leading European manufacturer in the 1970s, Airwell became Groupe Airwell in 2021. In a market driven by the energy transition, the company aims to become a reference in Europe, and a key player in climate and thermal solutions based on needs and uses on a global level, with a presence in 80 countries. In 2022, the French developer of climatic and thermal solutions continued to develop in an effort to optimise the energy consumption of its products, protect natural resources and capture solar energy, thereby significantly reducing its customers' environmental footprints. Based in Montigny-le-Bretonneux ((78), a municipality in Greater Paris), Groupe Airwell has more than 100 employees. In March 2023, the Group became a member of the Communauté du Coq Vert run by Bpi France and ADEME (French Agency for Ecological Transition).

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