

## **Miko: Annual results 2019**

- **Miko realized a 7 % increase in turnover in 2019, achieving EUR 224.6 million.**
- **The adjusted EBIT, EBITDA and net profit rise by 3.7 %, 10.4 % and 2.4 % respectively.**

### **NOTES ON THE ACCOUNTS**

The Miko Group focuses on two core activities: coffee service for the out-of-home market and the production of plastic packaging mainly for the food industry.

The coffee division generated a turnover of EUR 122.4 million in 2019. This is 11 % up on the previous year and accounts for 54.5 % of group turnover.

The UK-based Office Coffee Company (OCC) was acquired in 2018 whereby an earn-out was agreed upon. This earn-out was based on the results achieved in 2019. Since the company's performance in 2019 was much better than initially anticipated, the amount of the earn-out was equally significantly higher than envisaged. According to IFRS accounting standard 3, this difference must be included "with immediate effect" in cost and no offsetting is permitted at goodwill level. So if OCC's performance would have been less than expected, according to IFRS this would have to be booked as a one-off profit. Of course, it is good news that the latter scenario did not occur.

Without the one-off impact of the OCC earn-out, EBIT and EBITDA within the coffee service division rose by 16.8 % and 12.9 % respectively (\*). The coffee service division achieved a strong performance in nearly all subsidiaries. Belgium showed significant progress and was able to close a few decent contracts under the slogan "Your coffee, our concern". Miko Koffie Service in the Netherlands carried out a small acquisition. It involved a complex integration: "costs today, a return tomorrow"... A few new distributors joined the Miko network in France. And local subsidiary Kaffekompaniet in Sweden put the finishing touches to a total rebranding and set up a small, local and artisanal in-house roastery, which is now fully operational.

The acquisitions in the UK and Norway, finalized in 2018, also had a positive impact on the results. Including contribution, Danish subsidiary "Maas", which Miko acquired in July 2018 while it was on the verge of bankruptcy, is now showing a positive EBITDA. The company was renamed "Freehand" during the year.

EUR 8.0 million was invested in the coffee service business, the lion's share of which went to coffee machines, which are leased or provided on loan to the customer.

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(\*) Including the one-off impact by OCC as described above and the first application of IFRS rule 16, the results for EBIT, EBITDA and net profit for the Group are -11.4 %, 17.3 % and -23.2 % respectively.

The plastics division achieved a turnover of EUR 102.2 million, marking a rise of 2.6 % compared to last year. This division therefore accounts for 45.5 % of total turnover. Compared with 2018 and without applying IFRS rule 16, EBIT and EBITDA within this business rose by 1.7 % and 8.4 % respectively (\*\*).

In the Belgian part of this division, since 2018 enormous investments were made in a large project for the Home Care sector, along with a new inline extrusion technology. The additional turnover generated by this started to become visible in the second half of 2019.

A multi-year project was launched in Poland, aiming to expand the current production site by adding a new production hall for thermoforming packaging and a state-of-the-art warehouse. The last phase of this project was completed in 2019. The entire project, including the three construction phases, represented an investment of EUR 6.5 million over several years. A complex ISCC certification was equally obtained for the Polish site. This allows renewable biomass to be included in the raw materials used to produce energy and subsequently for this proportion of biomass to be allocated to a specific packaging, more or less similar to the methodology of green energy certificates. Growth was mainly achieved through the sale of margarine tubs.

And although a major promotional product customer of our semi-subsidiary Innoware in Indonesia decided not to place any orders in 2019, this was compensated by the fact that a large margarine project was gained by Innoware for the first time. Equally local sales for yoghurt drink packaging are on the rise. Additional work was done on the buildings during 2019 to finish them off with the right internal infrastructure. Innoware now has all the industrial facilities required to achieve solid growth.

## **COMPOSITION OF BOARD OF DIRECTORS**

The composition of Miko's Board of Directors changed during 2019. Bart Wauters, a professor at law, succeeded Flor Joosen as Chairman of the Board, while Inge Demeyere, Managing Director Chocolate Europe at Cargill Cocoa and Chocolate division, followed in the footsteps of Sabine Sagaert as a director.

## **PROSPECTS**

"We are happy with the results in 2019. However, the impact of COVID-19, which has now been declared to be a pandemic, forces us to be cautious because it will have an immediate impact on our coffee service business, which primarily operates in the hospitality sector and offices. For this reason, we are proposing not to pay any dividend relating to accounting year 2019. For the time being, we will continue with our activities so that we can still play our role in the food chain," comments Frans Van Tilborg, CEO of the Miko Group.

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(\*\*) Including the first application of IFRS rule 16, EBIT and EBITDA in the plastics sector would have risen by 1.8 % and 9.5 % respectively.

## ABOUT MIKO

Miko has been active in coffee service for over 200 years and in plastic packaging for some 45 years now, and was floated on Euronext Brussels in 1998. Miko follows a “two-pillar strategy” in which its core activities – coffee service and plastic packaging – are practically independent entities with their own management, so that each activity can follow its own growth path. The Group posted a turnover of EUR 224,6 million in 2019, with the coffee service and plastics processing division accounting for respectively 54,5 % and 45,5 % of this figure. Miko is an international group with companies in Belgium, France, UK, the Netherlands, Germany, Denmark, Norway, Sweden, Poland, the Czech Republic, Slovakia, Indonesia and Australia.

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### Note for editors:

For photos: [www.miko-group.com](http://www.miko-group.com) – English – Press releases.

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Dit persbericht is ook beschikbaar in het Nederlands.

Ce communiqué de presse est également disponible en français.

Miko website: [www.mikocoffee.com](http://www.mikocoffee.com)

**SCHEDULE 1 – Consolidated annual results Miko Group**

	<b>2019 (KEUR)</b>	<b>2018 (KEUR)</b>
<b>Revenu</b>	<b>224.609</b>	<b>209.886</b>
Revenue – sale of goods	215.336	204.211
Revenue – leasing	9.041	5.450
Revenue – sale of fixed assets	232	225
<b>Other operating income</b>	<b>5.858</b>	<b>5.648</b>
Raw materials & consumables used	-114.592	-110.036
Employee benefit expense	-52.698	-47.971
Depreciation and amortization	-17.205	-11.833
Other operating expenses	-33.775	-31.926
<b>Total expenses</b>	<b>-218.270</b>	<b>-201.766</b>
<b>Operating profit before interests and taxes</b>	<b>12.197</b>	<b>13.768</b>
<b>Net financial result</b>	<b>-989</b>	<b>-1.024</b>
Financial income	40	36
Financial costs	-1.029	-1.060
<b>Profit before taxes</b>	<b>11.208</b>	<b>12.744</b>
Taxes on result	-4.377	-3.339
<b>Net profit of the group</b>	<b>6.831</b>	<b>9.405</b>
Attributable to minority interests	-266	158
<b>Attributable to Miko shareholders</b>	<b>7.097</b>	<b>9.247</b>
Basic earnings per share, Attributable to Miko shareholders (in euro)	5,71	7,44
Diluted earnings per share, Attributable to Miko shareholders (in euro)	5,69	7,41
Gross dividend	0	2.323
<b>Gross dividend per share (in euro)</b>	<b>0</b>	<b>1,87</b>

**SCHEDULE 2 - Consolidated overview of comprehensive income**

	<b>2019 (KEUR)</b>	<b>2018 (KEUR)</b>
<b>Net profit of the group</b>	<b>6.831</b>	<b>9.405</b>
Currency translation differences (items that may be reclassified to profit or loss)	1.419	-1.748
Other items of comprehensive income (items that will not be reclassified to profit or loss)	0	4
<b>Comprehensive income for the year</b>	<b>8.250</b>	<b>7.661</b>
Attributable to Miko shareholders	8.516	7.503
Attributable to minority interests	-266	158