

Highlights

The Group reports profit from continuing operations for 2023/24. Divestment process underway for Roblon's US subsidiary.

For its continuing operations, Roblon realised revenue of DKKm 245.4 and an operating profit (EBIT) before special items of DKKm 29.3, equalling an EBIT margin of 11.9%.

In Company Announcement no. 7 of 16 September 2024, Management announced the initiation of a process to divest Roblon's US subsidiary. Both demand and the competitive situation had deteriorated to such an extent that Management made the decision to initiate a divestment of the subsidiary.

At the end of 2023, the business intelligence company CRU (www.crugroup.com/), which covers the FOC industry, expected that the US market would in 2024 return to normal market conditions comparable to those of 2022. This did not happen, however, in part because the launch of government stimulus projects to fund the roll-out of broadband in the USA proceeded more slowly than expected. Also, the competitive conditions in a temporarily reduced addressable market have become significantly tougher, partly due to competition from the Far East.

Following the announcement of the divestment process for its US subsidiary, Roblon has received a number of enquiries from potential buyers. Management expects the divestment process to be finalised by the end of March 2025. Consequently, the US subsidiary is reported under discontinued operations in the annual report for 2023/24. Comparative figures for 2022/23 have been restated accordingly.

In the coming years, Roblon's activities will focus on the development of products and services for the primary market, comprising the EMEA countries and selected overseas customers and customer leads. Roblon's defined primary market is growing, boosted by the current and future expansion of international digitalisation and energy grid infrastructure.

During the 2023/24 financial year, the Board of Directors decided to downsize the Executive Management from three to two members in a bid to strengthen the Company's strategy execution. Accordingly, Roblon's CEO, Lars Østergaard, resigned his position on 13 May 2024. Kim Müller, who until 13 May 2024 held the position of CTO, took over the reins as CEO, and Carsten Michno, until 13 May 2024 the Company's CFO, took on the position of Co-CEO/CFO.

Selected financial highlights for the Group's continuing operations

- Order intake of DKKm 236.9 (DKKm 202.7)
- Revenue of DKKm 245.4 (DKKm 245.0)
- Gross profit of DKKm 149.3 (DKKm 127.5), equalling a gross margin of 60.8% (52.0%)
- Operating profit before depreciation, amortisation and impairment (EBITDA) and before special items of DKKm 44.9 (DKKm 27.3)
- Operating profit (EBIT) before special items of DKKm 29.3 (DKKm 10.0), equalling an EBIT margin of 11.9% (4.1%)
- Profit from continuing operations before tax of DKKm 27.2 (DKKm 24.6)
- Return on invested capital (ROIC) before tax of 16.1% (5.2%)
- Earnings per B share after tax of DKK 11.7 (DKK 11.3)
- Product development costs in 2023/24 totalled DKKm 7.6 (DKKm 6.1), corresponding to 3.1% (2.5%) of total revenue

Selected financial highlights for the Group's continuing and discontinued operations

- Loss after tax for continuing and discontinued operations of DKKm 9.6 (a loss of DKKm 4.6)
- Net cash inflow from operations for the period of DKKm 56.2 (DKKm 17.8)
- Net cash outflow for the year of DKKm 11.8 (net inflow of DKKm 21.4), mainly due to a DKKm 55.0 reduction of operating credits
- The Group worked purposefully to reduce its working capital in 2023/24 and succeeded during the period. This strengthened the Company's liquidity resources, which amounted to DKKm 101.9 at 31 October 2024 (DKKm 66.2)
- The equity ratio, positively affected by the reduction of total assets, amounted to 71.4% (57.0%)

Roblon

Roblon's revenue for the financial year 2023/24 was DKKm 245.4 (DKKm 245.0), in line with last year. Revenue for the Composite product group amounted to DKKm 185.4 (DKKm 154.0). The DKKm 31.4 improvement was due to a realised increase in deliveries of strength members for submarine cables, while deliveries to the offshore oil and gas industry were realised at the same level as last year. The FOC product group generated revenue of DKKm 60.0 (DKKm 91.0). The DKKm 31.0 decline reflected the continuing challenging market conditions for the FOC industry in EMEA in 2024.

EBIT before special items was an operating profit of DKKm 29.3 (DKKm 10.0), and the improvement was due to a favourable product mix and profitability improvements realised through technology and process enhancements. EBIT for 2023/24 was adversely affected by remuneration during the notice period for the parent company's former CEO and the General Manager of the Group's Czech subsidiary totalling DKKm 4.4.

EBIT after special items amounted to DKKm 29.3 (DKKm 27.9). The 2022/23 figure was positively affected by a profit of DKKm 17.9 from the sale of the former head office building in Frederikshavn.

Revenue for 2023/24 in Roblon's US subsidiary, recognised under discontinued operations, amounted to DKKm 102.2 (DKKm 110.0). The drop in revenue was attributable to the current US market conditions in the fibre optic cable industry and the fact that the competitive conditions became significantly tougher during 2023/24, partly due to competition from the Far East. Discontinued operations realised a loss before tax of DKKm 26.9 (a loss of DKKm 27.7), in line with Management's guidance.

Realised EBITDA and EBIT for continuing and discontinued operations for 2023/24 were in line with Management's guidance.

Roblon realised a net loss for the year for continuing and discontinued operations of DKKm 9.6 for 2023/24 (a loss of DKKm 4.6).

Based on the reported loss for the year 2023/24, the Board of Directors proposes to the shareholders at the general meeting that no dividend be distributed.

Guidance for 2024/25

In Company Announcement no. 11 of 18 November 2024, Roblon set out Management's revenue and earnings guidance for the 2024/25 financial year.

Management expects the challenging market conditions for the FOC product group to continue in the 2024/25 financial year. Management foresees a decrease in gross margin in 2024/25 compared with 2023/24, partly due to an expected change in product mix and partly due to expected stronger price competition.

Management's guidance with respect to continuing operations for FY 2024/25 is as follows:

- Revenue of DKKm 210-240 (realised 2023/24: DKKm 245.4).
- Operating profit before depreciation, amortisation and impairment (EBITDA) and before special items of DKKm 30-40 (realised 2023/24: DKKm 44.9).
- Operating profit (EBIT) before special items of DKKm 16-26 (realised 2023/24: DKKm 29.3).
- Special items relating to costs in connection with the divestment of the subsidiary are expected to be DKKm 2.5-4.

Revenue and results of the Company's US subsidiary in the process of being divested are reported as discontinued operations and are consequently not included in the above guidance for the 2024/25 financial year. As the Company is in the middle of an ongoing divestment process, Management is currently not in a position to calculate how the divestment of the US subsidiary will affect the financial statements.

The guidance for the year is subject to significant uncertainty, mainly related to the continuing geopolitical challenges and market conditions for the FOC product group, which are expected to continue to be impacted by the aftermath of the 2022 COVID-19 pandemic period.

Frederikshavn, 19 December 2024

Roblon A/S

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