



## **Half-year results and turnover for the 3<sup>rd</sup> quarter: confirmation of a transition year for 2014 and stabilisation of sales.**

Cybergun, a global player in the leisure shooting market, publishes their results for the first half of the financial year closing on 31 March 2015. We would remind you that the first half of the year was the last one overseen by the old management team and that the new team took over at the end of October 2014. We would also remind that the Group is currently undergoing a profound reorganisation and are taking all necessary measures to build the foundations for a sustainable relaunch starting in the 2015/2016 financial year. 2014 should therefore be seen as a transition year (changes in staff, working methods, financial model etc.).

### **Strengthening of the financial structure: increase in equity to over 18 MEUR and financial security.**

CYBERGUN conducted two capital increases retaining preferential subscription rights (PSR) in July 2014 (first half) and December 2014 (second half). These operations, which took place under an extension of the agreement concluded with the company's main creditors, allowed us to increase equity in a total amount of over 18 MEUR and to reduce financial indebtedness.

<b>In MEUR - IFRS norms</b> Figures not audited	31/03/2014	30/09/2014	<b>Proforma</b> <b>January 2015</b>
<b>Equity</b>	3.5	6.3	<b>20.0</b>
<b>Total financial debt</b>	40.0	36.6	<b>17.3</b>

*Proforma calculated on the basis of the situation as at 30 September 2014 after recognition of income from the capital increase of December 2014 and the conversion of the financial debt held by RESTARTED INVESTMENT to cash account.*

These operations also led to the emergence of a new majority shareholder, RESTARTED INVESTMENT, capable of breathing new life into the Group and leading it down a path of sustainable growth.

CYBERGUN also now has an additional line of financing in the form of a convertible bond issue in a maximum amount of 5 MEUR with YA GLOBAL MASTER SPV LTD. As of 31 January 2015, 1 MEUR had been drawn down from the line, giving CYBERGUN additional reserves of 4 MEUR to cover non-recurring financing needs for its redeployment.

The Group has now secured its financing in the United States through the assumption of its debt, previously held by BB&T, by the NEWSTAR bank in October 2014. In addition to the additional peace of mind in regard to the North American business, this deal makes the credit line more flexible and reduces financial charges associated with the debt by 40%.

## Reorganisation of the *top management* and deployment of the strategic plan

In parallel with its financing operations, CYBERGUN has appointed (i) a new Board of Directors with some new members, now presided over by Claude Solarz, and (ii) an entirely new General Management team, overseen by Bernard Liatti. A recognised expert in turning around companies, he immediately conducted an audit, the conclusions of which were used to define a plan of action intended to sustainably relaunch the Group and to improve profitability on a structural basis. The strategic plan includes both "defensive" and "offensive" strategies (see press release of 6 November 2014).

"Defensive" strategies

- **Progressively** improve gross margin starting in the 2015/2016 financial year;
- **Significantly** reduce fixed costs (structural simplification, reduction of the work force, reduction of consulting fees, etc.);
- **Optimisation** of WCR by reducing stock and customer receivables.

"Defensive" strategies

- **Restructuring** of marketing strategies at the international level (image, product plan, etc.);
- **Expansion** of the Group's sales force;
- **Strengthening** of innovation through additional R&D efforts;
- **Repositioning** of the *Softair Battle Zone* concept to create a communications and promotional tool for CYBERGUN brands and products.

After implementation of the defensive strategy during the 3<sup>rd</sup> quarter, the management team is progressively deploying the offensive strategy during the 4<sup>th</sup> quarter. The initial results of these actions will become apparent from the end of the current financial year, in March 2015.

### Last half-yearly results before implementation of the new strategic plan.

The results at the end of September 2014 illustrated the absolute need to implement the strategic plan. For the same 6 month period, before the arrival of the new team, invoicing had fallen by 15% and gross margin was down 2 points to 32% of turnover, meaning the company could not cover its operating costs despite the fact that they had already been reduced (8% reduction in external expenses and staff costs). Operating income therefore fell to -1.2 MEUR against -1.0 MEUR for the previous year.

In contrast, the initial actions had the immediate effect of reducing financial expenses by 58% to 0.5 MEUR for the 6 month period.

Lastly, the drop in net income for the year (-2.1 MEUR against +1.1 MEUR, a difference of -3.2 MEUR) is entirely accounted for by the recognition, in 2013, of non-recurring income of 3.4 MEUR associated with the renegotiation of a debenture loan (PREPS).

<b>EUR Millions - IFRS standards</b> Figures not audited	<b>H1 2013</b>	<b>H1 2014</b>
<b>Turnover</b>	<b>26.4</b>	<b>22.3</b>
Current operating income	-0.4	-1.5
Operating income	-1.0	-1.2
Cost of net borrowings	-1.3	-0.5
Other financial income and expenses	3.4	-0.2
Tax	-0.1	-0.2
<b>Group's share of net profit</b>	<b>1.1</b>	<b>-2.1</b>

## Stabilisation of sales activities since October and an encouraging performance at SHOT Show®

During the 3<sup>rd</sup> quarter, CYBERGUN managed to stabilise the business with a limited drop in turnover in EUR (-4% vs -25% in the 2<sup>nd</sup> quarter). The de-stocking policy is ongoing and the first signs of commercial recovery are now visible and encouraging. On a reported basis, revenues therefore amounted to 14.6 MUSD (11.8 MEUR) this quarter against 16.7 MUSD (12.2 MEUR) for the same quarter in the previous year.

The United States accounted for 63% of sales for the quarter (53% for the previous year) against 31% for Europe (38% for the 3<sup>rd</sup> quarter of 2013) and 6% for the rest of the world (against 9% in 2013).

In MEUR - IFRS norms <i>Figures not audited</i>	MUSD <i>(at current exchange rate)</i>			MUSD <i>(at current exchange rate)</i>		
	2013	2014	Variance	2013	2014	Variance
<b>9 month turnover</b>	51.2	<b>44.9</b>	-12%	38.3	<b>34.5</b>	-10%
<b>1<sup>st</sup> quarter</b>	14.4	<b>15.5</b>	+8%	11.1	<b>11.4</b>	+2%
<b>2<sup>nd</sup> quarter</b>	20.1	<b>14.8</b>	-26%	15.0	<b>11.3</b>	-25%
<b>3<sup>rd</sup> quarter</b>	16.7	<b>14.6</b>	-12%	12.2	<b>11.8</b>	-4%

The outlook is now more promising with positive results from the last SHOT Show® which took place in Las Vegas between the 20th and the 23rd of January last year. The biggest shooting trade show in the world, SHOT Show® brings together professionals from around the globe and is a barometer of market trends for the months ahead.

With 1 MEUR in orders taken during the show, just for slow-moving products, CYBERGUN achieved one of its best performances and demonstrated that its sales are progressively improving. Remembering that the reduction in slow-moving stocks was a priority for optimising WCR, despite the short-term impact on margin. As of 31 January 2014, 70% of the planned stock reduction had already been completed.

Lastly, the Board of Directors, being especially attentive to the procurement policy, decided to significantly extend the monthly procurement envelope for fast-moving merchandise from 2 MUSD to 2.4 MUSD. By reducing stocks of slow-moving products and increasing orders for fast-moving products, the CYBERGUN management team is looking to see renewed growth in sales before the end of the 1<sup>st</sup> half of 2015/2016.

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### About Cybergun: [www.cybergun.com](http://www.cybergun.com)

Cybergun is a world leader in the leisure shooting market and has been classified as an "Innovative Enterprise" by Bpifrance. During the financial year closing 31 March 2014, the company generated a turnover of 68 MUSD (51 MEUR). Cybergun securities are eligible for Innovation Funds, the PEA and PEA-SME.

Cybergun shares: FR0004031839 – ALCYB

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