

26/09/2017

AKKA – FIRST-HALF 2017 RESULTS

- Half-year revenue up 21% at €666.5 million
- Operating profit from ordinary activities up 32% at €41.5 million
- The German business unit is now equivalent in size to the French BU
- Strengthening of our digital offer, which now accounts for 15% of the Group's revenue

Paris, 26/09/2017. AKKA Technologies announces a first half of 2017 perpetuating the good results achieved in 2016. While improving its margins in line with its 2018 strategic plan, the Group confirms its capacity to grow faster than the Technology Consulting sector. The improvement was achieved thanks to the successful transformation of the France business unit and the first positive impacts of a similar plan initiated in Germany at the end of 2016. At the same time, the German business unit accelerated its diversification, bringing its revenue to a level equal to that of France in the first half of 2017, a year ahead of the 2018 target.

Maurice Ricci, Chairman and CEO of the Group, said: *“The acquisition of GIGATRONIK has enabled us to strengthen the Group’s digital offering and to consolidate our position in Germany. Gigatronik brings compelling expertise in connectivity, HMI, ADAS (advanced driver assistance systems), predictive analysis and other digital areas. These offers will be developed across all of our sectors and geographies in order to assist our industrial customers in their digital transformation. This, in turn, will be generating additional momentum for growth in the medium term.”*

KEY FIGURES

(€ million)	H1 2017	H1 2016	
Revenue	666.5	550.2	+21%
Operating profit from ordinary activities*	41.5	31.4	+32%
<i>As a % of revenue</i>	<i>6.2%</i>	<i>5.7%</i>	
Adjusted net income**	21.3	17.1	+25%
<i>As a % of revenue</i>	<i>3.2%</i>	<i>3.1%</i>	

* Operating profit from ordinary activities is calculated before non-recurring items and expenses relating to stock options and free shares

** Adjusted net income is net income excluding expenses relating to stock options and free shares

- ✓ The Group generated **revenues** of €666.5 million in the first half of 2017. This represents an increase of 21.1%, with organic growth of 8.1%. Organic growth was strong in each of the Group's three business units in the first half: +7.9% in France, +8.8% in Germany and +7.4% globally.
- ✓ **Operating profit from ordinary activities** increased by 32% to €41.5 million (€31.4 million in the first half of 2016). The operating margin from ordinary activities rose by 50bp to 6.2%. The improvement is attributable to the continued increase in margins in French operations and to the early stage margin improvement in Germany.
- ✓ **Operating income** has totalled €29.9 million (+14%) after taking into account non-recurring expenses of €11.6 million, mainly related to the implementation of the Management Incentive Programme and the acceleration of the reorganisation of the German BU.
- ✓ **Adjusted consolidated net income** increased by 25% to €21.3 million, representing 3.2% of consolidated revenue. The Group's consolidated net income has totalled €17.4 million, compared with €17.1 million in H1 2016.
- ✓ **Cash flow** amounted to €41.1 million in the first half, an increase of 57% compared with the first half of 2016. The DsO are under control at 59 days, compared with 66 days in H1 2016. Generally negative in the first part of the year due to seasonal trends, operating cash flows were negative €14 million, compared with negative €11 million in H1 2016.
- ✓ **Net debt** is under control, taking this seasonal trend into account, and after payment of dividends and the three acquisitions made in the first half. It was €222 million as of 30 June 2017, compared with €141 million of end-June 2016. **Gearing** was 93%, and the Group's available cash amounted to €138 million.

H1 2017 RESULTS BY GEOGRAPHY

The AKKA Technologies Group has confirmed its ability to outperform the Technology Consulting sector. Its consolidated revenue increased by 21.1% to €666.5 million in the first half of 2017 (+22.3% in Q1 and +20.0% in Q2).

Market share gains were driven by a 20.3% increase in the headcount. As of 30 June 2017, the Group had 14,916 employees, compared with 12,394 at the end of June 2016, 13,252 at the end of December 2016 and 14,578 as of 31 March 2017. Their geographical breakdown is as follows: 6,739 in France, 4,630 in Germany and 3,547 worldwide.

- ✓ With revenue of €277.3 million, **France** delivered stellar economic growth* of 8.7% in the first half. These market share gains were accompanied by an improvement in the BU's operating performance. The French operations recorded an operating margin from ordinary activities of 7.0%, vs 6.0% in H1 2016. Including recurring subsidies, the margin was 9.5%. The French operations also stand to benefit from continued growth in the automotive, aerospace, rail and life sciences sectors, and from their recruitment momentum in the second half.
- ✓ In **Germany**, revenue increased by 35.3% to €243.5 million in H1 2017. Economic growth was at 8.6% (7.6% in Q1 and 10.3% in Q2). The acquisitions of Erlkönig in 2016 and Gigatronik in 2017 have strengthened AKKA's positioning in digital technologies, while increasing the diversification of its geographic footprint and customer base. Q2 confirmed that the Group **is now a key player with German OEM ecosystem**. Operating profit from ordinary activities increased by 89% to €15.3 million (€8.1 million in H1 2016). The operating margin from ordinary activities rose by 180bp to 6.3%, reflecting the first positive effects of the ongoing transformation in Germany.
- ✓ The Group's **International operations (excluding Germany)** posted revenue of €145.7 million in H1 2017, an increase of 28.8% compared with H1 2016. Economic growth excluding Oil & Gas was 12.4% over the half-year. Having reached critical mass in Belgium, Italy, Spain and the Czech Republic, AKKA Technologies has stepped up its investments in order to sustain its growth in those countries and to achieve critical mass in its other countries. In view of these investments and the temporarily dilutive impact of the Oil & Gas activities, international activities generated a recurring operating profit of €13.5 million in the first half (€11.3 million in H1 2016), representing an operating margin of 9.3%.

OUTLOOK

- **The excellent first-half performance allows the Group to raise its 2017 growth targets:** the Group is now anticipating organic** revenue growth above 5% in 2017, combined with a further improvement of its margins.
- The successful achievement of the transformation in France, the diversification in Germany and the maintenance of high margins internationally will enable the Group to exceed its 2018

revenue targets and deliver an operating margin from ordinary activities*** between 8% and 10%.

- AKKA Technologies enjoys unique positioning allowing it to support its customers to meet the challenges represented by Industry 4.0 trends. The portfolio of skills and the Group's international exposure around its Franco-German pillar set the stage for the next strategic steps in its development.

* growth at constant scope, exchange rates and number of working days

** growth at constant scope and exchange rates

*** margin based on operating profit from ordinary activities, calculated before non-recurring items and expenses relating to stock options and free shares

Upcoming events:

Q3 2017 revenue: Thursday 9 November 2017

About AKKA Technologies

"The best way to predict the future is to invent it. Let's share our passion for technology."

Founded in 1984, AKKA Technologies today ranks as the European leader in engineering consulting and R&D services in the field of mobility. With more than 15,000 talented employees working in more than 20 countries, the Group recorded revenue of €1.1 billion in 2016.

A partner in innovation, AKKA Technologies boasts a prestigious customer portfolio featuring leading companies in the automotive, aerospace and rail sectors, as well as in the life sciences, services, telecommunications and defence. The list includes Airbus Group, Alstom, BMW, Daimler, GlaxoSmithKline, Renault, Safran, Thales, Volkswagen and Volvo.

AKKA Technologies provides technological solutions to these major groups, enabling them to improve their innovation processes, their added value, their productivity and their efficiency when designing new products or processes, right through to the industrial production phase. Its unique geographical positioning around its Franco-German axis, its capacity to deliver cross-sector and transnational solutions and its in-depth expertise in the technologies of the future (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.) allow it to assist its customers in their two key challenges, namely globalisation and digitisation. Digital technologies and the technologies of the future today represent 15% of AKKA's revenue.

AKKA Technologies is listed on Euronext Paris – Segment B – ISIN code: FR0004180537.

For more information, please visit www.akka-technologies.com

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In case of discrepancy between the French and English versions of this press release, only the French version should be deemed valid.

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ANNEXE 1

H1 2017 KEY FIGURES

(€ million)	H1 2017	H1 2016	%
Revenue	666.5	550.2	+21%
Operating profit from ordinary activities	41.5	31.4	+32%
<i>As a % of revenue</i>	<i>6.2%</i>	<i>5.7%</i>	
Non-recurring income and expenses	-11.6	-5.2	
Operating income	29.9	26.2	+14%
Profit before tax	22.7	21.1	
Net income	17.4	17.1	+2%
<i>As a % of revenue</i>	<i>2.6%</i>	<i>3.1%</i>	
EPS	0.84	0.79	
Net debt	222	141	
Gearing	93%	62%	

- *The Board of Directors approved the financial statements on Thursday 21 September 2017. They have been audited, and an unqualified certification report was issued on 22 September 2017*
- *Operating profit from ordinary activities is calculated before non-recurring items and expenses relating to stock options and free shares*

ANNEXE 2

QUARTERLY REVENUE IN H1 2017

Revenue (€ million)	Q1 2017	Q2 2017	H1 2017	Q1 2016	Q2 2016	H1 2016
France	145.2	132.1	277.3	130.4	126.7	257.1
Change	+11.4%	+4.3%	+7.9%			
<i>Organic change*</i>	+11.4%	+4.3%	+7.9%			
<i>Economic growth**</i>	+7.9%	+9.4%	+8.7%			
Germany	110.6	132.9	243.5	83.0	97.0	180.0
Change	+33.4%	+37.0%	+35.3%			
<i>Organic change*</i>	+13.1%	+5.2%	+8.8%			
<i>Economic growth**</i>	+7.6%	+10.3%	+8.6%			
International (excl. Germany)	72.4	73.2	145.7	55.0	58.1	113.1
Change	+31.7%	+26.0%	+28.8%			
<i>Organic change*</i>	+10.6%	+4.4%	+7.4%			
<i>Economic growth**</i>	+8.0%	+8.2%	+8.0%			
Total Group	328.3	338.2	666.5	268.3	281.8	550.2
Change	+22.3%	+20.0%	+21.1%			
<i>Organic change*</i>	+11.7%	+4.6%	+8.1%			
<i>Economic growth**</i>	+8.0%	+9.5%	+8.7%			

* change at constant scope and exchange rates

** at constant scope, exchange rates and working days

ANNEXE 3

HEADCOUNT AS OF END-JUNE 2017

Headcount	30 June 2017	30 June 2016	% change
France	6 739	6 088	+10.7%
Germany	4 630	3 368	+37.5%
International (excl. Germany)	3 547	2 938	+20.7%
Total Group	14 916	12 394	+20.3%

ANNEXE 4

OPERATING MARGIN FROM ORDINARY ACTIVITIES* BY BU

(€ million)	H1 2017	H1 2016	%
France	19.5	15.5	+26%
	7.0%	6.0%	
Germany	15.3	8.1	+89%
	6.3%	4.5%	
International (excl. Germany)	13.5	11.3	+19%
	9.3%	10.0%	
Other	-6.8	-3.6	
Total Group	41.5	31.4	+21%
	6.2%	5.7%	

* margin based on operating profit from ordinary activities, calculated before non-recurring items and expenses relating to stock options and free shares