

20/03/2018

2017 RESULTS:

AKKA EXCEEDS ITS TARGETS FOR THE FOURTH CONSECUTIVE YEAR

Greatly improved performance:

- **19% increase in revenue**
- **76% increase in operating profit**
- **Net profit up 161%**

Maurice Ricci, CEO of AKKA, commented,

“2017 saw the acceleration of our international development and the strengthening of our digital offer. Backed by our leadership in the European mobility sector, we are embarking on a new phase, with the organisation of the Group around a single brand, AKKA, the launch of our international university, The AKKADEMY, to increase our attractiveness as an employer, and further strategic acquisitions to accelerate our geographical diversification and expand our client portfolio. All of these initiatives come together to form our new strategic plan, CLEAR 2022, so that we can harness the growth offered by the digital revolution and double our size in the next five years.”

CLEAR 2022:

- **Launch of our strategic plan**
- **Doubling in size by 2022**
- **Single brand strategy to accelerate synergies**

2017 RESULTS

At its meeting of 20 March 2018, the Board of Directors of the AKKA Technologies Group closed the accounts for the 2017 financial year.

€ million	2017	2016	% Variation	2015
Revenue	1,334.4	1,122.7	+19%	1,001.7
Operating profit from ordinary activities (1)	95.5	77.2	+24%	60.8
<i>As a % of revenue</i>	<i>7.2%</i>	<i>6.9%</i>		<i>6.1%</i>
Net profit	44.1	16.9	+161%	32.6
<i>As a % of revenue</i>	<i>3.3%</i>	<i>1.5%</i>		<i>3.3%</i>

2017 KEY FIGURES: RECORD GROWTH AND PERFORMANCE

- **AKKA Technologies' revenue stood at €1,334.4 million in 2017, up 19%.** The Group has shown sustained organic growth throughout the year. Its strong foundations in mobility have enabled it to increase its organic growth to 7.0%, compared to 5.5% in 2016. Organic growth was strong in each of the Group's three business units in 2017, at 8.4% in France, 4.1% in Germany and 9.1% internationally.
- **The operating profit from ordinary activities of the three Business Units France, Germany and International leapt by 26% in 2017 to €109.3 million** (compared to €86.4 million in 2016). This performance is due to the continued growth in margins in France and the beginnings of an improvement in performance in Germany, linked to the early effects of the transformation under way. With the BU *Others* bearing some of the investment relating to the launch of CLEAR 2022, the operating margin from ordinary activities has increased by 30 bps to 7.2%.
- Non-recurring expenses came to €20.2 million. These relate to the setting up of the Management Incentive Program (€6.2 million), the acceleration of the transformation of the Germany BU and investments in preparation for CLEAR 2022. **Operating profit amounted to €75.3 million (up 76%).**
- **Consolidated net profit** grew by 161% to €44.1 million. It represents 3.3% of revenue, compared to 1.5% in 2016.

¹ Operating profit calculated before non-recurring items and expenses relating to stock options and free shares

- **Self-financing capacity** came to €91 million for the year, a 37% increase compared to 2016. Client payment time improved slightly by one day in 2017, to 53 days. Operating cash flow was €69 million.
- **Net debt** is under control. After payment of dividends and acquisitions, it stood at €195 million as at 31 December 2017, which corresponds to a gearing ratio of 73%. Following the success of the €450 million *Schuldschein* issue in late 2017, the Group's free cash flow amounted to €431 million. Its strong cash generating capacity, €200 million revolving credit facility and NEU CP² programme allow the Group to implement CLEAR 2022 in line with its financial balances.
- **The strong recruitment momentum resulted in a 17% increase in the Group's workforce in 2017.** As at 31 December 2017, the Group had 15,515 employees (compared to 13,252 at the end of 2016), with 6,996 in France, 4,734 in Germany and 3,785 internationally.

2017 RESULTS BY REGION: A STRONGER GEOGRAPHICAL BALANCE

- With sales of €551.7 million, **France** recorded excellent economic growth of 9.2% for the whole of 2017. The acceleration observed during the first nine months of the year increased in Q4. In a dynamic environment, **AKKA accelerated its market share gains in the Digital technologies sector. This acceleration was sustained by a strong recruitment momentum.** The French business recorded an operating margin from ordinary activities of 8.1% in 2017, compared to 7.1% in 2016. Including recurring subsidies, the margin comes to 10.7%. In 2018, the French business is expected to benefit from continued demand from the automotive, aerospace, rail and life sciences sectors and from the recruitment momentum.
- **Germany** achieved revenue of €486.2 million, up 25.7% for the whole of 2017. Economic growth amounted to 5.6% for the period, continuing at the pace set in the first nine months of 2017. The acquisitions of Erbkönig in 2016 and GIGATRONIK in 2017 strengthened AKKA's position in the Digital sector while accelerating its geographical diversification and expanding its client portfolio. 2017 confirmed that the group is **seen as an essential player by German OEMs.** Operating profit from ordinary activities leapt by 47% to €37.0 million (compared to €25.2 million in 2016). The operating margin from ordinary activities thus increased by 110 bps to 7.6%, underlining the early positive effects of the transformation under way in Germany.
- **The Group's international activities (excluding Germany)** recorded revenue of €296.4 million in 2017, up 30.7%. Economic growth is close to 10% and further acceleration was observed in the fourth quarter (+14.7%). This momentum was driven by **the excellent performance of the Life Sciences business.** AKKA has reached a critical size in Belgium, Italy, Spain and the Czech Republic. The Group has accelerated its investments to sustain its growth in these countries and reach a critical size in its other European bases.

² Negotiable European Commercial Paper

International activities recorded a 10% increase in operating profit from ordinary activities to €27.6 million in 2017, despite these investments and the temporary diluting impact of the Oil & Gas business.

2018 PROSPECTS AND DIVIDENDS

- **2018:** Combined with the increase in the number of digital technologies projects, the strong momentum in sales and recruitment seen in 2017 continued in the first quarter of 2018, indicating sound growth and further margin improvements for 2018.
- **Dividend:** at its meeting of 20 March 2018, the Board of Directors of AKKA Technologies decided to propose to the upcoming General Shareholders Meeting of 19 June 2018 the payment of a **dividend of €0.70 per share** (increased +17% from the dividend paid in 2017 for 2016).

CLEAR STRATEGIC PLAN: A ROAD MAP FOR HARNESSING GROWTH

- **A single brand** to accelerate synergies and increase the visibility and clarity of its offer: the Group has chosen to adopt a single brand, bringing all of its expertise and sectoral activities in every country under the same banner. This new brand will boost the Group's attractiveness to win and retain the clients and talent that will be at the heart of its growth.



- **Creation of strategic partnerships:** in March 2018, AKKA entered into a strategic partnership with the Chinese company ICONIQ and Microsoft to develop a level 5 autonomous car. AKKA will provide its unique expertise in advanced driver-assistance systems.



Iconiq Model L5

- **Opening of The AKKADEMY:** to increase its attractiveness and support its international development, AKKA has opened an in-house university, The AKKADEMY, which will train talent from all over the world each year and create a community of alumni to promote cohesion and cross-sectoral careers within the Group. The aim is to support digital natives to embark on an international journey through the projects launched by AKKA's clients.
- **CLEAR 2022** - With the engineering and R&D services market set to double in size to 266 billion euros by 2022³, AKKA is using these actions as the foundation for the launch of its new strategic plan, CLEAR 2022, which is structured around five priorities: Customer-focused, Leadership in innovation, Excellence in delivery, Attractive for talents, Results-oriented. The plan will enable a lasting improvement in the company's financial performance by 2022:
 - Revenue of **€2.5 billion**.
 - Operating profit from ordinary activities of **€250 million**⁴.
 - Free Cash Flow of **€150 million**.

³ Source: AKKA, ICCT, McKinsey, PAC, Zinnov Zones

⁴ Operating profit calculated before non-recurring items and expenses relating to stock options and free shares

PRESS RELEASE

- Commenting on the 2017 results and growth prospects, AKKA Group Managing Director Nicolas Valtille said:

“AKKA has exceeded its revenue and margins objectives for the fourth consecutive year, demonstrating its ability to grow more quickly than the technology consulting sector. These results, which exceeded the objectives set out in our PACT17 plan, show that the initiatives undertaken - the Transformation Plan, accelerating our growth in Germany, and strategic acquisitions in the digital sector - are bearing fruit and will fuel the implementation of CLEAR 2022. Continuing with this dynamic, we will see growth of more than 5% in 2018, as well as an improvement in our margins and Free Cash Flow.”

Upcoming events:

Publication of revenue for the first quarter of 2018: Thursday, 26 April 2018

Publication of revenue for the second quarter of 2018: Thursday, 26 July 2018

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 is now the European leader in Engineering Consulting and R&D services in the mobility sector. Supported by 15,000 talents distributed across more than 20 countries, the Group recorded revenue of €1.3 billion in 2017.

AKKA Technologies is THE innovation partner, with clients including all the major European industrial groups in the automotive, aerospace and rail industries, as well as in the Life Sciences, energy, services, telecoms and defence sectors: Airbus Group, Alstom, BMW, Daimler, GlaxoSmithKline, Renault, Safran, Thales, Volkswagen, Volvo and more.

AKKA Technologies provides these major groups with technological solutions enabling them to improve their innovation processes, added value, productivity and efficiency when designing new products or processes, right through to the industrial production phase. Its unique geographical positioning around its Franco-German axis, its ability 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 clients 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 – Compartment B – ISIN code: FR0004180537.

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

Follow us on: https://twitter.com/AKKA_Tech

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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APPENDIX 1: 2017 KEY FIGURES

€ million	2017	2016	% Variation	2015
Revenue	1,334.4	1,122.7	+19%	1,001.7
Operating profit from ordinary activities ⁵	95.5	77.2	+24%	60.8
<i>As a % of revenue</i>	<i>7.2%</i>	<i>6.9%</i>		<i>6.1%</i>
MIP ⁶	-6.2	0.0		0.0
Non-recurring income and expenses	-14.0	-34.3		-12.8
Operating profit	75.3	42.8	+76%	47.9
As a % of revenue	5.6%	3.8%		4.2%
Non-operating profit	-16.0	-10.3		-6.5
Pre-tax profit	59.3	32.5		41.4
Taxes	-15.2	-15.6		-8.8
Net profit	44.1	16.9	+161%	32.6
As a % of revenue	3.3%	1.5%		3.3%
EPS ⁷	2.00	0.65	+208%	1.33
Minority interests	-4.8	-4.2		-6.3
Net profit, Group share	39.3	12.7		26.2
Net debt	195.0	97.1		94.4
Gearing ratio	73.2%	42.0%		41.9%

⁵ Operating profit from ordinary activities is calculated before non-recurring items and expenses relating to stock options and free shares

⁶ Management Incentive Program

⁷ Calculated on the basis of group net profit

APPENDIX 2: REVENUE PER QUARTER

Revenue (€ million)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
France	145.2	132.1	125.9	148.5	551.7
Growth	+11.4%	+4.3%	+5.9%	+11.6%	+8.4%
<i>Organic growth⁸</i>	+11.4%	+4.3%	+5.9%	+11.6%	+8.4%
<i>Economic growth⁹</i>	+7.9%	+9.4%	+7.6%	+11.6%	+9.2%
Germany	110.6	132.9	113.9	128.8	486.2
Growth	+33.4%	+37.0%	+15.6%	+18.9%	+25.7%
<i>Organic growth</i>	+13.1%	+5.2%	-0.5%	+0.3%	+4.1%
<i>Economic growth</i>	+7.6%	+10.3%	+1.3%	+4.9%	+5.6%
International (excluding Germany)	72.4	73.2	70.5	80.3	296.4
Growth	+31.7%	+26.0%	+27.0%	+37.9%	+30.7%
<i>Organic growth</i>	+10.6%	+4.4%	+7.2%	+14.2%	+9.1%
<i>Economic growth</i>	+8.0%	+8.2%	+8.6%	+14.7%	+9.9%
Group Total	328.3	338.2	310.3	357.6	1,334.4
Growth	+22.3%	+20.0%	+13.7%	+19.4%	+18.9%
<i>Organic growth</i>	+11.7%	+4.6%	+3.8%	+8.0%	+7.0%
<i>Economic growth</i>	+8.0%	+9.5%	+5.4%	+9.4%	+8.1%

⁸ Variation in revenue at constant scope and exchange rate

⁹ Growth at constant scope, exchange rates and number of working day

APPENDIX 3: HEADCOUNT AS OF END-DECEMBER 2017

Headcount	2017	2016	% Growth	2015
France	6,996	6,349	+10.2%	6,106
Germany	4,734	3,760	+25.9%	3,266
International (excluding Germany)	3,785	3,143	+20.4%	2,850
Group Total	15,515	13,252	+17.1%	12,222

APPENDIX 4: OPERATING MARGIN FROM ORDINARY ACTIVITIES¹⁰ BY BU

€ million	2017	2016	%	2015
France	44.6	36.3	+23%	21.4
	8.1%	7.1%		4.6%
Germany	37.0	25.2	+47%	21.9
	7.6%	6.5%		6.5%
International (excluding Germany)	27.6	25.0	+10%	24.4
	9.3%	11.0%		12.5%
Other	-13.9	-9.2		-6.8
Group Total	95.5	77.2	+24%	60.8
	7.2%	6.9%		6.1%

¹⁰ Margin based on operating profit from ordinary activities, calculated before non-recurring items and expenses relating to stock options and free shares