

PRESS RELEASE

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AKKA TECHNOLOGIES – 2016 REVENUE

2016 revenue up +12.1% at €1,122.7 million

Acceleration of organic growth to 5.5%

Strengthening of the Group's German pillar, with organic growth of 10.9%

Successful transformation of the France BU confirmed

2016 REVENUE

- ✓ **AKKA Technologies' 2016 revenue totalled €1,122.7 million, an increase of 12.1%.**
- ✓ In line with the objectives communicated to the market in early 2016, each of the Group's three business units (BU) posted positive organic growth over the full year:
 - **Acceleration of the Group's growth: +5.5%** on an organic basis, up from +3.1% in 2015. The targeted acquisitions carried out in 2015 and 2016 enhanced the Group's technological know-how in the automotive sector and reinforced its diversification in the other sectors;
 - **Growth in the headcount:** as of 31 December 2016, the Group had 13,252 employees (vs 12,222 at the end of 2015), of which 6,349 in France, 3,760 in Germany and 3,143 internationally;
 - **France: success of the transformation plan** launched in 2015, reflected in the acceleration of organic growth and the strong improvement in operating margins;
 - **Germany: robust sales momentum** driven by growth in sales to existing customers and faster diversification with other automakers and subcontractors;
 - **International: solid organic growth** on the back of sustained growth in the mobility sector, tempered by a downturn in revenue in the energy sector.

- ✓ **Fourth-quarter 2016 revenue:** AKKA Technologies reported Q4 2016 revenue of €299.5 million, an increase of 4.9%, with organic growth of 1.4%. The slowdown in organic growth in the fourth quarter was temporary, attributable to a demanding comparison base (+6.3% in Q4 2015) and the discontinuation of some of Matis's unprofitable activities in France and internationally (organic growth was 3.4% excluding Matis and Oil & Gas activities). Organic growth remained strong at 6.3% in Germany in Q4.

Revenue (€ million)	2016	2015	% change	% organic change*
France	509.1	470.1	+8.3%	+2.8%
Germany	386.8	336.9	+14.8%	+10.9%
International (excl. Germany)	226.8	194.7	+16.5%	+2.7%
Total Group	1,122.7	1,001.7	+12.1%	+5.5%

* change at constant scope and exchange rates

REVENUE BY REGION

- ✓ **The France business unit posted an acceleration in its organic growth in 2016.** France reported revenue of €509.1 million in 2016, an increase of 8.3%, with organic growth of 2.8%. In a market driven by growth in the automotive sector and a resumption of growth in railways, the Group benefited from its position in the mobility sector and its ability to gain market share. In the fourth quarter, revenue amounted to €133.0 million, a slight decrease of 1.1% compared with Q4 2015 on a demanding comparison base, driven by occasional equipment sales (+5.3% in Q4 2015) and the impact of the discontinuation of certain unprofitable activities at Matis (organic growth was 5.2% excluding Matis and equipment sales). The good sales momentum and the acceleration of hiring since the second half of 2016 point to the likelihood of stronger organic growth in 2017 than in 2016.
- ✓ **Revenue in Germany increased by 14.8% to €386.8 million in 2016,** with organic growth of 10.9%. Strong growth was recorded with the vast majority of legacy and newer customers alike. The Group posted double-digit revenue growth with Audi, BMW, Bosch and Porsche. In the fourth quarter, the business unit's revenue amounted to €108.3 million, an increase of 16.9%, with organic growth of 6.3%. The new regional split ushered in during the second quarter on the three main industrial basins (Northern, Southwest and Southeast Germany), as well as the acquisition of Auronik, Erbkönig and Gigatronik,¹ will enhance the agility of the business unit and its expertise in the technologies of the future. This will in turn accelerate diversification and the gradual improvement of its margins.

¹ exclusive negotiations are currently underway

- ✓ **International activities** (excluding Germany) recorded a 16.5% increase in revenue to €226.8 million in 2016, with organic growth of 2.7%. In Q4 2016, revenue amounted to €58.2 million, virtually stable compared with Q4 2015. This temporary slowdown is attributable to a demanding comparison base (organic growth of 9.6% in Q4 2015), the discontinuation of Matis's unprofitable businesses. The growth of international activities excluding Matis and Oil & Gas was 7.3% in Q4 and 8.6% over the full year. Belgium was stable on an organic basis in 2016 (+0.2%). The Czech Republic (+13%), Spain (+15%), the United Kingdom (+67%) and Romania (+27%) all posted double digit organic growth. The continued deployment of the Group's business model in recently acquired companies and the acceleration of hiring in the first half of 2017 should result in an improvement in the organic growth of international activities in the coming year.
- ✓ Operations outside France grew by 15.4% as a whole over the year, with organic growth of 7.9%. They represent 55% of the Group's total revenue in 2016.

2016 PERFORMANCE AND OUTLOOK

✓ 2016

- The Group exceeded its revenue and margin targets for the third consecutive year. AKKA Technologies is accordingly forecasting for 2016 an operating margin from ordinary activities in line with consensus expectations, above the margin of 6.1% recorded in 2015.
- At the end of 2016, a decision by the Council of State validated the retroactive application of the tax administration's change of doctrine regarding the research tax credit (*crédit d'impôt recherche* – CIR). An exceptional impairment charge of €24 million will be recognised in respect of the CIR for the years 2010 to 2014 to take account of this change. This impairment has no impact on AKKA's cash position, since the Group has not to date received the tax credit relating to the years in question. The change in doctrine has no impact on the Group's financial statements for the years after 2014, as AKKA has applied the new doctrine since that date.
- The success and potential of its French operations will enable the Group to continue its R&D efforts in the coming years with a view to enhancing its know-how and its leadership in terms of innovation.

✓ 2017 & 2018

- The Group anticipates strong activity driven by the mobility sector in 2017. AKKA Technologies stands to benefit from ongoing negotiations for the acquisition of Gigatronik, a key player in the Internet of Things in Germany, and the two acquisitions announced today – CTP System and Edelway – in life sciences. The Group now hopes to exceed the €1.2 billion revenue threshold, initially set for 2018, in 2017.
- The transformation achieved in France, the diversification in Germany and enduringly high margins internationally put the Group in a comfortable position to achieve its operating profit from ordinary activities* target of €100 million in 2018, with a margin between 8% and 10%.

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

Upcoming events:

Full-year 2016 results: Tuesday 21 March 2017

Q1 2017 revenue: Thursday 4 May 2017

ANNEXE 1: REVENUE BY QUARTER

Revenue (€ million)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
France	130.4	126.7	119.0	133.0	509.1
Change	+19.7%	+13.8%	+3.1%	-1.1%	+8.3%
<i>Organic change*</i>	<i>+7.7%</i>	<i>+2.6%</i>	<i>+3.1%</i>	<i>-1.1%</i>	<i>+2.8%</i>
Germany	83.0	97.0	98.5	108.3	386.8
Change	+3.2%	+23.0%	+15.9%	+16.9%	+14.8%
<i>Organic change*</i>	<i>+3.2%</i>	<i>+23.0%</i>	<i>+11.7%</i>	<i>+6.3%</i>	<i>+10.9%</i>
International (excl. Germany)	55.0	58.1	55.5	58.2	226.8
Change	+49.4%	+28.1%	+2.8%	-0.5%	+16.5%
<i>Organic change*</i>	<i>+4.8%</i>	<i>+6.0%</i>	<i>+2.0%</i>	<i>-0.5%</i>	<i>+2.7%</i>
Total Group	268.3	281.8	272.9	299.5	1,122.7
Change	+18.7%	+19.7%	+7.3%	+4.9%	+12.1%
<i>Organic change*</i>	<i>+5.6%</i>	<i>+10.1%</i>	<i>+5.8%</i>	<i>+1.4%</i>	<i>+5.5%</i>

Change in revenue by BU at constant scope and exchange rates.



About AKKA Technologies

“The best way to predict the future is to invent it. Let’s share our passion for technology.”

AKKA Technologies is a European Engineering and Technology Consulting Group that supports large manufacturing and tertiary services companies, seeing their projects through from the initial studies and R&D to large-scale production. AKKA Technologies is an expert in various complementary business lines, and brings real value added to customers in sectors including aerospace, automotive, space/defence, cybersecurity, consumer electronics, telecommunications, chemicals, pharmaceuticals, steel, energy, rail, marine and service industries.

Leader in the automotive and aerospace sectors in Germany and France, AKKA Technologies works worldwide on projects at the forefront of technology thanks to the mobility of its teams and its international positioning.

The AKKA Technologies Group has more than 13,000 employees and operates in 20 countries, namely Belgium, Canada, China, Czech Republic, France, Germany, Hungary, India, Italy, Morocco, Netherlands, Romania, Russia, Spain, Switzerland, Tunisia, Turkey, UAE, UK and US. It is focused on building a group of €1.2 billion in revenue, of which more than 50% outside France.

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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