PRESS RELEASE

First half 2017 results

Toulouse, 20 September 2017, 7 am

In € millions	H1 2017*	H1 2016	Var.
Revenue	218.2	221.8	- 1.6%
EBITDA	11.1	21.0	- 47.3%
as a % of revenue	*5.1%*	*9.5%*	-
Operating income	6.3	13.3	- 52.5%
as a % of revenue	*2.9%*	*6.0%*	-
Financial income	(3.7)	(1.1)	- 226.5%
Net income	2.4	10.9	- 77.9%
Group share of net income	2.3	10.6	- 78.4%
Gearing ratio	76.6%	80.5%	

**Audited data*

Revenue for the first half 2017 reached €218.2 million, a slight decrease of 1.6% (0.8% at constant exchange rates) compared to the same period 2016. Whereas turnover was in line with the expected consolidation for this financial year, profits have so far been penalised by supply issues with certain components that have affected the entire transport industry and caused production delays. ACTIA has ensured the continuity of its deliveries and met its lead times by investing in exceptional levels of transport costs. The Group was able to partially compensate for this situation as of July 2017. Apart from these temporary difficulties, the underlying sales trends are healthy and new contracts have been won.

For 2017, ACTIA reconfirms its objective of consolidating revenue at the record levels achieved in 2016 and will continue to pursue its efforts to rebuild profitability in the second half.

BUSINESS OVERVIEW H1 2017

Sales made by the Group's companies in France reached €96.3 million, down by 9.5% due to the fall in end-user demand for certain electric vehicles and pending new contracts coming fully on stream in the electric industrial vehicle segment. The sales of the foreign subsidiaries came in at €121.9 million, an improvement of 5.7% driven mainly by the Group's good performance in the Americas (United States, Mexico) and in Europe (Sweden, Spain). Taken together across this first half, international customers represented 70.4% of revenue.

The Automotive Division (91.2% of Group turnover) suffered a slight drop of 0.6% but was flat at constant exchange rates (+0.3%). With a forecast of year-on-year consolidation, the OEM business (€150.5 million) grew by 3.5% despite the supply difficulties in the market for components, particularly batteries, which caused production delays and increased transport costs (+€4.2 million). Any late deliveries are expected to be made up for in the second half. Over the period, the fall (-29.8%) in the Aftermarket business (€22.2 million), was essentially due to a high basis for like-to-like comparison related to the additional sales generated by the response to a change in French technical inspection standards applicable as of 1 July 2016. Sales in this segment continue to do well outside France. Indeed, compared to H1 2015, the technical inspection business has grown by 34.8%.

.../...

ABOUT ACTIA

ACTIA Group is a mid-market company (ETI) founded in 1986. It is at once a family and an international business whose head office is located in France. This family aspect guarantees the long term future of the Group and its independence with an ever present entrepreneurial spirit. ACTIA's business is to design and produce the electronics that control systems in the particularly demanding fields of the automotive industry, rail, aeronautics, the aerospace industry, defence, energy and telecommunications.

The commitments made by ACTIA can be seen in the Group's ambitious contributions to tackling challenges that currently face society: mobility, connectivity, safety and the environment. Control over the design and production of products bearing the ACTIA signature is a true guarantee of quality. All Group employees share this demanding approach to quality in an environment that is fully certified.

Key figures:

- Consolidated 2016 turnover: €431.6 million.
- More than 3,200 employees globally including 800 engineers and technicians.
- 28 companies in 15 countries.
- 12 to 14% of turnover invested every year in R&D.

Stock Markets:

- Euronext B
- ISIN FR0000076655 – Mnemonic: ATI
- Reuters : MRSP.PA – Bloomberg: AIELF: FP
- Indices: ENT PEA-PME150 – CAC PME – CAC Small – CAC Mid & Small – CAC Industrials – CAC EL.&EL.EQ – TECH 40 – GAÏA Index.

The Division has enjoyed strong commercial activity with successes, which will not only sustain its sales over the period 2020-2025 in the area of heavy goods vehicles, but also strengthen its partnerships, particularly in the field of aeronautics over the next 3 years. For this first half 2017, the Automotive Division's operating income was €5.2 million (2.6% of the same division's turnover), compared to €11.7 million for the same period 2016; the difference is mainly due to exceptional transport costs and increased expenditure on R&D in line with the bringing forward of some programmes and the concomitant decrease in capitalisation as estimated at end 2016.

The Telecommunications Division (8.8% of Group turnover) saw a decrease of 11.0% in the absence of non-recurrent revenue from the Satcom business and the levelling off of customer demand for the deployment of 4G networks. The new technologies being deployed in the context of partnerships with leading companies in the rail and space segments are enjoying ever greater success. Operating income from the Telecommunications Division amounted to €1.4 million (7.4% of this division's turnover), as compared to €1.9 million in H1 2016. At this point, ACTIA is forecasting a more beneficial seasonality for both sales and profits for the Telecommunications Division in the second half 2017.

The first half 2017 operating income of ACTIA Group reached €6.3 million (2.9% of Group turnover), as compared to €13.3 million (6.0% of Group turnover). At 30 June 2017, headcount was slightly up at 3,315 (as opposed to 3,268 at 31/12/2016). The difference in operating income is therefore due mainly to the exceptional transport costs incurred over the period (€4.2 million), the drop in numbers of R&D projects being started and, to a lesser extent, by the decrease in the telecommunications business over the first half, which ACTIA plans to remedy in the second half. Progress on R&D projects will, as usual, be reassessed at year end.

Financial income for H1 stood at -€3.7 million. The mark-to-market valuation gap at 30 June 2017 of the foreign exchange hedging instruments was -€2.8 million, whereas it had no material impact at 30 June 2016. Following a decrease of €0.5 million in the share of net income from equity accounted companies and an increase in corporate tax and in the absence of an update of tax loss carryforwards recognized usually only at year end closing, net income stood at €2.4 million (1.1% of Group turnover).

↗ 2017 INVESTMENT PROGRAMME AND INDEBTEDNESS AT 30 JUNE

ACTIA also implemented its 2017 investment programme which aims to optimise its portfolio of technologies and target the most promising areas for medium and long term growth. As part of the programme, the Group has invested in an external growth opportunity in the field of connected vehicles (services), by taking a controlling interest in July 2017 in the Belgian company Market-IP (21 people), specialising in man/machine interface software for the mobility of people and goods, and with which ACTIA had enjoyed a successful relationship since 2015.

ACTIA has also committed to a programme to modernise and extend its property infrastructure in France (land, office and industrial buildings, storage capacity), Tunisia (industrial facility and R&D centre) and Spain (offices and integration). There are still needs to be met in the United States and other external growth opportunities are being looked at in order to further strengthen ACTIA's presence and technologies in the markets in which it competes.

At 30 June 2017, net indebtedness was €94.2 million (+€0.3 million compared to 30 June 2016), with the gearing ratio down to 76.6% due to the increase in shareholders' equity. The cash flow generated by ongoing operations was positive at €12.3, offsetting capital expenditure (-€9.9 million) and some financing costs (-€5.3 million) pending the setting up of the medium term loans usually entered into in Q3.

↗ 2017 OUTLOOK

For 2017, ACTIA plans to consolidate the record levels of business that have been achieved, in line with current business cycles, and to rebuild profitability in the second half.

The Group believes that the good performance of current contracts now coming to an end, the gradual ramping up of new contracts, remedying the delays suffered by the Automotive Division, and the more favourable seasonality for sales made by the Telecommunications Division will help to consolidate 2017 turnover. As for profitability, the main supply difficulties have been resolved, even if some tension remains in the market for components.

…/…

www.actia.com

PRESS RELEASE

Thanks to its solid financial situation and its high added-value positioning in the areas in which it excels, ACTIA has confidence in its ability to continue to pursue its strategy of profitable growth and long term development. This has been confirmed in H1 by the winning of new contracts for telematics (industrial vehicles) that support its future sources of revenue beyond 2020 and by the strengthening of its partnerships with Alstom and Airbus, further confirmation of the Group's future prospects in rail and aeronautics.

↗ DISTRIBUTION OF THE DIVIDEND

The dividend of €0.15 per share for the 2016 financial year will be paid on 29 September after suspending trading on 27 September.

↗ SHAREHOLDERS' MEETING OF 11 SEPTEMBER 2017

The Shareholders' General Meeting approved the sole resolution authorising the Executive Board to issue straight bonds for a maximum nominal amount of Euros 30,000,000. This initiative will prolong the maturity of the debt in order to align it with the investment programmes in R&D and manufacturing facilities, while also improving ACTIA's room for manoeuvre in the context of its external growth strategy.

NEXT PUBLICATION

- Q3 2017 turnover: 15 November 2017

CONTACTS

ACTIA - Catherine Mallet - Tel: +33 (0)561 176198 – contact.investisseurs@actia.fr
CALYPTUS - Marie Calleux - Tel: +33 (0)153 656868 - actia@calyptus.net

For further information about ACTIA Group: www.actia.com