PRESS RELEASE

2018 Annual Results

Toulouse, 26 March 2019 at 7 am

In € millions	2018(1)	2017 restated (2)	Var.	2017 published (3)
Turnover (TO)	476.5	433.3	+10.0%	436.1
EBITDA(4)	29.5	37.6	-21.6%	35.6
As a % of TO	*6.2%*	*8.7%*	-	*8.2%*
Operating income	9.6	19.8	-51.6%	19.8
As a % of TO	*2.0%*	*4.6 %*	-	*4.5%*
Financial result	3.4	(9.0)	(137.5%)	(9.0)
Net income	9.2	8.5	+8.0%	8.5
As a % of TO	*1.9%*	*2.0%*	-	*2.0%*
Net income, Group share	9.0	8.3	+9.2%	8.3
Debt / Equity	126.9%	87.9%	-	87.9%

(1) Audited figures. The separate and consolidated financial statements were approved by the Management Board at its meeting held on 25 March 2019 and submitted to the Supervisory Board on the same day
(2) 2017 figures restated for IFRS 15
(3) Figures published in 2017 prior to changes to IFRS 15
(4) EBITDA: Net income + tax + impairment of goodwill + interest and financial charges + provisions for depreciation +/- financial instruments

2018 turnover reached €476.5 million, up by 10.0% compared to 2017. The higher rate of growth in the second half reflected the ramping up of Automotive contracts and the achievement of a major export contract in Telecommunications.

In view of contract production cycles that stretch over a number of years, the current product mix and persistent supply problems in the components market, the increase in sales is not as yet reflected in the results; the Group is relying on the activation of a number of enablers to improve operational profitability in 2019.

❖ 2018 ACTIVITIES & RESULTS

In 2018, ACTIA enjoyed considerable growth buoyed by good levels of activity with its historical customers and the ramping up of new drivers of growth. International sales represented 72.9% of its business, as compared to 70.9% in 2017.

The **Automotive Division** (87.7% of Group turnover) saw growth of 6.1% to finish the year at €418.1 million, another new historical high. ACTIA made considerable progress, particularly in the fields of smart batteries and power electronics, two major sources of growth in recent years that are expected to continue to contribute to the Group's further development and competitiveness over the long term.

Finding and implementing these new sources of growth implies greater efforts in terms of R&D and the development of industrial tools. The process takes into account sales cycles that involve a gradual ramping up of volumes and margins. In 2018, the start of the cycle occurred at the same time as the supply issues in the components market and the continuation of a major historical contract for light vehicles, now with lower margins. The combination of these factors adversely affected profitability in 2018 and so operating income stood at €4.9 million, or 1.2% of the division's turnover.

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:

- 2018 turnover: €476.5 million
- ≃ 3,700 employees globally, of whom over 1,000 engineers and technicians working in R&D.
- Present in 16 countries.
- 14 to 17% of turnover reinvested every year in R&D.

Stock exchange:

- Euronext C
- 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

Measures have been taken to improve profitability. These are focused mainly on the gradual ramping up of new, high margin contracts, the optimisation of purchasing production processes and improving WCR by shortening production cycles and tighter management of the supply chain. ACTIA also makes every effort, wherever possible, to change its contracts to allow for greater flexibility in managing the prices of components. Lastly, the Group is pursuing the implementation of product lifecycle management (PLM) solutions and a new ERP system, which are expected to be deployed respectively in 2019 and 2020.

The Telecommunications Division (€58.3 million, 12.2% of Group turnover) was up by 49.7%, driven by commercial successes in energy and rail and the start of a new and major contract for SatCom internationally.

This new dimension of the Telecommunications business is the fruit of the Group's strategy, whereby it has for several years invested in the means of strengthening its offer and winning new, and increasingly international, customers. In line with the level of business achieved in the second half, operating income from the Telecommunications leapt at year end to reach €5.2 million, with an operating margin stable at 8.9% of the division's sales (vs. 9.6% in 2017).

❖ CONSOLIDATED RESULTS AND FINANCIAL POSITION

EBITDA, which excludes the impact of hedging instruments, dropped by 21.6% over the full year to €29.5 million, compared to €37.6 million in 2017. With a major improvement over the second half (+€8.6 million), the Group's operating income reached €9.6 million (2.0% of Group turnover), as compared to €19.8 million in 2017.

More expensive components prices combined with increasingly complex cards caused purchases of consumables to rise by 18.4% to €41.7 million, attributable to both the Telecommunications business to cover the requirements for leading edge components for SatCom, and the Automotive business, which grew by 6.1%.

Despite succeeding in controlling the non-recurrent transport costs following the issues encountered in 2017, the level of external charges grew by 15.9% in 2018, due to the use of outside subcontractors to meet the demands of robust growth in the business and also to ensure the development of products that will go into production in 18 to 24 months. Lastly, a continued focus on structural projects in digital technology and real estate also used resources thereby affecting the Group's immediate profitability.

The attention focused on innovation in preparation for the future is also reflected in the 21.0% increase in R&D expenditure, but the year-end improvement in the re-invoicing rate to 36.2%, (compared to 36.7% in 2017 and 29.3% in the first half 2018) was evidence of the progress made on these projects.

Group headcount grew from 3,459 at end 2017 to 3,697 people at end 2018 (+6.9%) with a higher increase in the international teams (+8.1%) and R&D (+11.2%), which represents nearly one third of the Group's total headcount.

The recovery of the dollar during 2018 had a positive impact on the financial result through the revaluation of hedging instruments. The financial result therefore reached €3.4 million, compared to a negative €9.0 million in 2017. It also takes into account an increase in the cost of debt, kept under control by an improvement in the overall rate of interest, made possible by the raising of bank financing at low, fixed rates.

The rise in gearing should be viewed in the light of the real estate investments (€22 million in 2018) made since end 2017. The appraisal, carried out by an independent third party, of the Group's real estate assets amounted to €43.0 million, compared to €14.7 million recognized on the balance sheet. This infrastructure is intended to support the Group's growth over a number of years, particularly to strengthen the Group's business in the United States.

2018 net income reached €9.2 million, compared to €8.5 million for 2017, a rise of 8.0% despite higher taxes in 2018 (+€1.0 million), related to adjustments in several foreign subsidiaries. The increase (+€0.4 million) in the share of the losses of equity accounted subsidiaries is mainly attributable to the stake taken up in 2016 in a carpooling start-up whose prospects for growth and financing needs resulted in it being wound up in early March 2019.

The investment programme represented €52.3 million in acquisitions of R&D assets at end 2018 and to a large extent explains the variance in net debt that amounted to €168.6 million at 31/12/2018, compared to €112.1 million at end 2017. Higher WCR at year-end can be explained by (i) the increase in Automotive orders to levels above customer forecasts, (ii) the effect of prices on the supply of components, (iii) a volume effect involving cells for the batteries needed to support the ongoing growth in this business and (iv) the delayed delivery from December 2018 to February 2019 of part of a new SatCom export contract. These different items meant that the Group did not respect covenants linked to 25% of its debt. The waiver requests made to the financial institutions in question are currently being processed by them.

❖ 2019 OUTLOOK

In 2018, ACTIA entered a new development cycle enabled by the activation of a number of growth drivers in high added-value areas and further boosted by the extension of a major, albeit low margin, contract. In a complex competitive environment, the Group is diversifying its portfolio of sectors and products, thereby favouring its longer-term development and pursuing its strategy of innovation. Above and beyond the gradual realisation of the full potential profitability represented by these new contracts, this phase goes hand in hand with a major investment effort in terms of both infrastructure and the digitisation of production processes.

For 2019, ACTIA is forecasting further revenue growth that could substantially exceed €500 million, a level that nevertheless remains dependent on the sales of the end customers. This growth is expected to result in an improvement to EBITDA, thanks to the effects of the internal measures taken, the benefits of which will nevertheless be mitigated by the extension of the Automotive contract until 2021 and the completion of the real estate investments in 2019.

FORTHCOMING PUBLICATIONS

- SFAF meeting on 2018 results:
  Wednesday 27 March 2019 (at 10 am)
- Q1 2019 turnover:
  Wednesday 15 May 2019 (before stock exchange opening)

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