PRESS
RELEASE

H1 2019 Results

Toulouse, 17 September 2019 at 7 am

In € millions	H1 2019(1)	H1 2018	Var.	2018
Turnover	264.2	226.6	+16.6%	476.5
EBITDA(2)	21.6	10.1	+113.1%	29.5
as a % of turnover	*8.2%*	*4.5%*	-	*6.2%*
Operating income	8.5	1.0	+789.0%	9.6
as a % of turnover	*3.2%*	*0.4%*	-	*2.0%*
Financial result	(1.4)	3.8	-138.3%	3.4
Net income	5.8	2.1	+180.9%	9.2
Net income Group share	5,5	1.9	+186.1%	9.0
as a % of turnover	*2.1%*	*0.9%*	-	*1.9%*
Debt / Equity	152.6%	110.1%	-	126.9%

(1) Audited data. The individual and consolidated financial statements were approved by the Executive Board at the meeting held on 16 September 2019 and submitted to the Supervisory Board on the same day.

(2) EBITDA: net income + corporate income tax + impairment of goodwill + interest and financial charges + provisions for depreciation +/- financial instruments

Turnover for the first half of 2019 reached €264.2 million, an improvement of 16.6% compared to the same period 2018. The strong growth shown by ACTIA Group is due to the ramping up of new automotive contracts, the extension of an historical contract and the deployment of a major telecommunications contract.

Drawing on available drivers to improve operating profitability has resulted in higher levels of profitability, which in turn helped to boost EBITDA to €21.6 million, or 8.2% of turnover. At the same time, ACTIA Group has continued with its major capital expenditure programme, which is due to be finalised as forecast in the first half of 2020, and has secured its longer term prospects for growth by winning new tenders in France and internationally.

❖ H1 2019 ACTIVITIES & RESULTS

ACTIA Group's sales continue to be driven by its international successes. The French entities generated turnover of €119.3 million, equivalent to 45.2% of the Group's consolidated revenues and an improvement of 17.7% driven by the export sales performance that has now overtaken the sales to customers based in France. Sales of the international subsidiaries grew by 15.7% to reach €144.9 million, equivalent to 54.8% of Group revenues. In total, sales to international customers represented 76.7% of the Group's business, as opposed to 71.5% at 30/06/2018, an increase of 26.2%.

The **Automotive Division**, with sales of €232.3 million, grew by 11.4% to reach 87.9% of Group revenues. Sales trends for the half year have been driven by the ramping up of new contracts with an ongoing improvement for telematics solutions for industrial and commercial vehicles and the extension of an historical contract due to the excellent performance of an automobile manufacturer whose vehicles are fitted with ACTIA telematics.

Sales in the Bus & Coach segment, up by 24.1%, and Off-highway Vehicles, up by 18.3%, also showed growth while there was a breakthrough in the Batteries segment for electric vehicles. The Aftermarket business, at 9.5% of turnover, grew by 3.6% thanks to a stronger second quarter performance in the garage sector and international growth in Technical Inspection.

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 consolidated figures

- 2018 turnover: €476.5 million
- ≃ 3,800 employees around the world, of whom more than 1,000 engineers and technicians working in R&D.
- Present in 16 countries.
- 14 to 17% of revenues reinvested each 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

Overall, margins for the period were still affected by the extension of the telematics contract for light vehicles. However, the margins generated by new contracts, currently still adversely affected by the increase in R&D expenditure that goes hand in hand with development and production start-ups, are expected to gradually increase.

EBITDA grew by 72.4% to reach €16.8 million, equivalent to 7.5% of the Automotive Division turnover, and operating income achieved €4.6 million, or 2.0% of automotive turnover, as compared to €1.1 million, or 0.5% of turnover, at 30 June 2018. With large numbers of commercial successes, spending on R&D stood at €34.8 million, or 15.0% of sales over the first half, an increase of €1.0 compared to the situation at 30/06/2018. In support of this strong performance and with a view to ensuring future growth, the Automotive Division increased its headcount by 257 compared to 30 June 2018. Net contribution to Group income remained stable at €2.0 million, as at 30 June 2018 when the valuation of hedging instruments had a very favourable impact of €4.9 million on the overall result.

The Telecommunications Division, with sales of €31.9 million, grew by 77.0% over the half to reach 12.1% of Group revenues. This growth was related to the beginnings of an export sales contract at the end of the second quarter 2018, which created a very favourable basis for comparison.

Against this background of growth, EBITDA was multiplied by 5 to reach €4.2 million, equivalent to 13.2% of telecommunications sales, and operating income achieved €3.4 million, or 10.5% of the division's sales, whereas it was at breakeven at 30 June 2018. Spending on R&D grew by 25.4% to €7.0 million: this was related to the execution of new programmes acquired over recent months, of which the benefits in terms of invoicing have not yet been felt. A reflection of the very strong growth in this division, headcount grew by 14.2% compared to the situation at 30 June 2018 and the level of external charges stood at 13.9% of turnover, compared to 20.6% for the first half 2018, taking into account the level of sales and internal recruitments occurring since then.

With a more even spread of sales across the 2019 financial year as compared to 2018, implying a more limited increase in revenues for the second half of 2019 on a like-for-like basis, the new shape of the telecommunications business will see a return to the more traditional levels of profitability for this division.

❖ RESULTS AND THE FINANCIAL POSITION

In line with expectations and in confirmation of its growth potential, ACTIA Group generated EBITDA of €21.6 million, up by 113.1%. The Group's operating income was €8.5 million, as opposed to €1.0 million at 30/06/2018 (IFRS 16: +€0.3 million over the period).

The gradual activation of factors contributing to improving operational profitability (optimisation of the purchasing and logistics departments) has coincided with a slight decrease in the difficulties in the components market.

Lastly, the start-up of the new production facility in America is promising, but will weigh on the Group's results until 2021.

Independently of adjustments under IFRS 16 (a €2.4 million decrease in rental costs), the underlying business growth and other developments are reflected in the increase in external charges of 9.0% over the first half.

Headcount grew by 3.0% from 3,697 at end 2018 to 3,809 at 30 June 2019 and will continue to increase over the second half to better serve current and future customers and support the Group's development, particularly in Africa and the United States.

Financial interest, at €1.9 million, increased by 41.9% due to the effect of increased net debt and the reclassification of part of the cost of rents under financial interest (IFRS 16). The increase in net debt of €68.7 million vs. 30/06/2018 was due mainly to the period of high capital expenditure (€48.5 more since 1/7/2018) and an increase in Working Capital Requirements reflecting increased business activity and management of the supply risks for components.

The rise in the value of the dollar had a positive effect on the financial result through the increase in the value of hedging instruments of €0.7 million compared to the situation at 31/12/2018). The financial result was thus a negative €1.4 million, compared to €3.8 million in the first half of 2018, when the valuation of the hedging instruments resulted in the reversal of provisions for €5.1 million. Following a tax charge of €1.4 million, as opposed to €2.6 million for the same period 2018, net income reached €5.8 million, up by €3.7 million.

As previously explained, a waiver was requested for 25.2% of the debt at 31/12/2018; this has now been fully accepted. In view of the timeframe, the medium- and long-term portion of a part of the financing in question, amounting to €28.7 million, is still reclassified as short term in the interim statements.

❖ 2019 OUTLOOK

Despite an uncertain international environment, ACTIA Group's business continues to enjoy robust growth. It is driven by low margin historical contracts that nevertheless generate significant revenues, and by the gradual roll-out of new products. Profitability is expected to continue to recover even if levels of investment remain considerable, both to complete the extensions to infrastructure and to finalise the development programmes for new products.

Therefore, for 2019, ACTIA is forecasting renewed sales growth with revenues that were expected to be well above €500 million at the start of the year, now forecast to possibly exceed €520 million thanks to the solid performance of customers in their respective markets and smoother operations. This growth will be accompanied by an improvement in EBITDA under the effect of measures taken internally, the impact of which will nevertheless be limited by the extension of the, automobile telematics contract and the sustained efforts in terms of R&D required by the latest commercial successes.

DATES FOR THE DIARY

- SFAF briefing on H1 2019: 18 September at 2:30 pm
- Q3 2019 turnover: 14 November before trading

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