PRESS RELEASE

H1 2020 Results

Toulouse, 22 September 2020 at 7 am

In € millions	H1 2020(1)	H1 2019	Var. €m	Var. %	2019
Revenue	**202.0**	**264.2**	**(62.2)**	**(23.5%)**	**520.4**
EBITDA(2)	**0.2**	**21.6**	**(21.4)**	**(99.0%)**	**45.8**
as a % of revenue	*0.1%*	*8.2%*			*8.8%*
Operating income	**(14.3)**	**8.5**	**(22.8)**	**(268.5%)**	**16.3**
as a % of revenue	*(7.1%)*	*3.2%*			*3.1%*
Financial result	(1.7)	(1.4)	(0.3)	+20.0%	(3.9)
Net income	(16.3)	5.8	(22.0)	(382.4%)	8.7
as a % of revenue	*(8.1%)*	*2.2%*			*1.7%*
Net income Group share	**(15.6)**	**5.5**	**(21.2)**	**(383.5%)**	**8.6**
Debt / Equity	176.0%	152.6%		-	138.1%

(1) *Audited data. The separate and consolidated financial statements were approved by the Management Board at a meeting held on 21 September 2020 and submitted to the Supervisory Board on the same day.*

(2) *EBITDA: Net income + income tax + impairment of goodwill + interest and financial charges + provisions for depreciation +/- derivative financial instruments.*

Against the backdrop of the global health crisis, revenue for the first half of 2020 dropped by 23.5% to stand at €202.0 million. Over the period, the lowest point was reached in April and the gradual recovery that began in May has since continued. ACTIA has nevertheless succeeded in achieving a positive EBITDA of €0.2 million over the first half. Following on from the forecast growth expected at the start of the year as a result of the capital expenditure programme undertaken in the period 2017-2020, the effects of the health crisis are a negative impact leaving operating income at (€14.3) million.

For the full 2020 year, ACTIA expects to see revenue decline by about 15%, due exclusively to the pandemic, and has set itself the objective of returning, in 2021, to the same level as was achieved in 2019. Providing there is no further impact on operations due to the health crisis, the Group expects income to recover in the second half of 2020 thereby offsetting some of the ground lost in the first half. The Group continues to take all necessary measures to protect its financial resources and adapt its development programmes in order to be able to pursue its growth strategy and further improve its results over the coming years.

FIRST HALF 2020 BUSINESS ACTIVITY AND RESULTS

The positive trend enjoyed by ACTIA Group was affected by the health crisis both in France and abroad. Like its customers, ACTIA had to temporarily close its production sites. Therefore, over the first half year, revenue generated by the French companies reached €80.7 million, a decline of 32.3%. Outside France, in countries with less stringent health restrictions that represented 74.2% of revenue, a drop of 25.7%, the business was hampered by the limited availability of transport and border closures. No customers were lost during this period and new commercial successes were achieved, especially in the USA and Australia.

The Automotive Division, with revenue of €185.1 million, or 91.6% of Group sales, suffered a decline of 20.3%, similar to the overall slowdown in global automobile production of about 28%*. The OEM(1) business, at 77.5% of the division's revenue, fell by 22.5%, while the MDS(2) business, at 11.5% of the division's revenue, declined by 16.8%, both having been almost halted by the lockdown measures. Faced with the slowdown already seen in the HGV sector as of mid 2019, the recovery is being driven by "sustainable mobility" solutions with increasing electrification and telematics, which enable the deployment of new services. The Aftermarket(3) business, at 11.1% of the Automotive Division's revenue, down by 6.5%, was buoyed up by Technical Inspection solutions that offset the low levels of expenditure in Garage Equipment.

** Source: Renault Group, changes in the global market - all brands: annual variance in sales volumes of passenger and utility vehicles in major countries, including the USA and Canada, supplied, depending on the country, by the official authorities or statistics bodies and consolidated by the Renault Group to represent the global market.*

(1) OEM: Original Equipment Manufacturers – (2) Manufacturing Design & Services –- (3) Aftermarket: incl. repairs and maintenance.

ABOUT ACTIA

ACTIA Group is a family-owned, international French mid-cap (ETI) founded in 1986, whose head office is located in France. This family aspect guarantees the long-term survival and independence of the Group, as well as an enduringly fresh and entrepreneurial approach. ACTIA's business is to design and produce electronics to manage systems in the particularly demanding fields of the automotive industry, rail, aeronautics, space, defence, power and telecommunications.

The commitments made by ACTIA are expressed through the Group's ambitious approach to meeting societal challenges in the areas of mobility, connectivity, safety and the environment. Its control over the design and production of ACTIA branded products is a true guarantee of quality. All the Group's employees share this commitment quality in a fully certified environment.

Consolidated 2019 figures:

- Revenue: €520.4 million
- Over 3,800 employees around the world, including more than 1,000 engineers and technicians working in R&D.
- Present in 16 countries.
- Between 14 and 17% of turnover reinvested every year in R&D.

Stock exchange:

- Euronext C
- ISIN FR0000076655 – Mnemonic: ATI
- Reuters: MRSP.PA – Bloomberg: AIELF: FP
- Indices: CAC ALL SHARES – CAC ALL-TRADABLE – CAC INDUSTRIALS – CAC MID&SMALL – CAC SMALL – EN TECH CROISSANCE – ENT PEA-PME 150 – GAÏA INDEX

The Automotive Division generated EBITDA of €0.8 million. Pending the full effect of the cost reduction measures over the coming months, the cost structure of ongoing operations resulted in an operating loss of €12.4 million. The impact of the crisis has been contained by a reduction in external charges of 12.5%, made possible by stopping the majority of outsourcing and part-time services, and the mechanical reduction of transport and travel costs. Personnel costs, down by 3.1%, take into account the issue of ongoing employment and the as yet unknown speed of recovery, as well as state assistance in preserving jobs. At end June 2020, the headcount within the Automotive Division was 3,498, compared to 3,542 at end December 2019.

The Telecoms Division, with revenue of €16.9 million, or 8.4% of Group revenue, slipped by 46.8% over the half year. In addition to the effect of the basis of comparison due the Egyptian contract, which had been anticipated at the start of the year for the SatCom business at 63.3%, this essentially export driven business was disrupted by border closures and the limited availability of transport internationally. The telecommunications solutions for Rail held up better and improved by 19.4%, thanks to ongoing development operations. The majority of the Telecoms Division's operations have now resumed, but their performance in the second half will depend on the potential for goods and people to travel.

The Telecoms Division generated EBITDA of (€0.7) million due to the impact of personnel costs that represented 50.1% of its revenue, and were reduced by just 8.5% over the period. Despite lower purchases consumed, down by 59.3%, and external charges down by 8.2%, the 31.5% increase in provisions for depreciation resulted in operating income of (€1,8) million. At end June 2020, headcount within the Telecommunications Division was 301, as at end December 2019.

❖ RESULTS AND FINANCIAL SITUATION

Consolidated EBITDA for the first half of 2020 totalled €0.2 million, compared to €21.6 million for the same period in 2019. Taking into account the provisions for depreciation of €14.3 million, the operating loss for the Group was €14.3 million for the first half, compared to income of €8.5 million at end June 2019.

The Group intends to rectify its financial situation by identifying, as the economic crisis caused by the pandemic develops, new sources of savings. To this end the Group is forecasting a further decrease in external charges over the second half, an adjustment of purchases to be gradually realigned with 2021 figures and the implementation of an efficiency plan for all of its operations with better allocation of its resources to meet its needs in the medium and long term. These actions, initiated in the second quarter, will gradually feed in to the results for the second half. The action plan also addresses the need to strengthen the sales drive by prioritising opportunities to help execute recovery plans for which ACTIA can draw on a number of advantages: economic sovereignty and technological independence (leading edge industrial and technological expertise), the energy transition and the limitation of carbon footprints (electrification, mobility, MMI), and the deployment of a new agricultural model (Off-highway).

Given the situation, the Group is also planning to create a Power Division to bring together all the Power activities related to the vehicle electrification. This dedicated division will improve the consistency, efficiency and transparency of the activities undertaken in this area. Where appropriate, it will lead to the creation of a more flexible organisation to help bolster development opportunities (partnerships, funding, etc.).

Pending the full effects of these action plans, the losses of the first half have not been fully offset by state assistance and have adversely affected the financial situation. Interest charges, at €1.7 million for the half year, compared to €1.9 million for the same period in 2019, were slightly down due to the activation of government guaranteed loans (PGE) up to 45% of the legally allowed limit with, in exchange, less use of short term lines of credit.

The variance in the fair value of derivative financial instruments adversely affected the financial result, compared to the first half of 2019, by €0.8 million. It amounted to (€1.7) million, as opposed to (€1.4) million at 30 June 2019. Taking into account the lower tax charge, net income for the period was (€16.3) million, compared to +€5.8 million at 30 June 2019.

As part of the funding of R&D and the effects of the health crisis, the increase in net debt of €16.9 million compared to 31 December 2019 takes into account new borrowings of €40.0 million (including €30.6 million in PGEs set up as at 30 June, with further calls planned in Q3), lower short term (less than 12 month) financing by €18.8 million, and a reduction in cash flow of €5.1 million to €41.5 million at end June 2020. The variance in WCR of (€0.3) million is related to the increase in inventories of €3.7 million as a consequence of the lockdown, whereas payables and receivables have changed in line with the business. With gearing of 176.0%, compared to 152.6% at end June 2019, the Group expects covenants to be breached at the end of this financial year with cash required to finance the recovery expected in 2021. Discussions with ACTIA's financial partners show a good understanding of the situation and a willingness to provide support. Although it has further room for manoeuver thanks to the PGE scheme, the Group plans to take action to strengthen its cash situation over the coming months through the mobilisation of customer receivables and deconsolidating factoring.

❖ OUTLOOK

At this stage, the estimated decline in revenue is revised to around 15% compared to 2019. It should be noted that the Group had, before the pandemic, forecast modest growth.

The presence of personnel on-site and the business itself is organised as a function of the pandemic's progression around the world. At present, most employees are on-site, with teleworking being used as necessary.

The adaptation of our commercial strategy and the cost saving measures are ongoing in order to achieve improved results in the second half of 2020, coming close to operational equilibrium in 2020.

The Group is examining various scenarios to adapt to current and future changes; the situation of each entity is assessed on a case by case basis taking into account the changes made by customers to their order books, the ability to build on new commercial opportunities and the expected changes to target markets. The Group thus intends to resume its growth and improved results strategy in 2021 on the basis of new business equivalent to that which pre-existed the health crisis.

❖ COMBINED GENERAL MEETING PLANNED FOR 30 OCTOBER 2020

The Group plans to submit a draft change of governance plan to its shareholders, moving from a structure based on a Management and Supervisory Board to a Board of Directors at a Combined General Meeting to be held on 30 October 2020. The Meeting will be held behind closed doors according to the arrangements published in the prior notice due to appear on 25 September 2020. The purpose of the proposal is to simplify the organisation of the administration of the Company and to improve efficiency, as well as to facilitate the renewal of directors.

DATES FOR THE DIARY

- **SFAF Briefing H1 2020:** 23 September (at 2:30 pm)
- **Combined General Meeting:** 30 October (at 1:30 pm)
- **Q3 2020 Turnover:** 12 November (before trading)

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