

# AKKA TECHNOLOGIES

## Passion for technology

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### PRESS RELEASE – 2013 results

**AKKA accelerates its transformation, in order to become a leading international player in large transnational contracts.**

- **Launch of a transformation plan in 2013**
- **Improved operating performances in H2**
- **Further reduction in gearing**

### 2013 results

(€ million)	2013	2012	Change
<b>Revenue</b>	<b>878.8</b>	<b>827.3</b>	<b>+6.2%</b>
<b>Profit from business operations</b>	<b>57.9</b>	<b>62,8</b>	<b>-7,8%</b>
<i>As a % of revenue</i>	<i>6.6%</i>	<i>7.6%</i>	
Non-recurring income and expenses	(8.2)	(2.2)	
<b>Operating income</b>	<b>49.7</b>	<b>60.6</b>	<b>-18.0%</b>
Pre-tax income	40.0	54.2	-26.2%
<b>Net income – Group share</b>	<b>31.1</b>	<b>40.4</b>	<b>-23.0%</b>
<i>As a % of revenue</i>	<i>3.5%</i>	<i>4.9%</i>	
<b>EPS</b>	<b>2.05</b>	<b>2.71</b>	<b>-24.4%</b>
<b>Net cash flow from operating activities</b>	<b>64.5</b>	<b>-8.0</b>	
<b>Net debt</b>	<b>29.9</b>	<b>52.4</b>	
<b>Gearing</b>	<b>15.7%</b>	<b>29.6%</b>	<b>-</b>

- The Board of Directors approved the financial statements on Thursday 27 March 2014. Audit procedures have been performed on the consolidated financial statements; the certification report is in the process of being issued.
- MBtech was consolidated on 1 April 2012.
- Profit from business operations is calculated before non-recurring items and expenses relating to stock options and free shares.



## 2013 results

- The Group recorded **2013 revenue of €878.4 million, an increase of 6.2%**, slightly above its target of €875 million. On an organic basis, revenue fell by 4.8%. The decline was attributable to the slower-than-anticipated integration of MBtech, the downscaling of certain non-core or underperforming activities, and a smaller number of working days (1.2 fewer working days in 2013). **The work undertaken since 2012 on the redeployment of MBtech's offers is starting to pay off.** It enabled the Group to improve its performance in the second half, with sequential increases in revenue in Q3 and Q4.
- **As such, efforts made since 2012 to reduce costs at MBtech helped limit the decline in margins. Profit from business operations**, calculated before non-recurring items and expenses relating to stock options and free shares, amounted to **€57.9 million (€66.0 million in 2012 pro forma)**. The operating margin was 6.6%, compared with 7.1% in 2012 pro forma. **The operating margin rose from 5.4% in H1 to 7.7% in H2.** The improvement was attributable to **increases in the margins of each of the Group's BUs** due to a very specific seasonal profile in 2013, especially in Germany.
- Operating income amounted to €49.7 million. It was impacted by €8.2 million in non-recurring expenses resulting mainly from the transformation plan launched at the end of the year.
- **Net income – Group share amounted to €31.1 million**, compared with €40.4 million in 2012. The net margin was 3.5%, compared with 4.9% in 2012.
- The Group generated cash flow of €63.6 million, and net cash flow from operating activities of €64.5 million, compared with €(8.0) million in 2012. This allowed the Group to further consolidate its balance sheet. **Its gearing was 16% as of 31 December 2013, leaving its capacity for action intact, just 21 months after the acquisition of MBtech.**

## Revenue by BU at constant scope and exchange rates

- **France** held up well in a persistently competitive environment, **thanks to its value-added offers and positioning in turnkey projects.** It reported **2013 revenue of €450.9 million**, up very slightly compared with the €448.9 million reported in 2012. Growth in the second half (+1.7%) offset the decline in the first half (-1.5%). At constant working days, revenue grew by 0.9% in 2013. France reported a **stable operating margin of 7.1%** (6.2% in H1 and 8.0% in H2). In accordance with IFRS, the operating margin in France is now restated for the corporate value added tax (*cotisation sur la valeur ajoutée des entreprises – CVAE*).
- **Germany** suffered from the slower-than-anticipated integration of MBtech. 2013 revenue fell by 12.4% to **€311.4 million** on an organic basis. Cost-cutting efforts undertaken since 2012 helped stabilise the **operating margin at 4.8% in Germany**, despite this decline. **Excluding Mbtech**, German operations reported a front-ranking performance: **growth of 13.4% and a recurring operating margin of 16.2%**.
- **International activities** were less affected by the reorganisation of MBtech's operations in the US and China. They recorded **2013 revenue of €116.5 million**, a slight decline of 0.5% compared with 2012, and an **operating margin of 12.8%**. Excluding MBtech, revenue grew by 7.2% over the full year, with an **operating margin of 16.1%**.
- Over the full year, **AKKA's legacy businesses continued to benefit from their positioning**, which combines closeness to clients, technological skills, expertise in turnkey projects and cross-cutting value-added offers. Their **revenue increased by 1.7%** to €565.0 million. They reported an **operating margin of 8.2%**.



- **MBtech reported 2013 revenue of €313.8 million in Germany and internationally**, a decline of 14.6% on a pro-forma basis. **The work carried out on its costs and the deployment of its offers since 2012** enabled MBtech to record a gradual improvement in its performance in the second half, in Germany as well as internationally. Its full-year operating margin was **3.7%**, compared with 4.0% in 2012 pro forma.

## Cash flow and balance sheet

- AKKA Technologies Group generated cash flow of €63.6 million, compared with €59.8 million in 2012, and **net cash flow from operating activities of €64.5 million, compared with €(8.0) million in 2012**. This allowed it to further consolidate its balance sheet.
- The improvement in its internal processes enabled it to speed up its billing, thereby increasing the volume of not-due receivables transferred to the factor from €72.9 million as of end-2012 to €96.4 million as of end-2013.
- **Net debt** amounted to **€29.9 million** as of 31 December 2013, on shareholders' equity of €190.4 million. This represented **gearing of 15.7%**, compared with 36% as of 30 June 2013 and 30% as of 31 December 2012. At the same time, gross cash increased from €70.9 million as of end-2012 to €113.4 million as of end-2013.
- **The quality of the Group's balance sheet and gross cash position left its capacity for action intact, less than two years after the acquisition of MBtech.**
- At its meeting of 27 March 2014, the Board of Directors decided to propose to the Shareholders' Meeting the payment of a dividend of €0.55 per share.

## 2013-2016 transformation plan

- Having reorganised and streamlined MBtech in 2012 and 2013, the Group now enjoys global positioning through a unique differentiated offer, European foundations and turnkey project DNA.
- This position matches the increasing client demand for comprehensive transnational contracts. At the end of 2013, the Group launched a transformation plan to capitalise on this advantage and **accelerate its transformation, with a view to becoming the international leader in large transnational contracts.**
- Its transformation will involve the reprofiling of its offers and structures, the industrialisation of its expertise and its large project management processes, and the streamlining of its cost structure.
- The 2013-2016 plan is expected to **impact the financial statements by €20 million over the period, of which €8.2 million in 2013**. It aims to **accelerate the Group's international expansion**, while at the same time improving and securing its ability to deliver comprehensive transnational value-added projects.

## Highlights of 2013

- **The Group has already begun to reap the benefits of its transformation plan, with the signing of several listings and transnational contracts.** The most prominent include:
  - customer support for Airbus (three-year €105 million contract),
  - customer support for an aircraft manufacturer located in an emerging market (€50 million),
  - the design for Daimler of the derivative of one of its flagship vehicles (€23 million),
  - the design for Renault of a new crossover to be manufactured in China,
  - new listings with Honda, Nissan and Aston Martin,
  - listings with GDF Suez and Safran (renewal),
  - industrialisation for Snecma of the new Leap engine, to be marketed in Asia.
  
- The Group's technological DNA and innovation capacity received three awards in the second half:
  - On 7 November, the French Ministries for the Environment, Sustainable Development and Energy and for Productive Recovery awarded it the 2013 National Engineering Grand Prix for its autonomous and futuristic Link&Go electric concept car.
  - AKKA Technologies was ranked third (among medium-sized companies) in the Deloitte In Extenso Technology Fast 50, which rewards fast-growing technology companies.
  - The Group also received the second prize in the 2013 Deutsch-französische Wirtschaftspreis in Germany for Link&Go.

## Outlook

- Despite a persistently challenging economic environment in France and **negative locked-in growth in Q1**, the Group is anticipating a **slight increase in full-year revenue in 2014**.
  
- Management is very confident about the Group's medium-term expansion plans. Maurice Ricci, Chairman and CEO of the Group, said: **"In 2013, we laid the foundations of the successful integration of MBtech. At the same time, the launch of our transformation plan should speed up our transformation aimed at making us the best in class leader in large transnational contracts. This will allow us to accelerate our diversification in Germany and internationally, starting in 2015."**

**Management is very confident about the Group's expansion plans. It confirms its medium-term target of €100 million in operating income\* without compromising its financial equilibrium.**

\* Profit from business operations calculated before non-recurring items and cost of stock options and bonus shares

**Next releases:** Q1 2014 revenue, on 15 May 2014 after trading.  
Interim 2014 revenue, on 29 July 2014 after trading.  
Interim 2014 results, on 18 September 2014 before trading.

## 2013 revenue

(€ million)	2013	2012	% change	% change at constant scope and exchange rates*
<b>Revenue</b>	<b>878.8</b>	<b>827.3</b>	<b>+6.2%</b>	<b>-4.8%</b>
<b>France</b>	<b>450.9</b>	<b>448.9</b>	<b>+0.4%</b>	<b>0.1%</b>
<b>Germany</b>	<b>311.4</b>	<b>271.4</b>	<b>+14.8%</b>	<b>-12.4%</b>
<i>Of which MBtech</i>	<i>283.0</i>	<i>243.7</i>	<i>+16.1%</i>	<i>-14.4%</i>
<i>Germany excluding MBtech</i>	<i>28.4</i>	<i>27.7</i>	<i>+2.6%</i>	<i>+13.4%</i>
<b>International (excluding Germany)</b>	<b>116.5</b>	<b>107.0</b>	<b>+8.9%</b>	<b>-0.5%</b>
<i>Of which MBtech</i>	<i>30.9</i>	<i>27.5</i>	<i>+12.4%</i>	<i>-17.1%</i>
<i>International excluding MBtech</i>	<i>85.7</i>	<i>79.6</i>	<i>+7.6%</i>	<i>+7.2%</i>
<b>Total AKKA legacy businesses</b>	<b>565.0</b>	<b>556.2</b>	<b>+1.6%</b>	<b>+1.7%</b>
<b>Total MBtech</b>	<b>313.8</b>	<b>271.1</b>	<b>+15.8%</b>	<b>-14.6%</b>

- MBtech was consolidated on 1 April 2012.  
Restated for a transnational contract gained in 2012 by Octogon in Germany, and registered in France, Spain and the UK in 2013.

## Quarterly 2013 revenue

(€ million) Change at constant scope and exchange rates*	Q1	Q2	Q3	Q4	2013
<b>Revenue</b>	<b>225.4</b>	<b>210.3</b>	<b>211.7</b>	<b>231.4</b>	<b>878.8</b>
	<b>-6.2%</b>	<b>-9.1%</b>	<b>-2.6%</b>	<b>-1.2%</b>	<b>-4.8%</b>
<b>France</b>	<b>115.7</b>	<b>108.6</b>	<b>106.6</b>	<b>120.0</b>	<b>450.9</b>
	<b>-1.4%</b>	<b>-1.6%</b>	<b>+2.9%</b>	<b>+0.7%</b>	<b>0.1%</b>
<b>Germany</b>	<b>81.2</b>	<b>71.7</b>	<b>76.6</b>	<b>81.9</b>	<b>311.4</b>
	<b>-12.1%</b>	<b>-21.4%</b>	<b>-10.6%</b>	<b>-5.0%</b>	<b>-12.4%</b>
<i>Of which MBtech</i>	74.4	64.7	69.5	74.4	283.0
	-14.3%	-23.9%	-12.2%	-6.4%	-14.4%
<i>Germany excluding MBtech</i>	6.8	7.0	7.2	7.5	28.4
	+21.0%	+13.9%	+8.4%	+11.6%	+13.4%
<b>International (excl. Germany)</b>	<b>28.5</b>	<b>29.9</b>	<b>28.6</b>	<b>29.5</b>	<b>116.5</b>
	<b>-6.7%</b>	<b>+0.5%</b>	<b>+2.0%</b>	<b>+2.6%</b>	<b>-0.5%</b>
<i>Of which MBtech</i>	7.3	8.1	8.2	7.3	30.9
	-32.9%	-17.9%	-11.4%	+0.6%	-17.1%
<i>International excl. MBtech</i>	21.3	21.8	20.3	22.3	85.7
	+7.6%	+9.7%	+8.7%	+3.3%	+7.2%
<b>Total AKKA legacy businesses</b>	<b>143.8</b>	<b>137.5</b>	<b>134.1</b>	<b>149.8</b>	<b>565.0</b>
	<b>+0.7%</b>	<b>+0.8%</b>	<b>+4.0%</b>	<b>+1.6%</b>	<b>+1.7%</b>
<b>Total MBtech</b>	<b>81.6</b>	<b>72.9</b>	<b>77.7</b>	<b>81.7</b>	<b>313.8</b>
	<b>-16.3%</b>	<b>-23.3%</b>	<b>-12.1%</b>	<b>-5.8%</b>	<b>-14.6%</b>

- Restated for a transnational contract gained in 2012 by Octogon in Germany, and registered in France, Spain and the UK in 2013.

## Profit from business operations by BU

(€ million)	2013	2012 Pro forma
<b>France</b>	<b>31.9</b>	<b>32.5</b>
	<b>7.1%</b>	<b>7.2%</b>
<b>Germany</b>	<b>15.0</b>	<b>17.2</b>
	<b>4.8%</b>	<b>4.8%</b>
<i>Of which MBtech</i>	<i>10.4</i>	<i>13.3</i>
	<i>3.7%</i>	<i>4.0%</i>
<i>Germany excluding MBtech</i>	<i>4.6</i>	<i>3.9</i>
	<i>16.2%</i>	<i>14.2%</i>
<b>International (excluding Germany)</b>	<b>14.9</b>	<b>13.1</b>
	<b>12.8%</b>	<b>11.1%</b>
<i>Of which MBtech</i>	<i>1.2</i>	<i>1.5</i>
	<i>3.8%</i>	<i>4.1%</i>
<i>International excluding MBtech</i>	<i>13.8</i>	<i>11.5</i>
	<i>16.1%</i>	<i>14.5%</i>
<b>Other</b>	<b>3.9</b>	<b>3.2</b>
<b>Group</b>	<b>57.9</b>	<b>66.0</b>
	<b>6.6%</b>	<b>7.1%</b>
<b>Total AKKA legacy businesses</b>	<b>46.3</b>	<b>51.2</b>
	<b>8.2%</b>	<b>9.2%</b>
<b>Total MBtech</b>	<b>11.5</b>	<b>14.8</b>
	<b>3.7%</b>	<b>4.0%</b>

## Half-yearly profit from business operations by BU

(€ million)	H1 2013	H2 2013
<b>France</b>	<b>13.8</b>	<b>18.1</b>
	<b>6.2%</b>	<b>8.0%</b>
<b>Germany</b>	<b>1.9</b>	<b>13.1</b>
	<b>1.2%</b>	<b>8.2%</b>
<i>Of which MBtech</i>	<i>0.0</i>	<i>10.4</i>
	<i>0.0%</i>	<i>7.2%</i>
<i>Germany excluding MBtech</i>	<i>1.9</i>	<i>2.7</i>
	<i>14.0%</i>	<i>18.3%</i>
<b>International (excluding Germany)</b>	<b>6.7</b>	<b>8.3</b>
	<b>11.4%</b>	<b>14.2%</b>
<i>Of which MBtech</i>	<i>0.9</i>	<i>0.3</i>
	<i>6.0%</i>	<i>1.6%</i>
<i>International excluding MBtech</i>	<i>5.7</i>	<i>8.0</i>
	<i>13.3%</i>	<i>18.8%</i>
<b>Other</b>	<b>1.3</b>	<b>-5.2</b>
<b>Group</b>	<b>23.7</b>	<b>34.2</b>
	<b>5.4%</b>	<b>7.7%</b>
<b>Total other AKKA legacy businesses</b>	<b>22.8</b>	<b>23.6</b>
	<b>8.1%</b>	<b>8.3%</b>
<b>Total MBtech</b>	<b>0.9</b>	<b>10.6</b>
	<b>0.6%</b>	<b>6.7%</b>



*“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, consumer electronics, telecommunications, chemicals, pharmaceuticals, steel, energy, rail, marine and service industries.

AKKA Technologies is the leader in the automotive and aerospace sectors in Germany and France, and, thanks to the mobility of its staff and its international positioning, collaborates on state-of-the-art technology projects around the world.

The AKKA Technologies Group has nearly 11,000 employees and operates in 20 countries, including Belgium, Canada, China, Czech Republic, France, Germany, Hungary, India, Italy, Morocco, Netherlands, Romania, Russia, Spain, Switzerland, Tunisia, Turkey, UAE, UK and US.

AKKA Technologies is listed on Euronext Paris TM - Segment B, ISIN code FR0004180537.

CAC® Small, CAC® Mid & Small, CAC® All-Tradable, CAC® All-Share indices

For more information, please visit [www.akka.eu](http://www.akka.eu)

*In case of discrepancy between the French and English versions of this statement, only the French version should be deemed valid.*

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