



PASSION FOR
TECHNOLOGIES

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FY 2019 RESULTS

A SUCCESSFUL YEAR WITH SOLID FUNDAMENTALS

PRESS RELEASE

FINANCIAL HIGHLIGHTS

- Revenue: €1.8 billion - growth of 19.7%
- Operating margin from ordinary activities: 8%
- Free Cash Flow: 5.5% of revenue

OPERATIONAL HIGHLIGHTS

- North America – Successful completion of PDS Tech integration
- Digital - Acquisition of Data Respons - Digital platform of €0.5B revenue

Mauro Ricci, Chairman and CEO of AKKA, commented:

“AKKA continues to build up the future and delivered solid performance in 2019. The Group achieved its margin guidance despite a Q4 slowdown. The integration of PDS Tech in the US and the constitution of half a billion euros digital platform with the acquisition of Data Respons ideally positions AKKA to capture our market’s expected future growth.”

2019 RESULTS

	FY 2019	FY 2018	Variation %
Revenue in € million	1,801.5	1,505.3	+19.7%
Operating profit from ordinary operations in € million	143.7	118.1	+21.7%
As a % of revenue	8.0%	7.8%	
EPS in €	3.64	2.55	+42.7%

2019 KEY FIGURES

Revenue Growth

- **Group revenue was €1,801.5 million in 2019, a pro forma increase of 6.3%.** This includes a 5.8% growth in France and International business units. AKKA Germany continued to outperform its domestic market with a growth rate of 1.6% while North America grew by 17.6%. **AKKA’s consolidated growth stood at 19.7%.**
- **The Q4 slowdown was stronger than expected** due to key automotive customers’ transition, B737 Max program’s impact on aerospace suppliers and causes due to internal reasons. AKKA has taken the appropriate action internally to return to levels of growth above the market.

- **Operating margin from ordinary operations reached 8% of revenue, in line with the group guidance.** The 4 Business Units – France, Germany, International and North America – have improved their margins. **Excluding PDS Tech, the operating margin is up by 70bp to 8.7%**

Simplified P&L in € million	FY 2019	FY 2018	Variation %
Revenue	1,801.5	1,505.3	+19.7%
Operating profit from ordinary operations	143.7	118.1	
Non-recurring costs and expenses	(18.7)	(18.2)	
Stock options and free shares	(3.8)	(9.8)	
Operating profit	121.2	90.1	+34.6%
<i>As a % of revenue</i>	6.7%	6.0%	+70bp
Consolidated net income	73.3	53.1	+38.1%
<i>As a % of revenue</i>	4.1%	3.5%	+60bp
EPS in €	3.64	2.55	+42.7%

- Operating profit surged by 34.6% at €121.2 million, representing 6.7% of revenue, as result of an increase in ordinary activity and stability of non-recurring activities and a decrease of stock options costs.
- Non-recurring costs of €18.7 million stem from the integration of PDS Tech, the launch of the Strategic Customers Department and the finalization of the German BU's organization. Additionally, cost of stock options and free shares reached €3.8 million mainly in H1.
- **Group net profit surged by 38% to €73.3 million in 2019** thanks to stability in financial costs and despite the growth of Income Taxes.

Strong cash generation

- Operating cash flows benefited from the substantial growth in the operating margin and a decrease of the days sales outstanding (DSO). Free cash flows amounted to €99 million and represented 5.5% of Group revenue, exceeding the guidance of 5%.
- **AKKA's balance sheet structure is solid.** Net debt stood at €73 million at 31st December 2019 and benefited strong free cash flow generation and €175 million ODIRNANE issued in December. The equity at €478 million permits a Group's gearing of 15% and its leverage at 0.43x far below the 4x covenant. Gross cash reached €469.2 million at 31st December 2019. Including the non used RCF & Neu CP, the Group financing capacity is above €1.3 billion.

2019 RESULTS BY REGION

- In FY 2019, AKKA's French BU delivered revenue growth of 5.8% equal to €661.4 million and **the operating margin from ordinary operations increased 70bp to reach 11.2%**, including CIR (Research Tax Credit).
- **The German BU grew organically by 1.6% in FY19 to €519.3 million and operating margin rose by 20bp to 9.2% in the full year.** The creation of a strong digital platform with Data Respons will allow the BU to benefit from the launch of OEM's new digital programs from H2 onward.
- PDS Tech is up to expected performance and strategic synergies. AKKA North America proforma revenue (including PDS Tech) increased by 17.6% to €305 million in 2019 and **profitability grew from 2.5% in 2018 to 4.3% in 2019.**
- **International BU** FY19 revenue increased by 5.8% to €315.9 million. Belgium, Spain and Italy performed well. Short term difficulties in Switzerland and in the Energy sector impacted this year's growth. **The BU delivered a 11.6% margin compared to 10.5% in 2018.**

ACQUISITION OF DATA RESPONS

- On 9th March 2020 AKKA launched a mandatory offer on the remaining shares of Data Respons. As off today, AKKA has more than 90% of Data Respons' share capital. AKKA plans to delist Data Respons from the Oslo stock exchange.
- In a data driven world, the acquisition of Data Respons is a game changer and will create Europe's largest digital solutions powerhouse permitting AKKA to have Europe's most comprehensive digital solutions portfolio in the growing mobility market.

OUTLOOK

- The outlook of the 1st part of the year remains complex. H1 is expected to be impacted by key automotive customers' stand still and the B737Max suppliers. The coronavirus crisis is expected to impact the business. AKKA is carefully monitoring the evolution in order to handle the situation as closely as possible.
- The uncertainty around the macroeconomic environment following the COVID-19 outbreak does not enable the Group to release a 2020 guidance at this stage. The full year guidance will be released once the economic environment presents a clearer visibility.

AUDITORS REPORT

The statutory auditor, EY Réviseurs d'Entreprises SRL, has confirmed that their audit procedures, which are substantially complete, have not revealed any material misstatement which would have to be made to the accounting information included in this press release.

Upcoming events:

Q1 2020 revenue: Wednesday, 6th May 2020

Half-year 2020 revenue: Monday, 27th July 2020

In case of discrepancies between the French and English versions of the press release, only the English version shall be deemed valid.

About AKKA

AKKA is the European leader in digital solutions, engineering consulting and R&D services in the mobility segment. As an innovation accelerator for its clients, AKKA supports leading industry players throughout the life cycle of their products with cutting edge digital technologies (AI, ADAS, IoT/IIOT, Big Data, robotics, embedded computing, machine learning, etc.). With approximately 21,000 technology-passionate employees and half a billion Euros digital platform, AKKA is dedicated to advancing the future of industry and supporting the digital transition of its clients. The Group recorded revenues of €1.8 billion in 2019.

AKKA Technologies is listed on Euronext Paris and Brussels – Segment A – ISIN code: FR0004180537.

For more information, please visit www.akka-technologies.com

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GLOSSARY

Economic growth:

- Growth at constant scope, exchange rates and number of working days

Free cash flow:

- Net cash flow from operating activities decreased by acquisitions of fixed assets, increased by disposal of fixed assets and reduced by rent expense within the scope of IFRS 16

Gearing:

- Net debt divided by Shareholders' equity

Net debt:

- Financial liabilities (without IFRS 16 lease liabilities) reduced by Cash and cash equivalents

Non-recurring costs:

- Expenses and income related to significant acquisitions, reorganizations, litigations, transformation and other costs of similar nature

EBITDA:

- Operating profit from ordinary operations, including IFRS 16

Operating profit and EBITA:

- Operating profit/EBIT: profit after stock options and free shares and non-recurring costs.

Operating profit from ordinary operations:

- Operating profit calculated before expenses relating to stock options and free shares and non-recurring costs.

Operating margin from ordinary operations:

- Rate of operating profit from ordinary operations in proportion of Revenue

Organic growth:

- Growth at a constant scope and exchange rate

Pro-forma growth:

- Growth based on proforma figures

* Unless defined in this section, financial aggregates used in the current press-release are directly derived from the Group consolidated financial statements

APPENDIX

REVENUE BY QUARTER

Revenue (€ million)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
France	169.1	161.7	163.3	167.2	661.4
<i>% change</i>	5.4%	11.0%	7.0%	0.3%	5.8%
<i>Organic Growth</i>	5.4%	11.0%	7.0%	0.3%	5.8%
<i>Pro-Forma growth</i>	5.4%	11.0%	7.0%	0.3%	5.8%
Economic growth	7.1%	11.0%	5.4%	1.9%	6.2%
Germany	126.2	129.2	123.5	140.4	519.3
<i>% change</i>	6.4%	-3.1%	2.4%	1.5%	1.6%
<i>Organic Growth</i>	6.4%	-3.1%	2.4%	1.5%	1.6%
<i>Pro-Forma growth</i>	6.4%	-3.1%	2.4%	1.5%	1.6%
Economic growth	6.4%	-1.6%	1.0%	0.0%	1.3%
North America	75.6	76.8	78.4	74.2	305.0
<i>% change</i>	1,433.1%	1,392.7%	1,186.6%	36.4%	332.3%
<i>Organic Growth</i>	35.9%	60.1%	35.1%	-1.2%	9.2%
<i>Pro-Forma growth</i>	32.2%	20.5%	16.8%	4.2%	17.6%
Economic growth	35.7%	60.3%	34.8%	-1.5%	9.1%
International	75.4	77.4	75.9	87.2	315.9
<i>% change</i>	7.7%	4.9%	7.8%	3.6%	5.8%
<i>Organic Growth</i>	7.3%	4.4%	6.9%	2.1%	5.0%
<i>Pro-Forma growth</i>	7.7%	4.9%	7.8%	3.6%	5.8%
Economic growth	7.3%	4.4%	4.4%	1.7%	4.3%
Total Group	446.3	445.2	441.1	469.0	1,801.5
<i>% change</i>	26.1%	24.4%	26.1%	5.7%	19.7%
<i>Organic Growth</i>	6.6%	5.1%	5.9%	0.8%	4.4%
<i>Pro-Forma growth</i>	9.9%	6.9%	7.4%	1.8%	6.3%
Economic growth	7.3%	4.8%	5.0%	1.3%	4.4%

OPERATING MARGIN FROM ORDINARY OPERATIONS BY BU

In million of euros	2019	2018	Variation %
France	56.3	50.8	+10.8%
<i>% Revenue</i>	<i>8.5%</i>	<i>8.1%</i>	<i>+40bp</i>
Germany	47.8	45.9	+4.1%
<i>% Revenue</i>	<i>9.2%</i>	<i>9.0%</i>	<i>+20bp</i>
North America	13.2	1.8	+633.3%
<i>% Revenue</i>	<i>4.3%</i>	<i>2.5%</i>	<i>+180bp</i>
International	36.6	32.3	+13.3%
<i>% Revenue</i>	<i>11.6%</i>	<i>10.8%</i>	<i>+80bp</i>
Other	-10.2	-12.7	-19.7%
Total Group	143.7	118.1	+21.7%
<i>% Revenue</i>	<i>8.0%</i>	<i>7.8%</i>	<i>+20bp</i>

2019 KEY FIGURES

In million of euros	FY 2019	FY 2018	Variation %	FY 2017
Revenue	1,801.5	1,505.3	19.7%	1,334.4
OPERATING PROFIT FROM ORDINARY OPERATIONS	143.7	118.1	21.7%	95.5
As a % of revenue	8.0%	7.8%	+20BP	7.2%
Non-recurring income and expenses	-18.7	-18.2		-14.0
Consolidated operating profit	125.0	99.8	+25.3%	95.5
Stock options & free shares	-3.8	-9.8		-6.2
Operating profit	121.2	90.1	+34.6%	75.3
As a % of revenue	6.7%	6.0%	+70BP	5.6%
Financial income/(expense)	-17.5	-17.1		-16.0
PROFIT BEFORE TAX	103.7	73.0	+42.2%	59.3
Taxes	-30.4	-19.9	+53.1%	-15.2
CONSOLIDATED NET INCOME	73.3	53.1	+38.1	44.1
As a % of revenue	4.1%	3.5%	+60BP	3.3%
EPS in €	3.64	2.55	+42.7%	2.0
Non-controlling interests	-0.2	-2.9		-4.8
Group Net Income	73.0	53.1	+37.5%	39.3
Net debt	73	279	-73.8%	195
Gearing ratio	15%	108%		73%

IFRS CONSOLIDATED INCOME STATEMENT

In million of euros	2019	2018
Revenue	1,801.5	1,505.3
External expenses	-388.9	-386.1
Taxes and duties	-12.7	-12.3
Personnel expenses	-1,222.6	-995.5
Net depreciation and provisions	-57.2	-20.4
Other current expenses	-10.0	-3.5
Other current income	12.5	10.4
Income from equity affiliates	2.5	1.8
Free shares and stock options	-3.8	-9.8
OPERATING INCOME	121.2	90.1
Income from cash and cash equivalents	0.5	0.2
Cost of gross financial debt	-16.7	-14.9
COST OF NET FINANCIAL DEBT	-16.2	-14.7
Other financial income and expenses	-1.3	-2.4
PROFIT BEFORE TAX	103.7	73.0
Tax expenses	-30.4	-19.9
CONSOLIDATED NET INCOME	73.3	53.1
Non-controlling interests	-0.2	-2.9
GROUP NET INCOME	73.0	50.1
Earnings per share	3.64	2.55
Diluted earnings per share	3.61	2.50
Weighted average number of shares outstanding	19,937,521	19,641,030
Weighted average number of ordinary shares plus potential dilutive shares	20,254,054	20,071,917