

**H1 2020  
PERFORMANCE**

- Operating margin impacted by the COVID-19 crisis
- Strong Free Cash-Flow performance

**H2 2020  
OUTLOOK**

- Sequential revenue growth expected in Q3 and Q4 2020
- Operating margin from ordinary operations expected to be positive for the full-year
- Financial debt to be broadly stable at year-end and cash preserved

**Mauro Ricci, Chairman and Chief Executive Officer of AKKA, commented:**

*“Despite the brutal effects of the COVID-19 crisis on our performance in H1 2020, AKKA is transforming rapidly to emerge stronger. Since the end of the lockdown, we have been seizing opportunities with medium sized customers and in diversification segments. We leveraged our solid positions on key mobility programs, stepping up technological skills and offering with Data Respons contribution in digital. In parallel, AKKA remained focused on adapting to the demand, reducing costs, and accelerating the implementation of Fit-2 Clear Now to streamline its organisation. As the trends observed since the end of the lockdown are confirmed, AKKA is now well positioned to be profitable in H2 2020 and for the full year of 2020, as focus remains on client needs and execution of Fit-2 Clear Now. The Group’s transformation will continue to prepare for the next cycle and emerge with a very strong operational leverage once the crisis is over.”*

• **H1 2020 RESULTS**

€M	H1 2020	H1 2019
REVENUE	778.0	891.4
<b>OPERATING PROFIT FROM ORDINARY OPERATIONS</b>	<b>(12.6)</b>	<b>60.0</b>
% REVENUE	(1.6)%	6.7%
NON-RECURRING COSTS	(52.4)	(11.5)
FREE SHARES, STOCK OPTIONS	(1.1)	(3.4)
<b>OPERATING INCOME</b>	<b>(66.1)</b>	<b>45.1</b>
% REVENUE	(8.5)%	5.1%
FINANCIAL RESULT	(12.8)	(8.2)
<b>PRE-TAX INCOME</b>	<b>(78.9)</b>	<b>36.9</b>
TAX EXPENSE	22.1	(10.6)
<b>CONSOLIDATED NET INCOME</b>	<b>(56.8)</b>	<b>26.3</b>
MINORITY INTEREST	(0.6)	(0.04)
<b>GROUP NET INCOME</b>	<b>(57.4)</b>	<b>26.3</b>

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

*The AKKA Group's Board of Directors met on September 9<sup>th</sup>, 2020 to approve the financial statements for the first six months of 2020.*

**AKKA first half 2020 revenue**

- AKKA recorded revenues of €778.0M in the first half of 2020, down 12.7%, or 20.3% on an organic basis.
- The Group's performance in the first half of 2020 reflected the negative impact on demand resulting from the COVID-19 crisis and global lockdown from March 2020. AKKA hit a low point in May 2020 and has been experiencing a gradual recovery since then.
- AKKA BUs most exposed to key customers' programs in the automotive and aeronautic industries, namely France and Germany, were also most affected by the effects of the abrupt shutdown. Automotive and Aeronautics declined 26% and 13% respectively whereas demand for Defence and Railways partly compensated for this decline. AKKA accelerated its diversification in other sectors such as, Life Sciences, Telecommunications, and Energy, those two later growing double digit compared to H1 2019. In addition, AKKA is getting increasing traction from mid-sized customers, who accelerated after the end of the lock-down, in growing areas such as Spain.
- By BU:
  - In H1 2020, revenue of the French BU declined 20.1% to €264.2M. France was significantly affected by the lockdown and its effects on major customers exposed to automotive and aeronautics. The BU benefited from a resilient business environment in its diversification segments such as defence, telecommunications, naval and railways, which held up well during the period, as well as the increased demand for digital skills.
  - The German BU was also impacted significantly with H1 2020 revenue down 28.7% to €181.3M. Most automotive customers closed their sites for most part of Q2 2020. However, high demand for digital skills accelerated the integration of AKKA's legacy operations with Data Respons'.
  - AKKA North America revenue decreased by 9.4% to €138.1M in H1 2020. The region was hit later than Europe by the effects of lockdown measures. Business momentum remained sound in Defence nonetheless, particularly with Boeing, Honeywell, UTC and Northrop. However, civil aviation was as affected as the rest of the European sector.
  - AKKA's International BU H1 2020 revenue decreased 15.3% organically to €130.4M despite some key customers, such as GSK, Siemens or Mitsubishi experiencing solid growth. Like other geographies, the BU's customers exposed to mobility declined significantly.
  - Demand for Data Respons' digital solutions remained solid in H1 2020, in line with pre-crisis expectations despite current global crisis. Data Respons revenue increased 16.5% to €45.8M in Q2 2020. On a pro forma basis<sup>1</sup>, revenue was up 16.8% to €96.3M in H1 2020, thanks to its unique positioning on digital solutions.

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<sup>1</sup> If Data Respons had been consolidated from 1st January 2019

### **Operating profit affected by non-recurring costs**

- **AKKA's operating profit from ordinary operations** decreased to € (12.6)M in the first half of 2020, mainly impacted by the French and German BUs. The North America BUs recorded positive profit from ordinary operations with a margin of 1.5% whereas the International BU performed very well, posting a 9.1% margin.
- Data Respons overachieved compared to expectations, delivering an operating margin from ordinary operations of 12.4%, demonstrating the resilience and potential of their business model and positioning.
- The Group's operating loss was € (66.1) M as a direct consequence of the COVID-19 crisis. AKKA incurred €52.4M in non-recurring costs, of which €46M related to COVID crisis, including measures to safeguard the health of its employees, additional costs due to the implementation of partial unemployment and provisions for trade receivables as well as €6.8M to the deployment of Fit-2-Clear Now, the Group's performance plan.
- The cost of net financial debt was €9.3M at June 30, 2020 (versus €8.0M at June 30, 2019). This includes €5.6m of interest on borrowings, stable compared to 2019 on an organic basis. The Group's consolidated net loss was € (57.4)M in H1 2020.

### **AKKA protected its financial capacity in H1**

- **AKKA's financial health was preserved during the crisis.** The Group took immediate measures paying attention to working capital requirements. In addition, AKKA benefited from charge deferral measures implemented in most countries where the Group operates. As a result, and despite the very significant drop in revenue, the Group's Free Cash Flow from operations totaled €46.4M in the first half of 2020, compared to €(51.1)M in the first half of 2019. At the end of June, AKKA had been deferred €85M of social and tax liabilities. This should amount to €100M and will be reschedule over the next 24-36 months depending on the country. 70% of these €100M have been already secured as of today.
- **Net cash position stood at €317.1M at 30<sup>th</sup> June 2020, including a cash amount disbursement of €369.8M for the acquisition of Data Respons.** It compared to €469.2M as at 31<sup>st</sup> December 2019. The Group's efforts to preserve cash allowed a gearing of 136%. The Group's leverage ratio as of 30 June 2020 was 3.73x (net debt / EBITDA post IFRS 16), significantly below its covenant set at 4.5 times. The net debt as of 31<sup>st</sup> December 2020 is expected to be broadly stable compare to end of June level.
- **AKKA maintained focus on preserving its financing capacity and is working in parallel on a limited number of concrete options in order to meet its year-end financial commitments.** Including the non-used RCF, the Group financing capacity is in excess of €622M.

## **RAPID DEPLOYMENT OF ACTION PLAN WILL TRANSLATE IN POSITIVE PROFIT FROM ORDINARY ACTIVITIES FOR THE FULL YEAR OF 2020**

- **AKKA revenue should continue to improve gradually in the second half of 2020.** AKKA confirms that demand is improving steadily, and the Group positive momentum with mid-sized customers ongoing. After a low point of activity reached during the second quarter of the year, AKKA is expecting the gradual sequential recovery to continue in the second half of 2020. Q3 2020 revenue should improve sequentially and Q4 2020 is expected to be significantly higher than Q3.
- **AKKA's Operating Profit from Ordinary Operations expected to be positive in FY 2020**, as a consequence of the continuous client engagement and measures implemented from H1 2020.
- **The Group is accelerating its transformation in H2 2020.** AKKA has accelerated the deployment of its Fit-2 Clear Now performance plan which aims to reduce the Group's production and operating costs and to adapt its offering to the most promising sectors and skills. Fit-2 Clear Now will result in a drastic cost reduction plan to improve global operations and AKKA will benefit from a significantly improved margin profile mid-term, as the plan unfolds. Fit-2 Clear Now objectives are to :
  1. Increase the Group's added value by accelerating its repositioning and improving digital skills ;
  2. Optimize production costs by deploying lower value-added skills in lower-cost countries, and focusing best valued in mature countries; and
  3. Reduce operating costs by rightsizing the organization and the span of control, particularly in Germany, and focusing on operational excellence to improve margins.
- **Actions taken in the first half of the year are already yielding results.** These measures will translate into a c. €15M reduction in H2 2020 cost base, or €30M on a yearly basis. As the deployment of Fit-2 Clear Now has been accelerated in the second half of the year, AKKA will incur over the period non-recurring cost in the same magnitude than the one accounted for in the first half of the year. This includes the implementation cost linked to the social plan the Group decided in Germany. Some key steps have already been taken in this process, and the restructuring is expected to be implemented during the fourth quarter of this year. AKKA is working on additional measures with the ambition to reduce its annual cost base by up to €45M in the next 12 months.
- **AKKA stayed focused on preserving its financing capacity** and made progress by working on different ways to strengthen its balance sheet. The Group is now in the process of choosing from a limited number of concrete options to meet its year-end financial commitments.

### **2020 OUTLOOK**

- Sequential revenue growth in Q3 and Q4 2020
- Operating margin from ordinary operations:  $\geq 0\%$
- Financial debt to be broadly stable at year-end and cash preserved

**Next events:**

Publication of third-quarter 2020 revenue: Thursday, 5 November 2020

*In case of discrepancy 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 engineering consulting and R&D services in the mobility segment. As an innovation accelerator for its clients, AKKA supports leading industry players in the automotive, aerospace, rail and life sciences sectors throughout the life cycle of their products with cutting edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.).

Founded in 1984, AKKA has a strong entrepreneurial culture and is pursuing its fast-paced growth and international development in line with its CLEAR 2022 strategic plan. With 22,000 employees, who are passionate about technology and dedicated to advancing the future of industry, the Group recorded revenues of €1.8 billion in 2019.

Following the completion of the friendly take-over bid of Data Respons launched in January 2020, AKKA now holds 100% of the company's shares; with the success of this operation, AKKA leverages the most comprehensive portfolio of digital solutions in Europe to harness the growing demand from its customers in the mobility sector.

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

For more information, please visit [www.akka-technologies.com](http://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 and increased by disposal of fixed assets

### **Gearing:**

- Net debt divided by Shareholders' equity

### **Net debt:**

- Financial 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, including costs of COVID-19 crisis

### **EBITDA:**

- Operating profit from ordinary operations increased by net Depreciations and Amortization

### **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

• APPENDIX 1: H1 2020 KEY FIGURES

(€ million)	H1 2020	H1 2019	% change
Revenue	778.0	891.4	(12.7)%
Operating profit from ordinary operations	(12.6)	60.0	(121.0)%
Free shares and stock options	(1.1)	(3.4)	(67.6)%
Non-recurring income and expense	(52.4)	(11.5)	+355.7%
Operating profit	(66.1)	45.1	(246.6)%
As a % of revenue	(8.5)%	5.1%	
Net financial income/(expense)	(12.8)	(8.2)	+56.1%
Profit before tax	(78.9)	36.9	(313.8)%
Tax expenses	+22.1	(10.6)	(308.5)%
Consolidated net income	(56.8)	26.3	(318.3)%
As a % of revenue	(7.3)%	2.9%	
EPS	€-2.65	€1.31	+38.2%
Non-controlling interest	(0.6)	(0.04)	(97.9)%
Net profit Group share	(57.4)	26.3	(318.3)%

• APPENDIX 2 : REVENUE BY QUARTER

Revenue (€ million)	Q1 2020	Q2 2020	H1 2020
<b>France</b>	<b>152.8</b>	<b>111.4</b>	<b>264.2</b>
<i>% change</i>	(9.7)%	(31.1)%	(20.1)%
<i>Organic growth</i>	(9.7)%	(31.1)%	(20.1)%
<b>Economic growth</b>	(9.7)%	(31.1)%	(20.1)%
<b>Germany</b>	<b>106.8</b>	<b>74.5</b>	<b>181.3</b>
<i>% change</i>	(14.9)%	(42.1)%	(28.7)%
<i>Organic growth</i>	(14.9)%	(42.1)%	(28.7)%
<b>Economic growth</b>	(14.9)%	(42.1)%	(28.7)%
<b>North America</b>	<b>77.5</b>	<b>60.6</b>	<b>138.1</b>
<i>% change</i>	2.5%	(21.1)%	(9.4)%
<i>Organic growth</i>	(0.7)%	(22.5)%	(11.6)%
<b>Economic growth</b>	(0.7)%	(22.5)%	(11.6)%
<b>International</b>	<b>70.7</b>	<b>59.7</b>	<b>130.4</b>
<i>% change</i>	(6.9)%	(23.4)%	(15.3)%
<i>Organic growth</i>	(7.6)%	(23.1)%	(15.4)%
<b>Economic growth</b>	(7.6)%	(23.1)%	(15.4)%
<b>Data Respons</b>	<b>18.2</b>	<b>45.8</b>	<b>64.0</b>
<i>% change</i>	n/a	n/a	n/a
<i>Organic growth</i>	n/a	n/a	n/a
<b>Economic growth</b>	+17.0%	+16.5%	+16.8%
<b>Total Group</b>	<b>425.9</b>	<b>352.0</b>	<b>778.0</b>
<i>% change</i>	(4.5)%	(20.9)%	(12.7)%
<i>Organic growth</i>	(9.2)%	(31.4)%	(20.3)%
<b>Economic growth</b>	(10.1)%	(31.4)%	(20.6)%



• APPENDIX 3: OPERATING MARGIN FROM ORDINARY OPERATIONS BY BU

(€ million)	H1 2020	H1 2019	% change
<b>France</b>	<b>(8.6)</b>	<b>34.7</b>	<b>(125)%</b>
<i>% of revenue</i>	<i>(3.2)%</i>	<i>10.5%</i>	
<b>Germany</b>	<b>(13.4)</b>	<b>19.5</b>	<b>(169)%</b>
<i>% of revenue</i>	<i>(7.4)%</i>	<i>7.7%</i>	
<b>North America</b>	<b>2.1</b>	<b>5.6</b>	<b>(62)%</b>
<i>% of revenue</i>	<i>1.5%</i>	<i>3.6%</i>	
<b>International</b>	<b>11.9</b>	<b>18.5</b>	<b>(36)%</b>
<i>% of revenue</i>	<i>9.1%</i>	<i>12.0%</i>	
<b>Data Respons</b>	<b>7.9</b>	<b>-</b>	<b>-</b>
<i>% of revenue</i>	<i>12.4%</i>	<i>-</i>	
<b>Other</b>	<b>(12.5)</b>	<b>(18.3)</b>	<b>(32)%</b>
<b>Total Group</b>	<b>(12.6)</b>	<b>60.0</b>	<b>(121)%</b>
<i>% of revenue</i>	<i>(1.6)%</i>	<i>6.7%</i>	