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Toulon, September 18, 2019, 7:00 a.m.

ECA Group: 2019 first-half results

- Unprecedent backlog at €545.5 million
- Double digit revenue growth and significant improvement to profitability
- Increase in cash flow to €7.5 million
- 2019 target confirmed

ECA Group (Euronext Paris: ECASA) published its 2019 first half year results today.

(in € millions)	H1 2019[1]	H1 2018	Change
Backlog	545.5	98.7	*+452.9 %*
Revenue[2]	57.1	50.4	*+13.3 %*
EBITDA[3]	9.9	5.3	*+85.4 %*
EBITDA margin (%)	*17.3 %*	*10.6 %*	*+674 pbs*
Current operating income	4.2	1.6	*+157.2 %*
Operating income	3.8	0.9	*+322.9 %*
Operating margin (%)	*6.6 %*	*1.8 %*	*+484 pbs*
Financial result	0.2	0.7	*-67.3 %*
Income tax	(0.7)	(0.6)	*+24.5 %*
Net income	3.3	1.0	*+216.0 %*
Net income – Group share	3.2	1.0	*+208.6 %*

The consolidated financial statements for the first half of 2019 were approved by the Board of Directors which met on September 16, 2019. The financial statements were subject to a limited Statutory Auditors' review, and their reports are currently being issued.

For the first half of 2019, ECA Group's **consolidated revenue** was €57.1 million, with a significant 13.3 % increase. On a like-for-like basis, excluding contributions from the SSI and EN Moteurs subsidiaries disposed of in 2018, the increase was 13.9 %. This acceleration is driven by the remarkable performance of the Robotics and Aerospace divisions which benefit from the dynamic sales momentum recorded since the start of the financial year.

At June 30, 2019, the Group's **backlog** reached the historical level of €545.5 million, multiplied by 5.5 compared to June 30, 2018, providing exceptional visibility for the coming years.

[1] First application of IFRS 16 - *"Leases"* from January 1, 2019 (the impacts are described in the half-year report, no retrospective amendment for 2018).

[2] The revenue differs by €0.9 million to that reported on July 28, 2019 due to amendments to the application modalities of IFRS 15 *"Revenue from Contracts with Customers"* for certain contracts.

[3] Current operating income before depreciation, amortization and provisions.

EBITDA grew by 85.4 % to €9.9 million. The EBITDA margin jumped from 10.6 % in first-half 2018 to 17.3 % this quarter. This is the result of the excellent progress in the Robotics division, improved profitability in the Aerospace division and the application of IFRS 16 – *Leases* for €1.1 million.

Current operating income for the first half of 2019 saw a significant 157.2 % increase, to €4.2 million.

After **non-recurring items** of €0.4 million mainly due to restructuring costs in the Aerospace and Simulation divisions amounting to €0.3 million and the amortization of intangible assets recognized at fair value during acquisitions amounting to €0.1 million, **operating income** was up 322.9 % to €3.8 million. The operating margin was 6.6 %, up significantly compared to the first half of 2018.

Financial income and expenses contributed favorably to income, in the amount of €0.2 million, due to default interest collected for the repayment of a research tax credit claims.

Net income – Group share amounted to €3.2 million, up 208.6 %.

The impact of the first application of IFRS 16 - *Leases* was €1.1 million on EBITDA, but is negligible on operating income and net income (less than €0.1 million).

Performance by division

(in € millions)	Revenue			EBITDA[3]		
	H1 2019	H1 2018	*Change*	H1 2019	H1 2018	*Change*
Robotics	35.8	27.7	*+29.6 %*	9.3	4.0	*+130.7 %*
Aerospace	18.7	16.8	*+11.2 %*	1.1	0.3	*+237.8 %*
Simulation	2.6	5.6	*-54.3 %*	(0.5)	1.0	*-151.5 %*
Adjustments[4]	-	0.3	*n.s*	-	(0.1)	*n.s.*
Structure & disposals	*(0.0)*	*0.0*	*n.s.*	*(0.0)*	*0.1*	*n.s.*
Consolidated	57.1	50.4	*+13.3 %*	9.9	5.3	*+85.4 %*

Revenue from the **Robotics** division was €35.8 million in the first half of 2019, up 29.6 % compared to the first half of 2018. The division posted a remarkable performance this half-year thanks to the good level of backlog and the start of the mine-hunting contract for the Belgian and Dutch navies. The Group recognized a part of the revenue that could be recognized this year for the contract; the teams are mobilized and being recruited, and the study phase of the project has started.

Thanks to the good level of business, the division's EBITDA was up 130.7 % to €9.3 million, with an EBITDA margin of 26.0 %, compared to 14.6 % for the same period last year. The division's operating income was multiplied by more than 5 to €5.1 million for the half, compared to €0.9 million for the first half of 2018. The operating income benefited from €1 million in fair value adjustment for the investment in WANDERCRAFT.

[4] 2018 sector data is adjusted for the contribution of activities for which the closure or disposal were decided in 2017 (sale of the business capital of SSI in August 2018 in the Simulation division).

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The division's backlog was €517.5 million at June 30, 2019, multiplied by more than 7 compared to June 30, 2018. It includes the major order for 12 mine-hunting vessels for the Belgian and Dutch navies, and offers exceptional visibility for the coming years.

Revenue for the Aerospace division was up by 11.2 % in the first half of 2019. This remarkable performance is due to the good level of orders recorded since the start of the financial year, the ramp-up of Ground Support Equipment and a favorable base effect.

The division's EBITDA margin was 5.9 % for the half, compared to 1.9 % for the first half of 2018. The division saw a significant improvement to its profitability with the ramp-up of projects, whilst the disturbance caused by regrouping of Toulouse aerospace activities on a single site. Operating income was -€0.4 million, compared to -€0.5 million for the first half of 2018, impacted by restructuring costs related to the relocation for €0.3 million.

The backlog was €26.2 million, up 12.8 % compared to June 30, 2018.

Revenue for the Simulation division was €2.6 million for the first half, compared to €5.6 million for the first half of 2018, penalized by the completion of the contract for military vehicle driving simulators. Simulation represents less than 5 % of the Group's revenue.

The division's EBITDA was down by -€1.5 million, impacted by a temporary low workload. Operating income was -€1.0 million compared to €0.6 million for the first half of 2018.

The backlog was €1.7 million at June 30, 2019.

Financial position

Operating cash flow for the half-year was €4.5 million. Cash flow was up €4,9 million compared to 2018 (of which €1.1 million due to the application of IFRS 16), but the working capital requirement increased by €2.1 million.

As at June 30, 2019, net debt (excluding lease debt resulting from the application of IFRS 16 and including treasury shares) was €9.7 million, compared to €12.8 million as at January 1, 2019.

2019 outlook

For 2019, the Group confirms that its revenue growth target in excess of 5 % should be largely exceeded.

In the Aerospace division, the good level of backlog enables us to expect a robust performance for the second half of the year. The sales momentum remains favorable notably in the Automated Guided Vehicles segment, which is the application of the Group's know-how to drones and land vehicles, with these new developments raising significant signs of interest notably in the aerospace sector. The ECA Group expects significant potential for this activity over the medium term.

The Group is awaiting significant calls for tender in the Simulation division which should contribute to the activity's recovery.

Lastly, in the Robotics division, performance should continue to be at a very good level, driven by the execution of the contract for the supply of 12 mine-hunting vessels to the Belgian and Dutch navies. Some new mine-hunting contracts opportunities are already identified in several countries.

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Conference call on Wednesday September 18, 2019 at 10:00 a.m. CET

The information on the 2019 half-year results includes this press release and the presentation available on ECA Group's website: www.ecagroup.com

Today, Wednesday September 18, 2019, Guénaël Guillerme, Chief Executive Officer, and Loïc Le Berre, Deputy Chief Executive Officer and Chief Financial Officer of Groupe Gorgé, will provide the financial community with their comments on the ECA Group's results and respond to questions from analysts during a conference call in French from 10:00 a.m. (Paris time).

To participate in the conference call, you may call any of the following telephone numbers approximately 5 - 10 minutes prior to the scheduled start time:

- France: +33 (0) 1 72 72 74 03
- United Kingdom: +44 (0) 2 07 19 43 759
- Germany: +49 (0) 6 92 22 22 54 29
- United States: +1 64 67 22 49 16

Access code: 94804312#

A replay will be available as soon as possible on the ECA Group investor site, under "Documents".

Financial calendar

Third-quarter 2019 revenue: October 24, 2019 (before the stock market opening)

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Forward looking-statement

This press release could contain statements on past events and forward-looking statements including statements regarding future goals or targets. Forward-looking statements reflect current expectations for results and future events.
Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that may cause actual results, performance or events to differ materially from those anticipated herein. All these risks and uncertainties could affect the Group's future ability to achieve its targets. Risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements and targets include, among other things: the risks and uncertainties mentioned in the press release; the strength of competition; the continuing growth of the market; currency fluctuations; interest rate fluctuations; raw material price fluctuations; armed conflicts or political instability; control of costs and expenses; changes in tax legislation, rules, regulation or enforcement; our ability to successfully keep pace with technology changes; our ability to attract and retain qualified personnel and key personnel; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; supply chain and manufacturing bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.).
Some of these risk factors are set forth and detailed in our Document de référence (Registration Document including the annual financial report filed with the French Autorité des Marchés Financiers). This list of risks, uncertainties and other factors is not limitative. Other non- anticipated, unknown or unforeseeable factors could also have material adverse effect on our targets.

ECA Group

Recognized for its expertise in robotics, automation systems, simulation and industrial processes, the ECA Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936. Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defense, maritime, aeronautics, simulation, industrial and energy sectors.
In 2018, the Group reported revenue of €102.1 million across its three divisions: Robotics, Aerospace and Simulation.
The ECA Group is a Groupe Gorgé company.

The ECA Group is listed on Euronext Paris Compartment C.
ISIN Code: FR0010099515 | Ticker Code: ECASA – Bloomberg Code: ECASA: FP

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