

First-half 2014 results

Performance improved in France, uneven in international markets

- **Organic growth of 1.2%**
- **Sustained expansion in the strategic Nuclear and Aerospace businesses**
- **Operating profit impacted by difficulties in Germany**
- **Significant cash generation, with swing to a positive net cash position**

(Paris – 8 September 2014 – 5:35 pm CET) – The Board of Directors of Assystem S.A. (ISIN: FR0000074148 – ASY), a leading innovation and engineering consultancy, met on 5 September and reviewed the consolidated financial statements for the six months ended 30 June 2014.

€m	H1 2013 restated*	H1 2014
Income statement highlights		
Revenue	433.2	438.7
Operating profit from business activity ¹	26.3	21.4
% of revenue	6.1%	4.9%
Operating profit	22.9	19.0
% of revenue	5.3%	4.3%
Attributable net profit	15.0	8.1
Attributable net profit excluding change in fair value of the ORNANE derivative ²	13.8	10.5
Cash flow highlights		
Operating free cash flow ³	(10.5)	(4.4)
Balance sheet highlights		
(Net debt)/Net cash ⁴	(25.6)	35.5
Per share data (€)		
Basic earnings per share	0.81	0.41
Diluted earnings per share ⁵	0.65	0.52

* First-half 2014 figures reflect the first-time adoption of IFRS 11 – Joint Arrangements. The companies MPH Yemen, Engage and n.triple.a are now accounted for by the equity method. For purposes of comparison, the 2013 accounts have been restated to reflect the impact of this change in accounting method.

The Statutory Auditors have conducted a review of the interim consolidated financial statements.

1. Operating profit from business activity corresponds to operating profit before (i) expenses related to stock grants and stock options; (ii) acquisition costs; (iii) gains or losses on asset disposals and (iv) income and expenses related to unusual or infrequent events.
2. The change in fair value of the ORNANE derivative represented an expense of €3.8 million in first-half 2014 or €2.4 million net of tax. In first-half 2013, the change in fair value led to the recognition of income of €1.8 million, or €1.2 million net of tax.
3. Net cash flow from operating activities, less capital expenditure, net of disposals and excluding cash flow from discontinued operations.
4. Long-term and short-term debt less cash and cash equivalents and fair value of currency hedging instruments.
5. No dilution from the ORNANE derivative was recognised at 30 June 2014, given the Company's share price and its intention to settle the nominal value in cash.

ANALYSIS OF THE FIRST-HALF 2014 INCOME STATEMENT

- *Revenue and invoicing rate*

Revenue rose by 1.2% on an organic basis in the first half of 2014. In France, organic growth came to 4.0%, thanks to a firm performance from the strategic nuclear and aerospace businesses and an improvement in the automotive sector. Revenue in international markets moved back 3.0% at constant scope, and was significantly impacted by the deteriorating situation in Germany, in both the automotive and aerospace industries.

The operational invoicing rate stood at 90.3% for the period, versus 91.4% for first-half 2013.

- *Operating profit*

At €19.0 million, operating profit was lower than in first-half 2013.

€m	H1 2013*	% of revenue	H1 2014	% of revenue
France	15.6	6.0%	17.3	6.4%
International	7.3	4.2%	1.7	1.0%
Total	22.9	5.3%	19.0	4.3%

*Restated to reflect the impact of the first-time adoption of IFRS 11

Performances in France improved, with operating profit increasing by 10%, representing 6.4% of revenue.

Margins in international markets narrowed sharply, mainly due to difficulties encountered in Germany where Assystem reported a significant operating loss of €3.4 million. In response to sustained competitive pressure, Assystem is implementing an action plan in the second half of the year to reinvigorate the business and restore profitability (by reducing employee numbers and overheads) by 2015.

Operating margin in **Global Product Solutions**⁶ shrank considerably to 3.8% (from 5.1% in H1 2013). The aerospace segment continued to report a high level of profitability (excluding German operations). Despite the business recovery in France, the automotive segment suffered from persistently strong pressure on margins.

Operating margin in **Energy & Infrastructure**⁷ came to 5.1% (vs. 5.5% in H1 2013), led by strong performances in the nuclear sector but impacted by the fall-off in demand in conventional energy.

- *Attributable net profit*

Excluding the change in fair value of the ORNANE derivative, attributable net profit totalled €10.5 million compared with €13.8 million in the first half of 2013.

The fair value adjustment to the ORNANE derivative led to the recognition of a non-cash expense of €3.8 million, versus non-cash income of €1.8 million in first-half 2013.

Attributable net profit came to €8.1 million, compared with €15.0 million in the prior-year period.

⁶ Merger of the Aerospace Engineering and Technology & Product Engineering business units.

⁷ Formerly Infrastructure Engineering & Operations.

NET CASH

Consolidated free cash flow amounted to a negative €4.4 million for the period, versus a negative €10.5 million for the first half of 2013.

Assystem had a net cash position of €35.5 million at 30 June 2014, versus a net debt position of €5.9 million a year earlier. The swing to a positive cash position reflected the €33.8 million impact of the sale of treasury shares through the public offer initiated by HDL Development as well as the €31.1 million capital increase following the exercise of redeemable share warrants (BSAARs) in May.

2014 OUTLOOK

Assystem is continuing to deploy its project to become a global player in the strategic engineering, nuclear and aerospace sectors.

Pursuing its international expansion, in May Assystem signed the acquisition of Radicon Gulf Consult, an engineering company based in Saudi Arabia. Assystem expects to obtain the related approvals from local authorities in the coming weeks.

In the current economic environment, Assystem is aiming to achieve slight organic revenue growth for the full year.

As regards its operating performance, the reduction in France's research tax credit following changes in government policy and the cost of Assystem's restructuring measures are expected to adversely affect operating profit. The impacts of these recent developments cannot be accurately estimated at this time. Excluding these items, Assystem is aiming to maintain operating margin at the level achieved in 2013.

INVESTOR CALENDAR

- 12 November 2014: Third-quarter 2014 revenue released

Assystem is an international Engineering and Innovation Consultancy. As a key participant in the industry for more than 45 years, Assystem supports its customers in developing their products and managing their capital expenditure throughout the product life cycle. Assystem employs more than 11,000 people worldwide and reported €871.4 million in revenue in 2013. The Company is listed on NYSE Euronext Paris.

For more information, please visit www.assystem.com – Follow Assystem on Twitter: [@aneupath2growth](https://twitter.com/aneupath2growth)

CONTACTS

Gilbert Vidal
Chief Financial Officer
Phone: +33 (0)1 55 65 03 10

Pauline Bucaille
Vice President, Corporate Communications and Investor Relations
Phone: +33 (0)1 55 65 03 08 – pbucaille@assystem.com

Nicolas Castex - Agnès Villeret - Lucie Larguier
Citigate Dewe Rogerson
Phone: +33 (0)1 53 32 78 95 – +33 (0)1 53 32 84 75
agnes.villeret@citigate.fr / lucie.larguier@citigate.fr

APPENDICES

• CONSOLIDATED REVENUE BY REGION

In € million	H1 2013 reported	H1 2013 restated	H1 2014	Reported change	Organic change*
France	261.4	260.4	271.3	+ 3.8%	+ 4.0%
International	174.6	172.8	167.4	- 4.2%	- 3.0%

• CONSOLIDATED REVENUE BY POLE

In € million	H1 2013 reported	H1 2013 restated	H1 2014	Weight	Reported change	Organic change*
Energy & Infrastructure ¹	181.8	179.9	182.1	42%	+ 0.1%	+ 1.7%
Global Product Solutions ²	254.2	254.2	256.6	58%	+1.0%	+ 0.9%

* At current exchange rates.

¹ Formerly Infrastructure Engineering & Operations.

² Merger of the Aerospace Engineering and Technology & Product Engineering business units.

• OPERATING PROFIT BY BUSINESS UNIT

In € million	H1 2013 restated	% of Revenue	H1 2014	% of Revenues
Energy & Infrastructure ¹	9.8	5.5%	9.3	5.1%
Global Product Solutions ²	13.1	4.9%	9.7	3.8%

¹ Formerly Infrastructure Engineering & Operations.

² Merger of the Aerospace Engineering and Technology & Product Engineering business units.

• SHARE CAPITAL

Shares outstanding	AS OF 31/12/2013	AS OF 31/08/2014
Ordinary shares outstanding	19,326,066	22,133,164
Treasury stock	1,829,333	147,726
BSAR 2015 redeemable share warrants outstanding ¹ (Exercise price: €11.10)	2,999,463	192,365
Stock awards and performance stock awards outstanding	211,536	131,319
Weighted average shares outstanding	18,519,429	N/A
Diluted weighted average shares outstanding ²	19,808,048	N/A

¹ Parity: 1.0; Expire: 9 July 2015; Enforcement call starting date: 9 July 2013; Enforcement call share price: € 15.54.

² Excluding potential dilutive effect from the ORNANE, the Group's objective is to repay the nominal value in cash considering the stock price.

• BREAKDOWN OF CAPITAL AT 31 AUGUST 2014

%	Shares	Effective voting rights
HDL Development	60.90	(at least) 60.68
Public	38.43	39.32
Treasury stock	0.67	0.0

● CONSOLIDATED BALANCE SHEET

In € million

	30 June 2014	31 Dec 2013 restated*	30 June 2013 restated*
ASSETS			
Goodwill	124.4	119.7	119.7
Intangible assets	4.9	5.0	4.6
Property, plant and equipment	18.7	19.1	19.6
Investment property	1.4	1.4	1.4
Investment in associates	1.6	1.9	2.1
Available-for-sale financial assets	0.2	0.2	3.2
Other non-current financial assets	8.7	8.5	8.0
Deferred tax assets	6.2	7.5	5.3
Total non-current assets	166.1	163.3	163.9
Trade receivables	283.5	272.0	280.1
Other receivables	47.6	42.5	38.8
Corporate income tax receivables	3.5	4.2	6.1
Other current financial assets		0.2	0.1
Cash and cash equivalents	161.7	131.5	133.2
Total current assets	496.3	450.4	458.3
TOTAL ASSETS	662.4	613.7	622.2
LIABILITIES			
Share capital	22.1	19.3	19.2
Share premiums	79.4	51.1	50.0
Consolidated reserves	141.7	91.2	90.2
Net profit for the period	8.1	27.1	15.0
Equity, Group share	251.3	188.7	174.4
Non-controlling interests	7.3	7.1	7.4
Consolidated equity	258.6	195.8	181.8
Bond issues	82.8	84.5	83.3
Other non-current financial	12.4	7.8	46.0
Provisions	0.4	0.3	0.5
Employee benefits	19.8	17.2	15.1
Other non-current liabilities	7.1	6.4	7.2
Deferred tax liabilities	0.9	1.4	0.9
Non-current liabilities	123.4	117.6	153.0
Bond issues			24.3
Other current financial and derivative liabilities	31.0	45.1	5.2
Provisions	4.9	5.2	7.1
Trade payables	36.7	39.4	39.3
Corporate income tax liabilities	1.6	2.6	4.0
Other current liabilities	206.2	208.0	207.5
Current liabilities	280.4	300.3	287.4
TOTAL LIABILITIES	662.4	613.7	622.2

* Figures as of 31 December 2013 and as of 30 June 2013 are restated for IFRS 11 – Joint Arrangements.

● **CONSOLIDATED INCOME STATEMENT**

<i>In € million</i>	30 June 2014	30 June 2013 restated*	30 June 2012
Sales	438.7	433.2	427.1
Employee costs	(326.1)	(316.0)	(304.7)
Taxes and duties	(0.9)	(0.9)	(1.0)
Depreciation and provision expenses	(5.4)	(6.2)	(3.7)
Other operating incomes and expenses	(84.9)	(83.8)	(89.5)
Operating profit	21.4	26.3	28.2
Costs related to bonus shares	(0.4)	(0.6)	(0.5)
Acquisition costs and capital gains or losses on disposals	(0.8)	(0.4)	(0.8)
Other non-current operating incomes and expenses	(1.2)	(2.4)	0.0
Operating result	19.0	22.9	26.9
Net profit of equity affiliates	0.1	0.2	0.1
Net borrowing costs	(1.3)	(1.7)	(1.8)
Other financial incomes and expenses	(5.9)	(0.2)	(4.0)
Net profit for the period from continuing operations before tax	11.9	21.2	21.2
Income tax	(3.6)	(5.8)	(6.2)
Net profit for the period from continuing operations	8.3	15.4	15.0
Result for the period from discontinued operations	0.0	(0.1)	(0.1)
Consolidated net profit for the period	8.3	15.3	14.9
Attributable :			
To Assystem SA	8.1	15.0	14.6
To non-controlling interests	0.2	0.3	0.3

* Figures as of 30 June 2013 are restated for IFRS 11 – Joint Arrangements.

• CONSOLIDATED CASH FLOW STATEMENT

<i>In € million</i>	30 June 2014	30 June 2013 restated*	30 June 2012
OPERATING ACTIVITIES			
Net profit for the period from continuing operations	8.3	15.4	15.0
Elimination of non-cash and non-operating transactions	16.8	15.3	15.7
Change in operating working capital requirement	(22.5)	(26.5)	(15.4)
Income tax paid	(2.7)	(9.9)	(9.2)
Net cash flow from discontinued operations		0.1	
Net cash flow from operating activities	(0.1)	(5.6)	6.1
INVESTING ACTIVITIES			
Fixed assets acquisitions	(4.3)	(4.7)	(6.3)
Fixed assets disposals	(4.3)	(4.7)	1.8 (4.5)
Securities purchases	(1.9)	(0.1)	(15.8)
Securities disposals	(1.9)	(0.1)	0.1 (15.7)
Loans to companies classified as available-for-sale asset			(0.3)
Loans repaid by companies classified as available-for-sale assets	0.2	0.3	
Loans to non-consolidated companies		(0.5)	
Received dividends	0.4	0.4	
Net cash flow from investing activities	(5.6)	(4.6)	(20.5)
FINANCING ACTIVITIES			
New borrowings and other debt		40.0	0.2
Borrowing repayments	(18.5)	0.4	(0.5)
Interest paid	(4.9)	(4.8)	(2.9)
Dividends paid to parent company's shareholders	(10.0)		(8.4)
Capital increase	31.1	0.6	3.2
Purchases and disposals of treasury shares	33.8	(28.9)	(0.2)
Net cash flow from financing activities	31.5	7.3	(8.6)
Change in net cash	25.8	(2.9)	(23.0)
Net cash at beginning of the period	131.3	134.3	151.4
Impact of non-monetary elements and changes in exchange rates	0.2	(0.3)	0.2
Change in net cash	25.8	(2.9)	(23.0)
Cash at end of the period	157.3	131.1	128.6

* Figures as of 31 December 2013 and as of 30 June 2013 restated for IFRS 11 – Joint Arrangements.

- **NET CASH**

<i>In € million</i>		
Net cash (12.31.2013)	(5.9)	
Operating cash flow	25.1	
Change in operating WCR	(22.5)	
Income tax expense and related change in WCR	(2.7)	
Capex	(4.3)	
FREE CASH FLOW	(4.4)	
Acquisition of own share	31.1	<i>Acquisition of own share: Positive impact of BSAR enforcement in May 2014</i>
Dividends	(10.0)	
Interest paid	(4.6)	
Own shares	33.8	<i>Own shares: Positive impact of own shares brought to the takeover bid launched by Dominique Louis in the first half of 2014</i>
Other	(4.5)	
NET CASH (06.30.2014)	35.5	

- **FINANCIAL ASSESSMENT**

<i>In € million</i>	30 June 2014	31 December 2013
ASSETS	381.9	313.4
Non-current assets	166.1	163.3
<i>Of which Goodwill</i>	<i>124.4</i>	<i>119.8</i>
WCR	85.1	63.7
Current net cash	130.7	86.4
EQUITY AND LIABILITIES	381.9	313.4
Equity	258.6	195.8
<i>Group</i>	<i>251.3</i>	<i>188.7</i>
<i>minority</i>	<i>7.3</i>	<i>7.1</i>
NC liabilities	28.1	25.3
Long term financial debts	95.2	92.3

- **Issuance of net share settled bonds convertible into new and/or exchangeable for existing shares (ORNANE)**

Main characteristics of the ORNANE issued in July 2011 for total amount of €92 million.

Total amount of the issue	€92 million
Date of issue	6 July 2011
Maturity	1 January 2017
Number of bonds issued	4.181.818
Unit issue price. with a 27.43% premium	€22.00
Interest rate	4%
Number of outstanding bonds at 30 June 2014 following the reimbursement of the ORNANE in H1 2014	4 045 144
Fair value of the issue at 30 June 2014	93.6 M€
<i>Of which mark-to-market value of the equity component</i>	<i>10.8 M€</i>

In the first half of 2014, the Group has reimbursed 136,674 ORNANE for a total amount of €3,0 million.

The company has repurchased 2,292,446 '2017 ORNANE' on 18 July 2014, and 517,841 ORNANE on 25 July 2014, within a repurchase offer procedure at a unit price of €25.75. The total number of 2017 ORNANE repurchased by the Company amounts to 67.2% of the number of 2017 ORNANE initially issued.

The total amount of 2017 ORNANE repurchased by the company reaches 67,2% of the total amount of 2017 ORNANE issued initially. Consequently, 1,234,858 2017 ORNANE remain outstanding.

- **ODIRNANE**

On 9 July 2014, the company has issued 5,602,240 senior unsecured net share settled bonds with an indefinite term convertible into new shares and/or exchangeable for existing shares (ODIRNANE), for a total amount of €160 million.

Total amount of the issue	€160 million
Date of issue	9 July 2014
Maturity	Perpetual
Number of bonds issued	5,602,240
Unit issue price with a 30% premium *	€28.56
Coupon until 16 July 2021	4.5%

* Reference share price : €21.97