

2014 annual results: sharp increase in free cash flow

- Free cash flow: €31.2 million (+ 41%)
- Stable revenue
- EBITA margin: 6%
- Balance sheet strengthened: net cash of €221.9 million

Paris, 10 March 2015, 5:35 p.m. – The Board of Directors of Assystem S.A. (ISIN: FR0000074148 – ASY), a leading Innovation and Engineering Consultancy, met on 6 March and reviewed the financial statements for the year ended 31 December 2014.

€ millions – Audited figures	2013 restated*	2014
Income statement highlights		
Revenue	864.7	866.6
Operating profit before non-recurring items (EBITA) ¹ % of revenue	60.2 7.0%	51.8 6.0%
Operating profit % of revenue	53.1 6.1%	36.6 4.2%
Attributable net profit	27.1	21.8
Attributable net profit excluding change in fair value of the ORNANE derivative ²	27.9	21.0
Cash flow highlights		
Free cash flow ³	22.1	31.2
Balance sheet highlights		
Equity ⁴ (Net debt)/Net cash ⁵	195.8 (5.9)	424.3 221.9
Per share data (€)		
Basic earnings per share	1.46	1.05
Diluted earnings per share ⁶	1.33	0.98

* Full-year 2014 figures reflect the first-time implementation of IFRS 11 – Joint Arrangements. MPH Yemen, Engage and n.triple.a are now accounted for under the equity method. For purposes of comparison, the 2013 data presented in this document have been restated to reflect the impact of this change in accounting method.

1 Operating profit before non-recurring items (EBITA) 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 income of €1.3 million in 2014, or €0.8 million net of tax. In 2013, the change in fair value led to the recognition of an expense of €1.3 million, or €0.8 million net of tax.

3 Net cash flow from operating activities, less operating capital expenditure, net of disposals and excluding cash flow from discontinued operations.

4 Of which equity instruments at 31 December 2014 (ODIRNANE bonds for €158.4 million).

5 Cash and cash equivalents less long-term and short-term debt after taking into account the fair value of interest-rate and currency hedging instruments.

6 On the basis of a maximum dilution related to the conversion of Ormane and Odirnane in Assystem shares and not taking into account the Group's ability to decide on the reimbursement of these financial instruments in cash.

ANALYSIS OF THE 2014 INCOME STATEMENT

- *Revenue and invoicing rate*

Revenue came to €666.6 million in 2014, up by 0.2% at constant scope of consolidation.

Energy & Infrastructure revenue (41% of consolidated revenue) inched back slightly by 1.2% in 2014, driven by growth in the Nuclear sector (+2%) but impacted by the decline in MPH Global Services activity and in the conventional power generation segment.

Global Product Solutions revenue (59% of consolidated revenue) improved by 1.2% over the year. Aerospace revenue was stable, despite a significant decrease in Germany. Automotive revenue was significantly higher, thanks to strong business momentum in France and Romania.

The Group's **operational invoicing rate** stood at **90.7%** for the year, compared to 91% in 2013.

- *EBITA*

EBITA totalled €51.8 million, or 6.0% of revenue, compared to €60.2 million and 7.0% respectively in 2013.

In **Energy & Infrastructure**⁷, EBITA declined slightly by €1.6 million to €20.5 million. The decrease was attributable to start-up and development costs for the Group's operations in the Middle East and the effects of MPH's ongoing measures to refocus the business. EBITA margin came out at **5.8%**, compared to 6.1% in 2013.

In **Global Product Solutions**⁸, EBITA amounted to €31.3 million, down €6.8 million year-on-year. Impacted by lower activity in Germany and the reduction in France's R&D tax credit, it represented **6.1%** of revenue in 2014, compared to 7.5% in 2013.

- *Attributable net profit*

To enhance its competitiveness, Assystem implemented several adjustments and transformation programmes during the year for a total cost of €11.6 million, reflecting reductions in operational staff and structure costs in Germany for €5.6 million and targeted measures elsewhere in the Group.

Net financial expense amounted to €5.6 million for the year and income tax expense represented €8.6 million.

Attributable net profit for the year amounted to €21.8 million⁹.

FREE CASH FLOW AND NET CASH

Free cash flow increased sharply by **41%**, representing **€31.2 million** in 2014 compared to €22.1 million in the previous year.

The Group's financial position is solid, with a **net cash position of €21.9 million** at 31 December 2014.

For 2014, Assystem will propose to the Annual General Meeting of 22 May 2015, the payment of a **dividend of €0.75 per share**.

⁷ Formerly Infrastructure Engineering & Operations.

⁸ Comprises the merged Aerospace Engineering and Technology & Product Engineering business units.

⁹ Basic earnings per share totalled €1.05 for 2014.

2015 OUTLOOK

Assystem confirms its strategy of becoming a global player in strategic engineering sectors:

- in Energy & Infrastructure, leveraging good medium-term visibility, Assystem will continue to capitalise on its nuclear industry expertise and develop its position in the Middle East;
- it will continue to adapt its Global Product Solutions offering to respond to new aerospace industry challenges and also to speed up the deployment of its competitive Automotive offering, beyond the existing customer base.

Assystem expects to return to significant growth in 2015, driven by organic growth from existing businesses and the consolidation of Radicon¹⁰ from January 2015, which is benefiting from very strong embedded growth and momentum within infrastructure markets in Saudi Arabia (KSA).

In an uncertain economic environment, Assystem has set the objective of improving its EBITA margin.

INVESTOR CALENDAR

- 30 April 2015: First-quarter 2015 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 nearly 11,000 people worldwide and reported €866.6 million in revenue in 2014. The Company is listed on Euronext Paris. For more information, visit www.assystem.com - Follow Assystem on Twitter: [@aneupath2growth](https://twitter.com/aneupath2growth)

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¹⁰ Radicon Gulf Consult generated revenue of €23 million in 2014.

APPENDICES

• CONSOLIDATED REVENUE BY REGION

<i>In € million</i>	2013 reported	2013 restated*	2014	Organic change**
France	523.3	521.2	534.1	+ 2.4%
International	348.1	343.5	332.5	- 3.2%
Total	871.4	864.7	866.6	+ 0.2%

• CONSOLIDATED REVENUE BY POLE

<i>In € million</i>		2013 reported	2013 restated*	2014	Organic change**
Energy & Infrastructure ¹	41%	365.9	359.2	354.9	- 1.2%
Global Product Solutions ²	59%	505.5	505.5	511.7	+ 1.2%

• EBITA BY REGIONAL SEGMENT

<i>In € million</i>	2013 restated*	% of Revenue	2014	% of Revenue
France	42.1	8.1%	40.2	7.5%
International	18.1	5.3%	11.6	3.5%
Total	60.2	7.0%	51.8	6.0%

• EBITA BY BUSINESS SEGMENT

<i>In € million</i>	2013 restated*	% of Revenue	2014	% of Revenue
Energy & Infrastructure ¹	22.1	6.1%	20.5	5.8%
Global Product Solutions ²	38.1	7.5%	31.3	6.1%

• SHARE CAPITAL

	AS OF 31/12/2013	AS OF 31/12/2014
Shares outstanding		
Ordinary shares outstanding	19,326,066	22,154,831
Treasury stock	1,829,333	388,117
BSAAR 2015 redeemable share warrants outstanding ³ (Exercise price: €11.10)	2,999,463	170,698
Stock awards and performance stock awards outstanding	211,536	92,550
Weighted average shares outstanding	18,519,429	20,751,174
Diluted weighted average shares outstanding ⁴	19,808,048	20,919,873

• BREAKDOWN OF CAPITAL AT 31/12/2014

	Shares	Effective voting rights
HDL Development⁵	60.84%	61.32%
Public⁶	37.41%	38.68%
Treasury stock	1.75%	0.0%

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

** At current exchange rates.

1 Formerly Infrastructure Engineering & Operations.

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

3 Parity: 1.0; Maturity date: 9 July 2015; Enforcement call possible from 9 July 2013 if share price > €15.54.

4 After taking into account the potential dilution from the exercise of warrants, and excluding potential effect of dilution by the conversion of Ormane and Odirnane.

5 HDL Development is a holding company controlled by Dominique Louis, Founder-Chairman of Assystem, notably through HDL (which holds an 0.13% direct stake in Assystem).

6 Including 0.13% held by HDL.

• CONSOLIDATED BALANCE SHEET

In € million

	31/12/2014	31/12/2013 restated*	31/12/2013 reported
ASSETS			
Goodwill	124.5	119.7	119.8
Intangible assets	4.6	5.0	5.0
Property, plant and equipment	17.6	19.1	19.1
Investment property	1.4	1.4	1.4
Investment in associates	1.0	1.9	0.7
Available-for-sale financial assets	0.2	0.2	0.2
Other non-current financial assets	10.7	8.5	8.5
Deferred tax assets	11.3	7.5	7.5
Total non-current assets	171.3	163.3	162.2
Trade receivables	280.5	272.0	273.8
Other receivables	56.5	42.6	43.1
Corporate income tax receivables	4.0	4.2	4.2
Other current financial assets	0.1	0.2	0.2
Cash and cash equivalents	252.2	131.4	133.6
Total current assets	593.3	450.4	454.9
TOTAL ASSETS	764.6	613.7	617.1
	31 Dec 2014	31 Dec 2013 restated*	31 Dec 2013 reported
LIABILITIES			
Share capital	22.2	19.3	19.3
Share premiums	79.6	51.1	51.1
Consolidated reserves	135.1	91.2	91.2
Convertible hybrid bonds**	158.4		
Net profit for the period	21.8	27.1	27.1
Equity, Group share	417.1	188.7	188.7
Non-controlling interests	7.2	7.1	7.1
Consolidated equity	424.3	195.8	195.8
Convertible bonds	25.6	84.5	84.5
Other non-current financial liabilities	1.0	7.8	7.8
Provisions	2.3	0.3	0.3
Employee benefits	24.3	17.2	17.2
Other non-current liabilities	2.0	6.4	6.4
Deferred tax liabilities	-	1.4	1.4
Non-current liabilities	55.2	117.6	117.6
Current financial and derivative liabilities	3.7	45.1	44.9
Provisions	9.7	5.2	5.2
Trade payables	47.2	39.4	41.6
Corporate income tax liabilities	1.8	2.6	2.8
Other current liabilities	222.7	208.0	209.2
Current liabilities	285.1	300.3	303.7
TOTAL LIABILITIES	764.6	613.7	617.1

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

** Odimane.

● **CONSOLIDATED INCOME STATEMENT**

<i>In € million</i>	31 Dec 2014	31 Dec 2013 restated*	31 Dec 2013 reported
Sales	866.6	864.7	871.4
Employee costs	(631.3)	(624.8)	(626.2)
Taxes and duties	(1.8)	(1.9)	(1.9)
Net depreciation expense	(8.7)	(9.2)	(9.2)
Net change in provisions for risks and charges**	(3.0)	(0.9)	(1.1)
Other operating income and expense ***	(170.0)	(167.7)	(172.7)
Operating income before non-recurring items (EBITA)	51.8	60.2	60.3
Costs related to bonus shares	(0.7)	(1.2)	(1.2)
Other non-recurring income and expense	(14.5)	(5.9)	(5.9)
Operating income	36.6	53.1	53.2
Net profit of equity affiliates	(0.5)	0.2	0.2
Net borrowing costs	1.8	(3.6)	(3.6)
Change in fair value of the ORNANE derivative	1.3	(1.3)	(1.3)
Other financial income and expense	(8.7)	(8.5)	(8.5)
Net profit for the period from continuing operations before tax	30.5	39.9	40.0
Income tax	(8.6)	(12.8)	(12.9)
Net profit for the period from continuing operations	21.9	27.1	27.1
Result for the period from discontinued operations	-	0.1	0.1
Consolidated net profit for the period	21.9	27.2	27.2
Attributable :			
Net income – Group share	21.8	27.1	27.1
Net income – Non-controlling interests	0.1	0.1	0.1

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

** "Net change in provisions for risks and charges" only includes movements in provisions related to recurring income and expense items. Furthermore, with regard to the reversal of provisions, it records only the release of provisions which have not been used to cover expenses. Reversals of provisions used to cover expenses are recorded where the corresponding expense is accounted for.

*** "Other operating income and expense" includes movements in provisions on current assets.

● CONSOLIDATED CASH FLOW STATEMENT

<i>In € million</i>	31 Dec 2014	31 Dec 2013 restated*	31 Dec 2013 reported
OPERATING ACTIVITIES			
Net profit for the period from continuing operations	21.9	27.1	27.1
Elimination of non-cash and non-operating transactions	32.2	38.4	38.3
Change in operating working capital requirement	(2.0)	(15.9)	(15.5)
Income tax paid	(12.6)	(17.1)	(17.1)
Net cash flow from discontinued operations	-	0.2	0.2
Net cash flow from operating activities	39.5	32.7	33.0
INVESTING ACTIVITIES			
Fixed assets - acquisitions	(8.3)	(10.5)	(10.6)
Fixed assets - disposals	-	0.1	0.1
	(8.3)	(10.4)	(10.5)
Investment in consolidated companies	(1.9)	(0.2)	(0.2)
Loans granted by the Group to non-consolidated companies	(0.1)		
Loans repaid to the Group by non-consolidated companies	0.2		0.3
Dividends received	0.5	0.5	0.1
Net cash flow from investing activities	(9.6)	(10.1)	(10.3)
FINANCING ACTIVITIES			
New borrowings and other debt	-	39.6	39.6
Borrowing repayments and changes in other financial liabilities	(115.5)	(24.6)	(24.6)
Interest paid	(6.7)	(5.9)	(5.9)
Cash investments	5.1	-	-
Dividends paid to equity holders of the parent company and to non-controlling interests	(10.0)	(8.2)	(8.2)
Capital increase	31.4	1.7	1.7
Issue of equity instruments**	158.4		
Purchases and disposals of treasury shares	26.5	(27.9)	(27.9)
Net cash flow from financing activities	89.2	(25.3)	(25.3)
Change in net cash	119.1	(2.7)	(2.6)
Net cash at beginning of the period	131.2	134.2	136.3
Impact of non-monetary elements and changes in exchange rates	0.2	(0.3)	(0.3)
Change in net cash	119.1	(2.7)	(2.6)
Cash at end of the period	250.5	131.2	133.4

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

** Odirnane

- NET CASH**

In € million

NET DEBT (31 Dec. 2013)*	(5.9)	
Operating cash flow	54.1	
Change in operating Working Capital Requirements (WCR)	(2.0)	
Income tax expense and related change in WCR	(12.6)	
Capex	(8.3)	
FREE CASH FLOW	31.2	
Capital increase	31.4	<i>Exercise of warrants in May 2014 (+ €31.4 million).</i>
Issue of equity instruments	158.4	<i>Odirmane (€ 158.4 million net of expenses).</i>
Dividends	(10.0)	
Own shares	26.5	<i>Including proceeds from the sale of treasury shares tendered to the takeover bid led by HDL Development in H1 2014 (€ 33 million).</i>
Other	(9.7)	
NET CASH (31 Dec.2014)	221.9	

- SUMMARY BALANCE SHEET**

In € million

	31 Dec 2014	31 Dec 2013 restated*
ASSETS	479.5	313.4
Non-current assets	171.3	163.3
<i>Of which Goodwill</i>	124.5	119.7
Net Working Capital Requirements	59.7	63.7
Cash and cash equivalents, net of current financial liabilities	248.5	86.4
EQUITY AND LIABILITIES	479.5	313.4
Equity	424.3	195.8
<i>incl. convertible hybrid bonds</i>	158.4	-
NC liabilities	28.6	25.3
Long term financial debt	26.6	92.3

- 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%

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

** Reference share price: €21.97.