

## Press release

# Q1 2017 trading update

## A good start to the year

Cergy, April 28<sup>th</sup>, 2017

### Q1 2017 highlights

- Total revenue growth at constant FX: +4.8% (+3.3% reported)
- EBITA up +2.5%, at €59.2 million
- Strong momentum in Germany & Central Europe and North-Western Europe
- SAG acquisition finalised on March 31<sup>st</sup>, 2017, integration process initiated
- Continued bolt-on M&A activity: 4 acquisitions in 2017 to date representing annual revenue of €141 million, of which €133 million in Germany

<i>In millions of euros (unaudited figures)</i>	Q1 2017	Q1 2016 Restated <sup>1</sup>	Change	Q1 2016 Published
Revenue	1,228.3	1,188.5	+3.3%	1,193.0
EBITA	59.2	57.7	+2.5%	57.1
EBITA margin	4.8%	4.9%		4.8%

Gauthier Louette, Chairman & CEO, commented: *'SPIE has made a good start to the year. Business across our main European geographies was in line with our expectations, with particularly good momentum in Germany & Central Europe and North-Western Europe. As planned, we finalised the acquisition of SAG at the end of March 2017 and immediately started to work on the integration, hand-in-hand with SAG employees. At the same time bolt-on M&A activity remained strong, particularly in Germany where we made further progress towards a fully-balanced portfolio of activities.'*

<sup>1</sup> Restated in accordance with IFRS 5: revenue and EBITA figures exclude the contribution from discontinued operations

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**Consolidated revenue** was €1,228.3 million in Q1 2017, up +4.8% year-on-year at constant currency. Reported revenue showed a +3.3% growth, which included a -1.5% foreign exchange impact primarily due to the weakening of the GBP.

**EBITA** was €59.2 million, up +2.5% year-on-year, with EBITA margin at 4.8% (4.9% in Q1 2016).

## Comments by segment

### France

In the France segment, revenue and margin in Q1 2017 were flat year-on-year, in line with expectations. In the wake of our 'Ambition 2020' project, SPIE Facilities is already bringing to market advanced digital solutions and deploying full IoT (Internet of Things) Facility Management on pilot projects. SPIE CityNetworks had a good start to the year, capitalising effectively on positive trends in telecoms and electrical grid services. Demand from industrial clients was hesitant, in part due to pre-election uncertainty. The stabilisation of activity with the public sector was confirmed in Q1 2017. The commercial market was more active, but remained competitive.

### Germany & Central Europe

The Germany & Central Europe segment delivered a strong performance in Q1 2017. In Germany, margins made further progress and revenue growth was strong, benefitting from both solid organic trends and the contribution of ICT specialists Comnet and GfT, acquired in 2016.

Our operations in Central Europe progressed well with the integration of Agis in Poland and Hungary. In Switzerland, the restructuring process initiated in 2015 is now substantially complete and bearing fruit.

### North-Western Europe

Momentum in the North-Western Europe segment was good in Q1 2017. Despite a negative impact from the weakening of the GBP, the segment's revenue grew significantly, as a result of a particularly strong M&A activity in the second part of 2016 (6 acquisitions, representing cumulative annual revenue in excess of €150 million) and sound business trends overall. Margin dynamics were good in Q1 2017.

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## Oil & Gas and Nuclear

Our Nuclear business reported a modest revenue decrease in Q1 2017, in line with management expectations, coming off a peak level of activity related to the 'Grand Carénage' programme in 2016, while maintaining its margins.

The performance of our Oil & Gas activities in Q1 2017 was weaker than expected, with continued revenue contraction leading to increased pressure on margins, in an environment that showed no sign of short-term improvement.

## Continued bolt-on M&A activity

In 2017 to date, SPIE acquired 4 companies, with total annualised revenue of €141 million.

On January 3<sup>rd</sup>, 2017, SPIE acquired Ad Bouman BV, active in the Dutch retail installation market. The company employs 22 people and generates annual revenue of approximately €5 million. Following the recent acquisition of Aaftink, this acquisition reinforces SPIE's leading position in the Dutch retail installation market.

On January 26<sup>th</sup>, 2017, SPIE acquired Maintenance Mesure Contrôle ('MMC'), through its subsidiary SPIE Nucléaire. MMC, a specialist in predictive maintenance on electronuclear sites, employs 15 people and generates annual revenue of approximately €3 million.

On April 6<sup>th</sup>, 2017, SPIE acquired PMS Sicherheitstechnik und Kommunikation GmbH in Germany. The company installs and maintains building security and communication systems, employs 24 people and generates annual revenue of approximately €3 million.

On April 13<sup>th</sup>, 2017, SPIE signed an agreement for the acquisition of Lück Verwaltungs GmbH, a German specialist in building technology services employing 1,000 people and generating annual revenue of approximately €130 million. With this acquisition, expected to be finalised by the end of May 2017, SPIE will expand its mechanical and electrical services capabilities in Germany, while further increasing its network density and strengthening its position as a major technical services provider in this country.

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## **Timely closing of the SAG acquisition**

SPIE completed the acquisition of SAG on March 31<sup>st</sup>, 2017, following the approval of the European competition authorities. SPIE and SAG management teams have immediately started to proceed with the integration process. The new organisation and management structure of the Group in Germany is being rapidly deployed and the first synergies will be delivered according to plan in 2017.

## **Successful bond issue**

In order to finance the acquisition of SAG, SPIE made a successful return to the bond market on March 15<sup>th</sup>, 2017, issuing a €600 million fixed-rate, euro-denominated bond, with a 7-year maturity and an annual coupon of 3.125%. The issue was heavily oversubscribed, reflecting institutional investors' confidence in SPIE's credit quality, rated BB by Standard & Poor's and Ba3 by Moody's.

## **2017 outlook confirmed**

Revenue acquired in 2017 through bolt-on acquisitions should be in the order of €200 million on a full-year basis.

Excluding SAG:

- Group revenue is expected to grow by c.4% at constant foreign exchange;
- Group EBITA margin is expected to remain stable at its 2016 level.

In addition, SAG's revenue contribution over nine months should be c.€1.0 billion, with an EBITA margin of c.6%, including synergies.

Based on the proven track records of both SPIE and SAG, we are confident that the combined Group will achieve c.100% cash conversion.

Dividend pay-out ratio will remain at c.40% of adjusted net income attributable to the Group.

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## Governance

In accordance with agreements in place between SPIE and its principal shareholders Clayton, Dubillier & Rice, Ardian and Caisse de Dépôt et Placement du Québec ('CDPQ'), Mr Roberto Quarta has resigned from his office as a Director of SPIE SA following the placing of 10.1% of SPIE's share capital by Clayax Acquisition Luxembourg 5 SCA and CDPQ. His resignation is effective March 16<sup>th</sup>, 2017. As a consequence, Clayton, Dubillier & Rice is now represented by one Director.

## Conference call for investors and analysts

**Date:** Friday, April 28<sup>th</sup>, 2017

9.00 am Paris time - 8.00 am London time

### Speakers:

Gauthier Louette, Chairman & CEO

Denis Chêne, CFO

## Next events

- **May 29<sup>th</sup>, 2017:** 2016 dividend ex-date (payment: May 31<sup>st</sup>, 2017)
- **July 28<sup>th</sup>, 2017:** 2017 Half-year results
- **September 29<sup>th</sup>, 2017:** 2017 interim dividend payment (amounting to 30% of 2016 approved dividend)
- **November 10<sup>th</sup>, 2017:** September 30<sup>th</sup>, 2017 trading update

## About SPIE

As the independent European leader in multi-technical services in the areas of energy and communications, SPIE supports its customers to design, build, operate and maintain energy-efficient and environmentally-friendly facilities. With 38,000 employees working from close to 600 sites in 38 countries, SPIE achieved in 2016 consolidated revenues of €5.1 billion and consolidated EBITA of €352 million.

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## Disclaimer

*Certain information included in this press release are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies (including the successful integration of SAG) and the environment in which SPIE operates, and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements.*

*Forward-looking statements speak only as of the date of this press release and SPIE expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements included in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Such forward-looking statements are for illustrative purposes only. Forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of SPIE. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under Chapter 4 "Risk factors" in the 2016 Registration Document, which received the AMF visa n° R. 17 - 017 on April 18<sup>th</sup>, 2017, and is available on the website of the Company ([www.spie.com](http://www.spie.com)) and of the AMF ([www.amf-france.org](http://www.amf-france.org)).*

*This press release includes only summary information and does not purport to be comprehensive. No reliance should be placed on the accuracy or completeness of the information or opinions contained in this press release.*

*This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.*

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## Appendix

### Reconciliation between revenue (as per management accounts) and revenue under IFRS

<i>In millions of euros (unaudited figures)</i>	<b>Q1 2017</b>	<b>Q1 2016 Restated*</b>
<b>Revenue (as per management accounts)</b>	<b>1,228.3</b>	<b>1,188.5</b>
Sonaid (OCTG activity)	(2.0)	(4.4)
Holding activities	6.2	11.2
Others	(9.7)	1.2
<b>Revenue under IFRS</b>	<b>1,222.8</b>	<b>1,196.6</b>

\* Restated in accordance with IFRS 5 (figures exclude the contribution from discontinued operations)

### Reconciliation between EBITA and Operating income

<i>In millions of euros (unaudited figures)</i>	<b>Q1 2017</b>	<b>Q1 2016 Restated*</b>
<b>EBITA</b>	<b>59.2</b>	<b>57.7</b>
Amortisation of intangible assets (allocated goodwill)	(4.0)	(10.8)
Discontinued activities and restructuring costs	(3.0)	0.0
Financial commissions	(0.3)	(0.4)
Non-controlling interests	(0.3)	(0.8)
Others	(6.2)	0.3
<b>Operating Income (including equity-accounted companies)</b>	<b>45.4</b>	<b>46.0</b>

\* Restated in accordance with IFRS 5 (figures exclude the contribution from discontinued operations)

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