

First-half 2017 revenues

Revenue up 87% to over €10 million

Increase in business from international telecoms operators

PRESS RELEASE

Thorigne-Fouillard, 25 July 2017, 06:00 p.m.

Thorigne-Fouillard, France - 25 July 2017, 06:00 p.m. - **Kerlink** (ALCLK - FR0013156007), a global specialist in network solutions for the Internet of Things (IoT), publishes its first-half 2017 revenue today. As expected, the company pursued its aggressive strategy of capturing market shares in order to take full advantage of the massive investments currently happening into IoT worldwide. As a result, it posted revenue up almost 87% for the period, to reach €10.1 million.

Revenue by business (€k)	H1 2017	H1 2016	Change H1 2017 vs H1 2016
Public operators	5,320	1,223	335%
Private operators	4,712	4,088	15%
Reference design	56	89	Ns
Total	10,088	5,400	+87%

Under IFRS (unaudited data)

Fourfold increase in revenue generated with public operators

As anticipated, this excellent performance was mainly driven by strong growth in sales generated with public operators (former incumbents and alternative telecom operators). Kerlink is now progressively benefiting from the execution of orders signed in recent months with several major French and international market players.

Tata agreement enters deployment phase with roll-out of the first worldwide LoRaWan™ network

These key contracts include the start of the roll-out of the world's largest LoRaWAN™ IoT network for Tata Communications in India, in accordance with the schedule jointly announced last March. More than 2,000 stations were produced during the period and have now entered the delivery and installation process. The agreement signed in March 2017 with Tata Communications covers the provision of more than 10,000 Kerlink Wirnet™ iBTS Compact stations. With this agreement now in the deployment phase, Kerlink has demonstrated its ability to bring its growth and organisation to the next level, and now has a major shop window for its technology that should significantly boost its growth potential with the largest global telecoms firms.

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Steady growth with private operators continues

Revenue generated with private operators grew by 15% over the period. This was in line with Group projections, given that resources have been largely allocated to closing deals and accelerating the deployment of major projects with international telecoms operators.

Value-added services: 70% growth

Over the period, revenue from value-added services increased by 70% to reach €1.1 million. While this segment's contribution to total business is proportionally small, it should increase substantially in the future, once the major infrastructure projects have been completed. Revenue generated by the Reference Design offering (turnkey services for producers of connected objects that want to incorporate an optimised network connectivity solution into their products) also remains modest, with the first significant royalties on agreements already signed.

International revenue up 3.7x

Revenue by geographic area (€k)	H1 2017	H1 2016	Change
NCSA (Americas)	178	49	x3.6
APAC (Asia-Pacific)	2,379	339	x7
EMEA (Europe ex. France)	1,408	690	x2
France	6,123	4,322	+42%
Total	10,088	5,400	+87%

Under IFRS (unaudited data)

Revenue generated on international markets totalled almost €4 million, an increase of 3.7 times compared to the first half of 2016. The contribution of sales achieved outside France practically doubled over the period, accounting for just under 40% of first-half revenue, compared with 20% in the first half of 2016.

Asia was the main driver of this trend (24% of first-half 2017 revenue), notably thanks to the start-up of the agreement with Tata Communications.

EMEA revenue also showed strong growth, to €1.4 million, thanks to the contribution of agreements signed with leading European operators.

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For the Americas (North, Central and South America), revenue from the Chicago-based subsidiary Kerlink Inc. established in January 2017 will start to contribute from the second half of 2017. This subsidiary will be a major asset for the Group as it aims at tapping into the vast potential of the North American market, and more widely, the increasing number of opportunities in South America.

Strengthening of the organisation to support the acceleration in growth

Following the success of the capital increase carried out in May 2017, Kerlink has the resources to successfully achieve the strategic and commercial investment needed to support its acceleration in growth. To this end, and as anticipated, efforts to strengthen its structure continued over the period, and will weigh on the results accordingly.

Excellent visibility on the second half of 2017

Kerlink enters the second half of the year with excellent visibility, thanks to the quality of its order book and the continuation of its strong sales growth. As such, the Group is confident in its ability to replicate its first-half performance with a similar growth rate in the second half.

Revenue of €70m in 2020

In view of this favourable outlook and based on current market trends, Kerlink is confident it will reach its target of exceeding revenue of €70 million in 2020.

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About Kerlink

Kerlink specialises in network solutions for the Internet of Things (IoT). Its mission is to provide its clients – telecom carriers, businesses and public authorities – with network solutions (equipment, software and services) dedicated to the Internet of Things. Over the past three years, Kerlink has invested more than €8 million in R&D. In just over 10 years, more than 70,000 Kerlink installations have already been rolled out for more than 260 clients, including GrDF, Suez, Saur and Médiamétrie. In 2016, Kerlink generated revenue of €14.1 million, 25% of which internationally. Since 2013, it has posted average annual growth of more than 50%. Kerlink has been listed on Alternext Paris since May 2016.

For more information, go to www.kerlink.fr and follow us on Twitter @kerlink_news



Upcoming events

H1 2017 results: 28 September after market close

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