

2019 turnover: €13.0m

Pursuit of strategic repositioning to revive growth from 2020

PRESS RELEASE

Thorigné-Fouillard, 12 February 2020, 5.45 p.m.

Thorigné-Fouillard, France - Kerlink (ALKLK - FR0013156007), a specialist in solutions dedicated to the Internet of Things (IoT), published its 2019 revenue today.

| Revenue by business (€K) | H2 2019 | H1 2019 | Change | 2019 | 2018 | Change |
|--|--------------|--------------|------------|---------------|---------------|-------------|
| Historic & alternative telecom operators | 1,232 | 1,103 | +12% | 2,335 | 6,550 | -64% |
| Private operators | 5,205 | 5,181 | +0.5% | 10,386 | 10,192 | +2% |
| Reference design | 139 | 178 | -22% | 317 | 326 | -3% |
| Total | 6,576 | 6,462 | +2% | 13,038 | 17,068 | -24% |

IFRS – Unaudited figures

Revenue for the 2019 financial year was down 24% compared to 2018.

As explained previously, 2018 saw the second stage of the IoT network roll-out for Tata Communications, one of India's foremost telecom operators. Adjusting for sales of infrastructure equipment for this exceptional contract in 2018, FY 2019 revenue declined only slightly (-4%).

In the private operators segment, where clients prefer to implement proprietary IoT networks, 2019 revenue inched up 2% to €10.4m. To step up its growth in this segment, the Group extended its partner ecosystem in 2019, enabling it to offer the end-to-end solutions expected by such players.

Second-half revenue (€6.6m) grew slightly (+2%) relative to H1 (€6.5m).

Stronger contributions from value-added services

Revenue from services (operation and maintenance in operating condition of IoT networks, administration and geolocation of connected equipment, Reference Design expertise, and professional services) came to €3.3m in 2019, up 10% on like-for-like basis.

At the end of 2019, revenues from these value-added services accounted for 25% of total revenue. This shift should translate positively into full-year gross margin.

Sales of equipment declined 31%, chiefly as a result of the sizeable deliveries made to Tata Communications in 2018, with no equivalent project in 2019.

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Revenue growth in Europe

The Group generated 40% of its revenue in international markets in 2019.

| Revenue by by geographic region (€k) | H2 2019 | H1 2019 | Change | 2019 | 2018 | Change |
|---|--------------|--------------|------------|---------------|---------------|-------------|
| NCSA (Americas) | 189 | 112 | +69% | 301 | 428 | -30% |
| APAC (Asia-Pacific) | 547 | 343 | +59% | 890 | 4,309 | -79% |
| EMEA excl. France | 2,115 | 1,986 | +6.5% | 4,101 | 3,339 | +23% |
| FRANCE | 3,723 | 4,022 | -7% | 7,745 | 8,992 | -14% |
| Total | 6,576 | 6,462 | +2% | 13,038 | 17,068 | -24% |

IFRS – Unaudited figures

In the EMEA zone (Europe, Middle East, and Africa), excluding France, Kerlink chalked up revenue growth of 23% relative to 2018. The momentum seen at year-end has become a firm trend heading into H1.

The NCSA (Americas) region also saw revenue growth on the second semester. This notably included the first revenue streams from the multi-year Network as a Service (NaaS) contract signed with IoT America. Such all-in-one contracts, combining infrastructure equipment and high value-added services, are a source of recurrent revenue for the duration of the contract.

Revenues in the APAC zone (Asia-Pacific) were subject to an unfavourable comparison base due to the contract in India in 2018. Asia remains a high-potential region for the Group, also harbouring bright business prospects.

In France, 2018 revenue included substantial deliveries to a top-tier telecom operator. Adjusting for these deliveries, the Group cemented its positions in its domestic market.

On the announcement of these figures, Kerlink's Chairman and Chief Executive Officer, William Gouesbet said: "2019 signalled the end of the Group's first development cycle. *Strong decisions were made over the course of the year, bringing profound transformation. In early 2019, Group began strategically repositioning to serve private operators, by offering comprehensive vertical solutions. The market now looks promising again and is already taking shape, with Kerlink signing several new contracts, confirming the wisdom of this new strategy.* The position we have acquired in the IoT ecosystem, thanks to the quality of our products and services, is an advantage that will help us return to growth in 2020."

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About Kerlink

Kerlink Group is a leading global provider of connectivity solutions for designing, launching, and operating public & private Internet of Things networks. Its comprehensive product portfolio includes industrial-grade network equipment, best-of-breed network core, operations and management software, value-added applications and expert professional services, backed by strong R&D capabilities. Kerlink specializes in enabling future-proof intelligent IoT connectivity for key verticals such as fleet management, transportation & logistics, retail, asset tracking, and smart metering, as well as smart agriculture & environment, and smart cities, buildings, and factories. More than 120,000 Kerlink installations have been rolled out with more than 330 clients in 69 countries. Based in France, with subsidiaries in the US, Singapore, India, and Japan, Kerlink is a founding and board member of the LoRa Alliance™ and the uCIFI Alliance™. It is listed on Euronext Growth Paris under the symbol ALKLK.

For more information, visit www.kerlink.com or follow us on Twitter @kerlink_news.



Upcoming events

2019 annual results & Q1 2020 revenue

28 April 2020, after market close

www.kerlink.fr



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