

2018 REVENUE

PRESS RELEASE

2018

- **Strong revenue growth in 2018**
€1.5B
+13%
- **Objectives confirmed:**
8% operating margin
4.5% free cash flow

- Driven by its expertise in future mobility, digital and industry 4.0 technologies, **the Group's 2018 revenue rose by 12.8% to €1,505.3 million and has surpassed the €1.5B cap.**

(€ million)	2018	2017	Growth %
Consolidated revenue*	1,505	1,334	+12.8%
France	615	552	+11.5%
Germany	511	486	+5.1%
International (Excl. Germany)	379	296	+27.9%

* PDS was consolidated on 1 November 2018

- The strong organic growth of 9.5% is driven by an acceleration in digital. A growth in staff numbers of 35% and the mobility sector growth of 35% promise a good year in 2019. **AKKA has exceeded its revenue target for the fifth consecutive year.**
- **AKKA is accelerating its diversification in aerospace with the acquisition of PDS Tech.** Following the successful deployment model utilized in Germany, the objective is to build a leader in engineering and technology services in the United States while using PDS Tech's expertise in recruiting highly qualified engineers. This will allow AKKA North America to deploy the Group's Automobile and Aerospace offering. The first commercial synergies were **visible as early as 2018** and PDS Tech recorded revenue of \$302.7 million, **a 15% organic growth** compared to 2017.

KEY Q4 2018 FIGURES: VERY STRONG GROWTH IN MOBILITY

- Growth in the fourth quarter was driven by numerous digital projects wins in the automotive, aerospace, rail and energy sectors. **The Group's revenue was up 24.1% to €443.7 million in Q4 2018.** Excluding PDS Tech, organic growth was 10.9% (8.3% in Q1, 6.2% in Q2 and 12.9% in Q3).
- **Organic growth momentum was strong in each of the three Business Units.** In the fourth quarter, it was 10.3% in France, 7.5% in Germany and 17.4% in the International BU. Excellent growth figures were recorded over 2018 as a whole: 11.5% in France, 5.1% in Germany and 13.2% in the International BU.

- **The mobility sector** is central to AKKA's strategy. It was **up a strong 24.7%** in the fourth quarter of 2018 (+10.3% organic) and 11.9% over 2018 as a whole (8.3% organic). Including PDS Tech, it was up 35% in 2018.
- **The Group continues to recruit at a steady pace** to support its strong business growth. **As of 31 December 2018, the Group had 21,019 employees (15,515 at the end of 2017)**, with 7,879 talents in France (+12.3%), 4,984 in Germany (+5.3%) and 8,156 internationally (+115.5%).

REVENUE BY BUSINESS UNIT: GOOD PERFORMANCES IN FRANCE, GERMANY AND INTERNATIONAL

- **The France Business Unit recorded excellent organic growth of 11.5% in 2018, with revenue of €615.1 million.** The acceleration observed during the first nine months was confirmed in the fourth quarter of 2018. Organic growth amounted to 10.3% over the quarter (11.6% in Q4 2017). AKKA accelerated its market share gains in the digital business in a promising market environment. This acceleration was backed up by the net recruitment of more than 880 engineers over the year as a whole. This excellent trend points to the continuation of strong growth in 2019.
- **The Germany Business Unit recorded revenue of €511.0 million**, an increase of 5.1% over 2018. The BU recorded an acceleration of its growth to 7.5% in the fourth quarter of 2018, thanks largely to the signing of a €13 million contract in the field of autonomous driving assistance systems. The diversification in Germany continues with double-digit growth with Volkswagen, BMW and Airbus. In September AKKA took 100% ownership of MBtech. During Q4, the Group was able to consolidate its leadership in Germany while continuing to improve its margins.
- **The Group's International operations (excluding Germany) achieved revenues of €379.2 million**, an increase of 27.9% over the year. Excluding PDS Tech, consolidated as of 1 November 2018, the International Business Unit recorded strong organic revenue growth of 13.2% in 2018 (compared with 9.1% in 2017). Organic growth was 17.4% in the fourth quarter, despite a very demanding comparison base. The trend was driven chiefly by North America, Italy, Spain and the United Kingdom.

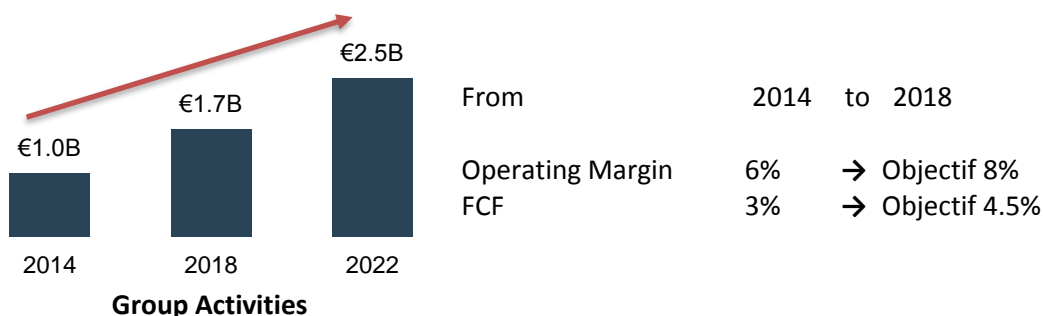
THE PDS TECH ACQUISITION OFFERS STRONG PROSPECTS

- The acquisition of PDS Tech is a big step in the Group's strategy of diversification into the aerospace sector, in line with its CLEAR 2022 strategic plan. **It enables the Group to acquire a strong position with long-standing, key aerospace customers in the US market.** The foundations for building a US market leader in engineering and technology services have been laid.
- **Since 2018, PDS Tech has benefitted from strong momentum within the aerospace market in the United States and early commercial synergies with AKKA.** It recorded 2018 revenues of \$302.7 million, with organic growth of more than 15% compared to 2017 revenue (\$262.5 million).

- **The acquisition of PDS Tech will be accretive as of 2019** thanks to growth in its revenue and margins and its acquisition price of less than \$100 million negotiated on the basis of 2017 performances.
- **The US market is valued at \$295 billion¹ and is set to double in the coming years.** Large industrial companies are increasingly consolidating suppliers and this trend points to growth in the outsourcing of engineering activities. **With PDS Tech's stellar expert recruitment capacity and the quality of AKKA's engineering offerings, the Group will be ideally placed** to benefit from strong growth in US demand for outsourced R&D services, to support the trend towards the outsourcing of R&D by major manufacturers and **to take advantage of the acceleration of demand in aerospace.**
- The integration of PDS Tech is led by Cash Nickerson, recently appointed Chairman of AKKA's North America Business Unit, supported by a diversified team combining strong knowledge of the North American market and AKKA's business lines. The integration of PDS Tech allows for synergies to be generated quickly with AKKA's existing customers in the US market and to support the strong demand from PDS Tech customers. **PDS Tech and AKKA are already benefiting from initial commercial synergies:**
 - Mitsubishi Aircraft Corporation (MITAC), has been a long-standing customer of AKKA and PDS Tech, since 2014. The combination of the two offers will bolster the relationship with MITAC.
 - Boeing, PDS Tech's largest customer in the United States, views the merger of the two groups favorably. The new entity is working to respond to the more than 1,500 available positions.
 - Fincantieri, for which PDS Tech is the main R&D service provider in the United States, is expanding strongly in Europe and the United States and is pursuing an active policy of outsourcing its R&D. PDS Tech's position in the United States combined with AKKA's position in Europe opens-up strong prospects with this key customer.

A UNIQUE BUSINESS MODEL FOR GROWTH

- **The CLEAR 2022 strategic plan launched in January 2018 has been fully implemented.** AKKA is growing faster than the Technology Consulting sector. The 2018 targets of operational margin at 8% and FCF at 4.5% are confirmed.



¹ Source Zinnov

OUTLOOK

- **2018:** AKKA had an excellent year in 2018 and recorded **growth of 12.8%**, with organic growth of 9.5% over the year, well above the initial objective of 5% disclosed on March 20th, 2018. **The Group is confirming its target of an operating margin of 8.0% with operating cash flow representing more than 4.5% of revenue.**
- **2019:** Demand remains strong in the mobility sector. The Group's expertise in future mobility, digital and industry 4.0 technologies, combined with the strong recruitment trend and the promising start to the integration of PDS Tech bode well for 2019. In the current market conditions, the Group continues to anticipate organic growth of 6%.
- **In the mid-term,** AKKA will continue to benefit from its strategic positioning in next generation technologies to generate greater growth than its underlying markets.

CLEAR 2022 will enable the company to capture growth driven by the digital revolution and sustainably enhance the Group's financial performance to achieve:

- **€2.5 billion** in Revenue
- **€250 million** in Operating Profit from Ordinary Activities²
- **€150 million** in Free Cash Flow

Upcoming events:

FY 2018 Results Publication: Tuesday 19th March 2019

Q1 2019 Revenue Publication: Monday 6th May 2019

² Profit from business operations calculated before non-recurring items and cost of stock options and free shares

APPENDIX

2018 REVENUE BY BUSINESS UNIT

In millions of Euros	2018	2017	Growth %
AKKA Revenue	1,505.3	1,334.4	12.8%
France	615.1	551.7	11.5%
Germany	511.0	486.2	5.1%
International (Excl. Germany)	379.2	296.4	27.9%
of which PDS Tech*	47.6	-	

*PDS was consolidated on November 1st, 2018

REVENUE PER QUARTER

Revenue (In millions of Euros)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
France	158.0	143.3	150.6	163.7	615.1
<i>Growth</i>	+8.9%	+8.5%	+19.6%	+10.3%	+11.5%
<i>Organic Growth*</i>	+8.9%	+8.5%	+19.6%	+10.3%	+11.5%
Economic Growth**	+10.6%	+8.5%	+17.7%	+8.6%	+11.1%
Germany	118.6	133.3	120.6	138.4	511.0
<i>Growth</i>	+7.2%	+0.3%	+5.9%	+7.5%	+5.1%
<i>Organic Growth*</i>	+7.2%	+0.3%	+5.9%	+7.5%	+5.1%
Economic Growth**	+5.3%	+2.0%	+5.6%	+4.1%	+4.3%
International (Excl. Germany)	77.3	81.3	78.5	141.6	379.2
<i>Growth</i>	+6.7%	+11.1%	+11.5%	+76.1%	+27.9%
<i>Organic Growth*</i>	+8.9%	+13.0%	+12.0%	+17.4%	+13.2%
Economic Growth**	+11.0%	+12.3%	+11.7%	+13.9%	+12.6%
Total Group	353.9	358.0	349.8	443.7	1,505.3
<i>Growth</i>	+7.8%	+5.8%	+12.7%	+24.1%	+12.8%
<i>Organic Growth*</i>	+8.3%	+6.2%	+12.8%	+10.9%	+9.5%
Economic Growth**	+10.2%	+5.5%	+12.0%	+8.6%	+9.1%

* Change at constant scope and exchange rates

** Growth at constant scope, exchange rates and number of working days

*** Growth at constant scope, exchange rates and number of working days and adjusted for the seasonal impact of GIGATRONIK in H1 2017

EMPLOYEES AS OF DECEMBER 31st, 2018

Employees	2018	2017	% Growth	2016
France	7,879	6,996	12.3%	6,349
Germany	4,984	4,734	5.3%	3,760
International (<i>Excl. Germany</i>)	8,156	3,785	115.5%	3,143
Total Group	21,019	15,515	35.5%	13,252

ABOUT AKKA

AKKA ranks as the European leader in engineering consulting and R&D services in the mobility sector. As an innovation accelerator for its clients, AKKA supports leading industry players in the automotive, aerospace, rail and life-sciences sectors throughout the life cycle of their products with cutting edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.).

Founded 1984, AKKA has a strong entrepreneurial culture and is pursuing fast-paced growth and international development in line with its strategic plan CLEAR 2022. With 21,019 employees, who are passionate about technology and dedicated to advancing the future of industry, the Group recorded revenues of €1.5B in 2018.

AKKA is listed on Euronext Paris – Segment A – ISIN code: FR0004180537.

For more information, please visit www.akka-technologies.com

Follow us on: https://twitter.com/AKKA_Tech

Contacts AKKA

Investor Relations
Dov Levy
VP Investor Relations
+33 (0)1 56 69 26 51
dov.levy@akka.eu

FTI Consulting
akka@fticonsulting.com

Media Relations
Markus Leutert
Group Head of Communications
+32(0) 4 96 26 27 55
markus.leutert@akka.eu

Media relations France
Emily Oliver
+33 (0) 1 47 03 68 65