

PERFORMANCE 2018

All 2018 targets surpassed

- Revenue growth of 12.8% to €1.5 billion
- Operating margin of 8%*
- Margin of 10.6% in Germany during the second half of the year'
- FCF increased significantly by 127% to €69 million

OUTLOOK 2019

On track to achieve CLEAR 2022 targets

- Transformation of PDS Tech
- Organic growth: ≥ 6%
- Operating margin: ≥ 8%
- FCF: ≥ 5%

Mauro Ricci, Chairman and CEO of AKKA, says: “AKKA delivered strong performance in 2018, surpassing all targets. One year after the launch of CLEAR 2022, the Group has now passed the €1.7 billion revenue cap”. The success of our deployment in Germany bodes well for our continued client diversification in that market. The acquisition of PDS Tech in the United States is strengthening the Group’s potential in the aerospace industry and providing immediate synergies between our two client portfolios in a promising market environment.

Automobile and Aerospace OEMs have announced intention to accelerate their investments to address the challenges associated with innovation. Our positioning in future mobility and digital technologies will enable us to capture this growth and achieve our CLEAR 2022 targets.”

2018 RESULTS – All targets have been surpassed

At the meeting on 18 March 2019, the Board of Directors of AKKA Technologies approved the financial statements for 2018.

In million euros	2018	2017	Variation %	2016
Consolidated revenue***	1,505.3	1,334.4	12.8%	1,122.7
Operating profit from ordinary activities*	116.7	95.5	22.2%	77.2
Operating margin as a % of revenue	8.0%	7.2%	-	6.9%
Operating profit for PDS Tech	1.4	-	-	-
Consolidated operating profit	118.1	95.5	23.7%	77.2
Net profit	53.1	44.1	20.4%	16.9

* Calculated excluding PDS Tech and before non-recurring items and expenses related to stock options and free shares

** Proforma including PDS Tech

*** PDS Tech has been consolidated since 1 November 2018

Nicolas Valtille, Group Managing Director of AKKA, says: *“The 2018 financial year has been excellent. Once again, this demonstrates the Group’s ability to grow substantially while improving its operational performance. Since its inception, AKKA has shown that it is able to combine organic growth with controlled acquisitions to generate a significant return on investment. The Group can now build on this model to continue its growth and achieve its CLEAR 2022 targets with confidence.”*

KEY FIGURES FOR 2018: MAJOR IMPROVEMENT IN OPERATING AND FINANCIAL PERFORMANCE

- **The Group’s activities in future mobility, digital and industry 4.0 technologies surged by 37%**, boosting the revenues of the three AKKA Business Units. All mobility sectors have seen substantial growth: Aerospace, Automotive and Rail.
- **At the same time, each of the three Business Units also improved its margins, moving closer to the target minimum** of 10% set for 2022.

Strong growth momentum

- **The Group’s revenue was €1,505.3 million in 2018, an increase of 12.8%**. Excluding PDS Tech, organic growth stood at 9.5% compared to 7% in 2017. The trend in organic growth is significant. In 2018, this was 11.5% in France, 5.1% in Germany and 13.2% internationally.
- The Group’s headcount increased by 35.5% in 2018 enabling it to profit from strong market demand.

Target operating profit from ordinary activities* of €100 million far exceeded

- The three Business Units – France, Germany and International – have recorded improved margins. The Group’s operating profit* from ordinary activities grew by 24% to €118.1 million in 2018. **AKKA’s operating margin from ordinary activities excluding PDS Tech rose by 80 basis points to 8%**.
- The 2018 consolidated **operating profit**, including PDS Tech since 1 November 2018, grew by 19.7% to €90.1 million. Non-recurring costs amounted to €18.2 million. These are related to the launch of the CLEAR 2022 plan (launch of The AKKADEMY, managerial and M&A investments to drive organic and external growth), finalisation of the transformation of the Germany Business Unit. Expenses relating to stock options and free shares recorded an expenditure of €9.8 million for the year.
- **Consolidated net profit was up 20.4% to €53.1 million**. This represented 3.5% of revenue compared to 3.3% in 2017.

Very strong growth of cash generation

- **Cash generation was strong**. Operating cash flows benefited from the substantial growth in the operating margin, stabilization of the *days sales outstanding* (DSO) and a decrease in capex. Free cash flows increased by almost 50% to €100 million and represented 6.6% of revenue. Adjusted to exclude non-recurring items, **free cash flows represented 4.6% of Group revenue, exceeding the target of 4.5%**.

* Operating profit from ordinary activities before non-recurring items and expenses related to stock options and free shares

AKKA has a healthy and robust balance sheet enabling it to fund its future growth:

- **Net debt is under control** at €279 million as at 31 December 2018. After payment of dividends and payment of two structuring acquisitions, PDS Tech and the minority stakes in MB Tech, the Group's net-debt-to-equity ratio was 108% with leverage of 2.2x.
- The Group's available cash amounted to €272 million as at 31 December 2018. Its strong cash generation capacity, its €225 million revolving credit facility and its undrawn NEU CP programme* of €285 million give the Group the capacity to implement CLEAR 2022 without compromising its financial balances.

2018 RESULTS BY REGION: STRONG MOMENTUM IN ALL BUSINESS UNITS

Business Unit France With revenue of **€615.1 million**, the France BU delivered organic growth of **11.5%** (8.4% in 2017). AKKA accelerated its market share gains in digital in a buoyant market environment. This trend was driven by growth in the Automotive, Aerospace, Life Sciences and Energy sectors. The France BU continued to improve its margins, recording an operating margin on ordinary activities of 8.3% in 2018 (of which 9.1% in H2). The net recruitment of more than 880 engineers in 2018 suggests that this strong trend will continue in 2019.

Business Unit Germany The Germany Business Unit also delivered a very solid 2018. It recorded organic revenue growth of 5.1%, to €511.0 million in 2018. **Operating profit from ordinary activities increased by 24.1% to €45.9 million.** The operating margin on ordinary activities grew by 140 basis points to 9.0%. This reached 10.6%, passing the 10% threshold in the second half of 2018. These figures confirm the Group's successful deployment in Germany. In five years, the BU has seen its revenue grow from €311 million to €511 million and its operating margin increase from 4.8% to 9.0%. Pay-back of the acquisition of MBtech is slightly above two years on the basis of the operating profit posted for 2018 (€46 million).

Business Unit International **The Group's international activities recorded revenue of €379.2 million in 2018, up by 27.9%.** Excluding PDS Tech, which has been consolidated since 1 November 2018, international activities showed organic growth of 13.2% (compared to 9.1% in 2017). This trend was driven by North America, Italy, Spain and the United Kingdom. The Group's international activities generated an operating profit from ordinary activities that grew by 23.6% to €34.1 million in 2018. Excluding PDS Tech, the operating margin recorded for the business unit was 9.9% in 2018 (9.5% in H1 and 10.3% in H2).

* Negotiable European Commercial Paper

HIGHLIGHTS OF 2018: LAUNCH OF CLEAR 2022

- **In January 2018, AKKA unveiled its CLEAR 2022 strategic plan** to reinforce the Group's position as a leader in technology consulting for the mobility sector and sustainably improve the company's financial performance.
- **Two structuring acquisitions were undertaken in 2018:**
 - ✓ **Completion of the acquisition of 100% of MBtech in September 2018.** In acquiring the 35% minority stake owned by Daimler, AKKA finalised the transformation of its German subsidiary, placing it under a single brand and operating an integrated organization.
 - ✓ **Acquisition of PDS Tech in July 2018. This will be accretive as of 2019** thanks to growth in its revenue and margins, and to its acquisition price of less than \$100 million, negotiated on the basis of 2017 performance. In 2018, PDS Tech benefited from strong momentum within the aerospace market in the United States and from early commercial synergies with AKKA. Its 2018 revenues of \$303 million were driven by organic growth of more than 15% compared to the 2017 revenue (\$263 million).

AKKA is accelerating its diversification in Aerospace. The objective is to become a leader in US markets, by leveraging PDS Tech's strong position with key aerospace clients. **By combining PDS Tech's expert recruitment capacity and the quality of AKKA's engineering offerings,** the Group will

- take advantage of the accelerating demand in the aerospace markets,
- be ideally placed to benefit from strong growth in US demand,
- support the R&D outsourcing trend by major industry players.

Mirroring AKKA's successful development in Germany, which was achieved by combining organic growth and transformational acquisitions, the Group is taking a controlled and orderly approach to its expansion in the United States.

OUTLOOK

- **Thanks to a unique growth model, AKKA is growing faster than the Technology Consulting sector and has once again surpassed its targets.** Thanks to the rapid deployment of the CLEAR 2022 strategic plan launched in January 2018, the Group can expect this strong momentum to continue.
- **In 2019, demand remains strong, especially in digital and mobility, AKKA's core strategic sectors. In this environment, the Group expects to deliver at least organic growth of 6% with an operating margin of 8%* for the consolidated Group, absorbing the full dilutive effect of PDS Tech and generating a FCF of 5%.** the Group's expertise in future mobility and digital technologies promises a profitable 2019.

- **In the mid-term**, manufacturers in the automobile and aerospace sectors will significantly increase their investments to pursue digital transformation and product innovation. Owing to its balanced sector positioning, leadership in future mobility and a strengthened digital portfolio, AKKA is ideally placed to support them.
- **Through CLEAR 2022**, AKKA is set to become the digital leader in engineering, with the following objectives:
 - **€2.5 Billion** in revenue
 - **€250 million** in operating profit from ordinary activities*
 - Free cash flow of **€150 million**

DIVIDENDS FOR 2018

- AKKA Technologies' Board of Directors, which met on 18 March 2019, has decided to propose that the General Shareholders' Meeting, to be held on 13 June, pay a **dividend of €0.70 per share**, a stable figure compared to 2017, with a distribution rate of 26% which is in line with the Group's strategy.

Upcoming events:

Publication of revenue for the first quarter of 2019: Monday 6 May 2019

Publication of revenue for the second quarter of 2019: Thursday 25 July 2019

Notes to editors

Bernhard Mattes, Chairman of the German Association of Automobile Manufacturers (VDA) recently confirmed that the German automobile industry will be investing heavily to manage the transformation of the sector. He stated that the industry will invest more than €40 billion in electric mobility over the next three years, and an additional €18 billion in digitisation and connected, automated mobility. This transformation has been deemed necessary to achieve EU targets for CO2 by 2030. (www.vda.de/en/)

In case of discrepancy between the French and English versions of this press release, only the French version shall be deemed valid.

About AKKA

AKKA is the European leader in engineering consulting and R&D services in the mobility segment. 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 in 1984, AKKA has a strong entrepreneurial culture and is pursuing its fast-paced growth and international development in line with its CLEAR 2022 strategic plan. With 21,000 employees, who are passionate about technology and dedicated to advancing the future of industry, the Group recorded revenues of €1.5 billion in 2018.

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

* Operating profit calculated before non-recurring items and expenses related to stock options and free shares

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ANNEXES

ANNEX 1: 2018 KEY FIGURES

In millions of euros	2018	2017	% Variation	2016
Revenue	1,505.3	1,334.4	+12.8%	1,122.7
Operating profit from ordinary activities*	116.7	95.5	+23.7%	77.2
<i>As a % of revenue*</i>	<i>8.0%</i>	<i>7.2%</i>		<i>6.9%</i>
<i>Operating profit for PDS Tech</i>	<i>1.4</i>			
Consolidated operating profit	118.1		-	
Stock options & free shares	-9.8	-6.2		0.0
Non-recurring income and expenses	-18.2	-14.0		-34.3
Operating profit	90.1	75.3	+19.6%	42.8
As a % of revenue	6.0%	5.6%		3.8%
Financial income/(expense)	-17.1	-16.0		-10.3
Profit before tax	73.0	59.3		32.5
Taxes	-19.9	-15.2		-15.6
Net profit	53.1	44.1	+20.4%	16.9
As a % of revenue	3.5%	3.3%		1.5%
EPS**	2.55	2.00	+27.5%	0.65
Non-controlling interests	-2.9	-4.8		-4.2
Net profit, Group share	50.1	39.3		12.7
Net debt	279.2	195.0		97.1
Gearing ratio	108%	73.2%		42.0%

* Operating profit from ordinary activities calculated excluding PDS Tech and before non-recurring items and expenses related to stock options and free shares

** Based on Group share of net profit

ANNEX 2: QUARTERLY REVENUE

Revenue (In million euros)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
France	158.0	143.3	150.6	163.7	615.1
<i>Variation</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%	8.4%	11.1%
Germany	118.6	133.3	120.6	138.4	511.0
<i>Variation</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 (excluding Germany)	77.3	81.3	78.5	141.6	379.2
<i>Variation</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%
Group Total	353.9	358.0	349.8	443.7	1,505.3
<i>Variation</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%

* Growth 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

ANNEX 3: OPERATING MARGIN FROM ORDINARY ACTIVITIES BY BU

In million euros	2018	2017	Variation %	2016
France	50.8	44.6	13.9%	36.3
	8.3%	8.1%		7.1%
Germany	45.9	37.0	24.1%	25.2
	9.0%	7.6%		6.5%
International (excluding Germany)	34.1	27.6	23.6%	25.0
	9.0%	9.3%		11.0%
Others	-12.7	-13.9		-9.2
Group Total	118.1	95.5	23.7%	77.2
As a % of revenue*	8%	7.2%		6.9%

ANNEX 4: HEADCOUNT AS OF END-DECEMBER 2018

Headcount	2018	2017	Variation %	2016
France	7,879	6,996	12.3%	6,349
Germany	4,984	4,734	5.3%	3,760
International (excluding Germany)	8,156	3,785	115.5%	3,143
Group Total	21,019	15,515	35.5%	13,252

* Operating profit from ordinary activities calculated excluding PDS Tech and before non-recurring items and expenses related to stock options and free shares

ANNEXE 5 : 2018 CONSOLIDATED INCOME STATEMENT

In thousands of euros	31 Dec. 2018	31 Dec. 2017
Revenue	1,505,326	1,334,388
External expenses	-378,884	-357,576
Taxes and duties	-12,262	-9,330
Personnel expenses	-982,359	-861,953
Net depreciation and provisions	-20,350	-14,961
Other current expenses	-3,479	-3,381
Other current income	8,254	5,972
Income from equity affiliates	1,828	2,290
OPERATING PROFIT FROM ORDINARY ACTIVITIES	118,075	95,450
Free shares and stock options	-9,779	-6,203
RECURRING OPERATING PROFIT	108,296	89,248
Other non-current income and expense	-18,231	-13,962
OPERATING PROFIT	90,065	75,286
Income from cash and cash equivalents	174	432
Gross borrowing costs	-14,894	-12,632
NET BORROWING COSTS	-14,720	-12,200
Other financial income and expenses	-2,395	-3,812
PROFIT BEFORE TAX	72,950	59,273
Tax expense	-19,891	-15,209
CONSOLIDATED NET PROFIT	53,058	44,064
Non controlling interests	-2,914	-4,811
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	50,145	39,253

There has been no significant change in valuation methods and rules; the figures are comparable from one year to another in terms of valuation methods and rules.

The statutory auditor has certified the annual accounts without reservation and has confirmed that the accounting information included in this press release does not result into any qualification and is in accordance with the financial statements.