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de systèmes critiques

ANNUAL RESULTS 2016

MONDAY 13 MARCH 2017

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AGENDA

- ➔ 2016, operational performance and key events
- ➔ Annual results 2016
- ➔ Summary and challenges



Operational performance & key events

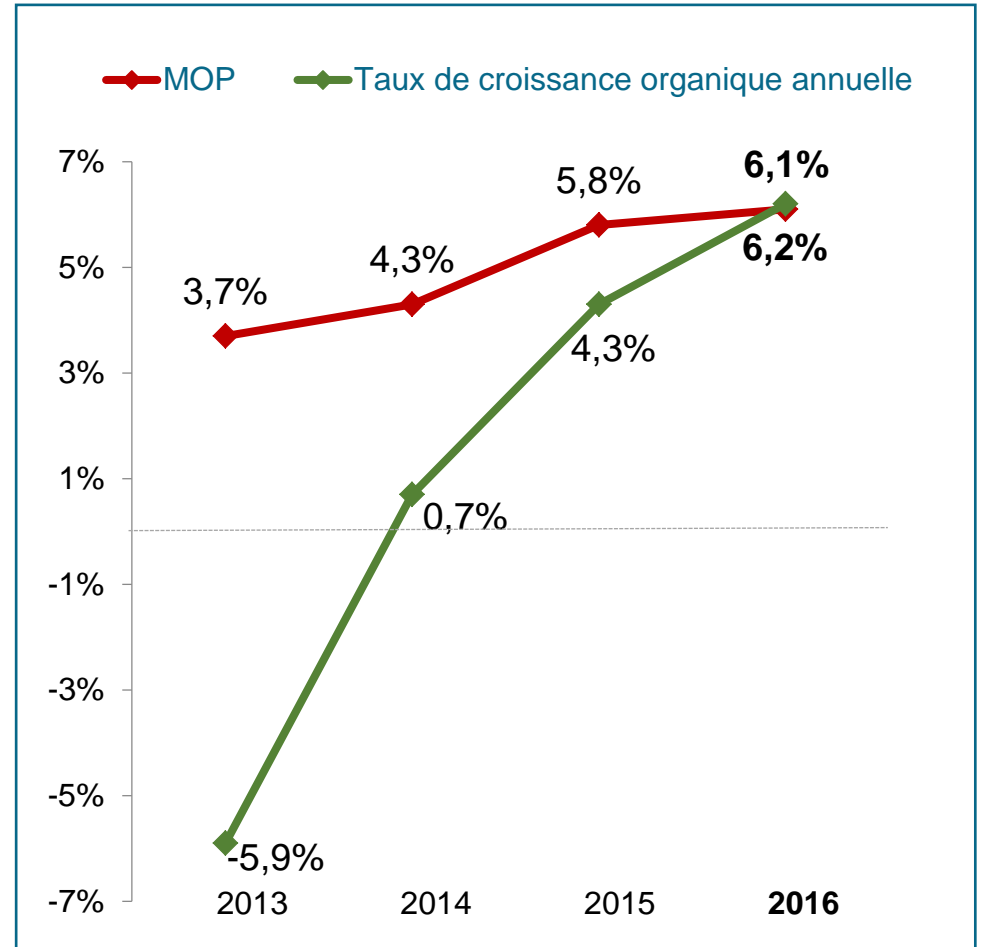
Note: the organic growth rate corresponds to like-for-like variations and thus includes the sale of the German subsidiary USB GmbH that came into effect on 1 January 2016.

THE 2016 'PERFORMANCE PLAN' DELIVERS RESULTS



2016 operational performance consistent with the goals of the Plan launched in 2013

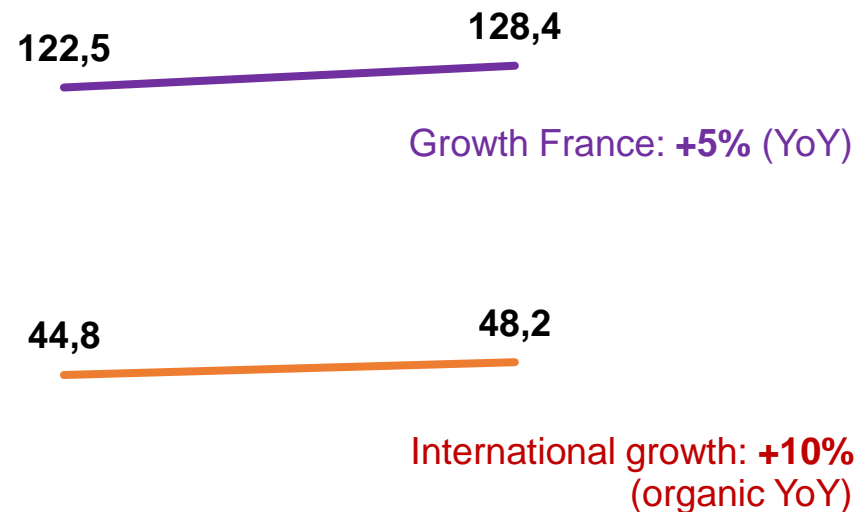
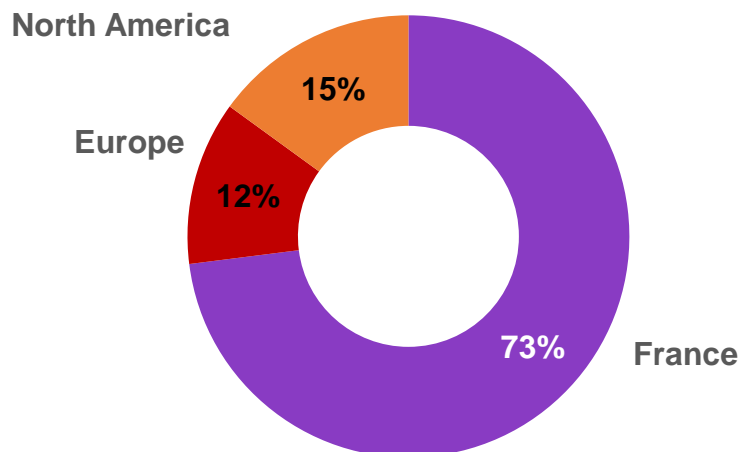
- › Revenue: organic growth +6.2%
- › Operating margin: 6.1%



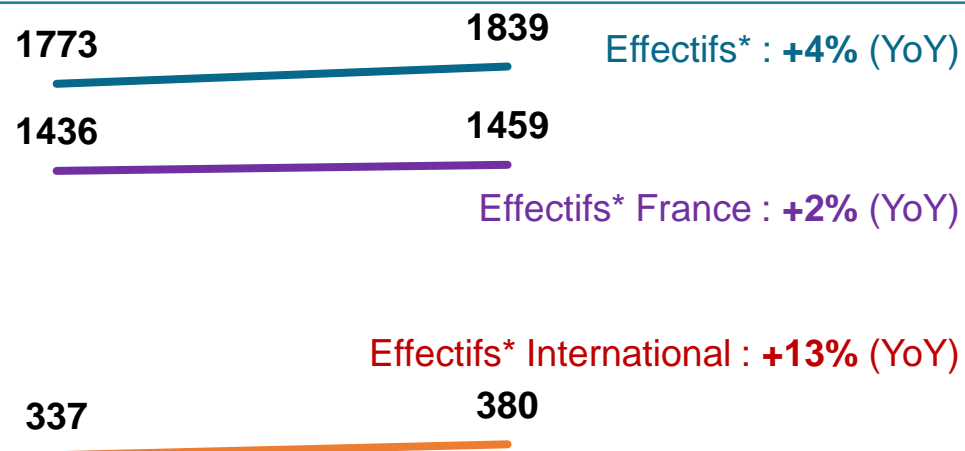
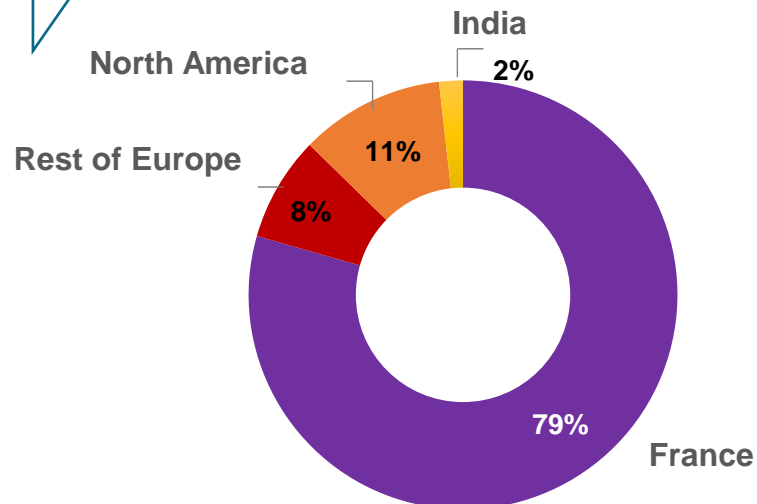
Deconsolidation of USB GmbH on 1/01/2016 :
 PC 2015 = 2.5 M€ ; Revenue 2015 = 2.6 M€

PC MG2S 2015 : 43.3 M€; 2016: 1.7M€

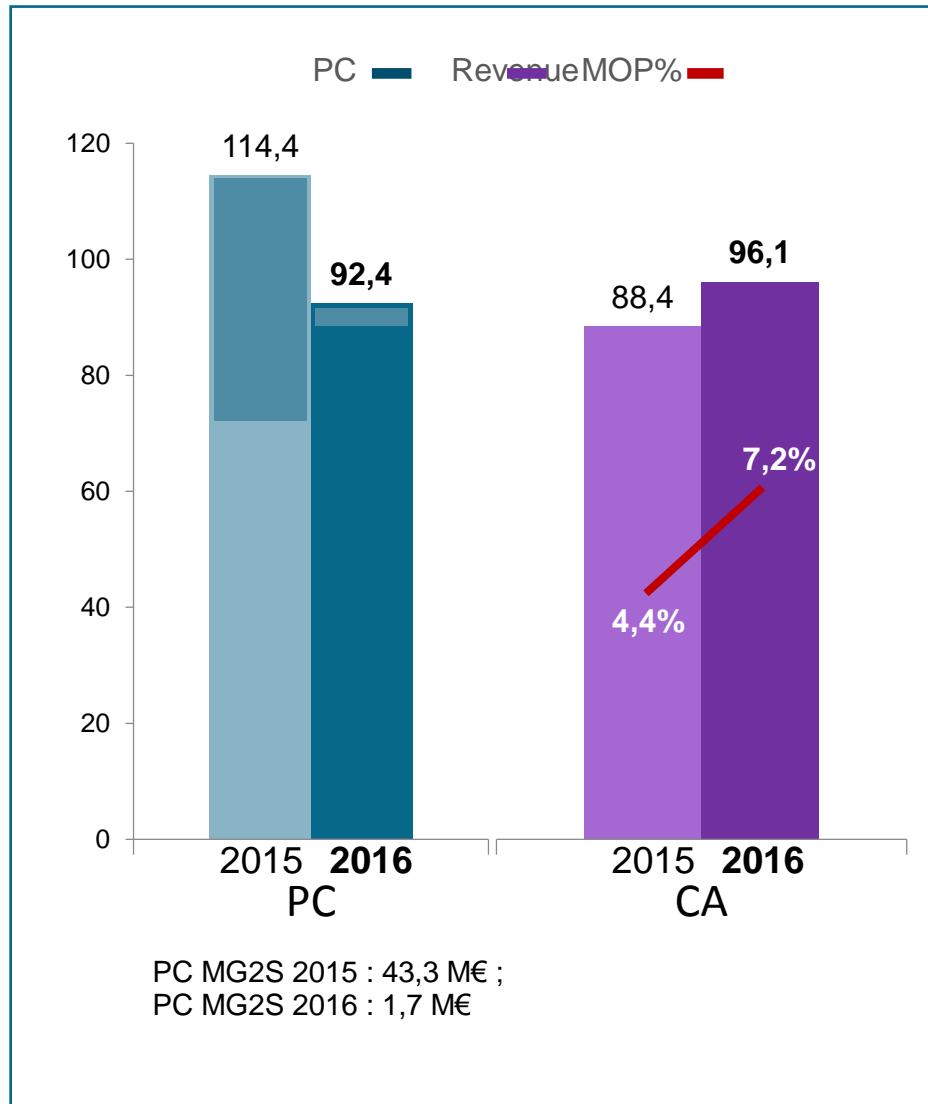
REVENUE PER AREA: CLIENTS



STAFF PER AREA

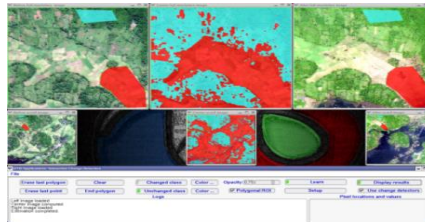


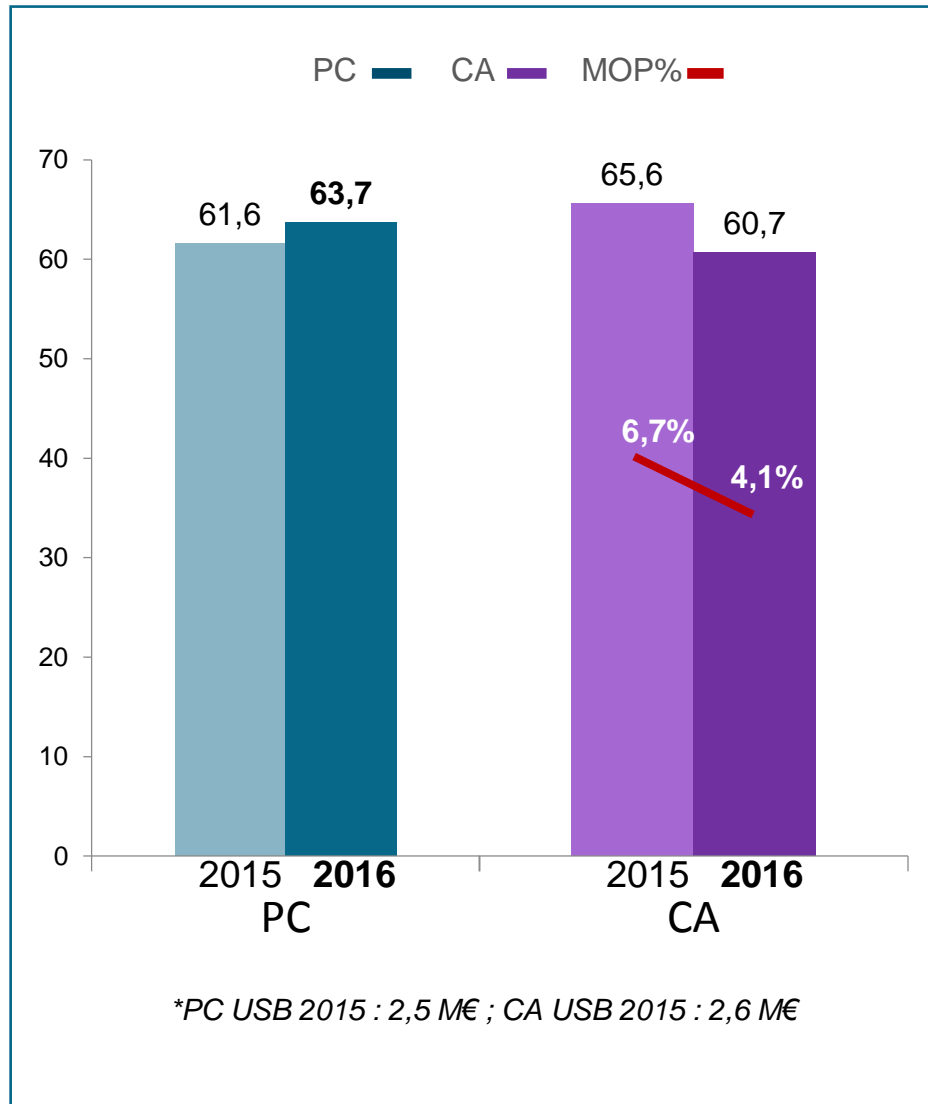
*Effectifs présents fin de période



- ➔ Orders in 2016:
-19%, +28% not taking effect of MG2S into account
 - ➔ 19 month order book in Defense
 - ➔ Almost 9% growth in revenue
 - ➔ 14% of revenue from international sales
 - ➔ New improvement in operating margin: +2.8 pts
-  Average FTE: 620 (+1% vs 2015)

- ➔ Recognized expertise in public defense & security SIOCs
 - › Air defense: Cazeaux, Cognac and Saint Dizier operational; ground-to-air radiocommunications system deployed in South of France
 - › NATO: renovation of communications systems of 6 air bases
 - › Anti-drone technology: first BOREADES system operational; H2020 project
 - › Maritime defense: ballistics processor for guns on Gowind corvettes for DCNS
- ➔ Position bolstered in European space industry
 - › Renewal of framework contracts at CNES: ACCIOME & ACSIS
 - › Position bolstered in Europe: in Germany at Eumetsat and ESA-ESOC, ESA – ESTEC, NEOSAT space mechanics centre (new hybrid propulsion platform)
- ➔ Upswing in Cybersecurity:
 - › Construction of control centre for Finance Ministry Security
 - › Active contribution to standardizing cybersecurity exchanges (IDMEF & IODEF)





➔ Sale of USB GmbH* subsidiary as of 01/01/2016

➔ Profitability impacted by efforts to redeploy skills in embedded avionics software

➔ Revenue down 2.2% (organic)

➔ 46% of revenue from international sales

➔ Orders increasing

› Upturn in France in H2 2016

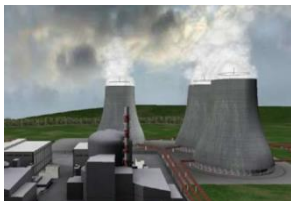
› Book-to-bill > 1

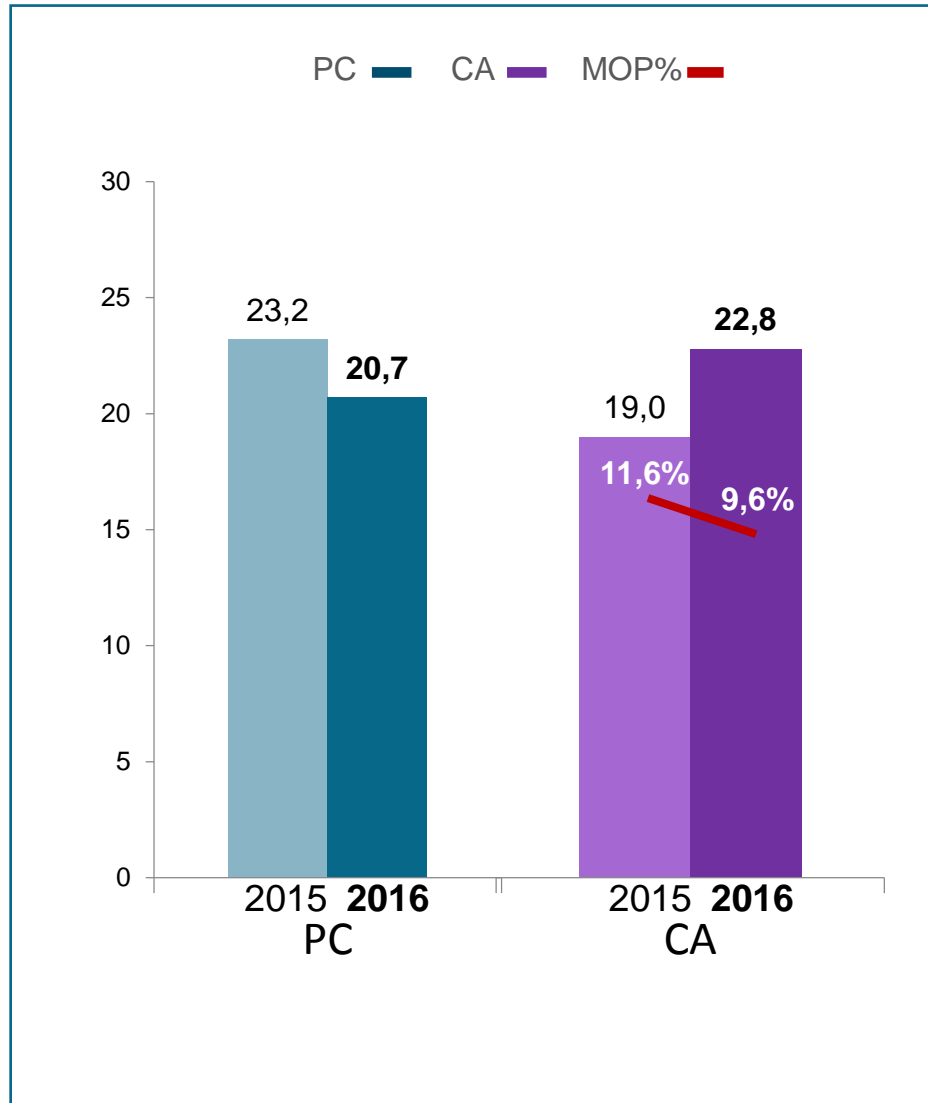


Average FTE: 835 (stable vs 2015)
-9% in France, +16% abroad

- ➔ In France, redeployment of skills and concerted after-sales efforts relating to our offerings with growth potential
 - › Secure systems: industrial IT, embedded software, operational safety & security
 - › Digital continuity: digital simulation, PLM, maintenance support
 - ➔ Growing challenges: autonomous systems, Industrial IoT, Smart Industry
 - › Extension of our positions among existing clients & new accounts : CNES, EDF, MBDA, Aircelle, Airbus Safran Launchers, SNCF, ONERA

- ➔ Success in North America
 - › Gas Path Sensors' for all new generation engines (NGPF) at Pratt & Whitney
 - › Complete software (specification, development & certification) for FADEC of PW 1400 engine
 - › 1st military project in USA





➔ Strong & continuous growth in revenue:

➤ + 20% in 2015 & 2016

➔ 30% of revenue from international sales

➔ OM stable at 2.2 M€, almost 10%



Average FTE: 209 (+14 % compared to 2015)

➔ Bolstered position in Armed Forces training

- › Deployment of L16 training system for 3 armed forces
- › Diginext selected for the training system in the framework of the CERBERE project: urban combat training for French Army

➔ Innovations for Smart Travel

- › ATTRACTIVE project (Advanced Travel Companion & Tracking Services) in the framework of European Shift2rail project (H2020)

➔ Transhorizon, Stradivarius HF Radar

- › Trials in the Mediterranean (France, Italy and Greece) for Ranger project (H2020)





Detailed annual results

- ➔ Operating margin up
- ➔ Operating profit stable...
- ➔ ...despite impact of resolution of long-standing legal dispute

M€	2015	S1 2016	S2 2015	2016
Orders	196.3	84.1	90.8	174.9
Revenue	169.9	88.3	88.2	176.5
Operating margin	9.8	4.1	6.6	10.7
<i>% of revenue</i>	5.8%	4.7%	7.5%	6.1%
Other operating income and expenses	-5.9	-1.0	-5.7	-6.7
Operating profit	3.9	3.1	0.9	4.0
Bottom line	-1.1	-1.5	-1.4	-2.9
Pre-tax profit	2.8	1.6	-0.5	1.1
Tax	-1.9	-1.0	-1.5	-2.5
Net profit Group share	1.0	0.6	-1.9	-1.3

M€	2015	2016
Restructuring	-3.0	-1.9
Disputes	-1.0	-4.6
Other	-1.8	-0.4
Total	-5.9	-6.7

M€	2015	2016
Cost of debt	-2,8	-2,7
Exchange and other differences	+1,6	-0,2
Total	-1,1	-2,9

- ➔ Improved cash flow
- ➔ Bolstered financial resources

M€	2015	2016
Cash flow before tax and financing costs	7.4	8.6
Change in WCR	6.5	-2.0
Receipts and disbursements on in/tangible assets	-5.1	-4.8
Receipts and disbursements on financial assets	-1.0	0.5
Others (including taxes paid)	-2.8	-2.3
Free Cash Flow	5.0	0.0
Receipts and disbursements on loans	-	-0.7
Cash variations relating to ICR	-0.2	-2.1
Bond issue	-	14.6
Dividends and interest paid	-1.3	-1.7
Net effect of conversions + miscellaneous	-0.2	-0.3
Net Cash Flow	3.3	9.7
Cash at beginning of year	5.9	9.2
Cash at end of year	9.2	18.9

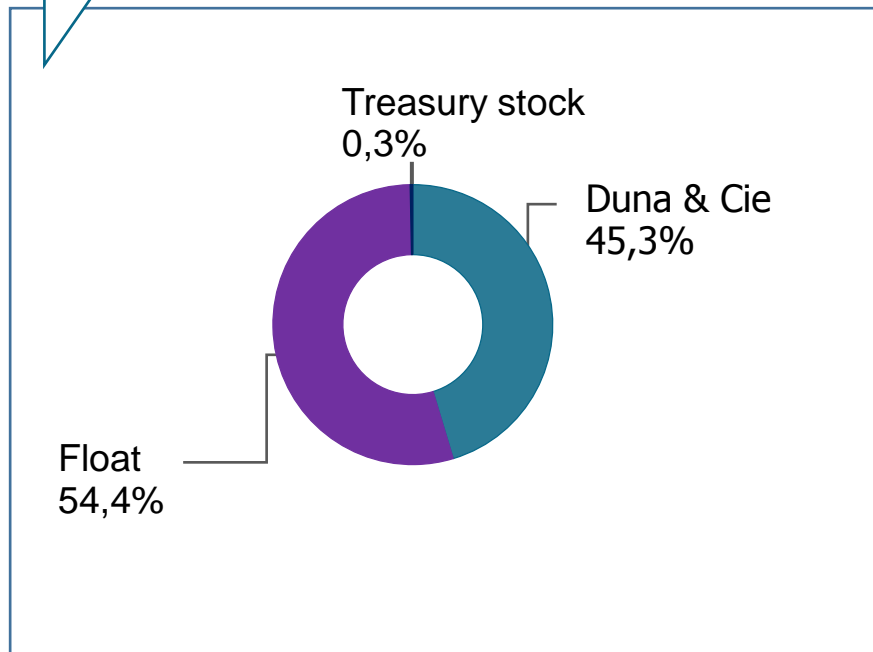
➔ Euro PP

- › Amount: 15 M€
- › Term: April 2023
- › Subscriber: Zencap Asset Management via ETI credit funds

➔ Financial debt still close to 0

Consolidated figures in M€	31.12.15	31.12.16
Assets	93.0	99.1
<i>Goodwill</i>	35.1	34.7
<i>Tangible and intangible assets</i>	11.9	14.3
<i>CIR & CICE</i>	41.2	45.8
<i>Non-current assets</i>	4.8	4.3
WCR	-9.6	-7.7
Cash (A)	9.2	18.9
Jobs	92.6	110.3
Equity	33.1	32.2
Provisions for risks and expenses	18.5	20.0
Loans and other financial liabilities (B)	41.0	58.0
Resources	92.6	110.3
Net debt (B-A)	31.8	39.1
Factoring (C)	9.8	8.2
CIR & CICE (D)	41.2	45.8
Financial debt (B-A+C-D)	0.4	1.5

CAPITAL



SHARE PRICES



17,346,547 shares
ISIN Code: FR 0007317813

Liquidity contract: ODDO

33,318 Convertible bonds
ISIN Code: FR 0012008753

*Including 22,300 Convertible Bonds subscribed by Sopra-Stéria
(Juin 2014 agreement, representing 10.8% of capital if converted)*



Summary and challenges

Transformation plan 2013 - 2016

- ➔ Back to fundamentals:
 - › Clarified Group position
 - › Return to growth for the last 5 quarters
 - › Improved operating profit
 - › Past legal issues resolved
 - › Strengthened financial resources

Challenges we face for 2017 - 2020

- ➔ Consolidating our achievements
 - › Leverage growth in high-potential areas/offerings
 - › Continue efforts to ensure recovery of Aeronautics, Energy & Industry in France

- ➔ Think about developing external growth strategy focusing on core business



Thank you!



4 STRATEGIC SECTORS & 4 MULTI-SECTOR TECHNOLOGICAL OFFERINGS

