



Le Plessis, 14 September 2018

H1 2018 results

Revenue up 4.8% in France and Europe

Operating margin 6.8%

Rise in net profit

The CS Board of Directors, which met on 14 September 2018 under the chairmanship of Mr Yazid Sabeg, has approved the group's consolidated accounts for the first half of 2018.

Half year results 2018 ^{(1) (2)}

M€	H1 2017 Issued	H1 2017 IFRS 15	H1 2018 IFRS 15
Orders	93.0	92.4	73,9
Revenue	89,3	89,3	90,2
Operating margin <i>as % of revenue</i>	5,1 5,7%	6,2 7,0%	6,1 6,8%
Other operating income and expenses	-1,2	-1,2	-1,3
Operating profit	3,9	5,0	4,8
Financial result	-1,7	-1,7	-0,8
Net earnings	1,0	2,1	2,9

(1) *The group's auditors have performed a limited review of these accounts.*

(2) *IFRS 15 standard applied to comparative periods.*

In the first half of the year, the group posted growth of 4.8% in France and Europe (90% of the group's business). Orders are down compared to the first half of 2017 due to the scheduling of the Defense and Security programs. The group's order book remains well oriented, standing at almost 13 months' revenue.

The operating margin is 6.1 M€, or 6.8% of revenue. After taking "other operating income and expenses" into account, the operating margin is stable at 4.8 M€ or 5.3% of revenue.

The financial result stands at -0,8 M€ compared to -1.7 M€ in H1 2017. Net profit has risen once again and stands at 2.9 M€ or 3.2 % of revenue.

At the end of June 2018, shareholder equity stood at 52.1 M€, compared to 34.9 M€ at end December 2017 after factoring in the impact of IFRS 15 and 30% of Novidy's capital received on 26 June.



As of 30 June 2018, after taking the results of this external growth initiative into account (10 M€ Euro PP & 20 M€ EIB), overall debt stood at 70.7 M€ (against 50.0 M€ in June 2017). Financial debt stood at 29.9 M€ after taking into account the deconsolidating factor (7.6 M€) and deducting receivables from CIR and CICE recognized as assets (48.4 M€).

Net cash stood at 16.1 M€ compared to 11.6 M€ at end December 2017.

Employees

As of 30 June 2018, there were 1,752 employees on the group's payroll, down 4.9% compared to the end of June 2017; in France the number of employees increased by 3% in the same period.

Performance per operating sector

Defense, Space & Security

M€	H1 2017 issued	H1 2017 IFRS 15	H1 2018 IFRS 15
Orders	51.0	50.4	40.1
Revenue	49.3	49.4	51.2
Operating margin as % of revenue	6.6%	8.9%	9.0%

The group has posted 3.6% growth in Defense, Space and Security thanks in particular to the deployment of anti-drone and civil air traffic control systems and a buoyant space sector. Orders have temporarily slowed because of the schedule of the national defense program.

The operating margin in these sectors stands at 9.0% of revenue after applying the IFRS 15 standard, which allows us to reflect the production phases of major defense programs more coherently.

Aeronautics, Energy & Industry

M€	H1 2017 issued	H1 2017 IFRS 15	H1 2018 IFRS 15
Orders	32.8	32.8	27,5
Revenue	30.5	30.5	28.7
Operating margin as % of revenue	5.6%	5.6%	6.3%

In France, growth has continued in terms of orders, revenue and operating profit.

Diversification initiatives in North America to offset the downturn in activity forecast by Pratt & Whitney are beginning to bear fruit.

Operating profit across these sectors has seen further growth, standing at 6.3% of revenue.



Products (Diginext)

M€	H1 2017 issued	H1 2017 IFRS 15	H1 2018 IFRS 15
Orders	10.4	10.4	7.9
Revenue	11.1	11.0	12.0
Operating margin as % of revenue	6.3%	6.4%	2.5%

Revenue has increased by 9.0%, driven by the deployment of Tactical Data Link projects and armed forces training initiatives. Orders are set to return to a normative level over the year.

The operating margin has been adversely affected by lagged orders and difficulties encountered in two passenger information system projects.

Prospects

During this half year, the group launched its *Ambition 2021* plan, whose aim is to achieve revenues of 300 M€ and an operating margin of 8% within 3 years thanks to organic and external growth in defense, space and cybersecurity.

The first step of the plan, the takeover of the specialist cybersecurity firm Novidy's, which posted revenue of 32 M€ and an operating margin of 9.7% in 2017, puts the group in the top 5 French service providers in this strategic growth market.

Also of note is the fact that the 11.5 M€ capital increase launched on 6 July (at 5.9 euros per share) has been a success. It was oversubscribed 1.4 times, and it has brought new institutional investors into the Group. This capital increase will allow us to pursue our selective external growth strategy in France and Europe.

Complete consolidated accounts for H1 2018 can be found on our website: www.c-s.fr ("investors" page).

These accounts will be presented to financial analysts on Monday 17 September 2018.

CS est un acteur majeur de la conception, de l'intégration et de l'exploitation de systèmes critiques. CS est coté sur le marché Euronext Paris - Compartiment C - (Actions : Euroclear 7896 / ISIN FR 0007317813).

Pour en savoir plus : www.c-s.fr

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