



Smart Safety Systems



Protection of High-Risk Installations



3D Printing

Groupe Gorgé: improved profitability in the first half of 2018

- Revenue up 4.1% in the first half of 2018
- Sharp rise in EBITDA (+69.4%) and in cash flow from operating activities
- 2018 targets confirmed

Groupe Gorgé (Euronext Paris: GOE) publishes its 2018 half-year results today.

<i>(in € millions)</i> ¹	H1 2018	H1 2017 Restated IFRS 15 ²	Change	H1 2017 Published
Revenue	143.2	137.5	+4.1%	136.7
Adjusted revenue ³	142.9	135.9	+5.1%	135.1
EBITDA ⁴	6.3	3.7	+69.4%	2.4
<i>% revenue</i>	<i>4.4%</i>	<i>2.7%</i>	<i>+170bps</i>	<i>1.8%</i>
Current operating income	(1.4)	(3.5)	+60.1%	(3.7)
Operating income	(3.8)	(3.9)	+1.5%	(4.0)
Financial income and expense	(0.3)	(1.3)	+75.9%	(1.3)
Tax	(0.3)	0.4	-182.5%	0.4
Net income	(4.4)	(4.7)	+7.2%	(4.8)
Profit (loss) for the period attributable to the owners of the parent	(3.5)	(3.9)	+9.0%	(3.9)

In the first half of 2018, **Groupe Gorgé** posted revenue of €143.2 million, up 4.1% compared with the first half of 2017, thanks to by the very strong performance of the 3D Printing division. Excluding the contribution of the Smart Safety Systems activities discontinued in 2018, adjusted revenue amounted to €142.9 million, i.e. an increase of 5.1% compared with the first half of 2017.

¹ Limited review procedures were performed by the Statutory Auditors; the audit report is currently being issued.

² As of January 1, 2018, the Group applies IFRS 15 "Revenue from Contracts with Customers." All changes and comments indicated in this press release are in comparison with the 2017 figures restated for the implementation of this standard. Detailed reconciliations will be given in the financial report for the first half of 2018.

³ In order to assess the performance of ongoing activities, the Group presents and comments on the adjusted results, in addition to the reported figures. The adjustments concern in particular within the Smart Safety Systems division the contribution of ECA Sindel and SSL. The figures in this press release are not expressed as adjusted figures, unless otherwise specified.

⁴ Current operating income before depreciation, amortization and provisions, and before free share allocation expenses.

The **EBITDA** improved significantly, reflecting a recovery across all divisions, especially 3D Printing. Consolidated EBITDA was €6.3 million in the first half of 2018, versus €3.7 million in 2017, i.e. an increase of 69.4% (+46.1% in adjusted data).

Profit (loss) from continuing operations was -€1.4 million this half-year, versus -€3.5 million in the first half of 2017.

Non-recurring items stood at -€2.4 million in the half-year period, comprising in particular costs related to the restructuring of the Smart Safety Systems and Protection of High-Risk Installations divisions for €2.1 million. Pursued during the second half of the year, these restructuring actions aimed at improving the Group's performance should have a lesser impact on results.

The **interest expense** net of interest income amounted to €0.3 million, compared with €1.3 million in the first half of 2017, due in particular to the receipt of €0.6 million in late payment interest as part of the research tax credit refund.

Following a **tax expense** of -€0.3 million, compared with a tax income of €0.4 million as of June 30, 2017, **profit (loss) for the period attributable to the owners of the parent** was -€3.5 million, compared with -€3.9 million in the prior-year period.

Cash flow generated by the business rose sharply: cash flow from the operations is €3.1 million, compared with a consumption of €9.4 million in the first half of 2017, benefiting from a favorable change in working capital requirements of €+2.3 million, in the Smart Safety Systems and 3D Printing divisions.

At June 30, 2018, **consolidated net debt** (including treasury shares) was €7.8 million, versus net cash of €3.9 million at December 31, 2017 after dividend paid for €4.3 million and reduced financial debt by €4.3 million.

Performance by division

<i>(in € millions)</i>	Revenue			EBITDA		
	H1 2018	H1 2017 Restated for IFRS 15	Change	H1 2018	H1 2017 Restated for IFRS 15	Change
Smart Safety Systems	50.4	55.2	-8.6%	5.3	4.9	+9.7%
Protection of High-Risk Installations	65.7	68.3	-3.8%	0.2	0.2	+8.0%
3D Printing	27.6	14.6	+88.1%	0.2	(1.0)	+120.0%
Structure & disposals	(0.5)	(0.6)	nm	0.6	(0.4)	nm
Group	143.2	137.5	+4.1%	6.3	3.7	+69.4%

Smart Safety Systems

In the first half of 2018, revenue from the **Smart Safety Systems** division was €50.4 million, down 8.6% compared with the first half of 2017. This decline resulted from the insufficient level of order intake recorded before end-2017. The strong performance of the Simulation business

since the start of the year (+54.2%) and that of the Aerospace business in the second quarter (+3.1%) partially offset the decline of the Robotics business (-17.9%). Adjusted for the contribution of one subsidiary that was deconsolidated in the first half and another discontinued in the third quarter, the division's revenue was €50.1 million, down 6.3% compared to the first half of 2017.

Despite the drop in revenue, the division's EBITDA margin improved to 10.6%, versus 8.8% in the first half of 2017 (10.9% and 10.3% in adjusted data), reflecting the impact of measures aimed at improving operating efficiency, implemented at the end of 2017. EBITDA was up 9.7% at €5.3 million in the first half of 2018, versus €4.9 million in 2017.

The division's profit (loss) from continuing operations was €1.6 million, versus €1.2 million in the first half of 2017. Operating income was affected in particular by restructuring costs amounting to €0.7 million.

Protection of High-Risk Installations

Revenue for the Protection of High-Risk Installations division came to €65.7 million in the first half of 2018, down by 3.8% compared to the first half of 2017. The division continued to improve but was still penalized by order delays in 2017 in the Nuclear business. The first order received in 2017 for the Hinkley Point EPR in the United Kingdom contributed only marginally to the revenue for this half and is expected to contribute more in the second half ([see May 15, 2018 press release](#)).

The Oil & Gas business showed its first signs of recovery in terms of revenue, and especially with regard to order intake. During the second quarter, DuPont de Nemours awarded Van Dam a multi-million euro contract to supply a petrochemical module in Luxembourg ([see June 13, 2018 press release](#)).

EBITDA was €0.2 million, stable compared with the first half of 2017. Although the performances of Oil & Gas and Nuclear were still insufficient, it showed a sharp improvement compared with the second half of 2017. This trend is expected to continue in the second half of 2018.

Current operating income was -€1.3 million, versus -€1.1 million in 2017. Operating income was affected by restructuring of the Nuclear business. Almost all of the costs have been recognized this semester for -€1.4 million.

3D Printing

In the first half of 2018, the 3D Printing division posted revenue of €27.6 million, versus €14.6 million in the first half of 2017, representing growth of 88.1%. Revenue maintained a high growth rate in the first half in both the Products (+59.3%) and Systems (+113.8%) divisions, driven firstly by acquisitions, and secondly by the buoyant momentum of the on-demand parts manufacturing activity. Regarding the sale of machines, some indicators are evolving very favorably. For example, the number of customers with more than one Prodways 3D printer increased from 10 to 22 in the first half of the year.

The division's EBITDA continued to improve over the period: it stood at +€0.2 million, versus

-1.0 million in 2017. This strong improvement was achieved despite several recently launched activities still generating losses.

The division's profit (loss) from continuing operations recovered to -€2.2 million in the first half of 2018, versus -€3.1 million in the first half of 2017. Non-recurring items of -€0.3 million, versus -€0.1 million in the first half of 2017 were comprised of acquisition costs for €0.1 million and amortization of intangible assets recognized at fair value during the acquisitions for €0.2 million.

Outlook

At June 30, 2018, **Groupe Gorgé's** backlog was nearly €220 million, up 7% from December 31, 2017.

The **Smart Safety Systems** division's backlog was €99 million, versus €97 million at December 31, 2017, i.e. an increase of 2.2%. The Group recorded several commercial successes in the first six months of the year, following a year affected by order postponements in 2017. The Group expects to log major new orders before the end of the year.

In Simulation and Aerospace, the Group is positioned to bid for several major calls for tender representing more than €5 million. In the Robotics division, the teams are working on a particularly important call for tender.

Within this framework, the Smart Safety Systems division confirms its target of a slight increase in 2018 revenue compared with 2017, and of improved profitability, with a focus on better operating efficiency and cost reduction.

In the **Protection of High-Risk Installations** division, the backlog reached a record level. At €115 million at June 30, 2018, it was up 10.7% from December 31, 2017. In the Nuclear business, the fulfilment of orders and major new orders that may come in this year are expected to contribute to the recovery of the business. Efforts implemented since 2017 to recover profitability should continue to pay off in the medium term.

During first-half revenue, the **3D Printing** division upgraded its 2018 objective and now expects to record revenue of more than €53 million. This upgrade does not take into account the contribution of Solidscape, which will be consolidated during the second half of the year. Accordingly, the division will raise again its 2018 target at the time of reporting the 2018 third-quarter revenue on October 26, 2018.

Both divisions will continue to improve their performance in the medium term. Organic growth should continue to be bolstered by new acquisitions. Several projects aimed at strengthening the Group's existing activities or at increasing its geographical footprint are being considered.

In this context, **Groupe Gorgé** revised slightly upward its 2018 objective during half-year revenue and confirms this target of revenue between €290 million and €300 million, with above all a target of improved profitability. The Group will update its target at the time of reporting the 2018 third-quarter revenue on October 26, 2018.

Conference call on September 14, 2018 at 11:00 a.m. CET

The information on the 2018 half-year results includes this press release and the presentation available on the Groupe Gorgé website: www.groupe-gorge.com.

Today, Friday, September 14, 2018, Raphaël Gorgé, Chairman and CEO, and Loïc Le Berre, Deputy Chief Executive Officer - Finance, will provide the financial community with their comments on the Groupe Gorgé results and respond to questions from analysts during a conference call in French from 11:00 a.m. (Paris time).

To participate in the conference call, you may call any of the following telephone numbers approximately 5 - 10 minutes prior to the scheduled start time:

- France: +33 (0) 1 70 71 01 59
- United Kingdom: +44 (0) 2 07 19 43 759
- Germany: +49 (0) 6 92 22 22 54 29
- United States: +1 64 67 22 49 16

Access code: 77175867#

A recording of this conference call will be available as a replay on the Groupe Gorgé website after the conference.

Next key financial date:

Third-quarter 2018 revenue released on October 26, 2018 before the stock market opening.

About Groupe Gorgé

Created in 1990, Groupe Gorgé is an independent group that specializes in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. In its more than twenty-five year history, Groupe Gorgé has always developed and driven the latest technological and industrial innovations.

Smart Safety Systems:

Developing complete, innovative technological solutions for complex missions in hostile and confined environments.

Protection of High-Risk Installations:

Protecting people and ensuring the active and passive protection of installations for energy markets and industrial and tertiary sectors in France. Ensuring the maintenance of these protection systems.

3D Printing:

Enabling major industry players to find new routes to successful innovation and production processes by providing systems, 3D printers and new premium material.

In 2017, the Group reported revenue of €276.7 million. It is backed by 2,000 employees and operations in over ten countries.

More information available on www.groupe-gorge.com

Groupe Gorgé is listed on Euronext Paris and on the US OTC market in the form of ADR.

Euronext Paris:
Compartment B.
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