



Smart Safety Systems

Industrial Projects and Services

Protection in Nuclear Environments

3D printing

## 2016 half-year financial results: Current operating income up by +57.4%

In € millions	H1 2016		H1 2015 <sup>(1)</sup>		H2 2015 <sup>(1)</sup>		Chg. H1 2016/H1 2015 (%)	
	Revenue	Current operating income	Revenue	Current operating income	Revenue	Current operating income	Revenue	Current operating income
Smart Safety Systems	53.0	3.4	43.1	0.6	62.1	8.3	+23.0%	x5.9
Industrial Projects and Services	56.4	2.8	46.8	1.2	57.2	2.8	+20.6%	x2.3
Protection in Nuclear Environments	20.8	0.9	16.5	1.1	22.1	2.4	+26.0%	-18.1%
3D printing	12.4	(4.1)	8.0	(1.1)	9.8	(3.5)	+54.6%	NA
Structure and disposals	(0.7)	(0.4)	(0.4)	(0.2)	(0.7)	(0.0)	NA	NA
<b>Group</b>	<b>141.9</b>	<b>2.5</b>	<b>114.0</b>	<b>1.6</b>	<b>150.5</b>	<b>10.1</b>	<b>+24.5%</b>	<b>+57.4%</b>

(1) Restated 2015 financial statements

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#### About Groupe Gorgé

Established in 1990, Group Gorgé is an industrial group operating in different areas of expertise:

**Smart Safety Systems** – Using technology to work in risk environments;

**Protection in Nuclear Environments** – Protecting people and securing buildings operating with radioactive materials;

**Industrial Projects & Services** Conducting Robotics and Fire protection systems projects for industry and service-sector player;

**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 2015, the Group reported revenue of €264.5 million. It is backed by 1,536 employees and operations in over ten countries.

**More information available on [www.groupe-gorge.com](http://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.  
ISIN code: FR0000062671  
Ticker code: GOE

US OTC market:  
CUSIP NUMBER: 399451 103  
ISIN NUMBER: US3994511034  
Ticker Code: GGRGY / GGRGF

In € millions	H1 2016	H1 2015 <sup>(2)</sup>	Chg. H1 2016 - H1 2015 (%)
<b>Revenue</b>	<b>141.9</b>	114.0	+24.5%
<b>EBITDA<sup>(1)</sup></b>	<b>7.3</b>	6.5	+11.2%
<b>Current operating income</b>	<b>2.5</b>	1.6	+57.4%
<b>Current operating margin</b>	<b>1.8%</b>	1.4%	-
<b>Operating income</b>	<b>0.9</b>	(0.2)	NA
<b>Income tax</b>	<b>(1.5)</b>	(0.2)	-
<b>Net income</b>	<b>(2.4)</b>	(1.1)	-
<b>Net income - Group share</b>	<b>(3.3)</b>	(1.0)	-

The consolidated financial statements were subject to a limited review by the Statutory Auditors, and their reports are currently being issued.

- (1) EBITDA: Current operating income before depreciation, amortization and provisions  
(2) Restated 2015 financial statements

Revenue in the first half of 2016 totaled €141.9 million, up sharply by +24.5% compared to the first half of 2015. The second quarter was especially high, at €81.3 million, up +33.5% compared to Q2 2015, an unprecedented level for the Group in a second quarter. The Group's four divisions are growing: +20.6% for the **Industrial Projects and Services** division, +23.0% for the **Smart Safety Systems** division, +26.0% for the **Protection in Nuclear Environments** division and finally +54.6% for the **3D Printing** division.

On account of the increase of the activity, EBITDA is up by +11.2% and totals €7.3 million, compared to €6.5 million in the first half of 2015. Operating income is positive at €0.9 million, whereas in the first half year of 2015 it posted a loss of €0.2 million.

The current operating income is up by 57.4%.

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The **Smart Safety Systems** and **Industrial Projects and Services** divisions obtained satisfactory results: the current operating income of the **Smart Safety Systems** division increased nearly 6-fold and that of the **Industrial Projects and Services** division was 2.3 times higher, reaching €3.4 and €2.8 million, respectively.

Excluding the **3D Printing** division, whose activities are not at the same stage of maturity, the Group's current operating income total €6.7 million, 2.5 times higher than in 2015. The negative contribution of the **3D Printing** division is explained in part by the level of activity that, although up by +55%, is slightly down with respect to the Group's forecasts. Because the division is still being organized, certain costs are a phase ahead with respect to revenue growth and represent an investment for the future.

## **Financial structure: improvement of financing conditions**

The growth in working capital requirements tracked revenue growth in the second quarter, in particular in the **Smart Safety Systems** division. Working capital requirements thus grew by €12.2 million, largely explaining the +€14.5 million growth in net debt. During the half-year, an in fine loan of €10 million, maturing at the end of 2017, was refinanced under optimal rate conditions, with maturity in 2021. It should be noted that the Group has a confirmed and unused credit facility of €10 million with maturity in 2020 and also that in July ECA also put in place a confirmed 5-year credit facility of €10 million.

## **Outlook**

The second half of the year should show much better profitability than the first half. The **Smart Safety Systems** division should continue its growth trend that started several half-years ago. ECA, which still focuses on increasing its sales and improving its profitability, is posting a good sales dynamic that has been rewarded with many successes since the beginning of the financial year: initial successes in

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aerial drones in the beginning of the year in the Middle East, a contract awarded for the delivery of three naval simulators for Asian countries, the delivery of a security device based on aerial drones for the company Eurotunnel, etc. The Group is confident of the medium-term outlooks provided by the markets in which it operates, in particular in robotics and simulation.

Although its profitability was penalized by the still under-performing division AI Group, the **Industrial Projects and Services** division should continue to post good results in the second half-year. The division in fact is positioned on the buoyant fire protection sector and could benefit from a possible change in French regulations with a significant medium-term impact for one of its subsidiaries. The recovery of the company AI Group provides a significant lever for profitability over the upcoming half-years.

Regarding the **Protection in Nuclear Environments** division, the Group is still positioned in major projects in China and the United Kingdom, pending final approval. These large projects could represent large accessible markets for the Group.

In addition, in the second half-year, the division will concentrate on the integration of the PORTAFEU company, a historical competitor of the Group experiencing difficulties, that was acquired in the first half-year. The solutions developed by the company will be integrated in the Group's offering for power plants in operation in France, to better respond to the needs of this activity's customers.

Finally, concerning the **3D Printing** division, the Group believes that the decline in profitability reached its turning point in the middle of the year. Profitability should thus improve progressively in upcoming quarters.

Even though the technologies developed by its subsidiary Prodways still have great potential, the time necessary for these applications to come up to speed is greater than anticipated by the Group, and in some cases could be from several half-years to several years for the most complex applications (aeronautics and medical).

The Group aims to ultimately achieve a leadership position in a number of niches utilizing 3-D printing. The second half-year should be marked by the development

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of medical applications and in particular in manufacturing 3-D printed items in the dental and podiatry sectors.

The second half-year will also be marked by the marketing of the P1000 machine, a plastic powder sintering machine using laser technology. This machine, the preliminary launch of which took place at the RAPID trade fair last March, is the first professional powder sintering machine sold at a price below €100,000. The Group expects that sales of this new machine in FY 2017 will develop quite significantly.

The Group is still confident in its strategic positioning in production-level professional industrial 3D printing.

**You can find a commentated presentation of this performance on our**

**YouTube channel:**

<https://youtu.be/ux2cwc08mbE>

**Next key date:**

Publication of 3<sup>rd</sup> quarter revenue on October 25, 2016

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## Availability of the half-year financial report as of June 30, 2016

Groupe Gorgé announced today that it has published its half-year report as of June 30, 2016.

It can be consulted on:

The Groupe Gorgé website: <http://www.groupe-gorge.com>

**Disclaimer**

*This press release could contain statements on past events and forward-looking statements including statements regarding future goals or targets. Forward-looking statements reflect current expectations for results and future events.*

*Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that may cause actual results, performance or events to differ materially from those anticipated herein. All these risks and uncertainties could affect the Group's future ability to achieve its targets. Risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements and targets include, among other things: the risks and uncertainties possibly mentioned in this press release; the strength of competition; the growth of the market; currency fluctuations; interest rate fluctuations; raw materials and freight price fluctuations; armed conflicts or political instability; control of costs and expenses; changes in tax legislation, rules, regulation or enforcement; our ability to successfully keep pace with technology changes; our ability to attract and retain qualified personnel and key-men; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; supply chain bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.).*

*Some of these risk factors are set forth and detailed in our Document de Référence (Registration Document including the annual financial report filed with the French Autorité des Marchés Financiers). This list of risks, uncertainties and other factors is not limitative. Other non-anticipated, unknown or unforeseeable factors could also have material adverse effect on our targets. The Group expressly disclaims any obligation or undertaking to update or revise any forward-looking statements or targets potentially contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based.*

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