

First-half 2019 results

- Revenue: €246.5 million (+14.1%)
- Operating profit before non-recurring items (EBITA)⁽¹⁾: €15.6 million
- EBITA margin up 200 bp to 6.3%

Paris - La Défense, 5 September 2019, 5.35 p.m. (CEST) – At its meeting held today, the Board of Directors of Assystem S.A. (ISIN: FR0000074148 - ASY), an international engineering group, reviewed the Group's financial statements for the first half of 2019 (i.e. the six months ended 30 June 2019).

First-time application of IFRS 16 and financial indicators used by Assystem

Assystem adopted IFRS 16, "Leases" on 1 January 2019 using the modified retrospective approach. In accordance with this approach, the financial statements for 2018 have not been restated.

The first-time application of this new standard had only a limited effect on EBITA and consolidated profit for the period. However, it did have highly significant impacts on the EBITDA and free cash flow indicators used by Assystem. All of these impacts are disclosed in this press release together with the related figures.

In view of these highly significant impacts, in order to permit meaningful year-on-year comparisons of the above indicators and maintain a method of calculating EBITDA and free cash flow consistent with that used to calculate net debt, Assystem will continue to use EBITDA and free cash flow indicators as calculated excluding the impacts of IFRS 16.

In the consolidated statement of financial position, the Group's adoption of IFRS 16 resulted in the recognition of lease liabilities and right-of-use assets presented on the liabilities and assets side respectively under "Lease liabilities" and "Right-of-use assets". The net debt indicator used by Assystem does not include lease liabilities.

KEY FIGURES

In millions of euros (€m)	H1 2018	H1 2019	Year-on-year change
Revenue	216.1	246.5	+14.1%
Operating profit before non-recurring items – EBITA⁽¹⁾	9.2	15.6	+69.5%
% of revenue	4.3%	6.3%	+ 200 bp
Consolidated profit for the period⁽²⁾	7.1	14.3	
In millions of euros (€m)	31 Dec. 2018	30 June 2019	
Net debt⁽³⁾	31.1	68.7	

(1) Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees other than Expleo Group (€0.6 million in first-half 2018 and €0.5 million in first-half 2019). The Group's first-time application of IFRS 16 had a €0.2 million positive impact on EBITA in first-half 2019.

(2) Including profit attributable to non-controlling interests: a nil amount in first-half 2018 and €0.2 million in first-half 2019. Profit for the period attributable to owners of the parent therefore totalled €7.1 million in first-half 2018 and €14.1 million in first-half 2019. The Group's first-time application of IFRS 16 had a €0.1 million negative impact on consolidated profit for the period in first-half 2019.

(3) Debt less cash and cash equivalents and after taking into account the fair value of hedging instruments.

ANALYSIS OF THE FIRST-HALF 2019 INCOME STATEMENT

- **Revenue**

Assystem's consolidated revenue jumped 14.1% year on year in the first half of 2019, breaking down as 13.2% in like-for-like growth and a 0.9% positive currency effect. The lower number of business days in the first six months of 2019 compared with first-half 2018 trimmed an estimated 0.8% off like-for-like growth.

Revenue from the **Energy & Infrastructure** division advanced 16.3% to €219.9 million, with 15.9% like-for-like growth and a 0.4% positive currency effect.

At €22.7 million, revenue for the **Staffing** division was up 2.0%, including a 5.0% positive currency effect.

- **Operating profit before non-recurring items (EBITA) and EBITDA⁽⁴⁾**

Consolidated EBITA surged 69.5% to €15.6 million in the first six months of 2019 from €9.2 million in the same period of 2018. The first-half 2019 figure includes a €0.2 million positive impact from the first-time application of IFRS 16, which solely affected the E&I division. EBITA margin widened considerably year on year, to 6.3% from 4.3%.

EBITA for the Energy & Infrastructure division totalled €16.4 million (including the €0.2 million IFRS 16 impact) and EBITA margin was 7.5% (7.4% excluding IFRS 16), versus €10.3 million and 5.4% respectively in first-half 2018.

Staffing EBITA rose by €0.4 million to €0.8 million, representing an EBITA margin of 3.4%.

The Group's "Holding company" expenses, net of the EBITA of the activities classified in the "Other" category, had a €1.6 million negative impact on consolidated EBITA in first-half 2019 versus a €1.5 million negative impact in the equivalent period of 2018.

Consolidated **EBITDA⁽⁴⁾** came to €17.4 million in the first six months of 2019, compared with €10.4 million in first-half 2018. Including the impact of IFRS 16, it amounted to €22.0 million.

- **Operating profit and other income statement items**

After taking into account €1.5 million in net non-recurring expense for the period (including €0.3 million in share-based payments), **consolidated operating profit** came to €14.1 million, compared with €9.5 million in the first six months of 2018.

The contribution to Assystem's consolidated profit by Expleo Group ("Expleo") – in which Assystem holds a 38.2% interest – was €6.7 million excluding the impact of the non-recurring expenses recorded by Expleo for first-half 2019 but including €4.4 million in coupons on Expleo convertible bonds. Taking into account Assystem's €2.6 million share of Expleo's non-recurring expenses, Expleo's net contribution to consolidated profit for first-half 2019 was €4.1 million (comprising Assystem's €0.3 million share of Expleo's loss for the period and the €4.4 million in convertible bond coupons).

Assystem recorded **net financial income** of €0.6 million in the six months ended 30 June 2019, including a €2.4 million dividend receivable by Assystem on its 5% stake in Framatome.

After deducting €4.5 million in income tax expense, **consolidated profit for the period** totalled €14.3 million, compared with €7.1 million in first-half 2018.

- **Information on the revenue and EBITDA⁽⁴⁾ generated in first-half 2019 by Expleo Group**

Revenue generated by Expleo Group came in at €544.2 million in the first six months of 2019 versus €511.4 million in first-half 2018. Overall year-on-year growth was 6.4%, breaking down as a 6.6% positive

⁽⁴⁾ EBITA before net depreciation expense and net additions to provisions for recurring operating items, excluding the impact of IFRS 16 on EBITA and depreciation expense

impact from changes in scope of consolidation (chiefly due to the inclusion for the full six-month period of SQS, which has been consolidated since 1 February 2018), an estimated 0.7% negative impact from the year-on-year decrease in the number of business days and a 0.4% positive currency effect. Like-for-like growth based on constant exchange rates and business days was 0.1%. This figure reflects the adverse impact during the period of the one-off effect of losing a contract in the aeronautics sector in the United Kingdom and a change in SQS's business mix. This change had an immediate positive impact on operating profitability in terms of absolute value and margin, but a short-term negative effect on business volumes.

Expleo Group's EBITDA (excluding the IFRS 16 impact) amounted to €47.5 million for the period, representing 8.7% of its consolidated revenue, versus €41.0 million and 8.0% respectively in first-half 2018.

FREE CASH FLOW AND NET DEBT

At 30 June 2019, **free cash flow** for the previous twelve months generated by Assystem's fully consolidated entities (excluding the IFRS 16 impact) totalled €27.1 million, representing 5.7% of revenue for that period. As expected, working capital requirement related to the K.A.CARE contract returned to a normal level in the first half of 2019. The down payment received on this contract in late 2018 was used during first-half 2019.

Assystem had net debt of €68.7 million at 30 June 2019 versus €31.1 million at 31 December 2018. The €37.6 million increase breaks down as follows:

- an €11.3 million negative effect on debt from the first-half 2019 free cash flow figure⁽⁵⁾ (excluding the IFRS 16 impact);
- a €15.0 million dividend payment made to Assystem's shareholders;
- €9.3 million paid for acquisitions of shares (including €8.0 million in additional consideration for the acquisition of Framatome shares) and purchased goodwill;
- €2.0 million in other movements.

In the second half of the year, the Group's stake in Framatome will further impact net debt as a result of (i) a €4.5 million payment for the final instalment of additional consideration, and (ii) the receipt of a €2.4 million dividend for 2018. In addition, in July 2019, Assystem acquired ASCO for €7.0 million.

OUTLOOK FOR FULL-YEAR 2019

On a consolidated basis, Assystem's targets for full-year 2019 are now as follows:

- annual revenue of at least €500 million, including the impact of consolidating ASCO as from 1 October 2019, but excluding the effect of any other external growth transactions;
- EBITA margin of at least 6.8% (excluding the IFRS 16 impact);
- free cash flow (excluding the IFRS 16 impact) representing more than 6% of revenue for the 24-month period covering the 2018 and 2019 financial years.

AVAILABILITY OF THE FIRST-HALF 2019 INTERIM FINANCIAL REPORT

Assystem's first-half 2019 interim financial report has today been published and filed with the Autorité des Marchés Financiers (AMF). This report, as well as the presentation of the Group's first-half 2019 results, can be viewed and downloaded on Assystem's website (www.assystem.com) in the "Finance/Regulated Information" section.

⁽⁵⁾ Free cash flow including the impact of IFRS 16 was a negative €6.7 million.

2019 FINANCIAL CALENDAR

- 30 October: Third-quarter 2019 revenue release

Assystem is an international engineering group. As a key participant in the industry for over 50 years, the Group supports its clients in managing their capital expenditure throughout their asset life cycles. Assystem S.A. is listed on Euronext Paris.

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APPENDICES

1/ REVENUE AND EBITA BY DIVISION

• REVENUE

In millions of euros	H1 2018	H1 2019	Total year-on-year change	Like-for-like change*
Group	216.1	246.5	+14.1%	+13.2%
Energy & Infrastructure	189.1	219.9	+16.3%	+15.9%
Staffing	22.3	22.7	+2.0%	-3.0%
Other	4.7	3.9	-	-

* Based on a comparable scope of consolidation and constant exchange rates.

• EBITA⁽¹⁾

In millions of euros	H1 2018	% of revenue	H1 2019	% of revenue
Group	9.2	4.3%	15.6	6.3%
Energy & Infrastructure	10.3	5.4%	16.4	7.5%
Staffing	0.4	1.8%	0.8	3.4%
Holding company and Other	(1.5)	-	(1.6)	-

(1) Operating profit before non-recurring items (EBITA):

- including share of profit of equity accounted investees other than Expleo Group (€0.6 million in first-half 2018 and €0.5 million in first-half 2019); and
- taking into account the €0.2 million positive impact of the first-time application of IFRS 16, recognised under Energy & Infrastructure

2/ CONSOLIDATED FINANCIAL STATEMENTS

• CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of euros</i>	31 Dec. 2018	30 June 2019
ASSETS		
Goodwill	82.8	83.0
Intangible assets	4.7	8.2
Property, plant and equipment	7.6	8.5
Right-of-use assets	-	36.9
Investment property	1.4	1.4
Equity-accounted investees	0.7	1.3
Expleo Group shares	88.1	87.5
Expleo Group convertible bonds	102.2	106.7
Expleo Group shares and convertible bonds	190.3	194.2
Other non-current financial assets ⁽¹⁾	129.1	137.5
Deferred tax assets	4.7	3.5
Non-current assets	421.3	474.5
Trade receivables	150.8	177.9
Other receivables	40.6	41.2
Income tax receivables	1.1	1.0
Other current assets	0.5	0.1
Cash and cash equivalents ⁽²⁾	32.4	18.9
Current assets	225.4	239.1
TOTAL ASSETS	646.7	713.6
EQUITY AND LIABILITIES	31 Dec. 2018	30 June 2019
Share capital	15.7	15.7
Consolidated reserves	351.6	354.5
Profit for the period attributable to owners of the parent	19.4	14.1
Equity attributable to owners of the parent	386.7	384.3
Non-controlling interests	0.1	(0.2)
Total equity	386.8	384.1
Long-term debt and non-current financial liabilities ⁽²⁾	63.1	87.2
Lease liabilities	-	29.5
Pension and other employee benefit obligations	14.7	16.5
Liabilities related to share acquisitions	4.6	4.6
Long-term provisions	16.6	16.7
Other non-current liabilities	1.3	0.7
Non-current liabilities	100.3	155.2
Short-term debt and current financial liabilities ⁽²⁾	0.4	0.4
Lease liabilities	-	7.6
Trade payables	31.0	36.0
Due to suppliers of non-current assets	0.8	2.0
Accrued taxes and payroll costs	89.1	91.8
Income tax liabilities	2.2	1.7
Liabilities related to share acquisitions	1.1	1.0
Short-term provisions	3.7	2.7
Other current liabilities	31.3	31.1
Current liabilities	159.6	174.3
TOTAL EQUITY AND LIABILITIES	646.7	713.6

(1) Including Framatome shares representing €132.3 million at 30 June 2019.

(2) Net debt totalled €68.7 million at 30 June 2019, breaking down as:

- Short- and long-term debt and current and non-current financial liabilities: €87.6 million
- Cash and cash equivalents: €18.9 million

• CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	Six months ended 30 June 2018	Six months ended 30 June 2019
Revenue	216.1	246.5
Payroll costs	(158.5)	(177.0)
Other operating income and expenses	(47.2)	(47.6)
Taxes other than on income	(0.6)	(0.4)
Depreciation, amortisation and provisions for recurring operating items, net	(1.2)	(6.4)
Operating profit before non-recurring items (EBITA)	8.6	15.1
Share of profit of equity-accounted investees	0.6	0.5
EBITA including share of profit of equity-accounted investees	9.2	15.6
Non-recurring income and expenses	0.4	(1.2)
Share-based payments	(0.1)	(0.3)
Operating profit	9.5	14.1
Share of profit/(loss) of Expleo Group	(2.9)	(0.3)
Income from Expleo Group convertible bonds	3.9	4.4
Net financial expense on cash and debt	(0.3)	(1.0)
Other financial income and expenses	0.1	1.6
Profit from continuing operations before tax	10.3	18.8
Income tax expense	(3.1)	(4.5)
Profit from continuing operations	7.2	14.3
Profit/(loss) from discontinued operations	(0.1)	-
Consolidated profit for the period	7.1	14.3
Attributable to:		
Owners of the parent	7.1	14.1
Non-controlling interests	-	0.2

• CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	Six months ended 30 June 2018	Six months ended 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
EBITA including share of profit of equity-accounted investees	9.2	15.6
Depreciation, amortisation and provisions for recurring operating items, net	1.2	6.4
EBITDA	10.4	22.0
Change in operating working capital requirement	5.7	(18.2)
Income tax paid	(4.5)	(3.2)
Other cash flows	(3.2)	(1.9)
Net cash generated from/(used in) operating activities	8.4	(1.3)
<i>O/w related to continuing operations</i>	8.4	(1.3)
<i>O/w related to discontinued operations</i>	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and intangible assets, net of disposals, o/w:	(3.0)	(5.4)
<i>Acquisitions of property, plant and equipment and intangible assets</i>	(3.1)	(5.4)
<i>Proceeds from disposals of property, plant and equipment and intangible assets</i>	0.1	-
Free cash flow	5.4	(6.7)
<i>O/w related to continuing operations</i>	5.4	(6.7)
<i>O/w related to discontinued operations</i>	-	-
Acquisitions of shares, net of proceeds from sales	-	(9.3)
Investment in Expleo Group	(60.7)	-
Other movements, net	(9.8)	-
Net cash generated from/(used in) investing activities	(73.5)	(14.7)
<i>O/w related to continuing operations</i>	(66.3)	(14.7)
<i>O/w related to discontinued operations</i>	(7.2)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net financial income received/(expenses paid)	0.1	(0.9)
Proceeds from new borrowings	59.7	24.0
Repayments of borrowings and movements in other financial liabilities	7.4	-
Repayments of lease liabilities*	-	(4.6)
Dividends paid	(15.7)	(16.3)
Other movements in equity of the parent company	(3.8)	0.5
Net cash generated from/(used in) financing activities	47.7	2.7
Net decrease in cash and cash equivalents	(17.4)	(13.3)
Net cash and cash equivalents at beginning of period	27.3	32.1
Effect of non-monetary items and changes in exchange rates	(0.8)	(0.2)
Net decrease in cash and cash equivalents	(17.4)	(13.3)
Net cash and cash equivalents at beginning of period	9.1	18.6

* Including €0.4 million in interest paid.

3/ CHANGES IN NET DEBT

<i>In millions of euros</i>		
Net debt at 31 Dec. 2018	31.1	
Free cash flow from continuing operations	11.3	<i>Excluding impact of first-time application of IFRS 16</i>
Acquisitions of shares and purchased goodwill	9.3	
Dividends paid to shareholders of Assystem	15.0	
Other movements	2.0	
Net debt at 30 June 2019	68.7	

4/ INFORMATION ABOUT THE COMPANY'S CAPITAL

NUMBER OF SHARES	At 31 Dec. 2018	At 31 Aug. 2019
Ordinary shares outstanding	15,668,216	15,668,216
Treasury shares	667,336	658,205
Free shares and performance shares outstanding	256,380	304,555
Weighted average number of shares outstanding	15,089,319	15,002,279
Weighted average number of diluted shares	15,345,699	15,306,834

OWNERSHIP STRUCTURE AT 31 AUGUST 2019

In %	Shares	Exercisable voting rights
HDL Development ⁽¹⁾	61.34%	77.45%
Free float ⁽²⁾	34.46%	22.55%
Treasury shares	4.20%	-

(1) HDL Development is a holding company controlled by Dominique Louis (Assystem's Chairman and Chief Executive Officer), notably through HDL, which itself holds 0.35% of Assystem's capital.

(2) Including 0.35% held by HDL.