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# SOGECCLAIR

Engineering **the future**

Half-yearly results for H1 2017

# WHO WE ARE?

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- SOGECLAIR is a leading supplier of high added-value solutions and products for the aerospace sector, and for the civil and military transport industries.
- With more than 1,400 staff working worldwide and more than 50 years' experience, the Group supports its customers all along the value chain by meeting their needs for innovation and quality.

# A track-record at the customer's service

## Customers

### An unrivalled customer portfolio:

- ADD (Corea), Airbus, Airbus Defense & Space, Airbus Helicopters, Bombardier, CAE, Dassault, DGA, Gulfstream, MBDA, Mecachrome, Mitac (Mitsubishi), RATP, Renault, Thales, Zodiac...
- Nearly 70 aeronautical and space programs

## Quality

### Quality standards:

- ISO 9001, EN 9100, DOA
- Civil & military sectors
- Two modern aeronautical production plants (Toulouse for thermoplastic composite & Montreal for cabin furnishing)
- Unique technical skills supporting the customer from design through to production

## Productivity

### Productivity & International Growth:

- Infrastructure and organization capable of supporting sales growth, especially abroad
- High added-value product and service economic model
- Human skills and patents

## Innovation

### Our service activities and R&D are the incubators for tomorrow's products:

- Thermoplastic Composites,...
- Synthetic environments
- Additive fabrication
- Autonomous Vehicles

# H1 2017 – Key Facts

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- Good economic performance with an EBITDA growth up by 24% and an improvement of the gearing of 24% (compared with 37% during the 1<sup>st</sup> semester 2016)
- Half-Year turnover growth up by +9.75% on a unchanging perimeter
- Geographic extension:  
International: 53% of Turnover (+10.38% vs June 2016) mainly in Europe and in North of America
- Strong growth of product activity

- Technological partnerships:
  - ✓ Creation of PrintSky between SOGECLAIR holding 51% and ADDUP (Michelin & Fives) holding 49%: a unique offer in the additive manufacturing field
  - ✓ Creation of Autonomous Vehicle Simulation (AVS) between SOGECLAIR holding 65% and RENAULT holding 35% in the field of the simulation for the autonomous vehicle development (July 2017)

# Recent Information - PrintSky



20 June 2017

## PRESS RELEASE

**SOGECCLAIR and AddUp are pleased to announce the creation of PrintSky, a joint venture dedicated to the development of future industrial production projects in the field of additive metal manufacturing for the Aerospace, Space and Defense industries.**

PrintSky, which is 51% owned by SOGECCLAIR and 49% by AddUp, aims to provide its Aerospace, Space and Defense customers with an additive manufacturing technology platform that provides access to design, certification and validation services, prototypes and pre-series manufacturing to demonstrate "proof of concept" so that the customer will have all the required data for series production.

**This global offer is intended to be distinct:**

- ❖ SOGECCLAIR's skills in designing optimized solutions, adapted to additive technologies that meet the requirements of the Aeronautics, Space and Defense sectors, in which SOGECCLAIR has been recognized by its customers for more than 30 years with.
- ❖ AddUp's industrial know-how in metallic additive manufacturing technologies through the experience gained by its founders and current shareholders, Fives and Michelin.
- ❖ The pooling of the respective capacities of SOGECCLAIR and AddUp to propose high-performance and scalable production ready additive solutions.

**The ambition: to become a key player in the Aeronautics, Space and Defense sectors to design, optimize and produce prototypes in additive manufacturing capable of future industrial production.**

The PrintSky platform based in Toulouse will offer a modular solution that can:

- Aid the selection of parts eligible for additive manufacture ("creative event"),
- Construct a business case according to the material and the selected technology most suited to the customer's need (Laser powder or electron beam, and potentially other technologies ...),
- Optimize and customize the design including Topological Optimization,
- Support qualification and certification,
- Manufacture prototypes and pre-production sample for proof of concept,
- Deliver all the parameters and know-how necessary for the launch of the series production for the future operators.

To ensure total transparency, PrintSky will include the customer at every stage of product development.

In more details,

The "proof of concept" activity is intended to demonstrate the technical, economic and industrial feasibility of these solutions on behalf of the customers of the Joint Venture and to validate all parameters for series production irrespective of location and the customer's chosen partner to print the parts. In terms of production of the first parts for proof of concept, the production activity is limited to the capacity to operate a machine per year, per customer and per technology.

The business case is based on the following additive manufacturing technologies:

- existing: laser powder / electron beam bed (or even other technologies)
- under development at AddUP and in future development (as part of the SOFIA R & D program)

The main materials used are: Titanium, Inconel, Aluminum, ...

The initial target market is European aeronautics, space and defense companies but we would be happy to discuss opportunities in the rest of the world.

The activity will be based in a facility in Toulouse. Additional geographical locations could be developed depending on market demand.

### About SOGECCLAIR

Designer of innovative, high added-value solutions and products, SOGECCLAIR brings its skills in high-quality engineering and production to cutting-edge sectors: aeronautics, space and transport. Supporting its customers and partners from the design and simulation stages through to the end of the product's lifetime, all along the production chain and for entry into service, the Group counts nearly 1,400 staff working worldwide to offer a high-quality, proximity service to all its customers.

SOGECCLAIR is listed on Euronext Paris – Compartment C – Euronext® Family Business index – Code ISIN: FR0000065864 – PEA PME 150 (Reuters SCLR.PA – Bloomberg SOG.FP)

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### ABOUT ADDUP :

Established in April 2016 thanks to a collaboration agreement signed by Fives and Michelin in September 2015, AddUp has developed a unique competence in metallic additive manufacturing.

The offer in 3D metallic printing extends from the design and supply of machines and systems, to the associated services (parts design, process development, etc.), marketed under the brand name AddUp.

Already recognized as an industrial additive manufacturing supplier through the two founding companies, Fives and Michelin, the AddUp offer is distinguished by its tailored approach adapted to meet specific customer requirements.

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# Recent information – Autonomous Vehicle Simulation



## PRESS RELEASE

### SOGECCLAIR'S SUBSIDIARY, OKTAL SAS, AND RENAULT FOUND AVS SAS, A SIMULATION JOINT VENTURE

TOULOUSE (July 4 2017, 6 pm) – Building on more than 15 years of collaborative development at Renault, the formation of AVS will further enhance product development using driving simulators. This new joint venture will acquire the automotive assets of Sogecclair's OKtal subsidiary, which will be transferred to the newly formed company. Simulation testing has become strategic for the automotive industry with the widespread use of assistive technologies and autonomous cars. The new developments in products and services aim to strengthen the position of SCANer™ (developed by Renault and Oktal) simulation software as the world leader.

- Groupe Renault will acquire a 35 percent stake in a new joint venture, Autonomous Vehicle Simulation (AVS), formed together with Oktal, a subsidiary of Sogecclair, which will hold a 65% stake.
- Groupe Renault's investment in Autonomous Vehicle Simulation (AVS) will reinforce the capability of the Renault-Nissan Alliance to further develop and test autonomous vehicles.
- This includes the SCANer™ software, a worldwide leader in driving simulation software already used across Renault and Nissan and various OEMs, Tier1 manufacturers and Research Centers.

AVS will accelerate simulation softwares, driving simulators time to market for OEMs, Tier1 manufacturers and Research Centers.

Groupe Renault supports AVS development by delegation of Dr. Andras Kemeny, Automotive International simulation Expert, as Senior Scientific Director and by ordering a high performance simulator, news developments and software maintenance.

"Fleet testing and simulation go hand in hand with developing autonomous vehicles. In order to achieve the targeted level of reliability, test vehicles must accumulate a vast number of kilometers," said Karim Mikkiche, Alliance Global VP Customer performances & CAE/Test Engineering. "Normally, this would take many years of driving. Along with fleet tests and accelerated testing methods, simulation with virtual testing can be helpful to accelerate the process and accommodate it within a project timeline".

"Along with Renault's investment, we will significantly accelerate the development of SCANer Studio's new features dedicated to the Autonomous/Connected vehicle", said Laurent Salanquedra, CEO of OKTAL.

OKTAL and SOGECCLAIR have been supported by VULCAIN (M&A) and D'HOIR BEAUFRE ASSOCIES (Lawyers).

D'hoir Beaufre Associés <sup>dba</sup>  
Société d'avocats



#### ABOUT GROUPE RENAULT

Renault has been making cars since 1898. Groupe Renault today is an international group that sold more than 3.2 million vehicles through 12,700 outlets in 127 countries in 2016. It employs more than 120,000 people and operates 36 manufacturing facilities worldwide. To address the major technological challenges of the future and pursue profitable growth, Renault has four primary focuses: international development; complementary coverage across its three brands (Renault, Dacia and Renault Samsung Motors); electric vehicles; and its unique alliance with Nissan. With its new Formula One team and front-line profile in Formula E, Renault practises motor sport as a powerful force behind innovation and brand recognition.

#### ABOUT THE RENAULT-NISSAN ALLIANCE:

The Renault-Nissan Alliance is a strategic partnership between France-based Groupe Renault and Japan-based Nissan Motor and Mitsubishi Motors. The automakers combined sold 9.96 million vehicles in nearly 200 countries in 2016 – more than one in nine vehicles worldwide. The Alliance has strategic collaborations with other automakers, including Germany's Daimler and China's Dongfeng. It also owns a majority stake in the joint venture that controls Russia's top automaker, AVTOVAZ. The Alliance is the industry leader in zero-emission vehicles and is developing the latest advanced technologies, with plans to offer autonomous drive and connectivity features and services on a range of affordable vehicles.

[blog.alliance-reault-nissan.com](http://blog.alliance-reault-nissan.com)  
[www.media.renault.com](http://www.media.renault.com)  
[www.nissan-newsroom.com](http://www.nissan-newsroom.com)

#### ABOUT SOGECCLAIR

Founded in 1986 and based in Toulouse, Sogecclair is a French leading high-tech engineering company specialized in the design and development of industrial products and simulation solutions for the aerospace sector, and for the civil and military transport industries. Services provided by the Group include:

- Aeronautical and space engineering through the production of aero structure subassemblies;
- Production and engineering of vehicles for a wide range of application e.g. military, industrial or light vehicle;
- Simulation of software workbenches and industrial product simulators for design and training purposes.

The Group operates through several subsidiaries including OKTAL S.A.S., a company specialized in Simulation that was acquired by Sogecclair in 2001.

#### ABOUT OKTAL

OKTAL is a worldwide supplier of high class Automotive and Train driving simulators for Research, Engineering and Training operations. OKTAL is the editor of SCANer™ software package, widely used in the Automotive sector to deal with ADAS, Autonomous Vehicle and HMI use cases.

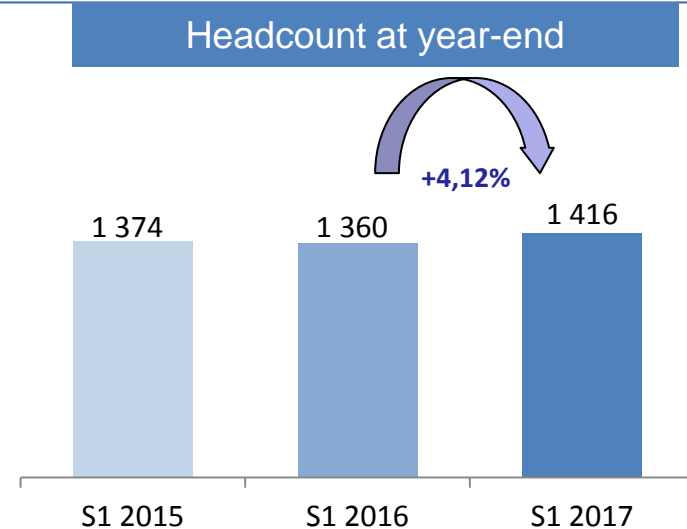
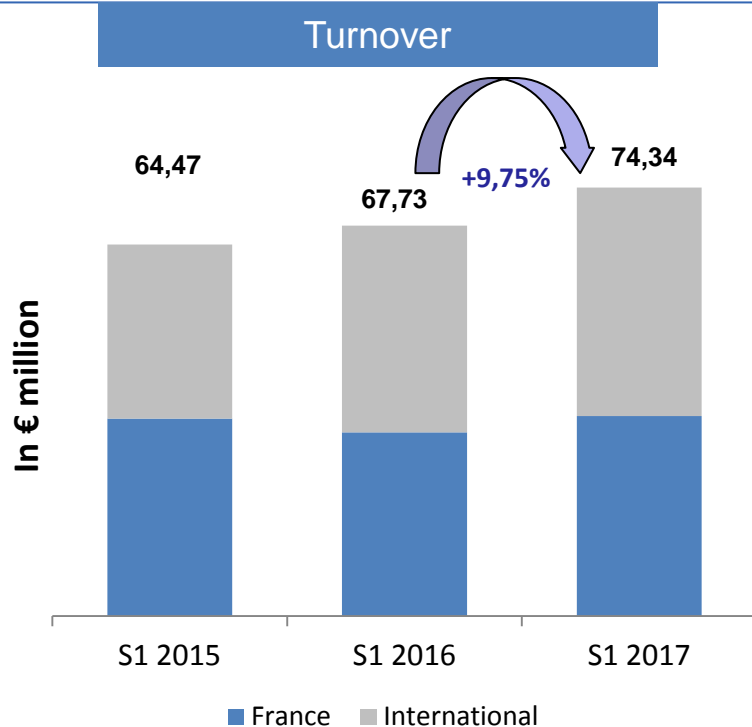
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# Key figures for H1 2017 (1/2)

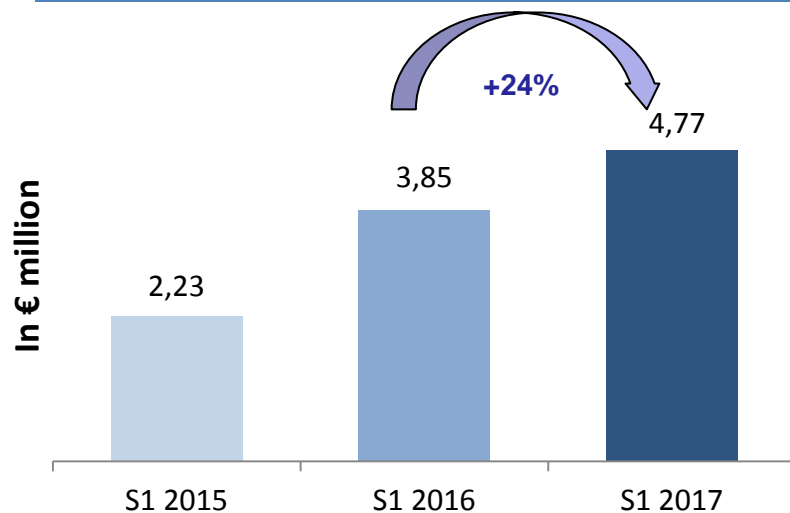


- Organic growth up by +9.75 % on H1 2017 (+€ 661 million)
- Growth in the Aerospace activity, up by 6.0% (+€ 3.65 million)
- Recovery of activity for the Vehicle division +111.5% (+€ 0.82 million) and sustained growth for the Simulation division of +35.0% (+ € 2,14 million)

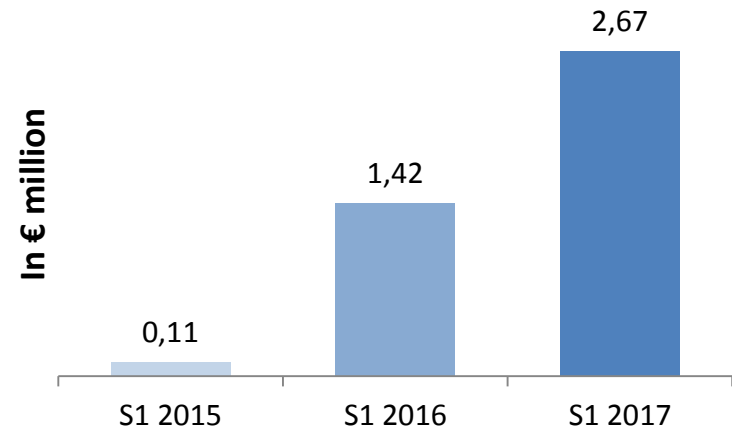


# Key figures for H1 2017 (2/2)

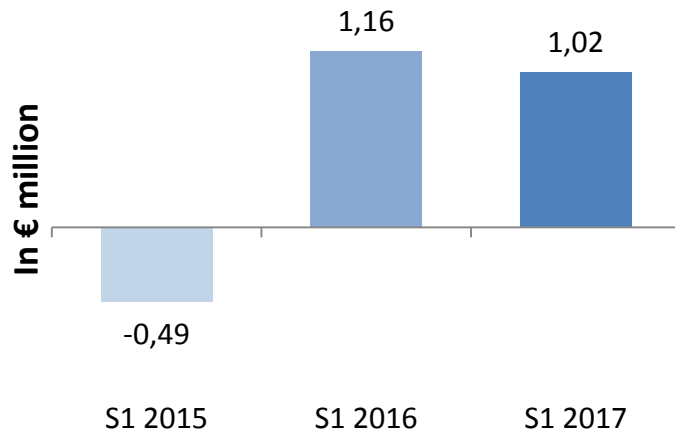
EBITDA at 6.4% of turnover



Current operating income at 3.6% of turnover



Net profit at €0.35 per share



- Significant improvement of profitability in a highly competitive environment
- Stable net profit considering a basic effect on the company tax (from €194K of product during H1 2016 to €487K of charges during H1 2017)

# Synthesis...

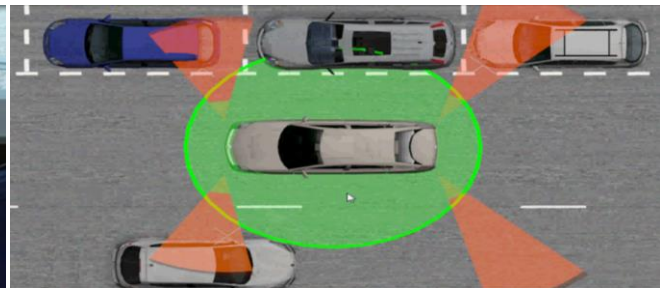
In € million	H1 2016	H1 2017
Turnover	67.73	74.34
Annual variation in %		+ 9.75%
EBITDA	3.85	4.77
In % of turnover	5.7%	6.4%
Current Operating Income	1.42	2.67
In % of turnover	2.1%	3.6%
Operating Income	1.36	2.64
In % of turnover	2.0%	3.5%
Net profit (Group share)	1.16	1.02
In % of turnover	1.7%	1.4%
Cash net of debt (excluding qualified pre-payments)	-14.83	-10.63
Gearing (excluding qualified pre-payments)	37%	24%
Available cash	9.48	13.85

# Application areas

## ➤ Mission vehicles



## ➤ Simulation systems and software workshops



## ➤ Aeronautics and space



# Vehicle Division

In € million	H1 2016	H1 2017	Variation
Turnover	0.73	<b>1.55</b>	+111.49%
EBITDA	-0.04	<b>0.21</b>	NS
As % of turnover	-6.0%	<b>+13.8%</b>	

- **Recovery of the activity and profitability of the division thanks to take orders**
- **Acceleration on Q2 2017**
- **Favorable perspectives**



*Multi-mission Terrestrial Drone*



*Integration of equipment and energy generation on vehicle*



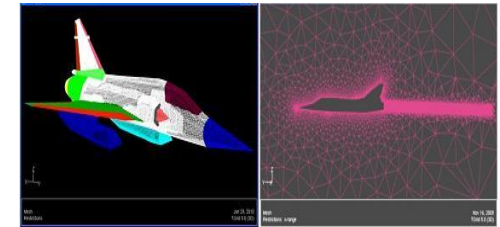
# Simulation Division

In € million	H1 2016	H1 2017	Variation
Turnover	6.12	<b>8.26</b>	<b>+34.96%</b>
EBITDA	0.75	<b>1.41</b>	<b>+89.1%</b>
As % of turnover	12.2%	<b>17.1%</b>	



*308 GTI Driving Simulator*

- Increase of the Simulation division activity
- In July 2017, creation of AVS between SOGECLAIR (65%) and RENAULT (35%) to speed up the development in the field of the autonomous vehicle



*Synthesis environment*



*Autonomous vehicle focusing simulator : Lidar sensor*



*Airport driving simulator*

# Aerospace Division

In € million	H1 2016	H1 2017	Variation
Turnover	60.88	<b>64.53</b>	+6.0%
EBITDA	2.71	<b>2.51</b>	-7.2%
As % of turnover	4.4%	<b>3.9%</b>	



*Pylon*

- Increase of the activity over the first semester supported by product activities
- Implementation of the industrial tool (ERP, internalization) that is worth on the EBITDA
- Increase of EBIT : +€0.57 million so that's 100% increase
- 3D printing : creation of PrintSky from R&D projects



*Business aircraft interior*



*Full Tank Access Cover (FTAC)*

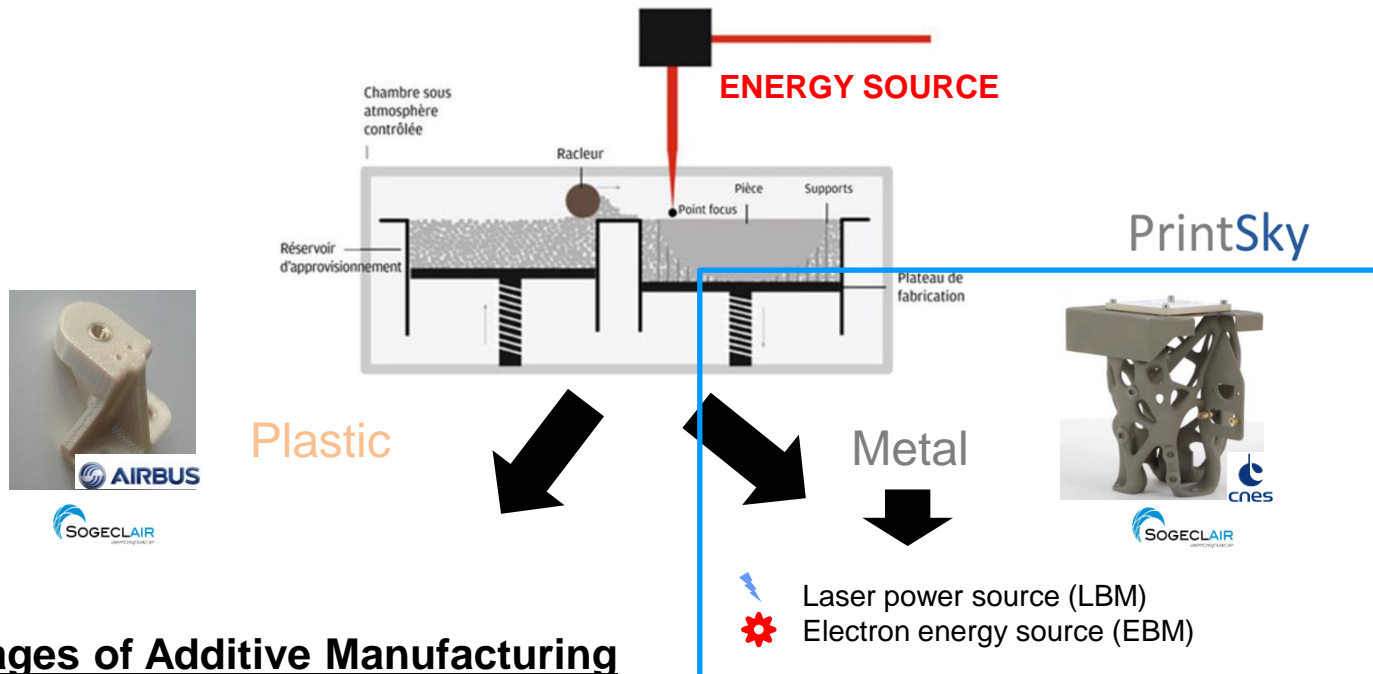


*Cockpit Replica*

# Aerospace Division – Additive Manufacturing

## Definition

The additive manufacturing refers to processes of manufacture by adding matter (molten) with a stack of successive layers.

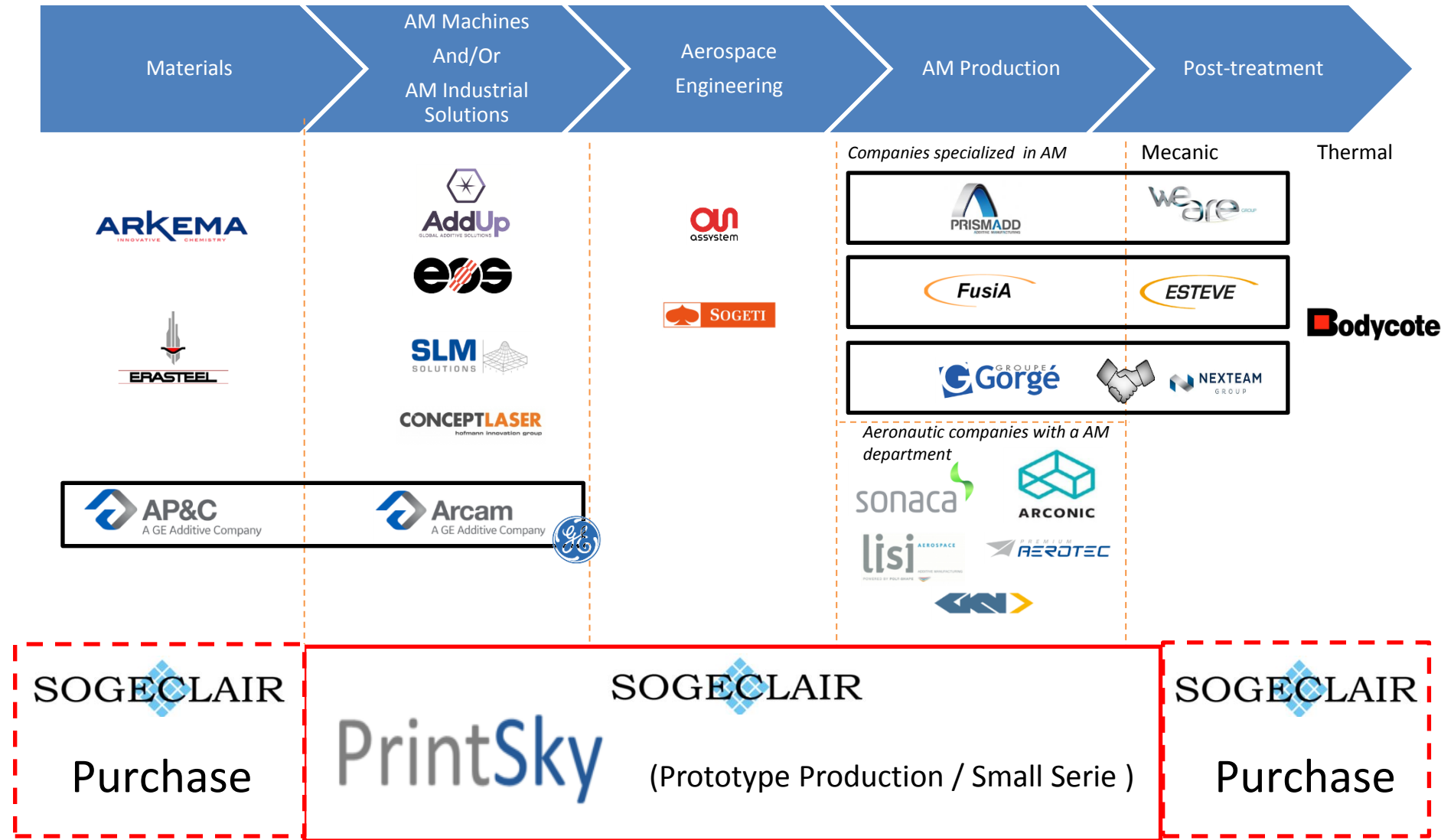


## Advantages of Additive Manufacturing

- ☐ Freedom of design
- ☐ Integration of functions
- ☐ Weight saving
- ☐ Economy of matter
- ☐ Shortening of marketing deadline

# Aerospace Division – PrintSky positioning

Value chain of the **metallic Additive Manufacturing (AM)** for **Aeronautic**





# An international market with multiple targets

**Research  
centers**



**Manufacturers**



**Simulator  
manufacturers**



**Maintenance  
centers**



**Public-sector  
organizations**



**Equipment  
manufacturers**



**Operators**



**Service  
Provider**

# CONCLUSION

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## Future prospects

SOGECCLAIR is strengthened by its business and profit's growth, with a strong balance sheet and forecasts a new profitable organic growth year. Over time, leading strategic partnerships (**PrintSky**, **AVS**,...) will keep growth and value creation going for the Group.

# Forecast press release dates

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	2017
Q3 2017 turnover	08/11/2017

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# Appendixes

# Appendix 1: Consolidated income statement

<b>INCOME STATEMENT</b> (in €k)	<b>H1 2016</b>	<b>H1 2017</b>	<b>2016</b>
Turnover	67,734	74,340	136,523
Other operating income	506	655	3,312
Cost of goods sold	-25,451	-30,090	-52,210
Payroll expenses	-38,168	-39,417	-73,812
Taxes and duties	-556	-588	-1,172
Depreciation and amortization	-2,425	-2,098	-3,853
Other expenses	-220	-131	-339
<b>Current Operating Income</b>	<b>1,420</b>	<b>2,671</b>	<b>8,449</b>
Income from sale of consolidated holdings			
Other operating income and charges	-9	-36	-184
<b>Operating income before income from equity method affiliates</b>	<b>1,411</b>	<b>2,635</b>	<b>8,265</b>
Share of income from equity method affiliates	-56	2	-47
<b>Operating income</b>	<b>1,355</b>	<b>2,637</b>	<b>8,218</b>
Income from cash and cash equivalents	-18	-622	53
Gross finance costs	-330	-291	-629
<b>Net finance costs</b>	<b>-347</b>	<b>-913</b>	<b>-577</b>
<b>Other financial income and expenses</b>	<b>26</b>	<b>-18</b>	<b>-159</b>
<b>Income before taxes</b>	<b>1,034</b>	<b>1,706</b>	<b>7,482</b>
Income tax expense	194	-487	-1 099
<b>Net profit</b>	<b>1,228</b>	<b>1,220</b>	<b>6,383</b>
Group share	1,156	1,020	5,881
Minority interests	72	200	502

## Appendix 2: Consolidated Balance Sheet – Assets

<b>ASSETS</b> (in €K)	<b>H1 2016</b>	<b>SH 2017</b>	<b>2016</b>
Goodwill	12,478	12,200	12,596
Intangible assets	8,050	7,064	7,692
Tangible assets	5,259	5,926	5,528
Equity method investments	-39	68	66
Financial fixed assets	1,237	1,312	1,308
<b>Non-current assets</b>	<b>26,985</b>	<b>26,571</b>	<b>27,191</b>
Inventory	7,306	8,267	8,790
Trade notes, receivables and related accounts	48,272	48,378	46,103
Other current debtors	13,425	15,020	13,249
Deferred income tax	4,855	5,018	4,427
Cash and cash equivalents	9,477	13,851	14,878
<b>Current assets</b>	<b>83,335</b>	<b>90,534</b>	<b>87,447</b>
<b>TOTAL ASSETS</b>	<b>110,320</b>	<b>117,104</b>	<b>114,638</b>

## Appendix 3: Consolidated Balance Sheet – Liabilities

<b>LIABILITIES</b> (in €k)	<b>H1 2016</b>	<b>H1 2017</b>	<b>2016</b>
Capital	2,900	2,900	2,900
Share premium	2,630	2,630	2,630
Own shares	-712	-712	-712
Reserves and accrued profits	30,139	33,616	34,966
Equity capital, group share	34,957	38,434	39,784
Minority interests	5,064	5,605	5,761
Consolidated shareholders' equity	40,021	44,039	45,545
Non-current provisions	3,043	3,826	2,875
Non-current qualified pre-payments	2,958	2,462	2,953
Non-current financial liabilities	15,167	13,007	12,965
Other non-current liabilities	1	1	1
Non-current liabilities	21,169	19,296	18,795
Current qualified pre-payments	399	741	634
Current part of non-current financial liabilities	3,030	4,238	3,868
Current financial liabilities	6,112	7,241	5,325
Current provisions	328	208	244
Trade creditors, instalments and related accounts	12,143	13,020	13,896
Tax and social liabilities	20,152	21,139	19,702
Deferred income tax	247	35	
Other current liabilities	6,720	7,147	6,628
Current liabilities	49,130	53,769	50,298
<b>TOTAL LIABILITIES</b>	<b>110,320</b>	<b>117,104</b>	<b>114,638</b>

# Appendix 4: Cashflow statement

<b>CONSOLIDATED CASHFLOW STATEMENT</b> (in €K)	<b>H1 2016</b>	<b>H1 2017</b>	<b>2016</b>
<b>Net result of integrated companies (including minority interests)</b>	1,228	1,220	6,383
+/- Net amortization and provisions (excluding those relative to current assets)	2,591	2,126	4,304
-/+ Unrealized gains and losses linked to fair value variations	-3	-8	-6
-/+ Transfer capital gains and losses	-9	-69	-30
+/- Share in results of associates consolidated by the equity method	56	-2	47
- Dividends (non-consolidated securities)	-31		-31
<b>Cashflow after net finance costs and tax</b>	<b>3,831</b>	<b>3,266</b>	<b>10,666</b>
+ Net finance costs	247	184	516
+/- Tax charge (including deferred taxes)	-194	487	1,099
<b>Cashflow before net finance costs and tax (A)</b>	<b>3,885</b>	<b>3,936</b>	<b>12,281</b>
- Tax paid (B)	974	-789	-792
+/- Variation in WCR linked to the activity (including debt linked to staff benefits) (C)	-5,447	-1,548	-3,528
<b>= NET CASHFLOW GENERATED BY THE ACTIVITY (D) = (A + B + C)</b>	<b>-588</b>	<b>1,599</b>	<b>7,962</b>
- Cash outflows linked to the acquisition of tangible and intangible assets	-1,937	-2,225	-2,779
+ Cash inflows linked to the sale of tangible and intangible assets	37	46	247
- Cash outflows linked to the acquisition of financial assets (non-consolidated securities)		-1	-96
+ Cash inflows linked to the sale of financial assets (non-consolidate securities)			42
+/- Impact of changes of scope		22	237
+ Dividends received (equity methods affiliates, non-consolidated securities)* see alternative presentation 7.2	31		31
+/- Variation in loans and advances granted	-11	8	-142
<b>= NET CASHFLOW LINKED TO INVESTMENT OPERATIOS (E)</b>	<b>-1,879</b>	<b>-2,149</b>	<b>-2,459</b>
- Dividends paid to parent company shareholders	-1,101	-1,708	-1,101
- Dividends paid to minority shareholders of consolidate companies	-186	-217	-186
+ Receipts linked to new borrowings	5,118	2,528	5,828
- Reimbursement of borrowings (including leasing contracts)	-2,300	-2,825	-4,513
- Net financing interest paid (including leasing contracts)	-162	-117	-422
<b>= NET CASHFLOW LINKED TO FINANCING OPERATIONS (F)</b>	<b>1,369</b>	<b>-2,338</b>	<b>-395</b>
+/- Impact of changes in currency change rates (G)	-60	-55	-79
<b>= NET VARIATION OF CASHFLOW (D + E + F + G)</b>	<b>-1,159</b>	<b>-2,943</b>	<b>5,029</b>



# Appendix 5: sector-by-sector analysis

INCOME STATEMENT (in €k)	AEROSPACE		VEHICLE		SIMULATION		HOLDING		GROUP	
	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017
Turnover	60,882	64,534	731	1,546	6,120	8,260			67,734	74,340
Other operating income	100	328	2	1	400	320	4	6	506	655
External expenses	-22,325	-24,962	-153	-738	-2,040	-3,113	-934	-1,276	-25,451	-30,090
Payroll expenses	-33,117	-34,493	-527	-568	-3,446	-3,512	-1,077	-843	-38,168	-39,417
Taxes and duties	-381	-395	-21	-32	-77	-77	-77	-84	-556	-588
Depreciation and amortization	-2,080	-1,397	-52	-150	-284	-377	-10	-173	-2,425	-2,098
Other expenses	-175	-38	3		-9	-37	-39	-56	-220	-131
Intra-Group operations	-2,279	-2,464	-79	4	-202	-428	2,561	2,888		
Current operating result	625	1,112	-95	62	463	1,034	427	462	1,420	2,671
Other operating profits and expenses	-4	18	2	-2		-32	-6	-20	-9	-36
Operating income before earning of equity method affiliates	621	1,130	-94	60	463	1,002	421	443	1,411	2,635
Share in earnings of equity method affiliates	-56	2							-56	2
Operating income	565	1,132	-94	60	463	1,002	421	443	1,355	2,637