



Engineering **the future**

1st Half 2018 Results



- SOGECLAIR is a leading supplier of technological solutions and products with high added-value for manufacturers, equipment suppliers and air and land transport operators.
- With more than 1,500 staff working worldwide (30 June 2018), specialized in mechanical and simulation, SOGECLAIR supports its customers all along the chain value while answering their needs for innovation and quality.
- SOGECLAIR was born in Toulouse. Our international development started in the 2000s kept on growing. Today, our turnover is mainly realized in Europe and North America.



- Our solid historical base comes from the design of aircraft structure and interiors, the design of mission vehicle as well as computer generated imagery. It allowed us:
 - An acceleration toward products which exceed 35% of turnover.
 - A transfer toward the production activities support and equipments in service which achieve 45% of the activity.
- A booming sustainable market which relies on innovation for:
 - The design, supply and transformation of increasingly complex systems incorporating many advanced technologies.
 - The safety and protection of publics and operators of these systems.
 - Economical and ecological issues.



SOGECLAIR

A family company listed on NYSE Euronext Paris

Aerospace

Engineering *64.5% of turnover*

- Design
- Development
- Production support
- Support for devices in service
- Modifications
- Certifications

Products *21.5% of turnover*

- Structure
- Embedded equipment
- Aircraft interiors furniture
- Simulated equipment

Vehicle

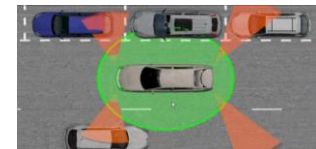
Products *1.8% of turnover*

- Military and industrial vehicles
- Transformations and adaptations

Simulation

Products *12.1% of turnover*

- Software
- Simulator for development
- Training simulators



Board of Director (3 independant administrators on 5):

- **Chantal BOUCHER**: Former Deputy General Manager at the Directorate General of Fiduciary and Investment Activities – head office in Paris
- **Aurélie PICART**: Ex-Director of the Development Branch – ACTIA Automotive.
- **Jean SEGUIN**: Former President of Aerostructures and Engineering Services Division in Bombardier.
- **Alain RIBET**: In the framework of his past activities in the Airbus France Design Office, responsible for the management and associated budget control for aircraft sections.
- **Philippe ROBARDEY**: Chairman and CEO of SOGECLAIR / President of the Toulouse Chamber of Commerce and Industry / Member of the Aéroport de Toulouse Blagnac SA Supervisory Board

Position

SOGECLAIR, entrepreneur in mechanical technologies and simulation for aeronautic and transport, is developing on a growing market thanks to:

- ❖ Its unique know-how model because specialized and sectorial,
- ❖ Its balanced customers and geographic portfolio,
- ❖ A services and products end to end hybrid offer,
- ❖ An innovation centered on the technologies of the future,
- ❖ Leading partners:
 - JV with Renault for autonomous vehicle simulation (software and simulation)
 - JV with AddUp (Fives and Michelin): design and production offer in additive manufacturing
 - ...



H1 2018: Investments

- Strong « M&A » activity with the purchase of minority interests in Canada on 2018/06/30 and the acquisition of SYDAC on 2018/08/01
- Strengthening management with the hiring of 3 Top Managers:
 - Vehicle simulation
 - Thermoplastic
 - Vehicule
- And the growth of teams with +122 people in 1 year (93 in the last 6 months at constant perimeter)
- Strong growth of the business aviation activity which counterbalances the decline of new developments activities for the commercial aviation

SOGECLAIR Press Release



Blagnac, France, August 29th 2018-5h45pm,
Montreal, Canada

SOGECLAIR Strategic acquisition

SOGECLAIR, designer of innovative, high added-value solutions and products for the aerospace and transport sectors, announces the acquisition through its subsidiary OKTAL SAS of SYDAC driver training simulators business from the Knorr-Bremse Group (Munich - Germany).

Based in Adelaide (Australia - Headquarters), Pune (India) and Derby (UK), SYDAC is specialized in railway simulation and road transports (buses and trucks). Its customers are the manufacturers of rolling stock and the operators of the railway and transport sectors. It has around a hundred employees and achieved a turnover of A\$ 5.4 million (€ 3.4 million) over the first six months of 2018.

SOGECLAIR anticipates the full effect of the synergies related to this acquisition in 18 months. The consolidation will be effective from the 1st of August 2018.

For Laurent SALANQUEDA, Managing Director of OKTAL SAS, the leading company of the simulation division, "SYDAC brings to the technical level, products which are complementary with a wide range of freight and new train models. It also provides geographic complementarity in Asia, particularly in China and India, opening up new opportunities for the entire division."

Philippe ROBARDEY, SOGECLAIR's Chairman and CEO, says that "with this acquisition, we are strengthening the Group's products turnover, accelerating the development of our simulation division and opening our first locations in the Asia-Pacific region."

This acquisition reinforces the development of the SOGECLAIR simulation division initiated in 2017 by the creation of A.V.Simulation (Autonomous Vehicle Simulation) with the Renault Group.

Next announcement: H1 2018 results on September 12th 2018, following closure of the Stock Market.

About SOGECLAIR

Designer of innovative, high added-value solutions and products, SOGECLAIR 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 more than 1,500 staff working worldwide to offer a high-quality, proximity service to all its customers.

SOGECLAIR 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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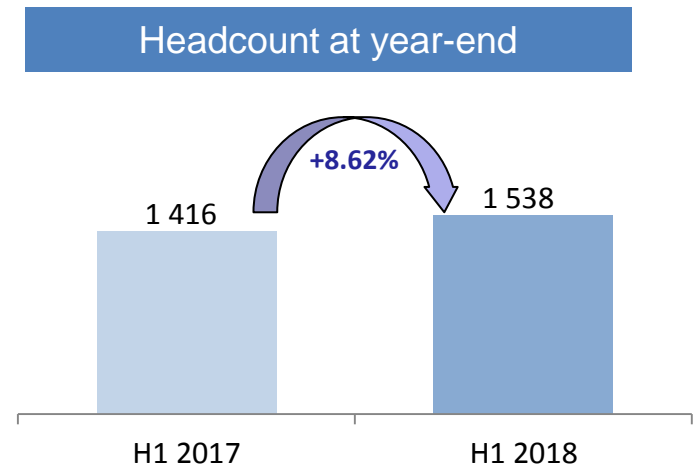
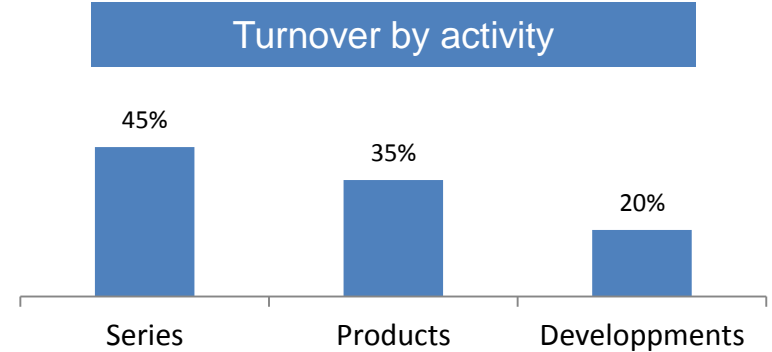
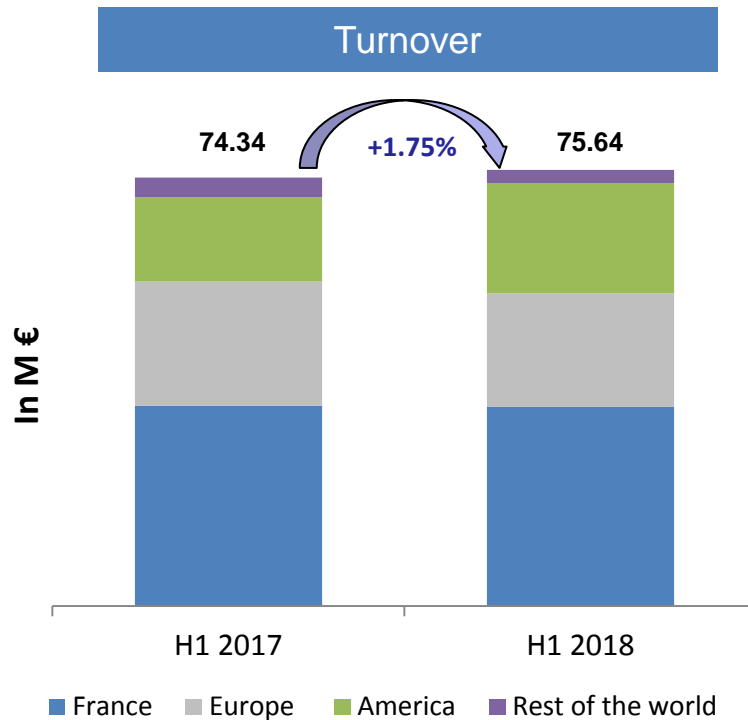
SOGECLAIR confidential



Synergies

- **Enhancement vs SI 2018 for SOGECLAIR:**
 - Simulation Division (+37%)
 - Product activity (+13%)
 - International turnover (+8%)
- **First settlements in Pacific Asia for SOGECLAIR**
- **Synergies with rail simulation:**
 - Commercial: Europe, Asia, America
 - Products: train model, technologies
 - After Sales Services: Pacific Asia customers (AVS)
 - R&D: optimization and “best of both worlds”
 - SOGECLAIR joins the world's Top 3 of railway simulation
- **Production capacity in India already operational and expandable for automobile simulation**
- **Legal, administrative and logistical structure in place for production In India of aeronautical engineering**

Key figures for H1 2018 (1/2)

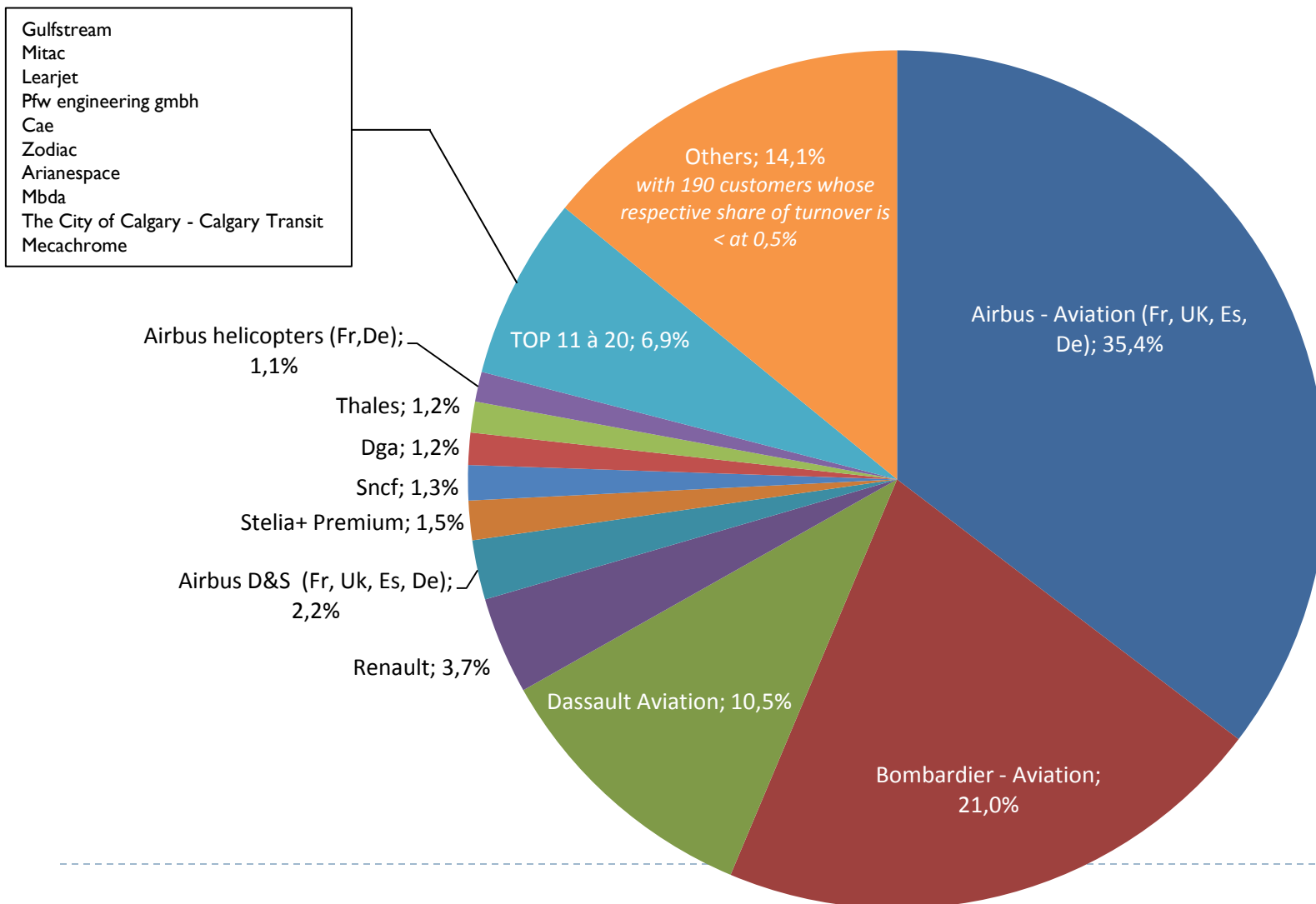


- The America part improves strongly at €M19.2 (+31.1%) .
- The product activity has reached €M26.4 over the half-year.
- Teams are strengthened (+122 people in 1 year at constant perimeter)
- Growth at 1.75% at constant perimeter and 5.1% at constant exchange rate.

H1 2018 : A customer portfolio well balanced

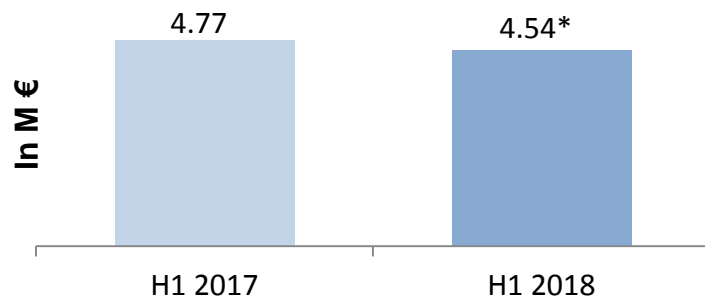


TOP 20 (85.9% of turnover)

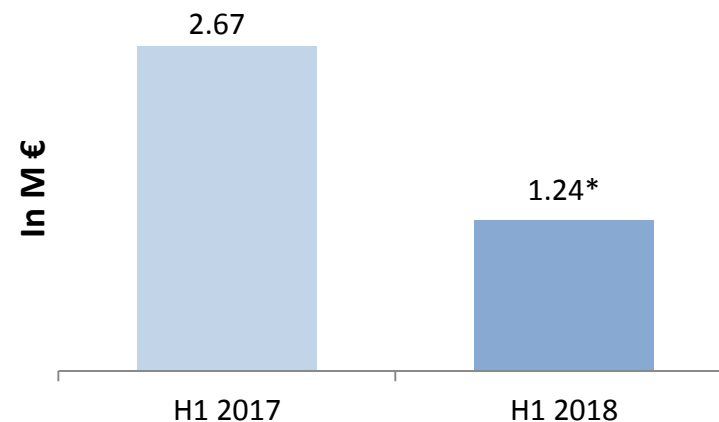


Key figures for H1 2018 (2/2)

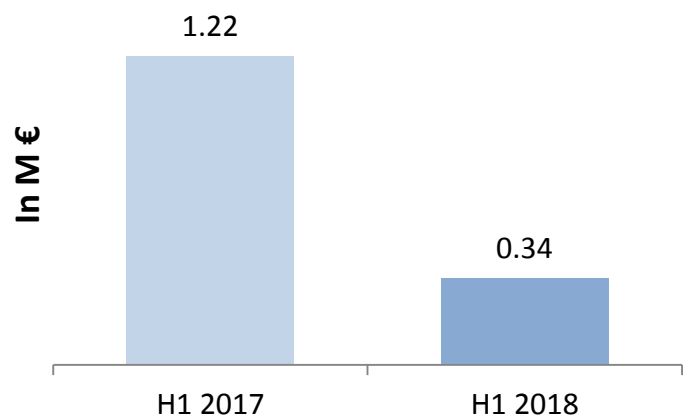
EBITDA at 6.0% of turnover



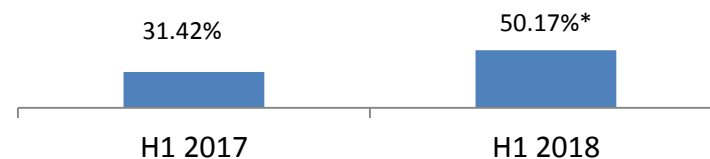
Current operating income at 1.8% of turnover



Net profit (group share) at €0.12 per share



Gearing (including qualified pre-payments)



* including anticipate application of IFRS 16

New IFRS standards

Implementation of IFRS 16 standard « Leases »

- Mandatory as of 1st January 2019 – Could be anticipated from 1st January 2018, choice of SOGECLAIR
- The standard requires lessees to enter into the accounts for contracts eligible to the standard, all rents remaining to paid in the form of:
 - ❖ A right of use in fixed assets on the asset side of the balance sheet
 - ❖ A lease liability in financial debts
- Impact on the accounts as of 2018/06/30:

IFRS 16	Amounts
EBITDA	+1.01 M€
EBIT	+0.08 M€
Fixed assets	+7.5 M€
Rental debt	+7.7 M€

In synthesis...

► H1 2018 Accounts

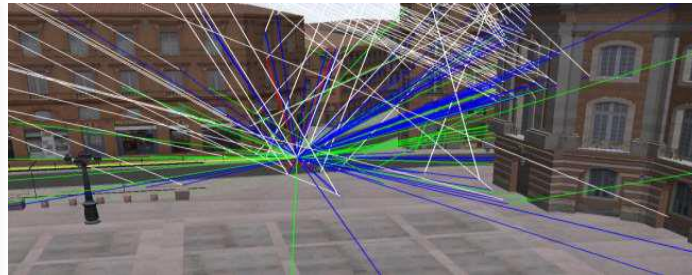
	H1 2018	H1 2017
Turnover	75,641	74,340
EBITDA	4,540	4,769
Operational Result	1,161	2,637
Net Result	338	1,220
Net Debt (including qualified pre-payments)	25,316	13,838

Application areas

➤ Mission vehicles



➤ Simulation systems and software workshops



➤ Aeronautics and space



Vehicle Division

- Design, production and support of vehicles, mainly military

In €M	HI 2016	HI 2017	HI 2018	Variation HI 2018- HI 2017
Turnover	0.73	1.55	1.38	-11%
EBITDA	-0.04	0.21	0.32	+49%
As % of Turnover	-6.0%	+13.8%	+23.0%	

- Recruitment of a Deputy General Manager, Army General Luc Beaussant : « *SERA Ingenierie is the French company which has an overview on the opening of routes and the counter-mine.* »
- Winning of a new industrial customer in support of its diversification towards the military
- Cooperations with the simulation division for large simulators



Mined route opening System (SOUVIM)



Multi-mission terrestrial drone

Vehicle Division

➤ **Market Drivers:**

- ❖ Increasing needs for protection and support of the military in operation.
- ❖ Transformation and adaptation needs for mission vehicles.

✓ **Our technologies:**

- Expertise in architecture, design, dynamic behavior and vehicle construction.

✓ **Our challenges:**

- Boost growth for:
 - The sale of our own products (Robbox),
 - The international development.
- Training of engineers.

Simulation Division

- Edition of simulation software (automobile, railway, aeronautic) and technological (synthesis environments, sensors...)
- Products supplies of development simulators and training simulators

In M€	HI 2016	HI 2017	HI 2018	Variation HI 2018- HI 2017
Turnover	6.12	8.26	9.18	+11%
EBITDA	0.75	1.41	1.22	-13.4%
As % of Turnover	12.2%	17.1%	13.3%	



Train Simulator – Ottawa City



Synthesis environment

- Sustained M&A activity with the acquisition in August of SYDAC (Australia, India, UK)
- Implementation of A.V.Simulation: General Manager, premises, teams (Difficulties to recruit)
- High order intake



DoF 6 Simulator and virtual reality headset

Simulation Division

➤ Market Drivers:

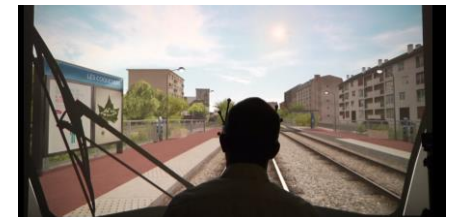
- ❖ Needs to design complex systems incorporating multiple technologies and environments (vehicles, arming systems, ...).
- ❖ Training needs for operators of these complex systems and the traceability of their training - qualification.

✓ Our technologies :

- Expertise in the development of simulation software: environments, various sensors, business application (automobile, railway, ...).
- Expertise in architecture, design and realization of business simulation systems (simulators).

✓ Our Challenges:

- Acceleration of the complexity of systems.
- Strengthening resources.
- Deployment of a direct and indirect commercial network on all continents.
- Integration of SYDAC.



Railway Simulator in virtual reality

Aerospace Division

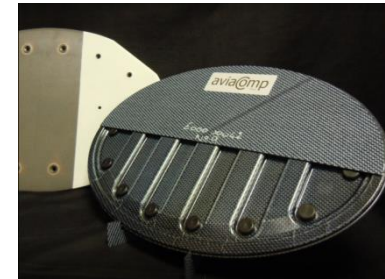
Engineering Services:

- Design and stress of critical structures
- Optimization of processes and costs of production
- Repairs solutions
- Modifications
- Configuration Management

Products:

- Aerostructures
- Mechanisms
- Furniture
- Equipments

In M€	HI 2016	HI 2017	HI 2018	Variation HI 2018- HI 2017
Turnover	60.88	64.53	65.08	+0.8%
EBITDA	2.71	2.51	2.04	-18.5%
As % of turnover	4.4%	3.9%	3.1%	



Full Tank Access Cover (FTAC)



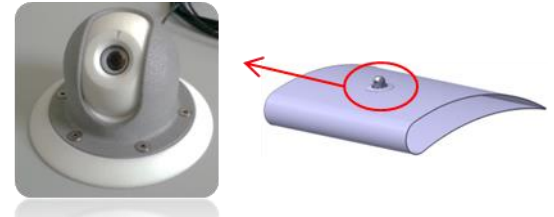
Integrated Panel System – A350

- Purchase of minority shares in Canada
- Wining of aircraft fleet support in service
- Growth of embedded and simulated equipments
- Strong growth of the business aviation activity which counterbalance the decline of the new developments activities for the commercial aviation
- Management strengthening for thermoplastic activity

Aerospace Division

➤ Market Drivers:

- ❖ Innovation.
- ❖ Ecological performance of aircrafts.
- ❖ Production costs (product reengineering / process).
- ❖ Rate adaptation (upwards, downwards).
- ❖ Maintenance of fleets in service and of the second-hand market.



Camera on sail in additive manufacturing

✓ Our technologies:

- Expertise design and manufacture (structure, interiors and equipments).
- Materials expertise and operational implementation.
- Expertise Qualification of equipment manufacturers
- Design to cost.



Business aircraft interiors

✓ Our challenges:

- Mobility and engineers training.
- Winning of new customers (manufacturers, equipment manufacturers, MRO – maintenance, ...).
- Strengthening the presence in the USA.
- Start-up of production in India.

Conclusion

SOGECLAIR accelerates its investments for:

- ❖ Entering new markets (Pacific Asia...),
- ❖ Strengthen its teams (recruitment and training),
- ❖ Improve its competitiveness.

Thanks to a specialized model, a combined offer of engineering services and end-to-end products, high level partnerships, a broad geographic footprint and a good financial structure, SOGECLAIR is configured to address its growth levers.



Forecast press release dates



Publication to come in 2018

2018 Q3 turnover

2018/11/07
after the closing of the Stock Market

Appendixes

Appendix 1: Consolidated income statement

INCOME STATEMENT (in €k)	H1 2017	H1 2018	2017
Turnover	74,340	75,641	147,322
Other operating income	655	1,343	4,203
Cost of goods sold	-30,090	-29,154	-57,564
Payroll expenses	-39,417	-42,258	-77,837
Taxes and duties	-588	-593	-1,229
Depreciation and amortisation	-2,098	-3,298	-3,710
Other expenses	-131	-440	-1,121
Current Operating Income	2,671	1,242	10,064
Income from sale of consolidated holdings			
Other operating income and charges	-36	-85	-194
Operating income before income from equity method affiliates	2,635	1,158	9 870
Share of income from equity method affiliates	2	3	11
Operating income	2,637	1,161	9,881
Income from cash and cash equivalents	-622	212	-774
Gross finance costs	-291	-380	-605
Net finance costs	-913	-168	-1,379
Other financial income and expenses	-18	42	-111
Income before taxes	1,706	1,034	8,391
Income tax expense	-487	-696	-1,915
Net profit	1,220	338	6,477
Part of group	1,020	280	5,510
Part of minority	200	58	966

Appendix 2: Consolidated Balance Sheet – Assets

ASSETS (in €k)	H1 2017	H1 2018	2017
Goodwill	12,200	14,346	14,559
Intangible assets	7,064	7,659	8,680
Tangible assets	5,926	14,552	6,582
Equity method investments	68	80	77
Financial fixed assets	1,312	1,817	1,666
Non-current assets	26,571	38,454	31,565
Inventory	8,267	11,117	8,652
Trade notes, receivables and related accounts	48,378	52,303	50,515
Other current debtors	15,020	16,964	16,942
Deferred income tax	5,018	4,724	4,379
Cash and cash equivalents	13,851	15,167	24,216
Current assets	90,534	100,274	104,704
TOTAL ASSETS	117,104	138,728	136,268

Appendix 3: Consolidated Balance Sheet – Liabilities

LIABILITIES (in €k)	H1 2017	H1 2018	2017
Capital	2,900	2,900	2,900
Share premium	2,630	2,630	2,630
Own shares	-712	-712	-712
Reserves and accrued profits	33,616	40,774	42,095
Equity capital, group share	38,434	45,591	46,913
Minority interests	5,605	4,873	8,919
Consolidated shareholders' equity	44,039	50,464	55,832
Non-current provisions	3,826	4,268	3,673
Non-current qualified pre-payments	2,462	1,530	2,402
Non-current financial liabilities	13,007	23,416	16,986
Other non-current liabilities	1	1	1
Non-current liabilities	19,296	29,215	23,061
Current qualified pre-payments	741	1,020	806
Current part of non-current financial liabilities	4,238	6,306	4,386
Current financial liabilities	7,241	8,211	7,461
Current provisions	208	174	193
Trade creditors, instalments and related accounts	13,020	13,414	13,296
Tax and social liabilities	21,139	20,494	21,772
Deferred income tax	35		5
Other current liabilities	7,147	9,430	9,457
Current liabilities	53,769	59,048	57,375
TOTAL LIABILITIES	117,104	138,728	136,268

Appendix 4: Consolidated sector-by-sector analysis

INCOME STATEMENT (in €k)	AEROSPACE		VEHICULE		SIMULATION		HOLDING	
	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018
Turnover	64,534	65,080	1,546	1,376	8,260	9,184		
Other operating income	328	1,026	1	1	320	313	6	3
External expenses	-24,962	-24,056	-738	-522	-3,113	-4,006	-1,276	-570
Payroll expenses	-34,493	-37,095	-568	-484	-3,512	-3,735	-843	-943
Taxes and duties	-395	-360	-32	-38	-77	-83	-84	-112
Depreciation and amortisation	-1,397	-2,133	-150	-117	-377	-629	-173	-419
Other expenses	-38	-360		-14	-37	-15	-56	-50
Intra-Group operations	-2,464	-2,190	4	-3	-428	-435	2,888	2,628
Current operating result	1,112	-88	62	199	1,034	594	462	538
Result on disposal of consolidated participations								
Other operating profits and expenses	18	13	-2		-32		-20	-98
Operating result before earnings of equity method affiliates	1,130	-74	60	199	1,002	594	443	440
Share in earnings of equity method affiliates	2	3						
Operating income	1,132	-71	60	199	1,002	594	443	440

Thank you for your attention