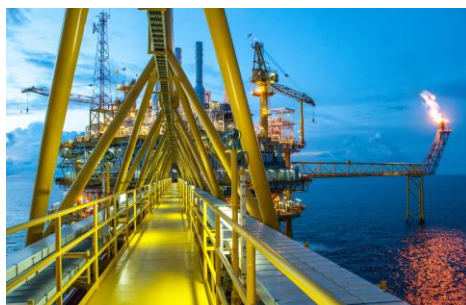




Smart Safety Systems



Protection of High-Risk Installations



3D printing

Groupe Gorgé reports 2017 half-year results

- **2017 objectives maintained**
- **Lower profitability in the first half, improvement expected in the second half of 2017**
- **Financial structure strengthened following the share capital increase of the 3D Printing division**

Groupe Gorgé (Euronext Paris: GOE) today announced its results for the first half of 2017.

<i>(In € millions)</i>	H1 2017 ⁽¹⁾	H1 2016	Change
Revenue	136.7	141.9	(3.7)%
EBITDA⁽²⁾	2.4	7.4	(66.9)%
Profit (loss) from continuing operations	(3.7)	2.5	n/a
Operating income	(4.0)	0.9	n/a
Corporate income tax	0.4	(1.5)	n/a
Net income	(4.8)	(2.4)	n/a
Net income – Group share	(3.9)	(3.3)	n/a

⁽¹⁾ The half-year consolidated statements were given a limited review by the Statutory Auditors, and their reports are presently being issued.

⁽²⁾ Profit (loss) from continuing operations before net amortisation, depreciation and provision expense and before charges related to free shares allocation plan

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About Groupe Gorgé

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. It employs around 1,700 people, is located in eight countries and directly exports around 40% of its activity. 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.

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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 2016, the Group reported revenue of €281.2 million. It is backed by 1,800 employees and operations in over ten countries.

More information available on www.groupe-gorge.com

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<i>(In € millions)</i>	H1 2017	H1 2016	Change
Smart Safety Systems	54.4	53.0	2.6%
Protection of High-Risk Installations	68.3	77.1	(11.4)%
3D printing	14.6	12.4	18.2%
<i>Structure & disposals</i>	<i>(0.6)</i>	<i>(0.6)</i>	<i>n/a</i>
Consolidated revenue	136.7	141.9	(3.7)%

In the first half of 2017, the **consolidated revenue of Groupe Gorgé** was €136.7 million, a decline of 3.6% compared to the first half of 2016. The Group recorded a good performance in the 3D Printing and Smart Safety Systems divisions offset by weaker sales in the Protection of High-Risk Installations division.

In the **Smart Safety Systems division** revenue was €54.4 million in the first half of 2017, up 2.6% from the first half of 2016. First half of 2016 revenue level was strong, so business in the first half of 2017 performed well, resulting from sound order intake level in 2016. The Robotics and Integrated Systems business grew 5.0% over the first half of 2016. It remained dynamic due particularly to a significant orders intake, while the acquisition of ELTA at the end of November 2016 contributed to the strong growth of 29.6% compared to the first half of 2016 in the Aerospace business. The sales in the Simulation business were down compared to half-year 2016, which benefitted from the execution of a contract for military vehicle driving simulators (MVS). The execution of a new contract won toward the close of 2016 will contribute to second half revenues.

The revenue of the **Protection of High-Risk Installations** division was €68.3 million in the first half of 2017, a decrease of 11.4% compared to the first half of 2016, which had shown growth of nearly 22%. The Fire Protection business remained active, particularly with the installation of the first residential sprinkler system in France. The Nuclear segment suffered from delays in large international projects.

Lastly, the **3D Printing** division continued its upward trend with revenue of €14.6 million in the first half of 2017, up 18.2% from the first half of 2016. The Systems business, stable compared to the first half of 2016, saw only €0.5 million in sales of its new ProMaker P1000 machine, whose marketing was slowed down in order to perfect its reliability. At the same time, the Products business, up 50.5% in the first half of 2017, has progressed significantly, enabling the division to achieve greater growth than most publicly traded companies in its sector.

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<i>(In € millions)</i>	H1 2017	H1 2016	Change
Smart Safety Systems	3.6	5.3	(32.3)%
Protection of High-Risk Installations	0.2	5.3	(96.4)%
3D printing	(1.0)	(2.9)	n/a
Structure	(0.4)	(0.3)	n/a
EBITDA⁽¹⁾	2.4	7.4	(61.7)%

⁽¹⁾ Profit (loss) from continuing operations before net amortisation, depreciation and provision expense and before charges related to free shares allocation plan

In the first half of 2017, the **Group** posted EBITDA of €2.4 million versus €7.4 million in the first half of 2016.

The **Smart Safety Systems** division posted an EBITDA of €3.6 million, compared with €5.3 million in the first half of 2016. This decrease was due to a less favourable business mix and particularly high marketing costs during the period.

The **Protection of High-Risk Installations** division showed an EBITDA of €0.2 million, as against €5.3 million in the first half of the previous year. This decline resulted from the combination of delays in the introduction of two EPRTMs in the United Kingdom and a slowdown in Oil & Gas sector over the past several quarters. The Nuclear business thus combined low orders and low volume on harder-won, lower margin contracts. Our Oil & Gas business saw the expiration of the Yamal LNG contract, which had contributed €15 million to 2016's growth, which accounts for the significant drop in the margin of the Fire Protection business.

The award for the two EPRTMs at Hinkley Point in the United Kingdom ([see the press release](#)) improves the outlook for our Nuclear business in the years to come. In the area of Fire Protection, particularly in Oil & Gas, the volume of current offers is high and suggests a recovery in the business.

Finally, the EBITDA of the **3D Printing** division continues to improve, showing a loss of €1.0 million versus a loss of €2.9 million in the first half of 2016. This clear improvement in profitability was due, in the Systems business, to the rationalisation of costs and of the organization, and to lower non-recurring costs, especially non-quality costs. The improvement offsets the slight decline in the Products business owing to the launch of medical activities (podology and dental) that are not yet profitable.

The **profit (loss) from continuing operations** was a loss of €3.7 million, versus a profit of €2.5 million in the first half of 2016

Net income - Group share for the period stood at -€3.9 million, versus -€3.3 million in the first half of 2016.

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A strengthened financial structure

The Group's **net debt** stood at €7.3 million, compared with €49.5 million at 31 December 2016.

During the first half, the Prodways Group subsidiary raised €62.5 million (including issue costs) and was listed on Euronext Paris.

Working capital requirements increased significantly (€9.6 million) due to the seasonality of deliveries in the Smart Safety Systems division, where WCR is expected to drop back during the second half of 2017.

The group's total equity is now €158.1 million.

Outlook

The **Smart Safety Systems** division should continue to grow through the acceleration of the commercialisation of products developed in recent years and continued profitability improvements. The division is participating in several significant tenders, particularly for airborne drones, drone systems and aeronautics assembly systems. where Pending for several months, the award of these contracts could conclude in the second half of 2017. Under these circumstances, the revenue of the Smart Safety Systems division is expected to reach €120 million in 2017.

The revenue of the **Protection of High-Risk Installations** division is expected to be line with 2016 revenue. The business prospects in the Nuclear segment are now more favourable. The division's backlog has grown greatly, up nearly 40% since 31 December 2016 buoyed by a first order intake of approximately €20 million for the two EPR™ reactors currently under construction on the Hinkley Point site in the United Kingdom. New nuclear projects are expected in the second half of the year. The gradual resumption of investment in the Oil & Gas segment should also contribute to the orders intake in coming quarters.

Thanks to the success of its initial public offering, the **3D Printing** division has the financial resources to accelerate its investment in R&D and its commercial development as well as to finance its targeted acquisitions in the 3D printing segment. Prodways Group reported the first achievements of this strategy after the close of the first half with the announcement on 1 August of the acquisition of AvenAo Industrie, an expert in the integration of 3D design and development applications ([see press release](#)). Following that, on 6 September, it announced the acquisition of Interson-Protac, a French leader in ear tips for hearing aids and customised hearing protectors ([see press release](#)). These two profitable companies should contribute €14 million to the division's 2018 revenue. The consolidation of these two companies at the end of the financial year strengthens the division ability to achieve its target of EBITDA break-even in the fourth quarter.

In light of this, **Groupe Gorgé** reaffirms its consolidated revenue objective of €300 million in 2017. Compared to a mixed first half, the second half of the year is expected to show a clear improvement in profitability.

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You can find a commented presentation of this results on our YouTube

channel: https://youtu.be/p_S6Oj59s_w

Next financial date:

Publication of revenue for the third quarter on 25 October 2017

Disclaimer

GROUPE GORGE press releases may contain forward-looking statements regarding GROUPE GORGE's targets. These forward-looking statements reflect GROUPE GORGE's current expectations. Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those anticipated herein. The risks and uncertainties that could affect the Group's future ability to achieve its targets include, in addition to those indicated in the press release: the strength of competition; the development of markets in which the Group operates and notably the 3D printing division; currency fluctuations; obtaining the export authorizations that may be required for certain activities; control of costs and expenses; changes in tax legislation, laws, regulations or their enforcement; our ability to successfully keep pace with technological advances; our ability to attract and retain qualified personnel and key staff; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; manufacturing and 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), available on our website www.groupe-gorge.com. This list of risks, uncertainties and other factors is not limitative. Other unanticipated, unknown or unforeseeable factors, such as changes in the economic situation or financial markets, could also have a material adverse effect on our targets.

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