



ECA Group: decline in revenue but strong order intake momentum in the first 9 months of 2018

ECA Group (Euronext Paris: ECASA) reports its revenue for the third quarter and first nine months of the 2018 financial year today.

<i>(in € millions)</i> ¹	9M 2018	9M 2017 restated IFRS 15 ²	Change	9M 2017 reported	Q3 2018	Q3 2017 restated IFRS 15 ²	Change	Q3 2017 reported
Robotics	38.0	46.4	-18.1%	45.6	10.3	12.7	-18.7%	12.7
Aerospace	24.3	25.2	-3.6%	25.2	7.4	7.5	-0.9%	7.5
Simulation	7.0	5.7	+23.3%	5.7	1.1	1.9	-40.1%	1.9
Structure & disposals	(0.0)	(0.1)	NS	(0.1)	(0.0)	(0.0)	NS	(0.0)
Consolidated revenue	69.3	77.2	-10.3%	76.4	18.9	22.0	-14.4%	22.0
<i>Adjusted revenue</i> ³	69.0	75.2	-8.3%	74.4	18.9	21.7	-13.0%	21.7

¹ Unaudited 2018 figures

² As of January 1, 2018, the Group applies IFRS 15 "Revenue from Contracts with Customers". All changes and comments indicated in this press release are in comparison with the 2017 figures restated for the implementation of this standard.

³ In order to assess the performance of its ongoing activities, the Group will present and comment on the adjusted results in addition to the reported figures. The adjustments concern in particular the contribution of ECA Sindel and SSI. The figures in this press release are not expressed as adjusted figures, unless otherwise specified.

Consolidated revenue for the first nine months of 2018 was €69.3 million, down 10.3% compared with the first nine months of 2017. This decline reflects the insufficient orders intake recorded before the end of 2017, which does not offset the strong performance of Simulation since the beginning of the financial year. Adjusted for the contribution of a subsidiary deconsolidated in 2018 and of another whose business was sold, revenue was €69.0 million, down 8.3% compared with the first nine months of 2017.

In the first nine months of 2018, revenue from the **Robotics** division totaled €38.0 million, down 18.1% compared with the first nine months of 2017, and 14.8% on a comparable basis (deconsolidation of ECA Sindel at January 1, 2018). This performance is due to delays in orders observed until the end of 2017, despite the strong momentum of instrumentation and control activities, as well as naval architecture activities.

The division recorded several new commercial successes in the third quarter, in particular a new contract for more than €4 million with Sonatrach and a contract for nearly €9 million, including a firm tranche of €2 million, to supply specific equipment to a defense client. Accordingly, the division's orders intake doubled compared with the first nine months of 2017.



Revenue from the **Aerospace** division was €24.3 million, down 3.6% compared with the first nine months of 2017. The strong performance of the embedded equipment business only partially offset the decline in the assembly line business.

Lastly, **Simulation** recorded growth of 23.3% compared with the first nine months of 2017, reaching €7.0 million, driven by the performance of the second contract for military vehicle driving simulators since the start of the financial year. Adjusted for the contribution of the SSI subsidiary, whose business was sold on August 31, the division's revenue was €6.7 million, up 22.6% compared with the first nine months of the 2017 financial year.

Outlook

At September 30, 2018, ECA Group's **backlog** was €99.8 million, i.e. an increase of 1.1% compared with June 30, 2018 and of 10.3% compared with September 30, 2017 adjusted. The increase in the backlog would be even more significant if it included the LOI signed on October 25 ([see press release](#)) for an order of more than €12 million for the supply of equipment to French Barracuda submarines. The Group thus recorded several commercial successes in 2018, with an orders intake up 50% at the end of September, compared with the same period last year. This strong commercial performance, combined with other orders under negotiation, will drive business growth in the medium term. In the short term, however, based on the revenue for the first nine months of the financial year, the Group is unable to confirm its target revenue for 2018, expected to show a slight increase compared with 2017.

As part of the technological and commercial partnership announced with Naval Group ([see press release dated October 9](#)), in early October ECA Group responded to the call for tenders launched by Belgium for a Belgian-Dutch cooperation for the supply of 12 minehunters equipped with drone systems, and would also supply specific products to another consortium that responded to this call for tenders. Being successful in this bid, which remains very hypothetical at this stage, would represent the most significant order in the history of ECA Group, even in its minimum configuration.



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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 mentioned in the press release; the strength of competition; the continuing growth of the market; currency fluctuations; interest rate fluctuations; raw material 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 personnel; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; supply chain and manufacturing bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.).

Some of these risk factors are set forth and detailed in our 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.

ECA Group

Recognized for its expertise in robotics, automation systems, simulation and industrial processes, the ECA Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936. Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defense, maritime, aeronautics, simulation, industrial and energy sectors.

In 2017, the Group reported revenue of €112.0 million across its three divisions: Robotics, Aerospace and Simulation.

The ECA Group is a Groupe Gorgé company.

The ECA Group is listed on Euronext Paris Compartment B.
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