

# First-Half 2017 Results

Growth of 87%

Industrial and commercial investments that are generating returns  
Financial results in line with the roadmap

Targets

2017 revenue: €25m

Highly positive second-half EBITDA

## PRESS RELEASE

Thorigné-Fouillard, 28 September 2017, 5:35 p.m.

**Thorigné-Fouillard**, France, 28 September 2017 – **Kerlink** (AKLK - FR0013156007), a global specialist in network solutions for the internet of things, is today announcing its financial results for the first half of 2017.

As announced, the Group continued with its industrial and commercial investments in order to extend its lead from a technology standpoint and increase its international presence in a market that is accelerating. Growth was in line with expectations in the first half of the year, with revenue increasing 87% compared to the first half of 2016. This growth partially stems from the execution of the contract signed with Tata Communications to roll out the world's largest LoRa™ network, which covers 2,000 cities and communities and over 400 million people. With over 2,000 stations already delivered as of 30 June 2017 out of the 10,000 Kerlink Wirnet™ iBTS Compact stations that are planned, the contract is well underway, thereby ensuring the Group a wide international reach and a flagship technology showcase.

## Consolidated financial statements (IFRS)

On 26 September 2017, the Board of Directors approved the consolidated financial statements for the half-year period ended 30 June 2017.

In thousands of euros	H1 2017*	H1 2016
Revenue	10,088	5,400
Gross margin	3,377	2,497
EBITDA	-1,114	-595
EBITDA/revenue	-11%	-11%
Operating income	-1,586	-865
Financial profit (loss)	-35	-276
Net profit/(loss)	-1,579	-1,088

*Under IFRS – Limited review*

\*The consolidated financial statements include KERLINK SA the parent company, and its two subsidiaries: KERLINK SINGAPORE PTE. LTD. and KERLINK INC.

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## Continued strong growth momentum

Kerlink generated revenue of €10.1m in the first half of 2017, up 87% on the first half of 2016 (€5.4m).

Growth was primarily driven by business with telecom operators, which increased four-fold to over €5.3m (53% of total revenue). In addition to the major contract with Tata Communications, Kerlink benefited from the execution of several orders, in particular one with a major French telecommunications operator.

Revenue generated with private operators grew by 15% over the period. This was in line with Group projections, given that resources have been largely allocated to gaining sales and accelerating the deployment of major projects with international telecoms operators.

Over the period, revenue from value-added services increased by 70% to over €1.1 million. While this segment's contribution to total business is still limited, it should increase in the future, once the major infrastructure projects have been completed. Revenue generated by the Reference Design offering (turnkey services for producers of connected objects that want to incorporate an optimised network connectivity solution into their products) also remains modest, with the first significant royalties on agreements already signed.

Revenue generated on international markets totalled almost €4 million, an increase of 3.7 times on the first half of 2016. The contribution of sales achieved outside France practically doubled over the period, accounting for just under 40% of first-half revenue, compared with 20% in the first half of 2016.

## Half-year results that reflect the efforts made to increase market share and structuring necessary to support growth

Kerlink's gross margin for the first half of the year came out to almost €3.3m, approximately 33% of revenue. Against a backdrop of market share gains made from international public operators, and network rollouts, the anticipated drop in gross margin is a reflection of the change in the product mix, with equipment sales accounting for a greater portion of revenue.

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EBITDA for the first half of 2017 was negative at -€1.1m. This is a result of the major efforts to add to our teams who will support innovation and the rollout of our commercial contracts. The Group's headcount was 98 at the end of June 2017, compared to 80 at 31 December 2016. Payroll expenses totalled almost €3.4m in the first half of 2017, up from €2.4m in the first half of 2016. The increase in headcount reflects the efforts the Group is making to structure in order to accommodate future growth in demand.

Taking into account depreciation, amortisation and provisions in the amount of €0.5m, Kerlink's operating loss stood at almost €1.6m, compared with an operating loss of €0.8m in the first half of 2016.

Net financial expenses declined sharply, totalling €35k.

The total net loss for the first half of 2017 came to €1.6m compared with a loss of €1.1m in the first half of 2016.

## A stronger financial structure thanks to a successful capital increase

Group shareholders' equity increased considerably thanks to the major success of May's capital increase. Shareholders' equity now totals €27.6m vs. €10.2m at the end of December 2016. Financial debt represents less than 23% of shareholders' equity compared to 27% at the end of December 2016. Net cash stands at €16.3m.

## A new structure confirming the trend in infrastructures and preparing for the increasing importance of services

In order to fully benefit from the Internet of Things market, optimise resource allocation and support Kerlink's rise up the value chain, the company is announcing the creation of two new Business Units that will drive its two strategic development priorities worldwide:

- The "Kerlink Infrastructure Solutions" Business Unit will enable the Group to consolidate and enhance its position as a leading international player in the provision of high-quality infrastructure and network services, affording its public and private operator clients the opportunity to roll out and operate their connectivity solutions dedicated to the Internet of Things;

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- The “Kerlink Advanced Services” Business Unit will have the strategic aim of putting Kerlink among the leading companies capable of offering value-added solutions that enable its business application developer clients to quickly design and fully operate their range of connected objects (management and geolocation of networked objects and Reference Design solutions).

## FY 2017 revenue target: €25m

The second half of 2017 should allow Kerlink to continue its expansion. The Group is targeting revenues of €25m in 2017, which would imply expected growth of around 75%. As is the case each year, business is expected to be particularly strong in the fourth quarter.

The growth expected in the second half of the year should also enable Kerlink to generate highly positive EBITDA for the period. In view of this favourable outlook, Kerlink is confirming its target of achieving revenue of €70 million in 2020.

## About Kerlink

Kerlink specialises in network solutions for the Internet of Things (IoT). Its mission is to provide its clients – telecom carriers, businesses and public authorities – with network solutions (equipment, software and services) dedicated to the Internet of Things. Over the past three years, Kerlink has invested more than €8 million in R&D. In just over 10 years, more than 70,000 Kerlink installations have already been rolled out for more than 260 clients, including GrDF, Suez, Saur and Médiamétrie. Kerlink’s solutions equip IoT networks worldwide, with major roll-outs in Europe, South Asia and South America. In 2016, Kerlink generated revenue of €14.1 million, 25% of which internationally. Since 2013, it has posted average annual growth of more than 50%. Kerlink has been listed on Alternext Paris since May 2016.

For more information, go to [www.kerlink.fr](http://www.kerlink.fr) and follow us on Twitter @kerlink\_news

Upcoming events

**Third-quarter revenue – 24 October 2017 after market close**

**[www.kerlink.fr](http://www.kerlink.fr)**

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