

New road map for 2020

Acquiring majority holding of Wyres: A decisive competitive advantage in geolocation

2018 revenue

PRESS RELEASE

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Thorigné-Fouillard, France, 9 January 2019 – **Kerlink** (AKLK – FR0013156007), a specialist in solutions dedicated to the Internet of Things (IoT), announces its new route map for 2020 and a 51% equity investment in Wyres which will reinforce the Group's technological expertise in geolocation.

2018 revenue: €17.1m

Market still affected by public carriers postponing major IoT deployments

Annual revenue of €17.1 million compared to €24.8 million in 2017. H2 improved slightly on H1 with revenue of €8.6 million. For data on Q4 and full-year business growth see Annex. This confirms the trend seen in recent months in a market where public carriers are putting off deployment of major IoT projects. This continued to act as a brake on the Group's activity in the last few months. Particularly in the last quarter, Group activity was marked by indefinite delays to major international extension projects and pauses in contracts with Tier 1 operators already signed but not yet executed.

Full-year gross margin should, as expected, top 40%, driven by the growing contribution from the services business.

Revisions to 2020 ambitions

Given this environment, Kerlink has revised its initial ambitions which targeted revenue of €70 million by 2020. The Group nonetheless stands by its potential for growth.

Its confidence rests on solid fundamentals:

- An IoT market set for strong international development. According to the GSMA's 2018 report, more than 25 billion connected objects should be in circulation by 2025,
- A winning technological position with recognised expertise in the LoRaWan™ environment. Despite the competing technologies now available (NB-IoT and Sigfox) LoRa® has confirmed its leadership winning the endorsement of more than 500 major industrial firms worldwide, a recent commitment from Google and Tencent and multiple major deployments which are already up and running across the world.

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- An established competitive position as undisputed leader in LoRa® stations with a market share now estimated at close to 35%¹
- Positioned in all parts of the value chain from infrastructure to services.

An attack plan to drive market transformation

To restore solid growth momentum, the Group has undertaken a **5-point plan** of attack, presented at its interim results:

- 1) Consolidating the technological edge
- 2) Stepping up growth with private carriers
- 3) Supporting the conversion of public carriers to IoT networks
- 4) Developing market penetration in the high-potential Asia and Americas regions
- 5) Supporting the development of the service offer

A 51% stake in Wyres: decisive competitive advantage in indoor geolocation

To widen its technological lead, the first plank of the Group's 5-point strategy, Kerlink announced the acquisition, on 8 January 2019, of 51% of the fully diluted capital of simplified joint stock company Wyres.

Wyres has developed an **indoor** geolocation technology for multi-site industries and operators (logistics, hospitals, agriculture). It was set up in 2015 and at end-2018 had 15 employees and recognised expertise in object location with comprehensive solutions integrating beacons, tags and evaluation kits for the indoor environment. In 2017 it made revenue of €166 thousand and an EBITDA loss of €393 thousand. For Kerlink, it is an essential technological component of the Group's strategy, allowing the firm to strengthen its geolocation offering in the **indoor** segment. It will act help drive sales growth in priority markets such as Smart Airports, Asset Tracking, Cities & Towns and the Industry & Manufacturing sector.

Yannick Delibie, Co-founder, Deputy General Manager and CTO of Kerlink Group said: *"The entrepreneurial spirit, shared vision and ability to innovate of the two teams, backed by Kerlink's industrial capacity means the group can offer its corporate clients industrial indoor geolocation solutions that are high-performing, economically appropriate and technologically differentiated. These genuinely innovative offers are built on a LoRaWan™ spine, leveraging the fitness of this connectivity system for private networks with high industrial value added. The future of industrial IoT is being decided as we speak by bringing together an ecosystem that is growing every day."*

¹ 80,000 stations deployed worldwide by end-2017 (Source: Semtech)

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The investment was structured as a subscription for a €1 million capital increase (including issue premium) financed by own funds. Post-deal, the other shareholders in Wyres fully diluted capital are: the founders, with 28.19%, and IoT Capital, with 20.81%.

Simultaneous the capital increase all Wyres partners signed a partners' agreement. Its terms are as follows:

- Kerlink acts as president with a board of 5 members, 3 of whom will be appointed on Kerlink's proposal;
- Reciprocal commitments were made by Kerlink (promise to buy) and the other partners (promise to sell) such that the whole of Wyres' capital will be in Kerlink's hands by the end of Q1 2022.
- The same day, Kerlink granted Wyres an associate current account advance of €150,000 and undertook to grant Wyres, by 31 December 2020 a current account advance of €350,000.

The transaction was approved by Kerlink's Board of Directors. Wyres will be included in the Group's consolidated financial statements from January 2019.

Intensified drive for private carriers

Given the wait-and-see approach of public carriers, market growth is going to depend increasingly on private and alternative operators looking to implement their own network to deploy their IoT solutions. To fully profit from the opportunities offered by this market, Kerlink has launched an aggressive strategy to develop an ecosystem of partners to provide end-to-end offers in each of its priority markets: Smart Airports, Smart Tracking, Smart Cities & Towns and the Smart Industry & Smart Manufacturing sector.

This strategy has already begun to bear fruit with several deployments now under way, particularly Smart Hotel solutions with Hxperience/Accor Invest.

A new road map: return to growth and operational profitability from 2020

In 2019, the Group is aiming to return to full-year growth, despite a challenging comparison base in H1.

In 2020, Kerlink is confident about its new forecasts and is targeting double-digit growth, positive EBITDA and a positive operating cash flow.

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Annex: 2018 revenue - By business activity and region

Revenue by business (€K)	Q4 2018	Q4 2017	Change	2018	2017	Change
Public carriers	2,332	6,492	-64%	6,550	14,714	-55%
Private carriers	3,102	3,330	-7%	10,192	9,907	3%
Reference design	83	46	80%	326	147	121%
Total	5,517	9,868	-44%	17,068	24,767	-31%

IFRS – Unaudited figures

Revenue by region (€K)	2018	2017	Change
NCSA (Americas)	428	561	-24%
APAC (Asia-Pacific)	4,309	8,697	-50%
EMEA, excl. France	3,339	3,507	-5%
FRANCE	8,992	12,001	-25%
Total	17,068	24,767	-31%

IFRS – Unaudited figures

About Kerlink Group

Kerlink Group is a front-ranking international provider of end-to-end solutions for the Internet of Things (IoT), addressing telecom carriers, businesses, and public authorities worldwide. Its growing range of turnkey IoT service, covering everything from network planning to design and operations management, enhances its offer of carrier-grade, market leading infrastructures. Widely recognised for its expertise in IoT, the Group regularly unveils high value-added, innovative services, such as geolocation from the network, remote management of connected equipment, and energy-efficient IoT reference designs, enabling its clients to rapidly launch IoT devices on the market and devise innovative business models for monetizing their deployments. Kerlink has been listed on the Euronext Growth Paris market since May 2016 and in 2017 was listed on the EnterNext PEA-PME 150 index of 150 fast-growing French SMEs. In April 2018, Kerlink joined the Tech 40 index, which recognises the top-performing tech SMEs on the Euronext markets in Amsterdam, Brussels, Lisbon and Paris.

For more information, go to www.kerlink.fr and follow us on Twitter [@kerlink_news](https://twitter.com/kerlink_news)

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Upcoming events:

2018 annual results and 2019 Q1 revenue

16 April 2019, after trading

H1 2019 revenue

23 July 2019, after trading

H1 2019 Results

26 September 2019, after trading

Q3 2019 revenue

22 October 2019, after trading

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