

Second-quarter 2019 revenue: €3.4M; -12%

Revenue still impacted by the wait-and-see approach of telecom carriers
Initial impact of the strategy rolled out with private carriers

PRESS RELEASE

Thorigné-Fouillard, 23 July 2019, 5.45 p.m.

Thorigné-Fouillard, France - Kerlink (ALKLK - FR0013156007), specialising in network and IoT solutions, published its second-quarter 2019 revenue today.

Revenue by activity In thousands of euros	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Historic and alternative telecom operators	561	1,303	-57%	1,103	3,386	-67%
Private operators	2,852	2,477	+15%	5,181	4,940	+5%
Reference design	60	148	-59%	178	193	-8%
Total	3,473	3,928	-12%	6,462	8,520	-24%

IFRS – Unaudited figures

The Group's second quarter 2019 results reflect the initial benefits of the strategy rolled out with private carriers. In this segment, sales over the period were up 15% compared with Q2 2018. Sales in the same segment saw an increase of 22% on Q1 2019.

Overall, Q2 2019 results came to €3.5m versus €3.9m in 2018.

As expected, weak business momentum in the historic and alternative telecom carriers segment had an impact on first-half revenue, which fell 24% to €6.5m compared with €8.5m a year earlier. It should be noted that Q1 2018 revenue in this customer segment was particularly robust. Restating this period of two major contracts with Tier 1 carriers (Tata Communications and a historic French carrier), revenue for the first half of 2019 remained stable overall at €6.3m (-1%).

Initial impact of the strategy aimed at private carriers

In the face of the continued wait-and-see approach of telecom carriers, market growth is expected to be based mainly on private carriers which will give priority to the implementation of their own IoT network. Against this backdrop, Kerlink has embarked on a deliberate strategy aimed at establishing an ecosystem of partners in order to offer end-to-end vertical solutions.

The growth of sales in the private carriers segment in Q2 offset the 5% decline seen in Q1 2019. Overall, measures taken to increase sales in this priority segment over the quarter allowed the Group to boost revenue by 5%. These encouraging initial effects should gradually carry forward over the next few months to become real growth drivers in 2020.

Second-quarter 2019 revenue: €3.4M; -12%

Revenue still impacted by the wait-and-see approach of telecom carriers
Initial impact of the strategy rolled out with private carriers

Stability of revenue in value-added services

Revenue by business unit In thousands of euros	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Kerlink Infrastructure Solutions	2,361	2,799	-16%	4,503	5,856	-23%
Kerlink Advanced Services	1,112	1,128	-1%	1,959	2,663	-26%
Total	3,473	3,928	-12%	6,462	8,520	-24%

IFRS – Unaudited figures

Revenue for the *Kerlink Advanced Services* business unit remained stable in Q2 2019, at €1.1m. Note that in Q1, the Group continued to be impacted by a slowdown in the pace of rolling out major IoT projects at historic telecom carriers, which started in 2018. Revenues from this Business Unit in H1 2019 are stable overall, accounting for 30% of the product mix. Sales over the period, amount to €2.0m.

In the infrastructure segment (*Kerlink Infrastructure Solutions*), results for the quarter were down as anticipated, falling 16% to €2.4m compared with the same period in 2018.

Revenue growth in Europe, decline in other regions

Revenue by geographical region In thousands of euros	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
NCSA (Americas)	87	126	-31%	112	183	-39%
APAC (Asia-Pacific)	68	608	-89%	343	1,589	-78%
EMEA, excl. France	1,141	418	+173%	1,986	1,444	+38%
International	1,297	1,152	+13%	2,441	3,216	-24%
France	2,177	2,776	-22%	4,022	5,304	-24%
Total	3,473	3,928	-12%	6,462	8,520	-24%

IFRS – Unaudited figures

Quarterly sales in the NCSA region were down 31%. This includes the signature, over the course of the period, of a multi-year NaaS (Network as a Service) contract signed with IoT America, as a result of which revenue is automatically reported for the duration of the contract. This type of contract allows the Group to recognise recurring revenue and to provide both infrastructures and high value-added services in the context of an all-in-one offer.

In the France and APAC regions, Kerlink benefited from two major contracts signed with Tier 1 carriers (Tata Communications and a historic French carrier). The delivery of these two contracts in 2018, and the absence of equivalent projects in 2019, explains the decline in revenue in these two regions. In Asia, the Group will adapt the structure of its subsidiary in what is still considered a high-potential market.

Second-quarter 2019 revenue: €3.4M; -12%

Revenue still impacted by the wait-and-see approach of telecom carriers
Initial impact of the strategy rolled out with private carriers

Measures to stimulate growth in the APAC region will be overseen by René ARBEFEUILLE, recently appointed Vice President of the Asia-Pacific subsidiary. He brings to Kerlink more than 25 years of international experience in the telecoms and IoT industries, including more than 15 years in Asia.

Finally, in the EMEA region (excl. France), sales were up sharply as a result of the various partnerships signed over the past few months.

Revision of 2019 objectives

Over the next few months, Kerlink anticipates an increase in revenue compared with the first part of the year. However, this improvement will not allow the Group to reach the objective of a return to growth that had been set for the year.

About Kerlink Group

Kerlink Group is a leading global provider of end-to-end network solutions for the Internet of Things (IoT), serving telecom operators, businesses and public authorities worldwide. Based in Thorigne-Fouillard, France, with a U.S. subsidiary in Chicago, Kerlink is a leading global provider of LoRaWAN network equipment, software and services. Its growing suite of turnkey IoT services includes network planning, design and operational management that maximizes performance of its market-leading, carrier-grade infrastructure offering. The Group, widely recognized for its IoT expertise, also continually introduces innovative value-added services, such as network-based geolocation, remote end-device management and low-power IoT reference design, which allows its customers to quickly bring to market IoT-ready devices and to imagine innovative business models to monetize their deployments. Most recently, Kerlink introduced an expanded service, solution design, as part of its growing suite of services for companies and smart cities.

In just over 10 years, more than 100,000 Kerlink installations have been deployed in more than 69 countries. In 2018 Kerlink supplied more than 330 customers, including major telecom operators such as Tata Communications, and service providers such as GrDF and Suez. The company's solutions are enabling IoT networks worldwide with major deployments in Europe, South Asia, South America and Oceania. Kerlink, a co-founder and board member of the LoRa Alliance™, has invested more than €15 million in research in the past three years. It has been listed on Euronext Growth Paris since May 2016 and was added to the EnterNext PEA-PME 150, an index of 150 fast-growing French SMEs, in 2017.

For more information, visit www.kerlink.com or follow us on Twitter @kerlink_news.

Second-quarter 2019 revenue: €3.4M; -12%

Revenue still impacted by the wait-and-see approach of telecom carriers
Initial impact of the strategy rolled out with private carriers



Upcoming events

H1 2019 Results

26 September 2019, after market close

Q3 2019 revenue

22 October 2019, after market close

www.kerlink.fr

actifin
communication financière

MIL

Investor contact:

Actifin
Benjamin Lehari
+33 (0)1 56 88 11 25
blehari@actifin.fr

Financial Press contact:

Actifin
Isabelle Dray
+33 (0)1 56 88 11 29
idray@actifin.fr

Press and Market Analysts contact:

Mahoney Lyle
Sarah Lyle
+33 (0)6 75 85 60 42
syle@mahoneyle.com



www.kerlink.com



fr.linkedin.com/company/kerlink



[@kerlink_news](https://twitter.com/kerlink_news)