

# 2017 annual results

## Transformation successful, targets attained

Sales growth: +75.4% to €24.8m

H2 EBITDA positive, at +€0.8m

## 2018

All the right qualities to cement  
ramp-up in services

### PRESS RELEASE

Thorigné-Fouillard, 4 April, 2018, 5.35pm.

**Thorigné-Fouillard**, France, 4 April, 2018 – **Kerlink** (AKLK – FR0013156007), a specialist provider of networks and solutions for the Internet of Things (IoT), today announced its full-year earnings for 2017. Performance for the year was highly satisfactory, in line with Group expectations, with revenues surging 75.4% to €24.8m. Last year, Kerlink faced the challenge of successfully transforming the business by upscaling its organisation and continuing to add market share overseas, in a fast-growing sector.

The Group chalked up strong performances, both in the public network operators segment, where it added several top-tier clients, and the enterprises and local authorities segment.

Full-year earnings testify to the Group's ongoing efforts to strengthen its teams, implement a differentiated innovations policy and pursue its strategy of building market share abroad.

### Consolidated financial statements (IFRS)

At its meeting on 29 March, 2018, the Board of Directors approved the FY financial statements for the year ending 31 December 2017.

for the first time, Kerlink publishes consolidated accounts including three newly-formed subsidiaries: KERLINK SINGAPORE PTE. LTD., KERLINK INC. and KERLINK IOT SOLUTIONS INDIA PRIVATE LTD.

In thousands of euros	H1 2017	H2 2017	2017	H1 2016	H2 2016	2016
<b>Revenue</b>	10 088	14 679	<b>24 767</b>	5 400	8 717	<b>14 117</b>
Gross margin	3 377	5 246	<b>8 623</b>	2 499	3 040	<b>5 538</b>
<b>EBITDA</b>	-1 114	801	<b>-313</b>	-595	-94	<b>-689</b>
Operating income	-1 586	122	<b>-1 464</b>	-865	-552	<b>-1 417</b>
Financial income	-35	-225	<b>-260</b>	-276	-131	<b>-408</b>
Net profit/(loss) for the company	-1 579	1271	<b>-308</b>	-1 088	-637	<b>-1 725</b>

IFRS – Audited accounts

# 2017 annual results

## Transformation successful, targets attained

Sales growth: +75.4% to €24.8m

H2 EBITDA positive, at +€0.8m

## 2018

All the right qualities to cement  
ramp-up in services

### New top-tier clients

The Group's international standing was enhanced by the implementation of the Tata Communications contract, involving the operational roll-out of the world's biggest LoRa™ network. The strong reputation enjoyed by Kerlink's equipment led to the signature of fresh contracts with front-ranking international players, some of which were announced publicly, such as those with Digimondo (Germany), Netemera (Poland), Proximus (Belgium), Libatel (Lebanon), Spark (New Zealand), Senet (USA) and Yeap! (Argentina). Revenues from international activities increased 3.6-fold relative to 2016, at €12.8m. These now contribute the lion's share of total Group revenues, at 52%, compared with 25% in 2016, reflecting the Group's solid penetration of all markets investing heavily in IoT.

Looking past the equipment installation phase, these contracts provide a host of opportunities for the Group to highlight the advantages of its high value-added service range.

Kerlink's Reference Design solution generated its first license revenues over the period. Although these account for only a marginal share of total Group sales, the line is of key importance and is now demonstrating its full relevance to connected object manufacturers seeking to incorporate access to LoRa® networks more easily and economically, and thus bring their products to market faster.

### Positive H2 EBITDA, in line with Group expectations

FY 2017 also kept its promises on the financial front. Gross margin was up 56% over the full year, at nearly €8.6m, accounting for 35% of total revenues, compared with 39% for the year-earlier period. As announced in H1, this trend stems from a voluntary, one-off business decision concerning a key client.

EBITDA was only slightly in the red over the year, at -€0.3m, notably after the expected move into positive territory in H2, at +€0.8m. As a result of its drive to build market share, the Group is now in a position to undertake contracts that will contribute more substantially to the top line.

The decision to bolster its teams and internal expertise played a central role in performance over the year, with the addition of 35 new employees, of which 13 were staff from service providers who were brought in-house. Staff costs totalled €7.1m, compared with €4.8m in 2016. External expenses came to €5.0m in 2017, up from €4.5m in 2016.

This effort to upscale its teams means the Group is now in a position to gain from the anticipated ramp-up in the services segment.

Other structural efforts included setting up two strategic Business Units focusing on two business lines that will fuel Group growth over the coming years.

# 2017 annual results

## Transformation successful, targets attained

Sales growth: +75.4% to €24.8m

H2 EBITDA positive, at +€0.8m

## 2018

All the right qualities to cement  
ramp-up in services

The first Business Unit, **Kerlink Infrastructure Solutions**, will focus on the sale of **turnkey solutions for the Group's IoT networks**, including infrastructures and services for managing and maintaining the operating conditions of the networks it deploys. This business line is currently driving Kerlink's top-line growth, generating over €20m in revenues in 2017. Its EBITDA came to €0.6m.

The **Kerlink Advanced Services** Business Unit was set up to ensure the Group's solutions rank among the leading **value-added application services for connected objects**, either in complement to the Group's network solutions, or to round out other providers' solutions used by prospective clients. These solutions will enable connected object developers and designers, industrial groups and OEMs, and business application developers to design their range of connected objects faster (new Reference Design solution), manage the latter more effectively over time (Remote Management offer) and monetise them (Geopositioning offer). In light of the investments needed to underpin the launch of this strategically important business line, EBITDA at the business was negative at -€0.9m.

All told, the Group recorded an operating loss of €1.4m, with €1.2m in amortisation, depreciation and provisions.

Financial income came to -€0.3m in 2017. Total net losses shrunk for the full year worked out slightly negative at -€0.3m, compared with a €1.7m net loss in 2017.

As regards the balance sheet, inventories were stable. This is good news given the sharp growth in activity. The Group kept a firm hand on its WCR, accounting for 24% of annualised fourth-quarter revenues, compared with 35% in 2016. Shareholder equity increased sharply, from €10.1m a year earlier to €28.9m. This includes proceeds of the capital increase launched in May 2017, taking total cash to €14.0m at the end of the year and giving Kerlink the means to pursue opportunities for implementing its strategy.

### Outlook: 2018, primed for sustained growth

After pushing ahead with efforts to enhance its internal organisation structure and bolster its industrial capacity, thanks to a partnership with Flex, in 2017, Kerlink now has the scale needed to meet demand from major contractors worldwide. In November, it was awarded the Lloyd's Register Quality Assurance (LRQA) ISO 9001-2015 certificate for its "design, development and process for selling network solutions for the Internet of Things", which also rewarded its ongoing drive to ensure operating excellence and satisfy both clients and company partners.

In 2018, a combination of several factors should ensure Kerlink delivers another fine performance.



# 2017 annual results

## Transformation successful, targets attained

Sales growth: +75.4% to €24.8m

H2 EBITDA positive, at +€0.8m

## 2018

All the right qualities to cement  
ramp-up in services

The world market is still booming, as public and private operators push ahead with their investments. The number of pilot projects giving rise to potential commercial developments is rising, both in volumes and average project size, highlighting the interest shown by the various contracting clients.

The Group's unique positioning in the IoT ecosystem enables it to work with a host of players along the entire value chain and thus bolster its range. In this way, a number of noteworthy partnerships have been signed, testifying to Kerlink's increasingly powerful footprint in the sector and to the reality of mounting deployments for actual usage.

As regards the top line, the Group is enjoying healthy sales momentum, ensuring clear visibility on equipment revenues. Its services in network management and the maintenance of operating conditions should also make progress in terms of market penetration.

The Group's Reference Design offer and Geopositioning services also stand to gain from the signature of fresh industrial partnerships.

In light of these favourable factors, Kerlink is confident in its ability to continue delivering strong growth this year.

### About Kerlink Group

Kerlink Group is a front-ranking international provider of end-to-end solutions for the Internet of Things (IoT), addressing telecoms operators, businesses, and public authorities worldwide. Its growing range of turnkey IoT services ranges from network planning, to design and operations management, thereby enhancing 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 geopositioning from the network, the remote management of connected equipment, and low-consumption IoT reference designs, enabling its clients to rapidly launch IoT devices on the market and devise innovative business models for monetizing their deployments.

In just over 10 years, more than 100,000 Kerlink installations have been rolled out in over 69 different countries. In 2017, Kerlink served more than 330 clients, including major telecoms operators, such as Tata Communications and service providers such as GrDF and Suez. Kerlink's solutions equip IoT networks worldwide, with major roll-outs in Europe, South Asia, South America and Oceania. Kerlink is a co-founder and board member of the LoRa™ alliance and has invested over €11m in research and development over the last three years. In 2017, the Group generated nearly €25m in revenues, of which it derived over 50% from international markets. Since 2013, Kerlink has been chalking up annual average sales growth of more than 62%. 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.

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

# 2017 annual results

## Transformation successful, targets attained

Sales growth: +75.4% to €24.8m

H2 EBITDA positive, at +€0.8m

## 2018

All the right qualities to cement  
ramp-up in services



Upcoming events

**Q1 2018 revenues: 24 April 2018 after close of trade**

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



### Contacts:

#### Investors

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

#### Financial Press:

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

#### Press and Market Analysts:

Mahoney Lyle  
Céline Gonzalez  
+33 (0)6 75 85 60 42  
[cgonzalez@mahoneyle.com](mailto:cgonzalez@mahoneyle.com)