



Paris, December 5, 2017

Fiscal 2017-2018 first-half financial results

Improved results in an adverse environment
 Operating income up 9 percent
 Confirmation of guidance

The SII engineering consulting group has released its financial results for the first half of fiscal 2017-2018, as approved by its Management Board on December 5 and currently being audited.

Management board chairman Eric Matteucci commented that *“Results for the first half of fiscal 2017-2018 reflect the growth of the Group’s business in France and elsewhere. Despite the combined impact of a reduced number of workdays in the period, the temporary dilution caused by the acquisition of Feel Europe and a downturn in Spain, SII succeeded in raising its operating income by 9 percent. Based on our performance during the period, we are able to confirm our guidance for the full year.”*

In €m Period ended September 30	H1 2016-2017	H1 2017-2018	Change
Revenue	205.21	259.20	+26.3%
Gross income from operations	16.45	17.44	+6.0%
<i>Gross operating margin (% of revenue)</i>	<i>8.0%</i>	6.7%	-1.3pt
Operating income	15.60	17.00	+9.0%
<i>Operating margin (% of revenue)</i>	<i>7.6%</i>	6.6%	-1.0pt
Consolidated net income	10.31	10.87	+5.4%
Net income after minority interests	10.25	10.89	+6.2%

Average headcount	5,842	6,918	+1,076
Headcount at the end of the period	5,951	7,127	+1,176



Marked growth in all sectors in the first half of fiscal 2017-2018

The SII Group reported revenue of €259.2m for the first half ended September 30, 2017, an increase of 26.3 percent over the same period a year ago. Organic growth¹ accounted for 13.2 percent of this increase.

In France, revenue rose by 34.1 percent under the combined effect of growth in traditional sectors (10.4 percent on a like-for-like basis) and the consolidation of Feel Europe (€25.6m for the period). The Group relies for its development on a hiring policy corresponding to its objectives, as the average headcount increased by 7.1 percent from the first half of fiscal 2016-2017. Employee turnover was virtually unchanged at 23 percent (from 22 percent the first half of fiscal 2016-2017).

Revenue from international operations was up 17.6 percent from the first half of fiscal 2016-2017. Business outside France accounts for 44 percent of the Group's total revenue. High growth was achieved in Poland, where the Group generates its highest revenue outside France (a 34-percent improvement over the same period a year ago). Operations in Poland, Germany and Spain account in aggregate for 86 percent of the Group's international business.

All of the Group's segments contributed to growth during the period. Thanks to the addition of Feel Europe, revenue generated by the banking and insurance sector increased by 81.9 percent from the first half of fiscal 2016-2017 (including from organic growth of 14 percent). The other sectors also contributed to growth during the period, with revenue from aerospace & defense up 21.7 percent, telecommunications up 9.8 percent and energy up 56 percent, due in part to the addition of Feel Europe. Business in the other sectors improved by 16.6 percent, driven mostly by the automotive, healthcare and retail sectors, as transportation and digital security declined.

Improved income

Operating income increased by 9 percent to €17m for the period, despite several negative factors. SII's business was adversely affected by the reduced number of workdays in the period (four fewer days than in fiscal 2016-2017), the dilutive impact of Feel Europe, and the deterioration of the geopolitical situation in Spain, which caused the Group to recognize provisions of 2 million euros. Under the circumstances, the Group made continued efforts to maintain its profitability. In France, the average ratio of billable hours (excluding paid leaves) was up 0.8 points to 91.9 percent. Elsewhere, profits rose as anticipated, leaving aside the Spanish loss provision.

After accounting for interest and taxes, net income came to \$10.87m, a 5.4-percent improvement.

¹ Excluding the impact of acquisitions and exchange-rate fluctuations (2016 exchange rates applied to 2017 revenue)



The Group had a net debt of €6m on September 30, 2017, as opposed to net cash of €7.1m on March 31, 2017. This change was primarily attributable to higher working capital requirements from both the increase in business volume and the successive lengthening of collection periods in France and Spain. The Group had equity on €116.3m, up from €108.6m on March 31, 2017.

Confirmation of guidance

In light of its first-half performance, SII confirms its guidance for fiscal 2017-2018, i.e.:

- revenue of €545m, or 24 percent above last year's
- a smaller increase in operating income than in revenue, given the unfavorable number of workdays, the integration of Feel Europe and the situation in Spain.

The SII Group is confident that its operating margin will improve again in fiscal 2018-2019, reflecting efforts made to increase profitability and a more auspicious calendar, and barring changes in taxation.

Next financial announcement:

Fiscal 2017-2018 third quarter revenue, Tuesday, February 13, 2018, after the close of trading

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About SII

As a trusted technology partner, SII provides high value-added solutions for the IT projects of many large corporations. It relies on a staff of expert engineers and on methods at the cutting edge of quality standards to carry out its activities in:

- Technology Consulting (IT, electronics and telecommunications)



- Digital Services (IT technology and networks)

SII has opted for a corporate structure that offers the responsiveness and flexibility associated with local-level services, with nine regional offices in France and eighteen more in other countries on four continents, all of which have access to all of the Group's operational resources and can provide effective services to major corporations' international operations.

The SII Group posted revenue of €438.85m in fiscal 2016-2017, which ended March 31, an increase of 21.9 percent, and has been expanding its operations and its growth has outpaced that of other firms in its sector.