

Quantel

PRESS RELEASE

Les Ulis, July 27, 2017

FIRST-HALF REVENUES UP 4.8%

For the first half of 2017, the QUANTEL Group is reporting €32.8 million of revenues, up 4.8% from the first half of 2016. Restated for the €2.9 million tender in India, billed in the first quarter of 2016, growth comes out at 15.7%, thanks to the particularly robust level of sales in the second quarter.

Consolidated first-half revenues

Revenues (€'000)	2016	2017 ⁽¹⁾	Change
First quarter	16.7	15.4	-7.9%
Second quarter	14.5	17.4	+20%
First half	31.3	32.8	+4.8%
<i>Dont</i>			
<i>Industrial and Scientific Products</i>	9.6	12.2	+27%
<i>Major Contracts</i>	5.4	5.0	-8.0%
<i>Medical / Ophthalmology</i>	16.3	15.6	-4.0%

(1) Unaudited provisional figures

Industrial and Scientific Division

With revenues up 27% from the first half of 2016, the Industrial and Scientific Division is confirming its dynamic development that began in the first quarter, supported by the upturn in business in Asia and the ramping up of diode production capacity.

Major Contracts

The major contracts business - MegaJoule and military - shows a slight slowdown in revenues (recognized under the percentage-of-completion method) over the first six months of 2017, but the production and delivery schedules are still on track.

Ophthalmology Division

The Ophthalmology Division's sales are down 4%. Excluding a non-recurring contract of €2.9 million with India in 2016, they are up 16.7%, thanks in particular to the positive market response and the ramping up of production for the new Easyret laser and, to a lesser extent, the good commercial performances achieved by the Optimis-Fusion.

The photocoagulation lasers and accessories, linked to the Indian tender won in 2015, were delivered and paid in full in 2016 for a total of €2.9 million.



Revenues (€'000)	2016	2017 ⁽¹⁾	Change	Change excl. India tender
First quarter	16.7	15.4	-7.9%	+11.6%
Second quarter	14.5	17.4	+20%	+20%
First half	31.3	32.8	+4.8%	+15.7%
<i>Dont</i>				
<i>Industrial and Scientific Products</i>	9.6	12.2	+27%	+27%
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<i>Medical / Ophthalmology</i>	16.3	15.6	-4.0%	+16.7%

Operating income and financial position

Against this backdrop of strong growth, and while the accounts are currently being audited, operating income for the first half of 2017 shows growth in line with the company's targets and budget.

At June 30, 2017, Quantel had a sound financial position, with €9.1 million of net financial debt (€7.3 million at December 31, 2016), based on €11.7 million of financial debt (€11.9 million at December 31), with €4.0 million of financing for the research tax credit and employment and competitiveness tax credit, and €2.6 million of cash (€4.7 million at December 31). Indeed, € 6.0 million of receivables on French State resulting from the research tax credit and the employment competitiveness tax credit are not deducted from the financial debt.

Outlook

In view of its half-year performances and the various orders underway, Quantel is maintaining its objective to consolidate the level of revenues achieved in 2016 despite the fact that 2017 will not include the Indian contract.

Business combination with the Keopsys group

Quantel is continuing to work on its proposed business combination with the Keopsys group, and plans to provide its shareholders with more detailed information on the conditions for this operation once the information document (Document E) has been filed with the French financial markets authority (AMF). In this context, several synergies are already being rolled out between the two groups. For instance, the Easyret product offered by Quantel Medical, which has also just been approved for sale in the US by the Food and Drug Administration (FDA), includes a fiber laser whose production has now been outsourced to the Keopsys group in Lannion, France.

Next date: half-year earnings on September 19, 2017.

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Founded in 1970, Quantel is one of the world's leading specialists in laser technology for scientific (laboratories and universities), industrial (material processing, process analytics, marking) and medical (ophthalmology) markets. With design and manufacturing facilities in France and the US, the Quantel Group achieved in 2015 a turnover of 62 M€, with close to 70% worldwide, divided into scientific and industrial laser applications (56%) and medical applications (44%).

Quantel shares are listed on the Euronext Paris C Compartment. FR0000038242 – QUA www.quantel.fr



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