

**2017 sales revenue: €6.3M, in line with goal  
First items from 2018-2019 plan**

*Dardilly, 22 January 2018*

**Sales revenue and changes in activity**

The combined 2017 sales revenue amounted to €6.3M thanks to strong growth during the second half of the year (€4.2M for HY2, compared with €2.2M for HY1), a trend that was accentuated during the last three months of the financial year (Q4).

For the year as a whole, the combined sales revenue increased by 359% compared with 2016.

(In €K)	FY 2016	Q1	Q2	Q3	Q4*	FY 2017
Sales revenue	<b>1 375</b>	939	1 215	1 852	2 302	<b>6 307</b>
Q / Q-1 increase	-	-	+29.4%	+52.4%	+24.3%	<b>+358.7%</b>

*\* Preliminary unaudited figures*

The portion of sales revenue generated outside France, i.e., mainly southern Africa, represents 14.4%. It comes almost exclusively from the activity of Rocketmine, the South African subsidiary. Its 2017 sales revenue was of €905K (+22% at a constant exchange rate).

On a like-for-like basis, activity growth was satisfactory at +26.5%.

The breakdown of the 2017 sales revenue by business sector is as follows: safety & security (25.8%), industry (24%), mines (14.4%), quarries (10.1%), agriculture (1.4%), hydrology (4.8%), LIDAR (10.4%), training (9.1%).

It should be stressed that the Group's activity is solely made up of services (no equipment sales) and is generated mainly via large international accounts: LafargeHolcim, Eurovia, Vicat, Eiffage, Cemex, Colas, Imerys, Italcementi, Leica Geosystems, Compagnie des Alpes, South32, Anglo American, Newmont, Exxaro, Unicef, Orange, Airbus, Bureau Veritas, Soitec, EDF, etc.

**First concrete items from the 2018-2019 plan**

As announced in a press release dated 23 November 2017, Delta Drone has set up, under the authority of the Management Committee, a project team responsible for setting the outline for a 2018-2019 plan, the three parts of which are i) decreasing the Group's operating costs ii) determining the exact amount of additional financing needed for 2018, and iii) continued strong growth of sales revenue. The end goal of this plan is to reach financial equilibrium by the end of 2019.

**i) *Decreasing the Group's operating costs:***

A few weeks after its launch, the first concrete items of the plan are as follows, to be implemented as from the beginning of the 2018 financial year:

- Closing of the Boulder site (Colorado, USA): the US market is currently largely dominated by Chinese systems, and the security and confidentiality of the data acquired has not been proven. In such a context, Delta Drone's ability to track assignments at all times and process the data with total confidentiality remains an asset. This makes it possible to continue discussions in the area, but on specific subjects generating contracts and revenue.
- Plan to sell the Hydrogéosphère subsidiary: this entity's activities are very focused on the Pyrenees and require two sites, one in Tarbes (65) and one in Axat (11). This geographic dispersion is now incompatible with the Group's desire to reduce the number of its sites in France. The sale should be finalized during the financial year.
- Relocation of the Delta Drone Engineering (ex-Fly n' Sense) subsidiary: Delta Drone's engineering office will be working very closely with the engineering teams of several of the Group's strategic investments, in particular Donecle in Toulouse and Keas in Grenoble. The Mérignac site, which is too far away, will therefore be relocated to the existing sites in Toulouse and Grenoble.
- Relocation of the Technidrone subsidiary: this subsidiary's main offices have always been located in Baix (07). It also has two permanent training facilities in Pornic (44) and Brétigny sur Orge (91). In order to streamline, the Baix site will be closed and transferred to Dardilly (69). Simultaneously, the permanent facilities in Pornic (44) and Brétigny sur Orge (91) will be closed, but an intermittent local presence will be maintained in these areas.

In all, the number of sites in France will therefore decrease from 11 to 5, with three located in the Rhône-Alpes region within a 150-km radius:

- o Dardilly (69): registered office, general management and central services, sales department, DSL, Technidrone,
  - o Moirans/Grenoble (38): Delta Drone secondary establishment, engineering office, Aer'Ness,
  - o Paris (75): Delta Drone secondary establishment, sales office,
  - o Ramonville (31): Delta Drone secondary establishment, MTSI's registered office, customer service, engineering offices, operating center for LIDAR activities (Pyrenees),
  - o Annecy (74): MTSI secondary establishment, operating center for LIDAR activities (Alps).
- Reorganization of the Delta Drone Network in France: 100% acquisition of several companies that are part of the network. The former operators/shareholders of these companies will work for the Group under employee contracts.
  - Decrease in production purchases: the current fleet of drone systems is made up of 80 Delta Y (fixed-wing) and 60 Delta X (rotary-wing). This is sufficient to carry out all of our assignments. Our engineering offices will focus on new business-specific investments.

- Decrease in other external purchases and expenses: the expenses in question are those due, in particular, to the dispersion of our sites throughout France (travel and related expenses) as well as various subcontracting fees.
- Departure of several employees (including the Deputy General Manager in charge of US development): these departures concern five employees who have essentially resigned or been the subject of negotiated severance.

In short, all of these measures together should represent overall savings between €1.5M and €2M starting in 2018 (full year).

**ii) Determining the exact amount of additional financing needed for 2018**

As stated in the press release of 23 November 2017, the need for additional financing is estimated at €5M. Indeed, this amount corresponds to the three recent successive OCABSA issuances for €1.3M in November, €1.5M in December and €2.5M in January. Of course, this amount concerns the “normal” and planned financing for operations and does not include opportunities for external growth that might arise.

**iii) Continued strong growth of sales revenue**

The amount of sales revenue reached in the fourth quarter of 2017 (€2.3M) allows us to set a target for a strong increase in sales revenue for the 2018 financial year, even with the Group’s current structure.

All of the business sectors addressed by the Group should grow significantly: mines (affecting Rocketmine), agriculture & forestry (partnership with Bureau Veritas Afrique), LIDAR (partnership with Leica Geosystems), industry (Orange and Geodis), quarries (listings with LafargeHolcim, Eurovia, Colas).

The portion of sales revenue generated abroad should also increase significantly, particularly that generated on the African continent.

The implementation of this ambitious plan requires the unwavering involvement and commitment of all teams. In order to involve the head managers collectively in the successful development of the Group, a company of managers, to be named DELTA DRONE MANAGERS, is being created.

***About Delta Drone:*** *The Delta Drone Group is a renowned player in the field of civilian drones for professional use. It offers a complete service, from data acquisition to data processing through a specifically developed information system, including a supply of professional pilots.*

*Delta Drone is listed on the Euronext Growth Paris market - ISIN code: FR0011522168*

*4 166 666 warrants are also listed on the Euronext Growth Paris market - ISIN code: FR001329977*

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