

PRESS RELEASE

PARIS, 21 JULY 2017

2017 first half results:

- In line with annual outlook
- Increase in sales and operating profitability
- Increase in orders on the domestic market
- A new brand for greater outreach

The Naval Group Board of Directors convened on 21 July 2017 to endorse the accounts for the first half of 2017, ended 30 June.

Commenting these results, Frank Le Rebeller, Executive Vice-President, Finance, Procurement and Legal, declared: "These first six months were marked by several events that contributed to the success of our strategic action plan as well as our operational and financial targets. Aside from the signing of the contract for the intermediate-size frigate programme (FTI), in April, we also signed a new company agreement with our social partners for the 2017-2020 period. This will enable us, once again, to sharpen our competitive edge. By taking on the new name of Naval Group, we are reaffirming our international presence, not only to conquer new markets, but also to enhance our profile to attract talents and develop the loyalty of our employees."

Consolidated sales millions of euros (€m)	in	H1 2017	H1 2016	Year 2016
Orders taken		2,608	1,263	2,645
Sales		1,707	1,441	3,191
EBITA ¹		84.7	44.5	102.5
<i>Operating margin (EBITA/sales) in %</i>		5.0%	3.1%	3.2%
Consolidated net profit		59.9	44.6	87.5

¹ Operating profit before amortisation of goodwill. Since 1 January 2017, EBITA includes research tax credit. For comparison purposes, 2016 has been restated.

Orders taken

Orders taken during the first half of 2017 amount to €2.608 billion. They brought the order book to €12.5 billion at end June 2017. They also confirmed the gradual rise in the average margin rate of the order book that had already been observed. This is a prerequisite for the long-term profitability of our operations if we are to build a solid and profitable future for the company and create the resources required for our development.

The main orders taken in France or on international markets over the previous reporting period concern all the Group's sectors of activity, from construction programmes to services and equipment. The main notifications concern the intermediate-size frigate programme (FTI), the renovation of La Fayette-class frigates, the nuclear attack submarine programme (SSN), and the Australian submarine programme.

Sales, EBITA and net profit

Consolidated sales stood at €1.707 billion, significantly higher than that of the first half of 2016. They were driven by the major domestic programmes, primarily the FREMM multi-mission frigate and the Barracuda nuclear attack submarine, international programmes with Brazil and Egypt as well as by Services, in particular with the maintenance programmes for nuclear attack submarines and ballistic missile nuclear submarines, as well as the mid-life refurbishment of the Charles de Gaulle aircraft carrier.

EBITA stood at €84.7 million in the first half of 2017. The operating profitability of sales improved from one half-year to the other, from 3.1% in H1 2016 to 5% over the same period in 2017.

These excellent momentum demonstrates that the actions undertaken under the Progress Plan and the Overall Performance Agreement continue to bear fruit and contribute to improving our competitiveness and profitability.

Consolidated net profit for the first half of 2017 amounted to €59.9 million.

Outlook

For the whole of fiscal 2017, Naval Group confirms the outlook announced at the beginning of the year: a slight increase in sales, continued improvement of profit and operating profitability. Net profit should increase by 10 to 15% compared with 2016.

About Naval Group

Naval Group is a European leader in naval defence and a major player in marine renewable energies. As an international high-tech company, Naval Group uses its extraordinary know-how, unique industrial resources and capacity to arrange innovative strategic partnerships to meet its clients' requirements. The Group designs, builds and supports submarines and surface ships. It also supplies services to shipyards and naval bases. In addition, the Group offers a wide range of marine renewable energy solutions. Attentive to corporate social responsibility, Naval Group adheres to the United Nations Global Compact. The Group reports sales of €3.2 billion and has a workforce of 12,800 employees (2016 data). www.naval-group.com

Videos and photos available on <http://www.salledepresse.com>

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