

Note to the reader: This English language version is a free translation from the original press release which is in French and is available on the company's corporate website (archos.com). In the event of inconsistencies between the original French language version and this English translation, the French version will take precedence.

## Positive net result for 2<sup>nd</sup> half 2015: 1.5 €M

### Growth of revenue: +20%

#### ARCHOS achievements in 2015:

- Revenue of 158.7 €M, a 20% growth year over year
- Gross Margin at 16.4% and reaching 18.9% on 2<sup>nd</sup> Half of 2015
- Reduction of operating expenses by 4%
- EBITDA at +3.4€ M€ for the 2<sup>nd</sup> Half of 2015, 3.8% of revenue and a positive EBITDA for 2015.

€M	H1 2015	H2 2015	FY 2015	FY 2014	Var YoY	Var% YoY
<b>Revenue</b>	<b>69.1</b>	<b>89.6</b>	<b>158.7</b>	<b>132.1</b>	<b>26.6</b>	<b>20%</b>
<b>Gross Margin</b>	<b>9.1</b>	<b>17.0</b>	<b>26.1</b>	<b>22.9</b>	<b>3.1</b>	<b>14%</b>
% of revenue	13,2%	18,9%	16,4%	17,4%	11,8%	
<b>OPEX</b>	<b>12.8</b>	<b>14.6</b>	<b>27.4</b>	<b>28.7</b>	<b>-1.3</b>	<b>-4%</b>
% of revenue	18,5%	16,3%	17,3%	21,7%	-4,7%	
<b>Current Operating Income</b>	<b>-3.7</b>	<b>2.3</b>	<b>-1.3</b>	<b>-5.7</b>	<b>4.4</b>	<b>77%</b>
Others	0.1	-0.6	-0.5	-7.3	6.8	
<b>EBIT</b>	<b>-3.6</b>	<b>1.7</b>	<b>-1.8</b>	<b>-13.0</b>	<b>11.2</b>	<b>86%</b>
Financial results	0.2	-0.2	0.0	0.2	-0.2	
<b>EBT</b>	<b>-3.4</b>	<b>1.6</b>	<b>-1.8</b>	<b>-12.8</b>	<b>11.0</b>	<b>86%</b>
Taxes	-0.1	-0.1	-0.2	-0.2	0.0	
<b>Net Result</b>	<b>-3.5</b>	<b>1.5</b>	<b>-2.0</b>	<b>-13.0</b>	<b>11.0</b>	<b>n/s</b>

#### 20% Growth in Revenue

Revenue for 2015 amounted to 158.7 M€, up 20% in comparison to 2014. For the fourth consecutive quarter, ARCHOS continued to record a strong increase in revenue.

€M	2015	2014	€M	Var° in %
Europe	114.5	100.2	14.3	14%
Rest of the World	35.8	25.1	10.7	42%
Logic Instrument(*)	8.4	6.8	1.6	23%
<b>Total</b>	<b>158.7</b>	<b>132.1</b>	<b>26.6</b>	<b>20%</b>

(\*) 2014 includes Logic Instrument's sales as of January 23rd 2014, date of ARCHOS's investment

To maintain a growth rate at least equivalent in 2016, the company intends to accelerate product launches such as the Diamond 2 Plus, launched in Barcelona. Expansion of the product range in mobility and signing new strategic contracts in the professional world will also contribute to the expected growth.

# ARCHOS

## **Gross margin improved in the second half**

Gross profit amounted to € 26.1M, up 14% compared to 2014. As a percentage of sales, the margin of the second half improved to 18.9% of sales. The company is beginning to benefit from its strategy of shortening the value chain while enhancing product quality. The group was also able to adapt to the decline of the euro against the dollar.

## **Reduced OPEX**

ARCHOS continued to lower its Operating Expenses, declining to 17.3% of sales in 2015, against 21.7% in 2014.

## **Positive EBITDA**

Group's EBITDA<sup>1</sup> amounted to € 3.4 million in the second half 2015, representing 3.8% of turnover

€M	H1 2015	H2 2015	FY 2015
<b>Current Operating result (€M)</b>	<b>-3,7</b>	<b>2,3</b>	<b>-1,3</b>
Fixed Assets amortization	-0,1	-0,1	-0,1
Immaterial Assets amortization	-0,7	-0,7	-1,4
IFRS 2 Expenses - Payment based upon shares	-0,3	-0,3	-0,6
<b>EBITDA</b>	<b>-2,6</b>	<b>3,4</b>	<b>0,8</b>

## **Cash and Balance Sheet**

On 31 December 2015 the net cash position was € 12.4 million, up € 1.7 million over the year. Shareholder's Equity was € 38.1 million. Net inventories amounted to € 33.7 million against € 28.5 million end of 2014, in line with the activity growth. Customer receivables (€ 36.5 million at 31/12/2015) were stable while payables declined (€ 13.5 million against € 19.1 million end of 2014). Other current financial liabilities (mainly factoring debts) rose (€ 29.3 million against € 23.1 million end of 2014), in connection with trade receivables factored at year end.

## **Perspectives**

**The strategic priorities of the company are clearly defined for 2016:**

1. To maintain this strong growth by imposing the brand as a major player in the mobility market of smartphones, tablets, computers and connected objects with innovative and affordable products.
2. Improve gross margin as percentage of sales with higher end products and a larger professional offer.
3. Impose ARCHOS in 2016, through its subsidiary PicoWAN, as a major European operator network of connected objects. The ambition of PicoWAN is to be the first long-range, low-power, collaborative, comprehensive and very low cost network.

After four quarters of steady growth, the group intends to continue and accelerate the pace of 2015 to hopefully reach 200 million euros in revenue in 2016. Orders for the first quarter of 2016 confirm the group's ambitions.

2015 Annual Financial Report is available on the ARCHOS web site.

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## **About ARCHOS**

ARCHOS, a pioneer in the portable audio and video player market, and now specializing in Android Tablets and Smartphones, has repeatedly revolutionized the market for consumer electronics since 1988. Today, ARCHOS offers its own line of Android Tablets and Smartphones, as well as a full line of OEM devices. In 2000, ARCHOS launched the Jukebox 6000, the first MP3 player combined with a hard disk. In 2008, ARCHOS launched the first generation Internet Tablets, and then the first ever Android powered tablets in 2009. In 2013, ARCHOS launched its first generation of Smartphones with the ARCHOS Platinum series. ARCHOS has offices in Europe and Asia. ARCHOS is quoted on Compartment C of Eurolist, Euronext Paris, ISIN Code FR0000182479. Website: [www.archos.com](http://www.archos.com)

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<sup>1</sup> EBITDA : Operating income before depreciation and amortization - is an indicator used by management to measure operating and financial performance and make investment decisions and allocation of resources. The subtotal EBITDA is not necessarily comparable to similar indicators reported by other companies. It is not a substitute for operating income, because the effects of depreciation and impairment losses that are excluded weigh on the operating result, which is also presented in the consolidated income statement in accordance with IAS 1.

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