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Keopsys Quantel a new European champion for lasers
A NEW CHAMPION

EUROPEAN CHAMPION FOR LASER SYSTEMS

- Combined revenues of €85m\(^{(1)}\)
- International service and sales network
- Extensive and attractive product range
- 4 specialized production sites
- Over 400 staff
- Numerous areas for application

\(^{(1)}\) 2017 proforma – audited data (statutory auditors’ certification report currently being issued)
EXPERTISE IN HIGH-PERFORMANCE LASER TECHNOLOGIES

Solid-state lasers
- Highly powerful
- Maximum wavelength spectrum

Laser diodes
- Low energy consumption (electrical current)
- Compact

Fiber lasers
- Powerful
- Compact and lightweight

Proven know-how
- From quantic mechanics to industrial products
- Nearly 50 years' experience
- Ability to adapt in line with changes to applications

Portfolio of around 30 key patents
- Laser components
- Laser architecture
- Optronic features
- Medical
FIBER LASERS: LASER INDUSTRY'S MOST BUOYANT TECHNOLOGY

12% annual growth
3.1bn$ in 2022
(Source: Allied Market Research, Sep 2016
https://www.alliedmarketresearch.com/fiber-laser-market)

Fiber lasers, technology of the future

Numerous advantages compared with other laser technologies:
• Competitively priced
• Compact
• Reliable, low maintenance
• Low energy consumption
• Simple manufacturing
• Higher power

Key applications in high-growth sectors

<table>
<thead>
<tr>
<th>TARGET MARKETS</th>
<th>APPLICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense</td>
<td>Obstacle detection, guiding, targeting, telemetry</td>
</tr>
<tr>
<td>Space &amp; Aerospace</td>
<td>Telecommunications, guiding, telemetry</td>
</tr>
<tr>
<td>Lidar Sensors</td>
<td>3D scanning, guiding, wind measurement, aerosol and pollutant detection</td>
</tr>
<tr>
<td>Medical</td>
<td>Lasers for medical applications</td>
</tr>
<tr>
<td>Telecoms</td>
<td>Amplifiers for broadband networks</td>
</tr>
<tr>
<td>Scientific</td>
<td>Lasers for laboratory experimentation and analysis, metrology</td>
</tr>
</tbody>
</table>
4 AREAS FOR APPLICATION

**Medical**
- Ophthalmology: diagnostic and treatment of major causes of blindness
- Other developments underway

**Lidar Sensors**
- Wind measurement for wind turbines
- Self-driving cars
- 3D scanning
- Transport security (rail, marine, drones)
- Pollutant detection

**Defense & Major Contracts**
- Telemetry, targeting, obstacle detection
- MegaJoule laser (production of fiber amplifiers and solid amplifiers)

**Industrial & Scientific**
- Laboratory experimentation tools
- Industrial production tools
- Flat screens
- Photo-acoustics
- Material resistance metrics
- Spectroscopy
- Metrology

Keopsys – Quantel Group // 2017 full-year earnings
2017 highlights
## REVENUES

### Per division

<table>
<thead>
<tr>
<th>Division</th>
<th>€m 2016(1)</th>
<th>€m 2017(2)</th>
<th>Change</th>
<th>Change excl. India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and Scientific</td>
<td>28.3</td>
<td>32.3</td>
<td>+14.5%</td>
<td>+14.5%</td>
</tr>
<tr>
<td>Defense and Major Contracts</td>
<td>12.6</td>
<td>10.4</td>
<td>-17.7%</td>
<td>-17.7%</td>
</tr>
<tr>
<td>Lidar Sensors</td>
<td>9.1</td>
<td>10.7</td>
<td>+17.9%</td>
<td>+17.9%</td>
</tr>
<tr>
<td>Medical</td>
<td>30.5</td>
<td>31.7</td>
<td>+3.9%</td>
<td>+14.9%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>80.5</strong></td>
<td><strong>85.1</strong></td>
<td><strong>+5.8%</strong></td>
<td><strong>+9.8%</strong></td>
</tr>
</tbody>
</table>

(1) 2016 proforma – figures not audited or reviewed by the statutory auditors
(2) 2017 proforma – audited data (statutory auditors' certification report currently being issued)
Cycle upturn in 2017 (+14.5% to €32.3m)

- Upturn in cycle for lasers used to produce flat screens
- Strong demand for laser diodes, with a high level of orders and production ramped up
- Attractive scientific range making it possible to generate recurrent revenues
DEFENSE AND MAJOR CONTRACTS

Slowdown in line with forecasts (-17.7% to €10.4m)

- Production and delivery levels down for the MegaJoule and military contracts
- In line with the schedules set at the start of the year
- Sustained level of commercial activity pointing to a strong upturn:
  - On existing contracts (MegaJoule and military)
  - On new contracts
LIDAR SENSORS

€10m milestone passed (+17.9% to €10.7m)
- Major investments in the development of self-driving vehicles
- Strong demand for turbine control for windfarms
- Pilot products being trialed with several operators, including GAFA
- First major orders planned for 2018

13% of revenues
Driven by innovative products (+14.9% to €31.7m)

- Good commercial response and ramping up of production for the new Easyret laser
  100 lasers sold in 2017, versus 33 in 2016
- Strong growth for treatment lasers (+23%*)
- 5.9% growth for diagnostic products
- 1st approval in the US and Brazil for Easyret in 2017
- 1st approval in South Korea for Optimis Fusion
- CE marking for Compact Touch T2

* Excluding Indian tender from 2016

Keopsys – Quantel Group // 2017 full-year earnings
KEOPSYS-QUANTEL BUSINESS COMBINATION

Business combination effective since October 6, 2017

- Keopsys' reverse takeover of Quantel approved by the general meeting

Industrial and commercial synergies rolled out over the past year

Sales / Marketing

- Consolidation of the sales teams
- Realignment of the sales approach focused on direct sales
- Commercial expansion with KPS Japan subsidiary created and sales office opened in China
- Recruitment of a Group Marketing Director

Industrial

- Optimization of industrial facilities within the Group, with Elba transferred to Lannion and Easyret to Clermont
- Improvement in productivity for the Elba, Compact Touch and Vitra II lines
- Limiting of the number of industrial platforms
- New production and development building in the US

Organization

- Redeployment of Quantel Lannion teams at the Keopsys site
- Merger of the KPS, LEA and QTL teams in Lannion
- Consolidation of procurement
- Medical certification for Elba's production line in Lannion
Full-year earnings
# EARNINGS

<table>
<thead>
<tr>
<th>€m</th>
<th>2017 12 months proforma</th>
<th>2016 12 months proforma</th>
<th>Change 12 months proforma</th>
<th>2017 actual consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>85.1</td>
<td>80.5</td>
<td>+5.8%</td>
<td>37.5</td>
</tr>
<tr>
<td>Income from ordinary operations</td>
<td>7.5</td>
<td>3.7</td>
<td>+99%</td>
<td>5.2</td>
</tr>
<tr>
<td>Operating income</td>
<td>6.5</td>
<td>3.7</td>
<td>+74%</td>
<td>4.2</td>
</tr>
<tr>
<td>Operating margin</td>
<td>7.7%</td>
<td>4.6%</td>
<td></td>
<td>11.6%</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(0.4)</td>
<td>(0.4)</td>
<td>-</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Pre-tax earnings</td>
<td>5.7</td>
<td>3.3</td>
<td>+75%</td>
<td>3.8</td>
</tr>
<tr>
<td>Net income</td>
<td>4.3</td>
<td>2.3</td>
<td>+83%</td>
<td>2.5</td>
</tr>
<tr>
<td>Net margin</td>
<td>5.1%</td>
<td>2.9%</td>
<td></td>
<td>7.0%</td>
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</table>

Proforma: revenues including business for the Keopsys and Quantel Groups over the full year
2016 proforma – figures not audited or reviewed by the statutory auditors
2017 proforma – audited data (statutory auditors' certification report currently being issued)

The Keopsys-Quantel Group's actual consolidated accounts for 2017 reflect the recognition of the Quantel Group's acquisition by the Keopsys Group for FY 2017 from October 6, 2017, the date when the contribution took place.
## BALANCE SHEET

2017 actual consolidated / 2016 proforma

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>67.5</td>
<td>56.3</td>
</tr>
<tr>
<td>Goodwill</td>
<td>33.3</td>
<td>30.4</td>
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<tr>
<td>Current assets</td>
<td>51.7</td>
<td>50.6</td>
</tr>
<tr>
<td>Inventories</td>
<td>19.6</td>
<td>20.6</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>16.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Other</td>
<td>5.4</td>
<td>8.0</td>
</tr>
<tr>
<td>Cash</td>
<td>10.7</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>119.2</strong></td>
<td><strong>106.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders' equity</td>
<td>75.9</td>
<td>65.7</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>14.9</td>
<td>11.5</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>9.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>28.5</td>
<td>29.7</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>10.8</td>
<td>8.7</td>
</tr>
<tr>
<td>Trade payables</td>
<td>7.8</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>119.2</strong></td>
<td><strong>106.9</strong></td>
</tr>
</tbody>
</table>
## FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders' equity</td>
<td>75.9</td>
<td>65.7</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>10.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Gearing</td>
<td>0.13</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Keopsys – Quantel Group // 2017 full-year earnings
Strategies and outlook
TWO STRATEGIC DRIVERS TO CREATE A EUROPEAN CHAMPION FOR LASERS

1. Promote the widespread adoption of lasers for civil applications

- Development of self-driving vehicles
- Development of clean energies, particularly wind power
- Development of real-time 2D/3D mapping
- Development of medical, particularly ophthalmology, surgery, orthopedics

2. Help drive the creation of a defense optronics sector in France and Europe and become its market leader for laser technologies
NEW ORGANIZATION PLANNED TO ACCELERATE SYNERGIES

Revenue synergies
- Pooling clients and sales networks
- Rolling out a vertical integration strategy
- Achieving critical mass to access larger markets

Operational synergies
- Improving industrial processes
- Merging the sales teams
- Pooling support services

Financial synergies
- Improving the financial structure
- Optimizing R&D and industrial investment programs
2018 OBJECTIVES

Pass the symbolic milestone of €100m of revenues
- Catch-up with deliveries for major Defense contracts
- Medical: success of new products and new regions
- Automobile lidars: transition from pre-pilots to first major orders
- Global group dynamics

Improve profitability
- Benefiting from the reorganization and synergies
Quantel on the stock market
STOCK MARKET PROFILE

- Share price at March 28, 2018: €7.58
- Capitalization at March 28, 2018: €120m
- Listed: Compartment C
- Eligibility: PEA and PEA PME (Share-based savings schemes for SMEs), SRD (deferred settlement facility)

Shareholding structure:

- Public: 45.3%
- Esira/Eurodyne: 54.7%

Share's performance since January 2017:

Keopsys – Quantel Group // 2017 full-year earnings
NEXT DATES

May 4, 2018
• Publication of 2018 first-quarter revenues

May 17, 2018
• General Meeting

July 27, 2018
• Publication of 2018 first-half revenues