

2020 sales: resilient, in line with Group's expectations

- **2020 shows the resilience of ESI Group's business model: sales were 132.6 million euros (-8.7% at constant exchange rates – cer) with a modest decrease of Licenses (-5.1% cer) and a more significant decrease in Services due to Covid reducing customer access (-22.3% cer)**
- **Strong installed base with a stable repeat business**
- **Confirmation of mission critical activities per industry**

ESI Group, Paris, France, (ISIN Code: FR0004110310, Symbol: ESI), releases its sales for the fourth quarter of 2020 (period from October 1st to December 31st) and the full year (period from January 1st to December 31st) approved by the Board of Directors on February 8th, 2021.

Cristel de Rouvray, Chief Executive Officer of ESI Group, comments:

“In 2020, in one of the worst health and economic crises in our lifetimes, ESI demonstrated the resilience of its business model. ESI provides reliable and customized solutions anchored on predictive physics to allow industries to take the right decisions at the right time. We increased our engagement with customers, limited our revenue decrease and continued our corporate transformation. It is now clear that 2021 will be a year of accelerating innovation in the industries we serve as the Covid crisis demonstrated to all our customers and prospects the urgency of change, to seek considerable gains in performance at economic, human and environmental levels. We will build on our extensive installed base of the world's leading innovators while extending the value we deliver to our customers through outcome solutions. We start 2021 with the confidence in our repeat business and in our ability to execute on opportunities to extend our reach.”

Fourth quarter of 2020 confirms positive trend

The resilience of the business model observed in the first three quarters continued even more strongly in the fourth quarter of 2020 with sales of 29.9 million euros, down -7.4% at constant exchange rates. The product mix shifted in favour of licenses, which now account for 76.9% of sales compared with 73.0% in Q4 2019, at €23.0 million, a decline of just -2.3% (compared with -3.9% in Q3, -9.7% in Q2 and -4.8% in Q1).

In a reversal of the trend from the 1st three quarters, new businesses remained stable in Q4 (+0.7% YoY at €4m at constant exchange rates).

On a sectoral level, the aeronautics reversed the trend and grew by 7.7% in Q4, thanks to consulting, after nine months heavily impacted by the industry slowdown.

Full year 2020: resiliency and increase in the share of licenses in sales

In a very difficult global context that impacted near term investments in industry, ESI Group has demonstrated the resilience of its business model based on recurring licenses contracts. While the Licenses revenue decreased by -5.1% at constant rate (€109.2m), the repeat business remained stable. The product mix thus shifted in favour of licenses, which accounted for 82.4% of sales in 2020 compared with 79.3% in the previous year.

Group's sales showed a decrease of perpetual licenses (PUL) versus last year: from 15% of sales in 2019 to 10.6% in 2020.

Already in a profound transformation before the pandemic, the automotive industry showed its commitment to continue adapting and transforming toward digital, sustainable and efficient. In order to achieve these highly

complex challenges, even while some new projects were cancelled or paused, the automotive players continued relying on ESI's solutions. The automotive and land transportation vertical showed a decrease of -6.9% in total; -3.8% for the licenses activity.

The heavy industry sector also drove the Group's performance in 2020. For example, in Asia, ESI initiated a key collaboration with a major Heavy Machinery equipment player, sponsored by the CEO who highlighted our solutions as mission-critical for business resiliency.

Globally, the industry mix evolved in favor of automotive & land transportation and heavy industry respectively representing 59.2% and 11.1% of total sales. Aeronautics now represents 10.9% and energy sector: 6.2%.

In 2020, the Top 20 clients revenue performed better with a 1% increase in licenses and a -26% decline in consulting resulting in an overall decline of -6%. These customers, cornerstone of ESI's installed base, renewed their confidence in the Group's solutions. A significant number of these customers like Gestamp, Framatome, Farasis or Renault, participated as speakers during [ESI Live](#), a digital Global event organized in November 2020.

Illustrating the continued support of long-standing customers, Nissan highlighted the importance of ESI's contribution for its breakthrough in carbon fiber parts production for safer and lighter vehicles during a press conference organized by the OEM, a presentation during ESI Live, and [a press release](#).

Over the year, sales held up well at 132.6 million euros, with a decrease of -8.7% at constant exchange rates and -9.3% at current exchange rates (forex impact of 1 million euros).

Sales (€m)	2020	2019 ¹	Change	
			Current rate	Constant rate
Q4 Licenses	23.0	24.2	(4.7)%	(2.3)%
Q4 Services	6.9	8.9	(22.7)%	(21.3)%
Q4 Total	29.9	33.1	(9.6)%	(7.4)%
2020 Licenses	109.2	115.9	(5.8)%	(5.1)%
2020 Services	23.4	30.3	(22.9)%	(22.3)%
2020 Total	132.6	146.2	(9.3)%	(8.7)%

Looking ahead to 2021

2021 remains a year of great uncertainty linked to the speed of the recovery from the global pandemic, particularly in terms of the effectiveness of vaccination. Yet, ESI Group remains confident in the resilience of its business model. Determined pursuit of the corporate transformation ensures ESI Group is positioned to seize opportunities that emerge from the crisis towards an increasingly digitalised world mindful of its environmental footprint.

Upcoming events

Annual results 2020 - March 16, 2021 (6pm CET)

First quarter 2021 – April 29, 2021 (6pm CET)

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¹ Year of change of closing date, 2019 accounted for 11 months (February 1, 2019 to December 31, 2019) of fiscal year. The 2019 data presented in the document refer to a comparable fiscal year of 12 months (January 1, 2019 - January 31, 2019) and correspond to the items published by the company during the above-mentioned fiscal year.



About ESI Group

Founded in 1973, ESI Group is a leading innovator in Virtual Prototyping solutions and a global enabler of industrial transformation. Thanks to the company's unique know-how in the physics of materials, it has developed and refined, over the last 45 years, advanced simulation capabilities. Having identified gaps in the traditional approach to Product Lifecycle Management (PLM), ESI has introduced a holistic methodology centered on industrial productivity and product performance throughout its entire lifecycle, i.e. Product Performance Lifecycle™, from engineering to manufacturing and in operation. Present in more than 20 countries, and in major industrial sectors, ESI employs 1200 high level specialists around the world and reported 2020 sales of €132.6 million. ESI is headquartered in France and is listed on compartment B of Euronext Paris.

For further information, go to www.esi-group.com.

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