



Press Release
Paris, France, April 29th, 2021 – 6 pm

First quarter revenues exceed guidance at €55.5 million

ESI building a foundation for improved long-term growth and profitability

- First quarter revenues: +1.2% (+3.7% constant exchange rate - cer) at €55.5m
- Clear roadmap aligning all Group efforts to accelerate revenue growth
- Team focused on growing New Business pipeline in 2021
- Committed to continuing to manage costs in 2021

ESI Group, Paris, France, (ISIN Code: FR0004110310, Symbol: ESI), today releases its sales for the first quarter of 2021 (period from January 1st to March 31st).

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

“Q1 2021 confirmed the resiliency of ESI Group’s business model: our existing customers, and even more so our top 20 customers have clearly signaled their need for more virtual prototyping to navigate the global industry crisis and enable their digital transformation. On this foundation of growing repeat business, we can drive ambitious efforts to increase new business for sustainable and profitable revenue growth. I am committed to lead an energized management team, aligned by industry and by outcome, to release growing employee, customer and partner energy.”

Revenues (€m)	Q1-2021	Q1-2020	Change	Change Constant exchange rate (cer)
Q1 - Licenses	49.6	48.8	+1.6%	+4.2%
Q1 – Services	5.9	6.1	-2.5%	-0.1%
Q1 - Total	55.5	54.9	+1.2%	+3.7%

In the first quarter of its fiscal year (January 1, 2021 - March 31, 2021), ESI recorded revenues of €55.5m, up 1.2% (+3.7% cer); slightly above the range announced (€52-55m). We saw growth in revenue in all regions in Q1:

- EMEA by +1.4% (+1.7% cer)
- Asia by +0.2% (+4.7% cer)
- Americas by +2.4% (+10.9% cer)

Licensing revenue was up +1.6% (+4.2% cer) with growth in all regions, led by the Americas, up by 3.1% (+11.5% cer). Services revenues were down -2.5% (-0.1% cer), with EMEA and Americas increasing by 3.5% cer and 3.7% cer respectively, while Asia decreased by -8.6% cer.

The growth is led by Repeat Business with an increase of +1.3% (+3.7% cer). Central to ESI’s go to market strategy, Focus Accounts drove the License performance of the Group with a +4.7% increase.



Team focused on growing New Business pipeline in 2021

Identified as a key focus for the Group's management, the New Business activity amounted to €3.1m (-€0.2m) in Q1. While down slightly from Q1 2020, this represents the best year over year result since the start of the pandemic and gives confidence for a continued recovery along 2021. To accelerate the pipeline of new business the Group recently aligned all revenue related activities, under Mike Salari in his new role leading Revenue Generation. This effort benefits from the global business tools and methodologies that ESI has deployed over the past 2 years. ESI's transformed approach by industry and by outcome, to deliver industry solutions, enables focus and alignment of R&D and S&M resources for sustained momentum in new business, and early benefits are visible in the Group's go-to-market and marketing activities.

Supporting the industry transformation

The Group's four priority focus industries - Automotive & Ground Transportation, Aeronautics & Aerospace, Heavy Industry, Energy - accounted for around 91% of revenues. In Licensing activities, the robustness of the Automotive was once again proven with an increase of 2.8% for the first quarter. Main customers of the Group renewed their collaboration during this quarter which reinforces the relevance of ESI's value and solutions.

Collaborating with Honda for over two decades, and for ten years in manufacturing, ESI is considered as a key "Assembly" partner helping them to ensure the link between manufacturing and performance. The Group accompanies them in several projects from the accurate prediction of vehicle performance during assembly processes to the validation of their manufacturing processes resulting to cost reduction and increased quality. Extending the collaboration year over year, ESI strengthens and proposes unique solutions to continuously answer to Honda's needs and requirements. Lately, the 2 players started working on Multi-Material Joining & Assembly, a brand-new industry solution developed by ESI's team.

Guidance

The Group expects H1 2021 revenue to be in the range of €80.5 million to €82.5 million compared to €80.8m in H1 2020.

Committed to continuing to manage costs in 2021

Management remains committed to disciplined expense management, in order to deliver on the healthy run rate plan and improve its profitability in 2021. In addition, the leadership team is currently working with the Board on a longer-term financial plan to deliver industry standard operating performance for a global software company of its scale. ESI Group will share a multi-year financial plan at an investor day in early fall 2021.

General Assembly Meeting information

ESI Group's Annual General Meeting will be held on Tuesday, June 22, 2021 at 4 pm CET behind closed doors with no physical attendance due to the pandemic. Participation and document consulting procedures are detailed in the notice of meeting will be made available on the company's website. Shareholders are invited to regularly consult the section dedicated to the Shareholders' Meeting on the Company's website: [HERE](#)

Group's new corporate documents available for shareholders

- 2020 Universal Registration Document – [HERE](#)



- Investors' notebook – [HERE](#)
- Group's Ethics Charter – [HERE](#)

Forward-looking Statements

This release contains “forward-looking statements”. The Group expects H1 2021 revenue to be in the range of €80.5 million to €82.5 million compared to €80.8m in H1 2020. These statements are subject to a number of risks and uncertainties, including those related to the COVID-19 virus and associated further economic and market disruptions; further adverse changes or fluctuations in the global economy; further adverse fluctuations in our industry, foreign exchange fluctuations, changes in the current global trade regulatory environment; fluctuations in customer demands and markets; fluctuations in demand for our products including orders from our large customers; cyber-attacks; expense overruns; and adverse effects of price changes or effective tax rates. The company directs readers to its Universal Registration Document – Chapter 3 presenting the risks associated with the company's future performance.

Upcoming event

- Annual General meeting – June 22, 2021 (4pm CET)
- Half year results – September 7, 2021 (6pm CET)
- Investor day – early Fall 2021 (date to be announced)

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About ESI Group

Founded in 1973, ESI Group envisions a world where Industry commits to bold outcomes, addressing high stakes concerns - environmental impact, safety & comfort for consumers and workers, adaptable and sustainable business models. ESI provides reliable and customized solutions anchored on predictive physics modeling and virtual prototyping expertise to allow industries to make the right decisions at the right time, while managing their complexity. Acting principally in automotive & land transportation, aerospace, defense & naval, energy and heavy industry, ESI is present in more than 20 countries, employs 1200 people 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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