

Improved half-year results with increased revenue & adjusted Ebit at €18 million (+43.9% YoY)

ESI continues building its foundation for improved long-term growth and profitability

- Half year revenues: +4.3% YoY at constant rate (+1.3% current exchange rate) at €81.8m, in line with previous guidance
- An improved gross margin rate at 78.2% (vs 77.3%)
- Adjusted EBIT (before IFRS 16) at €18m: +43.9% YoY (+50.8% cer)
- Net result at €11.1m: +25.1% YoY (+34.1% cer)

ESI Group, Paris, France, (ISIN Code: FR0004110310, Symbol: ESI), today releases its sales and results for the half year 2021 (period from January 1st to June 30th) approved by the Board of Directors on September 3rd, 2021.

Cristel de Rouvray, Chief Executive Officer of ESI Group, comments: “In H1 2021 we saw overall growth (+4.3% at constant rate), and notably in new business with a 21.8% growth at constant rate (from €5.0m in H1-FY20 to €5.9m in 2021), signaling the early results of our focused approach. We also saw the impact of our healthy run-rate initiative, demonstrating significant improvement on our margins and overall financials. As previously announced, while continuing to deliver on our commitments for 2021, we are working on a 3-year strategic plan that will be presented on October 5th, 2021.”

(€m)	6/30/2021 6m	6/30/2020 6m	Change	Change Constant exchange rate (cer)
Revenue	81.8	80.8	+1.3%	+4.3%
Licenses	70.0	69.2	+1.2%	+4.3%
Services	11.8	11.6	+1.8%	+4.3%
Gross margin	64.0	62.4	+2.4%	+5.7%
% revenue	78.2%	77.3%		
EBIT (adjusted¹)	18.0	12.5	+43.9%	+50.8%
% revenue	22.0%	15.5%		
EBIT	18.2	12.7	+43.2%	+50.0%
Net result	11.1	8.9	+25.1%	+34.1%
% revenue	13.5%	11.0%		
Cash	36.2	24.7	+46.4%	

¹ EBIT is a non-GAAP measure composed of EBIT (IFRS) retreated from the impact of IFRS 16 standard. This impact amounts to €+0.2m for 2021 first half, composed of lease retreatment for €+3.0m and amortization for €-2.8m. This impact and its components are stable vs 2020 first half.

Revenue growth and positive momentum on profitability indicators

Half year revenues were €81.8 million illustrating the stability of the Group's recurring business and the rebound of the New Business activity with a growth of 18.4% and 21.8% cer (from €5.0m in H1-FY20 to €5.9m in 2021). In Q2 2021, new business increased by 67.8% cer to €2.9 million from €1.8 million in Q2 2020.

As part of its healthy run-rate initiative, ESI Group continues its cost management started in 2020 and shows improved gross margin rates from 77.3% in H1 2020 to 78.2% in 2021 and increased adjusted EBIT by +43.9%. Net result jumps 25.1% to €11.1 million.

3 regions grew (excl. forex impact) and Americas is leading the growth (+10.4%)

The geographical breakdown of half-year revenues is almost identical to that of the first half of 2020: the EMEA region represents 52.1% (vs. 51.6%) of total revenues, Asia represents 33.5% (vs. 34.1%) and the Americas represent 14.4% (vs. 14.3%). Excluding the forex impact, the Americas region was the one with the highest increase: 10.4% compared to 5.2% in Asia and 2.0% in EMEA.

Sales in line with the key strengths of the Group

The Group's main customers continue to show interest in ESI's solutions, which reinforces the relevance of the value provided.

The Group's four priority focus industries - Automotive & Ground Transportation, Aeronautics & Aerospace, Heavy Industry, Energy - accounted for around 88.6% of revenues before deferred. ESI Group's sales were driven by the Automotive market, first industry of the Group, with a 2.3% increase at current rate.

ESI strengthens its cash flow and its balance sheet

During 2021 first half, ESI Group improved its Free Cash Flow (FCF) by €2.9m compared to the first semester 2020 thanks to lower capital expenditure and higher net cash margin.

The Group strengthens its balance sheet with a strong cash position at €36.2m, compared to 24.7m€ June 2020. The net financial debt is at €6.8m vs €14.9m end of June 2020, with a gearing to 6.9% (Net debt/Equity) vs 15.6% end of June 2020.

Views for the following years

ESI Group's 1st investor conference will be held on Tuesday, October 5th, 2021 between 3:30pm and 5:30pm CET where we will share the Group's long-term vision and its 3-year plan.

Forward-looking Statements

In millions, except. percentages	FY21 Range		FY20
H2	51.7	54.7	51.8
<i>Growth</i>	0%	6%	
<i>Growth excl. forex</i>	2%	8%	
FY	133.5	136.5	132.6
<i>Growth</i>	1%	3%	
<i>Growth excl. forex</i>	4%	6%	

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 events

- Investor Day - October 5th, 2021
- Q3 revenues – October 28th, 2021

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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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