

Press release
Paris, February 13, 2020 - 6 pm CET

Full-Year 2019 sales

- **Solid growth Proforma 12-month Sales: €146.2m, +7.8% (1/1/19 to 12/31/19), +5.6% cer**
- **Strong installed base and recurring revenues supported by industry leaders**
- **Good momentum solidifying the prospects of improved performance**

ESI Group, Paris, France, (ISIN Code: FR0004110310, Symbol: ESI), releases its sales for the financial year starting on February 1, 2019 and ending on December 31, 2019 (11 months), as well as for its last two months, approved by the Board of Directors on February 12th, 2020. As decided at the Annual General Meeting of July 18th, 2019, the Group now closes the fiscal year on December 31 of each year.

Sales (€m)	2019	2018	Change	
			Current rate	Constant rate
12m proforma (Jan. 1.- Dec. 31)				
Licenses	115.9	106.9	+8.4%	+6.0%
Services	30.3	28.7	+5.4%	+3.8%
Total proforma	146.2	135.7	+7.8%	+5.6%

As a pioneer in virtual prototyping solutions and a key player in industrial transformation, ESI Group empowers manufacturers to navigate increasing complexity by replacing real tests and prototypes with highly accurate, predictive and representational virtual prototypes. ESI Group's software solutions are built from decades of global expertise in physics of materials, essential to the creation of authentic virtual prototypes. ESI's customers are an enviable list of industry leaders who benefit from enhanced innovation, competitiveness, performance and productivity thanks to ESI Group's solutions.

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

"FY19 performance was solid: we grew overall revenue and increased recurring revenue. In conjunction we implemented our plan for sales focus and operational excellence, aiming for growth and increased profitability. Throughout the year, global industry leaders solicited us to equip them with outcome solutions to anticipate and manage virtually the performance of products or assets as used in-service, much beyond the traditional PLM certification target of the brand-new product. ESI has the credibility to act at this transformational level, as evidenced by the growing scientific and industrial accolades and customer testimonials welcoming our new Hybrid-Twin™ solutions. We are actively leveraging their influence to grow and attract the next wave of top accounts, and we expect our performance to keep increasing steadily."

Last 2 months and FY 2019 (11 months)

At the end of the fiscal year 2019, which has been impacted by the change of its closing date, the last 2 months saw the company close €18.8m in business.

After taking into account these last 2 months, sales over 11 months (February 1, 2019 - December 31, 2019) amounted to €102.2m, driven by the Licenses business (€75.3m). Over the same period, Services (Consulting) were €26.9m.

Solid growth of 12-month proforma (January 1, 2019 - December 31, 2019)

ESI generated proforma sales of €146.2m over 12 months (January 1, 2019 - December 31, 2019), up 7.8% (5.6% cer). Proforma full-year growth was driven by the Licenses business (€115.9m, +8.4%, +6.0% cer), which is the main pillar of the Group's business model (79% of total revenues):

- 84% of sales were driven by *Repeat business* (renewal and additional volume), +7.9% (€98.0m), which, by nature, generates strong commercial recurrence (88.4%);
- 16% of sales were from *New business* (new customers or new solutions for existing customers), up 10.6% (€18.1m).

Services grew year on year (€30.3m, +5.4%, +3.8% cer) to represent 21% of total revenues.

The Group's global value proposition enables it to operate on all world markets. This is a substantial asset to customers who are global and can use virtual prototyping to generate considerable innovation and synergies. Excluding exchange rate impacts, growth over the period was mainly driven by the EMEA region (€71.0m, +8.7%, +8.6% cer) followed by Asia (€53.0m, +7.4%, +3.5% cer) whose strong performance (above 6.2% cer) would be more visible if we include the perimeter effect*. The Group also maintained positive momentum in Americas (€22.3m, +5.8%, +0.9% cer) which will be amplified in 2020.

Over this 12-month booking proforma, the four focus industries— ground transportation, aerospace, heavy industry, energy, accounted for 88% of total booking and grew respectively at 5.6%, 17.0%, 3.2% and 1.2%. The lower growth rate in Energy is explained by an industry wide shift to renewable energy where our efforts have shifted to service projects, laying the ground for future license sales.

*We stopped distribution of a competitor product

Upcoming events

2019 Results
March 23, 2020

2019 Results presentation
March 24, 2020 - Paris

Q1 2020 Sales
May 12, 2020

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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 40 countries, and in major industrial sectors, ESI employs 1200 high level specialists. In 2018, its turnover was 139M€, with 30% allocated to R&D. 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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