OneESI 2024 – Focus to Grow

Investor’s conference

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External use
esi-group.com
Welcome

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(Communications & Investor Relations)
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Introduction

Cristel de Rouvray
Chief Executive Officer
ESI’S PERFORMANCE IS A PARADOX!

WHAT TO EXPECT?

- High single digit GROWTH
- > 20% Adj. EBIT PROFITABILITY
- HEALTHY RUN-RATE INITIATIVE
A sustained reduction in headcount

Headcount will continue in this trajectory, stabilizing in end of 2022 until 2024
A bold conviction
We are at the right place, at the right moment, with the right foundation

Cristel de Rouvray
Chief Executive Officer
A vibrant Simulation & Analysis Market
Toward CLEAN, SAFE and PRODUCTIVE industries

Key numbers

2020 revenue
$7.5b

2021 expected growth
+8.1% to $8b

2020-2025 CAGR
10% to $12b

Compliance with sustainability regulations
Cross-Enterprise Digitization
Simulation & Analysis drivers
VR & AR technologies
Industry 4.0 & IoT
Digital Twin
Product as a Service

Based on 2021 « Simulation & Analysis » report of CIMdata
A vibrant Simulation & Analysis Market
Toward **CLEAN, SAFE** and **PRODUCTIVE** industries
Our key differentiators

Predictive Physics

Chaining capabilities

Talent
OneESI 2024 – Focus to grow

Cristel de Rouvray
Chief Executive Officer
Key focus areas to improve our operating model

- OFFERING & INNOVATION
- DISTRIBUTION
- SOFTWARE DEVELOPMENT
- PACKAGING & PRICING
The right governance to change

Cristel de Rouvray
Chief Executive Officer
Governance best practices are in place

**February 1st, 2019**
Split of CEO & chairman functions

**February 8th, 2021**
Nomination of Alex Davern, non-executive & independent Chairman

**May 11th, 2021**
No longer dominant shareholder

**September 2nd, 2021**
Nomination of Patrice Soudan as independent director
A clear ambition to increase performance

OneESI
A global organization to support our talent & customers across the globe

Core Strategic Vision
To inspire and focus us

high single-digit growth rate & >20% adjusted EBIT
End of FY2024 objective
A new CORE strategic vision to inspire and focus

To be a leading software partner in selected virtual test markets, by leveraging our predictive physics IP and platform for chaining.
A multi-horizon strategy to drive our growth

3 LEVERS OF GROWTH

- **Dominate** our space – Develop our customer base with our core offer
- **Expand** our product offering to adjacent industry solutions
- **Innovate** – Target cyber-physical systems market → virtual certification

REVENUE IMPACT

- **Innovate**
- **Expand**
- **Dominate**

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Focus to grow

Emmanuel Leroy
EVP Industry Solutions
(Solution management, Solution Marketing, Innovation)
A clear opportunity for Simulation and ESI

Automotive market – Our leading industry

2020 Simulation investment
$2 BILLION

60% of ESI’s revenue FY20

INTERNAL COMBUSTION VEHICLES

ELECTRIC VEHICLES

CONNECTED, SHARED, AUTONOMOUS
Supporting our customers on full vehicle safety validation

Right now, we are in a transition to get rid of prototypes within the next years. It is our goal to eliminate every kind of hardware testing during development (eg. down to the airbag module level), with only release tests required before market introduction of a new car.

Volkswagen Group
Sept 22nd, 2021
A clear opportunity for Simulation and ESI

Industry Portfolio market – Aerospace, Energy, Heavy Industries

2020 Simulation investment
$2.5 BILLION

40% of ESI’s revenue FY20
Our main principles to drive our offering

1. **FOCUS ON THE CORE**

2. **INCREASE VALUE**

3. **INVEST TO WIN**
Focus on the core

Product Performance
Improving performance and productivity

Smart Manufacturing
Meeting performance indicators for industry products and processes

Human Centric
Ensuring efficient assembly and maintenance operations

Dominate our space – Develop our customer base with our core offer
Increase value

Expand our product offering to adjacent industry solutions

Chaining Capabilities

Industry solutions
Value for customer

Packaging & Pricing
Homogeneous packaging and pricing per type of customer
Invest to Win
Redeploy 20% of our software development team

**Alignment on CORE**
Redeploy ~20% of our software development team

**Increase efficiency & Accelerate Deliveries**
Convergence to core technology bricks & standard platforms

**User Experience**
Align on a single user-interface & increase usability
**Innovate** – Target cyber-physical systems market → virtual certification

**Invest to Win**
Focus our innovation effort

**Innovation**
Linked to market needs

**Hybrid Twin**
Smart manufacturing Asset Health monitoring

**Cyber Physical Systems**
Virtual validation of systems of systems
OneESI distribution model

Mike Salari
C-COO Revenue Generation

Francis Griffiths
EVP of Sales
Revenue segmentation

60% of ESI’s revenue FY20

40% of ESI’s revenue FY20
A new global sales organization

**PREVIOUSLY**

- 12 local organization
- Difficulties to manage growth
- Additional costs
- Reduced effectiveness

**STARTING IN JANUARY 2022**

- 1 global organization
- Accelerated decision making
- Global account management
- Standardized methods & tools
- Reduced costs
Technical talent for a software company
Address customer needs globally

Customer experience
(pre-sales, post-sales & support)

Services
New pricing model

3 main points

Align to the strategic objectives

Increase value through our industry offerings and licensing

Simplification and consistency
Our 3-year business plan

Olfa Zorgati
EVP, CFO & Operations
A performance below our market

Sales CAGR 2013-2020 (%)

- **Simulation peers**
  - Dassault Systemes: +12%
  - Ansys: +10%
  - HEXAGON: +8%
  - ESI: +3%
  - Average (exc. ESI): +10%

- **Design software peers**
  - RIB: +24%
  - AVEVA: +19%
  - NEMETSCHEK GROUP: +18%
  - AspenTech: +10%
  - Synopsys: +9%
  - Cadence: +9%
  - Autodesk: +8%
  - Trimble: +5%
  - ptc: +2%
  - Average (exc. ESI): +11%

Average EBIT margin 2017-2020 (%)

- **Simulation peers**
  - Ansys: 46%
  - Dassault Systemes: 32%
  - HEXAGON: 24%
  - ALT AIR: 8%
  - ESI: 5%
  - Average (exc. ESI): 27%

- **Design software peers**
  - AspenTech: 49%
  - AVEVA: 34%
  - Cadence: 31%
  - Synopsys: 24%
  - NEMETSCHEK GROUP: 22%
  - ptc: 21%
  - Trimble: 20%
  - RIB: 17%
  - Autodesk: 15%
  - Average (exc. ESI): 26%

Source: Factset (09/08/2021)

Note:
1. Defined as (EBITDA – Capex) / EBITDA
2. Figures based on end of fiscal reported year
An untapped value potential

Factset (09/08/2021)
OneESI 2024 – our financial objectives

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
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<tbody>
<tr>
<td><strong>Growth¹</strong></td>
<td>4 – 6%</td>
<td>4% - 6%</td>
<td>6% - 8%</td>
<td>7% - 9%</td>
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<tr>
<td><strong>Adjusted EBIT²</strong></td>
<td>10% – 12%</td>
<td>15% - 17%</td>
<td>&gt; 20%</td>
<td></td>
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¹ Revenue Excluding Special projects (FY20 = €4m)

² Adjusted Ebit = EBIT adjusted for
- IFRS standard on leases
- amortization of intangible assets related to acquisitions
- stock-based compensation expense
- restructuring charges
OneESI 2024 – our 3 growth accelerators

Strategic packaging & pricing

Aligned global distribution channel

Focused innovation & product development strategy
Industry & geographical growth

**INDUSTRY**

- 2020: 60%
- 2024: 60%

**GEOGRAPHY**

- All our regions will be growing
- More opportunities in Americas and Asia
Focus on profitable growth

**LICENCES / SERVICES**
- Higher growth of licenses supported by a focus on core services

**LICENCES STATUS**
- Faster growth of our new business versus repeat business

**LICENCES TYPE**
- Focus on growing our rental business vs perpetual
OneESI 2024 – our profitability drivers

**STABLE COSTS**

- Focused innovation
- Leaner organization & facilities structure
- Controlled headcount
OneESI 2024 – A self-help plan

**Solid Balance sheet**

Net financial debt
End of Dec FY21: €24.9m
End of June FY21: €6.8m

**Good cash position**

End of Dec FY21: €22.5m
End of June FY21: €36.2m
Driving our change

Cristel de Rouvray
Chief Executive Officer
Focus to grow, a shared objective with our Teams
Perform to reinvest
Conclusion

Cristel de Rouvray
Chief Executive Officer
OneESI 2024 – Focus to grow

Summary

- A confirmed opportunity
- A renewed operating model
- A best-in-class governance
- Committed teams

CLEAR OBJECTIVES

GROWTH
High single digit

PROFITABILITY
> 20% Adj. EBIT
Upcoming

Florence Barré
Director of Change Management (Communications & Investor Relation)
Upcoming

**October 28th**
Q3-FY21 Sales

**November 4th**
ESI Live – Digital Event

**November 10th**
Berenberg CEO conference NYC

**February 28th, 2022**
FY21 Results
Thank you!

Any Questions?

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