

ECA Group: 2019 annual results

- Solid results in 2019
- Increase in cash flow to €18.8 million
- Proposed dividend payment of €0.50 in respect of 2019

<i>(in € millions)</i>	H2 2019 ¹	H2 2018	Change	2019	2018	Change
Backlog				526.3	120.3	+337.6%
Revenue	55.4	51.6	+7.2%	112.5	102.1	+10.2%
EBITDA ²	10.9	9.2	+18.4%	20.8	14.5	+43.0%
EBITDA margin (%)	19.6%	17.8%	+184 bp	18.5%	14.2%	+423 bp
EBIT ³	5.7	5.4	+€0.3 M	9.9	7.1	+€2.9 M
Operating income	5.8	6.3	-6.9%	9.6	7.1	+34.3%
Operating margin (%)	10.5%	12.1%	-160 bp	8.5%	7.0%	+153 bp
Financial result	(0.3)	(0.1)	+440.2%	(0.1)	0.7	-112.0%
Income tax	(0.5)	(1.3)	-59.6%	(1.3)	(1.9)	-34.2%
Net result	5.0	4.9	+2.1%	8.3	5.9	+39.8%
Net result, group share	4.9	4.8	+21.4%	8.1	5.8	+38.7%

The consolidated financial statements for the 2019 financial year were approved by the Board of Directors, which met remotely on March 23, 2020. The audit procedures by the Statutory Auditors are completed, the audit report relating to the certification is being issued. The approval will be ratified in a forthcoming Board of Directors with physical presence of directors after Covid-19, unless the decrees being prepared in the context of this crisis retroactively validate the accounts approval by any means of telecommunication.

Consolidated revenue for the 2019 financial year was €112.5 million, a significant increase of +10.2% in reported data and +13.1% on a like-for-like basis, excluding SSI and EN Moteurs which were sold in 2018. Revenue grew by +7.2% during the second half year 2019, driven by growth in the Aerospace division.

At December 31, 2019, the Group's **backlog** was €526.3 million, multiplied by 4.4 compared to December 31, 2018, providing exceptional visibility over the coming years.

EBITDA increased by +43.0% over the financial year to €20.8 million. During the second half year, the decline in the Robotics division, mainly due to the fall in the Simulation business, was offset by the significant improvement in profitability in the Aerospace division. The application of IFRS 16 – *Leases* contributed €1.9

¹ Application of IFRS 16 "Leases" from January 1, 2019 (the impacts are described in the Universal Registration Document) without retrospective modifications for 2018.

² Operating income before "Net depreciation, amortization and provisions" and "Other items of operating income".

³ Operating income before "Net depreciation, amortization and provisions".

million during the financial year. The EBITDA margin increased from 14.2% in 2018 to 18.5% in 2019, with a much higher margin during the second half year (almost 20%).

Income from operations was up significantly at €9.9 million in 2019, compared to €7.1 million in 2018.

After **other items of operating income** of €0.3 million (restructuring costs and amortization of intangible assets recognized at fair value during acquisitions), **operating income** was up by +34.3% to €9.6 million, although it decreased during the second half year. Operating margin was 8.5% in 2019 compared to 7.0% in 2018.

Financial income and expense was -€0.1 million, compared to a positive €0.7 million in 2018.

Net result, group share came to €8.1 million, up by +38.7%.

Performance by division

In € millions		H2 2019	H2 2018	Change	2019	2018	Change
Robotics	Revenue	35.5	35.9	-1.1%	73.9	69.5	+6.4%
	EBITDA	7.9	8.5	-7.2%	16.7	13.4	+24.2%
	EBITDA margin (%)	22.2%	23.7%	-145 bp	22.6%	19.3%	+323 bp
	Operating income	3.4	4.7	-28.0%	7.5	5.2	+44.1%
Aerospace	Revenue	19.9	15.8	+26.3%	38.7	32.6	+18.5%
	EBITDA	3.1	0.5	+472.9%	4.2	0.9	+384.1%
	EBITDA margin (%)	15.5%	3.4%	+1,211 bp	10.9%	2.7%	+822 bp
	Operating income	2.2	0.6	+251.3%	1.8	0.1	+1,379.8%

At the end of 2019, the Simulation division merged with the Robotics division in order to generate synergies notably in the area of Defense sales, as well as the robotics contract for the Belgian and Dutch navies.

In 2019, revenue for the **Robotics** division, including the Simulation business, was €73.9 million, up +6.4% compared to 2018 (+10.7% on a like-for-like basis excluding EN Moteurs and SSI). The robotics contract for the Belgian and Dutch navies, won during the second quarter 2019, contributed €8 million to this performance. The Simulation business declined over the full financial year. During the second half year 2019, revenue for the division was €35.5 million, down -1.1%, affected by the strong decline in the Simulation business.

Backlog for the Robotics division was €505 million at December 31, 2019. It was multiplied by over 5 times compared to December 31, 2018.

The division's EBITDA increased by +24.2% to €16.7 million in 2019 but was down by -7.2% for the second half year, impacted by the decline in the Simulation business. EBITDA margin was 22.6% in 2019 compared to 19.3% in 2018.

Operating income was €7.5 million compared to €5.2 million in 2018.

In 2019, revenue for the **Aerospace** division was up by +18.5% to €38.7 million compared to 2018. This remarkable performance is due to the execution of the contracts won during the first half year and the positive momentum in embedded equipment. The 2019 financial year represents a new record with the delivery of over 2,600 distress beacons. The division also continued to structure its offering and develop commercially in other industrial sectors and notably AGVs.

Backlog was €21.3 million at December 31, 2019, down by -8.3% compared to December 31, 2018.

The division's EBITDA was €4.2 million, multiplied by almost 5 times compared to 2018. It benefited from the good execution and the completion of a contract for assembly lines during the second half year. The EBITDA margin was 10.9% compared to 2.7% in 2018 and reached 15.5% during the second half year.

Operating income was €1.8 million compared to €0.1 million in 2018.

Financial position and dividend proposal

Cash flow amounted to €18.8 million. It recorded an +€8.7 million improvement compared to 2018 (of which €2.0 million due to the application of IFRS 16). Working capital requirements improved by +€1.1 million during the financial year, benefiting from the first payments related to the Belgian-Dutch contract.

Investments amounted to €6.2 million in 2019, compared to €6.6 million in 2018.

At December 31, 2019, **net financial debt** (excluding lease debt resulting from the application of IFRS 16 and including the value of treasury stock) decreased to €4.2 million, from €12.8 million at January 1, 2019.

ECA Group's Board of Directors will propose to the Shareholders' Meeting of June 5, 2020, the distribution of a **dividend** of €0.50 per share, paid in cash, in respect of the 2019 financial year. If this dividend proposal is approved, the ex-dividend date will be June 24, 2020, and it will be payable in cash on June 26, 2020.

2020 perspectives

For 2020, the Group expects the following qualitative trends in its markets:

In Robotics, the performance should continue to be solid, driven by the robotics contract for the Belgian and Dutch navies with an annual contribution that should amount to approximately €15 million. New and significant opportunities for mine hunting contracts have already been identified in several countries and could materialize over the next 36 months.

In Aerospace, business growth should be more moderate after a very good 2019 financial year.

In the new context of the Covid-19 crisis, ECA Group has limited as much as possible activities within its sites in order to preserve the health and safety of its employees. The necessary activities for the proper operations of our armed forces are notably maintained upon their requests. In parallel, the remote work of our teams has been a set up on multiple projects and remote work capacities will be further increased in the coming days.

At this stage, it is impossible to assess the impact of the epidemic on the group's revenue. All measures are implemented to adapt as best as possible to government's guidelines and resume some productions when means are available and safety conditions for our employees are met. The group will keep the market informed of any other substantial change in its business.

Conference call to present the 2019 annual results on Tuesday, March 24 at 11:30 am

The information on the 2019 annual results includes this press release and the presentation available on ECA Group's website: www.ecagroup.com

On March 24, 2020, Guénaël Guillerme, Chief Executive Officer, and Loïc Le Berre, Deputy Chief Executive Officer in charge of Finance at Groupe Gorgé, will provide the financial community with their comments on the annual results of ECA Group and respond to questions from analysts during a conference call in French starting 11:30 am (Paris time).

To participate in the conference call, you may call any of the following telephone numbers approximately 10 minutes prior to the scheduled start time:

- France: +33 (0)1 70 71 01 59
- UK: +44 (0)2 07 19 43 759
- Germany: +49 (0) 6 92 22 22 54 29

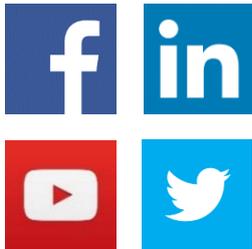
The access code to this conference: 75286645#

A replay will be available as soon as possible on the ECA Group's investors' website, "Documents" section.

Financial agenda

Q1 2020 revenue: April 28, 2020

Follow us:



Visit our website to follow our [News & events](#)

Forward looking-statement

This press release could contain statements on past events and forward-looking statements including statements regarding future goals or targets. Forward-looking statements reflect current expectations for results and future events.

Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that may cause actual results, performance or events to differ materially from those anticipated herein. All these risks and uncertainties could affect the Group's future ability to achieve its targets. Risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements and targets include, among other things: the risks and uncertainties mentioned in the press release; the strength of competition; the continuing growth of the market; currency fluctuations; interest rate fluctuations; raw material price fluctuations; armed conflicts or political instability; control of costs and expenses; changes in tax legislation, rules, regulation or enforcement; our ability to successfully keep pace with technology changes; our ability to attract and retain qualified personnel and key personnel; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; supply chain and manufacturing bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.).

Some of these risk factors are set forth and detailed in our Document de référence (Registration Document including the annual financial report filed with the French Autorité des Marchés Financiers). This list of risks, uncertainties and other factors is not limitative. Other non- anticipated, unknown or unforeseeable factors could also have material adverse effect on our targets.

ECA Group

Recognized for its expertise in robotics, automation systems, simulation and industrial processes, ECA Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936. Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defense, maritime, aeronautics, simulation, industrial and energy sectors.

In 2019, the Group reported revenue of €112.5 million across its two divisions: Robotics and Aerospace.

ECA Group is a Groupe Gorgé company.

The ECA Group is listed on Euronext Paris Compartment B.
ISIN Code: FR0010099515 | Ticker Code: ECASA – Bloomberg Code: ECASA

Contacts

Press

Meliha BOUCHER
Marketing,
Communication and Press
Director
T: +33 (0) 4 94 08 90 00
boucher.m@ecagroup.com
m

Manon CLAIRET
Financial Press Relations
T: +33(0)1 53 67 36 73
mclairret@actus.fr

Investors

Elodie ROBBE-MOUILLOT
Analyst/Investor Relations
T: +33 (0)1 44 77 94 77
investors@groupe-gorge.com

Anne-Pauline PETUREAUX
Individual Shareholder
Relations
T: +33 (0)1 53 67 36 72
apetureauux@actus.fr