

Annual results for 2020: resilience, transformation of the profile and strong growth prospects

- **Significant improvement in profitability in the second half of 2020**
 - **Growth in EBITDA margin year-on-year at 14%:** +1 pt compared to the second half of 2019
 - **Despite a decrease in revenue:** -8% on an organic basis compared to the second half of 2019
 - **Increase in operating result:** +5.5% on an organic basis compared to the second half of 2019
 - **Growing order book** reaching €623 million
 - **Increase in available cash to €81 million** (+€22 million in one year)
 - **Proposed dividend: €0.32 per share**, stable compared to last year
- **Strategic refocusing and operational transformation**
 - **Strengthening of the Drones & Systems activity:** merger with ECA Group finalized at end-2020
 - **Refocusing of the Engineering & Protection Systems activity:** exit from the oil gas, launch of StedY
 - **Operational transformation in 3D printing:** reorganization and new innovative offerings
- **Positive momentum despite a challenging environment**
 - **New orders in naval robotics** worth over €90 million
 - **Commercial successes and partnerships signed** in 3D Printing
 - **Important orders in fire protection and nuclear**
 - **Ramping up in engineering advisory services**
- **Strengthening of the shareholder structure and governance**
 - **Increase in free float** and improved liquidity of the share
 - Governance strengthened with **the appointment of Hervé Guillou** as board member¹
- **Acceleration of the ESG strategy: +13 pts in the Gaïa rating**
- **Guidance for 2021: c.+15% revenue growth on an organic basis and strong improvement in profitability**
- **Solid medium-term outlook:** major growth prospects for the three activities
 - **Deep**, structurally sound and **growing markets**
 - **An attractive strategic positioning** among the leaders in its specialized activities
 - **Commercial dynamic well engaged** and set to accelerate

¹ Subject to approval by the General Meeting of June 18, 2021.

Gorgé Group: a high-tech specialist with presence in three activities

Groupe Gorgé implements since several years a strategy based on three main pillars:

1. **Reinforcement on high-tech activities** with high added value, in which the Group has control over the entire value creation chain.
2. **Focus on sectors with strong growth prospects**, with deep and structurally sound markets.
3. **A leading player in its activities** with a strong ambition for international development.

This strategy is deployed across **three activities**, which generated consolidated revenue of €231 million in 2020:

- 42% of revenues are generated by the **Drones & Systems activity**, under the ECA Group brand. Developed over 28 years, this division offers integrated systems for naval, ground and air Defense and Security, notably with robotics technologies.
- **In 3D printing** (25% of revenues, under the Prodways brand, which is 57% owned), Groupe Gorgé has built since 2013 one of the few players able to offer turnkey solutions for industrial production thanks to its control over the whole value chain: software, printers, materials and manufacturing.
- The **Engineering & Protection System** activity represents 34% of revenues and includes the Engineering and Technology Consulting division as well as solutions for the protection of high-risk sites, with fire safety and nuclear doors.

Successful strategic refocusing and operational transformation in 2020

Strengthening in the Drones & Systems activity

Groupe Gorgé has significantly strengthened its Drones & Systems activity through **the merger by absorption of its subsidiary ECA**, which was previously 65% owned. The transaction, announced at the end of September 2020, was finalized at the end of December. By strengthening its position in this high-tech activity, Groupe Gorgé **is furthering its strategy** and will be able to **take full advantage of significant growth prospects** of this activity in coming years.

This transaction also made it possible **to unify and simplify** the Group's structure by eliminating the double listing of Groupe Gorgé and ECA, **to strengthen the free float** of Groupe Gorgé, up +180% in one year¹, thereby increasing the liquidity of the share.

¹ Free float at 16/03/2021 vs 16/03/2020.

Completion of the strategic refocusing of the Engineering & Protection Systems activity

In 2020, Groupe Gorgé continued the strategic refocusing of the Engineering and Protection Systems activity by **discontinuing its operations in the oil sector**. The equity combination of its subsidiary Van Dam with its competitor InterDam led to the creation of a world leader in this specialized oil services sector. Groupe Gorgé still holds 15% of the newly created entity, which will be sold in the medium-term.

With this transaction, the Group is withdrawing from the oil services market and is continuing to refocus on its strategic activities, initiated in 2018 with the sale of AI Group and pursued in 2019 with the disposal of Cimlec group and a 30% stake in the Fire Protection France activity to its management.

At the same time, the Company **stepped up in the field of technology consulting services** with the launch of a new offering in September 2020: **StedY**, a digital service offering that reinvents the engineering and technology consulting business, thereby enhancing the Group's positioning in this activity where it has been operating since 2012 ([link to the announcement press release](#)).

Operational transformation of the 3D Printing division

Groupe Gorgé, through the Prodways brand in 3D printing, implemented a major operational transformation in several areas: **new solutions and functionalities** were unveiled for industrial production while conducting a **reorganization of machine and material production to improve profitability and production capacity**.

The Group launched a new activity for the integration of the Dassault Systèmes 3DEXPERIENCE® platform's **Cloud solutions**, both in Europe and in the United States, to master the creation, modification and simulation of 3D files, which are major assets for customers. In addition, new features have been implemented in the MOVINGLight® ProMaker LD Series compact 3D printer range, including **Super-Resolution 3D**. This technology, based on new algorithms, makes it possible to achieve a precision beyond the native performance of 42 micrometers while increasing production speed by 30%. These functionalities have already resulted in two commercial successes with a Polish company (Brightalign) and an Italian company (GEO).

To consolidate the ramp-up of the business for several years, with revenues that have more than doubled over the past three years, and to meet future demand in a very buoyant market, Prodways has been gradually setting up a **new organization for the production of its machines** since the end of 2020. The production of the historic workshops in Paris region is being transferred to existing sites in the United States and Annecy. This transformation will make it possible to achieve synergies between its activities, **improve profitability** by reducing the fixed cost structure and thus focus on the development of new technologies for high-potential markets.

In addition, in view of the good commercial prospects for medical applications, the Group once again **increased its material production capacity** in order to meet the growing demand in this industry. The capacity has increased by 50% in eight months and can now reach 100 tons per year. This high-margin business is one of the major growth drivers for the 3D Printing division.

The effects of this transformation will be seen in 2021 with an uptrend in sales and revenue growth.

Good commercial dynamic despite a challenging environment

Drones & Systems activity: new orders totaling around €90 million in 2020, confirming the ability to win international tenders

Groupe Gorgé now benefits from the notoriety acquired in 2019 when it won the contract with the Belgian and Dutch navies, for an amount of €450 million over 8 years, and confirms **its ability to win international tenders**. Three major contracts of over €20 million were signed for robotics solutions in 2020. The first two relate to **the modernization of existing fleets**, in order to bring their performance into line with that of the most recent systems, including three conventional vessels for the Latvian navy acquired from the Dutch Navy in 2006. The third contract covers **an additional drone system for the Dutch Navy**, which wanted to acquire a Toolbox to carry out tests and assess new operational concepts.

With these commercial successes, the Group demonstrates the **relevance of its offering in Stand-Off mine hunting²**, both for latest-generation integrated systems but also to equip older vessels whose lifespan can be extended, thus addressing a wider market in this activity.

Large orders in fire protection and nuclear

At the end of 2020, Groupe Gorgé won **the largest order in its history in the fire protection activity**. The Group was awarded a contract worth nearly €7 million to design and build a fire protection system on the largest site equipped with sprinklers in Europe. This service, which will be carried out over two years, consists of the installation of 20,000 sprinklers across four buildings, with maintenance services, illustrating the significant recurring business in this activity, whose maintenance services accounts for nearly 50% of revenue. This order makes up for the sales lag in the first half and ultimately **exceeds the level of order intake in 2019**.

In addition, a major contract was signed for more than €6 million over a four-year period for the **supply of 500 special doors as part of a project to build a nuclear power plant in West Asia**. This order rewards several years of efforts to obtain a first reference in Russian VVER nuclear technology. To the best of the Group's knowledge, Baumert, the subsidiary specializing in this activity, is the only company to have references in all the main nuclear power plant technologies (French, Chinese, American and Russian).

3D Printing activity: commercial successes and partnerships signed

Thanks to its expertise across the entire 3D printing value chain (machines, materials, software and manufacturing), the Group achieved commercial successes in several areas.

In 2020, Groupe Gorgé signed a contract for **the sale of liquid resins** with several European and global dental specialists, relying on materials specifically developed for this industry, such as PLASTCure Model liquid resin, which allow a very high level of precision for mass production. This positive trend **continued in early 2021** with the signature of a four-year agreement with a leading global player in the dental industry, which has a network of distributors and partners in over 100 countries. These industrial customers should **consume several dozen tons of materials** once their production has stabilized, reflecting the growing use of 3D printing in this industry.

This good commercial dynamic is also tangible in **the jewelry industry**, with two contracts to equip two customers with a dozen machines each, as well as in **3D modeling software** distribution, which won an unprecedented record contract in 2020.

² Underwater robotic mine disposal operations without entering the minefield.

Results for 2020: significant improvement in profitability in the second half of 2020

| (in millions of euros) | H2 2019 | H2 2020 | Change (organic change as a %) | FY 2019 | FY 2020 | Change (organic change as a %) |
|---|---------|---------|--------------------------------------|---------|--------------------|--------------------------------------|
| Backlog at end of period | - | - | - | 606.2 | 623.2 | +3% |
| Revenue | 139.3 | 123.1 | -12% (-8%) | 274.6 | 231.1 ³ | -16% (-14%) |
| EBITDA ⁴ | 17.4 | 17.0 | -2% (-1%) | 31.7 | 24.1 | -24% (-22%) |
| EBITDA margin (%) | 12.5% | 13.8% | +1.3 pts | 11.5% | 10.4% | -1.1 pts |
| Income from ordinary activities ⁵ | 6.3 | 6.8 | +€0.5 m | 9.5 | 2.5 | -€6.9 m |
| Operating income | 4.9 | 5.2 | +€0.3 m | 4.9 | -9.0 | -€14.0 m |
| Financial income | -0.9 | -1.2 | -€0.3 m | -1.1 | -1.7 | -€0.5 m |
| Tax | 0.0 | -0.8 | -€0.8 m | -2.2 | 0.2 | +€2.4 m |
| Net income from discontinued activities | 21.2 | 0.0 | -€21.2 m | 21.6 | -1.0 | -€22.6 m |
| Net income | 25.3 | 3.1 | -€22.1 m | 23.1 | -11.5 | -€34.6 m |
| Profit (loss) for the period attributable to the owners of the parent | 23.0 | 4.2 | -€18.7 m | 20.9 | -5.8 | -€26.7 m |
| Cash flow from operating activities | | | | 30.4 | 37.5 | +€7.1 m |

The consolidated financial statements for 2020 were approved by the Board of Directors, which met on March 16, 2021. The audit procedures of the Statutory Auditors have been completed and the audit report relating to the certification is in the process of being issued.

After a first half which was strongly affected by the health crisis, the recovery trend is visible in the second half of the year. Despite an 8% decrease in revenue on an organic basis, **the EBITDA margin was up by +1.3 pts, at nearly 14%**, thanks to the operational transformation efforts that began in 2020 and will continue in 2021. These actions made it possible to optimize the cost structure and limit the decline in EBITDA to -€0.4 million (down -1% on an organic basis).

This good performance led to an increase in the **income from ordinary activities of +5.5% on an organic basis**.

After taking into account other non-recurring items (-€1.6 million including costs related to the reorganization of the 3D Printing activity and the capital gain on the disposal of Van Dam), **the operating income stands at €5.2 million, up +€0.3 million in the second half**.

Net result in group share amounts to +€4.2 million for the second half and -€5.8 million for full-year 2020.

³ Adjustment of €2 million compared to the unaudited revenue reported on 25/02/2021 due to cut-off adjustments.

⁴ Operating income before "depreciation, amortization and provisions", "non-recurring items in operating income" and "Group share of the earnings of affiliated companies".

⁵ Operating income before "non-recurring items in operating income" and "Group share of the earnings of affiliated companies".

Performance by activity

| <i>(in millions of euros)</i> | | H2 2019 | H2 2020 | <i>Change (organic)</i> | FY 2019 | FY 2020 | <i>Change (organic)</i> |
|---|---------------------------------|---------|---------|-------------------------|---------|---------|-------------------------|
| Drones & Systems | Revenue | 55.4 | 53.1 | -4% | 112.5 | 96.2 | -14% |
| | EBITDA | 10.9 | 10.8 | -0.2% | 20.8 | 16.1 | -22% |
| | <i>EBITDA margin (%)</i> | 19.6% | 20.4% | +0.8 pt | 18.5% | 16.7% | -1.7 pts |
| | Income from ordinary activities | 5.7 | 6.2 | +€0.5 m | 9.9 | 7.0 | -€2.9 m |
| Engineering & Protection Systems⁶ | Revenue | 48.3 | 39.6 | -18% (-7%) | 91.8 | 78.1 | -15% (-8%) |
| | EBITDA | 3.2 | 4.1 | +27% (+35%) | 5.2 | 5.0 | -5% (+8%) |
| | <i>EBITDA margin (%)</i> | 6.7% | 10.4% | +3.6 pts | 5.7% | 6.4% | +0.7 pt |
| | Income from ordinary activities | 0.8 | 1.9 | +€1.2 m | 0.9 | 0.4 | -€0.5 m |
| 3D Printing | Revenue | 36.0 | 30.4 | -16% | 71.3 | 57.2 | -20% |
| | EBITDA | 2.7 | 1.9 | -30% | 5.3 | 3.3 | -37% |
| | <i>EBITDA margin (%)</i> | 7.6% | 6.3% | -1.3 pts | 7.5% | 5.8% | -1.6 pts |
| | Income from ordinary activities | -0.5 | -0.9 | -€0.4 m | -1.5 | -3.8 | -€2.3 m |

Drones & Systems: improved profitability thanks to better cost control

This division experienced mixed trends with a sharp decline in the aeronautics sector and a strong increase in the drones activity. EBITDA performance was stable in the second half, thanks to **the strong performance of robotics which offsets the decreasing revenues in aeronautics**.

Engineering & Protection Systems: profile transformation thanks to strategic refocusing

The impact of the crisis has been limited, with a significant recovery in the second semester (-7% revenues on an organic basis). The profitability was maintained, with the contribution of disposal gain on one asset, offsetting the impact of the sanitary crisis in the 1st semester and the loss linked to the launch of StedY.

3D Printing: recovery in the second half of 2020 despite the second lockdown

Recovery began in the second half for both the Systems and Products divisions, with a decrease of -€5.6 million in revenue versus the second semester 2019 compared with -€8.6 million in the first half. **EBITDA remained positive at €1.9 million** and amounted to €3.3 million for full-year 2020, just €2 million below the performance in 2019 despite the decrease in revenue of €14 million.

⁶ The organic change excludes the contribution of Van Dam, which was sold in July 2020.

Sound financial position at end-2020

Cash flow generated by the activity stood at €38 million in 2020, up €7 million compared to 2019. The working capital requirement improved by €26 million, benefiting from the decline in activity.

At end-2020, cash and cash equivalents amounted to €81 million (+€22 million since end-2019) and net financial debt⁷ totalled €31 million (+€22 million after +€32 million of share buyback).

As a consequence, the group's **gearing stands at a sound level of 24%**.

Dividend

Group Gorgé will propose to the General Meeting of 18 June 2021 the distribution of a dividend of €0.32 per share in cash, stable compared to last year. The detachment of the coupon will take place on 23 June 2021 and the payment will occur on 25 June 2021.

Acceleration of the ESG strategy

Groupe Gorgé materially **improved its grade in the Gaïa rating by +13 points** in 2020, to reach a score 66/100, thanks to a strong progression on 9 out of the 18 criteria considered. This grade had already increased by +10 pts between 2018 and 2019. This improvement rewards the efforts carried by the group in terms of transparency and process of governance, the operations on virtuous activities and the strengthening of best practices with stakeholders.

End-2020, Groupe Gorgé strengthen its governance on ESG topics with the increasing commitment of the board of directors. A reference person was appointed to lead the efforts on the whole group. In addition, the introduction of ESG criteria in the calculation of the compensation of executive managers will be proposed at the General Assembly, which would represent up to 20% of the variable part.

Strengthening of governance with the appointment of Hervé Guillou

The Board of Directors will propose the appointment of Hervé Guillou as a director of Groupe Gorgé at the next Shareholders' Meeting. This proposal follows his appointment as Chairperson of the Board of Directors of ECA Group in early 2021.

Hervé Guillou is a graduate of the École Polytechnique, an engineer from the École Nationale Supérieure des Techniques Navales and the Institut National des Sciences et Techniques Nucléaires. He is also Chairperson of GICAN (Groupement des Industries de Construction et Activités Navales) and of the Strategic Business Line Committee (CSF) of Marine Industry Professionals. Until March 24, 2020, he was Chairman and Chief Executive Officer of Naval Group, an industrial company specializing in naval defense and energy, a major partner of ECA Group as part of the Belgian-Dutch mine warfare contract for almost two billion euros.

Hervé Guillou will bring to the Group his wealth of experience in the defense and naval industry and his knowledge of aerospace. His arrival confirms the change of dimension of the Group and reinforces its ambitions for the future.

⁷ Net debt excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.

Solid medium-term outlook: major growth prospects for the three activities

The Group's strategy implemented for several years is focused on sectors with high growth prospects and allows it to be confident about the future and have major growth ambitions. For each of its three activities, Groupe Gorgé can rely on:

- **Deep, fast-growing and structurally sound markets**
- **An attractive strategic positioning**, among the leaders in its activities
- **Commercial dynamic well engaged** and set to accelerate

Drone & Systems activity: ability to benefit from investments in robotics thanks to now recognized expertise

The ramping-up of mine-hunting programs on a global scale against the backdrop of rising military spending, is a major growth driver in robotics. **Several major international tenders** are expected in the coming years, offering significant development prospects for the sector (programs for France, Australia, the United Kingdom, Canada, India, the United Arab Emirates, etc.).

The commercial momentum is already underway, as evidenced by the order book of €540 million to be executed. The contract with the Belgian and Dutch navies, which represents a significant portion of the backlog, should accelerate in the coming years. The contribution in 2021 is estimated at around €40 million, then will increase by between €50 to €100 million from 2022 to 2024.

In addition, Groupe Gorgé's expertise in robotics opens up **prospects in other markets** by drawing on existing solutions, such as hydrography, port protection or AGVs (Automated Guided Vehicles). On the latter, a contract was signed in 2020 with IDEA, a logistics company, following the first one with Rio Tinto.

3D Printing: strong strategic positioning to capture strong market growth

The economic crisis that affected **the 3D printing market** in 2020 does not call into question the structural fundamentals of the sector, which remain very positive. The growing adoption of 3D solutions for the production of functional components, whether final products or components, tools or spare parts, will result in strong market growth in the coming years. The application possibilities are numerous and make it possible to address all sectors on a global scale.

Latest projections⁸ anticipate **a strong market growth, to reach an estimated size of around €100 billion by 2029 (compared to around €10 billion in 2020)**. These growth forecasts led to strong growth in the securities of US companies in the industry (close to +300% average growth in one year⁹) which has not yet materialized in Europe.

Against this background, Groupe Gorgé is positioned as a key player of its sector, specialist in professional and industrial 3D printing. The company is able to offer turnkey solutions, backed by the strategy implemented since its creation in 2013 around 3 main axes:

- 1- **Control over the entire 3D printing value chain**: machines, materials, software and manufacturing, enhanced in 2020 with new features on its printers and a new software offering.
- 2- **Technology excellence** provided for industrial production, offering unique performance in terms of precision and speed.
- 3- **Development of new partnerships** with the ambition to address new large-scale applications in the upcoming years, such as optics or precision casting. The three-year partnership with Essilor, aimed at developing the MOVINGLight® 3D printing technology for spectacle lenses, is an example. A new milestone was reached in early 2021 with the installation of a second Prodways printer.

⁸ Source: Wohlers report 2020.

⁹ Average share price growth of major US 3D Printing players since 16/03/2020

Engineering & Protection Systems: sales momentum across all solutions

In the **Engineering and technology consulting activity**, revenue increased by **30%** in two years and now exceeds €10 million. With the launch of StedY, which strengthens this division, the Group expects a good commercial dynamic in the coming years.

The **fire protection activity benefits from the strengthening of safety standards** on sensitive sites. Groupe Gorgé, through its Vigians brand, is one of the few players able to offer comprehensive offerings, from design to construction, with active protection solutions (sprinklers, water mist, fire-fighting networks, etc.) and passive solutions (fire doors, firebreak partitions and windows).

The activity of conception and fabrication of **technical doors for nuclear sites** benefits from long cycles and thus a **good visibility** on future revenues. The perspectives are good thanks to the important backlog, to which are added the recurring revenues of service and maintenance.

Guidance for 2021: organic revenue growth of close to +15% and sharp improvement in profitability

All of Groupe Gorgé's markets are doing well and the execution of the order book expected in 2021 provides good visibility for the current financial year. Consequently, excluding any further deterioration in the health situation, **the Group has set itself a target of revenue growth in 2021 close to 15% on an organic basis, i.e. around €265 million.**

At the same time, the profitability of the Company is expected to post a strong improvement starting from the first half of 2021.

About Groupe Gorgé

Groupe Gorgé is a high-tech industrial group driven by a strong entrepreneurial culture.

The Group is present in 3D printing, drones, engineering and protection systems and employs nearly 2,000 people in seven countries. The Group generated revenue of €233 million in 2020.

More information on www.groupe-gorge.com

Groupe Gorgé is listed on Euronext Paris Compartment B (GOE).

Upcoming events

- 28/04/2021: Q1 2021 revenue
- 18/06/2021: Shareholders' Meeting
- 28/07/2021: Q2 2021 revenue

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