Full-year 2019 results

- **Progress in profitability in second-half year**
- **Record net result at €23.1M in 2019**
- **Strong improvement in cash flow from operations at €30.4 M**
- **Proposed dividend of €0.35 for 2019**

Groupe Gorgé (Euronext Paris: GOE) releases today its full-year 2019 results.

€ million	H2 2019[1]	H2 2018[2]	Change (Organic)	2019[1]	2018[2]	Change (organic)
Backlog end of period				**606.2**	214.0	*+183.3 %*
Revenue	**139.3**	130.2	*+7.0 %* *(+10.6 %)*	**274.6**	253.2	*+8.5 %* *(+10.8 %)*
EBITDA[3]	**17.4**	10.9	*+60.4 %*	**31.7**	16.2	*+96.1 %*
EBITDA margin (%)	***12.5 %***	*8.4 %*	*+416 bp*	***11.5 %***	*6.4 %*	*+516 bp*
EBIT[4]	**6.3**	3.9	*+61.6 %*	**9.5**	2.1	*+344.2 %*
Operating result	**4.9**	3.9	*+26.6 %*	**4.9**	(0.6)	*+€5.5 M*
Financial result	**(0.9)**	(0.7)	*+23.2%*	**(1.1)**	(1.0)	*+13.6 %*
Taxes	**0.0**	(2.1)	*n.m*	**(2.2)**	(2,2)	*+2.4 %*
Net income from discontinued operations	**21.3**	1.4	*+€19.9 M*	**21.6**	1.7	*+€19.9 M*
Net result	**25.3**	2.4	*+€22.8 M*	**23.1**	(2.0)	*+€25.2 M*
Net result group share	**23.0**	1.6	*+€21,3 M*	**20.9**	(1.9)	*+€22.8 M*
Cash-flow from operations				**30.4**	(3.3)	*+€33.7 M*

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.

In the second half of 2019, Gorgé Group's **revenues** were up +7.0% to €139.3 million (up +10.6% on a like-for-like basis), driven by the performance of all the divisions. In 2019, revenue increased by +8.5% on a reported basis and by +10.8% on a like-for-like basis.

At December 31, 2019, **backlog** reached €606.2 million, the equivalent of more than two years of revenue for the group.

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1 First application of IFRS 16 - Leases as from January 1, 2019 (the impacts are described in the 2019 Universal Registration Document) without applying any retrospective changes for 2018.
2 In the Protection of High-Risk Installations division, Cimlec and its subsidiaries (Cimlec group) were disposed of on July 9, 2019. In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the Cimlec group's contribution is recorded under "Net income from discontinued activities" and not in each line of the income statement.
3 Operating income before "Net depreciation, amortization and provisions", "Other items of operating income" and "Share in the results of associated companies".
4 Operating income before "Net depreciation, amortization and provisions" and "Share in the results of associated companies".

EBITDA increased by +60.4% in the second half of 2019 to €17.4 million, mainly reflecting the strong performance of all divisions. EBITDA margin reached 12.5% in the second half of 2019. Full-year, EBITDA reached an all-time high of €31.7 million. This remarkable growth of +96.1% reflects the strong increase in profitability in all business areas, and benefits, by €6.2 million, from the application of the IFRS 16 - *Leases* standard as of January 1, 2019. The group's EBITDA margin for 2019 was 11.5% compared to 6.4% in 2018.

In the second half of 2019, **EBIT** amounted to €6.3 million, an increase of +€2.4 million. In 2019, it increased by +€7.3 million to €9.5 million.

In full-year 2019, **operating income** amounted to €4.9 million, compared to -€0.6 million in 2018, after other items of operating income of €4.6 million, with in particular restructuring costs in the three divisions for a total of €1.4 million and depreciation and amortization of assets for €2.2 million.

Financial result was -€0.9 million in the second half of 2019, compared to -€0.7 million in the second half of 2018. It amounted to -€1.1 million in full-year 2019, compared with -€1.0 million in 2018.

Taxes were negligible was in second half of 2019, compared to a charge of -€2.1 million in the second half of 2018. It stood at -€2.2 million for the full year, stable compared to 2018.

Net income from discontinued operations, including the gain from Cimlec group disposal net from transaction costs, amounted to €21.3 million in the second half of 2019 compared to €1.4 million in the second half of 2018, and to €21.6 million in 2019.

Group's net result reached a record level of €23 million in the second half of 2019, an increase of +€21.3 million. It reflects the progress in profitability of the divisions and benefits from the capital gain from the disposal of the Cimlec group. In 2019, the group's net profit share was €20.9 million.

Performance by division

€ million		H2 2019	H2 2018	*Change*	2019	2018	*Change*
Smart Safety Systems	Revenue	**55.4**	51.6	*+7.2 %*	**112.5**	102.1	*+10.2 %*
	EBITDA	**10.9**	9.2	*+18.4%*	**20.8**	14.5	*+43.0 %*
	EBITDA margin (%)	***19.6 %***	*17.8%*	*+185 bp*	***18.5%***	*14.2%*	*+423 bp*
	EBIT	**5.7**	5.4	*+€0.3 M*	**9.9**	7.1	*+€2.9 M*
Protection of High-risk Installations	Revenue	**48.3**	45.7	*+5.8 %*	**91.8**	90.9	*+1.0 %*
	EBITDA	**3.2**	0.7	*+€2.6 M*	**5.2**	(0.2)	*+€5.4 M*
	EBITDA margin (%)	***6.7 %***	*1.5%*	*+524 bp*	***5.7%***	*-0.2%*	*+588 bp*
	EBIT	**0.8**	0.6	*+€0.2 M*	**0.9**	(1.3)	*+€2.1 M*
3D Printing	Revenue	**36.0**	33.3	*+7.9 %*	**71.3**	60.9	*+17.1 %*
	EBITDA	**2.7**	1.0	*+€1.7 M*	**5.3**	1.2	*+€4.1 M*
	EBITDA margin (%)	***7.6%***	*3.0%*	*+459 bp*	***7.5 %***	*2.0 %*	*+549 bp*
	EBIT	**(0.5)**	(1.9)	*+€1.4 M*	**(1.5)**	(4.0)	*+€2.5 M*

Smart Safety Systems

In the Smart Safety Systems division, revenue grew by +7.2% in the second half of 2019, driven by growth in the Aerospace business. The Robotics and Simulation activities were merged at the end of the fiscal year to facilitate the implementation of commercial synergies in the defence field. For the year, revenues amounted to €112.5 million, a net increase of +10.2% on a reported basis and +13.1% on a like-for-like basis, excluding SSI and EN Motors sold in 2018.

At December, 31, 2019, the division's backlog reached €526.3 million, a 4.4-fold increase compared to December 31, 2018. It brings exceptional visibility for the next few years.

In the second half of the year, EBITDA amounted to €10.9 million; the decline in the Robotics division, linked to the decline in the Simulation business, was offset by the strong improvement in profitability in the Aerospace division. In full-year 2019, EBITDA increased by +43.0% to €20.8 million, of which €1.9 million was related to the implementation of IFRS 16-Leases standard. EBITDA margin increased from 14.2% in 2018 to 18.5% in 2019, with a superior margin in the second half of the year (nearly 20%).

Operating income was up +€0.3 million in the second half of 2019, to €5.7 million, affected by the lower performance of the Simulation activity within Robotics business. For full-year 2019, it stood at €9.9 million.

Protection of High-Risk Installations

The Protection of High-Risk Installations division recorded revenue growth of +5.8% on a reported basis and +15.1% on a like-for-like basis in the second half of 2019. For full-year 2019, revenues were €91.8 million, up +1.0% on a reported basis and +11.0% on a like-for-like basis. This trend reflects, as expected, the further improvement of all the activities.

The division's backlog stood at €73.8 million at December 31, 2019, down -14.7% from December 31, 2018 and -14.2% on a like-for-like basis. This decline is due to a base effect in 2018 and does not reflect the positive business outlook expected in 2020 for the division.

In the second half of 2019, EBITDA increased to €3.2 million, compared with €0.7 million in the second half of 2018. It improved markedly over the year to €5.2 million, an increase of +€5.4 million thanks to the sharp recovery of the nuclear business. The application of IFRS 16 standard contributes €1.7 million. EBITDA margin was 5.7% over the year.

In the second half of 2019, operating income amounted to €0.8 million compared to €0.6 million in the second half of 2018, and improved by +€2.1 million full-year to €0.9 million.

3D printing

Revenues in the 3D Printing division were up +7.9% in the second half of the year, with both the Systems and Product businesses contributing to this performance. Revenues reached €71.3 million in 2019, up +17.1% compared to 2018 (up +6.3% on a like-for-like basis).

EBITDA in the division showed a marked increase in the second half of 2019 (up +€1.7 million) despite a traditionally unfavorable seasonality in the Products business. As a result, EBITDA amounted to €5.3 million for the year, up +€4.1 million compared to 2018. It takes into account a favorable effect of €2.1 million related to the application of the IFRS 16-*Leases* standard. The division's EBITDA margin increased significantly to 7.5% in 2019, up from 2.0% in 2018.

Operating income continued to improve to -€0.5 million in the second half of 2019 from -€1.9 million in the second half of 2018. Over the year, it improved by +€2,5 million, reaching -€1.5 million in 2019.

Substantially strengthened financial position as of December 31, 2019

The strong improvement in operating cash flow, which increased to €30.4 million in 2019 compared to -€3.3 million in 2018, is one of the major elements of the 2019 financial year. It is the result of the improvement in cash flow to €28.1 million, compared to €9.6 million in 2018, as well as the favorable working capital requirements for €6.4 million.

Cash flow from investments amounted to €2.3 million in 2019, compared to -€21.1 million in 2018, driven by the cash proceeds from the disposal of the Cimlec group. During the year, the group maintained a sustained level of investment in research and development, as well as real estate investments. In terms of external growth, the 3D Printing division has completed the acquisition of Surdifuse-L'Embout Français, paid the earn-out related to Avenao and bought the minority shareholders of a subsidiary.

As of December 31, 2019, the group has a net financial debt (excluding lease debt resulting from the application of IFRS 16 and including treasury shares) of €8.2 million, compared to a net financial debt of €27.7 million as of January 1, 2019.

Dividend proposal

The Board of Directors of Groupe Gorgé will propose to the Shareholders' Meeting, which will take place on 8 June 2020, the distribution of a dividend of €0.35 per share, paid in cash, in respect of the 2019 financial year. If this dividend proposal is approved, the ex-dividend date will be July 1, 2020, and it will be payable in cash on July 3, 2020.

2020 perspectives

In the new context of the Covid-19 crisis, Groupe Gorgé has limited as much as possible activities within its sites in order to preserve the health and safety of its employees and implemented business continuity plan allowing to work with the maximum safety or remotely when possible.

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 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.

In this unprecedented context, Groupe Gorgé has major assets: diversified activities that are not affected by the effects of cycles, a backlog of more than two years of revenue and a solid financial structure.

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

- In the **Smart Safety Systems** division, Robotics should continue to perform very well, bolstered by the robotics order from the Belgian and Dutch navies, which is expected to represent an annual contribution of approximately €15 million. Some major new opportunities for mine hunting contracts have already been identified in several countries and could materialise within the next 36 months.
- In the **Protection of High-Risk Installations** division, the commercial outlook is expected to be good across its markets (firefighting and nuclear). The Oil & Gas business, which now represent less than 4% of revenue, may be affected by the recent drop in the Brent stock price although the group is mainly positioned on gas projects.
- The **3D Printing** division has been working for several years on 3D Printing industrialisation projects in various business sectors. These projects involve a large number of machines dedicated to production applications consuming several tonnes of material. Although no industrial orders were signed in 2019, the Group hopes to receive its first such order in the next few months. The Group also expects a surge in its Materials business, with an increase in volume consumed that will validate the significant investments made in the Machines business over several years.

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Conference call to present the 2019 annual results on Tuesday, March 24 at 10:00 am

The information on the 2019 annual results includes this press release and the presentation available on Groupe Gorgé's website: www.groupe-gorge.com

On March 24, 2020, Raphaël Gorgé, Chairman & CEO, and Loïc Le Berre, Deputy Chief Executive Officer in charge of Finance, will provide the financial community with their comments on the annual results of Groupe Gorgé and respond to questions from analysts during a conference call in French starting 10:00 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: 51465873#

A replay will be available as soon as possible on the Groupe Gorgé investors' website, "Financial documents" section.

About Groupe Gorgé
Founded in 1990, Groupe Gorgé is an independent group that specializes in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. In its thirty-year history, Groupe Gorgé has always developed and driven the latest technological and industrial innovations.

Smart Safety Systems:
Developing complete, innovative technological solutions for complex missions in hostile and confined environments.

Protection of High-Risk Installations:
Protecting people and ensuring the active and passive protection of installations for energy markets and industrial and tertiary sectors in France. Ensuring the maintenance of these protection systems.

3D Printing:
Enabling major industry players to find new routes to successful innovation and production processes by providing 3D printers, premium material, software and 3D printed parts.

The Group reported revenue of €274,6 M in 2019. It is backed by 1,700 employees and operations in 7 countries.

More information on:
www.groupe-gorge.com

Groupe Gorgé is listed on Euronext Paris B
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