



Paris, September 22, 2020, at 6:00 pm

First-half 2020 results

- First-half performance affected by the Covid-19 crisis, but gradual improvement across all businesses
- Available cash and cash equivalents of €21.6 million at June 30, 2020

Prodways Group (Euronext Paris: PWG), specialized in digital manufacturing, today reports its first-half 2020 results.

(€ million)	H1 2020	H1 2019	Change
Revenue	26.8	35.3	-23.9%
EBITDA ¹	1.4	2.6	-€1.1 M
EBIT ²	(2.9)	(1.0)	-€1.9 M
Operating income	(10.0)	(2.4)	-€7.5 M
Financial result	(0.2)	(0.1)	-€0.1 M
Net income	(8.7)	(2.8)	-€5.9 M

The consolidated financial statements for the first half of 2020 were approved by the Board of Directors which met on September 22, 2020. The financial statements have been subject to a limited review by the Statutory Auditors and their reports are in the process of being issued.

The Group's first-half 2020 **revenue** was €26.8 million, down 23.9%. The Group, and in particular the Products division, was adversely affected by the Covid-19 health crisis in second quarter 2020 with situation improving month by month across all businesses.

The Group's **EBITDA¹** remained positive at €1.4 million in first-half 2020, although it was affected by the drop in revenue caused by Covid-19. The Systems division showed strong resilience, up 5.6% in first-half 2020. The Group's continuation of structuring and cost savings initiatives, supplemented by the implementation of government initiatives measures, contributed to this performance. At the same time,

¹ Operating income before "depreciation, amortization and provisions", "other items of operating income" and "Group share of the earnings of affiliated companies".

² Operating income before "other items of operating income" and "Group share of the earnings of affiliated companies".

investments in products and technologies dedicated to industrial-scale production applications continued (albeit reduced) to stimulate future growth. The Group's **EBITDA margin** was down slightly at 5.3% in the first half of 2020, compared with 7.3% in the first half of 2019.

As a result of the foregoing and the increase in depreciation and amortization expenses and provisions, **EBIT** was -€2.9 million in first half 2020, compared with -€1.0 million in first half 2019.

Other items of operating income totaled -€7.0 million in first half 2020, versus -€1.5 million in first half 2019, with no effect on cash. Due to the unusual context of the health crisis, the Group performed in-depth reviews of the value of all its assets this summer. Impairment losses of €6.0 million were recorded with respect to inventory, R&D projects and intangible assets recognized at fair value at the time of acquisition.

Operating income thus stood at -€10.0 million, compared with -€2.4 million in the first half of 2019.

Net income (Group share) was -€8.7 million in the first half of 2020, compared with -€2.8 million in the first half of 2019.

● Performance by division

(€ million)		H1 2020	H1 2019	Change
Systems	Revenue	16.8	21.3	-20.9%
	EBITDA	1.4	1.3	+5.6%
	<i>EBITDA margin (%)</i>	8.1%	6.1%	+205 bp
	EBIT	(1.4)	(0.8)	-€0.6 M
Products	Revenue	9.9	14.2	-30.4%
	EBITDA	0.6	1.8	-64.9%
	<i>EBITDA margin (%)</i>	6.3%	12.5%	-621 bp
	EBIT	(1.0)	0.3	-€1.3 M

The **Systems** division - which includes 3D software, 3D printers and the related materials and services - recorded revenue of €16.8 million in the first half of 2020, down 20.9%, with second-quarter 2020 down 35.1%. Despite the challenging environment, the division maintained strong business momentum: the Software distribution activity won its largest contract ever during the second quarter, and Solidscape signed two contracts to equip its customers in the jewelry sector with several dozen machines.

Despite the drop in revenue, the division's EBITDA continued to grow to €1.4 million, up 5.6% compared with first half 2019. It benefited from the division's structuring, cost reduction, and implementation of government initiatives measures in France, Germany and the United States. The EBITDA margin was 8.1% in first half 2020, compared with 6.1% in first half 2019.



The **Products** division – which comprises the design and manufacturing of parts on demand and medical applications – recorded revenue of €9.9 million in first half 2020, down 30.4% compared with first half 2019. In medical activities (audiology, chiropody and dental), the shutdown of our customers' activity, with the total closure of practitioners' offices (dentists, chiropodists and hearing care professionals) during the lockdown, led to the complete stoppage of all these activities with very short backlogs. The Group has nevertheless recorded a recovery in these activities in June.

This drop in businesses adversely affected the division's EBITDA, which stood at €0.6 million in the first half of 2020. The EBITDA margin was 6.3% in the first half of 2020, compared with 12.5% in the first half of 2019.

● Financial position

Cash flow from operating activities became negative (-€1 million), but the working capital requirement saw a positive change. Operating cash flow was thus positive, at €0.7 million in the first half of 2020.

The Group was granted State Guaranteed Loans totalling €1.2 million and drew €5 million from a confirmed line of credit. At June 30, 2020, available cash thus amounted to €21.6 million. Net cash and cash equivalents³ was €6.5 million, versus net cash and cash equivalents of €9.6 million at December 31, 2019. State Guaranteed Loans receivable by the Group before the end of September, totaling €7.2 million, will further improve the Group's strong liquidity.

● 2020 outlook

The current world-wide crisis has had consequences in many aspects. Besides its social and economic impact, we see an acceleration of the trends that support the development of 3D printing. Manufacturers are rethinking their production models and the Covid-19 crisis has highlighted the need to relocate and have agile production tools that can adapt quickly to demand.

Our performance has improved since June and, while macro uncertainty remains in the near term, we expect the second half of the year to gradually continue on this recovery trend. In the longer term, the Group remains confident in its model and in the opportunities in its markets. Moreover, Prodways Group has a solid financial position with available cash allowing it to seize consolidation opportunities in its markets.

³ Net cash and cash equivalents excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.

**Conference call on Wednesday September 23, 2020 at 8:30 am CET**

On Wednesday, September 23, 2020, Raphaël Gorgé, Executive Chairman, Olivier Strebelle, Chief Executive Officer, and Laurent Cardin, Chief Financial Officer, will comment to the financial community on the Prodways Group half-year results and will answer questions from analysts during a conference call in English starting at 8:30 am (Paris time). The presentation will be available on Prodways Group website: www.prodways-group.com, Financial Information.

To participate in the conference call, you may call any of the following telephone numbers approximately 5 - 10 minutes prior to the scheduled start time:

- France: +33 (0)1 72 72 74 03
- United Kingdom: +44 (0)2 07 19 43 759
- Germany: +49 (0)6 92 22 22 54 29

Access code: 10062727#

A replay will be available as soon as possible on the Prodways Group investors' website, under "Financial information".

Financial calendar

Q3 2020 revenue: October 28, 2020 (after stock market closing)

➊ About Prodways Group

Prodways Group is a specialist in industrial and professional 3D printing with a unique positioning as an integrated European player. The Group has developed right across the 3D printing value chain (software, machines, materials, parts & services) with a high value added technological industrial solution. Prodways Group offers a wide range of 3D printing systems and premium composite, hybrid and powder materials (SYSTEMS division). The company also manufactures and markets parts on demand, prototypes and small production run 3D printed items in plastic and metal (PRODUCTS division). The Group targets a significant number of sectors, from aeronautics to healthcare.

Listed on Euronext Paris, the Group generated revenue of €71.3 million in 2019.

Prodways Group is a Groupe Gorgé company.

For further information: www.prodways-group.com

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