



2020 results in line with forecasts

European digital services group SQLI announces today its 2020 annual results, which were approved on March 5th by the Board of Directors chaired by Philippe Donche-Gay. The statutory auditors have conducted their review of the full-year financial statements

Against a backdrop of an unprecedented pandemic crisis with numerous impacts on customer demand and the company's organisation, the action plan put in place enabled the company to be in line with its forecast communicated alongside the half-year financial statements (above €210m in annual revenue and €6m in recurring operating income).

€m – IFRS – audited data	2019	2020
REVENUE	238.7	213.7
EBITDA ¹	15.1	9.0
RECURRING OPERATING INCOME	13.2	7.2
EBIT	9.7	7.5
NET INCOME	4.7	0.2

STRONG INTERNATIONAL GROWTH, GRADUAL STABILISATION IN FRANCE

In 2020, the Group's activity was underpinned by the strong performance of its international business, which recorded growth of 12.8% over the year (€101m). This increase was the result of 4% organic growth and the integration of Redbox Digital, an e-commerce agency based in the United Kingdom and the Middle East, in March 2020. The international business now accounts for 47% of the Group's revenue in 2020 (up by 10 percentage points in one year).

The business in France (down 24% to €115m) was heavily impacted by the Covid-19 crisis, particularly in the transport and financial services sectors, and the streamlining of the offering portfolio since the end of 2019. Measures taken as a response to the crisis have gradually improved the employment rate, which rose from a low point of 75% in the second quarter to 80% in the last quarter.

GOOD RESILIENCE IN EBIT AND POSITIVE NET INCOME

The growth in the international business had a positive impact on the recurring operating margin outside France, which increased 0.3 percentage points to 10.4% of revenue. In France, the sharp downturn in activity generated a recurring operating loss of €3.3m, or -2.9% of revenue. SQLI ended the financial year with consolidated recurring operating income of €7.2m (€6.0m in forecast), which includes the impact of government support measures during the crisis (€3.0m).

¹ EBITDA = earnings before interest, tax, depreciation and amortisation (excl. IFRS 16)

With the net amount of non-recurring operating income and expenses totalling €0.3m (-€3.5m in 2019), EBIT amounted to €7.5m compared to €9.7m a year earlier.

Taking into account the cost of net financial debt (€2.3m) and an income tax expense of €4.9m (including the cancellation of deferred taxes for €1.4m), the Group's net income came to €0.2m.

SOLID CASH GENERATION BY THE BUSINESS

Cash generation through operations was driven by positive operating cash flow (€6.2m before the impact of IFRS 16) and by a €12.1m reduction in working capital requirements. This strict financial discipline, combined with raising additional funds via a state-guaranteed loan of €25.0m, enabled SQLI to post gross cash of €39.8m at the end of the year (€20.1m at end-2019), while significantly reducing its use of factoring.

Net financial debt, excluding lease obligations (IFRS 16)², stood at €15.7m, down significantly compared to 30 June 2020 (€21.3m) and close to its level of 31 December 2019 (€14.5m), which is in line with its targets and did not require the use of factoring (decreased by €12m in one year). The debt ratio therefore remains under control at 17% of equity (€94.3m) and 1.7 times EBITDA.

SQLI will convert the state-guaranteed loan into medium-term financial debt to support further expansion.

NEW PROFITABLE GROWTH TRAJECTORY FROM 2021

In recent months, SQLI's management has focused on optimising its market focus and organisation to reposition itself onto a path of profitable growth. In 2021, the Group is aiming at resuming growth in France in the second quarter and maintaining the positive momentum internationally, with the overall goal to increase its consolidated revenues at a high single digit trend in the second half of 2021 and increase its consolidated recurring operating margin by 2 percentage points on a full year bases.

Beyond 2021, SQLI intends to take advantage of the vast opportunities offered by the European digital experience market, fuelled by the growth of experience platforms, e-commerce and digitisation of the workplace. This will enable the Group to achieve steady organic growth and continuously improve its recurring operating margin.

In 2021, the Group will also prepare a new external growth cycle, which is expected to begin in 2022, targeting companies in France and abroad of significant size.

SQLI will announce its Q1 2021 revenue on 27 April 2021 after the close of trading.

Receive SQLI financial news free of charge by e-mail by signing up at: www.actusnews.com

About SQLI: Founded in 1990, SQLI is an international digital services group that combines the best technologies and methods to create user focused applications and services and e-commerce solutions that enhance the customer experience.

Its unique positioning as a trade, technology and skills transformation specialist, combined with the production capacity of its digital services centres, enable SQLI Group to help European key accounts increase their sales, reputation and internal performance over the long term.

SQLI's 2,100 employees are spread over 14 countries: France, Switzerland, Luxembourg, Belgium, the United Kingdom, Ireland, Germany, Sweden, Netherlands, Denmark, Spain, Dubai, South Africa and Morocco. SQLI posted revenue of €214m in 2020 and has been listed on Euronext Paris (SQLI) since 21 July 2000.

<https://www.sqli.com>

Follow SQLI on [LinkedIn](#)

Follow SQLI on [Facebook](#) and [Twitter](#)

INVESTOR RELATIONS

OLIVIER STEPHAN – +33 (0)1 85 64 20 20 – OSTEPHAN@SQLI.COM
JEROME FABREGUETTES-LEIB – +33 (0)1 53 67 36 78 – JFL@ACTUS.FR

FINANCIAL PRESS RELATIONS

NICOLAS BOUCHEZ – +33 (0)1 53 67 36 74 – NBOUCHEZ@ACTUS.FR

² Lease liabilities due over more than one year amounted to €19.0m, while those due in less than one year came to €8.3m.

€m – IFRS – audited data	2019	2020
REVENUE	238.7	213.7
Net expenses including IFRS 16	8.1	8.6
EBITDA	15.1	9.0
Other allowances for amortisation and provisions	(1.9)	(1.8)
RECURRING OPERATING INCOME	13.2	7.2
Other non-recurring operating income and expenses	(3.5)	0.3
EBIT	9.7	7.5
Cost of net financial debt	(2.2)	(2.3)
Other financial income and expenses	0.5	(0.1)
Tax expense	(3.3)	(4.9)
NET INCOME	4.7	0.2