

Strategic refocusing of activities: Groupe Gorgé plans to sell the Engineering & Protection Systems division and to adopt a new identity, Exail Technologies

Groupe Gorgé announces its project to sell its Engineering & Protection Systems division to its main shareholder, the Gorgé family, for an equity value of €27 million, implying an enterprise value of €47 million. The group would thus increase its clarity and focus on robotics and critical high-tech systems, particularly in the naval and maritime sectors. On this occasion, Groupe Gorgé would be renamed Exail Technologies, to reflect the completion of its transformation. This proposed disposal has been the subject of a report on the value of the division and the fairness of the sale price by an independent expert and will be submitted to shareholders for approval at a Combined General Meeting to be held on 8 December 2022.

The final stage in the simplification of the group

Initiated in 2018, the strategy of refocusing the group's activities has been deployed through several key steps: the sale of certain subsidiaries positioned in highly cyclical sectors (automotive, Oil & Gas), the distribution of Prodways Group shares, the reinforcement in ECA Group and recently the acquisition of iXblue. The combination of iXblue and ECA Group (a subsidiary of Groupe Gorgé) has created a global industrial champion in high technology specializing in robotics, maritime navigation, aerospace and photonics, which now operates under a single brand, Exail (www.exail.com), replacing the ECA and iXblue brands.

Groupe Gorgé is today proposing to its shareholders to finalize the simplification of its activities with the sale of the Engineering & Protection Systems (EPS) division, comprising three activities: security doors for the nuclear industry (subsidiary Baumert, 100% owned), fire protection (subsidiary VPI, 70% owned) and consulting in engineering and technology (subsidiaries SERES, 70% owned, and StedY, 65% owned). This division operates in interesting markets but far from Exail's activities.

An offer that values the EPS division at 25x EBITDA in 2022

In 2021, the activities divested of the EPS division generated revenues of €87 million, current EBITDA of €1 million and operating income of -€3.4 million. The transaction proposed by the Gorgé family, through the company Pélican Venture, was subject to a condition precedent relating to the obtaining of an order in the United Kingdom in the nuclear doors activity. The continuity of this business could have been threatened in the absence of this contract. This condition was lifted on October 20. The offer concerns Groupe Gorgé's entire stake in the EPS division for an equity value of €27 million, implying an enterprise value of €47 million, i.e. 25x estimated current EBITDA in 2022 and 8x estimated current EBITDA in 2023¹.

¹ Enterprise value in the independent expert's report based on the estimated net financial debt of the companies in the EPS division at 31 December 2022. EBITDA multiples are calculated on the basis of the definition of current EBITDA used by Groupe Gorgé, excluding the application of IFRS 16.

The offer has been examined by the Crowe firm, which has carried out an independent appraisal, and whose report will be available on the Groupe Gorgé website in the coming days. Its conclusions attest to the fair valuation of the EPS division and the fairness of the terms of the transaction for all Groupe Gorgé shareholders.

The proposed sale will be submitted for shareholder approval at a Combined General Meeting to be held on 8 December 2022². The Board of Directors of Groupe Gorgé unanimously recommends the approval of this transaction, taking into account :

- the conclusions of the independent expert;
- the valuation of the EPS division, in line with the latest known comparable transactions;
- the interest of the group's shareholders in the rapid completion of the simplification of activities.

Positive impacts for Groupe Gorgé

The transaction would allow the finalization of the simplification of the activities in a single operation that would be completed by the end of February 2023, subject to the approval of the General Meeting.

This sale would generate €27 million in cash (corresponding to the value of the equity sold in the EPS division) and would have a significant positive impact on the group's net income. The company's growth and profitability profile would also be improved.

In addition, the group would benefit from increased clarity, a better profile on the stock markets and could benefit from a better valuation, which has been penalized for many years by the diversity of its activities.

Greater clarity and a new identity: Exail Technologies

As a consequence of this operation, Groupe Gorgé proposes to adopt a new identity to reflect the group's transformation and would be renamed Exail Technologies, taking the name of its main subsidiary. This change of name will be submitted to a vote at the Combined General Meeting and will be conditional on the acceptance of the sale of the EPS division.

With this new identity and its simplified activities, Exail Technologies will be able to start the year 2023 on a clear basis and focus on the execution of its ambitious plan to generate more than €500 million in revenues and 25% EBITDA margin by 2025-2026.

A new strong shareholder for the ISP business

Pélican Venture is a group of companies created by Jean-Pierre Gorgé in the early 1990s. The main subsidiary of Pélican Venture is Groupe Gorgé (44% of the capital and 61% of the voting rights). Pélican Venture also became the largest shareholder of Prodways Group in 2021 following the distribution of Prodways Group shares by Groupe Gorgé. Pélican Venture generated consolidated revenues of €277 million in 2021, resulting in operating income of €19 million and net income of €8.3 million in group share.

Pelican Venture's ambition is to continue to develop the companies in the EPS division by involving key managers in the industrial, economic and social projects of the companies in the division.

² In accordance with regulations, the Gorgé family, main shareholder of Groupe Gorgé (indirectly via Pelican Venture and directly), will not participate in the vote concerning the proposed sale at the Combined General Meeting and did not take part in the debate and deliberation concerning this transaction at the Board of Directors meeting.

Appendix

Operating income of the companies considered in the disposal of the EPS division

<i>(en millions d'euros)</i>	2021	H1 2022
Revenues	87,4	45,3
Current EBITDA ¹	1,0	1,3
Current EBITDA margin (%)	1,2%	2,9%
Income from ordinary activities ²	-3,4	-0,4
Operating income	-2,7	-1,4

Definitions of alternative performance indicators

- **Current EBITDA:** Operating income before “depreciation, amortization and provisions”, “other items of operating income” and “Group share of the earnings of affiliated companies”.
- **Income from ordinary activities:** Operating income before “other items of operating income” and “Group share of the earnings of affiliated companies”.



About Groupe Gorgé

Groupe Gorgé is a high-tech industrial group driven by a strong entrepreneurial culture. The Group generated revenue of €178 million in 2021. It is present in drones, engineering and protection systems and now employs around 2,000 people.

[More information on www.groupe-gorge.com](http://www.groupe-gorge.com)

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

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