

Press release
Paris, November 19, 2019 – 6 pm

Third-quarter 2019 sales

- **Q3 2019 in continuity with the first half of the year**
- **Strengthening the sustainability of the business model through its high recurrence**
- **Note: exceptional 11-month year in FY 2019; year ends on 12/31/2019**

ESI Group, Paris, France, (ISIN code: FR0004110310, Symbol: ESI), today released its sales for the third quarter of 2019¹ (period from August 1 to October 31, 2019).

ESI Group provides mission critical software and solutions to leaders in several industries including Automotive, Aerospace, Heavy Industry, Energy and Defense. Specialist in material physics, ESI has developed a unique proficiency in helping industrial manufacturers replace real prototypes by virtual prototypes, allowing them to virtually pre-certify, manufacture, and maintain an asset, thus boosting both asset and organization performance.

Sales (€m)	2019	2018	Change	
			Current rate	Constant rate
Q3 Licenses	20.7	20.6	+0.5%	-2.9%
Q3 Services	7.9	7.4	+6.6%	+4.5%
Q3 Total	28.6	28.0	+2.1%	-0.9%
9 months Licenses	61.5	60.0	+2.6%	-0.5%
9 months Services	21.8	21.2	+2.9%	+1.1%
9 months Total	83.4	81.2	+2.7%	-0.1%

9-month comparison

Over the first nine months of the 2018/19 financial year, ESI Group recorded sales growth of +2.7%, supported by a favorable currency impact (-0.1% cer i.e. constant exchange rates).

Revenues from License sales increased by +2.6% (-0.5% cer), representing 74% of total revenues. The rental installed base increased by +5.7% supported by the strong recurrence of the Licenses activity (82.5%). The New Business showed a slight cyclical decrease. The growing relative weight of recurring revenue increases both the predictability and sustainability of the business.

Sales of Services (Consulting) increased by +2.9% and represented 26% of sales over the period. Such consulting engagements habitually drive subsequent implementation of Licenses for new or existing customers.

ESI Group's global value proposition and its ability to operate in global markets is a highly valuable competitive advantage in supporting its clients. Over the first nine months of the year, sales growth was achieved in all regions: Americas (+6.2%), Asia (+3.0%) and EMEA (+0.9%).

¹ Exceptionally, 11-month financial year ending on 12/31/2019, following the approval of the AGM meeting on July 18, 2019.

Third-quarter year to year comparison

Q3 2019 sales were nearly stable (+2.1%, -0.9% cer), compared to a strong double-digit growth in Q3 2018. The change breaks down into stable License sales (+0.5%, -2.9% cer) and higher Services (+6.6%, +4.5% cer).

Cristel de Rouvray, Chief Executive Officer of ESI Group, comments:

"We continue to strengthen our business model based on a high revenue recurrence. We generate ever more synergies on our installed base, particularly with our largest customers. These long-standing partners, like [Renault-Nissan](#) and [Volkswagen](#), face their own transformation juggling between innovation and productivity: It's all about their performance! In this context, they reaffirmed the strong strategic dimension of our support in recent months. Our operational transformation is in full swing and continues to be one of my top priorities. We are confident in our ability to grow over numerous years to come and return to a stronger dynamic of profitable growth."

Important note: change in fiscal year closing

The annual general meeting on July 18, 2019 voted to approve a resolution to close the company's fiscal year on December 31 of each year. Accordingly, fiscal 2019 will run exceptionally for 11 months. To ensure the comparability of financial information, pro-forma financial statements will be published as of the announcement of 2019 revenue to facilitate projections of future performance.

Upcoming events

2019 Revenue
February 13, 2020

2019 Results
March 24, 2020

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About ESI Group

[ESI Group](#) is a leading innovator in [Virtual Prototyping](#) software and services. Specialist in material physics, ESI has developed a unique proficiency in helping industrial manufacturers replace physical prototypes by virtual prototypes, allowing them to virtually manufacture, assemble, test and pre-certify their future products. Coupled with the latest technologies, Virtual Prototyping is now anchored in the wider concept of the Product Performance Lifecycle™, which addresses the operational performance of a product during its entire lifecycle, from launch to disposal. The creation of a [Hybrid Twin™](#), leveraging simulation, physics and data analytics, enables manufacturers to deliver smarter and connected products, to predict product performance and to anticipate maintenance needs.

ESI is a French company listed in compartment B of NYSE Euronext Paris. Present in more than 40 countries, and addressing every major industrial sector, ESI Group employs about 1200 high-level specialists around the world and reported annual sales of €139 million in 2018.

For further information, go to www.esi-group.com.

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