



Quadient – Strong rebound in Q3 2020 driven by improved organic performance across all solutions, and upgraded 2020 outlook

Improved organic performance driven by all solutions

- **Total sales of €258 million in Q3 2020, down 3.0%¹ organically** vs. Q3 2019, confirming the rebound from the lows in April
- **Major operations slightly down by 1.8% on an organic basis**, a strong improvement vs. Q2 2020 (-12.0%), primarily reflecting:
 - **Double-digit growth in Business Process Automation and Parcel Locker Solutions activities** and improved trend for Mail-Related Solutions and Customer Experience Management businesses
 - **Strong performance in North America with positive organic growth (+2.3%)**, fueled by double-digit revenue increase for each of the growth engines, and a solid increase in International sales (+4.1%)
 - **Robust performance of recurring revenue (-0.8%)** and strong improvement in license/hardware sales trend (-4.3%)

Strong business and operational execution

- **Continued dynamic momentum** with new customer wins (KUB, Frasers), product launches (new Distribute module for the Impress platform) and industry recognitions (Syntec, PPTI, ISS ESG)
- **Ongoing active cost management** to protect profitability
- **Strong liquidity position** maintained during Q3 2020

Full-year 2020 upgraded outlook

Thanks to its business portfolio, Quadient is uniquely positioned to continue to benefit from the acceleration of the shift towards digital solutions and e-commerce booming.

Taking into account the improved performance recorded in Q3 2020, full-year 2020 expected sales and current EBIT² are upwardly revised. Q4 2020 sales performance will be especially driven by continuous growth in Business Process Automation and Parcel Locker Solutions activities.

Quadient expects for full-year 2020^{3,4}:

- **Organic sales decline of around 9% compared to full-year 2019;**
- **Current EBIT² in the range of €140 million to €145 million⁵;**
- **Free cash flow⁶ above €100 million⁵.**

Paris, 23 November 2020,

Quadient (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, today announces its third-quarter 2020 consolidated sales.

Geoffrey Godet, Chief Executive Officer of Quadient, stated: *“We are very pleased with the strong rebound in revenue trend recorded in the third quarter of 2020 in all our solutions and in every geography. As the economy has been recovering from the impact of the lockdowns, Quadient has taken full advantage of its truly unified organization and benefitted from multiple synergies across the board, from commercial cross-selling to back-office efficiencies and from mutualized R&D to more integrated supply chains and logistics.*

The success of our newly-launched software solutions provides strong evidence of the valuable synergies generated by our combined R&D platform to offer our clients critical multi-channel communications tools supporting small and medium-sized companies in their efforts to digitize their internal processes and larger entities, such as government services, utilities or financial services, in their ability to personalize their communication flows and improve customer experience.

¹ Q3 2020 sales are compared to Q3 2019 sales, from which is deducted revenue from ProShip for an amount of €3.6 million and to which is added revenue from YayPay for an amount of €0.3 million. They are also restated of a €9.1 million negative currency impact over the period.

² Current operating income before acquisition-related expenses.

³ Excluding new drastic unfavorable development related to the COVID-19 health crisis and unforeseen worsening economic environment in the last quarter.

⁴ The indications given up to 2022 as part of the “Back to Growth” plan remain suspended.

⁵ Based on H1 2020 average exchange rates.

⁶ Cash flow after capital expenditure.



The value brought by our software solutions enabled us to record strong double-digit growth in Business Process Automation, including an impressive growth in YayPay, our newly acquired US fintech. In the meantime, our Customer Experience Management software solutions have continued to benefit from new client gains.

In our smart hardware businesses, we recorded strong double-digit growth in Parcel Lockers Solutions, demonstrating the relevance of our smart lockers for retailers, carriers and property managers in the context of further e-commerce booming, while our Mail Related Solutions also recorded a much better performance thanks to a substantial rebound in equipment sales and supplies.

Against the backdrop of this strong rebound, we are upgrading our guidance for full-year 2020. Our sales performance will continue to be supported by strong growth in both Business Process Automation and Parcel Locker Solutions. We also continue to successfully adapt our operating expenses to best optimize our profitability. We keep on prioritizing our growth investments without giving up on new product launches. And we maintain a very healthy balance sheet as well as a strong liquidity position.”

STRONG REBOUND IN Q3 2020 ORGANIC SALES PERFORMANCE

In the third quarter of 2020, **consolidated sales** amounted to €258 million, a contained decline of -7.4% compared to the third quarter of 2019. Organic change was -3.0% (excluding currency impact and scope effect related to the divestment of ProShip in February 2020 and the acquisition of YayPay at the end of July 2020⁷), a sharp improvement versus Q2 2020 (-14.6%).

Quadiant’s strategy is to promote recurring revenues in all solutions, particularly through SaaS⁸ subscription and rental sales. In Q3 2020, the Group has experienced a strong rebound in both recurring revenue (-2.1%) and license/hardware sales (-5.0% vs. -29.0% in Q2 2020).

Change in Q3 2020 sales

In million euros	Q3 2020	Q3 2019	Change	Change at constant rates	Organic change
Major Operations	229	242	-5.3%	-1.7%	-1.8%
Customer Experience Management	31	33	-8.0%	-4.1%	-4.1%
Business Process Automation	18	15	+19.7%	+22.1%	+20.0%
Parcel Locker Solutions	21	18	+23.5%	+28.9%	+28.9%
Mail-Related Solutions	159	176	-9.8%	-6.3%	-6.3%
Additional Operations	29	36	-21.2%	-20.5%	-11.8%
Group total	258	278	-7.4%	-4.2%	-3.0%

In million euros	Q3 2020	Q3 2019	Change	Change at constant rates	Organic change
Major Operations	229	242	-5.3%	-1.7%	-1.8%
North America	127	132	-3.5%	+2.5%	+2.3%
Main European countries ^(a)	90	98	-8.3%	-8.2%	-8.2%
International ^(b)	12	12	-1.5%	+4.1%	+4.1%
Additional Operations	29	36	-21.2%	-20.5%	-11.8%
Group total	258	278	-7.4%	-4.2%	-3.0%

(a) Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, United Kingdom.

(b) International includes the activities of Parcel Lockers Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries. The breakdown of Q3 2019 revenue by segment and activity has been restated accordingly.

⁷ YayPay has been consolidated since 31 July 2020

⁸ SaaS = Software as a Service



Major Operations supported by improved performance in each solution

In the third quarter of 2020, **Major Operations** recorded revenue of €229 million (89% of total sales), slightly down by 1.8% on an organic basis compared to the third quarter of 2019, a sharp improvement from Q2 2020 (-12.0%). This reflected a robust performance of recurring revenue (72% of Major Operations sales), down 0.8% organically compared to Q3 2019 (vs. -5.3% in Q2 2020), as well as strongly improved trend for license/hardware sales (-4.3% vs. -27.6% in Q2 2020).

Sales in **North America** (56% of Major Operations sales) posted a strong performance with positive organic growth in Q3 2020 (+2.3%), a sharp improvement versus Q2 2020 (-7.7%), driven by strong double-digit revenue increase for each of the growth engines and improved business trend in Mail-Related Solutions.

Main European countries posted much lower organic sales decline in Q3 2020 (-8.2%) compared to Q2 2020 (-18.1%), benefiting from double-digit growth in Business Process Automation revenue.

The **International** segment posted a solid organic sales increase in Q3 2020 (+4.1%), returning to positive growth after a decline in Q2 2020 (-4.2%), driven by a strong increase in rental revenue from Parcel Locker Solutions in Japan.

Customer Experience Management

In the third quarter of 2020, **Customer Experience Management** sales stood at €31 million, down 4.1% organically compared to the third quarter of 2019 (vs. -11.0% in Q2 2020). Recurring revenue (74% of Customer Experience Management sales) continued to show a very good resilience (-1.3%), driven by an ongoing strong growth in revenue from *SaaS* subscription and increase in maintenance revenue. This performance was offset by a decline in professional services revenue, mainly operated on-site and thus still affected by social distancing measures.

License sales (-11.3%) recorded much improved trend versus Q2 2020 (-31.1%), driven by several deals in the United States and the United Kingdom, including in new verticals (Government and Utilities).

Sales in North America continued to record strong double-digit growth. Conversely, main European countries posted a decrease in revenue (mainly in professional services), despite strong double-digit growth in the United Kingdom. International sales were lower due to a high comparable base in Q3 2019.

Business Process Automation

In the third quarter of 2020, **Business Process Automation** sales stood at €18 million, up +20.0% organically compared to the third quarter of 2019, returning to double-digit growth level after a 2.5% decline in Q2 2020.

Recurring revenue recorded strong double-digit growth (+34.6%), representing 87% of Business Process Automation sales in Q3 2020, driven by a significant increase in revenue related to volume-based usage, including a positive catch-up effect in the property management sector in France, as well as ongoing strong growth in *SaaS* revenue, due to an increased customer base recorded in the prior quarters. In addition, the Group continued its campaigns to accelerate new customer acquisitions under this subscription model across all regions. Lastly, sales benefited from the impressive growth of YayPay, the recently acquired US fintech specialized in Accounts Receivable automation, with a triple-digit growth year-on-year.

License sales (-31.4%), which represent a relatively small portion of Business Process Automation revenue, were still strongly impacted, even if the traction of bundled offers with Mail-Related Solutions has resumed during the quarter.

Parcel Locker Solutions

In the third quarter of 2020, **Parcel Locker Solutions** sales stood at €21 million, up +28.9% organically compared to the third quarter of 2019 (vs. -1.9% in Q2 2020).

Recurring revenue, representing 47% of Parcel Locker Solutions sales in Q3 2020, posted a sustained good performance (+19.0%) with a continued double-digit growth in rental-based revenue as well as strong growth in subscription revenue. In addition, recurring revenue benefited from a sustained increase in sales related to maintenance and consumption/usage activity.

Hardware sales (+39.2%), which posted a sharp improvement versus Q2 2020 (-27.5%), were fueled by strong dynamics in the US Retail sector due to the rollout of new lockers as part of the contract with Lowe's. Sales also benefited from Quadiant's first customer gains in the property management sector in the UK, leveraging Parcel Pending's know-how and product offer.



Mail-Related Solutions

In the third quarter of 2020, **Mail-Related Solutions** sales stood at €159 million, down 6.3% organically compared to the third quarter of 2019, experiencing improved business conditions versus Q2 2020 (-13.9%).

Recurring revenue (-5.4%), representing 73% of Mail-Related Solutions sales in Q3 2020, benefited from improved trend in consumption-related revenue (supplies) as usage has started to return, and strong resilience of other recurring revenue, which are secured by multi-year contracts.

Hardware sales (-8.7%) posted a much improved performance versus Q2 2020 (-25.5%), driven by a continued recovery in new placements from the lows of April, with all three segments (small, medium and large accounts) improving but production mail lagging behind. Business trends improved sequentially across all regions, especially in North America and France/Benelux region. Furthermore, backlog remains high in Q3 2020 compared Q3 2019.

Additional Operations

In the third quarter of 2020, **Additional Operations** recorded revenue of €29 million (11% of total sales), down 11.8% on an organic basis compared to the third quarter of 2019, a material improvement versus Q2 2020 (-32.5%). This reflected improved revenue from export business (e.g. OEM contracts with third-party distributors for mail equipment). Revenue from the Graphics activity continued to decline. Lastly, the segment benefited from an increase in revenue from Automated Packing Systems (CVP), with 4 units sold Q3 2020 (vs. 5 units in Q3 2019), of which 2 units of higher-end CVP Everest products.

9M 2020 SALES

Change in 9M 2020 sales

<i>In million euros</i>	9M 2020	9M 2019	Change	Change at constant rates	Organic change
Major Operations	666	725	-8.2%	-7.6%	-7.6%
<i>Customer Experience Management</i>	92	98	-6.2%	-5.1%	-5.1%
<i>Business Process Automation</i>	49	45	+7.7%	+8.1%	+7.5%
<i>Parcel Locker Solutions</i>	53	46	+16.4%	+16.9%	+16.9%
<i>Mail-Related Solutions</i>	472	536	-12.0%	-11.4%	-11.4%
Additional Operations	77	110	-30.1%	-28.9%	-23.6%
Group total	743	835	-11.1%	-10.4%	-9.6%

<i>In million euros</i>	9M 2020	9M 2019	Change	Change at constant rates	Organic change
Major Operations	666	725	-8.2%	-7.6%	-7.6%
<i>North America</i>	366	382	-4.2%	-3.1%	-3.1%
<i>Main European countries^(a)</i>	263	307	-14.5%	-14.6%	-14.6%
<i>International^(b)</i>	37	36	+2.6%	+4.6%	+4.6%
Additional Operations	77	110	-30.1%	-28.9%	-23.6%
Group total	743	835	-11.1%	-10.4%	-9.6%

(a) Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, United Kingdom.

(b) International includes the activities of Parcel Lockers Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries. The breakdown of 9M 2019 revenue by segment and activity has been restated accordingly.

In 9M 2020, **consolidated sales** stood at €743 million, down 9.6% organically⁹ compared to 9M 2019 (excluding currency impact and scope effect related to the divestment of ProShip in February 2020 and the acquisition of YayPay in July 2020¹⁰).

⁹ 9M 2020 sales are compared to 9M 2019 sales, from which is deducted revenue from ProShip for an amount of €7.8 million and to which is added revenue from YayPay for an amount of €0.3 million. They are also restated of a € 6.0 million negative currency impact over the period.

¹⁰ YayPay has been consolidated since 31 July 2020.



After an organic sales decline of 12.8% recorded in the first half of the year, Quadiant benefited from improved business trend during the third quarter (-3.0%), driven by its growth engines, particularly in North America, and a sequential recovery of Mail Related Solutions activity since the lows of April.

Major Operations sales stood at €666 million in 9M 2020, down 7.6% organically compared to 9M 2019, supported by the resilience of recurring revenue (-3.3%).

Customer Experience Management sales stood at €92 million in 9M 2020, down 5.1% organically compared to the 9M 2019. Recurring revenue (-2.1%) benefited from ongoing strong growth in revenue from *SaaS* subscriptions and higher maintenance revenue, offset by the impact of social distancing measures on professional services. License sales (-13.3%) reflected a stronger upsell activity with existing account and a slower acquisition of new customers in the social distancing context.

Business Process Automation sales amounted to €49 million in 9M 2020, up 7.5% organically compared to 9M 2019. As for Customer Experience Management, the activity continued to experience a sustained demand for digital solutions under *SaaS* model, positively impacting recurring revenue (+20.4%). In addition, recurring revenue also benefited from the impressive growth of Yappay, which delivered triple-digit revenue growth compared to the third quarter of 2019. License sales (-39.6%) were affected by the lower traction of bundled offers with Mail-Related Solutions as social distancing measures made more difficult the placement of new hardware equipment during the period.

Parcel Locker Solutions sales stood at €53 million in 9M 2020, up 16.9% organically compared to 9M 2019. Recurring revenue (+29.0%) benefited from strong double-digit growth in rental-based revenue in Japan as a result of an increased installed base, sustained subscription sales in the Property Management sector in the US, as well as higher revenue related to maintenance and consumption/usage activity. The increase in hardware sales (+3.9%) reflected strong dynamics in the US Retail sector in the third quarter, driven by the contract with Lowe's, partially offset by lower sales from the property management and corporate/university sectors due to delays in installations and new building projects as a result of the social distancing measures and the economic context.

Mail-Related Solutions sales amounted to €472 million in 9M 2020, down 11.4% organically compared to 9M 2019. Recurring revenue (-7.7%) proved resilient in the period, most of revenue being secured by multi-year contracts, except for consumables (ink cartridges), which were impacted by lower usage particularly during the lockdowns. The decline in hardware sales (-21.3%) reflected the impact of social distancing measures on new placements, especially for large deals, although this decline was less marked in North America. Since the lows of April, Mail-Related Solutions revenue have been experiencing a progressive recovery, driven in particular by hardware sales and supplies.

Additional Operations sales stood at €77 million in 9M 2020, down 23.6% organically compared to 9M 2019.

FULL-YEAR 2020 UPGRADED OUTLOOK

Thanks to its business portfolio, Quadiant is uniquely positioned to continue to benefit from the acceleration of the shift towards digital solutions and e-commerce booming.

Taking into account the improved performance recorded in Q3 2020, full-year 2020 expected sales and current EBIT¹¹ are upwardly revised. Q4 2020 sales performance will be especially driven by continuous growth in Business Process Automation and Parcel Locker Solutions activities.

Quadiant expects for full-year 2020^{12,13}:

- Organic sales decline of around 9% compared to full-year 2019 (*vs. around 10% previously stated*);
- Current EBIT¹¹ in the range of €140 million to €145 million¹⁴ (*vs. €135-145 million previously stated*);
- Free cash flow¹⁵ above €100 million¹⁴ (*unchanged*).

¹¹ Current operating income before acquisition-related expenses.

¹² Excluding new drastic unfavorable development related to the COVID-19 health crisis and unforeseen worsening economic environment in the last quarter

¹³ The indications given up to 2022 as part of the "Back to Growth" plan remain suspended.

¹⁴ Based on H1 2020 average exchange rates.

¹⁵ Cash flow after capital expenditure.



Q3 2020 BUSINESS HIGHLIGHTS

Repayment of all borrowings contracted under US private placements, for a total of USD 115 million

On 4 September 2020, Quadiant proceeded to the repayment of all borrowings contracted under US private placements, for a total amount of 115 million US dollar. On top of the mandatory repayment of 30 million US dollar scheduled for September 2020, Quadiant decided the early repayment of 85 million US dollar of debt, maturing in 2021 (35 million US dollar) and 2022 (50 million US dollar). This operation is in the straight continuation of the Group's policy aiming at managing its balance sheet in a dynamic way and at optimizing its financing resources. The impact on the Group's cost of net debt will be slightly positive over the remaining term of the early-repaid borrowings.

Major contract in the US retail sector with Lowe's

In September 2020, Quadiant announced it signed with Lowe's, an US-based retail chain specializing in home improvement, a major contract for the deployment of Parcel Lockers Solutions in the US retail sector. The nationwide rollout of more than 1,700 self-service parcel lockers is planned. Lowe's ranks amongst the top 10 US retailers with more than 2,200 stores.

Quadiant's innovation recognized by 2020 Parcel and Postal Technology International Awards

On 15 October 2020, Quadiant announced that CVP Everest automated packaging system has been selected as the "Sorting and Fulfillment Technology of the Year" by the 2020 Parcel and Postal Technology International (PPTI) Awards.

Quadiant achieves 12th position in the overall ranking published by Syntec Numérique, EY and Tech'In France

On 20 October 2020, Quadiant announced that it has placed third in the annual ranking of French software publishers and developers in the Horizontal French Publishers' Category, according to the Top 250 Panorama published by software industry associations Syntec Numérique and Tech'In France and consultancy firm EY. Quadiant achieved the 12th position in the overall ranking. The Top 250 Panorama lists French software publishers and developers according to their sales in software publishing.

Quadiant expands Impress platform with new cloud-based document delivery solution, Quadiant® Impress Distribute

On 26 October 2020, Quadiant announced the launch of Quadiant® Impress Distribute, a new cloud-based document delivery solution removing the distraction and laborious task of preparing and sending outbound communications. Impress Distribute allows users to send mail from their desktops –on-site or remotely– and enables employees to focus instead on higher-value, core tasks, optimizing the flow of business. Quadiant Impress Distribute is now available in the US, UK and the Netherlands. The scalability and reliability of Quadiant Impress platform is a result of the same centralized research and development software team who created the award-winning Quadiant Inspire platform within Customer Experience Management.

Quadiant obtains ISS ESG's "Prime" recognition for its commitment to Corporate Social Responsibility

On 29 October 2020, Quadiant announced that it has once again achieved Prime status by ISS ESG in recognition of its activities related to various environmental, social and corporate governance indicators. This status is given to companies with an ESG performance above the sector-specific prime threshold. Quadiant's 2020 results reflect its commitment and continuous efforts to Corporate Social Responsibility (CSR).

POST-CLOSING EVENTS

Knoxville Utilities Board Improves Customer Experience by Using Quadiant Inspire to Redesign Monthly Bill

On 3 November 2020, Quadiant announced that the Knoxville Utilities Board (KUB) is using Quadiant® Inspire for a complete redesign of its monthly utility bill to make it clearer and easier to understand for an improved customer experience. KUB is the largest provider of gas, electric, water and wastewater services for Knox County, Tennessee and seven adjacent counties. Although the organization operates in a non-competitive environment, KUB has a strong commitment and tradition of serving its 468,000 customers in the most efficient and effective ways possible.

Frasers Group invests in Quadiant's high-speed automated packaging technology

On 19 November 2020, Quadiant announced that it is to supply retail giant, Frasers Group, with its latest CVP Everest fit-to-size automated packaging system – capable of tailor-making 1,100 right-size ecommerce packages per hour. Frasers Group will use Quadiant's most advanced automated packaging system to build exact-sized packages for individual ecommerce orders, single or multiple items, across its premium brands.



CONFERENCE CALL & WEBCAST

Quadiant will host a conference call and webcast on **23 November 2020** at 6:00 pm Paris time (5:00pm London time). The meeting will be held in English.

To join the webcast, click on the following link: [Webcast](#).

To join the conference call, please use one of the following phone number:

- France: +33 (0) 1 7037 7166;
- United States: +1 212 999 6659;
- United Kingdom: +44 (0) 20 3003 2666;
- Switzerland: +41 (0) 43 456 9986.

Password: Quadiant.

A replay of the audio webcast will be available for a period of one year.

CALENDAR

- **1 December 2020: Education session on the Business Process Automation activity** (<https://invest.quadiant.com/en-US/education-sessions>);
- **5 January 2021: Education session on the Parcel Locker Solutions activity** (event details will be communicated later);
- **30 March 2021: Full-year 2020 results and Capital Markets Day.**

About Quadiant®

Quadiant is the driving force behind the world's most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-Related Solutions, and Parcel Locker Solutions, Quadiant helps simplify the connection between people and what matters. Quadiant supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadiant is listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small and EnterNext® Tech 40 indices.

For more information about Quadiant, visit <https://invest.quadiant.com/en-US>.

Contacts

Laurent Sfaxi

+33 (0)1 45 36 61 39

l.sfaxi@quadiant.com

financial-communication@quadiant.com

Caroline Baude

+33 (0)1 45 36 31 82

c.baude@quadiant.com

OPRG Financial

Isabelle Laurent / Fabrice Baron

+33 (0)1 53 32 61 51 /+33 (0)1 53 32 61 27

isabelle.laurent@oprgfinancial.fr

fabrice.baron@oprgfinancial.fr



APPENDICES

Glossary

- **Major solutions:** The four major solutions in which Quadiant has already acquired strong legitimacy and which have the potential to reach a significant size and have significant growth potential. The Solutions are: Customer Experience Management, Business Process Automation, Parcel Lockers Solutions and Mail-related Solutions. These Solutions are sold by both Major Operations and Additional Operations.
 - **Customer Experience Management:** Solutions enabling companies to create, manage and provide omnichannel and personalized solutions on demand and in high volumes;
 - **Business Process Automation:** Range of business process automation solutions, especially in the field of invoicing flows (hybrid mail, accounts receivable, accounts payable);
 - **Parcel Locker Solutions:** Automated parcel lockers system to solve “last-mile” delivery issues in high density urban areas;
 - **Mail-Related Solutions:** Solutions linked to mail management, mainly franking machines, folders/inserters and mailroom shipping software.
- **Major Operations:** The four major solutions in the two main geographies, i.e. North America and the main European countries, as well as the activities of Parcel Locker Solutions in Japan and of Customer Experience Management in the International segment.
- **Additional Operations:** Mail-Related Solutions, Business Process Automation and Parcel Locker Solutions (excluding Japan) outside Major Operations, and the Group’s Other Solutions including graphics, shipping software and the CVP automated packing system.
- **Other Solutions:** Graphics, shipping software and the CVP automated packing system.
- **Other Geographies:** All countries outside the two main geographies, *i.e.* North America and the main European countries.