Toulon, September 22, 2020, 7:00 pm

ECA: 2020 half-year results

- Impact of the health crisis on business and results for the first six months
- Maintaining good sales momentum
- Operating cash flow up due to the favorable change in working capital requirement
- Contemplated merger between Groupe Gorgé and its subsidiary ECA preceded by a simplified tender offer initiated by ECA on its own shares under its share buyback program

(in € millions)	H1 2020	H1 2019	Change
Backlog	**531.0**	545.5	*-2.7%*
Revenue	**43.1**	57.1	*-24.5%*
EBITDA[1]	**5.3**	9.9	*-46.8%*
EBITDA margin (%)	***12.2%***	*17.3%*	*-512 bp*
EBIT[2]	**0.8**	4.2	*-81.8%*
Operating income	**(0.9)**	3.8	*-€4.7 M*
Financial income	**0.2**	0.2	*-€0.1 M*
Income tax	**(0.6)**	(0.7)	*+€0.1 M*
Net income Group share	**(1.5)**	3.2	***-€4.7 M***

The consolidated financial statements for first half 2020 were approved by the Board of Directors which met on September 21, 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.

As already announced, first half 2020 **revenue** was severely affected by the Covid-19 pandemic. ECA Group revenue for first half 2020 was down 24.5% to €43.1 million, including a 42.8% decrease in second quarter 2020. This decrease reflects the sharp contraction in the aeronautics market, the impact of lockdown on business despite business continuity plans and a base effect, first half 2019 revenue being high.

As at June 30, 2020, the Group's **backlog** stood at a high level of €531 million, up +3.1% compared to March 31, 2020, showing that strong commercial momentum was maintained in the second quarter of 2020.

The Group maintained a double-digit EBITDA margin at 12.2% of revenue. EBITDA was impacted by the decline in activity induced by the Covid-19 health crisis, partially offset by cost reduction actions and the implementation of government support measures (furlough), particularly in the Aerospace division.

[1] Operating income before "depreciation, amortization and provisions" and "other items of operating income".

[2] Operating income before "other items of operating income".

ECA GROUP make sure

EBIT was €0.8 million in first half 2020, compared to €4.2 million in first half 2019.

Other items of operating income were -€1.7 million in first half 2020, compared to -€0.4 million in first half 2019, with no effect on cash flow for the year. Due to the unusual context of the health crisis, the Group performed in-depth reviews of the value of all of its assets this summer. Impairment losses were recognized in the amount of €1.7 million for R&D projects. **Operating income** accordingly amounted to -€0.9 million, compared to €3.8 million in first half 2019.

Financial expenses and income were stable at €0.2 million this half-year.

Net income Group share totaled -€1.5 million, compared to €3.2 million in first half 2019.

Performance by division

(in € millions)			H1 2020	H1 2019	*Change*
Robotics	Revenue		31.1	38.4	*-18.9%*
	EBITDA		5.3	8.8	*-39.4%*
		EBITDA margin (%)	*17.1%*	*22.9%*	*-579 bp*
Aerospace	Revenue		12.0	18.7	*-36.1%*
	EBITDA		0.3	1.1	*-72.6%*
		EBITDA margin (%)	*2.5%*	*5.9%*	*-338 bp*

In the **Robotics** division, revenues were down 18.9% to €31.1 million in first half 2020, including a 36.7% decrease in second quarter 2020. This decrease is mainly due to an unfavorable base effect but also to a quarter marked by a denser load in study phases than production on projects in progress. Lockdown had a limited impact on business as solutions were quickly implemented to ensure the continuity of design office operations.

The division's backlog stood at €508.9 million at June 30, 2020, up +2.8% compared to March 31, 2020. During the second quarter, the division had significant commercial wins, including a contract worth approximately €4 million for the delivery of the steering console for the South Korean submarine JANGBOGO III, as well as an export contract worth nearly €20 million for the modernization of mine-clearance robots.

The division maintained a double-digit EBITDA margin at 17.1% of revenue, despite the health crisis. The division's EBITDA was €5.3 million in the first half of 2020, down 39.4%.

In the **Aerospace** division, revenue was down 36.1% in the first half of 2020, to €12 million. The health crisis led to a sharp and rapid reduction in all activities with aeronautical clients.

The division's backlog stood at €22.1 million as at June 30, 2020, up 9.1% compared to March 31, 2020. Order intake in the second quarter of 2020 was stable compared to the second quarter of 2019, notably with an order of more than €3 million for testing facilities for aeronautical assembly lines. This order had been under negotiation for many months.

The division's EBITDA was €0.3 million, compared to €1.1 million in the first half of 2019. The loss induced by the decline in activity is partly offset by the partial unemployment scheme. EBITDA margin was 2.5% in the first half of 2020.

Financial situation

Cash flow generated by the activity was €6.2 million in the first half of 2020, an improvement of €1.7 million compared to the first half of 2019. The decrease in cash flow from operating activities was offset by an improvement in the working capital requirement of + €1.9 million, which benefits from deferral of social security contributions in the second half of the year.

Investments reached a high level of €4.5 million in the first half of 2020, compared to €1.5 million in the first half of 2019, due to R&D carried out as part of the Belgian-Dutch project.

The cash flow was reinforced by State Guaranteed Loans for €9.7 million. As at June 30, 2020, available cash stood at €24.6 million. Only €16.5 million out of the €40 million in confirmed lines of credit have been used. **Net financial debt**[3] was €7.8 million, compared to €4.2 million at December 31, 2019.

2020 perspectives

The health and macroeconomic context remains uncertain, particularly in the Aerospace division, which could continue to suffer over the long term. In this context, a restructuring plan will be put in place in the assembly line production activity. The plan to implement commercial and technological synergies between its divisions, initiated by the Group in 2018, will be accelerated.

As announced last July, ECA expects a contract worth more than €20 million in the third quarter of 2020 for the supply of mine warfare robot systems to an export client. This new four-year project reflects the strong dynamics of the Group's technologies.

Contemplated merger between ECA & Groupe Gorgé preceded by a simplified tender offer on ECA shares

Groupe Gorgé, majority shareholder of ECA and ECA today announced a merger-absorption project by Groupe Gorgé of its subsidiary ECA. The principle of this transaction was approved on September 21, 2020 by the Board of Directors of ECA and on September 22, 2020 by the Board of Directors of Groupe Gorgé, on the basis of an indicative parity of 9 Groupe Gorgé shares for 5 ECA shares based on a multi-criteria approach.

With this merger-absorption project, Groupe Gorgé confirms its ambition to support the development of ECA over the long term. The merger would in particular unify and simplify the structure of Groupe Gorgé by eliminating the double listing of Groupe Gorgé and ECA. It would give access to enhanced liquidity to ECA shareholders, by increasing the size of the free float, which would promote the potential interest of French and international investors in the Group. It would also provide cost savings.

[3] Net debt excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.

Prior to this merger-absorption operation, ECA's Board of Directors decided to initiate a simplified public tender offer ("OPAS") on its own shares as part of its share buyback program, as authorized by the Annual General Meeting of June 5, 2020.

Find the press release of the operation on ECA website, section "Financial Press Release" and more information on the site dedicated to the operation: www.opas-eca.com

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Conference call on 2020 half-year results and the contemplated merger between ECA & Groupe Gorgé preceded by a simplified tender offer on ECA on Wednesday September 23 at 11.30am

The presentation will be available at 11:00 am on the ECA website: www.ecagroup.com, under "Documents".

On Wednesday September 23, 2020 at 11.30 am, Raphaël Gorgé, Chairman of ECA and Groupe Gorgé, Guénaël Guillerme, CEO of ECA, and Loïc Le Berre, Deputy CEO in charge of Finance at Groupe Gorgé, will comment to the financial community on the 2020 half-year results of ECA [XX] and will answer questions from analysts during a conference call in French.

To participate in this conference call, you will need to call one of the following numbers approximately ten minutes before the conference starts:

- France: +33 (0)1 70 71 01 59
- United Kingdom: +44 (0)2 07 19 43 759
- Germany: +49 (0)6 92 22 22 54 29

The access code for this conference is: 23427434#

A replay will be available as soon as possible on the ECA investor site, under "Documents"

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Forward looking-statement

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Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that may cause actual results, performance or events to differ materially from those anticipated herein. All these risks and uncertainties could affect the Group's future ability to achieve its targets. Risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements and targets include, among other things: the risks and uncertainties mentioned in the press release; the strength of competition; the continuing growth of the market; currency fluctuations; interest rate fluctuations; raw material price fluctuations; armed conflicts or political instability; control of costs and expenses; changes in tax legislation, rules, regulation or enforcement; our ability to successfully keep pace with technology changes; our ability to attract and retain qualified personnel and key personnel; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; supply chain and manufacturing bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.).
Some of these risk factors are set forth and detailed in our Universal Registration Document including the annual financial report filed with the French Autorité des Marchés Financiers. This list of risks, uncertainties and other factors is not limitative. Other non- anticipated, unknown or unforeseeable factors could also have material adverse effect on our targets.

ECA

Recognized for its expertise in robotics, automation systems, simulation and industrial processes, ECA Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936. Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defense, maritime, aeronautics, simulation, industrial and energy sectors.
In 2019, the Group reported revenue of €112.5 million across its two divisions: Robotics and Aerospace.

ECA Group is a Groupe Gorgé company.

The ECA Group is listed on Euronext Paris Compartment B.
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