

PRESS RELEASE

FY 2019-20

Paris, December 18, 2019 – 8:00pm



SMART SOLUTIONS FOR A SMART WORLD

2019-20 HALF-YEAR EARNINGS AND APPOINTMENT OF A CHIEF EXECUTIVE OFFICER

- Half-year transition period impacted by the Technology Consulting slowdown linked to the general economic environment
- New strategic dimension to accelerate growth and return to profitability

At the Board meeting on December 18, 2019, the Directors reviewed and approved the 2019-20 half-year financial statements for the period ended September 30, 2019.

€m	2019-20 (6 months)	2018-19 (6 months)	2018-19 (12 months)
Revenues	12.97	15.32	29.7
Current operating income	(1.62)	0.55	0.1
Pre-tax current income	(3.02)	(0.35)	(3.8)
Consolidated net income	(2.98)	(0.36)	(3.8)
Net income (Group share)	(2.64)	(0.36)	(3.0)

KEY DEVELOPMENTS

The first half of the year saw contrasting commercial performance levels depending on the business lines. The Group consolidated its Digital Transmission positions, achieving significant success in particular in Brazil in the Telecoms sector. However, for Technology Consulting, after two years of strong growth in the mobility sector, the Group was affected by a more uncertain economic environment for the automotive industry, with several projects suspended or deferred.

In this context, half-year earnings show a contraction in consolidated revenues, as well as a reduced occupancy rate for productive staff in the Technology Consulting division.

The Group had a total of 614 staff at September 30, 2019.

EARNINGS

The Group's half-year revenues at September 30, 2019 came to €12.96m, down 15 % year-on-year. The breakdown of the Group's business between its various markets is as follows: 79% for Digital Transformation and 21% for Technology Consulting, with international operations representing 25% of the Group's business.

Current operating income is negative, coming in at €(1.63)m, compared with a positive result of €0.55m for the first half of the previous year. This change primarily reflects:

- (i) The contraction in Technology Consulting revenues
- (ii) The reduced occupancy rate for consultants
- (iii) The costs incurred for the intense commercial and recruitment efforts made in the various subsidiaries to win new contracts.

Net income (Group share) came to €(2.6)m at September 30, 2019, compared with €(0.4)m at September 30, 2018. This result includes €1.4m of non-recurring expenses for the depreciation of intangible assets and non-recurring provisions for liabilities and charges.

FINANCIAL STRUCTURE

After factoring in half-year earnings, shareholders' equity (Group share) is negative at September 30, 2019, with €(1.3)m, versus €(0.2)m at March 31, 2019. This includes a total of €1.8m for the capital increases carried out through (i) the conversion of part of the ORNAN bonds issued on February 13, 2019¹, and (ii) the exercising of the BSAR A redeemable warrants freely distributed following the general meeting on July 28, 2017.

The Group's net debt totaled €14.9m at the half year-end, including €2.0m of bonds that had not yet been converted at September 30, 2019, €3.6m of advances granted by the factor and €2.1m of bank borrowings. For the first time, it also includes lease commitments for €3.7m due to the first application of the new accounting standard IFRS 16 relating to the accounting treatment of leases (without a restatement for comparative data).

Cash and cash equivalents represent €1.3m.

OUTLOOK

Thanks to the growing number of projects currently being finalized or under discussion, the Group is still confident that it will be able to quickly return to its robust growth for both Technology Consulting and Digital Transformation.

To further strengthen its potential, the Group recently embarked on a new phase with three pillars at the heart of its strategy:

- 1- Putting in place a new governance structure to shape and accelerate the rollout of its business model in the Deep Tech, Digital, New Mobility and Smart Products and Services fields.
- 2- Optimizing internal growth for all the subsidiaries, in France and around the world, on their target markets, with increased managerial independence.
- 3- Strengthening the opportunities for external growth through the Group's parent company, aiming to be a technological investor focused on incubating innovative projects in France and on international markets.

¹ On February 11, 2019, the Group set up financing for a nominal total of €4m by issuing 400 bonds redeemable in cash and/or new Company shares ("ORNAN bonds"), reserved exclusively for YA II PN, LTD, an investment fund managed by the management company Yorkville Advisors Global, LP. During the first half of the financial year (April to September 2019), 180 ORNAN bonds were converted into shares, with 28,095,237 new shares created. At December 6, 2019 and since the previous year-end, at March 31, 2019, 212 ORNAN bonds had been converted, leading to the creation of 38,761,903 new shares. At December 6, 2019, there were still 168 ORNAN bonds to be converted. A table tracking the issues is available on the company's website under Investor Relations / Regulatory Notices.

This new strategic dimension is targeting a rapid return to growth and higher levels of profitability. It is being supported by actions in the subsidiaries, to ramp up their commercial prospecting and optimize their organization, and in the Group's parent company, to implement its technological investment strategy.

The first impacts of these initiatives are expected to help drive a turnaround in the Group's performance by the end of this financial year. Their benefits can already be seen: for example, in Brazil, a significant order was signed up in December with a global information technology and communications leader for 5G deployment.

GOVERNANCE

As proposed by its Chairman, Mr Serge Bitboul, the Board of Directors today appointed Mr Patrick Hayoun to take over from him as Chief Executive Officer, effective immediately, with the roles of Chairman and Chief Executive Officer to now be separate. Mr Patrick Hayoun's mission will be to accelerate the Group's development and prepare for changes in its activities by further capitalizing on the company's strengths: international capabilities, technological expertise, expanding client base, project scale and continuous innovation.

Mr Serge Bitboul, GECI International's founder, will continue in his role as Chairman of the Board of Directors and will focus on the Group's technological innovation and investment strategy.

At the time of this appointment, Mr Serge Bitboul declared: *"I am delighted and confident that Patrick Hayoun will be heading up the Group's operational and executive management. His strong and extensive track record in international businesses, his human qualities and his entrepreneurial focus are all essential assets for the Group to achieve its redeployment ambitions"*.

ADDITIONAL INFORMATION

The consolidated half-year financial statements have been subject to a limited review by the statutory auditors, in line with the regulations in force. The half-year financial report is available on the Group's site: www.geci.net.

NEXT DATES

2019-20 full-year revenues on Friday May 15, 2020 (after close of trading)

2019-20 full-year earnings on Friday July 31, 2020 (after close of trading)

ABOUT GECI INTERNATIONAL

"Smart Solutions for a Smart World"

The GECI International Group is the Digital Transformation and Technology Consulting specialist. Through its technological investment company and its digital services expertise, the Group integrates the market's best innovations to benefit its clients, from key accounts to SMEs and startups.

Backed by a network of partner companies and expert capabilities worldwide, GECI International is positioned, with agility, across the entire value chain for projects (consulting, integration, IT outsourcing and training) and is committed to designing smart solutions and services.

The GECI International Group is listed on the regulated market Euronext Paris - Compartment C - and is part of the CAC Small and CAC Technology indices. GECI International is eligible for the SRD long-only deferred settlement service.

ISIN (shares): FR0000079634 – GECP / ISIN (BSAR A warrants): FR0013266764 - GECBT

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