



Paris, December 9, 2020 – 6 p.m.

## Fiscal 2019-2020 first half financial results

Resilient results and a stronger cash-flow position  
amidst the health crisis

Gross income from operations: €12.0m  
Net income after minority interests: €7.2m

**SII Group, a specialist in engineering, announces its 2020-2021 half-yearly results, approved by the Management Board on December 9, 2019 and currently under audit.**

Eric Matteucci, Chairman of the Management Board, commented: *“In a situation of crisis linked to Covid-19, affecting the entire start of the fiscal year, the SII Group saw a measured decline in the first half of the year, sustained by its international activities. After a first quarter hit hard by a strict lockdown, the second quarter showed favorable signs of a recovery in activity: the teams were able to seize on opportunities at the end of the first lockdown in numerous sectors where the SII Group is present. While we must remain cautious given the still changing situation regarding the health crisis and the measures taken by the various governments, the SII Group is confident that it will likely see an improvement in the third quarter compared to the second quarter of this fiscal year.”*

In €m Period ended September 30	H1 2019-2020	H1 2020-2021	Change
<b>Revenue</b>	325.90	<b>301.21</b>	-7.6%
<b>Gross income from operations</b>	24.08	<b>12.03</b>	-50.1%
<i>Gross operating margin (% of revenue)</i>	7.4%	<b>4.0%</b>	-3.4 pt.
<b>Operating income</b>	23.33	<b>11.27</b>	-51.7%
<i>Operating margin (% of revenue)</i>	7.2%	<b>3.7%</b>	-3.5 pt.
<b>Consolidated net income</b>	14.77	<b>7.15</b>	-51.6%
<b>Net income after minority interests</b>	14.88	<b>7.22</b>	-51.5%
Average headcount	8,223	<b>8,428</b>	+205
Headcount at the end of the period	8,342	<b>8,334</b>	-8



### **A first half-year 2020-2021 sustained by the resilience of international activities**

Revenue for this half-year stood at €301.2m, down 7.6% at constant rates (-5.9% at current rates), penalized by periods of lockdown in various countries. Due to the resilience of our international business, revenue from abroad accounted for 53% of total revenue for the half-year period.

In France, revenue stood at €140.2m, the second quarter showing a gradual recovery in activity compared to the first quarter. The diversity of the business sectors in which the group operates favored this incipient recovery. In the first half of the year, activity was driven by both the Banking/Insurance and Telecommunications sectors. The Aerospace/Defense sector, hit hard by the crisis, remains one of the main contributors to our business in France, with activities in the Defense sector gradually managing to pick up after the initial lockdown, with the Group recording new contracts in this sector.

Our international activities generated €161.0m in revenue over the half-year period, up 2.7% on the same period the previous year. Poland posted remarkable growth of 20.8% (at constant rates) with good results in the Banking/Mutual Insurance, Health and Electronics sectors. Germany, exposed to the Aerospace and Automotive sectors, and Spain to the Services sectors, both saw a decline, but signs of a recovery were noted at the end of the half-year, particularly in Spain.

This first half-year ended with a fall in the workforce, with 8,334 employees compared to 8,601 at end-March 2020. The SII Group adapted its pace of hiring in line with the crisis situation. The Group continued its efforts to maintain a high quality of life at work for its employees, whether telecommuting or on site, and to enhance the skills of its Fungineer teams.

### **A resilient operating margin internationally and a stronger level of net cash-flow**

At the end of September 2020, the SII Group delivered an operating profit on activity of €12.03m. The operating margin on activity was 4.0%, down 3.4 points, this unique situation causing a net deterioration in AREH<sup>1</sup>, hitting a low point in April but gradually picking up since.

Operating profit stood at €11.27m at end-September 2020. In France, the operating margin was down 1.4% (+5.6% at end-September 2019) due to the deterioration in AREH, structural investments already committed and maintained to support exiting the crisis, and accounting for the impact of Government aid for partial unemployment. Internationally, the operating margin remained virtually stable at 8.3% (8.8% at end-September 2019), primarily driven by the performance in Poland and growth in activity in Romania.

After accounting for financial profit and taxes, net profit stood at €7.15m, representing a net margin of 2.4%.

The SII Group has a solid financial structure to help it out of the crisis. Due to good WCR management, net cash-flow was stronger at the end of the first half-year, at €81.0m (excluding IFRS 16 lease liabilities) versus €57.16m at end-March 2020. Shareholders' equity stood at €176.9m (€172.9m at end-March 2020).

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<sup>1</sup> AREH: activity rate (billed/billable) excluding holidays



## **SII Group outlook: gradual recovery of activity**

The SII Group has solid fundamentals to seize growth opportunities as the economy gradually recovers. Assisting companies in their digital transformation, the Group can rely on stronger demand as new digital needs emerge across all sectors following the health crisis. Diversified both geographically and by sector, with a well-adapted organizational structure, the Group has many strengths and levers to help it bounce back.

The evolving current health situation in several countries calls for utmost caution. The new lockdowns have not, so far, led to any sudden or massive stoppages of ongoing projects. The third quarter of 2020/2021, ended 31 December 2020, with periods of lockdown/reopening in many countries, should see a sequential improvement on the previous quarter according to these projections:

- Estimated impact on revenue in France: -5% to -10% compared to Q3 2019-2020
- Estimated impact on international revenue: +0% to +5% compared to Q3 2019-2020
- Estimated foreign exchange impact on international revenue: -3% to -5% compared to Q3 2019-2020

The recovery in activity during the third quarter should lead to an improvement in operating profit in the second half of 2020-2021 compared to the first half of the year, as the situation stabilizes.

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### **Next event:**

Fiscal 2020-2021 third quarter revenue, Thursday, February 11, 2021 after the close of trading

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## About SII

Serving as a true partner for technology matters, SII Group provides solutions with added value to projects at major companies. Relying on teams of expert engineers and methods applying the highest quality standards, SII's business has a balanced focus on:

- Technology consulting (IT, electronics, and telecoms),
- Digital services (technical IT and networks).

SII Group has organized itself to offer the responsiveness and flexibility of personalized service. SII has nine offices in France serving as profit centers with robust operational resources and the ability to support major international clients, serving companies in 18 countries on four continents.

In the 2019-2020 financial year, which ended on 31 March, SII Group recorded revenues of €675.1 million, which was up by 6.9 %. SII Group is continuing its growth at a rate that is faster than its benchmark market.