

2019 results

- Consolidated revenue up 12% to €497.5 million
- Operating profit before non-recurring items (EBITA)⁽¹⁾ up 32.3% to €35.2 million (7.1% of revenue)
- Free cash flow for the past 24 months⁽²⁾: €61.3 million (6.5% of revenue)
- Dividend⁽³⁾: €1.00 per share

Paris, 9 March 2020, 5.35 p.m. (CET) – At its meeting on 9 March 2020, the Board of Directors of Assystem S.A. (ISIN: FR0000074148 - ASY), a leading player in engineering, reviewed the Group's financial statements for the year ended 31 December 2019.

Dominique Louis, Assystem's Chairman and Chief Executive Officer, stated:

"In 2019 we reaped the benefits of our consistent strategy, delivering robust growth – particularly in our core business of nuclear engineering, but also in public transport engineering – with numerous commercial wins during the year and a strong rise in EBITA and EBITA margin.

2019 was a year that clearly showed the effects of climate change and the urgent need to act to control its causes. Producing electricity from carbon-free sources – such as hydro, nuclear, solar and wind power – using low CO₂-emitting processes, is essential for creating a more sustainable energy mix. Assystem is fighting for this, firmly convinced that nuclear, combined with other carbon-free energy sources, has a vital role to play in energy transition and the combat against climate change."

Key figures

<i>In millions of euros (€m) – Audited figures</i>	2018	2019	Year-on-year change
Revenue	444.1	497.5	+12.0%
Operating profit before non-recurring items – EBITA⁽¹⁾	26.6	35.2	+32.3%
<i>% of revenue</i>	<i>6.0%</i>	<i>7.1%</i>	<i>+1.1 pts</i>
Consolidated profit for the period⁽⁴⁾	19.9	27.9	+40.2%
Net debt⁽⁵⁾	31.1	51.6	-
Dividend per share (in €)⁽³⁾	1.00	1.00	-

(1) Operating profit before non-recurring items (EBITA) including share of profit of equity-accounted investees other than Expleo Group (€0.8 million in 2018 and €0.9 million in 2019). The Group's first-time application of IFRS 16 had a €0.5 million positive impact on EBITA in 2019, adding 0.1% to EBITA margin.

(2) Cumulative free cash flow for the 24-month period covering 2018 and 2019 generated by continuing operations (excluding the positive impact of the Group's application of IFRS 16 as from 1 January 2019). Free cash flow corresponds to net cash generated from operating activities less capital expenditure, net of disposals.

(3) For 2019, the figure corresponds to the dividend that will be recommended at the Annual General Meeting on 14 May 2020.

(4) Including profit attributable to non-controlling interests: €0.5 million in 2018 and €0.9 million in 2019. Profit for the period attributable to owners of the parent therefore totalled €19.4 million in 2018 and €27.0 million in 2019. The Group's adoption of IFRS 16 had a €0.4 million negative impact on consolidated profit for 2019.

(5) Debt less cash and cash equivalents and after taking into account the fair value of hedging instruments. The figure presented does not include lease liabilities recognized on the adoption of IFRS 16.

ANALYSIS OF THE 2019 INCOME STATEMENT

- **Revenue**

Assystem's **consolidated revenue** advanced 12.0% in 2019, breaking down as 10.0% in like-for-like growth, a 1.0% increase due to changes in the scope of consolidation (consolidation of Asco as from 1 October 2019 which operates in both the Nuclear and ET&I sectors) and a 1.0% positive currency effect.

Revenue from the **Energy & Infrastructure** division climbed 14.0% to €446.2 million, with 12.2% like-for-like growth, a 1.2% favourable impact from changes in scope of consolidation and a 0.6% positive currency effect. Nuclear activities kept up a very brisk pace of growth, with revenue jumping 20.3% to €301.9 million (with 18.6% like-for-like growth). Revenue for ET&I rose 2.9% to €144.3 million (with like-for-like growth of 0.9%).

Revenue for the **Staffing** division edged down 0.8% to €43.8 million, including a positive 4.1% currency effect.

- **Operating profit before non-recurring items (EBITA)**

Consolidated EBITA surged 32.3% to €35.2 million in 2019 from €26.6 million in 2018. The 2019 figure includes a €0.5 million positive impact from the first-time application of IFRS 16, "Leases", which solely affected the E&I division. EBITA margin widened considerably year on year, to 7.1% from 6.0%.

EBITA for the **Energy & Infrastructure** division totalled €36.9 million (including the €0.5 million IFRS 16 impact) and EBITA margin was 8.3% (8.2% excluding IFRS 16), versus €27.3 million and 7.0% respectively in 2018.

Staffing EBITA contracted to €1.2 million from €1.8 million in 2018 and its EBITA margin was 2.8% versus 4.0%. This division's EBITA performance was adversely affected in 2019 by lower margins on its highest-contributing contract.

The Group's "Holding company" expenses, net of the EBITA of the activities classified in the "Other" category, had a €2.9 million negative impact on consolidated EBITA in 2019 versus a €2.5 million negative impact in 2018.

Consolidated **EBITDA**⁽⁶⁾ came to €48.4 million in 2019. Excluding the impact of IFRS 16, it totalled €39.1 million (7.9% of revenue), compared with €31.0 million in 2018 (7.0% of revenue).

- **Operating profit and other income statement items**

After taking into account €6.9 million in net non-recurring expense for the year and €1.0 million in share-based payments, **consolidated operating profit** totalled €27.3 million, versus €25.7 million in 2018.

Out of the overall net non-recurring expense figure for 2019, the bulk – i.e. €6.1 million – corresponded to impairment losses recognized against the residual goodwill of the Staffing division in view of its revenue and operating profit outlook.

The **contribution to Assystem's consolidated profit by Expleo Group** – in which Assystem holds a 38.2% interest – was €13.6 million. This figure breaks down as (i) €4.5 million for Assystem's share of Expleo Group's profit (taking into account a €6.0 million share of restructuring costs in France, Germany and the United Kingdom), and (ii) €9.1 million in coupons on Expleo Group convertible bonds.

Assystem recorded a **net financial expense** of €1.3 million in 2019, including a €2.4 million dividend received by Assystem on its 5% stake in Framatome.

⁽⁶⁾ EBITA before net depreciation expense and net additions to provisions for recurring operating items.

After deducting €11.2 million in income tax expense, **consolidated profit for the period** totalled €27.9 million, against €19.9 million in 2018.

- **Information on the revenue and EBITDA generated in 2019 by Expleo Group**

Revenue generated by Expleo Group in 2019 came in at €1,084.1 million, versus €1,042.7 million in 2018.

The overall 4.0% year-on-year growth was almost entirely due to changes in the scope of consolidation, notably the full-year effect in 2019 of including the Quality Management Consulting segment (QMC, formerly SQS), which has been consolidated since 1 February 2018. Expleo Group's like-for-like growth was hampered in 2019 by the one-off effect of losing a contract in the aeronautics sector in the United Kingdom and a change in QMC's business mix.

Expleo Group's EBITDA amounted to €128.2 million (including a €19.6 million positive impact of IFRS 16), compared with €99.0 million in 2018. Excluding the IFRS 16 impact, EBITDA margin widened from 9.5% to 10.0% of revenue.

FREE CASH FLOW AND NET DEBT

At 31 December 2019, **cumulative free cash flow**⁽⁷⁾ for the 24-month period covering 2018 and 2019 **totalled €61.3 million** (breaking down as €43.8 million for 2018 and €17.5 million for 2019, excluding the positive impact of the application of IFRS 16 as from 1 January 2019). This aggregate free cash flow figure represents 6.5% of total revenue for the same 24-month period. The imbalance between the 2019 and 2018 figures mainly reflects (i) the fact that a down payment was received on the K.A.CARE contract in late 2018, which was used in 2019 and (ii) high capital expenditure incurred in 2019 for the Group's new ERP system and for strengthening its IT security (representing roughly €8.0 million in total).

Assystem had net debt of €51.6 million at 31 December 2019 versus €31.1 million at end-2018. This €20.5 million year-on-year increase breaks down as follows:

- a €17.5 million decrease in debt as a result of free cash flow⁽⁸⁾ (excluding the IFRS 16 impact);
- €22.2 million paid for acquisitions of shares and purchased goodwill (including €7.0 million for Asco and €12.5 million in additional consideration on the stake acquired in Framatome);
- a €15.0 million dividend payment to Assystem's shareholders;
- a €0.8 million net cash outflow for other movements, including €2.4 million in dividends received on the Group's stake in Framatome, €1.7 million in interest paid on debt, €0.5 million paid out in relation to divested operations, and a net cash outflow for non-recurring income and expenses.

RECOMMENDED DIVIDEND FOR 2019

At the Annual General Meeting to be held on 14 May 2020, Assystem will recommend the payment of a dividend of €1.00 per share. If this dividend is approved by the shareholders, it would represent a total pay-out of €15 million⁽⁹⁾.

⁽⁷⁾ Corresponding to net cash generated from operating activities less capital expenditure, net of disposals. The amount of free cash flow stated here does not include the free cash flow of the operations sold in 2017.

⁽⁸⁾ Free cash flow including the IFRS 16 impact amounted to €26.8 million.

⁽⁹⁾ Corresponding to €1.00 multiplied by the 14,997,576 outstanding shares carrying dividend rights at 31 December 2019.

OUTLOOK FOR 2020

On a consolidated basis, the Group's targets are as follows for 2020:

- **consolidated revenue of €530 million**, excluding the effect of any future acquisitions;
- **EBITA margin on a par with 2019**, with the operating leverage resulting from revenue growth offset by additional costs due to the implementation of the Group's new ERP system and IT security measures;
- **free cash flow representing 4.5% of revenue** (excluding the IFRS 16 impact), taking into account further significant capital expenditure on IT.

In view of the business sectors and geographic regions in which it operates, Assystem has not so far identified any potential significant impacts that the coronavirus (Covid-19) could have on its ability to achieve its objectives. However, it can provide no assurance that such an impact will not arise.

2020 FINANCIAL CALENDAR

- 30 April: First-quarter 2020 revenue release
- 14 May: Annual General Meeting
- 30 July: First-half 2020 revenue release
- 8 September: First-half 2020 results release – Presentation meeting on 9 September 2020 at 8.30 a.m. (CEST)
- 27 October: Third-quarter 2020 revenue release

Assystem is an international engineering group. As a key participant in the industry for over 50 years, the Group supports its clients in managing their capital expenditure throughout their asset life cycles. Assystem S.A. is listed on Euronext Paris.

For more information please visit www.assystem.com / Follow Assystem on Twitter: @Assystem

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APPENDICES

First-time application of IFRS 16 and financial indicators used by Assystem

Assystem adopted IFRS 16, "Leases" on 1 January 2019 using the modified retrospective approach. In accordance with this approach, the financial statements for 2018 have not been restated.

The first-time application of this new standard had only a limited effect on EBITA and consolidated profit for the period. However, it did have highly significant impacts on the EBITDA and free cash flow indicators used by Assystem. All of these impacts are disclosed in this press release together with the related figures.

In view of these highly significant impacts, in order to permit meaningful year-on-year comparisons of the above indicators and maintain a method of calculating EBITDA and free cash flow consistent with that used to calculate net debt, Assystem is continuing to use EBITDA and free cash flow indicators as calculated excluding the impacts of IFRS 16.

In the consolidated statement of financial position, the Group's adoption of IFRS 16 resulted in the recognition of lease liabilities and right-of-use assets presented on the liabilities and assets side respectively under "Lease liabilities" and "Right-of-use assets". The net debt indicator used by Assystem does not include lease liabilities.

1/ REVENUE AND EBITA BY DIVISION

● REVENUE

In millions of euros	2018	2019	Total year-on-year change	Like-for-like change*
Group	444.1	497.5	+12.0%	+10.0%
Energy & Infrastructure	391.3	446.2	+14.0%	+12.2%
Staffing	44.2	43.8	-0.8%	-4.9%
Other	8.6	7.5	-	-

* Based on a comparable scope of consolidation and constant exchange rates.

● EBITA⁽¹⁾

In millions of euros	2018	% of revenue	2019	% of revenue
Group	26.6	6.0%	35.2	7.1%
Energy & Infrastructure	27.3	7.0%	36.9	8.3%
Staffing	1.8	4.0%	1.2	2.8%
Holding company and Other	(2.5)	-	(2.9)	-

(1) Operating profit before non-recurring items (EBITA):

- including share of profit of equity-accounted investees other than Expleo Group (€0.8 million in 2018 and €0.9 million in 2019); and
- taking into account the €0.5 million positive impact from the first-time application of IFRS 16, "Leases", recognized under Energy & Infrastructure.

2/ CONSOLIDATED FINANCIAL STATEMENTS

• CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of euros</i>	31 Dec. 2018	31 Dec. 2019
ASSETS		
Goodwill	82.8	84.6
Intangible assets	4.7	12.2
Property, plant and equipment	7.6	10.5
Right-of-use assets	-	34.4
Investment property	1.4	1.4
Equity-accounted investees	0.7	1.0
Expleo Group shares	88.1	91.2
Expleo Group convertible bonds	102.2	111.4
Expleo Group shares and convertible bonds	190.3	202.6
Other non-current financial assets ⁽¹⁾	129.1	143.8
Deferred tax assets	4.7	4.5
Non-current assets	421.3	495.0
Trade receivables	150.8	160.8
Other receivables	40.6	30.0
Income tax receivables	1.1	1.6
Other current assets	0.5	0.5
Cash and cash equivalents ⁽²⁾	32.4	29.2
Current assets	225.4	222.1
TOTAL ASSETS	646.7	717.1
EQUITY AND LIABILITIES	31 Dec. 2018	31 Dec. 2019
Share capital	15.7	15.7
Consolidated reserves	351.6	353.7
Profit for the period attributable to owners of the parent	19.4	27.0
Equity attributable to owners of the parent	386.7	396.4
Non-controlling interests	0.1	0.3
Total equity	386.8	396.7
Long-term debt and non-current financial liabilities ⁽²⁾	63.1	80.5
Lease liabilities	-	27.1
Pension and other employee benefit obligations	14.7	18.4
Liabilities related to share acquisitions	4.6	4.4
Long-term provisions	16.6	17.2
Other non-current liabilities	1.3	0.8
Non-current liabilities	100.3	148.4
Short-term debt and current financial liabilities ⁽²⁾	0.4	0.3
Lease liabilities	-	7.7
Trade payables	31.0	32.7
Due to suppliers of non-current assets	0.8	1.2
Accrued taxes and payroll costs	89.1	95.4
Income tax liabilities	2.2	2.7
Liabilities related to share acquisitions	1.1	-
Short-term provisions	3.7	3.0
Other current liabilities	31.3	29.0
Current liabilities	159.6	172.0
TOTAL EQUITY AND LIABILITIES	646.7	717.1

(1) Including Framatome shares representing €136.7 million at 31 December 2019.

(2) Net debt totalled €51.6 million at 31 December 2019, breaking down as:

- Short- and long-term debt and current and non-current financial liabilities: €80.8 million
- Cash and cash equivalents: €29.2 million

• **CONSOLIDATED INCOME STATEMENT**

<i>In millions of euros</i>	2018	2019
Revenue	444.1	497.5
Payroll costs	(322.0)	(351.2)
Other operating income and expenses	(91.0)	(97.7)
Taxes other than on income	(0.9)	(1.1)
Depreciation, amortisation and provisions for recurring operating items, net	(4.4)	(13.2)
Operating profit before non-recurring items (EBITA)	25.8	34.3
Share of profit of equity-accounted investees	0.8	0.9
EBITA including share of profit of equity-accounted investees	26.6	35.2
Non-recurring income and expenses	(0.3)	(6.9)
Share-based payments	(0.6)	(1.0)
Operating profit	25.7	27.3
Share of profit/(loss) of Expleo Group	(6.2)	4.5
Income from Expleo Group convertible bonds	8.3	9.1
Net financial expense on cash and debt	(1.4)	(1.8)
Other financial income and expenses	-	0.5
Profit from continuing operations before tax	26.4	39.6
Income tax expense	(6.2)	(11.2)
Profit from continuing operations	20.2	28.4
Profit/(loss) from discontinued operations	(0.3)	(0.5)
Consolidated profit for the period	19.9	27.9
Attributable to:		
Owners of the parent	19.4	27.0
Non-controlling interests	0.5	0.9

• **CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In millions of euros</i>	2018	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
EBITA including share of profit of equity-accounted investees	26.6	35.2
Depreciation, amortisation and provisions for recurring operating items, net	4.4	13.2
EBITDA	31.0	48.4
Change in operating working capital requirement	31.5	8.1
Income tax paid	(4.8)	(10.7)
Other cash flows	(7.4)	(3.8)
Net cash generated from operating activities	50.3	42.0
<i>O/w related to continuing operations</i>	<i>51.7</i>	<i>42.5</i>
<i>O/w related to discontinued operations</i>	<i>(1.4)</i>	<i>(0.5)</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and intangible assets, net of disposals, o/w:	(7.9)	(15.8)
<i>Acquisitions of property, plant and equipment and intangible assets</i>	<i>(8.1)</i>	<i>(16.0)</i>
<i>Proceeds from disposals of property, plant and equipment and intangible assets</i>	<i>0.2</i>	<i>0.2</i>
Free cash flow	42.4	26.2
<i>O/w related to continuing operations</i>	<i>43.8</i>	<i>26.7</i>
<i>O/w related to discontinued operations</i>	<i>(1.4)</i>	<i>(0.5)</i>
Acquisitions of shares, net of proceeds from sales	(4.8)	(22.2)
Investment in Expleo Group	(60.7)	-
Other movements, net	(7.9)	4.4
Net cash generated from/(used in) investing activities	(81.3)	(33.6)
<i>O/w related to continuing operations</i>	<i>(81.3)</i>	<i>(33.6)</i>
<i>O/w related to discontinued operations</i>	<i>-</i>	<i>-</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net financial income received/(expenses paid)	(1.1)	(1.7)
Proceeds from new borrowings	59.7	17.2
Repayments of borrowings and movements in other financial liabilities	(0.1)	(0.2)
Repayments of lease liabilities*	-	(9.3)
Dividends paid	(15.7)	(17.2)
Other movements in equity of the parent company	(5.9)	0.2
Net cash generated from/(used in) financing activities	36.9	(11.0)
Net increase/(decrease) in cash and cash equivalents	5.9	(2.6)
Net cash and cash equivalents at beginning of year	27.3	32.1
Effect of non-monetary items and changes in exchange rates	(1.1)	(0.4)
Net increase/(decrease) in cash and cash equivalents	5.9	(2.6)
Net cash and cash equivalents at year-end	32.1	29.1

* Including €0.9 million in interest paid.

3/ MOVEMENTS IN NET DEBT

<i>In millions of euros</i>	
Net debt at 31 Dec. 2018	31.1
Free cash flow from continuing operations <i>(excluding impact of IFRS16)</i>	(17.5)
Acquisitions of shares and purchased goodwill	22.2
Dividends paid to Assystem's shareholders	15.0
Other movements	0.8
Net debt at 31 Dec. 2019	51.6

4/ INFORMATION ABOUT THE COMPANY'S CAPITAL

NUMBER OF SHARES	At 31 Dec. 2018	At 31 Dec. 2019
Ordinary shares outstanding	15,668,216	15,668,216
Treasury shares	667,336	670,640
Free shares and performance shares outstanding	256,380	303,715
Weighted average number of shares outstanding	15,089,319	15,004,957
Weighted average number of diluted shares	15,345,699	15,308,672

OWNERSHIP STRUCTURE AT 28 FEBRUARY 2020

In %	Shares	Exercisable voting rights
HDL Development ⁽¹⁾	57.14%	74.28%
Free float ⁽²⁾	38.34%	25.72%
Treasury shares	4.52%	-

(1) HDL Development is a holding company that is 87.71%-controlled by Dominique Louis (Assystem's Chairman and Chief Executive Officer), notably through HDL, which itself holds 0.35% of Assystem's capital.

(2) Including 0.35% held by HDL.