



# FINANCIAL RELEASE



Paris, December 10, 2019 – 6:00 PM

## Fiscal 2019-2020 first half financial results

Growth in operating profits: +14.6%  
Confirmation of the financial year's objectives  
New composition of the Management Board

**SII Group, a specialist in engineering, announces its 2019-2020 half-yearly results, approved by the Management Board on December 10, 2019 and currently under audit.**

Eric Matteucci, Chairman of the Management Board, commented: *"Once again, SII Group performed well in the first half of 2019-2020. The sector's trends combined with the implementation of our new organisation helped turnover grow by 10.2%. Operating profit also showed a solid increase of 14.6% compared to the first half of 2018-2019. These trends confirm the objectives announced for the financial year: turnover of between €675m and €700m, with a similar increase in operating profit. Furthermore, I am delighted to welcome François Goalabré, Antoine Leclercq, and Charles Mauclair to the Management Board. I wish them great success. Finally, I would like to take this opportunity to thank Jean-Paul Chevée and Patrice Demay, who have worked enthusiastically with me to develop SII Group."*

In €m Period ended September 30	H1 2018-2019	H1 2019-2020	Change
<b>Revenue</b>	295.65	<b>325.90</b>	+10.2%
<b>Gross income from operations</b>	21.05	<b>24.08</b>	+14.4%
<i>Gross operating margin (% of revenue)</i>	7.1%	<b>7.4%</b>	+0.27 pt.
<b>Operating income</b>	20.35	<b>23.33</b>	+14.6%
<i>Operational margin (% of revenue)</i>	6.9%	<b>7.2%</b>	+0.27 pt.
<b>Consolidated net income</b>	13.65	<b>14.77</b>	+8.2%
<b>Net income after minority interests</b>	13.62	<b>14.88</b>	+9.3%
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Average headcount	7,662	<b>8,223</b>	+561
Headcount at the end of the period	7,802	<b>8,342</b>	+540



## First half of fiscal 2019-2020: a balanced France/international share and sectoral breakdown

SII Group's revenue for the first half of the year was €325.90m, up 10.2% compared to the end of September 2018. Organic growth increased by 10.4%.

In France, revenue amounted to €169.20m, up 7.1% compared to the first half of 2018-2019. This growth outperforms our market, driven in particular by the Aerospace-Defence, Banking, Insurance and Mutual Insurance, and Telecoms sectors, which together represent the most dynamic sectors in France. The half-year's performance was driven by a continued active recruitment policy, which brought 646 new employees into the Group during the first half of the year, increasing the average workforce by +7% compared to the first half of 2018-2019. Staff turnover in France remains the same as in previous years and stands at 21.4% for the first half of the year.

International operations generated nearly half of revenue, reaching €156.71m for the first half of the year, a growth of 13.8% over the same period last year. Poland contributes more than 58% of international revenue, thanks in particular to the good results of the Banking, Insurance, Mutual Insurance, Health, and Electronics sectors. Its revenue rose by 23.5%. Business in Spain stabilised in a what is still a complex geopolitical environment, while Germany was down due to SII Technologies, while SII Deutschland's business continued to grow.

Over the past six months, many references have been won in all sectors. The three key sectors of Aerospace-Space-Defence, Banking-Insurance-Mutual Insurance and Telecoms represent 22.9%, 19.7%, and 13.1% of the half-year's business respectively. Diversification sectors (Services, Industries, Automotive, Transport, Retail, and Health) continue to grow and now represent 37.8% of revenue.

## Continued improvement in financial performance

As expected, SII Group's profitability increased in France and abroad, with operating income up 14.6% to €23.33m for the first half. International operating income rose by 17.0%, driven by improved performance in Chile and the Netherlands and continued strong profits in Poland. In France, operating income rose by 11.3%, driven by an additional working day, the gradual improvement in FEEL EUROPE's profitability and a high average staff activity rate<sup>1</sup> of 91.2%. At the scale of the Group, the staff activity rate reached 90.0%

Operating income benefited slightly (+€219K) from the first application of the IFRS16 standard, which had a positive impact of +0.07% on operating margin.

The increase in activity showed a net profit up 8.2% to €14.77m, after taking into account financial profit and taxes.

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<sup>1</sup>: Staff activity rate excluding leave (billed/billable, excluding leave)



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At the end of September 2019, the balance sheet shows available cash of €78.7m, compared with €79.9m at the end of March 2019.

### **New composition of the Management Board**

Following from the implementation of the Group's new organisation last September and given an expiring term of office, François Goalabré, Antoine Leclercq, and Charles Mauclair, members of the Executive Committee, have joined the Management Board alongside Éric Matteucci.

***François Goalabré**, Regional Director for France Nord & Grand Est and a member of the Executive Committee, is a graduate of Rennes Business School and holds a Master II MAE. He joined SII Group in 2005, responsible for sales and then management functions for SII Ouest. In 2013, he was appointed head of SII Rhône-Alpes and joined the Management Committee of SII France. In 2019, he took on steering the Nord & Grand Est region and became a member of the Executive Committee. With a strong entrepreneurial culture, he has solid experience in both sales management and profit centre management and development.*

***Antoine Leclercq**, International Development Director, is an engineer from ESIEA. His professional career began with technical management and continued with the management of business units, regions, and broader territories within other digital service companies. In 2010, he joined SII Group, joining the Management Committee and heading the Southwest region, then took over the Aerospace & Defence (ASD) sector at the Group level. In 2019, he assumed responsibility for five international countries with strong links to the ASD sector, for which he is the Executive Sponsor as a member of the Executive Committee. As a service professional with a strong operational management culture, he has demonstrated his ability to grow business and bring teams together.*

***Charles Mauclair**, Regional Director France Grand Ouest, is a graduate of the Rennes School of Business where he completed a specialised course in Management of New Technologies. He joined SII Group in 2004, responsible for sales and then business unit management functions. In 2011, he became Key Account Manager for the Group's first Telecoms client. In 2015, he was appointed head of SII Atlantique and joined the Management Committee of SII France. Since early 2019, he has been in charge of the Grand Ouest region and a member of the Executive Committee. As a technology consulting professional with strong managerial leadership, he has acquired solid skills in business and corporate strategy to ensure the company's development.*

### **2019-2020 perspectives**

Given the business and financial performance of the first half of the year, SII confirms its objectives for 2019-2020:

- A turnover of between €675 million and €700 million, representing 7 to 11% growth;
- An increase in operating profit of the same rate.



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Appendix to the press release:

## **Applying the IFRS16 standard**

As a reminder, all rental contracts (simple rental contracts and financing rental) must be accounted for in the same way. An asset is recognised for the right to use the rented good, and a rental debt discounted from its future rents is recognised as a liability. IFRS16 is an accounting treatment that is neutral for the company's cash position.

The main impacts of applying this standard on SII Group's half-year financial statements are as follows:

- In its balance sheet as of 1 April 2019, the Group acknowledged an impact of €53.6 million on non-current assets;
- In the profit statement at the end of September, the group acknowledged:
  - o A small impact on operating profit: + €219K;
  - o A small impact on net profit: - €409K.
- No impact on cash on-hand.

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### **Next event:**

Fiscal 2019-2020 third quarter revenue, Tuesday, February 11, 2020 after the close of trading

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## About SII

As a trusted technology partner, SII provides high value-added solutions for the IT projects of many large corporations. It relies on a staff of expert engineers and on methods at the cutting edge of quality standards to carry out its activities in:

- - Technology Consulting (IT, electronics and telecommunications)
- - Digital Services (IT technology and networks)

SII has opted for a corporate structure that offers the responsiveness and flexibility associated with local-level services, with nine regional offices in France and eighteen more in other countries on four continents, all of which have access to all of the Group's operational resources and can provide effective services to major corporations' international operations.

The SII Group posted revenue of €631.4m in fiscal 2018-2019, which ended March 31, an increase of 12.6 % percent (of which 13.1% in organic growth), and has been expanding its operations and its growth has outpaced that of other firms in its sector.