

Micropole Group: Very strong growth in 2019 financial performance with current operating income up 30% Covid-19 briefing

- +8.5% organic growth (ex. MLS – training operations), more pronounced over HY2 (+10%)
- Net income doubled at +2,3 million euros

Micropole, an international consulting and innovative technologies Group, specialized in Data & Digital Experience, announces the attainment of a 115.3 million euros turnover over FY 2019 as against 109.3 million euros over FY 2018. Like for like (excluding MLS – training operations) this represents an 8.5% improvement over the financial year, the second half-year showing a particularly marked acceleration both in business growth (+10%) and in profitability, despite the ongoing tension in terms of resources.

The company presents its annual accounts for 2019, audited and agreed by the Board on April 21st 2020. These accounts have been restated to take into consideration the sale of the Micropole Learning Solutions (MLS), our training subsidiary, which took place on February 17th. The MLS business which accounted for 3.4 million euros over the period, has therefore been stated as a transferred or divested activity in the consolidated accounts to December 31st 2019.

In million euros IFRS Norms <small>(Under audit)</small>	2019*	2018*	2018 <i>Published</i>
Turnover	115.3	106.0	109.3
Current Operating Income	6.0	4.5	4.6
<i>In % of turnover</i>	5.2%	4.2%	4.2%
Other products and non-operating costs	(1.6)	(1.5)	(1.6)
Operating Income	4.4	2.9	3.0
<i>In % of turnover</i>	3.8%	2.7%	2.7%
Net Income	2.3	1.1	1.1

*Restated from the MLS divestment which took place on February 17th 2020

Current operating income shows clear growth (+30%) and stands at 6 million euros. This improvement is mainly linked to:

- The increase in positioning prices, linked to the positive market recognition of the added value brought by the Group's offers (in France: ADR +5.5%).
- The restructuring efforts initiated in 2017 and continued this year with the sale of the MLS business.
- The economies of scale generated by sustained turnover growth, enabling better absorption of Group structural overheads.

On the basis of like-for-like in business days, the current operating income is up from 4.2% to 5.6%. For the Europe zone (Group ex. China), the current operating income stands at 6% as opposed to 4.5% in 2018.

Regarding the operational income, it has progressed by 46% to attain 4.4 million euros, despite the remaining restructuring overheads from the previous financial year.

This solid annual performance, particularly noticeable over the second half-year in the European zone, reflects:

- The Groups' good positioning, which proposes cutting –edge and high added-value Digital and Data transformation solutions on its markets.
- The industrialization of cloud offers in partnership with Amazon AWS, Microsoft Azure and Salesforce, in particular on Data-related projects. This global, innovative vision, both in terms of methodology and architecture, ensures Micropole's position as a leader on these solutions which have seen their share of turnover grow sharply. The Go Cloud & Security offer, launched in mid-2019, also completes this offer.
- The ongoing innovation of the Group R&D teams on technologies also enables anticipation of future customer stakes. The 2019 investments were notably focused on AI (machine learning and deep learning, predictive or behavioral analysis, fraud detection, R.A.P. etc.). IoT (optimization of industrial life cycle, predictive maintenance, device shadow management, etc.), the numerous issues encountered in the fields of data and digital in complex environments, as well as the blockchain (transmission and securing of data in IS systems).
- The ongoing improvement and optimization of in-house processes, as much in the operational and commercial areas as in that of our human resources management.

The net income share of the Group is positive and stands at 2.3 million euros, this being more than double that of the previous financial year.

This strong improvement in income is also reflected in the cash flow, which stands on December 31st 2019 at 16.3 million euros with net financial debt, excluding rental debt, at 9.5 million euros (as against 12.3 million on December 31st 2018), for equity of 52.2 million euros. It is also noteworthy that 2019 is the first year of IFRS16 norm application, which leads to the restatement of real estate rental and tangible property contracts as fixed assets (usage rights item) and as debts (short term and long-term rental debts item).

Business development

The good dynamic of the Micropole Group's business was mainly driven by:

- The two Paris business units proposing Data and Digital-related offers which progressed by 8.8% and 9% respectively in 2019.
- The Belgian unit, with growth of 18.4% in 2019 and which benefits from strong customer demand on cloud offers, more particularly on Advanced Analytics platforms, spearheaded by the Belgian teams for the Group.

Business in the French regions and Switzerland (excluding currency exchange effects) remained relatively stable over the period, impacted by reorganization at both management and sales team levels. Finally, China, which witnessed a significant drop in business (-40%), now represents an insignificant part of Group figures (less than 0.5% of Group turnover). The agency is now focused on maintaining the support business of our European customers.

Recruitment

In terms of Human Resources, 2019 showed a positive dynamic due to a high level of recruitment, (over 350 new hires for the Group) and also a noticeable drop in staff turnover in France, the result of many actions led by the Human Resources Management to improve the Employer Brand and retain talent. The group also renewed its Happy At Work and Happy Trainees certifications in 2019 and obtained the Agile At Work label for the first time. This positive dynamic strengthened over the second half-year and enabled Micropole to have an embedded headcount for 2020 which was well above that of the previous year (+5.2%).

Prospects and COVID-19 review

The COVID-19 pandemic and the ensuing lockdowns which took place in Europe from March 2020 have impacted the global economy and consequently the Group's business activity. All staff have seamlessly switched to remote working mode and great care has been taken with human resource management.

From the month of March, a drop in turnover has been noticed in relation to the 2020 objectives and this could reach 20% in April and May 2020. The duration and extent of this situation cannot be forecast. Within this context and in the relevant countries, the Group has implemented partial employment measures and different Government-assisted programs (among which the State-guaranteed Loan in France), geared to preserving corporations and ensure a return to business in the best possible conditions after this international crisis is over.

With respect to the very solid performance of 2019, the TARGET 21 plan was well on track before the onset of this worldwide health crisis. In these uncertain times, Micropole maintains its mid-term ambitions, especially as regards profitability, but is not prepared to communicate a figure on targets for 2020.

**Next financial date: Thursday May 14th 2020
for the publication of the 1st quarter 2020 turnover.**

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ABOUT MICROPOLE | www.micropole.com

An international consulting and innovative technologies group, MICROPOLE is specialized in the fields of Data & Digital Experience. From its 16 agencies located in Europe and China, the Group's 1200 #INNOVATIVE PEOPLE (consultants, data scientists, IT architects, business experts, engineers, UX designers...) partner their clients all over the world on all phases of their projects, from consulting to implementation and on the change management. MICROPOLE achieves 30% of its turnover internationally and is listed on the Eurolist compartment C of Euronext Paris. Next Economy segment.

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