



Paris, September 18, 2019, 7:00 a.m,

## 2019 first half-year results

- New double digit increase in sales (+28.1 %)
- Strong increase in the Group's EBITDA
- Progress in Group's cash flow

Prodways Group (Euronext Paris: PWG) publishes its 2019 first-half results today.

<i>(in € millions)</i>	H1 2019 <sup>1</sup>	H1 2018 <sup>2</sup>	Change
Revenue	35.3	27.6	+28.1 %
EBITDA <sup>3</sup>	2.6	0.2	+€2.4 M
EBITDA margin (%)	7.3 %	0.7 %	+661 bps
Current operating income	(1.5)	(2.2)	+€0.7 M
Operating income	(2.5)	(2.6)	+€0.1 M
Operating margin (%)	-7.1 %	-9.3 %	+224 bps
Financial result	(0.1)	(0.1)	-
Tax	(0.3)	(0.5)	-€0.2 M
Net income	(2.8)	(3.0)	+€0.2 M
Net income – Group share	(2.8)	(2.9)	+€0.2 M

The consolidated financial statements for the first half of 2019 were approved by the Board of Directors which met on September 16, 2019. The financial statements were subject to a limited Statutory Auditors' review, and their reports are currently being issued.

<sup>1</sup> First application of IFRS 16 - Leases from January 1, 2019 (the impacts are described in the half-year report, no retrospective amendment for 2018).

<sup>2</sup> 2018 data is restated for the completion in 2019 of the work on the fair value related to the acquisitions of 2018 (IFRS 3R). The information for 2019 is compared to the restated 2018 data. The restatements can be found in the Half-Year Report.

<sup>3</sup> Profit (loss) from continuing operations before depreciation, amortization and provisions, and before free share allocation expenses.



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First-half 2019 **consolidated revenue** was €35.3 million, with strong growth of 28.1% compared to the first-half 2018. The half-year was marked by continued dynamic organic growth in both business divisions, boosted by a favorable scope effect due to the consolidation of companies acquired in 2018 and the start of 2019.

The Group's **EBITDA<sup>3</sup>** was €2.6 million, multiplied by 13 year-on-year. This shows a strong improvement to the Company's profitability, reinforced in the amount of €1.0 million by the application of IFRS 16 – *Leases* from January 1, 2019. The Group's **EBITDA margin** increased over the period to 7.3% versus 0.7 % in first-half 2018.

**Current operating income** for the first half of 2019 stood at -€1.5 million, up €0.7 million year-on-year, and despite the fact that it was penalized compared to 2018 by an expense of €0.5 million related to the free allocation of shares during this half-year. In January 2019, Prodways Group implemented a new free share allocation plan (802,800 shares, for a maximum dilution of around 1.58% of the existing share capital) for all employees. This system is mainly conditional on achieving performance criteria based on operating income over 3 years with the aim of strengthening the alignment between manager and employee interests and those of shareholders.

After **non-recurring items** of €1.0 million mainly related to the amortization of intangible assets recognized at fair value during acquisitions and restructuring costs in the medical sector, **operating income** improved by €0.1 million to -€2.5 million during the first half of 2019.

**Net income – Group share** improved by €0.2 million to -€2.75 million.

The impact of the first application of IFRS 16 - *Leases* was €1.0 million on EBITDA but is negligible on operating income and net income (less than €0.05 million).

 **Performance by division**

<i>(in € millions)</i>	Revenue			EBITDA <sup>3</sup>		
	H1 2019	H1 2018	Change	H1 2019	H1 2018	Change
Systems	21.3	16.0	+33.1 %	1.3	(0.1)	+€1.4 M
Products	14.2	11.9	+19.7 %	1.8	0.4	+€1.4 M
Structure & disposals	(0.2)	(0.3)	n.s	(0.5)	(0.1)	n.s
<b>Group</b>	<b>35.3</b>	<b>27.6</b>	<b>+28.1 %</b>	<b>2.6</b>	<b>0.2</b>	<b>+€2.4 M</b>

During the first half of 2019, the **Systems** division - comprising 3D software, 3D printers and related materials and services – recorded an increase of 33.1 % in sales, mainly driven by the sale of materials and the distribution of SOLIDWORKS software which had an excellent start to the year. This trend was



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reinforced by the contribution of Solidscape, acquired during the third quarter of 2018, which generated revenue of €3.6 million during the first half of the year.

The division's EBITDA continued to improve, becoming positive for the first time during the first half of the year at €1.3 million, up €1.4 million. The EBITDA margin was 6.1 %. The division benefited from the remarkable performance of the software and materials businesses, which only partially offset the impact of still significant expenditures in the development of the machine activity.

The division's operating income was up by €0.5 million to -€1.3 million during the first half of 2019, compared to -€1.8 million for the same period in 2018.

The **Products** division – comprising the design and manufacture of parts on demand and medical applications – recorded growth of 19.7 % in sales in the first half of 2019. The parts production activity had a remarkable start to the year, notably in 3D metal printing. Sales in the medical sector remained buoyant and the €1.8 million contribution of the audiologist Surdifuse-L'Embout Français, acquired during the first quarter of 2019, strengthened this trend.

The division's EBITDA was up significantly to €1.8 million for the half-year, multiplied by over 4 times. The EBITDA margin was 12.5 % compared to 3.3 % for the same period of the previous financial year. The audiology activity saw good progress and continues to gain market share in hearing protectors for industry thanks to the reinforcement of the sales function last year. In the other medical activities (dental and podiatry), measures were implemented during the half-year to improve operating efficiency.

Operating income was close to balance at -€0.1 million for the first half of 2019, compared to -€0.5 million for the first half of 2018.

## **Financial position**

The significant improvement in Group's profitability translate into an increase of €2.2 million of cash flow for the half-year. The application of IFRS 16 standard contributes €1.0 million to this performance.

Operating cash flow was €2.3 million compared to €1.0 million for the first half of 2018, benefiting notably from the improvement to the working capital requirement (€0.9 million).

During the half-year, the Group maintained a sustained level of investments of €8.7 million, of which €6.2 million related to the acquisition of Surdifuse-L'Embout Français during the first half of the year, the payment of the earn-out for Avenao and the acquisition of non-controlling interests in Interson-Protac.

At June 30, 2019, net cash (excluding lease debts resulting from the application of IFRS 16) stood at €13.0 million compared to net cash of €20.9 million at January 1, 2019.



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## ● 2019 outlook

Over several years, Prodways Group has worked on 3D printing industrialization projects in various sectors of activity. These projects use a large number of machines dedicated to production applications consuming several tonnes of material.

The Group observes a positive trend in some sectors and significant progress has been made over the last few months on several projects. The Group expects a first order intake of this type in the next 6 months.

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## Conference call on Wednesday September 18, 2019 at 9:00 a.m. CET

The information on the first-half 2019 results includes this press release and the presentation available on the Prodways Group website: [www.prodways-group.com](http://www.prodways-group.com).

Today, Wednesday September 18, 2019, Raphaël Gorgé, Executive Chairman, and Pierre-Olivier Gisserot, CFO, will provide the financial community with their comments on the Prodways Group half-year results and respond to questions from analysts during a conference call in English as from 9:00 a.m. (Paris time).

To participate in the conference call, you may call any of the following telephone numbers approximately 5 - 10 minutes prior to the scheduled start time:

- France: +33 (0)1 72 72 74 03
- United Kingdom: +44 (0) 2 07 19 43 759
- Germany: +49 (0) 6 92 22 22 54 29
- United States: +1 64 67 22 49 16

Access code: 86373356#

A replay will be available as soon as possible on the Prodways Group's investor site, under "Financial information".

## Financial calendar

Third-quarter 2019 revenue: October 24, 2019 (before the stock market opening)



## About Prodways Group

Prodways Group is a specialist in industrial and professional 3D printing with a unique positioning as an integrated European player. The Group has developed right across the 3D printing value chain (software, machines, materials, parts & services) with a high value added technological industrial solution. Prodways Group offers a wide range of 3D printing systems and premium composite, hybrid and powder materials (SYSTEMS division). The company also manufactures and markets parts on demand, prototypes and small production run 3D printed items in plastic and metal (PRODUCTS division). The Group targets a significant number of sectors, from aeronautics to healthcare.

Listed on Euronext Paris, the Group reported in 2018 revenue of €61 million.

Prodways Group is a Groupe Gorgé company.

For further information: [www.prodways-group.com](http://www.prodways-group.com)

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