



H1 2020 RESULTS

MIXED RESULTS BY BUSINESS SEGMENT

European digital services group SQLI today announces its results for the first half of 2020, which were approved by the Board of Directors at its meeting on 22 September 2020, chaired by Philippe Donche-Gay. The statutory auditors performed a limited review of the results.

€m – IFRS – audited data	H1 2018	H1 2019	H1 2020
REVENUE	115.9	123.0	110.3
EBITDA ¹	6.4	7.6	5.2
CURRENT OPERATING INCOME	5.3	6.0	4.0
EBIT	2.4	4.7	4.6
NET INCOME	0.4	2.4	0.5

TRANSFORMATION IN THE BUSINESS MIX

While the public health crisis and its economic fallout slowed the Group's growth momentum, they also generated a transformation in the business mix. At 30 June 2020, 51% of revenue was generated by the **Commerce & Experience** business segment, which comprises European digital agency operations, and 51% of staff members are now based in the Group's 14 offices outside France, including the international digital services centres. This transformation in the business mix and the management decisions made during the crisis mitigated the impact of the slowdown on results and enabled SQLI to generate a sizeable operating profit in the first half of the year, in line with our targets.

GROWTH IN THE COMMERCE & EXPERIENCE SEGMENT

For the first half ended 30 June 2020, revenue fell 10.3% to €110.3 million (down 13.3% at constant consolidation scope and exchange rates).

The impact of the health crisis was particularly severe for the **Digital & Technology** business segment (digital services in France), where revenue was down 22.6%. The Aerospace & Transport and Finance sectors were deeply affected, accounting for nearly half of the decline. In addition to the effects of the economic downturn, revenue was also negatively impacted by the streamlining of the offering and the discontinuation of loss-making activities in the second half of 2019.

In contrast, the **Commerce & Experience** segment (+6.0%, with a contraction of 1.1% in organic growth) continued to take advantage of strong trends in e-commerce in Europe, which is driving demand for ever more complex added value technological platforms. This segment also benefited from the successful integration of Redbox Digital, an e-commerce agency based in the UK and Middle East, which contributed €2.4 million in revenue from 1 March 2020, in line with forecasts.

¹ EBITDA = earnings before interest, tax, depreciation and amortisation (excl. IFRS 16).

STABLE EBIT

The contribution by the **Commerce & Experience** segment, which delivered a current operating margin of 9.2% in the first half (versus 8.4% a year earlier), and the implementation of government support measures during the crisis (representing €1.9 million), produced current operating income of €4.0 million.

For the first time since 2014, the Group generated non-recurring income of €0.6 million in the first half of 2020, taking EBIT to €4.6 million, equivalent to that recorded in the first half of 2019.

Taking into account the cost of net financial debt (€1.0 million) and an income tax expense of €3.0 million (including the cancellation of deferred taxes for €1.2 million), the Group's net income came to €0.5 million.

A STRONGER GROSS CASH POSITION

With cash generated by operating activities amounting to €9.1 million, and thanks to a state-guaranteed loan of €25.0 million, SQLI posted a gross cash position of €38.6 million at 30 June 2020, while considerably reducing its use of invoice factoring.

Net financial debt, excluding lease liabilities (IFRS 16)², came to €21.3 million, representing a low debt-to-equity ratio of 22% (total equity €95.3 million).

TRENDS AND OUTLOOK

At this point, SQLI expects business levels in the second half of the year to match those of the first half. The Group's priority is to gradually increase its utilisation rate (which averaged 75% over the first half) by enhancing the sales policy, continuing to adjust its resources (headcount of 2,161 at 30 June 2020, compared with 2,191 at 31 December 2019), and keeping costs under control. SQLI expects 2020 revenue to be above €210 million, with current operating income of more than €6 million.

Beyond 2020, SQLI reaffirms its ambition of achieving sustainable and profitable growth for its two business segments. However, the disruption caused by the health crisis and uncertainties regarding global demand have led the Group to begin a review of appropriate measures that will allow it to achieve its medium-term financial goals.

SQLI will publish its Q3 2020 revenue on 27 October 2020, after the market closes.

You can register to obtain SQLI financial information free-of-charge by e-mail at: www.actusnews.com

About SQLI: Created in 1990, SQLI is an international digital services group that combines the best of technologies and methodologies to create user-centred applications and services and e-commerce solutions to enhance the customer experience.

Its unique positioning, drawing on a model that specialises in retail, technologies and skills transformation, combined with the production capacity of its digital services centres, allows the SQLI Group to provide sustainable support to large companies and European brands in the development of their sales, reputation and internal performance.

It has 2,200 employees located in 15 countries: France, Switzerland, Luxembourg, Belgium, United Kingdom, Ireland, Germany, Sweden, Netherlands, Denmark, Spain, Dubai, Singapore, South Africa and Morocco. SQLI Group generated revenue of €239 million in 2019.

SQLI has been listed on Euronext Paris (SQI) since 21 July 2000.

<https://www.sqli.com>

Follow SQLI on [LinkedIn](#)

Follow SQLI on [Facebook](#) and [Twitter](#)

INVESTOR RELATIONS

OLIVIER STEPHAN – +33 (0)1 85 64 20 20 – OSTEPHAN@SQLI.COM

JEROME FABREGUETTES-LEIB – +33 (0)1 53 67 36 78 – JFL@ACTUS.FR

FINANCIAL PRESS RELATIONS

NICOLAS BOUCHEZ – +33 (0)1 53 67 36 74 – NBOUCHEZ@ACTUS.FR

² Lease liabilities due over more than one year amounted to €27.2 million, while those due in less than one year came to €8.2 million.