



SQLI posts H1 2021 results in line with its guidance

European digital services group SQLI today announced its results for the first half of 2021, which were approved by the Board of Directors, chaired by Philippe Donche-Gay. The statutory auditors performed the limited review procedures. The interim financial report will be published on 24 September 2021.

With H1 revenues up 3.3% and a current operating margin up 2.2 points, SQLI is in line with its annual targets. The Group is therefore able to confirm its trajectory for the year as a whole.

In €m – IFRS – Audited data	H1 2020	H1 2021	Change
REVENUES	110.3	113.8	+3.3%
EBITDA ¹	5.6	8.0	+43%
CURRENT OPERATING INCOME	4.0	6.6	+65%
OPERATING INCOME (EBIT)	4.6	5.7	+24%
NET INCOME	0.5	2.8	x5.6

GROWTH OF 3.3% IN REVENUES, THANKS TO THE RECOVERY IN FRANCE AND CONTINUED INTERNATIONAL GROWTH

The Group posted consolidated revenues of €113.8m in H1 2021, an increase of 3.3%, of which +1.5% at constant scope and exchange rates.

SQLI's activity in France rallied sharply in Q2 2021 (+20%), offsetting the decline recorded in Q1 2021 (-16%). This performance was the result of the successful redeployment of talent on high value-added projects and the improvement in the activity rate (+7 points in 1 year to 79%).

Internationally, growth (+8.4%) was all the more remarkable as the Group had already recorded growth in activity in H1 2020 (+6% in organic terms) despite the start of the sanitary crisis. All countries saw growth in the first six months of 2021, except Germany.

INCREASE OF 2.2 POINTS IN CURRENT OPERATING MARGIN

Thanks to growth in activity, combined with the improvement in the activity rate and the increased use of Service Centres, the current operating margin began to recover, representing 5.8% of revenues in H1 2021, an increase of 2.2 points, compared with H1 2020. With current operating income of €6.6m, SQLI wiped out the impact of the 2020 crisis and resumed an upward trend in its profitability, above that of 2019.

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

After taking into account other operating income and expenses (-€0.9m), the operating income (EBIT) came in at €5.7m versus €4.6m the previous year.

Thanks to a controlled cost of net financial debt (€1.4m) and a tax charge of €1.5m (€3.0m in H1 2020 related to the cancellation of deferred taxes), the Group generated a net profit of €2.8m, an increase of €2.3m.

DEBT RATIOS HOLD UP WELL

Despite the impact of growth and seasonality on working capital (including client accounts receivable up in days of sales) and some one-off effects on cash at the end of June (€29.1m versus €39.8m at end-December 2020), SQLI continued to deleverage during H1 (gross financial debt of €50.2m versus €55.5m at end-2020). Thus, mid-year, the Group's net financial debt, excluding lease liabilities (IFRS 16)², was €21.1m or 22% of equity (€98.3m) and 1.8x EBITDA for the past 12 months.

In addition, the Group does not use factoring and therefore has funding reserves of more than €10 million.

CONFIRMATION OF TARGETS FOR 2021

Following this positive start to the year, SQLI aims to generate growth in consolidated revenues over the year as a whole and to improve its annual consolidated operating margin by 2 points (3.4% in 2020).

PROPOSED TENDER OFFER

DBAY Advisors, SQLI's reference shareholder since December 2021 (with 28.6% of the share capital), has announced its intention to acquire all SQLI shares through a cash tender offer at €30 per share. In this regard, SQLI and DBAY Advisors have entered into an agreement (Tender Offer Agreement) defining the terms and conditions of this operation (see press release published today).

SQLI will announce its Q3 2021 revenues on 26 October 2021 after close of trading.

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About SQLI: Founded in 1990, SQLI is a European digital services group that supports major international brands in creating value through Digital. Its creative and technical teams are committed to providing customers, consumers and users with new and engaging experiences based on the best technologies and methodologies, as well as their skills and convictions. They design, develop and deploy strong and effective architectures that improve companies' agility, increase their efficiency and promote their growth.

SQLI's 2,000 employees are spread over 13 countries: France, Switzerland, Luxembourg, Belgium, the United Kingdom, Germany, Sweden, the Netherlands, Denmark, Spain, Morocco, Mauritius and Dubai. In 2020, the SQLI Group generated revenues of €214m.

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

<https://www.sqli.com>

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² Lease liabilities due over more than one year amounted to €15.5m, while those due in less than one year came to €8.1m.