

# Combination of ECA Group and iXblue: emergence of a French technology champion

On the evening of March 10, Groupe Gorgé entered into exclusive negotiations with the shareholders of iXblue to acquire 100% of the company's capital. This major strategic project marks a turning point in the history of Groupe Gorgé and will create a world-class player in cutting-edge technologies for critical applications, notably in the Defense, Space and Maritime sectors. This merger values the new ECA Group-iXblue entity at approximately €800 million.

## The key points of the transaction:

- ▶ The creation of a French group with critical size and technological leadership ;
- ▶ A strong complementarity of customers, technologies and solutions offered;
- ▶ A rapprochement facilitated by similar corporate cultures and strong geographical proximity;
- ▶ A combined backlog ECA Group-iXblue of over €620 million.

## Combination of ECA Group and iXblue: emergence of a French technology champion providing very high performance solutions for critical missions

iXblue is a high-tech company recognized worldwide for its advanced solutions in navigation, maritime autonomy and photonics for the civilian, space and defense markets. iXblue's technologies enable its customers to meet their challenges in harsh environments, from the bottom of the ocean to the edge of space. The company is based in France and has been very successful since its creation in 2000, especially internationally. It now has nearly 750 employees and sales in over 60 countries.

ECA Group is a subsidiary of Groupe Gorgé since 1992, owned at 100%. The company is one of the world leaders in the field of autonomous robotics and integrated systems, particularly in the Naval sector. The company provides its customers with the most efficient and technologically advanced solutions in the field of naval, land and air drones. ECA Group also offers innovative technological solutions for the Aeronautics and Space sectors.

The combination of ECA Group and iXblue will create a major player in the French DTIB<sup>1</sup>, which will rank among the world's top players in the following fields:

- Maritime autonomous systems, in particular for underwater mine countermeasures ;
- Very high performance inertial Navigation solutions;
- Photonic, Quantum and Space Solutions.

It will also be a major player in land robotics, underwater acoustics, simulation, naval equipment and aeronautical equipment.

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<sup>1</sup> The Defense Technological and Industrial Base

Together, ECA Group and iXblue will offer even more competitive, innovative and integrated autonomous systems for the maritime sector, thus meeting the expectations of customers in various fields: Underwater mine clearance, Deep sea exploration, Hydrography, Port protection, Offshore and MRE (Marine Renewable Energies).

### A combination that will generate significant synergies

#### 1- A broader customer base and geographical coverage

The commercial networks of the two companies are highly complementary (80 countries as ECA's customers, 60 countries as iXblue's customers). Their alliance will enable the new group to offer its entire products and solutions portfolio to a larger number of customers and to significantly increase export orders.

For example, in the Maritime sector:

- ▶ iXblue has a strong presence in the civilian fields of hydrography, oceanography and marine energy: to these customers, the new group will be able to offer ECA's autonomous or remotely operated underwater or surface drone systems.
- ▶ ECA's customers are mainly military navies, particularly in the fields of underwater mine countermeasures, piloting or energy conversion for submarines. The new group will be able to offer iXblue's inertial navigation solutions to navies that do not yet have them.

#### 2- A coherent portfolio of complementary products and solutions

ECA Group already integrates iXblue's inertial and underwater positioning solutions into its mine countermeasures systems. More broadly, there is no competition in the product lines of the two companies: this is a guarantee of continuity for the teams and therefore of confidence in the ability of the companies to honor their commitments. In particular, iXblue's photonics and inertial navigation activities, which are essential to the creation of a complete offer, will naturally find their place in the new group in its current form and size, as ECA has no activities in these fields. The new group will have very strong positions across the entire value chain, with iXblue as an equipment manufacturer and ECA as a robotics and systems provider.

iXblue's range of surface drones and deep sea robots will complement, but not compete with, the extensive range already provided by ECA Group.

Robots and autonomous land vehicles, quantum technology and on-board equipment for the aeronautics industry will remain strategic in the development of the new group and will see their resources and commercial impact amplified by belonging to a group twice as large.

Finally, the new group will have greater investment capacity to accelerate its R&D roadmaps and strengthen its technological leadership. The two companies combined will thus consolidate French sovereign capabilities and will be able to make a significant contribution to the French ambition for the Deep Sea program, announced by the President of the Republic as part of France 2030 and carried by the Ministry of the Armed Forces and the Ministry of the Sea.



iXblue – Unmanned Surface Vehicle DriX



ECA – Autonomous Underwater Vehicle A18

### 3- Two corporate cultures focused on innovation and entrepreneurship, and strong geographic proximity

The teams of both companies know each other well and have participated in many projects together: both companies are already working on major programs for the Belgian and Dutch navies and for IFREMER (Ulyx drone capable of diving to a depth of 6,000 m). They share a culture of innovation and entrepreneurship. The merger will reinforce this culture, which is a guarantee of technological advances and durability, supported by a stable family shareholding and a long-term vision in the same spirit that has built the history and success of each company.

The integration of the two companies will be facilitated by the close geographical proximity of the French sites, which are essentially located in the same employment areas. This is the case in Île-de-France, in the south of France at Toulon / La Ciotat and in Brittany at Brest and Lannion.

### 4- An operation that creates immediate value and has strong medium-term prospects

The following information on the structure of the operation is provided for information purposes only and is subject to change according to the needs and constraints of the structure.

iXblue has generated approximately €138 million in revenues<sup>2</sup> and more than €27 million in EBITDA<sup>3</sup> in 2021. The acquisition of iXblue, for an enterprise value of €410 million, would be carried out by a holding company (NEWCO) to which 100% of the ECA Group shares would be contributed and/or sold. On this occasion, a cash upstream of around €65 million would allow to reimburse the debt of Groupe Gorgé, which would have a positive net cash position at the end of the transaction, with the exception of the debt carried by NEWCO.

This transaction values the new ECA Group-iXblue entity at approximately €800 million.

NEWCO will finance the acquisition of iXblue through:

- a €185 m syndicated loan, half of which will be amortized over 6 years and half *in fine* over 7 years;
- an *in fine* financing provided by the investment fund ICG (Intermediate Capital Group; [www.icgam.com](http://www.icgam.com));
- a significant investment in equity capital (tens of millions of euros) contributed by Hervé Arditty, iXblue's founding shareholder, as well as managers and employees.

The repayment of this financing is thus progressive and limited in relation to the expected profitability of the new entity. This acquisition will not require any capital increase at the level of Groupe Gorgé and will therefore not result in any dilution of shareholders.

This financing is completed by a confirmed revolving credit line of €50 million and an unconfirmed external growth line of €50 million.

The majority of NEWCO's capital will be held by Groupe Gorgé. Together with the founder of iXblue and the management team, Groupe Gorgé would control more than two thirds of the capital and more than 80% of the voting rights.

The backlog at the end of 2021 of the new entity represents more than €620 million<sup>2</sup>, ensuring excellent visibility for the coming years.

The combination of these two companies will also enable cost synergies on direct and indirect purchases and on support functions, which are expected to grow in the coming years, but at a slower pace than if each company remained independent.

Combining the expected sustained growth of both companies and the synergies, which could reach tens of millions of euros of EBITDA by 2025, the ECA Group-iXblue combination aims to achieve revenues of over €500 million and an EBITDA margin of around 25% by 2025-2026.

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<sup>2</sup> The 2021 indicators of iXblue are estimated (revenue, backlog, EBITDA). The financial statements for the year have not been closed or audited.

<sup>3</sup> EBITDA: Operating profit before "net depreciation and provisions", "other operating income" and "share of profit of associates", including all research tax credits and subsidies for the year without deferral and without applying IFRS 16.

This very significant growth in revenues and margins is in no way a forecast. It is given as an indication of the potential of the industrial project, which is subject to numerous risks and uncertainties, both in terms of the outlook for each of the two companies and the implementation of the significant synergies expected.

The transaction is subject to obtaining the usual regulatory approvals and could be finalized within approximately 3 to 6 months.

### Upcoming financial meetings

An event to present the operation to the financial community and answer questions will be held in early April. The exact date will be communicated shortly.

Groupe Gorgé will publish a press release concerning its annual results for 2021 on March 21 after the close of trading. The company will not hold a conference call at the time of this publication but will answer questions from analysts and investors during the presentation to be held in early April.

### About Groupe Gorgé

Groupe Gorgé is a high-tech industrial group driven by a strong entrepreneurial culture. The Group is present in drones, engineering and protection systems. The Group generated revenue of €202 million in 2021.

### More information on [www.groupe-gorge.com](http://www.groupe-gorge.com)

Groupe Gorgé is listed on Euronext Paris Compartment B (GOE).

### About iXblue

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