

# Third quarter and 9-month revenues 2022



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# Speakers



**Cristel de Rouvray**

CEO



**Olfa Zorgati**

EVP Operations & CFO

# Continued momentum built

## ➤ Revenues in line with our expectations

- 9-month revenues proforma: + 4.1% (+2.7% at constant exchange rate - cer)
- 9-month Licenses proforma: +5.0% (+3.6% cer)
- 9-month Recurring revenues increased by 7.3% (+5.8% cer).
  - 9-month Recurring revenues increased from 93.2% compared to 91.0% year to date

## ➤ A business model of a sustainable and healthy software company

- Focus on licenses
- Good growth in recurring revenues
- Accelerated decrease of services and PUL

## ➤ On track to deliver on our “*OneESI 2024 – Focus to Grow*” plan

# 9-month revenues Proforma: License driving the growth +5.0% at current rate.

Revenues (€m)	9m-2022	9m-2021	Change	Change Constant exchange rate (cer)
Licenses	89.3	85.0	+5.0%	+3.6%
Services	14.7	14.9	-1.3%	-2.2%
<b>Total</b>	<b>104.0</b>	<b>99.9</b>	<b>+4.1%</b>	<b>+2.7%</b>

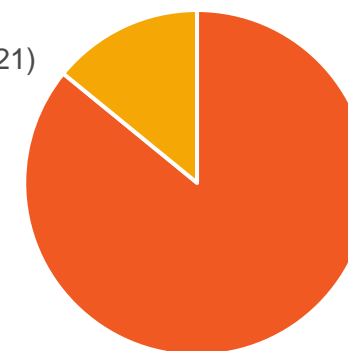
The proforma figures consider the July divestitures and the cessation of sales in Russia. Note that there was still €0.6m linked to these divestitures and Russia in Q3, and €2.7m Year to date (9 months)

## Q3 REVENUES

Revenues (€m)	Q3-2022	Q3-2021	Change	Change Constant exchange rate (cer)
Licenses	17.6	16.9	+4.0%	+2.3%
Services	4.3	4.9	-13.3%	-13.7%
<b>Total</b>	<b>21.8</b>	<b>21.8</b>	<b>+0.1%</b>	<b>-1.3%</b>

## REVENUES SPLIT

14.1%  
(vs 14.9% in 2021)



85.9%  
(vs 85.1% in 2021)

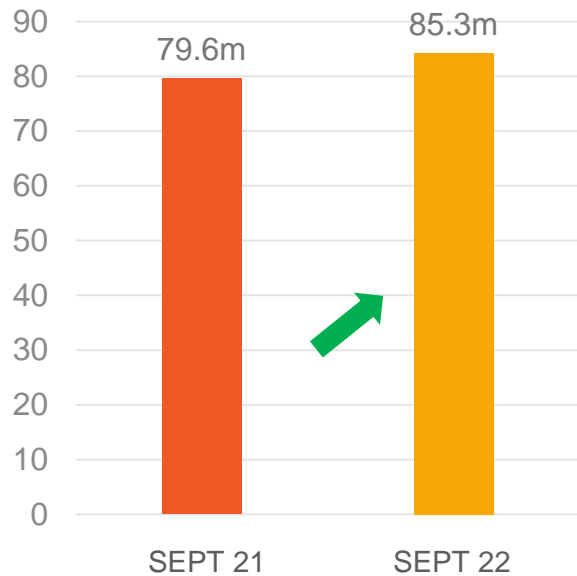
■ Licenses ■ Services

# 9-month License revenue **proforma** – A healthy growth

Recurring + Perpetual (PUL) + Deferred revenue = Licence revenue (+5.0%)

## RECURRING

+7.3% (+5.8% cer)

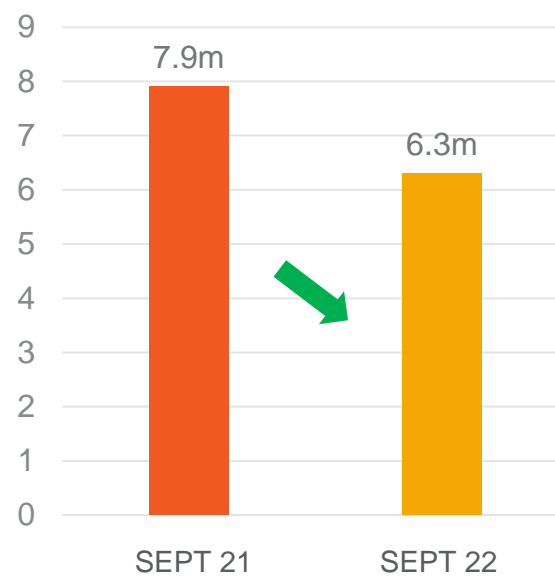


## RECURRING RATE

93.2% vs 91.0% YoY

## PERPETUAL

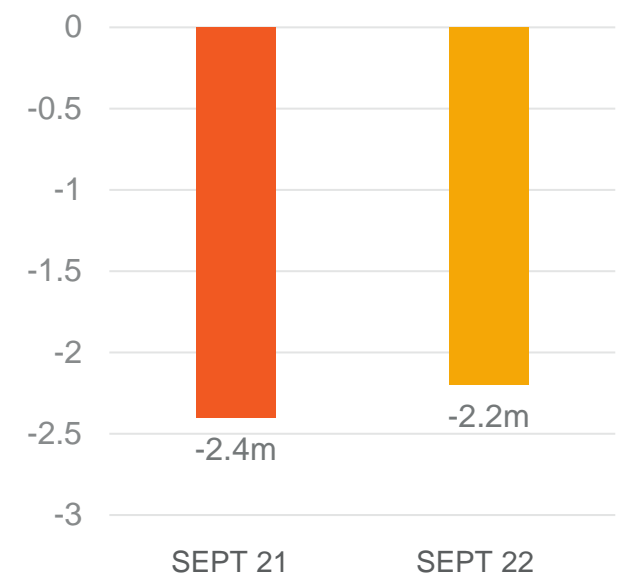
-20.4% (-23.0% cer)



## PUL RATE

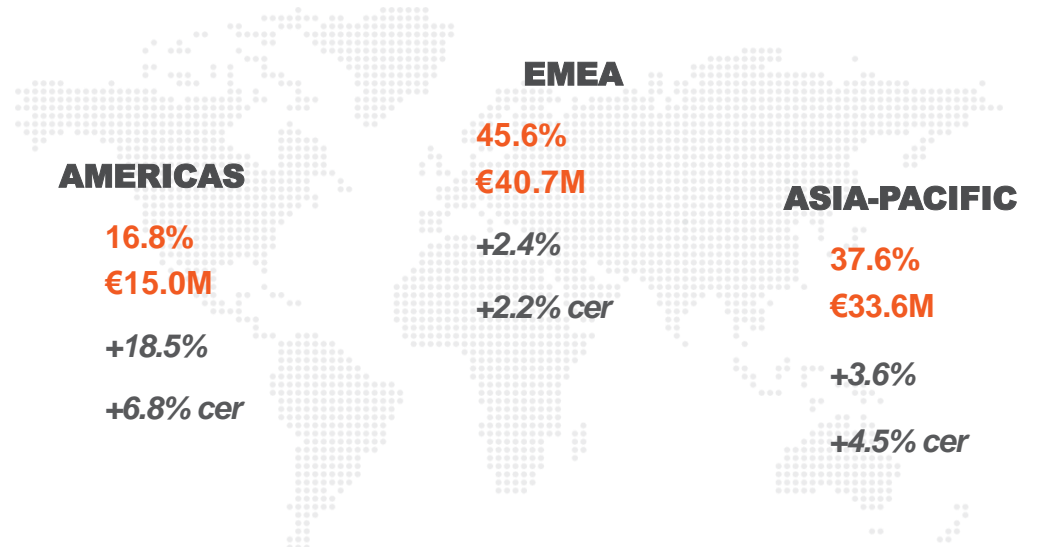
6.8% vs 9.0% YoY

## DEFERRED



# 9-month 2022 license revenue per geography & industry

## GEOGRAPHY SPLIT



License: increase in all geographical areas at constant and current rate

## INDUSTRY SPLIT

95.2% of the license revenue (before deferred revenue) from four focus industries



Automotive & Land transportation



Aerospace, Defense & Naval



Heavy industry



Energy

All industries of focus **grew** led by Auto in numbers and Energy in percentage.

# FY22 Proforma guidelines

Driven by a faster shift in recurring revenue versus perpetual licenses and accelerated decrease in non-profitable, non-core services

Proforma <sup>1</sup>	FY22	FY22
	Constant exchange rate	Current exchange rate
Growth <sup>2</sup>	0% - 2%	2% - 4%
Adjusted EBIT <sup>3</sup>	9% - 11%	9% - 11%

*1 The proforma figures consider the July divestitures and the cessation of sales in Russia. Note that there was still €0.6m linked to these divestitures and Russia in Q3, and €2.7m Year to date (9 months).*

*2 Revenue Excluding Special projects (FY20 = €4m)*

*3 Adjusted EBIT is a non-GAAP indicator based on EBIT (IFRS). Adjusted EBIT corresponds to EBIT before stock-based compensation expenses, restructuring charges, impairment and amortization of intangibles related to acquisitions, IFRS 16 standard on leases, and other non-recurring items*

This release contains "forward-looking statements". These statements are subject to a number of risks and uncertainties, including those related to the COVID-19 virus and associated further economic and market disruptions; further adverse changes or fluctuations in the global economy; further adverse fluctuations in our industry, foreign exchange fluctuations, changes in the current global trade regulatory environment; fluctuations in customer demands and markets; fluctuations in demand for our products including orders from our large customers; cyber-attacks; expense overruns; and adverse effects of price changes or effective tax rates. The company directs readers to its Universal Registration Document – Chapter 3 presenting the risks associated with the company's future performance.



# FY23 – FY25 Goals

Proforma <sup>1</sup>	FY23	FY24	FY25
Growth <sup>2</sup>	5% - 7%	6% - 9%	7% - 10%
Adjusted EBIT <sup>3</sup>	13% – 15%	17% - 20%	> 20%

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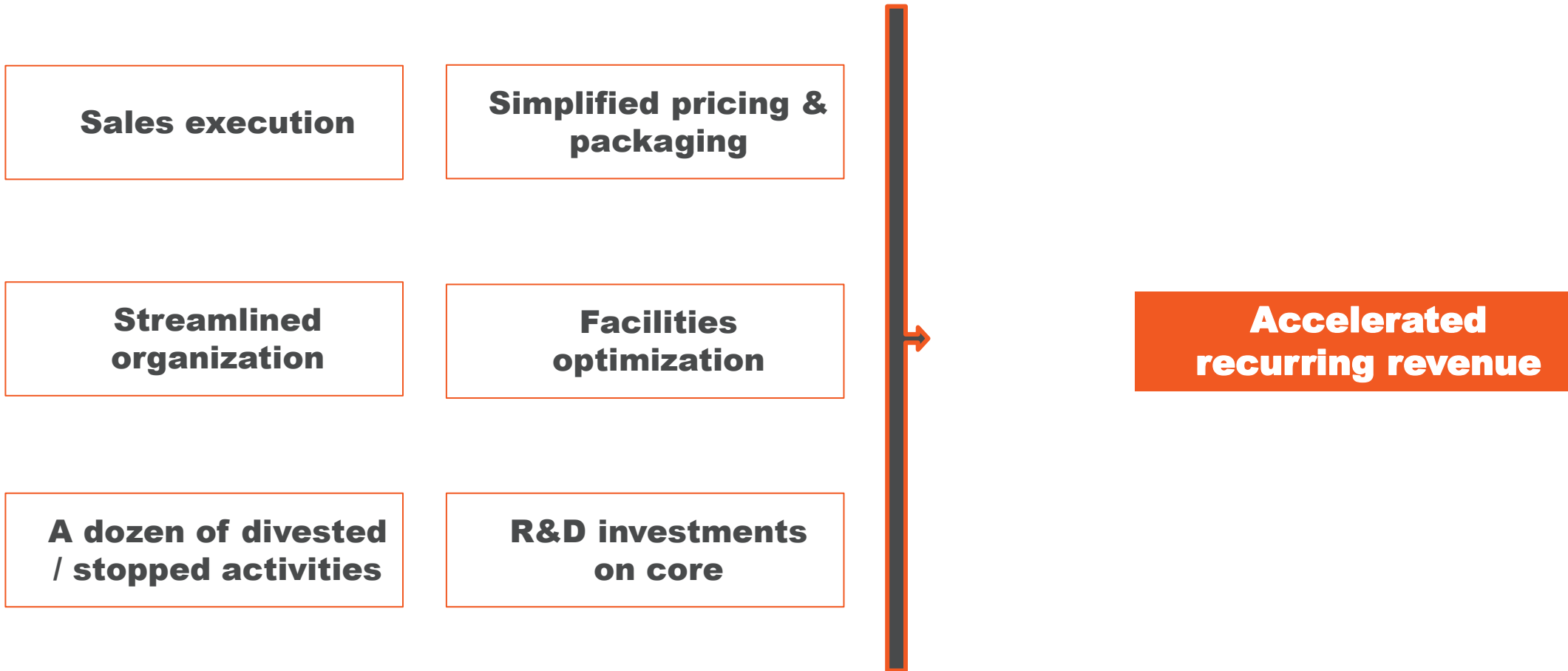
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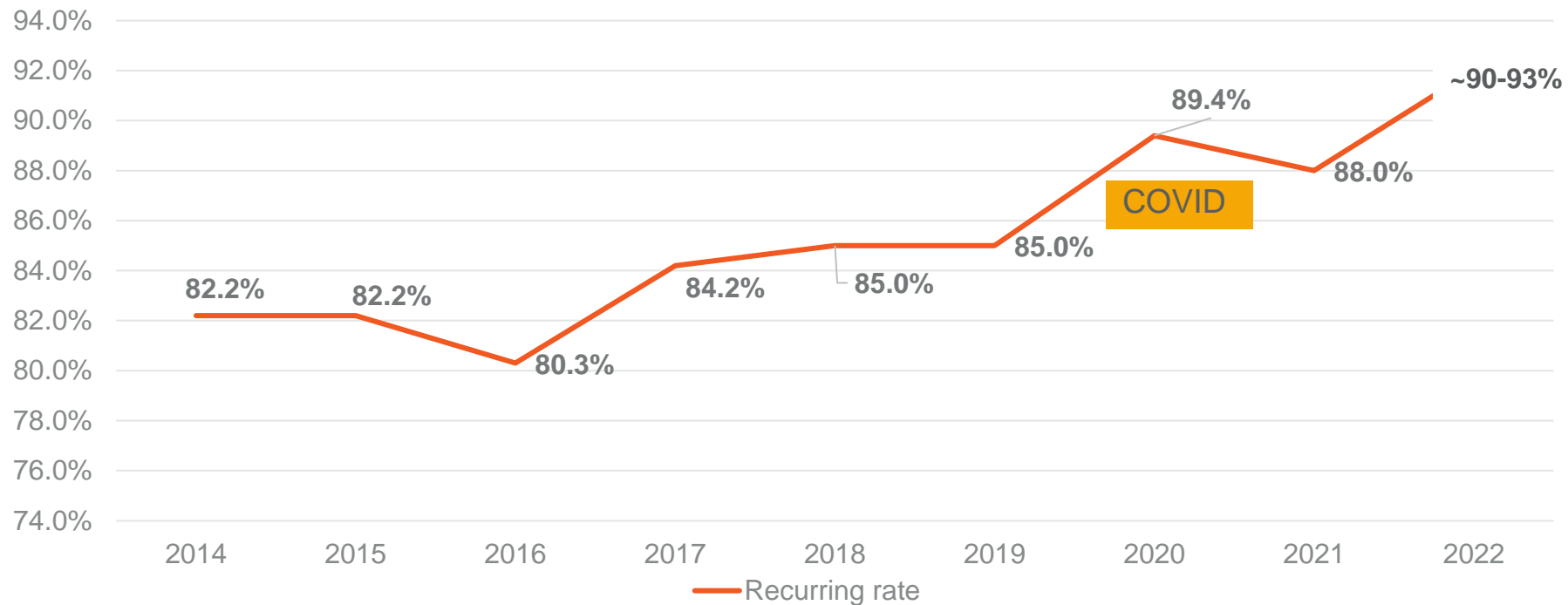
**Delivering on our 3-year plan**  
***“OneESI 2024 – Focus to grow”***

# The magnitude of our transformation



# A Long-term & strategic partner for our customers

Steadily increasing our recurring business\*



\* Recurring business rate as our total licenses booking number excluding our perpetual license revenue divided by our total licenses booking number.

Published by



**Monica Schnitger**

Explaining technology one designer, engineer, maker and boss at a time -- then summarizing for investors & suppliers

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ESI Live 2022: Moving towards a sustainable digital future. New blog post:

### **Market is healthy:**

*“There's **a significant opportunity** for ESI solutions that allow for better, faster iterations to address end-buyers' pain points and the realities of producing sustainably and with unreliable supply chains”*

### **ESI is recognized as trusted partner:**

*“their customers rely on ESI and its solutions and see the company as a trusted partner. **ESI really knows their customers** and readiness for this type of technology”*

### **ESI's transformation is on point:**

*“ESI is looking to **leapfrog ahead in business processes and go-to-market** to meet customers where they are, with what they need to reach potential users who have no interaction with ESI today — a meaningful way to grow and, more importantly, become a strategic partner to these accounts. It's both simple and very, very hard to do.”*

# Upcoming events



## Upcoming financial communication:

- FY22 sales and results – February 28<sup>th</sup>, 2023

## Recording available:

- ESI Live – [HERE](#)
- 2022 Investor's conference – [HERE](#)

# Thank you



## Any Questions?

Email: [investors@esi-group.com](mailto:investors@esi-group.com)

# Definitions

- **Proforma:** The proforma figures consider the July divestitures and the cessation of sales in Russia. Note that there was still €0.6m linked to these divestitures and Russia in Q3, and €2.7m Year to date (9 months).
- **Adjusted EBIT** is a non-GAAP indicator based on EBIT (IFRS). Adjusted EBIT corresponds to EBIT before stock-based compensation expenses, restructuring charges, impairment and amortization of intangibles related to acquisitions, IFRS 16 standard on leases, and other non-recurring items
- **Recurring business rate** as our total licenses booking number excluding our perpetual license revenue divided by our total licenses booking number.