
2020 Q1 Revenues

Investor's presentation

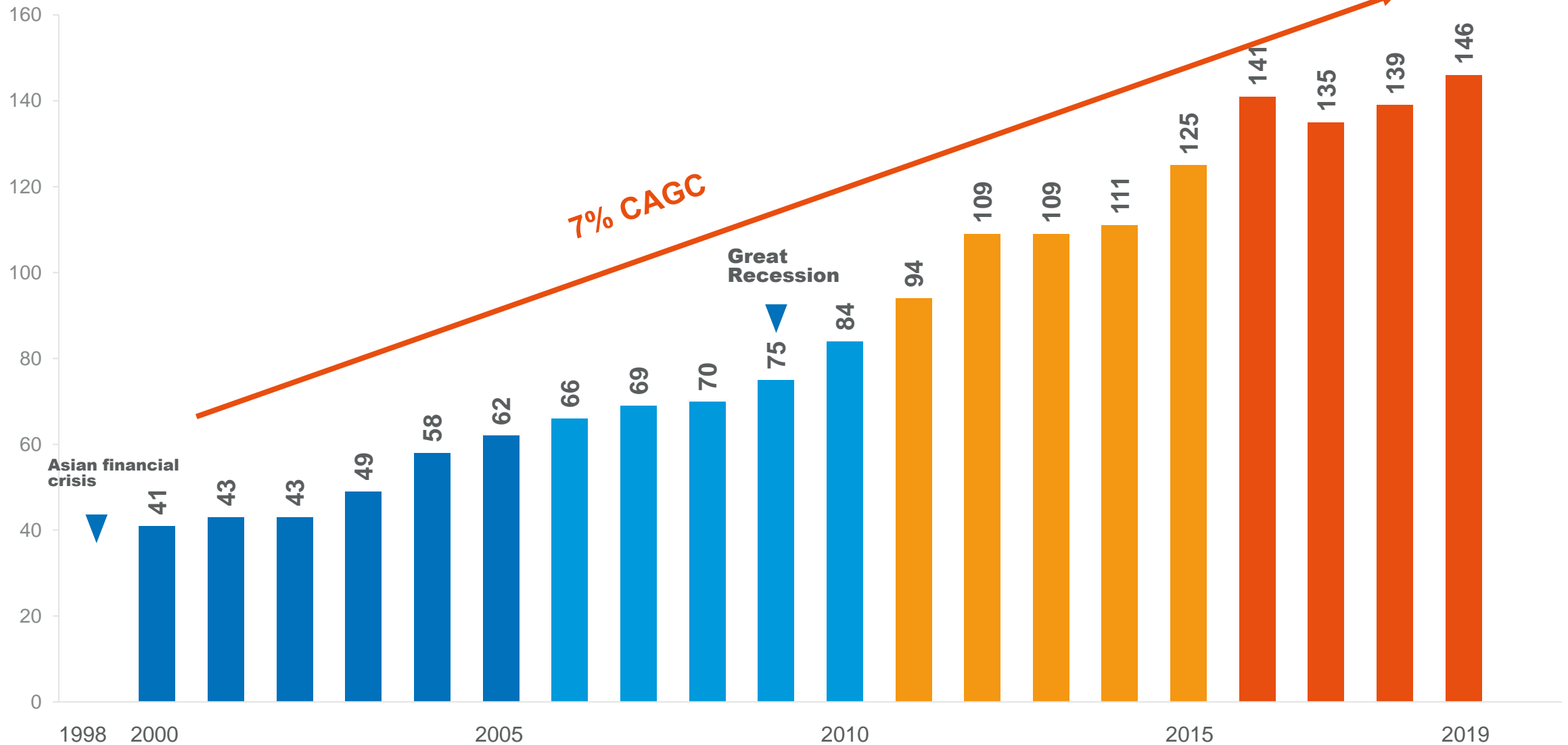


May 12, 2020

COVID-19 CURRENT SITUATION AND OUTLOOK

- 1 **Impact on our business** – new business conversations are delayed & adapted by confinement measures, particularly in China
- 2 **Resilience of our business model** – high repeat rate on Q1; high ratio of recurring in revenues
- 3 **Risk mitigation plan:**
 - Ensure the health and safety of our colleagues: a 100% operational
 - Communicate regularly internally and continuously with our customers
 - Adaptability and inventiveness to pursue new business
 - Cost management according to global priorities, enabled by deployment of new financial infrastructure & new performance framework.
 - Cash management

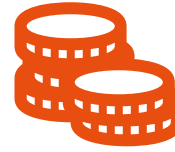
45+ years of resiliency – always profitable



BUSINESS “NOT AS USUAL” DEPLOYING A BUSINESS CONTINUITY PLAN



Global and local
guidelines to ensure
the safety of our team



Implementation of a plan
to manage our costs and cash



Development of new ways
of driving business and
customer relationship

Loan: additional
cash capabilities

T&L & Marketing &
Compensation
saving plan
& resource
allocation

Assessment of
structural costs



Jean-Pierre Alègre

Head of product research
Fenwick-Linde MH
KION GROUP

BUSINESS EXAMPLE

How KION Group uses ESI's solution to accelerate its development



**konstruktions
praxis**

construction practice: What are the advantages of the VR tool?

Alègre: The great advantage of the tool is that an end product can be visualized at an early stage of development. It then serves as a means of communication for all departments. "Virtual trucks" can be evaluated in order to make improvements to the product - even before the introduction of prototypes.

This means that the marketability of our products is significantly improved right from the start. This saves development time because time-consuming and expensive rework is significantly reduced.

In addition, various options and variants of a new product to be developed can be easily tested with the VR tool.

2020 Q1 REVENUES

Sales (€m)	Q1-2020	Q1-2019	Change	
			Current rate	Constant rate
Q1 - Total	54.9	58.4	(6.1%)	(6.9%)
Q1 - Licenses	48.8	50.8	(4.0%)	(4.8%)
Q1 - Services	6.1	7.6	(20.3%)	(20.9%)

Main impacts on Q1 revenues

- Sales adjusted to the new Fiscal Year and the timing of Renewal licenses
- Impact of Covid-19 on the completion of New Business transactions

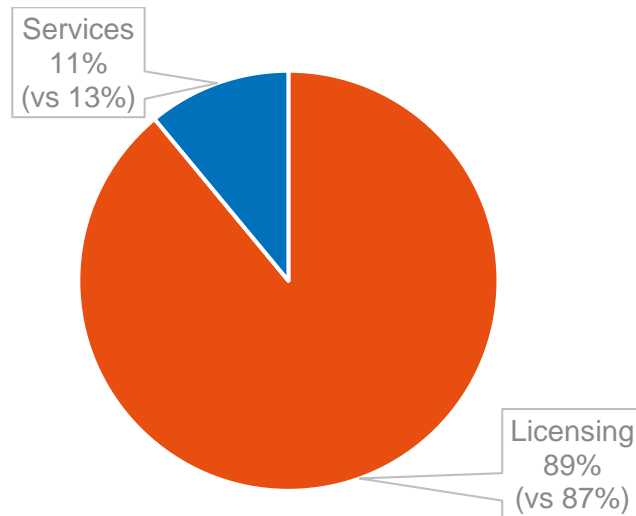
Effect of change of closing year

Q1 should now represents **40%** of annual revenues (vs. 20% in old FY)

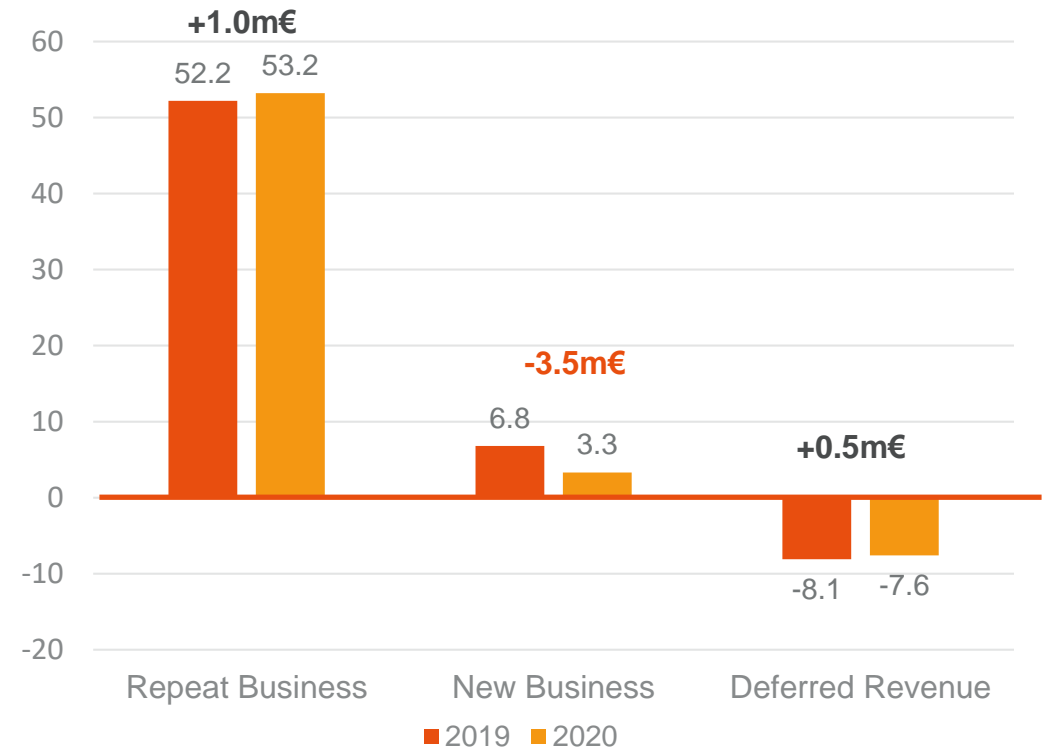
Better piloting & more visibility

Q1: A SOLID AND RESILIENT BUSINESS MODEL

Total Revenue Breakdown



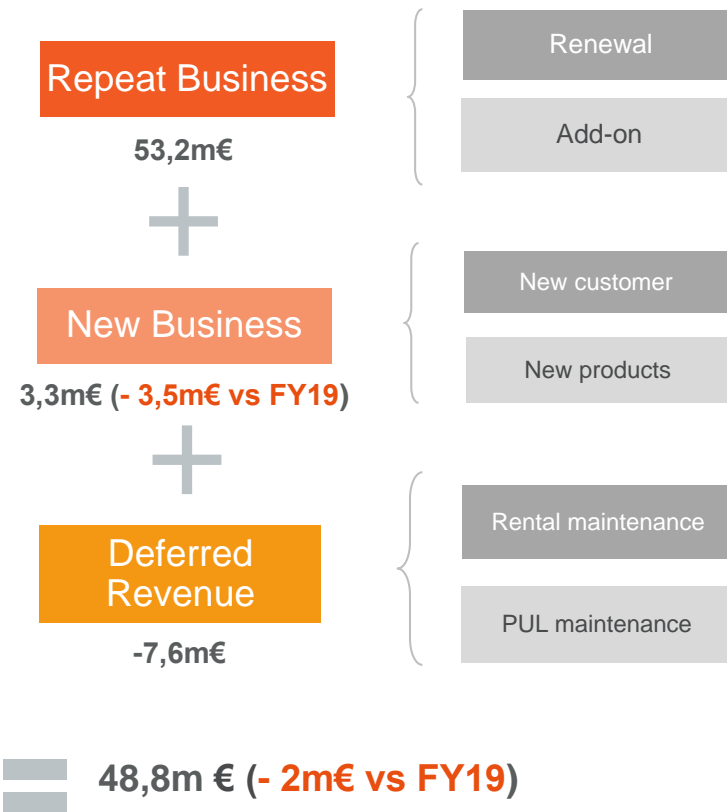
Licenses Split: 48,8m€ vs 50,8m€: -2m€



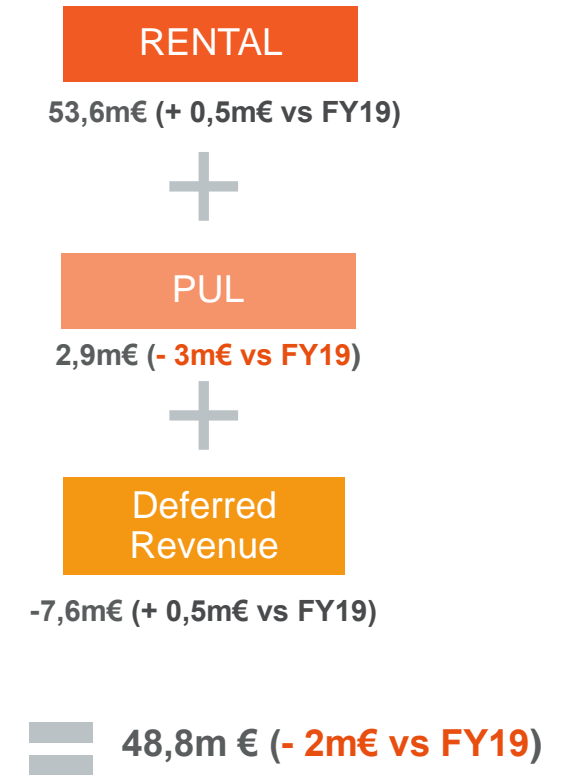
Strong Repeat Rate: 90.2%

LICENSES REVENUES EXPLAINED

Sales Status

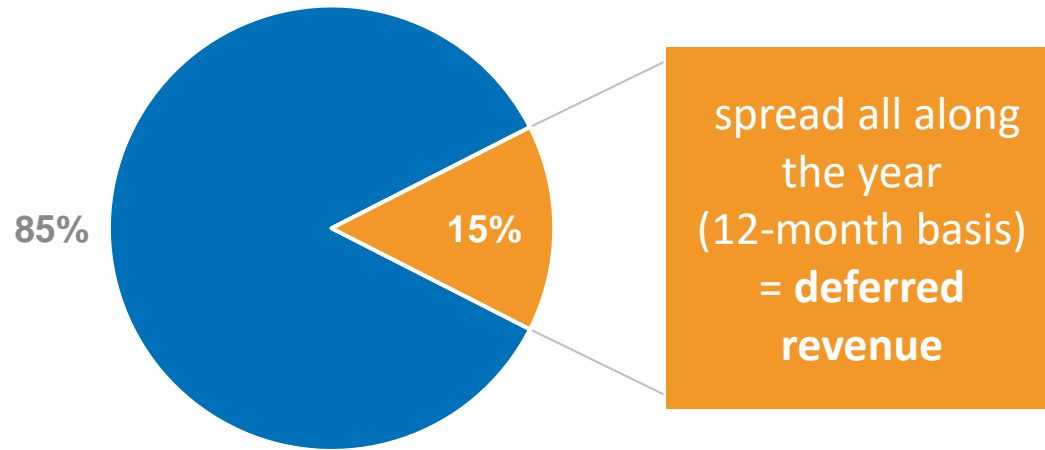


Sales Type



LICENSES REVENUES EXPLAINED

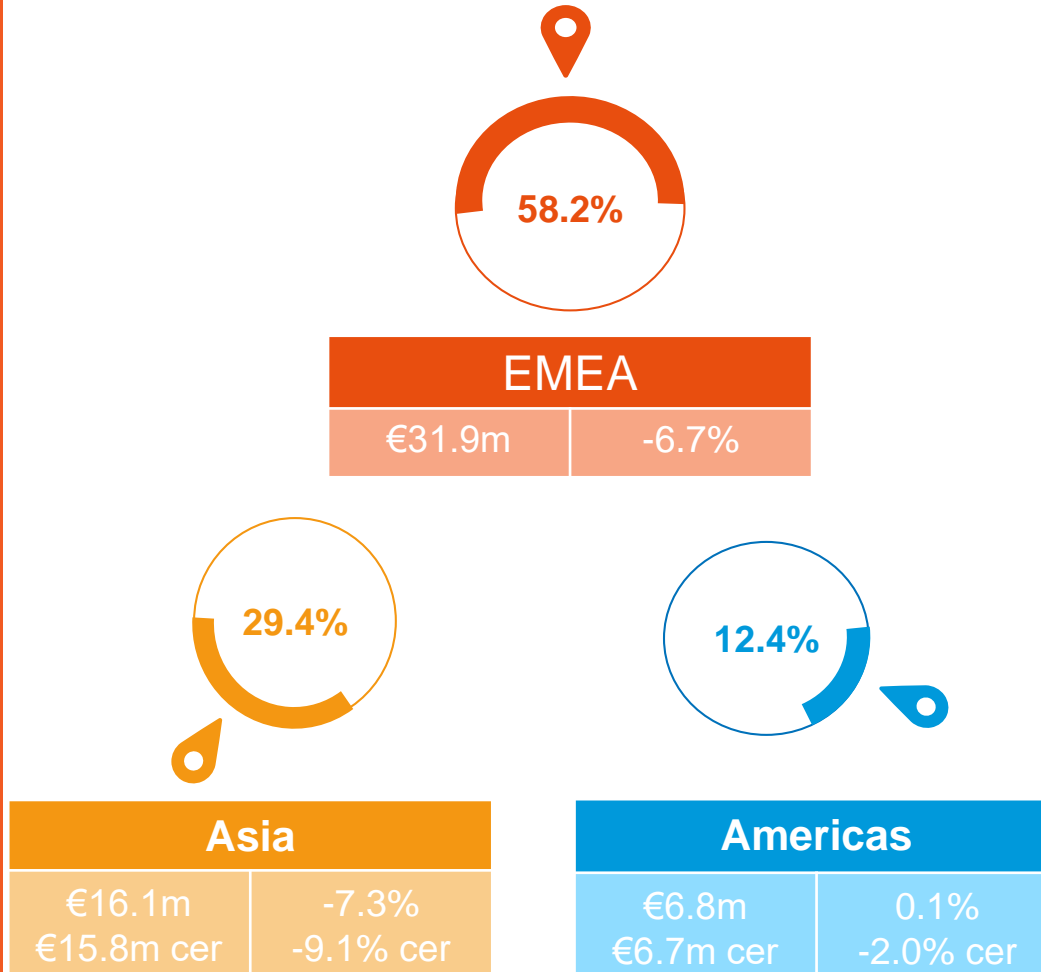
DEFERRED REVENUE / RENTAL MAINTENANCE



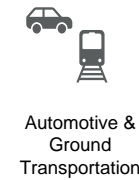
- When selling a rental license:
 - **immediate recognition** of the first **85%**
 - the remaining **15% are recognized on a straight-line basis** over the 12 next months.
- As Q1 is now our main quarter; the amount of deferred revenue is high (€7.6m).

A GLOBAL AND SOLID DYNAMIC

GEOGRAPHICAL MIX



KEY INDUSTRIES



90% of the total booking from four main industries

In Licensing activities, **Automotive & Ground Transportation remained stable**

Aeronautics & Aerospace impacted by the Covid-19 / Chinese situation

KEY TAKE AWAY



A resilient business model based on strong installed base of innovative industrial leaders with recurring revenue



The crisis as accelerator of the digitalization of industry



An **optimization plan** that enables us to drive focus for growth and to manage costs and cash





Thank You