

Press Release

30 April 2020

KEYRUS

insight into value

2019 Annual Results

Revenues : €286.7m : +4.9% (organic growth*+0.8%)

Current operating income : €5.6m

Operating income : €2.6m

Net income (Group Share) : €(6.0)m

In millions of euros	2019	2018
Revenues	286.7	273.2
Current operating income	5.6	14.8
Operating income	2.6	12.7
Net income (Group Share)	(6.0)	8.8

Levallois-Perret, 30 April 2020 : the **Keyrus** Board of Directors met on 30 April 2020 in the presence of the auditors and finalized the audited consolidated accounts for the 2019 financial year.

2019 Operating Performance

The **Keyrus** Group recorded consolidated revenues of €286.7m for the 2019 financial year, an increase of 4.9% as compared with the 2018 financial year (0.8% at constant scope and exchange rates). Based on reported figures, revenues from the Large Account segment grew by 2.6% and those from the Mid-Market segment by 14.1%.

After a difficult first half of the year, in which the slowdown in growth and operational troubles encountered by our Large Account activities in our major countries (France and Brazil) had a severe adverse impact on the Group's profitability, the remedial plan in the second half of the year has paid off, producing positive operating income for the financial year as a whole.

As regards Large Account activities, in the second half of the year the emphasis was placed on improving the capacity utilization rate of consultants and adjusting structural costs in line with the volume of business. Given the underperformance in the first half of the year, all regions apart from Israel and Asia Pacific were down in terms of their operating income as compared with the 2018 financial year.

At constant scope, Mid-Market activities increased by 1.7% in 2019, as against 8.2% for the 2018 financial year. The overall growth in revenues in 2019 incorporates revenues of €6.3m from the Arcadie company, which was acquired in January 2019 and fully integrated into **Absys Cyborg**'s business model during the financial year. The marked change, during the 2019 financial year, in the way software is sold – shifting to a subscription-based mode in the Cloud – will have had an adverse impact on revenue growth, but in the medium term, it will bolster recurring revenues.

Moreover, the bedrock of recurring contracts continues to expand, having grown by 13%, and it accounted for 43.0% of revenues in 2019.

Current operating income was €5.6m, as against €14.8m for 2018.

Operating income and net income Group share were €2.6m and €(6.0)m respectively, as against €12.7m and €8.8m for 2018.

Net financial indebtedness as at 31 December 2019 increased to €46.8m as against €39.8m as at 31 December 2018. This increase was mainly due to the investments, external growth and capital asset purchases undertaken in 2019. Despite the increase in net financial indebtedness, the Group managed to improve its net cash position**, which was €30.0m as at 31 December 2019 (€27.1m as at 31 December 2018).

Outlook

After a lacklustre 2019 for our Large Account segment, the 2020 financial year was to confirm the renewed growth momentum for all the Group's activities in France and internationally. A new business model, driven by the markets, clients, and offerings, should enable **Keyrus** to increase its market share with its clients by focusing more sharply on each business area, and organizing its offerings in such a way that they can develop around the Group's solutions and talents, through a mixture of technological innovation and business expertise.

This strategy is being implemented with a long-term view, and it should prove advantageous in the crisis situation that we are currently experiencing, and in which it is essential to have a thorough understanding of the issues facing our clients, according to the type of industry concerned.

For our Mid-Market activities, the 2020 financial year will be characterized by the increased pace of transformation of revenues into recurring revenues, through the development of the Cloud-based, "subscription" mode for the selling of software package licences, and the development of our Saas-mode publishing activity. Furthermore, **Absys Cyborg** is following a strategy of developing solutions that complement the management tools used by its clients : offerings around the dematerialization and digitization of processes are the ones generating the most interest in the short and medium term.

Eric Cohen, President & CEO, comments : " *The 2020 financial year, although highly promising, will be the first in a health crisis of which the duration is unknown. It will adversely affect budgeted objectives for revenue and income this year, but will contribute to further accelerating digital transformation projects and clients' shift towards the Cloud. More than ever before, data holds the answers to the greatest issues facing mankind, and **Keyrus**, whose data science expertise is its very DNA, will remain very well placed to accompany its clients in this unprecedented situation.*

Having taken action, as early as the middle of March, to implement a rigorous crisis management plan intended to protect the health of our employees, ensure the continuity of our business activities, and preserve the financial means of the Group, we are of the view, at this stage in the crisis, and based on current forecasts, that our continued operation is not in question."

Keyrus will publish its first-quarter 2020 revenues after market close on 12 May 2020.

Summary statement of operating income by operating sector

In €m	Large Accounts		Mid-Market		Total	
	2019	2018	2019	2018	2019	2018
Revenues	223.8	218.1	62.9	55.1	286.7	273.2
Current operating income	0.9	9.2	4.7	5.6	5.6	14.8
Operating income	(1.8)	7.5	4.4	5.2	2.6	12.7

Management and impact of the COVID crisis

From an organizational standpoint, the Group proceeded to create a Crisis Unit headed up by the Group's CEO and Executive Directors. This Unit put in place the necessary health-related procedures to ensure that all its employees were protected, and business continuity plans for all its subsidiaries.

From the financial point of view, the Group proceeded to implement weekly business and cashflow monitoring, using various management tools and designed to formalize and assess the required procedures, optimization of the income statement and new budgets, collection of client receivables, and all cashflow management optimization plans.

The key measures implemented include :

- The deferral of non-essential investments and the reduction of structural costs
- The negotiation of special payment arrangements with real estate lessors and/or vehicle-leasing companies
- The implementation of partial unemployment or equivalent measures - depending on the governmental provisions of the various countries concerned - for those employees whose activity is affected by the health crisis
- The deferred payment of taxes and social security contributions, depending on the governmental provisions of the various countries,
- The submission of requests to its French banks for the granting of a government-guaranteed loan, ...

Keyrus recognizes that this health crisis has a significant impact on its activity, and it has therefore positioned itself so as to be able to adjust its organization according to the level of business activity as effectively as possible, notably when business picks up in the future.

As of now, the decline in activity since March linked to the crisis varies from one region to another, ranging from the modest impact seen in the United States, to a drop in business of 30% in France, and 50% in countries like Spain and Israel. Moreover, sales activity is at a much slower pace in the various regions, which will adversely affect the work schedules of our consultants over the summer and upon the return to work after the summer holidays.

In this context, and based on current forecasts, **Keyrus** confirms its ability to continue in operation for the current financial year.

*** DEFINITION OF THE NOTION OF ORGANIC GROWTH IN REVENUES**

The notion of organic growth in revenues involves presenting the revenues of the preceding year (N-1, in this case, the 2018 financial year) restated in such a way as to apply the exchange rates and scope of consolidation of the current year (N, in this case, the 2019 financial year). The Group then calculates a figure for organic N-1 revenues by:

- using the exchange rates of year N to calculate the reported revenues of companies outside the Eurozone in year N-1 ;
- adding to the reported revenues for year N-1 the N-1 revenues of companies that came within the scope of consolidation in year N ;
- deducting from the reported revenues for year N-1 the N-1 revenues of companies that went out of the scope of consolidation in year N.

In 2019, the adjustments to go from reported 2018 revenues to organic 2018 revenues look as follows:



**** NET CASH POSITION**

Cash and cash equivalents, recorded as assets in the balance sheet, after deduction of bank overdrafts

ABOUT THE KEYRUS GROUP

Keyrus – Large Account Activities

An international player in consulting and technologies and a specialist in Data and Digital, **Keyrus** is dedicated to helping enterprises take advantage of the Data and Digital paradigm to enhance their performance, facilitate and accelerate their transformation, and generate new drivers of growth and competitiveness.

Placing innovation at the heart of its strategy, **Keyrus** develops a value proposition that is unique in the market and centred around an innovative offering founded upon a combination of three major and convergent areas of expertise:

- **Data Intelligence :**
Data Science – Artificial Intelligence - Big Data & Cloud Analytics – Business Intelligence – EIM – CPM/EPM
- **Digital Experience :**
Innovation & Digital Strategy – Digital Marketing - DMP & CRM – Digital Commerce – Digital Performance – User Experience
- **Management & Transformation Consulting :**
Strategy & Innovation – Digital Transformation – Performance Management – Project Support

Absys Cyborg – Mid-Market Activities

Absys Cyborg is a specialist in the publication and integration of management solutions:

- **Management, ERP, and CRM software**
- **Hosting and Managed Services**
- **Collaborative solutions**
- **Reporting and Business Intelligence**
- **Consulting, Project Management Support Steering, IT Strategy**

Absys Cyborg is the leading integrator of Sage and Microsoft solutions and positions itself as a recognized expert in all the product lines of the Sage editor (Sage 100, Sage Pay, Sage FRP 1000, Sage X3) and Microsoft Dynamics.

Present in 19 countries on 4 continents, the **Keyrus** Group has 3,200 employees.

Keyrus is quoted in compartment C of the Eurolist of Euronext Paris
(Compartment C/Small caps – ISIN Code: FR00040229411 – Reuters: KEYR.PA – Bloomberg: KEY:FP)
Further information at: www.keyrus.com