



2020 first half-year results

Turnover: -5%

Operating profit: €5.3 M | -7%

Paris, 9 September 2020 – Open Group (ISIN: FR 0004050300; NextEconomy segment – 972, computer services), the Digital Services Company, has published its results for the first half of 2020.

2020 half-year results

<i>In millions of €</i>	June 2020	June 2019	△
Turnover	147.9	156.3	-5%
Operating profit	5.3	5.8	-7%
% operating profit	3.6%	3.7%	
Other operating income and expenditure	-0.7	-1.3	
Operating profit	4.6	4.4	
Net cost of financial debt	-0.4	-0.4	
Tax burden	-2.7	-2.7	
Net profit of activities	1.4	1.2	
Net profit from operations discontinued, sold or in process of sale	-1.3	-1.9	
Net profit	0.2	-0.7	

Open Group has reported lower business indicators for the first half of the year, with turnover down by 5% and a 7% drop in operating profit.

Reduced working hours helped to limit the impact of the drop in turnover on the operating profit (€5.3 M). Nevertheless, the operating profit falls well short of expectations.

The company also recorded €1.3 M of additional losses from its Dutch subsidiary in the net profit for the operations currently being sold.

Workforce and occupancy rate

This decrease can be explained by the drop in the occupancy rate and the reduction of the in-house productive workforce (3,180 employees at the end of June 2020, compared with 3,247 at the end of December 2019), as a direct result of the health crisis.

2020 first-half financial situation

BALANCE SHEET AND FREE CASH FLOW

<i>In millions of €</i>	June 2020	Dec 2019	<i>In millions of €</i>	June 2020	Dec 2019
Goodwill	106.9	106.9	Equity capital	113.9	112.8
IFRS16 usage rights	19.9	21.4	Financial debt	9.4	10.8
			Debts linked to lease obligations	21.1	22.7
Free cash flow	31.7	28.0	Other financial liabilities	3.1	5.8
Current assets	106.5	99.6	Current liabilities	104.5	98.4
Total ASSETS	255.3	248.3	Total LIABILITIES	255.3	248.3

<i>In millions of €</i>	June 2,020	June 2,019
Net free cash flow generated by business operations	13.1	3.7
Net free cash flow generated by investment operations	-3.6	-3.6
Net free cash flow generated by financing operations	-5.8	-8.3
Variation of net free cash flow	3.8	-8.2
Free cash and free cash equivalents on opening	28.0	32.2
Free cash and free cash equivalents on closure	31.7	24.0

The variation of cash flow shows especially the firm control of customer payment periods and the work-in-progress inventory, and the positive effect of the deferral of the payment of €6.5 M of social contributions from May to July [cash flow generated by business activity],

Measures related to COVID-19

The following measures were taken during the half-year:

- Continuity of business activity with our customers through a dedicated governance process. The goal was to protect the safety of all employees and service providers, while performing the activity of the assignments and projects that continued.
- Home-working: most employees worked from home. Since September, employees have been required to work on an Open site three days a week.
- Reduced working hours: The working hours of 1,250 employees were reduced from March to July 2020. This measure was lifted for most of them on 1 August.
- Open Group did not apply for a state-guaranteed loan.

Takeover Bid

Together with a fund managed by Montefiore Investment, the founders of Open Group will launch a takeover bid to purchase the Open Group's shares at €15 in order to support the transformation of the company. Click on [this link](#) to read the press release published in July.

The timetable of this operation aims to launch the takeover bid at the end of October and to close the procedure by the beginning of 2021.

Summary and Prospects

The first 6 months of the year were seriously impacted by the health crisis. Thanks to the commitment of its teams and its managerial organisation, Open Group has shown resilience.

The measures taken by the French government together with optimised management have enabled Open Group to report an operating profit that is only slightly down and to generate a healthy cash flow.

For 2020, in a context characterised by uncertainty and poor visibility, Open Group is anticipating a reduction of approximately 5% in turnover, and an operating profit of between 3% and 4%.

The results of the first half of 2020 will be commented on
by Valérie Benvenuto, Frédéric Sebag and Guy Mamou-Mani
at the SFAF meeting, which will be held online on Thursday 10 September at 11:30 am.
The presentations will be available immediately after the meeting on [the Open Group website](#)

The turnover in the third quarter of 2020 will be published
on Thursday 15 October 2020 in a press release after close of business.

Appendix: Definitions of alternative performance indicators (not defined by IFRS standards)

Open Group uses the following financial indicator, which is not defined by the IFRS standards: Organic growth

This indicator – Organic growth – is calculated as follows:

- This indicator measures the change in net turnover in relation to the same period in the previous year, excluding the impact of exchange rates and excluding changes of scope;
- The impact of exchange rates is obtained by applying exchange rates from the previous year to current-year sales and by calculating the difference in relation to current-year sales.
- The impact of scope consists of:
 - current-year sales achieved by entities that were not within the scope of consolidation for the same period of the previous year, and up until the anniversary date of their integration,
 - the reduction in sales connected with transferred activities, which are not within the scope of consolidation of the current year but integrated within sales for the same period of the previous year, and up until the anniversary date of their transfer.

Aggregate	06 2020	06 2019	% variation	Of which impact of exchange rates	Of which impact of scope	Of which organic growth
Net turnover	147.9	156.3	-5.4%	0%	0.0%	-5.4%

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About Open Group

With **3,645 employees** and a turnover of **€304 M** in 2019, the Open Group is positioning itself as a **major player in digital services**, operating mainly in France and internationally in Luxembourg and Romania.

Open supports enterprises and organisations in their transformation with its IT and digital offering. Its aim: rise to the challenges of their new business models with a guarantee of the control and cost efficiency required for optimal time to market and agility.

Open is committed to a future-oriented approach through the implementation of its corporate values: Applicability, Daring, Ethics and Accountability, Dedication, Commitment and Societal Responsibility.

For more about Open, go to www.open.global

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