CIS

Integrated Life Support Services

Press release

Marseilles, 23 April 2020

2019 annual results

Revenue: €265.7 million, up 18.5%

Net Profit attributable to the Group: €5.4m, +9.8%

2020 first-quarter sales:

€69.4 million, up +21.7%

IFRS *(€m)*	2019*	2018	*Change*	IFRS 16 impacts
Revenue	**265.7**	**224.2**	**+18.5%**	
Cost of sales	(119.7)	(97.5)		0.0
Staff costs	(86.4)	(75.3)		0.0
External charges	(36.2)	(33.1)		4.4
Taxes other than on income	(7.0)	(6.3)		0.0
Allowances for depreciation and amortisation, provisions	(6.2)	(2.0)		(4.1)
Current Operating Profit (EBIT)	**10.1**	**10.0**	**+1.3%**	**0.3**
Operating Profit	**10.0**	**9.6**	**+3.6%**	**0.3**
Net Financial Expense	**0.2**	**0.4**		**(0.4)**
Corporate income tax	(4.0)	(4.5)		0.0
Consolidated Net Profit	**6.2**	**5.5**	**+11.4 %**	**(0.1)**
Net Profit attributable to the Group	**5.4**	**4.9**	**+9.8%**	**(0.1)**

The Board of Directors met on 23 April 2020 to adopt the Group's consolidated financial statements for the year ended 31 December 2019. The statutory auditors have completed their procedures for these accounts and their reports are in the process of being issued.

For the first time application of IFRS 16, the Group applied the modified retrospective method, without restating the financial statements of prior periods. All impacts linked to this standard are described in the notes.

2019: double-digit organic growth

CIS reported a consolidated revenue for 2019 of €265.7 million, up 18.5%. The Brazilian companies, Alternativa and Beta, consolidated for the first time in May 2019, contributed €12.8 million to the Group's consolidated revenue. Revenue also benefited from a positive currency effect of €3.0 million in 2019. Excluding the effects of acquisitions and exchange rates, the Group registered an organic growth of 11.5% for the year.

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This excellent growth was driven by the combined effects of increasing contributions from existing contracts and commercial successes in 2019, which enabled the Group to generate an additional €56.0 million in revenue for the full year. Sustained business momentum in its historical territories was further bolstered by €2.9 million in sales provided by operations recently opened in three new countries.

2019: growth in net profit attributable to shareholders of 9.8%

EBIT amounted to €10.1 million compared to €10.0 million in 2018. Profitability for the period was impacted by a loss in the second half of 2018 from an important contract in Algeria, exceptional costs resulting from the acquisition completed in May 2019, and an increase in cost of sales, in large part reflecting new contracts signed in the course of the year.

Net Profit rose 11.4% to €6.2 million, benefiting from the positive contribution of Net Financial Income and a favourable trend for tax rates.

Net Profit attributable to Group shareholders reached €5.4 million, a 9.8% increase from one year earlier, despite the negative impact of €0.1 million from IFRS 16's application.

Financial position: solid fundamentals

The Group's financial position remained solid with a shareholders' equity of €61.6 million (up from €59.4 million at 31/12/18) and net cash of €52.4 million (vs. €48.4 million at 31/12/18).

Financial debt amounted to €36.5 million (compared to €17.9 million at 31/12/2018) after the application of IFRS 16 resulting in the recognition of a non-cash lease liability in the amount of €9.1 million and bank borrowings to finance external growth in the amount of €7.2 million.

Within the current environment of the Covid-19 epidemic, at the proposal of its Chairman, Régis Arnoux, the Board of Directors will ask the General Meeting of 16/06/20 not to proceed with the distribution of a dividend for fiscal year 2019 in order to strengthen the Group's cash position.

Press release

Growth in Q1 2020 sales of 21.7%

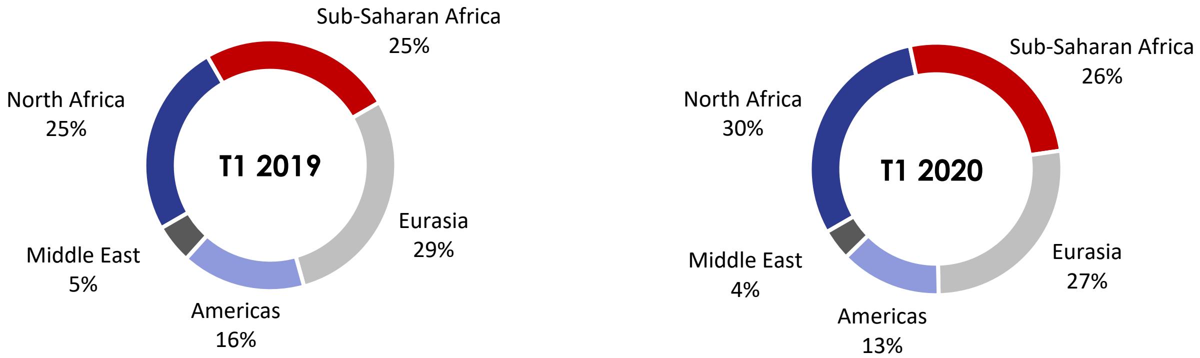
Revenue (€m)	2020 revenue	2019 revenue	Change	2020 revenue at CC*	Change at CC*
Q1	69.4	57.0	+21.7%	70.9	+24.3%

** At constant currency*

CIS reported revenue in Q1 2020 of €69.4 million, up 21.7%. Restated to exclude exchange-rate effects, revenue grew 24.3%.

This strong momentum was driven by many commercial successes and increasing contributions from contracts, which generated an additional €13.9 million in the quarter. It also benefited from the contributions of operations opened in new countries in 2019, which amounted to €1.8 million plus €4.7 million from the integration of the recent acquisitions, Alternativa and Beta. On a like-for-like basis (at constant structure and exchange rates), organic growth in 2020 registered an increase of 16.0%.

Revenue by region



Update on the impact of Covid-19

After strong growth in the beginning of the year, the impact of Covid-19 on Group's revenue remains limited to date with the suspension of small operations and a reduction of between 30% and 40% of customer staff mobilized locally at sites in Algeria, Brazil and Chad.

The Group emphasizes that that its number one priority is ensuring the safety of its employees in France and in other countries. On that basis, the Group has taken all measures necessary to protect its teams while at the same time ensuring the continuity of its operations.

In addition, the Group is continuing to pursue business development initiatives that should result in forthcoming decisions for selected consultations.

In response to the Covid-19 crisis, whose scope and length remain unknown to date, CIS is not in a position at this stage to measure the impact on its activities and financial performances for the year in progress.

Any major new information that becomes available, if necessary, will be announced in a subsequent press release.

About CIS

CIS Group supports the major players in the hydrocarbon, mining, construction and defence sectors at every stage of their projects, either in urban, industrial, offshore and onshore most isolated environments. As a provider of integrated services, CIS has developed a complete range of services (catering, living accommodations, facility management and support services) to bring comfort and safety to residents, and contribute to the performance of our customers through the daily management of their sites.
Present in 20 countries with nearly 230 operating sites and a worldwide staff today numbering more than 12,500, CIS has a strong commitment to contributing to the economic and social development of the local populations and countries where it operates.

Next press release: 05/08/2020, after the close of trading:
H1 2020 sales

Euronext Paris Compartment C - ISIN FR0000064446 - CAC All-Tradable, CAC Mid & Small
Reuters CTRG.PA - Bloomberg CTRG :FP www.cis-integratedservices.com

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Appendix 1: Application of IFRS 16

General Principles

- The standard defining the treatment of leases which entered into effect for periods beginning on or after 1 January 2019.
- In the consolidated income statements, lease expenses are replaced by amortisation expenses and interest expenses on lease liabilities.
- In the balance sheet, recognition of a non-current asset corresponding to a right to use the leased asset over the adopted term ("right-of-use assets") in exchange for a non-cash financial liability representing the present value of lease payments of future lease payments over the same term.

Information relating to the application of IFRS 16 in the CIS accounts:

- Application of the partial retrospective method without restatement of prior period financial statements.

- **The Group has elected not apply IFRS 16 to** :
  - leases with terms of less than 12 months
  - leases for assets of limited value (less than US$5,000)

- **Main assets concerned by the standard**:
  Offices, vehicles and equipment

- **Lease periods adopted** (based on the expected periods of use of the underlying assets) :
  - the fixed term of a customer contract which requires the lease
  - 3 years if the asset concerns the management structure of the country or headquarters in France
  - the fixed period of the lease agreement, if this is later

- **Discount rate of the lease liability** :
  - the incremental borrowing rate of the legal entity
  - if the structure is without debt, the interest rate in the country of the market in concerned
  - if information about the market rate is not available, the weighted average cost of capital of CIS Group (WACC)

- **Foreign exchange rate**:
  - At the opening of the reporting period on 01/01/N the year-end exchange rate for the N-1 consolidation
  - the year-end exchange rate for fiscal N for balance sheet line items & the average exchange rate for income statement line items
  - the resulting difference between the balance sheet and the P&L are recognised under equity (consolidated reserves)

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Impact of IFRS 16 on the income statement

€ millions	**2019** (before IFRS 16)	**IMPACTS** (IFRS 16)	**2019** (with IFRS 16)
REVENUE	**265.7**	**0.0**	**265.7**
Cost of sales	(119.7)	0.0	(119.7)
Staff costs	(86.4)	0.0	(86.4)
External charges	(40.6)	4.4	(36.2)
Taxes other than on income	(7.0)	0.0	(7.0)
Allowances for depreciation and amortisation, provisions	(2.1)	(4.1)	(6.2)
CURRENT OPERATING PROFIT (EBIT)	**9.9**	**0.3**	**10.1**
OPERATING PROFIT	**9.7**	**0.3**	**10.0**
Net financial expense	0.6	(0.4)	0.2
Profit before tax	10.3	(0.1)	10.2
Corporate income tax	(4.0)	0.0	(4.0)
CONSOLIDATED NET PROFIT	6.3	(0.1)	6.2
Attributable to non-controlling interests	(0.8)	0.0	(0.8)
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**5.5**	**(0.1)**	**5.4**

Impact of IFRS 16 on the balance sheet

€ millions	**2019** (before IFRS 16)	**IMPACTS** (IFRS 16)	**2019** (with IFRS 16)
TOTAL BALANCE SHEET	**169.0**	**8.9**	**178.0**
Non-current assets	24.2	8.9	33.1
Current assets	91.4	0.0	91.5
Cash and cash equivalents	53.4	0.0	53.4
Equity	61.6	(0.1)	61.6
Long-term provisions	1.0	0.0	1.0
Short-term & long-term financial liabilities	27.5	9.0	36.5
Other liabilities	78.9	0.0	78.9
NET CASH	52.4	0.0	52.4

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