



# H1 2019 RESULTS

Investor presentation – October 2019

# Speakers of the day



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**Alain Wilmouth**  
Chairman and CEO



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**Marie de Lauzon**  
Deputy CEO



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**Valérie Bouleau**  
CFO





**I. Profile**

**II. Highlights**

A pivotal year to change dimension

**III. Financial information**

Earnings reflecting the transformation in progress

**IV. Outlook**

Accelerated sales momentum on the horizon and reaffirmed ambitions



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# What we do

Design, produce and sell customised, environmentally-friendly, high-performance IT servers

...for a diverse range of sectors



ISP - Web Hosting  
Datacenters



Scientific Research  
Education



Industry



Defence  
Governments  
Local authority



Software  
developers



Processing



Storage



Network

Deep Learning  
HPC - AI - Special effects (VFX)  
Cloud SAN/NAS/Object

...

# Innovation is in our DNA

## HEXAPHI

the best density/computing speed

2014



## OpenBLADE

hyperconverged

2015



## OCtoPus

reduced consumption

2017



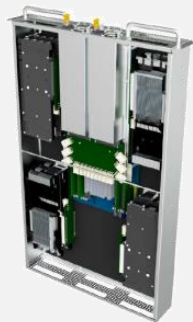
Server power consumption reduced by 23%



## ATLANTIS

immersion cooling for 19" servers

2018



OPEX -60%



## STORAGE SERVICES

efficient datacenters, processing power leasing

2019/2020



ENERGY RECYCLING (heat reused)



# High-value solutions



## TWO AREAS OF EXPERTISE



### HIGH PERFORMANCE

Power, speed, energy savings



### CUSTOMISED

Optimised products, tailored solutions  
Use-based invoicing (buy or lease)



### SMART DESIGNS

Simple, flexible and scalable designs



### OPERATIONAL AGILITY

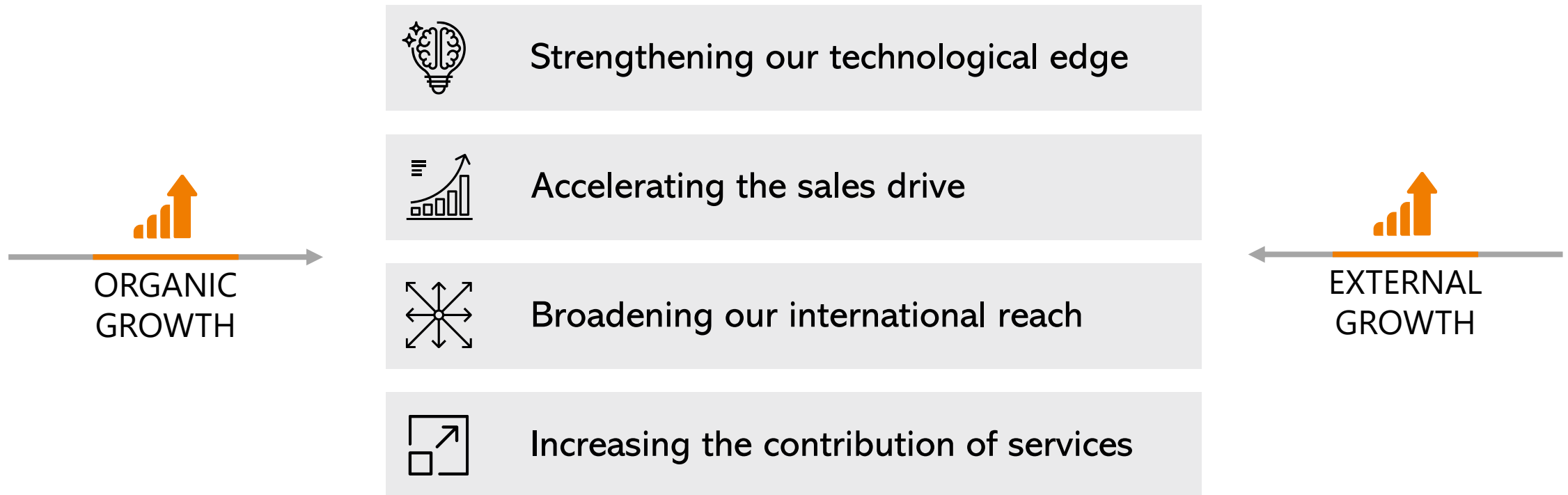
Specific resources allocated to each project



### GREEN IT

Reducing the carbon footprint of our investments and our operating costs

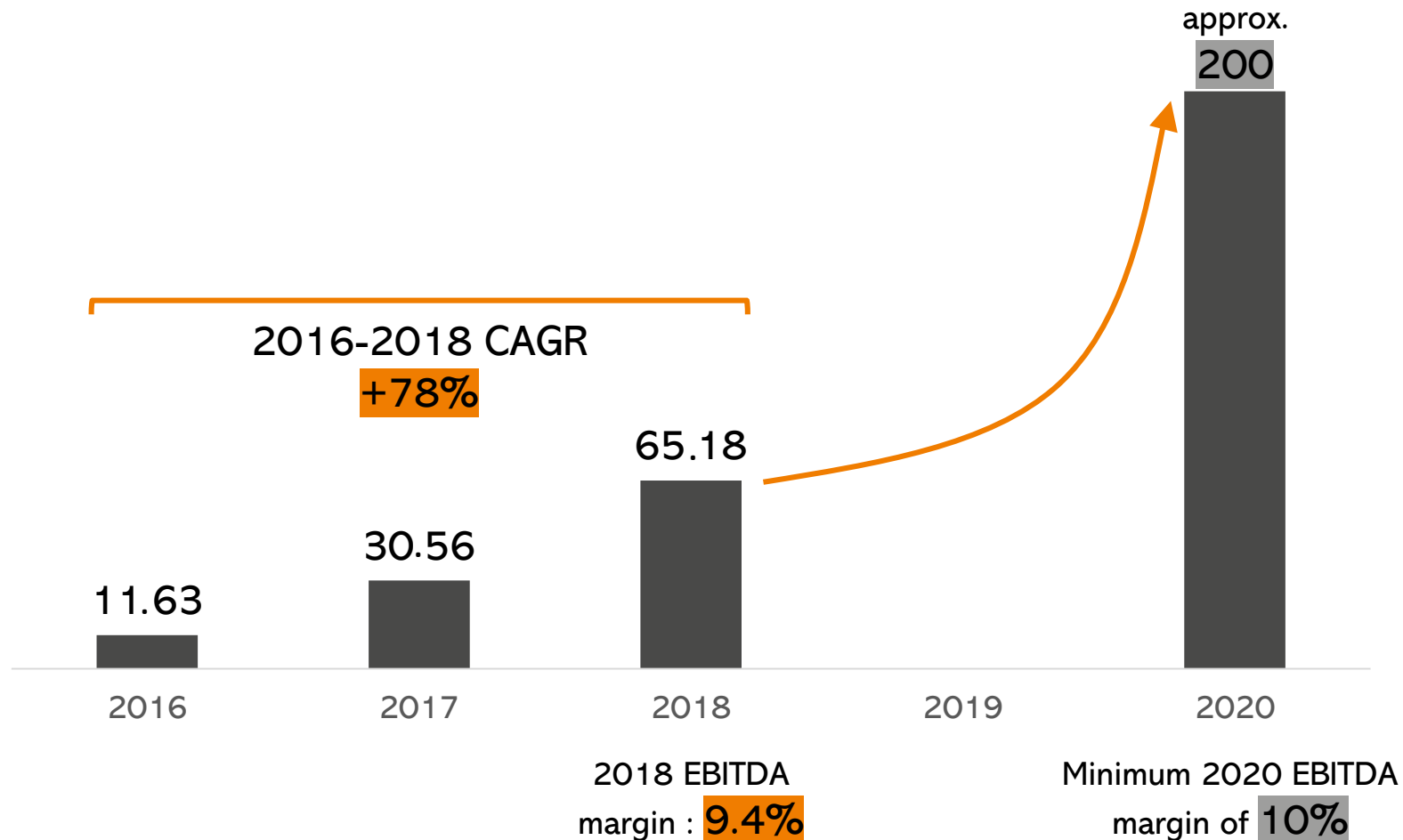
# An offensive strategy to increase growth and profitability





# 2019 – A pivotal year to change dimension

Revenue (in €m)





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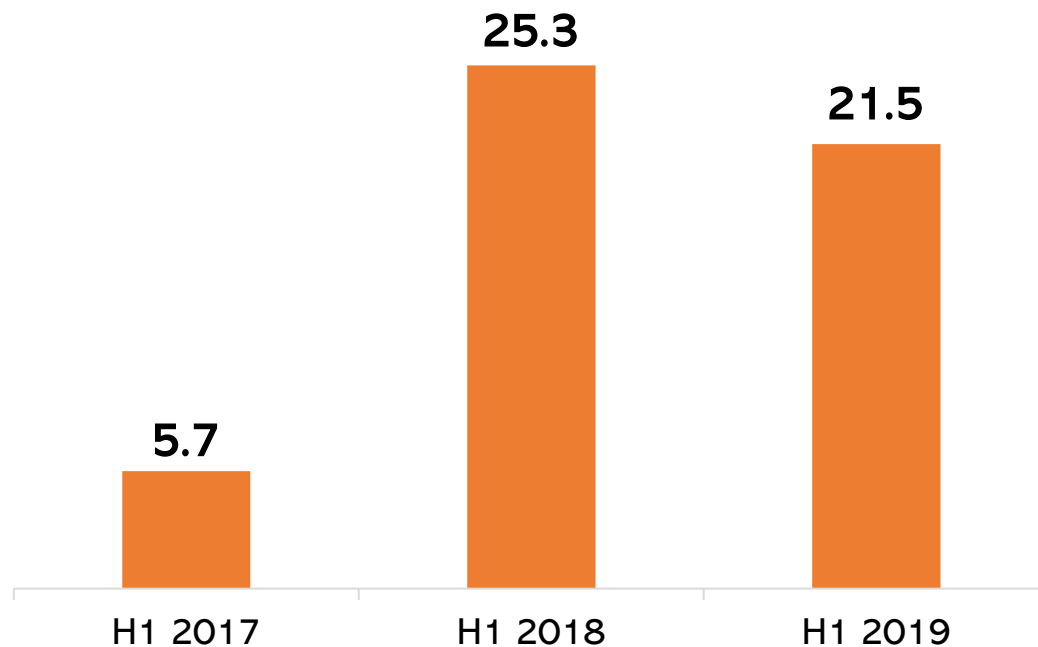
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# A lower activity level

Revenue (in €m)



Excl. contribution from Blade, vs. H1 2018,

First-half revenue up  
**>50%**



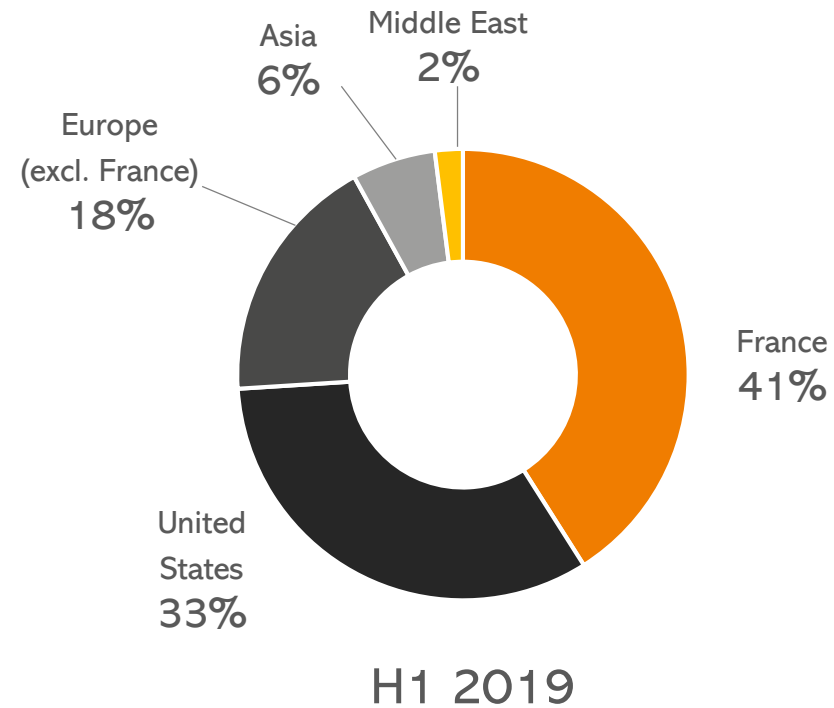
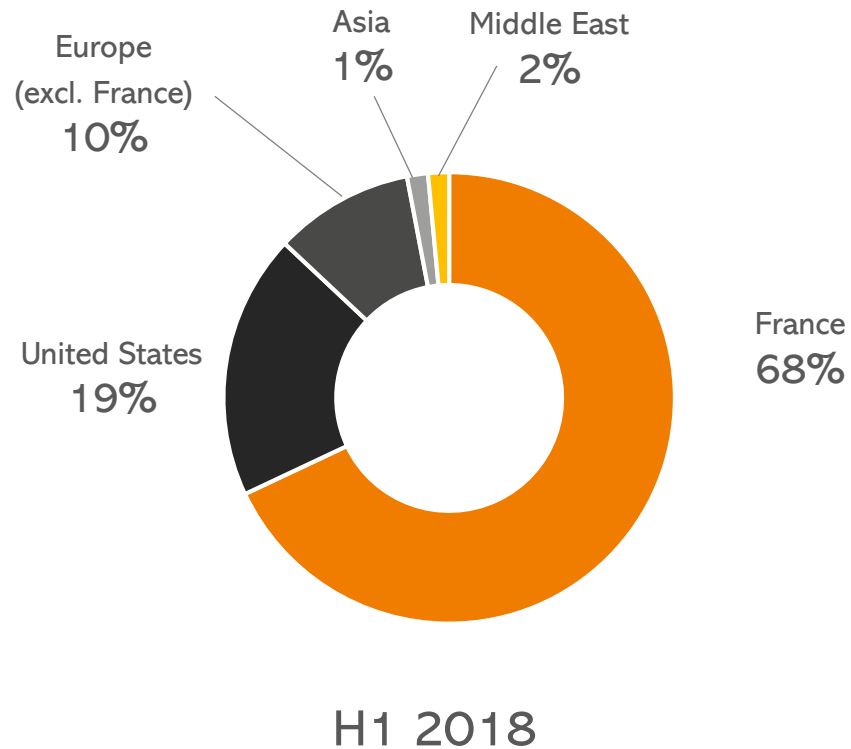
# Diversification of the client portfolio has begun

## Client contributions to revenue

	H1 2018	H1 2019	
CLIENT 1	2%	44%	↗
CLIENT 2	6%	12%	↗
CLIENT 3	49%	6%	
CLIENT 4	0%	2%	N
CLIENT 5	1%	2%	↗
CLIENT 6	1%	2%	↗
CLIENT 7	0%	1%	N
CLIENT 8	1%	1%	
CLIENT 9	0%	1%	N
CLIENT 10	2%	1%	

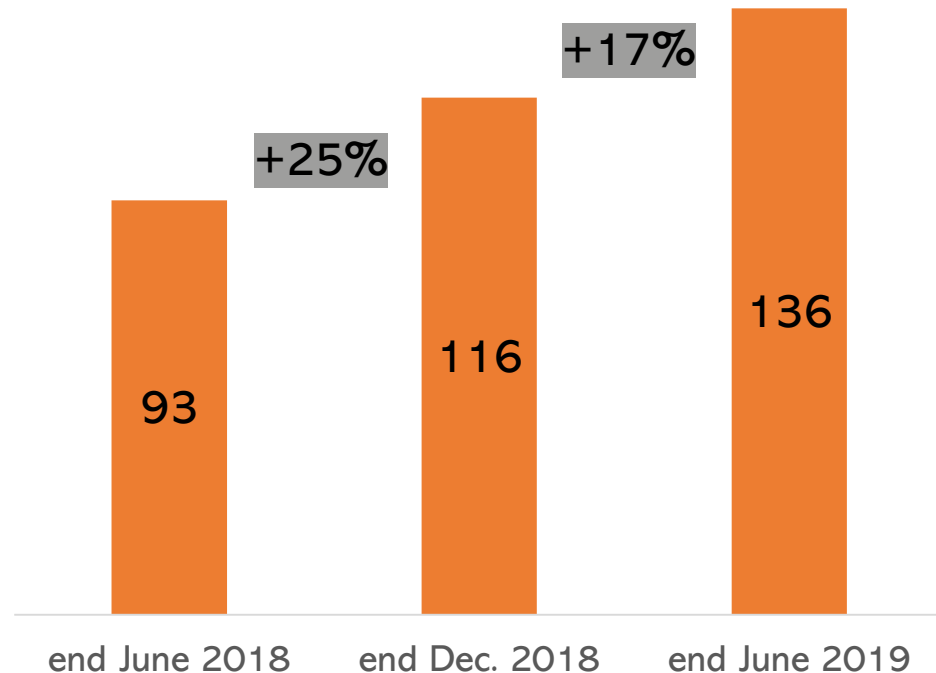
# International positions expanded

## Revenue breakdown

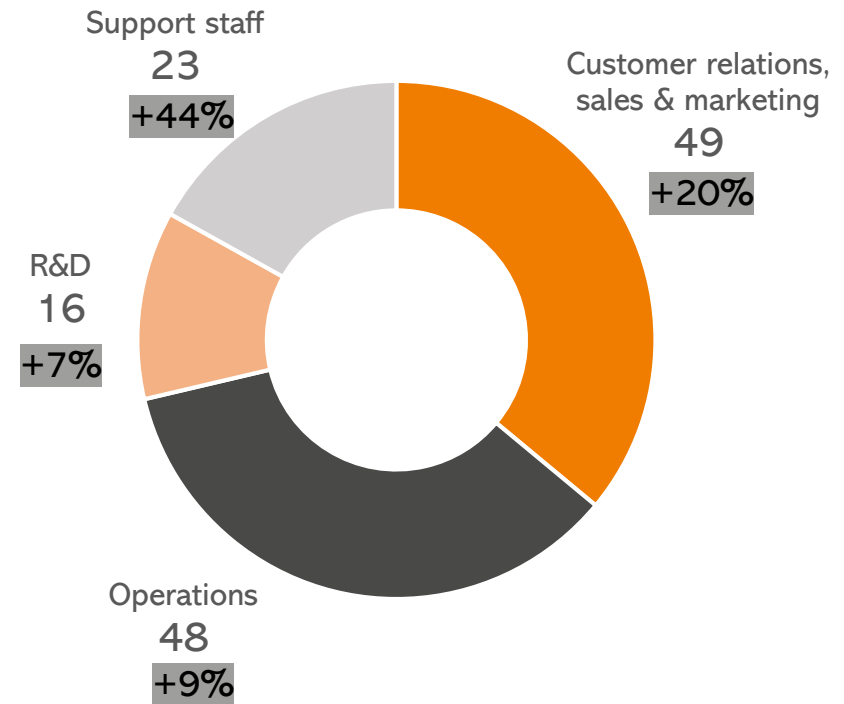


# Increased headcount in key positions...

Change in headcount



Headcount breakdown (number and change vs. 31/12/2018)





# ... and across all Group locations

Headcount breakdown (number and change vs. 31/12/2018)



# A stronger management team with experienced hires



Marie de Lauzon  
Deputy CEO

HEC (Paris)  
CEMS Master's, University of  
St. Gallen (Switzerland)

- Investment Banking Analyst/Associate (Citi)
- Chief of staff to the CEO (PwC France)
- CEO-Partner (Alura Capital Partners)
- Chief Corporate Officer (Voltaia)



Valérie Bouleau  
Finance

D.C.S.

- Finance Manager Europe (MP Biomedicals)
- Financial Controller (Nielsen Design)
- CFO (BeAm)



Stéphane Coutanson  
R&D

InESS CNRS / Louis Pasteur  
University (Strasbourg)  
EM Strasbourg

- Research Engineer (CNRS)
- Project Manager-Engineer (Würth Elektronik)
- Head of R&D (ELECTRONA)
- Technical Director, Industrial Division (Clemessy)



Virginie Nicolovius  
Human Resources

Sciences Po (Lyon)  
DESS (Assas)

- HR (Lagardère)
- Consultant, Senior Talent Management EMEA (Steelcase)
- Consultant, Strategic Workforce Architecture & Transformation (Steelcase)



Isabelle Le Gall  
Marketing

Sciences Po (Grenoble)  
Executive MBA (ISCPA)

- Regional Key Account Manager (Danone)
- Global Director & EMEA Growth initiatives (Steelcase)
- Co-funder (iEGO.io)

# Innovation at the core of the R&D roadmap and the industrial process

## TWO OPTIMISATION OPPORTUNITIES

### Optimise product development

- Gains in processing power density
- Reduce energy consumption
- Streamline our server ranges (air & immersion)
- Solutions to increasingly stringent energy constraints

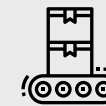
### Optimise the production process

- Broaden our network of sub-contractors
- Simplify component nomenclature

## TWO TARGETS



Consolidate our technological edge



Secure the expected ramp-up in production



# Innovative solutions to complex technological needs



## PASSIVE WORKSTATION

“MonsterLabo”  
a compact, silent workstation (no fan)  
that is unique thanks to its passive  
cooling method



## EDGE COMPUTING

Stronger and compact  
passive servers, that  
can withstand the constraints  
of extreme environments



## IMMERSION COOLING

Servers specially designed  
for liquid immersion cooling for  
better energy performance

# OCP: a technological and commercial driver



Open Compute Project: A fast-growing global community with a mission to reimagine server and datacenter technologies, combining efficiency, scalability and more eco-friendly solutions.

**200 companies involved:** Facebook, Microsoft, Apple, Google, HPE, Cisco, Alibaba, Tencent, JD.com, Intel, AMD, Nvidia, IBM, Rackspace, Schneider Electric.



**OCtoPower v1.2**  
"OCP Accepted™"



## INITIAL BENEFITS OF BELONGING TO THE COMMUNITY

- International recognition of 2CRSi's expertise
- A global showcase for 2CRSi's products
- A broader network of partners

An optimised R&D process: knowledge and experience acquired more quickly

Immediate market feedback

- Validation of 2CRSi's technological expertise
- Order pipeline growth driver

# Stepped up marketing and sales initiatives

## Presence at major international conferences (H1 2019)



## A broader distribution network

- Middle East and Eastern Europe



## Development of sales and marketing initiatives across all locations

- Training for distributors
- Webinars
- Set-up of partner portals

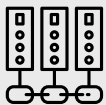


# Substantial investments in our Datacenter services solution

## SERVICES SOLUTION



### Server housing solution<sup>1</sup>



### Processing power leasing solution

- 3D rendering (cinema)
- risk calculations (banks and insurance companies)
- scientific calculations (industry)
- cloud gaming



Green Data is a joint venture established in 2019 by 2CRSi (55%) and Azur Datacenter (45%).

2,000 m<sup>2</sup> + a possible 1,000 m<sup>2</sup> extension (2021)

Current utilisation rate: 20%

*(1) server belongs to the client*



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# Consolidated income statement

In €m - IFRS standard	H1 2019	H1 2018	Change
<b>Sales</b>	<b>21.47</b>	<b>25.34</b>	<b>-15%</b>
Other income	1.03	2.49	-58%
Cost of Goods sold	(17.55)	(22.49)	-22%
<i>Gross margin</i>	23.1%	21.0%	+2.1 pts
Other purchases and expenses	(1.94)	(1.36)	+43%
Wage costs	(3.67)	(1.76)	+109%
Other operating incomes and expenses	(0.16)	(0.19)	-16%
<b>EBITDA</b>	<b>(0.84)</b>	<b>2.03</b>	
<i>EBITDA margin</i>	NA	8.0%	
Depreciation and provisions	(1.37)	(0.79)	
Other non-current incomes and expenses	-	(0.76)	
<b>Operating income (expense)</b>	<b>(2.21)</b>	<b>0.48</b>	
Financial income (expense)	(0.22)	(0.28)	
<b>Consolidated net income (expense) – group share</b>	<b>(2.18)</b>	<b>0.29</b>	

*The application of IFRS 16 standard, on the recognition of leases in the consolidated financial statements, had no impact on the interim financial statements, as the standard was already applied by the Group for fiscal year 2018.*

# Consolidated balance sheet

In €m - IFRS standard	30.06.2019	31.12.2018	In €m - IFRS standard	30.06.2019	31.12.2018
<b>Total non-current assets</b>	<b>29.70</b>	<b>17.38</b>	Group shareholders' equity	48.96	50.99
Inventories	22.74	20.50	Non-controlling interests	0.07	0.08
Trade accounts receivables	33.81	37.48	<b>Shareholder's funds</b>	<b>49.03</b>	<b>51.07</b>
Other current assets	3.93	3.77	Loans and financial debt	14.53	15.94
Financial receivables	5.76	5.71	Other non-current liabilities	15.31	3.94
Cash and cash equivalents	5.48	14.51	<b>Total non-current liabilities</b>	<b>29.84</b>	<b>19.88</b>
<b>Total current assets</b>	<b>71.73</b>	<b>81.87</b>	Trade accounts payables	7.32	17.21
<b>TOTAL ASSETS</b>	<b>101.43</b>	<b>99.36</b>	Financial liabilities	9.14	8.40
			Other current liabilities	5.97	2.79
			<b>Total current liabilities</b>	<b>22.43</b>	<b>28.41</b>
			<b>TOTAL LIABILITIES</b>	<b>101.43</b>	<b>99.36</b>

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# Accelerated sales momentum expected in the second half of the year



Benefits of several large orders taken on in recent months (CERN, etc.).

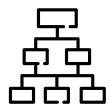
Acceleration in new orders

Several major international trade fairs scheduled



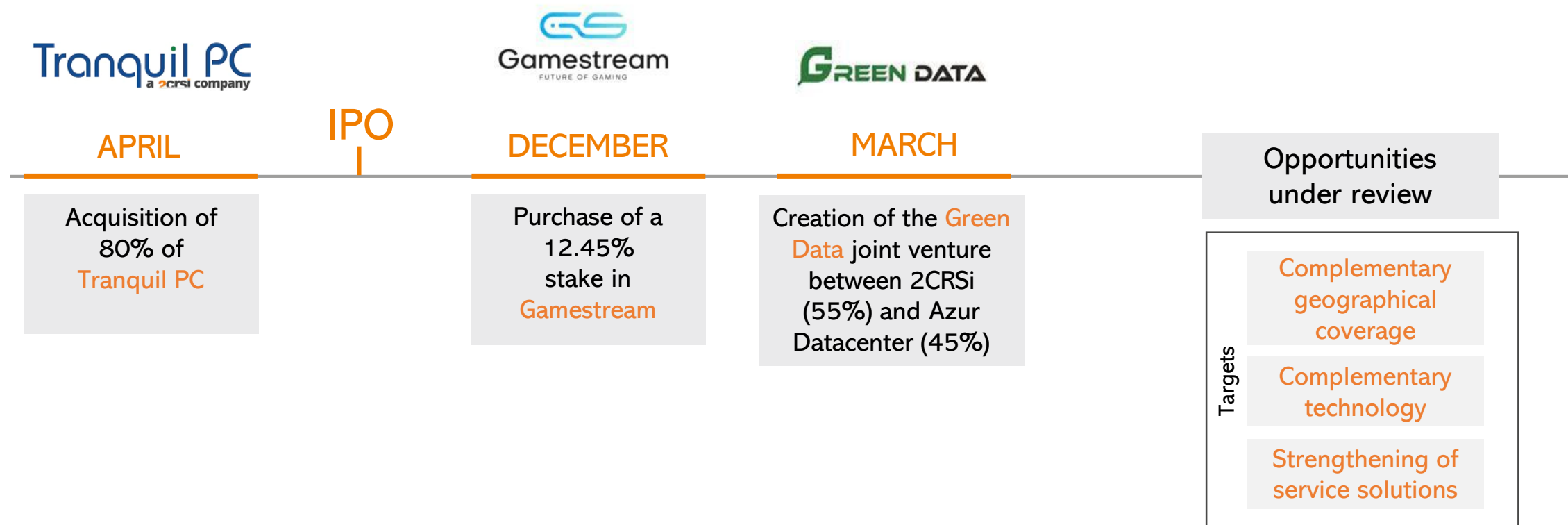
Business expected to increase sharply compared to H1 2019

Pursuit of the team structuring efforts



- Hiring underway for Sales & Marketing
- Team dedicated to customer experience will be set up

# Potential upcoming acquisitions



# Guidance reiterated

## 2020 targets:

- Around €200m in revenue
- Minimum EBITDA of 10%

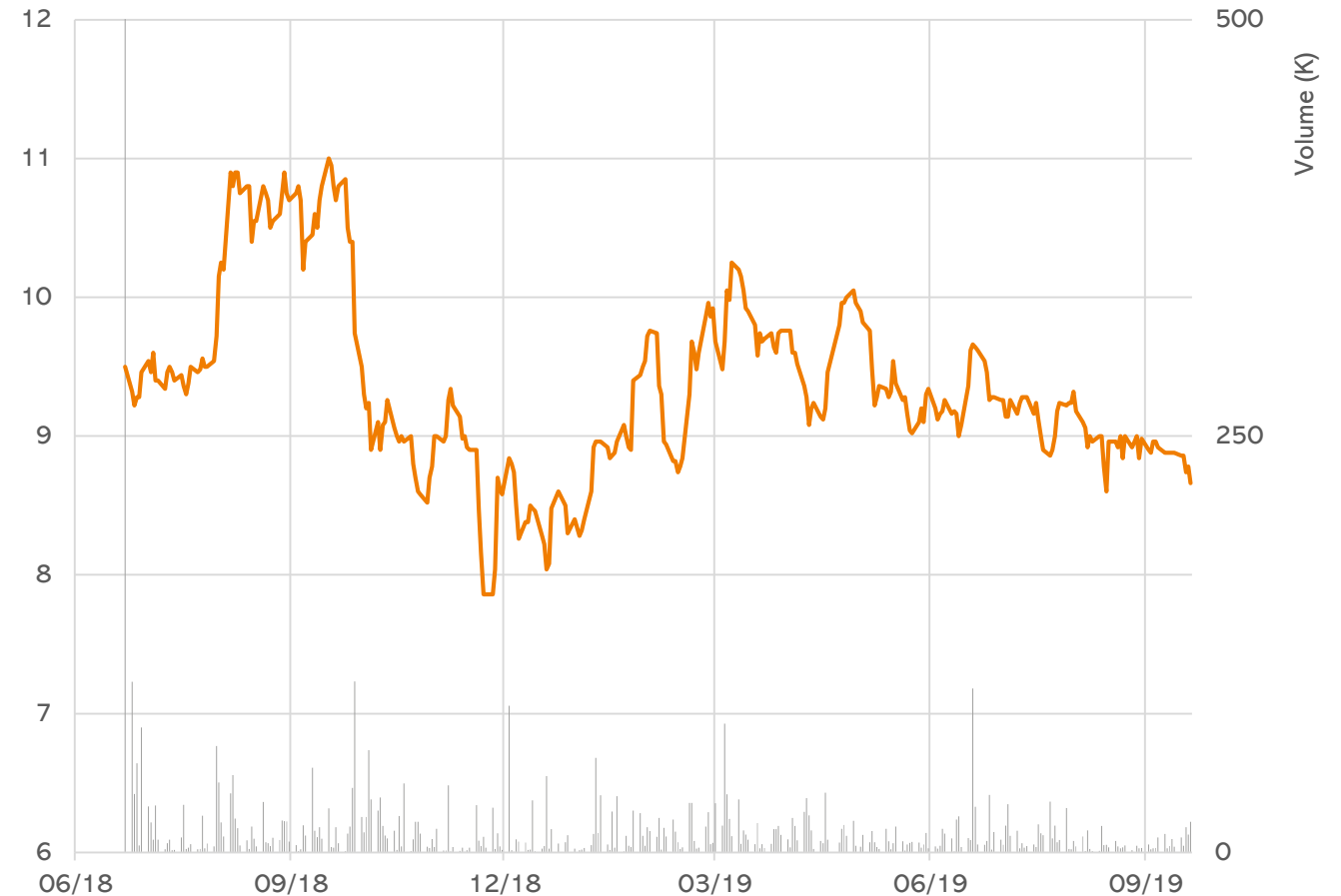
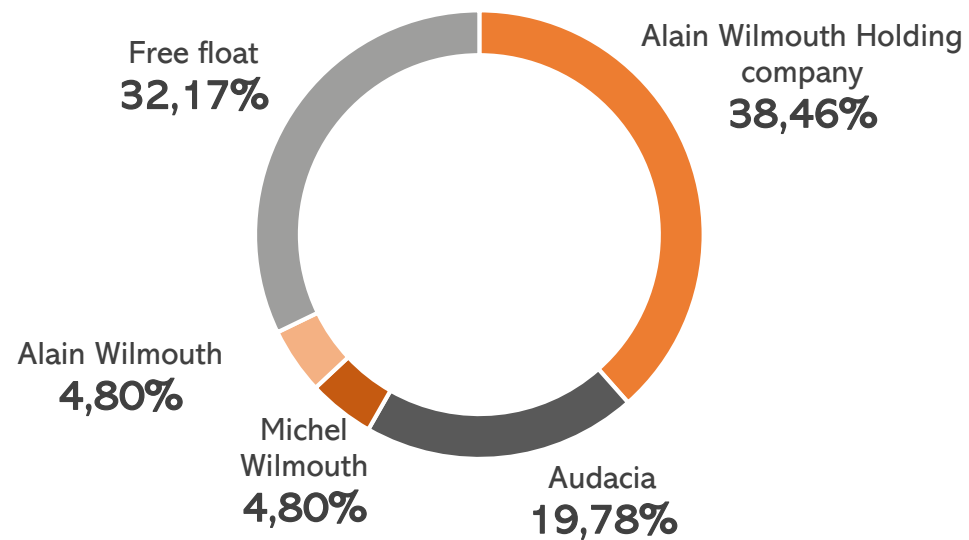


# H1 2019 RESULTS

Investors presentation – October 2019

# Stock market performance

## Shareholder structure at 30/06/2019



Data as of 20/09/2019 (closing price)





# 2crsi



**FRENCH TECH**  
**Alsace** STRASBOURG  
COLMAR, MULHOUSE