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PRESS RELEASE

Annual results 2019

- **Turnover: €87.4 million (+17.1%)**
- **EBITDA margin: 14.4%.**
- **Higher cash flow generation - Net cash (excluding IFRS 16): €18m[1]**
- **Historical order book:**

(€110.1 million as of January 1st, 2020)

In €M	2018	2019[1]	Var 18-19 published[2]
Turnover	**74,6**	**87,4**	**+17,1%**
EBITDA	**10,2**	**12,6**	**+23,6%**
Marge	*13,7%*	*14,4%*	
Depreciation and amortization	(3,3)	(5,7)	
Current operating income	**6,9**	**6,9**	**-**
Marge	*9,2%*	*7,9%*	
Operating income	**6,4**	**6,3**	**-1,3%**
Financial result	(0,6)	(0,4)	
Taxes	(0,8)	(1,3)	
Net income (Group share)	**4,8**	**4,6**	**-3,2%**

[1] First application of IFRS 16 - Leases from January 1st, 2019 with no retrospective change for the 2018 financial year.
[2] Variations are calculated on values in k€.

The financial statements were approved by the Board of Directors on April 10th, 2020. The audit procedures on the consolidated financial statements have been carried out. The certification report will be issued after finalization of the procedures required for the publication of the annual financial report.

[1] Net cash and cash equivalents: current and non-current financial debts - available

At the end of the 2019 financial year, the Group recorded sales of €87.4 million, up 17.1% at current exchange rates (+12.9% at constant exchange rates), driven by a good fourth quarter (+27% at current exchange rates).

In terms of sectors, the Civil Telecommunications business was very dynamic (53% of revenue). Aerospace Defense was also well oriented (47% of sales), particularly in the United States. The geographical breakdown of sales is as follows: United States (45%), Europe (30%), Asia (25%).

Gross margin amounted to € 53.2 million compared with € 48.2 million on December 31, 2018, up by + 5,0 M€. It stood at 60.9% on December 31, 2019 compared with 64.5% at the end of 2018. This change is due to (i) a product mix effect, with a higher proportion of all-mechanical contracts over the period (versus all-electronics contracts) and more sales of anechoic chambers and absorbents, and (ii) recognition of a non-linear gross margin on the major contract of over €30 million[2] (progress billing), which is less favorable in 2019 but will be higher in 2020 and 2021.

Current operating expenses are well under control and perfectly in line with the budget in this context of business growth. Personnel expenses increased by +10% (€26.6 million on December 31, 2019 compared with €24.2 million at December 31, 2018). The average number of employees increased from 352 at the end of 2018 to 378 at the end of 2019. In addition to these expenses, the Group recognized an amount of € 1.0 million related to the free share plan for management and employees (IFRS 2).

Good control of operating expenses thus made it possible to limit the impact of the one-off drop in gross margin during the year. Reported EBITDA was €12.6 million at December 31, 2019, representing an EBITDA margin of 14.4%. The application of IFRS 16 (related to leases as of January 1, 2019) had a positive impact of €1.9 million on this aggregate.

Excluding IFRS 16 and IFRS 2 (AGA), the EBITDA margin was 13.4%.

After accounting for depreciation, amortization, and provisions for € (5.7) million, including € (1.9) million related to the application of IFRS 16, current operating income came to €6.9 million, equivalent to last year's published figure. **Excluding IFRS 16 and IFRS 2, current operating income was € 7.9 million.**

Operating income is virtually stable. It amounts to 6.3 M€ compared to 6.4 M€ on 31 December 2018. It includes a non-recurring expense of €0.6 million, partly related to legal fees in China.

Net financial expense amounted to € (0.4) million, including the application of IFRS 16 for € (0.2) million.

[2] Contract won in February 2019

After taking into account a tax charge of €(1.3) million, net income was €4.6 million on December 31st, 2019, compared with €4.8 million at 31 December 2018. **Excluding IFRS 16 and IFRS 2, net income was € 5.8 million at the end of December 2019.**

Very solid financial position - Net cash1 of €18m (excluding IFRS 16) and high free cash flow

Shareholders' equity amounted to 76.1 M€ on December 31st, 2019 compared to 68.9 M€ on December 31st, 2018. Cash flow from operations before tax rose sharply to € 12.8 million at the end of 2019 compared with € 9.6 million at the end of 2018. Working capital requirements were perfectly controlled in this growth context, with a limited increase of €0.9 million on December 31st, 2019 compared with €(8.7) million on December 31st, 2018.

As a result, cash flow from operating activities rose sharply to €12.0 million at December 31st, 2019, compared with €(0.6) million at December 31st, 2018, enabling MVG to largely finance its investments (€3.6 million) and its AGM plan (€1.0 million).

Free cash flow is at a good level and stands at €8.4 million on December 31st, 2019.

Available cash increased at the end of December 2019 to €22.1 million compared to €14.7 million on December 31st, 2018.

On 31 December 2019, gross financial debt amounted to €13.6 million. Restated in accordance with IFRS 16, they amounted to 4.2 M€ compared to 4.7 M€ on December 31st, 2018.

At the end of 2019, the Group had a net cash position1 (excluding IFRS 16) of €17.9 million compared to €10.0 million on December 31st, 2018.

Outlook 2020: maintaining the virtuous growth trajectory

The Group's order book reached an all-time high of €110.1 million on January 1, 2020 (compared with €73.4 million last year, an increase of +50% compared to last year). No orders have been cancelled in the context of the current health crisis.

This very good trend has continued at the beginning of the year and the level of order intake for the first quarter of 2020 is very good. In particular, the Group has signed a major order worth over €30 million over a three-year period for the supply of a large-scale system in the Aerospace/Defense sector, once again demonstrating the competitiveness of its products but also its proven know-how. MVG has also won a number of smaller contracts.

To date, the Company is confident in its ability to produce the orders entrusted to it. The Group has taken all the distancing and safety measures necessary to protect the health of its employees and to be able to ensure the continuation of its production at all of its sites.
However, the measures restricting local and international travel could slow the pace of installations at its customers' sites, although this has not been significantly observed to date. Periodic maintenance operations (low impact on sales, of the order of €1 million) are postponed on a case-by-case basis.

MVG has major assets in this complex period by being mainly positioned in strategic and essential sectors (Defence/Aerospace and Civil Telecommunications) where demand is sustained, and budgets maintained. On the other hand, the Group is seeing a slowdown today in the Automotive sector, for example, but with investments that remain in the priorities of the principals and will be unblocked at the first signs of recovery.

Under the current conditions, thanks to a very solid order book and rigorous cost management, MVG confirms its objective of continued virtuous growth with a further increase in sales and a gradual improvement in EBITDA.

Confirmation of the eligibility of securities for PEA-PMEs

Microwave Vision confirms that it meets all the eligibility criteria for the PEA-PME[3] specified by the implementing decree dated March 4, 2014 (decree n°2014-283).

As a result, MVG shares may continue to be included in PEA-PME accounts, which, as a reminder, enjoy the same tax benefits as the traditional share savings plan (PEA).

Next appointment:

1st quarter 2020 sales: Tuesday, May 19, 2020 after market close

About MVG | MICROWAVE VISION GROUP

Since its creation in 1986, The Microwave Vision Group (MVG) has developed a unique expertise in the visualization of electromagnetic waves. These waves are at the heart of our daily lives: Smartphones, computers, tablets, cars, trains and planes – none of these devices and vehicles would work without them. Year after year, the Group develops and markets systems that allow for the visualization of these waves, while evaluating the characteristics of antennas, and helping speed up the development of products using microwave frequencies.

[3] Companies are eligible if they have fewer than 5,000 employees, an annual turnover of less than EUR 1.5 billion or a balance sheet total of less than EUR 2 billion. These criteria are also assessed based on the accounts of the company issuing the securities concerned and, where applicable, those of the companies with which it forms a group.

The Group's mission is to extend this unique technology to all sectors where it will bring strong added value. MVG is structured around 3 departments: AMS (Antenna Measurement Systems), EMC (Electro-Magnetic Compatibility), EIC (Environmental & Industrial Control). MVG is present in 10 countries and generates 90% of sales from exports. The Group generated revenues of € 87,4 million in 2019.

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