

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

Jean-Michel Bérard, Founder & CEO
Emmanuel Olivier, COO
March 2018



Agenda

- Corporate Overview
- Key Figures
- Financial Overview
- Strategy
- Addendum



CORPORATE OVERVIEW

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

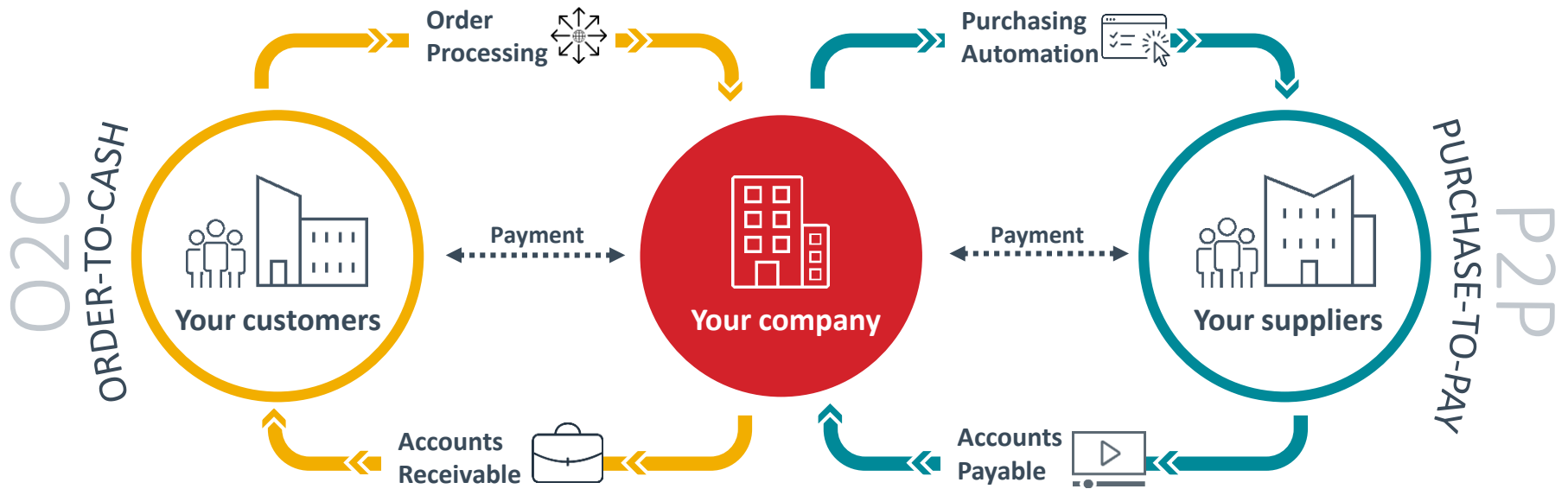
Mission & Vision



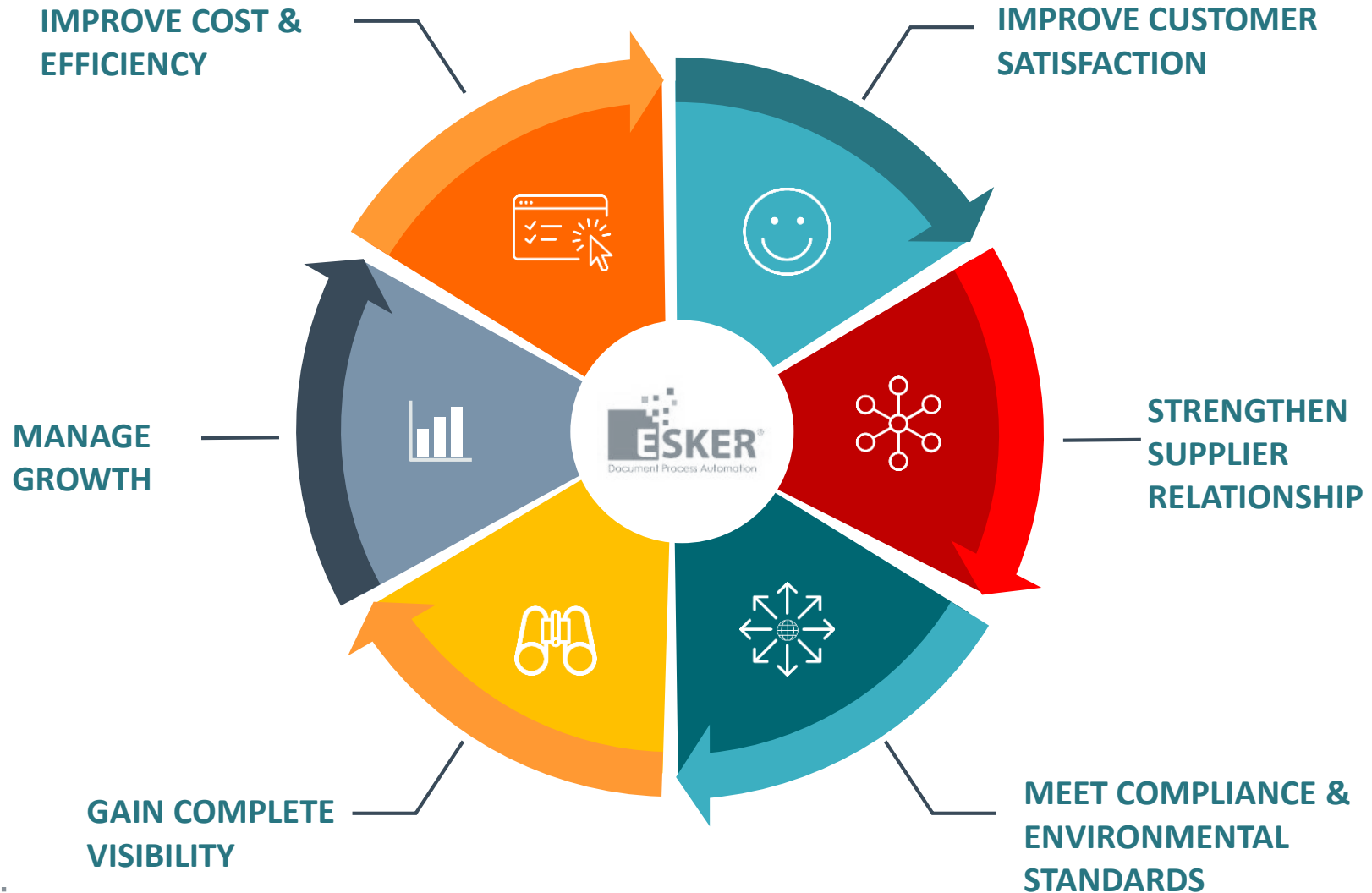
THE CLOUD PLATFORM
FOR BUSINESS DOCUMENT AUTOMATION

Positioning

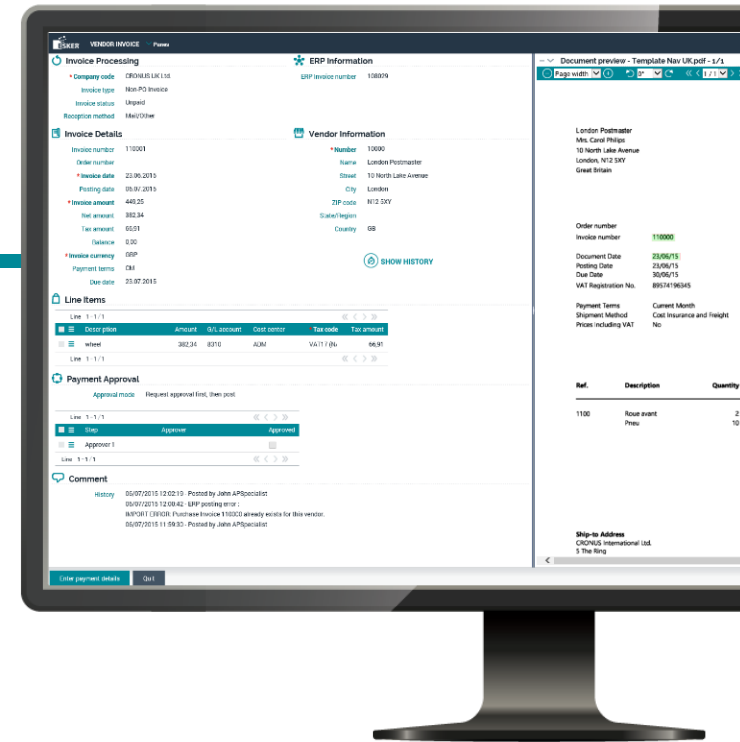
Cash Conversion Cycle



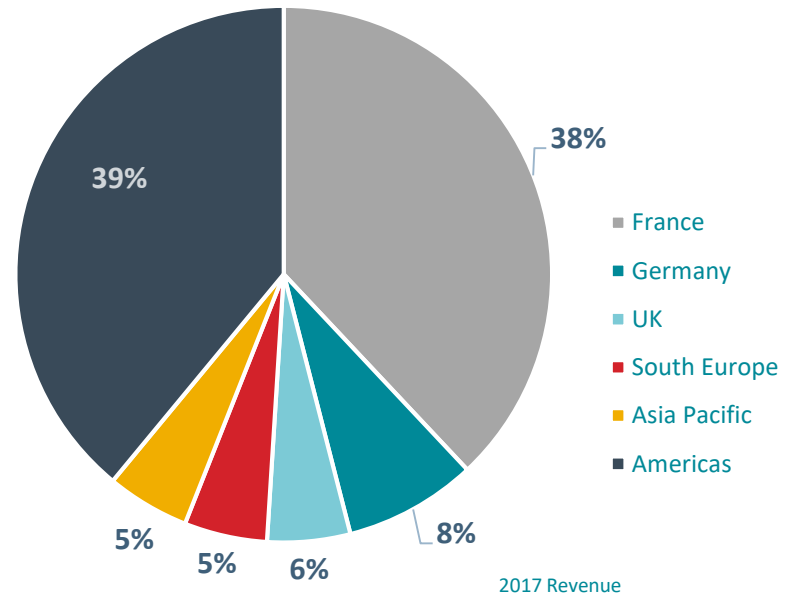
Digital Transformation of the Cash Conversion Cycle



Unique Selling Propositions



Global Presence



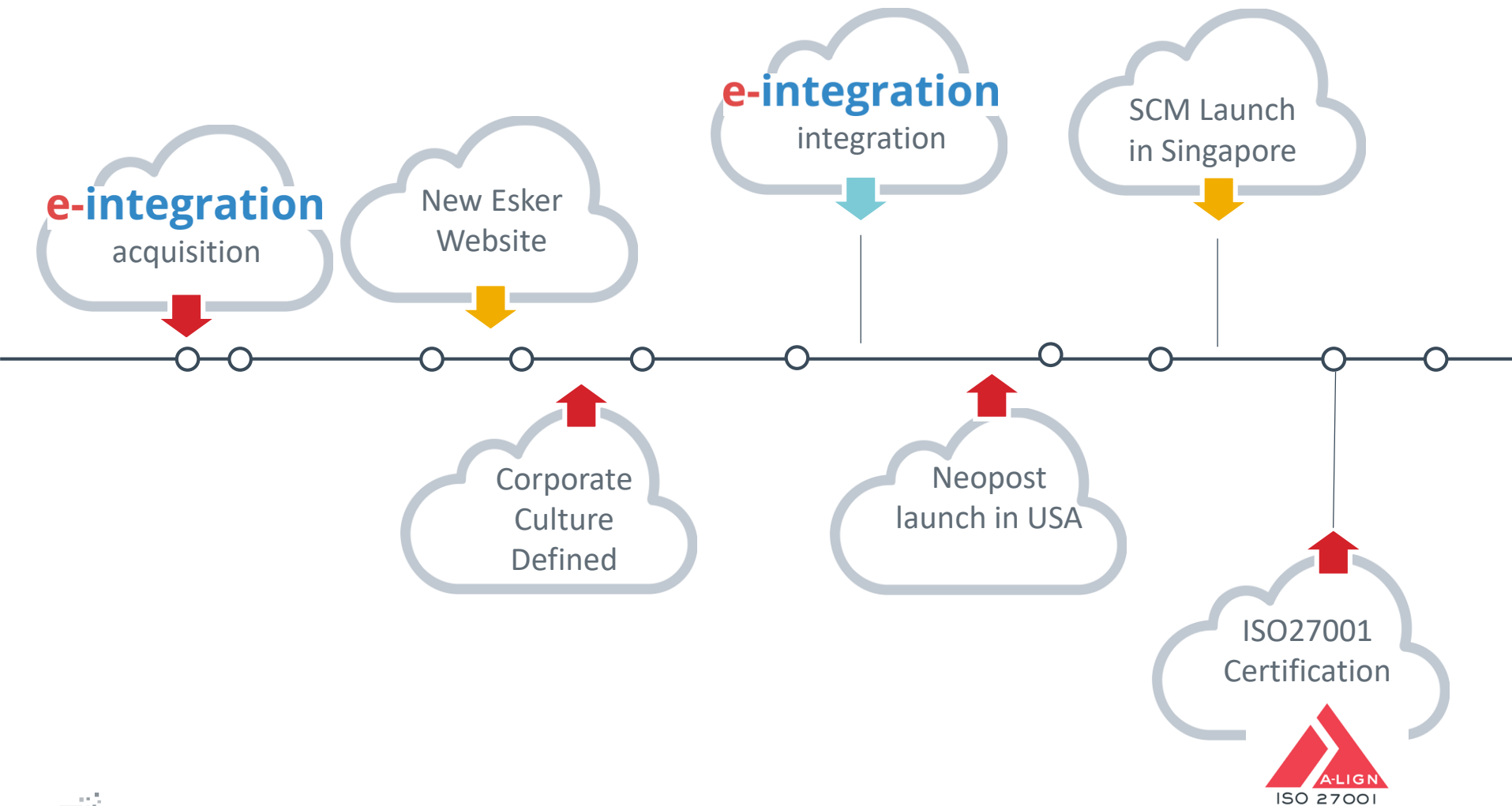
- 10 subsidiaries
- 62% of international Revenue
- 39% in Americas

Recently signed Customers

And many more...

2017 Achievements



2017 Broken Records

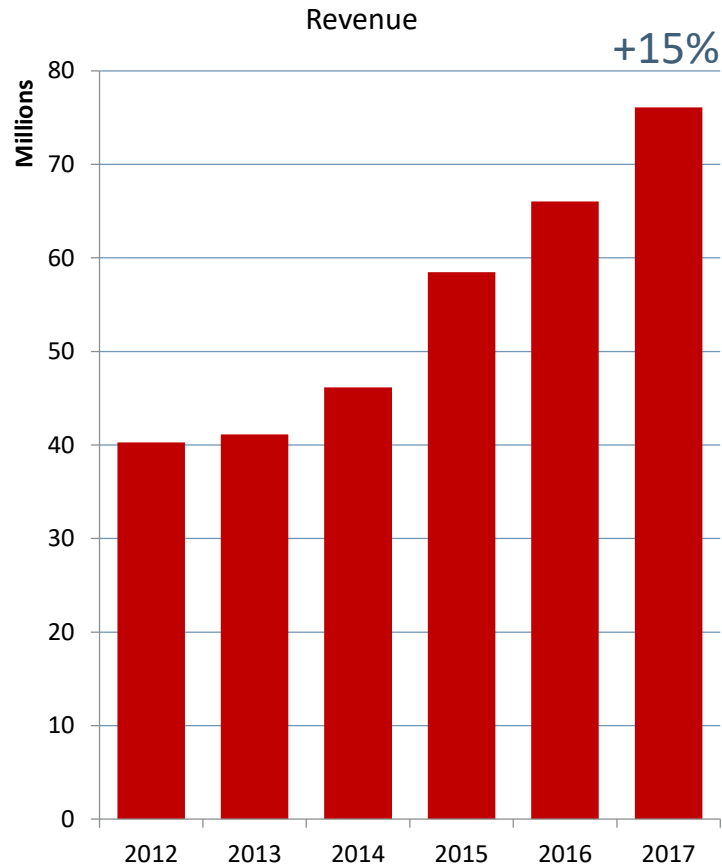
- SaaS Revenue over 50M€
- Over 500 employees WW
- Esker Market Cap over 300M€
- Over 100 Millions pages produced in French Mail facility





KEY FIGURES

Key Figures



€76 million

in sales achieved in 2017

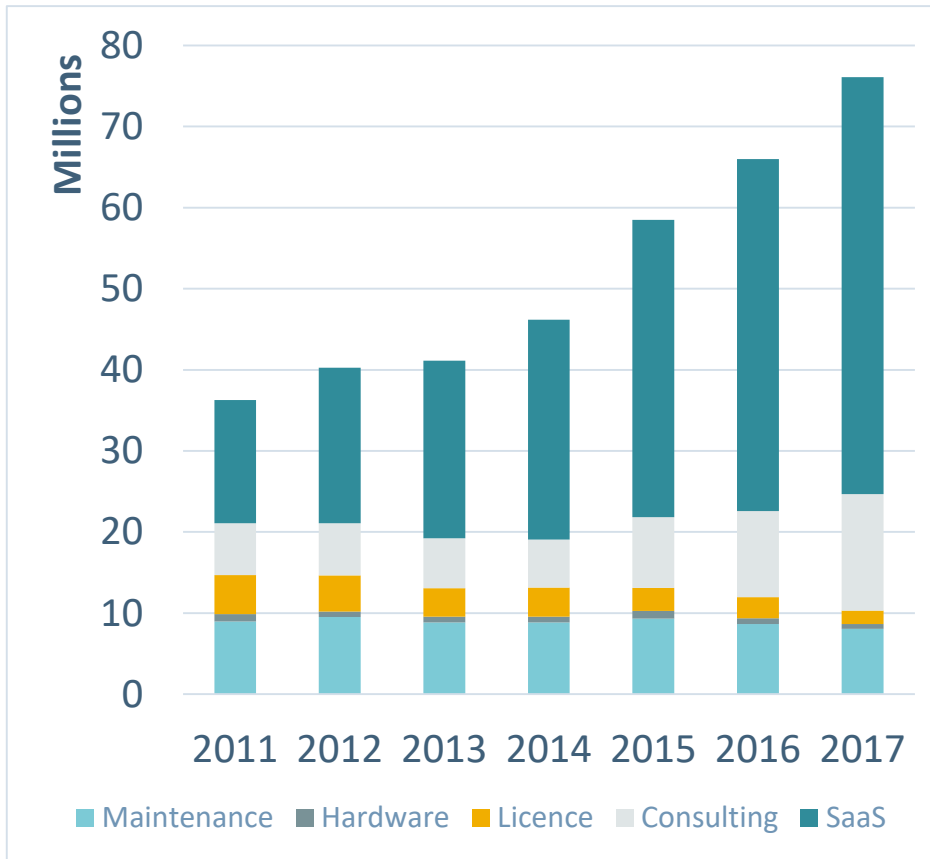
+11%

Organic growth
(constant exchange rate)

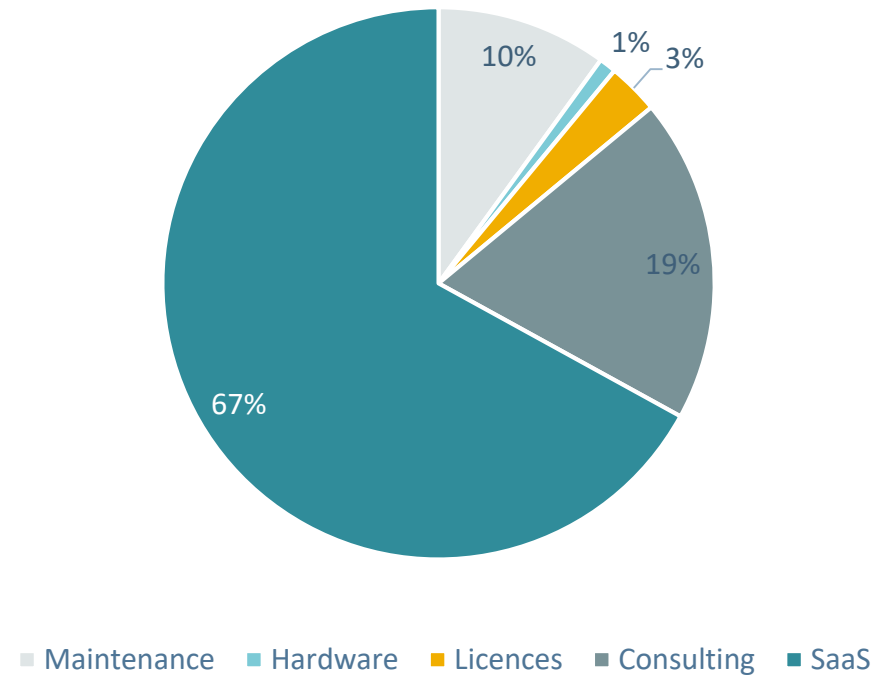
+15%

published growth

Business Model

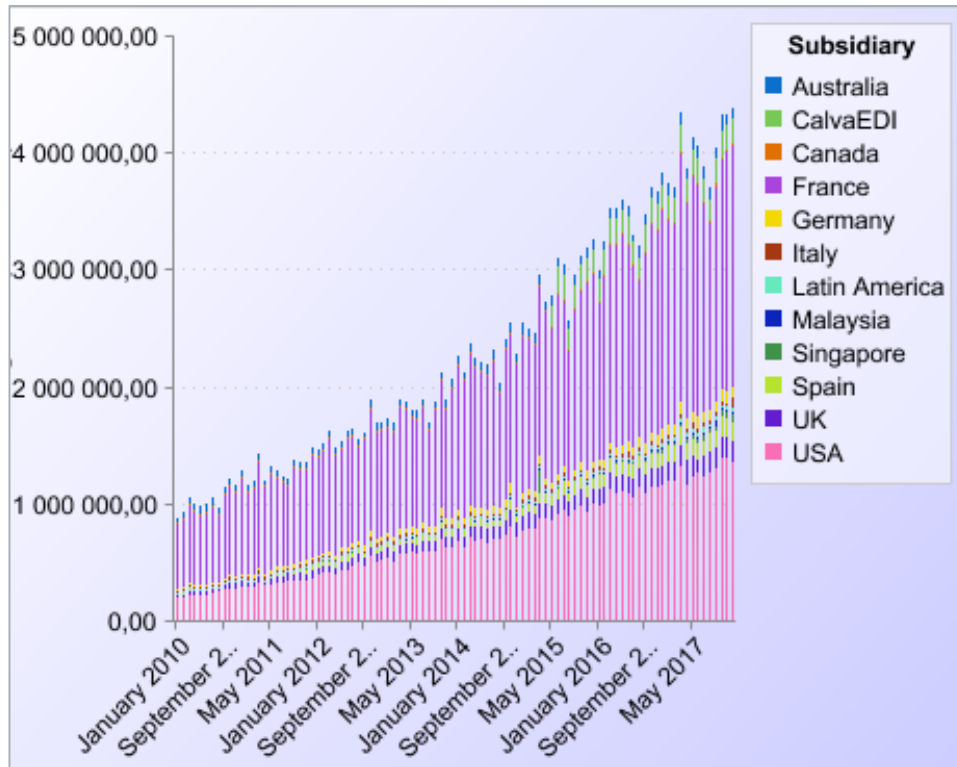


Revenue Type



77% recurring revenue (SaaS + Maintenance)

SaaS Revenue



- **Two third** of the Revenue
- **€57M** in 2017 (+22%)
- Over **50 million** pages processed every month
- Over **5,000 Customers** in the world
- **5 million Users** on our platform



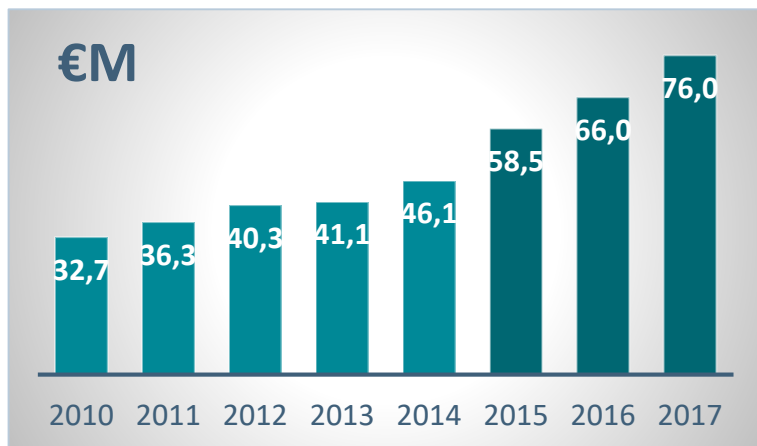
FINANCIAL OVERVIEW

2017 At a Glance

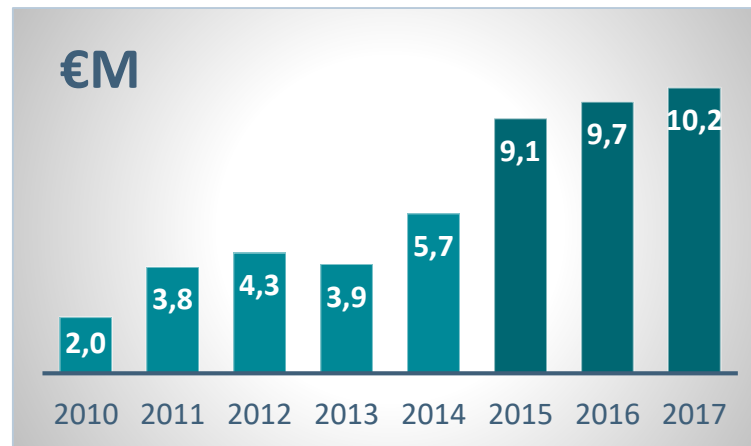
- **E-integration consolidated for 12 months**
 - › Revenue: 3.6 M€ (+9%)
 - › Operating Profit: 0.6M€
- **Dynamic growth with two record quarters**
 - › +15%, +11% at constant currency rates and including e-integration
- **SaaS growth accelerates**
 - › 21% vs 20% in 2016
- **New customer acquisition accelerates**
 - › Value of new contracts sold grew by more than 45% vs. 33% in 2016
 - › Good visibility on future years revenue
- **Negative base effect due to unusual one-off license deals in 2016 (€1M)**
 - › Revenue growth appears lower overall
 - › Direct bottom line impact
- **Unfavorable currency translation effect:**
 - › -0.4 M€ on operating profit
 - › Mainly USD (0,3 M€) and GBP (0,1M€)
- **Continued investments in R&D & Consulting to prepare for future growth**
- **Operating income up by +5%**
- **Net income increasing by 7%**
- **Operating cash flow +11% at 15.2M€**

Track Record

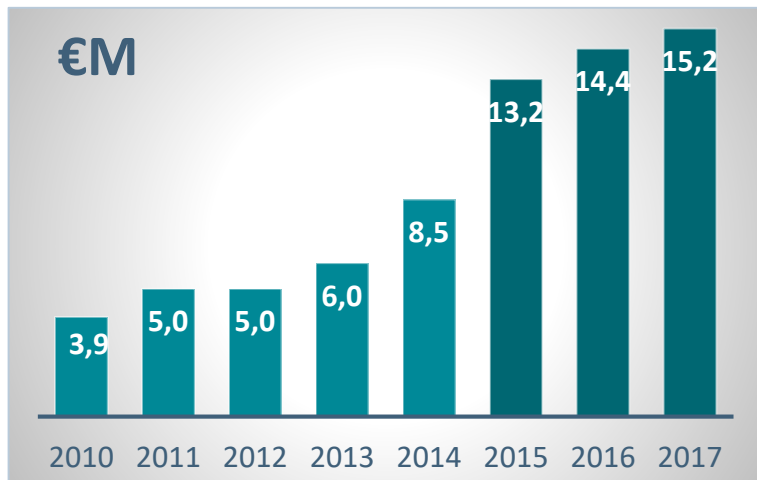
Sales revenue



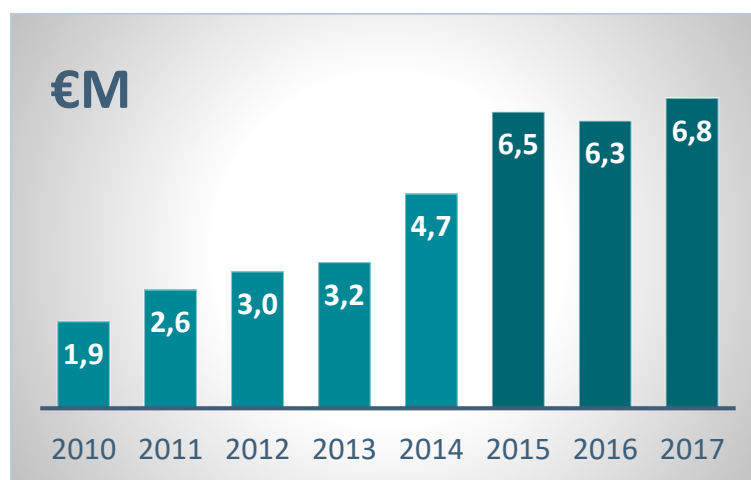
Operating income



Cash flow

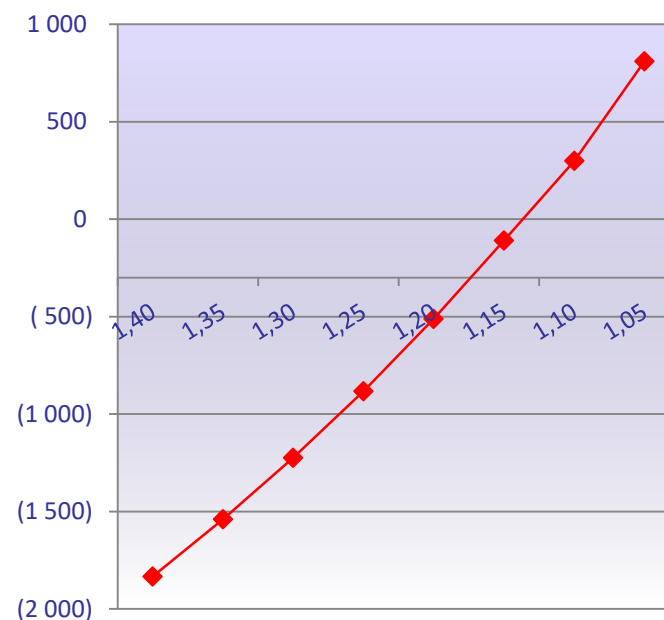


Net income



Currency Effects (USD)

Rate USD/EURO	Sales	Operating Income
1,137	0	0
1,00	4 034 K€	1 338 K€
1,1032	903 K€	300 K€
1,20	-1 545 K€	-512 K€
1,30	-3 690 K€	-1 224 K€



2017 Sales Activity

SALES REVENUE	2017 €M	2016 €M	GROWTH ⁽⁴⁾	GROWTH CONSTANT CURRENCIES & GROUP COMPOSITION
SaaS-based document process automation ⁽¹⁾	64.4	50.9	+27%	+21%
License and maintenance-based document process automation ⁽²⁾	8.1	10.7	-24%	-23%
Legacy products ⁽³⁾	3.6	4.4	-18%	-18%
TOTAL	76.1	66.0	+15%	+11%

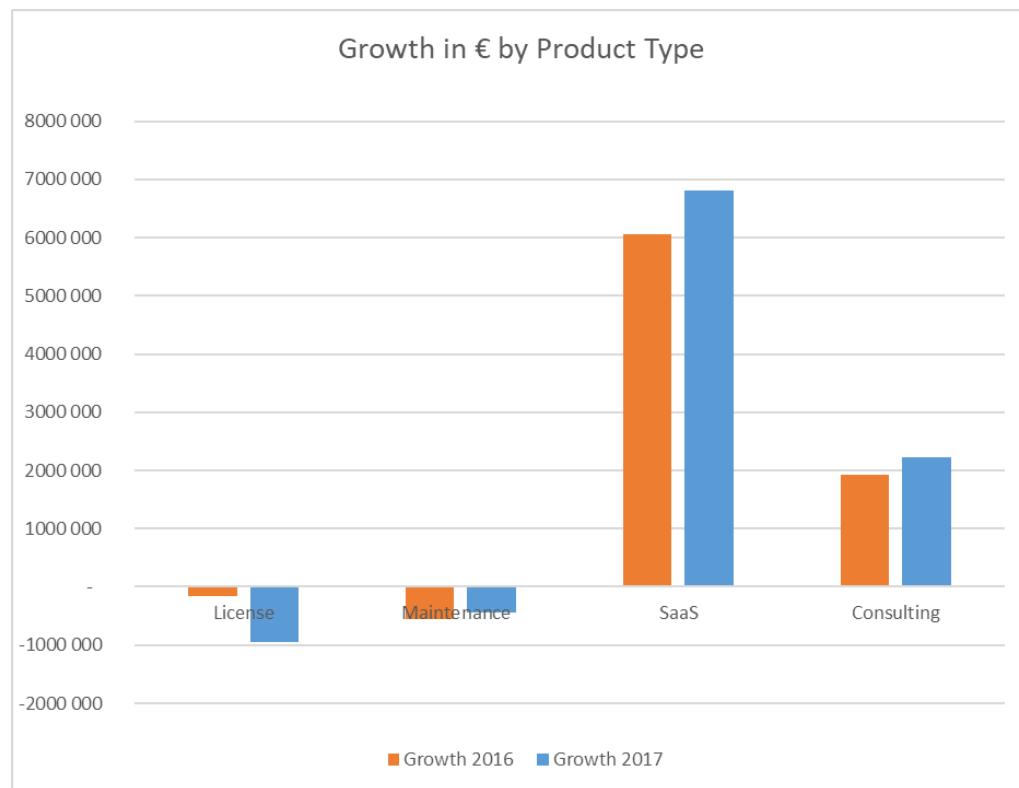
(1) Includes Esker On Demand, FlyDoc, CalvaEDI, TermSync and e-integration GmbH

(2) Includes Esker DeliveryWare

(3) Includes Fax Servers and Host Access

(4) Growth expressed with no currency effect: 2017 exchange rates applied to 2016 figures

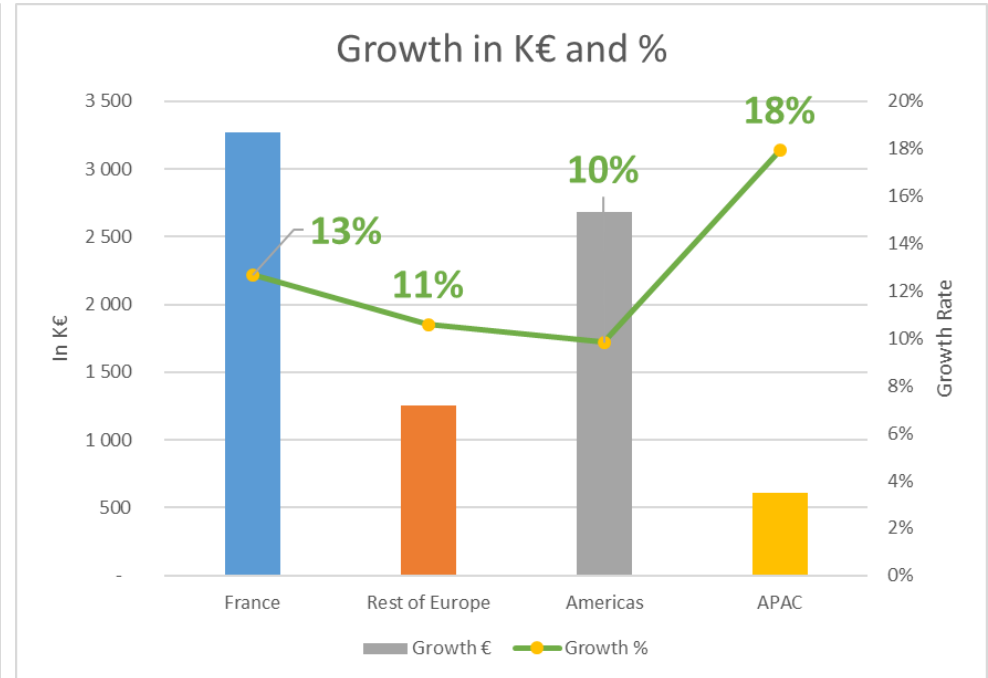
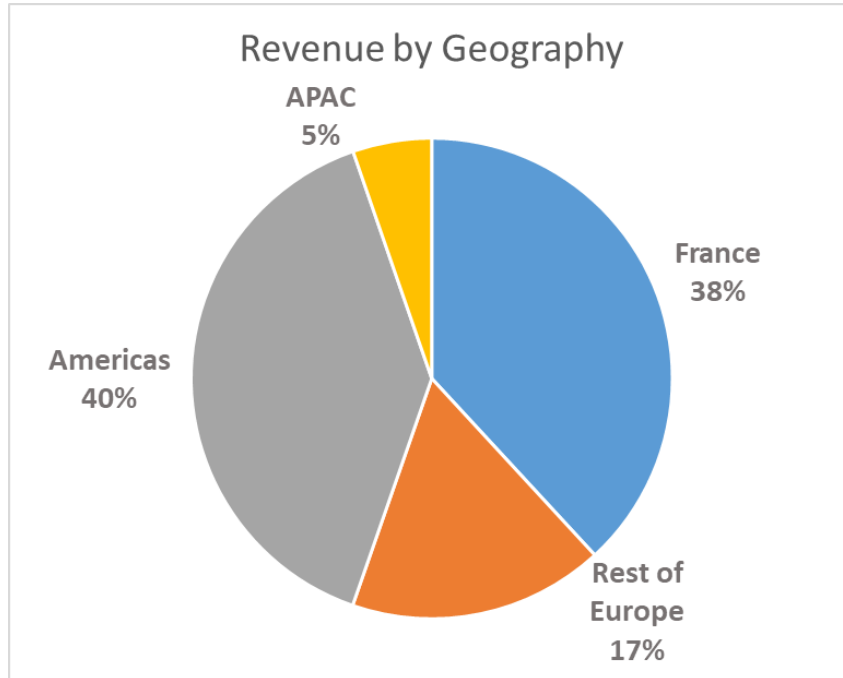
Growth by Product Type



- SaaS Growth accelerates
 - 6.8 M€ in 2017
 - 6.0 M€ in 2016
- License drops faster due to one off deals in 2016
 - -1.0 M€ in 2017
 - - 0.1 M€ in 2016

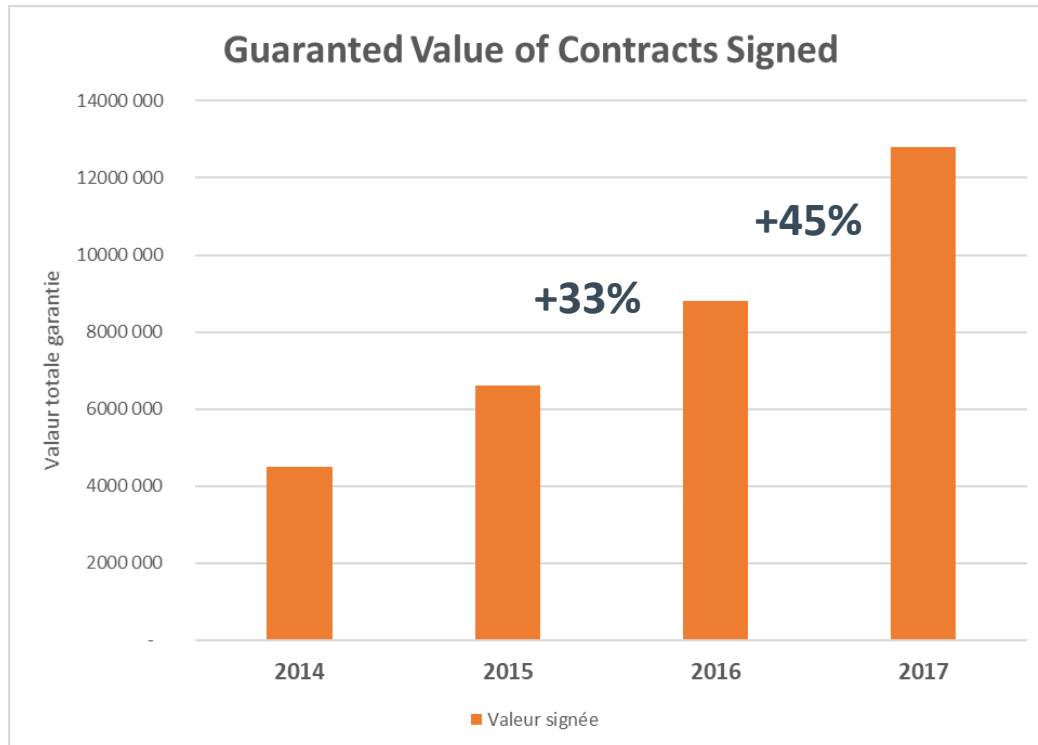
Excl. e-integration
At constant exchange rates

Revenue and Growth by Geography



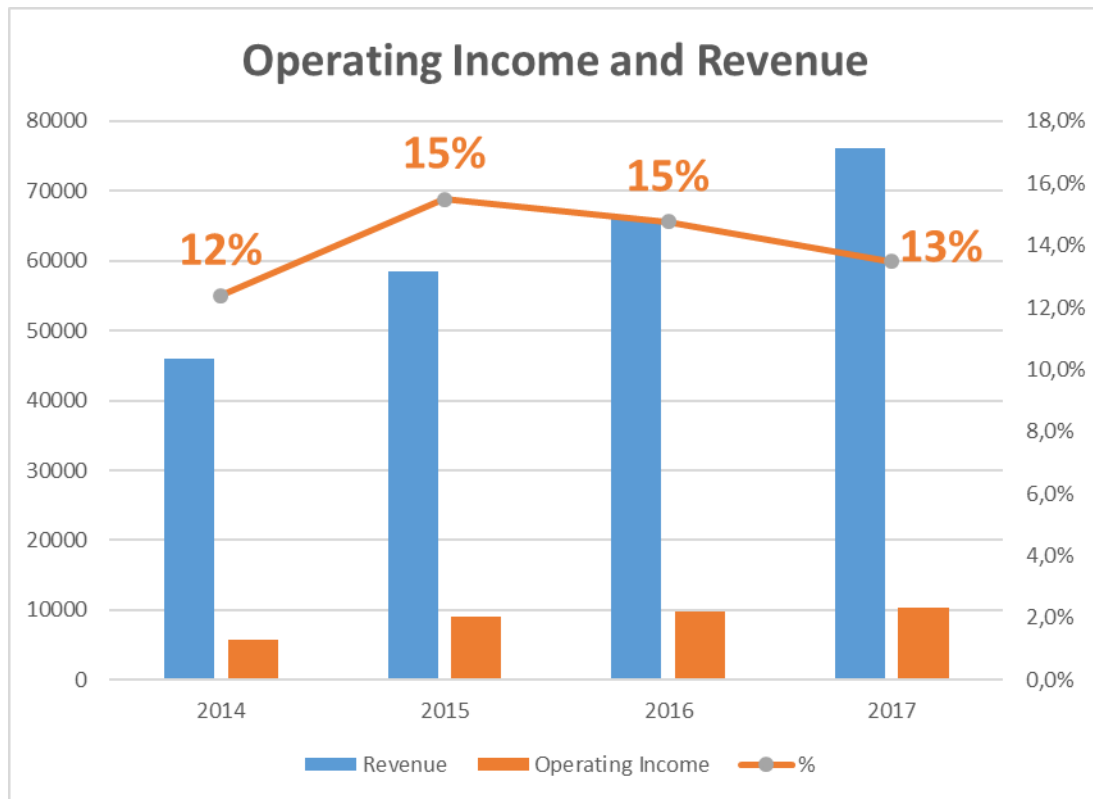
- Consistent growth rates across regions
 - Faster growth in APAC
 - Growth rate in the Americas affected by 2016 license deals

Customer acquisition growth accelerates



- Typical contract: 3 years
- Includes :
 - Fixed part: subscription fee
 - Variable part: per document fee
- Committed value signed
 - 12.8 M€ in 2017
 - +45% vs 2016
- Will benefit the revenue line over the next 3 years
- Acquisition cost (sales & marketing mainly) charged to income statement immediately. Commission cost increased by 0.5M€ in 2017 vs 2016
- Committed value of contract is approximately 50% of total value at contract renewal

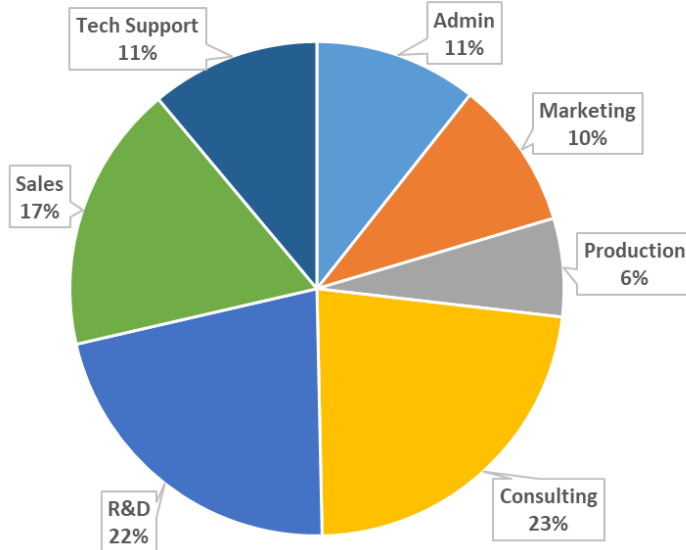
Profitability Overview



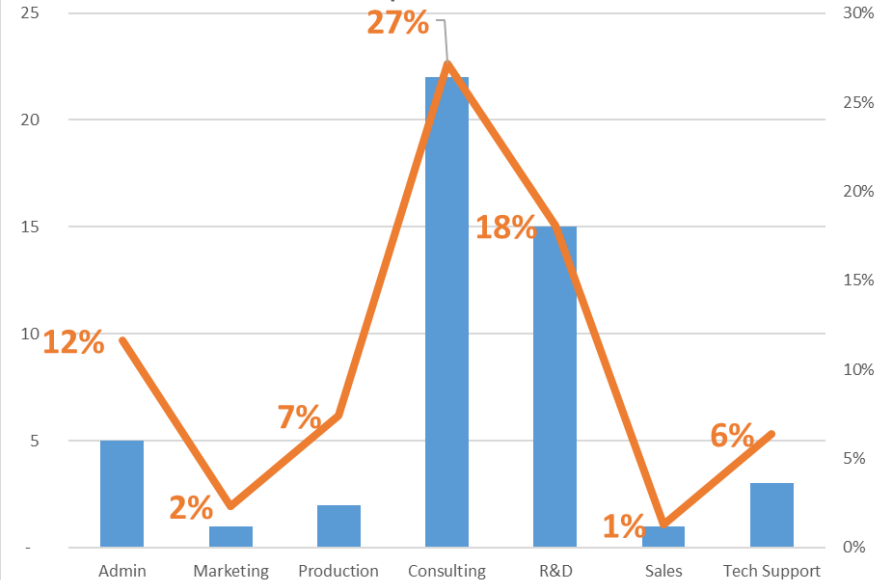
- Profitability remains high despite
 - ✓ Continued investment in consulting and R&D for future growth (Headcount +20%)
 - ✓ Unfavorable currency translation impact: 0.4M€
 - ✓ Increased cost due to growth in new customer acquisition (Sales commissions: +0.5M€)
 - ✓ Negative base effect on license deals (1M€)

Continued Investment in People

2017 average headcount
(excl. e-integration)



Increase in average headcount by
department



NB: excl. e-integration

■ Global HC increase

- ✓ +19% (+12% w/o e-integration)
- ✓ +78 FTE (+49 w/o e-integration)
- ✓ Consulting & R&D represent 76% of overall increase

Income Statement by Destination

<i>(in thousands of euros)</i>	12/31/17	% net sales	12/31/16	% net sales	Var	Var %
Net sales	76 069	100%	65 990	100%	10 079	15%
Cost of Production	-12 209	-16%	-11 096	-17%	-1 113	10%
Research and Development expenses	-7 958	-10%	-5 599	-8%	-2 359	42%
Sales & Consulting expenses	-31 142	-41%	-25 483	-39%	-5 659	22%
Marketing expenses	-7 181	-9%	-6 790	-10%	-391	6%
General and Administrative expenses	-7 332	-10%	-7 286	-11%	-46	1%
OPERATING INCOME	10 247	13%	9 735	15%	512	5%
Financial income	-110	0%	-108	0%	-2	2%
Pretax income before exceptional items	10 137	13%	9 626	15%	511	5%
Exceptional income	-456	-1%	-474	-1%	18	-4%
Income tax	-3 148	-4%	-2 950	-4%	-198	7%
Share of profit in associates	234	0%	123	0%	111	
NET INCOME	6 767	9%	6 325	10%	442	7%
<i>Earnings per share in Euros</i>	1,28		1,20			
<i>Diluted earnings per share in Euros</i>	1,22		1,14			

<i>thousands of euros</i>	2017	2016
Dev costs capitalized	5 204	4 775
Amortization	-3634	-3009
Net	1 570	1 766
% capitalized	63%	71%

Acquisition of e-integration (Germany)

- **Esker SA acquired e-integration GmbH in January 2017**
 - German electronic data interchange (EDI) service provider
 - Based in Ratingen, Germany
 - 30 employees
 - 600 active customers

- **Deal structure**
 - Cash
 - Shares
 - Earn out: to be determined based on 2017 & 2018 cumulated sales results

- **Purchase price allocation:**
 - Brand: 585 K€ - indefinite useful life
 - Customer base: 2 447 K€ - 20 years average useful life
 - Goodwill: 989 K€ - indefinite useful life

- **2017 contribution:**
 - Sales: 3,6 M€ - +9% vs 2016
 - Operating income: 651 K€

Consolidated balance sheet

ASSETS (thousand of euros)	12/31/17	12/31/16	LIABILITIES (thousand of euros)	12/31/17	12/31/16
Goodwill	5 858	5 522	Capital stock	10 961	10 789
Intangible assets	20 815	16 859	Additional paid-in capital	19 277	18 972
Property, plant and equipment	7 115	5 168	Net result	6 766	6 325
Financial assets	4 124	785	Consolidated reserves	2 616	-1 684
Total assets	37 912	28 334	Total shareholders' equity	39 620	34 402
Inventory and work in progress	176	101	Reserves for risks and charges	1 193	554
Account receivables	17 633	16 060	Financial liabilities	13 716	7 657
Deferred tax assets	762	1 062	Account payables	4 824	4 765
Prepaid and other current assets	3 620	3 463	Tax and employee related liabilities	12 661	11 446
Cash and equivalents	20 632	21 338	Other liabilities	8 721	11 534
Total current assets	42 823	42 024	Total current liabilities	39 922	35 402
TOTAL ASSETS	80 735	70 358	TOTAL LIABILITIES	80 735	70 358

- Intangible assets & goodwill increase due to
 - E-integration acquisition 3.8 M€
 - Development costs capitalized (net) : 1M€
- Tangible assets increase linked to acquisition of mail factory premises in Décines (Lyon)
- Financial assets show long term financial investment of cash
- Financial liabilities include 10M€ of new loans for e-integration acquisition, production site purchase, BPI loan for development
- Other liabilities decrease due to payment of earn out amount for TermSync acquisition (1.1M€)

Consolidated cash flow statement

<i>(thousands of euros)</i>	12/31/17	12/31/16
Consolidated net income (loss)	6 766	6 325
Depreciation and amortization	7 424	5 129
Capital gains and capital losses	-56	-44
Cash Flow after net financial expense	14 134	11 410
Interest paid and received	35	-19
Income tax , including deferred taxes, due and paid	1 095	1 494
Variance in working capital	-80	863
NET CASH GENERATED BY OPERATING ACTIVITIES	15 184	13 748
Investments intangible and tangible assets	-13 078	-6 908
Change in other financial assets	-3 106	13
Effect of changes in the scope of consolidation	-3 751	-448
NET CASH FLOW FROM INVESTING ACTIVITIES	-19 935	-7 343
Dividend paid	-1 633	-1 550
Amount received from the exercise of stocks options	477	779
Change in treasury shares	0	0
Repayment of borrowings - finance leases	-3 977	-2 279
Change in borrowings	10 000	2 000
NET CASH FLOW FROM FINANCING ACTIVITIES	4 867	-1 050
NET CASH FLOW	116	5 355
<i>Effect of exchange rate changes on cash</i>	<i>-822</i>	<i>-312</i>
Cash at the beginning of the period	21 338	16 295
Cash at the end of the period	20 632	21 338

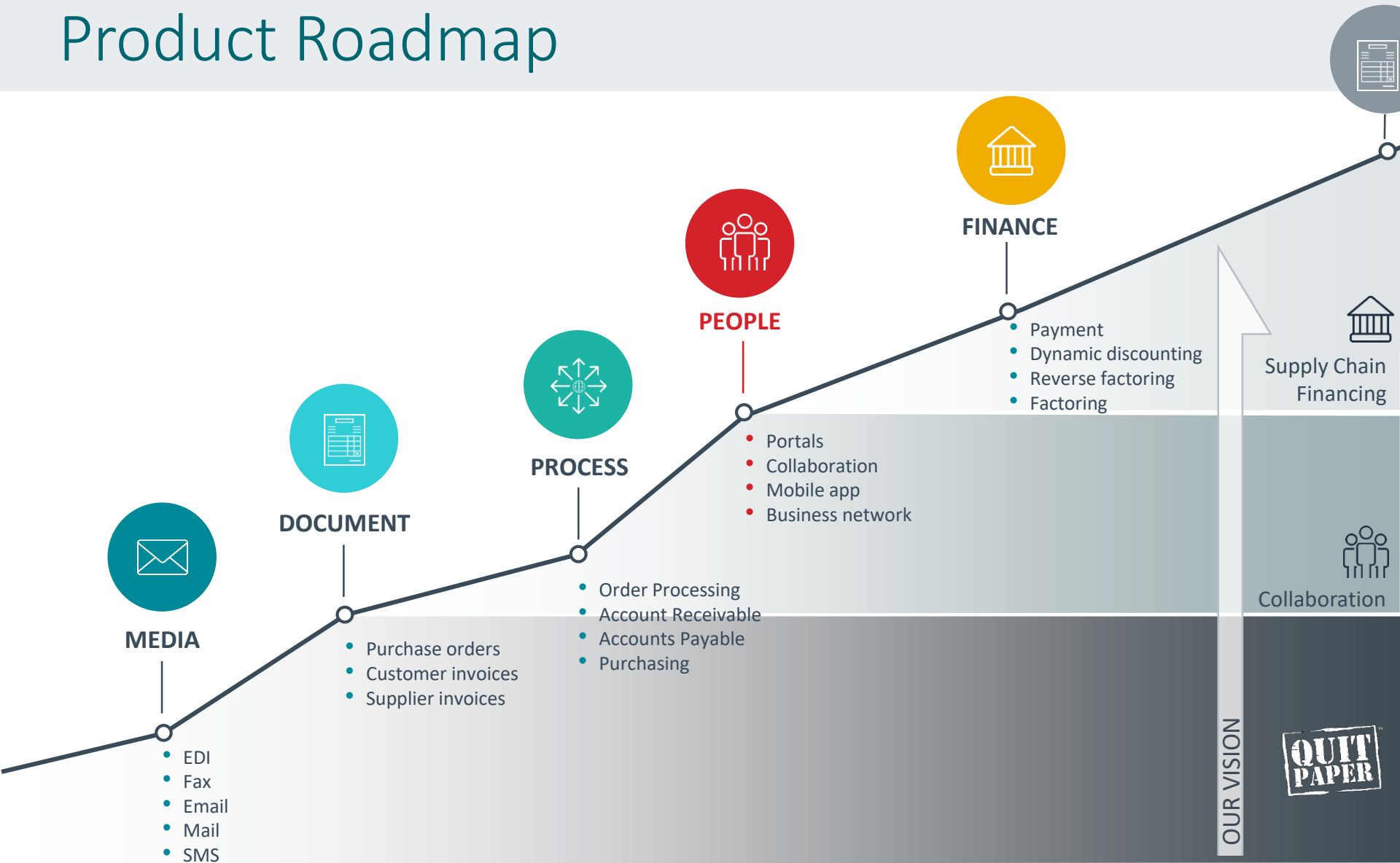
Cash position appears to slightly decrease (0.7M€) but includes a 3M€ investment classified as financial assets

- Positive cash flow generated by operating activities :
 - + 15.2 M€ vs. 13.7 M€ in 2016
- And 10 M€ of new loans (see previous slide)
- That finances investing activities:
 - ✓ 5,2 M€ of capitalized development costs
 - ✓ 2 M€ of building of French mail factory
 - ✓ 4 M€ of e-integration assets
- Increased dividend paid
- Negative currency impact

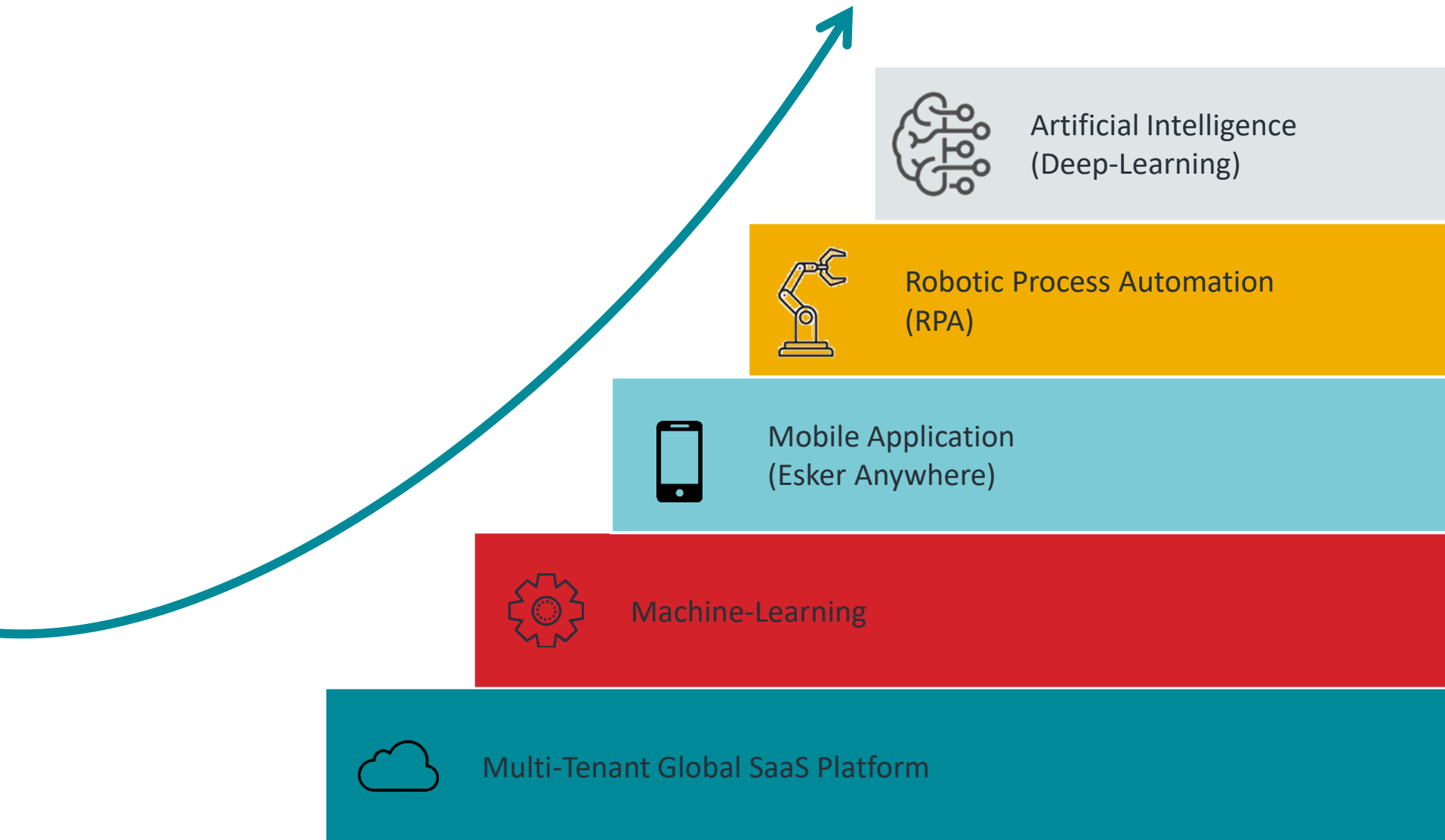


STRATEGY

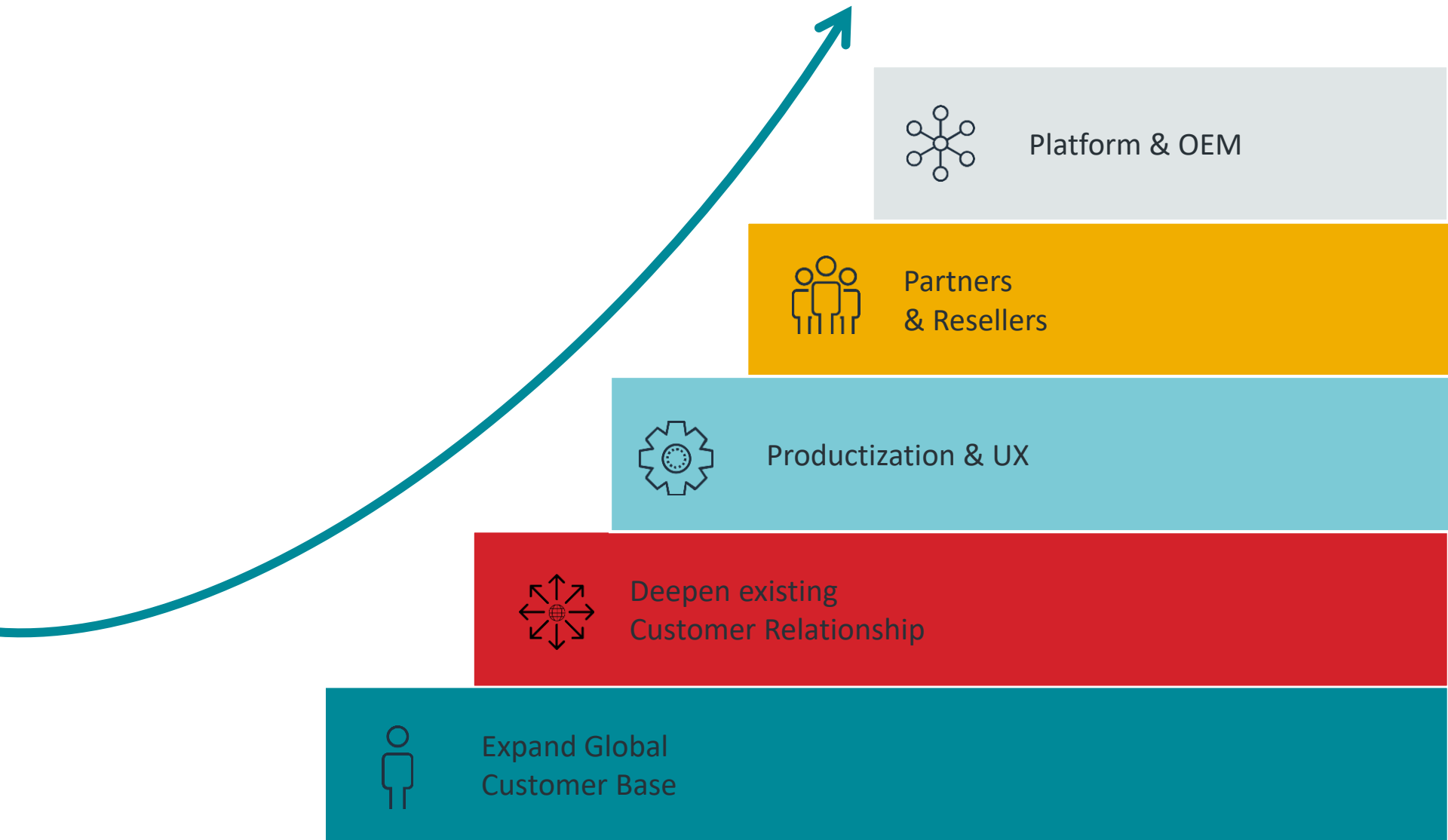
Product Roadmap



Technologies Roadmap



Growth Drivers



Financial Goals

- Maintain organic double-digit growth
- Maintain a high level of profitability
 - While investing for future growth



ADDENDUM

Stock Market

Euronext Growth Paris

ISIN Code : FR0000035818 ALESK

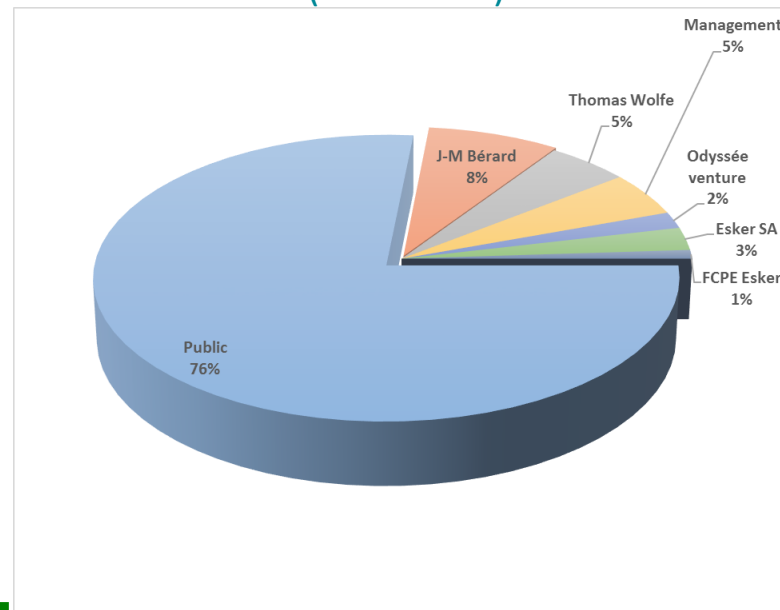
Market capitalization Mar 22, 2018 : 287 M€

Number of shares: 5 438 908



Stock Price Evolution over 3 years

Capital breakdown as of December 31, 2017 (estimated)



Earnings Announcements:

Q4 2017:	January 16 2018*
FY 2017:	March 22 2018*
Q1 2018:	April 17 2018*
Q2 2018:	July 17 2018*
H1 2018:	September 13 2018*
Q3 2018:	October 16 2018*

* After stock market closing

Board of Directors

Jean-Michel Bérard (56)

CEO – President of BoD
Esker founder



Emmanuel Olivier (49)

COO – General Manager
Board Member



**Eric Bussy
(43)**

WW Corporate Marketing
and Product Management
Director



**Jean-Jacques Bérard
(51)**

Executive Vice President,
Research and Development



**Steve Smith
(55)**

U.S. Chief Operating Officer



**Eric Thomas
(49)**

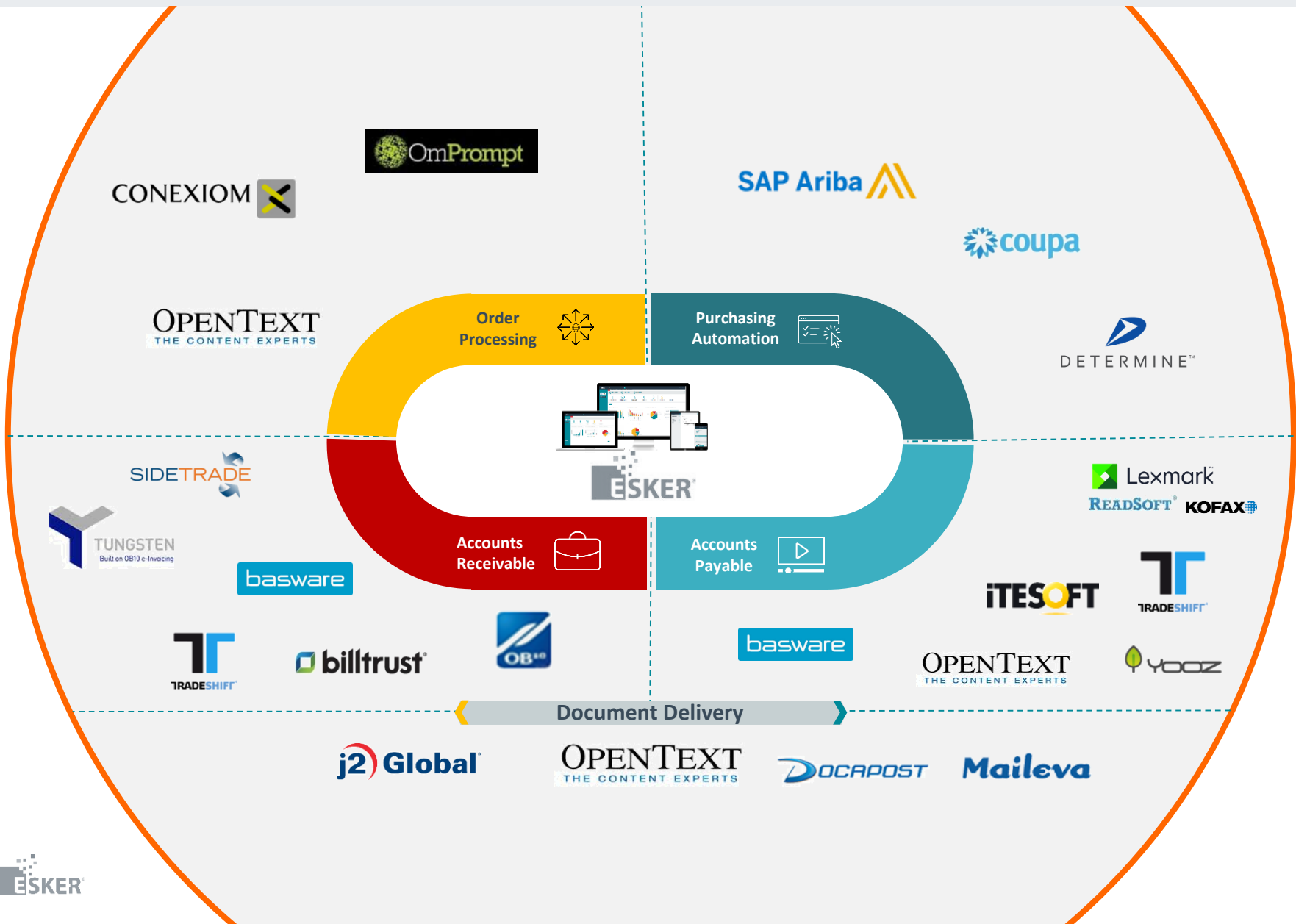
Vice President of Business
Development



**Anne Grand-Clément
(45)**

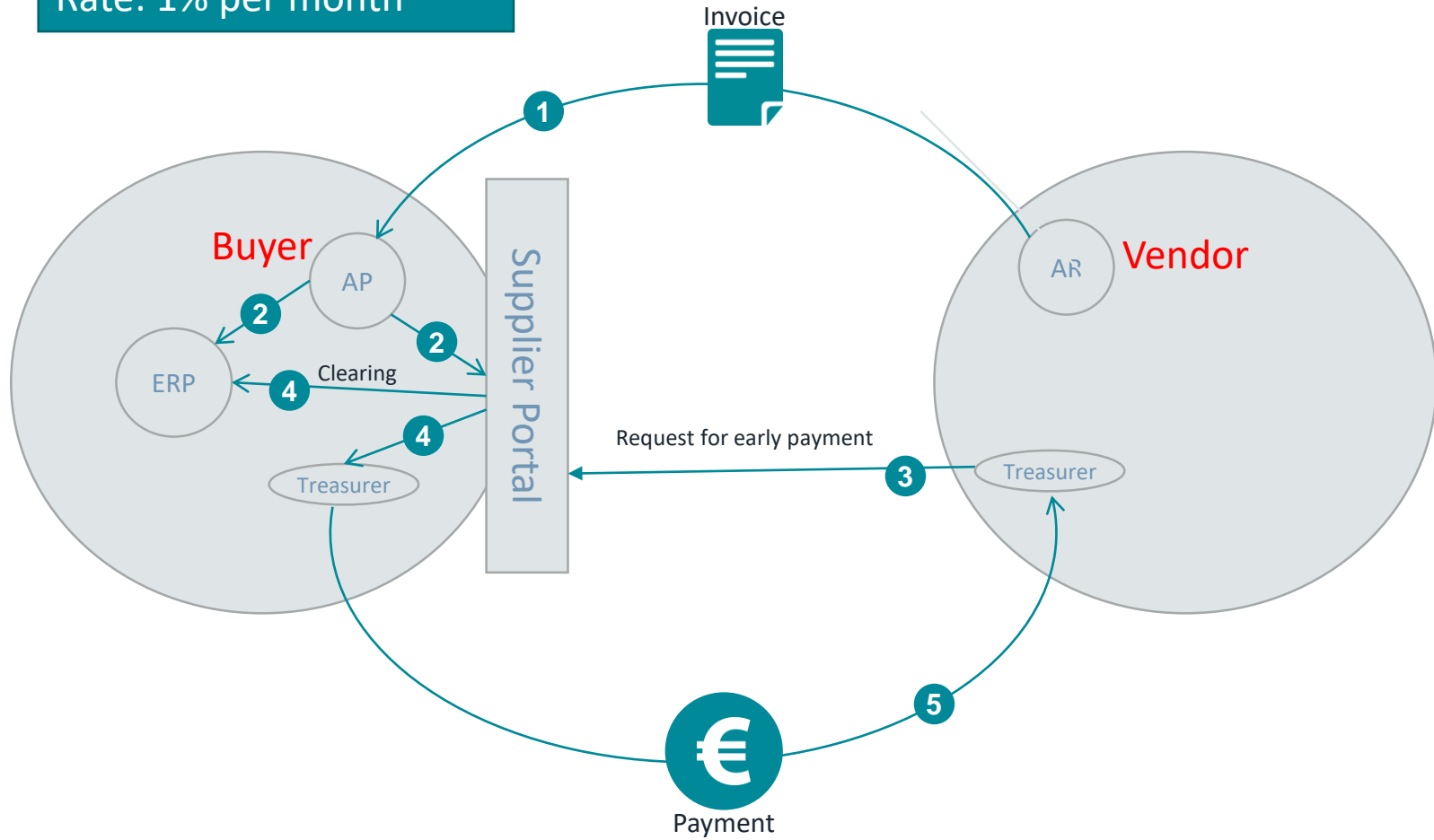
WW Director of Professional
Services and Technical
Support

Competition



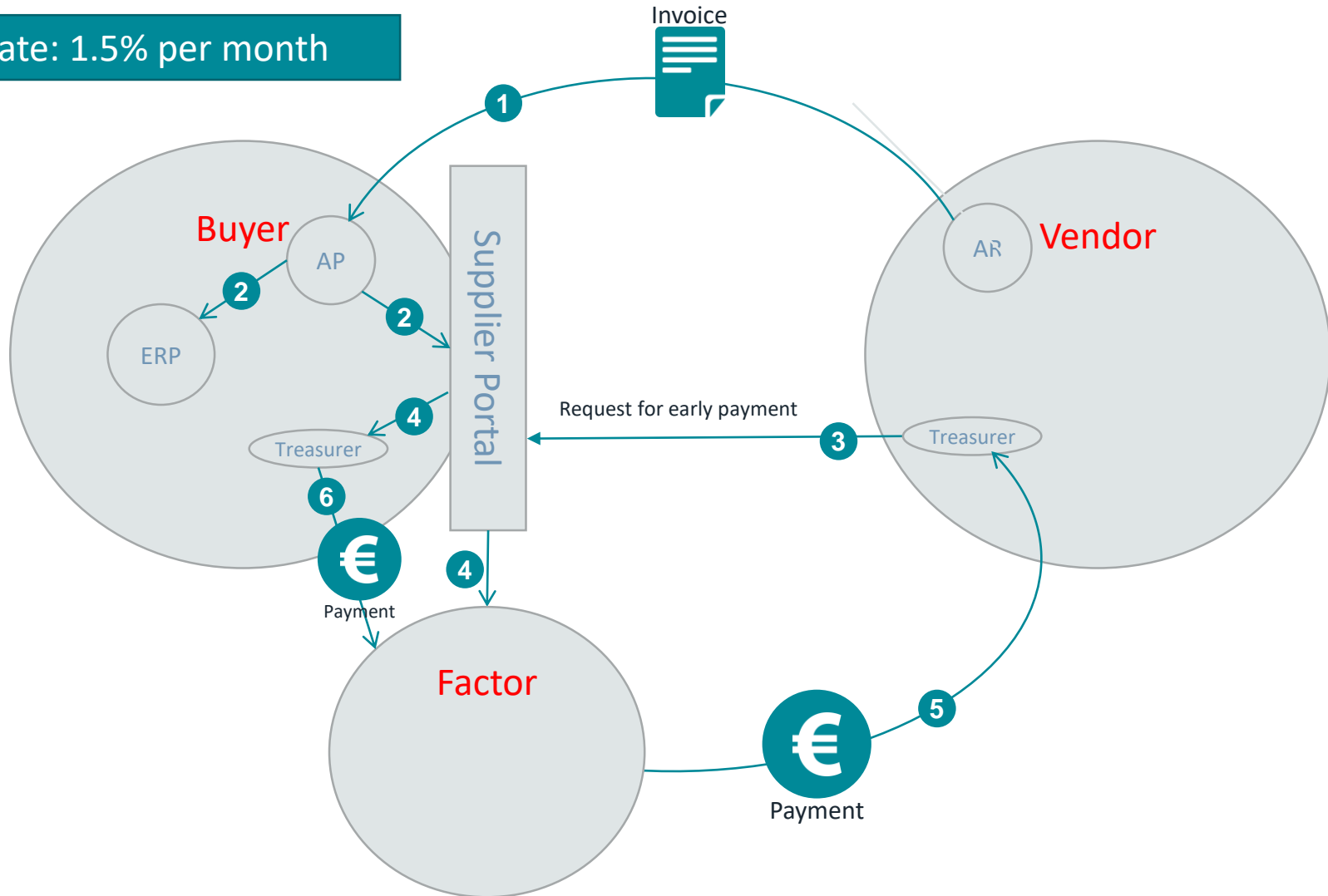
Dynamic Discounting – AP-

Rate: 1% per month



Reverse Factoring – AP -

Rate: 1.5% per month



Consolidated Income Statement (French Format)

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Net sales	76 065	100%	65 990	100%	10 075	15%
Development costs	5 204	7%	4 774	7%	430	9%
Other income	1 136	1%	966	1%	170	18%
Purchases and external expenses	-21 536	-28%	-19 727	-30%	-1 809	9%
Personnel and related taxes	-43 216	-57%	-36 185	-55%	-7 031	19%
Local and misc. Taxes	-1 063	-1%	-916	-1%	-147	16%
Depreciation expenses	-6 152	-8%	-5 137	-8%	-1 015	20%
Reserves	-190	0%	-31	0%	-159	513%
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www.esker.com 