



# ***FIRST-HALF 2020 RESULTS***

HighCo

# 01

## *Key messages*

### **01. Key messages**

- 02. Mission and strategy
- 03. Financial performance
- 04. COVID-19, impacts and trends
- 05. Accelerating the digitisation of promotions
- 06. Guidance and conclusions

# 01. Key messages

## First-half 2020 business and earnings impacted by COVID-19

### DECLINE LESS STEEP THAN EXPECTED

**Q2 2020 GROSS PROFIT**  
**€19.63 M**  
down 21.6% LFL<sup>1</sup> & Reported

**H1 2020 GROSS PROFIT**  
**€40.42 M**  
down 16.1% LFL<sup>1</sup> & Reported

### DROP IN EARNINGS BUT HEALTHY PROFITABILITY

**Adjusted HPBIT<sup>2</sup>: €7.03 M** down 44.7%

**Adjusted operating margin<sup>2</sup>: 17.4%**

**Rec. oper. inc.: €7.63 M** down 36.4%

**Attributable net income<sup>3</sup>: €4.13 M**  
down 37%

### CASH GENERATION AND €30 M GBL<sup>4</sup> UNUSED

**NET CASH<sup>5</sup> €71.49 M**  
up €8.96 M (vs. 31 Dec. 2019)

**NET CASH**  
**excluding operating WC<sup>6</sup>**  
**€8.01 M** up €4.75 M (vs. 31 Dec. 2019)

**Digital businesses held up well** (down 9.4% LFL) and **accounted for nearly 60% of gross profit in the first half** (56.2% on a reported basis in 2019)

(1) Like for like: Based on a comparable scope and at constant exchange rates.

(2) Adjusted headline profit before interest & tax: Recurring operating income before restructuring costs and excluding the impact of performance share plans. Adjusted operating margin: Adjusted headline PBIT/Gross profit.

(3) Net income attributable to owners of the parent.

(4) Government-backed loan.

(5) Net cash position: Cash and cash equivalents less gross current and non-current financial debt, including operating working capital (€63.49 M at 30 June 2020), and excluding finance lease debt.

(6) Net cash excluding operating working capital: Cash and cash equivalents less gross current and non-current financial debt, excluding operating working capital (€63.49 M at 30 June 2020) and excluding finance lease debt.

# 02

## *Mission and strategy*

01. Key messages

**02. Mission and strategy**

03. Financial performance

04. COVID-19, impacts and trends

05. Accelerating the digitisation of promotions

06. Guidance and conclusions

## ***02. Mission and offer***

### ***Our mission***

As an expert in data marketing and communication,  
HighCo continuously innovates  
to work with brands and retailers  
in facing the retail challenges of tomorrow.

## ***02. Mission and offer***

### ***Our offer***

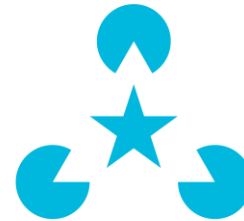
4 complementary areas of expertise cover the entire customer engagement chain  
from initial contact to the transaction



**Émotion**



**Relation**



**Personnalisation**

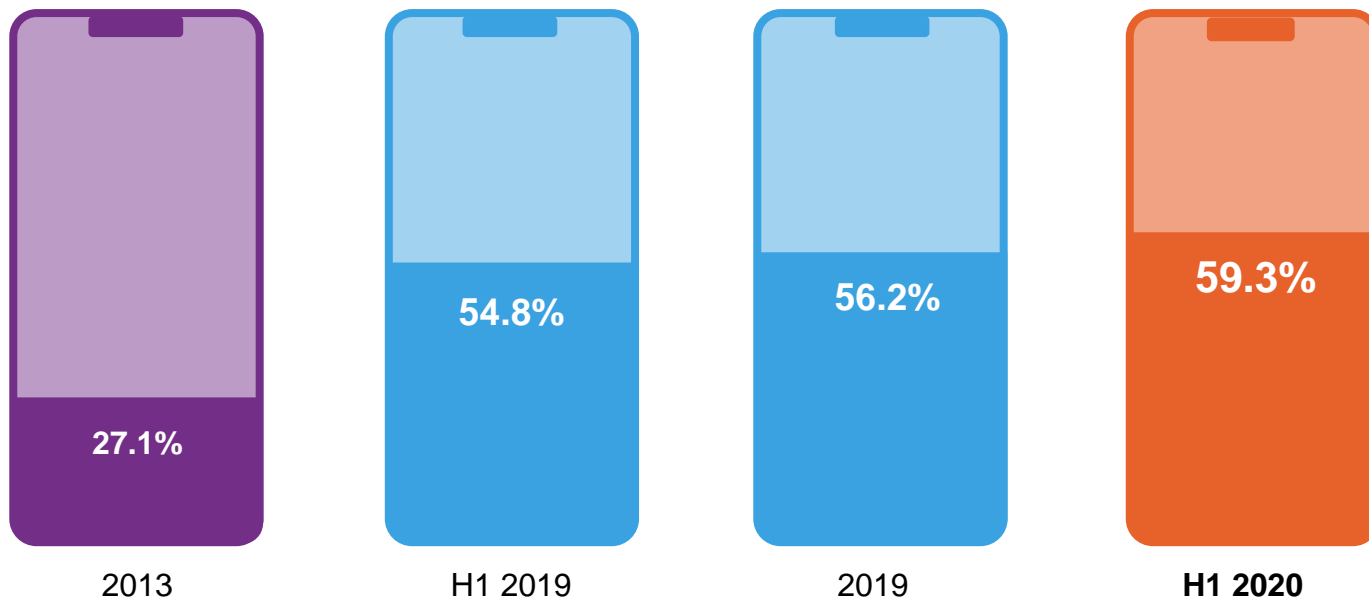


**Transaction**

## ***02. Overview of our strategic focuses***

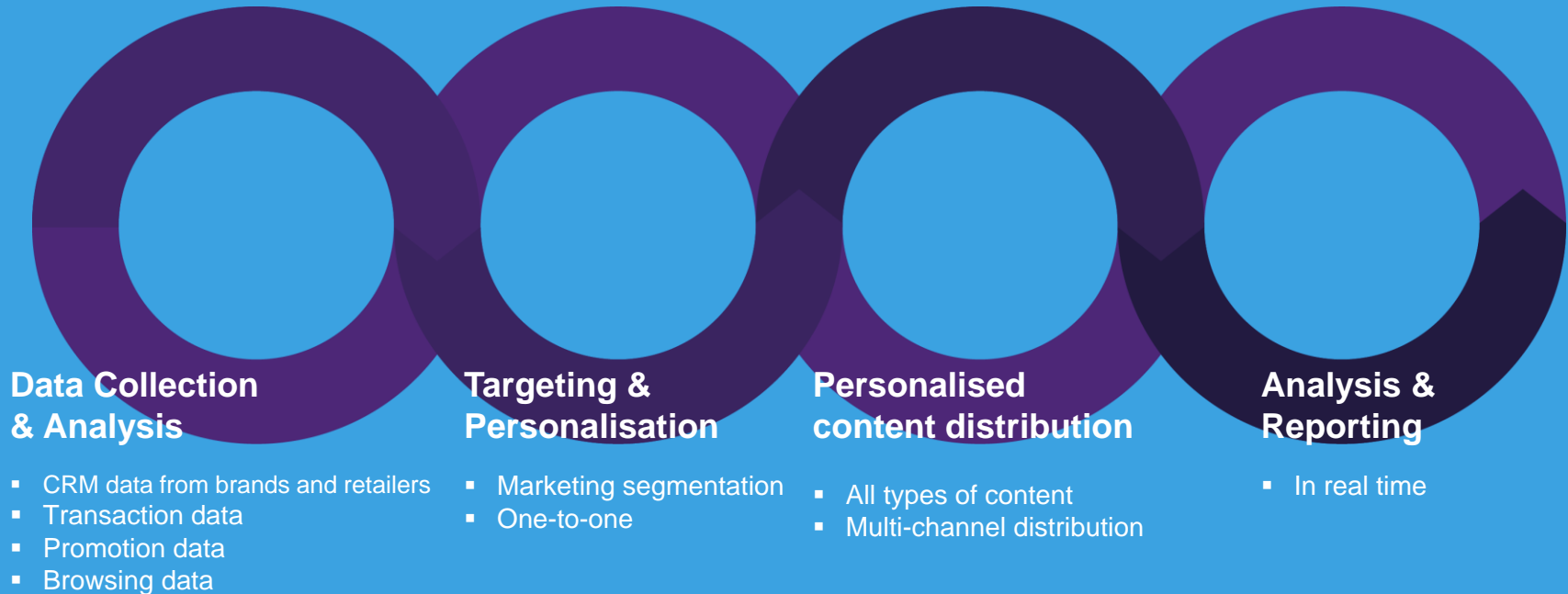
### ***Strategic focus #1: Continue digitising our businesses***

Digital business as a percentage of Group gross profit



## ***02. Overview of our strategic focuses***

### ***Strategic focus #2: Develop our understanding of data***





# 03

## *Financial performance*

01. Key messages

02. Mission and strategy

**03. Financial performance**

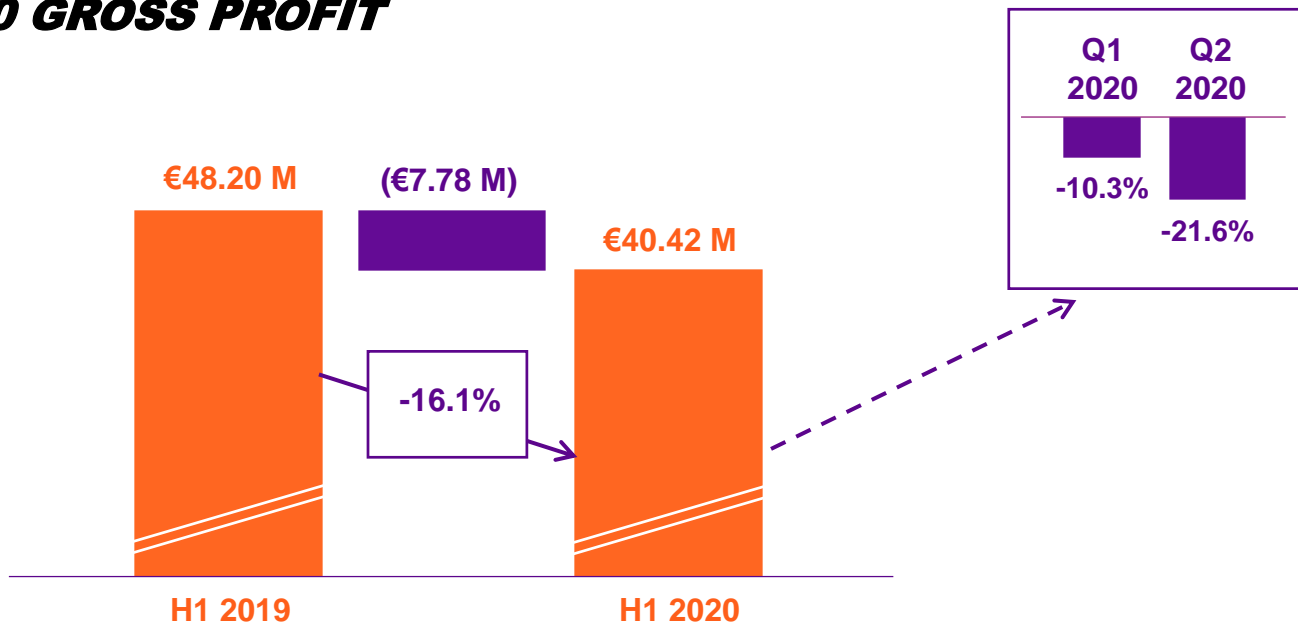
04. COVID-19, impacts and trends

05. Accelerating the digitisation of promotions

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## 03. Financial performance

### H1 2020 GROSS PROFIT

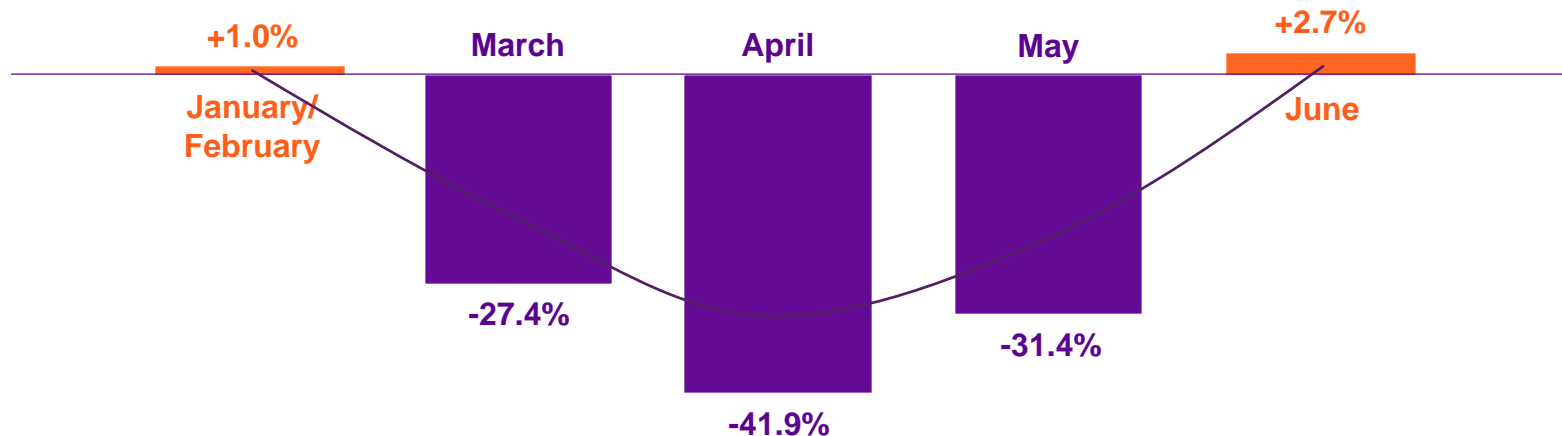


H1 2020 gross profit amounted to €40.42 M, down 16.1% on a reported basis and like for like<sup>1</sup>. The first quarter fell 10.3% and the second quarter 21.6%.

(1) LFL: See definition on page 3.

### 03. Financial performance

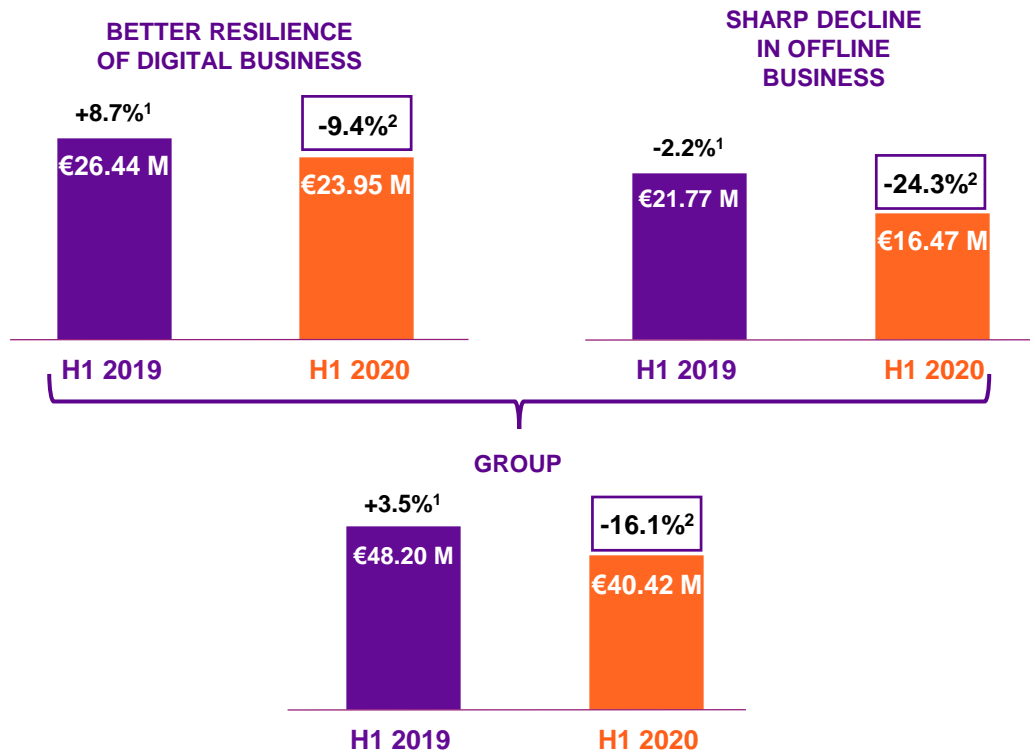
#### H1 2020 Gross profit on a monthly basis



After starting the year in line with the budget, business activity dropped significantly from March to May (down 34% on a monthly average) before a “technical” recovery with the easing of lockdown restrictions in June (up 2.7%).

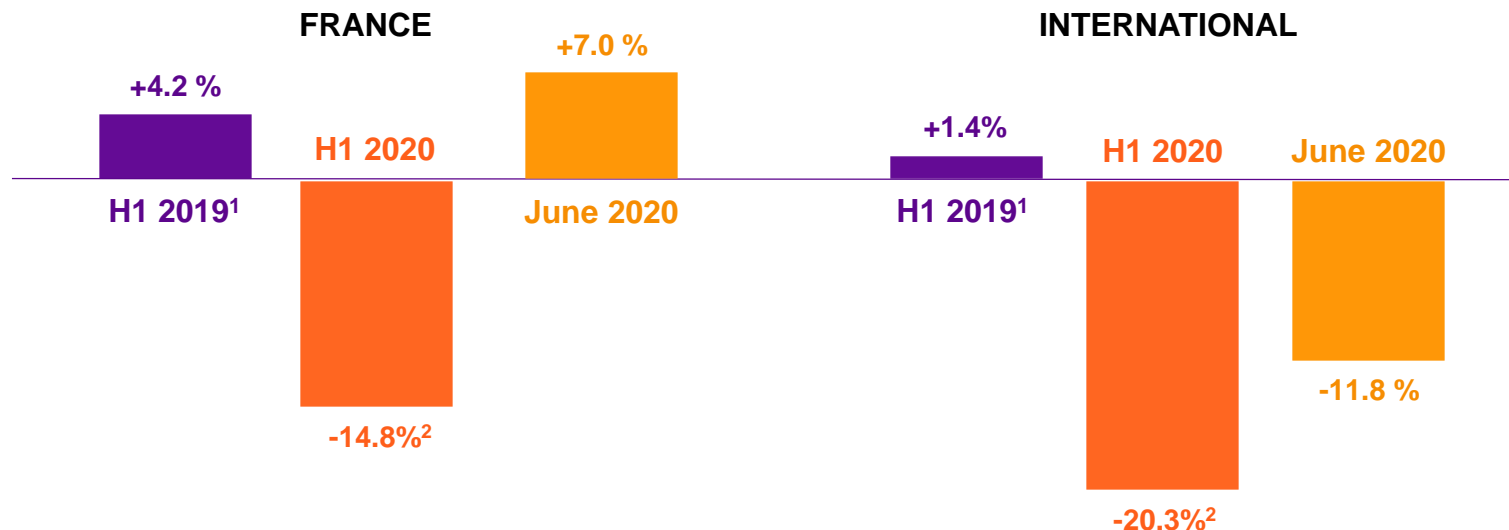
### 03. Financial performance

#### Digital business held up better over the half-year



### 03. Financial performance

#### Gross profit by geographical area



> **Decline less steep than expected in France** (down 14.8% to €30.95 M; 76.6% of the Group's gross profit), with a 7% upturn in business in June.

> **Sharp drop in International business** (down 20.3% to €9.47 M):

- Benelux: down 21.3% to €8.91 M, accounting for 22% of the Group's gross profit, and decline limited to 11.1% in June;
- Spain and Italy: up 0.1% to €0.55 M (1.4% of the Group's gross profit).

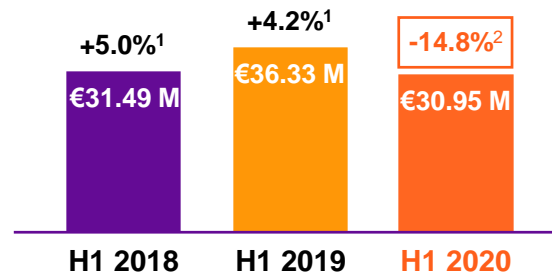
(1) Historical LFL data.

(2) LFL: See definition on page 3.

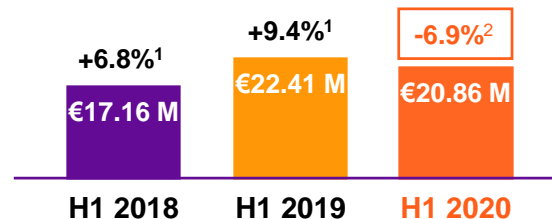
### 03. Financial performance

#### **France: More than 2/3 of business is digital**

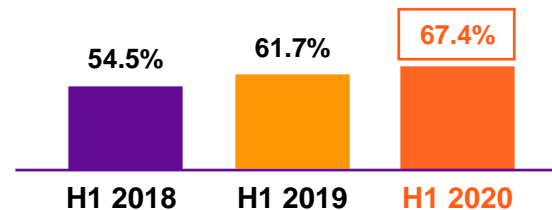
> Decline limited to 14.8% for the first half



> Better resilience of digital business



> Increase in the share of Digital: More than two-thirds of total business



(1) Historical LFL data.

(2) LFL: See definition on page 3.

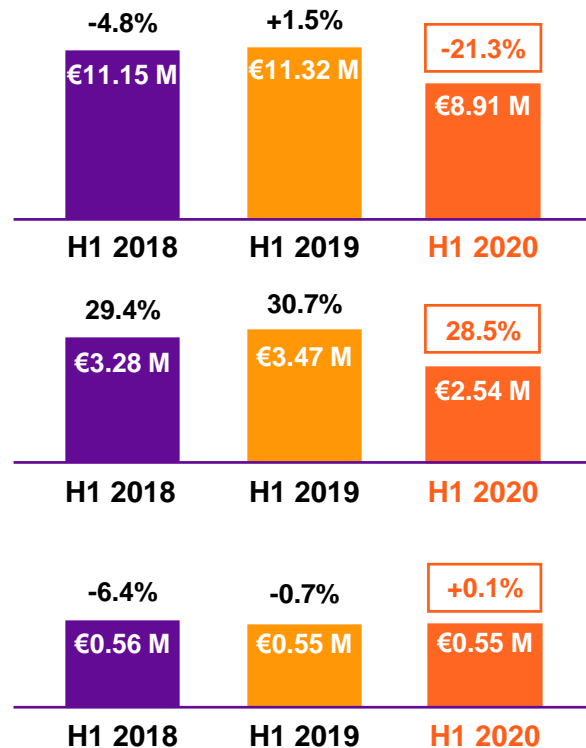
### 03. Financial performance

#### International: Sharp decline

> Benelux: In-store businesses deeply impacted in the first half

> Benelux: Share of Digital down 220 bp

> Stable performance in Southern Europe over the half-year  
(100% digital)



## 03. Financial performance

### Operating profitability

(€ M)	H1 2020	H1 2019	CHANGE	LFL CHANGE <sup>1</sup>
GROSS PROFIT	40.42	48.20	-16.1%	-16.1%
OPERATING OVERHEADS	(33.39)	(35.48)	-5.9%	
Adjusted headline PBIT <sup>2</sup>	7.03	12.72	-44.7%	
Adjusted OPERATING MARGIN <sup>2</sup> (Adjusted headline PBIT/GP)	17.4%	26.4%	-900 bp	

> Drop in adjusted headline PBIT<sup>2</sup>: down 44.7% in H1 2020.

> 5.9% decrease in the breakeven point, mainly due to furlough programmes implemented in Q2 2020.

(1) LFL: See definition on page 3.

(2) See definitions on page 3.



## 03. Financial performance

### Operating profitability by geographical area

(€ M)	H1 2020	H1 2019	CHANGE
Adjusted headline PBIT <sup>1</sup> France	6.48	11.13	-41.8%
Adjusted headline PBIT <sup>1</sup> International	0.55	1.59	-65.7%
Adjusted headline PBIT <sup>1</sup> Group	7.03	12.72	-44.7%
Adjusted OPERATING MARGIN <sup>1</sup> Group	17.4%	26.4%	-900 bp

> France<sup>2</sup>: The decline in business resulted in a drop in adjusted headline PBIT<sup>1</sup> (down 41.8% vs. H1 2019), but with a robust adjusted operating margin of 20.9%.

> International<sup>2</sup>: The decline in business also led to a drop in adjusted headline PBIT<sup>1</sup> (down 65.7% vs. H1 2019), with adjusted operating margin remaining positive at 5.8%.

(1) See definitions on page 3.

(2) Head office costs allocated on a pro rata basis of the gross profit generated by geographical region.

## 03. Financial performance

### Operating profitability

(€ M)	H1 2020	H1 2019	CHANGE
Adjusted headline PBIT <sup>1</sup>	7.03	12.72	-44.7%
Restructuring costs	(0.18)	(0.17)	
Cost of performance share plans	0.78	(0.55)	
Recurring operating income	7.63	12.00	-36.4%
Other operating income and expenses	-	-	
Operational income	7.63	12.00	-36.4%

> 44.7% decrease in adjusted headline PBIT<sup>1</sup>.

> Less steep decline in recurring operating income and operating income of 36.4% to €7.63 M (write-back of the provision on performance share plans).

## 03. Financial performance

### Net income

(€ M)	H1 2020	H1 2019	CHANGE
Operating income	7.63	12.00	-36.4%
Cost of net debt and other financial income and expenses	(0.14)	(0.24)	
Tax expense	(2.78)	(4.52)	
Share in associates	0.04	0.04	
Net income from held for sale and discontinued operations	-	-	
Net income	4.75	7.29	-34.8%
Net income attributable to owners of the parent	4.13	6.56	-37.0%
Adjusted net income attributable to owners of the parent <sup>1</sup>	3.57	6.96	-48.7%

> Tax expense of €2.78 M for a decrease of €1.74 M (down 38.4%).

> Net income attributable to equity holders of the parent down 37% to €4.13 M.

> Adjusted attributable net income (following the write-back of the provision on performance share plans) down 48.7% to €3.57 M.

(1) Adjusted attributable net income: Attributable net income excluding the net after-tax cost of performance share plans, excluding other operating income and expenses, and excluding net income from assets held for sale and discontinued operations.

## 03. Financial performance

### Earnings per share



> H1 2020 EPS and diluted EPS were down 36.5% to €0.20.

(1) Attributable net income per share based on an average number of shares of 20,679,528 at 30 June 2020 and 20,869,148 at 30 June 2019.

(2) Diluted attributable net income per share based on an average number of diluted shares of 20,679,528 at 30 June 2020 and 20,869,148 at 30 June 2019.

## 03. Financial performance

### Financial position

(€ M)	30 June 2020	31 Dec. 2019	CHANGE
<b>Cash and cash equivalents</b>	<b>106.50</b>	<b>69.84</b>	<b>+36.66</b>
<i>Of which Operating working capital</i>	63.49	59.29	+4.20
<i>Of which Government-backed loan</i>	30.00	-	+30.00
<i>Of which Operating cash flow (gross cash)</i>	13.02	10.56	+2.46
<b>(Gross debt)</b>	<b>(35.01)</b>	<b>(7.30)</b>	<b>(27.71)</b>
<i>Of which Government-backed loan</i>	(30.00)	-	(30.00)
<i>Of which Syndicated loan and other financial debt<sup>1</sup></i>	(5.01)	(7.30)	+2.29
<b>Net cash position<sup>2</sup></b>	<b>71.49</b>	<b>62.54</b>	<b>+8.96</b>
<b>Net cash excluding operating working capital</b>	<b>8.01</b>	<b>3.25</b>	<b>+4.75</b>

> Excluding operating working capital, the Group posted net cash of €8.01 M, an improvement of €4.75 M with respect to 31 December 2019.

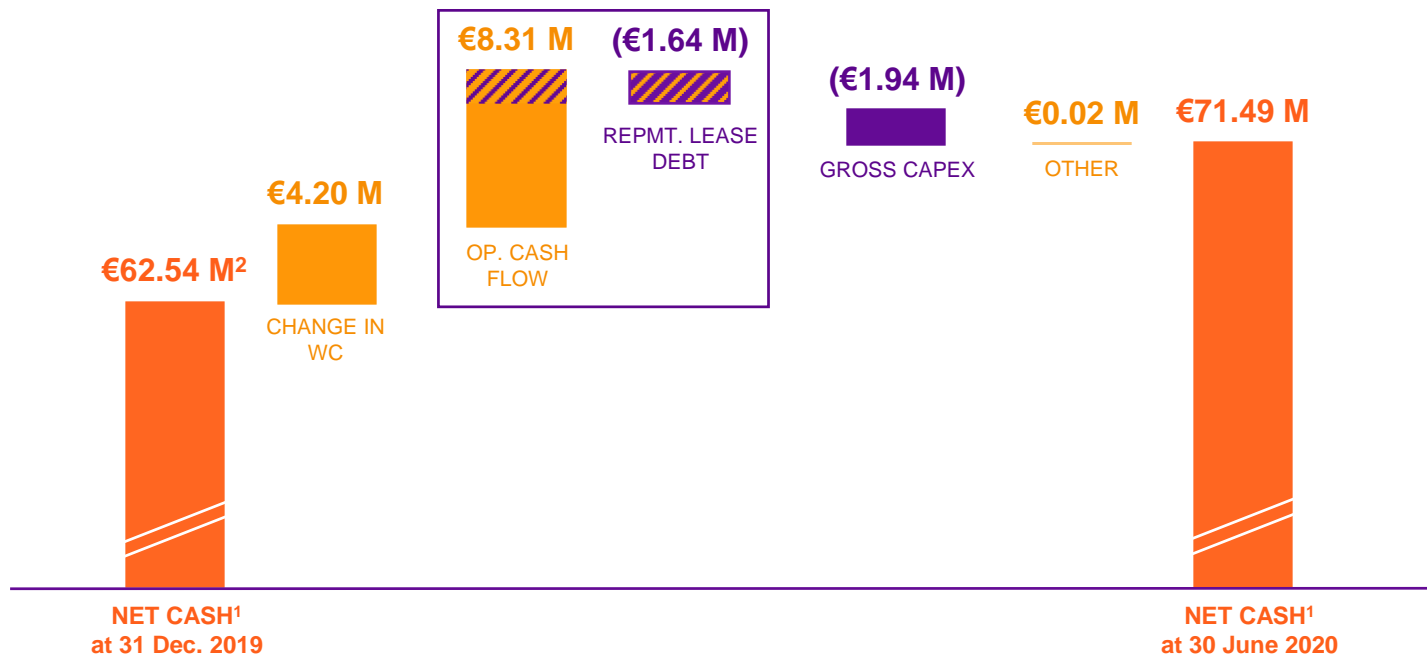
> With the €30 M government-backed loan, unused to date, gross cash stood at €106.5 M.

(1) Obligations formerly classified as finance leases, which under IAS 17 amounted to €0.14 M€ at 30 June 2020 versus €0.15 M at 31 December 2019, are now reported as lease obligations without the differentiated classification, in line with IFRS 16.

(2) Net cash: Cash and cash equivalents including operating working capital less gross current and non-current financial debt.

# 03. Financial performance

## Financial position



With cash-generating flows of €10.89 M (operating cash flow including repayments of lease debt and the change in working capital) and cash-consuming flows of only €1.94 M (mainly CAPEX, no dividend payouts and no share buybacks), the net cash position was protected, amounting to €71.49 M, for an increase of €8.95 M.

(1) Net cash position: See definition on page 3.

(2) Obligations formerly classified as finance leases, which under IAS 17 amounted to €0.14 M at 30 June 2020 versus €0.15 M at 31 December 2019, are now reported as lease obligations (lease debt) without the differentiated classification, in line with IFRS 16.

## ***03. Financial performance***

### ***Environment of COVID-19: situation and measures taken***

#### **#1. Cash position**

Gross cash position of €13.02 M, up €2.46 M from €10.56 M at 31 December 2019

#### **#2. Government economic programmes**

Use of programmes implemented by the government to reduce the impact of the situation: postponed payment of taxes and social security charges, furloughs (partial unemployment), etc.

#### **#3. SBP**

Suspension of the share buyback programme

#### **#4. CAPEX**

Suspension of non-priority investments

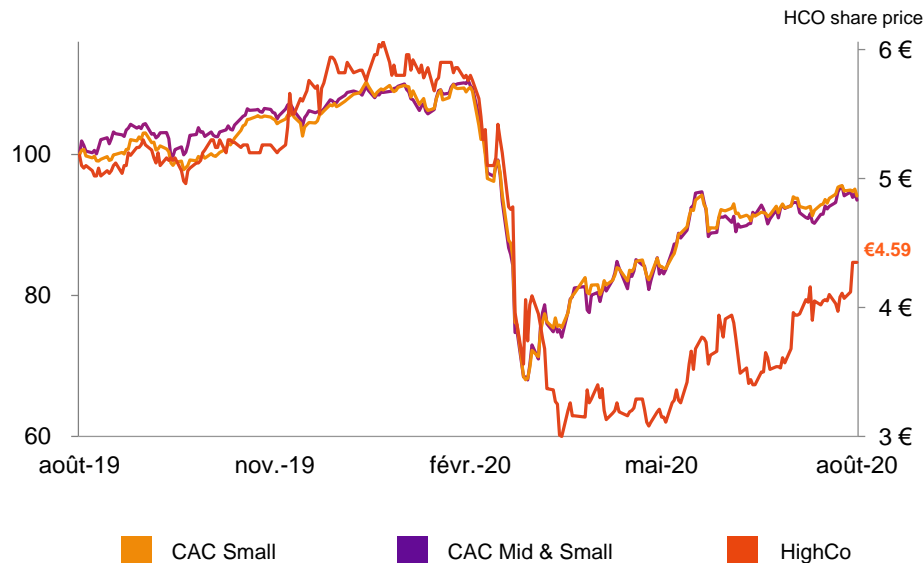
#### **#5. Dividends**

No dividend payout in 2020 on 2019 profits

# 03. Financial performance

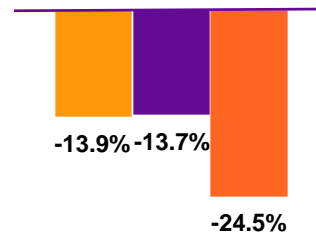
## Share performance

Share performance over the past 12 months

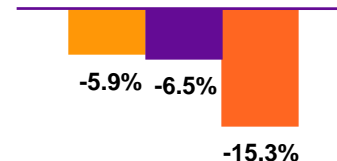


Change with respect to benchmark indices

Since 1 January 2020



Over the past 12 months



The HighCo share price (€4.59 at close of trading on 20 August 2020) has fallen 24.5% since the beginning of the year, compared to declines of 13.9% and 13.7% for the CAC Small and CAC Mid & Small indices, respectively.



## 03. Financial performance

### Treasury shares

	20 Aug. 2020	30 June 2020	31 Dec. 2019
Number of existing shares	22,421,332	22,421,332	22,421,332
Maximum number of potential performance shares <sup>1</sup>	217,000	222,000	434,000
Number of treasury shares	(1,617,848)	(1,628,048)	(1,789,688)
Percentage of treasury shares out of existing shares	7.2%	7.3%	8.0%

The maximum number of potential performance shares (qualifying shares) at this date represented 1% of the number of existing shares.

> The percentage of treasury shares was reduced from 8% at 31 December 2019 to 7.3% at 30 June 2020, mainly due to the vesting of performance shares by management.

(1) Equals the number of "qualifying" shares as defined in the performance share plan regulations (achievable performance and/or company service criteria). This number may differ based on the underlying accounting assumptions with regard to meeting these criteria.

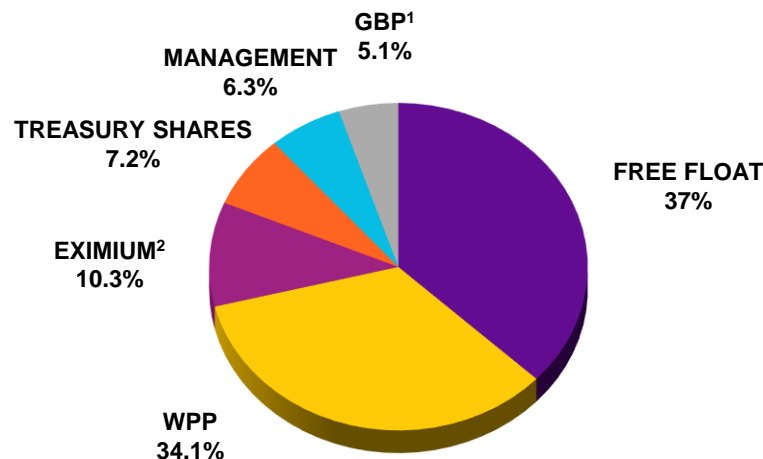
### 03. Financial performance

#### Ownership structure at 20 August 2020

Change in ownership in basis points since 31 December 2019



Ownership structure at 20 August 2020



HighCo continues to benefit from a relatively stable ownership structure compared to 31 December 2019, with an increase in management ownership to 6.3% (up 80 bp) mainly due to the vesting of performance shares.

(1) GBP: Gérard de Bartillat Participations, member of the Supervisory Board.

(2) Eximium: Company controlled by Michel Baulé according to the most recent declaration of threshold crossing filed with the AMF on 1 August 2017.

## 03. Financial performance

### Change in main financial indicators in H1 2020

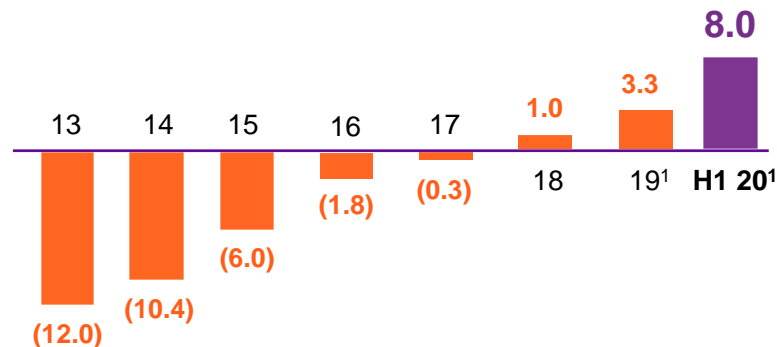
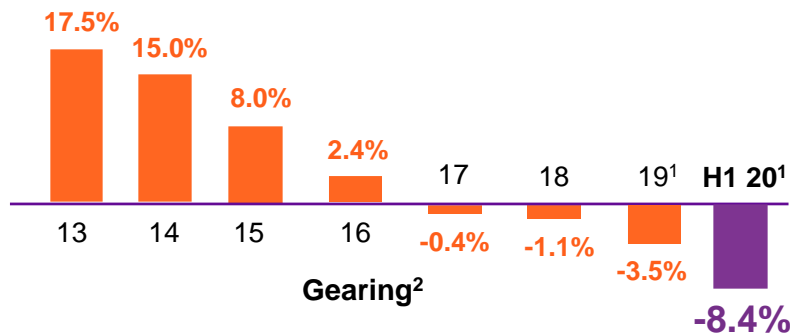
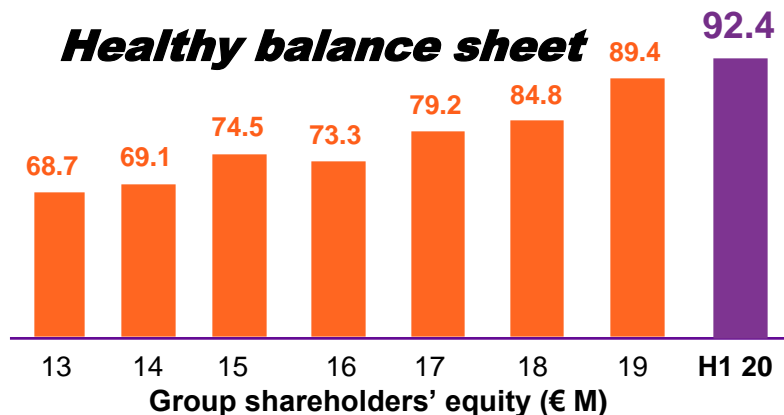
(€ M)	H1 2020	CHANGE <sup>1</sup>
Gross profit	40.42	-16.1%
Adjusted headline PBIT <sup>2</sup>	7.03	-44.7%
Recurring operating income	7.63	-36.4%
Net income attributable to owners of the parent	4.13	-37.0%
Cash flow	8.31	-24.6%
Net cash excluding operating working capital	8.01	+€4.75 M

(1) Changes compared with H1 2019 except for Net cash excluding operating working capital (vs. 31 Dec. 2019).

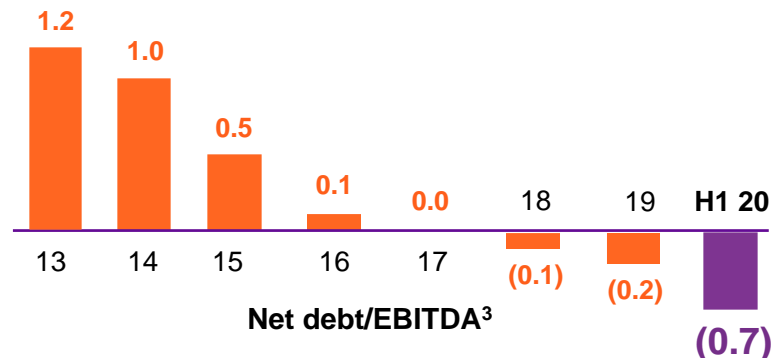
(2) See definition on page 3.

### 03. Financial performance

#### Healthy balance sheet



#### Net cash excluding operating working capital (€ M)



(1) Obligations formerly classified as finance leases, which under IAS 17 amounted to €0.14 M€ at 30 June 2020 versus €0.15 M at 31 December 2019, are now reported as lease obligations without the differentiated classification, in line with IFRS 16.

(2) Gearing: Net debt/Group shareholders' equity.

(3) Net debt/EBITDA: (Gross debt - Net cash excluding WC)/Recurring operating income before amortisation and cost of performance share plans.

(4) Gross cash position: Cash and cash equivalents (€106.5 M at 30 June 2020) excluding operating working capital (€63.49 M at 30 June 2020) and excluding the government-backed loan (€30 M at 30 June 2020).

04

# COVID19, *impacts and trends*

- 01. Key messages
- 02. Mission and strategy
- 03. Financial performance
- 04. **COVID-19, impacts and trends**
- 05. Accelerating the digitisation of promotions
- 06. Guidance and conclusions

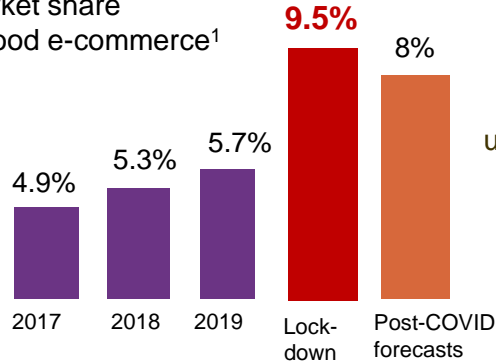
## 04. COVID-19, impacts and trends

### #1 / Change in shopping habits

#### > Spectacular growth in food e-commerce

##### FRANCE

Market share  
of food e-commerce<sup>1</sup>



**34%<sup>2</sup>**  
of the French  
used a click & collect  
service and home  
delivery

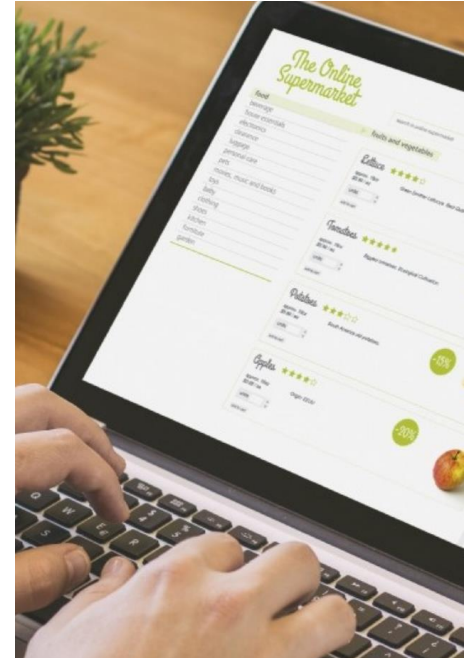
**7%<sup>1</sup>**  
new users  
of which 500,000  
pensioners

##### UNITED KINGDOM

Market share  
of food e-commerce:  
13% vs. 7% before COVID<sup>3</sup>

##### USA

- Walmart/e-commerce: Revenue **up 97%** in Q2 2020
- Target added 750 food items on its click & collect website



## 04. COVID-19, impacts and trends

### #1 / Change in shopping habits

#### > Towards more digital and more experience

55%<sup>1</sup> of new food e-commerce users think they will continue shopping online

Especially if stores adapt their model

55%<sup>1</sup> of French people believe they will combine physical and online shopping.  
And 48%<sup>2</sup> prefer retail chains offering new shopping experiences.

54%<sup>2</sup> of consumers want digital innovations that improve their experience.

Example: No line to pay (68%<sup>2</sup>), simplified transaction (29%<sup>2</sup>)

Physical retail /  
Marketplace  
alliances



Shop-in-shop  
strategy



Amazon Go  
Grocery



Digital wallets



(1) Criteo Retail Media Report – May 2020

(2) Source: WPP Wunderman Thompson study conducted from 26 February to 5 March 2020 by an independent organisation

# 04. COVID-19, impacts and trends

## #2 / Acceleration in the digital transformation

### > What will become of the use of paper?

The use of paper, still predominant in communication, has been a focus of concern for years



By citizens

**41%**<sup>1</sup> of the French throw paper ads away

By the government

- France: Unauthorised distribution in letterboxes, a punishable offence as of 2021
- Belgium: High taxes on paper flyers
- Netherlands: Opt-in concept applied to letterboxes

By chains

- Leclerc in 2010: Zero paper in 2020
- Monoprix in 2019: Letterbox flyers discontinued
- Carrefour: 50% of marketing investments will be in digital media by 2022



## 04. COVID-19, impacts and trends

### #2 / Acceleration in the digital transformation > Decisions to invest in digital

Media investments down **15%<sup>1</sup>**

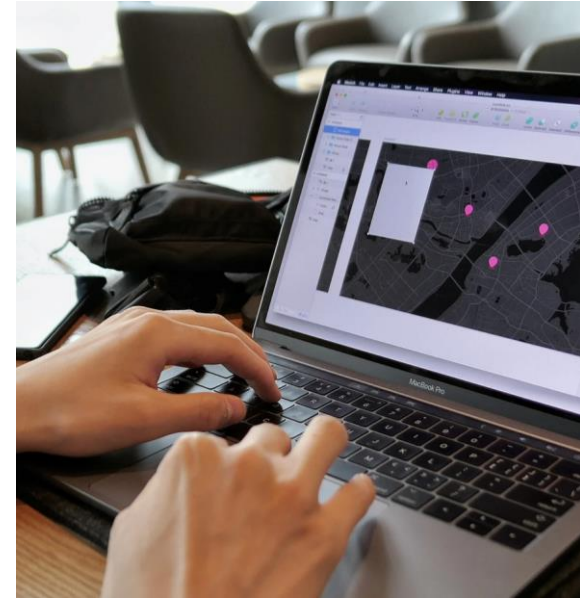
*Investments are expected to rise again in 2021 (forecasts up 7.9%<sup>1</sup>).*

**-8%<sup>1</sup>**

Decline less steep in digital media investments

**-20%<sup>1</sup>**

Sharp decline in investments in traditional and paper media



# 05

## *Accelerating the digitisation of promotions*

- 01. Key messages
- 02. Mission and strategy
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of promotions**
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# 05. Accelerating the digitisation of promotions

## Two main promotional tools in France



**Discount coupons**

**3 bn**  
coupons  
issued/year<sup>1</sup> → **350 M**  
used/year<sup>1</sup>

But still a very paper-driven market:  
**digital coupons** only account for  
**15% of coupons cleared**<sup>1</sup>



**Paper flyers**

**€1 bn<sup>2</sup>** in investments

**18 bn** → **800,000 tonnes of paper<sup>3</sup>**  
unwanted ads/year<sup>3</sup> **30 kg/household/year<sup>3</sup>**

(1) Madame Benchmark report 2019

(2) HighCo internal source: Data combined based on retailer, printer and agency sources

(3) France Nature Environnement press release – Dec. 2019

# 05. Accelerating the digitisation of promotions

## Priority #1: Dematerialise discount coupons

### 1. Issuance and acquisition

Digital coupons  
for e-commerce



Load to  
Card / CRM



**+92%**

Number of e-coupons issued by  
HighCo on click & collect websites  
in Q2 2020

Mobile coupons  
via SMS, displays, etc.



Wallet



### 2. Clearing

Login to retailers' checkout systems  
Coupon burning  
Real-time reporting



# 05. Accelerating the digitisation of promotions

## Priority #2: Dematerialise flyers

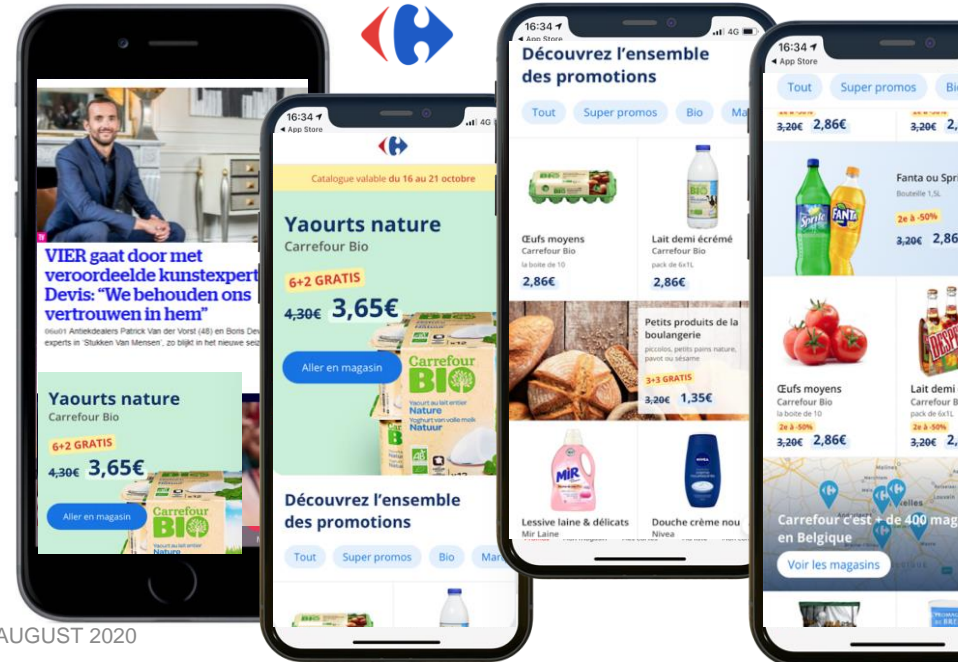
Offer a 100% digital alternative to paper flyers:

- Extending audience reach
- Maintaining advertising pressure
- Issuing targeted, personalised flyers

### Example: Carrefour Belgium

Based on CRM data:

- Identification of targets
- Personalised product display on flyers
- Personalised, location-based landing page



***How to  
accelerate  
the  
innovation  
process at  
HighCo***

## 05. How to accelerate HighCo's innovation process

### *Innovation economy dominated by GAFAM and startups*

#### GAFAM / BATX

Increase in record capitalisations since COVID-19

- Apple \$2 trillion
- Amazon \$1.6 trillion
- Google \$1 trillion
- Facebook \$700 billion
- Alibaba \$700 billion
- ...



#### STARTUPS

Record amounts raised<sup>1</sup>

- €4.5 billion raised in France in 2019 (up 40% vs. 2018)
- 712 fundraising rounds (up 8%) of €6.8 M on average
- Booming MarTech (marketing technology) industry: 9.4% of funds raised
- 5 fundraising rounds of more than €100 M:



## ***05. How to accelerate HighCo's innovation process***

***HighCo launched a retail tech startup studio in early 2020***

HighCoVENTURI

Providing brands and retailers  
with **precursor digital solutions**  
to support the experience  
and buying behaviour  
of their consumers





## ***05. How to accelerate HighCo's innovation process***

***HighCo launched a retail tech startup studio in early 2020***

### **An ambitious programme**

Support innovation  
efforts at BUs

Encourage internal  
innovation

Capture **subtle**  
market signals

Stay ahead of  
**customer**  
expectations

Initiate new forms of  
**collaboration**

### **In 4 phases**



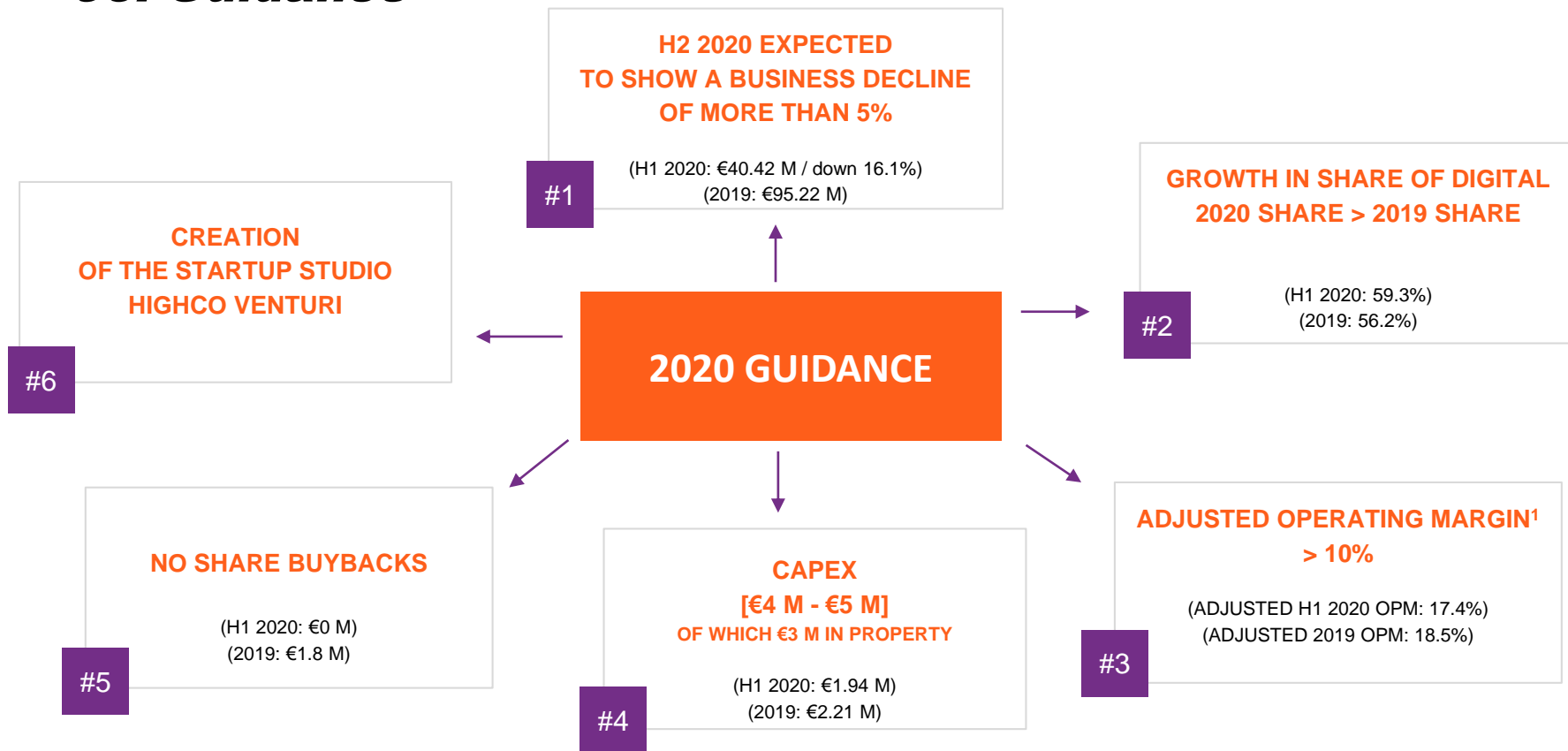
# 06

## *Guidance and conclusions*

- 01. Key messages
- 02. Mission and strategy
- 03. Financial performance
- 04. COVID-19, impacts and trends
- 05. Accelerating the digitisation of promotions

### **06. Guidance and conclusions**

## 06. Guidance



## ***06. Conclusions***

In this unprecedented health and economic crisis, HighCo has shown sound financial performance, mainly due to the better resilience of its digital businesses.

COVID-19 has profoundly impacted business and significantly influenced the digital transformations under way.

To help its clients navigate these major changes and create growth drivers for the future, HighCo will accelerate its innovation policy primarily by investing in its startup studio HighCo Venturi.



***Thank you!***

HighCo