

Aix-en-Provence, 28 August 2019 (6.00 p.m.)

H1 2019: PICK-UP IN BUSINESS GROWTH AND IMPROVED RESULTS

Pick-up in business growth

- H1 2019 gross profit of €48.2 M, up 11.6% on a reported basis and 3.5% LFL¹.
- Strong growth trend for digital businesses: up 8.7% LFL, i.e. 54.8% of the Group's total business in H1 2019.

Improved operating results

- Adjusted headline PBIT² of €12.72 M, up 12.4%.
- Adjusted operating margin² of 26.4%, up 20 basis points.
- Recurring operating income of €12 M, up 16.9%.

Strong cash generation

- Net cash³ of €60.23 M at 30 June 2019, up by €8.06 M compared with 31 December 2018.
- Net cash excluding operating working capital of €2.85 M at 30 June 2019, up by €1.88 M with respect to 31 December 2018.

2019 Guidance: business growth revised upwards from more than 2.6% to more than 3.7% (with H2 growth up more than 3.9%).

| (€ M) | H1 2019 | H1 2018 | H1 2019/H1 2018 Change |
|--|--------------|--------------------|-------------------------------------|
| Gross profit | 48.20 | 43.20 | +11.6% (+3.5% LFL ¹) |
| Adjusted headline PBIT² | 12.72 | 11.32 | +12.4% |
| Adjusted operating margin² (%) | 26.4% | 26.2% | +20 bp |
| Recurring operating income | 12.00 | 10.27 | +16.9% |
| Attributable net income | 6.56 | 6.43 | +2.0% |
| Net cash ³ | 60.23 | 52.17 ⁴ | €8.06 M |

¹ Like for like: Based on a comparable scope (i.e. mainly including the subsidiary Useradgents as of 1 January 2018) and at constant exchange rates (i.e. applying the average exchange rate over the period to data from the compared period).

² Adjusted headline profit before interest and tax: Recurring operating income before restructuring costs (H1 2019: €0.17 M; H1 2018: €0.23 M) and excluding the cost of performance share plans (H1 2019: €0.55 M; H1 2018: €0.82 M). Adjusted operating margin: Adjusted headline PBIT/Gross profit.

³ Net cash (or net cash surplus): Cash and cash equivalents less gross current and non-current financial debt.

⁴ At 31 December 2018.



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Didier Chabassieu, Chairman of the Management Board, stated, *“Driven by its digital businesses, HighCo turned in a very good performance for the first half of 2019, with a pick-up in organic growth and a sharp increase in operating results. Building on this strong performance and its strategic positioning, the Group has the capacity to accelerate its growth in the second half of the year to achieve its seventh consecutive year of profitable growth.”*

FINANCIAL PERFORMANCE IN H1 2019

Pick-up in business growth

Following like-for-like growth of 3.1% in the first quarter, organic growth picked up in Q2 to 3.9% like for like. **H1 2019 gross profit amounted to €48.2 M, up 11.6% on a reported basis and 3.5% like for like.** As a result, the Group has entered into its seventh consecutive year of organic growth, driven by the strong momentum in digital businesses, which grew 8.7% like for like over the first half of the year.

In France, the strong growth trend continued in H1 2019: up 4.2% like for like to €36.33 M, accounting for 75.4% of the Group's gross profit. The pick-up in the organic growth of Digital (up 9.4% in H1 2019) and the integration of the all-digital agency Useradgents over the period significantly increased the share of digital business in France, which rose from 54.5% in H1 2018 to 61.7% in H1 2019.

International business grew 1.4% like for like in H1 2019 to €11.87 M, with Benelux showing growth of 1.5% and Southern Europe (Spain and Italy) posting a slight decline of 0.7%.

Improved operating results

Business growth resulted in a **12.4% rise in adjusted headline PBIT to €12.72 M in H1 2019** with:

- A further 9.7% increase in adjusted headline PBIT in France to €11.13 M (H1 2018: €10.15 M);
- Higher adjusted headline PBIT for International businesses, up 35.9% to €1.59 M (H1 2018: €1.17 M).

Adjusted operating margin (adjusted headline PBIT/gross profit) **climbed 20 basis points, coming out at 26.4%** (H1 2018: 26.2%).

Growth in adjusted headline PBIT, the lower cost of performance share plans (H1 2019: €0.55 M; H1 2018: €0.82 M) and the slight decrease in restructuring costs (H1 2019: €0.17 M; H1 2018: €0.23 M) led to **a strong 16.9% increase in recurring operating income** and operating income **to €12 M** (H1 2018: €10.27 M).

The tax expense came out considerably higher – mainly due to the comparative base, with a research tax credit recognised in H1 2018 – totalling €4.52 M in H1 2019 (expense of €2.38 M in H1 2018).

Adjusted attributable net income fell 10.7% to €6.96 M (H1 2018: €7.79 M), with the reported figure of €6.56 M rising 2% (H1 2018: €6.43 M).

The Group reported half-year EPS of €0.31, up slightly by 1.5% from H1 2018.

Strong cash generation

Cash flow amounted to €11.03 M. **The net cash position surged €8.06 M to €60.23 M** at 30 June 2019. Excluding operating working capital, which amounted to €57.38 M at 30 June 2019, net cash remained positive at €2.85 M, up by €1.88 M with respect to 31 December 2018.



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IFRS 16 – First-time adoption

IFRS 16 on leases took effect on 1 January 2019. Mainly due to the Group's property leases, which were recognised as off-balance sheet items before application of IFRS 16, the standard has had a significant impact on the Group's financial position.

In line with the new accounting principle for leases, at 30 June 2019 HighCo recognised an asset for the right to use leased assets amounting to €18.03 M and a liability for the associated lease payments of €18.05 M. Despite the change in accounting presentation – the depreciation expense for the right-of-use asset and associated interest expense which replace the lease expense – the impact on the consolidated income statement is immaterial.

H1 2019 HIGHLIGHTS

Ongoing market transformation

Food retail keeps evolving (with growth in convenience formats, e-commerce and own-brand chains to the detriment of hypermarkets) and steps up its strategic investment in **e-commerce** (especially by forming alliances with pure players in e-commerce).

Mobile is used ever increasingly (especially for transactions), and, together with social media, mobile now accounts for the highest growth in **advertising spending**.

Meanwhile, **the initial outcomes of the new regulations on promotions a few months into application appear mixed** (little value redistributed to farmers, investment in promotions shifted to products not affected by the law or alternative promotional formats such as discount coupons, bonus deals and loyalty programmes).

As a result, **innovation** (primarily driven by a fast-growing startup ecosystem) **is now more than ever an essential focus** for all industry players, which are exploring different innovation pathways (startup studios, intrapreneurial programmes, innovation labs, etc.).

Maintaining strategic direction

With its unique positioning and expertise covering the entire consumer engagement chain – from initial contact to end transaction – HighCo continues to invest in its two strategic focuses.

First, in **digital**, stepping up **mobile and social media activities**, and in **data**, to enhance the customer relationship (with personalised CRM programmes) and **generate store traffic** (targeted drive to store campaigns).

2019 GUIDANCE

With H2 business growth expected to exceed growth in Q2 (up 3.9% like for like), the Group has revised its guidance for 2019 as follows:

- Growth in 2019 gross profit raised from more than 2.6% (like-for-like growth in 2018 gross profit) to more than 3.7% like for like;
- Share of Digital in the Group's total business for 2019 higher than the share in 2018 (52.9% in 2018);
- Slight rise in adjusted operating margin (2018 adjusted operating margin: 18.3%).



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The Group's financial resources will mainly be allocated to:

- Capital expenditure of between €2.5 M and €3.5 M (2018: €2.57 M; H1 2019: €1.32 M);
- Share buybacks totalling between €0.5 M and €1 M (2018: €0.66 M; H1 2019: €0.38 M);
- Continued investment strategy (acquisitions and/or investments) in the digital sector, especially businesses specialised in mobile and data technology.

A conference call with analysts will take place on 29 August 2019 at 11 a.m. (CET). The presentation will be available at the beginning of the meeting on the Company's website (www.highco.com) under Investors>Regulated Information>Financial Analysts Meetings.

About HighCo

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

Listed in compartment C of Euronext Paris, and eligible for the "long only" DSS, HighCo has more than 750 employees and since 2010 has been included in the Gaia Index, a selection of 70 responsible Small and Mid Caps.

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Upcoming events

Publications take place **after market close**.

Conference call on 2019 half-year earnings: Thursday, 29 August 2019 (11.00 a.m. CET)

Q3 and 9-month YTD 2019 Gross Profit: Wednesday, 16 October 2019

Q4 and FY 2019 Gross Profit: Wednesday, 22 January 2020



HighCo is a component stock of the indices CAC® Small (CACs), CAC® Mid&Small (CACMS) and CAC® All-Tradable (CACT).

ISIN: FR0000054231

Reuters: HIGH.PA

Bloomberg: HCO FP

For further financial information and press releases, go to www.highco.com.

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