



INTELLIGENT MARKETING SOLUTIONS

Paris, 20 March 2018 (6.00 p.m.)

## HIGHCO POSTS HEALTHY 2017 RESULTS AND SUCCESSFULLY LEADS ITS DIGITAL TRANSFORMATION

### Fifth year of growth and 50% share in digital business achieved in the fourth quarter

- Full-year 2017 gross profit of €82.24 M, up 1.4% on a reported basis and 1.4% LFL<sup>1</sup>.
- Growth in digital business of 4.1% LFL, accounting for 47.8% of the Group's total business in 2017, and 50.2% in Q4.

### Growth in operating profitability

- Adjusted headline PBIT<sup>2</sup> of €14.85 M, up 5.3%.
- Adjusted operating margin<sup>2</sup> of 18.1%, up 70 basis points.
- Adjusted recurring operating income<sup>3</sup> of €14.41 M, up 4.4%.
- Adjusted attributable net income<sup>4</sup> of €8.49 M, down 1.9%; attributable net income of €7.12 M, a very strong increase compared with 2016 (€1.02 M).
- Dividend of €0.14 per share to be proposed at the AGM in May 2018, for a 16.7% increase.

### High cash capability maintained

- Operating cash flow of €11.36 M, up 6.2%.
- Net cash<sup>5</sup> of €45.91 M at 31 December 2017, down by €3.71 M; net cash<sup>5</sup> excluding operating working capital of €0.33 M at 31 December 2017, rising €2.11 M.

(€ M)	2017	2016	2017/2016 Change
Gross profit	82.24	81.06	+1.4% (+1.4% LFL <sup>1</sup> )
<b>Adjusted headline PBIT<sup>2</sup></b>	<b>14.85</b>	<b>14.10</b>	<b>+5.3%</b>
Adjusted recurring operating income <sup>3</sup>	14.41	13.81	+4.4%
Recurring operating income	12.10	12.41	-2.5%
<b>Adjusted attributable net income<sup>4</sup></b>	<b>8.49</b>	<b>8.65</b>	<b>-1.9%</b>
Attributable net income	7.12	1.02	x7
Net cash <sup>5</sup>	45.91	49.62	(€3.71 M)

<sup>1</sup> Like for like: Based on a comparable scope (i.e. including CapitalData over twelve months in 2016 and 2017) and at constant exchange rates (i.e. applying the average exchange rate over the period to data from the compared period).

<sup>2</sup> Adjusted headline profit before interest & tax: Recurring operating income before restructuring costs and excluding the cost of performance share plans (€2.31 M in 2017; €1.40 M in 2016). Adjusted operating margin: Adjusted headline PBIT/Gross profit.

<sup>3</sup> Adjusted recurring operating income: Recurring operating income excluding the cost of performance share plans.

<sup>4</sup> Adjusted attributable net income: Attributable net income excluding the after-tax cost of performance share plans (€1.52 M in 2017; €0.96 M in 2016) and excluding net income from assets held for sale and discontinued operations (income of €0.15 M in 2017; loss of €6.68 M in 2016).

<sup>5</sup> Net cash (or net cash surplus): Cash and cash equivalents less gross current and non-current financial debt.



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Cécile Collina-Hue, Chairman of the Management Board, stated: *“HighCo shows healthy results once again for the year, its fifth consecutive year of business growth, with a further increase in profitability. This performance was achieved by developing the skills of our teams in digital technology and gaining expertise in data marketing. HighCo has successfully led its digital transformation, making the Group a unique player on the market capable of addressing all the ‘phygital’ issues of its clients. We are advancing in our digital growth strategy by investing in data and mobile businesses, which are our growth drivers.”*

## FY 2017 FINANCIAL PERFORMANCE

### Fifth consecutive year of business growth and successful digital transformation

**2017 gross profit amounted to €82.24 M, up 1.4% on a reported basis and like for like**, leading the Group into a fifth consecutive year of organic growth. Digital business remains the main driver for HighCo’s development, with like-for-like growth of 4.1% in 2017. The share of digital in total Group business came to 50.2% in Q4 2017, **enabling the Group to surpass the 50% target for the first time**. Offline businesses showed a like-for-like decline of 1% over the year.

**With a like-for-like increase in gross profit of 4.7% to €58.9 M, France continues to fuel the Group’s growth**, representing 71.6% of overall 2017 gross profit, with digital accounting for 54.9% of total business.

**International business decreased 6% like for like to €23.34 M:**

- Benelux posted a decline in business after two years of growth (down 6.2% like for like), but Digital grew 7.6% to reach a share of 27.1%;
- Southern Europe (Spain and Italy) fell slightly over the year (down 2.8% like for like).

### Growth in operating profitability

**Adjusted headline PBIT grew for the fourth year running in 2017 (up 5.3% to €14.85 M) with:**

- Strong rise in adjusted headline PBIT in France of 11.4% to €13.58;
- Decrease of €0.64 M in adjusted headline PBIT in international business, which amounted to €1.27 M (down 33.6%).

**Adjusted operating margin** (adjusted headline PBIT/gross profit) **rose substantially by 70 basis points, coming to 18.1%** (17.4% in 2016).

With restructuring costs of €0.44 M in 2017 (€0.29 M in 2016), growth in headline PBIT led to a **4.4% increase in adjusted recurring operating income to €14.41 M** (€13.81 M in 2016).

Recurring operating income, after factoring in the higher cost of performance share plans, amounted to €12.1 M, down 2.5%.

**Adjusted net income attributable to owners of the parent stood at €8.49 M, down slightly by 1.9%. Attributable net income rose from €1.02 M in 2016** (highly impacted by the net loss from assets held for sale and discontinued operations following the sale of MRM in the United Kingdom) **to €7.12 M in 2017**.

HighCo recorded **adjusted EPS<sup>6</sup> of €0.41** in 2017, up 7% (up 6.7% on a diluted basis) compared with adjusted 2016 EPS based on 2017 PF<sup>7</sup> of €0.38.

**A dividend of €0.14 per share, i.e. a 16.7% increase**, will be proposed at the next AGM on 22 May 2018.

<sup>6</sup> EPS excluding the cost of performance share plans and excluding net income from assets held for sale and discontinued operations.

<sup>7</sup> 2017 Pro forma: i.e. restated for High Connexion minority interests in H2 2016.



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## High cash capability maintained

Operating cash flow increased by 6.2% to €11.36 M, coming in at over €10 M for the second consecutive year. **Net cash totalled €45.91 at 31 December 2017, down €3.71 M.** Excluding operating working capital, which amounted to €45.58 M at 31 December 2017, net cash was positive at €0.33 M, up by €2.11 M with respect to 31 December 2016.

## HIGHLIGHTS

### A digital strategy that is producing results

Digital gross profit continued its growth trend in 2017 (up 4.1%). Digital businesses represented 47.8% of the Group's gross profit in 2017, versus 46.6% in 2016, and surpassed the 50% target in Q4 2017 (50.2%). This digital transformation is integrated into all Group solutions.

First, after several years of robust growth, fully digital DRIVE TO STORE solutions were impacted by the decline in Internet+ Mobile services, while the **volume of push SMS and notifications** once again rose substantially (17%). Meanwhile, total volumes of "next-generation" **digital coupons** issued (Load to Card and Click & Collect) grew sharply (33%), representing more than 24 million digital coupons issued over the year, offsetting the overall drop in Webcoupons in 2017 (6%).

Second, digital services continue to grow significantly in the area of IN-STORE solutions that are still predominantly "paper-based". The share increased from 28% in 2016 to 34.2% in 2017. In France, HighCo continued to develop on **Click & Collect websites**, with a unique media and targeted coupon offering. In Belgium, **digital coupon and media kiosks** installed at the end of 2016 in the Carrefour network posted good initial results.

And third, the share of digital DATA solutions rose from 35.8% in 2016 to 38.2% in 2017, mainly driven by the marked rise in **dematerialised coupon clearing** volumes in France (25%) and strong growth of **e-CBO** campaigns (26%).

### Four market trends impact investments from brands and retailers

1. A **shift in the market structure of the large food retail industry** towards **local neighbourhood stores and online retail** will change contact, traffic creation and retail activation strategies.
2. If passed, the Travert bill on farming and food, which aims to **limit promotions** and discounts on food, could cause large food retailers to rethink their promotional strategies and move towards more high value-added campaigns.
3. With digital technology, **consumers have become agile and community-driven, with high standards. They have taken over the relationship**, which had thus far been controlled by brands and retailers, and which will now have to feature personalised experience and content.
4. Retailers will have to offer consumers **smooth journeys between physical and online stores**.



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## HighCo has developed and built a unique offer to find solutions to these complex issues

1. HighCo supports its customers in their **strategic planning** and in **building their offers and relational content**, as with Nissan Services France, which wanted to develop its sales of maintenance services. The 1,500 scenarios that emerged after cross-referencing the behaviour-based identification and segmentation of Nissan car owners, and the brand's CRM segments, have strongly increased sales.

2. HighCo develops, mainly through the expertise of its subsidiary CapitalData, **proprietary technological solutions used to target and personalise**, as well as spread any type of content across all digital channels. Targeting and personalisation are used to work towards the "traffic creation" objective using location-based banners (e.g. Monoprix, Géant, Franprix and Leader Price) or to increase sales based on browsing or purchase history (e.g. Coca Cola on Auchan Drive).

3. HighCo responds to multiple marketing needs and activates shoppers on all physical and online contact points by creating **end-to-end campaigns**, ranging from the initial thought process to in-store implementation, and including game design, prize sourcing and media buying (e.g. the *Cvotre maison* promotional campaign at Casino group hypermarkets and supermarkets).

## 2018 GUIDANCE

For 2018, HighCo forecasts:

- Growth in 2018 gross profit higher than that in 2017 on a like-for-like basis (2017 gross profit: up 1.4% like for like), with the Group's share of digital business higher in 2018 than in 2017 (47.8% in 2017);
- Rise in adjusted operating margin (2017 adjusted operating margin: 18.1%).

The Group's financial resources will be allocated, as a priority, to:

- Capital expenditure of between €1 M and €2 M (€1.06 M in 2017);
- Share buybacks of between €0.5 M and €1 M (€0.58 M in 2017);
- Continued acquisitions and investments in Digital, Mobile and Data businesses (Retailviz loyalty card database in 2017).

The Supervisory Board examined the financial statements for the year ended 31 December 2017. At the time of writing, the audit of the consolidated financial statements has been carried out. The certification reports will be issued once the required specific verifications have been finalised in order to file the registration document.

A financial analysts' meeting is scheduled for Wednesday, 21 March 2018 at 2.30 p.m. (Paris time) at 8 rue de la Rochefoucauld, 75009 Paris, France. The presentation will be available online at the beginning of the meeting on the company's website [www.highco.com](http://www.highco.com).



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### About HighCo

*Since its creation, HighCo has placed innovation at the heart of its values, offering its clients – brands and retailers – Intelligent Marketing Solutions to influence shopper behaviour with the right deal, in the right place, at the right time and on the right channel.*

*Listed in compartment C of Euronext Paris, and eligible for the “long only” DSS, HighCo has more than 700 employees and since 2010 has been included in the Gaia Index, a selection of 70 responsible Small and Mid Caps.*

### Your contacts

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### Upcoming events

Publications take place after market close.

SFAF financial analysts meeting: Wednesday, 21 March 2018 at 2.30 p.m.

Q1 2018 Gross Profit: Wednesday, 25 April 2018

Q2 and H1 2018 Gross Profit: Wednesday, 18 July 2018

2018 Half-year Earnings: Wednesday, 29 August 2018

Conference call on 2018 half-year earnings: Thursday, 30 August 2018

Q3 and 9-month YTD 2018 Gross Profit: Wednesday, 17 October 2018

Q4 and FY 2018 Gross Profit: Wednesday, 23 January 2019



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](http://www.highco.com).

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