



INTELLIGENT MARKETING SOLUTIONS

Paris, 26 March 2019 (6.00 p.m.)

2018: ANOTHER YEAR OF BUSINESS GROWTH AND INCREASE IN EARNINGS FOR HIGHCO

Sixth consecutive year of business growth

- Full-year 2018 gross profit of €87.57 M, up 6.5% on a reported basis and 2.6% LFL¹.
- Development of digital businesses: LFL growth of 9.2%, accounting for 52.9% of the Group's total business in 2018, and acquisition of the mobile-first agency Useradgents.

Strong growth in earnings

- Adjusted headline PBIT² of €16.04 M, up 8%.
- Adjusted operating margin² of 18.3%, up 20 basis points.
- Recurring operating income of €14.12 M, up 16.6%.
- Adjusted attributable net income³ of €9.75 M, up 14.9%.
- Dividend of €0.16 per share to be proposed at the AGM in May 2019, for a 14.3% increase.

Strong cash generation

- Operating cash flow of €14.65 M, up €3.29 M or 28.9%.
- Net cash⁴ of €52.17 M at 31 December 2018, rising €6.26 M; net cash excluding operating working capital of €0.97 M at 31 December 2018, for an increase of €0.63 M.

Governance

- Return of Didier Chabassieu as Chairman of the Management Board, and Cécile Collina-Hue as Managing Director.

(€ M)	2018	2017	2018/2017 Change
Gross profit	87.57	82.24	+6.5% (+2.6% LFL ¹)
Adjusted headline PBIT²	16.04	14.85	+8.0%
<i>Adjusted operating margin² (%)</i>	<i>18.3%</i>	<i>18.1%</i>	<i>+20 bp</i>
Recurring operating income	14.12	12.10	+16.6%
Adjusted attributable net income³	9.75	8.49	+14.9%
Net cash ⁴	52.17	45.91	+€6.26 M

¹ Like for like: Based on a comparable scope (i.e. including Useradgents over six months in 2017 and 2018, as of 1 July) 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 (€0.71 M in 2018; €0.44 M in 2017) and excluding the cost of performance share plans (€1.21 M in 2018; €2.31 M in 2017). Adjusted operating margin: Adjusted headline PBIT/Gross profit.

³ Adjusted attributable net income: Attributable net income excluding the after-tax cost of performance share plans (€0.87 M in 2018; €1.52 M in 2017), excluding other operating income and expenses (income of €0.54 M in 2018; 0 in 2017), and excluding net income from assets held for sale and discontinued operations (expense of €0.77 M in 2018; income of €0.15 M in 2017).

⁴ 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, Managing Director, stated: “HighCo, which turned in another year of profitable growth in 2018 thanks to the development of its digital businesses, operates in a market guided by the digitisation of retail and by consumers who expect more personalised service. As such, the Group has fine-tuned its mission and adjusted its offer to work with its brand and retailer clients in meeting new challenges. Building on its positioning as a data marketing expert and its financial performance over the past five years, the Group now has the resources necessary to continue accelerating its growth while investing in its two strategic focuses: digital technology and data management.”

2018 FINANCIAL PERFORMANCE

Sixth consecutive year of business growth, still driven by Digital

2018 gross profit amounted to €87.57 M, up 6.5% on a reported basis and 2.6% like for like. Growth improved with each quarter to reach 3.5% in Q4 2018. As a result, the Group posted its sixth consecutive year of organic growth, driven by digital businesses, which grew 9.2% like for like.

In France, growth remained steady: up 4.4% like for like to €64.68 M, accounting for 73.9% of the Group's gross profit. Growing sharply by 9.2% over the year, digital businesses in France accounted for 59.8% of total business in 2018.

International business fell 1.9% like for like in 2018 to €22.9 M:

- Benelux showed a decline in business for the second consecutive year, down 2.6% like for like to €21.80 M;
- Southern Europe (Spain and Italy) recorded double-digit growth of 15.9% to €1.1 M (1.2% of the Group's gross profit).

Sharp growth in earnings

Business growth in France and sound cost control enabled the Group to post **an increase in adjusted headline PBIT, for the fifth consecutive year, of 8% to €16.04 M in 2018** with:

- a further increase in adjusted headline PBIT in France of 1.9% to €13.84 M;
- a rise in adjusted headline PBIT for the International businesses of 73.4% to €2.2 M.

Adjusted operating margin (adjusted headline PBIT/gross profit) **rose 20 basis points, coming out at 18.3%** (2017: 18.1%).

With this higher adjusted headline PBIT, the cost of performance share plans at €1.21 M (2017: €2.31 M) and restructuring costs of €0.71 M (2017: €0.44 M), **recurring operating income came out at €14.12 M** (2017: €12.1 M), **showing strong growth of 16.6%**.

Operating income rose significantly by 21.1% to €14.65 M. This was mainly due to income from of the fair value remeasurement of the 49.06% stake previously owned in Useradgents, amounting to €5.08 M, and the €4.48 M goodwill impairment for Belgian businesses.

The tax expense came out significantly lower, mainly resulting from a research tax credit, totalling €3.86 M in 2018 (2017: expense of €4.6 M).

The loss from assets held for sale and discontinued operations amounted to €0.77 M in 2018 (2017: income of €0.15 M) following the impairment of the investment in the associate Yuzu.

Adjusted attributable net income climbed 14.9% to €9.75 M, with a reported figure of €8.64 M for 2018, an increase of 21.4% (2017: €7.12 M).



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HighCo recorded adjusted 2018 EPS⁵ of €0.47, up 14.5% compared with adjusted 2017 EPS of €0.41.

A dividend of €0.16 per share, i.e. a 14.3% increase, will be proposed at the next AGM on 20 May 2019.

Strong cash generation

Cash flow increased 28.9% to €14.65 M. **As a result, the net cash position surged €6.26 M to €52.17 M** at 31 December 2018. Excluding operating working capital, which amounted to €51.2 M at 31 December 2018, net cash remained positive at €0.97 M, up by €0.63 M with respect to 31 December 2017.

OFFER AND STRATEGY

A shifting market

The retail industry is undergoing major transformation, mainly relating to new ways of using digital technology and data. These changes are impacting consumers, who have become experts in this new technology, and developed high expectations for brands and retailers. New rules are structuring the way their data is collected and used and the generosity of offers that food brands and retailers can deliver. All this is overhauling the promotional activation approach that drives these business segments.

HighCo fine-tunes its mission and adjusts its offer

To help its clients – brands and retailers – navigate these new challenges, HighCo, as an expert in data marketing and communication, continuously innovates and draws on the four complementary areas of expertise which cover the entire shopper engagement chain, from initial contact to the transaction:

- building a marketing strategy to create “emotion” between the shopper and the brand or retail chain;
- use the user experience to enhance “relations”;
- guide advertisers in the “personalisation” of content, through data marketing and artificial intelligence, which they push to shoppers;
- trigger the “transaction” through the way activation campaigns are designed and managed.

Continuing investments in its two strategic focuses

In this rapidly changing sector, where new players are emerging in each field of technology, HighCo continues investing in its two strategic focuses: digitisation of its businesses and data management.

#1 – Continue digitising its businesses

The strong growth in Digital continues, with digital gross profit rising 9.2% in 2018.

⁵ EPS adjusted for the net after-tax cost of performance share plans, other operating income and expenses, and net income from assets held for sale and discontinued operations (Yuzu).



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Digital solutions resumed strong growth, with a steep 81% increase in the volume of push SMS and notifications, and volumes of digital coupons issued up 11%, including a sharp rise (up 25%) in Load to Card and Click & Collect digital coupons and continued growth in e-CBOs (up 12% in 2018). The percentage of dematerialised coupon clearing rose further to stand at 21.7% in 2018 (2017: 19%).

The acquisition of the mobile-first agency Useradgents in July 2018 contributed to strengthening the Group's digital businesses in France. Posting double-digit growth in 2018, Useradgents employs over 50 people and works with a range of clients operating in retail, banking and insurance.

Digital accounted for 52.9% of the Group's gross profit in 2018 (2017: 47.8%). Driving the Group's growth, digital businesses have, in five years, doubled the share of Digital business in the Group's total business activity, up from 27.1% in 2013 to 54.6% in 2018 (including Useradgents for the full year in 2018).

#2 – Develop our understanding of data

To meet consumers' expectations for greater **personalisation** (content, generosity, channels, etc.), HighCo is consolidating its expertise in data analysis and use.

In compliance with the General Data Protection Regulation (GDPR), HighCo is sharpening its **predictive algorithms** and **artificial intelligence** engines to develop its understanding of data, such as in the new Franprix loyalty programme.

2019 GUIDANCE

For 2019, HighCo forecasts:

- Growth in 2019 gross profit higher than growth in 2018 on a like-for-like basis (2018 gross profit: up 2.6% like for like), with a higher share of Digital in the Group's business in 2019 compared with 2018 (52.9% in 2018);
- Slight rise in adjusted operating margin (2018 adjusted operating margin: 18.3%).

The Group's financial resources will be allocated to:

- Capital expenditure of between €2.5 M and €3.5 M (€2.57 M in 2018);
- Share buybacks of between €0.5 M and €1 M (€0.66 M in 2018).

The Group will also move forward in its investment strategy (acquisitions and/or investments) in the Digital sector, especially businesses specialised in data technology.

GOVERNANCE

HighCo announces that Didier Chabassieu, who has been dealing with health problems since 2017, has returned as Chairman of the Management Board, alongside Cécile Collina-Hue, Managing Director, and Céline Dargent, member of the Management Board. Didier Chabassieu will mainly be in charge of Group strategy, acquisitions and talent management. Cécile Collina-Hue will continue to oversee the Group's operational management, and Céline Dargent will be in charge of marketing and communication.

The Supervisory Board examined the financial statements for the year ended 31 December 2018. 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.



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A financial analysts' meeting is scheduled for 27 March 2019 at 2.30 p.m. (CET) at 8 rue de la Rochefoucauld, 75009 Paris, France. The presentation will be available at the beginning of the meeting on the 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**.

SFAF financial analysts meeting: Wednesday, 27 March 2019 at 2:30 p.m. (8 rue de la Rochefoucauld – 75009 Paris)

Q1 2019 Gross Profit: Thursday, 18 April 2019

Q2 and H1 2019 Gross Profit: Wednesday, 17 July 2019

2019 Half-year Earnings: Wednesday, 28 August 2019

Conference call on 2019 half-year earnings: Thursday, 29 August 2019

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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