



INTELLIGENT MARKETING SOLUTIONS

Paris, 29 August 2018 (6.00 p.m.)

HIGHCO POSTS GROWTH IN HALF-YEAR 2018 RESULTS

Business growth continues to be driven by Digital

- H1 2018 gross profit of €43.2 M, up 2.2% on a reported basis and LFL¹.
- Development of digital businesses: Growth of 5.1% LFL, and acquisition of the mobile-first agency Useradgents.

Growth in profitability

- Adjusted headline PBIT² of €11.32 M, up 4.1%.
- Adjusted operating margin² of 26.2%, up 50 basis points.
- Recurring operating income of €10.27 M, up 11.1%.
- Adjusted attributable net income³ up 14.5% to €7.79 M.

Strong cash generation

- Operating cash flow of €10.29 M, an increase of €2.1 M (up 25.7%) compared with H1 2017.
- Net cash⁴ of €51.44 M at 30 June 2018, rising €5.53 M compared with 31 December 2017; net cash excluding operating working capital of €2.54 M at 30 June 2018, for an increase of €2.11 M.

2018 guidance confirmed

(€ M)	H1 2018	H1 2017	H1 2018/H1 2017 Change
Gross profit	43.20	42.28	+2.2% (+2.2% LFL ¹)
Adjusted headline PBIT²	11.32	10.88	+4.1%
<i>Adjusted operating margin² (%)</i>	<i>26.2%</i>	<i>25.7%</i>	<i>+50 bp</i>
Recurring operating income	10.27	9.24	+11.1%
Adjusted attributable net income³	7.79	6.80	+14.5%
Net cash ⁴	51.44	45.91 ⁵	+€5.53 M

¹ Like for like: Based on a comparable scope 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 and excluding the cost of performance share plans (€0.81 M in H1 2018; €1.54 M in H1 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 (€0.59 M in H1 2018; €1.05 M in H1 2017) and excluding net income from assets held for sale and discontinued operations (expense of €0.77 M in H1 2018; income of €0.17 M in H1 2017).

⁴ Net cash (or net cash surplus): Cash and cash equivalents less gross current and non-current financial debt.

⁵ At 31 December 2017.



INTELLIGENT MARKETING SOLUTIONS

Cécile Collina-Hue, Chairman of the Management Board, stated: *“HighCo is a leading phygital market player whose business grew 2.2% in the first half of 2018. This growth was mainly driven by digital business, thus confirming its 2018 growth and profitability targets. The Group, which acquired the mobile-first agency Useradgents in July 2018, is moving forward with its investment strategy in digital businesses, especially those specialised in data and mobile technologies.”*

FINANCIAL PERFORMANCE IN H1 2018

Continued business growth

Following the like-for-like growth in Q1 and Q2 of 1.7% and 2.6% respectively, **H1 2018 gross profit totalled €43.2 M, rising 2.2% on both a reported and a like-for-like basis.** As a result, the Group has begun its sixth consecutive year of organic growth, driven by digital businesses which grew 5.1% like for like over the first half of the year.

In France, growth remained healthy in H1 2018: up 5% like for like to €31.49 M, accounting for 72.9% of the Group's gross profit. With growth of 6.8% over the first half of the year, digital businesses in France represented 54.5% of total business in H1 2018.

International business decreased 4.9% like for like in H1 2018 to €11.71 M:

- Benelux showed a like-for-like drop in business of 4.8% (Q2 2018: down 1%);
- Southern Europe (Spain and Italy) fell 6.4% (Q2 2018: up 0.5%).

Growth in profitability

Business growth in France and sound cost control in Benelux enabled the Group to post **4.1% growth in adjusted headline PBIT to €11.32 M in H1 2018** with:

- A further 2.8% rise in adjusted headline PBIT in France to €10.15 M (H1 2017: €9.87 M);
- A 16% increase in International adjusted headline PBIT to €1.17 M (H1 2017: €1.01 M).

Adjusted operating margin (adjusted headline PBIT/gross profit) **rose 50 basis points, coming out at 26.2%** (H1 2017: 25.7%).

Growth in adjusted headline PBIT and the lower cost of performance share plans (H1 2018: €0.81 M; H1 2017: €1.54 M) led to **an 11.1% rise in recurring operating income, and operating income, to €10.27 M** (H1 2017: €9.24 M).

The tax expense came out significantly lower, mainly resulting from a research tax credit, totalling €2.38 M in H1 2018 (expense of €3.49 M in H1 2017).

The loss from assets held for sale and discontinued operations amounted to €0.77 M in H1 2018 (income of €0.17 M in H1 2017) following the impairment recorded on the investment in the associate, Yuzu.

Half-year adjusted attributable net income climbed 14.5% to €7.79 M, with a reported figure of €6.43 M for H1 2018, an increase of 8.5% (H1 2017: €5.93 M).

The Group reported adjusted half-year EPS⁶ of €0.37, up 13.9% (up 15.1% on a diluted basis) compared with the adjusted figure for H1 2017.

⁶ EPS adjusted for the net after-tax cost of performance share plans and excluding net income from assets held for sale and discontinued operations (Yuzu).



INTELLIGENT MARKETING SOLUTIONS

Strong cash generation

Half-year cash flow rose 25.7% to €10.29 M. **As such, the net cash position climbed €5.53 M to €51.44 M** at 30 June 2018. Excluding operating working capital, which amounted to €48.9 M at 30 June 2018, net cash remained positive at €2.54 M, up by €2.21 M with respect to 31 December 2017.

HIGHLIGHTS

Development in digital businesses

Continued digitisation

Digital gross profit continued its growth trend in the first half of 2018 (up 5.1%). Digital businesses now represent 48.6% of the Group's gross profit as at end-June 2018, up from 47.8% in 2017. This digital transformation is integrated into all Group solutions.

All-digital DRIVE TO STORE solutions resumed growth, with a dramatic 121% increase in the **volume of push SMS and notifications** and volumes of **digital coupons issued** up 31%, including a sharp rise (up 54%) in Load to Card and Click & Collect digital coupons.

Digital services continue to grow in the area of IN-STORE solutions that are still predominantly "paper-based", increasing their share out of IN-STORE solutions from 33% in H1 2017 to 33.6% in H1 2018.

Lastly, the percentage of digital DATA solutions increased from 38.2% in H1 2017 to 40.1% in H1 2018, mainly due to the higher share of **dematerialised coupon clearing**, rising from 18.1% in H1 2017 to 20.1% in H1 2018, and continued growth of **e-CBO** (cash back offer) campaigns (up 28% in H1 2018).

Acquisition of Useradgents, a mobile-first agency

Brands and retailers are aware of the need to adopt a strong mobile strategy, interconnect all channels to provide a smooth user experience, and interface with one another using targeting and personalisation solutions. That is why **HighCo decided to strengthen its offer with the acquisition of Useradgents, a mobile strategy consulting agency, on 5 July 2018.**

This acquisition is in keeping with our strategy of mutual reinforcement of each company's respective offering. HighCo contributes its advertising and promotional expertise, targeting and personalisation algorithms, and multi-channel interconnection, while Useradgents brings HighCo mobile strategy consulting, user experience expertise and app development. The complementary fit between these areas is reflected in the joint development of the app for the convenience store chain Franprix. The app is praised for its ergonomics and relevant content, especially its personalised, location-based offers.

The Group now fully owns this French company founded in 2008 by Renaud Ménérat, Vincent Pillet and Loïc Pailler, with the support of HighCo, which until the deal held a 49% interest. Today, Useradgents employs nearly 50 people. In 2017, the company generated revenue of €7.1 M, for gross profit of €5.6 M, and expects double-digit growth in 2018. It will be fully consolidated as of H2 2018. For information purposes, if Useradgents had been consolidated as of the beginning of the reporting year, the percentage of Digital in the Group's gross profit would have come to 52.2% for H1 2018.



INTELLIGENT MARKETING SOLUTIONS

A constantly changing market

Our businesses and the business sectors of our clients are undergoing profound changes, primarily as a result of **digitisation**, but also due to changes in retail formats, the expansion of GAFAs, and consumers seeking a novel experience and a renewed customer relationship. As these changes are taking place, **data** is everywhere, impacting company structure, the retail industry and consumer habits. Lastly, **mobile** has become the top channel for going online, boosting **e-commerce** with strong growth in advertising expenditure.

Solutions adapted to the market

Building on this context, HighCo continues to develop its expertise in **personalisation** and **targeting** to bring advertisers the most relevant activation solutions. For example, Franprix's Tourist Tracker campaign presents foreign tourists visiting Paris with promotional offers, on their regular national media and in their language, that are redeemable at its stores.

HighCo also creates **phygital events**, combining Drive-to-store and In-store solutions that use different techniques for driving activation (games, discounts, goodies, etc.). One instance is the Coupe de Food campaign developed for the Intermarché chain during the Football World Cup.

To reach all targets, the Group also adapted its actions to different channels, especially **social media**. To bring in new users, formats were adapted to each social network for the launch of the Bescherelle educational French grammar app, including Instagram stories and Facebook Canvases.

2018 GUIDANCE

Based on the strong performance reported for H1 2018 and the acquisition of Useradgents, the Group has confirmed its guidance for 2018:

- Growth in 2018 gross profit higher than growth in 2017 on a like-for-like basis (2017 gross profit: up 1.4% LFL);
- Share of Digital in the Group's total business for 2018 higher than the share in 2017 (47.8% in 2017);
- Rise in adjusted operating margin (2017 adjusted operating margin: 18.1%).

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

- Capital expenditure, for between €1.5 M and €2.5 M (€1.06 M in 2017, €1.02 M in H1 2018);
- Share buybacks totalling between €0.5 M and €1 M (€0.58 M in 2017, €0.33 M in H1 2018).

The Group is moving forward with its Digital investment strategy, especially businesses specialised in data and mobile technologies, such as the recent acquisition of Useradgents.

A conference call with analysts will take place on 30 August 2018 at 11 a.m. The presentation will be available at the beginning of the meeting on the Company's website (www.highco.com) under Finance/Legal>Regulated Information>Financial Analysts Meetings.



INTELLIGENT MARKETING SOLUTIONS

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 750 employees and since 2010 has been included in the Gaia Index, a selection of 70 responsible Small and Mid Caps.

Your contacts

Cécile Collina-Hue
Chairman of the Management Board
+33 1 77 75 65 06
comfi@highco.com

Cynthia Lerat
Press Relations
+33 1 77 75 65 16
c.lerat@highco.com

Upcoming events

Publications take place **after market close**.

Conference call on 2018 half-year earnings: Thursday, 30 August 2018 (11.00 a.m. CET)

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.

This English translation is for the convenience of English-speaking readers. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion. HighCo expressly disclaims all liability for any inaccuracy herein.