



INTELLIGENT MARKETING SOLUTIONS

Paris, 21 March 2017 (6.00 p.m.)

## HIGHCO POSTS AN EXCELLENT PERFORMANCE IN 2016

### Outstanding business growth

- 2016 gross profit of €81.06 M, up 12.6% on a restated basis<sup>1</sup> and 11.8% LFL<sup>2</sup>.
- Digital business up 23.6% LFL, accounting for 46.6% of the Group's total business in 2016.

### Dramatic rise in profitability

- Adjusted headline PBIT<sup>3</sup> of €14.10 M, up 31.7%.
- Adjusted operating margin<sup>3</sup> of 17.4%, up 250 basis points.
- Adjusted recurring operating income<sup>4</sup> up 37.5% to €13.81 M.
- Adjusted attributable net income<sup>5</sup> up 34.7% to €8.65 M.
- Dividend of €0.12 per share to be proposed at the AGM in May 2017, for a 26.3% increase.

### Strong cash capability

- Operating cash flow of €10.69 M, up €2.63 M (up 32.5%).
- Net cash<sup>6</sup> of €49.62 M at 31 December 2016, up €8.85 M.

### Sale of POS Media finalised

(€ M)	2016	2015 restated <sup>1</sup>	2016/2015 Change restated <sup>1</sup>
Gross profit	81.06	71.97	+12.6% (+11.8% LFL <sup>2</sup> )
Adjusted headline PBIT <sup>3</sup>	14.10	10.71	+31.7%
<b>Adjusted recurring operating income<sup>4</sup></b>	<b>13.81</b>	<b>10.04</b>	<b>+37.5%</b>
Recurring operating income	12.41	10.04	+23.6%
<b>Adjusted attributable net income<sup>5</sup></b>	<b>8.65</b>	<b>6.42</b>	<b>+34.7%</b>
Net cash <sup>6</sup>	49.62	40.77	+€8.85 M

<sup>1</sup> In application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the businesses in the United Kingdom were classified and presented as discontinued operations as of the third quarter of 2016. For reasons of consistency, the data reported for 2015 and the first half of 2016 have been restated to account for the impact of the UK businesses. Net income and the loss on the sale of these businesses will be presented net of tax as a single item in the consolidated income statement under Net income from assets held for sale or discontinued operations.

<sup>2</sup> Like for like: Based on a comparable scope (i.e. including CapitalData over 11 months in 2015 and 2016) and at constant exchange rates (i.e. applying the average exchange rate over the period to data from the compared period).

<sup>3</sup> Adjusted headline profit before interest & tax: recurring operating income before restructuring costs and excluding the cost of performance share plans. Adjusted operating margin: Adjusted headline PBIT/Gross profit.

<sup>4</sup> Recurring operating income excluding the cost of performance share plans.

<sup>5</sup> Attributable net income excluding the net after-tax cost of performance share plans (€0.96 M) and excluding net income from assets held for sale and discontinued operations (loss of €6.68 M in 2016 as against income of €0.35 M in 2015; MRM and POS Media).

<sup>6</sup> Net cash (or net cash surplus): Cash and marketable securities less gross current and non-current financial liabilities.



## INTELLIGENT MARKETING SOLUTIONS

Didier Chabassieu, Chairman of the Management Board, stated, “HighCo had a remarkable year, both in terms of business growth (11.8% like for like) and growth in profitability. The excellent performance that we have achieved in the past three years is the result of the hard work and dedication from all our teams, which have enabled HighCo to lead its digital transformation with success. The Group now needs to step up its development in DATA and MOBILE businesses to maintain profitable growth in the years to come.”

### FY 2016 FINANCIAL PERFORMANCE

#### Outstanding business growth

**FY 2016 gross profit amounted to €81.06 M, resulting in a significant increase of 12.6% on a restated basis and 11.8% like for like.** With this sharp growth in 2016, the Group has posted a fourth consecutive year of organic growth. Digital business continues to drive this performance, with a strong rise of 23.6% like for like in 2016. Offline businesses resumed growth, with a 3.2% increase like for like over the year.

**The steep growth in France, at 15.7% like for like to €56.22 M (up 7.3% in 2015), is still driven by the growth of digital business (28.9% like for like),** which represented 55.4% of gross profit in 2016.

**International business continues to grow (up 3.8% like for like to €24.84 M):**

- Benelux posted a good performance (up 3.6% like for like);
- Southern Europe (Spain and Italy) also showed growth over the year (up 9.5% like for like).

#### Dramatic rise in profitability

**Adjusted headline PBIT registered double-digit growth for the third year running in 2016 (up 31.7% to €14.10 M)** with:

- Strong rise in adjusted headline PBIT in France of 40.3% (up 20.8% in 2015) to €12.19;
- Slight decrease of 5.5% in adjusted headline PBIT in international business to €1.91.

**Adjusted operating margin (adjusted headline PBIT/gross profit) rose substantially by 250 basis points, coming to 17.4%** (versus 14.9% in 2015 on a restated basis).

The sharp increase in headline PBIT, with restructuring costs halved (€0.29 M in 2016 versus €0.67 M in 2015), led to a **robust 37.5% rise in adjusted recurring operating income to €13.81 M** (€10.04 M in 2015 on a restated basis).

Recurring operating income, including the cost of performance share plans, amounted to €12.41 M, up 23.6%.

**Adjusted net income attributable to owners of the parent climbed 34.7%.**

HighCo recorded **adjusted EPS<sup>7</sup> of €0.42** in 2016, up 35.1% (34.5% on a diluted basis) compared with 2015.

As announced, these results take into account the additional expense net of tax due to the introduction of new performance share plans and the net loss from assets held for sale and discontinued operations following the sale of MRM in the United Kingdom. As a result, **attributable net income stood at €1.02 M** (€6.77 M in 2015).

**A record dividend of €0.12 per share, i.e. a 26.3% increase,** will be proposed at the next AGM on 22 May 2017.

<sup>7</sup> EPS excluding the cost of performance share plans and excluding net income from assets held for sale or and discontinued operations (MRM and POS Media).



INTELLIGENT MARKETING SOLUTIONS

## Strong cash capability

Operating cash flow increased sharply by 32.5% to €10.69 M, coming in at over €10 M for the first time since 2008. **As such, the net cash position was up significantly by €8.85 M to €49.62 M** at 31 December 2016. Working capital improved by €4.71 M. Excluding operating working capital (€51.40 M at 31 December 2016), net debt came to €1.78 M, down by €4.14 M with respect to 31 December 2015.

## HIGHLIGHTS

### Digital strategy

Gross profit in the digital business soared to reach 23.6% in 2016. Digital business represented 46.6% of the Group's gross profit in 2016, versus 41.7% in 2015, thus surpassing the 45% target set for 2016 and moving closer to the 50% target planned for 2017.

#### 1) 100% digital DRIVE-TO-STORE solutions, still showing sharp growth

The sharp growth in **mobile businesses** (gross profit up 19% in 2016) was bolstered by the significant 40% increase in the volume of push SMS and notifications sent.

Brand content and media targeted to **social networks** maintained its strong performance and grew 17% in 2016.

Two innovations were launched in 2016 to connect the loyalty programme initiated by a brand with:

- a chain, through a Load to Card innovation that received an LSA 2016 award for cross-channel solutions. Members of the *Ma vie en couleurs* loyalty programme (Mondelez and Unilever) can use this new service to download deals directly onto their Cora loyalty card;
- a click & collect website, through an innovation that drives impulse purchases by offering discount coupons from brands directly on the click & collect website of the shopper's choice.

With the acquisition of **CAPITALDATA**, the Group has gained a new performance driver with the **hyper-personalisation** of advertising and promotional messages. In addition to targeting campaigns developed for advertisers such as Voyageprive.com, Nestlé and Parc Astérix, the company led a **web-to-store** programmatic campaign for Franprix, demonstrating the synergies achieved with the Group to design with a viable alternative to paper flyers for chains.

In 2016, HighCo also strengthened its leading position in digital coupon issuing, with an 18% surge in volumes.

#### 2) Continued fast-pace digitisation of IN-STORE solutions

Digital services continue to grow rapidly in the area of IN-STORE solutions that are still predominantly "paper-based". The proportion increased from 24.3% in 2015 to 28% in 2016.

The **point-of-sale paper coupon and media businesses** rose slightly in France and Belgium, primarily thanks to agreements with the Group's retail partners that were extended in 2016. Meanwhile, a new project was launched to install coupon and media terminals in the Carrefour network in Belgium starting at the end of 2016.

On **Click & Collect websites**, HighCo is developing a unique media and targeted coupon offering deployed across 80% of the market, with exclusive commercialisation of the inventories of Auchan group.



INTELLIGENT MARKETING SOLUTIONS

### 3) DATA solutions driven by digital coupon clearing

DATA solutions continue to be digitised.

The share of digital DATA solutions rose from 34% in 2015 to 35.8% in 2016.

The volume of paper coupons cleared remained stable in France and Belgium.

In addition, the volume of **digital coupons cleared** with food e-commerce websites in France increased significantly. With more than 300 campaigns for digital cashback offers launched in 2016 (up 74%), **e-CBO** operations maintained their outstanding growth. Thus, the volume of digital coupons cleared held firm and rose slightly in 2016 in France and Belgium.

## OTHER HIGHLIGHTS

### Disposals and investments

After announcing in October 2016 that it had sold MRM in the United Kingdom, HighCo announced the finalisation of the sale of POS Media in Central Europe in early March 2017. The deal involved selling all shares owned in POS Media BV, the parent company of POS Media, representing 47.55% of its share capital. This move is in line with the Group's shift in strategy for its international businesses. The sale will have a virtually neutral impact on attributable net income for 2016 and 2017.

In early 2017, HighCo participated in a capital increase launched by Yuzu USA, an innovative French-American startup specialised in targeting solutions. The capital increase, reserved for HighCo and the company ZTP (Mulliez family), has led to HighCo's additional investment in the share capital, which now amounts to a 32.9% stake. Yuzu USA will be accounted for by the equity method in 2017.

### Governance

HighCo announced that Olivier Michel is leaving the Group's Management Board for personal reasons after 17 years in executive management. He will take on other functions within the Group, in particular as an advisor to the new Management Board.

After noting this decision, the Group's Supervisory Board appointed Cécile Collina-Hue as member of the Management Board as Managing Director. Since she joined HighCo in 2002, Cécile Collina-Hue has held a number of positions in administration and finance at the Group.



INTELLIGENT MARKETING SOLUTIONS

## 2017 GUIDANCE

For 2017, HighCo forecasts:

- Growth in 2017 gross profit of more than 4% like for like (2016 gross profit: up 11.8% like for like), with the Group's share of digital business expected to exceed its 50% target (2016: 46.6%);
- Increase in adjusted headline PBIT<sup>3</sup> equal to or greater than 6% (adjusted 2016 headline PBIT: €14.10 M);
- Rise in adjusted operating margin equal to or greater than 50 bp (2016 operating margin: 17.4%).

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

- Capital expenditure of between €1.5 M and €2 M (€1.08 M in 2016);
- Share buybacks of between €0.5 M and €1 M (€0.66 M in 2016);
- Continued acquisitions and investments in Digital and Data businesses.

The Supervisory Board examined the financial statements for the year ended 31 December 2016. 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 22 March 2017 at 2.30 p.m. 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).



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 700 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  
Managing Director  
+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**.

Q1 2017 Gross Profit: Wednesday, 26 April 2017  
Q2 and H1 2017 Gross Profit: Wednesday, 19 July 2017  
2017 Half-year Earnings: Wednesday, 30 August 2017  
Conference call on 2017 half-year earnings: Thursday, 31 August 2017  
Q3 and 9-month YTD 2017 Gross Profit: Wednesday, 18 October 2017  
Q4 and FY 2017 Gross Profit: Wednesday, 24 January 2018



Gaïa-Index

*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)*

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.