



INTELLIGENT MARKETING SOLUTIONS

Paris, 30 August 2017 (6.00 p.m.)

## HIGHCO POSTS HEALTHY HALF-YEAR 2017 RESULTS

### Business growth

- H1 2017 gross profit of €42.28 M, up 2.5% on a reported basis and 2.3% LFL<sup>1</sup>.
- Digital businesses up 6.2% LFL, accounting for 47.3% of the Group's total gross profit in H1 2017.

### Growth in profitability

- Adjusted headline PBIT<sup>2</sup> of €10.88 M, up 6.7%.
- Adjusted operating margin<sup>2</sup> of 25.7%, up 100 basis points.
- Adjusted attributable net income<sup>3</sup> up 12.8% to €6.80 M.

### Strong cash generation

- Operating cash flow of €8.19 M, up €1.18 M (up 16.8%) compared with H1 2016.
- Net cash<sup>4</sup> of €58.88 M at 30 June 2017, up by €9.26 M compared with 31 December 2016.

### Revised outlook from July 2017 confirmed

- Growth in gross profit revised from more than 4% to more than 1% LFL.
- Growth in adjusted headline PBIT<sup>2</sup> revised from equal to or greater than 6% to between 4% and 6%.
- Increase in adjusted operating margin (adjusted headline PBIT/gross profit)<sup>2</sup> maintained at equal to or greater than 50 bp.

(€ M)	H1 2017	H1 2016 restated <sup>5</sup>	H1 2017/ H1 2016 Change restated <sup>5</sup>
Gross profit	42.28	41.27	+2.5% (+2.3% LFL <sup>1</sup> )
<b>Adjusted headline PBIT<sup>2</sup></b>	<b>10.88</b>	<b>10.20</b>	<b>+6.7%</b>
<i>Operating margin<sup>2</sup> (%)</i>	<i>25.7%</i>	<i>24.7%</i>	<i>+100 bp</i>
Adjusted recurring operating income <sup>6</sup>	10.78	10.04	+7.4%
<b>Adjusted attributable net income<sup>3</sup></b>	<b>6.80</b>	<b>6.03</b>	<b>+12.8%</b>
Net cash <sup>4</sup>	58.88	49.62 <sup>7</sup>	+€9.26 M

<sup>1</sup> Like for like: Based on a comparable scope (i.e. including CapitalData over six 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 (€1.54 M in H1 2017; no costs in H1 2016). Adjusted operating margin: Adjusted headline PBIT/Gross profit.

<sup>3</sup> Adjusted attributable net income: Attributable net income excluding the after-tax cost of performance share plans (€1.05 M in H1 2017; no costs in H1 2016) and excluding net income from assets held for sale and discontinued operations (income of €0.17 M in H1 2017; income of €0.39 M in H1 2016).

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



INTELLIGENT MARKETING SOLUTIONS

Didier Chabassieu, Chairman of the Management Board, stated, “*HighCo achieved a healthy first half in 2017 after a remarkable year in 2016. This first half saw continued business growth, an increase in profitability and strong cash generation. We expect further growth in annual earnings with a confirmed rise in profitability of 50 bp. As a result, we are moving forward with our investment strategy in Digital, especially businesses specialised in data and mobile technologies.*”

## FINANCIAL PERFORMANCE IN H1 2017

### Business growth

Following the like-for-like growth in Q1 and Q2 of 4.2% and 0.7% respectively, **H1 2017 gross profit totalled €42.28 M, rising by 2.5% on a reported basis and by 2.3% on a like-for-like basis.** After an excellent year in 2016, the growth trend over the half year remained driven by Digital, which increased 6.2% like for like.

**The strong growth trend continued in France in H1 2017 (up 7.0% like for like to €29.98 M, i.e. 70.9% of the Group's gross profit) despite a slowdown in Q2 2017.**

**International business decreased in H1 2017 (down 7.5% like for like to €12.30 M):**

- Benelux declined (down 7.9% like for like) but with a less substantial impact in Q2;
- Southern Europe (Spain and Italy) showed slight growth (up 1.4% like for like).

### Growth in profitability

Business growth, combined with sound cost control, resulted in **6.7% growth in adjusted headline PBIT to €10.88 M in H1 2017** with:

- a 19.5% increase in adjusted headline PBIT France;
- a 48.0% decrease in adjusted headline PBIT International.

**Adjusted operating margin** (adjusted headline PBIT/gross profit) **rose substantially by 100 basis points, coming to 25.7%** (versus 24.7% in H1 2016 on a restated basis).

The growth in adjusted headline PBIT and the drop in restructuring costs (€0.10 M in H1 2017 versus €0.16 M in H1 2016 on a restated basis), led to a **7.4% rise in adjusted recurring operating income to €10.78 M** (as against €10.04 M in H1 2016 on a restated basis).

Half-year operating income, including the cost of performance share plans (€1.54 M in H1 2017), amounted to €9.24 M, down 7.9%.

**Half-year adjusted attributable net income climbed 12.8% to €6.80 M** and half-year attributable net income came to €5.93 M.

The Group reported adjusted half-year EPS of €0.33, up 13.2% (up 11.9% on a diluted basis) from H1 2016.

Furthermore, with the cancellation of combined put and call options on a 49% stake in the subsidiary High Connexion, the corresponding share in net income will be recognised under non-controlling interests (NCIs) as of H2 2017. For information purposes, this cancellation would have lowered adjusted 2016 EPS<sup>8</sup> from €0.42 to €0.38.

<sup>5</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 H1 2016 have been restated to account for the impact of the UK businesses. Net income and the loss on the sale of these businesses are 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>6</sup> Adjusted recurring operating income: Recurring operating income excluding the cost of performance share plans.

<sup>7</sup> At 31 December 2016.

<sup>8</sup> EPS excluding the after-tax cost of performance share plans and excluding net income from assets held for sale or discontinued operations (MRM and POS Media).



INTELLIGENT MARKETING SOLUTIONS

## Strong cash generation

Half-year cash flow rose sharply by 16.8% to €8.19 M. **As such, the net cash position was up by €9.26 M to €58.88 M** at 30 June 2017. Working capital improved by €3.48 M. Excluding operating working capital (€54.88 M at 30 June 2017), net debt came out negative at €4 M, down by €5.78 M with respect to 31 December 2016.

## HIGHLIGHTS

### Digital strategy

Gross profit in Digital grew 6.2% in H1 2017. Digital businesses represented 47.3% of the Group's gross profit as at end-June 2017, up from 46.6% at end-2016.

#### 1) Fully digital DRIVE TO STORE solutions

Although total volumes of **digital coupons** issued fell over the half-year (down 17%), “next-generation” solutions (Load to Card and Click & Collect) grew sharply (up 16%), representing nearly 10 million digital coupons issued over the period. HighCo signed with a new retailer (Franprix) for its Load to Card solution and now wants to take it a step further to combine brand loyalty programmes with different retailers.

After several years of strong growth, despite further growth in the volume of push SMS and notifications (up 8%), **mobile businesses** fell slightly with the impact of the price repositioning for Internet+ Mobile services.

Brand content and targeted media on **social networks** upheld their excellent performance, rising further in H1 2017 with the acquisition of new clients such as eBay.

At the same time, the Group continues to develop its **hyper-personalisation** solution for advertising and promotional messages for advertisers (CapitalData's Data Management Platform). While renewing targeting campaigns for its long-standing advertiser clients, the Group now develops **web-to-store** programmatic campaigns as an effective alternative for paper flyers for retailers, with new retailers from Casino group (Géant Casino, Monoprix and Leader Price).

#### 2) Strong growth in the digitisation of IN-STORE solutions

Digital services continue to grow significantly in the still predominantly “paper-based” area of IN-STORE solutions. The proportion increased from 23.6% for H1 2016 to 33% for H1 2017.

**Point-of-sale paper coupon and media businesses** rose further in France but declined in Belgium. The Group's main contracts with its retail partners remained in effect over the period. In Belgium, **digital coupon and media kiosks** installed at the end of 2016 in the Carrefour network posted good initial results.

After signing with a new client (Intermarché), and as Click & Collect continues to expand, HighCo offers a unique media and targeted coupon offer now deployed across nearly 90% (in value) of **Click & Collect websites** in France.



INTELLIGENT MARKETING SOLUTIONS

### 3) Growth trend remains strong for DATA solutions

The share of digital DATA solutions rose from 36.3% at end-June 2016 to 38.3% at end-June 2017.

Although the volume of paper coupons cleared in France and Belgium fell, the share increased slightly in the volume of **coupons cleared digitally**, covering coupons from e-commerce websites, in-store kiosks and downloads to loyalty cards.

With more than 300 campaigns for digital cashback offers launched in H1 2017, **e-CBO** campaigns continued to grow, up 26%. These digital DATA tools now include a new solution, **e-GWPs**, featuring fully dematerialised management of gift-with-purchase offers.

Lastly, the Group plans to continue supporting its brands and retailer clients in new market trends, namely with **gamification**. This solution encompasses a comprehensive, fully digital range of services, from game development to media coverage and prize shipment.

### Governance

HighCo announces that Didier Chabassieu is currently facing health problems. However, he continues to carry out his duties as Chairman of the Management Board alongside Cécile Collina-Hue, member of the Management Board and Managing Director. The Executive Committee, made up of business unit managers and experts serving in their positions since 2013, supports them in ensuring the Group's day-to-day operations, and strategic and managerial issues.

### 2017 GUIDANCE

Given the performance reported for the first half of the year and the outlook expected for the second half, the Group has confirmed its revised guidance for 2017 announced in July, as follows:

- Growth in 2017 gross profit revised from more than 4% to more than 1% like for like (2016 gross profit: up 11.8% like for like), with the Group's share of digital business expected to reach its target of 50% (2016: 46.6%);
- Growth in adjusted headline PBIT<sup>2</sup> revised from equal to or greater than 6% to between 4% and 6% (adjusted 2016 headline PBIT: €14.1 M);
- Rise in adjusted operating margin<sup>2</sup> maintained at equal to or greater than 50 bp (adjusted 2016 operating margin: 17.4%).

As a reminder, the Group's financial resources will be allocated as a priority to:

- Capital expenditure, for between €1.5 M and €2 M (€1.08 M in 2016, €0.70 M in H1 2017);
- Share buybacks totalling between €0.5 M and €1 M (€0.66 M in 2016, €0.25 M in H1 2017).

The Group continues to review acquisitions and investments in the Digital sector, especially businesses specialised in data and mobile technologies.

A conference call with analysts will take place on Thursday, 31 August 2017 at 11 a.m. The presentation will be available online on the Company's website [www.highco.com](http://www.highco.com).



INTELLIGENT MARKETING SOLUTIONS

HighCo is deeply saddened by the loss this summer of its founder, Frédéric Chevalier. Frédéric Chevalier imagined, dreamt, founded, developed and guided HighCo. He was an ambitious, visionary and talented leader in its soul and will remain so forever. HighCo and the people at HighCo will be paying tribute to him in the weeks to come.

### **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**.

Conference call on 2017 half-year earnings: Thursday, 31 August 2017 (11.00 a.m. CET)  
Q3 and 9-month YTD 2017 Gross Profit: Wednesday, 18 October 2017  
Q4 and FY 2017 Gross Profit: Wednesday, 24 January 2018



HighCo is a component stock of the indices CAC® Small (CACXS), 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.