



Press release

Half-year results 2019: sales up, impact of resource occupation rate on margins

Income EUR 47,425,000, up 1.4%; EBITDA EUR 2,751,000, down 27.0%

BRUSSELS, 27 SEPTEMBER 2019 (EMBARGO: 5.40 pm) – Emakina Group (Euronext Growth Brussels: ALEMK) announces its half-year results for 2019 today.

1. Key figures half-year 2019

In thousands of EUR	H1 2019	H1 2018	Variation
Income	47,425	46,763	+1.4%
Earnings before interest, depreciation and amortisation (EBITDA)	2,751	3,767	-27.0%
Operating margin %	5.8%	8.1%	
Profit before tax	509	1,202	-693
Net result	-32	607	-639

2. Key events in the first half of 2019

a) New business

In 2019, many national and international companies chose an Emakina agency as their partner.

These include, among others: Arcelik, Basic-Fit, Beko, Bugaboo, Chalhoub Group, Courrèges, FrieslandCampina, Heineken Blade, Honda, Moteo Group, Nike, Olympique de Marseille, Silhouette International, Sodexo, Université de Limoges, and Vandersanden Group.

b) New activities

The first half of 2019 the group invested in expanding its service range, in particular in the field of its marketplace activity, influencer marketing and e-commerce.

The group's policy of expanding via external operations is to remain a priority for the management over the coming months.

c) Geography

In geographic terms, international income accounted for 62% of the half-yearly consolidated income in 2019 and is stable compared with 2018. The commercial pipeline and the expansion policy of the group will support this growing share of activities located outside Belgium in the coming months.

d) Integration and processes

In the first half of 2019, Emakina Group continued to invest in integration and synergies within its network, particularly in the Netherlands, where the new centralised management platform for projects combined with the new version of the ERP was successfully deployed. These platforms are scheduled to be put in place in the group's main operating entities over the course of the next two financial years.

Finally, the Emakina teams worked hard to ensure that its processes comply with the new European regulation on the protection of personal data (GDPR).

e) Talents

The management of human capital remains a key element in the development of the group.

As we approach 1,000 talented individuals at Emakina, the capacity to attract the best and accompany them in their career is *the* priority for the management, whilst taking care to maintain a subtle balance between the skills required by clients and technological progress and the need to keep costs under control.

f) Partnerships

Through its commercial partners, Emakina Group continues to offer its clients a wide geographic scope combined with in-depth local knowledge: Air (Belgium); Asiance (South Korea, Japan); Bubblegum (Spain); Domino (Italy); Metia (Great Britain, United States, Singapore); Portalgrup (Turkey) and SinnerSchrader (Germany).

g) Prizes and awards

During the first part of 2019, Emakina Group won several international prizes, including two Platinum AVA Awards, for the websites of The Athlete's Foot and Van Cleef & Arpels and two Gold Awards for ECCO and Boucheron, as well as an Honorary Webby Award for its own brand communication platform.

3. General comments

Growth in activities

During the first half of 2019, Emakina Group's consolidated revenues reached EUR 47,425,059 compared with EUR 46,763,193 over the same period in 2018, representing an increase of +1.4% (identical at constant scope).

As has been stressed, the international expansion is continuing with income from abroad accounting for 62% of the half-yearly consolidated income in 2019, in line with 2018. The commercial pipeline and the expansion policy of the group continue to support this growing share of activities located outside Belgium.

Development of EBITDA

Earnings before interest, depreciation and amortisation (EBITDA) amounted to EUR 2,750,789 (identical at constant scope) in the first half of 2019, compared with EUR 3,767,360 during the same period in 2018, representing a fall in absolute terms of 27.0%. Expressed as a percentage of total sales, EBITDA passed from 8.1% to 5.8% (identical at constant scope) between the first half of 2018 and 2019.

Despite keeping selling prices and personnel costs under control, more complex schedule management weighed on the average rate of use of resources and hence on the performance posted in the first of 2019 compared with the same period in 2018. Aligning clients' requests and the talent available remains a constant and major challenge in a context of ever-evolving technologies.

Current profit under control and net result near break-even

The current profit before tax (EUR 508,782) recorded for the first half of 2019 fell by 57.7% compared with the same period in 2018 (EUR 1,201,767). This may be attributed to the development of operating profitability partly offset by a better financial result owing in particular to the fall in charges for the amortisation of goodwill linked to the lengthening of the depreciation period from 8 to 10 years so as to reflect a period more commonly seen in the sector (see below under section 7).

The sharp fall in the net profit (EUR -32,398) in the first half of 2019 compared with the first half of 2018 (EUR 607,445) may be attributed to the development of the current profit, a substantial non-recurrent element (EUR -558,077) mainly linked to a reorganisation programme and the tax burden under control.

Despite this sharp fall, the net profit nevertheless remains close to zero, making it possible to maintain the level of the group's equity base.

4. Financial health

As at 30 June 2019, the group's financial health was maintained thanks to a net profit close to zero (despite the charges for the amortisation of goodwill), a stable equity base, a level of financial indebtedness in line with the growth in activities and the availability of proportionate credit lines. It is important to keep a constant eye on the impact of the growth on working capital requirements and liquid assets.

5. Outlook for 2019

As announced in March 2019, the Emakina Group management expects the consolidated income of the group to rise on the basis of current commercial indicators and the existing scope.

6. Directors' statement

The Board of Directors of the company declares that, to the best of its knowledge, the interim condensed consolidated financial statements as at 30 June 2019, established in accordance with Belgian accounting standards, give a true and fair view of the assets, financial status and results of the Emakina Group. The half-yearly financial report contains an accurate description of the information that must be included in it.

7. Miscellaneous

Auditor's report

The auditor has confirmed that his limited review of the consolidated accounts is complete in terms of substance and has not revealed any significant adjustment to be made to the accounting data presented in the half-year report.

Belgian accounting standards

All the consolidated figures given in the appendices have been established in accordance with Belgian accounting standards. These figures provide a summary of the financial results presented in detail in the 2019 half-year report.

As a reminder, the systematic amortization of goodwill (accounted in financial charges and imposed by Belgian accounting law) weighs significantly on the group's consolidated net profit. Lengthening the period for the amortisation of goodwill from 8 to 10 years had a positive impact on the net result for the first half of 2019 amounting to around EUR 570,000.

Shareholders' diary

27 March 2020: Publication of annual results 2019

1 April 2020: Annual report 2019 (brochure)

22 April 2020: General meeting of shareholders

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About Emakina Group

Emakina Group (ALEMK:BBK) is a leading independent digital agency group with global reach.

1,000 technology and marketing experts in 12 countries work in concert with their clients to grow their business and brand value. Together, they gain the necessary user insights to develop highly effective strategies and creations. These include cutting-edge applications, websites, e-commerce projects, impactful content and campaigns.

Emakina Group is listed on Euronext Growth Brussels (ISIN BE0003843605) and reported sales of EUR 92,3 million in 2018 and is listed on Euronext Growth Brussels (ALEMK_BB - ISIN : BE0003843605)

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In accordance with the Euronext Growth Brussels regulations, all the regulated information is included in the Emakina Group half-year financial report, available on our website www.emakina.group (in the section "Investor Relations" www.emakina.group/en-US/InvestorRelations/Outline).