Emakina Group: growth and profitability in the first half of 2012

BRUSSELS, 14 SEPTEMBER 2012 (EMBARGO → 17:30) – Emakina Group (Alternext Brussels: ALEMK) published its results today for the first half of 2012. Consolidated sales increased by 25.5%. At the same time, the operating margin before depreciation and amortisation (EBITDA) rose from 4% to 10% of total sales. Finally, the consolidated net profit (excluding amortisation on goodwill) went from a loss of EUR -263,705 in the first half of 2011 to a profit of EUR 1,134,404 in the first half of 2012.

Increase in sales outside Belgium by 30%

During the first half of 2012, total sales amounted to EUR 24,700,275 compared with EUR 19,688,147 in the first half of 2011, representing an increase of 25.5% (+23.2% at constant scope). There was a 30% growth rate in sales among the entities "outside Belgium" in the first half of 2012, which confirms the group's European expansion strategy and the gain in market share abroad. The 52% acquisition of holdings, announced in June 2012 and finalised beginning of July, in the Geneva-based communications agency LABEL.ch, now Emakina.CH, will further accentuate this growth on an international level. In Belgium, the takeover of the Wanabe agency in Waterloo end of March 2012 has enabled Emakina to strengthen its position in its historical market thanks to the access to new talent and key accounts.

In 2012, new national and international key accounts such as Peugeot, Orange, Sanofi, AG Insurance, Caisse d'Epargne, SNCF, Mercedes, Blueband, and Bavaria, chose an Emakina Group agency as their partner to develop their presence in new types of media.

Operating profit (before amortisation) more than tripled

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from EUR 759,853 to EUR 2,546,231 between the first half of 2011 and the first half of 2012, corresponding to 3.9% and 10.3% respectively of consolidated sales. At constant scope, the EBITDA for the first half of 2012 represents 10.4% of consolidated sales.

The current result (before amortisation of goodwill) rose by 1,623,070 following a tripling of the EBITDA combined with amortisation of intangible assets and a financial result that is under control.

Net profit before amortisation of goodwill higher than a million euros

The net result for the first half of 2012 (before amortisation of goodwill) rose by EUR 1,398,109. This can be explained by the very significant evolution in the current result combined with relatively low special costs and deferred tax charges compared with the same period in 2011.

Amortisation of goodwill (mandatory as per Belgian accounting standards) had a negative impact of EUR 725,376 on the company's net result in the first half of 2012, compared with EUR 776,751 in the first half of 2011, i.e. a slight improvement. This element of Belgian accounting law, which requires mandatory amortisation, significantly influenced the consolidated net result.

Emakina is continuing its investments in order to strengthen its service offering and thus maintain its competitive advantage:

1. The significant investments made in 2011 in "social", "mobile" and "integrated communication" domains, bore fruit in the first half of 2012. These centres of expertise enabled the expansion of the service offering and were a major growth lever.
2. The acquisition of the TROY advertising agency in March 2011 strengthened Emakina's "full service" strategy for brand management. This acquisition allowed Emakina to reinforce its competences in brand strategy and the creation of multi-channel campaigns. In Belgium, Seat chose Emakina at the beginning of 2012 for all its communications across all channels (radio, television, digital, social networks, direct marketing, posters, etc.) as a result of this integrated services offering.
3. The 25% minority stake in the Robert & Marien media agency during the first half of 2012 is another example of the desire to provide the most relevant service possible for our customers.

Below is a non-exhaustive list of elements that explain the growth in the operating margin in the first half of 2012: better control of production costs, an improvement in production efficiency, optimised schedule management, reinforced control of external purchases and the development of special supplier partnerships.

Within a context of sustained growth in the first half of 2012, a stable level of financial debt, moderate progress in working capital requirements and availability of renewed and adapted credit lines have provided Emakina Group with a good level of financial stability. In particular, this helped finance its acquisition of a majority stake in the Geneva-based agency Label.CH at the beginning of July 2012, mainly through equity funding.

Prospects for the end of the year

Emakina Group's management team is aiming for an increase in sales over the whole of 2012, similar to the rise in the first half, on the basis of the commercial pipeline. Furthermore, management is confident that the margins will continue to increase in 2012 compared with 2011 thanks, among other things, to the continuing optimisation actions that have been conducted over the past few months.

Auditor's report

The auditor confirmed that the review of the consolidated accounts at June 30, 2012 is complete as to its content and that it has not revealed any significant corrections to be made to the accounting data in the half-year report.

Belgian accounting standards

All the consolidated figures were established in accordance with Belgian accounting standards (especially concerning the mandatory amortisation of goodwill). These figures are a synthesis of the financial results that are set out in detail in the 2012 half-year report.

In accordance with the new legal Alternext requirements, all regulated information can be found in the half-year financial report 2012 of Emakina Group, available on our website www.emakina.com ("investors" section).

For more infomation

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About Emakina Group SA

The Emakina Group is a European group of digital agencies that helps its clients to benefit from the new digital communication era. The agencies within the Emakina Group are Emakina (Brussels, Paris, Limoges, Rotterdam, London), Emakina.EU and Emakina/Media (Brussels), Design is Dead (Antwerp) and The Reference (Ghent). Emakina Group has developed a service portfolio around the following four activities: strategic consultancy, brand activation, web building, and digital applications. The client portfolio includes major large organisations and international companies: Audi, Baume & Mercier, Belgacom, BNP Paribas Fortis, Brussels Airlines, Caran d'Ache, Crédit Agricole, Deutsche Bank, GDF Suez, Girard-Perregaux, ING, Keytrade, KPN, Longines, Microsoft, Orange, Panasonic, Samsung, Schweppes, Seat, Smart, Toyota, Thomas Cook and the European Commission. Emakina Group is listed on the Alternext market of Euronext Brussels stock exchange (mnemo: ALEMK) since July 7, 2006 (ISIN: BE0003843605).

The original French version is binding – this is a non-binding translation