



Press Release

Half-year results 2020: Sales and margin up, boosted by international business, COVID-19 impact under control.

Income KEUR 48,769, up 3%;
EBITDA of KEUR 3,502, up 27%

BRUSSELS, 25 SEPTEMBER 2020 (EMBARGO → 5.40 pm CET) – Emakina Group (Euronext Growth Brussels: ALEMK) announces its half-year results for 2020 today.

1. Key figures half-year 2020

In thousands of EUR	H1 2020	H1 2019	Variation
Income	48,769	47,425	+ 3%
Earnings before interest, depreciation and amortisation (EBITDA)	3,502	2,751	+ 27 %
Operating margin %	7.2%	5.8%	
Result before tax	298	-49	347
Net result	23	-32	+ 55

2. Key events in the first half of 2020

a) Impact of COVID-19 pandemic

As announced in early June 2020, the financial impact of the Covid-19 pandemic on the first half of 2020 remained under control. In fact, bearing in mind (i) the good first quarter of 2020, (ii) the growth in international business, (iii) the precautionary measures taken to temporarily reduce costs in the hardest hit zones and (iv) the implementation of additional credit lines, the management has optimally safeguarded the group's margins and cash flow.

To date, the financial outlook for the second half of 2020 remains difficult, as it is heavily dependent on the health aspects of the crisis and the general economic situation. However, the management is maintaining its forecast of a single-figure impact on the consolidated annual income in 2020 compared with 2019, given the volume of work on projects in progress and the commercial indicators. High-performance video conferencing and online collaboration tools have made it possible to ensure the continuity and quality of services despite the lockdown.

b) Internationalisation and acquisitions

During the first half of 2020, international expansion gathered pace.

International income now accounts for 66% of the half-yearly consolidated income, compared with 62% during the same period last year. This trend is underpinned by the good business performance in Central Europe, Asia and the Netherlands in the field of e-commerce services in particular. Emakina is now present in 16 countries on 3 continents.

The internationalisation of the group's activities is set to continue in the coming months, bearing in mind the commercial projects in progress and the external growth strategy, which remains a priority for the management. The current context offers real opportunities.

c) Talents

At this unusual time of social distancing, the entire management team is working hard on the management of human capital. The company leadership would like to thank all the talents in particular during this strange period.

Good management of the human capital is vitally important and is key to the successful development of the group. The management paid particular attention to the well-being of their staff in the first half of 2020. Investment in protection and in high-performance video conferencing and online collaboration tools has made it possible to maintain the quality of interaction both internally and with clients, despite the Covid-19 pandemic. The teleworking and protective measures taken proved highly effective in limiting cases of infection within the group.

d) New clients

In 2020, many national and international companies chose an Emakina agency as their digital transformation partner.

These include, among others: Aurep, Beaulieu, Bestseller, Bugaboo, Constellium, DGZ, Faces, Full Life, Givaudan, Goody, Hartlauer, Hudson, Joolz, Mise au Green, Rotra, Swedish Pension Office, Tory Burch, Union Mart, Visit Qatar, Yves Saint Laurent and Walibi.

e) New business

During the first half of 2020, in a context heavily impacted by the Covid-19 pandemic, the group moved up a gear in developing its e-commerce services.

This resulted in the implementation of multiple online commerce platforms to enable clients to ensure their business continuity. In increasingly complex technological ecosystems, the Emakina Group strives to guide its clients as well as possible in the choices they make, bearing in mind their specific features and the expected level of integration, connectivity, hosting and development potential. The many technological partnerships that the group has forged over the past few years enable a wide portfolio of solutions.

f) Integration and processes

In the first half of 2020, Emakina Group continued to invest in integration within its network. All the Belgian entities are to switch to the new centralised project management platform combined with the new version of the ERP in early 2021. The implementation of these platforms in the main operating entities constitutes a real competitive advantage as they improve efficiency in terms of collaboration and delivery. So, it is essential to maintain an ambitious policy here.

g) Partnerships

Through its commercial partners, Emakina Group continues to offer its clients a wide geographic scope combined with in-depth local knowledge.

h) Prizes and awards

During the first part of 2020, Emakina Group Emakina won a series of prestigious awards, including the Webby Award for 'Best Association Website' with World Press Photo, a Horizon 'Best in Category Website Award' with Olympique de Marseille and the 'Horizon Video Campaign Award' for SBAB Bank, besides Gold awards for web, video and E-commerce projects for Bardahl, Courir, Courrèges, Dugas and again World Press Photo.

Together with Philip Morris International, Emakina was honoured for the pmi.com website with a Gold Communicator and a Gold DotComm Award, plus 4 Vega Awards. A second project with PMI, the 'Unsmoke Your World' website also won several distinctions, in the categories UX, UI, copywriting and creativity, at the Vega, Communicator and DotComm Awards.

3. General comments

Growth in activities

During the first half of 2020, Emakina Group's consolidated sales amounted to EUR 48,769,421 compared with EUR 47,425,059 over the same period in 2019, representing an increase of +2.8% (identical at constant scope).

As stressed, the international expansion is gathering pace, within income from abroad now accounting for 66% of the half-yearly consolidated income in 2020, compared with 62% during the same period in 2019. This can partly be attributed to the impact of Covid-19 in Belgium and to the sustained growth in business in Central Europe, Asia and the Netherlands in the field of e-commerce services in particular.

Emakina began the first quarter of 2020 strongly with consolidated online income at almost EUR 26 million, in line with the budget. However, the Covid-19 pandemic weighed on the level of income in the second quarter of 2020, when the figure recorded was EUR 23 million owing to a series of project deferrals and cancellations.

Operating performance up (EBITDA)

Earnings before interest, depreciation and amortisation (EBITDA) amounted to EUR 3,502,205 (identical at constant scope) in the first half of 2020, compared with EUR 2,750,789 during the same period in 2019, representing growth in absolute terms of 27.3%. Expressed as a percentage of total sales, EBITDA passed from 5.8% to 7.2% (identical at constant scope) between the first half of 2019 and 2020.

Despite the impact of the pandemic since the second quarter of 2020, the very good level of business activity in the first quarter of 2020 combined with (i) precautionary measures to temporarily cut costs, (ii) optimised production management and (iii) selling prices under control made it possible to maintain a good performance level over the first half of 2020 as a whole compared with 2019. Moreover, video conferencing and online collaboration tools have made it possible to ensure efficient, quality production despite the lockdown.

Current profit under control and positive net result

The current profit before tax (EUR 455,285) recorded for the first half of 2020 fell by 10.5% compared with the same period in 2019 (EUR 508,782). This can be attributed to (i) the positive development of operating profitability, (ii) a financial result under control offset and by (iii) charges relating to the impairment of trade receivables further to the bankruptcy of a client.

The level of the net profit (EUR 23,040) may be attributed to the development of the current profit, a limited non-recurrent element (EUR -157,728) mainly linked to a reorganisation programme and a tax burden under control.

This net profit makes it possible to maintain the group's equity base.

4. Financial health

As at 30 June 2020, the group's financial health was maintained thanks to the increase in EBITDA, a positive net profit, a stable equity base, a level of financial indebtedness under control and the availability of proportionate credit lines.

In the context of the measures taken by governments to support the economy, new lines have been proactively negotiated and the deferral of the reimbursement of long-term debts until the end of 2020 has been activated for preventive reasons. The management constantly monitors the working capital requirement and in particular the aging balance.

5. Outlook for 2020

As announced in June 2020 and despite the current high level of uncertainty, the Emakina Group management is maintaining its forecast of a single-figure fall in its consolidated income for 2020 as a whole compared with 2019, on the basis of the commercial indicators and the existing scope.

6. Board of 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 2020, 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 compulsory systematic amortisation of goodwill over a ten-year period (booked in financial charges and imposed by Belgian accounting law) weighs significantly on the group's consolidated net profit.

Financial calendar

Annual press release 2020:	26 March 2021
Annual report 2020:	1 st April 2021
Ordinary Meeting of Shareholders 2021:	22 April 2021

About Emakina Group

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

Over 1,000 technology and marketing experts in 16 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 96,6million in 2019.

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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 2020, available on our website www.emakina.group ("Investor Relations" section).