

2014 – Annual Results

Operating income : € 1,4 M (-33.1%)

Current result before tax: € 2,2 M (-21,6%)

Net income prior to amortization of goodwill : € 1,2 M (-37,7%)

Aix en Provence, January 27, 2015

CUSTOM SOLUTIONS (ISIN: FR0010889386 - Ticker: ALSOL) major player in France of Operational Marketing Solutions announces today its consolidated results for the year 2014 (from Oct 1st, 2013 until Sept 30st, 2014).

2014 RESULTS

The figures are extracted from the audited annual accounts.

<i>In thousands of euros</i>	2014	2013	Variation 2014/2013
Sales Turnover	19 727	18 038	+9,4%
Operating income	1 441	2 155	-33,1%
In % of sales	<i>7,3%</i>	<i>11,9%</i>	
Financial Result	774	670	+15,5%
In % of sales	<i>3,9%</i>	<i>3,7%</i>	
Profit before tax	2 215	2 825	-21,6%
In % of sales	<i>11,2%</i>	<i>15,7%</i>	
Exceptional result	-358	30	n/s
In % of sales	<i>-1,8%</i>	<i>0,2%</i>	
Net income prior to amortization of goodwill	1 227	1 971	-37,7%
In % of sales	<i>6,2%</i>	<i>10,9%</i>	
Amortization Goodwill acquisition	-719	-	n/s
Result from associated companies	-52	-35	48,6%
Consolidated net income	456	1 936	-76,4%
In % of sales	<i>2,3%</i>	<i>10,7%</i>	
Minority interests	-66	-	
In % of sales	<i>-0,3%</i>		
Consolidated net income part of the group	389	1 936	-79,9%
In % of sales	<i>2%</i>	<i>10,7%</i>	

THE RETURN TO GROWTH WEIGHTED ON PROFITABILITY

The group returned to growth with a sales turnover in sharp increase: € 19,7M against € € 18M in 2013, especially taking advantage of the consolidation in the last 6 months of its two last acquisitions, APP and Lojaali.

The operating result for the year amounted to € 1.4 million, against € 2.2 million in the prior year, a decrease of 33.1%. This decrease is the result of an unfavorable product mix in 2014, despite the recovery of marketing demand that led to a decline in gross margin to 65% of sales against 68% the previous year. The operating result was also affected by costs related to the change of the ERP: IT resources and consultants mobilized on deployment, acquisition costs and deployment in Europe.

The financial income reached a record level of € 774K, an increase of 15.5% over the previous year (€ 670K), thanks to continued high cash position and good investment management.

The consolidated profit before tax remained at a high level of 11.2% of sales, reaching € 2.2 million.

Net income decreased by 38% to € 1.2 million, or 6.2% of sales, primarily impacted by an exceptional loss of € 358K, which is consequential to prudent risk management.

The consolidated net income part of the group amounted to € 389K against 1936K € for the previous year.

The principal reasons of this evolution are :

- depreciation to 100% of the equity interest in the company Q3 for € 543K (including goodwill);
- amortization over 6 months of goodwill of newly acquired companies, APP and Lojaali, for a total of € 175K.

IMPORTANT FACTS OF THE YEAR 2014

With the return to growth in business during the year, 2014 was marked by :

- The completion of two acquisitions in the first half: the French marketing group APP (brand Flexistart) and Lojaali digital agency in Finland, which have contributed to the activities up to € 1.8 million in the second half (or 9.1% of the annual result) and 19.7% of the turnover of the second half of 2014. The Group confirms its focus on marketing, which accounted for 67% of the group's activity in 2014, against 33% for logistics activities, in line with the objectives of the RIO 2016 project.



- The start of the new ERP beginning of the year, which impacted exploitation. It is now stabilized and the arrival of a new Director of Information Systems in January 2015 will enable the group to accelerate its digital transformation.
- The depreciation in full of the stake in the company Q3, due to a need for recapitalization. Despite a delay in its development plan, the company Q3 shows acceleration signals of its order book to confirm the suitability of its products and the sustainability of its business.
- The end of the decay of the marketing activity for 2 years, with stable sales over the year.
- The sale of the logistics business on Oct 1st, 2014.
- The expansion of the group European coverage.

PERSPECTIVES 2015

Despite the sale of the logistics business and investments in digital infrastructure and international expansion, the Group expects a significant increase in net profit in 2015, insofar as:

- the gain from the sale of the logistics business, conducted October 1, 2014, will be recognized in the financial statements for 2015; and
- the group anticipates :
 - a greater return to organic growth in marketing, which should allow it to regain its normative gross margin (around 68%) ;
 - greater contribution of subsidiaries results (especially APP) and consolidation for a full year of results of the new acquisitions (against 6 months on the previous year)
 - a light decrease of its financial results ; and
 - a better cost control (including HR).

Finally, on December 9th, 2014, Custom Solutions confirmed its status as an innovative company by obtaining the three-year renewal of its qualification by Bpifrance.



Cédric Reny, CEO of CUSTOM SOLUTIONS comments :

"Given the elements outlined above, it will be proposed at the General Meeting of Shareholders the payment of a dividend of € 0.1 per share, unchanged identical to previous year. The group experienced a significant transformational year in 2014, maintaining its objectives. For illustration purpose, on October 1st, 2014, the marketing activity represented 90% of our turnover, with a growing part in the digital, against 60% a year earlier. International development is launched, the new ERP in place, recent acquisitions integrated, the Parisian set up. The year 2015 should allow a return to results growth, despite the sale of logistics and increased investment in digital, engine of the group transformation and its growth.

We will also continue our research for targets to enhance our growth objective and our deployment strategy in marketing and digital, in France and in Europe.»

NEXT PRESS RELEASE

Sales turnover 1st Half 2015

May 19th, 2015

(After market close)



ABOUT CUSTOM SOLUTIONS

Founded in 1997, Custom Solutions is a major player in Operational Marketing Solutions. The company supports its customers in developing their sales, acquisition and retention of their consumers and motivating their sales networks in designing and deploying innovative and effective marketing campaigns (from the most classic to the most personalized) throughout France and Europe.

With its integrated offer, its recognized innovation ability and its 17 years of expertise, **Custom Solutions** has built a solid reputation with **300 prestigious clients** including Danone, Nestle, Ferrero, Procter & Gamble, Sony, LG , Warner Bros., Orange, Free, Renault and Total.

The company announced in 2013 its strategic plan to 3 years, RIO 2016, which goal is to make Custom Solutions a major European player in Operational Marketing. The project is structured around three axes:

- - External acquisitions
- - Innovation in new marketing and digital products
- - The international development

On this basis, Custom Solutions became a 25 % shareholder in “Q3”, who are a leading company in social networking who have developed a ground breaking virus mobilisation software solution. Custom Solutions also acquired 70% of a French “packaged solutions” marketing group called “APP”, as well as a 55% stake in Finnish promotions agency “LOJAALI” and its Swedish partner “LOYALTIC”.



Listed on Euronext's Alternext Paris
ISIN : FR0010889386 – Mnemonic : ALSOL
Labeled « Innovative Company » by BPIFRANCE

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