

Press Release
2nd September 2013

FIRST HALF 2013 RESULTS: STRONG GROWTH IN OPERATING PROFITABILITY

Acceleration in organic growth and growth of adjusted EBITDA by 4 points in H1 2013

Paris (France), 2nd September 2013 – Valtech S.A. [NYSE Euronext Paris: FR0011505163 - LTE], first independent European agency in digital marketing and technology, published its results for the first half of fiscal year 2013, ending June 30th, 2013. The Board of Directors met on August 30th, 2013, under the presidency of Sebastian Lombardo, to approve the half-yearly financial statements. The limited review of the consolidated financial statements was carried out. The auditors' report on the financial information is being issued.

Key figures of the group (M€ - Audited data)	H1 2013	H1 2012	Variation	2012
Turnover	71.8	65.5	+ 9.6%	133.7
Cost of sales	(50.0)	(46.2)	+ 8.3%	(92.6)
Gross margin	21.8	19.4	+ 12.7%	41.1
Sales and marketing costs	(5.1)	(6.0)	- 14.6%	(11.5)
Administrative costs	(15.1)	(14.8)	+ 1.8%	(29.4)
Adjusted EBITDA⁽¹⁾	2.8	0.0		2.6
<i>Adjusted EBITDA margin</i>	4.0%	0.1%		2.0%
EBITDA	2.2	(0.6)		2.6
Amortization and provisions	(1.5)	(1.1)		(2.4)
Result of operating activities (EBIT)	0.7	(1.7)		0.2
Net result	(0.6)	(2.8)		(2.1)
Earnings per share	(0.0)	(0.1)		(0.0)
Employees (end of period)	1 548	1 546		1 565

(1) Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) excludes exceptional items and expenses of the redeemable warrant plan

KEY FIGURES

- In the first half of 2013, Valtech has recorded a consolidated turnover of € 71.8 million, up 9.6% (+9.8% at constant exchange rates). Despite a lethargic economy, the acceleration of organic growth in the second quarter (+12.1% and +12.6% at constant exchange rates) was particularly noticeable in Northern Europe and the United States.
- The adjusted EBITDA amounted to € 2.8 million, up sharply, reflecting (i) the increase in the gross margin rate (30.8% of first half sales against 29.6% in H1 2012), (ii) the decrease in commercial and marketing costs (- 14.6%) after two years of significant investments, and (iii) a further optimization of the fixed costs structure (21.0% of sales in the first half of 2013 against 22.6% a year earlier).
- The result from operating activities (EBIT) amounted to € 0.7 million, against a loss of € (1.7) million in the first half of 2012, driven by the improvement in operating profitability.
- The net result amounted to (0.6) M €, against (2.8) M € in the first half of 2012, including an income tax expense which increased to € (1.2) million against € (0.2) million a year earlier, and a decrease in net financial expense of € 0.4 million as a result of the improved financial structure.

MAIN COMMENTS

Sebastian Lombardo, CEO, said:

"The organic growth sustained in the first half of 2013, particularly in our core areas in the United States and northern Europe, demonstrates the relevance of the group's digital marketing and technology offer and its perfect adequacy to the expectations of large multinational companies on digital platforms for e-commerce, branding or mobile and social marketing.

This biannual growth was accompanied by strong growth in operating performance of the group with an adjusted EBITDA margin of 4.0%, against 2.0% for the entire year of 2012. This reflects the success of the continuing transformation of Valtech's business model in line with strategic ambitions.

Buoyed by this good first half, Valtech is now confident in its ability to deliver strong organic growth in the 2nd half and continue to improve its operational performance."

FINANCIAL SITUATION

In the first half of 2013, Valtech's cash flow from operations amounted to € 3.5 million, against (0.1) M € a year earlier. This increase in cash flow is the result of improvement in the group's operating performance and an optimized management of working capital during the period. After accounting for investments (€ 0.9 million) and financing flows (€ 0.8 million), the group generated a positive cash flow of € 1.9 million in the first half with € 2.2 million in cash on 30th June 2013.

On June 30th, 2013, the consolidated shareholders' equity increased to € 26.4 million for a reduced net debt of € 3.1 million against € 5.5 million on 31 December 2012 and € 4.2 million a year earlier.

After the end of the first half, the Group issued, in July 2013, 23 156 666 warrants (redeemable share subscription warrants) for proceeds of € 0.7 million ([read the press release of 8 July 2013 here](#)). The exercise of all the warrants issued, due in 2018, would strengthen Valtech's financial structure to the extent of € 6.3 million.

ANALYSIS OF OPERATING PERFORMANCE BY REGION

Northern Europe

In Northern Europe, Valtech has achieved a turnover of € 33.2 million, up by 18.0% (+16.8% at constant exchange rates). While Germany and Sweden saw their profitability increase over the period, the adjusted EBITDA margin for the entire area fell slightly in the first half because of major project shifts in the pharmaceutical sector in Denmark. The second half should see improved results from here on.

Northern Europe - (M€)	H1 2013	H1 2012	Variation	2012
Turnover	33.2	28.1	+ 18.0%	57.8
Adjusted EBITDA	1.5	1.5	+ 0.0%	4.0
Adjusted EBITDA margin	4.7%	5.5%		6.9%
EBITDA	1.4	1.4	+ 0.5%	4.6
Employees (end of period)	420	379		393

This area includes Germany, Denmark, the United Kingdom and Sweden.

United States

Valtech registered a growth of 6.1% in the U.S. (+7.3% at constant exchange rates). As a reminder, the group sold, in October 2012, a non-strategic partnership contract with SAP whose proceeds amounted to € 2.2 million in H1 2012. Excluding the impact of the sale, the business grew by 21.4% in the first half of 2013.

In terms of profitability, after extensive business, marketing and human resources investments, the group began to reap the fruits of its efforts by improving its adjusted EBITDA.

United States - (M€)	H1 2013	H1 2012	Variation	2012
Turnover	19.3	18.1	+ 6.1%	38.0
Adjusted EBITDA	(0.4)	(1.3)		(2.9)
Adjusted EBITDA margin	-2.0%	-7.3%		-7.6%
EBITDA	(0.5)	(1.4)		(3.3)
Employees (end of period)	291	311		311

Southern Europe

Despite an unfavourable calendar effect, Southern Europe has experienced strong organic growth of 7.4% over the first half of 2013. This good momentum, combined with the increase in digital business and reorganization of business conducted in the fourth quarter of 2012 helped to return to positive adjusted EBITDA margin of 0.8% over the period.

Southern Europe - (M€)	H1 2013	H1 2012	Variation	2012
Turnover	19.0	17.7	+ 7.4%	35.0
Adjusted EBITDA	0.2	(0.7)		(0.6)
Adjusted EBITDA margin	0.8%	-4.0%		-1.8%
EBITDA	(0.0)	(0.8)		(0.6)
Employees (end of period)	298	292		298

Rest of the world

The turnover from the rest of the world increased by 14.9% (+22.9% at constant exchange rates), driven by numerous deployments of digital platforms for the other subsidiaries. The strong increase in profitability shows the perfect mastery of project delivery by the Indian teams.

Rest of the world - (M€)	H1 2013	H1 2012	Variation	2012
Turnover	6.0	5.2	+ 14.9%	10.9
Adjusted EBITDA	1.4	0.3	+ 324.6%	1.3
Adjusted EBITDA margin	23.1%	6.3%		11.9%
EBITDA	1.4	0.3	+ 324.6%	1.3
Employees (end of period)	539	564		563

Intragroup eliminations

The increase in intra-group revenue reflects the development of synergies between the subsidiaries. This revenue is eliminated in the consolidated accounts.

Intragroup eliminations - (M€)	H1 2013	H1 2012	Variation	2012
Turnover	(5.5)	(3.6)		(8.1)
Adjusted EBITDA	0.1	0.2		0.9
EBITDA	0.0	(0.1)		0.6

RECONCILIATION OF OPERATING INCOME AND ADJUSTED EBITDA

Key figures of the group - (M€)	H1 2013	H1 2012
Result from operating activities (EBIT)	0.7	(1.7)
Amortization and provisions	(1.5)	(1.1)
EBITDA	2.2	(0.7)
Expenses of the share warrant plan	(0.1)	0.0
Restructuring and exceptional	(0.5)	(0.7)
Adjusted EBITDA	2.8	0.0

FINANCIAL CALENDAR

- The turnover of the third quarter of 2013 (July-September) will be published on November 4th, 2013, after market close.

ABOUT VALTECH

Valtech [Euronext Paris: FR0011505163 - LTE] is a digital marketing agency, pioneer in technology with a presence in eight countries (France, UK, Germany, Sweden, Denmark, United States, India, South Korea) and approximately 1,500 employees. As a "digital full service" player, Valtech knows how to add value to its customers at all stages of a digital project: strategy consulting, design, graphic design, development and optimization of business-critical digital platforms. Thanks to its recognized commitment to innovation and agility, Valtech helps brands to develop and grow their business with web technologies while optimizing time to market and return on investment (ROI).

INVESTORS CONTACT

Mr Sebastian Lombardo
CEO
investors@valtech.com

PRESS CONTACT

ACTUS – Nicolas Bouchez
+33 1 77 35 04 37
nbouchez@actus.fr