17 september 2013

2013 INTERIM RESULTS

In EUR thousands	H1 2012 reported	H1 2012 restated (*)	H1 2013
Revenues	54,106	54,106	50,216
EBITDA	7,499	7,483	3,705
Recurring operating income	5,507	5,491	1,598
Operating income	5,473	5,457	872
Group net income	2,883	2,872	(735)

(*) The 2012 interim financial statements were restated following the adoption of amendments to IAS 19

The 2013 interim financial statements were approved by the Board of Directors during its September 16, 2013 meeting. The statutory auditors' review report for Audika's consolidated financial statements for the first half of 2013 is currently being drafted.

The first half of 2013 was characterized by a decline in activity in France and Italy, which was primarily due to the economy and which impacted the Group's profitability. This trend was exacerbated over the first half of the year by an unfavorable seasonal marketing-expense fluctuation (EUR 0.6 million impact) and the impairment of non-current assets (goodwill and deferred tax assets) in Italy in the amount of EUR 1.2 million.

Interim revenues

First-half 2013 revenues amounted to EUR 50.2 million, a decrease of 7.2% (down 8.3% in organic terms). Revenues in France totaled EUR 46.5 million (including EUR 0.1 million generated in Belgium), with EUR 3.7 million generated in Italy. Like all market players, Audika has been impacted by an extensive wait-and-see stance on the part of its customers, with the improvement in trends over the second half of June failing to offset the difficult first five months of the year.

Recurring operating income

At 83.6% of revenues, which is stable compared to H1 2012, Audika's gross margin declined by EUR 3.2 million in value terms to EUR 42.0 million, in light of the trend in activity.

Operating expenses, which are essentially fixed, increased slightly by EUR 0.7 million to EUR 40.4 million and take into account a change in scope and a greater seasonal fluctuation in marketing expenses this year. With an identical annual budget to last year, Audika has so far spent an additional EUR 0.6 million, using up 65% of its budget compared to 58% in 2012.

As a result, recurring operating income came out to EUR 1.6 million, including EUR 2.4 million in France and EUR -0.8 million in Italy.

Operating income

Operating income included a one-off accounting expense of EUR 0.7 million, with no impact on cash, associated with the impairment of a portion of the goodwill on Audika Italy's balance sheet.

Group net income

Financial expenses totaled EUR 0.4 million. The tax expense amounted to EUR 1.2 million, including a EUR 0.5 million impairment of deferred tax assets in Italy. Audika posted a consolidated net loss of EUR 0.7 million.

Well-controlled financial structure

At June 30, 2013, Group shareholders' equity totaled EUR 64.1 million. Despite a traditionally unfavorable fluctuation in WCR, gearing remained under control at 32.4% of shareholders' equity as of June 30, 2013.

Second half 2013 outlook

By drawing on its communications campaign, Audika intends to consolidate the progressive improvement in trends observed since mid june and is targeting higher revenues in the second half of the year than in the first.

This objective, coupled with an expected decline in operating expenses of some EUR 3 million in the second half of the year compared to the first, is expected to enable the Group to return to a double-digit operating margin in the second half of the year.

About Audika:
With 460 centers in 91 different regions and a 14% market share, Audika is the number one network offering hearing correction consulting and solutions in France. The Group has been present in Italy since 2007 (54 centers) and Belgium since 2013 (four centers). Positioned on the market for hearing correction solutions for senior citizens, Audika aims to consolidate its leadership in a sector that remains very highly fragmented. Audika is listed on Euronext Paris, Segment C.

Audika Group will publish its nine-month 2013 revenues on October 14, 2013 after market close.

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ISIN FR0000063752-ADI
Reuters DIKA.PA
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