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Press release
1st September 2014

SOLID H1 2014 RESULTS

Adjusted EBITDA margin of 5.3%, up by 52% at constant exchange rates

ACCELERATION OF GROWTH

Proposed reserved capital increase of € 27 million

Paris (France) 1st September 2014 – Valtech SA [Euronext Paris: FR0011505163 - LTE], the leading independent European agency in digital and marketing technology, published its audited interim half-year results for FY 2014, ending June 30, 2014. The Board of Directors met on September 1, 2014, under the chairmanship of Sebastian Lombardo, to approve the interim results. The limited review of the consolidated financial statements was done. The report of the statutory auditors on the interim financial information is in the process of being dispatched.

Key figures of the group (M€ - Audited data)	**H1 2014**	**H1 2013**	**Change**	**Change at constant exchange rates**	**FY 2013**
Turnover	**75.1**	71.8	+4.5%	+9.1%(1)	137.5
Cost of sales	**(50.9)**	(50.0)	+1.8%	+3.6%	(93.5)
Gross margin	**24.2**	21.8	+10.8%	+14.3%	44.0
Sales and marketing costs	**(4.5)**	(5.1)	-11.8%	-9.0%	(8.9)
Administrative costs (2)	**(17.3)**	(15.1)	+14.3%	+15.3%	(31.5)
Adjusted EBITDA (3)	**4.0**	2.8	+42.9%	+51.5%	7.0
Adjusted EBITDA margin	***5.3%***	*4.0%*			*5.1%*
EBITDA	**3.2**	2.2	+45.5%	+60.7%	4.7
Amortization and provisions	**(1.7)**	(1.5)			(2.8)
Result of operating activities (EBIT)	**1.5**	0.7	+102.6%	+196.9%	2.0
Net result	**(0.4)**	(0.6)			1.0
Earnings per share	**(0.0)**	(0.0)			0.05
Employees (mean)	**1,453**	1,548			1,515

(1) Change at constant scope, excluding the US telecom service business disposed in 4Q 2013 (1.5 M€ in turnover in H1 2013). At current scope and constant exchange rates, turnover up 6.8%.
(2) The administrative costs of H1 2014 include 556 K € of expenses previously included in cost of sales and sales and marketing costs.
(3) Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) excludes exceptional items and expenses of the redeemable warrants plan.

KEY FIGURES

- An interim consolidated turnover of € 75.1 million, up by 4.5%. At constant exchange rates and scope, organic growth stood at 9.1%, with Northern Europe remaining the group's main engine of growth.
- A gross margin of € 24.2 million, up by 10.8% (+14.3% at constant exchange rates), representing a gross margin of 32.2% against 30.4% in H1 2013. Sustained growth in digital businesses, particularly in the UK, Germany and the United States, and the pursuit of the final phase of Valtech's transformation explain this development.
- An adjusted EBITDA of € 4.0 million, up by 42.9% (+51.5% at constant exchange rates), representing a margin of 5.3%, against 4.0% in the first half of 2013. This trend is the result of (i) the progression of the gross margin, (ii) a good control over operating expenses whose increase was limited to 7.7% during the period. In the distribution of these costs, the increase in administrative costs was primarily due to a reclassification of certain costs of sales and commercial costs, amounting to € 0.6 million, and the strengthening of management teams to deal with the group's growth, particularly in Northern Europe.
- A two-fold increase in EBIT, at € 1.5 million, despite the recognition of an impairment of goodwill amounting to € 0.3 million, related to the stopping of historical business in the United States during the period.

- A net income-group share very close to break-even, (0.4) M €, which includes (0.4) M € in net finance costs and (1.5) M € of corporate tax.
- On 30 June 2014, Valtech's financial position remains sound and strong: € 28.7 million in equity, available cash of € 4.1 million and borrowings of € 8.4 million, up slightly due the increased need for working capital in the subsidiaries of Northern Europe to cope with a very strong growth in revenues.

MAIN COMMENTS

Sebastian Lombardo, CEO of Valtech, said:

« The first half of 2014 reflects the near completion of Valtech's transformation. Some areas, such as North America or Southern Europe, are still impacted by the decline in traditional businesses, which are not fully compensated by the ramp-up of digital businesses. Nevertheless, we expect a net reversal of the trend in the coming quarters.

Conversely, in the most advanced area in the transformation of the group, Northern Europe, Valtech has recorded very strong growth and delivered high profitability of 12.6%, continuing the results of the 2nd half of 2013 (10.7%). This performance reflects the success of the business model implemented by the Valtech teams and the relevance of our offer of marketing and multi-channel e-commerce digital platforms.

Overall, our half-year results reflect solid growth, with organic growth of 9.1% and an increase in our adjusted EBITDA by 51.5% at constant exchange rates, taking it to a margin of 5.3%.

Valtech approaches H2 2014 with confidence and renewed ambitions. Given this strong performance, Valtech confirms its objective of a 2014 turnover between € 145 and € 150 million, excluding acquisitions, and an adjusted EBITDA margin of 5.5%. »

ANALYSIS OF THE OPERATIONAL PERFORMANCE BY REGIONS

Northern Europe

The most advanced area in the transformation of the group, Northern Europe experienced very strong growth in the first half, with sales up by 38.8% at constant scope and exchange rates. During the period, the adjusted EBITDA was almost multiplied by 4 to reach € 5.7 million, representing an adjusted EBITDA margin of 12.6%, against 4.7% in the first half of 2013 and 7.5% throughout the previous fiscal year. The excellent performance of the subsidiaries in the UK and Germany justifies this good performance.

Northern Europe - (M€)	H1 2014	H1 2013	Change	2013
Turnover	45.3	33.2	+36.7%	65.1
Adjusted EBITDA	5.7	1.5		4.9
Adjusted EBITDA margin	*12.6%*	*4.7%*		*7.5%*
EBITDA	5.5	1.4		4.5
Employees (annual mean)	488	420		423

This zone includes Germany, Denmark, the UK and Sweden.

United States

In the United States, business registered significant declines due to the sale of non-core telecom services business in late 2013 (€ 1.5 M of turnover in H1 2013) and the continued decline in traditional IT services. Conversely, digital business continued to register strong growth (+ 50%). The decline of adjusted EBITDA in the United States is mainly due to the consequences of the discontinuation of certain historical activities.

United States - (M€)	H1 2014	H1 2013	Change	2013
Turnover	14.3	19.3	-25.6%	36.0
Adjusted EBITDA	(1.1)	(0.4)		(0.8)
Adjusted EBITDA margin	*-7.6%*	-2.0%		*-2.2%*
EBITDA	(1.3)	(0.5)		(0.9)
Employees (annual mean)	228	291		276

Southern Europe

Business in the first half in Southern Europe was marked by a decrease of 19.0%, which reflects the reduction in billable employees in the historical IT services business. In this context, the adjusted EBITDA registered a decline over the period, to (1.1) M €.

In a still extremely unfavourable economic and political context, Valtech expects stabilization of business at the end of the 2nd half of 2014, with expected point of inflection in the 4th quarter.

Southern Europe - (M€)	H1 2014	H1 2013	Change	2013
Turnover	15.4	19.0	-19.0%	36.3
Adjusted EBITDA	(1.5)	0.2		0.9
Adjusted EBITDA margin	*-9.6%*	*0.8%*		*2.4%*
EBITDA	(1.5)	(0.0)		0.3
Employees (annual mean)	242	298		285

Rest of the world

Elsewhere in the world, the decline in revenue is directly related to the evolution of currencies and a decline in business in Southern Europe, the primary contributor to the Indian business. At constant exchange rates, turnover showed a decline of -8.5%. The adjusted EBITDA margin remained at a high level of 22.6%, reflecting the growth in digital projects entrusted to the Indian teams.

Rest of the world - (M€)	H1 2014	H1 2013	Change	2013
Turnover	4,7	6,0	-20,5%	10,2
Adjusted EBITDA	1,1	1,4		2,0
Adjusted EBITDA margin	*22,6%*	*23,1%*		*19,5%*
EBITDA	1,1	1,4		2,0
Employees (annual mean)	495	539		531

Intragroup eliminations

The intragroup turnover consists of the elimination of intragroup revenue. This revenue is eliminated in the consolidation statements.

Intragroup eliminations - (M€)	H1 2014	H1 2013	Change	2013
Turnover	(4.7)	(5.6)		(10.1)
Adjusted EBITDA	(0.3)	0.2		(0.3)
EBITDA	(0.7)	0.0		(1.6)

RECONCILIATION OF OPERATING INCOME WITH ADJUSTED EBITDA

Key figures of the group - (M€)	H1 2014	H1 2013
Operating income	1.5	0.7
Depreciation and provisions	(1.7)	(1.5)
EBITDA	3.2	2.2
Restructuring and exceptional	(0.4)	(0.5)
Share subscription warrant plan expenses	(0.3)	(0.1)
Adjusted EBITDA	4.0	2.8

PROPOSED CAPITAL INCREASE RESERVED FOR SIEGCO OF AN AMOUNT OF 27 M€

Valtech is now embarking on the third phase of its industrial project. After the turnaround and the transformation, the group intends to accelerate its development, by combining the objectives of double-digit growth in revenues with a substantial increase in profitability. Three key strategic areas underpin this new phase of development: acquisitions, opening of new offices internationally and the launch of new offerings. Valtech's ambition is to consolidate its leading position in Europe and to gain the leadership in digital and technology marketing by integrating the TOP 5 agencies at the global level.

In view of the good results delivered by the management and the teams in the first two phases of the project, SiegCo, Valtech’s majority shareholder with 56.6%, decided to support the third phase by its intention to subscribe to the reserved capital increase of € 27 million proposed by Valtech.

This capital increase, carried out at a price of € 4.30 per share, equal to the average price of the last 3 months and last 6 months, will be submitted for shareholder approval at Valtech Extraordinary General Meeting to be held on 23 October 2014 and with the approval of the Financial markets authority.

Frédéric de Mevius, President of SiegCo, declares:

"The work done by the Valtech teams since the takeover bid has been remarkable, both in terms of the vision and the execution of the transformation and development plan, despite a very volatile and challenging economic environment globally. We found, through our investments in various industries, that the digital transformation, heart of Valtech’s business, is a crucial and major issue for all companies that provide services and products to the consumer of the XXI century.

Today, we believe that Valtech has all the needed assets in terms of organisation and commercial offer to greatly accelerate its development and become one of the world leaders in a market where the cards are distributed evenly among IT services companies, communication agencies and strategy consulting firms. And despite a sharp rise in the share price since the takeover bid, we believe that the company validated our first investment theses and holds now more than ever a great potential to create value for its shareholders. It is therefore quite natural that we support the ambitions of the management by reinvesting to empower them to succeed in this new phase of the business plan."

Sebastian Lombardo, CEO of Valtech, comments:

"It is extremely exciting to approach this third phase of acceleration of Valtech’s business plan with the support of and a perfect strategic alignment of the majority shareholder, the management and teams to best serve our customers. The deep disruptions caused by the speed of technological change and the evolution of consumer behaviour offer us a fantastic development opportunity. Whether it is about infusing agility into a clients , technology marketing or multi-channel e-commerce, we have been able to anticipate these changes, build a highly relevant service offering and form teams with unique and polyform skills to infuse and accelerate the digital transformation of our clients. I therefore welcome SiegCo’s support and confidence in our plan and remain very confident about the ability of Valtech teams to continue to deliver very strong and increasingly profitable growth and create greater value for our shareholders and our employees in the years to come."

Valtech will present the details of its three-year strategic plan on 23 October 2014 during an investors meeting.

FINANCIAL CALENDAR

- Revenue of Q3 2014 (July-September) will be released on Wednesday, October 15, 2014, after market close.
- Extraordinary General Meeting of Valtech shareholders, on Thursday, October 23, 2014.
- Meeting to present the three-year strategic plan on Thursday, October 23, 2014.

ABOUT VALTECH

Valtech [Euronext Paris: FR0011505163 - LTE] is a digital marketing agency, pioneer in technology with a presence in 8 countries (France, UK, Germany, Sweden, Denmark, United States, India and Australia) and approximately 1500 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).

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