15 september 2014

2014 INTERIM RESULTS: STRONG IMPROVEMENT IN RECURRING OPERATING MARGIN

In EUR thousands	H1 2013	H1 2013 restated (*)	H1 2014	Change
Revenues	**50,216**	**46,477**	**47,958**	**+3.2%**
EBITDA	**3,705**	**4,307**	**5,729**	**+33.0%**
Recurring operating income	**1,598**	**2,373**	**3,912**	**+64.9%**
Operating income	872	2,375	3,846	+61.9%
Income from discontinued activity		(2,205)	(414)	
Group net income	**(735)**	**(735)**	**1,524**	**NS**

(*) The 2014 interim financial statements are presented in accordance with IFRS 5 (the contribution of activity in Italy before the sale is included in discontinued activity). For the purposes of comparison, the interim financial statements were restated on the same basis

The 2014 interim financial statements were approved by the Board of Directors during its Friday, September 12, 2014 meeting. The statutory auditors' review report for Audika's consolidated financial statements for the first half of 2014 is closed.

The first half of 2014 was characterized by a recovery in growth in France and by the sale of the business in Italy, a region with a structural deficit. Over the period, Audika improved its main economic fundamentals with improved margins and significant net deleveraging.

Interim revenues

In the first half of 2014, Audika Group revenues increased by 3.2% (2.2% in organic terms) to reach EUR 48.0 million. This return to growth was made possible by EUR 0.4 million in marketing initiatives over the first half in France and the Belgium.

Recurring operating income

Recurring operating income increased by 65% to total nearly EUR 4.0 million. The operating margin improved to 8.2% of revenues, with the Group directly benefiting from the leverage effect of growth on a fixed cost structure. The gross margin remained high at 83.0% of revenues (compared to 83.4% in H1 2013).

It is worth remembering that the recurring operating margin is traditionally lower in the first half due to the seasonal fluctuation of marketing expenses (57% of the annual budget is spent in the first half, a difference of EUR 1.3 million in expenses between the first and second half).

Group net income

Financial expenses totaled EUR 0.4 million. The tax expense amounted to EUR 1.5 million, including the EUR 0.5 million impact of the Italy sale. Over the first three months of the year, before the sale, activity in Italy generated a loss of EUR 0.4 million. Audika posted a consolidated net loss of EUR 1.5 million.

Sharp reduction in net debt

At June 30, 2014, Group shareholders' equity totaled EUR 64.0 million. Cash flow from operations was bolstered by net income from the Italy sale, which made it possible to significantly reduce net debt. It is now only EUR 9.4 million as of June 30, 2014. Gearing reached a historic low of 14% (compared to 32% a year earlier).

Second half 2014 outlook

Audika recently launched its second-half marketing campaign, led by the Group's new ambassador Anny Duperey, with the aim of maintaining its momentum until the end of the year. With this expected growth, the Group has also set a target of a double-digit recurring operating margin for the entire year.

Audika also confirmed that it intends to gradually begin actively developing its French network again. Negotiations are currently underway with independents. New centers are also slated to open in 2015 to expand the network's coverage.

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

Audika Group will publish its nine-month 2014 revenues on October 20, 2014 after market close.

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