



INTELLIGENT MARKETING SOLUTIONS

Paris, 27 August 2014

2014 HALF-YEAR EARNINGS SHOW GROWTH, IMPROVED PROFITABILITY AND DIGITAL ACCELERATION

Continuing growth

- Q2 gross profit up 1.3% like-for-like¹ and H1 gross profit of €36.08 M, up 1.1% like-for-like¹

Improved profitability

- H1 headline PBIT² of €6.94 M up 13.8%
- Net income of €4.42 M, up 24.9%³

Sharp acceleration in Digital

- Like-for-like¹ increase of 20.5% in digital businesses, which represent 32.2% of gross profit (28.3% at end 2013)

(in €M)	H1 2014	H1 2013 ⁵	H1 2014/H1 2013 Change
Gross profit	36.08	35.15	+2.6% based on actual data (+1.1% LFL ¹)
Headline PBIT ²	6.94	6.10	+13.8%
Operational income	7.00	5.66	+23.7%
Operating margin (%) (HPBIT/GP)	19.2%	17.3%	+190 bps
Net income	4.42	1.57	x 2.8
Adjusted net income ³	4.42	3.54	+24.9%
Cash flow	5.60	5.27	+6.3%
Net cash ⁴	28.71	25.45 ⁶	+€3.26 M

¹ Like for like (LFL): Based on a comparable scope, including the acquisition of Milky and at constant exchange rates. All like-for-like data in this document are unaudited.

² Headline PBIT: Profit before interest, tax and restructuring costs.

³ H1 2013 adjusted for the €1.97 M impairment of Mediastay shares.

⁴ Net cash (or net cash surplus): Cash and marketable securities less gross current and non-current financial liabilities.

⁵ As a result of the first application of IFRS 11 "Joint Arrangements", the POS Media (Central Europe) and RMT (France) businesses have been accounted for using the equity method since 1 January 2014. Prior to that, the proportionate method had been applied. In consequence of which the previous year financial data have been restated accordingly.

⁶ At 31 December 2013, in application of IFRS 11.

Didier Chabassieu, Chairman of the Management Board, stated: "The Group attained its top objective of continuing its growth in the first half of the year, while profitability also improved with net income up 24.9%. This growth was driven by the excellent performance of our Digital businesses, which were up 20.5%. The Group has launched new innovative solutions, forged exclusive partnerships with leading digital companies, made acquisitions and invested in start-ups. We have to accelerate further to meet our goal of generating 50% of gross profit in Digital."



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H1 2014 Financial performance

After like-for-like growth of 0.8% in Q1, business grew 1.3% like for like in Q2, representing the fifth consecutive quarter of growth.

H1 2014 gross profit totalled €36.08 M, up 1.1% like for like (up 2.6% based on actual data). In France, business growth continued, with a like-for-like increase of 3.7%. International business was down 2.6% like for like in H1 2014, falling 2.3% in Belgium and 4.3% in Spain and the United Kingdom.

Profitability improved with a 13.8% rise in headline PBIT to €6.94 M in H1 2014. Excluding the non-recurring provision of €0.50 M in H1 2013, headline PBIT increased 5.2% in H1 2014. As a result, operating margin rose 190 bps to 19.2% in H1 2014 versus 17.3% in H1 2013.

Headline PBIT increased 21.3% in France, and 7.2% excluding the non-recurring provision of €0.50 M in H1 2013.

Headline PBIT rose 1.6% internationally resulting from the sound management of operating costs.

Net income attributable to equity owners of the parent came out at €4.42 M, up 24.9% adjusted for the exceptional impairment of €1.97 M recognised in H1 2013. Net income benefited from a decrease in restructuring costs (€0.09 M in H1 2014 versus €0.44 M in H1 2013) and a drop in the effective tax rate.

HighCo delivered an EPS of €0.42 per share in H1 2014, up 25.0% and 26.4% on a diluted basis, compared to H1 2013 adjusted.

HighCo's financial structure remains strong with net cash of €28.71 M, up €3.26 M compared with 31 December 2013. Cash flow amounted to €5.60 M in H1 2014 and grew 6.3% on H1 2013. Net working capital resources rose €2.12 M to €39.66 M, mainly generated by the coupon clearing businesses.

Strategic indicators in H1 2014

Gross profit in Digital soared 20.5% on a like for like basis in H1 2014. As a result, Digital represented more than 32% of the Group's gross profit in H1 2014 (28% at end-2013). The Group aims to generate 50% of its gross profit in Digital.

The share of International business (Belgium, Spain and the United Kingdom) remained stable at 40% of the Group's gross profit in H1 2014. The Group aims to generate 50% of its gross profit internationally.

Highlights

1) Fully digital **DRIVE TO STORE** solutions grew sharply:

- Increase of 27% in the number of digital coupons issued (17.0 M) and 39% in SMS push notifications (165.2 M).
- Partnership with CRITEO: Launch of a unique retargeting solution on the consumer goods market.
- Acquisition of PRIXING: With an audience of 500,000 connected monthly shoppers, PRIXING distributes personalised, geolocalised banners and offers for brands.
- Acquisition of MILKY in early 2014, an agency specialised in social media innovation. H1 2014 gross profit rose more than 20% (2013 gross profit of more than €1.5 M).
- Strong growth (volumes up 72%) in the French Load to Card business in H1.
- Investment in a 19.6% stake in the US start-up YUZU, an exchange offering shoppers profile-based deals following their online purchases.



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2) IN-STORE solutions:

- **The proportion of digital offers out of IN-STORE solutions grew from 12.1% in H1 2013 to 14.8% in H1 2014.**
- **Strong growth in the Click & Collect business** (media offers and promotions for the leading Click & Collect sites in France). Exclusive business partnership with the start-up Prediggo to display real-time, personalised banners.
- **Targeted check-out coupons:** Casino distribution contract won in May and continued distribution at Auchan.
- **Paper coupons and media:** Continued drop in brands' investment in point-of-sale media in France and Belgium in H1. Launch in Q2 of a new business agreement with Carrefour France.

3) DATA solutions:

- **Continued digitisation:** Proportion of dematerialised coupon clearing rose from 16.2% in H1 2013 to 17.9% in H1 2014, and 119 digital cashback campaigns carried out in H1 2014 (versus 98 in H1 2013).
- **Number of coupons cleared:** Stability in France and decline in Belgium.
- **Cashback business:** Strong growth in France and stability in Belgium.

2014 guidance confirmed

HighCo confirmed the guidance announced at end-March for 2014:

- Growth in gross profit;
- Increase in operating margin (headline PBIT/gross profit);
- Double-digit growth in EPS (adjusted EPS of €0.37 in 2013);
- Capital expenditure of less than €2 M (€0.6 M in H1 2014);
- Share buybacks for less than €0.5 M (€0.02 M in H1 2014);
- Continued acquisitions and investments.

A conference call with analysts will take place on Thursday, 28 August at 10 am Paris Time. The presentation will be available online on the Company's website www.highco.com.

About HighCo

HighCo offers brands and retailers Intelligent Marketing Solutions to influence shopper behaviour with the right deal at the right time and on the right channel.

Operating in 15 countries, HighCo has nearly 900 employees. HighCo is listed in compartment C of NYSE Euronext Paris and in the Gaïa Index, a selection of 70 responsible Small and Mid Caps.



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Upcoming events

Publications take place **after market close**.

Q3 and 9-month YTD 2014 Gross Profit: Tuesday, 28 October 2014
Q4 and FY 2014 Gross Profit: Tuesday, 27 January 2015

HCO
LISTED
NYSE
EURONEXT

*HighCo is a component stock of the indices CAC® Small (CACXS), CAC® Mid&Small (CACMS) and CAC® All-Tradable (CACT).
ISIN: FR0000054231
Reuters: HIGH.PA
Bloomberg: HCO FP*

For further financial information and press releases, go to www.highco.com.

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