

Wednesday 25 February 2015

APRIL: 2014 Annual Results in line

A year of resilience and investment

- Consolidated sales of €766.3m, down slightly (0.8%) on a like-for-like basis
- Current EBIT of €76.1m, down 12.1%, while current EBIT margin remains strong at 9.9%:
 - Health & Personal Protection holds up well with current EBIT margin stable at 17.7%
 - Property & Casualty impacted this year by non-recurring expenses
- Strong balance sheet with shareholders' equity of €578.9m and minimal financial debt
- Dividend of €0.42 per share to be proposed at the AGM, representing a 47% payout ratio

Following the publication of the 2014 results, APRIL Chairman and CEO Bruno Rousset commented:

"2014 was a year of resilience and investment for APRIL. This year's results have enabled us to have a very clear view of where we stand. Over the past two years, APRIL's sector has been characterised by tightening regulations, a tough global economic environment and increased competition. Despite these conditions, our core businesses have held up well and we are seizing the opportunities provided by regulatory changes with enthusiasm and confidence. The international activities have been heavily impacted by non-recurring items last year. We need to continue our drive to adapt and streamline our business models in this sector over the next few years. We will capitalise on our strengths, in particular our capacity for segmentation, which enables us to offer bespoke solutions to many different types of customers, our reputation for quality of service and the commitment of our employees. These strengths, coupled with a management team bolstered by the appointment of Emmanuel Morandini as Deputy CEO, will enable us to get back on track towards sustainable growth."

Group (IFRS - €m)	2014	2013	Change (%)
Consolidated sales	766.3	778.6	-1.6%
Net financial income	17.3	17.2	+0.7%
Current EBIT	76.1	86.5	-12.1%
<i>Current EBIT margin</i>	9.9%	11.1%	
EBIT	69.3	84.9	-18.4%
Net income (Group share)	36.6	51.0	-28.2%
Shareholders' equity (Group share)	578.9	550.3	+5.2%
Adjusted net cash	198.6	190.5	+4.3%
Dividend per share (€)	0.42	0.50	-16.0%

Group

APRIL posted 2014 consolidated sales of €766.3m, down 1.6% from 2013 based on reported data and down slightly (0.8%) like for like. Health & Personal Protection was down 0.9% based on reported data and down 1.0% like for like. The Property & Casualty division, mainly hit by foreign currency fluctuations, was down 3.6% based on reported data and down 1.4% like for like.

As a result of the significant investment required to prepare for the future and non-recurring expenses arising from the consolidation and streamlining of our businesses, **current EBIT** fell 12.1% to €76.1m compared to 2013, as announced in our January press releases.

APRIL maintained a strong **current EBIT margin** of 9.9%, with Health & Personal Protection holding up particularly well and a slight decline in Property & Casualty, mainly due to non-recurring items.

Group non-current expenses for the year came to €6.8m and included in particular the cost of rescinding a business as general agent in La Reunion (€4.8m) and the net costs of closing our operations in Argentina, Chile, Hungary and Belarus. As a result of these events, the Group posted an **EBIT** of €69.3m, down 18.4% from 2013.

After a €30.5m corporate income tax charge, **consolidated net income** (Group share) amounted to €36.6m.

Health & Personal Protection

<i>Health & Personal Protection (IFRS - €m)</i>	2014	2013	Change (%)
Consolidated sales	493.8	498.4	-0.9%
Net financial income	11.9	11.8	+1.0%
Current EBIT	87.3	88.2	-1.0%
<i>Current EBIT margin</i>	17.7%	17.7%	
EBIT	87.0	87.6	-0.7%

The Health & Personal Protection division reported a 0.9% decline in **sales** resulting from a 2.6% fall in brokerage commissions, partially offset by a 2.0% rise in premiums.

The decrease in **brokerage commissions** is due to the Company's decision to stop capturing loss-making individual employee health insurance policies under the National Interbranch Agreement (ANI). This decline was mitigated by the strong performance of the health insurance business in the senior and self-employed market segments and the growth in mortgage and group insurance, supported by solid fundamentals and Group investment. The increase in **insurance premiums** was driven by the expansion of the individual, group and expatriate health and personal protection portfolios.

Despite the initial impact of ANI, estimated at €3.7m, and the cost of around €3.8m for setting up the new IT systems, the division posted a stable current EBIT margin of 17.7%, due in part to improvements in the risk-carrying business and the Group's operations in Switzerland and the UK.

Property & Casualty

<i>Property & Casualty (IFRS - €m)</i>	2014	2013	Change (%)
Consolidated sales	280.3	290.7	-3.6%
Net financial income	3.9	3.6	+6.2%
Current EBIT	-3.3	6.5	n/a
<i>Current EBIT margin</i>	-1.2%	2.2%	
EBIT	-9.9	5.8	n/a

In **Property & Casualty**, the 2.1% increase in **premiums** was driven by new partnerships as well as the revival of affinity member operations within the framework of a significantly reinsured model in line with Group policy.

The 3.5% like-for-like fall in **commissions** was due to the decline in revenues from the distribution network and the travel insurance and assistance business, affected by challenging economic conditions particularly in South America and Europe. This decline was partly offset by wholesale brokerage operations which delivered strong sales but were affected by increasing IT costs.

Moreover, non-recurring expenses, including the costs of restructuring and consolidating the business models of some of the foreign subsidiaries and cost related to the streamlining of our French operations, have pushed **current EBIT** into a loss.

Non-current expenses, almost exclusively borne by the Property & Casualty division, led it to record an EBIT loss of €9.9m. These expenses include the impact of the withdrawal of some countries as part of the streamlining of our mobility and assistance solutions (for example, Argentina and Chile are now being managed by our US operations).

Financial position

APRIL's balance sheet at 31 December 2014 reflects the Group's strong business model and prudent financial management: consolidated **shareholders' equity** (Group share) stood at €578.9m, up €28.6m, while **financial debt** remained immaterial at €3.7m and **net cash**, adjusted for deposit accounts held in relation to the Company's cash management policy, increased by €8.1m to €198.6m.

Dividend

In accordance with our declared policy of guaranteeing a 25% dividend payout ratio supplemented by the remaining cash surplus after coverage of capital expenditure and the previous year's dividend, a dividend of €0.42 per share for 2014, corresponding to a total dividend payout of €17.2m, will be proposed at the Annual General Meeting.

This is equivalent to a dividend yield of 3.7% over the average share price since 1 January, exceeding analysts' expectations.

Outlook

The Group starts 2015 with a strong financial position.

APRIL will pursue its strategy of being a multi-specialist operating in France and abroad by focusing on four main goals:

- To transform new regulatory requirements into opportunities, the full potential of which will not materialise before 2016,
- To develop and accelerate its multi-channel distribution strategy
- To improve profitability and boost growth of international operations
- To increase its operational efficiency

In order to achieve these goals, APRIL will capitalise on its core strengths: its capacity for segmentation, reputed quality of service and customer-centric approach, driven by a strengthened management team.

Within an overall environment that will remain demanding, 2015 will be a year of continued investment for the Group, enabling it to consolidate its business model and market positioning and ultimately return to growth.

At this early stage in the year, Group management expects current EBIT to stay relatively flat in 2015.

The 2014 results presentation will be audiocast live on Thursday 26 February at 9am on <http://groupe.april.fr/> and a replay will be available from 2pm on the same day.

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Upcoming events:

- 27 April 2015 after market close: Q1 2015 consolidated sales
- 30 April 2015: Annual General Meeting
- 27 July 2015 after market close: Q2 2015 consolidated sales

About APRIL

APRIL is an international insurance services group which has chosen innovation as the key to driving its development. Making this commitment, which means pushing boundaries and keeping things simple, has enabled it to become the leading wholesale broker in France and an international authority in the sector in less than 20 years. Over 3,800 staff members insure, advise, design, manage and distribute insurance solutions and assistance services for private individuals, professionals and businesses. APRIL reported consolidated sales of €766.3m in 2014. APRIL is listed on Euronext Paris (Segment B, SRD (deferred settlement service); eligible for the "PEA-PME" SME share savings scheme).

Regulated information is available in full from the "Finance" section on www.april.com.

Appendix 1: Summary consolidated income statement

(IFRS – €m)	2014	2013
Sales	766.3	778.6
Other operating income	28.8	27.5
Net financial income (excluding financing cost)	17.3	17.2
Total income from ordinary activities	812.4	823.2
Underwriting expenses net of reinsurance	(246.3)	(243.0)
Retrocession of commissions	(118.3)	(123.8)
Staff costs	(193.5)	(192.3)
Other purchases and external expenses	(109.1)	(113.4)
Depreciation allowance	(14.3)	(11.9)
Provisions	(18.3)	(15.3)
Other operating income and expenses	(36.5)	(37.0)
Current EBIT	76.1	86.5
Non-current income and expenses	(6.8)	(1.6)
EBIT	69.3	84.9
Financing cost	(0.0)	(0.0)
Corporate income tax	(30.5)	(32.3)
Net income from continuing operations	38.8	52.6
Net income/(loss) from discontinued operations after tax	(1.8)	(1.0)
Consolidated net income	37.0	51.6
Minority interests	0.3	0.6
Net income (Group share)	36.6	51.0

Appendix 2: Summary consolidated balance sheet

(IFRS – €m)	31 December 2014	31 December 2013
Intangible assets	268.1	265.8
Goodwill	216.3	219.9
Tangible assets	12.0	14.3
Financial investments	686.0	664.3
Reinsurers' share of underwriting provisions and financial liabilities	173.7	200.1
Other non-current assets	15.9	17.5
Total non-current assets	1,155.7	1,162.0
Receivables from insurance and accepted reinsurance operations	38.0	52.0
Receivables from ceded reinsurance operations	108.5	107.3
Trade receivables	177.1	146.2
Cash and cash equivalents	81.3	102.0
Other current assets	41.2	30.9
Total current assets	446.0	438.4
Total assets	1,601.7	1,600.4
Shareholders' equity (Group share)	578.9	550.3
Minority interests	0.4	0.9
Total shareholders' equity	579.3	551.2
Underwriting provisions for insurance policies	479.8	519.6
Provisions for contingencies and charges	21.2	19.4
Other non-current liabilities	10.9	9.6
Total non-current liabilities	511.8	548.6
Payables from insurance and accepted reinsurance operations	15.7	20.1
Current bank loans and overdraft	11.7	16.4
Payables from ceded reinsurance operations	109.4	129.5
Operating liabilities	255.2	221.0
Other current liabilities	118.7	113.6
Total current liabilities	510.6	500.6
Total equity and liabilities	1,601.7	1,600.4

Appendix 3: Summary consolidated cash flow statement

<i>(IFRS – €m)</i>	2014	2013
Net income (Group share)	36.6	51.0
Net income/(loss) from discontinued operations	(1.8)	(1.0)
Minority interest in net income of consolidated companies	0.3	0.6
Net income from continuing operations	38.8	52.6
Cash flow	39.0	78.1
Change in operating working capital	(6.8)	(9.7)
Operating cash flow from discontinued operations	0.0	(0.0)
Net cash flow from operating activities	32.2	68.4
Net investment in tangible and intangible assets	(19.9)	(19.9)
Net investment in financial assets	(12.5)	(51.7)
Net cash flow on acquisitions of consolidated companies	4.6	-
Investment in equity-accounted companies	-	(0.3)
Investment cash flow from discontinued operations	-	-
Net cash flow from investing activities	(27.8)	(71.9)
Capital increase linked to exercise of stock options	-	-
Capital increase linked to minority interests in consolidated companies	0.1	(0.0)
Purchase and sale of own shares	(0.1)	0.0
Dividends paid	(21.3)	(14.3)
Net change in borrowings	0.3	(0.5)
Financing cash flow from discontinued operations	-	-
Net cash flow from financing activities	(20.9)	(14.8)
Cash flow from discontinued operations	0.0	(0.0)
Impact of changes in foreign exchange rates	0.6	(1.5)
Change in net cash and cash equivalents	(15.9)	(19.9)