

Wednesday 2 March 2016

APRIL Group: annual results for 2015 meeting expectations in a changing environment

- Consolidated sales of €798.0m, up 4.1% on a reported basis, 4.6 % on a like-for-like basis
- Current EBIT of €73,1m, in line with trends announced previously
- Net income of €42.1m, up 14.8%
- Financial structure still as robust

APRIL achieved a satisfactory overall performance in a changing environment. The group consolidated its market positioning by keeping up an aggressive sales strategy: positive sales momentum were recorded in increasingly regulated and competitive markets, impacted in particular by the extension of group private health insurance in France.

“2015 was a year of true commitment and structuring for us. Defining our key growth levers around a strengthened management team has allowed us to make a clear assessment and set priorities for our actions and investments, which will have a major influence on the group in the coming years. Our capacity for innovation and the quality of our policy and claims handling, which are more than ever fully focused on serving our customers, should enable us to mitigate the expected decline in our current EBIT for 2016. We are confident in the strength of our group to renew with profit growth as the markets in which we operate gradually stabilise” commented APRIL Chairman and CEO Bruno Rousset.

Group (IFRS - €m)	2015	2014	Change (%)
Consolidated sales	798.0	766.3	+4.1%
Financial income	15.4	17.3	-10.9%
Current EBIT	73.1	76.1	-3.9%
<i>Current EBIT margin</i>	<i>9.2%</i>	<i>9.9%</i>	<i>-0.7 pp</i>
EBIT	71.3	69.3	+2.9%
Net income (Group share)	42.1	36.6	+14.8%
Shareholders' equity (Group share)	605.7	578.9	+4.6%
Financial debt	2.7	3.8	-23.5%
<i>% of shareholders' equity</i>	<i>0.46%</i>	<i>0.63%</i>	<i>n/a</i>
Adjusted net cash (*)	193.2	198.6	-2.7%
Dividend per share (€)	0.26	0.42	-38.1%

(*) *Adjusted net cash = Cash and cash equivalents - current bank loans and overdrafts + deposit accounts registered in the name of APRIL (classified under “Financial investments” in the balance sheet)*

The Board of Directors met on 2 March 2016 to approve APRIL's statutory and consolidated financial statements. The statutory auditors are currently in the process of completing their certification.

Group

APRIL posted 2015 consolidated sales of €798.0m, up 4.1% from 2014 based on reported data and up 4.6% like-for-like. Like-for-like sales take into account an exchange rate effect of €0.5m and a €3.6m effect linked to a change in consolidation scope. Health & Personal Protection was up 2.4% based on reported data and up 2.1% like-for-like. Property & Casualty returned to growth, with sales up 5.2% based on reported data and 6.9% like-for-like.

Financial income decreased by €1.9m due to the consistently low interest rate environment, despite the impact of currency gains mostly linked to the fall in the euro.

Current EBIT amounted to €73.1m, down 3.9% from 2014 in line with trends announced during the year.

APRIL maintained a **current EBIT margin** of over 9%. The expected slowdown in Health & Personal Protection was partly offset by the turnaround in Property & Casualty, which was mainly driven by improved performances across the APRIL Mon Assurance agency network and the restructuring of the international travel insurance business.

After non-current operating expenses of €1.8m for the year, including impairment of intangible assets and the gain resulting mainly from the disposal of our Ukrainian business, **EBIT** amounted to €71.3m, up 2.9%.

After a €29.1m corporate income tax charge, **consolidated net income** (Group share) came to €42.1m, up 14.8% from 2014 (which had been impacted by significant non-current expenses).

Health & Personal Protection division

<i>Health & Personal Protection (IFRS - €m)</i>	2015	2014	Change (%)
Consolidated sales	505.7	493.8	+2.4% +2.1% LFL
Financial income	11.1	11.9	-6.6%
Current EBIT	77.3	87.3	-11.5%
<i>Current EBIT margin</i>	<i>15.3%</i>	<i>17.7%</i>	<i>-2.4 pp</i>
EBIT	73.5	87.0	-15.5%

The **Health & Personal Protection** division reported a 2.4% increase in **sales** based on reported data, broken down into a 1.7% decrease in brokerage commissions and a 9.3% rise in premiums.

The increase in **insurance premiums** was driven by the development of individual (seniors and self-employed), group and expatriate Health & Personal Protection portfolios. It also reflects new partnerships in group health insurance portfolios linked to the French National Interbranch Agreement (ANI) and an adjustment to the reinsurance structure.

The decrease in **brokerage commissions** mainly resulted from the contraction of our individual employee health insurance portfolios in light of the new regulation on compulsory group private health insurance, which became effective on 1 January 2016. This decrease was partly offset by the excellent performance of loan insurance. Individual health insurance for seniors and the self-employed continued to perform well. Group private health insurance sales began later than scheduled, but registered a sharp increase towards the end of the year.

The division posted a current EBIT margin down 2.4 percentage points to 15.3%, due to the decrease in individual health insurance revenues, the investments made in group health insurance (process scale-up, bespoke solutions meeting new regulations and the hiring of new staff in order to maintain quality of service) and intense competition in the health insurance sector throughout the year. The group does not anticipate any changes of these parameters in 2016.

The division posted an **EBIT** of €73.5m.

Property & Casualty division

<i>Property & Casualty (IFRS - €m)</i>	2015	2014	Change (%)
Consolidated sales	294.8	280.3	+5.2% +6.9% LFL
Financial income	3.6	3.9	-7.9%
Current EBIT	5.7	-3.3	n/a
<i>Current EBIT margin</i>	<i>1.9%</i>	<i>-1.2%</i>	<i>n/a</i>
EBIT	7.6	-9.9	n/a

In **Property & Casualty**, the 13.1% increase in **premiums** was driven by growth in our highly reinsured P&C portfolios, as well as our legal protection activities.

In 2015 growth resumed in Property & Casualty **commissions** (up 0.2% based on reported data, 3.0% on a like-for-like basis). The APRIL Mon Assurance agency network reported a slight increase in sales. Our wholesale brokerage activities performed well, especially in house and motorbike insurance and the professional range. In addition, despite a challenging macro-economic environment in some countries, sales in our travel insurance activities increased slightly, particularly in North and Latin America.

Thanks to the improvement in these trends and taking into account that the 2014 financial statements were strongly impacted by non-recurring expenses, **current EBIT** in 2015 recovered to €5.7m, corresponding to a current EBIT margin of 1.9%.

Following a non-current operating income resulting mainly from the disposal of the Ukrainian business, the Property & Casualty division recorded an **EBIT** of €7.6m.

Financial position

APRIL's balance sheet as at 31 December 2015 showed a strong and healthy financial structure: **financial debt** amounted to €2.8m, less than 0.5% of **shareholders' equity** (Group share) which stood at €605.7m, up €26.8m from the previous year. Furthermore, Group **net cash**, adjusted for deposit accounts held in relation to the Company's cash management policy, amounted to €193.2m, down €5.5m over the year.

Dividend

For 2015, a dividend of €0.26 per share will be proposed by the group at the Annual General Meeting, representing a total of €10.6m, that is in line with our 25% minimum guaranteed distribution policy. This will allow the group to support the forthcoming investment programme and to ensure the adaptation and development of our business models, in a context of uncertainty.

Outlook

The fundamental changes affecting the health insurance market are putting increasing pressure on margins and lead to the reduction of APRIL's individual health insurance portfolios, a trend that is likely to continue until 2017. Together with investments required in the context of action plans currently being implemented by the group, these trends lead APRIL to anticipate a decline in its current EBIT for 2016 which could range between 8% to 12% compared to the previous year.

The teams have a clear roadmap and are focused on the strategic growth levers announced in 2015: optimising and strengthening its broker network, developing partnerships and key accounts, digitising direct distribution and improving its profitability, as well as leveraging and exporting its expertise.

APRIL relies on a very sound financial situation, which provides the group with enough resources in order to implement its strategy. The group believes that the productivity gains achieved through the process of adapting our business model initiated this year and the acceleration of the development in our key markets, notably through targeted investments, should lead to a gradual improvement in the group's financial performance.

The 2015 results presentation will be audiocast live in French on Thursday 3 March at 9.30am on www.april.com and a replay will be available from 2pm on the same day.

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Upcoming events:

- 26 April 2016 after market close: Q1 2016 consolidated sales
- 28 April 2016: Annual General Meeting, Lyon
- 31 May 2016: Open Day for analysts and investors
- 26 July 2016 after market close: H1 2016 consolidated sales

About APRIL

APRIL, an international insurance services group, has chosen innovation as the key to driving its development since it was established in 1988, by seeing insurance from the customer's perspective. Its ambition is to make insurance easier and more accessible. 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. 3,800 staff members offer, advise on, design, manage and distribute specialised insurance solutions (Health & Personal Protection, Property & Casualty, Mobility and Legal Protection) and assistance services for private individuals, professionals and businesses. APRIL operates in Europe, the Americas, Asia, Africa and the Middle East. APRIL is listed on Euronext Paris (Compartment B), and posted sales of €798.0 million in 2015.

Full regulated information is available on our website at www.april.com (investors section).

Appendix 1: Summary consolidated income statement

<i>(IFRS – €m)</i>	2015	2014*
Sales	798.0	766.3
Net financial income (excluding financing cost)	15.4	17.3
Total income from ordinary activities	813.4	783.6
Underwriting expenses net of reinsurance	(279.8)	(246.3)
Retrocession of commissions	(120.9)	(118.3)
Staff costs	(190.4)	(190.8)
Other purchases and external expenses	(105.3)	(102.4)
Depreciation allowance	(15.4)	(14.3)
Provisions (net of reversals)	(0.5)	(5.8)
Other operating income and expenses	(28.0)	(29.7)
Current EBIT	73.1	76.1
Changes in goodwill	(1.6)	(0.0)
Non-current income and expenses	(0.2)	(6.8)
EBIT	71.3	69.3
Financing cost	(0.0)	(0.0)
Share of companies integrated on an equity basis	(0.1)	(0.0)
Corporate income tax	(29.1)	(30.5)
Net income from continuing operations	42.1	38.8
Net income/(loss) from discontinued operations after tax	(0.0)	(1.8)
Consolidated net income	42.1	37.0
Minority interests	0.0	0.3
Net income (Group share)	42.1	36.6
Earnings per share (in €)	1.04	0.90

* The presentation of the income statement has changed. Operating income that does not correspond to revenue derived from third parties (capitalised production, provision reversals, etc.) is now deducted from the corresponding expenses. This change has had no impact on current EBIT.

Appendix 2: Summary consolidated balance sheet

(IFRS – €m)	31 December 2015	31 December 2014
Intangible assets	278.5	268.1
<i>Goodwill</i>	220.1	216.3
Tangible assets	12.1	12.0
Financial investments	655.6	686.0
Reinsurers' share of underwriting provisions and financial liabilities	206.9	173.7
Other non-current assets	24.0	15.9
Total non-current assets	1,177.1	1,155.7
Receivables from insurance and accepted reinsurance operations	79.1	38.0
Receivables from ceded reinsurance operations	63.5	108.5
Trade receivables	199.2	177.1
Cash and cash equivalents	101.8	81.3
Other current assets	40.6	41.2
Total current assets	484.1	446.0
TOTAL ASSETS	1,661.2	1,601.7
Shareholders' equity (Group share)	605.7	578.9
Minority interests	0.9	0.4
Total shareholders' equity	606.6	579.3
Underwriting provisions for insurance policies	475.8	479.8
Provisions for contingencies and charges	26.9	21.2
Deferred tax liabilities	9.7	7.2
Financial debt	2.7	3.7
Total non-current liabilities	515.2	511.8
Payables from insurance and accepted reinsurance operations	43.1	15.7
Current bank loans and overdrafts	18.4	11.7
Payables from ceded reinsurance operations	101.3	109.4
Operating liabilities	268.2	255.2
Other current liabilities	108.5	118.7
Total current liabilities	539.5	510.6
TOTAL EQUITY AND LIABILITIES	1,661.2	1,601.7

Appendix 3: Summary consolidated cash flow statement

<i>(IFRS – €m)</i>	2015	2014
Net income (Group share)	42.1	36.6
Net income/(loss) from discontinued operations	(0.0)	(1.8)
Minority interests in net income of consolidated companies	0.0	0.3
Net income from continuing operations	42.1	38.8
<u>Cash flow</u>	<u>24.5</u>	<u>39.0</u>
Change in operating working capital	7.6	(6.8)
Operating cash flow from discontinued operations	0.0	0.0
Net cash flow from operating activities	32.1	32.2
Net investment in tangible and intangible assets	(25.2)	(19.9)
Net investment in financial assets	27.9	(12.5)
Net cash flow on acquisitions of consolidated companies	(3.3)	4.6
Investment in equity-accounted companies	(0.2)	-
Investment cash flow from discontinued operations	-	-
Net cash flow from investing activities	(0.8)	(27.8)
Capital increase linked to exercise of stock options	-	-
Capital increase linked to minority interests in consolidated companies	0.0	0.1
Purchase and sale of own shares	0.1	(0.1)
Dividends paid	(17.7)	(21.3)
Net change in borrowings	(0.1)	0.3
Financing cash flow from discontinued operations	-	-
Net cash flow from financing activities	(17.7)	(20.9)
Cash flow from discontinued operations	0.0	0.0
Impact of changes in foreign exchange rates	0.1	0.6
Change in net cash and cash equivalents	13.8	(15.9)