

Press Release

Paris, Wednesday, 14 March 2018
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Acquisitions in China

Artefact extends footprint in Asia

Artefact (FR0000079683 – ALNBT – eligible for French SME equity savings plan “PEA-PME”) today announced the acquisitions of 8 Matic and its affiliates operating under the NetBooster brand. After opening subsidiaries in Hong Kong, Singapore, Malaysia and Australia last year, these acquisitions represent a major move forward for the Group in its involvement on the fast-growing Asia-Pacific markets.

Growth nearing 30% and solid profitability

8 Matic and its affiliates have proven expertise in the digital field, offering a blend of consulting, media activation and creative services. Founded in 2010 by Pascal Duriez and Jo Chan Kue, the companies operate in Shanghai, Hong Kong and Seoul. With over 80 employees, they delivered a gross margin of €3m in 2017, implying organic growth of 30% relative to 2016. Profitability was also assured with historical EBITDA of over 10%. With 8 years of knowledge gained on the Chinese digital ecosystem, they are widely recognised among the global advertising brands operating in Asia, including Pernod Ricard, DFS, Dior, Hugo Boss, Finnair, Bic, English First, RedBull, Merck, Club Med, Cebu Pacific Air, and Huawei...

Subsequent to the transaction, Artefact will take a majority stake in 8 Matic and in its affiliates. The agreement provides for a strengthening in Artefact's stake over the next four years, after which Artefact will have full ownership. Artefact already has a 19% stake in one of the acquired companies since 2010.

Pascal Duriez will play a pivotal role in Artefact's expansion in the Asia-Pacific zone. He has therefore been appointed CEO of Artefact for APAC and is joining the Group's Strategic Committee which is composed of Guillaume de Roquemaurel (CEO Artefact Group), Vincent Luciani (COO Artefact Group), Philippe Rolet (CTO Artefact Group), Matthew Phelan (CEO 4Ps), Julius Ewig (CEO Metapeople Allemagne), Kristoffer Ewald (CIO Artefact Group), Lennert De Rijk (CEO BeNeLux & Nordics), Jan Klawer (CEO MENA).

Commenting on the transaction, Pascal Duriez says: *“I am delighted to be joining the Group. The combination of our expertise and expanded footprint in accelerating markets offers us enormous potential for growth. Previous joint campaigns have already demonstrated to us the power of our merged strengths. When you share the same culture on Data, Media and Creativity, adding a deep understanding of the Chinese and APAC markets makes a lot of difference. We are now in working order to go faster and further across all APAC markets.”*

A decisive milestone in Artefact’s expansion in Asia Pacific

Having opened subsidiaries in Hong Kong, Singapore, Malaysia and Australia last year, the operation will bolster Artefact’s position in the Asia-Pacific zone, giving it a headcount of over 100 employees with which to address that market.

Fresh technological expertise, high potential for serving western clients

With these acquisitions, Artefact will reinforce its knowledge of the Asian technological ecosystem thanks to strong partnerships established with BAT (Baidu, Alibaba, Tencent) in terms of inventory, data, tracking and media activation. This enhanced expertise will give Artefact the capacity to unlock sizeable commercial synergies with its international network and extend its potential to work with western clients in the Asia-Pacific zone.

A strategic position from which to take advantage of burgeoning Asian brands

This transaction will also put Artefact in an ideal position to take advantage of burgeoning local demand. An increasing number of advertising brands are seeking to integrate expertise in data consulting, digital marketing and Artificial Intelligence into their campaigns. As an illustration, Chinese digital advertising expenditures have risen by nearly 18% against +7.7% on the North American continent. They should reach nearly 100 billion dollars in 2020¹. Thanks to its direct presence in the region, Artefact will be able to take full advantage of this underlying trend.

Meanwhile, big Asian brands with a strong presence in their continent of origin have set out to conquer western markets and this effort is poised to gain traction over the next few years. Once again, Artefact now has all the strengths needed to exploit this considerable growth potential in full.

In the words of Artefact CEO Guillaume de Roquemaurel: *"China is shaping up to be one of the most developed countries in the world in terms of digital adoption and expansion. In 2017, Chinese online sales increased by more than 17% from 2016 and the country is now the first e-commerce market in the world with a turnover of €440bn. All of which offers extensive opportunities to be exploited and we fully intend to grab them by stepping up our expansion in this promising market. The transaction announced today is perfectly consistent with this offensive strategy, which should enable us to unlock strong growth in this market as of 2018."*

¹ Statista Digital Economy Compass

Financial calendar (after market):

25 April 2018

2017 Results and Q1 2018 Gross margin

24 July 2018

Q2 2018 Gross margin

23 October 2018

H1 2018 Results and Q3 2018 Gross margin

END

About Artefact | artefact.com

Artefact embodies the perfect combination of marketing and engineering experts. Nominated innovative agency of the year in 2017, the agency works with some of the biggest advertising brands to invent the future of customer experience through new technologies. The agency has almost 1,000 employees across 17 countries worldwide, delivering three complementary solutions: Data Consulting, Digital Marketing Expertise and Technology Deployment (Big Data and Artificial Intelligence). Its 600 active clients include more than 100 blue-chip accounts, such as Orange, Carrefour, Emirates, Deutsche Telekom, and Monoprix, all of which attracted by the agency's cutting-edge expertise. Artefact was founded by three alumni of the prestigious Ecole Polytechnique engineering school in Paris: Vincent Luciani, Philippe Rolet and Guillaume de Roquemaurel. It has been enjoying extremely robust growth since it was founded in 2015 and succeeded in tripling its sales in 2016. In September 2017, the agency merged with French listed company NetBooster, an international network of digital agencies run by data and media experts.

Artefact was awarded the Grand Prix d'Honneur at this year's Data Festival and obtained FrenchTech's official diploma for "hyper-growth" French companies awarded by the French Secretary of State for Digital Affairs, Mounir Mahjoubi.

For more information:

Financial Communications

ARTEFACT
Guillaume de Roquemaurel
Tel. 00 33 (0)1 40 40 27 00
<mailto:investor-relations@artefact.com>

Press Contact

ACTIFIN
Stéphane Ruiz / Victoire Demeestere
Tel. 00 33 (0)1 56 88 11 11