

H1 2019 results
EBITDA at 10.2%, up 2.8%
Still on the growth path
Investing to build the future

Infotel's financial statements for the first half of 2019 were approved by the Board of Directors at its meeting of 18 September 2019. These results were subject to a limited review by the Statutory Auditors.

International accounting standard IFRS 16, concerning the treatment of leases in the consolidated financial statements, came into force on 1 January 2019. The Group chose to apply this standard using the simplified retroactive approach, in which there are no adjustments for the previous year. Note that the implementation of this standard requires a change in the presentation of the consolidated financial statements as at 30 June 2019, with the balance sheet showing a liability in respect of future lease payments and an asset in respect of rights-of-use. On the income statement, the lease expense previously recognised under operating costs is now to be recognised partly as a depreciation charge and partly as a financial cost.

In €m, at 30 June (Audited accounts)	H1 2019 IFRS 16	H1 2018	Change	Impact IFRS 16
Consolidated revenue	122.3	115.2	+6.2%	
<i>o/w Services</i>	<i>118.2</i>	<i>110.5</i>	<i>+7.0%</i>	
<i>o/w Software</i>	<i>4.1</i>	<i>4.6</i>	<i>-11.3%</i>	
Personnel expenses	(54.0)	(51.7)	+4.4 %	
External expenses	(53.5)	(49.0)	+9.7%	
EBITDA⁽¹⁾	12.5	12.2	2.8%	1.3
<i>as % of revenue</i>	<i>10.2%</i>	<i>10.6%</i>		
Depreciation, amortisation and provisions	(3.0)	(1.6)		1.3
Current operating income	9.5	10.7	-11.1 %	
<i>as % of revenue</i>	<i>7.8%</i>	<i>9.2%</i>		
Operating income	9.5	10.9	-12.4%	
Financial result	(0.03)	0.05		
Income tax	(4.3)	(3.8)	+18.8%	
Group net income	5.0	7.1	-29.5%	
<i>as % of revenue</i>	<i>4.1%</i>	<i>6.1%</i>		

(1) EBITDA is calculated as follows: Current operating income + depreciation, amortisation and provisions - provisions for current assets + provisions for litigation + amortisation of French research tax credit (CIR) + provisions for pensions.

Strong business momentum

Infotel chalks up revenue growth of **6.2%** to **€122.3m**, with one less billable day relative to H1 2018. This compares to an average market growth rate of 4.2% in 2019.

The **Services** arm records revenue of **€118.2m, up 7.0%**, driven by the roll-out of new digital transformation projects and new service centres, particularly in the Banking and Industrial sectors.

The recruitment market remains tight and the Group took several steps to enhance its appeal to new talent during the first-half period. **Infotel** had an average headcount of 1,721 employees at 30 June 2019 and its inter-contract rate remained low, at 2%.

As at 15 September 2019, the number of net recruitments made by the Group for the month underway stood at 45.

The **Software** business records sales of €4.1m, down 11.3% relative to the previous half-year period and including €2.3m in royalties from IBM.

Investments made in H1 to prepare for the future

Operating income comes to €9.5m in H1 2019 (compared to €10.9m in H1 2018), implying a slight decline of €1.4m. This is notably due to the free shares granted to company managers to secure and strengthen their position as Group executives. The cost of allocating these free shares is €1.6m in H1 2019. Excluding this factor, current operating income would have increased slightly, by €0.29m. Note also that the application of IFRS 16 increases current operating income by €119K, which corresponds to interest income. Group net income thus comes to €5.0m.

Robust financial structure

The balance sheet totals €173.8m at 30 June 2019, compared with €154.9m at 30 June 2018.

Shareholders' equity climbs to €82.7m, from €79.3m a year earlier.

Following the application of IFRS 16, the Group records a higher level of non-current assets, taking into account rights-of-use for a net amount of €13.3m.

The Group has no financial debt at 30 June 2019.

Its cash position increases to €62.5m by the end of H1 compared with €59.5m in the first half of 2018.

Upbeat on 2019

In a still dynamic market, and despite difficult recruitment conditions, the Group confirms its target to outpace the market growth rate while maintaining a high level of operating profit.

Upcoming events:

Publication of Q3 2019 revenues: 23 October 2019 after market close

About Infotel

Listed on Compartment B of Euronext Paris since January 1999 (ISIN code FR0000071797), **Infotel** specialises in information management systems for major accounts, from mobile to very high-volume databases (Big Data). Operating at the forefront of technological innovation, **Infotel** develops its expertise across two complementary divisions: IT services and software publishing. **Infotel** posted revenue of €231.7 million in 2018 and employs over 2,500 people.

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