



Half year results 2020: Net margin rate stable at 9.7%

	H1 2019	H1 2020	Change
REVENUE	84.8	78.5	-7.4%
EBITDA % of revenue	21.5 25.4%	18.4 23.4%	-14.6%
OPERATING PROFIT % of revenue	13.3 15.7%	9.8 12.5%	-26.4%
NET INCOME % of revenue	8.2 9.7%	7.6 9.7%	-7.4%

Rounded, audited figures (€M)

Neuilly-sur-Seine, September 9, 2020 – Linedata (LIN:FP), a global solutions and outsourcing services provider for asset management, insurance, and credit professionals, showed a moderate decline in its profitability indicators for the first half of 2020 in a global economic environment impacted by the Covid-19 health crisis.

The Group achieved half-year revenues of €78.5 million, down 7.4% compared to the first half of 2019. This erosion of revenue is more pronounced in client segments that rely more heavily on consulting and customization resources, due in particular to difficulties for employees to access client sites. Conversely, SaaS (Software-as-a-Service), recurring license rental fees and maintenance are trending well with an overall growth of €1.4 million in recurring income to €64.5 million, representing 84% of total turnover.

EBITDA stood at €18.4 million, down 14.6% compared to the first half 2019. The €3.1 million decrease is explained, on the one hand, by the contraction in half-yearly revenue and, on the other, by Linedata's desire to retain its talents and accelerate the major transformation projects of the Group's offerings. As a result, many consulting and research resources were reallocated to strategic R&D projects focused on the future. This figure also includes €1.0 million in restructuring costs. The EBITDA margin remains robust at 23.4%, down only 2 points compared to the first half of 2019.

EBITDA margin analysis

EBITDA Margin Rate	H1 2019	H1 2020
Asset Management (*)	25.2%	24.9%
Lending & Leasing	25.6%	19.7%
Total	25.4%	23.4%

(*) The "Other" segment consisting of insurance and retirement savings has been integrated into Asset Management



For the first half of 2020, the Asset Management segment posted a more-or-less stable margin rate, close to 25%, despite the decrease in revenue. This good performance is explained by the proportion of recurring income in the business model, which contributes more strongly to profitability.

Conversely, the EBITDA margin for the Lending & Leasing business line, with revenue declining 17.7%, was down around 6 points.

Result analysis

Operating Income reached €9.8 million, down 26.4%, due to exceptional provision reversals in 2019.

Financial income amounted to -€1.0 million compared with -€1.9 million last year. The improvement is mainly due to exchange rate effects. The €1.2 million tax on profits was down €2.0 million compared to the same period in the previous fiscal year, due in particular to the implementation in France of the IP Box system, which allows income from software protected by copyright to benefit from taxation at a reduced rate of 10%.

Net result for the first half of 2020 amounted to €7.6 million, i.e. a net margin rate of 9.7%, stable compared with first half of 2019.

Balance sheet analysis

As of June 30, 2020, shareholders' equity represented €116.5 million, down €2.1 million compared with the situation at December 31, 2019. This decrease reflects the dividend to be paid in the amount of €6.3 million and the acquisition of the company's own shares for the amount of €1.2 million.

The Group continued its deleveraging efforts in early 2020. Net debt, excluding the impact of IFRS 16 rental liabilities, totaled €65.2 million, down €11.6 million from the end of the previous fiscal year. This represents 1.7 times the EBITDA (on sliding 12-month basis).

Outlook

The Group anticipates a better trend for revenues in the second half of the year and an improvement in its operating margin.

Next announcement: 3rd quarter 2020 revenue, on October 21, 2020

ABOUT LINEDATA

With 20 years' experience and 700+ clients in 50 countries, Linedata's 1300 employees in 20 offices provide global humanized technology solutions and services for the asset management and credit industries. Linedata supports corporate development and boosts its clients' growth.

Linedata's 2019 revenue was €169.7 million. Linedata is listed on Euronext Paris compartment B FR0004156297-LIN – Reuters LDSV.PA – Bloomberg LIN:FP

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