

ADLPartner: NINE-MONTH NET SALES STABLE AT €99.1M (-1%) GROWTH RESUMED IN THE THIRD QUARTER

The ADLPartner Group is reporting 2020 third-quarter net sales¹ of €34.2m, up 3.2% from the same period in 2019, with a gross sales volume² of €70.2m, up 1.7%. For the first nine months of 2020, net sales came to €99.1m, down 1% compared with €100.1m for the same period in 2019, while the gross sales volume contracted 1.6% to €206.8m.

Since the start of the year, the Group has been affected by the Covid-19 pandemic, but has demonstrated its ability to withstand the crisis, in terms of both operational and financial aspects. The third quarter shows signs of an upturn, including the development of the digital marketing business, which continues to represent a growing percentage of the Group's activities, climbing to 37.3% in the third quarter (35.0% for the first nine months of 2020).

The Group's sales were also marked by the planned shutdown of the France Abonnements business, with a -€6.2m impact on net sales for the first nine months of 2020.

The quarterly change in the Group's sales for each business line is presented below:

Gross sales volume			
€m	2020	2019	Change
1st quarter	72.7	70.3	+3.4%
2nd quarter	63.9	70.7	-9.7%
3rd quarter	70.2	69.0	+1.7%
Nine-month total	206.8	210.1	-1.6%
<i>Of which:</i>			
Magazines	161.7	172.7	-6.4%
Digital marketing	40.8	33.4	+22.2%
Insurance	4.2	4.0	+6.8%

Net sales			
€m	2020	2019	Change
1st quarter	35.6	33.5	+6.3%
2nd quarter	29.3	33.4	-12.5%
3rd quarter	34.2	33.2	+3.2%
Nine-month total	99.1	100.1	-1.0%
<i>Of which:</i>			
Magazines	60.3	68.1	-11.4%
Digital marketing	34.7	28.2	+23.2%
Insurance	4.0	3.8	+6.6%

The breakdown of the Group's sales for each region is as follows:

At September 30 (€m)	2020	2019	Change
Gross sales volume	206.8	210.1	-1.6%
France	197.0	200.1	-1.5%
Iberia	9.7	10.0	-2.2%
Net sales	99.1	100.1	-1.0%
France	90.5	91.5	-1.1%
Iberia	8.6	8.5	+0.8%

Magazines: robust performance by continuing operations

Net sales for the magazines business			
€m	2020	2019	Change
1st quarter	21.5	23.5	-8.2%
2nd quarter	18.8	22.3	-15.8%
3rd quarter	20.0	22.3	-10.3%
Nine-month total	60.3	68.1	-11.4%

Net sales for the open-ended subscription business came to €53.1m, down 2.7% from 30 September 2019. Following a second quarter significantly affected by the restrictions linked to the health crisis, the reactivation of certain partnership campaigns that had been suspended enabled sales to stabilize in the third quarter. The subscription portfolio at 30 September 2020 totaled 2.6 million units, with a limited year-on-year contraction of 0.7%.

Net sales for the fixed-term subscription lines and the books, merchandise, audio and video range came to €7.6m, down -43%, taking into account the planned end of sales under the France Abonnements brand since the second quarter of 2020.

In units	30 Sep 2020	30 Sep 2019	Change
Active open-ended subscriptions	2,628,597	2,648,178	-0.7%

Insurance: effectively managed growth

Net sales for the insurance business			
€m	2020	2019	Change
1st quarter	1.2	1.2	+0.5%
2nd quarter	1.4	1.4	+3.9%
3rd quarter	1.4	1.2	+15.6%
Nine-month total	4.0	3.8	+6.6%

Net sales for the subsidiary ADLP Assurances (€4.0m) are up 6.6% compared with 30 September 2019. Sales were buoyed by the resumption of the recruitment of new customers during the third quarter and the development of the policyholder portfolio.

Digital marketing: return to strong growth

Net sales for the digital marketing business			
€m	2020	2019	Change
1st quarter	12.9	8.8	+46.0%
2nd quarter	9.1	9.8	-7.0%
3rd quarter	12.8	9.6	+33.0%
Nine-month total	34.7	28.2	+23.2%

The digital marketing business (marketing services and consulting) recorded 23.2% net sales growth for the first nine months of the year, with the gross margin³ up 18.0%. Third-quarter sales were driven by the resumption of certain advertisers' budgets within a global context that is nevertheless still uncertain.

The consulting business confirmed the robust development of the subsidiary Convertéo, whose gross margin grew 26.8% over the first nine months of the year to €13.6m.

The marketing services business in France was affected by the contraction of marketing efforts for several customers, with its gross margin at end-September down 3.5% to €3.9m, including a +€0.6m scope effect linked to the acquisitions of Ividence's assets in February, the company AWE in July and Pschhh's assets in August. In Spain, the business shows more positive trends, with its gross margin climbing 15.7% to €3.9m, following a significant upturn in operations in the third quarter.

Gross margin for the digital marketing business			
At September 30 (€m)	2020	2019	Change
Consulting - France	13.6	10.7	+26.8%
Marketing services – France	3.9	4.0	-3.5%
Marketing services – Iberia	3.9	3.4	+15.7%
Total digital marketing	21.5	18.2	+18.0%

Governance

As indicated previously on 25 September, the Management Board, as agreed with ADLPartner's Supervisory Board, decided to propose the transformation of the Company's governance structure at the general meeting on 11 December 2020. Subject to this proposal being approved by shareholders, the current dual structure based on a Supervisory Board and Management Board will be replaced by an organization with a Board of Directors.

This proposed modification is in line with the Group's commitment to simplifying its operational decision-making processes, while updating its strategy and organization around six business divisions.

A proposal will be submitted at the general meeting to appoint three new directors: Ms Delphine Grison, Mr Stéphane Treppoz and Mr Xavier Gandillot. It will also be proposed to reappoint the Supervisory Board members, with the exception of Mr Xavier Bouton and Ms Isabelle Spitzbarth, who had previously indicated that they wished to resign from their positions for personal reasons.

Outlook

In an uncertain economic environment, the Group is optimizing its commercial investments in its magazine and insurance activities to support its portfolios generating recurrent revenues. Alongside this, it is capitalizing on its financial resources to sustainably strengthen its position as a major player for data and digital marketing in Europe thanks to an aggressive external growth strategy.

Next dates

- General Meeting on 11 December 2020
- 2020 full-year net sales on 26 February 2021 (after close of trading)

ADLPartner in brief

With its extensive cross-channel marketing track record and deep data expertise, the ADLPartner Group designs, markets and implements customer acquisition, loyalty and relationship management services on its own behalf or for its partners across all distribution channels. The Group works with 50% of the companies from the CAC 40 and large numbers of mid-market firms. The ADLPartner Group recorded net sales of €139m in 2019 and employs more than 500 people.

ADLPartner is listed on the regulated market Euronext Paris – Compartment C.
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¹ Net sales (determined in line with the French professional status for subscription sales) only include the amount of remuneration paid by magazine publishers; for subscription sales, net sales therefore correspond to a gross margin, deducting the cost of magazines sold from the amount of sales recorded. For acquisition and management commissions linked to sales of insurance policies, net sales comprise current and future commissions issued, acquired by the accounting reporting date, net of cancellations.

² Gross sales volume represents the value of subscriptions and other products sold. It is equal to net sales for the insurance business.

³ The gross margin for the digital marketing business represents the total amount of net sales (total invoices issued: fees, commissions and purchases charged back to customers) less the total amount of costs for external purchases made on behalf of customers.