



Press release

Emakina Group Results 2018: Sustained growth in activities and improved operating margin

Income of EUR 92,389,601, up 15.0%;
EBIDTA of EUR 6,107,455, growth of 6.6%

BRUSSELS, 29 March 2019 (Embargo: 5.40 PM CET) – Emakina Group (Euronext Growth Brussels: ALEMK) announces its 2018 annual results today.

1. Key figures for 2018

In thousands of EUR	2018	2017	Variation
Income	92,390	80,305	+15.0%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	6,107	5,727	+6.6%
Operating margin %	6.7%	7.1%	
Result before tax	1,093	1,239	-146
Net result	57	32	+25

2. Key events in 2018

a) New business

In 2018, many national and international companies chose an Emakina agency as their partner. These include: Arçelik, ATPS, Bardahl, Beko, Brady Seton, Comdata Group, ECCO, Fermacell, Frankstahl, Groupe Descamps, Hema, Hutchison 3G, Kastner & Öhler, KitchenAid, Longchamp, LuLu Hypermarkets, Micromania-Zing, Omron, Pierre Hardy and REWE/Öcard.

b) Continued acquisitions

In February 2018, Emakina Group acquired 100% of the shares in the New York agency Karbyn, with a staff of ten, through its subsidiary The Reference, based in Ghent, Belgium.

This transaction reflects Emakina's growth ambitions in the US and offers new opportunities for attracting international clients in search of top-quality support in the US. The price of the transaction will be based on the operating results recorded over the first five years.

In March 2018, Emakina Group took control of 100% of the capital of WittyCommerce, through its Turkish subsidiary Emakina.TR, established in Izmir. With this acquisition, Emakina Group further confirms its ambitions in the region. As a reminder, the 30 experts at WittyCommerce have been sharing their experience in strategy and development of e-commerce websites with Emakina through a commercial partnership since 2016. The price of the transaction will be based on the operating results recorded over the first five years.

c) Internationalisation

In geographic terms, sales ‘outside Belgium’ increased by over 18.5% during 2018 as a whole and now account for 63% of the consolidated income, compared with 61% in 2017.

This trend is accelerating as a result of the group's expansion strategy, particularly in Turkey and the UAE, where Emakina's Asia Headquarters are to be set up in 2019. The new offices in New York are another example of the group's international ambition.

d) Integration and processes

In 2018, Emakina Group continued to invest in integration and synergies between the entities in its network, particularly in the Netherlands, where the new centralised management platform for projects combined with the new version of the ERP is to be deployed at the end of the year and then extended to the group as a whole.

In this context, Emakina Group continues to strengthen its teams and organises regular coordination meetings and training sessions to better share best practices. Finally, the Emakina teams made substantial efforts to ensure that its processes comply with the new European General Data Protection Regulation (GDPR).

e) Talents

The management of human capital remains a key element in the group's further development.

With more than 900 talents in the organisation, the management's priority is to attract the best people and accompany them in their career, while maintaining a subtle balance between the skills required by clients and technological progress and the need to keep costs under control.

f) Partnerships

Through its commercial partners, Emakina Group continues to offer its clients a wide geographic scope combined with in-depth local knowledge: Air (Belgium), Asiance (South Korea, Japan) Bubblegum (Spain); Domino (Italy); Metia (Great Britain, United States and Singapore); Portalgrup (Turkey), and SinnerSchrader (Germany).

g) Prizes and awards

In 2018, Emakina won over 30 awards (SIA, AVA, Best of Web, Communicator, W3, SWEDMA, Technology Partner, etc.) for various projects related to web-building, e-commerce, user experiences, video, design, content and creativity and platform integration, emphasising the quality of the group's services.

3. General comments

Sustained growth in activities globally and at constant scope

In 2018, Emakina Group's consolidated sales amounted to EUR 92,389,601 compared with EUR 80,304,612 the previous year, an increase of 15.0% (+13.0% at constant scope), boosted in particular by 18.5% growth in activities outside Belgium.

Almost 7% growth in EBITDA

The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 6,107,455 (EUR 6,314,831 at constant scope) in 2018, compared with EUR 5,726,817 in 2017, an increase in absolute terms of 6.6% (+ 10.3 at constant scope). Expressed as a percentage of total sales, EBITDA evolved from 7.1% to 6.7% (7.0% at constant scope) between 2017 and 2018.

This development in the operating profitability can be attributed in particular to stable prices, a better occupancy rate, improved production efficiency and a cost structure under control.

Slight increase in current profit and positive net result

The current profit before tax amounted to EUR 1,383,048 in 2018, up 1% compared with 2017, mainly owing to the development of the operational performance, the increase in the amortisation of goodwill linked to the group's external growth strategy and to the decrease in the financial result, mainly due to the fall of the Turkish lira.

The net profit in 2018 (EUR 56,727) may be attributed to the development of the current profit and non-recurrent charges linked in particular to commercial disputes, partially offset by a lighter tax burden. This net profit helps to maintain the group's equity base.

As a reminder, the amortisation of goodwill (which is compulsory under Belgian accounting standards) had a negative impact of EUR 2,553,237 on the company's net result in 2018, compared with EUR 2,390,944 in 2017 further to the development of the group's scope. This element of Belgian accounting law, which imposes systematic amortisation (booked under financial charges), weighs significantly on the consolidated net result.

4. Financial health

The group maintained its financial stability in 2018 thanks to an increase in net profit, a level of financial indebtedness in line with its internationalisation strategy and the availability of credit lines in proportion to the development of the activities. It is important to keep an eye on the impact of the growth on working capital requirements.

5. Events after closure

There are no events after closure to be mentioned.

6. Outlook for 2019

Based on current commercial indicators and the existing scope, Emakina Group is expecting one-digit growth of its consolidated income in 2019.

7. Statement from the company directors

The Board of Directors of the company declares that, to the best of its knowledge, the condensed and consolidated financial statements as at 31 December 2018, established in accordance with Belgian accounting standards, give a true and fair view of the assets, financial status and results of Emakina Group. The annual financial report contains an accurate description of the information that must be included in it.

8. Miscellaneous

Auditor's report

The auditor has confirmed that his audit of the consolidated accounts is complete in terms of substance and has not revealed any significant adjustment to be made to the accounting data presented in the annual report.

Belgian accounting standards

All the consolidated figures set out in the appendices have been established in accordance with Belgian accounting standards (in particular as regards the mandatory amortisation of goodwill). These figures provide a summary of the financial results that are presented in detail in the 2018 annual report.

Shareholders' diary 2019

1 April 2019	Annual report 2018 (brochure)
23 April 2019	General meeting of shareholders
27 September 2019	Publication of first half-yearly results 2019

ABOUT EMAKINA GROUP

Emakina Group (ALEMK:BBK) is a leading independent European digital agency group with global reach.

More than 900 technology and marketing experts in 12 countries work in concert with their clients to grow their business and brand value. Together, they gain the necessary user insights to develop highly effective strategies and creations. These include cutting-edge applications, websites, e-commerce projects, impactful content and campaigns.

Emakina Group is listed on Euronext Growth Brussels (ISIN BE0003843605) and reported sales of EUR 80,3 million in 2017 and EUR 46,8 million for H1 2018.

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In accordance with the Euronext Growth Brussels regulations, all the regulated information is included in the Emakina Group annual financial report 2018, which contains all the regulatory information, available on our website www.emakina.com (section “Financial - Reports”).

CONSOLIDATED FIGURES 2018 – EMAKINA GROUP SA

CONSOLIDATED INCOME STATEMENT (EUR) *	31/12/2018	31/12/2017	31/12/2016
SALES AND SERVICES	92,389,601	80,304,612	77,339,180
Turnover	91,972,627	75,916,133	73,987,356
Variations in projects in progress	-1,451,203	1,210,431	656,683
Capitalised production	439,660	999,717	149,075
Other operating income	1,428,517	2,178,331	2,546,066
OPERATING CHARGES (BEFORE AMORTISATION)	-86,282,146	-74,577,795	-71,938,696
Purchase of equipment and services linked to sales	-39,612,198	-34,115,576	-33,845,013
Staff costs	-46,357,109	-40,302,954	-37,913,614
Other operating charges	-312,839	-159,265	-180,069
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION = EBITDA	6,107,455	5,726,817	5,400,484
AMORTISATION AND DEPRECIATION	-1,637,892	-1,581,827	-1,408,302
Amortisation of intangible and tangible fixed assets	-1,729,416	-1,438,455	-1,400,682
Depreciation of trade receivables	12,948	-58,166	-1,230
Provisions for liabilities and charges	78,576	-85,206	-6,390
OPERATING PROFIT	4,469,563	4,144,990	3,992,182
FINANCIAL RESULTS	-533,278	-378,316	-98,864
Financial income	1,375,494	778,476	633,775
Financial charges	-1,908,772	-1,156,792	-732,639
CURRENT PROFIT BEFORE AMORTISATION OF CONSOLIDATION DIFFERENCES	3,936,285	3,766,674	3,893,318
AMORTISATION OF GOODWILL **	-2,553,237	-2,390,944	-1,944,636
CURRENT PROFIT	1,383,048	1,375,730	1,948,683
NON-RECURRING RESULT	-289,816	-136,583	63,351
RESULT BEFORE TAXES	1,093,232	1,239,147	2,012,033
DEFERRED TAXES	970	970	5,465
INCOME TAX	1,037,475	-1,207,911	-867,078
SHARE IN THE RESULTS OF THE COMPANIES USING THE EQUITY METHOD	0	0	0
NET PROFIT BEFORE AMORTISATION OF CONSOLIDATION DIFFERENCES	2,609,964	2,423,150	3,095,055
NET RESULT	56,727	32,206	1,150,420
A. Share of minority interests	137,169	143,388	431,757
B. Group share	-80,442	-111,182	718,663
DATA PER SHARE	31/12/2018	31/12/2017	31/12/2016
NUMBER OF SHARES	3,893,353	3,893,353	3,893,353
CURRENT RESULTS / SHARE (in EUR)	0.3552	0.3534	0.5005
GROUP SHARE / SHARE (in EUR)	-0.0207	-0.0286	0.1846
NET RESULT / SHARE (in EUR)	0.0146	0.0083	0.2955

ASSETS (EUR) *	31/12/2018	31/12/2017	31/12/2016
FIXED ASSETS	20,593,604	17,471,191	15,290,743
Formation expenses	152,331	175,937	88,410
Intangible assets	2,606,863	2,344,601	1,697,932
Consolidation differences	15,088,160	12,578,751	11,917,967
Tangible assets	2,234,953	1,828,617	1,289,929
Financial assets	511,297	543,285	296,505
CURRENT ASSETS	28,970,708	30,541,335	29,528,681
Stocks and contracts in progress	3,379,452	4,835,151	3,479,708
Amounts receivable within one year	19,371,195	21,131,512	21,921,645
Current investments	584,780	238,980	339,422
Cash and cash equivalents	3,846,013	3,003,982	2,331,209
Accruals and deferrals	1,789,268	1,331,710	1,456,697
TOTAL ASSETS	49,564,312	48,012,526	44,819,424
LIABILITIES (EUR) *	31/12/2018	31/12/2017	31/12/2016
CAPITAL AND RESERVES	10,542,268	10,729,513	10,735,919
MINORITY INTERESTS	343,303	287,513	1,012,558
PROVISIONS FOR LIABILITIES AND CHARGES	230,105	196,906	111,700
DEFERRED TAXES AND DEFERRED TAX LIABILITIES	485	1,455	2,425
DEBTS	38,448,151	36,797,139	32,956,822
Amounts payable after one year	3,677,227	3,766,343	3,822,243
Amounts payable within one year	34,388,316	32,509,046	28,895,668
Current portion of amounts payable after one year due within the year	2,173,540	1,715,265	1,463,613
Financial debts	8,910,004	7,462,653	6,182,009
Trade debts	6,144,366	7,698,382	5,630,216
Advances received	4,308,187	5,135,502	5,623,111
Taxes, wages and social security	7,645,266	6,837,322	5,843,238
Other debts	5,206,953	3,659,922	4,153,481
Accruals and deferrals	382,608	521,750	238,911
TOTAL LIABILITIES	49,564,312	48,012,526	44,819,424

* Drawn up in accordance with Belgian accounting standards.

** In accordance with the valuation rules, the consolidation differences (or goodwill) are amortised over eight years, irrespective of all consideration of any excess value in accordance with Belgian accounting standards.

In accordance with the Euronext Growth Brussels regulations, this annual press release is optional. It will be followed by the publication of the Emakina Group annual financial report 2018, which contains all the regulatory information.

This report will be available on our website, www.emakina.com (section “Financial – Reports”) as of 1 April 2019 in accordance with the legal provisions on this matter.