



Press release

Emakina Group Results 2019: More sustained growth in activities in the second half of the year and operating performance under control

Income of EUR 96,618, up 4.6%;
EBIDTA of EUR 5,881, down 3.7%

BRUSSELS, 27 MARCH 2020 (Embargo 6.00 pm CET) – Emakina Group (Euronext Growth Brussels: ALEMK) announces its 2019 annual results today.

1. Key figures for 2019

In thousands of EUR	2019	2018	Variation
Income	96,618	92,390	+4.6%
Earnings before interest, depreciation and amortisation (EBITDA)	5,881	6,107	-3.7%
Operating margin %	6.1%	6.6%	
Result before tax	235	1,093	-858
Net result	-71	57	-128

2. Key events in 2019

a) New business

In 2019, many national and international companies chose an Emakina agency as their partner.

These include, among others: Allergan, Al Tayer Group - Bloomingdales, Arcelik, Basic-Fit, Beko, Brussels Expo, Chalhoub Group, Courrèges, Fluxys, FrieslandCampina, Gulf Marketing Group, Heineken Blade, Honda, Majid Al Futtaim Fashion, Moteo, Nike, Nuskin, Olympique de Marseille, Sodexo, Stockmann, Suitsupply, Sunweb, TVH, UnifiedPost and VOO.

b) New activities

In 2019, the group continued its strategy of expanding its service range, in particular in the field of marketplace activity, influencer marketing and e-commerce.

Selecting the best technological partners to come out of this is therefore crucial to support its clients as well as possible with their digital challenges.

c) Continued acquisitions

The group's policy of expanding via external operations is continuing in line with the strategy set out.

In October 2019, Emakina Group acquired 100% of the shares in the company Cloudworks Consulting DMCC (Dubai Multi Commodities Center), an innovative Cloud IT consultancy firm with offices in Dubai and 27 experts, through its subsidiary Emakina FZ-LLC, based in Dubai. This operation confirms Emakina's ambition to be a sound partner in the Middle East.

d) Geography

In geographic terms, international income increased by over 5.4% during 2019 and accounted for 63% of the consolidated income in 2019. The commercial pipeline and the expansion policy of the group (in particular with the new Dubai offices) will support this growing share of activities located outside Belgium in the coming months.

e) Integration and processes

In 2019, Emakina Group continued to invest in integration and synergies within its network, particularly in the Netherlands and in France, where the new centralised management platform for projects combined with the new version of the ERP was successfully deployed. These platforms are scheduled to be put in place in the group's main operating entities over the course of the next two financial years.

Finally, the Emakina teams worked hard to ensure that its processes comply with the new European General Data Protection Regulation (GDPR).

f) Talents

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

With over 1,000 talented individuals at Emakina, 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.

g) 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, Singapore) and SinnerSchrader (Germany).

h) Prizes and awards

In 2019, Emakina Group won several awards, including five 'AVA Website Awards', with The Athlete's Foot, Van Cleef & Arpels, ECCO and Boucheron, as well as a special award for its own brand communication platform. Other awards include the 'Trends Digital Pioneer Award' with DP World, the 'Gold Best e-commerce SpinAward' with Rituals, the 'YouTube Works Award' and two 'Swedish Content Awards' with SBAB.

The teams also won several technological awards including the 'Best Kentico Website of the Year Award' with Bardahl and the 'Kentico MVP Award', the 'Umbraco Best Cloud Solution Award' with Vivaldis Interim and four 'Sitecore MVP Awards'.

3. General comments

Growth in activities on the international scene in particular

In 2019, Emakina Group's consolidated sales amounted to EUR 96,618,148 compared with EUR 92,389,601 in 2018, an increase of +4.6% (+4.2% at constant scope).

This progression is driven in particular by the growth in activities 'outside Belgium' of 5.4%.

The commercial pipeline and the group's expansion policy continue to support this growing share of activities located outside Belgium.

Development of EBITDA

Consolidated earnings before interest, depreciation and amortisation (EBITDA) amounted to EUR 5,881,414 (EUR 5,820,909 at constant scope) in 2019, compared with EUR 6,107,455 in 2018, a fall in absolute terms of 3.7% (4.7% at constant scope). Expressed as a percentage of total sales, EBITDA passed from 6.6% to 6.1% (6.0% at constant scope) between 2018 and 2019.

Despite keeping selling prices and staff costs under control, more complex schedule management weighed on the average rate of use of resources and hence on the performance posted in 2019 compared with 2018. Aligning clients' requests and the talents available remains a constant and major challenge in a context of ever-evolving technologies.

Current profit under control and net result near break-even

The current profit before tax amounted to EUR 1,256,070 in 2019, down 9.2% compared with 2018.

This may be attributed to the operating performance, as explained above, and the increase in amortisation and write-downs, partly offset by a better financial result owing in particular to the fall in charges for the amortisation of goodwill linked to the lengthening of the depreciation period from 8 to 10 years so as to reflect a period more commonly seen in the sector (see point 7 below).

The fall in the net result (EUR -71,265) in 2019 compared with 2018 (EUR 56,727) may be attributed to the development of the current result, a substantial non-recurrent element (EUR -1,020,792) mainly linked to a reorganisation programme, offset by tax credit linked to innovative activities. Despite this fall, the net profit nevertheless remains close to zero, making it possible to maintain the level of the group's equity base.

4. Financial health

At the end of 2019, the group's financial health was maintained thanks to a net result close to zero (despite the charges for the amortisation of goodwill), a level of financial indebtedness in line with the growth in activities and the availability of proportionate credit lines. It is important to keep a constant eye on the impact of the growth on working capital requirements and liquid assets.

5. Events after closure and outlook for 2020

The coronavirus pandemic and the impact of the confinement measures will affect Emakina's economic performance from March 2020. However, it is not possible at this moment to quantify the financial impact. This will be the subject of a specific communication at a later stage, as soon as it is possible to calculate it. The management has already set in motion a raft of precautionary measures needed to limit the impact of this pandemic on the group's margins and cash position.

6. Statement from the company directors

The Board of Directors of the company declares that, to the best of its knowledge, the condensed consolidated financial statements as at 31 December 2019, 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.

7. 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 given in the appendices have been established in accordance with Belgian accounting standards. These figures provide a summary of the financial results that are presented in detail in the 2019 annual report.

As a reminder, the compulsory systematic amortisation of goodwill (booked in financial charges and imposed by Belgian accounting law) weighs significantly on the group's consolidated net profit. Lengthening the period for the amortisation of goodwill from 8 to 10 years had a positive impact on the net result for the 2019 financial year, amounting to EUR 895,829. The valuation rules applied to the consolidated accounts as at 31/12/2019 have been modified accordingly.

Shareholders' diary 2020

1 April 2020:	Annual report 2019 (brochure)
22 April 2020:	General meeting of shareholders
25 September 2020:	Publication of the first half-yearly results 2020

About Emakina Group

[Emakina Group](#) (**ALEMK:BBK**) is a leading independent digital agency group with global reach.

Over 1,000 technology and marketing experts in 13 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 96,6 million in 2019.

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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 2019, available on our website www.emakina.group ("Investor Relations" section).

CONSOLIDATED FIGURES 2019 – EMAKINA GROUP SA

CONSOLIDATED INCOME STATEMENT (EUR)*	31/12/2019	31/12/2018	31/12/2017
SALES AND SERVICES	96,618,148	92,389,601	80,304,612
Turnover	92,485,616	91,972,627	75,916,133
Variations in projects in progress	1,317,713	-1,451,203	1,210,431
Capitalised production	1,228,745	439,660	999,717
Other operating income	1,586,074	1,428,517	2,178,331
OPERATING CHARGES (BEFORE AMORTISATION)	-90,736,734	-86,282,146	-74,577,795
Purchase of equipment and services linked to sales	-40,311,250	-39,612,198	-34,115,576
Staff costs	-50,118,578	-46,357,109	-40,302,954
Other operating charges	-306,907	-312,839	-159,265
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION = EBITDA	5,881,414	6,107,455	5,726,817
AMORTISATION AND DEPRECIATION	-1,995,269	-1,637,892	-1,581,827
Amortisation of intangible and tangible fixed assets	-1,830,219	-1,729,416	-1,438,455
Depreciation of trade receivables	-155,455	12,948	-58,166
Provisions for liabilities and charges	-9,595	78,576	-85,206
OPERATING PROFIT	3,886,145	4,469,563	4,144,990
FINANCIAL RESULT	-2,630,075	-533,278	-378,316
Financial income	636,275	1,375,494	778,476
Financial charges	-3,266,350	-1,908,772	-1,156,792
CURRENT PROFIT BEFORE AMORTISATION OF CONSOLIDATED DIFFERENCES	3,106,643	3,936,285	3,766,674
AMORTISATION OF GOODWILL**	-1,850,573	-2,553,237	-2,390,944
CURRENT PROFIT	1,256,070	1,383,048	1,375,730
NON-RECURRING RESULT	-1,020,792	-289,816	-136,583
RESULT BEFORE TAXES	235,278	1,093,232	1,239,147
DEFERRED TAXES	485	970	970
INCOME TAX	-307,028	-1,037,475	-1,207,911
SHARE IN THE RESULT OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD	0	0	0
NET PROFIT BEFORE AMORTISATION OF CONSOLIDATION DIFFERENCES	1,779,308	2,609,964	2,423,150
NET RESULT	-71,265	56,727	32,206
A. Share of minority interests	152,933	137,169	143,388
B. Group share	-224,198	-80,442	-111,182

DATA PER SHARE	31/12/2019	31/12/2018	31/12/2017
NUMBER OF SHARES	3,893,353	3,893,353	3,893,353
NUMBER OF SHARES AND WARRANTS	3,893,353	3,893,353	3,893,353
CURRENT RESULT / SHARE (in EUR)	0.3226	0.3552	0.3534
CURRENT RESULT / SHARE AND WARRANT (in EUR)	0.3226	0.3552	0.3534
GROUP SHARE / SHARE (in EUR)	-0.0576	-0.0207	-0.0286
GROUP SHARE / SHARE AND WARRANT (in EUR)	-0.0576	-0.0207	-0.0286
NET RESULT / SHARE (in EUR)	-0.0183	0.0146	0.0083
NET RESULT / SHARE AND WARRANT (in EUR)	-0.0183	0.0146	0.0083

ASSETS (EUR)*	31/12/2019	31/12/2018	31/12/2017
FIXED ASSETS	21,721,511	20,593,604	17,471,191
Formation expenses	137,936	152,331	175,937
Intangible assets	3,532,425	2,606,863	2,344,601
Consolidation differences	14,912,079	15,088,160	12,578,751
Tangible assets	2,562,913	2,234,953	1,828,617
Financial assets	576,158	511,297	543,285
CURRENT ASSETS	31,407,847	28,970,708	30,541,335
Stocks and contracts in progress	4,682,577	3,379,452	4,835,151
Deferred taxes	0	0	0
Amounts receivable within one year	20,875,917	19,371,195	21,131,512
Current investments	8,761	584,780	238,980
Cash and cash equivalents	3,824,864	3,846,013	3,003,982
Accruals and deferrals	2,015,728	1,789,268	1,331,710
TOTAL ASSETS	53,129,358	49,564,312	48,012,526
LIABILITIES (EUR)*	31/12/2019	31/12/2018	31/12/2017
CAPITAL AND RESERVES	10,082,940	10,542,268	10,729,513
MINORITY INTERESTS	377,994	343,303	287,513
PROVISIONS FOR LIABILITIES AND CHARGES	161,700	230,105	196,906
DEFERRED TAXES AND DEFERRED TAX LIABILITIES	0	485	1,455
DEBTS	42,506,725	38,448,151	36,797,139
Amounts payable after one year	4,257,722	3,677,227	3,766,343
Amounts payable within one year	37,958,605	34,388,316	32,509,046
Current portion of amounts payable after one year	2,340,100	2,173,540	1,715,265
Financial debts	10,363,625	8,910,004	7,462,653
Trade debts	7,375,842	6,144,366	7,698,382
Advances received	6,762,505	4,308,187	5,135,502
Taxes, wages and social security charges	7,230,003	7,645,266	6,837,322
Other amounts payable	3,886,529	5,206,953	3,659,922
Accruals and deferrals	290,398	382,608	521,750
TOTAL LIABILITIES	53,129,358	49,564,312	48,012,526

* Drawn up in accordance with Belgian accounting standards.

** In accordance with the valuation rules, as of 1 January 2019 the consolidation differences (or goodwill) are amortised over 10 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 2019, which contains all the regulatory information.

The report will be available on the website www.emakina.group ("Investor relations" section) as of 1 April 2020, in accordance with the legal provisions on this matter.