

Emakina Group: sales grow 25% in 2011, supported by geographical expansion

Brussels, 16th MARCH 2012 (EMBARGO → 17H30) – The Emakina Group (Alternext Brussels: ALEMK) today communicates its annual results for 2011. Consolidated sales increased by 25% in 2011 compared to 2010. In parallel, the consolidated EBITDA increased by 5% in absolute terms. And finally, the consolidated net result (excluding amortization of goodwill) more than doubled, from 319,386 EUR in 2010 to 724,759 EUR in 2011. In order to support the Group's expansion, the Board of Directors will propose to the General Assembly that no dividend be distributed.

Sales outside Belgium increase by 54%

In 2011, the Emakina Group's posted sales of 41,337,106 EUR compared to 33,105,222 EUR in 2010, an increase of 25%. At constant scope, sales increased by 20%.

This consolidated growth of sales by 25% is the combination of annual sales growth of 16% in Belgium and 54% for entities outside Belgium. These figures confirm the Group's strategy of geographical expansion and its increasing reputation outside Belgium. During the second half of 2011, Emakina inaugurated its UK subsidiary, Emakina.uk Ltd, based in London.

In 2011, new clients such as AXA, Federal Mogul, Bpost, DG Enterprise, European Ombudsman, M6, Seton, Colruyt, VAB and Elia chose an Emakina Group agency as their partner for the development of their presence in new media.

EBITDA increases by 5%

EBITDA increased by 5% in absolute terms, but fell as a percentage of sales from 7.9% of sales in 2010 to 6.7% of sales in 2011. At constant scope, EBITDA went from 7.9% to 6.6% of sales between 2010 and 2011. As a reminder, the EBITDA at June 30 2011 amounted 759,852 EUR, which means an EBITDA of 1,989,431 EUR over the second half of 2011 compared to 1,929,739 EUR for the second half of 2010, which confirms the seasonal aspect of the business.

Consolidated net result before amortization of goodwill doubles

The consolidated net result before amortization of goodwill amounted to 724,759 EUR in 2011 compared to 319,386 EUR in 2010. This increase is explained by the improvement of the operational result by 181,843 EUR combined with a stable financial result and a net tax charge which fell by 232,292 EUR.

Finally, it is important to underline the fact that the amortization of goodwill rose by 342,743 EUR between 2010 and 2011 due to the evolution of Group investments. This element of Belgian GAAP, which implies compulsory amortization of goodwill weighs significantly on the consolidated net result for 2011, which would amount to a profit of 724,759 EUR instead of a loss of 836,302 EUR.

Emakina continues its investment efforts, to confirm its position as market leader:

1. The development of its service offering in the « social » and « mobile » areas represents an investment of more than a million Euros, which weighed on the 2011 financial year. These investments assured high growth in these promising fields for the future. In 2011, these new fields of expertise represented nearly 5% of sales.
2. 2011 was marked by the development of Emakina's reputation outside Belgium, in particular in France, in the Netherlands and by the launch of a new subsidiary in the United Kingdom. These investments contributed to the development (+54%) of activities outside Belgium.
3. The acquisition of the advertising agency Troy, in March 2011, further reinforced Emakina's « full service » strategy for brand management. This acquisition allowed Emakina to strengthen its competencies in brand strategy and the creation of multichannel campaigns.

Talent retention and management of production costs remain major challenges for the Group in an economic climate that does not favour the increase of sales prices.

In order to support its expansion and reinforce its equity, the Board of Directors of the Emakina Group will propose to the General Assembly of April 2012 that no dividend be distributed for the first time in 3 years.

Prospects for 2012

The Emakina Group's management foresees a one-digit increase in sales numbers for the entire 2012 year thanks to its existing commercial pipeline and the geographic expansion of the group.

Auditor's Report

The auditors have confirmed that their review of the consolidated accounts has been fully completed and has not revealed any significant corrections that should be made to the accounting information included in this press release.

Belgian GAAP

All consolidated figures were established according to Belgian GAAP (in particular regarding systematic goodwill amortization). These figures represent a summary of financial results that will be published in detail in the annual report available on March 31, 2012.

Financial Calendar

- Ordinary General Assembly 2012: 23 April 2012
- Annual Report (Brochure): 2 April 2012
- Half-Year report: 7 September 2012

CONSOLIDATED FIGURES 2011

EMAKINA GROUP SA

CONSOLIDATED RESULTS (EUR) *	31/12/2011	31/12/2010	31/12/2009
TOTAL REVENUES	41.337.106	33.105.221	31.782.957
Net revenues	40.265.704	31.537.104	31.053.797
Variation of work in progress	452.051	930.285	475.485
In-house production	241.097	0	0
Other operating income	378.254	637.832	253.676
TOTAL OPERATING COSTS (before depreciation and amortization)	-38.587.823	-30.485.186	-29.454.548
Purchase of equipment and services related to sales	-21.129.943	-15.464.514	-15.053.129
Payroll costs	-17.339.864	-14.874.268	-14.331.711
Other operating costs	-118.016	-146.404	-69.708
OPERATING PROFIT (before depreciation and amortization) = EBITDA	2.749.283	2.620.035	2.328.409
DEPRECIATION AND AMORTIZATION	-843.072	-895.667	-802.255
Depreciation and amortization of (in)tangible assets	-861.492	-847.489	-741.054
Write-off on trade receivables	-13.746	-58.775	-32.641
Litigation accruals	32.166	10.597	-28.560
OPERATING PROFIT (EBIT)	1.906.211	1.724.368	1.526.154
NET FINANCIAL RESULT	-324.140	-356.725	-362.910
Financial income	74.884	30.983	3.878
Financial charges	-399.024	-387.708	-366.788
CURRENT PRE-TAX PROFIT BEFORE AMORTIZATION ON GOODWILL	1.582.071	1.367.643	1.163.244
Amortization on goodwill**	-1.561.061	-1.218.318	-937.527
CURRENT PRE-TAX PROFIT	21.010	149.325	225.717
NET EXTRAORDINARY RESULT	-368.363	-326.734	-194.085
PRE-TAX PROFIT	-347.353	-177.409	31.632
Deferred taxes	-260.837	-301.144	-457
Current income tax	-228.112	-420.096	-412.075
SHARE IN RESULTS OF EQUITY-METHOD ENTITIES (profit)	0	-282	51.490
NET PROFIT BEFORE AMORTIZATION ON GOODWILL	724.759	319.386	608.117
NET PROFIT	-836.302	-898.932	-329.410
A. Share of third parties	32.041	44.856	296.460
B. Group share	-868.343	-943.788	-625.870

SHARE DATA	31/12/2011	31/12/2010	31/12/2009
NUMBER OF SHARES	3.833.739	3.796.869	3.496.708
NUMBER OF SHARES & SHARE OPTIONS	4.097.089	4.021.779	3.662.338
CURRENT PRE-TAX PROFIT (in EUR)	0,0055	0,0393	0,0646
CURRENT PRE-TAX PROFIT / SHARE & SHARE OPTION (in EUR)	0,0051	0,0371	0,0616
GROUP SHARE / SHARE (in EUR)	-0,2265	-0,2486	-0,1790
GROUP SHARE / SHARE & SHARE OPTION (in EUR)	-0,2119	-0,2347	-0,1709
NET PROFIT / SHARE (in EUR)	-0,2181	-0,2368	-0,0942
NET PROFIT / SHARE & SHARE OPTION (in EUR)	-0,2119	-0,2235	-0,090

* Established according to Belgian GAAP

** According to valuation rules, goodwill are amortized on a period of 8 years independently from any potential considerations of impairment in accordance with Belgian GAAP

The consolidated income statement for 2011 includes 12 months of all group subsidiaries except for Emakina Wallonie (ex-Troy Agency), which is consolidated since April 1, 2011, which means 9 months of profit and loss.

ASSETS (EUR) *	31/12/2011	31/12/2010	31/12/2009
NON CURRENT ASSETS	8.873.387	9.287.012	6.942.275
Formation expenses	269.914	385.692	504.836
Intangible assets	836.213	437.849	512.061
Goodwill	6.438.421	7.390.041	4.823.921
Tangible assets	1.088.537	849.099	899.268
Financial assets	240.302	224.331	202.189
CURRENT ASSETS	20.442.876	16.311.068	15.809.083
Stocks and contracts in progress	3.616.979	3.094.317	2.164.032
Deferred taxes	387.874	563.162	897.846
Amounts receivable with one year	13.826.031	11.324.959	10.859.372
Investments	0	1.348	299.467
Cash at bank and in hand	2.203.255	998.071	1.353.283
Deferred charges and accrued income	408.737	329.211	235.083
TOTAL ASSETS	29.316.263	25.598.080	22.751.358
LIABILITIES (EUR) *	31/12/2011	31/12/2010	31/12/2009
EQUITY	10.097.133	11.016.293	9.238.205
MINORITY INTERESTS	7.460	51.258	406.833
PROVISION FOR LIABILITIES AND CHARGES	16.932	161.097	146.694
DEFERRED TAXES AND LATENT TAXATION LIABILITIES	110.502	136.498	170.037
CREDITORS	19.084.236	14.232.935	12.789.590
Amounts payable after one year	443.356	120.720	515.272
Amounts payable within one year	18.412.781	13.971.332	12.128.185
<i>Current portion of amounts payable after one year</i>	<i>1.215.005</i>	<i>1.001.984</i>	<i>1.227.194</i>
<i>Financial debts</i>	<i>2.064.400</i>	<i>1.202.057</i>	<i>1.016.521</i>
<i>Trade debts</i>	<i>4.723.962</i>	<i>3.687.017</i>	<i>2.893.421</i>
<i>Advances received on contracts in progress</i>	<i>4.953.413</i>	<i>3.981.846</i>	<i>2.650.485</i>
<i>Amounts payable on taxes, remuneration and social security</i>	<i>3.638.534</i>	<i>2.911.977</i>	<i>2.832.624</i>
<i>Other amounts payable</i>	<i>1.817.467</i>	<i>1.186.451</i>	<i>1.507.940</i>
Accrued charges and deferred income	228.099	140.882	146.133
TOTAL LIABILITIES	29.316.263	25.598.080	22.751.358

* Established according to Belgian GAAP

In accordance with the new rules of Alternext Brussels, the current annual press release has become optional. This press release will be followed by the publication of the 2011 annual report of the Emakina Group, which will include the full information required. This report will be available on our site, www.emakina.com (section "investors") from March 31, 2012 in accordance with the legal requirements in this matter.

More information?

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About Emakina Group SA

The Emakina Group is a European network of interactive agencies that helps its clients to benefit from the integration of digital communication into their activities. The agencies within the Emakina Group are Emakina Belgium (Brussels), Emakina.EU (Brussels), Emakina/Media (Brussels), Design is Dead (Antwerp), The Reference (Gent), Emakina.NL (Rotterdam), Emakina.FR (Paris & Limoges). Emakina Group has developed a service portfolio around the following four poles: strategic consultancy; brand activation, web building; and web applications. Client portfolio includes major Belgian, Dutch and French companies: Audi, Belgacom, BNP Paribas Fortis, Brussels Airlines, Crédit Agricole, Delhaize, Deutsche Bank, Dexia, Electrabel, ING, Keytrade, KPN, Legrand, Microsoft, Nestlé, Orange, Panasonic, Samsung, Schweppes, Seat, Toyota, Unilever and the European institutions. Emakina is listed on the Alternext market of Euronext Brussels stock exchange (mnemo: ALEMK) since July 7, 2006.