

ADLPartner: 2019 FULL-YEAR EARNINGS

- Consolidated net sales up 11% from 2018 to €139m
- Results marked by the intense commercial investments and the non-recurring costs for restructuring the activities under the France Abonnements brand
- Net asset value¹ (Group share) of €128.6m, representing €32.4 per share

The ADLPartner Group is releasing its full-year earnings for 2019. Operating income came to €7.7m, representing 5.5% of net sales versus 11.1% in 2018. Net income (Group share) totaled €5.2m, compared with €9.2m in 2018

HIGHLIGHTS

The press services business has launched a realignment around open-ended subscriptions through partnerships. Prospecting for the activities under the France Abonnements brand has continued to be scaled back and, as there were no options available for the profitable development of these offerings, the Group has decided to plan to shut down its sales in 2020. This restructuring will enable the Group to further strengthen the sound foundations in place for the magazines business.

The marketing services and insurance brokerage business lines have maintained their strong rate of development, notably driven by the robust performance of the company Convertéo over the whole year in 2019, as well as continued growth in brokerage fees for the subsidiary ADLP Assurances and its portfolio of insurance policies.

EARNINGS

Consolidated net sales² climbed to €138.6m, up 11% from 2018, while the gross sales volume³ came to €287.8m, up 4.2%.

Operating income is down 45% from 2018 to €7.7m. From a negative perspective, this performance was affected by an increase in commercial investments for the open-ended subscription business, as well as provisions for restructuring linked to the realignment measures for the press services business for €2.8m. From a positive perspective, these elements were partially offset by the continued reduction of the loss for the subsidiary ADLP Assurances, the doubling of income for the Spanish subsidiary and the positive contribution by Convertéo.

Excluding the non-recurring costs for restructuring the activities under the France Abonnements brand, adjusted operating income represents €10.5m, with an operating margin rate of 7.6%, versus 11.1% in 2018.

After factoring in a lower tax expense (€2.2m), consolidated net income (Group share) represents €5.2m, with a net margin of 3.8%, versus 7.4% in 2018 and 3.4% in 2017.

Consolidated data (€m)	2019	2018	Change
Net sales	138.64	124.99	+10.9%
Operating income	7.67	13.91	-44.9%
% of net sales	5.5%	11.1%	
Net income (Group share)	5.24	9.25	-43.3%
% of net sales	3.8%	7.4%	

FINANCIAL STRUCTURE

Consolidated shareholders' equity represented €22.7m at 31 December 2019, up €1.4m from 31 December 2018, taking into consideration consolidated income for the year (+€5.2m) and the ordinary dividend paid out for 2018 (-€4.0m).

The Group's net cash totaled €29.0m at 31 December 2019, compared with €34.7m at 31 December 2018. This change notably reflects the intense investments in the open-ended subscription and insurance business lines, as well as the operation to buy out the minority interest in Leoo in December 2019. Financial debt represents €6.8m, compared with €9.5m at 31 December 2018, primarily comprising the commitment to buy out the minority interest in Converteo.

Net asset value¹ (Group share), calculated based on shareholders' equity and the value of the active open-ended subscription portfolio, is up 3.7% to €128.6m at 31 December 2019 (€32.4 per share excluding treasury stock). It does not include the portfolio of insurance policies.

OUTLOOK

In the context of the Covid-19 epidemic, the ADLPartner Group's priority is to ensure the health of its teams, its customers and its partners, with a business continuity plan (BCP) rolled out since 13 March 2020, focused on enabling the majority of its staff to work from home, securing its technical infrastructures and optimizing its cash flow management.

In the short term, the Group expects its net sales and profitability to contract during the first half of 2020 due to the epidemic's material impact on its operations, particularly with lower returns on the prospecting campaigns that are underway and certain budgets being postponed. However, the Group considers that the BCP in place and its rigorous management of operating costs will enable it to emerge from the current environment in a positive position, while protecting its employees' health, its sound financial balances and the potential of its economic activities.

The Group is therefore continuing to move forward with its commercial investments in order to further strengthen the portfolios generating recurrent revenues for its open-ended subscription business and its subsidiary ADLP Assurances, while shutting down its activities under the France Abonnements brand in the first half of 2020.

Alongside this, for the marketing services business, the Group is continuing to roll out its strategy focused on marketing innovation through data. This strategy is being driven by continued external growth, as illustrated by the acquisition of the assets of the company Ividence in February 2020. In an environment undergoing a major transformation, the Group is particularly attentive to opportunities for acquisitions in complementary sectors with strong potential. The Group has robust financial resources in place to support its ambitions.

DIVIDEND

Considering the uncertainty linked to the current crisis with the Coronavirus pandemic, the Management Board will be submitting a proposal at the General Shareholders' Meeting on 12 June 2020 to not pay out any dividends for 2019 in order to safeguard the Group's financing capacity if the crisis was to continue. The Management Board reserves the option to exceptionally convene a General Meeting during the third quarter of 2020 to potentially decide on paying out an exceptional dividend.

ADDITIONAL INFORMATION

The consolidated financial statements for 2019 were approved by the Management Board on 20 March 2020 and checked and controlled by the Supervisory Board during its meeting on 27 March 2020. The statutory auditors have completed the audit procedures on the consolidated accounts. The certification report will be issued once the necessary procedures have been finalized for publishing the full-year financial report.

NEXT DATES

- 2019 annual financial report on 24 April 2020 (after close of trading)
- 2020 first-quarter net sales on 29 May 2020 (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 relationship management and loyalty services on its own behalf or for its partners (banks, retailers, services, e-commerce, etc.) across all distribution channels. Operating under the ADLPerformance brand, 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 400 people.

ADLPartner is listed on the regulated market Euronext Paris – Compartment C.

ISIN: FR0000062978–ALP - Bloomberg: ALP:FP – Reuters: ALDP.PA

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¹ Net asset value represents the amount of equity plus the discounted value of future net revenues generated by the active open-ended subscription portfolio. It does not include the portfolio of insurance policies.

² 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.

³ Gross sales volume represents the value of subscriptions and other products sold. It is equal to net sales for the insurance business.