

# APRIL: 2018 annual results

## Furthering strong and profitable growth momentum

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- › Sales of €997.2m, up 7.4%
  - › Current EBIT of €77.8m, up 12.2%
  - › Forecast current EBIT growth of 4-7%
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**T**he APRIL group posted 2018 consolidated sales of €997.2m, up 7.4% compared with reported figures for the previous year, while current EBIT rose 12.2% to €77.8m.

Following this announcement, APRIL CEO Emmanuel Morandini made the following comments:

“The strong performance recorded in 2018, the return to growth across all key indicators and the organic growth of our core business reflect the very good work done by all our employees over the last three years to put APRIL group back on track towards sustainable and profitable growth. We therefore expect to see, for year 2019, current EBIT growth of 4-7% compared to 2018.

We have now entered a new phase of our development, by committing to in-depth transformation and expanding the multi-brand aspect of our distribution model, particularly in loan insurance, while continuing to focus on our key businesses<sup>1</sup>.

The marketplace we plan to roll out in loan insurance is a prime example: more than a distributor, APRIL aims to become the preferred partner for insurers and brokers to work together in a simple and effective way. Customers will therefore have access to a wide range of quality offers, ensuring that they always find a solution tailored to their requirements.”

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<sup>1</sup> Local H&PP, international health, loan insurance, Property & Casualty niches and the professional market

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Group (IFRS - €m)	2018	2017	Change
<b>Consolidated sales</b>	<b>997.2</b>	928.4	+7.4%
<b>Gross margin<sup>2</sup></b>	<b>451.5</b>	428.4	+5.4%
<b>Financial income</b>	<b>9.2</b>	11.0	-16.5%
<b>Current EBIT</b>	<b>77.8</b>	69.4	+12.2%
<b>EBIT</b>	<b>73.9</b>	64.9	+13.9%
<b>Net income (Group share)</b>	<b>28.2</b>	39.6	-28.8%
<b>Earnings per share (in €)</b>	<b>0.70</b>	0.98	-28.6%

The Board of Directors met on 6 March 2019 to approve APRIL's company and consolidated financial statements. The audit procedures for the consolidated financial statements have been completed and the certification report is currently being prepared.

## GROUP

APRIL consolidated **sales** for 2018 came to €997.2m, up 7.4% on reported data compared to 2017. Premiums increased by 10.5% to €460.6m, boosted by growth in both Health & Personal Protection (up 12.5%) and Property & Casualty (up 7.7%). Commissions were up 4.9% to €536.6m, including a stable performance in Property & Casualty (down 0.4%) and a 7.9% increase in Health & Personal Protection commissions.

Like-for-like<sup>3</sup> growth amounted to 5.4%, including the impact of a -€4.0m exchange rate fluctuation and a €21.3m consolidation gain. Insurance premiums rose by 10.5% and brokerage commissions by 1.5%, including a stable performance in Property & Casualty (down 0.7%) and a 2.6% increase in Health & Personal Protection.

The 5.4% increase in **gross margin**, to €451.5m, is due to the increase in both brokerage (up 5.5%) and risk-carrying operations (up 5.0%). This increase was mainly driven by the acquisitions made in 2017 and 2018, including La Centrale de Financement, Pont Grup and Benecaid, and by organic growth in both divisions' brokerage business.

<sup>2</sup> Gross margin allows a comparison between the various brokerage business models and the insurance businesses and shows the contribution of each business to Group value-added:

- With regard to brokerage, gross margin is the difference between (i) commissions recognised under sales and (ii) commissions paid to intermediaries recognised under purchases and external expenses.
- With regard to risk carrying operations, gross margin is the sum of the underwriting result and the financial result.

<sup>3</sup> Proforma or like-for-like (LFL): sales at constant consolidation scope and exchange rates. This figure is adjusted for acquisitions, disposals and changes in consolidation method, as well as exchange rate fluctuations, calculated on the basis of the prior year financial statements converted using the exchange rate for the current year.

**Net financial income** amounted to €9.2m, down €1.8m year on year.

**Current EBIT**, up 12.2% to €77.8m, an improvement on the set target due to the increase in the brokerage gross margin.

Non-current items amounted to €3.9m and relate primarily to disposals and restructuring carried out during the period. Accordingly, **current EBIT** rose 13.9% to €73.9m.

After a €28.8m tax charge and a €15.0m provision for tax contingencies, **net income (Group share)** came to €28.2m, compared to €39.6m in 2017.

## HEALTH & PERSONAL PROTECTION

<i>Health &amp; Personal Protection (IFRS - €m)</i>	2018	2017	Change
Consolidated sales	623.4	567.7	+9.8% +6.7% LFL
Gross margin	282.0	266.0	+6.0%
Financial income	9.1	7.0	+30.1%
Current EBIT	82.8	75.0	+10.4%

The **Health & Personal Protection** division reported a 9.8% increase in sales comprising a 7.9% increase in brokerage commissions as reported (up 2.6% like-for-like) and a 12.5% increase in premiums as reported and like-for-like.

The increase in **insurance premiums** was driven by strong growth in the individual (seniors and self-employed) Health & Personal Protection and group health insurance portfolios.

The increase in **brokerage commissions** is primarily due to strong performance in individual Health & Personal Protection and in international health insurance, particularly in France and Asia.

The Health and Personal Protection **gross margin** increased 6.0% to €282.0m, mainly due to growth in individual and expatriate health insurance.

The division's **current EBIT** amounted to €82.8m, up 10.4% year on year. This growth is driven by the increase in the division's gross margin and is the result of the work carried out over the past three years to ignite a sustainable and profitable growth momentum. In particular, it had an impact on the health and personal protection activities in France, two major contributors to the group's profitability and the rise in this metric.

## PROPERTY &amp; CASUALTY

<i>Property &amp; Casualty (IFRS - €m)</i>	2018	2017	Change
<b>Consolidated sales</b>	<b>376.3</b>	363.4	+3.5% +3.4% LFL
<b>Gross margin</b>	<b>169.5</b>	162.4	+4.4%
<b>Financial income</b>	<b>1.3</b>	3.3	-60.2%
<b>Current EBIT</b>	<b>9.1</b>	5.9	+55.7%

The **Property & Casualty** division reported a 3.5% increase in reported sales, comprising flat growth in brokerage commissions (down 0.4% as reported, down 0.7% like-for-like) and a 7.7% increase in premiums as reported and like-for-like.

The strong growth in **insurance premiums** results from the expansion of corporate and affinity member operations in a considerably reinsured risk-carrying model.

**Brokerage commissions** were boosted by the expansion in wholesale brokerage, particularly in car, two-wheeled and sailing insurance and the professional range. These effects were offset by the slowdown in travel insurance and assistance, particularly in the United States, and property insurance in Canada.

The increase in **gross margin** is mainly due to the strong performance of wholesale brokerage in France and travel insurance in Brazil.

The division's **current EBIT** rose by €3.3m to €9.1m, mainly due to the consolidation of Pont Grup acquired in October 2017.

## FINANCIAL POSITION

Group (IFRS - €m)	2018	2017	Change
<b>Shareholders' equity (Group share)</b>	<b>617.7</b>	632.3	-2.3%
<b>Provisions for contingencies and charges<sup>4</sup></b>	<b>37.8</b>	30.0	+26.0%
Financial debt <i>% of shareholders' equity</i>	<b>51.9</b> 8.4%	37.5 5.9%	+38.4% +2.5 pp
Adjusted net cash <sup>5</sup>	<b>184.7</b>	195.1	-5.3%

At 31 December 2018, APRIL's balance sheet remained sound:

- › Consolidated **shareholders' equity** (Group share) of €617.7m, down €14.7m compared to the previous year, with provisions for contingencies and charges up €7.8m to €37.8m.
- › **Financial debt** of €51.9m, i.e. 8.4% of shareholders' equity (Group share), comprising a loan taken out under favourable market conditions and commitments made as part of the Group's acquisition policy (earnouts and commitments to buy out minority interests),
- › Group **net cash, adjusted** for deposit accounts, amounting to €184.7m, compared to €195.1m at 31 December 2017.

## DIVIDEND

For 2018, the Board of Directors, meeting on 6 March 2019, will propose to the General Meeting a dividend of €0.17 per share, or €7.0 million, corresponding to a distribution rate of 25% of net income (group share), in line with group dividend policy.

## CHALLENGES AND OUTLOOK

In 2019, APRIL's teams will focus on continuing organic growth in priority business lines, turning around loss-making operations and strengthening positions in key markets through targeted acquisitions.

Based on these factors, the APRIL Group is targeting current EBIT growth of 4-7% versus 2018.

<sup>4</sup> The company received a tax reassessment proposal from the authorities on the Group's reinsurance operations. As stated in the notes to the consolidated financial statements, a €15.0m provision has been recognised in the financial statements for the period ending 31 December 2018.

<sup>5</sup> Adjusted net cash = Cash and cash equivalents - current bank loans and overdrafts + deposit accounts registered in the name of APRIL (classified under "Financial investments" on the balance sheet).

## APPENDICES

- › Summary consolidated income statement
- › Summary consolidated balance sheet
- › Summary consolidated cash flow statement
- › Gross margin bridge
- › Adjusted net cash bridge

## UPCOMING RELEASES

- › 2018 annual results presentation: 7 March 2019 at 9.30am in Paris
- › Shareholders' Annual General Meeting: 25 April 2019, in Lyon
- › Q1 2019 sales: 30 April 2019 after market close

The 2018 results presentation will be audiocast live on Thursday 7 March at 9.30am on [www.april.com](http://www.april.com) and a replay will be available from 2pm on the same day.

## CONTACTS

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*In case of discrepancy between in the French and English versions of this document, only the French version shall prevail.*

### About APRIL

*Founded in 1988, APRIL is an international insurance services group operating in 28 countries, whose primary goal is to offer its clients a simpler and more accessible insurance experience. Its 3,900 staff members design, distribute and manage specialised insurance solutions (Health & Personal Protection, Property & Casualty, Mobility and Legal Protection) and assistance services for its partners and customers, including private individuals, professionals and businesses. Listed on Euronext Paris (Compartment B), the group posted sales of €997.2m in 2018.*

*Full regulated information is available on our website at [www.april.com](http://www.april.com) (Investors section).*

## APPENDIX 1: SUMMARY CONSOLIDATED INCOME STATEMENT

<i>(IFRS – €m)</i>	<b>2018</b>	<b>2017</b>
<b>Sales</b>	<b>997.2</b>	928.4
Net financial income (excluding financing cost)	<b>9.2</b>	11.0
<b>Total income from ordinary activities</b>	<b>1006.4</b>	939.5
Insurance underwriting expenses	<b>(400.4)</b>	(365.9)
Income or expenses net of ceded reinsurance	<b>(12.8)</b>	(7.1)
Other purchases and external expenses	<b>(263.0)</b>	(252.5)
Taxes, duties and similar payments	<b>(24.3)</b>	(23.7)
Staff costs	<b>(204.0)</b>	(196.2)
Depreciation allowance	<b>(20.5)</b>	(17.9)
Provisions (net of reversals)	<b>(5.8)</b>	(3.4)
Other current operating income and expenses	<b>2.1</b>	(3.3)
<b>Current EBIT</b>	<b>77.8</b>	69.4
Other non-current income and expenses	<b>(3.9)</b>	(4.5)
<b>EBIT</b>	<b>73.9</b>	64.9
Financing cost	<b>(0.1)</b>	(0.1)
Share of companies integrated on an equity basis	<b>(0.3)</b>	(0.2)
Income tax	<b>(43.8)</b>	(24.3)
<b>Net income from continuing operations</b>	<b>29.7</b>	40.3
Net income/(loss) from discontinued operations	<b>0.0</b>	(0.1)
<b>Consolidated net income</b>	<b>29.7</b>	40.2
Share of minority interests	<b>1.5</b>	0.7
<b>Net income (Group share)</b>	<b>28.2</b>	39.6
<b>Earnings per share (in €)</b>	<b>0.70</b>	0.98

**APPENDIX 2: SUMMARY CONSOLIDATED BALANCE SHEET**

(IFRS – €m)	31 December 2018	31 December 2017
Intangible assets	347.1	292.0
<i>of which goodwill</i>	269.5	224.8
Tangible assets	13.6	12.0
Financial investments	608.4	667.2
Reinsurers' share of underwriting provisions	214.5	224.5
Other	27.7	23.2
<b>Total non-current assets</b>	<b>1211.4</b>	<b>1218.9</b>
Receivables from insurance and accepted reinsurance operations	126.8	100.9
Receivables from ceded reinsurance operations	33.6	21.7
Trade receivables	265.9	247.3
Cash and cash equivalents	136.2	107.8
Other	36.9	39.8
<b>Total current assets</b>	<b>599.4</b>	<b>517.5</b>
<b>TOTAL ASSETS</b>	<b>1810.8</b>	<b>1736.3</b>
Shareholders' equity (Group share)	617.7	632.3
Minority interests	(0.6)	(0.2)
<b>Total shareholders' equity</b>	<b>617.1</b>	<b>632.1</b>
Underwriting provisions for insurance policies	503.7	499.4
Provisions for contingencies and charges	37.8	30.0
Deferred tax liabilities	4.1	7.4
Financial debt	51.9	37.5
<b>Total non-current liabilities</b>	<b>597.4</b>	<b>574.3</b>
Current bank loans and overdrafts	16.3	14.7
Payables from insurance and accepted reinsurance operations	51.5	39.1
Payables from ceded reinsurance operations	61.8	51.1
Operating liabilities	344.1	314.6
Other	122.5	110.5
<b>Total current liabilities</b>	<b>596.2</b>	<b>529.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1810.8</b>	<b>1736.3</b>



**APPENDIX 3: SUMMARY CONSOLIDATED CASH FLOW STATEMENT**

<i>(IFRS – €m)</i>	<b>2018</b>	<b>2017</b>
<b>Net income (Group share)</b>	<b>28.2</b>	39.6
Net income/(loss) from discontinued operations	<b>0.0</b>	(0.1)
Minority interest in consolidated companies' net income	<b>1.5</b>	0.7
<b>Net income from continuing operations</b>	<b>29.7</b>	40.3
<b>Cash flow</b>	<b>79.5</b>	<b>75.1</b>
Change in operating working capital	<b>2.4</b>	(26.9)
Operating cash flow from discontinued operations	<b>(0.0)</b>	(0.0)
<b>Net cash flow from operating activities</b>	<b>81.8</b>	48.2
Net investment in tangible and intangible assets	<b>(24.2)</b>	(19.9)
Net investment in financial assets	<b>40.0</b>	(11.6)
Net cash flow from acquisition/disposal of consolidated companies	<b>(54.1)</b>	(16.3)
Investment in equity-accounted companies	<b>(1.0)</b>	-
Investment cash flow from discontinued operations	-	-
<b>Net cash flow from investing activities</b>	<b>(39.2)</b>	(47.8)
Capital increase linked to exercise of stock options	-	-
Capital increase linked to minority interests in consolidated companies	<b>0.1</b>	0.0
Purchase and sale of own shares	<b>0.0</b>	0.1
Dividends paid out	<b>(11.8)</b>	(11.8)
Net change in borrowings	<b>(4.0)</b>	18.8
Financing cash flow from discontinued operations	-	-
<b>Net cash flow from financing activities</b>	<b>(15.6)</b>	7.2
Impact of foreign exchange rate changes	<b>(0.3)</b>	(2.3)
<b>Change in net cash and cash equivalents</b>	<b>26.8</b>	5.2

**APPENDIX 4: GROSS MARGIN BRIDGE**

<i>(IFRS – €m)</i>	<b>2018</b>	<b>2017</b>
<b>Sales</b>	<b>997.2</b>	928.4
Financial income of insurance companies	<b>8.6</b>	10.4
Brokerage commissions paid to intermediaries	<b>(141.3)</b>	(137.6)
Insurance underwriting expenses	<b>(400.4)</b>	(365.9)
Income or expenses net of ceded reinsurance	<b>(12.8)</b>	(7.1)
Other	<b>0.1</b>	0.2
<b>Gross margin</b>	<b>451.5</b>	428.4
<i>Of which brokerage</i>	<b>393.4</b>	373.0
<i>Of which risk-carrying</i>	<b>58.1</b>	55.3

**APPENDIX 5: ADJUSTED NET CASH BRIDGE**

<i>(IFRS – €m)</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Cash and cash equivalents</b>	<b>136.2</b>	107.8
Current bank loans and overdrafts	<b>(16.3)</b>	(14.7)
<b>Net cash</b>	<b>119.9</b>	93.1
Term deposits	<b>64.8</b>	102.0
<b>Adjusted net cash</b>	<b>184.7</b>	195.1