

APRIL

2019 annual results

Growth in core business and continuation of the refocusing strategy

- › Sales up 2.0% as reported to €1,017.3m (up 4.4% like-for-like¹)
- › Gross margin² up 1.3% as reported to €457.4m.
- › Current EBIT up 12.5% as reported to €87.6m.
- › Net loss (Group share) of €0.8m

The APRIL group posted 2019 consolidated sales of €1,017.3m, up 2.0% compared with reported figures for the previous year, while current EBIT rose 12.5% as reported to €87.6m.

Following this announcement, APRIL group CEO Eric Maumy made the following comments:

“Our five key markets performed well throughout 2019. Meanwhile, we are continuing to refocus the group, in particular by disposing of non-strategic activities, such as travel insurance, and entering into exclusive negotiations to sell the risk-carrying activities within the Property & Casualty division and the legal protection and services businesses.

This overall strategy is already producing encouraging results and we will therefore continue to implement it in 2020.”

¹ PF, 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.

² 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.

GROUP

Group (IFRS – €m)	2019	2018 reported	Change	2018 adjusted ³	Change
Consolidated sales	1,017.3	997.2	+2.0% PF: +4.4%	961.7	+5.8%
<i>Brokerage commissions and fees</i>	575.5	536.6	+7.3% PF: +6.4%	529.9	+8.6%
<i>Insurance premiums</i>	441.8	460.6	-4.1% PF: +1.9%	431.8	+2.3%
Gross margin	457.4	451.5	+1.3%	436.0	+4.9%
Net financial income	14.0	9.2	+51.6%	8.9	+56.3%
Current EBIT	87.6	77.8	+12.5%	74.5	+17.6%
EBIT	63.7	73.9	-13.8%	70.5	-9.7%
Net income/(loss) (Group share)	(0.8)	28.2	n/a	28.2	n/a

The Board of Directors met on 11 March 2020 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.

APRIL posted consolidated sales of €1,017.3m for 2019, up 2.0% compared with reported figures for the previous year.

³ The adjustment corresponds to the Group's legal protection and services businesses, which were recorded under discontinued operations in 2019 pursuant to IFRS 5.

2018 to 2019 sales progression - €m

Consolidated sales at 31/12/2018	997.2
Reclassification under discontinued operations	(35.6)
Adjusted sales at 31/12/2018	961.7
Impact of exchange rate fluctuations	+0.8
Acquisitions	+20.3
Disposals	-8.4
Like-for-like sales at 31/12/2018	974.4
Growth in brokerage commissions and fees	+34.5
Growth in insurance premiums	+8.4
Consolidated sales at 31/12/2019	1,017.3

2018 like-for-like **sales** amounted to €974.4m. In accordance with IFRS 5, this figure incorporates the reclassification of the legal protection and services businesses under discontinued operations, leading to a €35.6m reduction, following the 18 September 2019 announcement of the start of exclusive negotiations for their sale of these entities. The positive impact of exchange rate fluctuations during the period (+€0.8m) and net changes in consolidation scope (+€11.9m) have also been eliminated. Consolidation changes mainly correspond to the consolidation of Benecaïd in April 2018 and La Centrale de Financement in September 2018, in the Health & Personal Protection division, and the disposal of local health insurance businesses in the United Kingdom and Ireland in August 2019. Changes in the Property & Casualty division mainly relate to divestments over the period, particularly in Colombia, Mexico, Lithuania, Turkey, Romania and France (travel insurance).

Accordingly, at constant consolidation scope and exchange rates, insurance premiums in 2019 increased 1.9% to €441.8m. Brokerage commissions increased 6.4% to €575.5m, driven by the growth of APRIL's two divisions (Property & Casualty up 9.4% and Health & Personal Protection up 4.7%).

The **gross margin** increased 1.3% as reported to €457.4m. This growth breaks down into a 6.2% increase in Health & Personal Protection and a 6.9% reduction in Property & Casualty, which was impacted by the reclassification under discontinued operations made during the period.

Net financial income for the year amounted to €14.0m, up €4.8m as reported, €1.5m of which was generated by capital gains on the sale of financial assets, and €2.9m from the fair value adjustment of assets, in accordance with IFRS 9.

Current EBIT amounted to €87.6m, up 12.5% compared with reported figures for the previous year. This growth was driven by the positive momentum of wholesale brokerage for Property & Casualty.

The non-current items recorded during the period mainly resulted from the disposals and restructuring carried out by the group, which accounted for €7.7m of expenses and €16.0m of impairment and provisions. **EBIT** thus amounted to €63.7m, down 13.8% as reported.

The tax charge was estimated at €61.3m, including €26.1m related to the agreement reached between APRIL and the French tax authority regarding the tax reassessment proposal pursuant to investigations on the territoriality of the reinsurance business conducted by Axeria Re, its subsidiary in Malta. After application of this estimated tax charge and a €1.1m financing cost, **net loss (Group share)** amounted to €0.8m compared to net income of €28.2m in 2018.

HEALTH & PERSONAL PROTECTION

<i>Health & Personal Protection (IFRS – €m)</i>	2019	2018 reported	Change	2018 adjusted	Change
Consolidated sales	672.0	623.4	+7.8% PF: 4.6%	623.4	+7.8%
<i>Brokerage commissions and fees</i>	387.2	352.0	+10.0% PF: +4.7%	352.0	+10.0%
<i>Insurance premiums</i>	284.8	271.5	+4.9% PF: +4.5%	271.5	+4.9%
Gross margin	299.6	282.0	+6.2%	282.0	+6.2%
Net financial income	10.1	9.1	+11.6%	9.1	+11.6%
Current EBIT	85.1	82.8	+2.8%	82.8	+2.8%

The Health & Personal Protection division reported a 7.8% increase in sales comprising a 10.0% increase in brokerage commissions as reported (up 4.7% like-for-like) and a 4.9% increase in premiums as reported (up 4.5% like-for-like).

The increase in insurance premiums was driven by growth in the health and protection portfolios for seniors, professionals and the self-employed.

The strong growth in brokerage commissions was related to organic growth in individual health and protection and in international health, as well as the consolidation of La Centrale de Financement, which contributes to the growth of loan insurance.

These also explain the reported 6.2% increase in the division's gross margin, which amounted to €299.6m.

The division's current EBIT amounted to €85.1m, up 2.8% compared with reported figures for the previous year.

PROPERTY & CASUALTY

<i>Property & Casualty</i> <i>(IFRS – €m)</i>	2019	2018 reported	Change	2018 adjusted	Change
Consolidated sales	346.2	376.3	-8.0% PF: +3.7%	340.1	+1.8%
<i>Brokerage commissions and fees</i>	189.1	186.4	+1.4% PF: +9.4%	179.7	+5.3%
<i>Insurance premiums</i>	157.1	189.8	-17.3% PF: -2.4%	160.4	-2.1%
Gross margin	157.8	169.5	-6.9%	154.0	+2.5%
Net financial income	2.4	1.3	+76.7%	1.1	+123.7%
Current EBIT	15.3	9.1	+67.7%	5.8	+165.8%

The Property & Casualty division reported an 8.0% decrease in sales comprising a 1.4% increase in brokerage commissions as reported (up 9.4% like-for-like) and a 17.3% decline in premiums as reported (down 2.4% like-for-like).

The main reason behind the reduction in insurance premiums was the reclassification of the Group's legal protection and services businesses under discontinued operations. Adjusted for this impact the decline was 2.1%, primarily due to the slowdown in affinity member operations.

Brokerage commissions benefited from the strong performance of wholesale brokerage, particularly in car, two-wheeled and sailing insurance and the professional range.

The decline in reported gross margin (down 6.9% to €157.8m) primarily breaks down into the growth of wholesale brokerage in France, masked by the reclassification of the legal protection and services businesses under discontinued operations. Adjusted for this impact, gross margin was up 2.5%.

Current EBIT for Property & Casualty was up sharply from the previous year at €15.3m, driven by a strong performance in wholesale brokerage.

FINANCIAL POSITION

Group (IFRS - €m)	31 Dec. 2019	31 Dec. 2018 reported	Change
Shareholders' equity (Group share)	617.4	617.7	-0.0%
Provisions for contingencies and charges	18.4	37.8 ⁴	-51.3%
Financial debt (excluding IFRS 16)	42.1	51.9	-18.9%
<i>% of shareholders' equity</i>	6.8%	8.4%	-1.6 pp
Adjusted net cash	298.2	184.7	+61.4%

At 31 December 2019, APRIL continued to show a healthy financial structure:

- › Consolidated **shareholders' equity** (Group share) amount to €617.4m, stable compared to 31 December 2018,
- › **Provisions for contingencies and charges** down 51.3% to €18.4m,
- › **Financial debt** of €42.1m, i.e. 6.8% of shareholders' equity (Group share), comprising a loan taken out in 2017 under favourable market conditions and commitments made as part of the Group's acquisition policy (earnouts and commitments to buy out minority interests),

DIVIDEND

The Group posted a net loss of €0.8m in 2019. The Board of Directors' meeting of 11 March 2020 will propose to the Annual General Meeting that no dividend be paid in respect of the 2019 financial year.

CHALLENGES AND OUTLOOK

For 2020, the APRIL group will pursue ongoing measures, continue to refocus on its five key markets (health and personal protection for private individuals, professionals and SMEs, loan insurance, international health and property & casualty niches) and develop its business through organic growth and targeted acquisitions whilst continuing the group transformation programme.

APPENDICES

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

⁴ €23.8m at 31 December 2018 after reclassification of the €15.0m provision for tax contingencies under current tax liabilities, in accordance with IFRIC 23.

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This release contains forward-looking statements that are based on assessments or assumptions that were reasonable at the date of the release, and which may change or be altered due, in particular, to random events or uncertainties and risks relating to the economic, financial, regulatory and competitive environment, the risks set out in the 2018 Registration Document, and any risks that are unknown or non-material to date that may subsequently occur. The Company undertakes to publish or disclose any adjustments or updates to this information as part of the periodic and permanent information obligation to which all listed companies are subject. In case of discrepancy between the French and English versions of this document, the French version shall prevail.

About the APRIL group

Founded in 1988, APRIL is an international insurance services group operating in 22 countries, whose primary goal is to offer its clients a simpler and more accessible insurance experience. Over 3,000 employees design, distribute and manage specialised insurance solutions in five core markets (loan insurance, international health, professionals and SMEs, local health & personal protection, niche property & casualty) for its partners and customers, including private individuals, professionals and businesses. Listed on Euronext Paris (Compartment B), the group posted sales of €1,017.3m in 2019.

Full regulated information is available on our website at www.april.com (Investors section).



APPENDIX 1: SALES ANALYSIS

Sales by division

<i>IFRS – €m</i>	2019	2018 reported	Change	2018 adjusted	Change (adjusted)	2018 LFL	Change LFL
Health & Personal Protection	672.0	623.4	+7.8%	623.4	+7.8%	642.5	+4.6%
<i>Commissions and fees</i>	387.2	352.0	+10.0%	352.0	+10.0%	370.0	+4.7%
<i>Insurance premiums</i>	284.8	271.5	+4.9%	271.5	+4.9%	272.5	+4.5%
P&C	346.2	376.3	-8.0%	340.1	+1.8%	333.8	+3.7%
<i>Commissions and fees</i>	189.1	186.4	+1.4%	179.7	+5.3%	172.9	+9.4%
<i>Insurance premiums</i>	157.1	189.8	-17.3%	160.4	-2.1%	160.9	-2.4%
Inter-division eliminations	(0.9)	(2.5)	62.3%	(1.9)	50.1%	(1.9)	50.1%
Consolidated sales	1,017.3	997.2	+2.0%	961.7	+5.8%	974.4	+4.4%

Quarterly sales

<i>IFRS – €m</i>	2019	2018 reported	Change	2018 LFL	Change LFL
Q1	259.2	240.6	+7.7%	247.6	+4.7%
Q2	267.4	251.4	+6.3%	258.3	+3.5%
Q3	235.7	256.8	-8.2 %	231.9	+1.6%
Q4	255.1	248.4	+2.7%	236.6	+7.8%
Total	1,017.3	997.2	+2.0%	974.4	+4.4%

APPENDIX 2: SUMMARY CONSOLIDATED INCOME STATEMENT

(IFRS – €m)	2019	2018 reported	Adjustment IFRS 5	2018 adjusted
Sales	1,017.3	997.2	35.6	961.7
Net financial income (excluding financing cost)	14.0	9.2	0.3	8.9
Total income from ordinary activities	1,031.3	1,006.4	35.9	970.6
Insurance underwriting expenses	(404.6)	(400.4)	(20.4)	(380.0)
Income or expenses net of ceded reinsurance	(2.8)	(12.8)	-	(12.8)
Other purchases and external expenses	(264.0)	(263.0)	(3.5)	(259.5)
Tax	(26.0)	(24.3)	(0.8)	(23.5)
Staff costs	(203.2)	(204.0)	(6.7)	(197.3)
Depreciation allowance	(35.3)	(20.5)	(0.2)	(20.3)
Provisions (net of reversals)	0.5	(5.8)	0.0	(5.8)
Other current operating income and expenses	(8.3)	2.1	(0.9)	3.0
Current EBIT	87.6	77.8	3.4	74.5
Non-current operating income and expenses	(23.9)	(3.9)	-	(3.9)
EBIT	63.7	73.9	3.4	70.5
Financing cost	(1.1)	(0.1)	-	(0.1)
Share of earnings of associates	(0.2)	(0.3)	-	(0.3)
Corporate income tax	(61.3)	(43.8)	(1.1)	(42.7)
Net income from continuing operations	1.1	29.7	2.3	27.4
Net income/(loss) from discontinued operations after tax	(0.2)	0.0	(2.3)	2.3
Consolidated net income	0.9	29.7	(0.0)	29.7
Minority interests	1.7	1.5	-	1.5
Net income/(loss) (Group share)	(0.8)	28.2	(0.0)	28.2
Earnings per share (in €)	(0.02)	0.70	-	0.70

APPENDIX 3: SUMMARY CONSOLIDATED BALANCE SHEET

(IFRS – €m)	31 Dec. 2019	31 Dec. 2018 reported	31 Dec. 2018 adjusted ⁵
Intangible assets	336.2	347.1	347.1
<i>of which goodwill</i>	259.5	269.5	269.5
Right-of-use assets	55.9	-	-
Tangible assets	11.3	13.6	13.6
Financial investments	419.7	608.3	608.3
Reinsurers' share of underwriting provisions	152.6	214.5	214.5
Other	23.4	27.7	27.7
Total non-current assets	999.1	1,211.4	1,211.4
Receivables from insurance and accepted reinsurance operations	72.5	126.8	126.8
Receivables from ceded reinsurance operations	24.0	33.6	33.6
Trade receivables	307.3	265.9	265.9
Cash and cash equivalents	219.2	136.2	136.2
Other	35.9	36.9	36.9
Total current assets	658.9	599.4	599.4
Assets classified as held for sale	299.7	-	-
TOTAL ASSETS	1957.7	1810.8	1810.8
Shareholders' equity (Group share)	617.4	617.7	617.7
Minority interests	(0.7)	(0.6)	(0.6)
Total shareholders' equity	616.7	617.1	617.1
Underwriting provisions for insurance policies	350.9	503.7	503.7
Provisions for contingencies and charges	18.4	37.8	22.8
Current tax liabilities	-	-	15.0
Deferred tax liabilities	5.0	4.1	4.1
Financial debt	42.1	51.9	51.9
Lease liabilities	56.4	-	-
Total non-current liabilities	472.7	597.4	597.4
Current bank loans and overdrafts	18.5	16.3	16.3
Payables from insurance and accepted reinsurance operations	27.4	51.5	51.5
Payables from ceded reinsurance operations	34.9	61.8	61.8
Operating liabilities	398.3	344.1	344.1
Other	163.2	122.5	122.5
Total current liabilities	642.3	596.2	596.2
Liabilities classified as held for sale	226.0	-	-
TOTAL EQUITY AND LIABILITIES	1,957.7	1,810.8	1,810.8

⁵ Reclassification of the €15.0m provision for tax contingencies under current tax liabilities, in accordance with IFRIC 23.

APPENDIX 4: SUMMARY CONSOLIDATED CASH FLOW STATEMENT

<i>(IFRS – €m)</i>	2019	2018 reported	2018 adjusted
Consolidated net income	0.9	29.7	29.7
Net income/(loss) from discontinued operations	(0.2)	0.0	2.3
Net income from continuing operations	1.1	29.7	27.4
<u>Cash flow</u>	<u>57.0</u>	<u>79.5</u>	<u>75.9</u>
Change in operating working capital	43.7	2.4	(1.4)
Operating cash flow from discontinued operations	3.5	(0.0)	7.4
Net cash flow from operating activities	104.2	81.8	81.8
Net investment in tangible and intangible assets	(20.0)	(24.2)	(24.0)
Net investment in financial assets	63.7	40.0	41.1
Net cash flow from acquisition/disposal of consolidated companies	(5.4)	(54.1)	(54.1)
Investment in equity-accounted companies	-	(1.0)	(1.0)
Investment cash flow from discontinued operations	5.2	-	(1.3)
Net cash flow from investing activities	43.5	(39.2)	(39.2)
Capital increase linked to exercise of stock options	-	-	-
Capital increase linked to minority interests in consolidated companies	-	0.1	0.1
Purchase and sale of own shares	0.0	0.0	0.0
Dividends paid out	(8.3)	(11.8)	(11.8)
Net change in borrowings	(15.8)	(4.0)	(3.5)
Financing cash flow from discontinued operations	-	-	(0.5)
Net cash flow from financing activities	(24.1)	(15.6)	(15.6)
Impact of foreign exchange rate changes	1.6	(0.3)	(0.3)
Change in net cash and cash equivalents	125.1	26.8	26.8
Net cash from discontinued operations held for sale	16.2	-	-
Net cash from operations held for sale	28.1	-	-
Change in net cash excluding discontinued operations held for sale	80.8	26.8	26.8

APPENDIX 5: GROSS MARGIN BRIDGE

<i>(IFRS – €m)</i>	2019	2018 reported	2018 adjusted
Sales	1,017.3	997.2	961.7
Financial income of insurance companies	10.7	8.6	8.3
Brokerage commissions paid to intermediaries	(163.3)	(141.3)	(141.2)
Insurance underwriting expenses	(404.6)	(400.4)	(380.0)
Income or expenses net of ceded reinsurance	(2.8)	(12.8)	(12.8)
Other	0.1	0.1	0.0
Gross margin	457.4	451.5	436.0
<i>Of which brokerage</i>	412.3	393.4	387.5
<i>Of which risk-carrying</i>	45.1	58.1	48.6

APPENDIX 6: ADJUSTED NET CASH BRIDGE

<i>(IFRS – €m)</i>	31 December 2019	1 January 2019
Cash and cash equivalents	219.2	136.2
Current bank loans and overdrafts	(18.5)	(16.3)
Net cash	200.7	119.9
Term deposits	97.5	64.8
Adjusted net cash	298.2	184.7