

Press Release

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H1 2019 gross margin: €34.4m, proforma¹ growth of 10% 45% growth in the Data Consulting business, which now accounts for 40% of the group's activity 2019 target confirmed: Proforma gross margin growth > 15%

Artefact (FR0000079683 – ALATF – eligible for PEA-PME, i.e. personal equity plans investing in SMEs) published today a gross margin of €34.4m for the first half of 2019, representing proforma growth of 10% (9% on a reported basis). The gross margin for the second quarter totalled €17.8m, for growth of 9% (on a proforma and reported basis).

Gross margin (€m)	Published			Proforma	
	H1 2019	H1 2018	Variation	H1 2018	Variation
France	15.1	12.1	+25%	12.1	+25%
Rest of Europe	14.0	16.4	-15%	16.1	-13%
Other Markets*	5.4	3.0	+75%	3.0	+75%
TOTAL	34.4	31.5	+9%	31.2	+10%

Unaudited data

* "Other markets" include Asia Pacific - MENA and Brazil

Strong growth in France and Other markets

Following a solid increase in activity in 2018 (+16% on a proforma basis), Artefact's organic growth trend consolidated with 10% proforma gross margin growth in the first half of 2019.

In **France**, where the Consulting/Data/Media bundled offer is paying off, the gross margin exceeded the €15m mark in the first half of 2019, compared to €12.1m in 2018, an increase of 25%. As such, France is continuing on its growth path, which is still being driven by the commercial success of Artefact's original Data Consulting business, which posted growth of over 30% during the first half of the year.

¹ The proforma data for Q1 2018 include only one-month's contribution (January 2018) of the affiliation activity operating in Denmark, Norway and Finland which had been sold at the end of January 2019 to ensure proper comparability of figures between the two periods.

The group's **Other markets** (China, Asia-Pacific, MENA and Brazil) also generated solid performances. On these markets, activity ramped up significantly (+90% in Q2 2019 compared to +65% in Q1 2019), driven by the trend in both Data Consulting and Media.

In the **Rest of Europe**, the trend in gross margin remained mixed, at €14.0m for the first half of 2019 (compared to €16.4m one year earlier). However, the trend showed a positive change. After a first quarter in which the gross margin fell by 17% (on a proforma basis), the second quarter saw a more limited proforma decline of 10%.

In Germany, the two media contracts lost in 2018 continued to impact gross margin by around €1.8m during the first half of 2019. In the United Kingdom, first-half activity showed encouraging signs of recovery in the second quarter, but this market has not yet returned to growth. In these two countries, a drive has begun to win over new Media accounts and business is expected to benefit from the growth in Data Consulting in Europe, which increased by over 40% during the first half of the year, with the arrival or strengthening of experienced local teams. In the Netherlands, Italy, Spain and the Nordic countries, activity returned to growth during the second quarter.

Increase in H1 gross margin driven by sharp growth in the Data Consulting business

As expected, **the Data Consulting business** (40% of gross margin in H1) confirmed its solid growth this year, with its gross margin increasing by 45% year-on-year. In particular, this trend was apparent in winning over new clients including L'Oréal, Oui.sncf, Axel Springer, Sephora, Heineken and Damac.

The recovery of the Group's historical **Media business** (60% of gross margin in H1) is on the right track, with the gross margin declining just 5% on a proforma basis to €20.7m. The new clients won over such as Ooredoo, Biostime, Sisley, John Lang Lasalle, Sinodis and Stihl are a testament to the efforts to revitalise the business over recent months in order to promote the renewal of the client portfolio.

Outlook for 2019: Proforma gross margin growth of over 15%

The solid organic growth trend confirmed in France and in Other markets should result in improved group's operating profitability over the full year, despite the still negative contribution from the Rest of Europe in the first half of 2019. In that context, the priority for the coming months will be to revitalise the European subsidiaries that must, in turn, become genuine drivers of growth and profitability for the group.

Given the favourable outlook, Artefact remains confident in its ability to deliver more than 15% growth in proforma gross margin. This pick-up in growth projected for the second half of the year is expected to intensify in 2020.

Financial calendar (after market):

October 24th, 2019

H1 Results 2019 and Q3 Gross Margin 2019

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About Artefact | artefact.com

Created from the merger of the startup Artefact founded in Paris in 2015 and the media agency NetBooster founded in 1998, Artefact has emerged in 4 years as a leading player in Data et Artificial Intelligence (AI). Listed on Euronext Growth Paris Stock Exchange and operating in 19 countries on 4 continents with close to 1,000 employees, Artefact is a data native company provides four complementary offers - Data Consulting, Digital Marketing Expertise, Technology Deployment (AI and Big Data) and Creative Studio - to more than 600 customers including many world leaders. Artefact has created in January 2019 its own AI R&D center and has been serving international groups in creating their own AI Lab.

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