

FIRST-HALF 2019 RESULTS

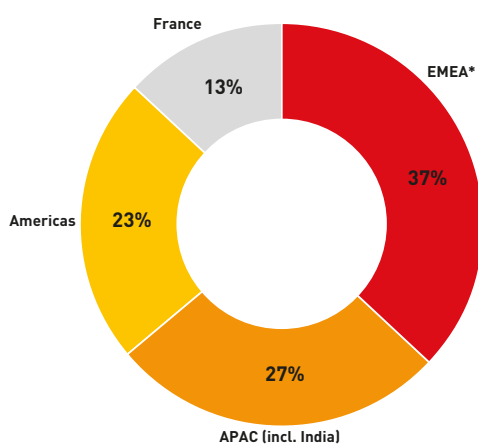
Revenue €41.3m

up 8.7% (5.1% at constant exchange rates)

Operating profit: €3.3m (7.9% of revenue)

Angers, August 8, 2019 – Evolis, the world leader in plastic card personalization solutions, announced its revenue and results for first-half 2019, ended 30 June 2019. The results were approved by its Board of Directors that met on August 8, 2019.

87%
of revenue generated
in the international
market



*Europe (excl. France), Middle East, Africa

Christian Lefort, Chief Executive Officer of Evolis, commented: "Evolis generated just over €41 million in revenue in first-half 2019, representing growth of 5.1% at constant exchange rates compared to the first-half of 2018. The period was marked by momentum in the Projects business, which has delivered structurally volatile performances, and by the relative stagnation in the Channel business, which the Group has been seeking to boost for several years. The Group is confident in further growth. It has the full commitment of its teams and a relevant product range. However, required structuring continues to weigh on profitability, which declined in the first half. And visibility on medium-term growth rates continues to be reduced."

FIRST-HALF 2019 REVENUE: €41.3M

REVENUE BY BUSINESS LINE

Consolidated revenue (in €m) at 06/30/2019	H1 2018	H1 2019	Change	Change at (CER)**
Channels	26.8	26.8	0.2%	-2.8%
o/w Q2	13.5	13.4	-0.5%	-3.7%
Projects	9.0	12.3	35.9%	29.7%
o/w Q2	5.1	6.7	30.8%	24.2%
Others*	2.2	2.2	-0.2%	-0.2%
o/w Q2	1.1	1.1	3.0%	3.0%
Total	38.0	41.3	8.7%	5.1%
o/w Q2	19.7	21.2	7.8%	4.0%

*Others: Mainly accessories (Sogedex) and software (CardPresso)

**At constant exchange rates: average exchange rate for first-half 2018 applied to first-half 2019

Revenues at June 30, 2019 amounted to €41.3m, up 8.7%, driven by the Projects business and favorable exchange rate effects. At constant exchange rates, revenue growth was 5.1%.

Channel business posted revenue of €26.8m, stable at current exchange rates and down 2.8% at constant exchange rates. In China, business remains penalized by one-off delays in orders from importer-distributors. This underperformance in China was partially offset by growth in the Americas, where structuring efforts are starting to show results. The Channel business remained stable in the other regions. The Edikio Guest solution, launched in early 2019, is not yet positively impacting the Channel business: Evolis must develop a specific distributor network for this product range dedicated to a new customer target group, the hotel industry.

Projects business' revenue came out at €12.3m, with stronger than expected growth: +35.9% at current exchange rates and +29.7% at constant exchange rates. The Asia-Pacific and Americas regions are characterized by projects secured in the banking, government and education sectors. Business for the EMEA region remains promising, but still impacted by geopolitical tensions in the Middle-East.

REVENUE BY REGION

Consolidated revenue (in €m) at 06/30/2019	H1 2018	H1 2019	Change	Change at CER**
EMEA	20.5	21.1	3.1%	2.2%
o/w Q2	9.9	9.8	-0.5%	-1.3%
Asia-Pacific (including India, China and Japan)	8.5	9.5	11.0%	5.3%
o/w Q2	4.5	5.5	23.6%	17.0%
Americas	9.0	10.7	19.1%	11.2%
o/w Q2	5.4	5.9	9.4%	2.2%
Total	38.0	41.3	8.7%	5.1%
o/w Q2	19.7	21.2	7.8%	4.0%

**At constant exchange rates: average exchange rate for first-half 2018 applied to first-half 2019

In terms of regions, all posted growth over the first half of the year. However, within the regions, the situation is highly contrasted. This confirms the amplified fragmentation by region that Evolis has seen for several months. With growth of 3.1%, the EMEA region includes a wide discrepancy between Europe with moderate growth, the Middle-East still affected by global geopolitical tensions, and Africa, which is recording good growth thanks to new banking projects. The Asia-Pacific region achieved €9.5m in revenue, representing 11.0% growth (+5.3% at constant exchange rates), driven by the Projects business, but impacted by network performance in China and the absence of major projects in India during the election period.

RESULTS IMPACTED BY CONTINUED STRUCTURING

In €m	H1 2018	H1 2019	Change
Revenue	38.0	41.3	8.7%
Current operating income	4.1	2.6	-36%
Current operating margin	10.8%	6.4%	-4.4 pts
Other operating income and expenses		0.6	-
Operating profit	4.1	3.3	-21.2%
Operating margin	10.8%	7.9%	-3.0 pts
Financial result	0.2	0.1	NS
Income tax	-1.3	-1.1	-12.8%
Net earnings	3.0	2.2	-26.7%
Net earnings, as a % of revenue	7.9%	5.3%	-2.6 pts

At end-June 2019, the gross margin was €25.3m. The gross rate was 61.3% of revenue, slightly lower than in first-half 2018 (61.8%). The gross margin for first-half 2019 was mainly impacted by two factors: the unfavorable network-project mix during the period and the adoption of a new pricing structure against a background of increased competition. Evolis benefited from a favorable currency effect in the first half of the year at constant exchange rates, giving a gross rate of 58.8%.

Current operating income declined sharply at end-June 2019. It ended at €2.6m, representing a current operating margin of 6.4% versus 10.8% at end-June 2018.

Three main factors explain this evolution. First, Evolis is continuing its efforts to structure and organize: the Group strengthened its teams in 2018 and early 2019, impacting personnel expenses, which were up 13.5% at end-June 2019. An expanded product and solution offering also has the effect of making production organization more complex and increasing the use of external personnel. Finally, a diversified offering leads to a lack of visibility on orders and thus additional costs in terms of logistics. The last two items explain the increase in other external expenses from €5.9m at end-June 2018 to €7.7m over the first half of the year (+31.8%).

Benefiting from a €0.7m reversal of trade receivables provisions over the first half of the year, operating profit at end-June stood at €3.3m, representing an operating margin of 7.9%.

First-half net earnings amounted to €2.2m, representing a net margin of 5.3%.

CASH POSITION IMPACTED BY PROFIT AND EARNINGS

At June 30, 2019, before factoring in IFRS 16 impact, net cash amounted to €20.4m versus €23.2m at December 31, 2018, as a result of the decrease in cash flow (€4.7m at June 30, 2019 versus €5.2m at end-June 2018), the increase in working capital requirements (+€0.6m, mainly due to higher inventories) and the dividend payment made in first-half 2019.

IFRS 16 application, which is mandatory from January 1, 2019, results in the valuation of the Group's lease contracts in the balance sheet. At June 30, 2019, Evolis booked €2.7m in liabilities in accordance with this accounting standard. At end-June 2019, net cash including the IFRS 16 impact, came out at €17.7m. The impact on operating profit and net earnings is not material.

OUTLOOK

In the context of a tougher market environment over the past few semesters, Evolis has had to face a fragmentation of demand by region, an uncertain political and economic climate in some regions and increasing competition. These factors complicate the company's management and limit commercial visibility. To meet these new challenges, the Group has implemented the required initiatives, particularly by strengthening its organization and sales force. While Evolis is confident in its ability to adapt, the Group is no longer in a position to make a reliable assessment of the pace of its growth momentum and cannot confirm the revenue targets previously announced for 2019 and 2021.

Next financial publication:

October 29, 2019, after close of the market

Third-quarter 2019 revenue

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ABOUT EVOLIS (Euronext Growth: ALTV0)

Evolis, a world leader, designs, manufactures, and markets a comprehensive range of plastic card personalization solutions. Evolis card printers come with all the options needed for graphic, magnetic and electric personalization (contact or contactless chip cards – RFID technology) of all types of cards (national ID cards, payment cards, employee badges, student cards, etc.). Evolis also markets a broad range of products and services for identifying people and goods: software for customizing cards (through the cardPresso subsidiary), a complete line of card accessories (through the Sogedex Accessories subsidiary), as well as signature pads and support services.

Based in Angers (France) with subsidiaries in Miami and Boston (United States), Singapore, Mumbai (India), Shanghai (China) and Tokyo (Japan), Evolis is listed on the Paris Stock Exchange (Euronext Growth) and reported revenue of €82 million in 2018. The Group employs more than 380 people and markets its solutions in 140 countries around the world.