



PRESS
RELEASE

FIRST-HALF 2018 RESULTS

First-half 2018 revenue: €38m

Operating profit: €4.1m

2018 revenue growth target revised

Angers, 17 September 2018 – Evolis, world leader in plastic card customisation and printing solutions, announced its revenue and results for first-half 2018, ended 30 June 2018.

Christian Lefort, Chief Executive Officer of Evolis, said: “First-half revenue was impacted by a combination of external factors. Moreover, the internal structure of our sales teams put into place last year has not yet driven all the expected effects. Political and economic uncertainty in Latin America and the Middle East, where the number of projects is lower than last year, will continue to impact our activity in second-half 2018. This leads us to revise our growth target for 2018. However, the good resilience in our Channels business line in most regions, and the large projects signed at the end of first-half 2018 enable us to forecast a second-half with sharp growth.”

88%
of revenue generated
in the international
market

In €m	H1 2017	H1 2018	Change
Revenue	40.6	38.0	-6.4
Operating profit	6.8	4.1	-40%
<i>Op. margin as a % of revenue</i>	16.8%	10.8%	-6.0 pts
Financial income/(loss)	-0.6	-0.2	ns
Income tax	-2.0	-1.3	-35%
Net income	4.2	3.0	-30%
<i>Net margin, as a % of revenue</i>	10.4%	7.9%	-2.5 pts

First-half 2018 accounts approved by the Group's Board of Directors meeting held on 14/09/2018

For the entire press release, at constant exchange rates: average exchange rate for first-half 2017, applied to first-half 2018

FIRST-HALF 2018 REVENUE: €38.0m

First-half 2018 revenue ended at €38.0m, down 6.4%. At constant exchange rates, business was stable (-0.7%).

The Channels business line ended at €26.8m (-0.4% at current exchange rates). At constant exchange rates, Channels grew 4.8%. All the Group's regions grew, except the United States, where teams are ramping-up, and the Middle East. In Europe, Channels was driven by long-standing networks and growth in sales from Edikio food labelling solutions. In Asia, new distribution agreements signed in China and the first effects of restructuring in India are adding further momentum.

The Projects business line reported revenue of €9.0m, down 21.7%, i.e. -13.9% at constant exchange rates. Aside from the significant impact in exchange rates, this change is mainly owing to the suspension of the Aadhaar government project in India, in addition to the postponement of projects in the Middle East and Latin America. Second-half 2018 will be more favourable for this business line, driven by projects that have already been signed: government contract in India and contract for the Edikio range with a major food retailer in Germany.

In terms of regions, and given the abovementioned information, the EMEA region grew 0.5% (+2.0% at constant exchange rates). Momentum in Europe was tempered by the decline in activity in the Middle East region. After deduction of currency effects, activity in the Americas region was down slightly by 1% (-10.9% at constant exchange rates). Finally, the Asia-Pacific region was down -15.6% (-5.9% at constant exchange rates), impacted by the suspended Aadhaar project, despite good resilience from the Channels business line.

RESULTS IMPACTED BY A DECLINE IN ACTIVITY AND A ONE-OFF PROVISION

At end-June, the gross margin rate remained stable at 61.8% versus 62.1% at end-June 2017. The slight 0.3-point decrease is entirely owing to a change in exchange rates. Production costs were thus kept under control.

Operating profit at end-June came out at €4.1m. Over the half-year, Evolis had to deal with one of its distributor clients defaulting. The distributor's debts were earmarked, impacting operating profit by €0.5m. Restated for this one-off item, operating margin ended at 12.1% versus 16.8% in first-half 2017. The margin was penalised by a decline in activity, despite tighter control over operations.

After taking into account financial income that benefitted from a positive exchange rate impact and a decrease in income tax expenses, net income ended at €3.0m at 30 June 2018.

CONTINUING HEALTHY BALANCE SHEET

At 30 June 2018, net cash stood at €18.9m, versus €21.1m at 31 December 2017, in line with the seasonality particularly linked to the payment of dividends. Evolis kept its WCR under control. The WCR remained stable at the end of first-half 2018 (-€0.1m). Operating cashflow ended at €5.2m.

2018 TARGET REVISED AND 2020 TARGET CONFIRMED

Evolis is working on large-scale government and banking projects where agreements can be postponed. Since its first-quarter 2018 revenue release, the Group has been impacted by a slightly weaker than expected recovery in its Channels business line in the United States, and by further postponements mainly in Latin America and the Middle East, owing to an unfavourable geopolitical environment. In light of these factors, Evolis is now targeting growth in 2018 revenue of 3% (based on a euro/US dollar exchange rate of 1.20), versus 6% growth previously stated. Based on this level of activity, the Group expects an operating margin at end-2018 slightly above that of end-June excluding one-off provisions.

Following a period of lower growth, Evolis expects to return to good growth momentum as of second-half 2018.

Evolis is confirming its target for revenue of €100m in 2020.

Emmanuel Picot, Chairman of Evolis, noted: "Second-half 2018 will see robust growth. Among the highlights, three product launches, which should enable us to strengthen our leadership and develop new opportunities. An agreement for and the delivery of new projects during this first-half 2018 is a testament to our capacity to recover and seek growth opportunities for the coming years. I am confident about our return to strong growth over the coming financial years and we are working tirelessly to attain our target of €100m by 2020."

Next key dates:

Turnover Q3 2018 : 16 October after close of trading

ABOUT EVOLIS (EURONEXT GROWTH: ALTVO)

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), Mumbai (India), Singapore (China) and Tokyo (Japan), Evolis is listed on the Paris Stock Exchange (Euronext Growth) and reported revenue of €80 million in 2017. The Company employs more than 380 people and markets its solutions in 140 countries around the world.

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