ARTEFACT

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Press Release

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Growth accelerates in Q2 2018
Proforma gross margin: +22% (+57% reported)

Revival in growth momentum confirmed

Artefact (FR0000079683 – ALATF – eligible for French SME equity savings plan "PEA-PME") today announces its gross margin for H1 2018. Following 43% growth in Q1, gross margin for Q2 rose by 57% to €16.5 million. Proforma*, the rise was 22% (compared to 14% proforma for Q1).

	Reported			Proforma	
Gross margin in € m	**Q2 2018**	**Q2 2017**	**Change**	**Q2 2017**	**Change**
France	6.7	1.6	318%	3.8	73%
Rest of Europe	8.3	8.3	0%	8.3	0%
Asia-Pacific – MENA	1.5	0.6	150%	1.4	11%
TOTAL	**16.5**	**10.5**	**57%**	**13.6**	**22%**

Unaudited data

50% growth in H1
+18% proforma

Thanks to this excellent performance, gross margin for the half-year was more than €31.5 million, up 50% on the same period 2017. Proforma growth was 18%.

	Reported			Proforma	
Gross margin in € m	**H1 2018**	**H1 2017**	**Change**	**H1 2017**	**Change**
France	12.1	3.8	217%	8.0	50%
Rest of Europe	16.4	16.0	3%	16.0	3%
Asia-Pacific – MENA	3.0	1.3	141%	2.7	14%
TOTAL	**31.5**	**21.0**	**50%**	**26.7**	**18%**

Unaudited data

As expected, the in-depth transformation undertaken by the Group has been feeding through more strongly as the months pass.

France, robust growth engine
Gross margin near rose by more than 4 times in Q2

In France, gross margin for Q2 increased by 4.2 times to €6.7 million. Growth was largely driven by the success of the Consulting business. Proforma performance was also strong, with growth of 73%. On the back of these excellent figures, H1 gross margin increased by 3.2 times, to €12.1 million (+50% proforma).

First international successes of the new offer

In the Rest of Europe, gross margin remained broadly stable in Q2 to €8.3 million. Over H1 as a whole, growth was 3%, to €16.4 million. This trend is in line with Group forecasts, while the new integrated offer continues to roll out.

Countries where this offer is already effective reported promising successes, such as the good performances in the UK (+10% on H1 2017) and Spain (+30% on H1 2017).

In Germany, gross margin rose 8% on the half-year. In coming months, the priority is to step up the marketing drive in this strategic market to restore a robust and sustained growth trend.

These promising performances have helped offset the still difficult situation in Northern Europe.

The Asia - Middle East region finally lived up to its full potential. Over H1 as a whole, gross margin in the region rose 141% to €3.0 million, including 8 Matic and its subsidiaries, acquired in March and consolidated as from 1 January. Proforma growth was 14%.

Overall, these healthy international performances reflect the growing importance of Consulting, with the recent recruitment of new partners in the UK, Spain and Dubai. Artefact continues to strengthen its business structure with a schedule of new highly-qualified hirings to develop the integrated Consulting/Data/Media offering in all regions.

Sales trend gaining momentum

Since the start of 2018, Artefact has confirmed a rising trend in sales, winning more than 25 new significant-scale clients who contributed nearly 5% of gross margin in H1. These new accounts reflect the extension of the Group's field of expertise to include Consulting and Data, notably with the sign-up of GrandVision in the Netherlands, Michelin in France and Nissan in the UK.

The take-off in Creation also contributed strongly, winning clients like Fisher Price, Total Spring and Kenzo. Finally, the re-energizing of the Activation divisions was demonstrated by several sales wins, such as Hugo Boss in Germany, DFS in Asia and BlaBlaCar in France.

Growth and profitability targets confirmed for 2018 and 2020

Following this successful start to the year, Artefact is feeling very confident about meeting its growth target for proforma gross margin of well above 10% for 2018 as a whole. As announced, this growth should be accompanied by a notable improvement in net income.

Artefact's 2020 ambition is likewise confirmed: to break €100 million gross margin with an EBITDA margin between 10% and 15%.

Guillaume de Roquemaurel, CEO of Artefact Group, said:

"We've had a great start to the year: growth has been confirmed and is picking up speed as our new offering gains momentum and rolls out successfully into our regions. We therefore remain confident in reaffirming our growth and profitability forecasts for 2018 and 2020."

* Consolidation of Artefact, 8 Matic and its affiliates over 6 months in 2017 and 6 months in 2018

Financial calendar (after market):

23 October 2018
H1 2018 Results and Q3 2018 Gross margin

END

About Artefact I artefact.com

Artefact embodies the perfect combination of marketing and engineering experts. Nominated innovative agency of the year in 2017, the agency works with some of the biggest advertising brands to invent the future of customer experience through new technologies. The agency has almost 1,000 employees across 17 countries worldwide, delivering three complementary solutions: Data Consulting, Digital Marketing Expertise and Technology Deployment (Big Data and Artificial Intelligence). Its 600 active clients include more than 100 blue-chip accounts such as Orange, Carrefour, Emirates, Deutsche Telekom and Monoprix, all of which are attracted by the agency's cutting-edge expertise. Artefact was founded by three alumni of the prestigious Ecole Polytechnique engineering school in Paris: Vincent Luciani, Philippe Rolet and Guillaume de Roquemaurel. It has been enjoying extremely robust growth since it was founded in 2015 and succeeded in tripling its sales in 2016. In September 2017, the agency merged with French listed company NetBooster, an international network of digital agencies run by data and media experts.

Artefact was awarded the Grand Prix d'Honneur at this year's Data Festival and obtained FrenchTech's official diploma for "hyper-growth" French companies awarded by the French Secretary of State for Digital Affairs, Mounir Mahjoubi.

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