

Press Release

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Proforma growth¹ of +10.3%

2019 gross margin: €66.2m, excluding Scandinavian operations held for sale

Artefact (FR0000079683 – ALATF – eligible for PEA-PME (personal equity plans investing in SMEs) has reported its gross margin for FY 2019.

Group gross margin for 2019 came to €66.2m, up 10.3% on proforma and 3.6% on reported data.

Unaudited data	Reported	Proforma ¹		Reported	
Gross margin in €m	2019 ¹	2018	Change	2018	Change
France	28.9	24.6	+18%	24.6	+18%
Rest of Europe	24.5	28.3	-13%	32.1	-24%
Other Markets*	12.7	7.1	+80%	7.1	+80%
TOTAL	66.2	60.0	+10.3%	63.8	+3.6%

* Other Markets include the Asia-Pacific and MENA zones and Brazil

Gross margin came to €18.1m in Q4 2019, up 10.9% on a proforma basis and 5.2% on reported data.

Unaudited data	Reported	Proforma ¹		Reported	
Gross margin in €m	Q4 2019 ¹	Q4 2018	Change	Q4 2018	Change
France	7.9	6.7	+18%	6.7	+18%
Rest of Europe	6.6	7.4	-11%	8.3	-20%
Other Markets	3.6	2.2	+60%	2.2	+60%
TOTAL	18.1	16.3	+10.9%	17.2	+5.2%

Given that the Group is currently in advanced-stage talks with a view to selling its Scandinavian operations, these are now listed as "non-current assets held for sale" under IFRS 5. As such, Group gross margin no longer includes the gross margins earned in these countries in proforma 2018 and in 2019 and the following figures and comments exclude their contributions.

¹ Proforma 2018 data only includes one month of contributions (for January 2018) from the affiliate marketing business in Denmark, Norway and Finland, which was sold at end-January 2019, to ensure perfect comparability between the two periods. Proforma 2018 and 2019 data has also been adjusted in respect of accounting standard IFRS5, such that gross margin for the Rest of Europe no longer includes gross margin contributions from the Group's Scandinavian operations, now recorded under "non-current assets held for sale".

Momentum still strong in Data Consulting

The **Data Consulting business** continued to generate strong top-line growth in 2019, chalking up a proforma increase of 41% relative to 2018. Gross margin totalled €28.3m, accounting for 43% of total annual gross margin, compared with 33% in 2018. The business added several new customers to its client portfolio over the course of the year, including some major accounts such as Danone, L'Oréal, Sodexo, Saudi Telecom and Unilever, etc.

The **Media business** again reported mixed performances, with gross margin down 5% over the full year. In France and Other Markets, growth momentum is now solid. The difficulties encountered at this business stemmed from the German arm and, to a lesser extent, the UK, where the later than anticipated roll-out of the offer and of team structuring efforts prevented the business from getting back on the growth path in 2019. At the end of the year, several major accounts were added to the customer portfolio (Gardena, GRDF, Moonsoon, Ooredoo, Ubisoft, etc.) and these will come into effect in full in 2020.

Gross margin up 18% in France

In **France**, gross margin increased 18% relative to 2018, to €28.9m in 2019. Both the Data Consulting and Media businesses contributed to full-year growth. Gross margin gained 16% at the Data Consulting arm, which now accounts for 65% of business activity in the country. The Media arm recorded growth of 24%. These growth rates testify to the relevance of the business model now being implemented in France, and of which the worldwide roll-out remains a priority.

Decline in Rest of Europe overshadows progress underway

In the **Rest of Europe**, Artefact generated €24.5m in revenue, implying a proforma decline of 13%. In Q4, gross margin came to €6.6m, down 11% relative to the year-earlier period. Over the full year, the Data Consulting business recorded gross margin of over €3.8m, up 31% on proforma.

After selling its affiliate marketing operations in Denmark, Norway and Finland, Artefact is currently exploring its options for the rest of its activities in Scandinavia, with a view to refocusing its efforts on regions harbouring higher growth potential.

In Germany, the ramp-up in teams at the Consulting arm in May 2019 and the commercial successes clocked up at the Media business were unable to offset the loss of its lost-standing media contracts in 2018, which had a €2.5m impact on 2019.

In the UK, business activity is stabilising, with the decline limited to 4% in Q4 (compared with -9% in Q3 and -15% in H1 2019).

Finally, in the Netherlands, Artefact delivered extremely encouraging performances across its entire Consulting/Data/Media offering, with a 36% jump in gross margin. This fine performance reflects the successful roll-out of the offer in the country and testifies to the Group's ability to duplicate its business model in other European countries.

Other Markets: 80% growth and nearly 20% of total revenue

The Group's Data/Consulting/Media range is still enjoying huge success in **Other Markets**. Gross margin for the full year was up 80% at €12.7m. The zone now accounts for over 20% of total revenue (versus 10% in 2018). Since the start of 2019, all of Artefact's branches in Other Markets (i.e. China, Asia-Pacific, MENA and

Brazil) have cemented their commercial momentum, with major contract signatures in Data Consulting and Media.

Outlook

As regards the substantial investments made to support the deployment of Artefact's Consulting/Data/Media offering and revive its historical business lines, Artefact is confident in its capacity to generate strong proforma growth. To meet that goal, it will be giving top priority to restoring business activity in the Rest of Europe zone. In 2020, Artefact also intends to confirm the solid momentum gained in France and in Other Markets.

Financial calendar (after market):

April 23rd, 2020

FY Results 2019 and Q1 Gross Margin 2020

July 23th, 2020

H1 Gross Margin 2020

October 27th, 2020

H1 Results 2020 and Q3 Gross Margin 2020

END

About Artefact | artefact.com

Created from the merger of the startup Artefact, founded in 2015, and the media agency NetBooster, founded in 1998, Artefact has emerged in past five years as a leading player in Data services, providing specialist advice on data transformation and data-driven digital marketing. With 18 offices across 14 different countries, Artefact is a next-gen company with a mission to transform data into business impact and to deliver tangible results over its customers' entire value chain. Artefact now provides its range of Data Consulting, Digital Marketing, Technology Deployment (AI and Big Data) and Creative Studio services to more than 400 customers, including many world leaders. In January 2019, Artefact created its own AI R&D centre and has been supporting international groups in creating their own AI Labs. Artefact is listed on the Euronext growth stock exchange in Paris (ISIN code: FR0000079683).

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