

## Artefact Group achieves +17% growth in gross margin for Q4 2020 (+10% for the year)

### Company records strong increase in 2020 EBITDAr<sup>1</sup>, estimated to be between €13.5m and €14.0m

Paris, January 28, 2021 – 5:45 pm CET - Artefact (FR0000079683 – ALATF – eligible for PEA-PME equity savings plans), a data transformation specialist guiding major brands, today announces its gross margin and its estimated EBITDAr range for FY 2020.

**Guillaume de Roquemaurel and Vincent Luciani, co-CEOs of the Artefact Group, said:** *“Our Group’s robust commercial performances and our improvement in profitability, has been achieved despite the pandemic and economic conditions. It provides compelling evidence that Artefact’s positioning and business model are highly effective. These commercial successes, including very impressive Q4 proforma<sup>2</sup> growth of 17%, reflect increasing demand from major international brands for our data-driven offerings. These serve as a real driver helping our clients to overcome the crisis through a customer-centric reconfiguration of their organisations and processes. Everything has slotted into place for Artefact at the beginning of the year, and we are very keen to keep this momentum going and to extend our leadership position in data transformation consulting and services.”*

#### **Strong improvement in the 2020 gross margin and excellent Q4 performance amid unprecedented conditions**

Artefact’s FY 2020 gross margin rose 10% proforma to €70.3m. Building on a strong first six months, when it recorded proforma growth of 9.0% amid the public health crisis, Artefact’s commercial performance accelerated in the second semester with the gross margin increasing by 11%.

This performance was notably driven by the Group’s successful reconfiguration to focus on three services. This segmentation has unlocked more from Artefact’s value proposition which helps major brands reconfigure their organisations to become consumer-centrics.

Artefact’s core services include:

- **Data Consulting**, data transformation consulting, which also extends beyond the marketing function
- **Data Marketing**, support for marketing departments with the adoption of new data tools
- **Digital Activation**, consulting and execution of digital advertising campaigns

The Data Consulting and Data Marketing businesses were the two main growth drivers and together accounted for around two-thirds of the 2020 gross margin.

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<sup>1</sup> EBITDAr: EBITDA restated for the IFRS 2 impact of free share allocations and preference share issues, as well as the IFRS 3R impact associated with remuneration for post-combination services and that of IFRS 16 relating to the adjustment for lease payments. Artefact has thus decided to present restated EBITDA to better reflect its operating performance, as tracked for internal reporting purposes by management, independently of its policy for attracting and retaining talent and the acquisition terms and conditions set out in its acquisitions policy

<sup>2</sup> Proforma data resulting from the restatement after disposals and office closures in the Nordic countries and Italy and following the removal of the Spanish joint venture MediaDiamond from the group’s scope of consolidation.

**Record level of business in Q4 2020 with a 17% proforma increase**

During the fourth quarter of 2020, Artefact's gross margin totaled €20.3m, accelerating its growth to a proforma rate of 17%, which is on par with levels before the Covid-19 pandemic.

**Significant demand for Artefact's data-driven expertise from major brands across most regions**

**Further strong improvement in France: proforma growth of 20% in the 2020 gross margin**

In France, the 2020 gross margin rose 20% compared with 2019 to total €34.6m, representing almost half of Artefact's total business. Growth was even stronger in the fourth quarter of 2020, with a gross margin up 22% compared with the same period in 2019. The Data Consulting and Data Marketing businesses were again the main contributors, recording a growth rate of 39% over the year.

**Impressive upturn in second-half business trends in the Rest of Europe, supported by the strength of demand in the United Kingdom and the Netherlands**

In the Rest of Europe, the gross margin declined 8% in FY 2020 as a result of the public health crisis. This cause a sharp slowdown in the Digital Activation business, which is still prominent in this region.

Nonetheless, the region saw an upturn in business in the final quarter of 2020, with posting growth of 5% driven by the United Kingdom and the Netherlands.

Indeed, business in the United Kingdom improved spectacularly over the year, with a 17% increase in the proforma gross margin in the second half of 2020. This included a 33% increase in the fourth quarter of 2020, Artefact's best-ever performance in the region.

Lastly, the Netherlands again recorded a very brisk rate of growth, with the gross margin up 55% compared with FY 2019.

**Very strong performance in the APAC and MENA regions, highlighting the potential for Artefact's development outside Europe**

Other Artefact markets posted a strong increase of 20% in FY 2020, with APAC recording growth of 18% and MENA 24%. In Asia, Artefact again posted an excellent performance, reflecting the success of its Data Marketing and Data Consulting offerings whose gross margin more than doubled in FY 2020, increasing by 115%, notably by collaborating with four major European brands during the year. Expansion in the MENA region reflects strong demand from tech and tourism clients.

**FY gross margin trends by geographic zone**

Gross margin (in €m)	Reported	Proforma		Reported	
	2020	2019	% change	2019	% change
France	34.6	28.9	+20%	28.9	+20%
Rest of Europe	20.4	22.2	-8%	24.5	-17%
Other Markets*	15.3	12.7	+20%	12.8	+20%
<b>Total</b>	<b>70.3</b>	<b>63.8</b>	<b>+10%</b>	<b>66.2</b>	<b>+6%</b>

*Data currently being audited - \*Other markets include the Asia-Pacific region - MENA - Brazil*



**Q4 gross margin trends by geographic zone**

Gross margin (in €m)	Reported			Proforma	
	Q4 2020	Q4 2019	% change	Q4 2019	% change
France	9.7	7.9	+22%	7.9	+22%
Rest of Europe	6.2	5.9	+5%	6.6	-6%
Other Markets*	4.5	3.6	+24%	3.6	+24%
<b>Total</b>	<b>20.3</b>	<b>17.4</b>	<b>+17%</b>	<b>18.1</b>	<b>+12%</b>

*Data currently being audited - \*Other markets include the Asia-Pacific region - MENA - Brazil*

**2020 EBITDAr guidance revised up and representing over 19% of the gross margin for an amount between €13.5m and €14.0m**

The 2020 EBITDAr estimate – ahead of the exact figure due to be published with 2020 annual results on April 22, 2021 – shows Artefact's performance has genuinely reached a turning point. The very strong improvement in the EBITDAr margin compared with 2019 and between the two halves of 2020 thus reflects the impact of impressive growth and its much stronger leverage on the cost structure. It also illustrates the success of the Group's reconfiguration around its most profitable and fastest-growing businesses – the other key element of the plan. The Group is thus confident in its ability to post a 2020 EBITDAr margin of over 19% (versus an initial target of over 15% set in October).

**Promising 2021 outlook underpinned by the structural demand from major international brands for digital and data transformation**

The current context of brands' increased digitalisation, and more generally the extension of the phenomenon towards consumer-centric organisations, represents a strong driver for Artefact. Moreover, the pertinence of this consumer-centric approach has been underscored during the pandemic, which has brought its importance into even clearer focus.

Accordingly, the Group confidently expects to continue winning over new clients, while raising its profitability, thanks to its unique positioning as a high value-added digital transformation consulting company. Lastly, Artefact's solid financial structure, strengthened in December 2020, will support the acceleration of the Group's development.

[Download Artefact's 2020 Year book here](#) to find out more about Artefact's 2020 achievements and expertise.

**Forthcoming diary dates**

April 22, 2021:

**FY 2020 results and Q1 2021 gross margin**



## About Artefact | [artefact.com](https://artefact.com)

Artefact is a next-generation data-driven consulting and services firm, transforming data into value and business impact for its clients. With a broad presence on the world's main markets (France, Germany, the UK, Asia, Dubai), Artefact serves an extensive portfolio of more than 300 clients, including a host of world leaders such as Samsung, Danone, L'Oréal and Sanofi. The Group has three main service offerings, leveraging its data mining and data analysis capacities: Data Consulting, Data Marketing and Digital Activation. Artefact is listed on the Euronext growth stock exchange in Paris (ISIN code: FR0000079683).

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