

ADLPartner: BUSINESS STABLE FOR THE FIRST HALF OF THE YEAR IN THE CONTEXT OF THE HEALTH CRISIS AND THE SHUTDOWN OF THE FRANCE ABONNEMENTS RANGE

The ADLPartner Group is reporting €64.8m of net sales¹ for the first half of 2020, down €2.1m (-3.1%), and a gross sales volume² of €136.6m, down 3.2%.

Following first-quarter growth of 6.3%, the Group's business slowed down in the second quarter due to the impact of the health crisis on sales trends and the planned shutdown of the France Abonnements business, reducing first-half consolidated net sales by €3.6m.

The quarterly change in the Group's sales for each business line is presented below:

Gross sales volume			
€m	2020	2019	Change
1st quarter	72.7	70.3	+3.4%
2nd quarter	63.9	70.7	-9.7%
Half-year total	136.6	141.1	-3.2%
<i>Of which:</i>			
Magazines	108.0	116.3	-7.1%
Digital marketing	25.8	22.1	+16.8%
Insurance	2.7	2.7	+2.2%

Net sales			
€m	2020	2019	Change
1st quarter	35.6	33.5	+6.3%
2nd quarter	29.3	33.4	-12.5%
Half-year total	64.8	66.9	-3.1%
<i>Of which:</i>			
Magazines	40.3	45.8	-11.9%
Digital marketing	21.9	18.6	+18.1%
Insurance	2.6	2.5	+2.3%

The breakdown of the Group's sales for each region is as follows:

€m	H1 2020	H1 2019	Change
Gross sales volume	136.6	141.1	-3.2%
France	130.8	134.6	-2.9%
Iberia	5.8	6.4	-9.6%
Net sales	64.8	66.9	-3.1%
France	59.8	61.4	-2.7%
Iberia	5.1	5.5	-6.9%

Magazines: slowdown compounded by the shutdown of the France Abonnements business

Net sales for the open-ended subscription business came to €35.3m, down 4.1% from the first half of 2019. The second quarter was marked by the reduction in the volume of prospecting campaigns and the deferral of certain partnership-based operations in view of the unprecedented context. The subscription portfolio at June 30, 2020 totaled 2.6 million units, down 5.5% year-on-year.

Net sales for the fixed-term subscription lines and the books, merchandise, audio and video range contracted by €3.6m (- 41%) to €5.1m. For the second quarter of 2020, they were marked primarily by the planned end of sales under the France Abonnements brand.

In units	30 June 2020	30 June 2019	Change
Active open-ended subscriptions	2,620,513	2,773,381	-5.5%

Insurance: good resilience for sales

Net sales for the subsidiary ADLP Assurances (€2.6m) show a 2.3% increase compared with the first half of 2019. The good level of the policyholder portfolio offset the slowdown in recruitment of new customers over the period.

Digital marketing: continued growth despite the crisis

Half-year net sales for the digital marketing business climbed 18.1%, with the gross margin³ up 12.3%. As expected, it was significantly affected in the second quarter by the deferral or reduction of certain budgets by advertisers in the context of the health crisis.

The consulting business highlights Converteo's resilience, as this subsidiary maintained robust gross margin growth over the first half of the year, up 23.8% to €9.2m.

The marketing services business was affected more significantly by the second-quarter slowdown in sales, with many customers deferring their marketing campaigns as a result of the Covid-19 crisis. The half-year gross margin for this business line is up 7% in France to €3.1m (including a €0.5m scope effect linked to the integration of Ividence, whose assets were acquired at the start of February 2020).

Gross margin (€m)	H1 2020	H1 2019	Change
Consulting - France	9.2	7.4	+23.8%
Marketing services – France	3.1	2.9	+7.0%
Marketing services – Iberia	2.3	2.7	-13.7%
Total digital marketing	14.5	12.9	+12.3%

Outlook

Despite the uncertainty concerning the strength of the recovery, the ADLPartner Group is confident about its prospects for development. On the one hand, the Group is optimizing its commercial investments in its magazine and insurance activities to support its portfolios generating recurrent revenues. On the other hand, it is capitalizing on its financial resources to sustainably strengthen its position as a major player for data and digital marketing in Europe thanks to a proactive external growth strategy.

Next date: 2020 half-year earnings on 25 September 2020 (after close of trading)

ADLPartner in brief

With its extensive cross-channel marketing track record and deep data expertise, the ADLPartner Group designs, markets and implements customer relationship management and loyalty services on its own behalf

or for its partners (banks, retailers, services, e-commerce, etc.) across all distribution channels. Operating under the ADLPerformance brand, the Group works with 50% of the companies from the CAC 40 and large numbers of mid-market firms. The ADLPartner Group recorded net sales of €139m in 2019 and employs more than 400 people.

ADLPartner is listed on the regulated market Euronext Paris – Compartment C.
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¹ Net sales (determined in line with the French professional status for subscription sales) only include the amount of remuneration paid by magazine publishers; for subscription sales, net sales therefore correspond to a gross margin, deducting the cost of magazines sold from the amount of sales recorded. For acquisition and management commissions linked to sales of insurance policies, net sales comprise current and future commissions issued, acquired by the accounting reporting date, net of cancellations.

² Gross sales volume represents the value of subscriptions and other products sold. It is equal to net sales for the insurance business.

³ The gross margin for the digital marketing business represents the total amount of net sales (total invoices issued: fees, commissions and purchases charged back to customers) less the total amount of costs for external purchases made on behalf of customers.