

ADLPartner: 2020 FIRST-QUARTER NET SALES UP 6.3% TO €35.6M

The ADLPartner Group is reporting €35.6m of net sales¹, up 6.3%, and a gross sales volume² of €72.7m, up 3.4%.

This robust performance has continued to be driven by the development of the digital marketing business, in line with the Group's strategy focused on marketing innovation through data, with both organic and external growth. The Covid-19 pandemic's impact for the first quarter of 2020 was limited.

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

€m	Q1 2020	Q1 2019	Change
Gross sales volume	72.7	70.3	+3.4%
Magazines	57.0	59.0	-3.2%
Digital marketing	14.4	10.1	+42.6%
Insurance	1.2	1.3	-3.8%
Net sales	35.6	33.5	+6.3%
Magazines	22.0	23.6	-6.9%
Digital marketing	12.4	8.6	+43.5%
Insurance	1.2	1.2	+0.5%

Magazines: offers realigned around open-ended subscriptions

Net sales for open-ended subscriptions are up slightly (0.8%), while the subscription portfolio shows a limited contraction of 4% to 2.6 million units at 31 March 2020. The contribution by the fixed-term subscription lines and the books, merchandise, audio and video range is significantly reduced, with their sales under the France Abonnements brand scheduled to end in the second quarter of 2020.

In units	31 March 2020	31 March 2019	Change
Active open-ended subscriptions	2,621,254	2,729,481	-4.0%

Insurance: sales consolidated

Net sales for the subsidiary ADLP Assurances (€1.2m) are stable compared with the first quarter of 2019. The slowdown in the recruitment of new customers due to the initial disruption with the Covid-19 pandemic was offset by the stability of the policyholder portfolio.

Digital marketing: robust growth confirmed

The digital marketing business has maintained its strong rate of development, with quarterly net sales growth of 44% and a 26% increase in the gross margin³.

Net sales for the consulting business (€6.6m; +63%) are being driven by the growth of Converteo, with this subsidiary's gross margin up 38% to €5.1m.

Net sales for marketing services (€5.7m; +26%) are progressing, driven by strong sales growth in Spain and a €0.5m scope effect linked to the integration of Ividence, whose assets were acquired at the start of February 2020. The gross margin for marketing services is up 9% to €2.9m.

Gross margin (€m)	Q1 2020	Q1 2019	Change
Consulting	5.1	3.7	+37.6%
Marketing services	2.9	2.6	+9.2%
Total digital marketing	8.0	6.4	+25.9%

Development of sales for each region

€m	Q1 2020	Q1 2019	Change
Gross sales volume	72.7	70.3	+3.4%
France	68.9	67.3	+2.3%
Spain	3.8	3.0	+26.6%
Net sales	35.6	33.5	+6.3%
France	32.1	31.0	+3.8%
Spain	3.5	2.5	+38.4%

Update on the operational situation faced with the Covid-19 pandemic

While respecting the health and safety of all its staff, the ADLPartner Group has rolled out the measures needed to ensure the continuity of its activities, with the majority of staff working from home.

During the last two months, the Group has scaled back the volume of its prospecting campaigns for the magazine and insurance business lines, taking into account the difficulties with sending letters and the decisions by certain partners to defer their customer acquisition or loyalty operations. These operations have been gradually starting up again since mid-May. However, it is important to note that during the lockdown, magazines were effectively delivered to the subscriber portfolio, which did not record any increase in cancellations.

The digital marketing business has been significantly affected by advertisers deferring or reducing certain budgets in an unprecedented context. This impact will be significant for first-half net sales and earnings.

Outlook

The ADLPartner Group is still confident about its ability to come through this crisis and expects net sales to contract in the second quarter of 2020. As a precautionary measure, the Group has used some of the support arrangements put in place by the French authorities in order to safeguard its cash position and optimize its costs.

For its magazine and insurance activities, the Group is continuing to optimize its commercial investments to further strengthen its portfolios generating recurrent revenues. The process to stop selling its offers under the France Abonnements brand will be completed during the first half of this year.

For its digital marketing business, the Group is setting out its ambitions, drawing on its significant financial resources to continue moving forward with its active external growth strategy focused on high-potential areas, further strengthening its position as a major player for data and digital marketing in Europe.

General Meeting on 12 June 2020 to be held as a closed session

The ADLPartner Group's general meeting on 12 June 2020 will exceptionally be held as a closed session. The meeting notice, published in the French official gazette (BALO) on 1 May 2020 and available on the company's website www.adlperformance.com ("General Meetings" section), sets out the conditions for how to take part.

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.