

ADLPartner reports its net sales for the first nine months of 2019

- **Nine-month net sales up 12.2% to €100.1m**
- **ADLPartner has submitted to the employee representative bodies a plan to shut down the fixed-term subscription and books, merchandise, audio and video activities under the France Abonnements brand**

The ADLPartner Group recorded €100.1m in net sales¹ for the first nine months of 2019, up 12.2% year-on-year. The gross sales volume² came to €210.1m, up 4.7%.

Quarterly business trends

At 30 September	2019	2018	Change
Gross sales volume (€m)	210.1	200.6	+4.7%
1st quarter	70.3	68.7	+2.4%
2nd quarter	70.7	65.9	+7.4%
3rd quarter	69.0	66.0	+4.5%
Net sales (€m)	100.1	89.2	+12.2%
1st quarter	33.5	30.1	+11.2%
2nd quarter	33.4	28.7	+16.6%
3rd quarter	33.2	30.4	+9.0%

Net sales for the third quarter of 2019 are up 9% compared with the third quarter of 2018. This change primarily reflects:

- For the marketing services business, the robust growth of Converteo, the subsidiary controlled by the Group since July 2018, and the solid performances achieved by the Spanish subsidiary.
- For the insurance business, the sustained increase in brokerage fees for the subsidiary ADLP Assurances.
- For the magazine services business, the level of net sales maintained for the open-ended subscription business, supported by partnership-based commercial investments, while prospecting for the other product lines is continuing to be scaled back significantly.

Developments for each region

At 30 September	2019	2018	Change
Active open-ended subscriptions³ (units)	2,648,178	2,738,231	-3.3%
France	2,610,182	2,690,684	-3.0%
Spain	37,996	47,547	-20.1%
Gross sales volume (€m)	210.1	200.6	+4.7%
France	200.1	191.6	+4.4%
Spain	10.0	9.0	+10.8%
Net sales (€m)	100.1	89.2	+12.2%
France	91.5	81.7	+12.0%
Spain	8.5	7.5	+14.4%

Change in the product mix

At 30 September	2019	2018	Change
Gross sales volume (€m)	210.1	200.6	+4.7%
Open-ended subscriptions	147.5	148.3	-0.5%
Fixed-term subscriptions	18.3	21.3	-14.1%
Books, merchandise, audio and video	7.2	8.9	-19.8%
Other (insurance and marketing services)	37.1	22.1	+67.7%
Net sales (€m)	100.1	89.2	+12.2%
Open-ended subscriptions	54.6	54.4	+0.3%
Fixed-term subscriptions	7.1	7.9	-10.4%
Books, merchandise, audio and video	6.2	7.5	-17.6%
Other (insurance and marketing services)	32.2	19.3	+66.7%

The marketing services and insurance brokerage activities are at the heart of the ADLPartner Group's profitable growth strategy. Focused on strongly-developing markets, they now represent a significant percentage of its net sales, with sales up 67% year-on-year at 30 September 2019.

Net sales for the marketing services business (€28.4m) show 75.1% growth, taking into account a scope effect for €10m linked to the full consolidation of the company Converteo since July 2018. The ADLP Assurances subsidiary's net sales are up 22% and represent 3.8% of the Group's net sales at 30 September 2019, compared with 3.5% one year earlier.

The magazine services business is focusing on its realignment. With commercial investments ramped up for the open-ended subscription business, sales came in slightly higher than the first nine months of 2018, while maintaining the subscription portfolio. The withdrawal from the fixed-term subscription lines and the books, merchandise, audio and video products has continued to progress, in line with previous periods, due to the structurally unfavorable market outlook.

Shut down of the fixed-term subscription and books, merchandise, audio and video activities under the France Abonnements brand

Following an exhaustive review of the options for the profitable development of the fixed-term subscription and books, merchandise, audio and video activities under the France Abonnements brand, it was not possible to identify a scenario making it possible to ensure its economic balance in an increasingly difficult market environment. To safeguard its competitive position, the ADLPartner Group plans to shut them down in 2020.

ADLPartner SA is looking to put in place a job protection plan, including a voluntary phase, that has been presented to the employee representative bodies, in order to adapt the workforce for the fixed-term subscription and books, merchandise, audio and video activities. ADLPartner SA is working closely with all the stakeholders to minimize the consequences for the teams concerned by this restructuring initiative, in accordance with legislation and social provisions. The Company is deeply committed to promoting exchanges with the employees concerned and their representatives in order to provide appropriate support.

The restructuring of this activity will make it possible to further strengthen the solid position of the Magazines business, but is expected to have a significant impact on the consolidated results for 2019.

The Group is continuing to develop the fixed-term subscription business under the FAE and OFUP brands.

Outlook

The ADLPartner Group is continuing to move forward with its commercial investments in the open-ended subscription business and its ADLP Assurances subsidiary to further strengthen its portfolios generating recurrent revenues.

Alongside this, the development of marketing services is being driven by the full contribution by Convertéo over the whole year in 2019. Lastly, the Group intends to use its financial resources to achieve its ambitions for development through external growth, particularly through its subsidiaries Convertéo and ADLPDigital.

Next date: 2019 full-year net sales on 31 January 2020 (after close of trading)

ADLPartner in brief

With its extensive track record in performance marketing, ADLPartner designs, markets and implements customer relationship management and loyalty services on its own behalf or for its major partners (banks, retailers, services, e-commerce, etc.) across all distribution channels.

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 number of units indicated here does not include the portfolio of insurance policies.