

Presse release
March 11, 2013

VALTECH REPORTS RECORD 2012 NET REVENUE AND RETURNS TO POSITIVE EBITDA

Business model transformation and rigorous strategy execution start to pay off

Paris (France), 11 March 2013 – Valtech S.A. [EURONEXT Paris: FR0004155885 - LTE], Europe’s largest independent marketing and technology agency, today reports its full year 2012 results for the period ended 31 December 2012. The Board of Directors met Thursday, March 7, 2013, under the chairmanship of Sebastian Lombardo, to approve these financial statements. The Company’s auditors have finalized their audit procedures. Their reports have not been released yet.

Starting this year and in order to make the results and performance better comparable with those of competitors going forward, the Company will focus on reporting of EBITDA. EBITDA excludes the amortization and depreciation and is therefore considered a better measure for analyzing the operational performance.

Group Results (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	133.7	115.0	16.24%	68.2	65.5	4.06%
Cost of sales	(92.6)	(79.6)	16.30%	(46.4)	(46.1)	0.64%
Gross margin	41.1	35.4	16.11%	21.8	19.4	12.19%
Sales and marketing costs	(11.5)	(9.5)	20.74%	(5.5)	(6.0)	-7.29%
Administration costs	(29.4)	(29.0)	1.64%	(14.6)	(14.8)	-1.32%
EBITDA adjusted	2.6	(0.6)		2.6	0.04	
EBITDA margin adjusted	2.0%	-0.5%		3.8%	0.1%	
EBITDA	2.6	(1.9)		2.9	(0.3)	
Depreciation, amortization and impairment	(2.4)	(1.9)		(1.0)	(1.4)	
Profit from operations	0.2	(3.7)		1.9	(1.7)	
Profit after tax	(2.1)	(5.1)		0.7	(2.8)	
Earnings per share	(0.0)	(0.0)		0.0	(0.0)	
No of employees end of period	1,565	1,558	0.45%			

Adjusted EBITDA excludes exceptional items

KEY FIGURES

- FY 2012 net revenue up by 16.2% to EUR 133.7 million (12,8% at constant change), a record in the Company’s history, reflecting increasing demand for digital platforms in e-commerce, branding, social and mobile offerings;
- Positive adjusted EBITDA of EUR 2.6 million in 2012 vs. a negative EUR 0.6 million in 2011, good underlying net operational progress and cost structure reduction (22% of revenues vs. 25.2% in 2011). As of December 31st 2012 the total number of employees reached 1,565 (vs. 1 558 in 2011). The overall average in 2012 was 1,413 employees, a decrease of - 9.3% compared to 2011.
- A positive EBIT of EUR 0.2 million against a negative EBIT of EUR 3.7 million in 2011, showing a very strong and net increase in operational profitability, notably in H2 2012 with a positive EBIT of 1.9 million compared to a negative EBIT of 1.7 million in H1 2012;
- Net result in remarkable progress of negative EUR 2,1 million vs. negative EUR 5,1 million in 2011, including the loss of EUR 0.6 million in Valtech Korea joint-venture, corporate tax for EUR 0.7 million and a slight increase in financial costs of EUR 0.2 million.

GENERAL COMMENTS

Sebastian Lombardo, Chairman & CEO of Valtech, commented :

“2012 is definitely a milestone in our history as a public Company with record sales of EUR 133.7 million, up 16.2% vs. 2011 and the highest level of revenue since Valtech went public almost 16 years ago. 2012 is also a milestone in the transformation of the Company into the leading and Europe’s largest independent marketing and technology agency, not only for substantially outperforming the market with 4 consecutive quarters of continued double digit organic growth but also and mostly for making Valtech return to operational profitability.

Our 2012 performance reflects the relevance in the new strategic positioning of Valtech and the progress we have made in transforming the business model. We have built a blended and global portfolio of strategic, marketing, social, creative and technology skill sets tailored to international brands who aim to lead in the digital space and capture the opportunities it offers to further create business value, drive brand equity and cross-channel sales.

We are beginning to reap the benefits of this profound transformation with the return to profitability for the year, which was also one of our goals. In H2 alone Valtech has generated EBITDA of EUR 2.9 million, representing an EBITDA margin of 4.2%.

Valtech will continue on this path in 2013 and take advantage of the profound transformation that brings the digital marketing business models of our clients and their organizations. While the economic outlook remains complex, we are confident in the pursuit of our organic growth and improving our operating performance along 2013.”

FINANCIAL OVERVIEW

Cash flow has improved to EUR 1.4 million in 2012 versus a negative EUR 2.7 millions the previous year.

After working capital movement, cash flow from operating activities was EUR -6 million. Working capital was unusually high at year-end due to a strong sales performance at the end of the year and to a specific payment schedule on a large milestones project. This situation went back to normal in January 2013.

Our financial situation is solid with equity amounting to EUR 27.4 million. Net debt was reduced to EUR 5.5 million at year end compared to EUR 7.3 millions in 2012. A capital increase of EUR 4.5 million on May 2012 reinforced our financial situation. At the end of the year Valtech had unused short term credit lines for a total amount of EUR 2.9 million.

ACTIVITIES PER REGIONS

Valtech has global operations with 14 offices in 8 countries. Valtech’s reporting has been modified in 2013 in accordance with its regional segmentation going forward: Southern Europe (France), Northern Europe (including Sweden, Denmark, Germany and UK), North America (USA) and Rest of the world (currently including India).

FORMER REGIONS BREAKDOWN

Régions	FY 2012 Net revenue (EUR million)			
	2012	2011	Change	Change at CCP
France	33.7	34.1	(1.3)%	(1.3)%
Sweden	22.3	19.2	15.7%	11.6%
Rest of Europe	35.2	23.9	47.3%	44.2%
Total Europe	91.1	77.3	17.9%	16.1%
USA & Asia	42.5	37.8	12.7%	6.2%
Total Valtech	133.7	115.0	16.2%	12.8%

NEW REGIONS BREAKDOWN AS OF FY 2013 REPORTING

Régions	FY 2012 Net revenue (EUR million)			
	2012	2011	Change	Change at CCP
Northern Europe	57.8	43.3	33.5%	29.8%
North America	38.0	32.1	18.5%	9.5%
Southern Europe	35.2	34.5	2.1%	2.1%
Rest of the world	10.9	11.8	(7.5)%	-2.1%
Corporate	(8.3)	(6.6)	0.0%	0.0%
Total Valtech	133.7	115.0	16.2%	12.8%

OPERATIONAL REVIEW BY REGION

Northern Europe

In Northern Europe we recorded a particularly impressive organic growth of 33.5% (30% at constant change), mainly driven by the Danish and German dynamism attributable to increased spend level across key retained clients.

Northern Europe (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	57.8	43.3	33.5%	29.7	28.1	5.5%
EBITDA adjusted	4.0	1.7		2.4	1.5	
EBITDA margin adjusted	6.9%	3.9%		8.2%	5.5%	
EBITDA	4.6	1.7		3.0	1.5	
No of employees end of period	393	344	14.2%			

North America

North America recorded a growth of 18.5% (9.5% at constant change) compared to the same period last year. Growth was primarily driven at the cost of a continued investment in digital and development of new relationships with several global accounts, where the sales cycles are longer. Changes during Q4 in the sales and delivery organization should allow us to improve margins while we continue to fuel growth.

North America (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	38.0	32.1	18.5%	19.9	18.1	9.7%
EBITDA adjusted	(2.9)	(2.2)		(1.6)	(1.3)	
EBITDA margin adjusted	-7.6%	-6.7%		-7.9%	-7.3%	
EBITDA	(3.3)	(2.2)		(1.9)	(1.3)	
No of employees end of period	311	270	15.2%			

Southern Europe

Southern Europe delivered a very modest increase in net revenue of 2%. France has been specially impacted by the very unstable economic and political situation in the country, where main clients have been either delaying or canceling projects. Reorganization of operations has started during Q4 2012 and already reflecting an inflexion point compared to Q3 2012. This situation has stabilized by the year end but still impacted EBITDA. There is little evidence yet of significant building revenue momentum in this market but we expect the region to renew with profitable growth in 2013.

Southern Europe (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	35.0	34.5	1.5%	17.6	17.7	-0.4%
EBITDA adjusted	(0.6)	(0.1)		0.1	(0.7)	
EBITDA margin adjusted	(0.0)	(0.0)		0.5%	-4.0%	
EBITDA	(0.6)	(0.5)		0.1	(0.7)	
No of employees end of period	293.0	335.0	-12.5%			

Rest of the World

The revenue for the rest of the world (mainly India) remained stable with a decrease of -7.5% (-2.10% at constant change) mainly due to unfavorable currency fluctuations against euro.

Rest of the world (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	10.9	11.8	-7.5%	5.7	5.2	10.1%
EBITDA adjusted	1.3	1.4		1.0	0.3	
EBITDA margin adjusted	11.9%	11.7%		17.0%	6.3%	
EBITDA	1.3	1.4		1.0	0.3	
No of employees end of period	563	604	-6.8%			

Corporate

Net revenue mainly consists of reversed intercompany revenue. The increase in adjusted EBITDA mainly reflects the decrease in the company's cost structure.

Corporate and intercompany eliminations (EUR million)	FY 2012	FY 2011	Change	H2 2012	H1 2012	Change
Total revenues	(8.1)	(6.6)	21.3%	(4.5)	(3.6)	31.0%
EBITDA margin adjusted	-10.6%	20.3%		-14.5%	-5.7%	
EBITDA	0.6	(2.3)		0.7	(0.1)	

The main differences between the former and the new regional breakdown of the revenue are listed below

- Southern Europe includes the French activities, excluding the holding activities from Valtech SA. Those are now on "Corporate and Intercompany eliminations".
- Northern Europe includes Sweden and the rest of Europe in the former version.
- USA are isolated from North America
- In the new breakdown we communicate the Revenue for each region with third parties and the other Group's regions. Corporate revenues are eliminated in the category "Corporate and Intercompany eliminations".

TABLE FROM OPERATING RESULTS TO ADJUSTED EBITDA

Group Key figures (EUR million)	2012	2011
Operating Results	0.17	(3.74)
Depreciation, amortization and impairment	(2.43)	(1.87)
EBITDA	2.60	(1.87)
Adjustment earn-out H2O	0.72	-
Restructuring	(0.73)	(1.27)
Other	(0.01)	0,00
EBITDA ajusté	2.62	(0.60)

FINANCIAL CALENDAR

- The quarterly revenue for the period January - March 2013 will be released on April 25, 2013, after market closing.
- The AGM will take place at Valtech's headquarters in Paris on April 26, 2013
- The first half-year report for the period January-June will be released on July 18, 2013, after market closing.
- The quarterly revenue for the period July - September 2013 will be released on November 4, 2013, after market closing.

ABOUT VALTECH

Valtech [EURONEXT Paris: FR0004155885 - LTE] is a digital marketing and technology agency with a presence in 8 countries (France, UK, Germany, Sweden, Denmark, US, India, Korea) and approximately 1.500 employees. As a full service digital powerhouse Valtech delivers value to its customers at all stages of a digital project from strategic consulting to design, conception, development and optimization of business critical digital platforms. Through its demonstrated commitment to innovation and agility, Valtech helps global brands build business value and increase revenues through digital technologies while optimizing time to market and ROI.

INVESTORS CONTACT

Mr. Sebastian Lombardo
Chairman & CEO
investors@valtech.com

PRESS CONTACT

ACTUS – Nicolas Bouchez
+33 1 77 35 04 37
nbouchez@actus.fr