

## Press Release

24 September 2019

# KEYRUS

insight into value

## 2019 Half-Year Results

**3.3% organic growth in revenues to €145.6m**

**Current operating income down, at -€4.3m, as against €5.1m in the 1<sup>st</sup> half of 2018**

In millions of euros	H1 2019	H1 2018
Revenues	145.6	135.8
Current operating income	-4.3	5.1
Operating income	-4.9	4.5
Net income (Group Share)	-8.4	2.1

**Levallois-Perret, 24 September 2019** : the consolidated accounts for the first half of 2019 have been approved by the Board of Directors, which met on 24 September 2019. A limited review of the accounts has been conducted by the Auditors, whose reports are in the process of being issued.

### Operating performance

#### Large Account and Mid-Market activities

In the first half of 2019, the **Keyrus** Group recorded consolidated revenues of €145.6m, an increase of 7.2% as compared with the first half of 2018 (3.3% at constant scope and exchange rates). Based on reported figures, revenues from the Large Account segment grew by 4.1% and those from the Mid-Market segment by 19.8%.

The slowdown in growth affected solely the Large Account activities, which achieved organic growth of 2.2% in this first half of the year, as against 10.1% in the first half of 2018. As stated in the last financial press release, this slowdown had a major impact on the operating profitability of activities in Europe (mainly in France) and Brazil. However, **Keyrus**'s market and fundamentals remain sound and promising, in light of the medium-term trends linked to the digital transformation challenges facing major organizations worldwide.

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Mid-Market activities increased by 7.3% at constant scope in the first half of 2019. In addition to the successful integration of the Arcadie group, **Absys-Cyborg** delivered strong organic growth during this first half of the year, thanks to reinforced delivery teams and the deployment of the new offerings incubated in 2018.

### Main financial indicators

Current Operating Income from the Large Accounts segment, which stood at -€5.7m as against +€2.7m in the first half of 2018, showed a sharp decline.

- *The slowdown in growth weighed heavily on the capacity utilization rate of consultants in the first half of the year ; substantial recruitment had been brought forward during the second half of 2018 to meet expected growth. This problem is particularly significant in France, the United Kingdom, and Brazil, and this put pressure on the operating margin. Furthermore, the ROC was also impacted by significant investment in structure also undertaken in the second half of 2018 to support the expected growth. With the deterioration in the margin experienced in the first half of the year, this investment was not able to pay for itself.*

*Major actions have been initiated to improve the capacity utilization rate and adjust fixed expenses. These will make it possible to achieve much improved profitability in the second half of 2019.*

Current Operating Income from the Mid-Market segment stood at €1.4m as against €2.4m in the first half of 2018.

- *This result is in line with the budget year and takes into account the efforts made to swiftly integrate Arcadie. The second half of 2019 remains promising and activities will benefit from a consolidation of the growth in the first half of the year so as to improve their profitability.*

Operating income for the first half of 2019 was -€4.9m as compared with €4.5m in the first half of 2018. It recorded extraordinary income and expenses of -€0.6m, of which -€0.5m were re-organization costs.

The net income Group share was -€8.4m and incorporated net financial charges of -€1.2m and a tax charge of -€2.1m, as compared with -€0.6m and -€1.5m respectively in the first half of 2018.

The net debt stood at €43.2m as at 30 June 2019. As at 31 December 2018 it amounted to €39.8m. Sound management of the working capital requirement made up for the losses of the first half of the year ; investments amounted to €3.7m.

**Eric Cohen**, President & CEO of the **Keyrus** Group, comments: *"This first half of the year has seen a marked slowdown in the performance of our Large Account activities, and the lessons have already been drawn from this, going forward. In a market that, albeit slowing down, remains buoyant, the emphasis will, from now on, be placed on the strict management of our margins for*

all the geographical zones in which we operate, with a significant turnaround expected as early as the second half of 2019. With 15% growth in orders in the first half of the year, our Mid-Market activities continue to look promising for the second half of the year.

Looking beyond this difficult first half of the year, **Keyrus** continues to gain market share and consolidate its position as a leader in "Digital Intelligence" to help companies transform themselves by drawing on their "data", improve their performance, and set themselves apart within an ever more complex digital ecosystem."

**Keyrus** will publish its revenues for the third quarter of 2019 on 7 November 2019 after the market close.

### Breakdown of revenues by operational sector

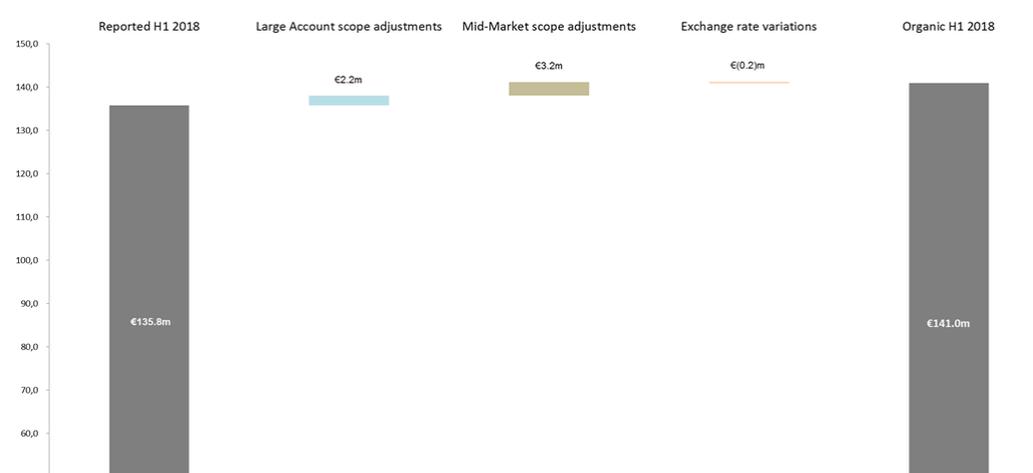
In €m	Large Accounts		Mid-Market		Total	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Revenues	113.0	108.5	32.6	27.2	<b>145.6</b>	<b>135.8</b>
Current operating income	-5.8	2.7	1.4	2.4	<b>-4.3</b>	<b>5.1</b>
Operating income	-6.2	2.1	1.2	2.4	<b>-4.9</b>	<b>4.5</b>

#### \* DEFINITION OF THE NOTION OF ORGANIC GROWTH IN REVENUES

The notion of organic growth in revenues involves presenting the revenues of the preceding year (N-1, in this case, the 2018 financial year) restated in such a way as to apply the exchange rates and scope of consolidation of the current year (N, in this case, the 2019 financial year). The Group then calculates a figure for N-1 revenues by:

- using the exchange rates of year N to calculate the reported revenues of companies outside the Eurozone in year N-1 ;
- adding to the reported revenues for year N-1 the N-1 revenues of companies that came within the scope of consolidation in year N ;
- deducting from the reported revenues for year N-1 the N-1 revenues of companies that went out of the scope of consolidation in year N.

In 2019, the adjustments to go from reported 2018 revenues to organic 2018 revenues look as follows:



## Application of the IFRS 16 standard

As of 30 June 2019, the company applied the IFRS 16 standard. However, the company has opted not to apply it to the 2018 comparables presented in this press release. The impact on the income statement and the balance sheet as at 30 June 2019 are :

In thousands of €	30/06/2019 Before restatement	IFRS 16 Restatement	30/06/2019 After restatement
Revenues	145 583		145 583
Other income from activities	120		120
Total income from ordinary activities	145 703		145 703
Current Operating Income	-4 505	166	-4 339
Operating Income	-5 094	166	-4 928
Pre-tax income	-6 063	-102	-6 165
Net income	-8 127	-102	-8 230

ASSETS	30/06/2019 Before restatement	IFRS 16 Restatement	30/06/2019 After restatement
Total Non-Current Assets	106 724	29 224	135 948
Total Current Assets	127 291		127 291
<b>Total assets</b>	<b>234 015</b>	<b>29 224</b>	<b>263 239</b>

LIABILITIES	30/06/2019 Without restatement	IFRS 16 Restatement	30/06/2019 After restatement
Shareholders' Equity Group Share	48 266	-107	48 160
Total shareholders' equity	50 712	-107	50 605
Total Non-Current Liabilities	45 788	23 479	69 266
Total Current Liabilities	137 516	5 852	143 368
<b>Total liabilities</b>	<b>234 015</b>	<b>29 224</b>	<b>263 239</b>

## ABOUT KEYRUS

### **Keyrus, creator of value in the era of Data and Digital**

An international player in consulting and technologies and a specialist in Data and Digital, **Keyrus** is dedicated to helping enterprises take advantage of the Data and Digital paradigm to enhance their performance, facilitate and accelerate their transformation, and generate new drivers of growth and competitiveness.

Placing innovation at the heart of its strategy, **Keyrus** is developing a value proposition that is unique in the market and centred around an innovative offering founded upon a combination of three major and convergent areas of expertise:

- **Data Intelligence :**  
Data Science – Artificial Intelligence - Big Data & Cloud Analytics – Business Intelligence – EIM – CPM/EPM
- **Digital Experience :**  
Innovation & Digital Strategy – Digital Marketing - DMP & CRM – Digital Commerce – Digital Performance – User Experience
- **Management & Transformation Consulting :**  
Strategy & Innovation – Digital Transformation – Performance Management – Project Support

Present in eighteen countries on four continents, the **Keyrus** Group has over 3,300 employees.

**Keyrus** is quoted in compartment C of the Eurolist of Euronext Paris  
(Compartment C/Small caps – ISIN Code: FR00040229411 – Reuters: KEYR.PA – Bloomberg: KEY:FP)  
Further information at: [www.keyrus.com](http://www.keyrus.com)