

Micropole Income 2016

- ↗ Strong growth in turnover (+10%) and current operating income (+30%)
 - ↗ Net income impacted by the outcome of a 2013 legal dispute
 - ↗ Very good prospects for 2017

The good financial performance recorded over 2016 by Micropole is confirmed with very strong growth both in turnover and current operating income. In line with its strategy, the Group's positioning on complementary high value-added offers focused on Digital and Data continue to bear fruit. The multiple development levers, the operational indicators and the dynamism of the market promise good prospects for growth and the continuation of margin enhancement in 2017.

IN MILLION EUROS <i>(CURRENTLY UNDER AUDIT)</i>	2016	2015*
Turnover	113.7	103.0
Current operating income	3.4	2.6
<i>In % of turnover</i>	3.0%	2.5%
Expenses and non-operational products**	(2.1)	0.9
Operating income	1.2	1.7
Income from ongoing businesses	0.3	0.1
Income from divested businesses	(0)	(0.3)
Net income	(0.3)	0.2

* 2015 figures have been restated in compliance with IFRS 5 norms.

** Non-recurring expenses including € 0.9M exceptionally provisioned to settle the legal dispute between ONP and the Micropole group related to the carrying out of a public market contract, and €0.8M diverse price supplement balance.

Micropole, an international Consulting and Digital Technologies Group specialized in Digital Transformation, Performance Management and Data Governance, achieved turnover growth higher than market average in 2016, to stand at 113.7 million euros (+10.4%), as against 103.0 million euros recorded over the same period last year. Like for like, turnover growth stands at 9.9%.

For the fifth semester running, the current operating income shows clear progress. It stands at 3.4 million euros (+31%), buoyed by the improvement in operational indicators (pricing increases related to offer upgrading, improvement in activity rates). This performance was accompanied by the pursuit of Group investments throughout 2016. It must be emphasized that the strong growth in turnover and its corollary, the increase in headcount, notably in Switzerland, resulted in a sharp increase in provision for paid leave, significantly impacting the current operating income.



Contacts

Rumeur Publique Agency | Joachim Martin | +33 1 55 74 52 04 | joachim.mar@rumeurpublique.fr
Micropole | Marina Benatar | +33 11 74 18 76 98 | mbenatar@micropole.com

Regarding the net income for the period, this was impacted by two non-recurring items which can be found under the “expenses and on-operational products” entry in the Income statement:

- The addition of an exceptional provision amounting to €0.9 million euros (with no impact on group cash flow) previously announced in the published 2016 Income Statement, intended to finally settle the legal dispute, ongoing since 2013, between the Micropole group and ONP (National Pay Board) relating to the operating of a public market.
- The final balance of the fair value evolution on different price-supplement related debts of 0.8 million euros.

Excluding these exceptional items, the 2016 net income would have been 1.4 million euros in credit. Moreover, at December 31st 2016, the cash flow stood at 10.1 million euros with net financial indebtedness of 19.9 million euros, and equity of 52.0 million euros.

It is noteworthy that this year the Micropole Institute business has negatively impacted the Group’s income, with a loss of the order of €250 K, as opposed to its break-even situation in 2015. This information again underlines the improvement in the core business margins.

Strong business progression

The strong operational performance of the period, clearly higher than the market average, illustrates the excellent sales dynamic and unequivocally validates the Micropole Group’s positioning strategy, based on high value-added services and innovation and geared to Business management and IT & Digital management.

The strategic offers of Digital Transformation, Consulting, Data Governance and Financial Performance Management have all shown excellent progress. Only the Micropole Institute business, impacted by regulatory developments in the training market, has seen its turnover decline. However, the development of its e-learning business should compensate in the short-term for the slump in the traditional training sector.

Sustained growth over all areas of Group operations

- Business in France (Paris and Regions) has continued to progress well overall in 2016, with marked acceleration later in the year.
- Following heavy investment made to partner the launch of the WIDE brand, now recognized as a leading agency on the market, Switzerland has performed excellently.
- The Benelux subsidiary, which in 2016 extended its reach to Flanders and Wallonia and undertook its offer upgrade to a more consulting-oriented approach, continues its sustained growth.
- China is still showing constant growth and has gained significant new contracts.

Prospects

Acknowledgement of the excellent positioning of Micropole’s high-value added Digital and Data –related offers has been evident in 2016. To partner its growth, the group is maintaining its policy of active recruitment in a tense market in 2017, particularly seeking business consultants, project managers and data experts. In order to continue anticipating our customer expectations, the Group pursues its investments aiming to boost development in its different markets, having begun the commercial launch of innovative new services in the first quarter.

« 2017 has begun with very favorable results for Micropole, perfectly positioned on a strategic sector for all organizations with growth acceleration forecast for this year, according to the Syntec Numérique. Our objectives are ambitious and the Group, benefitting from multiple development levers, should continue its sustained growth and improvement in profitability », commented Christian Poyau, Micropole Group C.E.O.



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Next financial date is Thursday May 11th 2017 for the publication of the first quarter turnover. The complement financial calendar is available on the Group's internet site.

Micropole (www.micropole.com) is a Digital Services Company with bases in Europe and Asia, specializing in Digital Transformation, Performance Management and Data Governance. The group partners its customers throughout the entire project life-cycle, from consulting to full implementation of solutions, including training. A leader in its field in France, Switzerland and Belgium, the group also has bases in China (Beijing, Shanghai and Hong Kong), and partner of the leading software vendors, Micropole has a headcount of over 1,150, achieves 30% of its turnover internationally and serves over 800 customers (of which 80% are CAC 40 listed). Micropole has received the "innovating enterprise" label awarded by Bpifrance. The group is listed on the Eurolist Paris – Compartment C and registered in the Next Economy Segment Code ISIN: FR0000077570 – Code mnémo : MUN.



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