

Press Release

2 April 2019

KEYRUS

insight into value

Annual Results 2018

Revenues: €273.2m (organic growth* +7.9%)

Current operating income: €14.8m +3.7%

Operating income: €12.7m +3.1%

Net income (Group Share): €8.8m +22.3%

In millions of euros	2018	2017 Restated IFRS 9 & IFRS 15**
Revenues	273.2	256.4
Current operating income	14.8	14.3
Operating income	12.7	12.3
Net income (Group Share)	8.8	7.1

Levallois-Perret, 2 April 2019 : The **Keyrus** Board of Directors met on 2 April 2019 in the presence of the auditors and finalized the audited consolidated accounts for the 2018 financial year.

Operational Performance 2018

The **Keyrus** Group recorded consolidated revenues of €273.2m for the 2018 financial year, representing an increase of 6.6% as compared with the 2017 financial year (7.9% at constant scope and exchange rates). Based on reported figures, the revenues of the Large Account segment grew by 6.2% and those of the Mid-Market segment by 8.2%.

With organic* growth of 7.8%, and in spite of a slowdown observed in the fourth quarter in France and Brazil, Large Account activities delivered a performance that was significantly above market, notably with growth rates of over 20% on average for the Group's operations in the two Americas (United States, Canada, Brazil, and Colombia) as well as in Asia.

Mid-Market activities increased by 8.2% in 2018 at constant scope, as against 6.1% for the 2017 financial year. More generally, 2018 revenues were driven by sales of licences and subscriptions, which increased by 27.3%, notwithstanding the adverse impact of the conversion of perpetual licence sales into subscription mode. Moreover, the bedrock of repeat contracts continues to expand, having grown by 7.3%, and it accounted for 38.0% of 2018 revenues.

Current operating income was €14.8m as against €14.3m for 2017.

Operating income and net income Group share were €12.7m and €8.8m respectively, as against €12.3m and €7.1m for 2017.

Net financial indebtedness as at 31 December 2018 increased to €39.8m as against €20.2m as at 31 December 2017. This rise is primarily due to the acquisition of the Lynx Conseil group at the end of November 2018, as well as the financing of business working capital requirements, which increased by €9.9m.

The implementation of tax deduction at source in France (which had an impact of €3.6m on the payment of salaries for December 2018), as well as a reduction in the time taken to pay subcontractors, have had a major impact on cashflows generated by the business, which were €61k in 2018, as against €1,424k in 2017.

The net cash position*** as at 31 December 2018 increased to €27.1m (€20.5m as at 31 December 2017).

In December 2018, the Group put in place a new syndicated credit facility with its longstanding financial partners for a total amount of €65.0m over 6 years. This credit arrangement replaces the previous one that was entered into in February 2016, and it is made up as follows:

- €50.0m of medium-term credit lines to finance external growth and investments;
- €15.0m of confirmed credit lines in place of €5.2m of overdrafts and bilateral treasury bills to finance working capital requirements.

This new financing gives the Group the means to pursue its growth and innovation strategy.

Outlook

The 2019 financial year should see a confirmation of the growth and innovation momentum for all the Group's activities in France and internationally, through the deployment of 'integrated' offerings combining all areas of Data, Digital, and Transformation know-how.

These offerings, regrouping Keyrus's areas of expertise in Artificial Intelligence, Blockchain, Robotic Process Automation, Cybersecurity, etc. will meet the challenges that the Group's clients face around 4 major strategic topics:

1. Customer Experience
2. Operational efficiency
3. New Business Models & Ecosystems
4. Securing of data & Assets

Mid-Market activities, which delivered an excellent operational performance in 2018, should continue to deliver a similar performance and secure a return on the investments initiated last year around the new offerings: Cloud Managed Services, Finance Management and Cash Management Consulting with a new partner, Kyriba.

Eric Cohen, President & CEO, comments : *"In 2019, with the sector remaining promising and digital transformation projects mushrooming, **Keyrus** will press on with its internal transformation by pursuing projects launched in 2018 in relation to governance, organization, and operational efficiency, notably in its two major countries: France and Brazil. The first quarter of 2019 should continue the trend of the fourth quarter of 2018, with a slowdown in growth linked mainly to difficult recruitment conditions. However, **Keyrus's** innovation strategy and its positioning as a specialist should allow us to once again achieve profitable organic growth in 2019."*

Keyrus will publish its first quarter 2019 revenues after market close on 9 May 2019.

Summary statement of operating income by operating sector

In €m	Large Accounts		Mid-Market		Total	
	2018	2017**	2018	2017**	2018	2017**
Revenues	218.1	205.5	55.1	50.9	273.2	256.4
Current operating income	9.2	9.2	5.6	5.1	14.8	14.3
Operating income	7.5	7.4	5.2	4.9	12.7	12.3

* 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 2017 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 2018 financial year). The Group then calculates a figure for organic 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 2018, the adjustments to go from reported 2017 revenues to organic 2017 revenues look as follows:



** IFRS 15

The IFRS 15 revenue recognition standard came into effect on 1st January 2018. Unless otherwise specified, 2017 revenues indicated in this press release have been restated so as to be in accordance with the application of the IFRS 15 standard and comparable with 2018 revenues in terms of accounting methods.

Impact of IFRS 15 adjustment on reported 2017 revenues (€m)	Reported 2017	IFRS 15 adjustments	Restated 2017
Large Accounts	206.1	-0.7	205.5
Mid-Market	51.2	-0.3	50.9
TOTAL	257.4	-1.0	256.4

** IFRS 9

IFRS 9 determines the principles and methodology to be applied in measuring and recognizing anticipated credit losses on financial assets, loan commitments, and financial guarantees.

Unless otherwise specified, 2017 income indicated in this press release has been restated so as to be in accordance with the application of the IFRS 9 standard and comparable with 2018 income in terms of accounting methods.

Impact of IFRS 9 adjustment on reported 2017 income (€m)	Reported 2017	IFRS 9 adjustments	Restated 2017
Current Operating Income	14.1	+0.1	14.3
Operating Income	12.2	+0.1	12.3
Net Income (Group Share)	7.1	+0.1	7.1

*** NET CASH POSITION

Cash and cash equivalents, recorded as assets in the balance sheet, after deduction of bank overdrafts

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 3,200 employees.

Keyrus is quoted in compartment C of the Eurolist of Euronext Paris
(Compartment C/Small caps – ISIN Code: FR0004029411 – Reuters: KEYR.PA – Bloomberg: KEY:FP)
Further information at: www.keyrus.com