

2018 RESULTS

Turnover: €427.8m

Current operating income: €44.6m

The Group's Management Board met on 29 March 2019 and approved the financial statements for the 2018 financial year, which were presented to the Supervisory Board on 10 April 2019. The audit work has been completed and the certification report will be issued once annual financial report publication formalities have been duly completed.

Consolidated income statement (1 January - 31 December)

In December 2018, the Group sold CPoR Devises. In accordance with IFRS 5, the proceeds from the sale of the business, including the gain realised in 2018, were both recognised under "Net income/loss from discontinued operations" in 2018.

The Group is also presenting a 2017 income statement restated in light of the application of IFRS 5 and IFRS 9 - Financial Instruments, implemented in 2018.

€m	2018	2017 Restated	Change	Organic change
Turnover	427.8	389.1	+9.9%	+5.0%
Current operating income	44.6	43.4	+2.6%	-2.0%
Current operating margin	10.4%	11.2%		
Operating income	41.4	41.8	-0.8%	
Net income from continuing operations	19.1	29.2	-34.6%	
Net income/loss from discontinued operations	30.7	6.7		
Net income (Group share)	48.8	33.9	+43.8%	

Tessi posted 2018 revenues of €427.8 million, up €38.7 million. Like-for-like growth (excluding Owlance acquired in 30 June 2018) came to 5.0%.

Current operating income was up 2.6% to €44.6 million. At constant consolidation scope, current operating income decreased by €0.9 million or 2%.

The current operating margin amounted to 10.4% versus 11.2% in 2017.

In France, Tessi was unable to repeat the exceptional performance of 2017, despite thriving business in 2018 impacted however by adverse social and tax-related factors.

Diagonal's international business in Spain and Latin America fell short of expectations, for which corrective measures are currently being deployed.

Finally, the consolidation of Owlance resulted in additional current operating income of €2.4 million in 2018 (6 months), while Dhimyotis generated an additional operating loss of €0.6 million in 2018.

Current operating income by business line is as follows:

- Tessi documents services (including Owlance) posted turnover of €403.7 million and current operating income of €43.0 million, up from €42.3 million in 2017.
- Tessi customer marketing posted turnover of €24.1 million and current operating income of €1.5 million, compared to €1.1 million in 2017.

After non-recurring operating expenses of €3.1 million, net operating income amounted to €41.4 million, down slightly compared to 2017.

Net financial expense amounted to €14.3 million, impacted by an additional €7.6 million financial expense relating to the refinancing arrangements closed on 26 February this year. On the other hand, 2017 net financial items were boosted by income of €4.4 million generated by the July 2017 interest rate renegotiation, resulting in a net financial expense of €2.4 million.

This €11.9 million difference between 2017 and 2018 directly impacted net income from continuing operations which, after a tax expense of €8.0 million, amounted to €19.1 million versus €29.2 million in 2017.

Net income from discontinued operations (including the gain from the sale of CPoR Devises) amounted to €30.7 million, bringing consolidated net income (Group share) to €48.8 million (€33.9 million in 2017) after deduction of €1.0 million minority interests.

Financial structure

€m	31/12/2018	31/12/2017*
Net debt (excluding advances)	34,2	30,3**
Equity capital (Group share)	209,6	161,1

* Restated for the application of IFRS 9

** Excluding cash dedicated to CPoR Devises activities

2018 operating cash flow amounted to €43.6 million, including €34.3 million generated by continuing operations. Net investments relating to operations amounted to €10.8 million. The net cash balance from M&A transactions (sale of CPoR Devises, acquisition of Owlance) amounted to €20.9 million. After cash flows from financing activities, change in cash for the year amounted to €6.7 million.

At 31 December 2018, gross cash (excluding advances) amounted to €107.8 million, while gross debt totalled €142.0 million.

After the balance sheet date, in early March the Group paid a dividend of €120 million (including a €54.10 million exceptional dividend and a €65.91 million interim dividend). At the end of February, the Group finalised the refinancing arrangements for its entire debt involving new senior debt worth €165 million.

Including these two transactions, pro forma net debt at 31 December 2018 would come to €160.4 million.

In late March 2019, Tessi also sold its properties in France (sale and lease-back), in Coulommiers, Bordeaux-Le Haillan, Lyon and Nanterre, for €19.5 million net of expenses.



Perspectives

Tessi plans to actively continue its development in France and abroad by continuing to combine organic growth and acquisitions.

Next release

Q1 2019 turnover, 7 May 2019 after market close

About TESSI

Tessi is an international provider of Business Process Services that helps businesses to digitise the customer experience. Tessi operates in over 11 countries worldwide, has around 9,500 employees and posted turnover of €427.8 millions in 2018. Tessi is listed on Euronext Paris - compartment B (TES).

Read more at tessi.eu

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