PRESS RELEASE

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23 February 2017

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NEW CHALLENGES, NEW IDEAS

Gfi Informatique: Full-year 2016 results

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STRONG GROWTH, INCREASED EARNINGS[1] AND SUCCESSFUL INTERNATIONAL EXPANSION

REVENUE: €1,015.4m (+14%)
OPERATING INCOME: €51.1m (+31%)
NET INCOME: €32.1m (+46 %)

Saint-Ouen (France), 23 February 2017 – At its meeting on 23 February 2017, Gfi Informatique's Board of Directors, chaired by Vincent Rouaix, reviewed the condensed consolidated financial statements for the financial year ended 31 December 2016[2].

Main items of profit & loss account in euro '000	**2016**	**2015**	**∆%**	**∆**
Revenues	1,015.4	894.0	14%	121.5
Operating margin	61.7	58.7	5%	3.0
Operating margin %	6.1%	6.6%	-0.5 point	
Operating income	51.1	39.0	31%	12.2
Net income	32.1	22.0	46%	10.1
Diluted Earnings per share (in euros)	0.49	0.34	43%	0.1
Cash from operating activities	67.9	56.7	20%	11.2
Principal Financial Statements components	**2016**	**2015**	**∆%**	**∆**
Net equity	300.6	276.8	9%	23.8
Net debt	101.3	31.9	217%	69.3
Gearing	34%	12%	22 points	

"*2016 was marked by the strongest level of organic growth since 2009 and by the Group's successful international expansion. Following the acquisitions of Impaq in Eastern Europe, Efron in Spain and South America and Roff in Portugal, South America and Angola, international business now accounts for 25% of Group sales[3]. In 2017, like in 2016, the Group will continue to invest in innovation and new solutions and will continue to expand through both organic growth and acquisitions*", said **Vincent Rouaix, Chairman and Chief Executive.**

[1] Operating income and Net income.

[2] Audits have been performed on the condensed consolidated financial statements. The certification report will be issued after finalisation of audits on the consolidated financial statements, as well as those required for the publication of the annual financial report.

[3] Pro-forma sales of acquisitions over 12 months.

GROUP ACTIVITY: REVENUE UP BY 13.6% - EBITDA INCREASE OF 15.1%

Group revenue broke through the one billion mark in 2016, ending the year at €1,015.4 million, up by 13.6% compared with 2015 on a reported basis and by 8.1% on a like for like basis.

EBITDA totalled €80.1 million in 2016 versus €69.6 million in 2015. It was up by 15.1% and represented 7.9% of revenue. The Group's operating margin came to €61.7 million, i.e. 6.1% of revenue, compared with €58.7 million in 2015, corresponding to a 5.1% increase in value.

- **In France: revenue up by 9% - EBITDA down by 0.4 point to 7.9% of revenue**

Revenue in France, (which accounts for 82% of Group revenue and 75% of pro-forma revenue of acquisitions), grew by 9.0%, with organic growth of 7.5%, corresponding to its strongest performance of the past six years.

This growth is attributable mainly to major contracts won at the end of 2015 and in 2016. Growth in 2016 also reflected the acquisitions of Ordirope and Business Document in software solutions, which were included in the consolidation scope during the year in 2015.

Profitability in terms of EBITDA and operating margin declined slightly, by respectively 0.4 point and 1 point. This was the result of clearly identified factors, namely a time lag in telecom activities with foreign operators and a larger number of multi-year contracts at the start-up phase.

Also, France invested heavily, more than in 2015, in solutions, innovation and security to prepare its future. Overall the fundamentals, such as activity indicators and billing rates, remained stable relative to the previous year.

The transformation in France continued with major operations in 2016 such as the partnership agreement with 3SI (Otto Group). This enabled it to generate around €38 million of revenue with the Otto group, of which 60% was recurrent revenue. In the future it will enable it, thanks to the assets already in the Group, to extend its SAAS and BPO consulting and integration services to the retail sector and, more generally, to all the players concerned by digital trade.

Lastly, in December 2016, Gfi Informatique acquired Metaware, a company specialised in modernisation of large systems. Metaware has around sixty top-class experts and excellent tools. This acquisition will enable Gfi Informatique to offer its customers modernisation and maintenance solutions adapted to their business challenges (agility) and to reducing costs.

- **International: a 40.5% increase in revenue – successful international expansion**

Revenue for the year soared by 40.5% to €183.3 million, with organic growth of 11.6%.
All the regions except Morocco-Africa recorded organic growth, thereby confirming the Group's expectations.

In 2016, international activity accounted for 18.0% of sales (around 25% pro-forma) compared with 14.6% the previous year. At €12.4 million, the operating margin accounted for 20.1% of total consolidated operating margin and corresponded to 6.8% of revenue compared with 4.1% in 2015. This very substantial improvement confirms the Group's strategy of massing operations in southern Europe and opening up markets in Eastern Europe.

2016: ACQUISITIONS OF IMPAQ, EFRON AND ROFF

Impaq

This acquisition gives Gfi Informatique a foothold in Eastern Europe. The Group is now in a position to offer its major customers a new alternative in terms of delivery and has enhanced its portfolio of solutions.

Impaq has a workforce of more than 200 people at three sites in Poland, German-speaking Switzerland and England and generated around €15 million of annual revenue in 2016. It has been consolidated in Gfi Informatique's accounts since 1 April 2016.

Efron

With this transaction, Gfi Informatique has considerable strengthened its market share in Spain (+30%) and its presence with key accounts such as Santander, BBVA, Telefonica, Mapfre and Quiron with which the Group intends to develop its portfolio of services and products.

Efron is a reputed Spanish digital services firm with nearly 750 employees and annual revenue of €37 million in 2016. It generates more than €30 million of its revenue in the Spanish market and serves prestigious customers, particularly in the banking, insurance and healthcare sectors. Efron is also firmly established in America (20% of revenue), serving its customers in North America, Mexico and Columbia. Efron has been included in the Group's consolidation scope since 1 October 2016.

Roff

Roff significantly strengthens Gfi Informatique's SAP integration and maintenance offering. This acquisition gives Gfi more than 1,000 staff worldwide dedicated to SAP technology, grouped under the Roff banner.

Roff is one of the leading European players in the SAP integration and maintenance market and its customer base includes big names such as EDP, Givaudan and Solvay. It generated an annual revenue of more than €60 million in 2016. Roff is based in Portugal but it exports its knowhow and nearly half of its sales are now generated with foreign customers, particularly in Switzerland, France, Northern Europe and Latin America. Roff's organisation, with nearly 90% of its production resources spread across its Portuguese sites, enables it to provide a competitive offer in terms of both price and quality. The group has also developed specific skills around the Outsystems platform.

Gfi Informatique's acquisition of Roff and Efron have doubled the size of its activities in the Iberian Peninsula to more than €200 million as well as opening up new markets in America, with more than €12 million of revenue generated in this region, particularly in Brazil, Mexico and Colombia.

GROWTH IN OPERATING INCOME: 31% AND GROWTH IN NET INCOME: 46%

Operating income came to €51.1 million, i.e. 31% more than in 2015. This €12 million increase was attributable in part to a rise in the operating margin and in part to lower non-current expenses. In 2015 the Group had booked charges totalling €7.7 million linked to costs arising on Mannai's entry into the capital and a very old VAT dispute. Moreover, restructuring costs remained under control in 2016 as they remained stable in absolute value despite the strong growth in activity and in the consolidation scope.

Net income grew by 46% to €32.1 million while the diluted earnings per share rose from €0.34 in 2015 to €0.49 in 2016.

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20% INCREASE IN FREE CASH FLOW – NET DEBT/EQUITY RATIO: 34%

Cash flow after debt servicing and tax was up by 18% to €50.2 million. Investment and capital expenditure increased strongly to €83.8 million compared with €37.2 million in 2015. The bulk concerned the acquisitions (Roff and Efron in particular) which represented €49.2 million, i.e. €30.3 million more than the previous year. At €32.5 million in 2016 compared with €16.9 million in 2015, capital expenditure was also up sharply due to the partnership agreement with 3SI which resulted in the takeover of software assets and greater investment in the development of software solutions. Taking net income into account, equity increased substantially, exceeding the €300 million mark for the first time (€300.6 million).

More importantly, these acquisitions which transformed the Group in 2016 nonetheless leave it the possibility of carrying out other such transactions as the Group's net debt/equity ratio stood at 34% at 31 December 2016 and net debt/EBITDA stood at 1.26.

STAFF

At 31 December 2016, the Group had around 14,100 employees, including 9,600 in France. Staff at service centres totalled 1,600, compared with 1,100 at end-2015.

2016: A YEAR OF TRANSFORMATION AND A SPRINGBOARD FOR 2017

2016 was an exceptional year at three levels: organic growth in France and abroad, international expansion (Iberian Peninsula, South America and Eastern Europe) and the substantial increase in products/solutions investment to ensure the Group's future.

For 2017, while remaining attentive to the fragile economic environment, the Group will draw on the progress made and a strong balance sheet to pursue its goal of growth and ongoing transformation, further international expansion and a stronger operating margin.

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Next release: Wednesday 3 May 2017, revenue for the first quarter 2017.

Disclaimer:

The items in this press release other than historical facts are estimates. They do not constitute guarantees because of the inherent difficulties in forecasting results. Actual results may differ considerably from explicit or implicit forecasts.

About Gfi Informatique

Gfi Informatique is a major player in value-added IT services and software in Europe, and through its differentiated approach occupies a strategic position between global firms and niche entities. With its multi-specialist profile, the Group serves its customers with a unique combination of proximity, sector organisation and industrial-quality solutions. The Group has around 14,000 employees and generated revenue of €1,015 million in 2016.

Gfi Informatique is listed on the Paris Euronext, NYSE Euronext (Compartment B) - ISIN Code: FR0004038099.

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APPENDICES

Summary income statement in euro '000	2016	2015	*Variation*
Revenues	**1,015.4**	**894.0**	**121.5**
EBITDA (1)	80.1	69.6	10.5
	7.9%	7.8%	+ 0,1 point
Depreciation and amortization net	18.4	10.9	7.5
Operating margin	**61.7**	**58.7**	**3.0**
Amortization of assigned intangible assets	(1.9)	(1.9)	0.1
Goodwill impairment losses	-	(0.5)	0.5
Other operating income and expenses	(8.7)	(17.3)	8.6
Operating income	**51.1**	**39.0**	**12.2**
Financial result	(4.3)	(6.1)	1.8
Income tax expense	(14.7)	(10.8)	(3.9)
Net income	32.1	22.0	10.1
Diluted Earnings per share (in euros)	*0.49*	*0.34*	*0.15*

(1) EBITDA = Operating margin excluding non-cash items

Consolidated cash flow statement in euro '000	2016	2015	*Variation*
Cash from operating activities	67.9	56.7	11.2
Tax paid	(12.1)	(12.7)	0.6
Change in WC requirement	(22.2)	(7.8)	(14.4)
Net cash from operating activities	33.6	36.2	(2.7)
Net cash from investing activities off perimeter	(34.6)	(18.4)	(16.2)
Net cash linked to perimeter investment	(49.2)	(18.8)	(30.4)
Net cash from investing activities	(83.8)	(37.2)	(46.6)
Repurchases and sales of treasury shares	0.2	(1.0)	1.2
Dividends paid	(9.9)	(5.4)	(4.4)
New borrowings	50.0	55.2	(5.1)
Repayment of borrowings	(6.5)	(43.5)	37.1
Interests paid	(3.1)	(2.7)	(0.4)
Change in factoring drawdowns and other	3.7	2.6	1.0
Net cash from financing activities	34.4	5.1	29.4
Effect of changes in foreign exchange rate	0.1	0.0	0.0
Change in cash and cash equivalents	**(15.7)**	**4.1**	**(19.8)**

Consolidated statement of financial position in euro '000	2016	2015	*Variation*
Goodwill	280.9	238.4	42.5
Fixed assets	96.8	61.9	34.9
Current and non-current assets	489.1	394.1	95.0
Cash and equivalent cash	28.9	43.4	(14.5)
Total assets	895.7	737.8	158.0
Net equity - Group share	**300.6**	**276.7**	**23.9**
Minority interests	0.0	0.1	(0.1)
Borrowings	130.2	75.3	54.9
Current and non-current liabilities	442.6	370.6	72.0
Financial liabilities and current provisions	22.3	15.0	7.3
Total liabilities and shareholders equity	895.7	737.8	158.0

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in euro '000	2016	France	International	Spain	Portugal	North Eur.	Row
Revenue	1,015.4	832.2	183.2	103.0	30.4	**39.4**	10.5
Operating margin	**61.7**	**49.3**	**12.4**	**5.4**	**2.9**	**3.0**	**1.1**
Operating margin in %	6.1%	5.9%	6.8%	5.2%	9.7%	7.7%	10.2%

in euro '000	2015	France	International	Spain	Portugal	North Eur.	Row
Revenue	894.0	763.5	130.4	80.6	15.8	24.5	9.6
Operating margin	**58.7**	**53.4**	**5.3**	**3.9**	**0.6**	**-0.1**	**0.9**
Operating margin in %	6.6%	7.0%	4.1%	4.9%	3.7%	-0.4%	9.2%

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