

## Gfi Informatique: Full-year 2015 results

### STRONG GROWTH, PROFITABILITY ON THE RISE AND HISTORIC DELEVERAGING

REVENUE: €894.0M (+11%)

OPERATING MARGIN: €58.7M (+13%)

NET PROFIT: €22M (+10%)

NET DEBT TO EQUITY (GEARING): 12%

**Saint-Ouen (France), 25 February 2016** – At its 25 February 2016 meeting chaired by Vincent Rouaix, the Board of Directors of Gfi Informatique considered the condensed consolidated financial statements for the year ending 31 December 2015<sup>1</sup>.

Main items of profit & loss account in euro '000	2015	2014	Δ%
Revenues	894,0	804,0	11%
Operating margin	58,7	52,1	13%
<b>Operating margin %</b>	<b>6,6%</b>	<b>6,5%</b>	<b>0,1 pb</b>
Operating income	39,0	36,4	7%
Net income	22,0	20,0	10%
Diluted Earnings per share (in euros)	0,34	0,32	5%
Cash from operating activities	56,7	50,2	13%
Principal Financial Statements components	2015	2014	Δ%
Net equity	276,8	211,8	31%
Net debt	31,9	67,7	-53%
<b>Gearing</b>	<b>12%</b>	<b>32%</b>	<b>-20 pb</b>

“The year 2015 should remain a turning point for Gfi Informatique, which was able to pursue its growth and its acquisitions in a profitable manner, whilst continuing to strengthen its financial structure and working with its historical shareholders on the friendly acquisition by Mannai Corporation, which should allow the Group to take new steps in its development,” said **Vincent Rouaix, Chairman and Chief Executive**.

<sup>1</sup> 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.

## GROUP ACTIVITY: REVENUE UP 11% - INCREASE IN THE OPERATING MARGIN BY 13%

The Group's revenue totalled €894.0m in 2015, an 11.2% increase compared with the previous year. Like-for-like, activity grew by 6.5%. The Group's operating margin amounted to €58.7m, or 6.6% of revenue, compared with €52.1m in 2014, increasing by 13%.

- **In France: revenue up 10.7% - Operating margin up 11%**

In France, which accounts for 85% of Group revenue, the Group continued to strengthen its position among the leading IT services companies on the market thanks to an increase in significant transactions. With revenue of €763.5m, compared with €689.5m last year, it posted growth of +10.7% and organic growth of +5.9%. In the fourth quarter, France recorded its twentieth successive quarter of organic growth, providing clear evidence of the dynamism of both its historical activities and those acquired in previous years. The commercial activity has been very dynamic throughout 2015 and the ratio of order intake to billings on a 12-month sliding scale rose to 1.21 at 31 December 2015.

Growth also stemmed from the ongoing bolt-on acquisitions strategy in its software solutions. During the year, the Group notably acquired two software publishers, Ordirope in June 2015 (annual revenue of €10m, staff of 100) and Business Document in September 2015 (annual revenue of €10m, staff of 50), which contributed revenue of €9.9m in 2015.

In an economic context which remains difficult, France maintains its high billing rates (+€12 compared with 2014) while improving the activity ratio of productive staff. These two factors, combined with industrialisation and the rise in the value chain, allowed France to generate EBITDA of 8.3%, representing an increase compared with 2014 and a historical high since 2007.

- **International: strong growth in sales and improvement in profitability thanks to the dynamism of the Iberian Peninsula**

In the full year, revenue totalled €130.5m compared with €114.5m in 2014, representing growth of 13.9% and organic growth of 10.3%. The operating margin increased by more than 33%, reaching 4.1% compared with 3.5% a year earlier. The Iberian Peninsula recorded the strongest growth while Northern Europe, particularly Belux, slowed on the back of the economic environment but should return to its historical performance level in 2016.

## GROWTH IN OPERATING PROFIT: 7% AND GROWTH IN NET PROFIT: 10%

Operating profit grew 7% to €38.9m. This growth stems largely from the improvement in the operating margin but also from the significant reduction in restructuring costs, amounting to -€5.7m compared with -€7.7m last year (-25%), thereby confirming the company's commitment to reining in these costs.

The company also supported costs associated with its participation in the plan for the acquisition of a majority stake by Mannai Corporation (€4.3m) and the additional provision (€3.4m) relating to the VAT litigation<sup>2</sup>. Before these items, the Group's operating profit increased by 28% to €46.6m, compared with €36.4m last year.

Net profit grew 10% to €22m while the diluted earning per share rose from €0.32 to €0.34.

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<sup>2</sup> The company reminds you that the administrative court of appeal of Versailles maintained the 40% penalty for wilful default in its ruling of 19 November 2015 regarding the 2005 VAT litigation. The company therefore booked an additional provision of €3.4m in the accounts at 31 December 2015. As a reminder, the other consequences of the litigation have already been provisioned since 2009. Lastly, the company, convinced that its position is justified, has filed an appeal before the State Council.

## OCEANE BOND CONVERSION – CASH FLOW POSITION UP 13% - NET DEBT/EQUITY RATIO 12%

The year 2015 was marked by the conversion of the Oceane bond in July. This transaction allowed the Group to reduce its debt by €48m and led to additional refinancing in October 2015 providing access to new resources via this loan or potential new EuroPP issues, totalling €140m. At the same time, cash flow rose substantially (+13%), amounting to €56.7m. Given the above, the Group's net debt to equity ratio at 31 December totalled 12%.

## STAFF

At 31 December 2015, the Group had around 11,778 employees, including 9,165 in France. Staff at service centres totalled 1,800, compared with 1,600 at end-2014.

## FRIENDLY PLAN FOR THE ACQUISITION OF A MAJORITY STAKE BY MANNAI CORPORATION

As a reminder, on 23 November 2015, the company announced the signing of an agreement between Mannai Corporation, party of the first part, and Apax Partners and Boussard & Gavaudan, party of the second part, for the purpose of allowing Mannai Corporation to acquire 51% of the share capital and voting rights of Gfi Informatique (on a fully diluted basis) at the price of €8.50 per share.

Through this project, Mannai Corporation, an expert in the IT services sector, has expressed its desire to become a long-term shareholder of Gfi Informatique and an industrial partner, capable of supporting its development. Its objective is to speed up the deployment of the Group's growth strategy, in particular its international expansion, so as to make Gfi Informatique a leader in IT services and software products within the EMEA (Europe, Middle East, Africa) region. Gfi Informatique was associated with the project from the start and took an active part in the discussions between Mannai Corporation on the one hand and Apax Partners and Boussard & Gavaudan on the other hand, thereby contributing to the signing of this agreement.

The main steps and developments in the implementation of the proposed transaction are currently as follows:

- On 22 November 2015, Mannai Corporation granted a put option on 25% of the share capital and voting rights of Gfi Informatique (on a fully diluted basis) to Apax Partners and Boussard & Gavaudan<sup>3</sup> at a price of €8.50 per share, subject to conditions precedent, namely foreign investment control in France and approval by the competition authorities;
- After obtaining the opinion of Gfi Informatique's works council on 14 January 2016 and following the exercise of the put option by Apax Partners and Boussard & Gavaudan on 20 January 2016, the parties concluded, on 20 January 2016, a block trade agreement for 25% of the share capital and voting rights of Gfi Informatique (on a fully diluted basis) at a price of €8.50 per share, subject to the same conditions precedent; to date, one of the two conditions precedent has been lifted, namely clearance of the deal by the European Commission regarding merger control; the control procedure by the Ministry of the Economy regarding foreign investment in France is still underway;
- Should this acquisition be completed, Mannai Corporation, Apax Partners and Boussard & Gavaudan would notably form a new concert by concluding a shareholders' agreement, whereupon Mannai Corporation would then file a simplified cash tender offer (hereinafter the "Offer") for Gfi Informatique's shares, also at a price of €8.50 per share. Gfi Informatique's unlisted redeemable share warrants ("BSAAR") would also be included in the Offer at a price of €4.66 per BSAAR. The terms of the Offer would be subject to an independent expertise in compliance with existing regulations. In this regard, as announced in Gfi Informatique's press release dated 15 January 2016, the Board of Directors of 26 November 2015 appointed Finexsi, represented by Mr Olivier Peronnet, as independent expert;

<sup>3</sup> It is specified that the funds managed by Apax Partners (including Altamir) and Boussard & Gavaudan, acting in concert, currently hold 80% of the share capital and voting rights of Gfi Informatique.

- Following the Offer, Mannai Corporation would purchase from Apax Partners and Boussard & Gavaudan the number of additional shares required in order to reach a 51% equity and voting rights stake in Gfi Informatique (on a fully diluted basis);
- The parties' intention is to ensure that Gfi Informatique remains listed on the Euronext Paris regulated market (Compartment B).

It is specified that a combined ordinary and extraordinary shareholders' general meeting has been convened, notably in order to submit to the shareholders the appointment of Mannai Corporation representatives on the Board of Directors of Gfi Informatique under condition precedent of the completion of the first step referred to above, namely the acquisition by Mannai Corporation of 25% of the share capital and voting rights of Gfi Informatique (on a fully diluted basis).

## A FURTHER STEP IN THE GROUP'S TRANSFORMATION

2015 was the year in which the Group launched the second step of its transformation plan. In line with its past achievements, the Group will continue to pursue its high value-added sectoral approach with its leading customers, supported by the triple-tier Proximity, Industrialisation and Innovation strategy.

In addition, the Group will step up its internal and external investments in software and solutions with the objective of enriching its vertical functionalities and creating synergies with the integration offer and innovative offers such as Digital, Outsourcing, the Cloud and Big Data, areas in which the Group has already invested strongly and positioned itself in 2015.

Lastly, the Group aims to accelerate its international growth strategy in the EMEA region, which will support roll-out of its software solutions and strengthen its position in value-added services.

In 2016, the Group is aiming for further growth in its activity and a continued improvement in its operating margin, despite the still fragile economic environment in France. The Group will be on the look-out for acquisition opportunities in software products and internationally.

**Next release:** Tuesday 3 May 2016, revenue for the first quarter 2016.

### **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 occupies a strategic position in its differentiated approach to 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 12,000 employees and generated revenue of €894.0 million in 2015.*

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

**For more information: [www.gfi.fr](http://www.gfi.fr)**

### **For further information, please contact**

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**GFI INFORMATIQUE**  
Administrative and Financial Director  
Cyril Malher  
Tel.: +33 1 44 04 50 64  
[cyril.malher@gfi.fr](mailto:cyril.malher@gfi.fr)

**KEIMA COMMUNICATION**  
Investor relations  
Emmanuel Douvergne  
Tel.: +33 1 56 43 44 63  
[emmanuel.dovergne@keima.fr](mailto:emmanuel.dovergne@keima.fr)

**AGENCE YUCATAN**  
Press relations  
Caroline Prince  
Tel.: +33 1 53 63 27 35  
[cprince@yucatan.fr](mailto:cprince@yucatan.fr)

## APPENDICES

Summary income statement in euro '000	2015	2014	2013
Revenues	894,0	804,0	742,7
EBITDA	69,6	61,5	52,3
	7,8%	7,6%	7,0%
Depreciation and amortization net	10,9	9,4	7,3
<b>Operating margin</b>	<b>58,7</b>	<b>52,1</b>	<b>45,0</b>
Amortization of assigned intangible assets	(1,9)	(2,0)	(1,8)
Goodwill impairment losses	(0,5)	(1,0)	-
Other operating products and expenses	(17,3)	(12,7)	(13,3)
<b>Operating income</b>	<b>39,0</b>	<b>36,4</b>	<b>29,8</b>
Financial result	(6,1)	(7,0)	(7,0)
Income tax expense	(10,8)	(9,3)	(9,3)
<b>Net profit</b>	<b>22,0</b>	<b>20,0</b>	<b>13,5</b>
<b>Diluted Earnings per share (in euros)</b>	<b>0,34</b>	<b>0,32</b>	<b>0,25</b>

Consolidated cash flow statement in euro '000	2015	2014	2013
<b>Cash from operating activities</b>	<b>56,7</b>	<b>50,2</b>	<b>40,9</b>
Tax paid	(12,7)	(11,2)	(10,3)
Change in WC requirement	(7,8)	(7,4)	(7,3)
<b>Net cash from operating activities</b>	<b>36,2</b>	<b>31,6</b>	<b>23,3</b>
Net cash from investing activities off perimeter	(18,4)	(12,6)	(9,8)
Net cash linked to perimeter investment	(18,8)	(22,3)	1,6
<b>Net cash from investing activities</b>	<b>(37,2)</b>	<b>(34,8)</b>	<b>(8,2)</b>
Repurchases and sales of treasury shares	(1,0)	(2,8)	0,7
Dividends paid	(5,4)	(5,4)	(3,2)
New borrowings	55,2	27,7	-
Repayment of borrowings	(43,5)	(10,4)	(8,0)
Interests paid	(2,7)	(4,1)	(4,7)
Change in factoring drawdowns and other	2,6	(6,7)	(5,4)
<b>Net cash from financing activities</b>	<b>5,1</b>	<b>(1,8)</b>	<b>(20,6)</b>
Effect of changes in foreign exchange rate	0,0	0,0	0,0
<b>Change in cash and cash equivalents</b>	<b>4,1</b>	<b>(5,1)</b>	<b>(5,5)</b>

## APPENDICES

Consolidated statement of financial position in euro '000	2015	2014	2013
Goodwill	238,4	218,3	200,5
Fixed assets	61,9	51,5	44,0
Current and non current assets	394,1	359,0	318,5
Cash and equivalent cash	43,4	35,9	48,2
<b>Total assets</b>	<b>737,8</b>	<b>664,7</b>	<b>611,3</b>
Net equity - Group share	276,7	211,8	202,6
Minority interests	0,1	-	(1,8)
Borrowings	75,3	103,6	95,1
Current and non current liabilities	370,6	337,9	299,3
Financial liabilities and current provisions	15,0	11,4	16,0
<b>Total liabilities and shareholders equity</b>	<b>737,8</b>	<b>664,7</b>	<b>611,3</b>

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
<b>Operating margin</b>	<b>58,7</b>	<b>53,4</b>	<b>5,3</b>	<b>3,9</b>	<b>0,6</b>	<b>-0,1</b>	<b>0,9</b>
<b>Operating margin in %</b>	<b>6,6%</b>	<b>7,0%</b>	<b>4,1%</b>	<b>4,9%</b>	<b>3,7%</b>	<b>-0,4%</b>	<b>9,2%</b>

in euro '000	2014	France	International	Spain	Portugal	North Eur.	Row
Revenue	804,0	689,5	114,5	67,2	15,0	26,5	5,7
<b>Operating margin</b>	<b>52,0</b>	<b>48,0</b>	<b>4,0</b>	<b>1,6</b>	<b>0,3</b>	<b>1,5</b>	<b>0,7</b>
<b>Operating margin in %</b>	<b>6,5%</b>	<b>7,0%</b>	<b>3,5%</b>	<b>2,4%</b>	<b>1,7%</b>	<b>5,5%</b>	<b>12,2%</b>

in euro '000	2013	France	International	Spain	Portugal	North Eur.	Row
Revenue	742,7	631,8	110,9	63,2	16,5	25,5	5,8
<b>Operating margin</b>	<b>45,0</b>	<b>42,2</b>	<b>2,7</b>	<b>1,3</b>	<b>0,2</b>	<b>0,8</b>	<b>0,5</b>
<b>Operating margin in %</b>	<b>6,1%</b>	<b>6,7%</b>	<b>2,5%</b>	<b>2,0%</b>	<b>1,0%</b>	<b>3,2%</b>	<b>8,1%</b>