Monday 23 September 2019

First-half 2019 results

Revenue: €57.2 million, up 9.2% (down 22.8% based on a constant scope of consolidation)
Consolidated operating profit: €3.5 million, down 57.3%
Net attributable profit: €1.97 million, down 64.5%

€K	***H1 2019***	*H1 2018*	***Change***
Consolidated revenue	**57,229**	52,421	+9.2%
Consolidated operating profit	**3,505**	8,200	-57.3%
Operating margin (%)	*6.1%*	*15.6%*	
Net attributable profit	**1,970**	5,558	-64.5%
Net margin	*3.4%*	*10.6%*	

Revenue

Including RTG – which has been consolidated since 16 October 2018 – the Group ended the first half of 2019 with €57.2 million in revenue, representing a year-on-year increase of 9.2% at actual exchange rates (6.4% increase at constant exchange rates).

For the Group's historical reporting scope, revenue was down 22.8% on first-half 2018, reflecting the following:

- a high basis of comparison with the first half of 2018, when consolidated revenue jumped 23.4% year on year, hitting a record high of €52.4 million, mainly driven by the introduction of the NF 525 anti-fraud measure in France;
- economic uncertainties caused by Brexit;
- the negative impact that the "yellow vest" movement had on the French retail sector; and
- the fact that the NF 525 compliance transition period for POS payment systems reached an end.

Operating profit

Consolidated operating profit came to €3,505 thousand, representing an operating margin of 6.1%.

The 57.3% year-on-year decrease in operating profit was mainly due to the revenue contraction posted by the Group's historical reporting scope, which led to a reduction in gross margin of around €4.4 million.

For the historical reporting scope, gross margin held firm compared with the same period of 2018, at a rate of 37.5%.

The sharp fluctuations in the average USD/EUR exchange rate during the period had only a very limited impact thanks to the effectiveness of the currency hedges put in place by the Group.

RTG contributed a negative €299 thousand to consolidated operating profit.

The overall operating profit decrease must also be seen in the light of the Group's ongoing expansion of the kiosks business and the start-up of its innovation department, which have led to additional expenditure in terms of recruitment, payroll costs and certifications for products and prototypes.

The Group's first-time application of IFRS 16 during the period resulted in the cancellation of €924 thousand worth of lease payments and the recognition of €872 thousand in depreciation expense.

Net profit

Net attributable profit amounted to €1,970 thousand, down 64.5% year on year.

The Group recorded a net financial loss of €271 thousand in first-half 2019 versus €233 thousand in net financial profit in the equivalent prior-year period. This negative swing reflects currency fluctuations as well as €121 thousand in interest expense on lease liabilities recognised as a result of the Group's adoption of IFRS 16.

Income tax expense totalled €1,243 thousand and the effective tax rate was 38.4%.

At 30 June 2019, the Group had cash and cash equivalents of €9.7 million and total borrowings and debt of €20.8 million, including €6.8 million in lease liabilities recognised on the first-time application of IFRS 16.

At its meeting on 23 September 2019, the Board of Directors reviewed and approved the interim financial statements for the six months ended 30 June 2019.
The review procedures carried out on these financial statements by the Statutory Auditors are currently being finalised.

Outlook

2019 is a transitional year for AURES, during which it will integrate RTG, continue to expand its kiosks business and start up its innovation department.
The Group is now targeting double-digit growth for the full year.

Upcoming events

A meeting to present the Group's earnings will be held at 2.00pm on Tuesday 24 September 2019 at Palais Brongniart, Salle Napoléon, Place de la Bourse, 75002 Paris, France.

Q3 2019 revenue release: Thursday 24 October 2019 after close of trading on the Paris stock market.

About the AURES Group

Founded in 1989 and listed on Euronext since 1999, AURES is an IT manufacturer providing a complete range of hardware solutions for the POS market (point of sale and services, retail, hospitality, etc.) and the kiosk sector (interactive terminals and integration).

The AURES Group has a global presence with its headquarters in France, subsidiaries in the UK, Germany, Australia and the US, and a network of partners, distributors and resellers in over 60 other countries.

At the end of 2018, AURES acquired US company Retail Technology Group Inc. (RTG), a major North American player in POS maintenance (hardware and software) and IT services.

In 2018, the Group's revenue topped the symbolic €100 million mark for the first time.

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