



Linedata

2018 Annual Results: Profitability maintained despite slight revenues decrease

	2017	2018	Change
REVENUES	179.0	173.2	-3.2%
EBITDA <i>% of revenues</i>	43.5 24.3%	44.0 25.4%	+1.0%
OPERATING PROFIT <i>% of revenues</i>	30.2 16.9%	28.6 16.5%	-5.1%
NET PROFIT <i>% of revenues</i>	19.8 11.1%	19.7 11.3%	-0.7%

Rounded audited figures

Neuilly-sur-Seine, 18 February, 2019 – Linedata (LIN:FP), the global solutions and outsourcing services provider to the asset management and credit industries, is announcing 2018 annual results with levels of profitability maintained despite a decrease of revenues in its Asset Management business line.

In 2018, the Group posted revenues of € 173.2 million, a 3.2% decrease compared to 2017. On a like-for-like basis, revenues were down 1.9%.

The Group maintained a high level of R&D investments at € 17.6 million, representing 14.8% of software revenues. At the same time, Linedata continued to adjust its expenses to actual revenue levels enabling an improved EBITDA margin.

EBITDA Margin Rate	2017	2018
Asset Management	23.5%	23.1%
Lending & Leasing	24.5%	27.5%
Other business	40.7%	51.7%
Total	24.3%	25.4%



Asset Management

The Asset Management division posted a 6.4% decline in revenues, due mainly to decision deferrals related to work in progress on the new AMP platform. On a like-for-like basis, revenues were down 5.1%. The EBITDA of this Business Line was € 25.7m, or 23.1%, more-or-less stable compared to the previous year. This figure includes a net indemnity payment € 1.5 million related to the acquisition of Gravitas.

Lending & Leasing

Lending & Leasing revenues were up 3.2%, driven by the deployment of the new Linedata EKIP³⁶⁰ and Linedata Capitalstream 11.0 software platforms. On a like-for-like basis, revenue grew by 4.6%. EBITDA reached € 15.6 million, or 27.5%, up 3 points from 2017.

Analysis of results

Operating profit was € 28.6 million, down 5.1% compared to 2017. It includes a one-time-only depreciation of € 2.3 million of certain intangible assets of Gravitas to reflect the effects of the previously announced loss of a large client which exercised its right to re-internalize certain outsourced functions.

The financial result amounted to € -1.4 million compared to € -7.9 million last year. As of 2018, the company had offset certain historical negative foreign exchange impacts by converting intercompany loans and advances in USD granted by the parent company to its US subsidiaries into share capital at end 2017.

After income tax of € 7.5 million, the net result was € 19.7 million, which is stable compared to 2017.

Earnings per share (EPS) amounted to € 2.85 in 2018 compared to € 2.75 in 2017, an increase of 3.6%.

Balance sheet analysis

Net debt remained stable at € 77.9 million, equal to 1.8 times the consolidated EBITDA.

Dividend

An unchanged dividend of € 1.35 per share will be proposed at the next General Meeting.

Outlook

In Asset Management, the strong commercial momentum of the Services business (+ 50% of bookings in 2018) should partially offset the loss of the large Gravitas client, which negatively impacts 2019 revenues by nearly € 7 million. The challenges of transitioning the Software business to new technologies are being addressed with an action plan for a return to organic growth.

The organic growth observed in the Lending & Leasing business will be reinforced in 2019 by the commercial, technical and operational synergies implemented between the regions and, in addition, by the integration of the start-up Loansquare, acquired in January 2019.

Next communication: Revenues for 1st quarter of 2019, on April 25th, 2019, after close of trading.



ABOUT LINEDATA

With 20 years' experience and 700+ clients in 50 countries, Linedata's 1300 employees in 20 offices provide global humanized technology solutions and services for the asset management and credit industries that help its clients to evolve and to operate at the highest levels.

Headquartered in France, Linedata achieved revenues of EUR 173.2M in 2018 and is listed on Euronext Paris compartment B FR0004156297-LIN – Reuters LDSV.PA – Bloomberg LIN:FP.

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