

First-Half 2018 Results
Revenue: +11.5%
Operating Income: +24,5%
Net Margin of 20,6%

MGI Digital Technology announces first half 2018 results.

En K€	S1 2017	S1 2018	Variation 18/17 en %
Revenue	26 488	29 533	+11,5%
Gross Margin <i>As a % of Revenue</i>	17 911 67,6%	19 245 65,2%	+7,5%
Operating Income	6 768 25,5%	8 425 28,5%	+24,5%
Financial Income	(135)	(28)	
Income before Tax <i>As a % of Revenue</i>	6 638 25,1%	8 389 28,4%	+26,4%
Net Income, Group Share <i>As a % of Revenue</i>	5 025 19,0%	6 099 20,6%	+21,4%

Growth of 11,5%

International Growth of nearly 13%

MGI Digital Technology's consolidated revenue for the first half of 2018 came out to €29.5m, up 11.5% over the same period last year. This growth represents a good performance after a first half in 2017 already up 14%. The half-year growth was driven by the International with a turnover of 26.4 M € in growth of 12.4% (90% of the activity of the period). France has a good level of activity with a turnover of € 3.1 million..

30% increase in sales with Konica Minolta Inc

As expected, the Group continued to benefit from the ramping up of sales on Konica Minolta's global network. Over the half-year, the turnover achieved with the Japanese Group increased by nearly 30% to reach € 16.2 million against € 12.5 million in the first half of 2017. It represents 54.7% of the total semester versus 47% over the same period of 2017.

Increase over 21% of net income

This business expansion went hand-in-hand with a robust increase in earnings.

Gross margin picked up by nearly 7,5%, reaching 19.2 M€. At 65,2%, it represents a persistently high level of revenue vs. 67,6% in the first half of 2017.

Operating income was 8,4 M€, up 24,5%. This increase was accompanied by a rise in operating margin, which came out at 28.5% of revenue compared to 25.5% in the first half of 2017.

This excellent performance reflects the initial benefits of the move away from the traditional distribution network to the global Konica network.

As a result, half-year external charges came out at 12,% of revenue for the period vs. 16,3% in the first half of 2017.

Operating expenses remain fully under control. These expenses came out at 12.1% of revenue, compared to 16,3 % in the first half of 2017.

Staff costs amounted to 22.2% at the same level as in the first half of 2017.

After recognising financial income and tax expenses, net income was up 21,4 % to more than 6 M€, for a net margin of 20,6 of revenue.

Stronger financial position

Relative to the 31 December balance sheet date, shareholders' equity increased 7,7 % to more than 83 M€. Over the first half of the year, the Group generated cash flow of 7,4 M€m and net operating cash flow of more than 2,5 M€.

After making 1,2 M€ in loan repayments, financial debt was reduced to 10,3 M€ and cash increased 6.3% to € 20.3 million.. In view of this solid financial situation, the Group is in an excellent position to support the growth that is expected in the coming months.

Good visibility in the second half

MGI Digital Technology starts out the second half of the year with confidence.

In addition to the good level of the order book, the Group continues to pursue its deployment throughout the Konica Minolta Inc. network. From that standpoint, after penetrating the North American market, joint sales efforts will be stepped up in Europe and Asia over the next few months.

The coming months will also be marked by the participation in important exhibitions in Europe (all4pack, LuxePack) and in the United States (Print USA, LabelExpo) which will reinforce the visibility and commercial dynamics in the main application markets: print, label, printed electronics and intelligent packaging.

At the all4pack trade show scheduled for November, MGI Digital Technology will present its Industrial Printing Platform “Alphajet”, dedicated to Printed Electronics and Smart Packaging.

New strides in Digital Press and Smart Packaging: the first industrial output scheduled for Q4

Finally, MGI Digital Technology intends to continue its innovation efforts in order to take a position on this huge market for chipless RFID identification ("Chipless RFID"). This solution, without competition in terms of costs or functionality will be a revolution in e-commerce and logistics. It should become a key technology in these markets in the coming years. Here again, the Group is ready to take advantage of this revolution.

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