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HIGHCO: GROWTH AND IMPROVEMENT IN PROFITABILITY

- H1 gross profit up 4.2% like-for-like¹
- H1 headline PBIT² up 8.7%. Operating margin³ up 90 basis points
- Attributable net income up 19.7% in H1 2010
- Net cash surplus of €25.44 M at 30 June 2010, up €4.82 M since 31 December 2009.
- Building on the strength of H1, HighCo forecasts growth in gross profit of over 4.5% LFL¹ and a rise in profitability

(in €M)	H1 2010	H1 2009	Change N/N-1
Gross margin	37.79	36.19	+4.4%/+4.2% LFL ¹
Headline PBIT ²	9.15	8.42	+8.7%
Operating margin ³	24.2%	23.3%	+ 90 bp
Attributable net income	6.57	5.49	+19.7%
Net cash surplus	25.44	20.62 ⁴	+23% (up €4.82 M)

¹ Like-for-like. 2010: consolidation of Scan ID as of 15/04/10. 2009: consolidation of Scan ID as of 15/04/09 and excluding HighCo's Italian operations discontinued in Q3 2009.

² Headline PBIT = Profit Before Interest, Tax and restructuring costs.

³ Operating margin = headline PBIT/gross profit.

⁴ Net cash surplus at 31 December 2009.

Richard Caillat, Chairman of the Management Board, stated: "After its strong resistance to the crisis, HighCo's results in the first half of the year attest to the Group's sound position. Applying a strategy that is distinctly focused on innovation and digital technologies while enjoying a high investment capacity, HighCo recovered more rapidly than its market. The Group shows a promising outlook for 2010 and genuine development potential."

Analysis of half-yearly results

For the first half of 2010, as announced on 19 July, HighCo recorded a rise in gross profit of 4.4% on a reported basis and 4.2% on a like-for-like basis. The Group resumed growth in line with its historical performance, surpassing the levels of communication expenditure in Western Europe, with a 2.2% increase for 2010 estimated by ZenithOptimedia (July 2010).

Thanks to the stringent management of indirect operating expenses, headline PBIT came out at €9.15 M, up 8.7% on the first half of 2009. Operating margin (headline PBIT/gross profit) gained 90 basis points, increasing from 23.3% for the first half of 2009 to 24.2% for the first half of 2010.

Attributable net income increased 19.7% to €6.57 M, thanks to the favourable tax impact resulting from the rationalisation of Group structures. Earnings per share turned in a similar performance, up 21% to €0.63.

The Group's balance sheet has seen net cash grow by €4.82 M since 31 December 2009 to €25.44 M at 30 June 2010. This 23% increase over the first half of 2010 once again demonstrates HighCo's ability to generate cash (cash flow of €7.51 M and stable WCR) and its astute use of its liquidity for capital expenditures (€0.5 M), share buybacks (€0.6 M) and acquisitions (€2.64 M).

In a recovering economy, HighCo outperforms its market

The outlook is brighter for the **Operational Communication businesses (Store)**, which are linked to the economic cycle and mass retail market. The impact of the LME (French law on the modernisation of the economy), along with stable or falling consumer prices, seems to have steadied. At the same time, hard discounters are losing strength while retail and national brands are gaining market share. Against this backdrop, HighCo continues to streamline its brands and simplify its offer with the **launch of HighCo Shopper**.

In the **Data Processing businesses (Data)**, HighCo confirmed its leadership in the management of discount coupons and promotional offers. The number of coupons cleared and consumer letters increased by more than 10% in the first half of 2010, while the Group pursued its **aggressive sales drive** for promotional logistics services in France and Benelux. In a **move to create further value**, the Group acquired the Belgian company Scan ID (2009 revenues: €2.8 M) in April 2010 and announced the full acquisition of Publi Info Benelux, a trade folder monitoring company (2009 revenues: €0.7 M).

The digitalisation of the Group's businesses picks up. Given the major shift in the communications market, HighCo's innovation strategy is bearing fruit with a **sharp rise in operating indicators** (number of Webcoupons[®] issued, visits to the Group's coupon sites, coupons cleared electronically, etc.). The development of **innovative initiatives** such as tf1conso.fr and Pixiwallet[®] has also reinforced the Group's competitiveness.

Targets

Building on its healthy fundamentals and the strength of its businesses in the first half, HighCo expects to see growth in its gross profit of more than 4.5% LFL¹ and an improvement in operating margin (headline PBIT/gross profit) of 80 to 100 basis points in 2010.

Dynamic cash flow management will continue in the second half of the year. In addition to financing its annual CAPEX (about €1.5 M) and share buybacks (€2 M to €4 M), the Group has a high financing capacity to ensure its acquisition strategy.

The financial statements were reviewed by the Supervisory Board on 25 August 2010 and were subject to a limited audit by the Statutory Auditors.

An analysts' meeting will take place on Tuesday, 31 August at 2.30 pm at the Paris Victoire conference centre (52 rue de la Victoire, Paris 9th arrondissement). The presentation will be available online prior to the meeting on the company's website, www.highco.fr.

About HighCo

HighCo is a "Non-Media" Communication Group offering marketing solutions (operational communication and data processing) for retail and consumer goods brands that aim to attract consumers and promote their loyalty. As a pioneer in Digital Marketing, HighCo also invests heavily in R&D through HighCo Lab. The Group employs over 800 staff members in France, Benelux and Spain and is listed in compartment C of NYSE Euronext.

Contacts

Olivier Michel
Managing Director and CFO
+33 1 77 75 65 06
comfi@highco.fr

Cynthia Guillemin
Press Relations
+33 1 77 75 65 16
c.guillemin@highco.fr

Upcoming events

Q3 and 9-month 2010 Gross profit
Q4 2010 Gross profit

19 October 2010 (after market close)
26 January 2010 (after market close)

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HighCo is a component stock of the following indices: CAC Small190, CAC Mid&Small 190 and SBF250.

ISIN: FR0000054231
Reuters: HIGH.PA
Bloomberg: HCO FP

For further financial information and press releases, go to www.highco.fr

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