

# Esker's 2018 Annual Results

31% increase in net income fueled by growth in cloud-based solutions

LYON, France, and MIDDLETON, Wis. — March 22, 2019

VALUE IN THOUSANDS OF EUROS	2018	2017	GROWTH
SALES REVENUE	86,871	76,065	+14.2%
INCOME FROM OPERATIONS	11,611	10,248	+13.3%
CURRENT INCOME BEFORE TAXES	11,554	10,138	+14.0%
NET INCOME	8,843	6,766	+30.7%
CASH BALANCE	22,794	20,632	+€2.2M

The Esker Supervisory Board approved the financial statements for the year, ending December 31, 2018. Audit procedures on the consolidated accounts have been completed. The certification report will be issued at the end of April, following the completion of procedures required for the publication of the annual financial report.

## Continued growth in cloud-based activities

Esker's sales revenue amounted to 86.9 million euros in 2018, a 14.2% increase over 2017 (+16% based on a constant exchange rate). These results are marked by the ongoing success of the company's cloud-based document process automation solutions, which represent close to 76 million euros (85% of sales), a 20% increase of over 2017. The performance of traditional license-based products leveled off at 7.8 million euros (9% of sales), now representing only 4% of the company's business.

## Strong business momentum

Beyond the strong sales and financial results in 2018, Esker experienced a record year in terms of new contract acquisition. The guaranteed minimum value for contracts signed in 2018 rose by 65% compared to 2017, which is much faster than revenue growth as reflected in the company's financials. This performance is also significantly higher than the growth of the same indicator recorded in 2017 (+45%). Annual revenue is only marginally influenced the year in which these multi-year contracts are signed, whereas marketing and sales acquisition costs are fully allocated to the year of signature. The sales success, therefore, structurally penalizes immediate profitability in favor of future results. For the 2018 fiscal year, this impact can be estimated at 1.1 million euros in additional expenses compared to 2017.

(continued)

### Continued growth investments

In 2018, Esker's workforce increased 13.5% to reach 580 employees at the end of December. The consulting and research and development departments accounted for more than 56% of new hires. Esker also devoted a significant portion (22%) of its human resources investments to sales and marketing activities. This effort will continue throughout 2019 and will strengthen the company's business capabilities for the coming years.

### 14% growth in current income

Despite investments made throughout the year and the cost of preparing the company's future growth, Esker's earnings increased 14% to reach more than 11.6 million euros in 2018, compared with 10.1 million euros in 2017. This performance corresponds to the company's strategic objective to combine dynamic growth and profitability in the short and medium term. Monetary rate changes — mainly with the U.S. dollar — slightly penalized profitability in the 2018 fiscal year (0.5 million euros, 0.6% of sales revenue).

### 31% increase in net income

Beyond the strong growth in operating income, other factors allowed Esker's net income to rise by 31% compared to 2017, including: the absence of significant exceptional or non-recurring items, the good performance of investments accounted for using the equity method, and the significant decrease in the effective tax rate. This amounts to 8.8 million euros, which, for the first time in Esker's history, exceeds 10% of sales. The change in the overall tax expense is mainly related to the U.S. tax cuts implemented in 2017.

### Positive outlook for 2019

Esker expects to achieve double-digit organic growth in 2019. The strong recurring nature of the company's revenue continues to provide excellent visibility into future performance. Esker's record value of new contracts signed in 2018 will feed the company's growth in 2019 and in the years to come. Profitability should be maintained at current levels and therefore allow further significant profit growth.

### About Esker

Esker is a worldwide leader in cloud-based document process automation software, helping financial and customer service departments digitally transform their order-to-cash (O2C) and purchase-to-pay (P2P) cycles. Used by more than 6,000 companies worldwide, Esker's solutions incorporate technologies like artificial intelligence (AI) to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. For more information on Esker and its solutions, visit [www.esker.com](http://www.esker.com). Follow Esker on Twitter [@EskerInc](https://twitter.com/EskerInc) and join the conversation on the Esker blog at [blog.esker.com](http://blog.esker.com).

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#### Esker, Inc.

1850 Deming Way, Suite 150  
Middleton, WI 53562 USA  
Tel: (608) 828-6000  
[www.esker.com](http://www.esker.com) | [info@esker.com](mailto:info@esker.com)

#### Press Contact: Brittany McLaughlin

Tel: (972) 850-5869 – [bmclaughlin@ideagrove.com](mailto:bmclaughlin@ideagrove.com)

#### Investor Relations Contact: Emmanuel Olivier

Tel: +33 (0)4 72 83 46 46 – [olivier@esker.fr](mailto:olivier@esker.fr)

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