

# 2019 full-year results

Analyst presentation

March 12<sup>th</sup>, 2020

econocom

# Speakers



**JEAN-LOUIS BOUCHARD**

Chairman & CEO



**LAURENT ROUDIL**

Managing Director



**ANGEL BENGUIGUI**

Managing Director



**BRUNO GROSSI**

Advisor to the Chairman

## Agenda

**01** Message from  
Chairman & CEO

**02** A new  
management  
team

**03** 2019 financial  
results

**04** A unique  
business model

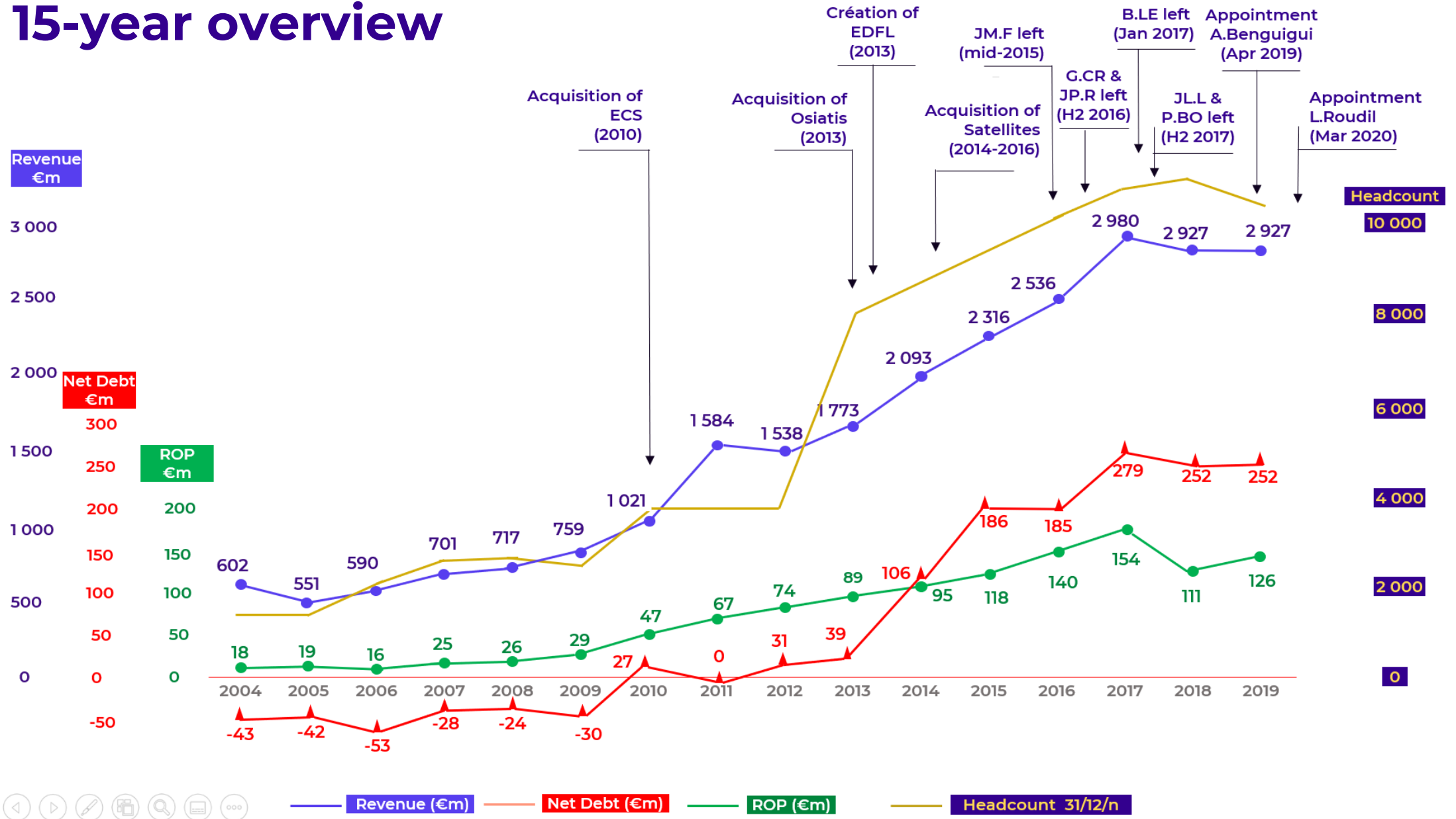
**05** Outlook

**01**

---

# Message from Chairman & CEO

# 15-year overview



— Revenue (€m) — Net Debt (€m) — ROP (€m) — Headcount 31/12/n

**02**

---

**A new  
management  
team**

# Management team



**JEAN-LOUIS BOUCHARD**

Chairman & CEO



**LAURENT ROUDIL**

Managing Director



**ANGEL BENGUIGUI**

Managing Director



**BRUNO GROSSI**

Advisor to the Chairman



**LAURENT ROUDIL**

Managing Director



# A new experienced management team



**Philippe Goullioud**



**Chantal De Vrieze**



**Laurent Caparros**



**Eric Bazile**



**Samira Draoua**



**Emiliano Veronesi**



**Carlos Perez-Herce**



**Israël Garcia**



**Valérie Clar**



**Stéphane Hascoet**



**Long Le Xuan**



**Christophe Vanmalleghem**

**03**

---

**2019**

**financial**

**results**



**ANGEL BENGUIGUI**

Managing Director

# Key figures

Revenue <sup>(1)</sup> <b>€2.93 Bn</b>	ROP <sup>(1)(3)</sup> <b>€126 M</b>	Cash flow from operating activities <sup>(1)</sup> <b>€140 M</b>	Net financial debt <b>€252 M</b>
<b>stable</b> <sup>(2)</sup>	<b>+14.3%</b> <sup>(2)</sup> vs. 2018	<b>+€7 M</b> <sup>(2)</sup> vs. 2018	<b>1,4x</b> EBITDA

(1) From ongoing operations after restatement according to IFRS 5 regarding discontinued operations

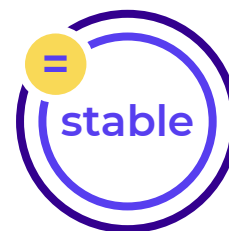
(2) At constant standards

(3) Before amortization of intangible assets from acquisitions

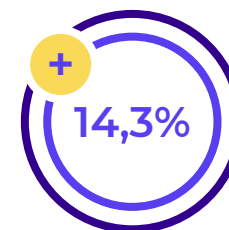
# Robust revenue base

## Sharp increase in profitability

### Revenue from ongoing operations<sup>(3)</sup>



### Recurring operating profit from ongoing operations <sup>(1)(3)</sup>



**2019 revenue** at iso-perimeter and standards is **stable**

**Organic growth: -0.8%**

**Significant impact of Italy embezzlement** on TMF

**Pro-forma growth<sup>(2)</sup> +4,5%**

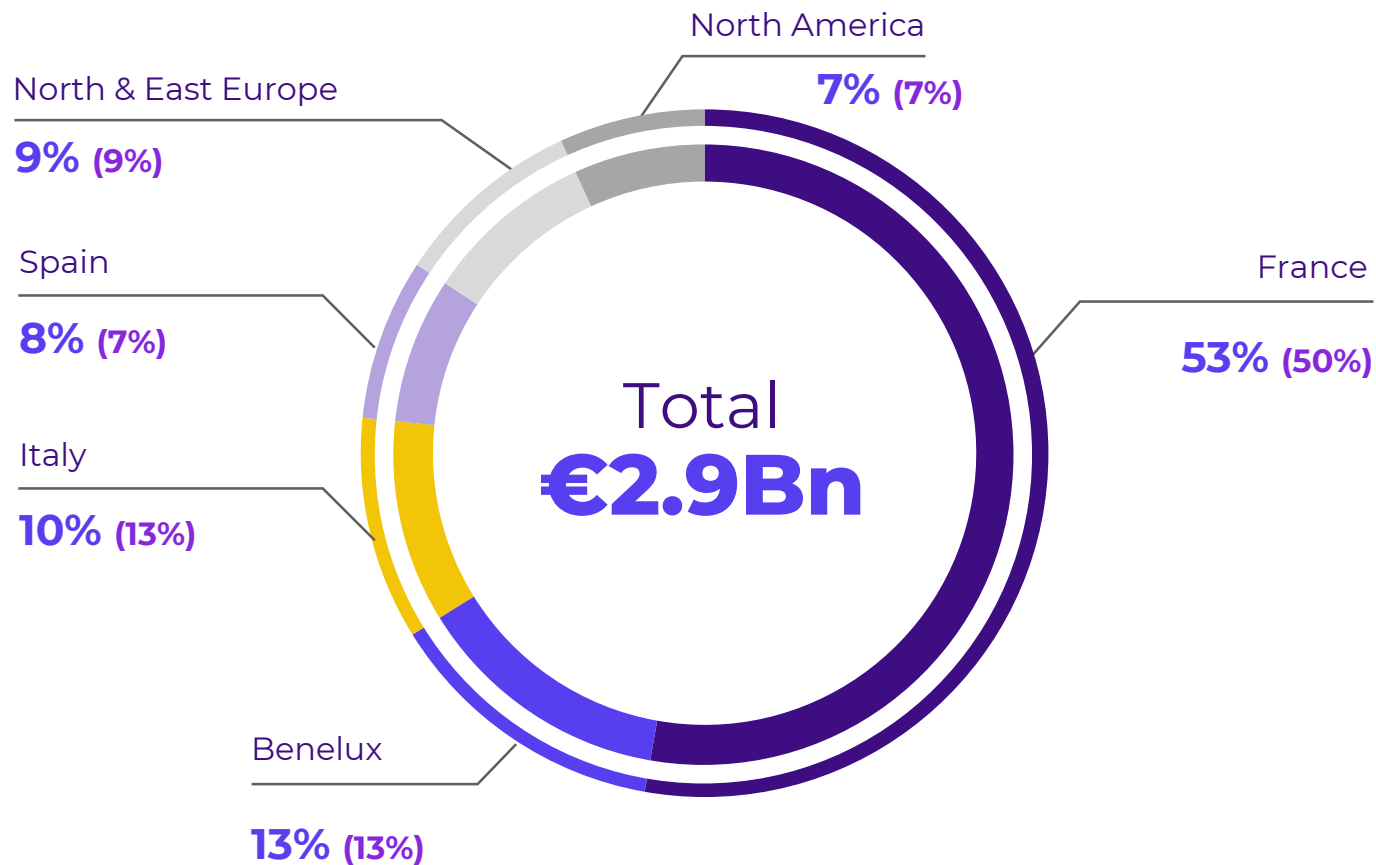
**Margin of 4.3%** on revenue from ongoing operations.

(1) Before amortization of intangible assets from acquisitions  
(2) Netting the impact of Econocom Italy embezzlement  
(3) At constant standards

# Revenue<sup>(1)</sup> by geographical area

2019 revenue (%)

2018 revenue<sup>(2)</sup> (%)



**Solid performance**  
in France (+5%) and Spain  
(+10%)

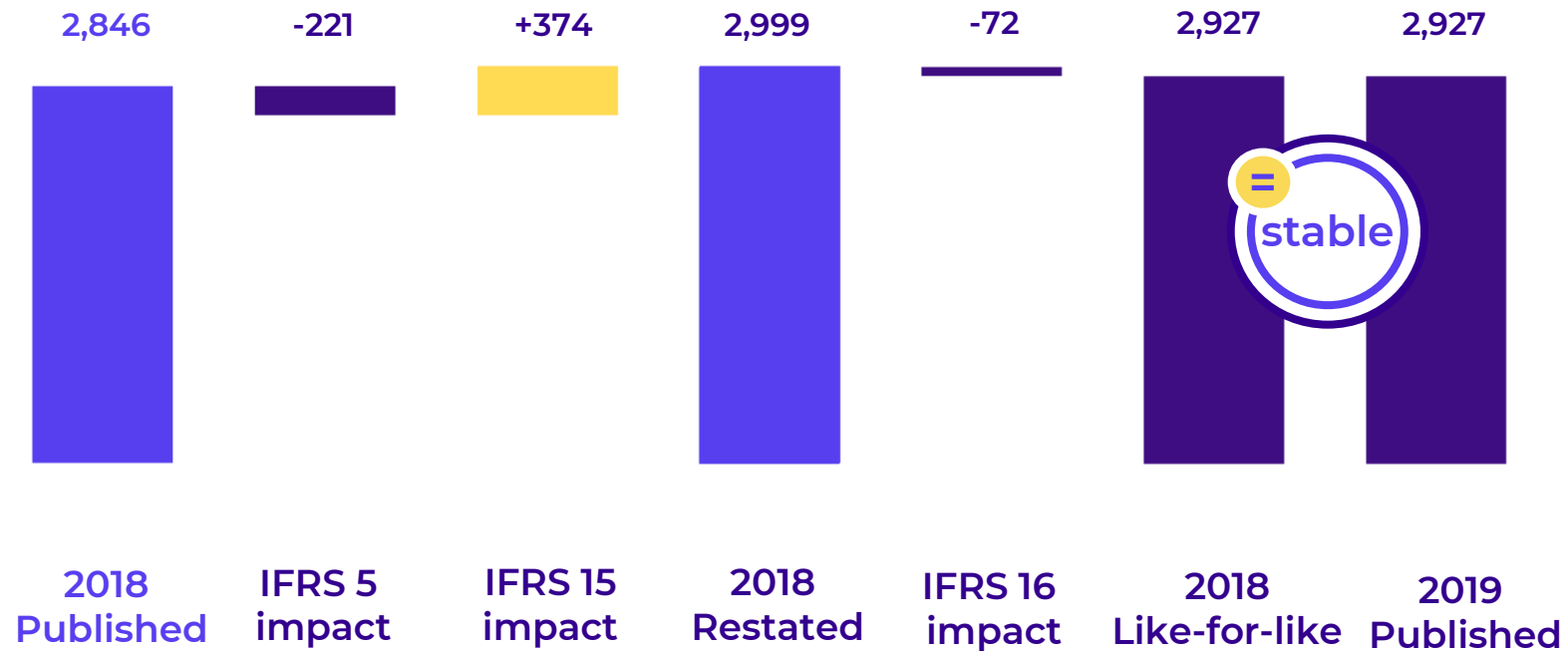
**Revenue in Italy (-21%)**  
impacted for an estimated  
amount of around € 130 M by  
the embezzlement discovered  
end of June

(1) From ongoing operations after restatement in line with IFRS 5 regarding assets held for discontinued operations

(2) At constant standard

# 2018 Revenue bridge

In €M

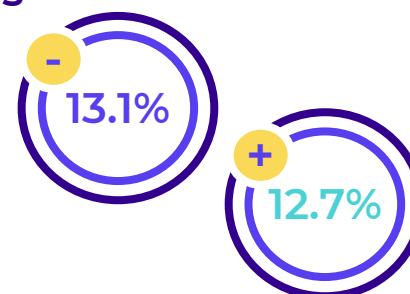


# TMF at a glance

## Revenue from ongoing operations <sup>(3)</sup>



## Recurring operating profit from ongoing operations <sup>(1)(3)</sup>



**TMF business revenue suffered from lag primarily in Italy :**

- **In revenue: ca. -€130 M**
- **In ROP<sup>(1)</sup>: -€13 M**

**Revenue impacted by Italy: €1,124 M (-10.0%)**  
**Pro-forma growth<sup>(2)</sup> +0,6%**

**Decrease of ROP at €43.9 M (3.9% margin)**

(1) Before amortization of intangible assets from acquisitions  
 (2) Netting the impact of Econocom Italy embezzlement  
 (3) At constant standards



# Reinforcement of TMF management team globally



Chantal De Vrieze



Samira Draoua



Frances Weston



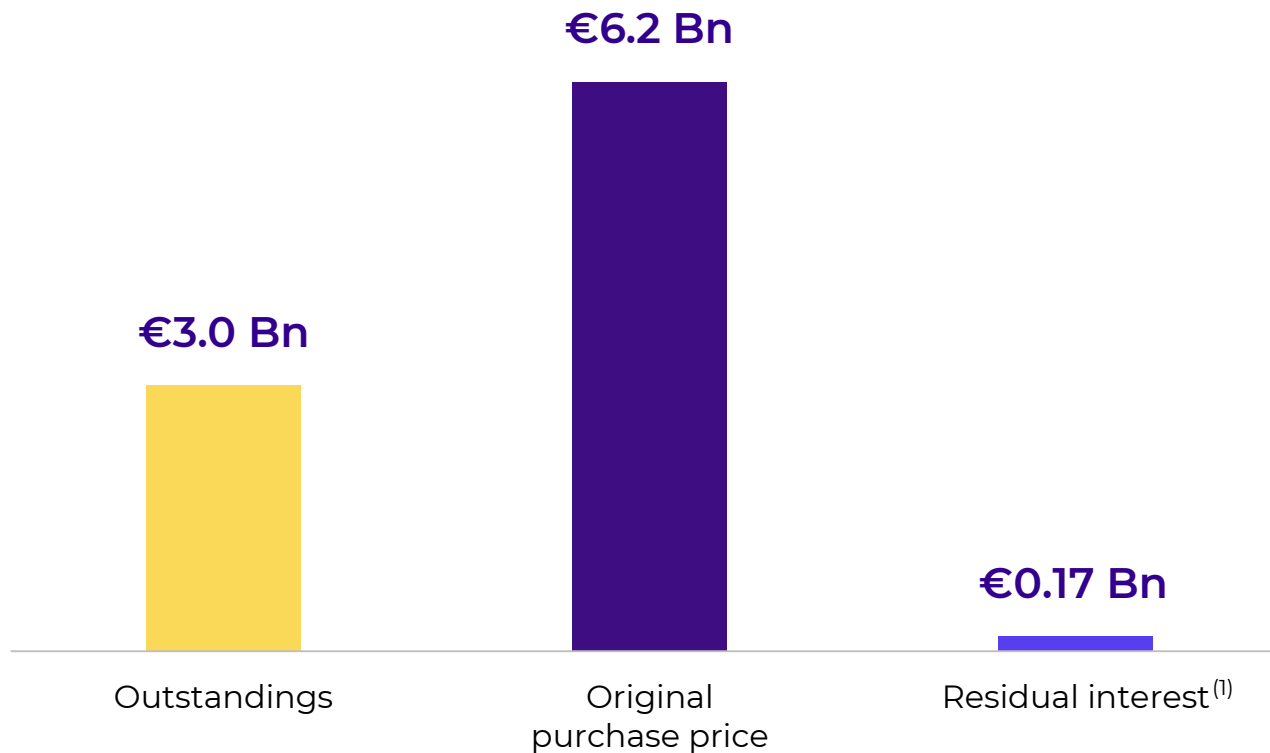
Emiliano Veronesi



Carlos Perez-Herce

# Technology Management & Financing

## Contract portfolio



**Stability of portfolio**  
at original purchasing price

**Residual interest<sup>(1)</sup>**

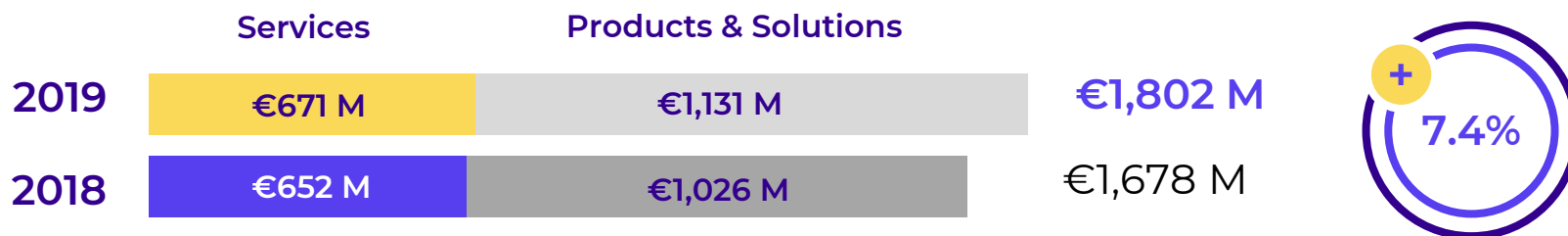
**2.7%** of the Original  
Purchase Price

**>2x** covered by remarketing  
of assets and contract  
extensions

(1) Estimated value of assets at the expiry of the lease contract

# Digital Services & Solutions at a glance

## Revenue from ongoing operations <sup>(2)</sup>



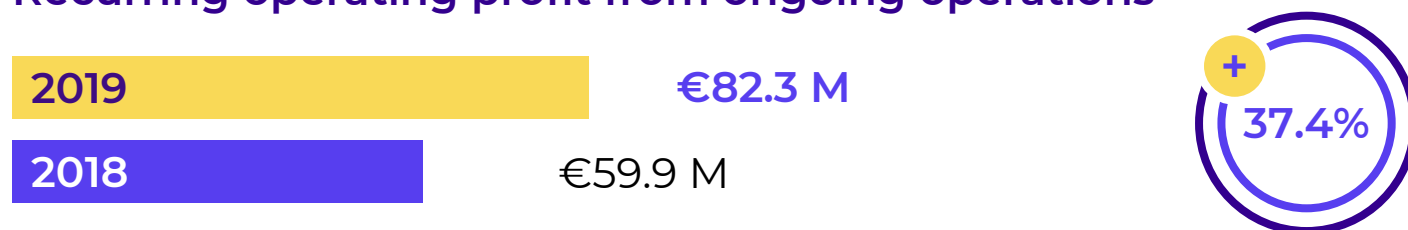
**Continuing sustained growth** in particular in Products & Solutions (+10.3%)

**South Europe and France** contributed the most to the dynamism of the activity

### ROP boosted by:

- Growth in revenue
- Strong recovery in Services in France

## Recurring operating profit from ongoing operations <sup>(1)(2)</sup>



(1) Before amortization of intangible assets from acquisitions

(2) At constant standards

# Consolidated income statement

(In €M)	2018 <sup>(1)</sup>	2019
Revenue	2,999	2,927
<b>Recurring operating profit before amortisation of intangible assets from acquisitions</b>	<b>110.9</b>	<b>126.2</b>
Recurring operating profit	106.7	124.2
Non-recurring operating incomes and expenses	-19.9	-24.8
<b>Operating profit</b>	<b>86.8</b>	<b>99.4</b>
Financial result	-15.5	-19.2
<b>Profit before tax</b>	<b>71.2</b>	<b>80.2</b>
Income tax	-20.8	-22.3
Result from discontinued operations	-5.9	-9.2
<b>Net profit</b>	<b>44.6</b>	<b>48.6</b>
<b>Recurring net profit attributable to the owners of parent</b>	<b>62.4</b>	<b>72.1</b>

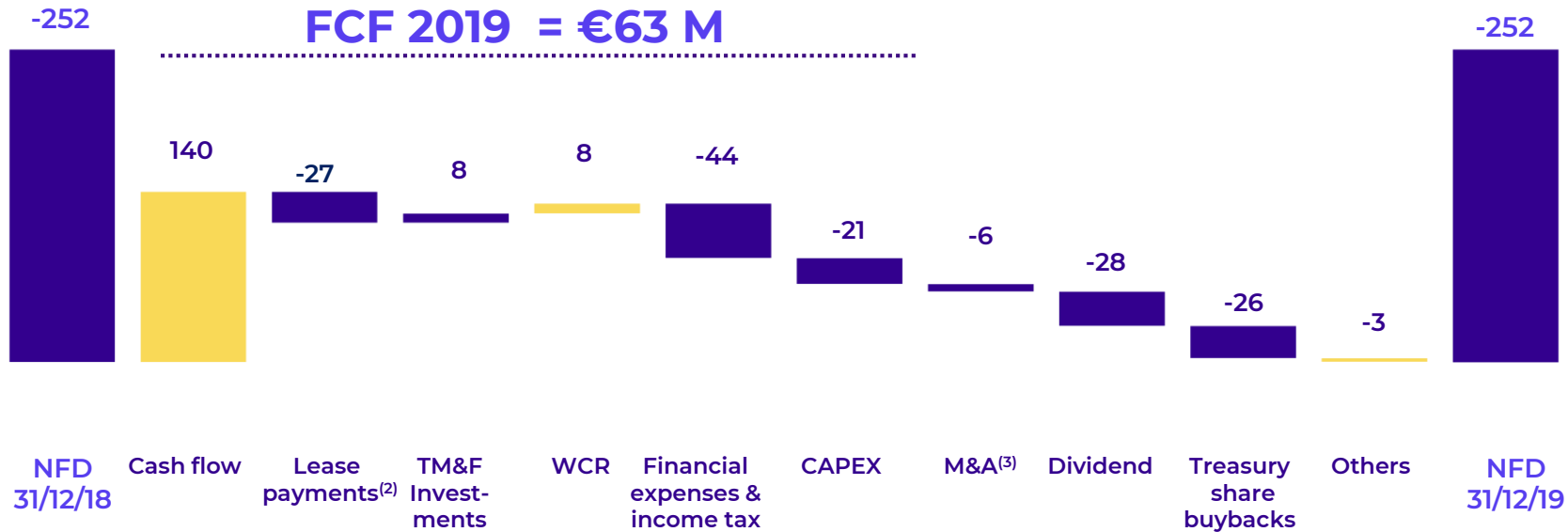
(1) In accordance with IFRS 5, income and expenses recorded in 2018 by activities considered as discontinued in 2019 are also reclassified to income from discontinued operations in the income statement for the 2018. In contrast, in accordance with IFRS16, data for 2018 are not restated for the impact of this standard on leases, which came into effect on January 1, 2019). In addition, revenue recognition for direct shipments is modified as it is considered from 2019 that Econocom acts as principal (according to IFRS 15). For comparison purpose, 2018 revenue has been restated accordingly.

(2) Before amortization of intangible assets from acquisitions

**ROP<sup>(2)</sup> in line with guidance** despite embezzlement in Italy and thanks to the contribution of buoyant geographic zones (France, Spain, Belgium and the UK).

**Positive impact of cost reduction plan** accelerated in H2 2019.

# Steady NFD<sup>(1)</sup> in 2019



## Robust operating cash flow generation:

- **€140 M** of cash flow from operating activities
- **€8 M** WCR inflow thanks to close monitoring
- **€8 M** net inflow on TFM own booked deals

## Shareholder return

- **€54 M** in treasury share acquisition and share premium reimbursement

2018	-279	106	-39	80	-41	-31	-15	-28	-16	11	-252
	NFD 31/12/17										NFD 31/12/18

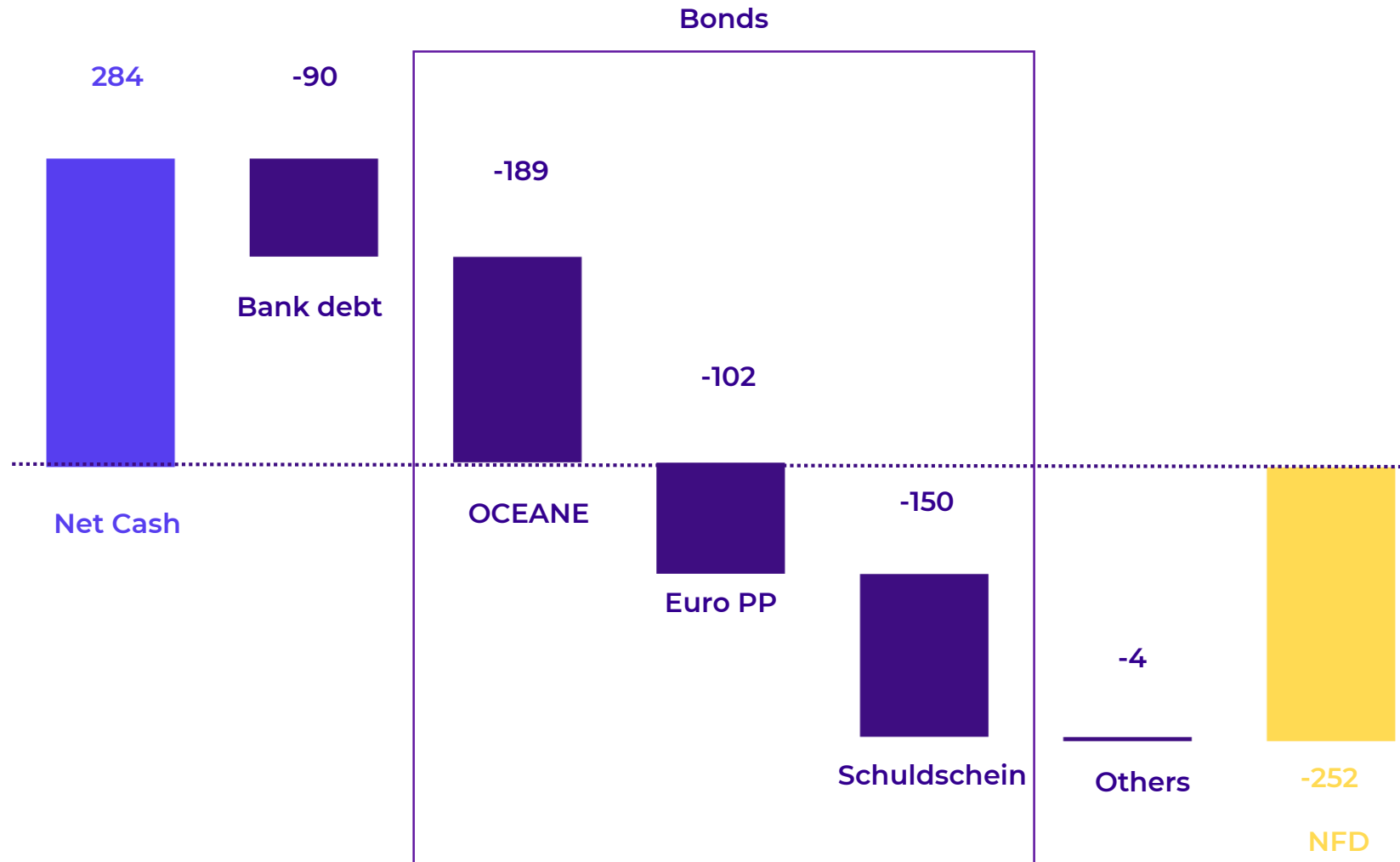
(1) NFD: Net Financial Debt excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

(2) Made by Econocom as a lessee and presented in the Cash-Flow Statement from 2019 as Cash-Flow from Financing activities (according to IFRS16)

(3) Includes cash proceeds of disposals of assets

# Structure of Net Financial Debt<sup>(1)</sup>

In €M



## NFD constant vs. 2018:

- **€252 M** total of which **€238 M** related to own booked TMF contracts maturing within 30 months
- Leverage ratio (**1.4x EBITDA**) and gearing (**0,5x**)

(1) NFD: Net Financial Debt excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

# Simplified consolidated balance sheet

ASSETS (IN €M)	31/12/2018	31/12/2019 <sup>(1)</sup>
Goodwill	631	513
Other non-current assets	209	234
<b>Total assets related to leasing activities</b>	<b>410</b>	<b>404</b>
Residual interest in leased assets	164	165
Net receivables from own booked TMF contracts	246	239
Other trade and other receivables	1,023	855
Other current assets	129	137
Assets held for sale	-	201
<b>TOTAL</b>	<b>2,401</b>	<b>2,343</b>

EQUITY & LIABILITIES (IN €M)	31/12/2018	31/12/2019 <sup>(1)</sup>
Equity	491	484
Net Financial Debt	252	252
Commitments on residual value	98	102
Other non-current liabilities	124	131
Trade payables	1,104	981
Other current liabilities	332	311
Liabilities related to assets held for sale	-	83
<b>TOTAL</b>	<b>2,401</b>	<b>2,343</b>

(1) After application of IFRS 5 and IFRS 16

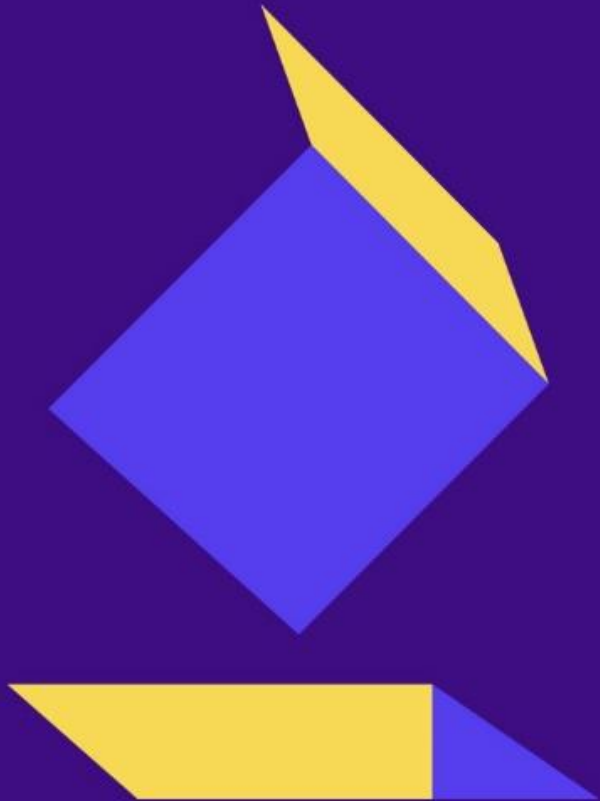
**04**

---

# A unique business model



# Econocom : a unique business model



Econocom is the only player  
on the enterprise  
transformation market  
that leverages digital solutions  
delivery through financing capabilities

# The digital solutions builder

**Digital Services & Solutions,  
the preferred partner for the digital  
transformation of companies throughout  
the entire value chain**

**Technology Management Financing,  
an effective entry point to take full  
responsibility of digital projects**

**The know-how of Econocom, 98% of  
digital business**

## Key drivers



**Provide** a strong value proposition to customers with end-to-end responsibility



**Benefit** from positive market dynamics: a plural demand from customers-partners-integrators



**Strengthen** our business in all the sectors

# The Econocom **TOUCH** translated for a customer in the energy sector



**€60 M of revenue in 2019:** +33% growth in 2 years



**Contribution of the Econocom Galaxy Players for 80%**  
of the customer's digital transformation



**Excellence Delivery** on all services provided by the Group,  
including Satellites and a Global Account Management



**05**

---

**Outlook**

# 2020 financial objectives



Reduce  
**debt**

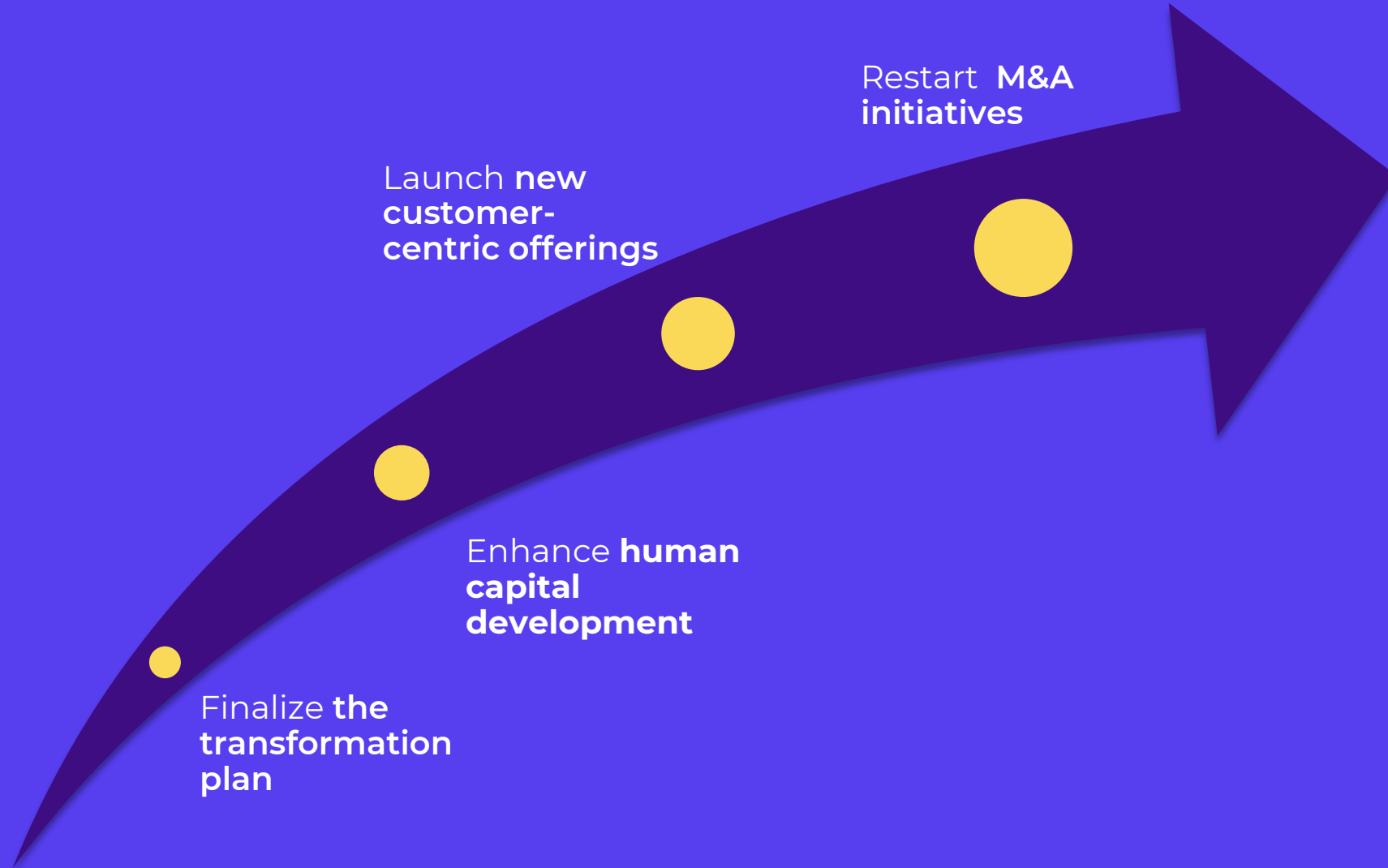


Disposal of  
**non-core businesses**



**Cost reduction**  
program continued

# 2020 on track to generate a new growth cycle



# Q&A



# Thank you



Contact relations investisseurs  
et relations actionnaires:  
[Arthur.rozen@econocom.com](mailto:Arthur.rozen@econocom.com)



Contact relations presse:  
[info@capvalue.fr](mailto:info@capvalue.fr)  
Tel. +33 1 80 81 50 00

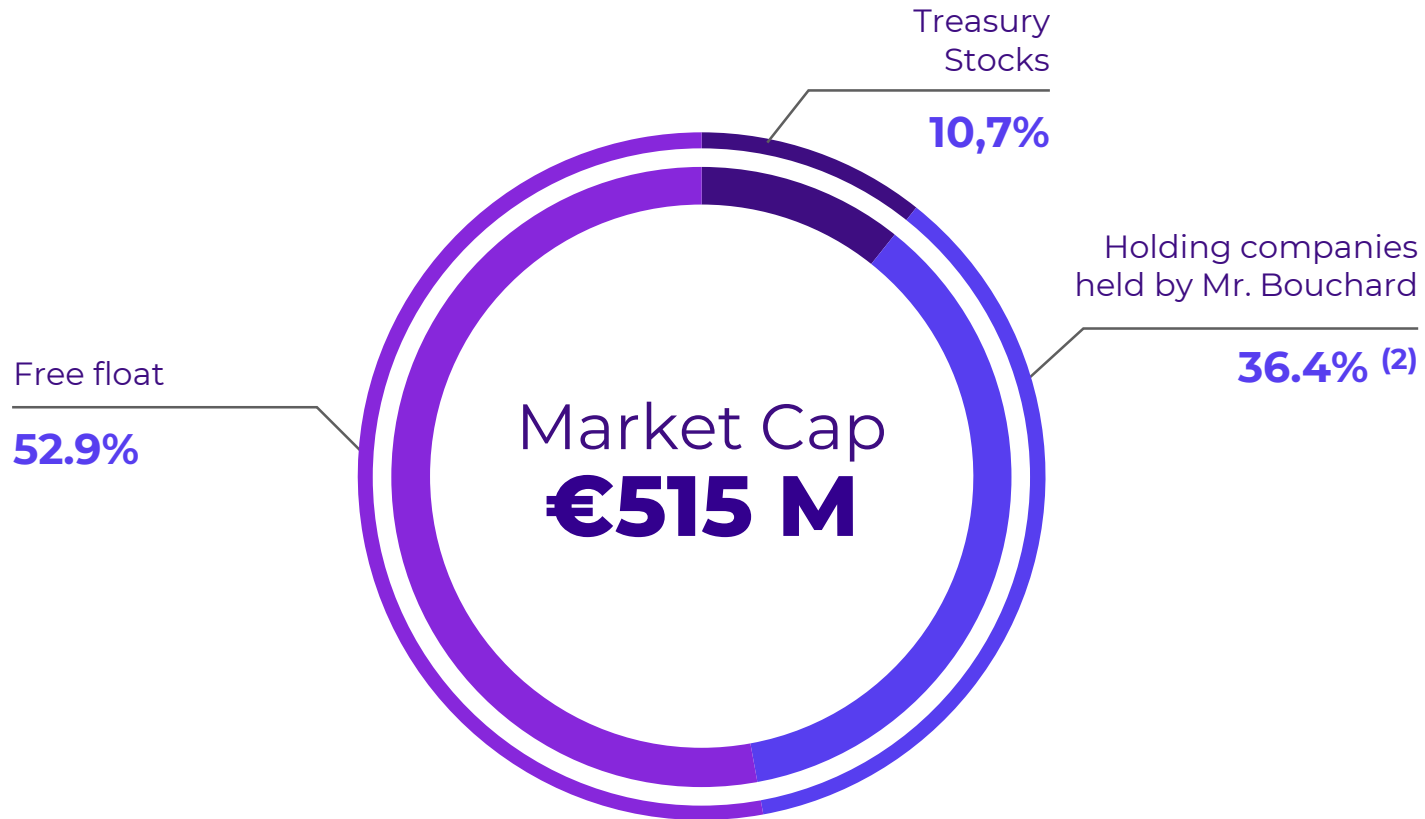


# Appendix



# Stock Exchange

## Equity table



## Number of shares:

- **245,380,430**

## Share price<sup>(1)</sup>:

- **2,10€**

## Listing place:

- **Euronext Brussels**
- **EBR: ECONB**
- **ISIN: BE0974313455**

## Stock Indexes:

- **Bel Mid and Family Business**

(1) as of March 10<sup>th</sup> 2020

(2) Percentage should increase to 41.8% upon completion of the acquisition by Econocom International BV of more than 5% of Econocom Group SE shares held by Walter Butler

econocom