

2018 **full-year results**

econocom

01 Message from
Chairman & CEO

02 FY 2018
Results

03 Business
drivers

04 Outlook

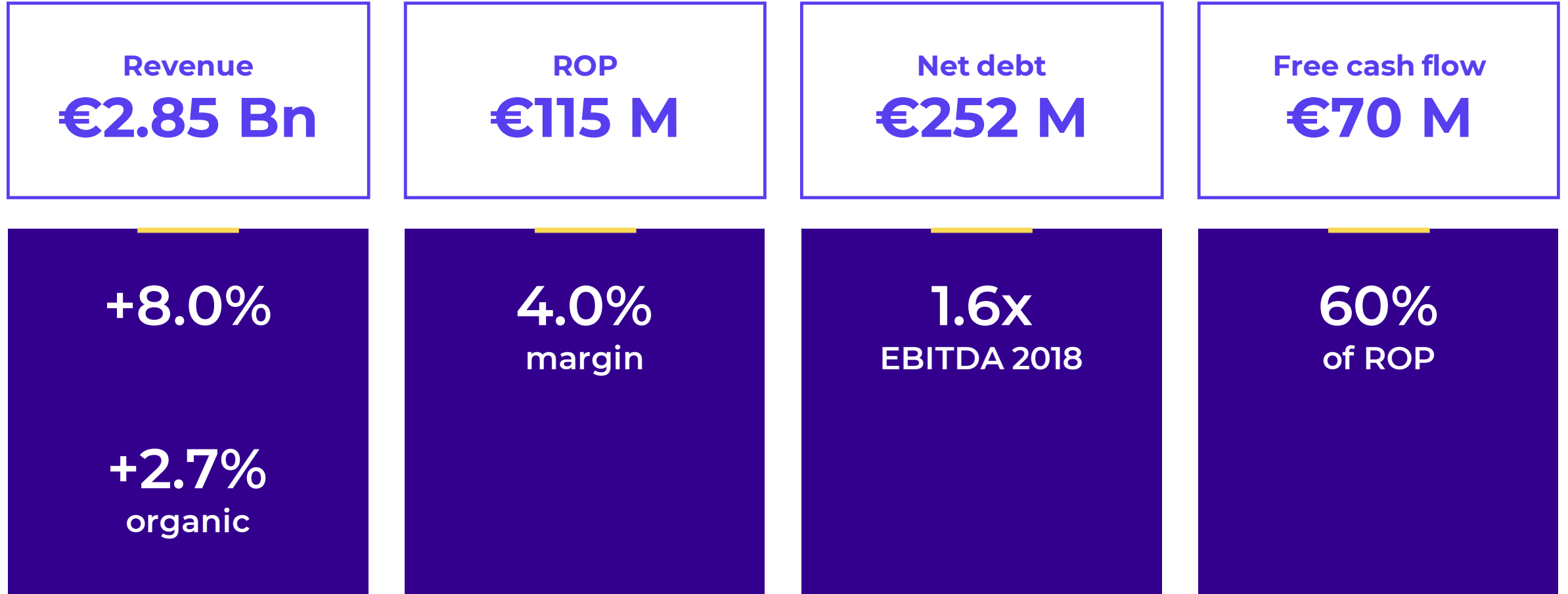
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02

FY 2018 financial results



Key figures



Sustained growth in Group revenue

Revenue (IFRS15)



Recurring operating profit⁽¹⁾

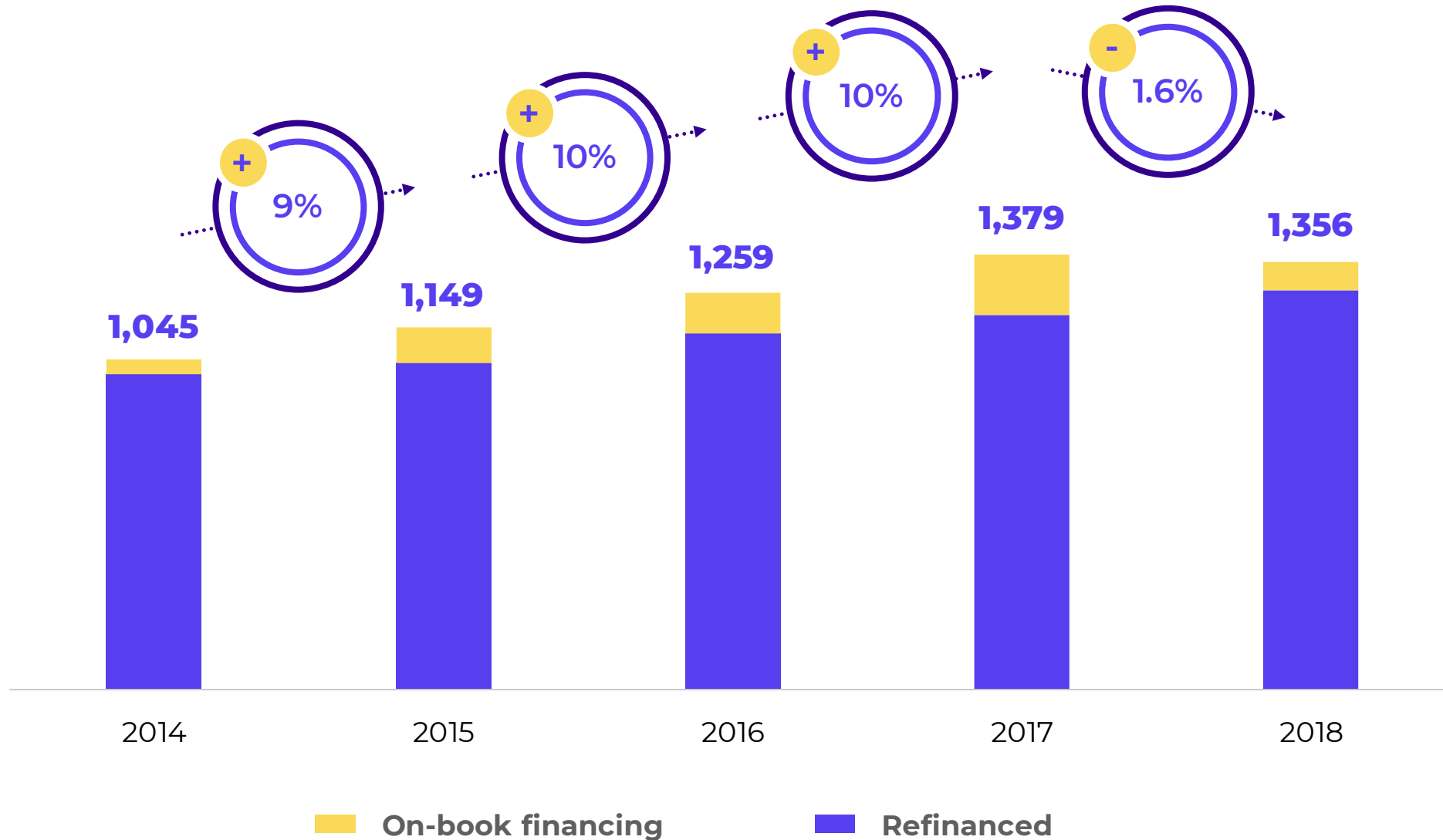


Sustained **organic growth**
+2.7%

Margin of 4.0% on revenue

A contrasted year for our
Technology Management
& Financing activity (TMF)

TMF: Favouring the asset light model in 2018



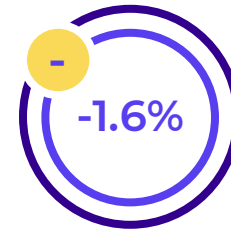
2014-2018
CAGR

+6.7% pa

+17.3% pa

+6.1% pa

Revenue (IFRS15)



Recurring operating profit⁽¹⁾



Stable revenue dynamic
€1,356 M (-1.6%)

EDFL⁽¹⁾ contributes €89 M
to revenue with a net debt
impact of only €39 M

Refinanced business revenue
rose **7%**

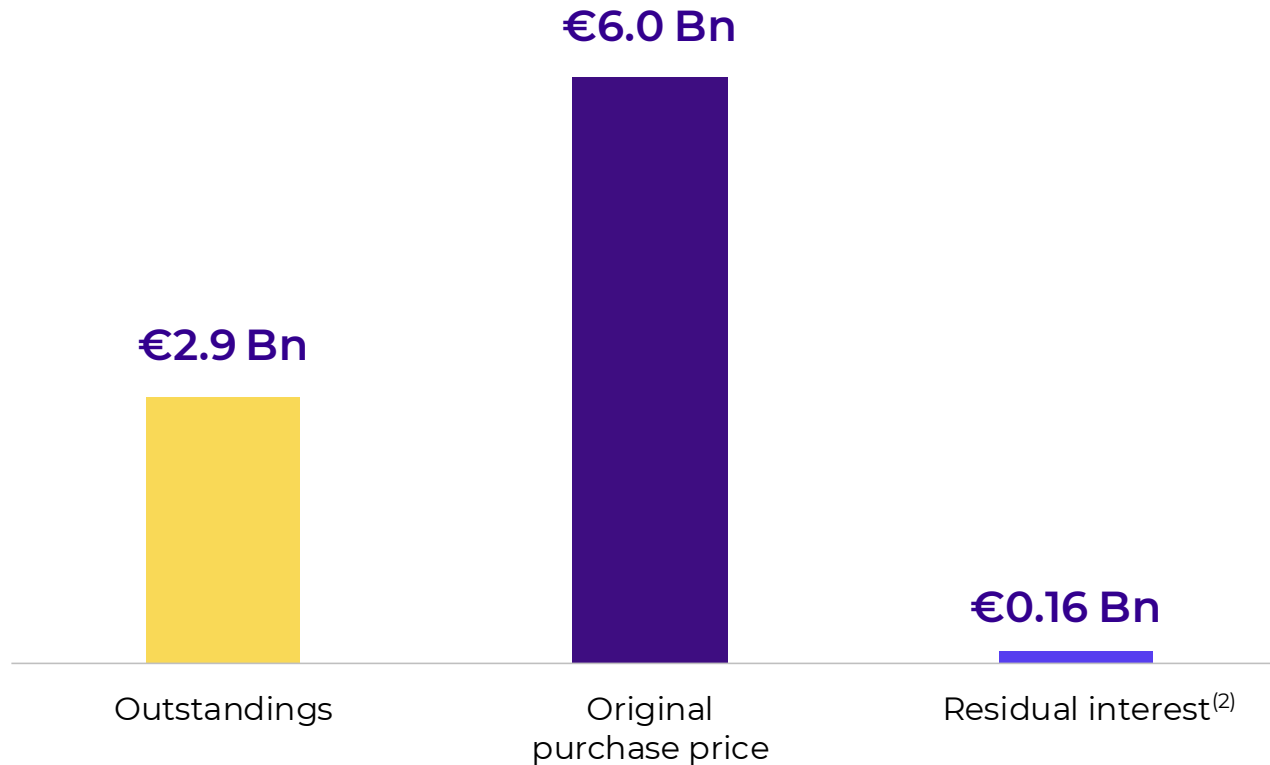
ROP at €53.3 M

- positive one-offs in 2017
- provisions in 2018

(1) Before amortisation of intangible assets from acquisitions

Technology Management & Financing

Contract portfolio



Sharp increase in portfolio at original purchasing price (+7.9%) and **outstandings (+9.1%)**

Residual interest⁽²⁾

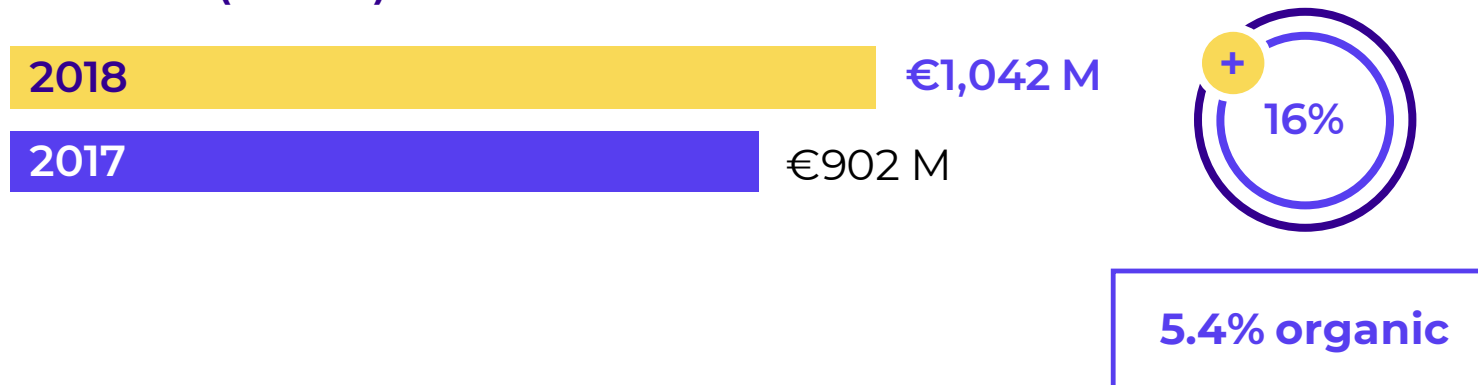
- **2.7%** of the Original Purchase Price
- **>2x** covered by remarketing of assets and contract extensions

(1) In-house refinancing company

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

Services

Revenue (IFRS15)



Recurring operating profit⁽¹⁾



Very robust organic growth thanks to ramp up of **large outsourcing contracts** and **strength of Satellites**

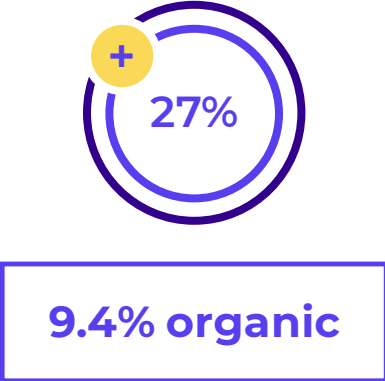
Profitability impacted by:

- Large contracts ramp-up
- Investments in business transformation

(1) Before amortisation of intangible assets from acquisitions

Products & Solutions

Revenue (IFRS15)



Recurring operating profit⁽¹⁾



Dynamic ICT market

Significant contracts won in the private and public sectors (education, healthcare)

Success of “orchestrated solutions”

(1) Before amortisation of intangible assets from acquisitions

Consolidated income statement

(In €M)	2017 ⁽¹⁾	2018	Change
Revenue	2,634	2,846	+8%
Recurring operating profit before amortisation of intangible assets from acquisitions	154.4	114.6	(26%)
Recurring operating profit	150.2	110.4	(26%)
Non-recurring operating incomes and expenses ⁽¹⁾	(19.1)	(28.6)	50%
Operating profit	131.1	81.8	(38%)
Impact of ORNANE	4.1	0.0	-
Financial result	(12.5)	(16.0)	28%
Profit before tax	122.7	65.8	(46%)
Income tax	(32.0)	(21.2)	(34%)
Net profit	90.7	44.6	(51%)
Net profit attributable to the owners of parent	86.4	39.4	(54%)
Recurring net profit⁽³⁾ attributable to the owners of parent	94.8	61.8	(35%)

Net non-recurring expenses of €28.6 M notably as a result of the model transition in Services

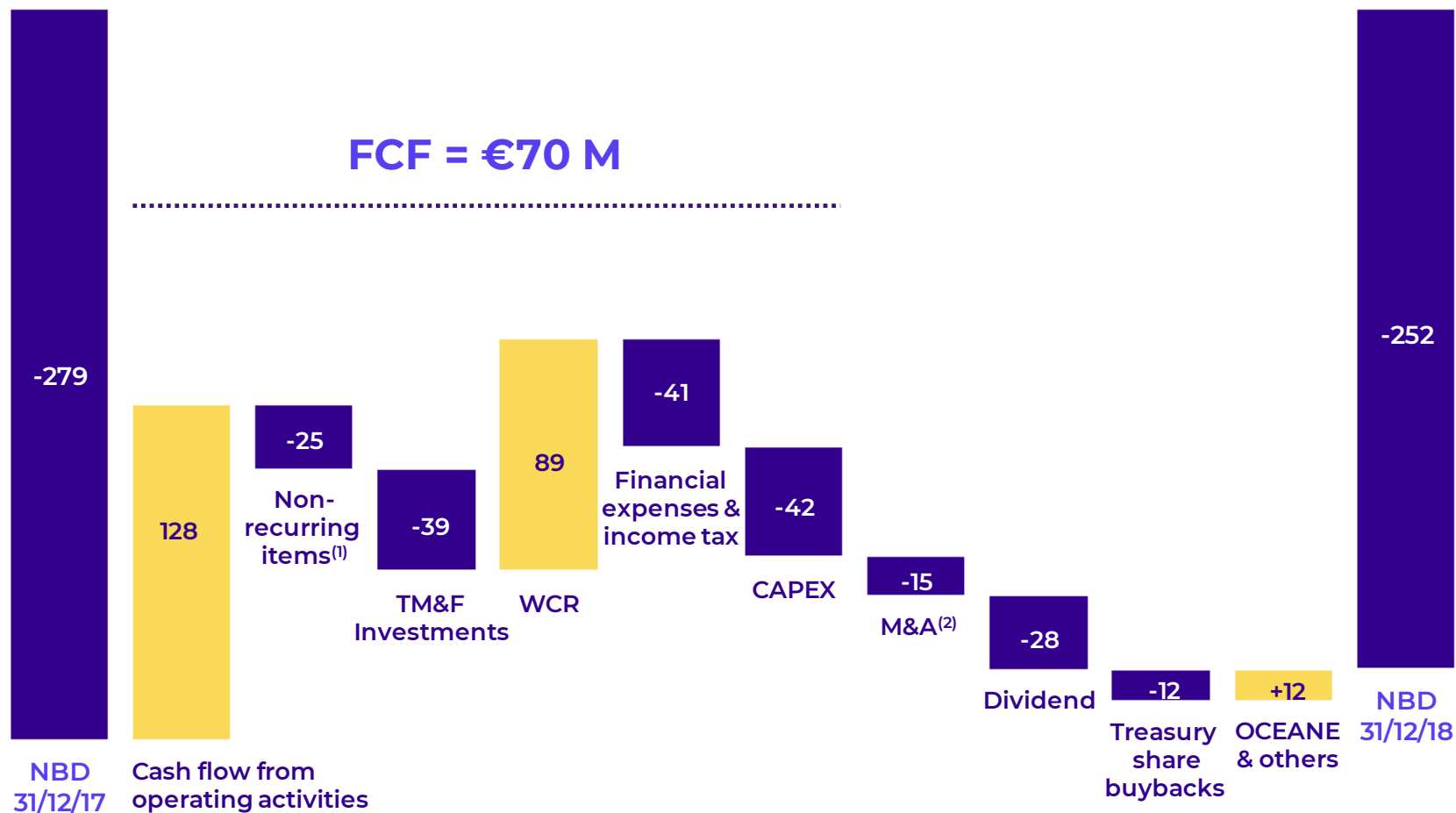
Recurring EPS⁽³⁾ €0.26

(1) 2017 figures are restated for the change in put options over minority interests fair value, now directly impacting equity and for IFRS 15 revenue

(2) Excluding amortisation of intangible assets from acquisitions, non-recurring operating incomes and expenses and change in fair value of ORNANE derivative

(3) After 2 for 1 share split

Return to significant FCF generation



Strong cash flow generation:

- **€89 M** WCR inflow
- **€39 M** invested in TMF with a **€14 M** inflow in H2 2018 (vs **€56 M** outflow in 2017)

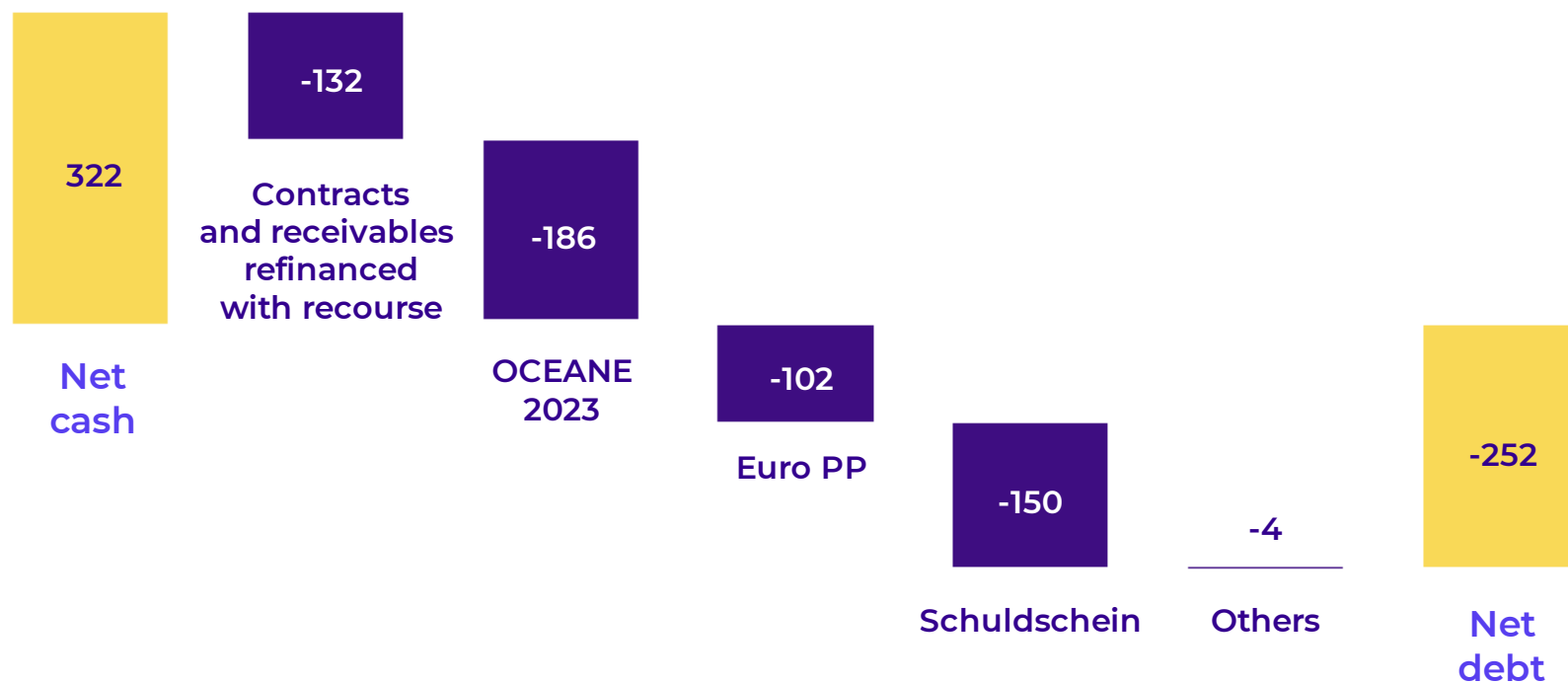
Shareholder return

- **€40 M** in treasury share acquisition and share premium reimbursement

(1) Impact on cash of exceptional costs

(2) Net of sales made for the exercise of options

Structure of net financial DEBT



NBD under control:

- **€252 M**
(1.6 x EBITDA)
- **€246 M** of which backed by lease contracts

OCEANE convertible bonds issued in March 2018

(1) Impact on cash of exceptional costs

(2) Net of sales made for the exercise of options

Simplified consolidated balance sheet

ASSETS (IN €M)	01/01/2018 ⁽¹⁾	31/12/2018
Goodwill	599	631
Residual interest in leased assets	142	163
Other non-current assets	192	209
Trade and other receivables	1,118	1,269
Other current assets	135	129

EQUITY & LIABILITIES (IN €M)	01/01/2018 ⁽¹⁾	31/12/2018
Equity	480	491
Commitments on residual value	78	98
Other non-current liabilities	155	124
Trade payables	960	1,104
Other current liabilities	235	331
Net Financial Debt	279	252

(1) After application of IFRS9 and IFRS15

IFRS 16 main impacts – as lessee

Supersedes IAS 17 as of Jan. 1, 2019

First application of IFRS16 in H1 2019 financial statement

Capitalisation of leases

Split of leasing cost between **D&A** and **financial cost**

€71 M recognised as **Right of Use** and **IFRS 16 debt** and as of 01/01/2019

c€20 M estimated **positive impact on EBITDA in 2019**

limited positive impact on 2019 **ROC**

limited additional **financial charges** in 2019

Negligible impact on net result

IFRS 16 main impacts – as lessor

No impact anticipated on business

Very limited impact on accounting :

- Only gross margin to be recognised as **income in pure “Sale & Leaseback”...**
- **... and spread over duration of contract** when on-book (EDFL)

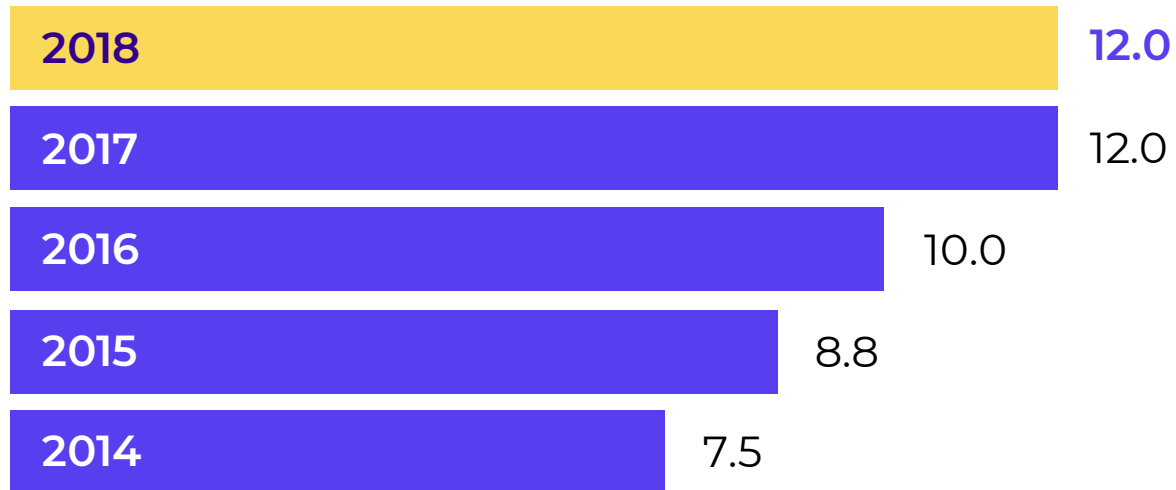


Estimated **c€100 M impact** on **revenue** estimated in 2019

Negative impact of < c€5 M on ROP in 2019, to be spread over coming years

Stable compensation per share

In euro cents



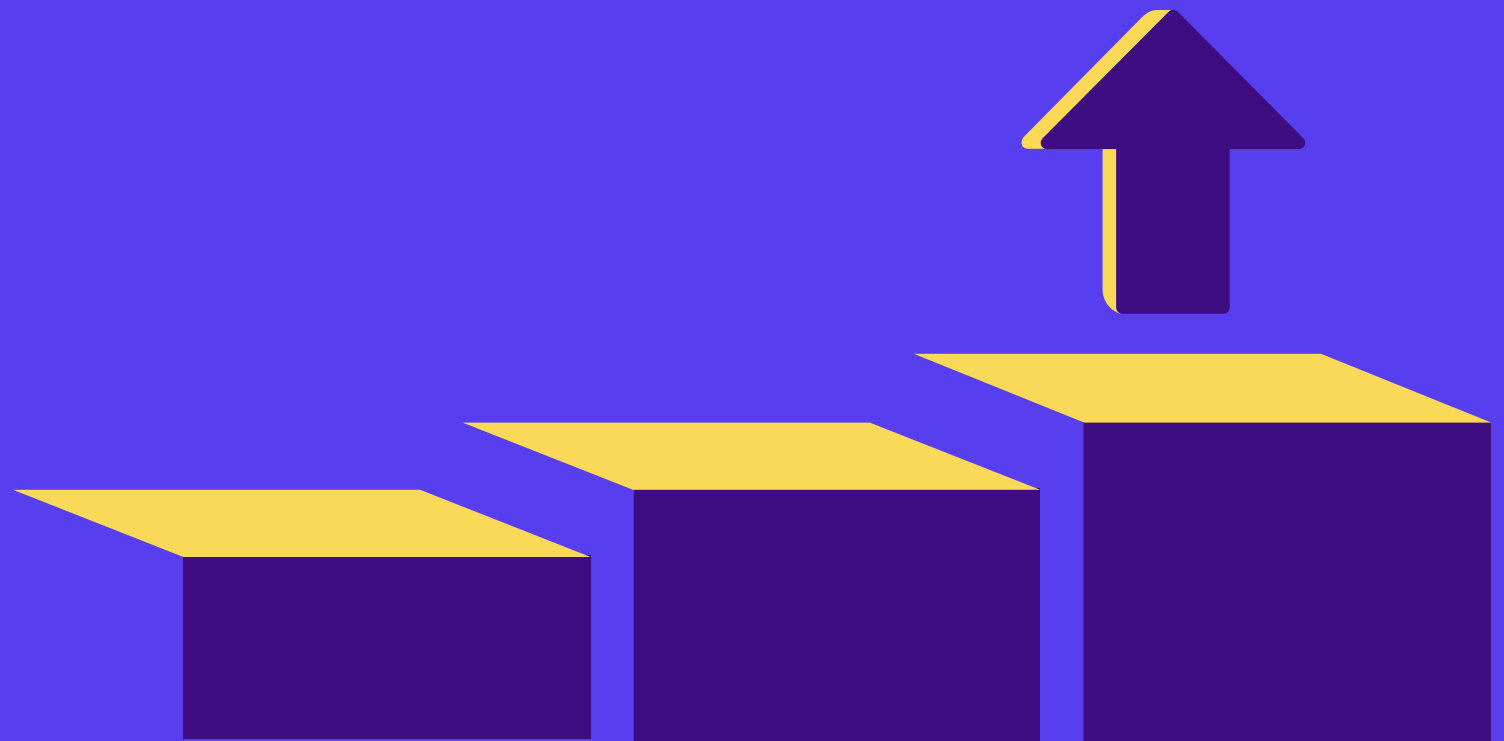
Stable shareholder compensation

12 cents premium reimbursement proposed

€30 M share-buy-back programme **approved** by the board (c50% done in 2018)

03

Growth drivers



01

**TMF: a structural
growth engine**

02

Satellites strategy

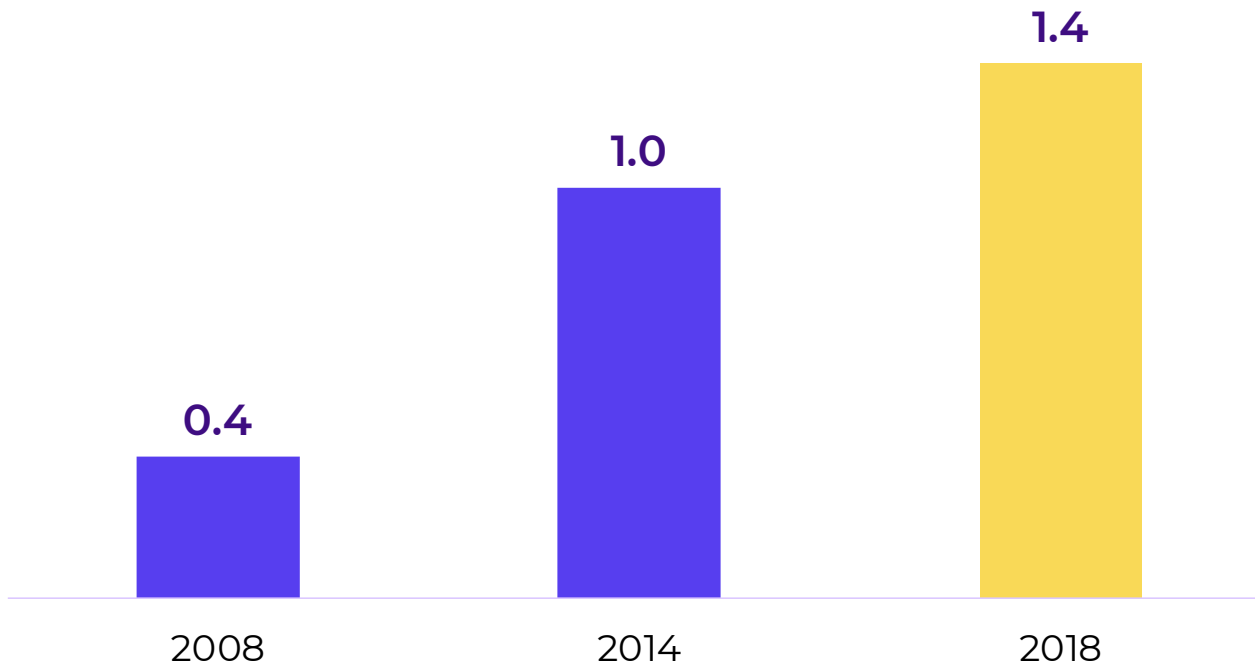
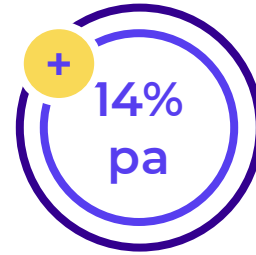


JULIE VERLINGUE

**Executive Director
TMF activity and Countries excl. France**

A growth engine with a robust portfolio of clients and assets

TMF revenue [EURBn]



PORTFOLIO AT ORIGINAL PURCHASING PRICE

€6.0 Bn

€2.9 Bn
(92% refinanced without recourse)

OUTSTANDINGS

OF ASSETS MANAGED

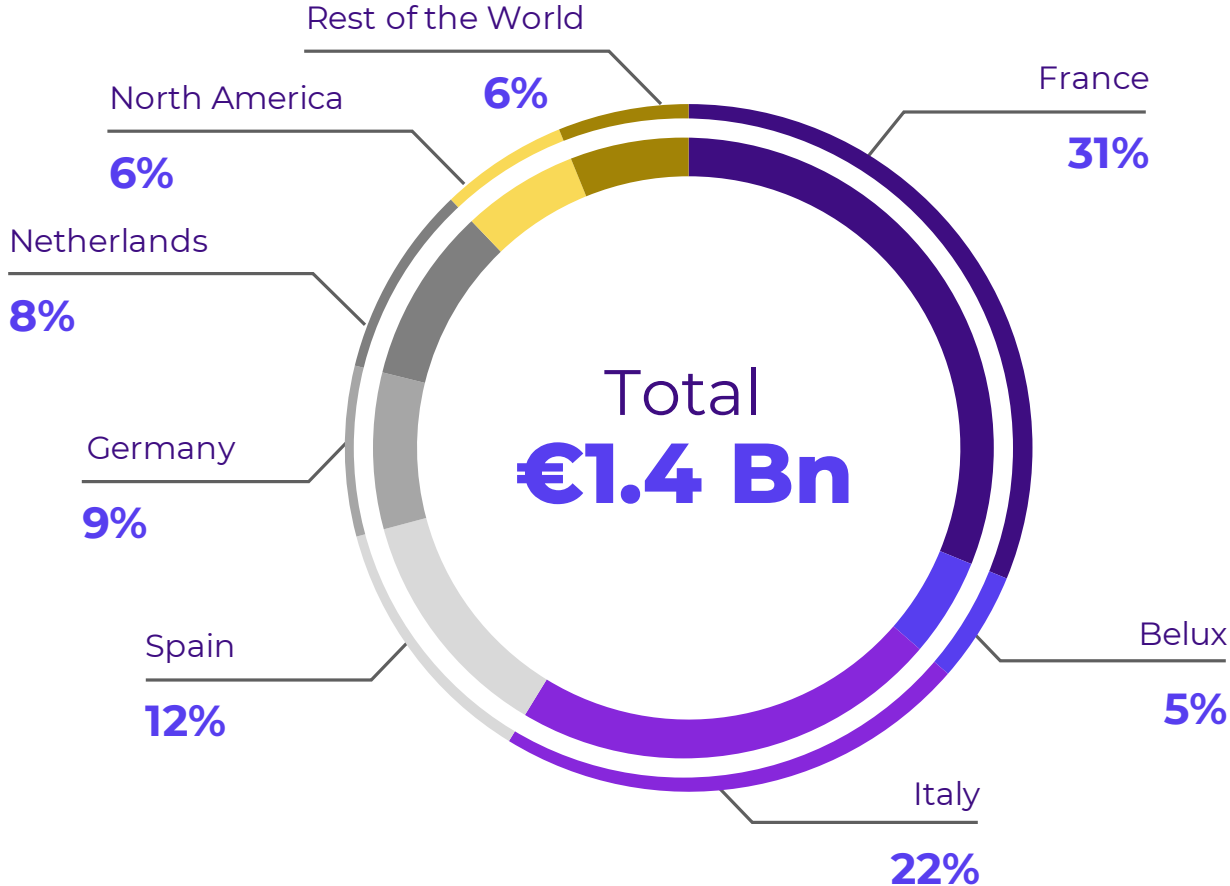
7 Million

c. 15%

% OF 2018 REVENUE IN NON-IT LEASING

Presence in 18 countries

2018 TMF revenue (%)



Stronghold and scale
in France, Italy, Spain, Benelux

Challenger position but **good traction in Germany**

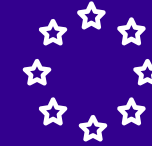
Agile growth with **key accounts** outside Europe

Small historical positions
in niche markets in Europe

TMF: a structurally winning positioning



Benefiting from **long-term growth trends in leasing**
(digital transformation and long term trend of “use” vs “own”)



European
scale with some strongholds



Asset-light model
with **longstanding relationships**
with refinancing partners



Top track-record
on IT fleet lifecycle management
and residual value

Key opportunities identified



Refocus on core countries and enhance benefit from **economies of scale**



Continue to **attract top sales people**



Adapt go-to-market strategy



Optimise on-book financing



Develop our expertise **outside of IT**

2-3x bigger than IT-leasing

Growing at 6-7% pa on average

More to be announced on TM&F strategy in Sept. 2019

01

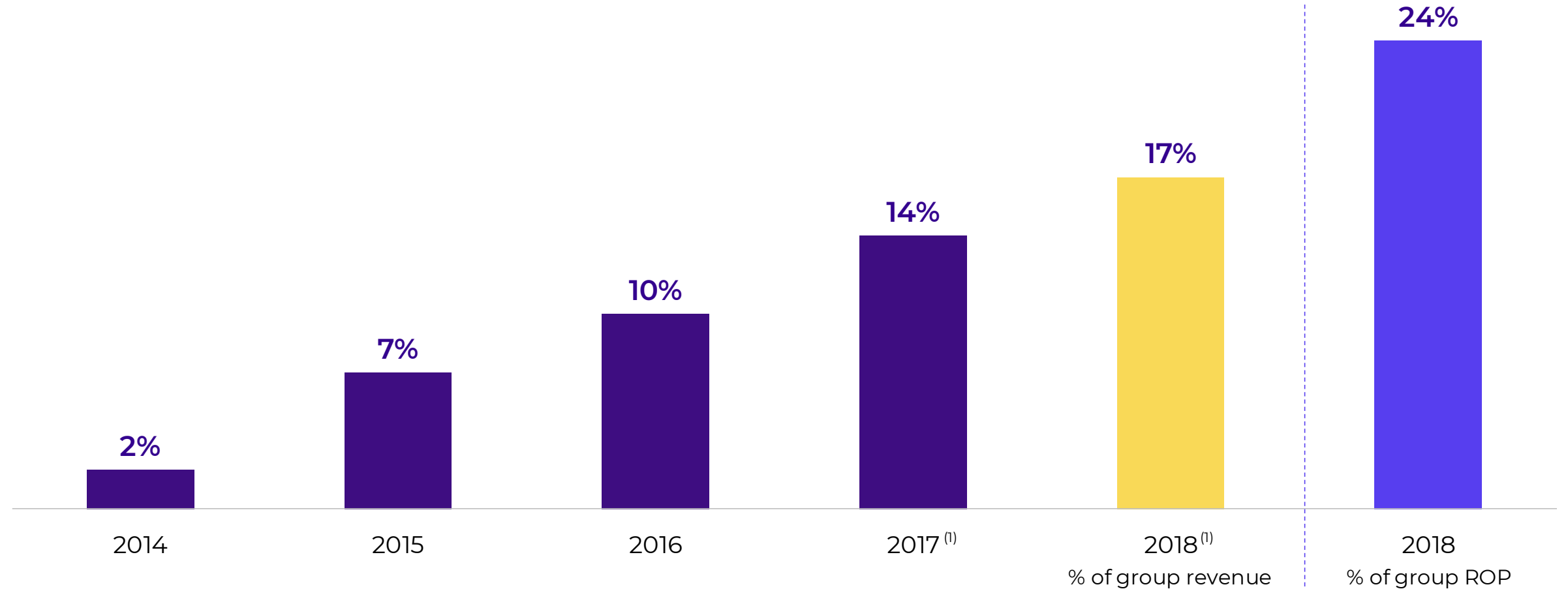
**TMF: a structural
growth engine**

02

Satellites strategy

Satellites' contribution to group revenue and ROP

Satellites revenue as % of group revenue



(1) After IFRS 15

Satellites enhance group competencies on hot spots



CYBER SECURITY



MICROSOFT ECOSYSTEM & LICENCES



WEB APPS / CLOUD



INFRASTRUCTURE AND NETWORK



MOBILITY



DIGITAL SIGNAGE & MULTIMEDIA

digital.security
exaprobe

infeeny
MC Next

alter way
asp serveur
nexica
LP Digital

exaprobe
Aciernet
nexica
asp serveur
asystel italia
BDF

rayonnance
dms
jade solutions
gigigo
bizmatica

Bis
Caverin
jtrs
energy net
altabox

3 examples of SUCCESS stories in 2018



ASYSTEL / BDF

Acquisition
in Q1 18 of BDF
to **complement existing
foothold** of Asystel

Leader in workplace MS
in Banks and Insurance

+13% organic growth
in 2018

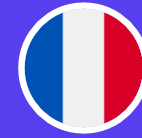


ALTABOX

Acquisition in Q2 2018

In-store marketing

Strong synergies in Retail
with other satellites
in Spain (Caverin, Gigigo)



EXAPROBE / ACIERNET

Acquisition of Aciernet
in H2 2017

Key know-how in Cisco
technology, datacenters
and cybersecurity

+28% volume growth
in 2018

econocom

history

magic makers

clever energies

kartable

nexica

infeeny

alter way

econocom brésil

exaprobe

rayonnance

dms

aragon-erh

jade solutions

gigigo

energy net

digital security

synertrade

asp serveur

helis

Fifty Eight.

cineolia

econocom caverin

bizmatica

altabox

jtrs

asystel italia

A differentiating perspective on consulting

Devices & solutions

Thorough knowledge of digital and IT equipment

Services

Wide range of digital services from MS and maintenance to cybersecurity

Financing

Unique perspective on pay-per-use innovative business models

Usages

Huge installed estate of devices and millions of man/machine interactions monitored on a daily basis

Projects shaping

Highly valuable input to shape complex digital transformation projects

Econocom vision and mission

Users are **masters of the game**

Boost companies agility thanks to **unique mix of technological and financial competencies**



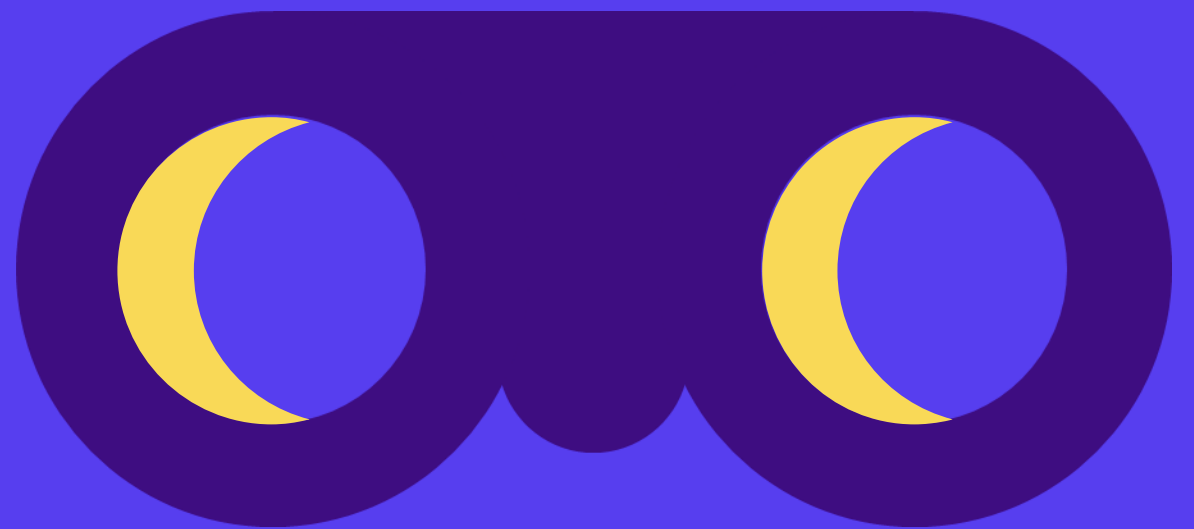
Fifty Eight.



**Navigating
uncharted
waters**

04

Outlook



2019: ROP growth and cash flow

ROP
€128 M

New €20 M
gross savings plan

**Continued discipline
in cash generation**

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