

econocom

ECONOCOM PUBLISHES ITS FINAL FIRST-HALF RESULTS AND CONFIRMS ITS RECURRING OPERATING PROFIT FORECAST OF €120 MILLION FOR 2018

- Revenue of 1,319 million euros, up 12.8%, 3.8% of which on a like-for-like basis
- All activities registered organic growth
- Recurring Operating Profit¹ stands at €34 million
- Net book debt under control at €395 million
- 2018 Recurring Operating Profit guidance of €120 million confirmed

2018 FIRST-HALF RESULTS

As announced previously, Econocom Group reported H1 2018 revenue of €1,319 million, up 12.8%, 3.8% of which on a like-for-like basis. All the group's activities registered organic growth for the first half.

Recurring Operating Profit¹ (ROP) amounted to €34.2 million for the first half of 2018, compared with €58.2 million for the first half of 2017. ROP for Technology Management & Financing (TMF) was notably affected by provisions amounting to around €9 million, the postponing of several substantial deals to the second half and the dilutive effect on short-term margin of signing new clients.

The transformation efforts of the group and particularly of Services led it to recognise non-recurring expenses to the amount of €20.4 million for the first half. Operating profit thus stands at €11.8 million.

Net profit for H1 stands at €0.4 million, whilst recurring net profit attributable to owners of the parent reached €10.9 million.

BALANCE SHEET AND FINANCIAL DEBT AT 30 JUNE 2018

The Group's net debt stands at €395 million, which reflects the usual seasonality of business. Debt is under control, standing at 2.4 times EBITDA over a 12-month period at 30th June 2018. Most of the financial debt, €260 million, is linked to clients leasing contracts of TM&F and is backed by lease payments to be received and by leased assets, property of the group.

The group has substantial and diversified financing sources, such as convertible bonds (EuroPP, Schuldschein and OCEANE), as well as more than €230 million of unused lines of credit at 30th June 2018, €140 million of which do not have restrictive clauses.

¹ Before amortisation of intangible assets from acquisitions
Consolidated, unaudited data

SHARE BUYBACK PROGRAMME

When it met on 17th July 2018, the Board of Directors reiterated its complete confidence in the group's prospects and mandated its Chairman, Jean-Louis Bouchard, to buy back treasury shares of up to €30 million over the next ten months, depending on market conditions.

At end August 2018, the group held €10.8 million treasury shares, i.e. 4.4% of the share capital.

2018 FULL-YEAR GUIDANCE

In line with the annual outlook given on 5th July, the group expects recurring operating profit¹ of €120 million for 2018.

The action and transformation plans launched by Management over the past twelve months will support this target. The group plans to generate €10 million worth of gross savings in the second half, €3.5 million of which will be in the central functions and 6.5 million in the operational divisions.

Lastly, the cash management improvement initiatives underway should allow the group to reduce its working capital requirements for 2018, excluding TM&F/EDFL investments.

Robert Bouchard, CEO of Econocom, said: *"In the second half we will benefit from the action and transformation plans launched over the past twelve months. The efforts we have made to reduce costs, combined with strict cash flow management will allow us to reach our short-term targets whilst continuing to invest in modernising some of our business lines and certain promising new offers. These initiatives will help improve profitability and maintain growth in the short and medium term. We are laying the foundations of profitable growth for the coming years, by focusing on the end users of our solutions and on our teams' ability to offer and deliver end-to-end digital solutions."*

Next announcements:

- Econocom will present its complete first-year results on 6th September 2018 in Paris. A webcast of the event will be available on the group's website.
- The third-quarter revenue statement will be released after the close of trading on 18th October 2018.

| <i>in € millions</i> | H1 2017 ⁽¹⁾ | H1 2018 | CHANGE |
|---|------------------------|---------|---------|
| REVENUE | 1,169 | 1,319 | 12.8% |
| Recurring operating profit before amortisation of intangible assets from acquisitions | 58.2 | 34.2 | (41.2%) |
| Recurring operating profit | 56.1 | 32.1 | (42.7%) |
| Other non-recurring income and expenses | (10.2) | (20.4) | na |
| OPERATING PROFIT | 45.9 | 11.8 | (74.4%) |
| Financial result | (6.8) | (7.2) | (6.1%) |
| Change in fair value of the ORNANE derivative | 4.1 | 0 | na |
| PROFIT BEFORE TAX | 43.2 | 4.6 | (89.4%) |
| INCOME TAX | (11.3) | (4.1) | (63.5%) |
| NET PROFIT | 31.9 | 0.4 | na |
| NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT | 31.9 | (3.7) | na |
| RECURRING NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT ⁽²⁾ | 33.0 | 10.9 | (67%) |

1. Adjusted in line with changes to retrospective application methods following the introduction of IFRS 15 on 01.01.18 and recognition in equity, since 31.12.17, of changes in the fair value of liabilities under put and call options on non-controlling interests.

2. Since H1 2016, recurring net profit attributable to owners of the parent has been the performance indicator chosen by Econocom in order to gain a better understanding of its economic and financial performance. It corresponds to net profit attributable to owners of the parent, before the inclusion, net of income tax, of amortisation expenses of intangible assets from acquisitions, adjustment to fair value of the ORNANE derivative component, other non-recurring operating income and expenses, non-recurring financial operating income and expenses and profit (loss) from discontinued operations.

BALANCE SHEET

| ASSETS – in € millions | 31/12/2017 adjusted ⁽¹⁾ | 30/06/2018 |
|------------------------------------|---------------------------------------|--------------|
| Goodwill | 599 | 625 |
| Residual interest in leased assets | 106 | 112 |
| Other non-current assets | 193 | 202 |
| NON-CURRENT ASSETS | 897 | 940 |
| Residual interest in leased assets | 36 | 42 |
| Trade and other receivables | 1,118 | 1,171 |
| Other current assets | 135 | 162 |
| Cash and cash equivalents | 238 | 279 |
| OTHER CURRENT ASSETS | 1,527 | 1,654 |
| TOTAL ASSETS | 2,424 | 2,593 |

| EQUITY AND LIABILITIES – in € millions | 31/12/2017 adjusted ⁽¹⁾ | 30/06/2018 |
|--|---------------------------------------|--------------|
| Equity attributable to owners of the parent | 378 | 354 |
| Non-controlling interests | 102 | 117 |
| EQUITY | 480 | 471 |
| Financial liabilities | 340 | 494 |
| Gross liability for purchases of leased assets | 60 | 65 |
| Other non-current liabilities | 155 | 161 |
| NON-CURRENT LIABILITIES | 555 | 720 |
| Trade and other payables | 960 | 982 |
| Other current liabilities | 235 | 218 |
| Financial liabilities | 177 | 180 |
| Gross liability for purchases of leased assets | 18 | 23 |
| CURRENT LIABILITIES | 1,389 | 1,403 |
| TOTAL EQUITY AND LIABILITIES | 2,424 | 2,593 |

1. Adjusted in line with changes in accounting methods resulting from the application of IFRS 9 and 15 on 01.01.2018.

ABOUT ECONOCOM

Econocom finances and accelerates companies' digital transformation. With more than 10,700 employees in 19 countries and revenue of €3 billion, Econocom has all the requisite abilities to ensure the successful implementation of large-scale digital projects: consulting, sourcing and technology management & financing of digital assets, infrastructure, application and business solution services, and project financing. Econocom has adopted European company status (*Societas Europaea*). The Econocom Group share has been listed on Euronext Brussels since 1986. It is part of the BEL Mid and Family Business indices.

FOR FURTHER INFORMATION

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