

Oddo BHF Forum 2020

Investor presentation

January 9th & 10th, 2020

econocom

01

Highlights

02

Latest
Results

03

Outlook

Your contacts at Econocom



JEAN-LOUIS BOUCHARD

Chairman & CEO



ANGEL BENGUIGUI

Group Finance Director



ARTHUR ROZEN

Company Secretary

01

Highlights

Econocom at a glance



what we do

A major European company, Econocom designs, finances and oversees the digital transformation of organisations



who we are

10,800
employees
worldwide

present in
18
countries

€3.0
billion
revenue

Econocom: a unique business model that benefits its clients

Econocom is the only player on the digital transformation market that combines technological expertise with financing capabilities.

Independent and agnostic

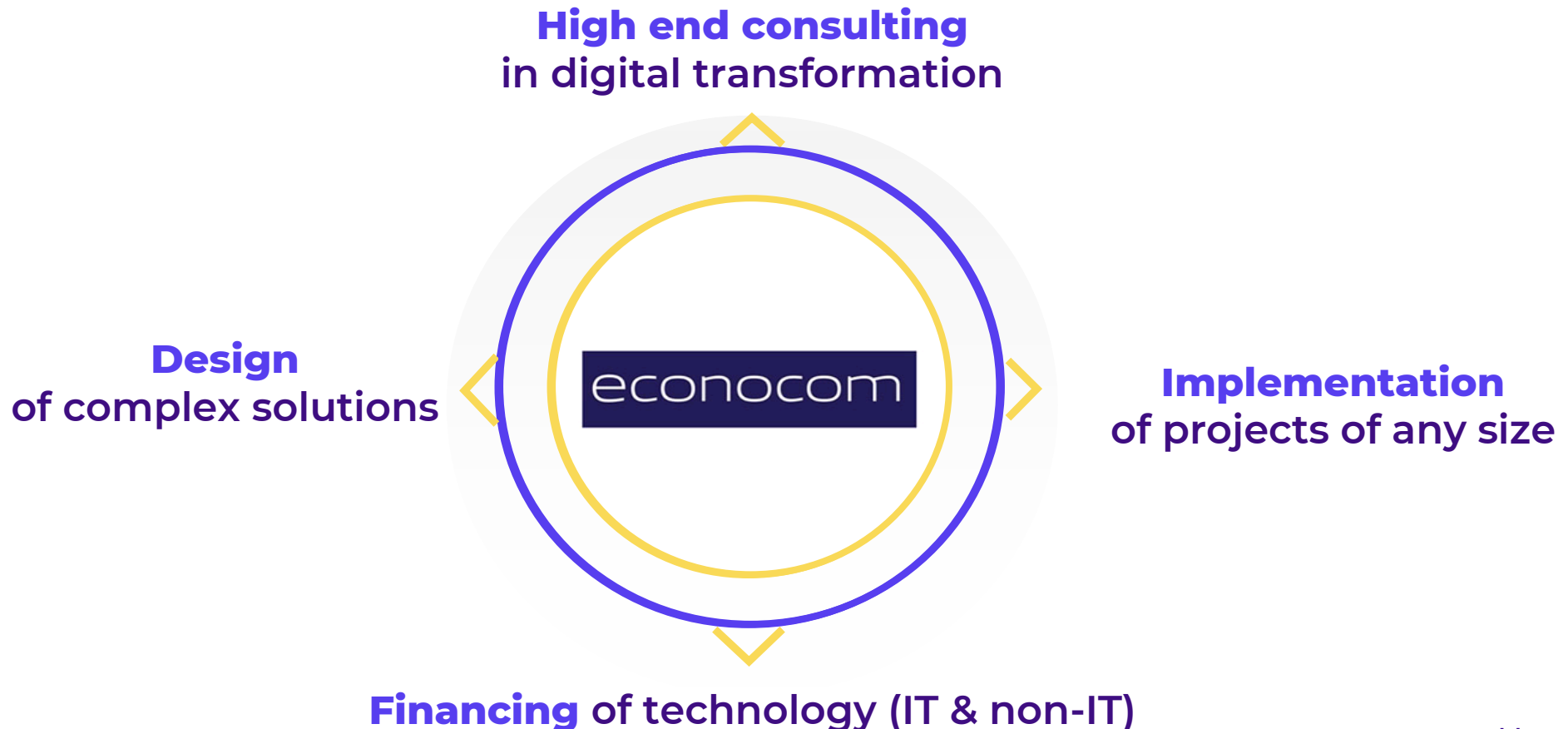
Innovative, dynamic alliance programs

Actively supporting young digital entrepreneurs

A strong commitment to employee well-being

Econocom, 360° expert in digital transformation

A leading player in digital services in Europe



Technology Management & Financing (TM&F) : the driving force of Econocom growth

Fast-track the completion of digital projects (connected devices, mobility, business hardware, IT & multimedia, industry hardware, energy, etc.),

Meet the financial and operational constraints of the players (CFOs, CIOs) and business lines involved.

45%
of H1
Revenue

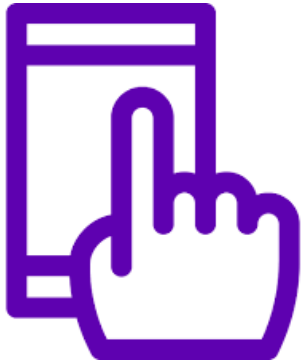


econocom offers a wide range of adapted financial solutions

An unique combination of expertise
coupling financial innovation with technological know-how

Digital Services and Solutions (DSS) : the expertise of Econocom workforce

User- and use-oriented
approach



Operational excellence for
tomorrow's growth



Large scale and capacity to
manage international projects



55%
of H1
Revenue



econocom is the preferred partner for
the digital transformation of companies
throughout the entire value chain



2019 gives a new impetus to Econocom...

BUSINESS OBJECTIVES



Refocus activity on core business

Improve operating margin

Keep debt under control

2019 ACTION PLANS



Focus on TMF core historic business as well as DSS in synergy

Prepare disposal of non-core businesses

Turn around plans for loss making units

Focus on most profitable deals

Implement a cost reduction plan

Closely monitor working capital

Use wisely refinancing options

**... while maintaining a strong commercial
and entrepreneurial culture**



**Client
Successes**



**Strong
Partnerships**

Digital transformation of point of sales of a leading car manufacturer



TARGET

> A capability to develop in the very large multi-site accounts

ACHIEVEMENT

> Transforming and digitalizing dealerships of a leading car manufacturer around Europe

KEY METRICS

> **3 years** (plus 2 possible) project lifespan
12 countries and **10** different languages
1,200 dealerships
€40 M project over the next 3 years

CUSTOMER BENEFIT

> To improve the user/customer experience by using audio visual and digital elements

Financing a leading international technology integrator equipment needs



TARGET

- Finance a huge value of equipment in numerous countries
- Finance **200,000** Assets, for **300+** end customers in Europe, Americas and APAC

ACHIEVEMENT

- Capacity of managing large deals in partnership within regions where Econocom has no physical presence
- Financial expertise in deal crafting and ability to deliver tailor-made structured deals
- Cross geographies

KEY METRICS

- **€150 M** over 12 months of revenue
- Total of **400,000** Assets managed through Econocom's Asset Management lifecycle system

CUSTOMER BENEFIT

- Agility, responsiveness and compliance based on a global and structured governance through one single point of contact

GRAND EST: 300 colleges equipped



TARGET

- Equip colleges of the “Grand Est” French region with laptops
- Replace printed books by digital ones

ACHIEVEMENT

- More than **300** colleges equipped
- Allow gratuity for end user by selecting an ad hoc vendor for a dedicated product configuration

KEY METRICS

- 114,000** laptops for the 2019 season
- €40 M** of revenue in september with the largest purchase order ever received

CUSTOMER BENEFIT

- Taylor-made project on a large scale



PLATINIUM PARTNER 2019-2020



Highest certification at Lenovo

Only 4 Platinum partners in France



Benefits

Enable deal winning

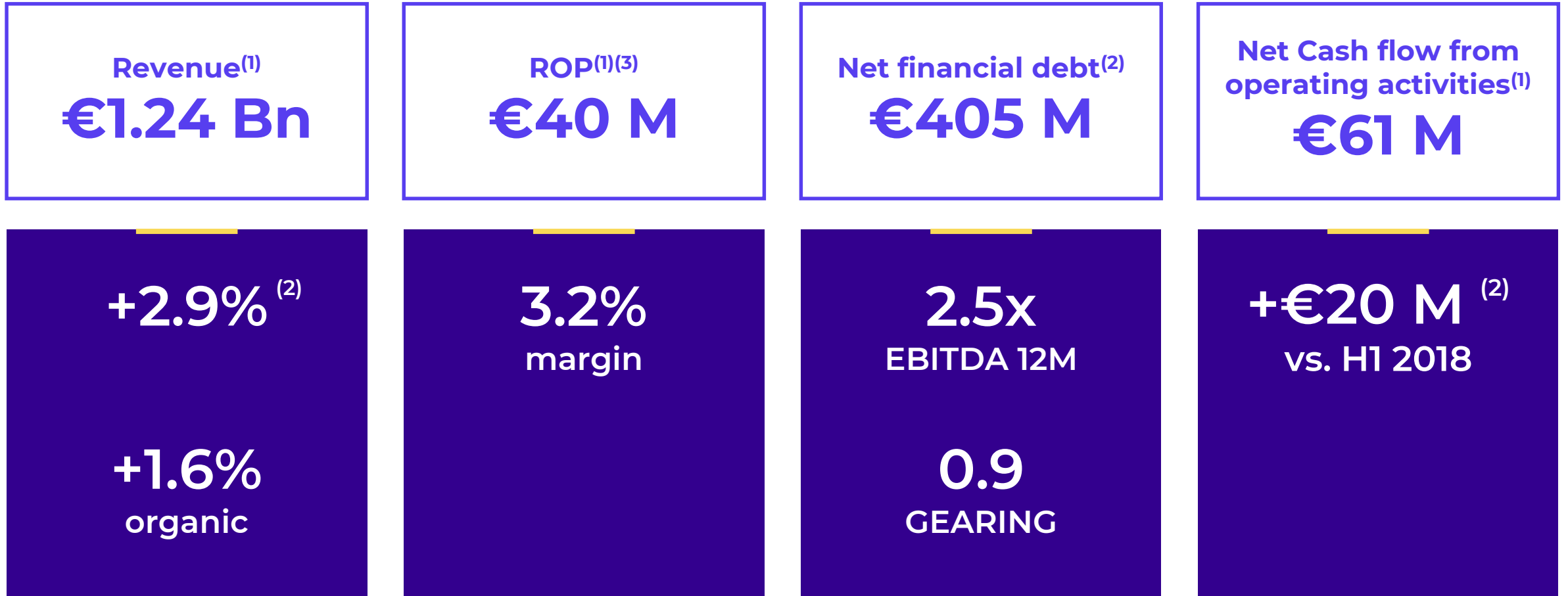
Strengthen digital image

Reward staff commitment

02

Latest financial results

Key figures H1 2019



(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

(2) At constant standards

(3) Before amortization of intangible assets from acquisitions

Moderate growth in Group revenue

Improved profitability

Revenue from ongoing operations⁽¹⁾⁽³⁾



Recurring operating profit⁽¹⁾⁽²⁾



Modest **organic growth**
+1.6%

Margin of **3.2%** on revenue from ongoing operations.
ROP up 17.2% vs. H1 2018

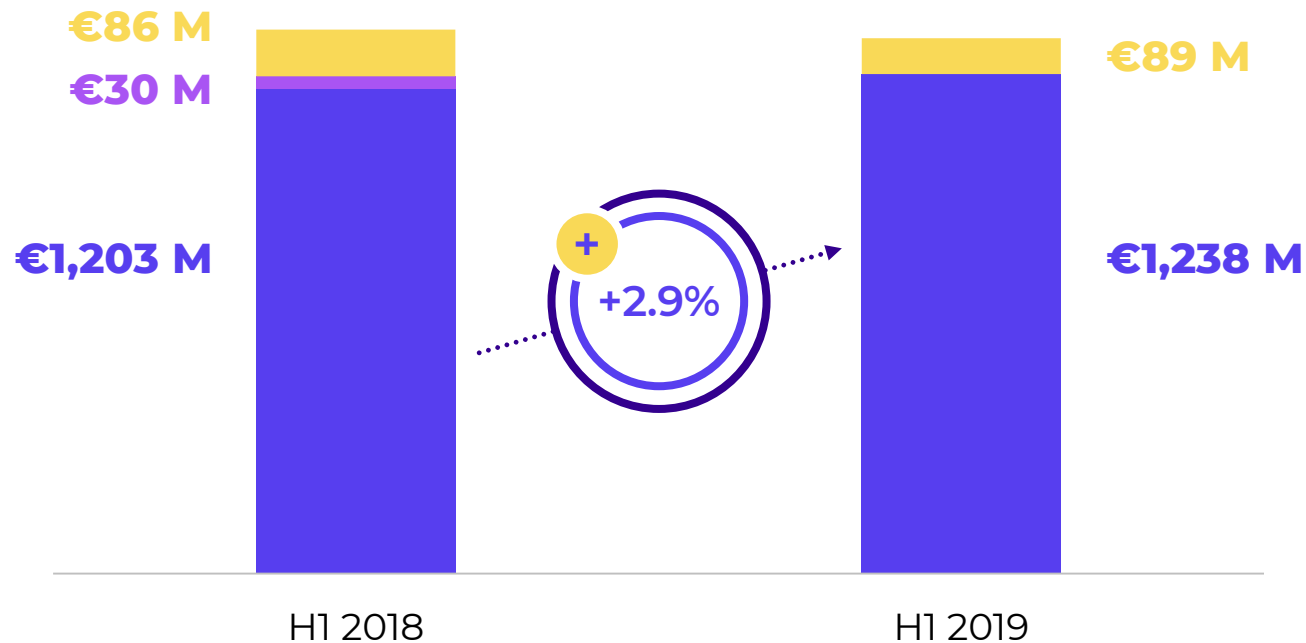
Company strategy **refocused on historical business**, Technology Management & Financing as well as on activities of Digital Services and Solutions in synergy with TMF

(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

(2) Before amortization of intangible assets from acquisitions

(3) Including IFRS 16 impact on 2018 Revenue

Revenue bridge



- Revenue generated from ongoing activities, under IFRS 16
- IFRS 16 impact on H1 2018 revenue
- Revenue generated by assets held for sale and discontinued operations

According to IFRS 5, H1 2019 revenue generated by assets held for sale and discontinued operations were deconsolidated. H1 2018 numbers were restated.

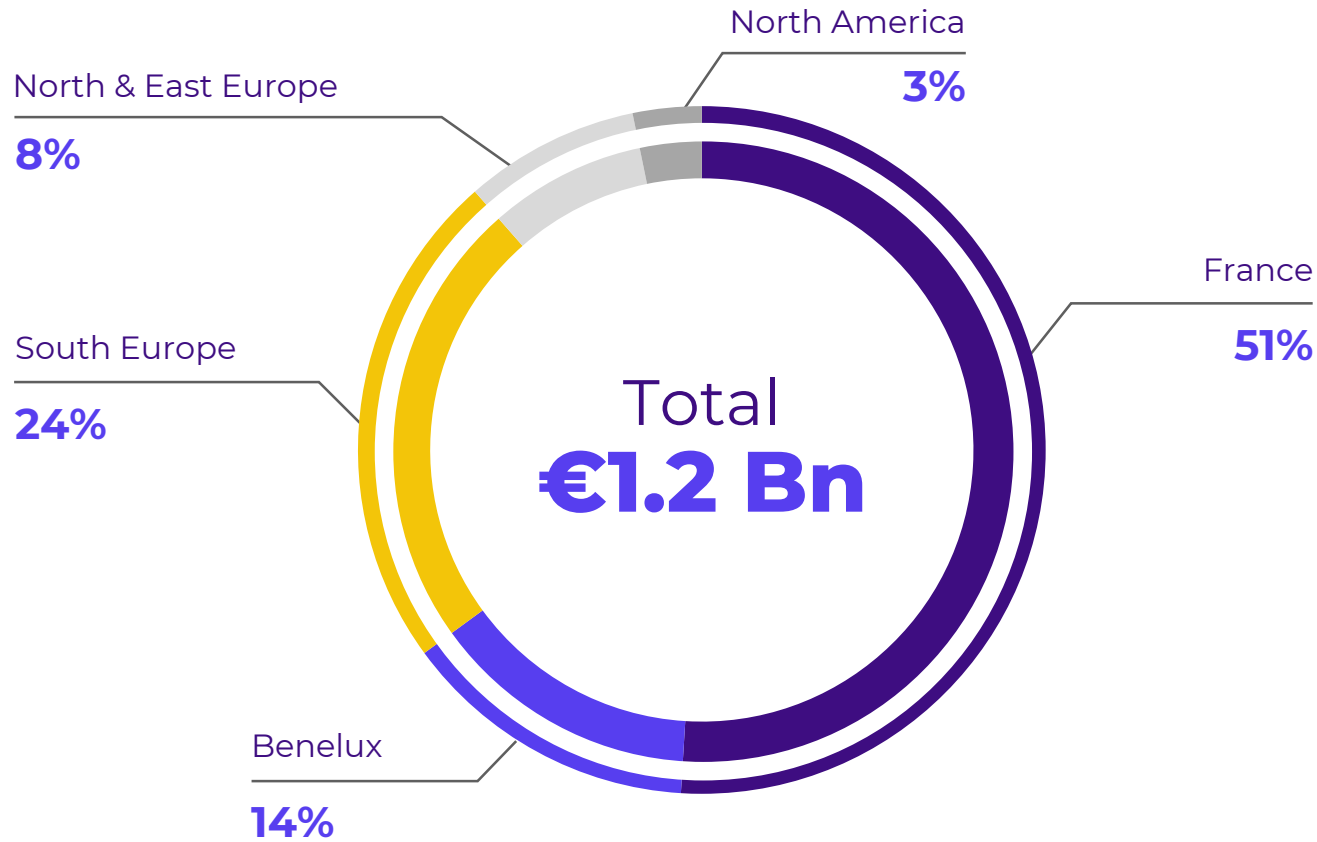
On the contrary, H1 2018 numbers were not restated after the introduction of IFRS 16 as of 01/1/19.

For comparison purposes IFRS 16 impact on 2018 figures is isolated.

IFRS 5 restatements impact almost exclusively DSS and IFRS 16 impact on revenue exclusively concerns TMF.

Revenue by geographical area

H1 2019 revenue⁽¹⁾ (%)



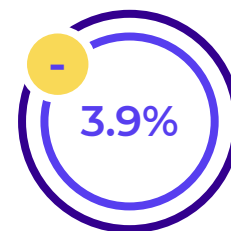
Stronghold and scale
in France (+8%)
and Benelux (+7%)

Solid performance in South Europe (+4%) despite embezzlement discovered in Italy end of June

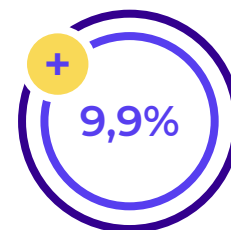
(1) From ongoing operations after restatement in line with IFRS 5 regarding assets held for sale and discontinued operations

TMF at a glance

Revenue from ongoing operations⁽¹⁾⁽³⁾



Recurring operating profit⁽¹⁾⁽²⁾



Slight decrease in revenue
€561 M (-3.9%)

Refinanced business revenue
suffered from lag primarily
in Italy

EDFL contributes less to revenue
in H1 2019 €47 M (vs. €59 M in H1
2018)
to revenue

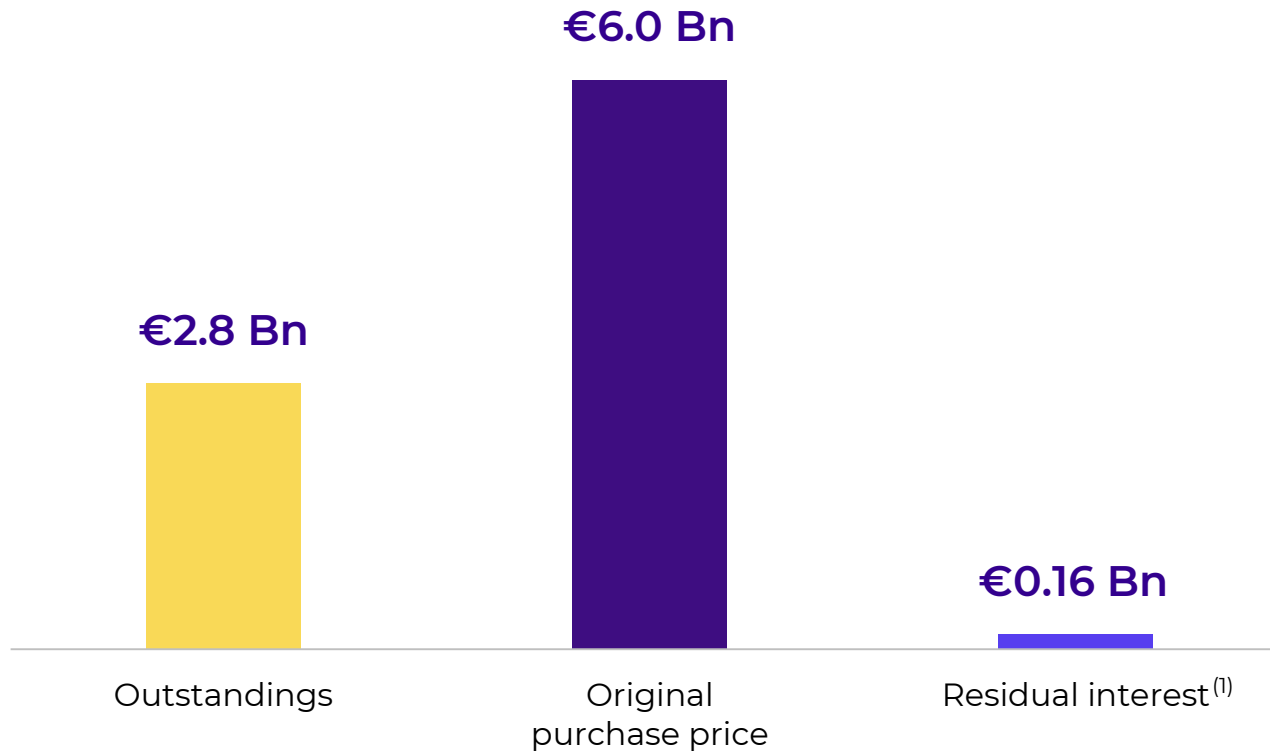
ROP at growth

- Better deals selection
- Less bad debt provisions

(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations
(2) Before amortization of intangible assets from acquisitions
(3) Including IFRS 16 impact on 2018 Revenue

Technology Management & Financing

Contract portfolio



Stability of portfolio
at original purchasing price
(flat)

Residual interest⁽¹⁾

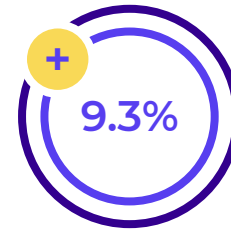
2.7% of the Original
Purchase Price

>2x covered by remarketing
of assets and contract
extensions

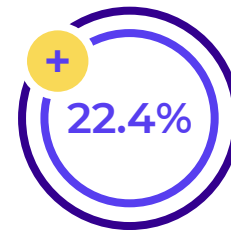
(1) Estimated value of assets at the expiry of the lease contract

Digital Services & Solutions at a glance

Revenue from ongoing operations⁽¹⁾



Recurring operating profit⁽¹⁾⁽²⁾



Continuing sustained growth

Major regions contributed to the dynamism of the activity

ROP boosted by:

- Growth in revenue
- Dynamism in France

(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

(2) Before amortization of intangible assets from acquisitions

Consolidated income statement

(In €M)	H1 2018 ⁽¹⁾	H1 2019
Revenue	1,232	1,238
Recurring operating profit before amortisation of intangible assets from acquisitions	34.4	40.2
Recurring operating profit	32.3	39.2
Non-recurring operating incomes and expenses	-14.2	-13.7
Operating profit	18.1	25.6
Financial result	-7.0	-9.0
Profit before tax	11.1	16.6
Income tax	-6.8	-7.4
Result from assets held for sale and discontinued operations	-3.8	-3.8
Net profit	0.4	5.4
Recurring net profit attributable to the owners of parent	7.9	13.6

Net non-recurring expenses of €13.7 M notably as a result of restructuring costs (€9.9 M)

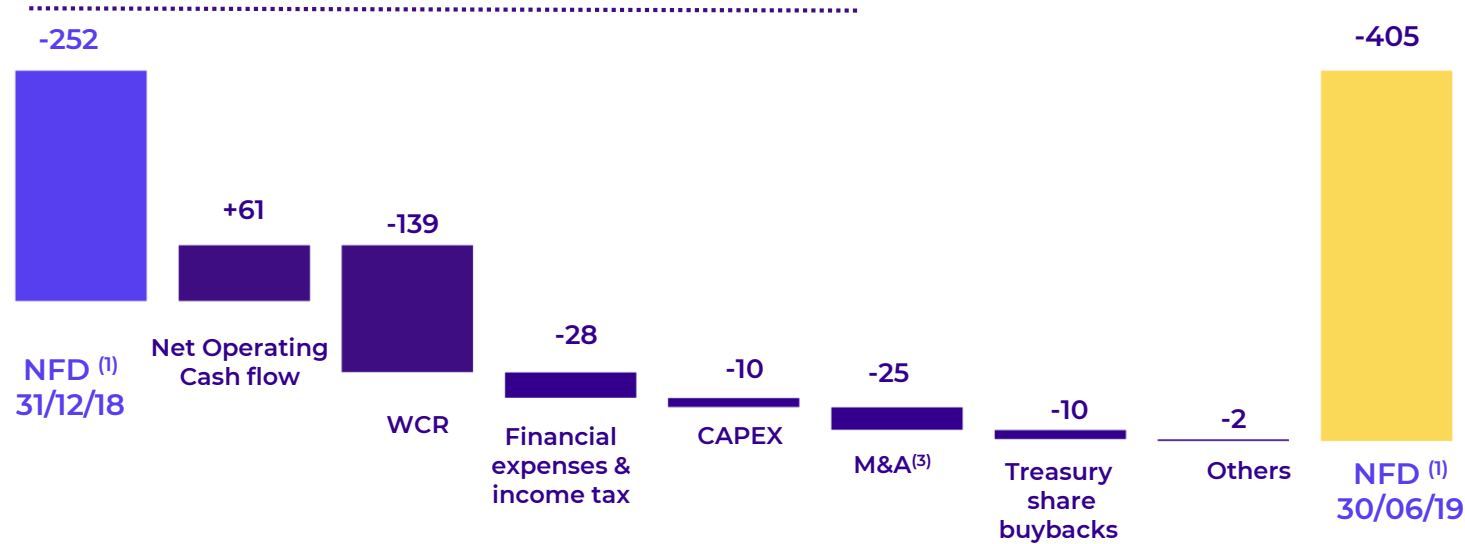
Limited and flat impact of result from assets held for sale and discontinued operations for **€3.8M**

(1) In accordance with IFRS 5, income and expenses recorded in the first half of 2018 by activities considered as discontinued in the first half of 2019 are also reclassified to income from discontinued operations in the income statement for the first half of 2018. In contrast, in accordance with IFRS16, data for the first half of 2018 are not restated for the impact of this standard on leases, which came into effect on January 1, 2019). In addition, in accordance with the approach adopted at 31/12/2018, the tax savings related to the "super-amortamento" option in Italy (taken into account in the tax figures published on 30 June 2018) and its retrocession to customers (non-current operating expense in the figures published as of June 30, 2018) are now both accounted for in OCR: this change in presentation reduces each year the non-current operating expenses and the tax for the first half of 2018 by 1.8 million, compared to what they were in the figures published in the 2018 half-yearly report

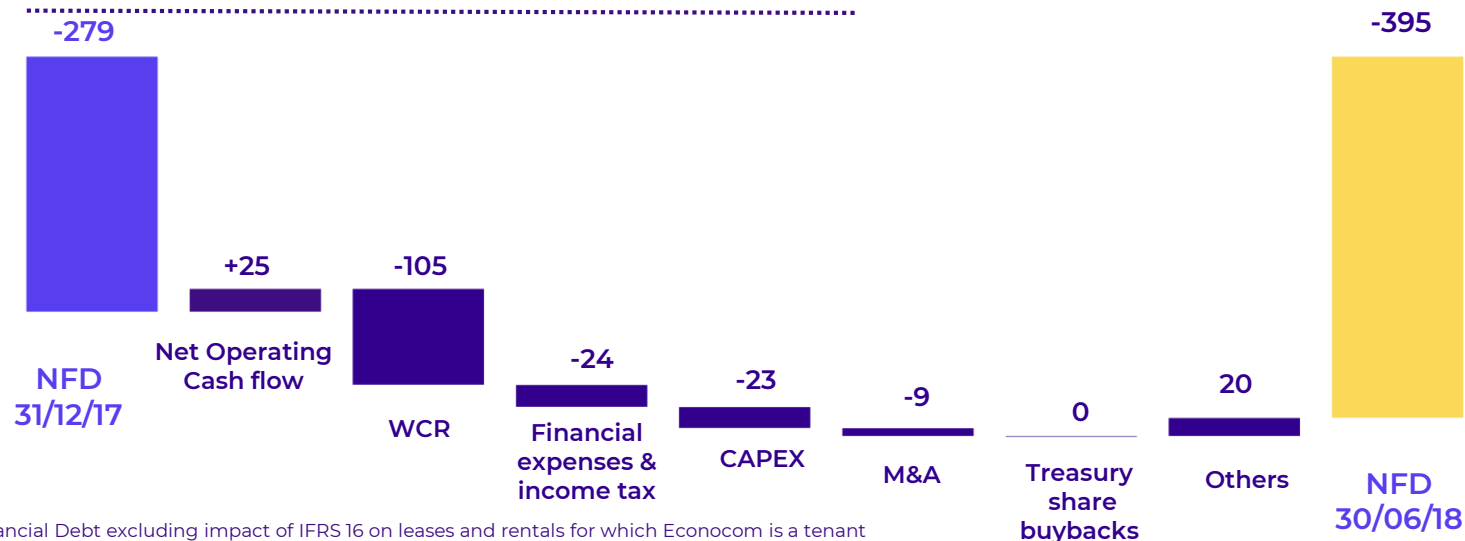
FCF generation

In €M

FCF = -€116 M H1 2019



FCF = -€127 M H1 2018



Negative cash flow generation due to...

- **€139 M** WCR outflow due primarily to the seasonal nature of the business and to delay in refinancing deals in Italy and some delay in cash collection
- **€15 M** of nonrecurring costs
- **€25 M** of minority interest buyouts

... but Net Operating Cashflow improving (+€20 M at constant standards)

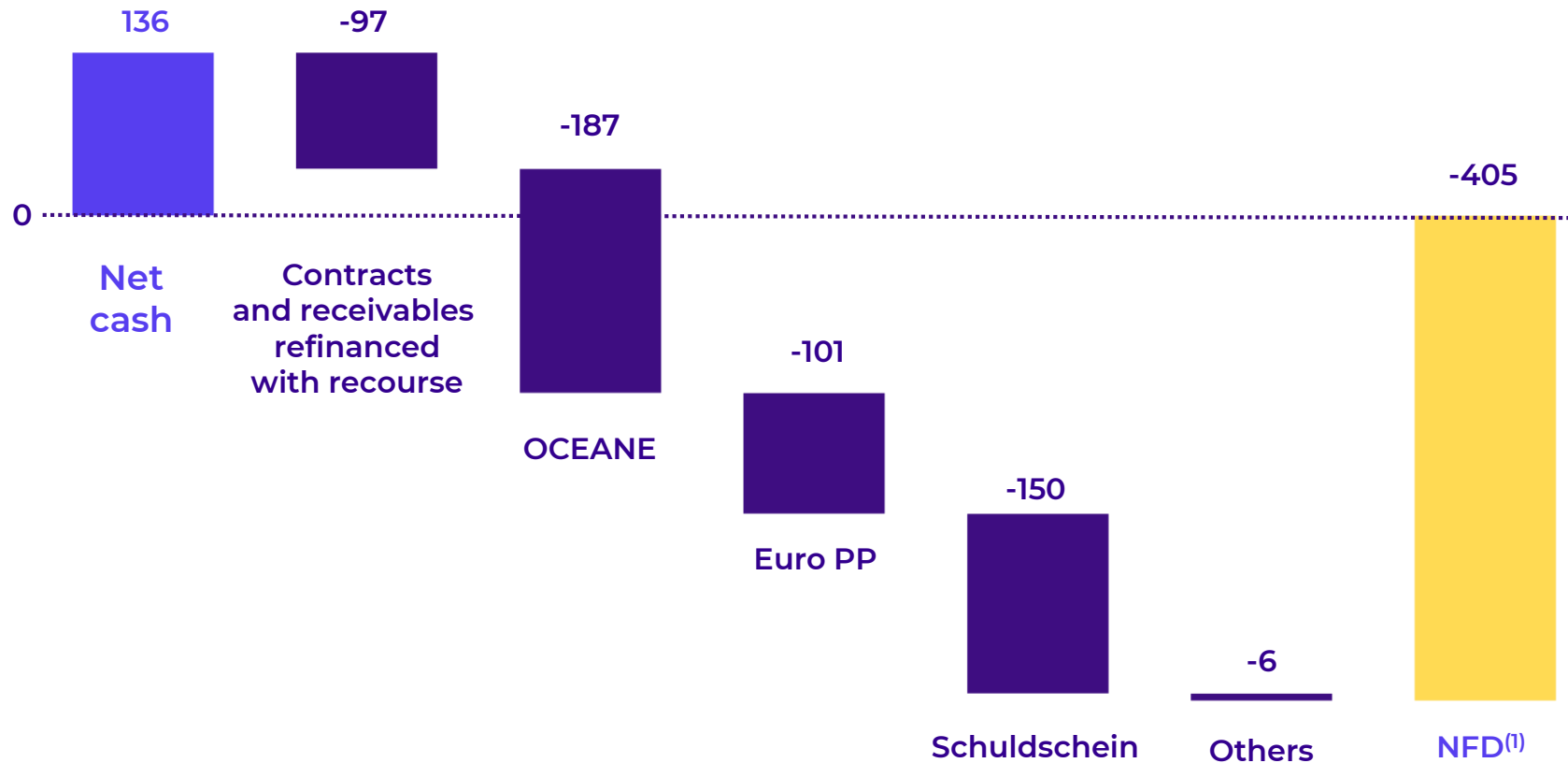
Shareholder return

- **€10 M** in treasury share acquisition

(1) NFD: Net Financial Debt excluding impact of IFRS 16 on leases and rentals for which Economcom is a tenant
 (2) Impact on cash of exceptional costs
 (3) Buyout of minority interests in satellites

Structure of Net Financial Debt⁽¹⁾

In €M



NFD under control:

- **€405 M** (2.5x EBITDA)
- **€252 M** of which backed by lease contracts

Net cash impacted by minority stakes in satellites being bought back for **€25 M** and by treasury shares being purchased for **€10 M** and seasonal working capital

(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	30/06/2019 ⁽¹⁾
Goodwill	631	539
Residual interest in leased assets	122	124
Other non-current assets	209	256
Trade and other receivables	1,269	1,170
Other current assets	170	197
Assets held for sale	-	207
TOTAL	2,401	2,493

EQUITY & LIABILITIES (IN €M)	31/12/2018	30/06/2019 ⁽¹⁾
Equity	491	451
Commitments on residual value	73	73
Other non-current liabilities	124	175
Trade payables	1,104	998
Other current liabilities	357	305
Net Financial Debt	252	405
Liabilities related to assets held for sale	-	86
TOTAL	2,401	2,493

(1) After application of IFRS 5 and IFRS 16

Q3 Revenue YTD

Revenue from ongoing operations⁽¹⁾



Of which TM&F



Of which DSS



Growth in revenue from continuing operations up 2.6%, including 1.6% organically

Without the negative impact of embezzlement in Italy for €70 M, **TM&F would have achieved a circa 3% growth**

(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

(2) Excluding the indirect impact of embezzlement in Italy vs 2018: €70M

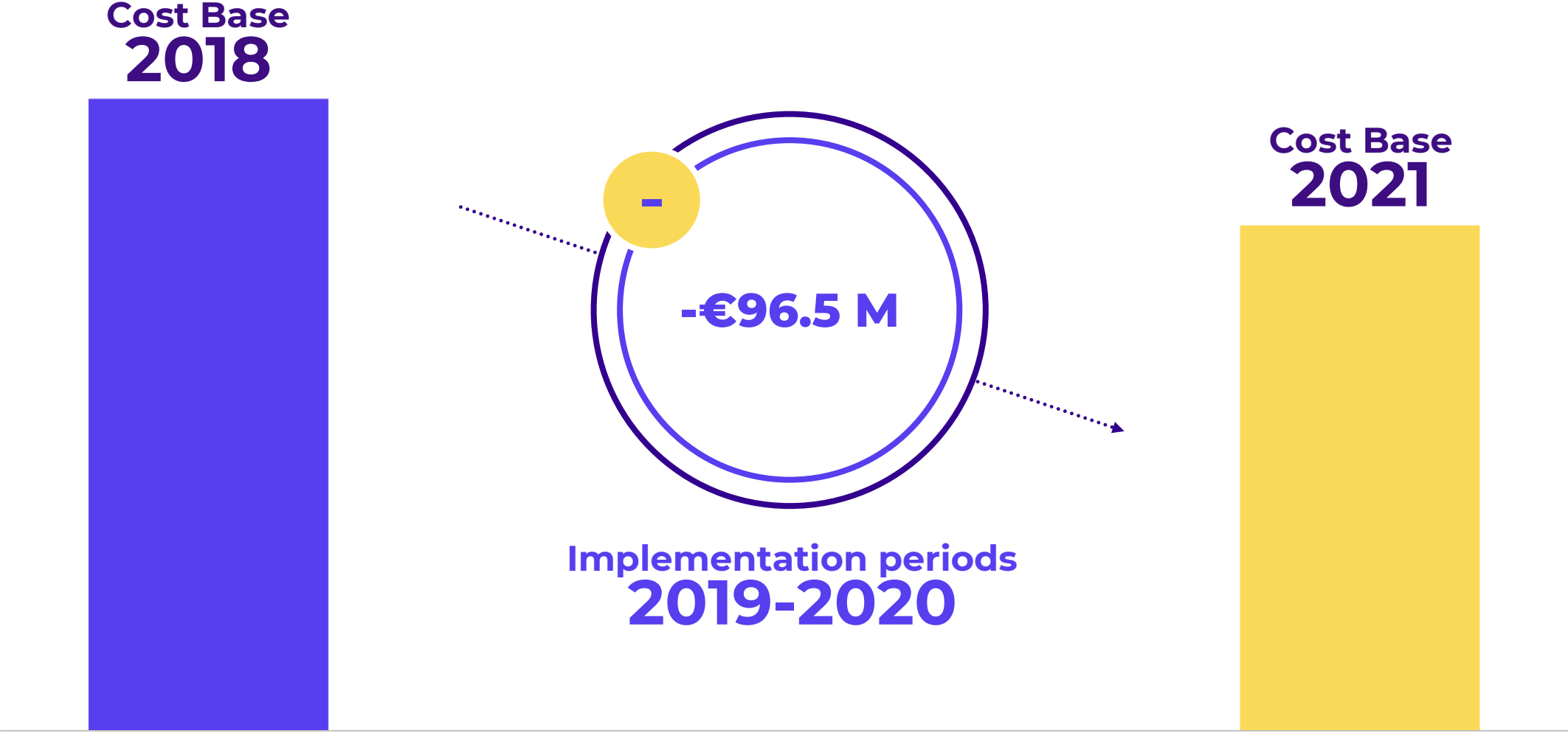
03

Outlook

Transformation plan is under way



Cost reduction program: Magnitude and Timeline



Cost reduction plan

2019 on track



September 2019 : global cost freeze

2020 “Zero Based Budget” approach

Plan announced with top and mid-management onboarded

Ad hoc transformation office

Outlook



2019 ROP
confirmed at **€128 M**



Ambitious **cost reduction** program



Continued discipline
in **cash generation**



Disposal of
non-core businesses

Thank you



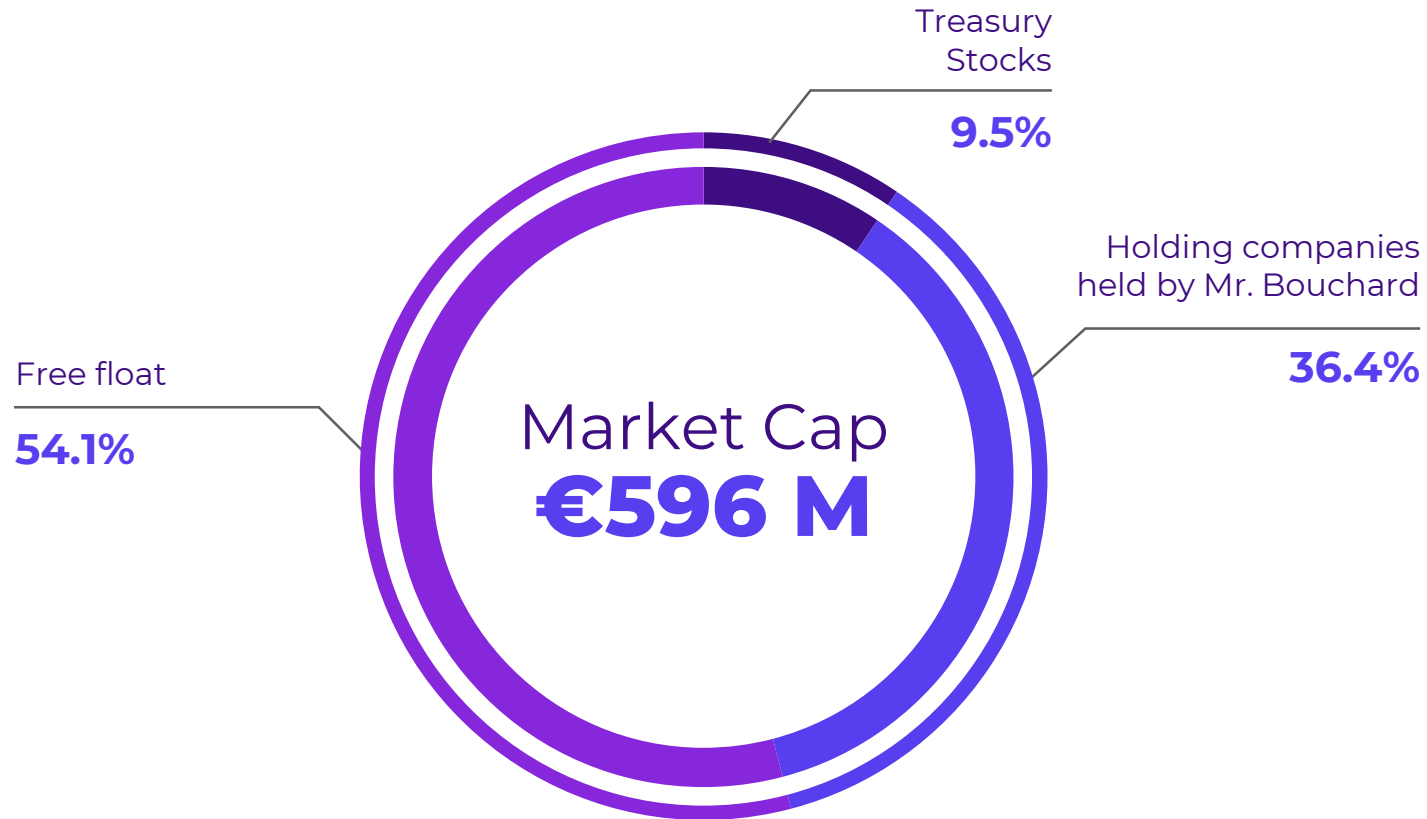
Investor relations:
Arthur.rozen@econocom.com



Press relations:
info@capvalue.fr
Tel. +33 1 80 81 50 00

Stock Exchange

Equity table



Number of shares:

- **245,380,430**

Share price⁽¹⁾:

- **2.43€**

Listing place:

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

Stock Indexes:

- **Bel Mid and Family Business**

(1) as of December 31st, 2019

econocom