

econocom

H1 2018 RESULTS

01

**KEY FACTS
& FIGURES**

02

**H1 2018
FINANCIAL
RESULTS**

03

**ACTION
PLAN**

04

OUTLOOK

KEY FACTS & FIGURES

Robert Bouchard
CEO

01

NEW GOVERNANCE

Management Committee



Robert Bouchard



Martine Bayens



David Krieff



Julie Verlingue



Bruno Grossi

Extended Management Committee



Angel Benguigui



Laurent Caparros



Enrico Tantussi



Bruno Ronsse



Philippe Goullioud



Eric Lucas



Laurent Roudil



Louise Beveridge

Executive Committee

+

H1 2018: **KEY FIGURES**

REVENUE

€1,319 M

+12.8%

3.8%
organic

ROP⁽¹⁾

€34 M

vs. €58 M
in H1 17

NET FINANCIAL DEBT

€395 M

2.4x EBITDA
12 months

(1) Recurring Operating Profit, before amortisation of intangible assets from acquisitions

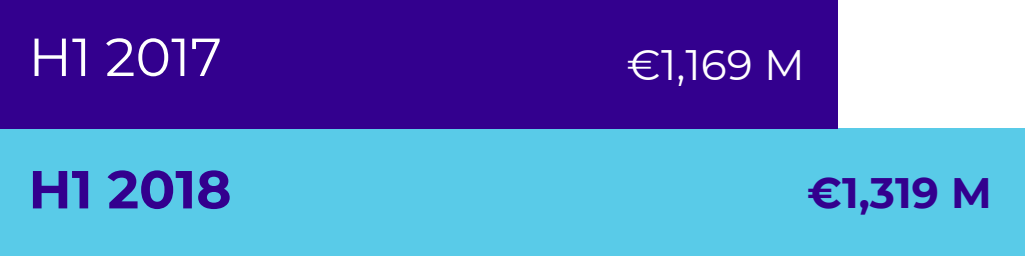
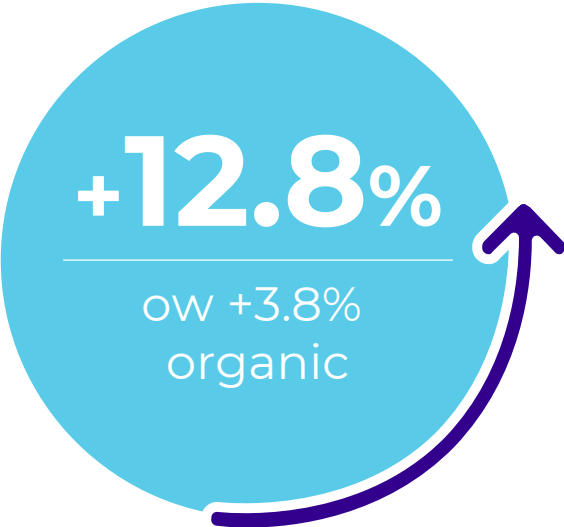
H1 2018

FINANCIAL RESULTS

Q2

David Krieff
Executive Director
Finance

STEADY REVENUE GROWTH



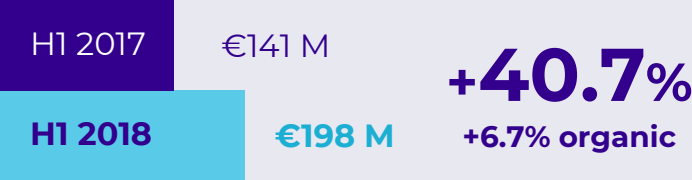
Technology Management & Financing



Services



Products & Solutions



ROP IMPACTED BY TM&F CONTRIBUTION AND PROVISIONS



Technology Management & Financing



Services

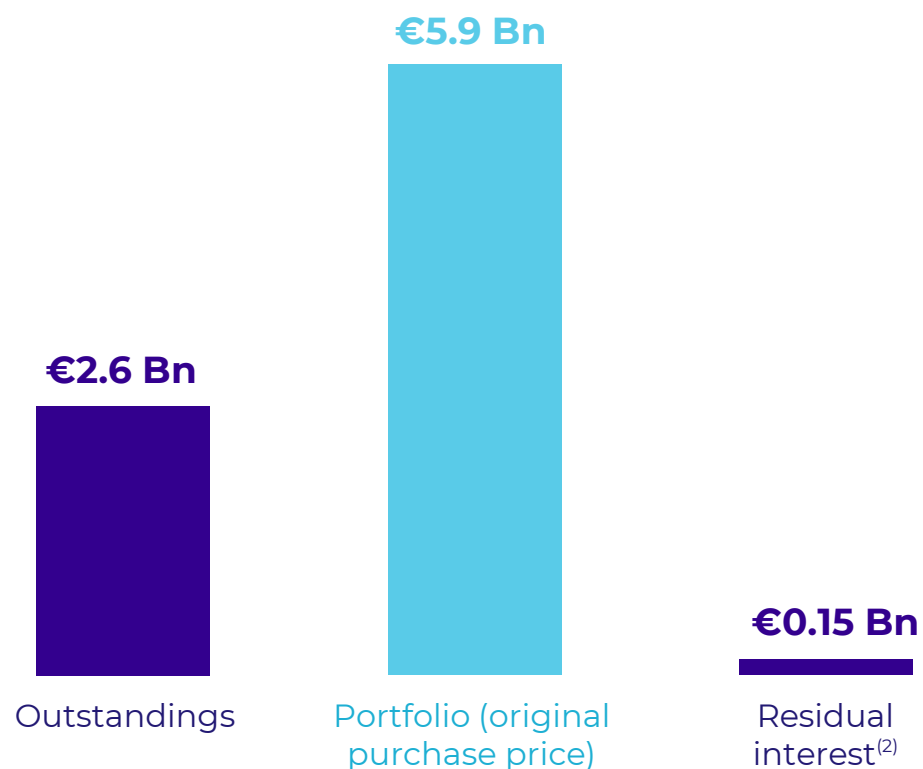


Products & Solutions



TECHNOLOGY MANAGEMENT & FINANCING

CONTRACT PORTFOLIO (AS OF 30 JUNE 2018)



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

» **Revenue** at **€614 M** (+1.8%) – rebound only late in H1 (+9% in Q2) after a strong Q4 2017 (+28%)

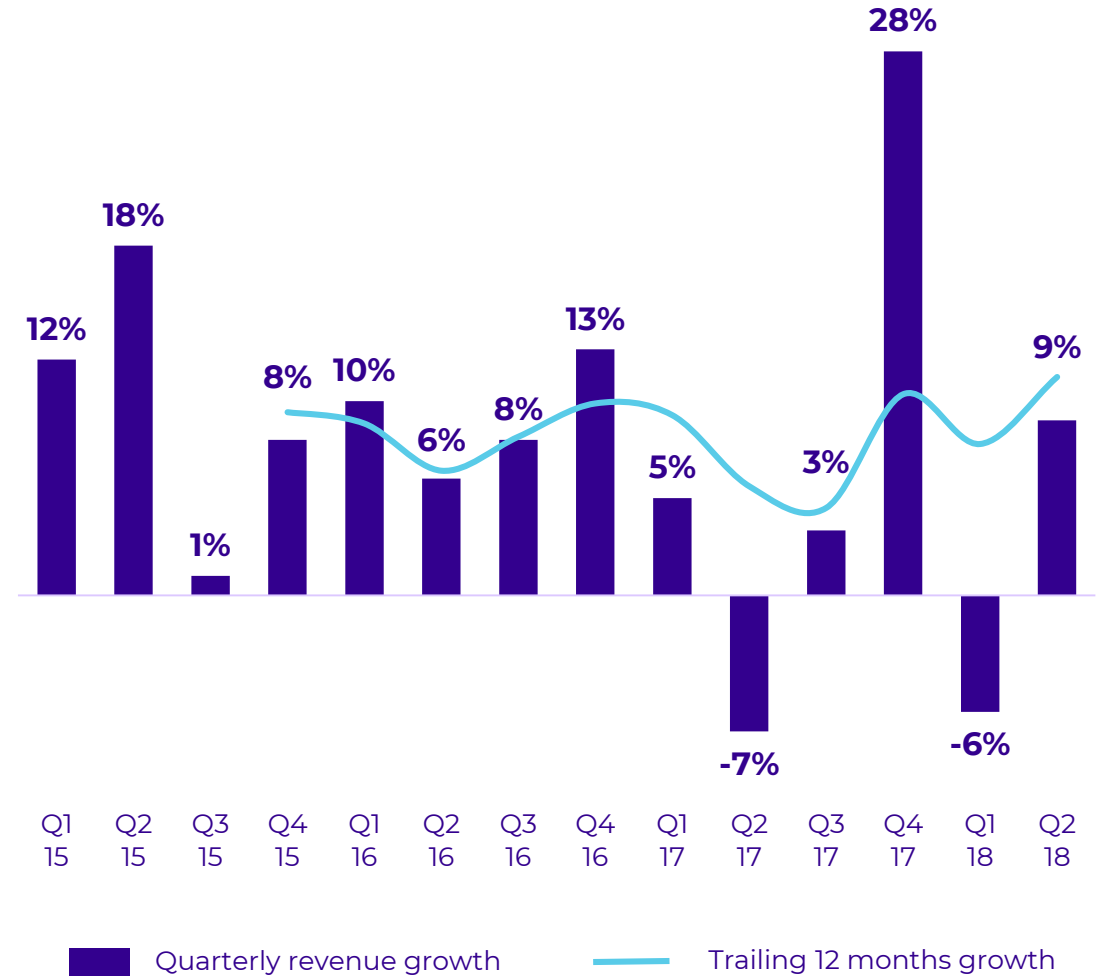
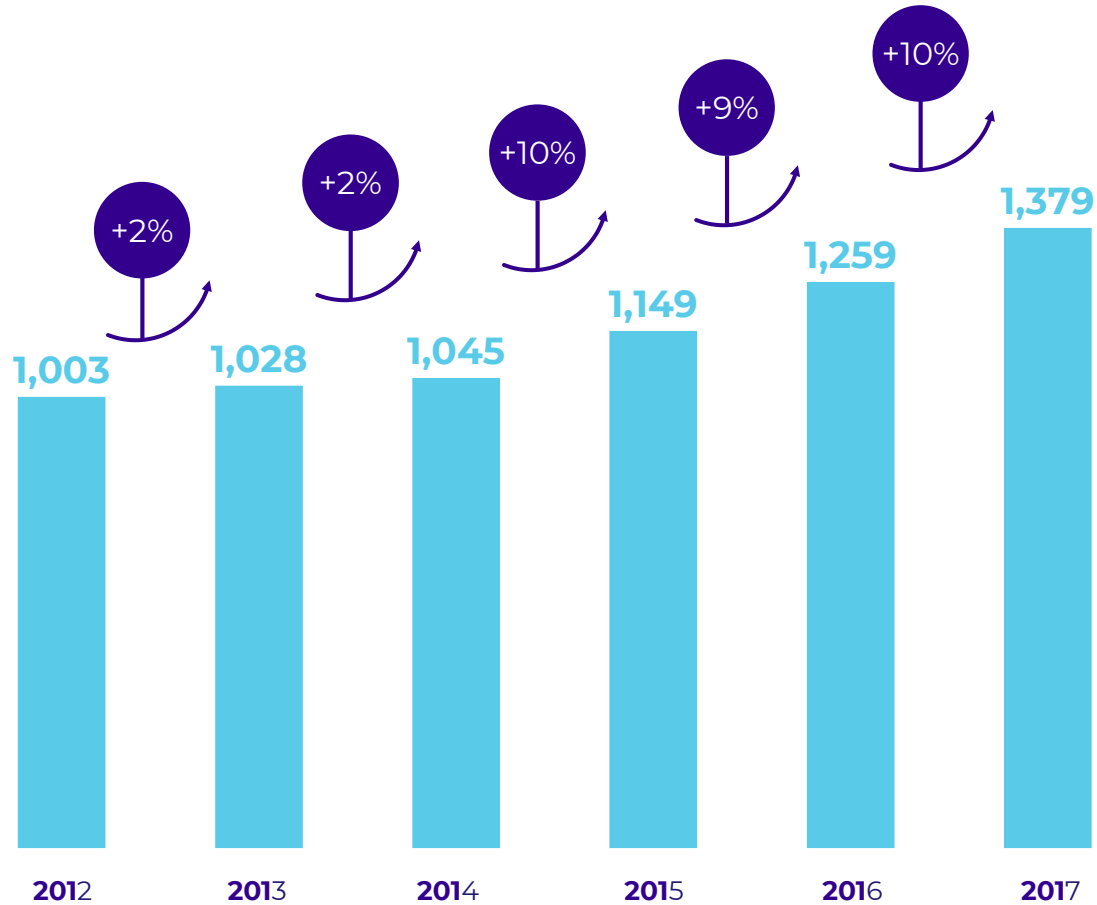
» **ROP** at **€14.1 M** including **€9 M** of provisions

» **Fewer large profitable deals** (structured finance) and increased **weight of new clients**

» **Increase in portfolio** (+4.5%) and **outstandings** (+3.7%), positive indication of future growth

» **Residual interest⁽¹⁾** at **2.6%** of the Original Purchase Price

STRONG HISTORICAL **ORGANIC GROWTH** WITH QUARTERLY VOLATILITY (TMF)



SERVICES

Revenue⁽¹⁾



+19.4%
4.8% organic

Recurring operating profit⁽²⁾



- » Organic **revenue growth on the Planet** (+1%) accelerated by contribution from **Services satellites** of **+11%** organically

- » Acceleration of the **transformation plan** in France on the Planet, non-recurring expenses in H1 positively impacting H2

(1) After IFRS 15

(2) Before amortisation of intangible assets from acquisitions

PRODUCTS & SOLUTIONS

Revenue⁽¹⁾



Recurring operating profit⁽²⁾



(1) In IFRS 15

(2) Before amortisation of intangible assets from acquisitions

- » Continued **strong organic growth** on already high comps (+9% in H1 2017)

- » **Market share gains**, notably in the **public** sector (education) and asset **diversification** (multimedia)

- » **H1 margin impacted** by business mix and investment

CONSOLIDATED INCOME STATEMENT

(In €M)	H1 2017 ⁽¹⁾ adjusted	H1 2018	CHANGE
REVENUE	1,169	1,319	12.8%
RECURRING OPERATING PROFIT⁽²⁾ before amortisation of intangible assets from acquisitions	58.2	34.2	-41.2%
Recurring operating profit	56.1	32.1	-42.7%
Non-recurring operating incomes 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 ORNANE derivative	4.1	0.0	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⁽²⁾ attributable to owners of the parent	33.0	10.9	-67%

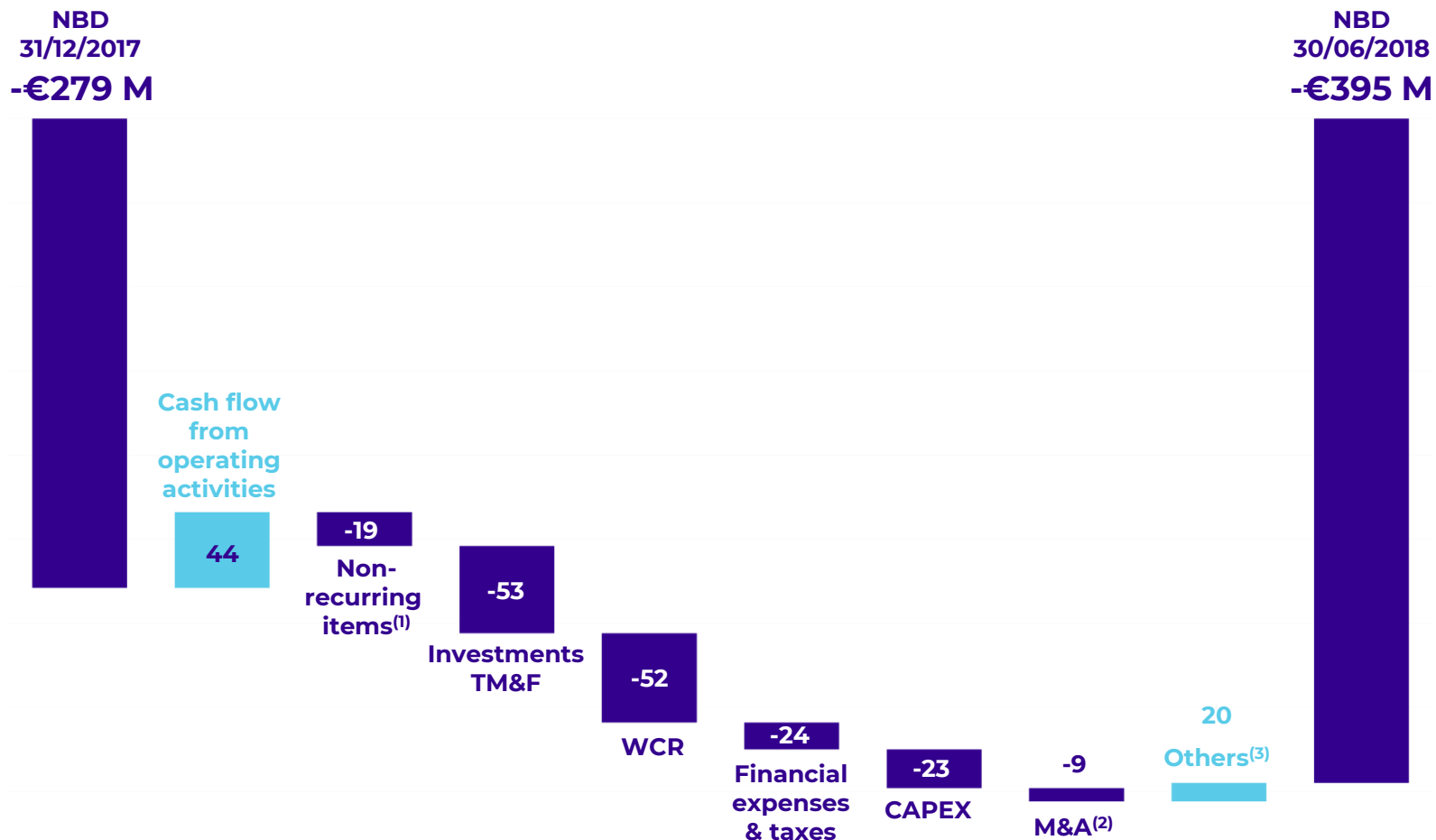
» **Non-recurring items** relate to the new strategic plan

» **End of ORNANE** derivative impact after conversion

(1) After IFRS15 restatement and variation of value of put options now impacting directly equity

(2) Excluding the following items, net of income tax: amortisation expenses of intangible assets from acquisitions, adjustment to fair value of the ORNANE derivative, other non-recurring operating income and expenses, non-recurring financial operating income and expenses

FINANCIAL DEBT SHOWED THE USUAL **SEASONALITY**



» **Strong WCR management:**
 €52 M outflow in H1 18
 vs €106 M in H1 2017

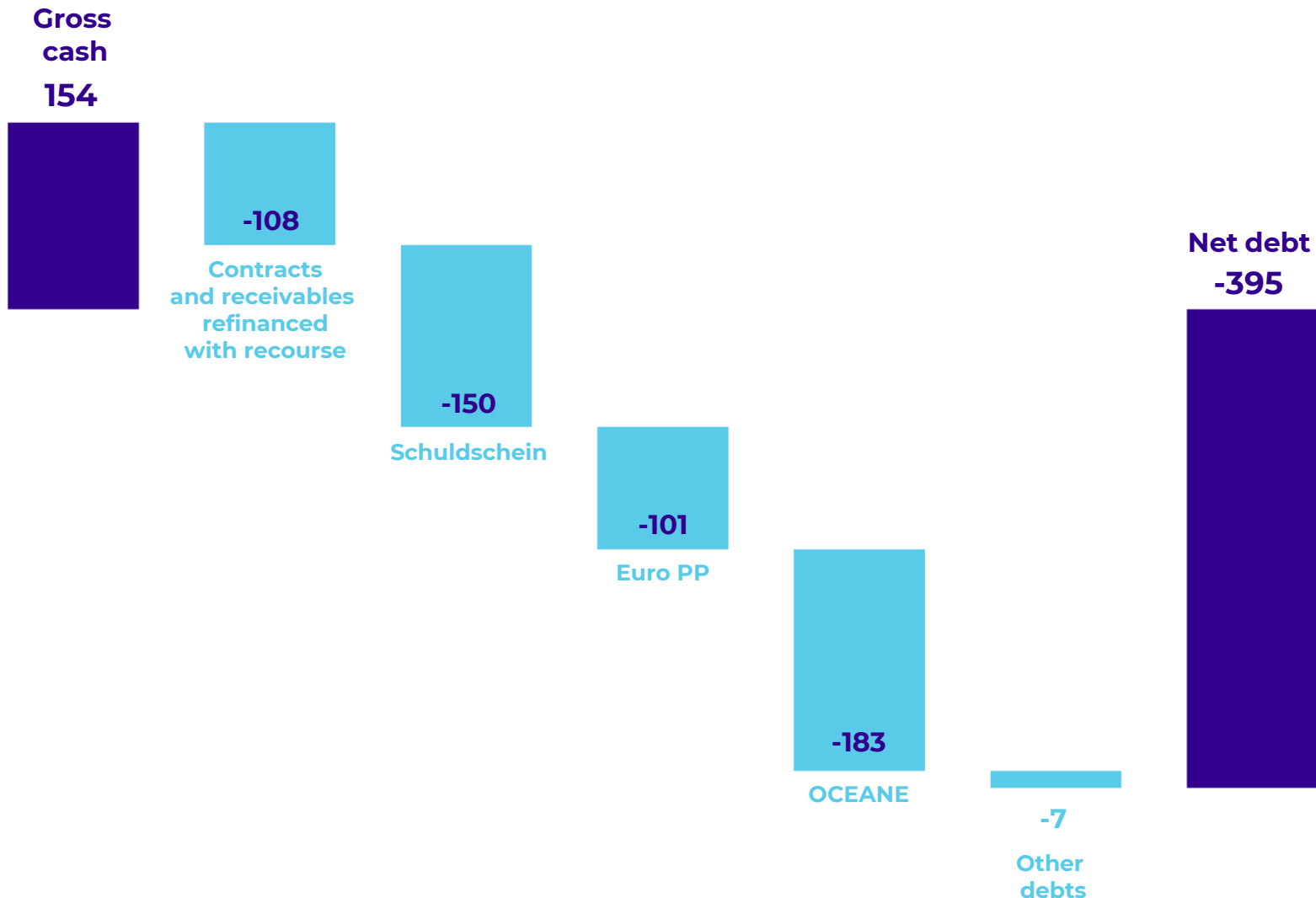
» **Continued investments:**
 €32 M in M&A and CAPEX
 €53 M in TM&F/EDFL

(1) Impact on cash of exceptional costs

(2) Net of disposals and financial debt

(3) Including equity component of OCEANE and sales of treasury shares for the exercise of options

NET FINANCIAL DEBT UNDER CONTROL



» Net debt under control:
2.4x EBITDA LTM

» OCEANE bonds issued
in **March 2018** (€200 M,
ow €17 M as equity)

» **€260 M** of debt **backed**
by **client leases**

» **€230 M undrawn credit**
lines with Tier 1 financial
institutions, ow €140 M
confirmed

» Next corporate debt
refinancing :
€45 M in 2020
€137 M in 2021

ACTION PLAN

OEB

Robert Bouchard
CEO

 **Cash and financing management**

#2

 **Focus on Services in France**

#3

 **Group efficiency measures**

#1

ACTION PLAN

TMF growth relays

#4



M&A

#6

#5

New offers

GROUP EFFICIENCY MEASURES

GROUP LEVEL

- » Review of central costs
- » Consolidation of structures now included in business units (IoT, robotics, BOS)

- » **c.€3.5 M** gross savings in H2 18

BUSINESS UNITS

- » Business transformation in Services
- » Local overheads optimization
- » Projects reviews

- » **c.€6.5 M** gross savings in H2 18
mostly in Services

c.€10 M gross savings in H2 18

CASH MANAGEMENT INITIATIVES

WORKING CAPITAL REQUIREMENT

EDFL/ ON BOOK FINANCING

SHORT TERM ACTIONS

- » New monitoring tools
- » Best practices implementation
- **target reduction in WCR in FY18**

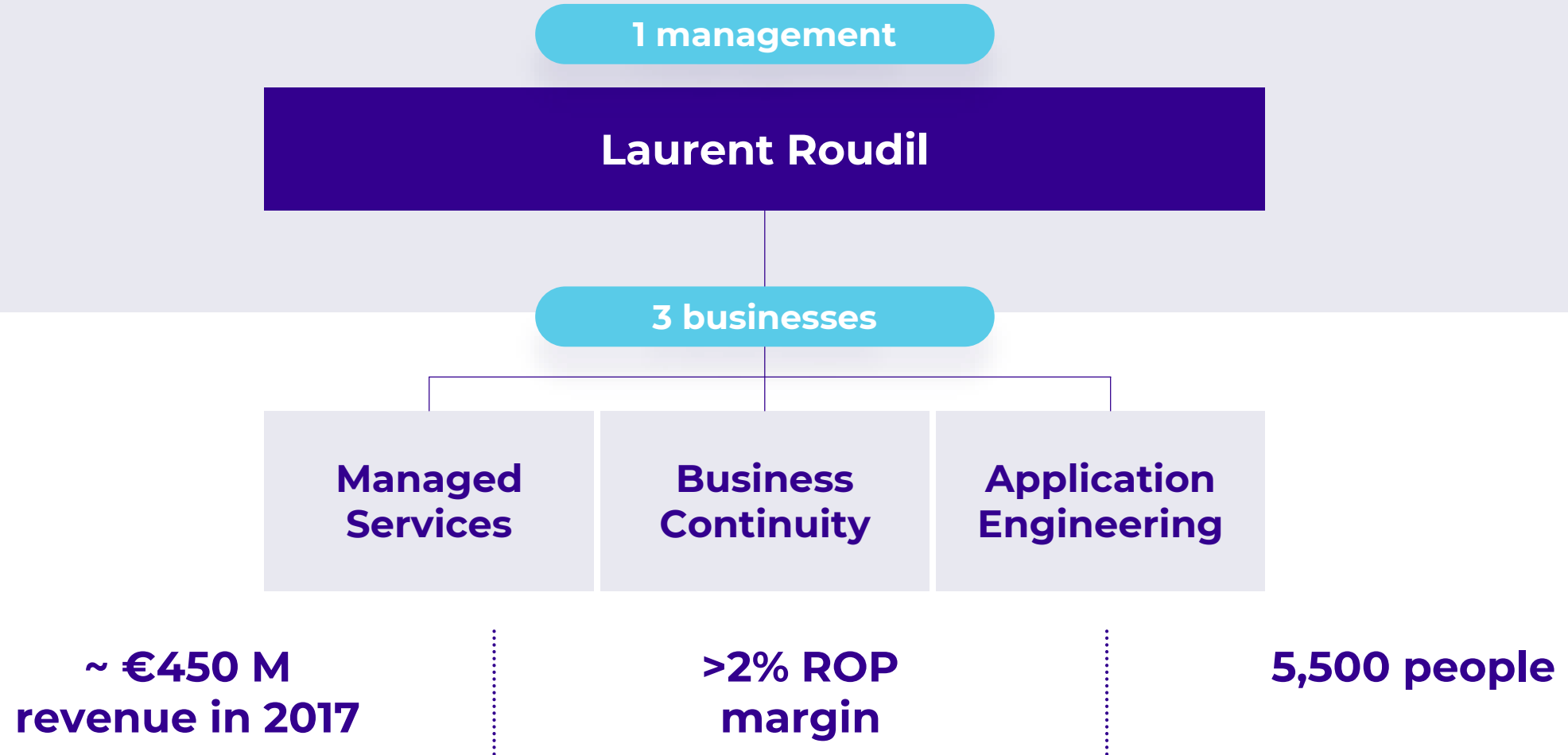
- » Externalize risk on existing portfolio (non recourse refinancing, insurance)
- » Reduce debt impact of new contracts
- » Increase IRR of deals

MEDIUM TERM ACTIONS

- » Reassessment of payments and contractual provisions (stock financing, prepayments...)
- » Internal cost charged for WCR

- » New refinancing model for part of the portfolio
- » Part of portfolio likely refinanced as maturity of business increased

FOCUS ON SERVICES IN FRANCE



BUSINESS TRANSFORMATION ACCELERATED

SINCE Q1 2018

BUSINESS TRANSFORMATION

01 Sharing between the 3 business lines

02 Renewed offers

03 Mid market focus

04 Service Centers delivery

05 Contracts management

06 Cost reduction

TMF GROWTH SOURCES 2018 - 2022

TMF "STANDALONE"

- | | | |
|---|---|--|
| » Enlarge scope of expertise
(vertical integration) | ▶ | » MarS, insurance,
second-hand |
| » Extend client
portfolio | ▶ | » Medical, Green, Industrial
& Robotics |
| » Position the financial capacities
of TMF on digital transformation | ▶ | » Indirect sales
& Vendor program |
| » Improve customer satisfaction
(delivery, services, ...) | ▶ | » Customer journey,
CSP |

TMF GROWTH SOURCES 2018 - 2022

TMF CONTRIBUTION TO GROUP STRATEGY

» Financing vehicle
for the sales of the Galaxy

» Cornerstone
of "end to end solutions"

» Operational and business
convergence with
Products & Solutions



» Satellites
and partners

» Financial architect of Econocom
value proposition

» Processes and back office,
develop leasing on Public sector

INVESTMENT IN END-TO-END SOLUTIONS - INDUSTRY AND TECHNOLOGY BASED

All offers combine entities from the Planet and Satellites

LAUNCHED!



MarS

Microsoft

Apple

Econocom Mobility

Education

Healthcare

IN PROGRESS



Econocom Retail

Smart Building

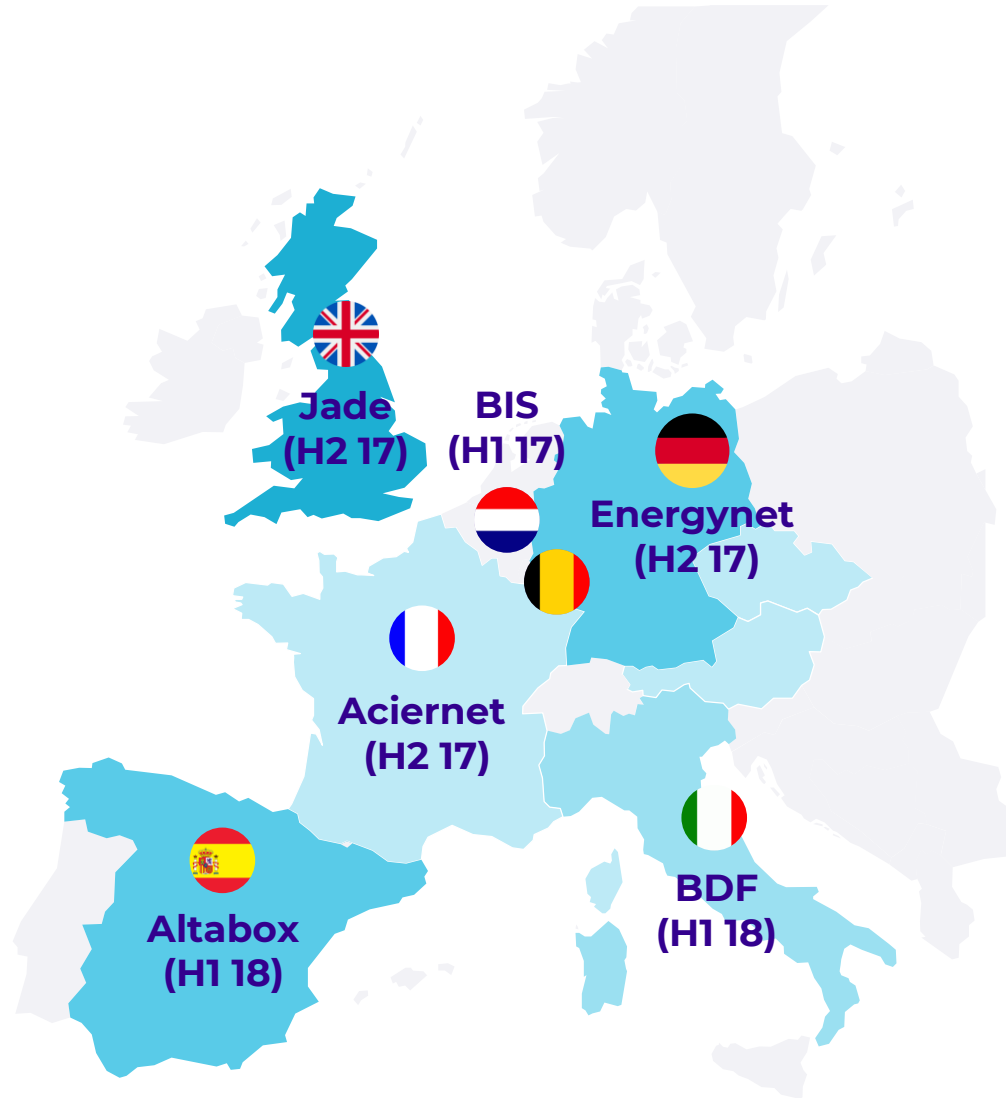
Workplace

OneGate

GDPR

Security

M&A: AN INTEGRAL PART OF THE STRATEGY



#1

**DEPLOY
“ ONE GALAXY”
ACROSS EUROPE**

#2

**INVEST
IN HIGH VALUE
SEGMENTS**

**~ €250 M proforma revenue
acquired over 18 months**

OUTLOOK FOR 2018

04

2018: CONFIRMING OUR REVISED GUIDANCE

**Absolute priority
to deliver H2 18
contribution**

**Focus on
cash generation**

€120 M

**in recurring
operating profit⁽¹⁾**

**Additional actions
at group level
to reduce costs**

**Building the
foundation of
future profitable
growth**

(1) Before amortisation of intangible assets from acquisitions

Appendices

OS

CONSOLIDATED BALANCE SHEET

ASSETS (IN €M)	31/12/2017	30/06/2018	EQUITY & LIABILITIES (IN €M)	31/12/2017	30/06/2018
Goodwill	599	625	Equity attributable to owners of the parent	378	354
Residual interest in leased assets	106	112	Non-controlling interests	102	117
Other non-current assets	192	203	EQUITY	480	471
NON-CURRENT ASSETS	897	940	Financial liabilities	340	494
Residual interest in leased assets	36	42	Commitments on residual value	60	65
Trade and other receivables	1,118	1,171	Other non-current liabilities	155	161
Other current assets	135	162	NON-CURRENT LIABILITIES	555	720
Cash	238	279	Trade payables	960	982
CURRENT ASSETS	1,527	1,654	Other current liabilities	203	210
TOTAL BALANCE SHEET	2,424	2,593	Financial liabilities	171	173
			Commitments on residual value	5	6
			CURRENT LIABILITIES	1,389	1,403
			TOTAL BALANCE SHEET	2,424	2,593