Q1 2020 revenue: €596 M (-11.5%)

Business affected by exceptional events

In the first quarter of 2020 Econocom Group posted revenue from continuing operations of €596 million, an 11.5% drop on a like-for-like basis, 11.1% of which organically, compared with Q1 2019.

This decrease is largely due to the impact of the Covid-19 crisis and the confinement of employees in its main geographical areas (in particular in France, Spain and Italy).

The breakdown of revenue by business line is as follows:

- Revenue for Technology Management & Financing (TMF) fell 16.1% to €181 million, partly as a result of delays in signing contracts for deals and deliveries (due to clients’ reception facilities being closed) reported in March 2020.
- Digital Services and Solutions (DSS, which includes Products & Solutions and Services) stands at €415 million, down 9.3%. The two business lines sustained almost identical downward trends, with Products & Solutions standing at €260 million (-9.5%) and Services registering a 9% drop to stand at €155 million.

Outlook: H1 2020 under pressure but handled confidently and methodically

As in the first quarter, Q2 2020 revenue will also feel the effects on the global economy of the Covid-19 pandemic. The extent of the impact will depend on both the length of the confinement period of employees and the conditions in which Econocom’s client companies will resume normal business.

On 16th March 2020, Econocom set up two crisis management teams, one for France and one for the other countries it operates in, which meet regularly to keep up to date with the latest developments on the situation and decide rapidly how to respond. These crisis management teams are made up of members of the executive board and heads of the business lines and main support function departments. They coordinate the Business Continuity Plan, which has been adapted for each business line and about which staff are kept regularly updated.

The main points of the Business Continuity Plan are as follows:

- All employees who can do so work from home.
- Products & Solutions and TMF continue to serve their clients; staff’s efforts, facilitated by the implementation of electronic procedures and signatures, ensure smooth running of operations.
- Services also continue to provide services and adapt to each client’s situation.
The consequences of the pandemic have led to an increase in operations for clients in the healthcare, retail and energy sectors. Econocom’s staff, mindful of the strategic importance to society of helping such sectors maintain their operations, have been working tirelessly and conscientiously on these projects. More generally speaking, the group has offered its clients unfailing support throughout this difficult time and has received countless thanks for the remarkable courage of all its employees.

Furthermore, the group has stepped up certain phases of its cost-cutting plan by adapting it as quickly as possible to the decline in its business. For example, it has implemented partial unemployment in the business lines where operations have slowed down and has made further reductions in structural costs. These measures are intended to limit the impact on operating profitability of the downturn expected in 2020 and have already succeeded in Q1 in offsetting the effects of the fall in revenue and maintaining profit.

Econocom is also particularly careful to managing its liquidities and debt and is taking advantage of the financing facilities provided by European governments. The group has thus anticipated the impact of the health crisis on its short-term financing needs by proactively negotiating the necessary credit lines with its pool of banks. The decision not to refund issue premiums in 2020 and to put on hold the treasury share buyback programme and the sale of its subsidiary EBC to private equity firm Chequers Capital will also contribute to maintaining the group’s financial solidity. Econocom thus confirms its ambition of achieving virtually zero Net Book Debt.

Amid the health crisis and an unprecedented recession, Econocom nevertheless remains confident in its ability to weather this difficult time thanks to the dedication of its staff, the diversity of both its business lines (distribution, services and financing) and its geographical presence and its robust business model, a combination of agility and resilience. These strengths will stand the group in good stead once the global economy recovers.

Econocom will continue its development by relying on its legacy business line, Technology Management & Financing, which, thanks to its innovative financing models tailored to each of its clients’ industries, will help the group emerge from this crisis in the best conditions. Supported by its other high-potential business lines, Products & Solutions and Services, the group acts as a ‘General Contractor for the Digital Sector’, and as such is ideally placed to help its clients, just as it has been for over 40 years, face the new challenges of digital transformation, which, as the current crisis shows us every day, will be the key to success in the future for everyone.

The 2020 H1 revenue release will be published after the close of trading on 29th July 2020.

**About Econocom**

Econocom designs, finances and facilitates digital transformation for large companies and public organisations. With 40 years’ experience and the only market player with 360° expertise covering project financing, equipment distribution and digital services, Econocom employs more than 10,000 people in 18 countries and reported revenue of €2.927 million. The Econocom Group share is listed on Euronext Brussels and is part of the Bel Mid and Family Business indices.

**For further information**

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