econocom

2014 full-year results

6 March 2015
Speakers

Bruno Lemaistre
Executive Director
Operations

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Company Secretary
in charge of Finance

Bruno Grossi
Executive Director
Strategy, Acquisitions & Communication

Jean-Philippe Roesch
Executive Director
Support Functions
Agenda

01 Key figures and highlights

02 2014 financial results

03 Outlook for 2015
Our strategic alliances confirm our ability to embrace the digital revolution
01
Key figures and highlights
A year of growth driven by the integration of Osiatis and our investments in the digital market

Revenue
€ 2.1 Bn +18.4%

Organic growth
+3%

Recurring operating profit stands at €95.3 M (+2.3%)

An acquisition strategy targeting growth sectors and international markets

A strong financial situation with net gearing of 38%
Growth drivers implemented

Digital

Acquisitions

International Expansion
Growth drivers implemented

- Digital
- Acquisitions
- International Expansion
Digitalisation: a crucial issue for companies


The companies with the most advanced digital capabilities have a growth rate 6x higher than others.

Roland Berger, *September 2014*:

50% of companies include digital transformation in their medium-term strategic plans.

36% of companies have formalised a suitable strategy.

Employee satisfaction is 50% higher in companies with high digital maturity rates.

*DTI = Digital Transformation Index*
The digital lever of organic growth

Strong growth in digital revenue

2012: 122
2013: 185
2014: 236

X2
+25%

All Econocom’s strategic countries contributed to this result in 2014

- France: 16%
- Benelux: 16%
- Italy: 20%
- Spain: 21%
- Other: 10%

Digital penetration vs IT (exc. services)
Econocom sets up EDFL (Econocom Digital Finance Limited) to speed up the deployment of its most advanced digital offerings.

A dedicated, independent structure to fund complex projects, innovative contracts including digital assets.

Contribution to growth in business and the group’s results:

€41 M of contracts funded by Econocom Digital Finance Ltd

€27 M limited impact on the group’s net financial debt on 31 December 2014
Econocom: overseeing our clients’ digital transformation
Econocom: overseeing our clients’ digital transformation

The healthcare sector is transforming

**CUSTOMER CHALLENGES**
- Change working processes to ensure greater efficiency for the hospital staff
- Enhance patient well-being (competitiveness)
- Optimise costs

**OUR DIGITAL SOLUTIONS**
- Digitalised operating theatres
- Digital bedside terminal
- Convalescent rooms
Econocom: overseeing our clients’ digital transformation

Bringing education into the digital age

CUSTOMER CHALLENGES
Teach students using the tools of their generation and introduce innovative, collaborative teaching methods.

OUR DIGITAL SOLUTIONS
Digital equipment supplied to public and private schools.
Integration of the equipment and content for a 360° digital solution.
Assistance for the teaching staff.
Growth drivers implemented

- Digital
- Acquisitions
- International Expansion
Digital Dimension: a promising start

Since its inception in January 2014, 3 acquisitions have been made to reinforce the Group’s position in the buoyant cloud market.

May 2014  Business-to-business mobile solutions specialist
August 2014  Provider of public and private cloud hosting solutions
January 2015  HRIS solutions to cover the full range of companies’ HR needs

Digital Dimension contributed €33 M to 2014 consolidated revenue

Confirms its guidance of €120 M revenue by 2016 and operating profit in excess of 10%
A targeted acquisition strategy to strengthen our offering in growth markets

French specialist in collaborative, multimedia and videoconferencing tools

Critical infrastructure and network consulting and engineering

System and network infrastructure security

2014 pro forma revenue >€25 M
Growth drivers implemented

- Digital
- Acquisitions

International Expansion
**US/Canada**

Growth in the Technology Management & Financing business

**Brazil**

Econocom takes over (51.3%) service company Interadapt (and its subsidiary Syrix, acquired in 2014).

> 300 employees in Brazil

**Mexico**

Technology Management & Financing launched in addition to the existing services operations

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**The Americas contributed €38 M to revenue in 2014**
02
Financial results
In a year devoted to the integration of Osiatis:

- Growth in revenue: +18%
- 2014 organic growth: +3%
- Organic growth across all business lines in Q4
Organic growth for all business lines in Q4 2014

- Technology Management & Financing: 355 (+11%)
- Products & Solutions: 124 (+26%)
- Services: 194 (+4%)
- TOTAL: 673 (+11%)
A balanced business mix

Products & Solutions:
19% like-for-like growth, driven by digital (>20% revenue) and synergies between the group’s 3 businesses.

Technology Management & Financing:
excellent Q4 and 2% organic growth for the year.

Services:
59% rise in revenue resulting from the acquisition of Osiatis (2% decrease on a like-for-like basis).
The year ended with organic growth of 4% for Q4, confirming that the integration of Osiatis has been a success.
France reported growth of 24%, driven by the excellent business dynamic of Products & Solutions and the integration Osiatis.

Benelux finished the year down 7% due to a negative base effect.

Positive trend in Southern Europe (+5%) driven by digital in Spain and the successful integration of Osiatis.

Rest of the world up 69% thanks to double-digit growth in Germany and the UK and expansion in the Americas.
Recurring operating profit(*)

(11%) Products & Solutions
(63%) Technology Mgt. & Financing
(26%) Services

ROP by activity 2014

2013 Reported 88.8
2013 Restated (**) 93.2
2014 95.3

(*) Before amortisation of the ECS customer portfolio and the Osiatis brand
(**) Financial expenses on short-term credit lines and factoring expenses reclassified as financial expenses
Technology Management & Financing

Revenue grew 2% organically to €1,045 M

60 M€ recurring operating profit, i.e. 5.7% operating margin

Drop in residual interest (*)
(1.8% of the purchase price of the portfolio)

(*) estimated value of assets at the expiry of the lease contract
19% organic growth in revenue: €385 M

€10 M recurring operating profit, i.e. 2.7% operating margin

Key activity of the group’s digital strategy:
- Digital accounts for 20% of sales
- Success of the Education offering in the public sector (CG93, Région Midi Pyrénées, CG 60, Région Pays de Loire)

Europe’s n° 1 Apple partner for businesses
02. Financial results

Services

Revenue: + 59% thanks to Osiatis and Digital Dimension.

Upturn in organic growth (4%) during Q4.

Digital Dimension contributed €33 M to consolidated revenue and confirmed its 2016 guidance (€120 M revenue and ROP > 10%)

€25 M recurring operating profit, i.e. 3.8% margin.

Over 7,000 employees

Reinforced our position in growth sectors: security, multimedia, digital and mobile applications, Unified Communications

Sold/outsourced low-profitability activities
(FC mobile maintenance and a German subsidiary)
## Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>2013 reported</th>
<th>2013 restated (2)</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,772.6</td>
<td>1,766.7</td>
<td>2,092.6</td>
</tr>
<tr>
<td><strong>Recurring operating profit (1)</strong></td>
<td>88.8</td>
<td>93.2</td>
<td>95.3</td>
</tr>
<tr>
<td>Recurring operating profit</td>
<td>86.5</td>
<td>90.9</td>
<td>92.3</td>
</tr>
<tr>
<td>Non-recurring operating expenses</td>
<td>(13.4)</td>
<td>(13.4)</td>
<td>(24.9)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>73.0</td>
<td>77.5</td>
<td>67.4</td>
</tr>
<tr>
<td>Financial result</td>
<td>(6.1)</td>
<td>(9.7)</td>
<td>(11.8)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>66.9</td>
<td>67.8</td>
<td>55.5</td>
</tr>
<tr>
<td>Income tax</td>
<td>(22.9)</td>
<td>(23.1)</td>
<td>(21.0)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.6)</td>
<td></td>
<td>(3.0)</td>
</tr>
<tr>
<td><strong>Profit for the year attributable to owners of the parent</strong></td>
<td>44.1</td>
<td>44.1</td>
<td>30.9</td>
</tr>
</tbody>
</table>

Recurring net earnings per share **€0.44/share**

affected by the increase in average number of shares (+15%) following the Osiatis public exchange offer and conversion of OCEANE convertible bonds.

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand
(2) Financial expenses on short-term credit lines and factoring expenses reclassified as financial expenses
## Consolidated balance sheet

<table>
<thead>
<tr>
<th>ASSETS in €M</th>
<th>2013 (*)</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>332</td>
<td>381</td>
</tr>
<tr>
<td>Residual interests in leased assets</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>125</td>
<td>123</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td><strong>520</strong></td>
<td><strong>567</strong></td>
</tr>
<tr>
<td>Residual interests in leased assets</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>713</td>
<td>724</td>
</tr>
<tr>
<td>Other current assets</td>
<td>61</td>
<td>76</td>
</tr>
<tr>
<td>Cash</td>
<td>150</td>
<td>207</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td><strong>952</strong></td>
<td><strong>1,033</strong></td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>1,472</strong></td>
<td><strong>1,602</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY &amp; LIABILITIES in €M</th>
<th>2013 (*)</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity attributable to owners of the parent</td>
<td>260</td>
<td>260</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td><strong>260</strong></td>
<td><strong>279</strong></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>91</td>
<td>213</td>
</tr>
<tr>
<td>Commitments on residual value</td>
<td>33</td>
<td>38</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>60</td>
<td>69</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td><strong>184</strong></td>
<td><strong>320</strong></td>
</tr>
<tr>
<td>Trade payables</td>
<td>689</td>
<td>685</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>225</td>
<td>204</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>98</td>
<td>100</td>
</tr>
<tr>
<td>Commitments on residual value</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td><strong>1,028</strong></td>
<td><strong>1,002</strong></td>
</tr>
<tr>
<td>Liabilities from sold assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY &amp; LIABILITIES</strong></td>
<td><strong>1,472</strong></td>
<td><strong>1,602</strong></td>
</tr>
</tbody>
</table>

(*) 2013 balance sheet restated following adjustments to Osiatis’ opening balance sheet (€0.1 M change in goodwill).
Net book debt structure

Net financial book debt (*): €106 M

Net financial debt: €52 M excluding IFRS accounting items (commitments)

Net cash in bank: €121 M

A healthy financial structure with gearing limited to 38%

(*) Excluding financial residual value of €51 M at 30 December 2014 (€48 M at end of 2013)
Changes in net book financial debt over 1 year

A year of investments:

> €100 M in our own activities (M&A, EDFL, Capex, etc.)

€41 M in treasury shares

Careful management of working capital requirements

(1) Impact on cash of exceptional costs
(2) Net of sales made for the exercise of options
Sharp rise in compensation per share

+25% rise in compensation per share recommended (at the AGM 13 April)

Thanks to a solid financial structure and favourable outlook

Paid as a refund of the issue premium (2) in lieu of dividend.

(1) Submitted for a decision by the shareholders (AGM on 13 April 2015)
(2) Ex-dividend date: 16 June, payment 19 June
Dilution controlled for 10 years and rise in compensation per share

Number of shares controlled:

Buyback of treasury shares and convertible bonds

Early conversion of OCEANE bonds (9,055,276 shares)

3,053,303 treasury shares cancelled in December 2014, i.e. 2.6% of the share capital.

Regular rise in the return on capital
Change in ownership structure: an increase in the number of floating shares and share liquidity

Greater share liquidity
- Increase in floating shares
- 112,519,287 shares, +6% vs. end 2013

The first two shareholders’ stake diluted following the conversion of OCEANE bonds
03 Outlook
2015

- another year of organic growth in revenue
- rise in recurring operating profit and net earnings per share
Continuing the targeted acquisition strategy

High-growth strategic markets

- Mobility
- Cloud
- Security
- Technology consulting
- Business solutions
- eHealth

Geographical areas

- Italy
- Benelux
- Spain
- Americas
- France
Powerful assets:

A leader in markets with high growth potential

Technological expertise and financial innovation for a unique offering

Attractiveness increased by the group’s new size and image in the Services industry

Solid financial structure, a balanced risk profile and strong cash flow generation

A leading shareholder with a long-term vision

An attractive shareholder return policy.