2019 half-year results
HY 2019 financial results
ANGEL BENGUIGUI
Group Finance Director
Key figures

Revenue\(^{(1)}\)
€1.24 Bn

ROP\(^{(1)}\)(3)
€40 M

Net financial debt\(^{(2)}\)
€405 M

Net Cash flow from operating activities\(^{(1)}\)
€61 M

+2.9% \(^{(2)}\)

3.2% margin

2.5x EBITDA 12M

+€20 M \(^{(2)}\) vs. H1 2018

+1.6% organic

0.9 GEARING

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(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$^{(1)(3)}$

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1,238 M</td>
<td>€1,203 M</td>
</tr>
<tr>
<td>Margin</td>
<td>2.9%</td>
<td></td>
</tr>
</tbody>
</table>

Recurring operating profit$^{(1)(2)}$

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>€40.2 M</td>
<td>€34.3 M</td>
</tr>
<tr>
<td>Margin</td>
<td>17.2%</td>
<td></td>
</tr>
</tbody>
</table>

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

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$^{(1)}$ 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 by geographical area

H1 2019 revenue\(^{(1)}\) (%)

- France: 51%
- North America: 3%
- South Europe: 24%
- Benelux: 14%
- North & East Europe: 8%

Total: €1.2 Bn

**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
Focus on Italy

- The Group learned at the end of June 2019 that its Italian subsidiary had been the victim of embezzlement between 2012 and 2018.

- It represents an aggregate amount of suspicious billings already booked by Econocom Italy estimated by the Italian Authorities at €18.6 M.

- The indirect impact in business represents €7 M on H1 2019 ROP.

- An additional indirect impact on business may result in €15 M shortfall in H2 2019 ROP.

- The group expects to offset this shortfall in ROP thanks to savings generated by the new cost reduction plan currently implemented and additional business upside coming from other countries.
TMF at a glance

Revenue from ongoing operations\(^{(1)}\)(\(^{(3)}\))

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€561 M</td>
<td>€584 M</td>
</tr>
</tbody>
</table>

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

Recurring operating profit\(^{(1)}\)(\(^{(2)}\))

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>€15.6 M</td>
<td>€14.2 M</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 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

Outstandings: €2.8 Bn
Original purchase price: €6.0 Bn
Residual interest\(^{(1)}\): €0.16 Bn

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
Continuing sustained growth

Major regions contributed to the dynamism of the activity

ROP boosted by:
- Growth in revenue
- Dynamism in France

Digital Services & Solutions at a glance

Revenue from ongoing operations$^{(1)}$

<table>
<thead>
<tr>
<th>Period</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019</td>
<td>€677 M</td>
</tr>
<tr>
<td>H1 2018</td>
<td>€620 M</td>
</tr>
</tbody>
</table>

Recurring operating profit$^{(1)(2)}$

<table>
<thead>
<tr>
<th>Period</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019</td>
<td>€24.6 M</td>
</tr>
<tr>
<td>H1 2018</td>
<td>€20.1 M</td>
</tr>
</tbody>
</table>

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$^{(1)}$ 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

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

(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.

### 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
FCF generation
In €M

**FCF = -€116 M** H1 2019

-252

NFD (1)
31/12/18

Net Operating Cash flow

+61

WCR

-139

Financial expenses & income tax

-28

CAPEX

-10

M&A (3)

-25

Treasury share buybacks

-10

Others

-2

NFD (1)
30/06/19

-405

**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 Econocom 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

- **Net cash**: 136
- **Contracts and receivables refinanced with recourse**: -97
- **OCEANE**: -187
- **Euro PP**: -101
- **Schuldschein**: -150
- **Others**: -6
- **NFD\(^{(1)}\)**: -405

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
<table>
<thead>
<tr>
<th>ASSETS (IN €M)</th>
<th>31/12/2018</th>
<th>30/06/2019⁽¹⁾</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>631</td>
<td>539</td>
</tr>
<tr>
<td>Residual interest in leased assets</td>
<td>122</td>
<td>124</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>209</td>
<td>256</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1,269</td>
<td>1,170</td>
</tr>
<tr>
<td>Other current assets</td>
<td>170</td>
<td>197</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>-</td>
<td>207</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,401</td>
<td>2,493</td>
</tr>
</tbody>
</table>

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

⁽¹⁾ After application of IFRS 5 and IFRS 16
Message from Chairman & CEO
03 Outlook
JULIE VERLINGUE
Deputy CEO
Transformation plan is under way

Specify vision and strategy

Cut costs

Transform

Upgrade professional practices

Attract, develop and retain talented people
Cost reduction program: Magnitude and Timeline

Cost Base
2018

-€96.5 M

Implementation periods
2019-2020

Cost Base
2021

2019 Half-Year Results
Cost reduction plan

2019 on track

- 2019 announced: €20 M
- 2019 already committed: €24 M
- 2019 ambition: >€24 M

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

Contact relations investisseurs et relations actionnaires:
Arthur.rozen@econocom.com

Contact relations presse:
info@capvalue.fr
Tel. +33 1 80 81 50 00
Appendix
Equity table

- Holding companies held by Mr. Bouchard: 36.4%
- Free float: 56.8%
- Treasury Stocks: 6.8%

Market Cap: €677 M

Number of shares:
- 245,380,430

Share price\(^{(1)}\):
- 2.76€

Listing place:
- Euronext Brussels
- EBR: ECONB
- ISIN: BE0974313455

Stock Indexes:
- Bel Mid and Family Business

\(^{(1)}\) 1 as of September 3rd 2019
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 generated from ongoing activities, under IFRS 16
- IFRS 16 impact on H1 2018 revenue
- Revenue generated by assets held for sale and discontinued operations
econocom