

*Unaudited data***Econocom has announced an estimated €126m in ROP¹ for 2019, net book debt² under control and stable revenue³**

- **Recurring operating profit from ongoing operations¹ estimated at €126m, versus €111m in 2018 on a like-for-like basis: a 13% growth rate**
- **Net book debt²: in line with that of end-2018, which was €252m**
- **Revenue 2019 from ongoing operations³: €2,927m, identical⁴ to that of 2018 and up⁴ 4.5% excluding TMF Italy**
- **Two sales completed: Jade in July and Rayonnance in December**

Business in 2019 in good shape

In 2019, the Econocom group made €2,927m in revenue from its ongoing operations³, which is identical⁴ to its revenue in 2018. Organic revenue was down slightly – by 0.8% – on the previous financial year. Restated with TMF Italy's fall in revenue, **growth⁴ reached 4.5% (3.7% of which was organic)**:

- Technology Management & Financing (TMF), having made €1,124m in revenue, posted a 10% drop⁴, mainly due to the slowdown of business at its Italian subsidiary, which represented €134m over the full year. Without this impact, TMF's revenue would have been up⁴ 0.6% thanks to the performance of other regions (mainly France, Belgium, Spain and the United Kingdom) and despite the voluntary €32m reduction in business at the group's internal refinancing entity Econocom Digital Finance Limited (EDFL).

- Digital Services and Solutions (DSS, made up of Products and Solutions and Services) made €1,802m in revenue, an increase⁴ of 7.4%, of which 6.2% was organic. This strong growth was driven by the distribution of products and solutions, revenue from which grew⁴ by over 10% (at €1,132m), with large-scale projects in IT equipment for secondary schools and major local public authorities, for example. At the same time, Econocom introduced services relating to its solutions at a faster pace, especially from its Verrières-le-Buisson site in the Paris region. Lastly, the group made the most of the high performance of its services entities, which posted revenue up⁴ 2.9% at €670m, mainly through digital technology.

In 2019, ongoing operations generated €161m in revenue. By streamlining its business activities, the group slightly widened its range of entities in the IFRS 5 scope of application over the fourth quarter by adding five small entities (unimportant ROP impact) whose accounts had to be closed.

Improvement in ROP

Econocom expects recurring operating profit from ongoing operations¹ to be at €126m for 2019, in line with its forecasts, despite the fall of around €17m in TMF Italy's contribution compared to 2018. To reach this level of profit, the group intensified its cost-cutting plan in the second semester, making gross savings of around €30m (compared to the €20m initially announced), which, when combined with the good shape of business throughout the year, led to a significant rise in ROP¹ in relation to 2018 (over 13%).

Net book debt² maintained at 2018 level

Net book debt (NBD)² at 31 December 2019 is expected to be at the same level as at end-2018. First, it reflects good operational cash-flow generation, payment received for the partial sale of the firm Rayonnance in December and the reduced needs of Econocom Digital Finance Limited (EDFL). Second, it reflects the year's outlays for acquiring minority

interests in the Satellites, repaying share premium and buying back treasury shares. In this way, cross-holding represented 9.56% of capital at 31 December 2019.

Partial sale of Rayonnance

After a fruitful six-year partnership with Rayonnance's founding directors, the Econocom group sold a majority stake in its satellite to Apax Partners Development, but it has remained present in the capital. This desire to continue on a path of success was also expressed in the signing of a sales and marketing partnership seeking to extend and intensify the competitive advantages developed in recent years between the leader of B2B mobile solutions and the Econocom group. In particular, Rayonnance will continue to be strongly rooted in the Econocom group's offers of financing and distribution of digital solutions.

Prospects

In 2020, Econocom will pursue the major strategic projects it has begun since the start of 2018 to streamline the group in the market's high added-value growth sectors. Several operations for selling and closing entities are currently underway. With the restructuring of Technology Management & Financing in synergy with tailored services and technological solutions, this historical business line should return to lasting growth. True to its tradition of innovation, Econocom will continue to develop offers that stand out so it can meet the many challenges of digital transformation and its clients.

The group will also stay focussed in 2020 on improving its operating margin as part of its cost-reduction plan aiming to reduce its gross outgoings in 2021 by €96.5m in relation to those of 2018. Profitability in 2020 should also be boosted by the favourable base effect of the Italian subsidiary's underperformance in 2019. The new ROP¹ guidance will be provided in the next publication of the 2019 results for the financial community on 11 March.

Lastly, debt control will remain a key pillar of the 2020 financial year, with special attention paid to the WCR of the different business lines.

After two financial years of major transition, the group is now confident in its capacity to reproduce a lasting, profitable path of growth in an environment that remains buoyant for players in digital transformation.

Next publication: 2019 annual results on 11 March 2020 after market close.

¹ Before amortisation of intangible assets from acquisitions and after restatement in line with IFRS 5 regarding discontinued operations.

² Considering debt brought about by application of IFRS 16 to lease contracts (real estate, vehicles, etc.) in which Econocom is the lessee.

³ After restatement in line with IFRS 5 regarding discontinued operations and statement of revenue from direct deliveries, excluding licences, now stated as principal, in line with IFRS 15.

⁴ Based on unchanging norms

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.

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www.econocom.com

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Investor and shareholder relations contact:

arthur.rozen@econocom.com

Press relations contact:

info@capvalue.fr

Tel. +33 (0)1 80 81 50 04