

Econocom announces 8.0% growth in revenue in 2018 (€2.85 billion) and good cash generation

Improvement in revenue in 2018

Econocom Group, a digital transformation specialist, posted 2018 full-year revenue of €2,846 million, an 8.0% increase, 2.7% of which was organic.

Revenue for the Technology Management & Financing (TMF) business reached €1,356 million, a slight drop of 1.6%, after a strong increase in the two previous years (9.5% organic growth a year). The basis of comparison was particularly high in the fourth quarter (up 28% in Q4 2017) and the group was selective, focusing on generating cash.

Revenue for Services rose by 15.5% to €1,042 million. The 5.4% organic growth was driven by integration, mobility, security and outsourcing services, along with strict cost control.

Revenue for Products & Solutions stood at €448 million, a 26.8% increase, 9.5% of which organically. The business reaped the rewards of its packaged solutions combining design, equipment procurement, services and, in some cases, financing.

2018 recurring operating profit

Recurring operating profit¹ stood at €115 million for 2018. As expected, profitability for the business lines significantly improved in the second half thanks to growth and good cost control.

Cash generation and net debt

The group's net financial debt amounted to around €250 million at 31st December 2018, less than at the end of 2017 (€279 million) and considerably lower than at the end of June 2018 (€395 million). The net debt to EBITDA ratio is 1.6x over 12 months.

The strong generation of operational cash, combined with reduced working capital requirements across the group more than offset the investments made in the captive, EDFL, the continuing M&A transactions and the shareholder return policy (repayment of share premiums and treasury share buy-backs).

¹ Before amortisation of intangible assets from acquisitions

2019 full-year guidance

The group aims to reach 2019 full-year recurring operating profit¹ of €128 million on a like-for-like basis.

In 2019, the new management team will be paying particular attention to generating cash and maintaining rigorous cost management.

Jean-Louis Bouchard, Chairman and CEO of Econocom, said: *“In the second half of 2018, particularly at the end of the year, the teams made remarkable efforts, which enabled us to exceed our net debt target by far and thus increase our financial and strategic leeway. Econocom is ready for a new growth phase in an ever-buoyant digital market.”*

Next publication: the 2018 full-year results will be published after the close of trading on 14th March 2019.

¹Before amortisation of intangible assets from acquisitions

ABOUT ECONOCOM

Econocom finances and accelerates companies' digital transformation. With more than 10,800 employees in 18 countries and revenue of €3 billion, Econocom has all the requisite abilities to ensure the successful implementation of large-scale digital projects: consulting, sourcing and technology management & financing of digital assets, infrastructure, application and business solution services, and project financing. Econocom has adopted European company status (*Societas Europaea*). The Econocom Group share has been listed on Euronext Brussels since 1986. It is part of the BEL Mid and Family Business indices.

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Investor and shareholder relations:

pierre.berardin@econocom.com

Press contact:

AnneSophie.Gentil@elaneldelman.com

Tel. + 33 6 32 92 24 94