

Econocom realises revenue growth of 14.8%, and exceeds its objective of Recurring Net Profit per share

2022 targets outperformed

- Revenue of €2,718 million, up¹ 14.8%, including 10.0% organic² growth
- Robust Recurring Operating Profit (ROP)³ of €139.4 million, up¹ 9.2%
- Recurring Net Profit⁴ increases¹ significantly to €95.5 million, or €0.53 per share

Organic growth supported by the acquisition of new customers

The Econocom Group generated revenue of €2,718 million in 2022, an increase² of 10.0% compared with 2021. At constant accounting standards, but without including the revenue of companies acquired in 2022 in the 2021 comparison base, total revenue growth¹ was 14.8%, showing the strong contribution from both organic growth and acquisitions.

Over the period, trends in continued activities were as follows:

- Products & Solutions (P&S) revenue totalled €1,238 million, up¹ 27.6%, with organic² growth of 15.5%. The Group outperformed a steadily growing digital asset distribution market. P&S delivered a ROP³ up¹ 8.9% at €49.0 million, or 4.0% of revenue.
- Technology Management & Financing (TMF) continued its growth path, with revenue of €989 million, up¹ 12.3% as reported and 10.2% on an organic² basis. The final quarter, traditionally a strong season, saw particularly dynamic growth of 12.7%. Taking advantage of favourable volumes, TMF grew¹ its ROP³ by 23.7% to €49.8 million, putting the margin (ROP/Revenue) at 5.0%.
- After declining over the first nine months, Services revenue recovered as expected in the fourth quarter, with growth² of 6.1% taking annual revenue to €492 million, virtually stable² (-1.9%) compared with 2021. At €40.6 million, the ROP³ was identical to the previous year², keeping the margin at a sound level of 8.3%.

Benefiting from the Group's overall growth and despite the increase in costs linked to higher component or transport prices, the Group's Recurring Operating Profit³ (ROP) was up¹ 9.2% at €139.4 million, compared with €127.7 million (restated¹) in 2021.

After taking into account other net operating expenses of €27.4 million, net financial expense of €14.5 million and tax expense of €22.7 million, the annual net profit from continuing operations was €72.6 million, compared to €69.5 million in 2021, up¹ 4.5%. After deducting the €7.3 million loss from discontinued operations, consolidated net profit was €65.3 million, down¹ €4.8 million. Note that Econocom sold certain non-strategic assets in 2021, generating one-off gains of approximately €7 million that were not repeated in 2022.

Recurring net profit⁴ increased¹ by 20.7% to €95.5 million, resulting in recurring earnings per share⁶ of €0.53, above the target of €0.50 set for 2022.

Free Cash-Flow increases to €71 million and Net Financial Debt (NFD)⁵ less than 1x EBITDA

In 2022, Econocom recorded a free cash flow of €71 million, an increase compared with 2021. The Group also returned €57 million to its shareholders and paid out €67 million in net cash for its acquisitions.

NFD⁵ was consequently €143 million at 31 December 2022, vs €67 million a year earlier, which represents 31% of shareholders equity or 0.9 times EBITDA for the year. NFD should be seen against the 44 million treasury shares held (€124 million based on the average closing share price over the last 20 days).

Operating debt, i.e. NFD⁵ less expected future receipts from own-booked TMF contracts (at €284 million at the end of 2022 compared with €208 million at the end of 2021), shows a cash surplus of €140 million at the end of 2022.

Shareholder remuneration

The Board of Directors will propose at the next General Meeting to repay shareholders €0.16 per share from the share premium, up 14.3% vs 2022. Based on the average closing share price over the last 20 days, this represents a yield of 5.7%.

Total planned pay-outs in July 2023 would accordingly amount to €28.6 million, or 43.8% of the 2022 net profit, compared to €24.9 million for the prior year.

2023 outlook

Econocom Group targets a 5% revenue growth in 2023, as well as an increase of its consolidated net profit.

In addition, the Group has started developing its 2024-2028 Strategic Plan with the aim of reaching revenues of €5 billion by the end of the Plan. In that respect, the Group has strengthened the operational management of its activities; this is reflected in particular by the appointment to the COMEX of three cross-business directors whose mission is to accelerate business synergies. The 2024-2028 Strategic Plan will be presented to the market in the third quarter of 2023.

Information meeting on the full-year 2022 results on 16 February

¹ For continuing operations, at constant accounting standards

² For continuing operations, at constant scope and accounting standards, including organic growth of acquired companies

³ Going forward, the term "operating profit" will replace the term "recurring operating profit".

⁴ Recurring net profit has been the performance indicator used by Econocom to best assess its economic and financial performance. It does not include amortisation of intangible assets from acquisitions, net of tax effects; other operating income and other expenses, net of tax effects; other financial income and other expense, net of tax effects; profit from discontinued operations. Going forward, this indicator will be referred to as "adjusted net profit".

⁵ NFD: Net financial debt including current and non-current financial debt excluding debt resulting from the application of IFRS 16 to leases (premises, vehicles, etc.) for which Econocom is lessee.

ABOUT ECONOCOM

Econocom is a digital general contractor (DGC). The group conceives, finances and facilitates the digital transformation of large firms and public organisations. It has 49 years' experience and is the only market player offering versatile expertise through a combination of project financing, equipment distribution and digital services. The group operates in 16 countries, with over 8,750 employees. It made €2,718m in revenue in 2022. Econocom is listed on Euronext in Brussels, on the BEL Mid and Family Business indexes.

FOR MORE INFORMATION

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INCOME STATEMENT

(€M)	2021 restated	2022
Revenue	2,366.9	2,718.3
Recurring operating profit (operating margin)	127.7	139.4
Amortisation of intangible assets from acquisitions	-2.0	-2.2
Other operating income	7,2	0.1
Other operating expenses	-23,6	-27.5
Profit (loss) from operating activities	109.2	109.8
Net finance income	3.5	0.5
Other financial expenses	-13.4	-15.0
Profit (loss) before tax	99.3	95.3
Income tax expense	-29.7	-22.7
Profit from continuing operations	69.5	72.6
Net profit from discontinued activities, associates and joint ventures	0.6	-7.3
Profit for the period	70.2	65.3
Recurring net profit (adjusted net profit)	79.1	95.5

BALANCE SHEET

(€m) ASSETS	31.12.2021 Restated	31.12.2022
Goodwill	495	554
Other non-current assets	216	212
Residual interest in leased assets	171	165
Trade and other receivables	796	879
Other current assets	185	181
Cash and cash equivalents	406	405
Assets held for sale	69	106
TOTAL ASSETS	2,339	2,502
(€m) EQUITY & LIABILITIES	31.12.2021 Restated	31.12.2022
Equity attributable to owners of the parent	381	390
Non-controlling interests	58	67
EQUITY	439	457
Bonds	252	360
Financial liabilities	221	188
Gross liability for purchases of leased assets	98	103
Provisions	68	59
Trade and other payables	882	932
Other liabilities	348	346
Liabilities held for sale	31	57
TOTAL EQUITY AND LIABILITIES	2,339	2,502

Appendix: Reconciliation between financial data at the end of 2021 as reported in the 2021 annual report and data contained in the 2022 annual report.

“2021 as reported” corresponds to revenue and ROP as presented in the 2021 annual report.

“2021 restated” corresponds to revenue and ROP at the end of 2021 as presented in the 2022 annual report, and takes into account changes in discontinued operations as per IFRS 5 and changes in accounting presentation and corrections for comparability purposes. It serves as the basis for calculating growth rates at constant standards.

“2021 pro forma” corresponds to restated revenue and ROP at the end of 2021 adjusted for the effects of exchange rates and changes in the scope of consolidation (acquisitions and disposals). It serves as the basis for calculating growth rates at constant standards and scope.

Revenue (€m)	Group total	TMF	P&S	Services
2021 as reported	2,505	921	1,067	516
Deconsolidation of discontinued activities and changes in accounting presentations	-138	-40	-98	-
2021 restated	2,367	881	970	516
Forex impact	4	2	1	
Change in consolidation scope (acquisitions)	114	14	100	
Change in consolidation scope (disposals)	-15			-15
2021 pro forma	2,470	897	1,071	501
ROP³ (€m)	Group total	TMF	P&S	Services
2021 as reported	135.7	39.8	53.5	42.5
Deconsolidation of discontinued activities and changes in accounting presentations	-8.0	0.5	-8.4	-0.1
2021 restated	127.7	40.2	45.0	42.4
Forex impact	0.6	0.1	0.5	
Change in consolidation scope (acquisitions)	4.0	0.7	3.3	
Change in consolidation scope (disposals)	-1.7			-1.7
2021 pro forma	130.6	41.0	48.8	40.7