

2019 **half-year results**

econocom

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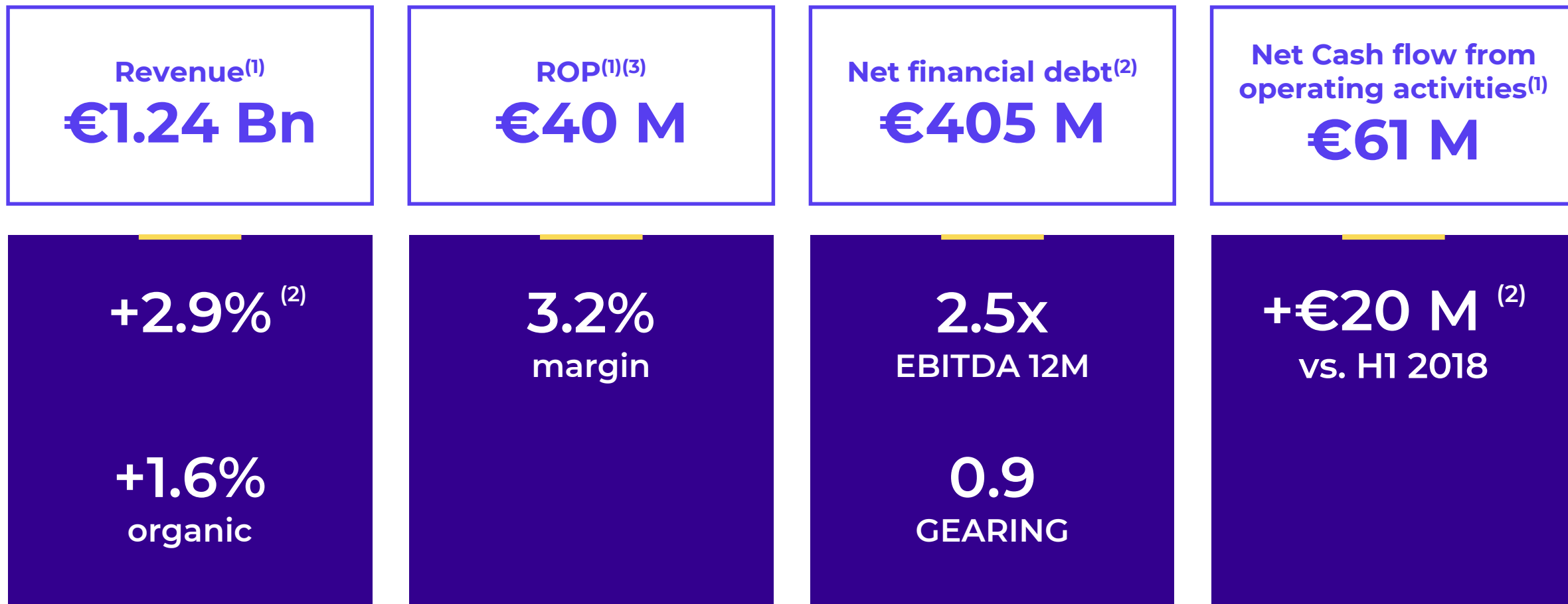
HY 2019 financial results



ANGEL BENGUIGUI

Group Finance Director

Key figures



(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

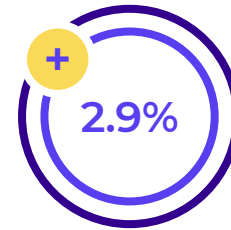
(2) At constant standards

(3) Before amortization of intangible assets from acquisitions

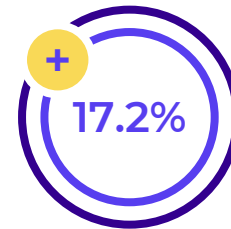
Moderate growth in Group revenue

Improved profitability

Revenue from ongoing operations⁽¹⁾⁽³⁾



Recurring operating profit⁽¹⁾⁽²⁾



Modest **organic growth**
+1.6%

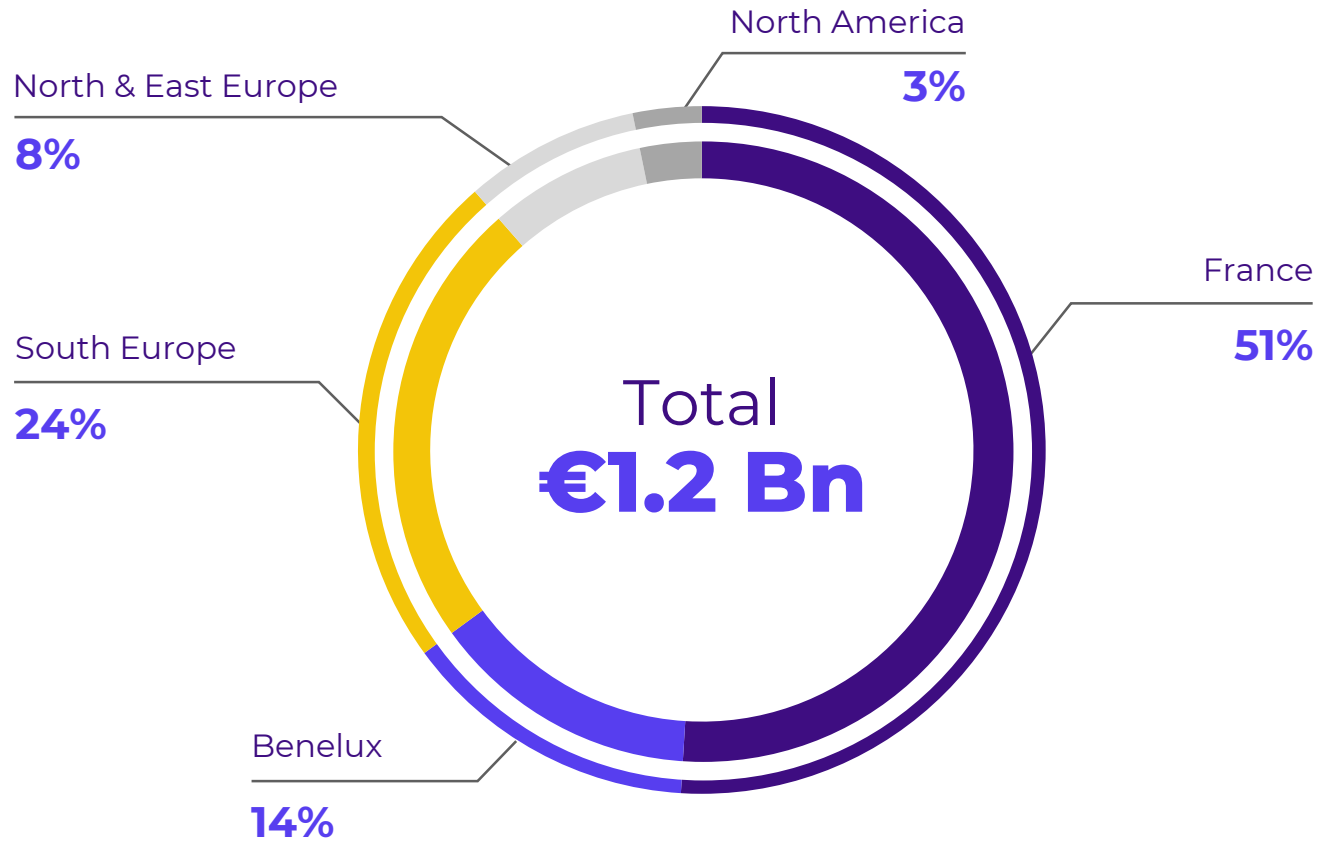
Margin of **3.2%** on revenue from ongoing operations.
ROP up 17.2% vs. H1 2018

Company strategy **refocused on historical business, Technology Management & Financing** as well as on activities of Digital Services and Solutions in synergy with TMF

(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⁾ (%)



Stronghold and scale
in France (+8%)
and Benelux (+7%)

Solid performance in South Europe (+4%) despite embezzlement discovered in Italy end of June

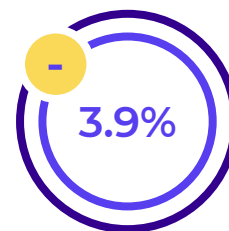
(1) From ongoing operations after restatement in line with IFRS 5 regarding assets held for sale and discontinued operations

Focus on Italy

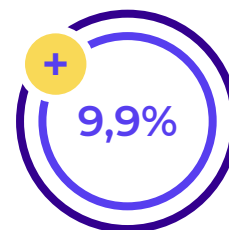
- The Group learned at the end of June 2019 that its Italian subsidiary had been the victim of embezzlement between 2012 and 2018.
- It represents an aggregate amount of suspicious billings already booked by Econocom Italy estimated by the Italian Authorities at €18.6 M.
- The indirect impact in business 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⁾



Recurring operating profit⁽¹⁾⁽²⁾



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

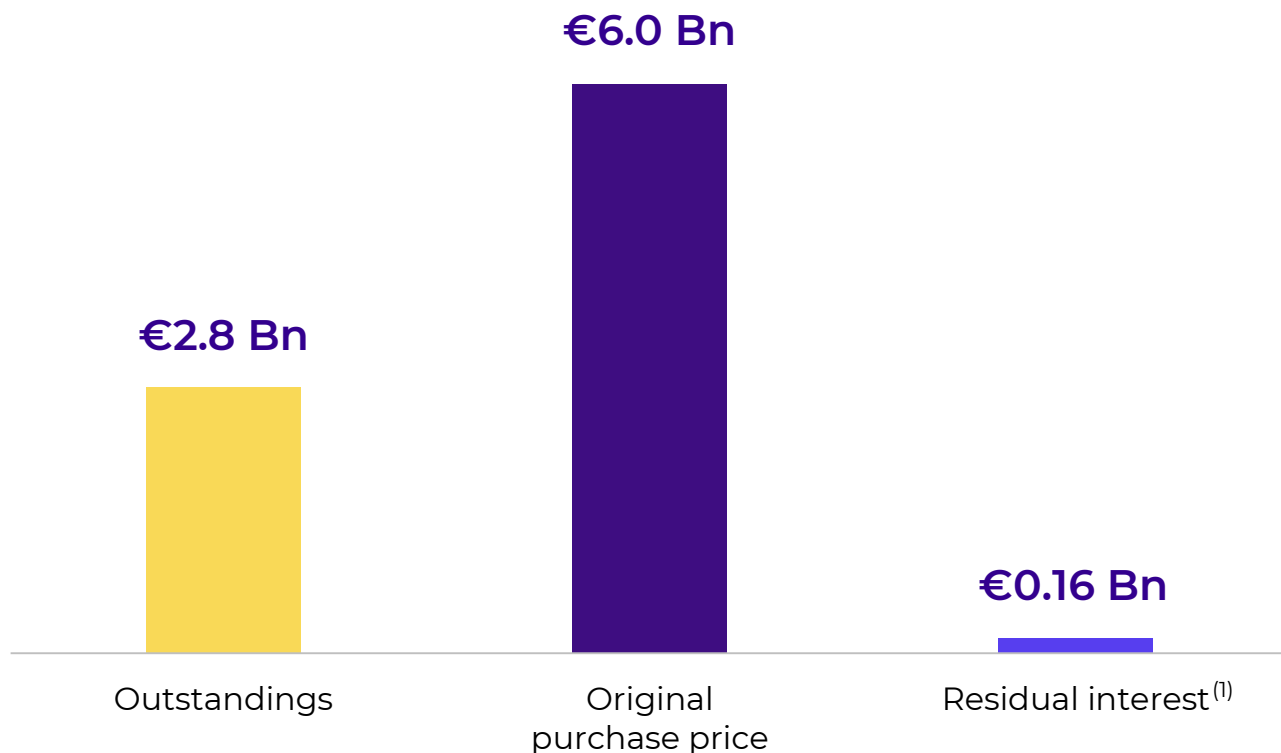
(1) From ongoing operations after restatement according to IFRS 5 regarding assets held for sale and discontinued operations

(2) Before amortization of intangible assets from acquisitions

(3) Including IFRS 16 impact on 2018 Revenue

Technology Management & Financing

Contract portfolio



Stability of portfolio
at original purchasing price
(flat)

Residual interest⁽¹⁾

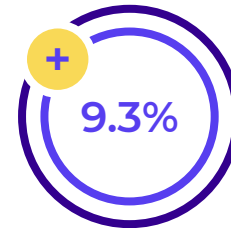
2.7% of the Original
Purchase Price

>2x covered by remarketing
of assets and contract
extensions

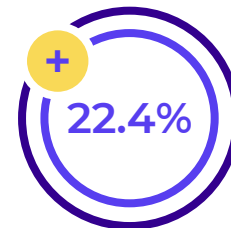
(1) Estimated value of assets at the expiry of the lease contract

Digital Services & Solutions at a glance

Revenue from ongoing operations⁽¹⁾



Recurring operating profit⁽¹⁾⁽²⁾



Continuing sustained growth

Major regions contributed to the dynamism of the activity

ROP boosted by:

- Growth in revenue
- Dynamism in France

(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

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

Net non-recurring expenses of €13.7 M notably as a result of restructuring costs (€9.9 M)

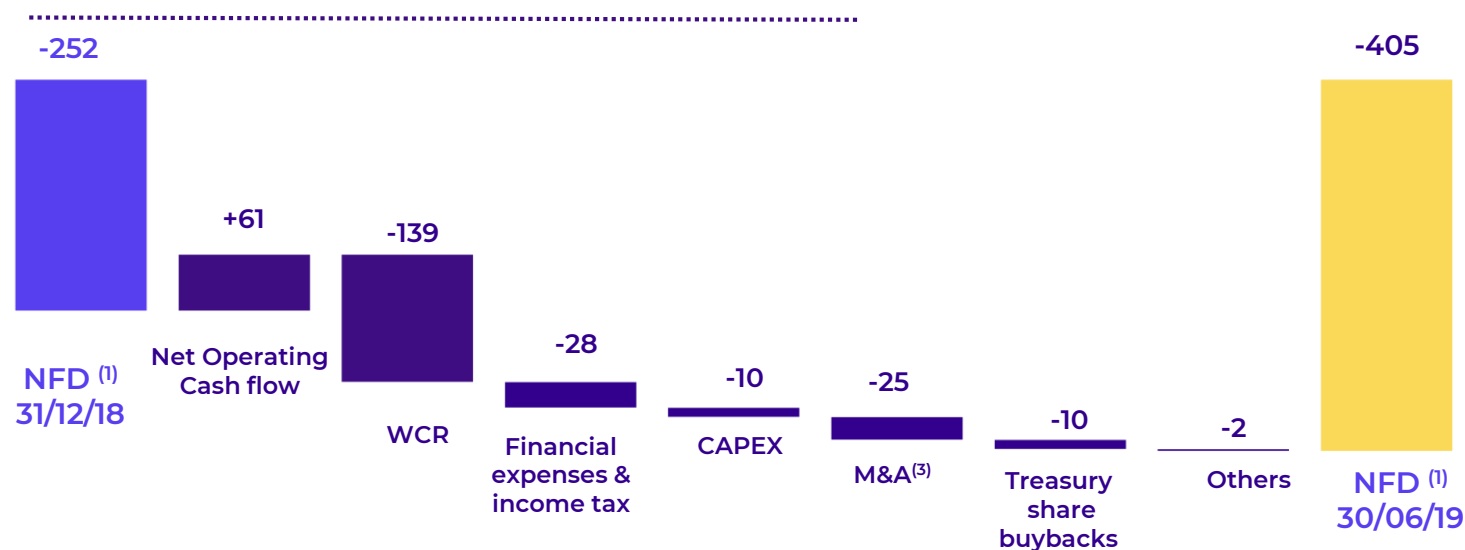
Limited and flat impact of result from assets held for sale and discontinued operations for **€3.8M**

(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

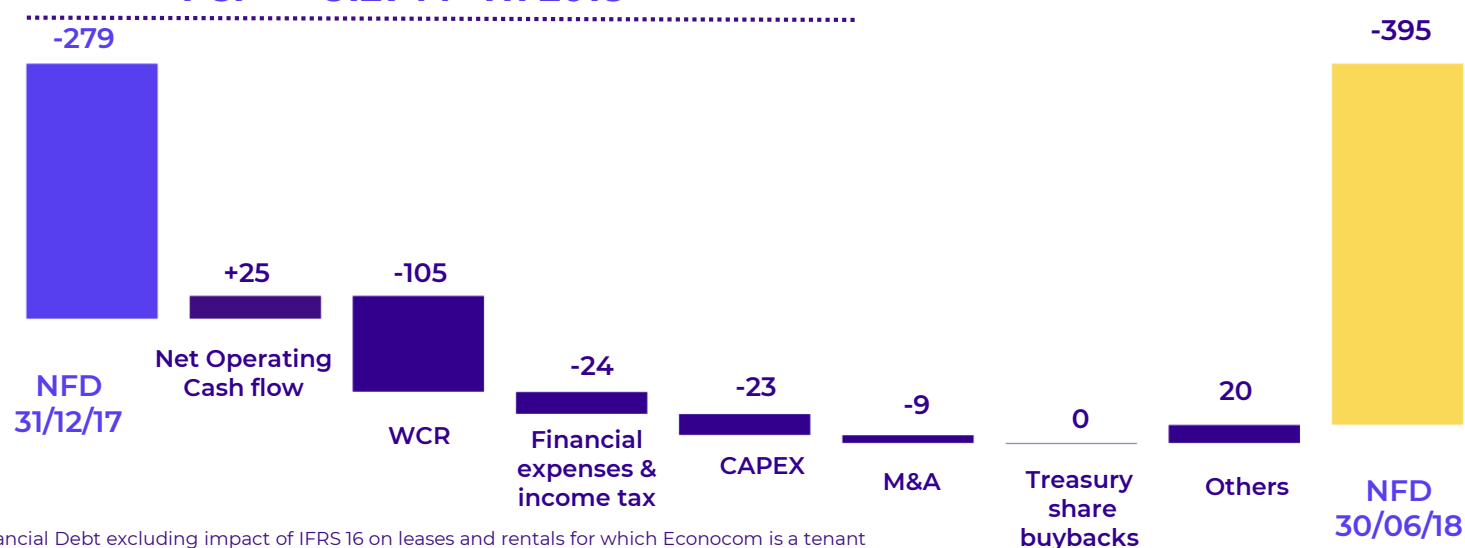
FCF generation

In €M

FCF = -€116 M H1 2019



FCF = -€127 M H1 2018



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)

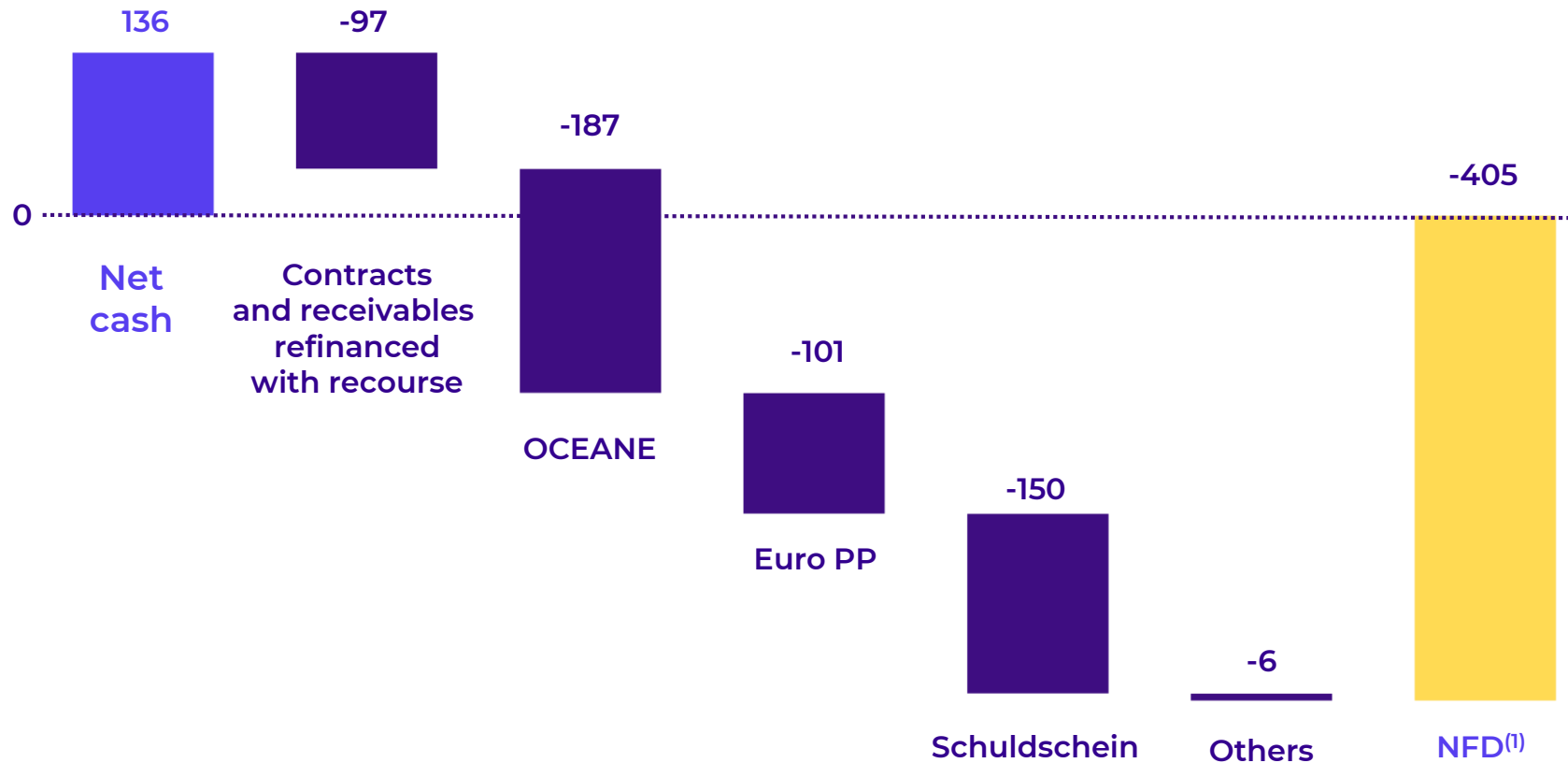
Shareholder return

- **€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



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

Simplified consolidated balance sheet

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

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

(1) After application of IFRS 5 and IFRS 16

02

Message from Chairman & CEO



JEAN-LOUIS BOUCHARD

Chairman & CEO

03

Outlook



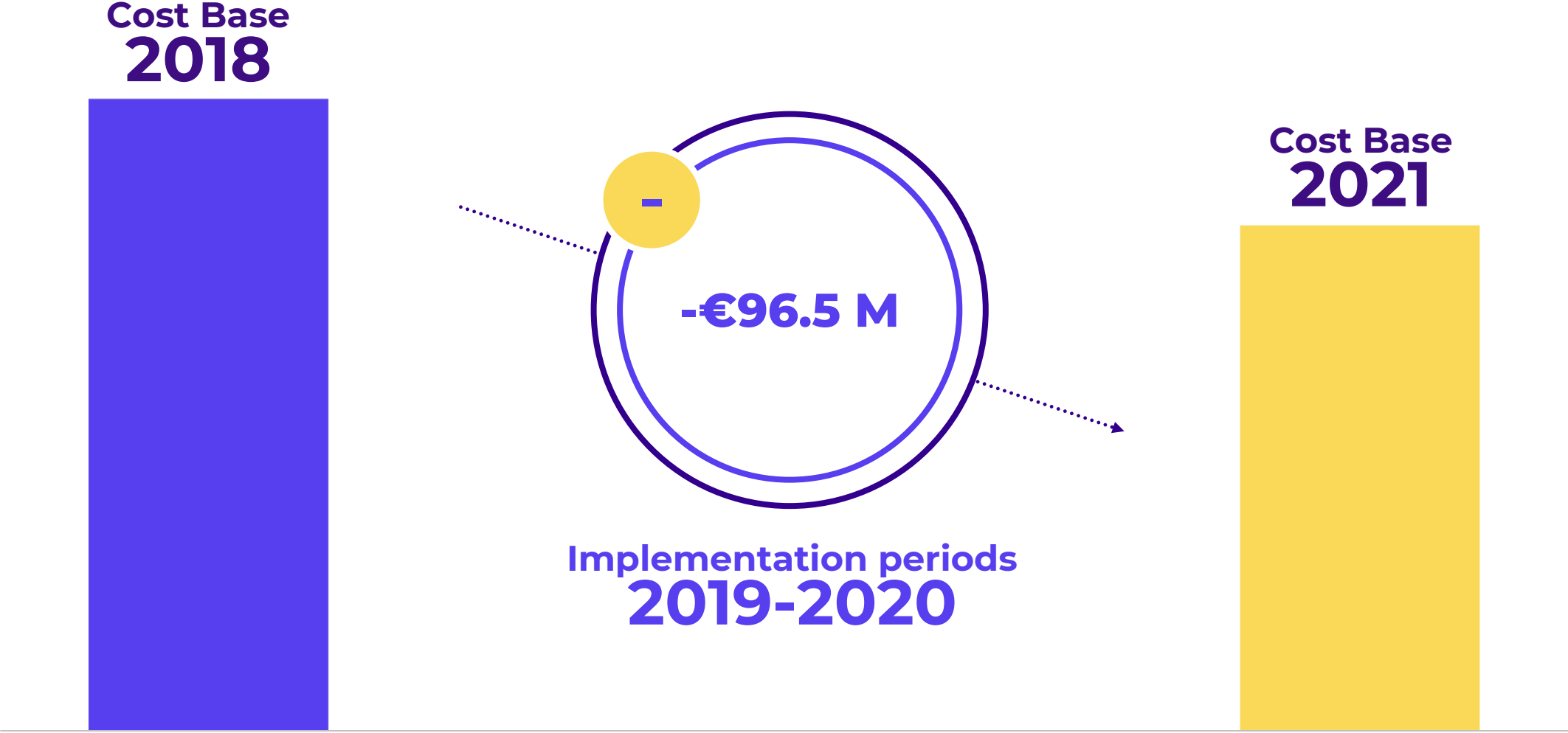
JULIE VERLINGUE

Deputy CEO

Transformation plan is under way

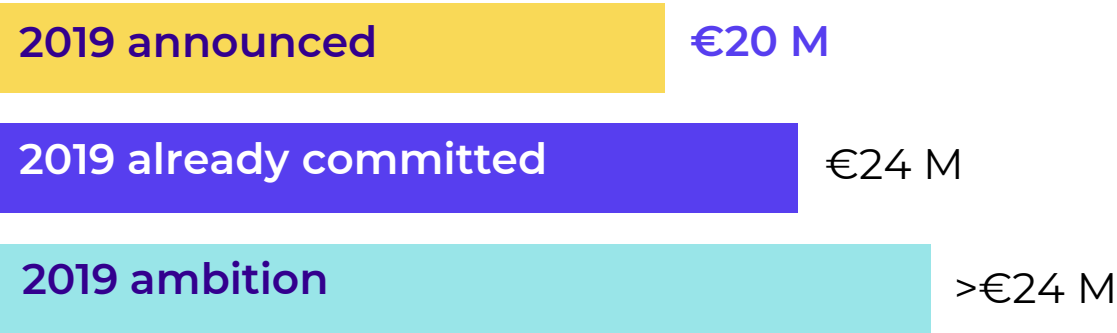


Cost reduction program: Magnitude and Timeline



Cost reduction plan

2019 on track



September 2019 : global cost freeze

2020 “Zero Based Budget” approach

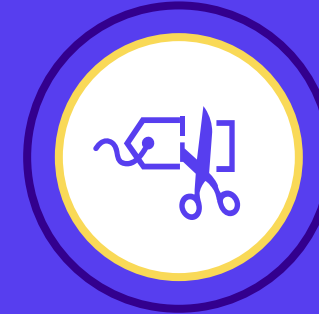
Plan announced with top and mid-management onboarded

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



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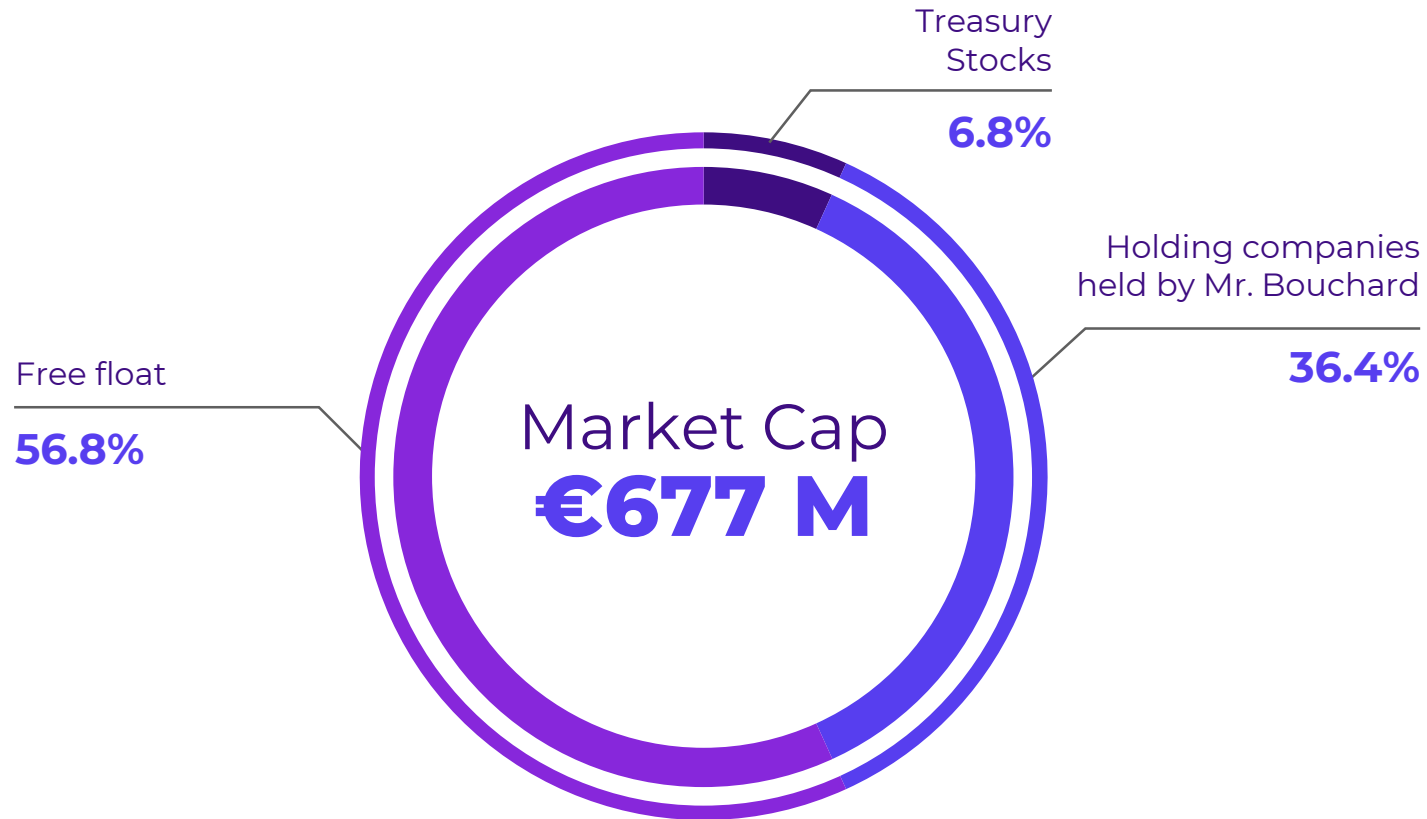


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Appendix

Stock Exchange

Equity table



Number of shares:

- **245,380,430**

Share price⁽¹⁾:

- **2.76€**

Listing place:

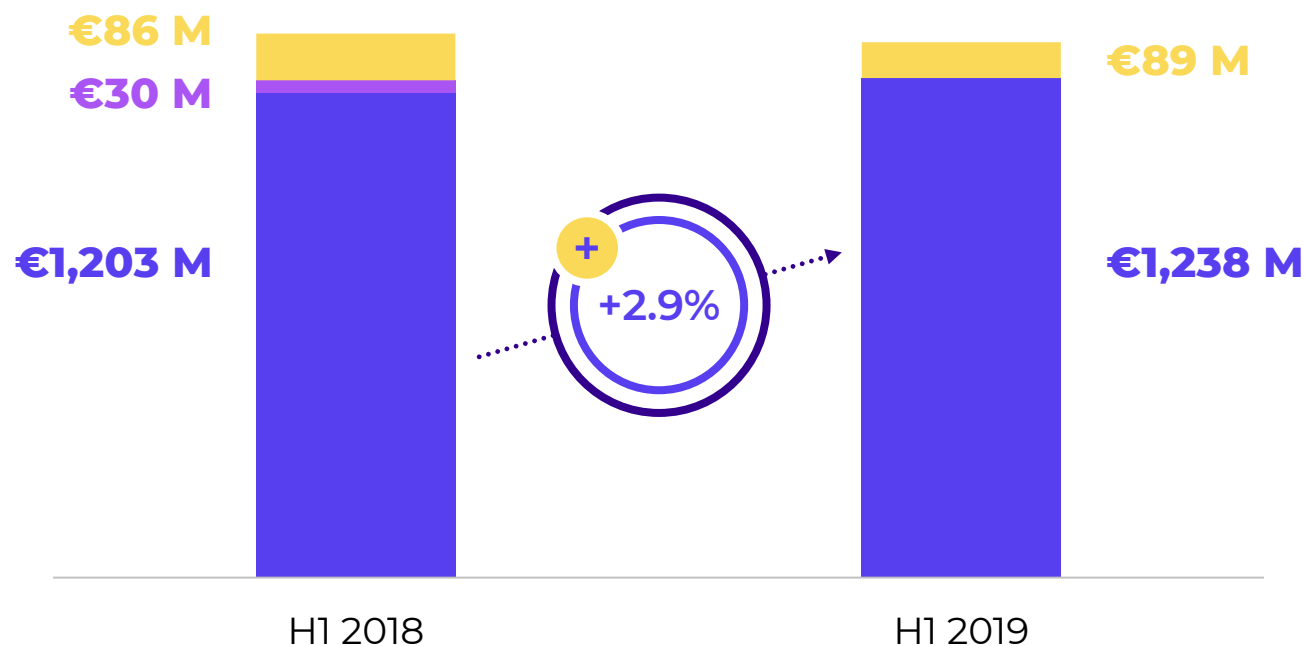
- **Euronext Brussels**
- **EBR: ECONB**
- **ISIN: BE0974313455**

Stock Indexes:

- **Bel Mid and Family Business**

(1) 1 as of September 3rd 2019

Revenue bridge



- 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

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.

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