

econocom

Analyst and Investor presentation

28 July 2022

Welcome



The speakers



**Jean-Louis
BOUCHARD**
Chairman



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AGENDA

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H1 2022 results
and financial position

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H1 2022
highlights

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01

Introduction

Executive summary



Return to
**organic
growth**



Continuation
of **M&A
activity**



Maintenance of
**profitability
level**

Executive summary

Revenue

€1,240 M

ROP⁽²⁾

€59 M

Net Result

€34 M

NFD⁽⁴⁾

€272 M

+9.0%⁽¹⁾

4.7%
of revenue

+10.8%⁽³⁾

1,5x
EBITDA 12 month

**Increase in
revenue**

**Maintenance
of profitability
level**

**Growth
in net result**

**Net debt
under control**

(1) At constant standards and scope for continued activities (calculated from H1 2021 pro forma)

(2) Before amortization of intangible assets from acquisitions

(3) At constant standards for continued activities

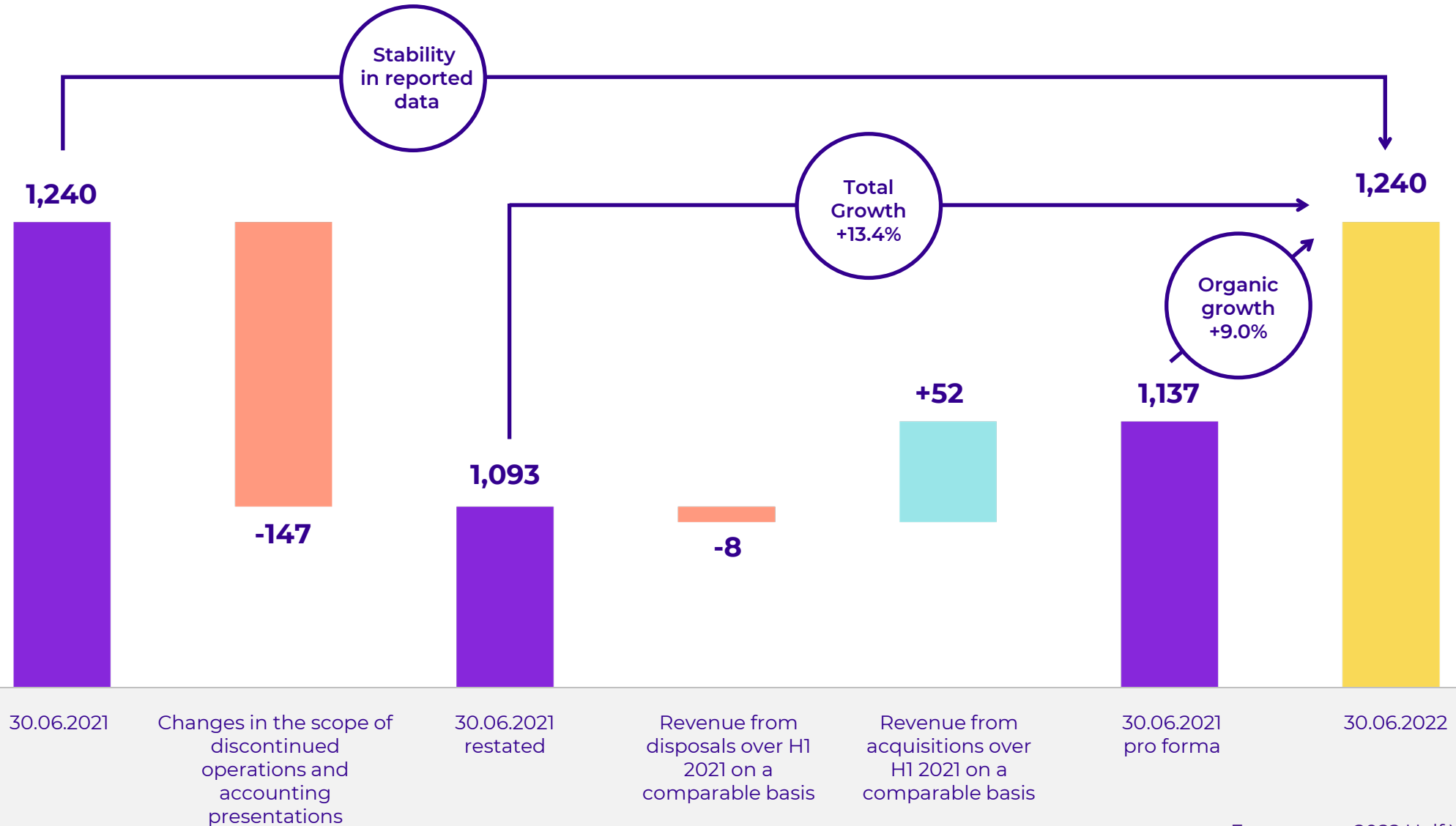
(4) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

02

H1 2022 results and financial position

Bridge H1 2021 / H1 2022 Revenue variation

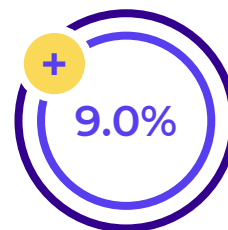
in € M



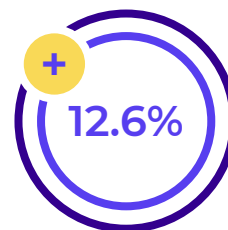
Growth in revenue and ROP

Maintenance of profitability level

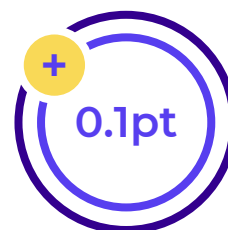
Revenue⁽¹⁾



ROP⁽¹⁾⁽²⁾



Profitability rate⁽¹⁾⁽²⁾



Organic revenue growth⁽¹⁾ of 9.0% driven by Products & Solutions and TMF despite a still challenging environment

ROP⁽²⁾ up to €58.8 M (+12.6%) with contribution of all businesses (TMF, Services and P&S)

Profitability rate maintained at 4.7% (+0.1 pt)

(1) At constant standards and scope for continued activities
(2) Before amortization of intangible assets from acquisitions

Solid positions in target zones in Europe

Revenue H1 2022 in € M and % of total

France

€643 M
52%

Southern Europe

€279 M
23%

Benelux

€165 M
13%

Northern & Eastern Europe

€140 M
11%

Americas

€12 M
1%



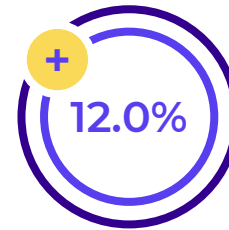
Econocom, Europe's first Digital General Contractor

Organic growth driven by the most important regions (France and Southern Europe)

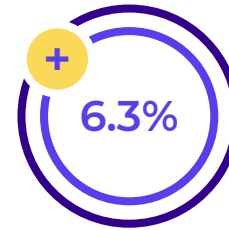
Balance maintained between France and the rest of Europe

Products & Solutions: Growth in revenue

Revenue⁽¹⁾



ROP⁽¹⁾⁽²⁾



Profitability rate⁽¹⁾⁽²⁾



Revenue growth⁽¹⁾ of 12.0% driven by:

- **high level of order bookings**
- positive contribution **from all regions**

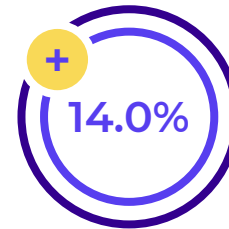
despite persistent **sourcing difficulties**

ROP⁽²⁾ up 6.3% benefiting from volume effect

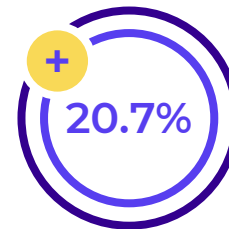
(1) At constant standards and scope for continued activities
(2) Before amortization of intangible assets from acquisitions

Technology Management & Financing: Overall performance on the rise

Revenue⁽¹⁾



ROP⁽¹⁾⁽²⁾



Profitability rate⁽¹⁾⁽²⁾



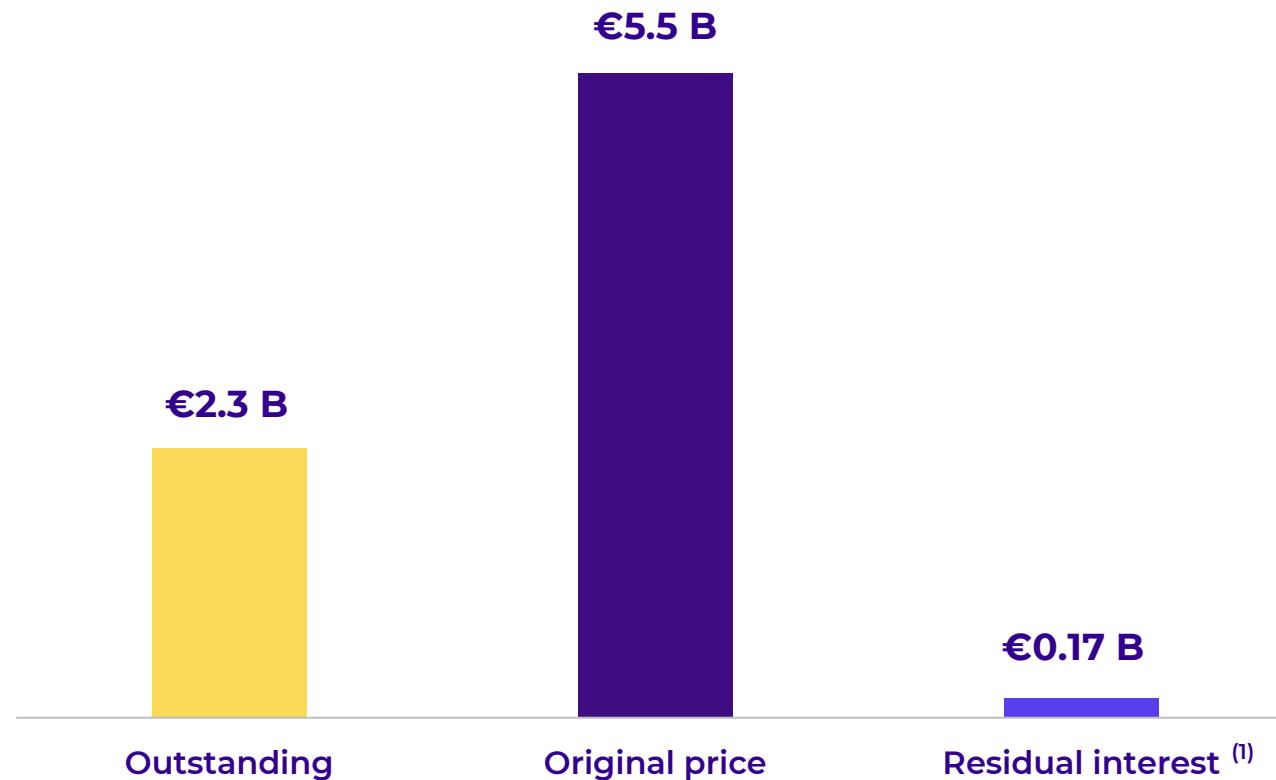
Revenue up⁽¹⁾ 14.0% benefiting notably from the first effects of **sales force strengthening**

Continued improvement in TMF's ROP⁽²⁾ to €21.6 M resulting in a **profitability of 4.3% (+0.2 pt.)**

(1) At constant standards and scope for continued activities
(2) Before amortization of intangible assets from acquisitions

Increase in the number of leased assets

Total contracts in portfolio at the end of H1 2022



Increase in the leased portfolio
based on the original price
(+€105 M) vs. 12/31/2021

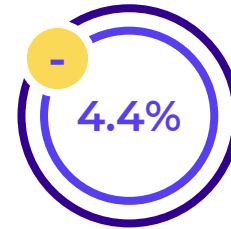
Residual interest⁽¹⁾

- **€0.17 B** residual interest
- **3.1%** of original price
- **>2x** covered by the market value of assets and contract extensions

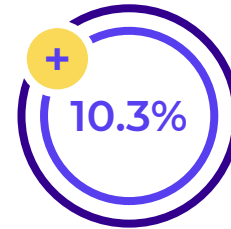
(1) Estimated value of assets at the end of the lease

Services: Continued increase in profitability

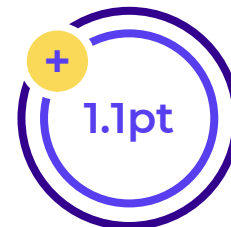
Revenue⁽¹⁾



ROP⁽¹⁾⁽²⁾



Profitability rate⁽¹⁾⁽²⁾



Contrasted activity linked to:

- Econocom's willingness to **discontinue unprofitable contracts**
- **delay** in implementing new contracts signed at the end of 2021
- **Apps, Cloud & Data** dynamics **(+6%)**

Profitability up⁽¹⁾ 1.1 pt. to 8.2%, driven by the **discontinuation of loss-making activities** and the introduction of **new integrated and more profitable offerings**

(1) At constant standards and scope for continued activities
(2) Before amortization of intangible assets from acquisitions

Simplified income statement H1 2022 vs. H1 2021 restated

(En € M)	S1 2022	S1 2021 ⁽¹⁾	
Revenue	1,239.5	1,092.6	+13.4%
Recurring operating profit⁽²⁾	58.8	52.3	+12.6%
Recurring operating profit	57.8	51.3	
Non-recurring operating incomes and expenses	-10.2	-7.5	
Operating profit	47.7	43.7	
Cost of financial debt	-3.0	-3.7	
Other financial incomes and expenses	-2.8	-2.0	
Profit before tax	41.9	38.0	
Income tax	-6.4	-13.2	
Net profit from continued operations	35.5	24.8	+43.1%
Result from discontinued operations	-1.9	5.5	
Net profit	33.6	30.3	+10.8%

Revenue up 13.4% vs. H1 2021 restated

Increase in non-recurring operating expenses due to early departures in H1 2022

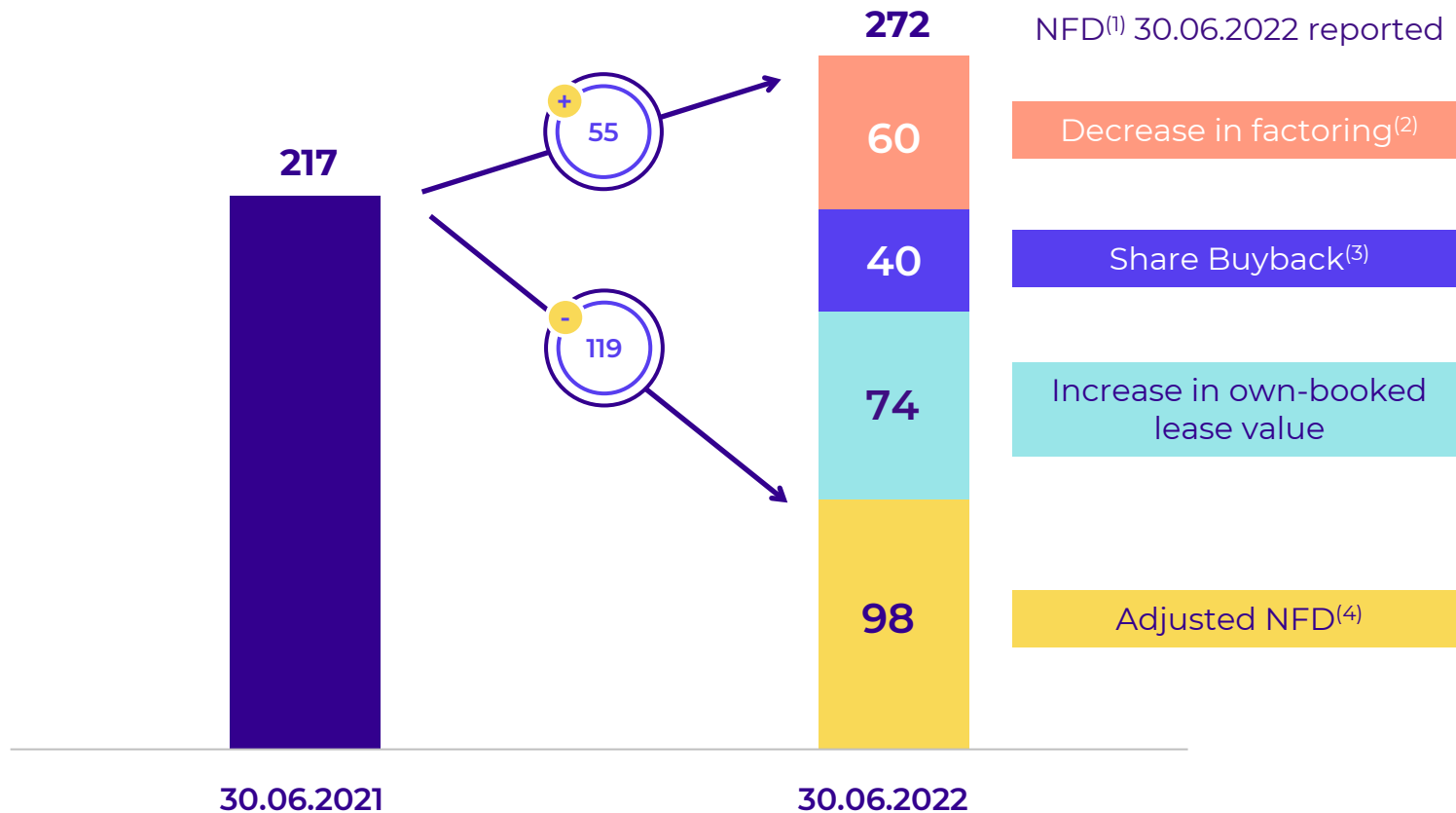
Decrease in tax expense due to lower effective tax rate and results not subject to income tax

Consolidated net income up 10.8% despite the adverse effect of net income from discontinued operations between H1 2021 and H1 2022

(1) H1 2021 restated for changes in the scope of discontinued operations and changes in accounting presentation
 (2) Before amortization of intangible assets from acquisitions

Net Financial Debt under control

NFD⁽¹⁾ variation (in € M)



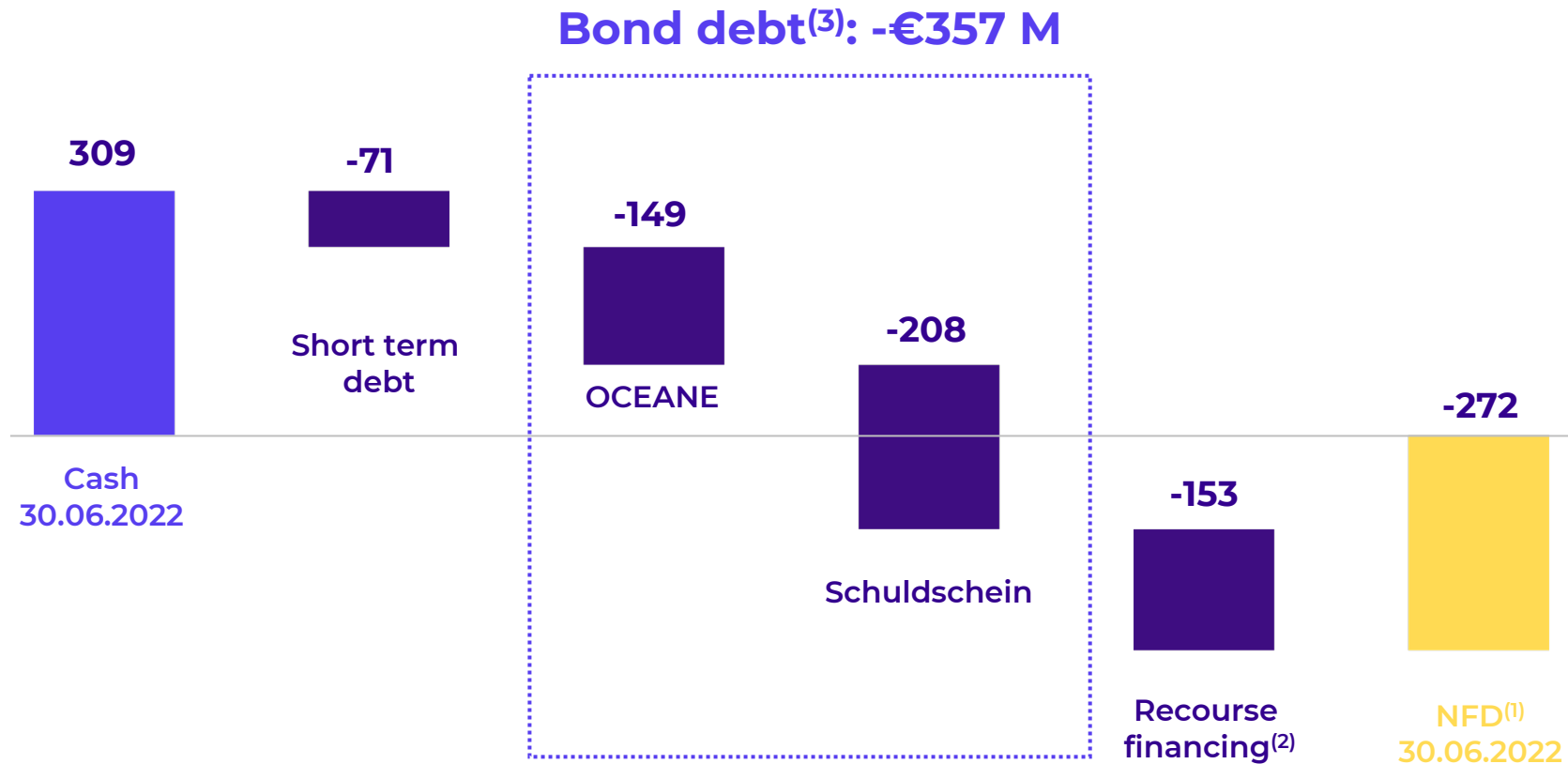
NFD under control at €272 M adjusted to **€98 M** taking into account share buyback, increase in own-booked lease value and reduction in factoring over the last 12 months

Indebtedness delivering a **leverage ratio under control** at **1.5x** EBITDA 12M and a **gearing ratio** at **65%**

(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant
 (2) Total decrease in factoring, with recourse
 (3) Amount of share buyback since 1 July 2021
 (4) Excluding share buyback, increase in own-booked lease value and decrease in factoring

Extending the maturity of debts

In € M



Securing the announced rise in interest rates with the issuance in May 2022 of a new **Schulschein** of up to **€200 M** with a maturity of up to **7 years** and an overall rate of **2%** pre-fixed from mid-February

(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant
 (2) Includes non-deconsolidating financing of TMF activities and the non-deconsolidating portion of factoring and reverse factoring
 (3) Maturity date of OCEANE: March 2023 – Average maturity of Schulschein: 4.5 years

03

H1 2022 highlights

03.1

Development of offerings

Deployment plan to all countries of the group of the certifications necessary for P&S growth

EUROPEAN PARTNERSHIPS

Lenovo

Platinum Plus



Titanium status

COUNTRY CERTIFICATIONS



10 GOLD certifications
In France



Authorised Enterprise Reseller
Authorised Education Specialist
Authorised Service Centre
In France and Belgium



Partner for Education
Cloud Partner
In France

Successful renewal of Lenovo and Apple partnerships in H1 2022

A strategy based on Sustainable Digital



Product Care, Econocom's dedicated offer to extend the life of product

Visit of the Product Care pilot site in Velizy by the **French Minister in charge of Digital Transition and Telecommunications Mr. Jean-Noël Barrot**



Asserting strong positioning in the Sustainable Digital field with SOFI Group



a key player in the **refurbished smartphone market in France**



Business model
100% Made in France



A nationally recognised brand

A strategic acquisition

- **Becoming a benchmark** in the volume rental of refurbished digital equipment for key accounts
- **Access a** new, fast-growing and profitable **B2C market**
- **Bringing the entire TMF value chain in-house**, including the refurbishment of financed assets (smartphones and IT) by calling on SOFI Group's industrial capacities



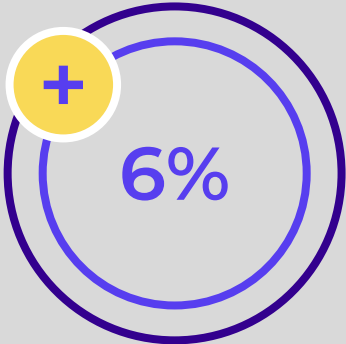
Revenue X3
over the last 4 years

14%
weight of R&D

110
employees

3,300 sqm
of industrial capacity

Apps, Cloud & Data: launch of the new communication platform



Growth of the Apps, Cloud & Data business in H1 2022

Graphic redesign of all external communication tools to support growth



Intensifying development in the Audiovisual vertical with LYDIS



Leading distributor in the Benelux in the **VoIP (Telco)** and **videoconferencing markets**

- Platinum distributor of Yealink for 8 years (in the top 5 worldwide)
- Partner of 2N Telekomunikace, Spectralink Europe, Akuvox (Xiamen) Networks Co, Patton

Synergies with existing Econocom entities in the Benelux but also in the other countries of the group

Growing market segment driven by hybrid work and flex office collaboration solutions



€25 M
2021 revenue

>10%
EBIT

43
employees

+7.3%
estimated market
CAGR 21-25

03.2

Business
development

Signature of financing contracts on promising new digital assets



FRANCE



- For automotive supplier Novares, **financing and lease-back of new industrial machinery** for the French and Czech plants



GERMANY

- **Long-term lease financing of company electric bicycles** for employees of German Länders
- **End-user service** including an insurance offer



€14 M

in revenue in 2022

€33 M

in target revenue over the next 4 years

15%

of staff equipped
i.e. **13,000 employees**

Successes rewarding the innovative approach of Services in the workplace

AGIL'IT PROJECT



- **Econocom won the continuation of the Prior'IT contract with a significant extension of the scope** and the objective of supporting the industrial transformation of the EDF Group by providing reliable, user-oriented services to all the group's subsidiaries

INNOVATION AWARD

THALES

- **Econocom won the 2022 Thales Group Best Supplier Award in the Innovation category** for supporting the Group's transformation on its delivery and support models



€81.3 M

in revenue over the agreed term

48

months minimum

100,000

workstations

1,200

Thales Group suppliers competing

3

prizes awarded:
performance, delivery,
innovation

Pooling of the P&S and Services sales forces to increase synergies



In addition to the joint commercial initiatives between P&S and TMF, implementation of a reinforced collaboration between P&S and Services:

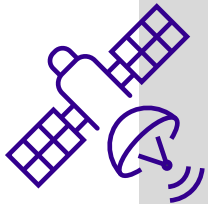
- Agreement based on **reciprocal business contribution with incentives for sales staff**
- **Expansion of the addressable customer base** for both businesses
- **Alignment of sales force objectives**

First pilot implemented in H1 2022 in France



Developing commercial synergies with TRAMS

trams | econocom



Consolidation of the Trams and Econocom UK teams in the same offices

Reciprocal contribution of business and synergies aligned with the specificities of each sector

- Key contracts signed by Trams with Econocom customers in the legal and fashion sectors
- Financing contracts signed by Econocom with Trams customers in the education, media, energy and public sectors



€42 M

H1 2022 revenue

+40%

Revenue growth

ROP x2

Strengthening of market share in Spain through the acquisition of SEMIC



Carbon neutral company since 2021

Provider of comprehensive IT solutions and services with a “One Digital Company” DNA

Perfect fit across industry verticals, technologies and partnerships



€78 M
2021 revenue

>40 years'
experience

10
sites

>130
points of service

04 Outlook

Outlook



**Organic revenue
growth
confirmed
at 5%⁽¹⁾**



**Recurring
Earnings per
share
of €0.50**



**Strengthening
human
capital**

(1) For continuing operations, at constant scope and accounting standards

Q&A

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Appendices

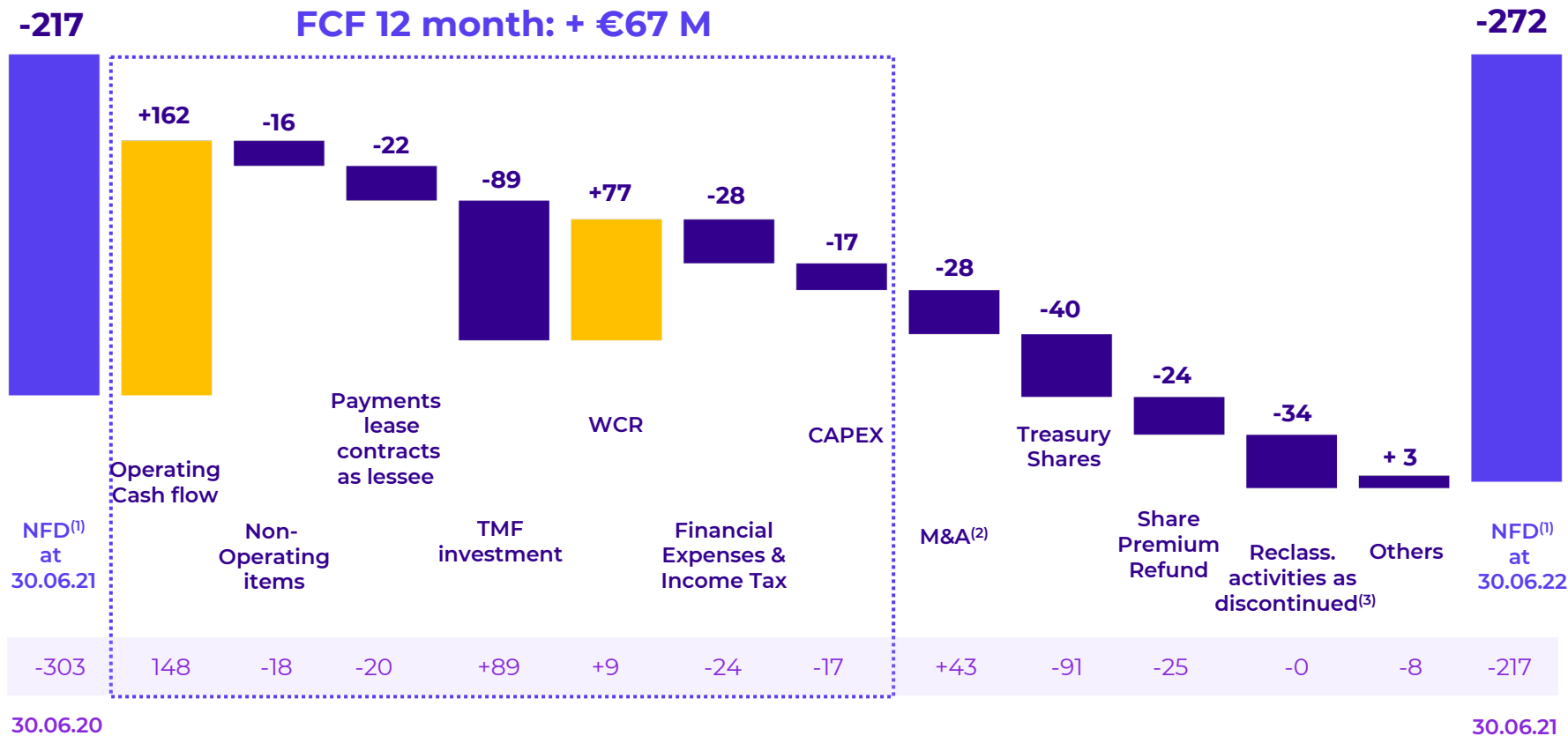
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Simplified balance sheet

ASSETS (€ M)	30.06.2022	31.12.2021
Goodwill	506	495
Other non-current assets	202	216
Assets related to leasing activities	454	379
Residual interest in leased assets	172	171
Net receivables from own-booked TMF contracts	282	208
Other trade and other receivables	577	588
Other current assets	171	185
Assets held for sale	167	69
TOTAL	2,077	1,933

EQUITY & LIABILITIES (€ M)	30.06.2022	31.12.2021
Equity	420	439
Net financial debt	272	67
Commitments on residual value	99	98
Other non-current liabilities	202	165
Trade payables	819	882
Other current liabilities	201	251
Liabilities related to assets held for sale	64	31
TOTAL	2,077	1,933

NFD under control



Reduction in WCR
offset by TMF investment

-€28 M M&A impacts
with less disposals and
more acquisitions

**NFD as of 30/06/2022 at
€272 M (up €55 M)**
including **€40 M** of share
buybacks and decrease in
factoring of **€60 M**

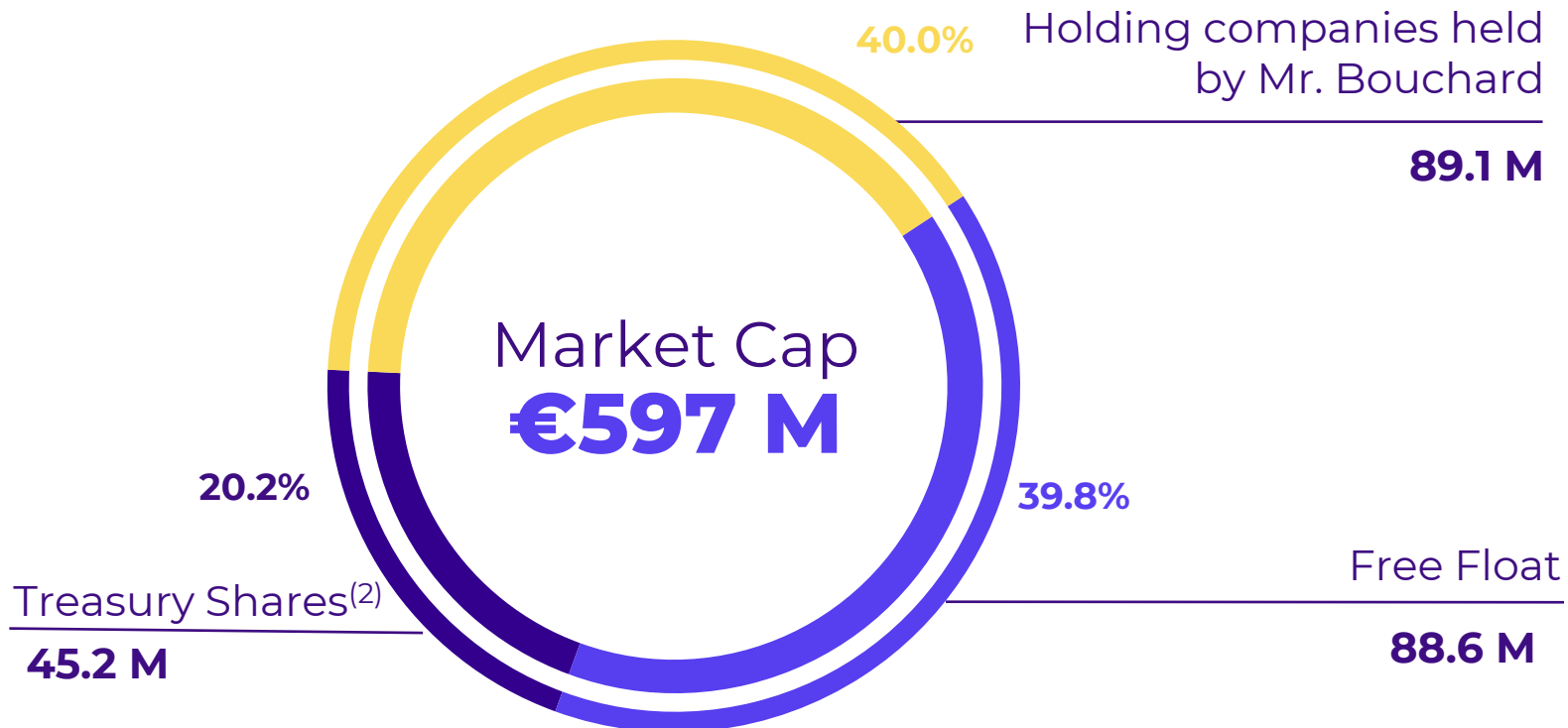
(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

(2) Includes cash proceeds from asset disposals, cash paid out for acquisitions and disbursements on minority stakes

(3) IFRS 5 impacts taken into account in heading "Reclassified activities as discontinued"⁽³⁾

Stock Exchange

Equity table⁽¹⁾ – % of ownership and number of shares



Number of shares:

- Total shares: **222.9 M**
- Treasury shares: **45.1 M**
- Floating shares: **177.8 M**

Stock price as of 25/07/2022

- **€3.36**

Listing Place

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

(1) As of 30 June 2022

(2) Of which 17.2% in direct ownership and 3.0% via Econocom Digital Finance Ltd, a subsidiary of Econocom Group

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Thank you

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