

2020 half-year results

ANALYST PRESENTATION

September 10th, 2020

econocom

Today's speakers



**JEAN-LOUIS
BOUCHARD**

Chairman & CEO



**Angel
BENGUIGUI**

Managing Director



**Laurent
ROUDIL**

Managing Director

OUR AGENDA

01

**One digital
company**

02

**H1 2020
results and
financial position**

03

**2021
outlook**

One digital company,
a new claim to express
our identity and singularity

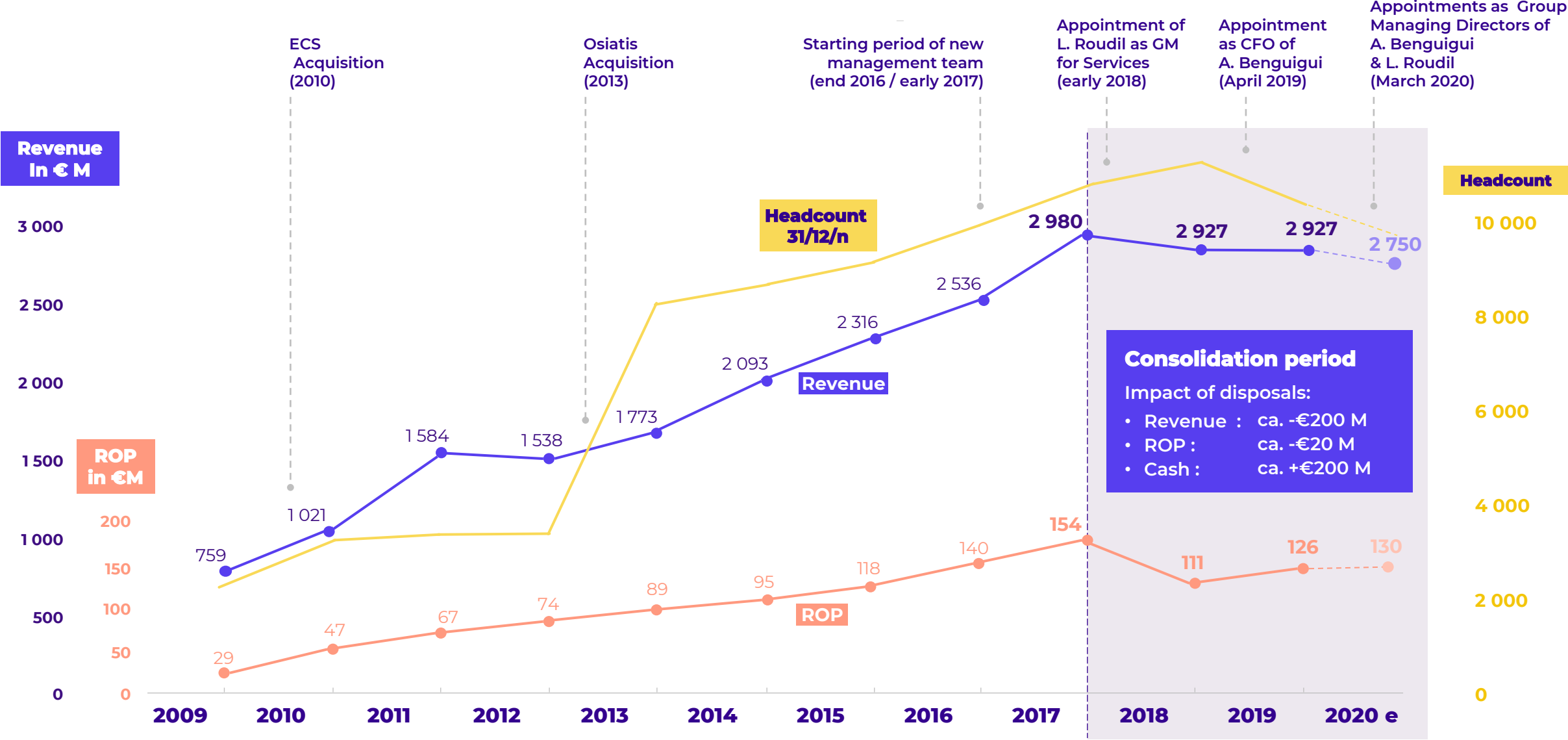
One
DIGITAL
company

**Digital
general
contractor**

econocom
equipment | services | financing



2018-20: 3 years of consolidation



**One digital
company**



**Committed
teams**



**Strengthened
fundamentals**



**Supportive
market trends**

01

**One digital
company**

One DIGITAL company

econocom

**Digital general
contractor**

Equipment | Services | Financing



Digital general contractor



**End-to-end support ability
for the implementation of digital projects**

Our success factors in digital transformation



Wide range of
**technologies &
services**



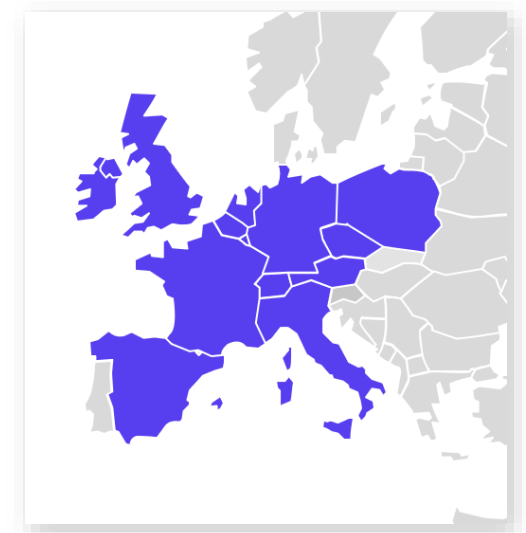
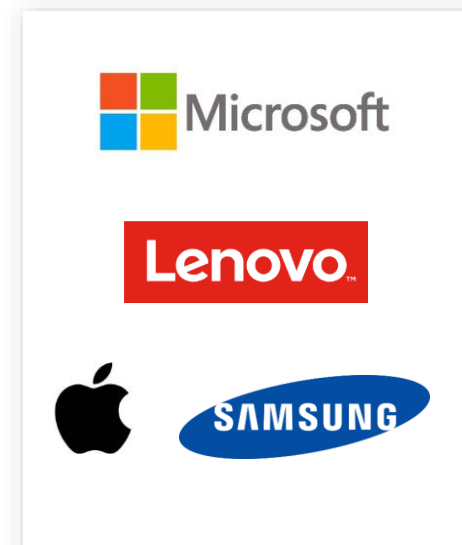
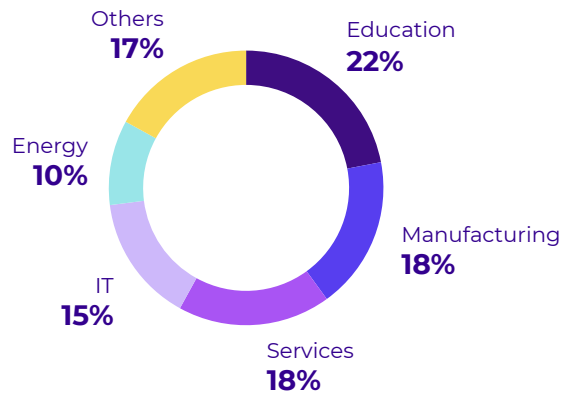
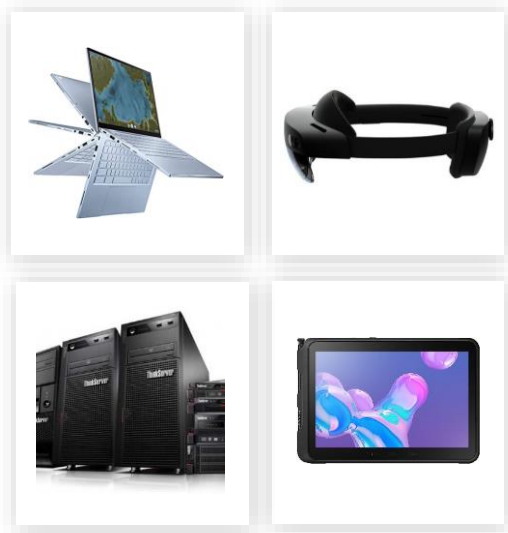
Multi-industry
expertise



Long-term
partnerships



European
presence





Digital
general
contractor

One
DIGITAL
company

econocom
equipment | services | financing

The team

at the center of the organization



**Very experienced
Management Team**



**Unfailing support
provided to our clients
throughout Covid-19 crisis**



**New talents to
drive sustainable
growth**



Entrepreneurial mindset

Case Study #1: large outsourcing project for a global high-tech leader



Goal

Full outsourcing of the Workplace support chain



Governance

End-to-end project support



Innovation

User experience improvement



Key figures

€52 M
project

44,000
users

5 year
contract

Case Study #2: digital transformation of points of sales of a leading car manufacturer



Goal

Transforming and digitalizing dealerships across Europe



Team

All countries involved with central coordination



Innovation

Installation and maintenance of audiovisual solutions



Key figures

€30 M
project

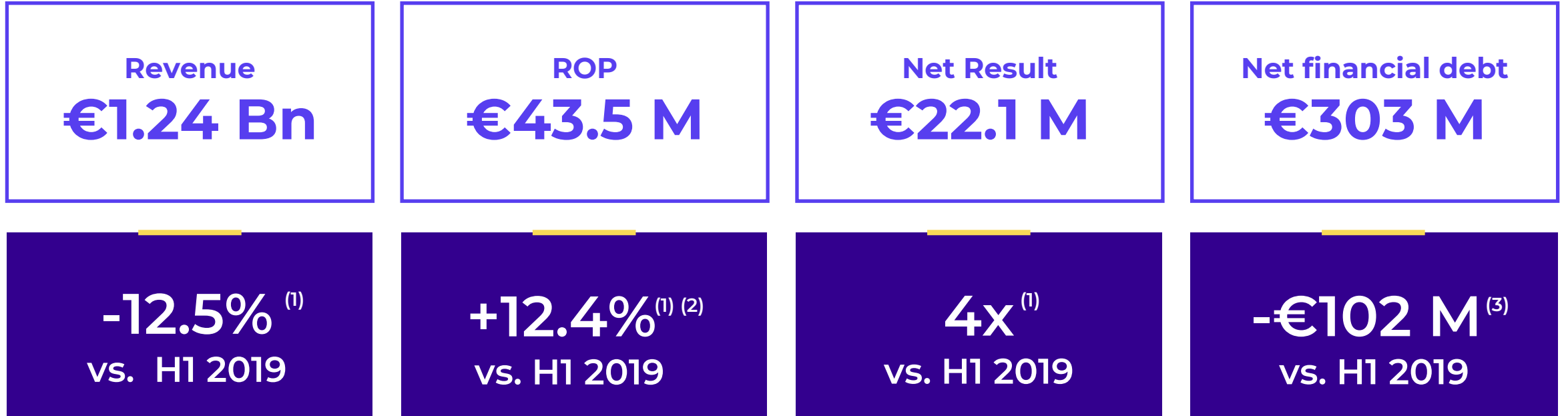
15,000
equipment delivered
and installed

16
countries

02

H1 2020 results and financial position

Key highlights



(1) On a like-for-like basis

(2) Before amortization of intangible assets from acquisitions

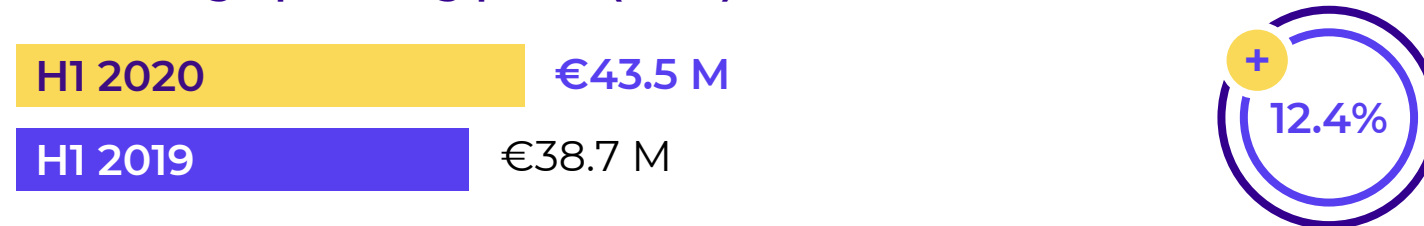
(3) Excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

Continued increase in profitability despite Covid-19 impact

Revenue⁽¹⁾



Recurring operating profit (ROP) ⁽¹⁾⁽²⁾



H1 2020 revenue impacted by Covid-19 pandemic

ROP up by €4.8 M (+12.4%) vs. H1 2019

Positive effects of cost savings measures started early 2019 and intensified in H1 2020

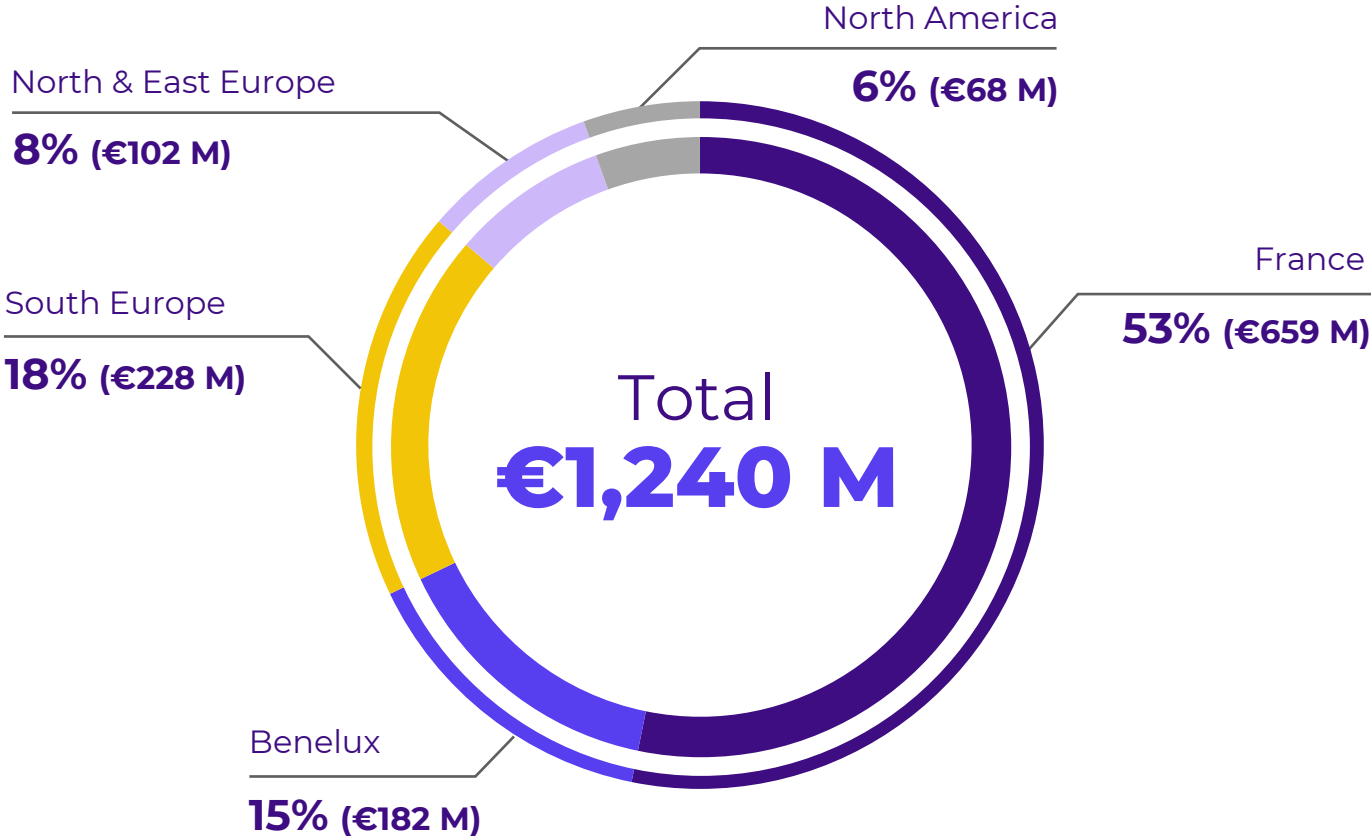
Driving sharp increase in profitability

(1) On a like-for-like basis

(2) Before amortization of intangible assets from acquisitions

Strong foothold and scale in Europe

H1 2020 Revenue (% and €)



All regions **similarly impacted** by the Covid-19 pandemic

Accelerating on cost savings plan

Cumulated net annual cost savings



Clear acceleration of cost savings plan over H1 2020

Well on track with €90 M objective of net savings by 2021

Structural cost savings excluding ad hoc cost initiatives in connection with Covid-19 pandemic

(1) Equivalent to €96.5 M gross amount (excluding reinvestment)

Services / Products & Solutions (DSS): Strong increase in profitability

Revenue⁽¹⁾



Similar decline in revenue between Services (-12.4%) and Products & Solutions (-11.7%)

Sharp increase in Services profitability (5.7%) on the back of cost savings implementation and strategic refocus towards value-added contracts

Recurring operating profit (ROP)⁽¹⁾⁽²⁾



Continued increase in Products & Solutions profitability (3.6% vs. 3.3%)

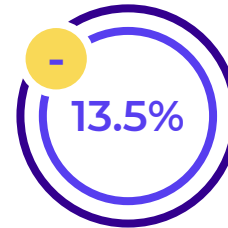
(1) On a like-for-like basis

(2) Before amortization of intangible assets from acquisitions

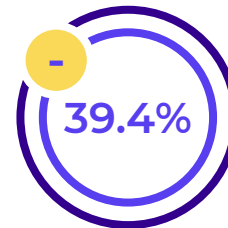
Technology Management & Financing:

Revenue and ROP hit by Covid-19 crisis

Revenue⁽¹⁾



Recurring operating profit (ROP)⁽¹⁾⁽²⁾



Financing activities generated **€479 M** in revenue down **13.5%** year-on-year

Decrease **more significant in Q1 (-16.2%) than in Q2 (-11.7%)** with new operations gradually introduced again

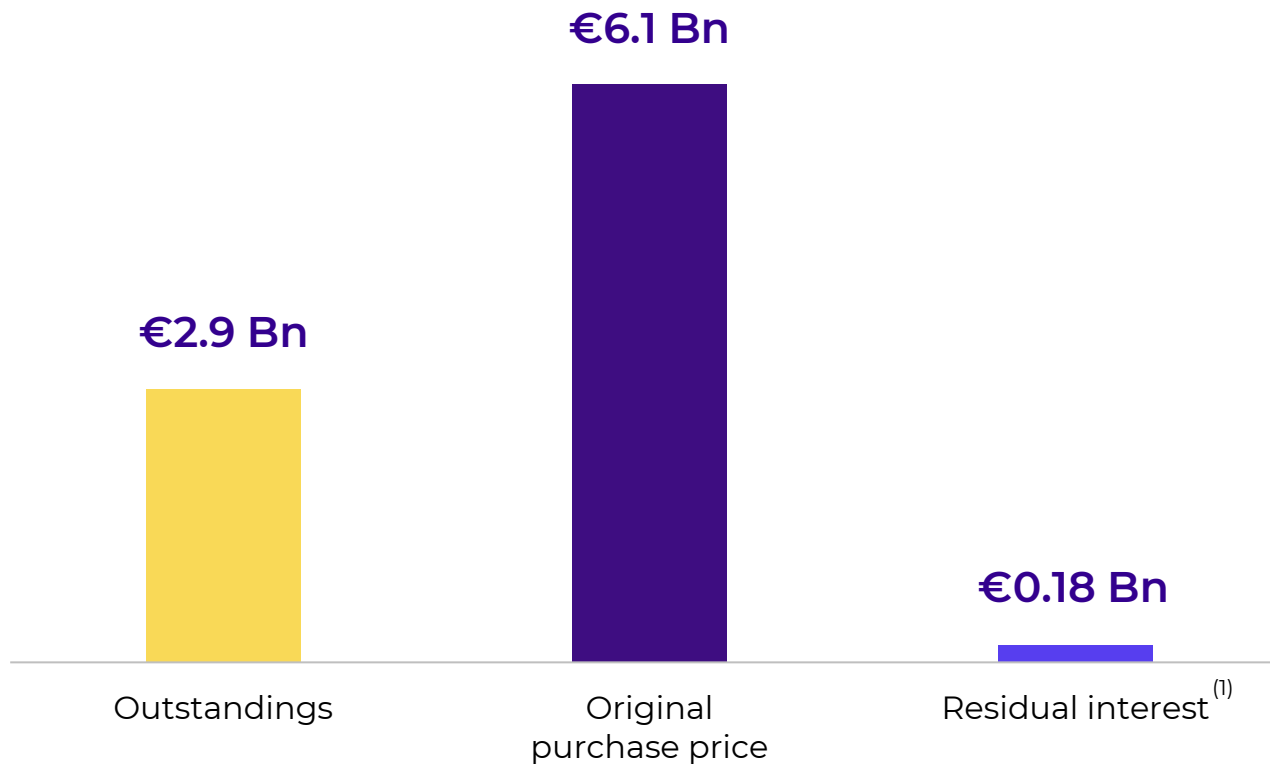
Translating into **€10.0 M ROP** given **less variable cost model**

(1) On a like-for-like basis

(2) Before amortization of intangible assets from acquisitions

Stability of TMF portfolio

Contract portfolio



Overall stability of portfolio at original purchasing price

Residual interest⁽¹⁾

- **2.9%** 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

Overall increase in ROP and Net profit

(In €M)	H1 2020	H1 2019 ⁽¹⁾
Revenue	1,240	1,424
Recurring operating profit²	43.5	41.2
Recurring operating profit	42.5	40.2
Non-recurring operating incomes and expenses	-23.7	-13.5
Operating profit	18.8	26.8
Financial result	-8.5	-8.9
Profit before tax	10.3	17.9
Income tax	-5.6	-7.8
Net profit from continued operations	4.7	10.1
Result from discontinued operations	17.4	-4.9
Net profit	22.1	5.2

Increased in ROP despite decline in revenue

Increase in non-recurring expenses following acceleration in cost program implementation and Covid-19 expenses

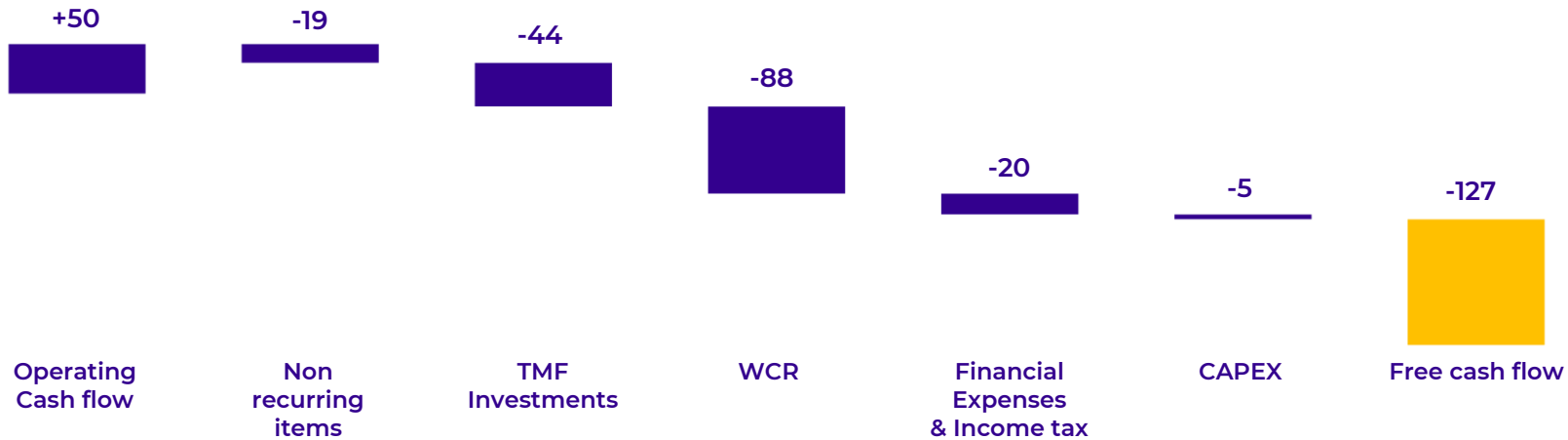
Net profit benefited from capital gains of non-core assets disposals

(1) Restated

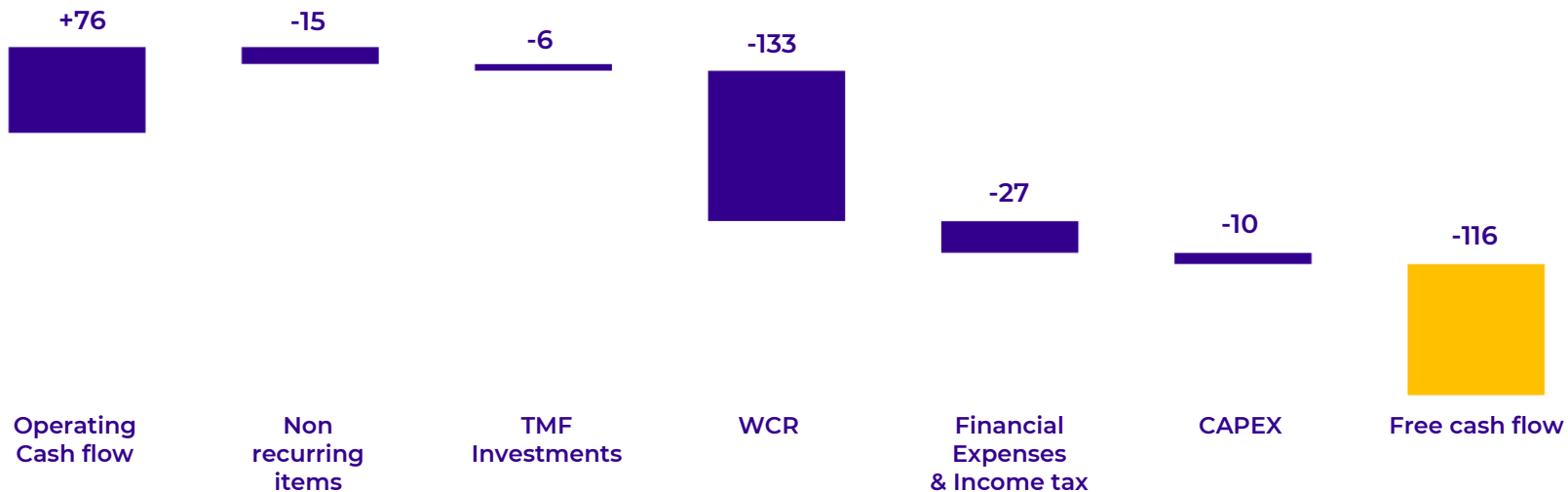
(2) Before amortization of intangible assets from acquisitions

H1 2020 FCF generation in line with H1 2019

Free Cash flow over H1 2020



Free Cash flow over H1 2019⁽¹⁾

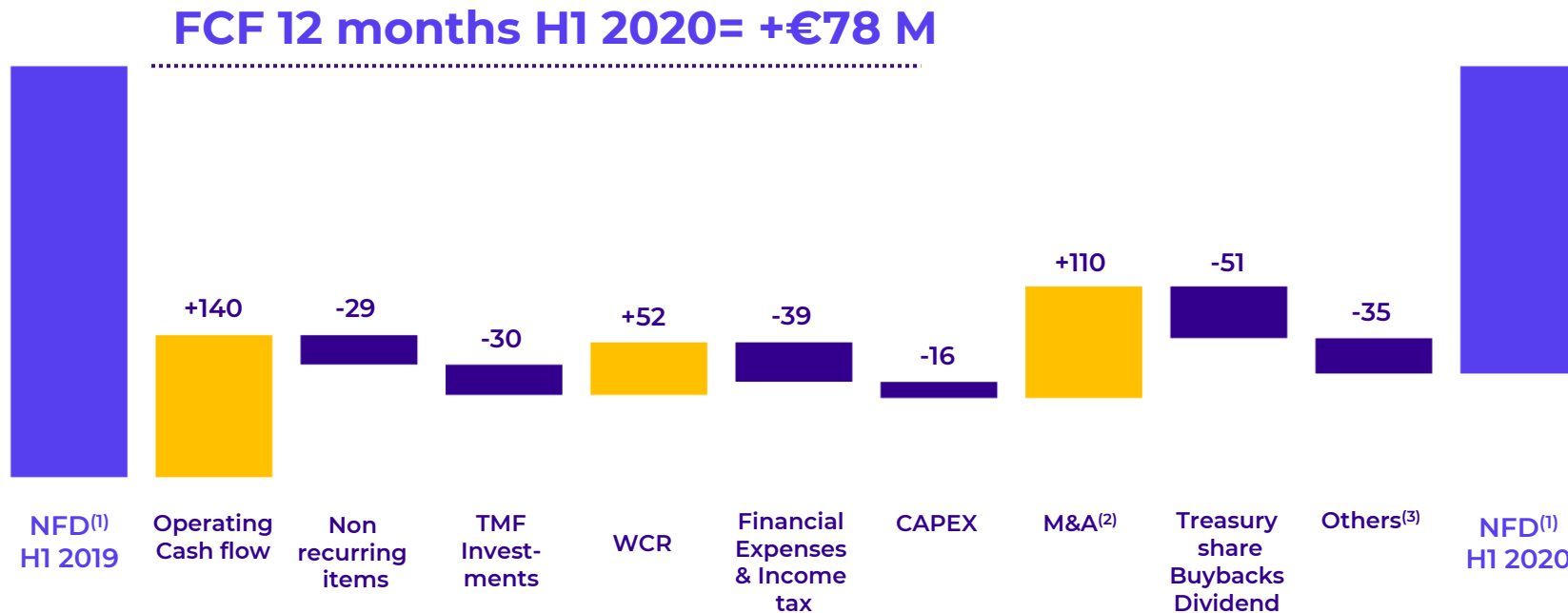


Free cash flow generation in line with H1 2019 level

- FCF structurally negative over H1
- WCR improvement

(1) Published figures

Solid Free Cash Flow 12 months as of end of H1 2020



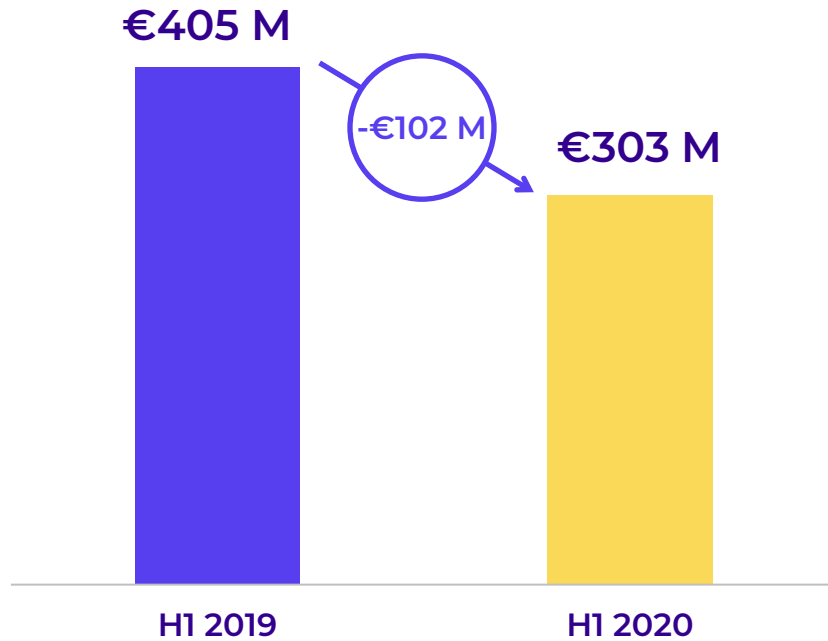
€78 M of FCF generation over last 12 months contributing to deleveraging

- **€140 M** of cash flow from operating activities
- **€52 M** WCR outflow slightly improved
- **€110 M** net inflow on disposals

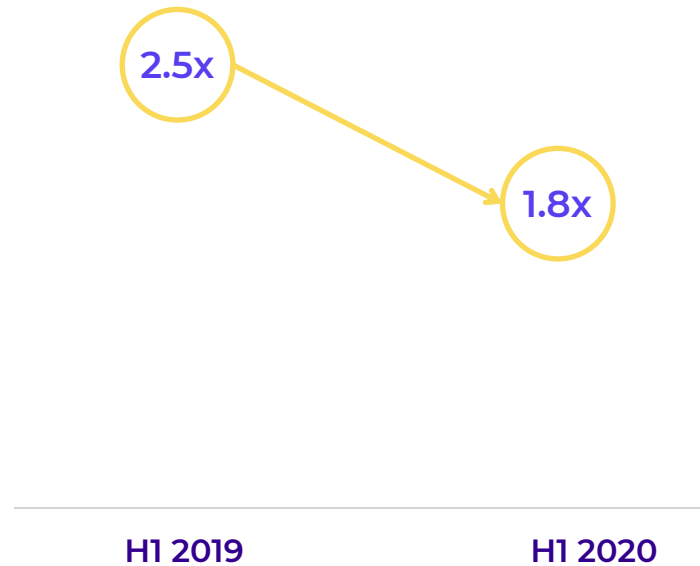
(1) NFD: Net Financial Debt excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant
 (2) Includes cash proceeds of disposals of assets and cash disbursements on minority stakes bought in satellites
 (3) "Others" includes cash impact of IFRS 5 and IFRS 16

Strong progress on deleveraging path

Net Financial Debt (NFD)⁽¹⁾



Leverage ratio – NFD to LTM EBITDA



NFD reaching €303 M down €102 M vs. H1 2019

- Benefits from the sale of EBC in H1 2020

Sharp decrease in leverage ratio at H1 2020

- **1.8x 12 LTM EBITDA vs. 2.5x in H1 2019**

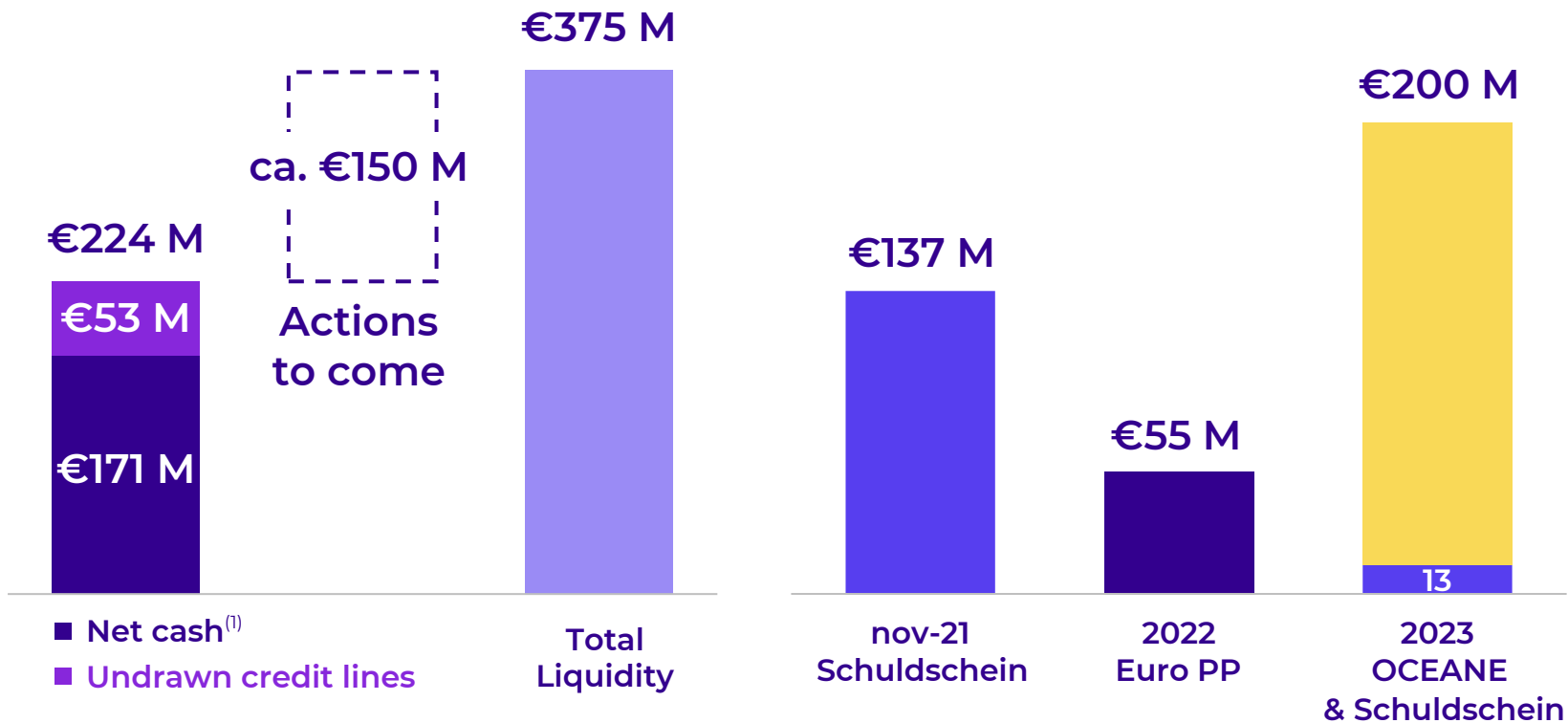
Ongoing disposals of non-core assets to further accelerate deleveraging path

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

Solid liquidity position

Liquidity overview – H1 2020

Bond repayment schedule – H1 2020



Ample liquidity of ca. € 375 M including planned actions to accelerate deleveraging

No need for state-backed loans

Next bond maturity in November 2021 following partial repayment of Euro PP in June 2020

(1) Net cash as of H1 2020 : Cash on hand €478 M minus short-term debt €307 M (commercial papers and drawn credit lines)

Financial objectives 2020



2020 Revenue
growth of
-6% or better



2020 ROP
slightly better
or equal to 2019
ROP⁽¹⁾



Implement
actions towards
zero net debt

(1) On a like-for-like basis

03

**2021
outlook**

A new era for growth

**One digital
company**

+

**Committed
teams**

+

**Strengthened
fundamentals**

+

**Supportive
market trends**

Products & Solutions

At the center of evolving customer needs

Today key metrics



Revenue 2019

€1.1 Bn



People

ca. 600



#2 in France,
challenger positions
in rest of Europe



2021 focus



Grow

in Germany, Italy,
Benelux and Spain



Strengthen

positions in France

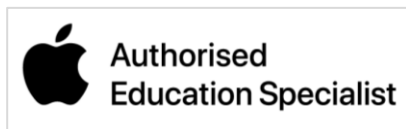
Focus: acquisition of Switch B2B assets in Belgium



1st Apple Premium Reseller in Belgium



Strengthen Econocom leadership
as an Apple Authorized Enterprise Reseller (“AAER”)



New Apple certification to develop premium services and support levels for Education clients



Key highlights

€25 M
revenue in 2019

Group dynamics in Education

Services

Focus on higher value-adding offerings

Today key metrics



Revenue 2019

€0.7 Bn



People

ca. 7,800



Top 10 France



2021 focus



Mutualize

outsourcing model
between France, Belgium
and Spain



Synergies

with satellites



Services in France

Strong increase in results and profitability over the last 3 years



ROP improvement

x 2.5

vs. 2017



Margin improvement

x 2.5

from 2.5% to 6.5%
vs. 2017

Technology Management & Financing

A growing market in the next years

Today key metrics



Revenue 2019

€1.1 Bn



People

ca. 650



**Leading position
in France**

**scale and foothold
in major European
countries**



2021 focus



Recruit

new salespeople



Growth actions

all over Europe



Target

external developments
in Germany

Solid and experienced TMF Management team



Samira Draoua
Paris



Chantal De Vrieze
Brussels



Frances Weston
London



Emiliano Veronesi
Milano



Carlos Perez-Herce
Madrid



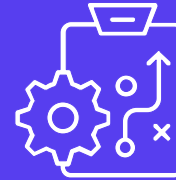
Christoph Bläser
Frankfurt

Financial objectives 2021



—

2021 Revenue
growth between
+5% and +10%



—

**Implementation of
new 3-year strategic
plan** to be presented
in February 2021

Q&A

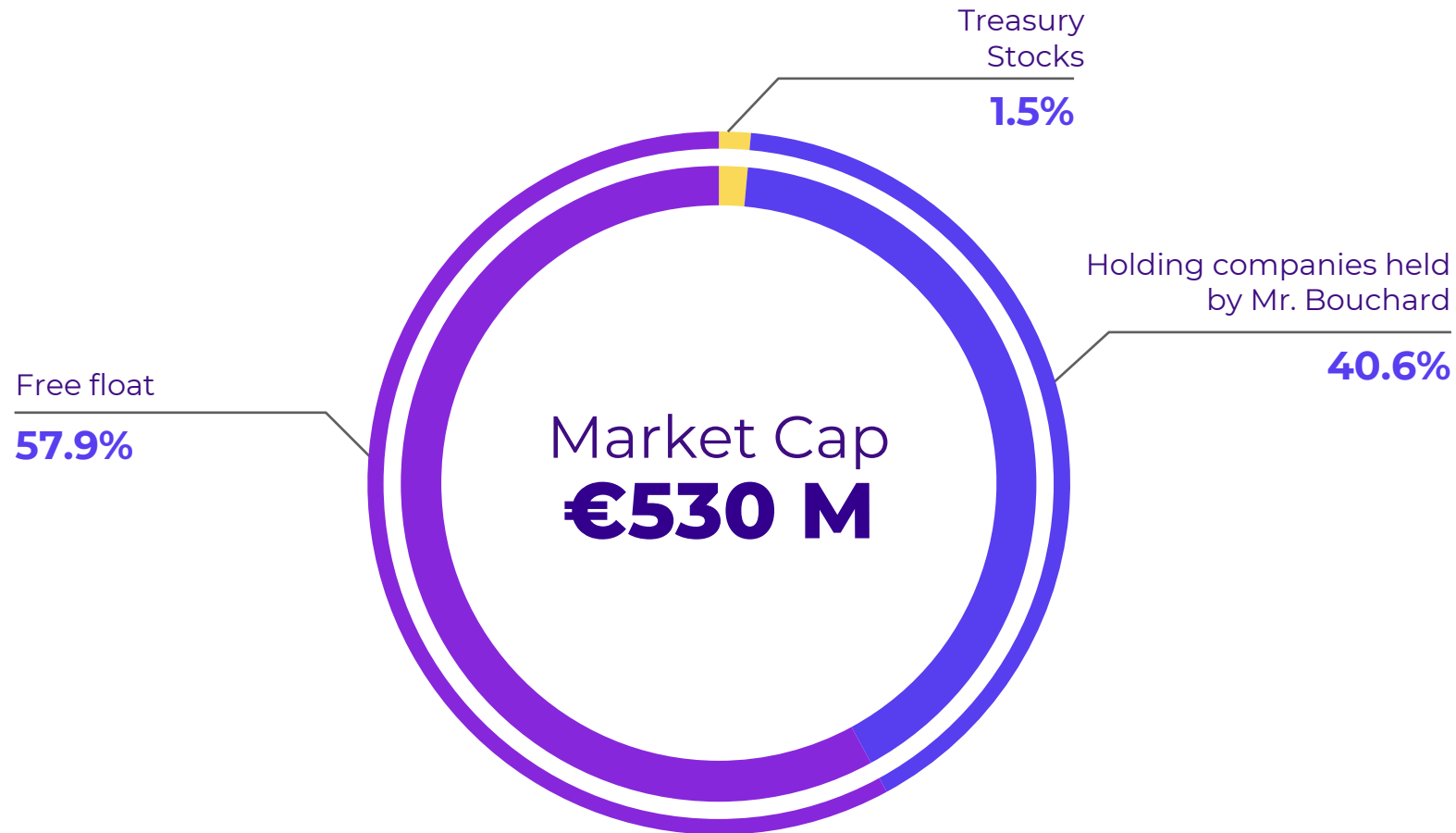
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Appendices

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Stock Exchange

Equity table



Number of shares:

- **220,880,430**

Share price as of September 8th, 2020:

- **2.4€**

Listing place:

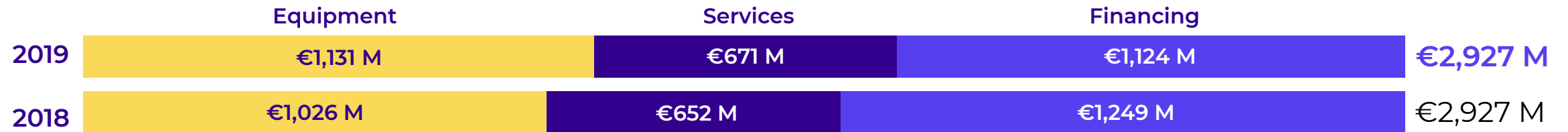
- **Euronext Brussels**
- **EBR: ECONB**
- **ISIN: BE0974313455**

Stock Indexes:

- **Bel Mid and Family Business**

Divisional breakdown overview

Revenue⁽¹⁾



Recurring operating profit (ROP)⁽¹⁾⁽²⁾

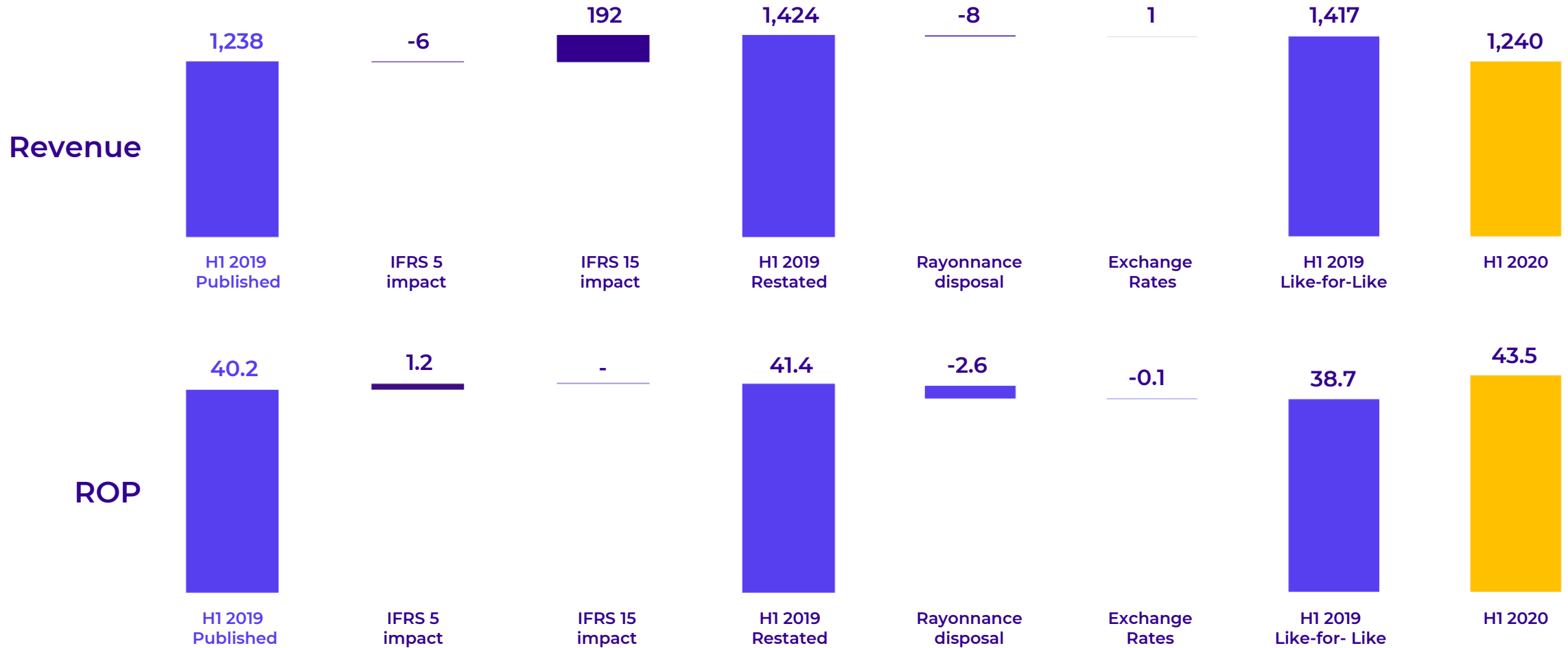


(1) On a like-for-like basis

(2) Before amortization of intangible assets from acquisitions

H1 2020 Revenue and ROP bridges

In €M



Simplified consolidated balance sheet

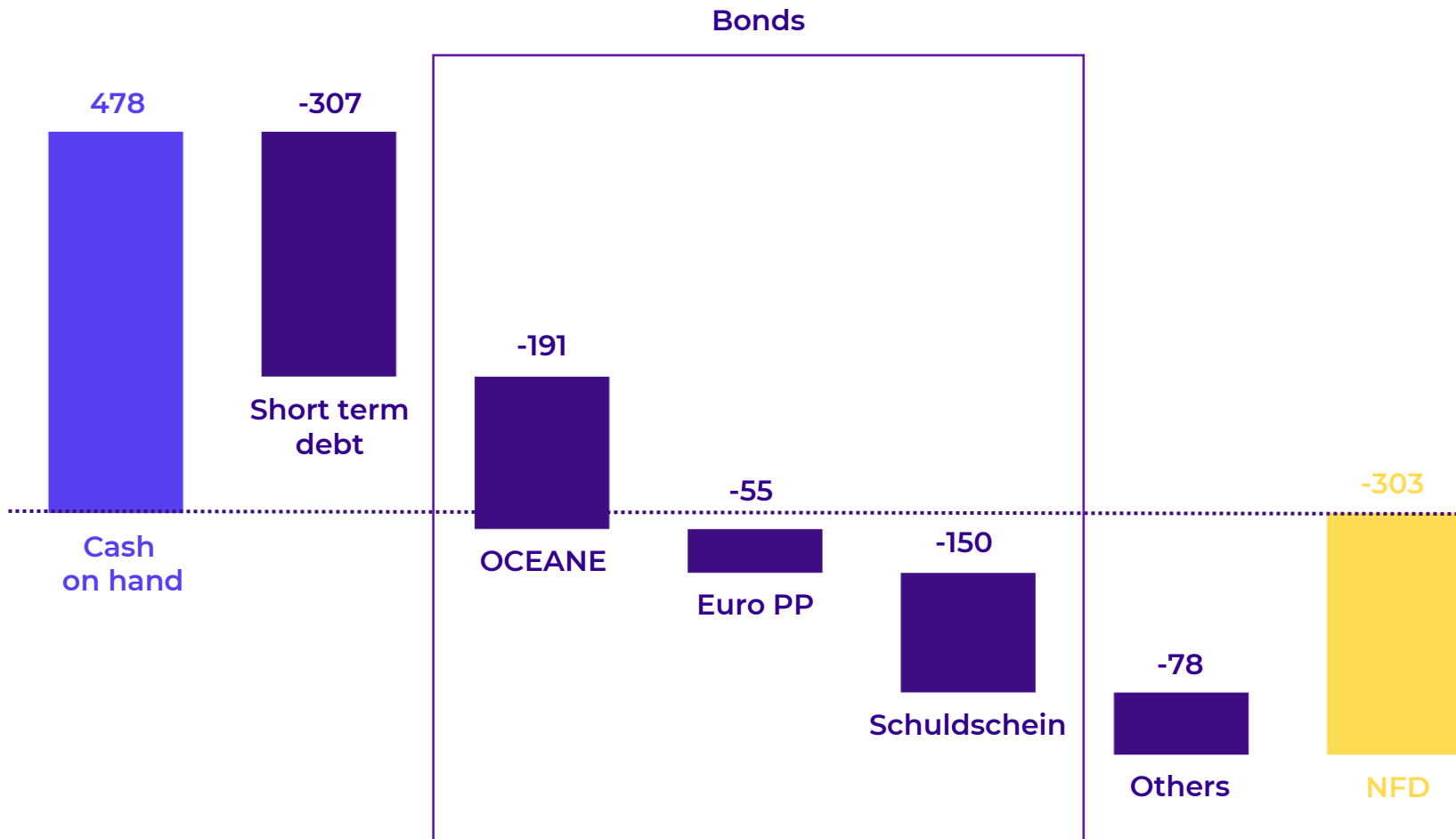
ASSETS (IN €M)	30/06/2020	31/12/2019 ⁽¹⁾
Goodwill	509	513
Other non-current assets	219	234
Assets related to leasing activities	459	404
Residual interest in leased assets	177	165
Net receivables from own booked TMF contracts	282	239
Other trade and other receivables	731	855
Other current assets	167	137
Assets held for sale	114	201
TOTAL	2,198	2,343

EQUITY & LIABILITIES (IN €M)	30/06/2020	31/12/2019 ⁽¹⁾
Equity	498	484
Net Financial Debt	303	252
Commitments on residual value	105	102
Other non-current liabilities	146	131
Trade payables	866	981
Other current liabilities	233	311
Liabilities related to assets held for sale	47	83
TOTAL	2,198	2,343

(1) After application of IFRS 5 and IFRS 16

Net Financial Debt⁽¹⁾ overview

In €M



NFD at €303 M at H1 2020

- of which **€282 M** related to own booked TMF contracts maturing within 30 months

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

Contacts

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Thank you

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