

econocom

ECONOCOM REPORTS A 12.8% RISE IN REVENUE, 3.8% OF WHICH ON A LIKE-FOR-LIKE BASIS

HIGHLIGHTS OF THE 1ST HALF 2018

- Revenue up 12.8%, 3.8% of which on a like-for-like basis
- All activities posted organic growth in the first half
- Recurring Operating Profit¹ at €34 million
- Net financial debt under control, standing at €395 million
- Revised 2018 ROP target maintained at €120 million

SALES DYNAMIC IN THE FIRST HALF OF 2018

In the first half of 2018 Econocom Group reported revenue of €1,319 million compared with €1,169 million in the first half of 2017, i.e. a 12.8% increase, 3.8% of which on a like-for-like basis.

Here is an overview of the business lines' performance in the first half:

- **Technology Management & Financing** (leasing) revenue grew organically by 1.8% during the first half to stand at €614 million. After a particularly successful fourth quarter 2017, (28% growth in Q4), the first quarter of 2018 posted a 6.3% decline and due to a rather late recovery in Q2 and the postponing of deals to Q3 the expected volumes were not reached.
- **Services** continued its growth trend with revenue standing at €506 million in the first half, up 19.4%, of which 4.8% was organic. Synergies between the Planet's historic core business and the Satellites, and the launch of new integrated offers will consolidate this trend and confirm the validity of the Group's development model.
- **Products & Solutions** reported another rise in revenue during the period, standing at €198 million, up 40.7%, 6.7% of which was on a like-for-like basis. The Group won market shares in the public sector and benefited from synergies with the leasing business.

RECURRING OPERATING PROFIT AND NON-RECURRING EXPENSES

Recurring operating profit¹ (ROP) amounted to €34 million in the first half of 2018 compared with €58 million in H1 2017.

Recurring Operating Profit for Technology Management & Financing was affected by provisions amounting to around €9 million. Restated with these provisions, it stands at €23 million; this decline is due to a lesser volume of large, profitable deals and the dilutive effect on short-term margin of signing new clients.

Services and P&S posted ROP of €15 and €5 million respectively, in line with H1 2017.

¹ Before amortisation of intangible assets from acquisitions.
Consolidated unaudited data

The decision to speed up the transformation of the Group and particularly of Services in France led the Group to recognise non-recurring expenses to the amount of some twenty million euros for the first half.

NET DEBT CONTAINED AND FINANCIAL SOLIDITY REAFFIRMED

The Group's net debt stands at €395 million, in line with expectations, and reflecting the usual seasonality of business.

The Group has substantial and diversified financing sources, such as convertible bonds (EuroPP, Schuldschein and OCEANE), as well as more than €230 million of unused lines of credit at 30th June 2018, €140 million of which do not have restrictive clauses.

SHARE BUYBACK PROGRAMME

When it met on 17th July 2018, the Board of Directors reiterated its complete confidence in the Group's future prospects.

Given Econocom's strong fundamentals and healthy financial situation, the Board of Directors has mandated its Chairman, Jean-Louis Bouchard, to buy back treasury shares of up to €30 million, i.e. around 5% of the Group's share capital. This programme should be implemented over the next ten months, depending on market conditions.

2018 FULL-YEAR GUIDANCE

In light of the weaker than expected first half, the Group adjusted its full-year projections on 5th July and now expects Recurring Operating Profit¹ of €120 million for 2018.

Robert Bouchard, CEO of Econocom, said: *"After completing the Mutation 2013-2017 strategic plan, business got off to a slower start than expected in the first half of 2018. We are all focusing our efforts on reaching our H2 targets, in a supportive market. When we present our final first-half results on 6th September, we will give details of the measures implemented by the Group to improve profitability and maintain growth in the short and medium term."*

Next press releases:

- **Econocom will present its complete first-year results on 6th September 2018 (press release issued after the close of trading on 5th September).**
- **The third-quarter revenue statement will be released after the close of trading on 18th October 2018.**

ABOUT ECONOCOM

Econocom finances and accelerates companies' digital transformation. With more than 10,700 employees in 19 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.

FOR FURTHER INFORMATION

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