

econocom

2015 Half-year results

4 September 2015



Bruno Lemaistre
Executive Director
Chief Operating Officer

Jean-Philippe Roesch
Executive Director
Support functions



Bruno Grossi
Executive Director
Strategy, Acquisitions & Communication

Galliane Touze
Company Secretary
in charge of Finance



Key figures and H1 highlights



A half-year of targeted investments

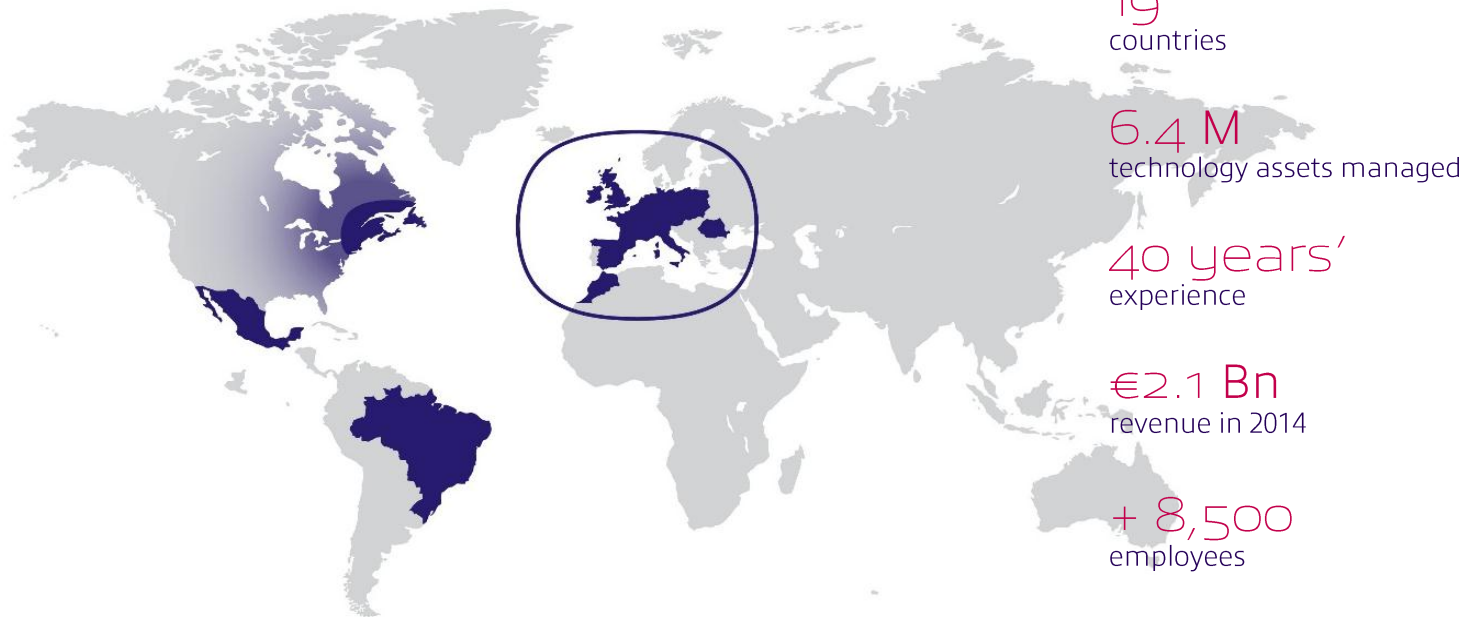


2015 half-year results



Outlook for 2015

A European company specialising in the digital transformation of businesses



How to support the digitalisation of businesses and customer relations?



A bank that's ultra-connected to its clients

Econocom assisted the Crédit Agricole Île-de-France bank in modernising its branches and customer experience by advising them and supplying, installing and providing maintenance for the digital and multimedia equipment at all its branches in the Greater Paris area.

Ultra-connected branches divided into 5 spaces (reception, discovery, branch centre, meeting area and display area) equipped with digital **touch screens** and featuring **content management solutions** displayed on monitors, kiosks and tablets.

New technology uses introduced to ensure a new dynamic in the **customer relationship** and offer a glimpse of the banks of the future (side-by-side, interactive meetings depending on customer needs, no more windows or queues).

A **SPOC** solution combined with **multimedia expertise** and an added-value **partner ecosystem**



280 branches
In the Greater Paris Area equipped
Roll-out for 2015 - 2017

almost 3,000
items of multimedia equipment
(large-format standard and touch screens, players,
welcome kiosks, tablets and videoconferencing solution)



01

Key figures and H1 highlights

€1.1 Bn revenue
+ 15%, 13% of which is organic
> **Overall dynamic** across all activities and geographical areas

€43.4 M recurring operating profit*
+ 35% in restated data
> **Double-digit rise** in ROP across all core businesses

Operating profit
€40.3 M
> Non-recurring expenses limited to €1M

7 targeted investments in key sectors and geographical areas

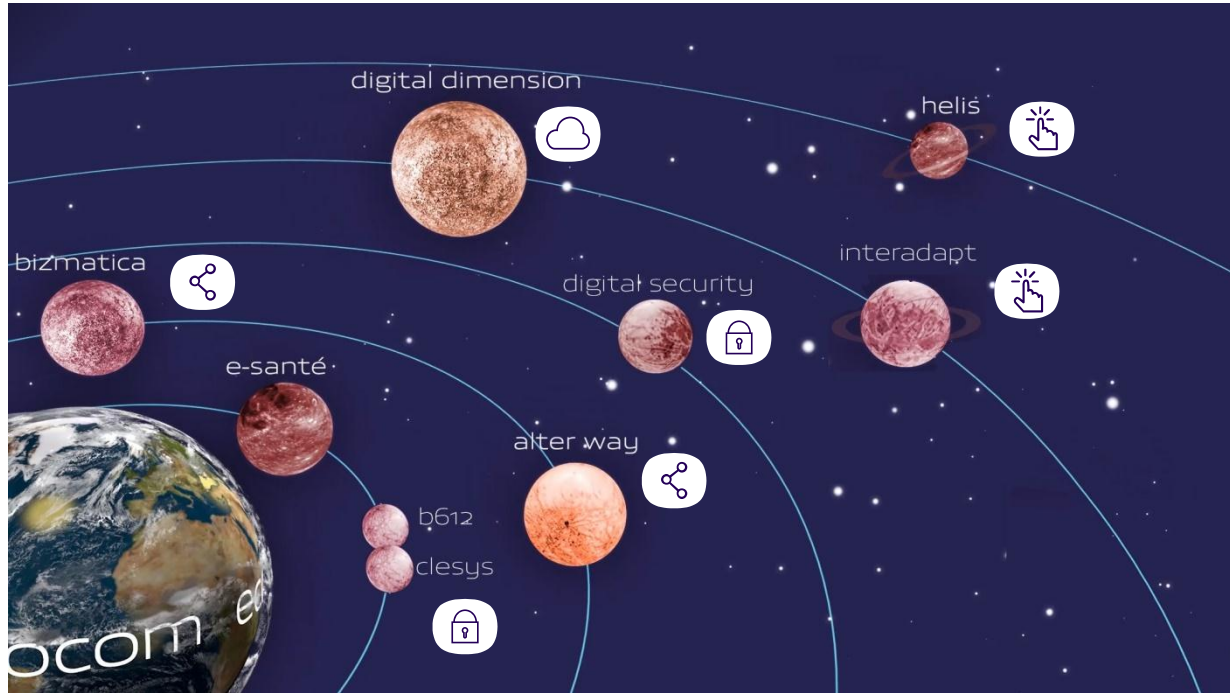
Financial resources strengthened and diversified
> Successful Euro Private Placement (€101 M)

Investments in the sales force
> **40 new employees +7%**

Joined the new Euronext Tech 40 | Plans to convert to a *Societas Europaea*

*Before amortisation of the ECS customer portfolio and the Osiatis brand (€2.1 M in H1 2015 vs. €1.5 M in H1 2014)

Building a galaxy focusing on 4 areas of expertise



 Security

 Web & mobile apps

 Digital solutions

 High-level infrastructure & IT consulting

7 targeted investments during the first half

security



DIGITAL SECURITY
CLESYS

web & mobile
applications



ALTER WAY
BIZMATICA

digital
solutions*



NEXICA
NORCOD

transformation
consulting



HELIS

€57M annual revenue

7% operational profitability

around 400 employees

02

A half-year of
targeted
investments



Enhancing our security expertise

DIGITAL SECURITY

CYBER SECURITY FOR IoT

2015: created

Europe's **1st** dedicated IoT CERT

55%: Econocom's stake

CLESYS

SYSTEM AND NETWORK ARCHITECTURE SECURITY

2005: created

6 M€ 2014 revenue

55 engineers

100%: Econocom's stake



Security for the highly sensitive banking world

CLESYS helped one of Europe's largest financial establishments in ensuring security for its IT infrastructures. CLESYS tested, measured and optimised the client's systems performance via a dedicated, in-house team.

A comprehensive, ongoing system for running **penetration tests and vulnerability audits**

Monitoring for the whole IT security: infrastructures and applications

Senior management given IT **security awareness sessions**



Internal
test campaigns

Complete control
of the measuring tools,
targets and results

Independence
In terms of frequency and scope
of the audits

Expanding in the application and web market

ALTER WAY

OPEN SOURCE SERVICE PROVIDER

1999: created

€11 M 2014 revenue

120 employees

64%: Econocom's stake

Best global partner: 2015 Microsoft
Open Source on Azure

BIZMATICA

WEB & MOBILE BUSINESS APPLICATIONS

2000: created

12 M€ 2014 revenue

80 employees

70%: Econocom's stake

Guaranteeing performance and security for Prisma Media Group's websites



GRUPE PRISMA MEDIA

Alter Way provided hosting and outsourcing for Prisma Media's critical websites (*Gala*, *Voici*, *Femme Actuelle*, *Géo*, *Télé Loisirs*, *VSD*, etc.) and addressed its needs in terms of high availability and high traffic



Hosting and outsourcing for the group's galaxy of websites in a private cloud

Around fifteen websites, including *Télé Loisirs*, one of France's **top 6 most popular websites** (over 50 million visitors a month)- Source OJD July 2015

Industrialised tasks: over 3,000 client requests processed a year

Day-to-day cooperation with the client's web and DevOps teams

Galaxy of
15
websites

over 100
virtual machines

24/7/365
high-availability hosting to cope with
peak traffic

Strengthening the group's business model in Italy



Technology Management & Financing

Historic business

National leadership

H1 2015 revenue: €127 M

Growth: +13%

Products & Solutions business launched organically

New business line

Set up in 2014

H1 2015 revenue: €6 M

Growth: > 140%

Services expanded via external growth: first step: BIZMATICA

Annual revenue: > €25 M pro
forma

Growth: x2

Digital Dimension continues to deploy its marketplace for digital solutions

NEXICA

CRITICAL APPLICATION HOSTING, CLOUD EXPERTS

1999: created in Spain

€9 M 2014 revenue

80 employees

100%: Digital Dimension's stake

NORCOD

DEPLOYMENT OF CONNECTED SOLUTIONS

1999: created

€12 M 2014 revenue

45 employees

100%: Digital Dimension's stake

Simpler HR management for Total in Asia



Total chose ARAGON-eRH's OneAragon solution to simplify and harmonise human resources management for its refining/marketing division in Asia. Rolled out in record time across the various sites, the HRIS solution addressed all the group's IT requirements.

Gradual roll-out of the HR software in SaaS mode: pilot phase in Singapore, followed by deployment all over Asia across all the functional areas and processes.

Improved the existing processes thanks to HRIS: staff administration, expense management in line with the group's policy and with an interface to the local payroll system, etc.

Simpler, harmonised administrative management and strategic workforce planning via talent management (staff appraisals)

A granular approach to address issues associated with labour laws in each country

+ 3,000
employees

18 Asian
countries covered

150 office
in Asia-Pacific

3-month
pilot phase

Increased added value in consulting

HELIS

CRITICAL INFRASTRUCTURE CONSULTING

2005: created

+ €8 M 2014 revenue

50 consultants

45%: Econocom's stake



New digital offerings and network solutions for the SNCF



Since 2008 HELIS has been working closely with the SNCF's IT department to help the company build and improve its service offering*



Helis' consultants and experts worked with SNCF's onsite teams in order to define needs and devise the best business and technical offerings and solutions

Developed a pragmatic approach to create and implement new IT offerings

Project teams focused on results: project management assistance for functional and technical IT and network architecture.

+ de 25
consultants

> €4M
revenue in 2014

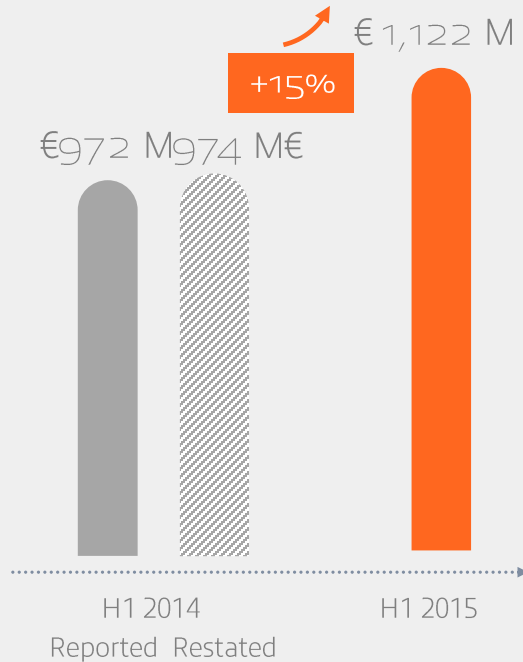
*the French national railways

03

Financial results



Half-year revenue



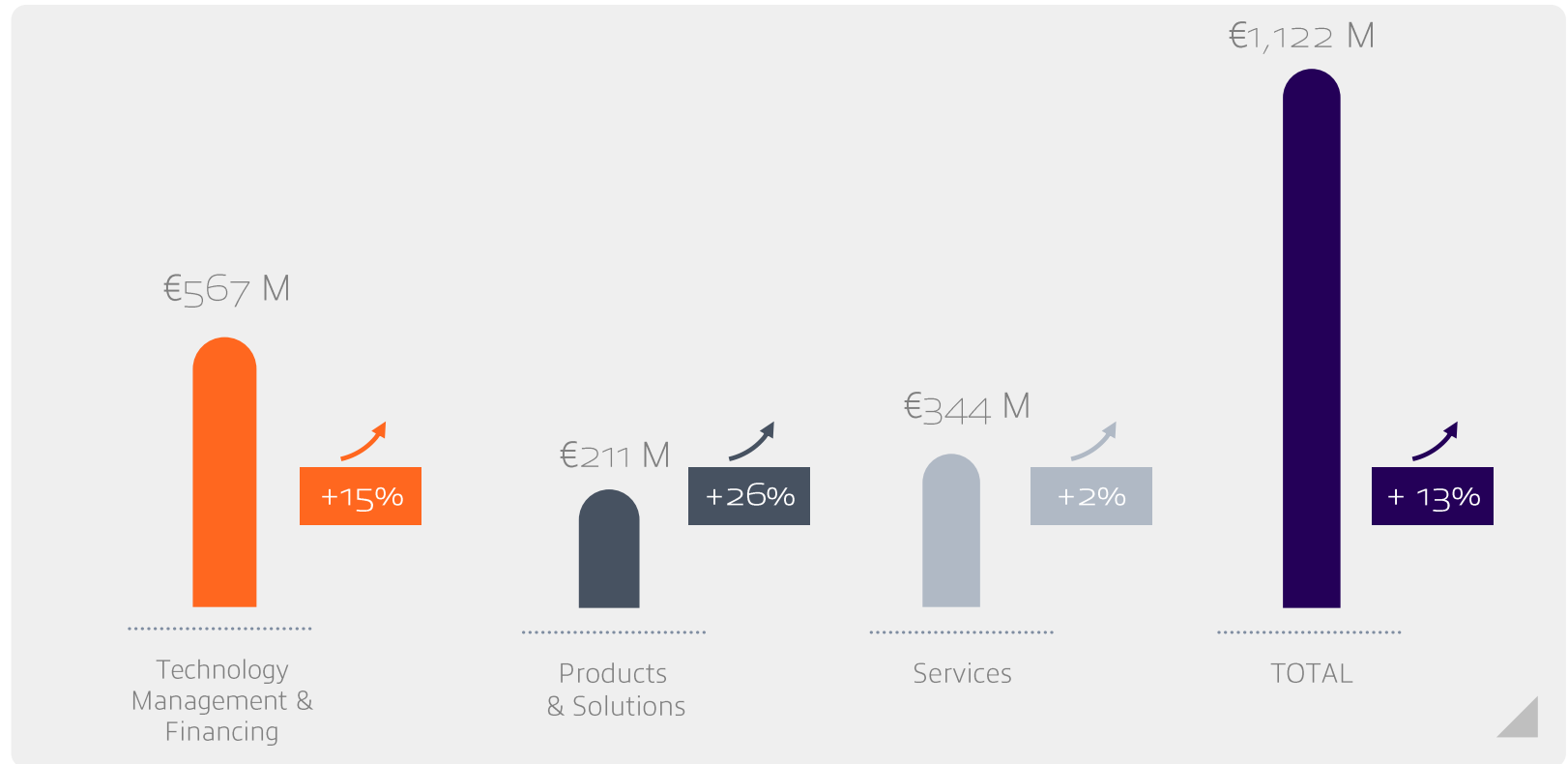
Growth in revenue

+ 15%

Rise in organic growth

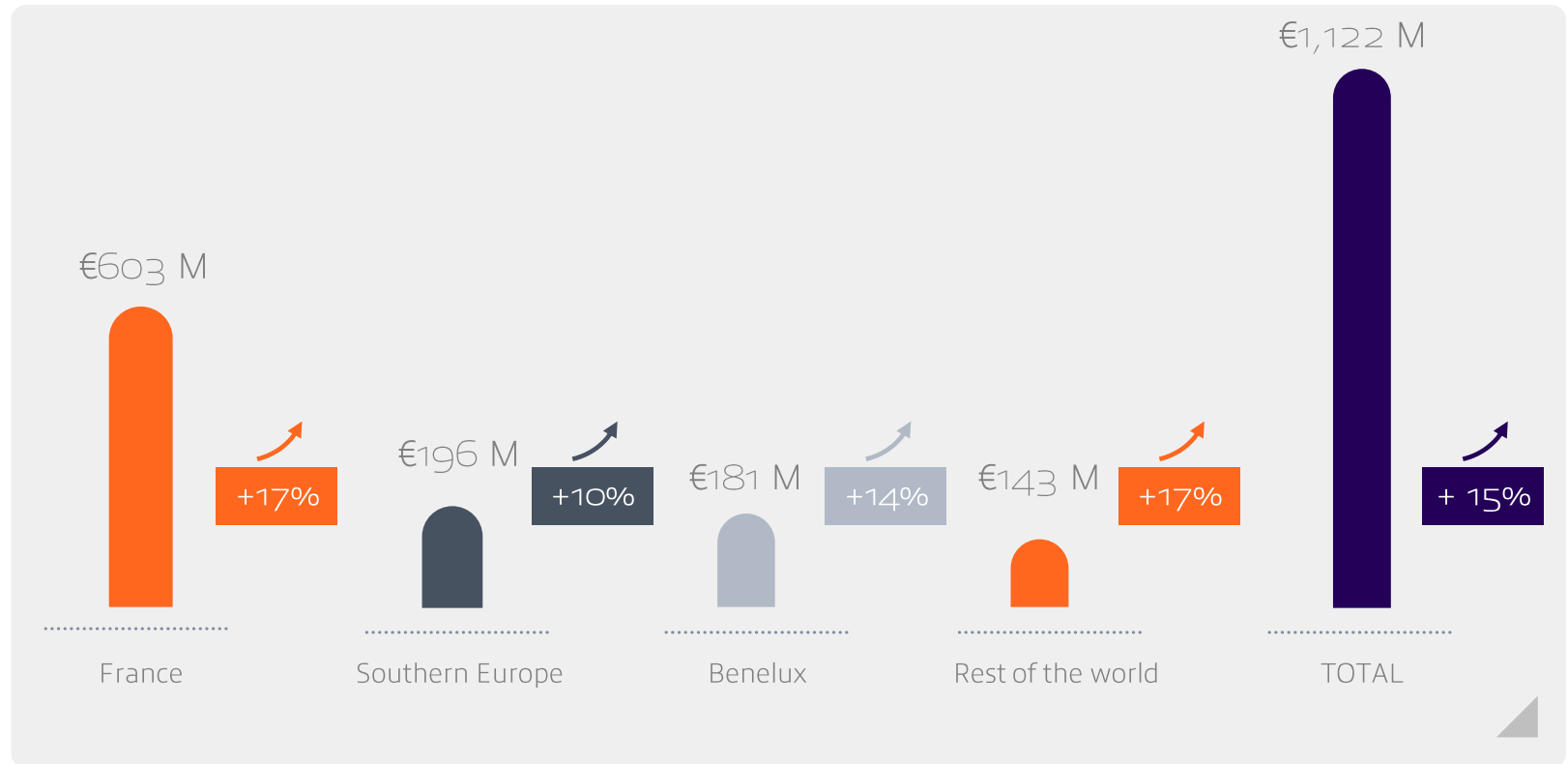
+ 13%

Organic growth across all businesses



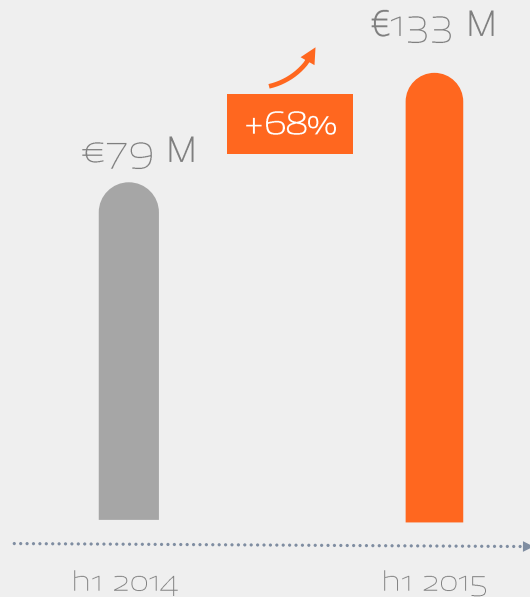
03 Financial results

An overall dynamic across all geographical areas



Growth supported by the success of cross-business line digital offerings

MULTI-BUSINESS LINE REVENUE

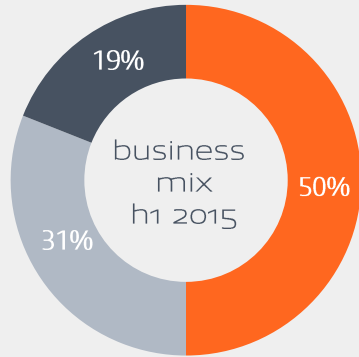


Multi-business line solutions: + 68%

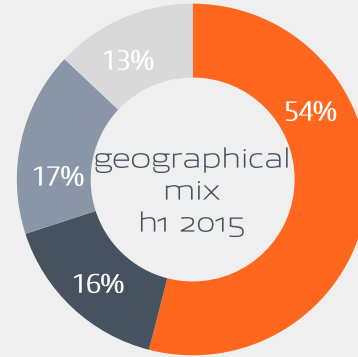
12% H1 2015 revenue

Growth driven by multi-business digital solutions: x2.9 vs. H1 2014

A balanced, differentiating business mix

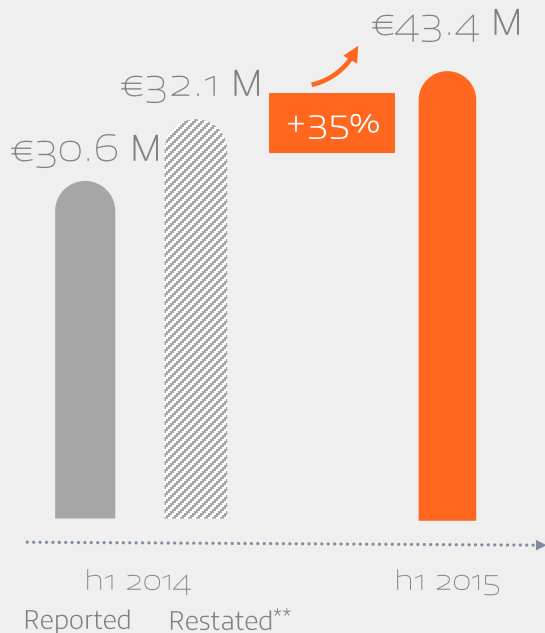


- Technology Management & Financing
- Services
- Products & Solutions



- France
- Southern Europe
- Benelux
- Rest of the world

Strong growth in recurring operating profit*



42% rise in reported data and up 35% in restated data

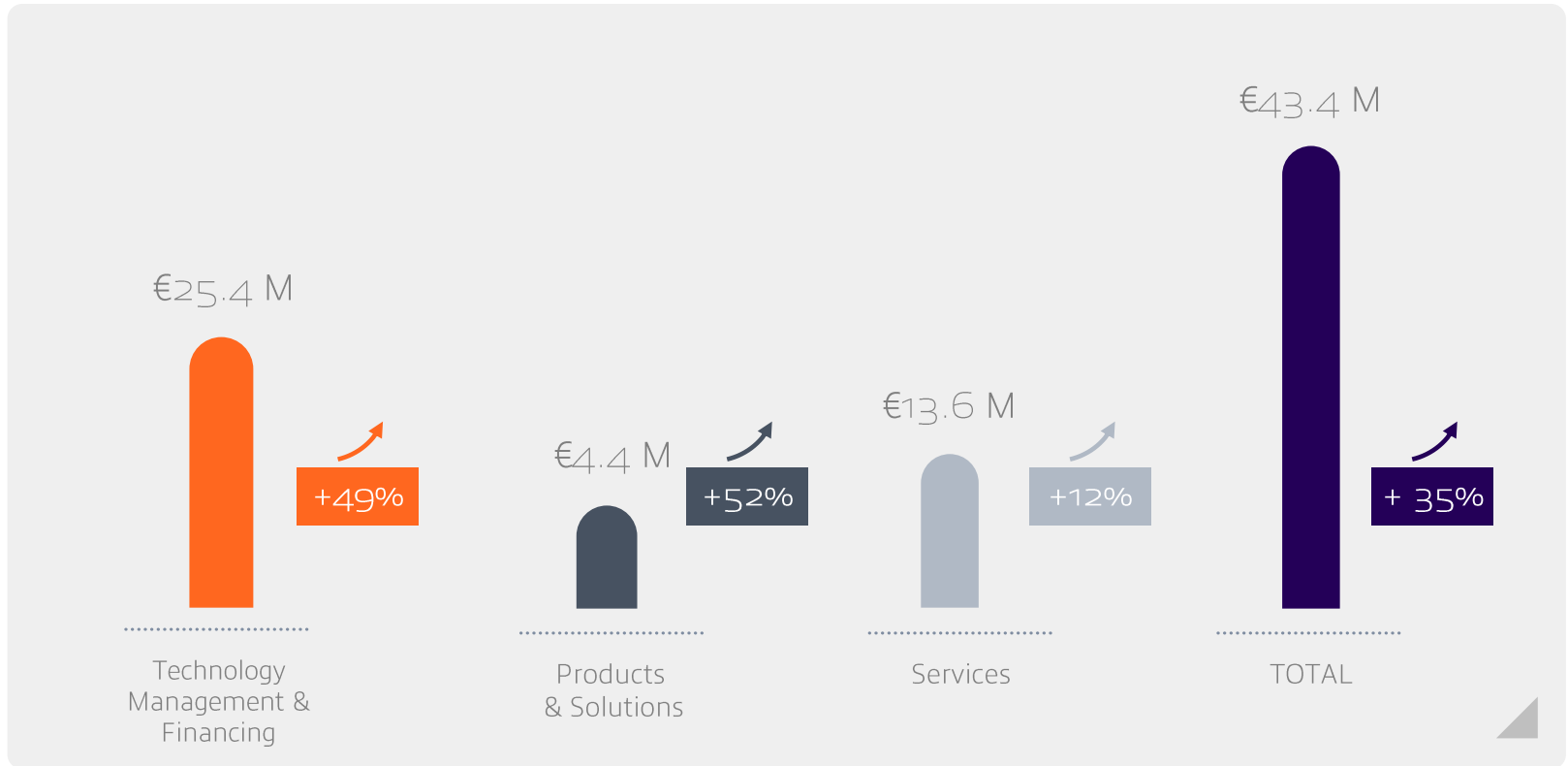
All activities posted double-digit **growth** in recurring operating profit

All reported a rise in **operating margin** rates

*Before amortisation of the ECS customer portfolio and the Osiatis brand (€2.1 M in H1 2015 vs. €1.5 M in H1 2014)

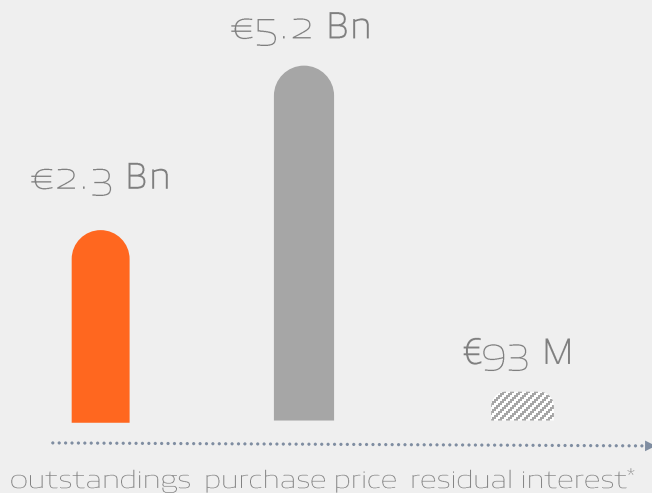
**Financial operating profit restated as financial expenses/IFRIC 21/ for. discontinued operations (Services Germany)/Interadpt (Brazil)

Increased recurring operating profit across all businesses



Technology Management & Financing

Contract portfolio



15% organic growth in revenue to €567 M

Growth supported by EDFL: 5% of H1 revenue

Recurring operating profit of €25.4 M

Improved margin rates with an increase in portfolio (+5%) and outstandings (+3%)

Residual interest remains stable as a % of portfolio (<2% of the purchase price of the portfolio)

Risk outstandings (self-funded & refinanced with recourse): **limited to 5%** of outstandings

(*estimated value of assets at the expiry of the lease contract)

Products & Solutions



26% organic growth in revenue to €211 M

€4.4 M recurring operating profit

Improved operating margin rates due to volume

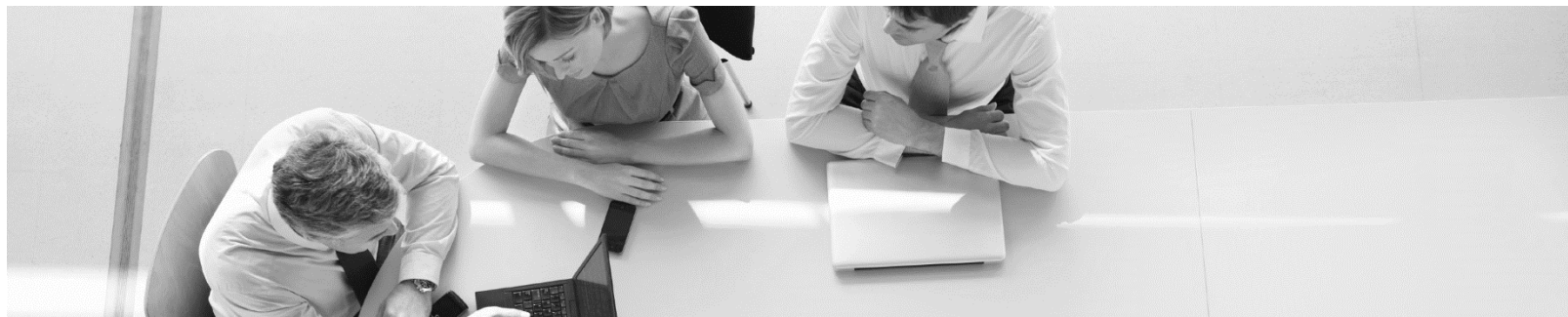
Spearheading the group's digital strategy: 50% of growth from digital assets

A trend boosted by **business synergies with other business lines and a dynamic partnership policy (Microsoft, Apple, Dell, Lenovo, etc.)**

Improved competitive positioning:

- 2nd distributor in France and 3rd in Belgium
- Europe's n° 1 b2b Apple partner
- Successful Education offering in the public sector
- Well established in the government sector (Ministries of Justice, Defence, etc.)

Services



Revenue up to €344 M:
9% growth, 2% of which is **organic**

The satellites contributed **€44 M**
to consolidated revenue for the first half

Over **7,000** employees

Recurring operating profit: **€13.6 M**, up
12%

**Increasing our expertise in high-growth,
high-margin sectors:**

- Creating a leading French provider of mobile solutions within Digital Dimension (Econocom Telecom, Rayonnance and Norcod)
- Security division with €15 M revenue
- First dedicated IoT CERT

03 Financial results

Consolidated half-year income statement

In €M	h1 2014 Reported	h1 2014 Restated	h1 2015
Revenue	972.2	973.8	1,122.3
Recurring operating profit*	30.6	32.1	43.4
Recurring operating profit	29.1	30.6	41.4
Non-recurring operating expenses	-5.7	-5.6	-1.1
Operating profit	23.4	25.0	40.3
Financial result	-6.3	-8.4	-6.2
Change in fair value of ORNANE convertible bonds	5.3	5.3	-2.0
Profit before tax	22.4	21.8	32.1
Income tax	-6.4	-5.9	-11.5
Discontinued operations	0.0	-0.9	-0.2
Profit attributable to owners of the parent	16.3	15.5	20.8

Sharp rise in operating profit: +61%

Non-recurring expenses limited to €1.1 M

Financial expenses reduced due to optimisation of financial debt (ORNANE convertible bonds and Euro PP)

Negative impact (non-cash) of the ORNANE mark-to-market due to the rise in the share price: -€2 M vs. +€5 M in H1 2014

Net profit: €20.4 M, + 36%

Restated net profit* of €24.1 M

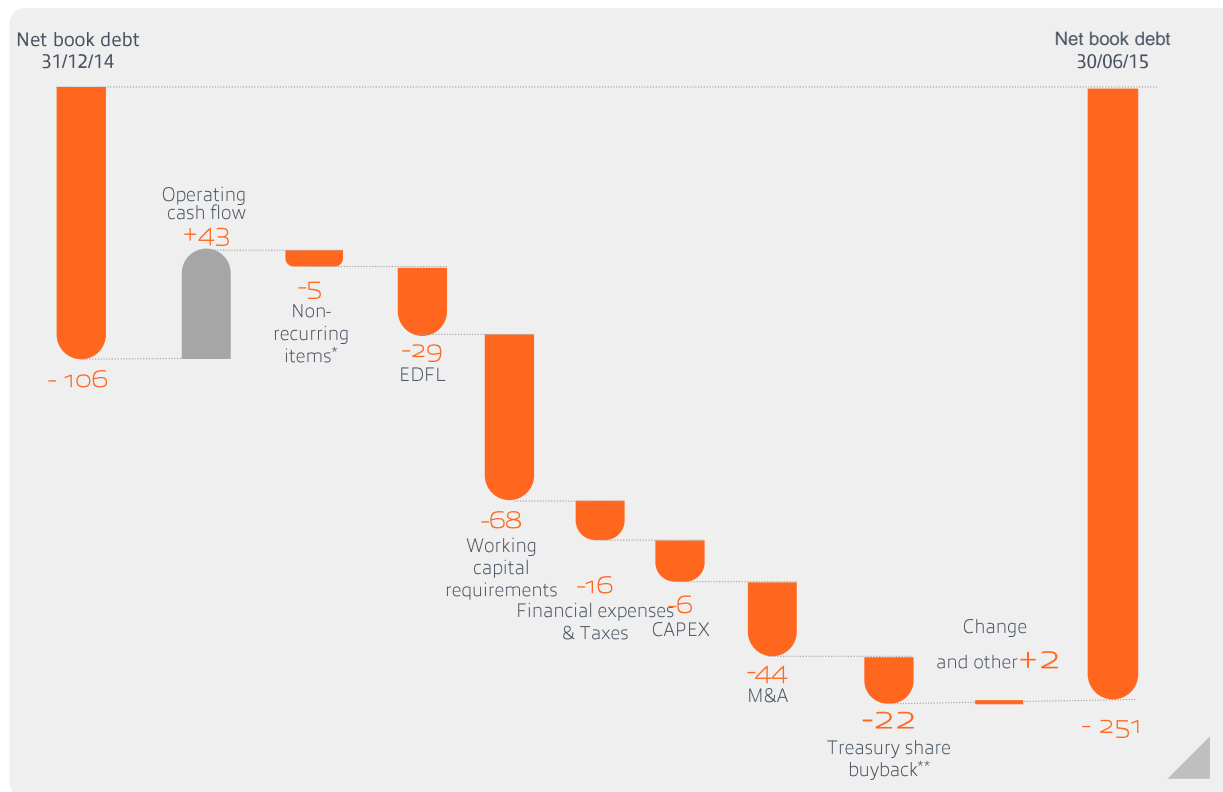
*Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE derivative, net of income tax

Consolidated balance sheet on 30 June 2015

ASSETS (in €M)	31/12/2014 Reported	31/12/2014 Restated	30/06/2015
Goodwill	381	381	442
Leasing residual interest	63	63	66
Other non-current assets	123	122	124
NON-CURRENT ASSETS	567	566	632
Leasing residual interest	26	26	27
Trade and other receivables	724	724	893
Other current assets	76	76	108
Cash	207	207	132
CURRENT ASSETS	1,033	1,033	1,160
Assets held for sale	2	2	-
TOTAL ASSETS	1,602	1,602	1,792

EQUITY & LIABILITIES (in €M)	31/12/2014 Reported	31/12/2014 Restated	30/06/2015
Equity attributable to owners of the parent	260	262	220
Non-controlling interests	19	19	41
EQUITY	279	281	261
Financial liabilities	213	213	314
Commitments on residual value	38	38	42
Other non-current liabilities	69	69	101
NON-CURRENT LIABILITIES	320	320	457
Trade payables	685	682	731
Other current liabilities	204	204	262
Financial liabilities	100	100	69
Commitments on residual value	13	13	12
CURRENT LIABILITIES	1,002	999	1,074
Assets held for sale	1	1	-
TOTAL EQUITY & LIABILITIES	1,602	1,601	1,792

Change in net book debt over the half year



Net book debt of €251 M in line with expectations

A half year of investments:

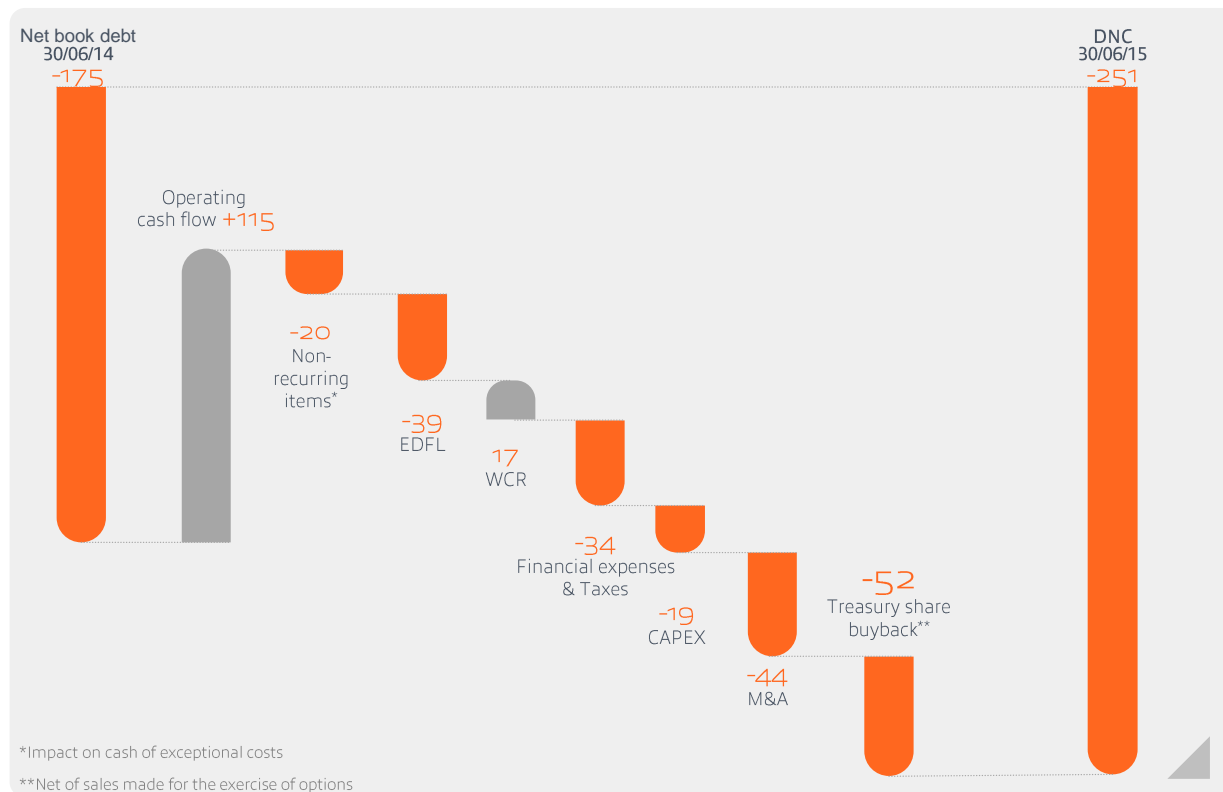
- > €79 M in our core businesses (M&A , EDFL, CAPEX)
- €22 M in treasury share buyback

Historically seasonal nature of WCR

*Impact on cash of exceptional costs

**Net of sales made for the exercise of options

Change in net book debt over the full year

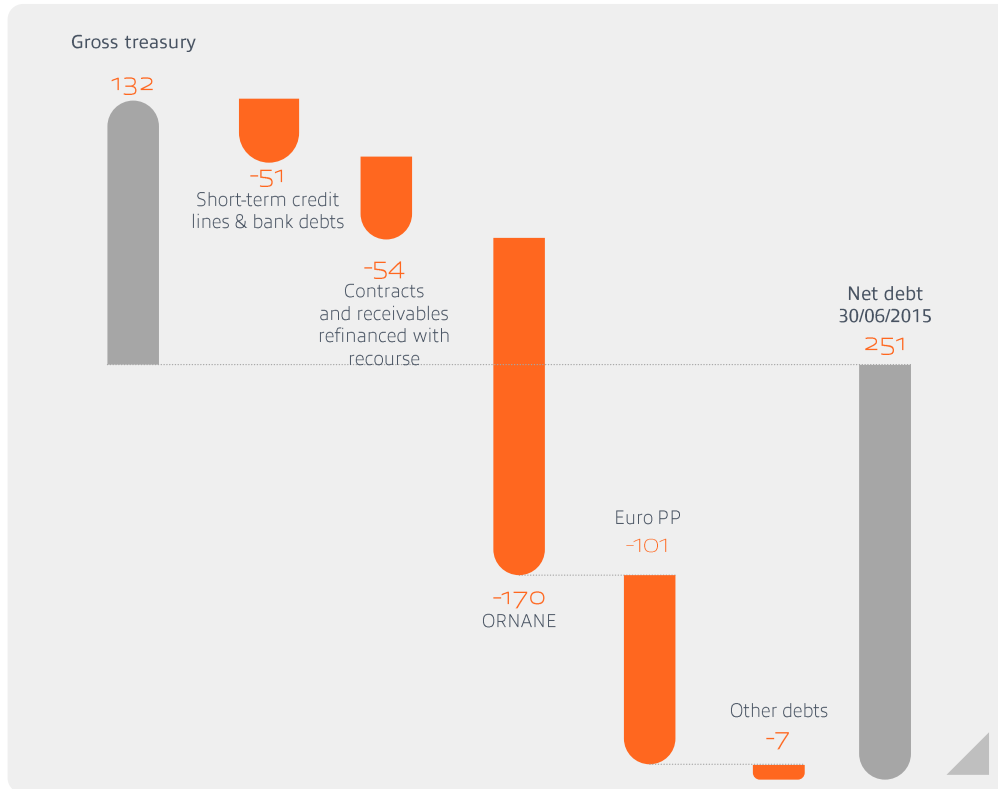


Strong generation of cash flow

A period of investments:

- > €102 M in our activities (M&A , EDFL, CAPEX)
- €52 M in treasury shares

Net book debt structure on 30 June 2015



Successful issue of a €101 M bond loan (Euro PP):

- €45.5 M with 5-year maturity, 2.364 %
- €55.5 M with 7-year maturity, 2.804 %

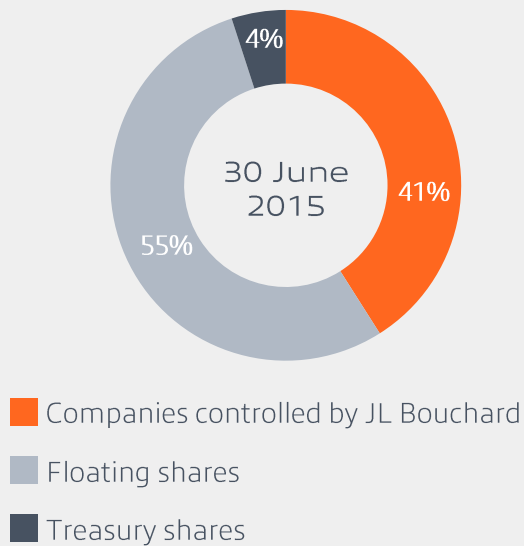
Contributed to **disintermediation** of nearly 50% of resources

Net cash at bank: €81 M

Credit lines over €300 M, around €50 M of which were used up on 30 June

Debt from leasing financing activities (EDFL, self-funded, etc.): €120 M

Change in ownership structure



Treasury shares increased to 3.73%

Three shareholders have over 5%, excluding the controlling shareholder:

- Butler Mgt
- AXA
- Kaboutier (American investment management firm)



04

Outlook

Thanks to the satisfying results and a third quarter that is set to match expectations, Econocom can:

- **Confirm its 2015 guidance:**
Another year of organic growth in revenue and a rise in recurring operating profit and net earnings per share
- **Expect a sharp rise in restated net earnings per share**

Continuing the targeted investment strategy in key sectors and geographical areas



Security



Digital solutions



Benelux



France



Web & mobile apps



High-level infrastructure &
IT consulting



Spain



Italy

In July Digital Dimension acquired SynerTrade, the European leader in cloud-based eProcurement solutions (€13 million revenue in 2014).

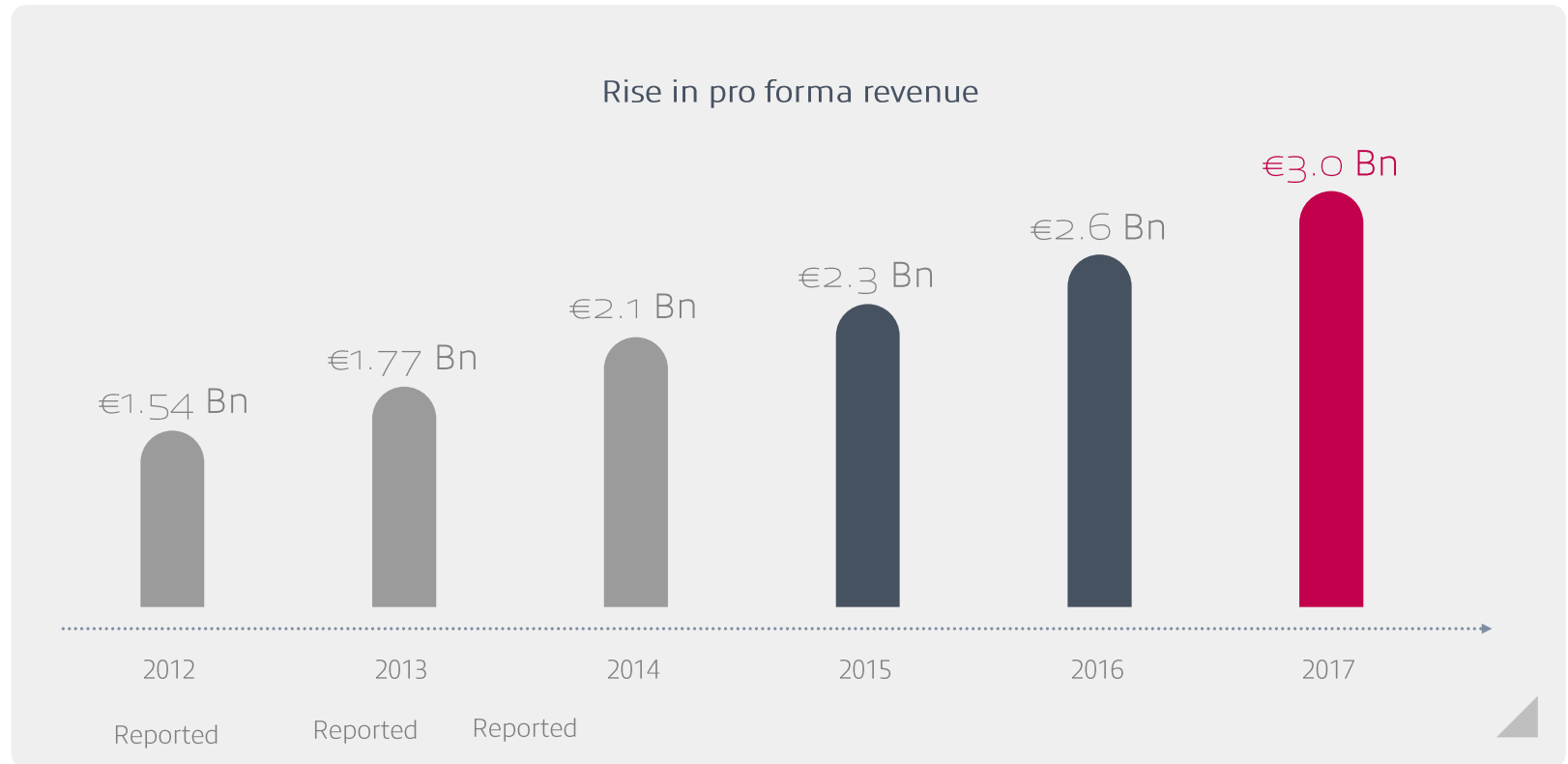
The group is looking into other potential acquisitions in France and overseas (Italy, Spain, etc.) in order to deploy its digital offerings in Europe.

Objectives of the
Mutation 2013-2017 Plan confirmed:

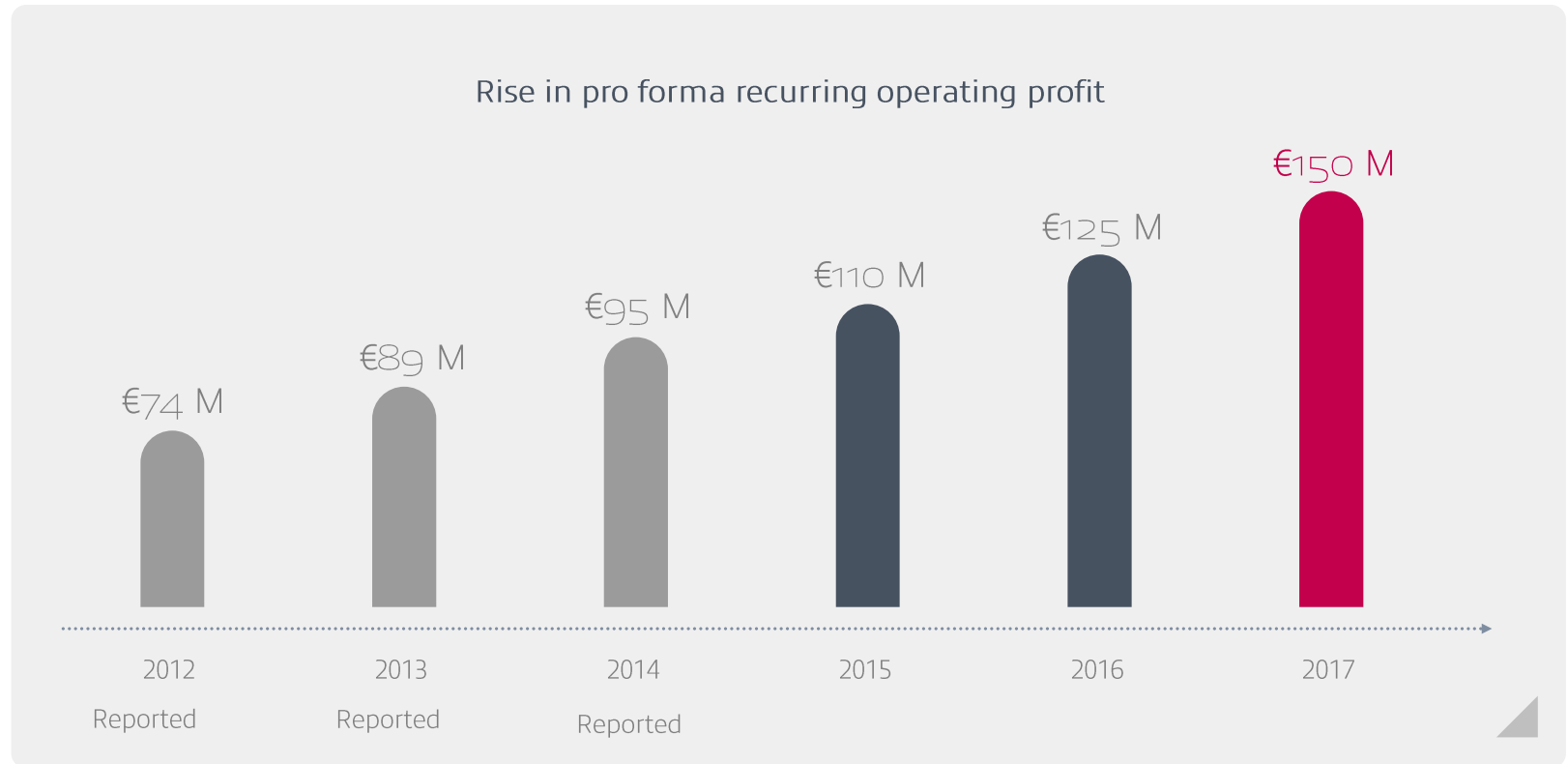
€3 billion
revenue

€150 M
Recurring operating profit

Consolidated growth in revenue



Growth in recurring operating profit



Present in high growth potential markets



Technological expertise and financial innovation for a unique offering



Attractiveness increased by the group's new size and image in the Services industry



Solid financial structure, a balanced risk profile and strong cash flow generation



A leading shareholder with a long-term vision




An attractive shareholder return policy



BE AWARE OF THE OPPORTUNITY

REJOIGNEZ ECONOCOM ET DEVEZ L'ENTREPRENEUR DE VOTRE CARRIÈRE !



Travailler chez Econocom, c'est être un acteur engagé de la révolution digitale.
carriere.econocom.com

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DIGITAL NOW! FOR ALL

* Super maître de votre carrière.
** Le digital pour tous, maintenant.


SCONOCOW

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