

econocom

2016 Half-year results

8th September 2016



Bruno GROSSI | Executive Director
Strategy, Acquisitions, Communications

Bruno LEMAISTRE | Executive Director
Chief Operating Officer

Galliane TOUZE | Company Secretary



Key figures and highlights



Implementing growth drivers for the Mutation 2017 plan



H1 2016 results



Outlook for 2016

01

Key figures
& highlights



Continuing the growth dynamic

Revenue €1,212 M

+ 8%, of which 5% is organic

All the activities
have reported **growth**

**Recurring Operating Profit⁽¹⁾
€53.3 M**

+ 23%

Sharp rise in
profitability for the Services business

**Recurring net profit,
attributable to owners of
the parent⁽²⁾ €31.7 M**

+ 31%

Financial expenses and
income tax rates **under control**



**Positive outlook for 2016 and growth guidance for 2016
confirmed**

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand

(2) Excluding non-recurring items and before amortisation of the ECS customer portfolio and the Osiatis brand

A first half of investments, innovation and commitment

4 acquisitions at end of August to strengthen our **business and geographical footholds**

Reinforcing **strategic** and technological partnerships

Developing **"incubators"** to transform digital innovation into business

Launch of the CSR barometer:
"One world for all, now!"











02

Implementing growth
drivers for the
Mutation 2017 plan

Implementing growth drivers



So far, controlling interests acquired in 4 companies in our key sectors and countries

 <p>January 2016</p>	<p>Digital services for hospital patients on multimedia equipment €2 M revenue 60% of the share capital</p>	
 <p>February 2016</p>	<p>Digital multimedia solutions €14 M revenue 67% of the share capital</p>	
 <p>July 2016</p>	<p>Infrastructure & cloud, security and application architecture consulting and outsourcing €22 M revenue 51% of the share capital</p>	
 <p>September 2016</p>	<p>Microsoft technologies consulting and services €15 M revenue 81% of the share capital</p>	

Econocom, a dedicated digital transformation player, supports innovative new companies in the e-education sector

kartable

Learning for everyone throughout junior and senior secondary school

22% of the share capital

MAGIC
MAKERS

Speeding up deployment of creative programming for young people

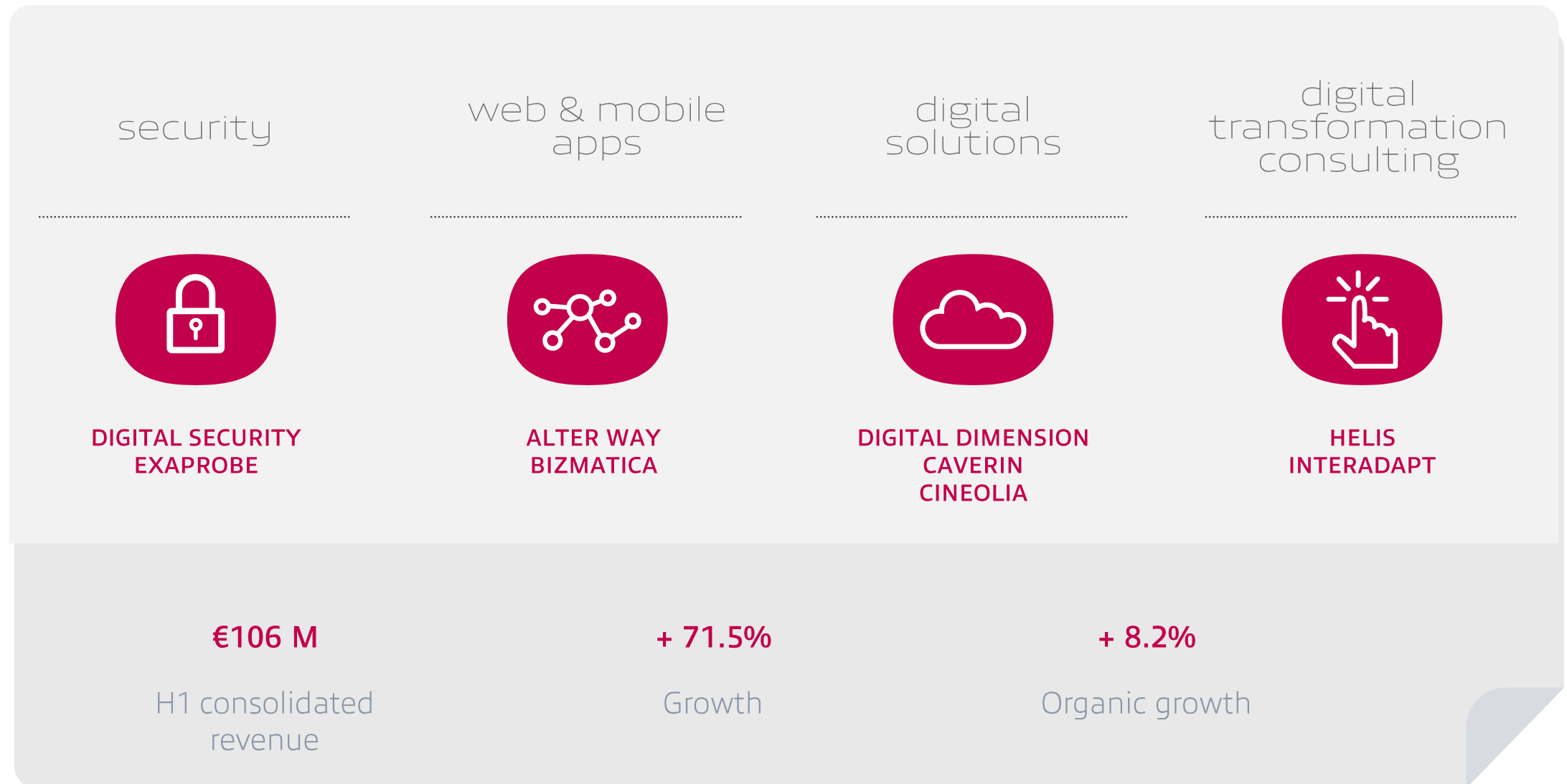
11% of the share capital

H I S T O R Y

Augmented reality solutions for cultural sites

10% of the share capital

A growing contribution from the Econocom satellites to the group's growth



Implementing growth drivers



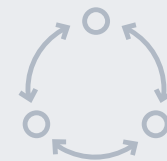
DIGITAL



DIGITAL



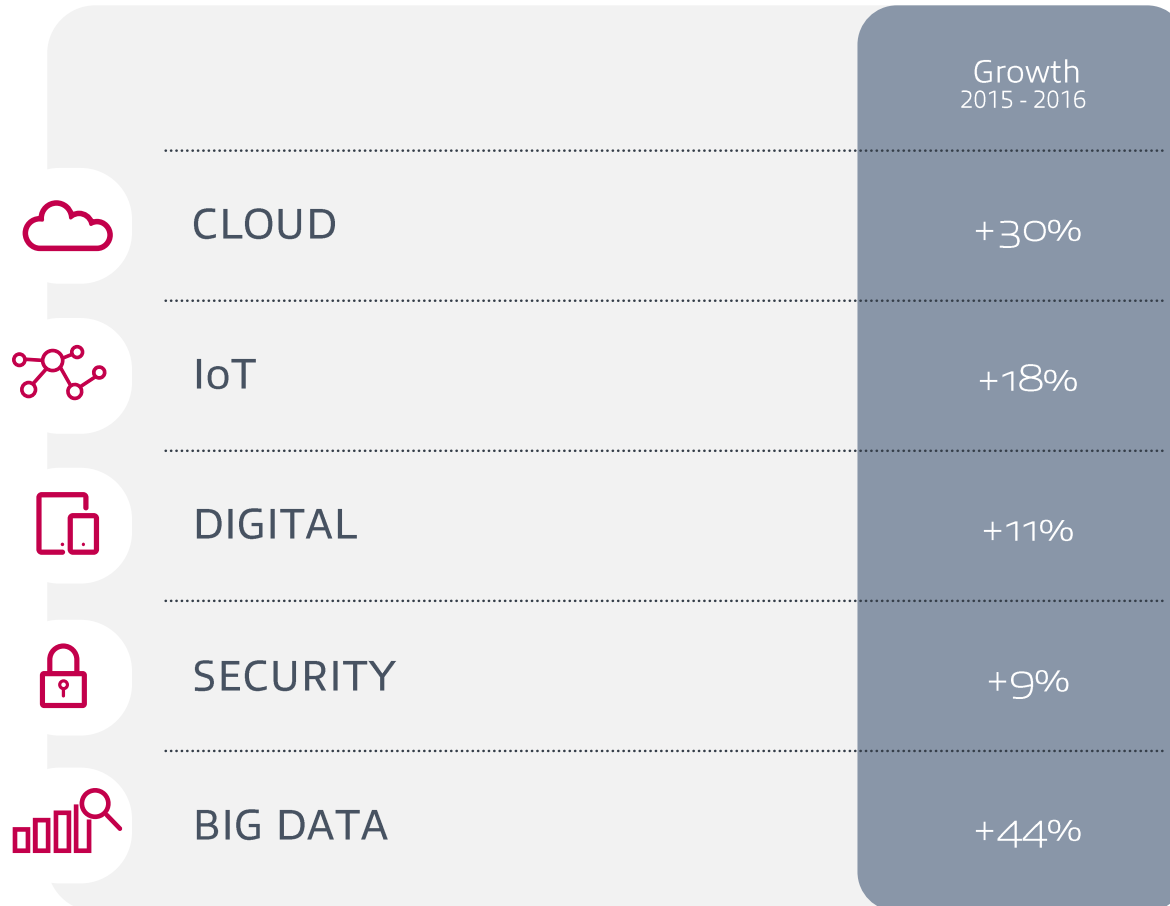
INTERNATIONAL



SYNERGIES

The digital market confirms its growth potential

MARKET SEGMENTS POSTING STRONG GROWTH(*)



A profoundly changing market

- > Shift towards solutions on a per-use basis (aaS) in a cloud approach
- > Bringing all objects into the communicating world
- > Major implications of transforming the customer and user experience (UX/CX)
- > A growing demand for data science services

*Source PAC Feb. 2016 – figures France

Strengthening strategic partnerships in these growth segments

	<p>Econocom, the n° 1 Apple integrator for education and B2B in France, mobility solutions and the application ecosystem</p>
	<p>Creation of Infeeny, a dedicated division for cloud-based, mobile Microsoft solutions</p> <p>Controlling interest acquired in MCNext</p> <p>Econocom now in the Top 3 Services providers for Microsoft technologies in France</p>
	<p>Econocom and Cisco launch the STARC offer, a unique cloud-based Security-as-a-Service solution in France</p>
	<p>Econocom joins forces with TIBCO to enhance its Big Data, Business Analytics and Business Intelligence offering</p>
	<p>Econocom strengthens its partnership with Sigfox, the leading provider of a global communication service based on IoT</p>

A major digital security player



digital security | econocom
exaprobe | econocom

Digital Security becomes one of the **Top 5 digital security pure play companies in France**

A comprehensive range of added-value services, with Europe's **1st dedicated IoT CERT**

Revenue > €50 M

A solution to address **the challenges of security for the digital transformation**

Secure access in the banking world

With the aim of streamlining and harmonising its IT system and complying with the regulatory requirements of Basel III, this French bank with a global presence called upon Econocom Digital Security to build and secure its IT access.



Scope of the project: implementing and coordinating an IAM system

Managing a service centre run by 4 of Econocom Cyber Security's security experts, with the aim of:

- › **Structuring** data flows in a highly-sensitive and regulated sector
- › **Guaranteeing** controlled identity management and access to users' accounts and data
- › **Preventing** identity theft and privilege abuse



Constant control of identities & access rights

combined with tools for measuring targets and results

Excellent customer intimacy

guaranteeing confidentiality and success of projects with strategic implications for the client

ECONOVA: from shaker to maker

		IDEATION	EXPERIMENTATION	INDUSTRIALISATION
New services	Connected handbag for a French luxury brand	✓	✓	✓
	Attracting new audiences thanks to an "all-in-one" connected kiosk for this French horse-racing betting company	✓	✓	✓
	Offering personalised services for this heating specialist	✓	✓	✓
Optimised processes	Optimising logistics for this leading airline catering firm	✓	✓	✓
	Optimising an in-store traffic monitoring solution, a key performance driver for this telecoms operator in France	✓	✓	✓
	Digitalising an IT department and offering innovative employee services for this international brewing group	✓	✓	✓
	Digitalising the experience for business experts for a French property developer	✓	✓	✓

Implementing our growth drivers



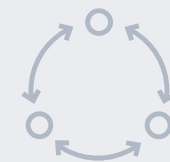
DIGITAL



ACQUISITIONS



INTERNATIONAL



SYNERGIES

Deploying our multi-business model internationally, in our priority countries



Spain & Italy
H1 revenue: €227 M
+ 17%,
6% of which is organic



SPAIN

H1 revenue: €74 M
H1 growth of 27%, 7% of which is organic
Acquisition of Caverin

Multi-activity model implemented



ITALY

H1 revenue: €153 M
H1 growth of 13%, 5% of which is organic
**With the acquisition of Asystel Italia,
threefold increase in revenue for Services
in 2 years**

Implementing our growth drivers



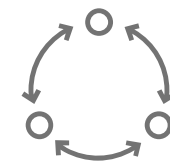
DIGITAL



ACQUISITIONS



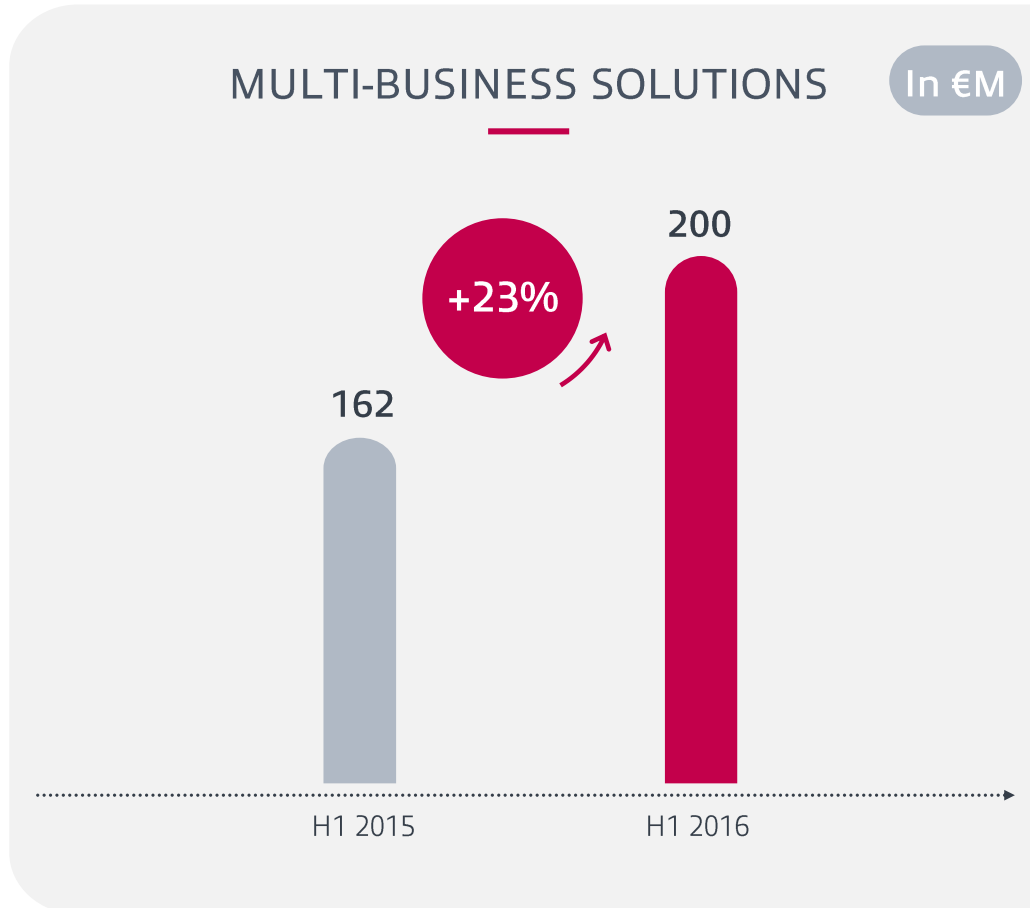
INTERNATIONAL



SYNERGIES



Growth accelerated by business synergies between the activities



Positioned as an **integrator of technological and financial solutions** that address a growing demand from the market

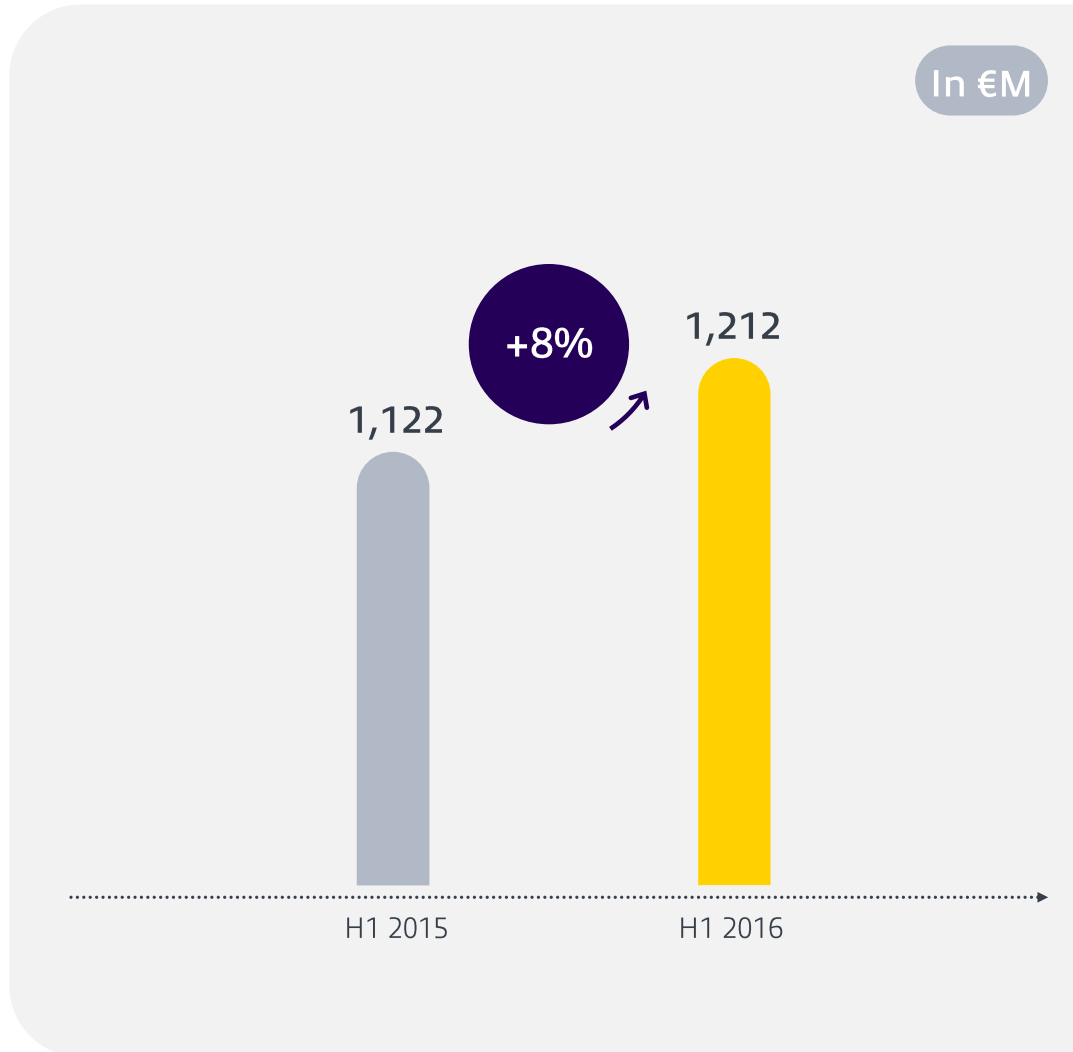
23% increase in multi-business line offerings, **82%** of which is outside France

03

H1 2016 results



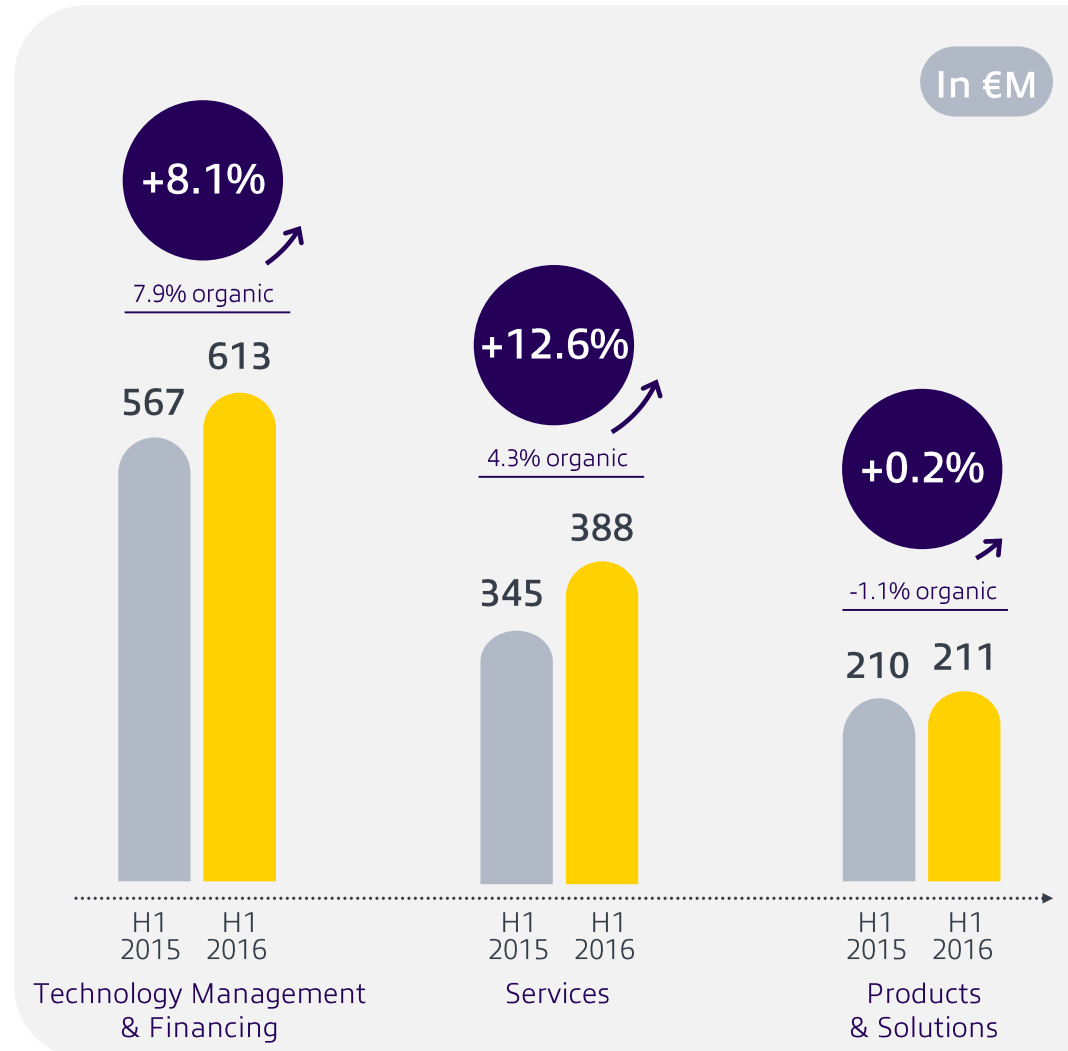
Continuing the growth in revenue



Mixed growth dynamic:
5.1% organic growth

Confirms the **performance of the investment strategy** and **development model**

Growth driven by all 3 activities

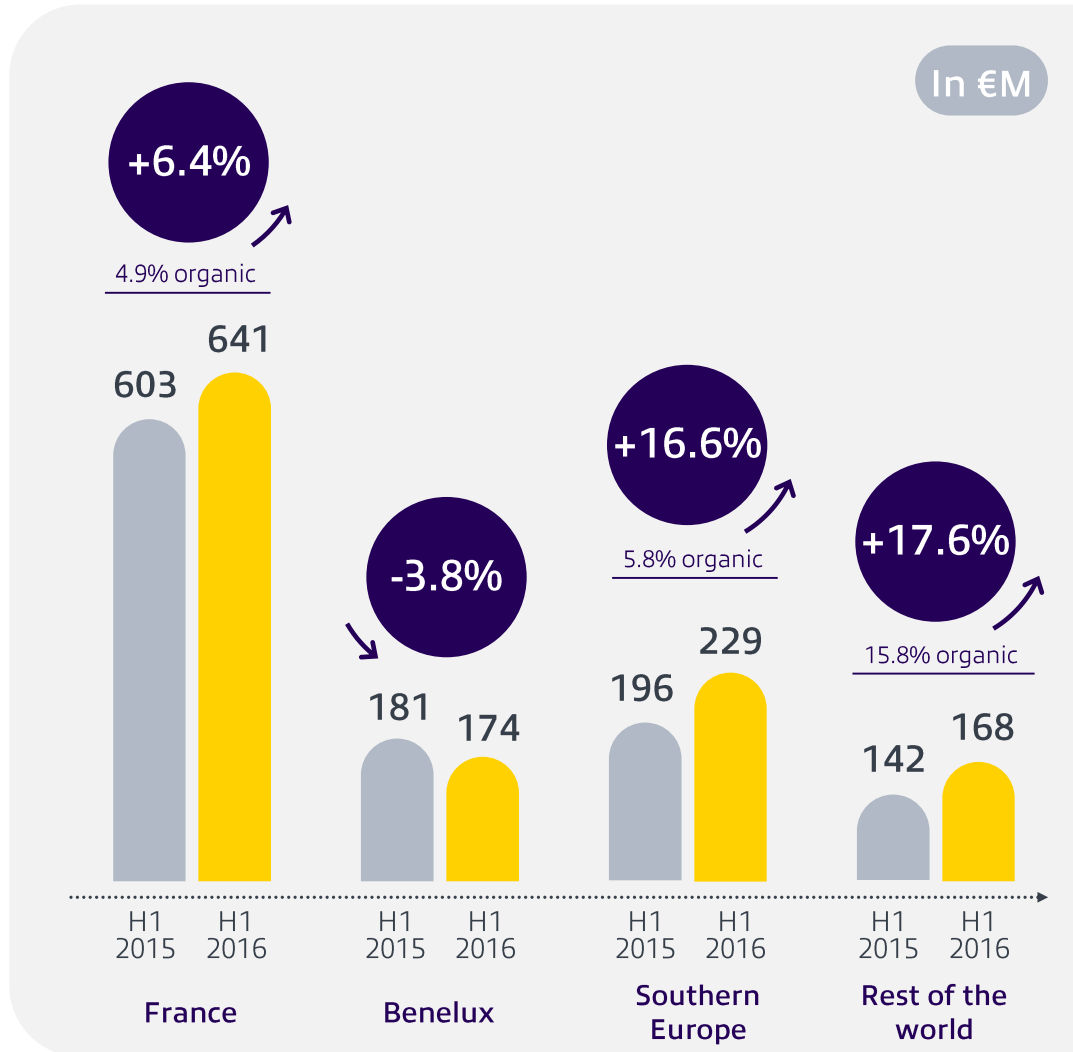


Technology Management & Financing and Services: the main contributors

A market dynamic boosted by:

- > Econocom's distinctive offering, in line with the rising trend for use-based solutions
- > Synergies between business lines and the international development of cross-disciplinary offerings
- > Investments made in sectors with high growth potential

Revenue by geographical area



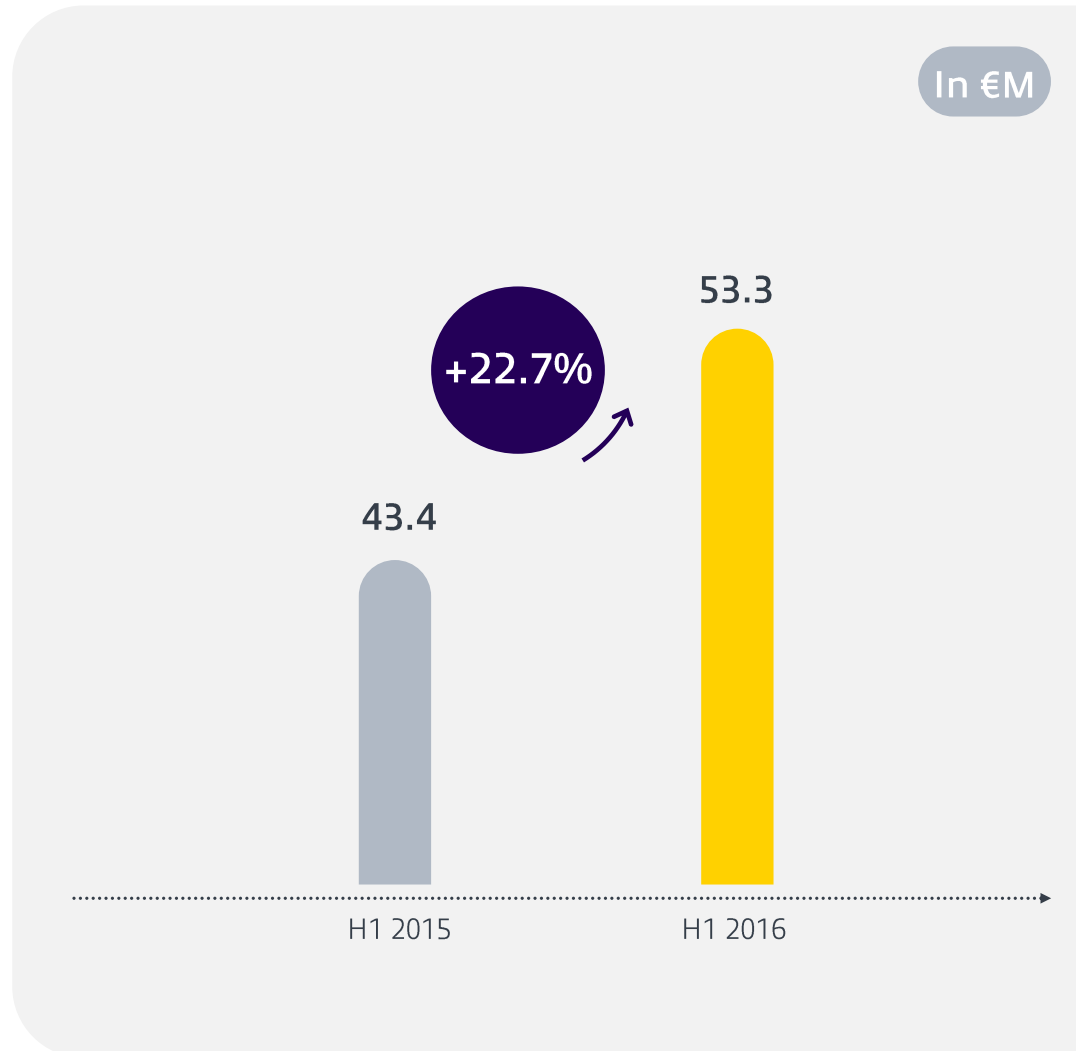
France +6.4% - healthy business trend driven by TMF and Services

Benelux -3.8% - some major structured deals for TMF in the Netherlands in 2015 (negative base effect)

Southern Europe +16.6% - strong performances in all 3 activities and launch of P&S in Spain

Rest of the world: +17.6% - sustained increase thanks to some major international deals

Recurring operating profit¹

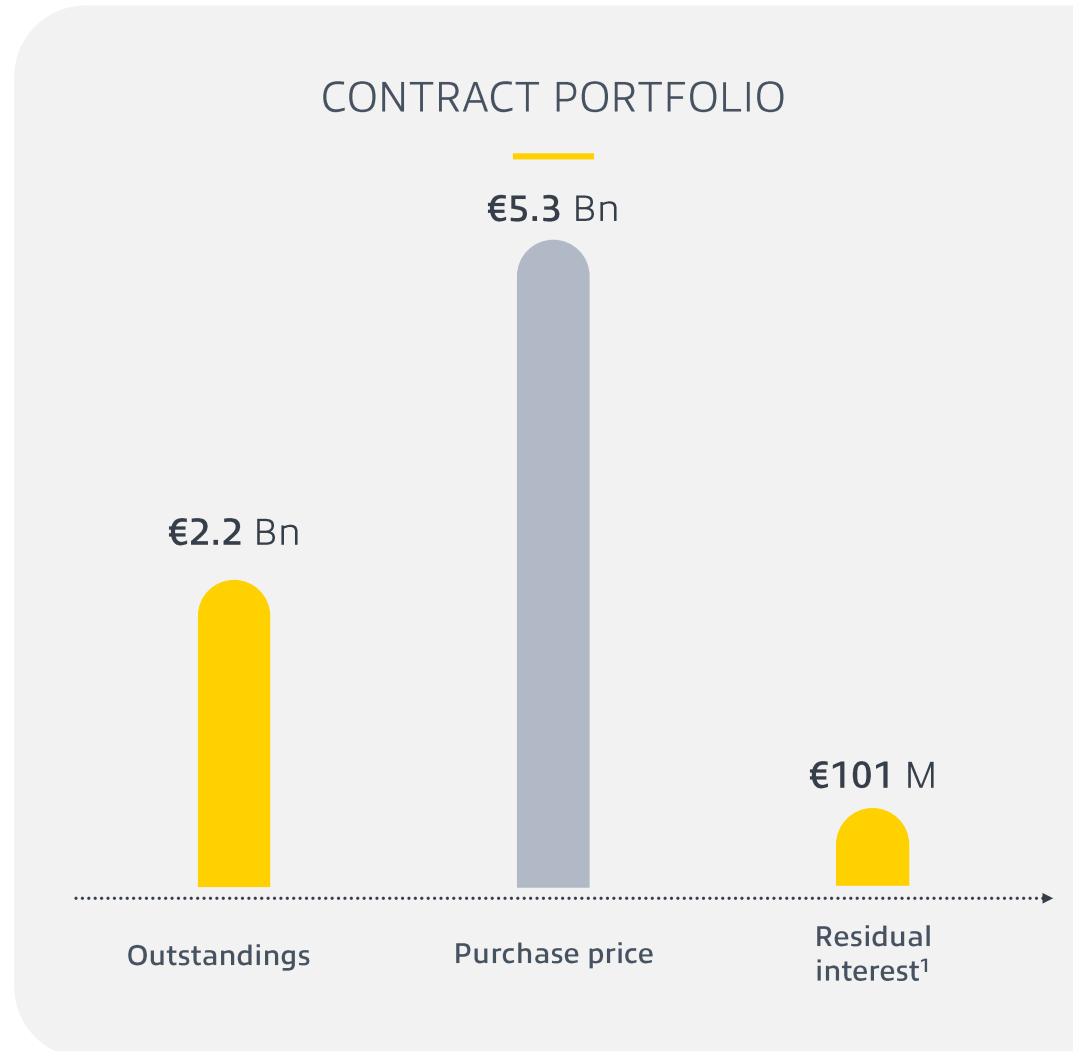


Sharp increase in ROP⁽¹⁾ of **22.7%**
and operating margin rate (+0.5pt)

- Continuing improvement in profitability for Services (+0.9pt to 4.8%) and TMF (+0.5pt to 5.0%)
- Full positive effect of synergies (Osiatis), savings plans and rise in productivity

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand

Technology Management & Financing



Revenue rose **€613 M**,
up **8.1%**, **7.9%** of which was organic

Recurring operating profit²: **€ 30.7 M**,
up **21%**

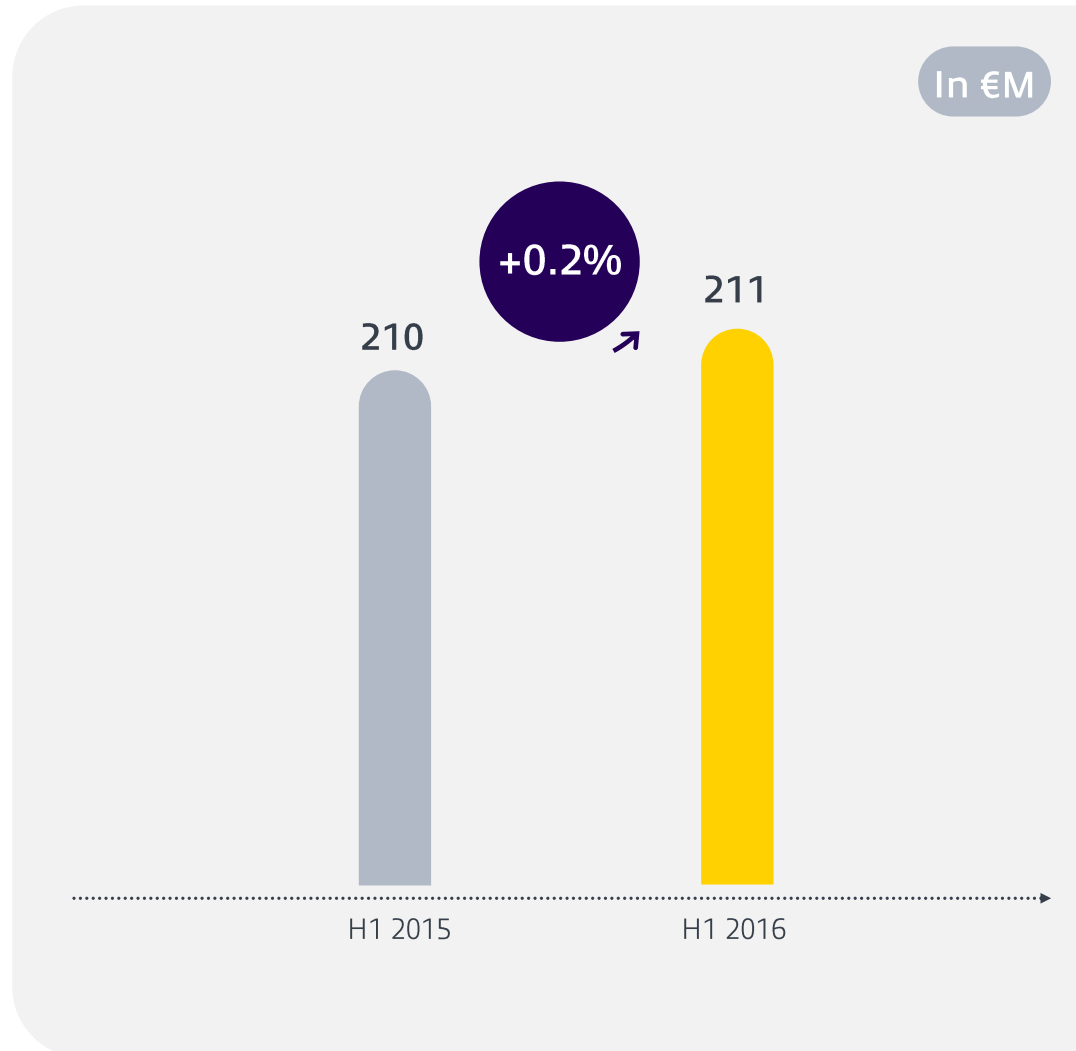
Residual interest of **€101 M**, which accounts for less
than 2% of the portfolio (original purchase price)

Risk outstandings limited to **6.3%** of total outstandings

TMF benefited from the **strong development of EDFL**,
our in-house funding division, and investments made in
the structured financing team in France and overseas

(1) Estimated value of assets at the expiry of the lease contract
(2) Before amortisation of the ECS portfolio

Products & Solutions



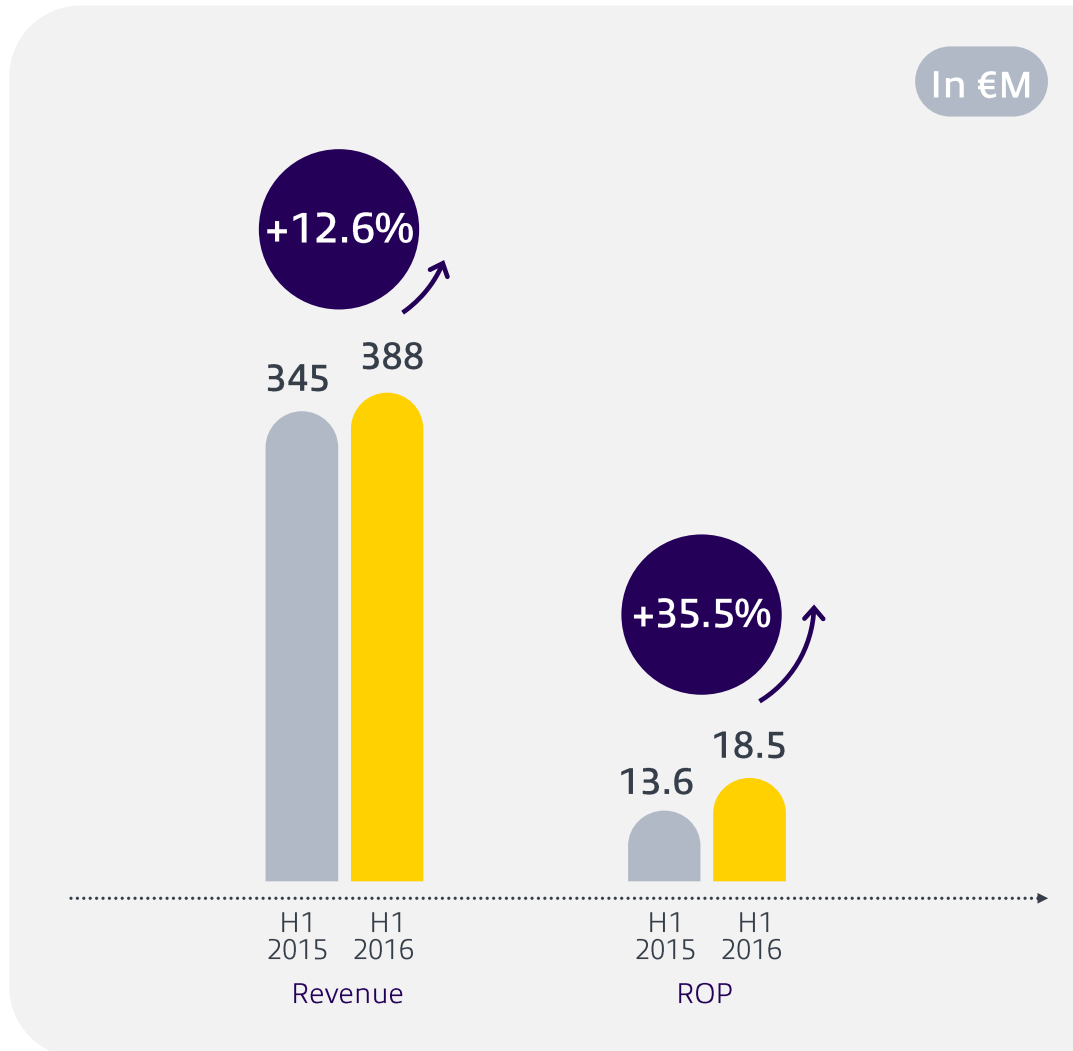
Revenue rose slightly (0.2%) to € 211 M, driven by:

- > Acquisition of Caverin Solutions, which contributed €8.9 M
- > 2.6% growth in Benelux, which reported a good second quarter

Recurring operating profit of €4.1 M

Some successful deals which will have a positive impact in H2 2016

Services



Revenue of **€388 M**, i.e. **12.6% mixed growth:**

- > Strong organic growth dynamic: Planet (+3.2%) and for the whole activity (+4.3%)

Recurring operating profit⁽¹⁾ stands at **€18.5 M**

- > 35.5% rise
- > Substantial improvement in operating margin rate (+0.9pt) to **4.8%**

A growing contribution from the satellites:

- > **€96 M** consolidated revenue, **+8%** of which is organic
- > **+2/3** of growth for the activity

(1) Before amortisation of the Osiatis brand

Consolidated income statement

In €M	H1 2015	H1 2016	Change
REVENUE	1 122.3	1 211.6	+8%
RECURRING OPERATING PROFIT¹	43.4	53.3	+23%
Recurring operating profit	41.4	51.2	
Non-recurring operating expenses	(1.1)	(1.5)	
OPERATING PROFIT	40.3	49.7	+23%
Financial result	(6.2)	(7.3)	
Change in fair value of ORNANE derivative	(2.0)	(10.7)	
PROFIT BEFORE TAX	32.1	31.7	(1%)
Income tax	(11.6)	(14.0)	
Discontinued operations and share of profit/(loss) of associates	(0.2)	-	
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	20.8	18.3	(12%)
RECURRING NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT²	24.2	31.7	+31%
RECURRING NET EARNINGS PER SHARE² - in €	0.22	0.29	+33%

Recurring operating profit¹: +23%

Non-recurring, non-cash financial expenses stand at €10.7 M, due to the sharp rise in the share price

Recurring net profit, attributable to owners of the parent: +31%

The sharp rise in ROP⁽¹⁾ and financial expenses and income tax rates being kept under control led to a 31% increase in recurring net profit, attributable to owners of the parent

Recurring net earnings/share²: +33%

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand (€2.1 M for H1 2016 and H1 2015)

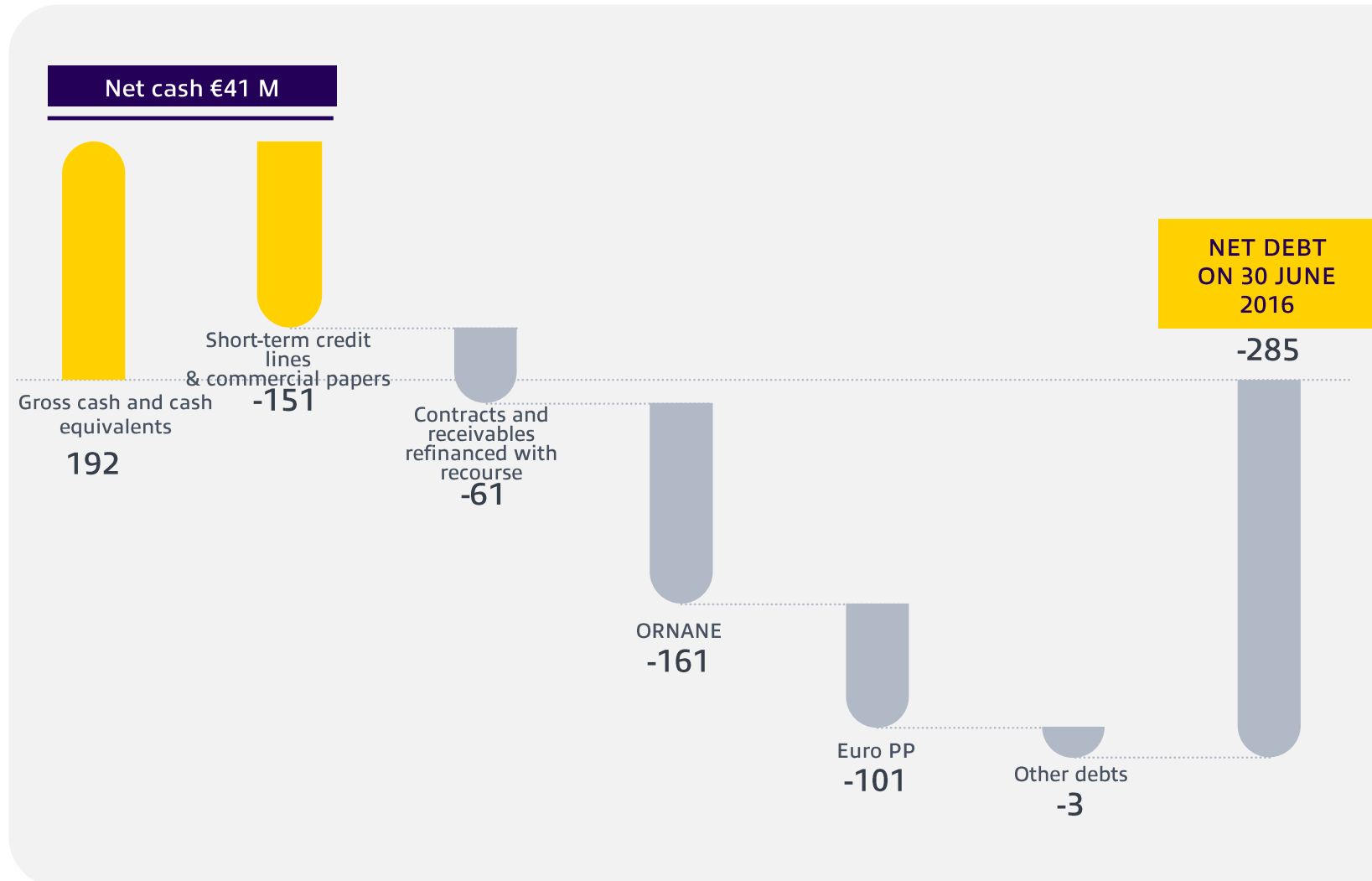
(2) Excluding non-recurring items and before amortisation of the ECS customer portfolio and the Osiatis brand

Consolidated balance sheet

In €M		
ASSETS	31.12.15	30.06.16
Goodwill	484	495
Leasing residual interest	70	77
Other non-current assets	137	145
NON-CURRENT ASSETS	691	717
Leasing residual interest	28	25
Trade and other receivables	805	827
Other current assets	84	101
Cash	210	192
CURRENT ASSETS	1,127	1,145
Assets held for sale	-	-
TOTAL BALANCE SHEET	1,818	1,862

In €M		
EQUITY & LIABILITIES	31.12.15	30.06.16
Equity attributable to owners of the parent	228	210
Non-controlling interests	52	61
EQUITY	281	271
Financial liabilities	281	267
Commitments on residual value	46	50
Other non-current liabilities	120	126
NON-CURRENT LIABILITIES	447	443
Trade payables and other creditors	752	739
Other current liabilities	207	184
Financial liabilities	115	210
Commitments on residual value	16	15
CURRENT LIABILITIES	1,090	1,148
Liabilities held for sale	-	-
TOTAL BALANCE SHEET	1,818	1,862

Structure of net financial debt on 30 June 2016



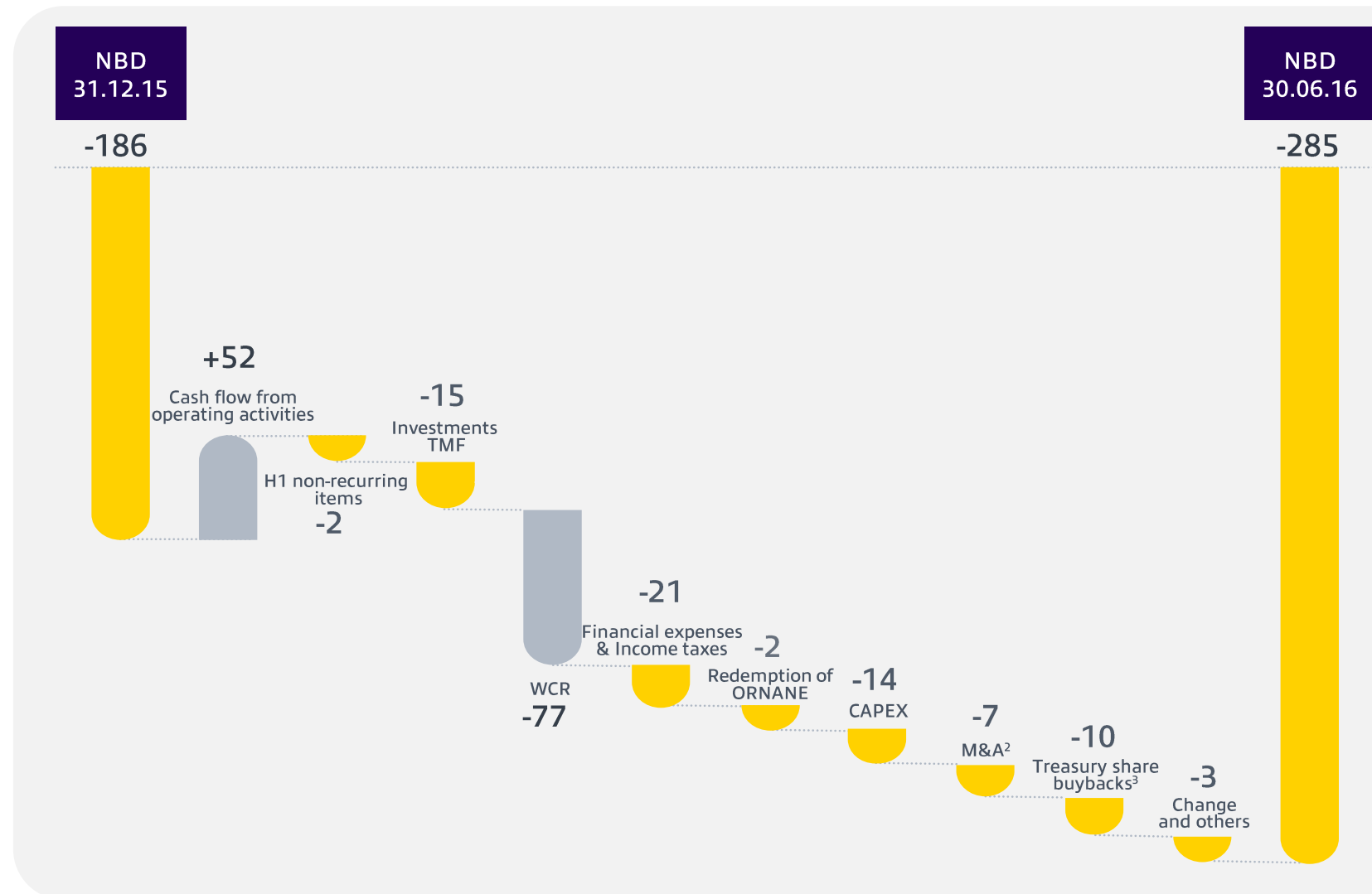
Net cash: **€41 M**

Net book debt of **€285 M**, under control and in line with expectations:

> 2 x 12 months EBITDA

7.7% of ORNANE convertible bonds redeemed end of June 2016

Change in net book financial debt over 6 months



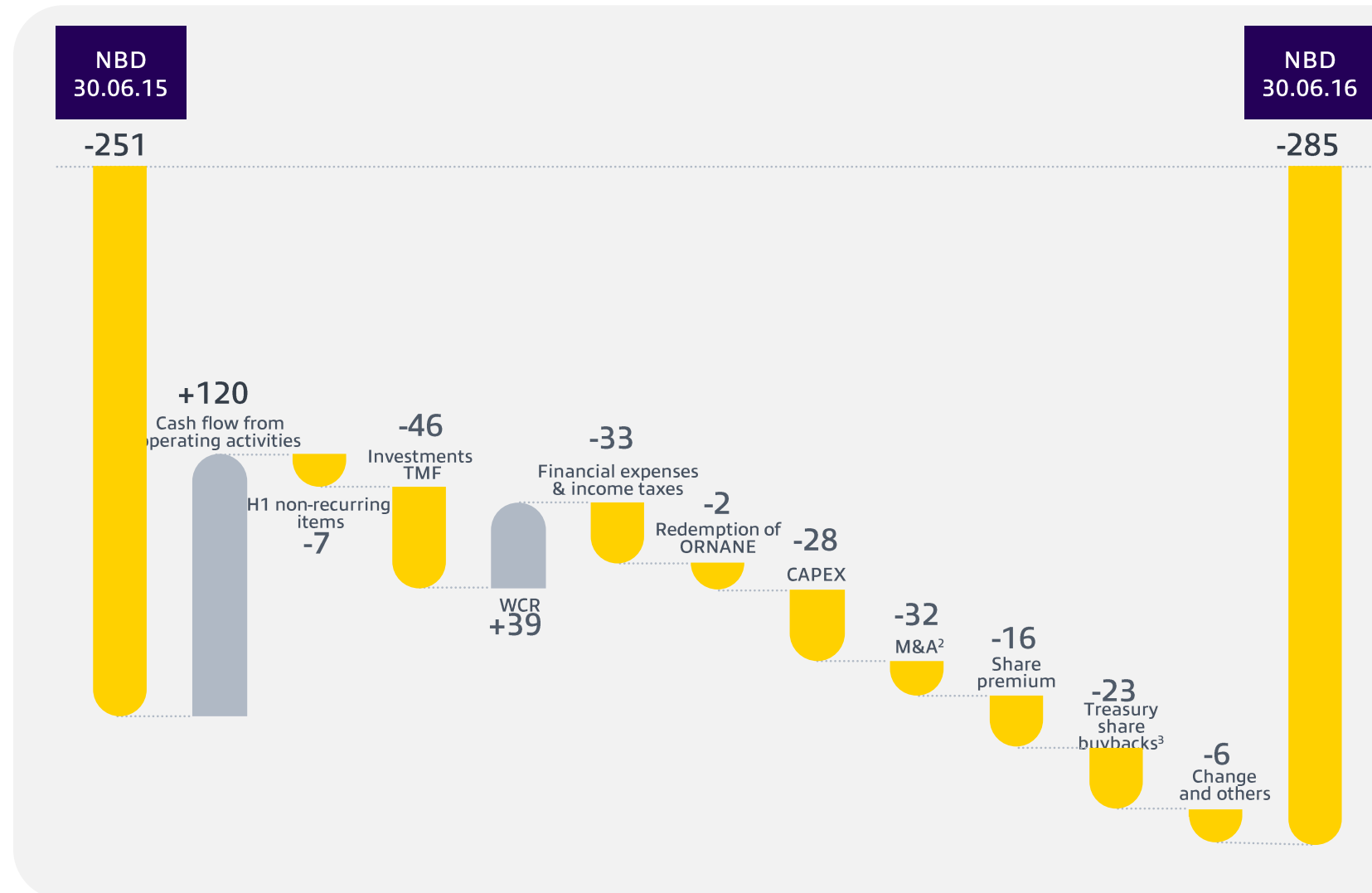
Typically seasonal nature of WCR in H1

A half-year of major investments:

- > €36 M in our activities (investments in TMF, CAPEX, M&A)
- > €12 M treasury share (and ORNANE) buybacks

(1) Impact on cash of exceptional costs
 (2) Net of financial liabilities from acquired companies
 (3) Net of disposals carried out for the exercise of options

Change in net book financial debt over 12 months



Strong generation of cash flow

A period of investments:

- > €60 M in M&A and CAPEX
- > €46 M in TMF

Shareholder return:

- > €25 M in treasury share (and ORNANE) buyback
- > €16 M in repayment of share premiums

(1) Impact on cash of exceptional costs

(2) Net of financial liabilities from acquired companies

(3) Net of disposals carried out for the exercise of options

A person wearing a blue jacket and goggles is looking through a blue and yellow telescope. The background is a blurred landscape of mountains and water. The image is split vertically, with the left side being a solid orange color and the right side showing the person and the landscape.

04

Outlook for
2016

➤ Positive outlook for 2016 and 2016 growth guidance confirmed

Organic **growth** above the market rate

A double-digit **rise** in recurring operating profit

Another increase in net earnings per share

➤ Reminder of the targets of the MUTATION 2013-2017 plan

Revenue



€3 Bn

Recurring operating
profit



€150 M

Strong assets



Presence in high growth-potential markets

Combination of technological expertise and financial innovation

The group's attractiveness increased by its size and position in the digital market

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

econocom