

econocom

2015 full-year results

2 March 2016



Bruno Grossi

Executive Director
Strategy, Acquisitions, Communications



Bruno Lemaistre

Executive Director
Chief Operating Officer

Jean-Philippe Roesch

Executive Director
Central & Support Functions

Galliane Touze

Company Secretary

01 Key Figures & Highlights

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03 2015 Financial Results

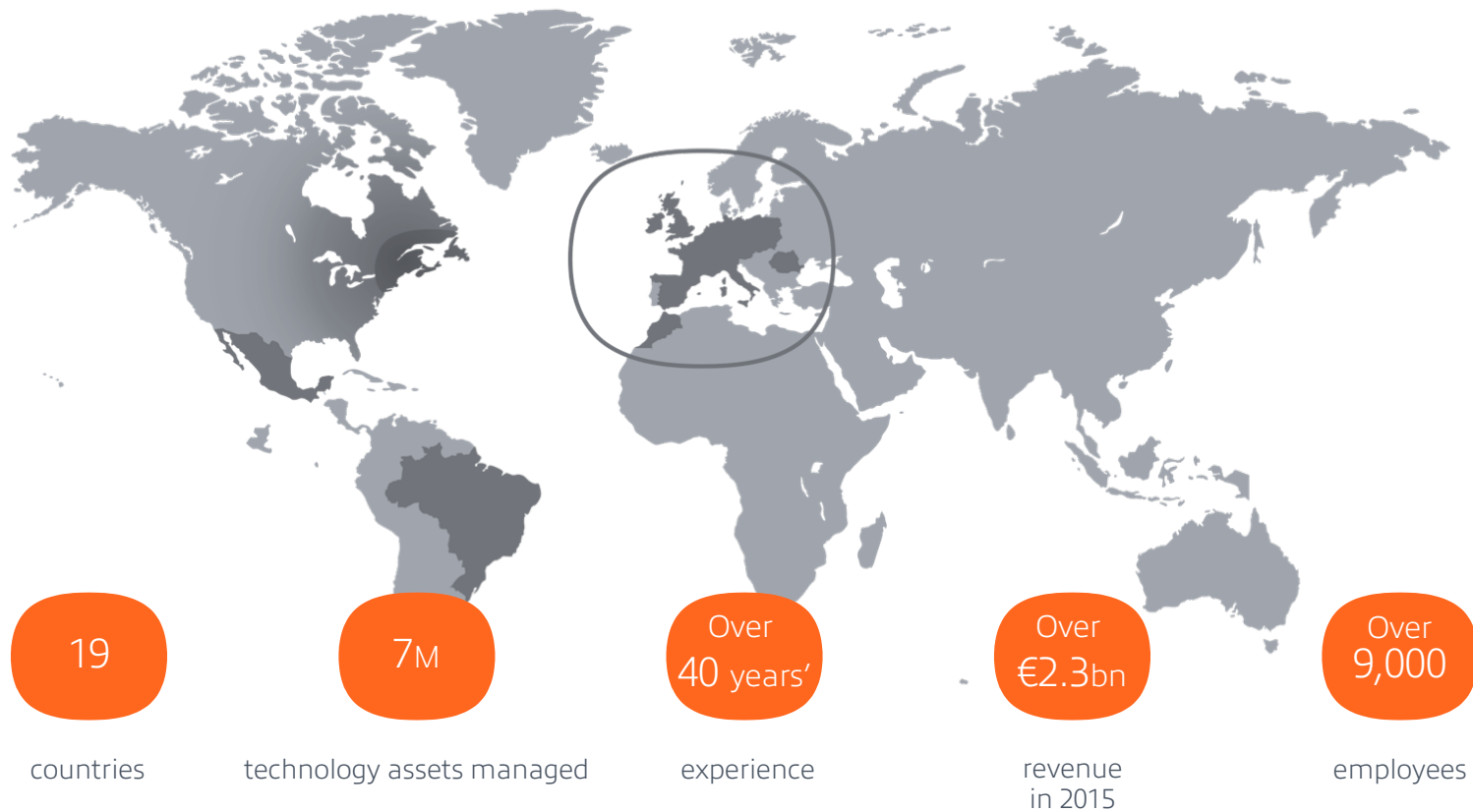
04 Outlook for 2016

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01

Key Figures & Highlights

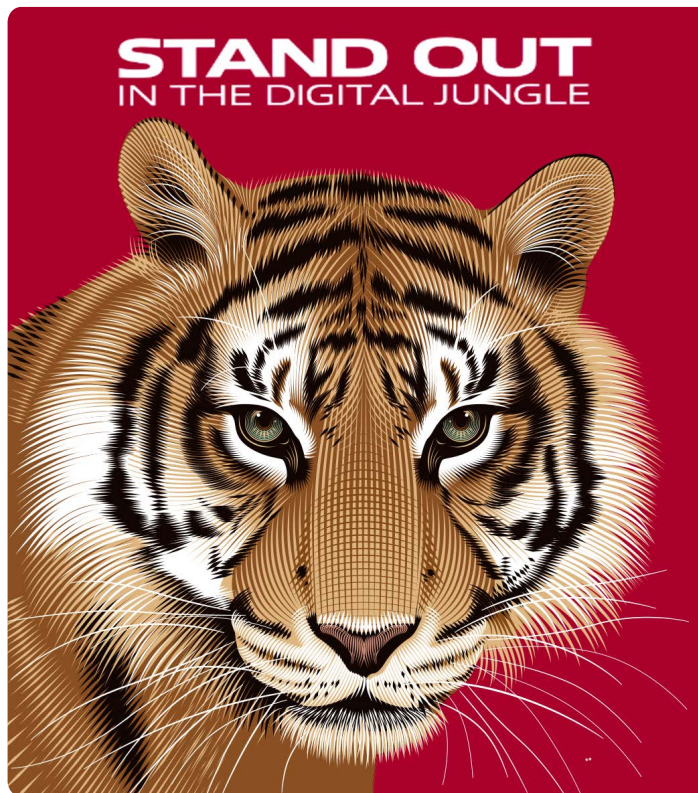






Very good performance in 2015 confirms the success of the merger with services company Osiatis and the effectiveness of the new development model

Steady growth in revenue and substantial improvement in profitability



€2.3 bn revenue

+11%, 8% of which is organic

Overall dynamic across all activities and geographical areas

€117.7 M recurring operating profit **+23%**

Double-digit rise in ROP across all activities

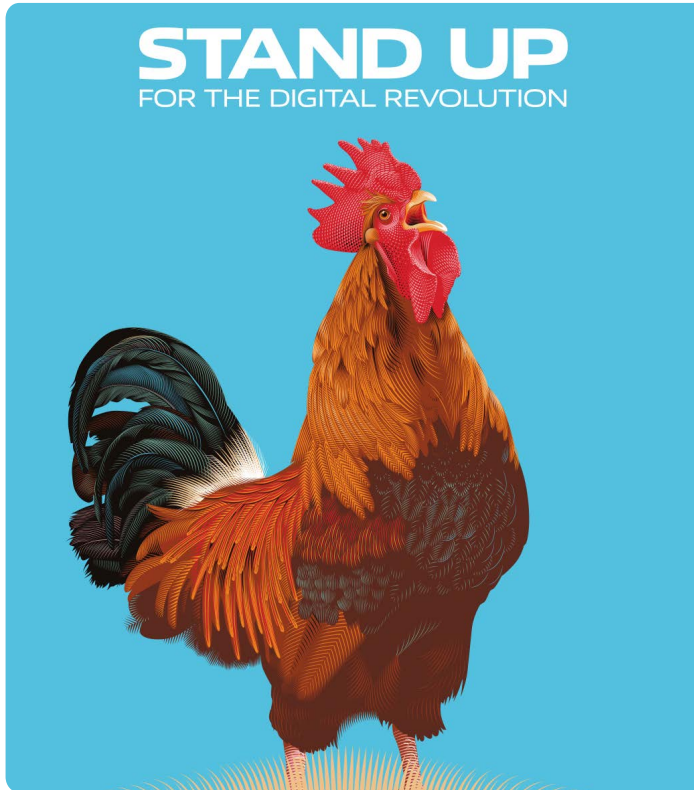
Net Earnings¹ per Share **x2**

Non-recurring expenses limited to €5 M

Financial expenses and tax rate well under control

1. Restated with the net impact of the amortisation of the ECS customer portfolio and the Osiatis brand, and the changes in fair value of the ORNANE embedded derivative component.

A year of investments



M&A: 10 selective investments

in high-growth segments

Talents: people – our most important asset

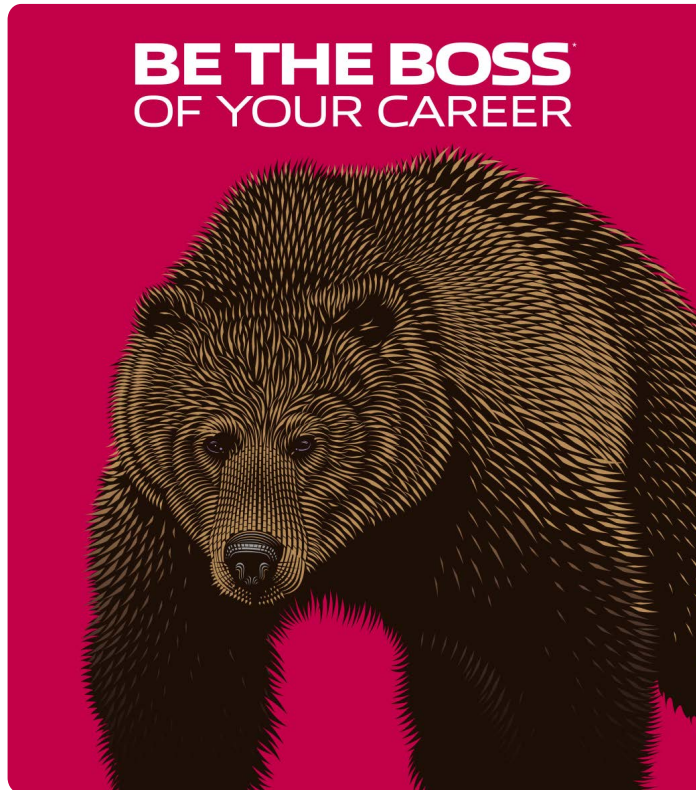
- >1,000 recruitments in 2015
- >65 new sales representatives & agents: +12%
- Collaborative tools and working environment

Brand awareness: investment in our image and brand

- Employer brand campaigns
- Survey of digital practices

Digital presence: 4th digital services company in social networks audiences

Resources to continue our investments



Strengthening and diversifying financial resources

- Success of the euro private placement **€101 M**
- Commercial paper programme: amount capped at **€300 M**

02

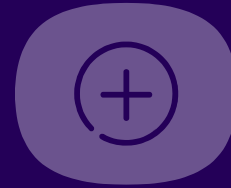
Econocom delivers
its Mutation plan
supported by its
growth drivers



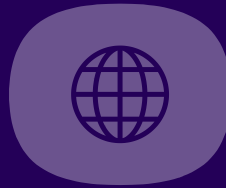
Implementing our growth drivers



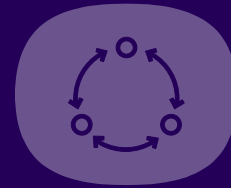
DIGITAL



ACQUISITIONS



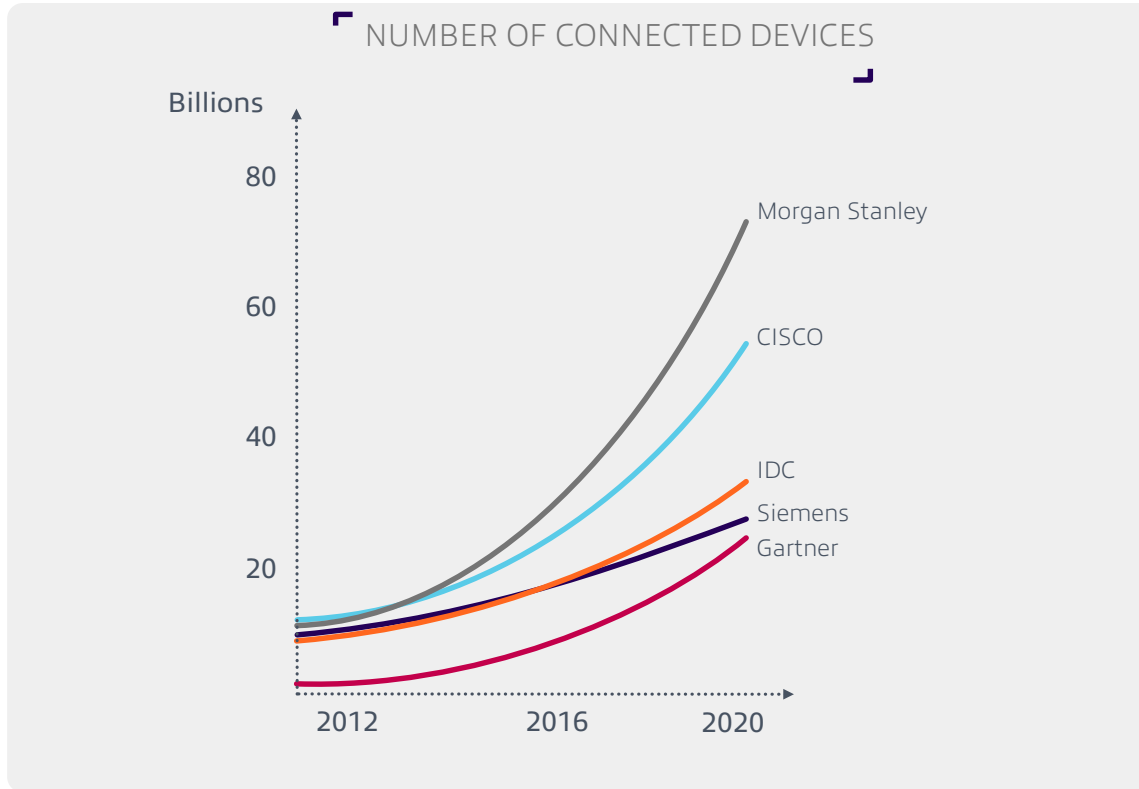
INTERNATIONAL



SYNERGIES






A growing connected devices market





The first IFOP survey of digital practices of large companies confirms the validity of the Econocom model

Major barriers identified	Econocom's responses
 <h3 data-bbox="372 372 817 401">Mobilising financial resources</h3> <p data-bbox="372 445 981 543">For 35% of large companies, the lack of financial resources allocated to digital is the n° 1 barrier</p>	<h3 data-bbox="1122 432 1707 461">IT asset leasing to lift financial barriers</h3>
 <h3 data-bbox="372 587 658 658">Developing data management skills</h3> <p data-bbox="372 683 966 762">Data security is an obstruction for 30% of businesses. It's the n° 1 barrier for 17% of them</p>	<h3 data-bbox="1122 618 1688 647">Investments in digital expert satellites</h3> <ul data-bbox="1122 672 1696 751" style="list-style-type: none">• Creation of the security division• Strengthening our consulting activities
 <h3 data-bbox="372 847 658 876">Supporting change</h3> <p data-bbox="372 901 749 958">Resistance to change, a barrier for 35% of businesses</p>	<h3 data-bbox="1122 869 1773 940">Technology integrator for designing end-to-end digital solutions</h3>



Econocom recognised by the major partners in the digital ecosystem

NEW DIMENSION of strategic partnerships



REINFORCEMENT of technological partnerships



DEVELOPMENT in digital and IoT

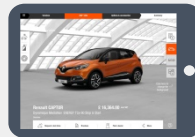


Econocom supports Renault in the digitalisation of its after-sales service



A business solution to enable service agents to improve customer intake and vehicle management and diagnostics

- A 360 service contract charged as a monthly fee
- Single governance provided by Econocom
- Solution administered remotely from a secure Econocom infrastructure



2,000 R-Book tablets
running Windows





Econocom contributes to the digital transformation of the economy

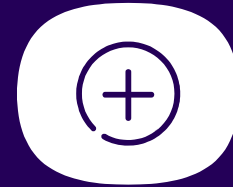
A few examples



Implementing our growth drivers



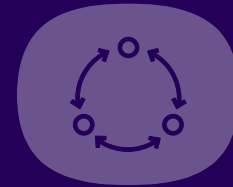
DIGITAL



ACQUISITIONS

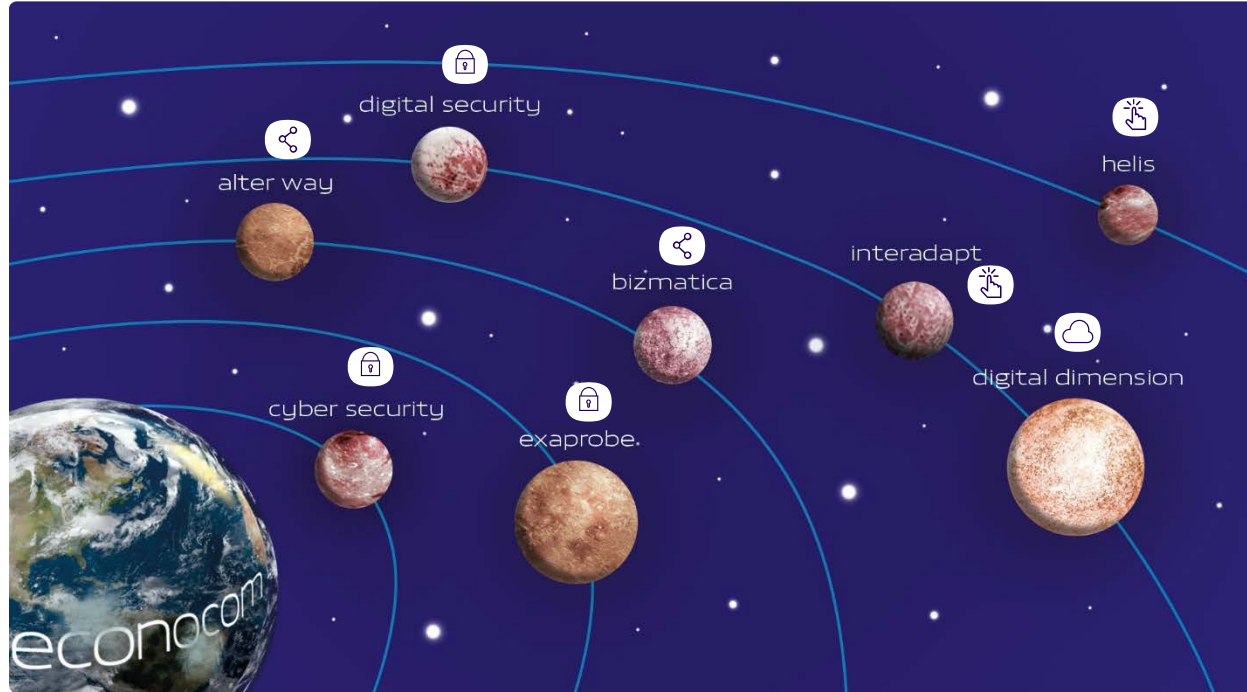






INTERNATIONAL



SYNERGIES

The Econocom galaxy: an original, agile development model



-  Security
-  Web & mobile apps
-  Digital solutions
-  Digital transformation consulting

10 transactions in high-potential, targeted segments



Significant strengthening in the field of security

cyber security

Auditing and consulting
for IT security

exaprobe

Integration of network
security solutions
and digital infrastructures

digital security

N° 1 European CERT™ dedicated
to IoT security
and their environment



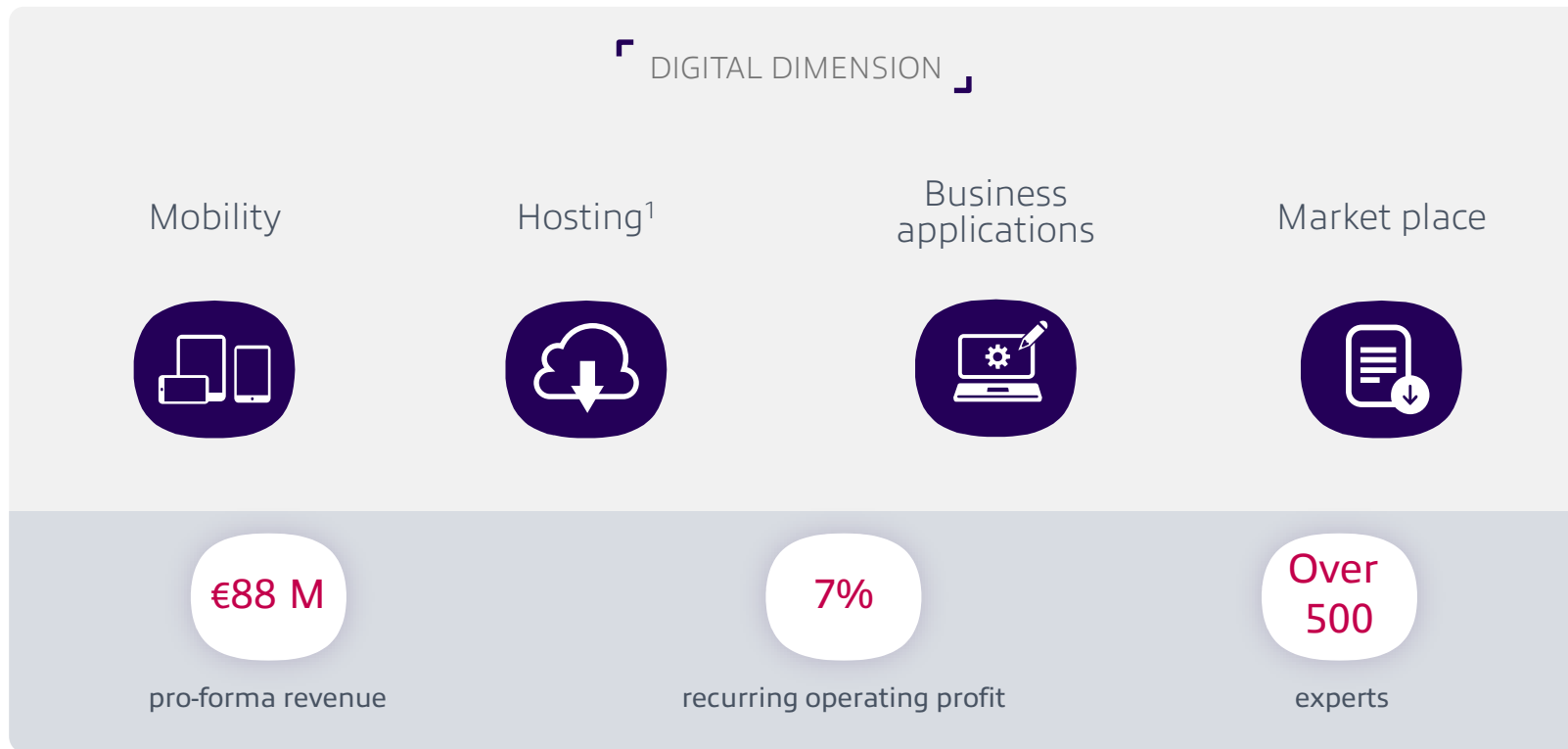
>€50 M
revenue



Over 250
experts

「 Strategic competence for development
of the group's digital solutions 」

Development of a leading provider of mobile business digital solutions

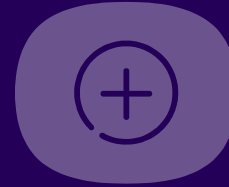


1. For critical apps/cloud infrastructures

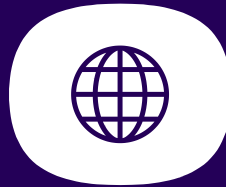
Implementing our growth drivers



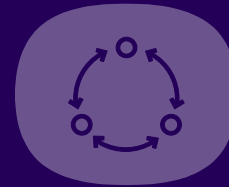
DIGITAL



ACQUISITIONS



INTERNATIONAL



SYNERGIES



Econocom claims its European identity



Spain: deployment of the multi-business line business model through external growth

Along the path of the Mutation plan

2016 accelerators



2015 revenue > €150 M
x1.5 since 2012
Workforce > 500

Strengthening in Services:
Acquisition of **nexica**

Critical applications & cloud expert,
€10 M in revenue

Launch of P&S activity
Acquisition of **caverin**
SOLUTIONS

Multimedia digital solutions,
€15 M in revenue



Italy: investments in Products & Solutions and acquisition of a Services company

Along the path of the Mutation plan

2016 levers



2015 revenue: **€280 M**
x1.5 since 2012
Workforce **> 300**

Success of the transversal strategy
Enterprise Solutions: **€70 M**

Doubling in Services:
Acquisition of bizmatica

business & mobile app services,
€18 M in revenue

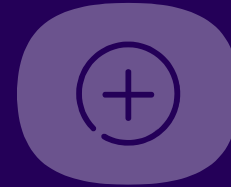
**Organic growth of Products
& Solutions:**

2015 revenue of **€10.5 M, +48%**

Implementing our growth drivers



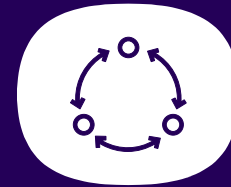
DIGITAL



ACQUISITIONS

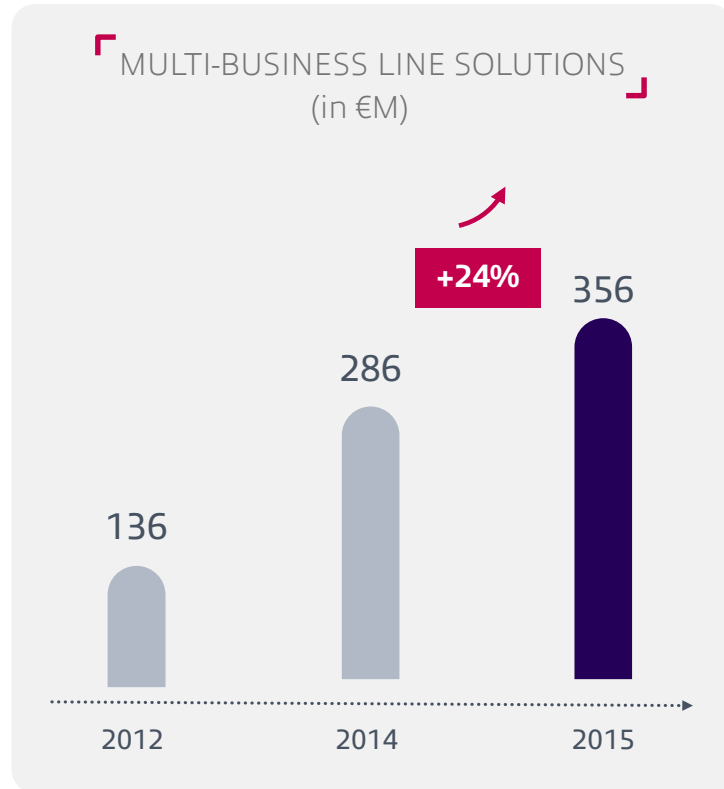


INTERNATIONAL



SYNERGIES

Accelerated growth through business synergies between activities



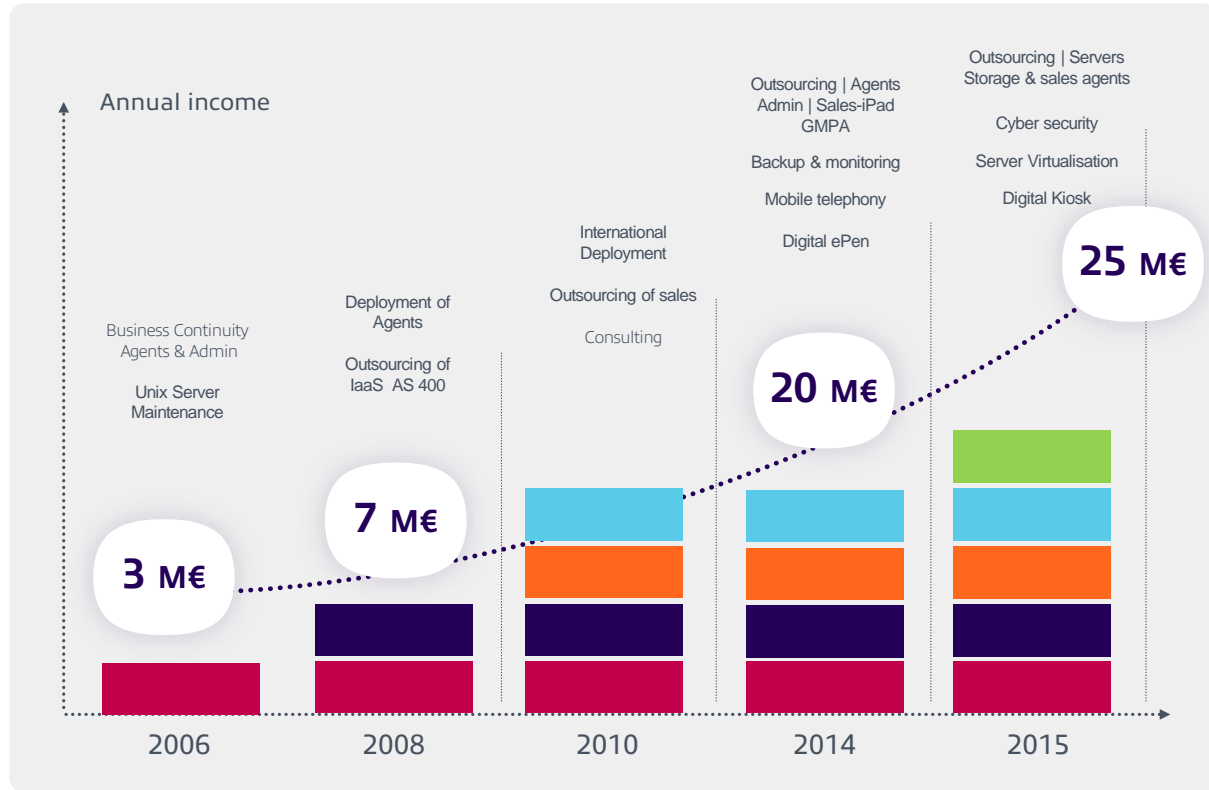
Cross-fertilisation

Multi-business line solutions **x2.6** since 2012

In France, **40%** of clients are clients of at least 2 activities



Cross-fertilisation within a global insurance company

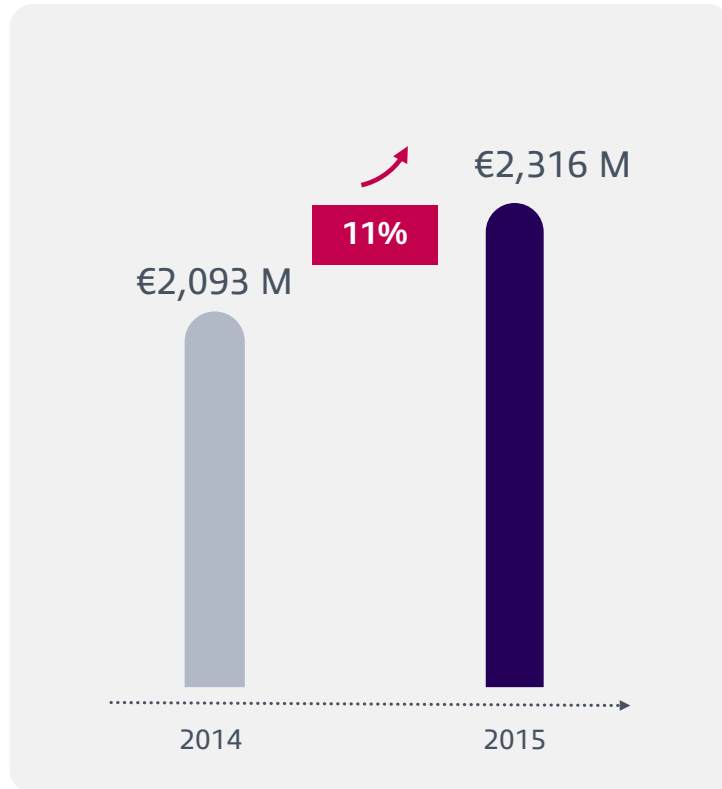


03

2015 Financial
Results

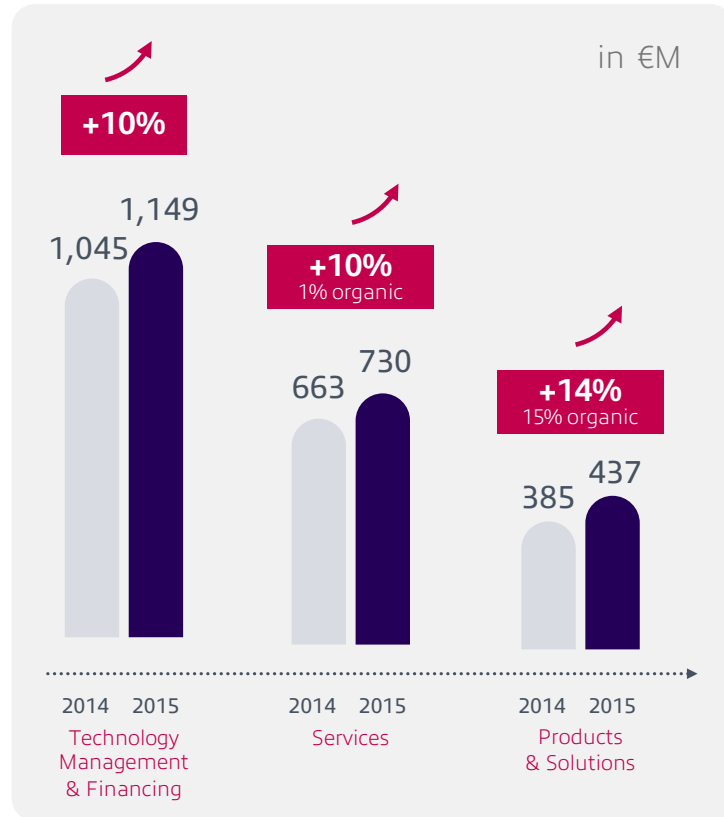


Strong growth in revenue



Acceleration of organic growth: **8%** confirms the success of the integration of Osiatis and the validity of the strategy

An overall dynamic in the 3 activities



All business lines post organic growth

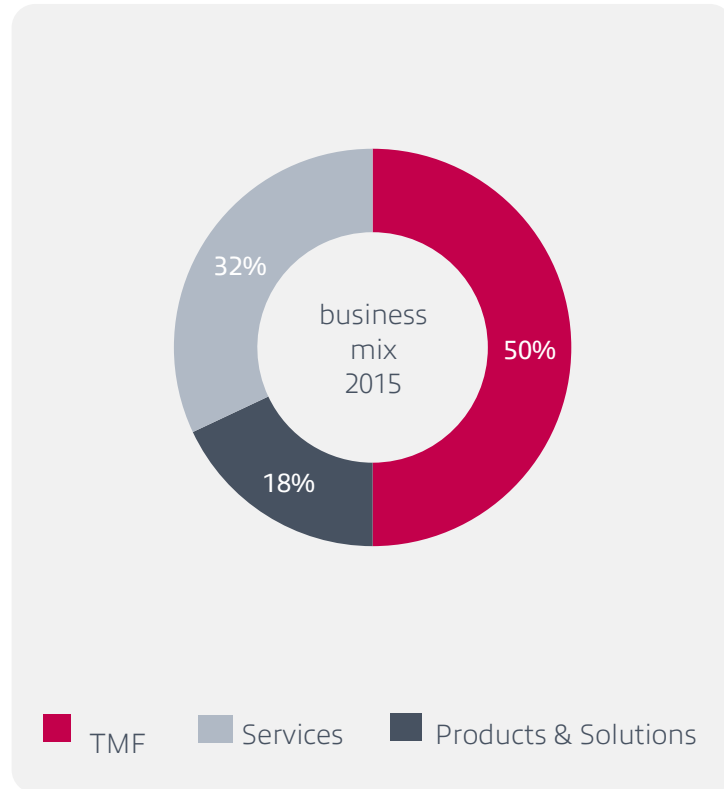
A dynamic supported by:

- The high-growth digital transformation market

Accelerated by:

- Rapid technological developments
- Increase in use (vs ownership)
- Investments in the sales force

The convergence of our business lines addresses our customers' demand



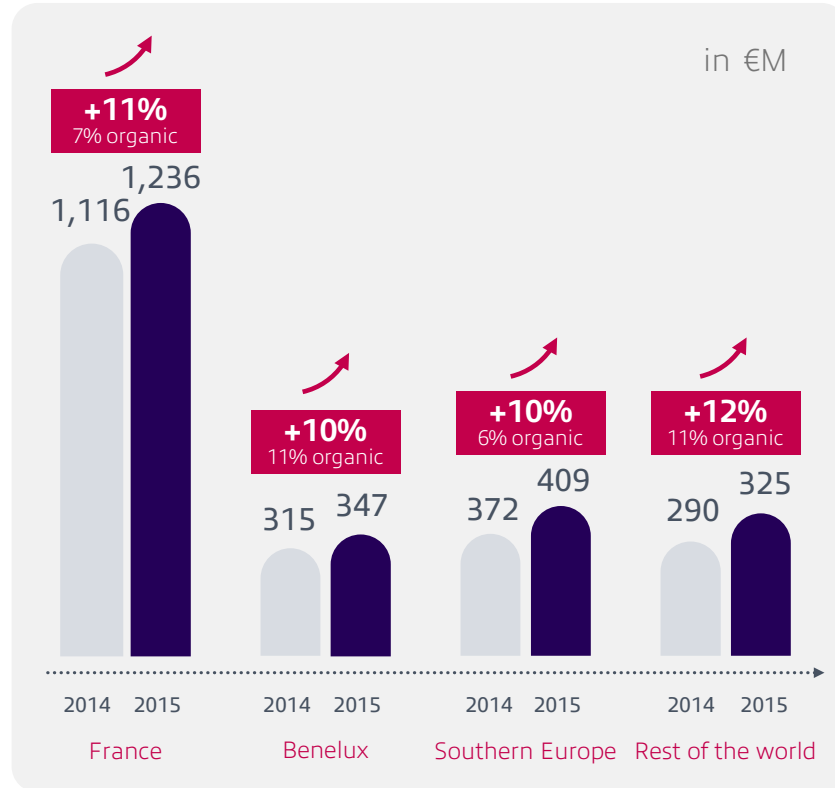
Unique positioning as a technological and financial solutions integrator

Performance that places us among the market's top players

Substantial synergies among the 3 business lines:

- Distinctive multi-business line offerings: €356 M; +24%
- Strong growth of strategic accounts managed cross-business lines: €377 M, +24%

Strong growth in all geographical areas



All geographical areas post organic growth

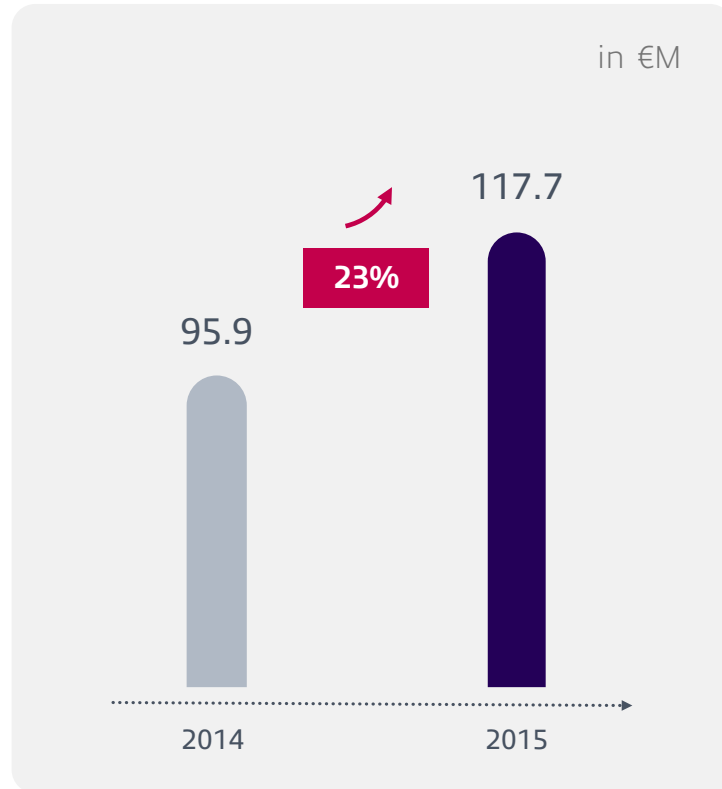
France +11% an excellent dynamic in the three business lines benefiting from the successful integration of Osiatis, the mixed growth strategy and investments

Benelux +10% thanks to large structured deals in the Netherlands (TM&F)

Southern Europe +10% good performance of TM&F, accelerated by digital and increase in cross-business line offerings in Italy

The rest of the world increased by 12%, supported by good international operations

Recurring Operating Profit¹



Growth in recurring operating profit from **4.6%** to **5.1%** of revenue (+50bp)

Strong growth in recurring operating profit resulting from:

- Healthy business trend
- Successful integration of Osiatis
- Productivity plans

Contribution of Satellites to recurring operating profit of **€7.2 M**

A year of investments: **> €5 M**

- In offerings, tools, and people, particularly the sales teams

1. Before amortisation of the ECS customer portfolio and the Osiatis brand

Technology Management & Financing



1. Estimated value of assets at the expiry of the lease contract

Revenue of **€1,149 M, +10%**

Entirely organic growth

Growth in the contract portfolio (+6%) and outstanding rents (+5%)

A recurring operating profit of **€70.1 M**

- Up 17%
- An operating margin of 6.1% (vs 5.7% in 2014)

Residual interest of €98 M accounts for less than 2% of the portfolio (original purchase price)

Products & Solutions



Revenue of **€437 M**, with organic growth of **15%** accelerated by:

- Sales of digital assets (50% of growth)
- Business synergies between the activities
- Strategic partnerships
- Promising start for Italy (+48%)

Increase in market share:

Econocom becomes n° 2 on the French market

Recurring operating profit of €12.1 M

- Up 16%
- An operating margin of 2.8%

Services



Revenue of **€730 M**, i.e., **+10%**
of mixed growth:

- Organic growth of 1%
- Contribution of €56 M in acquisitions made in 2015

Recurring operating profit of **€35.5 M**

- 38% increase, including 28% organic
- 100 bps improvement in margin to 4.9%

Contribution of satellites

- **€108 M** in consolidated revenue
- operating margin of **6.7%**

Over **7,700** employees

Consolidated income statement

In €M	2014 Reported	2014 Restated ¹	2015	Change
REVENUE	2,092.6	2,092.6	2,316.1	+11%
RECURRING OPERATING PROFIT²	95.3	95.9	117.7	+23%
Recurring operating profit	92.3	92.9	113.5	
Non-recurring operating expenses	(24.9)	(24.9)	(5.2)	
OPERATING PROFIT	67.4	68.0	108.3	+59%
Financial result	(15.7)	(15.7)	(12.4)	
Change in fair value of ORNANE derivative	3.8	3.8	(6.3)	
PROFIT BEFORE TAX	55.6	56.1	89.6	+60%
Income tax	(21.0)	(21.2)	(30.7)	
Discontinued operations and share of profit/(loss) of associates	(3.0)	(3.0)	(0.2)	
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	30.9	31.2	57.8	+85%
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT, RESTATED³	29.0	29.4	66.9	+127%

Net Earnings/Share³: €0.62

Doubling of net earnings/share:

- Sharp rise in operational performance,
- Non-recurring expenses limited to €5.2 M
- Decrease in financial expenses
- Reduction of the tax rate to 27%⁴

1. Restated: new IFRS provisions

2. Before amortisation of the ECS customer portfolio and the Osiatis brand (€4.2 M over year 2015 vs €3.0 M in 2013)

3. Restated for net impact of amortisation of ECS customer base and Osiatis brand as well as change in fair value of ORNANE derivative

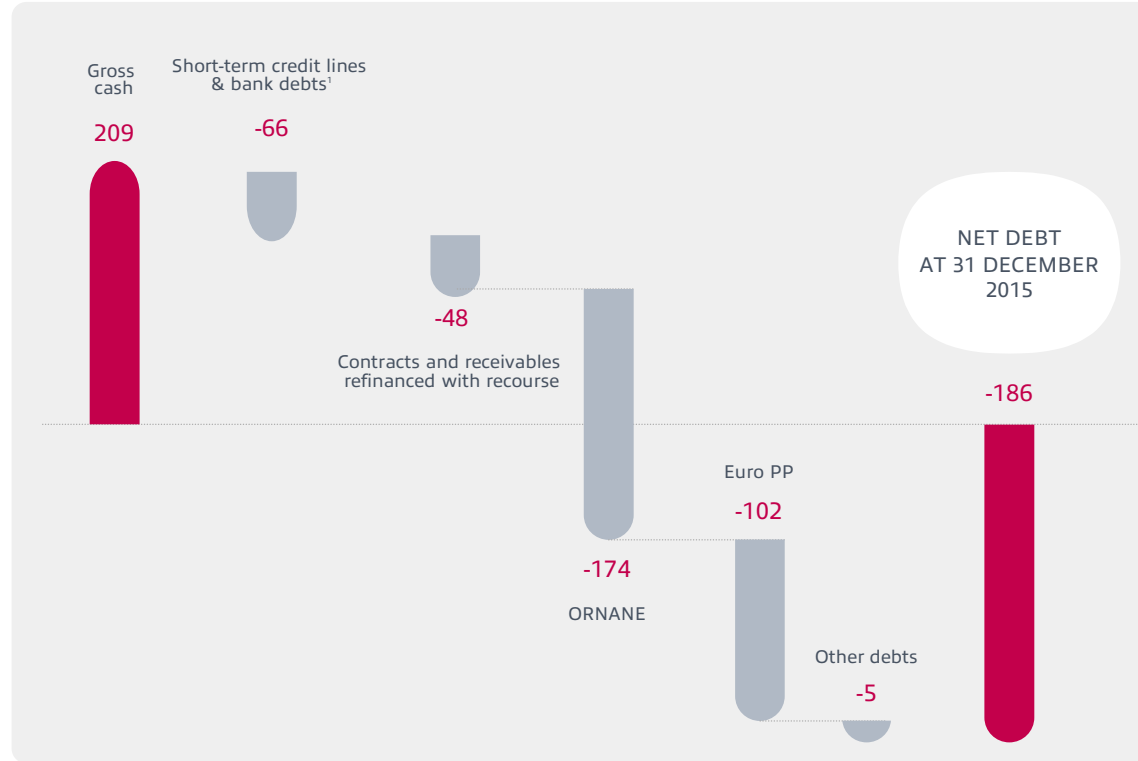
4. Excluding CVAE (contribution based on value added produced) and IRAP, and restated for the change in fair value of the mark-to-market of the ORNANE

Consolidated balance sheet

ASSETS (in €M)	2014	2015
Goodwill	385	484
Leasing residual interest	63	70
Other non-current assets	121	137
NON-CURRENT ASSETS	569	691
Leasing residual interest	26	28
Trade and other receivables	724	805
Other current assets	77	84
Cash	207	210
CURRENT ASSETS	1,034	1,127
Assets held for sale	2	-
TOTAL BALANCE SHEET	1,605	1,818

EQUITY & LIABILITIES (in €M)	2014	2015
Equity attributable to owners of the parent	260	228
Non-controlling interests	21	52
EQUITY	281	281
Financial liabilities	213	281
Commitments on residual value	38	46
Other non-current liabilities	73	120
NON-CURRENT LIABILITIES	324	447
Trade payables	682	752
Other current liabilities	203	207
Financial liabilities	100	115
Commitments on residual value	13	16
CURRENT LIABILITIES	999	1,090
Liabilities held for sale	2	-
TOTAL BALANCE SHEET	1,605	1,818

Structure of net financial debt



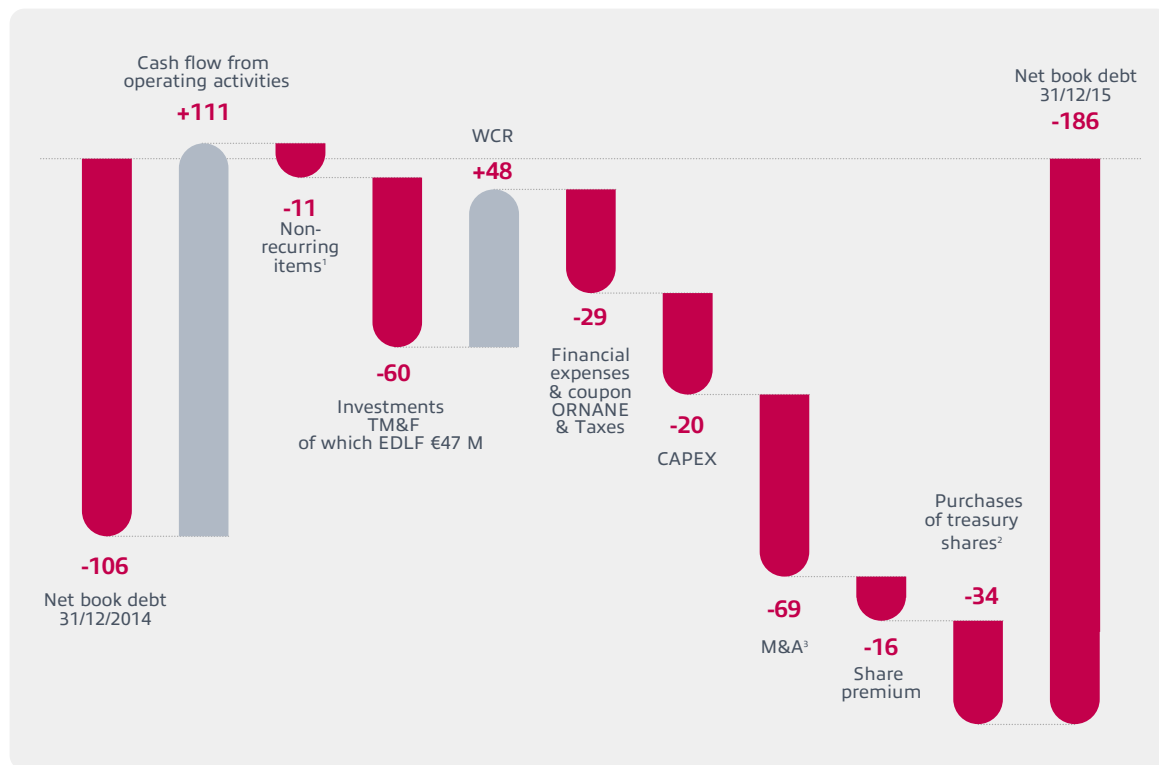
Net cash at bank:
€143 M

Net book financial debt of **€186 M**:
< 1.5 times EBITDA

Financial debt backed
by lease contracts: **€125 M**

Net book financial debt
not backed by rents: **€61 M**

Change in net book financial debt over 1 year



Strong generation of cash flow and good WCR management

A year of investments:

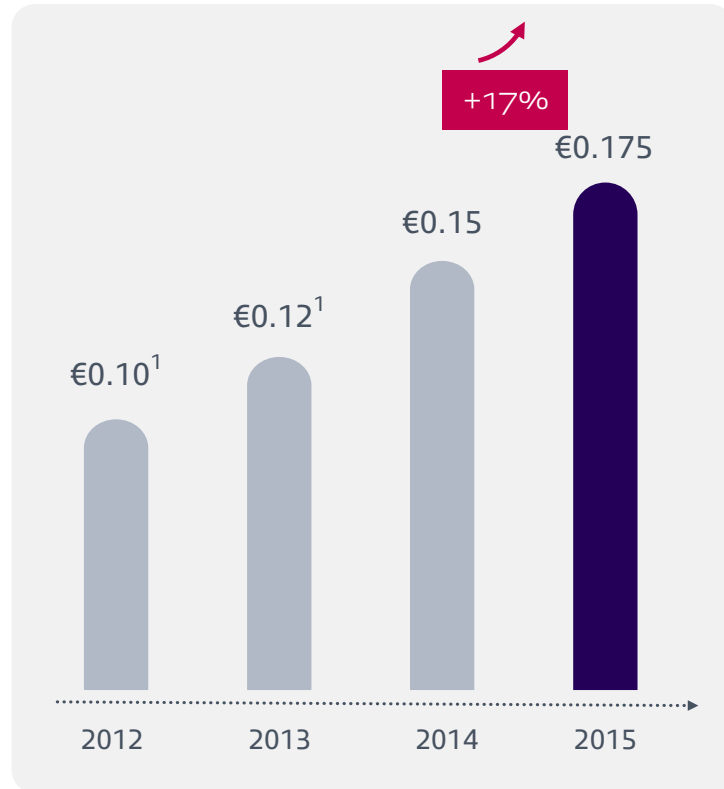
- €89 M in M&A and CAPEX
- €60 M in the TM&F activity

Shareholder return and dilution management policy:

- €34 M in treasury shares
- €16 M in repayment of share premiums

1. Impact on cash of exceptional costs
 2. Net of sales made for the exercise of options
 3. Net of financial debts

Strong growth in compensation per share



Growth in shareholder compensation

(recommended at the General Meeting of 17 May):

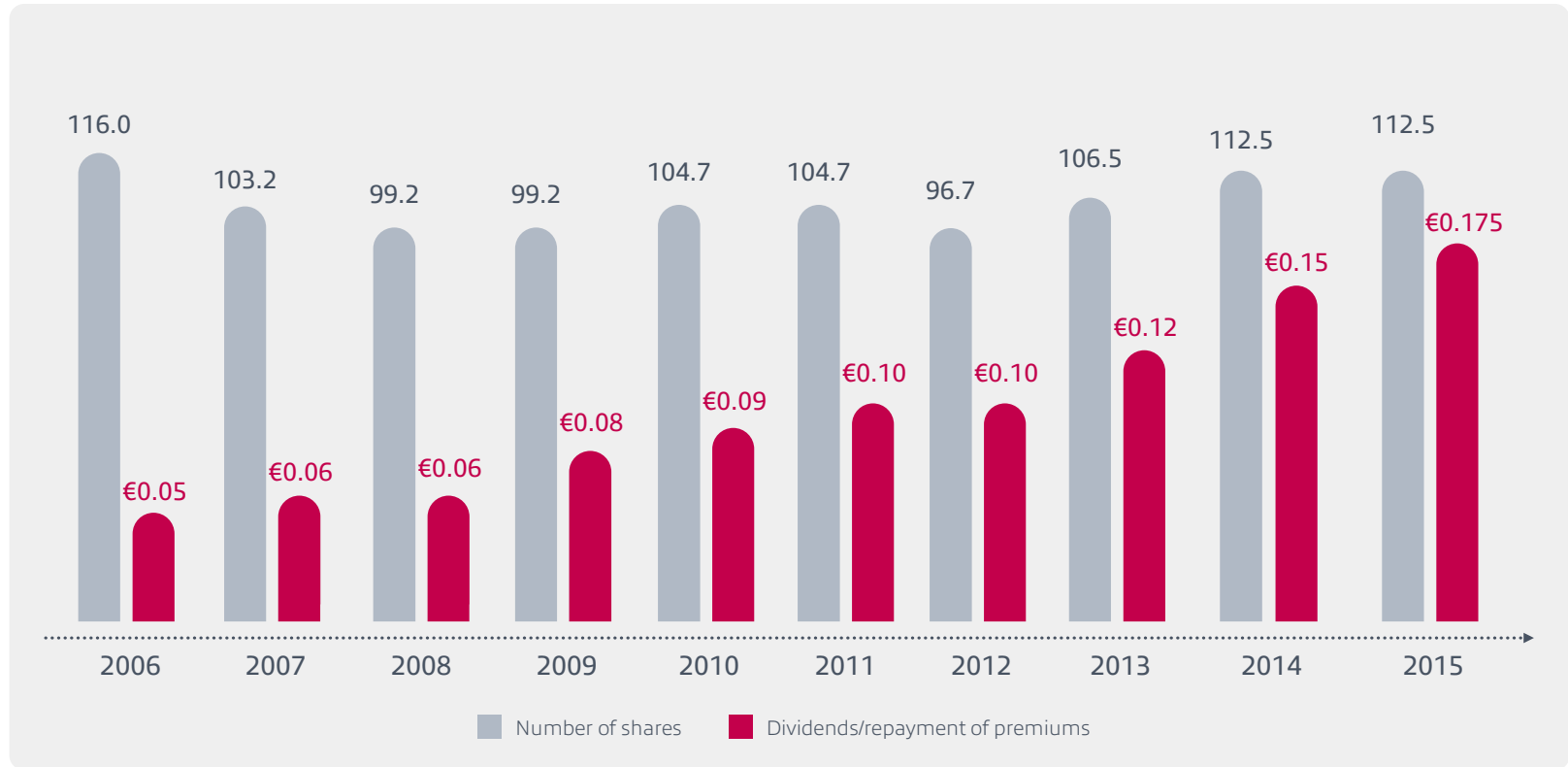
- **+17%** compared with 2015
- **+46%** over 2 years

Sign of a **solid financial structure**
and **favourable outlook**

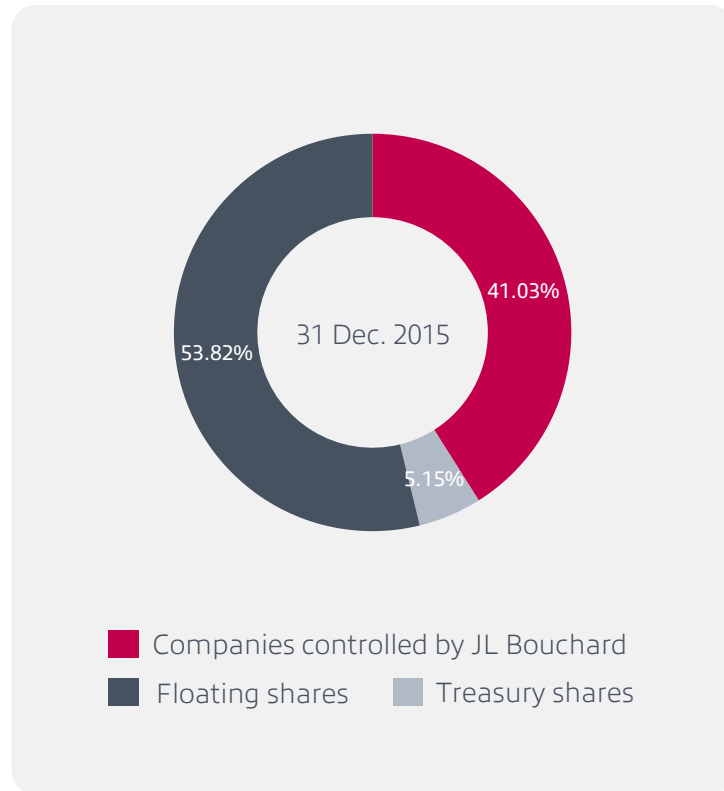
Paid as a **refund**
of share premium

1. Gross dividends

Absence of dilution over 10 years and change in earnings per share



Stable shareholding favouring a long-term vision



Continuation of the **share buyback policy**

Treasury shares increased to **5.15% of capital**

Three shareholders exceed **5% of the capital** at 31 December 2015:

- Butler Management Ltd
- The French company AXA S.A
- The US company Kabouter Management



04

Outlook for
2016

2016: Good growth prospects

Organic growth
greater above
the market rate

Double-digit rise
in recurring operating profit

A further increase in net
earnings per share

2016: An assertive investment policy to continue building the new Econocom in line with its Mutation strategic plan

New business offerings and solutions

Sales and pre-sales teams

Customer knowledge

Employee training, motivation and well-being

Collaborative and digital tools

Brand awareness and image

Continued investments to acquire skills and increase our market share

Acquire skills
in key sectors



Web & mobile apps



Digital transformation consulting



E-health and E-education



Multimedia

Develop our multi-business line business model
and acquire market shares



Benelux



Spain



Italy



France

Growth supported by a societal commitment



USING DIGITAL TO SERVE ORGANISATIONS BY PROVIDING INNOVATIVE, REALISTIC, SUSTAINABLE SOLUTIONS TO MAJOR SOCIETAL CHALLENGES

Commitment I

Make employees the leading players
in change and corporate responsibility

Commitment II

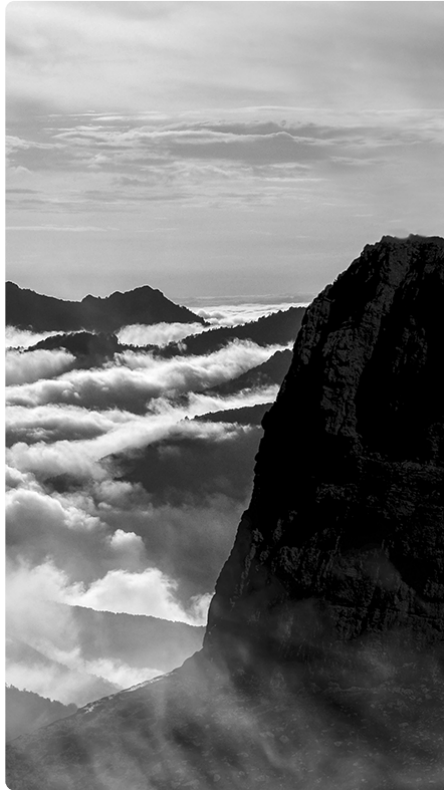
Be a pioneer of Corporate
Digital Responsibility

Objectives of the 2013-2017 Mutation plan confirmed:

€3 bn
in revenue

€150 M
in recurring operating profit

Strong assets



Presence in high-growth potential markets

Technological expertise and financial innovation for a **unique offering**

Attractiveness increased by the group's size and image in the Digital 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



Appendices

Consolidated statement of financial position as of 31 December 2015 (1/2)

In €M	31 Dec. 2014 restated ¹	31 Dec. 2015
Non-current assets	-	-
Intangible assets	57.6	64.1
Goodwill	384.8	483.5
Property, plant and equipment	26.2	30.1
Financial assets	22.4	24.2
Residual interest in leased assets	62.6	70.1
Other long-term receivables	2.2	4.6
Deferred tax assets	13.6	14.1
TOTAL NON-CURRENT ASSETS	569.4	690.7
Current assets	-	-
Inventories	27.3	22.1
Trade and other receivables	724.0	804.7
Residual interest in leased assets	25.9	28.1
Current tax assets	14.8	6.9
Other current assets	34.5	55.4
Cash and cash equivalents	207.3	209.6
TOTAL CURRENT ASSETS	1,033.8	1,126.8
Assets held for sale	2.1	0,0
TOTAL ASSETS	1,605.3	1,817.5

1. Restated with the new IFRS rule (IFRIC 21) - impact of + €0.6 million on 2014 recurring operating profit

Consolidated statement of financial position as of 31 December 2015 (2/2)

In €M	31 Dec. 2014	31 Dec. 2015
Share capital	21.6	21.6
Additional paid-in capital and reserves	207.0	148.7
Profit for the year attributable to owners of the parent	31.2	57.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	259.8	228.1
Non-controlling interests	21.5	52.4
TOTAL EQUITY	281.3	280.5
Non-current liabilities		
Financial liabilities	46.0	10.9
Gross liability for purchases of leased assets	38.2	45.9
Bonds	167.0	270.3
Long-term provisions	5.1	4.8
Provisions for pensions and other post-employment benefit obligations	36.1	36.3
Other non-current liabilities	24.7	69.2
Deferred tax liabilities	6.8	9.7
TOTAL NON-CURRENT LIABILITIES	323.9	447.1
Current liabilities		
Financial liabilities	97.6	109.6
Gross liability for purchases of leased assets	13.0	16.2
Bonds	2.6	5.3
Short-term provisions	40.6	33.2
Current tax liabilities	8.7	16.5
Trade and other payables	682.2	751.5
Other current liabilities	153.8	157.6
TOTAL CURRENT LIABILITIES	998.5	1,089.9
Liabilities related to assets held for sale	1.6	0.0
TOTAL EQUITY AND LIABILITIES	1,605.3	1,817.5

Consolidated income statement and earnings per share for the years ended 31 December 2015 and 31 December 2014

In €M	31 Dec. 2014 restated ¹	31 Dec. 2015
REVENUE FROM CONTINUING OPERATIONS	2,092.6	2,316.1
OPERATING EXPENSES	(1,999.7)	(2,202.6)
Cost of sales	(1,385.9)	(1,550.5)
Personnel costs	(441.3)	(470.6)
External expenses	(155.9)	(164.9)
Depreciation, amortisation and provisions	(9.7)	(11.9)
Taxes (other than income taxes)	(11.7)	(14.2)
Impairment losses on current and non(current assets)	0.8	(4.3)
Other operating income and expenses	1.9	10.1
Financial income – operating activities	2.1	3.7
RECURRING OPERATING PROFIT	92.9	113.5
Non(recurring operating income and expenses)	(24.9)	(5.2)
OPERATING PROFIT	68.0	108.3
OTHER FINANCIAL EXPENSES AND INCOME	(15.7)	(12.4)
CHANGE IN FAIR VALUE OF ORNANE	3.8	(6.3)
PROFIT BEFORE TAX	56.1	89.6
Income tax expense	(21.2)	(30.7)
PROFIT FROM CONTINUING OPERATIONS	34.9	58.9
Share of profit of associates and joint ventures	0.0	(0.1)
Profit (loss) from discontinued operations	(3.0)	(0.1)
PROFIT FOR THE YEAR	31.9	58.7
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	31.2	57.8
RESTATEd PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	29.4	66.9
In €		
NET EARNINGS PER SHARE	0.28	0.53
RESTATEd NET EARNINGS PER SHARE²	0.27	0.62
DILUTED NET EARNINGS PER SHARE	0.24	0.52

1. Restated with the new IFRS rule (IFRIC 21) - impact of + €0.6 million on 2014 recurring operating profit.

2. Before amortisation of the ECS customer portfolio and the Osiati brand as well as change in fair value of ORNANE derivative

Consolidated statement of cash flows as of 31 December 2015 (1/2)

In €M	2014 restated ¹	2015
Profit for the year	31.9	58.7
Elimination of share of profit of associates and joint ventures	(0.0)	0.1
Depreciation, amortisation and provisions	19.7	10.7
Changes in fair value of the ORNANE embedded derivative component	(3.8)	6.3
Elimination of the impact of residual interest in leased assets	2.9	(11.2)
Other expenses and income with no effect on cash	(2.5)	(4.9)
CASH FLOWS FROM OPERATING ACTIVITIES AFTER COST OF NET DEBT AND INCOME TAX	48.2	59.7
Income tax expense	21.0	30.7
Cost of net debt	16.0	10.0
CASH FLOWS FROM OPERATING ACTIVITIES AFTER COST OF NET DEBT AND INCOME TAX (A)	85.2	100.4
Financing of self-funded contracts	(40.0)	(59.8)
Changes in working capital	(1.1)	47.9
Income tax paid net of tax credits (c)	(15.8)	(15.9)
NET CASH FROM OPERATING ACTIVITIES (A+B+C=D)	28.3	72.6
<i>of which cash flow from discontinued operating activities</i>	(2.3)	(0.4)
Acquisition of property, plant and equipment and intangible assets	(17.1)	(20.2)
Disposal of property, plant and equipment and intangible assets	0.1	0.1
Acquisition of non-current financial assets	(0.4)	(2.2)
Disposal of non-current financial assets	0.5	0.7
Acquisition of companies and businesses, net of cash acquired	(47.2)	(59.0)
Disposal of companies and businesses, net of cash acquired		1.9
NET CASH USED IN INVESTING ACTIVITIES (E)	(64.1)	(78.7)
<i>of which cash flow from discontinued investing activities¹</i>	(0.0)	1.3

1. Restated with the new IFRS rule (IFRIC 21) - impact of + €0.6 million on 2014 recurring operating profit.

Consolidated statement of cash flows as of 31 December 2015 (2/2)

In €M	2014 restated ¹	2015
Redemption of OCEANE convertible bonds	(47.5)	
Issue of ORNANE bonds	175.0	
Issue of other non-convertible bonds		101.0
Exercise of stock options	9.3	0.4
Treasury share buybacks and sale	(50.8)	(34.8)
Changes in refinancing liabilities on lease contracts and liabilities on self-funded contracts	0.6	(6.4)
Increase in non-current financial liabilities	33.6	0.6
Repayment of non-current financial liabilities	(8.0)	(34.7)
Increase in current financial liabilities	7.3	58.5
Repayment of current financial liabilities	(9.2)	(49.8)
Interest paid	(7.3)	(7.9)
Compensation paid to shareholders during the period	(12.7)	(16.1)
NET CASH FROM FINANCING ACTIVITIES (F)	90.3	10.8
<i>of which related to discontinued operations¹</i>	2.2	
Impact of changes in exchange rates on cash and cash equivalents (G)	0.3	0.2
Impact of opening cash balance of discontinued operations (H) ¹	(0.2)	
CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G+H)	54.6	4.9
CASH AND CASH EQUIVALENTS AT 1 JANUARY	149.9	204.5
Change in cash and cash equivalents	54.6	4.9
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	204.5	209.4

1. Net cash related to discontinued activities as defined by IFRS 5 concern the services business in Germany

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