

# ECONOCOM

## 2016 HALF-YEAR

# RESULTS

Econocom, a European company specialising in the digital transformation of businesses, announced its half-year results after the Board of Directors met today.

- **ECONOCOM CONTINUES ITS PROFITABLE GROWTH DYNAMIC**
- **STRONG RISE IN REVENUE +8%, RECURRING OPERATING PROFIT +23% AND NET RECURRING PROFIT +31%**
- **POSITIVE OUTLOOK FOR 2016 CONFIRMED**

### Revenue



### Recurring operating profit<sup>1</sup>



<sup>1</sup> Before amortisation of the ECS customer portfolio and the Osiatis brand

### Net recurring profit, attributable to owners of the parent<sup>2</sup>



<sup>2</sup> Excluding non-recurring items and before amortisation of the ECS customer portfolio and the Osiatis brand

Consolidated, unaudited

econocom

## 8% RISE IN REVENUE, 5% OF WHICH IS ORGANIC

Econocom reported revenue of €1,212 million in the first half of 2016, compared with €1,122 million for the same period in 2015, i.e. an 8% increase, 5.1% of which is organic.

The group's continuing growth dynamic confirms that its market positioning and original organisation model (the Galaxy Econocom, consisting of the Planet surrounded by Satellites) are ideally suited to address companies' growing demand for pragmatic, innovative, pay-per-use business solutions.

### All the group's activities contributed to this growth:

- **Technology Management & Financing** reported revenue of €613 million compared with €567 million a year before, i.e. an 8.1% rise, 7.9% of which is organic. This considerable increase reflects the healthy business trend and the effectiveness of investments in the sales force and the "structured financing" team, as well as the steady development of Econocom Digital Finance Limited (the group's in-house funding division).
- **Services** posted revenue of €388 million compared with €345 million a year before (i.e. a 12.6% increase, of which 4.3% is organic). 3.2% of organic growth came from the Econocom Planet's core businesses (operations wholly owned by the group); organic growth was driven by the investments made in the Satellites (companies in which the group holds a controlling interest). These companies also contributed €96 million to consolidated revenue during the period and to more than two thirds of the activity's growth.
- **Products & Solutions** (added-value distribution) posted revenue of €211 million compared with €210 million a year before (i.e. a 0.2% rise) and a slight organic decrease (-1.1%), compared with the first half of 2015, which posted organic growth of 26%. This business reported some successful deals which are expected to have a positive impact in the second half.

## RECURRING OPERATING PROFIT UP 23%

Recurring operating profit<sup>1</sup> for the first half of 2016 stood at €53 million, up 23% from the first half of 2015. The continued growth of business synergies between the group's activities, the full effect of the successful integration of Osiatis and the productivity plans contributed to this performance.

Services and Technology Management & Financing thus reported a double-digit rise in recurring operating profit. Services' profitability rate, meanwhile, increased substantially by 0.9 points to 4.8% in the first half. The margin rate for Products & Solutions remains stable.

## NET RECURRING PROFIT UP 31%

Profit attributable to owners of the parent includes a financial expense (non-recurring and non-cash) of €10.7 million as a result of the change in fair value of the ORNANE derivative due to the rise in the Econocom Group share price in the first half. It amounted to €18.3 million.

**Net recurring profit attributable to owners of the parent<sup>2</sup> stands at €31.7 million** compared with €24.2 million in the first half 2015, **a 31% increase**. Restated non-recurring items for the first half are (i) other non-current operating income and expenses (-€1.5M), (ii) non-recurring financial expenses, i.e. the premium paid for the ORNANE convertible bond purchases (-€1.3 M) and the non-cash expense corresponding to the change in fair value of the ORNANE derivative (-€10.7 M) and lastly (iii) the fiscal effect of these restatements (+€2.2M).

Combined with the reduction in the number of outstanding shares, this result **led to a 33% rise in net recurring earnings per share**.

<sup>1</sup> Before amortisation of the ECS customer portfolio and the Osiatis brand

<sup>2</sup> Excluding non-recurring items and before amortisation of the ECS customer portfolio and the Osiatis brand (see details on page 8 of the 2016 half-year report)



To speed up the spread of digital progress within organisations, Econocom has launched the "Digital for All, Now!" movement. Join us: [www.digitalforallnow.com](http://www.digitalforallnow.com) – #digitalforallnow

## CONTINUING ITS INVESTMENT STRATEGY IN KEY SECTORS AND COUNTRIES

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As part of its selective investment policy, Econocom acquired controlling interests in two companies during the first half:

- **Caverin Solutions:** 67% of the share capital of this Spanish company which posted revenue of €14 million in the digital multimedia solutions market. Econocom has now established its three activities in Spain.
- **Cineolia:** 60% stake in this specialist in digital solutions for hospital patients (€2 million revenue in 2015).

The group has also carried out two other transactions since 30 June:

- **Asystel Italia:** 51% stake in this player in the Italian mobile solutions, cloud and security market. It posted €22 million revenue. After the acquisition of Bizmatica in 2015, this transaction will enable Econocom to triple its Services business in Italy in less than two years.
- **MCNEXT:** 81% of the share capital of this company specialising in Microsoft software solutions and development tools (€15 million revenue). Econocom is combining its Microsoft operations under the Infeeny brand and will be among France's top three providers of Microsoft technology services.

## NET FINANCIAL DEBT UNDER CONTROL

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On 30 June 2016, **net book financial debt amounted to €285 million**, in line with the group's forecasts. The change compared to 31 December 2015 is due mainly to the structural seasonal nature of the group's activity and the investments made during the period.

On 30 June 2016 net financial debt was twice the group's TTM EBITDA.

**Equity stood at €271 million on 30 June 2016.** This change in the first half reflects the seasonal nature of the group's activity. It is due mainly to the first-half results, repayment of share premiums and buying back treasury shares.

Econocom continued its treasury share buyback policy. On 30 June 2016 the group held **4,821,172 treasury shares, i.e. 4.28%** of the group's share capital. These shares, which do not appear on the balance sheet, represented, based on the share price on 30 June 2016, €49.7 million.

## POSITIVE OUTLOOK AND GROWTH GUIDANCE FOR 2016 CONFIRMED

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The good first half performances, in terms of both results and orders, have allowed the group's Management to confirm its forecasts: organic growth above the market rate, a double-digit rise in recurring operating profit and another increase in net earnings per share.

*A meeting of the press and financial analysts will be held on 8<sup>th</sup> September 2016. The third-quarter trading statement will be published after the close of trading on 19<sup>th</sup> October 2016. The 2016 half-year report will be available on 8<sup>th</sup> September 2016 on the website, under: [finance.econocom.com/fr/actus/rappports-financiers](http://finance.econocom.com/fr/actus/rappports-financiers).*

### ABOUT ECONOCOM

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Econocom designs, finances and oversees companies' digital transformation. With over 9,000 employees in 19 countries and revenue in excess of €2.3 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. The Econocom Group share (BE0974266950 – ECONB) has been listed on the Euronext NYSE in Brussels since 1986 and is part of the BelMid index.

### FOR FURTHER INFORMATION:

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[www.econocom.com](http://www.econocom.com)

Follow us on Twitter:

<https://twitter.com/econocom>

Investor and shareholder relations:

[galliane.touze@econocom.com](mailto:galliane.touze@econocom.com)

PR contact:

[alexis.abeille@havasww.com](mailto:alexis.abeille@havasww.com)