

econocom

2014 full-year results

6 March 2015

Speakers



Bruno Lemaistre

Executive Director
Operations

Galliane Touze

Company Secretary
in charge of Finance



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Executive Director
Strategy, Acquisitions & Communication

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Executive Director
Support Functions

Agenda

- 01 Key figures and highlights
- 02 2014 financial results
- 03 Outlook for 2015

Our strategic alliances confirm
our ability to
embrace the digital revolution





01

Key figures
and
highlights

A year of growth driven by the integration of Osiatis and our investments in the digital market

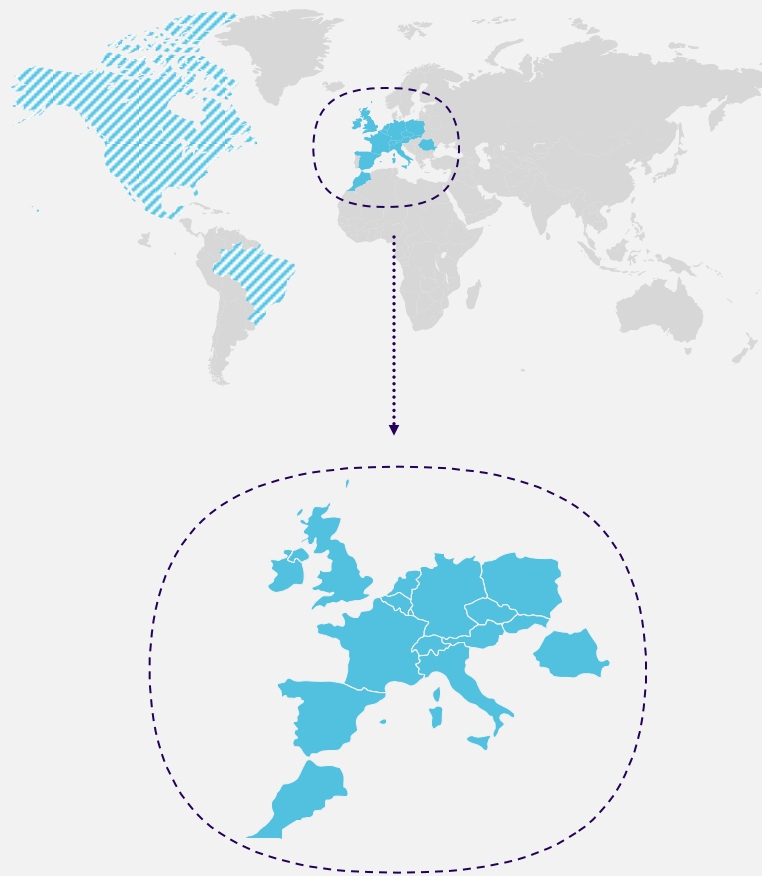
Revenue
€ 2.1 Bn +18.4%

Organic growth
+3%

Recurring operating profit stands at €95.3 M (+2.3%)

An **acquisition strategy targeting** growth sectors and international markets

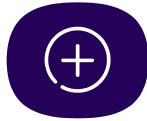
A **strong financial situation** with net gearing of 38%



Growth drivers implemented



Digital



Acquisitions

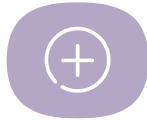


International
Expansion

Growth drivers implemented



Digital



Acquisitions

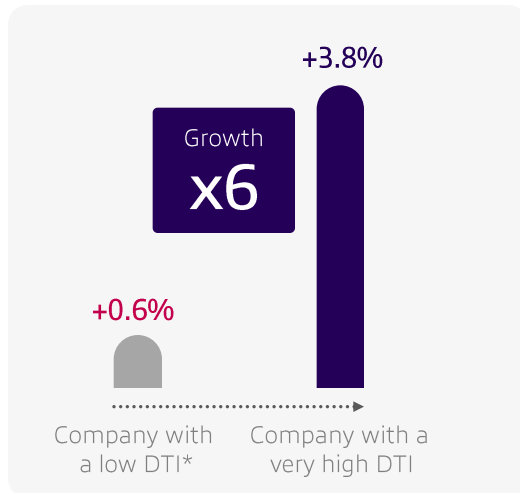


International
Expansion

Digitalisation: a crucial issue for companies

McKinsey report, *October 2014*:

The companies with the most advanced digital capabilities have a growth rate **6x higher** than others.



DTI = Digital Transformation Index

Roland Berger, *September 2014*:

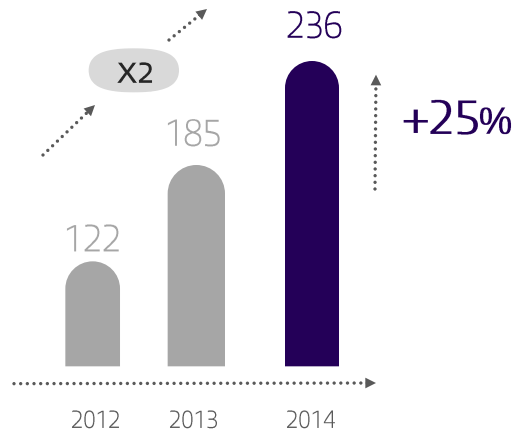
50% of companies include digital transformation in their medium-term strategic plans.

36% of companies have formalised a suitable strategy.

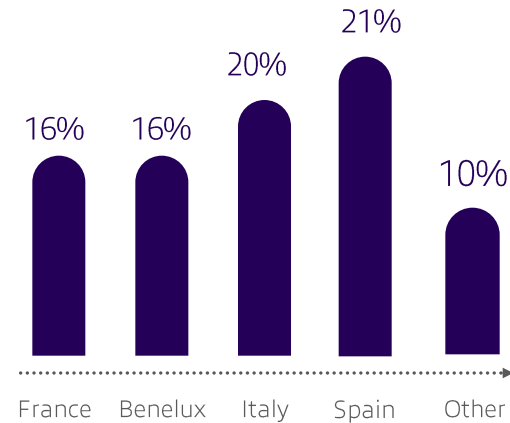
Employee satisfaction is **50%** higher in companies with high digital maturity rates.

The digital lever of organic growth

Strong growth
in digital revenue




All Econocom's strategic countries
contributed to this result in 2014



 Digital penetration vs. IT (exc. services)

Econocom sets up EDFL (Econocom Digital Finance Limited) to speed up the deployment of its most advanced digital offerings



**A dedicated,
independent structure**
to fund complex
projects,
innovative contracts
including digital assets.

Contribution to growth in business and
the group's results:

€41 M

of contracts funded by Econocom Digital Finance Ltd

€27 M

limited impact on the group's net financial debt
on 31 December 2014

Econocom: overseeing our clients' digital transformation

Industry



Retail



Education



Healthcare



Econocom: overseeing our clients' digital transformation



The healthcare sector is transforming

CUSTOMER CHALLENGES

Change working processes to ensure greater efficiency for the hospital staff

Enhance patient well-being (competitiveness)

Optimise costs

OUR DIGITAL SOLUTIONS

Digitalised operating theatres

Digital bedside terminal

Convalescent rooms

Econocom: overseeing our clients' digital transformation



Bringing education into the digital age

CUSTOMER CHALLENGES

Teach students using the tools of their generation and introduce innovative, collaborative teaching methods

OUR DIGITAL SOLUTIONS

Digital equipment supplied to public and private schools.

Integration of the equipment and content for a 360° digital solution.

Assistance for the teaching staff.

Growth drivers implemented



Digital



Acquisitions



International
Expansion

Digital Dimension: a promising start

Since its inception in January 2014,

3 acquisitions have been made to reinforce the Group's position in the buoyant cloud market



May 2014

Business-to-business mobile solutions specialist



August 2014

Provider of public and private cloud hosting solutions



January 2015

HRIS solutions to cover the full range of companies' HR needs

Digital Dimension contributed €33 M to 2014 consolidated revenue

Confirms its guidance of €120 M revenue by 2016 and operating profit in excess of 10%

A targeted acquisition strategy to strengthen our offering in growth markets



French specialist in
collaborative,
multimedia and
videoconferencing tools



Critical infrastructure
and network consulting
and engineering



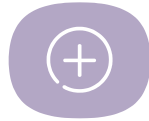
System and network
infrastructure security

2014 pro forma revenue > €25 M

Growth drivers implemented



Digital



Acquisitions



International
Expansion



US/Canada

Growth in the Technology Management & Financing business



Brazil

Econocom takes over (51.3%) service company Interadapt (and its subsidiary Syrix, acquired in 2014).
> 300 employees in Brazil



Mexico

Technology Management & Financing launched in addition to the existing services operations

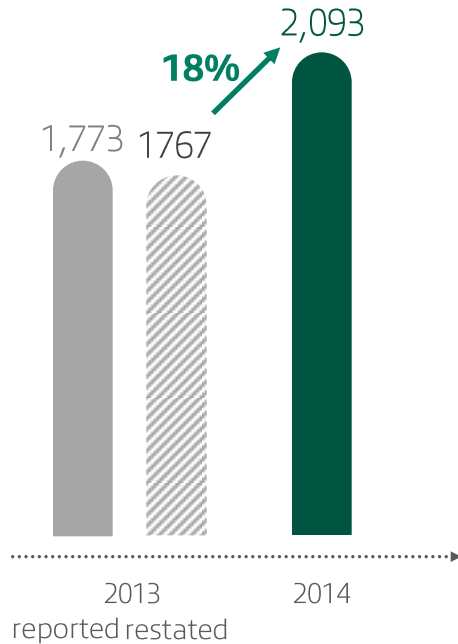
The Americas contributed +€38 M to revenue in 2014

02

Financial results



Growth in revenue



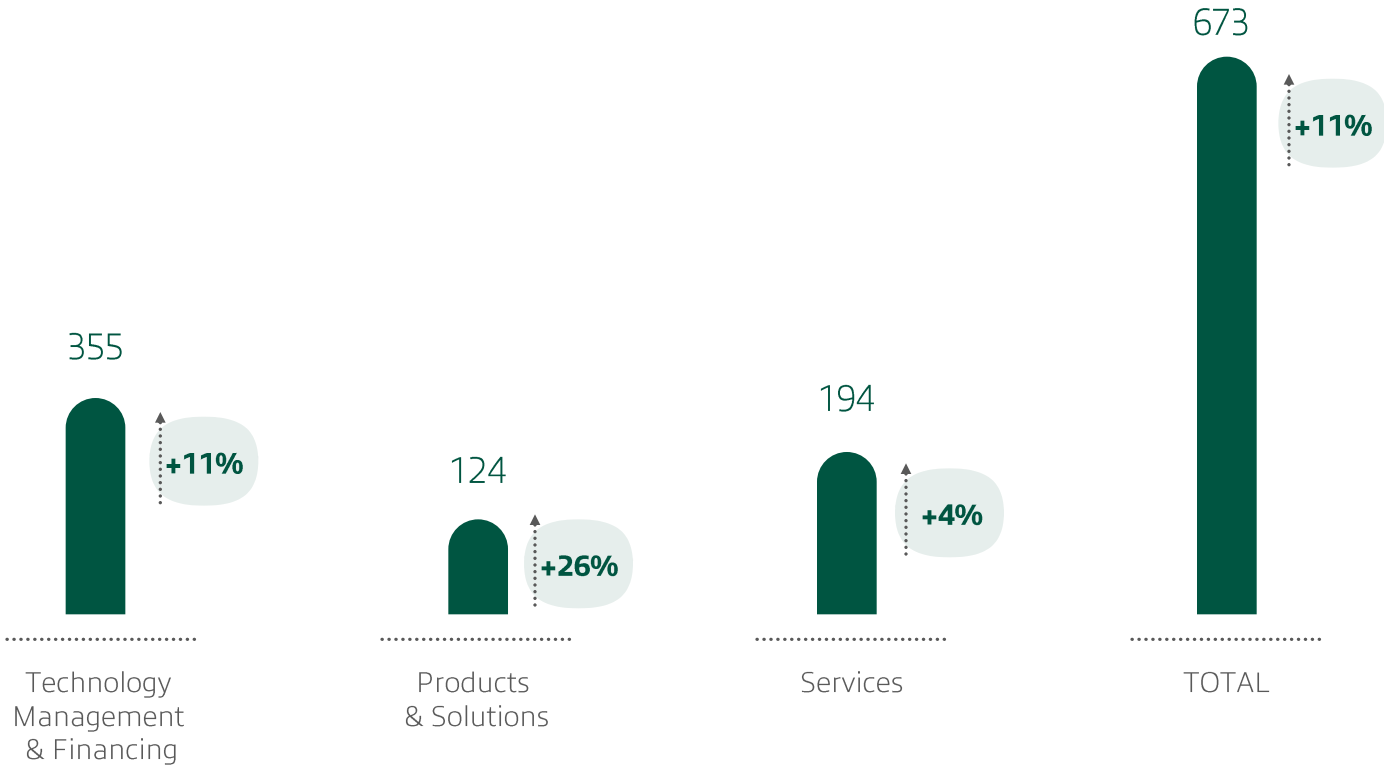
In a year devoted to the integration of Osiatris:

Growth in revenue: **+18%**

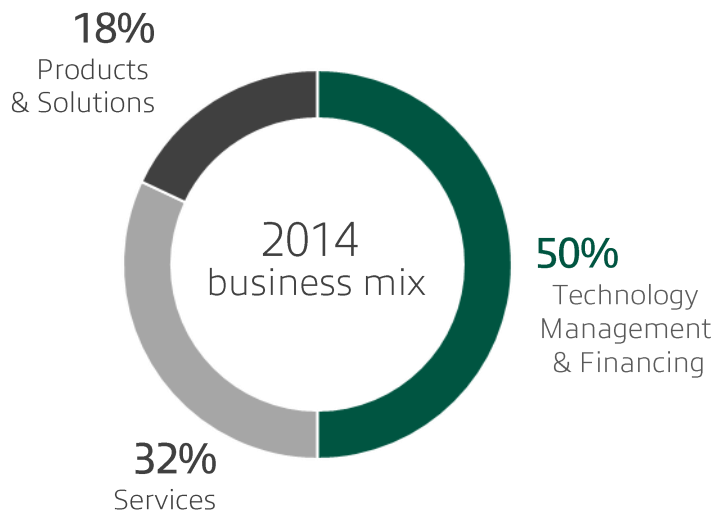
2014 organic growth: **+3%**

Organic growth across all business lines in Q4

Organic growth for all business lines in Q4 2014



A balanced business mix



Products & Solutions:

19% like-for-like growth, driven by digital (>20% revenue) and synergies between the group's 3 businesses.

Technology Management & Financing:

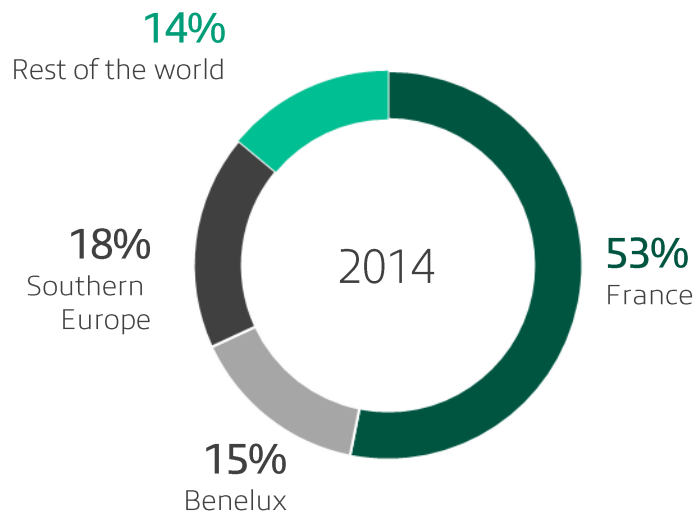
excellent Q4 and **2% organic growth** for the year.

Services:

59% rise in revenue resulting from the acquisition of Osiatis
(2% decrease on a like-for-like basis).

The year ended with organic growth of 4% for Q4, confirming that the integration of Osiatis has been a success.

Revenue by geographical area



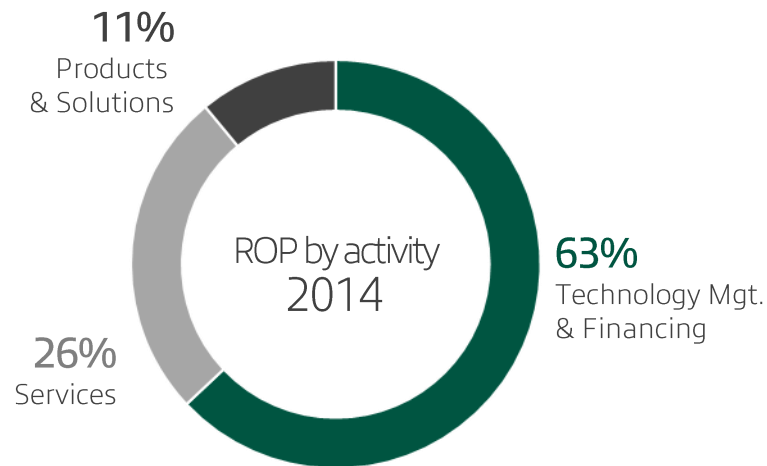
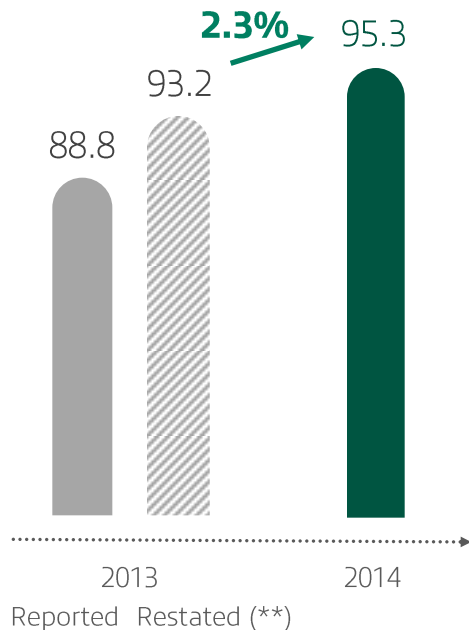
France reported growth of 24%, driven by the excellent business dynamic of Products & Solutions and the integration Osiatis

Benelux finished the year down 7% due to a negative base effect

Positive trend in Southern Europe (+5%) driven by digital in Spain and the successful integration of Osiatis

Rest of the world up 69% thanks to double-digit growth in Germany and the UK and expansion in the Americas.

Recurring operating profit(*)



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

(**) Financial expenses on short-term credit lines and factoring expenses reclassified as financial expenses

Technology Management & Financing

Revenue grew 2% organically to €1,045 M

60 M€ recurring operating profit, i.e. 5.7% operating margin

Drop in residual interest (*)
(1.8% of the purchase price of the portfolio)

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



Products & Solutions



19% organic growth in revenue: €385 M

€10 M recurring operating profit,
i.e. 2.7% operating margin

Key activity of the group's **digital strategy** :

- Digital accounts for 20% of sales
- Success of the Education offering in the public sector
(CG93, Région Midi Pyrénées, CG 60, Région Pays de Loire)

Europe's n° 1 Apple partner for businesses

Services

Revenue: + 59% thanks to Osiatis and Digital Dimension.

Upturn in organic growth (4%) during Q4.

Digital Dimension contributed **€33 M** to consolidated revenue and confirmed its 2016 guidance (*€120 M revenue and ROP > 10%*)

€25 M recurring operating profit, i.e. 3.8% margin.

Over 7,000 employees

Reinforced our position in growth sectors: security, multimedia, digital and mobile applications, Unified Communications

Sold/outsourced low-profitability activities
(*PC mobile maintenance and a German subsidiary*)

Consolidated income statement

In M€	2013 reported	2013 restated (2)	2014
Revenue	1,772.6	1,766.7	2,092.6
Recurring operating profit ⁽¹⁾	88.8	93.2	95.3
Recurring operating profit	86.5	90.9	92.3
Non-recurring operating expenses	(13.4)	(13.4)	(24.9)
Operating profit	73.0	77.5	67.4
Financial result	(6.1)	(9.7)	(11.8)
Profit before tax	66.9	67.8	55.5
Income tax	(22.9)	(23.1)	(21.0)
Discontinued operations		(0.6)	(3.0)
Profit for the year attributable to owners of the parent	44.1	44.1	30.9

IFRS
in € millions



Recurring net earnings per share

€0.44/share

affected by the increase in average number of shares (+15%) following the Osiatis public exchange offer and conversion of OCEANE convertible bonds

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

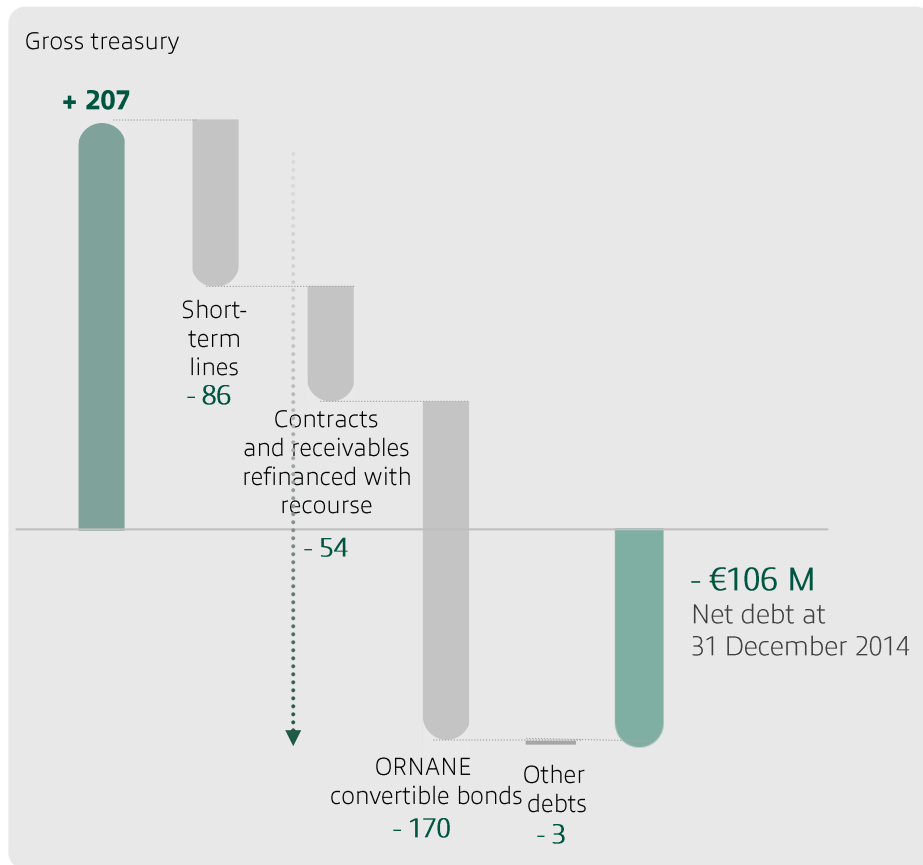
(2) Financial expenses on short-term credit lines and factoring expenses reclassified as financial expenses

Consolidated balance sheet

ASSETS in €M	2013 (*)	2014	EQUITY & LIABILITIES in €M	2013 (*)	2014
Goodwill	332	381	Equity attributable to owners of the parent	260	260
Residual interests in leased assets	63	63	Non-controlling interests	-	19
Other non-current assets	125	123	EQUITY	260	279
NON-CURRENT ASSETS	520	567	Financial liabilities	91	213
Residual interests in leased assets	28	26	Commitments on residual value	33	38
Trade and other receivables	713	724	Other non-current liabilities	60	69
Other current assets	61	76	NON-CURRENT LIABILITIES	184	320
Cash	150	207	Trade payables	689	685
CURRENT ASSETS	952	1,033	Other current liabilities	225	204
Assets held for sale		2	Financial liabilities	98	100
TOTAL ASSETS	1,472	1,602	Commitments on residual value	15	13
			CURRENT LIABILITIES	1,028	1,002
			Liabilities from sold assets		1
			TOTAL EQUITY & LIABILITIES	1,472	1,602

(*) 2013 balance sheet restated following adjustments to Osiatis' opening balance sheet (€0.1 M change in goodwill).

Net book debt structure



Net financial book debt (*): **€106 M**

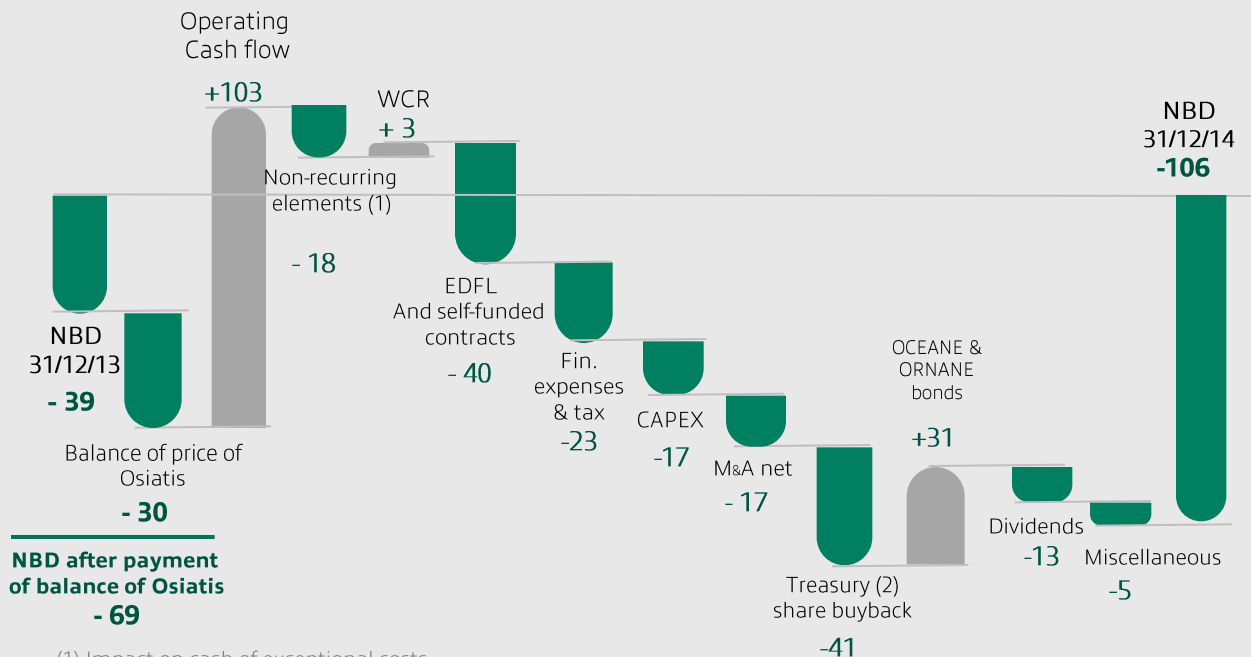
Net financial debt: **€52 M excluding IFRS accounting items (commitments)**

Net cash in bank: **€121 M**

A healthy financial structure with **gearing limited to 38%**

(*). Excluding financial residual value of €51 M at 30 December 2014 (€ 48 M at end of 2013)

Changes in net book financial debt over 1 year



(1) Impact on cash of exceptional costs

(2) Net of sales made for the exercise of options

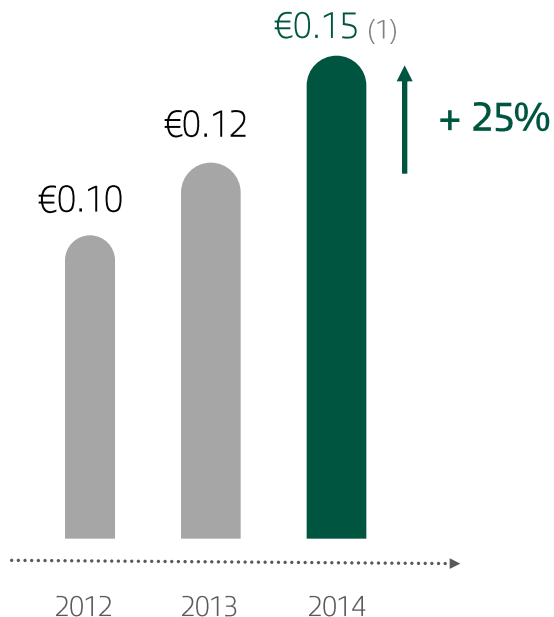
A year of investments:

> **€100 M** in our own activities (M&A, EDFL, Capex, etc.)

€41 M in treasury shares

Careful management of working capital requirements

Sharp rise in compensation per share



+25% rise in compensation per share recommended (at the AGM 13 April)

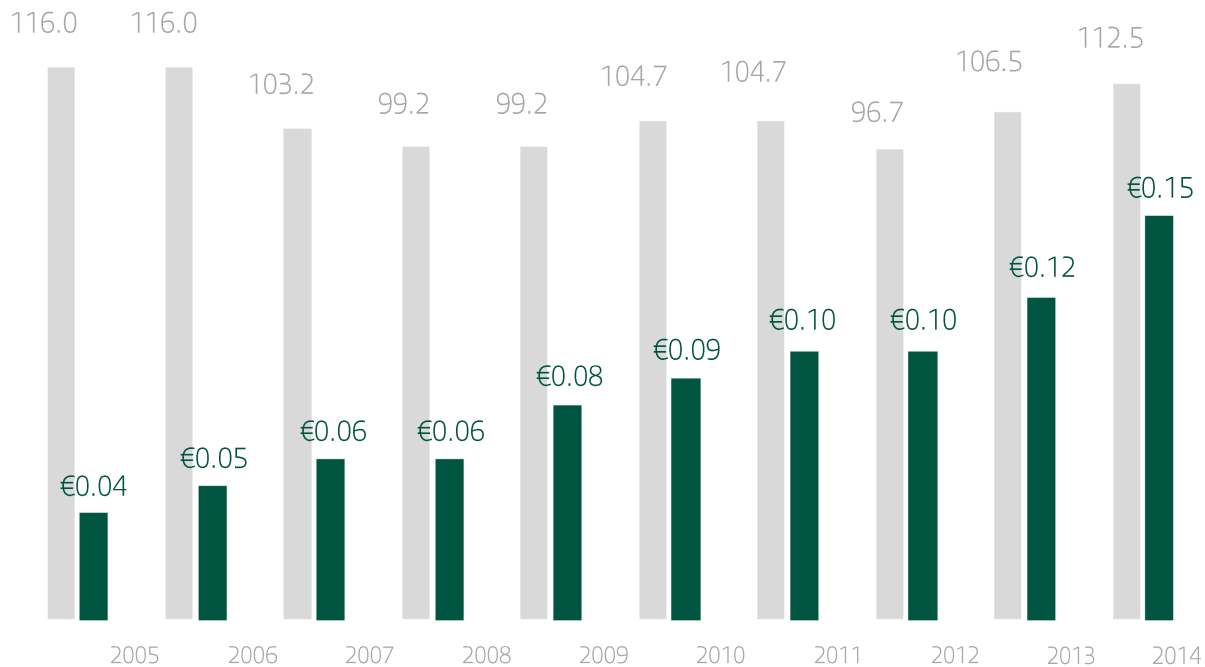
Thanks to a solid financial structure and favourable outlook

Paid as a refund of the issue premium (2) in lieu of dividend.

(1) Submitted for a decision by the shareholders (AGM on 13 April 2015)

(2) Ex-dividend date: 16 June, payment 19 June

Dilution controlled for 10 years and rise in compensation per share



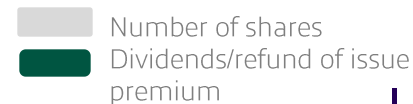
Number of shares controlled:

Buyback of treasury shares and convertible bonds

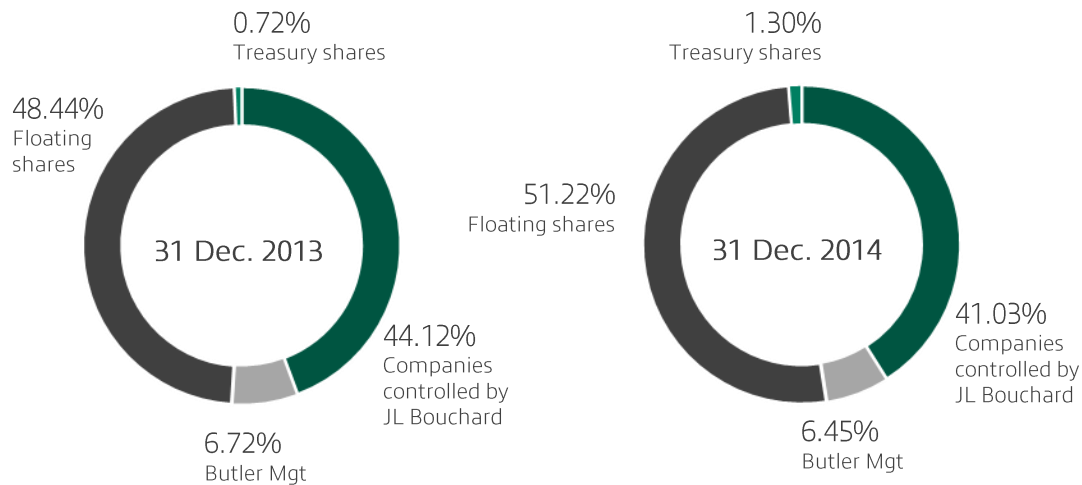
Early conversion of OCEANE bonds (9,055,276 shares)

3,053,303 treasury shares cancelled in December 2014, i.e. 2.6% of the share capital.

Regular rise in the return on capital



Change in ownership structure: an increase in the number of floating shares and share liquidity



Greater share liquidity

- Increase in floating shares
- 112,519,287 shares, +6% vs. end 2013

The first two shareholders' stake diluted following the conversion of OCEANE bonds

03

Outlook









2015






- another year of organic growth in revenue
- rise in recurring operating profit and net earnings per share

Continuing the targeted acquisition strategy

High-growth strategic markets

-  Mobility
-  Cloud
-  Security
-  Technology consulting
-  Business solutions
-  eHealth

Geographical areas

-  Italy
-  Benelux
-  Spain
-  Americas
-  France

Powerful assets:

A leader in markets with high **growth potential**

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.

