

econocom

2014
half-year results

Financial meeting
2 September 2014

econocom speakers



Bruno Grossi

Strategy, Acquisitions, Communication

Galliane Touze

Company Secretary



Bruno Lemaistre

Managing Director

Jean-Philippe Roesch


Managing Director

Chantal De Vrieze

Country Manager BeNeLux



agenda

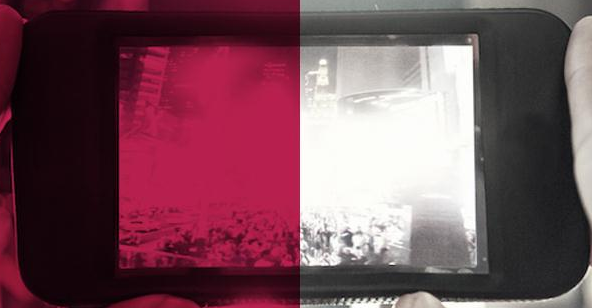
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 - 02 keys figures and highlights
 - 03 growth drivers implemented
 - 04 financial results
 - 05 outlook



01

DIGITAL
FOR ALL, NOW

01 Digital for all, now



Our campaign: to express our conviction!



Although we benefit more and more from them every day in terms of our private use, it is vital to give organisations broader access to the progress offered by the digital revolution.

This is possible now!

Our ambition

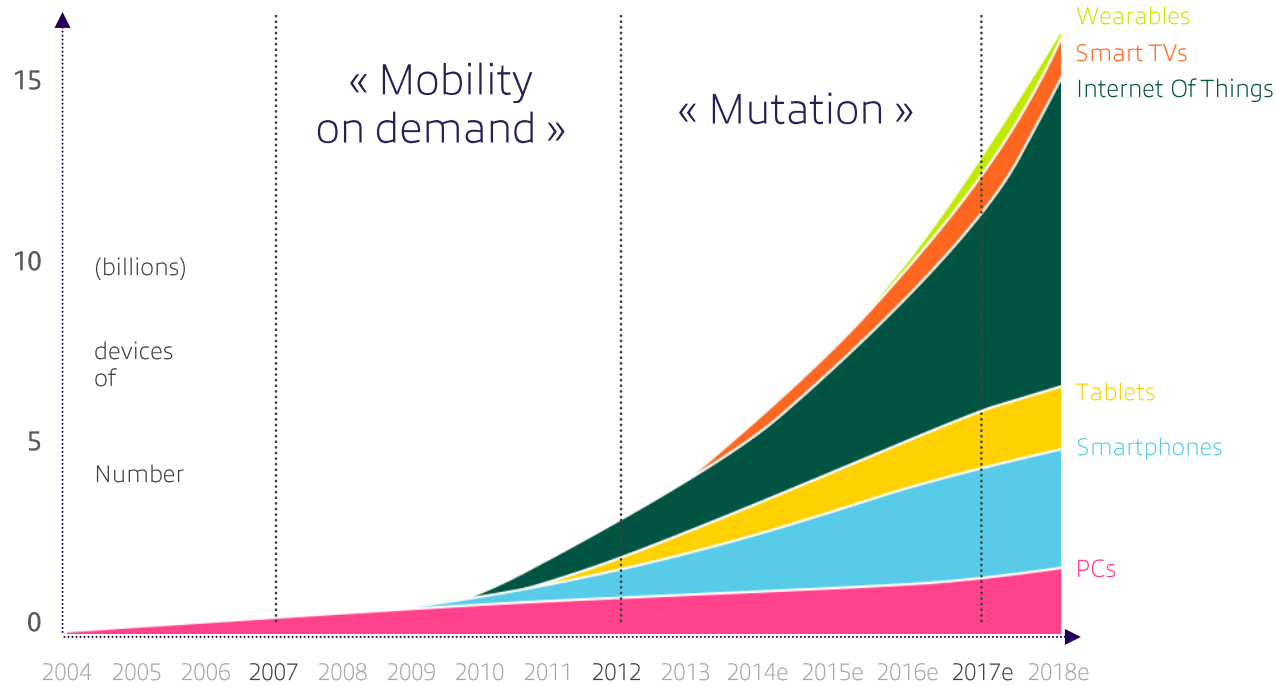
to fulfil
the promises of digital
technologies, now



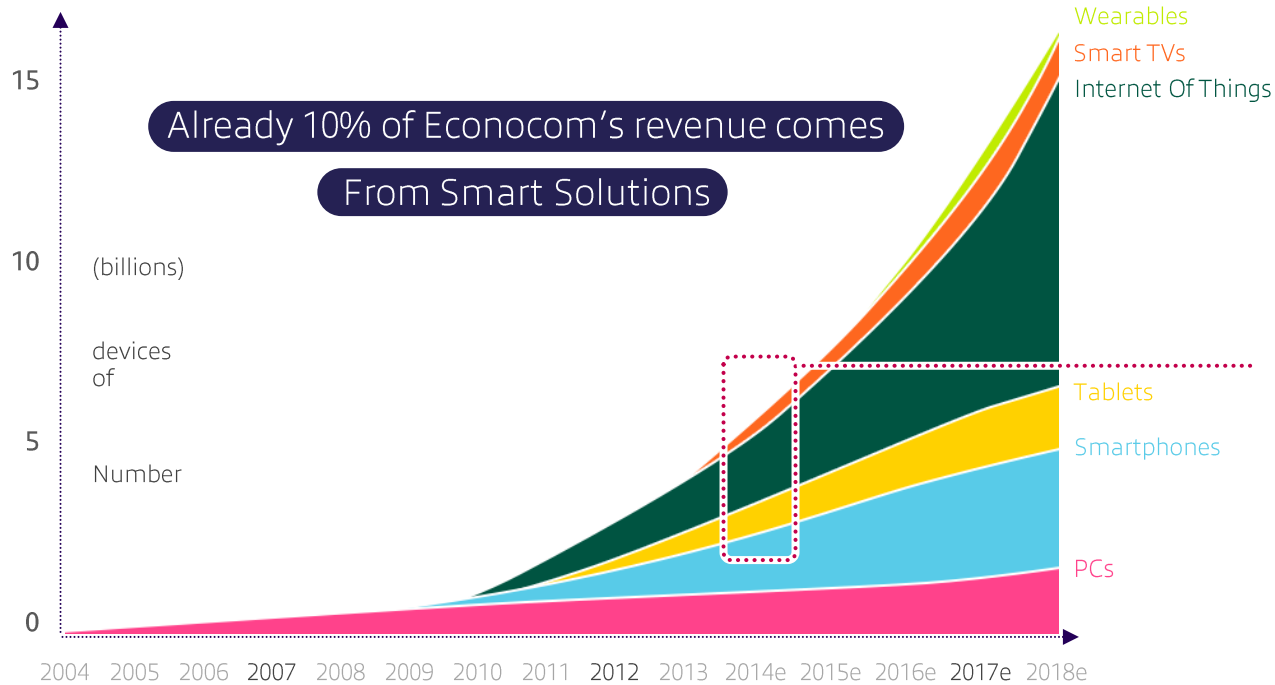
Econocom is speeding up the spread of digital progress

**OUR UNIQUE COMBINATION
OF 3 AREAS OF EXPERTISE**
A STRONG ENTREPRENEURIAL CULTURE
NEW COLLABORATIVE APPROCHES
UNIFYING PROJETS FOR OUR CLIENTS

A shift in the digital market structure



A shift in the digital market structure



Tablet sales > PC sales in 2013: 55,000 vs. 51,000.

> 1 million mobile and smart assets managed

+ 12% increase in Smart Solutions revenue in H1 2014



www.digitalforallnow.com



02

KEYS FIGURES AND HIGHLIGHTS



Revenue: €972 M, up 23% in reported data

Recurring operating profit: €30.6 M, up 31% in reported data

Impact of the acquisition of Osiatis and a positive business trend in the second quarter with 3% organic growth in revenue

A year of consolidation focusing mainly on the integration of Osiatis

Promising initiatives: Creation of Digital Dimension, 4 targeted acquisitions, investments in Smart Solutions

Healthy financial structure and improved investment capacities

Net profit up 34% to €16.3 M. Net earnings per share up 15%, confirming the accretive nature of the acquisition of Osiatis as of H1 2014



03

GROWTH DRIVERS
IMPLEMENTED

Main growth drivers implemented in the first half of 2014:



Smart Solutions

+ 12%

Major contribution to organic growth in Q2



Acquisitions

Strengthening our position in growth markets:

- **Osiatis**: accretive as of H1 and synergies implemented
- Creation of **Digital Dimension** to step up growth in cloud computing.
- **Four targeted acquisitions**



International expansion

31% (+€72 M)

outside France & Benelux

Growth of all activities and in the Americas



Smart Solutions

Major contribution to organic growth

A unique offering combining financial innovation and technological expertise that addresses the growing demand for integrated solutions

Positive effect of investments in the sales force and offerings in 4 key sectors:



Education



Industries



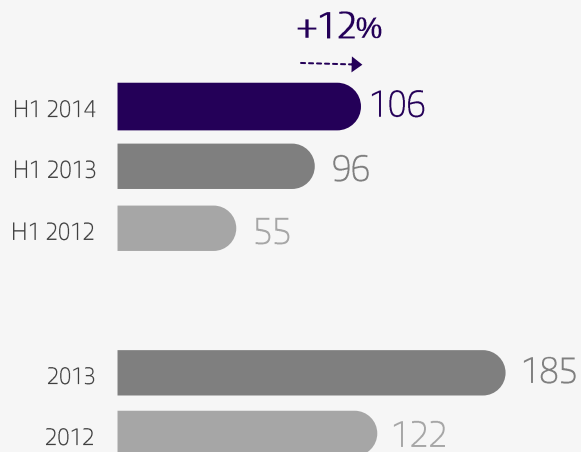
Healthcare



Retail

smart^e
solutions

Revenue (in €M)





Smart Solutions



Electronic signature solution rolled out at the bank's branches

39 regional branches
13,000 tablets.

Potentially a further 30,000 tablets to be rolled out across 7,000 branches.

24-month lease.

Designing the digital bank of tomorrow.



Mobile stock and order management solution.
1,000 iPad mini tablets



Integration of digital tools for the school's education project

6,000 machines deployed over 3 years (desktops, laptops, interactive whiteboards and projectors).



C.H.U. de Charleroi

Digital operating theatre (*)
11 pluridisciplinary operating rooms (**) featuring real-time video feeds and patient data-sharing on digital equipment.

Econocom, in conjunction with Brainlab, will be the first in the world to provide 3 operating rooms with a interactive equipment with digital interfaces



(*) e-OR by Econocom
(**) Neurosurgery, ENT, Cardiology, Orthopaedics, etc.



Acquisitions

OSIATIS – A shift in our business mix

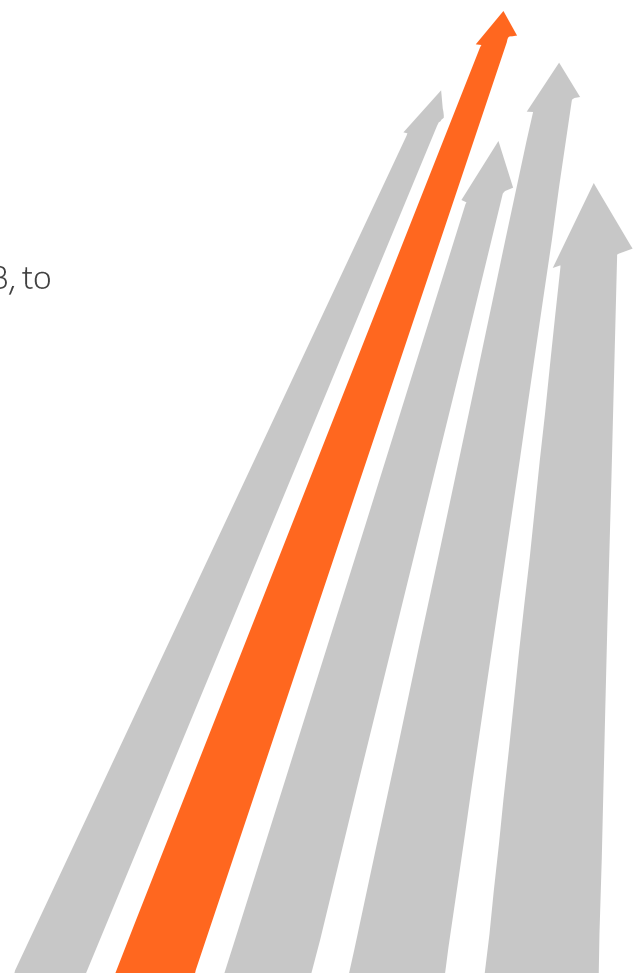
Considerable contribution from Osiatis, acquired in 2013, to H1 2014 key figures.

Better balance between financing (Technology Management & Financing) and technological expertise (Distribution and Services)

Strengthening our positions in digital and cloud

Financial balance maintained

Acquisition accretive as of H1





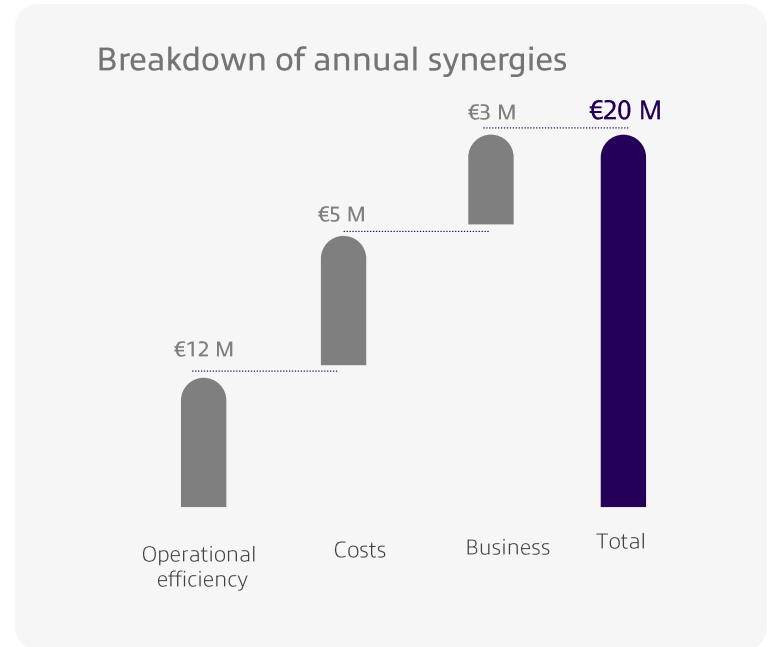
Acquisitions

OSIATIS – Implementation of synergies

€2 M in H1 and €6 M expected for 2014

- New organisation set up
- Financial control tools harmonised
- Premises merged
- Overheads streamlined

Target of €20 M worth of synergies by 2016 confirmed





Acquisitions

DIGITAL DIMENSION - Speeding up growth in the cloud market

JV Econocom 50.1% and Georges Croix 49.9%

- Target: annual revenue of €120M by 2016 and double-digit profitability
- Investment: up to €100M over 3 years

First two acquisitions:



May 2014

Mobile business solutions leader: €14M revenue in 2013 and operating margin in excess of 20%.



July 2014

€3.5M revenue, hosting specialists with a state-of-the-art, eco-efficient data centre to deploy all Econocom's digital solutions in cloud mode. Strategic partnerships with market leaders such as Microsoft, Cisco, Dell, APC and VMware

Other acquisitions planned for the second half



Acquisitions

Consolidating our positions in high-potential markets

Econocom-Osiatis acquires the business assets of Comiris, a French collaborative tools and videoconferencing specialist (*revenue of €13M, 56 employees*).

COMIRIS
more confidence, more business

July 2014

Comiris joins Exaprobe (acquired in 2013) and Cap Synergy (acquired in 2012) in the fast-growing collaborative tools, unified communications network and security division.



Développement international


New growth drivers


Expanding outside our historic markets - France & Benelux

Expanding our business in new markets to serve our European clients (*Atos, El Corte Ingles, etc.*)


Expanding our Service business in Brazil

€72 million: up 31%

 **United States / Canada**
Expanding our leasing business

 **Mexique**
Launching leasing in addition to our service activities

Positive contribution of
€13 million in
H1 2014

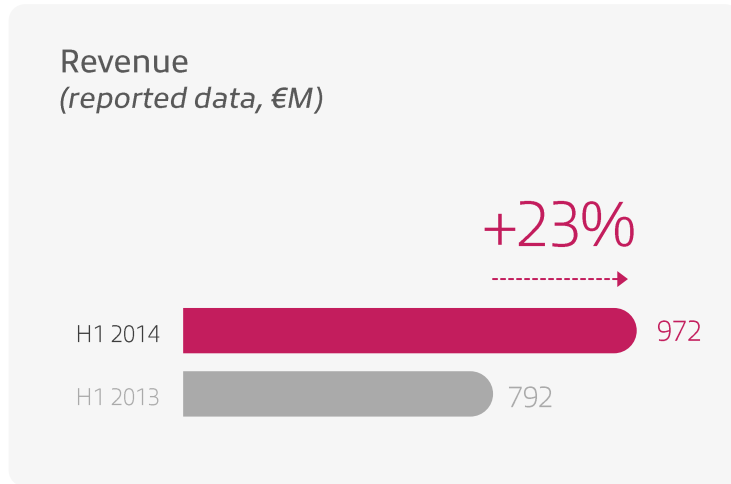
 **Brésil**
Interadapt (*Econocom –Osiatis subsidiary*) acquires 100% of Syrix **SYRIX** (€5,3 M revenue in 2013).
Option exercisable in 2014, to acquire the remaining stake in Interadapt.

04

FINANCIAL
RESULTS



Revenue up 23%



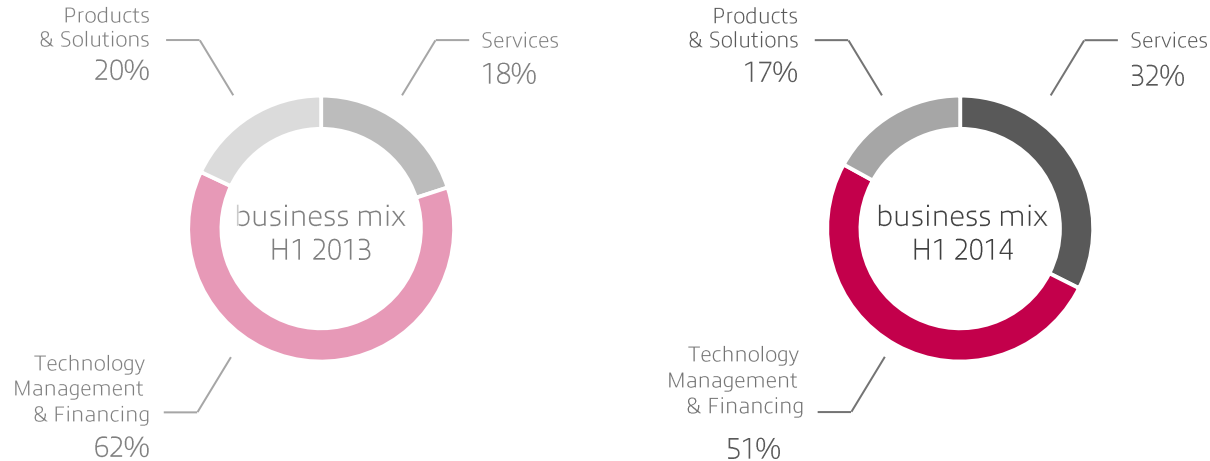
Strong growth thanks to **Osiatis**

Revenue remains stable on a like-for-like basis

Good business trend in Q2 2014 (+3%)

A number of successes in the high-growth connected objects market

Shift in the business mix: better balance between technological expertise and financial innovation



Services

Revenue doubled

New dimension thanks to Osiatis

Technology Management & Financing

Stable revenue

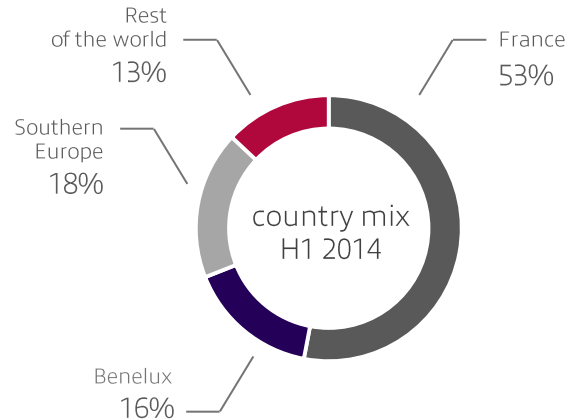
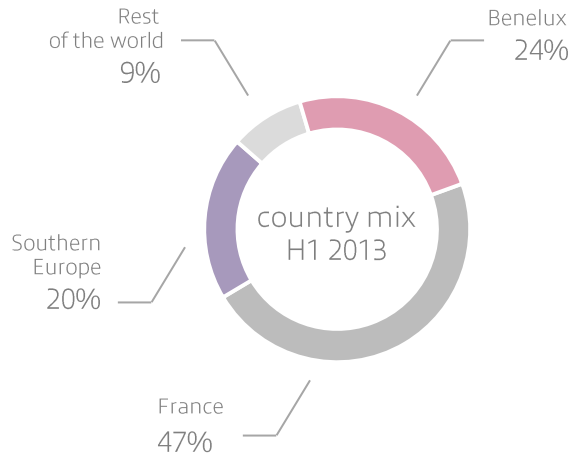
Good business trend, despite a negative base effect

Products & Solutions

Growth up 7%

Strengthening our position in the connected objects market, particularly in Education and Retail

Breakdown by geographical area



France
38% growth
 Integration of Osiatis

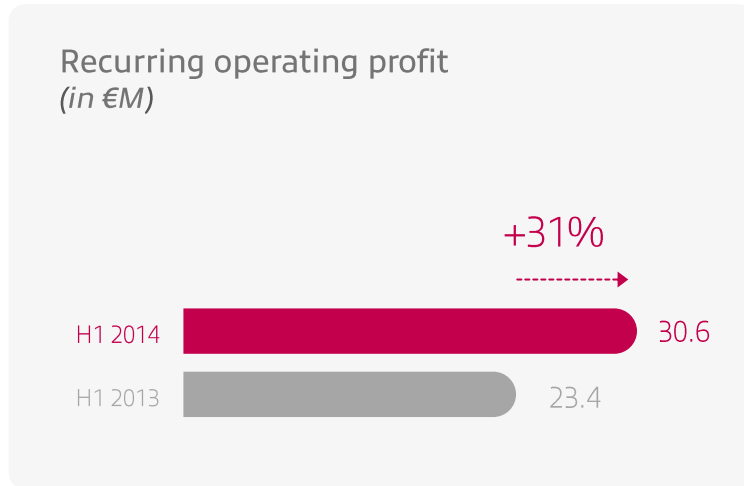
Benelux
Down 18%
 Negative base effect

Southern Europe
12% growth
 Good business trend in Italy, launch of Smart offerings

Rest of the world (Northern Europe & Americas)
76% growth
 Strong growth in Germany & the UK driven by new management and a positive base effect

Successful launch of North American and Mexican subsidiaries: **contributed €13M**

Sharp rise in recurring operating profit



Strong growth: 31%

thanks to the acquisition of Osiatis

Organic growth down 19%, due to:

- Implementation of Osiatis synergies behind schedule
- A more selective approach to tenders

Investments in Mutation plan: €3M

- Building cross-disciplinary offerings
- Developing expertise (Healthcare, Retail, etc.)

Consolidated income statement

IFRS
in € millions

In €M (unaudited)	H1 2013	H1 2013 Restated (**)	H1 2014
Revenue	792.3	792.3	972.2
Recurring operating profit (*)	23.4	25.1	30.6
Recurring operating profit	22.4	24.1	29.1
Non-recurring operating expenses	(2.2)	(2.2)	(5.7)
Operating profit	20.1	21.9	23.4
Financial result	(2.3)	(2.5)	(1.0)
Profit before tax	17.8	19.4	22.4
Income tax	(5.7)	(7.2)	(6.4)
Profit for the year attributable to owners of the parent	12.2	12.2	16.2

Half-year net earnings
per share: **+ 15 %**

Half-year recurring net earnings
per share: **+ 5.5 %**

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

***CVAE (business tax) classified as income tax*

Consolidated balance sheet as of 30 June

in €M (unaudited)

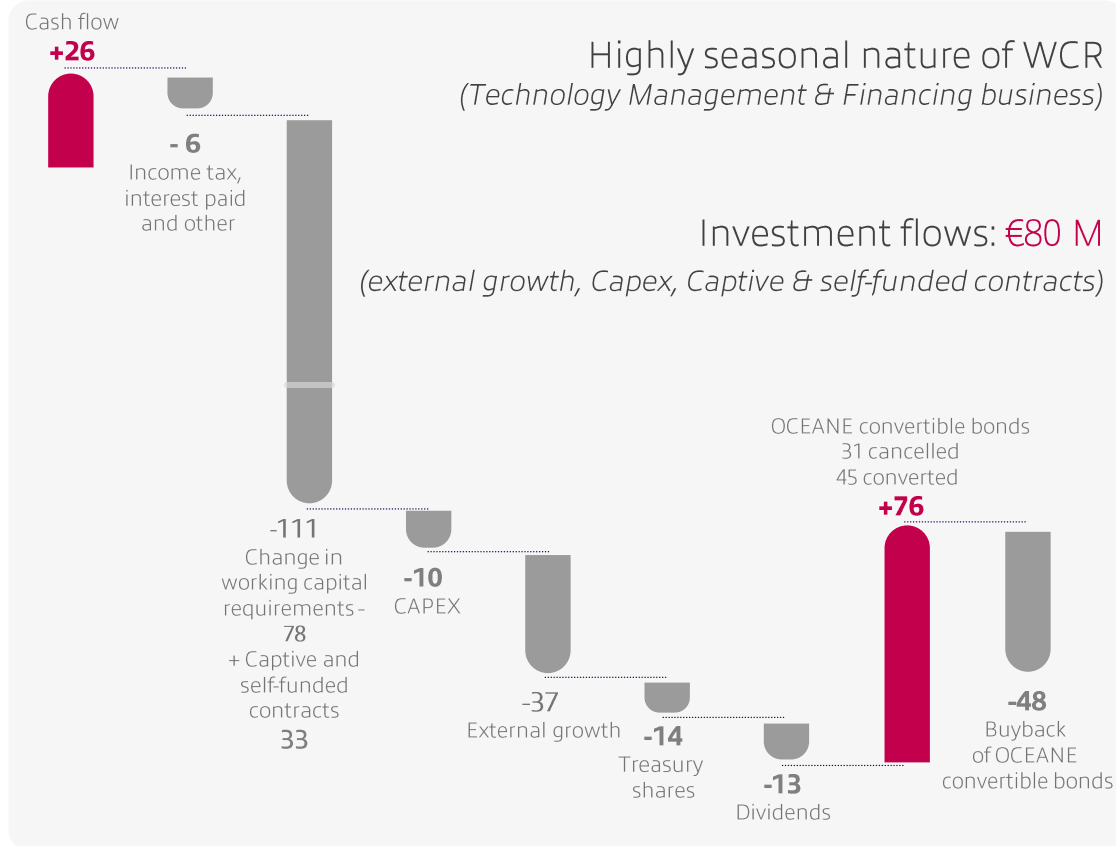
IFRS
in € millions

ASSETS	31/12/13	2014	EQUITY AND LIABILITIES	31/12/13	2014
Goodwill	332	352	Equity	260	275
Residual interests in leased assets	63	58	Financial liabilities	91	174
Other non-current assets	125	127	Commitment for residual value	33	38
Non-current assets	520	537	Other non-current liabilities	59	68
Residual interests in leased assets	28	32	Non-current liabilities	183	280
Trade and other receivables	713	736	Trade payables	689	641
Other current assets	60	75	Other current liabilities	226	172
Cash	150	135	Financial liabilities	98	137
Current assets	951	978	Commitment for residual value	15	11
Total assets	1 471	1 515	Current liabilities	1 028	961
			Total equity and liabilities	1 471	1 515

Cash flow

-€39 M

Net debt
Dec. 2013

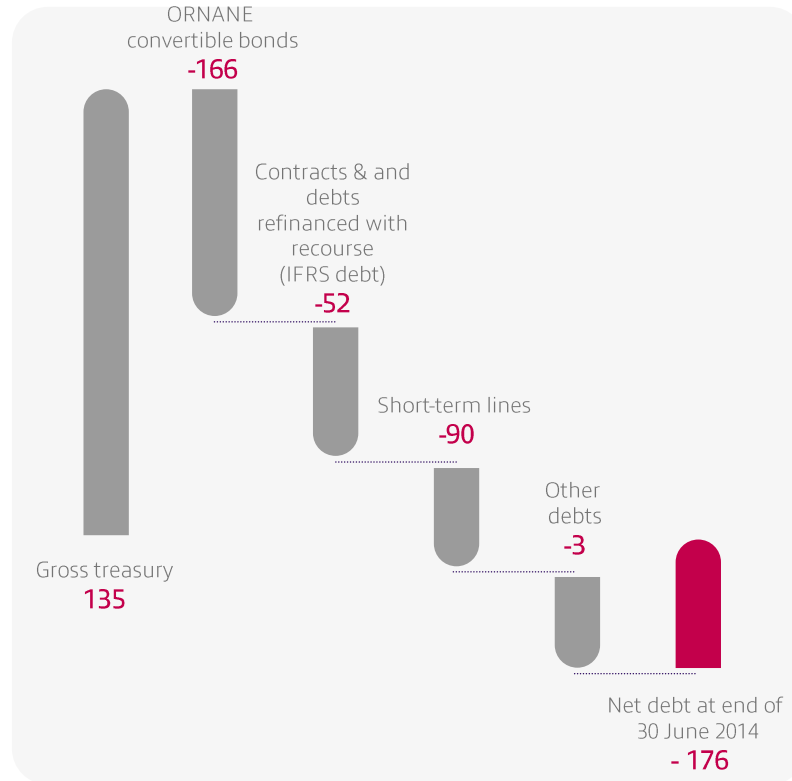


€-176 M

Net debt
June 2014

*Excluding financial residual value of €49 M at 30 June 2014 (€ 8 M at end of 2013)

A healthy, solid financial structure to continue growth and mutation



Positive net banking treasury: €45M

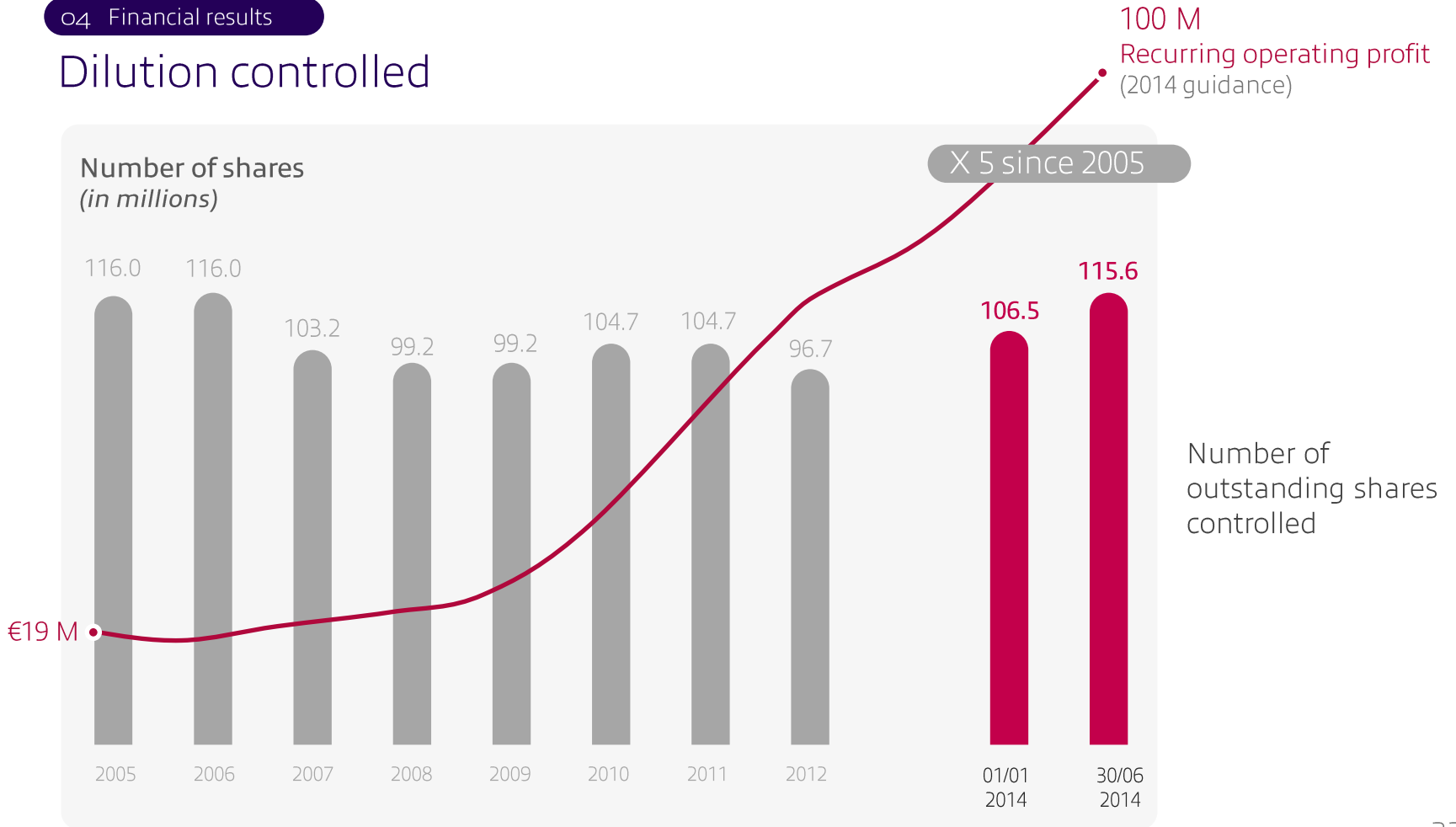
Available credit lines strengthened: €320M, (€245M of which weren't used by end of June) combined with improved financial conditions

Successful issue of convertible bonds (ORNANE): €175M by 2019 (nominal rate: 1.5%)

Partial buyback of OCEANE bonds by 2016: €47M and early conversion of the remaining bonds in June 2014 (nominal rate: 4%)

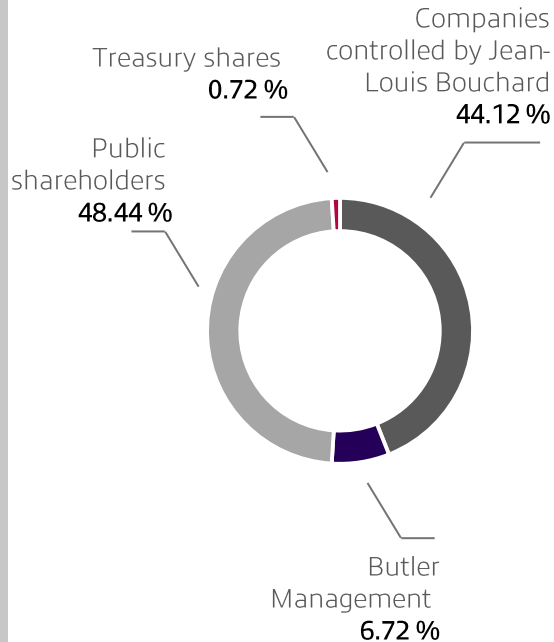
Gearing limited to 64%, despite substantial investments made and the seasonal nature of working capital requirements

Dilution controlled

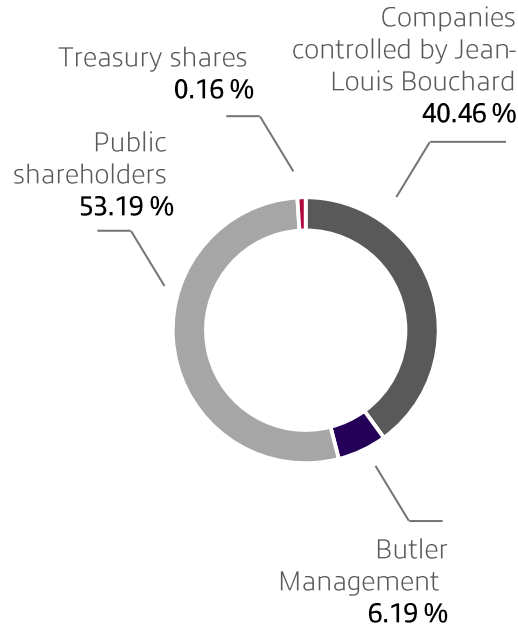


Change in ownership structure

31 Dec. 2013



30 June 2014



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

Increase in Management's share of the capital (except the founder) to 3.4% (doubled vs. end of 2013)

Greater share liquidity

- Increase in floating shares
- 115,572,590 shares, +9% vs. end 2013



OS

OUTLOOK

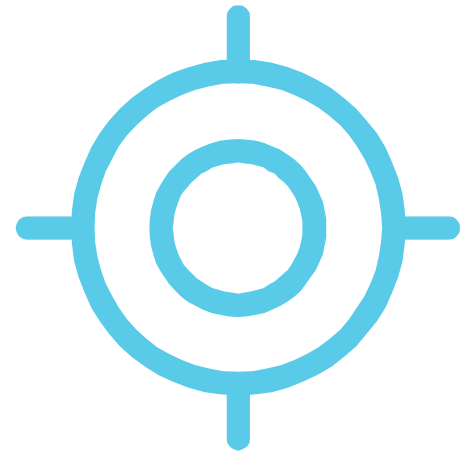
Annual guidance

> €2 billion

Revenue

€100 million

Recurring operating profit*

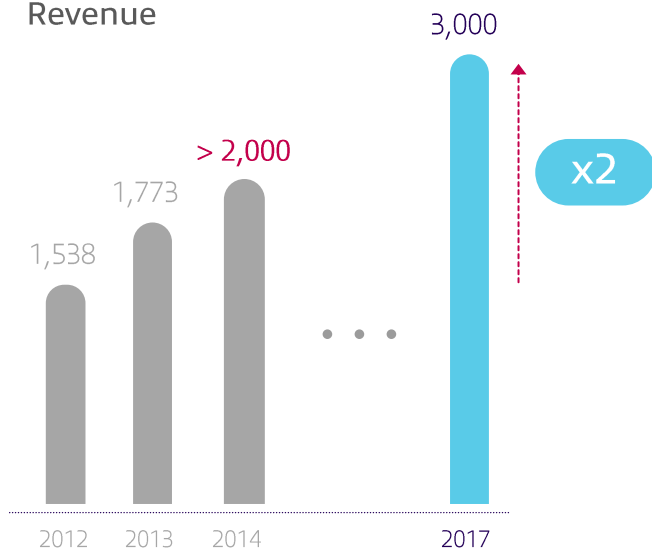


() before amortization of customer portfolio ECS and Osiatis brand*

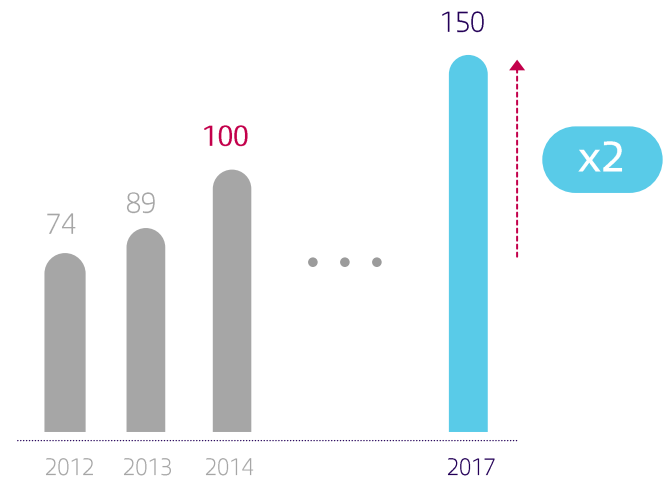
On track for our 5-year ambition

IFRS
in € millions

Revenue



Recurring operating profit



econocom