

Significant improvement in Recurring Operating Profit¹ for H1 2019, standing at €40.2 M

H1 2019 highlights

- Revenue from continuing operations² totalled €1,238 million, a 2.9% rise³, of which 1.6% organic growth
- Recurring Operating Profit¹ stood at €40 million
- Net Book Debt⁴ under control at €405 million
- Guidance confirmed: full-year Recurring Operating Profit¹ of €128 million on a like-for-like basis.

H1 2019 income statement

As previously announced, Econocom Group reported revenue from continuing operations of €1,238 million in the first half of 2019, a 2.9% increase³, 1.6% of which was organic growth. This growth was driven mainly by the Digital Services and Solutions (DSS) division, which posted 9.3% growth. Technology Management & Financing (TMF), on the other hand, got off to a difficult start to the year and was down³ 3.9% compared with H1 2018.

Since the plan was announced by the group, several activities have been restated in accordance with IFRS 5: Non-current assets held for sale and discontinued operations. The H1 2018 Income Statement has therefore been adjusted accordingly and the impact on the 2019 half-year financial statements is shown on separate lines in the balance sheet and income statement.

Recurring Operating Profit¹ (ROP) from continuing operations amounted to €40.2 million compared with €34.4 million for the same period in 2018. ROP¹ from continuing operations for TMF stood at €15.6 million (vs. €14.2 million in H1 2018) and €24.6 million for DSS (compared with €20.1 million in H1 2018). ROP¹ benefited from the first positive results of the measures taken over the past nine months, such as the refocusing of certain business lines and cost reductions, as well as from a favourable effect to the tune of €1.8 M of the application of IFRS 16 to lease contracts taken out by Econocom.

Non-recurring expenses of €13.7 million, resulting mainly from the group's reorganisation operations, were recognised in H1 2019 in continuing operations. Operating Profit for these operations stood at €25.6 million.

Net Profit for the second half amounted to €5.4 million compared with €0.4 million in H1 2018 and Recurring Net Profit attributable to owners of the parent reached €13.6 million, compared with €7.9 million in the first half of 2018.

Balance Sheet and Net Book Debt⁴ at 30th June 2019

Net Book Debt⁴ totalled €405 million, remaining flat compared with the end of June 2018 (€395 million). This amount, which reflects the usual seasonality of the group's business, was increased by some late refinancing in Italy (amounting to around €30 million) as well as deferred payments from a major client (to the tune of around €20 million).

Net Operating Cash-Flow⁵ from continuing operations² for the first half of 2019 amounted to €60.7 million, €20 million³ more than in the first half of 2018. This increase was due chiefly to the increase in net profit and the positive impact of changing residual interest in leased assets.

Net Book Debt⁴ thus amounted to 2.5 times EBITDA⁶ over a 12-month period at 30th June 2019. The majority of this debt (€252 million) is secured by rental payments and leased assets under lease contracts self-funded by the group. With equity standing at €451 million at 30th June 2019, gearing amounted to 0.9.

During the first half of 2019, the group bought back treasury shares to the amount of €10 million. At 30th June 2019, Econocom held 16.7 million treasury shares, excluding liquidity contracts, i.e. 6.8% of the company's share capital.

Outlook for 2019

In the second half Econocom will be continuing its transformation plan which aims to refocus its strategy on its legacy business, Technology Management & Financing, and on synergies with Digital Services and Solutions. The group also plans to improve its levels of operating margin and keep financial debt under control.

The group will be stepping up the significant cost-cutting measures implemented at the end of 2018 and will continue to look for buyers for its non-strategic divisions. On 29th July 2019, the English company Northern Technology Limited (Jade), which was classified at the end of June 2019 as assets held for sale, has been sold.

In addition to these measures, the group will be stepping up its sales efforts and increasing investments in enhancing its offers in order to ensure sustained growth.

From a financial standpoint, the group confirms its 2019 full-year guidance, i.e. Recurring Operating Profit³ of €128 million on a like-for-like basis.

Next publication: the 2019 3rd-quarter revenue release will be published after the close of trading on 24th October 2019.

¹ Before amortisation of intangible assets from acquisitions and after restatement, in accordance with IFRS 5, of assets held for sale and discontinued operations.

² After restatement, in accordance with IFRS 5, of assets held for sale and discontinued operations.

³ On a like-for-like basis.

⁴ Before recognition of the debt resulting from the application of IFRS 16 to contracts for premises, vehicles, etc. leased by Econocom.

⁵ Net Operating Cash-Flow is defined as cash flow from operating activities before the cost of net financial debt and income tax.

⁶ EBITDA is defined as Operating Profit plus (or less) operating expenses (or income) with no cash offset.

ABOUT ECONOCOM

Econocom designs, finances and facilitates digital transformation for large companies and public organisations. With 40 years' experience and the only market player with 360° expertise, covering project financing, equipment distribution and digital services, Econocom employs more than 10,000 people in 18 countries and reported revenue of €2,846 million.

The Econocom Group share is listed on Euronext Brussels and is part of the Bel Mid and Family Business indices.

FOR FURTHER INFORMATION

www.econocom.com

Follow us on [Twitter](#)

Investor and shareholder relations:

Arthur.rozen@econocom.com

Financial press contact:

info@capvalue.fr

Tel. +33 1 80 81 50 00

INCOME STATEMENT

(in €M)	H1 2018 restated*	H1 2019
Revenue	1,233	1,238
Recurring operating profit before amortisation of intangible assets from acquisitions	34.4	40.2
Recurring operating profit	32.3	39.2
Other non-recurring income and expenses	-14.2	-13.7
Operating profit	18.1	25.6
Financial result	-7.0	-9.0
Profit before tax	11.1	16.6
Income tax	-6.8	-7.4
Net profit from discontinued operations	-3.8	-3.8
Net profit	0.4	5.4
Recurring net profit attributable to owners of the parent	7.9	13.6

* In accordance with IFRS 5, income and expenses recognised in H1 2018 by operations deemed discontinued in H1 2019 have also been restated in profit from discontinued operations in the income statement of the first half of 2018. However, in accordance with IFRS 16, data from H1 2018 has not been restated with the impact of this standard, which came into force on 1st January 2019, on lease contracts. Furthermore, in accordance with the method chosen at 31/12/2018, the tax savings resulting from the *superammortamento* in Italy (recognised as income tax in the figures reported on 30th June 2018) and their transferral back to the clients (recognised in non-recurring operating expenses in the figures reported on 30th June 2018) are now both recognised in ROP: this change in presentation results in a decrease in non-recurring operating expenses and income tax in H1 2018 of €1.8 million compared to the figures reported in the 2018 half-year report.

BALANCE SHEET

(In €M) ASSETS	31.12.2018 *	30.06.2019
Goodwill	631	539
Residual interest in leased assets (non-current)	122	124
Other non-current assets	209	256
NON -CURRENT ASSETS	962	919
Residual interest in leased assets (current)	41	38
Trade and other receivables	1,269	1,170
Other current assets	129	159
Cash and cash equivalents	608	497
CURRENT ASSETS	2,047	1,864
Assets held for sale		207
TOTAL ASSETS	3,009	2,990
(In €M) EQUITY AND LIABILITIES	31.12.2018 *	30.06.2019
Equity attributable to owners of the parent	396	356
Non-controlling interests	95	95
EQUITY	491	451
Non-current financial liabilities	504	499
Gross liability for purchases of leased assets (non-current)	73	73
Other non-current equity and liabilities	124	175
NON-CURRENT EQUITY AND LIABILITIES	701	747
Trade and other payables	1,104	998
Other current liabilities	332	282
Current financial liabilities	356	402
Gross liability for purchases of leased assets (current)	25	23
CURRENT EQUITY AND LIABILITIES	1,817	1,705
Equity and liabilities held for sale		86
TOTAL EQUITY AND LIABILITIES	3,009	2,990

* In accordance with the specifications of the standard, the balance sheet at 31st December 2018 is not restated with the impact of the application since January 2019 of IFRS 5 and 16.