

econocom

Analysts and investors Presentation

26 July 2023

Welcome



AGENDA

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H1 2023 results and
financial situation
as of 30 June 2023

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**Jean-Louis
BOUCHARD**
Chairman and CEO



**Patrick
VAN DEN BERG**
Managing Director



**Angel
BENGUIGUI**
Managing Director

Introduction



Jean-Louis Bouchard

Chairman and CEO

**H1 2023 results
and financial
situation as of
30 June 2023**



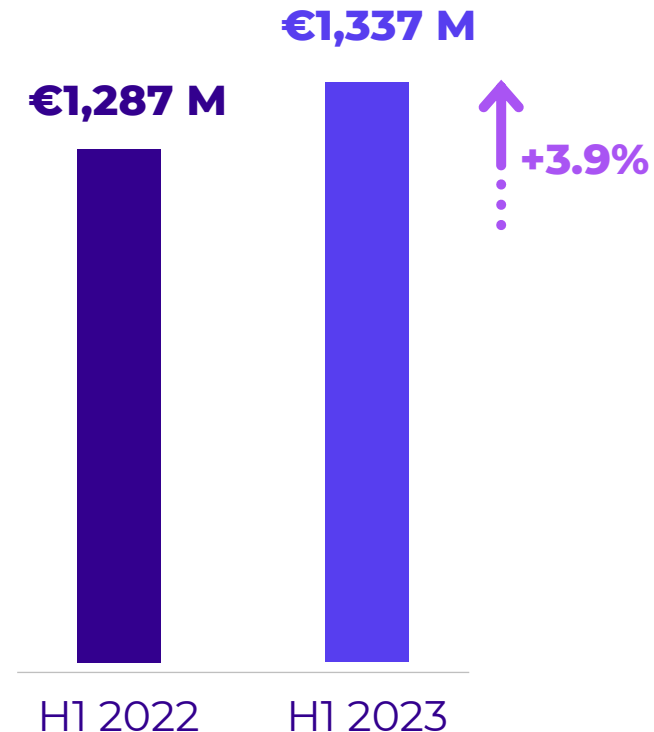
Patrick Van Den Berg

Managing Director

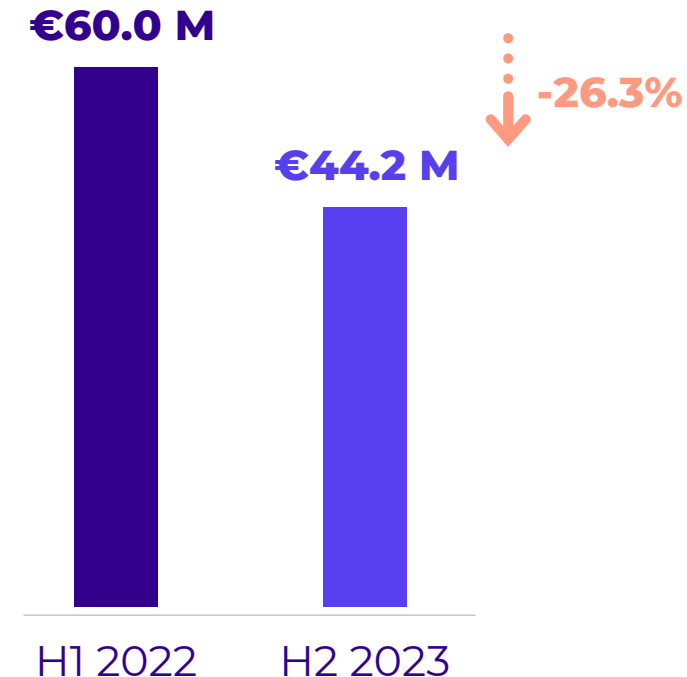
Growth in consolidated revenue over all businesses

Operating Margin hit by various cyclical effects

Revenue⁽¹⁾



Operating Margin⁽¹⁾



Total growth⁽¹⁾

at **3.9%**, driven by the **3 business lines** and contribution of **2022 acquisitions**



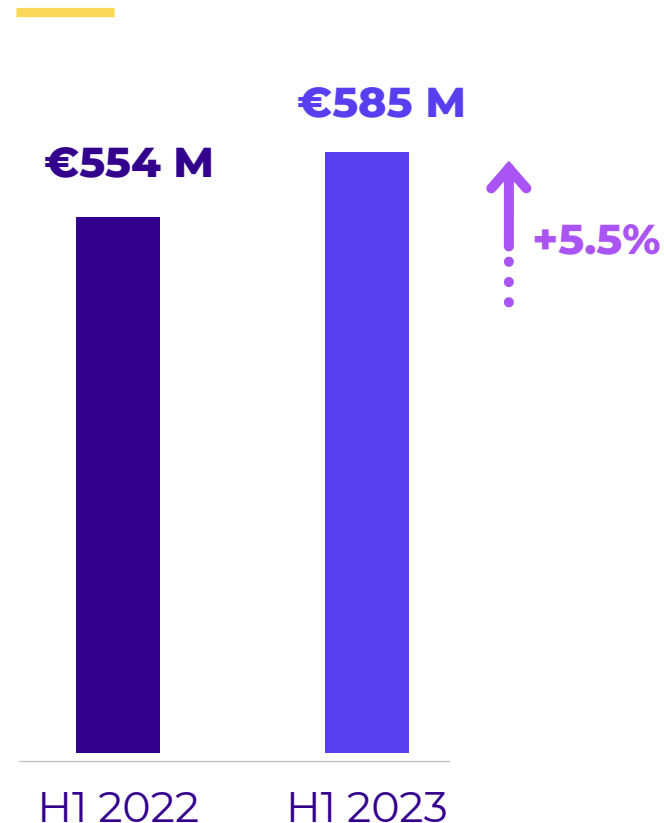
Profitability rate

at **3.3%** down **1.4 bps**

Products & Solutions

Strong contribution of acquisitions to turnover growth

Revenue⁽¹⁾



Total growth⁽¹⁾

at **5.5%**, integrating the **positive impact of the 2022 acquisitions** of SEMIC in Spain and LYDIS in the Netherlands



Limited organic⁽²⁾ decrease

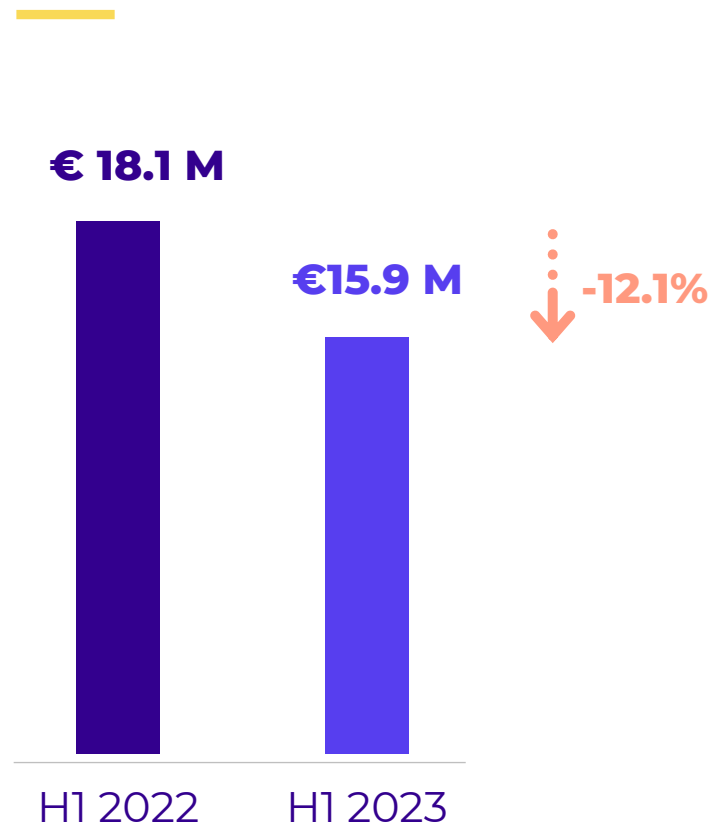
(-2.8%) after a **strong H1 2022 growth** and a H1 2023 marked by the **overall decline in the market (by more than 10%⁽³⁾)**

(1) For continuing operations on a constant basis
(2) For continuing operations on a like-for-like basis (calculated in relation to pro forma H1 2022)
(3) Source: Canalys <https://canalys.com/>

Products & Solutions

Operating Margin impacted by economic context

Operating Margin⁽¹⁾



Operating Margin down at **€15.9 M**:

- **Increase in digital asset prices** not yet fully reflected
- **Wage increases needed** in a tense environment
- **Factoring costs up 0.9 M€** due to increase in interest rates

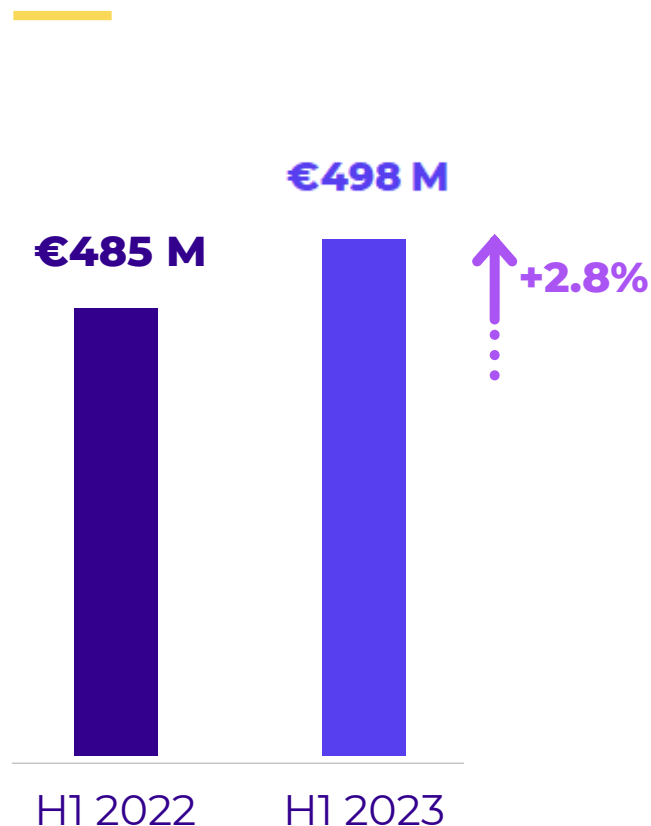


Profitability rate at **2.7%** in limited decline of **0.6 bps**

TMF

Continuing growth revenue

Revenue⁽¹⁾



Total growth⁽¹⁾

at **2.8%**, benefiting from a **good dynamic in many countries**, such as Germany or Italy and the **contribution of Econocom Factory** (SOFI Group)



Organic growth⁽²⁾

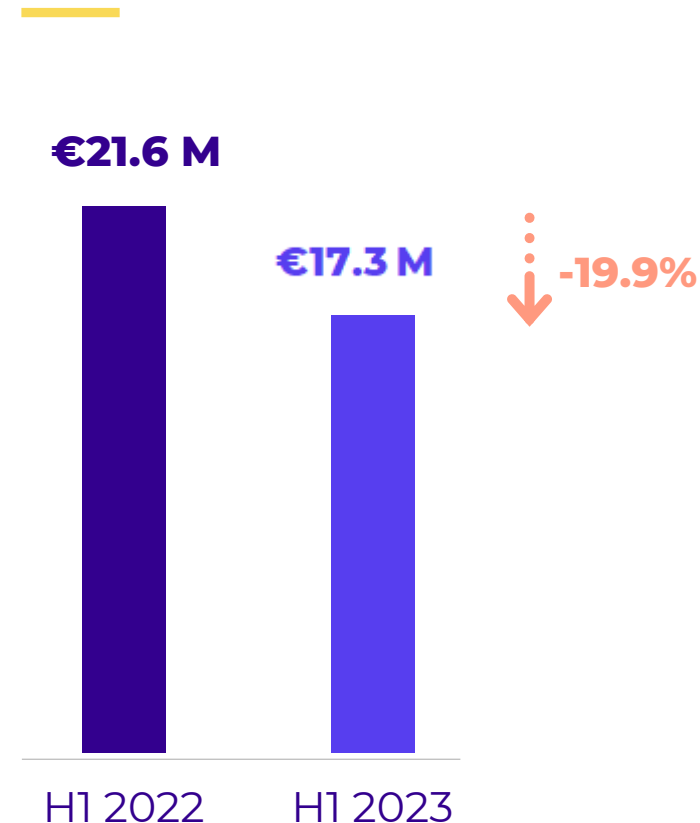
showing a smaller increase **(+0.9%)** further to a strong seasonality effect: **fewer highly contributing sales** than in Q2 2022

(1) For continuing operations on a constant basis
(2) For continuing operations on a like-for-like basis (calculated in relation to pro forma H1 2022)

TMF

H1 2022 base effect on Operating Margin

Operating Margin⁽¹⁾



Operating Margin down at **€17.3 M**
Unfavorable mix effect with **less high contribution margin deals** than in Q2 2022

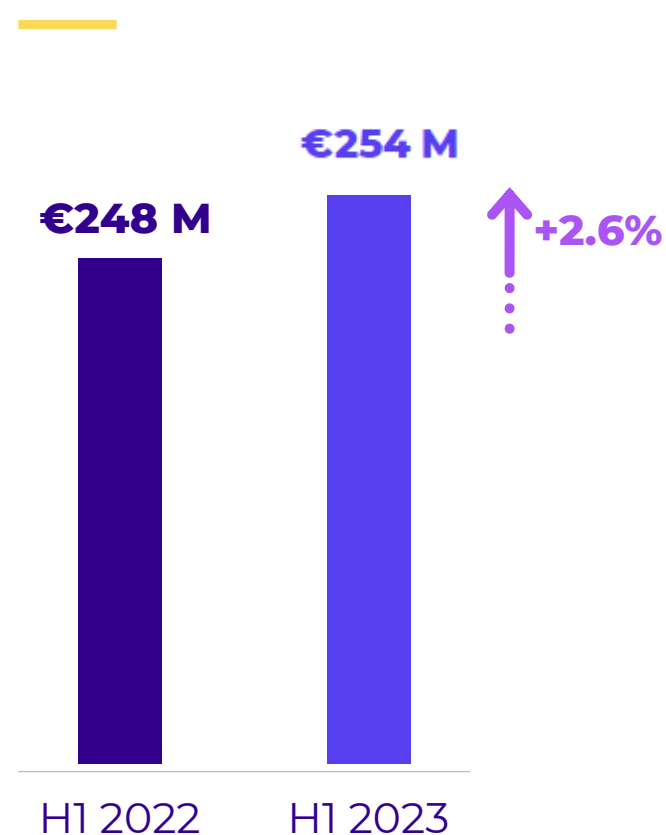


Profitability rate at **3.5%** down **1.0 bps**

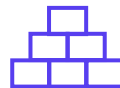
Services

Recovery in business growth

Revenue⁽¹⁾



Total⁽¹⁾ and organic⁽²⁾ growth at 2.6%, taking advantage of the good trajectory of the activity in particular in Belux and Spain after a decline in 2022



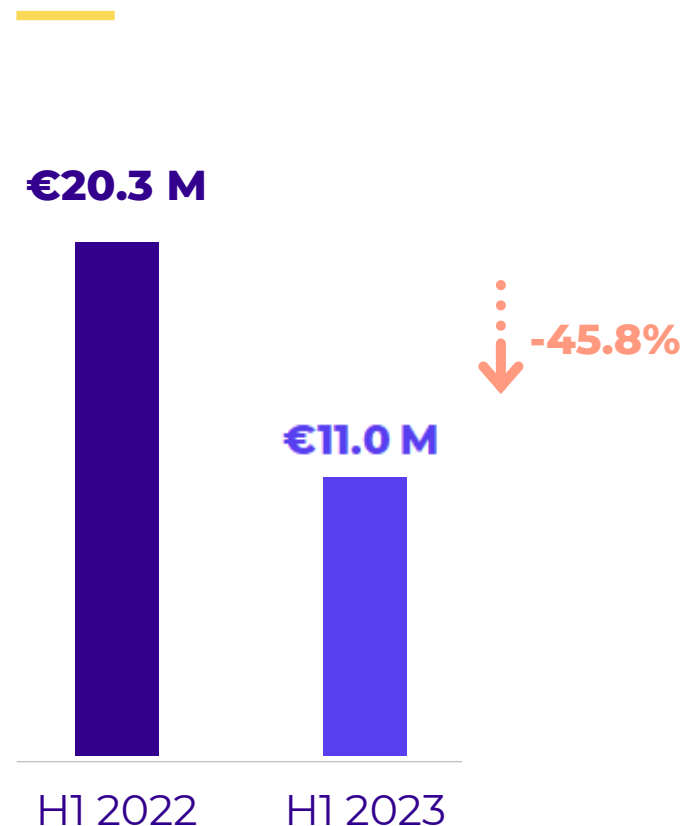
Continued sales momentum in S2 with the launch of new contracts

(1) For continuing operations on a constant basis
(2) For continuing operations on a like-for-like basis (calculated in relation to pro forma H1 2022)

Services

Profitability affected by non-recurring items

Operating Margin⁽¹⁾

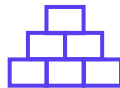


Operating Margin down at **€11.0 M**:

- Impact of inflation on **costs**
- **New contracts** in ramp-up process



Profitability rate at **4.3%** down **3.9 bps**



Expected improvement of the Operating Margin in H2 thanks to a **better pass-through of cost increases** on customer contracts and an amplified focus on **cost optimization**

H1 2023 simplified income statement

(in € M)

06.22⁽¹⁾ **06.23**

Revenue

1,287

1,337

↑ +3.9%

Solid growth driven by acquisitions and good performance in all three businesses

Operating margin

60.0

44.2

Cyclical effects on operating margin due to inflation, wage pressures, TMF seasonality and factoring costs

Operating profit

48.8

38.3

Sharp decline in other operating expenses

Net profit

33.8

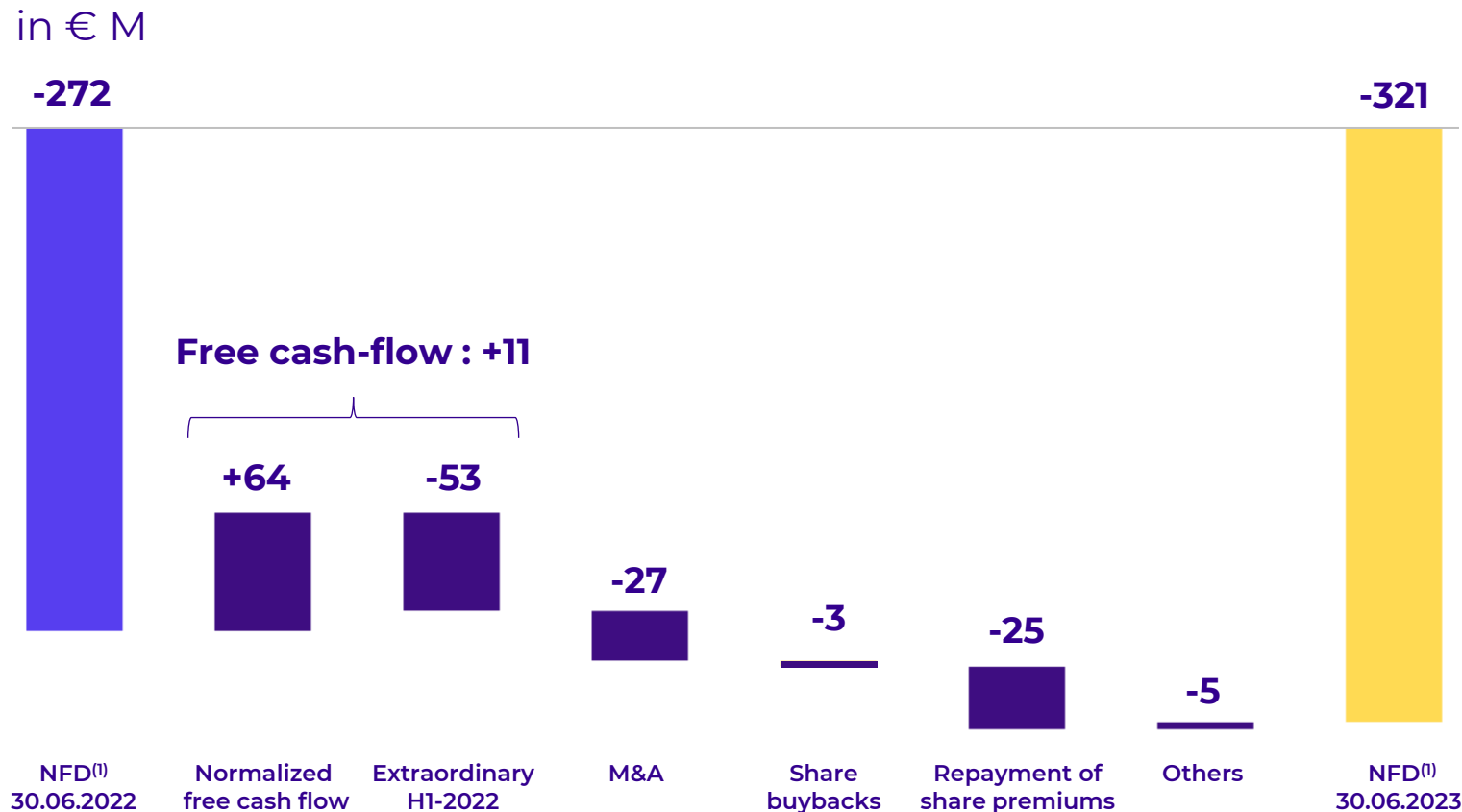
24.7

↓ -26.8%

Negative impact of rising interest rates on net financial income

Improved result from discontinued operations

Slight increase in Net Financial Debt



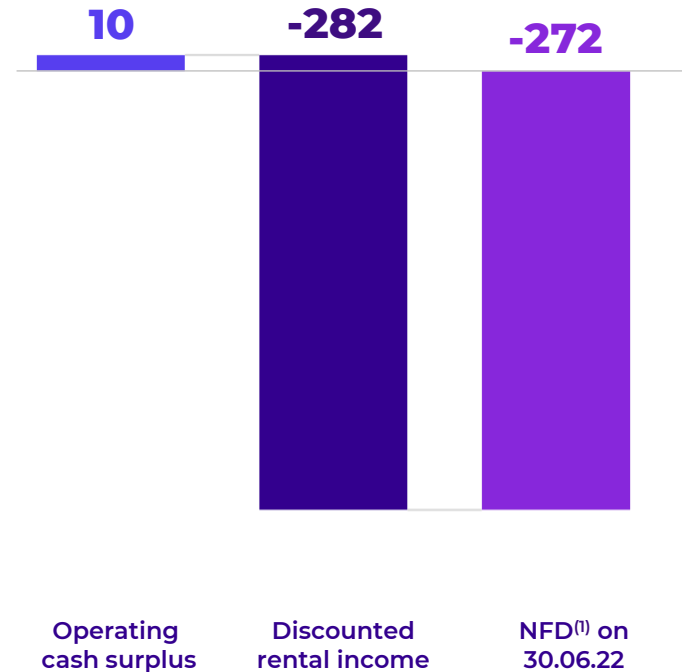
- NFD on 30 June 2023 **up €49 M**, mainly due to **M&A disbursements** and a **return to shareholders** for **€55 M** in total
- Normalized free cash flow at **€64 M** excluding **non-recurrence** at end H1 2023 of **cyclical reductions in WCR** at end H1 2022 (**€53 M**)

(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

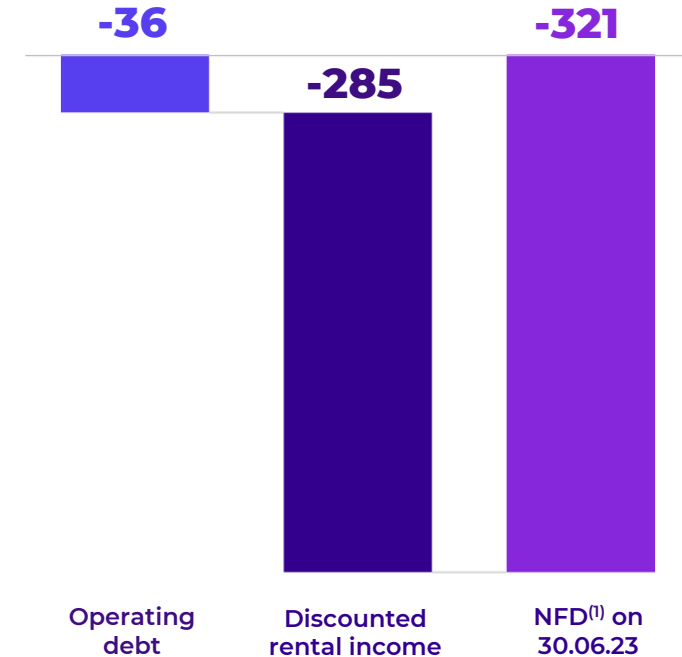
Limited operating debt

- Operating debt corresponds to NFD⁽¹⁾ adjusted for discounted lease payments on contracts carried on balance sheet as not refinanced or refinanced with recourse.

30.06.2022 in € M



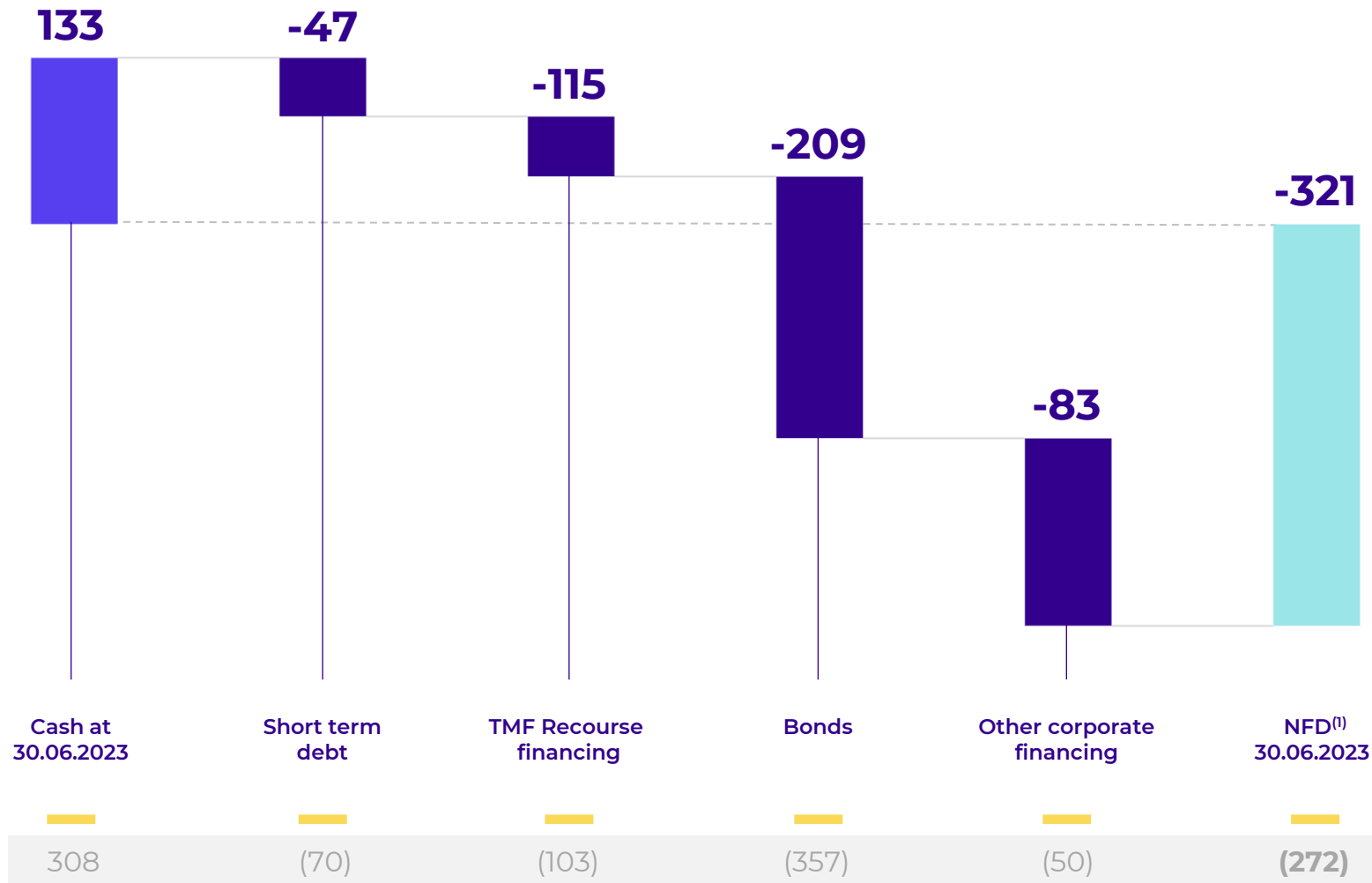
30.06.2023 in € M



- Stability** of discounted rental income
- Increase in operating debt** of **€46 M** due to M&A disbursements and return to shareholders, as in the case of NFD

(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

Breakdown of Net Financial Debt



- **Repayment of OCEANE** in March 2023 for **€150 M** refinanced with more flexible bank financing
- **2022 Schuldschein** of **€200 M** (maturity up to **7 years** and total interest rate of **2.1%**)

Figures as of 30.06.22

(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant

Continuous improvement of cash management



Increase in cash generation

- Optimizing pricings and passing on cost increases
- Greater control over costs
- Targeted actions to reduce average WCR



Optimizing cash management

- Cash-pooling upgrade
- Improved cash forecasts
- More flexible financing



Rolling out best practices

- Integration of these cash projects into performance management tools
- Reinforcing the cash component in managers' variable compensation

ESG performance



Angel Benguigui

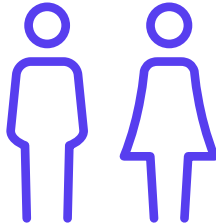
Managing Director

Significant improvement in ESG indicators



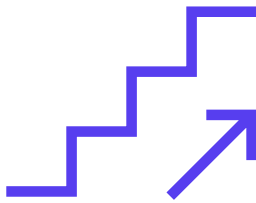
+4 pts.

2022 Ecovadis rating at **70/100** vs. 66/100 in 2021



+3 pts.

2022 gender equality index in France is **86/100** vs 83/100 in 2021



+99 places

in the ranking of companies committed to diversity⁽¹⁾
Econocom ranked 19 out of 248 companies in the HighTech sector

(1) The 2023 Champions of Diversity list published by Capital Magazine in partnership with the Statista research institute.

First bank credit lines indexed on social and environmental criteria

- €50 M credit lines signed with the bank LCL and Crédit Agricole Ile de France
- Interest rate indexed on environmental and social criteria with three aims for 2026

Aims



1

-4.2 % per year

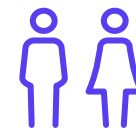
Lower carbon footprint in France scopes 1 and 2 ⁽¹⁾



2

SBTI

Validation of our CO2 reduction targets for all business lines



3

+2 pts per year

Gender equality index in France - **Target >90/100**

Development of new activities



Angel Benguigui

Managing Director

Econocom makes audiovisual its fourth independent business line

- **Business activity driven by new uses, with an acceleration since the Covid-19 crisis**

flex offices

videoconferencing

Digitalisation of information

- **Econocom is well-positioned to take the leading position in this growing future-proof industry throughout Europe**
- **Official launch and external communication planned in H2 2023**
- **Active review of the European market**

Exaprobe

- Smart office technology, Cybersecurity & infrastructures networking

BIS|Econocom

- Audiovisual services, unified communication and digital signage

Other entities

- Distribution & Services related to the audiovisual activity

Refurbishment business: pursuing the integration and development plan of Econocom Factory

- **Defining processes** to develop **synergies**
 - A large proportion of **TMF fleets that reached the end of their contract** are channelled to Econocom Factory rather than third-party brokers
 - **Market-addressing plan** via the existing **sales network**
- **BtoB channel** development
- Continued work on **acquisition opportunities**



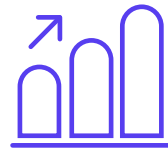
Outlook



Angel Benguigui

Managing Director

Reminder of 2023 guidance



Revenue increase
of **5%**⁽¹⁾



Improvement of **net consolidated result**

Strategic plan

5



Years

5



**€ B in
revenue**

5



Businesses

Presentation on **16 November 2023** at the Investor Day

Appendices



econocom

Simplified income statement

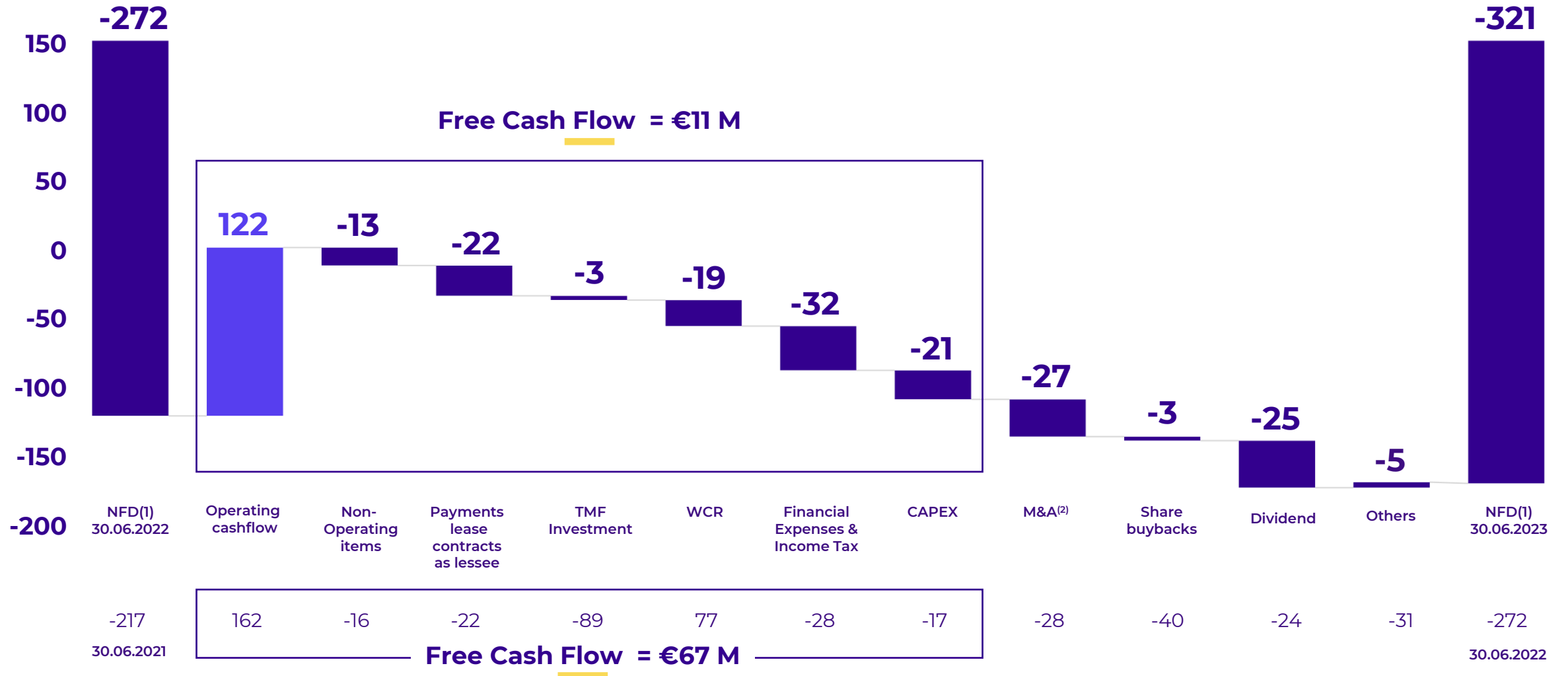
(In € M)	06.2022 ⁽¹⁾	06.2023
Revenue	1,286.7	1,337.2
Operating margin	60.0	44.2
Depreciation of acquisition-related intangible assets	-1.0	-1.2
Other operating income and expenses	-10.2	-4.7
Operating profit	48.8	38.3
Other financial income	0.3	0.8
Other financial expenses	-6.5	-10.5
Profit before tax	42.6	28.6
Income tax	-6.6	-8.4
Net profit from continuing operations	36.0	20.1
Profit (loss) from discontinued operations	-2.2	4.6
Net profit	33.8	24.7

Simplified balance sheet

ASSETS (in € M)	31.12.2022	30.06.2023
Goodwill	554	556
Other long-term assets	212	210
Assets related to leasing activities	448	453
Residual interest in leased assets	165	168
Outstanding discounted rental income on contracts not refinanced or refinanced with recourse	284	285
Other trade and other receivables	595	569
Other current assets	181	179
Assets held for sale	106	53
TOTAL	2,097	2,021

EQUITY & LIABILITIES (in € M)	31.12.2022	30.06.2023
Equity	457	452
Net Financial Debt	144	321
Commitments on residual value	103	107
Other non-current liabilities	170	168
Trade payables	932	753
Other current liabilities	235	208
Liabilities related to assets held for sale	57	12
TOTAL	2,097	2,021

NFD bridge



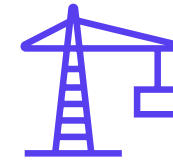
(1) NFD: Net Financial Debt for continued activities excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant
 (2) Includes cash proceeds from asset disposals, cash paid out for acquisitions and disbursements on minority stakes

2024-2028 strategic plan in progress



Ambition and challenges

- Reach **€5 B revenue**, with a first stage of **€4 B in 2026**
- Prepare **the future** of Econocom Group and its businesses
- **Respond more effectively** to changes in our markets, new customers expectations and future changes in the economic environment



Work in progress

work staggered until 2023 Q3

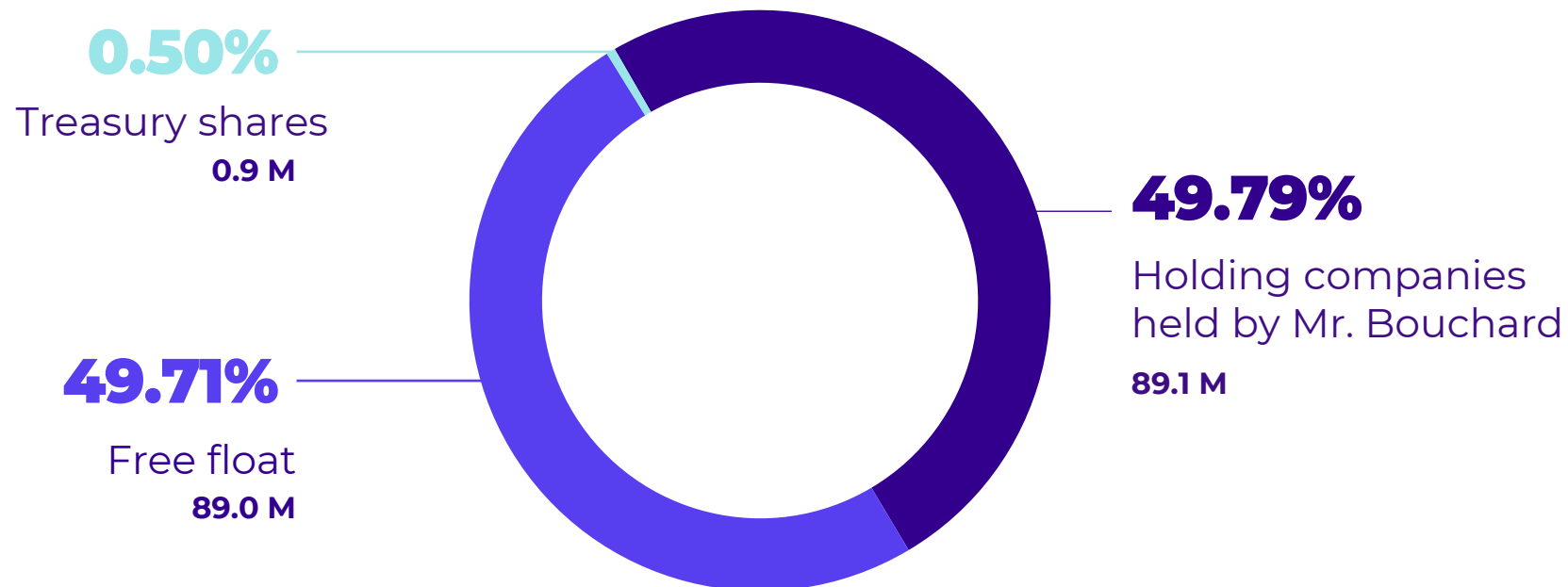
- Support from a **tier 1 strategic consultancy**
- Involvement of Econocom's **top 50 managers**
- **Co-construction approach** designed to ensure that the plan is as close as possible to the Group's operational reality

Stock Exchange

Equity tab - % of ownership and number of shares ⁽¹⁾

Market cap

€495 M



Number of shares

- Total shares : **179.0 M**
- Treasury shares : **0.9 M**
- Floating shares: **178.1 M**

Share price as of 24 July 2023

- **€2.78**

Listing place

- **Euronext Brussels**
- **EBR : ECONB**
- **ISIN : BE0974313455**

Contacts

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