

# econocom

REGULATED INFORMATION  
29 August 2014

## 2014 Half-Year Results

Strong growth in revenue and recurring operating profit as a result of the integration of Osiatis

Econocom strengthens its foothold in several high-potential markets and countries

Econocom, a European digital service provider, announced its half-year results after the Board of Directors met today.

### Revenue

(Consolidated, unaudited in € millions)

H1 2013	792	
H1 2014	972	+23%

### Recurring operating profit

(Consolidated, unaudited in € millions)

H1 2013	23.4	
H1 2014	30.6	+31%

## Highlights of the first half:

- ➔ Revenue of €972 million, a 23% increase in reported data, thanks to the integration of Osiatis and a healthy business trend during the second quarter
- ➔ Recurring operating profit up 31% to €30.6 million in reported data
- ➔ Net earnings per share up 15%
- ➔ A healthy financial structure and improved investment capacities to continue to develop and implement the Mutation strategic plan
  - Equity increased to €275 million
  - Positive net banking treasury stands at €45 million and gearing below 65%
  - Successful issue of €175 million of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) and available credit lines strengthened, combined with improved financial conditions.
- ➔ The group continues its targeted acquisition strategy with four transactions completed
- ➔ Annual guidance for 2014 confirmed: annual revenue of over €2 billion and recurring operating profit expected to reach €100 million.

To speed up the spread of digital progress within organisations, Econocom has launched the "Digital for All, Now!" movement.

Join the movement: [www.digitalforallnow.com](http://www.digitalforallnow.com)  
#digitalforallnow



In € millions <i>Consolidated, unaudited</i>	H1 2013 <i>(reported)</i>	H1 2013 <i>(restated **)</i>	H1 2014
Revenue	792.3	792.3	<b>972.2</b>
Recurring operating profit *	23.4	25.1	<b>30.6</b>
Operating profit	20.1	21.9	<b>23.4</b>
Profit before tax	17.8	19.4	<b>22.4</b>
Income tax	(5.7)	(7.2)	<b>(6.4)</b>
Net consolidated profit	12.2	12.2	<b>15.9</b>
Profit excluding non-controlling interests	12.2	12.2	<b>16.2</b>
Net earnings per share	€0.130	€0.130	<b>€0.150</b>
Recurring net earnings per share	€0.146	€0.146	<b>€0.154</b>

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

\*\*CVAE (business tax on added value) classified as income tax expense

## 23% rise in revenue

Econocom reported revenue of €972 million in the first half of 2014, compared with €792 million for the same period last year, a 23% rise in reported data. This growth is the result of the integration of Osiatis Group, which Econocom acquired in September 2013, and the positive business trend during the second quarter of 2014, which is a testament to the group's successful positioning in the fast-growing connected objects market (the Internet of Things).

On a like-for-like basis, the group's consolidated revenue remains stable (-0.3%). The second quarter of 2014 was positive, with organic growth in revenue of around 3%.

The three business lines:

- **Revenue for Technology Management & Financing remained stable at €491 million** compared with €490 million a year earlier. This performance reflects the **healthy business trend which completely offset the negative base effect resulting from some major contacts which were signed in the Netherlands (worth €42 million) in the first quarter of 2013.**
- **Products & Solutions posted revenue of €167 million, up 7.1%.** This strong increase is a testament to the success of its position in the connected objects market, particularly in the Education and Retail sectors.
- As announced, **the Service business focused its efforts on the integration of Osiatis,** implementing the new organisation and completing the first steps of the synergies plan. These efforts, combined with a more selective policy for deals, affected **revenue, which decreased by 4.6% on a like-for-like basis to €314 million** in the first half of 2014.

The Services division grew in January with the creation of Digital Dimension, which aims to become a major player specialising in designing and managing innovative cloud-based digital solutions.

In addition, Econocom is expanding outside its traditional markets, as illustrated by the recent development of its North American and Mexican subsidiaries, which contributed positively to the tune of €13 million for the first half of 2014.

## **The Group continues its targeted acquisition strategy by completing four transactions**

Digital Dimension, in which the Group jointly invested in January along with entrepreneur Georges Croix, has completed its first two external growth transactions, in line with its development plan. In May 2014 the subsidiary acquired 70% of the share capital of Rayonnance, a specialist in mobile business solutions (€14 million revenue in 2013 and operating margin in excess of 20%), and in July 2014 bought out 80% of ASP Serveur, a leading player in public and private cloud-based solutions for businesses (€3.5 million revenue, mainly from enterprise accounts in the e-commerce, utilities and public sectors). Digital Dimension plans to carry out further acquisitions in 2014 and thus confirms its development plan of achieving annual revenue of €120 million by 2016.

In addition, in July this year Econocom acquired the business assets of Comiris, a French company specialising in collaborative and videoconferencing tools, thereby expanding its fast-growing collaborative tools, Unified Communication, network integration and security division. Founded in 1999, Comiris reported revenue of €13 million in 2013 with enterprises and public-sector companies.

Finally, in August, Interadapt, in which Econocom holds a strategic stake, acquired 100% of the share capital of Brazilian company Syrix (€5.3 million revenue in 2013), which specialises in application performance management (APM), infrastructure management (IM) and cloud solution capacity management. This acquisition will strengthen the Group's presence in the fast-developing Brazilian IT service market.

Econocom also has an option to acquire the remaining stake in Interadapt in 2014. These transactions are in line with the Mutation 2017 strategic plan which was announced last year and consolidates the Group's positions in high-potential markets and countries.

## **Recurring operating profit that reflects the implementation of the integration of Osiatis**

**In the first half of 2014, recurring operating profit stands at €30.6 million, a 31% rise on the same period last year in reported data and up 22% in restated data.**

On a like-for-like basis, recurring operating profit recorded a 19% drop compared with 30 June 2013.

This is mainly due to the integration of Osiatis: the synergies and the new organisation are currently around three months behind schedule. Recurring operating profit also takes into account investments planned and carried out as part of the "Mutation 2013-2017" strategic plan and the highly seasonal nature of profit, which is typical in the Technology Management & Financing business.

## **A sharp rise in net profit and net earnings per share**

Net profit for the first half of 2014 increased by 33% to €16.3 million. Net earnings per share amount to €0.150, up 15% on 30 June 2014, whilst recurring net profit stands at €0.154 per share, up 5%. This increase reflects the accretive impact of the acquisition of Osiatis from the first half of 2014.

## **A solid financial structure and increased investments capacities to continue its growth strategy**

After the successful issue in January of €175 million of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) and the capital increase resulting from the conversion of OCEANE bonds issued in 2011, the group has a solid financial structure to pursue its growth strategy. On 30 June 2014, equity amounted to €275 million and the group posted net banking treasury of €45 million and gearing less than 65%, up slightly from 30 June 2013 (57%) due to the acquisition of Osiatis Group and the setting up of an in-house funding company in order to speed up the signing of contracts with high added value.

In addition, the group has increased its investment capacities by increasing its credit lines to almost €320 million, along with improved financial conditions

## **Annual guidance**

The results of the first half and the positive business trend mean Econocom can confirm its guidance of **annual revenue in excess of €2 billion and expect recurring operating profit of €100 million.**

Econocom also plans, as part of its Mutation 2013-2017 strategic plan, to double revenue and recurring operating profit in 5 years.

*A meeting with the financial press and analysts will take place on 2 September 2014 in Puteaux (France) and in Brussels.*

*The third-quarter trading statement will be published after the close of trading on 21 October 2014.*

---

### **About Econocom**

Econocom is a European digital service provider. In 2013, it posted consolidated revenue of €1.77 billion. The services provided by the group include consulting, sourcing, infrastructure and application services and technology management & financing of digital assets. On 22 November 2013, Econocom finalised the acquisition of the entire share capital of Osiatis, resulting in the creation of a major new digital service company with over 8,000 employees in 20 countries and cumulated revenue of around €2 billion. 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: [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: [florence.lievre@econocom.com](mailto:florence.lievre@econocom.com)**