

Econocom expects continued increase of its operating profitability in 2020 and a new growth cycle in 2021

Trend confirmed for 2020: business recovering, operating profitability improving, continued deleveraging

After the health crisis affected overall business in H1 2020 (consolidated revenue down 12.5%¹ to €1.24bn), Econocom observes in this back to school period a better trend in all business lines. Against this backdrop, the group now foresees a more limited fall¹ in revenue for the whole of 2020, down 6% on 2019 at the most.

The upturn in operating profit already seen in H1 despite the context (recurring operating profit at €43.5m, up 12.4%^{1 2}) should continue in H2 as the savings plan under way continues to be applied and the group returns to better anticipated levels of business. For the whole of 2020, recurring operating profit (ROP)² is therefore expected slightly better or equal to 2019¹ level.

Lastly, the group will be pursuing in 2020 its deleveraging actions, seeking to bring its net book debt³ down to zero.

Outlook: 5–10% revenue growth in 2021

From 2018 to 2020, the group has entered into a phase of consolidation, streamlining operations to focus on growth markets and added-value business, cutting costs, reducing debt and strengthening governance. Now, at the end of the year, Econocom will be geared up for starting a new cycle of sustainable growth for each business line. As a Digital general contractor (DGC) providing end-to-end support (equipment, services and financing) for transformation projects Europe-wide, Econocom will benefit from favourable market trends, leveraging on the strengths of the 'One digital company' strategy.

In 2021, the Products & Solutions business line, part of the DSS segment, plans to strengthen its leadership in France and further develop its positions in Germany, Italy, Benelux and Spain. The recent acquisition of Switch's B2B operations in Belgium (with revenue at €25m in 2019) is part of this strategy. As to the Services business line, after having greatly improved profitability in recent years, will continue to mutualize outsourcing model in France, Belgium and Spain, and carry on offering solutions in synergy with the satellites.

Finally, Technology Management & Financing (TMF) is getting ready to reinforce its sales teams to make the most of the recovery in its main European markets, while targeting external developments, especially in Germany.

For 2021, Econocom expects a 5–10% increase¹ in revenue.

¹ Based on unchanging norms and scope.

² Before amortisation of intangible assets from acquisitions and after restatement in line with IFRS 5 regarding assets held for sale and discontinued operations.

³ NBD: Net Book Debt excluding the IFRS 16 effect on leases in which Econocom is the lessee.

Next publication: Q3 2020 revenue on 22 October 2020

ABOUT ECONOCOM

First Digital General Contractor in Europe, Econocom conceives, finances and facilitates the digital transformation of large firms and public organisations. With 40 years' experience, it is the only market player offering versatile expertise through a combination of project financing, equipment distribution and digital services. The group is present in 18 countries, with over 10,000 employees and €2,927m in revenue. Econocom is listed on Euronext in Brussels, on the BEL Mid and Family Business indices.

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