

econocom

REGULATED INFORMATION
24 July 2014

Preliminary Half-Year Results

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

2014 guidance: revenue in excess of €2 billion and recurring operating profit of €100 million

Revenue

(in € millions - unaudited)

H1 2013	792	
H1 2014	972	+23%

Recurring operating profit

(in € millions - unaudited)

H1 2013	23	
H1 2014	31	+31%

Highlights of the first half of 2014

- 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 €31 million
- Net banking treasury at €45 million and gearing below 65%: a healthy financial structure to continue to develop and implement the Mutation strategic plan

Revenue up 23%

Econocom, a European digital service provider, 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 position 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%, following mixed results at the beginning of the year.

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%. The 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 provider of cloud-based, business-to-business, front-office digital solutions on a pay-per-use basis. **Digital Dimension completed its first external growth transaction in May when it acquired Rayonnance**, a mobile business solutions specialist (€14 million revenue in 2013 and over 20% operating profit). **Digital Dimension plans to carry out further acquisitions in 2014 and confirms its growth plan to achieve €120 million in revenue by 2016.**

In addition, Econocom is expanding outside its traditional markets. **The Americas are a new source of growth for the group**, 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.

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

In the first half of 2014, recurring operating profit stands at €31 million compared with €23 million in reported data for the same period last year, up 31%.

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 solid financial structure 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 over €270 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.

Annual guidance

The results of the first half and the good business trend mean Econocom can confirm its guidance of **annual revenue of over €2.0 billion and expect recurring operating profit of €100 million.**

The 2014 half-year results will be published after the close of trading on 29 August 2014. A meeting of the press and financial analysts will be held simultaneously in Paris and Brussels on 2 September 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.

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