

## Audited annual results 2020: Econocom confirms the improvement in Recurring Operating Profit and achieves its deleveraging objective.

### 2020 highlights

- Revenue impacted by health crisis, down<sup>1</sup> 11.3% at €2,559m
- Recurring Operating Profit<sup>2</sup> slightly up<sup>1</sup> at €122.5m (+2.2%) and margin up<sup>1</sup> by 0.6 bp
- €272m reduction in net financial debt<sup>3</sup> giving a positive net cash position<sup>3</sup> of €20m at 31 December 2020
- Proposed 12 cent per share refund of issue premium, in line with the dividend paid in 2020

### Strong resilience in operating performance

The Econocom Group earned revenue of €2,559m in 2020, down<sup>1</sup> 11.3% on 2019. Most of the fall was due to the health crisis, which led to delays in implementing some projects for clients and a slowdown in contracting new business. This downward trend eased however toward the end of the year (decline of just 8.4%<sup>1</sup> in Q4 2020).

Digital Services & Solutions (DSS, comprising the Products & Solutions and Services segments) reported revenue of €1,646m, down by more modest 5.9%<sup>1</sup>. Thanks to an especially strong Q4 2020 with growth<sup>1</sup> of 8.3%, Products & Solutions reported a full-year fall in revenue of 5.1%. Services revenue for 2020 was down<sup>1</sup> 7.5% but remained relatively stable<sup>1</sup> in Q4.

Technology Management & Financing (TMF) was harder hit, with revenue of €913m, down 19.6%<sup>1</sup>. Two main factors held back TMF's development in 2020: companies were taking a wait-and-see approach to their financing decisions, and Econocom decided to reduce the volume of equity-financed transactions.

Despite the drop in revenue, Recurring Operating Profit<sup>2</sup> (ROP) grew slightly<sup>1</sup>, by 2.2% to €122.5m, reflecting an improvement in recurring operating margin to 4.8% (vs. 4.2% in 2019). To achieve this performance, the Group met in 2020 the objective of its plan to reduce structural costs of 97 million euros while benefitting from the continuous improvement in Services margins and a focus on projects with higher added value.

DSS ROP<sup>2</sup> rose<sup>1</sup> 12.5% to €85.5m, thanks to a strong increase<sup>1</sup> in Services ROP<sup>2</sup> (+25.4% compared<sup>1</sup> to 2019) and continuing improvement in Products & Solutions (+4.3%). TMF ROP<sup>2</sup> was €37.0m, down<sup>1</sup> 15.8%. Despite the background fall in revenue, TMF was able to increase its recurring operating margin (4.1% in 2020 vs. 3.9% in 2019).

The Group booked €36.2m of net non-recurring expenses in 2020 (compared to €24.5m in 2019) notably related to restructuring costs and Covid-19 impacts.

After tightly controlled financial expenses, tax expense and a modest positive contribution from discontinued operations, consolidated net income for the year was up slightly at €50.2m. In a badly struggling economy in 2020, Econocom's business model proved its strong resilience.

### Deleveraging objective achieved

In 2020, the Group generated free cash flow of €179m, up €116m on 2019, thanks in large part to the structural improvement in working capital. Econocom also booked €125m in net proceeds from the disposal of non-strategic assets.

This reduced net financial debt<sup>3</sup> by €272m over the year leaving the Group with a positive net cash position<sup>3</sup> of €20m at 31 December 2020.

Despite the health and economic crisis, the Group successfully met its deleveraging objective set two years ago, giving it maximum flexibility and the confidence to approach the next growth cycle with solid fundamentals.

## Shareholder return

The Board of Directors will propose an issue premium refund of €0.12 per share, equivalent to the dividend paid in 2020, to the next General Meeting.

Continuing its long-standing policy of returning value to shareholders, in 2020 the Group bought up €26m of treasury shares. At 24 February 2021, Econocom directly held 12.3 million shares, 5.6% of the share capital, and indirectly held 13.3 million, 6.0% of the capital, via its subsidiary BIS BV.

## Gradual return to growth expected in 2021

Over the last two years, Econocom has been focused on a transformation plan for its operating structure to improve its agility and competitiveness. This phase of consolidation was essential to get the Group into the best possible shape to face the future.

The Group's objectives of cutting structural costs, streamlining the portfolio of activities and substantial deleveraging were successfully achieved in 2020. Econocom is now fit and ready to restart sustainable growth, both organic and through targeted acquisitions, while monitoring its costs and indebtedness.

Despite an uncertain economic climate still impacted by the health crisis, the Group thus confirms its objective of returning to solid growth in 2021.

## Next publication: revenue Q1 2021 on 22 April 2021 after market close.

<sup>1</sup> On a like-for-like basis (at constant scope and accounting standards).

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

<sup>3</sup> NFD: Net Financial Debt excluding impact of IFRS 16 on leases and rentals for which Econocom is a tenant.

### ABOUT ECONOCOM

As a digital general contractor, 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 9,000 employees and €2,559 m in revenue. Econocom is listed on Euronext in Brussels, on the BEL Mid and Family Business indices.

### FOR FURTHER INFORMATION

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## INCOME STATEMENT

(€M)	2019 Restated	2020
<b>Revenue</b>	<b>2,914</b>	<b>2,559</b>
<b>Recurring operating profit before amortisation of intangible assets from acquisitions</b>	<b>127.6</b>	<b>122.5</b>
Recurring operating profit	125.6	120.4
Non-recurring income and expenses	-24.5	-36.2
<b>Operating profit</b>	<b>101.2</b>	<b>84.1</b>
Net financial expense	-18.6	-16.2
Profit before tax	82.6	67.9
Income tax expense	-22.6	-18.5
<b>Profit from continuing operations</b>	<b>60.0</b>	<b>49.4</b>
Profit (loss) from discontinued operations	-11.4	0.7
<b>Profit for the period</b>	<b>48.6</b>	<b>50.2</b>

### 2019 figures based on 2020 exchange rates and scope

(€M)	2019 Restated	2019 on 2020 scope
<b>Revenue</b>	<b>2,914</b>	<b>2,886</b>
<b>Recurring operating profit before amortisation of intangible assets from acquisitions</b>	<b>127.6</b>	<b>119.9</b>

## SUMMARY

(€m) ASSETS	31.12.2019	31.12.2020
Goodwill	513	500
Residual interest in leased assets (non-current)	132	134
Other non-current assets	234	230
<b>NON-CURRENT ASSETS</b>	<b>879</b>	<b>864</b>
Residual interest in leased assets (current)	33	41
Trade and other receivables <sup>(1)</sup>	1,094	894
Other current assets	136	137
Cash and cash equivalents	594	649
Assets held for sale	201	74
<b>CURRENT ASSETS</b>	<b>2,058</b>	<b>1,796</b>
<b>TOTAL ASSETS</b>	<b>2,937</b>	<b>2,660</b>
(€m) EQUITY & LIABILITIES	31.12.2019	31.12.2020
Equity attributable to owners of the parent	410	406
Non-controlling interests	74	67
<b>EQUITY</b>	<b>484</b>	<b>473</b>
Non-current liabilities <sup>(2)</sup>	452	325
Gross commitments on residual financial assets (non-current)	81	76
Other non-current liabilities	131	155
<b>NON-CURRENT LIABILITIES</b>	<b>664</b>	<b>556</b>
Trade and other payables	981	992
Other current liabilities	310	277
Current liabilities <sup>(2)</sup>	395	304
Gross commitments on residual financial assets (current)	20	28
Liabilities held for sale	83	30
<b>CURRENT LIABILITIES</b>	<b>1,789</b>	<b>1,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,937</b>	<b>2,660</b>

(1) of which own-booked outstanding rentals: €186m at 31 December 2020 versus €239m at 31 December 2019

(2) After adding in the €649m of cash and cash equivalents posted to assets at 31 December 2020 (and €594m at 31 December 2019) and the bonds and financial debt, the balance sheet showed a net cash position of €20m at 31 December 2020 (versus net financial debt of €252m at 31 December 2019); this financial debt includes €186m at 31 December 2020 (and €239m at 31 December 2019) of own-booked TMF contracts and the anticipated rents from this activity.