Press Release

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REGULATORY INFORMATION

21 January 2021

Provisional figures - Non-audited data

Econocom's 2020 results highlight the resilience of its Business Model:

- **Revenue impacted by health crisis, down[1] 11.3% at €2,559m**
- **Recurring Operating Profit[2] slightly up[1] at €122.5m**
- **Positive net cash position[3] of €20m at 31 December 2020, compared with net financial debt[3] of €252m at end-2019**

2020 Business volume impacted by Covid-19 pandemic

The Econocom group made €2,559m in revenue in 2020, down[1] 11.3% vs 2019. This decrease in revenue is largely attributable to the global health crisis, which considerably slowed down the economic activity and delayed many projects in both the private and public sectors, mainly in the TMF business line. However, this downward trend slowed[1] in Q4 (-8.4%) compared to that of the first nine months of 2020 (-12.5%).

Over the period, the following developments took place:

• Revenue from Digital Services and Solutions (DSS, including both Products and Solutions, and Services) stood at €1,646m, representing a limited decrease[1] of 5.9% (-5.1% for Products and Solutions, -7.5% for Services). DSS caught up strongly in Q4 2020, with quarterly growth of 4.7% thanks to Products and Solutions (up 8.3%) performing very well and quarterly business in Services staying almost stable (down 1.6%).

• Technology Management & Financing (TMF) posted revenue of €913m, down[1] 19.6% on 2019. As previously indicated at the Q3 2020 revenue release, and absent of a year-end recovery, this drop is mainly due to delays in implementing certain projects, reflecting the general wait-and-see policy the health crisis has prompted in some clients. In this particular context, Econocom also decided to reduce its volume of own booked operations compared to the previous year.

Strong resilience in ROP[2] and growth in net income

As previously announced, and despite its drop in revenue, Econocom posted €122.5m in Recurring Operating Profit[2] (ROP) in 2020, slightly up on the previous year on a like-for-like basis. To achieve this level of performance, the group benefited from the effects of its cost-cutting plan launched in early 2019, the continuous productivity improvement in Services and its focus on projects with higher added value.

The group posted non-recurring net expenses of €36.2m in 2020 (versus €26.8m in 2019), mainly related to its plan, started two years ago, to drastically reduce structural costs by €90m.

Tight control over financial and tax expenses together with a slightly positive contribution from discontinued activities, resulted in a consolidated net income up to approximately €50m.

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Positive net cash position of €20m[3]

This performance represents an improvement of over €270m compared to end-2019. This is in line with the group's objective, set two years ago, to regain full flexibility to tackle the next growth cycle on solid grounds.

This result was achieved thanks to great improvement in operating cash flow over the course of the year, proceeds from the divestiture of non-strategic assets for around €125m and while maintaining returns to shareholders through a dividend payment and share buybacks for a total of just over €50m.

At end-2020, consolidated equity amounted to €475m, versus €484m at end-2019.

Outlook

Thanks to the success of its plan to drastically reduce structural costs, the rationalization of its business portfolio and the substantial improvement in its financial situation, the group is now ready to resume the path to sustainable growth, both organically and through targeted acquisitions.

Current uncertainties do not allow for providing, at this stage, detailed outlook for 2021, even if the group's management expects the leasing market to recover once the health crisis is over.

Next publication: Annual Results 2020: 24 February 2021, after market close

[1] On a like-for-like basis (at constant perimeter and accounting standards)

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

[3] Before factoring in debt resulting from application of IFRS 16 to lease contracts (real estate, vehicles, etc.) in which Econocom is a lessee.

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