Solutions30
Solutions for New Technologies

PRESS RELEASE
SEPTEMBER 18, 2024 – 6:00 PM

2024 Half-Year Earnings Report

Adjusted EBITDA up +37%

Strong improvement in profitability and cash generation indicators, with broadly stable revenue in the first half of the year

- 2024 half-year revenue of €517.4 million (-0.3%)
- Significant improvement in adjusted EBITDA margin, to 7.3% (+200 basis points)
- Adjusted EBITDA of +€37.7 million, up +37.4%, with growth in all three geographical segments
- Free cash flow up sharply by €26.1 million compared with the first half of 2023, to -€6.3 million

Confirmation of 2024 full-year targets

- Revenue down slightly
- Continued improvement in the Group's adjusted EBITDA margin, with an increase in adjusted EBITDA by value

Capital Markets Day: September 26, 2024

- Presentation of Solutions30's roadmap for 2026

The consolidated financial statements of the Solutions30 Group for the period from January 1 to June 30, 2024 were reviewed by the Supervisory Board on September 18, 2024. The review of the half-yearly financial information by the authorized auditor has been completed and their report has been published on the website. The half-yearly financial report, including the consolidated financial statements (condensed interim financial statements and notes) reviewed by the auditor, is available on the Solutions30 website, www.solutions30.com, in the "Investors Relations" section.

Gianbeppi Fortis, Chief Executive Officer of Solutions30, stated: "Solutions30's results for the first half of 2024 demonstrate our ability to keep improving the Group's profitability, largely due to being more selective with the contracts we take on. With revenue stable compared with the first half of last year, our adjusted EBITDA rose by 37.4%, with increases in all three of our geographical segments. All our profitability and cash generation indicators have shown significant improvement, highlighting the effectiveness of our tailored management approach in each of our markets. In this regard, the margin in Germany is already enhancing the Group's overall performance, while still offering potential for further growth. We confirm our outlook for 2024 and look forward to presenting our roadmap for the coming years at our Capital Markets Day on September 26th."

Key figures – Consolidated data

In millions of euro	**H1 2024**	H1 2023	Change
Revenue	**517.4**	519.1	(0.3)%
Adjusted EBITDA	**37.7**	27.5	37.4%
As a % of revenue (EBITDA margin)	***7.3%***	*5.3%*	
Adjusted EBIT	**11.1**	5.0	124.4%
As a % of revenue	***2.1%***	*1.0%*	
Operating income	**1.4**	(6.4)	n/a
As a % of revenue	***0.3%***	*(1.2)%*	
Net income, Group share*	**(5.9)**	(14.4)	n/a
Free cash flow	**(6.3)**	(32.4)	n/a

Financial structure figures *In millions of euros*	**06.30.2024**	**06.30.2023**	**Change**
Equity	**117.1**	**131.8**	**(14.7)**
Net debt	**110.6**	**95.3**	**15.2**
Net bank debt	**26.7**	**10.3**	**16.4**

** The Group share of net income includes non-cash amortization of customer relationships of -€7.2 million in the first half of 2024. Restated for this charge net of its tax impact, Group net income, strictly reflecting its operating performance, would break even in the first half of 2024.*

Solutions30's consolidated revenue for the first half of 2024 amounted to €517.4 million, stable overall compared with the first half of 2023 (-0.3%). Organic growth was -0.7%, with the impact of acquisitions at +0.3%. After a 3.8% increase in revenue in the first quarter of 2024, revenue decreased by -4.3% in the second quarter. This decline was due to the Group's decision to reduce its exposure to certain contracts whose margins no longer met its standards, notably in the telecom segments in France and Spain, as well as delays in the ramp-up of fiber activities in Belgium caused by negotiations among service providers aimed at streamlining their deployment investments (see press release from July 24, 2024).

Adjusted EBITDA amounted to €37.7 million, up +37.4% compared to the first half of 2023, and up in each of the Group's three geographical segments. The adjusted EBITDA margin improved sharply to 7.3% from 5.3% in the first half of 2023 (+200 basis points), with a very marked increase in France and other countries, and a slight improvement in the Benelux.

Free cash flow, traditionally negative in the first half of the year, improved significantly, by €26.1 million, to -€6.3 million, compared with -€32.4 million in the first half of 2023. This trend was fueled by an increase in adjusted EBITDA, strong conversion of adjusted EBITDA into cash flow, and an improved working capital trend. All of this occurred as the Group increasingly prioritizes profitability and cash generation on an ongoing basis.

Analysis by geographical segment

	H1 2024	H1 2023	*Change*
Benelux			
Revenue	196.8	180.0	*+9.3%*
Adjusted EBITDA	19.6	17.5	*+12.0%*
Adjusted EBITDA margin %	10.0%	9.7%	*+30 bps*
France			
Revenue	188.4	199.4	*(5.5)%*
Adjusted EBITDA	17.4	15.8	*+10.1%*
Adjusted EBITDA margin %	9.2%	7.9%	*+130 bps*
Other countries			
Revenue	132.2	139.7	*(5.4)%*
Adjusted EBITDA	6.5	(0.8)	*n/a*
Adjusted EBITDA margin %	4.9%	(0.6)%	*n/a*
*HQ**	*(5.7)*	*(5.0)*	*14%*
Revenue	**517.4**	**519.1**	*(0.3)%*
Adjusted EBITDA	**37.7**	**27.5**	*+37.4%*
Adjusted EBITDA margin %	**7.3%**	**5.3%**	*+200 bps*

** Costs related to the Group's centralized functions*

In the Benelux, revenue amounted to €196.8 million, a purely organic increase of +9.3%. Following strong growth of +21.6% in the first quarter, revenue growth turned slightly negative at -1.1% in the second quarter, primarily due to delays in the ramp-up of certain fiber deployment activities. This slowdown was due to a wait-and-see attitude on the part of Belgian telecom service providers, who recently began negotiations aimed at streamlining deployments across the country. Over the first six months, Connectivity Solutions posted growth of +8.7%. Energy Solutions continue to expand, at +11.9%, with promising diversification into photovoltaics and low-voltage grid services following the model applied in France. Lastly, revenue from Technology Solutions increased by +10.6%.

Adjusted EBITDA for the Benelux stood at €19.6 million, up +12%. The corresponding margin remains in the double digits, at 10.0% for the first half of 2024, a slight improvement on the first half of 2023 (9.7%) but still down compared to the second half of 2023 (+12.9%). This decrease is due to the delays mentioned above.

In France, revenue totaled €188.4 million in the first half of 2024, a decrease of -5.5%. This included an organic decline of -6.4%, which was partially offset by a +0.9% impact from the acquisition of Elec-ENR, consolidated since July 2023. Amid a slowdown in the fiber connection market, Solutions30 has implemented a highly selective approach to its Connectivity Solutions, resulting in a -15.6% decline. The company is prioritizing margins and cash generation over volumes. During the second quarter, the Group reduced its exposure to certain suboptimal contracts, so as to concentrate on a portfolio of contracts whose current or potential profitability levels are fully in line with Group standards. At the same time, Energy Solutions continue to post strong growth, up +57.6% in the first half of 2024, and offer excellent prospects. Technology Solutions contracted by -3.8%.

Adjusted EBITDA for France reached €17.4 million in the first half of 2024, up +10.1%, with a margin of 9.2%, compared to 7.9% in the first half of 2023 and 9.6% in the second half of 2023. The transformation plan for Solutions30's French businesses, launched in 2022, continues to deliver positive results. Margins have also benefited from the completion of the integration of Scopelec, that started in the first quarter of 2023, the growth of its Energy Solutions, and the selective approach taken with its Connectivity Solutions.

In other countries, revenue amounted to €132.2 million in the first half of 2024, down -5.4%. Germany stood out with growth of +24.8%, driven by the ramp-up of fiber activities, and is gradually establishing itself as a powerful growth driver for the Group. Poland also continued to grow, at +20.7%. In Spain, where Solutions30 has deliberately reduced its exposure to a mature fiber market, revenue was down -26.3%. In Italy, after an anticipated -25.9% fall in the first half of 2024, business is currently recovering under more favorable economic conditions. Finally, in the United Kingdom, revenue fell by -13.9%, reflecting increased selectivity.

Adjusted EBITDA for other countries came to €6.5 million in the first half of 2024, compared with -€0.8 million in the first half of 2023. The corresponding margin stood at 4.9%, a significant improvement from the first half of 2023 (-0.6%) and consistent with the 4.8% in the second half of 2023. Germany is already enhancing the margins of both the region and the Group overall, due to strong market fundamentals and Solutions30's solid positioning within it. In Italy, margins improved significantly in the first six months of the year. In Spain and the United Kingdom, where margins remain below the Group's normative levels, selectivity measures have been implemented. In Poland, profitability remains satisfactory.

Consolidated earnings

On the basis of adjusted EBITDA of €37.7 million in H1 2024, after recognition of operating depreciation and provisions of €10.6 million (vs. €8.9 million in H1 2023), and after amortization of the right of use of leased assets (IFRS16) amounting to €16.0 million (vs. €13.6 million in H1 2023), the Group's adjusted EBIT stands at €11.1 million, up 124% compared to €5.0 million in H1 2023.

Operating income was positive, at €1.4 million for the first half of 2024, also marking a clear improvement on the first half of 2023, when it stood at -€6.4 million. It includes:

- €2.5 million in net non-current operating expenses. The expenses mainly concern France and the United Kingdom.
- €7.2 million in amortization of customer relationships, stable compared with the first half of 2023. This charge, relating to past acquisitions, is purely accounting in nature, with no cash impact, and is not related to tangible assets.

Net financial result was a loss of -€6.1 million, compared with -€2.9 million for the first half of 2023. This change mainly reflects the rise in interest rates between the two periods. Net financial income also includes an income of €1.8 million (with no cash impact) linked to the downward adjustment in the value of earnouts on past acquisitions (€1.2 million in the first half of 2023). Nevertheless, net financial income for the first six months showed a clear improvement compared to the second half of 2023 (-€10.2 million, which included a total of -€2.8 million from an upward adjustment in earnout valuations, a currency conversion loss, and a negative impact from changes in the value of hedging instruments).

After accounting for a net tax charge of -€2.1 million, the Group's share of the net income of So-Tec (€0.3 million) which is accounted for using the equity method, and deducting minority interests of -€0.6 million, Group net income amounted to -€5.9 million. Although negative, it improved significantly compared with the first half of 2023 (-€14.4 million).

Cash flow

The Group's operating cash generation, which is usually lower in the first half than in the second due to the seasonal nature of working capital requirements, improved significantly compared with the first half of 2023.

Group operating cash flow amounted to €32.8 million, compared with €22.9 million in the first half of 2023. This improvement is a direct result of the rise in adjusted EBITDA, of which operating cash flow represents 87%, reflecting a good level of conversion of margin into cash.

Adjusted for non-cash items, the change in working capital represented a negative flow of -€30.6 million, compared with -€44.8 million in the first half of 2023. This improvement reflects a markedly favorable customer advance payments balance, particularly in Germany. The change in working capital for the first half of 2024 includes a sharp drop in factoring of -€38.7 million, due to a lower volume of receivables in France as a result of the aforementioned decrease in activity, as well as a high level of customer collections in Germany. As a result, net cash flow from operating activities in the first half of 2024 was positive at €2.2 million, compared with -€22.0 million in the first half of 2023.

Net investments amounted to €8.5 million, or 1.6% of revenue, in line with their normal levels of around 2%, and were mainly related to information systems and technical equipment. The Group relies mainly on a proprietary IT platform, a strategic resource for managing operations that accounts for most of these investments.

Overall, free cash flow, usually negative during the first half of the year, improved significantly to -€6.3 million compared to -€32.4 million in the first half of 2023. This reflects an increased focus on selectivity and discipline, as well as the positive impact of the German expansion on the Group's cash generation.

After including -€17.7 million in rent paid, -€3.5 million in earnouts paid on past acquisitions, -€0.2 million in acquisitions for the first six months, -€4.1 million in interest paid, and -€0.6 million in currency exchange losses, the change in cash net of bank debt was -€32.4 million, compared to -€64.3 million in the first half of 2023.

Financial structure

As of June 30, 2024, the Group's equity amounted to €117.1 million, compared with €124.6 million on December 31, 2023. The Group's gross cash position stood at €68.8 million, compared with €118.2 million at the end of December 2023 and €73.4 million at June 30, 2023, reflecting the usual seasonality of the Group's working capital. Gross bank debt amounted to €95.5 million, compared with €112.5 million at December 31, 2023, due to the repayment of loans during the first half of the year. The Group had €26.7 million in net bank debt at the end of June 2024 compared to €5.7 million in cash net of debt at the end of December 2023 and net debt of €10.3 million at the end of June 2023.

After taking into account €81.4 million in lease liabilities (IFRS 16) and €2.4 million in potential financial debt related to earnouts and future put options, the Group's total net debt amounted to €110.6 million at June 30, 2024. The increase on the €78.4 million recorded at December 31, 2023 largely reflects the seasonal nature of the Group's cash generation.

Outstanding assigned receivables under the Group's non-recourse factoring program amounted to €71 million at June 30, 2024, compared to €109 million at December 31, 2023 and €86 million at June 30, 2023. Generally speaking, factoring can be used to finance working capital arising from recurring activities that are fully developed, at a moderate cost. This program, combined with a solid financial structure, provides Solutions30 with the resources it needs to finance its growth strategy.

2024 full-year outlook confirmed

In a market environment that remains mixed across regions in the second half of the year, Solutions30 continues to prioritize margins over volumes in its more mature markets. At the same time, it is reallocating resources to markets with strong potential for profitable growth, particularly Germany, which has met all expectations and is on track to become the Group's third pillar, alongside France and the Benelux.

Thus, the selective measures implemented in the second quarter regarding certain telecom contracts in France and Spain will continue to translate into lower revenue from those businesses but will have a positive effect on Group margins.

At the same time, the strong growth seen in the Energy Solutions business, especially in France, and the ramp-up of fiber deployments in Germany are expected to continue. In Italy, business is currently returning to normal, under improved economic conditions.

After a year of significant growth in 2023, business in the Benelux is expected to remain strong, though it may slow down temporarily due to ongoing discussions among telecom service providers about pooling their investments and, to a lesser extent, the electoral context. These two factors are likely to weigh on Benelux margins in the second half of the year and for the year as a whole, without in any way calling into question the fundamentals of this geographical segment.

For the full year 2024, Solutions30 confirms the outlook shared on July 26, 2024, expecting slightly lower revenue compared to 2023, along with an improvement in the Group's adjusted EBITDA margin, translating into an increase in adjusted EBITDA.

Webcast for investors and analysts

Date: Wednesday, September 18, 2024
6:30 PM (CET) – 5:30 PM (GMT)

Speakers:
Gianbeppi Fortis, Chief Executive Officer
Jonathan Crauwels, Chief Financial Officer
Amaury Boilot, Group General Secretary

Connection details:

Webcast in french: https://channel.royalcast.com/landingpage/solutions30-en/20240918_1/
Webcast in English: https://channel.royalcast.com/landingpage/solutions30-en/20240918_1/

Upcoming events

Capital Markets Day	September 26, 2024
Q3 2024 Revenue Report	November 4, 2024 (after market close)

About Solutions30 SE

Solutions30 provides consumers and businesses with access to the key technological advancements that are shaping our everyday lives, especially those driving the digital transformation and energy transition. With its network of more than 16 000 technicians, Solutions30 has completed over 65 million call-outs since its inception and led over 500 renewable energy projects with a combined maximum output surpassing 1600 MWp. Every day, Solutions30 is doing its part to build a more connected and sustainable world. Solutions30 has become an industry leader in Europe with operations in 10 countries: France, Italy, Germany, the Netherlands, Belgium, Luxembourg, Spain, Portugal, the United Kingdom, and Poland.
The capital of Solutions30 SE consists of 107,127,984 shares, equal to the number of theoretical votes that can be exercised. Solutions30 SE is listed on the Euronext Paris exchange (ISIN FR0013379484- code S30). Stock indexes: CAC Mid & Small | CAC Small | CAC Technology | Euro Stoxx Total Market Technology | Euronext Tech Croissance.
Visit our website for more information: www.solutions30.com

Contact

Individual Shareholders:
shareholders@solutions30.com - Tel: +33 (0)1 86 86 00 63

Analysts/investors:
investor.relations@solutions30.com

Press - Image 7:
Charlotte Le Barbier - Tel: +33 6 78 37 27 60 - clebarbier@image7.fr

Financial indicators not defined by IFRS:

The Group uses financial indicators not defined by IFRS:

- Profitability indicators and their components are key operational performance indicators used by the Group to monitor and evaluate its overall operating results and results by country.

- Cash flow indicators are used by the Group to implement its investment and resource allocation strategy.

The non-IFRS financial indicators used are calculated as follows:

Organic growth includes the organic growth of acquired companies after they are acquired, which Solutions30 assumes they would not have experienced had they remained independent. In 2024, the Group's organic growth includes only the internal growth of its long-standing subsidiaries.

Adjusted EBITDA is the "operating margin" as reported in the Group's financial statements.

Free cash flow corresponds to the net cash flow from operating activities minus the acquisitions of intangible assets and property, plant, and equipment net of disposals.

Calculation of free cash flow

In millions of euro	**H1 2024**	H2 2023	H1 2023
Net cash flows from operating activities	**2.2**	**56.1**	**(22.0)**
Acquisition of non-current assets	(9.2)	(10.5)	(10.9)
Disposal of non-current assets after tax	0.7	0.3	0.4
Free cash-flow	**(6.3)**	**45.8**	**(32.4)**

Cash net of debt corresponds to "Cash and cash equivalents" as it appears in the Group's financial statements from which is deducted "Loans from credit institutions, long-term" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 10.2 of the Group's annual financial statements.

Adjusted EBIT corresponds to operating income as shown in the Group's financial statements, to which "Customer relationship amortization" and "Other non-current operating expenses" are added and from which "Other non-current operating income" is deducted.

Reconciliation between operating income and adjusted EBIT

In millions of euros	**H1 2024**	H2 2023	H1 2023
Operating income	**1.4**	**3.7**	**(6.4)**
Customer relationship amortization	7.2	7.3	7.1
Other non-current operating income	(2.1)	(0.4)	—
Other non-current operating expenses	4.6	7.1	4.3
Adjusted EBIT	**11.1**	**17.7**	**5.0**
As a % of revenue	*2.1 %*	*3.3 %*	*1.0 %*

Non-current transactions include other income and expenses that are significant in their amount, unusual, and infrequent.

Net debt corresponds to "Debt, long-term," "Debt, short-term," and long- and short-term "Lease liabilities" as they appear in the Group's financial statements from which "Cash and cash equivalents" as they appear in the Group's financial statements are deducted.

Net debt/EBITDA ratio corresponds to "net debt" divided by annualized EBITDA.

Net debt-to-equity ratio corresponds to "net debt" divided by equity.

Net debt

In millions of euros	**06.30.2024**	12.31.2023
Bank debt	95.5	112.5
Lease liabilities	81.4	76.4
Liabilities from earnouts and put options	2.4	7.7
Cash and cash equivalents	(68.8)	(118.2)
Net debt	**110.6**	**78.4**
Equity	**117.1**	**124.6**
% of net debt	*94.4 %*	*62.9 %*

Net bank debt corresponds to "Long-term loans from credit institutions" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 10.2 of the Group's annual financial statements from which are deducted "Cash and cash equivalents" as they appear in the Group's financial statements.

Net bank debt

In millions of euros	**06.30.2024**	12.31.2023
Loans from credit institutions, long-term	66.5	75.6
Short-term loans from credit institutions and lines of credit	29.0	37.0
Gross bank debt	**95.5**	**112.6**
Cash and cash equivalents	(68.8)	(118.2)
Net bank debt	**26.7**	**(5.7)**
Cash net of bank debt	**(26.7)**	**5.7**

Gross bank debt corresponds to "Loans from credit institutions, long-term" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 10.2 of the Group's annual financial statements.

Working capital corresponds to "current assets" as reported in the Group's financial statements (excluding "Cash and cash equivalents" and "Derivative financial instruments") less "current liabilities" (excluding "Debt, short-term," "Current provisions," and "Lease liabilities").

Working capital:

In millions of euros	**06.30.2024**	12.31.2023
Inventory and work in progress	26.9	25.7
Trade receivables and related accounts	233.8	211.6
Current contract assets	1.0	1.0
Other receivables	74.5	66.5
Prepaid expenses	5.6	3.1
Trade payables	(173.2)	(200.1)
Tax and social security liabilities	(124.6)	(120.8)
Other current liabilities	(16.1)	(15.0)
Deferred income	(48.2)	(18.9)
Working capital	**(20.3)**	**(46.9)**
Change in working capital	26.5	17.7
Non-monetary items	4.1	8.5
Change in working capital adjusted for non-monetary items	**30.6**	**26.2**

Net investments correspond to the sum of the lines "Acquisition of current assets", "Acquisition of non-current financial assets," and "Disposal of non-current assets after tax" as they appear in the consolidated statement of cash flows.

Net investments:

In millions of euros	**06.30.2024**	06.30.2023
Acquisition of non-current assets	(9.0)	(10.8)
Acquisition of non-current financial assets	(0.2)	(0.1)
Disposal of non-current assets after tax	0.7	0.4
Net investments	**(8.5)**	**(10.5)**