Solutions30
Solutions for New Technologies

PRESS RELEASE
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Solid operating performance in 2018

- Revenue: €441.8 million, up 61%
- Adjusted EBITDA[1]: up 62% to €41.1 million, 9.3% of revenue
- Group share of net income: up 60% to €20 million, 4.5% of revenue

Outlook for strong, profitable growth confirmed

The supervisory board of Solutions 30, the European leader in solutions for new technologies and connected objects, at its meeting on 23rd April examined and validated the financial results for the 2018 fiscal year, as approved by the executive board. The consolidated financial statements were audited.

In millions of euros	Dec 31, 2018	Dec 31, 2017	Change
Revenue	441.8	274.5	+61%
Adjusted EBITDA[1]	41.1	25.3	+62%
As a % of revenue	*9.3%*	*9.2%*	
Adjusted EBIT[2]	33.2	20.7	+61%
As a % of revenue	*7.5%*	*7.5%*	
Net income from consolidated companies[3]	23.7	14.1	+66%
As a % of revenue	*5.4%*	*5.1%*	
Adjusted net income – group share[4]	28.5	18.0	+57%
As a % of revenue	*6.4%*	*6.6%*	
Net income – group share	20	12.5	+51%
As a % of revenue	*4.5%*	*4.6%*	
Financial structure figures	**Dec 31, 2018**	**Dec 31, 2017**	**Change**
Equity[5]	91.6	66.5	+€25.1 million
Net debt	12.4	20.8	-€8.4 million
Interest Coverage Ratio[6]	20x	7.6x	-

(1) Operating income from recurring operations(*) before depreciation, amortization, and provisions, net of reversals
(2) Operating income from recurring operations(*) before amortization of intangible assets, including customer relationships
(3) Before goodwill amortization
(4) Group share of net income from recurring operations(*) before amortization of goodwill and customer relationships
(5) Minority interests included
(6) EBIT over net financial expenses – coverage ratio of EBIT to net financial expenses
(*) Income and expenses that are infrequent, unusual in nature, and significant in amount are considered non-recurring transactions.

Gianbeppi Fortis, chairman of the executive board, states:

"Solutions 30 achieved solid operating performance in 2018. The year was remarkable for the double-digit growth in all our markets—both geographical and sector-specific markets—and for the creation of Unit-T, a new Belgian subsidiary that provides local services outsourced by cable operator Telenet last June. In addition to this excellent trend, our structural costs are well under control, helping us to increase operating profitability. This performance demonstrates the strength of our model. Our ability to consolidate the market and seize new growth opportunities is increasing, as our latest acquisitions and the signing of first-ever contracts to deploy electric vehicle charging stations demonstrate."

Karim Rachedi, chief operating officer and member of the executive board, adds:

"The growth of our operations continues to be bolstered by the digital transformation of the economy. Our multidisciplinary teams are able to act quickly in major European countries in order to carry out local services that are vital to implementing the latest digital technologies. We have developed a strong competitive edge by enabling our customers to benefit from economies of scale made possible by pooling standardized services and by guaranteeing them quality call-outs based on proven processes. It is on the basis of these solid fundamentals that we are going to pursue our policy of sustained, profitable growth."

61% revenue growth in 2018

The group's revenue came to €441.8 million for the entire 2018 fiscal year, up 60.9% (27.6% like-for-like) compared to 2017.

In France, Solutions 30 reported revenue of €279.1 million, a 56.9% increase (34.5% like-for-like). Organic momentum is still being driven by the fiber-optic and smart meter sectors. The integration of CPCP as of August 1st and the acquisition of Sotranasa in December 2018 also helped the group strengthen its market share in these sectors.

Revenue reported in other countries is up by 68.4% (14.9% like-for-like) and reached €162.7 million, representing 37% of consolidated revenue. The creation of Unit-T—a company 70% owned by Solutions 30 and 30% owned by the Belgian cable operator Telenet—in July 2018 and the signing of an outsourcing contract worth approximately €500 million over 7 years with the latter notably bolstered performance in the 2nd half of the year. In addition to this strategic deal enabling the group to reach critical mass in Benelux, new markets were tapped, an outsourcing transaction was completed in Italy, and an acquisition was made in Spain.

62% growth in adjusted EBITDA and 61% growth in adjusted EBIT

Adjusted EBITDA came in at €41.1 million, up by 62% compared to 2017. This represents 9.3% of revenue, up 10 basis points year-on-year, and was largely due to reining in structural costs.

Adjusted EBIT was €33.2 million, up 61%. It includes €7.9 million in operating amortization (compared to €4.7 million the previous year), an increase in line with revenue growth. Customer relationship amortization[1] amounted to (€4.8) million as of December 31, 2018, compared to (€3.9) million at the end of 2017.

[1] "Customer Relationships" are intangible assets related to merger-acquisition transactions. The amortization period of 3 to 11 years is the estimated time for the consumption of the majority of economic benefits flowing to the company.

Net financial income—mainly consisting of financial expenses—represents a controlled expense amounting to €1.7 million, compared with €1.6 million for the 2017 fiscal year. Net financial expenses remained broadly stable, mostly due to improved terms achieved within new credit arrangements that the group entered to in 2017 and 2018.

Income tax expense was €5.6 million, compared to €1.7 million in 2017, corresponding to a tax rate (excluding Corporate Value-Added Levy) of 13%. This increase came from the tax burden noted in Belgium during the creation of Unit-T and the resulting reorganization of the other legal entities in the country. The over €2.5 million in non-recurring items (compared to over €0.7 million the previous year) came from recognizing negative goodwill (badwill) linked to highly accretive acquisitions made in 2017.

After these items were factored in, net income from consolidated companies reached €23.7 million, compared to the €14.1 million recorded the previous year. Consolidated net income, including €3.3 million in goodwill amortization, amounted to €20.4 million, an increase of 65%. The group share of net income reached €18.9 million, up 51% compared to the same period in 2017. The group share of adjusted net income amounted to €28.5 million, or 6.4% of revenue.

Reinforced financial structure

As of December 31, 2018, the group's equity amounted to €91.6 million, compared with €66.5 million on December 31, 2017. Liabilities amounted to €82.3 million, compared with €49.2 million on December 31, 2017, while cash equivalents totaled €69.9 million, compared with €28.3 million at the end of December 2017. Net debt was €12.4 million compared with €20.8 million the previous year.

The deconsolidating factoring program that was implemented across all the group's subsidiaries reduced working capital requirements (WCR), which were a negative €31.9 million in 2018, compared to positive WCR of €27.4 million in 2017. Total receivables that were sold to the factor and therefore deconsolidated amounted to €51 million as of December 31, 2018.

With a gearing ratio (net debt to equity) of 13.5%, an adjusted net debt-to-EBITDA ratio of 30%, and an interest coverage ratio (adjusted EBIT to net financial expenses) of 20, the group is in a stronger position to pursue its growth strategy.

Ambitious short- and medium-term outlooks

In the short and medium term, the group will continue to prioritize growth to achieve critical mass in every region it operates while closely controlling costs. The group's strategy is based on a virtuous, easily reproducible business model that allows it to pursue both sector-specific and geographical growth and to leverage a targeted acquisition strategy to reach its goals faster.

Solutions 30 expects growth to remain strong and profitable in 2019. In addition to growth resulting from recent transactions and signed contracts, the group should continue to expand its activities, especially in the energy sector where it has already begun signing contracts to deploy electric vehicle charging stations. At the same time, the group is considering plans to expand into new regions and is sizing up new acquisition opportunities.

After a strong showing in 2018, the group is heading into 2019 ideally positioned to harness growth in markets that are structurally buoyant because of their direct ties to the economy's digital transformation across Europe.

Webcast

A webcast for analysts and investors will be held on Thursday, April 25th, at 5 pm (Paris) / 4 pm (London) / 11 am (New York).
Link to join: https://slidesync.com/ajAZ3JQk2O

Access code: 684688786

Upcoming event:

Q1 Revenue for 2019 and investor webcast at 6 pm on May 13, 2019

About Solutions 30 SE

The Solutions 30 Group is the European leader in solutions for new technologies. Its mission is to make the technological developments that are transforming our daily lives accessible to everyone, individuals and businesses alike. Yesterday, it was computers and the Internet. Today, it's digital technology. Tomorrow, it will be technologies that make the world even more interconnected in real time. With more than 20 million call-outs carried out since it was founded and a network of more than 8,000 local technicians, Solutions 30 currently covers all of France, Italy, Germany, the Netherlands, Belgium, Luxembourg, and Spain. The share capital of Solutions 30 SE consists of 104 997 392 shares, equal to the number of theoretical votes that can be exercised.

Solutions 30 SE is listed on Euronext Growth (ISIN FR0013379484 – code ALS30) as well as the Frankfurt Stock Exchange on the XETRA e-listing system (FR0013379484 – code 30L2).
Indexes: MSCI Europe Small Cap | Tech40 | CAC PME.
For more information, visit our website: www.solutions30.com

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