



# FY 2020 RESULTS PRESENTATION

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29 April 2021

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# SPEAKERS



**Gianbeppe Fortis**  
Chief Executive Officer



**Amaury Boilot**  
Chief Financial Officer



**Robert Ziegler**  
Chief Transformation Officer



# 2020 HIGHLIGHTS

Gianbeppe Fortis, CEO

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# KEY FACTS



## Continued double-digit profitable growth in a highly challenging environment

- Telecoms drive growth in most regions
- Preparing to capture new growth opportunities in the mobile networks segment



## New geographies implementation

- Integration of the new activities in Poland
- Acquisition of Convergent in the UK



## Outlook of sustainable growth confirmed

- Pre-covid trends emerge stronger in all business units
- Strong Q1 sales, commercial activity and M&A pipe



## Sustained implementation of the company's improvement processes

- Reporting under IFRS and improved disclosures in annual report
- Transfer to Euronext Paris and integration of SBF120
- Enhanced integration of ESG into company growth strategy





# KEY FIGURES

REVENUE	+18%	EBITDA	+19%	NET DEBT POSITION	FREE CASH FLOW
€819.3m Of which 59% is recurring		€106.5m 13.0% of revenue 10.1% before IFRS16		Net Bank Cash €59.2m Total Net Debt €28.9m	€124.8m 15.2% of revenue €101.8m before IFRS16

- Very strong operational performance despite an unprecedented crisis
  - Service continuity in critical activities during the lockdown with fast recovery at the beginning of June, resulting in double-digit growth for FY 2020
  - Our flexible cost base enabled us to react quickly and to restart faster than competition, with strong rebound in profitability in H2 2020
- Rigorous cash management and consolidation of our financial position
  - Cost savings and temporary unemployment measures in H1
  - Support from our customers with accelerated payments in H1
  - Rigorous management of cash with close monitoring of working capital requirement to preserve flexibility in a fast-growth environment

# KEY TAKEAWAYS

## INCREASED FINANCIALS

- Proven resilience of business model
- Confirmed agility of the organisation
- Demonstrated ability to capture growth

## BOOSTED OUTLOOK

- Markets growth driven by digital transformation and energy transition
- Stimulus plans boost market growth in every region
- Positioned to capture new market shares and replicate success observed in France in the past 3 years

## ENHANCED COMMITMENT TO CONTINUED IMPROVEMENT

- Stock market situation does not reflect nor impact operational performances
- Reputational issues cleared by independent investigation
- Acceleration of transformation plan towards higher compliance, governance and risk management for sustained growth



# HIGHLY RESILIENT FINANCIAL RESULTS

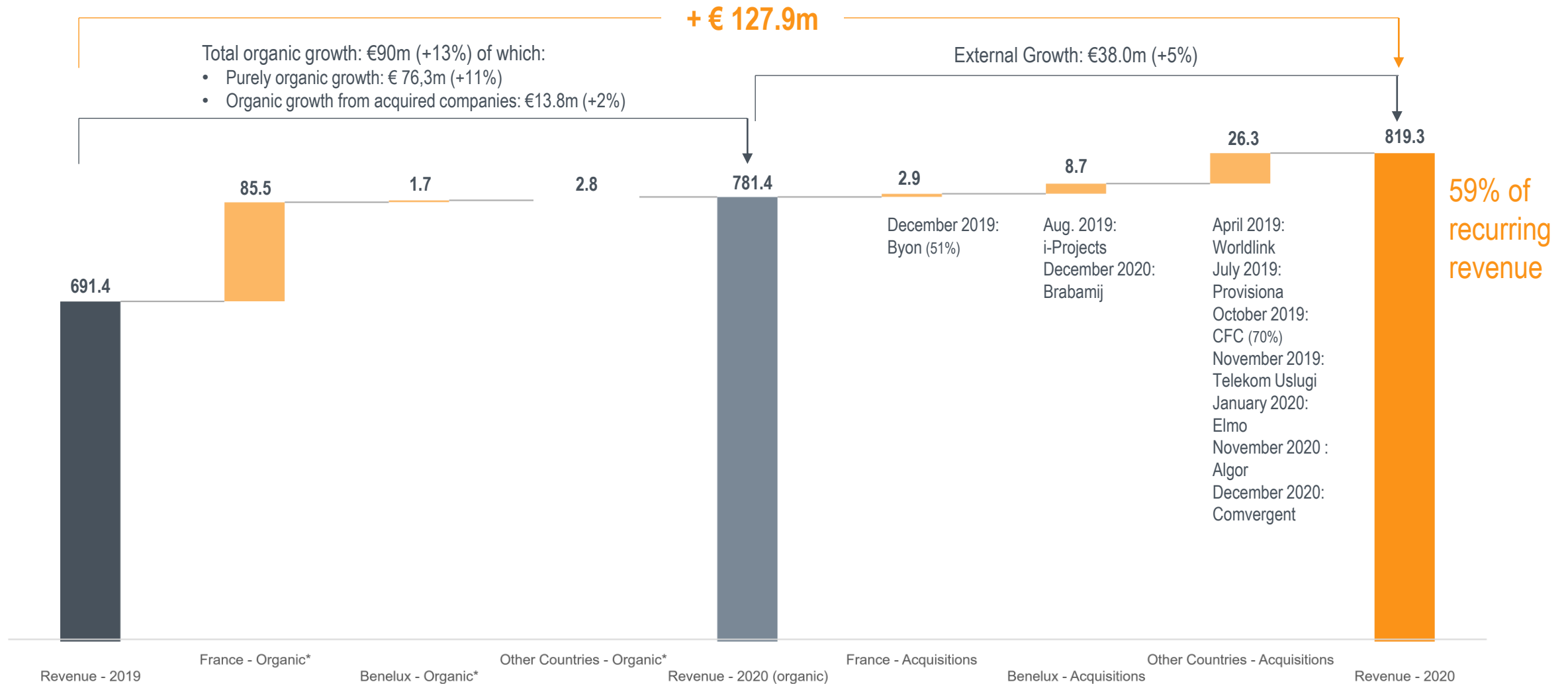
Amaury Boilot, CFO

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# FY 2020 REVENUE: +18% (+13% organic)



\* Including organic growth from acquired companies

In millions of euros

# ADJUSTED EBITDA MARGIN OF 13.0%

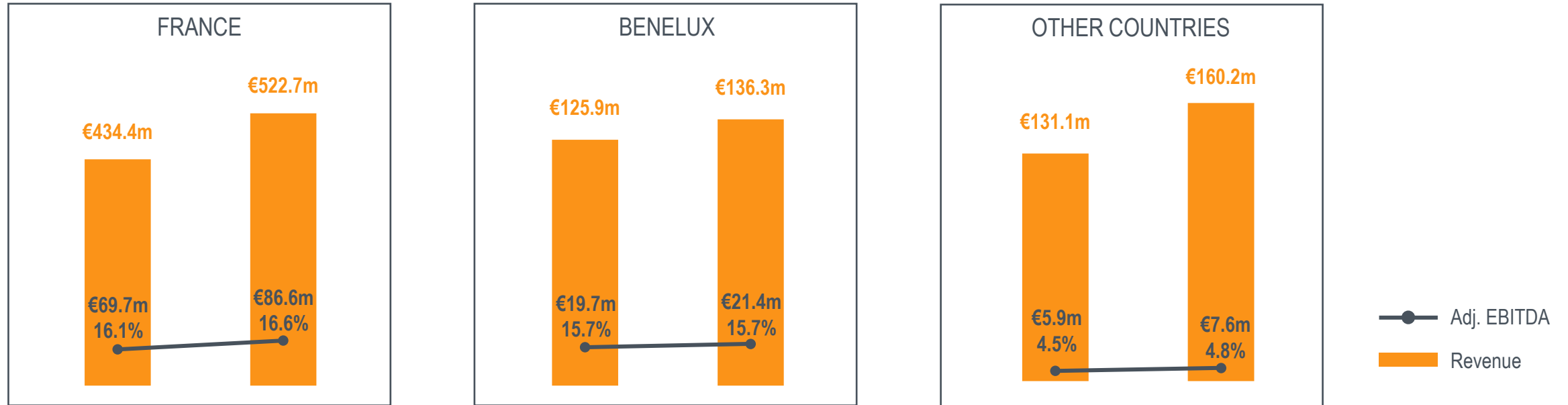
€ millions	FY 2020	FY 2019	Restatement Worldlink Vitgo	Change
Revenue	819.3	691.4	1.8 7.4	18%
Operational costs	632.3	530.1	3.8 7.8	19%
As % of turnover	77.2%	76.7%		
Central org. costs	80.5	71.9		12%
As % of turnover	9.8%	10.4%		
Adjusted EBITDA <sup>(1)</sup>	106.5	89.4	-1.9 -0.5	19%
As % of revenue	13.0%	12.9%		
Operational depreciation	-45.7	-36.5	-0.1 -0.2	25%
As % of revenue	-5.6%	-5.3%		
Adjusted EBIT <sup>(1)</sup>	60.9	52.9	-1.9 -0.6	15%
As % of revenue	7.4%	7.7%		

(1) Correction of elements considered by the company as being exceptional or non-recurring to provide a better reading of operational performance  
Adjusted EBITDA: Earnings before interest, taxes, depreciation, and amortization, as well as non-recurring income and expenses  
Adjusted EBIT: Operating income before amortization of customer relationships, including customer relationships, and non-recurring income and expenses.

- Overall improvement of EBITDA margins
- Continued cost control during H1
  - Favourable impact of temporary unemployment measures
  - Adjustment of outsourcing resources, with optimised balance between direct personnel and subcontractors
- Strong recovery in H2 with positive impact of volumes on profitability

In millions of euros

# ADJUSTED EBITDA PER GEOGRAPHY



- Strong acceleration of volumes boosts profitability in France
- Good resistance thanks to Telecom activities in Benelux
- Balance between positive and negative effects in other countries
  - Italy and Spain severely hit by the lockdown
  - Start-up effect in Poland

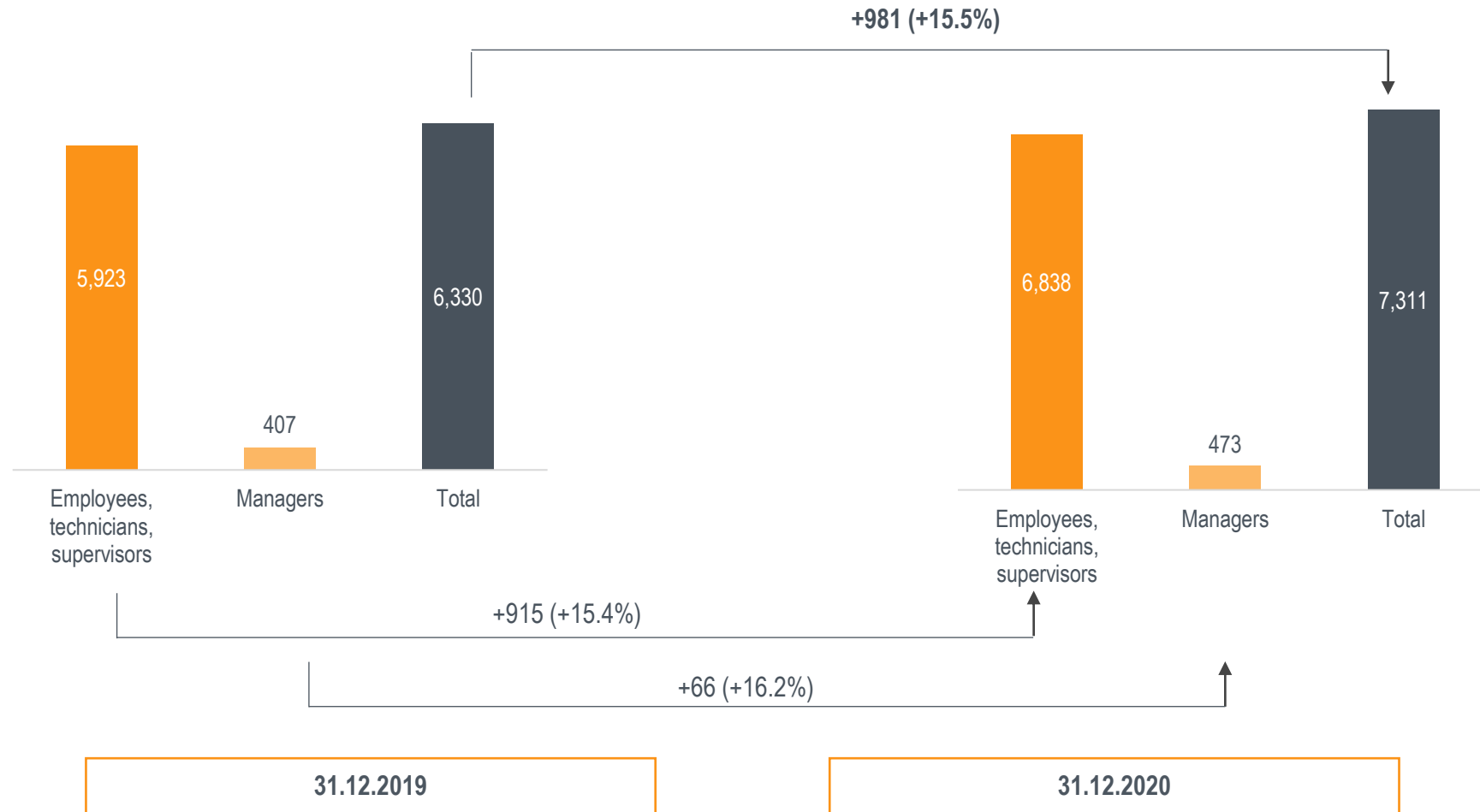
# NET INCOME (GROUP SHARE) OF 4.5%

€ millions	FY 2020	FY 2019	Restatement Worldlink Vitgo	Change
Adjusted EBIT	60.9	52.9	-1.9 -0,6	15%
Amortisation of intangibles	-13.0	-10.7		22%
Financial result	-4.1	-1.6	-0.1 -0.5	156%
Non-recurring items	0.4	5.1		-92%
Corporate taxes	-6.0	-7.5		-20%
Consolidated net income	38.3	38.1	-1.4 -0.4	-
As % of revenue	4.7%	5.5%		
Net income (group share)	36.9	38.7	-0.9 -0.4	-5%
As % of revenue	4.5%	5.6%		

- **Increase in amortisation of intangibles**
  - Increase in Client relationships reflecting the M&A activity performed during H2 2019
- **Adverse base effect**
  - Non-recurring income of €5.1m in 2019: goodwill recognition and sale of BSI-BRSI

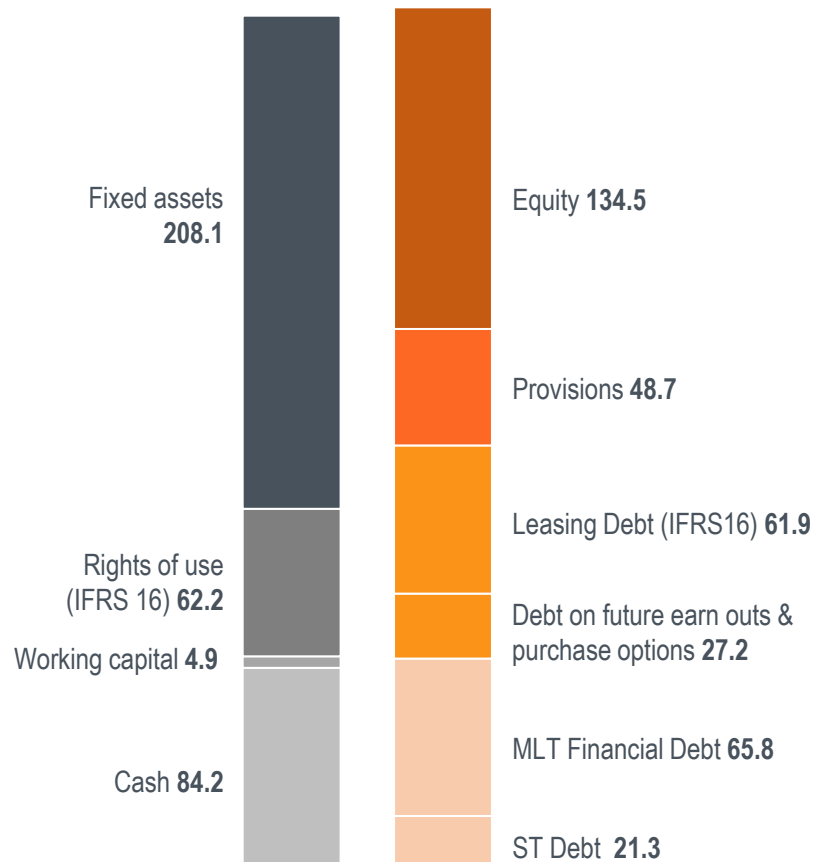
In millions of euros

# WORKFORCE



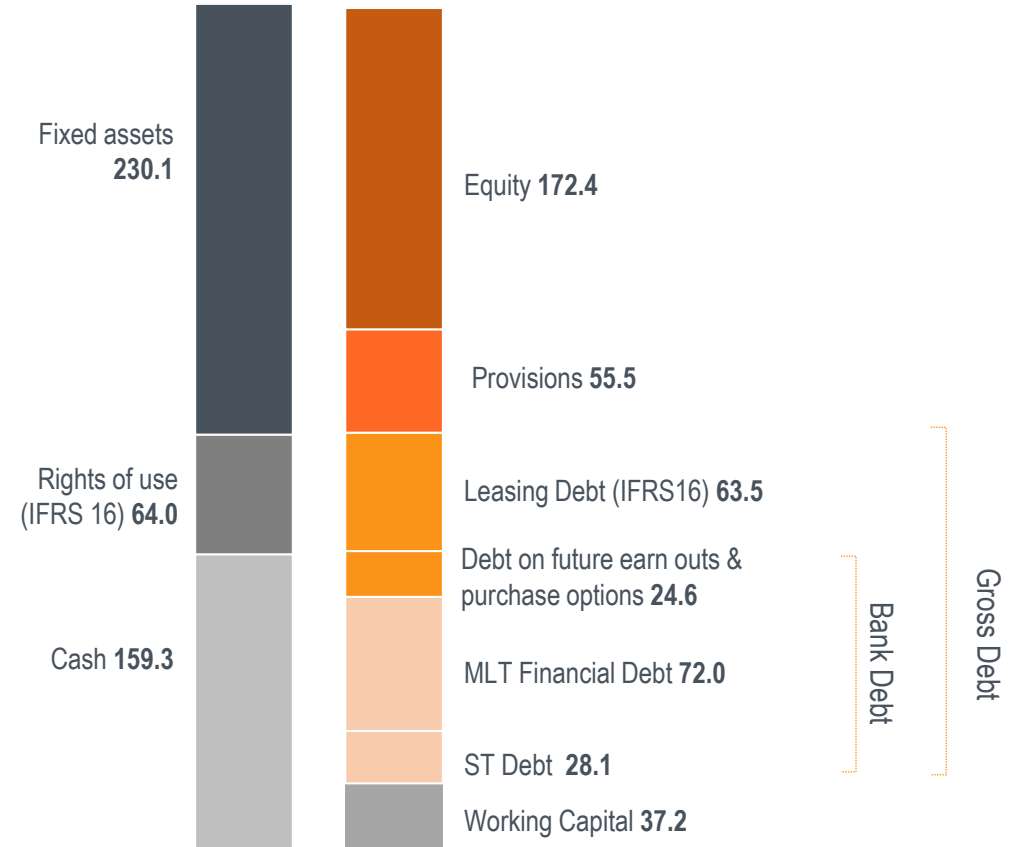


# FINANCIAL STRUCTURE



31/12/2019

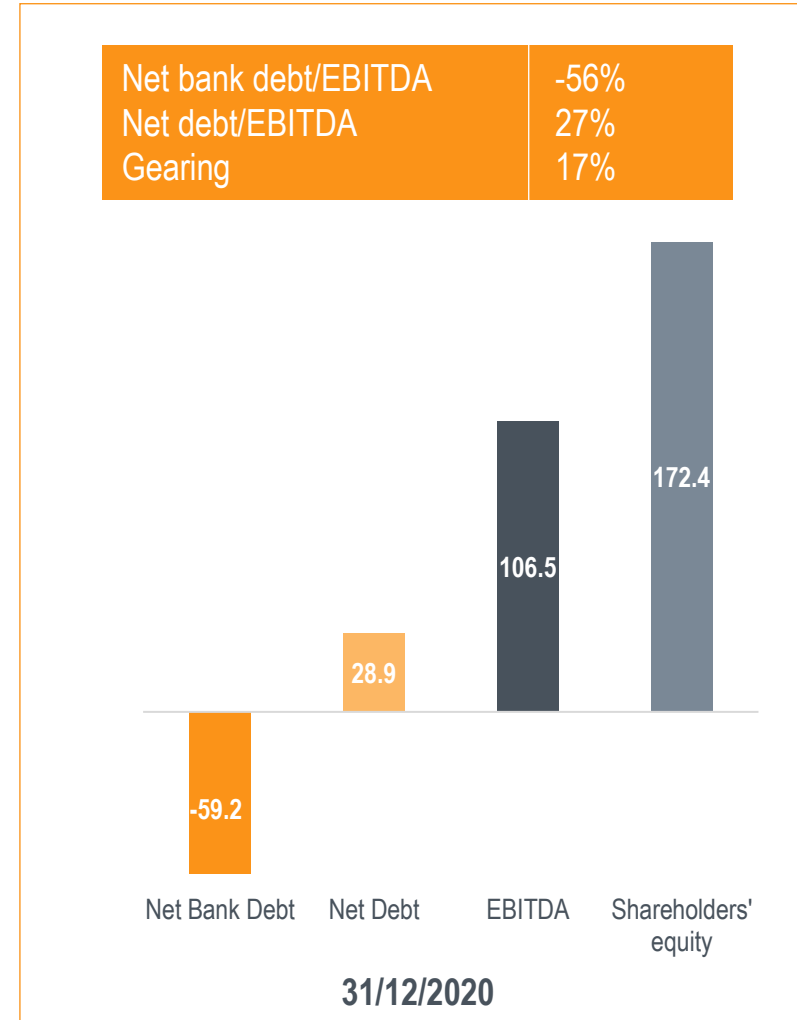
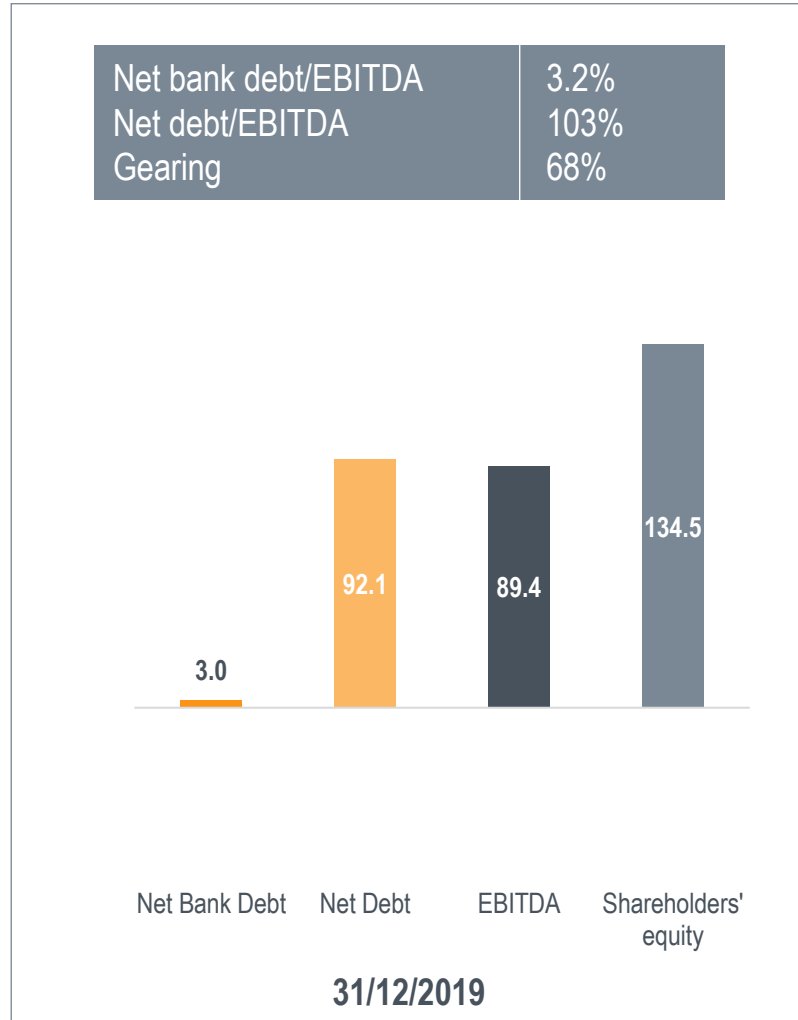
Outstanding position of receivables sold to the factor: €54m



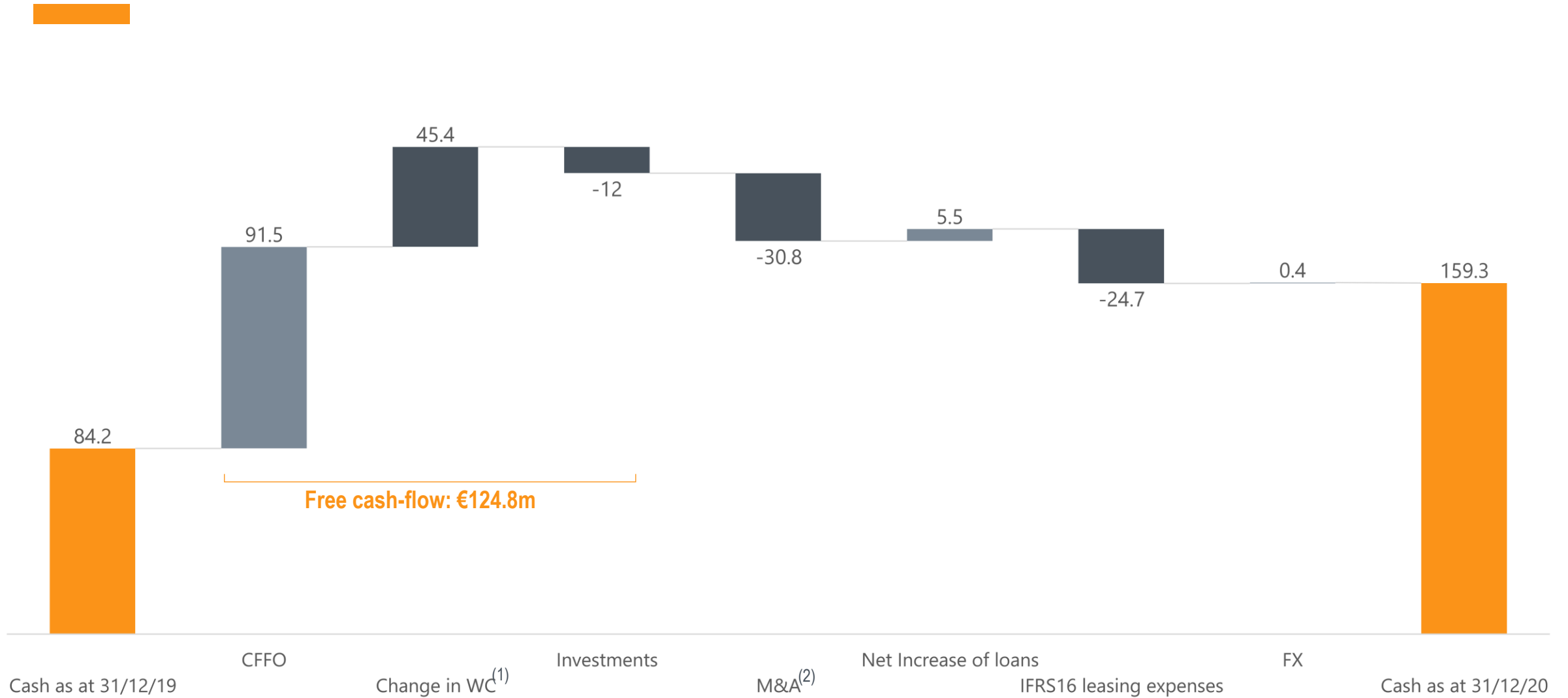
31/12/2020

Outstanding position of receivables sold to the factor: €93.5m (+€39.5m vs 2019)

# Net Debt



# FY 2020: CASH GENERATION



# A SOLID FINANCIAL STRUCTURE IN LINE WITH THE DOUBLE-DIGIT GROWTH STRATEGY

## Strong financial performances

- Highly resilient profitability and strong cash generation despite the impact of the pandemic, mainly in H1 2020
- Consolidation of financial resources to finance growth acceleration throughout Europe, with intact debt capacity

## A proven financing policy based on 3 pillars

- On-going business WCR is financed through factoring at minimum costs (<1%)
- Scale-up of new contracts is financed with cash
- M&A operations are financed through long-term debt

**The Group has the financial resources to fuel its next growth phase**





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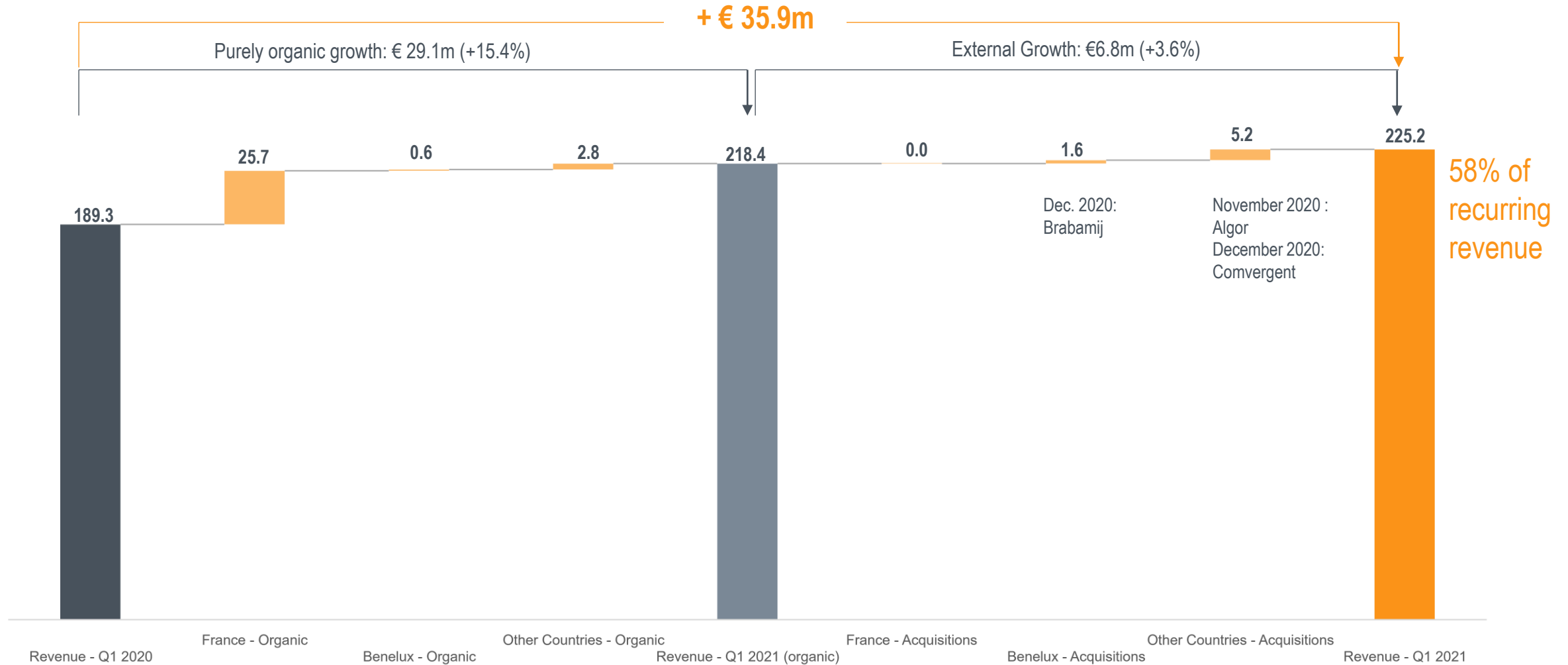
Solutions for New Technologies

**Q1 2021**

Amaury Boilot, CFO



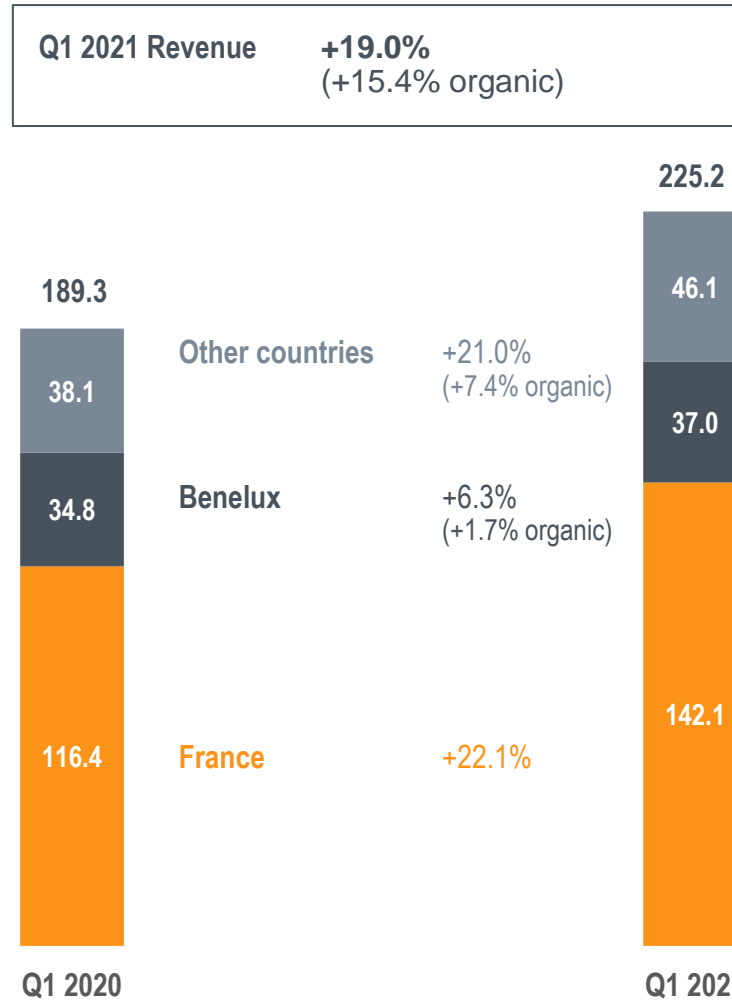
# Q1 2021 2020 REVENUE: +19.0% (+15.4% organic)



\* Including organic growth from acquired companies

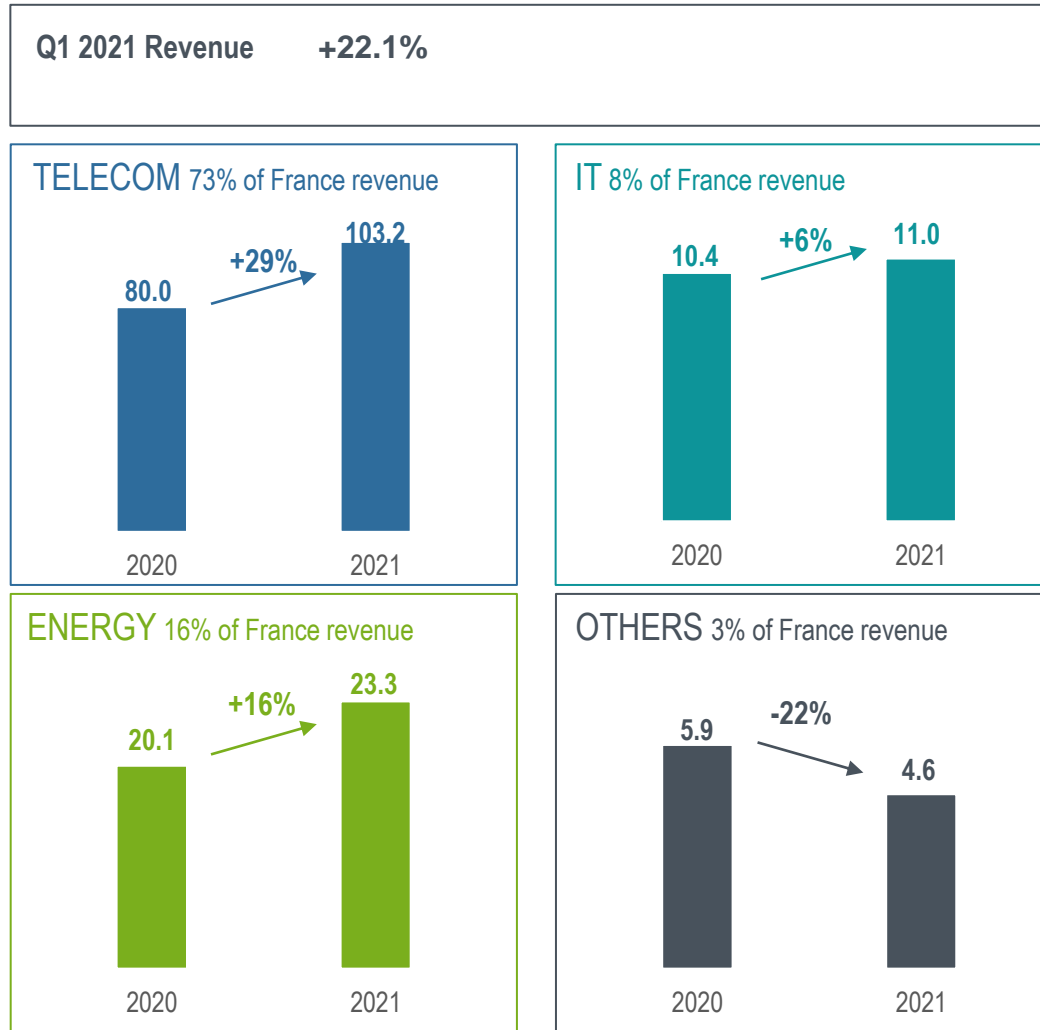
In millions of euros

# DOUBLE-DIGIT GROWTH DRIVEN BY STRONG MOMENTUM IN THE TELECOM BUSINESS

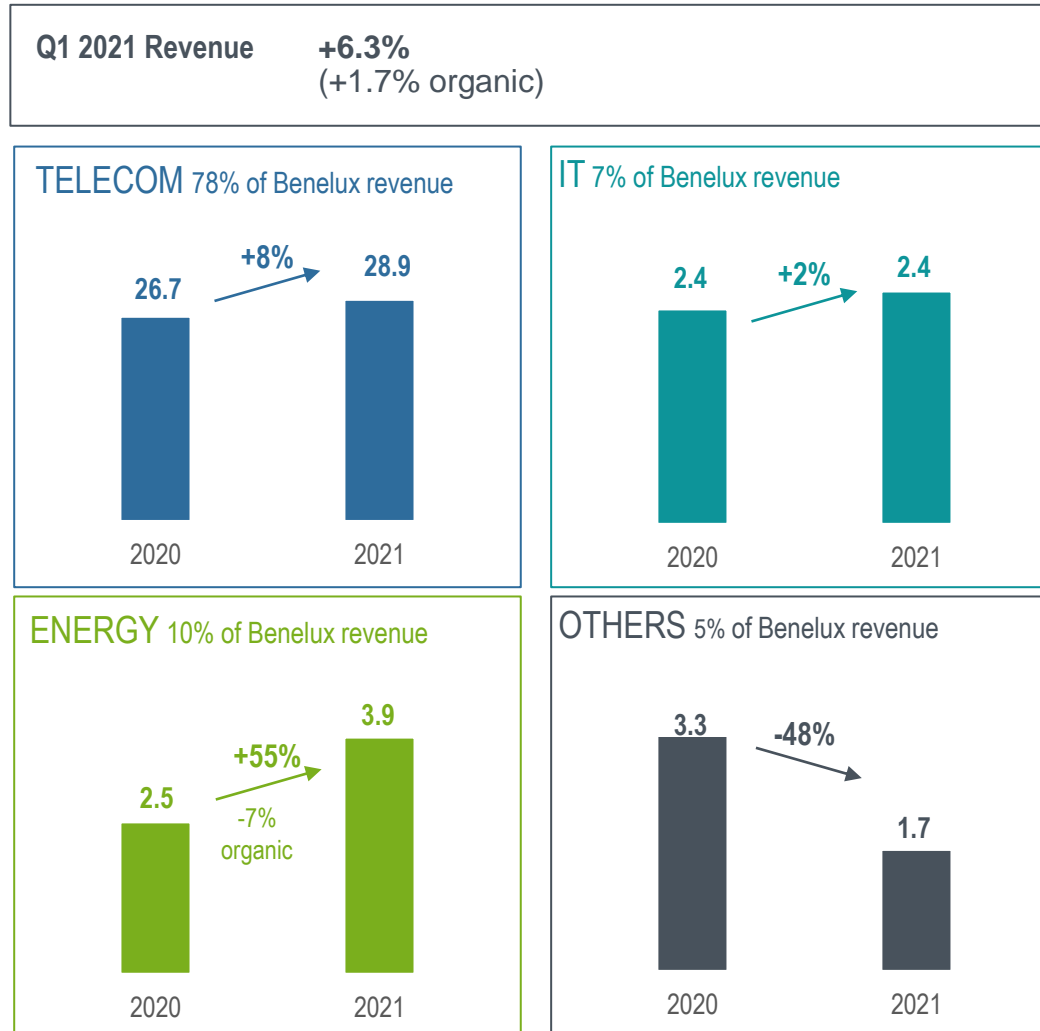


In millions of euros

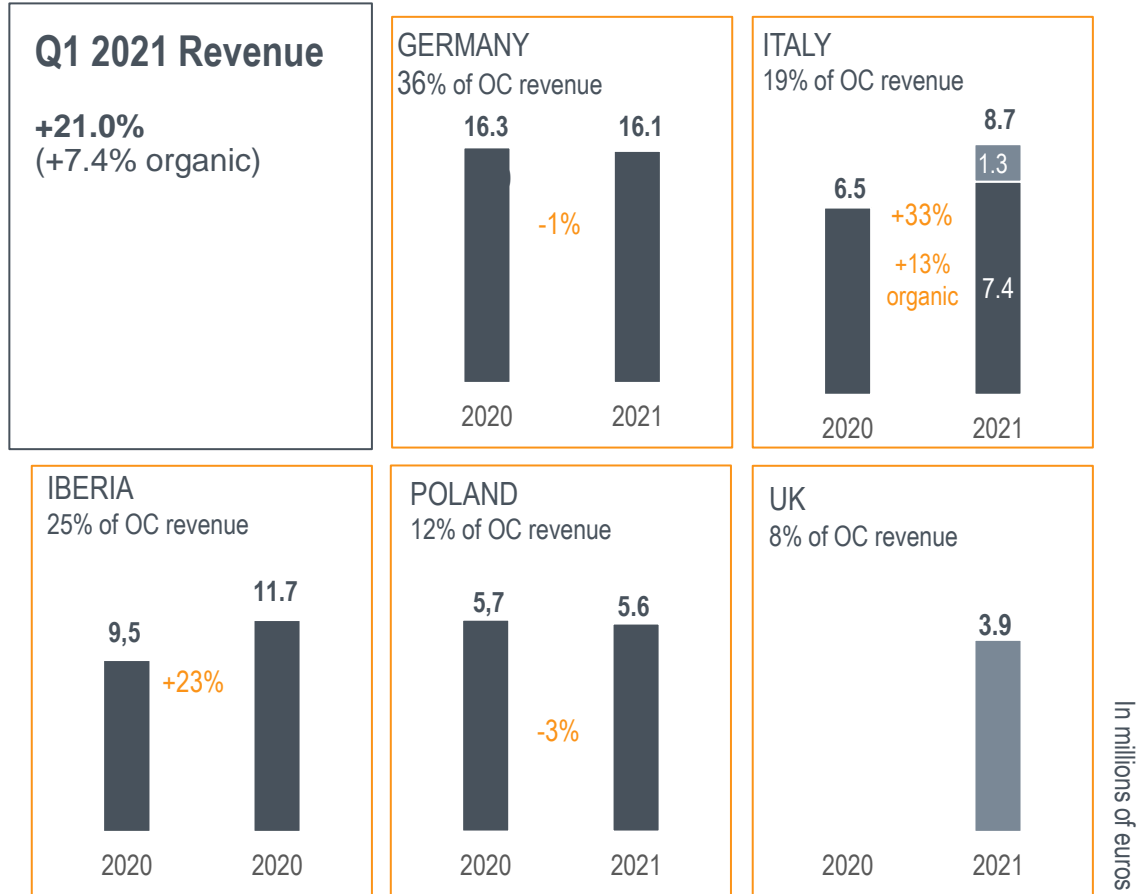
# FRANCE



# BENELUX



# OTHER COUNTRIES







# CONTINUED DOUBLE-DIGIT PROFITABLE GROWTH

Robert Ziegler, CTO

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# DIGITAL TRANSFORMATION WILL CONTINUE DRIVING GROWTH

## FIBER OPTICS

- Covid-19 has pushed up data traffic and highspeed demand
- Many players have announced migration towards full-fiber solutions
- Key challenge is to build resources and capabilities to meet demand
- Solutions 30 is already a key partner of the main European operators

*Source: FTTH Council Europe, Dec. 2020*

## MOBILE NETWORK

- 5G will enable new and improved use cases that will account for about two-thirds of Telco revenues in 2025
- New market potential for Solutions 30 with strategic acquisitions done in Spain, Italy and the UK.

*Source: "Connectivity & beyond", BCG for ETNO, March 2021*

## COPPER

- Copper switch-off will follow the fibre rollout
- Cost-saving and efficiency are the main reasons
- Environmental impacts are also a driver

*Source: "Copper switchoff", Wik Consult for FTTH Council Europe - December 2020*

**Building the infrastructure that is key for digitalizing Europe will require :**

- €150 bn in fixed infrastructure
- €150 bn to enable full 5 G vision between 2020 and 2027

*Source: "Connectivity & beyond", BCG for ETNO, March 2021*

# TELECOM INVESTMENTS ACCELERATING ALL ACROSS EUROPE

## KEY SUCCESS FACTORS

- A key partner for major telco operators
- Strong expertise built in one the most advanced European countries (France)
- Proven ability to support fast growth

- UK Gigabit Programme: **£5 billion** gigabit broadband plan
- **15 million homes connected to full fibre by 2025**, coverage across all parts of the country by 2033 and majority of the population with 5G coverage by 2027

- **Additional €500m** to fiber optics plan
- The telecoms industry will need to keep investing on deploying upgraded broadband networks & 5G, and operators are preparing themselves (ex: creation of Orange Concessions)

- Spain Digital 2025 Agenda: **€4.3 bn** of public funding for expanding fiber-optic infrastructure to underserved areas and extending 5G coverage.



- Acquisition of Deutsche Glasfaser by EQT and OMERS. The combined group is committed to invest over **€7 bn** into the roll-out of fast-speed internet infrastructure in Germany
- Allianz and Telefonica form a JV to deploy FTTH in Germany and aim to invest **€5 bn** over 6 years.
- Deutsche Telekom to invest **€5 bn** in 2021 in both rural and urban countries
- German Government is currently planning subsidies to an additional 2.8m connections.

- Proximus aims to cover **4.2m homes** by 2028. Partnerships with EQT / Delta Fiber (Flanders) and Eurofiber (Wallonia)
- Telenet in discussion with Fluvius to build the data network of the future

- FFTH deployment is just starting. With new financing from KKR, TIM plans aggressive investments on fiber in 2021
- **56% of homes** with access to FTTH by 2025



# ENERGY TRANSITION BECOMES REALITY ALL ACROSS EUROPE

Pressure from public opinion  
& Collective Awareness

Economic recovery packages  
to face Covid-19 consequences

Acceleration of energy  
transition with \$166 bn  
invested in Europe in 2020  
(+67% vs 2019)

*BNEF, Dec. 2020*

- Stimulus packages to support decarbonization of the vehicle fleet and new constraints
- Increased investment in renewable energy infrastructures
- Incentive plans to increase energy efficiency and government initiatives
- Solar energy increasingly used to charge electrical vehicles

Major favorable impact on S30  
key businesses

e-mobility

Smart grids and  
micro-grids

Smart meters

## KEY SUCCESS FACTORS

- Density of our network
- Ability to standardise jobs
- Skills in electricity



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# PRE-COVID TRENDS EMERGE STRONGER BOOSTING OPPORTUNITIES FOR GROWTH

ENERGY TRANSITION BECOMES REALITY REQUIRING  
NEW EQUIPMENT AND GRIDS ADAPTATION

THE ACCELERATION OF DIGITAL TRANSFORMATION  
REQUIRE STRONGER INFRASTRUCTURE

SEARCH FOR PRODUCTIVITY GAINS IS MORE AND  
MORE CRITICAL

+ STIMULUS PLANS

TARGET OF  
€1BN TURNOVER  
GETTING CLOSE







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# POWERING SOLUTIONS 30

Robert Ziegler, CTO

# A NEW CHAPTER AHEAD



## 1 20% CAGR

- Setting-up of unique profitable business model
- A pool of technicians servicing high volume markets

**DENSITY | VOLUME | AUTOMATION**

## 2 46% CAGR

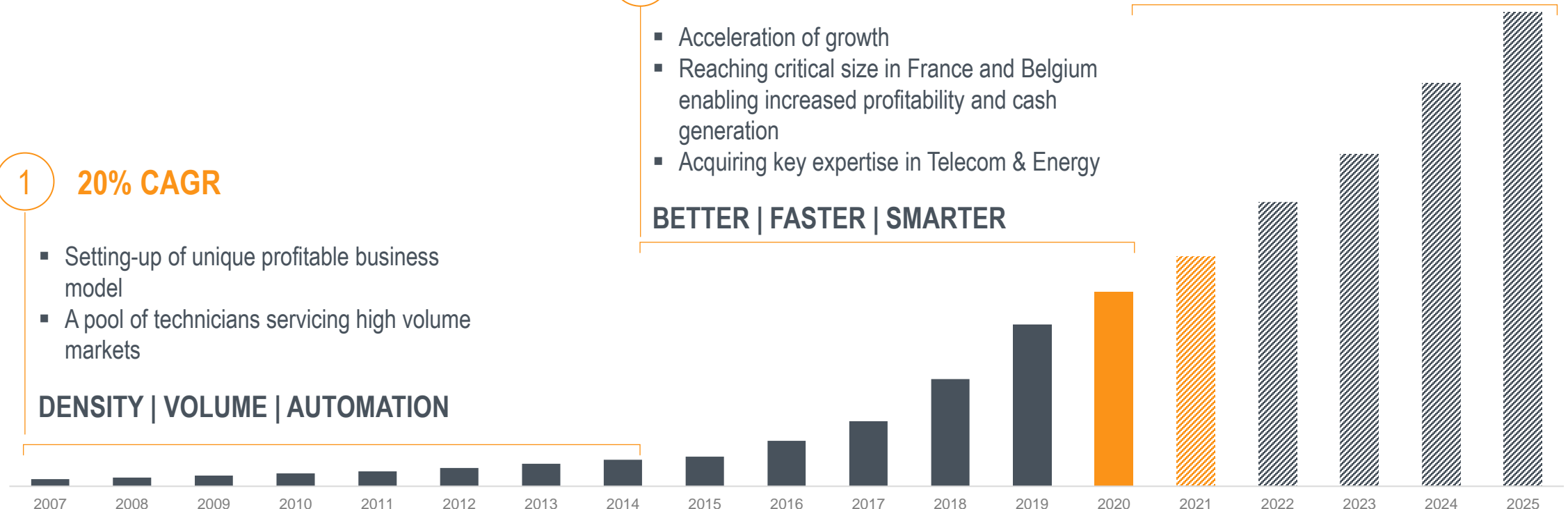
- Acceleration of growth
- Reaching critical size in France and Belgium enabling increased profitability and cash generation
- Acquiring key expertise in Telecom & Energy

**BETTER | FASTER | SMARTER**

## 3 DOUBLE-DIGIT CAGR

- A new growth phase is arising
- Duplication of the success experienced in France is underway
- Strengthening fundamentals

**GOVERNANCE | RISK | COMPLIANCE**



# SOLUTIONS 30

## STRENGTHENING INTERNAL PROCESSES TO SUPPORT LONG TERM GROWTH







## CAPITALIZE ON KEY ASSETS



TEAM  
COMMITMENT



CUSTOMER  
LOYALTY



HEALTHY  
BUSINESS MODEL  
SUPPORTED BY  
DIGITIZATION



FINANCIAL  
STRENGTH



AGILITY WITH  
SHORT DECISION-  
MAKING CIRCUITS

# SECURING LONG TERM GROWTH

Quick Wins  
by enhancing

- Risk control and compliance

- Procedures for selecting partners and monitoring transactions with related parties

- Governance and governing bodies

- Legibility of the organization

- Corporate social responsibility commitments

GRC



# RISK MANAGEMENT TARGET FRAMEWORK & METHODOLOGY

ENHANCE PROCESS

ENHANCE CONTROL

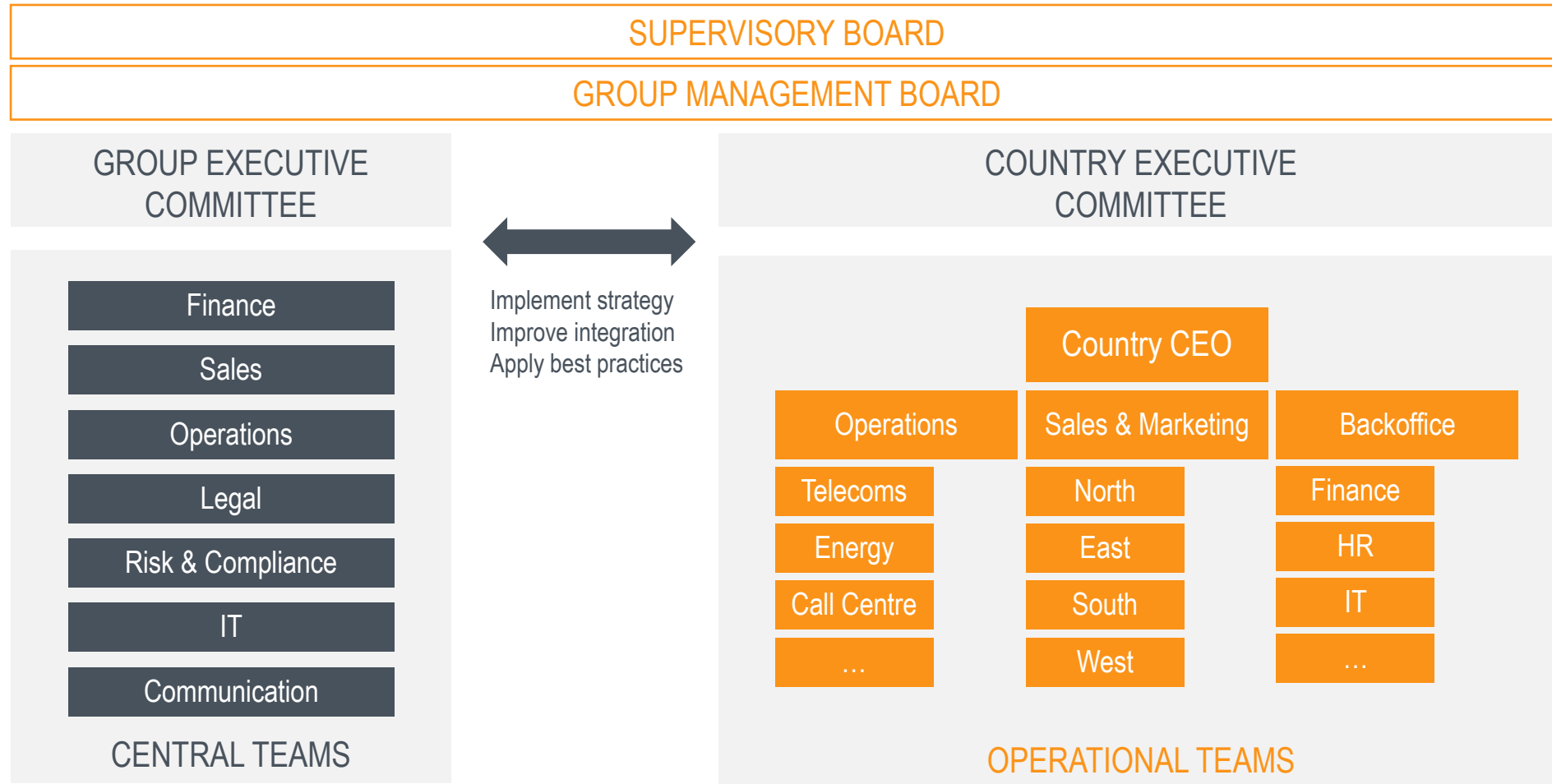
EFFECTIVENESS & EFFICIENCY



**ARE WE DOING THE  
RIGHT THINGS?**

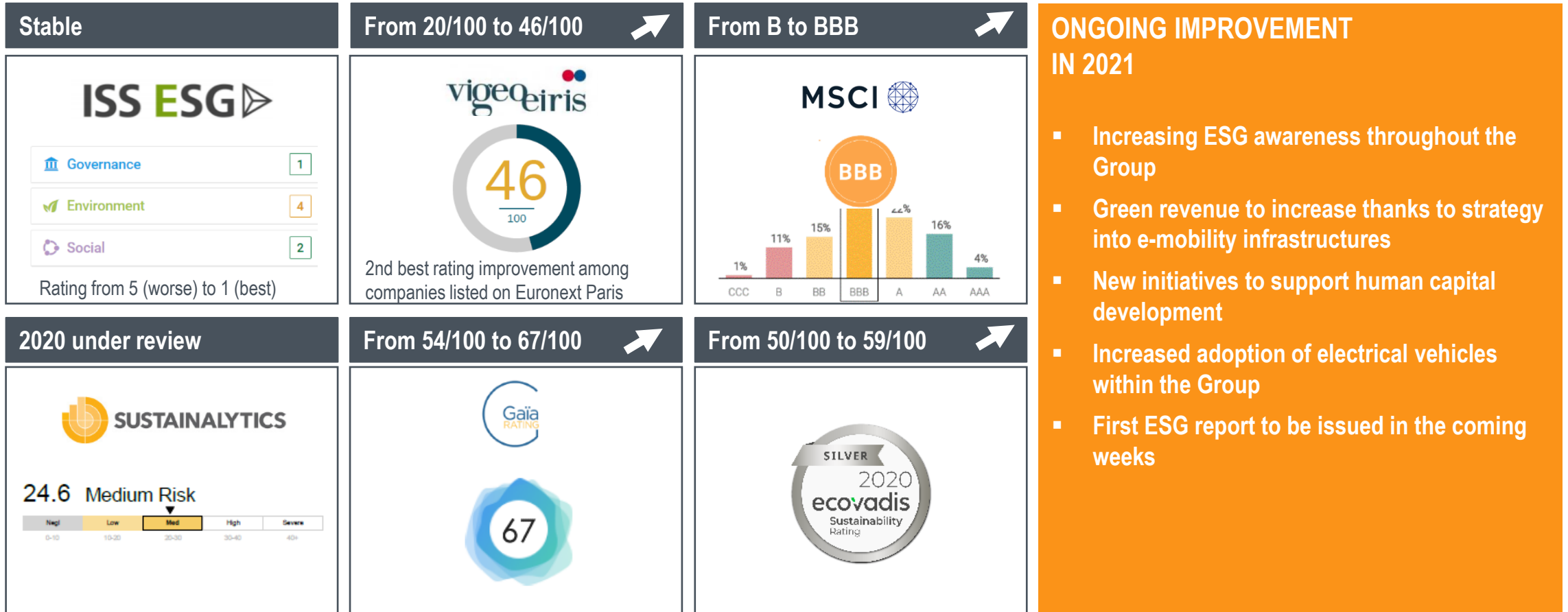
**ARE WE DOING THE  
THINGS RIGHT?**

# A REDESIGNED ORGANIZATION EASY TO SCALE



*Illustrative Org-Chart*

# ESG OBJECTIVES INTEGRATED INTO MANAGERS' INDIVIDUAL OBJECTIVES 2021





# IMPLEMENTATION TIMEFRAME

	Q2 2021	Q3 2021	Q4 2021	Q1 2022
QUICK WINS	<ul style="list-style-type: none"> <li>▪ Risk control and compliance</li> <li>▪ Procedures for selecting partners and monitoring transactions with related parties</li> <li>▪ Governance and governing bodies</li> <li>▪ Legibility of the organization</li> <li>▪ Corporate social responsibility commitments</li> </ul>			
GROWTH PLAN	<ul style="list-style-type: none"> <li>▪ Develop 5-year Growth Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Finalize 5-year Growth Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Communication of 5-year Growth Plan</li> </ul>	
GRC	<ul style="list-style-type: none"> <li>✓ Define Transformation Budget</li> <li>✓ Hire Consultant</li> <li>▪ Develop GRC Model</li> <li>▪ Develop Organization Blueprint</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement GRC Tool</li> <li>▪ Build GRC structures</li> <li>▪ Implement Organizational Changes</li> <li>▪ Search Head of Risk &amp; Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ New GRC structures and tool at work</li> <li>▪ Recruitment of Head of Risk &amp; Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ External Audit to review GRC</li> </ul>

# POWERING SOLUTIONS 30



## STRONGER ORGANIZATION

**Customer centric organisation with improved processes**

## STRONGER CONTROL

**Culture of risk management**

## STRONGER OUTLOOK

**On track to deliver sustained double-digit profitable growth**



# QUESTIONS & ANSWERS

BY PHONE

PLEASE PRESS

\*

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BY WEBCAST

PLEASE TYPE IN YOUR QUESTION  
BY USING THE BUTTON ON THE READER





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Solutions for New Technologies

Two decades serving digital deployment in Europe

## AGENDA

Q2 revenue, 2021		27 July 2021
Half-year results, 2021		29 September 2021
Q3 revenue, 2021		3 November 2021
FY revenue, 2021		26 January 2022

## CONTACT

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# 2020 CHANGES IN SCOPE OF CONSOLIDATION

COUNTRY	COMPANY	DATE OF CONSOLIDATION	FY REVENUE AT TIME OF ACQUISITION	COMMENT
Worldlink(*)	Germany	1 April 2019	€3.4m	Market share gain
Spain	Provisiona	1 July 2019	€2m	5G market penetration
Benelux	i-Projects	1 July 2019	€13m	Enter the energy market in the Netherlands
Italy	CFC	1 Oct 2019	€5m	Broadening of IT offer in Italy
Poland	Sprint (Telekom Usługi)	31 Oct 2019	€6m	New geography
Poland	Elmo (acquisition of assets)	1 Jan 2020	€15m	New geography
France	Byon (51%)	1 Dec 2019	€2m	A portfolio of contracts of €40m (3 years)
Algor	Italy (60%)	1 Nov 2020	€4m	5G market penetration
Comvergent	UK	1 Dec 2020	€17.5m	New geography and 5G expertise
Brabamij	Belgium	1 Dec 2020	€6m	Complementary expertise in the Energy business