

DOMINION

Strategic Plan 2019 - 2022

MAY 2018



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1

**“Disruption defines our
context”**

Disruption is a challenge and could be scary, but it is irreversible and is reaching all sectors.

3 TECHNOLOGIES

“3 accelerators are driving the transformation”



+ Data and connectivity



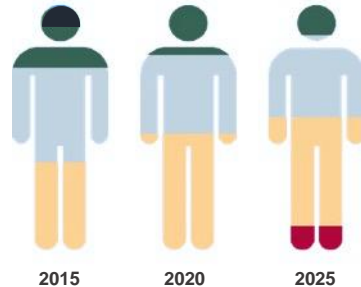
+ Computing



+ Algorithmia

DEMOGRAPHIC CHANGES

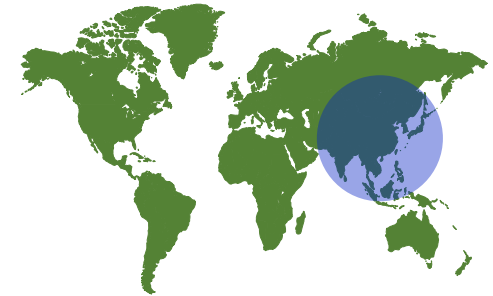
“Millennials will be the majority in 2025”



Source: U.S. Census Bureau

GEOSTRATEGIC CHANGES

“Asia is taking center stage”



We are experiencing a revolution in business models...

...however, it is not easy to predict the direction of change...



"There is no reason for any individual to have a computer in his home"

KEN OLSEN (1977)



"Internet will soon be like a supernova that will collapse catastrophically in 1996"

ROBERT METCALFE (1995)



"I'd shut down [Apple] and sell the stock back to shareholders."

MICHAEL DELL (1997)



"There's no chance that the [Apple] iPhone is going to get any significant market share. No chance"

STEVE BALLMER (2007)

...or define the
strategy to follow.



“When we talk about digital transformation, the answer does not lie in the digital part. It lies in the transformation”

GEORGE WESTERMAN. MIT

2

**“We stick firmly to the
essence of our business
model”**



THIS IS DOMINION

“We are a **Service** company (leveraged in Solutions]. They are our core. We seek their **recurrence**”.



THIS IS DOMINION

“We understand **technology** as
a **tool** to improve processes”.

*“Technology is not a value in itself. The value lies in defining different
business models that technology makes possible”*

GEORGE WESTERMAN. MIT



THIS IS DOMINION

“We have a **cross-cutting vision**. The important thing is the **how**, not the **what**”.



THIS IS DOMINION

“We are equipped with a **flexible organization** capable of working in a disruptive environment”.



THIS IS DOMINION

“We have a **unique management model** that is continuously evolving”.



DIGITALIZATION

“More and better platforms to undertake our internal processes and those of our clients”



DIVERSIFICATION

“New markets and leverage on existing ones to ensure profitable growth”



DECENTRALIZATION

“A new organisational structure that offsets the handicaps of the model, creating shared units and cross-selling mechanisms”



FINANCIAL DISCIPLINE

“New objectives, maintaining our discipline and control parameters for risks”

3

**“Our vision and focus for the
next four years”**

The company we want to be in 2022

“We are going to **double our net income...**

... consolidating ourselves as a **great platform** of **B2B2C services**, backed by a **Solutions area...**

... under the common denominator of **digitalization and financial discipline.**”



In 2019-2022 we will deploy all the potential of Dominion



DIFFERENTIAL VALUE PROPOSITIONS



B2C services: **Smart House**



Servicios B2B: **Tier 1 proposition**



Solutions: **360° vision**

POSITIONING



Optimize our position in the **value chain**

DIVERSIFICATION



Geographical
Sectorial

DIGITALIZATION



In-depth use of **digital tools**

ORGANIZATION



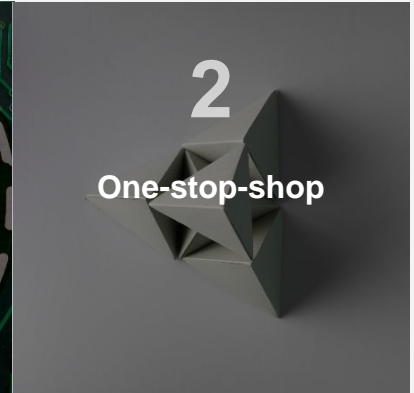
Adapt and evolve **the organization**

Develop a differential proposition for B2C services: **Smart House**

- Telecoms
- Insurance
- Fintech
- Energy
- Domestic services



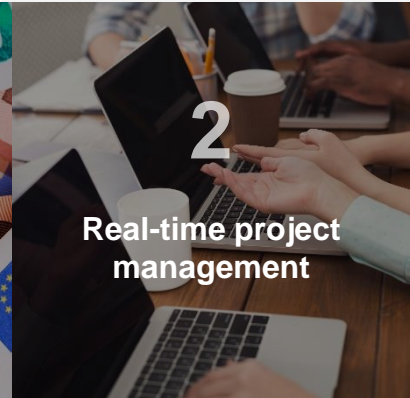
Develop a **Tier 1** proposition in **B2B services**



Strengthen the **360°**
quality of our
Solutions



Ad hoc financial
solutions



Real-time project
management



Technological Vitality
and Independence



Here to stay.
Producto propio
Servicios O&M



POSITIONING

“Value chains change as a result of **digitalization**”

“We need to have the **ability to generate efficiency** ourselves”.



“We should **optimize** our position in the **value chain**”



Closer to the end customer



One stop shop



Global vision



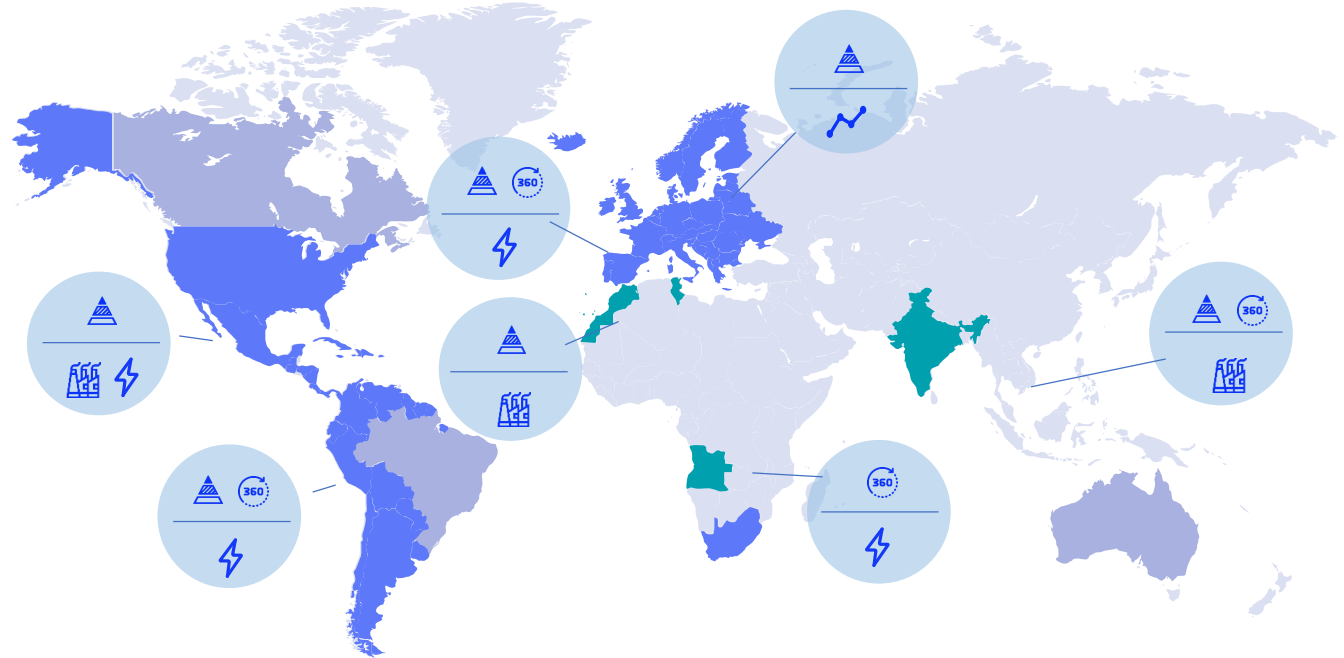
Divestment in branches of activity

Increase and complement our presence **in the world**

● Through cross-selling

● New Markets

Where should we open markets?



Strengthen and extend our **fields of activity**

T&T

Industry

Energy



Infrastructures

Process of externalization to specialised funds



Healthcare

The new concessions in Chile represent an opportunity to reinforce our model



Industry

Within the framework of Industry 4.0, opportunities for growth in Spain and entry into Europa and the USA



Environment

Area added in 2018, in which we will develop all its potential from 2019



Mining

High-margin market (potential for O&M of €~30.000 M) that has hardly incorporated technology, and where we have references to grow



Petrochemicals

The sector requires a radical change in the management of shutdowns, and make O&M processes more efficient



Utilities

Great potential for improving efficiency outside a regulated context. We have incorporated new referenes with sector leaders that, together with our model, will help up to win new contracts



Solar Power

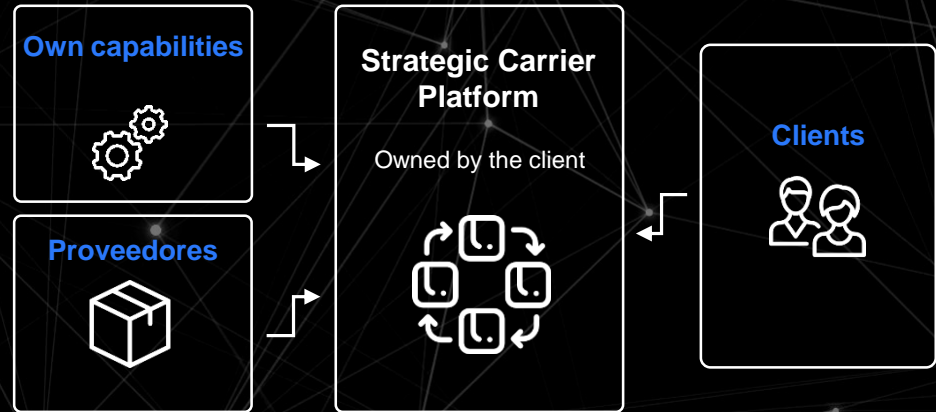
New model, possible thank to the falling price of panels and the development of batteries, linked to a new EU mandate to increase the quota of renewables up to 32%, suggest an increase in investments

Strengthening the use of **platforms**

- **Standardizing** business processes
- Digitalizing **selectively**
- **Modular** and interconnected
- Focus on **risk management**
- Based on **internal design** capacities

A Platform is **more** than a combinación of software and hardware...

... it contains **all our capabilities** and those of **our suppliers** to provide an efficient service



Evolution of the organizational structure

2018



2019



VISION



Relationship to Interest Groups



PERSONS

Select and grow a Top 100 of **outstanding individuals**.



SHAREHOLDERS

Take a **qualitative leap** in the **diversification** of our shareholding.



COMMUNITY

Become a **benchmark in support for Innovative Education**

Active presence aligned with business in sector forums.



CLIENTS

Transmit the **“Dominion stamp”** as a complement to differential offers.

COMMUNICATION



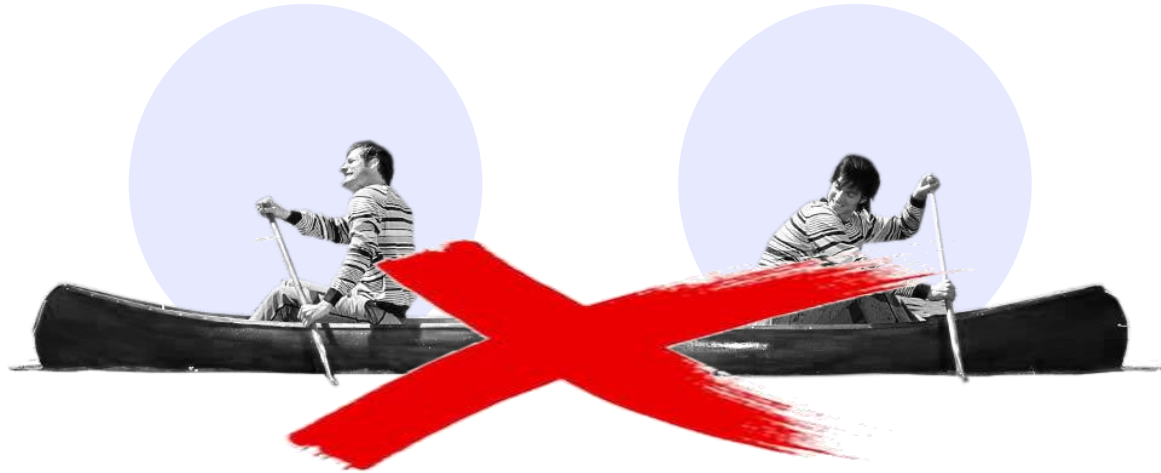
- **Transparent and unique** for all audiences.

COMPLIANCE



- Guarantee **the criminal and reputation defence** of the company.

**“The whole organization
rowing in the same direction”**



4

**“Guidance committed to the
creation of value”**

Guidance 2019 - 2022

Net income x2

TURNOVER
CAGR >5%

EBITA
CAGR >10%

FINANCIAL DISCIPLINE

FREE CASH FLOW
CONVERSION
>75% EBITA

RONA
> 20%

Commitment based on organic growth.

M&A as an accelerator.

Distribution of 1/3 of net income as a **DIVIDEND**

Lean central structure:

≈3% on sales (<50% of growth in sales)

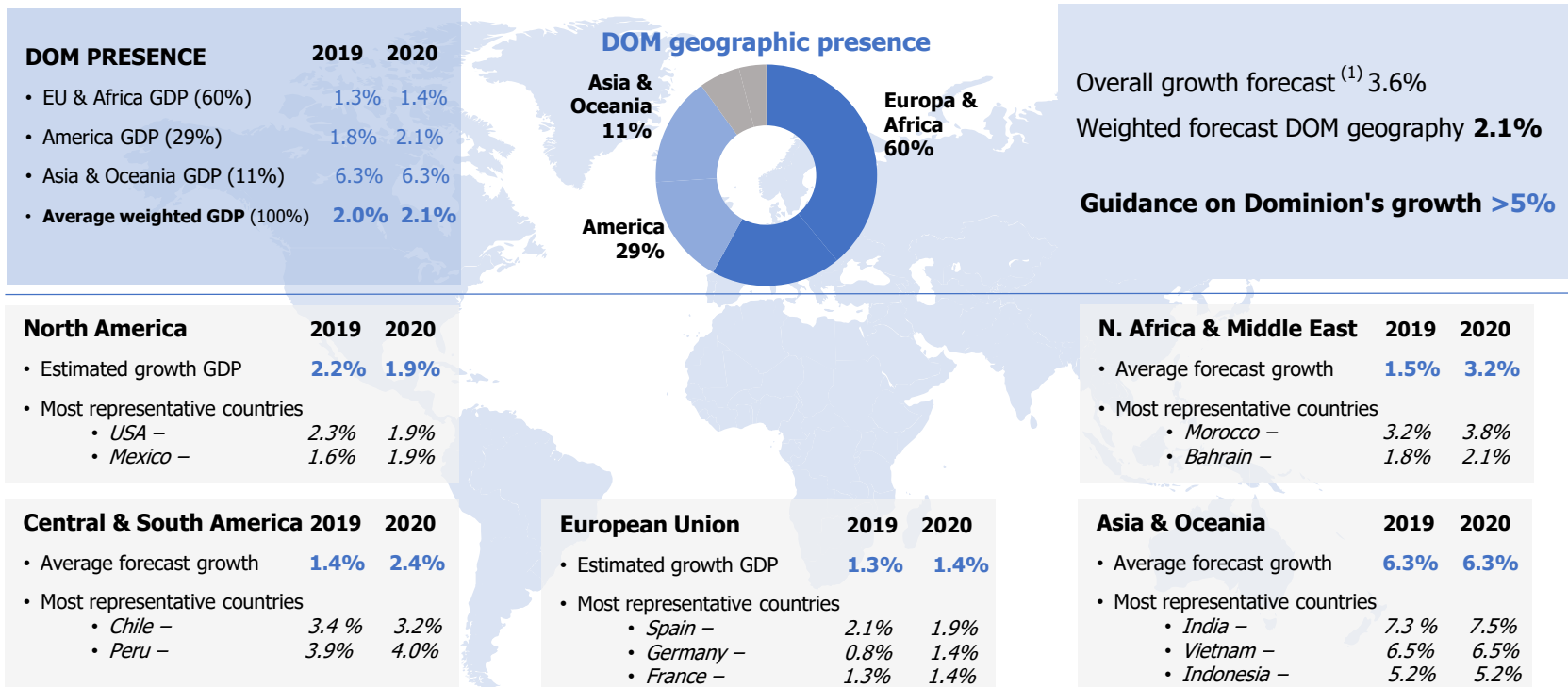
Control of **CAPEX** and **WC**:

Capex ≈ Amortization. / WC stable

NFD / EBITDA <2x

GUIDANCE

Solid growth, leveraged on our high level of diversification



1

Disruption is **the new context**

2

We have a **model ready** to work in this world

3

It now time to **release all our potential**

Materialization

Double net income in four years

“A vision and strategy aren't enough. The long-term key to success is execution. Each day. Every day.”

RICHARD M. KOVACEVICH



DOMINION

www.dominion-global.com