



DOMINION

2018 Year-End Report

28th FEBRUARY 2019



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2018 Highlights



"We have **completed the 2016-2020 strategic plan**"

- **1,000 million euros Annual Accounts Turnover reached**
- **Organic growth over objective** (+10% vs 7%)
- **Margin expansion** (8,7% EBITDA; 6,4% EBITA)
- **High level of cash conversion** ⁽³⁾ (66% of EBITDA turns into Free Operating Cash Flow)



"We have acquired **new capabilities and entered new markets**"

- **Bolt-on operations**
- Capabilities: **Environmental Services**, that completed the One-Stop-Shop value offer for the industrial sector
- **New markets**: Angola, Colombia, Ecuador, Indonesia



"We have **consolidated activities that will drive future growth**"

- **Smart House project**: exceeding expectations in the first year of operation (+70.000 new clients)
- Diversification into the **utility sector** thanks to large 360° (end-to-end) projects and new O&M service contracts

Turnover ⁽¹⁾
€831m

Ebitda ⁽²⁾
€72.4m

Free
Operating
Cash Flow ⁽³⁾
66% Ebitda

Workforce
8,347 ⁽⁴⁾

Global
presence
**>35
countries**

(1) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices
(2) EBITDA: Net Operating Income + Depreciation

(3) Free Operating Cash Flow: EBITDA – CAPEX – NWC variation – Net Financial Income – Tax payment; (acquisitions excluded)
(4) End of the year data

The strategic plan and goals we set in 2016 have been already achieved

Strategic Objectives	2015	2016	2017	2018	Guidance for the Mid term (≈2020)
Turnover	€525m	€612m	€818m ⁽¹⁾ €719m adjus. ^{(1) (2)}	€1,084m €831m adjus. ⁽²⁾	€1,000m
EBITA ⁽³⁾	5.8%	5.8%	6.0% ⁽¹⁾	6.4%	≈ 8%
RONA	22%	20%	24%	24%	> 20%
Cash Conversion ⁽⁴⁾	N.A.	N.A.	64%	66%	>60% EBITDA
NFD / EBITDA	€23m 0.6x	€-122m N.A ⁽⁵⁾	€-102m N.A ⁽⁵⁾	€-106m N.A ⁽⁵⁾	<2x

(1) Pro-Forma earnings to comply with IFRS 15 (according to Annual Accounts 2017)
 (2) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices
 (3) EBITA: Net Operating Income + PPA's amortization

(4) Free Operating Cash Flow: EBITDA – CAPEX – NWC variation – Net Financial Income – Tax payment; (acquisitions excluded)
 (5) Because of being in a net cash position

Other performance indicators

Other performance figures	2015	2016	2017	2018	Comments
Workforce ⁽¹⁾	5,401	5,166	8,049	8,347	
Corporate Structure Costs % YoY Growth	N.A.	+4% Vs. +17% sales	+8% Vs. +22% sales	+6% Vs. +16% sales	• Always <50% sales growth
Backlog ⁽²⁾	€251m	€484m	€611m	€613m	• Permanent Backlog renovation • ≈2x annual sales of the Solutions segment
Major client relevance on Adjus. Turnover	16%	10%	7%	7%	• Diversification objective achieved
EPS ⁽³⁾	N.A.	€0.127	€0.152	€0.161	

(1) End of the year data

(2) It includes only "Solutions" segment contracts

(3) Earnings per Share

Income Statement

Income Statement ⁽¹⁾ (€m)	2017 reported	2017 Pro-Forma ⁽⁴⁾	%	2018
Turnover	843.3	817.9	+33%	1,084.1
Adjusted Turnover ⁽²⁾	744.8	719.4	+16%	831.0
EBITDA ⁽³⁾	57.7	57.7	+25%	72.4
% EBITDA on Turnover	7.7%	8.0%		8.7%
EBITA ⁽³⁾	42.9	42.9	+25%	53.4
% EBITA on Turnover	5.8%	6.0%		6.4%
EBIT ⁽³⁾	38.1	38.1	+27%	48.4
% EBIT on Turnover	5.1%	5.3%		5.8%
Net Income from Continuing Operations	25.9	25.9	+26%	32.6
% Net Income on Turnover	3.5%	3.6%		3.9%
Net Income	25.8	25.8	+6%	27.2

Note: During 2018 a €5m **one-off provision** has been included, accounting for the total of expenses related to the **interruption of business activities in Brazil**

(1) The consolidation perimeter in 2018 adds the 12 months results from the activities of Phone House while in 2017 only 4 months were included

(2) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

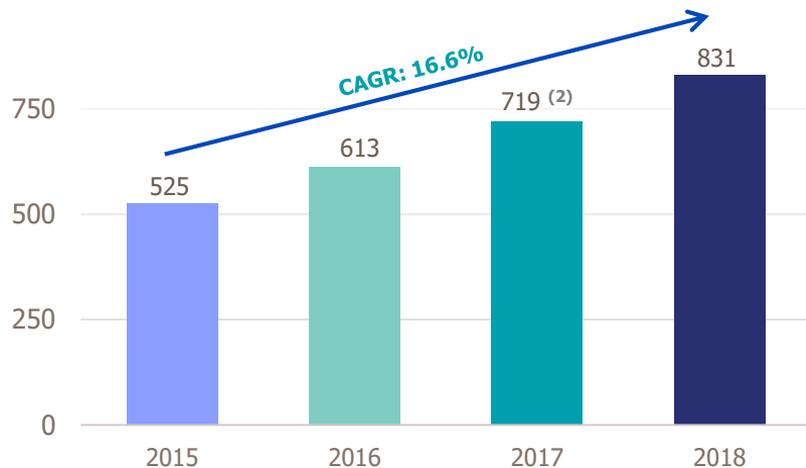
(3) EBITDA: Net Operating Income + Depreciation; EBITA: Net Operating Income + PPA's amortization; EBIT: Net Operating Income

(4) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

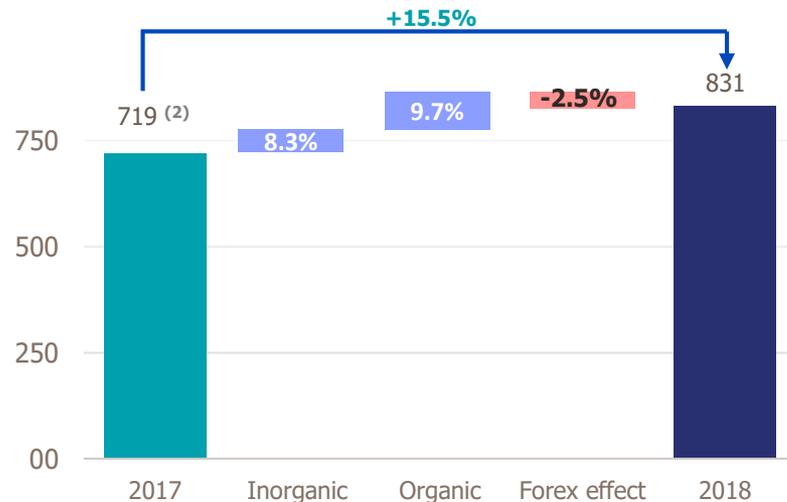


Turnover evolution

Adjusted Turnover evolution ⁽¹⁾
Annual evolution 2015-2018 (€m)



Adjusted Turnover evolution ⁽¹⁾
2017-2018 (€m, % growth)



- **Strong and continuous growth** of sales since 2015 in spite of Forex effect and one-offs
- **7% Organic growth objective achieved and exceeded** every year: +9,7% in 2018

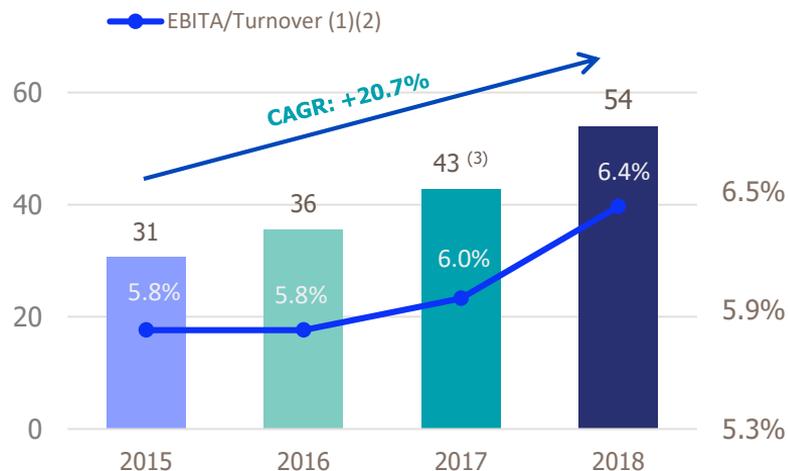
⁽¹⁾ Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

⁽²⁾ Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

EBITA and Net Income evolution

EBITA evolution ⁽¹⁾

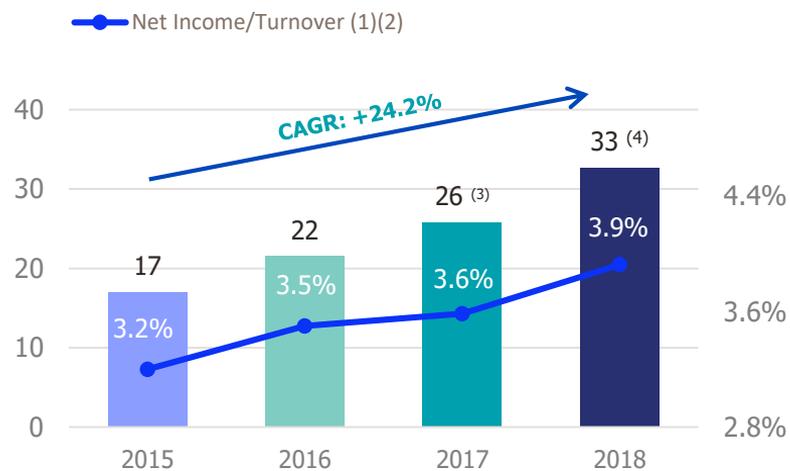
Annual evolution 2015-2018 (€m)



- **EBITA/Turnover ⁽²⁾ margin improvement** in 2018

Net Income evolution ⁽¹⁾

Annual evolution 2015-2018 (€m)



- **Continuous growth of Net Income, with operational leverage**

(1) EBITDA: Net Operating Income + Depreciation; EBITA: Net Operating Income + PPA's amortization; EBIT: Net Operating Income

(2) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

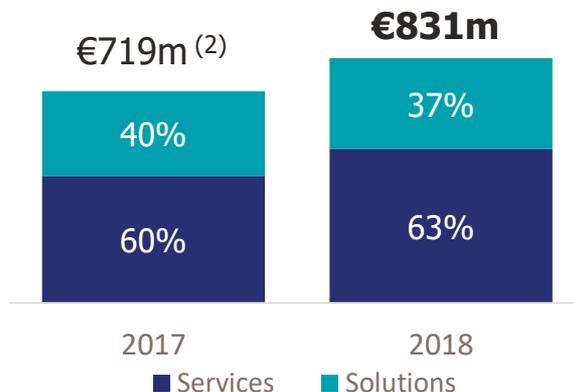
(3) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

(4) Net Income from Continuing Operations

Sales distribution by segment

Services in 2018 (63%)

Contribution Margin ⁽¹⁾:
9.0%



Solutions in 2018 (37%)

Contribution Margin ⁽¹⁾:
17.0%

	SERVICES		TOTAL		SOLUTIONS		
	2017	2018	2017	2018	2017	2018	
Adjusted Turnover (m€) ⁽²⁾	430.8 ⁽³⁾	522.2	719.4 ⁽³⁾	831.0	288.6 ⁽³⁾	308.8	Adjusted Turnover
%	59.9%	62.8%			40.1%	37.2%	%
Contribution Margin (€m) ⁽¹⁾	37.4	47.0	83,3	99,5	45.9	52.5	Contribution Margin
%	8.7%	9.0%	11.6%	12.0%	15.9%	17.0%	%

(1) Contribution Margin: EBITDA before corporate structure and central administration costs

(2) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

(3) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

Solutions segment highlights



Highlights of 2018



Transmission Lines 360° Capabilities

- Where: Lauca – Luanda connection (Angola)
- Task: design, construction and commissioning of a 400 KV and 200km long electricity transmission line
- Turnkey project



Expansion in Asia Tall Structures Capabilities

- Where: Indonesia, Vietnam, China
- Task: design and construction of tall structures for thermal power plants and reactor linings
- Specialized engineering projects

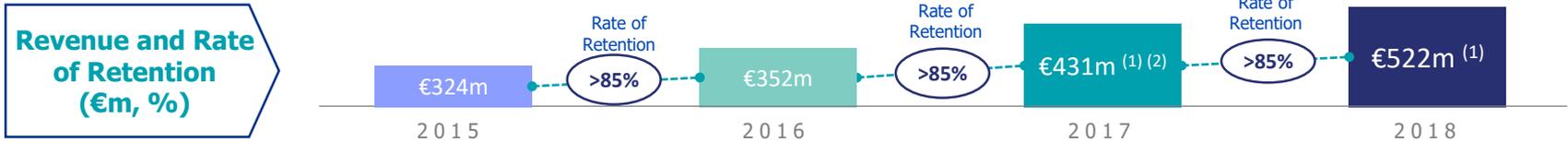


Renewable Energy Generation 360° Capabilities

- Where: Mexico, Argentina and Dominican Republic
- Projects status in 2018:
 - Started in 2018: 18 MW Biomass plant in Argentina
 - Under development: 67MW solar park (>200.000 panels) in Dominican Republic
 - O&M service contract started: Kaixo solar plant in Mexico

(1) It includes exclusively "Solutions" segment contracts

Services segment highlights



Highlights of 2018



SMART HOUSE

360° capabilities in customer and household services (B2C)

- 5 lines of activity: telco, energy, insurances, fintech and other household services
- Objective: to become the leading service platform that integrates under the same roof the provision of all personal and household services
- Omnichannel strategy
- Telecommunications and Energy services already in place in 2018



Tier 1 Service Provider

To be closer to the client and provide higher value added

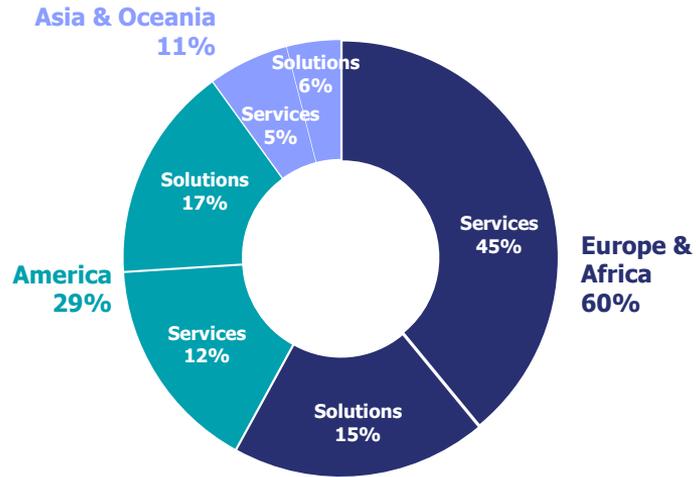
- 4 multi-technical capabilities completed: heat related services + electromechanics + IT + Environmental Services
- Technology and Innovation based value proposal
- New markets: Colombia y Ecuador

(1) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

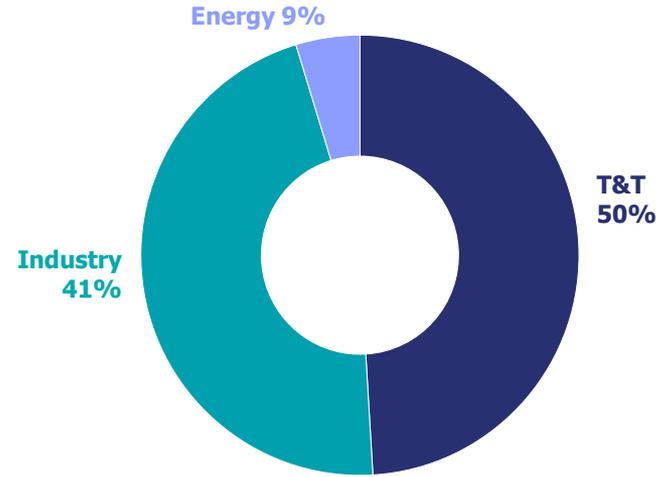
(2) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

Sales distribution by geography and activity field

Adjusted Turnover ⁽¹⁾ distribution by Geography



Adjusted Turnover ⁽¹⁾ distribution by Activity Field



(1) Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

Balance sheet and Financial Debt

Balance sheet (€m)	2017	2018
Fixed Assets	387.8	407.9
Net Working Capital	(161.4)	(179.1)
Total Net Asset	226.4	228.8
Net Equity	294.3	317.8
Net Financial Debt ⁽¹⁾	(102.1)	(105.7)
Others (Net)	34.2	16.7
Total Net Equity and Liabilities	226.4	228.8

Debt (€m)	2017	2018
Gross debt	67	131
Liquid Assets and Equivalents	(169)	(237)
Net Financial Debt ⁽¹⁾	(102)	(106)
NFD/ EBITDA	<0	<0

Earn outs **€26.5m** payable from 2019 until 2022

EBITDA conversion into Free
Operating Cash Flow⁽²⁾

66%

RONA⁽³⁾

24%

(1) Net Financial Debt: debt with Banks and other financial institutions – cash and equivalents
 (2) Free Operating Cash Flow: EBITDA – CAPEX – NWC variation – Net Financial Income – Tax payment; (acquisitions excluded)

(3) RONA: EBITA / (Total non-currents assets – Deferred assets – Associates + NWC – Goodwill not associated to cash flow + PPAs amortization current year); (excluding acquisitions)

Operating Cash Flow conversion



Operating Cash Flow conversion analysis (€m)	2018
EBITDA ⁽¹⁾	72.4
Organic and maintenance CAPEX	(23)
WC organic variation	11.3
Net Financial Result	(4.8)
Taxes	(8)
Other variations	0.2
Net Operating Cash Flow ⁽²⁾	48.0
Operating Net Cash Flow Conversion Rate	66%
Acquisitions 2018 (nets in cash)	(1.6)
Payments related to past years acquisitions (earn outs)	(36.3)
Financial Investments	(6.5)
Free Cash Flow	3.6
Net Financial Debt 2017	(102.1)
Net Financial Debt 2018	(105.7)

(1) EBITDA: Net Operating Income + Depreciation;

(2) Free Operating Cash Flow: EBITDA – CAPEX – NWC variation – Net Financial Income – Tax payment; (acquisitions excluded)

A new strategic plan

- ✓ The guidance we established back in 2016 has been completed in advance
- + **Changes in the perimeter and the characteristics of the activity:**
Incorporation of new activity fields and geographies, with different business characteristics and rates.
- + **New macroeconomic variables that need to be taken into account:**
Acceleration of digitalization, clients maturity level, price pressure, consolidation of the sector and M&A opportunities due to market situation and competitors.

NEW STRATEGIC PLAN WILL BE PRESENTED IN Q2

4Q Results

4Q Results ⁽¹⁾ (€m)	4Q 2017	%	4Q 2018
Adjusted Turnover ⁽²⁾	216.8 ⁽⁴⁾	+16%	251.3
EBITDA ⁽³⁾	20.4	+25%	25.5
% EBITDA on Turnover	9.4%		10.1%
EBITA ⁽³⁾	15.6	+30%	20.3
% EBITA on Turnover	7.2%		8.1%
EBIT ⁽³⁾	14.1	+35%	19.1
% EBIT	4.4%		7.6%
Net Income from Continuing Operations	10.5	+8%	11.3
% Net Income on Turnover	4.8%		4.5%
Net Income	10.4	+5%	10.9

(1) The consolidation perimeter in 2018 adds the 12 months results from the activities of Phone House while in 2017 only 4 months were included

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(4) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)



For **20 years** we have helped clients transform to become more efficient.

We believe in technology to make this happen.

We are Dominion.



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