



**DOMINION**

**2019 Santander Iberian  
Conference**

Corporate presentation and financial highlights

02.07.2019

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# Who we are



We are a **Services and Solutions** platform.



Our main objective is to **maximize** processes **efficiency** by **applying technology** in an innovative and smart way.



We work in the **Technology, Telecommunications, Industry** and **Energy** activity fields, and we also provide **B2C** services.



We face our clients' challenges with a **different approach** in order to **obtain more efficient results**.



We are a **global** company: **8,000 employees** distributed in more than **35 countries**, serving more than **1,000 clients**.



Our share is **listed on the Madrid Stock** Exchange since 2016.

COUNTRIES

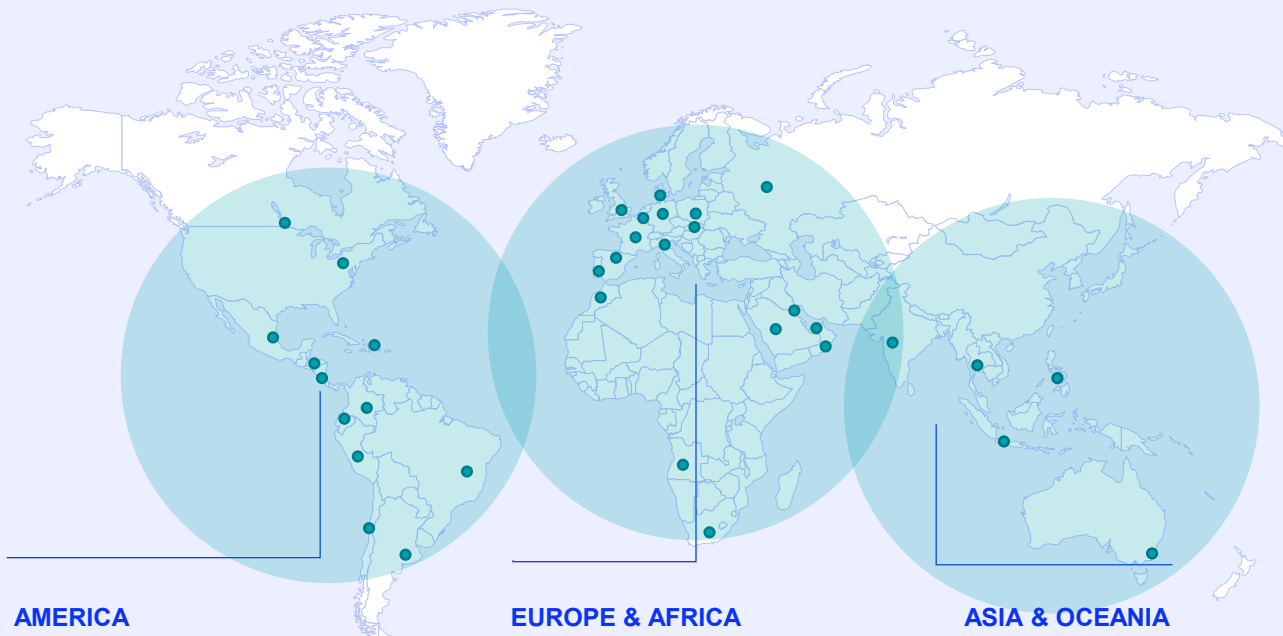
**>35**

REVENUE <sup>(1)</sup>

**>800 M€**

EMPLOYEES <sup>(1)</sup>

**> 8,000**



## AMERICA

USA	Argentina
Canada	Ecuador
Mexico	Haiti
Colombia	Honduras
Peru	El Salvador
Brazil	Dominican Republic

## EUROPE & AFRICA

Spain	Poland
France	Netherlands
UK	Slovakia
Germany	Russia
Italy	Morocco
Denmark	Angola
Portugal	South Africa

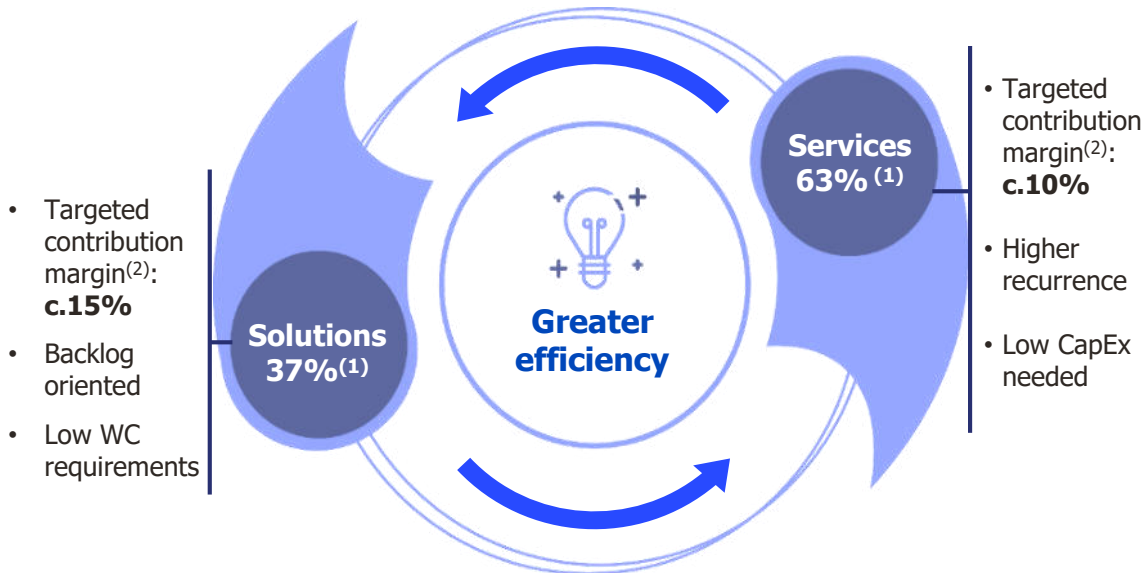
## ASIA & OCEANIA

Australia	Qatar
Philippines	United Arab Emirates
Indonesia	Saudi Arabia
Vietnam	Bahrein
India	
Oman	



# What we do

“Multi-technical services and specialized engineering and solutions, with efficiency as the core objective...”



We transform processes by applying **technology and knowledge**: turnkey projects, from the design to the implementation of solutions.


We provide **operation and maintenance** services to achieve greater efficiency by digitalizing processes.

“End-To-End integrated capabilities”

## Main benefits of this dual positioning

- 

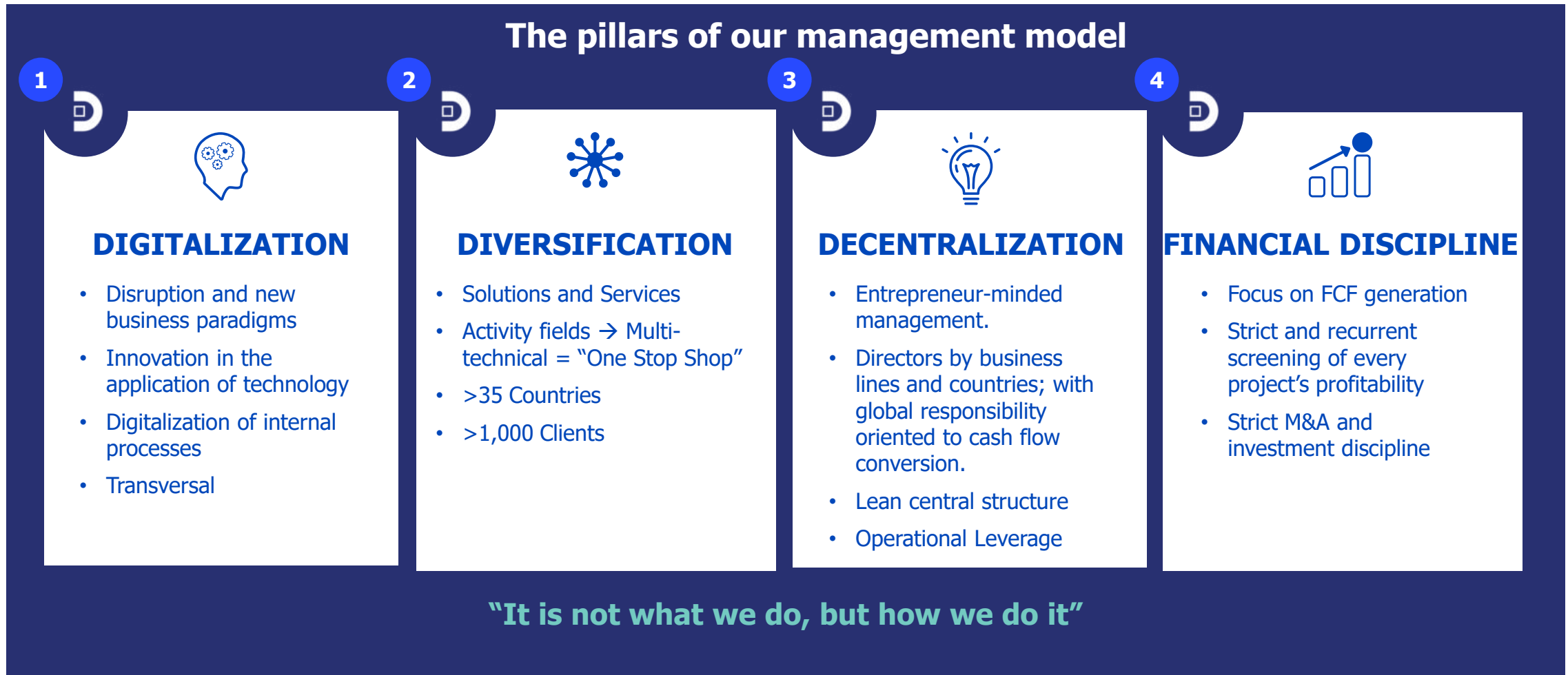
• **Virtuous business circle**: EPC turnkey projects require subsequent maintenance. Likewise, O&M services provide invaluable process knowledge that ends up in process improvement projects.
- 

• **Risk Diversification**: we get presence in two segments which behave differently towards economic cycles.
- 

• **Complementarity**: services give recurrence while solutions have higher margins. They allow a neutral WC model.

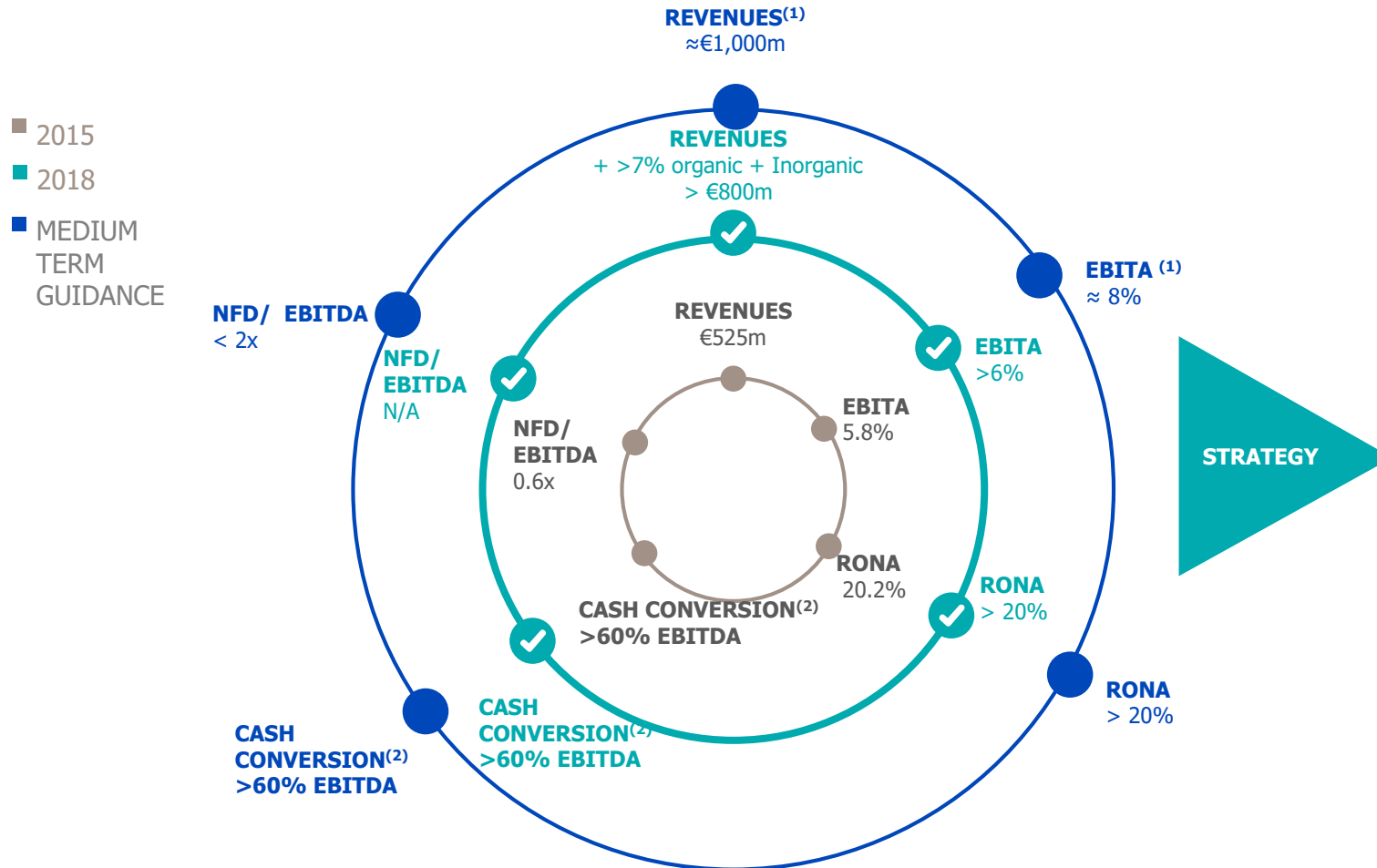
# How we do it

...based on the pillars of our management model: the **4 D's of Dominion**"



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# Financial Guidance established in 2016 for the medium term



## Drivers of growth

- Cross – selling
- Transversality. New verticals and countries.
- Sector trends.
- M&A / Inorganic Growth

## Drivers of profitability

- Operational efficiency
- Higher value-added services
- Operational leverage
- Higher value mix (Services/Solutions)



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# 2018 at a glance

## “Successfully completed 2016-2020 strategy plan”

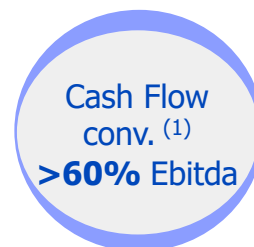
- ✓ Visibility on the **achievement of the financial guidance**:
  - **Sales growth** exceeding objectives set in the guidance
  - **Margin expansion** also **achieved**
  - Reorganization of shareholders and free-float increase

## “More knowledge, new capabilities and markets”

- ✓ Bolt-on acquisitions that have strengthened our positioning by **completing end-to-end capabilities and incorporating knowledge** to be the global service partner of our clients
- ✓ **Acquisition of Bygging India** that will allow the development of our industrial services and solution in the region.

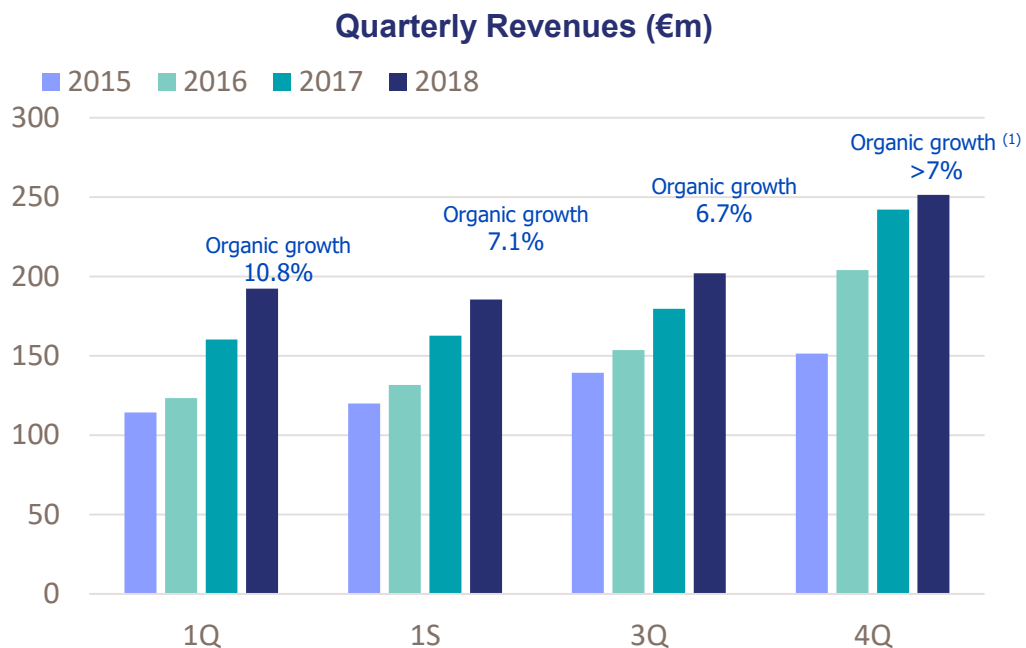
## “Consolidation of activities that will drive future growth”

- ✓ In 2018 **The Smart House project** won more than **70,000 clients** in its energy commercialization activity
- ✓ **Strategic** services and solutions **projects started in the energy activity field**: EPC Project in Angola and service contract with Tier 1 energy suppliers
- ✓ **New strategic plan** in place, to be presented **in Q2 2019**



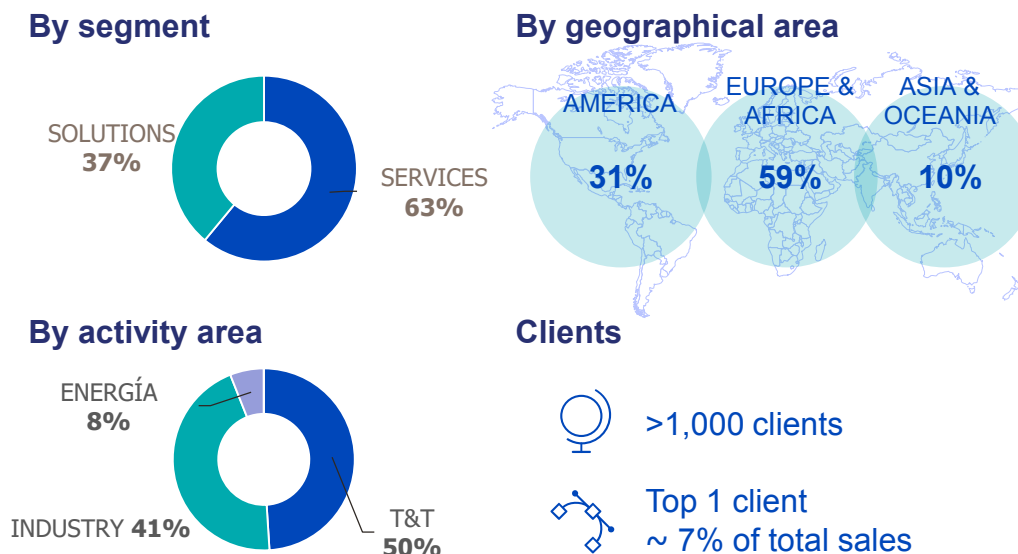
# Revenue analysis

## Development analysis <sup>(1)</sup>



- Steady quarterly growth since 2015
- 2018 Annual organic growth >7% + Inorganic growth

## Diversification analysis <sup>(1)</sup>

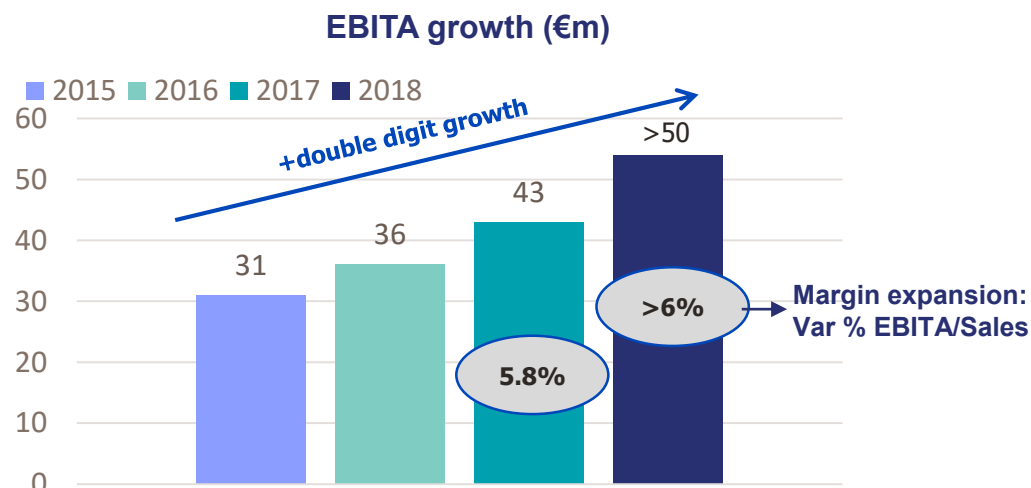


- Service gains weight over solutions, but both grow
- Increasing presence in America and Asia
- Energy is the activity field that grows the most



# Margins and other key financials

## EBITA development<sup>(1)</sup>



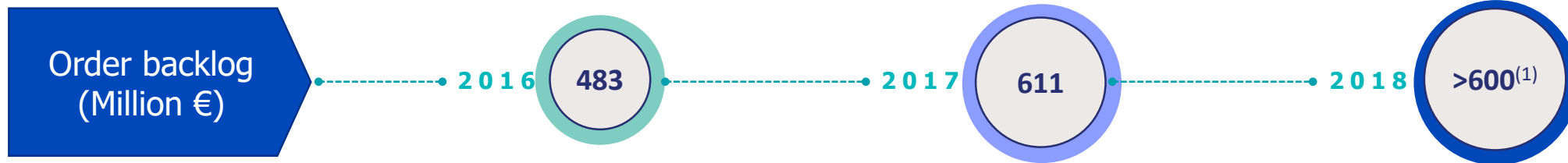
- EBITA growing at high double digit
- **Margin level improvement** due to efficiency gains, central structure limited growth (<50% sales growth) and PH's higher margins level effect.

## Other key figures<sup>(1)</sup>

Cash flow conversion rate	>60% EBITDA	✓
Return on assets	RONA > 20%	✓
Debt structure	2018 NFD <sup>(1)</sup> : ≈ -100 m€	✓

- **High conversion of EBITDA into cash**
- Focus on profitability and capex control
- Positive net cash position

# Review of the 2018: solutions



## Highlights of 2018



### Project: energy transmission lines 360° EPC capabilities

- Where: Lauca – Luanda connection (**Angola**)
- Task: design, construction and commissioning of a 400 KV and 200km transmission line
- EPC turnkey project
- ESIA (Environmental Social Impact Assessment)



### M&A: acquisition to grow in India Tall structures capabilities

- Acquisition: Bygging India Limited, specialized in tall structures design and construction
- Objective: to enter Indian market to grow in the industrial solutions and services markets
- Other benefits: a platform do improve projects cost in the region



### Projects: renewable parks 360° EPC capabilities

- Where: Mexico, Argentina and Dominican Republic
- Status:
  - Started in 2018: EPC of a 24MW Biomass plant in Argent.
  - Under development: EPC of a 67MW solar park (>200.000 solar panels) in Dominican Rep.
  - O&M contract started in 2018: Kaixo solar plant in Mexico

# Review of the 2018: services

Revenue and retention rate (Million €, %)



## Highlights of 2018



### SMART HOUSE

#### 360° personal and home services

- 5 lines of activity: telecom, energy, insurance services, fintech and household services
- Objective: to be a platform that integrates all the services under one roof
- Omnichannel strategy
- Telecom and energy activity lines currently in place



### Tier 1 service provider

#### Getting closer to the customer to unlock further profits

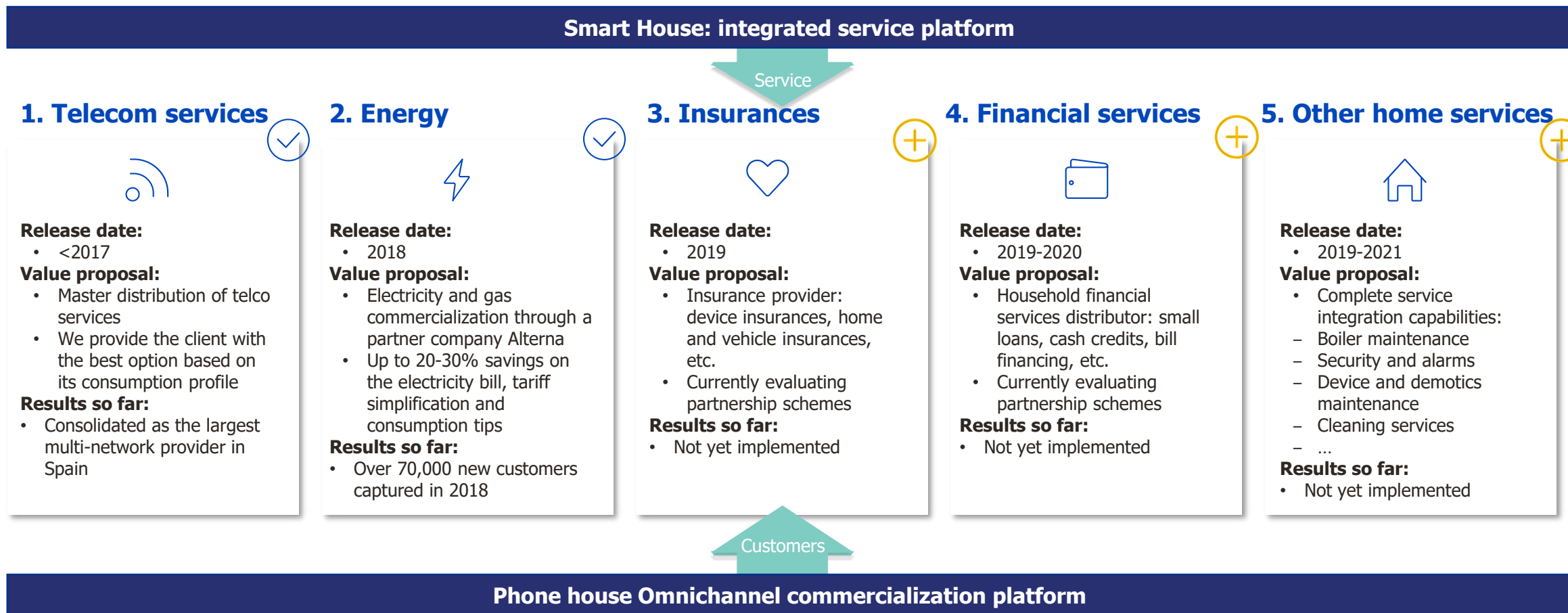
- Completed +4 multi-technical capabilities: heat + electromagnetics + IT + environmental services
- Value proposal based on Technology and innovation
- New markets: Colombia and Ecuador



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# Smart House: the integrated provider of all personal and home services

Smart House is our strategic initiative to become the reference provider of personal and home services. PH retail stores are the platform that we are using to gradually commercialize different packs of services:





## FY 2017 results

(€m)	2015	2016		2017	Comments
Adjusted Turnover <sup>(1)</sup>	525	612.5	+22%	744.8	= >7% Organic + Inorganic
% YoY Growth	-	+17%		+22%	
EBITA <sup>(2)</sup>	30.7	35.7	+20%	42.9	2017 target ≈ 6.0%
% Margin	5.8%	5.8%		5.8%	
Corporate Structure Costs		+4%		+8%	Target <50% of Turnover growth
% YoY Growth					
Major client relevance on adjusted turnover <sup>(1)</sup>	15.8%	9.8%		6.8%	Growing diversification
Backlog <sup>(3)</sup>	252	484		611	
Workforce <sup>(4)</sup>	5,401	5,166		8,049	It includes ≈2,000 incorporations from Phone House and ≈900 from services in South America
Net Financial Debt <sup>(5)</sup>	23	(122)		(102)	
NFD/EBITDA	0.6x	< 0 <sup>(5)</sup>		< 0 <sup>(5)</sup>	Target < 2x
EPS <sup>(6)</sup>	n.a.	0.127	+20%	0.152	
Capitalization 31.12	n.a.	530		731	

# 20 years hand-in-hand with technology and disruption (1999–2019)



## Disruptive paradigm

## Respuesta

## Milestones / projects

- | Disruptive paradigm | Technology & Telecommunications (1999-)  | Industry (2014-)  | Energy (2016-)   | B2C (2017-)  |
|---------------------|--|---|--|--|
|                     | <ul style="list-style-type: none"> <li>• Peak of the <b>digital revolution</b> and <b>technology</b> update</li> </ul>   | <ul style="list-style-type: none"> <li>• In Spain: <b>liberalization</b> of the <b>Telco sector</b></li> </ul>  | <ul style="list-style-type: none"> <li>• The <b>industrial crisis</b> highlights the need for <b>restructuring</b> and <b>productive efficiency</b></li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Liberalization and new global</b> energy model</li> </ul>  |
|                     | <ul style="list-style-type: none"> <li>• <b>In 1999</b> the investment group INSSEC made a commitment to technology and <b>set up Dominion Global</b></li> <li>• At the same time, the group created CIE Automotive</li> </ul> | <ul style="list-style-type: none"> <li>• We position ourselves as an <b>integrator and maintainer of networks using technology</b> to respond to a deflationary environment that is continually adjusting costs</li> <li>• After establishing ourselves in Spain we expanded our operations to Latam</li> </ul> | <ul style="list-style-type: none"> <li>• <b>We acquired</b> know-how of industrial services and solutions through the incorporation of the German company <b>Beroa-Karrena</b> and activities of <b>Abantia</b>, among others</li> <li>• We transfer our experience in the telco sector to define <b>value quotations</b> based on <b>technology and efficiency</b></li> </ul> | <ul style="list-style-type: none"> <li>• We position ourselves on transformation axes:                             <ul style="list-style-type: none"> <li>• We incorporated the team of Scorpio for the <b>development of 360 renewable energy facilities</b></li> <li>• We acquired capacity to incorporate technology into <b>electricity grids</b></li> </ul> </li> </ul> |
|                     | <ul style="list-style-type: none"> <li>• <b>2005</b>: first major projects in healthcare and education</li> <li>• <b>2017</b>: tsunami alert system in Chile</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>1999</b>: high complexity network infrastructure</li> <li>• <b>2002</b>: service contracts with various operators</li> <li>• <b>2008</b>: expansion in Latam</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>2014</b>: energy efficiency, sensorization and Smart Data projects</li> <li>• <b>2017</b>: One-stop-shop with environmental services</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>2016</b>: Kaixo solar farm in Mexico</li> <li>• <b>2018</b>: transmission network in Angola</li> <li>• <b>2019</b>: Charging facilities in Spain</li> </ul>  |
|                     |  |   |  | <ul style="list-style-type: none"> <li>• The <b>revolution of personal services</b> and the <b>internet-connected household</b></li> <li>• <b>We acquired Phone House</b> to become the reference integrator of household services</li> </ul>  |
|                     |  |   |  | <ul style="list-style-type: none"> <li>• <b>2018</b>: launch of <b>Smart House</b>: integration of telecoms, energy, financial services...</li> </ul>  |

KAI XO PROJECT

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

We apply technology and innovation to make this happen.

We are Dominion.



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