



DOMINION

# 2018 Year-End Report

28th FEBRUARY 2019



## DISCLAIMER

- This document has been prepared by Global Dominion Access, S.A. ("Dominion"), and is for information purposes only. No reliance may or should be placed for any purposes whatsoever on the information contained in this document or on its completeness, accuracy or fairness. This document and the information contained herein are strictly confidential and are being shown to you solely for your information. The information may not be copied, distributed, reproduced or passed on, directly or indirectly, in whole or in part, or disclosed by any recipient, to any other person (whether within or outside such person's organization or firm) or published in whole or in part, for any purpose or under any circumstances.
- This document is an advertisement and not a prospectus for the purposes of applicable measures implementing EU Directive 2003/71/EC (such Directive, together with any applicable implementing measures in the relevant home Member State under such Directive, the "Prospectus Directive") and as such does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of Dominion or any of its affiliates or subsidiaries, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. Investors should not subscribe for or purchase any securities referred to in this advertisement except on the basis of the information contained in any prospectus eventually published in accordance with the Prospectus Directive. The information and opinions contained in this document are provided as at the date of the document and are subject to change.
- This document is not an offer of securities for sale in the United States, Australia, Canada or Japan. The information contained herein does not constitute an offer of securities for sale in the United States, Australia, Canada or Japan. Securities may not be offered or sold in the United States unless they are registered or are exempt from registration. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Copies of this document are not being, and should not be, distributed or sent into the United States. This document does not constitute an offer of securities to the public in the United Kingdom or in any other jurisdiction. The distribution of this document in other jurisdictions may also be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.
- This communication may contain forward-looking information and statements on Dominion, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Although Dominion believes that the expectations included in those forward-looking statements are reasonable, investors and shareholders are cautioned that forward-looking statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Dominion, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking statements,
- Forward-looking statements are not guarantees of future performance. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. Except as required by applicable law, Dominion does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- The information and opinions contained in this document are provided as at the date of the document and are subject to verification, completion and change without notice. Neither Dominion nor any of its parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, undertakes any obligation to amend, correct or update this document or to provide the recipient with access to any additional information that may arise in connection with it.

## 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** <sup>(3)</sup> (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 <sup>(1)</sup>  
**€831m**

Ebitda <sup>(2)</sup>  
**€72.4m**

Free  
Operating  
Cash Flow <sup>(3)</sup>  
**66% Ebitda**

Workforce  
**8,347** <sup>(4)</sup>

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)
<b>Turnover</b>	€525m	€612m	€818m <sup>(1)</sup> €719m adjus. <sup>(1) (2)</sup>	<b>€1,084m</b> <b>€831m adjus. <sup>(2)</sup></b>	<b>€1,000m</b>
<b>EBITA <sup>(3)</sup></b>	5.8%	5.8%	6.0% <sup>(1)</sup>	<b>6.4%</b>	<b>≈ 8%</b>
<b>RONA</b>	22%	20%	24%	<b>24%</b>	<b>&gt; 20%</b>
<b>Cash Conversion <sup>(4)</sup></b>	N.A.	N.A.	64%	<b>66%</b>	<b>&gt;60% EBITDA</b>
<b>NFD / EBITDA</b>	€23m 0.6x	€-122m N.A <sup>(5)</sup>	€-102m N.A <sup>(5)</sup>	<b>€-106m</b> N.A <sup>(5)</sup>	<b>&lt;2x</b>

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

(1) End of the year data

(2) It includes only "Solutions" segment contracts

(3) Earnings per Share

## Income Statement

Income Statement <sup>(1)</sup> (€m)	2017 reported	2017 Pro-Forma <sup>(4)</sup>	%	2018
Turnover	843.3	817.9	+33%	1,084.1
Adjusted Turnover <sup>(2)</sup>	744.8	719.4	+16%	831.0
EBITDA <sup>(3)</sup>	57.7	57.7	+25%	72.4
% EBITDA on Turnover	7.7%	8.0%		8.7%
EBITA <sup>(3)</sup>	42.9	42.9	+25%	53.4
% EBITA on Turnover	5.8%	6.0%		6.4%
EBIT <sup>(3)</sup>	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

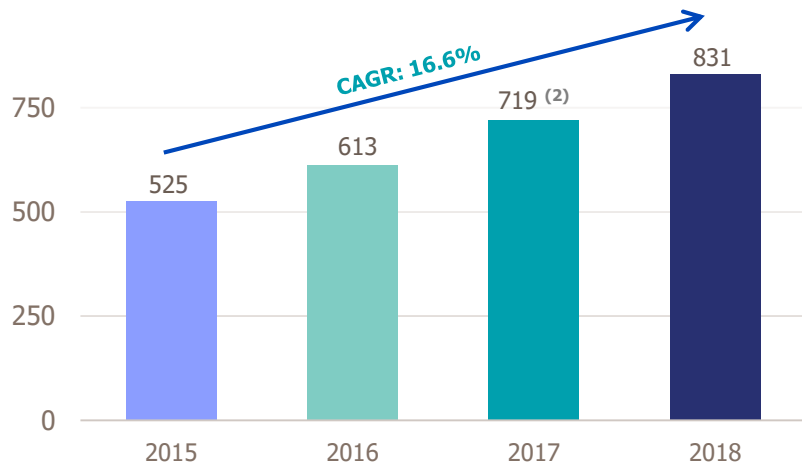
(3) EBITDA: Net Operating Income + Depreciation; EBITA: Net Operating Income + PPA's amortization; EBIT: Net Operating Income

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

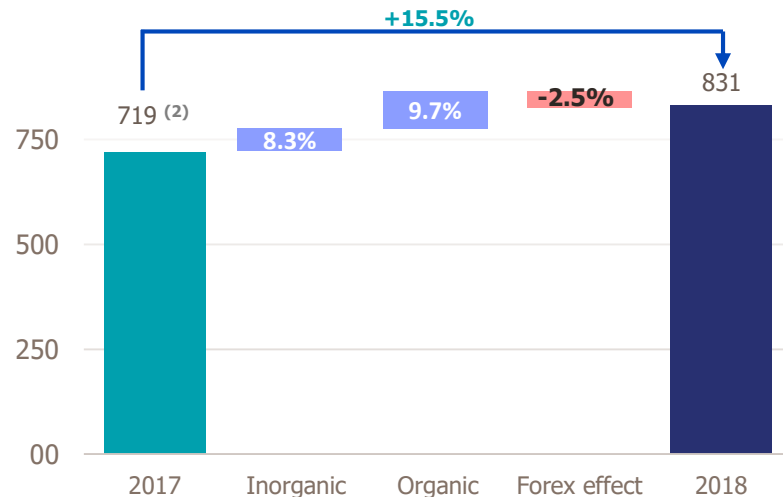


# Turnover evolution

**Adjusted Turnover evolution <sup>(1)</sup>**  
Annual evolution 2015-2018 (€m)



**Adjusted Turnover evolution <sup>(1)</sup>**  
2017-2018 (€m, % growth)



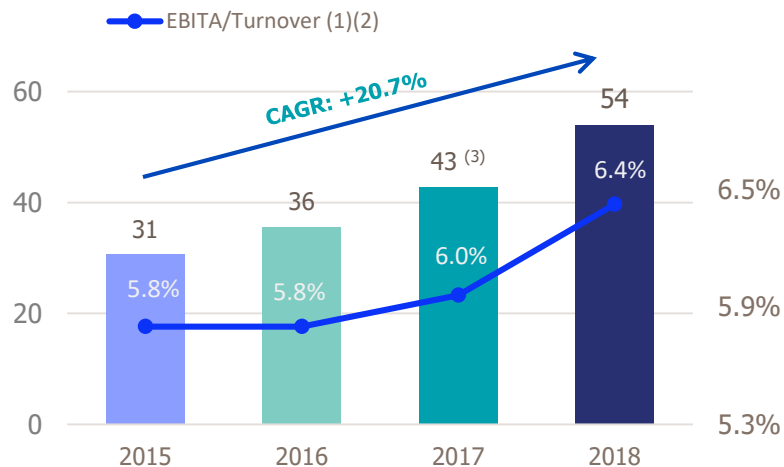
- **Strong and continuous growth** of sales since 2015 in spite of Forex effect and one-offs
- **7% Organic growth objective achieved and exceeded** every year: +9,7% in 2018

<sup>(1)</sup> Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

<sup>(2)</sup> Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

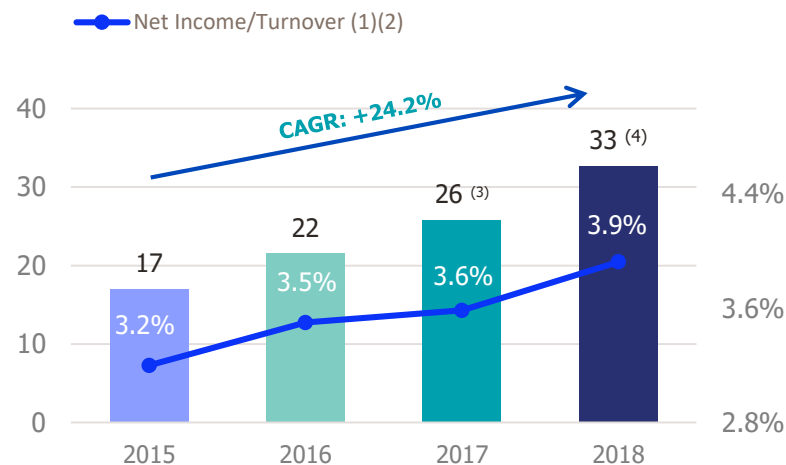
# EBITA and Net Income evolution

## EBITA evolution <sup>(1)</sup> Annual evolution 2015-2018 (€m)



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

## Net Income evolution <sup>(1)</sup> 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)

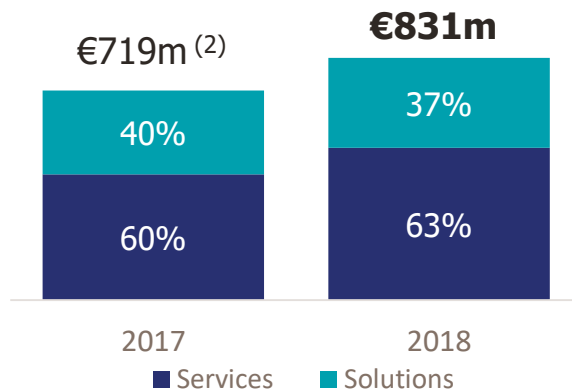
(4) Net Income from Continuing Operations



## Sales distribution by segment

## Services in 2018 (63%)

Contribution Margin <sup>(1)</sup>:  
**9.0%**



## Solutions in 2018 (37%)

Contribution Margin <sup>(1)</sup>:  
**17.0%**

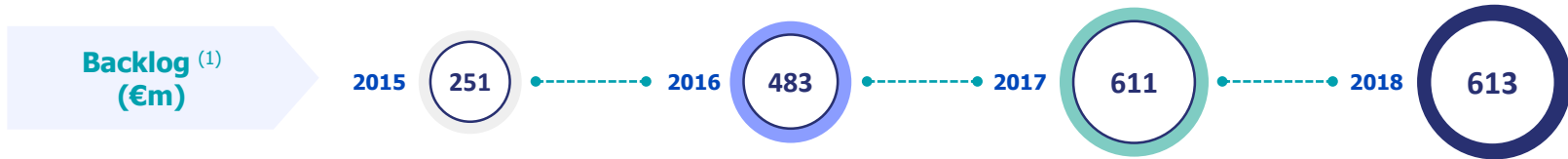
	SERVICES		TOTAL		SOLUTIONS		
	2017	2018	2017	2018	2017	2018	
Adjusted Turnover (m€) <sup>(2)</sup>	430.8 <sup>(3)</sup>	<b>522.2</b>	719.4 <sup>(3)</sup>	831.0	288.6 <sup>(3)</sup>	<b>308.8</b>	Adjusted Turnover
%	59.9%	<b>62.8%</b>			40.1%	<b>37.2%</b>	%
Contribution Margin (€m) <sup>(1)</sup>	37.4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

<sup>(1)</sup> Contribution Margin: EBITDA before corporate structure and central administration costs

<sup>(2)</sup> Adjusted turnover = Annual Accounts Turnover without revenues from sold devices

<sup>(3)</sup> 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



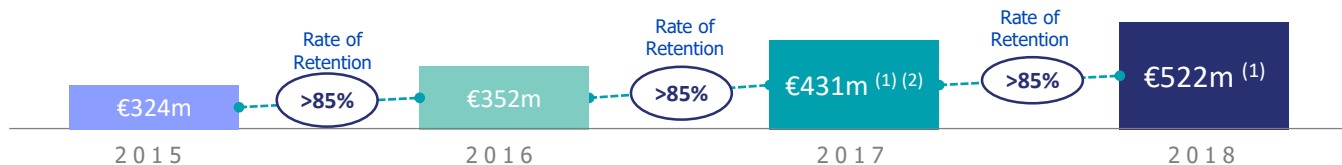
### Renewable Energy Generation 360° Capabilities

- 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

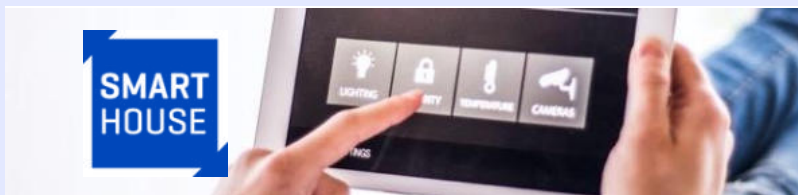
(1) It includes exclusively "Solutions" segment contracts

# Services segment highlights

## Revenue and Rate of Retention (€m, %)



## 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

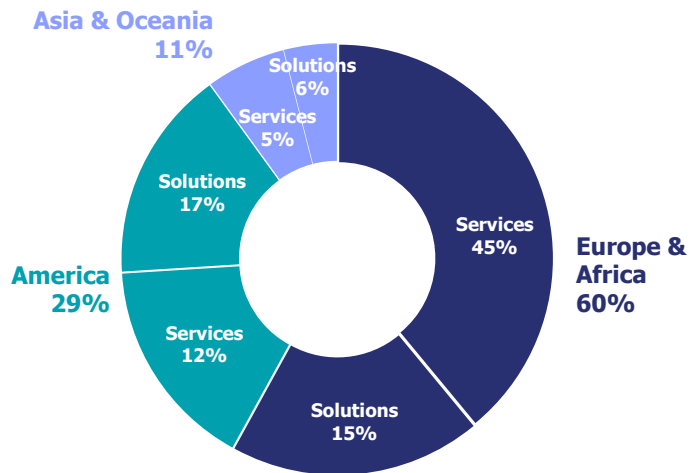
- 4 multi-technical capabilities completed: heat related services + electromechanics + IT + Environmental Services
- Technology and Innovation based value proposal
- New markets: Colombia y Ecuador

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

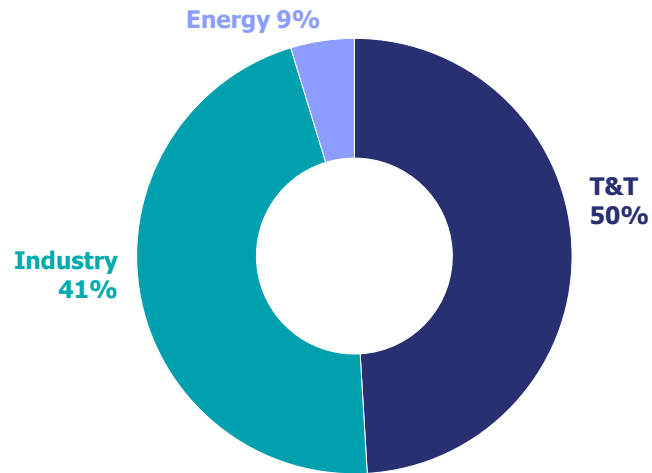
(2) Pro-Forma earnings to comply with IFRS 15 (according to CCAACC 2017)

# Sales distribution by geography and activity field

**Adjusted Turnover <sup>(1)</sup> distribution by Geography**



**Adjusted Turnover <sup>(1)</sup> 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)
<b>Total Net Asset</b>	<b>226.4</b>	<b>228.8</b>
Net Equity	294.3	317.8
Net Financial Debt <sup>(1)</sup>	(102.1)	(105.7)
Others (Net)	34.2	16.7
<b>Total Net Equity and Liabilities</b>	<b>226.4</b>	<b>228.8</b>

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

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

EBITDA conversion into Free  
Operating Cash Flow<sup>(2)</sup>

66%

RONA<sup>(3)</sup>

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 <sup>(1)</sup>	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 <sup>(2)</sup>	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
<b>Net Financial Debt 2017</b>	<b>(102.1)</b>
<b>Net Financial Debt 2018</b>	<b>(105.7)</b>

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

(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)





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

We believe in technology to make this happen.

**We are Dominion.**



**Global headquarters**

Ibáñez de Bilbao, 28 8º A y B

48009 BILBAO (ESPAÑA)

Phone: (+34) 944 793 787

[dominion-global.com](https://www.dominion-global.com)

© Dominion 2019

