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Media Release

ALSO boosts earnings: developing into a technology provider

In the first half of 2019 the ALSO Group generated an EBITDA of EUR 64.4 million, a 15 percent increase before application of IFRS 16. Sales were up by 14 percent to EUR 4.8 billion, which means that further market shares were gained in the highly competitive IT business.

These results are due to the ongoing structural optimization project and to improvements in gross profit and acquisitions. At a market development of plus 4.6 percent (according to Context) ALSO was able to gain significant market shares. The new Centers of Competence made a significant contribution towards this growth. All three business models developed positively: Supply +13.8 percent, Solutions +15.8 percent and As-a-Service +12.7 percent. After application of IFRS 16, EBITDA in the first half of 2019 totaled EUR 76.3 million.

Overall, the growth of IT-as-a-Service / ALSO Cloud-Business has continued to accelerate. In the first half of 2019 it grew from EUR 62 million to EUR 97 million, a year-on-year increase of 56 percent. The number of IT seats increased from 2.3 million to 2.9 million, an increase of 23 percent in the number of seats managed directly by ALSO and of 30 percent in the number managed by our partners.

Investment in new markets

In January 2019, via its subsidiary ALSO Croatia, the ALSO Group acquired RECRO, one of the top three IT distributors in Croatia. Together with the existing ALSO companies in Poland, Lithuania, Estonia and Latvia and the 2018 acquisitions in Slovenia, Belarus and the Ukraine, the anticipated acquisition in Bulgaria and the 1 July 2019 takeover of ABC Data, ALSO will thereby have a presence in 13 Eastern European countries. The total volume of the highly segmented IT market in Eastern Europe is EUR 30 billion a year. ALSO has taken market consolidation forward energetically with a view to achieving a permanent market share of at least 20 percent. The company has thereby laid excellent groundwork for further growth.

Investment in technologies

By acquiring the IoT platform specialist AllThingsTalk in June 2019 the company further extended its technological expertise in a highly promising growth area. In addition, a partnership with the virtualization platform specialist Ludium and a collaboration with one of the leading US distributors in using the ALSO Cloud Marketplace were commenced. Furthermore, ALSO invested in the further development of its e-commerce platform, in process mining (AI) and in 3D printing. The company is thereby strengthening significantly its three business models Supply, Solutions and As-a-Service. «We are consistently and successfully pursuing our path as a technology provider» says Gustavo Möller-Hergt, CEO of ALSO Holding AG (SIX: ALSN).

Optimization of structure and net working capital

In the first half of 2019 the company continued its program of structural optimization on the basis of its technology investments. Compared with the first half of 2018 personnel costs were optimized by EUR 11 million. Part of these savings was invested in new hirings in key growth areas. Activities initiated in 2017 to optimize net working capital now unfold their full power. The focus is on a detailed scrutiny of customers.

Outlook

For the full year 2019 the company anticipates an improvement in EBITDA of between EUR 10 million and EUR 15 million on the previous year, of which EUR 8 million was earned in the first half before application of IFRS 16 by means of accelerated structural optimization. Due to the takeover of ABC Data with operational units in Poland, Hungary, Romania, Lithuania, Slovakia and the Czech Republic and to the integration expense to be expected (SAP launch and restructuring costs) the company also anticipates a neutral effect on its 2019 EBITDA.

The medium-term target is to increase EBITDA to between EUR 240 million and EUR 300 million after application of IFRS 16. In addition, the company aims over this period to achieve a return on capital employed (ROCE) of between 13 percent and 14 percent (2018: 11.8 percent). ALSO's success will be measured on the basis of these two key figures: its operating result (liquidity) and its financial result (efficiency of capital used).

Direct link to the media release: <http://www2.also.com/press/20190724en.pdf>

Direct link to the interim report for 2019: <http://www2.also.com/press/20190724interimreport.pdf>

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ALSO Holding AG (ALSN.SW) (Emmen/Switzerland) brings providers and buyers of the ICT industry together. ALSO offer more than 550 vendors of hardware, software and IT-services access to over 100 000 buyers, who can call a broad spectrum of other customized services in the logistics, finance, and IT services sectors, as well as traditional distribution services. From the development of complex IT landscapes, the provision and maintenance of hardware and software, right through to the return, reconditioning and remarketing of IT hardware, ALSO offers all services as a one-stop shop. ALSO is represented in 22 European countries and generates total net sales of approximately 9.2 billion euros with around 4 000 employees in the fiscal year 2018. The majority shareholder of ALSO Holding AG is the Droege Group, Düsseldorf, Germany. Further information is available at <https://also.com>

Droege Group

Droege Group (founded in 1988) is an independent advisory and investment company under full family ownership. The company acts as a specialist for tailor-made transformation programs aiming to enhance corporate value. Droege Group combines its corporate family-run structure and capital strength into a family-equity business model. The group carries out direct investments with its own equity in corporate spin-offs and medium-sized companies in "special situations". With the guiding principle "execution - following the rules of art", the group is a pioneer in execution-oriented corporate development. Droege Group follows a focused investment strategy based on current megatrends (knowledge, connectivity, prevention, demography, specialization, future work, shopping 4.0). Enthusiasm for quality, innovation and speed determines the company's actions. In recent years Droege Group has successfully positioned itself in domestic and international markets and operates in 30 countries. More information: <https://www.droege-group.com>

Disclaimer

This press release contains forward-looking statements which are based on current assumptions and forecasts of the ALSO management. Known and unknown risks, uncertainties, and other factors could lead to material differences between the forward-looking statements made here and the actual development, in particular the results, financial situation, and performance of our Group. The Group accepts no responsibility for updating these forward-looking statements or adapting them to future events or developments.