



ECONOCOM GROUP SE

**Statutory auditor's report to the general shareholders'
meeting on the Consolidated Financial Statements for the
year ended 31 December 2017**

13 April 2018

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ECONOCOM GROUP SE ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

We present to you our statutory auditor's report in the context of our statutory audit of the Consolidated Financial Statements of Econocom Group SE (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the audit of the Consolidated Financial Statements, as well as the report on other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* 17 May 2016, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the Consolidated Financial Statements for the year ended 31 December 2018. We started the statutory audit of the Consolidated Financial Statements of Econocom Group SE before 1990.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have performed the statutory audit of the Group's Consolidated Financial Statements, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated income statement and earning per share, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 2.427,7 million and the consolidated income statement shows a profit for the year attributable to owners of the parent of EUR 86,4 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (« IFRS ») as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (« ISAs »). Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Annual goodwill impairment assessment

Key audit matter The assets side of the consolidated financial statements of Econocom Group as at 31 December 2017 show an amount of EUR 598,8 million for goodwill to be tested annually for impairment as required by International Financial Reporting Standards (see note 9 of the consolidated accounts).

We considered these impairment tests as a key audit matter because goodwill accounts for 25% of total assets as at 31 December 2017 and because its recoverable amount as determined by the Board of Directors is based on assumptions related to, among other elements, the business plan (sales, profit margin, working capital needs), the cash flow growth ratio beyond the forecast period, and the cash flow discount rate.

Audit approach to the key audit matter We received the goodwill impairment tests from Econocom Group and we challenged the reasonableness of the method and key assumptions used.

In the performance of the above procedures, we relied on our in-house experts of the Valuation practice group. We compared the assumptions with market assumptions and with economic forecasts (among other things). We also reviewed Econocom Group's strategic plan development procedure as approved by the Company's Board of Directors. In addition, we received and reviewed the sensitivity analyses to determine the impact of possible changes in key assumptions, and we performed our own independent sensitivity analysis to quantify the negative impact on management's models that would result in depreciation. We particularly focused on the CGU Services, representing the major part of goodwill (EUR 446,9 million). We also analysed the reasonableness of the discounted future cash flow forecasts by comparing them with the Group's market capitalisation.

Residual interest in leased assets

Key audit matter The residual interest in leased assets as at 31 December 2017 (see note 11 of the consolidated accounts) amount to EUR 141,4 million, i.e. EUR 35,9 million in current assets and EUR 105,5 million in non-current assets. Overall, residual interests as at 31 December 2017 account for 2.5% of the historic acquisition value of the portfolio of assets leased out by Econocom Group.

These residual interests agree with the start-of-lease forecast of the end-of-lease market value of the assets. The carrying amount of these assets depends on various calculation methods and on whether it concerns fixed-term contracts or renewable contracts (« TRO »). In either case, the carrying amount of the assets depends on assumptions based on historic statistics on the end-of-lease realisation value of the assets disposed of, but also on discount rate assumptions as regards the fixed-term contracts. The Group regularly updates these assumptions on the basis of its experience with resale or sublease markets for second-hand materials. We considered the residual interest in leased assets as a key audit matter because these estimates impact the timing of recognition of such contracts, on the one hand, and there is a risk of depreciation if the forecast figures would prove to exceed fair market values.

Audit approach to the key audit matter We obtained the key estimates of the residual interest in leased assets as well as of the year-over-year changes in hypotheses. We critically evaluated the procedure put in place by Econocom Group management for proper application to the above estimates and we checked, on a sample basis, the system for correct contract data input. Subsequently, using management's assumptions, we recalculated the value of the residual interest in leased assets for the entire population. Finally, we ascertained that the margins realised on the end-of-lease disposal of the assets were positive. We found these assumptions to be consistent and in line with our expectations.

Responsibilities of the board of directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Statutory auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the Consolidated Financial Statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the draft Belgian standard (Revised) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the Consolidated Financial Statements and the other information included in the annual report

Aspects related to the directors' report on the Consolidated Financial Statements and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the Consolidated Financial Statements and to the other information included in the annual report, this report is consistent with the Consolidated Financial Statements for the year under audit, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the Consolidated Financial Statements and the other information included in the annual report on the Consolidated Financial Statements, containing:

- the essentials;
- group overview;
- corporate social responsibility;
- risk factors;
- chairman's statement;
- condensed parent company financial statement; and
- key consolidated figures.

are materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you. In accordance with our professional standards, we do not express any form of assurance on the information included in this annual report, except for the consolidated financial statements and related notes.

The non-financial information required by article 119, §2 of the Companies' Code is included in the directors' report in section 3 of the annual report. The Company has prepared the non-financial information, based on the principles of the United Nations Global Compact. However, we do not express an opinion as to whether the non-financial information has been prepared, in all material aspects, in accordance with the principles of the United Nations Global Compact as disclosed in the Consolidated Financial Statements. Furthermore, we do not express assurance on individual elements included in this non-financial information.

Statement related to independence

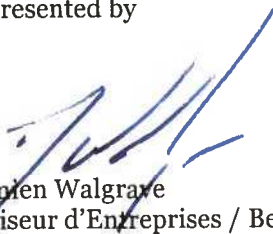
- We did not provide services which are incompatible with the statutory audit of the Consolidated Financial Statements and we remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the Consolidated Financial Statements referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the Consolidated Financial Statements.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 13 April 2018

The Statutory Auditor
PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren bcvba
Represented by



Damien Walgrave
Reviseur d'Entreprises / Bedrijfsrevisor