

Ordina N.V. results third quarter 2019

Continued improvement in returns

Nieuwegein, 31 October 2019

Highlights Q3 2019

- Revenue up 5.6% at EUR 91.3 million (Q3 2018: EUR 86.5 million);
 - Revenue The Netherlands rises 4.0% to EUR 63.9 million (Q3 2018: EUR 61.4 million);
 - Revenue Belgium/Luxembourg up 9.5% at EUR 27.4 million (Q3 2018: EUR 25.1 million);
- EBITDA increases to EUR 7.0 million (Q3 2018: EUR 2.7 million)¹;
- EBITDA margin increases to 7.7% (Q3 2018: 3.2%)¹;
- Net profit increases to EUR 4.1 million (Q3 2018: EUR 0.8 million);
- One extra working day in both the Netherlands and Belgium/Luxembourg in the third quarter (impact of approximately EUR 1.3 million on revenue and approximately EUR 1.0 million on EBITDA);
- Increased demand for propositions High performance teams and Intelligent data-driven organisations;
- Employee engagement score 7.1 (2018: 7.1).

Highlights year to date 2019

- Revenue up 4.8% at EUR 278.2 million (YTD 2018: EUR 265.3 million);
 - Revenue the Netherlands rises 2.0% to EUR 193.6 million (YTD 2018: EUR 189.7 million);
 - Revenue Belgium/Luxembourg rises 11.9% to EUR 84.6 million (YTD 2018: EUR 75.6 million);
- EBITDA increases to EUR 18.4 million (YTD 2018: EUR 12.9 million)¹;
- EBITDA margin increases to 6.6% (YTD 2018: 4.9%)¹;
- Net profit increases to EUR 10.0 million (YTD 2018: EUR 5.8 million);
- Net cash position improves to EUR 10.9 million (end-Q3 2018: EUR 1.9 million);
- One extra working day in the Netherlands in year to date (impact of approximately EUR 0.9 million on revenue and approximately EUR 0.7 million on EBITDA).

Jo Maes, CEO Ordina, on the results

“Revenue and result both increased again in the third quarter. We realised the improvement in returns thanks to our focus on the added value of our services and higher productivity. This growth was largely driven by the increasing number of client contracts based on our five business propositions. Of these propositions, High performance teams and Intelligent data-driven organisations delivered particularly strong performances.

In the Netherlands, we recorded continued growth in the public sector and financial services. In Belgium/Luxembourg, we delivered our strongest performances in the industry, financial services and healthcare sectors. The expansion of our operations in Wallonia also contributed to continuing growth.

On the labour market front, we have noted that Ordina is and remains attractive for talented people. The third quarter saw another increase in the number of direct employees. We also continue to score highly on the employee engagement front, with a score of 7.1. Despite this, retaining and attracting employees remains a top priority for Ordina, as this will enable us to continue to grow at the desired tempo.”

¹ EBITDA (margin) for 2019 has been drawn up before the application of IFRS 16 ‘Leases’. The EBITDA for Q3 2019 including the application of IFRS 16 amounted to EUR 10.0 million and the EBITDA margin was 10.9%. EBITDA for the year to date 2019 including the application of IFRS 16 amounted to EUR 27.1 million and the EBITDA margin was 9.7%.

Developments Q3 2019

In the third quarter, revenue increased by 5.6% to EUR 91.3 million (Q3 2018: EUR 86.5 million). EBITDA (after redundancy costs) increased to EUR 7.0 million in the third quarter (Q3 2018: EUR 2.7 million). Redundancy costs came in at EUR 0.5 million (Q3 2018: EUR 0.7 million). The EBITDA margin increased to 7.7% (Q3 2018: 3.2%). The number of working days amounted to 66 in the Netherlands (Q3 2018: 65) and 64 in Belgium/Luxembourg (Q3 2018: 63). The impact of one working day amounts to approximately EUR 1.3 million in revenue and approximately EUR 1.0 million in EBITDA.

Developments year to date 2019

Revenue for the year to date was up 4.8% at EUR 278.2 million (YTD 2018: EUR 265.3 million). The YTD EBITDA (after redundancy costs) increased to EUR 18.4 million (YTD 2018: EUR 12.9 million). Redundancy costs came in at EUR 1.5 million (YTD 2018: EUR 1.7 million). The YTD EBITDA margin increased to 6.6% (YTD 2018: 4.9%). The number of working days amounted to 191 in the Netherlands (YTD 2018: 190) and 188 in Belgium/Luxembourg (YTD 2018: 188). In the Netherlands, the impact of one working day amounts to approximately EUR 0.9 million on revenue and approximately EUR 0.7 million on EBITDA.

Revenue per market

	Q3 2018 ¹	Q3 2019	Δ %	YTD 2018 ¹	YTD 2019	Δ %
<i>(in thousands of euro)</i>						
Public sector	32,759	35,839	9.4%	100,962	106,816	5.8%
Financial services	25,228	25,875	2.6%	74,841	80,235	7.2%
Industry	23,053	23,274	1.0%	72,994	72,213	-1.1%
Healthcare	5,428	6,318	16.4%	16,535	18,893	14.3%
Total	86,468	91,306	5.6%	265,332	278,157	4.8%

¹ 2018 figures have been adjusted for comparison purposes to reflect the reclassification of a number of clients.

Revenue in the public sector market increased by 9.4% to EUR 35.8 million in Q3 2019 (Q3 2018: EUR 32.8 million). In the year to date, the growth of revenue came in at 5.8% compared with the same period last year. This improvement was due to the increased deployment of High performance teams and revenue from the Business platforms proposition.

Revenue in the financial services sector came in at EUR 25.9 million in Q3 2019, an increase of 2.6% compared with last year (Q3 2018: EUR 25.2 million). In the year to date, revenue came in 7.2% higher at EUR 80.2 million (YTD 2018: EUR 74.8 million). In Belgium/Luxembourg, we expanded our client portfolio and recorded strong growth. In the Netherlands, we improved the revenue mix thanks to the increased deployment of our own employees for our client contracts.

In the industry sector, revenues came in 1.0% higher at EUR 23.3 million (Q3 2018: EUR 23.1 million). In the year to date, revenue declined by 1.1% to EUR 72.2 million (YTD 2018: EUR 73.0 million). Revenue was higher in the third quarter, with growth largely driven by the strong performance in this sector in Belgium/Luxembourg. Ordina's Dutch operations still have a strong position in the logistics domain, but revenues lagged despite this when compared with last year. In addition to this, we also saw a continued decline in revenues from a number of multinationals.

Revenue in the healthcare sector was up 16.4% at EUR 6.3 million in Q3 (Q3 2018: EUR 5.4 million). In the year to date, revenue was up by 14.3% at EUR 18.9 million (YTD 2018: EUR 16.5 million) due to strong growth in revenues from our clients in the pharmaceutical industry in Belgium/Luxembourg.

Revenue per division

	Q3 2018	Q3 2019	Δ %	YTD 2018	YTD 2019	Δ %
<i>(in thousands of euro)</i>						
The Netherlands	61,417	63,882	4.0%	189,723	193,588	2.0%
Belgium/Luxembourg	25,051	27,424	9.5%	75,609	84,569	11.9%
Total	86,468	91,306	5.6%	265,332	278,157	4.8%

The Netherlands

In the Netherlands, revenue was up by 4.0% at EUR 63.9 million in the third quarter (Q3 2018: EUR 61.4 million). In the year to date, revenue was 2.0% higher than in the same period last year. Revenue growth was driven by new contracts for our High performance teams and Intelligent data-driven organisations propositions. In addition to this, we are using our own employees for a steadily increasing number of client contracts.

Belgium/Luxembourg

In Belgium/Luxembourg, revenue was up by 9.5% at EUR 27.4 million in the third quarter (Q3 2018: EUR 25.1 million). In the year to date, revenue was up 11.9% compared with the same period last year. This revenue increase was driven by growth in revenues from our Security & privacy and Intelligent data-driven organisations business propositions. On top of this, we also saw growth in the number of employees and higher productivity.

Overview workable days

	2018		2019	
	NL	B	NL	B
Q1	64	64	63	63
Q2	61	61	62	61
Q3	65	63	66	64
Q4	64	63	64	63
Total	254	251	255	251

Employees

At end-Q3 2019, the number of employees stood at 2,602 FTEs (end-Q3 2018: 2,589 FTEs). The net increase in the number of employees was six FTEs in the third quarter, which consisted of an increase of eight FTE direct employees and a decrease of two FTE indirect employees. In the third quarter, we once again measured employee engagement and emerged with a high score of 7.1 (2018: 7.1).

Developments in the number of employees

	Q2 2019	Net change	Q3 2019
Direct FTEs	2,303	+ 8	2,311
Indirect FTEs	293	- 2	291
Total	2,596	+6	2,602

Financing

Ordina's net cash position stood at EUR 10.9 million at the end of Q3 2019 (end-Q3 2018: EUR 1.9 million). This improvement was driven by strict working capital management and the higher result.

The net debt/adjusted EBITDA ratio stood at -0.4 (maximum leverage ratio ≤ 2.50) and the Interest Cover Ratio stood at 183.9 (minimum ICR ≥ 5.0). This means the ratios remained well within the agreed bank covenants.

About Ordina

Ordina is the largest independent IT services provider in the Benelux, with around 2,600 employees. We focus on giving our clients a digital edge in the sectors: financial services, industry, the public sector and healthcare. We do this by devising, building and managing technological applications. Ordina helps its clients to stay ahead of the challenges and changes in their business.

Ordina was founded in 1973. The company's shares have been listed on Euronext Amsterdam since 1987 and are included in the Smallcap Index (AScX). In 2018, Ordina recorded revenue of EUR 359 million. You will find additional information at: www.ordina.nl.

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Financial calendar

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2 April 2020

Publication annual results 2019

General Meeting of Shareholders

This document contains forward looking statements regarding the financial performance of Ordina N.V. and outlines certain plans, targets and ambitions based on current insights. Such forecasts are obviously not without risk and entail a certain degree of uncertainty since there are no guarantees regarding future circumstances. There are multiple factors that could potentially result in the actual results and outcomes differing from those outlined in this document. Such factors include: general economic trends, the pace of globalisation of the markets for solutions, IT and consulting, increased performance commitments, scarcity on the labour market, and future acquisitions and disposals.