

Ordina N.V. first quarter 2020 results

Strong first quarter

Ordina withdraws 2019 dividend proposal due to uncertain circumstances

Nieuwegein, 23 april 2020

Highlights Q1 2020

- Revenue increases by 1.8% to EUR 96.3 million (Q1 2019: EUR 94.6 million);
 - Revenue the Netherlands declines by 1.5% to EUR 64.3 million (Q1 2019: EUR 65.4 million);
 - Revenue Belgium/Luxembourg up 9.3% at EUR 31.9 million (Q1 2019: EUR 29.2 million);
- EBITDA higher at EUR 12.1 million (Q1 2019: EUR 8.6 million);
- EBITDA margin increases to 12.6% (Q1 2019: 9.1%);
- Net profit of EUR 5.8 million (Q1 2019: EUR 3.1 million);
- One extra working day in the Netherlands and Belgium/Luxembourg in Q1 2020 (impact around EUR 1.3 million revenue and around EUR 1.0 million EBITDA);
- Net cash position EUR 23.7 million (Q1 2019: EUR 9.8 million);
- Extraordinary circumstances result in withdrawal of dividend proposal for 2019;
- Annual General Meeting (AGM) will take place on 30 June.

Jo Maes, CEO Ordina, about the results

“We started the year with strong results in both the Netherlands and Belgium/Luxembourg. We recorded an above-average increase in revenue from teams and business propositions. In the Netherlands, revenue growth was tempered by the reduction of revenue with subcontractors, but the quality of the underlying revenue is increasing, which resulted in a strong return. In Belgium/Luxembourg, growth was once again driven by the higher number of employees and a strong operational performance.

Our cash position continued to improve, providing Ordina with a solid basis, even in the current circumstances. The stability of our company and the care for all our stakeholders are our highest priorities. Due to the extraordinary circumstances and the resultant uncertain outlook, we will be withdrawing our dividend proposal for 2019. At the moment, we are making every possible preparation to respond quickly and effectively to changes and we are introducing measures that take into account the interests of all our stakeholders, including our people, our clients and our shareholders. It will become apparent in the months to come to what extent our clients will continue to invest in IT and digitalisation.

The impact of the coronavirus on a global scale is unprecedented. Many of our clients are active in vital sectors, so the continuity of our services to our clients remains our top priority. Over the past few weeks, we have been able to continue to provide our services almost flawlessly. I am therefore particularly grateful for the commitment of our professionals and the flexibility of our clients under these exceptional circumstances.”

Developments Q1 2020

In the first quarter of 2020, revenue was up 1.8% at EUR 96.3 million (Q1 2019: EUR 94.6 million). EBITDA (after redundancy costs) came in at EUR 12.1 million (Q1 2019: EUR 8.6 million). Redundancy costs amounted to EUR 0.8 million (Q1 2019: EUR 0.6 million). The EBITDA margin came in at 12.6% in the first quarter (Q1 2019: 9.1%).

The number of working days was 64 in the Netherlands and in Belgium/Luxembourg (Q1 2019: 63). The impact of one working day is around EUR 1.3 million in revenue and around EUR 1.0 million in EBITDA.

Revenue per market

(in EUR thousands)

	Q1 2020	Q1 2019 ¹	Δ %
Public sector	38,863	36,449	6.6%
Financial services	25,826	27,757	-7.0%
Industry	31,586	30,349	4.1%
Total	96,275	94,555	1.8%

¹ The 2019 figures have been adjusted for comparison purposes, due to the reclassification of a number of clients that were previously reported in the healthcare sector.

In the first quarter of 2020, revenue in the public sector increased by 6.6% to EUR 38.9 million (Q1 2019: EUR 36.4 million). Revenue increased in both in the Netherlands and in Belgium/Luxembourg on the back of higher revenue from the business propositions High performance teams and Intelligent data-driven organisations.

Revenue in the financial services sector came in at EUR 25.8 million in the first quarter, a decline of 7.0% compared to last year (Q1 2019: EUR 27.8 million). This decline was primarily due to a continued decline in revenue from subcontractors in the Netherlands. The underlying figures show an increase in revenue from our services based on the business propositions High performance teams and Intelligent data-driven organisations. In Belgium/Luxembourg, we recorded an increase in revenue.

In the industry sector, revenue in the first quarter of 2020 was 4.1% higher at EUR 31.6 million (Q1 2019: EUR 30.3 million). In Belgium/Luxembourg, the higher revenue was largely driven by growth in the pharmaceutical industry on the basis of Cybersecurity & compliance and Business platforms. In the Netherlands, revenue in this sector remained stable compared to 2019.

Revenue per division

(in EUR thousands)

	Q1 2020	Q1 2019	Δ %
The Netherlands	64,349	65,353	-1.5%
Belgium/Luxembourg	31,926	29,202	9.3%
Total	96,275	94,555	1.8%

Overview workable days

	2020		2019	
	NL	Belux	NL	Belux
Q1	64	64	63	63
Q2	60	61	62	61
Q3	66	64	66	64
Q4	65	63	64	63
Total	255	252	255	251

Employees

At the end of the first quarter of 2020, Ordina had 2,639 FTEs (end-Q1 2019: 2,656 FTEs). The number of direct employees increased by 2 FTEs and the number of indirect employees increased by 8 FTEs in the first quarter. Belgium/Luxembourg saw the largest increase in the number of indirect employees, to provide support for the growing organisation.

Movements in the workforce

	Year-end 2019	Net change	End-Q1 2020
Direct FTEs	2,340	+ 2	2,342
Indirect FTEs	289	+ 8	297
Total	2,629	+ 10	2,639

Financing

The net cash position stood at EUR 23.7 million at end-Q1 2020 (end-Q1 2019: EUR 9.8 million). This increase was largely driven by tight working capital management and the higher result.

The net debt/'adjusted' EBITDA ratio was -0.8 (maximum leverage ratio ≤ 2.50) and the Interest Cover Ratio stood at 302.0 (minimum ICR ≥ 5.0). These ratios are therefore well within the parameters set in the covenants agreed with the banks.

General Meeting

The Annual General Meeting will be held on 30 June at 14:30; location: Ordina head office, Ringwade 1 in Nieuwegein. We will amend the proposal for the appropriation of profit on the agenda and withdraw the proposal to pay out a dividend for 2019. The proposed result appropriation included in Ordina's 2019 annual report is therefore replaced by the new information included in this press release (in which the dividend proposal is withdrawn). In view of the current circumstances, Ordina asks that shareholders vote as much as possible by proxy or voting instructions and that any questions be submitted in advance. Ordina will include more information on this subject in the agenda, also convocation for the meeting, which will be published no later than 19 May on www.ordina.nl/en/investor-relations/general-meeting-of-shareholders/

About Ordina

Ordina is the largest local IT services provider in the Benelux, with around 2,650 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. Ordina's shares have been listed on Euronext Amsterdam since 1987 and are included in the Smallcap Index (AScX). In 2019, Ordina recorded revenues of EUR 372 million. For more information, please go to: www.ordina.nl.

ADDITIONAL INFORMATION

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Financial calendar

30 June 2020	Annual General Meeting
30 July 2020	Publication interim results 2020
29 October 2020	Trading update Q3
18 February 2021	Publication annual results 2020

Press conference call and analyst presentation

09:00 hours CET – Press conference call

Ordina will explain the results at 09:00 hours CET on 23 April 2020 during a press conference call.

10:00 hours CET – Analyst conference call

Ordina will present its results at 10:00 hours CET on 23 April 2020 during an analyst conference call.

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.