

Ordina N.V. results third quarter 2018

Revenue increases; growth in the number of employees

Nieuwegein, 1 November 2018

Highlights Q3 2018

- Net profit rises to EUR 0.8 million (Q3 2017: EUR 0.6 million);
- EBITDA EUR 2.7 million, unchanged from Q3 2017;
- EBITDA margin stable at 3.2% (Q3 2017: 3.3%);
- Revenue 6.5% higher at EUR 86.5 million (Q3 2017: EUR 81.2 million);
 - Revenue the Netherlands up 1.4% at EUR 61.4 million (Q3 2017: EUR 60.6 million);
 - Revenue Belgium/Luxembourg 21.4% higher at EUR 25.1 million (Q3 2017: EUR 20.6 million);
- Net growth in the number of employees in both the Netherlands and in Belgium/Luxembourg;
- Employee engagement score improves to 7.1 (2017: 6.8).

Highlights YTD 2018

- Net profit rises to EUR 5.8 million (YTD 2017: EUR 1.6 million);
- EBITDA higher at EUR 12.9 million (YTD 2017: EUR 9.6 million);
- EBITDA margin higher at 4.9% (YTD 2017: 3.8%);
- Revenue up 5.2% at EUR 265.3 million (YTD 2017: EUR 252.2 million);
 - Revenue the Netherlands up 2.1% at EUR 189.7 million (YTD 2017: EUR 185.9 million);
 - Revenue Belgium/Luxembourg 14.0% higher at EUR 75.6 million (YTD 2017: EUR 66.3 million);
- Net debt position (end-Q3 2017: EUR 2.5 million) improved to net cash position of EUR 1.9 million;
- Digital transformation takes centre stage during Ordina's Innovation Days.

Jo Maes, CEO Ordina, about the results

"Revenue and net profit continued to increase in the third quarter. In the Netherlands, the strongest growth in revenue was in the public sector. We are seeing a steady increase in the translation of the government's Digital Agenda into concrete activities and as a local player Ordina is a logical partner in the execution of those activities.

Belgium/Luxembourg shows double-digit revenue growth. Ordina Belgium/Luxembourg makes good progress in financial services and is growing steadily in the industry market. Our efforts in the pharmaceutical sector are now clearly paying off in the healthcare market.

In the third quarter, Ordina recorded growth in the number of its employees for the first time in quite a while. That is definitely good news. The expansion of our own in-house workforce is extremely important in today's market, which is marked by huge demand for IT services. Over the past few quarters, the number of our direct employees remained more or less the same. In the third quarter, we added a total of 30 direct employees. Ordina continues to focus on the recruitment and retention of employees.

Our offices in Nieuwegein and Mechelen recently hosted the successful Ordina Innovation Days, with the theme 'Connecting and Accelerating'. At this two-day event, Ordina offered a number practical examples and presentations to a total of 800 clients and employees, highlighting the world of digital transformation. Our business proposition 'Intelligent data-driven organisations' enables our clients to use data in a smart and responsible manner. One of our data projects, which involves close cooperation between Ordina, SAP and telecoms firm Proximus, recently won an award in Belgium. With the aid of an Internet of Things solution, Proximus can locate the numerous cable reels the company uses at any time of day or night. This results in considerable cost savings due to reduced loss and damage and more efficient deployment."

Developments Q3 2018

In the third quarter, revenue was up 6.5% at EUR 86.5 million (Q3 2017: EUR 81.2 million). EBITDA (after redundancy costs) came in at EUR 2.7 million, unchanged from Q3 2017. Redundancy costs came in at EUR 0.7 million (Q3 2017: EUR 1.2 million). The EBITDA margin remained stable at 3.2% (Q3 2017: 3.3%). We fulfil a considerable proportion of our contracts by hiring subcontractors. This has a negative impact on our margins. We therefore remain fully focused on continued growth with our own employees. For instance, the number of young professionals we recruited has doubled compared to last year. We see the costs and effort involved as a critical investment in the future.

The number of working days was 65 in the Netherlands and 63 in Belgium/Luxembourg, unchanged from Q3 2017.

Developments YTD 2018

Revenue for the year to date came in 5.2% higher at EUR 265.3 million (YTD 2017: EUR 252.2 million). EBITDA (after redundancy costs) increased to EUR 12.9 million (YTD 2017: EUR 9.6 million). Redundancy costs came in at EUR 1.7 million (YTD 2017: EUR 4.5 million). The EBITDA margin increased to 4.9% (YTD 2017: 3.8%).

The number of working days was 190 in the Netherlands (2017: 191) and 188 in Belgium/Luxembourg (2017: 188). The impact of one working day for the Netherlands is approximately EUR 0.9 million in revenue and around EUR 0.7 million in EBITDA.

A number of one-off items totalling EUR 3.1 million had a positive impact on the 2017 results. Excluding these one-off items, EBITDA for the first nine months of 2017 would have been EUR 6.5 million.

Revenue by market

	Q3 2017 ¹	Q3 2018	Δ %	YTD 2017 ¹	YTD 2018	Δ %
<i>(in thousands of euros)</i>						
Public	29,465	32,776	11.2%	90,213	101,020	12.0%
Financial services	23,587	25,158	6.7%	70,268	74,638	6.2%
Industry	22,897	23,019	0.5%	74,608	72,868	-2.3%
Healthcare	5,252	5,515	5.0%	17,109	16,806	-1.8%
Total	81,201	86,468	6.5%	252,198	265,332	5.2%

¹ Figures for 2017 have been adjusted to reflect the application of IFRS 15 'Revenue from contracts with customers', which resulted in a EUR 0.6 million reduction in revenue in the third quarter and EUR 2.5 million YTD. In addition, the 2017 figures have been adjusted for the reclassification of a number of clients for comparison purposes.

Revenue in the public market increased by 11.2% to EUR 32.8 million in Q3 (Q3 2017: EUR 29.5 million). In the first nine months of 2017, year-on-year growth came in at 12.0%. This increase was due to the deployment of High performance teams, an increase in management revenue and the persistent high demand in the context of the IT hiring framework agreements.

Revenue in the financial services market came in at EUR 25.2 million in the third quarter, an increase of 6.7% compared to the previous year (Q3 2017: EUR 23.6 million). YTD, revenue was up 6.2% at EUR 74.6 million (YTD 2017: EUR 70.3 million). We recorded particularly marked revenue growth in the banking sector and with a number of clients in the insurance market.

Revenue in the industry market was up 0.5% at EUR 23.0 million in Q3 (Q3 2017: EUR 22.9 million). In the YTD, revenue declined by 2.3% to EUR 72.9 million (YTD 2017: EUR 74.6 million). Revenue in the third quarter was boosted primarily by our strong performance in this market in Belgium/Luxembourg.

Revenue in the healthcare market came in 5.0% higher at EUR 5.5 million in Q3 (Q3 2017: EUR 5.3 million). Revenue in the YTD declined by 1.8% to EUR 16.8 million (YTD 2017: EUR 17.1 million). In the Netherlands, we focus primarily on various healthcare institutions and we saw revenue decline. In Belgium/Luxembourg, we target the pharmaceutical industry, where we saw a further increase in revenue, partly due to the broadening of our portfolio.

Revenue per division

	Q3 2017 ¹	Q3 2018	Δ %	YTD 2017 ¹	YTD 2018	Δ %
<i>(in thousands of euros)</i>						
the Netherlands	60,559	61,417	1.4%	185,864	189,723	2.1%
Belgium/Luxembourg	20,642	25,051	21.4%	66,334	75,609	14.0%
Total	81,201	86,468	6.5%	252,198	265,332	5.2%

¹ Figures for 2017 have been adjusted to reflect the application of IFRS 15 'Revenue from contracts with customers', which resulted in a EUR 0.6 million reduction in revenue in the third quarter and EUR 2.5 million YTD.

The Netherlands

Revenue in the Netherlands came in 1.4% higher at EUR 61.4 million in the third quarter (Q3 2017: EUR 60.6 million). YTD revenue was up 2.1% compared to the previous year. The increase in revenue was driven by revenue growth across the axis of our five business propositions, including our High performance teams proposition. We are very strongly focused on the deployment of our own direct employees and improving the quality of our revenue.

Belgium/Luxembourg

In Belgium/Luxembourg, revenue was up 21.4% at EUR 25.1 million in the third quarter (Q3 2017: EUR 20.6 million). YTD, revenue came in 14.0% higher than last year. This increase was partly driven by the growth in the number of employees.

Overview workable days

	2017		2018	
	NL	B	NL	B
Q1	65	64	64	64
Q2	61	61	61	61
Q3	65	63	65	63
Q4	63	62	64	63
Total	254	250	254	251

Employees

The total number of employees stood at 2,589 FTEs at the end of Q3 2018 (at end-Q3 2017: 2,580 FTEs). The net increase in the number of employees was 35 FTEs in the third quarter, 30 of whom are direct employees. This number fell by 25 FTEs in Q3 2017. In the third quarter of 2018, Ordina conducted a survey to measure employee engagement and the score has improved to 7.1 (2017: 6.8). Employees particularly appreciate the career and development opportunities they are given at Ordina.

Ordina Talentpower is driving a steady increase in the influx of Young Professionals. Medior and senior IT specialists are also keen to join Ordina to develop their careers and their IT and business skills.

Development of the number of employees

	Q2 2018	Net change	Q3 2018
Direct FTEs	2,255	+ 30	2,285
Indirect FTEs	299	+ 5	304
Total	2,554	+35	2,589

Financial developments

Ordina's net debt position (end-Q3 2017: net debt EUR 2.5 million) improved to a net cash position of EUR 1.9 million at the end of Q3 2018. This improvement was driven by tight working capital management and improved results. In addition, the first quarter of 2018 included a payment of around EUR 3.2 million related to the VAT correction on the private use of lease cars in the preceding years.

The net debt/adjusted EBITDA ratio stood at -0.1 (maximum leverage ratio ≤ 2.50) and the Interest Cover Ratio stood at 102.7 (minimum ICR ≥ 5.0). These ratios are therefore well within the parameters of set in the covenants agreed with the banks.

About Ordina

Ordina is the largest independent IT services provider in de Benelux, with around 2,600 employees. We devise, build and manage IT applications in the public sector, financial services sector, in industry and in healthcare. Our goal is IT that truly helps people. IT that matters and that has been developed without wasting any resources. We do this by working with our clients in partnerships for sustainable innovation.

Ordina was founded in 1973. The company's shares have been listed on NYSE Euronext Amsterdam since 1987 and are included in the Small Cap Index (AScX). In 2017, Ordina recorded revenues of EUR 345 million. You will find additional information on our corporate website: www.ordina.nl.

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Financial calendar

14 February 2019 Publication of annual results 2018

4 April 2019 Annual 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.