

TRADING UPDATE ORDINA N.V.
Q3 2020



CONTENTS

Good third quarter, strategy on track	3
YTD and Q3 2020 highlights	3
Key figures	3
Jo Maes, CEO Ordina, on the results	4
Group performance	4
Revenue	4
Employees	5
EBITDA	5
Net profit	5
Performance per region	6
Cash flow, net cash position and dividend	6
Additional information	7

About Ordina

Ordina is a local, independent 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 and the public sector. We do this by devising, building and managing technological applications. Ordina wants to help 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/en/

Forward-looking statements

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.

Financial diary

18 February 2021	Publication annual results 2020
1 April 2021	General Meeting

GOOD THIRD QUARTER, STRATEGY ON TRACK

Ordina proposes pay-out of interim dividend

Nieuwegein, 29 October 2020 – Ordina N.V. (Ordina), a local, independent IT services provider in the Benelux, today presents its results for the third quarter of 2020.

YTD 2020 highlights

- Revenue declines by 0.6% to EUR 276.4 million (YTD 2019: EUR 278.2 million);
- EBITDA rises to EUR 34.2 million (YTD 2019: EUR 27.1 million);
- EBITDA margin increases to 12.4% (YTD 2019: 9.7%);
- Net profit higher at EUR 15.3 million (YTD 2019: EUR 10.0 million);
- Net cash position at end-Q3 EUR 40.3 million (end-Q3 2019: EUR 10.9 million);
- Proposal to pay out interim dividend of 9.5 eurocents per share.

Q3 2020 highlights

- Revenue declines 3.3% to EUR 88.3 million (Q3 2019: EUR 91.3 million);
- EBITDA rises to EUR 11.3 million (Q3 2019: EUR 10.0 million);
- EBITDA margin increases to 12.8% (Q3 2019: 10.9%);
- Net profit higher at EUR 5.0 million (Q3 2019: EUR 4.1 million).

Key figures

	YTD 2020	YTD 2019	Change YTD 2020 vs. YTD 2019	Q3 2020	Q3 2019	Change Q3 2020 vs. Q3 2019
<i>(in thousands of euro unless indicated otherwise)</i>						
Revenue	276,370	278,157	-0.6%	88,330	91,306	-3.3%
Working days (NL/Belux)	190 / 189	191 / 188	-1 / +1	66 / 64	66 / 64	0 / 0
Adjusted for working days			-0.4%			-3.3%
EBITDA	34,175	27,091	7,084	11,265	9,973	1,292
EBITDA margin	12.4%	9.7%	2.7%pt	12.8%	10.9%	1.9%pt
Net profit	15,323	10,034	5,289	4,983	4,076	907
Net cash position	40,282	10,855	29,427			
Free cash flow	37,782	19,972	17,810			

Jo Maes, CEO Ordina, on the results

“Ordina can look back on a good third quarter. Our services based on our High performance teams and business propositions recorded above-average growth. The reduction in the number of external employees led to a decline in our revenue but the fact that we managed to improve our return and the rapid increase in revenue from our business propositions shows that we are making ever more progress in our strategy of accelerating digitalisation at our clients.

From a financial point of view, COVID-19 has had a negligible impact on our company. We are grateful to our teams and our clients that they proved able and willing to work together remotely and continue our services. However, the outlook is uncertain and we are alert to any developments in the market. We are also taking additional measures to safeguard the mental and physical health of our people.

Our solid financial results have resulted in a strong balance sheet, which gives us an adequate buffer, even in this period of uncertainty. This is why Ordina now proposes to pay out the previously cancelled dividend of 9.5 eurocents per share in the fourth quarter of 2020. Our cash position and our returns are improving. But we are also keeping a close eye on the second wave of COVID-19 pandemic, for both risks and opportunities. We will give an update on our dividend policy in the first quarter of 2021.”

GROUP PERFORMANCE

Revenue

Revenue fell by 0.6% to EUR 276.4 million (YTD 2019: 278.2 million). This included considerable growth in revenue from our business propositions and a decline in revenue from external employees. This movement is in line with our strategy. We saw a sharp increase in revenue from our business propositions to 38% of total YTD revenues in 2020, from 32% of YTD revenues in 2019. Total revenue declined by 3.3% to EUR 88.3 million in the third quarter (Q3 2019: EUR 91.3 million).

Revenue per market

	YTD 2020	YTD 2019 ¹	Change YTD 2020 vs. YTD 2019	Q3 2020	Q3 2019 ¹	Change Q3 2020 vs. Q3 2019
<i>(in thousands of euro)</i>						
Public sector	111,658	110,536	1.0%	35,217	37,037	-4.9%
Financial services	74,590	80,824	-7.7%	24,104	26,102	-7.7%
Industry	90,122	86,797	3.8%	29,009	28,167	3.0%
Total	276,370	278,157	-0.6%	88,330	91,306	-3.3%

¹ For comparison purposes, the 2019 figures have been adjusted by reclassifying clients that were previously reported in the healthcare market.

Revenue from our public sector clients increased by 1.0% to EUR 111.7 million (YTD 2019: EUR 110.5 million). Revenue was down 4.9% in the third quarter, due to the fact that a number of contracts were not extended (Business platforms). In this sector, we saw a sharp increase in revenue from our High performance teams.

Revenue from our public sector clients fell by 7.7% to EUR 74.6 million (YTD 2019: EUR 80.8 million). We saw a sharp increase in revenue from our business propositions in this market, primarily from our teams with data-driven solutions. In this sector in particular, we are working with fewer external employees.

Revenue from our clients in the Industry market came in 3.8% higher at EUR 90.1 million (YTD 2019: EUR 86.8 million). The revenue increase in the Industry market came primarily from our Business platforms and Cybersecurity & compliance business propositions.

Employees

	Year-end 2019	Net change	End-Q3 2020
Direct FTEs	2,340	-58	2,282
Indirect FTEs	289	+5	294
Total	2,629	-53	2,576

At the end of Q3 2020, the number of employees stood at 2,576 FTEs (end-Q3 2019: 2,602 FTEs). This included a drop in the number of direct employees by 58 FTEs compared with year-end 2019. Earlier this year, Ordina put its recruitment efforts on hold, especially for young professionals. In the autumn, Ordina once again put its full focus on the recruitment of new colleagues, via the launch of a labour market campaign.

EBITDA

EBITDA came in EUR 7.1 million higher at EUR 34.2 million (YTD 2019: EUR 27.1 million). The EBITDA margin increased by 2.7%pt to 12.4%. In the third quarter, EBITDA increased by EUR 1.3 million and the EBITDA margin came in 1.9% higher at 12.8%. The strong improvement in our result is thanks to the increasing deployment of our professionals in teams, contracts based on our business propositions, high productivity and less revenue from external employees.

Net profit

Net profit came in EUR 5.3 million higher at EUR 15.3 million (YTD 2019: EUR 10.0 million), fully in line with the increase in our operating result (EBITDA).

PERFORMANCE PER REGION

Revenue

	YTD 2020	YTD 2019	Change YTD 2020 vs. YTD 2019	Q3 2020	Q3 2019	Change Q3 2020 vs. Q3 2019
<i>(in thousands of euro)</i>						
The Netherlands	183,108	193,588	-5.4%	58,311	63,882	-8.7%
Belgium/Luxembourg	93,262	84,569	10.3%	30,019	27,424	9.5%
Total	276,370	278,157	-0.6%	88,330	91,306	-3.3%

In **the Netherlands**, revenue declined by 5.4% to EUR 183.1 million due to the reduction of revenue from external employees and the end of a number of contracts (Business platforms). On the other hand, we saw a sharp increase in the revenue from High performance teams and data-driven solutions.

In **Belgium/Luxembourg**, revenue came in 10.3% higher at EUR 93.3 million, driven by growth in the number of direct employees and higher revenue from the Cybersecurity & compliance and Business platforms business propositions.

CASH FLOW, NET CASH POSITION AND DIVIDEND

Ordina's free cash flow increased to EUR 37.8 million in the YTD (YTD 2019: EUR 20.0 million). The company's net cash position stood at EUR 40.3 million at end-Q3 2020 (end-Q3 2019: EUR 10.9 million). This increase was driven by strict working capital management, the higher result and the fact that Ordina took the precautionary measure of withdrawing its proposal to pay out a dividend for 2019.

Our solid financial results have resulted in a strong balance sheet, which also offers us an adequate buffer in this period of uncertainty. This is why Ordina now proposes to pay out an interim dividend of 9.5 eurocents per share in the fourth quarter of 2020, in line with the previous dividend proposal. Ordina will put the proposal to its Extraordinary General Meeting to be held on 10 December 2020. You can find more information on this subject on Ordina's corporate website. Should the proposal be adopted the Ordina share will be listed ex dividend on 14 December 2020, the registration date will be 15 December 2020 and the dividend will be payable on 22 December 2020.

The net debt /adjusted EBITDA ratio currently stands at -1.2 (maximum leverage ratio ≤ 2.50) and the Interest Cover Ratio stands at 281.0 (minimum ICR ≥ 5.0). This means the ratios remain easily within the parameters of our bank covenants.

The financing agreement that Ordina closed in July 2019 has a term of five years, with an initial term of three years and an option to extend twice by one year. In October 2020, Ordina agreed the first one-year extension to July 2023.

ADDITIONAL INFORMATION

Overview of working days in 2020 and 2019

	2020		2019	
	NL	B	NL	B
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

Press conference call and analyst conference call

09:00 hrs CET – Press conference call

Ordina will explain the results at 09:00 hrs CET on 29 October 2020 during a press conference call: +31 (20) 531 5856.

10:00 hrs CET – Analyst conference call

Ordina will explain the results at 10:00 hrs CET on 29 October 2020 during an analyst conference call: +31 (20) 531 5850.

CONTACT DETAILS

For more information on this press release:

JOYCE VAN DONK-VAN WIJNEN, INVESTOR RELATIONS

M joyce.van.wijnen@ordina.nl

T +31 (0)30 663 7000

EVELINE ROGIER, CORPORATE COMMUNICATIONS

M eveline.rogier@ordina.nl

T +31 (0)30 663 7000

ANNEMIEKE DEN OTTER, CFO

M annemieke.den.otter@ordina.nl

T +31 (0)30 663 7111

JO MAES, CEO

M jo.maes@ordina.nl

T +31 (0)30 663 7111