

PRESS RELEASE

Ordina N.V. publishes results third quarter 2017

Revenue and results stabilise

Nieuwegein, 2 November 2017

Highlights Q3 2017

- EBITDA rises to EUR 2.7 million (Q3 2016: EUR 2.5 million);
- EBITDA margin rises to 3.3% (Q3 2016: 3.1%);
- Revenue rises 0.2% to EUR 81.8 million (Q3 2016: EUR 81.6 million);
 - Revenue the Netherlands EUR 61.0 million (Q3 2016: EUR 60.8 million);
 - Revenue Belgium/Luxembourg EUR 20.8 million (Q3 2016: EUR 20.9 million);
- Net debt position improved to EUR 2.5 million (Q3 2016: EUR 5.9 million);
- More than 60 High Performance Teams deployed at clients;
- Employee engagement 6.8.

Highlights YTD 2017

- Net profit declines to EUR 1.6 million (YTD 2016: EUR 3.3 million);
- EBITDA declines to EUR 9.6 million (YTD 2016: EUR 10.8 million);
- EBITDA margin declines to 3.8% (YTD 2016: 4.2%);
- Revenue declines by 1.8% to EUR 254.7 million (YTD 2016: EUR 259.4 million);
 - Revenue the Netherlands EUR 187.6 million (YTD 2016: EUR 194.3 million);
 - Revenue Belgium/Luxembourg EUR 67.0 million (YTD 2016: EUR 65.1 million);
- Growth among our public sector clients continues.

Jo Maes, CEO Ordina, about the results

“We recorded a slight increase in revenue and returns in the third quarter, while growth in the public sector continued. In Belgium, revenue stabilised and the result remained good. Demand in the market is high, but the tightness on the labour market remains challenging.

We have increased the number of new employees, but the outflow remains an issue that requires attention. We are also continuing to focus on the development of our professionals. For instance, employees are retrained or receive additional training in groups to ensure their skills match the expertise currently in high demand in the market.

We are currently implementing our go-to-market strategy with five propositions. The recently launched High Performance Teams proposition has got off to a strong start, with more than 60 teams currently active. These multi-disciplinary teams received considerable attention during our largest client event of the year, the Ordina Innovation Days, which attracted more than 500 clients and business contacts. Our clients said they believe Ordina is ahead of the market with this new proposition.

In the coming period, we will expand our leading position in logistics with the Intelligent Data-Driven Organisations proposition, which combines our expertise in business analytics, data platforms, the Internet of Things, GEO IT and artificial intelligence. We have continued to develop the other propositions, Security & Privacy, Digital Acceleration and Business Platforms, and these have now all resulted in contracts.”

Developments Q3 2017

Revenue increased by 0.2% to EUR 81.8 million in the third quarter (Q3 2016: EUR 81.6 million). EBITDA (after deduction of redundancy costs) rose to EUR 2.7 million (Q3 2016: EUR 2.5 million). Redundancy costs came in at EUR 1.2 million Q3 2017 (Q3 2016: EUR 1.7 million). The number of workable days in Q3 was 65 in the Netherlands (Q3 2016: 66) and 63 in Belgium/Luxembourg (Q3 2016: 64). The impact on revenue of one workable day is around EUR 1.3 million and the impact on EBITDA is around EUR 0.9 million.

Developments YTD 2017

In the YTD, revenue declined by 1.8% to EUR 254.7 million (YTD 2016: EUR 259.4 million). EBITDA (after deduction of redundancy costs) dropped to EUR 9.6 million (YTD 2016: EUR 10.8 million). Redundancy costs came in at EUR 4.5 million (YTD 2016: EUR 5.2 million). The number of workable days in the YTD was 191 in the Netherlands (YTD 2016: 191) and 188 in Belgium/Luxembourg (YTD 2016: 189).

Revenue per sector

	Q3 2016 ¹	Q3 2017	Δ %	YTD 2016 ¹	YTD 2017	Δ %
<i>(in thousands of euros)</i>						
Public sector	27,665	29,857	7.9%	87,371	91,991	5.3%
Financial services	23,926	23,562	-1.5%	78,130	70,235	-10.1%
Industry	23,943	23,095	-3.5%	75,404	75,330	-0.1%
Healthcare	6,107	5,260	-13.9%	18,488	17,127	-7.4%
Total	81,641	81,774	0.2%	259,393	254,683	-1.8%

¹ 2016 figures have been adjusted for comparison purposes, on the basis of a new division of market sectors.

Revenue in the public sector segment increased 7.9% to EUR 29.9 million in Q3 2017 (Q3 2016: EUR 27.7 million). The growth in the sector continued on the back of the successful implementation of the IT hiring framework agreements and the deployment of High Performance Teams at a number of public sector clients. Revenue in the financial services segment declined 1.5% to EUR 23.6 million (Q3 2016: EUR 23.9 million). The decline in revenue in this market is levelling off when compared with previous quarters. In the industry segment, revenue declined by 3.5% to EUR 23.1 million (Q3 2016: EUR 23.9 million). The decline in this segment was largely due to lower revenue in the energy and telecoms sectors. Revenue is increasing in the logistics sector and we see opportunities to expand our leading position in that segment via our Intelligent Data-Driven Organisations proposition. Revenue in the healthcare segment was down 13.9% at EUR 5.3 million (Q3 2016: EUR 6.1 million). Our focus in this market is on broadening our client portfolio for the expertise we have built up in validation consultancy.

Revenue per division

	Q3 2016 ¹	Q3 2017	Δ %	YTD 2016 ¹	YTD 2017	Δ %
<i>(in thousands of euros)</i>						
Netherlands	60,787	60,956	0.3%	194,341	187,649	-3.4%
Delivery	56,143	56,030	-0.2%	179,699	172,691	-3.9%
Innovation cluster	4,644	4,926	6.1%	14,642	14,958	2.2%
Belgium/Luxembourg	20,854	20,818	-0.2%	65,052	67,034	3.0%
Total	81,641	81,774	0.2%	259,393	254,683	-1.8%

¹ 2016 figures have been adjusted for comparison purposes, on the basis of the new organisational structure.

	2016		2017	
	NL	B	NL	B
Total workable days				
Q1	63	63	65	64
Q2	62	62	61	61
Q3	66	64	65	63
Q4	64	62	63	62
Total	255	251	254	250

The Netherlands

In the Netherlands, we report at divisional level for Delivery and the Innovation cluster.

Revenue at Delivery stabilised in Q3 and came in at EUR 56.0 million (Q3 2016: EUR 56.1 million). The sharper focus on productivity has led to an improvement in results. Revenue remained stable despite a decline in the number of direct employees.

Revenue from the Innovation cluster came in 6.1% higher at EUR 4.9 million (Q3 2016: EUR 4.6 million) on the back of contracts in the public sector in the field of Virtual Reality and Augmented Reality and contracts in the logistics sector.

Belgium/Luxembourg

In Belgium/Luxembourg, revenue stabilised in Q3 and came in at EUR 20.8 million (Q3 2016: EUR 20.9 million). In Belgium/Luxembourg, the average number of employees increased when compared to Q3 2016, while revenue recorded via external staff declined.

Employees

At the end of Q3 2016, Ordina had a total of 2,580 FTEs (end-Q3 2016: 2,707 FTEs). The total influx in Q3 was 120 FTEs and the outflow was 145 FTEs; on balance, this constitutes a decline of 25 FTEs compared to the end of Q2 2017. In Q3, Ordina measured employee engagement in 2017 and the score was 6.8, the same as the employee engagement score in 2016.

Movements in the number of employees

	Q2 2017	Influx	Outflow	Q3 2017
Direct FTEs	2,288	108	129	2,266
Indirect FTEs	317	12	16	314
Total	2,605	120	145	2,580

Financing

Net debt stood at EUR 2.5 million at the end of Q3 2017, an improvement of EUR 3.4 million compared to Q3 2016 (EUR 5.9 million). This was largely due to tight working capital management.

The ratio of net debt/adjusted EBITDA was 0.2 (maximum leverage ratio: ≤ 2.50) and the Interest Cover Ratio stood at 45.4 (minimum interest cover ratio: ≥ 5.0). The ratios are therefore well within the covenants agreed with the banks.

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About Ordina

Ordina is the largest independent IT services provider in de Benelux, with around 2,700 employees. We devise, build and manage IT applications in the public sector, financial services sector, in industry and in the healthcare sector. Our goal is IT that truly helps people. IT that matters and that has been developed without wasting 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 2016, Ordina recorded revenues of EUR 344 million. You will find additional information on our corporate website: www.ordina.com.

Additional information

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Financial calendar

15 February 2018	Publication 2017 full year results
26 April 2018	Trading update Q1
26 April 2018	General Meeting of Shareholders

Media call

09:00 hours CET – Media call

Ordina will discuss the results on Thursday 2 November 2017 at 09:00 CET during a media call (call number +31 20 531 5864).

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.