

Annual Results Ordina N.V.

2018

CONTENTS

About Ordina	3
Key figures Ordina N.V.	4
Highlights FY 2018	5
Highlights Q4 2018	5
Jo Maes, Ordina CEO, on the results	5
Developments Q4 2018	6
Developments FY 2018	6
Market developments	7
Employees	9
Financial developments	9
Additional information	12

ABOUT ORDINA

Ordina is the largest 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, 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 2018, Ordina recorded revenues of EUR 359 million. For more information, please go to: www.ordina.nl.

KEY FIGURES ORDINA N.V.

	FY 2017 ¹	FY 2018	Change FY 2018 on FY 2017 ¹
<i>(in thousands of euros, unless indicated otherwise)</i>			
Revenue the Netherlands	252,292	256,423	1.6%
Revenue Belgium / Luxembourg	89,729	102,099	13.8%
Total Revenue	342,021	358,522	4.8%
EBITDA the Netherlands	5,697	6,512	
EBITDA Margin the Netherlands	2.3%	2.5%	
EBITDA Belgium / Luxembourg	8,833	12,149	
EBITDA Margin Belgium / Luxembourg	9.8%	11.9%	
EBITDA	14,530	18,661	4,131
EBITDA margin	4.2%	5.2%	1.0%
Redundancy costs	5,899	2,484	
Net profit	3,108	6,873	3,765
Shareholders' equity	147,717	153,030	
Capital asset ratio	64	66	
Intangible fixed assets	131,796	130,370	-1.1%
Tangible fixed assets	4,959	4,871	-1.8%
Total assets	229,995	233,378	1.5%
Days Sales Outstanding (DSO)	54	55	
Days Payables Outstanding (DPO)	59	55	
Total net cash at year-end ¹	10,889	18,488	7,599
Total net debt to adjusted EBITDA	-0.8	-0.9	
Average number of staff (FTE)	2,560	2,542	
Average number of direct staff (FTE)	2,263	2,251	
Average number of indirect staff (FTE)	297	291	
Number of staff at end of reporting period (FTE)	2,559	2,647	88
Number of direct staff at end of reporting period (FTE)	2,276	2,345	69
Number of indirect staff at end of reporting period (FTE)	283	302	19
Number of shares outstanding at end of reporting period (in thousands)	93,256	93,256	
Per-share information (based on average number of issued shares) in euros			
Shareholders' equity	1.58	1.64	
Cash generated from operating activities	0.21	0.18	
Earnings	0.03	0.07	
Earnings - diluted	0.03	0.07	

¹The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments', resulting in a EUR 2.9 million reduction in revenue and operating expenses and a EUR 2,000 reduction in net profit.

Higher revenue and net profit due to targeted propositions

Nieuwegein, 14 February 2019

Highlights FY 2018

- Revenue up 4.8% at EUR 358.5 million (2017: EUR 342.0 million);
 - Revenue the Netherlands rises 1.6% to EUR 256.4 million (2017: EUR 252.3 million);
 - Revenue Belgium/Luxembourg rises 13.8% to EUR 102.1 million (2017: EUR 89.7 million);
- EBITDA rises to EUR 18.7 million (2017: EUR 14.5 million);
- EBITDA margin increases to 5.2% (2017: 4.2%);
- Net profit rises to EUR 6.9 million (2017: 3.1 million). Normalised for the effect of the impairment of deferred tax assets (due to lower corporate income tax rates as of 2020) the net profit is EUR 9.1 million;
- Net cash position rises to EUR 18.5 million at year-end 2018 (year-end 2017: EUR 10.9 million);
- Ordina proposes to pay out dividend 5 eurocents per share (68% of the net profit);
- Employee engagement score increases to 7.1 (2017: 6.8).

Highlights Q4 2018

- Revenue rises 3.7% to EUR 93.2 million (Q4 2017: EUR 89.8 million);
 - Revenue the Netherlands up 0.4% at EUR 66.7 million (Q4 2017: EUR 66.4 million);
 - Revenue Belgium/Luxembourg up 13.2% at EUR 26.5 million (Q4 2017: EUR 23.4 million);
- EBITDA rises to EUR 5.8 million (Q4 2017: EUR 4.9 million);
- EBITDA margin up at 6.2% (Q4 2017: 5.4%);
- Growth at our clients in the public sector and in financial services.

JO MAES, ORDINA CEO, ON THE RESULTS

“We can look back on a successful year, in which our five business propositions proved their added value: a sharp rise in our profitability, higher revenue and higher satisfaction scores for both our clients and our employees. High performance teams, Intelligent data-driven organisations, Digital acceleration, Business platforms and Security & privacy are our five business propositions that currently account for a third of our revenue. We are looking to increase that share in the years ahead. For instance, on the basis of our business proposition Intelligent data-driven organisations, we are set to deliver an IT solution for the planning of customs checks for the Dutch tax authorities. We have also now successfully deployed 63 High performance teams in various sectors in the Benelux.

The steady rise of digitalisation means that the pace of change is now incredibly rapid and getting faster. Our clients have to respond quickly to changes in their market to make sure that they build or maintain a sustainable edge in the market. At Ordina, we are used to looking ahead to stay ahead of changes for our clients, thanks in part to our business propositions. Our new pay-off - Ordina, Ahead of change – is a clear expression of our ambition to help our clients stay ahead of the changes in their business.

Thanks to a profitable fourth quarter, Ordina’s net profit more than doubled in 2018. Our Belgium/Luxembourg operation delivered a strong performance last year, with revenue growth of 13.8% in 2018. This increase was driven by the growing demand for our business propositions, the increase in the number of our own employees and high productivity. In the Netherlands, we also recorded a further rise in margin thanks to our business propositions, which have responded effectively to market demand. In the Netherlands, we also saw an improvement in rates, higher productivity and a growing demand for our services in the financial sector and the public sector markets.

Ordina is in good financial shape, partly thanks to a considerable improvement in our margins. However, we are still not satisfied with the margins in the Netherlands, which are influenced by factors such as the recruitment and training of Young professionals by TalentPower. In 2018, Ordina hired and trained a total of 235 Young professionals to help clients deal with their digitalisation issues within a few months. The realisation of profitable growth is and will remain our top priority. On a positive note, our efforts to record growth with our own employees started paying off in 2018. Since mid-2018, Ordina recorded an increase in its own employees for the first time in quite some time. An good performance in such a tight labour market.”

DEVELOPMENTS Q4 2018

Revenue Q4 2018

Revenue came in 3.7% higher at EUR 93.2 million in the fourth quarter of 2018 (Q4 2017: EUR 89.8 million). The number of workable days amounted to 64 in the Netherlands (Q4 2017: 63) and 63 in Belgium/Luxembourg (Q4 2017: 62). The impact of one working day amounts to around EUR 1.3 million in revenue and EUR 1.0 million in EBITDA.

Revenue per division

	Q4 2017 ¹	Q4 2018	Change Q4 2018 on Q4 2017 ¹
<i>(in thousands of euros)</i>			
the Netherlands	66,428	66,699	0.4%
Belgium/Luxembourg	23,395	26,491	13.2%
TOTAL	89,823	93,190	3.7%

¹The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with clients', resulting in a EUR 0.4 million reduction in revenue.

EBITDA Q4 2018

EBITDA (after redundancy costs) increased to EUR 5.8 million in the fourth quarter (Q4 2017: EUR 4.9 million). Redundancy costs came in at EUR 0.7 million (Q4 2017: EUR 1.4 million). The EBITDA margin rose to 6.2% (Q4 2017: 5.4%).

EBITDA per division

	Q4 2017		Q4 2018	
<i>(in thousands of euros)</i>				
the Netherlands	2,429	3.7%	2,997	4.5%
Belgium/Luxembourg	2,456	10.5%	2,756	10.4%
TOTAL	4,885	5.4%	5,753	6.2%

DEVELOPMENTS FY 2018

Revenue FY 2018

In 2018, revenue was up 4.8% at EUR 358.5 million (2017: EUR 342.0 million). The number of workable days was 254 in the Netherlands (2017: 254) and 251 in Belgium/Luxembourg (2017: 250). The impact of one working day in Belgium/Luxembourg amounts to around EUR 0.4 million in revenue and EUR 0.3 million in EBITDA.

Revenue per division

	FY 2017 ¹	FY 2018	Change FY 2018 on FY 2017 ¹
<i>(in thousands of euros)</i>			
the Netherlands	252,292	256,423	1.6%
Belgium/Luxembourg	89,729	102,099	13.8%
TOTAL	342,021	358,522	4.8%

¹ The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with clients', resulting in a EUR 2.9 million reduction in revenue.

EBITDA FY 2018

EBITDA (after redundancy costs) rose to EUR 18.7 million in 2018 (2017: EUR 14.5 million). Redundancy costs came in at EUR 2.5 million (2017: EUR 5.9 million). The EBITDA margin rose to 5.2% (2017: 4.2%).

Since the summer of last year, Ordina has recorded an increase in the number of its own employees for the first time in quite some time in both the Netherlands and in Belgium/Luxembourg, despite the tightness on the labour market.

Ordina's EBITDA for 2017 was positively impacted by a number of exceptional items totalling a net amount of EUR 3.1 million. These exceptional items included the release of the provision for vacant office space.

EBITDA per division

	FY 2017		FY 2018	
<i>(in thousands of euros)</i>				
the Netherlands	5,697	2.3%	6,512	2.5%
Belgium/Luxembourg	8,833	9.8%	12,149	11.9%
TOTAL	14,530	4.2%	18,661	5.2%

The Netherlands

In the Netherlands, revenue was up by 1.6% at EUR 256.4 million (2017: EUR 252.3 million). The EBITDA margin increased to 2.5% (2017: 2.3%).

The higher margin was driven by the increase in productivity and underlying rates. On top of this, Ordina chose to invest in the recruitment and training of young talents. In April 2018, Ordina launched the TalentPower unit and this unit has been highly successful in the recruitment, training and deployment of our Young Professionals.

Belgium/Luxembourg

In Belgium/Luxembourg, revenue was up by 13.8% at EUR 102.1 million (2017: EUR 89.7 million). EBITDA rose to 12.1 million (2017: EUR 8.8 million). The higher margin was largely driven by the growth in the number of Ordina's own employees and high productivity.

MARKET DEVELOPMENTS

Revenue Q4 2018

Revenue came in 3.7% higher at EUR 93.2 million in the fourth quarter of 2018 (Q4 2017: EUR 89.8 million). Ordina recorded strong growth in the public sector, the financial services and the healthcare sector. Revenue in the industry sector was stable compared with the previous year.

Revenue per market

	Q4 2017 ¹	Q4 2018	Change Q4 2018 on Q4 2017 ¹
<i>(in thousands of euros)</i>			
Public	34,821	35,916	3.1%
Financial services	25,475	27,224	6.9%
Industry	24,173	24,260	0.4%
Healthcare	5,354	5,790	8.1%
TOTAL	89,823	93,190	3.7%

¹The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 0.4 million reduction in revenue. In addition, the 2017 figures have been adjusted for purposes of comparison on the basis of a re-classification of a number of clients.

Revenue FY 2018

In 2018, revenue came in 4.8% higher at EUR 358.5 million (2017: EUR 342.0 million). In 2018, there were 254 workable days in the Netherlands (2017: 254) and 251 workable days in Belgium/Luxembourg (2017: 250).

Revenue per market

	FY 2017 ¹	FY 2018	Change FY 2018 on FY 2017 ¹
<i>(in thousands of euros)</i>			
Public	125,035	136,935	9.5%
Financial services	95,743	101,863	6.4%
Industry	98,780	97,128	-1.7%
Healthcare	22,463	22,596	0.6%
TOTAL	342,021	358,522	4.8%

¹ The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 2.9 million reduction in revenue. In addition, the 2017 figures have been adjusted for purposes of comparison on the basis of a reclassification of a number of clients.

Public sector

The revenue from the public sector rose by 9.5% to EUR 136.9 million in 2018 (2017: EUR 125.0 million). This growth was due to framework contracts, an increasing number of contracts based on the High performance teams business proposition and increased management activities on the basis of Business platforms. The digitalisation of the public sector is translating into an increasing number of concrete projects. Ordina's status as a local player makes it a logical partner for complex IT issues. One of our flagship projects in the Netherlands was for the Dutch Ministry of Public Works and Waterways, based on our Intelligent data-driven organisations business proposition. For this client, Ordina developed a new portal, which enables the Dutch road authorities to plan and execute their plans for the Dutch road network more efficiently and effectively. Ordina is also set to deliver a planning solution for customs checks to the Dutch tax authorities, which is a sizeable project and management contract for the coming eight years. In Belux, Ordina realised a project for national health insurance group De Onafhankelijke Ziekenfondsen for the exchange of B2B data messages with various partners by providing access to the existing functionalities and monitoring console via an API. This will simplify the creation of new user interfaces for applications. And it will be easy to migrate to new front-end technology if this proves necessary at some point in the future.

Financial services

Revenue from the financial services sector increased by 6.4% to EUR 101.9 million in 2018 (2017: EUR 95.7 million). In Belgium/Luxembourg, where this market is still relatively small in volume, revenues from the financial services sector increased strongly in 2018. In the Netherlands, the revenue level remained stable. IT has now become a core business for banks and insurance firms. Ordina is responding effectively to this trend with its High performance teams, which are able to quickly generate traction in management environments or in the acceleration of mobile applications. For instance, Ordina developed mobile apps for healthcare insurer VGZ using a number of High performance teams. Ordina also helped VGZ to set up a chatbot and to design a cloud environment. A perfect example of a new application is the *Zorgzoeker* (healthcare finder) app that Ordina developed using the Mendix low-code platform, and which helps insurance policy holders to find the right healthcare provider. Ordina executed two migrations in the mortgage domain for a bank, migrating the bank's mortgage portfolio to its standard back office application. At a Belgian insurance firm, Ordina conducted a strategic study into mobility. This looked at how the company could develop new mobility-related products and services, via (electric) bikes and the link with health and the environment.

Industry

The revenue from the industry sector declined by 1.7% to EUR 97.1 million (2017: EUR 98.8 million). Revenue was up in Belgium/Luxembourg. Revenues were down in the Netherlands due to Ordina's declining position with several multinationals. This sector is marked by a growing need to accelerate digital transformation by migrating systems to the cloud and simultaneously applying new technologies. Ordina also realised a number of projects in the Digital acceleration domain. Ordina developed a software robot for telecom provider VodafoneZiggo, which has accelerated the processing of requests for telecom and internet connections in the business market to 10 minutes from the previous 7.5 hours. In Belux, Ordina set up a fully integrated solution for the Luxembourg-based Rotarex group, a specialist in multi-functional valves, to support all its operating processes. In addition to the implementation of the SAP S4/HANA modules, Ordina is set to support Rotarex with its digital transformation and the integration of new technological innovations in cooperation with SAP.

Healthcare

The revenue from the healthcare sector increased slightly by 0.6% to EUR 22.6 million in 2018 (2017: EUR 22.5 million) thanks to growth in the pharmaceutical industry in Belgium/Luxembourg. This growth was realised by broadening our portfolio with existing clients and a successful expansion into the Wallonia region on the compliance consultancy front. One of the world's largest pharmaceutical companies, with a strong presence in Belgium and the Netherlands, decided to outsource the management of all its laboratory equipment and associated software in all its R&D laboratories in Belgium to Ordina. These consultancy, maintenance and support activities that Ordina is set to provide stem from the strict legislation that applies to such systems in the context of patient safety. In the Netherlands, Ordina is repositioning itself in the healthcare market by focusing on niche consulting at the cutting edge of business and IT.

EMPLOYEES

At year-end 2018, the number of direct employees had increased by 69 FTEs, while the number of indirect employees had increased by 19 FTEs. At year-end 2018, the total number of employees stood at 2,647 FTEs (year-end 2017: 2,559 FTEs).

The average number of employees was 2,542 in 2018 (2017: 2,560). The average number of direct employees fell by 12 FTEs to 2,251 FTEs. The average number of indirect FTEs fell by 6 FTEs to 291 FTEs. The average age of our employees had fallen to 39.9 years at year-end 2018 (year-end 2017: 40.5 years).

	FTE year-end 2017	Net change	FTE year-end 2018
Direct FTE	2,276	69	2,345
Indirect FTE	283	19	302
TOTAL	2,559	88	2,647

FINANCIAL DEVELOPMENTS

Revenue development

In 2018, revenue came in 4.8% higher at EUR 358.5 million (2017: EUR 342.0 million).

EBITDA

EBITDA (after redundancy costs) amounted to EUR 18.7 million in 2018 (2017: EUR 14.5 million).

From EBITDA to net profit

	FY 2017 ¹	FY 2018
<i>(in thousands of euros)</i>		
EBITDA	14,530	18,661
Depreciation & amortisation	-7,606	-4,121
EBIT	6,924	14,540
Finance costs - net	-443	-236
Share of profit of associates	-26	-7
Earnings before taxes	6,455	14,297
Taxes	-3,347	-5,196
Net profit before impairment of deferred tax assets	3,108	9,101
Impairment of deferred tax assets	-	-2,228
Net profit	3,108	6,873

¹ The figures for 2017 have been adjusted for the application of IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments', resulting in a EUR 2.9 million reduction in revenue and operating expenses and a EUR 2,000 reduction in net profit.

Redundancy costs

Redundancy costs amounted to EUR 2.5 million in 2018 (2017: EUR 5.9 million).

Amortisation

Amortisation amounted to EUR 4.1 million in 2018 (2017: EUR 7.6 million). Amortisation costs were higher in 2017, due to the decommissioning of a part of our ERP application. This led to the accelerated amortisation of a part of the ERP application.

Taxes

The taxes Ordina paid increased sharply in 2018. This was partly due to the higher result and partly due to the change in legislation related to the reduction of Dutch corporate income tax rates in future years. This reduction led to an impairment in deferred tax assets of EUR 2.2 million.

Net profit & dividend

Net profit came in at EUR 6.9 million in 2018 (2017: EUR 3.1 million). Net earnings per share (EPS) were EUR 0.07 in 2018 (2017: EUR 0.03).

Ordina will propose to the Annual General Meeting of Shareholders to pay out a dividend of five eurocents (EUR 0.05) per share in cash, to be charged to the profit for 2018. This equates to a pay-out ratio of around 68% of the net profit. The remainder of the profit will be added to the general reserves. The current dividend policy includes a pay-out ratio of 40%-60% of the net profit. We will retain this dividend policy, but when determining the dividend proposal, we took into account the (non-cash) impact of the impairment of the deferred tax assets on the net profit.

Shares

In the year under review, Ordina did not issue any new shares (2017: nil). The company is planning to repurchase 55,432 ordinary shares in Ordina N.V. in the context of the share plans for the Management Board. This is to prevent any dilution of its shares.

Workable days

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

Productivity

Productivity increased to 68.6% in 2018 (2017: 68.0%). Despite the higher productivity, Ordina also recorded a slight increase in availability to 9.4% in 2018 from 9.2% in 2017.

Net cash and cash flow

At year-end 2018, Ordina had a net cash position of EUR 18.5 million (year-end 2017: EUR 10.9 million). This improvement was driven by the improved results and strict working capital management.

(rounded up, in EUR millions)

Year-end 2017	10.9
Net result	6.9
Depreciation	4.1
Working capital, provisions & other	1.8-
Interest & income taxes	3.1
Net investments	2.8-
Cashflow from financing activities	1.9-
Year-end 2018	18.5

Ordina's ratio of net debt to 'adjusted' EBITDA, as formulated in the financing agreement, stood at -0.9 at 31 December 2018 and was therefore below the maximum of 2.50 agreed with Ordina's financiers. The Interest Cover Ratio (ICR) stood at 106.6 at 31 December 2018. This was therefore below the minimum of 5.0.

Overview of the ratios compared with the covenants agreed with Ordina's financiers:

	Realisation 2018	Finance agreement
Leverage ratio	-0.9	<= 2.5
Interest Cover Ratio	106.6	>= 5.0
Guarantor Cover Ratio	93%	>=80%
Security Cover Ratio	76%	>= 70%

ADDITIONAL INFORMATION

For detailed information, including the consolidated balance sheet, statement of income and other explanatory notes, please go to our website www.ordina.nl where the 2018 annual report has been published.

For more information on this press release:

Joyce van Wijnen, Investor Relations

Mail: joyce.van.wijnen@ordina.nl

Telephone: +31 (0)30 663 7000

Eveline Rogier, Communications

Mail: eveline.rogier@ordina.nl

Telephone: +31 (0)30 663 7000

Annemieke den Otter, CFO

Mail: annemieke.den.otter@ordina.nl

Telephone: +31 (0)30 663 7111

Jo Maes, CEO

Mail: jo.maes@ordina.nl

Telephone: +31 (0)30 663 7111

Financial calendar

4 April 2019	General Meeting of Shareholders
25 April 2019	Trading update Q1
1 August 2019	Publication interim results 2019
31 October 2019	Trading update Q3
13 February 2020	Publication annual results 2019
2 April 2020	General Meeting of Shareholders

Press conference call and analyst's presentation

09:00 hours CET – Press conference

Ordina will explain the results on 14 February 2019 at 09:00 hours CET during a press conference call (call number +31 20 531 5850).

10:30 hours CET – Analysts presentation

Ordina will present its results on 14 February 2019 at 10:30 hours CET at the analysts meetings in the Wyndham Apollo Hotel, Apollolaan 2, in Amsterdam. You can follow this presentation via a webcast. You can follow the webcast via the link you will find at www.ordina.nl. The presentation will be available on our website after the webcast.

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.