

Capital Markets Day Ordina – 22 June 2021 - Questions

Thank you for attending (or watching the replay of) the capital markets day presentation.

During the presentation a number of questions were sent in via the chat function. Out of these questions a selection or combination of questions was made, and answered at the end of the presentation.

The following questions were answered at the end of the presentation and can be viewed in the replay (please watch the replay from 1:05:00 until 1:15:06):

- I. Regarding the growth ambition shared, what could be the role of off/near shoring? What is your view on this?
- II. You've provided an update for 2026 EBITDA margin goals of 12-14% and also revenue growth. Given your result of last year and the first quarter, is this bold enough?
- III. Given the progress on business proposition revenue, how will you be able to close this gap? In which sectors do you see opportunity to accelerate?
- IV. It seems there is plenty of opportunity in the IT Services industry to grow. Given your direct FTE development over the last couple of years, will resources become a constraint? How will you be able to distinguish yourself in the labour market to get the resources you need?
- V. When can we expect news in the M&A area? Ordina has little experience in this field, how will you approach this?
- VI. You've presented an update of your strategy until 2026. Are you still focusing on 2022 goals? Are you going to reach those goals? What is truly new in this update?

The questions that were sent in are stated below. For every question below either reference is made to one of the questions above or it is provided with an answer.

For any additional questions you can send us an email: investorrelations@ordina.nl

Questions that were answered during the presentation, with reference to the above stated questions.

Question 1

Remote working during Covid-19 seems to be more accepted as Jo mentioned. How do you look at expanding Ordina's business across Benelux area?

Reference to question I (see the replay of the presentation).

Question 2

Zooming in on your EBITDA margin target for 2026 of 12-14%, in 2020 the EBITDA margin was already c. 11.6% adjusted for Covid and 1Q21 saw another significant improvement with some tailwind. Isn't it then somewhat cautious to guide for 12-14% for the next 5 years while we should see more growth and thus operational leverage?

Reference to question II (see the replay of the presentation).

Question 3

What makes you confident you can achieve 65% in BP by 2022?

Reference to question III (see the replay of the presentation).

Question 4

On your growth ambition could you let us know if you see sourcing people as a constraint at the moment? What actions are you taking to source talents?

Reference to question IV (see the replay of the presentation).

Question 5

You set a new target for the business propositions as a % of sales for 2026. Does this imply you have dropped your 2022 target of 65%?

Reference to question VI (see the replay of the presentation).

Other questions

Question 6

What level of recruitment do you need to achieve in order to satisfy your growth objectives?

For organic FTE growth we will need low single digit growth in the next mid-term period. This needs to be accompanied by price increases, as a result of the revenue mix shift to more value added services, and M&A. The three focus areas combined are necessary to achieve our growth objective of 5-8% on an annual basis.

Question 7

Your sales growth target is including acquisitions. However, you indicate that expected growth is comparable and even on the high in your key segments. Therefore, do you expect organic growth to be below market growth?

Also see question 6, as well as reference to question II (see the replay of the presentation).

Question 8

What kind of price increases on average annually do you expect in the 2021-26 time frame?

Price increases are one of the three elements necessary to achieve our revenue target (also see question 6). These elements will all account for low single digit growth numbers, together making the 5-8% on an annual basis. Per year the levels of these growth rates can differ from each other.

Question 9

Mr Galicia presented that the IT services markets you are active in will grow with approx. 7-8% per annum. This is in line with your 2026 revenue target. In that perspective you should be able to realise this target on an organic basis, but M&A is also included. Could you please elaborate on this?

Also see question 6, as well as reference to question II (see the replay of the presentation).

Question 10

A tight labour market is a key issue. In Q1 the number of employees was still down. Can you provide some insight in the success of your recruitment campaign you launched in Q1? Do you already see an increase in your employee base?

We do not give any forward looking statements. The results of our first half year (including the number of employees) will be published on 29 July 2021.

Question 11 (questions asked by two participants)

*Is there further upside in the productivity level which was 70.1% in 2020?
How much room to improve do you still have in productivity per FTE?*

The step up we made in our productivity level over the last period has resulted in enhanced operational performance. We keep focusing on ways to optimize our productivity. As our revenue mix shifts towards more value added services, the balance between productivity levels and price levels will become a more important consideration. We still see some opportunities for optimization but also keep in mind that a balanced view is necessary as the revenue mix shifts and therefore increasing the productivity level is not a goal in itself.

Question 12

If you will go for acquisition of smaller competitors, will you then focus on Benelux, or even go anywhere outside Benelux.

We will focus on companies based in the Benelux as stated in our criteria.

Question 13

You are aiming to acquire companies with good profitability within the 2026 EBITDA target ranges. The current market valuation of Ordina from a multiple perspective is not that high with around 7.5x EBITDA. Are you willing to pay above these multiples for acquisitions or will you take a more disciplined approach? Please explain your line of thought.

We look at relatively small companies with a good profitability. Given the size of the target and growth opportunities we identify in the combination with Ordina we assess a fair price and deal structure. The multiple range we look at should be appropriate in comparison to the multiple of Ordina.

Question 14

Which of the 5 business propositions would you like to strengthen with a bolt-on acquisition? And how much in terms of multiples would you willing to pay for the business?

We look for a combination of sector expertise and a technology angle, based on experience and customer references. Beside High performance teams, all business propositions can be strengthened by possible acquisitions. Also see question 13.

Question 15

M&A is opportunistic. Your cash conversion is at a very high level. If M&A will not materialize as planned, will you choose to pay out excess cash through special dividends? Please explain.

Our dividend policy remains 40-60% of net profit. The remaining net profit will be addressed for our growth agenda. In case no investments are made and the cash position exceeds our working capital requirements and the necessary financial resources to invest in growth in the short term, we have the possibility to pay-out a special dividend.