

# Analyst presentation First-half results 2017

Amsterdam, 24 August 2017

# H1 2017

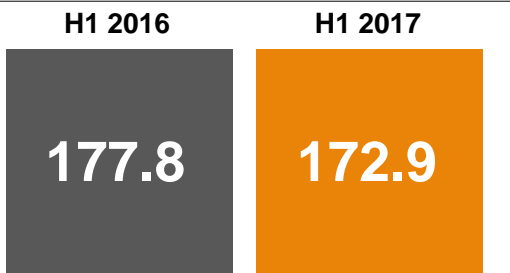
First half result under pressure  
Growth in public sector

Jo Maes

# First half result under pressure; growth in public sector

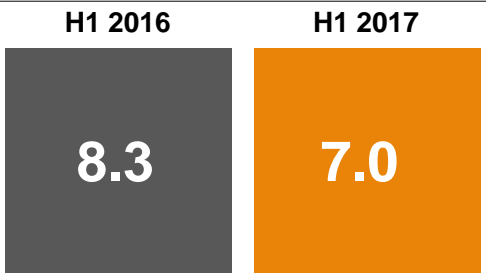
## Revenue\*

Rounded off, in millions of euro

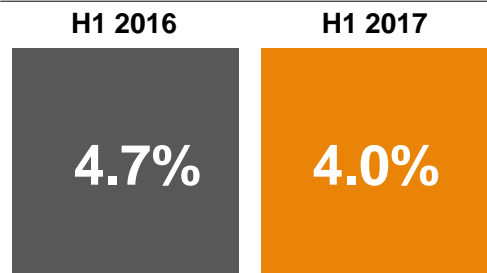


## EBITDA\*\*

Rounded off, in millions of euro

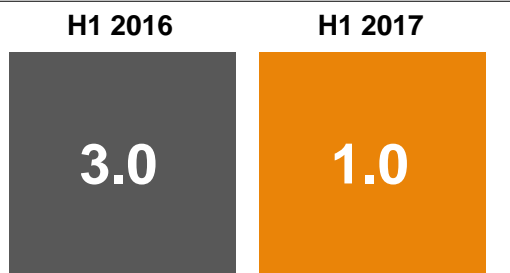


## EBITDA margin\*\*



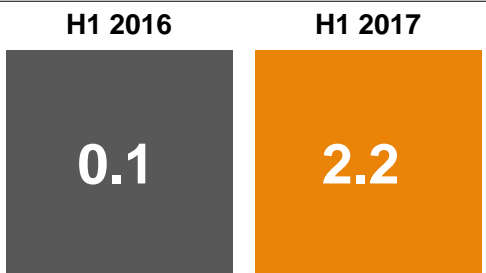
## Net profit

Rounded off, in millions of euro

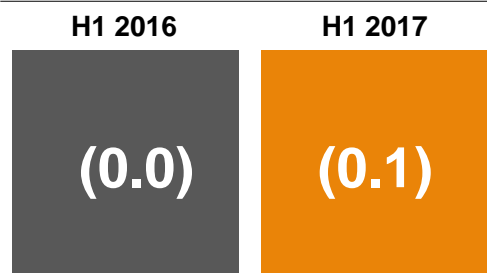


## Net cash

Rounded off, in millions of euro



## Leverage ratio\*\*\*



\* The number of workable days in the Netherlands was 126 (H1 2016: 125).

\*\* Including redundancy costs (H1 2017: EUR 3.3 mln and H1 2016: EUR 3.4 mln).

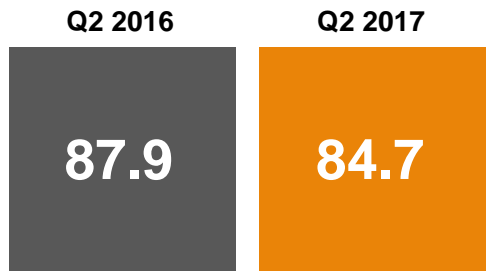
The number of workable days in Belgium/Luxembourg was 125 (H1 2016: 125).

\*\*\* Net debt/adjusted EBITDA

# Results Q2 2017

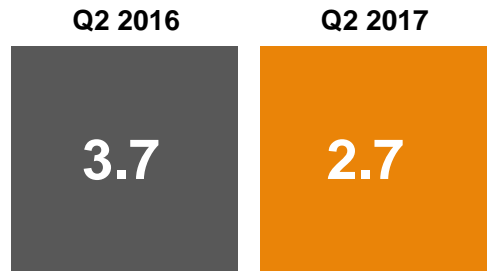
## Revenue \*

Rounded off, in millions of euro

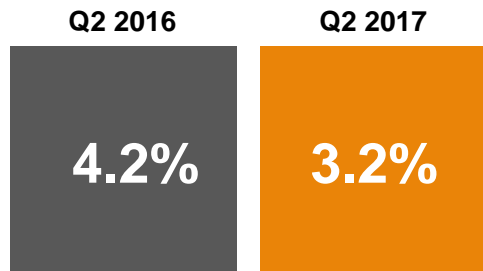


## EBITDA\*\*

Rounded off, in millions of euro



## EBITDA margin\*\*



\* The number of workable days in the Netherlands and in Belgium/Luxembourg was 61 (Q2 2016: 62).

\*\* Adjusted for redundancy costs (Q2 2017: EUR 2.4 million and Q2 2016: EUR 1.5 million).

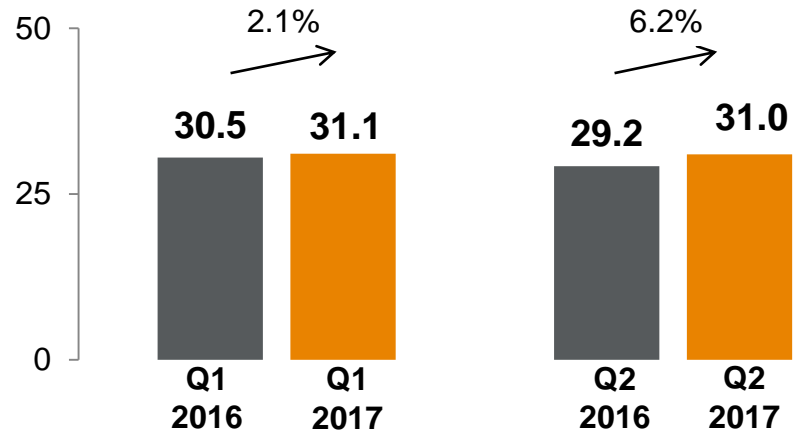
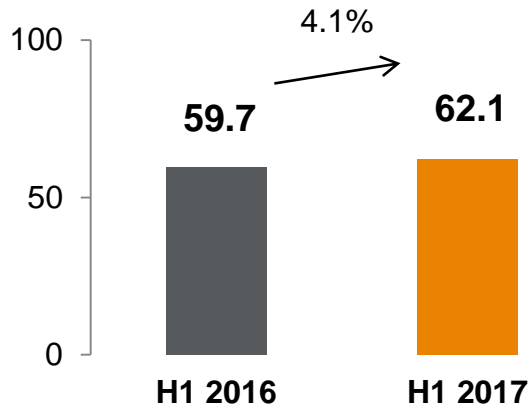
# Operational highlights

Client & market	Innovation & profiling	House in order
<b>Growth public sector in the Netherlands and Belgium / Luxembourg</b>	<b>Introduction Five core propositions – Strong start high performance teams</b>	<b>Effectiveness and &amp; Efficiency programme on course</b>
<b>Giarte Recommendation index score 96%</b>	<b>70 Young Professionals started</b>	<b>Continued improvement in net cash position</b>

# Markets: Public sector

## Revenue

Rounded off, in millions of euro

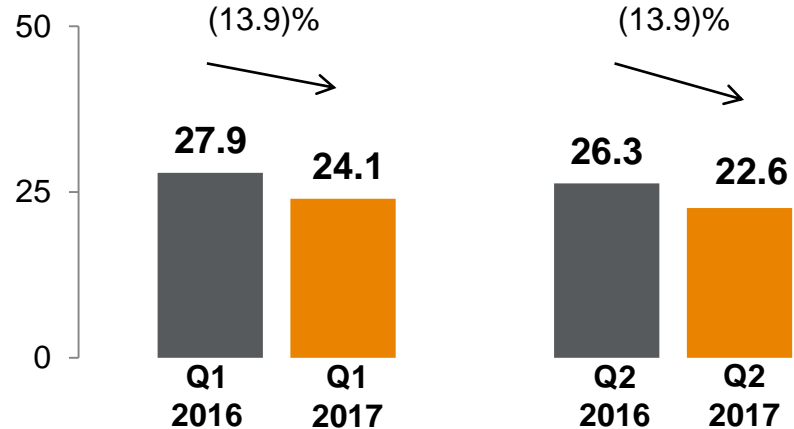
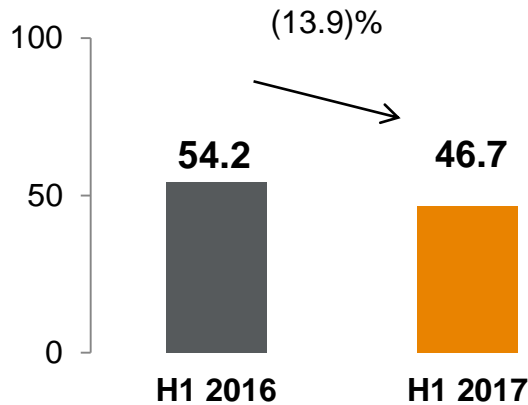


- Increase in revenue in the public sector noted in both first and second quarter;
- In the Netherlands, first growth in the public sector since Q2 2014. This was largely driven by success with the IT hiring framework contracts Ordina won in 2016;
- The public sector is looking to provide its services to private individuals digitally wherever possible. This is setting new standards for the design of IT infrastructure, customer journeys and demands a new, more agile way of working with highly collaborative, multi-disciplinary teams.

# Markets: Financial services

## Revenue

Rounded off, in millions of euro

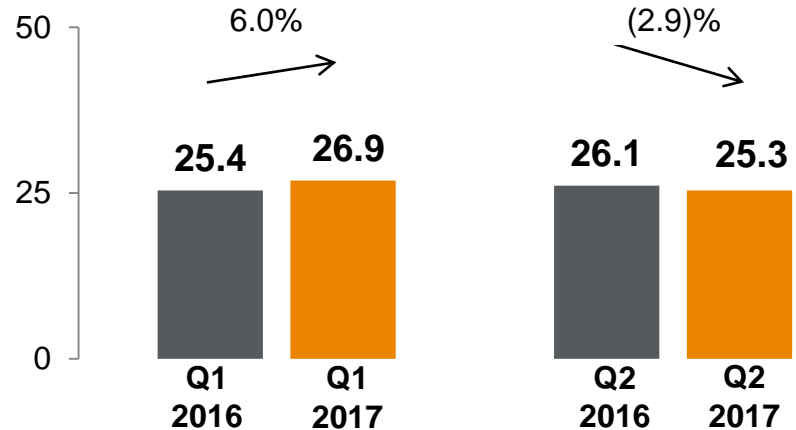
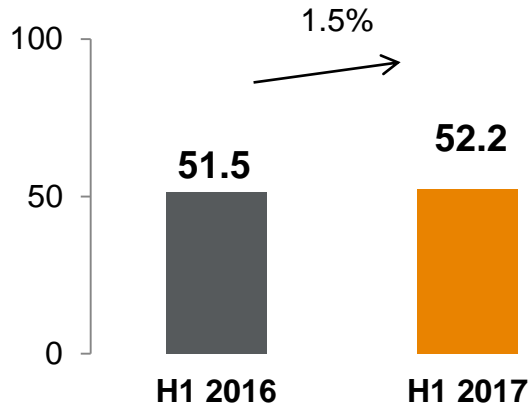


- The decline in financial services continued in the second quarter and first half revenue was down 13.9%. This decline was driven by a lower number of direct employees and the increasing demand for scarce expertise. In addition, there is still reluctance on the external hiring front due to the reorganisations taking place at various financial institutions;
- The use of digital banking is accelerating and new applications and devices are being added at a rapid pace. This trend requires an acceleration in working methods and IT talents with a broad range of expertise to continue to develop products and services in a robust and secure manner.

# Markets: Industry

## Revenue

Rounded off, in millions of euro



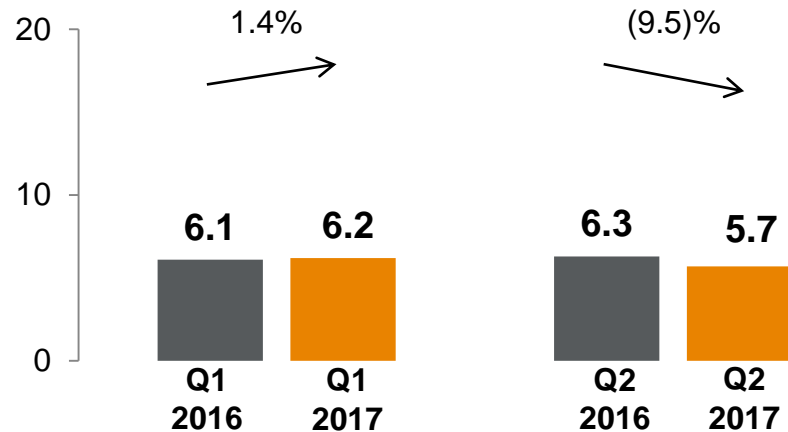
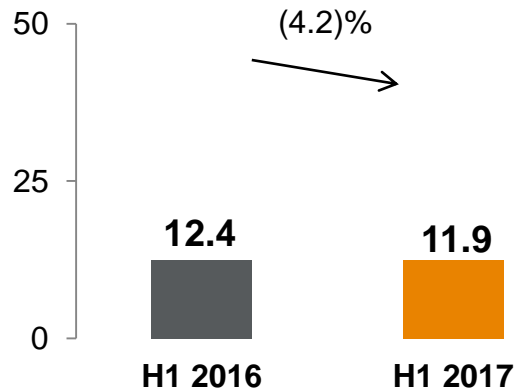
- Revenue declined in the second quarter. We are still seeing declining demand and reluctance to invest at a number of specific clients in the Dutch telecoms and energy sectors due to reorganisations;
- Revenue was up in H1. This increase was largely driven by growth at logistics clients in the Netherlands and a number of multinational clients in Belgium /Luxembourg;
- The management, mapping and sustainable renewal of capital-intensive assets requires a data-driven way of working and intelligent IT solutions to arrive at new insights and solutions.



# Markets: Healthcare

## Revenue

Rounded off, in millions of euro

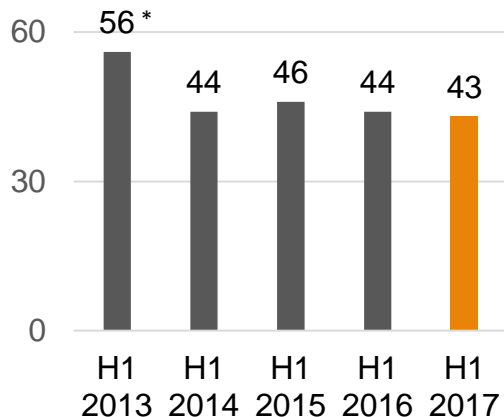


- Revenue declined in the second quarter as a result of a reduced focus on compliance consultancy in the pharmaceutical sector in Belgium/Luxembourg;
- Revenue in the Netherlands remained stable in the first half of the year;
- Healthcare providers face the considerable challenge of providing higher quality of care at a lower cost. There is demand for IT applications that increase self-sufficiency and improve the healthcare experience of patients, clients and their immediate environment.

# Revenue share top 10 clients

## Revenue share top 10 clients

In %



## TOP 10 CLIENTS (alphabetical)

- European Commission\*\*
- Johnson & Johnson
- Ministry of Home Affairs
- Ministry of Economic Affairs
- Ministry for Infrastructure and Environment
- Ministry for Education, Culture and Science
- Ministry for Social Affairs and Employment
- Police
- Prorail\*\*
- Rabobank

Johnson & Johnson

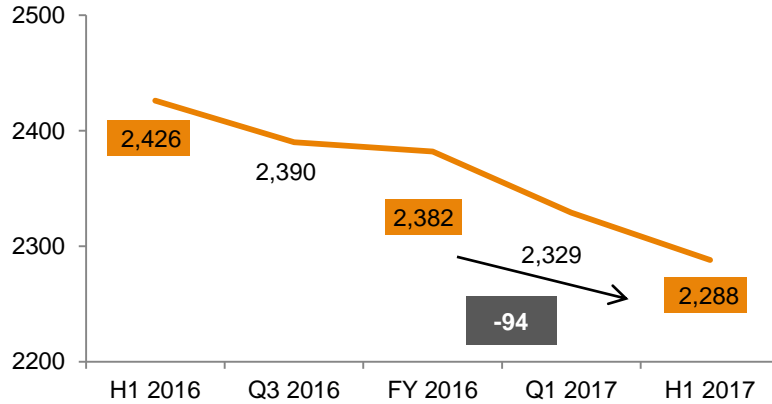


\* Offshore component Rabobank contract € 10.9 million = 5.5%.

\*\* European Commission and Prorail are new/back in the top 10 and have replaced the Finance Ministry and Philips.

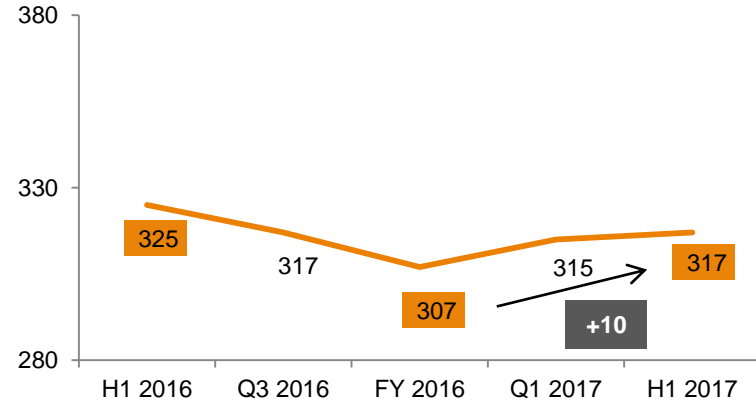
# Our employees

## Movements in number of direct FTEs



- The number of direct employees declined by 94 FTEs in H1 2017;
- A total of 212 FTEs were hired (H1 2016: 216), of whom 70 were Young Professionals (H1 2016: 63);
- Average productivity was 68.8% (H1 2016: 70.2%) and availability was 9.7% (H1 2016: 9.1%);
- Staff turnover was 25.7% in H1 2017 (H1 2016: 26.1%).

## Movements in number of indirect FTEs



- The number of indirect employees increased by 10 FTEs in H1 2017;
- The number of indirect FTEs will decline in H2 2017 due to the overhead reduction drive.

# Financial performance H1 2017

Annemieke den Otter

# Revenue

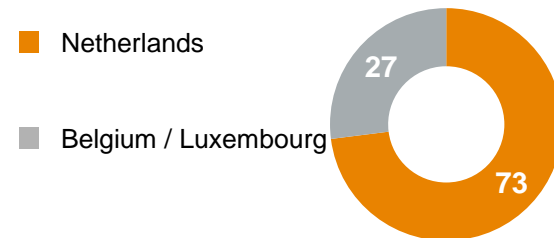
(Rounded off, in millions of euro)

	H1 2016*	H1 2017	Growth %
<b>Revenue</b>			
The Netherlands	133.6	126.7	(5.1)%
Delivery	123.6	116.7	(5.6)%
Innovation cluster	10.0	10.0	0.4%
Belgium / Luxembourg	44.2	46.2	4.6%
<b>Total</b>	<b>177.8</b>	<b>172.9</b>	<b>(2.7)%</b>

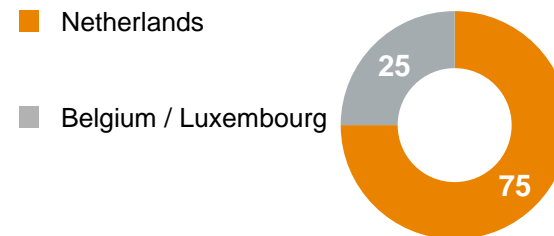
\* 2016 figures have been adjusted in line with the new organisational structure for comparison purposes.

## Revenue division

In %



H1 2017



H1 2016

# EBITDA

(Rounded off, in millions of euro)

H1 2016\*

H1 2017

EBITDA	H1 2016*		H1 2017	
Netherlands	3.1	2.3%	1.9	1.5%
Delivery	4.8	3.9%	2.3	2.0%
Innovation cluster	(1.7)	(16.8)%	(0.4)	(4.0)%
Belgium / Luxembourg	5.2	11.8%	5.1	10.9%
<b>Total</b>	<b>8.3</b>	<b>4.7%</b>	<b>7.0</b>	<b>4.0%</b>

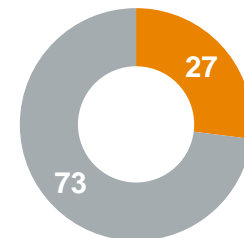
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## EBITDA division

In %

■ Netherlands

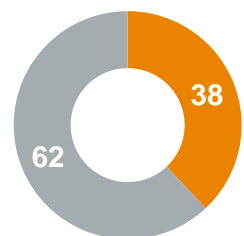
■ Belgium / Luxembourg



H1 2017

■ Netherlands

■ Belgium / Luxembourg



H1 2016

## Overhead reduction close to completion

- Ordina announced an overhead reduction in July 2017. The programme Effectiveness & Efficiency, will yield around EUR 5.0 million in structural annual savings. As part of this programme, Ordina has taken measures to both reduce costs and improve processes;
- The overhead reduction will have an impact of around EUR 1-2 million on the result in H2 2017 and around EUR 3-4 million in 2018;
- The costs related to the overhead reduction have been recognised in the redundancy costs for the second quarter.

# Statement of profit and loss

(Rounded off, in millions of euro)

	H1 2016	H1 2017
<b>Net revenue</b>	<b>177.8</b>	<b>172.9</b>
Purchase value HWSW and other costs	4.3	3.3
Work contracted out	39.2	43.8
Personnel costs	113.9	110.6
Redundancy costs	3.4	3.3
Depreciations on tangible and intangible fixed assets	2.7	4.2
Other operating expenses	8.6	5.0
<b>Total operating expenses</b>	<b>172.1</b>	<b>170.1</b>
<b>Operating result (EBIT)</b>	<b>5.7</b>	<b>2.8</b>
Interest expenses	(0.3)	(0.2)
<b>Result before taxes (EBT)</b>	<b>5.3</b>	<b>2.5</b>
Taxes	(2.4)	(1.5)
<b>Net profit</b>	<b>3.0</b>	<b>1.0</b>

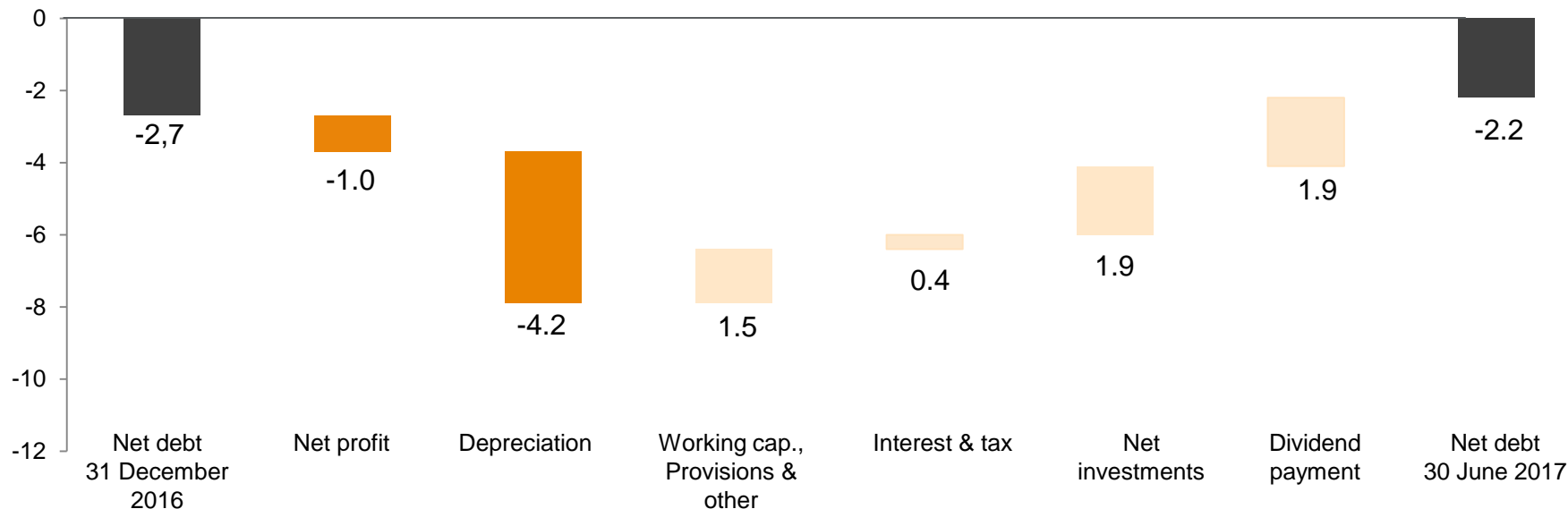
- Personnel costs fell by EUR 3.3 million due to the lower number of FTEs employed;
- Work contracted out increased due to an increase in the hiring of external staff (for example self-employed staff). This was partly driven by the IT hiring framework contracts won in the public sector;
- Depreciation costs were higher largely due to the accelerated depreciation of one of the modules in our ERP application (one-off impact of EUR 1.7 million H1 2017);
- Other operating expenses declined by EUR 3.6 million, largely due to the release of the provision for vacant office space;
- Net profit declined to EUR 1.0 million in the first half of 2017, from EUR 3.0 million in H1 2016.



# Movements net debt position year-end 2016 – H1 2017

## Movement net debt position H1 2017

Rounded off, in millions of euro



The improvement in the net debt position was largely driven by tight working capital management

- Balance at end-period
- Reduction net debt
- Increase net debt

# Balance sheet

Rounded off, in millions of euro)

	30 June 2016	30 June 2017		30 June 2016	30 June 2017
<b>Assets</b>			<b>Liabilities</b>		
Intangible fixed assets	135.6	133.3	<b>Shareholders equity</b>	<b>145.0</b>	<b>145.6</b>
Tangible fixed assets	5.9	5.1	Employee-related provisions	1.0	0.9
Financial fixed assets	18.5	18.8	Provision vacant office space	4.4	-
<b>Total fixed assets</b>	<b>160.0</b>	<b>157.2</b>	<b>Total long-term debt</b>	<b>5.4</b>	<b>0.9</b>
Trade and other receivables	72.4	66.9	Bank debts	10.0	8.5
Transition costs	0.8	0.3	Other provisions	3.7	1.0
Cash and cash equivalents	10.1	10.6	Trade and other payables	74.9	73.5
<b>Total current assets</b>	<b>83.3</b>	<b>77.8</b>	Corporate income tax due	4.3	5.7
<b>Total assets</b>	<b>243.3</b>	<b>235.1</b>	<b>Total short-term debts</b>	<b>92.9</b>	<b>88.6</b>
			<b>Total liabilities</b>	<b>98.3</b>	<b>89.5</b>
			<b>Total shareholders equity and liabilities</b>	<b>243.3</b>	<b>235.1</b>

The development of the results at the Dutch operations in the first half of 2017 prompted Ordina to conduct an interim impairment test. This impairment test did not result in any impairment.

# Financing: covenants

	H1 2016	H1 2017	Financing agreement
Net debt at end-period (in EUR million)	(0.1)	(2.2)	
Leverage ratio	(0.0)	(0.1)	=< 2.5
Interest Cover Ratio	46.7	43.1	>= 5.0

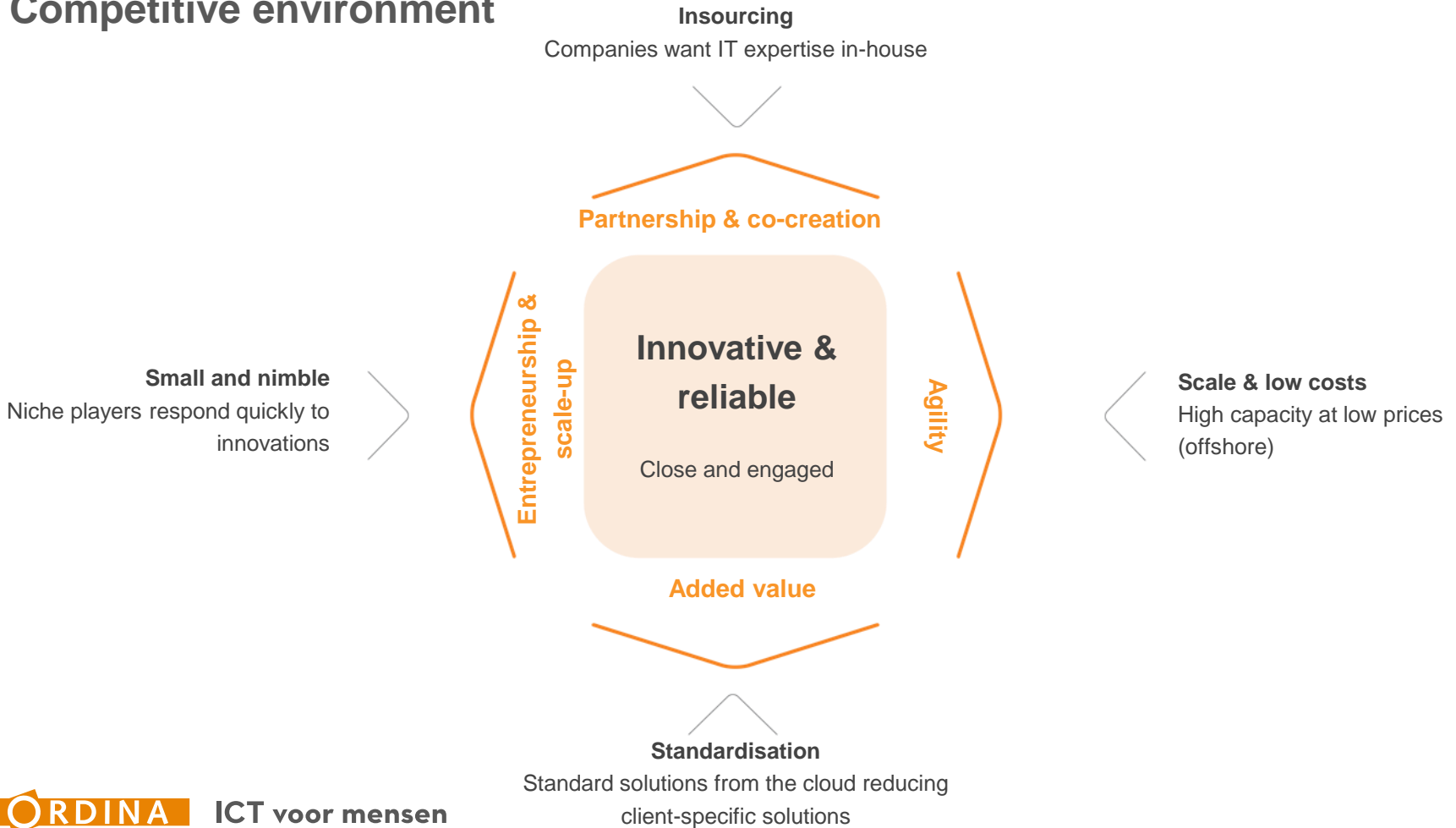
The financing agreement closed in May 2015 has a term of five years, with an initial term of three years and an option to extend twice for a period of one year. In April 2017, Ordina agreed the second extension of one year to May 2020 under the same conditions.

# Management agenda

## Key priorities

Jo Maes

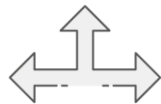
# Competitive environment



# Management agenda 2017



A sharper **innovative image**  
and a common go-to-market  
by loading corporate themes consistently with market visions, expertise,  
propositions & Showcases



**Broadening and deepening** the  
relationship with **key clients**  
through reliable delivery and  
relevant innovations



**Growth**



**Number 1 position** among local  
**mid-size clients** by providing total  
solutions



Growth with our **own**  
**employees**

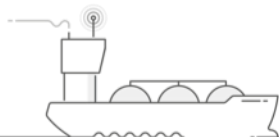


**Enthusiastic and**  
**enterprising**  
Ordina employees

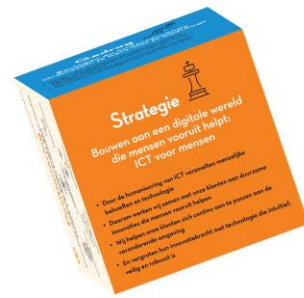


Future proof fit with clients through  
strategic **competence development**

Increasing our **effectiveness and efficiency**



# Position in the market



## Vision & Mission

## Inspiring Corporate themes

### Adaptability



### Innovative strength



### Intuitive technology



### Safe and robust



## Business propositions



High performance teams



Intelligent, data-driven organisations



Digital acceleration



Business platforms



Security and privacy



**Innovatiekracht**

**Ordina**  
**Innovatiedagen**  
11 oktober 2017



