

PRESS RELEASE

Ordina N.V. publishes results first quarter 2017

Weak first quarter Recruitment and retention priority to meet rising demand

Nieuwegein, 2 May 2017

Highlights Q1

- EBITDA falls to EUR 4.3 million (Q1 2016: EUR 4.6 million);
- EBITDA margin declines to 4.8% (Q1 2016: 5.1%);
- Revenue declines by 1.8% to EUR 88.2 million (Q1 2016: EUR 89.9 million);
 - Revenue the Netherlands down 5.1% at EUR 64.7 million (Q1 2016: EUR 68.1 million);
 - Revenue Belgium/Luxembourg up 8.3% at EUR 23.5 million (Q1 2016: EUR 21.7 million);
- Net debt position improved to EUR 2.5 million (Q1 2016: EUR 10.9 million);
- Net profit virtually unchanged at EUR 1.7 million (Q1 2016: EUR 1.8 million);
- Continuation recruitment campaign 'Do you look beyond the code?'

Jo Maes, CEO Ordina, about the results

"The results of the first quarter mark a modest start to the year. The revenue growth in Belgium and Luxembourg could only partly offset this decline. In the Netherlands, we continue to face a shortage of the employees we need to meet the growing demand. We have therefore made our top priorities for 2017 the recruitment and retention of professionals.

To support our recruitment efforts, we are continuing our recruitment marketing campaign 'Do you look beyond the code?'. We expect it to be some time before we can return the number of employees to the desired level in the current highly competitive market.

The increase in revenue in the public sector was driven by Belgium/Luxembourg. In addition, we also saw a levelling off of the decline in the public sector in the Netherlands, as we are increasingly capitalising on the IT outsourcing framework contracts we acquired in 2016. The shortage of employees is particularly severe in the financial services sector, where revenue showed a strong decline. The growth in the industry sector was driven by our strong position among existing clients in the logistics sector and our large clients in Belgium/Luxembourg. We recorded a modest increase in revenue in the healthcare sector.

In recent years, we have successfully made our innovations relevant to the business. We have used this to define Ordina-wide propositions that meet market demand. We will continue to accelerate and upscale the marketing of these propositions in the coming period."

Developments Q1

Revenue in the first quarter declined by 1.8% to EUR 88.2 million (Q1 2016: EUR 89.9 million). EBITDA fell to EUR 4.3 million (Q1 2016: EUR 4.6 million). Redundancy costs came in at EUR 0.9 million in the first quarter (Q1 2016: EUR 1.9 million). The number of workable days in Q1 was 65 in the Netherlands and 64 in Belgium/Luxembourg (Q1 2016: Netherlands and Belgium/Luxembourg 63). The impact of the additional workable days was EUR 2.3 million in revenue and EUR 1.7 million in EBITDA.

	Q1 2016	Q1 2017	Δ %
<i>(in thousands of euros)</i>			
Public sector	30,494	31,125	2.1%
Financial Services	27,928	24,041	-13.9%
Industry	25,359	26,888	6.0%
Healthcare	6,070	6,156	1.4%
Total	89,851	88,210	-1.8%

Revenue in the public sector increased by 2.1% to EUR 31.1 million (Q1 2016: EUR 30.5 million). This increase was driven by Belgium/Luxembourg. The decline in the Netherlands levelled off, largely on the back of the framework contracts Ordina won in 2016. Revenue in the financial services sector fell by 13.9% to EUR 24.0 million (Q1 2016: EUR 27.9 million). This decline was largely due to high staff turnover in the Netherlands. Revenue in the industry sector was up 6.0% at EUR 26.9 million (Q1 2016: EUR 25.4 million). This was driven by revenue growth at existing clients in both the Netherlands and Belgium/Luxembourg. Revenue in the healthcare sector increased by 1.4% to EUR 6.2 million (Q1 2016: EUR 6.1 million). After strong growth in 2016, revenue from pharmaceutical clients remained stable in the first quarter of 2017.

	Q1 2016 ¹	Q1 2017	Δ %
<i>(in thousands of euros)</i>			
Netherlands	68,139	64,697	-5.1%
Delivery	63,080	59,604	-5.5%
Innovation cluster	5,059	5,093	0.7%
Belgium/Luxembourg	21,712	23,513	8.3%
Total	89,851	88,210	-1.8%

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

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

The Netherlands In the Netherlands, revenue fell by 5.1% to EUR 64.7 million (Q1 2016: EUR 68.1 million) largely due to reduced earning capacity. We continue to face a shortage of the employees we need to meet the growing demand and we will therefore continue our recruitment campaign in the Netherlands. In addition, we continue to work on increasing the efficiency in our processes and the effectiveness of our organisation.

Delivery At Delivery, we combine business know-how with technical expertise into sustainable solutions in areas such as business intelligence and chain integration. In our consulting activities, we advise our clients on how they can improve their processes and IT. In addition, we help our clients with their digital transformation and acceleration, for instance by designing, building and testing applications. The application management activities consist of taking care of management and maintenance, but also the renewal of applications on the basis of long-term contracts. Delivery recorded a 5.5% decline in revenue to EUR 59.6 million in the first quarter (Q1 2016: EUR 63.1 million).

Innovation cluster The innovation cluster is designed to create a platform for our innovative technologies, concepts and propositions and continue the development of these products to an effective scale and healthy returns. The cluster comprises a number of specialisations: Security, SMART Technologies, Codestar and Clockwork. Revenue at the cluster increased by 0.7% to EUR 5.1 million (Q1 2016: EUR 5.1 million).

Belgium/Luxembourg In Belgium/Luxembourg, revenue came in 8.3% higher at EUR 23.5 million (Q1 2016: EUR 21.7 million), partly on the back of the growth in the number of employees we realised in 2016.

Employees

At end-Q1 2017, the total number of employees stood at 2,644 FTEs (Q1 2016: 2,801 FTEs). The total influx of employees in the first quarter was 144 FTEs and the outflow was 189 FTEs. On balance, this was a decline of 45 FTEs compared to Q4 2016 (2,689 FTEs).

Movements in the number of employees

	Q4 2016	Influx	Outflow	Q1 2017
Direct FTEs	2,382	121	174	2,329
Indirect FTEs	307	23	15	315
Total	2,689	144	189	2,644

Financing

Net debt stood at EUR 2.5 million at end-Q1 2017, down EUR 8.4 million compared to Q1 2016 (EUR 10.9 million). This was primarily due to working capital management and the net profit recorded in 2016.

The net debt/adjusted EBITDA ratio stood at 0.1 (maximum leverage ratio: ≤ 2.50) and the Interest Cover Ratio stood at 59.7 (minimum interest cover ratio: ≥ 5.0). This puts the ratios within the bandwidth agreed in the bank covenants.

The financing facility agreed in May 2015 has a term of five years, with an initial term of three years and an option to extend this twice by one year. In April 2017, Ordina and its banks agreed the second one-year extension to 2020 at unchanged terms.

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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

For more information about this press release, please contact:

Joyce van Wijnen, Investor Relations

Mail: joyce.van.wijnen@ordina.nl

Telephone: +31 (0)30 663 7468

Jeroen Hellenberg, Communications

Mail: jeroen.hellenberg@ordina.nl

Telephone: +31 (0)30 663 8557

Annemieke den Otter, CFO

Mail: annemieke.den.otter@ordina.nl

Telephone: +31 (0)30 663 7002

Jo Maes, CEO

Mail: jo.maes@ordina.nl

Telephone: +31 (0)30 663 7111

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.