



# ABO-Group Annual Results for 2018

Ghent, 29 March 2019 – 17.00 CET – Press release / regulated information

ABO-Group, the engineering office focussing on construction, environment and energy, has today announced its consolidated financial figures for 2018.

## Review of 2018

- **5.5% organic growth in geotechnics**
- **Double-digit growth in the Netherlands, slight growth in Belgium, stabilisation after a year of strong growth in France**
- **Operational profitability has been affected by internal and external factors**
- **3.7 million euro investment in the expansion of the machinery**
- **Strong operational cash flow and solid balance sheet**

## Outlook for 2019

- **Discontinuation of loss-making international environment and waste division**
- **Putting the new, sustainable offices in Marseille into use**
- **Objective of 50 million euro turnover with a double-digit EBITDA margin**

	2017 in € 000	2018 in € 000	Change in € 000	Change in %	Per share In €
<b>Turnover</b>	<b>44,127</b>	<b>44,393</b>	<b>266</b>	<b>0.60%</b>	
Total operating income	45,393	45,432	39	0.09%	
<b>Operating profit before depreciation</b>	<b>5,454</b>	<b>4,039</b>	<b>-1,415</b>	<b>-25.94%</b>	<b>0.38</b>
Depreciation	2,471	2,663	192	7.77%	
Operating profit	2,983	1,376	-1,607	-53.87%	
Financial result <sup>1</sup>	-487	-430	57	-11.70%	
Profit before tax	2,496	946	-1,550	-62.10%	
<b>Net profit</b>	<b>1,093</b>	<b>553</b>	<b>-540</b>	<b>-49.41%</b>	<b>0.05</b>
<b>Total result (group share)</b>	<b>1,187</b>	<b>1,552</b>	<b>365</b>	<b>30.75%</b>	<b>0.15</b>
Total equity	13,725	15,124	1,399	10.19%	1.43
Net cash flow from operations	1,751	3,291	1,540	87.95%	
Balance sheet total	40,801	42,928	2,127	5.21%	

<sup>1</sup> Including the share in the profit of associated companies

## 5.5% organic growth in geotechnics

ABO-Group's turnover stabilised at 44.4 million euro in 2018. A very solid underlying organic growth of 5.5% was achieved, however, in the geotechnical departments. Geotechnics was already designated in 2017 as the strategic growth engine for the group for the coming years. In addition, the asbestos department also achieved excellent results, with an 18% growth. Although still limited in total turnover (6%), further growth can also be expected here. The "Soil and Environment" department recorded a slight decline, because less use was made of external capacity on the one hand, and due to a slightly lower productivity on the other. A part of the work volume could not be realised as a result of the (temporary) outage of machines and workforce.

	2017 in € 000	2018 in € 000	Change in € 000	Change in %	% of Turnover
Geotechnics	20,500	21,624	1,124	5.48%	48.7%
Soil & Environment	19,822	19,394	-427	-2.16%	43.7%
Asbestos & Energy	2,124	2,518	393	18.54%	5.7%
Others	1,681	856	-825	-49.07%	1.9%
<b>Turnover</b>	<b>44,127</b>	<b>44,393</b>	<b>266</b>	<b>0.60%</b>	100%

## Double-digit growth in the Netherlands, slight growth in Belgium, stabilisation after a year of strong growth in France

The Group achieved a double-digit increase in turnover in the Netherlands. The momentum is still very positive, but the growth is gradually decreasing in strength. The main cause of the deceleration seems to be the fact that the demand for materials and qualified personnel cannot be met on time. In France, the Group was confronted with the loss of turnover from "Le Grand Paris", on the one hand, and the planning difficulties caused by numerous protest campaigns and social unrest on the other. This stabilisation follows a previous year of very pronounced growth (+16% in 2017), however. The asbestos laboratory activities (Translab) and the geotechnical fieldwork (Geosonda) in Belgium recorded a very strong expansion. The decrease in the 'International' segment is explained by the discontinuation of the major international contract in Uganda (1.1 million turnover in 2017), which was not extended in 2018.

	2017 in € 000	2018 in € 000	Change in € 000	Change in %	% of Turnover
France	19,205	18,868	-337	-1.75%	42.5%
Belgium	15,152	15,437	285	1.88%	34.8%
The Netherlands	8,380	9,272	892	10.64%	20.9%
International	1,390	815	-575	-41.37%	1.8%
<b>Turnover</b>	<b>44,127</b>	<b>44,393</b>	<b>266</b>	<b>0.60%</b>	100%



### **Operational profitability has been affected by internal and external factors**

Given the growth ambition of the Group, additional employees were recruited in 2018 (+13 FTEs, from 351 to 364 employees). This additional capacity could not be translated into additional turnover and added value, however. This can be explained, on the one hand, by internal factors (machine downtime, turnover of staff, long-term illness, etc.), and by external influences (mainly the social unrest in France), which considerably disrupted the optimal planning, on the other. Higher remunerations (+8%, from 18.8 to 20.3 million euro) had a direct impact on the operating profit.

The operating profit before depreciation amounts to 4.04 million euro (0.38 euro/share), a decrease of 26%. The Dutch operations made a significantly higher contribution (+389k euro), but there was a substantial decline in Belgium (ABO / E20) and France (ERG Géotechnique). The absence of new orders in the international department also led to an additional decline.

Depreciations increased from 2.47 million to 2.67 million euro as a result of further investments in tangible fixed assets. Additional new equipment for an amount of 3 million euro was purchased in 2018. Operating profit decreased from 3 to 1.4 million euro.

The financial result improved considerably, primarily because of the elimination of exchange rate losses on the dollar. The minority stake in Esher was sold, thereby eliminating the share in the profit of associated companies. The lower profit before tax resulted in considerably lower taxes. In addition, a one-off exceptional charge of 844k euro was booked in 2017 following the summer agreement.

Net profit decreased from 1.1 million euro to 0.6 million euro (0.05 euro per share). The total result (group share) increased, however, from 1.18 to 1.55 million euro. The actualisation of the value of the real estate in France, as well as of the French pension obligations, are not incorporated through the profit and loss account, but directly through the equity of the Group.

### **3.7 million euro investment in the expansion of the machinery**

The Group has made considerable investments in recent years, in both the expansion of its machinery and the expansion of its drilling techniques. Among other equipment, a sonic drill was purchased for the Belgian market in 2018. The Netherlands resolutely opted for expansion and replacement, in particular within the geotechnical department. The Group Management believes that the quality of the machinery is currently excellent, and that virtually any market demand can be met. The activities within the geotechnical laboratory in Belgium were launched recently. Depending on the speed and success of the roll-out of these products, follow-on investments can be provided.

### **Strong operational cash flow and solid balance sheet**

The net cash flow from operating activities improved strongly, from 1.75 to 3.3 million euro. Intensive monitoring of the working capital made it possible to considerably reduce outstanding trade receivables.

The balance sheet total increased from 40.8 to 42.9 million euro. On the asset side, the main changes are the increase in tangible fixed assets (investment programme) and the conversion of trade receivables to liquid assets. On the liabilities side, the revaluation of the buildings in France led to a significant increase of the non-realised results. The financial debts are increasing, mainly due to the



lease of new equipment. Total shareholders' equity increased to 15.1 million euro, resulting in an equity ratio of 35.2%.

*The full set of figures (consolidated profit and loss account, balance sheet, cash flow statement and changes in equity statement) is included as an annex to this publication.*

## **Outlook for 2019**

### **Discontinuation of loss-making international environment and waste division**

Under its brand name 'Ecorem', the Group has endeavoured to attract international orders for environmental and waste consultation since 2014. The long decision periods and the unpredictability in the winning of orders has caused a very volatile turnover and result evolution in recent years. The realisation that significant additional financial efforts were required, as well as the recurrent loss-making nature of this department, convinced the management to divest this department. The trading fund was sold as of 1 March 2019. Ecorem accounted for barely 2% of the group turnover and less than 1% of the workforce in 2018, but its contribution to the group result was very negative (-351k euro).

ABO-Group remains fully active on the international market, with geotechnics, soil investigation, energy, archaeology and asbestos.

### **Putting the new, sustainable offices in Marseille into use**

The new offices in Marseille / Vitrolles will be completed at the beginning of April. They are situated in a sustainable building that can be used as an example and a reference for the Group. In addition, the building has a strategic location, within walking distance of the airport of Marignane and in the vicinity of the railway and TGV station. The investment cost amounts to 2.8 million euro. The use of the building will provide a saving in excess of 150,000 euro in rental costs on an annual basis.

### **Objective of 50 million euro turnover with a double-digit EBITDA margin**

ABO-Group aims to further expand its environmental and energy consultation, as well as its monitoring and testing operations in Belgium, the Netherlands and France. The group reconfirms its strategy and positioning as a European player with international ambitions. ABO-Group focuses on internal organic growth by recruiting experts for setting up and developing new operations. Several new operations were launched in 2018 (asbestos in the Netherlands and a geotechnical laboratory in Belgium), and new offices were opened (in Roeselare). We anticipate that these initiatives will support the turnover and profitability in 2019.

In addition, the group seeks to further strengthen its position in the home countries through acquisitions. An additional 9.3% share stake in Sialtech was acquired in 2018. The Group will continue to actively monitor the acquisition market and will seek to capitalise on several opportunities in 2019. A number of case files are currently pending in each of the home countries, but no guarantee for an effective transaction can currently be provided.



The Group adheres to its objective of double-digit growth through a mix of organic and acquisitive growth. For 2019, this means an objective of 50 million euro turnover, with an anticipated operating margin for depreciation above 10%.

### **Financial calendar**

26/04/2019: Publication of the 2018 annual report and invitation to the General Meeting

29/05/2019: General Meeting

13/09/2019: Figures for the first half of 2019

### **Statement of the statutory auditor**

The auditor of ABO-Group Environment nv, EY Bedrijfsrevisoren cvba, represented by Marnix Van Dooren, confirmed that his audit review, which was thoroughly completed, has not revealed any significant corrections that would require an adjustment to the 2018 consolidated figures for the Group that are included in this press release.

### **About ABO-Group**

ABO-Group is a specialised engineering office focussing on construction, environment and energy. Through its Consultancy and Testing & Monitoring departments, ABO-Group operates in Belgium, the Netherlands and France, as well as on the international market. ABO-Group guarantees its customers a sustainable solution. For a more detailed description of the activities of the Group, please consult the ABO-Group website ([www.abo-group.eu](http://www.abo-group.eu)).

### **For more information:**

Frank De Palmenaer  
CEO ABO-Group Environment nv  
[frank.depalmenaer@abo-group.eu](mailto:frank.depalmenaer@abo-group.eu)  
T +32 (0)9 242 88 32

Johan Reybroeck  
CFO ABO-Group Environment nv  
[johan.reybroeck@abo-group.eu](mailto:johan.reybroeck@abo-group.eu)

Derbystraat 255, Maaltecenter Blok G, B-9051 Ghent (SDW), Belgium

This press release is available on our website [www.abo-group.eu](http://www.abo-group.eu)



## APPENDIX: CONSOLIDATED FINANCIAL FIGURES

### Consolidated income statement

	For the year ending on 31 December		Δ	Δ %
	2018	2017		
	In thousands of €			
Turnover	44,393	44,127	266	0.60%
Other operating income	1,039	1,266	-227	-17.93%
<b>Total operating income</b>	<b>45,432</b>	<b>45,393</b>	<b>39</b>	<b>0.09%</b>
Purchases	-5,031	-5,787	756	-13.06%
Services and miscellaneous goods	-15,458	-14,580	-878	6.02%
Employee remunerations	-20,276	-18,831	-1,445	7.67%
Depreciation	-2,663	-2,471	-192	7.77%
Other operating expenses	-628	-741	113	-15.25%
<b>Operating profit</b>	<b>1,376</b>	<b>2,983</b>	<b>-1,607</b>	<b>-53.87%</b>
Financial charges	-447	-542	95	-17.53%
Financial income	17	27	-10	-37.04%
Share in the profit of associated companies	-	28	-28	-100%
<b>Pre-tax profit from ongoing operations</b>	<b>946</b>	<b>2,496</b>	<b>-1,550</b>	<b>-62.10%</b>
Tax	-393	-1,501	1,108	-73.82%
<b>Net profit from ongoing operations</b>	<b>553</b>	<b>995</b>	<b>-442</b>	<b>-44.42%</b>
Profit from discontinued operations, after tax	-	98	-98	-100%
<b>Net profit</b>	<b>553</b>	<b>1,093</b>	<b>-540</b>	<b>-49.41%</b>
Net profit (loss) attributable to the				
Group shareholders	545	1,027		
Minority interests	8	66		



	For the year ending on 31 December	
	2018	2017
<b>Profit (loss) per share for the shareholders</b>		
Basic and diluted	€ 0,05	€ 0,10
<b>Profit (loss) per share (ongoing operations)</b>		
Basic and diluted	€ 0,05	€ 0,09
<b>Profit (loss) per share (discontinued operations)</b>		
Basic and diluted	€ 0,00	€ 0,01
Weighted average shares (basic earnings per share)(in .000)	10,569	10,569
Weighted average shares with impact from dilution (in .000)	10,569	10,569
<b>Consolidated overview of the full period result</b>	For the year ending on 31 December	
	2018	2017
	In thousands of €	
<b>Net profit</b>	<b>553</b>	<b>1,093</b>
<b>Unrealised results</b>		
<b>Transferable to the profit and loss account</b>		
Revaluation of buildings	1,253	-
Tax impact	-324	176
Change in the fair value of financial assets available for sale	-46	-17
Tax impact	-	-
<b>Non-transferable to the profit and loss account</b>		
Actuarial gains (losses)	165	18
Tax impact	-41	-5
<b>Unrealised results, after tax</b>	<b>1,007</b>	<b>172</b>
<b>Total result, after tax</b>	<b>1,560</b>	<b>1,265</b>
Total result, attributable to the shareholders of the parent company	1,552	1,187
Minority interests	8	78



## Consolidated balance sheet

	For the year ending on 31 December	
	2018	2017
	In thousands of €	
<b>Assets</b>		
<b>Fixed assets</b>		
Goodwill	844	844
Intangible fixed assets	1,670	1,817
Tangible fixed assets	15,887	13,408
Investments in associated companies	-	136
Deferred tax assets	889	1,011
Financial assets available for sale	35	71
Other financial assets	646	647
	<b>19,971</b>	<b>17,934</b>
<b>Short-term assets</b>		
Stocks	676	538
Trade receivables	16,512	17,913
Other short-term assets	974	891
Cash and cash equivalents	4,795	3,525
	<b>22,965</b>	<b>22,867</b>
<b>Total assets</b>	<b>42,928</b>	<b>40,801</b>





	For the year ending on 31 December	
	2018	2017
	In thousands of €	
<b>Shareholders' equity and payables</b>		
<b>Total equity</b>		
Capital	4,857	4,857
Consolidated reserves	6,619	6,074
Unrealised results	2,598	1,591
<b>Equity attributable to the shareholders of the group</b>	<b>14,074</b>	<b>12,522</b>
Minority interests	1,050	1,203
<b>Total equity</b>	<b>15,124</b>	<b>13,725</b>
<b>Long-term liabilities</b>		
Financial debts	5,085	4,290
Deferred tax liabilities	1,382	1,114
Provisions	688	854
	<b>7,155</b>	<b>6,258</b>
<b>Current liabilities</b>		
Financial debts	8,392	7,134
Trade payables	5,730	6,596
Tax liabilities	653	789
Other short-term debts	5,875	6,299
	<b>20,650</b>	<b>20,818</b>
<b>Total shareholders' equity and payables</b>	<b>42,928</b>	<b>40,801</b>



## Consolidated cash flow statement

	For the year ending on 31 December	
	2018	2017
	In thousands of €	
<b>Operating activities</b>		
<i>Net profit</i>	553	1,093
<i>Non-cash costs and operating adjustments</i>		
<i>Depreciation of tangible fixed assets</i>	2,419	2,245
<i>Depreciation of intangible fixed assets</i>	244	226
<i>Capital gain on revaluation of an existing stake     after acquisition of a controlling stake</i>	-	-12
<i>Profit on the sale of tangible fixed assets</i>	-135	-98
<i>Profit on the sale of financial fixed assets</i>	-	-114
<i>Movements in provisions</i>	-11	-319
<i>Movements in impairments on customers</i>	13	-68
<i>Financial income</i>	-17	-27
<i>Financial charges</i>	446	542
<i>Share in the profit of associated companies</i>	28	-28
<i>Deferred income tax expenses (income)</i>	24	543
<i>Tax expenses</i>	369	957
<i>Changes to the working capital</i>		
Decrease (increase) in other financial assets, trade receivables and other short-term assets	1,356	-2,942
Decrease (increase) in stocks	-138	-69
Increase (decrease) in trade payables and other debts	-1,178	207
	<b>3,973</b>	<b>2,136</b>
Interest received	7	20
Tax paid	-689	-405
<b>Net cash flow from operating activities</b>	<b>3,291</b>	<b>1,751</b>



#### Investment activities

Investments in tangible fixed assets	-2,424	-635
Investments in intangible fixed assets	-98	-43
Sales of tangible fixed assets	170	206
Acquisition of subsidiary	-	104
Investments in associated companies	-	-110
Sale of subsidiary	-	-44

#### Net cash flow from (used in) investment activities

<b>-2,352</b>	<b>-522</b>
---------------	-------------

#### Financing activities

Income from loans	4,310	4,906
Repayment of loans	-2,509	-4,104
Repayment of leasing debts	-1,000	-938
Interest paid	-231	-271
Other financial income (costs)	-205	-264
Dividend payment to minority interest	-34	-27

#### Net cash flow from financing activities

<b>331</b>	<b>-698</b>
------------	-------------

#### Net increase in cash and cash equivalents

<b>1,270</b>	<b>531</b>
--------------	------------

Cash and cash equivalents at the beginning of the year

<b>3,525</b>	<b>2,994</b>
--------------	--------------

Cash and cash equivalents at the end of the year

<b>4,795</b>	<b>3,525</b>
--------------	--------------

#### Other non-cash transactions

Financial leasing	-1,255	-2,118
-------------------	--------	--------

## Consolidated statement of changes in equity

	Attributable to the shareholders of the group				Minority interest	Total equity
	Capital	Consolida ted reserves	Non- realised results	Total		
	In thousands of €					
<b>On 01 January 2017</b>	<b>4,857</b>	<b>4,958</b>	<b>1,516</b>	<b>11,331</b>	<b>979</b>	<b>12,310</b>
Net profit	-	1,027	-	1,027	66	1,093
Unrealised results	-	-	160	160	12	172
<b>Total results</b>		<b>1,027</b>	<b>160</b>	<b>1,187</b>	<b>78</b>	<b>1,265</b>
Acquisition Enviromania/Translab	-	-	-	-	177	177
Capital increase Enviromania/Translab	-	4	-	4	-4	-
Transfer of depreciation of tangible fixed assets	-	85	-85	-	-	-
Dividend to minority stake	-	-	-	-	-27	-27
<b>On 31 December 2017</b>	<b>4,857</b>	<b>6,074</b>	<b>1,591</b>	<b>12,522</b>	<b>1,203</b>	<b>13,725</b>
Net profit	-	545	-	545	8	553
Unrealised results	-	-	1,007	1,007	-	1,007
<b>Total results</b>		<b>545</b>	<b>1,007</b>	<b>1,552</b>	<b>8</b>	<b>1,560</b>
Dividend to minority stake	-	-	-	-	-34	-34
Acquisition of minority interest in Sialtech	-	-	-	-	-127	-127
<b>On 31 December 2018</b>	<b>4,857</b>	<b>6,619</b>	<b>2,598</b>	<b>14,074</b>	<b>1,050</b>	<b>15,124</b>