

ABO-GROUP - Half-Year Results 2021

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Highlights of the first half of 2021

- **Powerful ABO-GROUP revenue growth exceeding 30%**
- **Operating profit before depreciation of 3.6 million euro**
- **France takes the lead as a result of acquisitions and listing in Paris**
- **Workforce +25%, staff exceeds 500**

Outlook

- **Full confidence in the strategic plan: 100 million euro revenue in 2025**
- **Well-filled acquisition pipeline**
- **Further autonomous growth supported by PFAS issue & climate change**

Frank De Palmenaer, CEO of ABO-GROUP Environment, explains: “*ABO-GROUP was able to maintain its revenue in the first COVID-19 year of 2020, and the group is now even growing organically by 22%, and by 8% through acquisitions. ABO-GROUP's typical integration methodology allows for the realisation of substantial growth following a labour-intensive start-up, as was the case with ABO-INNOGEO two years ago. The organic growth by 5.3 million euro has never been seen before within the ABO-GROUP. This growth was mainly driven by the spectacular rebound in the construction sector in Belgium, the increasing contracts for fieldwork in the Netherlands, and by our geophysical and soil department in France. Following the prior notification of the PFAS issue last year, ABO-GROUP is aiming for further market leadership in Belgium. The second half of the year is also shaping up positively, with a continuation of additional acquisitions, a wider range of expertise and opportunities relating to PFAS and climate change. Finally, there's an important milestone for ABO in this 25th anniversary year: the dual listing on Euronext Paris on 4/06/2021. This provides us with more visibility, recognition and financial flexibility.*”

	H1 2021 In € 000	H1 2020 In € 000	Change In € 000	Change in %	Per share In €
Revenue	31,131	23,899	7,232	30.3%	
Total operating income	31,567	24,143	7,424	30.7%	
Operating profit before depreciation	3,608	3,774	-166	-4.4%	0.34
Depreciation	2,394	2,183	211	9.7%	
Operating profit	1,214	1,591	-377	-23.7%	0.11
Financial result	-291	-246	-45	18.3%	
Profit before tax	922	1,345	-423	-31.4%	
Net profit	359	965	-606	-62.8%	0.03
Total results	335	968	-633	-65.4%	
Total equity (30 June)	18,665	17,723	943	5.3%	1.77
Net cash flow from operations	1,383	4,578	-3,195	-69.8%	
Balance sheet total (30 June)	62,718	54,497	8,221	15.1%	

Highlights of the first half of 2021

Powerful ABO-GROUP revenue growth exceeding 30%

In the first 6 months of 2021, ABO-GROUP experienced a strong growth of more than 30% compared to the first 6 months in 2020. On the one hand, the organic growth of 22.3% in revenue is all the more striking given that ABO-GROUP only suffered a limited amount of damage from the corona measures last year.

On the other hand, 8.0% revenue growth was generated by the French acquisitions of Geoplus, which has expertise in the mining and quarrying sector, Geosonic France, a sonic drilling company, and Subgeo, a specialist in geophysical measurements. This significant increase in revenue confirms the revenue ambition of 100 million euro in 2025.

Geotechnics, which is the growth engine of the group, experienced a growth of 34.2%, which can be explained by the use of innovative geotechnical techniques, in addition to increased infrastructure works and private development projects. Environment, previously classified as soil & environment/asbestos & energy, experienced a strong growth of 25.9%, of which 20.1% was organic.

	H1 2021 In € 000	H1 2020 In € 000	Change In € 000	Change in %	% of Revenue
Geotechnics	17,123	12,760	4,363	34.2%	55.0%
Environment	13,975	11,102	2,873	25.9%	44.9%
Other	33	37	-4	-10.8%	0.1%
Revenue	31,131	23,899	7,232	30.3%	100%

With 46%, France presented the strongest growth of the group, which is explained by both organic growth of 28.6% and growth through acquisitions of 17.4%. Geotechnics and environment both show strong growth, with the environmental department even increasing by 77.9%. These growth figures are explained, among other things, by the growth strategy, in which larger customers are approached. The listing on Euronext Paris played a major role in the context of this growth strategy.

Despite the slight decline in revenue in the first half of 2020, the Belgian revenue increased by 21.3%. As in previous years, geotechnics, known in the market by the brand name Geosonda, again reported very solid growth (>50%). The environmental department also increased by 16.4%. This increase is partly explained by new revenue as a result of the PFAS research.

The Dutch activities show double-digit organic growth, on top of the fact that the Dutch companies hardly suffered from corona in the first half of 2020. The soil consultancy department continues to grow, even though the PFAS regulation had a positive impact on the 2020 figures. In addition, geotechnical consultancy and fieldwork also increased.

	H1 2021 In € 000	H1 2020 In € 000	Change In € 000	Change in %	% of Revenue
France	15,961	10,931	5,030	46.0%	51.3%
Belgium	9,443	7,783	1,660	21.3%	30.3%
The Netherlands	5,727	5,185	542	10.4%	18.4%
Revenue	31,131	23,899	7,232	30.3%	100%

Operating profit before depreciation amounts to 3.6 million euro, and staff now exceeds 500

The operating profit before depreciation amounted to 3.6 million euro, a decrease of 4.4%. The main cause of this decrease is the integration costs of the French acquisitions. This integration is in full swing, and is expected to take 6 to 12 months. After this integration, we expect a positive return from the acquisitions as a result of, among other things, increased efficiency, new skills and the complementary range of services. The integration of the previous acquisitions, for example ABO-INNOGEO (acquisition in 2019), followed a similar pattern, but they are meanwhile providing a significant contribution to the operating profit before depreciation.

To further support growth, an active search for competent profiles was conducted, which resulted in a 25% increase of the number of FTEs compared to H1 2020. This increase in FTEs is also reflected in the total salary cost. In the environmental department, intensive efforts were also made during the first half of the year to provide retraining and education for employees in the context of the PFAS issue.

The net profit amounts to 0.36 million euro (3 euro cents per share).

1.4 million euro of operating cash flow generation

Net cash flow from operating activities amounts to 1.4 million euro, compared to 4.6 million euro in June 2020. This decrease compared to June 2020 is mainly explained by the increase in the operating capital requirement due to the strong growth in revenue. Trade receivables and other short-term assets increased by 4.2 million euro, while trade payables and short-term liabilities increased by 2.0 million euro.

The group invested 2.5 million euro in additional tangible fixed assets, including new CPT machines.

In 2020, the group in France made use of the opportunity to obtain state-guaranteed loans on highly attractive terms. A total of 4.43 million euro was taken up, of which 4.32 million euro was still outstanding as of 30 June 2021. The repayments of these loans run until 2026.

The balance sheet total increased from 54.5 (in June 2020) to 62.7 million euro. On the assets side, the main change is the increase in trade receivables from 15.1 (in June 2020) to 19.9 million euro due to the increased revenue. Furthermore, goodwill also increased by 0.6 million euro as a result of the various acquisitions (on the basis of the provisional estimate of the purchase price allocation). On the liabilities side, equity increased to 18.7 million euro, compared to 17.7 million euro on 30 June 2020; the equity ratio stands at 29.7%. The increase in the balance sheet total is mainly explained by the increase in financial debt and trade payables. The solvency, calculated as the ratio of net financial debt to annualised operating profit before depreciation, amounts to a very comfortable 1.5 (compared to 1.2 in June 2020). This gives the group the necessary peace of mind to finance its various expansion and investment plans.

The full (non-audited) consolidated interim income statement and balance sheet, the statement of changes in equity and the consolidated cash flow statement are shown below in this press release.

Outlook

Full confidence in the strategic plan: 100 million euro revenue in 2025

ABO retains every confidence in its expertise, its markets and in the structural growth of its business sector. ABO's "one-stop-shop" approach in the areas of geotechnics, environment and the management of contaminated land and soil helps organisations and local authorities to respond to current challenges, such as risks associated with climate change or new types of soil contamination, in particular asbestos and poly- and perfluoroalkyl substances (PFAS). Despite the fact that ABO-GROUP was only marginally affected by the corona crisis, a growth in revenue exceeding 30% can be presented in the first half of the year. The long-term objective of the strategic plan, i.e., growth through a mix of organic and acquisitive growth with a revenue of 100 million euro by 2025, is therefore maintained without any problem.

The group continues to seek to strengthen its position through acquisitions. The group has identified a number of attractive opportunities, but without any guarantee of an actual transaction taking place.

Further investment in geotechnical engineering

ABO-GROUP will continue to support its strong position in geotechnical engineering in France, the Netherlands and Belgium through new investments and the use of innovative geotechnical techniques. We will continue to invest in geotechnical laboratory tests and in the development of a consultancy division.

Integration of new acquisitions constitutes the basis for further growth

In the second half of 2021, the focus will be on the further integration of the various acquisitions, including the administrative simplification of the structure, which will lead to cost savings.

In addition to the French acquisitions of Geoplus and Geosonic France, Asper, the expert in asbestos surveys that was acquired on 14 July 2021, will also be further integrated into ABO-GROUP. The acquisition of Asper will also provide additional in-house expertise in order to respond to the anticipated additional asbestos work. Through its asbestos experts and in-house asbestos laboratory, ABO-GROUP is therefore preparing for the introduction of the mandatory asbestos inventory required for the sale of private homes in Flanders. This is expected by mid-2022. Approximately 75,000 homes are sold in Flanders every year.

Growth in Belgium following the PFAS issue

The PFAS issue was widely covered by the Belgian media in 2021. PFAS (poly- and perfluoroalkyl substances) is the collective name for around 6,000 chemical substances with the common denominator of being extremely harmful and not readily degradable. Our CEO, Frank De Palmenaer, already sounded the alarm in December last year in order to raise this issue. As a market leader in the field of soil research, ABO-GROUP takes soil and water samples from dozens of locations on a daily basis, which are then analysed and interpreted according to the applicable regulations. The revenue within ABO's soil department therefore rose steadily as a result of this PFAS issue. Samples are now taken from about 100 sites, and this trend is expected to continue in the coming months.

Every effort is currently being made to map locations where excessive PFAS is found. The mapping of these contaminated areas will allow us to support the policy and set up a comprehensive inventory for Flanders as soon as possible. It is expected that the revenue of the Belgian environmental department will be further driven in the second half of the year as a result of this PFAS issue.

Finally, the demand for research will also increase in the coming years, especially for chemicals (pesticides, endocrine disruptors, chromium-6, etc.) about which little is currently known and for which additional research on their adverse effects is still required today. Thanks to its extensive team of experts and its own R&D department, ABO expects to make an important contribution to this research.

Various

Furthermore, it is announced that within the financial department:

- Mr Michiel Deschuttere has been appointed as interim CFO since the 1st of August 2021;
- The recruitment procedure for a new CFO is ongoing;
- Mr Alexander De Palmenaer, graduated as commercial engineer and son of the CEO, will be integrated in the financial department as financial analyst starting at the 21st of September.

Financial calendar

18/03/2022: 2021 annual figures

25/05/2022: General Meeting

Statement regarding the fair presentation of the interim condensed consolidated financial information and the fair overview of the interim report

Frank De Palmenaer, CEO, declares that, to his knowledge, the interim condensed consolidated financial information for the six-month period ending 30 June 2021, which was prepared in accordance with IAS 34 “Interim Financial Reporting” as approved by the European Union, gives a true and fair view of the assets, the financial position and the results of the company and the companies included in the consolidation. The interim report gives a fair overview of the most significant events and key transactions with related parties that have taken place during the first six months of the financial year and their effect on the interim condensed financial information, as well as a description of the most significant risks and uncertainties for the remaining months of the financial year.

About the ABO-GROUP

The ABO-Group is a specialised engineering company focused on geotechnical engineering, the environment and soil remediation. ABO-GROUP is active in Belgium, the Netherlands and France, through its consultancy and testing & monitoring departments. ABO-GROUP guarantees its clients a sustainable solution. For a more detailed description of the activities of the group, please consult www.abo-group.eu.

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This press release is available on our website www.abo-group.eu

Consolidated interim income statement (non-audited)

In €000	For the six months ending on 30 June	
	2021	2020
Revenue	31,131	23,899
Other operating income	435	244
Total operating income	31,566	24,143
Purchases	-3,653	-2,365
Services and miscellaneous goods	-9,942	-6,865
Employee remunerations	-13,798	-10,662
Depreciation	-2,394	-2,183
Other operating expenses	-565	-477
Operating profit	1,214	1,591
Financial charges	-294	-251
Financial income	3	5
Profit before tax	923	1,345
Tax	-564	-380
Net profit	359	965
Net profit (loss) attributable to the shareholders of the parent company	335	968
Minority interests	24	-3
Earnings per share for the shareholders		
Basic and diluted	0.034	0.091
Weighted number of shares (basic earnings per share)	10,569	10,569
Weighted number of shares with impact of dilution	10,569	10,569

Consolidated interim total result (non-audited)

In €000	For the six months ending on 30 June	
	2021	2020
Net profit	359	965
Non-realised results - transferable to the income statement		
Change in the fair value of financial assets available for sale	-7	11
Non-realised results, after tax	-7	11
Total result after taxes	352	976
Total result, attributable to the		
shareholders of the parent company	328	979
Minority interests	24	-3

Consolidated interim balance sheet (non-audited)

In €000		30 June	31 December
	<i>Notes to the consolidated accounts</i>	2021	2020
Fixed assets			
Goodwill		1,457	844
Intangible fixed assets	6	1,433	1,485
Tangible fixed assets	6	21,785	21,126
Deferred tax assets		899	921
Financial assets with fair value changes via the non-realised results		35	42
Other financial assets		667	623
Total fixed assets		26,276	25,041
Short-term assets			
Stocks		1,181	941
Trade receivables		19,930	15,029
Other short-term assets		1,456	970
Cash and cash equivalents	7	13,875	15,021
Total short-term assets		36,442	31,961
Total assets		62,718	57,002

In €000	Notes to the consolidated accounts	30 June	31 December
		2021	2020
Total equity			
Capital		4,857	4,857
Consolidated reserves		10,801	10,540
Non-realised results		2,163	2,265
Equity attributable to the shareholders of the group		17,821	17,662
Minority interests		844	1,317
Total equity	8	18,665	18,979
Long-term liabilities			
Financial debts	9	11,627	7,737
Deferred tax liabilities		1,235	1,222
Provisions		1,356	1,143
Total long-term debts		14,218	10,102
Short-term debts			
Financial debts		13,385	14,715
Trade payables		7,272	6,698
Tax liabilities		1,139	657
Other short-term debts		8,041	5,851
Total short-term debts		29,835	27,921
Total equity and debts		62,718	57,002

Consolidated statement of changes in equity (non-audited)

In €000	Attributable to the shareholders of the group				Minority interest	Total equity
	Capital	Consolidated reserves	Non-realised results	Total		
On 1 January 2020	4,857	8,216	2,318	15,391	1,357	16,748
Net profit		968		968	-3	965
Non-realised results			11	11	-	11
Total result		968	11	979	-3	976
Dividend to minority interest	-	-	-	-	-1	-1
Transfer of depreciation of tangible fixed assets	-	93	-93	-	-	-
On 30 June 2020	4,857	9,277	2,236	16,370	1,353	17,723
On 1 January 2021	4,857	10,540	2,265	17,662	1,317	18,979
Net profit		335		335	24	359
Non-realised results			-7	-7	-	-7
Total result		335	-7	328	24	352
Purchase minority interest (see note 5)	-	-169	-	-169	-498	-667
Transfer of depreciation of tangible fixed assets	-	95	-95	-	-	-
On 30 June 2021	4,857	10,801	2,163	17,821	844	18,665

Consolidated cash flow statement (non-audited)

In €000	Notes to the consolidated accounts	For the six months ending on 30 June	
		2021	2020
Operating activities			
Net profit		359	965
Non-cash costs and operating adjustments			
Depreciation of tangible fixed assets	6	2,261	2,039
Depreciation of intangible fixed assets	6	133	144
Loss (profit) on sale of tangible fixed assets		17	-6
Movements in provisions		-71	-30
Movements in impairments on customers		182	195
Financial income		-3	-5
Financial charges		294	251
Deferred tax expenses (income)		36	-91
Tax expenses		528	472
Other		1	-2
Changes to the working capital			
Decrease (increase) in other financial fixed assets, trade receivables and other short-term assets		-4,205	1,364
Decrease (increase) in stocks		65	59
Increase (decrease) in trade payables and other debts		2,065	-399
		1,662	4,956
Interest received		2	4
Tax paid		-281	-382
Net cash flow from operating activities		1,383	4,578

In €000	Notes to the consolidated accounts	For the six months ending on 30 June	
		2021	2020
Investment activities			
Investments in tangible fixed assets	6	-2,508	-1,024
Investments in intangible fixed assets	6	-31	-13
Sales of tangible fixed assets	6	485	15
Acquisition of subsidiaries	5	-172	-
Acquisition of minority interest	5	-667	-
Other investment activities		-	-5
Net cash flow used in investment activities		-2,893	-1,027
Financing activities			
Income from loans	9	4,846	6,954
Repayment of loans	9	-3,108	-1,831
Repayment of leasing debts	9	-1,080	-889
Interest paid		-207	-174
Other financial costs		-87	-76
Dividends paid to minority interests		-	-1
Net cash flow from financing activities		364	3,983
Net (decrease) increase in cash and cash equivalents		-1,146	7,534
Cash and cash equivalents at the beginning of the year		15,021	5,743
Cash and cash equivalents at the end of the period		13,875	13,277