



## ABO-Group - Half Year Results 2019

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ABO-Group, the engineering firm specializing in construction, environment and energy, today announced its 2019 consolidated financial half-year figures.

### Highlights of the first half of 2019

- **Geotechnics: key growth driver of the group**
- **Organic revenue growth of 8.3%**
- **EBITDA +61% (+35.3% excl. IFRS 16)**
- **Loss-making division closed down**
- **New sustainable building opened in Marseille**

### Outlook

- **Acquisition of Innogeo successfully completed**
- **Targets confirmed**

	H1 2018 In € 000	H1 2019 In € 000 (*)	Change In € 000	Change In %	Per share In €
<b>Revenue</b>	<b>21,782</b>	<b>23,600</b>	<b>1,818</b>	<b>8.3%</b>	
Total operating income	22,348	24,002	1,654	7.4%	
<b>EBITDA</b>	<b>2,046</b>	<b>3,303</b>	<b>1,257</b>	<b>61.4%</b>	<b>0.31</b>
Depreciation	1,296	2,075	779	60.1%	
<b>Operating profit</b>	<b>750</b>	<b>1,228</b>	<b>478</b>	<b>63.7%</b>	<b>0.12</b>
Financial result	-185	-328	-143	-77.3%	
Profit before tax	565	900	335	59.3%	
<b>Net profit</b>	<b>328</b>	<b>601</b>	<b>273</b>	<b>83.2%</b>	<b>0.06</b>
Net profit (group share)	326	558	232	71.2%	
Total equity	14,050	15,707	1,657	11.8%	1.49
Balance sheet total	39,935	49,364	9,429	23.6%	

(\*) The new IFRS 16 standard applies as of 1 January 2019. This had a positive impact of €534k on the H1 2019 EBITDA, albeit offset by a negative impact of €509k on depreciation and of €54k on the financial result. Consequently, the total impact of IFRS 16 on the H1 2019 net profit was €-22k.

## Highlights of the first half of 2019

### **Geotechnics: growth driver of the group**

In line with the strategy, the geotechnical division is the group's growth driver. Revenue in that division increased by 14% in the first six months. For the first time, the geotechnical activities account for more than 50% of the group's revenue. Soil & Environment also reported a solid 9% growth. The downturn in Asbestos & Energy is entirely attributable to the energy division, where a major framework contract came to an end, while the asbestos division continues to report a double-digit growth. The decrease in other revenue is the result of the phase out and integration of the international division.

	H1 2018 In € 000	H1 2019 In € 000	Change In € 000	Change In %	% of Revenue
Geotechnics	10,535	12,012	1,477	14.0%	50.9%
Soil & Environment	9,580	10,455	875	9.1%	44.3%
Asbestos & Energy	1,123	1,067	-56	-5.0%	4.5%
Other	545	66	-478	-87.8%	0.3%
<b>Revenue</b>	<b>21,782</b>	<b>23,600</b>	<b>+1,818</b>	<b>+8.3%</b>	<b>100%</b>

### **Organic revenue growth of 8.3%**

The group reported an overall organic revenue growth of 8.3%, which is well above the target of 5%. Each of the three home countries contributed to this result, with France and the Netherlands even reporting a double-digit growth.

	H1 2018 In € 000	H1 2019 In € 000	Change In € 000	Change In %	In % Revenue
France	9,119	10,368	+1,249	+13.7%	43.9%
Belgium	7,542	8,074	+532	+7.1%	34.2%
The Netherlands	4,599	5,114	+515	+11.2%	21.7%
International	522	44	-478	-91.5%	0.2%
<b>Total revenue</b>	<b>21,782</b>	<b>23,600</b>	<b>+1,818</b>	<b>+8.3%</b>	<b>100%</b>

### France

The geotechnical division, which accounts for more than 80% of revenue in France, is driven by large-scale projects, such as the development of transport infrastructure (e.g. SNCF, Grand Paris), industrial sites (EDF, Engie, ...), and new infrastructure for the Olympic Games in Paris. The environmental division reported an 8% growth.



## Belgium

Belgium reported an organic growth of 7%, driven by strong growth at ABO (soil and environment), Geosonda (geotechnical fieldwork) and Translab (measurement of asbestos in ambient air & laboratory activities). Environmental fieldwork (temporary fall-off in complex drilling assignments) and the energy department (end of a framework contract) performed less well.

## The Netherlands

The Dutch construction market continues to do well, although the growth was primarily driven by the environmental fieldwork division as capacity was restored. Nevertheless, the further geographical expansion and accompanying investment in staff and equipment still fall short of yielding their maximum return. An organic growth of more than 11% was realized.

## International

The group reoriented its international strategy following the disposal of the business activity of Ecorem NV with effect from 1 March 2019. International assignments are now covered by the existing brands and group companies instead of being sought in the context of a distinct business segment. In the first six months, for example, Sialtech and Geosonda carried out assignments in Sweden and Poland.

## **EBITDA +61%**

The solid revenue growth is reflected in a strong increase in EBITDA by 61% to €3.3 million. The implementation of the new IFRS 16 standard already resulted in an organic growth by €534k. On a like-for-like basis, a clear and convincing leap of 35% can be seen. The traditional mainstays of the group, ERG Géotechnique and ABO, both recorded a solid year-on-year improvement. Depreciation increased from €1.3 million to €2.1 million, of which €0.5 million is attributable to the application of IFRS 16. In a number of operating companies, decisions to invest in staff and equipment have increased costs, without so far producing the desired results. Further operational improvement would therefore seem a realistic assumption. All in all, the operating profit has already increased by 64%, from €750k to €1,228k. The financial charges increased due to a combination of higher debts and the impact of IFRS 16. The higher overall profitability means higher taxes. The net profit is just short of having doubled, rising from €328k to €601k.

## **Loss-making division closed down**

The unpredictability of new order intake outside of Europe prompted the group to phase out this division. The disposal of the business activity of Ecorem finalized this process.

## **New sustainable building opened in Marseille**



In France, the new multipurpose and green office building in Vitrolles opened at the beginning of April. The building is strategically well located, next to the airport of Marseille Provence and with a direct connection by train and high-speed rail to Marseille and other cities.

It has a floor area of 1,200 m<sup>2</sup> and includes a warehouse and geotechnical laboratory, along with 60 workstations. The total investment was just over €3 million, which was virtually entirely financed by bank loans. The building provides room for growth of both the environmental and geotechnical divisions.



*The full set of figures (consolidated income statement, balance sheet and cash flow statement, and statement of changes in equity) is attached to this press release.*

## **Outlook**

### **Acquisition of Innogeo completed**

On 1 July 2019, ABO acquired the French geophysics engineering firm Innogeo. For ABO this means a valuable addition to the product portfolio. A first integration and synergy exercise has already been successfully completed. The services of Innogeo can also be deployed in Belgium and the Netherlands for many of the group's clients. In France, however, the company has its own distinct growth trajectory. Innogeo is expected to contribute approximately €0.5 million to the group's revenue.

### **Targets confirmed**

ABO-Group confirms its medium-term ambition of double-digit organic and acquisitive revenue growth. Focus is on the organic expansion of the product offering (towards infrastructure, stability, urban development, etc.), machinery (complementary drilling techniques), and tapping into new geographical markets. The group also continues to seek to strengthen its market position in the home countries Belgium, the Netherlands and France through acquisitions. The group screens the market intensively in search of businesses that fit into its strategy.

The second half of the year looks positive; the order book of ABO-Group is well-filled in each of its markets. This leads us to expect the second half of the year to be in a similar vein, based on a high-quality execution of orders. For 2019, the group has set itself the target of around €50 million revenue and a double-digit EBITDA margin.



## **Financial calendar**

31/03/2020: 2019 annual figures

27/05/2020: 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, and Johan Reybroeck, CFO, declare that, to their knowledge, the interim condensed consolidated financial information for the six-month period ending 30 June 2019, 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 ABO-Group**

ABO-Group is a company listed on Euronext Brussels, specializing in consultancy & engineering, testing & monitoring in the areas of construction, environment and energy. ABO-Group endeavours to offer its customers a sustainable solution in its three home countries (Belgium, the Netherlands and France) and internationally.

A more detailed description of the group’s activities can be found on the website of ABO-Group ([www.abo-group.eu](http://www.abo-group.eu)).

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



## Consolidated interim income statement (non-audited)

In €000	For the six months ending on 30 June	
	2019	2018
Revenue	23 600	21 782
Other operating income	402	566
<b>Total operating income</b>	<b>24 002</b>	<b>22 348</b>
Purchases	-2 306	-2 583
Services and other goods	-7 512	-7 353
Employee benefit obligations	-10 526	-10 115
Depreciation	-2 075	-1 296
Other operating expenses	-355	-251
<b>Operating profit</b>	<b>1 228</b>	<b>750</b>
Financial charges	-332	-192
Financial income	4	7
<b>Profit before taxes from continuing operations</b>	<b>900</b>	<b>565</b>
Taxes	-299	-235
<b>Net profit from continuing operations</b>	<b>601</b>	<b>330</b>
Loss from discontinued operations, after tax	-	-2
<b>Net profit</b>	<b>601</b>	<b>328</b>
Net profit (loss) attributable to the		
parent company's shareholders	559	326
minority interests	42	2
<b>Earnings per share for the shareholders</b>		
Basic and diluted	0.057	0.031
<b>Earnings per share (continuing operations)</b>		
Basic and diluted	0.057	0.031
<b>Earnings (loss) per share (discontinued operations)</b>		
Basic and diluted	-	-0.000
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	
	2019	2018
Net profit	601	328
<b>Unrealized profit - transferable to the income statement</b>		
Revaluation of buildings	-	-
Impact of taxes	-	-
Change in fair value of financial assets available for sale	2	-23
Impact of taxes	-	-
<b>Unrealized profit - non-transferable to the income statement</b>		
Revaluation of net pension commitments	-	27
Impact of taxes	-	-7
<b>Unrealized earnings, after tax</b>	<b>2</b>	<b>-3</b>
<b>Total result, after tax</b>	<b>603</b>	<b>325</b>
<b>Total result attributable to</b>		
parent company's shareholders	561	323
minority interests	42	2

### Consolidated interim balance sheet (non-audited)

In €000	30 June	31 December
	2019	2018
<b>Fixed assets</b>		
Goodwill	844	844
Intangible fixed assets	1 591	1 670
Tangible fixed assets	21 491	15 887
Deferred tax assets	924	889
Financial assets available for sale	27	35
Other financial assets	608	646
<b>Total fixed assets</b>	<b>25 485</b>	<b>19 971</b>
<b>Short-term assets</b>		
Stocks	694	676
Trade receivables	17 541	16 512
Other current assets	1 155	974
Cash and cash equivalents	4 489	4 795
<b>Total short-term assets</b>	<b>23 879</b>	<b>22 957</b>
<b>Total assets</b>	<b>49 364</b>	<b>42 928</b>



In €000	30 June	31 December
	2019	2018
<b>Total equity</b>		
Capital	4 857	4 857
Consolidated reserves	6 952	6 708
Unrealized profit	2 522	2 509
<b>Equity attributable to the shareholders of the group</b>	<b>14 331</b>	<b>14 074</b>
Minority interests	1 376	1 050
<b>Total equity</b>	<b>15 707</b>	<b>15 124</b>
<b>Long-term liabilities</b>		
Financial debts	9 422	5 085
Deferred tax liabilities	1 314	1 382
Provisions	695	688
Other long-term liabilities	8	-
<b>Total long-term liabilities</b>	<b>11 439</b>	<b>7 155</b>
<b>Current liabilities</b>		
Financial debts	10 989	8 392
Trade debts	4 925	5 730
Tax liabilities	415	652
Other current liabilities	5 889	5 875
<b>Total current liabilities</b>	<b>22 218</b>	<b>20 649</b>
<b>Total equity and liabilities</b>	<b>49 364</b>	<b>42 928</b>

## Consolidated overview of changes in equity

In €000	Attributable to the shareholders of the parent company			Minority interests	Total equity	
	Capital	Consolidated reserves	Unrealized profit			Total
<b>On 1 January 2018</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		326		326	2	328
Unrealized profit			-3	-3	-	-3
<b>Total Result</b>		<b>326</b>	<b>-3</b>	<b>323</b>	<b>2</b>	<b>325</b>
<b>On 30 June 2018</b>	<b>4 857</b>	<b>6 400</b>	<b>1 588</b>	<b>12 845</b>	<b>1 205</b>	<b>14 050</b>
<b>On 1 January 2019</b>	<b>4 857</b>	<b>6 708</b>	<b>2 509</b>	<b>14 074</b>	<b>1 050</b>	<b>15 124</b>
Net profit		559		559	42	601
Unrealized profit			2	2		2
<b>Total Result</b>		<b>559</b>	<b>2</b>	<b>561</b>	<b>42</b>	<b>603</b>
Acquisition Ecorem (minority interest)		-406	102	-304	284	-20
Transfer depreciation of tangible fixed assets		91	-91			
<b>On 30 June 2019</b>	<b>4 857</b>	<b>6 952</b>	<b>2 522</b>	<b>14 331</b>	<b>1 376</b>	<b>15 707</b>

## Consolidated cash flow statement

In €000	For the six months ending on 30 June	
	2019	2018
<b>Operating activities</b>		
Net profit	601	328
Non-cash costs and operational adjustments		
Depreciation of tangible fixed assets	1 953	1 106
Depreciation of intangible fixed assets	122	115
Profit on sale of tangible fixed assets	-23	-54
Changes in provisions	-36	-57
Changes in impairment losses on clients	-122	3
Financial income	-4	-7
Financial charges	332	192
Deferred tax expenses (income)	-103	-7
Tax expenses	402	242
Adjustments to working capital		
Decrease (increase) in other financial assets, trade receivables and other current assets	-1 164	-18
Decrease (increase) in stocks	-18	-59
Increase (decrease) in trade debts and other debts	-750	-1 177
	<b>1 190</b>	<b>607</b>
Interest received	4	5
Taxes paid	-518	-510
<b>Net cash flow from operating activities</b>	<b>676</b>	<b>102</b>

In €000	For the six months ending on 30 June	
	2019	2018
<b>Investment activities</b>		
Investments in tangible fixed assets	-987	-1 015
Investments in intangible fixed assets	-43	-18
Sale of tangible fixed assets	28	133
Acquisition of subsidiary	-20	-
<b>Net cash flow from (used in) investment activities</b>	<b>-1 022</b>	<b>-900</b>
<b>Financing activities</b>		
Income from loans	3 777	1 241
Repayments of loans	-2 462	-1 496
Repayments of leasing debts	-942	-
Interest paid	-188	-109
Other financial income (charges)	-145	-82
<b>Net cash flow from financing activities</b>	<b>40</b>	<b>-446</b>
<b>Net increase in cash and cash equivalents</b>	<b>-306</b>	<b>-1 244</b>
Cash and cash equivalents at the start of the year	4 795	3 525
<b>Cash and cash equivalents at the end of the period</b>	<b>4 489</b>	<b>2 281</b>
<b>Other non-cash transactions</b>		
Finance leases, incl. IFRS 16	-6 573	-469