

ABO-GROUP Annual Results for 2020

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2020 highlights

- **ABO crowns anniversary year with record figures on turnover and net profit**
- **Turnover growth of 3%, despite the impact of Corona.**
- **Operating profit before depreciation 7.5 million euro - 0.71 euro / share**
- **36% higher operating cash flow and 40% decrease in net debt**

Outlook

- **Strong start to 2021, driven by organic and acquisitive growth**
- **Start-up of a liquidity provider with a request to return to the continuous market**
- **File for the dual listing application submitted to Euronext Paris**

Frank De Palmenaer, CEO of the ABO-GROUP Environment, explains: *“Unfortunately, the party feeling around the 25th anniversary of the group took place in a minor key due to the second corona wave. Nevertheless, we remain positive, especially now that we can reconfirm that COVID has only had a limited influence on ABO. We achieved top figures, with a group turnover of 50 million euro and a total result (group share) of 2.3 million euro. These figures are a fine reward for the dedication and drive of all our employees. ABO is ready to continue its growth path and to further expand the group to a turnover of 100 million euro. The recent acquisitions of GEO+, Subgeo and Geosonic France immediately give us a strong boost in terms of turnover. The underlying structural trends, such as sustainable construction, climate change, PFAS, etc., are translated into assignments at ABO-GROUP for the ‘Risques Naturels’ department, which is in full expansion, and the soil investigation department. We are starting from a very healthy, and even strengthened basis, and we are therefore hopeful that we can quickly resume growth. The recently won orders give us the feeling that the business world in our market is already thinking post-corona.”*

	2019 in € 000	2020 in € 000	Change in € 000	Change in %	Per share In €
Turnover	48 015	49 352	1 337	2.8%	
Total operating income	49 251	49 959	708	1.4%	
Operating profit before depreciation	7 432	7 518	86	1.1%	0.71
Depreciation	4 266	4 453	187	4.4%	
Operating profit	3 166	3 040	-126	-4.0%	
Financial result	-609	-503	106	-17.3%	
Profit before tax	2 557	2 537	-20	-0.8%	
Net profit	1 790	2 094	304	17.0%	0.20
Total result (share of the group)	1 638	2 271	633	38.6%	0.21
Total equity	16 748	18 979	2 231	13.3%	1.80
Net cash flow from operations	6 366	8 689	2 323	36.5%	
Balance sheet total	49 571	57 002	7 431	15.0%	

Turnover growth of 3%, despite the impact of Corona.

The turnover of the ABO-GROUP increased from 48 to 49.4 million euro in 2020. The traditional mainstay, geotechnics, remained well on track with a growth of 4%. Geotechnics now accounts for 54% of the group's turnover. The Soil & Environment department, including the "Asbestos and Energy" department, grew slightly, by 1.3%. In order to increase the synergy with existing advisory clients, the energy department was integrated into ABO NV from 1 January 2021.

	2019 in € 000	2020 in € 000	Change in € 000	Change in %	% of Turnover
Geotechnology	25 765	26 798	1 033	4.0%	54.3%
Soil & Environment	22 167	22 448	281	1.3%	45.5%
Others	83	106	23	27.5%	0.2%
Turnover	48 015	49 352	1 337	2.8%	100%

The pandemic has impacted different countries differently. On the one hand, the second wave has generally had less negative effects than the first wave. On the other hand, the basis for comparison was a lot higher for the second half of the year, given that ABO showed a fairly strong performance in the second half of 2019.

Performance in France is driven by ABO-ERG Environnement, which had its best quarter ever in Q4 2020. In the second half of the year, Geotechnics was able to almost completely make up for the decline in the first half of the year. The geophysical research, under the brand name ABO-Innogeo, was able to increase its turnover by more than 30% with a number of great projects, which was proof of good integration after takeover.

ABO-GROUP achieved very strong growth in geotechnics in Belgium. This is fully in line with the strategy to significantly further expand geotechnics, both as a fieldwork company (Geosonda) and as a lab (Translab) with geotechnical advice. ABO NV continues to promote the one-stop-shop principle as much as possible. Building owners, project developers and architects can turn to one party for all their supporting environmental and geotechnical studies: a unique concept. As mentioned, the range has been further expanded with energy advice, in the broadest sense, ranging from BREEAM, through energy audits, to studies for reducing the energy consumption and CO₂ emissions from buildings and industrial processes.

After a very strong first half year, activities in the Netherlands reduced slightly, although overall they remained at a good capacity utilisation level. Above all, consulting experienced a weaker turnover development, with regard to both construction and soil. ABO continues to look to recruit additional experts to support organic growth.

	2019 in € 000	2020 in € 000	Change in € 000	Change in %	% of Turnover
France	22 641	24 071	1 430	6.3%	48.8%
Belgium	15 271	15 354	83	0.5%	31.1%
The Netherlands	10 061	9 927	-134	-1.3%	20.1%
International	42	0	-42	-100.0%	0.0%
Turnover	48 015	49 352	1 337	2.8%	100%

Operating profit before depreciation 7.5 million euro - 0.71 euro / share

Operating profit before depreciation amounts to 7.5 million euro (0.71 euro/share), an increase of 86k euro. ABO has thereby succeeded in achieving the same EBITDA margin (15%) as a group, despite the corona impact, which was indeed present in a number of operational activities, a performance to be proud of.

Depreciation increased slightly from 4.27 million euro to 4.45 million euro. Over the past year, the group has continued to invest in keeping its machinery up to date, as well as a number of expansion investments to support the expansion of geotechnics in Belgium and France.

The financial result improved slightly, despite an increased level of debt. Profit before tax remains at the same level. There was a tax credit ("CIR") in France, which had a favourable effect of 270k euro. Net profit increased from 1.8 million to 2.1 million euro (0.21 euro per share). The total result (share of the group) increased from 1.6 to 2.3 million euro. The updating of the French pension liabilities was carried out directly via the group's equity and, due to the downward adjustment of the discounting rate, has a negative impact of net 64k euro.

36% higher operating cash flow and 40% decrease in net debt

The net cash flow from operating activities increased from 6.4 to 8.7 million euro (+ 36%), driven by a very positive contribution from intensive working capital management, on both the customer and the supplier side. The net financial debt decreased by 40% or, in absolute terms, by 5 million euro, from 12.4 to 7.4 million euro.

The balance sheet total increased from 49.6 to 57 million euro. On the assets side, the main change is the increase in cash and cash equivalents by 9.3 million euro. This significant increase is due to a high operating cash flow, in combination with the received corona loans from the French government ("PGE") amounting to 4.34 million euro. These loans are also reflected in the short-term financial debts on the liabilities side. Total equity increased to 19 million euro. The equity ratio is 33.3%. Solvency, calculated as the ratio of net financial debts to the operating result before depreciation, came to a very comfortable 1.0 (compared to 1.7 at the end of 2019). This shows more than clearly that the company has further room for acquisitive growth.

The full consolidated income statement and balance sheet, the statement of changes in equity, and the consolidated cash flow statement are included below.

Outlook

Strong start to 2021, driven by organic and acquisitive growth

The year 2021 started on a good and healthy basis, with plenty of work on the shelf. The group has also been able to win numerous new assignments from the start of the year. This ensured good visibility and confidence in the return to growth.

We also started the year in a more streamlined version. ABO did not sit still during the corona period, but took the opportunity to further optimise the group structure. The elimination of ABO Holding is the key step in keeping the French, Belgian and Dutch activities directly via ABO-GROUP. The energy activity will be taken over by ABO NV from 1/01/21, so that a fully integrated energy advice can be provided there. The group acquired an additional 12.8% interest in Enviromania in mid-January 2021. And finally, the group acquired the remaining minority interest of Henk Nijmeijers in Sialtech BV. As announced, Mr. Nijmeijers is taking on a more overarching role in expanding the fieldwork activities.

In addition, the group was able to make an interesting series of acquisitions in France in recent months. In mid-December, GEO+ Environnement, a company specialised in environmental advice, permit processes and mining, was acquired. The expansion of ABO-Innogeog with the Mornac-based Subgeo followed at the end of December. Finally, Geosonic France will join the group from 1 February 2021. Geosonic France is a specialised drilling company, with a focus on sonic drilling. It can be expected that these acquisitions will generate 5 million euro in additional turnover in 2021.

The group remains in touch with a number of interesting targets that can significantly further strengthen the group's product portfolio. The group believes it is likely that additional announcements will follow.

The board and operational management have together laid down the growth path for the coming years in a plan. The target is to reach the turnover cap of 100 million euro by the end of 2025 at the latest. Most of this can be achieved organically. The group is also open to accelerate the expansion of some segments through acquisitive growth, however. ABO is aiming for technical market leadership, whereby the group will grow from 350 to 700 FTE, and will do this from an extensive office network spread over its 3 home countries.

Start-up of a liquidity provider with a request to return to the continuous market

In order to improve the liquidity of the share, the board has decided to appoint Degroof Petercam Asset Management (DPAM) as permanent liquidity provider. In principle, the contract will start on 6 April 2021 and has an initial, renewable term of 1 year. The activity is being fully conducted in accordance with Euronext's rules for liquidity providers. ABO-GROUP is looking at how it can return to the continuous market from the current double fixing system. The board is convinced that these steps will increase liquidity, and that this will indirectly accelerate the fair value of the share.

File for the dual listing application submitted to Euronext Paris

France accounted for 49% of group turnover at the end of 2020. Given the recent acquisitions and the foreseeable organic growth, it can be assumed that the weight of the French activities will continue to increase significantly, or at least account for more than half of the group's turnover. In order to increase the visibility of the "ABO" brand in the French market, the board of directors considers it advisable to request a second listing on Euronext Paris. Given the existing listing in Brussels, a lead time of just under 30 working days should be provided. With the approval of the listing committee, the listing in Paris will therefore be able to start at the beginning of May. The order book will be shared between Brussels and Paris, so liquidity will not be negatively affected.

Financial calendar

23/04/2021: Publication of the 2020 annual report and convocation to the General Meeting
26/05/2021 at 5 pm General Meeting
17/09/2021: Figures for the first half of 2021

Statement of the statutory auditor

The statutory auditor of the ABO-Group Environment NV, EY Bedrijfsrevisoren BV, represented by Marnix Van Dooren, has confirmed that his audit review, which was thoroughly completed, has not revealed any significant corrections that would require an adjustment to the 2020 consolidated figures for the Group that are included in this press release.

About the ABO-Group

The ABO-Group is a specialised engineering company focused on geotechnical engineering, the environment and soil remediation. Through its consultancy and testing & monitoring departments, the ABO-Group is active in Belgium, the Netherlands and France, as well as internationally. The ABO-GROUP guarantees its customers a sustainable solution. For a more detailed description of the operations of the group, please consult the ABO-Group website (www.abo-group.eu).

For more information:

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

Consolidated income statement

in €000	For the year ending on 31 December	
	2020	2019
Turnover	49 352	48 015
Other operating income	607	1 236
Total operating income	49 959	49 251
Purchases	-5 163	-4 540
Services and miscellaneous goods	-15 009	-15 732
Employee remunerations	-21 509	-20 998
Depreciation	-4 453	-4 266
Other operating expenses	-785	-549
Operating profit	3 040	3 166
Financial charges	-516	-646
Financial revenue	13	37
Profit from ongoing operations, before taxes	2 537	2 557
Taxes	-443	-767
Net profit from ongoing operations	2 094	1 790
Net profit	2 094	1 790
Net profit (loss) attributable to the		
shareholders of the parent company	2 133	1 763
Minority interests	-40	27
Basic earnings per share for the shareholders		
Basic and diluted	0.20	0.17
Profit per share for the shareholders from ongoing operations		
Basic and diluted	0.20	0.17
Basic earnings per share from discontinued operations		
Basic and diluted	-	-

Consolidated total result

in €000	For the year ending on December 31	
	2020	2019
Net profit	2 094	1 790
Non-realised results - transferable to profit and loss account		
Revaluation of buildings	-	-
Tax impact	-	-
Change in the fair value of financial assets with changes in fair value via the non-realised results	11	7
Non-realised results - not transferable to profit and loss account		
Actuarial (profit) / losses	-89	-183
Tax impact	25	51
Revaluation of buildings	225	-
Tax impact	-34	-
Non-realised results, after taxes	138	-125
Total result after taxes	2 232	1 665
Total result, attributable to the shareholders of the parent company	2 271	1 638
Minority interests	-40	27

Consolidated balance sheet

in €000	For the year ending on 31 December	
	2020	2019
Fixed assets		
Goodwill	844	844
Intangible fixed assets	1 485	1 749
Tangible fixed assets	21 126	20 966
Investments in associated companies	-	-
Deferred tax assets	921	1 008
Financial assets with fair value changes via the non-realised results	42	32
Other financial assets	623	629
Total fixed assets	25 041	25 228
Short-term assets		
Stocks	941	811
Trade receivables	15 029	16 677
Other short-term assets	970	1 112
Cash and cash equivalents	15 021	5 743
Total short-term assets	31 961	24 343
Total assets	57 002	49 571

in €000	For the year ending on 31 December	
	2020	2019
Total equity		
Capital	4 857	4 857
Consolidated reserves	10 540	8 216
Non-realised results	2 265	2 318
Equity attributable to the shareholders of the group	17 662	15 391
Minority interest	1 317	1 357
Total equity	18 979	16 748
Long-term debts		
Financial debts	7 737	8 552
Deferred tax liabilities	1 222	1 362
Provisions	1 143	941
Total long-term debts	10 102	10 855
Current liabilities		
Financial debts	14 718	9 624
Trade payables	6 698	5 008
Tax liabilities	657	742
Other short-term debts	5 851	6 594
Total short-term debts	27 921	21 968
Total shareholders' equity and payables	57 002	49 571

Consolidated statement of changes in equity

in €000	Attributable to the shareholders of the parent company			Minority interest	Total equity
	Capital	Consolidated reserves	Non-realised results		
On 1 January 2019	4 857	6 708	2 509	1 050	15 124
Net profit		1 763		27	1 790
Non-realised results			-125	-	-125
Total result		1 763	-125	27	1 665
Transfer of depreciation of tangible fixed assets	-	175	-175	-	-
Dividend to minority stake	-	-	-	-22	-22
Purchase of minority interest ABO Logistics	-	-431	109	302	-20
On 31 December 2019	4 857	8 216	2 318	1 357	16 748
Net profit		2 133		-40	2 094
Non-realised results			138	-	138
Total result		2 133	138	-40	2 232
Transfer of depreciation of tangible fixed assets	-	191	-191	-	-
On 31 December 2020	4 857	10 540	2 265	1 317	18 979

Consolidated cash flow statement

in €000	For the year ending on 31 December	
	2020	2019
Net profit	2 094	1 790
Non-cash costs and operating adjustments		
Depreciation of tangible fixed assets	4 164	3 979
Depreciation of intangible fixed assets	292	286
Profit on the sale of tangible fixed assets	-49	-68
Movements in the provisions	-162	-91
Movements in impairments on customers	187	14
Financial revenue	-13	-37
Financial charges	516	646
Badwill arising from business combinations	-	-35
Deferred tax expense	-61	-223
Tax expenses	504	990
Other	-	2
Changes to the working capital		
Decrease (increase) in other financial fixed assets, trade receivables and other short-term assets	1 588	-371
increase in stocks	-129	185
Increase (decrease) in trade payables and other debts	318	54
	9 246	7 121
Interest received	12	3
Taxes paid	-569	-758
Net cash flow from operating activities	8 689	6 366

in €000	For the year ending on 31 December	
	2020	2019
Investment activities		
Investments in tangible fixed assets	-2 238	-2 004
Investments in intangible fixed assets	-30	-54
Sale of tangible fixed assets	91	199
Subsidiary acquisition, net with cash acquisition	-	-532
Purchase of minority interests	-	-20
Income from financial assets	-	10
Net cash flow (used in) from investing activities	-2 177	-2 401
Financing activities		
Income from loans	8 113	3 310
Repayment of loans	-2 963	-3 603
Repayment of lease debts	-1 868	-2 057
Interest paid	-374	-389
Other financial income (costs)	-141	-256
Dividend payment to minority interest	-1	-22
Net cash flow from financing activities	2 766	-3 017
Net increase in cash and cash equivalents	9 278	948
Cash and cash equivalents at the beginning of the year	5 743	4 795
Cash and cash equivalents at the end of the year	15 021	5 743
Other non-cash transactions		
Financial leasing	-1 044	-6 682