



ABO-GROUP – Half-Year Results 2020

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Highlights of the first half of 2020

- **ABO-GROUP stands firm despite COVID-19**
- **EBITDA up 14% to €3.8 million**
- **Net profit up 60%**
- **€4.6 million operating cash flow generation**

Outlook

- **2020: 25 years of ABO, solid foundations for vigorous growth**
- **Investment and focus on geotechnics Belgium**

| | H1 2019 In € 000 | H1 2020 In € 000 | Change In € 000 | Change In % | Per share In € |
|---|---------------------|---------------------|--------------------|----------------|-------------------|
| Revenue | 23,600 | 23,899 | 299 | 1.3% | |
| Total operating income | 24,002 | 24,143 | 141 | 0.6% | |
| EBITDA | 3,303 | 3,774 | 471 | 14.3% | 0.36 |
| Depreciation | 2,075 | 2,183 | 108 | 5.2% | |
| Operating profit | 1,228 | 1,591 | 363 | 29.6% | 0.15 |
| Financial result | -329 | -251 | 78 | -23.7% | |
| Profit before tax | 899 | 1,345 | 446 | 49.6% | |
| Net profit | 600 | 965 | 364 | 60.6% | 0.09 |
| Total result | 603 | 976 | 373 | 61.9% | |
| | | | | | |
| Total equity | 15,707 | 17,722 | 2,015 | 12.8% | 1.68 |
| Net cash flow from operating activities | 676 | 4,578 | 3,902 | 577.2% | |
| Balance sheet total | 49,364 | 54,497 | 5,133 | 10.4% | |

Frank De Palmenaer, CEO of ABO-GROUP Environment, explains: “We have been relatively unaffected by COVID-19. Internal flexibility and the strict implementation of safety measures meant there was little or no delay in consultancy services, and only a limited and temporary shutdown of certain large projects in the fieldwork division. We made substantial progress financially, with a net profit that has increased by more than 60%. This is a major achievement which we can rightly be proud of. My gratitude goes first and foremost to all our staff, who showed flexibility in switching to working from home, as well as to our clients and suppliers, who retained their confidence in us. The ABO-GROUP stands more firmly than ever, with a solid cash buffer, low debt level, and underlying structurally growing trends such as sustainability, climate change, energy neutrality, and the need for sound infrastructure. The ABO-GROUP is ideally positioned to take advantage of the recovery and projected relaunch of the economy. Meanwhile, numerous internal investments and optimisations have been implemented to stimulate the group’s further organic growth. Much to our regret, and in keeping with coronavirus measures, we will not be able to extensively celebrate our 25th anniversary on 27 October. We hope to do so with all our stakeholders later at a suitable moment in the anniversary year 2021.”



Highlights of the first half of 2020

ABO stands firm despite COVID-19

2020 was off to a strong start with double-digit organic growth figures. Starting from mid-March, however, we were confronted everywhere with the effects of the lockdowns. Several of our activities were seriously affected for several weeks; staff members were obliged to switch over to working from home at very short notice, project sites suddenly became inaccessible and were postponed, travel became restricted, etc. A weak April was followed by a gradual return to normal capacity in May and June. This ultimately resulted in a 1.3% higher revenue over the first six months for the whole group. Geotechnics, the growth driver of the group, increased by 6.2%, of which 2% is organic growth. Soil also performed well, driven by a strong market demand in the Netherlands with regard to PFAS (poly- and perfluoroalkyl substances). The Asbestos and Energy division suffered most from the effects of the COVID-19 measures. For two months, activity in that division was virtually reduced to zero, an impact which could not be made up for during the first half of the year.

| | H1 2019 In € 000 | H1 2020 In € 000 | Change In € 000 | Change In % | % of Revenue |
|--------------------|---------------------|---------------------|--------------------|----------------|-----------------|
| Geotechnics | 12,012 | 12,760 | 748 | 6.2% | 53.4% |
| Soil & Environment | 10,455 | 10,473 | 18 | 0.2% | 43.8% |
| Asbestos & Energy | 1,067 | 622 | -445 | -41.7% | 2.6% |
| Other | 66 | 43 | -23 | -34.8% | 0.2% |
| Revenue | 23,600 | 23,899 | 299 | 1.3% | 100% |

Despite challenging market conditions, ABO was able to report a 5.4% growth in France. The acquisition of Innogeo, a firm specialising in geophysical soil investigation, accounts for most of this growth. The underlying revenue remained stable, however, which may be called a real success given the very strong disruption of the fieldwork.

In Belgium, the slight downturn is primarily attributable to the negative impact of the asbestos and energy segment. Geotechnics, known in the market by the brand name Geosonda, again reported a very solid growth (>40%). Besides environmental fieldwork, the soil segment also managed to hold its own very well, despite pressure in the demolition and asbestos division.

The activities in the Netherlands were relatively unaffected by COVID-19. The Dutch government took less drastic measures, so that most assignments and projects could simply carry on. The 1.4% growth was driven by the soil consultancy division, which experienced a persistently high demand on account of the PFAS regulations. Geotechnical consultancy and fieldwork remained stable at a high level.

| | H1 2019 In € 000 | H1 2020 In € 000 | Change In € 000 | Change In % | % of Revenue |
|-----------------|---------------------|---------------------|--------------------|----------------|-----------------|
| France | 10,368 | 10,931 | 563 | 5.4% | 45.7% |
| Belgium | 8,118 | 7,783 | -335 | -4.1% | 32.6% |
| The Netherlands | 5,114 | 5,185 | 71 | 1.4% | 21.7% |
| Revenue | 23,600 | 23,899 | 299 | 1.3% | 100% |



EBITDA up 14% to €3.8 million

The EBITDA amounted to €3.8 million, an increase of 14.3%. The (temporary) absence of expenditure on agency staff, hotel and travel, fuel, trade fairs, training, office materials, etc. made up for the extra costs of working from home and changes in the work planning in view of the postponed projects. The labour costs increased slightly in line with the higher number of FTEs working in the group. In Belgium, the system of temporary unemployment was used when possible. Nevertheless, the group has always sought to achieve maximum output and so to minimise the recourse to unemployment. There was a slight increase in depreciation in line with the investments carried out. A conservative attitude in checking the outstanding trade receivables led to an additional provision of €75k. On balance, the operating result increased by 30% from €1.23 million to €1.59 million. Year-on-year we see a substantially higher contribution from the Dutch and Belgian operations, while France remained on the same level.

The financial result improved by €78k, primarily as a result of the disappearance of a recognised non-recurring exchange loss in H1 2019, linked to the winding up of the international division.

The net profit increased by 60% from €0.6 million to €0.96 million (€0.09 per share).

€4.6 million operating cash flow generation

The net cash flow from operating activities made a significant leap from €676k to €4.6 million. Where in H1 2019 substantial extra resources were still being invested in working capital, a considerable reduction in outstanding trade receivables was secured by active follow-up. As far as trade debts are concerned, the group in Belgium and the Netherlands took advantage of the facilities being offered to defer payment of VAT and payroll withholding tax. Those effects are temporary and are by now virtually extinguished. Besides the favourable evolution of the working capital, the improved operational and financial figures account for the balance.

Despite a temporary brake on investments at the start of the lockdown period, the group still invested €1 million in additional tangible fixed assets, including a new CPT truck for Belgium.

In France, the group made use of the opportunity to obtain state-guaranteed loans on highly attractive terms. A total of €4.43 million was drawn down, repayable in the spring of 2021. If necessary, however, the maturity of the loan may be extended to five years. To date, those funds have not been expended; instead, they serve as a cash buffer to finance an increased working capital requirement once business picks up again.

The balance sheet total increased from €49.6 million to €54.5 million. The main change on the assets side is the increase in cash and cash equivalents from €5.7 million to €13.3 million, arising from a decrease in trade receivables and the uptake of short-term financial debt. On the liabilities side, the equity increased to €17.7 million; the equity ratio stands at 32.5%. The solvency, representing the net debt-to-EBITDA ratio on an annual basis, amounts to a very comfortable 1.2 (compared to 1.7 at year-end 2019). 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 further below in this press release.



Outlook

2020: 25 years of ABO, solid foundations for vigorous growth

The various measures to stem the spread of the coronavirus will continue to have an impact on the group's potential revenue generation over the coming months. As a result, organic growth will temporarily fall short of our 5% target. In general, ABO still assumes that projects will be postponed rather than cancelled. As yet it is impossible to judge whether demand will fully recover. Nevertheless, ABO remains 100% at its clients' disposal and continues to pursue maximum output.

In light of the COVID-19 impact, the group sees 2020 as a year of transition. For the second half of the year, however, we expect to record a similar performance, barring of course the impact of new restrictive measures. If governments effectively convert their plans into assignments, this could even generate extra momentum. Nevertheless, the ABO-GROUP assumes that this will have more impact on the coming years than on the current financial year. Administrative simplification of the organisation will be investigated as a means to cut costs.

ABO retains every confidence in its expertise, its markets and the structural growth of its business sector. The long-term goal of double-digit growth through a mix of organic and acquisitive growth can therefore easily be maintained. The group is currently working on a new five-year plan (2021-2025). Concrete goals will be communicated before the year-end. However, ABO is considering how to accelerate its growth in order to put the group on a path to €100 million revenue.

The group continues to seek to strengthen its position through acquisitions. However, the acquisition market has been severely disrupted worldwide by the outbreak of the COVID-19 crisis. The group has identified a number of attractive opportunities, yet without any guarantee of an actual transaction taking place.

Investment and focus on geotechnics in Belgium

The ABO-GROUP has developed solid positions in geotechnics in France and the Netherlands. So far, Belgium has been lagging behind, despite very decent growth figures. At the end of June, we brought a new CPT truck into service, which will help to further accelerate growth. We are also investing in geotechnical laboratory tests and in the development of a consultancy division. We support internal growth wherever possible by hiring experts to set up and develop new activities. This will form the basis for growth in 2021 and subsequent years.

Financial calendar

31/03/2021: 2020 annual figures

26/05/2021: 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 2020, 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 an engineering firm specialising in soil, geotechnical and environmental research. Through its consultancy and testing & monitoring departments, the ABO-GROUP has twenty-five branches in Belgium, the Netherlands, France and the United Kingdom. The group is also actively involved in international projects. The ABO-GROUP offers and guarantees its clients a sustainable solution. For a more detailed description of the activities of the group, please consult the ABO-GROUP website (www.abo-group.eu).

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



Consolidated interim income statement

| in €000 | For the six months ending on 30 June | |
|--|---|---------------|
| | 2020 | 2019 |
| Revenue | 23 899 | 23 600 |
| Other operating income | 244 | 402 |
| Total operating income | 24 143 | 24 002 |
| Purchases | -2 365 | -2 306 |
| Services and other goods | -6 865 | -7 512 |
| Employee benefit obligations | -10 662 | -10 526 |
| Depreciation | -2 183 | -2 075 |
| Other operating expenses | -477 | -355 |
| Operating profit | 1 591 | 1 228 |
| Financial charges | -251 | -332 |
| Financial income | 5 | 4 |
| Profit before tax | 1 345 | 900 |
| Taxes | -380 | -299 |
| Net profit | 965 | 601 |
| Net profit (loss) attributable to the parent company's shareholders | 968 | 559 |
| minority interests | -3 | 42 |
| Earnings per share for the shareholders | | |
| Basic and diluted | 0.091 | 0.057 |
| 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

| in €000 | For the six months ending on 30 June | |
|---|---|------------|
| | 2020 | 2019 |
| Net profit | 965 | 601 |
| Unrealized profit - transferable to the income statement | | |
| Change in fair value of financial assets available for sale | 11 | 2 |
| Unrealized earnings, after tax | 11 | 2 |
| Total result, after tax | 976 | 603 |
| Total result attributable to | | |
| parent company's shareholders | 979 | 561 |
| minority interests | -3 | 42 |



Consolidated interim balance sheet

| in €000 | 30 June 2020 | 31 December 2019 |
|---|-----------------|---------------------|
| Fixed assets | | |
| Goodwill | 844 | 844 |
| Intangible fixed assets | 1 618 | 1 749 |
| Tangible fixed assets | 20 050 | 20 966 |
| Deferred tax assets | 1 013 | 1 008 |
| Financial assets with fair value changes recognised in other comprehensive income | 42 | 32 |
| Other financial assets | 617 | 629 |
| Total fixed assets | 24 184 | 25 228 |
| Short-term assets | | |
| Stocks | 753 | 811 |
| Trade receivables | 15 104 | 16 677 |
| Other current assets | 1 178 | 1 112 |
| Cash and cash equivalents | 13 277 | 5 743 |
| Total short-term assets | 30 312 | 24 343 |
| Total assets | 54 496 | 49 571 |



| | 30 June | 31 December |
|---|---------------|---------------|
| in €000 | 2020 | 2019 |
| Total equity | | |
| Capital | 4 857 | 4 857 |
| Consolidated reserves | 9 276 | 8 216 |
| Unrealized profit | 2 236 | 2 318 |
| Equity attributable to the shareholders of the group | 16 369 | 15 391 |
| Minority interests | 1 354 | 1 357 |
| Total equity | 17 723 | 16 748 |
| Long-term liabilities | | |
| Financial debts | 7 942 | 8 552 |
| Deferred tax liabilities | 1 274 | 1 362 |
| Provisions | 998 | 941 |
| Other long-term liabilities | 2 | - |
| Total long-term liabilities | 10 216 | 10 855 |
| Current liabilities | | |
| Financial debts | 14 618 | 9 624 |
| Trade debts | 4 227 | 5 008 |
| Tax liabilities | 868 | 742 |
| Other current liabilities | 6 844 | 6 594 |
| Total current liabilities | 26 557 | 21 968 |
| Total equity and liabilities | 54 496 | 49 571 |



Consolidated overview of changes in equity

| in €000 | Attributable to the shareholders of the group | | | | Minority interests | Total equity |
|--|---|-----------------------|-------------------|---------------|--------------------|---------------|
| | Capital | Consolidated reserves | Unrealized profit | Total | | |
| On 1 January 2019 | 4 857 | 6 708 | 2 509 | 14 074 | 1 050 | 15 124 |
| Net profit | | 559 | | 559 | 42 | 601 |
| Unrealized profit | | | 2 | 2 | - | 2 |
| Total Result | | 559 | 2 | 561 | 42 | 603 |
| Acquisition Ecorem (minority interest) | - | -406 | 102 | -304 | 284 | -20 |
| Transfer depreciation of tangible fixed assets | - | 91 | -91 | - | - | - |
| On 30 June 2019 | 4 857 | 6 952 | 2 522 | 14 331 | 1 376 | 15 707 |
| On 1 January 2020 | 4 857 | 8 216 | 2 318 | 15 391 | 1 357 | 16 748 |
| Net profit | | 968 | | 968 | -3 | 965 |
| Unrealized profit | | | 11 | 11 | - | 11 |
| Total Result | | 968 | 11 | 979 | -3 | 976 |
| Dividend to minority stake | - | - | - | - | -1 | -1 |
| Transfer depreciation of tangible fixed assets | - | 93 | -93 | - | - | - |
| On 30 June 2020 | 4 857 | 9 276 | 2 236 | 16 369 | 1 354 | 17 723 |



Consolidated cash flow statement

| in €000 | For the six months ending on 30 June | |
|---|---|--------------|
| | 2020 | 2019 |
| Operating activities | | |
| Net profit | 965 | 601 |
| Non-cash costs and operational adjustments | | |
| Depreciation of tangible fixed assets | 2 039 | 1 953 |
| Depreciation of intangible fixed assets | 144 | 122 |
| Profit on sale of tangible fixed assets | -6 | -23 |
| Changes in provisions | -30 | -36 |
| Changes in impairment losses on clients | 195 | 122 |
| Financial income | -5 | -4 |
| Financial charges | 251 | 332 |
| Deferred tax expenses (income) | -91 | -103 |
| Tax expenses | 472 | 402 |
| Other | -2 | - |
| Adjustments to working capital | | |
| Decrease (increase) in other financial assets, trade receivables and other current assets | 1 364 | -1 408 |
| Decrease (increase) in stocks | 59 | -18 |
| Increase (decrease) in trade debts and other debts | -399 | -750 |
| | 4 956 | 1 190 |
| Interest received | 4 | 4 |
| Taxes paid | -382 | -518 |
| Net cash flow from operating activities | 4 578 | 676 |



| in €000 | For the six months ending on 30 June | |
|---|---|---------------|
| | 2020 | 2019 |
| Investment activities | | |
| Investments in tangible fixed assets | -1 024 | -987 |
| Investments in intangible fixed assets | -13 | -43 |
| Sale of tangible fixed assets | 15 | 28 |
| Acquisition of minority interest | - | -20 |
| Other investment activities | -5 | - |
| Net cash flow from (used in) investment activities | -1 027 | -1 022 |
| Financing activities | | |
| Income from loans | 6 954 | 3 777 |
| Repayment of loans | -1 831 | -2 462 |
| Interest paid | -174 | -188 |
| Other financial income (charges) | -76 | -145 |
| Dividends paid to minority interests | -1 | - |
| Net cash flow from financing activities | 3 983 | 40 |
| Net increase in cash and cash equivalents | 7 534 | -306 |
| Cash and cash equivalents at the start of the year | 5 743 | 4 795 |
| Cash and cash equivalents at the end of the period | 13 277 | 4 489 |
| Other non-cash transactions | | |
| Lease obligations | -155 | -6 573 |