ABO-Group announces annual results for 2014

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ABO-Group, a unity of integrated engineering and testing businesses active in the areas of the soil, the environment, geotechnology, energy and waste, has today announced its consolidated financial figures for 2014.

	2013 in € 000	2014 in € 000	Growth %	Per share in €
Total operating income	**28,093**	**29,947**	**6.6%**	
REBITDA*	**2,206**	**2,177**	**-1.3%**	**0.21**
Depreciation	**1,256**	**1,544**	**22.9%**	
Operating profit	**950**	**342**	**-64.0%**	**0.03**
Financial result	**-202**	**-136**	**+32.6%**	
Profit before tax	**748**	**206**	**-72.5%**	
Net profit	**1,350**	**199**	**-85.3%**	**0.02**

REBITDA*: recurring earnings before interest, taxes, depreciation and amortisation

Highlights 2014

- **Strong autonomous sales growth of 6.6%**
- **The expansion of the group will have a temporary impact on operational profitability**
- **Strong balance sheet and financial position, ready for the next step**
- **Listing of ABO-Group on Euronext Brussels via reverse takeover of Thenergo – capital increase of € 527k realised in December**

Outlook 2015

- **Formal confirmation that the takeover of Thenergo complies with legitimate economic needs**
- **Ambitious growth and investment plan for 2015 and the coming years**

Strong autonomous sales growth of 6%

In spite of a difficult macro-economic context, where the budgets of clients such as the construction industry and the government remain under pressure, ABO-Group succeeded in achieving strong sale figures in 2014. Growth was mainly driven by France.

	2013 in € 000	2014 in € 000	Change in € 000	Growth %
France	13,652	15,862	+2,210	16.2%
Belgium	12,421	12,084	-337	-2.7%
The Netherlands	1,299	1,069	-230	-17.7%
Total sales	**27,372**	**29,015**	**+1,643**	**6.0%**

Organisation and expansion of the group will have a temporary impact on operational profitability

Numerous new initiatives were taken within ABO-Group in 2014, on the one hand to simplify the internal structure, and on the other to make growth possible in the coming years. ABO therefore invested in its growth, which placed pressure on its operational profitability. 2014 can therefore be deemed a transitional year, towards a new growth phase.

The operating profit fell from € 950k to € 342k. This decrease can be explained by:

- a substantial structural and organisational modification of the internal operations:
  - more rapid integration of the consultancy companies ABO and Ecorem
  - consolidation and integration of all IT processes
  - growing and expanding the corporate office (legal, M&A, HR & IT).

- the reverse takeover of Thenergo NV, which gave ABO-Group a stock market listing for a limited non-recurring cost calculated at € 291,000.

- higher depreciation (+ € 288k), in line with the decision – despite the recession – to keep on investing in new equipment and safety, and indirectly in people and training.

Strong balance sheet and financial position, ready for the next step

The reverse takeover of Thenergo not only gave ABO-Group a stock market listing, but also significantly strengthened its balance sheet. In addition, at the end of December, the group achieved a capital increase of € 527k in exchange for issue of one new share (the 'relution' transaction). This increased the company's shareholder equity from 8.3 to 10.4 million euros. The financial debts were significantly reduced in 2014. The company's net debt fell from 5.1 to 3.7 million euros. All this means that the group is ready to continue on its path of growth.

The full set of figures (consolidated profit and loss account, consolidated balance sheet and cash flow overview) is included as an annex to this press release.

Confirmation that the takeover of Thenergo complies with legitimate economic needs

ABO-Group recently received formal confirmation that the takeover of Thenergo complies with legitimate economic needs. This allows the group to maintain Thenergo's tax position. The liquidation of Thenergo F+L NV has, however, already generated a significant amount in tax losses for the group in 2014. Of these, only a small part has been recognised as a deferred tax asset (€ 1.3 million) until today, as a result of the allocation of the purchase price of the reverse takeover (PPA, purchase price allocation). A new analysis will be carried out every year based on the profitability. Given the results for 2014, we have opted for a conservative approach.

Ambitious growth and investment plan

ABO-Group wishes to expand its environmental and energy consultancy, engineering and testing activities further by tapping into new growth markets (Central and South-East Asia, Africa and the former East Bloc countries). The group positions itself as a European player with international ambitions. ABO-Group will attempt to bring this about by relying on internal organic growth, by recruiting experts, on the one hand for international projects, and on the other hand by setting up and expanding new activities. In addition, the group also wishes to further develop its acquisition strategy in its home countries of Belgium, the Netherlands and France.

Overview of 2014 / prospects for 2015

France

ABO-ERG, the French department of ABO-Group, is known as one of the top-performing French businesses in geotechnology and the environment, as a result of which it has broad access to the major national French projects concerning energy transport, industrial projects, nuclear power stations and contaminated sites. In spite of the negative business climate in France, ABO-ERG achieved very significant sales growth of 16% in 2014. This growth can be mainly explained by higher sales to major geotechnical sites. In addition, commercial actions, in particular the expansion of our offices in Lille and Lyon, have also made a contribution. Lastly, ABO-ERG is reaping the harvest of the important major investments in machinery and laboratory equipment, training, quality and safety. The environmental department has been able to hold onto its position in a very difficult market, mainly thanks to major new framework contracts. The 'MASE' certification has brought in new customers within industry and property development. ABO-ERG is diversifying further into related activities, such as water and sediment studies. In this way it was able to continue its growth in 2015 as well in France.

Belgium

The consultancy activity in Belgium, which is active under the trading names of **ABO** and **Ecorem**, was faced with fewer orders in 2014, mainly with regard to government clients. The expected improvement in the second half of the year did not materialise. For both the Flemish and Walloon environmental consultancy market, there was a decline in sales from public procurement as a result of falling market prices. ABO achieved lower demand for services than expected within a number of specific framework contracts.

Continuing pressure is expected in the industry in 2015. ABO is banking heavily on diversification, such as archaeology and BREEAM. Therefore, more consultancy and engineering services are being supplied in addition to the historical main activity of environmental decontamination, based on the one-stop-shop principle. With its 'ABO Environment' concept, ABO is focusing more on clients who need a total package: soil, permits, asbestos surveys, sampling, sustainability, BREEAM, archaeology, water studies, etc.

For a limited part of the sales, estimated at 3% of group sales, ABO-Group expects, in addition to the administrative red tape, a delay in the contract award, implementation and payment. According to the Flemish legislation, a soil expert must be independent of his client (Vlarel Article 53). There is a presumption that ABO-Group is not independent of the Flemish government, because of the supposed shareholding of an ex-Thenergo shareholder who is associated with the Flemish government. The Council of State stated in its decree on 12 January 2015 that it is possible to request a derogation in this regard from the minister, who will then determine that ABO-Group does in fact perform these contracts independently. In the meanwhile a ministerial derogation was obtained for a number of these files.

Geosonda, which is active in the areas of geotechnology, environmental drilling and sampling, achieved strong sales growth in 2014, given that more and more customers are availing themselves of the knowledge, quality and good implementation of Geosonda. The sales increase mainly took place in the second half of the year and also translated into greatly increased profitability. This positive development is the result of a renewal policy, which started earlier, and a few large projects, among other things for infrastructure works and wind energy. 2015 started strongly for Geosonda with a very good utilisation rate and order book.

The Netherlands

The Dutch market remains difficult. The ABO companies are fighting back with continuous cost controls which ensure a cash break-even situation. The second half of the year provided the first positive signals, with sales growth in the geotechnology division and net profitability.

This tendency has continued further at the start of 2015. In spite of this difficult market, we are still actively looking to reinforce our market position.

Financial calendar

27/05/2015: general shareholders' meeting

30/09/2015: six-monthly figures 2015

About ABO-Group

ABO-Group is a unity of integrated engineering and testing businesses active in the areas of the soil, the environment, geotechnology, energy, groundwater management and waste. ABO-Group has the ambition to increase its sales via internal growth and acquisitions and broadening the range of its activities within and outside Europe. For a more detailed description of the group's risks and activities please refer to the listing document of ABO-Group, released on 31 July, available on the ABO-Group website (www.abo-group.eu).

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This press release is available on our website www.thenergo.eu

Report of the auditor

The auditor of ABO-Group Environment NV, BDO Bedrijfsrevisoren Burg. Ven. CVBA, represented by Veerle Catry, confirmed that its audit review has basically been completed, and that no meaningful corrections have come to its attention that would require an adjustment to the consolidated figures for the group for 2014 included in this press release.

ANNEX: CONSOLIDATED FINANCIAL FIGURES

Consolidated profit and loss account

	For the year ending on 31 December		Growth
	2014	**2013**	
	In thousands of €		
Sales	29,015	27,372	6.0%
Other operating income	932	721	29.3%
Total operating income	**29,947**	**28,093**	**6.6%**
Purchases	-2,992	-3,586	-16.6%
Services and other goods	-10,319	-8,541	20.8%
Employee benefit obligations	-13,987	-12,998	7.6%
Depreciation	-1,544	-1,256	22.9%
Other operating expenses	-763	-762	0.1%
Operating profit	**342**	**950**	**-64.0%**
Financial charges	-274	-356	
Financial income	103	82	
Share in the profit of associates	35	72	
Pre-tax profit from continuing operations	**206**	**748**	-72.5%
Taxes	-168	-392	
Net profit from continuing operations	**38**	**356**	-89.3%
Profit from discontinued operations, after tax	**161**	**994**	
Net profit	**199**	**1,350**	-85.3%
Net profit (loss) attributable to the			
Shareholders of the group	219	1,344	
Minority interests of third parties	-20	6	

	For the year ending 31 December	
	2014	2013
Profit (loss) per share for the shareholders		
Basic and diluted	€ 0.02	€ 0.13
Profit (loss) per share (continuing operations)		
Basic and diluted	€ 0.00	€ 0.04
Profit (loss) per share (discontinued operations)		
Basic and diluted	€ 0.02	€ 0.10
Weighted average shares (in € 000)	10,425	9,959
Weighted average shares with impact from dilution (in € 000)	10,425	9,959

CONSOLIDATED OVERVIEW OF THE FULL PERIOD RESULT

	For the year ending 31 December	
	2014	2013
	In thousands of €	
Net profit	**199**	**1,350**
Unrealised results		
Transferable to the profit and loss account		
Change in fair value of available-for-sale financial assets	22	-33
Tax effect	-7	11
Not transferable to the profit and loss account		
Actuarial losses	-158	0
Tax effect	52	0
Unrealised results, after tax	**-91**	**-22**
Total result, after tax	**108**	**1,328**
Total result, attributable to the		
Shareholders of the group	128	1,322
Minority interests of third parties	-20	6

Consolidated balance sheet

	For the year ending 31 December	
	2014	2013
	In thousands of €	
Assets		
Fixed assets		
Goodwill	154	154
Intangible fixed assets	89	145
Tangible fixed assets	9,310	9,310
Investments in associates	183	98
Deferred tax assets	1,648	292
Available-for-sale financial assets	134	115
Other financial assets	267	226
	11,785	10,340
Short-term assets		
Stocks	275	299
Trade receivables	12,657	12,076
Other short-term assets	1,364	471
Cash and cash equivalents	3,327	2,457
	17,623	15,303
Assets held for sale	1,271	-
Total Assets	**30,679**	**25,643**

	For the year ending 31 December	
	2014	**2013**
	In thousands of €	
Shareholders' equity and payables		
Net shareholders' equity		
Capital	4,857	2,818
Consolidated reserves	3,773	3,469
Unrealised results	1,694	1,870
Equity attributable to the shareholders of the group	**10,324**	**8,157**
Minority interests	107	127
Total equity	**10,431**	**8,284**
Long-term liabilities		
Financial debts	2,022	2,682
Deferred tax liabilities	921	984
Provisions	481	369
	3,424	**4,035**
Current liabilities		
Financial debts	5,030	4,853
Trade payables	4,230	2,698
Tax liabilities	85	227
Other short-term debts	6,180	5,546
	15,525	**13,324**
Payables related to assets held for sale	1,299	-
Total shareholders' equity and payables	**30,679**	**25,643**

Consolidated statement of cash flows

	For the year ending 31 December	
	2014	2013
	In thousands of €	
Operating activities		
Net profit	199	1,350
Non-cash costs and operational adjustments		
Depreciation of tangible fixed assets	1,407	1,175
Depreciation of intangible assets	69	81
Loss (profit) on disposal of tangible fixed assets	-4	-30
Real changes in fair value of available-for-sale financial assets	0	-16
Movements in provisions	-46	53
Movements in impairments on customers	20	-82
Financial income	-93	-82
Financial charges	274	356
Profit on disposal of Pangea	0	-991
Share in the loss (profit) of associates	-35	-72
Deferred tax charge (income)	-48	136
Tax charge	216	256
Other	2	0
Changes to working capital		
Decrease (increase) in other financial assets, trade receivables and other short-term assets	-900	-569
Decrease (increase) in stocks	24	-23
Increase (decrease) in trade payables and other payables	835	-20
	1,920	**1,522**
Interest received	44	57
Taxes paid	-360	-187
Net cash flow from (used in) operating activities	**1,604**	**1,392**

Investment activities

Investments in tangible fixed assets	-774	-891
Investments in intangible fixed assets	-13	-99
Sales of tangible fixed assets	27	96
Acquisition of subsidiary	585	0
Sale of joint venture	462	0
Investments in associates	-50	0
Net cash flow from (used in) investment activities	**237**	**-894**

Financing activities

Income from loans	3,159	2,045
Repayments of loans	-3,730	-1,923
Repayments of leasing debts	-585	-434
Capital increase in cash	527	0
Directly attributable costs of capital increase	-11	
Interest paid	-259	-319
Other financial income (costs)	34	-11
Net cash used in financing activities	**-865**	**-642**
Net increase in cash and cash equivalents	**976**	**-144**
Cash and cash equivalents at beginning of the period	2,457	2,601
Cash and cash equivalents at end of the period	**3,433**	**2,457**

Consolidated statement of changes in equity

	Attributable to shareholders of the group					
	Capital	Consolidated reserves	Unrealised results	Total	Minority interest	Total equity
			In thousands of €			
On 31 December 2012	**2,818**	**2,040**	**1,977**	**6,835**	**29**	**6,864**
Net profit		1,344		1,344	6	1,350
Unrealised results			-22	-22		-22
Total results	0	1,344	-22	1,322	6	1,328
						0
Transfer of depreciation of tangible fixed assets		85	-85	0		0
Sale of Pangea				0	92	92
On 31 December 2013	**2,818**	**3,469**	**1,870**	**8,157**	**127**	**8,284**
Net profit		219		219	-20	199
Unrealised results			-91	-91		-91
Total results	0	219	-91	128	-20	108
						0
Reverse acquisition of Thenergo	1,524			1,524		1,524
Capital increase in cash	526			526		526
Directly attributable costs of capital increase	-11			-11		-11
Transfer of depreciation of tangible fixed assets		85	-85	0		0
On 31 December 2014	**4,857**	**3,773**	**1,694**	**10,324**	**107**	**10,431**