



ABO-Group Annual Results for 2016

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The ABO-Group, an engineering office active in construction, environment and energy, announces today its consolidated financial figures for 2016.

2016 highlights

- **Strong sales growth of 16.3%**
- **Quadrupling of the operational profit**
- **Successful acquisition in the Netherlands**

Outlook for 2017

- **Solid order book**
- **Continued organic and external expansion**
- **Significant expansion of the machinery and equipment**

	2015 in € 000	2016 in € 000	Change in € 000	Change in %	Per share In €
Sales	31,620	36,779	+5,159	+16.3%	
Total operating income	33,143	37,820	+4,677	+14.1%	
Operational profit before depreciation	2,036	3,587	+1,551	+76.2%	0.34
Depreciation	1,713	1,929	+216	+12.6%	
Operating profit	323	1,658	+1,335	+413.3%	0.16
Financial result ¹	-160	-208	-48	-30.0%	
Pre-tax profit from ongoing operations	163	1,449	+1,286	+789%	
Net profit	148	792	+644	+435.1%	0.07

Strong sales growth of 16.3%

ABO-GROUP achieved a double-digit sales growth in 2016, as a result of the economic recovery in the Netherlands and Belgium, the success of new products and a major acquisition. **Total Group sales increased by 16.3%, of which 5.4% was organic and 10.9% from acquisitions in the Netherlands.** Despite the fact that the market is still price sensitive, volumes in general increased. The strongest growth was recorded at Geosonda Belgium, with geotechnology in the Netherlands, and at the E20 energy department. The consulting operations in Belgium (ABO) also progressed significantly, in particular through the expansion of the range of products aimed at archaeology and BREEAM. The French market showed little drive.

¹ Including the share in the profit of associated companies



The sales distribution for the 3 home markets is broken down as follows:

	2015 in € 000	2016 in € 000	Change in € 000	Change in %	% of Sales
France	16,545	16,545	-	-	45%
Belgium	12,935	14,354	+1,419	+11.0%	39%
The Netherlands	2,140	5,880	+3,740	+175%	16%
Sales	31,620	36,779	+5,159	+16.3%	100%

Quadrupling of the operational profit

The operational profit before depreciation amounted to 3.6 million euro (0.34 euro/share), a leap of 76%. The significant improvement is rooted in improved operational performance in Belgium, where losses in the international department were reduced, in conjunction with an improved situation in the consulting business. The expansion of the service range of the group is bearing fruit. The product range was systematically expanded, ensuring that customers can address ABO with an increasing number of demands. In addition to the price advantage, the integrated approach above all provides the customer with time savings with regard to the implementation of his project. The evolution of the Dutch market was very favourable, through higher income with a similar cost structure on the one hand, but also by the acquisition and integration of Geomet/GB0 on the other. The contribution from France remained relatively stable, in terms of both turnover and profitability.

Depreciation increased drastically (+216k euro to 1.93 million euro, +12.6%), due to the acquisition of Geomet/GB0 on the one hand, and through the continuous investment programme of the group to replace and expand the machine park on the other. The available multi-purpose deployability and flexibility in drilling technology provides the best possible support for the qualitative implementation.

Other operating expenses decreased significantly, as these were strongly affected by the creation of a provision for a legal dispute in 2015. A tightening of the internal rules on customer receivables resulted in a cost of 75k euro in 2016. A legal provision of 150k euro was also created. Despite the negative impact of these non-recurring items, the operating profit rose sharply from 323k euro to 1.66 million euro.

The financial result decreased, mainly due to the inclusion of the financing expenses for Geomet. With the acquisition, the group became the owner of a building in Alphen aan den Rijn, including the related bank debt. The latter has meanwhile been fully refinanced at more interesting conditions.

Taxes increased considerably, mainly due to the realisation in 2016 of tax assets that were built up in the past, whereas the current taxes were kept in balance in 2015 by the recognition of additional tax assets.



Successful acquisition in the Netherlands

In mid-June 2016, ABO-GROUP announced a major strategic step with the acquisition of Geomet (consultancy & monitoring). This considerably strengthened our presence in the Dutch market, as well as the significance of geotechnology within the group. The integration process progressed favourably, and the positive impact of the operating and financial synergies is already clearly noticeable. Our own geotechnical department, Goorbergh Geotechniek in Breda, was immediately merged with GBO, and they continue to operate together as Geosonda BV. In the second half of the year, Geomet/Geosonda contributed 1.55 million euro to the turnover, an estimated 0.5 million euro to REBITDA, and 470k euro to the net result (of which 388k euro in the positive difference between the purchase value and the company value).

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

Outlook for 2017

Well-filled order book

The financial year 2017 has started strongly. The order book remains well-filled, with orders for both the current financial year and subsequent years. The Dutch market continues to grow at a rapid pace. Growth in Belgium is supported by the expansion of the product range and additional marketing efforts. The French market seems to be picking up. The multi-year contracts that were won for Grand Paris Express provide increased confidence in the future.

Further organic and acquisitive expansion

ABO-Group aims to further expand its environmental and energy consultation, and its engineering and testing activities both in its three home countries (Belgium, the Netherlands, France), and in a number of specific growth markets (Central and Southeast Asia, Africa and the former Eastern bloc countries). The group is continuing its strategy and positioning as a European player with international ambitions. The ABO-Group focuses on internal organic growth, together with the recruitment of experts in order to set up and develop new operations. An office was opened in Vietnam with the aim of strengthening our local presence in Southeast Asia,

Furthermore, the group also aims to develop its acquisition strategy in the home countries. In 2016, the ABO-Group became the full owner of Geomet, purchased a 55% stake in GBO BV, and acquired an additional 10% stake in Enviromania (Translab). The positive effect of the transactions realised in recent years is exceedingly clear. The group aims to continue this process, and will also seek to capitalise on several opportunities in 2017. In early 2017, an additional 10% stake was acquired in asbestos operations (Translab), which made the group the majority shareholder. In addition, numerous dossiers are emerging in the home countries, while geographical expansion within Europe is being envisaged at the same time.

Significant expansion of the machine park

In order to strengthen the product range, the fieldwork departments invested in two machines with cutting-edge technology. A fully-automated electrical CPT truck was purchased for the Belgian



geotechnical department. An investment in a sonic drill was made for the Dutch environmental fieldwork. Both investments represent an amount in excess of 1 million euro.

Overview of 2016 and outlook for 2017 per segment

France

In 2016, **ABO-ERG**, with headquarters in Toulon, won several major orders, including the “Le Grand Paris” project. ABO-ERG will carry out studies and geotechnical investigations for the planned metro lines to Roissy in the period 2017-2020, and is also responsible for the examination of the foundations of the existing eastern metro lines in the Paris region. A project for the SNCF in the Île-de-France region was also won.

ABO-ERG enjoys a strong reputation as a geotechnical specialist in complex civil engineering projects. For specific assignments, for example, techniques associated with mountaineering are used for locations that cannot be reached by traditional methods.

ABO-ERG creates added value in the area of environmental consultancy by offering a wide range of soil-related services. At the end of 2016, a major contract was won in connection with environmental monitoring for Rio Tinto, and for carrying out geotechnical studies relating to former mine sites and landfills. This project is a typical example of how geotechnical and environmental consultancy can be combined.

In order to ensure the provision of high-quality services, ABO-ERG invests annually in its geotechnical and soil mechanics laboratory. Investments in safety and technical training thereby lead to an improvement in the quality and speed of the testing, which, in turn, meets the increasingly stringent requirements of projects such as “Le Grand Paris” and SNCF. In line with the expansion of the implemented geotechnical and environmental studies, the production capacity of certain tests was also doubled.

ABO-ERG is furthermore heavily involved in several research projects that should lead to technical and commercial benefits in the short term. As an example, ABO-ERG is coordinating the MATRIX project, which aims for a combination of field testing and sampling through technical data analysis. This enables large amounts of data to be quickly converted into real-time monitoring and 3D pollution imaging, and the number of CPT tests to be carried out can be optimised.



Belgium

As a consultancy and engineering office, **ABO NV** is focusing on the provision of comprehensive advice for all kinds of construction and redevelopment projects. ABO NV operates in the Belgian market, with offices in Flanders, Brussels and Wallonia, and focuses on soil investigation and soil remediation, geotechnology, all kinds of environmental studies, and archaeological and historical building research, as well as on comprehensive advice with regard to sustainable redevelopment and spatial planning. The services that ABO provides range from project description (advice in support of policies, strategic notes), the (pre-)feasibility phase (techno-economic studies, positioning studies, environmental impact studies, risk analyses, tendering assistance, etc.), the design phase (detail engineering, preparation of specifications, social and environmental impact studies, licences, etc.), up to the guidance and monitoring of the implementation of projects. In order to successfully realise projects, ABO can rely every day on a multidisciplinary team of 90 specialists in different disciplines. For 2017, ABO is expecting continued strong growth in archaeology and BREEAM, sustainable construction consultancy and geotechnology. In addition, ABO is also strongly homing in on further diversification, such as asbestos studies in collaboration with Translab (in view of the asbestos reduction policy).

The international activities of ABO-Group were further streamlined in 2016. In a rapidly changing world in which consultancy and project management are becoming increasingly interwoven, international prospecting activities were optimised for certain regions. A budding environmental market is emerging in Vietnam in response to the rapid evolution of environmental regulations due to the industrial development and the expansion of port areas. The decision was therefore made to establish a subsidiary in Hanoi, which has already resulted in a number of concrete assignments. **ECOREM** also participated in sustainable development projects in 2016, in which *People-Planet-Profit* take centre stage. In this connection, experts were brought in to provide technical assistance and consultancy for the UNDP and the World Bank in Bangladesh and the Maldives, and a strategic study was launched in Mauritius with funding from the French Development Agency AFD. ECOREM also contributed to projects of a pronounced humanitarian nature. The largest famine in Africa since World War II is largely related to an acute shortage of drinking water. Together with international and local organisations, a project was launched in Burkina-Faso to fill some of the local needs for the next three years. Last but not least, ECOREM also remained active as an environment consultant in the home markets in Western Europe, mainly in strategic projects such as coastal protection work in the North Sea and the energy storage in reservoirs in Wallonia. Knowledge, innovation and quality are and will remain the key concepts in the international development of the activities of the ABO-Group. A renewal of the existing internal quality system, adapted to the international consultancy activities of ECOREM, was approved early in 2017 (ISO 9001-2015).



2016 represented a year of investment in growth for **Energy To Zero** (E20). E20 aims to further increase its market share by offering existing services in new markets, as well as by expanding the current service provision in existing markets. Revenue growth is ensured through the obtaining of two major contracts for an energy company (energy audits and scans), an additional contract for VLAIO, and the recruitment of new companies for the ongoing energy coaching contract for a Flemish city. 2016 also paved the way for the roll-out of a new network in which companies are brought together in order to reduce their energy consumption in Belgium; the focus was on improving the energy efficiency of companies in the Ghent region. Furthermore, investments in R&D and external research projects will enable the development of additional activities and the build-up of long-term cooperation with customers.

Within **GEOSONDA**, the environmental and geotechnical specialist in soil exploration, the three major investigation techniques (soil drilling, CPT testing and the digging of test trenches) are carried out within the environment, geotechnology and archaeology domains. Partly because of these special exploration techniques and the various R&D projects, a service package can be offered that is virtually unique in the Benelux. For 2017, Geosonda is again expecting a significant growth in sales, in particular as a result of investment in a new state-of-the-art soil-sampling machine. This not only significantly increases the capacity for the customers, but also further expands the range of safe and rapid CPT testing using the optocone wireless measurement system in combination with the automatic rod screw. In addition, strong emphasis is also placed on the use of complex drilling techniques, including core drilling for the exploration of rocky soils, and chemical injections for the remediation of polluted soils.

The Netherlands

Activities in the Netherlands had a strong tailwind in 2016, supported by the recovering market for residential real estate. All operational companies experienced a significant growth. From the summer onwards, the integration of **Geomet/Geosonda** received the attention it required, and additional staff was recruited in order to meet the demand. Geomet highlights its expertise with strong projects in utility construction, the construction of apartment buildings and houses, and foundation inspections. In addition to more general projects, Geomet has also made a name for itself in the handling of complex geotechnical issues, such as quay walls and high-rise buildings in dense urban areas.

The in-depth technical knowledge combined with direct contacts between the engineer and the client creates a strong customer relationship with added value. Significant organic sales growth is again expected for 2017, and, consequently, the Dutch group companies will be looking to recruit staff to broaden their activities.



Financial calendar

31/05/2017: General Shareholders' Meeting

30/09/2017: Figures for the first half of 2017

Statement of the statutory auditor

The auditor of ABO-Group Environment NV, EY Bedrijfsrevisoren BCVBA, 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 2016 consolidated figures for the Group, which are included in this press release.

About the ABO-Group

The ABO-Group is a listed company specialising in consultancy, testing & engineering, and focussing specifically on construction, environment and energy. The ABO-Group operates in its three home markets (Belgium, the Netherlands and France), as well as in the international market, and guarantees a sustainable solution to its customers. For a more detailed description of the activities of the group, reference is made to the ABO-Group website (www.abo-group.eu).

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

ANNEX: CONSOLIDATED FINANCIAL FIGURES

Consolidated profit and loss account

	For the year ending on 31 December		Δ	Δ%
	2016	2015		
	In thousands of €			
Sales	36,779	31,620	5,159	16.3%
Other operating income	1,041	1,523	-482	-31.6%
Total operating income	37,820	33,143	4,677	14.1%
Purchases	-4,205	-3,634	-571	15.7%
Services and miscellaneous goods	-12,278	-10,601	-1,677	15.8%
Employee remunerations	-16,966	-15,710	-1,256	8.0%
Depreciation	-1,929	-1,713	-216	12.6%
Other operating expenses	-784	-1,162	378	-32.5%
Operating profit	1,658	323	1,335	413.3%
Financial charges	-365	-312	-53	17.0%
Financial income	100	61	39	63.9%
Share in the profit of associated companies	56	91	-35	-38.5%
Pre-tax profit from continuing operations	1,449	163	1,286	789.0%
Tax	-652	-1	-651	65100.0%
Net profit from continuing operations	797	162	635	392.0%
Profit from discontinued operations, after tax	-5	-14	9	-64.3%
Net profit	792	148	644	435.1%
Net profit (loss) attributable to the shareholders of the parent company	872	149	723	
Minority interests	-80	-1	-79	



	For the year ending on 31 December	
	2016	2015
Profit (loss) per share for the shareholders		
Basic and diluted	€ 0.08	€ 0.01
Profit (loss) per share (continuing operations)		
Basic and diluted	€ 0.08	€ 0.02
Profit (loss) per share (discontinued operations)		
Basic and diluted	€ -0.00	€ -0.00
Weighted average shares (basic earnings per share)(in .000)	10,569	10,569
Weighted average shares with impact from dilution (in .000)	10,569	10,569

	For the year ending on 31 December	
	2016	2015
	In thousands of €	
Net profit	792	148
Unrealised results		
Transferable to the profit and loss account		
Revaluation of buildings	0	183
Tax impact	0	-62
Change in fair value of financial assets available for sale	0	40
Tax impact	0	0
Non-transferable to the profit and loss account		
Actuarial profits (losses)	-113	11
Tax impact	40	-4
Unrealised results, after tax	-73	168
Total result, after tax	719	316
Total result, attributable to the		
shareholders of the parent company	685	316
Minority interests	34	0

Consolidated balance sheet

	For the year ending on 31 December	
	2016	2015
	In thousands of €	
Assets		
Fixed assets		
Goodwill	154	154
Intangible fixed assets	1,014	322
Tangible fixed assets	12,970	10,759
Investments in associated companies	152	84
Deferred tax assets	1,849	2,000
Financial assets available for sale	96	175
Other financial assets	402	336
	16,637	13,830
Short-term assets		
Stocks	469	418
Trade receivables	14,157	12,053
Other short-term assets	1,911	2,571
Cash and cash equivalents	2,934	2,405
	19,471	17,447
Assets held for sale	1,225	1,259
Total assets	37,333	32,536

	For the year ending on 31 December	
	2016	2015
	In thousands of €	
Shareholders' equity and payables		
Net shareholders' equity		
Capital	4,857	4,857
Consolidated reserves	4,958	4,032
Unrealised results	1,516	1,676
Equity attributable to the shareholders of the group	11,331	10,565
Minority interests	979	551
Total equity	12,310	11,116
Long-term liabilities		
Financial debts	3,401	1,675
Deferred tax liabilities	1,294	1,262
Provisions	803	1,108
	5,498	4,045
Current liabilities		
Financial debts	5,104	4,956
Trade payables	6,065	4,412
Tax liabilities	130	143
Other short-term debts	6,930	6,568
	18,229	16,079
Payables related to assets held for sale	1,296	1,296
Total shareholders' equity and payables	37,333	32,536

Consolidated cash flow statement

	For the year ending on 31 December	
	2016	2015
	In thousands of €	
Operating activities		
<i>Net profit</i>	792	148
<i>Non-cash costs and operating adjustments</i>		
<i>Depreciation of tangible fixed assets</i>	1,816	1,678
<i>Depreciation of intangible fixed assets</i>	113	59
<i>Surplus on the revaluation of existing interest following acquisition</i>	0	-361
<i>Profit on the sale of tangible fixed assets</i>	-57	-187
<i>Added value on the sale of financial fixed assets</i>	-54	0
<i>Movements in provisions</i>	-246	471
<i>Movements in impairments on customers</i>	343	26
<i>Financial income</i>	-84	-61
<i>Financial charges</i>	365	314
<i>Badwill for company combinations</i>	-387	0
<i>Share in the profit of associated companies</i>	-56	-91
<i>Deferred tax income</i>	205	-301
<i>Tax costs</i>	446	302
<i>Other</i>	0	0
<i>Changes to the working capital</i>		
<i>Decrease (increase) in other financial assets, trade receivables and other short-term assets</i>	-488	363
<i>Decrease (increase) in stocks</i>	174	-37
<i>Increase (decrease) in trade payables and other debts</i>	232	-11
	3,114	2,312
<i>Interest received</i>	27	39
<i>Tax paid</i>	-544	-258
Net cash flow from operating activities	2,597	2,093



Investment activities

Investments in tangible fixed assets	-1,363	-1,054
Investments in intangible fixed assets	-80	-10
Sales of tangible fixed assets	132	356
Acquisition of minority interest	0	-175
Acquisition of subsidiary	-315	-196
Sale to minority interest	0	1
Loan to associated company	-50	-70
Investments in associated companies	-12	0
Sale of assets held for sale	116	0

Net cash flow from (used in) investment activities

-1,572	-1,148
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Financing activities

Income from loans	3,763	1,878
Repayment of loans	-3,280	-2,806
Repayment of leasing debts	-722	-670
Interest paid	-199	-163
Other financial income (costs)	-92	-118

Net cash flow from financing activities

-530	-1,879
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Net increase in cash and cash equivalents

495	-934
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Cash and cash equivalents at the beginning of the year	2,499	3,433
Cash and cash equivalents at the end of the year	2,994	2,499

Other non-cash transactions

Financial leasing	-1,015	-471
Cash assets held for sale	60	94

Consolidated statement of changes in equity

Attributable to the shareholders
of the group

	Capital	Consolidated reserves	Unrealised results	Total	Minority interest	Total equity
	In thousands of €					
On 31 December 2014	4,857	3,773	1,694	10,324	107	10,431
Net profit		149		149	-1	148
Unrealised results			167	167	1	168
Total results	0	149	167	316	0	316
25% sale of Ecorem	0	93	-100	-7	8	1
Purchase of minority interest in E20	0	-68	0	-68	-107	-175
Acquisition Sialtech (minority interest)	0	0	0	0	543	543
Transfer of depreciation of tangible fixed assets	0	85	-85	0	0	0
On 31 December 2015	4,857	4,032	1,676	10,565	551	11,116
Net profit		872		872	-79	793
Unrealised results			-73	-73		-73
Total results	0	872	-73	799	-79	720
Acquisition Geosonda BV (minority interest)	0			0	474	474
Transfer of depreciation of tangible fixed assets	0	87	-87	0		0
GGT Minority interest	0	-33		-33	33	0
On 31 December 2016	4,857	4,878	1,516	11,251	979	12,310