



ABO-Group Annual Results for 2017

Ghent, 30 March 2018 – 17.00 CET – Press release / regulated information

The ABO-Group, an engineering office focussing on construction, environment and energy, has today announced its consolidated financial figures for 2017.

2017 highlights

- **20% sales growth to 44 million euro**
- **Operating profit increases by 80% to 3 million euro**
- **Expansion of machine capacity and drilling techniques**

Outlook for 2018

- **Increase in turnover and profitability**
- **Development of geotechnology as growth engine for the group**
- **The “Soil Decree” approved in Wallonia**
- **Development of the “Vision 2022” strategic plan**

	2016 in € 000	2017 in € 000	Change in € 000	Change in %	Per share In €
Sales	36,779	44,127	7,348	+20.0%	
Total operating income	37,820	45,393	7,573	+20.0%	
Operating profit before depreciation	3,587	5,454	1,867	+52.0%	0.52
Depreciation	1,929	2,471	542	+28.1%	
Operating profit	1,658	2,983	1,325	+80.0%	
Financial result ¹	-208	-487	-279	+134.1%	
Profit before tax	1,449	2,496	1,047	+72.3%	
Net profit	792	1,093	301	+38.0%	0.10

20% sales growth

ABO-GROUP achieved a sales growth of 20% in 2017. 6.5% of this came from acquisitions (twelve months integration of Geomet/Geosonda in the Netherlands in 2017 versus 6 months in 2016, full consolidation of Enviromania/Translab in Belgium as from 1/01/2017). The organic growth was a very strong 13.5%.

¹ Including the share in the profit of associated companies



This growth was broadly based, as sales increased by double digits in France, the Netherlands and Belgium. The construction and infrastructure market is picking up everywhere, and many new projects are being launched. The strongest growth was recorded in the geotechnical activities, both in the home markets (Geosonda in Belgium and the Netherlands, ERG Géotechnique in France) and at an international level (via Ecorem, Uganda project).

In the Belgian consultancy activities (ABO), the growth was mainly in the asbestos and archaeology sectors. The energy department, Energy to zero (E20) could also record very strong growth figures, thanks to the smooth implementation of several large framework contracts.

The sales distribution is broken down as follows:

	2016 in € 000	2017 in € 000	Change in € 000	Change in %	% of Sales
France	16,545	19,205	2,660	+16.1%	43.5%
Belgium	14,354	16,542	2,188	+15.2%	37.5%
The Netherlands	5,880	8,380	2,500	+42.5%	19.0%
Sales	36,779	44,127	7,348	+20.0%	100%

80% increase in operating profit

The higher activity level translates into increasing operating costs (38% increase in project-related purchases, 19% increase in services and various goods). Personnel costs, the largest cost item in a consultancy firm, increased by 11%.

Operating profit before depreciation amounts to 5.45 million euro (0.52 euro/share), an increase of 52%. The strong improvement is due to improved operational performance in Belgium and France. In France, the geotechnical department in particular generated profit growth. In Belgium, Enviromania/Translab and E20 could translate their sales growth into a significantly increased profitability. The losses in the international department were further reduced. The Netherlands firmly opted for recruitment and expansion, resulting in an increase in operating profit. This compensated for the disappearance of non-recurring elements, which meant that the year-on-year contribution remained the same.

As a result of the group's continuous investment programme for the replacement and expansion of the machine park in recent years, depreciations have increased significantly (+542k euro to 2.47 million euro, +28.1%). In 2017, new equipment worth more than 2 million euro was purchased for the fieldwork companies. The group is investing in capacity expansion, but also in new techniques. The park of multifunctional machines, in combination with a variety of drilling techniques, ensures the provision of a unique product range for the customer.

The operating profit increased by 1.3 million euro, from 1.7 million euro to 3 million euro (+80%).



The financial result decreased, mainly due to the inclusion of the financing expenses for Enviromania/Translab, as well as exchange rate losses on the dollar. The acquisition of Esher (47.6% stake, with the option of purchasing the remaining shares), which was announced at the end of last year, made a small positive contribution of 28k euro. The shareholding in Binergy Meer was sold at the end of 2017, which resulted in a one-off profit of 98k euro.

The corporate tax reform in Belgium (the so-called “summer agreement”) had a very significant, one-off negative impact on the deferred tax assets that were built up in the past. The lower rates are, of course, favourable with regard to the future, but are currently causing an impairment of already anticipated and booked recoverable losses. In addition, the Board has opted for a conservative approach in its assessment. The reform has a positive impact on deferred tax liabilities. This is not absorbed in the profit and loss account, however, but in the consolidated full period result.

Net profit increased by 38% from 792k euro to 1.1 million euro (0.10 euro per share).

The balance sheet total increased from 37.3 to 40.8 million euro. On the asset side, the main changes are the increase in goodwill and intangible fixed assets (as a direct result of the full consolidation of Enviromania/Translab and the associated allocation of the purchase price), trade receivables (as a result of the increased activity) and the realisation of the assets held for sale (through the sale of Binergy Meer). On the liabilities side, the financial debts increase, mainly as a result of the leasing of new equipment, the inclusion of financing for the working capital and the debt related to Enviromania/Translab following the full consolidation. The total shareholders' equity increased to 13.7 million euro, resulting in an equity ratio of 33.6%.

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

Outlook for 2018

Increase in turnover and profitability

ABO-Group aims to further expand its environmental and energy consultation, and its engineering and testing activities both in the three home countries (Belgium, the Netherlands, France), and in a number of specific international growth markets (with a strong emphasis on Southeast Asia and Africa). The group is continuing its strategy and positioning as a European player with international ambitions. The ABO-Group focuses on internal organic growth by recruiting experts for setting up and developing new operations. Various new activities, as well as new offices, were launched in 2017. We anticipate that these initiatives will support the turnover and profitability in 2018.

In addition, the group also seeks to further strengthen its position in the home countries through acquisitions. In 2017, the participation in Enviromania/Translab was raised to 74.4%. A 47.6% stake in the Ghent engineering office Esher was procured at the end of 2017. The positive effect of the transactions that were realised in recent years is clearly noticeable. The group aims to continue this process, and will also actively monitor the acquisition market and seek to capitalise on several opportunities in 2018. In addition to the dossiers in progress in the home countries, the geographical expansion within Europe is also envisaged.



The group adheres to its objective of double-digit growth through a mix of organic and acquisitive growth. For 2018, this means in concrete terms an objective of 50 million euro turnover, with an anticipated operating margin for depreciation above 10%.

Development of geotechnology as growth engine for the group

Geotechnology represents the largest activity of the group. Active investments are being made in order to be able to optimally benefit from the cross-fertilisation between the different geotechnical departments (fieldwork and consultancy). The exchange of knowledge and equipment between the home countries is encouraged. Contacts are established with international customers, in order to be able to provide them with similar high-quality services in different markets. The group is actively looking forward to the launch of geotechnical laboratory activities in Belgium, inspired by the knowledge and experience built up in France. In Belgium, Geosonda won several larger framework contracts that support the further expansion of the geotechnical activities.

The “Soil Decree” approved in Wallonia

The Walloon Parliament approved a new legislative framework for soil management (“Décret sols”) on 28 February 2018. As a result, an adapted legislative framework for the development, use and remediation of the soil is being implemented in Wallonia. ABO expects that this will generate an upward momentum for the sector. The decree will take effect at the latest on 1 January 2019.

Development of the “Vision 2022” strategic plan

The Board of Directors of the group is reviewing the development of a strategic 5-year plan, in consultation with the management. It is expected that this will take concrete shape before the summer of 2018. ABO-GROUP continues to resolutely opt for further growth, through the expansion of the product range and the opening of additional offices, as well as the active monitoring of acquisition files.

The mandates of all the directors and the statutory auditor will expire at the General Meeting this year. Based on the advice of the Audit Committee, the Board proposes to reappoint EY as the statutory auditor for the group for a period of 3 years. The full agenda and convocation to the meeting will be sent out at the end of April.

Financial calendar

27/04/2018: Publication of the 2017 annual report and convocation to the General Meeting

30/05/2018: General Meeting

14/09/2018: Figures for the first half of 2018



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 2017 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, please consult the ABO-Group website (www.abo-group.eu).

For more information:

Frank De Palmenaer
CEO ABO-Group Environment NV
frank.depalmenaer@abo-group.eu
T +32 (0)9 242 88 22

Johan Reybroeck
CFO ABO-Group Environment NV
johan.reybroeck@abo-group.eu

Derbystraat 255, Maaltecenter Blok G, B-9051 Ghent (SDW), Belgium

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%
	2017	2016		
	In thousands of €			
Sales	44,127	36,779	7,348	20%
Other operating income	1,266	1,041	225	21.6%
Total operating income	45,393	37,820	7,573	20%
Purchases	-5,787	-4,205	1,582	37.6%
Services and miscellaneous goods	-14,580	-12,278	2,302	18.7%
Employee remunerations	-18,831	-16,966	1,865	11.0%
Depreciation	-2,471	-1,929	542	28.1%
Other operating expenses	-741	-784	43	-5.5%
Operating profit	2,983	1,658	1,325	79.9%
Financial charges	-542	-365	177	48.5%
Financial income	27	100	-73	-73%
Share in the profit of associated companies	28	56	-28	-50%
Pre-tax profit from ongoing operations	2,496	1,449	1,047	72.3%
Tax	-1,501	-652	849	130.2%
Net profit from continuing operations	995	797	198	24.8%
Profit from discontinued operations, after tax	98	-5	103	
Net profit	1,093	792	301	38.0%
Net profit (loss) attributable to the shareholders of the parent company	1,027	872		
Minority interests	66	-80		



	For the year ending on 31 December	
	2017	2016
Profit (loss) per share for the shareholders		
Basic and diluted	€ 0,10	€ 0,08
Profit (loss) per share (continuing operations)		
Basic and diluted	€ 0,09	€ 0,08
Profit (loss) per share (discontinued operations)		
Basic and diluted	€ 0,01	€ -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	
	2017	2016
	In thousands of €	
Net profit	1,093	792
Unrealised results		
Transferable to the profit and loss account		
Revaluation of buildings	-	-
Tax impact	176	-
Change in fair value of financial assets available for sale	-17	-
Tax impact	-	-
Non-transferable to the profit and loss account		
Actuarial profits (losses)	18	-113
Tax impact	-5	40
Unrealised results, after tax	172	-73
Total result, after tax	1,265	719
Total result, attributable to the		
shareholders of the parent company	1,187	798
Minority interests	78	-79



Consolidated balance sheet

	For the year ending on 31 December	
	2017	2016
	In thousands of €	
Assets		
Fixed assets		
Goodwill	844	154
Intangible fixed assets	1,817	1,014
Tangible fixed assets	13,408	12,970
Investments in associated companies	136	152
Deferred tax assets	1,011	1,849
Financial assets available for sale	71	96
Other financial assets	647	402
	17,934	16,637
Short-term assets		
Stocks	538	469
Trade receivables	17,913	14,157
Other short-term assets	891	1,911
Cash and cash equivalents	3,525	2,934
	22,867	19,471
Assets held for sale	-	1,225
Total assets	40,801	37,333



	For the year ending on 31 December	
	2017	2016
	In thousands of €	
Shareholders' equity and payables		
Net shareholders' equity		
Capital	4,857	4,857
Consolidated reserves	6,074	4,958
Unrealised results	1,591	1,516
Equity attributable to the shareholders of the group	12,522	11,331
Minority interests	1,203	979
Total equity	13,725	12,310
Long-term liabilities		
Financial debts	4,290	3,401
Deferred tax liabilities	1,114	1,294
Provisions	854	803
	6,258	5,498
Current liabilities		
Financial debts	7,134	5,104
Trade payables	6,596	6,065
Tax liabilities	789	130
Other short-term debts	6,299	6,930
	20,818	18,229
Payables related to assets held for sale	-	1,296
Total shareholders' equity and payables	40,801	37,333



Consolidated cash flow statement

	For the year ending on 31 December	
	2017	2016
	In thousands of €	
Operating activities		
<i>Net profit</i>	1,093	792
<i>Non-cash costs and operating adjustments</i>		
<i>Depreciation of tangible fixed assets</i>	2,245	1,816
<i>Depreciation of intangible fixed assets</i>	226	113
<i>Capital gain on revaluation of an existing stake after acquisition of a controlling stake</i>	-12	0
<i>Profit on the sale of tangible fixed assets</i>	-98	-57
<i>Profit on the sale of financial fixed assets</i>	-114	-54
<i>Movements in provisions</i>	-319	-246
<i>Movements in impairments on customers</i>	-68	343
<i>Financial income</i>	-27	-84
<i>Financial charges</i>	542	365
<i>Badwill arising from business combinations</i>	-	-387
<i>Share in the profit of associated companies</i>	-28	-56
<i>Deferred income tax expenses (income)</i>	543	205
<i>Tax expenses</i>	957	446
<i>Changes to the working capital</i>		
Decrease (increase) in other financial assets, trade receivables and other short-term assets	-2,942	-488
Decrease (increase) in stocks	-69	174
Increase (decrease) in trade payables and other debts	239	232
	2,136	3,114
Interest received	20	27
Tax paid	-405	-544
Net cash flow from operating activities	1,751	2,597



Investment activities

Investments in tangible fixed assets	-635	-1,363
Investments in intangible fixed assets	-43	-80
Sales of tangible fixed assets	206	132
Acquisition of subsidiary	104	-315
Loan to associated company	-	-50
Investments in associated companies	-110	-12
Sale of financial fixed assets available for sale	-	116
Sale of subsidiary	-44	-

Net cash flow from (used in) investment activities

-522	-1,572
-------------	---------------

Financing activities

Income from loans	4,906	3,763
Repayment of loans	-4,104	-3,280
Repayment of leasing debts	-938	-722
Interest paid	-271	-199
Other financial income (costs)	-264	-92
Dividend paid to minority stake	-27	-

Net cash flow from financing activities

-698	-530
-------------	-------------

Net increase in cash and cash equivalents

531	495
------------	------------

Cash and cash equivalents at the beginning of the year

2,994	2,499
--------------	--------------

Cash and cash equivalents at the end of the year

3,525	2,994
--------------	--------------

Other non-cash transactions

Financial leasing	-2,118	-1,015
Financial resources assets held for sale	-	60

Consolidated statement of changes in equity

	Attributable to the shareholders of the group				
	Capital	Consolidated reserves	Unrealised results	Total	Minority interest
	In thousands of €				
On 01 January 2016	4,857	4,032	1,676	10,565	551
Net profit	-	872	-	872	-79
Unrealised results	-	-	-73	-73	-
Total results	-	872	-73	799	-79
Acquisition Geosonda BV (minority interest)	-	-	-	-	474
Contribution Goorbergh (minority stake)	-	-33	-	-33	33
Acquisition Sialtech (minority interest)	-	-	-	-	543
Transfer of depreciation of tangible fixed assets	-	87	-87	-	-
On 31 December 2016	4,857	4,958	1,516	11,331	979
Net profit	-	1,027	-	1,027	66
Unrealised results	-	-	160	160	12
Total results	-	1,027	160	1,187	78
Acquisition Enviromania/Translab	-	-	-	-	177
Capital increase Enviromania/Translab	-	4	-	4	-4
Transfer of depreciation of tangible fixed assets	-	85	-85	-	-
Dividend to minority stake	-	-	-	-	-27
On 31 December 2017	4,857	6,074	1,591	12,522	1,203