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*Half-yearly  
report 2015*



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In the 1st half-year of 2015 the revenue of Nedap amounted to € 86.5 million, compared to € 87.2 million in the same period of previous year. Operating profit excluding exceptional costs increased by 7% to € 7.2 million (1st half-year 2014: € 6.7 million). Exceptional costs amounted to € 0.6 million. Profit after tax grew by 3% to € 5.5 million (1st half-year 2014: € 5.4 million). Solvency was 45.6% (mid-2014: 41.1%). Earnings per share over the 1st half-year are € 0.83 (1st half-year 2014: € 0.80).

The implementation of the supply chain restructuring announced on 8 June 2015 is progressing on schedule. The related one-off costs in 2015 are expected to be € 6 to 7 million; in the first half-year of 2015, € 0.8 million of these costs were recognised as exceptional items in restructuring costs.

#### Developments per market group

The revenue of the market group **Energy Systems** (autonomous energy systems) was - in line with the market developments - halved compared to the first half-year of 2014. The decline in sales of the PowerRouter, a trend which started in summer 2014, has recently been brought to a halt. Stocks held by distributors and installers were scaled down, as a result of which the number of new consumer installations is now in line with Nedap sales. The restructuring of the market group at the end of 2014 has reduced the cost base and increased nimbleness. The 'PowerRouter plus' was recently launched successfully; a combination of the PowerRouter and a powerful Lithium-Ion battery, which makes it even easier for installers to offer a Nedap solution.

The market group **Healthcare** (automation of administrative processes for healthcare professionals) had a strong half-year. The same

applies for the PEP® suite (digital timesheet processing), which benefited from the positive developments in the staffing industry. The continuous investment in solutions and the proactive response to changing healthcare processes has yielded a bigger market share and high customer loyalty. In 2016, a number of new clients will switch to Nedap. In order to broaden its market, Nedap Healthcare is developing related propositions for adjoining areas of the Dutch healthcare market.

The market group **Identification Systems** (products for vehicle and driver identification and wireless parking systems) also saw its revenue grow in the first half of 2015. To reinforce this growth, the market group is working on the further strengthening of its worldwide partner network.

The market group **Library Solutions** (RFID self-service systems for libraries) is focussing on the development and supply of technological core components for 'smart' libraries. This strategy has resulted in a strong growth in the number of partners worldwide, which in turn led to an increase in revenue.

The revenue of the market group **Light Controls** (power electronics and control systems for the lighting industry) in the first half-year dropped sharply compared to the same period in 2014. This was partly due to the declining interest in QL products. The sales of explosion-proof products were affected by low oil prices. The market group is increasingly positioning Luxon® as a brand and technology independent lighting solution, for example with the Wireless Activator, and consequently won a number of prestigious projects.

The revenue of the market group **Livestock Management** (automation of livestock management processes based on individual animal identification)

was at the same level as 2014. The impact of lower milk prices is starting to become visible with a slightly lower order intake from dairy farmers. In recent years, the number of sales channels and partners was increased in order to reduce the impact of lower milk prices on the sales volume. The first half-year went well for pig farming, with large orders from among other the US.

The market group **Retail** (security, management and information systems for retail) saw a slight drop in revenue compared to the same period in 2014. This was caused by lower willingness to invest by retailers. Over the past few months, the market group has reinforced its position in the competitive market for Electronic Article Surveillance by winning orders with international retailers. The market for Stock Management has also shown a steady upward trend, with the Nedap solution being positioned excellently to take advantage. To facilitate further growth, the commercial team in the US was expanded.

The **Security Management** market group (systems for access control, registration, payment, fire and intruder alarms, observation, locker management, and biometrics) had a strong first half-year. The revenue was up compared to recent years. Clients have shown a greater willingness to invest, and are increasingly opting for a strategic long-term solution, such as Nedap's security platform AEOS.

The subsidiary **Nsecure** (innovative services for security solutions) saw its revenue climb upwards compared to first half-year 2014. The new services that were recently developed contributed to this. The company will broaden its activities, also internationally.

## Financial

The revenue in the first half-year of 2015 amounted to € 86.5 million (1st half-year 2014: € 87.2 million). The added value (revenue minus movement in inventories and cost of materials) amounted to € 60.6 million and 70.1% (1st half-year 2014: € 61.5 million; 70.5%).

'Subcontracting and other external costs' fell by € 1.2 million to € 23.0 million amongst other things as a result of better purchasing conditions. 'Salaries and social security charges' were flat at € 26.0 million. The number of employees as per 30 June 2015 was 761: 7 more than on 30 June 2014, and the same as the number at year-end 2014. 'Amortisation and depreciation' was down with € 0.5 million, primarily as a result of impairments of intangible assets in 2014. In the first half of 2015, the capitalisation of 'non-current assets manufactured in-house' was € 0.5 million lower than in the same period of 2014.

In the first half-year, € 0.6 million was recognised as exceptional costs in the form of 'Restructuring'. The operating profit before exceptional items grew by 7%, and ended for the first half-year at € 7.2 million: 8.3% of the revenue (1st half-year 2014: € 6.7 million; 7.7%). The operating profit after exceptional items finished at € 6.6 million (1st half-year 2014: € 6.7 million).

The net financing costs were down by € 0.2 million to € 0.1 million, primarily due to lower financing needs and lower interest rates.

The share in the profit of the associate Nedap France S.A.S. went up by € 0.1 million to € 0.3 million.

Taxes in the first half-year, € 1.2 million, were the same as in 2014.

The profit after tax in the first half-year grew by 3% and reached € 5.5 million; 6.4% of revenue (2014: € 5.4 million; 6.1%).

The positive cash flow from operating activities amounted to € 6.4 million. € 8.4 million was paid out as dividends over 2014. A total of € 3.7 million was invested in tangible fixed assets (1st half-year 2014: € 3.5 million).

The total bank debt as per 30 June 2014 was € 26.2 million; well below the available maximum of € 34.2 million.

The balance sheet total was up by € 6.9 million compared to year-end 2014 to € 119.0 million. This increase is largely explained by an increase in 'Inventories' (€ 3.9 million) and 'Trade and other receivables' (€ 4.5 million). Higher inventories take into account a number of large orders that are expected for the second half-year. As stated in the press release of 8 June 2015, the level of inventories over the coming years can be temporarily higher than normal in order to guarantee delivery to customers during the restructuring of the supply chain. The 'Trade and other receivables' as per 30 June 2015 were more or less the same as per 30 June 2014. The average credit period for trade receivables was 7.5 weeks, somewhat shorter than in the previous period in 2014 (7.6 weeks).

The 'Trade and other payables' includes an amount of € 6.0 million for payments to participants in the pension scheme that was terminated at the end of 2014. More information about this termination can be found in the annual report 2014.

Solvency (equity excluding distributable dividend and non-controlling interest, divided by total assets) at 30 June was 45.6% (mid-2014: 41.1%).

## Outlook

Nedap's markets have become increasingly international over the last few years. This leads to larger commercial opportunities for Nedap, but at the same time it leads to greater competition. Because of these market movements,

developments in individual markets and orders from large clients have an increasing impact on short-term revenue development. The Board of Management sees positive developments for the second half of 2015, but cannot confirm yet that revenue of Nedap as a whole will grow in 2015. Profit for 2015 will be strongly influenced by the size of the one-off costs related to the restructuring of the supply chain.

A description of the most important risks is included in the annual report 2014 and in the press release of 8 June 2015.

Groenlo, 28 July 2015

The Board of Management:

R.M. Wegman

E. Urff

## Half-yearly Financial Statements 2015

### Consolidated balance sheet (€ x 1,000)

		2015 half-year	2014 year-end
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	44,694		45,219
Intangible assets	5,289		5,805
Investment in associate	3,467		3,152
Loans	105		154
Deferred tax assets	260		177
		53,815	54,507
<b>Current assets</b>			
Inventories	27,368		23,437
Income tax receivable	22		973
Trade and other receivables	33,945		29,444
Cash and cash equivalents	3,876		3,768
		65,211	57,622
		119,026	112,129
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	669		669
Statutory reserves	5,051		5,578
Reserves	42,959		32,327
		48,679	38,574
Undistributed profit attributable to shareholders	5,552		17,877
		54,231	56,451
Non-controlling interests	149		145
Undistributed profit attributable to non-controlling interests	-27		4
		122	149
		54,353	56,600
<b>Non-current liabilities</b>			
Borrowings	16,119		16,209
Derivative financial instruments	197		239
Deferred tax liabilities	1,362		1,874
		17,678	18,322
<b>Current liabilities</b>			
Borrowings	181		181
Bank overdrafts	9,943		4,830
Provisions	2,087		2,191
Income tax payable	1,434		407
Taxes and social security charges	3,942		3,213
Trade and other payables	29,408		26,385
		46,995	37,207
<b>Total liabilities</b>		64,673	55,529
		119,026	112,129

Consolidated income statement (€ x 1,000)

	2015 half-year	2014 half-year
<b>Revenue</b>	<b>86,480</b>	87,224
Cost of materials	28,085	28,011
Movement in inventories of finished goods and work in progress	-2,253	-2,264
Subcontracting and other external costs	23,004	24,240
Salaries and social security charges	25,967	25,991
Amortisation and depreciation	4,734	5,243
Impairment	-	-
Restructuring	640	-
Non-current assets manufactured in-house	-261	-726
<b>Total operating expenses</b>	<b>79,916</b>	80,495
<b>Operating profit</b>	<b>6,564</b>	6,729
Financing income	25	20
Financing expenses	-210	-365
Value movements in derivative financial instruments	42	-6
<b>Net financing expenses</b>	<b>-143</b>	-351
Share of profit of associate (after taxes)	267	144
<b>Profit before taxes</b>	<b>6,688</b>	6,522
Taxes	1,163	1,164
<b>Profit after taxes 1st half-year</b>	<b>5,525</b>	5,358
Profit attributable to shareholders of Nedap N.V.	5,552	5,377
Profit attributable to non-controlling interests	-27	-19
<b>Profit after taxes 1st half-year</b>	<b>5,525</b>	5,358
Average number of shares in issue	6,692,920	6,692,920
Earnings per ordinary share (in €)	0.83	0.80
Diluted earnings per ordinary share (in €)	0.83	0.80



Consolidated statement of comprehensive income (€ x 1,000)

	2015 half-year	2014 half-year
Profit for the 1st half-year	5,525	5,358
<b>Other comprehensive income</b>		
Items that may not be reclassified to profit or loss: Revaluation of defined-benefit pension obligation	-	-81
Items that may be reclassified to profit or loss on subsequent recognition: Exchange gains and losses	68	-
<b>Other comprehensive income for the period after tax</b>	68	-81
<b>Total comprehensive income for the 1st period</b>	5,593	5,277
<b>Total comprehensive income attributable to:</b>		
Shareholders of Nedap N.V.	5,620	5,296
Non-controlling interests	-27	-19
<b>Total comprehensive income for the 1st period</b>	5,593	5,277

Consolidated cash flow statement (€ x 1,000)

	2015 half-year	2014 half-year
<b>Cash flow from operating activities</b>		
Profit after taxes	5,525	5,358
Adjustments for:		
Depreciation, amortisation and impairment	4,734	5,243
Book profit on sale of property, plant and equipment	-117	-32
Share of profit of associate	-267	-144
Exchange gains and losses on participating interests	-113	-
Net financing expenses	143	351
Income taxes	1,163	1,164
	5,543	6,582
Movements in trade and other receivables	-4,482	503
Movements in inventories	-3,931	-1,657
Movements in taxes and social security charges	729	1,312
Movements in trade and other payables	3,092	581
Movements in employee benefits	-	1,749
Movements in provisions	-104	42
	-4,696	2,530
Interest paid	-222	-367
Interest received	6	34
Income tax paid	220	-2,179
	4	-2,512
<b>Net cash from operating activities</b>	6,376	11,958
<b>Cash flow from investing activities</b>		
Acquisitions of property, plant and equipment	-3,708	-3,484
Acquisitions of intangible assets	-174	-546
Proceeds from sale of property, plant and equipment	249	177
Dividend received from associate	-48	128
	-3,681	-3,725
<b>Cash flow from financing activities</b>		
Long-term borrowings drawn	-90	-118
Long-term borrowings repaid	49	42
Dividend paid to non-controlling interests	-	-
Dividend paid to shareholders of Nedap N.V.	-8,366	-7,362
Net issue and repurchase of shares	526	220
	-7,881	-7,218
<b>Movements in cash and cash equivalents and banks</b>	-5,186	1,015
Cash and cash equivalents and banks at 1 January	-1,062	-17,045
Exchange gains and losses on cash and cash equivalents and banks	181	-
<b>Cash and cash equivalents and banks at 30 June</b>	-6,067	-16,030

*Consolidated statement of changes in equity (€ x 1,000)*

	share capital	statutory reserves	reserves	profit attributable to shareholders	equity attributable to shareholders	non-controlling interests	total equity
Balance at 1 Jan. 2014	669	10,701	32,407	9,792	53,569	145	53,714
Dividend				-7,362	-7,362	-	-7,362
Appropriation of profit		-547	2,977	-2,430	-		-
Movement in shares			220		220		220
Movement in pension obligation			-81		-81		-81
Profit for the 1st half-year				5,377	5,377	-19	5,358
Other comprehensive income					-		-
Balance at 30 June 2014	669	10,154	35,523	5,377	51,723	126	51,849
Balance at 1 Jan. 2015	669	5,578	32,327	17,877	56,451	149	56,600
Dividend				-8,366	-8,366	-	-8,366
Appropriation of profit		-595	10,106	-9,511	-		-
Movement in shares			526		526		526
Profit for the 1st half-year				5,552	5,552	-27	5,525
Other comprehensive income		68			68		68
Balance at 30 June 2015	669	5,051	42,959	5,552	54,231	122	54,353

At 30 June 2015, the company repurchased 4,680 (30 June 2014: 17,197) treasury shares that have yet to be transferred to employees under the employee participation plan.

The statutory reserves were as follows:

	30-6-2015	30-6-2014
Capitalised development costs	4,527	9,669
Profit of subsidiaries not freely distributable	635	593
Exchange gains and losses	-111	-108
Total	5,051	10,154

## Accounting policies

### General

N.V. Nederlandsche Apparatenfabriek "Nedap" is registered in Groenlo, the Netherlands. The interim consolidated half-yearly 2015 report of the company comprises the company and its subsidiaries, who together form the Group, referred to below as Nedap.

Nedap is a manufacturer of intelligent technological solutions relating to socially relevant themes, including sufficient food, clean drinking water, sustainable energy, security and healthcare.

It concentrates on market segments where its technological know-how, market knowledge and knowledge of the customer's business process can create added value for the customer. These market segments are approached through the company's own sales channels as well as through third parties.

The 2014 consolidated financial statements of Nedap are available at request at [info@nedap.com](mailto:info@nedap.com) or per telephone +31 (0) 544 471111 or can be downloaded from our website [www.nedap.com](http://www.nedap.com).

### Statement of accordance

This consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. It does not contain all information that is required for full financial statements and has to be read in combination with the 2014 consolidated financial statements of Nedap.

This condensed consolidated interim report was drawn up by the Board of Management on July 28th 2015.

### Relevant accounting policies

The accounting policies and calculation methods

applied by Nedap in this consolidated interim report are equal to the policies and calculation methods applied by Nedap in the consolidated financial statements for 2014.

### Estimates

Interim reporting requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The actual outcomes may differ from these estimates. In preparing this consolidated interim report, the relevant judgements, made by the management and used in applying the accounting policies of Nedap and the relevant sources of estimates used, are the same judgements and sources as in its consolidated financial statements 2014. Estimates relate primarily to tangible and intangible assets, employee benefits, other receivables and provisions.

### Financial risk management

The objectives and measurements of Nedap in the field of financial risk management correspond with the objectives and measurements as stated in the consolidated financial statements 2014.

### Income taxes

Income taxes are determined as the product of the weighted average of the tax rate expected for the year under review and the interim profit before taxes.

### Related parties transactions

Nedap's related parties are the associate Nedap France S.A.S., Stichting Preferente Aandelen Nedap, the members of the Supervisory Board and the Board of Management. With the associate normal business transactions take place against conditions similar to those applicable to transactions with third parties. There were no transactions with

Stichting Preferente Aandelen Nedap. Only normal transactions took place with the members of the Supervisory Board and the Board of Management.

The figures in this interim report have not been audited by an external accountant.

This is a translation of the original Dutch interim report. In the event of any conflict of interpretation the Dutch text will prevail.



## Statement

### Statement pursuant to Section 5:25d of the Financial Supervision Act

To the best of our knowledge,

1. the half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Nedap N.V. and the undertakings included in the consolidation taken as a whole; and
2. the half-yearly report of the Board of Management includes a fair review of the information as required under Section 5:25d (8 and 9) of the Financial Supervision Act.

Groenlo, 28 July 2015

The Board of Management:

R.M. Wegman

E. Urff

## Profile Nedap

Nedap has an open, innovative and creative culture oriented towards development and entrepreneurship.

Nedap is a manufacturer of intelligent technological solutions relating to socially relevant themes, including sufficient food, clean drinking water, sustainable energy, security and healthcare.

It concentrates on market segments where its technological know-how, market knowledge and knowledge of the customer's business process can create added value for the customer. These market segments are approached through the company's own sales channels as well as through third parties.

The company is organised into market groups. Each group develops and delivers solutions and possesses knowledge in the fields of technology, markets and customer business processes. Staff are challenged to display entrepreneurship, take responsibility and develop their talents.

The technologies used for the various solutions are closely related so that the market groups use and share each other's technological know-how, products, systems and market experience.

Particular attention is devoted to creating distinctive value in the products and systems to be sold, as well as the associated services. The professionalisation and internationalisation of sales are also high priorities.

The main sales market is still Europe, but sales outside Europe, including the United States and Asia, are developing.

To continue operating in a manner that makes Nedap strong, it pursues an operating profit of at least 10% of revenue and a return on equity of 15%-20% as financial norms. The dividend policy, which results from the financial policy, is to pay out the entire profit to shareholders less any additions

to reserves that are necessary to maintain solvency at the required level. The innovative nature of Nedap and often project-oriented nature of its orders, means a solvency ratio of about 45%, based on organic growth, not including the dividend to be distributed in equity, is desirable.



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