

N.V. Nederlandsche Apparatenfabriek “Nedap”

Annual general meeting of shareholders

Amsterdam, 4 April 2019

Solid progress in **2018**

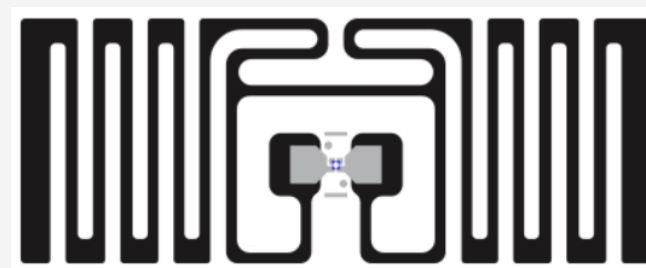
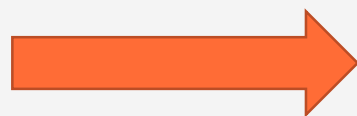
Financial results 2018

	<u>2018</u>	<u>2017</u>	<u>Growth</u>
Revenue (€ x 1 million)	191.4	182.2	+5%
Operating profit excl. one-off items (€ x 1 million)	19.4	15.9	+22%

Paradigm shift



RF



RFID

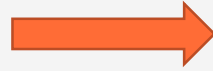


Paradigm shift in Retail



RF

Sharp decline in roll-outs
Very competitive market
Project driven



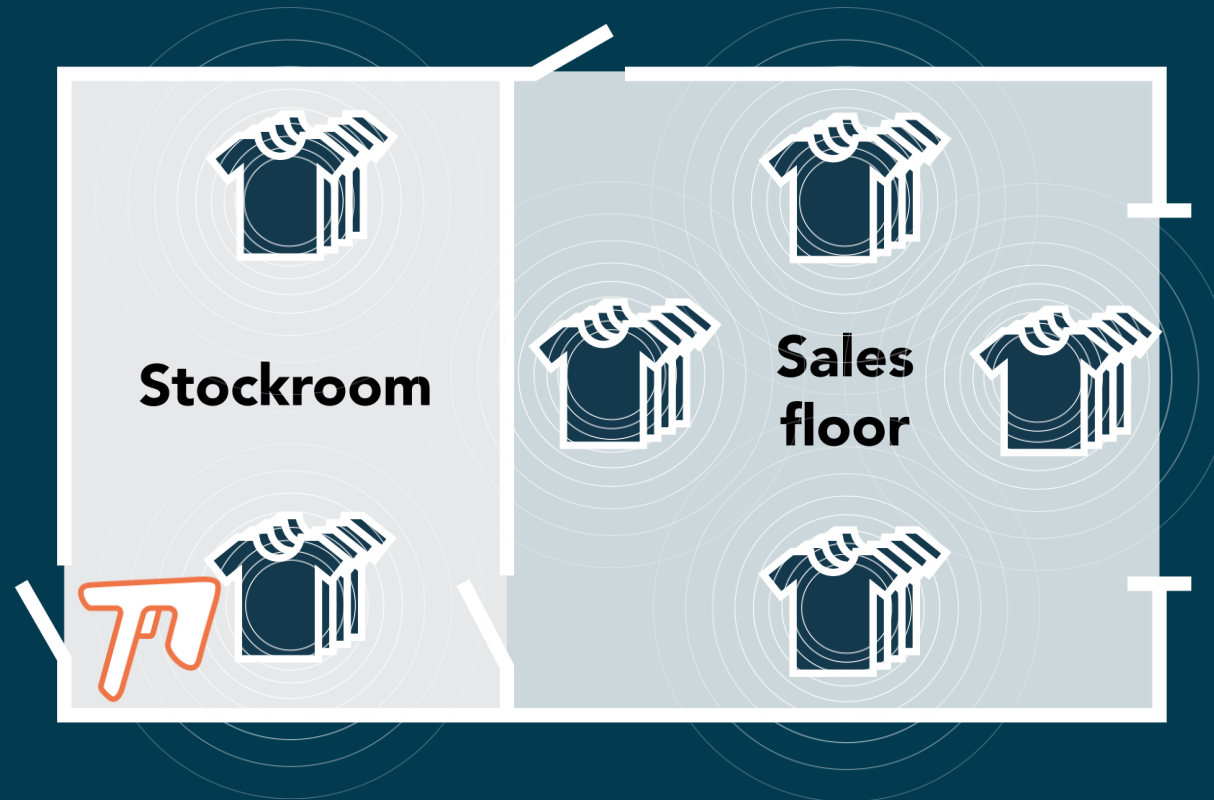
RFID

Many retailers interested
Strong market position Nedap
Recurring revenue

short term: negative impact on revenue

long term: excellent growth opportunity

RFID in practice



Need for physical shielding



Our answer: virtual shielding!

- Reading labels multiple times on multiple locations
- Storing signal processing data
- Using smart algorithms to determine right location
- Patent pending

Comparison overview	Virtual shielding	Physical shielding
Labor costs	none	---
Material costs	none	--
Leakage	0-5%	15-20%
Sub-location data	+++	+

Virtual shielding can save retailers millions in investments in tinfoil!

Ready for growth!



Livestock Management

- Strong growth in 2018
- Both in cow and pig market
- Two innovation awards Eurotier



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Positive long term perspective...

... but 2019 will be challenging

- return to normal sales levels in cow market
- growing impact of African Swine Fever

Healthcare

- Expanded market leadership elderly care
- Increased market share in disabilities care
- First large mental healthcare organization has switched to Nedap



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- First steps with eHealth applications
- Introduction NUTS, a decentralized, open source communication network
- Introduction Helder, first software service aimed at general practitioners

Strengthened market position, increased growth potential

Progress Changing Gears





nedap

IN 2018 WE'VE WELCOMED 89 NEW NEDAP FAMILY MEMBERS!

GROWTH PER QUARTER



HIRES



MOST HIRED UNIVERSITIES

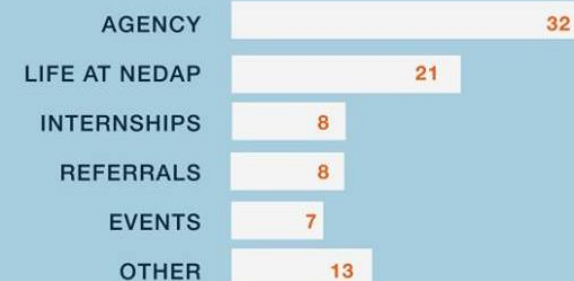
- 28 UNIVERSITY OF TWENTE
- 12 HOGESCHOOL SAXION
- 9 HOGESCHOOL ARNHEM/NIJMEGEN
- 6 RIJKSUNIVERSITEIT GRONINGEN
- 5 UNIVERSITY OF UTRECHT
- 29 OTHER



EDUCATION LEVEL

MASTER	BACHELOR	PHD	PRE UNIVERSITY
48	38	2	1

TOP 5 RECRUITMENT METHODS



NEW NEDAPPERS PER BUSINESS UNIT

HEALTHCARE



RETAIL



SECURITY MANAGEMENT



GENERAL



LIVESTOCK MANAGEMENT



STAFFING SOLUTIONS



IDENTIFICATION SYSTEMS

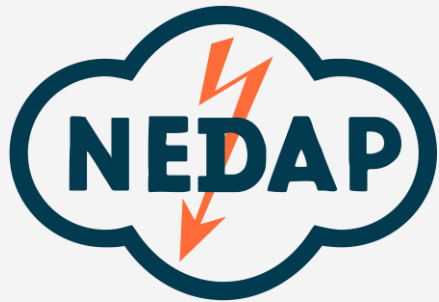


LIGHT CONTROLS





Introduction new logo



nedap





Introduction new logo



To sum it all up

2018 has been
a solid year for Nedap

a lot of work remains
to be done in **2019**

Financial highlights 2018

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Financial Highlights

- Revenue and Operating Profit
- NAPP
- Profit, Financial Position and Dividend
- Financial Performance versus Financial Targets
- Outlook

Revenue and Operating Profit

- Revenue: € 191.4 mio (+ 5%)
 - Healthcare and Livestock Management: solid growth
 - Identification Systems and Security Management: slight growth
 - Light Controls and Staffing Solutions: slightly down
 - Retail: substantially down
 - Recurring revenue: € 37.2 mio (+20%)
- Added Value ('Gross Margin'): 62%
 - Effect of outsourcing
 - Added value per FTE: € 179k (+7k)

Revenue and Operating Profit

- Development costs
 - € 25.9 mio (23.5 mio)
 - % of Revenue: 14% (13%)
 - Capitalized: € 0.7 mio (€ -.- mio)
- Operating profit
 - € 19.4 mio (+22%)
 - Operating margin: 10.2% (+1.5%)
 - No one-offs

Nedap Additional Participation Plan (NAPP)

- NAPP structure
 - Operating profit* 2016 starting point: € 12.2 mio
 - Threshold: 5% annual growth
 - 40% of operating profit* exceeding threshold allocated to NAPP
 - 2018 threshold: € 17.5 mio
 - 2019 threshold: € 18.4 mio
 - Thresholds adjusted for sale of Nsecure
 - Thresholds take into account communicated cost savings related to the restructuring of the supply chain (2017: € 2.0 mio; 2018: € 4.0 mio)
- Who: all individuals employed by Nedap, worldwide
- How: fully in certificates of shares (4 yr. lock-up, right to dividends)
- Management has discretionary authority to alter plan

NAPP 2018

- Threshold 2018: € 17.5 mio
- Operating profit 2018 excluding NAPP: € 20.7 mio
 - Surplus: € 3.2 mio
 - NAPP allocation (40%): € 1.3 mio (personnel costs)
 - Operating profit 2018 including NAPP: € 19.4 mio
- NV delivered shares to Stichting Medewerkerparticipatie Nedap
 - Shares from treasury stock

Profit, Financial Position and Dividend

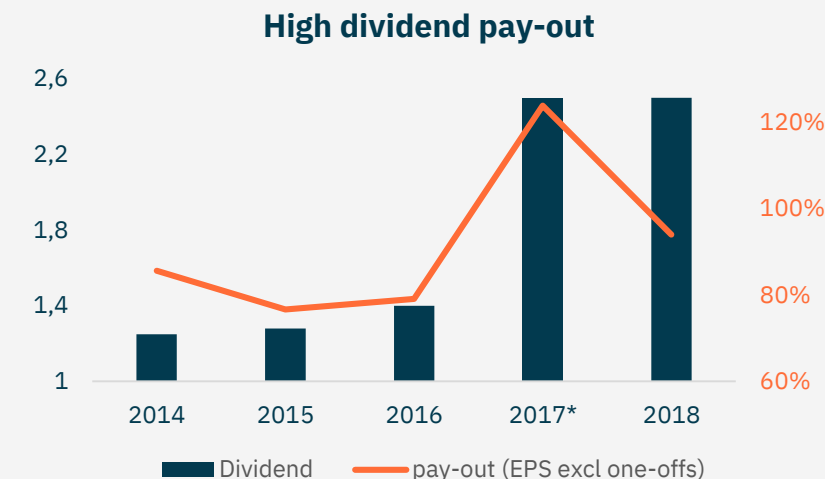
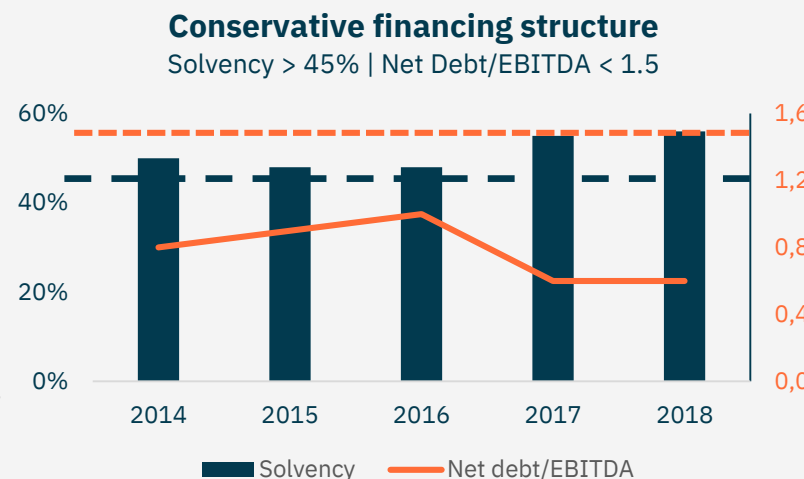
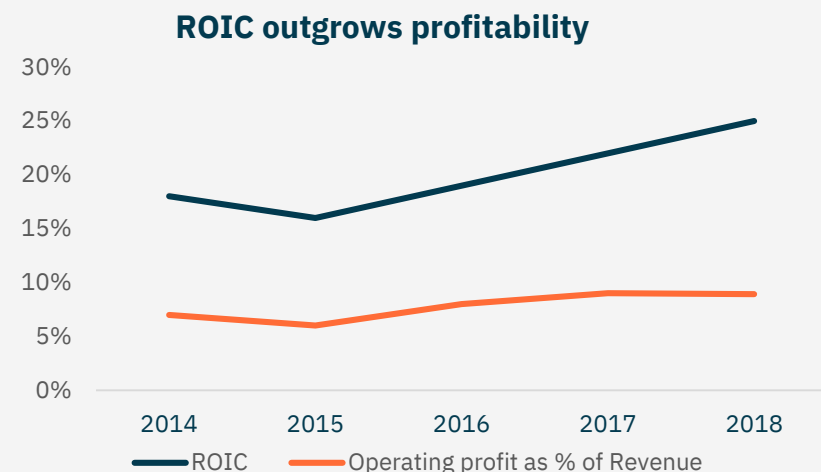
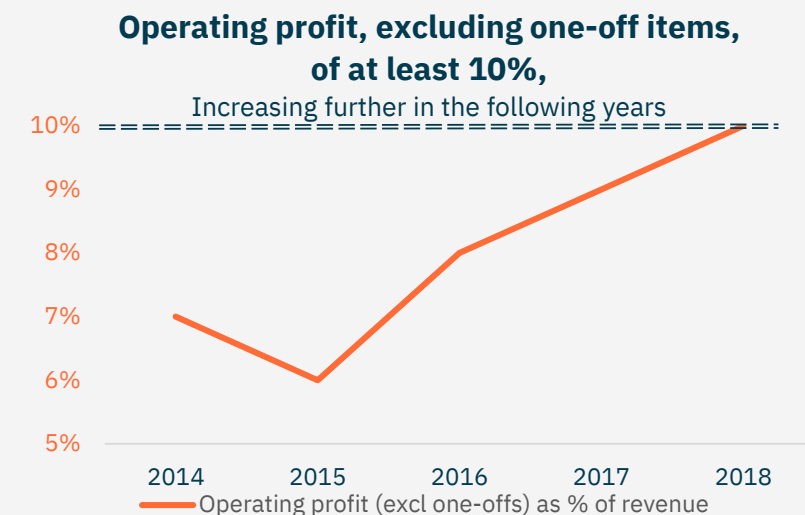
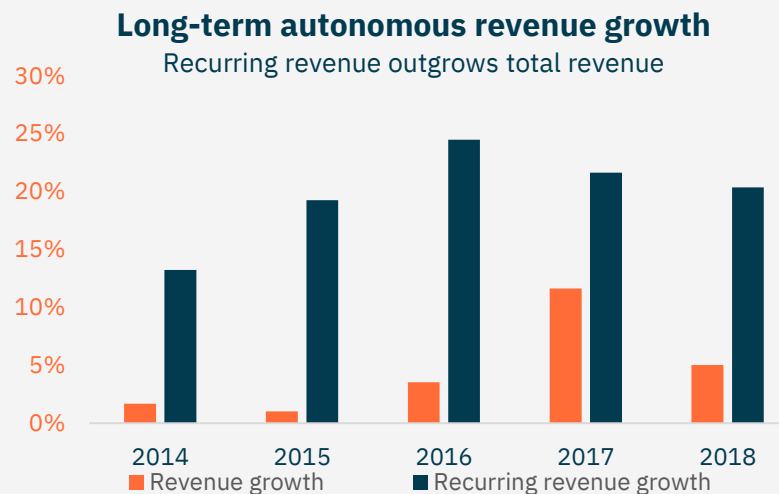
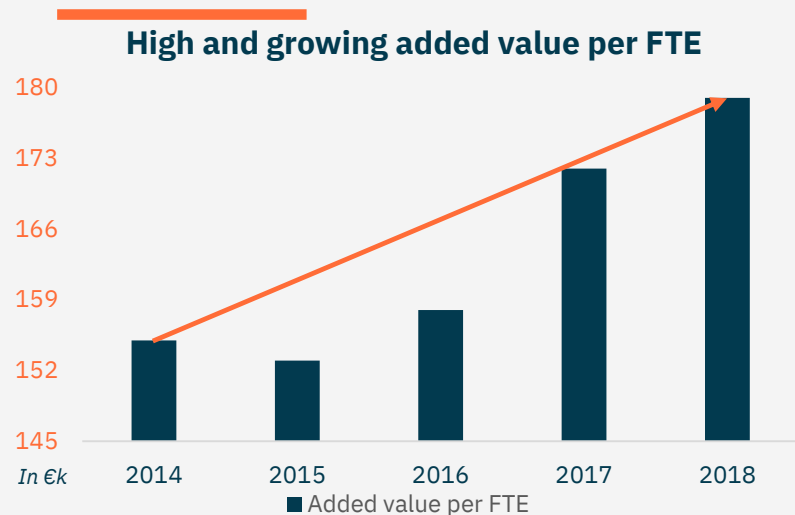
- Net result for the year: € 17.1 mio (-39%)
 - 2017: Sale Nsecure
- Return on Invested Capital (ROIC): 25% (+3%)
 - High inventories (€ 37.5 mio)
- Solvency: 56% (+1%)
- Net debt / EBITDA: 0.6 (0.6)
- New financing agreement:
 - Size: € 44 mio, 7 years (April 2026)
 - No covenants, flexible structure
 - Lower interest rate
- Dividend per share: € 2.50 (2.50)

Key Financials

(in millions of euros)

	FY 2018	FY 2017	Growth
Revenue (x €1M)	191.4	182.2	5%
Recurring revenue (x €1M)	37.2	30.9	20%
Added value as % of revenue	62%	62%	-
Operating profit excl. one-off items (x €1M)	19.4	15.9	22%
Operating profit incl. one-off items (x €1M)	19.4	9.9	96%
Operating profit (excl. one-off items) as % of revenue	10.2%	8.7%	-
Profit for the financial year (x €1M)	17.1	28.0	-39%
Earnings per share (x € 1)	2.66	4.21	-37%
Earnings per share excl. one-off items (x € 1)	2.66	2.02	32%
Dividend per share (x € 1)	2.50	2.50	-
	31/12/2018	31/12/2017	
Net debt/EBITDA	0.6	0.6	-
Solvency	56%	55%	-
Return on invested capital (ROIC)	25%	22%	-

Financial targets



Outlook

Nedap is optimistic about the developments in 2019 and expects a further increase in revenue, unforeseen circumstances notwithstanding.

However, the Board of Management finds it too early to make any statements about the level of growth in revenue over 2019 as a whole.

Growth depends on the general economic climate, as well as on developments on certain markets and with individual customers.

