

## H1 2019: revenue down 2.6%, recurring revenue up 19%

Nedap maintains expectation that revenue for the full year will rise

Groenlo, the Netherlands, 25 July 2019, 18.15

### Highlights

- Revenue totalled €94.2 million in the first half of 2019, down 2.6% on the same period of 2018
  - The Healthcare, Security Management and Identification Systems business units all showed good performance
  - The Livestock Management business unit saw revenue drop compared with the exceptionally strong first half of 2018 and remained, as expected, on a par with the level of the second half of 2018
  - At the Retail business unit, revenue was down on the first half of 2018
- Recurring revenue rose by 19% and now represents 23% of total revenue
- Operating profit was down 19% to €8.1 million (first half of 2018: €10.0 million) due to ongoing investments in the organisation, especially in recruiting new staff for product development and marketing & sales
- Net profit came in at €6.7 million, compared to €8.8 million in the first half of 2018
- Nedap maintains the expectation that revenue for the whole of 2019 will be up on 2018

“In the first half of 2019, virtually all business units showed healthy development,” explains Ruben Wegman, CEO of Nedap. “Healthcare managed to sustain its robust growth. At Security Management and Identification Systems, investments made in recent years have translated into a stronger market position and growing revenue. Revenue at Livestock Management stabilised as expected at the level of the second half of 2018, but this is, however, a drop on the exceptionally strong first half of 2018. Due to challenging market conditions in the retail sector, willingness to invest in conventional anti-shoplifting systems remains low. Growth in recurring revenue from the Nedap !D Cloud proposition is not yet up to the level needed to absorb the drop in revenue from anti-shoplifting systems. Market interest in Nedap’s RFID solutions, however, continues to increase, and a growing number of leading customers has meanwhile opted for !D Cloud. Nedap continues to be committed to and invest in the further development of the organisation. Over the first half of 2019, we have managed to attract a large number of highly qualified employees, whom we need to be able to make the most of our propositions’ potential.”

### Key figures

in millions of euros or expressed as a percentage	H1 2019	H1 2018	Growth
Revenue	94.2	96.7	-3%
Recurring revenue	21.3	17.9	19%
Added value as % of revenue	63%	62%	
Operating profit	8.1	10.0	-19%
Operating margin <sup>1</sup>	8.6%	10.4%	
Net result	6.7	8.8	-23%
Earnings per share (x €1)	1.04	1.37	-24%
	<b>30/06/2019</b>	<b>31/12/2018</b>	
Net debt/EBITDA	1.1	0.9	
Solvency	48%	56%	

<sup>1</sup> Defined as operating profit expressed as a percentage of revenue

**Progress on the strategy**

Nedap focuses on smart applications of technology to help solve the challenges of today and tomorrow.

Nedap unrelentingly works to increase the company's focus in terms of its activities and organisation. Over the past few years, Nedap has reorganised the supply chain and largely phased out its production and logistics activities. The disposal of non-core activities also brought greater focus. Subsidiary Nsecure was sold in 2017, and Nedap has recently concluded the sale of its participation in Nedap France. These steps enable Nedap to focus fully on developing and marketing its own propositions, whereby product development and marketing & sales come first.

**Financial affairs****Revenue**

Nedap's revenue over the first six months of 2019 totalled €94.2 million (€96.7 million in the same period of 2018). Recurring revenue, i.e. revenue from software subscriptions (licences) and services, expressed as a percentage of revenue rose from 18% to 23%. The Healthcare, Identification Systems, Light Controls and Security Management business units all achieved revenue growth, while the Livestock Management, Retail and Staffing Solutions business units saw revenue decline.

The Healthcare business unit managed to maintain its strong growth trend, and the Identification Systems and Security Management business units also showed good revenue growth. The Livestock Management business unit's revenue for the first half of 2019 fell compared to the same period in 2018, remaining as expected on the level of the second half of 2018. At the Retail business unit, the !D Cloud solution showed the expected good performance, while conventional anti-shoplifting systems continued their decline.

Coming in at €59.2 million, added value over the first six months of 2019 remained more or less on a par with the same period last year (€59.5 million in the first half of 2018). Added value per FTE fell from €182,000 in the first half of 2018 to €172,000 in the first half of 2019. Expressed as a percentage of revenue, added value was up slightly from 62% to 63%, thanks to recurring revenue growing as a share of total revenue.

**Costs**

Personnel costs were up 7% to €35.5 million (€33.2 million in the first half of 2018). This rise comes primarily on the back of the increase in the number of FTEs. As at 30 June 2019, the total number of FTEs stood at 695 (659 FTEs at 30 June 2018).

Other operating costs dropped to €11.4 million in the first half of 2019, compared to €12.6 million in the first half of 2018, due partly to capitalisation of development costs amounting to €0.7 million.

**Amortisation and depreciation**

Depreciation was up slightly from €3.3 million over the first half of 2018 to €3.8 million as a result of the implementation of IFRS 16 Leases. However, depreciation stayed at a relatively low level due to the limited investment in tangible fixed assets in recent years. At €0.4 million, amortisation was on a par with the level of the first half of 2018 (€0.3 million).

**Operating profit**

In the first six months of 2019, operating profit fell from €10.0 million in 2018 to €8.1 million, due to the drop in revenue and ongoing investments in the organisation. The operating margin, i.e. the operating profit as a percentage of revenue, came in at 8.6% in the first half of 2019, compared to 10.4% in the first half of 2018.

**Financing costs and taxation**

Net financing costs did not change over the first half of 2019, standing at €0.1 million (€0.1 million in the first half of 2018). Taxes payable over the first half of 2019 totalled €1.6 million (€1.6 million in the first half of 2018), putting the net tax rate in the first half of 2019 at 20.2%.

**Profit in the first half of the financial year**

Nedap achieved a profit of €6.7 million in the first half of the financial year, compared to €8.8 million in the first half of 2018. Earnings per share in the first half of 2019 came in at €1.04, compared to €1.37 in the first half of 2018. The average number of outstanding shares was 6,432,446 as at 30 June 2019 (6,400,821 as at 30 June 2018).

**Financial position**

The balance sheet total grew from €115.4 million as at 31 December 2018 to €116.6 million as at 30 June 2019, partly on the back of an increase in receivables from customers. Inventories were down 11%. Collaboration with (chain) partners and the reorganised supply chain continues to improve, which reduces the need for (buffer) inventories. As a result, inventories are back on track to reach Nedap's normal level. Aside from that, global electronic component shortages have eased.

Nedap entered into a new 7-year credit agreement in the first half of 2019. The term of the credit facility has been extended to April 2026 and improved rates have been agreed. The committed credit facilities amount to €44 million in total.

Over the first six months of 2019, the net debt position grew to €25.8 million (€16.6 million at year-end 2018), mainly as a result of the dividend of €16.1 million paid for 2018. Net debt/EBITDA stood at 1.1 at 30 June 2019 (0.6 at year-end 2018). Solvency stood at 48% at 30 June 2019 (56% at 31 December 2018).

**Business unit developments****Healthcare**

The Healthcare business unit (automation of administrative tasks for healthcare professionals) continues to do well, consistently maintaining its growth trend over the first half of 2019. Leading positions in the elderly care and disabilities markets have been further extended. Following successful implementation of the Nedap solution at the first major mental healthcare facility in early 2019, more mental healthcare facilities are expected to choose the Nedap solution over the course of the year.

**Identification Systems**

At the Identification Systems business unit (vehicle and driver identification products and wireless parking systems), revenue continued to grow over the first six months of 2019, as a number of large-scale projects were completed and the underlying trend remained positive.

**Light Controls**

The Light Controls business unit (power electronics and control systems for the lighting industry) also managed to achieve growth in the first half of 2019, with revenue driven up mainly by thriving UV lamp driver sales. The proposition for the ballast water market is now, with the ballast water treaty set to come into force later this year,

clearly gaining traction. Further refining of the Luxon proposition and a keener focus in marketing efforts have produced growth in the number of connected light points.

### ***Livestock Management***

In line with expectations, revenue posted by the Livestock Management business unit (automation of livestock management processes based on identification of individual animals) in the first half of 2019 stabilised at the level of the second half of 2018, after a strong revenue hike in the first half of 2018. In the pig farming sector, the rapid spread of swine fever in China, and now also in other Asian countries, is having a negative effect on revenue as investment decisions are delayed and current projects put on hold. In the long term, however, this outbreak will pave the way for accelerated professionalisation and consolidation of the pig farming sector in Asia, which offers commercial opportunities for Nedap.

### ***Retail***

The Retail business unit (security, management and information systems for the retail sector) has made excellent headway in growing its customer base for RFID-based inventory control systems (ID Cloud). An important milestone is that the first retailers in North America have now also switched to the Nedap solution. Challenging market conditions in the retail industry and the transition to new technology are, however, leading to reluctance to keep investing in conventional anti-shoplifting systems. The growth in revenue from ID Cloud is, as yet, insufficient to absorb the sharper-than-expected fall in sales of systems based on RF technology.

### ***Security Management***

The Security Management business unit (systems for access control and security) posted solid revenue growth in the first half of 2019. Investments in the business unit's product and service portfolio over the past years have aligned it better with security issues at large international organisations, which are targeted by Security Management's commercial efforts through its Global Client Programme.

### ***Staffing Solutions***

Revenue at the Staffing Solutions business unit (digitised work schedules and timesheet processing) fell over the first six months of 2019. The business unit is making good progress with its strategy of supporting temporary employment organisations with a broader range of services for their work processes. This proposition has produced growth in the number of customers using Nedap systems for their core processes, especially in the mid-market segment of the temporary employment industry. However, at this moment, this is not enough to absorb the decline in the number of hours processed at a limited number of large temporary employment agencies.

### ***Outlook***

The Board of Directors remains optimistic about developments in the second half of 2019 and continues to expect revenue over the full year 2019 to grow compared to the full year 2018, unforeseen circumstances notwithstanding. However, the Board of Directors finds it too early to make any statements about the level of growth in revenue over 2019 as a whole. This depends on developments on certain markets and with individual customers, as well as on the general economic climate.

---

**About Nedap N.V.**

High-tech company Nedap N.V. creates high-quality, innovative hardware and software products that enable people to be more productive and successful in their professional lives. Nedap N.V. has a workforce of around 700 employees and operates on a global scale. The company was founded in 1929 and has been listed on Euronext Amsterdam since 1947. Its headquarters is located in Groenlo, the Netherlands.

**For more information,  
please contact:**

Ruben Wegman  
CEO  
+31 (0)544 47 11 11  
[www.nedap.com](http://www.nedap.com)

**Reservation regarding statements containing expectations**

The expectations presented in this report are based on information as it currently stands. The actual profit/loss achieved can differ significantly from these expectations as a result of changes to the economic climate, developments on specific markets, orders from individual customers and other developments.

*This is a translation of the original Dutch press release. In the event of any discrepancies or conflict of interpretation the Dutch text will prevail.*

## Consolidated balance sheet per 30 June (€ x 1,000)

6/14

	2019 half-year	2018 year-end
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible fixed assets	2,652	1,950
Tangible fixed assets	37,393	34,925
Financial fixed assets	-	5,169
Deferred tax assets	768	941
	<b>40,813</b>	<b>42,985</b>
<b>Current assets</b>		
Inventories	33,232	37,509
Income tax receivable	1,352	612
Trade and other receivables	34,229	31,895
Cash and cash equivalents	2,411	2,437
Assets held for sale	4,519	-
	<b>75,743</b>	<b>72,453</b>
	<b>116,556</b>	<b>115,438</b>
<b>Equity and liabilities</b>		
<b>Group equity</b>		
Shareholders' equity attributable to shareholders	56,247	64,940
<b>Non-current liabilities</b>		
Borrowings	14,153	14,196
Lease liabilities	962	-
Employee benefits	894	882
Provisions	818	881
Deferred tax liabilities	152	-
	<b>16,979</b>	<b>15,959</b>
<b>Current liabilities</b>		
Borrowings	86	86
Lease liabilities	753	-
Employee benefits	45	20
Provisions	1,058	1,195
Bank overdrafts	13,983	4,722
Income tax payable	16	1,849
Taxation and social security contributions	3,349	1,533
Trade and other payables	24,040	25,134
	<b>43,330</b>	<b>34,539</b>
<b>Total liabilities</b>	<b>60,309</b>	<b>50,498</b>
	<b>116,556</b>	<b>115,438</b>

**Consolidated statement of profit or loss (€ x 1,000)**

	<b>2019</b> half-year	<b>2018</b> half-year
<b>Revenue</b>	94,181	96,658
Cost of materials and outsourced work	-31,228	-42,363
Inventory movements of finished goods and work in progress	-3,767	5,188
	-34,995	-37,175
<b>Value added</b>	<b>59,186</b>	<b>59,483</b>
Personnel costs	-35,548	-33,214
Amortisation	-376	-312
Depreciation	-3,760	-3,303
Other operating costs	-11,370	-12,627
<b>Operating costs</b>	<b>-51,054</b>	<b>-49,456</b>
<b>Operating result</b>	<b>8,132</b>	<b>10,027</b>
Financing income	13	19
Financing costs	-145	-142
<b>Net financing costs</b>	<b>-132</b>	<b>-123</b>
Share in profit of associate (after income tax)	333	519
<b>Result before taxation</b>	<b>8,333</b>	<b>10,423</b>
Taxation	-1,619	-1,661
<b>Result for the financial year</b>	<b>6,714</b>	<b>8,762</b>
Result attributable to shareholders of Nedap N.V.	6,714	8,762
Average number of outstanding shares	6,432,446	6,400,821
Earnings per ordinary share (in €)	1.04	1.37
Diluted earnings per ordinary share (in €)	1.04	1.37

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

	<b>2019</b> half-year	<b>2018</b> half-year
<b>Result for the financial year</b>	<b>6,714</b>	<b>8,762</b>
<b>Unrealised result</b>		
Items that will (or may) be reclassified to profit or loss after initial recognition:		
Currency translation differences	45	16
<b>Unrealised result for the reporting period after taxation</b>	<b>45</b>	<b>16</b>
<b>Total realised and unrealised result for the financial year</b>	<b>6,759</b>	<b>8,778</b>
<b>Total realised and unrealised result attributable to:</b>		
Nedap N.V. shareholders	<b>6,759</b>	<b>8,778</b>



**Consolidated statement of cash flows (€ x 1,000)**

	<b>2019</b> half-year	<b>2018</b> half-year
<b>Cash flow from operating activities</b>		
Result for the financial year	6,714	8,762
Adjustments for:		
Depreciation and amortisation including impairment	4,136	3,615
Book result on sale of tangible fixed assets	-46	-14
Share in profit of associate	-333	-519
Exchange differences for participations	33	4
Net financing costs	132	123
Share-based payments	-982	274
Income taxes	1,619	1,661
	<b>4,559</b>	<b>5,144</b>
Movements in trade and other receivables	-2,334	405
Movements in inventories	4,277	-5,433
Movements in taxation and social security contributions	1,816	795
Movements in trade and other payables	-1,068	-2,208
Movements in employee benefits	37	13
Movements in provisions	-200	-114
	<b>2,528</b>	<b>-6,542</b>
Interest paid	-127	-141
Interest received	13	19
Income tax paid	-3,867	-1,509
	<b>-3,981</b>	<b>-1,631</b>
<b>Cash flow from operating activities</b>	<b>9,820</b>	<b>5,733</b>
<b>Cash flow from investing activities</b>		
Investments in tangible fixed assets	-4,415	-2,932
Investments in intangible fixed assets	-1,078	-19
Proceeds from sale of tangible fixed assets	265	300
Dividend received from associate	983	311
<b>Cash flow from investing activities</b>	<b>-4,245</b>	<b>-2,340</b>

**Consolidated statement of cash flows (€ x 1,000)**

	<b>2019</b> half-year	<b>2018</b> half-year
<b>Cash flow from financing activities</b>		
Repayments on long-term borrowings	-43	-43
Lease payments	-361	-
Dividend paid to shareholders of Nedap N.V.	-16,132	-16,038
Sale of own shares	1,662	1,514
<b>Cash flow from financing activities</b>	<b>-14,874</b>	<b>-14,567</b>
<b>Movement in cash and cash equivalents and bank overdrafts</b>	<b>-9,299</b>	<b>-11,174</b>
Cash and cash equivalents and bank overdrafts at 1 January	-2,285	171
Exchange differences for cash and cash equivalents and bank overdrafts	12	12
<b>Cash and cash equivalents and bank overdrafts at 30 June</b>	<b>-11,572</b>	<b>-10,991</b>
Cash and cash equivalents	2,411	2,557
Bank overdrafts	-13,983	-13,548
	<b>-11,572</b>	<b>-10,991</b>

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

	Share capital	Statutory reserves	Other reserves	Result attributable to shareholders	Total shareholders' equity
<b>Balance as at 1/1/2018</b>	<b>669</b>	<b>5,717</b>	<b>27,515</b>	<b>28,035</b>	<b>61,936</b>
Realised result for the 1st half-year	-	-	-	8,762	8,762
Unrealised result for the 1st half-year	-	16	-	-	16
<b>Result for the 1st half-year</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>8,762</b>	<b>8,778</b>
Dividend	-	-	-	-16,038	-16,038
Appropriation of profit for previous financial year	-	-289	12,286	-11,997	-
Movement in profit from participations not freely distributable	-	208	-208	-	-
Movement in share-based payments	-	-	274	-	274
Movement in own shares	-	-	1,514	-	1,514
<b>Balance as at 30/6/2018</b>	<b>669</b>	<b>5,652</b>	<b>41,381</b>	<b>8,762</b>	<b>56,464</b>
<b>Balance as at 30/6/2019</b>	<b>669</b>	<b>6,524</b>	<b>40,675</b>	<b>17,072</b>	<b>64,940</b>
Realised result for the 1st half-year	-	-	-	6,714	6,714
Unrealised result for the 1st half-year	-	45	-	-	45
<b>Result for the 1st half-year</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>6,714</b>	<b>6,759</b>
Dividend	-	-	-	-16,132	-16,132
Appropriation of profit for previous financial year	-	711	229	-940	-
Movement in profit from participations not freely distributable	-	-650	650	-	-
Movement in share-based payments	-	-	-982	-	-982
Movements in own shares	-	-	1,662	-	1,662
<b>Balance as at 30/6/2019</b>	<b>669</b>	<b>6,630</b>	<b>42,234</b>	<b>6,714</b>	<b>56,247</b>

At 30/6/2019, the company held 240,087 (277,914 at 30/6/2018) of its own shares that are expected to be transferred to employees under the employee participation plans.

Statutory reserves can be broken down as follows:

	<u>30-6-2019</u>	<u>30-6-2018</u>
Capitalised development costs	2,336	1,230
Profit from participations not freely distributable	4,531	4,674
Exchange differences	-237	-252
<b>Total</b>	<b>6,630</b>	<b>5,652</b>

**Accounting policies***General*

Nedap N.V. has its registered office in Groenlo, the Netherlands. The company's consolidated half-yearly financial statements for the first half of 2019 cover the company and its subsidiaries, who together form the group, referred to below as Nedap.

Nedap develops and supplies smart technological solutions for relevant themes, including sufficient food, clean drinking water, security and healthcare. The company's focus is always maintained on relevant technology.

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

Nedap's 2018 consolidated financial statements are available on request. Email [info@nedap.com](mailto:info@nedap.com), call +31 (0)544 471111, or download the 2018 financial statements directly from our website. [www.nedap.com](http://www.nedap.com).

*Statement of accordance*

These consolidated half-yearly financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. They do not contain all information that is required for full financial statements and should be read in combination with Nedap's 2018 consolidated financial statements.

These condensed consolidated half-yearly financial statements were drawn up by the Board of Directors on 25 July 2019.

*Accounting policies*

The same accounting policies and calculation methods were used by Nedap for both these consolidated half-yearly financial statements and the consolidated financial statements for 2018, except for new standards and interpretations.

On the balance sheet as at 30 June 2019, the associate is recognised under 'Assets held for sale' and valued at book value.

*New standards and interpretations*

The new IFRS 16 standard, which is relevant to Nedap, came into force on 1 January 2019. The group has opted not to apply the IFRS 16 standard retroactively. Application of this standard has, therefore, not led to a change in equity as of 1 January 2019. As per the expectation expressed in the 2018 financial statements, implementation of the standard had an impact of approximately €2 million on the opening balance sheet for 2019. Capitalised user rights are related primarily to housing of subsidiaries.

*Estimates*

IFRS-compliant 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 costs. The actual results may differ from these estimates. In drawing up these consolidated half-yearly financial statements, the relevant judgements used, which were formed by the management during application of the accounting policies, and the relevant sources used for estimates were the same as the judgements and sources used in drawing up the 2018 consolidated financial statements. The most critical estimates relate primarily to measurement of tangible and intangible fixed assets, employee benefits, provisions and inventories.

*Financial risk management*

Nedap's financial risk management objectives and measures are in line with the objectives and measures set out in the 2018 consolidated financial statements.

*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 taxation.

*Related parties transactions*

Parties related to Nedap are the associate Nedap France S.A.S., the Stichting Preferente Aandelen Nedap and the members of the Supervisory Board and the Board of Directors. Nedap has normal trade transactions with the associate, and these transactions are performed on a commercial basis with terms that are similar to those for transactions with third parties. No transactions with the Stichting Preferente Aandelen Nedap took place, and only normal transactions took place with the members of the Supervisory Board and the Board of Directors.

*Events after the balance sheet date*

On 1 July 2019, Nedap announced that it is entering into negotiations to sell its 49.8% stake in Nedap France S.A.S. Final agreement on the sale has been reached on 25 July 2019. The net proceeds from this sale will total approximately €14.5 million and the transaction will produce an expected book profit of approximately €10 million in 2019

*Audit*

The figures in these half-yearly financial statements have not been audited by an external auditor.

**Board statement pursuant to Article 5:25d  
of the Dutch 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 in accordance with IAS 34; and
2. the half-yearly report of the Board of Directors constitutes a fair review of the information as required under Section 5:25d (8 and 9) of the Dutch Financial Supervision Act.

Groenlo, Netherlands, 25 July 2019

Board of Directors:

R. M. Wegman