

Substantial investment moderates results

Nedap N.V. expects revenue for 1st half-year 2013 to match level of 2012

Groenlo, 9 April 2013

The executive board of N.V. Nederlandsche Apparatenfabriek "Nedap" expects revenue for the 1st half-year 2013 - notwithstanding unforeseen circumstances - to be at or near the level of the very good 1st half-year 2012 (1st half-year 2012: € 83.7 million). The profit after taxes is expected, though, to be 10% to 15% lower (1st half-year 2012: € 6.6 million). Substantial investment in the organisation, including an increase in the number of employees, has moderated the result.

In the first months of 2013, the market groups AVI, Energy Systems, Healthcare, Retail, and Security Management achieved higher revenue than in the same period of 2012. The market groups Livestock Management (formally Agri) and Light Controls were down on their strong 1st half-year 2012. As result of the realignment of the market approach, the revenue of the market group Library Solutions - as expected - was slightly down.

The realistic forecasting of revenue and profit in the short to medium term was not helped by the uncertain and volatile economic conditions in various regions and market sectors. For the 1st half-year 2013, the executive board expects the upward trend in revenue during the first months of the year to continue. This will result in revenue at or near the level of the 1st half-year 2012, with profit slightly down compared to that period. For the entire year of 2013 – notwithstanding unforeseen circumstances – the executive board expects a further increase in revenue. Concerning the profit for 2013 - in light of the many uncertainties – no forecast can be made yet.

Due to the continuing globalisation of the operations, the number of employees has gone up. Whereas in the 1st half-year 2012 there were on average 696 employees working within the Nedap organisation, this figure is expected to increase to an average of over 720 for the ongoing half-year. New employees are recruited based on their capacity to contribute to an increase in the average added value per employee.

In mid-February 2013, Nedap established a new company in the United States, Nedap Inc., a wholly-owned subsidiary of Nedap N.V. It has been handling the American activities of the Light Controls market group since the beginning of April. Seven American employees have been recruited for this.

Nedap will continue in 2013 to make substantial investment in product development, marketing and sales, and professionalisation in order to reinforce the competitive strength of its propositions and to enhance the scalability of the organisation. It is expected that this investment can be financed with the funds currently available. Solvency remains undiminished strong at 40%.

The revenue of the market group **AVI** (products for vehicle and driver identification and wireless parking systems) increased steadily. A major part of its turnover comes from products for long-distance vehicle recognition systems. With the introduction of a unique, compact, long-distance device for driver recognition, and innovations in the field of wireless parking systems, the group will be able to solidify its growth in the future.

The market group **Energy Systems** (autonomous energy systems), with its PowerRouter products (systems for the independent and effective generation, storage and consumption of electricity), showed a modest growth in revenue in the first months of this year. Stronger growth had been expected in light of its order portfolio. The modification program to fit an additional safety device on all PowerRouters in the field, however, placed a considerable burden on its production capacity and slows the output of new systems in the 1st half-year.

The market group **Healthcare** (automation of the administrative duties of healthcare professionals to create more time for care), with its ONS systems, supports healthcare institutions in their operational management. These organisations are currently being faced with government spending cuts and new funding methods. At the same time, a shift is taking place from centrally administered to locally administered services, with an increase in informal care. All of these factors have created an increasing need for support using modern technology. More and more healthcare institutions, therefore, are making use of the services of this market group and are thus helping to solidify the market position of the group. Despite the current difficult economic circumstances in the employment services sector, the Pep[®] product (digital timesheet processing for e.g. temporary employment agencies) also contributed to the growth in revenue of this market group.

The realignment of its market approach meant that revenue of the market group **Library Solutions** (RFID self-service systems for libraries), as expected, was lower than in the same period of 2012. The market group no longer concentrates solely on implementing integrated library projects, acting as a systems integrator combining a mix of in-house components and third-party products. It is now concentrating on the development and supply of a cutting-edge product portfolio, which allows business partners in an increasing number of countries to carry out individual client-specific projects.

The market group **Light Controls** (power electronics for lighting) performed well in the first months of the year, but revenue was still somewhat down compared to the strong first months of 2012, when a large project was carried out in America.

The revenue of the market group **Livestock Management** (automation of livestock management processes based on individual animal identification, which help livestock farmers to optimise their business processes and improve the well-being of humans and animals) in the first months of 2013 was down on the strong 1st half-year 2012. A major contributory factor was the significant increase in the size of yields over the last year, which has led to some stockpiling in the logistical chains of a number of customers. The interest in the various innovative solutions of the market group, both in the dairy farming and the pig-breeding sector, however, continued to remain high. For example, in China, six months after its introduction in September 2012, over one hundred Performance Test Systems for pigs have already been sold.

Despite the difficult conditions in the retail market, the market group **Retail** (security, management and information systems for retail) saw its revenue grow further despite the very competitive market. The market group is becoming increasingly successful in developing attractive propositions for specific market segments, such as RFID systems, which have helped it to win leading retailers as clients. For example, the new anti-shoplifting system for supermarkets (!Sense) was installed at the recently opened Jumbo Foodmarket in Breda, the biggest supermarket in the Netherlands.

Revenue of the **Security Management** market group (access control, registration, payments, fire and intrusion alarms, surveillance, locker management and biometrics systems) in the early months of 2013 were slightly higher than revenue in 2012. At the beginning of this year a worldwide agreement was concluded with Unilever to provide security at 800 locations using Nedap AEOS for the next several years. Due to the unrelenting weakness of economic conditions, however, the market group was confronted - in various regions - with a reluctance to invest throughout the sector.

A new collective labour agreement was concluded with the trade unions for the period 1 April 2013 to 1 April 2014. This included the agreement of a salary increase of 1.5% as per 1 April 2013. Furthermore, all employees will be issued with seven depository receipts for shares in Nedap N.V. The usual conditions apply for these depository receipts as laid down in the Nedap employee participation plan.

The executive board also introduced the Nedap Additional Participation Plan (NAPP) for the employees of Nedap N.V. on 1 January 2013. This plan, with a term of 5 years, has the aim of creating a balance between the desired personal entrepreneurship of Nedap employees and the opportunity to share in the profit of the company as an employee. The essence of the plan is that any increase in profit over 5% will be partially distributed amongst the employees. The benchmark will be the pre-tax profit in 2012 (€16.3 million). 40% of the increase in profit over 5% will be converted into depository receipts for Nedap shares that will be issued to Nedap employees. These depository receipts cannot be traded for four years.

The above expectations for the 1st half-year 2013 are based on the facts known at the time of writing of this press release. Due to the project-based character of a large part of the revenue, however, considerable changes may still occur in the final weeks of this period.

The financial half-yearly report for 2013 will be published on Tuesday 1 August 2013 after trading hours.

The Annual General Meeting of Shareholders will be held at 11a.m. on Tuesday 16 April 2013 in the Hermitage Amsterdam, Nieuwe Keizersgracht 1, 1018 DR Amsterdam, the Netherlands. For information and directions on how to get to the Hermitage Amsterdam, please see the website of the museum: www.hermitage.nl.

Nedap is a manufacturer of intelligent technology solutions for today's challenges. Enough food for a growing population, clean drinking water around the entire world, and smart networks for sustainable energy are just some of the goals Nedap is working towards. It has a continual focus on technology that matters.

N.V. The N.V. Nederlandsche Apparatenfabriek "Nedap" was founded in 1929, it has been listed on the stock exchange since 1947, and employs more than 700 staff worldwide.



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