

Nedap's revenue and profit rise in 2017*

Supply chain reorganisation enters final stage

Groenlo, Netherlands, 16 November 2017

Nedap's revenue is expected to increase by around 10% over 2017 (2016 revenue: €186.0 million). Profit before taxation excluding one-off items will be up 25-30% compared with the €14.3 million posted in 2016. The Healthcare, Identification Systems, Livestock Management, Retail, Security Management and Staffing Solutions business units are all set to achieve growth, while a decrease in revenue is expected for the Library Solutions and Light Controls business units. As stated previously, one-off costs amounting to around €4 million and relating to the supply chain reorganisation will have a significant impact on profits posted in 2017.

Supply chain reorganisation enters final stage

The phase-out of production and logistics activities is now entering its final stage, and the Inventi subsidiary will close at the end of 2017. The production company's operations in Groenlo will be phased out significantly and reorganised over the next few months. All employees who have been informed that the reorganisation will make them redundant will have left the company by the end of the year. The problems with one of the production partners that arose earlier this year have partly been resolved, but they will continue to make it difficult to complete deliveries on time over the next few months. Furthermore, a scarcity of electronics components was already causing issues for delivery times. The scope and timeframe of the predicted cost savings are in line with the expectations presented in various communications and they have not changed.

Business unit developments

The **Healthcare** business unit (automation of administrative tasks for healthcare professionals) has done a fine job of maintaining its growth rate. It has increased its share in the elderly care market and reinforced its position in the mental healthcare and the learning disabilities market segments by contracting new healthcare organisations.

The **Identification Systems** business unit (security, traffic and parking solutions) is set to once again post increased revenue across the entire unit.

The **Library Solutions** business unit (RFID systems for libraries) has refined the focus of its product range, and this is expected to result in lower revenue for 2017. The unit's activities will be transferred to the Retail business unit as of 1 January 2018, since there is significant overlap

between the two units' product portfolios. This should increase the efficiency and effectiveness of product development and back-office support. A dedicated team in the Retail business unit will further develop the strategy of using RFID technology to make libraries smarter and more innovative. This organisational change will not involve additional costs.

Revenue posted by the **Light Controls** business unit (power electronics and control systems for the lighting industry) is expected to remain below 2016 levels, partly due to the unexpected delay of the law requiring seagoing vessels to have ballast water treatment systems. However, the business unit's revenue has also been affected by poor sales of explosion-proof lighting in the offshore and petrochemical sectors due to unfavourable market conditions. The number of light points managed using the Luxon light management system continues to increase this year.

Improved market conditions in the dairy farming sector have significantly boosted the revenue posted by **Livestock Management** (automation of livestock management processes based on identification of individual animals), and the business unit has also won several major contracts in the pig farming sector. At the time of writing, it was not clear which of these projects could be incorporated as revenue in the 2017 figures.

The **Retail** business unit (security, management and information systems for the retail sector) is also expected to post increased revenue this year. It is working on several major roll-outs of smart article surveillance systems and more and more retailers are opting for the unit's iD Cloud stock management system.

Recovering economic conditions and an increased share in the European security market are expected to produce further growth in revenue for the **Security Management** (physical security systems) business unit this year.

The **Staffing Solutions** business unit (digitised timesheet processing, planning and employee scheduling) is profiting from the increase in the number of hours worked through temporary employment agencies as a result of the economic growth, and therefore expects to post a growth in revenue over 2017.

The **Energy Systems** business unit will be discontinued by the end of 2017 as planned. Its activities have been downsized and now only involve service and guarantee-related tasks for existing customers. These activities will be taken over by Nedap's service centre. The discontinuation of this business unit will involve limited one-off costs in 2017.

The **Nsecure** subsidiary is also expected to post increased revenue this year. Nedap N.V. has reached agreement with Unica on the sale of Nsecure B.V., see the 'Sale of Nsecure subsidiary' press release of 16 November 2017 for more information.

Reorganisation of Spanish operations

Subsidiary Nedap Iberia's operations are being reorganised. In keeping with the strategy, the Retail and Library Solutions business units are largely transferring their Spanish sales and service activities relating to hardware products to business partners. In future, Nedap Iberia will focus on direct sales of the !D Cloud software solution and business partner support. The Security Management business unit will continue its activities on the Spanish market unchanged. This reorganisation will incur one-off costs of €0.5-1.0 million in 2017.

Supervisory Board member nomination

Désirée Theyse's second term on the Supervisory Board will come to an end in 2018. As discussed during the annual meeting of shareholders, a successor has been recruited on the basis of the profile published. The Supervisory Board is delighted to have found a suitable candidate in Margot Scheltema and intends to nominate her as member of the Board at the annual meeting on 5 April 2018. With a background in the legal profession, Mrs Scheltema has extensive experience on Supervisory Boards at organisations like TNT, Schiphol Group and De Nederlandsche Bank, and has spent 25 years in various management and senior management roles at Shell, including financial director at Shell Netherlands.

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 over the last two months of the year. Nedap will publish its annual figures for 2017 on Thursday 15 February 2018 (after the close of trading).

Nedap N.V.

Since the company's founding in 1929, N.V. Nederlandsche Apparatenfabriek "Nedap" has been manufacturing smart technical applications for the challenges of today and tomorrow, and selling them all over the world. Headquartered in Groenlo in the Netherlands, Nedap boasts a workforce of approx. 780 employees and operates on a global scale, while the company has been listed on Euronext Amsterdam since 1947.



For more information, please contact:

Eric Urff

CFO

+31 544 47 11 11

www.nedap.com