

PRESS RELEASE

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Barendrecht, February 28, 2020

FULL YEAR RESULTS 2019 ICT GROUP

Revenue increase of 20%; EBITDA margin impacted by lower productivity in the second half

Highlights FY 2019

- Full year revenue came in at € 155.5 million, up 20%; organic growth was 3%
- Pre-IFRS 16 EBITDA came in lower at € 11.7 million (FY 2018: € 13.5 million), as a result of lower productivity levels in the second half of the year. EBITDA amounted to € 16.5 million including IFRS 16 effects
- Pre-IFRS EBITDA margin came in at 7.5% (FY 2018: 10.4%)
- Net profit amounted to € 2.7 million (FY 2018: € 9.5 million) also due to € 3.5 million lower accounting gains
- Acquisition of Additude marks international expansion into Sweden

Highlights Q4 2019

- Revenue in Q4 came in at € 39.7 million (Q4 2018: € 37.2 million); organic revenue was down 6%
- Pre-IFRS EBITDA came in at € 3.3 million in Q4 2019 (Q4 2018: € 5.4 million)
- Proposition in Smarter Cities strengthened by acquisition of Proficium

Key figures

	Post-IFRS 16	Pre-IFRS 16		
(in millions of €)	2019	2019	2018	Change
Revenue	155.5	155.5	129.9	20%
Revenue Added Value	128.9	128.9	114.2	13%
EBITDA	16.5	11.7	13.5	-13%
Amortisation / depreciation	11.6	6.8	5.0	38%
One-off accounting gains (*)	0.7	0.7	4.1	-83%
Net profit	2.7	2.7	9.5	-73%
(in €)				
Earnings per share (**)	0.27	0.27	0.99	-73%
Proposed dividend per share	0.30	0.30	0.38	-21%

(*) Accounting gain in 2019 of € 0.7 million following the revaluation of ICT's stake in GreenFlux. Accounting gains in 2018 of € 4.1 million of which € 3.5 million was related to the acquisition of the remaining 50% stake in InTraffic and € 0.6 million to GreenFlux.

(**) Based on net profit and the average number of outstanding ordinary shares.

Jos Blejje, CEO of ICT Group N.V.:

“2019 got off to a good start with strong revenue growth, both organically, particularly in the high-tech and automotive industries, and as a result of acquisitions. During the summer we were confronted with the abrupt termination of several projects, causing a considerable decrease in productivity. We have taken immediate measures and increased focus and efforts of the team. At the same time we have been confronted with a more prudent buying behaviour in the industry in the latter part of 2019. In comparison with the excellent last quarter of 2018 these effects caused an organic decline in the fourth quarter of 2019.

The year was also marked by significant strategic steps in terms of growing our international footprint, increasing our successful nearshoring activities and strengthening our position in Infra & Mobility. We are on track to achieve the desired revenue split between secondment, projects and proprietary IP, thus creating a more robust business model. In 2019 we have put more focus in our investment initiatives, with a specific aim at Mobility as a Service and the OrangeNXT solutions. To further drive our international reach we will expand OrangeNXT and Additude to other countries and anticipate building more of our solutions in our nearshoring facilities in Bulgaria. Therefore we are confident that we are able to deliver on our mid-term objectives by 2022.”

Strategy update

In 2019 ICT refined its proposition by further focussing on areas where the company can truly make a difference for its customers. ICT excels in technological solutions in Engineering R&D and Industrial Automation, sustainable mobility, infrastructure and healthcare. ICT's Software as a Service solutions (OrangeNXT) are also offered across these markets, as are its nearshoring offerings.

International expansion

The acquisition of Additude in Sweden early 2019 was an important step in the international expansion of the company. In line with its strategic direction, ICT expects Additude to become the platform for the Northern European market, offering high-profile industrial technology consulting services.

Accelerating nearshoring

To further enlarge its nearshoring position in Bulgaria, ICT acquired two start-up companies in 2019, Kodar and Up2. Kodar closely collaborates with the University of Plovdiv, which increases ICT's access to technical talents in the second largest city of Bulgaria. With Up2 ICT gains access to talents in the world of app development. At the end of 2019 the Group employs over 250 professionals in Bulgaria, representing a growth of 26% compared to 2018.

Mobility as a Service

In the year under review ICT took important steps towards strengthening its offering in the field of MaaS. With the acquisition of BNV Mobility, one of the leading smart mobility services firms in the Netherlands, in Q2 2019, ICT significantly increased its position in the mobility market. To enable more efficient and decisive operations, BNV's activities were fully integrated into InTraffic. The MaaS platform (TURNN) was further developed and commercialized. At the end of 2019 TURNN was involved in several pilots in Groningen, Drenthe, Limburg and the Eindhoven area.

Strong growth in software solutions

ICT's offering of proprietary software solutions showed very strong growth in the past year. OrangeNXT welcomed HelloFresh, an innovative player in the meal-kit market, as a large new customer of the MobileNXT SaaS platform. The platform enables HelloFresh to manage its expanding supply chains efficiently and reduce costs while optimising the consumer experience.

Focus in 2020

In 2020 ICT aims to further strengthen its position both in the industries it services and in the geographies in which the company operates. ICT aims to expand its international operations. The company will also continue to fuel the growth of own IP solutions, such as OrangeNXT. At the same time business processes will be further optimised throughout the whole Group by implementing one way of working. Reducing complexity within the organisation through further integration and centralisation will increase effectiveness and efficiency.

Notes to the results

In the financial analysis below focus is put on the pre-IFRS 16 results because it facilitates a fair comparison.

Performance ICT Group

In 2019 ICT Group's revenue came in at € 155.5 million, an increase of 20%, organically revenue increased 3%. Revenue growth was mostly attributable to the acquisitions of InTraffic (acquired and consolidated in April 2018), Additude (acquired in January 2019 and consolidated as of February 2019), BNV Mobility (acquired in March 2019 and consolidated as of April 2019) and Proficium (acquired in and consolidated as of November 2019). After a strong first half, organic revenue growth was significantly impacted by the sudden termination of a number of projects in the second half by certain large clients.

Revenue added value increased 13% compared to 2018, reflecting an increase of projects and related equipment as well as an increase in use of freelance professionals.

The personnel costs increased 22% to € 93.6 million (post-IFRS 16: € 91.5 million) compared to € 76.7 million in 2018, mainly a combination of the increase in FTEs and higher wages.

Other operating expenses decreased slightly from € 24.0 million in 2018 to € 23.6 million in 2019 (post-IFRS 16: € 20.9 million), as a result of cost efficiency measures. In 2018 other operating costs included one-off contract termination fees of € 0.8 million, following the acquisition of InTraffic. The costs related to strategic initiatives and the realisation of acquisitions and partnerships increased significantly in 2019 to € 0.7 million, compared to € 0.3 million in 2018.

EBITDA came in at € 11.7 million (post-IFRS 16: € 16.5 million), 13% down compared to € 13.5 million in 2018. The EBITDA margin decreased to 7.5% (2018: 10.4%). This was due to the lower productivity that impacted both the secondment business and projects in the second half of the year.

IFRS 16

IFRS 16 'Leases' is effective as of 1 January 2019. Under this new IFRS standard an asset, defined as the right to use the leased item, and a financial liability, representing the present value of future lease payments to be made, are recognised. Consequently, IFRS 16 leads to a shift from operating lease costs to depreciation and amortisation and financial expenses. In 2019 IFRS 16 had an effect of € 4.8 million on EBITDA and an equal and opposite impact on depreciation and amortisation.

Performance per segment

Change in segmentation

In line with the new reporting structure, as of 1 January 2019 ICT changed its reporting segments. The activities in the Netherlands are segmented along the end-markets: Engineering R&D, Industrial Automation (including Raster IA), Infra & Mobility (including InTraffic, BNV, and NedMobiel) and Healthcare Technology Solutions (including BMA). In addition, Bulgaria and Sweden are separate segments. The segment Other includes Improve, OrangeNXT, ICT Belgium, CIS Solutions, ICT Motar and Group holding costs.

Per segment (in € millions)	Post-IFRS 16		Pre-IFRS 16				
	2019		2019		2018		Δ
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue
Netherlands, o/w							
Engineering R&D	40.6	6.7	40.6	5.5	38.8	6.0	5%
Industrial Automation	36.7	5.9	36.7	4.9	35.1	4.1	4%
Infra / Mobility	41.1	3.9	41.1	2.8	37.4	3.4	10%
Healthcare Technology	10.5	0.7	10.5	0.2	10.1	0.1	4%
Bulgaria	12.5	2.7	12.5	2.5	9.9	1.9	26%
Sweden	15.4	0.6	15.4	0.4	0.0	0.0	
Other	12.5	-4.0	12.5	-4.6	9.5	-2.0	31%
Eliminations	-13.8	0.0	-13.8	0.0	-10.9		
	155.5	16.5	155.5	11.7	129.9	13.5	20%

Engineering R&D

In this segment, ICT is active in the R&D of the industrial sectors Automotive, High Tech and Machine Building.

In the first half of the year this segment benefited from the high demand in the Automotive industry which translated into a strong performance. In the second half market developments across the spectrum of industries ICT serves weakened. The abrupt termination of a number of projects significantly impacted profitability of this segment during the second half of the year.

Industrial Automation

In the Industrial Automation segment, Logistics & Transport, Industry and Outsourced services are the main business units for ICT. In the first half ICT divested Raster Products. Raster Industrial Automation remains part of the ICT Group.

Port Logistics showed good growth in revenue and profitability, all other units showed a stable performance.

Infra & Mobility

In the public domain ICT focuses on services around capital assets in the area of Water, Energy, Road and Rail infrastructure as well as Mobility. InTraffic improved its margin to the average ICT Group level.

The Infra & Mobility segment experienced lower productivity in the Energy and Water & Infrastructure activities and results were also impacted by the upfront outlays in Mobility as a Service.

Healthcare Technology

To strengthen the efficiency of the total Healthcare offering, the integration of the different activities into one ICT Healthcare, which started in the first half of the year, is now completed. Although the part of the healthcare market ICT serves stagnated, sales of foetal heart monitors increased, which resulted in an improved performance compared to last year. This performance was offset by a weak performance of the other secondment activities in the Healthcare entity.

Bulgaria

In Bulgaria, the nearshoring activities realised healthy growth in both revenue and EBITDA, mainly driven by ongoing demand for nearshoring services. The economies of scale are translating in better margins. The investments in the past period are bearing fruit and the nearshoring activities are performing within the desired margin bandwidth again.

Sweden

With the acquisition of Additude in January this year, ICT expanded to Sweden. The integration into the ICT Group is complete and cross selling opportunities are being exploited. Given the business model of Additude, with a large pool of freelancers, it operates below the average ICT margin.

Productivity in the second half was lower than anticipated, which impacted the margins.

In the segment 'Other', Improve showed a slightly lower performance. OrangeNXT doubled its revenue in 2019, driven by product development and new customers. Despite this successful year of operations, OrangeNXT posted start-up losses as expected. Holding costs increased as a result of higher M&A costs.

Other financial information

ICT has attributed a value to and is amortising several intangible assets, including order backlog, software and customer relations of its acquisitions. Total amortisation for 2019 (pre-IFRS) amounted to € 5.4 million (2018: € 3.8 million). Depreciation (pre-IFRS) for 2019 amounted to € 1.4 million (2018: € 1.2 million).

The result from associates came in at a loss of € 0.9 million (2018: € 0.4 million loss). The loss is mainly attributable to GreenFlux which, as anticipated, is still loss-making and also reflects ICT's share of an impairment by GreenFlux on its assets.

Financing expenses came in at € 1.1 million in 2019, an increase compared to € 0.9 million in 2018, due to increased financing.

Taxes in 2019 amounted to € 1.0 million compared with € 2.1 million in 2018.

Net profit in 2019 included a one-off accounting gain of € 0.7 million, as a result of the revaluation of ICT Group's stake in GreenFlux following the second round of investment by other shareholders. Net profit in 2018 included one-off accounting gains of € 4.1 million in total, of which € 3.5 million was related to the revaluation of the 50% stake in InTraffic already held by ICT and € 0.6 million to the revaluation of ICT Group's stake in GreenFlux (first round of investment by other shareholders).

Reported net profit for 2019 came in at € 2.7 million (2018: € 9.5 million). This represents earnings per share of € 0.27 (2018: € 0.99). As a result of stock dividend the number of outstanding ordinary shares increased to 9,565,010 at 31 December 2019 (31 December 2018: 9,463,878).

Cash flow developments

In 2019 the net operational cash flow amounted to € 14.4 million (2018: € 11.1 million). The increase is the net effect of increased tax payments, IFRS 16 effects and positive results of disciplined working capital management.

In 2019 the cash outflow on investment activities amounted to € 17.6 million, compared with € 10.2 million in 2018. The main elements of this outflow were the purchase price cash considerations for the acquisitions of Additude, BNV, the payment of the earn-out for the remainder of BMA and Proficium and investments in product development and housing facilities. Cash inflow concerned the sale of Raster Products.

The cash inflow from financing activities amounted to € 2.8 million (2018: cash outflow € 0.9 million). The main elements are the net effect of dividend paid (€ 2.3 million cash outflow) and the increased acquisition financing and the lease liabilities (following IFRS 16).

The net cash position at 31 December 2019 was € 5.8 million (31 December 2018: € 6.2 million). The net cash outflow amounted to € 0.4 million in 2019 (2018: € 0.1 million).

Balance sheet structure

Shareholders' equity increased to € 54.5 million at the end of 2019 from € 54.2 at the end of 2018, mainly following the net effect of the dividend payment of € 2.3 million and net profit of € 2.7 million. The balance sheet total increased to € 124.4 million at year-end 2019 from € 95.6 million at year-end 2018 as a result of the acquisitions of Additude, BNV and Proficium. In addition the implementation of IFRS 16 lease accounting caused a balance sheet increase of € 13.1 million (lease assets as well as liabilities). The solvency ratio (shareholders' equity/total assets) stood at 44% at year-end 2019, although lower compared with 57% at year-end 2018, it reflects ICT's sound financial basis.

Personnel

At 31 December 2019 ICT Group employed 1,413 FTEs (1,468 employees), 15% higher than the 1,227 FTEs (1,274 employees) at year-end 2018. The recent acquisitions and ongoing recruitment efforts contributed to this increase.

Dividend

ICT proposes a dividend of € 0.30 per share for the 2019 financial year (2018: € 0.38). The proposed dividend is subject to the approval of the Annual General Meeting of Shareholders (AGM) to be held on 13 May 2020. For the calculation of the proposed dividend, the net profit realised is adjusted for the accounting gains recognised in 2019 as well as non-cash amortisation amounts. This results in an adjusted net profit for the full year 2019 of € 7.2 million. The proposed dividend of € 0.30 per share represents a pay-out ratio of 40% of adjusted net profit, which is in line with ICT's dividend policy. ICT offers the option of distribution of the dividend in cash or in shares.

ICT will calculate the dividend payment in shares one day after the end of the optional period on the basis of the weighted average price of ICT shares during the last five trading days of the optional period, which shall end on 2 June 2020. The dividend in cash or in shares will be payable on 4 June 2020.

Outlook

ICT remains fully focused on profitable growth and will continue to execute its buy-and-build strategy; combining healthy organic growth with selective acquisition opportunities.

We foresee demand in the markets we serve in the first half of 2020 to be in line with the second half of 2019. The global economic circumstances are anticipated to remain uncertain in 2020 and therefore we refrain from giving an outlook for 2020. Despite these uncertainties we do see ongoing demand for digital transformation projects. We remain fully committed to deliver on our mid-term objective of increasing annual revenue to between € 200 and € 230 million by 2022, with a targeted EBITDA margin between 13% and 15% (including IFRS 16 effects).

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ICT Group N.V. is a leading European industrial technology solutions provider. Our dedicated technical professionals offer our clients services in the field of consultancy, software development, project-based solutions and IT system maintenance. It is our mission to make the world a little smarter every day.

Our specialist knowledge in a variety of industries enables us to realise innovative solutions by linking people, technologies and ideas. With around 1,500 dedicated technical specialists in the field, we are capable of building and integrating new and innovative technologies into relevant business solutions for our customers.

With our Smarter Industries solutions we serve the automotive, manufacturing, high-tech, food, chemical & pharma, oil & gas and logistics industries. Our solutions in Smarter Cities are focused on water, rail and road infrastructure as well as public transport and mobility. Within Smarter Healthcare we provide solutions in the domains of medical data exchange, radiotherapy and obstetrics. Furthermore, ICT Group delivers its own cloud-based software for IoT, digital transformation and artificial intelligence.

ICT Group N.V. operates in the Netherlands, Bulgaria, Sweden, Belgium and Germany.

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This press release contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Cautionary statement

This press release contains forward-looking statements. Forward-looking statements are always based on assumptions and estimates relating to uncertain events over which ICT Group N.V. has no control. They concern, for example, measures taken by the Dutch and other governments, currency movements, price fluctuations, changes in law and regulations, legal precedents and market developments. ICT Group N.V. would like to stress that the contents of this press release are based on the information that is currently available. The reality can always deviate from expectations for the future. ICT Group N.V. has no obligation to update the statements contained in this document, unless required by law.

In this press release, where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables or charts may not be equal to the apparent sum of the individual items. Actual numbers may differ from those contained herein due to such rounding.

2019 financial information

The 2019 financial information included in the Extracts from Consolidated Financial Statements attached to this press release is derived from the Annual Report 2019, that has been authorized for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting on 13 May 2020. In accordance with section 393, title 9, book 2 of the Netherlands Civil Code, PricewaterhouseCoopers Accountants N.V. has issued an unqualified auditor's opinion on the Annual Report.

Annexes: Extracts from Consolidated Financial Statements 2019

- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Other financial information
- Segment information

Consolidated statement of comprehensive income

For the year ended 31 December

(x € 1,000)	2019	2018
Revenue	155,469	129,854
Cost of Materials and subcontractors	26,546	15,680
Employee benefit expenses	91,486	76,667
Depreciation and amortisation	11,582	4,950
Other operating expenses	20,911	24,033
Total operating expenses	150,525	121,330
Operating profit	4,944	8,524
Financial expenses	(1,124)	(886)
Financial income	104	261
One-off accounting gains	679	4,083
Result from joint ventures	-	58
Result from associates	(901)	(443)
Result before taxes	3,702	11,597
Income tax expense	(1,031)	(2,099)
Net profit	2,671	9,498
Other comprehensive income (loss), net of tax	(4)	0
Total comprehensive income	2,667	9,498
Net profit attributable to:		
- Shareholders of ICT Group N.V.	2,618	9,391
- Non-controlling interests	53	107
Total comprehensive income attributable to:		
- Shareholders of ICT Group N.V.*)	2,614	9,391
- Non-controlling interests	53	107
Earnings per share:		
Basic earnings per share (in €)	0.27	0.99
Diluted earnings per share (in €)	0.27	0.99

*) The 2019 net profit includes € 679 thousand of one-off gains related to the dilution of the share in GreenFlux. The 2018 net profit included € 4,084 thousand of one-off gains related to the step-up accounting of InTraffic and the dilution of the share in GreenFlux. These profits are non-cash items and are non-distributable profits under Dutch Law.

There are no non-recyclable other comprehensive income items. The other comprehensive income items are fully related to equity accounted associates.

Consolidated balance sheet

(before proposed profit appropriation)

(x € 1,000)	2019	2018
Assets		
NON-CURRENT ASSETS		
Property, plant & equipment	3,655	4,018
Right-of-use assets	13,134	-
Goodwill	37,457	28,871
Other intangible assets	21,251	16,594
Investment in associates	912	1,159
Deferred tax assets	373	266
Other financial assets	1,590	210
	<u>78,372</u>	<u>51,118</u>
CURRENT ASSETS		
Trade and other receivables	39,354	38,288
Corporate income tax receivable	915	58
Cash and cash equivalents	5,769	6,178
	<u>46,038</u>	<u>44,524</u>
TOTAL ASSETS	<u><u>124,410</u></u>	<u><u>95,642</u></u>
Equity and liabilities		
SHAREHOLDERS' EQUITY		
Issued share capital	956	946
Share premium	14,194	14,204
Currency translation reserve	91	95
Legal reserve	7,371	2,172
Treasury shares	(13)	(290)
Retained earnings	28,767	26,765
Net profit *)	2,618	9,391
Attributable to shareholders of ICT Group N.V.	53,984	53,283
Non-controlling interest	559	941
	<u>54,543</u>	<u>54,224</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,912	3,583
Share-based compensation and long-term employee benefits liabilities	482	464
Loans (long-term)	13,423	4,962
Deferred acquisition consideration (long-term)	3,600	-
Lease liabilities (long-term)	8,488	-
	<u>29,905</u>	<u>9,009</u>
CURRENT LIABILITIES		
Trade payables	5,837	4,032
Corporate income tax payable	86	1,075
Other taxes and social security premiums	8,996	8,979
Loans (short-term)	6,540	3,548
Deferred acquisition consideration (short-term)	747	3,689
Lease liabilities (short-term)	4,617	-
Other current liabilities	13,139	11,086
	<u>39,962</u>	<u>32,409</u>
TOTAL EQUITY AND LIABILITIES	<u><u>124,410</u></u>	<u><u>95,642</u></u>

*) The 2019 net profit includes € 679 thousand of one-off gains related to the dilution of the share in GreenFlux. The 2018 net profit included € 4,084 thousand of one-off gains related to the step-up accounting of InTraffic and the dilution of the share in GreenFlux. These profits are non-cash items and are non-distributable profits under Dutch Law.

Consolidated statement of changes in equity

For the year ended 31 December

(x € 1,000)	Attributable to owners of the parent								Non-controlling interest	Total equity
	Issued share capital	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit for the year	Total		
2018										
Balance at 31 December 2017*	941	14,209	95	2,269	-	24,159	5,226	46,899	762	47,661
Adjustment on initial application IFRS 15 (net of tax)	-	-	-	-	-	-	-	-	-	-
Adjustment on initial application IFRS 9 (net of tax)	-	-	-	-	-	21	-	21	-	21
Adjusted balance at 1 January 2018	941	14,209	95	2,269	-	24,180	5,226	46,920	762	47,682
Net profit	-	-	-	-	-	-	9,391	9,391	107	9,498
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	9,391	9,391	107	9,498
Dividends paid	-	-	-	-	-	(2,423)	-	(2,423)	(348)	(2,771)
Stock dividend charged	-	(871)	-	-	-	-	-	(871)	-	(871)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	556	556
Purchase of treasury shares	-	-	-	-	(932)	-	-	(932)	-	(932)
Sale of treasury shares	-	-	-	-	691	-	-	691	-	691
Step up acquisition (OrangeNXT)	-	-	-	-	-	(364)	-	(364)	(136)	(500)
Issuance of new shares	5	866	-	-	-	-	-	871	-	871
Transfers	-	-	-	(97)	(49)	146	-	-	-	-
Prior year result allocation	-	-	-	-	-	5,226	(5,226)	-	-	-
31 December 2018	946	14,204	95	2,172	(290)	26,765	9,391	53,283	941	54,224
2019										
Balance at 31 December 2018	946	14,204	95	2,172	(290)	26,765	9,391	53,283	941	54,224
Adjustment on initial application IFRS 16 (net of tax)	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	946	14,204	95	2,172	(290)	26,765	9,391	53,283	941	54,224
Net profit	-	-	-	-	-	-	2,618	2,618	53	2,671
Other comprehensive income	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	(4)	-	-	-	2,618	2,614	53	2,667
Dividends paid	-	-	-	-	-	(2,345)	-	(2,345)	(208)	(2,553)
Acquisition of subsidiaries	-	-	-	-	-	224	-	224	(227)	(3)
Purchase of own shares	-	-	-	-	(304)	-	-	(304)	-	(304)
Sale of own shares	-	-	-	-	512	-	-	512	-	512
Issuance of new shares	10	(10)	-	-	-	-	-	-	-	-
Transfers	-	-	-	5,199	69	(5,268)	-	-	-	-
Prior year result allocation	-	-	-	-	-	9,391	(9,391)	-	-	-
31 December 2019	956	14,194	91	7,371	(13)	28,767	2,618	53,984	559	54,543

Consolidated statement of cash flows

For the year ended 31 December

According to the direct method (x € 1,000)	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	187,353	152,032
Payments to suppliers and employees	<u>(166,300)</u>	<u>(138,849)</u>
	19,253	13,183
Interest paid	(654)	(453)
Income tax (paid) received	<u>(4,169)</u>	<u>(1,618)</u>
	<u>(4,823)</u>	<u>(2,071)</u>
Net cash flow from operating activities	14,430	11,112
CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(1,011)	(1,277)
Additions to software and product development	(2,320)	(1,454)
Acquisition of subsidiaries (net of cash acquired)	(10,235)	(7,767)
Payment of earn-out liabilities	(3,785)	-
Additions to other financial assets	(1367)	-
Sale of subsidiaries	1,107	-
Dividend received from joint venture	-	260
	<u>(17,611)</u>	<u>(10,238)</u>
Net cash flow from investment activities	(17,611)	(10,238)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares of subsidiaries	-	372
Purchase of treasury shares	(304)	(932)
Re-issuance of treasury shares	512	691
Proceeds of borrowings external loans	15,000	4,350
Repayments of borrowings external loans	(4,947)	(2,656)
Payment of lease liabilities	(4,936)	-
Dividend paid to non-controlling interest	(208)	(348)
Dividend paid to shareholders of ICT Group N.V.	<u>(2,345)</u>	<u>(2,423)</u>
	<u>2,772</u>	<u>(946)</u>
Net cash flow from financing activities	2,772	(946)
Net cash flow	<u>(409)</u>	<u>(72)</u>
Cash at bank and in hand (net) as at 31 December	5,769	6,178
Cash at bank and in hand (net) at 1 January	<u>6,178</u>	<u>6,250</u>
(Decrease) increase cash and cash equivalents	<u>(409)</u>	<u>(72)</u>

Other financial information

(x € 1,000,000)	2019	2018
Revenue	155.5	129.9
Added value (Revenue minus cost of materials and subcontractors)	128.9	114.2
EBITDA Pre-IFRS 16 ¹⁾	11.7	13.5
EBITDA Post-IFRS 16 ¹⁾	16.5	n/a
Amortisation / depreciation ¹⁾	11.6	5.0
Operating profit	4.9	8.5
Result before taxes	3.7	11.6
Income tax expense	(1.0)	(2.1)
Net profit ²⁾	2.7	9.5
Non-controlling interests	(0.1)	(0.1)
Net profit attributable to the shareholders of ICT Group N.V. ²⁾	2.6	9.4
Net cash flow from operating activities	14.4	11.1
Personnel		
Headcount as at 31 December	1,468	1,274
FTE as at 31 December	1,413	1,227
Average number of FTEs	1,346	1,134
Consolidated balance sheet information		
Shareholders' equity	54.5	54.2
Total equity and liabilities	124.4	95.6
Ratios		
EBITDA Pre-IFRS 16 / revenue ¹⁾	7.5%	10.4%
EBITDA Post-IFRS 16 / revenue ¹⁾	10.6%	n.a
Net profit ²⁾ / revenue	1.7%	7.2%
Net profit ²⁾ / average shareholders' equity	4.8%	18.4%
Solvency (Shareholders' equity / total assets)	43.8%	56.7%
Information per share of a nominal value of 0.10 (in €)		
Net profit ³⁾	0.27	0.99
Shareholders' equity ⁴⁾	5.70	5.73
Dividend ^{4) 5)}	0.30	0.38

- 1) IFRS 16 'Leases' is effective as of 1 January 2019. Under this new IFRS standard an asset, which is the right to use the leased item, and a financial liability, being the present value of future lease payments to be made, are recognised. Consequently, IFRS 16 leads to a shift from operating lease costs to depreciation and amortisation and financial expenses. In 2019 IFRS 16 had an effect of € 4.8 million on EBITDA and an equal and opposite impact on depreciation and amortisation.
- 2) In 2019 the net profit includes a one-off accounting gain of € 0.7 million related to the revaluation of ICT's stake in GreenFlux. In 2018 the net profit includes one-off accounting gains of € 4.1 million related to the acquisition of the remaining 50% stake in InTraffic (€ 3.5 million) and the revaluation of ICT's stake in GreenFlux (€ 0.6 million).
- 3) Based on the average number of issued shares.
- 4) Based on number of issued shares at year end.
- 5) Shareholders will be offered the option: cash or shares.

Segment information

2019

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	36,730	31,274	33,643	3,435	12,479	14,814	9,838	(6,134)	136,079
Revenue from solutions / products	2,302	3,527	5,584	5,209	1	558	2,503	(294)	19,390
Subtotal	39,032	34,801	39,227	8,644	12,480	15,372	12,341	(6,428)	155,469
Inter-segment	1,577	1,893	1,888	1,818	-	-	115	(7,291)	-
Total revenue	40,609	36,694	41,115	10,462	12,480	15,372	12,456	(13,719)	155,469
Operating expenses directly attributable to the operating segments	27,664	24,637	30,168	7,144	7,605	13,128	12,130	(13,719)	108,757
Segment Gross profit	12,945	12,057	10,947	3,318	4,875	2,244	326	-	46,712
Allocated operating expenses	6,274	6,153	7,072	2,654	2,150	1,652	4,231	-	30,186
Operating profit before amortisation and depreciation	6,671	5,904	3,875	664	2,725	592	(3,905)	-	16,526
Allocated amortisation and depreciation	1,946	2,212	2,973	1,377	912	1,170	992	-	11,582
Operating profit	4,725	3,692	902	(713)	1,813	(578)	(4,897)	-	4,944
Financial expenses									(1,124)
Financial income									104
One-off accounting gains									679
Result from joint ventures									-
Result from associates									(901)
Profit before taxation									3,702
Taxes									(1,031)
Net profit									2,671
Segment Assets	17,140	19,938	26,437	9,400	8,498	8,673	69,247	(34,923)	124,410
Segment Liabilities	10,270	9,963	14,846	5,403	3,106	4,456	33,775	(11,952)	69,867
Other notes									
Operating profit before amortisation and depreciation/ total revenue	16.4%	16.1%	9.4%	6.3%	21.8%	3.9%	-31.4%	-	10.6%
Average number of employees (FTE)	306	253	266	78	204	72	167	-	1,346

2018

(X € 1,000)	Engineering R&D	Industrial Automation	Infra / Mobility	Healthcare Technology	Bulgaria	Sweden	Other	Eliminations	Consolidated
Revenue:									
Revenue from professional services	35,667	29,137	30,834	3,813	9,869	-	8,444	(3,922)	113,842
Revenue from solutions / products	1,721	4,097	4,886	4,448	-	-	894	(34)	16,012
Subtotal	37,388	33,234	35,720	8,261	9,869	-	9,338	(3,956)	129,854
Inter-segment	1,447	1,892	1,645	1,798	-	-	176	(6,958)	-
Total revenue	38,835	35,126	37,365	10,059	9,869	-	9,514	(10,914)	129,854
Operating expenses directly attributable to the operating segments	26,006	23,888	26,116	6,938	5,893	-	10,158	(10,914)	88,085
Segment Gross profit	12,829	11,238	11,249	3,121	3,976	-	(644)	-	41,769
Allocated operating expenses	6,852	7,102	7,801	3,014	2,080	-	1,446	-	28,295
Operating profit before amortisation and depreciation**	5,977	4,136	3,448	107	1,896	-	(2,090)	-	13,474
Allocated amortisation and depreciation	595	1,157	1,665	853	684	-	(4)	-	4,950
Operating profit	5,382	2,979	1,783	(746)	1,212	-	(2,086)	-	8,524
Financial expenses									(886)
Financial income									261
One-off accounting gains									4,083
Result from joint ventures									58
Result from associates									(443)
Profit before taxation									11,597
Taxes									(2,099)
Net profit									9,498
Segment Assets	17,271	20,209	20,544	9,125	5,890	-	73,403	(50,800)	95,642
Segment Liabilities	6,623	6,998	9,227	3,908	779	-	27,709	(13,826)	41,418
Other notes									
Operating profit before amortisation and depreciation/ total revenue	15.4%	11.8%	9.2%	1.1%	19.2%	-	-22.0%	-	10.4%
Average number of employees (FTE)	290	248	224	83	154	-	135	-	1,134

* With the change in segments, the 2018 comparative disclosure has been adjusted to reflect the 2019 presentation.

** ICT Group has applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative figures are not restated.