

FY 2017-2018 press release

(Results for the year ended 31 March 2018)

- Overall financial results in line with projections
- €258M turnover, a 5,9% growth versus last year
- Operating result of €14M, 16,4% better than last year
- €4,8M EBIT after non-recurring costs
- Impairment of the deferred tax asset with €5,3M, consequence of the corporate tax reform
- Friendly tender offer of GFI Informatique on all shares of Realdolmen at €37 per share

Marc De Keersmaecker, General Manager of Realdolmen, commented:

“This year was successful in many respects. We delivered strong financial results as reflected by the turnover growth of and margins. This is confirming that our company is in good condition. More and more customers entrust us with their strategic, tactical and operational IT challenges. Our associates enjoy working and building their careers with us. In April, GFI Informatique launched a friendly tender offer over Realdolmen. If the tender offer succeeds, we will have secured the strategic future of our company over the long term, offering new opportunities and perspectives.

Together with all our associates, I am, more than ever, proud to work for Realdolmen.”

FY Results March 2018 vs March 2017

In M€	31-03-18	31-03-17	VAR %
Turnover	258,1	243,8	5,9%
Operating result before non-recurring (REBIT)	14,0	12,0	16,4%
Margin	5,4%	4,9%	
Operating result after non-recurring (EBIT)	4,8	12,0	-59,7%
Profit (Loss) for the period	-1,1	11,0	-110,4%
REBITDA (1)	16,2	14,2	14,2%
REBITDA Margin	6,3%	5,8%	

(1) REBITDA = REBIT increased with depreciations & amortization

Balance Sheet March 2018 vs March 2017

In M€	31-03-18	31-03-17	VAR %
Equity	149,7	154,4	-3%
Net Debt (2)	-36,4	-27,8	31,1%
Cash	36,6	28,3	29,5%

(2) Net debt = financial debt and bank overdrafts minus cash

1. Financial Review

1.1 Turnover

The global turnover for the year increased by 5,9% compared to last year.

<i>Turnover per segment in K€</i>	<u>March'18</u>	-	<u>March'17</u>	-	<u>% Variance</u>
Total	258 106		243 758		5,90%
IT & Business Consulting	112 066		104 014		7,70%
IT & Business Support	146 040		139 744		4,50%

IT & Business Consulting:

The project and consulting activities have grown with 7,7% compared to the same period last year.

Sourcing of high level technology consultants is performing well. The same is true for our offerings around digital transformation and our development factory platform, the DevOps Factory. Hybrid Cloud and Customer Centricity offerings continued in line with last year. Engaged Workplace offerings and own IP sales performed slightly less than last year.

Initiatives around work satisfaction have continued to sort effect. Our workforce has been growing as a result of successful hiring, decreased attrition and off-shore business fulfillment.

IT & Business Support: Turnover in this segment of business increased by 4,5% compared to last year. More than half of such growth is coming from Product & Licenses turnover. The strong sales in datacenter, storage and license sales was slightly offset by lower turnover in mobile and workplace products. Turnover of the outsourcing and hosting activity also grew strongly. We continue to strengthen our position as the leading and best quality IT outsourcer on the mid-market within our region.

1.2 Operating result before non-recurring (REBIT)

REBIT increased with €2M compared to last year up to €14M. REBIT margin improved to 5,4%.

<i>REBIT per segment in K€</i>	<u>March'18</u>	-	<u>March'17</u>	-	<u>% Variance</u>
Total	13 962		11 993		16,40%
IT & Business Consulting	7 181		5 369		33,70%
IT & Business Support	10 211		9 142		11,70%
Corporate	-3 430		-2 518		-36,20%
Total margin %	5,40%		4,90%		0,50%
IT & Business Consulting	6,40%		5,20%		1,20%
IT & Business Support	7,00%		6,50%		0,50%
Corporate	-1,30%		-1%		-0,30%

IT & Business Consulting: Margins in IT & Business Consulting grew, up to 6,4% or €7,2M. Such margin increase, noticed across all divisions, is the consequence of strongly improved day rates, enhanced

occupation, effects of scale following increased volume, efficiency improvement within our DevOps factory and an overall reduced divisional cost base only offset by a decrease in own IP sales.

IT & Business Support: REBIT margin in this segment increased with €1.1m up to €10,2M or 7% margin. This is the result of improved efficiency and effects of scale in our IT outsourcing activity while margins in our Products and License business remained flat.

Corporate Overhead: Corporate overhead increased with €912K as a consequence of less one-off provision reversals and the impact of limited lay off costs.

1.3 Operating result after non-recurring (EBIT)

The company booked a non-recurring cost of €9,133M. This entails on the one hand the transaction costs of the sales process that resulted in the tender offer of GFI Informatique covering among other provisions for the success fees of the bank and transaction bonuses (both considered more than likely), legal support, vendor due diligence and fairness opinion costs. On the other hand this also includes a substantial one-off charge related to an historical tax dispute. Such costs were offset by a one off provision reversal and the gain on the sales of our Harelbeke building.

Operating result after non-recurring (EBIT) is therefore €4,829M.

1.4 Total Group Net Profit

Net financial charges amounted to €67K.

An impairment of €5,3M was taken on the recognized deferred tax asset. This is the consequence of the Belgian corporate tax reform with the gradual reduction of the corporate tax rate and the limitation of the use of carried forward tax losses. As a result, **income taxes** amounted to -€5,9M.

After deduction of the financial charges and the income taxes, the Group reported a loss of €1,146M.

1.5 Equity/Net Debt

Equity decreased with €4,6M compared to March 31, 2017. This is primarily the impact of this year's net loss of €1,1M and this year's dividend payment of €3,6M.

Cash Flow generated over the year amounted to €8,3M.

The total negative net debt position amounts to €36,4M (net cash).

The cash balance stands at €36,6M.

1.6 Tender offer on all shares of Realdolmen

As a result of a sales process initiated by Realdolmen, GFI Informatique announced in February a friendly tender offer on Realdolmen. The public offer was launched on 26 April 2018. This process fits in the strategy of Realdolmen to become part of a larger, international group in a consolidating market environment where scale is critical.

The voluntary and conditional public tender offer provides for a price of €37 per share. The initial acceptance period of the offer will end on May 31, 2018. This operation will enable Realdolmen to rely on an industrial partner with international reach so as to secure its development in the midst of a market in consolidation.

The Gfl Informatique offer received the unanimous support of the Board of Directors of Realdolmen. The historical shareholders have committed themselves to contributing their shares to the offer amounting to approximately 22% of the capital. The results of the offer will be communicated by GFI Informatique on June 4, 2018.

In light of the outstanding tender offer, no dividend distribution will be proposed to the shareholders meeting.

1.7 Prospects for FY 2018/2019

For the full year 2018/2019 as Realdolmen, we expect global turnover to grow. IT & Business Consulting turnover should grow while IT & Business Support should decrease as a consequence of lower product turnover.

We expect full year REBIT margins to grow slightly.

For further information on this press release contact:

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About Realdolmen

Realdolmen is an independent ICT expert with about 1,400 highly skilled ICT professionals, serving more than 1,000 customers in the Benelux with their strategical, tactical and operational ICT demands. In every cooperation Realdolmen endeavors to realize the potential of people and organizations and wishes to make ICT human again. All of this guided by the company motto "To get there, together".

2. Consolidated statement of comprehensive income for the period ended March 31, 2018

	<u>31/03/2018</u>	<u>31/03/2017</u>
	EUR '000	EUR '000
CONTINUING OPERATIONS		
Operating Revenue	259 870	245 352
Turnover	258 106	243 759
Other operating income	1 764	1 593
Operating Charges	-245 908	-233 359
Purchases of goods for resale, new materials and consumables	-96 319	-91 861
Services and other goods	-54 972	-52 263
Employee benefits expense	-91 561	-87 749
Depreciation and amortization expense	-2 274	-2 223
Impairment of inventory and receivables	-102	631
Provisions	18	890
Other operating expenses	-698	-784
OPERATING RESULT before NON-RECURRING (REBIT)	13 962	11 993
Other non-recurring income	1 320	0
Other non-recurring charges	-10 453	0
OPERATING RESULT (EBIT) ⁽¹⁾	4 829	11 993
Financial income	5	2
Financial charges	-72	-73
Profit (Loss) before income taxes	4 762	11 922
Income taxes	-5 908	-951
Profit (Loss) for the year from continuing operations	-1 146	10 971
Discontinued Operations		
Profit (Loss) for the year from discontinued operations	0	0
Profit (Loss) for the year	-1 146	10 971
Total profit (Loss) for the year	-1 146	10 971
Items that will not be reclassified subsequently to profit of loss	121	-373
Remeasurement of defined benefit plans, net of taks	35	-373
Recalculation of taks	86	0
Other comprehensive income for the period	121	-373
Total comprehensive income for the period	-1 025	10 598
Attributable to:		
Equity holders of the parent	-1 025	10 598
Non-controlling interest	0	0

(1) EBIT is earnings before interest and taxes

3. Consolidated statement of financial position for the period ended March 31, 2018

	<u>31/03/2018</u>	<u>31/03/2017</u>
	EUR '000	EUR '000
ASSETS		
Non Current Assets	115 114	120 862
Goodwill	89 214	89 214
Intangible assets	1 076	1 126
Property, plant and equipment	10 771	11 108
Deferred tax assets	13 967	19 158
Finance lease receivables	86	142
Long term receivables	0	114
Current Assets	107 472	90 529
Inventories	522	471
Trade and other receivables	70 313	61 765
Cash and cash equivalents	36 637	28 293
Total Current Assets	107 472	90 529
TOTAL ASSETS	222 586	211 391
EQUITY AND LIABILITIES		
Shareholder's Equity	149 744	154 366
Share capital	30 683	30 683
Treasury shares (-)	-55	-55
Share premium	32 196	32 196
Retained earnings	86 920	91 542
Equity attributable to equity holders of the parent	149 744	154 366
TOTAL EQUITY	149 744	154 366
Non-Current Liabilities	1 657	2 817
Obligations under finance lease	86	246
Retirement benefit obligations	1 237	1 306
Provisions	334	1 218
Deferred tax liabilities	0	47
Current Liabilities	71 185	54 208
Obligations under finance lease	104	245
Bank overdrafts and loans	0	0
Trade and other payables	69 726	53 321
Current income tax liabilities	603	546
Provisions	752	96
Total Current Liabilities	71 185	54 208
TOTAL LIABILITIES	72 842	57 025
TOTAL EQUITY and LIABILITIES	222 586	211 391

4. Consolidated statement of cash flows for the period ended March 31, 2018

	<u>31/03/2018</u>	<u>31/03/2017</u>
	EUR '000	EUR '000
OPERATING RESULT (EBIT) ⁽¹⁾	4 829	11 993
Depreciation and amortisation	2 274	2 223
Provisions and allowances	-156	-2 231
(Gains) / Losses on disposals of assets	-793	0
Other adjustments	-6	-10
Gross Operating Cash Flow	6 148	11 975
Changes in working capital	7 779	-2 220
Net Operating Cash Flow	13 927	9 755
Income taxes paid	-654	-563
Net Cash Flow from Operating Activities	13 273	9 192
Investments in intangible assets	-823	-165
Investments in property, plant and equipment	-1 271	-1 805
Disposals of intangible assets and property, plant and equipment	1 012	0
Net Cash Flow from Investment Activities	-1 082	-1 970
Interest paid	-4	-16
Dividend paid	-3 598	-3539
Increase / Decrease financial liabilities cash outflow	-245	-2 239
Cash Flow from Financing Activities	-3 847	-5 794
Changes in Cash and Cash Equivalents	8 344	1 428
Net cash position opening balance	28 293	26 865
Net cash position closing balance	36 637	28 293
Total Cash movement	8 344	1 428

(1) EBIT is earnings before interest and taxes

5. Consolidated statement of changes in equity for the period ended March 31, 2018

	<u>Share Capital</u>	<u>Treasury shares</u>	<u>Defined Benefit Obligations</u>	<u>Share Premium</u>	<u>Convertible bond</u>	<u>Retained earnings</u>	<u>Total</u>
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at April 1, 2016	30 683	-274	-353	19 509	12 687	84 862	147 114
Net profit/(loss)						10 971	10 971
Deferred consideration ex-Traviata shareholders (1)		219				-26	193
Dividend (2)						-3 539	-3 539
Other comprehensive income (3)			-373				-373
Balance at March 31, 2017	30 683	-55	-726	19 509	12 687	92 268	154 366
Balance at April 1, 2017	30 683	-55	-726	19 509	12 687	92 268	154 366
Net profit/(loss)						-1 146	-1 146
Dividend (4)						-3 598	-3 598
Other comprehensive income (3)			35			87	122
Balance at March 31, 2018	30 683	-55	-691	19 509	12 687	87 611	149 744

(1) Relates to the payment on the deferred consideration in shares to the former Traviata shareholders for 193 KEUR. The difference of 26 KEUR relates to the realized losses on this payment since the fair value of the shares at the moment of payment was lower than the initial purchase price of the treasury shares.

(2) Dividend payment as approved by the shareholders' meeting of September 14, 2016.

(3) IAS19 impact changes in assumptions on Defined Contributions Plans and impact tax reform.

(4) Dividend payment as approved by the shareholders' meeting of September 13, 2017.

6. To the Board of Directors

The statutory auditor, Deloitte Bedrijfsrevisoren BV ovve CVBA, represented by Kurt Dehoorne, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows, and that the accounting data reported in the press release is consistent, in all material respects, with the draft consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows from which it has been derived.