

PRESS RELEASE

Ctac N.V. 2020 annual results



About Ctac

As a Business & Cloud Integrator, Ctac helps its clients realise their ambitions. Ctac creates the required business value through constant innovation. Ctac offers a broad portfolio of solutions, including SAP and Microsoft 'on any cloud' solutions, and provides services in the fields of IT modernisation, Connected Intelligence, Transformation & Change management, Security & Trust and Business Transformation.

In addition, Ctac has a number of its own products, including the XV Retail Suite, which consists of an omnichannel-driven Point-of-Sale & Loyalty platform, and SaaS solutions for housing corporations and commercial real estate, respectively Fit4Woco and Fit4RealEstate.

In 2021, Ctac had been in business for 29 years and over the years has built up extensive experience and material know-how in the retail, wholesale, manufacturing and real estate sectors. In 2020, Ctac recorded revenue of € 87.3 million.

Ctac has a balanced workforce in terms of age, expertise and experience. Ctac sees working together to realise common goals as a high priority. Ctac is listed on the Euronext Amsterdam stock exchange (ticker: CTAC) and has offices in 's-Hertogenbosch and in Wommelgem (Belgium).



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More information

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FINANCIAL CALENDAR

- 30 April 2021 : Publication of Q1 2021 press release
- 12 May 2021 : General Meeting of Shareholders
- 5 August 2021 : Publication of H1 2021 press release
- 28 October 2021 : Publication of Q3 2021 press release

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Ctac records revenue of € 87.3 mln and net profit of € 3.0 mln in 2020

Strong growth in fourth quarter, positive outlook for 2021

's-Hertogenbosch (The Netherlands), 5 March 2021 – Business & Cloud Integrator Ctac N.V. (Ctac) (Euronext Amsterdam: CTAC) today announces its annual results for 2020.

Highlights 2020

- Revenue +7.5% to € 87.3 mln; Limited organic growth due to impact Covid-19
- EBIT +95.8% to € 4.7 mln (margin: 5.4%); EBIT excluding one-off expenses +41.3% to € 6.5 mln, driven by higher revenues, improved operational discipline and cost savings
- Net cash position rises to € 10.6 mln, due to strict cash and working capital management
- Dividend proposal of € 0.08 per share in cash or shares (pay-out: 35%)
- Strategy on track for realisation of revenue of € 100 mln and EBIT margin of 8% in 2022

Highlights fourth quarter of 2020

- Revenue +17.1% to € 24.0 mln; organic growth +9.8%, driven by higher Consulting revenue
- EBIT comes in at € 2.0 mln, EBIT excluding one-off expenses +35% to € 2.7 mln

Key figures

€ mln (unless stated otherwise)

	2020	2019	Delta	Q4-2020	Q4-2019	Delta
Revenue**	87.3	81.2	+7.5%	24.0	20.5	+17.1%
EBITDA* **	10.2	7.9	+29.1%	3.5	2.1	+66.7%
EBIT* **	4.7	2.4	+95.8%	2.00	0.7	+185.7%
Net result	3.0	1.3	+130.8%	1.5	0.5	+200.0%
Free cash flow	9.1	1.7	+435.3%			
Net cash (year-end)	10.6	1.5	+606.7%			

*) Including one-off expenses of € 1.8 mln in 2020 (2019: € 2.2 mln) and € 0.7 mln in Q4 2020 (Q4 2019: € 1.3 mln)

***) Excluding discontinued operations in France



Henny Hilgerdenaar, Ctac Chief Executive Officer:

"In 2020, we made significant progress with our equity story. With the acquisition of Purple Square and Oliver IT, we have further strengthened our proposition in mobile apps, IT integration and project management. In a year of unprecedented challenges, we showed that we are an adaptable organisation and that we can respond quickly to changes in demand for our products and services.

The Covid-19 pandemic will only accelerate the ongoing digital transition in the years ahead. Despite the short-term uncertainties, we pursued the roll-out of our strategy in 2020. We are continuing to expand our XV retail software platform, adding a pricing and promotion engine. We also tightened up our labour market communications to increase the inflow of new IT talents. Following the termination of our French operation, we can now turn full focus on growth in our core markets, the Netherlands and Belgium."

Pieter-Paul Saasen, Ctac Chief Financial Officer:



"Thanks to a stronger focus on costs and cash management, we made our organisation more efficient, reduced our costs base and strengthened our financial basis. We are continuing to build the Ctac of the future. With revenue growth of 17.1%, we delivered a very strong performance in the last quarter of 2020. We are looking to 2021 with confidence and barring unforeseen circumstances we expect to record growth in both revenue and EBIT this year. This will put us on track to meet our medium term targets for 2022."

GROUP PERFORMANCE

Revenue and gross margin

Revenue came in at € 87.3 million in 2020, an increase of 7.5%, with 1.0% of this organic growth. Clients postponed or limited their IT investments, especially in the sectors hardest hit by the Covid-19 outbreak, such as retail. On the other hand, thanks to our even spread across sectors, our exposure to more vulnerable sectors remained relatively limited. Alongside the above-mentioned decline in demand, we saw an uptick in demand for IT services aimed at optimising digital work environments for home working and remote working.

Revenue per service € mln	2020	2019	Delta
Secondment and projects	44.2	38.1	+16.0%
Cloud services	33.4	33.7	-0.9%
Licence and hardware sales	3.0	1.9	+57.9%
Maintenance contracts	6.7	7.5	-10.7%
Total	87.3	81.2	+7.5%

Secondment and projects recorded a 16.0% rise in revenue, largely driven by the business transformation projects of Purple Square, which we acquired in January 2020. Cloud Services saw a slight decline in revenue. Revenue from licences came in 57.9% higher, driven primarily by sales of our own software licences for XV Retail. Meanwhile, revenue from maintenance contracts declined by 10.7% due to the increasing use of Microsoft Azure.

Staff and productivity

FTE (unless otherwise stated)	2020	2019	Delta
Secondment and projects	195	184	+6.0%
Productivity	68.4%	65.6%	+2.8%
Year-end			
Direct	294	270	+8.9%
Indirect	90	98	-8.2%
Total	384	368	+4.3%
Average			
Direct	287	277	+3.6%
Indirect	95	100	-5.0%
Total	382	377	+1.3%

The number of direct FTEs had increased by 8.9% at year-end 2020, largely as a result of the acquisition of Purple Square. Staff turnover was low throughout the year. In 2020, we optimised the number of indirect employees.

The average number of FTEs increased by 3.6% last year. The revenue per employee (on the basis of the average number of FTEs) increased by more than 3.8% to € 304,000 in 2020 (2019: € 293,000).

Operating result and margin

€ mln (unless otherwise stated)	2020	2019	Delta
EBITDA	10.2	7.9	+29.1%
<i>Margin</i>	11.7%	9.7%	+2.0%
Depreciation and amortisation	5.6	5.5	+1.8%
EBIT	4.7	2.4	+95.8%
<i>Margin</i>	5.4%	3.0%	+2.4%

In 2020, we reduced our cost base on a structural basis, driven by the accelerated optimisation of the number of indirect employees, operational improvements and cost savings. EBIT increased by 95.8% to € 4.7 million, while the EBIT margin improved to 5.4%.

EBIT included a one-off expense of approximately € 1.8 million (2019: € 2.2 million). In 2020, these expenses consisted of consultancy costs for two acquisitions and redundancy costs. In addition to this, Ctac recognised a limited non-cash write-down (€ 0.2 million) on capitalised development costs for the Fit4 SaaS solutions in connection with the delayed commercial roll-out due to the Covid-19 pandemic. Excluding one-off expenses, EBIT increased by 41.3% to € 6.5 million (2019: € 4.6 million).

PERFORMANCE PER CORE REGION

The figures include intercompany transactions.

The Netherlands

€ mln (unless otherwise stated)	2020	2019	Delta
Revenue	75.0	68.5	+9.5%
EBIT	4.6	2.3	+100.0%
EBIT margin	6.1%	3.4%	+2.7%

In the Netherlands, revenue came in 9.5% higher, largely due to the acquisition of Purple Square. The number of workdays in 2020 was the same as in 2019.

Ctac noted a sharp improvement of profitability in the Netherlands, driven by a rise in productivity in combination with lower marketing costs and lower costs, such as travel and accommodation and catering costs, due to people working from home.

Belgium € mln (unless otherwise stated)	2020	2019	Delta
Revenue	16.5	15.5	+6.5%
EBIT	0.1	0.1	0%
EBIT margin	0.6%	0.6%	0%

In Belgium, revenue increased by 6.5%, largely driven by higher revenue from projects in the retail sector. The number of workable days in 2020 was the same as in 2019.

The profitability of our Belgian business continued to lag in 2020. Thanks to a better revenue mix, higher productivity and other costs savings, partly due to people working from home, we expect to see a clear improvement in 2021.

France

Ctac terminated its French operations in 2020. The revenue from these activities amounted to € 0.3 million last year. The net result came in at a loss of € 1.6 million, including a one-off expense for the termination of the operations and a one-off write down € 1.0 million in French tax-loss carry-forwards, which was offset by the recognition of deferred tax as a result of tax loss carry-forwards in the Netherlands.

NET PROFIT

€ mln (unless otherwise stated)	2020	2019	Delta
Financial expenses (net)	0.4	0.2	+100.0%
Taxes	-0.4	0.6	-166.7%
Net result	3.0	1.3	+130.8%
Earnings per share (in eurocents)	0.23	0.10	+130.0%

The tax rate stood at -9.2% in 2020 (2019: 26.8%) and declined due to the liquidation loss of Alpha Distri B.V., for which a deferred tax asset had not previously been recognised, as well the recognition of a deferred tax asset of € 1.3 million on the basis of tax loss carry-forwards created by the termination of Ctac's French operations.

Net result increased to € 3.0 million in 2020. This corresponds to earnings per weighted average outstanding ordinary share of € 0.23.

The total number of outstanding ordinary shares stood at 13,555,203 at year-end 2020, an increase of 4.8% or 623,802 shares, due to the fact that the dividend for the 2019 financial year was fully paid out in shares.

FINANCIAL STRENGTH

€ mln (unless otherwise stated)	2020	2019	Delta
Net cash flow	9.1	1.7	+435.3%
Net cash (at year-end)	10.6	1.5	+606.7%
Solvency (at year-end)	34.9%	42.9%	-8.0%

The net cash flow increased to € 9.1 million in 2020 (2019: € 1.7 million). This was driven by a better operational performance and a stronger emphasis on cash, which improved working capital, and a sharp reduction in investments in tangible fixed assets. In addition to this, the decision to pay out the dividend for the 2019 financial year fully in shares, as a precautionary measure, had a positive impact on the company's cash flows. Ctac's net cash position increased to € 10.6 million at year-end 2020.

In 2020, Ctac continued to invest in further development of its own software platforms. In addition, Ctac invested in the acquisition of the 70% stake in Purple Square.

Ctac did not make use of its current account facility last year. The facility stood at € 6.9 million per year-end 2020, which provides Ctac with a headroom of € 17.5 million. Ctac has pledged inventories, business equipment and IP rights as surety for this facility. For 2021 a limited increase of the facility is expected due to the acquisition of Oliver IT. In the short term, the facility will be committed for a period of three years. Ctac's liquidity and capital position is good and give the company a solid basis for continued growth.

BALANCE SHEET

As a result of the acquisition of Purple Square, Ctac's intangible fixed assets increased by € 6.5 million. Right-of-use assets increased by € 4.4 million, largely due to the extension of the lease contract for the head office in 's-Hertogenbosch.

Trade and other receivables declined by around € 0.2 million and stood at € 16.8 million per year-end 2020, primarily as a result of the faster payment of receivables.

The short-term and long-term lease liabilities stood at € 10.7 million per year-end 2020 (year-end 2019: € 6.5 million).

Ctac's bank borrowings are fully related to the financing of the Purple Square acquisition and stood at € 3.8 million per year-end 2020, with € 0.9 million of these short-term borrowings. The earn-out obligation to the minority shareholder in Purple Square amounted to € 1.7 million at year-end 2020. Trade and other payables stood at € 23.4 million at year-end 2020 (year-end 2019: € 18.4 million). This increase was partly due to the consolidation of Purple Square.

As a result of the addition of net result for 2020 (€ 3.0 million) and the fact that the dividend for 2019 was fully paid out in shares, Ctac's shareholders' equity had on balance risen by 15.4% to € 22.5 million at year-end 2020 (2019: € 19.5 million).

DIVIDEND

Ctac will propose to the General Meeting of Shareholders to pay out an optional dividend of € 0.08 per ordinary share (2019: € 0.08 per share) for the 2020 financial year. This corresponds to a pay-out ratio of around 35% of the net profit.

STRATEGY AND TARGETS

Ctac is positioning itself more and more explicitly as a Business & Cloud integrator. The growth strategy we unveiled in 2019 is focused on gaining leading positions in the domains: IT modernisation, Connected Intelligence, Transformation & Change management, Security & Trust and Business Transformation.

The roll-out of the strategy is on track. As part of this strategy, Ctac is fully focused on growth in its core markets the Netherlands and Belgium. The company aims to achieve a balanced distribution across various sectors with products that can serve several markets and is targeting revenue of around € 100 million and an EBIT margin of approximately 8% in 2022.

POST-BALANCE SHEET EVENTS

On 14 January 2021, Ctac completed the acquisition of a 51% majority stake in Oliver IT. Ctac will finance the acquisition fully from its own financial resources.

OUTLOOK

At this point in time, the direction and duration of the Covid-19 pandemic are creating additional uncertainties on the IT services market. At the same time, the pandemic is expected to accelerate the digital transition in the years ahead.

A structurally lower cost base and a solid financial position give Ctac a strong basis for growth and for continued improvement in its profitability. On top of this, Ctac has now fully ceased its operations in France. The absence of the losses from these activities will have a positive impact on Ctac's results in 2021. In addition, the recent acquisition of Oliver IT will make a positive contribution to Ctac's revenue and profitability. Barring unforeseen circumstances, Ctac therefore expects to record a rise in revenue and operating result in 2021.

OTHER

Ctac's member state of origin for the purposes of the European Union's Transparency Directive (Directive 2004/109/EC, as revised) is the Netherlands.

ADDENDA

CONSOLIDATED BALANCE SHEET

(amounts in € x 1,000)

	31-12-2020	31-12-2019
ASSETS		
FIXED ASSETS		
Intangible fixed assets	24,052	17,563
Right of use assets	10,607	6,232
Tangible fixed asset	921	1,275
Deferred tax assets	1,316	1,181
Financial fixed assets	251	206
	37,147	26,457
CURRENT ASSETS		
Trade receivables and other receivables	16,821	17,049
Cash and cash equivalents	10,552	1,864
	27,373	18,913
	64,520	45,370
LIABILITIES		
Issued share capital	3,253	3,104
Share premium reserve	11,546	11,695
Other reserves	4,658	3,396
Result financial year	3,032	1,262
SHAREHOLDERS' EQUITY	22,489	19,457
LONG TERM LIABILITIES		
Long term bank liabilities	2,925	-
Lease obligations	7,974	3,433
Other long term liabilities	1,921	215
Deferred tax liabilities	820	53
	13,640	3,701
SHORT TERM LIABILITIES		
Lease obligations	2,770	3,039
Shot term bank liabilities	900	400
Provisions	578	219
Trade creditors and other liabilities	23,351	18,413
Taxes	792	141
	28,391	22,212
	64,520	45,370

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(amounts in € x 1,000)

	2020	2019
Revenue from contracts with clients	87,307	81,232
EXPENSES		
Cost of materials	8,819	8,062
Subcontractors	19,661	17,283
Personnel costs	38,831	36,892
Depreciation and amortisation	5,366	5,462
Impairment	200	-
Other operating costs	9,769	11,144
Total operation expenses	82,646	78,843
Operating result (EBIT)	4,661	2,389
EBITDA	10,227	7,851
Financial income	72	46
Financial expenses	-482	-217
Total financial income and expenses	-410	-171
Result before taxes	4,251	2,218
Taxes	390	-594
Net result from continued operations	4,641	1,624
Net result from discontinued operations	-1,609	-362
Net result	3,032	1,262
Attributable to shareholders Ctac N.V.	3,032	1,262

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PROFIT (LOSS) PER SHARE

	2020	2019
Net result (in € x 1,000)	3,032	1,262
Net result from continued operations (in € x 1,000)	4,641	1,624
Net result from discontinued operations (in € x 1,000)	-1,609	-362
Net result from continued operations attributable to shareholders Ctac N.V. (in € x 1,000)	4,641	1,624
Net result from discontinued operations attributable shareholders Ctac N.V. (in € x 1,000)	-1,609	-362
Number of shares		
Number of ordinary shares outstanding (start-of-year)	12,931,401	12,807,082
Number of ordinary shares outstanding (year-end)	13,555,203	12,931,401
Weighted average of shares outstanding	13,243,302	12,879,601
Net result from continued operations attributable to shareholders Ctac N.V. per weighted average share outstanding (in €)	0.35	0.13
Net result from discontinued operations attributable to shareholders Ctac N.V. per weighted average share outstanding (in €)	-0.12	-0.03
Net result attributable to shareholders Ctac N.V. per weighted average share outstanding (in €)	0.23	0.10
Average share price (in €)	2.00	2.45
Potential dilution of ordinary shares	296,585	-
Number of potential shares outstanding for diluted profit per share	13,539,887	12,879,601
Net result from continued operations attributable to shareholders Ctac N.V., per share after potential dilution (in €)	0.34	0.13
Net result from discontinued operations attributable to shareholders Ctac N.V., per share after potential dilution (in €)	-0.12	-0.03
Net result attributable to shareholders Ctac N.V., per share after potential dilution (in €)	0.22	0.10

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CONSOLIDATED CASH FLOW STATEMENT

(amounts in € x 1,000)

	2020	2019
Operating result	4,063	2,061
Provisions	359	-881
Depreciation and valuation differences earn out	5,332	5,519
	9,754	6,699
Changes in working capital		
Receivables	1,614	2,530
Short term debt	4,438	-771
	6,052	1,759
Cash flow from operations	15,806	8,458
Interest paid	-332	-222
Income tax paid	-326	-144
Cash flow from operating activities	15,148	8,092
Acquisition 70% Purple Square	-3,914	-
Investments in intangible assets	-788	-729
Investments in tangible assets	-130	-500
Long-term deposit	-45	-136
Cash flow from investment activities	-4,877	-1,365
Long term debt	2,925	-
Lease payments	-3,709	-4,187
Settlement of share based payments	-399	-126
Dividend payments to shareholders	-	-673
Cash flow from financing activities	-1,183	-4,986
Net cash flow	9,088	1,741
Net balance of cash and cash equivalents as per 1 January	1,464	-277
Net balance of cash and cash equivalents as per 31 December	10,552	1,464
	9,088	1,741
Cash flow from operational activities discontinued operations	-197	-151
Cash flow from investment activities discontinued operations	284	25
Cash flow from financing activities discontinued operations	-	-

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in € x 1,000)

2020	Issued capital	Share premium reserve	Other reserves	Undistributed profit	Attributable to group shareholders Ctac N.V.	Non controlling interests	Group Equity
Balance as per 1 January 2020	3,104	11,695	3,396	1,262	19,457	-	19,457
Net result	-	-	-	3,032	3,032	-	3,032
Net result 2019	-	-	1,262	-1,262	-	-	-
Dividend	149	-149	-	-	-	-	-
Paid to minority shareholders	-	-	-	-	-	-	-
Balance as per 31 December 2020	3,253	11,546	4,658	3,032	22,489	-	22,489

2019	Issued capital	Share premium reserve	Other reserves	Undistributed profit	Attributable to group shareholders Ctac N.V.	Non controlling interests	Group Equity
Balance as per 1 January 2019	3,074	11,725	2,354	1,715	18,868	19	18,887
Net result	-	-	-	1,262	1,262	-	1,262
Net result 2018	-	-	1,042	-1,042	-	-	-
Dividend	30	-30	-	-673	-673	-	-673
Paid to minority shareholders	-	-	-	-	-	-19	-19
Balance as per 31 December 2019	3,104	11,695	3,396	1,262	19,457	-	19,457

Disclaimer

This press release contains statements that provide forecasts of future results for Ctac N.V. and expresses certain intentions, objectives and ambitions on the basis of current insights. Such forecasts are, of course, not free of risks and, in view of the fact that there is no certainty about future circumstances, there is a certain degree of uncertainty. There is a multitude of factors that may underlie the fact that the actual results and forecasts may differ from those described in this document. Such factors may include: general economic and technical developments, scarcity in the labour market, the pace of internationalisation of the market for IT solutions and consulting activities as well as future acquisitions and/or divestments.