

SD Worx NV

Earnings release for the financial
year ending 31 December 2020



Regulated information

Forenote

The consolidated financial statements for the financial year ending 31 December 2020 of SD Worx NV and its subsidiaries (“SD Worx” or the “Group”) are reported under the Generally Accepted Accounting Principles in Belgium (“BE GAAP”).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Please note that therefore GlobePayroll SAS has been consolidated as from 3 July 2019, Pointlogic HR from 7 February 2020 and the Adessa Group as from 9 April 2020.

Besides condensed BE GAAP accounts, SD Worx also presents alternative performance indicators to provide a more consistent and comparable indication of the Group’s underlying financial performance.

The Statutory Auditor, DELOITTE Bedrijfsrevisoren CVBA, represented by Bernard De Meulemeester and Maurice Vrolix, has confirmed that the audit of the consolidated annual accounts of SD Worx NV is substantially complete, with the exception of the review of the consolidated annual accounts and the report of the board of directors, and that the audit has to date not revealed any material misstatements that should be adjusted in the accounting data included in this press release. The same policies for financial reporting and accounting principles were applied to the drafting of the financial report that were used for the consolidated financial overviews as of 31 December 2019.

FY'2020 Condensed Consolidated Income Statement (1/2)

In € 000

	FY2020	FY2019	YoY B/(W)	YoY%
Revenues	743.318	767.571	-24.253	-3,2%
- Cost of Sales	-196.413	-230.729	34.316	-14,9%
Gross margin	546.905	536.842	10.063	1,9%
- Services and other goods	-176.205	-179.721	3.516	-2,0%
- Staffing costs	-295.508	-289.540	-5.968	2,1%
- Amounts written off stocks, contracts in progress and trade debtors	-3.170	-1.223	-1.947	159,2%
- Provisions for liabilities and charges	544	350	194	55,6%
- Other operating cost	-3.012	-4.605	1.592	-34,6%
+ Other operating income	19.491	23.237	-3.746	-16,1%
- Digital Transformation Initiatives - One-off investments	-11.780	-18.354	6.574	-35,8%
<i>Total net operating costs</i>	<i>-469.641</i>	<i>-469.856</i>	<i>215</i>	<i>0,0%</i>
Normalized EBITDA	77.264	66.986	10.278	15,3%
- IAS 19R Employee Benefits - impact of changes in actuarial assumptions	-9.189	-8.103	-1.086	13,4%
- Restructuring and integration costs	-4.330	-8.735	4.405	-50,4%
- Acquisition & transaction costs related to third parties	-527	-3.730	3.203	-85,9%
+/- Profit/(Loss) from material business and asset disposal	16	0	16	
- Non-committed stock based compensation	-2.127	-2.303	176	-7,6%
+/- Profit/(Loss) from discontinued operations	0	0	0	
+/- Other non-operating income/expense below the line	181	-145	326	-224,9%
EBITDA	61.288	43.969	17.319	39,4%

FY'2020 Condensed Consolidated Income Statement (2/2)

In € 000

	FY2020	FY2019	YoY B/(W)	YoY%
EBITDA	61.288	43.969	17.319	39,4%
- Depreciations, amortisations and impairments	-20.236	-18.709	-1.527	8,2%
- Amortisation conso goodwill	-32.979	-33.638	659	-2,0%
- Impairments on participations and goodwill	0	-12.976	12.976	-100,0%
- Amortization of non-cash PPA	0	0	0	
EBIT	8.073	-21.354	29.427	-137,8%
- Financial expenses	-8.317	-6.820	-1.497	21,9%
+ Financial income	10.870	4.108	6.762	164,6%
Profit before tax	10.626	-24.066	34.693	-144,2%
- Taxes	-10.171	-8.733	-1.437	16,5%
Profit after tax	456	-32.800	33.255	-101,4%
+ Profit and loss associated companies	85	-447	533	-119,1%
Consolidated net result after Tax	541	-33.246	33.787	-101,6%
Result of the Group	503	-32.661	33.164	-101,5%
Profit attributable to non-controlling interest	38	-585	623	-106,5%
Consolidated net result	541	-33.246	33.787	-101,6%
Amortisation conso goodwill	32.979	46.614	-13.635	-29,3%
IAS 19R Employee Benefits - impact of changes in actuarial assumptions	7.631	6.674	957	14,3%
Consolidated net result excl amortisation conso goodwill	41.151	20.042	21.109	105,3%

FY'2020 Consolidated Balance Sheet

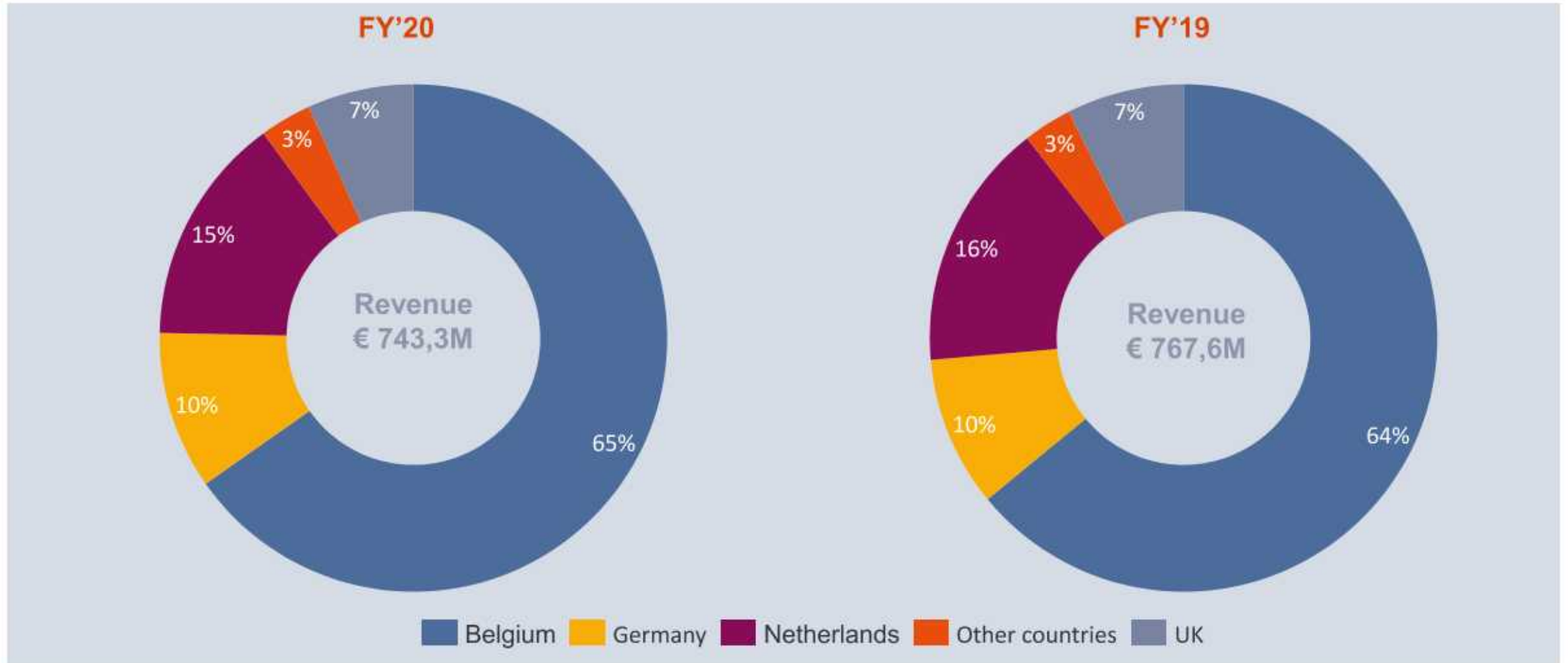
In €Mln

in €Mln	FY'2020	FY'2019
Fixed assets	315,3	321,0
Formation expenses	1,6	1,9
Intangible fixed assets	50,8	34,6
Consolidation differences	204,9	222,2
Tangible fixed assets	56,4	60,6
Financial fixed assets	1,6	1,5
Current assets	373,4	379,2
Amounts receivable > 1 year	0,5	1,7
Pension assets	7,7	11,1
Deferred tax assets*	18,9	16,0
Amounts receivable < 1 year & stocks	158,0	160,2
Funds held for clients	1,1	1,1
Current investments & Cash	172,7	176,0
Deferred charges and accrued income	14,5	13,0
Total assets	688,7	700,2

in €Mln	FY'2020	FY'2019
Equity	380,1	390,0
Capital	592,6	601,2
Consolidation reserves	-201,6	-204,0
Translation differences	-11,6	-7,3
Negative consolidation differences	0,1	0,1
Investment grants	0,6	0,0
Non-controlling interest	0,1	-0,8
Pensions, provisions and deferred taxes	67,0	63,1
Pension liabilities	55,4	47,2
Provisions and deferred taxes	11,6	15,9
Amounts payable	241,5	247,8
Amounts payable > 1 year	90,8	92,9
Financial payables > 1 year	90,8	92,9
Other payables > 1 year	0,0	0,0
Amounts payable < 1 year	150,6	154,9
Financial payables < 1 year	5,3	6,2
Other payables < 1 year	130,9	131,4
Funds held for clients	1,1	1,1
Accruals and deferred income	13,3	16,2
Total equity & liabilities	688,7	700,2

FY'2020 vs FY'2019 Market overview

In €Mln



FY'2020 vs FY'2019 Segment Information

In €Mln

SD Worx NV is the holding company of the Group, which is structured in two sub-groups: SD Worx People Solutions and SD Worx Staffing & Career Solutions.

- SD Worx People Solutions provides services in the areas of payroll, HR (including HR administration), capacity management, legal support, training, automation, consultancy and outsourcing.
- SD Worx Staffing & Career Solutions Group created as a result of the acquisition of the Vio Group in February 2018 and the acquisition of the Flexpoint Group in September 2018. It is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and HR consultancy.

	Segment	FY'20 Actual	FY'19 Actual	20/19
Revenue	SD Worx PS	529,3	505,1	4,8%
	SD Worx S&CS	216,8	264,1	<u>-17,9%</u>
	Intersegment elimination	<u>-2,8</u>	<u>-1,6</u>	
	CONS Revenue	743,3	767,6	-3,2%
Gross Margin	SD Worx PS	507,9	489,5	3,8%
	SD Worx S&CS	39,5	47,3	<u>-16,5%</u>
	Intersegment elimination	<u>-0,5</u>	<u>0,0</u>	
	CONS Gross Margin	546,9	536,8	1,9%
Normalized EBITDA (incl. Digital transformation invest.)	SD Worx PS	73,6	59,3	24,2%
	SD Worx S&CS	5,0	8,4	-40,4%
	SD Worx NV	<u>-1,3</u>	<u>-0,7</u>	<u>84,2%</u>
	CONS nEBITDA	77,3	67,0	15,4%

Non-adjusting events after the reporting period

- No material events to be mentioned.

Changes in the consolidation scope

- As per 7 February 2020, the group acquired all of the shares of Pointlogic HR, a major supplier of innovative software for reward and management solutions and associated consulting services in the Netherlands and Belgium.
- As per 9 April 2020, the group acquired control over all of the shares of the Adessa Group, a European technology consulting firm offering HR the cloud and associated services.
- As per 28 May 2020, the Group increased its participation in GlobePayroll SAS by 18,88%, owning 70,97% of the shares as of that date. The Group has acquired all of the remaining shares per 29 December 2020. GlobePayroll develops cloud-based multi-country technology for HR and payroll.

Alternative Performance Measures (1/2)

Alternative performance measures (“APMs”) present useful information which supplements the group’s financial statements and which allow the reader of the financial statements to better understand the financial state of the Issuer and the wider Group. These measures are not defined under BE GAAP and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any BE GAAP measures of performance. Some of the financial information presented in our annual reports contains APMs. These include EBITDA and Normalized EBITDA. Please see further for the definition of these APMs and the reconciliation with BE GAAP measures.

“EBITDA” means Earnings Before Interest, Taxes, Depreciation and Amortisation, or operating result profit (loss) (code 9901 of the BE GAAP consolidated financial statements) before charges for fixed asset depreciation, amortisation and impairment (code 630 of the BE GAAP consolidated financial statements).

(As an explanation for the use of this APM, EBITDA provides an analysis of the operating results, excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. Additionally, it is an APM which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors.)

“Normalized EBITDA” means EBITDA after Normalizations.

(As an explanation for the use of this APM, Normalized EBITDA is used to provide insight in the recurring level of operational profitability. Please also refer to the definition of Normalizations below.)

“Normalizations” means the revenues and expenses of which, in case of a change of control, an acquirer has the choice or option (mid- or long-term) to not realise those revenues or incur those expenses. In other words, expenses or revenues which are not part of the recurring business operations of the Issuer and its Subsidiaries. Normalized EBITDA is determined as EBITDA before (a) restructuring & integration costs, (b) business and asset disposals, (c) acquisition & transaction costs related to third parties, (d) profit or loss from discontinued operations, and (e) share-based compensation. The one-off investments specifically related to the Digital Transformation Initiatives of the Group and the impact of changes in actuarial assumptions on Defined Benefit Obligations are also presented on a separate line.

Alternative Performance Measures (2/2)

Overview normalizations in €mio		FY 2020	FY 2019	20/19 YoY%
Normalized EBITDA		78,2	67,0	16,7%
IAS 19R Employee Benefits - impact of changes in actuarial assumptions		-10,1	-8,1	
Restructuring and integration cost	Rebranding cost SDW Staffing & Career Solutions		-1,0	
	Integration cost SDW Staffing & Career Solutions with People Solutions	-2,3		
	Integration Vio and Flexpoint		-2,1	
	Other restructuring termination fees	-0,9	-5,6	
	Go-to-market external consultancy	-0,7		
	Other	-0,4	-0,6	
		-4,3	-8,7	-50,6%
Acquisition and transaction cost related to third parties	Transaction costs M&A tracks	-0,5	-1,6	
	Advisory fees subordinated bond issuance		-0,5	
	Provision for acquisition bonus		-1,6	
		-0,5	-3,7	-86,5%
Non-committed stock based compensation	Share-based compensation	-2,1	-2,3	
		-2,1	-2,3	-8,7%
Other non-operating income/expense below the line	Advisory cost fiscal ruling & expensed advisory cost bond issuance		-0,1	
	Other non-operating expenses	0,3		
		0,3	-0,1	100,0%
EBITDA		61,3	44,0	39,4%

Compliance Certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 31 December 2020.

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Filip Dierckx, Chairman of the Board of Directors

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Thank you!



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SD Worx NV - Earnings release FY2020 Presentation - Final

Definitief controlerapport

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Geschiedenis van SD Worx NV - Earnings release FY2020 Presentation - Final

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