DEVELOP THE FUTURE

Capital Markets Day 28-11-2018
AGENDA CAPITAL MARKETS DAY

12:45 – 13:15
STRATEGIC ROADMAP 2022
Jos Blejie – CEO

13:15 – 13:30
ORGANISATIONAL EMBEDDING OF THE STRATEGY
Jan Willem Wienbelt – CFO

13:30 – 14:00
INTERNATIONAL EXPANSION
Jos Schoemaker – Head of M&A

14:00 – 14:30
COFFEE BREAK & VARIOUS DEMOS OF ICT’S SOLUTIONS
Roy Jansen – COO

14:30 – 15:00
MOBILITY AS A SERVICE
Dirk Grevink – Managing Director NedMobiel

15:00 – 15:30
IT MEETS OT
John Koot (Director Alliances) & Leendert Mijnders (Business Consultant)

15:30 – 16:00
COFFEE BREAK & VARIOUS DEMOS OF ICT’S SOLUTIONS

16:00 – 16:30
MODELLING - THE NEXT LEVEL IN PROGRAMMING
Eeuwke Wielinga – Director Engineering R&D

16:30
WRAP UP
Jos Blejie & Jan Willem Wienbelt
JOS BLEJIE
CEO

STRATEGIC ROADMAP 2022

• JOURNEY SO FAR
• MARKET DEVELOPMENTS
• AMBITIONS
JOURNEY SO FAR
FROM 650 TO 1250 HIGHLY MOTIVATED EXPERIENCED PROFESSIONALS

JOURNEY SO FAR, MARKET DEVELOPMENTS, AMBITIONS, FINANCIAL STRATEGY
**LINKING PEOPLE, TECHNOLOGY & IDEAS**

**BORN TECHIES / SPECIFIC DOMAIN KNOWLEDGE**
- Life Long Learning – ICT Academy
- Self Study – Books and developer kits
- Brain Sessions
- Developer Day (professionals for professionals)
- Hackathons and Datathons

**PASSIONATE**
- 26 Nationalities with the same professional background
- 87% Retention rate, 2.2% absenteeism, well better than market

**INNOVATIVE LEADER**
- 1.5% of revenues invested in innovations
- Dragon’s Den, CoLab
- Council of 20
- Joint initiatives
- Leadership and succession planning programs

**FREEDOM TO ACT**
- BU’s with own P&L responsibility
- Market & Customer oriented approach
INCREASING ADDED VALUE

2014: 42% TIME HIRE, 51% TRAINING / AGILE DEVELOPMENT / FIXED PRICE / MANAGED SERVICES, 7% PRODUCT/PLATFORM & SOFTWARE SOLUTIONS

2018: 50% TIME HIRE, 35% TRAINING / AGILE DEVELOPMENT / FIXED PRICE / MANAGED SERVICES, 15% PRODUCT/PLATFORM & SOFTWARE SOLUTIONS

INCREASING ADDED VALUE
THE EVOLUTION FROM SECONDMENT TO TECHNICAL SOLUTION PROVIDER

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<th>Year</th>
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DELIVERING SHAREHOLDER VALUE

Since 2014 the company has been able to demonstrate a solid track-record of profitable growth

Revenue development ICT Group 2013-2017 (* € Million)

EBITDA development ICT Group 2013-2017 (* € Million)

Development dividend per share ICT Group 2013-2017 (in €)

Market cap development ICT Group 2013 - 2017 (* € Million)

CAGR +15%

CAGR +27%

CAGR +24%
INDUSTRIAL MARKET GROWTH
(CAGR) 2018 - 2022

Asia: high 9%, low 11%
Americas: high 7%, low 9%
Europe: high 6%, low 4%
Netherlands: high 5%, low 4%

source: Gartner World Economic Forum
INDUSTRIAL MARKET SIZE

The European and Netherlands operational technology domain

- **Europe**
  - **SMARTER INDUSTRIES**
    - Market Size 2017: €8.5 billion
    - CAGR 2017–2021: 4.2%
  - **SMARTER CITIES**
    - Market Size 2017: €6.8 billion
    - CAGR 2017–2021: 5.1%
  - **SMARTER HEALTHCARE**
    - Market Size 2017: €1.4 billion
    - CAGR 2017–2021: 5.8%

- **The Netherlands**
  - **SMARTER INDUSTRIES**
    - Market Size 2017: €621 million
    - CAGR 2017–2021: 3.0%
  - **SMARTER CITIES**
    - Market Size 2017: €454 million
    - CAGR 2017–2021: 3.7%
  - **SMARTER HEALTHCARE**
    - Market Size 2017: €73 million
    - CAGR 2017–2021: 4.1%

Source: KPMG / Gartner Management information
HIGH GROWTH INDUSTRIES & SOLUTIONS

WE ARE WELL POSITIONED TO BENEFIT FROM HIGH GROWTH INDUSTRIES & SOLUTIONS

MARKETS WITH >8% CAGR
• Automotive
• HighTech
• Pharma and Life Sciences

SOLUTIONS WITH >10% CAGR
• IIOT
• SaaS
• Artificial Intelligence

1. Smarter Industries - Embedded software
2. Smarter Industries - Industrial Automation
3. Smarter Cities
4. Smarter Health
5. Digital Transformation
   • IIOT
   • SaaS
   • Artificial Intelligence/Machine Learning
DRIVERS FOR GROWTH AND CHANGES IN BUSINESS MODELS

GLOBAL SHORTAGE OF THE RIGHT TECHNICAL TALENTS DRIVES OUTSOURCING

CHANGING BUYING BEHAVIOR

RAPID ENTRY, ACCEPTANCE AND DEPLOYMENT OF NEW TECHNOLOGIES
DIFFERENT SERVICE MODELS TO WHICH ICT IS WELL POSITIONED

**ADDED VALUE**
- **Time Hire**
  - ICT: 20%
  - Customer: 80%
- **Agile Development**
  - ICT: 40%
  - Customer: 60%
- **Project**
  - ICT: 80%
  - Customer: 20%
- **SaaS**
  - ICT: 100%

**BUDGET RESPONSIBILITY**
- **ICT**
- **Customer**

**REQUIREMENTS**
- **IT**
- **Business**

**HIRING AND PEOPLE MANAGEMENT**
- **ICT**
- **Customer**
CHANGING BUSINESS MODELS NEED CHANGING RESPONSES

CUSTOMER NEEDS

DRIVE FOR RAPID INNOVATION
OUTSOURCE RESPONSIBILITY
AT LOWEST COST
AIM FOR PROVEN SOLUTIONS

RESPONSE IN 2013

PILOT PROJECT
SECONDMENT
INVolVEMENT JUNIOR STAFF
INTEGRATE

HOW DO WE ACT NOW

PROOF OF (BUSINESS) VALUE
FIXED PRICE & DATE
NEARSHORING
DELIVER OWN IP (SOFTWARE AS A SERVICE)
OUR AMBITIONS
REMAIN EMPLOYER OF CHOICE

The expected shortage of technical skills is estimated at 900,000 people in Europe in 2020

OFFER THE BEST PROJECTS

• In Industry we collaborate with the most advanced software vendors building new state of art solutions
• In Cities we deliver the software for the most advanced wastewater purification installation in the Netherlands
• In Health we co-develop next generation oncology software

PROVIDE A CHALLENGING ENVIRONMENT

• Decent remuneration
• Stimulate and reward thrilling ideas
• Respond to fast career chasers

BE PASSIONATE ABOUT THEIR PASSION

• Talk about digital transformation 24/7
• Offer leading edge tooling to our people

PROVIDE FREEDOM TO ACT

• Flexible and modern working environments
• Self-steering teams
**SUSTAIN OUR CORE BUSINESS**

*Improve the balance of revenue streams*

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**GRASP THE OPPORTUNITY**

- Focus on high growth areas such as SaaS
- Focus on the highest growing industries
- Offer also fully outsourced services

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**JOURNEY SO FAR, MARKET DEVELOPMENTS, AMBITIONS, FINANCIAL STRATEGY**
FOCUS ON AREAS WITH HIGH GROWTH POTENTIAL

CAGR -> 2022

Gross profit

AI
SaaS
IIOT
Low Coding
MaaS

JOURNEY SO FAR, MARKET DEVELOPMENTS, AMBITIONS, FINANCIAL STRATEGY
ACCELERATE OUR NEARSHORING OFFERINGS

BULGARIA HAS BEEN RANKED AS SECOND BEST COUNTRY IN EUROPE TO OUTSOURCE

- IT industry witnessed CAGR of 17% over past ten years
- Workforce of 65,000 IT staff generating 2.5% of the Bulgarian GDP
- ICT (through its label Strypes) is largest Dutch IT employer in Bulgaria

RAPID GROWTH THROUGH

- Teaming with Technical Universities
- Expansion towards other University Cities
- Extending scope of activities from embedded solutions to, among others, Industrial Automation
THE EVOLUTION TOWARDS A EUROPEAN PLAYER ABLE TO SERVE INTERNATIONAL CUSTOMERS

INTERNATIONAL EXPANSION
• By means of existing solutions and services which have proven to be successful

ACCELERATE NEARSHORING
• An answer to the shortage of the right technical talents

SOFTWARE AND SOLUTIONS (AS A SERVICE)
• Grasping the opportunity of high growth areas and industries with our software as a service solutions

HARDWARE/SOFTWARE CONVERGENCE
• Decided not to further pursue this high risk area
OUR AMBITION IN SUMMARY

Double the company’s revenue through Buy and Build

$105M

2017 A

$200 - $230M

2022 E

+15% CAGR

MAINTAIN ORGANIC GROWTH RATES

- Growth in all markets
- Organic growth > 5%

MAINTAIN PROFITABILITY MARGINS

- EBITDA between 10 and 12%
QUESTIONS?
FINANCIAL STRATEGY
JAN WILLEM WIENBELT
CFO

FINANCIAL STRATEGY

• FINANCIAL KEY TAKE AWAYS
• SEGMENTATION 2019
• DEVELOPMENT OF REVENUES PER SEGMENT
• FINANCING CONSIDERATIONS

Capital Markets Day 28-11-2018
**FINANCIAL KEY TAKE AWAYS**

**REVENUE GROWTH; ORGANIC AS WELL AS ACQUISITIONS**

- Transform organisation model into fit for growth model
- New segmentation as from 2019

**MAINTAIN EBITDA MARGINS IN BETWEEN 10 - 12%**

- Rates; traditionally low, possibilities to increase rates by negotiating with customers
- Economies of scale; lower indirect costs, increased productivity
- New business models; from Time Hire to projects and SAAS > Higher margins

**BALANCE SHEET AND EXPECTED RESULTS GIVE SUFFICIENT HEADROOM TO FINANCE THE BUY AND BUILD STRATEGY**

- Keep the net debt / EBITDA ratio within safe acceptable boundaries
LEGAL ENTITIES 2018

ICT GROUP

ICT+ Netherlands
ICT+ Belgium
ICT+ Germany
Strypes - An ICT Group company
ORANGEDT - An ICT Group company
Improve - An ICT Group company
RASTER - An ICT Group company
BMA - An ICT Group company
INTRAFFIC - An ICT Group company
NedMobiel - An ICT Group company
GO TO MARKET 2019

CONSIDERATIONS:

- Prepare for further growth
- Be ready for international expansion
- Spread the span of control more efficiently
- Create a market oriented and commercial organisation
DEVELOPMENT OF REVENUES PER SEGMENT
FINANCING CONSIDERATIONS

FINANCING AGREEMENT RABOBANK (ENDING ULTIMO 2020)
• Working capital agreement of max € 10 million
• Acquisition financing agreement of max € 11 million
  • Acquisition financing currently drawn approximately € 9 million
  • Current net debt / EBITDA ratio < 0.5

CURRENT HEADROOM
• EBITDA 2018E € 13 – 14 mln → possibility of acquisition financing around € 30 million

ASSUMPTIONS
Keep net debt / EBITDA ratio within the safe zone (<2.5)
• All acquisitions should be made with the aim to enhance the earning per share
QUESTIONS?