

GFT raises consolidated revenue by five percent in first half of 2017

- Consolidated revenue grows by 5 percent to EUR 217.77 million in first half of 2017
- Revenue in Continental Europe up 15 percent to EUR 111.55 million
- Consolidated EBITDA down 15 percent to EUR 18.34 million due to special items
- GFT expects slight year-on-year growth in revenue for 2017 as a whole

Stuttgart, 10 August 2017 – GFT Technologies SE (GFT) today published its results for the first half year and second quarter of 2017. Total consolidated revenue in the first six months was 5 percent higher than in the same period last year. There was further dynamic growth in business with digital solutions in Continental Europe, which rose strongly by 15 percent in the first six months. In the *Americas & UK* division, revenue was down 5 percent year on year due to the cost-cutting measures of two major investment banking clients. Consolidated earnings (EBITDA) were burdened by special items from restructuring and currency fluctuations, falling 15 percent year on year. GFT confirms its guidance for the 2017 financial year, adjusted on 10 July 2017, and anticipates a slight year-on-year increase in revenue to EUR 425 million.

Revenue development in the first half of 2017

In the first half of 2017, consolidated revenue rose by 5 percent to EUR 217.77 million (H1/2016: EUR 208.03 million). Adjusted for the revenue contribution of the Brazilian IT company acquired in April 2016 (EUR 5.22 million; H1/2016: EUR 1.22 million), GFT achieved organic growth of 3 percent in the first six months.

The *Continental Europe* division continued its dynamic growth with digital solutions for retail banking and raised revenue by 15 percent to EUR 111.55 million in the first half-year 2017 (H1/2016: EUR 96.71 million). Revenue generated with clients in Spain was particularly encouraging with growth of 21 percent to EUR 44.94 million in the first six months 2017 (H1/2016: EUR 37.11 million). The share of consolidated revenue generated in Spain rose to 21 percent, compared to 18 percent in the previous year. Revenue in Germany was raised by 6 percent to EUR 26.21 million (H1/2016: EUR 24.73 million).

In the *Americas & UK* division, cost-cutting measures introduced by two major investment banking clients in the middle of the second quarter led to revenue shortfalls. Despite strong increases in revenue with all other clients, this could not be fully offset. As a result, this segment reported a year-on-year decline in revenue of 5 percent to EUR 105.77 million (H1/2016: EUR 110.84 million). In addition, changes were made to GFT's sales organisations in the UK and North America in order to target universal banks with digital solutions also in these countries. "Our team in Canada already reported its first success. We gained a major nationwide bank as a new client for a strategic digitalisation programme," says Marika Lulay, CEO of GFT.

Earnings development in the first half of 2017

In the first six months of 2017, earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 18.34 million were 15 percent below the prior-year figure (H1/2016: EUR 21.54 million). Due to the devaluation of the British pound and Brazilian real, earnings were burdened by currency losses of EUR 2.16 million (H1/2016: EUR -2.43 million). Restructuring measures and personnel expenses for performance-based obligations in connection with company acquisitions had an overall negative impact on EBITDA of EUR 1.90 million. Adjusted for these special items, EBITDA amounted to EUR 20.24 million in the first half of 2017 and was thus 6 percent, or EUR 1.30 million, below the corresponding prior-year figure.

Pre-tax earnings (EBT) of the GFT Group in the first six months were down 35 percent to EUR 9.52 million (H1/2016: EUR 14.60 million). This figure includes an impairment charge on goodwill of EUR 2.00 million.

Headcount up 5 percent

Compared to the same date last year, the number of people employed by the GFT Group rose by 5 percent to 4,739 full-time employees as of 30 June 2017 (30 June 2016: 4,493).

The *Americas & UK* segment had 1,222 full-time employees as of 30 June 2017 (30 June 2016: 1,213). Compared to 31 December 2016 (1,333), headcount in this segment fell by 8 percent. This was due to restructuring measures in the UK and the USA, which also had an impact on the two related development centres in Poland and Brazil.

Headcount in the *Continental Europe* segment rose year on year by 7 percent to 3,398 in the first six months (30 June 2016: 3,174). Compared to year-end 2016, headcount in this segment remained virtually constant (31 December 2016: 3,428).

Revenue and earnings development in the second quarter of 2017

Consolidated revenue of EUR 106.67 million in the second quarter of 2017 was 4 percent down on the previous year (Q2/2016: EUR 110.64 million). Due to consistently high demand for projects to digitalise business processes, revenue in the *Continental Europe* segment rose by 10 percent to EUR 55.47 million (Q2/2016: EUR 50.66 million). At EUR 50.91 million, the revenue trend of the *Americas & UK* segment in the second quarter was dominated by the cost-savings measures of two major clients and thus 15 percent down on the prior-year figure (Q2/2016: EUR 59.66 million).

Consolidated EBITDA in the second quarter amounted to EUR 8.42 million and was thus 26 percent below the prior-year figure (Q2/2016: EUR 11.39 million). At EUR 2.89 million, pre-tax earnings (EBT) were down 62 percent on the same period last year (Q2/2016: EUR 7.56 million).

Additional key data

As of 30 June 2017, cash, cash equivalents and securities amounted to EUR 41.41 million, corresponding to a decrease of EUR 20.88 million compared to the year-end figure for 2016 (31 December 2016: EUR 62.29 million). Equity of EUR 114.28 million at the end of the first half of 2017 was EUR 2.90 million higher than at the end of the 2016 reporting period (31 December 2016: EUR 117.18 million). This corresponds to an equity ratio of 33 percent as of 30 June 2017 (31 December 2016: 32 percent).

Outlook

The GFT Group is confirming its guidance for the current financial year, adjusted on 10 July 2017, and anticipates consolidated revenue of EUR 425 million, EBITDA of EUR 42 million and EBT of EUR 26 million for the full year 2017.

“We have successfully aligned our portfolio with digital solutions for future topics such as blockchain, cloud migration, artificial intelligence and Industry 4.0, which are becoming increasingly important in the financial sector, as well as in many other industries. Although the cost-cutting measures of our two major investment banking clients will continue in the second half of the year, we will not cease to exploit the opportunities for growth based on our financial and technological expertise. For all other clients, we therefore expect strong revenue growth of 13 percent for 2017 as a whole,” stated Marika Lulay, CEO of GFT.

Detailed financial figures can be found in the Investor Relations section of the GFT website at <http://www.gft.com/ir>.

Key figures (IFRS, unaudited) (deviations possible due to rounding differences)

In EUR million	H1/2017	H1/2016	Δ %
Revenue	217.77	208.03	5%
EBITDA	18.34	21.54	-15%
EBIT	10.27	15.86	-35%
EBT	9.52	14.60	-35%
Net income for the period	8.11	12.21	-34%
Earnings per share in EUR	0.31	0.46	-34%
Equity ratio in percent	33 (30/06/2017)	32 (31/12/2016)	
Employees (full-time) as of 30 June	4,739	4,493	5%

In EUR million	Q2/2017	Q2/2016	Δ %
Revenue	106.67	110.64	-4%
EBITDA	8.42	11.39	-26%
EBIT	3.32	8.46	-61%
EBT	2.89	7.56	-62%
Net income for the period	3.12	6.63	-53%
Earnings per share in EUR	0.12	0.25	-53%
Equity ratio in percent	33 (30.06.2017)	32 (31.12.2016)	
Employees (full-time) as of 30 June	4,739	4,493	5%

About the GFT group:

GFT Technologies SE (GFT) is a business change and technology consultancy trusted by the world's leading financial services institutions to solve their most critical challenges. Specifically defining answers to the current constant of regulatory change – whilst innovating to meet the demands of the digital revolution. GFT brings together advisory, creative and technology capabilities with innovation culture and specialist knowledge of the finance sector, to transform the clients' businesses.

Utilising the CODE_n innovation platform, GFT is able to provide international start-ups, technology pioneers and established companies access to a global network, which enables them to tap into the disruptive trends in financial services markets and harness them for their out of the box thinking.

GFT plans to generate consolidated revenue of around EUR 425 million in its financial year 2017. Founded in 1987, the company is represented in twelve countries with a global team of around 5,000 employees. The GFT share is listed on the Frankfurt Stock Exchange in the TecDAX (ISIN: DE0005800601).

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