

## PRESS RELEASE

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## GFT with solid growth in first half-year

- Revenue up 5 percent in the first half of 2020 (organic 4 percent) and up 19 percent without top-2 clients<sup>1)</sup>
- Diversification strategy on track with year-on-year growth in insurance business of 32 percent
- Strong demand for cloud expertise
- Year-on-year decline in key earnings figures mainly due to Covid-19
- Outlook for financial year 2020 of 19 June confirmed

**Stuttgart, 13 August 2020 – Following a positive development of revenue in the first half of 2020, GFT Technologies SE (GFT) confirms its outlook for the year 2020. Revenue rose by 5 percent, with 4 percent organic growth. The dynamic growth trend without the top-2 clients continued and once again reached 19 percent. This development was driven by successful offerings in the field of cloud computing and for the insurance sector.**

Marika Lulay, CEO of GFT Technologies SE, states: “We were able to close the first half-year with an increase in revenue – we have reached our targets and expect further growth for GFT despite the current global economic turmoil. The crisis caused by the Covid-19 pandemic is strengthening the trend towards digitalisation. GFT is excellently placed to serve this demand and we are seeing very good growth especially for our cloud offerings and other new technologies,” says Lulay. “We are enjoying great success in new business fields too, such as the car insurance sector. For example, we recently unveiled our [Intelligent Damage Evaluation](#), an AI-based system that can analyse complex damage and calculate car repair costs within seconds, based on simple photos.”

### Unbroken growth trend

In the first half of 2020, the GFT Group generated revenue of EUR 221.05 million. This corresponds to growth of 5 percent over the prior-year figure of EUR 211.03 million. Organic revenue growth amounted to 4 percent. Excluding its top-2 clients, the company continued its dynamic trend with an impressive growth rate of 19 percent.

Moreover, GFT continued its diversification strategy aimed at reducing the risk of client concentration: the share of total revenue contributed by the top-2 clients decreased further to 22 percent (H1/2019: 32 percent). Business with insurance clients rose to 14 percent of total revenue (H1/2019: 11 percent), corresponding to year-on-year growth of 32 percent. GFT is therefore well on the way to reaching the target it set prior to the Covid-19 pandemic of raising the revenue share of its insurance business to 15 percent in the current year.

There was also further very encouraging progress in the field of cloud solutions, which reached a revenue share of 8 percent (H1/2019: 5 percent). In the business division Continental Europe, revenue rose by 3 percent to EUR 116.90 million in the first half of 2020 (H1/2019: EUR 113.16 million). This positive trend was driven by increased revenue without the top-2 clients as well as growth in the insurance business, especially in France. Revenue in the Americas, UK & APAC segment grew by

7 percent to EUR 104.00 million (H1/2019: EUR 97.61 million). The expected decline in business with the top-2 clients was more than offset by growth in Brazil, Mexico and Canada in particular.

As of 30 June 2020, the GFT Group employed a total of 5,585 people (full-time equivalents) and thus 14 percent more than at the end of the first half of 2019 (4,892 employees). The increase resulted from the planned expansion of capacity and expertise, especially in the fast-growing Brazilian market, as well as in Poland and Italy.

### **Earnings in first half-year mainly burdened by Covid-19**

Key earnings figures were significantly burdened in the first six months. Capacity underutilisation caused by the Covid-19 pandemic was mitigated by restructuring measures, among other things. Expenses already planned for the expansion of sales activities and technology expertise in order to prioritise revenue growth led to additional burdens on earnings. Adjusted EBITDA of EUR 18.53 million for the first half of 2020 was 16 percent below the prior-year figure (H1/2019: EUR 21.94 million). EBIT was down 38 percent at EUR 5.17 million (H1/2019: EUR 8.35 million), while EBT fell 44 percent to EUR 4.04 million (H1/2019: EUR 7.15 million). Net income of EUR 2.81 million was 54 percent below the prior-year figure (H1/2019: EUR 6.07 million).

In the segment Americas, UK & APAC, EBT rose strongly by EUR 4.08 million to EUR 3.88 million (H1/2019: EUR -0.20 million). There was a particularly positive impact on earnings from business in Brazil and the UK due to growth without the top-2 clients. EBT in the Continental Europe segment fell by 91 percent to EUR 0.83 million (H1/2019: EUR 8.93 million). This was mainly due to capacity underutilisation and restructuring costs, especially as a result of the Covid-19 pandemic. These effects mainly impacted Germany and Spain.

### **Financial stability and flexibility**

In the first half of 2020, cash flow from operating activities amounted to EUR 28.66 million and was thus 353 percent above the prior-year level (H1/2019: EUR 6.33 million). The increase resulted mainly from working capital effects. There was a corresponding 9 percent increase in cash and cash equivalents to EUR 61.46 million (31 December 2019: EUR 56.14 million). Net cash position of the GFT Group improved by EUR 6.98 million to EUR -51.82 million (31 December 2019: EUR -58.80 million). As of 30 June 2020, the equity ratio was virtually unchanged at 30 percent (31 December 2019: 31 percent).

### **Outlook 2020 confirmed – GFT profits from new technologies**

The GFT Group confirms its outlook for the financial year 2020 as announced on 19 June. Although revenue growth will be dampened by the ongoing Covid-19 pandemic, GFT expects an increase in revenue for the current financial year driven by its successful market positioning and the continuing digitalisation trend. However, adjusted EBITDA and EBT are expected to be lower than in the previous year. The underutilisation of capacity caused by the Covid-19 pandemic will be mitigated above all by restructuring measures. Earnings will be further burdened by planned expenses for expanding sales activities and technology expertise in order to prioritise revenue growth. GFT expects revenue of EUR 440 million (previous year: EUR 428.98 million), adjusted EBITDA of EUR 44 million (previous year: EUR 47.91 million) and EBT of EUR 13 million (previous year: EUR 18.73 million).

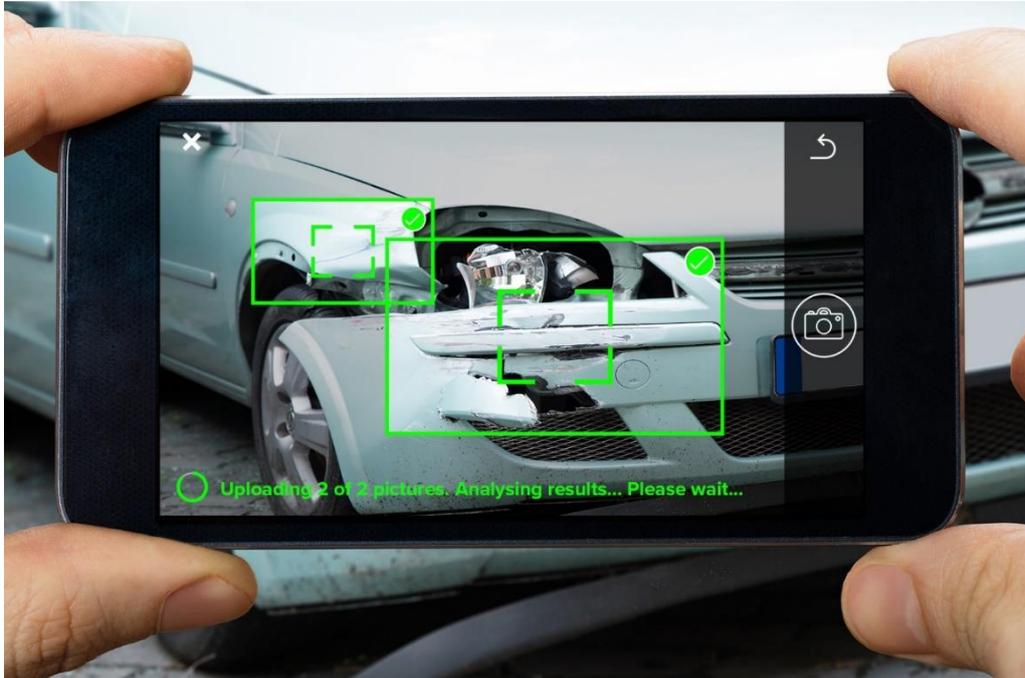
## Key figures (IFRS, unaudited)

(Deviations possible due to rounding differences)

In EUR million	H1/2020	H1/2019	Δ %
Revenue	221.05	211.03	5%
Adjusted EBITDA <sup>2)</sup>	18.53	21.94	-16%
EBITDA	16.46	20.22	-19%
EBIT	5.17	8.35	-38%
EBT	4.04	7.15	-44%
Net income	2.81	6.07	-54%
Earnings per share in EUR	0.11	0.23	-54%
Cash flow from operating activities	28.66	6.33	353%
Employees (full-time) as of 30 June	5,585	4,892	14%
Net cash position (as of 30 June)	-51.82	-70.11	26%
Equity ratio (in percent, as of 30 June)	30	29	3%

<sup>1)</sup> GFT's top 2 clients are defined as Deutsche Bank and Barclays.

<sup>2)</sup> Adjusted for special items from M&A activities. Further information on the definition of alternative performance measures is provided [here](#) on the GFT website.



GFT's AI-based system IDE (Intelligent Damage Evaluation) uses simple photos to recognise complex damage to cars and calculate the repair costs – and all within seconds. The insurance business and solutions based on technologies like artificial intelligence are growing particularly fast at GFT.



Marika Lulay, CEO of GFT

This press release is also available via the [GFT newsroom](#)

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### About GFT:

GFT is driving the digital transformation of the world's leading companies in the financial and insurance sectors, as well as in the manufacturing industry. As an IT services and software engineering provider, GFT offers strong consulting and development skills across all aspects of pioneering technologies, such as cloud engineering, artificial intelligence, mainframe modernisation and the Internet of Things for Industry 4.0.

With its in-depth technological expertise, profound market know-how and strong partnerships, GFT implements scalable IT solutions to increase productivity. This provides clients with faster access to new IT applications and innovative business models, while also reducing risk.

Founded in 1987 and located in 15 countries to ensure close proximity to its clients, GFT employs 6,000 people. GFT provides them with career opportunities in all areas of software engineering and innovation. The GFT Technologies SE share is listed in the Prime Standard segment of the Frankfurt Stock Exchange (ticker: GFT-XE).

[www.gft.com](http://www.gft.com)