

GFT Group posts double-digit growth in financial year 2016

- Consolidated revenue up 13 percent to EUR 422.56 million
- Revenue in Continental Europe grows by 23 percent to EUR 200.52 million
- Consolidated earnings (EBITDA) improve by 5 percent to EUR 46.77 million
- Revenue and earnings guidance for 2016 exceeded
- Headcount up 20 percent to 4,870

Stuttgart, 1 March 2017 – The GFT Group today announced its preliminary and unaudited figures for the financial year 2016. With solid growth in revenue and earnings, the technology specialist for the financial services industry exceeded its full-year guidance slightly. The main growth driver was demand from retail banks for digitalisation solutions. In the *Americas & UK* division, growth was slowed by the reduced propensity of investment banks to invest in IT services.

Organic revenue growth of 10 percent

Compared to the previous year, consolidated revenue rose by 13 percent to EUR 422.56 million in the financial year 2016 (2015: EUR 373.51 million) and thus exceeded the upgraded full-year guidance of EUR 420.00 million issued in August 2016. Adjusted for revenue contributed by the acquisitions made in July 2015 (Adesis Netlife S.L.) and April 2016 (Habber Tec Brazil), organic growth amounted to 10 percent.

Dynamic revenue trend in Continental Europe

The *Continental Europe* division increased revenue by 23 percent to EUR 200.52 million in the financial year 2016 (2015: EUR 162.68 million). This growth was driven above all by consistently strong demand from retail banking clients for solutions to digitise their business processes. Revenue growth was particularly encouraging in Spain, whose banking sector is one of Europe's most advanced in terms of digitalisation. Revenue in this country rose by 61 percent to EUR 78.05 million (2015: EUR 48.45 million).

The *Americas & UK* division (which mainly comprises investment banking clients) achieved revenue growth of 4 percent to EUR 219.42 million (2015: EUR 210.78 million). The moderate revenue trend in this division mirrors the general downturn in investment banking since the beginning of 2016. Uncertainties surrounding the Brexit referendum also led to more subdued investment in IT services.

Earnings burdened by currency-related special items

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 5 percent to EUR 46.77 million (2015: EUR 44.56 million). This figure includes negative exchange rate effects of EUR -1.97 million due mainly to the devaluation of the British pound. Account was taken of these effects in August 2016, when full-year guidance for EBITDA and EBT was downgraded by EUR 2.00 million each to EUR 46.50 million and EUR 33.00 million, respectively. Pre-tax earnings (EBT) improved by 2 percent to EUR 33.05 million (2015: EUR 32.52 million). Due to a higher tax rate of 27 percent, earnings per share fell year-on-year by 9 cents to EUR 0.92 (2015: EUR 1.01). In the previous year, retroactive tax refunds in Spain had led to a tax rate of just 18 percent.

Headcount grows to around 4,900

As of 31 December 2016, the GFT Group had 4,870 full-time employees – representing growth of 20 percent over the previous year (31 December 2015: 4,050). The increase in headcount resulted from the hiring of numerous new staff – above all at the company's development centres in Spain, Brazil, Poland and Costa Rica – as well as from the acquisition of Habber Tec Brazil with over 100 employees.

Development in 4th quarter of 2016

Consolidated revenue of EUR 108.28 million was generated in the fourth quarter of 2016, corresponding to year-on-year growth of 6 percent (Q4/2015: EUR 102.03 million). EBITDA and EBT in the fourth quarter were both 4 percent down on the prior-year period at EUR 12.77 million (Q4/2015: EUR 13.26 million) and EUR 9.34 million (Q4/2015: EUR 9.77 million), respectively.

Additional key data

As of 31 December 2016, cash, cash equivalents and securities amounted to EUR 62.29 million and were thus EUR 15.31 million, or 33 percent, above the year-end figure for 2015 (31 December 2015: EUR 46.98 million). Equity of EUR 115.90 million was EUR 8.55 million, or 7 percent, down on year-end 2015 (31 December 2015: EUR 124.45 million). Total assets rose by EUR 39.23 million, or 12 percent, to EUR 366.04 million as of 31 December 2016 (31 December 2015: EUR 326.81 million). The equity ratio of 32 percent as of 31 December 2016 was 6 percentage points below the year-end 2015 figure (31 December 2015: 38 percent).

Dividend

The Administrative Board of GFT Technologies SE has decided to propose a dividend of EUR 0.30 (2015: EUR 0.30) for the financial year 2016 at the Annual General Meeting on 31 May 2017. This corresponds to a dividend payout of EUR 7.90 million (prev. year: EUR 7.90 million).

Outlook

The GFT Group anticipates a further positive development of business in its financial year 2017: "Dynamic growth stimuli are expected from the rising pressure on costs and growing competition in the banking sector. Financial institutes need to implement projects to enhance their efficiency and drive the digitalisation of their business processes," commented Ulrich Dietz, CEO of GFT. Consolidated revenue is expected to rise to EUR 450.00 million in 2017. Over the year as a whole, EBITDA is expected to improve to EUR 48.50 million with an increase in EBT to EUR 35.00 million.

The medium-term forecast of the GFT Group issued on 2 March 2016 has been confirmed. Assuming that the demand for solutions to implement compliance requirements remains unbroken and the trend to digitise business processes continues, the GFT Group aims to raise revenue to EUR 800.00 million in the medium term with an EBITDA margin of around 12 percent in 2020. The underlying business plan anticipates consistent organic growth of around 10 percent per year in combination with targeted acquisitions.

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	2016	2015	Δ %
Revenue	422.56	373.51	13%
EBITDA	46.77	44.56	5%
EBIT	34.85	34.23	2%
Pre-tax earnings (EBT)	33.05	32.52	2%
Net income for the year	24.23	26.55	-9%
Earnings/share in EUR	0.92	1.01	-9%
Equity ratio in percent	32 (31.12.2016)	38 (31.12.2015)	-
Employees (full-time) as of 31 December	4,870	4,050	20%

In EUR million	Q4/2016	Q4/2015	Δ %
Revenue	108.28	102.03	6%
EBITDA	12.77	13.26	-4%
EBIT	9.45	10.38	-9%
Pre-tax earnings (EBT)	9.34	9.77	-4%
Net income for the period	6.15	11.11	-45%
Earnings/share in EUR	0.23	0.42	-45%
Equity ratio in percent	32 (31.12.2016)	38 (31.12.2015)	-
Employees (full-time) as of 31 December	4,870	4,050	20%

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 450 million in its financial year 2017. Founded in 1987, the company is now represented in twelve countries with a global team of almost 5,000 employees. The GFT share is listed on the Frankfurt Stock Exchange in the TecDAX (ISIN: DE0005800601).

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