

GFT starts financial year 2018 with revenue and earnings growth

- Revenue up 5 percent on previous quarter to EUR 106.99 million
- Consolidated earnings (EBITDA) of EUR 10.05 million almost doubled compared to previous quarter
- Realignment of Americas & UK segment completed with significant efficiency gains
- Double-digit revenue growth in Germany
- Guidance for 2018 confirmed

Stuttgart, 9 May 2018 – The GFT Group published its results for the first quarter of 2018 today. There was increased demand for projects based on new technologies, such as distributed ledger technologies, cloud, data analytics and artificial intelligence, in the first quarter of 2018. As a result, the GFT Group achieved quarter-on-quarter revenue growth of 5 percent to EUR 106.99 million and almost doubled earnings (EBITDA) to EUR 10.05 million. Compared to the strong first quarter of 2017 – which at the time was not yet impacted by the budget restrictions of two investment banking clients – revenue in the first quarter of 2018 was down by just 4 percent, while EBITDA rose by 1 percent. “This positive trend for the GFT Group was helped in particular by the fundamental realignment of the Americas & UK division. By significantly expanding its focus on technology, the division succeeded in winning new clients in the UK and the USA,” says Marika Lulay, CEO of GFT Technologies SE. The restructuring measures completed in 2017 led to a strong improvement in earnings for the Americas & UK division. “Our strict focus on new technologies that are crucial for our clients in both the financial services sector and in industry, has enabled us to harness the long-term growth opportunities offered by digitalisation,” adds Lulay.

Revenue trend

In the first quarter of 2018, the GFT Group generated revenue of EUR 106.99 million; 5 percent more than in the preceding quarter (Q4/2017: EUR 102.29 million). Compared to the strong first quarter of the previous year (Q1/2017: EUR 111.10 million), revenue remained stable. Despite the positive trend in the Americas & UK segment, business was still impacted by the budget restrictions of two investment banking clients. As a result, revenue in this segment fell 13 percent to EUR 47.90 million (Q1/2017: EUR 54.86 million). Adjusted for the revenue contribution of these two investment banking clients, the Americas & UK division achieved revenue growth of 2 percent. The division succeeded in significantly expanding its business with other investment banking clients and attracting new clients. In the Continental Europe segment, revenue growth of 5 percent to EUR 58.98 million (Q1/2017: EUR 56.08 million) was mainly driven by demand from retail banks for digitalisation solutions based on new technologies. There was a particularly encouraging trend in Germany, with revenue growth of 21 percent to EUR 15.97 million (Q1/2017: EUR 13.20 million). The main growth drivers were projects for the fundamental modernisation of core banking systems, which will enable banks to prepare their existing IT systems for the future in a cost-effective and highly efficient manner.

Earnings trend

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 10.05 million almost doubled compared to the preceding quarter (Q4/2017: EUR 5.21 million). Compared to the same quarter last year, EBITDA rose by 1 percent (Q1/2017: EUR 9.92 million). Pre-tax earnings (EBT) were on a par with the previous year at EUR 6.52 million (Q1/2017: EUR 6.63 million). In the Americas & UK segment, earnings (EBT) rose strongly by EUR 4.18 million to EUR 1.89 million (Q1/2017: EUR -2.29 million) and thus returned EBT to positive figures. This trend was aided in particular by significantly improved capacity utilisation following the realignment in the financial year 2017. The GFT

Group's tax rate in the first quarter of 2018 amounted to 24 percent (Q1/2017: 25 percent). Earnings per share were stable at EUR 0.19 (Q1/2017: EUR 0.19).

Additional key data

As of 31 March 2018, cash and cash equivalents amounted to EUR 78.15 million and were thus EUR 5.91 million above the year-end figure (31 December 2017: EUR 72.24 million). Equity of EUR 119.95 million was up EUR 4.63 million (31 December 2017: EUR 115.32 million). The equity ratio as of 31 March 2018 amounted to 33 percent and was thus 2 percentage points higher than at the end of the past year (31 December 2017: 31 percent).

Headcount

As of 31 March 2018, the GFT Group had a total of 4,735 employees; 2 percent fewer than at the end of the prior-year quarter (31 March 2017: 4,833). Compared to the end of 2017, headcount was virtually unchanged (31 December 2017: 4,740). In the Americas & UK segment, headcount as of 31 March 2018 was down 9 percent at 1,169 (31 March 2017: 1,286). This decline resulted mainly from restructuring measures in the UK and USA, which also impacted the downstream nearshore development centres in Brazil and Poland. Headcount in the Continental Europe division as of 31 March 2018 was relatively constant at 3,447 full-time employees (31 March 2017: 3,425). As a result of the very strong order position, headcount in Germany rose by 10 percent year on year to 356 as of 31 March 2018 (31 March 2017: 323).

Outlook 2018

The GFT Group confirms its guidance for the financial year 2018. The company expects revenue within a range of EUR 400.00 to EUR 420.00 million (2017: EUR 418.81 million). The realignment of the Americas & UK division in the past financial year and the absence of various special items are expected to result in a significant improvement in EBITDA to at least EUR 39.00 million (2017: EUR 34.31 million) with EBT of EUR 25.00 million (2017: EUR 18.13 million).

In the Continental Europe division, the company expects growth to be enhanced by new solution offerings in the field of 'exponential banking' and the renewal of core banking systems. Cross-segment growth drivers include projects based on distributed ledger technologies, cloud, data analytics and artificial intelligence. At the same time, the cost-containment measures of the two largest investment banking clients are expected to continue. "Our clear target is to generate 25 percent of our consolidated revenue with new technologies this year," explains Lulay. GFT is now also offering its technology expertise to companies in the industrial sector in order to assist their implementation of Internet-of-Things solutions, digitally realign their outdated processes, and establish modern payment interfaces. New strategic partnerships, for example with Software AG, as well as highly promising projects like the blockchain proof-of-concept for supply chain management in the pharmaceutical industry, have already been launched. "We will use the current financial year to further expand our client base – both with banks and insurance firms, as well as with industrial companies. In 2018, we expect initial revenue from industrial clients in the mid-single-digit million range," says Lulay.

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	Q1/2018	Q1/2017	△ %
Revenue	106.99	111.10	-4%
EBITDA	10.05	9.92	1%
EBIT	6.87	6.95	-1%
Pre-tax earnings (EBT)	6.52	6.63	-2%
Net income for the period	4.97	4.99	0%
Earnings per share in EUR	0.19	0.19	0%
Equity ratio in percent	33 (31/03/2018)	31 (31/12/2017)	-
Employees (full-time) as of 31 March	4,735	4,833	-2%

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About GFT

As an experienced technology partner, GFT Technologies SE (GFT) is committed to driving the digital transformation of the financial services industry. Drawing on our extensive knowledge of the sector, we advise the world's leading financial institutions and develop bespoke IT solutions – from banking applications and trading systems to the implementation and support of complete platforms, and the modernisation of core banking systems. Our global innovation team also develops new business models, focusing on topics such as blockchain, cloud engineering, artificial intelligence and the internet of things across all sectors.

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