Investor Presentation

GFT Technologies SE

June 2020

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Agenda

1. **GFT at a glance**
2. GFT business model
3. Financial results Q1/2020
4. Outlook

Shaping the future of digital business

GLOBAL WORKFORCE 3M/2020

5,242
FTE

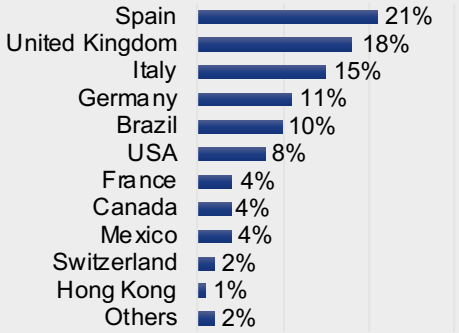
REVENUE FY 2019

€ 429
million

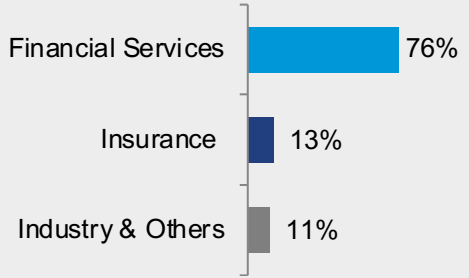
Adj. EBITDA FY 2019

€ 49
million

REVENUE BY COUNTRY Q1 2020



REVENUE BY SECTOR Q1 2020



CONSULTING

DIGITAL SOLUTIONS

APPLICATION MANAGEMENT & OUTSOURCING

MINOR VARIANCES DUE TO ROUNDING POSSIBLE

Investment Case

Unique technology and sector expertise

- Longstanding expertise in digital transformation for financial institutions
- Partnerships with market leaders: AWS, Google, Guidewire
- Proven client-focused onshore/ nearshore staffing model

Highly attractive sales and earnings potential

- Underlying organic growth potential >15%**
- Profit margins expected to improve considerably
- Attractive free cash flow generation with low Capex

Strong demand for digital transformation

- Digital transformation is a megatrend
- Cloud business to grow by 16%*

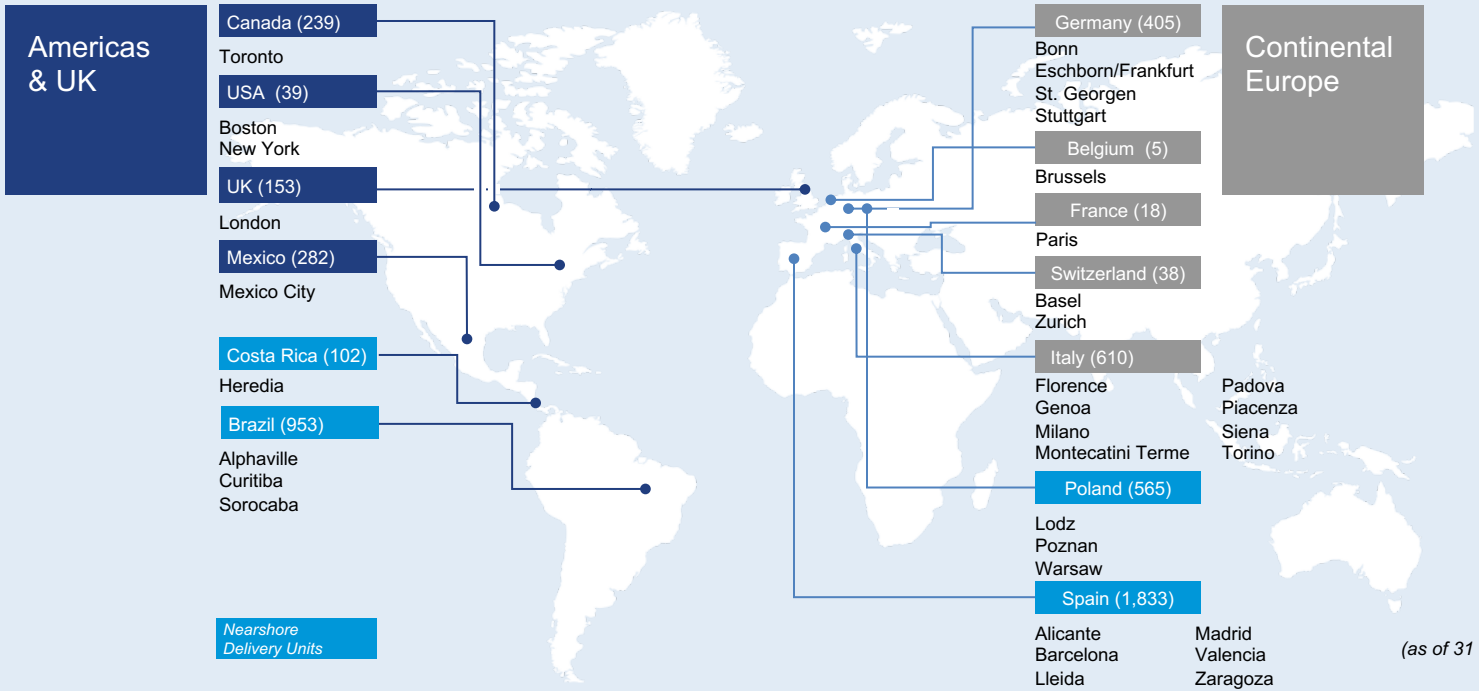
Sustainability and commitment

- Top executives more than 10 years with GFT
- Two anchor shareholders own 36% of shares

** Source: Gartner, forecast for 2020*
*** ex Top-2 clients (DB and Barclays)*

Proven onshore-/ nearshore delivery model (5,460 FTE)

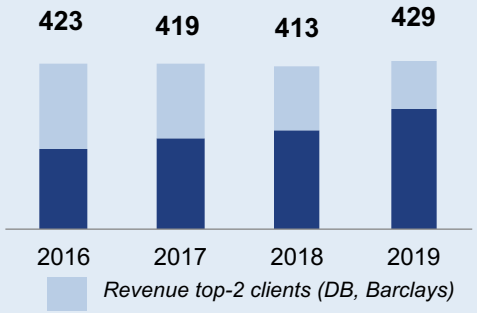
Approx. 50% of revenues generated onshore and 50% nearshore



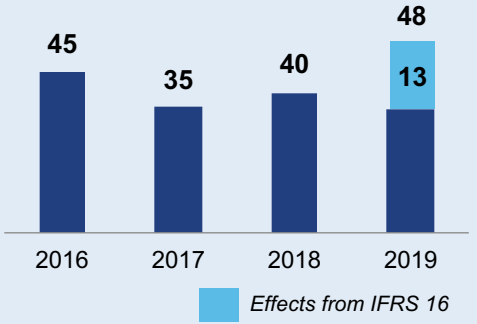
(as of 31 Dec. 2019)

Key figures

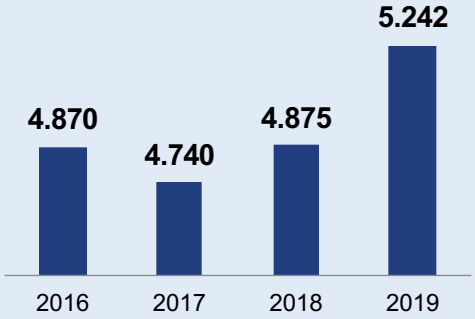
Revenue (€m)



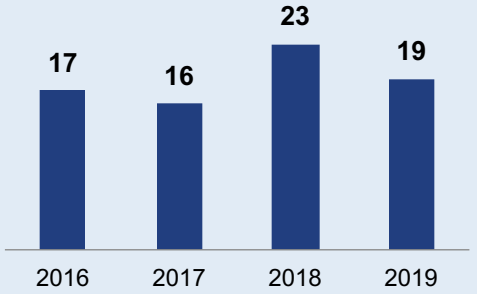
EBITDA adjusted (€m)



Employees (FTE)



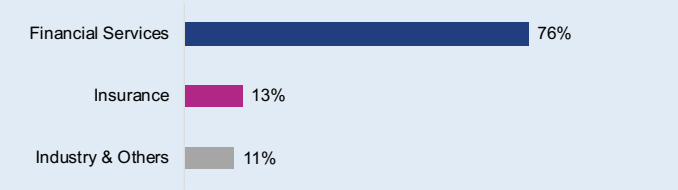
EBT (€m)



30 biggest clients Q1/2020 – six new entries in top 30

Capital Markets	Retail Banking	Insurance	Industry & Others
cetip (NEW)	BANCO BPM	Banco ORIGINAL (NEW)	Desjardins (NEW)	TRUMPF (NEW)
citi	Banco Votorantim (NEW)	Bankia	GVV Spitzenverband	
Deutsche Bank	BBVA	Deutsche Bank	INDUSTRIELLE ALLIANCE	MACIF	
HSBC	iberCaja	INTESA SANPAOLO	MAPFRE	UnipolSai	
not disclosed	MONTE DEI PASCHI DI SIENA	nexi	SulAmérica	
KKR	Sabadell	Santander		
RBS	Serasa Experian	Standard Chartered (NEW)		
Schroders	UBI Banca			

Revenue by sector



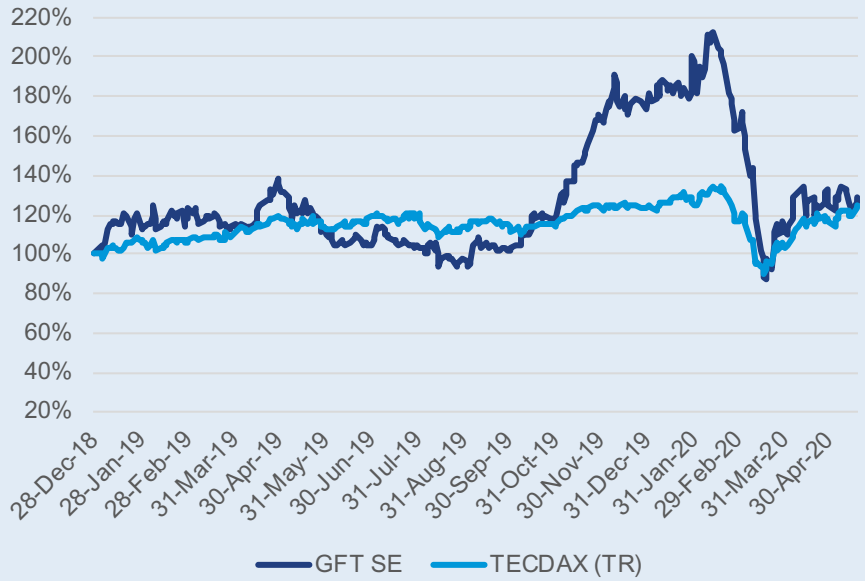
GFT share and shareholder structure

GFT share indexed

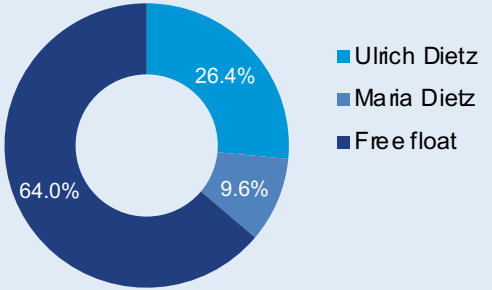
in %

28 Dec. 2018
€6.70

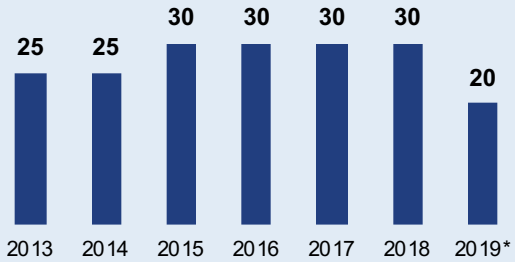
19 May 2020
€8.67



Shareholder structure



Dividend per share in Cent (for financial year)



* Proposal

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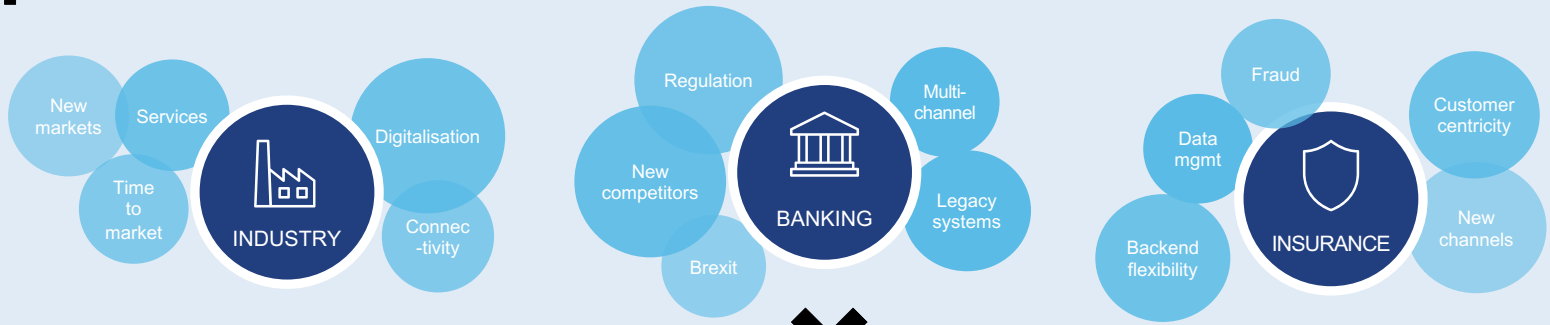
Business areas of GFT inside the banks

IT technology meets client business challenges



INNOVATION | **TRANSFORMATION**

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IT TECHNOLOGY

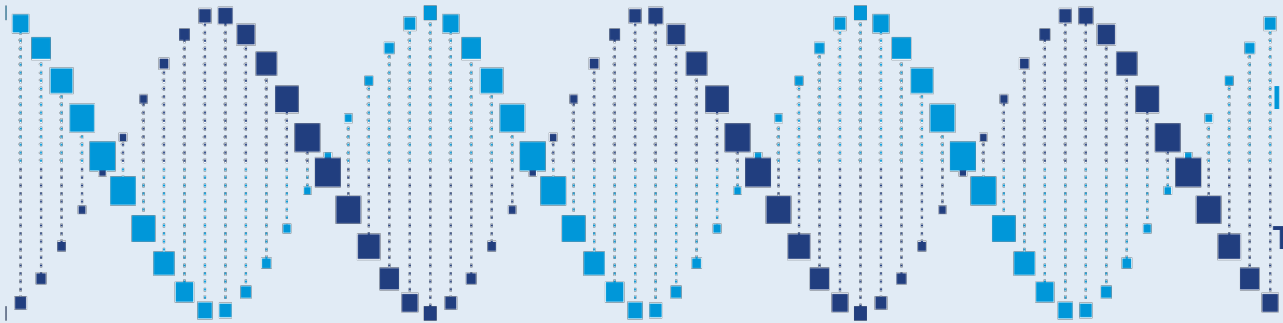
GFT Partner for Innovation and Transformation

CUSTOMER CENTRICITY

COLLABORATION

AUTOMATION

GAME CHANGERS



INNOVATION

TRANSFORMATION

PLATFORM ENGINEERING

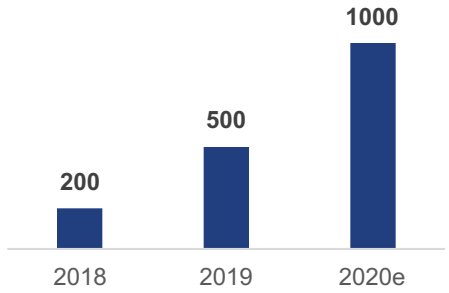
DATA ENGINEERING

REGULATORY, RISK & COMPLIANCE SERVICES

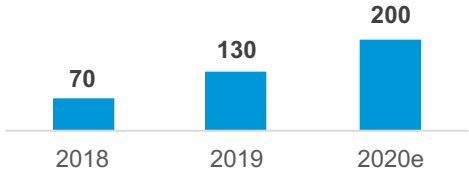
CLOUD ENGINEERING

Further strengthening of partnerships

Cloud experts at GFT



Guidewire experts at GFT



Sky high opportunities: the cloud momentum

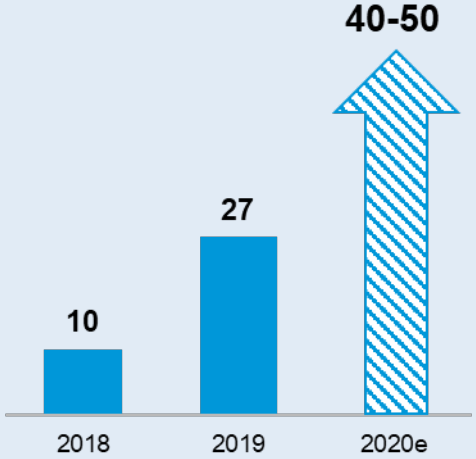
GFT a clear Cloud innovation partner

- On-going strategic investments to strengthen relationship with major cloud providers and benefitting from indirect sales through partnerships

Proofpoint

- Digital banking project in Hong Kong using AWS cloud-based virtual infrastructure
- Customer centric approach to attract tech-savvy customers in Asia: use of disruptive features such as machine learning, customer segmentation and real-time product funnel data sets

Cloud revenue in €m



2020e pre Covid-19 impact

Cloud experts

Growing offering: the insurance momentum

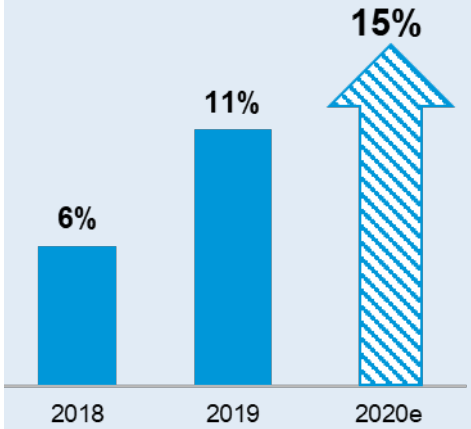
Insurance: increasing traction with Guidewire

- Continuing growth with Guidewire implementation projects in North America and Europe
- Building up of nearshore capacity in Poland and Spain

Proofpoint

- First European implementation of full Suite of Guidewire on Cloud
- Project with La Macif with 5-year duration, totalling approx. €50m
- Winner of the Innovation Award by Guidewire for Aviva Italy

Share of insurance revenue



2020e pre Covid-19 impact

Complete offering: industry ready to start

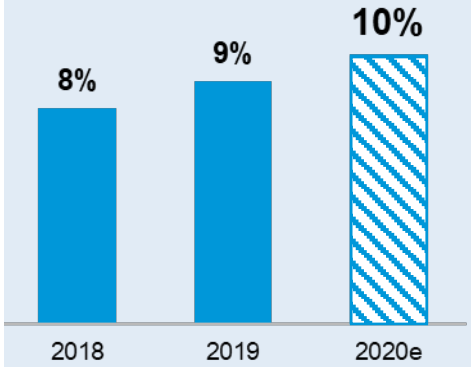
Industry 4.0: complete offering to address IoT market

- Taking advantage of unique combination of IT and sector know-how with software offering
- More growth in German “Mittelstand” expected
- Exploring global opportunities

Proofpoint

- Smart factory project for GS Metaal with consultancy and software implementation
- Results: 30% production increase and throughput times reduced by 20%

Share of industry 4.0 & others revenue



2020e pre Covid-19 impact

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GFT meets revenue expectations in the first quarter of 2020

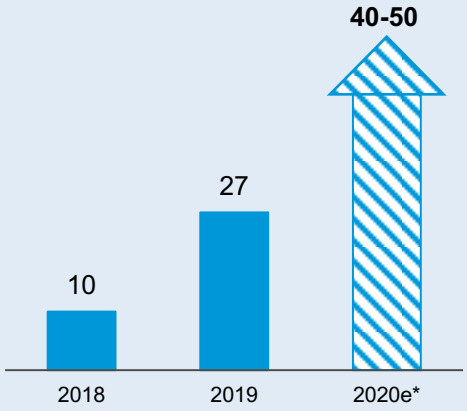
- **Further dynamic revenue growth of 22% without top-2 clients***
- **Total revenue up 6% to €112.48m**
- **5% purely organic growth from consistent success in both segments**

- Diversification strategy fully on track: insurance business share increases to 13%
- Cloud business growing strongly and reaches revenue share of 8%
- Adjusted EBITDA down 7% to €10.39m due to growth investments
- Dividend proposal of €0.20 per share for 2019 (payout ratio 39%)
- Outlook 2020: forecast suspended due to Covid-19 pandemic
- Medium-term outlook: digitisation trend continuing, positioning of GFT for “new technologies” will pay off

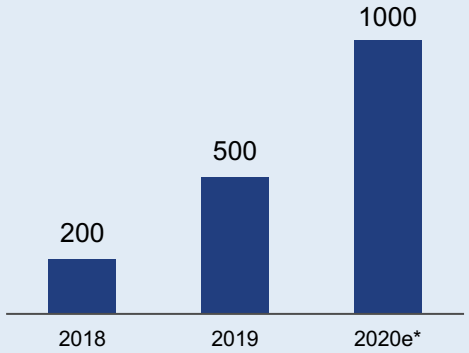
*GFT’s top 2 clients are defined as Deutsche Bank and Barclays

Strong growth in cloud business

Cloud business 2020 (revenue in €m)



Cloud experts at GFT



- Cloud business consistently gaining growth momentum: ~8% revenue share in Q1/2020 (Q1/2019: 5%)
- Award as "Google Cloud 2019 EMEA Breakthrough Partner of the Year"
- Strategic partnerships with the world's three largest cloud providers Amazon (AWS), Google (GCP) and Microsoft (Azure)
- Example: virtual banking project in Hong Kong using an AWS infrastructure

*2020e before impact of Covid-19 pandemic

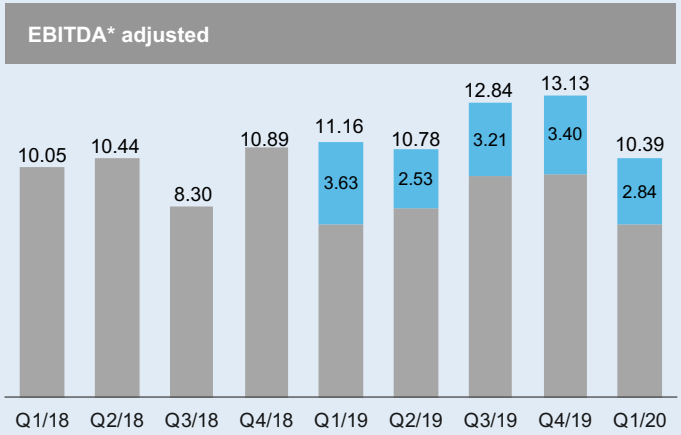
Key figures

in €m	Q1/2020	Q1/2019	Δ%
Revenue	**112.48**	**105.72**	**6%**
Revenue w/o in-GmbH	111.23	105.72	5%
EBITDA adjusted*	**10.39**	**11.16**	**-7%**
EBITDA	**9.26**	**10.28**	**-10%**
EBIT	**3.61**	**3.87**	**-7%**
EBT	**3.02**	**3.18**	**-5%**
Net income	**2.28**	**2.71**	**-16%**
Earnings per share (in €)	**0.09**	**0.10**	**-16%**
Earnings per share adjusted (in €)*	**0.16**	**0.17**	**-5%**
Employees (in FTE)	**5,460**	**4,910**	**11%**

- **Revenue** up 6% (organic up 5%), revenue contribution of in-GmbH (€1.25m)
- 7% decline in **adjusted EBITDA** mainly due to higher personnel expenses (+11%) and other operating expenses (+11%), resulting from strong investments in sales activities
- **EBITDA** burdened by M&A effects (in-GmbH) of €-0.33m
- **EBIT** 7% below prior-year level
- **EBT** of €3.02m just €-0.16m short of prior-year level (Q1/2019: €3.18m).
- **EBT margin** of 2.7% slightly down on the previous year (Q1/2019: 3.0%)
- Year-on-year increase in tax ratio to 24.4% (Q1/2019: 14.9%)

*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects (Net income and EPS)

Revenue and EBITDA adjusted by quarter (in €m)



- **Q1/2020 vs. Q1/2019** revenue growth of 6% over prior-year quarter. Very strong growth in Brazil and Asia
- **Q1/2020 vs. Q1/2019** adjusted EBITDA without IFRS 16 at prior-year level (Q1/2020: €7.55m vs. Q1/2019: €7.53m)

** Adjusted for non-operational effects from M&A activities*

Revenue by segment

in €m	Revenue		Growth rates			
	Q1/2020	Q1/2019	Organic	M&A	FX	Total
Americas, UK & APAC	52.50	49.88	7%	0%	-2%	5%
Continental Europe	59.90	55.71	5%	3%	0%	8%
Others	0.08	0.13	n/a	n/a	n/a	n/a
GFT Group	**112.48**	**105.72**	**7%**	**1%**	**-2%**	**6%**

- **Americas, UK & APAC**: positive trend in Brazil, Mexico, Canada and Asia. Expected weaker business with top-2 clients, revenue without top-2 clients up 23%
- **Continental Europe**: business with top-2 clients down as expected, above all in Germany. Positive trend in France mainly in insurance business, revenue without top-2 clients up 22%
- **M&A effects**: acquisition of in-GmbH with effect from 1 January 2020

Revenue by segment for top-2 clients

in €m		Revenue		Δ%
		Q1/2020	Q1/2019	Q1/2020 vs. Q1/2019
Americas, UK & APAC	Top-2 Clients	11.57	16.55	-30%
	Other Clients	40.93	33.33	23%
	Total	52.50	49.88	5%
Continental Europe	Top-2 Clients	13.98	18.00	-22%
	Other Clients	45.92	37.71	22%
	Total	59.90	55.71	8%
GFT Group*	**Top-2 Clients**	**25.54**	**34.55**	**-26%**
	Other Clients	**86.85**	**71.05**	**22%**
* Excluding segment „Others“	**Total**	**112.40**	**105.59**	**6%**

- **Further reduction in client concentration risk**: revenue share of top-2 clients at 23% in Q1/2020 vs. 33% in Q1/2019
- 26% decrease in revenue with **top-2 clients** within expected range, decline especially in the UK (Americas, UK & APAC segment) and Germany (Continental Europe segment)
- Business with **other clients** up 22% with further growth in Americas, UK & APAC (Q1/2020: +23%; Q1/2019: +53%) and strongly positive trend in Continental Europe (Q1/2020: +22%; Q1/2019: -1%)

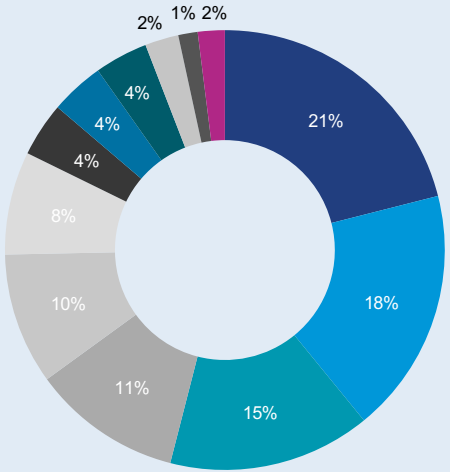
EBITDA adjusted, EBITDA and EBT by segment

in €m	EBITDA adjusted*			EBITDA			EBT		
	Q1/2020	Q1/2019	Δ%	Q1/2020	Q1/2019	Δ%	Q1/2020	Q1/2019	Δ%
Americas, UK & APAC	4.37	2.67	64%	3.57	1.79	100%	1.07	-0.30	< -100%
Continental Europe	5.60	8.99	-38%	5.27	8.99	-41%	1.93	4.13	-53%
Others	0.42	-0.50	< -100%	0.42	-0.50	< -100%	0.02	-0.65	< -100%
GFT Group	**10.39**	**11.16**	**-7%**	**9.26**	**10.28**	**-10%**	**3.02**	**3.18**	**-5%**

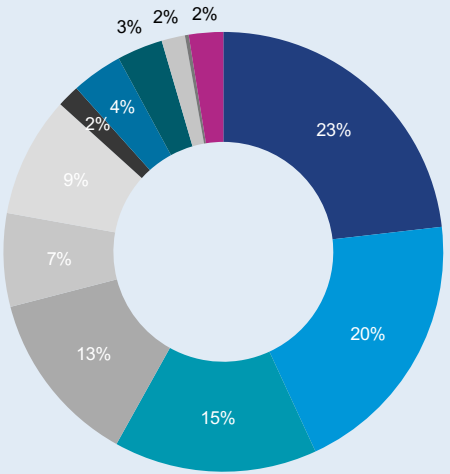
- **Americas, UK & APAC**: high sales expenses of previous year paying off, positive earnings impetus from Brazil and Asia.
- **Continental Europe**: earnings burdened in particular by capacity underutilisation, delayed restructuring and Covid-19 effects, especially in Germany.

*Adjusted for non-operational effects from M&A activities

Revenue by country (in €m)



Q1/2020		Δ%	Q1/2019
23.90	Spain	0%	24.02
20.52	United Kingdom	-5%	21.71
16.92	Italy	9%	15.50
12.50	Germany	-6%	13.36
10.99	Brazil	55%	7.11
8.62	USA	-6%	9.20
4.53	France	>100%	1.70
4.50	Canada	16%	3.89
4.45	Mexico	27%	3.49
1.68	Switzerland	-6%	1.78
1.62	Hong Kong	>100%	0.29
2.25	Other countries	-39%	3.67
112.48	Total	6%	105.72



Detailed profit & loss statement

in €m	Q1/2020	Q1/2019	Δ%
Revenue	**112.48**	**105.72**	**6%**
Other operating income	4.27	2.92	46%
Cost of purchased services	-11.97	-12.05	-1%
Personnel expenses	-81.52	-73.71	11%
Other operating expenses	-14.00	-12.60	11%
EBITDA	**9.26**	**10.28**	**-10%**
Depreciation and amortisation	-5.65	-6.41	-12%
EBIT	**3.61**	**3.87**	**-7%**
Interest income/expenses	-0.59	-0.69	-14%
EBT	**3.02**	**3.18**	**-5%**
Income taxes	-0.74	-0.47	57%
Net income	**2.28**	**2.71**	**-16%**
Earnings per share (in €)	0.09	0.10	-16%

- **Revenue growth** in line with expectations
- **Cost of purchased services** to revenue ratio of 11% and thus at prior-year level
- Increased **personnel expenses** mainly due to higher average headcount, as well as capacity adjustments and reduced purchases of external services. Ratio of personnel expenses (excluding capacity adjustments plus purchased services) to revenue of 83% (Q1/2019: 82%)
- **Other operating expenses** adjusted for IFRS 16 effects more or less at prior-year level
- **EBITDA** without positive IFRS 16 effects down by 4% mainly due to increased personnel expenses
- Decrease in **depreciation and amortisation** of €0.76m largely attributable to lower depreciation of right-of-use assets acc. to IFRS 16
- **Net income** burdened by increased income taxes. Expected imputed tax ratio of 24% (Q1/2019: 15%)

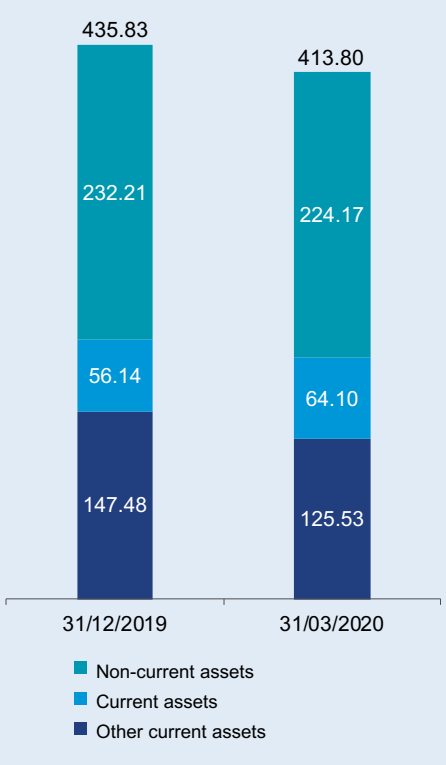
Cash flow analysis (in €m)

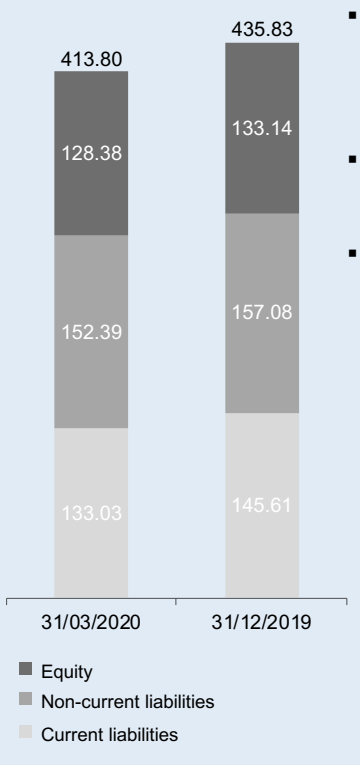
- **Financing structure** remains solid. Credit facilities not yet drawn of €51.58m (31/12/2019: €52.84m). Net cash of €-52.17m (31/12.2019: €-58.80m)
- Increase in **cash** to €64.10m due to working capital effects (31/12/2019: €56.14m)
- Year-on-year increase in **operating cash flow** to €15.20m (Q1/2019: €11.69m) due to decline in working capital with effect on cash
- **Cash flow from financing activities** influenced by low net borrowing of €1.25m (Q1/2019: net redemption of €9.32m).
- **Cash flow from investing activities** mainly shaped by cash outflows of €5.97m from the acquisition of in-GmbH

*Financial liabilities include liabilities to banks

Balance sheet (in €m)

- Decrease in **balance sheet total** of €22.03m mainly due to decline in customer receivables
- €8.04m decrease in **non-current assets** due to depreciation of right-of-use assets acc. to IFRS 16. Non-current assets account for 54% of balance sheet total (31/12/2019: 53%)
- **Cash and cash equivalents** up 14% as a result of closing-date effects
- Decrease in **other current assets** of €21.95m mainly due to decline in trade receivables





- Currency-adjusted increase in **equity** of €2.28m from net income. Equity ratio of 31%, or 35% adjusted for IFRS 16 effects. Both ratios at prior-year level
- Decrease in **non-current liabilities** results from fall in lease liabilities acc. to IFRS 16 of €4.69m
- €12.58m decline in **current liabilities** mainly attributable to €9.36m decrease in contract liabilities due to closing-date effects, as well as €2.93m reduction in trade payables

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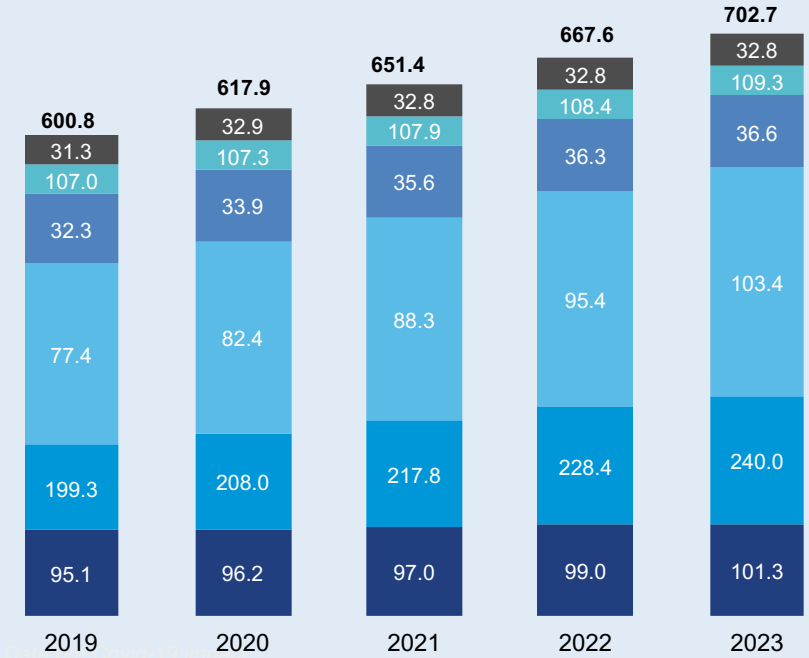
4. **Outlook**

Banking and Securities IT Spending Forecast



	CAGR 2019-2023
Data Center Systems	2.0%
Devices	0.3%
Telecom Services	1.0%
IT Services	**6.0%**
Software	10.5%
Internal Services	1.8%
	3.2% Total

Data pre Covid-19 impact

In Billions of U.S. Dollars / constant currency

Source: Gartner December 2019

What is next for GFT in 2020?

Favourable market trends for digital transformation in target sectors are unchanged

GFT in the right place to seize the thriving opportunities

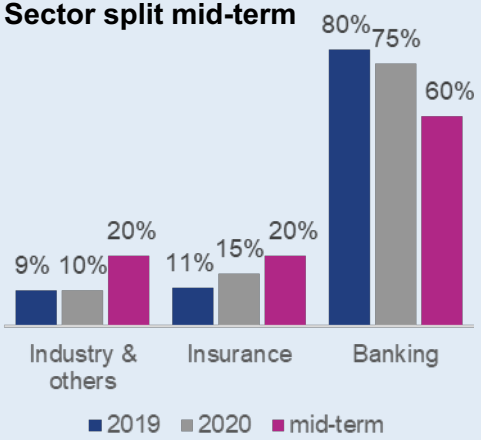
- Dynamic growth with ex top-2 clients of 22% as planned before Covid-19 crisis, growth will be reduced due to pandemic
- Leveraging momentum in Guidewire market
- Increasing penetration of Industry sector
- Expansion in Asia via technology and sector expertise
- Cloud as a key driver across many opportunities

Market growth forecast 2020

IT budgets for
- Financial institutions: +5.2%*
- Cloud business: +17%*
- Guidewire revenue: +6%**

*Pre Covid-19 impact * Gartner ** Guidewire*

Sector split mid-term



Pre Covid-19 impact

Outlook FY 2020

GENERAL	▪ Strong start to Q1 ▪ Minor impact of Covid-19 pandemic so far ▪ Provision of services to clients remains intact ▪ Digitisation trend continuing – dynamic development of cloud applications expected ▪ Broad international client base as stabilising factor
REVENUE	▪ Momentum of sector and client diversification unchanged, whereby industry sector more exposed to impact of Covid-19 ▪ Revenue growth without top-2 clients of 22% planned prior to Covid-19 crisis. Anticipated decline in revenue from top-2 clients* of around 33%. ▪ Growth likely to be temporarily slowed by pandemic
EARNINGS	▪ Focus on growth requires further high expenses for sales and expansion of technological expertise ▪ Further expenses for capacity adjustments expected ▪ Due to uncertainties caused by Covid-19 pandemic, reliable earnings forecast not currently possible

*GFT's top 2 clients are defined as Deutsche Bank and Barclays

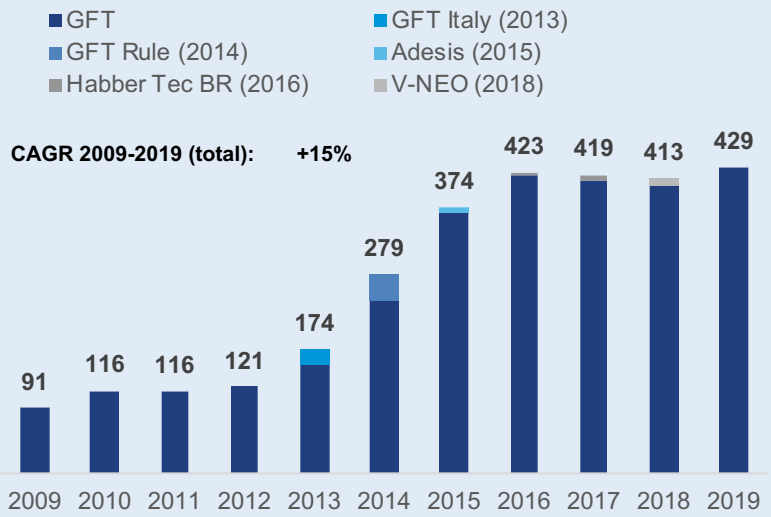
Backup

Split of operative and M&A Effects

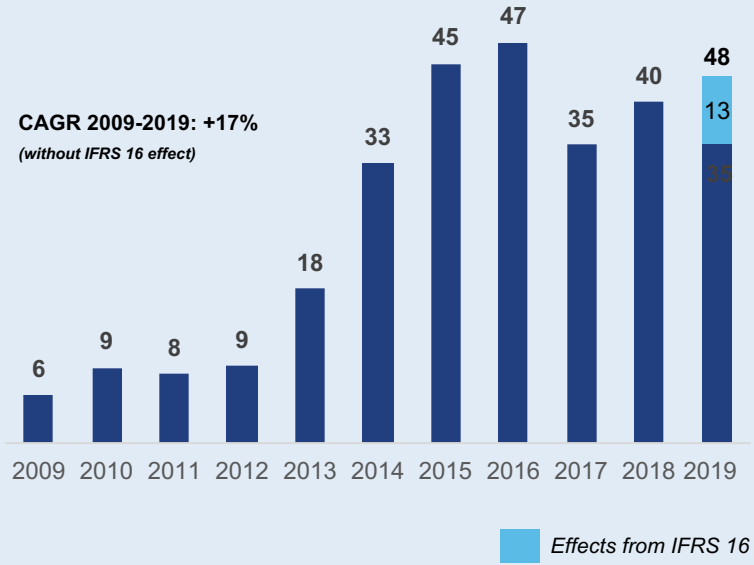
in €m	Q1/2020				Q1/2019	
	GFT stand alone	AXOOM	in-GmbH	GFT Total	GFT stand alone	GFT Total
EBITDA adjusted	**9.78**	**0.00**	**0.61**	**10.39**	**11.16**	**11.16**
M&A earn-out & retention	-0.67	0.00	-0.30	-0.97	-0.83	-0.83
M&A consult & integrate	0.00	0.00	-0.02	-0.02	0.00	0.00
M&A amortisation orderbook	-0.13	0.00	-0.01	-0.14	-0.05	-0.05
EBITDA	**8.98**	**0.00**	**0.28**	**9.26**	**10.28**	**10.28**
Depreciation & amortisation	-3.95	-0.06	-0.01	-4.02	-5.29	-5.29
M&A amortisation	-1.51	-0.01	-0.11	-1.63	-1.12	-1.12
EBIT	**3.52**	**-0.07**	**0.16**	**3.61**	**3.87**	**3.87**
Interest	-0.59	0.00	0.00	-0.59	-0.69	-0.69
M&A interest	0.00	0.00	0.00	0.00	0.00	0.00
EBT	**2.93**	**-0.07**	**0.16**	**3.02**	**3.18**	**3.18**
Income taxes	-0.69	0.00	-0.05	-0.74	-0.47	-0.47
Net income	**2.24**	**-0.07**	**0.11**	**2.28**	**2.71**	**2.71**
Net income adjusted	**3.97**	**-0.06**	**0.42**	**4.33**	**4.55**	**4.55**
Shares outstanding (m.)	26.33	26.33	26.33	26.33	26.33	26.33
EPS basic (€)	0.08	0.00	0.01	0.09	0.10	0.10
EPS adjusted (€)	0.15	0.00	0.01	0.16	0.17	0.17

Revenue and EBITDA development

Revenue in €m



EBITDA adjusted in €m



Peer group (limited comparability – not focused on financial sector)

Company	LC	Price	MC	P / E		EV / EBITDA	
				20e	21e	20e	21e
European IT Services							
Capgemini SE	EUR	84.62	14,338.8	13.6x	11.7x	6.9x	6.1x
Devoteam SA	EUR	64.60	538.3	22.4x	13.4x	7.5x	5.7x
First Derivatives plc	GBP	25.95	709.3	35.7x	30.9x	18.4x	16.4x
Indra Sistemas, S.A. Class A	EUR	6.86	1,211.0	12.0x	8.7x	6.5x	5.5x
Reply S.p.A.	EUR	70.05	2,654.3	25.0x	21.2x	13.5x	11.9x
Global IT Services							
Accenture Plc Class A	USD	193.50	123,264.7	25.3x	23.9x	15.6x	15.2x
Cognizant Technology Solutions Corporation Class A	USD	51.74	27,969.6	15.2x	13.3x	9.9x	8.6x
EPAM Systems, Inc.	USD	223.86	12,455.4	40.5x	31.7x	26.6x	20.8x
DXC Technology Co.	USD	15.85	4,021.5	3.3x	2.9x	4.3x	4.6x
Luxoft Holding, Inc. Class A	USD	-	-	-	-	-	-
Indian IT Services							
HCL Technologies Limited	INR	530.45	1,439,463.6	13.1x	11.7x	-	-
Infosys Limited	INR	688.65	2,932,955.5	18.2x	16.2x	12.5x	11.2x
Tata Consultancy Services Limited	INR	2,009.00	7,538,541.0	23.8x	21.2x	17.4x	15.6x
Wipro Limited	INR	187.90	1,073,554.1	12.1x	11.1x	7.5x	7.0x
Average (all)				20.0x	16.8x	12.2x	10.7x
Median (all)				18.2x	13.4x	11.2x	9.9x
GFT Technologies SE	**EUR**	**8.45**	**222.5**	**20.5x**	**14.3x**	**8.1x**	**6.8x**

Factset as of 22 May 2020

Shaping the future of digital business

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