

# Guidance Update 2017

**GFT Technologies SE**

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# Management Summary

- Continued cost-containment programmes of two major investment banking customers in the UK and North America result in cancellations and reduction in spend for projects previously anticipated in our pipeline
- Robust business model: stable margins - despite top line reduction
- Dynamic growth with digitalisation: revenues for all other customers are expected to increase above plan
- Reduced customer concentration risk
- Top line reduction from this two major customers in investment banking can not be fully compensated
- **Turnover and earnings forecast for the 2017 financial year has to be lowered**
- **Medium-term guidance will be achieved in 2022 (previously 2020)**

# Guidance 2017

**Revenue: € 425m**

(prev.: € 450m)

- **€ 37m less revenue** than planned with **Top-2 investment banking customers** Deutsche Bank and Barclays: -23% yoy
- Dynamic **growth with all other customers** (incl. Deutsche Bank Retail Banking): +13% yoy
- Overall **stable revenue development**: + 1% yoy (2016: € 423m)

**EBITDA: € 42.0m**

(prev.: € 48.5m)

- Margins from projects in line with initial guidance, but **missing contributions from lower revenues**
- **Weaker utilisation** in Anglo-Saxon markets (unchanged to prev. € -1.1m)
- Ongoing pressure leads to **higher restructuring costs : € -1.8m** (prev. € -1.0m)
- **New social security regulations in Brazil** as of H2 2017 burdens results with **€ -1.5m** (full year effect starting 2018 € -3.0m)
- **Negative FX translation effects** from operations in UK and Brazil as of May **€ -1.7m** (prev. € 0m)

**EBT: € 26m**

(prev.: € 35m)

- **Depreciation** expected higher at **€ -6.5m** (prev. € -6.0m)
- **Impairment of “non-contractual customer relationship”** leading to a one-time effect of **€ -2.0m**

# Revenues by client groups (in €m)

- in €m -	Actuals 2016	Guidance (old) 2017	Guidance (new) 2017	Guidance new vs old [€m]	Guidance new vs old [%]	Guidance new vs Actuals 2016 [m€]	Guidance new vs Actuals 2016 [%]
<b>Investment Banking (IB)</b>	<b>204</b>	<b>210</b>	<b>180</b>	<b>-30</b>	<b>-14%</b>	<b>-24</b>	<b>-12%</b>
Top 2 clients	158	163	126	-37	-23%	-32	-20%
Other clients	46	47	54	7	15%	8	17%
<b>Retail Banking (RB)</b>	<b>216</b>	<b>237</b>	<b>243</b>	<b>6</b>	<b>3%</b>	<b>27</b>	<b>13%</b>
Top 2 clients	59	58	69	11	19%	10	17%
Other clients	157	179	174	-5	-3%	17	11%
<b>Others</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>-1</b>	<b>-33%</b>	<b>-1</b>	<b>-24%</b>
<b>Total revenue</b>	<b>423</b>	<b>450</b>	<b>425</b>	<b>-25</b>	<b>-6%</b>	<b>2</b>	<b>1%</b>
Top 2 clients	217	221	195	-26	-12%	-22	-10%
Other clients	206	229	230	1	0%	24	12%
<b>GFT w/o top 2 clients IB</b>	<b>265</b>	<b>287</b>	<b>299</b>	<b>12</b>	<b>4%</b>	<b>34</b>	<b>13%</b>

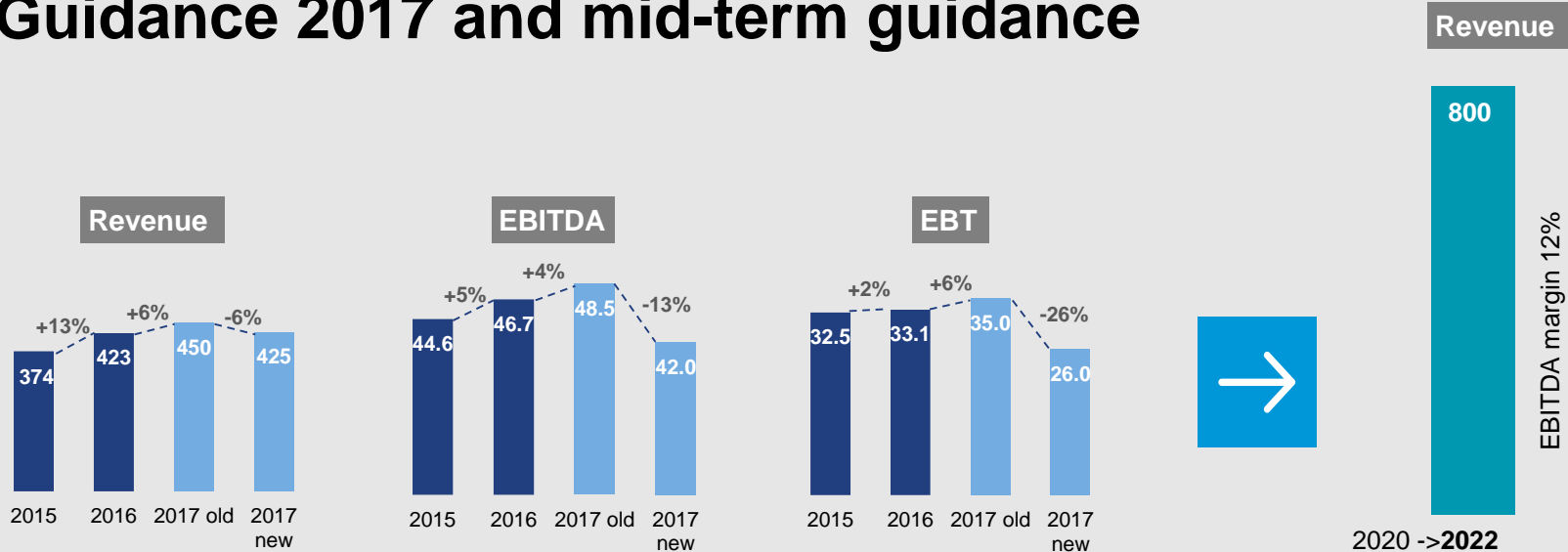
# Revenues per segment (in €m)

- in €m -	Actuals 2016	Guidance (old) 2017	Guidance (new) 2017	Guidance new vs old [€m]	Guidance new vs old [%]	Guidance new vs Actuals 2016 [m€]	Guidance new vs Actuals 2016 [%]
Americas & UK	219	239	204	-35	-15%	-15	-7%
Continental Europe	201	208	219	11	5%	18	9%
Others	3	3	2	-1	-33%	-1	-24%
<b>GFT</b>	<b>423</b>	<b>450</b>	<b>425</b>	<b>-25</b>	<b>-6%</b>	<b>2</b>	<b>1%</b>

# Operating profit and M&A effects (in k€)

- in k€ -	2015	2016	Guidance (old) 2017	Guidance (new) 2017
<b>Operating Profit</b>	<b>45,486</b>	<b>46,780</b>	<b>50,500</b>	<b>44,800</b>
Restructure	0	0	-1,000	-1,800
Earn-Out accruals	0	0	-1,000	-1,000
PPA orderbook	-931	-69	0	0
<b>EBITDA</b>	<b>44,555</b>	<b>46,711</b>	<b>48,500</b>	<b>42,000</b>
Depreciation	-5,154	-6,252	-6,000	-6,500
PPA amortization	-5,174	-5,665	-5,500	-5,500
PPA impairment	0	0	0	-2,000
<b>EBIT</b>	<b>34,227</b>	<b>34,794</b>	<b>37,000</b>	<b>28,000</b>
Interest	-1,703	-1,746	-2,000	-2,000
<b>EBT</b>	<b>32,524</b>	<b>33,048</b>	<b>35,000</b>	<b>26,000</b>

# Guidance 2017 and mid-term guidance



- Cost-containment programmes of the two major customers in investment banking will extend into 2018
- Revenue with these two financial institutions may not pick up again until 2019
- Mid-term guidance has to be adjusted: revenue of € 800m can only be achieved in the year 2022 (prev. 2020)
- Guidance still triggered by continuous organic growth up to € 650m and acquisitions contributing € 150m
- EBITDA margin goal of 12% when achieving € 800m remains unchanged

# Shaping the future of digital business

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