

# Investor Presentation

GFT Technologies SE | May 2021

# Agenda

01. GFT at a glance
02. GFT growth path
03. Financial results Q1/2021
04. Outlook FY 2021e

01.

# GFT at a glance

We believe in a **digital world**  
where using **IT** smartly  
is a **key driver of success.**

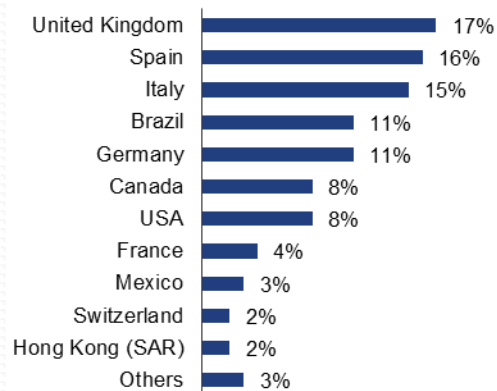
With GFT, technology delivers **clear**  
**business value**, empowering clients  
to be **leaders** in their markets.

# GFT at a glance

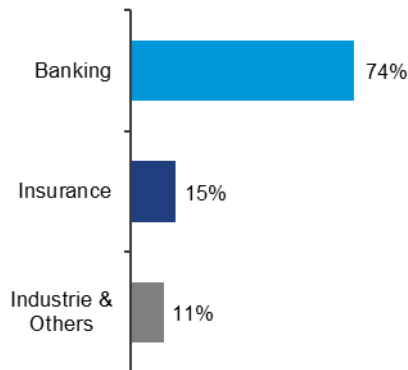


<b>GLOBAL WORKFORCE Q1/2021</b> <b>6,225</b> FTE	<b>REVENUE FY 2021e</b> <b>€ 520</b> million	<b>Adj. EBITDA FY 2021e</b> <b>€ 56</b> million
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REVENUE BY MARKET Q1/2021



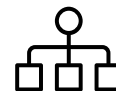
REVENUE BY SECTOR Q1/2021



CONSULTING



DIGITAL SOLUTIONS



APPLICATION MANAGEMENT

# Investment case



## Unique technology and sector expertise

- Longstanding expertise in digital transformation for financial institutions
- Strong focus on growth-potential technologies: AI, Cloud, Blockchain, Data Analytics, DevOps
- Partnerships with market leaders: AWS, Google, Guidewire, Thought Machine
- Technology-driven diversification into IoT
- Proven client-focused onshore/ nearshore staffing model



## Strong demand for digital transformation

- Digital transformation is a megatrend
- Cloud business to grow dynamically
- Rising IT budgets to innovate banking
- On-going industrial automation



## Highly attractive sales and earnings potential

- Accelerated growth due to underlying organic growth potential > 15 %\*
- Profit margins expected to improve considerably
- Attractive free cash flow generation with low capex (approx. 2 % of sales)
- Shareholder-friendly dividend policy at 20-50 % of net profit



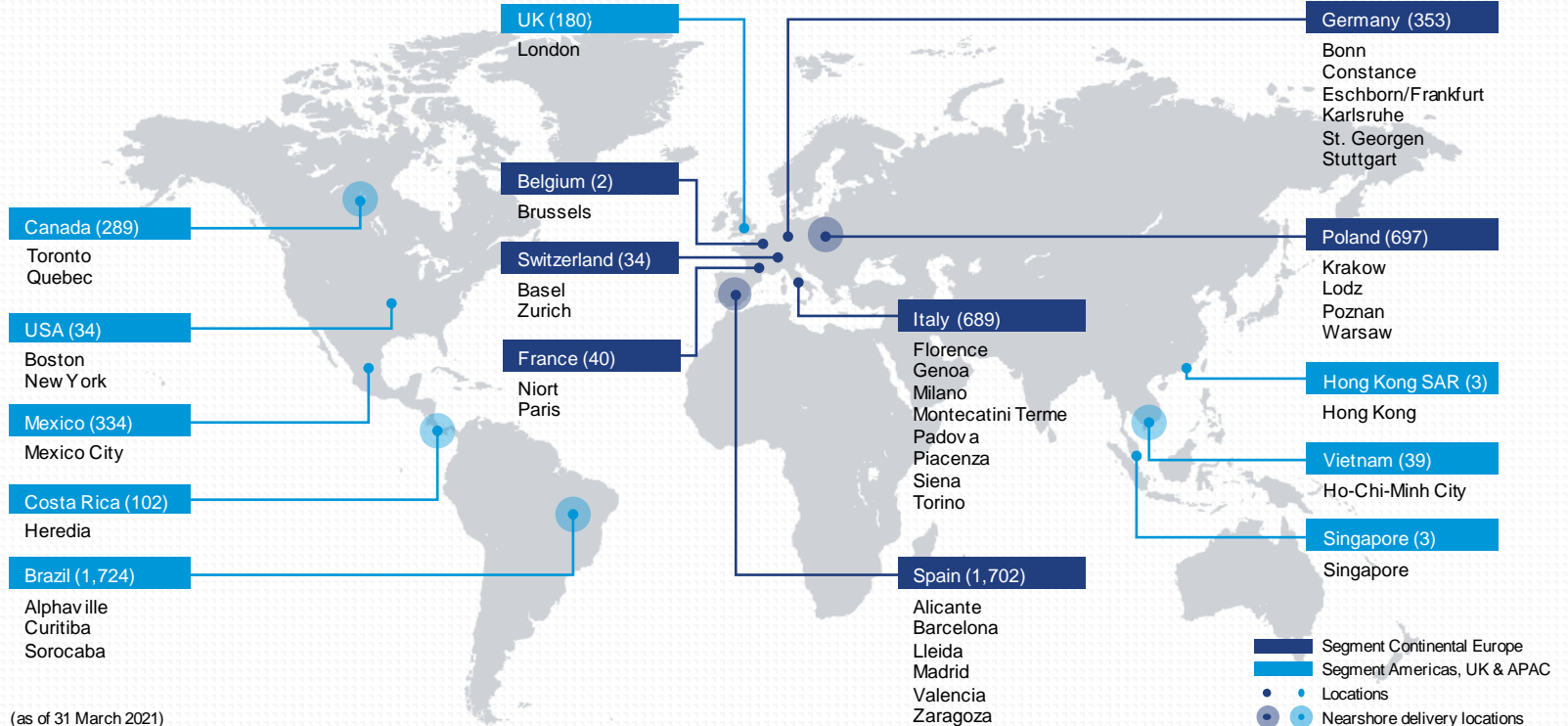
## Sustainability and commitment

- Two top executives more than ten years with GFT
- Two anchor shareholders own 36 % of shares
- Commitment to grow IT talent worldwide

\*Ex top-2

# Proven onshore-/nearshore delivery model (6,225 FTE)

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

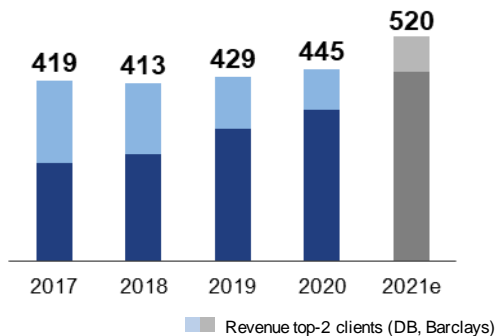


(as of 31 March 2021)

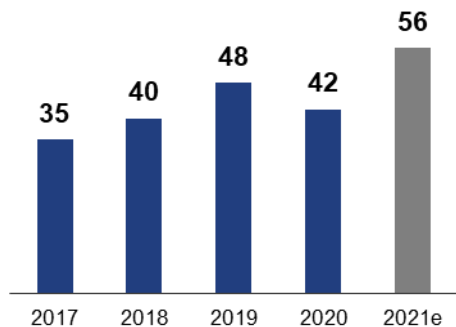
# Key figures – significant improvement



Revenue (€m)



EBITDA adjusted (€m)\*

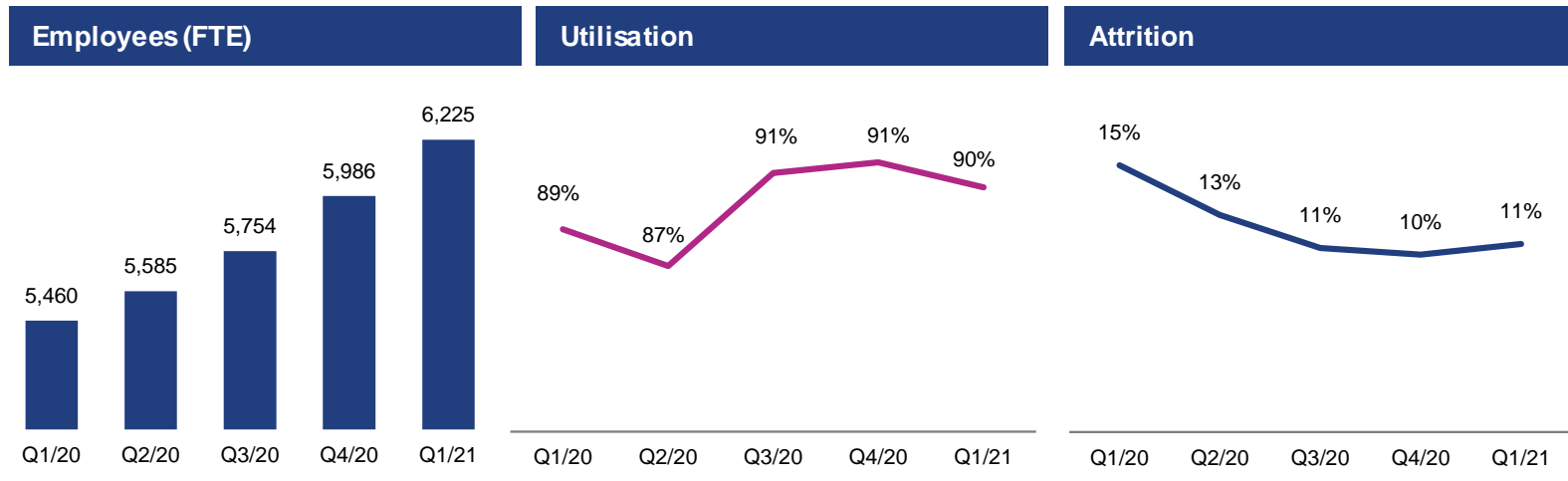


- 10-year CAGR: 17.6%
- 5-year CAGR ex top-2: 17.7%

- 10-year CAGR without IFRS 16: 20.2%
- 5-year CAGR without IFRS 16: 7.7%
- IFRS 16 effect 2021: €9m

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

# Employees – utilisation significantly above prior-year



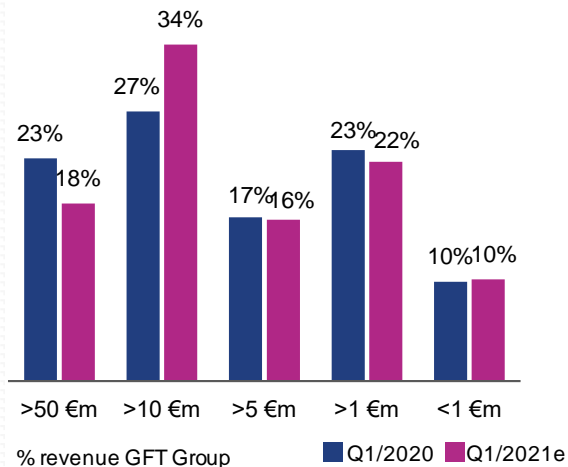
- Continuous growth in employees esp. in Brazil
- Utilisation in the first quarter at 90% above prior-year (Q1/2020: 89%)
- Attrition with slight increase, however, still below mid-term average

# Diversification improved further



## Broad client diversification

Client concentration risk further reduced

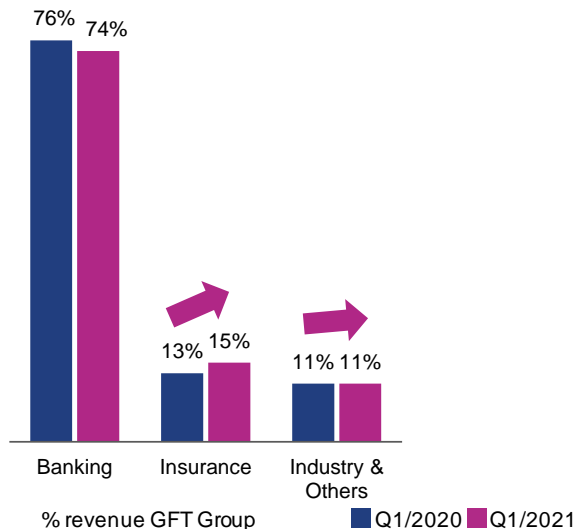


\*Annualised extrapolation based on respective first quarter

## Sector split expanded

Growth with insurance by 25%

Industry & Others increase by 14%



# 30 biggest clients Q1/2021 – seven new entries




# ESG performance 2020



## Environmental


### GHG emissions\* in tCO2e



**3,047** total  
**9.1** per million € revenue  
**0.7** per FTE

\* FY 2019, scope 1+2 acc. to GHG Protocol, market-based, coverage >80% of total workforce

## Sustainability by design



Climate change is one of the greatest challenges humanity will face in the coming decades; ICT can make a difference with **GreenCoding**.

## Social


### Grow tech talent



**18,752** trainings  
**194,731** hours of training  
**40+** tech-related external corporate volunteering initiatives supported

 Brazil: **Great Place to Work**  
 Mexico: **Best Place to Code**  
 Germany: **Best employers for women**

## GFT's female share



**24%** of total workforce  
**18%** of our IT experts (and 65% of all women at GFT work in IT professions)  
**17%** management positions  
 Ratio female:male leaders **1:1.5**

## Governance

### Professional integrity (SASB\*)


**€0.00** Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations

\* Sustainability Accounting Standards Board SV-PS-510a.2




### Tax ratio

**30%**

## Board



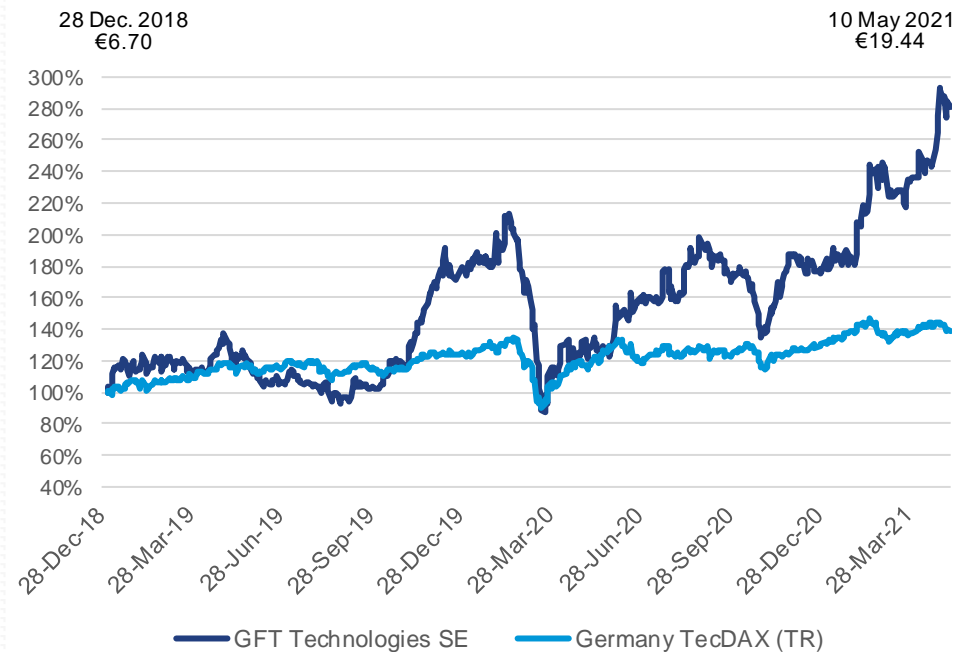
Independency: **4/7**  
 Managing Directors incentivised for CSR

**WE SUPPORT**  
  
 ISO 27001 (certified for a dedicated client)  
 CMMI L3 certified

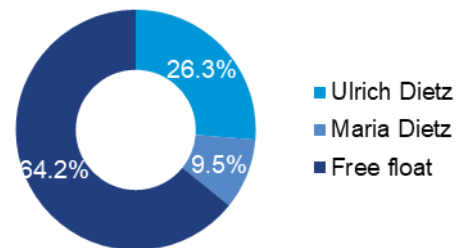
# GFT share and shareholder structure



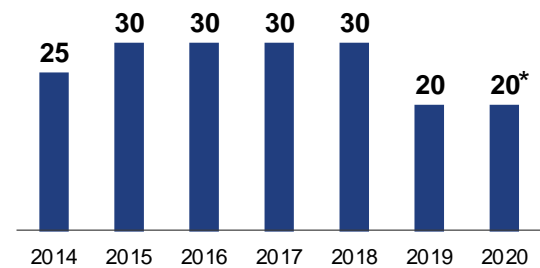
## GFT share indexed



## Shareholder structure



## Dividend per share in Cent (for FY)



\*proposed



02.

# GFT growth path

# Digital business areas of GFT



SUN DECK

5% INNOVATION

TWEEN DECK

45% INNOVATION

25% MATURE TECH

ENGINE ROOM

25% APPLICATION  
MANAGEMENT

# Banking growth momentum



## Capitalising on strong demand for cloud services

- Strategic investments in cloud partnerships
- Digital banking on new core banking platforms (smart contracts)



## Recognitions

- Star Performer for Open Banking IT Services
  - › Highlighted in Everest Group PEAK Matrix® Assessment 2020
- IT Industry Awards Services Company of the Year, UK
  - › Awarded by British Computer Society & Computing Magazine



## Proofpoints

- Built fully virtual new bank MOX (Hong Kong), using AWS cloud infrastructure and next-generation core banking system from Thought Machine
- Over 900 cloud engineers and deep expertise with disruptive features
  - › Google award in 2020 'Breakthrough Partner of the year 2019'

## GFT's Banking growth

**+8.2%**

FY2020, ex top-2 clients

## Outlook for growth in Banking IT for Solutions

**+10.0%**

Source: Gartner December 2020

## Predicted growth in Banking IT for Services

**+5.5%**

Source: Gartner December 2020

# Insurance growth momentum



## Increasing traction with Guidewire

- Capitalising on strong business demand, Insurances reinvent themselves
- GFT's IDE Solution is Cloud-based and uses Big Data and AI algorithms to evaluate and calculate non-visible damage costs on cars



## Recognitions

- Major Contender and Star Performer
  - › Awarded in PEAK Matrix® Assessment by Everest Group
- Innovation Award won by Guidewire for Aviva Italy



## Proofpoints

- First European full suite Guidewire implementation on cloud for La Macif
- Opportunities with Guidewire implementation projects for P&C in North America and Europe

## GFT's Insurance growth

**+23.4%**

FY2020

## Outlook for growth in Insurance IT for Solutions

**+13.0%**

Source: Gartner December 2020

## Predicted growth in Insurance IT for Services

**+3.9%**

Source: Gartner December 2020

# Industry growth momentum



## Addressing IoT market with complete offering

- GFT's Sphinx Open IoT platform for Digital Twins in combination with strong AI competencies matches market demand
- High interest in multi- and hybrid-cloud strategies for Industry applications
- GFT expands business development in EMEA and the Americas



## Recognitions

- Invited by Google to jointly present at Hannover Messe on Industry solutions
- Offering gained international quality standard DIN EN ISO 9001



## Proofpoints

- Predictive maintenance for US oil rig project
- AI and connectivity solutions for big American OEM

## GFT's Industry & Others growth

**+35.3%**

FY2020

## Global IoT market growth

**+17.1%**

Source: Valuates Reports, 2020

# Growth technologies at GFT – selected projects & data



## Virtual Bank & Cloud

- MOX: fully virtual Hong Kong bank using AWS cloud infrastructure and core banking
- Partnerships with three major providers of next generation core banking solutions: Thought Machine, Mambu, Vodeno



## Cloud Migration

- GFT achieved as one of few Googles Mainframe Modernization Expertise status
- Optimized mainframes increase efficiency while providing more choices and agility



## IoT & Cloud

- High sensibility for multi cloud and hybrid cloud strategies
- GFT's cloud agnostic approach and years of experience in combination of edge, on premises and cloud strategies meet market needs directly
- Partnership with T-Systems to combine GFT's solution with 5G networks, edge computing and cloud

## Estimated global cloud market growth

**+18.4%**

Source: Gartner, November 2020

## Global IoT market growth

**+17.1%**

Source: Valuates Reports, 2020

03.

# Financial results Q1/2021

# Very good start into 2021

## Outlook significantly upgraded on 26 April

- Increased demand for digitisation solutions
- Revenue rose significantly and strong orders received indicate higher growth trend
- Efficiency measures show effect
- Utilisation significantly above prior-year
- EBT more than doubled
- Operating cashflow und cash position remain on high level
- Number of employees with further increase – Brazil as biggest country

## Key figures – revenue growth, strong rise in earnings



in €m	Q1/2021	Q1/2020	Δ%
Revenue	123.92	112.48	10%
Order backlog	231.28	196.29	18%
EBITDA adjusted*	13.55	10.39	30%
EBITDA	12.90	9.26	39%
EBIT	7.37	3.61	>100%
EBT	7.01	3.02	>100%
Net income	5.16	2.28	>100%
Earnings per share (in €)	0.20	0.09	>100%
Earnings per share adjusted (in €)*	0.26	0.16	57%
Employees (in FTE)	6,225	5,460	14%

\*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects

- **Revenue** growth by 10%
- **Order backlog** significantly above prior-year
- Strong increase in **EBITDA adjusted** by 30%
  - Utilisation returned to normal (Q1/2020: €-0.70m)
  - Restructuring measures amounted to €-0.97m (Q1/2020: €-0.40m)
  - FX effects of €-0.17m (Q1/2020: €-0.10m)
- **EBT** more than doubled
- **EBT-margin** rose to 5.7% (Q1/2020: 2.7%)
- Tax ratio slightly above prior-year 26.4% (Q1/2020: 24.4%)

## Revenue by segment (I)



in €m	Revenue		Growth rates			
	Q1/2021	Q1/2020	Organic	M&A	FX	Total
Americas, UK & APAC	63.45	52.50	31%	n/a	-10%	21%
Continental Europe	60.44	59.90	1%	n/a	0%	1%
Others	0.03	0.08	n/a	n/a	n/a	n/a
<b>GFT Group</b>	<b>123.92</b>	<b>112.48</b>	<b>16%</b>	<b>n/a</b>	<b>-6%</b>	<b>10%</b>

- **Americas, UK & APAC:** unbroken growth trend despite currency headwinds, dynamics esp. in Canada, APAC and Brazil
- **Continental Europe:** moderate revenue increase. Good development in Italy and Germany compensated decrease with top-2 clients

## Revenue by segment (II)



in €m		Revenue		Δ%
		Q1/2021	Q1/2020	Q1/2021 vs. Q1/2020
Americas, UK & APAC	Top-2 clients	10.17	11.57	-12%
	Other clients	53.28	40.93	30%
	Total	63.45	52.50	21%
Continental Europe	Top-2 clients	12.16	13.98	-13%
	Other clients	48.28	45.92	5%
	Total	60.44	59.90	1%
<b>GFT Group*</b>	<b>Top-2 clients</b>	<b>22.33</b>	<b>25.54</b>	<b>-13%</b>
	<b>Other clients</b>	<b>101.56</b>	<b>86.85</b>	<b>17%</b>
	<b>Total</b>	<b>123.89</b>	<b>112.40</b>	<b>10%</b>

\* w/o segment „Others“

- **Client concentration decreased further:** revenue share with top-2 clients at 18% (Q1/2020: 23%)
- **Revenue top-2 clients:** decrease in UK (Americas, UK & APAC) and esp. in Spain (Continental Europe)
- Growth trend with **other clients** remains dynamic

# Earnings by segment

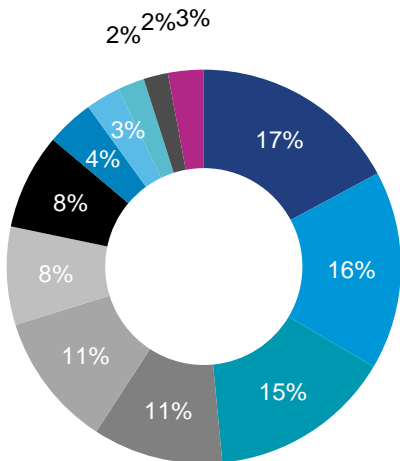


in €m	EBITDA adjusted*			EBITDA			EBT		
	Q1/2021	Q1/2020	Δ%	Q1/2021	Q1/2020	Δ%	Q1/2021	Q1/2020	Δ%
Americas, UK & APAC	6.93	4.37	59%	6.28	3.57	76%	4.17	1.07	>100%
Continental Europe	7.09	5.60	27%	7.09	5.27	35%	3.65	1.93	90%
Others	-0.47	0.42	< -100%	-0.47	0.42	< -100%	-0.81	0.02	< -100%
<b>GFT Group</b>	<b>13.55</b>	<b>10.39</b>	<b>30%</b>	<b>12.90</b>	<b>9.26</b>	<b>39%</b>	<b>7.01</b>	<b>3.02</b>	<b>&gt;100%</b>

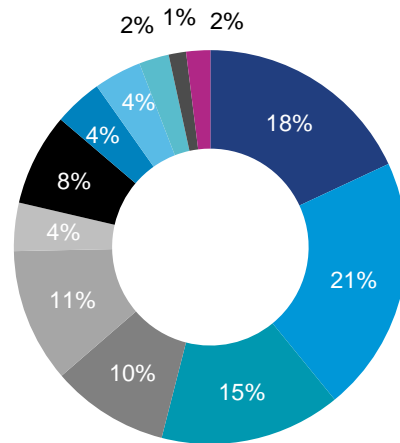
- **Americas, UK & APAC:** revenue increase led to higher earnings contribution and utilisation, strong margin improvement
- **Continental Europe:** significant margin improvement due to efficiency enhancements, further restructuring costs esp. in Spain

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

# Revenue by markets



Q1/2021		Δ%	Q1/2020
21.04	UK	3%	20.52
20.05	Spain	-16%	23.90
18.41	Italy	9%	16.92
14.35	Brazil	31%	10.99
13.54	Germany	8%	12.50
9.88	Canada	>100%	4.50
9.65	USA	12%	8.62
4.78	France	6%	4.53
3.47	Mexico	-22%	4.45
2.71	Switzerland	61%	1.68
2.45	Hong Kong (SAR)	51%	1.62
3.59	Other countries	60%	2.25
123.92	Total	10%	112.48



# P&L – revenue growth, strong rise in earnings

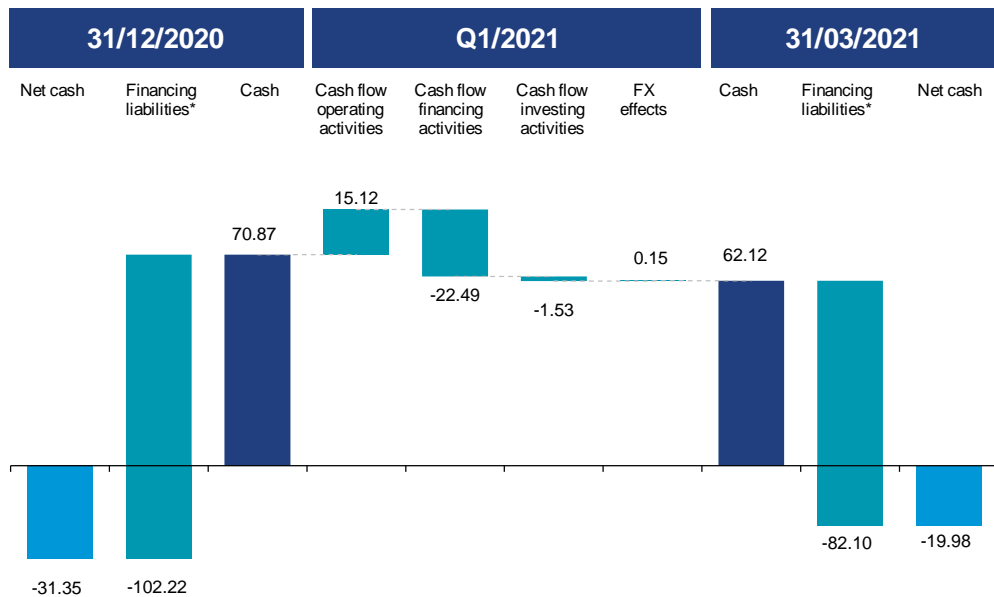


in €m	Q1/2021	Q1/2020	Δ%
<b>Revenue</b>	<b>123.92</b>	<b>112.48</b>	<b>10%</b>
Other operating income	2.54	4.27	-40%
Cost of purchased services	-15.93	-11.97	33%
Personnel expenses	-87.30	-81.52	7%
Other operating expenses*	-10.33	-14.00	-27%
<b>EBITDA</b>	<b>12.90</b>	<b>9.26</b>	<b>40%</b>
Depreciation and amortisation	-5.53	-5.65	-2%
<b>EBIT</b>	<b>7.37</b>	<b>3.61</b>	<b>&gt;100%</b>
Interest income/expenses	-0.36	-0.59	-39%
<b>EBT</b>	<b>7.01</b>	<b>3.02</b>	<b>&gt;100%</b>
Income taxes	-1.85	-0.74	>100%
<b>Net income</b>	<b>5.16</b>	<b>2.28</b>	<b>&gt;100%</b>
Earnings per share (in €)	0.20	0.09	>100%

\*incl. results of investments accounted for using the equity method

- **Revenue** increased significantly due to higher demand for digitisation solutions
- Decrease in **other operating income** mainly characterised by lower foreign exchange gains
- Ratio **cost of purchased services** to revenue with 13% above prior-year (Q1/2020: 11%)
- Increase **personnel expenses** caused by higher average headcount. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue with 83% on par with last year
- Reduced **other operating expenses** primarily due to lower travel costs
- Increase of **income taxes** as a result of higher EBT. Effective tax ratio at 26% (Q1/2020: 24%)

# Cash flow analysis (€m) – OCF on a high level



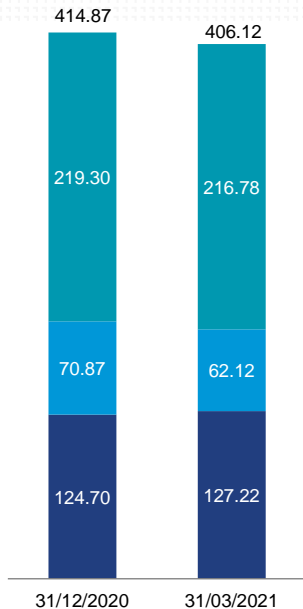
- **Solid financing structure**  
Unused credit facilities of €54.01m (31/12/2020: €56.10m). Improved net cash €-19.98m (31/12/2020: €-31.35m)
- Decrease in **group cash** to €62.12m (31/12/2020: €70.87m) after loan redemption
- **Operating cash flow** high level maintained with €15.12m (Q1/2020: €15.20m)
- **Cash flow from financing activities** influenced by net redemption of loans amounting to €20.07m (Q1/2020: net borrowing €1.25m)
- **Cash flow from investing activities** esp. characterised by investments in property, plant and equipment €1.53m (Q1/2020: €1.36m)

\*Financing liabilities include liabilities to banks

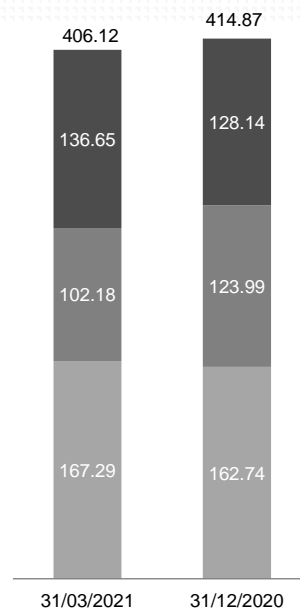
# Balance sheet (€m) – equity ratio increased



- Reduction of **balance sheet total** by 2% or €8.75m mainly due to redemption of long-term loans
- Decrease in **non-current assets** by €2.52m primarily driven by scheduled depreciation. Non-current assets unchanged at 53% of balance sheet total
- Decline in **cash and cash equivalents** by €8.75m or 12% to €62.12m following redemption of bank loans
- Increase of **other current assets** by €2.52m to €127.22m esp. due to higher receivables from contracts with clients



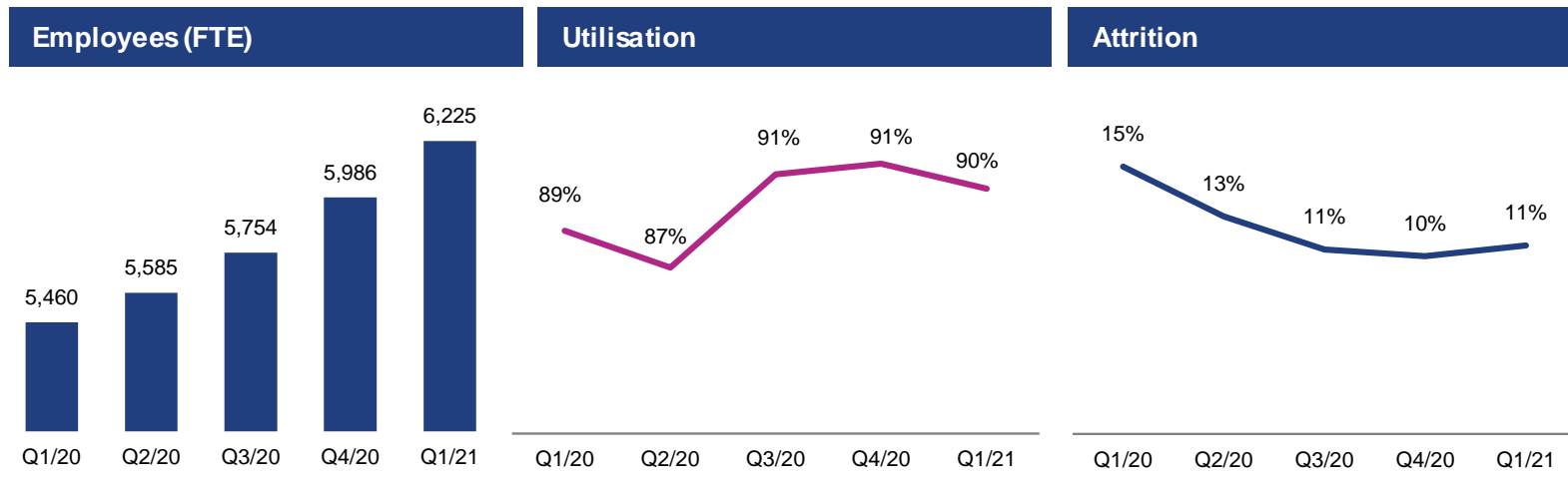
- Non-current assets
- Current assets
- Other current assets



- Equity
- Non-current liabilities
- Current liabilities

- **Equity** currency-adjusted up by €5.16m due to higher net income. Equity ratio improved by 3 percentage points to 34% (Q1/2020: 31%)
- Decline of **non-current liabilities** by €21.81m to €102.18m following redemption of bank loans. Furthermore, decrease of other financial liabilities by €2.08m resulting from reduction in lease liabilities acc. to IFRS 16
- Increase in **current liabilities** by €4.55m to €167.29m mainly driven by higher personnel related obligations as well as income tax liabilities opposed by lower contract liabilities from fixed price contracts

# Employees – utilisation significantly above prior-year



- Continuous growth in employees esp. in Brazil
- Utilisation in the first quarter at 90% above prior-year (Q1/2020: 89%)
- Attrition with slight increase, however, still below mid-term average

04.

# Outlook FY 2021e

# The way forward for 2021



## Megatrend digitisation drives growth

- High growth dynamic in Americas, UK & APAC
- Expected comeback in Continental Europe
- Banking sector sees new digital banking concepts
- **Insurance sector** with high demand in Canada, France & UK
- **Industry sector** will pick up
- Continued focus on **fast-growing technologies**
- Further reduction of **top-2 client concentration**



## Targets 2021

- » Revenue share 18% (2020: 14%)
- » Revenue share 13%\* (2020: 11%)
- » Revenue share 50% (2020: 42%)
- » Down to 16% (2020: 21%)

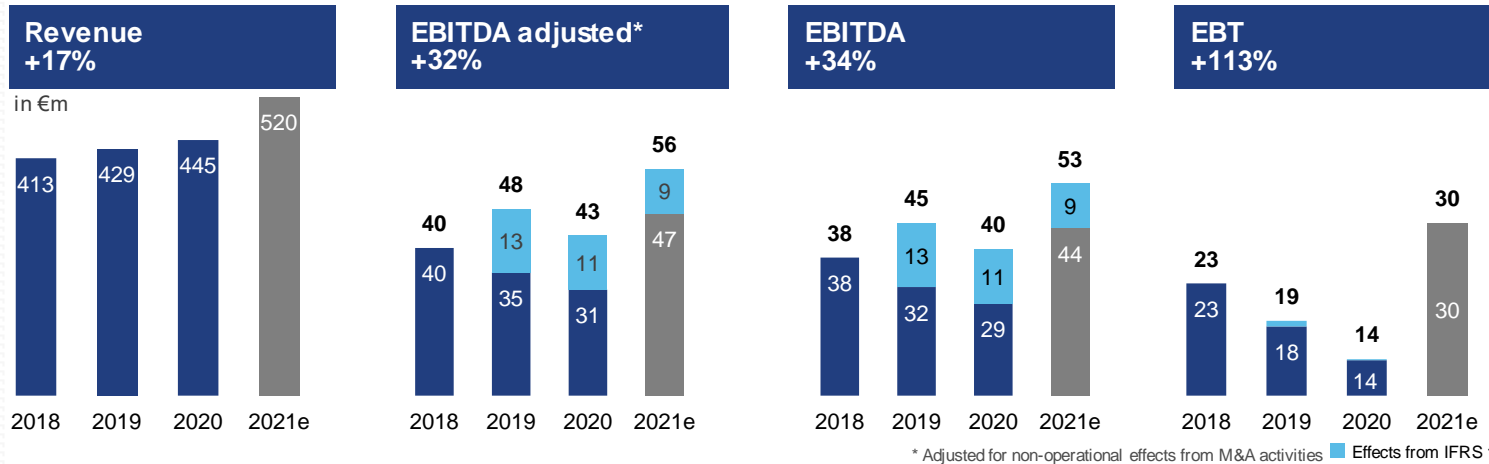


## GFT key fundamentals

- Focus on double-digit revenue growth while improving earnings yoy
- Maintain solid balance sheet and cash position
- Seize bolt-on acquisition opportunities
- Shareholder friendly dividend policy with 20-50% net profit

\*incl. Others

# Outlook 2021 – further growth, rise in earnings



- REVENUE**
- Accelerated growth through high demand for digitisation solutions
  - Sector and client diversification will be improved driven by increasing share of fast-growing technologies
- EARNINGS**
- Strong increase due to profitable revenue growth together with higher utilisation and efficiency gains from measures taken previously
  - Focus on revenue growth requires continued high spending for sales activities and technological expertise

# Backup

## Clients in 2020 – 54 new qualified clients



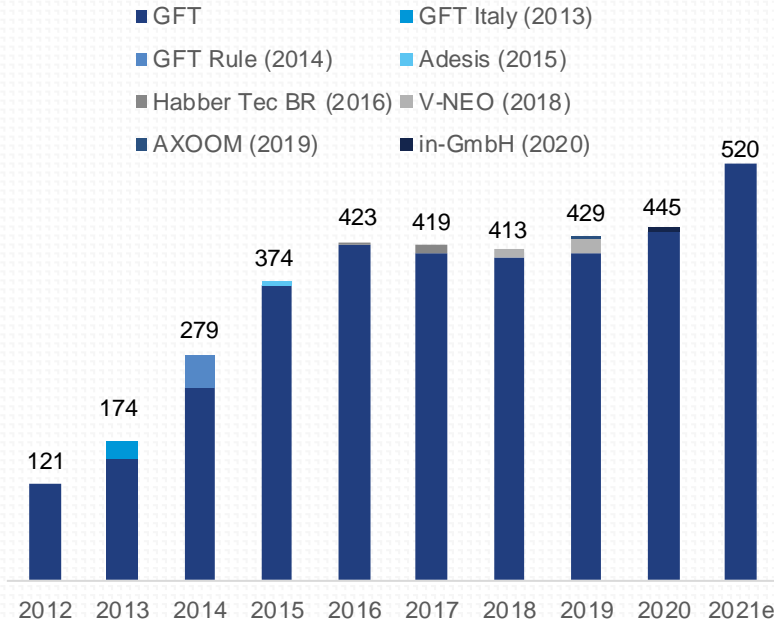
Revenue	2014	2015	2016	2017	2018	2019	2020*
< €1.0m	205	255	252	258	263	232	345
> €1.0m	20	30	38	35	48	52	45
> €5.0m	5	4	3	7	5	7	13
> €10.0m	3	5	6	5	5	7	7
<b>Total</b>	<b>233</b>	<b>294</b>	<b>299</b>	<b>305</b>	<b>321</b>	<b>298</b>	<b>410</b>

- Strong increase with clients below €1.0m annual revenue – securing ‘land & expand’ growth opportunities
- 54 new qualified clients added\*

\* New qualified clients per GFT’s definition: customers with a revenue runrate >€100k annually and w/o GFT revenues in the previous year.

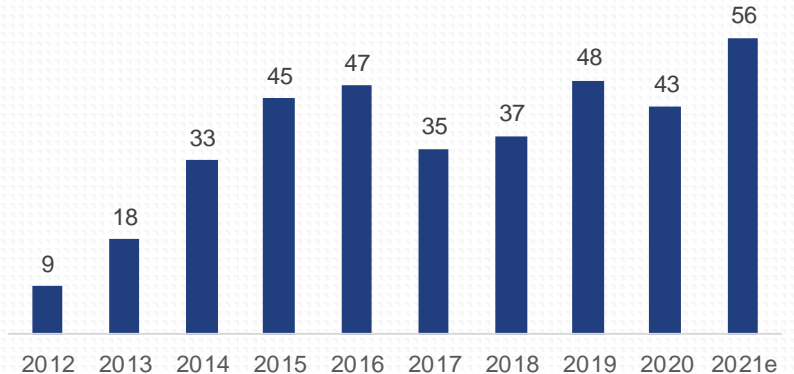
# 10-year development

**REVENUE – 10y CAGR: 17.6%**



**EBITDA adjusted – 10y CAGR w/o IFRS 16: 20.2%**

IFRS 16 effect 2021: €9m



# Shaping the future of digital business

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