

Investor Presentation

GFT Technologies SE

September 2019

Agenda

1. **GFT at a glance**
2. GFT business model
3. Financial results H1/2019
4. Outlook

Shaping the future of digital business

GLOBAL WORKFORCE

4,892
FTE

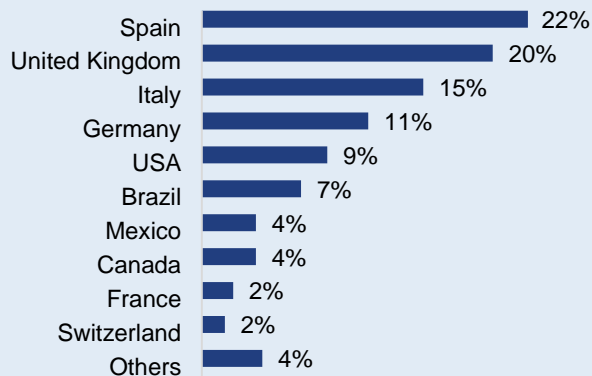
REVENUE FY 2019e

€ 420
million

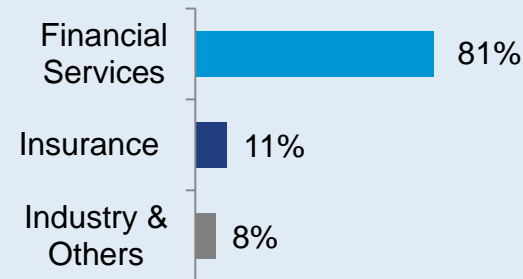
Adj. EBITDA FY 2019e*

€ 35
million

REVENUE BY COUNTRY H1/2019



REVENUE BY SECTOR H1/2019



*excl. IFRS 16 effects of approx. €13m



CONSULTING



DIGITAL
SOLUTIONS

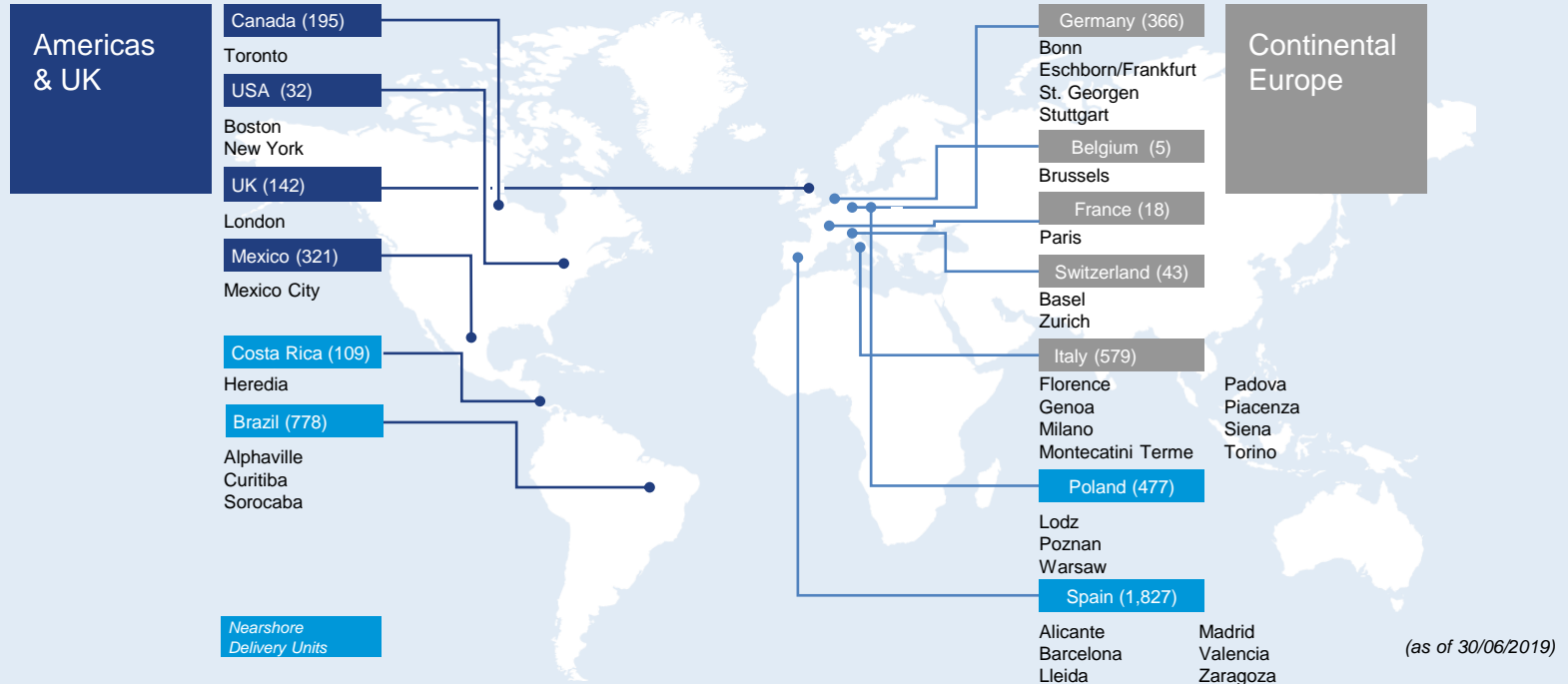


APPLICATION
MANAGEMENT &
OUTSOURCING

Proven onshore-/ nearshore delivery model (4,892 FTE)



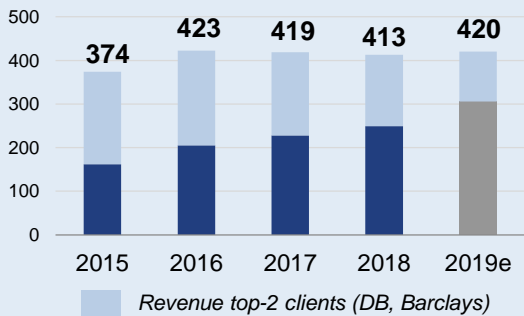
Approx. 50% of revenues generated onshore and 50% nearshore



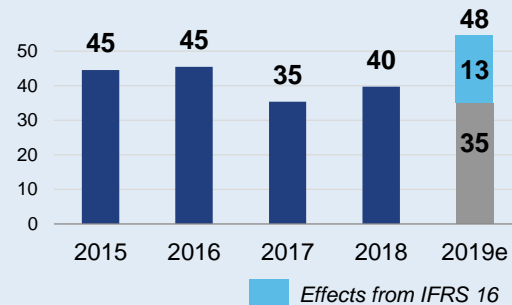
Key figures



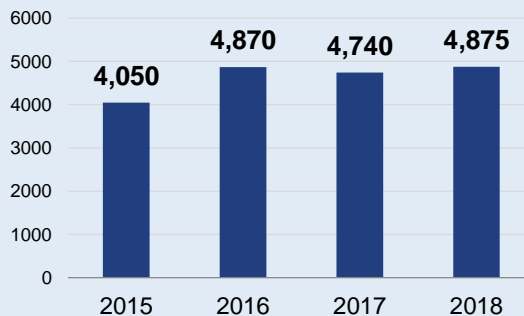
Revenue (€m)



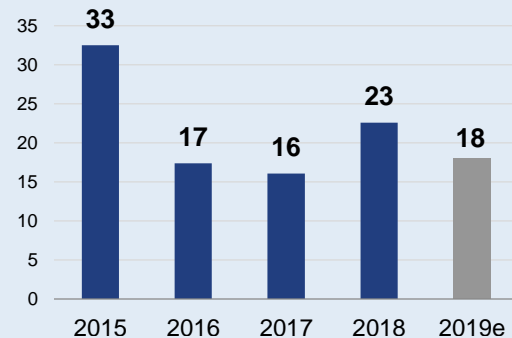
EBITDA adjusted (€m)



Employees (FTE)



EBT (€m)



30 biggest clients H1/2019 – TRUMPF as new entry



Capital Markets



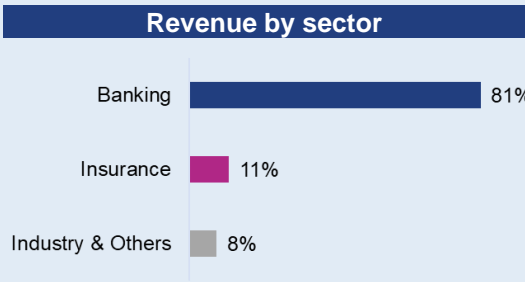
Retail Banking



Insurance



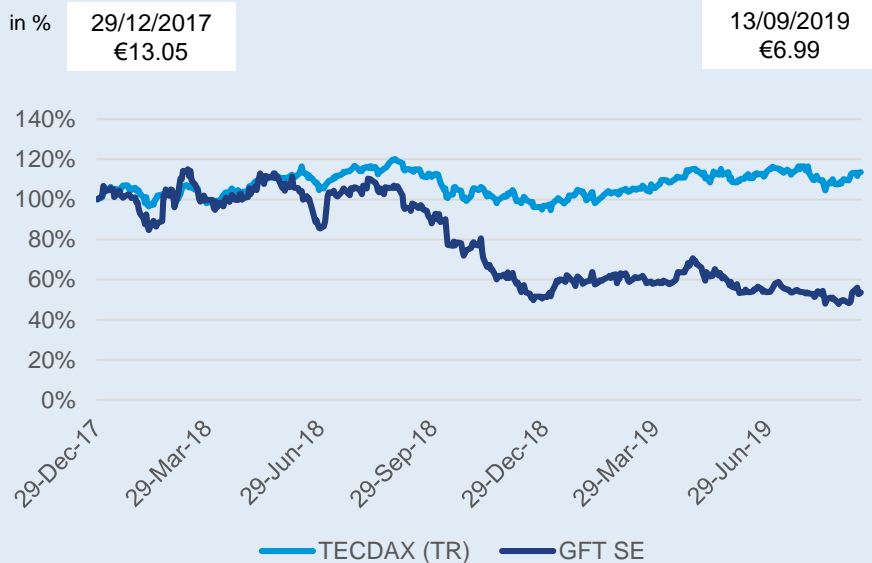
Industry & Others



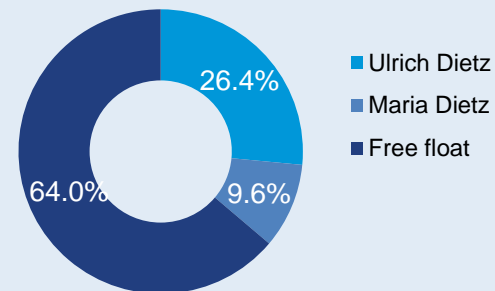
GFT share and shareholder structure



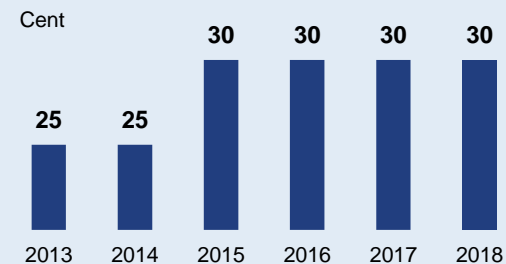
GFT share indexed



Shareholder structure



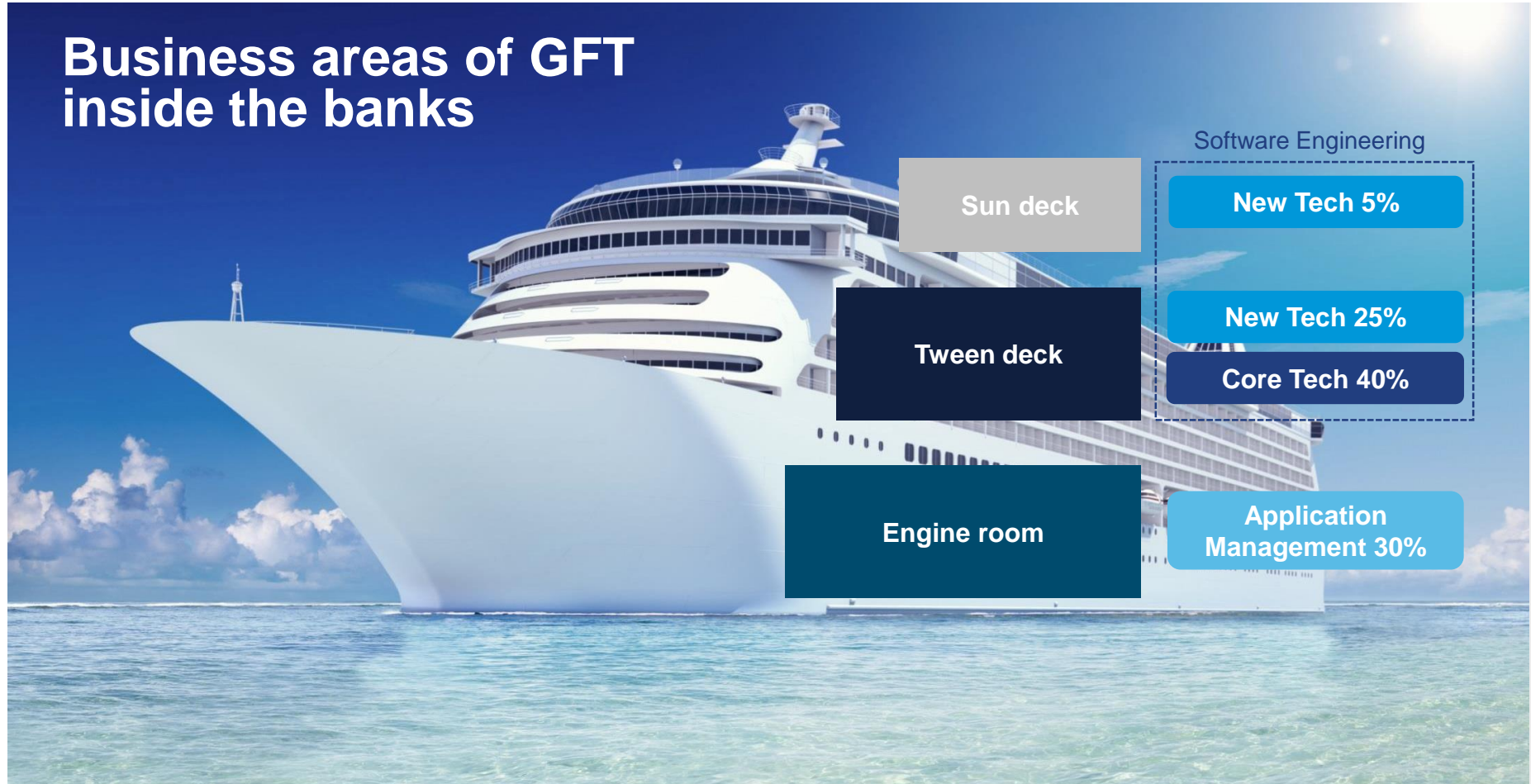
Dividend per share in Cent (for financial year)



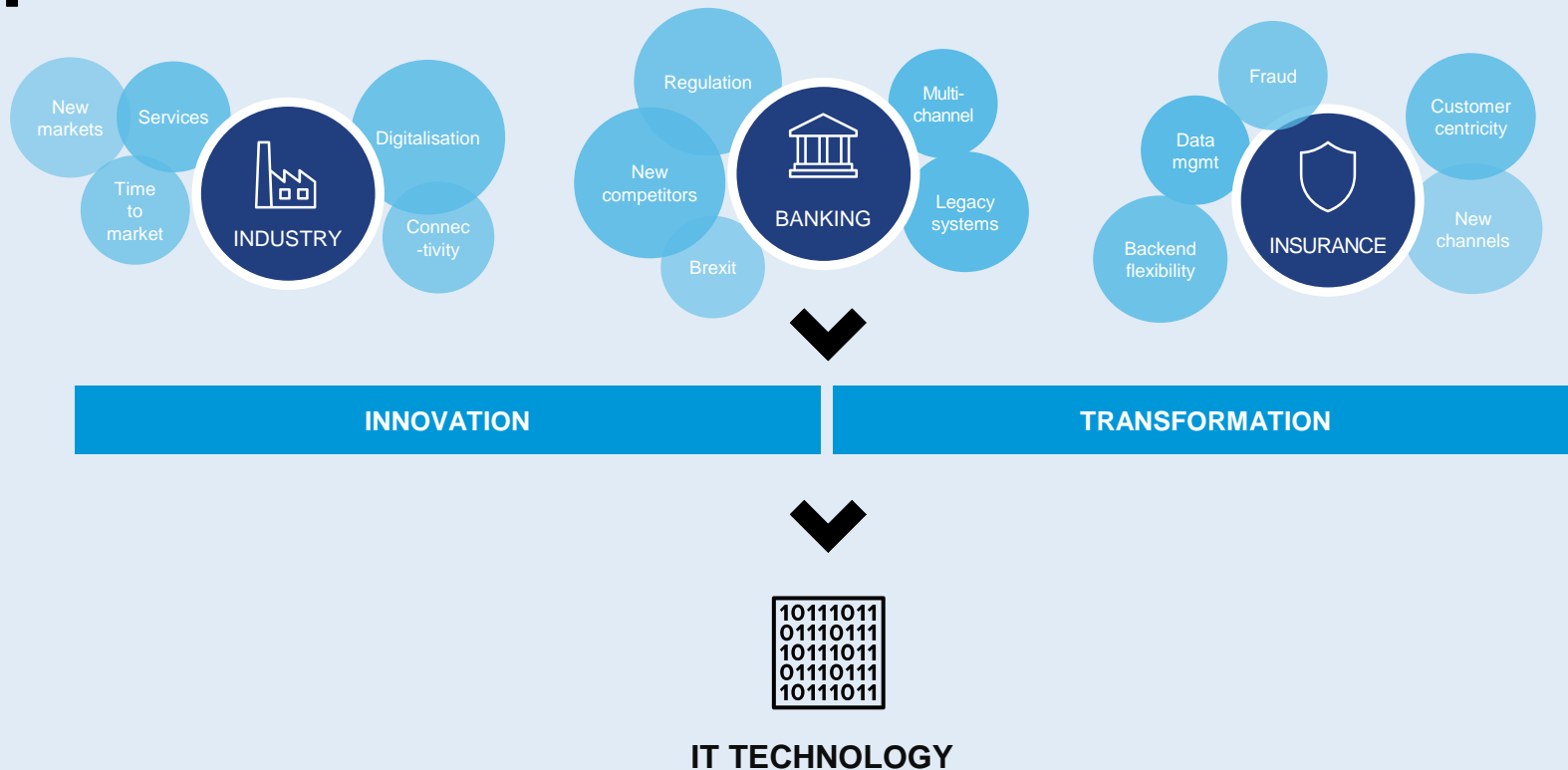
Agenda

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Business areas of GFT inside the banks



IT technology meets client business challenges



GFT Partner for Innovation and Transformation

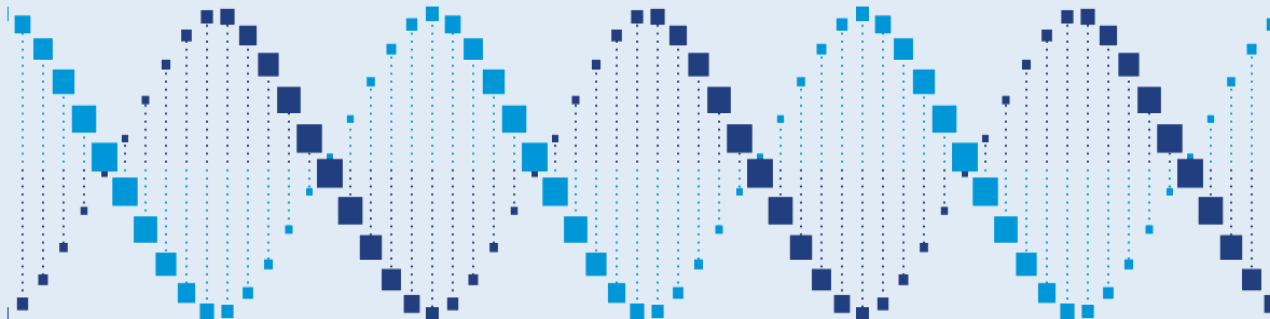


CUSTOMER
CENTRICITY

COLLABORATION

AUTOMATION

GAME CHANGERS



INNOVATION

TRANSFORMATION

PLATFORM
ENGINEERING

DATA
ENGINEERING

REGULATORY,
RISK &
COMPLIANCE
SERVICES

CLOUD
ENGINEERING

Accelerating growth in exponential cloud technology with Google



GFT a Premier Google Cloud partner

- Preferred partner in financial services
- Strategic investments to strengthen relationship with Google:
 - Continuous build up of talent and sales team
 - Development of Cloud Accelerators
 - Capabilities from native cloud implementation to cloud application dev.



Target 2019

- Doubling revenues from Cloud Services to €20m



GFT Cloud projects delivering efficiency and scale

- Big Data decision-making process for fund managers
- Native Cloud solution for Life Insurance business
- Data Analytics & Cloud solution for trade surveillance in capital markets

Google Cloud &

GFT ■

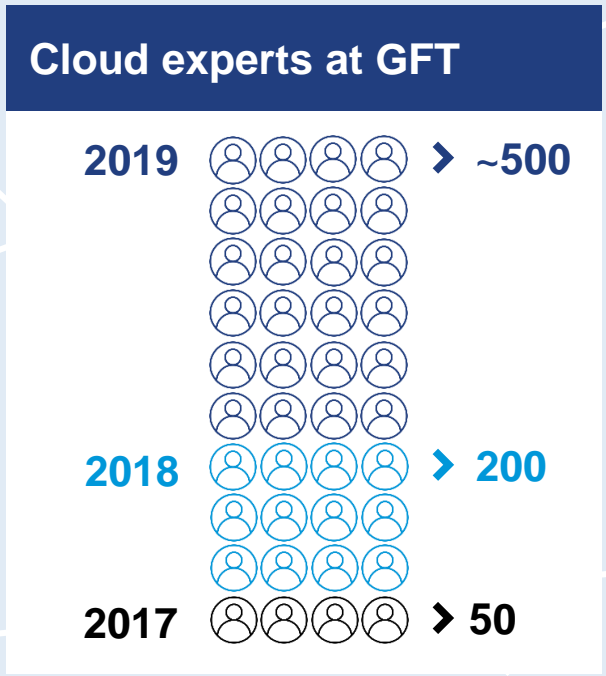
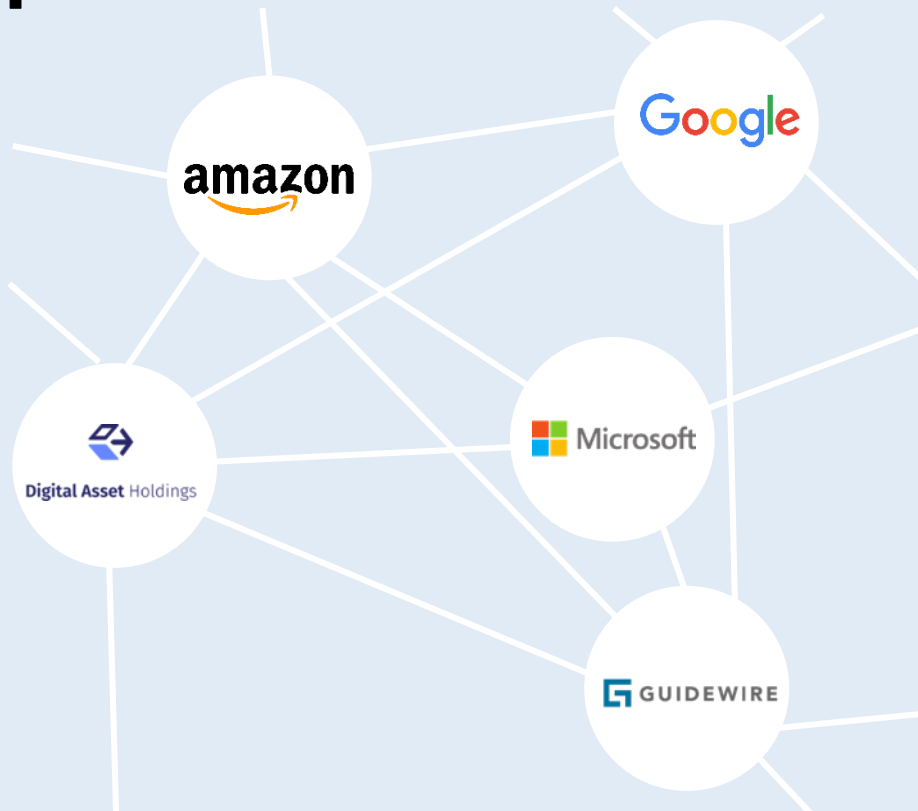
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CERTIFIED
ENGINEERS
FOR 2019

- Public cloud revenue to grow 17.3% in 2019 and 50% by 2021*
- Google invested \$30.9 billion in GCP offering over last 3 years**

* Gartner ** Google

Further strengthening of partnerships



Creating win-win with Guidewire expansion in Europe



Acquisition of Canadian V-NEO, leading Guidewire specialist

- Guidewire as a top ranked IT-solution for digitalising of insurance sector
- Strategic investments to strengthen position as Guidewire specialist:
 - Continuous build up of talent (goal: 300 experts worldwide)



Target 2019

- 10% revenue share with Insurance services in 2019



Growing demand for Guidewire projects

- Multi-year Guidewire cloud project with French insurer
- Centres of excellence for Guidewire implementation in Poland and Spain in addition to Canada and Italy



128

TRAINED
ENGINEERS
in 2018

Guidewire: only provider ranked as leader globally by both IDC & Gartner

High demand by insurers
revenue CAGR 2016-2018:

NORTH AMERICA	28%
EMEA	24%

Insurance with high growth dynamics



Revenue development with insurance clients 2017 -2019

50 €m

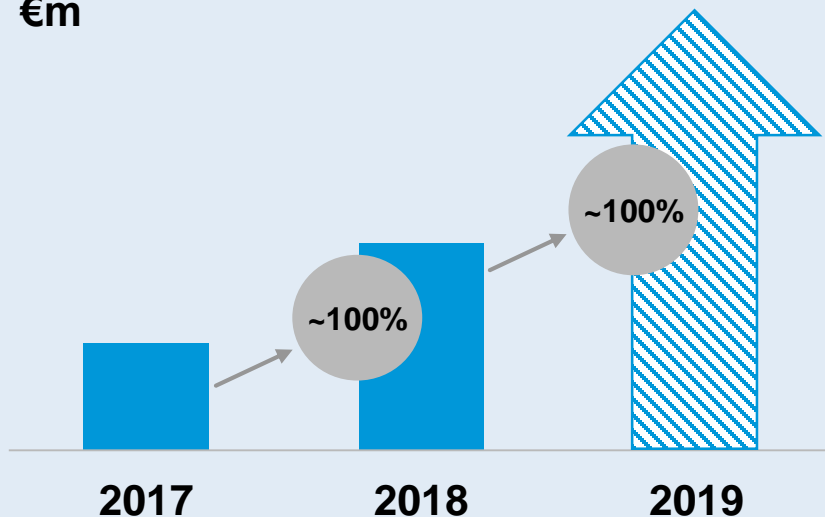
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0

2017

2018

2019



- Target 2019e: over 10% of revenue

Re-engineering of anti-fraud processes in insurance



Data Analytics & AI

- Fraud problem in Italian insurance business, esp. motor claims are exposed to a high risk
- Old fraud detection is ineffective, system unable to respond in real time and learn from behaviour patterns
- GFT developed a machine learning platform, which is able to combine structured and unstructured data/documents from both enterprise databases and external sources
- GFT provided a real-time scoring engine, the model works continually with the machine-generated predictive model to improve effectiveness
 - 30% increase in fraud detection
 - The number of claims being evaluated daily in a real-time scoring engine increased by 40%
 - The anti-fraud team can act immediately, extract relevant information and examine suspicious positions



AI document processing



Artificial Intelligence

- Banks are challenged to handle huge amounts of messages and unstructured scanned documents
- Machine learning and deep learning algorithms automatically classify documents in pre-defined classes, supported by human-in-the-loop assessments
- This helped to greatly accelerate the processing of documents at a middle size retail bank
- Process automation is integrated into the organization
- Highly scalable and extensible to other use cases



Industry activities strengthened



Industry 4.0

- Acquisition of Axxom as of 1 July
 - Gain of experts in cross-segment IT and industrial IoT processes
 - Strengthening of partnership with Trumpf for development of machine software solutions
 - New location in Karlsruhe added
- Partnership with in-integrierte informationssysteme GmbH (in-GmbH)
 - IoT and industrie 4.0 platform (sphinx open online) of in-GmbH combined with GFT's industry know-how
 - Solution combines information of various sources and enables data analysis as well as process improvements (predictive maintenance)
 - Software is appreciated by different industry clients to increase productivity



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Highlights in the first half 2019



- Further expansion of client and sector diversification
 - 20% revenue growth without top-2 clients*
 - Revenue share of insurance business at 11%
 - Revenue of €211m on par with previous year
 - Adjusted EBITDA up by 7%, positive accounting effects from IFRS 16
 - As expected, earnings in first half 2019 burdened by under-utilisation and restructuring
 - FY 2019 outlook unchanged and confirmed
-
- Dynamic start to the second half of the year in insurance and industry sector

* GFT's top-2 clients are Deutsche Bank and Barclays.

Key figures



in m€	H1/2019	H1/2018	Δ%
Revenue	211.03	211.16	0%
Revenue w/o V-NEO	200.79	211.16	-5%
EBITDA adjusted*	21.94	20.49	7%
EBITDA	20.22	20.12	0%
EBIT	8.35	13.79	-39%
EBT	7.15	12.54	-43%
Net income	6.07	11.79	-49%
Earnings per share (in €)	0.23	0.45	-49%
Earnings per share adjusted (in €)*	0.37	0.58	-37%
Employees (in FTE)	4,892	4,697	4%

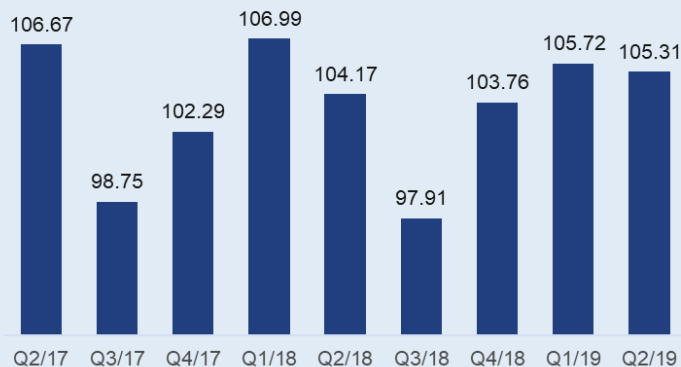
- **Revenue** at the prior-year level, revenue contribution by V-NEO €10.24m
- Increase in **EBITDA adjusted** by 7% shaped by positive effects from IFRS 16 of €6.16m
- **EBIT** below prior-year level
- **EBT** burdened by:
Restructuring charges €-2.89m (H1/2018: €-0.33m)
Currency effects €-0.71m (H1/2018: €-0.71m)
Underutilization €-1.40m vs. H1/2018

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

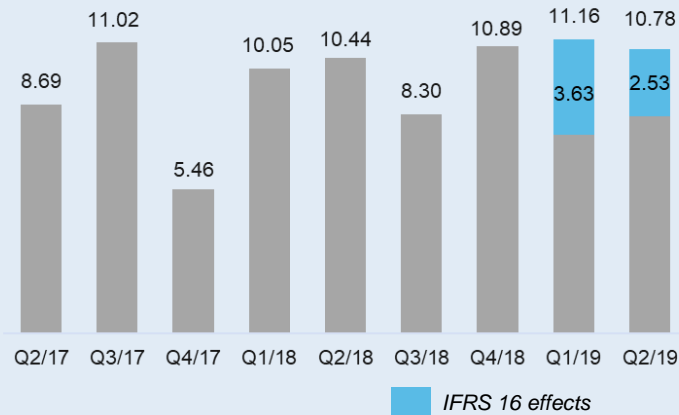
Revenue and EBITDA adjusted by quarter (in m€)



Revenue



EBITDA* adjusted



- Q2/2019 EBITDA adjusted with positive IFRS 16 effect of €2.53m

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

Revenue by segment



in m€	Revenue		Growth rates			
	H1/2019	H1/2018	Organic*	M&A	FX	Total
Americas & UK	97.61	92.60	-7%	11%	2%	5%
Continental Europe	113.16	118.26	-4%	0%	0%	-4%
Others	0.26	0.30	-13%	n/a	n/a	-13%
GFT Group	211.03	211.16	-6%	5%	1%	0%

* At constant currency

- **Americas & UK:** decreasing revenue with top-2 clients as anticipated, positive development in Mexico, Brazil and Canada
- **Continental Europe:** decreasing business with top-2 clients as expected, esp. in Germany. Market entry in France in insurance
- **M&A-effects:** positive and dynamic development of V-NEO as expected

Revenue by segment for top-2 clients



in m€		Revenue		Δ%
		H1/2019	H1/2018	H1/2019 / H1/2018
Americas & UK	Top-2 clients	31.87	49.01	-35%
	Other clients	65.74	43.58	51%
	Total	97.61	92.60	5%
Continental Europe	Top-2 clients	34.66	41.57	-17%
	Other clients	78.50	76.69	2%
	Total	113.16	118.26	-4%
GFT Group*	Top-2 clients	66.53	90.58	-27%
	Other clients	144.24	120.28	20%
	Total	210.77	210.86	0%

* Excluding segment „Others“

- Revenue decrease with **top-2 clients** within expectations, decline especially in UK (segment Americas & UK) and in Germany (segment Continental Europe)
- Revenue with **other clients** shows strong dynamic in Americas & UK

EBITDA adjusted, EBITDA and EBT by segment

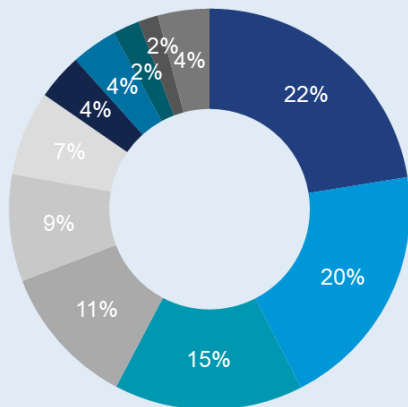


in m€	EBITDA adjusted*			EBITDA			EBT		
	H1/2019	H1/2018	Δ%	H1/2019	H1/2018	Δ%	H1/2019	H1/2018	Δ%
Americas & UK	5.49	6.37	-14%	3.77	6.01	-37%	-0.20	3.03	< -100%
Continental Europe	17.72	13.78	29%	17.72	13.78	29%	8.93	9.59	-7%
Others	-1.27	0.33	< -100%	-1.27	0.33	< -100%	-1.58	-0.08	>100%
GFT Group	21.94	20.49	7%	20.22	20.12	0%	7.15	12.54	-43%

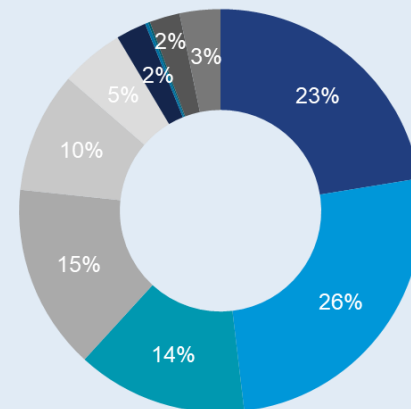
* Adjusted for non-operational effects from M&A activities

- **Americas & UK:** earnings burdened by decreasing revenue share of top-2 clients as well as higher sales expenses, however, positive development of Brazil, Mexico and Canada
- **Continental Europe:** restructuring expenses and underutilization in the first half, weaker business with top-2 clients in Germany. Positive development with retail banks in Italy and insurers in France.

Revenue by country (in m€)



H1/2019		Δ%	H1/2018
46.88	Spain	-1%	47.59
41.84	United Kingdom	-23%	54.46
31.83	Italy	10%	29.02
26.06	Germany	-18%	31.82
18.05	USA	-12%	20.58
14.28	Brazil	32%	10.80
7.79	Mexico	98%	3.93
7.78	Canada	>100%	0.53
4.49	France	>100%	0.34
3.33	Switzerland	-35%	5.15
8.70	Others	25%	6.94
211.03	Total	0%	211.16



Detailed profit & loss statement

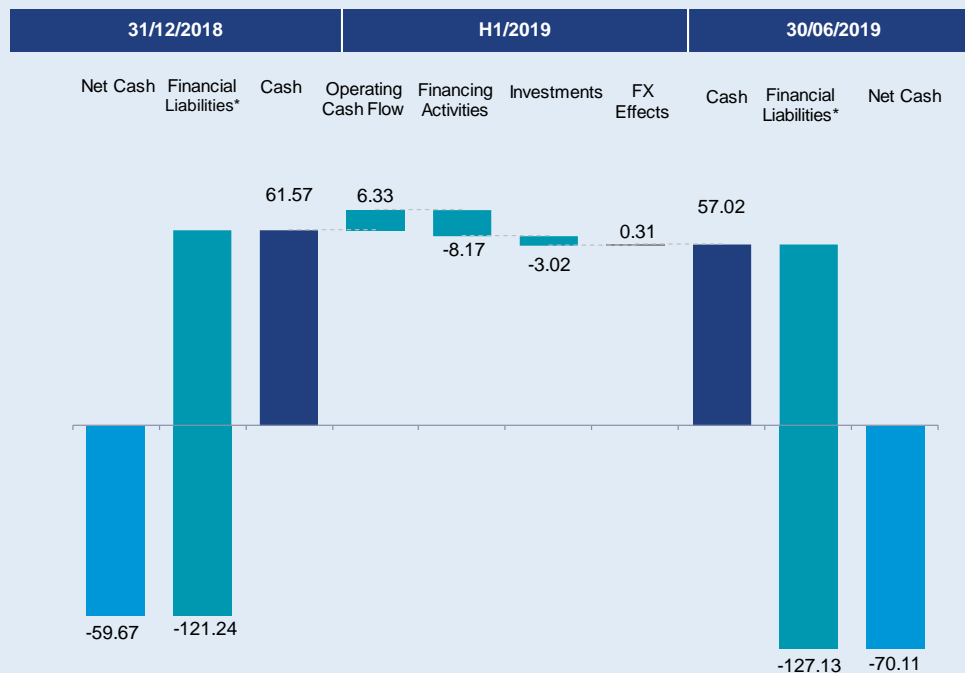


in m€	H1/2019	H1/2018	Δ%
Revenues	211.03	211.16	0%
Other operating income	3.67	2.72	35%
Cost purchased services	-23.40	-28.39	-18%
Personnel expenses	-147.72	-135.33	9%
Other operating expenses*	-23.36	-30.04	-22%
EBITDA	20.22	20.12	0%
Depreciation and amortisation	-11.87	-6.33	88%
EBIT	8.35	13.79	-39%
Interest and similar expenses/income	-1.20	-1.25	-4%
EBT	7.15	12.54	-43%
Income taxes	-1.08	-0.75	44%
Net income	6.07	11.79	-49%
Earnings per share - basic	0.23	0.45	-49%

- **Revenue** with organic decrease at constant currency by 6%
- Share of **cost of purchased services** at 11% of revenue (H1/2018: 13%)
- Increased **personnel expenses** due to higher average number of employees, restructuring expenses and reduced costs of purchased services
- Ratio of „personnel expenses (excl. restructuring) plus purchased services to revenue“ at 80% (H1/2018: 78%, FY 2018: 78%)
- **Other operating expenses** adjusted for positive effects from IFRS 16 application in the amount of €6.16m basically at prior-year level
- **EBITDA** without positive IFRS 16 decreased by 30%
- Increase of **depreciation and amortisation** as a consequence of IFRS 16 effect in the amount of €5.63m
- **Net income** affected by increased income taxes. Tax rate of 15% (H1/2018: 6%) in line with expectations for the full year

* Other operating expenses including results of investments accounted for using the equity method

Cash flow analysis (in m€)



* Does not contain lease liabilities according to IFRS 16

- **Solid financing structure:** undrawn credit lines of €40.58m (31/12/2018: €37.05m). Net cash at €-70.11m (31/12/2018: €-59.67m)
- **Cash** decreased to €57.02m (31/12/2018: €61.57m) due to dividend payment and working capital effects
- **Operating cash flow** adjusted for IFRS 16 effects below prior year mainly as a result of reduced net income and working capital development
- Lower **cash outflow from financing activities** excluding IFRS 16 effects of €-6.16m primarily attributed to net proceeds from loans €5.89m (H1/2018: €-5.14m). Cash flow from financing activities characterised by dividend payment of €7.90m (H1/2018: €7.90m)
- **Cash flow from investing activities** at prior-year level

Balance sheet (in m€)

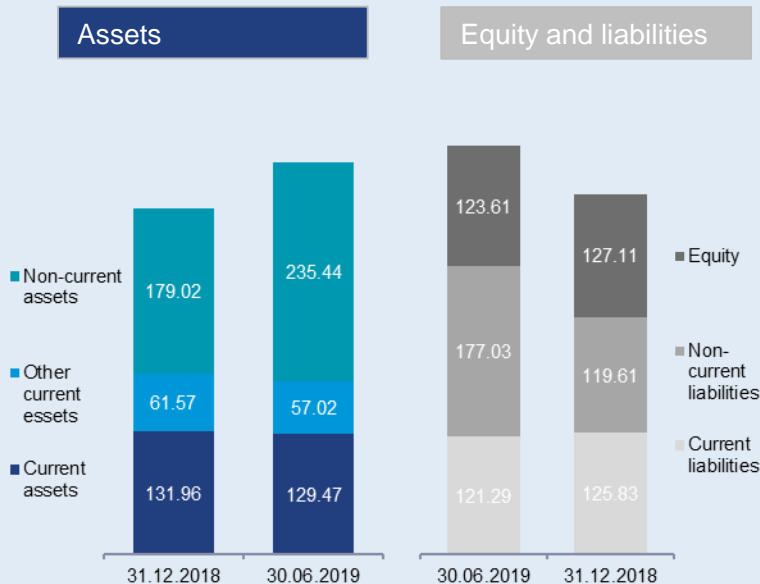


Growth of balance sheet total by €49.38m largely driven by changed lease accounting pursuant to IFRS 16

Increase of **non-current assets** mainly related to capitalisation of right-of-use assets according to IFRS 16 of €59.88m concerning real estate, parking and mainly cars. Share of non-current assets to balance sheet total amounted to 56% (31/12/2018: 48%)

Cash and cash equivalents decreased by 7% due to dividend payments and working capital impact

Slight reduction of **other current assets** by €2.49m in essence induced by income tax reimbursements. Trade receivables and contract assets in total slightly higher than in prior year reflecting a positive business trend

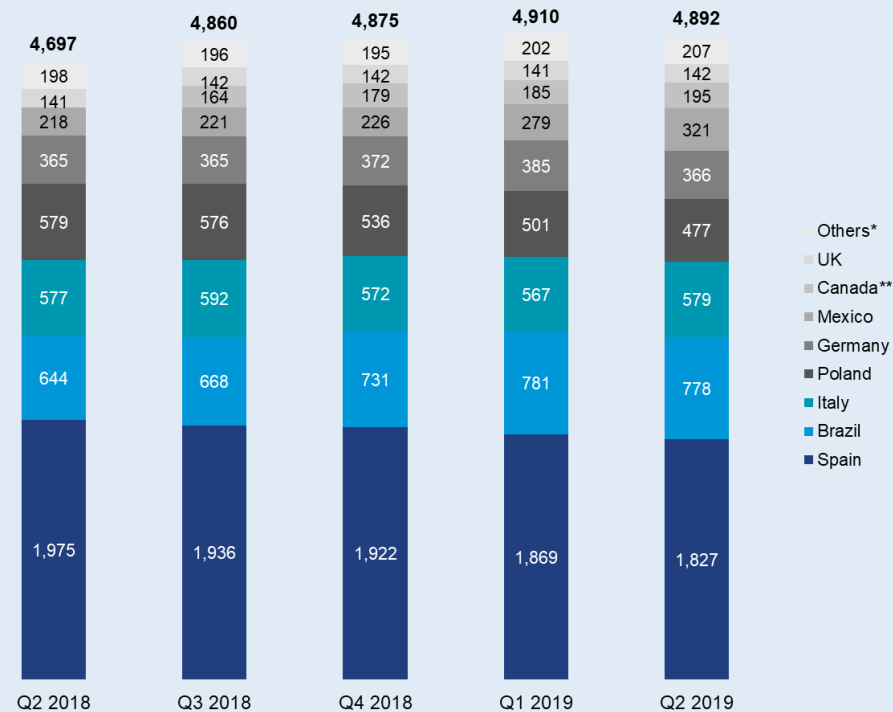


Equity adjusted for currency translation effects declined by €4.18m. The positive net income for the period of €6.07m (H1/2018: €11.79m) was offset by the shareholder dividend amounting to €7.90m (H1/2018: €7.90m). The initial application of IFRS 16 resulted in negative transition effects of €2.34m. **Equity ratio** at 29% (31/12/2018: 34%), adjusted by IFRS 16 effects at 35%

Increase of **non-current liabilities** by €57.42m predominantly associated with lease liabilities according to IFRS 16 of €58.04m.

Decline in **current liabilities** of €4.54m primarily due to decrease of contract liabilities by €10.94m. Major opposing effect from other financial liabilities (€8.06) of which 4.67m related to IFRS 16

Employees by country (FTE)



- Increase of number of employees against prior-year comparable (30/06/2018) due to V-NEO acquisition as well as staff expansion in Mexico and Brazil
- Decrease of headcount in Spain and Poland
- Corporate functions with 116 employees (H1/2019: 121)
- Utilization rate at previous year level 89% (H1/2018: 89%)

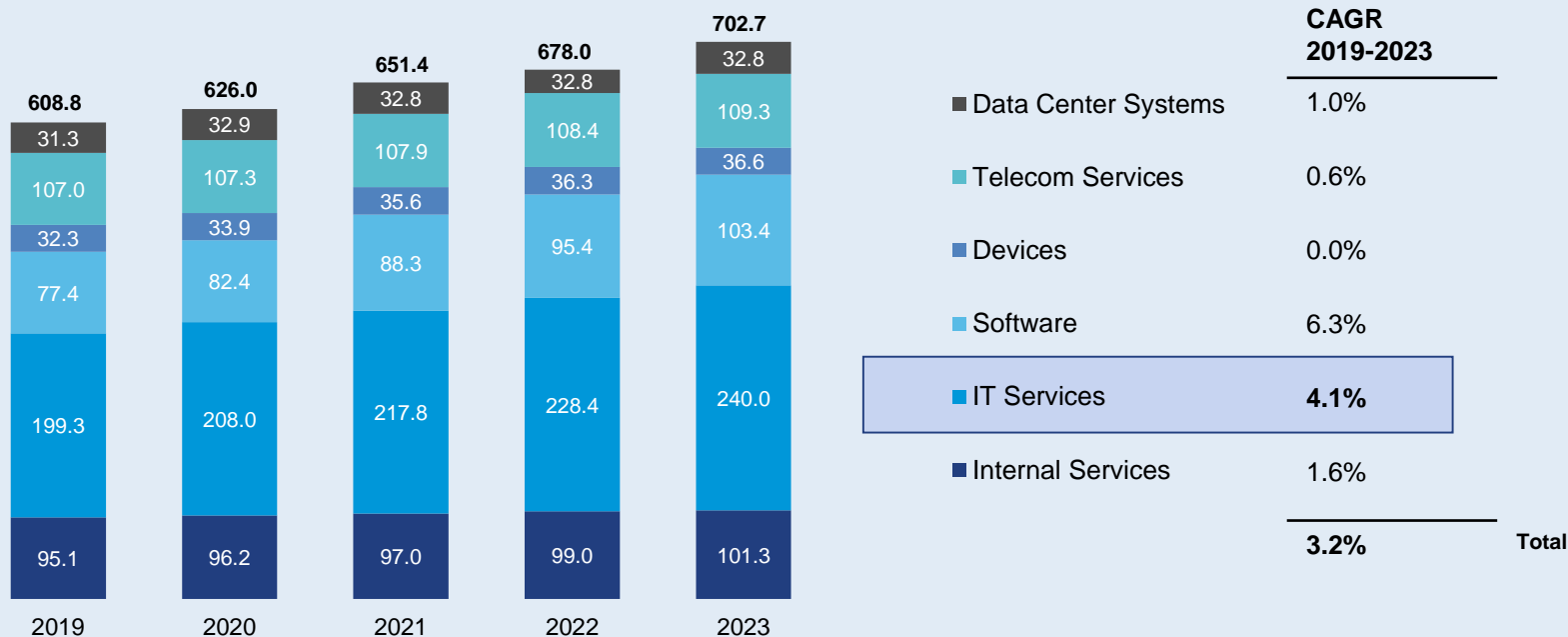
*Others: Costa Rica, Switzerland, USA, Belgium, France

**Canada: since Q3/2018 incl. V-NEO

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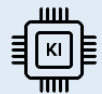
Banking and Securities IT Spending Forecast



In Billions of U.S. Dollars / constant currency

Source: Gartner July 2019

Growing revenue share with exponential technologies



Artificial
Intelligence



Cloud



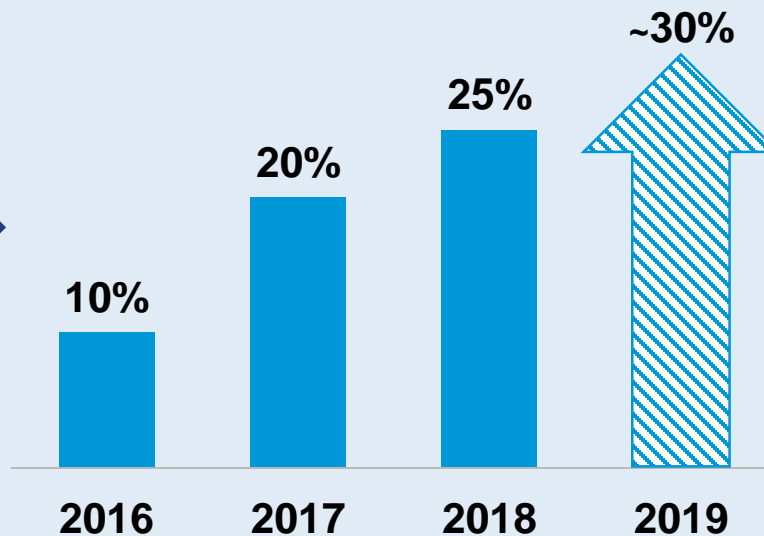
DLT/Blockchain



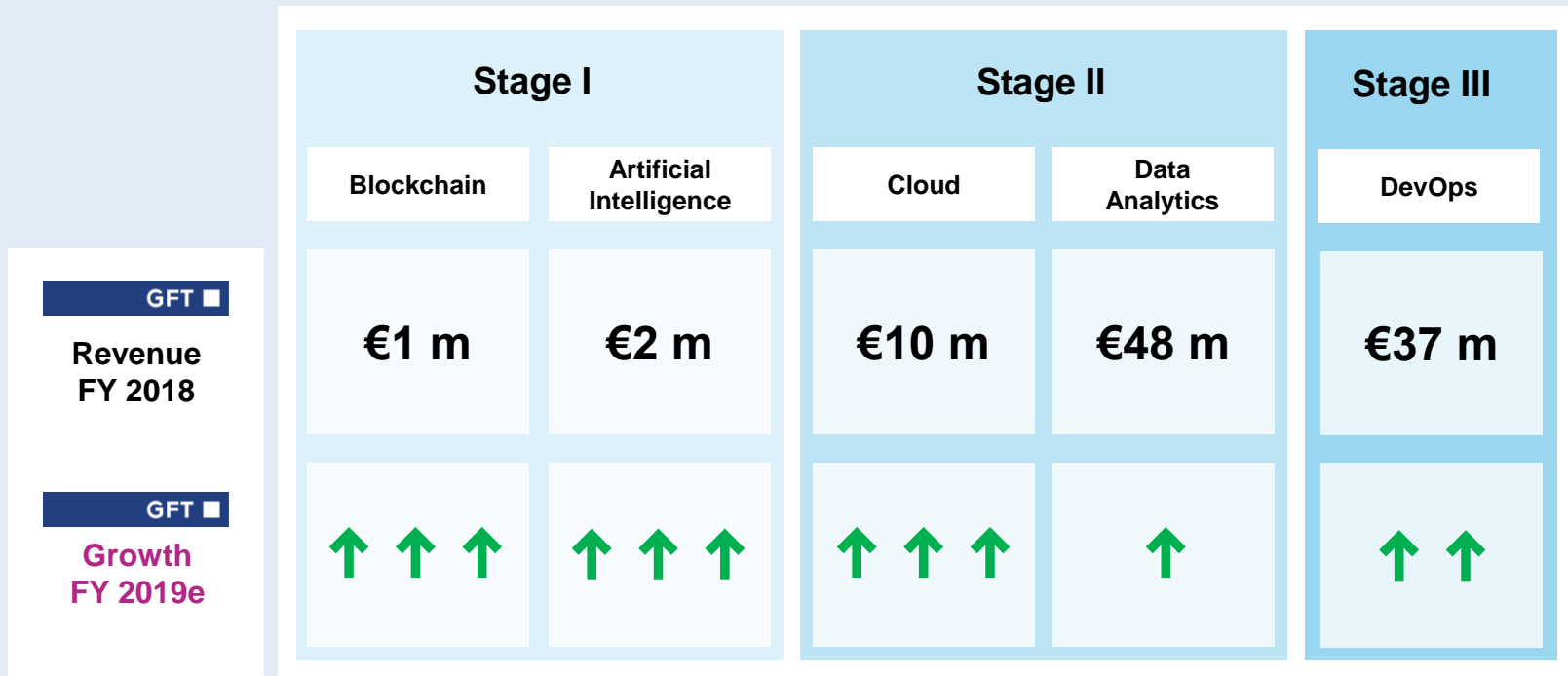
Data
Analytics



DevOps

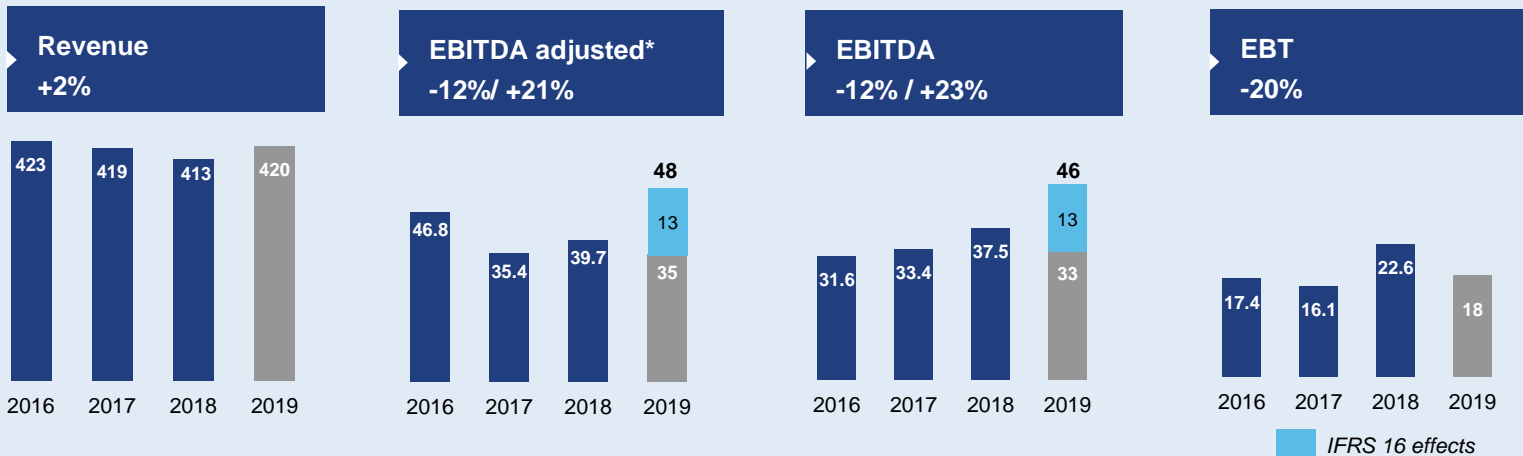


Development of exponential technologies at GFT



DEGREE OF MATURITY

Outlook FY 2019 (in m€)



Outlook for FY 2019 unchanged and confirmed

- Revenue**
 - Decrease in revenue with top-2 clients of approx. 30%
 - On-going success in diversification ex top-2 clients : growth without top-2 clients of over 20% and share of insurance business to reach over 10% of revenues
- Earnings**
 - Earnings burdened by short-term restructuring charges and underutilisation in connection with top-2 clients as well as permanently increased sales expenses for further client diversification. Effects from IFRS 16 are detailed in the backup.

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

Backup

Outlook: Revenue for top-2 clients in FY 2019*



in m€		Revenue			Δ%	Δ%
		2019	2018	2017	2019/2018	2019/2017
Americas & UK	Top-2 clients	56.00	84.79	114.34	-34%	-51%
	Other clients	135.00	98.66	81.05	37%	67%
Continental Europe	Top-2 clients	58.00	79.56	76.34	-27%	-24%
	Other clients	171.00	149.32	146.15	15%	17%
GFT Group	Top-2 clients	114.00	164.35	190.68	-31%	-40%
	Other clients	306.00	247.97	227.20	23%	35%
	Total	420.00	412.32	417.88	2%	1%

* Excluding segment „Others“

Split of operative and M&A Effects



in m€	H1/2019			H1/2018		
	GFT stand alone	V-NEO	GFT Total	GFT stand alone	V-NEO	GFT Total
EBITDA adjusted	19.63	2.31	21.94	20.49	0.00	20.49
M&A earn-out & retention	0.00	-1.61	-1.61	0.00	0.00	0.00
M&A consult & integrate	0.00	0.00	0.00	0.00	-0.37	-0.37
M&A amortisation orderbook	0.00	-0.11	-0.11	0.00	0.00	0.00
EBITDA	19.63	0.59	20.22	20.49	-0.37	20.12
Depreciation & amortisation	-9.66	0.02	-9.64	-3.67	0.00	-3.67
M&A amortisation	-1.46	-0.77	-2.23	-2.66	0.00	-2.66
EBIT	8.51	-0.16	8.35	14.16	-0.37	13.79
Interest	-1.10	-0.10	-1.20	-0.70	0.00	-0.70
M&A interest	0.00	0.00	0.00	-0.56	0.00	-0.56
EBT	7.41	-0.26	7.15	12.90	-0.37	12.54
Income taxes	-1.11	0.03	-1.08	-0.81	0.06	-0.75
Net income	6.30	-0.23	6.07	12.10	-0.30	11.79
Net income adjusted	7.76	1.96	9.72	15.32	0.00	15.32
Shares outstanding (m.)	26.33	26.33	26.33	26.33	26.33	26.33
EPS basic (€)	0.24	-0.01	0.23	0.46	-0.01	0.45
EPS adjusted (€)	0.29	0.03	0.37	0.58	0.00	0.58

Effects after initial application of IFRS 16

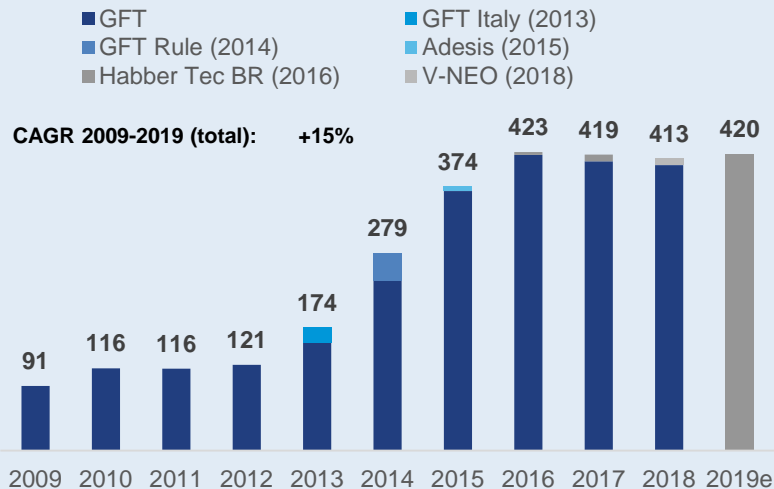


in m€	H1/2019			2019 expected		
	after IFRS 16	Adjustment	before IFRS 16	after IFRS 16	Adjustment	before IFRS 16
EBITDA adjusted	21.94	6.16	15.78	approx. 48	approx. 13	approx. 35
EBITDA	20.22	6.16	14.06	approx. 46	approx. 13	approx. 33
EBIT	8.35	0.53	7.82	approx. 21	approx. 1	approx. 20
EBT	7.15	-0.07	7.22	approx. 18	approx. 0	approx. 18

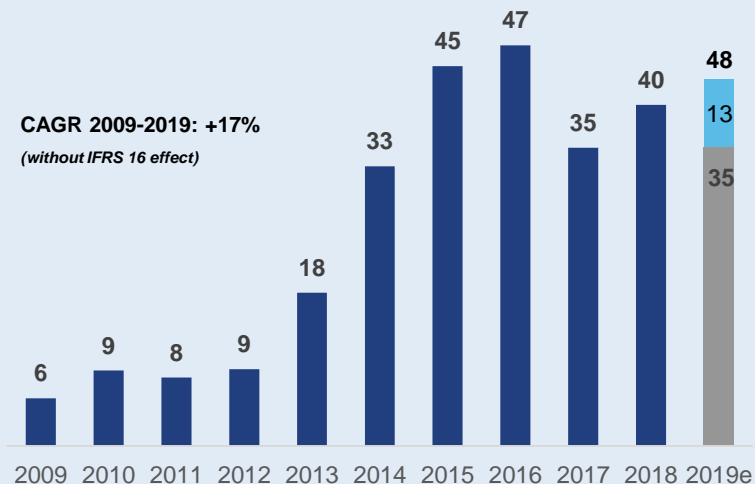
Revenue and EBITDA development



Revenue in €m



EBITDA adjusted in €m



■ Effects from IFRS 16

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



Company	LC	Price	MC	P / E	EV / EBITDA		
European IT Services							
Cappgemini SE	EUR	107.80	18,034.3	16.7x	15.1x	9.7x	9.1x
Devoteam SA	EUR	74.00	616.6	15.1x	12.7x	7.1x	6.3x
First Derivatives plc	GBP	23.30	621.8	26.8x	23.6x	15.2x	13.3x
Indra Sistemas, S.A. Class A	EUR	8.06	1,423.0	10.7x	9.4x	6.1x	5.8x
Reply S.p.A.	EUR	51.50	1,926.7	18.6x	16.7x	11.0x	10.0x
				-	-	-	-
Global IT Services							
Accenture Plc Class A	USD	194.62	124,000.4	26.5x	24.4x	17.3x	15.7x
Cognizant Technology Solutions Corporation Class A	USD	64.33	35,528.9	16.3x	14.9x	10.7x	9.9x
EPAM Systems, Inc.	USD	178.92	9,813.8	33.8x	27.8x	23.1x	18.7x
DXC Technology Co.	USD	32.70	8,566.2	4.5x	3.8x	4.1x	3.9x
Luxoft Holding, Inc. Class A	USD	-	-	-	-	-	-
				-	-	-	-
Indian IT Services							
HCL Technologies Limited	INR	1069.85	1,451,105.1	14.1x	12.6x	9.3x	8.3x
Infosys Limited	INR	827.45	3,553,933.0	21.7x	19.5x	15.3x	13.7x
Tata Consultancy Services Limited	INR	2149.15	8,064,437.5	23.7x	21.4x	17.9x	16.1x
Wipro Limited	INR	246.90	1,490,130.4	15.1x	14.2x	9.7x	9.0x
Average (all)				18.8x	16.6x	12.0x	10.7x
Median (all)				16.7x	15.1x	10.7x	9.9x
GFT Technologies SE	EUR	7.05	185.6	9.9x	8.2x	6.9x	6.3x

Factset as of 16 September 2019

Shaping the future of digital business

GFT Technologies SE

Karl Kompe
Investor Relations Manager

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-323

karl.kompe@gft.com