

Preliminary financial figures FY 2019

GFT Technologies SE

04 March 2020

Agenda

- 1. Highlights FY 2019**
2. Preliminary results FY 2019
3. Outlook

Strategy on track: GFT exceeds targets for FY 2019



Consistent execution delivers positive upwards trajectory

- Delivered revenue and earnings figures for FY 2019 above expectations
- Successful client and sector diversification is on-going
- Addressed attractive target markets with favourable trends
- Right technological offering and valuable partnerships chosen
- Strengthened IoT competence via two acquisitions
- Proposed dividend: €0.30 for FY 2019



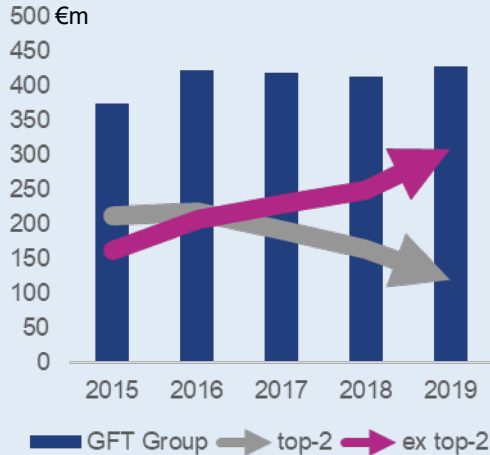
GFT in the right place to seize thriving market opportunities

Diversification & sales mix improved significantly



➤ Dynamic growth ex top-2*

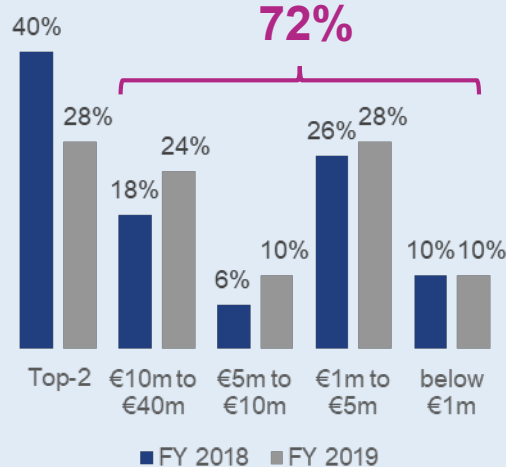
- 2019: +24%
- Less dependency on top-2
- 5-year CAGR: +18%



* Top-2 clients are Deutsche Bank and Barclays

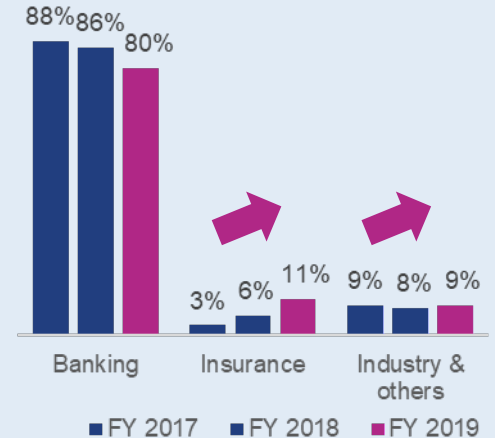
➤ Broad client base

- 60 new clients in 2019
- Wide diversification
- 72% of revenue with over 276 clients



➤ Improved sector split

- Increasing share of insurance revenue: 11% in 2019



Focused execution underpins our highlights



Exponential technologies up at 30% of revenue

- Innovative projects realized
- Strong reputation for deep technology
- Cloud applications with strong dynamic
- Created Tech Communities to maximise developer productivity



Extended strategic partnerships

- Intensified partnerships with AWS, Google and Azure
- First projects won through indirect sales
- Seized high-growth Guidewire opportunities

PROOFPOINT

Portfolio shift

30% of revenue from exponential technologies
up from 25% (2018), 20% (2017)

PROOFPOINT

Accelerated Cloud Business

Achieved target of 500 cloud experts
Plus 150 Guidewire experts

Agenda

1. Highlights FY 2019
- 2. Preliminary results FY 2019**
3. Outlook

Key figures FY 2019



in €m	2019	2018	Δ%
Revenue	428.98	412.83	4%
Revenue w/o V-NEO & AXOOM	408.90	404.23	1%
EBITDA adjusted*	47.91	39.68	21%
EBITDA	44.89	37.45	20%
EBIT	21.33	24.72	-14%
EBT	18.73	22.64	-17%
Net income	13.66	19.98	-32%
Earnings per share (in €)	0.52	0.76	-32%
Earnings per share adjusted (in €)*	0.76	1.09	-30%
Employees (in FTE)	5,242	4,875	8%

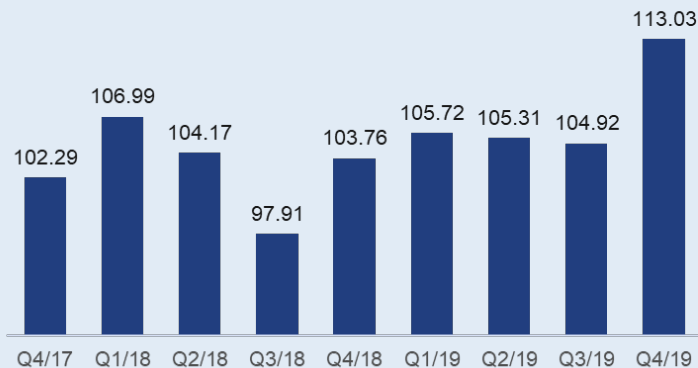
- **Revenue** up slightly by 4% (organic 1%), M&A: revenue contribution of V-NEO (€18.95m) & AXOOM (€1.13m)
- 21% increase in **adjusted EBITDA** mainly due to positive effects from IFRS 16 of €12.77 m
- **EBITDA adjusted** burdened by:
 - Restructuring charges of €-4.13m (2018: €-1.04m)
 - Underutilisation €-1.40m compared to 2018
 - Currency effects of €-1.15m esp. from GBP (2018: €-0.82m)
- **EBITDA** burdened by M&A effects (V-NEO & AXOOM) of €-3.02m
- **EBIT** and **EBT** below prior-year level as expected
- **EBT** before restructuring, underutilization, currency effects and IFRS 16 on previous year level
- **Net income** burdened by higher tax rate of 27% (due to deferred and aperiodic effects)

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

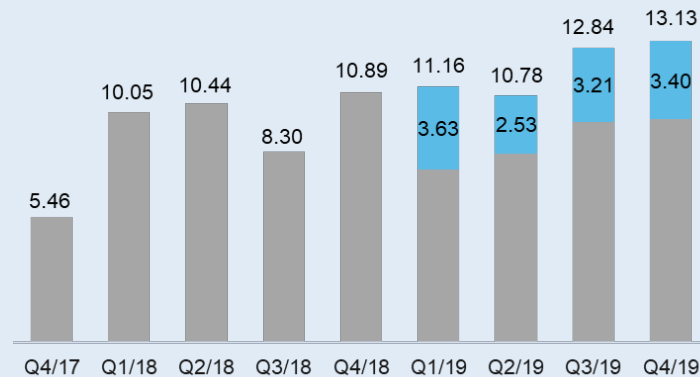
Revenue and EBITDA adjusted by quarter (in €m)



Revenue



EBITDA* adjusted



IFRS 16 effects

- **Q4/2019 vs. Q3/2019** with increase of +8% in revenue
Overall strong increase in revenue (especially in Spain, UK, Italy and France)
- **Q4/2019 vs. Q4/2018** revenue growth of +9%
Increase in revenue (especially in Brazil, Mexico and France)

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

Revenue by segment



in €m	Revenue		Growth rates			
	2019	2018	Organic	M&A	FX	Total
Americas, UK & APAC	198.98	183.44	1%	6%	1%	8%
Continental Europe	229.45	228.88	0%	0%	0%	0%
Others	0.54	0.51	6%	n/a	n/a	6%
GFT Group	428.98	412.83	1%	3%	0%	4%

- **Americas, UK & APAC:** weaker business with top-2 clients as anticipated, positive development in Mexico, Brazil and Canada, revenue without top-2 clients up 43%
- **Continental Europe:** business with top-2 clients down as expected, above all in Germany; positive revenue development without top-2 clients with an increase of 11%
- **M&A effects:** unchanged dynamic development of V-NEO, smaller revenue contribution by AXOOM

Revenue by segment



in €m		Revenue		Δ%
		2019	2018	2019 / 2018
Americas, UK & APAC	Top-2 Clients	57.89	84.79	-32%
	Other Clients	141.09	98.65	43%
	Total	198.98	183.44	8%
Continental Europe	Top-2 Clients	64.12	79.56	-19%
	Other Clients	165.33	149.32	11%
	Total	229.45	228.88	0%
GFT Group*	Top-2 Clients	122.01	164.35	-26%
	Other Clients	306.42	247.97	24%
	Total	428.43	412.32	4%

* Excluding segment "Others"

- 26% decrease in revenue with **top-2 clients**, slightly lower decrease as previously expected; decline is particularly strong in the UK (Americas, UK & APAC segment) and Germany (Continental Europe segment)
- Business with **other clients** up 24% with strong growth in all sectors, 60 new clients won, esp. strong dynamics in insurance and cloud activities

EBITDA adjusted, EBITDA and EBT by segment

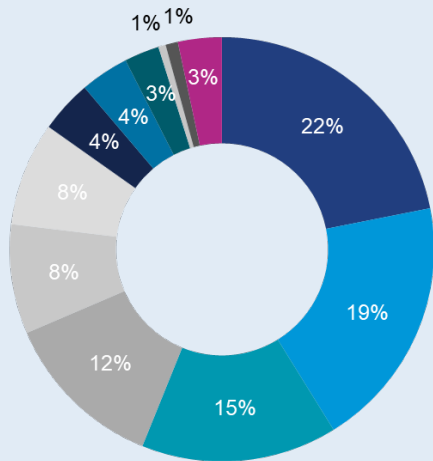


in €m	EBITDA adjusted*			EBITDA			EBT		
	2019	2018	Δ%	2019	2018	Δ%	2019	2018	Δ%
Americas, UK & APAC	18.54	13.69	35%	15.79	11.46	38%	5.32	4.82	11%
Continental Europe	31.70	26.78	18%	31.43	26.78	17%	18.07	19.23	-6%
Others	-2.33	-0.79	>100%	-2.33	-0.79	>100%	-4.66	-1.41	>100%
	47.91	39.68	21%	44.89	37.45	20%	18.73	22.64	-17%

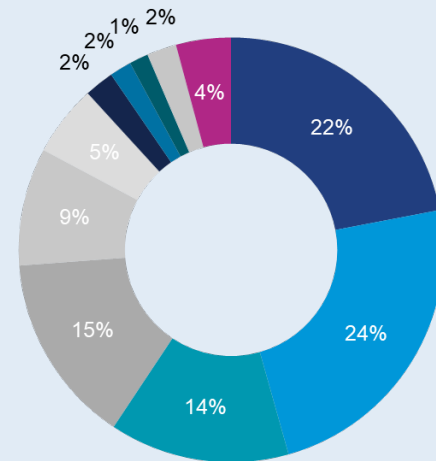
* Adjusted for non-operational effects from M&A activities

- **Americas, UK & APAC:** earnings burdened by falling revenue share of top-2 clients and higher sales expenses for other clients, positive effects from Brazil, Mexico and Canada
- **Continental Europe:** restructuring expenses and underutilisation esp. in the first six months, as expected weaker revenue with top-2 clients in Germany
- **Others:** Higher non-allocatable costs in GFT holding

Revenue by country (in €m)



2019		Δ%	2018
92.97	Spain	1%	91.71
81.92	United Kingdom	-17%	98.56
63.44	Italy	11%	57.11
52.85	Germany	-13%	60.43
35.40	USA	-5%	37.36
33.54	Brazil	48%	22.59
17.00	Mexico	81%	9.37
15.69	Canada	>100%	6.93
11.31	France	>100%	1.93
6.69	Switzerland	-29%	9.40
3.99	Hong Kong	n.a.	0.00
14.18	Others	-19%	17.44
428.98	Total	4%	412.83



30 biggest clients 2019 – eight new entries



Capital Markets



Retail Banking



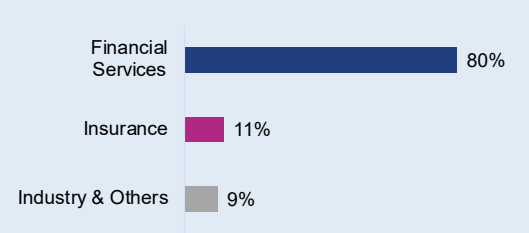
Insurance



Industry & Others



Revenue by sector



Detailed profit & loss statement

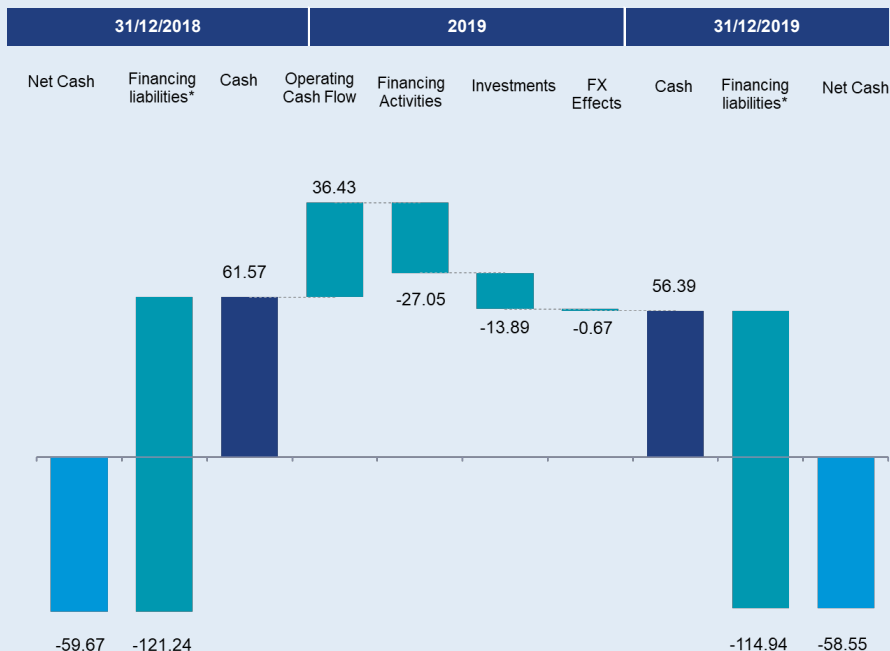


in €m	2019	2018	Δ%
Revenue	428.98	412.83	4%
Own work capitalised	0.16	0.00	n.a.
Other operating income	13.06	9.56	37%
Cost of purchased services	-46.43	-54.05	-14%
Personnel expenses	-297.33	-268.18	11%
Other operating expenses*	-53.55	-62.71	-15%
EBITDA	44.89	37.45	20%
Depreciation and amortisation	-23.56	-12.73	85%
EBIT	21.33	24.72	-14%
Interest income/expenses	-2.60	-2.08	25%
EBT	18.73	22.64	-17%
Income taxes	-5.07	-2.66	>100%
Net income	13.66	19.98	-32%
Earnings per share (in €)	0.52	0.76	-32%

* Including result of investments accounted for using the equity method

- **Revenue** trend above expectations associated with non-organic growth
- **Cost of purchased services** to revenue ratio down to 11% (2018: 13%)
- Increased **personnel expenses** due to higher average headcount, capacity adjustments and reduced purchases of external services. Ratio of personnel expenses excluding capacity adjustments plus purchased services to revenue at 79% (2018: 78%)
- **Other operating expenses** adjusted for positive effects from first-time application of IFRS 16 of (€11.47) up 4% above prior year
- **EBITDA** without positive IFRS 16 effects down by 14%
- IFRS 16 accounts for €10.96m of increase in **depreciation and amortisation**
- **Net income** burdened by increased income taxes. Operational tax rate of 20% burdened by deferred and aperiodic effects leading to total tax rate of 27% (2018: 12%)

Cash flow analysis (in €m)



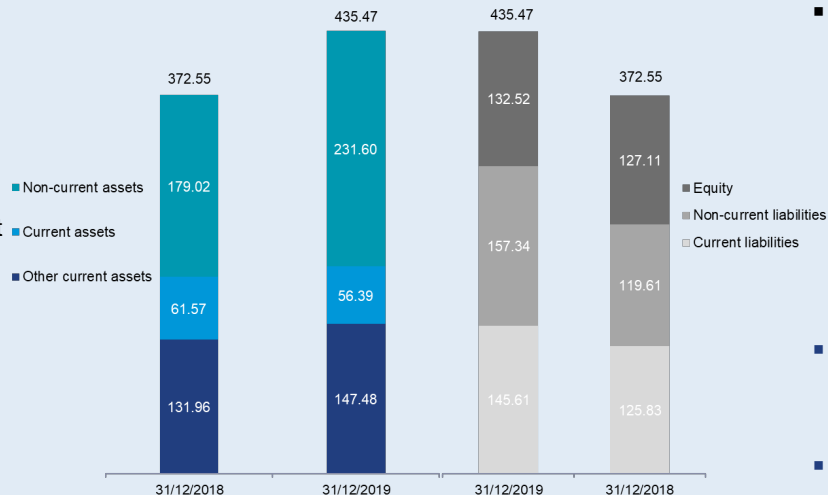
- **Financing structure remains solid.** Credit facilities not yet drawn of €52.84m (31/12/2018: €37.05m). Net cash at €-58.55m (31/12/2018: €-59.67m)
- Decrease in **cash** to €56.39m (31/12/2018: €61.57m) primarily as a result of working capital effects
- **Operating cash flow** below prior-year level due to higher working capital and lower overpayments vs previous yearend
- **Cash flow from financing activities** adjusted for negative IFRS 16 effects influenced by loan net redemption of €-6.30m (2018: net borrowing of 9.68m) as well as dividend payment of €-7.90m (2018: €-7.90m)
- **Cash flow from investing activities** mainly characterised by cash outflows of €6.44m for the purchase of GFT Smart Technology Solutions GmbH (formerly: AXOOM GmbH)

* Financial liabilities according to balance sheet disclosure, thus without operate lease liabilities under IFRS 16

Balance sheet (in €m)



- Growth in **balance sheet total** of €62.92m essentially due to change in lessee accounting acc. to IFRS 16
- Rise in **non-current assets** of €52.58m mainly to right-of-use assets of €51.16m capitalised acc. to IFRS 16. Non-current assets account for 53% of balance sheet total (31/12/2018: 48%)
- **Cash and cash equivalents** down 8% mainly as a result of working capital effects
- Increase of trade receivables and contract assets of €20.28m within **other current assets** reflects positive business trend

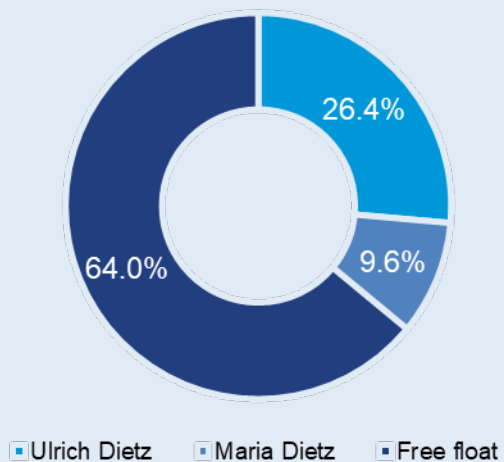


- Growth in **Equity** of €5.41m mainly attributed to net income for the year (€13.66m) and currency effects (€3.54m). Major negative effects from shareholders' dividend (€7.90m) and initial adoption of IFRS 16 (€2.34m). Equity ratio of 30% (31/12/2018: 34%), adjusted for IFRS 16 effects up to 35%
- Rise in **non-current liabilities** in essence due to lease liabilities acc. to IFRS 16 of €43.47m
- Increase in **current liabilities** related to lease liabilities acc. to IFRS 16 (€9.94m) and risen contract liabilities by €6.26m. Substantial opposing effect from decrease in trade payables of €4.20m.

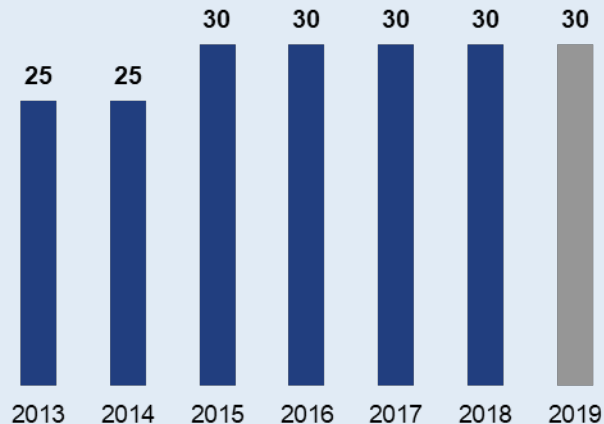
Stable dividend policy – no cut since 2008



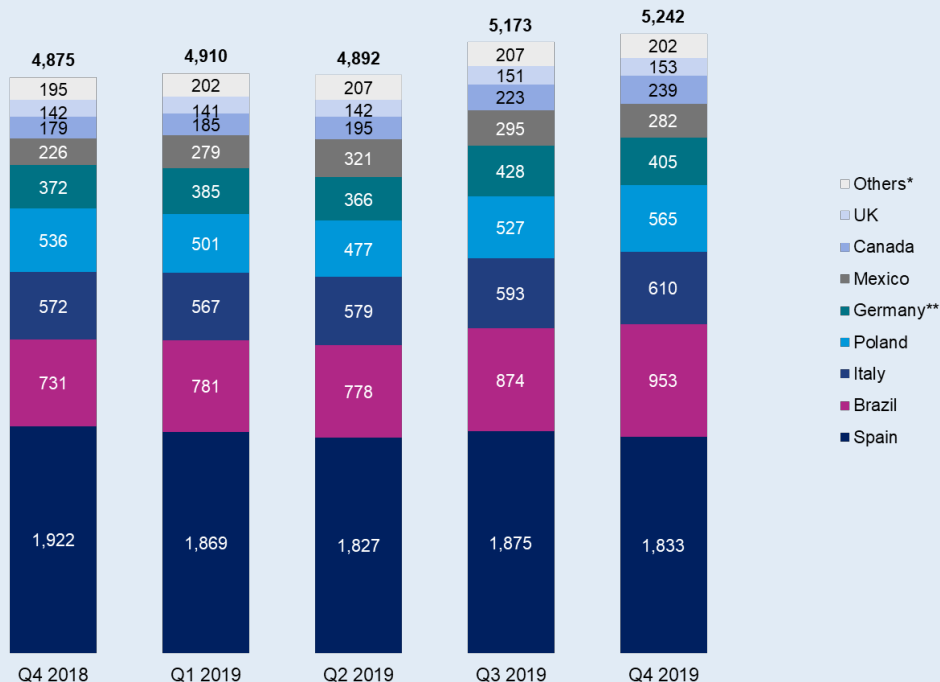
Shareholder
structure



Dividend per share in € cent
(for financial year)



Employees by country (FTE)



- Increase in Group headcount compared to 31/12/2018 especially due to staff expansion in Brazil, Mexico and Canada
- Decline in headcount in Spain caused by lower revenue with top-2 clients
- Increase in Germany after acquisition of AXOOM
- 114 employees in corporate functions (2018: 113)
- Utilisation rate of 89% at prior-year level (2018: 89%)

*Other countries: Costa Rica, Switzerland, USA, Belgium, France

** 60 employees of Axoom in Germany included, since Q3 2019

Agenda

1. Highlights FY 2019
2. Preliminary results FY 2019
3. **Outlook**

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%
- 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

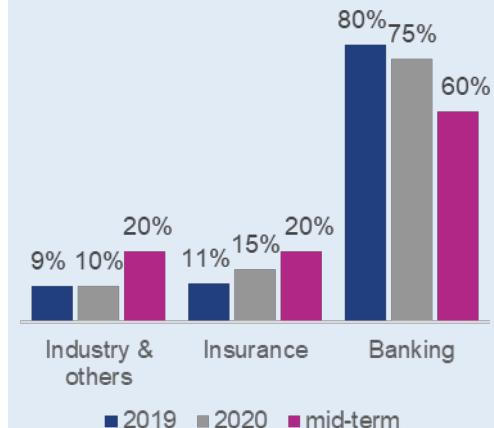
Market growth forecast 2020

IT budgets for

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

* Gartner ** Guidewire

Sector split mid-term



Sky high opportunities: the cloud momentum



GFT a clear Cloud innovation partner

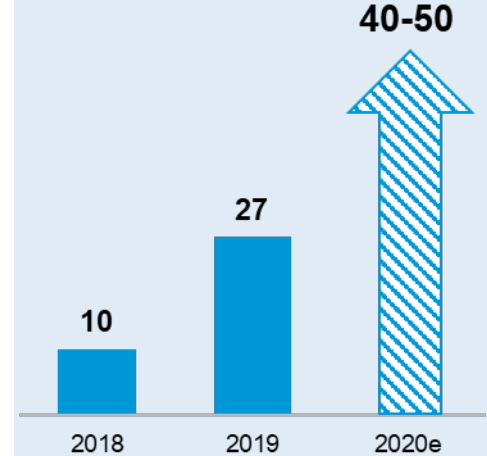
- On-going strategic investments to strengthen relationship with major cloud providers and benefiting from indirect sales through partnerships



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



Cloud experts



Growing offering: the insurance momentum



Insurance: increasing traction with Guidewire

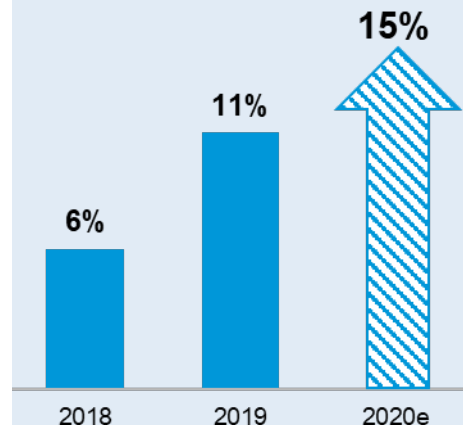
- Continuing growth with Guidewire implementation projects in North America and Europe
- Building up of nearshore capacity in Poland and Spain



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



Complete offering: industry ready to start



Industry 4.0: complete offering to address IoT market

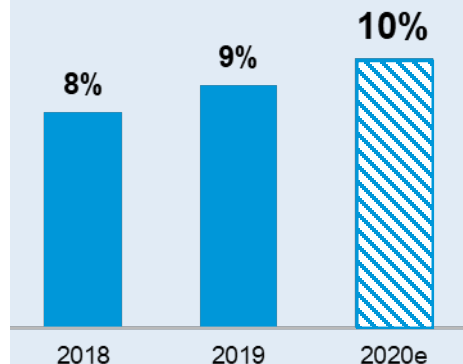
- Taking advantage of unique combination of IT and sector know-how with software offering
- More growth in German “Mittelstand” expected
- Exploring global opportunities



Proofpoint

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

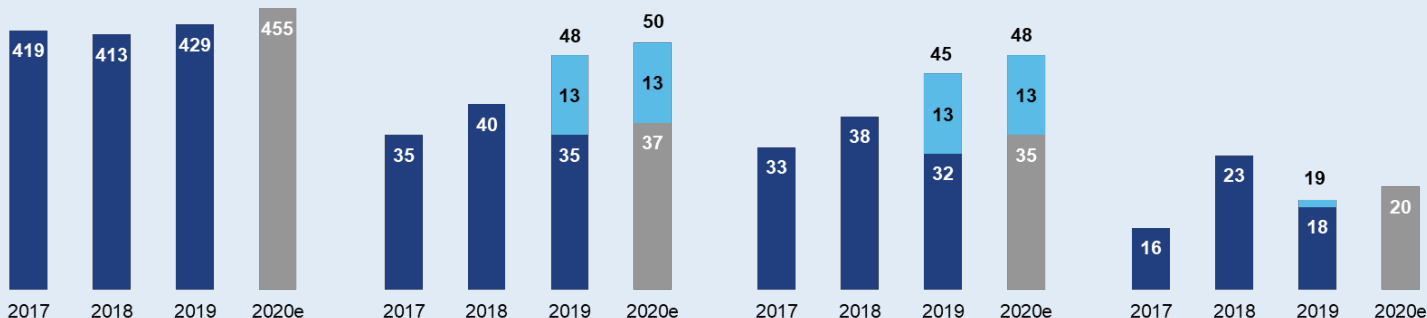
Share of industry 4.0 & others revenue



Outlook FY 2020: increase in revenue and earnings expected



in €m



Outlook FY 2020 – overall moderate impact of coronavirus anticipated

Revenue

- Decrease in revenue with top-2 clients of around 33%
- Unchanged dynamic in sector and client diversification: revenue growth without top-2 clients of 22% and insurance business to account for 15% of revenue

Earnings

- Focus on revenue growth requires higher spending for sales activities and technological expertise, further expenses for capacity adjustments expected

IFRS 16 effects

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

Outlook: Revenue for top-2 clients in FY 2020e*



in €m		Revenue			Δ%	Δ%
		2020e	2019	2018	2020/2019	2020/2018
Americas, UK & APAC	Top-2 clients	37.00	57.89	84.79	-36%	-56%
	Other clients	178.00	141.09	98.66	26%	81%
Continental Europe	Top-2 clients	44.00	64.12	79.56	-31%	-44%
	Other clients	196.00	165.33	149.32	18%	31%
GFT Group	Top-2 clients	81.00	122.01	164.35	-33%	-51%
	Other clients	374.00	306.42	247.97	22%	51%
	Total	455.00	428.43	412.32	6%	10%

* Excluding segment "Others"

Backup

Results at a glance per quarter



in €m	Q1/2018	Q2/2018	Q3/2018	Q4/2018	FY 2018	Q1/2019	Q2/2019	Q3/2019	Q4 2019	FY 2019
Revenue	106.99	104.17	97.91	103.76	412.83	105.72	105.31	104.92	113.03	428.98
EBITDA adjusted*	10.05	10.44	8.30	10.89	39.68	11.16	10.78	12.84	13.13	47.91
EBITDA	10.05	10.07	7.91	9.42	37.45	10.28	9.94	11.98	12.69	44.89
EBIT	6.87	6.92	4.72	6.21	24.72	3.87	4.48	5.95	7.03	21.33
EBT	6.24	6.29	4.39	5.72	22.64	3.18	3.97	5.19	6.39	18.73
Net income	4.69	7.10	4.82	3.37	19.98	2.71	3.36	4.01	3.58	13.66
Net income adjusted*	6.37	8.95	6.76	6.49	28.57	4.55	5.17	5.70	4.65	20.07
Earnings per share adj. (in €)*	0.24	0.34	0.26	0.25	1.09	0.17	0.20	0.22	0.17	0.76
Earnings per share (in €)	0.18	0.27	0.18	0.13	0.76	0.10	0.13	0.15	0.14	0.52
Employees (in FTE)	4,735	4,697	4,860	4,875	4,875	4,910	4,892	5,173	5,242	5,242

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

Split of operative and M&A Effects



in €m	2019				2018		
	GFT stand alone	V-NEO	Axoom	GFT Total	GFT stand alone	V-NEO	GFT Total
EBITDA adjusted	42.90	4.55	0.45	47.91	37.70	1.98	39.68
M&A earn-out & retention	0.00	-2.75	0.00	-2.75	0.00	-1.11	-1.11
M&A consult & integrate	0.00	0.00	-0.27	-0.27	0.00	-0.78	-0.78
M&A amortisation orderbook	0.00	0.00	0.00	0.00	0.00	-0.35	-0.35
EBITDA	42.90	1.80	0.18	44.89	37.70	-0.26	37.45
Depreciation & amortisation	-17.60	-0.06	-0.12	-17.77	-7.02	-0.06	-7.08
M&A amortisation	-4.19	-1.56	-0.04	-5.79	-5.01	-0.63	-5.64
EBIT	21.13	0.18	0.02	21.33	25.67	-0.95	24.72
Interest	-2.13	-0.44	-0.02	-2.60	-1.33	-0.20	-1.53
M&A interest	0.00	0.00	0.00	0.00	-0.56	0.00	-0.56
EBT	18.99	-0.26	0.00	18.73	23.78	-1.15	22.64
Income taxes	-5.10	0.03	0.00	-5.07	-2.85	0.19	-2.66
Net income	13.89	-0.23	0.00	13.66	20.93	-0.96	19.98
Net income adjusted	16.37	3.43	0.27	20.07	26.50	2.01	28.51
Shares outstanding (m.)	26.33	26.33	26.33	26.33	26.33	26.33	26.33
EPS basic (€)	0.53	-0.01	0.00	0.52	0.80	-0.04	0.76
EPS adjusted (€)	0.62	0.13	0.01	0.76	1.01	0.08	1.08

Effects after initial application of IFRS 16



in €m	2019			2020 expected		
	after IFRS 16	Adjustment	before IFRS 16	after IFRS 16	Adjustment	before IFRS 16
EBITDA adjusted	47.91	12.77	35.14	approx. 50	approx. 13	approx. 37
EBITDA	44.89	12.77	32.12	approx. 48	approx. 13	approx. 35
EBIT	21.33	1.82	19.51	approx. 23	approx. 1	approx. 22
EBT	18.73	0.69	18.04	approx. 20	approx. 0	approx. 20

Shaping the future of digital business

GFT Technologies SE

Dr Jochen Ruetz
CFO

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-422

jochen.ruetz@gft.com

GFT Technologies SE

Karl Kompe
Investor Relations Manager

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-323

karl.kompe@gft.com

GFT Technologies SE

Beatrice Martin-Vignerte
Chief Communications Officer

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042 -106

beatrice.martin-vignerte@gft.com