

PRESS RELEASE
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Preliminary figures for 2020

GFT exceeds guidance and expects further growth and significantly improved earnings in 2021

- 2020 figures exceed guidance; revenue of EUR 445 million and EBT of EUR 14.11 million
- Dynamic revenue growth without top-2 clients¹⁾ of 14 percent
- Sector, client and geographical diversification successfully continued: +23 percent in insurance business; expansion in Asia-Pacific with new clients
- +44 percent with fast-growing technologies²⁾, +86 percent with cloud solutions
- Outlook 2021: further revenue growth of 8 percent, increase in earnings of 70 percent
- Dividend proposal of EUR 0.20, payout ratio of 53 percent

Stuttgart, 4 March 2021 – GFT Technologies SE (GFT) exceeded its revenue guidance of 19 June 2020 for the year 2020, and even significantly surpassed its earnings guidance. The preliminary results for the financial year 2020 show an increase in revenue of 4 percent to EUR 444.85 million (guidance EUR 440 million). EBT amounted to EUR 14.11 million and thus exceeded guidance of EUR 13 million. Adjusted EBITDA of EUR 42.52 million was in line with guidance (EUR 42 million).

The diversification strategy was successfully continued and resulted, among other things, in strong growth in the company's insurance business: at 23 percent, it made a disproportionately strong contribution to overall growth and reached a total revenue share of 14 percent. As a result, the company has achieved the target it set before the pandemic for this year. GFT also succeeded in broadening its global footprint: the Asia-Pacific region was expanded with the opening of a new delivery centre in Vietnam and has already established itself as a growth driver with successful projects. Revenue from fast-growing technologies grew by 44 percent and reached a total revenue share of 42 percent.

Marika Lulay, CEO of GFT Technologies SE, states: "2020 was an eventful year in which we swiftly and successfully adapted to changing circumstances. The fact that we were able to exceed our revenue guidance demonstrates the strength of our business model and our strategy. In terms of earnings, we are even well above target and expect further strong growth in 2021."

Lulay says it is remarkable that GFT achieved strong growth in its relatively new business with insurance clients as well as with cutting-edge, fast-growing technologies. "Our outstanding expertise in Guidewire solutions has paid off in our insurance business, and in our cloud business we almost doubled our team of experts to more than 900 – our clients rewarded this with their orders."

Lulay added that the current digitisation trend was still a long way from reaching its peak. The pace of growth in the market for cloud solutions and applications based on artificial intelligence will continue to increase. "We are in an excellent position to meet this increasing demand and to accelerate our growth once again in the current year. For example, we recently unveiled our [BankLite](#) solution which enables clients to set up a complete digital bank based on cutting-edge technology much faster than before. Further innovative solutions will follow."

Revenue increased, guidance exceeded

In its financial year 2020, GFT generated total revenue of EUR 444.85 million – an increase of 4 percent over the previous year (EUR 428.98 million). Organic revenue growth amounted to 3 percent. Without the top-2 clients, revenue increased by as much as 14 percent, due in particular to the dynamic trend of the fast-growing insurance business and the cloud solutions business.

GFT continued to pursue its diversification strategy in the past year. As a result, the proportion of total revenue contributed by the top-2 clients was reduced to 21 percent (previous year: 28 percent). In its business with insurance clients, GFT achieved revenue growth of 23 percent and thus reached the target set for this sector before the pandemic. GFT also stepped up its geographical diversification in the past year: after strengthening its sites in Singapore and Hong Kong, the Asia-Pacific region already generated revenue of around EUR 10 million with innovative projects, such as the establishment of the completely digital new bank Mox in Hong Kong. The region has also been expanded by the addition of a new delivery centre in Vietnam.

Compared to 2019, revenue generated by fast-growing technologies increased by 44 percent and accounted for 42 percent of GFT's total revenue. The 86 percent growth in business with cloud solutions was once again particularly encouraging.

Earnings below previous year, but still above guidance

Key earnings figures in the financial year 2020 were mainly burdened by the Covid-19 pandemic and fell short of the prior-year results. The underutilisation of capacity resulting from the pandemic was countered above all by restructuring measures. Expenses planned at the beginning of the year for the expansion of sales activities and technology expertise in order to prioritise revenue growth led to further burdens on earnings. As a result, adjusted EBITDA fell by 11 percent year on year to EUR 42.52 million (2019: EUR 47.91 million). Compared to the previous year, EBT decreased by 25 percent to EUR 14.11 million (2019: EUR 18.73 million). Net income was down 27 percent at EUR 9.94 million (2019: EUR 13.66 million).

Additional key data: significant headcount growth, strong cash position

The dynamic development of business in Latin America was mainly responsible for the 14 percent increase in the GFT Group's headcount (full-time equivalents) to 5,986 (31 December 2019: 5,242 employees). Cash flow from operating activities amounted to EUR 60.25 million and was thus well above the prior-year level (2019: EUR 36.18 million). The increase is mainly due to working capital effects. Cash and cash equivalents rose to EUR 70.87 million (31 December 2019: EUR 56.14 million). The equity ratio of 31 percent (31 December 2019: 31 percent) reflects the GFT Group's consistently solid capital and balance sheet structure. Due to the reduction of financial debt, GFT's net debt fell strongly to EUR -31.35 million (31 December 2019: EUR -58.80 million).

Outlook: further revenue growth and significant earnings growth expected in 2021

The GFT Group anticipates a strong increase in EBT as well as revenue growth in all sectors in 2021. Outside its top-2 clients, GFT expects the growth trend to continue with an increase in revenue of 15 percent. GFT will continue to drive its diversification strategy, resulting in a further reduction in the proportion of total revenue from the top-2 clients to 16 percent (2020: 21 percent).

Demand for guidewire solutions for the insurance sector will grow strongly once again. The insurance business is therefore expected to account for 18 percent of total revenue (2020: 14 percent). The revenue share of the Industry & Others sector is also expected to rise further and reach 13 percent (2020: 11 percent). Revenue from applications using technologies such as DLT/blockchain, artificial intelligence, data analytics, DevOps and above all cloud, will continue to grow strongly and reach 50 percent of GFT's total revenue in 2021 (2020: 42 percent).

GFT forecasts an increase in revenue of 8 percent to EUR 480 million in 2021 (2020: EUR 444.85 million). Together with improved margins and revenue growth, the measures implemented in the financial year 2020 to enhance operating efficiency will result in a significant increase in key earnings figures: adjusted EBITDA is expected to grow by 18 percent to EUR 50 million (2020: EUR 42.52 million). For EBT, GFT even expects a strong increase of 70 percent to EUR 24 million (2020: EUR 14.11 million).

¹⁾ GFT's top 2 clients are defined as Deutsche Bank and Barclays.

²⁾ Fast-growing technologies are defined as DLT/blockchain, artificial intelligence, data analytics, cloud and DevOps.

Key figures (IFRS, unaudited) (Deviations possible due to rounding differences)

In EUR million	2020	2019	Δ %
Revenue	444.85	428.98	4%
Adjusted EBITDA*	42.52	47.91	-11%
EBITDA	39.70	44.89	-12%
EBIT	16.33	21.33	-23%
EBT	14.11	18.73	-25%
Net income	9.94	13.66	-27%
Earnings per share in EUR	0.38	0.52	-27%
Cash flow from operating activities	60.25	36.18	67%
Dividend in EUR	0.20	0.20	0%
Employees (FTE) as of 31 December	5,986	5,242	14%

* Adjusted for special items from M&A activities.

Further information on the definition of alternative performance measures is provided [here](#) on the GFT website

The press release can also be downloaded from the [GFT Newsroom](#).

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About GFT:

GFT is driving the digital transformation of the world's leading companies in the financial and insurance sectors, as well as in the manufacturing industry. As an IT services and software engineering provider, GFT offers strong consulting and development skills across all aspects of pioneering technologies, such as cloud engineering, artificial intelligence, mainframe modernisation and the Internet of Things for Industry 4.0.

With its in-depth technological expertise, profound market know-how and strong partnerships, GFT implements scalable IT solutions to increase productivity. This provides clients with faster access to new IT applications and innovative business models, while also reducing risk.

Founded in 1987 and located in more than 15 markets to ensure close proximity to its clients, GFT employs over 6,000 experts. GFT provides them with career opportunities in all areas of software engineering and innovation. The GFT Technologies SE share is listed in the Prime Standard segment of the Frankfurt Stock Exchange (ticker: GFT-XE).

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