

## GFT achieves strong earnings growth in first half of 2018

- Pre-tax earnings (EBT) up 39 percent to EUR 12.54 million and consolidated net income up 55 percent to EUR 11.79 million
- Consolidated revenue of EUR 211.16 million slightly down on previous year
- Revenue in Germany up 20 percent to EUR 31.52 million
- Earnings guidance for 2018 adjusted slightly due to takeover of Canadian IT specialist V-NEO in July

Stuttgart, 9 August 2018 – GFT Technologies SE (GFT) today published its results for the first six months and second quarter of 2018. Its business with digitalisation solutions for retail banks continues to make good progress. This led to year-on-year revenue growth of 6 percent in its Continental Europe business division. The revenue trend in the Americas & UK division continues to be dominated by the cost-cutting measures of two major investment banking clients, leading to a decline in revenue of 12 percent. Total consolidated revenue of EUR 211.16 million was 3 percent below the prior-year figure. The measures introduced in 2017 to raise operating efficiency had a positive impact and helped GFT achieve strong growth in pre-tax earnings (EBT) of 39 percent to EUR 12.54 million. Consolidated net income increased by 55 percent in the first half of 2018.

### Revenue trend in the first half of 2018

In the first half of 2018, consolidated revenue fell slightly by 3 percent to EUR 211.16 million (H1/2017: EUR 217.77 million). The Continental Europe division achieved revenue growth of 6 percent to EUR 118.26 million (H1/2017: EUR 111.55 million). This growth was generated, above all, with its range of solutions for exponential banking and the modernisation of core banking systems. Revenue with clients in Germany was raised by 20 percent to EUR 31.52 million (H1/2017: EUR 26.21 million). In Italy, revenue increased by 5 percent to EUR 29.02 million (H1/2017: EUR 27.52 million). Despite consistent growth over many years now, revenue in the Spanish market was raised by a further 6 percent to EUR 47.59 million. By contrast, the revenue trend of the Americas & UK division continued to be dominated by the ongoing cost-containment measures of two investment banking clients in the first half of 2018. At the same time, revenue with all other clients was expanded and new customers were acquired. However, this was not sufficient to fully offset the decline in revenue. As a result, revenue in this business division fell by 12 percent to EUR 92.60 million (H1/2017: EUR 105.77 million).

### Earnings trend in the first half of 2018

“The development of earnings in the first half of 2018 is particularly gratifying, as it clearly demonstrates that our measures to enhance operating efficiency are bearing fruit,” explains Dr Jochen Ruetz, CFO of GFT. The earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 10 percent to EUR 20.12 million (H1/2017: EUR 18.34 million). At EUR 12.54 million, EBT grew by 39 percent (H1/2017: EUR 9.01 million). Consolidated net income rose by 55 percent to EUR 11.79 million (H1/2017: EUR 7.60 million). As a result, earnings per share amounted to EUR 0.45 (H1/2017: EUR 0.29), based on 26,325,946 outstanding GFT shares.

### Revenue and earnings trend in the second quarter of 2018

The GFT Group posted revenue of EUR 104.17 million in the second quarter of 2018 and was thus 2 percent below the previous year's figure (Q2/2017: EUR 106.67 million). The Continental Europe division succeeded in raising revenue by 7 percent to EUR 59.27 million (Q2/2017: EUR 55.47

million). At EUR 44.70 million, revenue in the Americas & UK division was 12 percent down on the previous year (Q2/2017: EUR 50.91 million).

Consolidated EBITDA in the second quarter rose by 20 percent to EUR 10.07 million (Q2/2017: EUR 8.42 million). In the second quarter of 2018, EBT and consolidated net income more than doubled to EUR 6.29 million (Q2/2017: EUR 2.64 million) and EUR 7.10 million (Q2/2017: EUR 2.86 million), respectively.

### Employees

As of 30 June 2018, its headcount of 4,697 – calculated on the basis of full-time employees (FTE) – was 1 percent down on both the preceding quarter (31 March 2018: 4,735) and the previous year (30 June 2017: 4,739). Increased order volume in the Continental Europe division is also reflected in a slight rise in the number of staff it employs: in the first six months, the GFT workforce in this division grew by 1 percent to 3,418 employees (30 June 2017: 3,398). By contrast, the Americas & UK division employed a total of 1,158 people as of 30 June 2018, corresponding to a year-on-year decrease of 5 percent (30 June 2017: 1,222). Headcount in the UK and USA was reduced by 30 percent to 182 compared to the previous year. As a nearshore development centre for the USA, efficiency enhancements in Brazil also led to a 6 percent decrease in staff to 644.

### Additional key data

As of 30 June 2018, cash and cash equivalents amounted to EUR 63.56 million, corresponding to a decrease of EUR 8.68 million compared to the year-end figure (31 December 2017: EUR 72.24 million). Equity of EUR 117.67 million at the end of the first six months was slightly higher than at year-end (31 December 2017: EUR 115.32 million). The equity ratio as of 30 June 2018, amounted to 32 percent (31 December 2017: 31 percent).

### Outlook

Whereas demand from retail banks for digitalisation projects continues to make encouraging progress, the uncertainties surrounding business with two investment banking clients remain. Despite an extremely close proximity to these clients, a sudden and unexpected increase in their cost containment measures cannot be ruled out. The GFT Group, therefore continues to expect revenue in the middle range of EUR 400.00 to EUR 420.00 million for the financial year 2018 (2017: EUR 418.81 million). Following the acquisition of Canadian IT specialist V-NEO in July 2018, an additional revenue contribution of around EUR 7.00 million is expected for the current financial year.

EBITDA adjusted for acquisition-related expenses – previously not included in the forecast for financial year 2018 – is expected to reach EUR 40 million (previously: EUR 39 million). Due in particular to expenses for the acquisition of V-NEO, GFT has made a slight adjustment to its earnings forecast for the financial year 2018. The company now expects EBITDA of EUR 39 million (previously: at least EUR 39 million) and EBT of EUR 23.5 million (previously: at least EUR 25 million).

Marika Lulay, CEO of GFT Technologies SE emphasises: “The acquisition of V-NEO in July of this year was a decisive step towards positioning GFT as a leading IT partner for digital transformation in the insurance sector – as it is in the banking sector. In addition, we intend to systematically leverage our cross-sector technological expertise in the field of blockchain, cloud, data analytics and artificial intelligence in order to significantly expand our client base. This know-how has enabled GFT to develop a new business field in the industrial sector, which we expect will begin to generate initial revenue in the mid-single-digit million range in 2018.”

Detailed financial figures can be found in the Investor Relations section of the GFT website at <http://www.gft.com/ir>.

### Key figures (IFRS, unaudited)

(deviations possible due to rounding differences)

In EUR million	H1/2018	H1/2017	Δ %
Revenue	211.16	217.77	-3 %
EBITDA adjusted*	20.49	18.89	9 %
EBITDA	20.12	18.34	10 %
EBIT	13.79	10.27	34 %
EBT	12.54	9.01	39 %
Consolidated net income	11.79	7.60	55 %
Earnings per share in EUR	0.45	0.29	55 %
Employees (full-time) as of 30 June	4,697	4,739	-1 %

In EUR million	Q2/2018	Q2/2017	Δ %
Revenue	104.17	106.67	-2 %
EBITDA adjusted*	10.44	8.69	20 %
EBITDA	10.07	8.42	20 %
EBIT	6.92	3.32	>100 %
EBT	6.29	2.64	>100 %
Consolidated net income	7.10	2.86	>100 %
Earnings per share in EUR	0.27	0.11	>100 %
Employees (full-time) as of 30 June	4,697	4,739	-1 %

\* adjusted for special items from M&A activities

### Press contact:

Andrea Wlcek  
 Global Head of Communications  
 GFT Technologies SE  
 Schelmenwasenstraße 34  
 70567 Stuttgart, Germany  
 T +49 711 62042-440  
[andrea.wlcek@gft.com](mailto:andrea.wlcek@gft.com)

**About GFT:**

As an experienced technology partner, GFT Technologies SE (GFT) is committed to driving the digital transformation of the financial services industry. Drawing on our extensive knowledge of the sector, we advise the world's leading financial institutions and develop bespoke IT solutions – from banking applications and trading systems to the implementation and support of complete platforms, and the modernisation of core banking systems. Our global innovation team also develops new business models, focusing on topics such as blockchain, cloud engineering, artificial intelligence and the internet of things across all sectors.

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