

Guidance Update 2017 & Preview 2018

GFT Technologies SE

Marika Lulay (CEO), Dr Jochen Ruetz (CFO)

24 October 2017

Management summary

2017 Guidance update

- Intensified cost-containment programmes of two major investment banking customers in Q4 result in reduction in spend for projects previously anticipated in our pipeline
 - Further top line reduction compared to last guidance adaption in July 2017 can not be compensated and leads to interim underutilisation in onshore and nearshore teams (adaption of team size is ongoing)
 - Dynamic growth with digitalisation: revenues for all other customers are expected to increase above plan
 - Increased investments in technologies & innovations
- Turnover and earnings forecast for the 2017 financial year has to be lowered

2018 Preview

- Stable revenue development on 2017 level
- Increased earnings due to lack of negative special items
- Expansion of digital service offering for industrial clients

Guidance update 10/2017

Revenue: € 415m

(prev.: € 425m)

- **Top 2 investment banking customers:**
 - € -42m vs. previous year (-27% yoy)
 - € -10m vs. previous guidance (-8%)
- **All other investment banking customers** (besides Top-2):
 - € + 6m vs. previous year (+13% yoy)
 - € - 2m vs. previous guidance (-4%)
- **All retail banking customers:**
 - € +29m vs. previous year (+13% yoy)
 - € + 2m vs. previous guidance (+1%)
- **Overall revenue:**
 - € - 8m vs. previous year (-2% yoy)
 - € -10m vs. previous guidance (-2%)

EBITDA: € 34m

(prev.: € 42m)

- **Reduced margins** from business due to missing contributions from lower revenues: € -3.5m vs. prev. guidance
- **Weaker utilisation** due to revenue reductions: onshore utilization € -2.1m (prev. guid. € -1.1m) and nearshore utilization € -2.0m (prev. guid. zero)
- **Increased investments in growth:** € -3.5m (prev. guid. € -2.3m)
- **Increased negative FX translation effects:** € -2.2m (prev. guid. € -1.7m)
- **Bonus accrual release** due to weak Group earnings: € +1.4 (prev. guid. zero)
- Further revenue reductions trigger higher **restructuring costs:** € -2.8m (prev. guid. € -1.8m)
- Mecemsa acquisition leads to one time **PPA orderbook adaption:** € -0.2m

EBT: € 18m

(prev.: € 26m)

- Mecemsa acquisition leads to a **minor increase of PPA amortization** (estimate, final calculation of PPA effects still ongoing): € -5.7m (prev. guid. € -5.5m)
- Lower cost for **interest:** € -1.8m (prev. guid. € -2.0m)

Revenues by client groups (in €m)

- in €m -	Actuals 2016	Guidance 03 2017	Guidance 07 2017	Guidance 10 2017	Guidance 10 vs 07 [€m]	Guidance 10 vs 07 [%]	Guidance 10 vs 2016 [m€]	Guidance 10 vs 2016 [%]
Investment Banking (IB)	204	210	180	168	-12	-7%	-36	-18%
Top 2 clients	158	163	126	116	-10	-8%	-42	-27%
Other clients	46	47	54	52	-2	-4%	6	13%
Retail Banking (RB)	216	237	243	245	2	1%	29	13%
Top 2 clients	59	58	69	70	1	1%	11	19%
Other clients	157	179	174	175	1	1%	18	11%
Others	3	3	2	2	0	0%	-1	-24%
Total revenue	423	450	425	415	-10	-2%	-8	-2%
Total w/o Top 2 clients IB	265	287	299	299	0	0%	34	13%

Revenues by client groups – detail (in €m)

- in €m -	Guidance 07				Guidance 10			
	2017	H1 *	Q3	Q4	2017	H1*	Q3 **	Q4
Investment Banking (IB)	180	94	42	44	168	94	39	35
Top 2 clients	126	66	28	32	116	66	27	23
Other clients	54	28	14	12	52	28	12	12
Retail Banking (RB)	243	124	58	61	245	124	59	62
Top 2 clients	69	35	16	18	70	35	18	17
Other clients	174	89	42	43	175	89	41	45
Others	2	0	1	1	2	0	1	1
Total revenue	425	218	101	106	415	218	99	98
Total w/o Top 2 clients IB	299	152	73	74	299	152	72	75

* Actuals ** Preliminary results

Operating profit

m€	Actuals 2015	Actuals 2016	Guidance 03-2017	Guidance 07-2017	Guidance 10-2017
Revenue	373.51	422.56	450.00	425.00	415.00
Margin from Business	12.2%	12.2%	12.0%	11.7%	11.2%
- Margin from business	45.49	51.46	53.93	49.93	46.43
- weaker onshore utilization UK+US		-1.50	-1.13	-1.13	-2.13
- weaker nearshore utilization					-2.00
- Investments in growth		-0.56	-2.30	-2.30	-3.50
- FX effects		-1.62	0.00	-1.70	-2.20
Operating profit	45.49	47.78	50.50	44.80	36.60
Bonus Release					1.40
Restructure			-1.00	-1.80	-2.80
Earn Out Brazil			-1.00	-1.00	-1.00
PPA Orderbook	-0.93	-0.07			-0.20
EBITDA	44.56	47.71	48.50	42.00	34.00
Depreciation	-5.16	-6.25	-6.00	-6.50	-6.50
PPA amortization	-5.17	-5.67	-5.50	-5.50	-5.70
PPA Goodwill Impairment				-2.00	-2.00
EBIT	34.23	35.79	37.00	28.00	19.80
Interest	-1.71	-1.74	-2.00	-2.00	-1.80
EBT	32.52	34.05	35.00	26.00	18.00

Preliminary financial results 9M/2017

In €m	9M/2017	9M/2016	Δ%
Revenue	316.52	314.28	1%
Revenue organic	308.51	310.74	-1%
EBITDA	29.10	34.00	-14%
EBIT	17.85	25.40	-30%
EBT	16.68	23.71	-30%
Net income	14.19	18.08	-22%
IAS earnings per share	€ 0.54	€ 0.69	-22%
Permanent employees (FTE)	4,666	4,749	-2%

Preliminary financial results per quarter

In €m	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	9M/ 2017
Revenue	97.39	110.64	106.25	108.28	422.56	111.10	106.67	98.75	316.52
EBITDA	10.15	11.39	12.46	12.71	46.71	9.92	8.42	10.76	29.10
EBIT	7.40	8.46	9.54	9.39	34.79	6.95	3.32	7.58	17.85
EBT	7.04	7.56	9.11	9.34	33.05	6.63	2.89	7.16	16.68
Net income	5.57	6.63	5.88	6.15	24.23	4.99	3.12	6.08	14.19
IAS earnings per share	€ 0.21	€ 0.25	€ 0.23	€ 0.23	€ 0.92	€ 0.19	€ 0.12	€ 0.23	€ 0.54
Permanent employees (FTE)	4,159	4,493	4,749	4,870	4,870	4,833	4,739	4,666	4,666

Going forward

UK/US

CLEAN
UP

- 28% reduction of people
- Overhead structure right sized & senior management exchanged
- Utilization improved by 10% per mid Q4
- Delivery mix changed from onsite to nearshore

Global

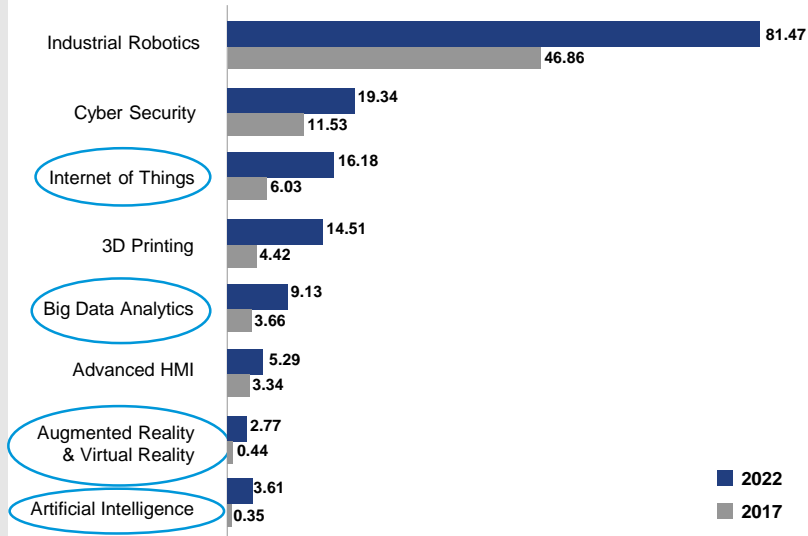
SCALE
UP

- Continued improvement of OPERATIONAL EXCELLENCE
- EXPAND FINANCIAL SERVICES: Continue to broaden the client base
- Growth opportunity: GO INDUSTRY
- Increased INVESTMENTS into Applied Technology Unit

Market Analysis

Technology perspective → our strengths

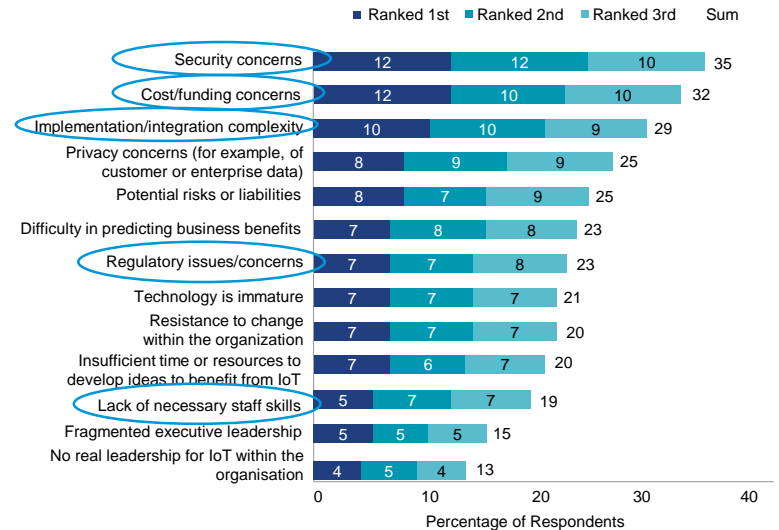
Industry 4.0 market in 2017 and 2022 (market size in \$bn)



Source: MarketsandMarkets 2017

Challenges for our clients → our strengths

Top Barriers to IoT Success in Organisations



Source: Gartner 2017

From managed service to platform based business

BaaP | Reg. Automation | Cognitive Insurance | Supply Chain / Embedded Finance | Platform Integration | Internet of Things

FINANCIAL SERVICES UNIT

BANKING
INNOVATION LAB

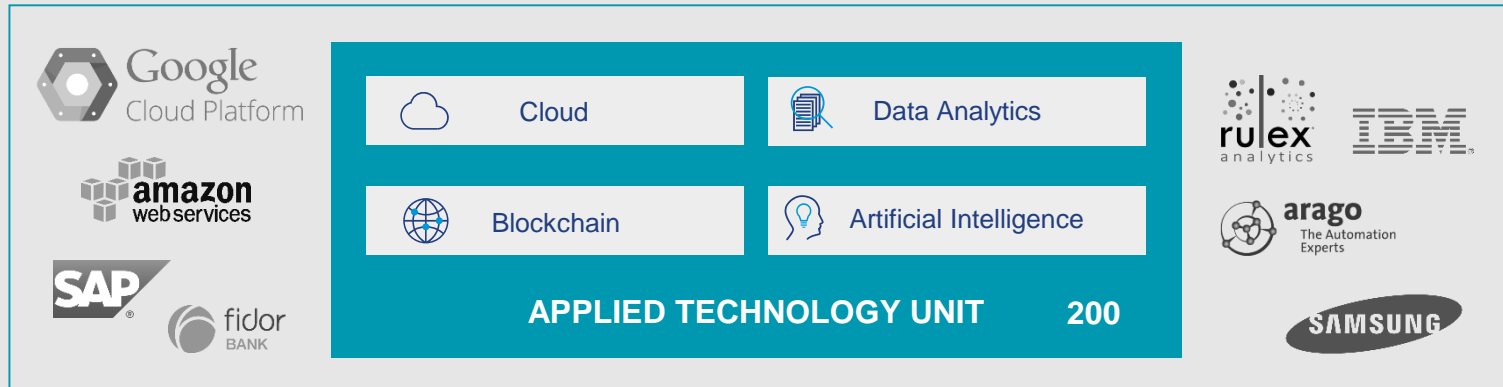
INDUSTRIAL SOLUTIONS UNIT

NEW

Business Consulting / Sales

CODE_N

Partner & Ecosystem / Sales



Managed Service

GLOBAL DELIVERY MODEL
4.000

Platform Based Business

Guidance 2017 and preview 2018

Revenue

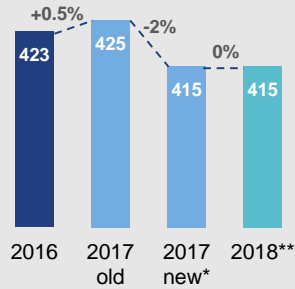
800

EBITDA margin 12%

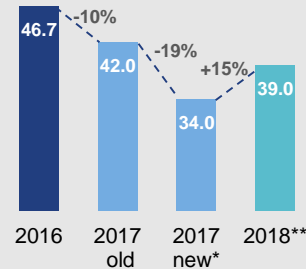
2022



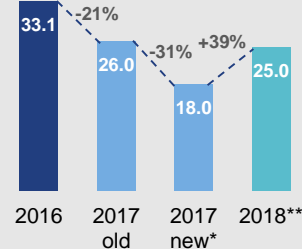
Revenue



EBITDA



EBT



* New guidance as of October 2017 / ** 2018 Preview

- Cost-containment programmes of the two major customers in investment banking will extend into 2018
- Stable business development with the two major clients on a par with the fourth quarter of 2017
- Further dynamic revenue growth from digital solutions for the finance sector
- Expansion of digital solution offering for industrial clients
- Mid-term guidance confirmed: revenue of € 800m by the year 2022 at 12% EBITDA Margin

Shaping the future of digital business

GFT Technologies SE

Marika Lulay
CEO

Schelmenwasenstrasse 34
70567 Stuttgart

T +49 711 62042-410
marika.lulay@gft.com

GFT Technologies SE

Dr Jochen Ruetz
CFO

Schelmenwasenstrasse 34
70567 Stuttgart

T +49 711 62042-422
jochen.ruetz@gft.com

GFT Technologies SE

Andrea Wlcek
Head of Investor Relations

Schelmenwasenstrasse 34
70567 Stuttgart

T +49 711 62042-440
andrea.wlcek@gft.com