

GFT lowers its guidance for 2017 due to decrease in revenue with major investment banking customers

- **Cost-containment programmes of two major customers in UK and North America lead to a guidance adjustment**
- **Revenue forecast for 2017 reduced from 450 to 425 million euros (2016: 423 million euros)**
- **EBITDA guidance reduced from 48.5 to 42.0 million euros (2016: 46.7 million euros)**
- **With all other customers, 13 per cent revenue growth as compared to previous year expected**

Stuttgart, 10 July 2017 – Following a successful first quarter of 2017, a decrease in revenue with two major investment banking customers in the UK and North America will have a negative effect on the business development of GFT Technologies SE (GFT). For both customers, management expects a total of 37 million euros (23 per cent) less revenue than originally planned for the entire year 2017. Although the revenue with all other customers is expected to be 4 percent above the original guidance for 2017, this will not compensate for the reduction in planned revenue for these two major customers. Therefore, management decided today to scale back its consolidated revenue guidance for the entire year 2017 from 450 million euros to 425 million euros. In addition to the lacking operational profits from the lowered revenue guidance and higher social security contributions in Brazil, one-off effects resulting from restructuring measures and from currency fluctuations will also have a negative effect on earnings. The company now plans to generate earnings before interest, taxes, depreciation and amortization (EBITDA) of 42.0 million euros (previously 48.5 million euros) in 2017. The forecast for earnings before taxes (EBT) in 2017 has been reduced from 35 million euros to 26 million euros, whereby this also includes 2 million euros from the reassessment of intangible assets.

Revenue with digitalisation projects exceeds expectations

As expected, revenue from the implementation of regulatory requirements will decrease slightly. On the other hand, business with digital solutions is undergoing dynamic growth and has exceeded expectations. “We are expecting additional growth with all other customers as compared to the original planning for 2017. Items at the top of the agenda for our customers this year are topics such as, ‘banking as a platform’, the introduction of cloud solutions and diverse IT optimisations,” says Marika Lulay, CEO of GFT.

The measures on the adjustment and realignment of the sales organisation in the UK and North America, which were initiated at the end of 2016, are already proving to be successful. A large retail bank in North America was acquired as a new customer. GFT is responsible for the implementation of a strategic digitalisation programme. “Along with the existing offering, we are adding new services to our portfolio with blockchain, cloud migration, artificial intelligence and Industry 4.0. This will lay the foundation for further growth,” says Lulay. In doing so, the IT service provider is putting its business activities on broader footing and will in this way be able to further improve its customer structure.

Medium-term forecast also adjusted

Since the realignment of the two major customers is expected to extend into 2018 and GFT is assuming that the revenue with these two financial institutions will not pick up again until 2019, management has also adjusted the medium-term forecast. GFT is therefore planning to generate revenue of 800 million euro with an EBITDA margin of 12 per cent in 2022 (previously 2020).

“The temporary decrease in revenue with our two major customers is currently unavoidable due to the realignment of these financial institutions. We have adjusted our organisational structures accordingly and, independently of this, will continue to consistently implement our growth strategy. We expect growth of 13 per cent with all of our other customers in retail and investment banking, as compared to the previous year. With the expanded focus on technology, our sound financial knowledge and the realigned sales organisation, the way has been paved – we only need a little more time,” says Lulay.

About the GFT Group:

GFT Technologies SE (GFT) is a global technology partner for digital transformation in the financial sector. Leading international banks and insurance companies rely on GFT's IT and consultancy expertise to solve the complex challenges facing the industry. This includes, in particular, solutions for implementing regulatory requirements and the digitalisation of business processes.

Via the global innovation platform CODE_n, GFT connects start-ups, technology pioneers and established companies in order to recognise disruptive trends in the financial sector at an early stage and integrate them into new business models.

GFT expects to achieve a consolidated revenue of around 425 million euros in the 2017 financial year. The company was established in 1987 and now has operations in twelve countries with around 5,000 employees. The GFT share is listed on the Frankfurt Stock Exchange in the TecDAX (ISIN: DE0005800601).

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