

PRESS RELEASE

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GFT raises net income in the first nine months of 2018

- Revenue of EUR 309.07 million slightly down on previous year
- Net income up 24 percent to EUR 16.61 million
- Strong year-on-year increase in cash flow from operating activities
- Investments in new technologies such as blockchain, cloud, data analytics and artificial intelligence
- Guidance for full-year 2018 confirmed

Stuttgart, 8 November 2018 – GFT Technologies SE (GFT) today published its results for the first nine months and third quarter of 2018. The revenue trend in the first nine months of 2018 was held back by the ongoing budget restrictions of two investment banking clients, but was almost offset by business with new and other existing clients, as well as by growth through acquisitions. At EUR 309.07 million, revenue was just 2 percent below the corresponding prior-year figure. Adjusted for the revenue contributions of two investment banking clients who continue to impose budget restrictions, revenue grew by 6 percent. Net income after nine months rose by 24 percent to EUR 16.61 million.

Acquisition and initial consolidation of IT specialist in the third quarter of 2018

On 3 July 2018, GFT announced the complete takeover of V-NEO Inc., an IT specialist for the insurance industry based in Canada. It was first consolidated within the GFT Group on 1 August 2018. In the third quarter, V-NEO contributed EUR 3.15 million to consolidated revenue. Due to acquisition-related expenses, V-NEO's contribution to consolidated net income in the third quarter was slightly negative.

Revenue trend in the first nine months of 2018

In the first nine months of 2018, the GFT Group generated revenue of EUR 309.07 million, corresponding to a year-on-year decline of 2 percent (9M/2017: EUR 316.52 million). In the Continental Europe division, demand for digitalisation solutions in the retail banking sector resulted in a slight increase in revenue of 4 percent to EUR 171.54 million (9M/2017: EUR 164.19 million). By contrast, the revenue trend in the Americas & UK division was dampened by the ongoing budget restrictions of two investment banking clients. As a result, revenue in the first nine months of 2018 fell by 10 percent to EUR 137.10 million (9M/2017: EUR 151.65 million). Adjusted for the revenue contributions of these two investment banking clients, the Americas & UK segment achieved dynamic revenue growth of 10 percent with new and other existing clients.

Earnings trend in the first nine months of 2018

Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) decreased by 4 percent to EUR 28.79 million (9M/2017: EUR 29.91 million). At EUR 16.92 million, EBT was up 6

percent (9M/2017: EUR 15.91 million). Consolidated net income rose strongly by EUR 3.19 million or 24 percent to EUR 16.61 million (9M/2017: EUR 13.42 million).

Revenue and earnings trend in the third quarter of 2018

In the third quarter of 2018, the GFT Group generated revenue of EUR 97.91 million; this represents a decline of 1 percent on the same quarter last year (Q3/2017: EUR 98.75 million). Earnings in the third quarter were burdened by increased sales expenses and the accelerated expansion of expertise for new solution offerings. At EUR 8.30 million, adjusted EBITDA was 25 percent down on the prior-year quarter (Q3/2017: EUR 11.02 million). Similarly, EBITDA was 26 percent down at EUR 7.91 million in the third quarter (Q3/2017: EUR 10.76 million) and EBT was down 36 percent at EUR 4.39 million (Q3/2017: EUR 6.90 million).

Employees

As of 30 September 2018, the number of employees was up 4 percent on the previous year at 4,860 (30 September 2017: 4,666) and up 3 percent on the previous quarter (30 June 2018: 4,697). The increase is mainly due to the takeover of the Canadian IT specialist in the Americas & UK segment. In this segment, headcount was up 15 percent on the previous year at 1,335 (30 September 2017: 1,158) and on the previous quarter (30 June 2018: 1,158). In the Continental Europe segment, headcount was up 1 percent on the previous year at 3,405 (30 September 2017: 3,338) and virtually unchanged from the previous quarter (30 June 2018: 3,418). These figures are calculated on the basis of full-time employees (FTE).

Additional key data

Cashflow from operating activities rose year-on-year by EUR 12.69 million to EUR 15.14 million (9M/2017: EUR 2.45 million). As of 30 September 2018, cash and cash equivalents were down EUR 27.53 million at EUR 44.71 million (31 December 2017: EUR 72.24 million). During the reporting period, equity rose by EUR 7.51 million compared to 31 December 2017 to stand at EUR 122.83 million. The equity ratio on 30 September 2018 amounted to 34 percent (31 December 2017: 31 percent).

Outlook

The underlying growth trends for the increased use of new technologies, such as data analytics and cloud computing, remain unchanged. This is partially overshadowed by investment uncertainty in connection with Brexit and the budget restrictions of our clients in the finance sector.

Marika Lulay, CEO of GFT Technologies SE, states: "In order to exploit the positive momentum in our markets, we are stepping up investments in new technologies such as blockchain, cloud, artificial intelligence and data analytics; our goal being to position ourselves at an early stage with our clients as their preferred technology partner, in collaboration with Amazon Web Services, Google Cloud, Guidewire or other service providers."

Operating targets of the GFT Group for 2018

The GFT Group expects organic revenue in the lower range of €400 million to €420 million. In addition, the acquisition of V-NEO in the third quarter will contribute around €7 million to revenue in 2018. Adjusted EBITDA for 2018 is expected to reach €40 million. EBITDA of €39 million and EBT of €23.5 million are anticipated. Potential further short-term cost savings measures and project

postponements of our clients in the last four weeks of the financial year may have a negative impact on our earnings performance.

Medium-term prospects of the GFT Group

In view of the volatile market trend, the medium-term forecast for 2022 of EUR 800 million in revenue with an EBITDA margin of 12 percent is being carefully reviewed. The result of this review will be announced on publication of the preliminary figures for 2018 in February 2019.

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

Key figures (IFRS, unaudited)

(deviations possible due to rounding differences)

In EUR million	9M/2018	9M/2017	Δ%
Revenue	309.07	316.52	-2%
EBITDA adjusted*	28.79	29.91	-4%
EBITDA	28.03	29.10	-4%
EBIT	18.51	17.85	4%
EBT	16.92	15.91	6%
Consolidated net income	16.61	13.42	24%
Earnings per share in EUR	0.63	0.51	24%
Employees (full-time) as of 30 September	4,860	4,666	4%

In EUR million	Q3/2018	Q3/2017	Δ%
Revenue	97.91	98.75	-1%
EBITDA adjusted*	8.30	11.02	-25%
EBITDA	7.91	10.76	-26%
EBIT	4.72	7.58	-38%
EBT	4.39	6.90	-36%
Consolidated net income	4.82	5.82	-17%
Earnings per share in EUR	0.18	0.22	-17%
Employees (full-time) as of 30 September	4,860	4,666	4%

* adjusted for special items from M&A activities

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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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