

GFT publishes results for first nine months of 2017: digitalisation projects drive growth in Continental Europe

- Revenue of EUR 316.52 million in first nine months slightly up on previous year (9M/2016: EUR 314.28 million)
- Revenue in *Continental Europe* segment raised by 13 percent to EUR 164.19 million (9M/2016: EUR 145.62 million)
- Revenue in *Americas & UK* segment down 9 percent to EUR 151.65 million (9M/2016: EUR 166.24 million)
- Consolidated EBITDA of EUR 29.10 million burdened by special items (9M/2016: EUR 34.00 million)

Stuttgart, 9 November 2017 – GFT Technologies SE today published its results for the nine-month period ending 30 September 2017. Despite intensified cost-savings efforts by its investment banking clients, revenue in the first nine months was slightly up on the previous year. GFT once again enjoyed dynamic growth with digital solutions for retail banking clients in its *Continental Europe* segment. Consolidated earnings (EBITDA) in the first nine months were burdened by special items from restructuring measures, currency fluctuations and increased capital expenditure.

“The current financial year is being dominated by the heavy spending cuts of our investment banking clients. At the same time, there is strong demand for our acclaimed technological expertise and solutions for forward-looking topics such as blockchain, cloud engineering, artificial intelligence and Industry 4.0. In future, we intend to address not only the financial sector but increasingly also industrial companies with this technology focus,” explains Marika Lulay, CEO of GFT Technologies SE.

Revenue trend in the first nine months of 2017

After a successful first quarter, the cost-containment measures introduced by two investment banking clients in the second quarter also burdened GFT’s business trend in the third quarter of 2017. Thanks to the dynamic development of revenue generated with digital solutions for retail banking clients, the GFT Group’s revenue in the first nine months of 2017 was up 1 percent year on year at EUR 316.52 million (9M/2016: EUR 314.28 million).

The cost cuts introduced by investment banking clients had a particularly strong impact on the *Americas & UK* segment where revenue fell by 9 percent year on year to EUR 151.65 million (9M/2016: EUR 166.24 million). Revenue generated with clients in the UK decreased by 16 percent to EUR 89.35 million (9M/2016: EUR 106.98 million). In the USA, revenue decreased by 13 percent to EUR 36.24 million (9M/2016: EUR 41.61 million).

In its *Continental Europe* segment however, GFT’s solutions for digitising business processes in the retail banking market helped lift sales by 13 percent. As a result, segment revenue rose from EUR 145.62 million in the previous year to EUR 164.19 million as of 30 September 2017. There was particularly strong demand for GFT’s products from banks in Spain, leading to revenue growth in this country of 15 percent to EUR 64.96 million in the first nine months of 2017 (9M/2016: EUR 56.67 million). In October 2017, GFT signed a cooperation agreement with Sabis, the IT subsidiary of the Banco Sabadell Group, which is worth EUR 80 million over five years.

GFT also raised revenue in Germany by 4 percent to EUR 41.14 million (9M/2016: EUR 39.58 million). This segment's share of total consolidated revenue therefore grew to 52 percent (9M/2016: 46 percent).

Earnings trend in the first nine months of 2017

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to EUR 29.10 million in the reporting period. This is 14 percent less than in the same period last year (9M/2016: EUR 34.00 million). In addition to negative exchange rate effects from the devaluation of the British pound amounting to EUR 2.15 million, earnings were burdened in particular by restructuring costs of EUR 2.30 million in the *Americas & UK* segment, as well as by payment obligations from company acquisitions in the previous year totalling EUR 0.75 million. At the same time, GFT increased capital expenditure for the expansion of its digital solutions portfolio – both for banks and for industrial clients. EBT (earnings before taxes) for the first nine months was down 30 percent on the previous year at EUR 16.68 million (9M/2016: EUR 23.71 million). It includes an impairment charge on goodwill in the *Americas & UK* segment of EUR 2.00 million.

Headcount at stable level

The number of people employed by the GFT Group remained at a stable level. As of 30 September 2017, the company had 4,666 full-time employees – 2 percent fewer than on the same day in 2016 (4,749).

The current headcount in the *Americas & UK* segment reflects the necessary restructuring measures, which were implemented there. The number of full-time employees fell year on year by 11 percent to 1,158 (30 September 2016: 1,299). In the *Continental Europe* segment, a total of 3,388 people were employed as of 30 September 2017 – one percent more than in the previous year (30 September 2016: 3,344).

Revenue and earnings trend in the third quarter of 2017

In the third quarter of 2017, the GFT Group generated total revenue of EUR 98.75 million and thus 7 percent less than in the same quarter last year (Q3/2016: EUR 106.25 million). Revenue in the *Americas & UK* segment fell by 17 percent to EUR 45.88 million (Q3/2016: EUR 55.40 million). In the *Continental Europe* segment, revenue was up by 8 percent to EUR 52.64 million (Q3/2016: EUR 48.91 million).

Consolidated EBITDA in the third quarter of 2017 amounted to EUR 10.76 million and was thus 14 percent below the prior-year figure (Q3/2016: EUR 12.46 million). Pre-tax earnings (EBT) decreased by 21 percent to EUR 7.16 million (Q3/2016: EUR 9.11 million).

Additional key data

As of 30 September 2017, cash, cash equivalents and securities amounted to EUR 46.86 million – EUR 15.43 million less than at year-end 2016 (31 December 2016: EUR 62.29 million). Equity capital as of 30 September 2017 was slightly up at EUR 118.18 million (31 December 2016: EUR 117.18 million). This corresponds to an equity ratio of 34 percent as of 30 September 2017 (31 December 2016: 32 percent).

Outlook

As already announced on 24 October 2017, GFT has adjusted its full-year guidance for 2017. The cuts being made by two investment banking clients will continue in the fourth quarter of 2017. At the

same time, GFT is investing more in expanding its sector focus to industrial clients. Against this backdrop, the company now plans to generate earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 34.00 million in 2017 (previously EUR 42.00 million). The guidance for pre-tax earnings (EBT) is EUR 18.00 million (previously EUR 26.00 million). Consolidated revenue of EUR 415.00 million is expected for the financial year 2017 (previously EUR 425.00 million).

Detailed financial figures can be found in the [Investor Relations section](#) of the GFT website.

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

In EUR million	9M/2017	9M/2016	Δ %
Revenue	316.52	314.28	1%
EBITDA	29.10	34.00	-14%
EBIT	17.85	25.40	-30%
EBT	16.68	23.71	-30%
Net income for the period	14.19	18.08	-22%
Earnings per share in EUR	€0.54	€0.69	-22%
Equity ratio in percent	34 (30/09/2017)	32 (31/12/2016)	
Employees (full-time) as of 30 September	4,666	4,749	-2%

In EUR million	Q3/2017	Q3/2016	Δ %
Revenue	98.75	106.25	-7%
EBITDA	10.76	12.46	-14%
EBIT	7.58	9.54	-21%
EBT	7.16	9.11	-21%
Net income for the period	6.08	5.88	3%
Earnings per share in EUR	€0.23	€0.23	-1%
Equity ratio in percent	34 (30/09/2017)	32 (31/12/2016)	
Employees (full-time) as of 30 September	4,666	4,749	-2%

About GFT:

GFT Technologies SE (GFT) is a business change and technology consultancy trusted by the world's leading financial services institutions to solve their most critical challenges. Specifically defining answers to the current constant of regulatory change – whilst innovating to meet the demands of the digital revolution. GFT brings

together advisory, creative and technology capabilities with innovation culture and specialist knowledge of the finance sector, to transform the clients' businesses.

Utilising the CODE_n innovation platform, GFT is able to provide international start-ups, technology pioneers and established companies access to a global network, which enables them to tap into the disruptive trends in financial services markets and harness them for their out of the box thinking.

GFT plans to generate consolidated revenue of around EUR 415 million in its financial year 2017. Founded in 1987, the company is represented in eleven countries with a global team of around 5,000 employees. The GFT share is listed on the Frankfurt Stock Exchange in the TecDAX (ISIN: DE0005800601).

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