

# Investor presentation

GFT Technologies SE | August 2022



We believe in a digital world in which the intelligent use of IT is a key success factor. Our vision is to simplify this world for our clients.

We work side by side with our clients on digital transformation, enabling them to stay ahead of the competition and making change easy.



# Agenda

1. **GFT at a glance**
2. GFT growth path
3. Financial results H1/2022
4. Outlook



# GFT at a glance FY 2021



## GLOBAL WORKFORCE FY 2021

**7,718**<sub>FTE</sub>  
plus 1,305 contractors

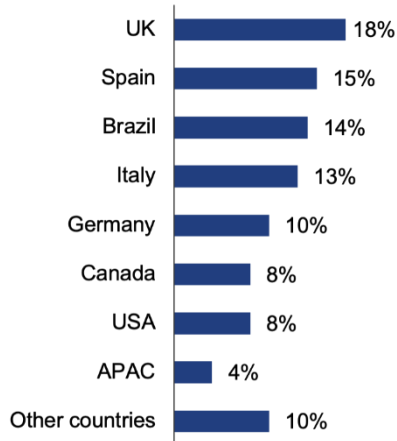
## REVENUE FY 2021

**€ 566** million

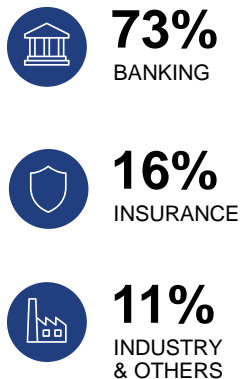
## Adj. EBITDA FY 2021

**€ 65** million

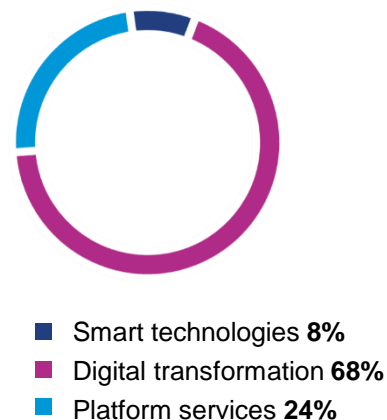
## REVENUE BY MARKET FY 2021



## REVENUE BY SECTOR FY 2021



## REVENUE BY SERVICE FY 2021



# Investment case



## Unique technology and sector expertise

- Longstanding expertise in digital transformation for financial institutions
- Strong focus on latest technologies: AI, Cloud, Blockchain, Data Analytics, DevOps
- GFT positioned as leader in analyst quadrants
- Partnerships with market leaders: AWS, Azure, Google, Guidewire, Thought Machine, Mambu
- Technology-driven diversification into IoT
- Proven client-focused onshore / nearshore delivery model



## Highly attractive sales and earnings potential

- Accelerated growth due to high structural demand
- Increasing profit margins
- Attractive free cash flow generation with low capex (approx. 2 % of sales)
- Shareholder-friendly dividend policy at 20-50 % of net profit



## Strong demand for digital transformation

- Digital transformation is a megatrend
- Cloud business to grow dynamically
- Large IT budgets to innovate banking
- On-going industrial automation

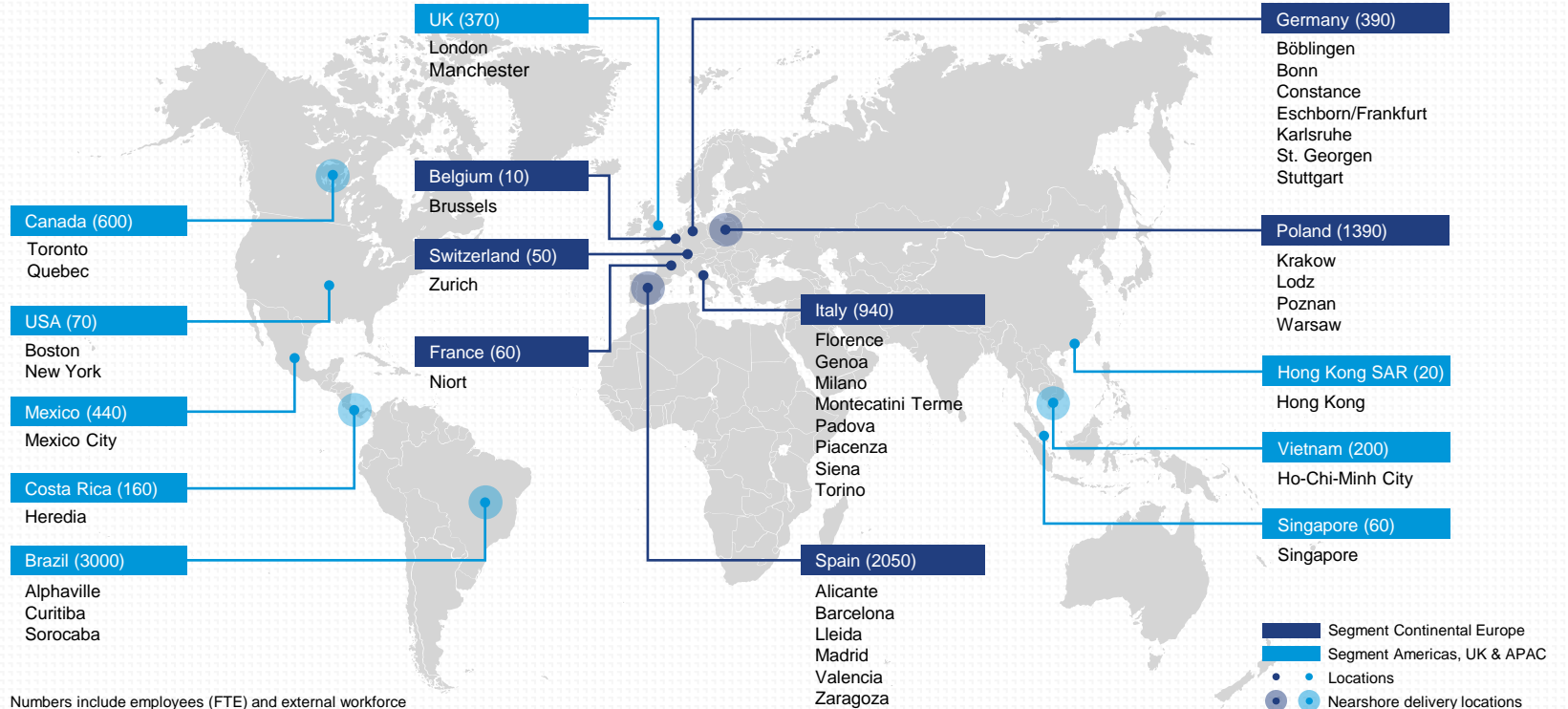


## Sustainability and commitment

- CEO & CFO more than ten years with GFT
- Two anchor shareholders own 36 % of shares
- Commitment to grow IT talent worldwide, with Great Place to Work certification
- GreenCoding initiatives

# Proven onshore-/nearshore delivery model with 10,000+ talents

Over 40% of revenues generated nearshore | Headcount 8,700 and 1,357 contractors (H1/2022)

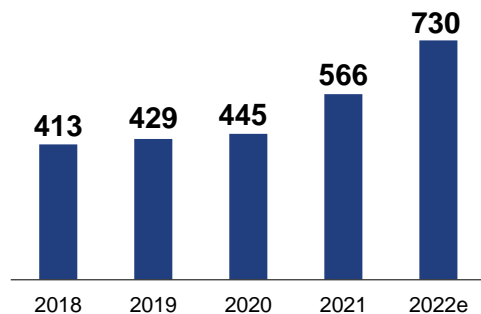


Numbers include employees (FTE) and external workforce

# Key figures – strong improvement

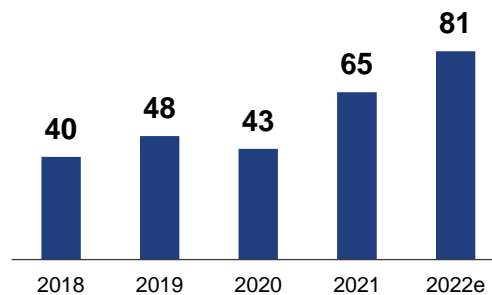


Revenue (€m)



- 10-year CAGR: 17.3%
- 5-year CAGR: 15.3%

EBITDA adjusted (€m)\*



- 10-year CAGR: 18.2%
- 5-year CAGR: 19.5%

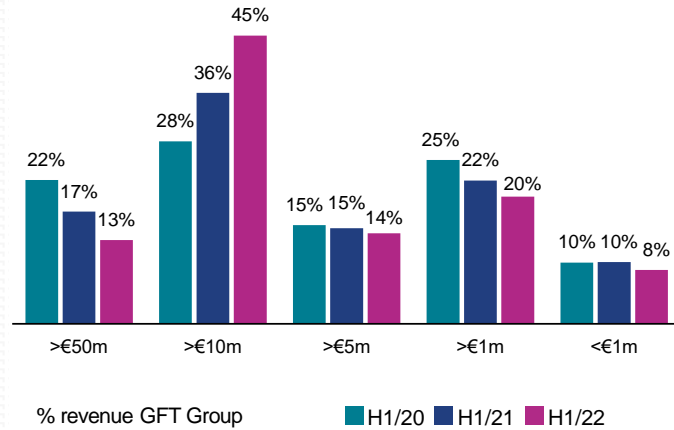
\*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects (net income and EPS)

# Diversification improved further



## Well-balanced client portfolio\*

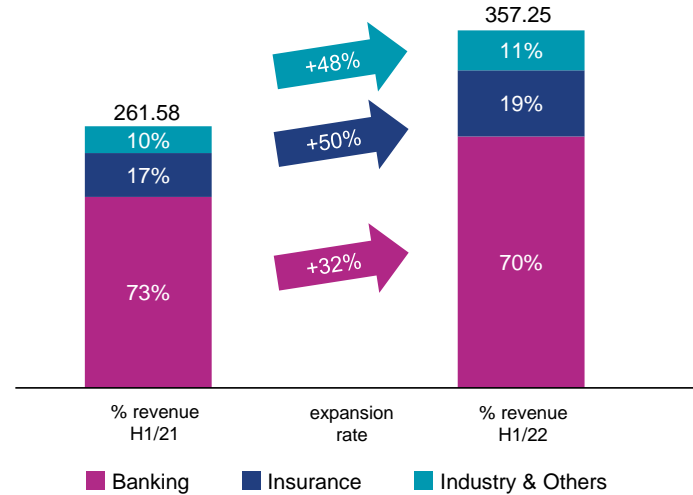
Largest client with approx. 13% of total revenue



\*Annualised extrapolation based on respective first half-year

## All sectors with strong growth

in €m



# Our understanding of sustainability



## ENVIRONMENT

### Sustainability by design

500+ GreenCoding certificates

5tCO<sub>2</sub>e footprint per talent



science-based target submitted: 50% less emissions by 2030



## SOCIAL

### Grow tech talent worldwide

27 training hours per employee

18% female talents



Great Place to Work



## GOVERNANCE

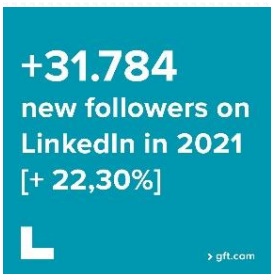
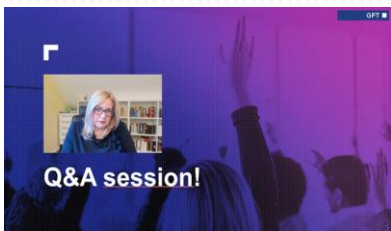
### Resilient management systems

€0.00 Legal costs for anticompetitive behaviour

83% top managers ESG-incentivised



signatory to UN Global Compact



## Business strategies might adapt – our unique values stay

Culture of...

- leading from the front
- global-local responsibility mix
- continuous learning
- diversity & equality
- growing tech talent globally

➤ Differentiates us to attract and retain talents.

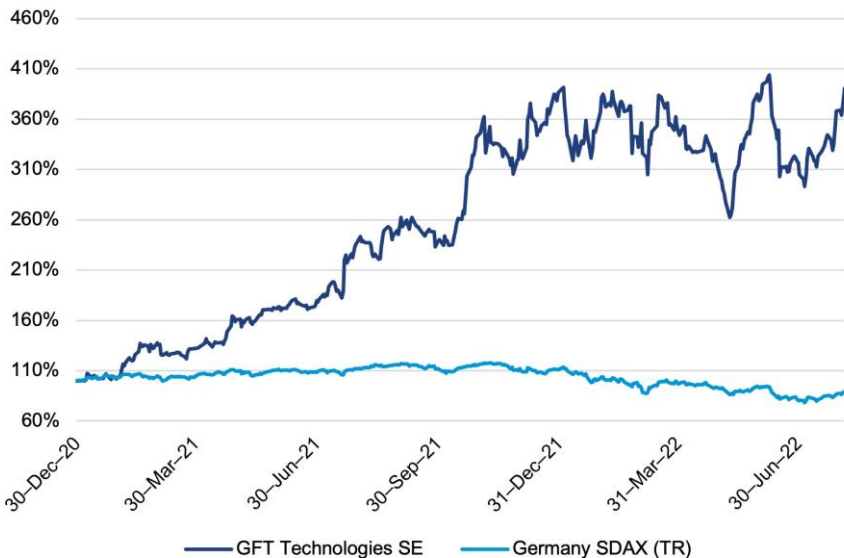
# GFT share and shareholder structure



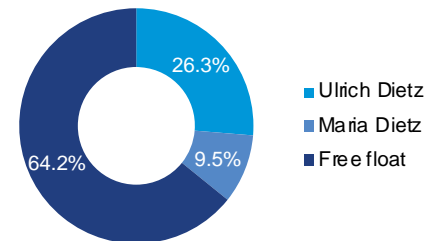
## GFT share indexed

30 Dec 2020  
€11.94

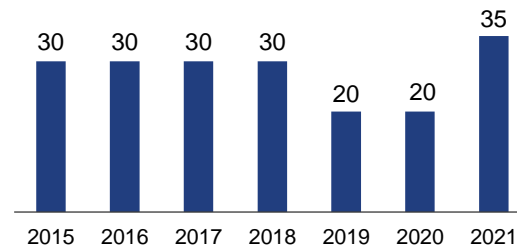
5 Aug 2022  
€44.95



## Shareholder structure



## Dividend per share in Cent (for FY)

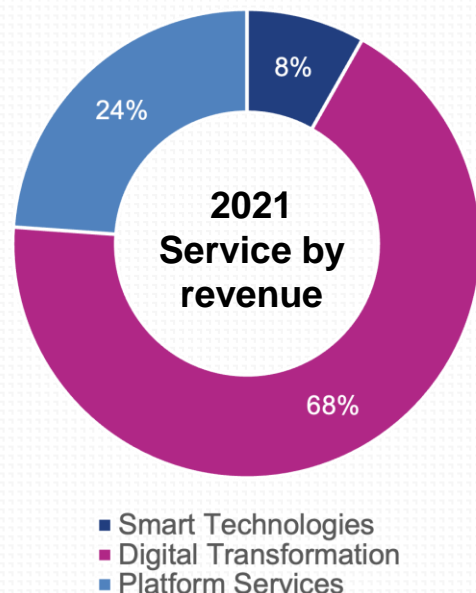


# Agenda

1. GFT at a glance
- 2. GFT growth path**
3. Financial results H1/2022
4. Outlook



# Cloud business drives digital transformation revenues



## Megatrend digital transformation

- Smart Technologies – Enabling and boosting transformation
  - Highly innovative solutions with smaller project sizes
  - Includes: AI, DLT/Blockchain, AR/VR, Robotic Process Automation (RPA), Bots/virtual assistants and Data Engineering
- Digital Transformation – Vital elements for new ecosystems
  - Nearly 70% of GFT total revenues in 2021
  - Dynamic growth: 38% in 2021 (31% in 2020)
  - Includes: Cloud, Agile and DevOps, Customer Centricity and Collaboration Solutions
- Platform Services – Managing IT environments
  - Stable business with high amount of recurring revenues
  - Includes: Core Platform Management, Replatforming, Regulatory, Risk and Compliance services

# Banking growth momentum



## Capitalising on strong demand for cloud services

- Strategic investments in cloud partnerships
- Digital banking on new core banking platforms (smart contracts)



## Recognitions

- Star Performer for Open Banking IT Services
  - Highlighted in Everest Group PEAK Matrix® Assessment 2020
- IT Industry Awards Services Company of the Year, UK
  - Awarded by British Computer Society & Computing Magazine



## Proofpoints

- Over 900 cloud engineers and deep expertise with disruptive features
- Built fully virtual new bank MOX (Hong Kong)
- For Al Rajhi Bank Malaysia: collaboration with Oliver Wyman to design, build and launch cloud-based digital bank

## GFT's Banking growth

**+22.9%**

FY 2021

## Growth in Banking IT for Solutions 2021

**+13.9%**

Source: Gartner December 2021

## Growth in Banking IT for Services 2021

**+9.8%**

Source: Gartner December 2021

# Insurance growth momentum



## Increasing traction with Guidewire

- Capitalising on strong business demand, Insurances reinvent themselves
- Demand for cloud-based Guidewire solutions increases
- GFT's hybrid cloud approach appeal to more insurers



## Recognitions

- Major Contender and Star Performer
  - Awarded in PEAK Matrix® Assessment by Everest Group
- Innovation Award won by Guidewire for Aviva Italy
- Important Guidewire certifications achieved



## Proofpoints

- For large automobile insurer: simultaneous complex upgrade to Guidewire v10 functionalities and migration to Google Cloud.
- First European full suite Guidewire implementation on cloud for La Macif

## GFT's Insurance growth

**+51.7%**

FY 2021

## Growth in Insurance IT for Solutions 2021

**+14.4%**

Source: Gartner December 2021

## Growth in Insurance IT for Services 2021

**+8.8%**

Source: Gartner December 2021

# Industry growth momentum



## Addressing market with complete offering

- Sustainability offering based on asset sphinx open online (SOO)
- Multi-year development projects with thousands of engineers leveraging weblet asset
- Expanding US success in Visual Inspection to more countries



## Recognitions

- AutoQML: solving industry challenges by leveraging the power of KI & Quantum Computing with SOO
- MAD Urban: data hub for managed autonomous driving with intelligent infrastructure



## Proofpoints

- For large automotive client: fully digital car crash test process solution - includes role-based secure data sharing
- High traction of weblet projects and optimisation - 15,000 active users for one client alone

## GFT's Industry & Others growth

**+27.3%**

FY 2021

## Growth in Industry IT for Solutions 2021

**+9.3%**

Source: Gartner December 2021

## Growth in Industry IT for Services 2021

**+5.2%**

Source: Gartner December 2021

# Agenda

1. GFT at a glance
2. GFT growth path
- 3. Financial results H1/2022**
4. Outlook



# Dynamic growth continues in H1 2022

Revenue and earnings outlook further upgraded for full year 2022



## Strong demand: digital transformation

- Structurally strong demand for digital transformation from all sectors
- Market influencers recognise GFT as a leader
- Great Place To Work for >10k talents
- Active price and cost management

### › Further upgrade of outlook 2022

- Revenue: €730m (+29% yoy)
- EBITDA adj. €81m (+25% yoy)
- EBT: €60m (+50% yoy)



## Performance H1 2022

- › **+37%** revenue
- › **+75%** EBT
- › **+50%** in Insurance sector
- › **+48%** in Industry & Others sector
- › **+24%** employees
- › **37%** equity ratio

# Market influencers recognise GFT as a leader

Proofpoint that helps drive demand

**GFT “Leader in Data Analytics and Machine Learning in the Google Cloud partner ecosystem”**

[ISG](#) praises GFT for:

- Strong industry traction and expertise in computer vision technology
- Extensive, attractive product and service portfolio and strong market and competitive position
- Extensive expertise in visual quality control based on computer vision technologies
- Strong market presence in Europa and abroad



ISG Provider Lens™ Google Cloud  
Partner Ecosystem - Europe 2022

**GFT “Leader for Digital Banking Services by Quadrant Knowledge Solutions”**

[Quadrant](#) highlights GFT for:

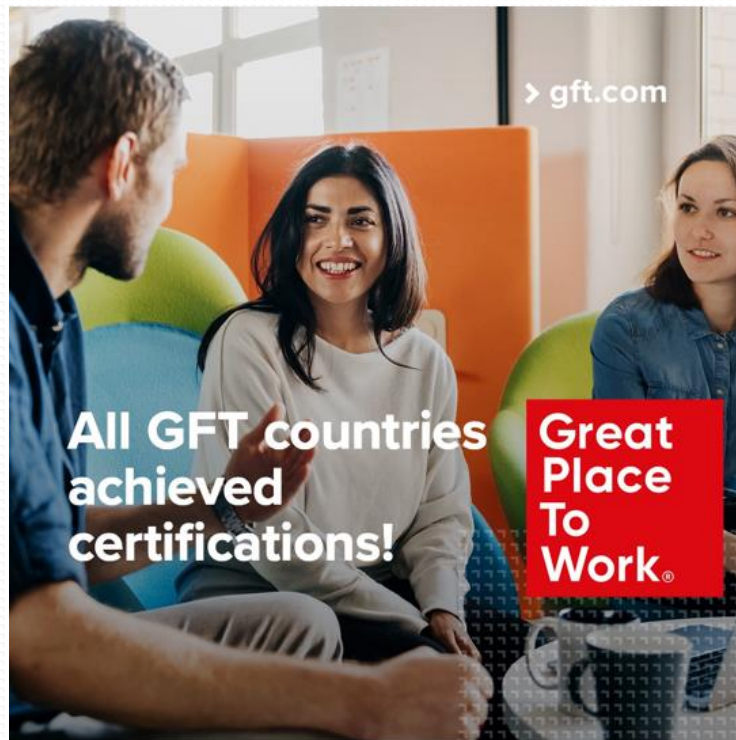
- Strong ratings across the parameters of service excellence and customer impact
- GFT’s BankLiteX is a unified solution for developing a cloud-based digital bank entity with short time to market
- Enabling rapid development and deployment of a cloud-based, digital banking entity
- Reduced time to market for new banking features



SPARK Matrix™: Digital Banking  
Platform, 2022

# We are a Great Place To Work for >10k talents!

Proofpoint that helps employee growth and to keep up with demand



# Key figures – strong growth and improved EBT margin

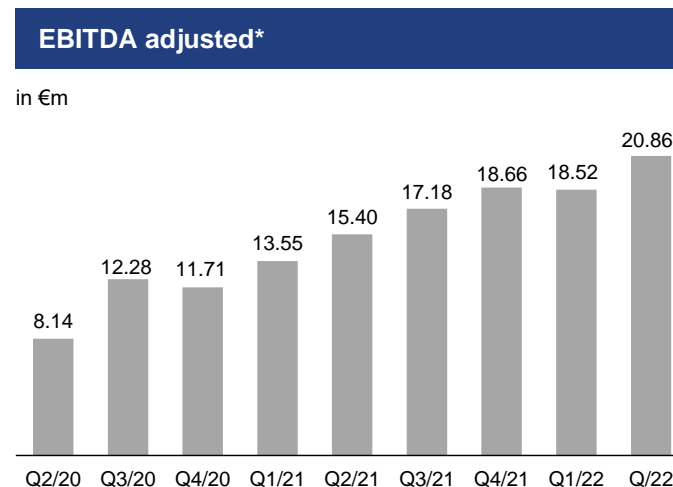
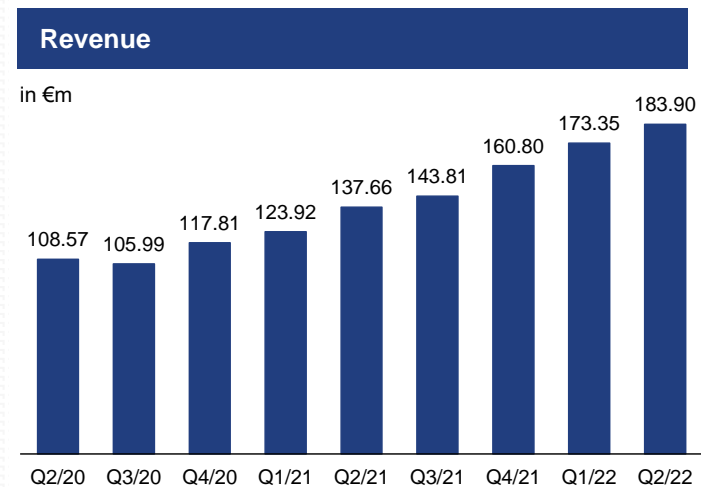


in €m	H1/2022	H1/2021	Δ%
Revenue	357.25	261.58	37%
Order backlog	358.23	217.14	65%
EBITDA adjusted*	39.38	28.95	36%
EBITDA	39.38	27.63	43%
EBIT	29.02	17.20	69%
EBT	29.16	16.62	75%
Net income	20.69	12.09	71%
Earnings per share (in €)	0.79	0.46	71%
Earnings per share adjusted (in €)*	0.86	0.43	>100%
Employees (in FTE)	8,451	6,806	24%

\*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects (Net income and EPS)

- **Revenue growth** of 37%
- **Order backlog** significantly above prior-year figure
- Strong increase in **EBITDA adjusted** of 36%
  - Utilisation at normal level
  - Restructuring measures amounted to €-1.42m (H1/2021: €-1.12m)
  - FX effects (from balance sheet evaluation) of €1.12m (H1/2021: €-1.10m)
- Disproportionately strong **EBT** growth of 75%
- Significant increase in **EBT margin** to 8.2% (H1/2021: 6.4%)
- **Tax ratio** above previous year at 29% (H1/2021: 27%)

# Revenue and EBITDA adjusted by quarter



- **Q2/2022 vs. Q1/2022:** revenue growth of 6% and EBITDA adjusted up 13% quarter-on-quarter
- **Q2/2022 vs. Q2/2021:** revenue growth of 34% and EBITDA adjusted up 35% quarter-on-quarter

\*Adjusted for non-operational effects from M&A activities

## Revenue by segment



in €m	Revenue		Growth rates			
	H1/2022	H1/2021	Organic	M&A	FX	Total
Americas, UK & APAC	222.58	137.68	48%	0%	14%	62%
Continental Europe	134.38	123.82	9%	0%	0%	9%
Others	0.29	0.08	n/a	n/a	n/a	n/a
<b>GFT Group</b>	<b>357.25</b>	<b>261.58</b>	<b>30%</b>	<b>0%</b>	<b>7%</b>	<b>37%</b>

- **Americas, UK & APAC:** Strong growth with positive impulses especially by business with banks in Brazil, the USA and the UK, and by the insurance business in Canada. Revenues favored by foreign exchange tailwind of €19m (14%-points of the +62% Revenue increase), particularly BRL, CAD, USD and GBP
- **Continental Europe:** Stable growth driven in particular by banking business in Germany and Switzerland
- **GFT Group:** Revenue FX tailwind of €19m (7%-points of the +37% Revenue increase)

# Earnings by segment



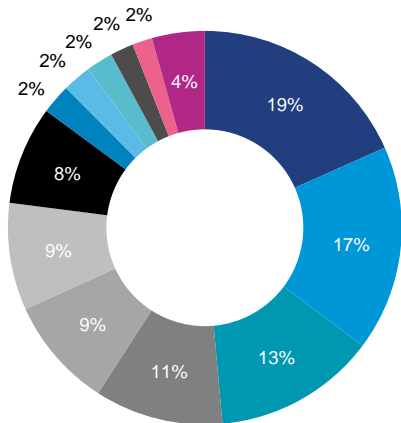
in €m	EBITDA adjusted*			EBITDA			EBT		
	H1/2022	H1/2021	Δ%	H1/2022	H1/2021	Δ%	H1/2022	H1/2021	Δ%
Americas, UK & APAC	22.31	14.66	52%	22.31	13.35	67%	17.94	9.14	96%
Continental Europe	18.73	16.90	11%	18.73	16.89	11%	13.29	10.77	23%
Others	-1.66	-2.61	36%	-1.66	-2.61	36%	-2.07	-3.29	37%
<b>GFT Group</b>	<b>39.38</b>	<b>28.95</b>	<b>36%</b>	<b>39.38</b>	<b>27.63</b>	<b>43%</b>	<b>29.16</b>	<b>16.62</b>	<b>75%</b>

- **Americas, UK & APAC:** Sustained demand for profitable digitisation solutions as well as economies of scale led to improved margins – despite investments in business development. Earnings favored by foreign exchange tailwind of €2m (22%-points of the +96% EBT increase), particularly BRL
- **Continental Europe:** Likewise improved margin as a result of high demand for complex digitisation projects and due to enhanced operational efficiency
- **GFT Group:** EBT FX tailwind of €2m (12%-points of the +75% EBT increase)

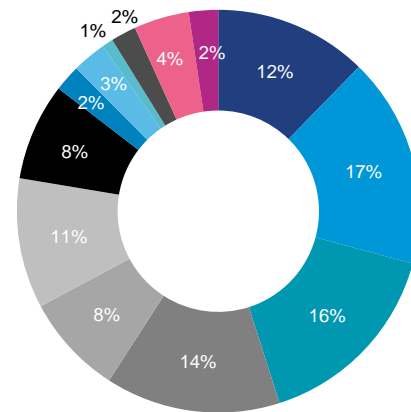
\*Adjusted for non-operational effects from M&A activities; adjustments occurred only in prior year

# Revenue by markets

6 markets with revenue growth >30%



H1/2022	in €m	Δ%	H1/2021
66.16	Brazil	>100%	32.48
60.91	UK	36%	44.62
44.62	Spain	6%	42.00
38.03	Italy	3%	37.09
32.82	Canada	54%	21.29
31.81	Germany	15%	27.61
29.18	USA	42%	20.60
8.83	Switzerland	57%	5.61
8.52	Mexico	18%	7.24
7.93	Singapore	>100%	2.35
6.90	Hong Kong (SAR)	29%	5.37
5.90	France	-35%	9.11
15.64	Other countries	>100%	6.21
357.25	Total	37%	261.58



# Income statement: significant earnings improvement

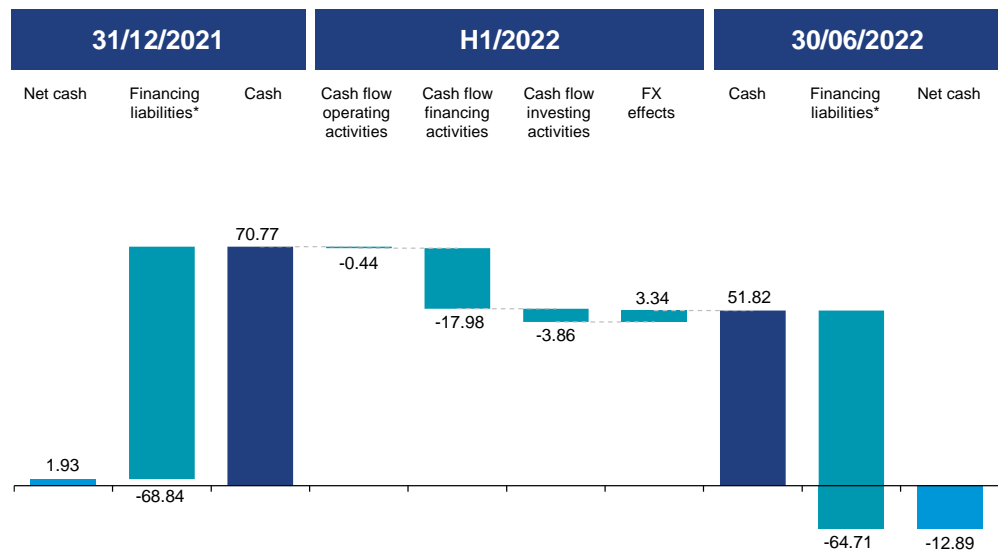


in €m	H1/2022	H1/2021	Δ%
<b>Revenue</b>	<b>357.25</b>	<b>261.58</b>	<b>37%</b>
Other operating income	7.20	4.97	45%
Cost of purchased services	-54.11	-34.94	55%
Personnel expenses	-235.78	-181.79	30%
Other operating expenses*	-35.18	-22.19	59%
<b>EBITDA</b>	<b>39.38</b>	<b>27.63</b>	<b>42%</b>
Depreciation and amortisation	-10.36	-10.43	-1%
<b>EBIT</b>	<b>29.02</b>	<b>17.20</b>	<b>68%</b>
Interest income/expenses	0.14	-0.58	-76%
<b>EBT</b>	<b>29.16</b>	<b>16.62</b>	<b>75%</b>
Income taxes	-8.47	-4.53	87%
<b>Net income</b>	<b>20.69</b>	<b>12.09</b>	<b>71%</b>
Earnings per share (in €)	0.79	0.46	71%

\*incl. results of investments accounted for using the equity method

- Profitable **revenue growth** due to sustained demand for long-term and complex digitisation solutions
- Increase in **other operating income** mainly driven by higher foreign exchange gains and government grants
- Ratio **cost of purchased services** to revenue of 15% above prior-year level (H1/2021: 13%)
- Increased **personnel expenses** caused by higher average headcount, esp. in Brazil, as a result of dynamic business development. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue of 81% below prior-year level (H1/2021: 82%)
- Disproportionate increase in **other operating expenses** primarily due to expenses for IT leases, business development and recruiting
- Increase in **income taxes** mainly as a result of higher EBT. Effective tax ratio at 29% (H1/2021: 27%)

# Cash flow analysis (€m) – slightly declining net cash



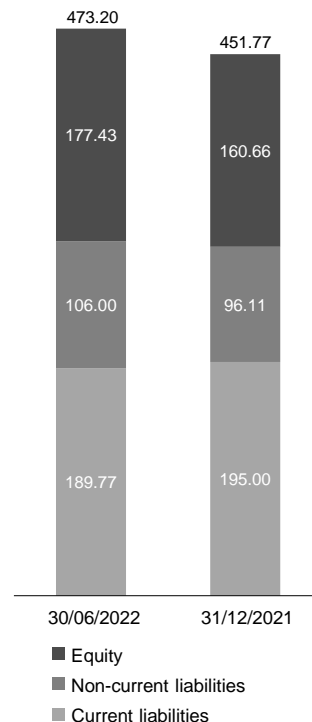
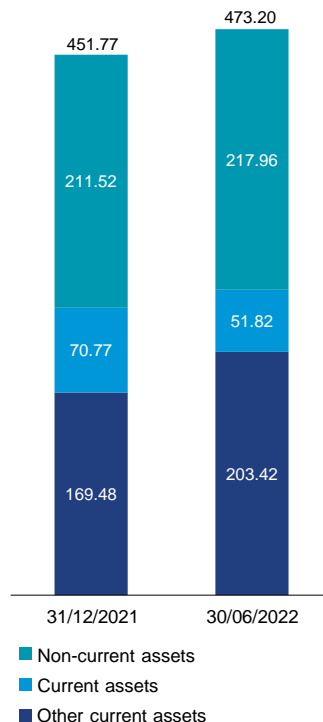
\*Financing liabilities include liabilities to banks

- **Financing structure** remains highly solid. Unused credit facilities of €38.31m (31/12/2021: €35.08m). Net cash at €-12.89m (31/12/2021: €1.93m)
- Decrease in **group cash** of €18.95m to €51.82m (31/12/2021: €70.77m) mainly due to declining operating cash flow and shareholders' dividend
- Development **operating cash flow** of €-0.44m (H1/2021: €26.73m) primarily as a result of unfavourable working capital effects
- Reduced **cash flow from financing activities** of €17.98m (H1/2021: 26.33m) associated with lower net redemption of bank loans amounting to €4.16m (H1/2021: €16.16m). Opposing effect from shareholders' dividend amounting to €9.21m (H1/2021: €5.27m)
- **Cash flow from investing activities** primarily characterised by capital expenditures in property, plant and equipment of €3.86m (H1/2021: €3.24m)

## Balance sheet (€m) – slight increase in balance sheet total

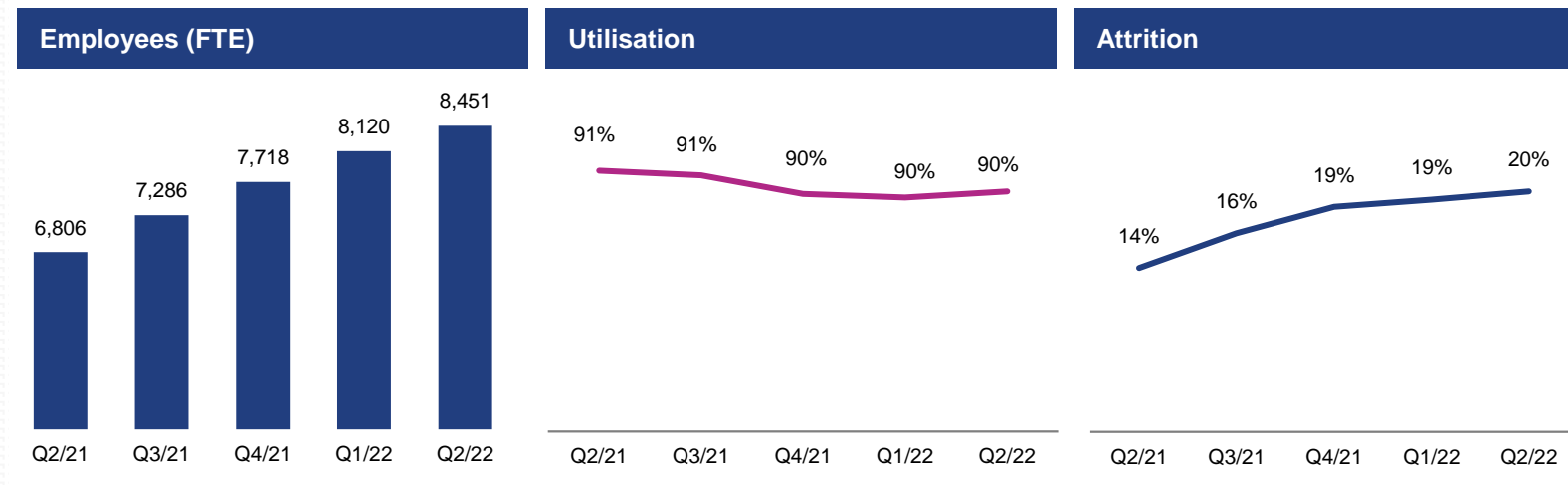


- Increase **balance sheet total** of 5% to €473.20m (31/12/2021: €451.77m) mainly attributed to working capital evolution and follow-on investments for real estate leasing
- Rise of **non-current assets** by 3% mainly driven by follow-on investments for real estate leasing. Non-current assets account for 46% of balance sheet total (31/12/2021: 47%)
- Decrease in **cash and cash equivalents** of €18.95m to €51.82m primarily due to negative working capital effects and dividend payment to shareholders
- Increase in **other current assets** of €33.94m to €203.42m (31/12/2021: €169.48m) primarily attributed to higher (conditional) receivables from contracts with clients as well as increased prepaid expenses and claims for government grants



- **Equity** currency-adjusted up by €11.26m mainly due to net income of €20.69m (H1/2021: €12.09m) exceeding shareholders' dividend of €9.21m (H1/2021: €5.27m). Equity ratio improved by 1 percentage point to 37% (31/12/2021: 36%)
- Increase in **non-current liabilities** of €9.89m to €106.00m primarily due to higher lease liabilities amounting to €32.15m (31/12/2021: €26.18m) associated with the conclusion of new real estate leasing contracts and higher personnel-related provisions and liabilities
- **Current liabilities** of €189.77m below prior-year level (31/12/2021: €195.00m) primarily as a result of decreased contract liabilities of €34.48m (31/12/2021: €46.12m) and redemption of bank loans by €3.96m to €17.38m (31/12/2021: €21.34m). Main opposing effect from increased other provisions and liabilities due to rise in personnel and lease related obligations

# Successful expansion of global team to >10,000 talents



- Global headcount of GFT team surpasses 10,000 mark (headcount GFT: 8,700 – headcount contractors: 1,357)
- Number of employees (calculated in FTE) grew by 24% compared to previous year – strong increase esp. in Brazil
- Utilisation of 90% in H1 slightly below prior-year level
- Attrition as expected, prior-year figures below long-term average due to Covid-19
- External contractors with strong rise to 1,357 (H1/2021: 1,062); (headcount, not reflected in charts above)

# Agenda

1. GFT at a glance
2. GFT growth path
3. Financial results H1/2022
- 4. Outlook**



## Reaching new heights in 2022



### Megatrend digital transformation pushes GFT up

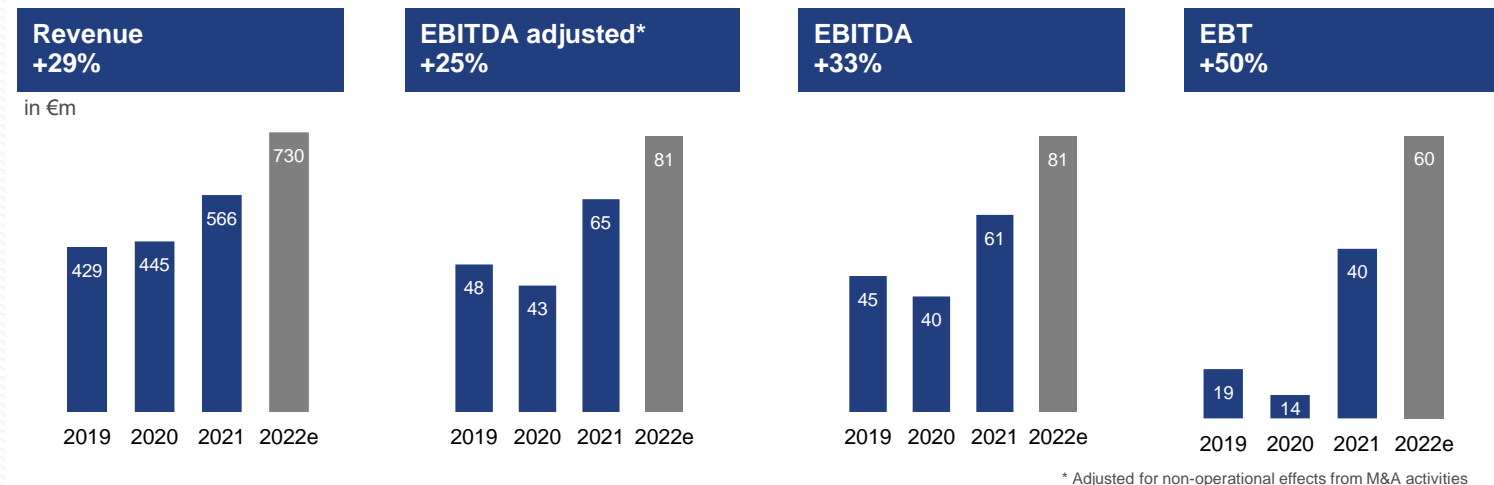
- Anticipating growth in every sector
- Highest dynamic with cloud technologies
- AI & DLT/Blockchain projects increasing too
- Global talent pool and sourcing as competitive advantage
- Solid client structure; biggest client approx. 12% revenue



### ... while keeping solid foundation

- Focus on double-digit revenue growth while improving earnings yoy
- Banking, Insurance, Industry & Others at 65:20:15 in mid-term
- Maintain solid balance sheet and cash position
- Seize bolt-on acquisition opportunities
- Shareholder friendly dividend policy with 20-50% net profit

# Outlook 2022 – strong growth, increased EBT margin



- REVENUE 2022e**
- Revenue outlook further upgraded to €730m (after €680m in March and €720m in May)
  - Sustained growth trend due to structurally strong demand for digital transformation supported by FX tailwind
  - Growth in all sectors expected; disproportionately strong growth for Industry & Other and Insurance
- EARNINGS 2022e**
- EBITDA guidance further upgraded to €81m (after €75.5m in March and €79m in May)
  - EBT guidance further upgraded to €60m (after €54.5m in March and €58m in May)
  - Driven by economies of scale as well as active price & cost management and FX tailwind

# Backup

## Clients in 2021 – 46 new qualified clients



Revenue	2015	2016	2017	2018	2019	2020	2021
< €1.0m	255	252	258	263	232	345	371
> €1.0m	30	38	35	48	52	45	56
> €5.0m	4	3	7	5	7	13	11
> €10.0m	5	6	5	5	7	7	12
<b>Total</b>	<b>294</b>	<b>299</b>	<b>305</b>	<b>321</b>	<b>298</b>	<b>410</b>	<b>450</b>

- Further increase of clients below €1.0m annual revenue – securing ‘land & expand’ growth opportunities
- 46 new qualified clients added\*

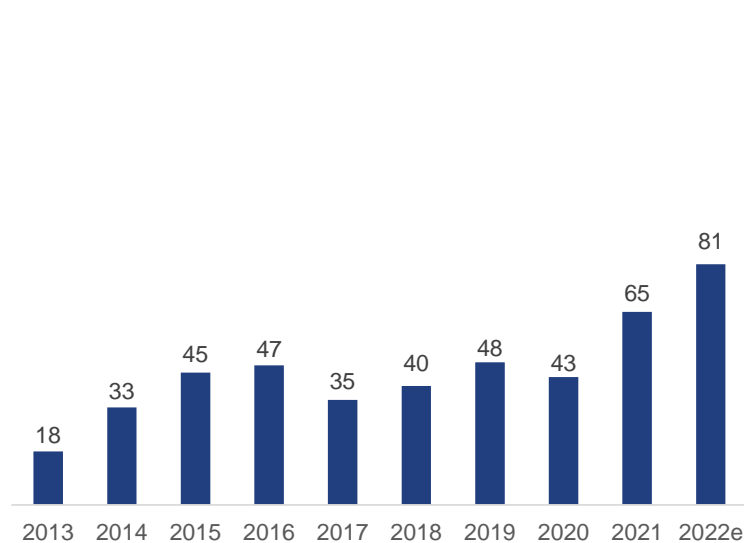
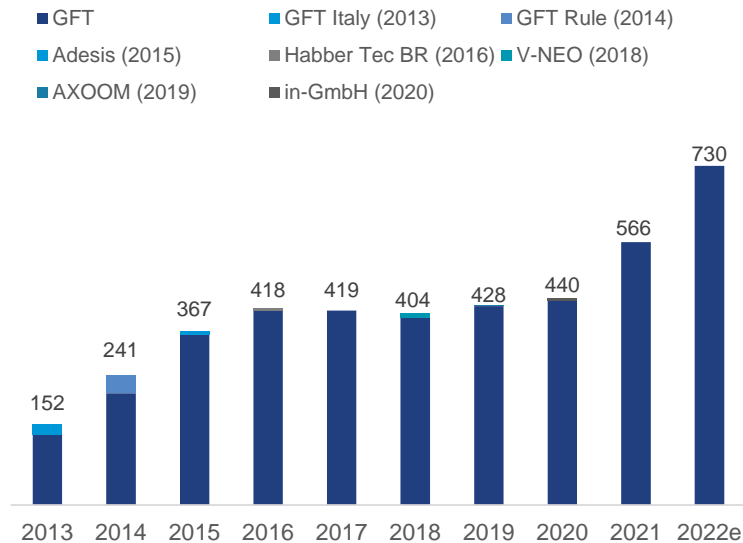
\* New qualified clients per GFT’s definition: customers with a revenue runrate >€100k annually and w/o GFT revenues in the previous year.

# 10-year development



**REVENUE – 10y CAGR: 17.3%**

**EBITDA adjusted – 10y CAGR: 18.2%**



# Shaping the future of digital business

GFT Technologies SE

Dr Jochen Ruetz  
CFO

Schelmenwasenstr. 34  
70567 Stuttgart

T +49 711 62042-422

[jochen.ruetz@gft.com](mailto:jochen.ruetz@gft.com)

GFT Technologies SE

Jens Hecht, CFA (external)  
Investor Relations

Schelmenwasenstr. 34  
70567 Stuttgart

T +49 711 62042-323

[ir@gft.com](mailto:ir@gft.com)