

PRESS RELEASE

12/08/2021



GFT on the up – strong revenue growth in first half-year, EBT quadrupled

- Strong increase in revenue of 18 percent and in EBT of 312 percent
- Additional growth from catch-up effects and accelerated project implementation
- Diversification on target: revenue in Insurance sector +45 percent, Industry & Others +23 percent
- Strong orders received indicate further dynamic growth

Stuttgart, 12 August 2021 – Companies around the world are expected to increase their IT spending by 9 percent this year¹. GFT Technologies SE (GFT) is set to outpace even this strong growth based on the company's performance in the first six months and orders received for the second half of the year.

In the first half-year, revenue rose year on year by 18 percent to EUR 261.58 million and pre-tax earnings (EBT) even quadrupled to EUR 16.62 million. This strong growth was driven in part by catch-up effects and the accelerated implementation momentum of GFT's clients. The strong new orders received also indicate dynamic growth for the rest of the year.

Marika Lulay, CEO of GFT states: "There is a significant tailwind for our business right now. Our clients are making decisions quickly about projects and are driving them forward with great speed. We are also benefiting from a further special effect this year: many clients are catching up on projects they postponed due to the pandemic. We have the skills and the capacity to quickly implement these projects. This further accelerates our growth this year."

In the first six months of 2021, GFT generated significant year-on-year revenue growth and even increased pre-tax earnings fourfold. The company also achieved its growth targets for business with clients in the insurance and manufacturing sectors.

Lulay adds: "We have consistently strengthened our expertise in future technologies such as cloud, AI, blockchain and data analytics, and we did not let the Covid-19 pandemic divert us from this course. Our clients recognise this and trust our expertise. This is reflected in our business performance."

Dynamic growth in first half-year

In the first six months of 2021, the GFT Group generated revenue of EUR 261.58 million. This corresponds to an increase of 18 percent over the prior-year figure of EUR 221.05 million. Adjusted for the top-2 clients², growth even reached 26 percent.

GFT rigorously continued its diversification strategy aimed at reducing the risk of client concentration: the share of total revenue contributed by the company's top-2 clients was decreased further to

17 percent (H1/2020: 22 percent). There was disproportionately strong growth of 45 percent in the Insurance sector and of 23 percent in the Industry & Others sector.

As of 30 June 2021, the GFT Group employed a total of 6,806 people (full-time equivalents) and thus 22 percent more than at the end of the second quarter of 2020 (5,585 employees). This increase was mainly due to strong expansion in Brazil.

Disproportionately strong earnings growth

There was disproportionately strong growth in earnings during the first half of 2021. This was due to revenue growth, as well as to margin improvements, savings in travel expenses and successful efficiency measures implemented in the previous year. In the first six months of 2021, adjusted EBITDA rose by 56 percent to EUR 28.95 million (H1/2020: EUR 18.53 million). EBIT grew by 233 percent to EUR 17.20 million (H1/2020: EUR 5.17 million) and EBT by 312 percent to EUR 16.62 million (H1/2020: EUR 4.04 million). Net income jumped by 330 percent to EUR 12.09 million (H1/2020: EUR 2.81 million).

Financial stability and flexibility remain high

In the first half of 2021, operating cash flow of EUR 26.73 million remained at the high prior-year level (H1/2020: EUR 28.66 million), as did the Group's liquidity position at EUR 69.73 million (31 December 2020: EUR 70.87 million). The GFT Group's net liquidity improved further to EUR -16.28 million (31 December 2020: EUR -31.35 million). The balance sheet was strengthened once again; the equity ratio improved to 34 percent as of 30 June 2021 (31 December 2020: 31 percent).

Revenue and earnings outlook 2021 raised significantly again – GFT benefitting from catch-up effects and stronger digitalisation trend

The positive development of the GFT Group continued to gather momentum in the course of the financial year 2021, resulting in a further guidance upgrade on 20 July 2021. Thanks to the successful implementation of its diversification strategy, together with technological and sector expertise, an attractive portfolio of services, and proven partnerships, the GFT Group is very well placed to benefit from market opportunities. These have arisen from the current boom in digitisation projects against the backdrop of consistently stronger structural demand for digitalisation solutions.

Due to the high level of orders received for the second half of the year, the GFT Group expects accelerated growth for the remaining months of the year. For the financial year 2021, GFT forecasts a very significant increase in revenue of 24 percent to EUR 550 million (2020: EUR 444.85 million). Earnings are expected to grow disproportionately fast. The reasons include measures implemented in the financial year 2020 to enhance operating efficiency, in combination with improved margins, revenue growth and lower than expected travel expenses. Adjusted EBITDA is likely to grow very strongly by 46 percent and reach EUR 62 million (2020: EUR 42.52 million). With an increase of 155 percent, EBT will more than double to EUR 36 million (2020: EUR 14.11 million).

Key figures (IFRS, unaudited)

(Deviations possible due to rounding differences)

| In EUR million | H1/2021 | H1/2020 | Δ |
|--------------------------------|------------|------------|------|
| Revenue | 261.58 | 221.05 | 18% |
| Adjusted EBITDA ³⁾ | 28.95 | 18.53 | 56% |
| EBITDA | 27.63 | 16.46 | 68% |
| EBIT | 17.20 | 5.17 | 233% |
| EBT | 16.62 | 4.04 | 312% |
| Net income | 12.09 | 2.81 | 330% |
| Earnings per share in EUR | 0.46 | 0.11 | 330% |
| Operating cash flow | 26.73 | 28.66 | -7% |
| Employees (FTE, as of 30 June) | 6,806 | 5,585 | 22% |
| In EUR million | 30/06/2021 | 31/12/2020 | Δ |
| Net liquidity | -16.28 | -31.35 | 48% |
| Equity ratio (in percent) | 34 | 31 | 3 |

¹⁾ [Gartner Forecasts Worldwide IT Spending to Grow 9% in 2021](#)

²⁾ GFT's top 2 clients are defined as Deutsche Bank and Barclays.

³⁾ Adjusted for special items from M&A activities. Further information on the definition of alternative performance measures is provided [here](#) on the GFT website.



Marika Lulay, CEO of GFT

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About GFT:

GFT is driving the digital transformation of the world's leading companies in the financial and insurance sectors, as well as in the manufacturing industry. As an IT services and software engineering provider, GFT offers strong consulting and development skills across all aspects of pioneering technologies, such as cloud engineering, artificial intelligence, mainframe modernisation and the Internet of Things for Industry 4.0.

With its in-depth technological expertise, profound market know-how and strong partnerships, GFT implements scalable IT solutions to increase productivity. This provides clients with faster access to new IT applications and innovative business models, while also reducing risk.

Founded in 1987 and located in more than 15 markets to ensure close proximity to its clients, GFT employs over 7,000 experts. GFT provides them with career opportunities in all areas of software engineering and innovation. The GFT Technologies SE share is listed in the Prime Standard segment of the Frankfurt Stock Exchange (ticker: GFT-XE).

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