

## **Interim announcement for the first quarter of 2015**

### **adesso AG significantly increases sales revenues organically by 11 % in the first quarter of 2015 / Earnings impacted by investments and the license business**

Interim announcement of adesso AG in accordance with Section 37 of the Securities Trade Act (WpHG)

- Sales increased to a new quarterly record of EUR 42.1 million (+11 %, purely organic)
- EBITDA of EUR 1.5 million (previous year: EUR 2.7 million, impacted by high one-time license sales).
- Earnings per share amounted to EUR 0.07 after three months (previous year: EUR 0.20)
- Outlook for the year is confirmed

***Dortmund, 13 May 2015 – adesso AG again increased sales revenues in the first quarter of 2015 compared to the previous quarter and year on year. Growth was mainly driven by the core business of consulting and tailor-made software development in Germany and Switzerland. The operating result (EBITDA) amounted to EUR 1.5 million after EUR 2.7 million in the first quarter of the previous year as a result of investments made by various business areas in the establishment of additional locations, among other things, as well as reduced license income. As in the previous year, the guidance for the full year expects significantly higher contributions to earnings in the second half of 2015.***

#### **Business development**

Benefitting from a positive market environment, adesso increased sales from IT consulting, software development and licenses for its own products by 11 % year on year to EUR 42.1 million in the first quarter, setting a new quarterly record. This sales growth was generated purely organically, in particular as a result of the expansion of the core business of IT consulting and tailor-made software development segments in Germany and Switzerland. The average number of employees rose faster than sales revenues year on year as a result of new hires. A higher proportion of

employees was engaged in the development of own products and solutions. Capacity utilisation was at a good level overall due to a number of new project orders and new customers. However, due in part to the establishment of new locations as well as changes in the project portfolio, capacity utilisation in the e-commerce and enterprise mobility segments fell below the very high level reported in the previous year.

The Swiss, Austrian and Turkish subsidiaries further increased sales revenues. A total of 30 employees in Turkey are now engaged in the exploitation of the dynamic Turkish market. As expected, the insurance sector solutions business only generated limited license sales in the first quarter. The teams working on developing and launching software for health insurers and life insurers were expanded at the same time. The hosting and cloud solutions business recorded disproportionate development. License income from the in-house content management system FirstSpirit was down year on year as some unusually high agreements were signed in the first quarter of 2014. An additional new customer was signed up in the USA. However, this business area got off to a more cautious start.

The continued success in winning orders in the core business, particularly in Germany and Switzerland, means that adesso continues to pursue a dynamic recruitment policy. The number of employees increased by 2.4 % in the first quarter to 1,410 employees.

### **Income development**

While sales revenues increased by 11 % to EUR 42.1 million and gross profit also rose by 11 % to EUR 37.7 million, personnel costs and other operating expenses both climbed disproportionately by 15 % each. Hence, the operating result (EBITDA) declined by 45 % to EUR 1.5 million in the first quarter of 2015 compared to the particularly successful first quarter of 2014. In previous year's first quarter 83 % of the actual half-year result had already been achieved. At 3.6 %, the EBITDA margin is down on the full-year target of at least 6 % (Q1 2014: 7.2 % / full-year 2014: 6.2 %). This development was mainly due to reduced license sales from Content Solutions, investments in the establishment of locations and the development of own products as well as lower e-commerce and enterprise mobility capacity utilisation.

Personnel costs increased by 15 % year on year to EUR 28.6 million as a result of the rise in the number of employees and the 1.4 % increase in personnel costs per employee. Other operating expenses also increased by

15 %, to EUR 7.9 million. There were no one-off expenses aside from scheduled investment in internationalisation and the development of own solutions and products. Depreciation and amortisation amounted to EUR 605 thousand (previous year: EUR 451 thousand), of which EUR 95 thousand pertained to scheduled amortisation on purchase price components (previous year: EUR 131 thousand). Income from financing and investment activities of EUR 44 thousand (previous year: EUR -62 thousand) led to earnings before taxes of EUR 0.9 million (previous year: EUR 2.2 million). At EUR 0.5 million, recognised tax expenses were significantly higher than the maximum expected value determined using applicable tax ratios. As in the previous year, this was mainly due to the current losses not recognisable for tax purposes of some group companies. Consolidated earnings for the first three months came to EUR 0.4 million (previous year: EUR 1.3 million). After minority interests, this equates to earnings per share of EUR 0.07 in the first quarter (previous year: EUR 0.20).

### **Additional figures**

On 31 March 2015, adesso held liquid assets of EUR 21.9 million (previous year: EUR 18.5 million; 31 December 2014: EUR 23.7 million). The net cash position came to EUR 16.7 million (previous year: EUR 13.7 million), with repayments of loans totalling EUR 0.4 million in the first quarter. February and March saw over EUR 6 million paid in variable salary components for the previous year. Cash flow from operating activities amounted to EUR -0.3 million compared to EUR -2.1 million in the previous year. Receivables rose again in the first quarter, by EUR 3.3 million to EUR 33.2 million. The equity ratio came to 45 %. These figures again provide adesso with a solid balance sheet structure and financial position.

### **Outlook**

Both order intake and the development of the number of sales processes are at a good level at all adesso subsidiaries. On account of ongoing investment activities, e-commerce and enterprise mobility capacity utilisation rose again following a weaker first quarter. While the Content Solutions product business is currently going through a weaker phase, a number of very promising sales approaches are being pursued for the in-house life insurance system PSLife. The increase in shares in PSLife GmbH from 50 % to 100 % means that the corresponding product business will fully impact sales and earnings in the future. Deployment of PSLife software will now be done by PSLife Consulting GmbH, which was founded in cooperation with three partners in the first

quarter (proportion allocated to adesso AG: 70 %); this company has since become operational and reports high levels of capacity utilisation. It is anticipated that the full-year guidance for 2015 – which predicts sales revenues of EUR 166 million to EUR 171 million, EBITDA of EUR 9.8 million to EUR 10.5 million and an EBITDA margin of at least 6 % – will be achieved. The first half of the year is expected to be weaker due to the fact that the number of working days is considerably lower and license income is generally weaker.

These and additional indicators for Q1 2015 are available in table form under Investor Relations on the adesso website [www.adesso-group.de/en/](http://www.adesso-group.de/en/).

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