

Interim announcement for the first quarter of 2016

adesso AG boosts the operating result by 150 % in the first quarter of 2016 to EUR 3.8 million / significant sales growth of 33 % to EUR 56.1 million

- Increase in sales to EUR 56.1 million (+ 33 %)
- EBITDA of EUR 3.8 million (previous year: EUR 1.5 million, impacted by investments)
- Earnings per share amounted to EUR 0.24 after three months (previous year: EUR 0.07)
- Guidance for the year is confirmed following acquisition-related increase

Dortmund, 13 May 2016 – adesso AG considerably increased sales revenues in the first quarter of 2016 year on year. Growth was driven, in particular, by the core business of consulting and tailor-made software development in Germany and Switzerland, as well as adesso's in|sure software products for the insurance industry. Growth, strong capacity utilisation and growth in license sales allowed the operating result (EBITDA) to rise from EUR 1.5 million in the first quarter of the previous year to EUR 3.8 million. The full-year guidance was increased by the expected sales and earnings figures of Smarthouse Media GmbH, which was acquired at the start of May.

Business development

Benefitting from a positive market environment, adesso increased sales from IT consulting, software development and licenses for its own products by 33 % year on year to EUR 56.1 million in the first quarter. Approximately 18 percentage points of this sales growth was generated organically, in particular as a result of the expansion of the core business of IT consulting and tailor-made software development segments in Germany as well as the further expansion of business activities with own software products for the insurance industry. The rest of this growth is due to the company takeover in Switzerland, which was concluded in mid-2015. Income from the in-house content

management system FirstSpirit was also up, even though the goals were not met in other countries.

The adesso subsidiary in Turkey more than doubled sales revenues year on year, while sales could not be expanded in Austria. Growth of more than 50 % saw the hosting and cloud solutions business record disproportionately strong development.

The continued success in winning orders in the core business, particularly in Germany, means that adesso continues to pursue a dynamic recruitment policy. The number of employees increased by 25 % year on year to 1,757 employees, while the number of employees in the first quarter of 2016 rose by 3 % due to the creation of new jobs.

Income development

While sales revenues increased by 33 % to EUR 56.1 million and gross profit also rose by 34 % to EUR 50.6 million, the rise in both personnel costs (by 33 % to EUR 38.1 million) and other operating expenses (by 16 % to EUR 9.2 million) was disproportionately low. As a result, the operating result (EBITDA) rose in leaps and bounds by 150 % to EUR 3.8 million in the first quarter of 2016 compared to the first quarter of 2015 – a quarter that had been characterised by investments. At 6.7 %, the EBITDA margin is up on the full-year target of at least 6.5 % (Q1 2015: 3.6 % / full-year 2015: 7.3 %). Strong capacity utilisation, growth in licence income from FirstSpirit and increases in the efficiency of general costs while the number of employees rises considerably all contributed to this development.

Depreciation and amortisation amounted to EUR 936 thousand (previous year: EUR 605 thousand), of which EUR 113 thousand pertained to the amortisation of purchase price components (previous year: EUR 95 thousand). Income from financing and investment activities of EUR -144 thousand (previous year: EUR 44 thousand), which declined due to interest for acquisitions, led to earnings before taxes of EUR 2.7 million (previous year: EUR 0.9 million). At EUR 1.2 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 1.5 million (previous year: EUR 0.4 million). After minority interests, this equates to earnings per share of EUR 0.24 in the first quarter (previous year: EUR 0.07).

Additional figures

On 31 March 2015, adesso held liquid assets of EUR 21.3 million (previous year: EUR 21.9 million; 31 December 2015: EUR 28.2 million). The net cash position came to EUR -5.2 million (previous year: EUR 16.7 million), with repayments of loans totalling EUR 0.8 million in the first quarter as well as the taking out of EUR 4.0 million in new loans to purchase the remaining 49 % of the shares in ARITHNEA GmbH, which were purchased for EUR 5.0 million. The variable salary components for the previous year were paid in February and March. Cash flow from operating activities amounted to EUR -5.2 million compared to EUR -0.3 million in the previous year. Working capital, which increased by EUR 6.8 million, had a negative impact on cash flow from operating activities due to the disproportionate 41 %, or EUR 13.8 million, rise in the receivables portfolio compared to sales revenues. The equity ratio came to 30 %.

Acquisition of Smarthouse Media GmbH

The acquisition of Smarthouse Media GmbH at the start of May allows adesso AG to swiftly expand its visibility and portfolio in banking, a core industry. The company's specialist expertise in the development and operation of bank portals for complex financial products is an ideal match for adesso's sector approach. In addition, Smarthouse Media's numerous notable bank customers, some of whom are international, will expand adesso's customer base in banking and increase the range of services offered to such customers from the IT side to the business side. The company, which has more than 120 employees, operates more than 300 portals at several data centres, which fulfil the strict IT security and compliance requirements that banks and stock exchange operators face. The portals are based on the company's solutions. The company generates sales revenues of more than EUR 16 million and a high EBIT margin of approximately 20 %. Pursuant to IFRS, Smarthouse Media will be included in the consolidated financial statements from May 2016, although adesso has been retroactively entitled to profits since 1 January 2016. EUR 20 million of the EUR 24 million purchase price was financed largely through the taking out of acquisition loans with a term of seven years and a fixed interest rate of 1.0 %.

Outlook

In view of the order backlog and ongoing offers, it is believed that adesso customers will continue to invest significantly in the modernisation of their IT systems as well as the development of innovative solutions. After being named

Germany's IT best employer, the company expects past successes in recruiting new employees to continue. The guidance for the full year has been confirmed on account of the developments recorded in the first quarter; it was also adjusted to take into account adesso's latest acquisition, Smarthouse Media GmbH, which, pursuant to IFRS, will be included in adesso's consolidated financial statements from May 2016. Predicted sales have been increased to between EUR 231 million and EUR 243 million (previously: between EUR 220 million and EUR 232 million) for full-year 2016, while the prediction for operating result (EBITDA) has been increased to between EUR 17.0 and EUR 19.5 million (previously: between EUR 14.5 million and EUR 17.0 million) for the same period.

These and additional indicators for Q1 2016 are available in table form under Investor Relations on the adesso website www.adesso-group.de/en/.

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