

Interim announcement for the first quarter of 2018

adesso AG: Successful first quarter of 2018 with continuation of growth momentum and earnings increase

- Sales grow by 17 % to EUR 88.6 million
- EBITDA rises to EUR 7.2 million (previous year: EUR 5.2 million)
- Earnings per share: EUR 0.52 (previous year: EUR 0.37)
- Full-year forecast confirmed

Dortmund, 15 May 2018 – adesso AG increased its sales revenues to a new record level in the first quarter of 2018 compared to the prior quarter and the previous year. Operating earnings EBITDA rose disproportionately. Solid capacity utilisation contributed to this trend, with a focus on billable customer hours in Germany, further licensing and maintenance proceeds from the in|sure product family and positive income development at adesso's foreign subsidiaries.

Business development

adesso made a good start to the year in a positive market environment and continued the growth trend observed in previous quarters. In the first quarter, adesso increased its sales for IT consulting, software development and licensing for own products by 17 % compared to the previous year to EUR 88.6 million, thereby setting a new quarterly record. Employee growth through new hires in the previous and current year, coupled with the successful acquisition of a number of new projects and customers, led to rising sales revenues in the IT Services segment. Project business involving the in|sure insurance software was developed further. Additional licensing sales and maintenance proceeds were also generated in this segment, resulting in a 47 % increase in sales revenues year on year.

The number of employees in the adesso Group increased year on year by a further 526, or 23 %, in the first quarter to 2,832. The high rate of organic growth of 4 % was carried forward into the first quarter of 2018.

Income development

Despite having two fewer working days compared to the previous year, operating earnings rose more sharply than sales at 40 % to EUR 7.2 million (EBITDA Q1/2017: EUR 5.2 million and Q4/2017: EUR 9.0 million), resulting in an EBITDA margin increase from 6.8 % to 8.1 %. The increase in the margin was primarily due to an improvement in earnings generated by foreign subsidiaries, the continued focus on billable customer hours in Germany and higher licensing and maintenance proceeds attributable to the in|sure product family. Expenses for the development of own modules increased as planned.

Depreciation and amortisation increased by 11 % to EUR 2.1 million. Due to the investment in start-up soccerwatch.tv, income from investment activities declined to EUR 0.1 million; income from financing activities remained roughly on a par with the previous year. Pre-tax profit stood at EUR 5.1 million (previous year: EUR 3.3 million), consolidated earnings came to EUR 3.2 million (previous year: EUR 2.2 million) and earnings per share amounted to EUR 0.52 (previous year: EUR 0.37, +39 %).

Additional figures and information

adesso held liquid assets of EUR 43.4 million as of 31 March 2018 (previous year: EUR 38.7 million; 31.12.2017: EUR 46.5 million). Interest-bearing financial liabilities amounted to EUR 44.6 million, compared with EUR 45.7 million in the previous year. Equity rose by EUR 2.6 million to EUR 69.6 million in the first quarter. Additional indicators can be downloaded in table form under Investor Relations on the adesso website at <https://www.adesso-group.de/en/investorrelations/>.

FABIS, which was acquired in the first quarter of 2018, has been successfully integrated into the company. The first joint services have been offered to adesso customers in the insurance segment.

The newly founded subsidiaries in Bulgaria (Sofia) and Spain (Barcelona) began business operations in March and April respectively and only had a minor impact on the consolidated financial statements in the first quarter.

Outlook

The order situation and market environment suggest that adesso will continue to develop positively and so, assuming the continued increase in investment in the development of own products, the full-year forecast of a rise in sales to

at least EUR 350 million and an increase in operating earnings, or EBITDA, to over EUR 27.7 million has been confirmed. Second-quarter earnings are expected to be down significantly on the first quarter as it has the lowest number of working days and many opportunities for long weekends by combining bank holidays and annual leave, as was the case in the previous year. Activities centred on making an additional acquisition have been and will continue to be pursued.

The Executive Board

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