

DATAGROUP publishes preliminary FY 2015/2016 results

Strong increase in revenues of 11%
EBITDA jumps 25% to EUR 19.1m
EBITDA margin of 10.9% in the double-digit range for the first time

Pliezhausen, November 16, 2016. DATAGROUP AG (WKN A0JC8S) has grown very strongly in FY 2015/2016 and improved its result disproportionately based on preliminary figures. In particular, the cloud and outsourcing provider strongly expanded its high-margin service business. The successful takeover of 306 highly qualified IT specialists was a milestone for the business development. It will come along with further strong growth in the future.

In FY 2015/2016 (01.10.2015-30.09.2016) DATAGROUP generated double-digit growth of 11%. The company increased its revenues to EUR 174.9m (previous year EUR 157.6m) and thus reached the upper end of its guidance (EUR 167-175m). In the service business, where revenues grew strongly by 13% to EUR 135.9m (previous year EUR 120.8m), DATAGROUP has significantly pushed the expansion of the high-margin cloud services. Here, revenues grew disproportionately by 33% to EUR 76m (previous year EUR 57m).

At the same time, DATAGROUP delivered record earnings. Earnings before interest, taxes, depreciation, and amortisation (EBITDA) jumped 25% to EUR 19.1m (previous year EUR 15.3m) and thus also reached the upper end of the guidance (EUR 15.5-20m). Without the extraordinary effects from the conversion to a European Company and acquisition-related restructuring expenses of DATAGROUP Vega, the EBITDA would even have amounted to EUR 19.9m. The EBITDA margin has climbed in the double-digits to 10.9% for the first time (previous year 9.7%). Earnings before interest and taxes (EBIT) grew disproportionately by 32% and likewise reached a new all-time-high of EUR 12.7m (previous year EUR 9.6m). The EBIT margin improved to 7.2% after 6.1% in the previous year.

The takeover of 306 IT specialists from Hewlett-Packard Enterprise (HPE) contributed to the record earnings due to a negative purchase price. Additionally, DATAGROUP significantly boosted its operating earnings in a year-on-year comparison. After deduction of extraordinary income ("lucky buy") and expenses from the HPE transaction as well as other one-time effects, the operating EBITDA grew by over 15% yoy.

Earnings per share (EPS) achieved significant double-digit growth of 16% to 75 cents (previous year 65 cents). When adjusted for the special effects mentioned above as well as the one-time extraordinary tax and interest expenses in Q3 2015/2016 as a result of an audit, EPS would have amounted to 99 cents (guidance 66-100 cents), which would equal a gain of 52% yoy.

Furthermore, the HPE transaction extended the balance sheet, mainly through the takeover of pension liabilities in the amount of some EUR 30m. Possible disadvantages from the high pension liabilities, which may result from changes in the interest rate, are covered by an agreement with HPE. The balance sheet was also extended through the issue of a new promissory note loan (Schuldscheindarlehen) in April 2016, which helped DATAGROUP to secure the current favourable financing conditions in the long term.

As a result, the balance sheet total rose to EUR 159.7m as at September 30, 2016 (previous year EUR 103.3m). Equity increased to EUR 28.4m (previous year EUR 24.1m, +18%). The equity ratio, which was determined taking account of subordinated loans, declined from 25.5% to 19.0% due to the disproportionate extension of the balance sheet. The underlying covenants of the promissory note loans that are related to the equity ratio were adjusted in advance in agreement with the banks. DATAGROUP's very positive overall financial development is reflected in a significant decrease in the net debt by 12.2% to EUR 24.7m (previous year EUR 28.2m) and an increase in the net liquidity by approximately ten times to EUR 24.4m (previous year EUR 2.3m).

“Fiscal year 2015/2016 was outstanding in every respect”, commented DATAGROUP CEO Max H.-H. Schaber. “We have significantly exceeded our former all-time-high in revenues and earnings and delivered on our guidance as in the previous years. This high forecasting accuracy is very important to us. We have also considerably improved our medium and long-term profitability and growth prospects with the HPE deal. Already in the current fiscal year 2016/2017, we will exceed the revenue level of EUR 200m. As such, we have taken a huge step towards our target of becoming the leading cloud and outsourcing service provider for Mittelstand companies in Germany by 2020. We have significantly expanded our technological expertise and our innovative strength with the new employees and have sustainably enhanced DATAGROUP's competitiveness.”

Among the employees taken over, there are more than 100 specialists for SAP HANA, a technology platform, which is decisive for the digital transformation of companies. DATAGROUP now employs one of the largest SAP HANA teams in the German provider landscape. As a result, the market analysts of Experton and West Trax have recently rated DATAGROUP as “Rising Star” among the SAP HANA service provider landscape.

The management is also very pleased with the sales outcome of the past fiscal year. DATAGROUP signed long-term service contracts with 18 new customers based on the full service offer CORBOX, and existing contract relationships were significantly expanded with several existing customers. The unbroken trend towards cloud computing continues to be a central growth driver.

“With CORBOX, we offer our customers a cloud enabling platform, in which we integrate third-party cloud solutions, enrich it with additional services, and combine it with our own cloud and outsourcing services”, commented Dirk Peters, COO of DATAGROUP AG. “For

instance, as one of the few German partners, we can offer customers cloud solutions from Microsoft from our own, very secure German data centres. By doing so, we optimally meet the requirements for flexible, efficient and reliable cloud services. What is decisive for many customers: As a full service provider, we also assume full operational responsibility unlike pure cloud providers, and we guarantee that data and applications are made available to the required extent on a fail-safe basis.”

One of the new CORBOX customers is a biotech company, which has recently signed a five-year-contract with DATAGROUP. The company is globally leading in a specific area of DNA sequencing. This generates large amounts of data, which will be stored in the DATAGROUP Data Center in Frankfurt in the future. In addition to the outstanding technological infrastructure and the ISO-certified process quality and data security, DATAGROUP mainly convinced with a high flexibility in retrieving resources. This enables the customer to retrieve the required resources on demand on the basis of fully transparent key figures.

DATAGROUP will announce the audited figures for FY 2015/2016 in January 2017. From now on, a detailed overview of the preliminary figures is available under www.datagroup.de/investor-relations.

About DATAGROUP:

DATAGROUP is a leading German IT service company. Over 1,700 employees at locations across Germany design, implement, and operate IT infrastructure and business applications such as SAP. With CORBOX, DATAGROUP offers its customers all the IT services they need for a stable IT operation. DATAGROUP thus is a full-service provider, serving over 550,000 global IT workplaces for medium and large enterprises as well as for public-sector clients. In other words: “We manage IT.” The company is growing organically and through acquisitions. The acquisition strategy is particularly noted for its optimal integration of the new companies. DATAGROUP is actively participating in the IT service market’s consolidation process with its “buy and turn around” and its “buy and build” strategy.

DATAGROUP AG
IFRS Consolidated Financial Statement (unaudited)
Figures at a glance

in k€	Change yoy		2015/2016		2014/2015	
Revenues	17.344	11,0%	174.918	100,0%	157.574	100,0%
thereof services and maintenance	15.134	12,5%	135.907	77,7%	120.773	76,6%
thereof trade	2.229	6,1%	38.821	22,2%	36.592	23,2%
thereof other / consolidation	-19	-9,1%	190	0,1%	209	0,1%
Other own work capitalised	139		487		348	
Total revenues	17.483	11,1%	175.405	100,0%	157.922	100,0%
Material expenses /						
Expenses for purchased services	4.996	9,4%	58.172	33,2%	53.176	33,7%
Gross profit	12.487	11,9%	117.233	66,8%	104.746	66,3%
Personnel expenses	8.623	11,2%	85.710	48,9%	77.087	48,8%
Other income etc.	3.835	83,7%	8.416	4,8%	4.581	2,9%
Other expenses etc.	3.935	23,3%	20.836	11,9%	16.901	10,7%
EBITDA	3.764	24,5%	19.103	10,9%	15.339	9,7%
Depreciation from PPA	-147	-5,3%	2.642	1,5%	2.789	1,8%
Other depreciation	840	28,5%	3.786	2,2%	2.946	1,9%
EBIT	3.071	32,0%	12.675	7,2%	9.604	6,1%
Financial result	-760	41,7%	-2.584	-1,5%	-1.824	-1,2%
EBT	2.311	29,7%	10.091	5,8%	7.780	4,9%
Taxes on income and profit	1.519		4.376	2,5%	2.857	1,8%
Net income	792		5.715	3,3%	4.923	3,1%
Shares ¹⁾			7.572		7.572	
EPS			0,75		0,65	
Tax rate			43,4%		36,7%	
			30.09.2016		30.09.2015	
Balance sheet total	56.400	54,6%	159.746		103.346	
Equity ²⁾	4.316	16,6%	30.367		26.051	
Equity ratio (in %) ²⁾			19,0		25,2	
Net Debt ²⁾	-3.430	-12,2%	24.724		28.154	

1) plus treasury shares:

2) under consideration of subordinated loans

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	30.09.2016	30.09.2015
	EUR	EUR
Assets		
Long-term assets		
Goodwill	38.523.419,65	38.523.419,65
Other intangible assets	9.796.635,28	11.445.269,01
Property, plant and equipment	7.304.107,42	7.316.127,83
Long-term financial assets	2.575.595,87	3.822.514,90
Claims from reinsurance coverage for pension obligations	5.350.256,50	5.354.911,90
Other long-term assets	23.939.880,77	134.889,32
Deferred taxes	4.688.287,15	1.464.480,04
	92.178.182,64	68.061.612,65
Short-term assets		
Inventories	1.393.196,96	1.532.497,41
Trade receivables	16.067.991,82	16.667.072,92
Short-term financial assets	2.985.407,07	5.477.056,77
Construction contracts	3.050.462,10	2.994.874,95
Other short-term assets	19.646.579,63	6.348.504,81
Cash and cash equivalents	24.424.218,26	2.264.789,71
	67.567.855,84	35.284.796,57
	159.746.038,48	103.346.409,22
Liabilities		
Equity		
Subscribed capital	7.590.000,00	7.590.000,00
Capital reserves	11.796.385,73	11.796.385,73
Repayment of capital	-98.507,73	-98.507,73
Retained earnings	12.555.844,22	8.733.490,30
Accumulated other comprehensive income	-3.476.538,18	-3.970.814,23
	28.367.184,04	24.050.554,07
Long-term liabilities		
Long-term financial liabilities	51.837.063,55	24.633.738,97
Pension provisions	41.828.897,33	12.822.342,00
Other provisions	802.667,11	775.192,84
Other long-term liabilities	18.941,91	0,00
Deferred taxes	2.879.833,44	782.107,01
	97.367.403,34	39.013.380,81
Short-term liabilities		
Short-term financial liabilities	3.537.825,30	14.583.861,69
Provisions	3.719.902,80	2.463.011,85
Trade payables	2.646.036,61	4.748.518,08
Surplus of liabilities from construction contracts	21.782,02	50.989,47
Income tax liabilities	1.077.475,40	3.062.851,29
Other liabilities	23.008.428,97	15.373.241,96
	34.011.451,10	40.282.474,34
	159.746.038,48	103.346.409,22

DATAGROUP AG
Consolidated Profit and Loss Statement (unaudited)

	01.10.2015 - 30.09.2016	01.10.2014 - 30.09.2015
	EUR	EUR
Revenues	174.918.139,04	157.574.027,64
Other own work capitalised	486.946,14	347.574,10
Total revenues	175.405.085,18	157.921.601,74
Other operating income	8.416.219,61	4.580.813,96
Material expenses / expenses for purchased services	58.172.295,19	53.175.031,31
Personnel expenses	85.709.870,06	77.086.665,16
Goodwill amortisation	0,00	0,00
Depreciation of property, plant and equipment and other intangible assets	6.427.726,69	5.735.246,42
Other operating expenses	20.835.969,20	16.901.449,85
Operating income	12.675.443,65	9.604.022,96
Financial income	890.593,62	553.757,74
Financial expenses	3.475.032,97	2.378.151,72
Financial result	-2.584.439,35	-1.824.393,98
Earnings before taxes	10.091.004,30	7.779.628,98
Taxes on income and profit	4.375.535,63	2.856.597,11
Net income	5.715.468,67	4.923.031,88

DATAGROUP AG
Consolidated Income Statement (unaudited)

	01.10.2015 - 30.09.2016	01.10.2014 - 30.09.2015
	EUR	EUR
Net income	5.715.468,67	4.923.031,88
Other earnings before taxes		
Actuarial gains or losses from pension provisions	651.023,64	-883.609,00
Income tax effects on other income	156.747,59	-261.301,77
Comprehensive income	6.209.744,72	4.300.724,65