



DATAGROUP Presents Figures for the Third Quarter

Pliezhausen, Tuesday, September 1, 2020. DATAGROUP shows continued strong growth and increases revenue significantly by 23.5 % to EUR 264.2m in the first nine months. In the third quarter, delayed start-ups in the banking sector and significantly higher expenses for the boarding of new banking customers clearly weighed down on earnings. The negative impacts of the corona pandemic only affect a small part of DATAGROUP's business. Despite these effects, DATAGROUP sees itself excellently positioned for the future to continue to benefit from the ongoing digitalization trend going forward.

KEY FIGURES

Revenue increased significantly again in the third quarter (01.10.2019 – 30.06.2020). When compared to the 9-month figures of FY 2018/2019, DATAGROUP recorded revenue growth of 23.5 % from EUR 213.9m to EUR 264.2m. This increase was mainly driven by the first-time consolidation of Portavis GmbH in March 2020 and the consolidation of today's DATAGROUP Ulm GmbH (formerly IT-Informatik, consolidated entity since August 2019). The proportion of service revenue continued to grow to 84.9 % (PY 82.5 %). Operating earnings before taxes, interest, depreciation and amortization (EBITDA) declined by 21.9 % to EUR 25.5m (PY EUR 32.7m) due to non-recurring special effects. Earnings before interest and taxes (EBIT) decreased by 77.4 % to EUR 3.6m (PY EUR 16.1m). The EBITDA margin was down 15.2 % to 9.6 %, the EBIT margin declined to 1.4 % (PY 7.5 %). EBT dropped by 88.1 % to EUR 1.7m (PY EUR 14.3m). Earnings per share (EPS) came in at EUR 0.24 compared to EUR 1.15 in the previous year (-79.1 %).

The acquisition of Portavis has also increased the balance sheet total from EUR 320.1m to EUR 386.1m. Liquid funds rose from EUR 47.5m to EUR 66.1m. The equity ratio declined from 23.1 % in the previous year to 18.2 % on June 30, 2020.

NON-RECURRING SPECIAL EFFECTS FROM TRANSITIONS IN THE FINANCIAL SERVICES SECTOR AND CORONA IMPACTS

The weaker development of EBIT and EBITDA in comparison to the period a year earlier is explained by various aspects. The primary reason for the decline in earnings were delays and increased costs related to the start-ups of new customers (transitions) in the financial services sector (DATAGROUP Financial IT Services GmbH). The management board has taken immediate measures to improve the situation. Based on an in-depth analysis performed by a task force set up for this purpose an extensive package of staffing and organizational measures is being implemented and will already demonstrate its effectiveness in FY 2020/2021.

Already after six months in 2019/2020, DATAGROUP recognized a provision of EUR 5.5m for reasons of precaution. The provision was increased by EUR 6.5m to EUR 12.0m on June 30, 2020. This is offset by other operating income due to a negative difference from the purchase price allocation (badwill) in the amount of EUR 11.6m, which has already been reported on March 1, 2020 as part of the first-time consolidation of Portavis.



Furthermore, DATAGROUP has also been affected by corona-related restrictions. Based on the high degree of digitization, up to 90 % of our employees were able to work from home even during the heyday of the corona crisis, and services provided to customers were implemented without any restrictions. Unfortunately, projects were delayed or canceled by customers, especially in the field of automation with Robotic Process Automation and mobilization of business applications (Almato AG). There have also been corona-related delays regarding sales activities for customer acquisition – especially the transfer of the former customers of IT Informatik GmbH (today DATAGROUP Ulm) into the DATAGROUP CORBOX world. For instance, the sales team was unable to visit our customers to convince them of the efficiency of the new organization in a personal meeting.

Encouragingly, the strategy of standardized services in the CORBOX portfolio and the related recurring revenue has proved to be a reliable source of income for the parent companies even in times of corona. Except for the earnings losses of DATAGROUP Financial IT Services GmbH and Almato AG mentioned above, all market units enjoy continued profitability as usual.

“We have proven to our customers that we are a reliable IT partner even in times of crisis”, says Max H.-H. Schaber, CEO of DATAGROUP. “We have been a good source of help in these difficult times by ensuring flawless IT operations of our customers when tackling the challenges of mobile working. Even though the transitions in the financial services sector were a challenge, and we had to deal with different corona-related effects in the current fiscal year, we are very confident that we will be able to successfully master these tasks. The quality of the CORBOX system is reflected in the sustainable profitability of our existing customers with long-term service contracts.”

WELL POSITIONED FOR THE FUTURE

“We are optimistic that we can increase our margins towards the usual level in the next fiscal year”, says Max H.-H. Schaber. “Our CORBOX suite of services covers the entire range of IT services for our customers, simple, standardized and effective. We are the engine room of digitization, and this is an essential basis for our customers with a view to the sustainability of their own company. For this reason, we are excellently positioned to benefit from the current digitization trends.”

To this end, DATAGROUP is constantly expanding its portfolio. In June 2020, the IT service provider took a stake of 24 % in Cloudeeter, a cloud-native start-up with a comprehensive multi-cloud expertise and own solutions. DATAGROUP has extensive expertise in on premise, private cloud, and public cloud, covering the entire range of possibilities, and can set up and support complex hybrid cloud models for customers.

Expertise, expert knowledge, and collaborative partnerships with customer satisfaction being the overriding principle, all of this is also reflected in the company’s numerous awards. DATAGROUP was awarded by market researcher ISG in the current “Next-Gen Private/Hybrid Cloud – Data Center Services & Solutions Report Germany 2020” as leader in Managed Services and Managed Hosting. In a study conducted by business magazine Wirtschaftswoche and market researcher Innofact, which evaluated the categories of trust, innovation, and image as an employer, DATAGROUP came in seventh among 500 companies rated. DATAGROUP ranks sixth among the Top 10 of IT service providers in the list of the leading IT service providers in Germany compiled by market research institute Lünendonk & Hossenfelder, and Brand eins and Statista count the company among Germany’s best IT service providers in 2020.

Chief Executive Officer Max H.-H. Schaber will explain the figures of the first three quarters in a conference call on September 4, 2020 at 11.00 am CET. All interested investors, analysts, and journalists are cordially invited to participate.

The dial-in data will be published on DATAGROUP's homepage in a timely manner.

ABOUT DATAGROUP

DATAGROUP is one of the leading German IT service companies. Over 2,700 employees at locations across Germany design, implement, and operate IT infrastructures and business applications such as SAP. With its CORBOX product, DATAGROUP is a full-service provider, supporting over 600k global IT workplaces for medium and large enterprises as well as public authorities. The company is growing organically and through acquisitions. The acquisitions strategy is particularly noted for its optimal integration of 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.

FINANCIAL CALENDAR

21.-23.09.2020	Berenberg and Goldman Sachs German Corporate Conference
19.-20.10.2020	CF&B Large & Midcap Event, Paris
16.-18.11.2020	Equity Forum, Frankfurt
26.-27.11.2020	Meet-the-future, Berlin
01.-02.12.2020	Midcap Event, Geneva

CONTACT

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Overview of Key Figures (unaudited)

Figures in EUR	Changes YoY		Q1 – Q3 2019/2020		Q1 – Q3 2018/2019		Changes YoY		Q3 2019/2020		Q3 2018/2019	
Revenues	50,324	23.5%	264,243	100.0%	213,919	100.0%	19,036	25.3%	94,233	100.0%	75,197	100.0%
thereof services and maintenance	47,868	27.1%	224,320	84.9%	176,452	82.5%	19,503	31.6%	81,281	86.3%	61,778	82.2%
thereof trade	2,347	6.3%	39,699	15.0%	37,352	17.5%	-470	-3.5%	12,905	13.7%	13,375	17.8%
thereof other / consolidation	109	94.8%	224	0.1%	115	0.1%	3	6.8%	47	0.0%	44	0.1%
Other own work capitalized	267		724		457		-64		91		155	
Total revenues	50,591	23.6%	264,967	100.0%	214,376	100.0%	18,972	25.2%	94,324	100.0%	75,352	100.0%
Material expenses / Expenses for purchased services	26,362	43.6%	86,757	32.7%	60,395	28.2%	12,069	56.9%	33,280	35.3%	21,211	28.1%
Gross profit	24,229	15.7%	178,210	67.3%	153,981	71.8%	6,903	12.8%	61,044	64.7%	54,141	71.9%
Personnel expenses	29,439	27.4%	136,894	51.7%	107,455	50.1%	10,999	29.8%	47,877	50.8%	36,878	48.9%
Other income etc.	12,199	255.7%	16,970	6.4%	4,771	2.2%	-199	-9.3%	1,942	2.1%	2,141	2.8%
Other expenses etc.	14,131	75.8%	32,765	12.4%	18,634	8.7%	6,070	84.8%	13,226	14.0%	7,156	9.5%
EBITDA	-7,141	-21.9%	25,522	9.6%	32,663	15.2%	-10,365	-84.6%	1,833	2.0%	12,248	16.3%
Depreciation from PPA	83	2.8%	3,096	1.2%	3,013	1.4%	-101	-8.7%	1,060	1.1%	1,161	1.5%
Other depreciation	5,223	38.5%	18,785	7.1%	13,562	6.3%	1,591	30.4%	6,818	7.2%	5,227	6.9%
EBIT	-12,447	-77.4%	3,641	1.4%	16,088	7.5%	-11,855	-202.3%	-5,995	-6.4%	5,860	7.8%
Financial result	-192	11.0%	-1,940	-0.7%	-1,748	-0.8%	-154	24.6%	-780	-0.8%	-626	-0.8%
EBT	-12,639	-88.1%	1,701	0.6%	14,340	6.7%	-12,009	-229.4%	-6,775	-7.2%	5,234	6.9%
Taxes on income and profit	-5,013		-288	-0.1%	4,725	2.2%	-1,618		161	0.2%	1,779	2.4%
Net income	-7,626		1,989	0.8%	9,615	4.5%	-10,391		-6,936	-7.4%	3,455	4.6%
Shares (in 1.000 pieces)			8,331		8,331				8,331		8,331	
Plus treasury shares (in 1.000 pieces)			18		18							
EPS	-0.91	-79.1%	0.24		1.15		-1.24	-302.4%	-0.83		0.41	
Tax rate			16.9%		32.9%				-2.4%		34.0%	



DATAGROUP

	30.06.2020	30.09.2019
Balance sheet total	386,078	320,077
Equity ¹	70,631	74,879
Equity ratio (in %) ¹	18.3	23.4
Net debt ¹	61,771	65,745

¹ Under consideration of subordinated loans



Consolidated Statement of Financial Position (unaudited)

Figures in EUR	30.06.2020	30.09.2019
ASSETS		
Long-term assets		
Goodwill	64,027,252.93	64,027,252.93
Other intangible assets	24,726,340.88	18,621,571.41
Property, plant and equipment	74,239,992.88	60,072,310.90
Long-term financial assets	20,080,007.94	14,092,516.71
Claims from reinsurance coverage for pension obligations	5,021,496.20	5,021,496.20
Other long-term assets	1,872,808.76	924,904.80
Deferred taxes	14,006,024.00	8,553,421.02
	203,973,923.59	171,313,473.97
Short-term assets		
Inventories	27,399,753.81	19,062,527.97
Contract assets	13,878,562.12	8,734,112.08
Trade receivables	42,658,043.68	45,591,448.88
Short-term financial assets	7,189,236.93	4,452,763.44
Other short-term assets	24,882,871.92	23,457,331.58
Cash and cash equivalents	66,096,089.55	47,464,919.66
	182,104,558.01	148,763,103.61
	386,078,481.60	320,076,577.58



Figures in EUR

30.06.2020

30.09.2019

LIABILITIES

	30.06.2020	30.09.2019
Equity		
Subscribed capital	8,349,000.00	8,349,000.00
Capital reserve	32,337,372.27	32,337,372.27
Repayment of capital	-98,507.73	-98,507.73
Retained earnings	36,325,451.60	40,168,856.84
Accumulated other comprehensive income	-6,612,098.43	-6,710,435.17
Balancing item for foreign currency translation	-3,093.61	0.15
	70,298,124.10	74,046,286.36
Long-term liabilities		
Long-term financial liabilities	120,189,105.05	113,890,522.41
Pension provisions	68,472,406.87	37,701,654.98
Other provisions	2,530,368.78	1,913,629.79
Other long-term liabilities	605,531.60	1,001,526.60
Deferred taxes	2,469,660.63	2,501,195.19
	194,267,072.93	157,008,528.97
Short-term liabilities		
Short-term financial liabilities	32,875,467.61	17,483,040.02
Provisions	19,798,414.03	9,197,472.05
Contract liabilities	13,344,046.81	11,008,043.40
Trade payables	17,882,153.94	9,126,446.40
Income tax liabilities	4,829,959.66	7,367,712.83
Other liabilities	32,783,242.52	34,839,047.55
	121,513,284.57	89,021,762.25
	386,078,481.60	320,076,577.58



Consolidated Income Statement (unaudited)

Figures in EUR	01.10.2019- 30.06.2020	01.10.2018- 30.06.2019
Revenue	264,243,248.89	213,918,918.45
Other own work capitalized	724,477.67	457,472.08
Total revenues	264,967,726.55	214,376,390.53
Other operating income	16,970,357.22	4,770,613.13
Material expenses / Expenses for purchased services	86,759,029.40	60,394,867.29
Personnel expenses	136,893,574.21	107,455,153.07
Depreciation of property, plant and equipment and other intangible assets	21,880,550.67	16,574,806.10
Other operating expenses	32,765,074.33	18,634,172.98
Operating income	3,639,855.16	16,088,004.22
Financial income	421,603.19	219,514.19
Financial expenses	2,361,295.19	1,967,227.11
Financial result	-1,939,692.00	-1,747,712.92
Earnings before taxes	1,700,163.15	14,340,291.30
Taxes on income and profit	-288,452.90	4,724,850.08
Net income	1,988,616.05	9,615,441.22

Consolidated Statement of Comprehensive Income (unaudited)

Figures in EUR	01.10.2019- 30.06.2020	01.10.2018- 30.06.2019
Net income	1,988,616.05	9,615,441.22
Other earnings before taxes²		
Recalculations of defined benefit obligations	184,773.55	-4,063,295.14
Change in balancing items from currency conversion	-3,093.76	-12.25
Other earnings before taxes	181,679.79	-4,063,307.39
Income tax effects on other income	86,436.81	-1,265,420.96
Comprehensive income	2,083,859.04	6,817,554.79

² These are exclusively items which are not reclassified to the consolidated income statement



Consolidated Cash Flow Statement (unaudited)

Figures in EUR

	01.10.2019- 30.06.2020	01.10.2018- 30.06.2019
Cash flows from operating activities		
Net income for the period	1,988,616.05	9,615,441.23
Interest received	-400,996.26	-104,700.42
Interest paid	1,776,686.99	1,287,030.63
Depreciation and amortisation of current assets	0.00	-30,000.00
Depreciation and amortisation of noncurrent assets	21,903,231.18	16,574,901.10
Changes in pension provisions	638,158.23	805,924.10
Gains (-) / losses (+) on disposals of non-current assets	72,275.46	49,647.70
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	599,369.79	2,429,323.90
Increase (-) / decrease (+) of inventories, trade receivables and other assets	-5,800,580.14	-21,053,736.59
Increase (+) / decrease (-) of trade payables and other liabilities	4,802,046.37	-1,471,816.41
Income from business transactions	-11,570,708.49	0.00
Other non-cash transactions	-389,060.43	-1,415,282.83
Cash flow from operating activities	13,619,038.75	6,686,732.41
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	872,256.27	79,195.93
Cash outflow for investment in property, plant and equipment	-11,638,580.52	-11,786,880.57
Cash inflow from intangible assets	24,734.00	386,187.20
Cash outflow for investments in intangible assets	-3,286,152.69	-1,951,969.19
Cash inflow from liquidation of affiliated companies	-920,553.58	0.00
Cash outflow for investments in financial assets	-205,000.00	0.00
Proceeds from the redemption of financial assets	50,000.00	0.00
Cash inflow / outflow from investments in fully consolidated companies	35,554,765.15	-16,611,873.35
Interest received	400,996.26	104,700.42
Net cash used in investing activities	20,852,464.89	-29,780,639.55

The table has been corrected compared to the initially released version from September 14th 2020. The numbers in the lines „Changes in pension provisions“ and „Increase (+) / decrease (-) of trade payables and other liabilities“ have been changed. The changes have no impact on the Cash flow from operating activities and as a consequence does not impact any other KPIs.

**Cash flow from financing activities**

Cash outflow for dividends paid	-5,832,021.30	-4,998,875.40
Cash inflow (+) / outflow (-) for finance lease contracts as part of investments in own property, plant and equipment (as lessee)	51,628.31	-6,685,617.43
Cash inflow from receipt of liabilities to affiliated companies	0.00	440.90
Cash outflow for the repayment of liabilities to banks	-8,187,501.00	-9,687,501.00
Proceeds from liabilities to financial institutions	0.00	69,000,000.00
Interest paid	-1,776,686.99	-1,287,030.63
Net cash used in financing activities	-15,744,580.98	46,341,416.44
Changes in cash and cash equivalents	18,726,922.66	23,247,509.30
Cash and cash equivalents at the beginning of the period	47,304,986.19	38,700,224.48
Cash and cash equivalents at the end of the period	66,031,908.85	61,947,733.78