



DATAGROUP Publishes Figures for Q4 and Preliminary Figures for FY 2019/2020

DATAGROUP continues strong growth trend

Pliezhausen, November 16, 2020. DATAGROUP SE (WKN A0JC8S) today publishes figures for the fourth quarter as well as preliminary unaudited figures for FY 2019/2020. The group continues to show impressive sales growth. On a full-year basis, earnings figures are still adversely affected by delayed start-ups in the banking sector and significantly higher expenses for the boarding of new bank customers. However, the fourth quarter has shown a positive development in comparison to the preceding quarters. The first weeks of the new fiscal year give reasons for optimism about a positive business performance in FY 2020/2021.

	2019/2020 (preliminary)		Q4 2019/2020		Q3 2019/2020		Q2 2019/2020		Q1 2019/2020	
Revenue	358.2		94.0		94.2		87.2		82.8	
EBITDA before risk provisions	53.8	15.0%	16.3	17.3%	8.4¹	8.9%	19.7^{1,3}	22.6%	9.4	11.4%
Risk provisions	12.0		0.0		6.5		5.5		0.0	
EBITDA	41.8	11.7%	16.3	17.3%	1.9²	2.0%	14.2^{2,3}	16.3%	9.4	11.4%
EBIT before risk provisions	21.0	5.9%	5.4	5.7%	0.5¹	0.5%	12.4^{1,3}	14.2%	2.7	3.3%
Risk provisions	12.0		0.0		6.5		5.5		0.0	
EBIT	9.0	2.5%	5.4	5.7%	-6²	-6.4%	6.9^{2,3}	7.9%	2.7	3.3%
EBT	6.6	1.8%	4.9	5.2%	-6.8	-7.2%	6.3³	7.2%	2.2	2.7%
Tax expenses	6.4		6.6		0.2		-1.2		0.8	
Net income	0.2		-1.7		-7.0		7.5³		1.4	
Shares (in 1,000 units)	8,331		8,331		8,331		8,331		8,331	
EPS (in euro)	0.03		-0.20		-0.84		0.90		0.17	

In fiscal year 2019/2020 (01.10.2019 – 30.09.2020) revenue increased by 16.8 % to EUR 358.2m (PY EUR 306.8m). The proportion of services in revenue improved significantly to 85.1 % (PY 79.1 %). Operating earnings before taxes, interest, depreciation and amortization (EBITDA) and before risk provisions increased by 14.8 % to EUR 53.8m (PY EUR 46.9m), the EBITDA margin before risk provisions was 15.0 % (PY 15.3 %). Earnings before interest and taxes (EBIT) and before risk provisions decreased by 11.2 % to EUR 21.0m (PY

¹ Adjusted for risk provisions

² As reported in Q2 and Q3

³ Including lucky buy of EUR 11.6m from the acquisition of Portavis

EUR 23.6m). The EBIT margin before risk provisions was 5.9 % (PY 7.7 %). As a result of risk provisions as well as high non-recurring expenses in the financial services sector, EBT deteriorated by 69.5 % to EUR 6.6m (PY EUR 21.7m). Earnings per share (EPS) were EUR 0.03 compared to EUR 1.74 in the previous year. When adjusted for risk provisions, EPS were EUR 1.47⁴. Organic growth of the fully integrated entities was approx. 2 %.

The much higher tax rate of 96.2 % (PY 33.1 %) is due to expenses included in EBT which are not taxable. These are expenses related to the financial services sector.

The development in the fourth quarter proved to be very positive. Revenues came in at EUR 94.0m, while the proportion of services in revenue grew substantially (from 71.1 % to 85.6 %). EBITDA totaled EUR 16.3m compared to EUR 14.2m in the prior-year period. EBIT was EUR 5.4m in comparison to EUR 7.5m in Q4 2018/2019. The EBITDA margin was 17.3 % (Q4 2018/2019: 15.3 %); the EBIT margin was 5.7 % (Q4 2018/2019: 8.1 %). EBT totaled EUR 4.9m compared to EUR 7.4m in the prior-year period.

The balance sheet total increased from EUR 320.1m on September 30, 2019 to EUR 385.3m on this year's balance sheet date, primarily due to the first-time consolidation of Portavis GmbH on March 1, 2020. The equity ratio fell from 23.1 % on September 30, 2019 to 17.2 %. Cash increased from EUR 47.5m to EUR 63.9m, while net debt improved slightly by 4.1 % from EUR 65.7m to EUR 63.0m.

Risk Provisions in the Financial Services Sector

In the past fiscal year, delays and increased costs related to the start-ups of new customers (transitions) in the financial services sector (DATAGROUP Financial IT Services GmbH) have weighed heavily on the earnings figures. The Management Board has taken immediate measures to cut costs and improve the earnings situation. A management team experienced in restructuring from within the DATAGROUP group has been installed. The first results have become visible and will lead to a significant improvement of earnings in the financial services sector. To this day, all known risks have been covered by risk provisions.

Already after six months in 2019/2020, DATAGROUP recognized risk provisions of EUR 5.5m for reasons of precaution. These risk provisions were increased by EUR 6.5m to EUR 12.0m on June 30, 2020.

Cash flow from operating activities improved significantly from EUR 4.5m to EUR 21.7m. Cash flow from investments was EUR 12.6m compared to EUR -40.6m in the prior-year period; positively influenced primarily by the acquisition of Portavis. Thanks to this deal, DATAGROUP received cash proceeds in the amount of EUR 35.5m net (acquired cash position less purchase price). Cash flow from financing activities was EUR -17.7m compared to EUR 44.6m in the previous year. The high difference is mainly due to a cash inflow from the placement of a promissory note loan of EUR 69m in FY 2018/19.

Good Start to the New Fiscal Year

Despite the strong economic slowdown in large segments of the German economy in the wake of the corona pandemic, DATAGROUP had a good start to the new fiscal year. "The encouraging results in the fourth quarter have been sustained over the first weeks of the fiscal year just started", says Chief Executive Officer Max H.-H. Schaber. "The outstanding results of our fully integrated companies show that our business model as an IT

⁴In preparation of the annual financial statements, risk provisions of EUR 5.5m in Q2 and of EUR 6.5m in Q3 were reclassified from other expenses to risk provisions.



service provider for customers with the challenging structures of a Mittelstand company is intact”, Schaber continues. “Our projects aimed at improving the productivity are starting to take effect. The SQUARE project is geared to standardize the decentralized structure of independent market units and central production units within the whole DATAGROUP group - with encouraging results. By centralizing and standardizing our HR and ERP platforms in the OneERP and OneHR projects, DATAGROUP expects to achieve cost savings and a harmonization of the production processes”, adds Andreas Baresel, Chief Production Officer of DATAGROUP.

Almato, a subsidiary specialized in Robotic Process Automation and mobilization of business applications, which at first had been hit by postponements and cancellations of orders due to coronavirus, can also announce a good start to the new fiscal year with several new projects.

Only Limited Impact From Corona Pandemic

In the past fiscal year from March onwards, DATAGROUP had only been affected to a comparatively limited degree by restrictions caused by the corona-related lockdown. 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 pandemic, and services provided to customers were implemented without any restrictions. As DATAGROUP’s project business for customers only accounts for a very small proportion, projects postponements on the part of customers had very limited impact.

“We have proven to our customers that we are a reliable IT partner even in times of crisis”, says Dirk Peters, Chief Sales Officer of DATAGROUP. “In these difficult times, we have been a good source of help by ensuring flawless IT operations of our customers when tackling the challenges of mobile working. We have proven our quality, commitment, and reliability under difficult conditions during the pandemic. This is rewarded by our customers with loyalty and they are pleased to recommend us.”

Today, DATAGROUP can meet the possible effects of the ongoing pandemic situation with much more confidence than at the outset of the COVID-19 crisis. Our experience over the last fiscal year has shown that the basic IT operations are very robust to the general economic development. Furthermore, DATAGROUP has a very broad customer portfolio and therefore no particular risks arise in the context of individual customers or certain sectors.

New Customer Acquisition Still Intact Despite Corona Pandemic

There have been corona-related delays concerning sales activities for customer acquisition. Even though the sales team has not been able to visit customers from March onwards, or only with restrictions, DATAGROUP has acquired 21 new customers in FY 2019/2020. Furthermore, the package of services has been significantly expanded by upselling among 14 existing customers.

Acquisition of Portavis Drives Strong Inorganic Growth

Having acquired 93 % of the shares in Diebold Nixdorf Portavis (Portavis) from the Diebold Nixdorf Group in January 2020, DATAGROUP has strongly expanded the business with high-quality cloud services and IT operating services in the financial area. Portavis provides IT services for customers in the financial services sector and has around 200 employees. The company mainly supports Hamburger Sparkasse, Sparkasse Bremen and Hamburg Commercial Bank on the basis of long-term service agreements.

The acquisition of Portavis had resulted in a one-time negative difference from the purchase price allocation (lucky buy) in the amount of EUR 11.6m recognized under other operating income.

Expansion of Public Cloud Expertise by Taking a Stake in Cloudeeter

In June 2020, DATAGROUP acquired a stake of 24 % in Cloudeeter, a cloud native start-up, as well as options for another 76 % of the company's shares. The Hamburg-based company employs 26 experts for multi-cloud solutions as well as consulting services for companies on cloudification, IT governance, IT security, and regulatory requirements. Cloudeeter also develops process and software solutions for the cloud, including the so-called OPS.Stack, which makes it possible to use multi-cloud dashboards displaying the real time of the most important metrics on different cloud models. The modules can also be used to analyze and optimize hybrid and private cloud solutions.

"The development and operation of complex cloud structures is one of DATAGROUP's core competencies. We see Cloudeeter as a strategic addition to our own expertise, which we aim to develop further", says Peter Schneck, Chief M&A Officer. "There is growing demand for the mobilization of workplaces and business applications with the help of cloud technologies especially in the wake of the corona pandemic."

DATAGROUP will present the results at the Equity Forum on November 16, 2020 at 2.00 pm in a public session.

Financial Calendar

16.-18.11.2020	Equity Forum, Frankfurt
26.-27.11.2020	Meet-the-future, Berlin
01.12.2020	Pennyhill Conference, London
01.-02.12.2020	Midcap Event, Geneva
08.-09.12.2020	Capital Market Conference, Munich
04.03.2021	Annual General Meeting (only virtual attendance of the shareholders, as the case may be, due to COVID-19)

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.



DATAGROUP

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Overview of Key Figures (unaudited)

Figures in EUR		Change yoy	2019/2020		2018/2019	
Revenue	51,446	16.8%	358,211	100.0%	306,765	100.0%
thereof services and maintenance	62,217	25.7%	304,717	85.1%	242,500	79.1%
thereof retail	-10,855	-17.0%	52,899	14.8%	63,754	20.8%
thereof other / consolidation	84	16.4%	595	0.2%	511	0.2%
Other own work capitalized	966	124.3%	1,743	0.5%	777	0.3%
Changes in capitalized contract costs	-7,029	-49.1%	7,274	2.0%	14,303 ⁵	4.7%
Total revenues	45,383	14.1%	367,228	102.5%	321,845	104.9%
Material expenses / Expenses for purchased services	13,696	13.0%	119,143	33.3%	105,447 ⁵	34.4%
Gross Profit	31,687	14.6%	248,085	69.3%	216,398	70.5%
Personnel Expenses	34,750	22.7%	187,991	52.5%	153,241 ⁵	50.0%
Other income etc.	8,709	78.4%	19,811	5.5%	11,102	3.6%
Other expenses etc.	-1,280	-4.7%	26,098	7.3%	27,378	8.9%
EBITDA before risk provisions	6,926	14.8%	53,807	15.0%	46,881	15.3%
Depreciation from PPA	487	11.6%	4,673	1.3%	4,186	1.4%
Other depreciation	9,077	47.6%	28,146	7.9%	19,069	6.2%
EBIT before risk provisions	-2,638	-11.2%	20,988	5.9%	23,626	7.7%
Financial result	-439	22.7%	-2,375	-0.7%	-1,936	-0.6%
Risk provisions in financial services sector	12,000		12,000		0	
EBT	-15,077	-69.5%	6,613	1.8%	21,690	7.1%
Taxes on income and profit	-812	-11.3%	6,364	1.8%	7,176	2.3%
Net income	-14,265	-98.3%	249	0.1%	14,514	4.7%
Shares (in 1,000 units)			8,331		8,331	
<i>¹plus treasury shares (in thousand units):</i>			18		18	
EPS			0.03		1.74	
EPS before risk provisions			1.47		1.74	
Tax rate			96.2%		33.1%	

Figures in EUR		30.09.2020	30.09.2019
Balance sheet total		385,320	320,077
Equity ⁶		66,319	74,879
Equity ratio (in %) ⁶		17.2	23.4
Net debt ⁶		63,044	65,745

⁵ TEUR 8,062 from personal expenses and TEUR 6,241 from material expenses were reclassified to "Changes in capitalized contract costs".

⁶ Under consideration of subordinate loans



Consolidated Statement of Financial Position (unaudited)

Figures in EUR	30.09.2020	30.09.2019
ASSETS		
Non-current assets		
Goodwill	62,500,872.13	64,027,252.93
Other intangible assets	26,330,764.75	18,621,571.41
Property, plant and equipment	75,933,347.01	60,072,310.90
Other financial assets	2,342,847.92	1,301,069.40
Capitalized contract costs	23,109,913.65	15,836,238.01 ⁷
Receivables from finance lease	20,254,057.62	12,791,447.31
Claims from reinsurance coverage for pension obligations	4,911,696.70	5,021,496.20
Other assets	3,446,495.43	924,904.80
Deferred taxes	12,088,396.66	8,553,421.02
	230,918,391.87	187,149,711.98
Current assets		
Inventories	6,952,204.55	3,226,289.96 ⁷
Contract Assets	2,900,243.13	8,734,112.08
Trade receivables	41,255,080.46	45,591,448.88
Receivables from finance lease	8,004,360.51	4,352,737.95
Current financial assets	430,124.51	100,025.49
Other assets	30,922,152.60	23,457,331.58
Cash and cash equivalents	63,937,088.85	47,464,919.66
	154,401,254.61	132,926,865.60
	385,319,646.48	320,076,577.58

⁷ TEUR 15,836 from inventories were reclassified to capitalized contract costs



Figures in EUR	30.09.2020	30.09.2019
LIABILITIES		
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	34,585,571.44	40,168,856.84
Accumulated other comprehensive income	-9,018,219.97	-6,710,435.17
Balancing item for foreign currency translation	-3,620.93	0.15
	66,151,595.08	74,046,286.36
Non-current liabilities		
Non-current financial liabilities	120,827,328.36	113,890,522.41
Pension provisions	72,789,978.98	37,701,654.98
Other provisions	9,483,619.66	1,913,629.79
Other liabilities	482,670.65	1,001,526.60
Deferred taxes	2,317,917.71	2,501,195.19
	205,901,515.36	157,008,528.97
Current liabilities		
Current financial liabilities	34,578,912.63	17,483,040.02
Provisions	5,992,746.10	9,197,472.05
Contract liabilities	14,074,212.19	11,008,043.40
Trade payables	12,491,040.94	9,126,446.40
Income tax liabilities	6,998,812.33	7,367,712.83
Other liabilities	39,130,811.85	34,839,047.55
	113,266,536.04	89,021,762.25
	385,319,646.48	320,076,577.58

Consolidated Income Statement (unaudited)

Figures in EUR	01.10.2019- 30.09.2020	01.10.2018- 30.09.2019
Revenue	358,211,444.93	306,764,901.15
Other own work capitalized	1,742,666.86	776,807.08
Changes in capitalized contract costs	7,273,675.62	14,302,840.14 ⁸
Total revenues	367,227,787.41	321,844,548.37
Other operating income	19,810,722.85	11,102,034.88
Material expenses / Expenses for purchased services	119,143,829.64	105,446,746.25 ⁸
Personnel Expenses	187,990,593.26	153,241,486.39 ⁸
Depreciation of property, plant and equipment and other intangible assets	32,818,885.14	23,254,922.98
Other operating expenses	26,097,955.18	27,377,864.37
Risk provisions in financial services sector	12,000,000.00	0.00
thereof devaluation of capitalized contract costs	5,335,000.00	0.00
thereof recognition of provisions	6,665,000.00	0.00
Operating income	8,987,247.04	23,625,563.27
Financial income	767,327.35	456,784.79
Financial expenses	3,142,121.72	2,392,436.98
Financial result	-2,374,794.37	-1,935,652.19
Earnings before taxes	6,612,452.68	21,689,911.08
Taxes on income and profit	6,363,716.77	7,175,995.56
Net income	248,735.90	14,513,915.52

⁸ TEUR 8,062 from personal expenses and TEUR 6,241 from material expenses were reclassified to "Changes in capitalized contract costs".



Consolidated Statement of Comprehensive Income (unaudited)

Figures in EUR	01.10.2019 30.09.2020	01.10.2018- 30.09.2019
Net income	248,735.90	14,513,915.52
Other earnings before taxes⁹		
Recalculation of defined benefit obligations	-3,319,523.00	-4,030,921.00
Change in balancing items from currency conversion	-3,621.08	-24.05
Other earnings before taxes	-3,323,144.08	-4,030,945.05
Income tax effects on other income	-1,011,738.20	-1,261,000.93
Comprehensive income	-2,062,669.98	11,743,971.40

⁹ Exclusively items which are not reclassified to the consolidated income statement



Consolidated Cash Flow Statement (unaudited)

Figures in EUR

	01.10.2019- 30.09.2020	01.10.2018- 30.09.2019
Cash flow from operating activities		
Net income	248,735.90	14,513,915.52
Interest received	-22,281.79	-359,213.98
Interest paid	1,963,357.76	1,138,664.94
Depreciation and amortization of non-current assets	32,818,885.14	23,337,058.58
Changes in pension provisions	1,451,433.79	795,976.98
Gains (-) / losses (+) on disposals of non-current assets	421,012.07	35,937.18
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	-49,202.48	-294,414.10
Increase (-) / decrease (+) of inventories, trade receivables and other assets	-4,505,729.23	-47,191,372.88
Increase (+) / decrease (-) of trade payables and other liabilities	1,051,665.00	12,587,716.75
Income out of business transaction	-11,570,708.49	0.00
Other non-cash transactions	-122,744.65	-41,795.80
Cash flow from operating activities	21,684,423.01	4,522,473.19
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	754,130.18	140,869.45
Cash outflow for investment in property, plant and equipment	-17,002,404.79	-15,610,402.02
Cash inflow from intangible assets	22,621.79	17,151.27
Cash outflow for investments in intangible assets	-5,237,681.03	-3,061,652.10
Cash inflow from liquidation of affiliated companies	180,601.00	343,675.40
Cash outflow for investments in financial assets	-1,799,574.55	-1,039,750.00
Cash inflow from repayment of financial assets	100,011.49	0.00
Cash inflow/outflow for investments in fully consolidated companies	35,554,765.15	-21,715,884.73
Interest received	22,281.79	359,213.98
Net cash used in investing activities	12,594,751.03	-40,566,778.75



Figures in EUR	01.10.2019- 30.09.2020	01.10.2018- 30.09.2019
Cash flow from financing activities		
Cash outflow for dividend paid	-5,832,021.30	-4,998,875.40
Cash inflow (+) / outflow (-) for finance lease agreements (as a lessee)	-1,466,523.32	-8,296,724.39
Cash outflow for the repayment of liabilities to banks	-8,416,668.00	-9,916,668.00
Cash inflow from taking out loans from banks	0.00	69,000,000.00
Interest paid	-1,963,357.76	-1,138,664.94
Net cash used in financing activities	-17,678,570.38	44,649,067.27
Changes in cash and cash equivalents	16,600,603.66	8,604,761.71
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	63,905,589.85	47,304,986.19