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Interim Report 2014

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itelligence at a glance

MEUR	IFRS Jan. 01 - June 30, 2014	IFRS Jan. 01 - June 30, 2013	IFRS April 01 - June 30, 2014	IFRS April 01 - June 30, 2013
Total revenues	237.5	216.6	122.9	109.2
Revenues by area				
Consulting	110.8	109.4	53.9	54.0
Licenses	17.5	17.5	11.0	10.2
Application Management	30.3	22.5	15.8	11.6
Outsourcing & Services	78.6	66.9	42	33.3
Other	0.3	0.3	0.2	0.1
Revenues by segment				
DACH (Germany/Austria/Switzerland)	100.2	89.9	52.5	45.0
Western Europe	55.7	51.0	28.1	26.0
Eastern Europe	28.3	19.6	14.5	10.3
Americas	47.6	50.6	25.2	25.1
Asia	3.3	3.7	1.7	1.7
Other	2.4	1.8	0.9	1.1
EBIT in MEUR	3.2	6.9	1.5	4.8
EBIT margin	1.4 %	3.2 %	1.2 %	4.4 %
EBITA in MEUR	4.9	8.9	2.4	6.1
EBITA margin	2.1 %	4.1 %	2.0 %	5.6 %
EBITDA in MEUR	11.5	14.8	6.0	8.7
EBITDA margin	4.8 %	6.8 %	9.2 %	8.0 %

Percentages are calculated on a KEUR basis.

Interim Financial Report

for the first half of 2014

→ Figures for the first half of 2014 at a glance

- Revenue growth of **+9.6%** year-on-year in the first half of 2014 (after adjustment for currency translation effects: **+12.2%**) to **MEUR 237.5**
- Year-on-year revenue development:
Consulting **+1.3%**, Application Management **34.7%**, Outsourcing & Services **+17.3%**, Licenses unchanged
- Year-on-year revenue development by region:
DACH **+11.3%** (after adjustment for currency translation effects: **+11.7%**), Western Europe **+9.2%** (after adjustment for currency translation effects: **+9.4%**), Eastern Europe **+44.4%** (after adjustment for currency translation effects: **+61.7%**), USA **5.9%** (after adjustment for currency translation effects: **1.0%**), Asia **10.8%** (after adjustment for currency translation effects: **5.7%**)
- EBIT down **53.3%** from **MEUR 6.9** to **MEUR 3.2**, largely as a result of non-recurring effects
- Orders on hand of **MEUR 351.9** at June 30, 2014 (June 30, 2013: **MEUR 293.1**)

intelligence AG has continued its positive overall revenue development. In the first six months of 2014, revenues increased by **+9.6%** (after adjustment for currency translation effects: **+12.2%**) to **MEUR 237.5**. The existing companies contributed revenue growth of **+5.1%** (organic growth), with a further **+4.5%** attributable to the acquisitions made in the period under review.

Consulting revenues improved by **MEUR +1.4** year-on-year to **MEUR 110.8**. Revenues in the Outsourcing & Services division increased by **MEUR +11.6** to **MEUR 78.5**, of which **MEUR 5.0** was attributable to the acquired company GISA. Application Management performed strongly with revenues up **7.8 MEUR** to **30.3 MEUR**. Only Licenses revenues remained essentially unchanged year-on-year at **MEUR 17.5** (previous year: **MEUR 17.6**).

In terms of regional development, revenues in the first half of the year amounted to **MEUR 100.2** (previous year: **MEUR 89.9**) in the DACH region, **MEUR 55.7** (previous year: **MEUR 51.0**) in Western Europe, **MEUR 28.3** (previous year: **MEUR 19.6**) in Eastern Europe, **MEUR 47.6** (previous year: **MEUR 50.6**) in the USA, **MEUR 3.3** (previous year: **MEUR 3.7**) in Asia and **MEUR 2.4** (previous year: **MEUR 1.8**) in the Other segment.

At **MEUR 3.2**, the EBIT contribution was down on the same period of the previous year. EBIT was primarily impacted by high acquisition costs, foreign currency losses in Russia/Ukraine and Turkey in particular, and the lower level of revenues in the USA.

Orders on hand at the end of the first half of 2014 were up **+20.0%** year-on-year, from **MEUR 293.1** to **MEUR 351.9**.

Acquisitions

itelligence Denmark expands by acquiring leading business intelligence consultant 4C Management Consulting

With effect from January 1, 2014, itelligence acquired the Scandinavian company 4C Management Consulting, thereby expanding its expertise in the areas of business intelligence and strategic consulting for ERP projects.

With this transaction, the itelligence Group has strengthened its range of strategic consulting services for companies in Denmark and the rest of Scandinavia. The acquisition allows customers to integrate their strategic performance management and their ERP solution to an even better extent than previously. It represents the continuation of itelligence's dynamic investment strategy. Business intelligence and enterprise performance management are key elements of itelligence's future service range and global offering.

itelligence acquires 51% interest in IT service provider GISA GmbH

itelligence AG and GISA GmbH, a renowned IT service provider from Halle (Saale), agreed an intensive partnership on May 16, 2014. Since this date, itelligence has been the majority shareholder of GISA GmbH with an equity interest of 51%.

itelligence AG acquired the majority interest from the previous shareholders envia Mitteldeutsche Energie AG (enviaM) and MITGAS Mitteldeutsche Gasversorgung GmbH, a subsidiary of enviaM, with economic effect from January 1, 2014. enviaM continues to hold a 23.9% stake in GISA, while KOWISA Kommunalwirtschaft Sachsen-Anhalt GmbH & Co. Beteiligungs-KG has an equity interest of 25.1%.

Formed in 1993, GISA is one of the leading IT and outsourcing providers with around 600 employees at five locations in Germany. GISA operates a multi-certified data center and continually invests in data security and state-of-the-art technologies. As a result, the company

has been awarded ISO 27001 certification by the German Federal Office for Information Security (BSI). As a long-standing SAP partner, GISA is a certified SAP partner for cloud services and application management services in addition to being certified as a customer center of expertise.

GISA GmbH's customers include companies from the energy industry, public-sector clients and industrial and service customers. In addition to the enviaM Group, examples include the GAS AG network, GASAG Berliner Gaswerke AG, the Free State of Saxony, BAYERN-OIL Raffineriegesellschaft mbH and the Kraftanlagen Group. The new strategic shareholder will strengthen GISA's position in the long term and allow it to further expand its offering in future.

Employees

itelligence AG had 3,830 employees as of June 30, 2014, of which 1,772 were employed in Germany (June 30, 2013: 1,101) and 2,058 outside Germany (June 30, 2013: 1,738). The number of employees increased by 24.4% compared with the end of 2013 and by 34.9% compared with June 30, 2013. The workforce includes 598 employees of GISA GmbH.

In the first half of the year, itelligence exhibited at trade fairs in Munich, Stuttgart and Hanover, where it positioned itself as an attractive employer.

Outlook

itelligence is very confident with regard to business performance in the second half of 2014. The Management Board is now forecasting revenues of between MEUR 540 and MEUR 550 for the year as a whole. This represents a MEUR 40-50 increase in the revenue target, largely as a result of the acquisition of GISA GmbH. The Management Board is also reiterating its EBIT targets, with a forecast margin of around 5% despite substantial investments and acquisition costs.

Consolidated Income Statement (IFRS)

KEUR	Jan. 01 - June 30, 2014	Jan. 01 - June 30, 2013	April 01 - June 30, 2014	April 01 - June 30, 2013
Revenues	237,490	216,565	122,890	109,189
Cost of sales	-185,996	-164,706	-96,980	-82,495
Gross profit	51,494	51,859	25,910	26,694
Marketing and distribution expenses	-26,875	-24,445	-13,366	-11,869
Administration expenses	-19,503	-18,914	-10,129	-9,183
Other operating income	1,007	1,173	538	467
Other operating expenses	-2,367	-1,442	-1,173	-688
Amortization of orders on hand	-518	-1,303	-272	-633
Total operating expenses	-48,256	-44,931	-24,402	-21,906
Operating earnings	3,238	6,928	1,508	4,788

Consolidated Balance Sheet (IFRS)

Assets KEUR	June 30, 2014	June 30, 2013	Dec. 31, 2013
Non-current assets			
Intangible assets	114,002	85,499	91,489
Property, plant and equipment	69,353	61,402	59,377
Other financial assets	3,534	1,871	1,573
Trade receivables	1,926	1,974	1,751
Income tax receivables	178	241	178
Deferred tax assets	4,804	2,464	2,952
	193,797	153,451	157,320
Current assets			
Inventories	569	540	407
Trade receivables	110,025	87,878	119,871
Income tax receivables	2,002	3,708	1,831
Other financial assets	4,140	976	3,795
Other non-financial assets	3,320	2,480	1,113
Cash and cash equivalents	24,640	22,676	39,246
Prepaid expenses	22,503	16,863	9,603
	167,199	135,121	175,866
	360,996	288,572	333,186
Equity and liabilities KEUR			
Equity			
Share capital	30,015	30,015	30,015
Capital reserves	52,768	52,768	52,768
Net accumulated profit	48,345	39,641	50,890
Other comprehensive income	-22,819	-26,821	-28,232
	108,309	95,603	105,441
Non-controlling interests	16,785	16,280	16,356
	125,094	111,883	121,797
Non-current liabilities			
Financial liabilities	61,237	57,289	47,433
Deferred tax liabilities	7,585	8,314	7,926
Other non-current provisions	1,176	127	85
Pension provisions	6,767	839	1,362
Government grants	3,668	4,382	3,935
Other non-financial liabilities	4,684	705	1,606
	85,117	71,656	62,347
Current liabilities			
Trade payables	28,840	20,220	38,886
Financial liabilities	37,288	16,292	16,222
Tax provisions	4,047	2,480	3,067
Other current provisions	8,732	2,838	6,670
Income tax liabilities	928	1,146	1,488
Other non-financial liabilities	53,518	46,264	70,517
Deferred income	17,432	15,793	12,192
	150,785	105,033	149,042
	360,996	288,572	333,186

ITELLIGENCE AG

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