

01/01/

2016-

06/30/

2016

ITELLIGENCE KEY FIGURES

MEUR	Jan 1–Jun 30, 2016	Jan 1–Jun 30, 2015	Apr 1–Jun 30, 2016	Apr 1–Jun 30, 2015
Total revenues	357.7	322.8	179.9	162.4
Revenues by area				
Consulting	158.5	144.9	80.0	74.0
Licenses	28.3	22.8	14.8	10.5
Application Management	52.1	35.3	25.6	17.4
Outsourcing & Services	117.1	119.2	58.8	60.3
Other	1.7	0.6	0.7	0.2
Revenues by segment				
DACH (Germany/Austria/Switzerland)	159.8	151.8	81.2	76.4
Western Europe	84.4	67.9	42.3	33.9
Eastern Europe	38.6	31.9	18.1	16.6
USA	66.7	64.1	33.8	31.8
Asia	6.0	5.0	3.1	2.7
Other	2.2	2.1	1.4	1.0
EBIT	8.1	11.4	4.2	6.4
EBIT margin	2.3%	3.5%	2.3%	4.0%
EBITA	11.6	14.6	6.0	8.1
EBITA margin	3.2%	4.5%	3.3%	5.0%
EBITDA	22.1	24.4	11.3	12.9
EBITDA margin	6.2%	7.6%	6.3%	7.9%
Earnings IFRS	3.4	6.3	2.4	4.2
Earnings per share in EUR	0.08	0.16	0.06	0.11

CONTENT

FIGURES FOR THE FIRST HALF OF 2016 AT A GLANCE	3
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED BALANCE SHEET	8

FINANCIAL INFORMATION

FOR THE FIRST HALF OF 2016



FIGURES FOR THE FIRST HALF OF 2016 AT A GLANCE

REVENUE

- Year-on-year revenue growth of +10.8% in the first half of 2016 (after adjustment for currency translation effects: +13.3%) to MEUR 357.7
- Year-on-year revenue development: Consulting +9.4%, Application Management +47.6%, Outsourcing & Services -1.8%, Licenses +24.1%
- Year-on-year revenue development by region: DACH +5.3% (after adjustment for currency translation effects: +6.1%), Western Europe +24.3% (after adjustment for currency translation effects: +28.3%), Eastern Europe +21.0% (after adjustment for currency translation effects: +34.0%), USA +4.1% (after adjustment for currency translation effects: +4.9%), Asia +20.0% (after adjustment for currency translation effects: +22.4%)

EARNINGS

- EBIT of MEUR 8.1 after MEUR 11.4 in previous year

ORDERS

- Orders on hand at June 30, 2016 up 3.7% to MEUR 661.0 (June 30, 2015: MEUR 637.7)

itelligence AG enjoyed positive revenue development in the first half of 2016. In the first six months, revenues increased by +10.8% (after adjustment for currency translation effects: +13.3%) to MEUR 357.7. The existing companies contributed revenue growth of +8.4% (organic growth), with a further +2.4% attributable to the acquisitions made in the period under review.

Consulting revenues rose by +9.4% year-on-year to MEUR 158.5. Revenues in the Outsourcing & Services division were composed of Application Management and maintenance and hosting revenues. Revenue reclassification in the DACH region meant that reported Outsourcing & Services revenues declined by MEUR -2.1 to MEUR 117.1, whereas reported Application Management revenues increased by +47.6% to MEUR 52.1. Licenses revenues improved by +24.1% year-on-year to MEUR 28.3 (previous year: MEUR 22.8).

In terms of regional development, revenues in the first half of the year increased to MEUR 159.8 (previous year: MEUR 151.8) in the DACH region, MEUR 84.4 (previous year: MEUR 67.9) in Western Europe, MEUR 38.6 (previous year: MEUR 31.9) in Eastern Europe, MEUR 66.7 (previous year: MEUR 64.1) in the USA, and MEUR 6.0 (previous year: MEUR 5.0) in Asia. Revenues in the Other segment amounted to MEUR 2.2 (previous year: MEUR 2.1).

EBIT decreased by MEUR -3.3 year-on-year to MEUR 8.1 (previous year: MEUR 11.4). Earnings were affected mainly by project start-up costs for IT solutions, acquisition costs, and exchange rate losses.

Orders on hand at the end of the first half of 2016 were up +3.7% year-on-year, from MEUR 637.7 to MEUR 661.0.

ACQUISITIONS

ITELLIGENCE AG ACQUIRES 100% OF ITML GMBH

On June 2, 2016, itelligence AG and ITML GmbH, Pforzheim, announced the acquisition of ITML by itelligence AG. itelligence acquired 100% of the shares in the renowned southern German SAP consulting company and SAP Gold Channel Partner with effect from June 1, 2016.

With this transaction, itelligence AG is pressing ahead with its expansion in Germany and significantly increasing its regional presence in southern Germany. ITML's experts also serve to reinforce itelligence's position in the promising and fast-growing CRM segment, particularly in cloud solutions for customer relationship management (CRM), and in the area of customer commerce on a nationwide basis.

As an SAP Gold Channel Partner, ITML is one of SAP's most important partners and a CRM specialist for the German-speaking countries. Its core competencies include SAP consulting and

implementation as well as its own software suite for customer relationship management (CRM), which is fully integrated in SAP. ITML has more than 160 employees.

ITELLIGENCE AG ACQUIRES APPLICATION MANAGEMENT AND CLOUD SPECIALIST BIT.GROUP GMBH

On June 20, 2016, BIT.Group GmbH, Bautzen, and itelligence AG announced the 100% acquisition of BIT.Group GmbH by itelligence AG. With this acquisition, itelligence is cementing its position as one of the leading IT service providers in Germany with a strong focus on cloud and SAP managed services.

Established in 2004, BIT.Group stands out thanks to its innovative service portfolio for national and international customers. The multi-certified SAP partner has around 380 employees and offers extensive SAP services – focusing on SAP application management, technology services, application lifecycle management, and cloud services.

BIT.Group is a strategic cornerstone for expanding itelligence's global SAP cloud and managed services.

itelligence already operates several data centers in Bautzen, while an additional office building will be opened on August 17, 2016, and a further data center is currently being constructed. itelligence also plans to expand its Dresden location by recruiting additional staff.

EMPLOYEES

itelligence AG had 5,001 employees as of June 30, 2016, of which 2,114 were employed in Germany (June 30, 2015: 1,956) and 2,887 outside Germany (June 30, 2015: 2,494). The number of employees increased by 6.4% compared with the end of 2015 and by 12.4% compared with June 30, 2015.

itelligence introduced its revised „people values“ in all 24 countries worldwide. The new motto: „This is our company, a company in which we can learn and grow.“ All HR activities have been geared towards this motto.

After the itelligence competency model was revised as part of close global cooperation in 2015, the new model was successfully implemented around the world with effect from January 1, 2016. The key elements involved the establishment of the new project manager career path and the introduction of additional hierarchical levels. This will open up even clearer, more varied, and more transparent career options for itelligence's employees. The HR department supports the personal development of employees on a long-term basis with professional and soft skill training, development programs, and networks.

One particular accolade is participation in the global delta network – develop expert and leadership talents – with around 177 networkers. This year's nominees included a further 24 employees from the itelligence Group, a new colleague from each of the acquired German companies ITML GmbH and BIT.Group GmbH and, for the first time, a participant from NTT DATA in Japan.

Three top managers were selected as this year's representatives for the NTT DATA Global Leadership Program. HR is continuing to help shape the character of the program in the GLP Program Office. All in all, 22 top managers from itelligence are now represented in the GLP network.

OUTLOOK

The first half of 2016 was slightly below expectations, with strong revenue growth failing to result in the expected income. Consulting activities in particular were affected by increased project costs with a corresponding impact on total earnings. Licenses revenues and the conclusion of new cloud, hosting and AMS support contracts were particularly positive developments. The Management Board is anticipating improved profitability in the second half of the year, including as a result of the first-time recognition of the acquired companies ITML GmbH, Pforzheim, and BIT.Group GmbH, Bautzen.

The Management Board is raising its revenue forecast to MEUR 740-750 and forecasting EBIT of around MEUR 37-39. Including acquisition costs for the transactions that will be recognized for the first time in the second half of the year, the target EBIT margin is at least 5.0%.

CONSOLIDATED INCOME STATEMENT

IFRS

KEUR	Jan 1–Jun 30, 2016	Jan 1–Jun 30, 2015	Apr 1–Jun 30, 2016	Apr 1–Jun 30, 2015
Revenues	357,684	322,842	179,934	162,477
Cost of sales	-279,874	-250,644	-140,832	-126,091
Gross profit	77,810	72,198	39,102	36,386
Marketing and distribution expenses	-36,540	-31,293	-18,366	-15,364
Administration expenses	-30,472	-28,095	-15,713	-14,005
Other operating income	1,290	2,385	868	1,232
Other operating expenses	-2,322	-2,489	-906	-1,146
Amortization of orders on hand	-1,666	-1,349	-834	-669
Total operating expenses	-69,710	-60,841	-34,951	-29,952
Operating earnings	8,100	11,357	4,151	6,434

CONSOLIDATED BALANCE SHEET

IFRS

NON-CURRENT ASSETS KEUR	June 30, 2016	June 30, 2015	Dec. 31, 2015
Intangible assets			
Property, plant and equipment	139,524	124,546	128,795
Other financial assets	88,807	77,528	80,989
Other non-financial assets	1,027	1,236	1,129
Trade receivables	1,265	2,426	2,557
Other non-financial assets	0	0	0
Income tax receivables	57	115	57
Deferred tax assets	6,572	5,181	5,827
	237,252	211,032	219,354
Current assets			
Inventories	1,240	894	1,543
Trade receivables	167,423	133,865	155,284
Income tax receivables	3,737	3,006	2,208
Other financial assets	4,857	5,017	4,283
Other non-financial assets	4,562	4,381	2,638
Cash and cash equivalents	61,452	34,853	54,518
Prepaid expenses	29,917	27,997	19,473
	273,188	210,013	239,947
	510,440	421,045	459,301

EQUITY AND LIABILITIES KEUR	June 30, 2016	June 30, 2015	Dec. 31, 2015
Equity			
Issued capital	30,015	30,015	30,015
Capital reserves	52,768	52,768	52,768
Net accumulated profit	75,493	59,112	72,962
Other comprehensive income	-16,287	-12,877	-13,559
	141,989	129,018	142,186
Non-controlling interests	10,780	12,662	12,771
	152,769	141,680	154,957
Non-current liabilities			
Financial liabilities	92,003	82,695	88,554
Deferred tax liabilities	14,918	12,665	14,783
Other non-current provisions	248	388	245
Pension provisions	7,925	9,209	8,123
Government grants	2,484	2,974	2,691
Other non-financial liabilities	1,457	3,136	1,724
	119,035	111,067	116,120
Current liabilities			
Trade payables	48,453	34,816	54,305
Financial liabilities	81,962	30,976	27,301
Tax provisions	3,627	2,713	3,936
Other current provisions	8,576	9,440	9,228
Income tax liabilities	820	698	674
Other non-financial liabilities	66,722	62,858	84,689
Deferred income	28,476	26,797	8,091
	238,636	168,298	188,224
	510,440	421,045	459,301

