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2017

ITELLIGENCE KEY FIGURES

MEUR	Jan 1–June 30, 2017	Jan 1–June 30, 2016	Apr 1–June 30, 2017	Apr 1–June 30, 2016
Total revenues	416.2	357.7	210.1	179.9
Revenues by area				
Consulting	175.5	158.5	86.2	80.0
Licenses	32.2	28.3	20.5	14.8
Cloud Subscription	5.2	2.7	2.7	1.4
Managed Services	201.1	166.5	100.0	83.0
Other	2.2	1.7	0.7	0.7
Revenues by segment				
DACH (Germany/Austria/Switzerland)	199.0	159.8	99.3	81.2
Western Europe	93.9	84.4	48.6	42.3
Eastern Europe	40.8	38.6	20.8	18.1
USA	72.7	66.7	36.5	33.8
Asia	7.2	6.0	3.7	3.1
Other	2.6	2.2	1.2	1.4
EBIT	10.8	8.1	3.6	4.2
EBIT margin	2.6%	2.3%	1.7%	2.3%
EBITA	15.9	11.6	6.7	6.0
EBITA margin	3.8%	3.2%	3.2%	3.3%
EBITDA	27.3	22.1	12.4	11.3
EBITDA margin	6.6%	6.2%	5.9%	6.3%
Earnings IFRS	4.4	3.4	1.8	2.4
Earnings per share in EUR	0.12	0.08	0.05	0.06

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FINANCIAL INFORMATION

FOR THE FIRST HALF OF 2017

FIGURES FOR THE FIRST HALF OF 2017 AT A GLANCE

REVENUE

- Year-on-year revenue growth of +16.4% in the first half of 2017 (after adjustment for currency translation effects: +17.2%) to MEUR 416.2
- Year-on-year revenue development: Consulting +10.7%, Licenses +13.8%, Cloud Subscription +92.6%, Managed Services +20.8%, Other +29.4%
- Year-on-year revenue development by region: DACH +24.5% (after adjustment for currency translation effects: +25.2%), Western Europe +11.3% (after adjustment for currency translation effects: +13.8%), Eastern Europe +5.7% (after adjustment for currency translation effects: +11.5%), USA +9.0% (after adjustment for currency translation effects: +5.4%), Asia +20.0% (after adjustment for currency translation effects: +24.1%)

EARNINGS

- EBIT of MEUR 10.8 after MEUR 8.1 in previous year

ORDERS ON HAND

- Orders on hand at June 30, 2017 up +31.9% to MEUR 871.6 (June 30, 2016: MEUR 661.0)

itelligence AG enjoyed positive revenue development in the first half of 2017. In the first six months, revenues increased by +16.4% (after adjustment for currency translation effects: +17.2%), from MEUR 357.7 to MEUR 416.2. The existing companies contributed revenue growth of +8.9% (organic growth), with +7.5% attributable to the acquisitions made in the period under review.

Consulting revenues rose by +10.7% compared with the first six months of the previous year, from MEUR 158.5 to MEUR 175.5. Managed Services revenues increased by +20.8%, from MEUR 166.5 to MEUR 201.1. Licenses revenues improved by +13.8% year-on-year to MEUR 32.2 (previous year: MEUR 28.3). Cloud Subscription revenues almost doubled year-on-year (+92.6%) to MEUR 5.2 in the period under review.

In terms of regional development, revenues in the first half of the year increased to MEUR 199.0 (previous year: MEUR 159.8) in the DACH region, MEUR 93.9 (previous year: MEUR 84.4) in Western Europe, MEUR 40.8 (previous year: MEUR 38.6) in Eastern Europe, MEUR 72.7 (previous year: MEUR 66.7) in the USA, and MEUR 7.2 (previous year: MEUR 6.0) in Asia. Revenues in the Other segment amounted to MEUR 2.6 (previous year: MEUR 2.2).

EBIT increased by MEUR +2.7 or +33.3% year-on-year to MEUR 10.8 (previous year: MEUR 8.1). This was due to positive project development and the earnings contributions from the companies acquired.

Orders on hand amounted to MEUR 871.6 at the end of the first half of 2017, a substantial increase of +31.9% compared with the prior-year figure of MEUR 661.0.

ACQUISITIONS

ITELIGENCE AG ACQUIRES 100% OF GOLDFISH ICT IN THE NETHERLANDS

itelligence AG is strengthening its market presence in the Benelux region. As part of this development, it announced the 100% acquisition of Goldfish ICT by itelligence Benelux Holding on June 1, 2017. This means Goldfish becomes part of the itelligence Group. Both companies will benefit from this transaction. The acquisition expands itelligence's market position in the Benelux countries and gives it access to interesting customers with strong growth, particularly in the pharmaceutical, life sciences, food and agricultural sectors. Meanwhile, Goldfish ICT will gain access to itelligence's extensive global SAP expertise.

Goldfish ICT was founded in 2000 and has developed into a full-service provider, offering process and IT consulting based on SAP solutions as well as an extensive range of managed services. Around 70 employees provide high-profile customers with consulting services for national and international roll-outs, particularly in the food, agriculture, life sciences and chemical sectors.

With the acquisition of Goldfish ICT, itelligence is pursuing its strategic objective of being one of the leading SAP partners in each of its key sales markets.

EMPLOYEES

itelligence AG had 6,076 employees as of June 30, 2017, of which 2,718 were employed in Germany (June 30, 2016: 2,114) and 3,358 outside Germany (June 30, 2016: 2,887). The number of employees increased by +7.0% compared with the end of 2016 and by +21.5% compared with June 30, 2016.

New training and development concepts for Germany were drawn up in the first half of 2017 on the basis of the itelligence People Values and our competency model. Preparations for closer cooperation with the international branches of itelligence AG are also in progress and the first talks have taken place. The training and development concept is now even more needs-oriented than previously.

One particular accolade for our employees is participation in the global delta network – develop expert and leadership talents – with around 195 participants at present. This year's nominees included a further 27 employees from the itelligence Group, as well as a colleague from the new Dutch subsidiary Goldfish ICT and a colleague from NTT DATA in Japan.

OUTLOOK

Revenue growth in the first half of 2017 exceeded expectations by some distance, but income was slightly below the forecast level. Delayed project starts on the part of customers in the Consulting segment led to lower capacity utilization than planned, but this will be at least partially offset in the second half of the year. Earnings were also impacted by non-recurring effects due to project write-downs in Eastern Europe. Licenses, Cloud Subscription and Managed Cloud business in particular outperformed expectations by some distance.

The Management Board is raising its revenue forecast for 2017 as a whole to MEUR 840 – 850 and reiterating its EBIT forecast of MEUR 42. The forecast EBIT margin of around 5.0% takes into account the earnings contribution and acquisition costs of the Dutch company Goldfish ICT, which was acquired in 2017.

CONSOLIDATED INCOME STATEMENT

IFRS

KEUR	Jan 1–June 30, 2017	Jan 1–June 30, 2016	Apr 1–June 30, 2017	Apr 1–June 30, 2016
Revenues	416,249	357,684	210,110	179,934
Cost of sales	-322,734	-279,874	-165,599	-140,832
Gross profit	93,515	77,810	44,511	39,102
Marketing and distribution expenses	-42,026	-36,540	-20,632	-18,366
Administration expenses	-35,987	-30,272	-17,703	-15,513
Other operating income	1,067	1,690	385	1,268
Other operating expenses	-2,731	-2,922	-850	-1,506
Amortization of orders on hand	-2,995	-1,666	-2,066	-834
Total operating expenses	-82,672	-69,710	-40,866	-34,951
Operating earnings	10,843	8,100	3,645	4,151

CONSOLIDATED BALANCE SHEET

IFRS

ASSETS KEUR	June 30, 2017	June 30, 2016	Dec. 31, 2016
Non-current assets			
Intangible assets	176,682	139,524	165,180
Property, plant and equipment	100,202	88,807	97,094
Other financial assets	929	1,027	863
Trade receivables	1,048	1,265	1,410
Income tax receivables	0	57	0
Deferred tax assets	1,964	6,572	6,178
	280,825	237,252	270,725
Current assets			
Inventories	794	1,240	775
Trade receivables	189,932	167,423	185,436
Income tax receivables	4,308	3,737	1,866
Other financial assets	6,594	4,857	4,373
Other non-financial assets	3,202	4,562	1,824
Cash and cash equivalents	41,725	61,452	57,733
Prepaid expenses	28,707	29,917	21,924
	275,262	273,188	273,931
	556,087	510,440	544,656

EQUITY AND LIABILITIES KEUR	June 30, 2017	June 30, 2016	Dec. 31, 2016
Equity			
Share capital	30,015	30,015	30,015
Capital reserves	52,768	52,768	52,768
Net accumulated profit	93,348	75,493	89,830
Other comprehensive income	-20,493	-16,287	-15,526
	155,638	141,989	157,087
Non-controlling interests	8,797	10,780	8,669
	164,435	152,769	165,756
Non-current liabilities			
Financial liabilities	163,877	92,003	103,489
Deferred tax liabilities	14,874	14,918	15,142
Other non-current provisions	922	248	961
Pension provisions	9,036	7,925	8,875
Government grants	2,151	2,484	2,276
Other non-financial liabilities	534	1,457	551
	191,394	119,035	131,294
Current liabilities			
Trade payables	51,759	48,453	62,836
Financial liabilities	29,963	81,962	67,224
Tax provisions	3,965	3,627	4,229
Other current provisions	8,553	8,576	9,094
Income tax liabilities	1,089	820	1,834
Other non-financial liabilities	71,293	66,722	93,219
Deferred income	33,636	28,476	9,170
	200,258	238,636	247,606
	556,087	510,440	544,656

