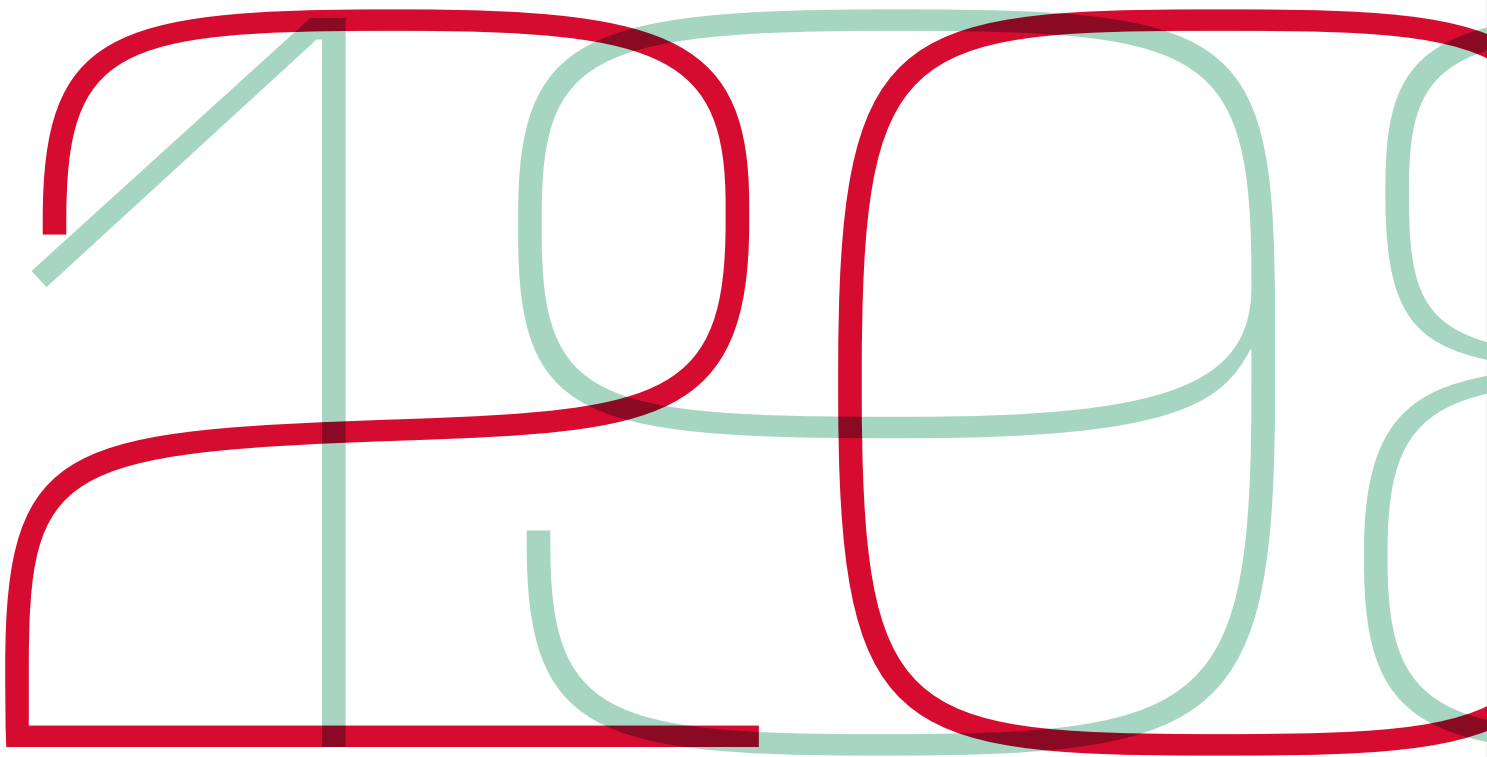


**30**  
YEARS

**itelligence** NTT DATA Business Solutions



Interim Report on  
the First Half of 2019

We Transform.  
Trust into Value

## ITELLIGENCE KEY FIGURES

MEUR	Jan 1–June 30, 2019	Jan 1–June 30, 2018	Apr 1–June 30, 2019	Apr 1–June 30, 2018
<b>Total revenues</b>	<b>496.0</b>	<b>435.7</b>	<b>248.1</b>	<b>215.6</b>
<b>Revenues by area</b>				
Consulting	221.9	184.8	109.9	92.0
Licenses	24.1	27.0	14.2	11.8
Cloud Subscription	12.7	9.5	6.3	4.7
Managed Services	235.2	212.4	116.9	106.2
Other	2.1	2.0	0.8	0.9
<b>Revenues by segment</b>				
DACH (Germany/Austria/Switzerland)	230.6	207.1	113.3	101.7
Western Europe	75.9	62.8	40.0	31.0
North and Eastern Europe (NEE)	96.7	89.6	48.2	44.9
America	79.3	65.5	39.6	32.9
Asia	10.0	7.5	4.8	3.9
Other	3.5	3.2	2.2	1.2
<b>EBIT</b>	<b>6.6</b>	<b>10.2</b>	<b>0.8</b>	<b>5.1</b>
<b>EBIT margin</b>	<b>1.3%</b>	<b>2.3%</b>	<b>0.3%</b>	<b>2.4%</b>
<b>EBITA</b>	<b>11.4</b>	<b>15.2</b>	<b>3.3</b>	<b>7.6</b>
<b>EBITA margin</b>	<b>2.3%</b>	<b>3.5%</b>	<b>1.3%</b>	<b>3.5%</b>
<b>EBITDA</b>	<b>34.6</b>	<b>27.1</b>	<b>14.9</b>	<b>13.7</b>
<b>EBITDA margin</b>	<b>7.0%</b>	<b>6.2%</b>	<b>6.0%</b>	<b>6.3%</b>
<b>Earnings IFRS</b>	<b>2.6</b>	<b>6.1</b>	<b>-0.4</b>	<b>3.2</b>
<b>Earnings per share in EUR</b>	<b>0.03</b>	<b>0.17</b>	<b>-0.03</b>	<b>0.09</b>

## CONTENT

FIGURES FOR THE FIRST HALF OF 2019 AT A GLANCE	3
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED BALANCE SHEET	8

## **FINANCIAL INFORMATION**

### **FOR THE FIRST HALF OF 2019**

#### **FIGURES FOR THE FIRST HALF OF 2019 AT A GLANCE**

##### **REVENUE**

- Revenues up +13.8% year-on-year in first half (after adjustment for currency translation effects: +13.9%) from MEUR 435.7 to MEUR 496.0
- Year-on-year revenue development by segment: Consulting business: +20.1%, License business: -10.7%, Cloud Subscription: +33.7%, Managed Services: +10.7%
- Year-on-year revenue development by region: DACH: +11.3% (after adjustment for currency translation effects: +12.9%), Western Europe: +20.9% (after adjustment for currency translation effects: +14.3%), Northern and Eastern Europe: +7.9% (after adjustment for currency translation effects: +14.3%), America: +21.1% (after adjustment for currency translation effects: +14.4%), Asia: +33.3% (after adjustment for currency translation effects: +31.6%)

##### **EARNINGS**

- EBITA amounts to MEUR 11.4 at end of first six months after MEUR 15.2 in previous year

##### **ORDERS ON HAND**

- Orders on hand up 13.5% from MEUR 850.0 in previous year to MEUR 965.1 as of June 30, 2019

itelligence AG continued to enjoy positive development in the first half of 2019. Revenues increased by +13.8% in the first six months (after adjustment for currency translation effects: +13.9%), from MEUR 435.7 to MEUR 496.0. The existing companies generated revenue growth (organic growth) of +9.1%, while the acquisitions conducted in the period under review contributed growth of +4.7%.

Consulting revenues increased by +20.1% year-on-year, from MEUR 184.8 in the first six months of the previous year to MEUR 221.9. Managed Services generated revenue growth of +10.7%, from MEUR 212.4 to MEUR 235.2. License business fell short of the prior-year level. In the period under review, license revenues totaled MEUR 24.1, down -10.7% year-on-year (previous year: MEUR 27.0). Revenues in the Cloud Subscription segment again enjoyed the strongest year-on-year growth (+33.7%), amounting to MEUR 12.7 in the period under review (previous year: MEUR 9.5).

In the regions, revenues climbed 11.3% to MEUR 230.6 in the DACH region in the first half-year (previous year: MEUR 207.1). The Western Europe segment enjoyed strong growth of 20.9% to MEUR 75.9 after MEUR 62.8 in the previous year. Revenues in the Northern and Eastern Europe segment increased by 7.9%, from MEUR 89.6 to MEUR 96.7. In America, revenues climbed 21.1% to MEUR 79.3 (previous year: MEUR 65.5). Revenues in the Asia segment rose by 33.3% from MEUR 7.5 to MEUR 10.0. The Other segment recorded revenues of MEUR 3.5 (previous year: MEUR 3.2).

EBITA declined by MEUR -3.8 year-on-year to MEUR 11.4 (previous year: MEUR 15.2). The EBITA margin was 2.3% after 3.5% in the previous year. Along with higher salary costs and a lower license volume in conventional direct business ("on-premise"), the decrease in EBITA was also due to investments in profitability-enhancing and structural measures amounting to MEUR 1.8.

Orders on hand at the end of the first half of 2019 increased by +13.5% year-on-year, from MEUR 850.0 to MEUR 965.1.

## **ACQUISITIONS**

### **ITELIGENCE UK ACQUIRES MAJORITY INTEREST IN SAP PARTNER WEAVEABILITY LTD.**

In April 2019, itelligence UK and Weaveability Ltd. announced that itelligence UK had acquired a majority interest in Weaveability Ltd., a company based in Bury, Greater Manchester. With this acquisition, itelligence is expanding its CRM and e-commerce capabilities and strengthening its market position in the UK.

Weaveability was established in 2009 and has positioned itself as a key partner in the SAP Digital Engagement and e-commerce environment. The company works with SAP Customer Experience Solutions, SAP C/4HANA, SAP Commerce Cloud (Hybris), and SAP ERP. In addition, Weaveability has developed a range of complementary solutions to the core SAP e-commerce components in a portfolio called Omnia. Weaveability provides a range of services to its customers including consulting, application management, hosting, licensing, and maintenance. The main sectors it serves are retail, wholesale, distribution, supply, and consumer goods.

#### **ITELLIGENCE EXPANDS WITH ACQUISITION OF ISS CONSULTING (THAILAND), LTD.**

In July 2019, itelligence announced the acquisition of ISS Consulting (Thailand), Ltd., based in Bangkok, Thailand. ISS Consulting is a leading SAP service provider in Thailand. With this acquisition, itelligence is building up its market presence in Southeast Asia.

By entering the market in Thailand, itelligence is using the benefits of a strong, fast-growing SAP market. This investment in ISS Consulting underlines the efforts to become the leading SAP service provider in the Asia-Pacific region. ISS Consulting has extensive knowledge of the production, automotive supply, and food industries.

ISS Consulting has around 250 employees and specializes in S/4 HANA, C/4 HANA, SAP SuccessFactors, SAP Ariba, SAP HANA Cloud, SAP Business By Design, and helpdesk support. The equity investment comes into effect in September 2019.

## EMPLOYEES

itelligence AG had 8,305 employees as of June 30, 2019, of whom 3,230 were employed in Germany (June 30, 2018: 2,852) and 5,075 outside Germany (June 30, 2018: 4,510). This meant that the number of employees increased by 5.1% compared to the end of 2018 (December 31, 2018: 7,904) and by 12.8% compared to June 30, 2018.

A new employer branding campaign has been launched with the slogan "Get the bug!" The campaign went live in Germany first, with roll-out in the other countries starting in the first half-year. Increasing applicant quality and raising applicants' awareness of itelligence AG are the main aims of the campaign.

To mark the company's 30th anniversary, an Employee Day was held in Düsseldorf on April 12, 2019, under the heading "The Power of Trust". More than 2,500 employees from many different countries attended, along with international guests from NTT DATA, NTT Inc., and SAP SE.

## OUTLOOK

Revenue development in the first half of 2019 was up significantly on the previous year. In fiscal year 2019, we expect revenues of BEUR 1.020 to BEUR 1.030, partly on account of the first-time consolidation of the acquisitions in the UK and Thailand. EBITA profitability is expected to be between MEUR 30.0 and MEUR 35.0, largely as a result of efficiency program investments (EBITA margin between 3.0% and 3.3%).

**CONSOLIDATED INCOME STATEMENT**

IFRS

KEUR	Jan 1–June 30, 2019	Jan 1–June 30, 2018
Revenues	496,014	435,685
Cost of sales	-399,650	-344,883
<b>Gross profit</b>	<b>96,364</b>	<b>90,802</b>
Marketing and distribution expenses	-47,465	-42,372
Administrative expenses	-40,018	-34,578
Other operating income	2,571	2,930
Other operating expenses	-3,206	-3,230
Impairment on trade receivables	-1,649	-3,328
Total operating expenses	-89,767	-80,578
<b>Operating earnings</b>	<b>6,597</b>	<b>10,224</b>
Investment income	-244	0
Measurement of derivatives and exercise of options	146	-18
Exchange rate differences from financing activities	-35	17
Financial income	59	65
Finance costs	-2,837	-1,780
Net finance costs	-2,911	-1,716
<b>Earnings before tax</b>	<b>3,686</b>	<b>8,508</b>
Tax expenses	-1,136	-2,428
<b>Consolidated net profit</b>	<b>2,550</b>	<b>6,080</b>
of which attributable to the shareholders of itelligence AG	1,015	5,099
of which attributable to non-controlling interests	1,535	981
Earnings per share (EUR)	EUR 0.03	EUR 0.17
Number of shares on the basis of which earnings per share were calculated:	30,014,838	30,014,838

**CONSOLIDATED BALANCE SHEET**

IFRS

<b>ASSETS KEUR</b>	<b>June 30, 2019</b>	Dec. 31, 2018
<b>Non-current assets</b>		
Goodwill	165,339	154,223
Intangible assets	35,660	32,325
Property, plant and equipment	182,581	121,495
Other financial assets	3,048	1,839
Trade receivables	2,729	2,495
Deferred tax assets	1,358	1,180
	<b>390,715</b>	<b>313,557</b>
<b>Current assets</b>		
Inventories	810	1,436
Trade receivables	197,465	208,503
Contract assets	39,068	28,546
Income tax receivables	7,578	7,995
Other financial assets	3,175	2,618
Other non-financial assets	3,465	4,005
Cash and cash equivalents	64,463	82,554
Prepaid expenses	33,206	22,364
	<b>349,230</b>	<b>358,021</b>
	<b>739,945</b>	<b>671,578</b>



<b>EQUITY AND LIABILITIES KEUR</b>	<b>June 30, 2019</b>	Dec. 31, 2018
<b>Equity</b>		
Share capital	30,015	30,015
Capital reserves	102,218	62,468
Net accumulated profit	118,225	117,210
Other comprehensive income	-43,821	-36,493
	<b>206,637</b>	<b>173,200</b>
Non-controlling interests	25,333	19,049
	<b>231,970</b>	<b>192,249</b>
<b>Non-current liabilities</b>		
Financial liabilities	187,080	170,110
Deferred tax liabilities	8,618	9,951
Other non-current provisions	336	414
Pension provisions	8,027	8,097
Government grants	3,896	3,628
Other non-financial liabilities	527	576
	<b>208,484</b>	<b>192,776</b>
<b>Current liabilities</b>		
Trade payables	64,890	82,650
Financial liabilities	42,373	34,289
Tax provisions	100,445	73,937
Other current provisions	3,450	2,580
Income tax liabilities	8,856	7,850
Other non-financial liabilities	2,950	2,522
Deferred income	76,527	82,725
	<b>299,491</b>	<b>286,553</b>
	<b>739,945</b>	<b>671,578</b>

