

## Interim announcement for the first quarter of 2014

### **adesso AG: Successful first quarter of 2014 with sales, earnings and margin growth**

Interim announcement of adesso AG in accordance with Section 37 of the Securities Trade Act (WpHG)

- New record set with sales up 18 % to EUR 37.8 million, growth purely organic
- EBITDA up 86 % to EUR 2.7 million
- Earnings per share at EUR 0.20 after three months (previous year: EUR 0.13, full-year 2013: EUR 0.48)

***Dortmund, 15 May 2014*** – adesso AG considerably increased sales, earnings and margin in the first quarter of 2014 compared to the previous quarter and year on year. Sales revenues were increased by 18 % to EUR 37.8 million in the first three months of the year, in particular as a result of the continued dynamic and organic growth of core business activities in Germany. Improved earnings contributions from the project business as well as higher license sales revenues with own products led to a disproportionately high rise in the operating result of 86 % to EUR 2.7 million.

#### **Business development**

Benefitting from a positive market environment, adesso increased sales from IT consulting, software development and licenses for its own products by 18 % year on year to EUR 37.8 million in the first quarter, setting a new quarterly record. This sales growth was generated purely organically as a result of the expansion of the enterprise mobility, IT consulting and software development segments in Germany. Although the personnel market remains challenging, the average number of employees rose by 11 % year on year to 1,233 as a result of new hires. The strategy of internationalisation beyond German-speaking regions is also close to plan. In Turkey, where adesso is currently founding another subsidiary, the sales team was expanded and a number of smaller projects were acquired. In March, the first major license sale was wrapped up in the product business in adesso's new target market, the USA; it concerned the sale of a FirstSpirit system for high-end content

management to a renowned education company together with a three-year maintenance agreement. In the Netherlands, the first major license order was secured in the first quarter. Product business in Great Britain fell short of expectations.

After capacity utilisation in Germany started to decline in the second half of 2013 due to the increase in the number of employees, adesso was more restrictive in creating new jobs in the first quarter, while increasing the number of employees in sales at the same time. In total, the number of employees increased by 1 % in the first quarter to 1,233 employees.

### **Income development**

A new sales revenues record, coupled with a rise in gross income per employee, meant that the operating result (EBITDA) climbed disproportionately by 86 % to EUR 2.7 million in the first quarter of 2014. Positive license sales revenues with own products were a main contributing factor here, as they have a direct influence on income. At 7.2 %, the EBITDA margin is up on the full-year target of at least 6 % (Q1 2013: 4.6 %, full-year 2013: 5.7 %).

Personnel costs increased as a result of the rise in the number of employees and the increase in personnel costs per employee by 16 % year on year to EUR 24.8 million. Other operating expenses increased by just 5 % to EUR 6.9 million, positively impacting the margin as a result. There were no one-off expenses aside from scheduled investment in internationalisation and the development of own solutions and products. Depreciation and amortisation amounted to EUR 451 thousand (previous year: EUR 556 thousand), of which EUR 131 thousand pertained to scheduled amortisation on purchase price components (previous year: EUR 240 thousand). Income from financing and investment activities of EUR -62 thousand (previous year: EUR -61 thousand) led to earnings before taxes of EUR 2.2 million (previous year: EUR 0.9 million). At EUR 1.0 million, recognised tax expenses were significantly higher than the maximum expected value determined using applicable tax ratios. This is due to loss contributions from several companies posted in earnings before taxes for which no deferred tax assets on usable tax loss carry-forwards had been established. Consolidated earnings came to EUR 1.3 million, up from EUR 0.7 million in the previous year. After minority interests of EUR 0.1 million, this equates to earnings per share of EUR 0.20 in the first quarter (previous year: EUR 0.13).

## **Additional figures**

On 31 March 2014, adesso held liquid assets of EUR 18.5 million (previous year: EUR 20.5 million; 31 December 2013: EUR 21.6 million). The net cash position came to EUR 13.7 million, with repayments of loans taken out for the acquisition of subsidiaries totalling EUR 0.5 million in the first quarter. As in previous years, February and March saw over EUR 5 million paid in variable salary components for the previous year. Receivables rose in the first quarter by EUR 6.8 million to EUR 31.6 million, and the equity ratio came to 47 %. These figures provide adesso with a solid balance sheet structure and financial position.

## **Outlook**

Both order intake and the development of the number of sales processes are at a high level. With the expansion of the sales team, the foundations have been laid for further growth and stable capacity utilisation. Additional license sales are expected in the USA. Promising initiatives in the development of new solutions and business models will be pursued further. In view of the sales and earnings figures recorded in the first quarter of the year, it is anticipated that the full-year guidance for 2014 will be achieved. The second quarter is expected to be weaker than the first quarter due to the fact that the number of working days in this quarter is considerably lower.

These and additional indicators for Q1 2014 are available in table form under Investor Relations on the adesso website: [www.adesso-group.de/en/investorrelations/](http://www.adesso-group.de/en/investorrelations/).

The Executive Board

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