

Interim announcement for the third quarter of 2014

adesso AG: Successful third quarter 2014 sets new records in sales and operating results

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

- Q3 sets new sales and EBITDA records of EUR 40.4 million and EUR 3.7 million; EBITDA margin of 9.1 %
- Sales up 15 % to EUR 115.0 million in the first nine months, all of which organic
- EBITDA 9M up 13 % to EUR 7.0 million
- Earnings per share amounted to EUR 0.36 after nine months (previous year: EUR 0.49)
- Guidance for full year is confirmed

Dortmund, 13. November 2014 – adesso AG considerably improved its sales and operating results in the third quarter of 2014 compared to the previous two quarters and year on year, setting new records. In the first nine months, the dynamic development of adesso's German business in particular boosted sales for the first nine months by 15 % to EUR 115.0 million due to the organic expansion of business activities. In line with sales growth, the operating result rose by 13 % in the first nine months to EUR 7.0 million. Based on the positive third quarter of 2014 as well as consistently positive capacity utilisation and the expected licence sales in the fourth quarter, its guidance for the full year is confirmed.

Business development in the third quarter

In the third quarter, adesso increased sales from IT consulting, software development and licences for its own products by 10 % compared with the previous quarter and by 15 % year on year to EUR 40.4 million, setting a new quarterly record. The number of employees in the adesso Group rose by 4 % in the third quarter to 1,340. The higher number of working days as well as

organic headcount growth resulted in rising sales revenues in the IT services segment in Germany as well as in Austria and Switzerland. IT Solutions licence sales were also up EUR 0.4 million on the previous quarter. The largest licence agreement for the year to date for in-house high-end content management system FirstSpirit was signed in September with another DAX group. No additional licence agreements were signed in the USA, although service sales rose. The number of employees and sales revenues in Turkey were increased in the third quarter. The positive development applies to all core industries and business areas.

Earnings development in the third quarter

Stable capacity utilisation and the higher number of working days (Q3: 66; Q2: 59), greater licence sales and profitable fixed-price projects led to a leap in the operating result in the third quarter compared to the previous quarter (EBITDA Q3 2014: EUR 3.7 million; Q2 2014: EUR 0.5 million). The EBITDA margin came in at 9.1 %. Investment in the internationalisation of products in the USA, the UK and Switzerland, the establishing of the Turkish subsidiary, and business development in Austria exerted downward pressure on earnings. The earnings situation continued to improve in Austria.

Depreciation and amortisation amounted to EUR 486 thousand (previous year: EUR 524 thousand), of which EUR 95 thousand pertained to scheduled amortisation on purchase price components (previous year: EUR 174 thousand). Income from financing and investment activities of EUR 16 thousand (previous year: EUR -61 thousand) led to earnings before taxes of EUR 3.2 million in the third quarter (previous year: EUR 2.7 million). Due to the fact that not all deferred taxes on the negative earnings of some group companies were capitalised, consolidated earnings amounted to EUR 1.6 million (previous year: EUR 1.8 million) despite the increase in earnings before taxes. Earnings per share amounted to EUR 0.24 in the third quarter.

The first nine months of the year

Sales increased by 15 % year on year to EUR 115.0 million in the first nine months of 2014. The sales growth was generated entirely organically by acquiring new customers, increasing sales to existing customers and developing new business models and opportunities. Mobile Solutions again performed very well. At the same time, the average number of employees went up by 139, or 12 %, due to new hires. adesso Group employed 1,340

people as of the reporting date. Personnel costs amounted to EUR 74.1 million compared to EUR 65.6 million in the previous year (+ 13 %). The gross income margin declined by 2 percentage points to 88 % due to a rise in the use of external employees in adesso projects. Other operating expenses increased by 8 % to EUR 21.8 million. Operating earnings (EBITDA) came to EUR 7.0 million in the first nine months of 2014 (previous year: EUR 6.2 million). This figure includes EUR 1.3 million in charges as a result of internationalisation, especially in the USA, the UK and Turkey.

Earnings before taxes came to EUR 5.3 million (previous year: EUR 4.5 million) and consolidated earnings, dampened by tax effects, totalled EUR 2.6 million (previous year: EUR 3.0 million). As a result of this and an increase in minority interests in earnings, earnings per share amounted to EUR 0.36 (previous year: EUR 0.49).

Additional figures

On 30 September 2014, adesso held liquid assets of EUR 16.3 million (previous year: EUR 14.9 million; 31 December 2013: EUR 21.6 million). Liquid assets rose by EUR 4.0 million in the third quarter of 2014. The net cash position increased by EUR 1.0 million year on year to EUR 10.2 million. A total of EUR 2.2 million in liabilities was taken on in the form of long-term loans over terms of five and seven years. The funds were used for the investment in new offices and were taken out at favourable interest rate terms, at times less than 2 % p.a. The equity ratio came to 47 %. These figures provide adesso with a solid balance sheet structure and financial position. Liquid assets created by positive cash flow from operating activities are expected to rise in the fourth quarter. However, this increase will be lower due to expenditure relating to the office equipment in the new Group headquarters in Dortmund, which the Group moved into at the end of October.

Outlook

It is anticipated that the strong capacity utilisation seen in the third quarter will continue into the fourth quarter. Additional new customers are expected to be acquired in the USA; in other respects, the sales pipeline in the area of licences is weaker. As the third quarter was a strong one, adesso is expected to achieve its guidance for the full year.

These and additional figures for the first nine months of 2014 and the third quarter of 2014 are available in table form on the adesso website under Investor Relations: <http://www.adesso-group.de/en/investorrelations/>.

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