

Amadeus FiRe AG

Quarterly Statement Nine Months 2018

01.01. – 30.09.2018



Temporary Staffing · Permanent Placement
Interim Management · Training

www.amadeus-fire.de

Unaudited Amadeus FiRe Group financial summary

Amounts stated in EUR k	01.01.-30.09.2018	01.01.-30.09.2017	Divergency in per cent
Revenues	152,389	136,539	11.6%
Gross profit in per cent	73,551 48.3%	63,711* 46.7%	15.4%
EBITDA in per cent	28,542 18.7%	25,058 18.4%	13.9%
EBITA in per cent	27,519 18.1%	24,313 17.8%	13.2%
EBIT in per cent	27,519 18.1%	24,313 17.8%	13.2%
Profit before income taxes in per cent	27,526 18.1%	24,319 17.8%	13.2%
Profit after income taxes in per cent	19,121 12.5%	16,919 12.4%	13.0%
Profit attributable to minority interest disclosed under liabilities	-732	-870	-15.9%
Profit for the period in per cent	18,389 12.1%	16,049 11.8%	14.6%
- Attributable to non-controlling interests	209	30	596.7%
- Attributable to equity holders of the parent	18,180	16,019	13.5%
Net cash from operating activities	21,539	19,558	10.1%
Net cash from operating activities per share	4.14	3.76	10.1%
Earnings per share	3.50	3.08	13.6%
Average number of shares	5,198,237	5,198,237	
	30.09.2018	31.12.2017	
Balance sheet total	78,761	78,017	1.0%
Stockholders' equity	44,929	47,125	-4.7%
Return on Equity before Tax in %	57.0%	60.4%	
Cash	40,335	43,403	-7.1%
	30.09.2018	30.09.2017	
Number of employees (active)	2,865	2,799	2.4%
thereof temporary staff	2,328	2,321	0.3%

*) Prior year adjusted. For further information, please refer to page 5.

The latest financial reports as well as the testified annual report are available at
www.amadeus-fire.de/en/investor-relations/berichte.

Quarterly Statement Nine Months 2018 (01.01. - 30.09.2018)

Current information on the market

The generally good economic situation in Germany in 2017 will continue in principle this year as well. However, according to estimates by Deutsche Bundesbank, gross domestic product will not rise by as much as originally expected. Deutsche Bundesbank recently reduced its GDP growth forecast for 2018 as a whole from 2.5% to 2.0%. The reasons for this can be found in uncertainty stemming from politically unstable, heavily indebted EU Member States, the continuing severe shortage of skilled workers and the further escalation of global trade disputes.

According to the German Federal Employment Agency's trend projection, the number of jobs paying social insurance contributions in the temporary employment field was slightly below the previous year's figures at marginally less than 0% in the months from January to July. In addition to the shortage of labour, one reason for this could be the effects of the first-time application of the new regulation in the German Act Amending the Temporary Employment Act requiring "equal pay after nine months working for a customer" from the start of the year. However, at present there is no reliable information on the impact of the equal pay regulation on the temporary employment market.

The maximum temporary employment period of 18 months per customer assignment, which became effective as at 1 April 2017 under the German Act Amending the Temporary Employment Act, will apply for the first time from the end of the third quarter of 2018. To date, Amadeus FiRe does not have any information on its impact on the temporary employment market as a whole. As expected, the effects on Amadeus FiRe's order situation have been manageable.

The BA-X labour market index published by the German Federal Employment Agency – a key indicator of demand for workers in Germany – rose to a new high of 257 points in September 2018, and has consistently been above 250 points since the start of the year. This indicates that the demand situation will remain good, which in turn will mean a very competitive market for suitable specialists for the vacancies to be filled.

Business development

The Amadeus FiRe Group generated consolidated revenue of EUR 152.4 thousand in the first nine months of the 2018 financial year, an increase of 11.6% on the same period of the previous year (EUR 136.5 thousand).

The individual services account for the following shares of revenue:

Amounts stated in EUR k	Jan – Sep 2018	Jan – Sep 2017	Change in per cent
Temporary Staffing	100,004	92,825	7.7%
Permanent Placement	27,944	21,538	29.7%
Interim-/Project Management	7,408	6,788	9.1%
Personnel Services segment	135,356	121,150	11.7%
Training segment	17,033	15,389	10.7%
Total	152,389	136,539	11.6%

Temporary staffing revenue was up in the reporting period despite the non-recurring negative effect of the first-time application of the equal pay regulation at the start of the year, unusually high sick rates early on in the year and one less billable day. In addition to the development in orders, the rise in revenue was also due to price increases as a result of higher pay for temporary workers.

The one billable day less in the reporting period compared to the same period of the previous year corresponds to a negative revenue, gross profit and earnings before taxes effect of around EUR 0.5 million. The last remaining quarter of the 2018 financial year will have one billable day more than the fourth quarter of the previous year,

hence the number of billable days for the year as a whole will be identical to the previous year. The current negative effect will thus be neutralised in the final quarter.

As a direct consequence of the first-time application of the maximum temporary employment period to the total order backlog in Temporary Staffing, the number of orders has fallen by around 3% as at the end of the quarter in line with expectations. The financial impact of the new regulation on the maximum temporary employment period will not be felt until the fourth quarter.

The positive trend in Permanent Placement has been confirmed by significant revenue growth of around 30% in the first nine months. As a result of consistently high demand for specialists among companies on the one hand and the ongoing shortage of qualified staff on the other, customer companies are generally more willing to hire employees on a permanent basis, and thus to secure their services for the long term. As a specialised personnel service provider with an excellent reputation among candidates and companies, Amadeus is benefiting from this environment.

Revenue in the Training segment climbed by 10.7% to EUR 17,033 thousand in the first nine months of the financial year (previous year: EUR 15,389 thousand). Factors including the clearly positive development in seminar business contributed to an improvement in segment revenue.

The Amadeus FiRe Group's gross profit rose to EUR 73,551 thousand (previous year: EUR 63,711 thousand). The gross profit margin improved by 1.6 percentage points from 46.7% to 48.3%. The improvement essentially results from the change in the service mix, and in particular from the strong growth in high-margin Permanent Placement business.

Selling and administrative expenses amounted to EUR 46,214 thousand in the reporting period after EUR 39,533 thousand in the previous year. The 16.9% increase was essentially due to staff costs and rent. Staff costs were up on account of the expansion of the sales organisation, general salary developments and higher performance-based variable remuneration.

EBITA for the first nine months was EUR 27,519 thousand (previous year: EUR 24,313 thousand), an increase of EUR 3,206 thousand or 13.2%. The EBITA margin increased by 0.3 percentage points to 18.1% in the reporting period (previous year: 17.8%), despite there being one less billable day.

The net profit for the period under review amounted to EUR 18,389 thousand (previous year: EUR 16,049 thousand). Earnings per share, based on the net profit for the period attributable to the ordinary shareholders of the parent company, improved by 42 cents to EUR 3.50 (previous year: EUR 3.08) in the first nine months.

The Management Board is reiterating its earnings forecast for the 2018 financial year. Permanent Placement initially performed very positively over the course of 2018, especially in the third quarter. Furthermore, the order situation in Temporary Staffing has proved stable despite the effects of the changes in the law regarding equal pay and the maximum duration of temporary employment. The other services of the Amadeus FiRe Group – Training and Interim Management – are slightly outperforming expectations. Overall, the situation for forecast gross profit in 2018 has therefore improved significantly.

To date, a year-on-year increase in EBITA of around 2% had been forecast. The Amadeus FiRe Group's EBITA for the first nine months of the 2018 financial year now amounts to EUR 27.5 million – 13.2% higher than the previous year's figure. The Management Board expects that the supply and demand situation will remain largely unchanged for the fourth quarter.

On this basis, the Management Board now expects that the 2018 financial year will outstrip the previous year's EBITA by at least 10%.

Frankfurt/Main, 24 October 2018

Peter Haas
Chief Executive Officer

Robert von Wülfig
Chief Financial Officer

Unaudited consolidated income statement

nine months 2018

Amounts stated in EUR k	01.01.–30.09.2018	01.01.–30.09.2017
Revenue	152,389	136,539
Cost of sales	-78,838	-72,828*
Gross profit	73,551	63,711*
Selling expenses	-38,489	-32,950*
General and administrative expenses	-7,725	-6,583
Other operating income	188	150
Other operating expenses	-6	-15
Profit from operations before goodwill impairment	27,519	24,313
Impairment of goodwill	0	0
Profit from operations	27,519	24,313
Finance costs	0	0
Finance income	7	6
Profit before taxes	27,526	24,319
Income taxes	-8,405	-7,400
Profit after taxes	19,121	16,919
Profit attributable to non-controlling interests disclosed under liabilities	-732	-870
Profit for the period	18,389	16,049
- Attributable to non-controlling interests	209	30
- Attributable to equity holders of the parent	18,180	16,019
Earnings per share, in relation to the profit of the period attributable to the ordinary equity holders of the parent		
basic (euro/share)	3.50	3.08
diluted (euro/share)	3.50	3.08

*) Prior year adjusted. In the past expenses for specialized teams within the sales organization, which are exclusively responsible for permanent placement and interim management, were reported in the cost of sales. These expenses are reclassified to selling expenses as of this year (Reclassification effect in 2017: EUR 2,243k). The reclassification has no impact on results.

Unaudited consolidated statement of comprehensive income

nine months 2018

Amounts stated in EUR k	01.01.–30.09.2018	01.01.–30.09.2017
Profit for the period	18,389	16,049
Other comprehensive income	0	0
Total comprehensive income for the period	18,389	16,049
- Attributable to non-controlling interests	209	30
- Attributable to equity holders of the parent	18,180	16,019

Unaudited consolidated income statement

third quarter 2018

Angaben in TEUR	01.07.–30.09.2018	01.07.–30.09.2017
Revenue	54,571	47,844
Cost of sales	-26,534	-24,869*
Gross profit	28,037	22,975*
Selling expenses	-12,829	-10,702*
General and administrative expenses	-2,953	-2,283
Other operating income	71	40
Other operating expenses	0	-4
Profit from operations before goodwill impairment	12,326	10,026
Impairment of goodwill	0	0
Profit from operations	12,326	10,026
Finance costs	0	0
Finance income	1	2
Profit before taxes	12,327	10,028
Income taxes	-3,653	-2,982
Profit after taxes	8,674	7,046
Profit attributable to non-controlling interests disclosed under liabilities	-444	-566
Profit for the period	8,230	6,480
- Attributable to non-controlling interests	76	-85
- Attributable to equity holders of the parent	8,154	6,565
Earnings per share, in relation to the profit of the period attributable to the ordinary equity holders of the parent		
basic (euro/share)	1.57	1.26
diluted (euro/share)	1.57	1.26

*) Prior year adjusted. In the past expenses for specialized teams within the sales organization, which are exclusively responsible for permanent placement and interim management, were reported in the cost of sales. These expenses are reclassified to selling expenses as of this year (Reclassification effect in 2017: EUR 713k). The reclassification has no impact on results.

Unaudited consolidated statement of comprehensive income

third quarter 2018

Angaben in TEUR	01.07.–30.09.2018	01.07.–30.09.2017
Profit for the period	8,230	6,480
Other comprehensive income	0	0
Total comprehensive income for the period	8,230	6,480
- Attributable to non-controlling interests	76	-85
- Attributable to equity holders of the parent	8,154	6,565

Unaudited consolidated balance sheet

nine months 2018

Amounts stated in EUR k	30.09.2018	31.12.2017
Assets		
Non-current assets		
Software	4,205	3,971
Goodwill	6,935	6,935
Property, plant and equipment	3,146	1,677
Deferred tax assets	1,077	1,071
	15,363	13,654
Current assets		
Trade receivables	22,239	20,420
Other assets	71	73
Prepaid expenses	753	467
Cash	40,335	43,403
	63,398	64,363
Total assets	78,761	78,017
Equity & Liabilities		
Equity		
Subscribed capital	5,198	5,198
Capital reserves	11,247	11,247
Retained earnings	27,717	30,122
Equity attributable to equity holders of the parent	44,162	46,567
Non-controlling interests	767	558
	44,929	47,125
Non-current liabilities		
Liabilities to non-controlling interests	5,342	5,342
Other liabilities and accrued liabilities	1,751	642
Deferred tax liabilities	616	616
	7,709	6,600
Current liabilities		
Income tax liabilities	2,402	773
Trade payables	1,816	1,506
Liabilities to non-controlling interests	1,020	1,569
Other liabilities and accrued liabilities	20,885	20,444
	26,123	24,292
Total equity and liabilities	78,761	78,017

Unaudited consolidated cash flow statement

nine months 2018

Amounts stated in EUR k	01.01. – 30.09.2018	01.01. – 30.09.2017
Cash flows from operating activities		
Profit for the period before profit attributable to non-controlling interests	19,121	16,919
Tax expense	8,405	7,400
Amortisation, depreciation and impairment of non-current assets	1,023	745
Finance income	-7	-6
Finance costs	0	0
Non-cash transactions	16	91
Operating profit before working capital changes	28,558	25,149
Increase/decrease in trade receivables and other assets	-1,817	-1,335
Increase/decrease in prepaid expenses and deferred income	-286	-299
Increase/decrease in trade payables, other liabilities and accrued liabilities	1,867	1,980
Cash flows from operating activities	28,322	25,495
Income taxes paid	-6,783	-5,937
Net cash from operating activities	21,539	19,558
Cash flows from investing activities		
Cash paid for intangible assets and property, plant and equipment	-2,760	-1,687
Receipts from the disposal of assets	13	24
Interest received	7	6
Net cash used in investing activities	-2,740	-1,657
Cash flows from financing activities		
Dividends paid to non-controlling interests in partnerships Dividends paid to non-controlling interests in corporations Cash paid to non-controlling interests	-1,282	-1,319
Profit distributions	-20,585	-19,025
Net cash used in financing activities	-21,867	-20,344
Net change in cash	-3,068	-2,443
Cash at the beginning of fiscal year	43,403	40,448
Cash at the end of the period	40,335	38,005
Composition of cash as of 30 September		
Cash on hand and bank balances (without drawing restrictions)	40,335	38,005

Unaudited consolidated statement of changes in group equity

nine months 2018

Amounts stated in EUR k	Equity attributable to equity holders of the parent					Non controlling interests	Total equity
	Subscribed capital	Capital reserves	Other compre- hensive income	Retained earnings	Total		
01.01.2017	5,198	11,247	0	28,577	45,022	369	45,391
Total comprehensive income for the period	0	0	0	16,019	16,019	30	16,049
Profit distributions	0	0	0	-19,025	-19,025	0	-19,025
30.09.2017	5,198	11,247	0	25,571	42,016	399	42,415
01.10.2017	5,198	11,247	0	25,571	42,016	399	42,415
Total comprehensive income for the period	0	0	0	4,551	4,551	183	4,734
Profit distributions	0	0	0	0	0	-24	-24
31.12.2017	5,198	11,247	0	30,122	46,567	558	47,125
01.01.2018	5,198	11,247	0	30,122	46,567	558	47,125
Total comprehensive income for the period	0	0	0	18,180	18,180	209	18,389
Profit distributions	0	0	0	-20,585	-20,585	0	-20,585
30.09.2018	5,198	11,247	0	27,717	44,162	767	44,929

Unaudited information on the business segments

nine months 2018

Amounts stated in EUR k	Temporary staffing/ Permanant placement/ Interim- and project management	Training	Consolidated
01.01.-30.09.2018			
Revenue*			
Segment revenue	135,356	17,033	152,389
Result			
Segment result before goodwill impairment (EBITA)	24,822	2,697	27,519
Finance costs	0	0	0
Finance income	4	3	7
Profit before tax	24,826	2,700	27,526
Income taxes	8,033	372	8,405
01.01.-30.09.2017			
Revenue*			
Segment revenue	121,150	15,389	136,539
Result			
Segment result before goodwill impairment (EBITA)	21,787	2,526	24,313
Finance costs	0	0	0
Finance income	1	5	6
Profit before tax	21,788	2,531	24,319
Income taxes	7,047	353	7,400
*) Revenue between segments of EUR k 7 (prior year: EUR k 15) and EUR k 18 (prior year: EUR k 13) was not consolidated			

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Financial Calendar

October 2018	International Roadshow
12.03.2019	Press conference and analyst meeting for fiscal year 2018
28.03.2019	Publication of the Annual Financial Report 2018
25.04.2019	Quarterly Statement First Quarter for fiscal year 2018
April 2019	International Roadshow
23.05.2019	Shareholders' General Meeting