



Amadeus FiRe AG

Quarterly Statement

01.01. – 31.03.2020

Your partner for specialised
human resource services &
training

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Unaudited Amadeus FiRe Group financial summary

Amounts stated in EUR k	01.01.-31.03.2020	01.01.-31.03.2019	Divergency in percent
Revenue	76,422	55,310	38.2%
Gross profit in percent	38,389 50.2%	26,174 47.3%	46.7%
EBITDA in percent	14,752 19.3%	10,518 19.0%	40.3%
EBITA-pre* in percent	10,598 13.9%	8,948 16.2%	18.4%
EBIT in percent	8,123 10.6%	8,948 16.2%	-9.2%
Profit before income taxes in percent	7,324 9.6%	8,888 16.1%	-17.6%
Profit after income taxes in percent	5,004 6.5%	6,119 11.1%	-18.2%
Profit attributable to minority interests disclosed under liabilities	-8	-167	-95.2%
Profit for the period in percent	4,996 6.5%	5,952 10.8%	-16.1%
- Attributable to non-controlling interests	0	20	-100.0%
- Attributable to equity holders of the parent	4,996	5,932	-15.8%
Net cash from operating activities	3,511	4,030	-12.9%
Net cash from operating activities per share	0.68	0.78	-12.9%
Earnings per share	0.96	1.14	-15.8%
Average number of shares	5,198,237	5,198,237	
	31.03.2020	31.12.2019	
Balance sheet total	322,437	321,935	0.2%
Stockholders' equity	55,955	50,959	9.8%
Return on equity before tax in %	17.4%	15.8%	
Cash and cash equivalents	19,171	20,465	-6.3%
	31.03.2020	31.03.2019	
Number of employees (active)	3,471	3,014	15.2%
thereof temporary staff	2,460	2,426	1.4%
Per-capita revenue	22.0	18.4	20.0%
Per-capita profit	1.4	2.0	-27.1%

*) Profit from operations before goodwill amortization and amortization of intangible assets from purchase price allocation (EBITA-pre)

Quarterly statement first quarter 2020 (1 January - 31 March 2020)

Current information on the market

In January, increased incoming orders and revenue in industry suggested that the phase of economic weakness that had been ongoing since the start of 2018 was coming to an end. This signalled a potential pick up in business activity in the first quarter. The expectations for the coming months were dashed by the outbreak of coronavirus. The pandemic's main influences on the German economy are sales declines in foreign trade and revenue declines due to changes in consumer behaviour. This is having a negative effect on business activity in Germany. For the current fiscal year, the ifo Institute expects the German economy to contract by 1.5 percent. Some other sources forecast a much greater contraction. In particular, economic output is heading for a downright collapse in the second quarter of 2020.

The effects of the coronavirus crisis on the labour market are not yet apparent in terms of the unemployment rate in the first quarter. Adjusted for seasonality, unemployment is on a par with the previous year. The ifo employment barometer, the indicator for companies' future staff planning, indicates that companies have been drastically reducing their recruitment since the end of the first quarter. The indicator fell from 98.0 points to 93.4 points in March 2020, reaching its lowest level since January 2010. Demand for labour has also fallen as a result of the coronavirus pandemic. The BA-X jobs index from the German Federal Employment Agency, which signals demand for labour, averaged 115 points in the first quarter of 2020, down 13.3 percent year on year.

According to the German Federal Employment Agency's trend projection, the market for temporary staffing saw a decline of around 11 percent in numbers of temporary workers in 2019 as a whole. As a tool for making human resource expenses more flexible, the market for temporary staffing is likely to be severely affected in the acute crisis situation, both by cancellations of current temporary staffing assignments and by the decline in demand. Temporary employment offers the opportunity to use short-time work as a tool for temporary staff not deployed in customer businesses. Much use is expected to be made of this.

Due to the coronavirus crisis, the number of jobs paying social insurance contributions declined in nearly all economic sectors in March 2020. Only health, public administration, care and education saw rises in the number of people in work.

All labour market and employment figures are likely to continue deteriorating in the second quarter. The number of unemployed is likely to rise, and extensive use is likely to be made of short-time work. By Easter Monday, the German Federal Employment Agency had received 725,000 applications from companies seeking to use short-time work. That is around one-third of all companies entitled to use it.

As part of the wage agreement in the temporary staffing sector in force until the end of 2022, collectively agreed wages for temporary staff rose by 1.9 percent in the west and 3.0 percent in the east on 1 April 2020. For the current financial year, a further 2.2 percent adjustment of the collectively agreed wage in the east is scheduled for 1 October 2020.

Business development

Primarily due to the acquisition of the Comcave Holding GmbH on 19 December 2019, the Amadeus FiRe Group increased its consolidated revenue by 38.2 percent to EUR 76,422k in the first quarter of 2020 (previous year: EUR 55,310k). Organic revenue growth amounted to 8.2 percent.

Individual services accounted for the following revenue:

Figures in EUR k	Q1 2020	Q1 2019	Change in percent
Temporary staffing	39,999	36,677	9.1%
Permanent placement	9,914	10,180	-2.6%
Interim/project management	5,111	3,018	69.4%
Personnel Services segment	55,024	49,875	10.3%
Training - existing business	4,846	5,435	-10.8%
Training - new business (Comcave)	16,552	-	-
Training segment	21,398	5,435	293.7%
Total	76,422	55,310	38.2%

All business segments initially made a good start to the new fiscal year. In the first quarter of 2020, there was one billable day more than in the same period of the previous year. This corresponds to a positive effect on revenue, gross profit and earnings before taxes of around EUR 0.6m. The coronavirus crisis did not have a significant impact on operations until March.

In the Personnel Services segment, demand for all services has decreased significantly since the middle of March. The number of temporary staffing assignments, which were above prior year's level until the beginning of the crisis, has since been falling continuously. Firstly, duration of some assignments has been shortened and orders cancelled. Secondly, the lack of demand means that new assignments at client companies cannot be found for all temporary employees to work in. After March turned to April, the number of temporary staffing assignments was down around 15 percent year on year. Since 1 April, Amadeus FiRe has been using short-time work for the temporary employees. Consequently, for all external employees not actively working for a customer, working hours have been reduced by 100%. Sick leave, which is usually high in the first quarter, unsurprisingly increased in this reporting period, especially in March, as a result of the Corona crisis. This resulted in a lower utilisation of temporary employees in the reporting period and a negative effect of around EUR 0.4m. A positive note is that a lot of temporary employees can continue working for their respective customer businesses from home and that these assignments can continue to run unaltered.

The permanent placement and interim and project management services were also affected by the immediate slump in demand in March. In the first quarter as a whole, however, the situation appeared to be stable for permanent placement and very positive for interim and project management. Due to the decline in new enquiries and additional difficulties in the arrangement of face-to-face interviews necessary to make a decision, the business volume in these two services is expected to decline considerably compared to the first quarter.

The Training segment also had to respond to the effects of the Corona crisis in March.

The training offered by the companies of Steuer-Fachschule Dr. Endriss recorded a 10.8 percent decline in revenue in the first quarter of 2020. A large portion of the training provided by the tax college takes place in classrooms. This element of the educational operations had to be temporarily shut down completely. Digital alternatives were quickly found for many products, but short seminar events in particular were cancelled without substitution. The impact of the crisis on earnings in the first quarter was around EUR 0.5m, with the majority attributable only to a postponement of the start dates of long-running courses such as those for tax advisors or certified accountants.

The companies of the Comcave Holding GmbH, added at the end of 2019, generated revenue of EUR 16,552k in the first quarter. Comcave College is particularly active in the field of public funded training for the unemployed. For years, Comcave has also specialized in telelearning, therefore live instructor-guided virtual learning with flexible attendance. Comcave was therefore able to very quickly enable 100 percent of its customers to participate in training from their home desk, so there was no business interruption. The escalating situation on the labour market with unemployment and short-time work represents an improvement in the demand situation for business model of Comcave, in which the people affected by the crisis can take the opportunity offered by Comcave for public funded training.

The Amadeus FiRe Group, including the Comcave Holding GmbH acquired on 19 December 2019, saw its gross profit improve by 46.7 percent to EUR 38,389k in the first quarter of 2020 (previous year: EUR 26,174k). The adjusted increase in gross profit was 4.1 percent. The gross profit margin rose by 2.9 percentage points to 50.2 percent (previous year: 47.3 percent). Due to the high gross profit margins at Comcave, there was a change in the services mix, which was the main reason for the rise in the gross profit margin.

Selling and administrative expenses increased to EUR 27,821k in the first quarter (previous year: EUR 17,287k). Adjusted for Comcave, the increase amounted to EUR 2.5m or 14.4 percent. Non-recurring expenses in connection with the Comcave transaction of EUR 0.7m are included in the first quarter. Additional expenses in connection with a structural improvement of IT infrastructure and IT applications have an effect of EUR 0.4m. The remaining increases in expenses result from the full-year effect of the successful expansion of the sales organisation over the course of 2019. Due to the new situation, all further expansion plans in the Personnel Services segment for the current fiscal year have been shelved and strict cost discipline enforced.

Profit from operations before goodwill amortization and amortization of intangible assets from purchase price allocation (EBITA-pre) reached EUR 10,598k in the first quarter of 2020 (previous year: EUR 8,948k), an upturn of 18.4 percent or EUR 1,650k in comparison to the previous year. The EBITA-pre margin fell by 2.3 percentage points to 13.9 percent (previous year: 16.2 percent).

EBITA-pre in the first quarter is influenced by various special factors. Firstly, it includes the first EBITA-pre contributed by Comcave in the amount of EUR 3.1m. Subsequent transaction costs reduce earnings by EUR 0.7m. This is offset by an extra billable day in the first quarter with a positive effect of around EUR 0.6m.

In addition, EBITA-pre was negatively influenced by around EUR 1.6 million by direct effects attributable to the coronavirus crisis. In particular, these were the cancellation of temporary staffing assignments, the increased sick leave among temporary employees, the decline in demand for all services from March, the termination/postponement of ongoing processes and customer interviews, and the cancellation/postponement of classroom training.

The amortisation of intangible assets associated with the purchase price allocation of the Comcave Holding GmbH amounted to EUR 2,475k (previous year: EUR 0). After amortisation, the Amadeus FiRe Group achieved an EBIT of EUR 8,123k. The interest expenses of EUR 0.8m (previous year: EUR 0.1m) are likewise attributable to the financing of the Comcave transaction.

The net profit for the period in the first quarter was EUR 4,996k (previous year: EUR 5,925k). Earnings per share, based on the net profit for the period attributable to the ordinary shareholders of the parent company, fell by 18 cents to EUR 0.96 in the first quarter (previous year: EUR 1.14).

Revenue and operating earnings (EBITA-pre) for the first quarter of 2020 were increased. However, the coronavirus effect had already impacted the revenue and order situation of nearly all economic sectors in Germany in March. This effect is resulting in an economic slowdown, a significant decline in demand and considerable uncertainty among German companies. At this time, the Management Board is therefore abandoning its earnings forecast for 2020 as a whole.

The Management Board expects the Amadeus FiRe Group to have a very weak second quarter. If a general trend of recovery sets in and the demand situation improves in the near future, the Amadeus FiRe Group should benefit from this in the second half of the year. The Management Board does not assume to be able to match the previous year's level in the course of the second half. The Management Board expects a positive outlook and increasing revenue and earnings for the 2020 fiscal year only for Comcave's countercyclical public funded training business.

Overall, the financial impact on the 2020 fiscal year of the continuing spread and unforeseeable duration of the pandemic simply cannot be reliably quantified at this time. The Management Board will reassess the situation as soon as reliable information is available. To further improve the company's financial flexibility in this extraordinary situation, the Management Board and Supervisory Board have decided to propose that the Annual General Meeting suspend the dividend payment. For further information, please see the "Anticipated revenue and earnings development" section of the 2019 annual report.

Frankfurt am Main, 27 April 2020



Robert von Wülfig
Spokesman of the Management Board



Dennis Gerlitzki
Management Board

Unaudited consolidated income statement

1st quarter fiscal year 2020

Amounts stated in EUR k	01.01.–31.03.2020	01.01.–31.03.2019
Revenue	76,422	55,310
Cost of sales	-38,033	-29,136
Gross profit	38,389	26,174
Selling expenses	-22,696	-14,881
- thereof impairment of financial assets	-305	-224
General and administrative expenses	-5,125	-2,406
Other operating income	57	62
Other operating expenses	-27	-1
Profit from operations before goodwill amortization and amortization of intangible assets from purchase price allocation (EBITA-pre)	10,598	8,948
Amortization of intangible assets from purchase price allocation	-2,475	0
Impairment of goodwill	0	0
Profit from operations (EBIT)	8,123	8,948
Finance costs	-799	-62
Finance income	0	2
Profit before taxes	7,324	8,888
Income taxes	-2,320	-2,769
Profit after taxes	5,004	6,119
Profit attributable to non-controlling interests disclosed under liabilities	-8	-167
Profit for the period	4,996	5,952
- Attributable to non-controlling interests	0	20
- Attributable to equity holders of the parent	4,996	5,932
Earnings per share, in relation to the profit for the period attributable to the ordinary equity holders of the parent		
basic (euro/share)	0.96	1.14
diluted (euro/share)	0.96	1.14

Unaudited consolidated statement of comprehensive income

1st quarter fiscal year 2020

Amounts stated in EUR k	01.01.–31.03.2020	01.01.–31.03.2019
Profit for the period	4,996	5,952
Other comprehensive income	0	0
Total comprehensive income for the period	4,996	5,952
- Attributable to non-controlling interests	0	20
- Attributable to equity holders of the parent	4,996	5,932

Unaudited consolidated balance sheet

1st quarter fiscal year 2020

Amounts stated in EUR k	31.03.2020	31.12.2019
Assets		
Non-current assets		
Other intangible assets	39,053	41,420
Goodwill	171,706	171,706
Property, plant and equipment	5,903	5,328
Right-of-use assets	45,819	47,669
Financial assets	2	2
Deferred tax assets	0	0
	262,483	266,125
Current assets		
Trade receivables	34,372	30,676
Other assets	2,845	3,384
Prepaid expenses	3,566	1,285
Cash and cash equivalents	19,171	20,465
	59,954	55,810
Total assets	322,437	321,935
Equity and liabilities		
Equity		
Subscribed capital	5,198	5,198
Capital reserves	11,247	11,247
Retained earnings	38,547	33,551
Equity attributable to equity holders of the parent	54,992	49,996
Non-controlling interests	963	963
	55,955	50,959
Non-current liabilities		
Liabilities to non-controlling interests	5,990	5,990
Other liabilities and accrued liabilities	36,668	39,212
Deferred tax liabilities	4,648	5,153
	47,306	50,355
Current liabilities		
Trade payables	3,946	9,459
Contract liabilities	5,049	3,954
Liabilities to non-controlling interests	1,727	1,719
Income tax liabilities	1,744	1,391
Current financial liabilities	170,062	170,096
Other liabilities and accrued liabilities	36,648	34,002
	219,176	220,621
Total equity and liabilities	322,437	321,935

Unaudited consolidated cash flow statement

1st quarter fiscal year 2020

Amounts stated in EUR k	01.01. – 31.03.2020	01.01. – 31.03.2019
Cash flows from operating activities		
Profit for the period before profit attributable to non-controlling interests	5,004	6,119
Tax expense	2,320	2,769
Amortization, depreciation and impairment of non-current assets	6,629	1,570
Finance income	0	-2
Finance costs	799	62
Non-cash transactionn	-176	-13
Operating profit before working capital changess	14,576	10,505
Increase/decrease in trade receivables and other assets	-3,158	-2,440
Increase/decrease in prepaid expenses and deferred income	-1,756	-1,477
Increase/decrease in trade payables and other liabilities and accrued liabilities	-2,805	-269
Other non-cash income	0	0
Cash flows from operating activities	6,857	6,319
Interest paid	-792	-62
Income taxes paid	-2,554	-2,227
Net cash from operating activities	3,511	4,030
Cash flows from investing activities		
Cash paid for intangible assets and property, plant and equipment	-1,593	-760
Interest received	0	2
Net cash used in investing activities	-1,593	-758
Cash flows from financing activities		
Cash repayments of lease liabilities	-3,096	-1,129
Interest payments on lease liabilities	-116	-62
Net cash used in financing activities	-3,212	-1,191
Net change in cash and cash equivalents	-1,294	2,081
Cash and cash equivalents at the beginning of the period	20,465	44,559
Cash and cash equivalents at the end of the period	19,171	46,640
Composition of cash as of 31 March		
Cash on hand and bank balances (without drawing restrictions)	19,171	46,640

Unaudited statement of changes in group equity

1st quarter fiscal year 2020

Amounts stated in EUR k	Equity attributable to equity holders of the parent				Non controlling intests	Total equity
	Subscribed capital	Capital reserves	Retained earnings	Total		
01.01.2019	5,198	11,247	33,762	50,207	760	50,967
Total comprehensive income for the period	0	0	5,932	5,932	20	5,952
Profit distributions	0	0	0	0	0	0
31.03.2019	5,198	11,247	39,694	56,139	780	56,919
01.04.2019	5,198	11,247	39,694	56,139	780	56,919
Total comprehensive income for the period	0	0	18,081	18,081	284	18,365
Profit distributions	0	0	-24,224	-24,224	-101	-24,325
31.12.2019	5,198	11,247	33,551	49,996	963	50,959
01.01.2020	5,198	11,247	33,551	49,996	963	50,959
Total comprehensive income for the period	0	0	4,996	4,996	0	4,996
Profit distributions	0	0	0	0	0	0
31.03.2020	5,198	11,247	38,547	54,992	963	55,955

Unaudited information on the business segments

1st quarter fiscal year 2020

Amounts stated in EUR k	Temporary Staffing/ Permanent Placement/Interim- and Project Management	Training	Group
01.01.-31.03.2020			
Revenue*			
Segment revenue	55,024	21,398	76,422
Result			
Segment result before goodwill amortization and amortization of intangible assets from purchase price allocation (EBITA-pre)	7,440	3,158	10,598
Amortization of intangible assets from purchase price allocation	0	2,475	2,475
Impairment of goodwill	0	0	0
Finance costs	51	748	799
Finance income	0	0	0
Profit before tax	7,389	-65	7,324
Income taxes	2,331	-11	2,320
01.01.-31.03.2018			
Revenue*			
Segment revenue	49,875	5,435	55,310
Result			
Segment result before goodwill amortization and amortization of intangible assets from purchase price allocation (EBITA-pre)	8,380	568	8,948
Amortization of intangible assets from purchase price allocation	0	0	0
Impairment of goodwill	0	0	0
Finance costs	47	15	62
Finance income	0	2	2
Profit before tax	8,333	555	8,888
Income taxes	2,700	69	2,769

*) Revenue between segments of EUR k 0 (prior year: EUR k 0) and EUR k 9 (prior year: EUR k 5) was not consolidated.

Responsible:
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Financial Calendar

April 2020	International Roadshow
20.05.2020	Shareholders' General Meeting
23.07.2020	Semi annual report for fiscal year 2020
22.10.2020	Quarterly statement Nine Months for fiscal year 2020
October 2020	International Roadshow
March 2021	Press conference and analyst meeting for fiscal year 2020
May 2021	Shareholders' General Meeting