

A high-angle, blurred photograph of a large crowd of people walking, overlaid with a semi-transparent blue filter. The figures are out of focus, creating a sense of movement and a busy environment.

KPS

QUARTERLY RELEASE
AS AT 31 DECEMBER 2016

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KPS generates sustained dynamic growth in the 1st quarter of 2016/2017 – forecast for sales and earnings is confirmed for the current business year

KPS AG in the 1st quarter of 2016/2017

Overview of indicators

In million euros	1st quarter 2016/2017	1st quarter 2015/2016	+/-
Revenues	40.3	34.4	17.2%
Operating result (EBIT)	6.4	5.8	10.3%
Financial result	0.0	0.0	0.0%
Earnings before income taxes (*)	6.4	5.8	10.3%
Income taxes	-1.1	-0.8	37.5%
Earnings after income taxes	5.3	5.0	6.0%
Earnings per share (in euros)	0.14	0.14	0.0%

Financial calendar

Diary dates 2016/2017

- » 7 April 2017 Ordinary Annual General Meeting in Munich
- » 31 May 2017 Publication of figures for the 1st half year 2016/2017
- » 11 August 2017 Publication of the figures for the 3rd quarter of 2016/2017
- » 31 January 2018 Publication of the figures for the annual financial statements 2016/2017

Business performance

Continuation of growth through strategy of internationalization

KPS AG (WKN: A1A6V4 / ISIN: DE000A1A6V48), Germany's leading management consulting firm for business transformation and process implementation in the retail sector, posted an increase in the volume of orders booked for the first quarter of 2016/2017 in line with expectations. Growth stimuli were driven in particular by new projects outside Germany and these initiatives confirm the internationalization strategy of the management.

On 2 December 2016, KPS AG signed a purchase contract to acquire all the shares in Saphira Consulting A/S, Virum, Denmark, through its Danish subsidiary company KPS Consulting A/S. The transaction was closed effective 5 January 2017. Saphira Consulting A/S is a highly qualified SAP consulting firm in the Scandinavian market. The company has an outstanding portfolio of references and in 2016 it was rated as one of the best IT Specialists in Denmark in the prestigious ranking compiled by the magazine Computerworld. This acquisition has enabled KPS AG to continue expanding its leading market position in Europe as a consultant and service provider for transformation projects in the dynamic growth area of digitalization.

Effective 23 December 2016, KPS AG changed from the General Standard to the Prime Standard market segment of the Frankfurt Stock Exchange. Compliance with the highest transparency standards enhances the appeal of the KPS share. The listing consolidates trust in the KPS share and allows it to achieve an even higher profile with private and institutional investors. This move means that KPS AG complies with a requirement for a potential listing of the KPS share in a prime index of Deutsche Börse AG.

Results of operations, net assets and financial position

Sales and earnings during the first quarter of 2016/2017 post significant increase

KPS AG successfully continued its strong sales and earnings performance of the past business year during the first quarter of 2016/2017. As at 31 December 2016, unaudited IFRS figures indicate that the KPS Group increased sales disproportionately by 17.2 percent to 40.3 million euros compared with the first quarter of 2015/2016 (Q1 2015/2016: 34.4 million euros) and achieved growth in the operating result (EBIT) of 10.3 percent to 6.4 million euros (Q1 2015/2016: 5.8 million euros). In the first quarter of 2016/2017, the EBIT margin amounted to 15.9 percent (Q1 2015/2016: 16.9 percent) and was therefore in line with expectations. Earnings after taxes increased by 6.0 percent to 5.3 million euros (Q1 2015/2016: 5.0 million euros), corresponding to a rise in earnings per share of 0.14 euros.

Net assets

The balance sheet total increased from 95.1 million euros to 101.2 million euros by comparison with the balance sheet date on 30 September 2016. Non-current assets amounted to 42.1 million euros after 41.7 million euros. Current assets rose by 53.4 million euros to 59.1 million euros.

Financial position

The equity increased from 58.4 million euros to 63.7 million euros by comparison with the balance sheet date on 30 September 2016. The equity ratio went up from 61.4 percent to 62.9 percent. Non-current liabilities rose from 2.1 million euros to 2.3 million euros. Current liabilities increased from 34.6 million euros to 35.2 million euros. As in the equivalent year-earlier period, no financial liabilities to banks were incurred in the first quarter of 2016/2017. Cash and cash equivalents fell back by 1.7 million euros from 12.6 million euros to 10.9 million euros.

Events after the end of the reporting period

No events occurred after the end of the reporting period which exerted a significant influence on the assets, financial position and results of operations.

Opportunities and risk report

The opportunities and risk situation has not changed significantly since the presentation in the Annual Report 2015/2016. Detailed information on the risk management system and the risk situation of the KPS Group are included in the Annual Report 2015/2016 from page 27.

Outlook for 2016/2017

Sales and earnings forecast confirmed

The Executive Board and the management of KPS AG confirm the forecast for the current business year 2016/2017 with stable and profitable growth to projected sales of 160 million euros and EBIT of 25.00 million euros. This corresponds to an increase in sales of around 10 percent and EBIT of around 12 percent compared to the previous business year. The projected figures include sales contributions from Saphira Consulting A/S, Denmark, purchased at the beginning of 2017. Alongside the rise in sales, the KPS Group is focusing consistently on sustainable optimization of earnings margins. The Supervisory Board and the Executive Board of KPS AG are maintaining their strategy of driving forward internationalization.

The forecast contains forward-looking statements which are based on certain assumptions and estimates made by the company management of KPS AG. Even if the company management is of the opinion that these assumptions and estimates are appropriate, the actual future development and the actual future results may deviate substantially from these assumptions and estimates on account of a variety of different factors. These factors may include, for example, changes in the macroeconomic situation, exchange rates, interest rates, and changes in market development and changes in the competitive situation. KPS AG does not guarantee that the actual results achieved in future will be in accordance with the assumptions and estimates made in this quarterly release and does not assume any liability in this respect.

Unterföhring, 13 February 2017

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About KPS

KPS is Europe's leading management consulting firm for business transformation and process implementation in the retail sector. The company offers end-to-end strategy and process consulting, with extensive implementation expertise in digital customer management, e-commerce and ERP. KPS customers profit from the vast project experience and deep sector knowledge of its consultants, enabling them to drive omnichannel and digital transformation projects to rapid success. With its proprietary Rapid Transformation® methodology, KPS has cut project turnaround times by up to 50 percent.

Founded in 2000, KPS employs about 800 consultants at its corporate headquarters in Munich with five additional locations throughout Germany and branch offices in Denmark, Austria, the Netherlands, Switzerland and the US. KPS plans to expand its market position in the retail and consumer goods sectors in the coming years through pioneering projects in all aspects of digital transformation.