



# INTERIM REPORT Q4 2019

TEMPTON Group



## Q4 2019 HIGHLIGHTS

TOTAL INCOME

55,5 m€

GROSS PROFIT

14,7 m€

EBITDA adjusted

2,8 m€

EBITDA

1,8 m€

### Recent acquisitions

On 1 December 2019, TEMPTON acquired two smaller personnel service providers with a total of four locations in the Lake Constance region out of insolvency. Through this strategic parallel acquisition, TEMPTON has created sufficient critical mass in this important economic region (which previously had not been occupied by TEMPTON) in one fell swoop. In terms of planning, both acquisitions will only make a measurable contribution to TEMPTON's earnings from 2021 onwards.

### Ongoing digitalization

TEMPTON has taken a big step forward with its digitization projects. Both TEMPTON's own time recording app for external employees as well as the new applicant-app were rolled out in the fourth quarter of 2019. TEMPTON will thus successively streamline administrative processes considerably and shift communication with employees and applicants to new media.

### New services

Since January 2020 TEMPTON offers sophisticated personnel services within the brand image consistently under the branding "Next Level".

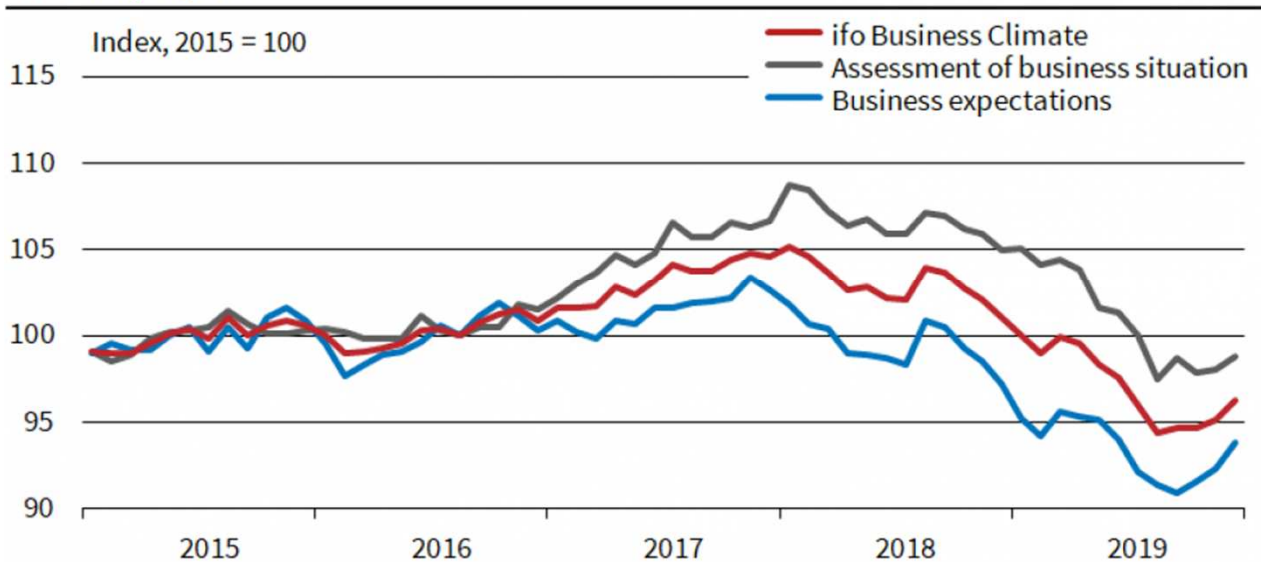
TEMPTON (defined as TEMPTON Group GmbH and all legal entities associated with TEMPTON Group GmbH within the meaning of Sec. 17 AktG [German Stock Corporation Act] confirmed the solid business performance of the year in the fourth quarter of 2019 as well. On a cumulative basis, TEMPTON increased both sales and adjusted EBITDA compared to the previous year. TEMPTON thus positively stands out from the general market environment, thanks to its specific market positioning and permanent sales focus. Overall, the 2019 financial year went according to plan for TEMPTON.



# DEVELOPMENT TOTAL MARKET GERMANY

## Development Business Climate Index Germany<sup>1</sup>

### ifo Business Climate Germany<sup>a</sup> Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.

Source: ifo Business Survey, December 2019.

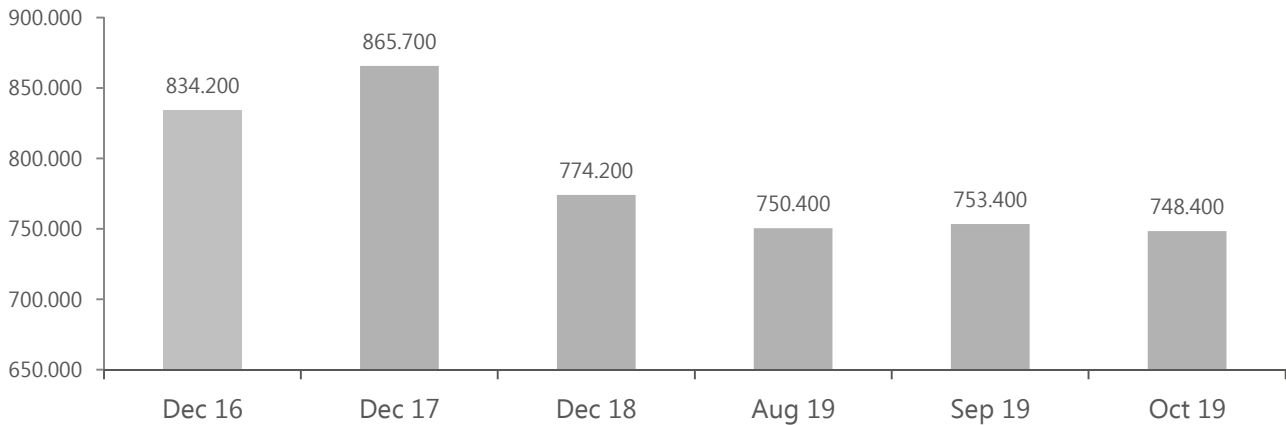
© ifo Institute

The ifo Business Climate Index rose from 95.1 points in November to 96.3 points in December. The indicator of the current situation rose. Expectations also improved. The German economy is heading into the new year with more confidence.<sup>1</sup>

<sup>1</sup> <https://www.ifo.de/en>

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

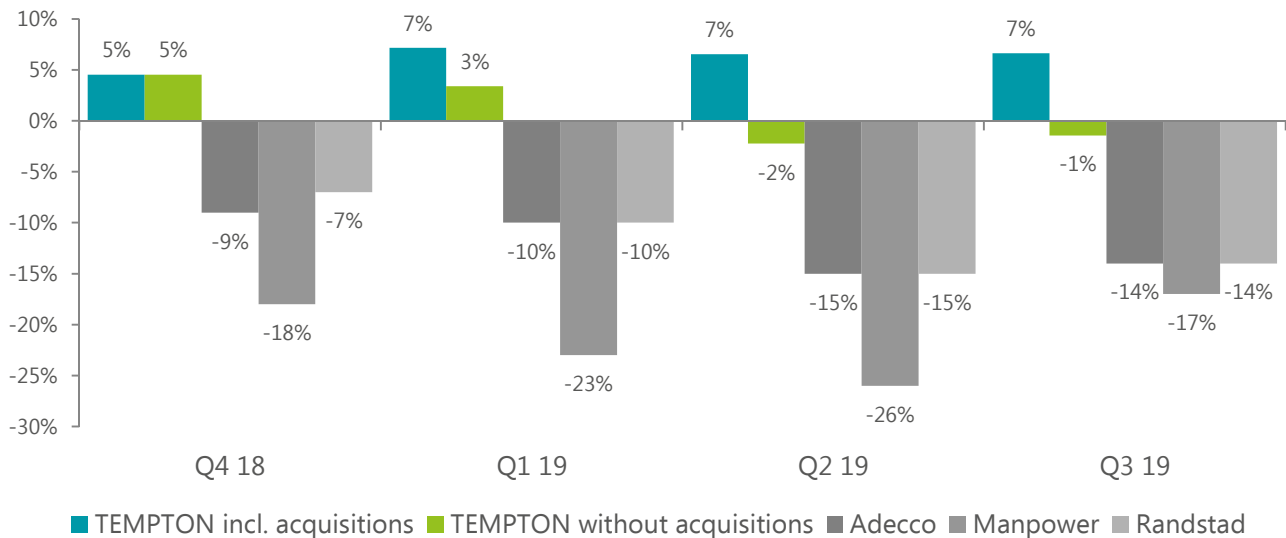
## Temporary Employees Germany<sup>2</sup>



### Note

The official labor market data of the Federal Employment Agency (*Bundesagentur für Arbeit*) are usually published with a delay of two to three months.

## Exemplary market comparison based on turnover Germany (YOY)<sup>3, 4, 5, 6</sup>



<sup>2</sup> <https://statistik.arbeitsagentur.de/>

<sup>3</sup> TEMPTON turnover according to internal reporting.

<sup>4</sup> <https://www.adecgroup.com/investors/>

<sup>5</sup> <https://investor.manpowergroup.com/>

<sup>6</sup> <https://www.randstad.com/investor-relations/>

# KEY FIGURES

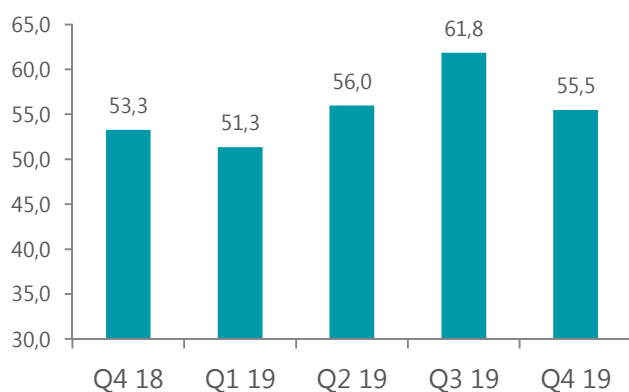
## General note

The seasonal fluctuations in the turnover and EBITDA curve are typical for the temporary employment industry (timing of public holidays in the first and second quarter, strong capacity utilization in the third quarter).

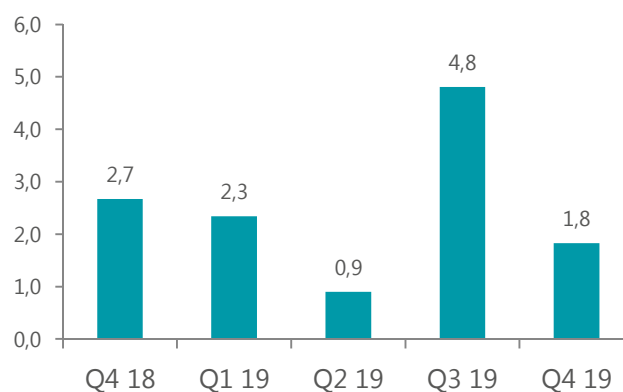
## Key figures

in m€	Q4 19	Q3 19	Q4 18	01-12/2019	01-12/2018
<b>Total income</b>	55,5	61,8	53,3	224,6	211,7
<b>OPEX</b>	53,6	57,0	50,6	214,8	201,3
<b>EBITDA</b>	1,8	4,8	2,7	9,9	10,4
<b>%</b>	3,3%	7,8%	5,0%	4,4%	4,9%
<b>EBITDA adjusted</b>	2,8	4,9	1,5	11,0	9,2
<b>%</b>	5,0%	7,9%	2,7%	4,9%	4,4%

### Total income (in m€)<sup>Note 1</sup>



### EBITDA (in m€)<sup>Note 2</sup>



### Note 1 – Total income

As expected, total income of EUR 55,5 million in the fourth quarter is significantly lower than in the third quarter due to numerous public holidays in October and December. In direct comparison with the previous year, total income increased by EUR 2,2 million.

### Note 2 - EBITDA

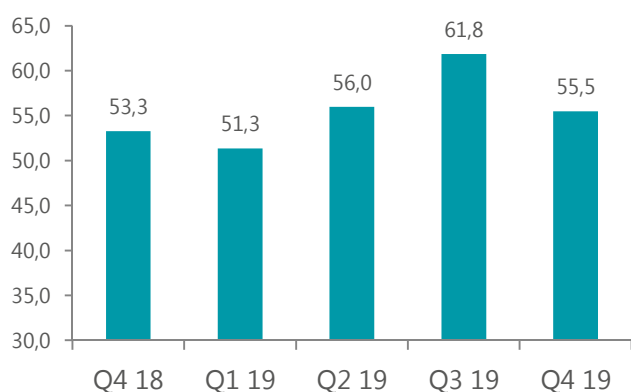
The EBITDA of the fourth quarter reflects the normal seasonal course of business. However, in direct comparison with the previous year, TEMPTON increased the adjusted EBITDA (for details please see next page) significantly by EUR 1,3 million. The adjusted EBITDA margin also improved noticeably from 2,7% in the fourth quarter of 2018 to 5,0% in the fourth quarter of 2019.

# KEY FIGURES ADJUSTED

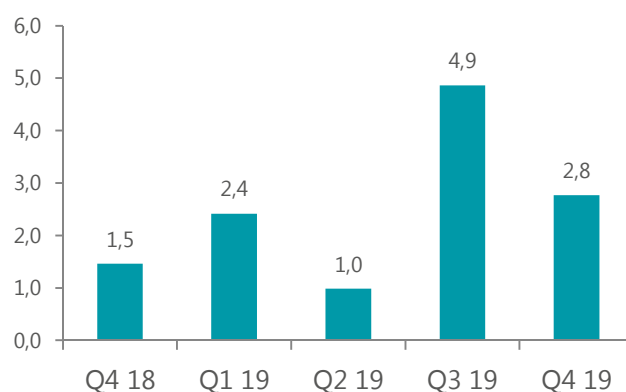
## Key figures adjusted

in m€	Q4 19	Q3 19	Q4 18	01-12/2019	01-12/2018
<b>Total income</b>	55,5	61,8	53,3	224,6	211,7
<b>OPEX adjusted</b>	52,7	57,0	51,8	213,6	202,5
<b>EBITDA adjusted</b>	2,8	4,9	1,5	11,0	9,2
<b>%</b>	5,0%	7,9%	2,7%	4,9%	4,4%

## Total income (in m€)



## EBITDA adjusted (in m€)



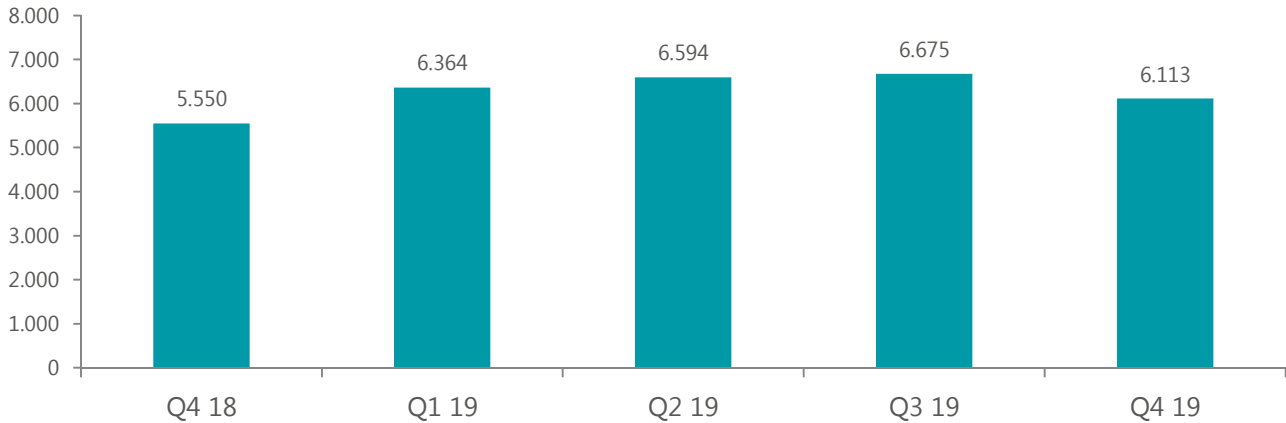
## Adjustments

in m€	Q4 19	Q3 19	Q4 18	01-12/2019	01-12/2018
<b>EBITDA</b>	1,8	4,8	2,7	9,9	10,4
<b>Adjustments</b>					
<b>OPEX</b>	-0,9	-0,1	1,2	-1,1	1,2
<b>Acquisition TZT</b>	0,0	0,0	0,0	-0,2	0,0
<b>Issue related costs bond</b>	-0,9	-0,1	0,0	-1,0	0,0
<b>Release of provisions<sup>7</sup></b>	0,0	0,0	1,2	0,0	1,2
<b>EBITDA adjusted</b>	2,8	4,9	1,5	11,0	9,2

<sup>7</sup> Release of the provision for Employer's Liability Insurance Association in 2018 for 2017.

# DEVELOPMENT OPERATIONS TEMPTON

## Total number of employees

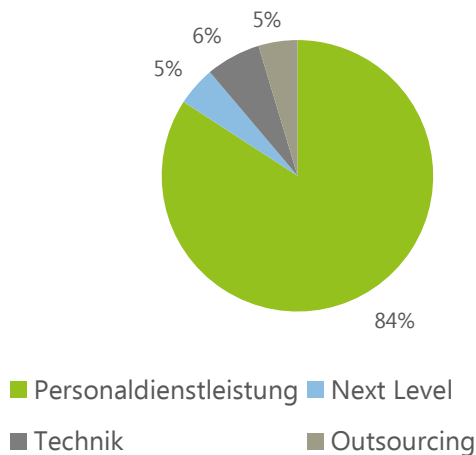


## Note

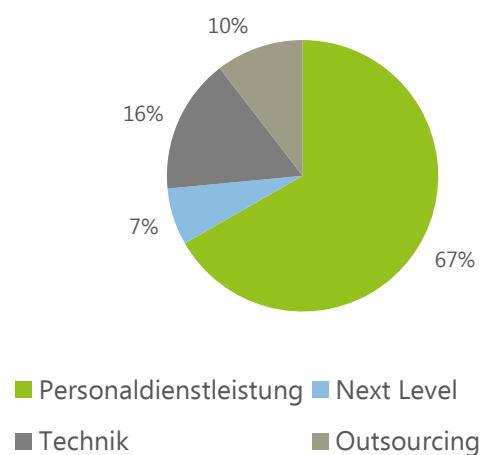
A seasonal fluctuation in the number of employees is typical for the temporary employment industry. TEMPTON succeeded, contrary to the market trend, in increasing the total number of employees by 10.14% compared to the same quarter of the previous year.

## Development Business Segments<sup>8</sup>

Turnover by Business Segment – Q4 19 (Percent)



DB2 by Business Segment – Q4 19 (Percent)



<sup>8</sup> Turnover and DB2 according to internal reporting.

## OUTLOOK

For the first quarter of 2020, TEMPTON still expects cautious demand from companies for temporary staff. Nonetheless, TEMPTON assumes that the investments in new branches, the acquisitions of 2019, and the strong digitization will make a noticeable contribution to turnover and earnings, so that we are optimistic for the overall development of TEMPTON.





# COMMENTS RE. FINANCIAL STATEMENTS

## Consolidation

The consolidated balance sheet is prepared by combining the individual balance sheets of all subsidiaries included in the consolidated financial statements. Inclusion is based on the principle of full consolidation, i.e. all assets and liabilities of the companies included are adopted in the consolidated balance sheet with their full amount, except for those items that have been consolidated. TEMPTON Group GmbH directly or indirectly holds 100% of the shares of the consolidated subsidiaries.

## Liquidity and cash flow

The cash balance has increased from EUR 8,0 Mio. in Q3 19 to EUR 26,9 Mio. in Q4 19. The increase results from the issue of the bond (Frankfurter Börse WKN A2YPE8; Oslo Børs – filing for listing currently in process) of EUR 30 Mio. as well as the repayment of the existing financing in the amount of EUR 11.5 Mio. Both the influx of the bond funds and the repayment of the previous financing took place in Q4 19.

## Key figures (in m€)

<b>Leverage ratio</b>		<b>Interest cover ratio</b>	
<b>EBITDA LTM</b>	<b>9,9</b>	Interest expense	1,5
<b>Net debt</b>		<b>Interest cover ratio</b>	<b>6,7</b>
Bond loan	30,4		
Cash balance	26,9		
<b>Net debt</b>	<b>3,5</b>		
<b>Net leverage ratio</b>	<b>0,4</b>		

## Main risk factors

Main risk factor is surely the current slow-down of the German economy. However, TEMPTON is crisis-prone only to a very limited extent. Reasons for this fundamental lack of susceptibility to crises are a customer structure which is maximally diversified and a very large customer base, which minimizes the danger of cluster risks.



## Use of alternative performance Measures (APM)

Alternative performance measures are performance measures outside of the applicable financial reporting framework (HGB). Financial APMs are intended to enhance comparability of financial performance over time and are frequently used by analysts and investors. APMs may also be used internally as basis for performance related remuneration.

TEMPTON uses the following APMs:

**DB2** means earnings before interests, taxes and depreciation (without financing costs for the limited factoring on the level of TEMPTON Technik GmbH, TEMPTON Next Level Experts GmbH and TEMPTON Outsourcing GmbH).

**GROSS PROFIT** means total income after deducting cost of leasing staff and cost of materials.



## Statement from the Board of Directors

The financial statements are, to the best of our knowledge and based on our best opinion, presented in accordance with generally accepted accounting principles and the information provided in the financial statements give a true and fair view of TEMPTON and TEMPTON's assets, liabilities, financial position and result. This interim report provides an accurate view of the development performance and financial position of TEMPTON.

Essen, 20.02.2020

Dr. Annett Tischendorf  
CEO

Frank Seipenbusch  
CFO



## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q4 19	01-12/2019	Q4 18	01-12/2018
Revenues		54.534.768	221.819.169	52.718.648	209.407.460
Change in the inventory of finished goods and work in process		-43.448	309.962	-562.614	-164.405
Other operating income		971.515	2.512.942	1.100.228	2.439.315
<b>Total income</b>		<b>55.462.835</b>	<b>224.642.072</b>	<b>53.256.262</b>	<b>211.682.369</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		307.796	1.079.869	340.431	1.249.221
costs of services acquired		1.476.554	6.062.239	1.766.806	6.425.810
		<b>1.784.350</b>	<b>7.142.108</b>	<b>2.107.237</b>	<b>7.675.031</b>
Personnel costs					
wages and salaries		37.902.978	152.748.561	36.186.086	143.626.031
social security and expenses for old age pensions and support		7.870.136	33.828.392	6.866.863	30.834.500
		<b>45.773.114</b>	<b>186.576.953</b>	<b>43.052.950</b>	<b>174.460.531</b>
Depreciation		652.657	2.248.699	503.755	1.723.801
Other operating expenses	1	6.075.610	21.041.997	5.428.883	19.119.054
Other interest and similar income		2.404	24.540	1.859	11.372
Interest and similar expenses		561.620	1.465.173	289.599	1.260.830
Taxes	2	241.257	762.580	905.632	990.200
<b>Profit after taxes</b>		<b>376.630</b>	<b>5.429.102</b>	<b>970.067</b>	<b>6.464.293</b>
Other taxes		5.108	18.730	4.602	18.409
Expenses from a profit transfer agreement		0	0	0	31.399
<b>Group annual surplus/ annual deficit</b>		<b>371.522</b>	<b>5.410.372</b>	<b>965.464</b>	<b>6.414.485</b>



# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2019	31 December 2018
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>I. Intangible assets</b>			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values	3	1.289.550	508.640
2. Goodwill		11.302.647	10.650.491
		<b>12.592.197</b>	<b>11.159.131</b>
<b>II. Tangible assets</b>			
1. Real estate, titles to land and buildings including buildings on third party land	4	3.381.643	2.405.423
2. Technical equipment and machines		85.506	97.913
3. Other plants, office fixtures and fittings	5	3.218.387	2.413.842
		<b>6.685.535</b>	<b>4.917.178</b>
<b>CURRENT ASSETS</b>			
<b>I. Inventories</b>			
		1.842.417	1.437.023
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		23.122.046	20.521.050
2. Receivables from affiliated enterprises		27.411	15.649
3. Other assets		5.448.436	4.507.535
		<b>28.597.893</b>	<b>25.044.234</b>
<b>III. Cash on hand, bank balances</b>			
		26.924.213	15.604.912
<b>PREPAID EXPENSES</b>			
		<b>1.037.549</b>	<b>746.340</b>
<b>TOTAL ASSETS</b>			
		<b>77.679.805</b>	<b>58.908.818</b>



# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2019	31 December 2018
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>I. Subscribed capital</b>		25.000	25.000
<b>own shares</b>		-8.500	-8.500
		<b>16.500</b>	<b>16.500</b>
<b>II. Capital reserves</b>		500.000	500.000
<b>III. Profit carried forward/losses carried forward</b>		10.601.537	5.191.165
		<b>11.118.037</b>	<b>5.707.665</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		2.601.013	2.427.069
2. Provisions for taxes		1.296.631	1.122.257
3. Other provisions		14.719.265	15.936.915
		<b>18.616.909</b>	<b>19.486.241</b>
<b>LIABILITIES</b>			
1. Loans and borrowings	6	30.420.000	0
2. Liabilities due to credit institutions		154.244	352.781
3. Liabilities from supplies and services		1.520.149	2.054.716
4. Liabilities due to affiliated enterprises		4.590	4.590
5. Other liabilities	7	14.800.534	31.302.825
		<b>46.899.517</b>	<b>33.714.912</b>
<b>DEFERRED INCOME</b>	8	<b>1.045.342</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77.679.805</b>	<b>58.908.818</b>



# CASH FLOW STATEMENT (UNAUDITED)

All figures in Thousand €	Notes	Q4 19	01-12/2019	01-12/2018
Profit for the period (consolidated net income for the financial year)		371	5.410	6.414
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		653	2.249	1.709
Increase/decrease in provisions		-1.597	-869	-2.420
Other non-cash expenses/income		-78	-211	-220
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		2.972	-4.250	2.042
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		-1.101	2.258	-5.580
Interest expense/interest income		559	1.441	1.249
<b>Cash flows from operating activities</b>		<b>1.779</b>	<b>6.028</b>	<b>3.194</b>
Payments to acquire tangible fixed assets		-1.223	-5.450	-2.586
Interest received		1	6	3
<b>Cash flows from investing activities</b>		<b>-1.222</b>	<b>-5.444</b>	<b>-2.583</b>
Proceeds from borrowings		30.000	30.000	500
Cash repayments of bonds and borrowings		-11.549	-18.449	-896
Interest paid for financial loans and factoring		-62	-816	-1.033
<b>Cash flows from financing activities</b>		<b>18.389</b>	<b>10.736</b>	<b>-1.429</b>
Net change in cash funds		18.946	11.319	-818
Cash funds at the beginning of period		7.978	15.605	16.423
<b>Cash funds at end of period</b>		<b>26.924</b>	<b>26.924</b>	<b>15.605</b>



# NOTES

## General

The group parent company operates under the name TEMPTON Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

Deviations may still arise during the preparation and audit of the consolidated financial statements for 2019 and the underlying individual financial statements. The audited consolidated financial statements for 2019 will be available by 30 April 2020 at the latest.

### Note 1 – Other operating expenses

Include the one-time effect of increased costs due to the issue of the bond (+0,9 Mio. Euro).

### Note 2 – Taxes

The final tax assessment is made within the annual financial statements.

### Note 3 - Intangible assets

Mainly relates to the investment in the development of the myTEMPTON App.

### Note 4 - Tangible assets

Mainly relates to the investment in the modernisation of TEMPTONs headquarter.

### Note 5 - Tangible assets

Mainly relates to the investment in the equipment of TEMPTON's headquarter and its branch network.

### Note 6 – Loans and borrowings

Equals the sum of the bond and the accrued interest.





# NOTES

## Note 7 – Other liabilities

The change results mainly from the repayment of the old financing.

## Note 8 – Deferred income

Income received for services of a major customer order in Q1 20.



## ABOUT TEMPTON

With headquarters in Essen, TEMPTON is one of Germany's leading and fastest-growing HR service providers. We currently operate almost everywhere in Germany with offices in more than 100 locations, regularly employing more than 7,000 motivated members of staff. Offering secure and attractive workplaces to people with vastly different qualifications – from skilled manual worker to highly qualified interim manager – is what motivates us. Our exceptionally positive corporate development is based on highly digitalized processes and innovative product strategies. Today over 10,000 corporate clients in many different industries rely on us to provide them with attractive HR solutions of every kind.





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