

CORPORATE NEWS

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JDC Group AG confirms double-digit growth

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- **Revenues grow by 13% to EUR 95 million in 2018**
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- **Growth due to rapid rise in volume of transactions on JDC platform (30% rise in new contracts, >50% rise in number of managed insurance contracts)**
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- **Two banks with together over 3 million customers to join Jung, DMS & Cie. platform in mid-2019**
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- **Related investments cause short-term reduction in profitability in 2018**
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- **Outlook for 2019: more than EUR 110 million revenues (growth of >15%) from already won platform and outsourcing contracts**
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The JDC Group AG (ISIN DE000A0B9N37) has published its financial figures for 2018.

Organic growth and change

Consolidated revenues increased significantly in 2018, by around 12.5 per cent, to EUR 95.0 million (2017: EUR 84.5 million). In the promising platform business (advisortech segment), revenues increased even more, by 15.5%, to EUR 76.9 million. The advisory segment was able to compensate for a weak third quarter and ended 2018 close to prior-year levels with revenues of EUR 26.3 million.

In preparation of anticipated strong growth in the volume of managed contracts, significant investment was made into IT and the transaction platform in 2018 (prompted in particular by statements of intent in mid-2019 by partners with over 3 million customers). These investment decisions were supported by the acquisition of outsourcing contracts from the banking and insurance industries.

Adjusted for amortisation of acquired client bases and non-recurring costs, operating EBITDA was EUR 3.3 million (2017: EUR 3.9 million). Operating EBIT adjusted in the same manner stood at EUR 1.4 million (2017: EUR 2.0 million). The adjusted non-recurring expenses included a payment

for warranty from the sale of an equity holding from 2013 as well as costs and investments in connection with building the key client and bancassurance business.

“In the past 12 months, we have invested a lot to focus the company on platform and outsourcing transactions. Not only did we successfully onboard the Lufthansa subsidiary Albatros Versicherungsdienste GmbH, we also concluded cooperation agreements or statements of intent with other associated brokers such as BMW subsidiary Bavaria Wirtschaftsagentur GmbH as well as with the first banking partners, such as comdirect Bank AG and Sparda Bank Baden-Württemberg. This means that two banks with together over 3 million customers are set to join the Jung, DMS platform in mid-2019. In RheinLand Versicherungs AG we were able to acquire the first exclusivity organisation at an insurance company as a key client. Even though no transactions were processed for these new key accounts in 2018, the year nevertheless showed a surge in growth. We were able to increase the new business volume by 30% and boost the volume of managed insurance contracts by more than 50%. We currently manage nearly 650,000 more insurance contracts than we did a year ago. This means that in 2018 for the first time our insurance portfolio grew to a net annual contribution of over half a billion euros,” explained JDC Group AG CEO Dr Sebastian Grabmaier.

“In preparation for the expected surge in growth, we invested heavily in internal efficiency and automation projects during 2018 in order to handle the significant growth in volume while maintaining at least the same level of quality without incurring a corresponding increase in costs. This initially generated costs in 2018, while earnings from the new key accounts will only start to contribute in 2019,” added Ralph Konrad, CFO at JDC Group AG. “The success of the efficiency projects and growth in sales will result in an increase in profitability that we envision for the company. This will occur later than we expected, but it will be sustainable due to the long-term nature of cooperation agreements and large volumes.”

Consolidation and inorganic growth

As part of the ongoing consolidation in the brokerage market, JDC recently acquired the Stuttgart-based investment pool KOMM Investment & Anlagenvermittlungs GmbH. With fund holdings of EUR 550 million and approx. 250 affiliated brokers, the pool will profitably bolster the brokerage segment and provide a significant revenue contribution of approx. EUR 5 million.

Release of new broker and white-label platform

Another milestone achieved during the last 12 months was the release of the new broker platform iCRM^{web} as well as the complete white labelling of the Geld.de platform. Both steps allow JDC to offer comdirect Bank AG and Sparda-Bank Baden-Württemberg fully individualised white label platforms for their banking customers. “We are currently seeing considerable interest on the part of all banking groups in our white label platform. It is currently unique in terms of scope and value creation, in particular in the bancassurance segment, and offers a significant advantage over insurtechs,” explains Stefan Bachmann, Chief Digital Officer at JDC Group AG, who is responsible for banking operations. “We will be going live with comdirect and Sparda by mid-2019.”

New major shareholder and outlook

In the Canadian-based Great-West Lifeco, JDC managed to acquire a new major shareholder that will provide the Group with even more stability. With a managed volume of around one trillion euros, Great West is ranked as one of the top 20 insurers worldwide. The investment, amounting to 28 per cent, followed extensive due diligence and at a valuation significantly above the current market value of JDC Group.

The company anticipates sales in 2019 of more than EUR 110 million. A significant improvement in operating EBITDA is expected.

The key financial figures were as follows:

	2018	2017	Delta	Delta
	[TEUR]	[TEUR]	abs.	%
Revenue	95,029	84,475	10,554	12.5
from Advisortech	76,921	66,581	10,340	15.5
from Advisory	26,317	26,658	-341	-1.3
Operating EBITDA	3,310	3,853	-543	-14.1
Operating EBITDA Margin [%]	3.5	4.6		
Operating EBIT	1,402	1,965	-563	-28.7
Operating EBIT Margin [%]	1.5	2.3		
Equity	33,344	28,032	5,312	18.9
Equity Ratio [%]	39.0	37.2		

The complete consolidated financial statement is available at www.jdcgroup.de in the Investor Relations section.

About JDC Group AG

JDC Group AG (ISIN: DE000A0B9N37) stands for modern financial advice and intelligent financial technology for advisors and customers. In the "Advisortech" business unit, via our subsidiary Jung, DMS & Cie., we provide our customers and advisors with modern advisory and administration technology. While many sales and distribution partners perceive the technological transformation as a problem and the young Fintech companies as the new competitors, we perceive the "technology" factor to be a great opportunity. Solutions from the "Advisortech" business unit help advisors, brokers, banks and other intermediaries to take even better care of their customers and generate increased sales in their earnings. In the "Advisory" segment, we procure financial products for private end customers via free advisors using the FinUM Group. With over 16,000 connected sales partners we are one of the market leaders in the German-speaking region.

Disclaimer:

The Directors of JDC Group AG hold a significant participating interest in JDC Group AG and have a self-interest in the nature and content of the information provided in this release.