AIRTIME

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AMADEUS FIRE AG

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FY 2024 Earnings Call Transcripts

Table of Contents

Call Participants

Executives

Robert von Wülfing
CEO & Chairman of the Management Board

Dennis Gerlitzki
COO Personnel Services & Member of the Management Board

Monika Wiederhold
COO Training & Member of the Management Board

Analysts

Andreas Wolf
Warburg Research GmbH

Finn Kemper
Hauck Aufhäuser Investment Banking

Presentation

Operator

Good morning, ladies and gentlemen, and a warm welcome to today's earnings call of the Amadeus Fire AG following the publication of the figures of the financial year 2024. I'm delighted to welcome CEO, Robert von Wülfing; COO, Dennis Gerlitzki; and COO, Monika Wiederhold. The Management Board will speak shortly and guide us through the presentation and the results. [Operator Instructions]

Having said this, Mr. von Wülfing, I directly hand over to you.

Robert von Wülfing
CEO & Chairman of the Management Board

Thank you very much. Welcome, everybody, to this year's financial figures of the full year [2024]. I will guide you through the presentation, as mentioned. And afterwards, all the three of us are available for a Q&A session and to discuss our figures in detail.

Starting with some highlights regarding the environment we are in. We saw in Germany actually quite a long economic stagnation. As pointed out in the headline, it's now a period of already 15 quarters of no growth of the GDP in Germany. That development started, as shown here by our former or still Minister Robert Habeck, in the middle of 2021 and is continuing. And it seems to continue also at least throughout the first quarter of 2025.

Last year, we saw a recession. We saw a decline of GDP of 0.4%. And this resulted following the prior years 2022 and 2023 already in a bumpy environment in Germany and a very clouded business climate and the negative sentiment throughout the management levels we see in Germany. And that developed has worsened throughout the year 2024 with the lowest level actually in the fourth quarter.

This pessimistic view we saw resulted then in quite a reluctance to invest by corporations, a lot of delayed decisions and basically for B2B service companies in a slowdown in the day-to-day business. That was accompanied also by increasing unemployment rate in Germany, which rose to 6.4% or three million people unemployed, which we haven't seen for some years in Germany, actually, if you take out the pandemic situation.

Having that picture in 2024, let's point out some highlights. I want to guide you through the following slides. In 2024, for the first time, we experienced for a very long time stagnation in our Personnel Services segment, resulting in the end in declining earnings. Nevertheless, we once again achieved quite high operating margins, above market average. That resulted in our operating results for the Amadeus Fire Group in 2024 of nearly 13%, 12.7% exactly, which is, compared to our peer group, a very high level of profitability. Even in good times for Amadeus Fire, we are not used to that margins. We are used to higher margins I have to state, clearly.

Earnings per share developed from EUR 7.12 per share to EUR 6.01. And we want to stick to our current dividend policy of 2/3 of earnings payout ratio, which will result in the proposal to the AGM of EUR 4.03 dividend per share. Equity ratio increased throughout the year 2024 also. Very good news for us: Monika Wiederhold joined the team in fourth quarter last year [2024]. A very important step for us that we are back as a good team here at the Management Board. The three of us develop the Amadeus Fire Group further to strengthen the Training segment with Monika.

Well, now I have to announce something regarding myself. Just yesterday, I extended my contract for another five years beginning next year till end of 2030. So I'm very much looking forward to be part of the Amadeus Fire Group now for another at least, what is it, almost six years. Very delighted to do so. Especially in stormy conditions, I think the situation to have a good team in place in that situation and with all the opportunities ahead is a good news. At least I feel delighted to be part of it.

Said so about the opportunities we have, I clearly have to state that we will see another challenging year in 2025 for us as Amadeus Fire Group in that conditions we are currently in. The long-term development is a case of steady and stable growth, organic growth, developing our organisation, improved with some acquisitions on top we did. And we see that picture to continue mid and long term to use that market potentials we further see in Germany.

Regarding our earnings development or operating EBITA development, after a long period of growth, we saw a decline in margin this year. And also in result, as what I said, the sentiment was not favorable for staffing and also some news in Training, which were not in favor in second half-year. So after two years of growth in a recessive environment, which clearly indicates that the scarcity of qualifications in the tight labour market is, from our point of view, still the most driving factor for our business. We are in this long-lasting cycle and the negative sentiment we increasingly were in, in 2024. We are still in second place, exposed to that cyclical development and saw the decrease in our results.

Brief view on the cash flow from operating activities and free cash flow. We delivered traditionally on a very high level throughout all the years with a significant step-up 2020 to 2021 due to a strong development in staffing and the new business in Training. We had an one-off in terms of income taxes paid in 2024. That increased by EUR 12.7 million to EUR 26.7 million. And this is, let's say, positive working capital management of the past years. Government did not claim taxes for quite some time. And now they were due, so we had that outflow in 2024, showing that one-off impact.

And one other effect in working capital we saw is a positive development from trade receivables and payables of EUR 5.5 million and a countering effect in other liabilities, which was mainly also in accrued amounts for remuneration, especially also for the Management Board long-term incentive plan due to the current development that liabilities decreased and also for some options we have for minority shareholders throughout our Group.

Robert von Wülfing
CEO & Chairman of the Management Board

Of all quarters, the fourth quarter was the weakest. We saw a decline in macro figures. We saw also some clear statements throughout our sectors and peer group stating about that effect they saw in the fourth quarter like we did. For us, from October to November was a point in time where we saw our business on a new lower level. The start of the fourth quarter was quite comparable to the third quarter situation, but then it declined in November and December. Why is that? You can read some here, but I would like to state that in talking you through the segments in more detail.

For the full year 2024, in the big picture, we saw a stable development in sales. And overall, we kept our cost of running a profitable business with double-digit operating margins. Nevertheless, due to the development in the second half-year, our targets we set ourselves beginning of the year in the Training segment were not fully met, almost met but not fully met.

But the main topic last year was actually the situation we saw in our staffing segment, that the behavior of corporations and also clients were that the activities, our sales organisation, our consultants showed we are not converting as usual in placements for several reasons along the chain of placement process, either in temporary staffing or permanent placements. In the end, our operating EBITA was mainly affected by the pressure we saw on staffing gross profit.

We countered that development by cautiously declining our sales organisation in staffing, not replacing vacancies, very closely monitoring performance levels of every individual team. And if there was a change, we did not replace. So the number of overall fee earners, how it's often called in our industry, declined year-on-year by around 9%. But that was not fully countering the decrease we saw from performance on a gross profit level.

On the other hand, we are in the middle of a digital transformation outside in the markets we are operating in but also in response and to be well future-ready within the Amadeus Fire Group, and this ended up in around EUR six million increase in operating expenses for IT technology and some related personnel costs and future projects. We started to use technology in both segments significantly.

This is how the results 2024 were spread over the segment's revenue and gross profit and the development throughout the year. What you can well realise here, that in our staffing segment, we are, well, very strong positioned not only in temporary staffing but also in permanent placement in the meantime, and the share of Training is increasing.

One statement on our dependency on industries or single corporate customers in B2B business. This is just B2B. You may realise that our regional activities throughout Germany are spread over all sectors. No single sector is above ten percent of the overall share. And also, our top ten customers in 2024, which by the way normally change every year because this is most of the times driven by some projects of corporations, represent just five percent. So a large customer base unchanged for the Amadeus Fire Group in B2B business.

Let's dive a little deeper in our segments. One first view on the three services which is temporary staffing, permanent placement and interim and project management. The development through the quarters, shown here as growth on prior year quarter for the past eight quarters, you may realise that in 2023, there was still dynamic development, especially in permanent placement, a flattened development in temporary staffing and some momentum at the end of the year, especially in interim management. That, through the year 2024, changed and declining situation in temporary staffing and permanent placement and following a very nice growth, a slowdown of growth in interim management also the second half-year.

Also here, minus 70, minus 20, 0, the lower level of permanent placement in fourth quarter clearly pointed out. Why is that? In the end, I would say that the behavior of corporations regarding the hiring of personnel, first, the overall demand; but secondly, if there is demand, how do they really convert that in placement, that developed negatively level of demand and conversion. Also, candidate's behavior. A conversion is, in the end, depending on the client but also on the candidate. Candidates tend to stick more to the current job to choose the secure opportunity, well, opportunity to stay with their employers and not to take the next step in the current situation.

Overall, the shortage of qualification and skilled people remains a factor also for both services. This is also something we have to state. There are still some processes where the challenge is to find the right candidate. The new situation is, in the meantime, that corporates asked more for the perfect candidate and not for the acceptable candidate, which was a situation more over the past years.

Interim project management in an environment of change: that service is quite robust. And this is what we saw also throughout the past year, and were able to nicely grow that business.

Fourth quarter, this is the picture I guess I already painted. A decline in net fees of 19%. This is a significant number and a number we haven't seen for some time in the past. And this decline in gross profit of almost EUR 7 million, we could not cope in the result, which declined by EUR 5 million also in the fourth quarter.

Robert von Wülfing
CEO & Chairman of the Management Board

Well, I just said that the sales organisation, as mentioned, was adjusted by nine percent year-on-year. So the result could well hold against to some extent but not to the full impact we saw in gross profit.

For the full year, this is what I mentioned for the Group but also for staffing. To point that out clearly, a 13% margin in the staffing industry is a very good margin. In that environment we are in, even better. Amadeus Fire is used to achieve even higher margins. So for us, this is clearly the task for the upcoming years to regain brand, to improve productivity or conversion of the demand we are working on to get back to the margin levels we are used to. But in the middle of talking about difficult situation, difficult environment, clients' behavior, which is difficult to place in the end our candidates and our employees, we are still very profitable and high-margin staffing business in that environment we are facing.

Talking about Training. This is more to reread the different markets we are operating in and the exposure of the different markets to cycle. And on the next slide, you will find some information how our business is currently set up if you make up the little metrics showing the skill portfolios we are offering and the different markets we are operating in and the different brands we are holding within our Group, within Monika's responsibility. And there's quite a white spot, as you can see.

So in the end when we talk about also inorganic growth opportunities and development, M&A targets, this white spot in the broad field of commercial qualifications and IT qualifications and generally skills you require in headquarter structures, which is also maybe leadership or like project management, governance compliance topics, this is where we are focusing on to develop a broader B2B offering by acquiring companies or by founding businesses ourselves. Monika just started, but she is indeed already in that field of, well, exploring that white fields or green fields for us here in the B2B business and also to use our very good B2B capability and access to HR departments and corporations we already have.

Looking into the business itself in fourth quarter. Well, the picture of first three quarters was a little bit different. We saw growth. In fourth quarter, we saw a decline. First, to some extent, that was expected. The calendar 2024 – well, I don't know the English word for Schaltjahr, but that additional day in February, moved the Christmas days and all that in December in a way that the Training calendar ended much earlier. So it was less time available. And therefore, year-on-year comparable was naturally weaker that we foresaw.

Nevertheless, we had some developments, which we did not anticipate beginning of the year. One was the change in late spring last year, and the terms and conditions, how we are allowed to offer through the public search engine, which slowed down that channel. So the number of offers were limited. And COMCAVE as a company, especially offering a very broad range of training classes and courses at a high number of locations in Germany was impacted, as some other players were, by that change in terms and conditions. We discussed that throughout the second half-year last year already.

The impact was higher than anticipated in the beginning when we saw the change, which slowed down third and fourth quarter. And in the last quarter, we also saw, first, the discussions around the – well, what's called the public budget for 2025, which delivers some uncertainty for the payers, employment agencies and others to publish the training vouchers needed to do funded training. And then we saw the breakdown of the Ampel-coalition in Germany, which also added some uncertainty, which slowed down fourth quarter. As you know, situation is clearing up, but that impacted some months from the beginning of that budget discussions and the end of the German government.

On the other hand, we also have, like in staffing, but especially also in Training, some expenditure on technology, on information technology, including technology in the way we are delivering our Training formats. Very interesting market, actually. Very interesting environment. Training – or how training is done is in a deep change process. No matter if you train grown-ups or children, academic or on-the-job, it is more digital. It is more technical supported. Different tools, different deductive concepts are needed. And here, we are in the middle of a changing environment, which actually is also that, on the one hand, it's a challenge. On the other hand, it's great to be part of it and to deliver Training on the next level in the end to our participants.

For the full year, we saw revenue growth, and in the end, a stable earnings development. All three major brands saw an increase in sales, led by GFN, followed by COMCAVE and the Tax College Dr. Endriss. The same growth rate we have not seen in results first in the gross margin, it's almost parallel development here, expenditure for lectures and a couple of things increased significantly throughout the year.

We have a kind of a wage inflation also in that field on the one hand. And on the other hand, going out of the first half-year, our sales organisations were well set up for a higher number of participants than in the end came through. And this is not to be adopted within a few months. So the utilisation, let's say, of the overall Training organisation was at a lower level in the second half-year.

Following that statement on the two segments, some on the dividend policy, unchanged. So what we propose now for the AGM in May this year is the payout ratio of 2/3 of our earnings per share, which is EUR 4.03 per share. Well, we like to be, well, foreseeable in what we do.

I just said following that statement that we stay with the policy, paying out EUR 4.03 if the AGM approves.

Capital allocation for us is something we are very closely monitoring. I mentioned already our targets to grow in Training also via acquisitions. And this is first priority for us. And I would say we are funded to do so. Dividend policy, the current one I just mentioned. But dividend policy, which changed over the years but should be reliable, is the second part. And the third part, which for the first time we did end of 2023 but consistently is monitored, is also a share buyback programme, which we have done once, haven't done in the meantime. But this is something we also monitor closely, consistently.

So after we had a look on 2024, some statements on how we feel to be positioned in general and then to give some statements on the outlook. First of all from our point of view, what are the value drivers for the Amadeus Fire business model? Well, we do see a lot of competitive pressure in our markets, but that always means that you can gain market shares. And we are in both markets in a strictly regulated market in Germany.

The fact that we have limited human resources or scarcity of personnel is still the case and will stay a critical success factor in a growth scenario more than a declining scenario, obviously. But the issue of this scarcity is valid already for some years. And what we see now is the beginning of a demographic development because the baby boomers, how we call them, just start to retire. And this is a net outflow of German labour market of around 0.5 million people a year for the upcoming decade. So this will accelerate the pressure from scarcity of personnel.

In Training segment, and here, funded training is a very important pillar of the overall business. All parties -- and well, this is already stated back again in the sounding paper before the negotiation started between Christian and Social Democratic Party, that training is the most important instrument to counter unemployment and to prepare people to reenter the labour market. So we see a nice opportunity there, especially because qualifications will change the next decade a lot from our point of view. So the willingness to invest in either recruitment or training to find or retain personnel by corporations and also by the government should be high.

There's a competitive pressure, but on a national scale, the market entry barriers in the specialised areas are also high. We answer that drivers with our unique portfolio of combining training and staffing and doing it even more in the next years to interlink that services or segments. We do have excellent market perception, which when it's about people, perception is key. We gained market leadership in a lot of niches we are operating in, which gives us a very strong position. Our best assets are our employees. And also within our temporary employees, the highest retention rate we have in the market indicates the quality of our personnel.

That results in some strategic statements in the next slide. For us, base is to make it short and clear. For us, reputation derives from, first, excellence in what we do; and second, from speed, how we do that. And here is the first focus. It's a long-lasting relationship we are establishing with every, well, stakeholder we are operating with. But stakeholder is the wrong word because they are people.

So with any individual person we are in touch throughout the professional life, we want to establish a lifelong partnership, no matter whether it's a representative of the clients participate in our training or a candidate we, in the end, employ or find a new job for. And this results in a steady expansion, organic and inorganic, and in achieving, let's say, back again probably also in 2024, the highest operating margins in the industry.

Next. Now some statements on the outlook 2025. In the beginning, I said, well, it's very interesting and the market is full of opportunities ahead. Nevertheless, 2025 from our point of view will be another challenging year. And this is also reflected in our outlook. Well, last year, we saw, as I mentioned, a steady decline in the environment we were operating in. We saw the weakest months in November and December, and we haven't seen an improvement based on these two months beginning of the year. Well, and also probably a little bit learning from last year, our assumption is that we will not see any significant improvement throughout the year 2025. So the outlook is based on that assumption.

Yes, I do know there are these funds accepted now in Germany. Some investments, public investments to be expected. The Business Climate Index is improving. Yesterday was the information that there was the next month of improvement. But for us, this is no clear indicator so far. And also from our clients, we do not get the feedback that we have a real change in the underlying sentiment of pessimism in Germany so far.

So we are here in a cautious assumption environment for 2025, which results that we do foresee revenue of, well, in average, slightly above EUR 400 million and an average operating result of EUR 40 million. That will deliver some more pressure on our operating margins. You saw the margins in fourth quarter. We did investments in technology last year. So they peaked, but they will not decline in 2025 because we are in the middle of some large projects, which will continue. It will be fully new applications, either for staffing and for Training. We have to do a lot around data to use data appropriately and so on and so forth. So no relief here from that side. Nevertheless, as you can imagine, we are very closely monitoring every euro we spend. We have already extensive programmes in place to achieve cost savings and to – well, not only to save but also to improve our top line and to start some initiatives on top of what we budgeted so far, which, in the end, should lead to a still acceptable level of earnings. But the overall assumption is giving the pressure on staffing gross profit and also on opportunities in Training.

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In detail, the outlook also published in the annual report, which you can find on our home page since yesterday evening, and with additional explanations here shows the development we foresee in revenue that we have another step back with the given assumptions in both – in Personnel Services to a larger extent and a slight growth in Training and the operating results also with a cautious outlook to decline from 55% to 40%. I do know, it’s a significant decrease of 28% to a margin of then calculated ten percent on average throughout those segments, more decrease from staffing but slight decrease also in Training.

So this is the, well, challenging picture we see in 2025. And just let me do some closing remarks. I do think that Amadeus Fire as a Group is, well, I would say, excellently positioned to gain from an improving situation. For us, currently, we are not able to foresee when this improving situation is to be expected. So we decided to not expect it in 2025. The development in detail, we will see. We will operate cautiously on the one hand side. On the other hand side, we will, in both segments, keep our organisations in shape and in performance and ready to react on improving sentiment.

In Training, I think it's the more easy picture in that regard because the outlook in B2G, Business to Government, is not that dependent on a turn in the cycle. More the other hand around. So here, the additional unemployed we might foresee from the industrial sector is an opportunity. But in first place, cautious planning, keep on investing in our future opportunities. Technology will drive a change in both our sectors. Combining the both sectors by Amadeus Fire will generate additional opportunities.

And well, this is the positive closing and outlook mid and long term, which the three of us are very delighted to be part of that process and to develop the company further the next years and to manoeuver the current situation, best to then start picking up our business in a less cloudy weather.

I do hope that, well, it was understandable after this break in lines we had. But now happy to answer your questions.

Question & Answer

Operator

[Operator Instructions] So we already received a hand from Andreas Wolf.

Q Andreas Wolf
Warburg Research GmbH

Congratulations on the contract extension, Robert. So the first question also goes to you. On the outlook for 2025, in the press release at least, there was a lower number of employees that was emphasized. Does this include any active measures? Or is there still the attrition that will mainly be driving this development, i.e., are you still keeping the organisation intact to prepare for an improvement in the market or to be prepared for the improvement in the market?

And the second goes to Monika Wiederhold. So my question is on KURSNET. Could you provide insights on the measures that were implemented as a reaction to the changes that were made on the platform? And would you see an improvement of the COMCAVE business going forward?

And then also related to the Training education business. That's my third question. Is Amadeus or COMCAVE and GFN able to compensate for the increasing electoral fees, i.e., are there higher reimbursement from the public authorities?

And then the last question is for Dennis Gerlitzki. Given the temp decline that we've seen in the business, does this reflect overcapacity on the client side? Or is it basically related to permanent shrinkage of the client businesses that lead to lower demand? And then as AI is a big buzzword right now, are you in a position to use AI to find and match candidates? Is it something that would be supportive for your business?

A Robert von Wülfing
CEO & Chairman of the Management Board

Okay. Thanks, Andreas. And first, thanks for your initial words. Regarding the number of our employees, as I said, cautious manoeuvering throughout the year. That means that we, well, reflect every position we have to keep the organisations in place and the ability to participate from improving environment, first. Second, we are very profitable. So for me, no need to fundamentally restructure because that would wipe out future opportunities.

We have a motivated team in place and we have a very good and very performance-led culture at Amadeus Fire. And this, in general, we keep in place. That does not mean that every single employee will be on board next year. And you always have fluctuation. And if we have that, we will reflect whether we have to replace or not or whether we can solve the task in a different way. And we always reflect on our organisation's efficiency. And we use technology to improve processes, to improve the way we do our business. And this leads also that in some teams, you maybe need less resources. And this is professionally managed at Amadeus Fire in the past and will also be professionally managed in 2025. I hope that answers your question

A **Monika Wiederhold**
COO Training & Member of the Management Board

Andreas, thank you for your question on KURSNET and asking for measures installed. So of course, there had been reactions already last year when the situation occurred. And the full catalogue of measures, but maybe two of them to highlight. First of all, of course, there is a portfolio optimisation to really make sure that we match the existing situation with the best and most probably portfolio we can offer. And second, of course, there is a full lead generation programme to see how we can improve our lead generation and conversion part. And of course, that is one of the main issues in COMCAVE, and there is a full catalogue installed.

So we can see improvements. However, and Robert mentioned it in his presentation, they have also seen another factor kicking in, which was the unsecurity in the public funding area, where we had hesitant approvals from the agencies. This is stabilising now and our outlook is very optimistic here.
Then on COMCAVE and GFN both, you asked for the compensation of increasing lecturing fees. Again, that is an issue that is affecting all training suppliers, where, I would say, two measures are in place. One is provisionalising the management process of the lecture management but also looking into in-sourcing lectures, especially in the B2G sector. And of course, we are looking into technological possibilities to have both options and supporting also technological content.

So last, but not least, are the high reimbursements from the public sector. You know the mechanisms. Of course, this will be recertified and reviewed on a regular base. But again, of course, we are reacting mainly through in-house measures to be able to steer the developments. And I think the last question was for you, Dennis.

A **Dennis Gerlitzki**
COO Personnel Services & Member of Management Board

Yes. Thanks, Andreas. You mentioned, as you said, the AI buzzword. Yes, as Robert mentioned before, we are investing in technology and transformation. And so far, we are not using AI in our own systems to match candidates with clients. But for sure, we use the tools like XING and LinkedIn, which also have new features for matching the candidates within their databases where we have the licenses and use it very heavily for our recruiting.

A

Robert von Wülfing
CEO & Chairman of the Management Board

Just to add on your answer, the matching we do within our system, well, this is something which is developed for many, many, many years. And the profiling, et cetera, is, I would say, highly sophisticated.

But right, for me, it's very easy. The whole world is talking about using AI. But the real usage is something which, well, in the end, also we are working on that you use full data to find gaps, to find similarities and to be faster and more proactive, not only matching, but in a lot of fields of our businesses, very important for Training, very important for staffing and very important also in combining both and driving customer satisfaction.

So this is why we are investing in that technology topic so much. And I don't want to call it just in AI because it's the full picture, the full infrastructure, architecture, data usage and then technology on that usage you have to have in place. Sorry for adding that, but the dependency on that one single buzzword, Andreas, for me, it is very important also in portfolio, for example, in offerings and training as a skill also requested by our customers in staffing. And that's a technology used by us, but it's part of the story only.

Q

Andreas Wolf
Warburg Research GmbH

Great. And then, Dennis, on the very last question on the temp decline, is it mainly overcapacity on the client side? Or what's behind actually?

A

Dennis Gerlitzki
COO Personnel Services & Member of Management Board

Yes. It's decreasing demand at the moment, which we also see might be overcapacity. And it's due to the fact that our cooperation -- our customers are not very, say, confident about their future situation. So it's a very tense situation at the moment.

Operator

Okay. Then we will move on with the questions from Finn Kemper.

Q **Finn Kemper**
Hauck Aufhäuser Investment Banking

Thanks for the detailed presentation. So I have two brief questions. One is that you've demonstrated quite stable gross margins also despite the rising wage inflation. So can you walk us through how pricing discipline is maintained across the client segments and how sensitive demand is to your rate adjustments in this current macro backdrop?

And secondly, looking ahead, the calendar impact becomes increasingly supportive. I mean there's a notable increase in working days into 2026 and 2027. So with near-term hiring demand still subdued, how should we think about the incremental margin contribution from this, let's call it, a tailwind assuming a stable utilisation environment? So could this working day dynamic maybe help offset some softer volume trends and provide some sort of a P&L resilience? I mean it would be great if you could shed some light on this.

A **Robert von Wülfing**
CEO & Chairman of the Management Board

If I take the questions. First, well, pricing, we do not feel actually too much pressure on pricing. There is some, but in the end, it starts with permanent placement if a candidate and a client agree on our employment contract and the contract is signed. The acceptance of the terms and conditions we have, which is 30% of the annual package agreed as a placement fee, is well accepted in the market. It's a question of volume and conversion but not of actually pricing.

Wage inflation is value growth for us because as we are related to the annual package negotiated, the fee is higher if there is underlying wage inflation, which we still saw last year. And at a more limited level, we expect there to be wage inflation also this year, not inflating like the past years, although some unions' requests currently feel different and some news read in the newspapers. But I do think that there is, from corporations, a lot of pressure on prices.

In temporary staffing, it is, well, not the same but comparable. We calculate our hourly charge rate based on the monthly salary, we do pay our temp employees. Still, it is the case that we only can recruit a temp employee if we pay a decent price in terms of monthly salary, and then we pass it throughout the hourly charge rate to our customers.

Is there no pressure? No. But is there significant pressure on prices? No, because currently, if a client requests a temp, there is a relevant need. And then you try to find the right person and the right skills, and secondly, the best price.

In Training, the pricing situation, well, is basically fixed. As Monika already said, to a large part is the funded training and it's not easy to foresee how that prices will change the upcoming one or two years. Normally, there's a slight inflation or increase in prices. But we don't have any information on how that development will be in short term.

Some pressure on B2B trainings, I would say, because this is early cycle business and the training budgets of a lot of corporations are decreasing. So we see some pressure here in our smallest part of the business. B2C, back again, very stable. It's a long-term decision, for example, to become a tax adviser. And you try to do it best and not the cheapest. First question.

Second question is regarding the chargeable days. Well, unfortunately, no impact this year, as you mentioned. But the next two years, we have a higher level of chargeable days. And well, yes, this is supporting bottom line. There are more days to train. There are more days to charge temp. It's not really impacting permanent placement. But all other services, including interim management, there are more days here where you can charge your customers by the hours delivered.

And these are normally longer in personnel staffing services. These are longer-lasting assignments. And if there are more days in 6 months, 12 months, 18 months assignment, you will charge more hours. And you can calculate it: sales divided by days. Very easy because it's falling through. So these additional hours are falling through operational results, pretax.

Q

Operator

So then we will move on to our chat box. I guess we already covered it a bit. So he wants to -- or he asked, can you give us more granularity on the technology investments for every segment? What are you investing in? And what amount should we expect in terms of CapEx?

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Robert von Wülfing
CEO & Chairman of the Management Board

Very much in detail. Well, as I said, the increase was around EUR six million in 2024 OpEx. Not that much in CapEx. We are not that CapEx-intense. This is already answering the second part of the question. Amadeus Fire business, Training and staffing is asset light. So for us, the picture of OpEx combined with depreciation from CapEx is the picture we take.

Because of the transition project, I already mentioned new CRM, ERP system for staffing -- new ERP, CRM system for Training. Big data projects, use technology on data projects. The whole infrastructure, cloudification, et cetera, we set and have in place, large extent, Microsoft partnership we are in or we entered and still having some old systems running because all the transition projects I described have to be completed before we can turn off everything we used before, not everything, but a couple of things, is ending in a plateauing situation. And the plateau is actually 2024, 2025 and 2026.

The decision to enter that path was taken in 2022. So we are well in plan, and we are well advanced on a lot of things, but it is still impacting also the 2026 business. Related to our future growth, related to probably sales or gross profit figures and also in absolute terms, that plateau should deliver additional opportunities, let's put it that way, the following years that we will see, at least related to the overall business, decreasing portion of technology expenditure.

Q Operator

Okay. So then we have two questions from Klaus Schilling. The first one is, looking at your guidance for this year and having been following your communication style, is it fair to say that your full year 2025 corporate guidance is more on the bearish side?

A Robert von Wülfing
CEO & Chairman of the Management Board

Nice question, [Klaus]. I explained the assumption that the environment in 2025 will not change positively. I think that is the bearish part. If this is the case, then it's the outlook, if it differs opportunities.

Q Operator

All right, and Klaus has a second question. Can you give a bit more colour on cost-cutting measures within the AAD Group? And in what dimension they will occur?

A Robert von Wülfing
CEO & Chairman of the Management Board

Thanks, [Klaus], for the second very interesting question. This is not that easy to answer because a lot of measures are already planned and budgeted, anticipated already last year. Some additional will follow. If you look at the full SG&A portfolio, you will realise that we decreased already Dennis organisation last year. I said 9% year-on-year. That decrease took part mostly in second half-year. And step by step, we are continuing that by cautiously monitoring fluctuation. And that delivers a high volume of savings actually.

Also in our IT investments I was talking about, we will not be below 2024 year's level, but we will cautiously monitor that the step-up will not be too high and lower as initially planned. The cost saving programme I mentioned, we try to identify positions, which do deliver some savings in 2025 and do not impact our top line business in a similar way, is also a seven-digit number. So some million and so on and so forth.

It's a large-scale project we are looking in. But actually, I don't want now to expose in detailed figures because in the end, it's also a mixture of top line development and how we execute the measures we prepared depending on the development of the business because in the end, what I said is most important that we have motivated and intact organisation in place to regain from opportunities given the bearish outlook 2025, but I'm not bearish for the upcoming years.

Q Operator

And the last question: What is your relevant market share in the temporary staffing sector? And how has it developed over the past year?

A Robert von Wülfing
CEO & Chairman of the Management Board

In accounting, we measure it. And it's hard to get the detailed figures, 16% to 18%, clear market leader. In the rest of the commercial fields, it should be clearly below five percent depending on the definition, let's say, between three percent and four percent. That's the market share. The overall market in temporary staffing, just to give you an idea of the development in Germany, exceeded before the pandemic one million employees in temporary staffing. And it's probably now below 600,000. This is not a 2024 development only. This is ongoing development now for some time.

Operator

Thank you for answering. In the meantime, we have received no further questions. We therefore come to the end of today's earnings call. Thank you, ladies and gentlemen, for participating and showing interest in the Amadeus Fire Group. Should further questions arise at a later time, please feel free to contact Investor Relations. Also a big thank you to you, Mr. von Wülfing and Mr. Gerlitzki and Ms. Wiederhold, for your time today, for the presentation and the time you took to answer all those questions. So from my side, I wish you all a lovely day. Mr. von Wülfing, I guess the final word belongs to you. So they will conclude our call for today.

Robert von Wülfing
CEO & Chairman of the Management Board

Just thank you very much for being interested in our company. And for all of us, better-than-expected 2025. This is what we are, well, a little bit hoping for. And then we will see a nice development in the upcoming years. Thanks. Thank you.

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