

Nemetschek Group

# Second Quarter | Half Year 2019 Earnings Call

26 July 2019 | Patrik Heider, Spokesman & CFO

# Key Business Highlights H1 2019: Excellent Basis for Achieving Targets in FY 2019



## Strong Performance Continued in H1 2019



Revenues:  
**+23.9% to € 267.7m**



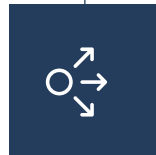
EBITDA margin:  
**28.6%**  
IFRS 16 adjusted: **25.9%**



**+35.3%**  
Recurring revenues  
**+136.7%**  
Subscription/SaaS revenues



**+30.2%**  
Revenues abroad



Share split:  
**End of June**



High cash conversion  
**90.4%**

## M&A / Sale Successes



**Brand-level acquisitions:  
Manage Division**

Axxerion by MCS, renamed afterwards in Spacewell



**Media & Entertainment Division**

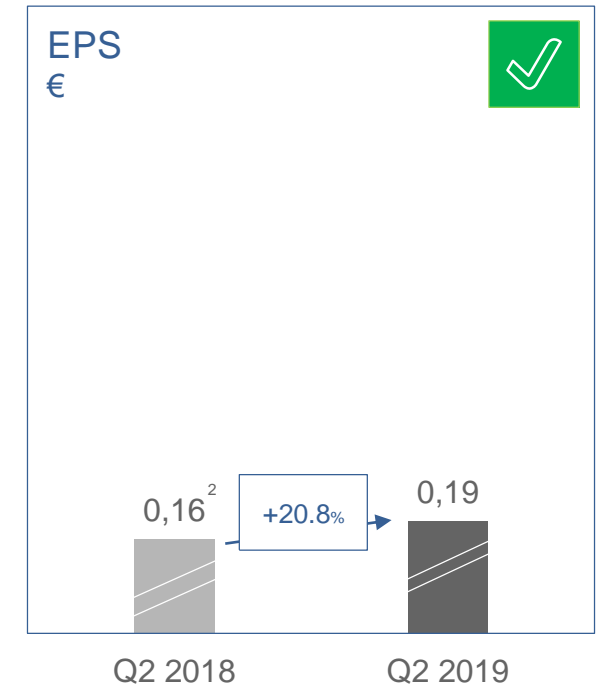
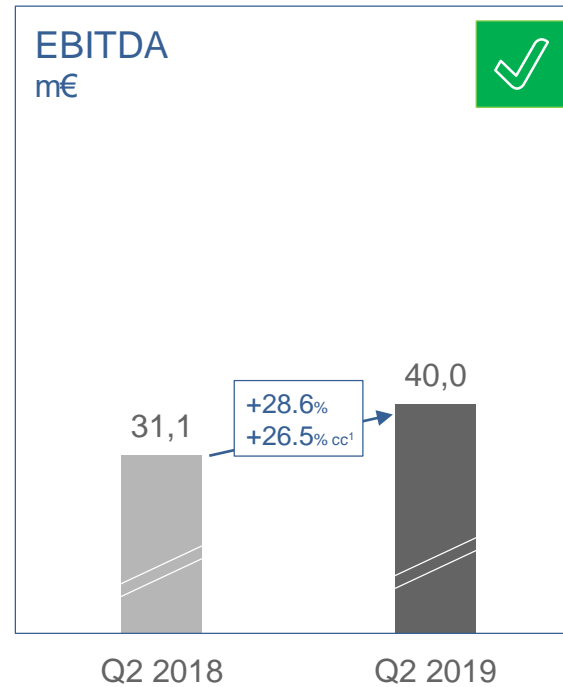
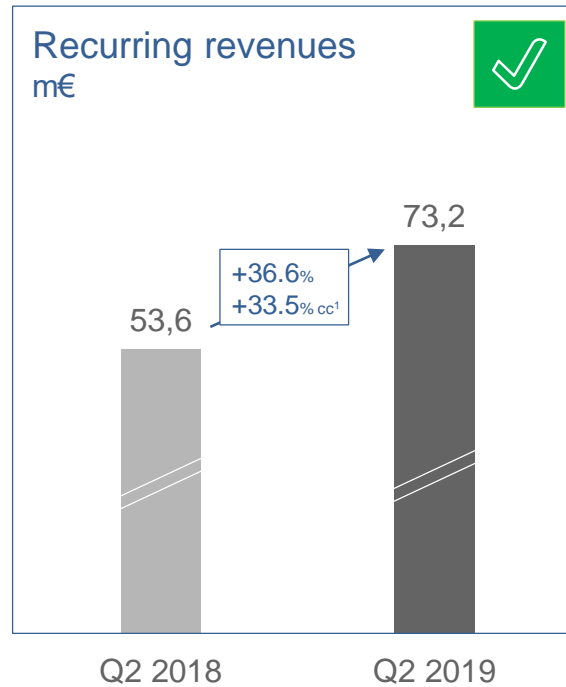
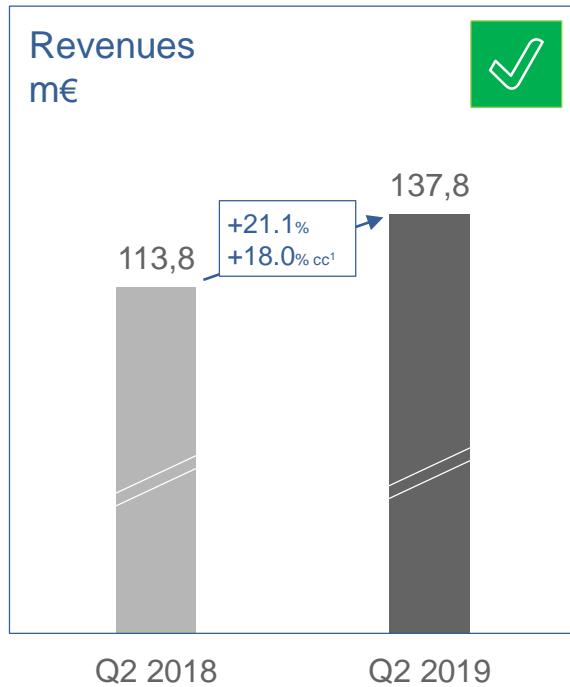
Redshift by Maxon



**Sale of minority interest:**

Value-generating sale of DocuWare with a strong positive one-time effect on EPS in Q3

# Top Key Figures Q2 2019: Strong Growth of >20% Continued with High Operating Margin of 29%



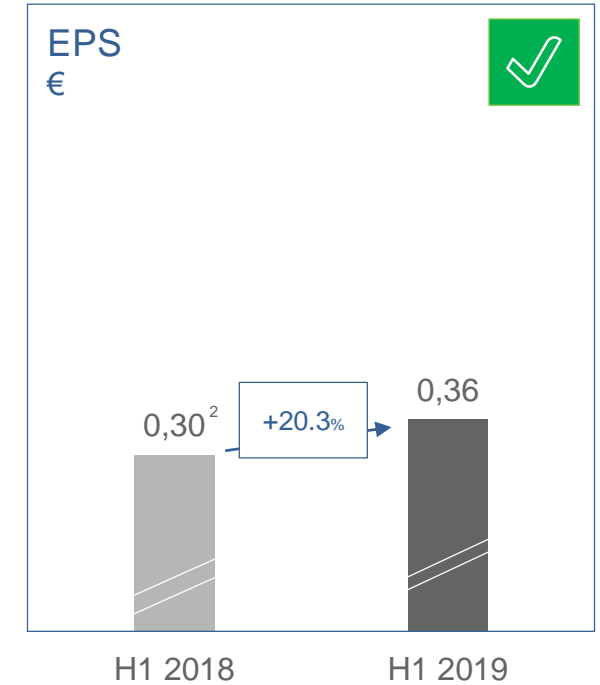
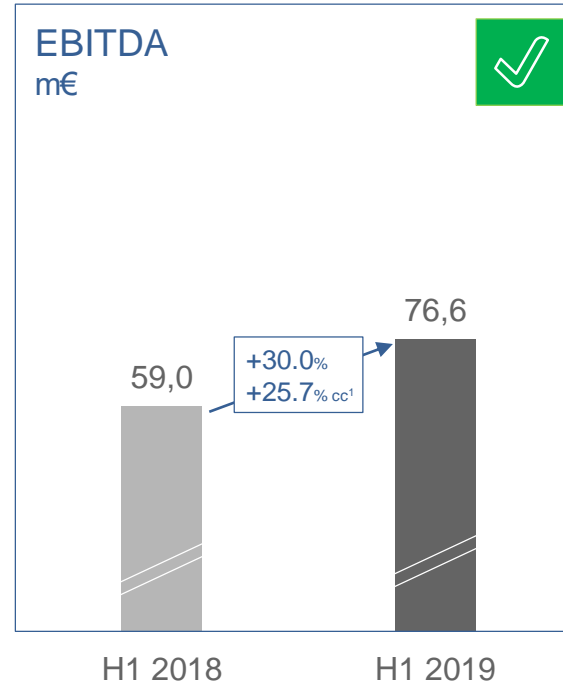
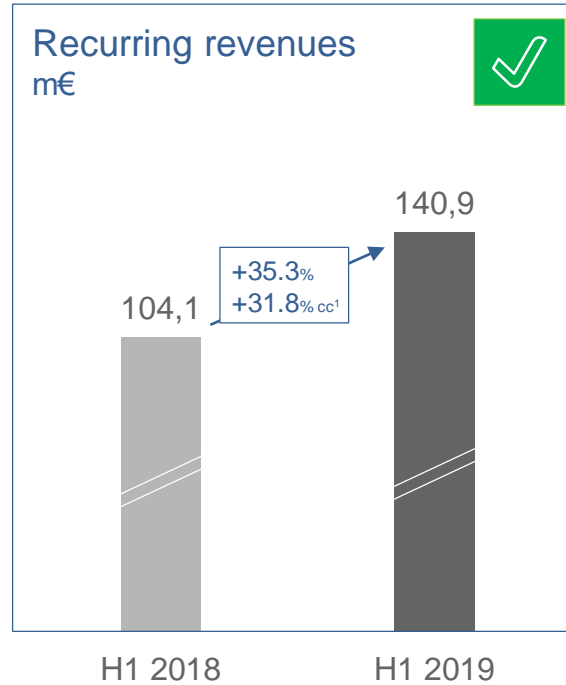
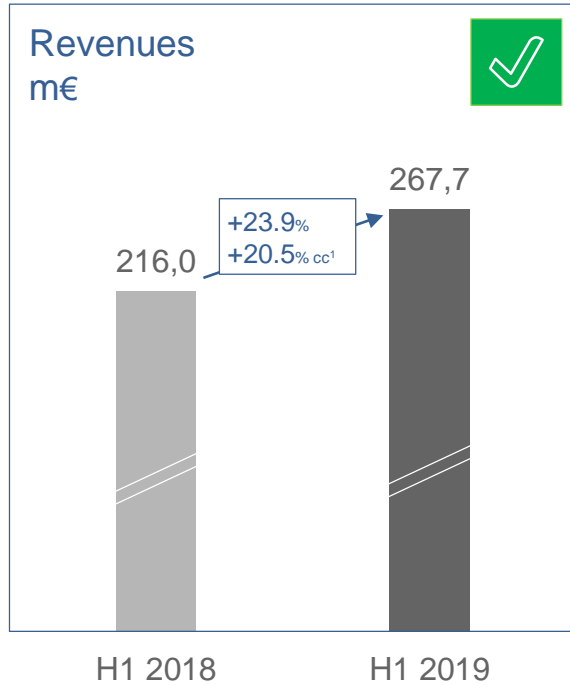
- Continued double-digit growth with strong organic growth of +14.9% (+11.9% cc<sup>1</sup>)
- Currency tailwind (in Q2: € 3.4m)

- Accelerated growth with high organic growth: +28.5% (+25.5% cc<sup>1</sup>)
- Strong increase in subscription +147.6%

- High EBITDA margin: 29.0% (previous year: 27.3%) influenced by IFRS 16
- Adjusted IFRS 16 margin: 26.3% while investing in future growth and lower margin in Manage segment

- Tax rate with 25.6% below previous year (27.1%)

# Top Key Figures H1 2019: On the Way to Another Record Year



Strong double-digit growth with organic growth of +17.9% (+14.5% cc¹)  
Currency tailwind (in H1: € 7.5m) will come down in Q3 + Q4

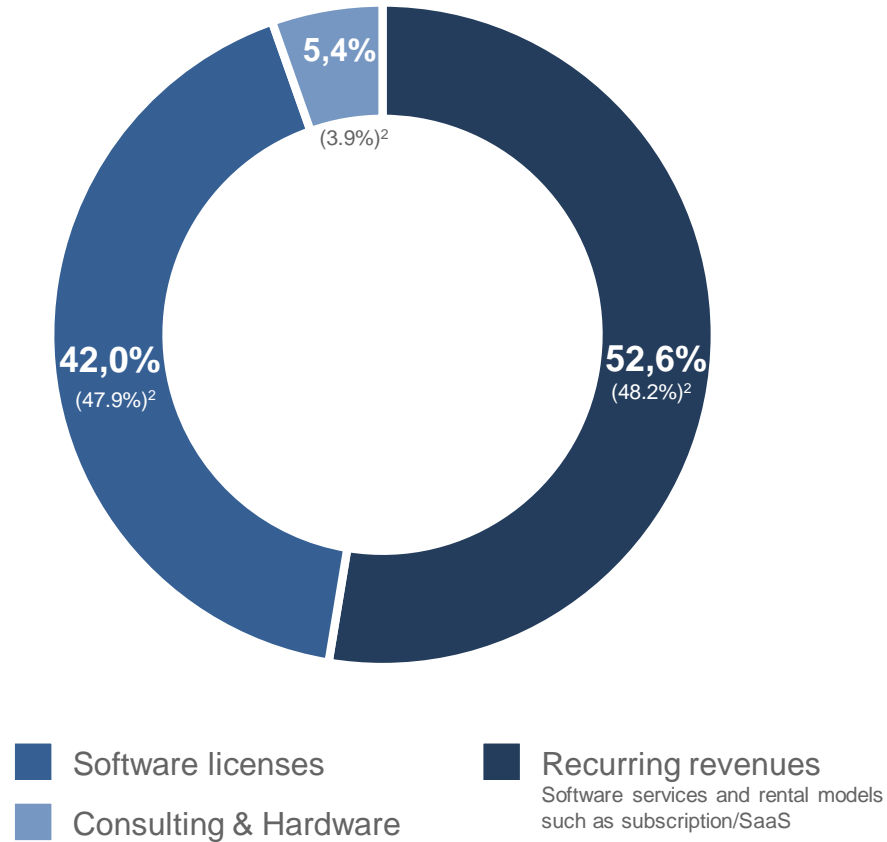
Accelerated growth with high organic growth in H1: +27.6% (+24.1% cc¹)  
Strong increase in subscription in H1: +136.7%  
High portion of recurring revenues: 52.6%

High EBITDA margin: 28.6% (previous year: 27.3%) influenced by IFRS 16  
Adjusted IFRS 16 margin: 25.9%

Tax rate with 25.5% on previous year level (25.9%)

# Growth Driver Recurring Revenues: Subscription is Key Driver

Revenue distribution H1 2019



## Q2 2019

### Recurring revenues yoy

↑ +36.6%  
 +33.5% cc<sup>1</sup>

### Subscription yoy

↑ +147.6%  
 +142.2% cc<sup>1</sup>

### Software licenses yoy

↗ +2.0%  
 -1.1% cc<sup>1</sup>

## H1 2019

### Recurring revenues yoy

↑ +35.3%  
 +31.8% cc<sup>1</sup>

### Subscription yoy

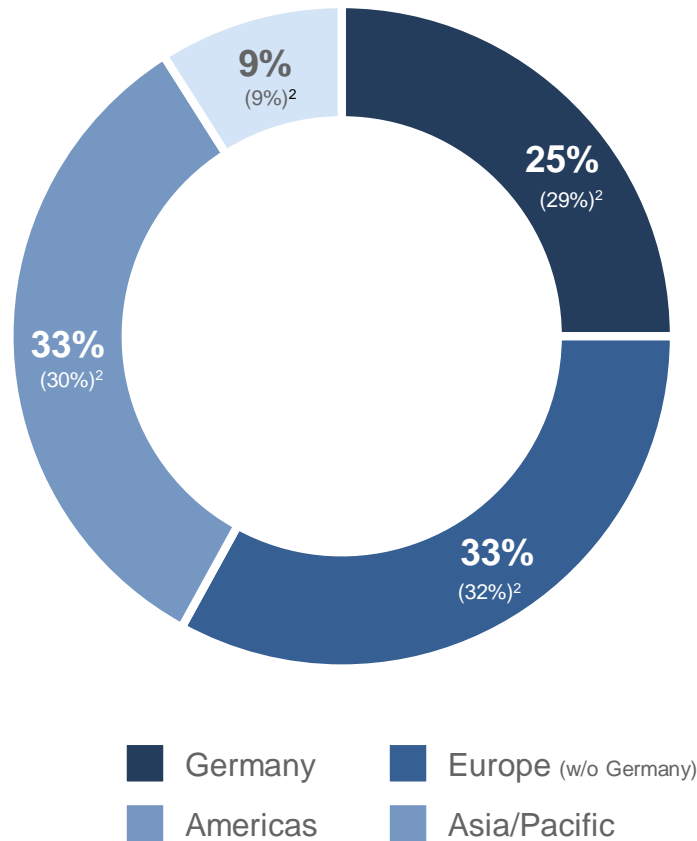
↑ +136.7%  
 +130.8% cc<sup>1</sup>

### Software licenses yoy

↗ +8.6%  
 +5.0% cc<sup>1</sup>

# Internationalization Is Key: Broad Growth Across All Regions

Revenue distribution H1 2019



## Q2 2019

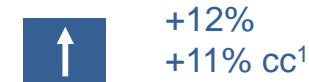
### Germany



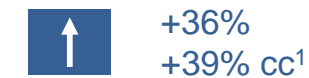
### Europe



### UK



### Scandinavia



### Americas



### Asia



## H1 2019

### Germany



### Europe



### UK



### Scandinavia



### Americas

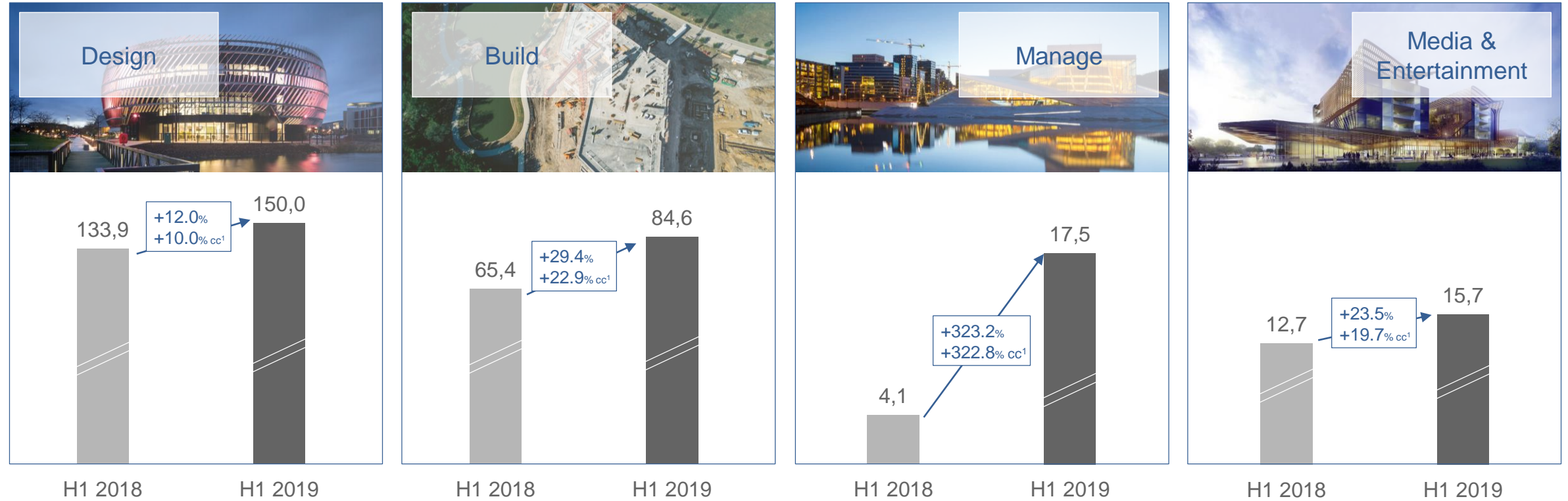


### Asia



# Segment Overview: Build Segment Remains Key Growth Driver in H1

Revenues in m€



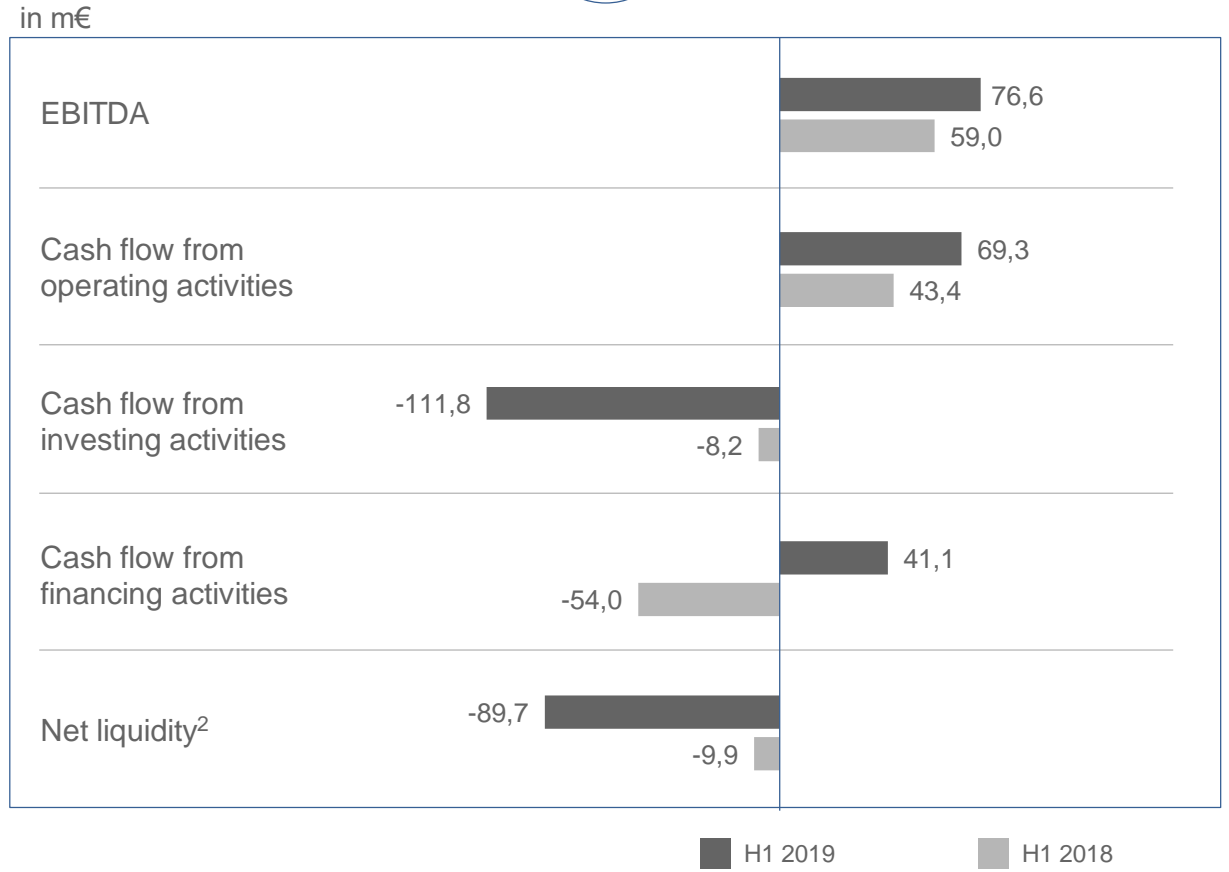
## EBITDA Margin

Segment	H1 2018 Margin (%)	H1 2019 Margin (%)
Design	24.5%	27.7%
Build	30.3%	33.2%
Manage	19.1%	15.4%*
Media & Entertainment	44.1%	37.2%

- Design:** Growth in-line with expectations, driven by strong Q1 followed by a moderate Q2  
Adjusted EBITDA margin (IFRS 16): 25.2%  
Reclassification of Solibri from Build to Design
- Build:** Growth still on high level  
Adjusted EBITDA margin (IFRS 16): 29.9%
- Manage:** \*Adjusted EBITDA margin w/o € 1.5m acquisition related cost  
Reported EBITDA margin: 6.9%  
Organic growth: +11.1%  
Contribution Spacewell: € 12.9m
- Media & Entertainment:** Contribution Redshift: ~€ 1m  
Organic growth H1: ~16%  
Adjusted EBITDA margin w/o € 0.8m acquisition related costs of Redshift: 42%

# Strong Cash Conversion Allows Further Investment in Organic Growth and Strategic M&A

90.4% High cash conversion rate<sup>1</sup>



## Comments

- | +30.0% - partly influenced by IFRS 16
- | Adjusted growth (IFRS 16): +17.5%

---

- | +59.8%
- | Strong development driven by good operative performance and IFRS 16

---

- | - € 12.7m in Capex
- | - € 97.6m for acquisition (thereof: € 73.4m Axxerion, € 24.2m Redshift)

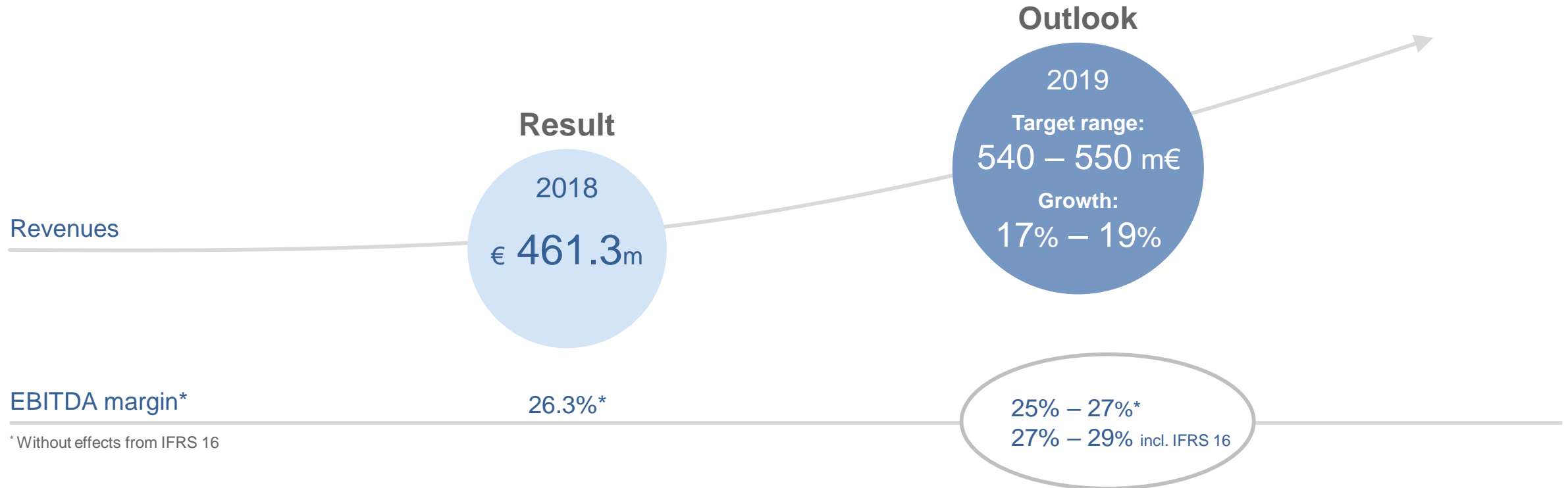
---

- | - € 21.1m repayment of loans
- | - € 31.2m dividend payment
- | + € 100.0m new loans for acquisitions (thereof: € 82.0m Axxerion, € 18.0m Redshift)

<sup>1</sup> Operating cash flow/EBITDA | <sup>2</sup> Previous year = End of 2018



# Outlook 2019: Strong Double-Digit Growth While Maintaining a High EBITDA Margin Confirmed



- | Revenues range: € 540 – 550m, strong growth of 17% – 19%
- | EBITDA margin: in between 25% – 27%\* (27% – 29% incl. IFRS 16)
- | Investments 2019: additional € 10-12m to leverage future growth

# Appendix



# P+L Statement Comparison – Q2 | H1 2019

€m	Q2 2019	Q2 2018	% YoY	H1 2019	H1 2018	%YoY
<b>Revenues</b>	<b>137.8</b>	<b>113.8</b>	<b>+21.1%</b>	<b>267.7</b>	<b>216.0</b>	<b>+23.9%</b>
Own work capitalized/other operating income	1.2	2.2	-45.8%	2.8	3.1	-12.4%
<b>Operating income</b>	<b>139.0</b>	<b>116.0</b>	<b>+19.8%</b>	<b>270.5</b>	<b>219.2</b>	<b>+23.4%</b>
Cost of materials/purchased services	-4.9	-3.4	+46.4%	-9.3	-6.6	+39.7%
Personnel expenses	-60.3	-48.9	+23.2%	-117.5	-94.1	+25.0%
Other operating expenses	-33.8	-32.6	+3.6%	-67.0	-59.5	+12.6%
<b>Operating expenses</b>	<b>-99.0</b>	<b>-84.9</b>	<b>+16.6%</b>	<b>-193.8</b>	<b>-160.2</b>	<b>+21.0%</b>
<b>EBITDA</b>	<b>40.0</b>	<b>31.1</b>	<b>+28.6%</b>	<b>76.6</b>	<b>59.0</b>	<b>+30.0%</b>
<b>Margin</b>	<b>29.0%</b>	<b>27.3%</b>		<b>28.6%</b>	<b>27.3%</b>	
Depreciation and amortization	-10.4	-5.5	+88.4%	-20.2	-10.8	+87.0%
t/o right-of-use assets	-3.6	0.0		-7.0	0.0	
t/o PPA	-4.2	-3.4	+22.7%	-8.3	-6.8	+21.3%
<b>EBITA (normalized EBIT)</b>	<b>33.8</b>	<b>29.0</b>	<b>+16.6%</b>	<b>64.7</b>	<b>55.0</b>	<b>+17.7%</b>
<b>EBIT</b>	<b>29.6</b>	<b>25.6</b>	<b>+15.7%</b>	<b>56.4</b>	<b>48.2</b>	<b>+17.1%</b>
Financial result	-0.2	0.3		-0.7	0.1	
t/o interest expenses right-of-use assets	-0.4	0.0		-0.7	0.0	
<b>EBT</b>	<b>29.4</b>	<b>25.8</b>	<b>+13.9%</b>	<b>55.7</b>	<b>48.3</b>	<b>+15.3%</b>
Income taxes	-7.5	-7.0	+7.5%	-14.2	-12.5	+13.7%
Non-controlling interests	0.0	-0.7		0.1	-1.4	
<b>Net income (group shares)</b>	<b>21.9</b>	<b>18.1</b>	<b>+20.8%</b>	<b>41.4</b>	<b>34.5</b>	<b>+20.3%</b>
<b>EPS in EUR</b>	<b>0.19</b>	<b>0.16*</b>	<b>+20.8%</b>	<b>0.36</b>	<b>0.30*</b>	<b>+20.3%</b>

\* for better comparability, earnings per share has been presented after the stock split

## Balance Sheet – Assets

€m	June 30, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	119.8	120.7
Trade receivables, net	65.3	55.8
Inventories	1.6	1.2
Other current assets	30.8	24.6
<b>Current assets, total</b>	<b>217.4</b>	<b>202.2</b>
Property, plant and equipment	24.7	17.6
Right-of-use assets	65.3	0.0
Intangible assets	136.6	102.1
Goodwill	322.8	244.3
Other non-current assets	10.5	14.3
<b>Non-current assets, total</b>	<b>559.8</b>	<b>378.3</b>
<b>Total assets</b>	<b>777.2</b>	<b>580.6</b>

## Balance Sheet – Equity and Liabilities

€m	June 30, 2019	December 31, 2018
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	80.5	56.3
Trade payables & accrued liabilities	43.0	53.5
Deferred revenue	126.2	95.1
Current lease liability	11.3	0.0
Other current assets	21.7	17.3
<b>Current liabilities, total</b>	<b>282.7</b>	<b>222.3</b>
Long-term borrowings without current portion	129.0	74.3
Deferred tax liabilities	26.3	17.2
Non-current lease liability	56.5	0.0
Other non-current liabilities	21.8	17.2
<b>Non-current liabilities, total</b>	<b>233.6</b>	<b>108.7</b>
Subscribed capital and capital reserve	128.0	51.0
Retained earnings	145.2	212.1
Other comprehensive income	-12.3	-13.6
Non-controlling interests	0.1	0.1
<b>Equity, total</b>	<b>260.9</b>	<b>249.6</b>
<b>Total equity and liabilities</b>	<b>777.2</b>	<b>580.6</b>

# Cash Flow Statement

€m	June 30, 2019	June 30, 2018	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>120.7</b>	<b>104.0</b>	<b>+16.2%</b>
<b>Cash flow from operating activities</b>	<b>69.3</b>	<b>43.4</b>	<b>+59.8%</b>
<b>Cash flow from investing activities</b>	<b>-111.8</b>	<b>-8.2</b>	
t/o CapEX	-12.7	-5.2	
t/o Cash paid for business combinations	-97.6	-3.1	
<b>Cash flow from financing activities</b>	<b>41.1</b>	<b>-54.0</b>	
t/o Dividend payments	-31.2	-28.9	
t/o Repayments of borrowings	-21.1	-23.0	
t/o Changes in bank liabilities due to company acquisitions	100.0	0.0	
t/o Principal elements of lease payments	-5.1	0.0	
FX-effects	0.4	0.1	
<b>Cash and cash equivalents at the end of the period</b>	<b>119.8</b>	<b>85.3</b>	<b>+46.5%</b>
<b>Free cash flow<sup>1</sup></b>	<b>-42.5</b>	<b>35.1</b>	
<b>Free cash flow<sup>1</sup> (w/o acquisition effects)</b>	<b>55.1</b>	<b>38.2</b>	<b>+44.4%</b>

<sup>1</sup> Operating cash flow – Investing cash flow



## Safe Harbor Statement

Each of the presentations today will contain forward-looking statements about our strategies, products, future results, performance or achievements, financial, operational and otherwise, including statements about our strategic priorities, guidance and our mid-term goal, our M&A strategy, and our capital allocation initiatives. These statements reflect management's current expectations, estimates and assumptions based on the information currently available to us. These forward-looking statements are not guaranteeing of future performance and involve significant risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by the forward-looking statements contained in these presentations.

Nemetschek undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

## Contact

NEMETSCHEK SE  
Investor Relations

Konrad-Zuse-Platz 1  
81829 Munich  
Germany

[investorrelations@nemetschek.com](mailto:investorrelations@nemetschek.com)  
[www.nemetschek.com](http://www.nemetschek.com)

