

Nemetschek Group

# Third Quarter | 9-Month Results 2019 Earnings Call

31 October 2019 | Patrik Heider, Spokesman & CFOO

# Key Business Highlights 9M 2019: Excellent Basis for Achieving Upper End of Targets in FY 2019



## Strong Performance YTD 2019



Revenues:  
**+22.7% to € 406.0m**



EBITDA margin:  
**29.4%**  
IFRS 16 adjusted: **26.7%**



Recurring revenues:  
**+33.9%**  
Subscription/SaaS revenues:  
**+129.6%**



EPS:  
**+81.3% to 0.83 EUR**



Revenues abroad:  
**+27.9%**



High cash conversion  
**95.5%**

## M&A / Sale Successes



**Brand-level acquisitions:**  
**Manage Division**

**01/2019**

Axxerion by MCS, renamed afterwards in Spacewell



**Media & Entertainment Division**  
**04/2019**

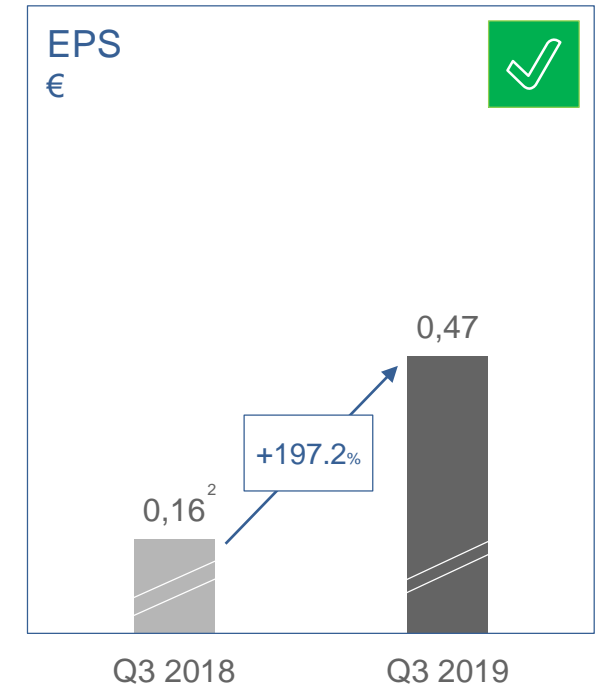
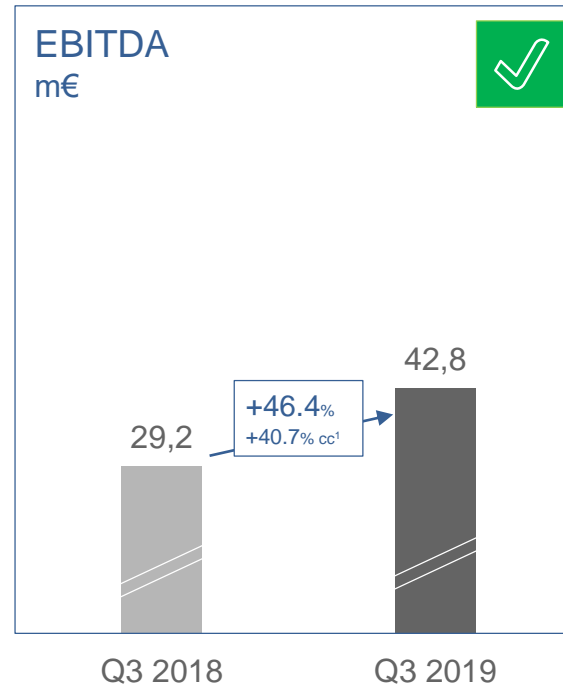
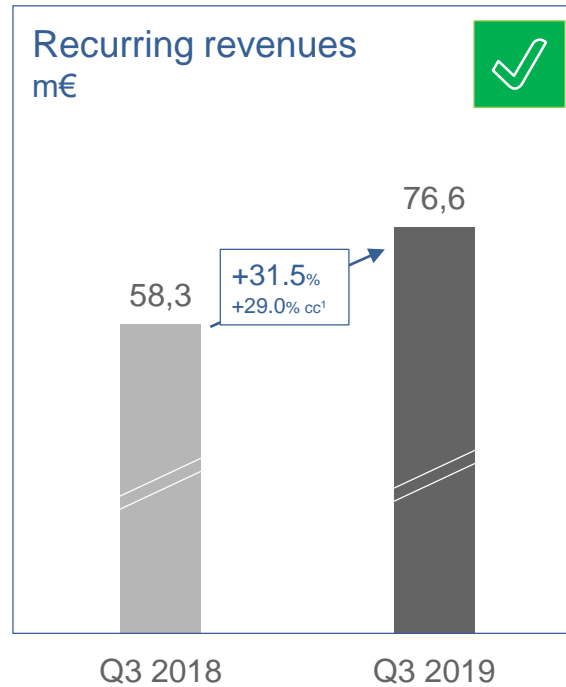
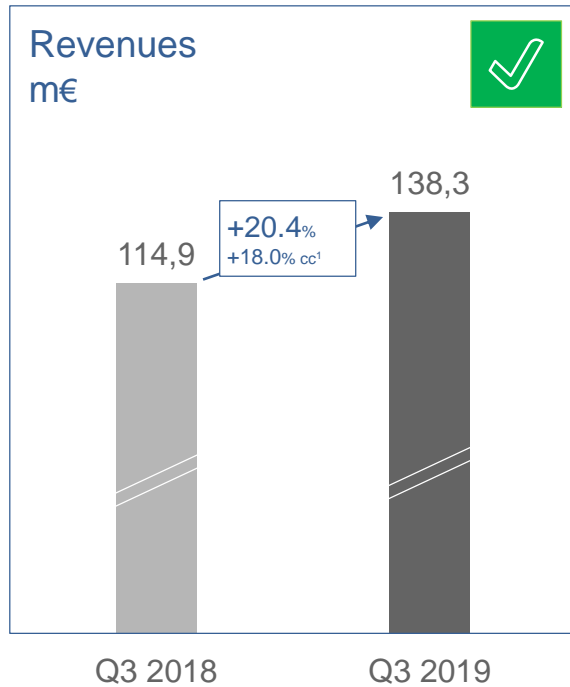
Redshift by Maxon



**Sale of minority interest:**  
**08/2019**

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

# Top Key Figures Q3 2019: Strongest EBITDA Growth Over the Last Quarters



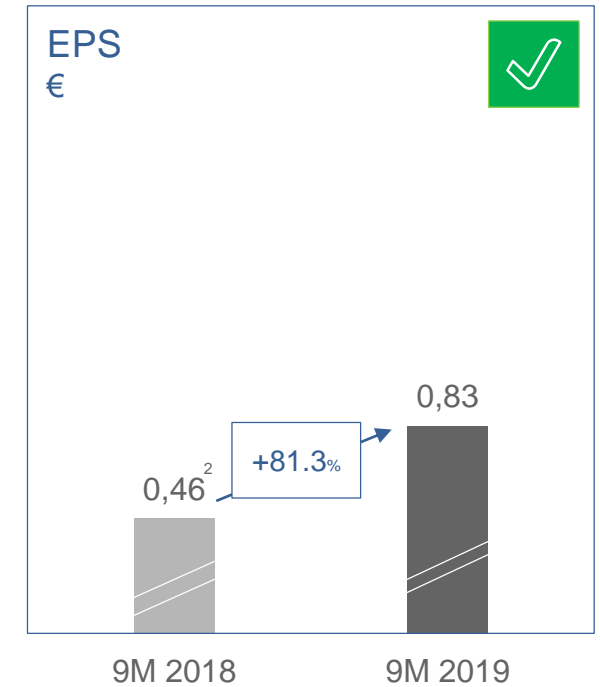
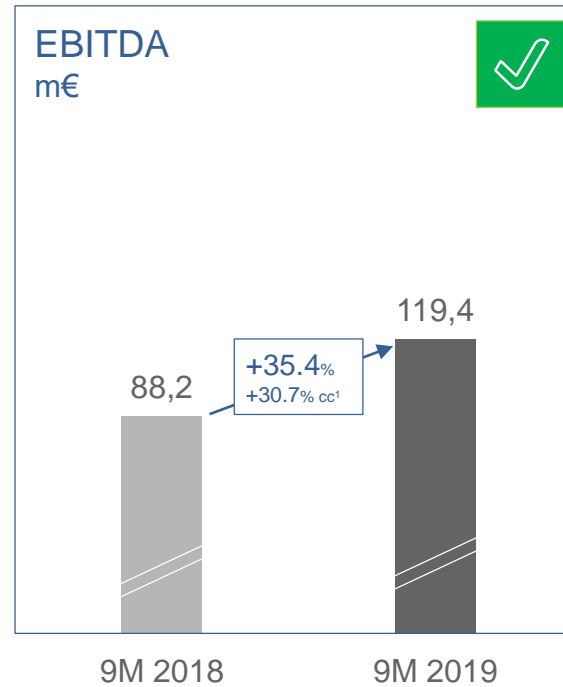
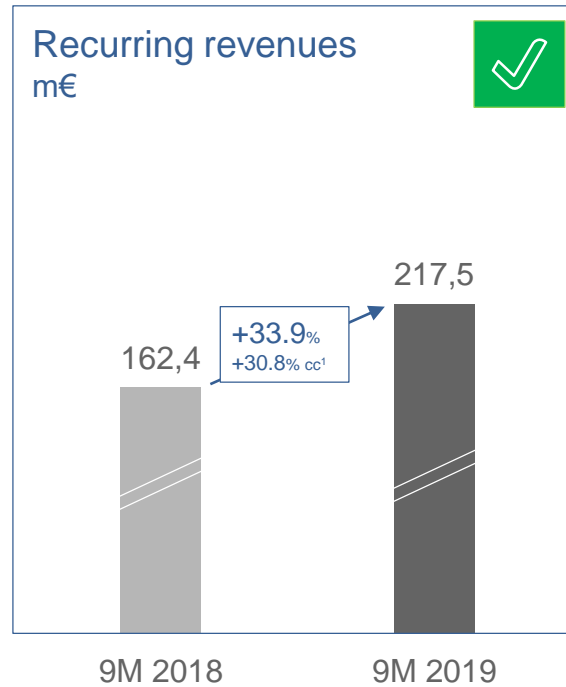
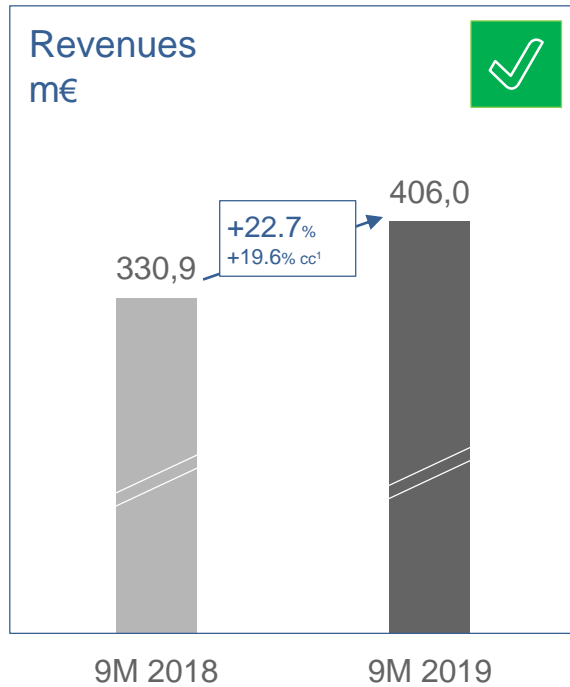
Continued double-digit growth with strong organic growth of +15.7% (+13.2% cc<sup>1</sup>)

Strong organic growth: +25.5% (+22.9% cc<sup>1</sup>)  
 Growth driver is subscription +119.0% (Spacewell as main contributor has been consolidated since 09/18)

High EBITDA margin: 30.9% (previous year: 25.5%)  
 Adjusted IFRS 16 margin: 28.2%

Positive one-time effect of DocuWare sale, sales proceeds of € 29.9m are shown in financial result  
 Adjusted EPS w/o DocuWare sale: 0.21 (+32.4%)

# Top Key Figures 9M 2019: On the Way to Another Record Year



| Organic growth of +17.2%  
(+14.1% cc<sup>1</sup>)

| Strong organic growth in 9M: +26.8%  
(+23.7% cc<sup>1</sup>)

| Growth driver subscription in 9M:  
+129.6%

| High EBITDA margin: 29.4%  
(previous year: 26.7%)

| Adjusted IFRS 16 margin: 26.7%

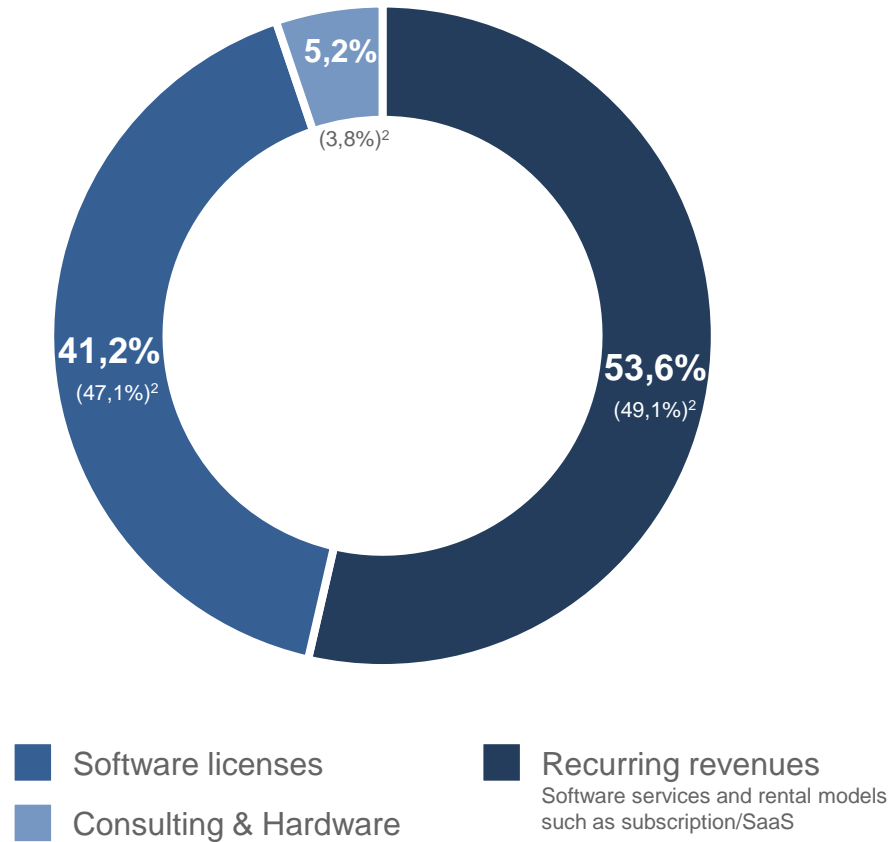
| Adjusted EPS w/o DocuWare sale:  
0.57 (+24.5%)

| Tax rate: 18.5%

| Adjusted tax rate w/o DocuWare  
effect: 24.8% below previous year  
level (26.0%)

# Strong Growth in Recurring Revenues: Subscription is Key Driver

Revenue distribution 9M 2019

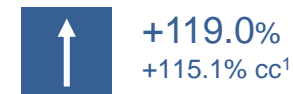


## Q3 2019

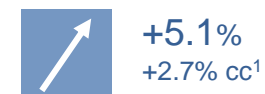
### Recurring revenues yoy



### Subscription yoy

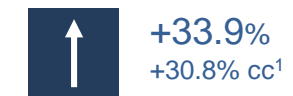


### Software licenses yoy

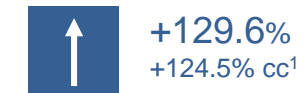


## 9M 2019

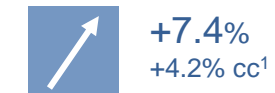
### Recurring revenues yoy



### Subscription yoy

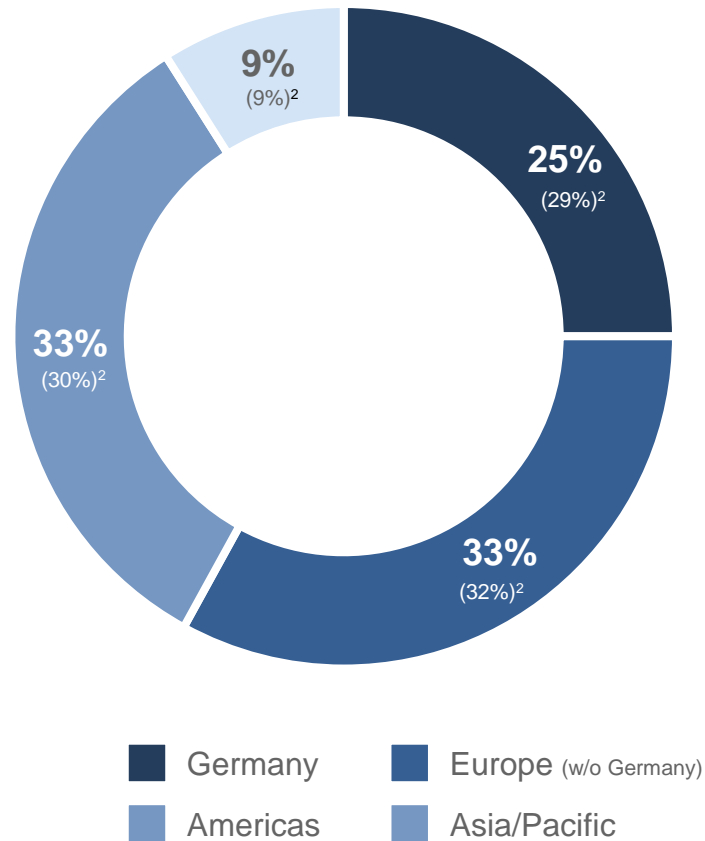


### Software licenses yoy



# Internationalization Is Key: Broad Growth Across All Regions

Revenue distribution 9M 2019



## 9M 2019

### Germany



+10%

### Europe



+18%  
+18% cc<sup>1</sup>

### UK



+14%  
+15% cc<sup>1</sup>

### Scandinavia



+39%  
+40% cc<sup>1</sup>

### Americas



+28%  
+21% cc<sup>1</sup>

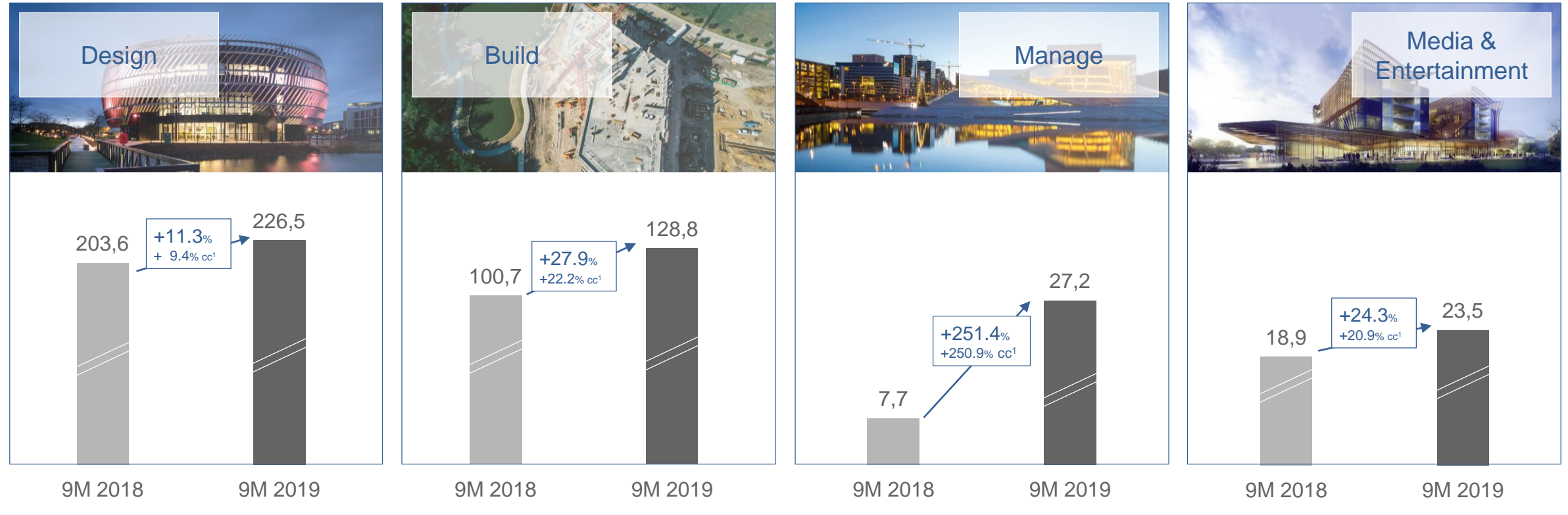
### Asia



+19%  
+14% cc<sup>1</sup>

# Segment Overview: Build Segment Remains in Strong Growth Mode

Revenues in m€



## EBITDA Margin

24.9%	29.0%	27.6%	32.7%	22.0%	18.1%*	41.9%	35.1%
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Adjusted EBITDA margin (IFRS 16): 26.4%  
 Reclassification of Solibri from Build to Design

Adjusted EBITDA margin (IFRS 16): 29.5%

\*Adjusted EBITDA margin w/o € 1.5m acquisition related cost  
 Reported EBITDA margin: 12.6%  
 Organic growth: +14.1%

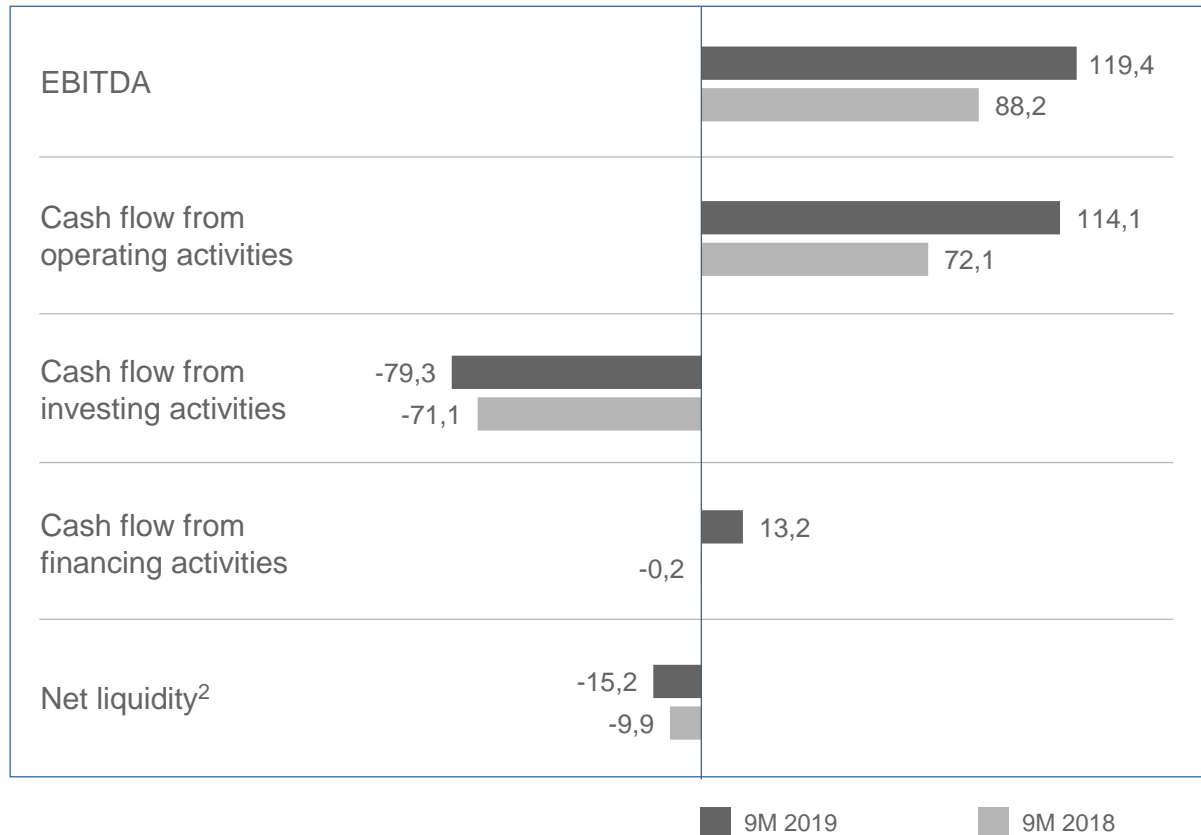
Very strong performance while moving to subscription  
 Effects on EBITDA: Acquisition related costs of Redshift and cost for subscription move

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

95.5%

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

in m€



## Comments

+35.4% - partly influenced by IFRS 16  
Adjusted growth (IFRS 16): +22.7%

+58.1%  
Strong development driven by good operative performance and IFRS 16

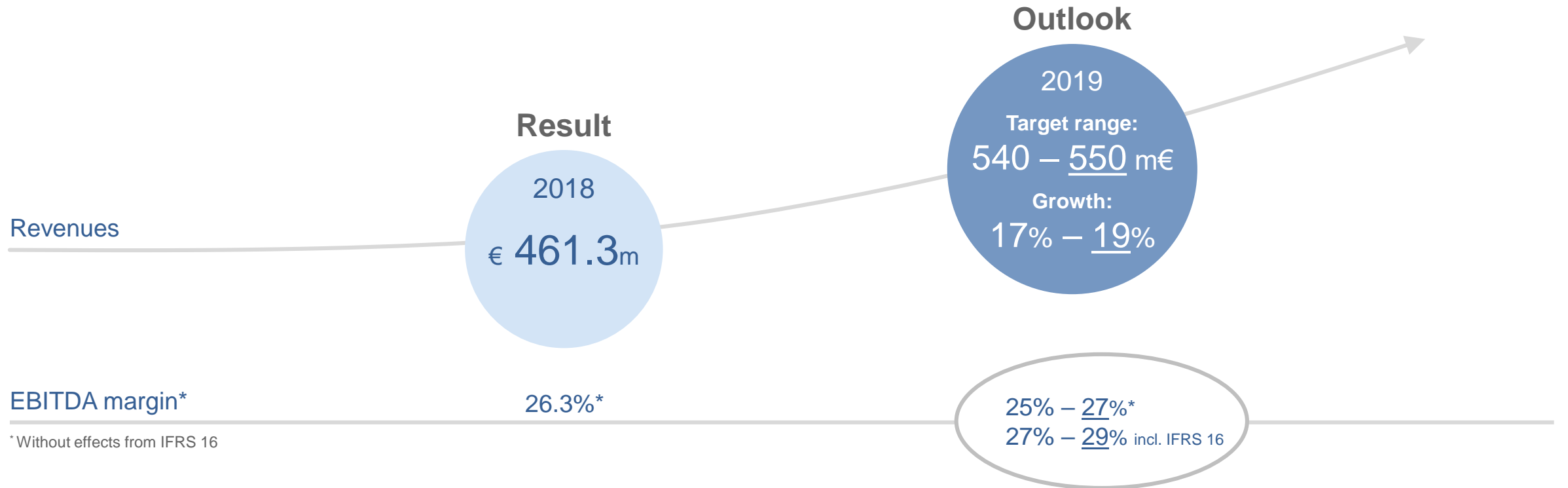
+€ 33.3m cash flows from DocuWare sale  
- € 15.0m in Capex  
- € 97.7m for acquisition  
(thereof: € 73.4m Axxerion, € 24.2m Redshift)

- € 43.6m 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: Reaching the Guidance on the Upper End



\* Without effects from IFRS 16

9-month results are an extremely solid basis to reach the upper end of the guidance 2019

- | Revenues range: € 540 – 550m, strong double-digit growth of 17% – 19%
- | EBITDA margin: in between 25% – 27%\*, 27% – 29% incl. IFRS 16

# Appendix



# P+L statement Q3 2019 comparison

€m	Q3 2019	Q3 2018	% YoY	9M 2019	9M 2018	%YoY
<b>Revenues</b>	<b>138.3</b>	<b>114.9</b>	<b>+20.4%</b>	<b>406.0</b>	<b>330.9</b>	<b>+22.7%</b>
Own work capitalized/other operating income	2.4	1.2	+96.0%	5.1	4.3	+17.6%
<b>Operating income</b>	<b>140.7</b>	<b>116.1</b>	<b>+21.2%</b>	<b>411.1</b>	<b>335.3</b>	<b>+22.6%</b>
Cost of materials/purchased services	-4.7	-3.6	+32.7%	-14.0	-10.2	+37.2%
Personnel expenses	-60.5	-51.2	+18.1%	-178.1	-145.3	+22.5%
Other operating expenses	-32.6	-32.0	+1.8%	-99.6	-91.5	+8.9%
<b>Operating expenses</b>	<b>-97.9</b>	<b>-86.8</b>	<b>+12.7%</b>	<b>-291.7</b>	<b>-247.0</b>	<b>+18.1%</b>
<b>EBITDA</b>	<b>42.8</b>	<b>29.2</b>	<b>+46.4%</b>	<b>119.4</b>	<b>88.2</b>	<b>+35.4%</b>
<b>Margin</b>	<b>30.9%</b>	<b>25.5%</b>		<b>29.4%</b>	<b>26.7%</b>	
Depreciation and amortization	-10.8	-6.0	+78.6%	-31.0	-16.8	+84.0%
t/o right-of-use assets	-3.8	0.0		-10.8	0.0	
t/o PPA	-4.3	-3.8	+12.4%	-12.5	-10.6	+18.1%
<b>EBITA (normalized EBIT)</b>	<b>36.3</b>	<b>27.0</b>	<b>+34.4%</b>	<b>101.0</b>	<b>82.0</b>	<b>+23.2%</b>
<b>EBIT</b>	<b>32.0</b>	<b>23.2</b>	<b>+38.0%</b>	<b>88.5</b>	<b>71.4</b>	<b>+23.9%</b>
Financial result	29.4	-0.1		28.7	0.0	
t/o interest expenses right-of-use assets	-0.4	0.0		-1.1	0.0	
t/o gain on disposal of shares in associates	29.9	0.0		29.9	0.0	
<b>EBT</b>	<b>61.4</b>	<b>23.1</b>	<b>+166.4%</b>	<b>117.1</b>	<b>71.4</b>	<b>+64.1%</b>
Income taxes	-7.4	-6.1	+22.6%	-21.6	-18.6	+16.6%
Non-controlling interests	0.0	1.2		0.1	0.2	
<b>Net income (group shares)</b>	<b>54.0</b>	<b>18.2</b>	<b>+197.2%</b>	<b>95.4</b>	<b>52.6</b>	<b>+81.3%</b>
<b>EPS in EUR*</b>	<b>0.47</b>	<b>0.16</b>	<b>+197.2%</b>	<b>0.83</b>	<b>0.46</b>	<b>+81.3%</b>
<b>Net income (group shares) w/o one-time-effect of DocuWare sale</b>	<b>24.1</b>	<b>18.2</b>	<b>+32.4%</b>	<b>65.5</b>	<b>52.6</b>	<b>+24.5%</b>
<b>EPS in EUR* w/o one time-effect of DocuWare sale</b>	<b>0.21</b>	<b>0.16</b>	<b>+32.4%</b>	<b>0.57</b>	<b>0.46</b>	<b>+24.5%</b>

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

## Balance sheet – Assets

€m	September 30, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	171.5	120.7
Trade receivables, net	64.5	55.8
Inventories	1.5	1.2
Other current assets	26.1	24.6
<b>Current assets, total</b>	<b>263.5</b>	<b>202.2</b>
Property, plant and equipment	26.5	17.6
Right-of-use assets	66.0	0.0
Intangible assets	134.6	102.1
Goodwill	327.7	244.3
Other non-current assets	11.9	14.3
<b>Non-current assets, total</b>	<b>566.7</b>	<b>378.3</b>
<b>Total assets</b>	<b>830.3</b>	<b>580.6</b>

## Balance sheet – Equity and liabilities

€m	September 30, 2019	December 31, 2018
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	71.3	56.3
Trade payables & accrued liabilities	50.6	53.5
Deferred revenue	127.2	95.1
Current lease liability	12.0	0.0
Other current assets	23.9	17.3
<b>Current liabilities, total</b>	<b>285.0</b>	<b>222.3</b>
Long-term borrowings without current portion	115.4	74.3
Deferred tax liabilities	27.0	17.2
Non-current lease liability	57.8	0.0
Other non-current liabilities	23.8	17.2
<b>Non-current liabilities, total</b>	<b>223.9</b>	<b>108.7</b>
Subscribed capital and capital reserve	128.0	51.0
Retained earnings	199.0	212.1
Other comprehensive income	-5.8	-13.6
Non-controlling interests	0.1	0.1
<b>Equity, total</b>	<b>321.3</b>	<b>249.6</b>
<b>Total equity and liabilities</b>	<b>830.3</b>	<b>580.6</b>

# Cash flow statement

€m	September 30, 2019	September 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>114.1</b>	<b>72.1</b>	<b>+58.1%</b>
<b>Cash flow from investing activities</b>	<b>-79.3</b>	<b>-71.1</b>	
t/o CapEX	-15.0	-7.8	
t/o Cash paid for business combinations	-97.7	-63.3	
t/o Cash received from disposal of shares in associate	33.3	0.0	
<b>Cash flow from financing activities</b>	<b>13.2</b>	<b>-0.2</b>	
t/o Dividend payments	-31.2	-28.9	
t/o Repayments of borrowings	-43.6	-29.5	
t/o Changes in bank liabilities due to company acquisitions	100.0	86.0	
t/o Principal elements of lease payments	-8.3	0.0	
FX-effects	2.7	1.9	
<b>Cash and cash equivalents at the end of the period</b>	<b>171.5</b>	<b>106.8</b>	<b>+60.6%</b>
<b>Free cash flow<sup>1</sup></b>	<b>34.8</b>	<b>1.1</b>	
<b>Free cash flow<sup>1</sup> (w/o acquisition effects)</b>	<b>132.5</b>	<b>64.4</b>	<b>+105.8%</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.

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