



University of Minnesota, Minneapolis, USA  
Antoine Predock Architect | Image: Tim Hursley | realized with Vectorworks

# **NEMETSCHKE GROUP**

## **Financial Results Q3 | 9M 2016**

October 28<sup>th</sup>, 2016

## Continued revenue growth in Q3

- After a extremely strong Q2, revenue growth continued in Q3
- New record level in first nine months
- **Revenues Q3:** increase by 18.5% to 83.9 mEUR (organic growth of 14.9%)
- **Revenues 9M:** up by 19.2% to 245.4 mEUR (organic growth of 17.1%)

## Strong revenue increase abroad

- Revenues abroad increased by 20.7% to 166.0 mEUR (Americas, Asia, Nordics)
- Revenues share outside of Germany at 68%, Americas at 26%
- Germany showed also strong growth with 16.1% to 79.4 mEUR

## Double-digit growth in license and recurring revenues

- Software licenses up by 20.9% to 129.0 mEUR
- Recurring revenues also in growth mode with 16.1% to 104.3 mEUR
- Share of recurring revenues at 42.5%

## Positive one-time effect

- One-time gain of +1.9 mEUR in Q2 in other operating income from a legal dispute with a former member of the Executive Board

## Profitability increased significantly

- **Q3 EBITDA:** up by 24.9% to 21.0 mEUR, EBITDA margin of 25.1%
- **9M EBITDA:** up by 34.8% to 66.6 mEUR, EBITDA margin of 27.1%
- **9M EBITDA w/o one-time effect:** up by 30.9% to 64.7 mEUR, EBITDA margin of 26.4%
- No activation of development costs - no effects on expenses and earnings

## Significant growth of net income and EPS

- **Q3 Net income:** strong growth of 38.9% to 12.1 mEUR, EPS at 0.31 EUR
- **9M Net income:** up by 49.9% to 36.3 mEUR, EPS at 0.94 EUR
- **9M Net income w/o one-time effect:** up by 44.4% to 34.9 mEUR, EPS at 0.91 EUR

## Net income w/o PPA

- **9M Net income w/o PPA:** up by 43.0% to 42.3 mEUR, EPS at 1.10 EUR
- **9M Net income w/o PPA and w/o one-time effect:** up by 38.5% to 40.9 mEUR, EPS at 1.06 EUR

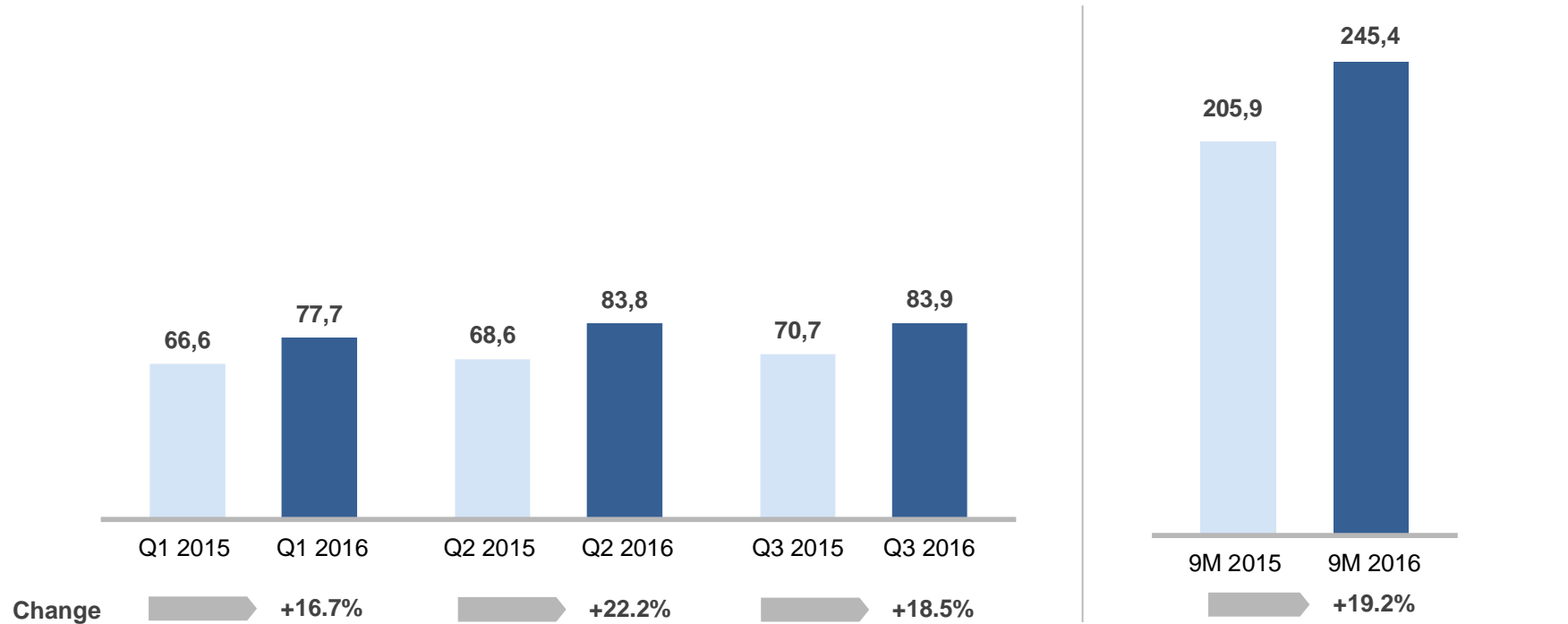
## High cash generation and solid balance sheet

- **Cash flow from operating activities:** up by 32.1% to 64.5 mEUR
- **Conversion rate** at high 96.9%
- Cash at 103.0 mEUR and net liquidity at 0.2 mEUR
- Equity ratio of 41.4% - leeway for further investments / acquisitions

## Increased guidance for FY 2016 confirmed

- New record levels of revenues and EBITDA are expected
- Guidance increased at the beginning of October:
- **Revenue target range: 338 - 341 mEUR**, increase of +18% - 20% YoY (former revenue target: 319 - 325 mEUR, +12% - 14%)
- **EBITDA target range (w/o positive one-time effect): 89 - 91 mEUR (+28% - 31%)** (former EBITDA target: 77 - 80 mEUR)

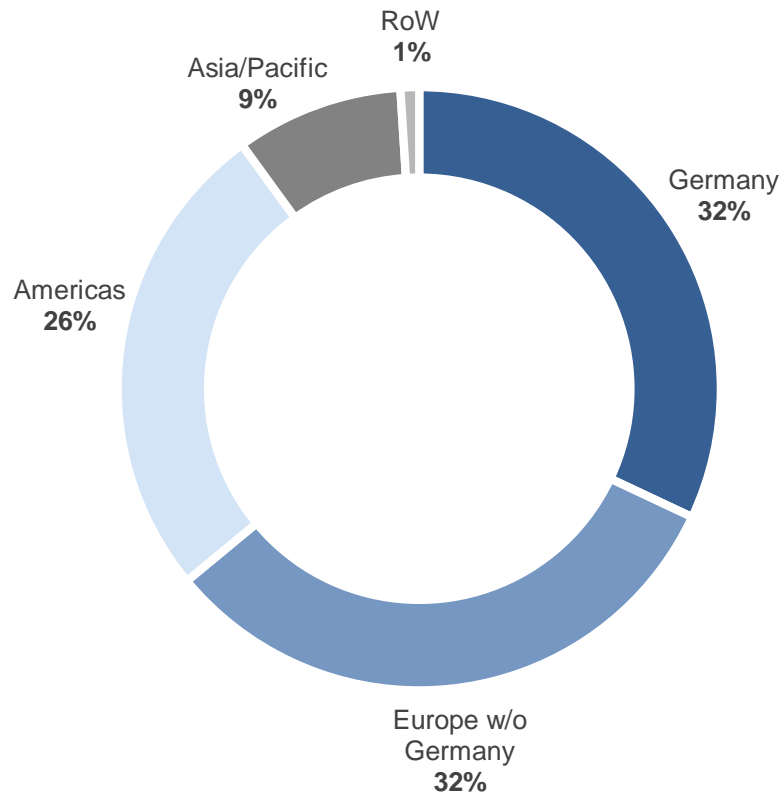
Revenues in mEUR



▶ **Q3:** Organic growth of 14.9% yoy

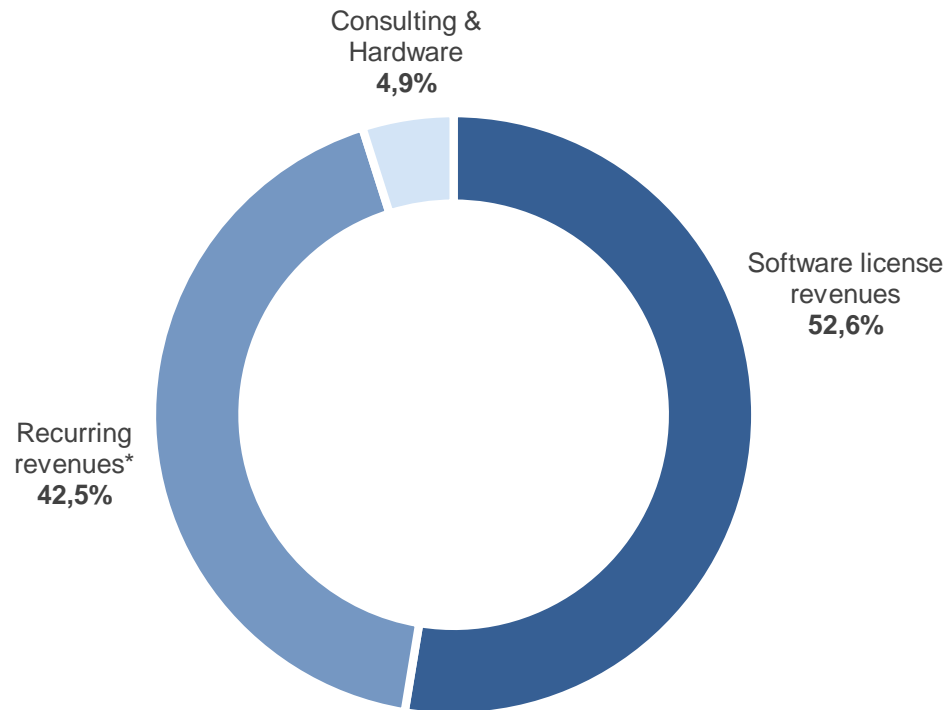
- ▶ **9M:** Organic growth of 17.1%
- ▶ Solibri and Design Data contributed around 4.6 mEUR

Revenues split 9M 2016 in %



- Strong growth of 20.7% abroad
- Growth markets:
  - Americas
  - Asia (China, Japan)
  - Nordics
- Further growth potential abroad

## Revenues split 9M 2016 in %



### Software license revenues

- Up by 20.9% to 129.0 mEUR
- New customers wins
- Increasing customer base
- Consequently recurring revenues will follow

### Recurring revenues\*

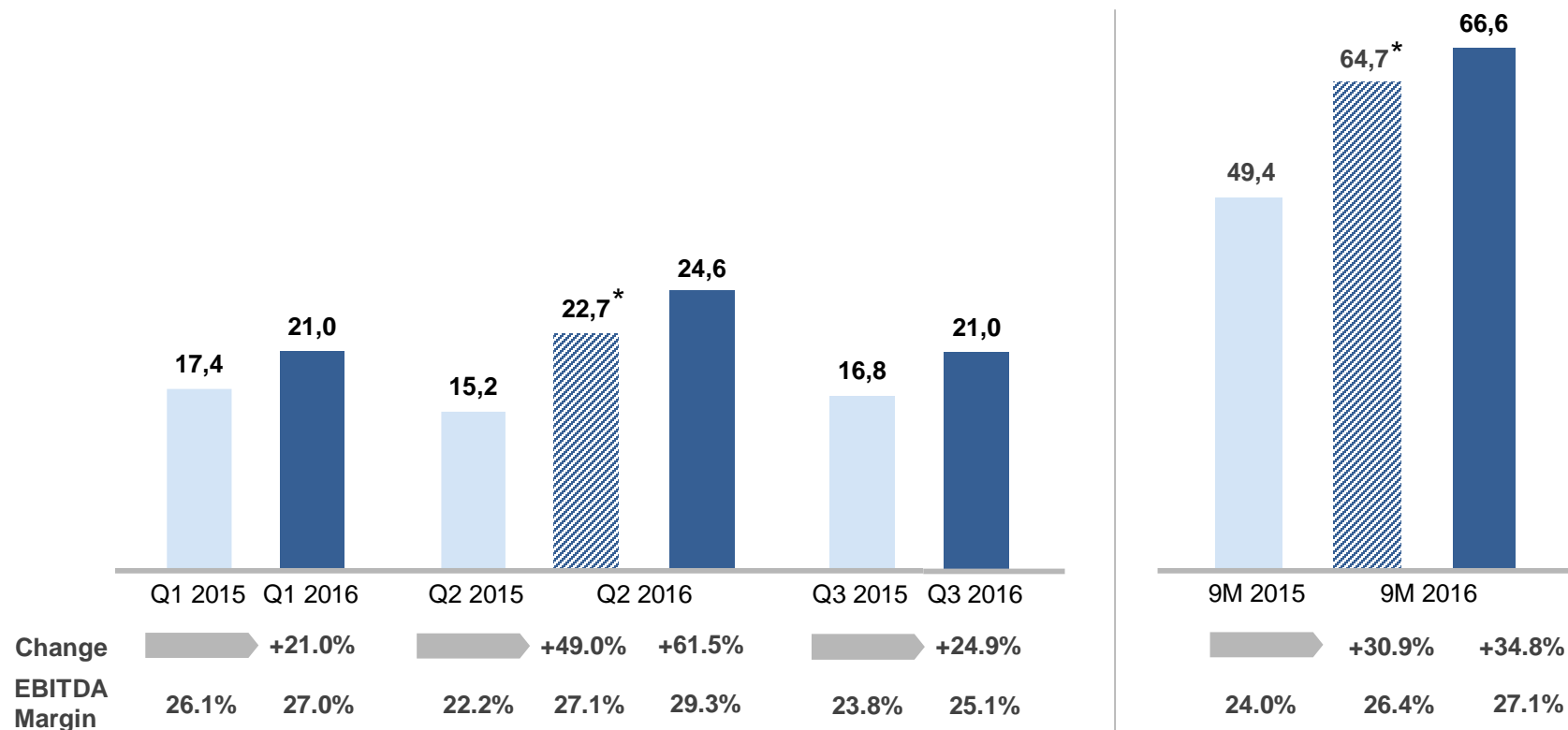
- Up by 16.1% to 104.3 mEUR
- Share of 42.5% leads to higher visibility

\* Software services, rental models (subscription, SaaS)

# EBITDA Increased Stronger than Revenues

EBITDA in mEUR

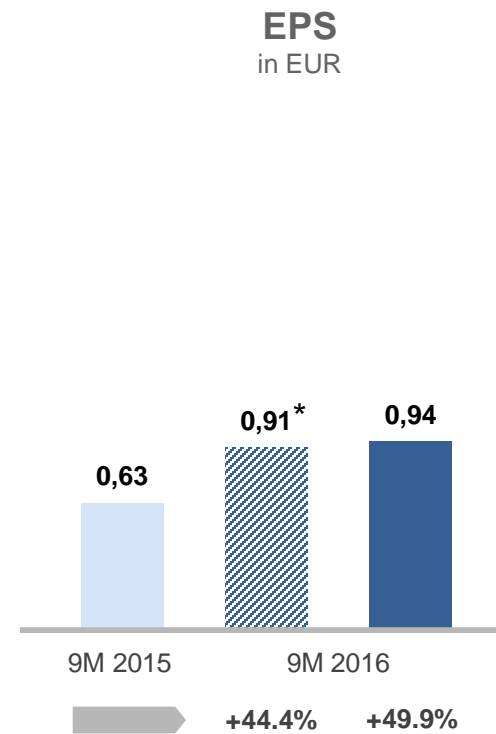
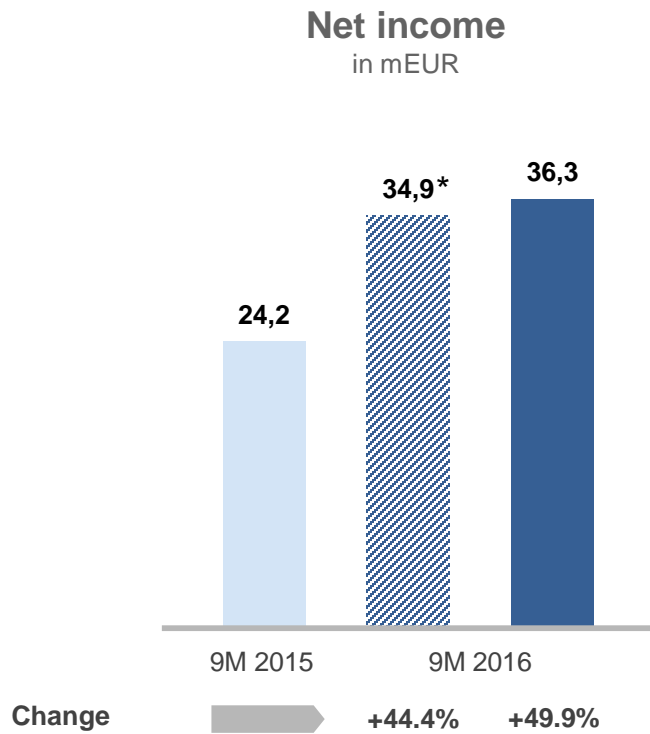
\* EBITDA w/o 1.9 mEUR positive one-time effect



- ▶ EBITDA is shown with and w/o the positive one-time effect of 1.9 mEUR occurred in Q2
- ▶ EBITDA margin improved significantly

# Net Income and EPS Showed Significant Growth

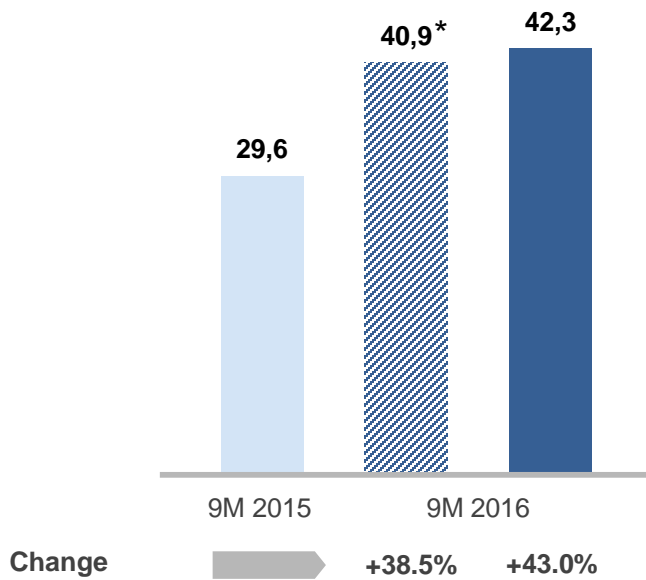
\* Net income and EPS w/o 1.9 mEUR positive one-time effect



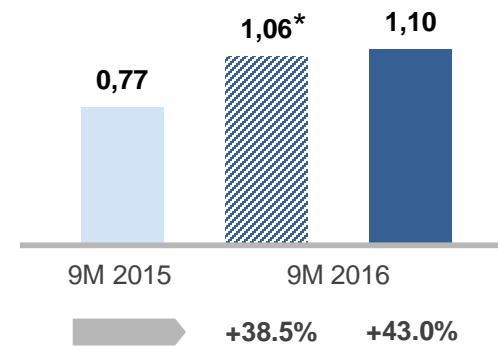


\* Net income and EPS w/o 1.9 mEUR positive one-time effect

**Net income w/o PPA**  
in mEUR



**EPS w/o PPA**  
in EUR



# AEC Segments with Double-Digit Growth Rates

## Design

- Growth path continued
- EBITDA margin improved significantly by 4pp

## Build

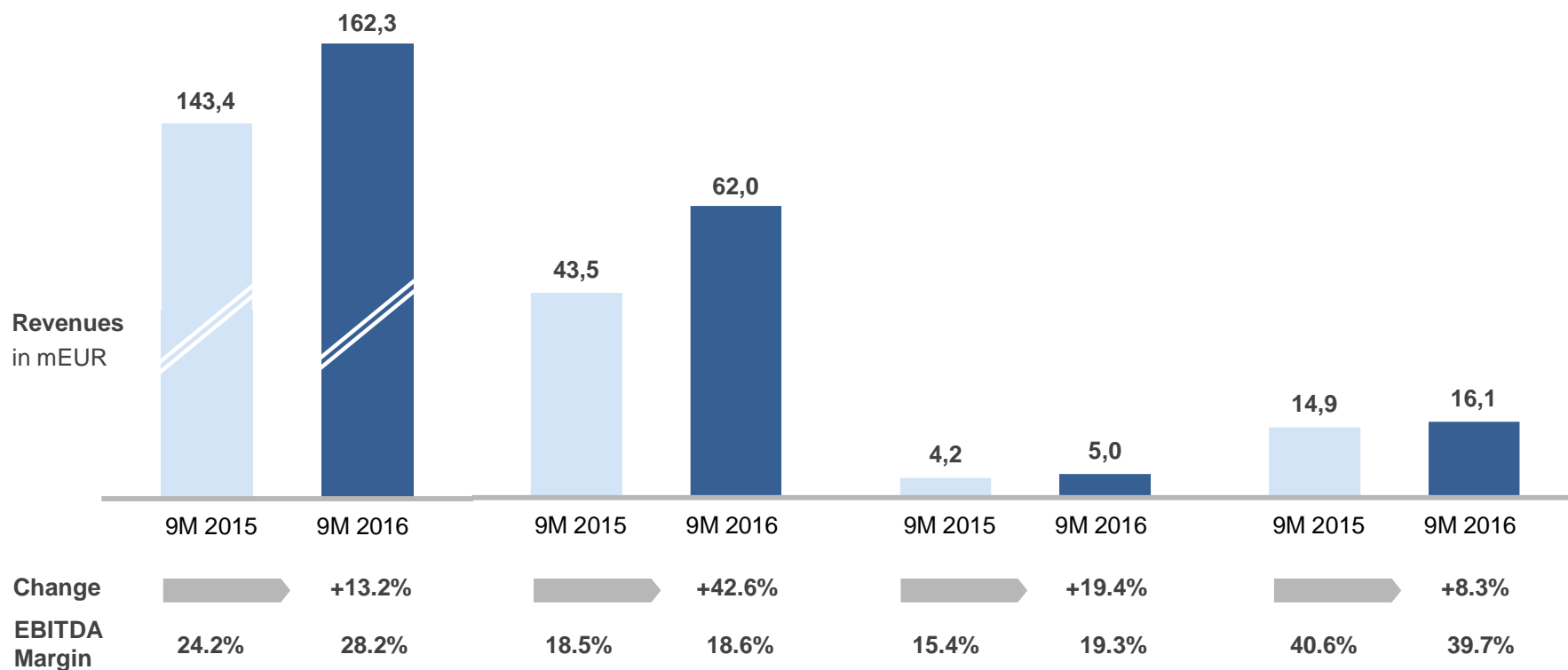
- Revenue growth of 42.6%
- Inorganic effect of Solibri and Design Data (~4.6 mEUR)
- Organic growth of 33%
- Stable profitability

## Manage

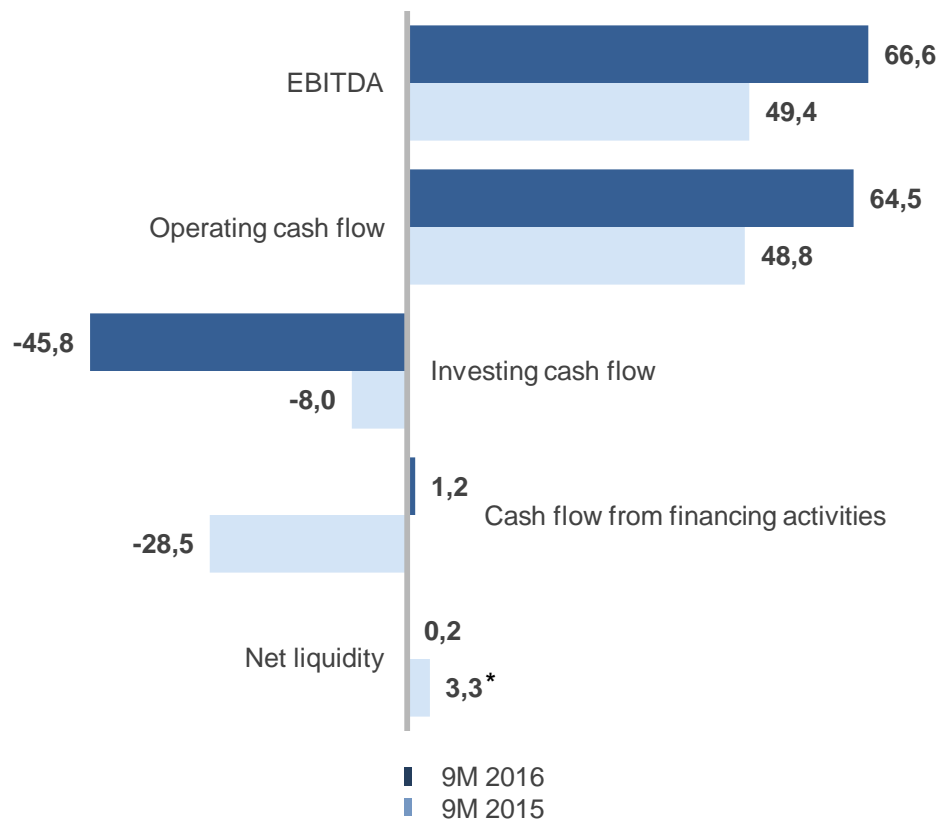
- High revenue growth rate with 19.4%
- EBITDA margin improved year on year

## Media & Entertainment

- Solid revenue growth of 8.3%
- Planned investments have impact on margins



in mEUR



\* End of FY 2015

\*\* Operating cash flow / EBITDA

## EBITDA

- +34.8% yoy

## Operating cash flow

- Increase of 32.1% yoy

## Investing cash flow

- Capex of 5.7 mEUR
- Acquisition of Design Data of 40.4 mEUR

## Cash flow from financing activities

- Repayment of bank loan (-15.7 mEUR)
- Dividend payment (-19.3 mEUR)
- Bank loan for Design Data (+38.0 mEUR)

## Conversion rate\*\*

- 96.9% (previous year: 98.9%)

## Current situation

- Strong basis due to the strong 9-month figures

## Market conditions

- Digitalization and IT spending will drive the use of software solutions in the AEC market
- BIM market is expected to grow at a remarkable rate owing to supportive government regulations mandating the adoption of BIM software for construction projects

## Strategic market positioning

- Clear focus on AEC market
- Leading player of Open BIM solutions
- Strong and independent global brands

## Growth potential/ Investments

- Focus on internationalization (North America, Asia, Europe)
- Investments in new markets, customer segments, sales & marketing
- Strategically co-operations & acquisitions
- Healthy balance sheet - capable of investing in organic and in inorganic growth

## Guidance 2016 increased

- Increase of guidance at the beginning of October 2016
- Expect record levels in revenues and EBITDA

in mEUR	FY 2015	Increased Forecast FY 2016 (Oct 2016)	Former Forecast FY 2016 (Mar 2016)
Revenues	285.3	338 - 341 (+18% - 20%)	319 - 325 (+12% - 14%)
EBITDA	69.5	89 - 91	77 - 80



# Appendix

# P+L Statement Q3 Comparison

mEUR	Q3 2016	Q3 2015	% YoY	9M 2016	9M 2015	% YoY
<b>Revenues</b>	<b>83.9</b>	<b>70.7</b>	<b>+18.5%</b>	<b>245.4</b>	<b>205.9</b>	<b>+19.2%</b>
Own work capitalized/other operating income	1,0	0,7	+34.0%	5.6	3.6	+55.6%
<b>Operating income</b>	<b>84.8</b>	<b>71.5</b>	<b>+18.7%</b>	<b>251.0</b>	<b>209.5</b>	<b>+19.8%</b>
Cost of materials/ purchased services	-2.9	-2.5	+17.6%	-8.0	-6.9	+14.6%
Personnel expenses	-38.5	-32.3	+19.2%	-109.7	-93.2	+17.7%
Other operating expenses	-22.4	-19.9	+12.7%	-66.7	-60.0	+11.3%
<b>Operating costs</b>	<b>-63.8</b>	<b>-54.6</b>	<b>+16.8%</b>	<b>-184.4</b>	<b>-160.1</b>	<b>+15.2%</b>
<b>EBITDA</b>	<b>21.0</b>	<b>16.8</b>	<b>+24.9%</b>	<b>66.6</b>	<b>49.4</b>	<b>+34.8%</b>
<b>Margin</b>	<b>25.1%</b>	<b>23.8%</b>		<b>27.1%</b>	<b>24.0%</b>	
<b>EBITDA (w/o one-time effect)</b>	<b>21.0</b>	<b>16.8</b>	<b>+24,9%</b>	<b>64.7</b>	<b>49.4</b>	<b>+30.9%</b>
<b>Margin (w/o one-time effect)</b>	<b>25.1%</b>	<b>23.8%</b>		<b>26.4%</b>	<b>24.0%</b>	
Depreciation of PPA and amortization	-4.7	-4.2	+11.8%	-13.6	-12.5	+8.6%
<i>t/o PPA</i>	-2.9	-2.5	+13.2%	-8.3	-7.6	+8.6%
<b>EBITA (normalized EBIT)</b>	<b>19.2</b>	<b>15.1</b>	<b>+26.6%</b>	<b>61.3</b>	<b>44.5</b>	<b>+37.7%</b>
<b>EBIT</b>	<b>16.3</b>	<b>12.6</b>	<b>+29.3%</b>	<b>53.0</b>	<b>36.9</b>	<b>+43.6%</b>
Financial result	-0.2	-0.2		-0.7	-0.2	
<b>EBT</b>	<b>16.1</b>	<b>12.5</b>	<b>+29.3%</b>	<b>52.4</b>	<b>36.7</b>	<b>+42.9%</b>
Income taxes	-3.7	-3.4	+7.1%	-14.7	-11.4	+29.0%
Non-controlling interests	0.3	0.3	+5.1%	1.4	1.2	+23.3%
<b>Net income (group shares)</b>	<b>12.1</b>	<b>8.7</b>	<b>+38.9%</b>	<b>36.3</b>	<b>24.2</b>	<b>+49.9%</b>
<b>EPS in EUR</b>	<b>0.31</b>	<b>0.23</b>	<b>+38.9%</b>	<b>0.94</b>	<b>0.63</b>	<b>+49.9%</b>
<b>Net income (group shares w/o one-time effect)</b>	<b>12.1</b>	<b>8.7</b>	<b>+38.9%</b>	<b>34.9</b>	<b>24.2</b>	<b>+44.4%</b>
<b>EPS in EUR (w/o one-time effect)</b>	<b>0.31</b>	<b>0.23</b>	<b>+38.9%</b>	<b>0.91</b>	<b>0.63</b>	<b>+44.4%</b>

# Balance Sheet - Assets

mEUR	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	103.0	84.0
Trade receivables, net	36.9	29.6
Inventories	0.6	0.5
Other current assets	14.2	11.8
<b>Current assets, total</b>	<b>154.8</b>	<b>125.9</b>
Property, plant and equipment	13.9	13.8
Intangible assets	104.0	100.8
Goodwill	163.2	134.9
Other non-current assets	4.5	4.1
<b>Non-current assets, total</b>	<b>285.6</b>	<b>253.6</b>
<b>Total assets</b>	<b>440.4</b>	<b>379.5</b>

# Balance Sheet – Equity and Liabilities

mEUR	September 30, 2016	December 31, 2015
<b>EQUITY AND LIABILITIES</b>		
Short-term borrowings and current portion of long-term loans	26.1	18.6
Trade payables & accrued liabilities	35.1	32.2
Deferred revenue	57.6	42.0
Other current assets	17.9	11.4
<b>Current liabilities, total</b>	<b>136.7</b>	<b>104.1</b>
Long-term borrowings without current portion	76.7	62.1
Deferred tax liabilities	23.7	24.3
Other non-current liabilities	20.7	22.1
<b>Non-current liabilities, total</b>	<b>121.1</b>	<b>108.5</b>
Subscribed capital and capital reserve	51.0	51.0
Retained earnings	133.1	116.3
Other comprehensive income	-3.8	-2.5
Non-controlling interests	2.2	2.1
<b>Equity, total</b>	<b>182.5</b>	<b>166.9</b>
<b>Total equity and liabilities</b>	<b>440.4</b>	<b>379.5</b>



# Cash flow statement

mEUR	September 30, 2016	September 30, 2015	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>84.0</b>	<b>57.0</b>	<b>+47.4%</b>
<b>Cash flow from operating activities</b>	<b>64.5</b>	<b>48.8</b>	<b>+32.1%</b>
<b>Cash flow from investing activities</b>	<b>-45.8</b>	<b>-8.0</b>	<b>+472.2%</b>
t/o CapEX	-5.7	-5.7	-0.4%
t/o Cash paid for business combinations	-40.4	-2.4	
<b>Cash flow from financing activities</b>	<b>1.2</b>	<b>-28.5</b>	<b>-104.3%</b>
t/o Dividend payments	-19.3	-15.4	+25.0%
t/o Repayments of borrowings	-15.7	-9.0	
t/o Cash received from bank loans	38.0	0.0	
FX-effects	-0.9	2.2	
<b>Cash and cash equivalents at the end of the period</b>	<b>103.0</b>	<b>71.5</b>	<b>+44.1%</b>
<b>Free cash flow<sup>(1)</sup></b>	<b>18.7</b>	<b>40.8</b>	<b>-54.1%</b>

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

## Contact

**NEMETSCHKE SE**  
**Investor Relations**  
**Konrad-Zuse-Platz 1**  
**D-81829 Munich**  
**Germany**  
**[investorrelations@nemetschek.com](mailto:investorrelations@nemetschek.com)**  
**[www.nemetschek.com](http://www.nemetschek.com)**

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