

Nemetschek Group Earnings Call

## **Financial Results 2018 / Outlook 2019**

29 March 2019 | Patrik Heider, Spokesman & CFOO

# Nemetschek's Key Figures: 5 Years - 5 Achievements



We generate high shareholder returns<sup>1</sup>

#### 5-year TSR<sup>1</sup>:

- | Nemetschek: ~700%
- | Peer group<sup>2</sup>: ~95%
- | TecDAX: ~110%



We outperform our peers in terms of growth<sup>2</sup>

#### 5-year revenue CAGR:

- | Total growth: 20.0%
- | Organic growth: 13.4%
- | Peer group<sup>2</sup>: <10%



We have become a truly global player

#### 5-year US revenue CAGR:

- | 49% in the world's largest and most competitive AEC market



Strong EPS development

#### 5-year EPS CAGR:

- | 26%



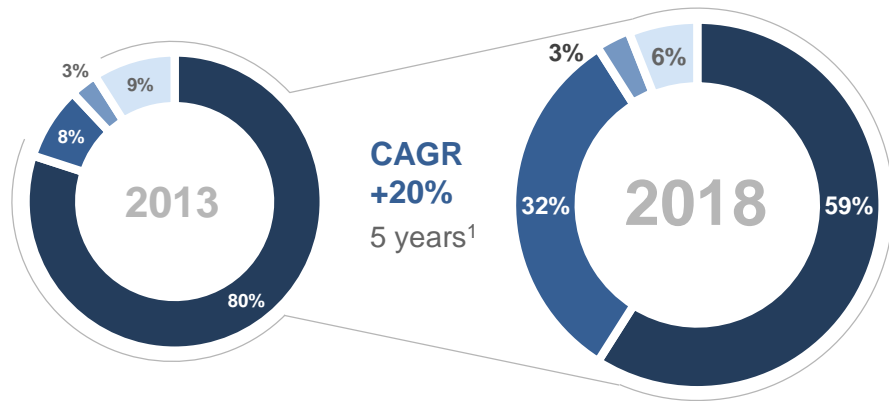
Sustainable dividend policy with continuous growth

#### 5-year CAGR:

- | 20%

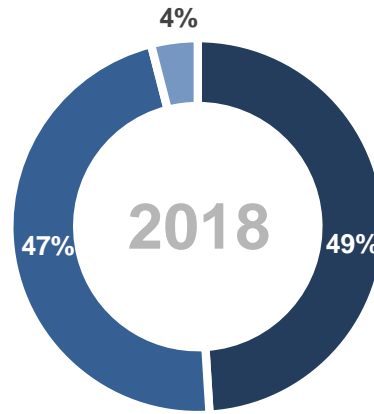
# 5-Years Development: Positioned to Provide Strong Growth

## AEC business mix



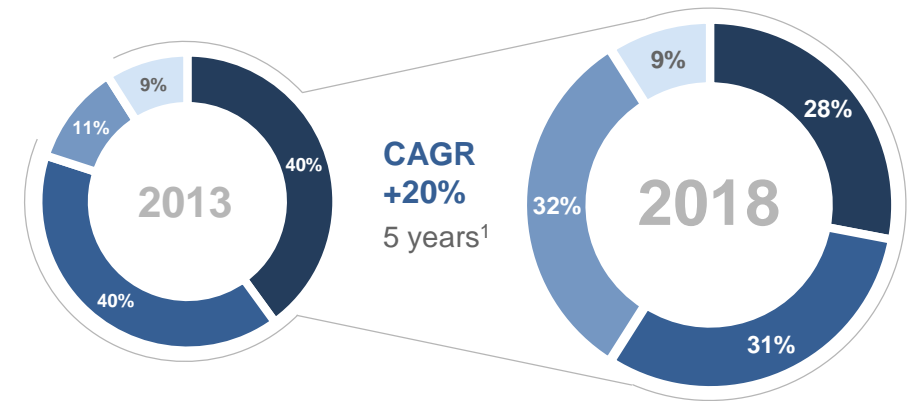
- Design
- Build
- Manage
- Media & Entertainment

## Revenue mix



- Recurring revenues  
Maintenance and rental models such as subscription, SaaS
- Software licenses
- Consulting & Hardware

## Global mix



- Germany
- Europe (w/o Germany)
- Americas
- Asia/Pacific

<sup>1</sup> 2013–2018

# Key Business Highlights: New Record Levels and Successes in FY 2018

## Strong Performance



Revenues:  
**+16.6% to € 461.3m**  
Promise kept: € 447–457m



**+19.8%**  
Revenues abroad



EBITDA margin:  
**26.3%**  
Promise kept: 25%–27%



Dividend proposal:  
**€0.81** per share



**+22.8%**  
Recurring revenues  
**+63.5%**  
Subscription revenues



High cash conversion  
**82.3%**

## M&A Successes



**Group-level acquisition**  
Spacewell (formerly MCS)

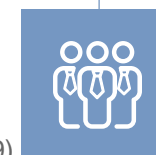


**3 brand-level acquisitions**  
123erfasst.de by Nevaris  
Project Atlas by Bluebeam  
Axserion by Spacewell (01/2019)

## Focus on customer



**>5m**  
Customers



**>95%**  
Customer retention

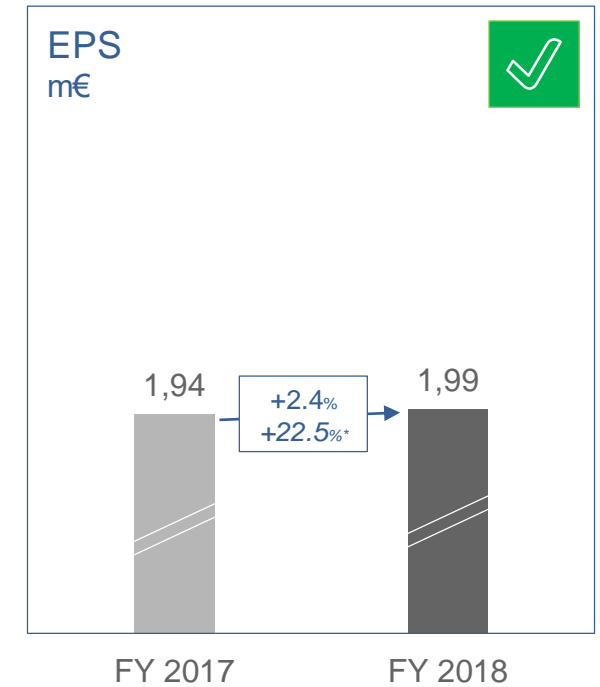
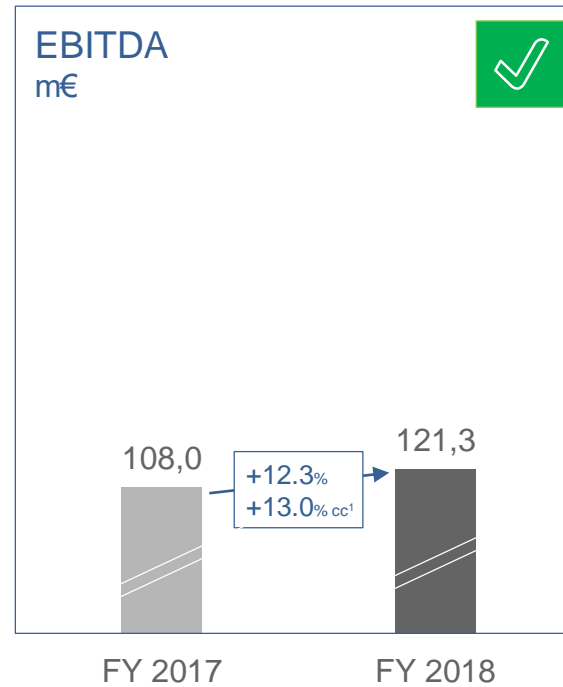
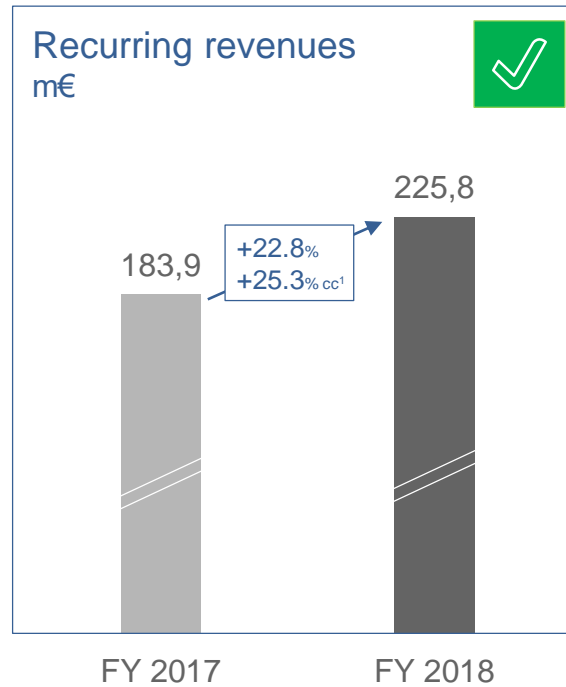
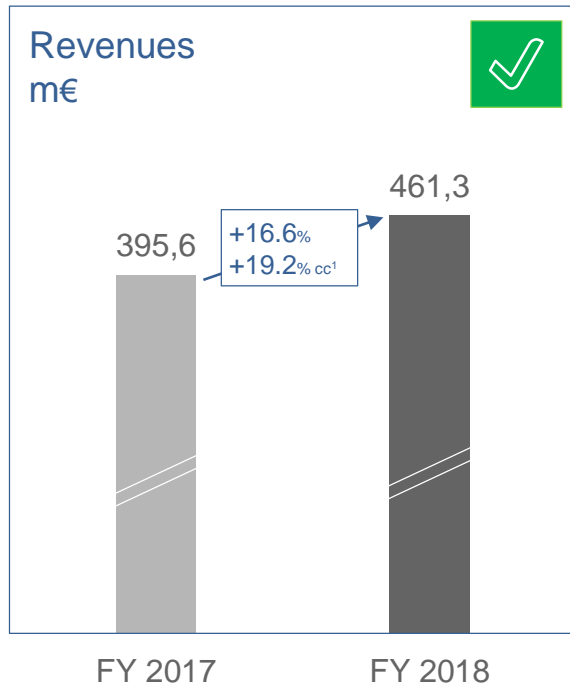




01

Financial Results FY 2018

# Top Key Figures FY 2018: Another Record Year with Strong Growth



- Continued double-digit growth with organic growth of 14.1% (+16.6% cc<sup>1</sup>)
- Guidance (€ 447-457m) exceeded
- Currency headwind (in total: €-10.1m) mainly from H1 2018

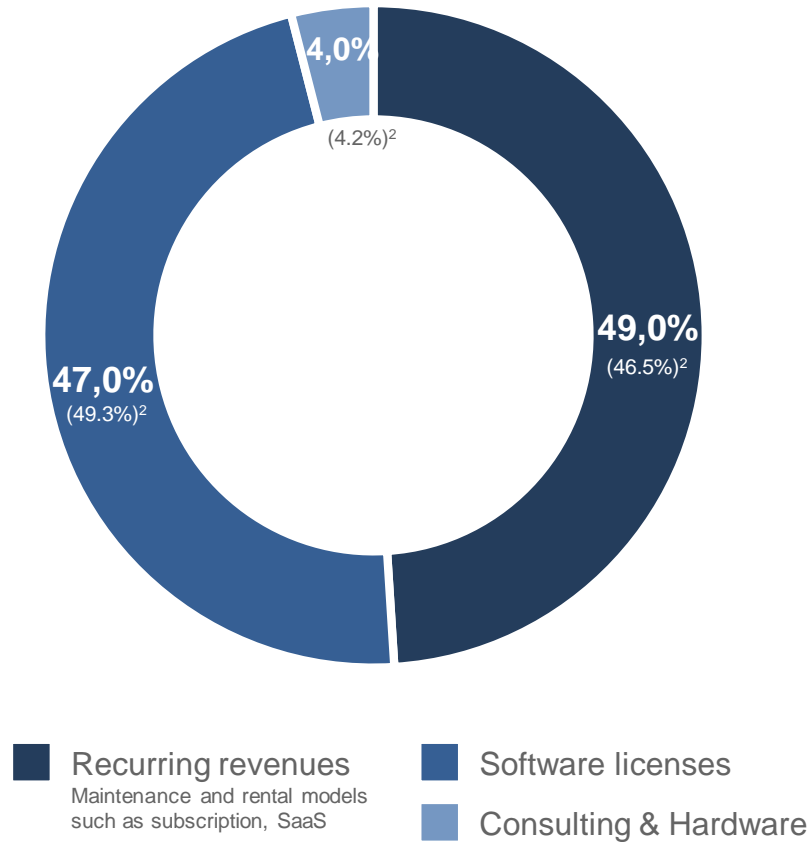
- Strong increase in subscription (+63.5%)
- High portion of recurring revenues (49.0% of total revenues)

- High EBITDA margin: 26.3% (previous year: 27.3%) while investing in future growth
- In-line with target corridor of 25%-27%

- \*Adjusted EPS of previous year at €1.62 would lead to an increase of +22.5%
- Tax rate with 23.3% above previous year (18.6%)

# Growth Driver Recurring Revenues: Strongest Growth in Subscription

Revenue distribution FY 2018



## FY 2018

### Recurring revenues yoy

↑ +22.8%  
+25.3% cc<sup>1</sup>

### Subscription yoy

↑ +63.5%  
+69.0% cc<sup>1</sup>

### Software licenses yoy

↗ +11.2%  
+13.9% cc<sup>1</sup>

## FY 2018 comments

Above average growth to € 225.8m

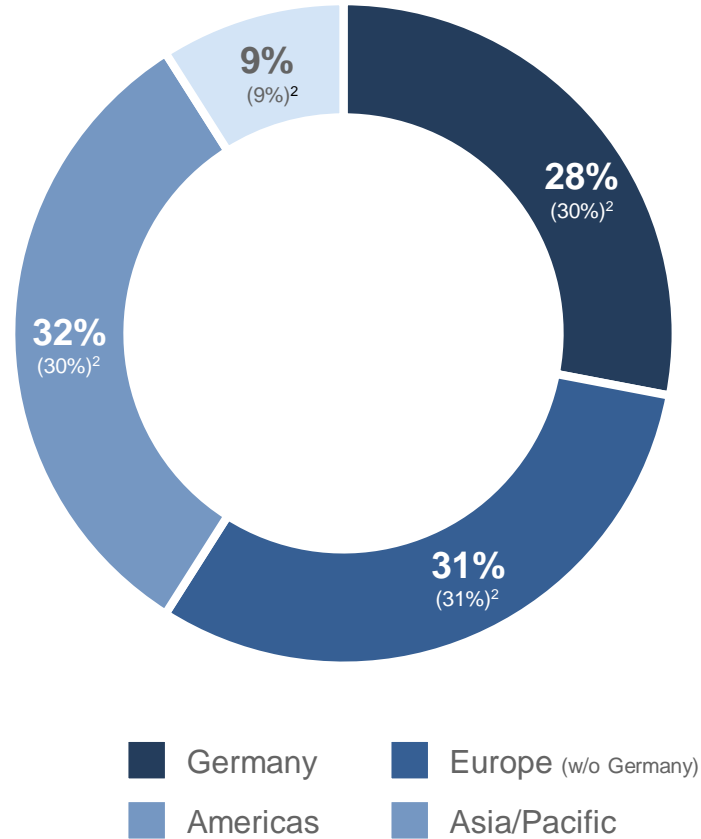
Strong growth to € 22.1m (previous year: € 13.5m)  
Strategic change of business model towards subscriptions

Double-digit growth continued  
Total of € 216.8m



# Internationalization Is Key: US Is Strongest Growing Market

Revenue distribution FY 2018

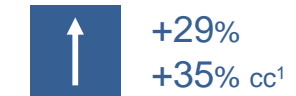


## FY 2018

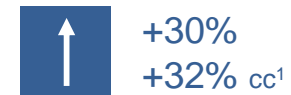
### Germany



### Americas



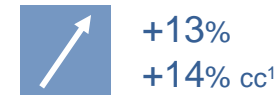
### UK



### Asia



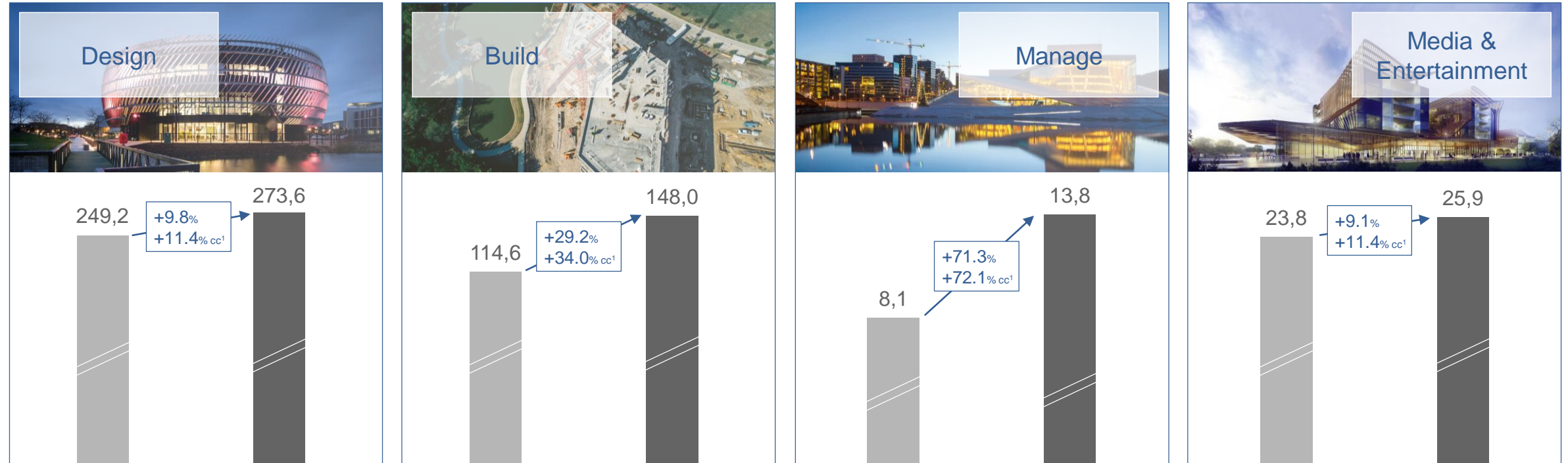
### Europe





# Segment Overview: Build Segment Is Key Growth Driver

Revenues in m€



FY 2017

FY 2018

FY 2017

FY 2018

FY 2017

FY 2018

FY 2017

FY 2018

## EBITDA Margin

28.2%

25.4%

23.2%

25.8%

23.4%

17.9%

38.8%

42.6%

Solid growth as expected  
Strategic investment in international markets and next generation solutions

Strongest growing segment  
Focus on international growth

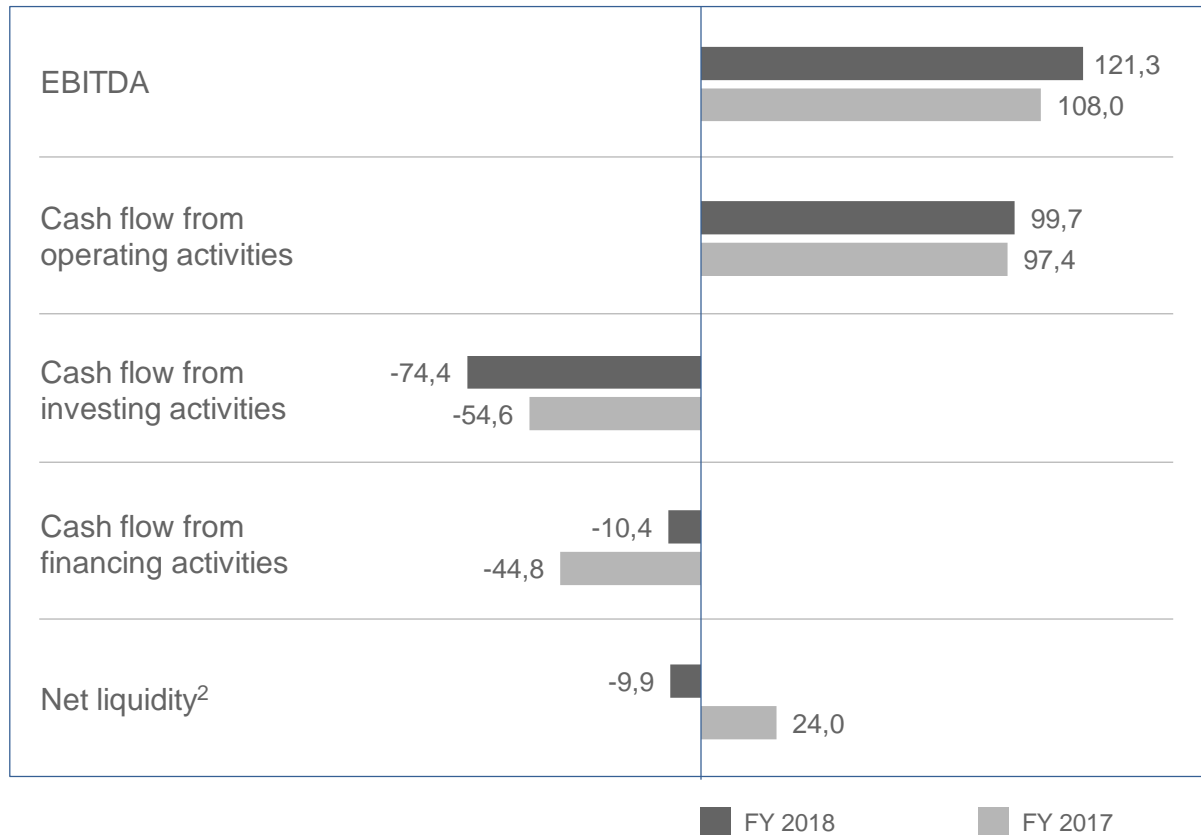
Consolidation of Spacewell since 09/2018 (€ 5.0m)  
Organic growth: 8.8%  
Dilution of EBITDA margin through M&A

Growth of 9.1% (11.4%cc<sup>1</sup>) in line with expectations  
July: Increased share from 70% to 100%, new CEO to drive future growth

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

82.3% High cash conversion rate<sup>1</sup>

in m€



## Comments

+12.3%

+2.4%

Increase in trade receivables and other liabilities  
One-time effect: Cash impact due to a deposit of € 5.3m, normalized growth of 8%

- € 11.3m in Capex as planned  
- € 63.1m for acquisition

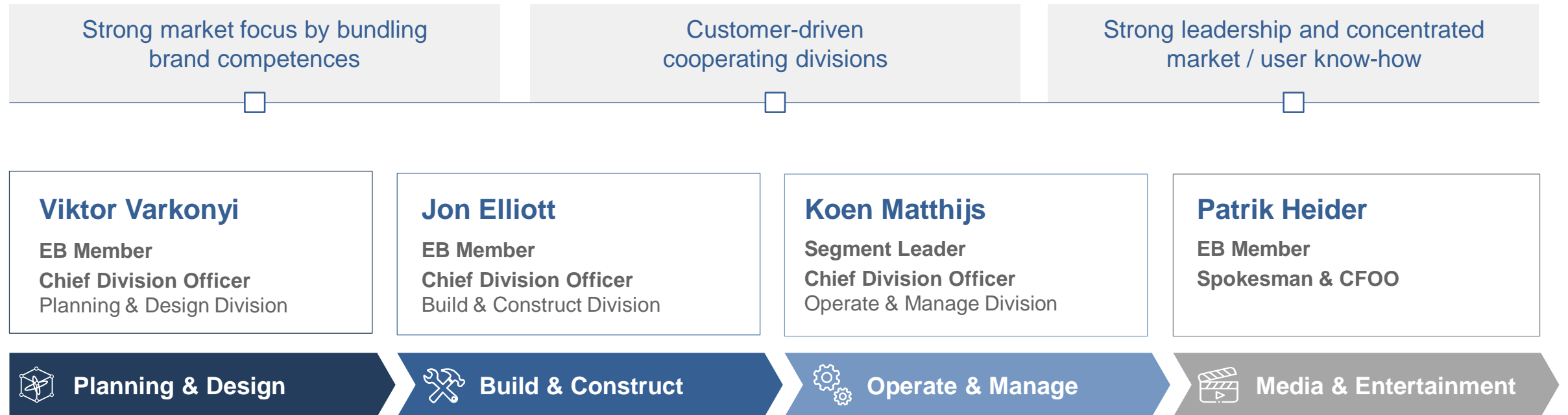
- € 28.9m dividend payments  
- € 38.0m repayment of loans  
+€ 86.0m new loans for acquisitions  
- € 27.0m payment mainly for increased share in Maxon

<sup>1</sup> Operating cash flow/EBITDA | <sup>2</sup> Previous year = End of 2017

# 03

## Strategic Priorities / Financial Outlook

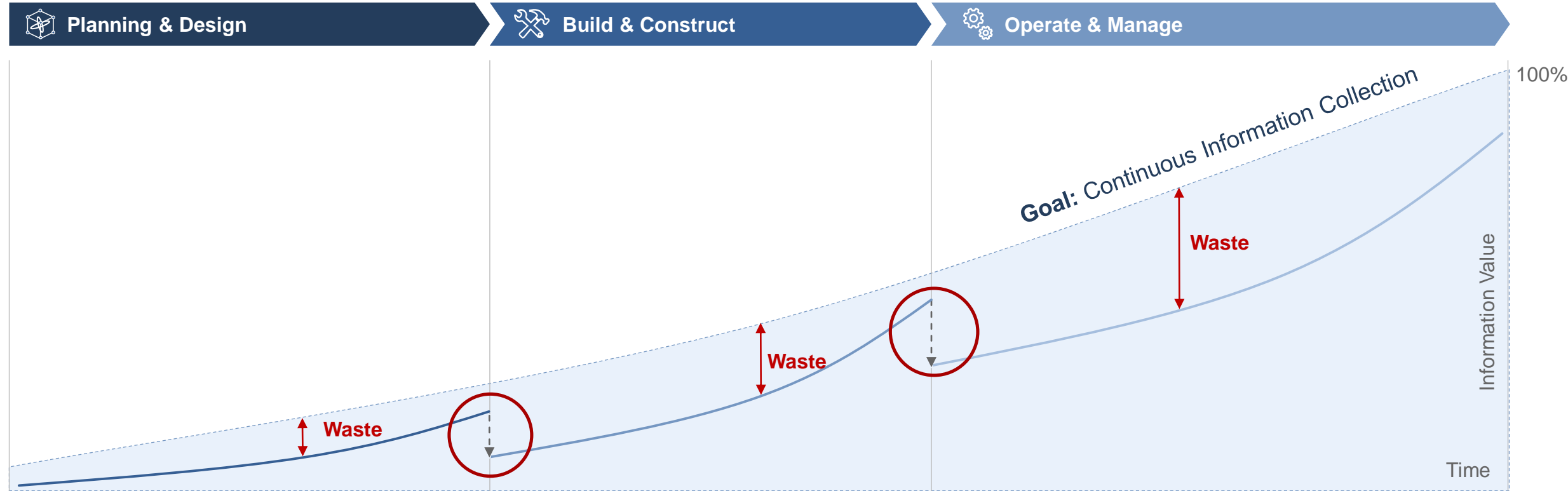
# New Executive Board & Leadership Structure: Strong Customer-Oriented Divisions





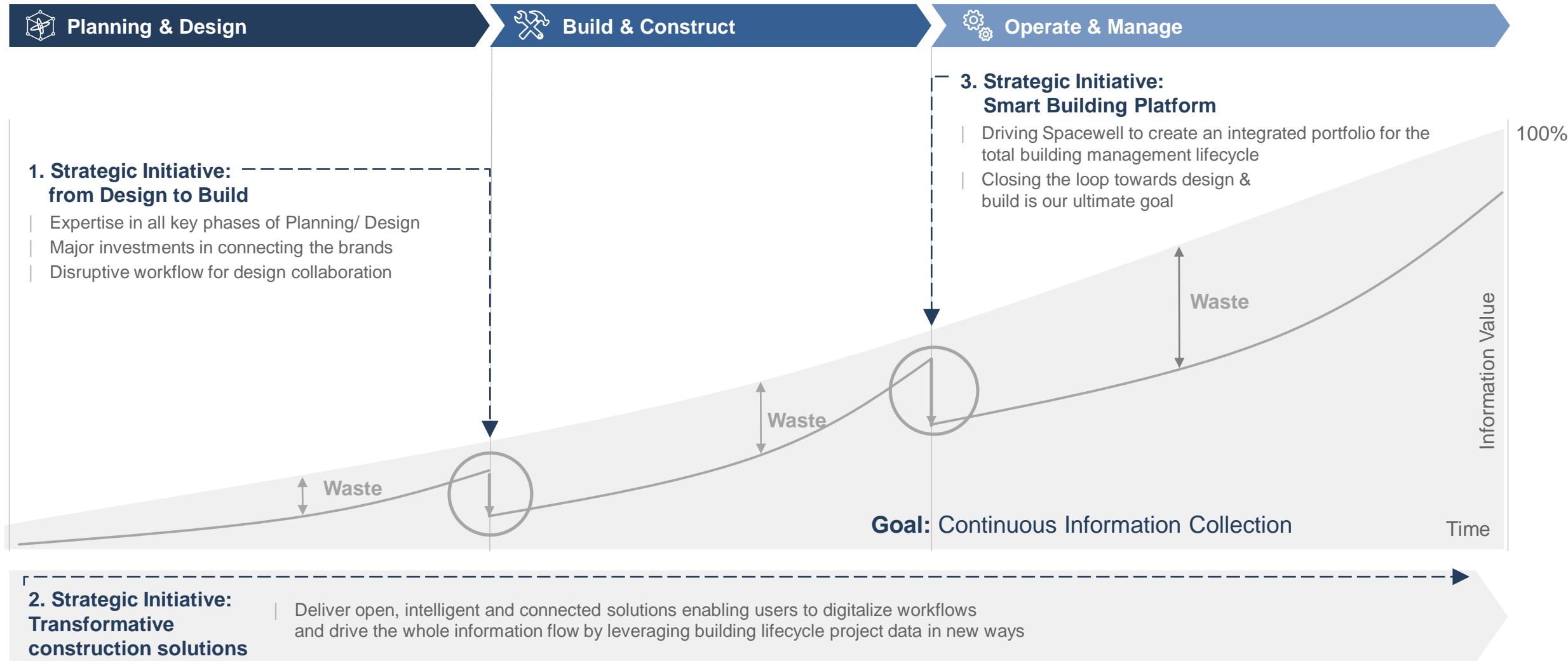
# Numerous Stakeholders: Huge Information Loss at the Hand-Over Points

Full Cycle BIM



Information is collected during each phase of the building lifecycle. Stakeholders still act in silos. Owners are demanding that the overall process be optimized. At the handoff points, which is a huge loss in terms of efficiency and leads to additional cost.

# Three Strategic Initiatives to drive the End-to-End BIM Workflow



# Investment Focus: Our Strategic Investments of € 10 Million in 2018



## 3 Strategic initiatives to drive next-generation solutions



### 1. From Design to Build

- | Targeting large customers by connecting the competences of brands
- | Disruptive workflow for design collaboration
- | Growing positioning in infrastructure

### 2. Transformative construction solutions

- | Connected solutions to digitalize workflows and leverage construction project data in new ways
- | Empower file users with mobile solutions

### 3. Smart Building Platform

- | Creating an integrated portfolio for the total building management lifecycle
- | Closing the loop towards design & build
- | Multi-source intelligent data hub for improving building, people and service performance

## Internationalization



### Enter adjacent markets

- | Leverage regional market leadership and competencies across brands
- | Investments in local market presence, resources, and end-to-end localized customer experience

### Focus on markets with biggest potential

- | USA followed by Europe and Asia

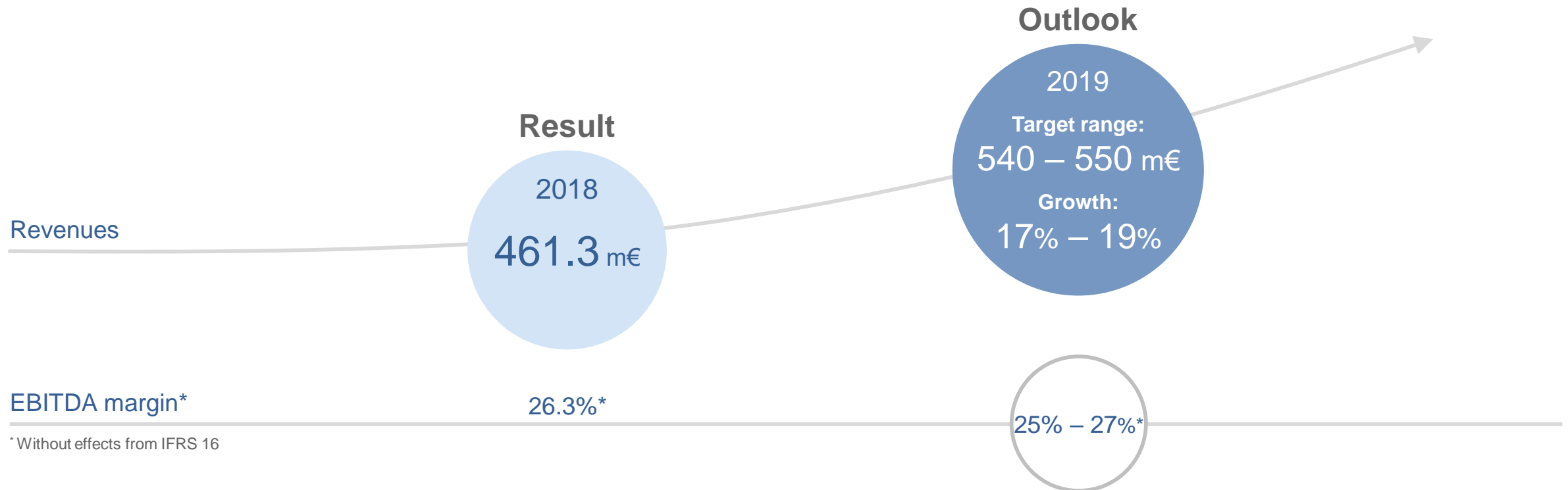
## Operational excellence



### Increase efficiency

- | Implementation of a groupwide harmonized core application infrastructure to leverage process efficiency

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



\* Without effects from IFRS 16

- | Revenues range: € 540 – 550m, strong growth of 17% – 19%
- | EBITDA margin: on sustainable level of 25% – 27%\*
- | Investments 2019: additional € 10-12m to leverage future growth



# Appendix



## P+L statement Q4 / FY 2018 comparison

€m	Q4 2018	Q4 2017	% YoY	12M 2018	12M 2017	%YoY
<b>Revenues</b>	<b>130.4</b>	<b>105.7</b>	<b>+23.3%</b>	<b>461.3</b>	<b>395.6</b>	<b>+16.6%</b>
Own work capitalized/other operating income	1.1	1.4	-17.2%	5.5	4.8	+13.1%
<b>Operating income</b>	<b>131.5</b>	<b>107.1</b>	<b>+22.8%</b>	<b>466.8</b>	<b>400.4</b>	<b>+16.6%</b>
Cost of materials/purchased services	-4.1	-3.3	+25.3%	-14.3	-12.9	+10.6%
Personnel expenses	-55.3	-45.0	+22.7%	-200.6	-172.6	+16.2%
Other operating expenses	-39.1	-27.3	+43.4%	-130.7	-106.9	+22.2%
<b>Operating expenses</b>	<b>-98.5</b>	<b>-75.6</b>	<b>+30.3%</b>	<b>-345.5</b>	<b>-292.4</b>	<b>+18.2%</b>
<b>EBITDA</b>	<b>33.0</b>	<b>31.5</b>	<b>+4.9%</b>	<b>121.3</b>	<b>108.0</b>	<b>+12.3%</b>
<b>Margin</b>	<b>25.3%</b>	<b>29.8%</b>		<b>26.3%</b>	<b>27.3%</b>	
Depreciation of PPA and amortization	-6.6	-5.4	+22.7%	-23.5	-21.6	+8.8%
t/o PPA	-4.1	-3.3	+25.0%	-14.7	-13.5	+9.0%
<b>EBITA (normalized EBIT)</b>	<b>30.5</b>	<b>29.4</b>	<b>+3.9%</b>	<b>112.5</b>	<b>99.9</b>	<b>+12.6%</b>
<b>EBIT</b>	<b>26.4</b>	<b>26.1</b>	<b>+1.2%</b>	<b>97.8</b>	<b>86.4</b>	<b>+13.1%</b>
Financial result	2.0	8.6		2.0	8.0	
<b>EBT</b>	<b>28.4</b>	<b>34.7</b>	<b>-18.1%</b>	<b>99.8</b>	<b>94.4</b>	<b>+5.7%</b>
Income taxes	-4.7	-2.2	+109.2%	-23.2	-17.6	+32.3%
Non-controlling interests	0.1	-0.6		-0.1	-2.2	
<b>Net income (group shares)</b>	<b>23.8</b>	<b>31.8</b>	<b>-25.1%</b>	<b>76.5</b>	<b>74.7</b>	<b>+2.4%</b>
<b>EPS in EUR</b>	<b>0.62</b>	<b>0.83</b>	<b>-25.1%</b>	<b>1.99</b>	<b>1.94</b>	<b>+2.4%</b>

## Balance sheet – Assets

€m	December 31, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	120.7	104.0
Trade receivables, net	55.8	41.0
Inventories	1.2	0.6
Other current assets	24.6	13.5
<b>Current assets, total</b>	<b>202.2</b>	<b>159.1</b>
Property, plant and equipment	17.6	14.9
Intangible assets	102.1	86.9
Goodwill	244.3	192.7
Other non-current assets	14.3	7.3
<b>Non-current assets, total</b>	<b>378.3</b>	<b>301.7</b>
<b>Total assets</b>	<b>580.6</b>	<b>460.8</b>

## Balance sheet – Equity and liabilities

€m	December, 2018	December 31, 2017
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	56.3	36.0
Trade payables & accrued liabilities	53.5	43.7
Deferred revenue	95.1	68.1
Other current assets	17.3	18.0
<b>Current liabilities, total</b>	<b>222.3</b>	<b>165.7</b>
Long-term borrowings without current portion	74.3	43.9
Deferred tax liabilities	17.2	13.5
Other non-current liabilities	17.2	9.6
<b>Non-current liabilities, total</b>	<b>108.7</b>	<b>67.1</b>
Subscribed capital and capital reserve	51.0	51.0
Retained earnings	212.1	193.2
Other comprehensive income	-13.6	-18.7
Non-controlling interests	0.1	2.5
<b>Equity, total</b>	<b>249.6</b>	<b>227.9</b>
<b>Total equity and liabilities</b>	<b>580.6</b>	<b>460.8</b>



# Cash flow statement

€m	December 31, 2018	December 31, 2017	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>104.0</b>	<b>112.5</b>	<b>-7.6%</b>
<b>Cash flow from operating activities</b>	<b>99.7</b>	<b>97.4</b>	<b>+2.4%</b>
<b>Cash flow from investing activities</b>	<b>-74.4</b>	<b>-54.6</b>	<b>+36.3%</b>
t/o CapEX	-11.3	-8.8	+28.5%
t/o Cash paid for business combinations	-63.1	-45.4	
<b>Cash flow from financing activities</b>	<b>-10.4</b>	<b>-44.8</b>	
t/o Dividend payments	-28.9	-25.0	
t/o Repayments of borrowings	-38.0	-26.0	
t/o Changes in bank liabilities due to company acquisitions	86.0	10.0	
t/o Payments for acquisitions of non-controlling interests	-27.0	-0.2	
FX-effects	1.8	-6.6	
<b>Cash and cash equivalents at the end of the period</b>	<b>120.7</b>	<b>104.0</b>	<b>+16.1%</b>
<b>Free cash flow<sup>1</sup></b>	<b>25.4</b>	<b>42.8</b>	
<b>Free cash flow<sup>1</sup> (w/o acquisition effects)</b>	<b>88.5</b>	<b>88.2</b>	<b>+0.3%</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 guarantees 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)

