

Nemetschek Group
Company Presentation

April 2019 | Patrik Heider, Spokesman & CFOO

Nemetschek's Key Figures: 5 Years - 5 Achievements



We generate high shareholder returns¹

5-year TSR¹:

- | Nemetschek: ~700%
- | Peer group²: ~95%
- | TecDAX: ~110%



We outperform our peers in terms of growth²

5-year revenue CAGR:

- | Total growth: 20.0%
- | Organic growth: 13.4%
- | Peer group²: <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%



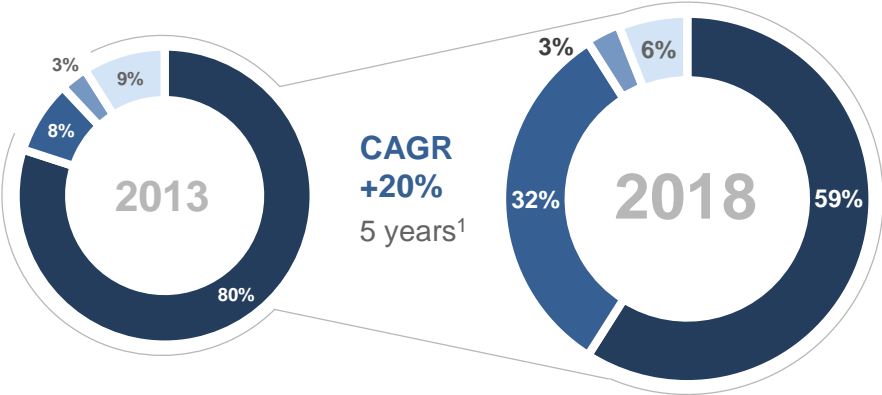
Sustainable dividend policy with continuous growth

5-year CAGR:

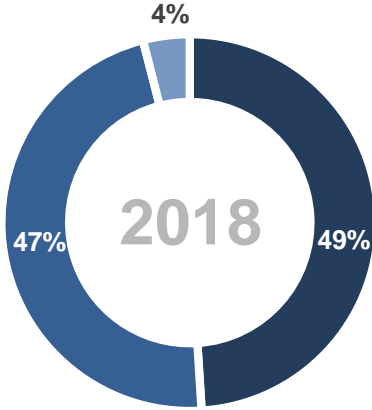
- | 20%

5-Years Development: Positioned to Provide Strong Growth

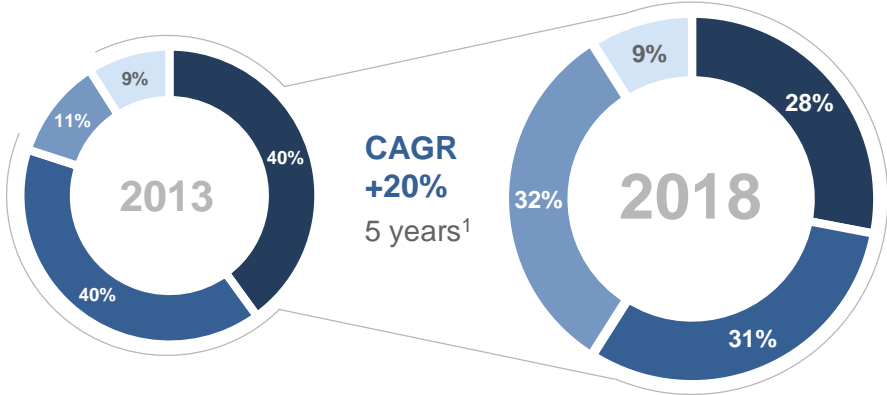
AEC business mix



Revenue mix



Global mix



- Design
- Build
- Manage
- Media & Entertainment

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

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

¹ 2013–2018

Why We are Successful – A Unique Approach Similar to German Mittelstand



NEMETSCHKEK GROUP

Highly specialized small or midsized companies

Long-term focus

Holding 5x as many patents per employee as major corporations

37% of all employees have regular customer contact (only 7% in major corporations)

Almost 50% of all small world market leaders are German

Going to market with 16 strong, entrepreneurial brands (5–100m €)

Every brand is a world leader in its discipline

Our brands are pioneers in Building Information Modeling

All brands are developing their solutions in close cooperation with the customers

No 1 AEC software provider in Europe, one of the largest worldwide



Innovative

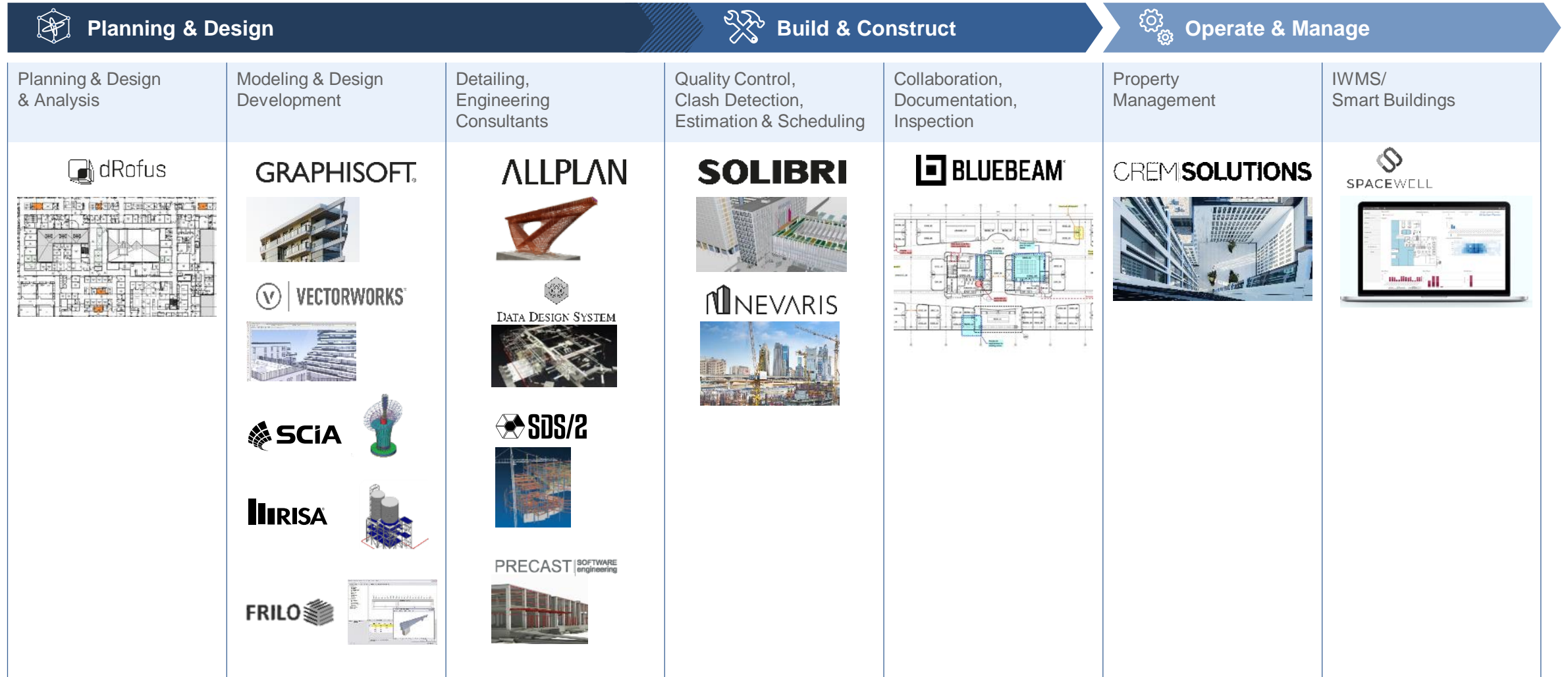


Customer focused



Internationally successful

NEMETSCHEK Provides all Expertise Along the AEC Value Chain





01

Financial Results FY 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)

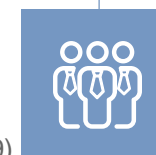


3 brand-level acquisitions
123erfasst.de by Nevaris
Project Atlas by Bluebeam
Axserion by Spacewell (01/2019)

Focus on customer

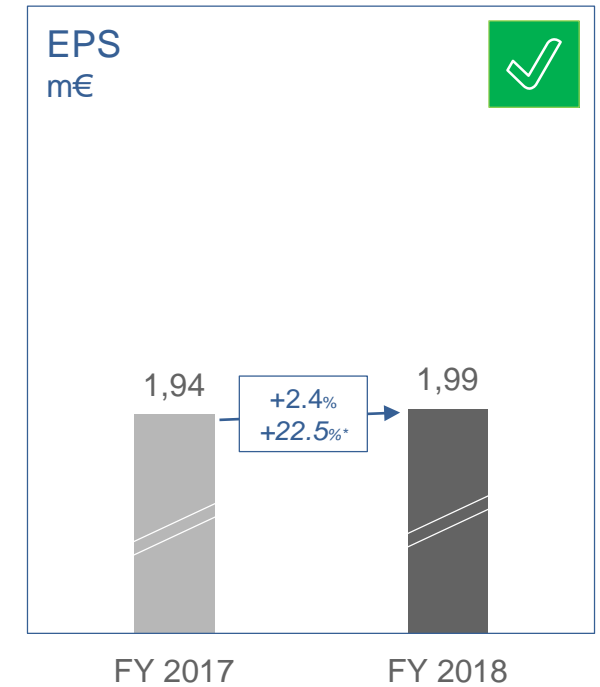
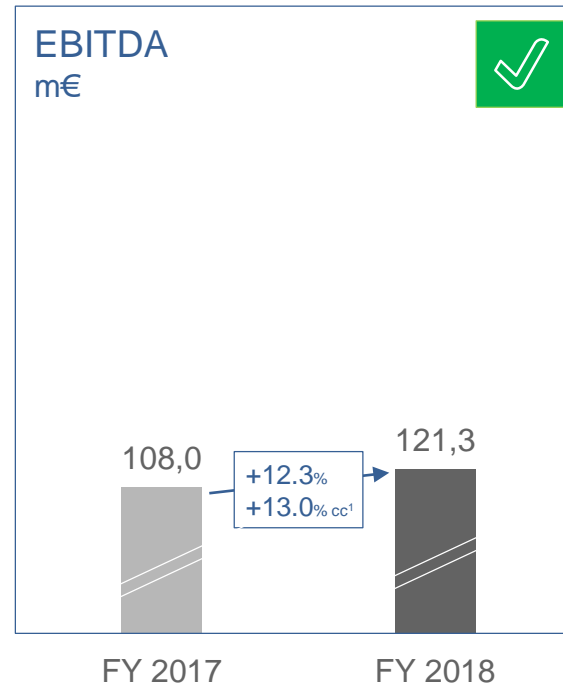
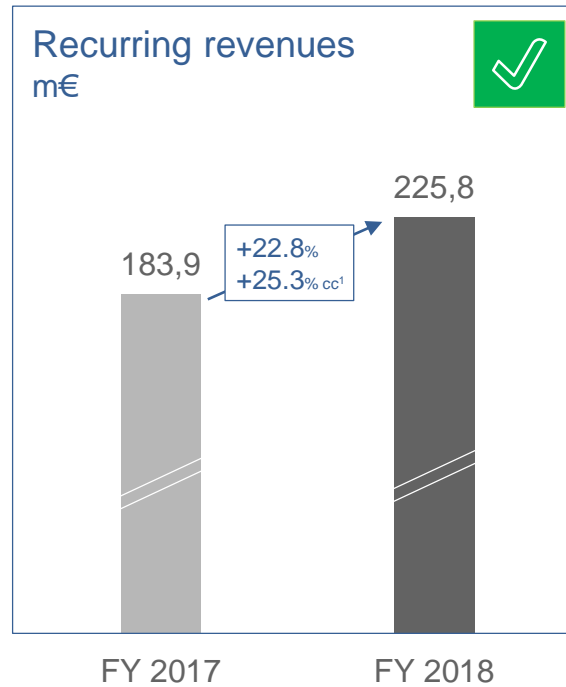
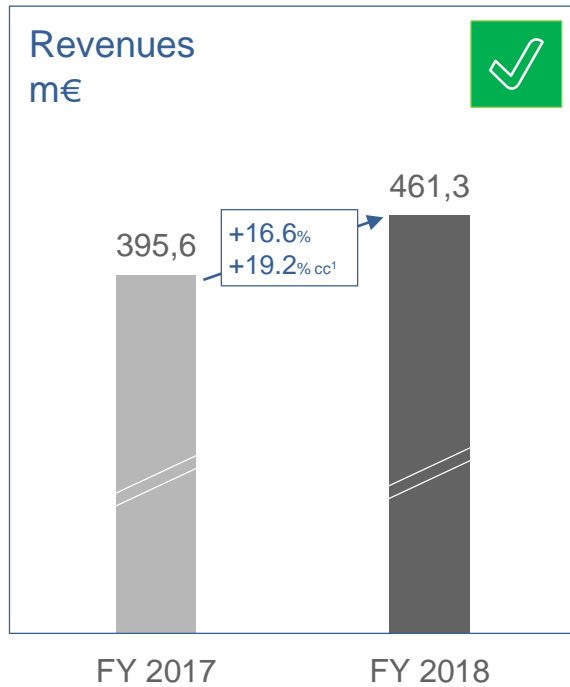


>5m
Customers



>95%
Customer retention

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



- Continued double-digit growth with organic growth of 14.1% (+16.6% cc¹)
- Guidance (€ 447-457m) exceeded
- Currency headwind (in total: €-10.1m) mainly from H1 2018

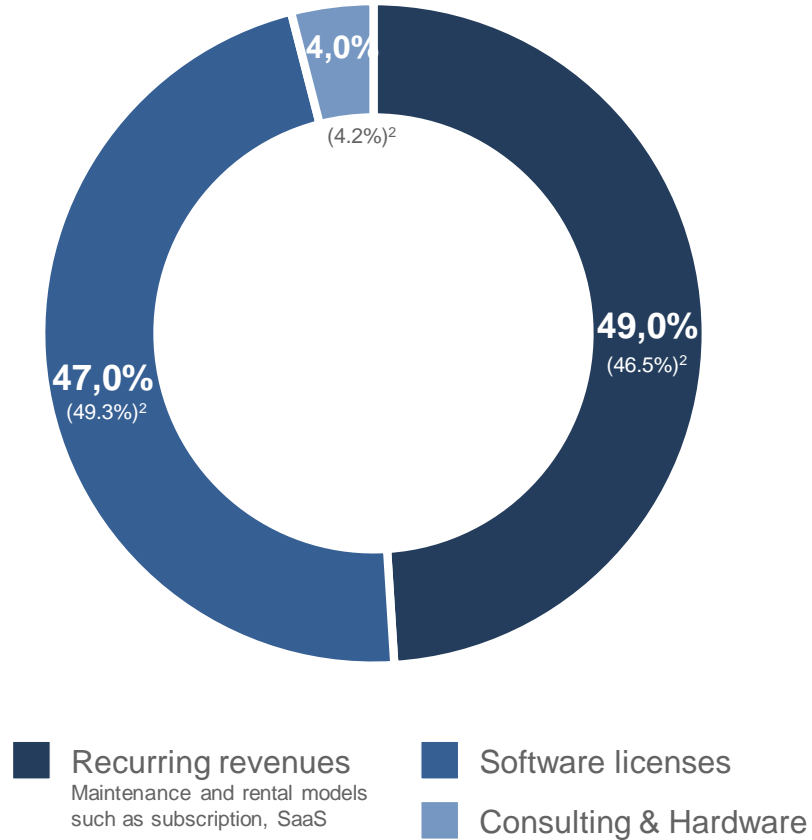
- Strong increase in subscription (+63.5%)
- High portion of recurring revenues (49.0% of total revenues)

- 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% cc¹

Subscription yoy

↑
 +63.5%
 +69.0% cc¹

Software licenses yoy

↗
 +11.2%
 +13.9% cc¹

FY 2018 comments

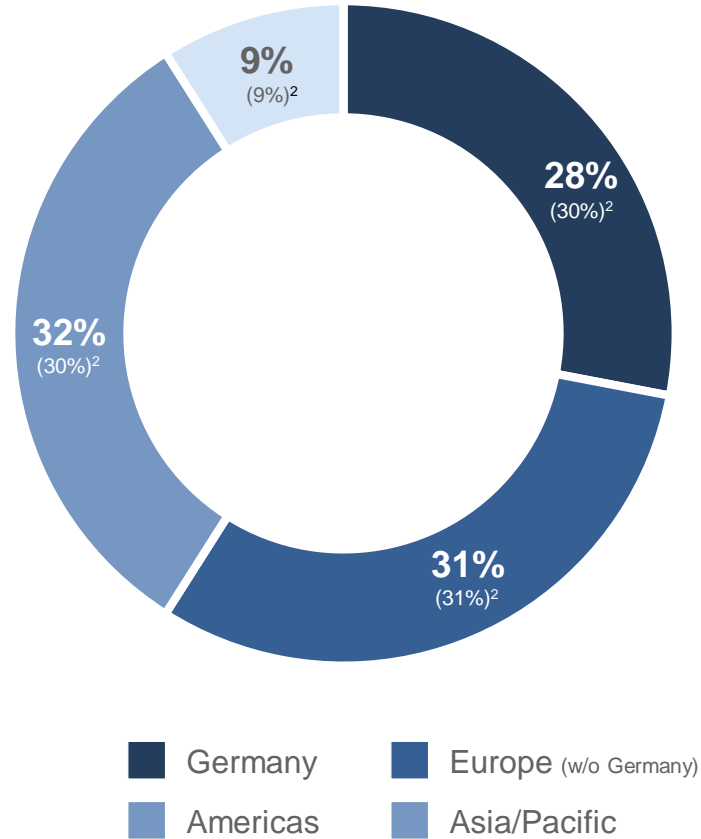
Above average growth to € 225.8m

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

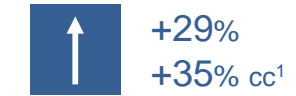


FY 2018

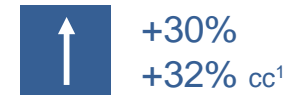
Germany



Americas



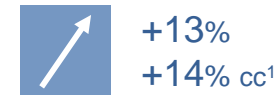
UK



Asia

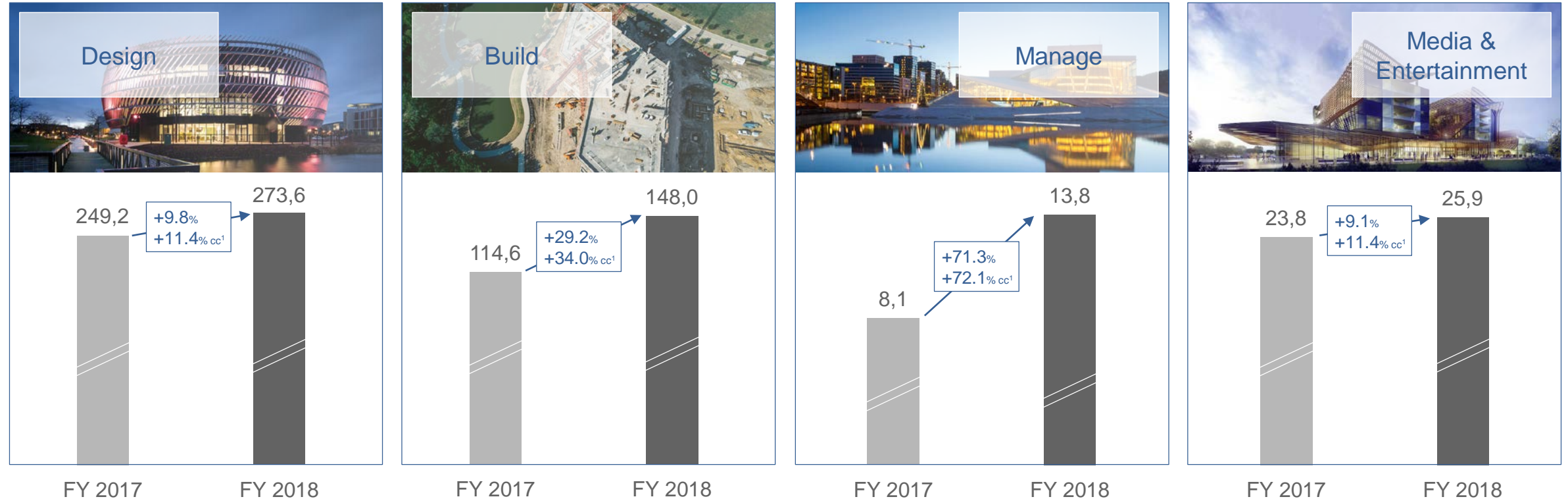


Europe



Segment Overview: Build Segment Is Key Growth Driver

Revenues in m€



EBITDA Margin

28.2%	25.4%	23.2%	25.8%	23.4%	17.9%	38.8%	42.6%
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- Solid growth as expected
- Strategic investment in international markets and next generation solutions

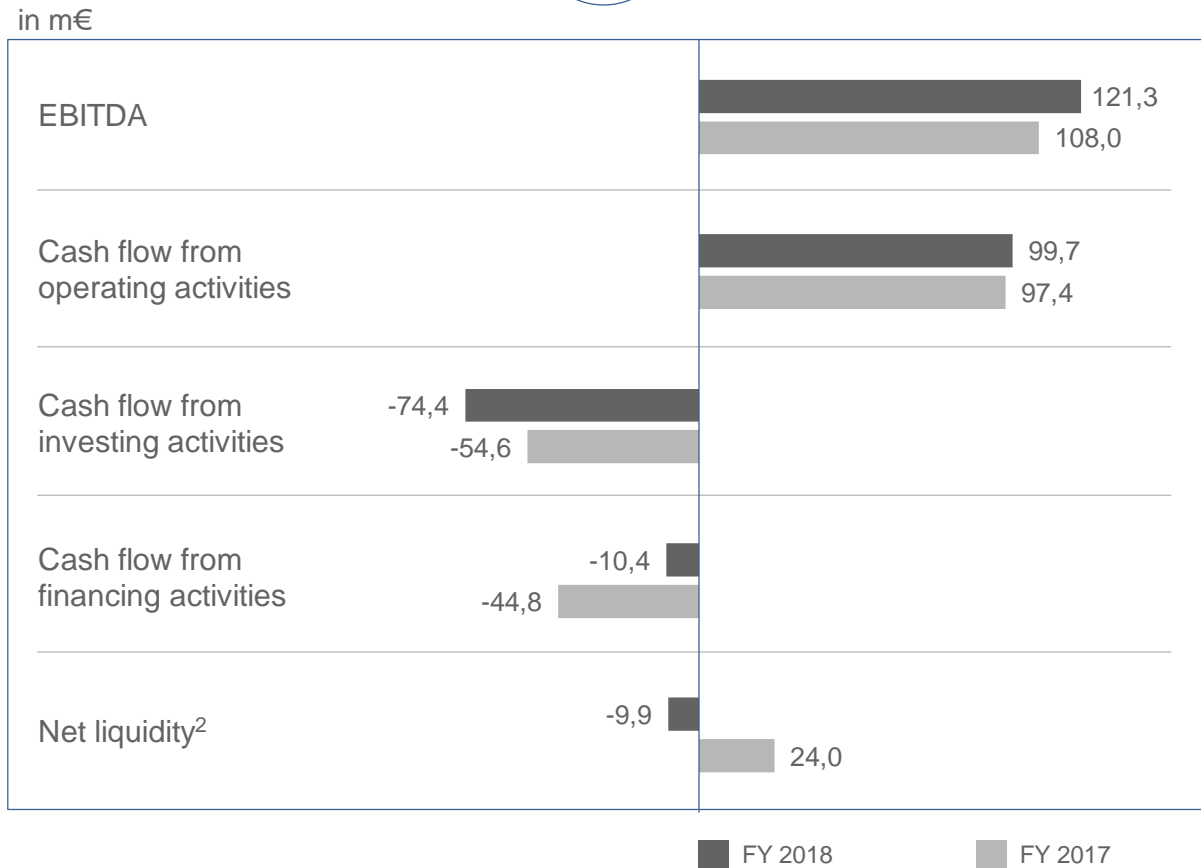
- Strongest growing segment
- Focus on international growth

- 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%cc¹) 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 rate¹



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

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

02

AEC Market Opportunities BIM Market Potential

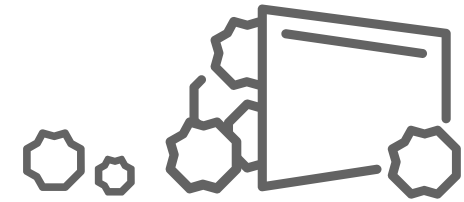
Challenges in Construction Industry

The worldwide construction market is estimated at

€10 trillion

(€3.5 trillion exc. residential)

However at least **20%** is waste



~10%

materials are wasted



~30%

of construction is rework



~40%

of projects are over budget



~90%

of projects are late



~40%

of jobsite work is unproductive

▶ Mostly due to **Ineffective Communication, Planning and Collaboration**

Source: Engineering-News Record 2017

Construction Projects: Running out of Time and Cost



Type of Project	Average Cost Overrun ¹
Bridges	11%
Roads	27%
Railways	30%
Buildings	39%
Airports	56%
Waterways	68%
Tunnels	149%

► Cost and time overruns occur in ~90% of the projects

¹ Source: Herite School of governance (2015), 170 infrastructure projects analyzed | ² Flyvbjerg et al. (2013): Underestimating Costs in Public Works Projects: Error or Lie?

What is BIM? There Are Different BIM Levels

Level 0:

CAD is used as a drawing board, no collaboration

Level 1:

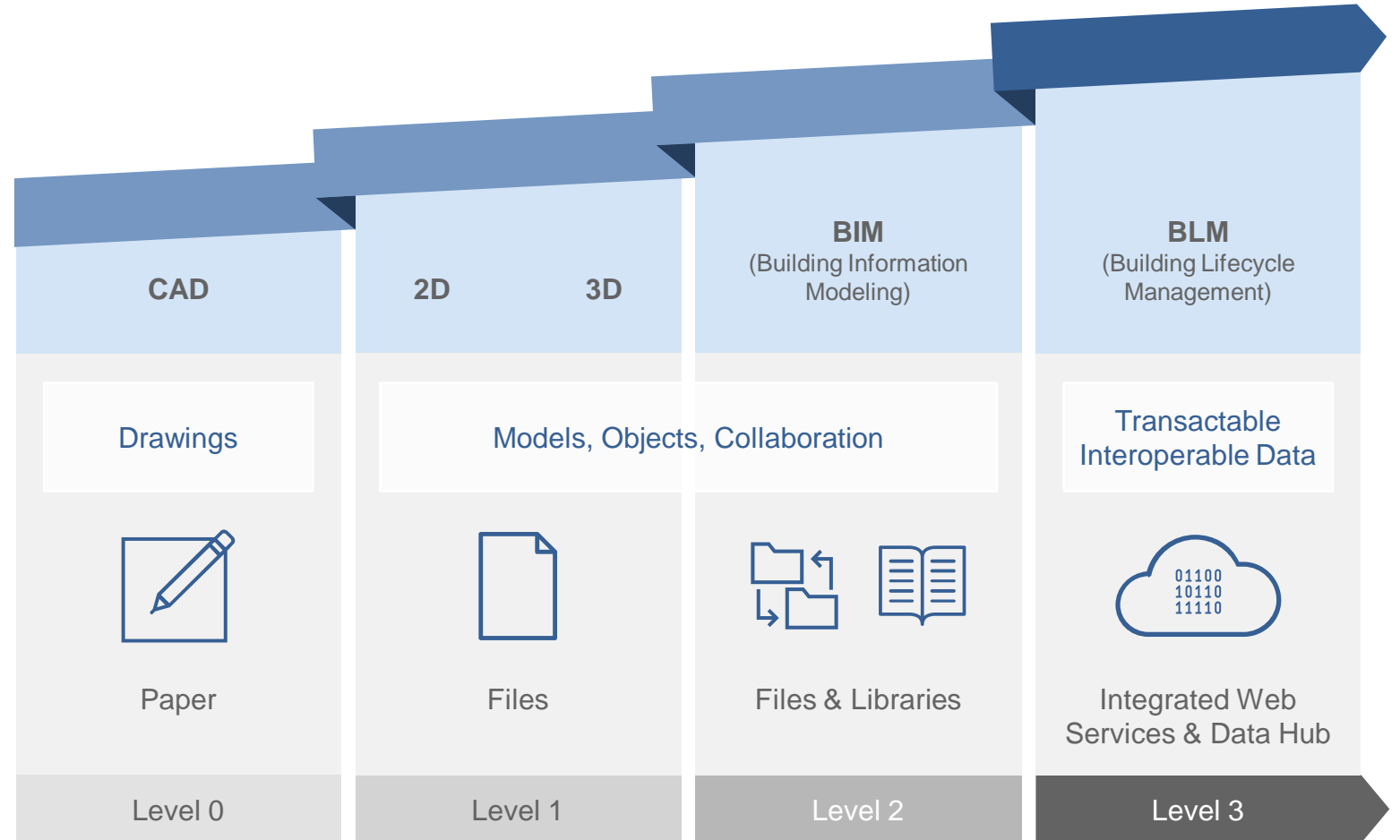
Mix of 2D and 3D work principles, no exchange of models

Level 2:

All planning partners work in 3D, but do not work on a shared model

Level 3:

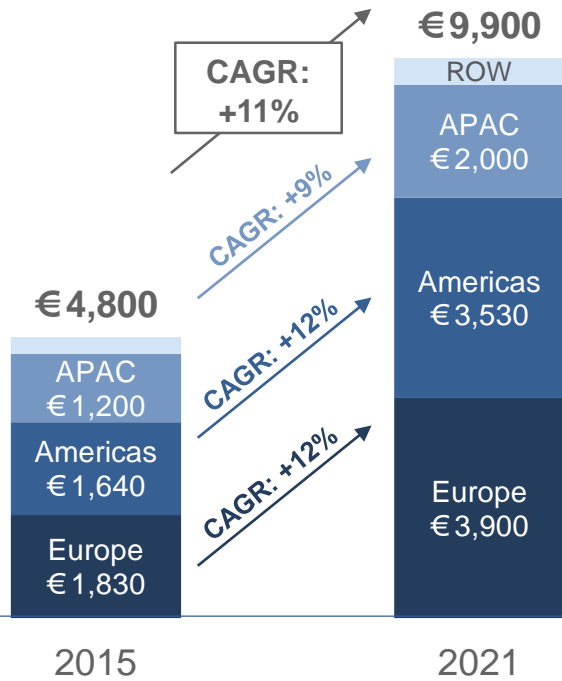
Full collaboration between all disciplines using a shared model



Source: Based on "The BIM Maturity Model by Mark Bew and Mervyn Richards adapted to reflect BLM's relationship to Level 3"

Huge Market Potential: The AEC BIM Software Market Will Grow to € 8 billion in 2021

End-user expenditure (EUE) in m€



EUE 2019: € 6.8bn

Top 3 Countries per Region



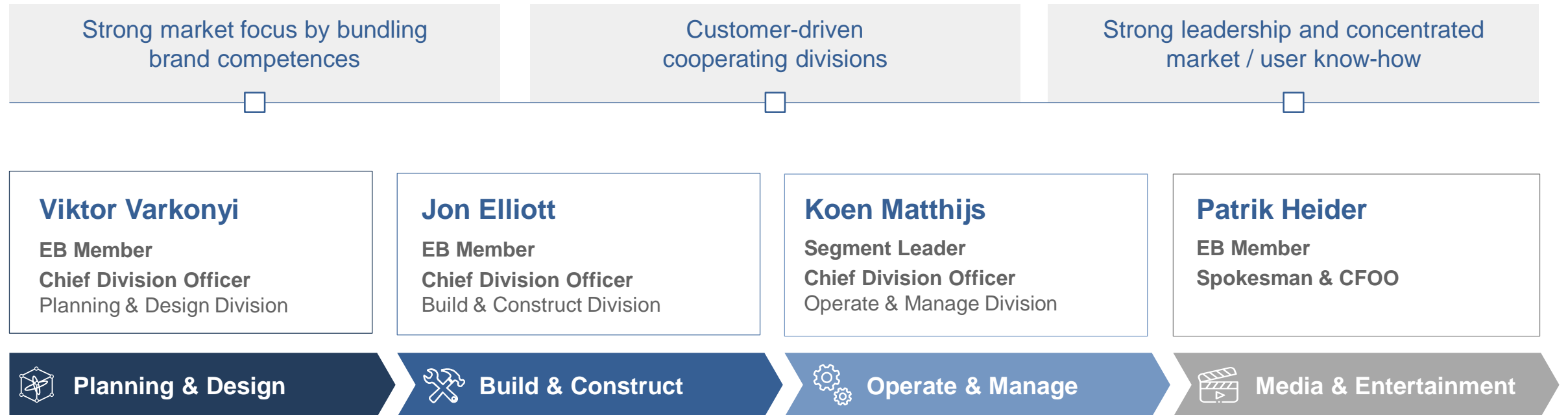
APAC EUE (2019)	Japan € 698m	China € 397m	Australia € 149m
Americas EUE (2019)	US/Canada € 2,141m	Brazil € 61m	
EMEA EUE (2019)	DACH € 1,075m	UK/I € 448m	France € 307m

Source: Cambashi BIM Design Observatory and internal research

03

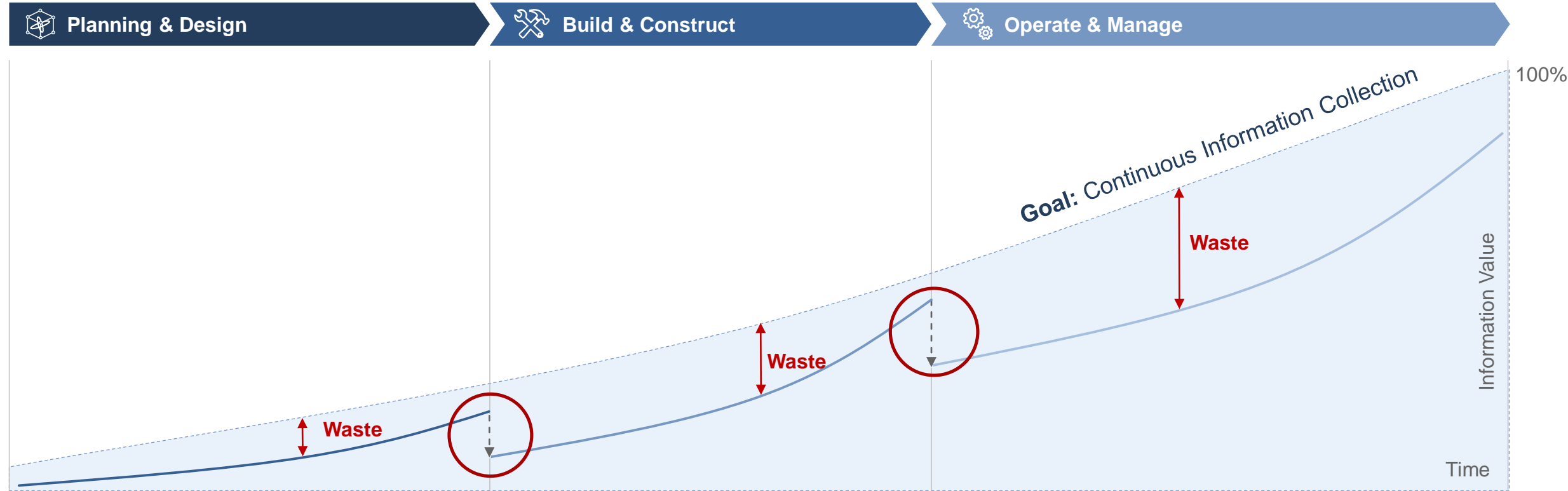
Strategic Priorities / Financial Outlook

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



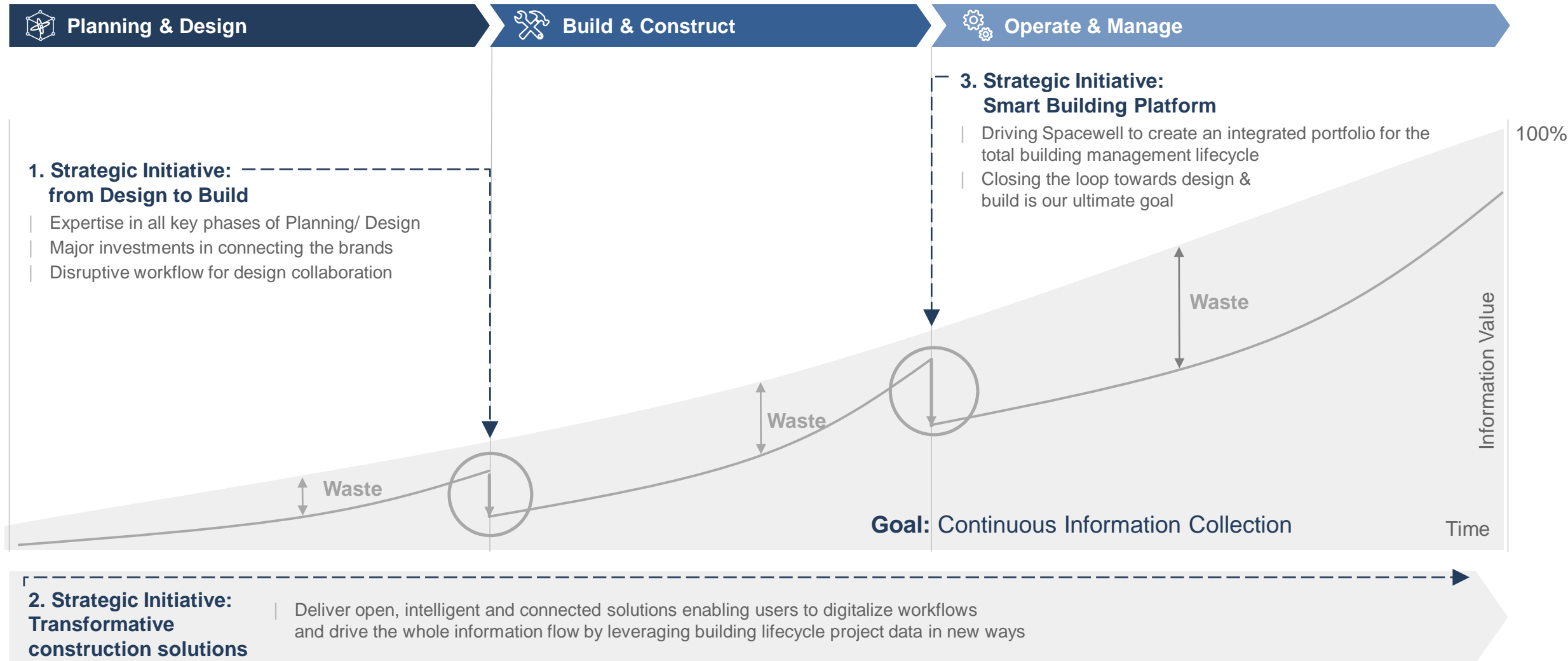
Numerous Stakeholders: Huge Information Loss at the Hand-Over Points

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

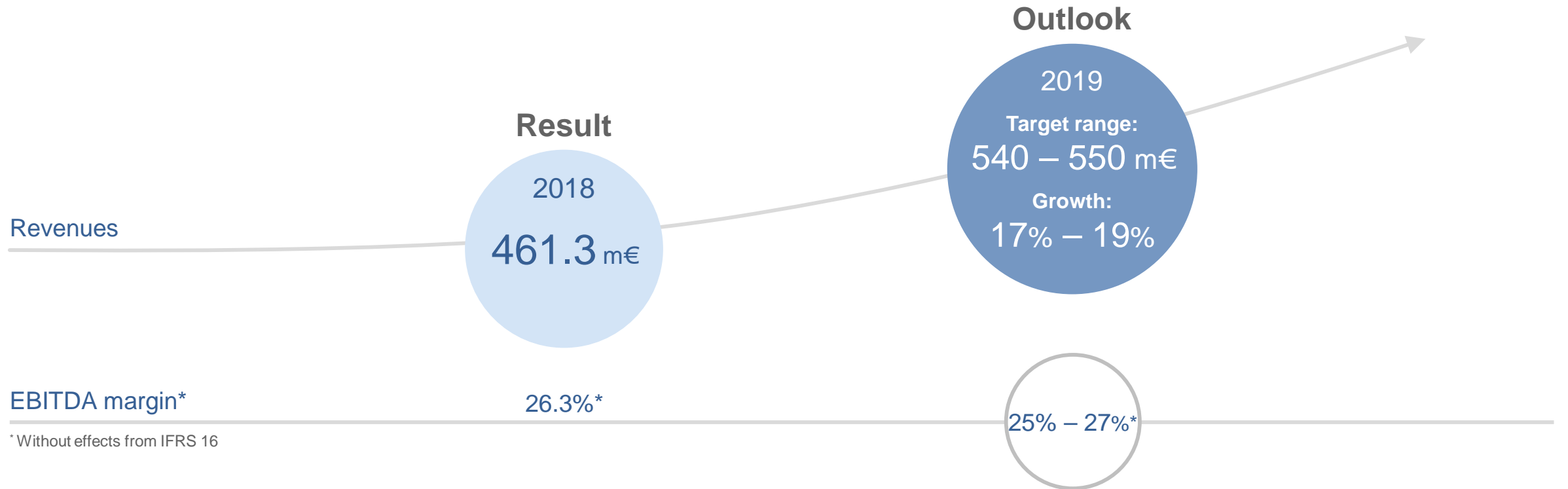
Operational excellence



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
Revenues	130.4	105.7	+23.3%	461.3	395.6	+16.6%
Own work capitalized/other operating income	1.1	1.4	-17.2%	5.5	4.8	+13.1%
Operating income	131.5	107.1	+22.8%	466.8	400.4	+16.6%
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%
Operating expenses	-98.5	-75.6	+30.3%	-345.5	-292.4	+18.2%
EBITDA	33.0	31.5	+4.9%	121.3	108.0	+12.3%
Margin	25.3%	29.8%		26.3%	27.3%	
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%
EBITA (normalized EBIT)	30.5	29.4	+3.9%	112.5	99.9	+12.6%
EBIT	26.4	26.1	+1.2%	97.8	86.4	+13.1%
Financial result	2.0	8.6		2.0	8.0	
EBT	28.4	34.7	-18.1%	99.8	94.4	+5.7%
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	
Net income (group shares)	23.8	31.8	-25.1%	76.5	74.7	+2.4%
EPS in EUR	0.62	0.83	-25.1%	1.99	1.94	+2.4%

Balance sheet – Assets

€m	December 31, 2018	December 31, 2017
Assets		
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
Current assets, total	202.2	159.1
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
Non-current assets, total	378.3	301.7
Total assets	580.6	460.8

Balance sheet – Equity and liabilities

€m	December, 2018	December 31, 2017
Equity and liabilities		
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
Current liabilities, total	222.3	165.7
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
Non-current liabilities, total	108.7	67.1
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
Equity, total	249.6	227.9
Total equity and liabilities	580.6	460.8

Cash flow statement

€m	December 31, 2018	December 31, 2017	% YoY
Cash and cash equivalents at the beginning of the period	104.0	112.5	-7.6%
Cash flow from operating activities	99.7	97.4	+2.4%
Cash flow from investing activities	-74.4	-54.6	+36.3%
t/o CapEX	-11.3	-8.8	+28.5%
t/o Cash paid for business combinations	-63.1	-45.4	
Cash flow from financing activities	-10.4	-44.8	
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	
Cash and cash equivalents at the end of the period	120.7	104.0	+16.1%
Free cash flow¹	25.4	42.8	
Free cash flow¹ (w/o acquisition effects)	88.5	88.2	+0.3%

¹ 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.

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