

Nemetschek Group  
**Company Presentation**

July 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%



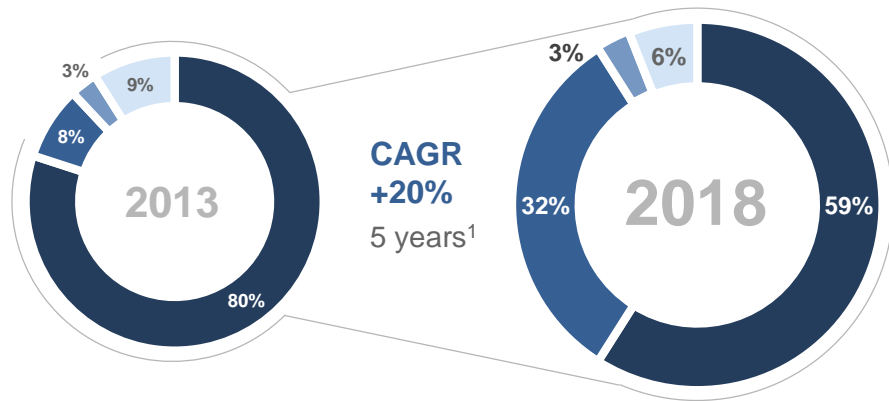
Sustainable dividend policy with continuous growth

#### 5-year CAGR:

- | 20%

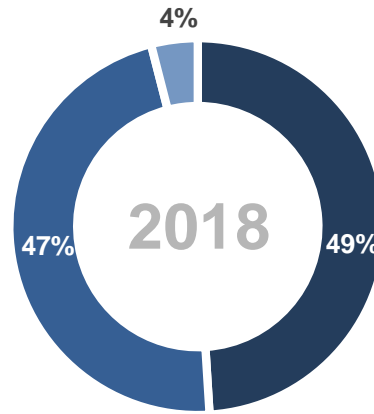
# 5-Years Development: Positioned to Provide Strong Growth

## AEC business mix



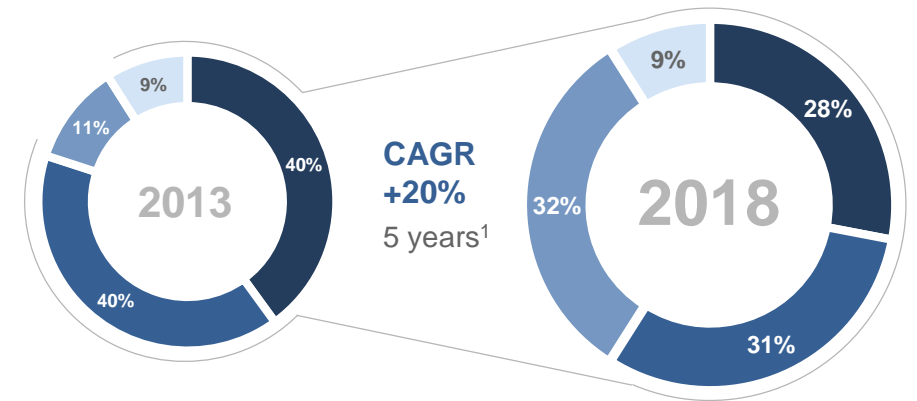
- Design
- Build
- Manage
- Media & Entertainment

## 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

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



## **NEMETSCHKEK GROUP**

Highly specialized small or mid-sized 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**

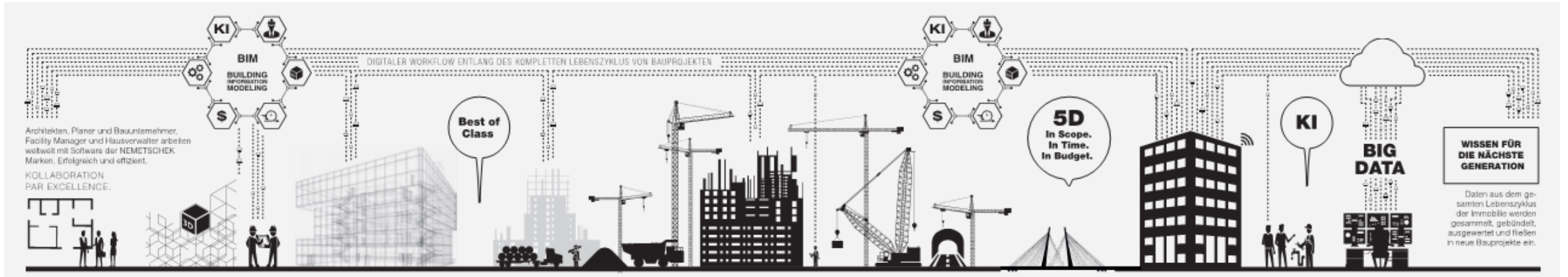


**Customer focused**



**Internationally successful**

# NEMETSCHKEK GROUP Provides Expertise Along the Complete AEC Value Chain



## Planning & Design



## Build & Construct



## Operate & Manage

Program Management, Planning

Modeling & Design Development

Structural Design & Analysis

Detailing, Engineering Consultants, Fabrication

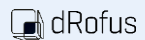
Quality Control, Clash Detection,

Estimation & Scheduling

Collaboration, Documentation

Property Management

IWMS/ Smart Buildings



GRAPHISOFT.



ALLPLAN

SOLIBRI



CREM SOLUTIONS



VECTORWORKS



DATA DESIGN SYSTEM



PRECAST SOFTWARE engineering



**Media:** AEC Renderings, Animation & Visual Effects for Gaming, Movies

MAXON



# 01

Financial Results Q1 2019

# Key Business Highlights in the First Quarter: **Excellent Start in the FY 2019**



## Strong Performance



Revenues:  
**+27.1% to € 129.9m**



EBITDA margin:  
**28.2%**  
IFRS 16 adjusted: **25.5%**



**+33.9%**  
Recurring revenues  
**+124.8%**  
Subscription revenues



**+32.7%**  
Revenues abroad



Dividend proposal:  
**€0.81** per share



High cash conversion  
**94.1%**

## M&A Successes



**Brand-level acquisitions:  
Manage Division**

Axxerion by MCS, renamed afterwards in Spacewell

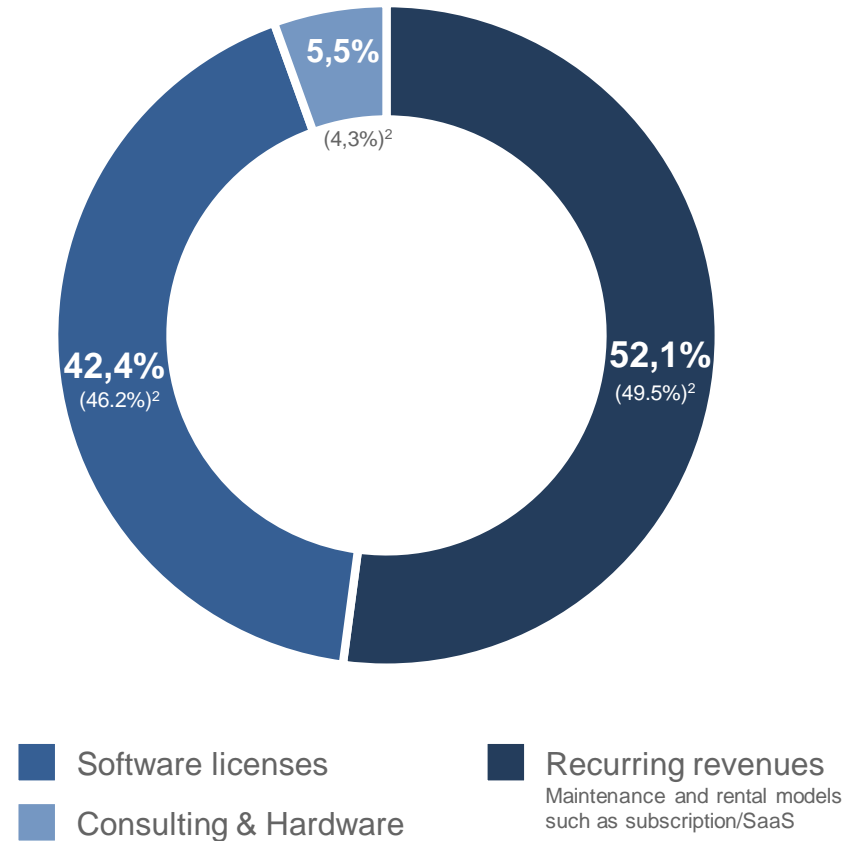


**Media & Entertainment Division**

Redshift by Maxon

# Growth Driver Recurring Revenues: Strongest Growth in Subscription

Revenue distribution Q1 2019



## Q1 2019

### Recurring revenues yoy

↑ +33.9%  
 +30.0% cc<sup>1</sup>

## Comments

Above average growth to € 67.7m  
 Organic growth: 26.6% (22.7% cc<sup>1</sup>)

### Subscription yoy

↑ +124.8%  
 +118.3% cc<sup>1</sup>

Strong growth to € 9.7m  
 Spacewell as main driver  
 Organic growth: 37.5% (31.9% cc<sup>1</sup>)

### Software licenses yoy

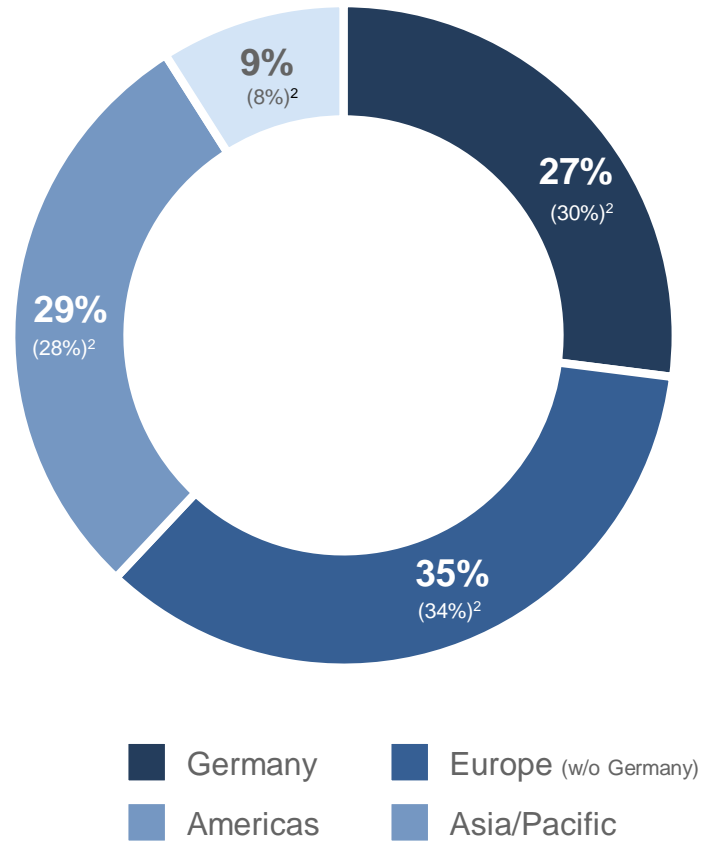
↗ +16.4%  
 +12.3% cc<sup>1</sup>

Double-digit growth continued  
 Total of € 55.0m  
 Organic growth: 16.3% (12.1% cc<sup>1</sup>)



# Internationalization Is Key: Broad Growth Across All Regions

Revenue distribution Q1 2019



Q1 2019

## Germany



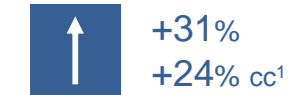
## Americas



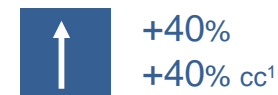
## Europe



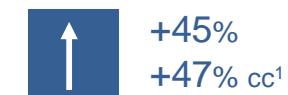
## Asia



## UK



## Scandinavia



# Segment Overview: Build Segment Remains Key Growth Driver in Q1

Revenues in m€



## EBITDA Margin

Segment	Q1 2018 (%)	Q1 2019 (%)
Design	24.1%	28.5%
Build	31.5%	31.8%
Manage	17.6%	15.6%*
Media & Entertainment	44.3%	40.7%

- Strong growth in Q1, also driven by BAU 2019  
Adjusted EBITDA margin (IFRS 16): 26.1% while investing in future growth  
Reclassification of Solibri from Build to Design
- Still strong growth with focus on international markets  
Adjusted EBITDA margin (IFRS 16): 28.4%
- \*EBITDA margin w/o € 1.5m acquisition related cost  
Reported EBITDA margin: -2.6%  
Organic growth: +11.7%  
Contribution Spacewell: € 6.0m
- Accelerated growth  
Adjusted EBITDA margin (IFRS 16): 39.4% because of acquisition related costs for Redshift

An aerial photograph of a large-scale construction project. The site is dominated by several tall red tower cranes and the concrete skeletons of multiple buildings. The construction area is surrounded by greenery and a body of water on the left. A semi-transparent white box is overlaid on the lower-left portion of the image, containing the number '02' and the text 'AEC Market Opportunities BIM Market Potential'.

# 02

AEC Market Opportunities  
BIM Market Potential

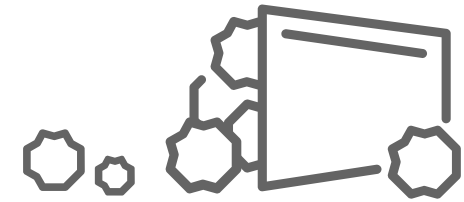
# Challenges in Construction Industry

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 <sup>1</sup>
Bridges	11%
Roads	27%
Railways	30%
Buildings	39%
Airports	56%
Waterways	68%
Tunnels	149%

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

<sup>1</sup> Source: Herite School of governance (2015), 170 infrastructure projects analyzed | <sup>2</sup> 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:

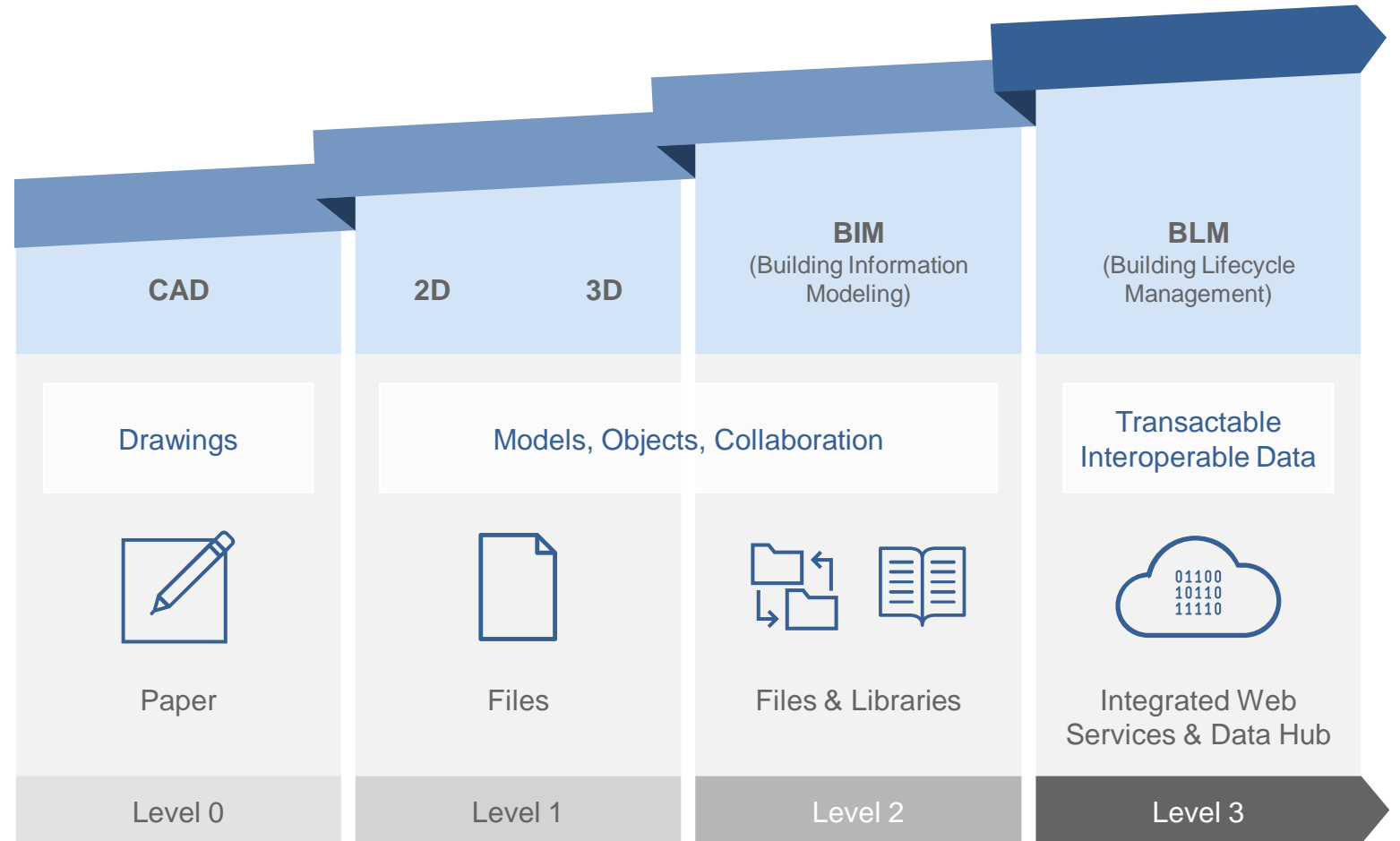
Mix of 2D and 3D work principles, no exchange of models

## Level 2:

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

## Level 3:

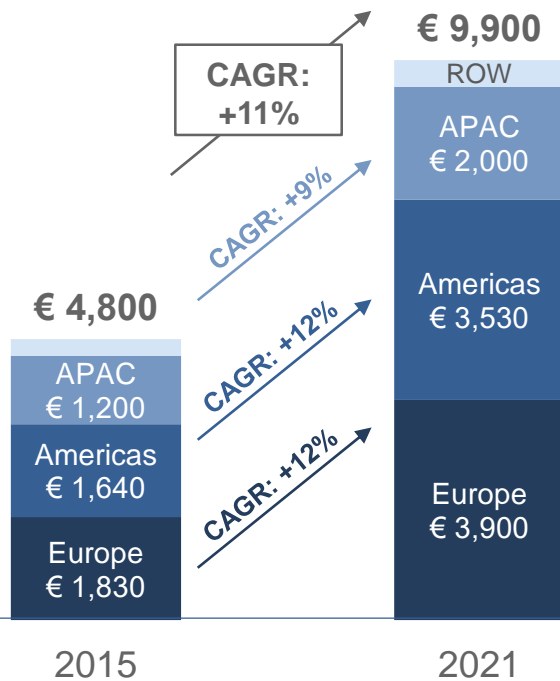
Full collaboration between all disciplines using a shared model



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

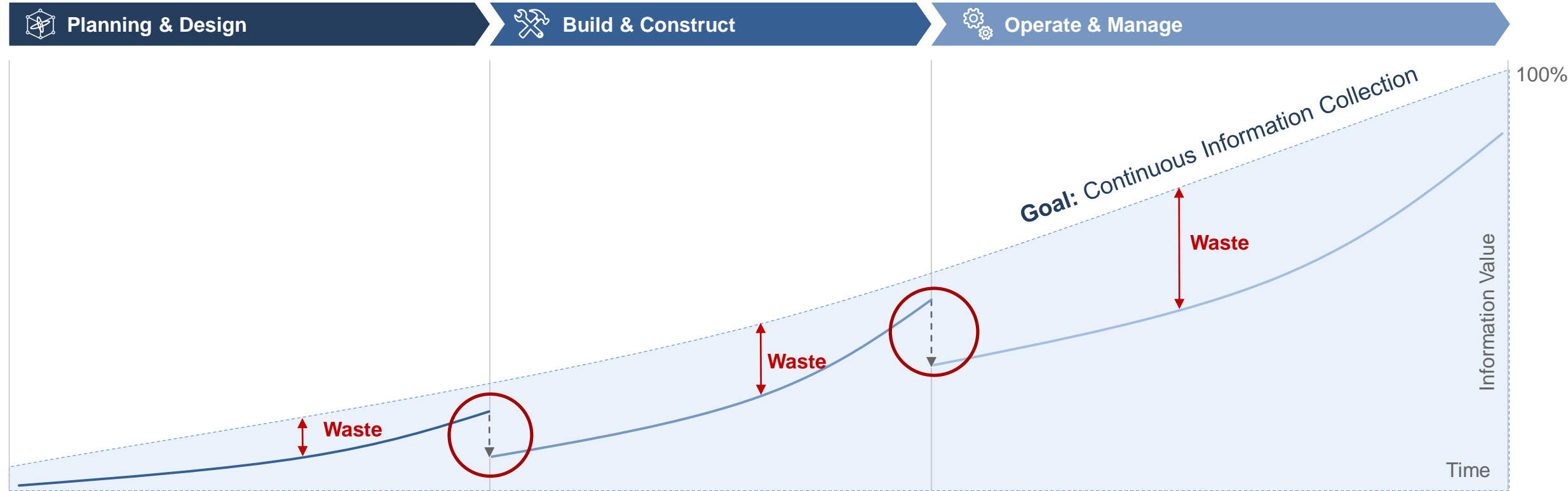
# 03

## Strategic Priorities / Financial Outlook



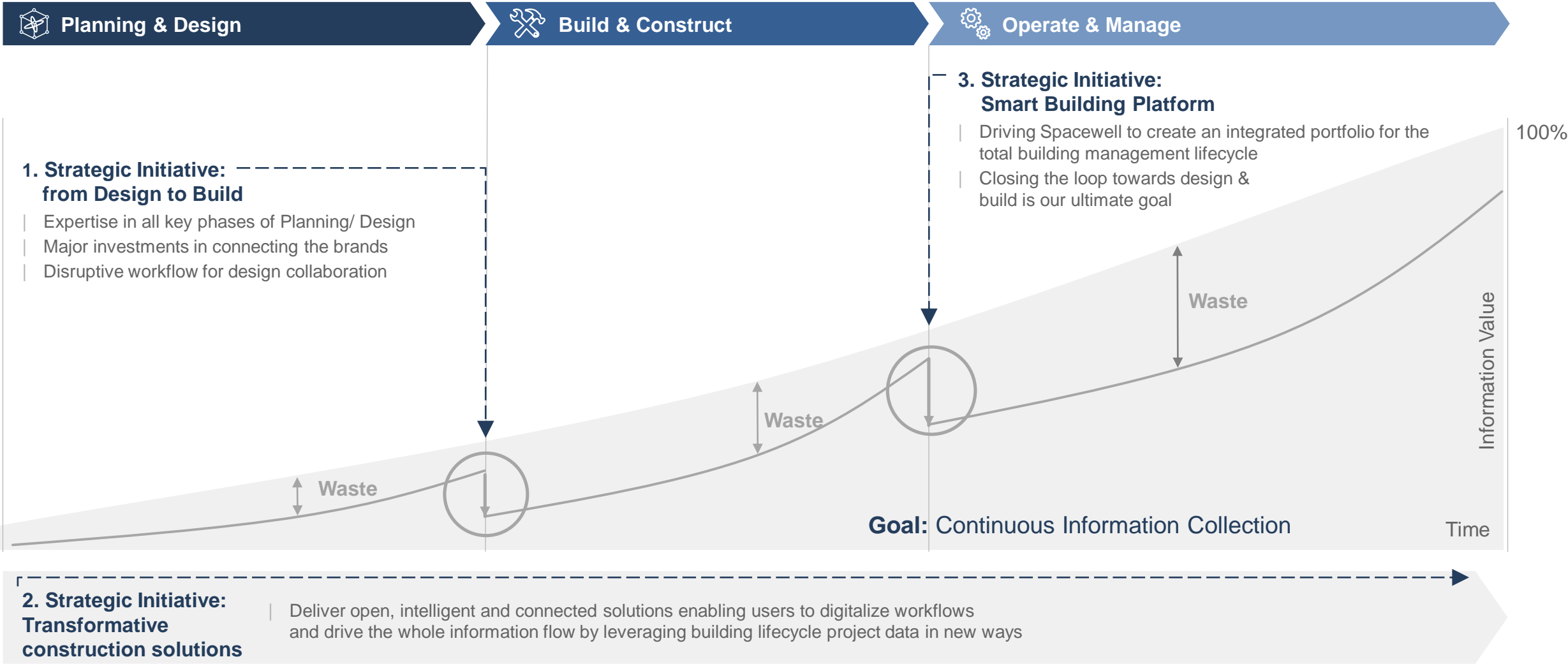
# Numerous Stakeholders: Huge Information Loss at the Hand-Over Points

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

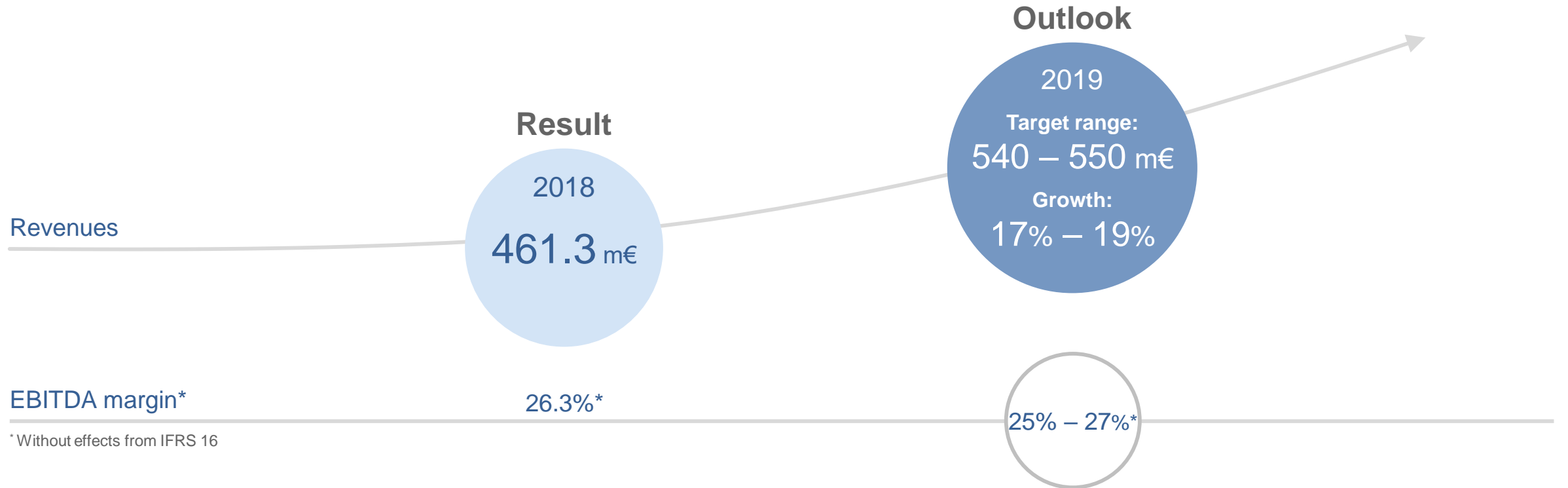
## Operational excellence



### 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

## 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)



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