

Nemetschek Group

## Earnings Call Q1-2020

April 30, 2020 | Dr. Axel Kaufmann, Spokesman & CFOO

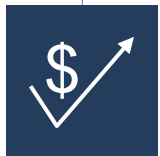
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## Financial Results Q1-2020

# Key Business Highlights Q1-2020: Solid Start of the Year



## Strong Financial Performance



Revenues:  
**+12.8% (FX adj.: +11.4%) to  
€146.6m**



EBITDA margin:  
**28.5% (FX adj.: 27.8%)**



Recurring revenues:  
**+27.1% (FX adj.: +25.5%)**  
Subscription revenues:  
**+102.5% (FX adj.: +100.3%)**



EPS:  
**+9.3% to €0.19**



Revenues abroad:  
**+14.7%**



High cash conversion:  
**103.0%**

## M&A Transactions, Divestitures



### Media & Entertainment Division:

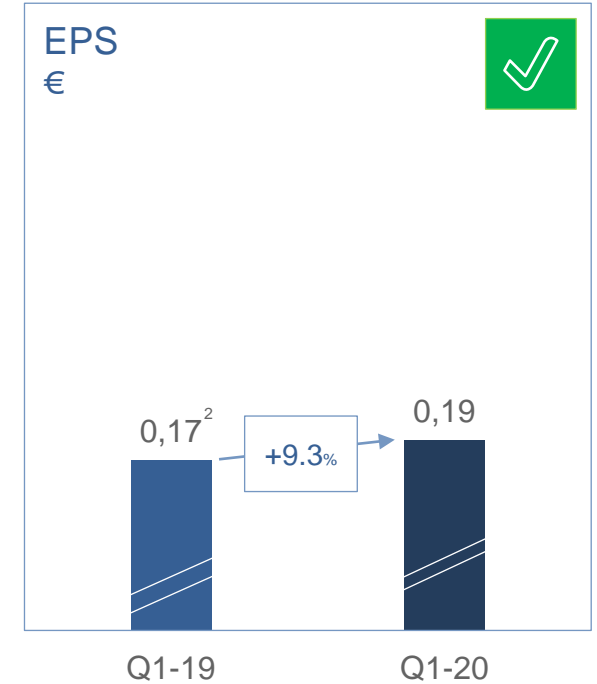
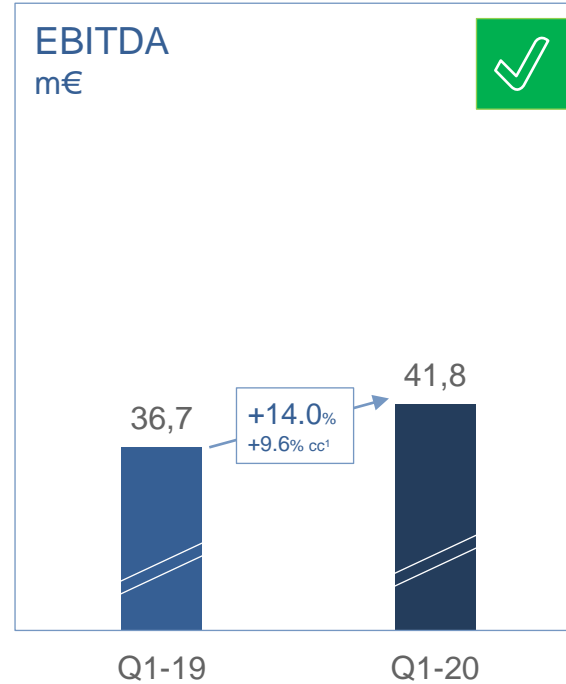
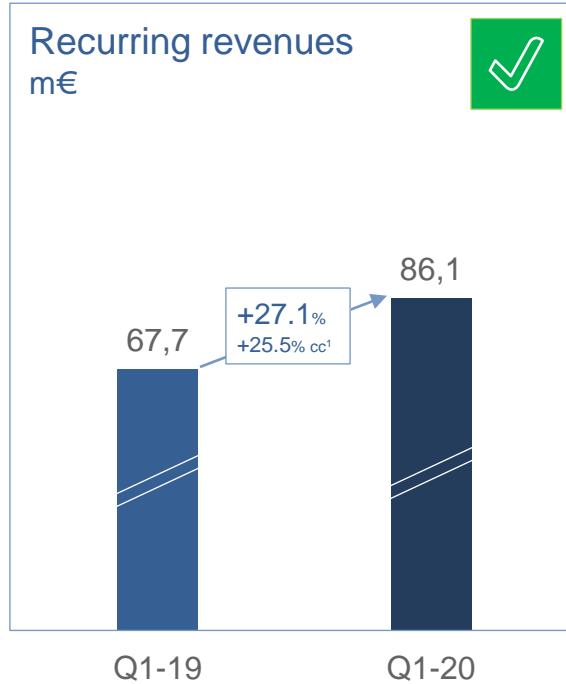
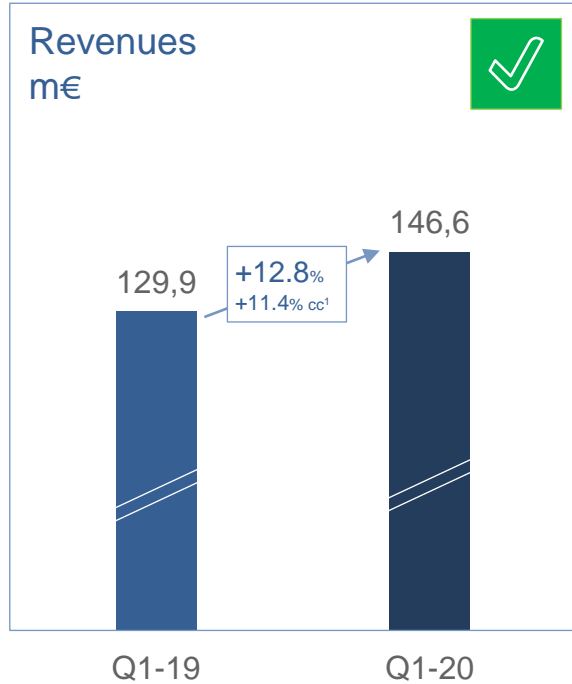
**01/2020:** Red Giant by Maxon  
**01/2020:** Integration of Red Giant and Redshift  
progressing as planned



### Planning & Design Division:

**04/2020:** ADAPT by RISA. Strengthens structural  
engineering competence in the US

# Top Key Figures Q1-2020: Solid Growth with High Profitability



Organic growth: +8.5% cc<sup>1</sup>

Continued high organic growth: +21.9% cc<sup>1</sup>

Subscription again important growth driver: +100.3% cc<sup>1</sup>

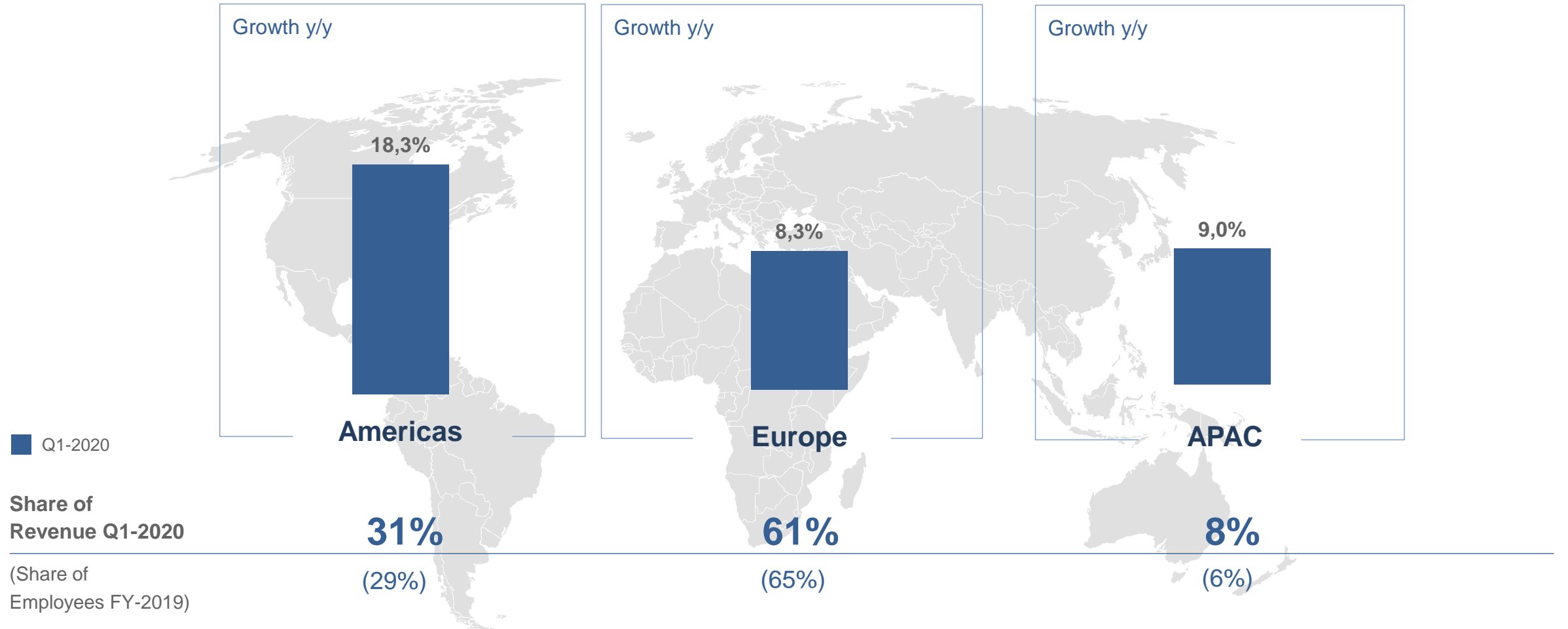
Increase in EBITDA margin to 28.5% (FX adj.: 27.8%) vs. Q1-19: 28.2%

Focus on cost control

Tax rate: 25.2% vs. 25.4% in previous year

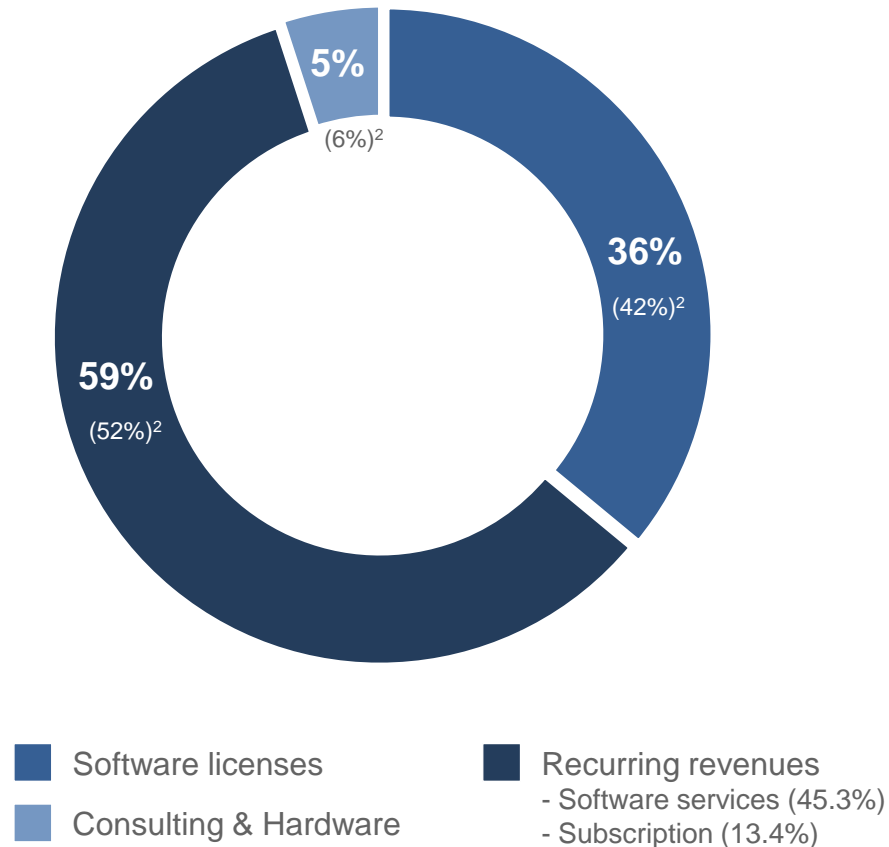
# Globally Positioned: Continued Growth in all Regions

Q1-2020: Over-proportional growth in the United States



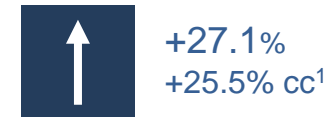
# Strong Growth in Recurring Revenues: Subscription Is Key Driver

## Revenue distribution Q1-2020

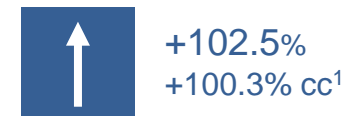


## Q1-2020

### Recurring revenues y/y



### Subscription y/y



### Software licenses y/y



## Comments

- | Above average growth to € 86.1m
- | Organic growth: 23.4% (21.9% cc<sup>1</sup>)
- | Share of recurring revenues by 7pp y/y

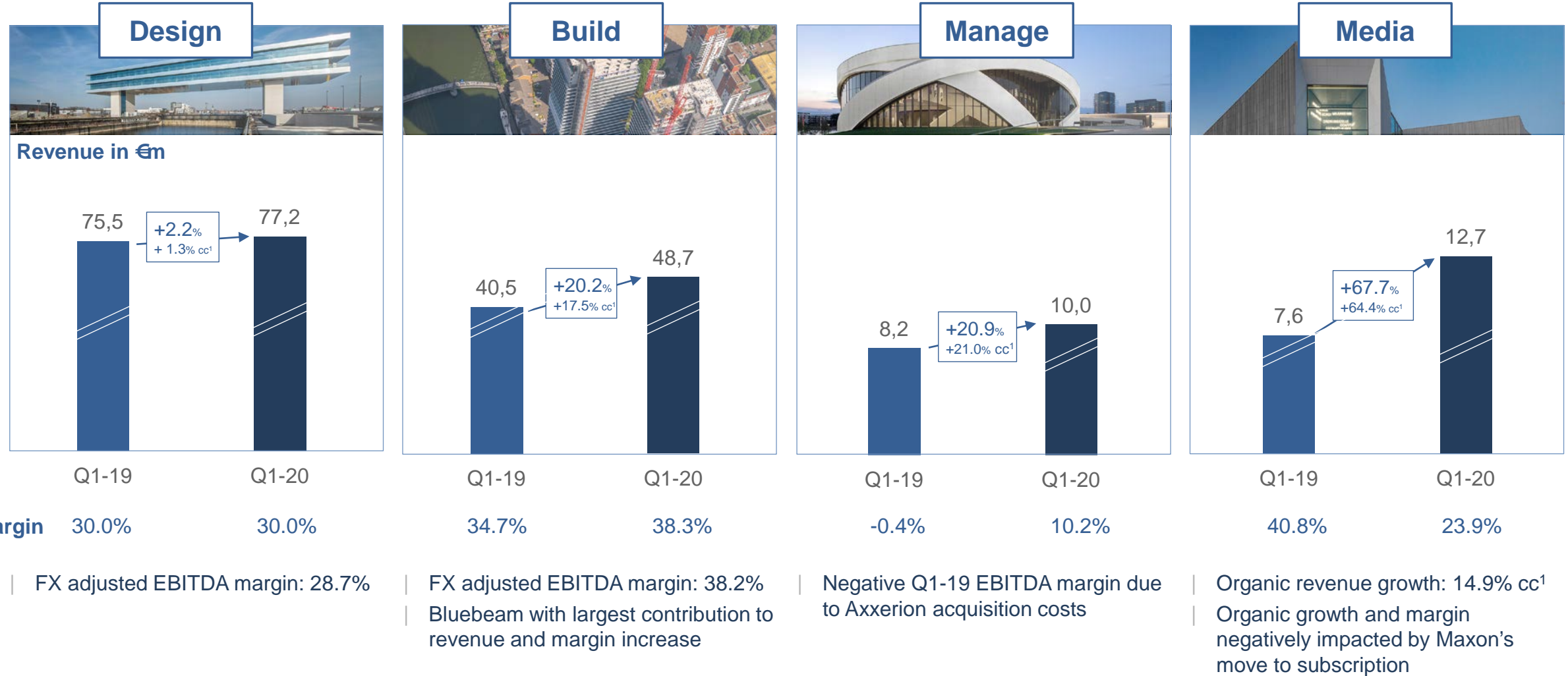
- | Highest growth to € 19.6m
- | Strong impact from Red Giant and Maxon move to subscription
- | Organic growth: 76.5% (75.1% cc<sup>1</sup>)

- | Decline to € 53.4m
- | Organic growth: -5.3% (-6.8% cc<sup>1</sup>)
- | Negative impact from Covid-19 (esp. Design) and Maxon move to subscription

## At a Glance: Income Statement and Important KPIs

Key Figures mEUR	Q1 2019	Q1 2020	growth y/y	in % of revenue
<b>Revenues</b>	129.9	146.6	+12.8%	-
Cost of materials/cost of purchased services	-4.3	-5.1	+17.6%	3.5%
Personnel expenses	-57.3	-65.5	+14.4%	44.7%
Other operating expenses	-33.2	-38.2	+14.8%	26.1%
<b>EBITDA</b>	<b>36.7</b>	<b>41.8</b>	<b>+14.0%</b>	28.5%
EBITDA margin	28.2%	28.5%	+30bps	-
D&A (incl. PPA)	-9.8	-12.6	+28.1%	8.6%
<b>EBIT</b>	<b>26.8</b>	<b>29.2</b>	<b>+8.9%</b>	19.9%
EBIT margin	20.7%	19.9%	-80bps	-
Net income (Group shares)	19.6	21.4	+9.3%	14.7%
<b>EPS</b>	0.17	0.19	+9.3%	-
Operating cash flow	34.5	43.1	+24.8%	-
Free cash flow (ex M&A)	29.0	40.5	+39.7%	-
Equity ratio in %	35.4%	43.3%	-	-
Net debt (liquidity)	-55.7	-21.8	-	-

# Segment Overview: Build Remains strong, C-19 impact not yet visible





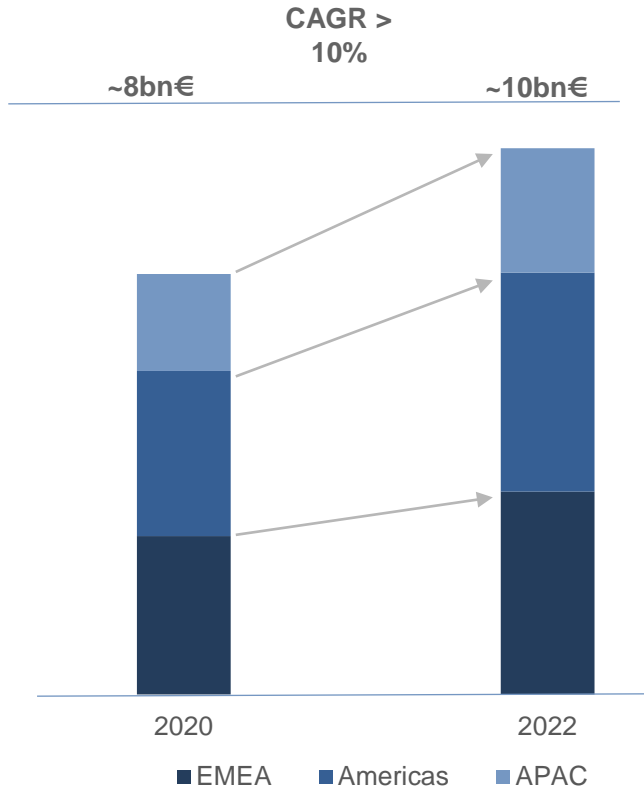
# 02

## Financial Outlook

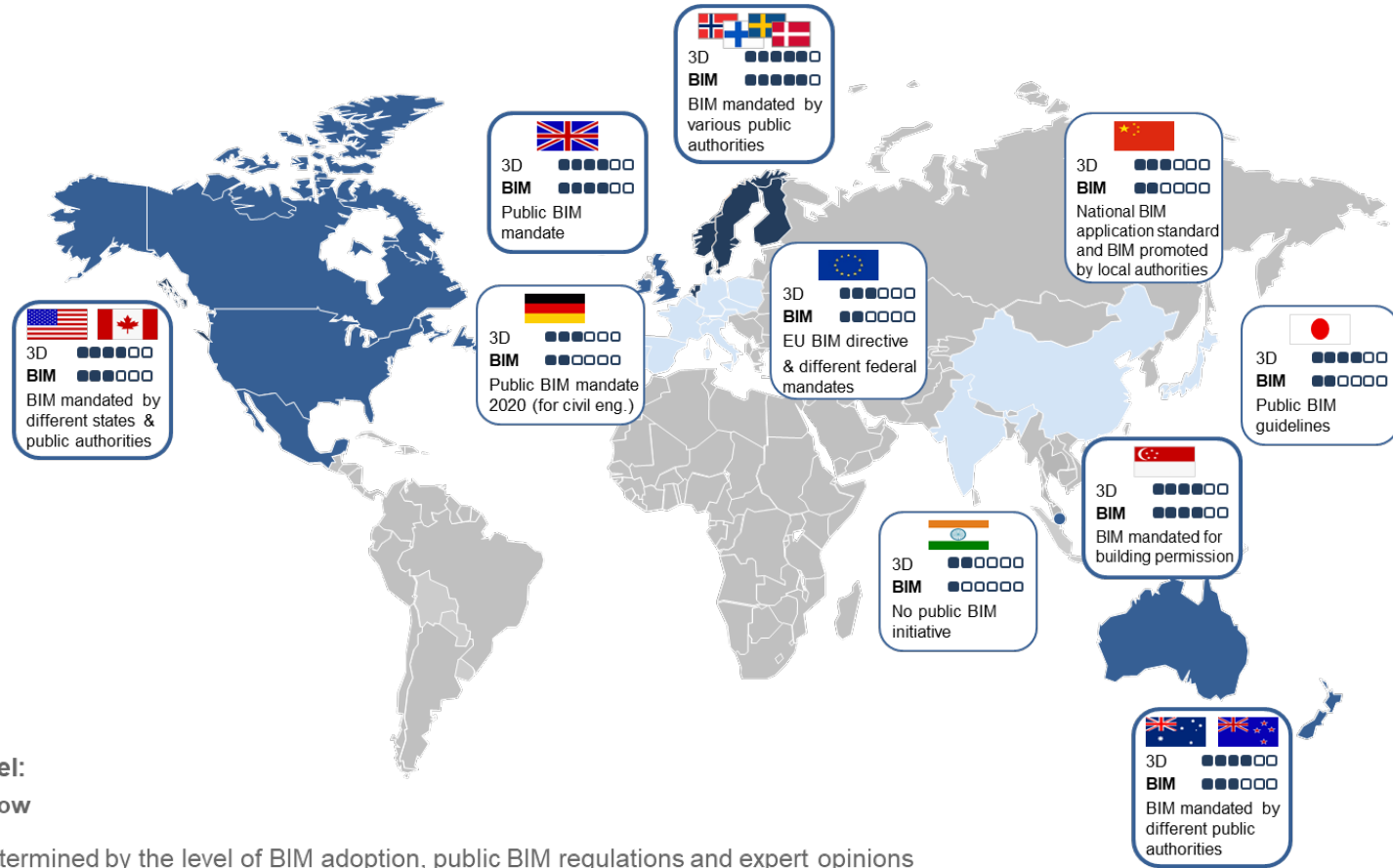
# Long-term Trend remains intact: AEC BIM Software Market offers huge potential

## AEC Software Market

End-user expenditure in bn €



## BIM Maturity Map



Source: Cambashi BIM Design Observatory 2020, internal research

# Sustainability: Gaining a Greater Importance for Our Customers

## The FOOTPRINT of the Building Industry



Buildings and construction account for

- | **36%** of global final energy use and
- | **39%** of energy-related CO2 emissions



During the construction phase

- | **10%** of materials are wasted
- | **30%** of construction is rework

In **90%** of all projects, time or cost overruns occur.

## The HANDPRINT of our Customers

### Sustainable Building

Working with solutions from the Nemetschek Group, improves efficiency and productivity along the entire value chain



Planning & Design

- | Less errors and rework through cross-functional planning
- | Exact calculation of materials



Build & Construct

- | Optimized usage of resources and materials (incl paper)



Operate & Manage

- | More efficient usage of office spaces and energy



Rebuild & Demolition

- | Easier reconstruction of buildings
- | Reusage of raw materials after demolition

Sources: Global Status Report 2019, UN Environment and the International Energy Agency; Engineering-News Record 2018/2019

# Nemetschek Is Well Positioned!

## Nemetschek SE

### Attractive End-markets

- | Huge growth potential
- | Structural long-term growth drivers (low degree of digitalization)
- | Growth supported by regulation

### Unique market position

- | Best in class products
- | Product offering along the complete AEC value chain
- | Leader in Open BM
- | Close proximity to customers within our 4 divisions

### Attractive business model

- | Highly profitable
- | Strong Cash conversion (> 80%)
- | High share of recurring revenues (approx.60%)
- | High returns (ROCE>20%)

### Strong financial position

- | Very healthy balance sheet
- | Net cash position
- | Equity ratio: 43%
- | No major refinancing needs
- | Long-term anchor shareholder

### Value accretive M&A

- | Strong track record of bolt-on acquisitions (e.g. Bluebeam)
- | Disciplined approach
- | Substantial financial fire power
- | Focus on long-term value generation

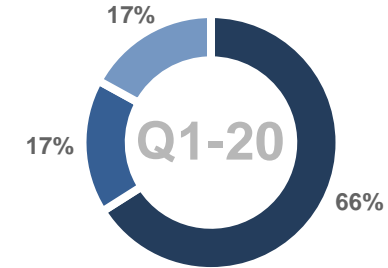
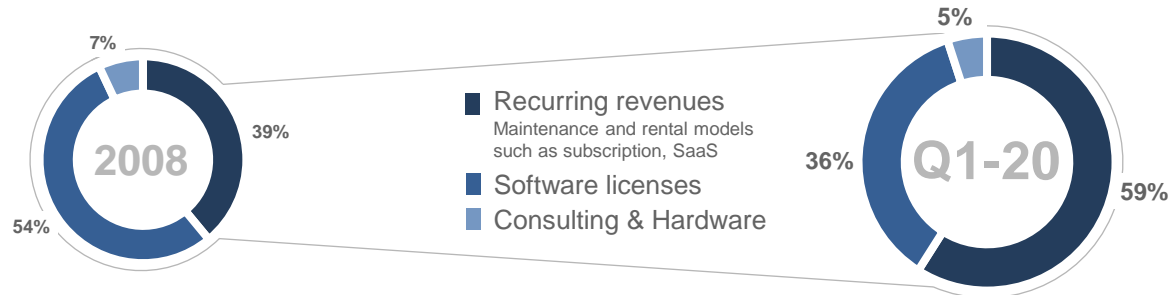
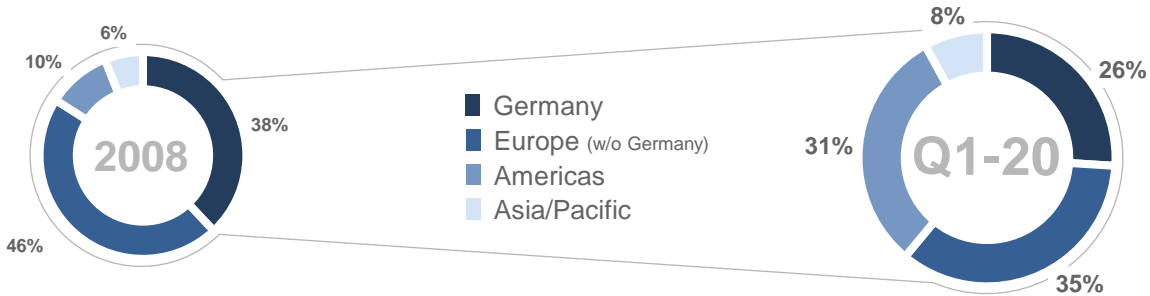
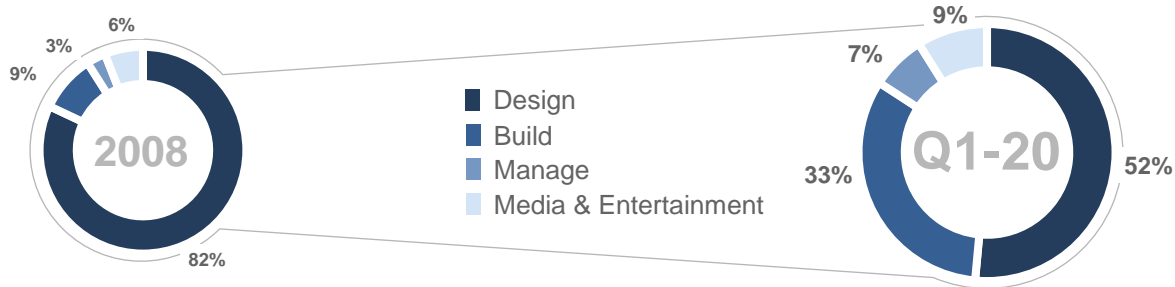
**Operating mode via four strong divisions with leading global brands**

# Our Business Model in Light of a Crisis Scenario

Situation 2008/09

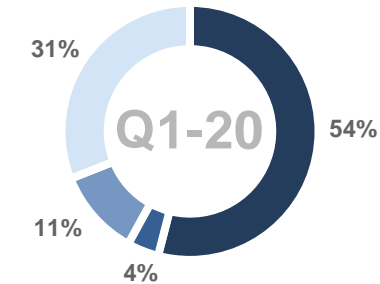


2020: We further diversified our business and are better prepared for a macro downturn



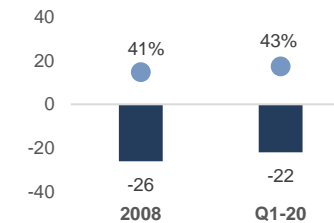
## Fixed vs. variable costs

- Fixed
- Variable (discretionary)
- Revenue-related (variable)



## Main operating expenses

- Personnel
- COGS
- D&A
- Other



## Financial position

- Net cash (- debt) in €m
- Equity ratio (%)

# Covid-19 Impact: Status Quo after Q1-2020

## Status quo after Q1-2020

### First negative effects in Q1:

- Deceleration in pockets of growth in Asia and Europe
- Customer demand muted in Design division in March

### First measures quickly implemented:

- Sales & support activities adapted to new environment
- Cost saving measures initiated

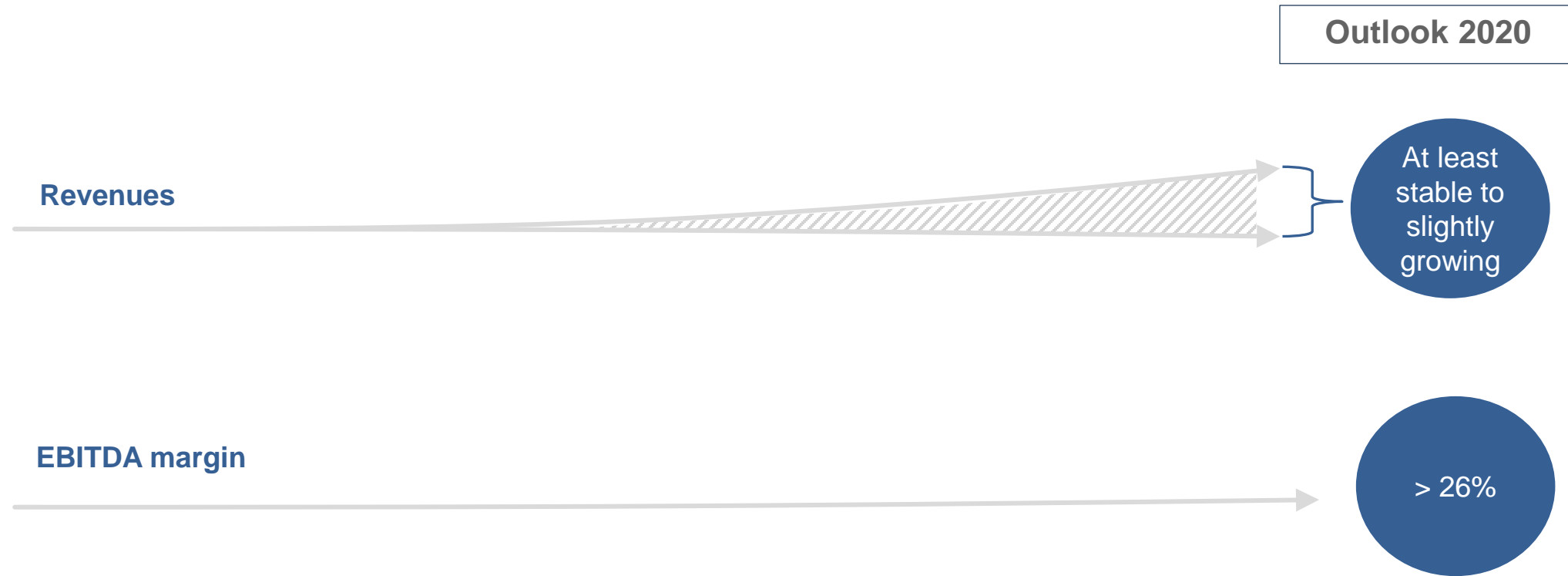
## Our working assumptions

- Significant deceleration in global GDP in Q2 followed by gradual recovery in Q3 and Q4
- **Timing** of Covid-19 impact on our business:  
By division:  
Design ▶ M&E ▶ Manage ▶ Build  
By geography:  
APAC ▶ Europe ▶ Americas
- Strong decline in **new licences**
- Solid growth in **recurring revenues**

## Our response to the challenges

- Our **first priority** is the safety of our employees and customers
- We ensure business continuity and **support our customers and the society** in this difficult situation
- **We will continue to...:**
  - monitor the situation closely and steer the business on sight
  - be flexible and quick to react to new developments (e.g. Spacewell workplace solutions)
  - stay opportunistic

# Outlook 2020: Confirmed after the First Quarter



<b>Outlook 2020:</b>	
Revenues:	At least stable to slightly growing
EBITDA margin:	> 26%
Please note:	Guidance reflects the currently extremely high degree of uncertainty regarding the macroeconomic outlook

# 03

Q&A





# Appendix

# Income Statement

€m	Q1-2020	Q1-2019	%YoY
<b>Revenues</b>	<b>146.6</b>	<b>129.9</b>	<b>+12.8%</b>
Own work capitalized/other operating income	4.0	1.6	+152.8%
<b>Operating income</b>	<b>150.6</b>	<b>131.5</b>	<b>+14.5%</b>
Cost of materials/purchased services	-5.1	-4.3	+17.6%
Personnel expenses	-65.5	-57.3	+14.4%
Other operating expenses	-38.2	-33.2	+14.8%
<b>Operating expenses</b>	<b>-108.8</b>	<b>-94.8</b>	<b>+14.7%</b>
<b>EBITDA</b>	<b>41.8</b>	<b>36.7</b>	<b>+14.0%</b>
<b>Margin</b>	<b>28.5%</b>	<b>28.2%</b>	
Depreciation and amortization	-12.6	-9.8	+28.1%
t/o right-of-use assets	-3.9	-3.4	+14.6%
t/o PPA	-6.4	-4.0	+57.5%
<b>EBITA (normalized EBIT)</b>	<b>35.6</b>	<b>30.9</b>	<b>+15.2%</b>
<b>EBIT</b>	<b>29.2</b>	<b>26.8</b>	<b>+8.9%</b>
Financial result	-0.5	-0.5	
t/o interest expenses right-of-use assets	-0.4	-0.4	
<b>EBT</b>	<b>28.7</b>	<b>26.3</b>	<b>+9.2%</b>
Income taxes	-7.2	-6.7	+8.1%
Non-controlling interests	0.1	0.0	
<b>Net income (group shares)</b>	<b>21.4</b>	<b>19.6</b>	<b>+9.3%</b>
<b>EPS in EUR</b>	<b>0.19</b>	<b>0.17</b>	<b>+9.3%</b>

## Balance Sheet – Assets

€m	March 31, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	152.7	209.1
Trade receivables, net	65.8	62.0
Inventories	1.0	1.0
Other current assets	29.6	23.3
<b>Current assets, total</b>	<b>249.2</b>	<b>295.5</b>
Property, plant and equipment	27.4	27.6
Right-of-use assets	64.4	66.2
Intangible assets	158.7	127.7
Goodwill	414.7	325.0
Other non-current assets	15.2	15.2
<b>Non-current assets, total</b>	<b>680.3</b>	<b>561.7</b>
<b>Total assets</b>	<b>929.5</b>	<b>857.2</b>

## Balance Sheet – Equity and Liabilities

€m	March 31, 2020	December 31, 2019
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	62.8	58.6
Trade payables & accrued liabilities	44.8	56.4
Deferred revenue	149.4	118.5
Current lease liability	13.3	12.6
Other current assets	33.5	25.6
<b>Current liabilities, total</b>	<b>303.9</b>	<b>271.6</b>
Long-term borrowings without current portion	111.7	129.5
Deferred tax liabilities	30.0	23.3
Non-current lease liability	56.7	57.7
Other non-current liabilities	24.8	26.4
<b>Non-current liabilities, total</b>	<b>223.2</b>	<b>236.9</b>
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	239.3	230.9
Other comprehensive income	-13.8	-10.4
Non-controlling interests	48.9	0.1
<b>Equity, total</b>	<b>402.4</b>	<b>348.6</b>
<b>Total equity and liabilities</b>	<b>929.5</b>	<b>857.2</b>

# Cash Flow Statement

€m	Q1-2020	Q1-2019	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>209.1</b>	<b>120.7</b>	<b>+73.2%</b>
<b>Cash flow from operating activities</b>	<b>43.1</b>	<b>34.5</b>	<b>+24.8%</b>
<b>Cash flow from investing activities</b>	<b>-81.7</b>	<b>-78.8</b>	
t/o CapEX	-2.6	-5.6	
t/o Cash paid for business combinations	-79.1	-73.3	
<b>Cash flow from financing activities</b>	<b>-17.5</b>	<b>66.8</b>	
t/o Repayments of borrowings	-13.6	-10.5	
t/o Changes in bank liabilities due to company acquisitions	0.0	80.4	
t/o Principal elements of lease payments	-3.1	-2.4	
FX-effects	-0.4	1.5	
<b>Cash and cash equivalents at the end of the period</b>	<b>152.7</b>	<b>144.7</b>	<b>+5.5%</b>
<b>Free cash flow<sup>1</sup></b>	<b>-38.6</b>	<b>-44.3</b>	
<b>Free cash flow<sup>1</sup> (w/o acquisition effects)</b>	<b>40.5</b>	<b>29.0</b>	<b>+39.7%</b>

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

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**Thank You!**

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