



Munich | 21 November 2019

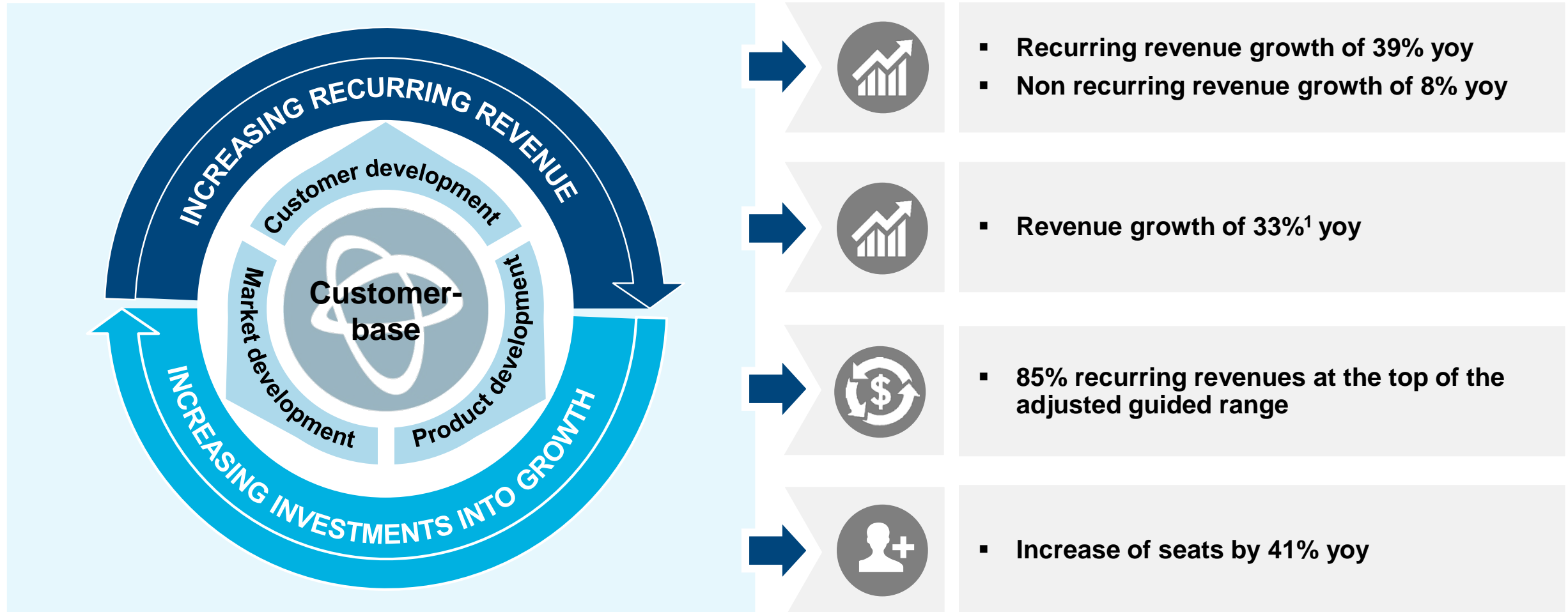
Financial results nine months 2019

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NFON AG results nine months 2019

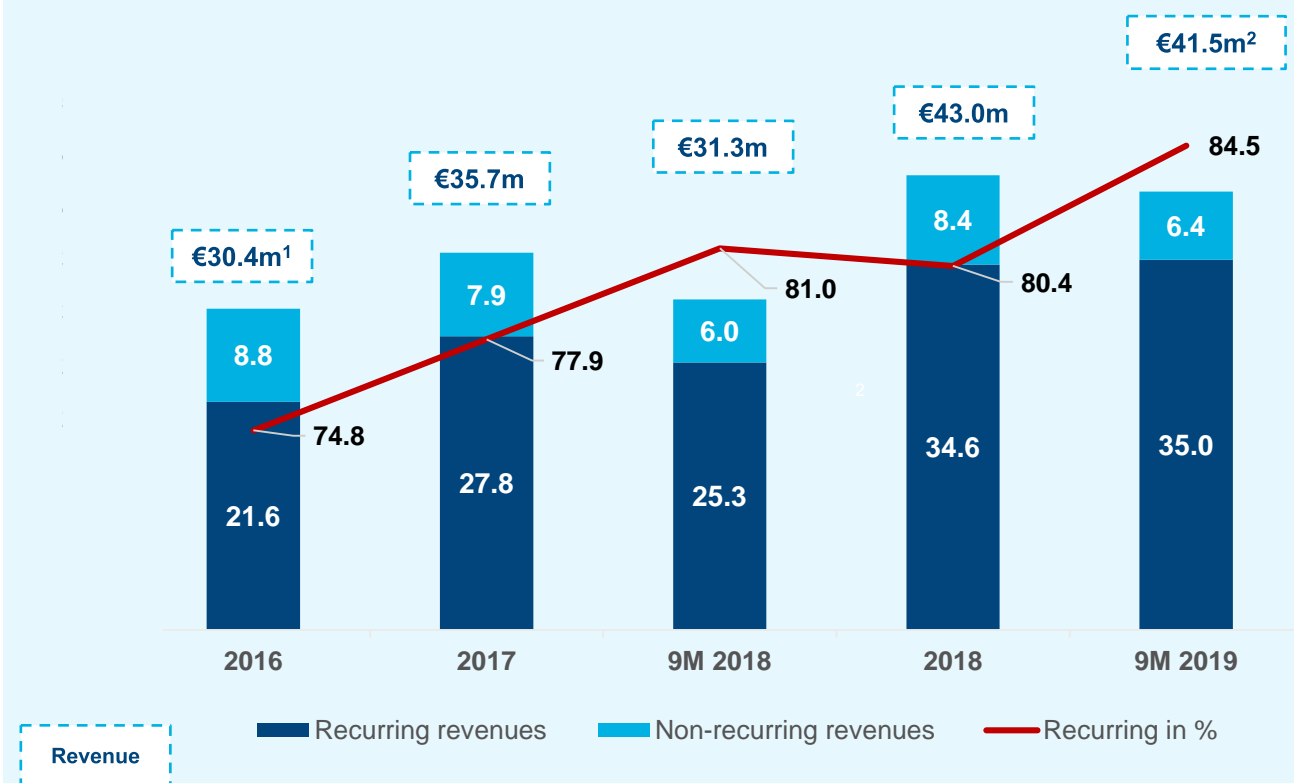


¹ First time consolidation of DTS in March 2019



Total revenues influenced by low level of non-recurring revenues

Development total recurring vs. non-recurring revenues



¹ including extraordinary effect from R&D project amounting to €1.5m

Comments

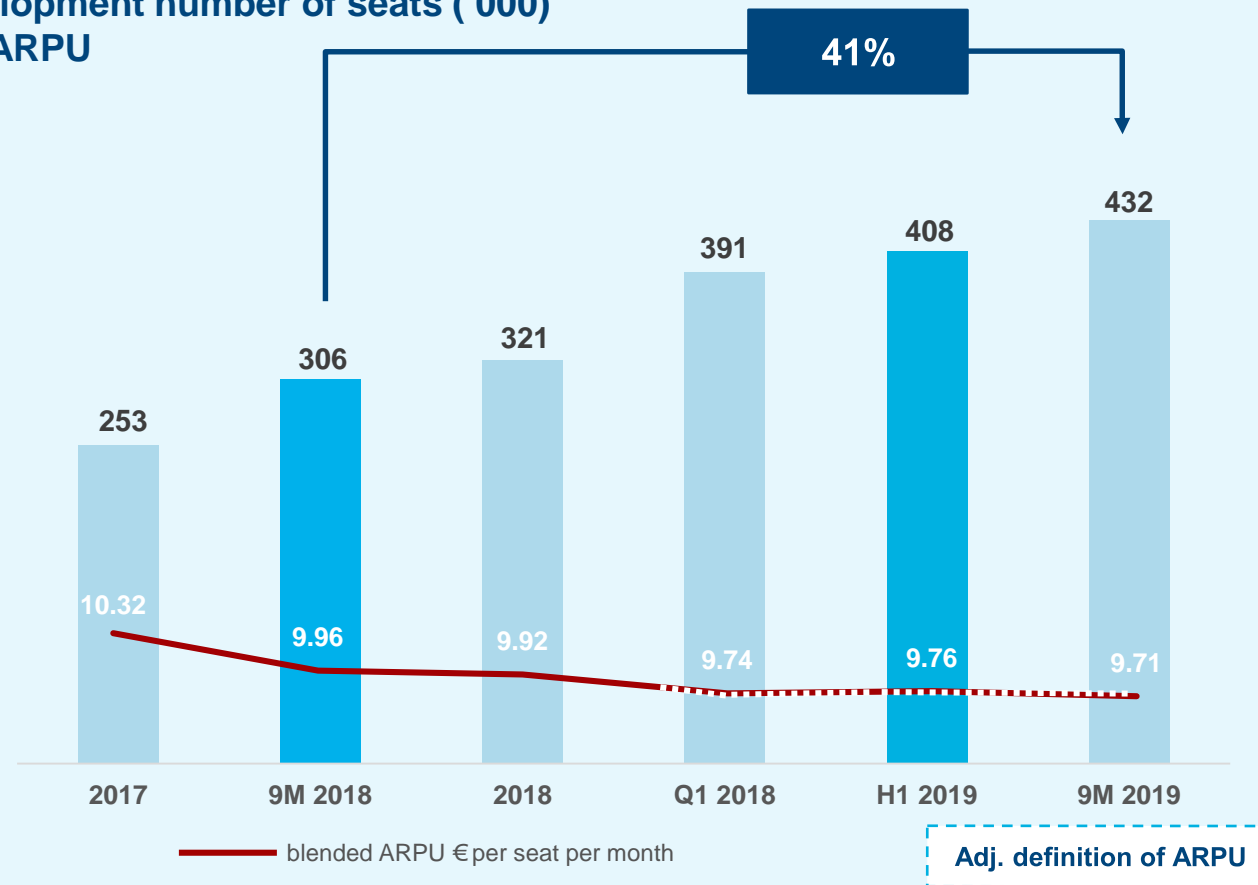
- Total revenues² grow by 33% to €41.5m in comparison to €31.3m in 9 months 2018
- Total revenues Q3 2019 on a growth rate of 42% Q3 2019: €15.1m vs. Q3 2018: €10.6m
- Non-recurring revenues 9M 2019 show only slight increase of 8% compared to 9M 2018
 - Non-recurring revenues consist of hardware sales, activation fees, professional services
- Significant increase of recurring revenues by 39% compared to 9M 2018
- Cumulative effect quarter by quarter due to steadily growing total number of seats
- High share of recurring revenue (85%) due to strong and sustainable growing customer base with very low gross churn rate (<0.5% per month)

²First time consolidation of DTS in March 2019

Ongoing growth of seat base with still low gross churn rate



Development number of seats ('000) and ARPU



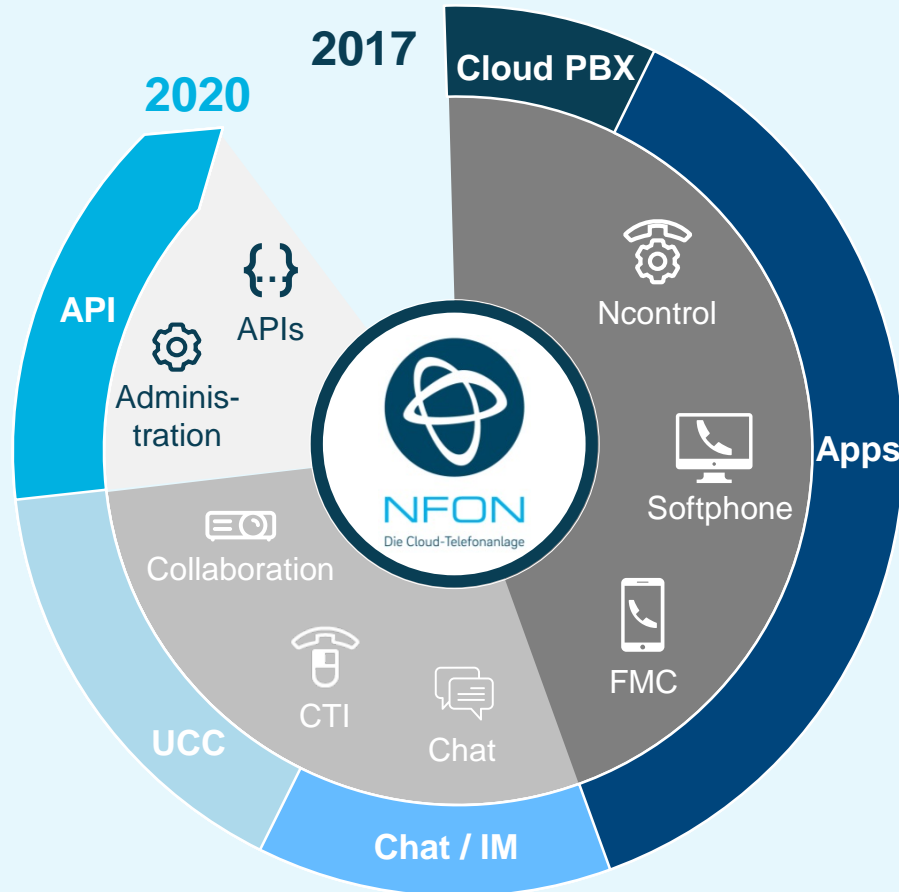
Comments

- > Strong increase of total number of seats by 41%, however below expectations
 - > Delay in product roadmap
 - > Economic environment: Customers are slowing down their own growth activities or even reducing business
- > Stable development of ARPU¹ since acquisition of DTS
- > Influencing factors for ARPU development YoY
 - > Very successful development of business with wholesale partners selling their own airtime
 - > Lower licence fees for DTS AG seats (mid market segment), but including higher proportion of total airtime
 - > Increase of premium solutions
- > Very low gross churn rate of <0.5% per month underlines quality of product and service and guarantees continuous recurring revenues

¹ Definition ARPU: Total recurring revenues minus revenues out of SIP-trunk-channel licence fees divided by total seat base



Roadmap delayed – roadmap components partly compensated



Comments

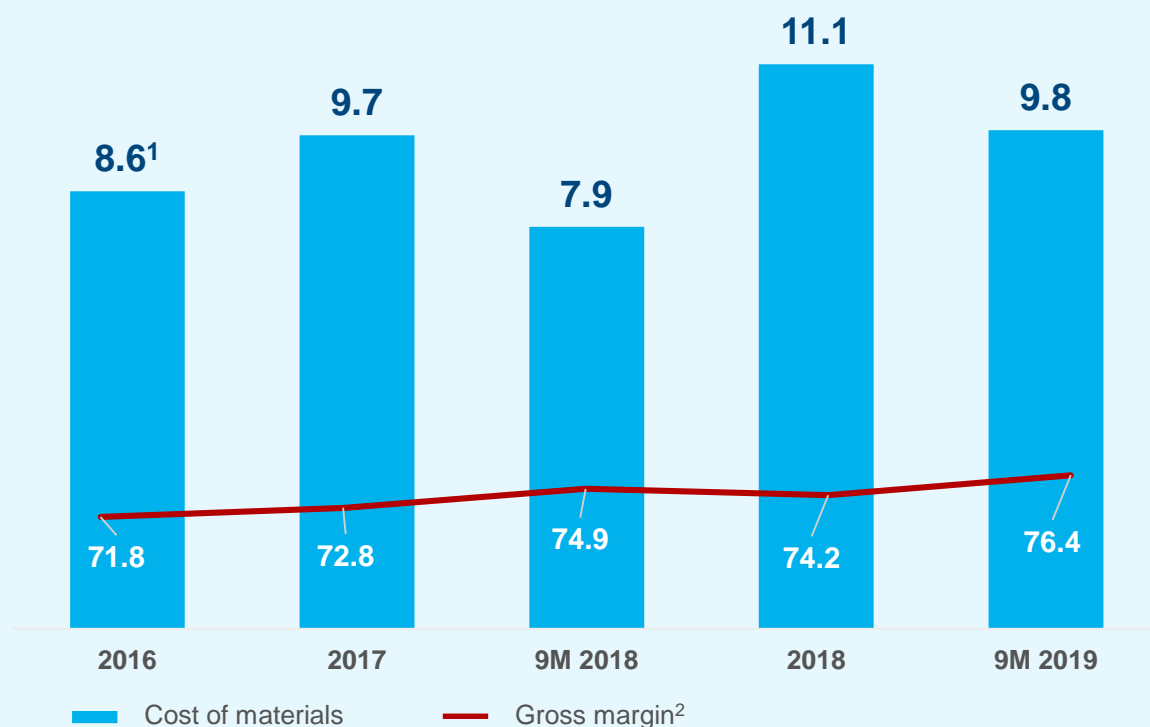
- R&D roadmap: Rapid development of App, CTI and UC functionalities based on a defined number of employees
- Qualified employees in the field of software development are only available to a limited extent on the job market
- Accordingly, NFON has a gap in personnel requirements in the R&D area (up to 18 vacancies)
- To guarantee NFON AG's high quality standards market launch of some additional functionalities has been delayed
- Delayed roadmap components are partly compensated with NCTI Pro and Nvoice for MS Teams



Consistent development of gross margin emphasizes scalability of the business model

Cost of materials and gross margin development

€m, % of revenue



Comments

- > Cost of materials are largely variable in nature and mainly comprise of costs for hardware sold, costs for airtime sold and data centre housing costs
- > Cost of materials rose disproportionately low in relation to revenue by 24% in 9M 2019 compared to 9M 2018
- > Gross margin continues to show a positive development and increases to 76%

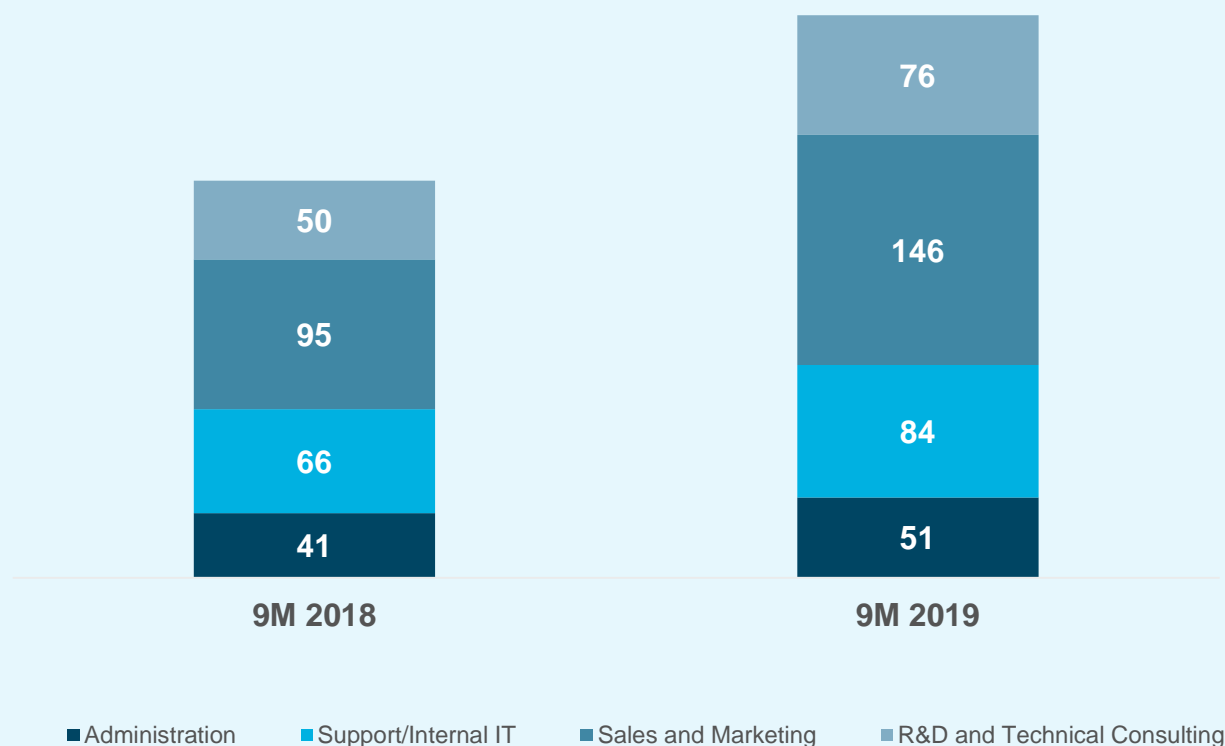
¹cost of materials adjusted for changes in inventories of finished goods ²gross margin defined as (revenue – (adj.) cost of materials)/ revenue

Securing tomorrow's growth by investing in today's workforce



Development of personnel

of employees (average)



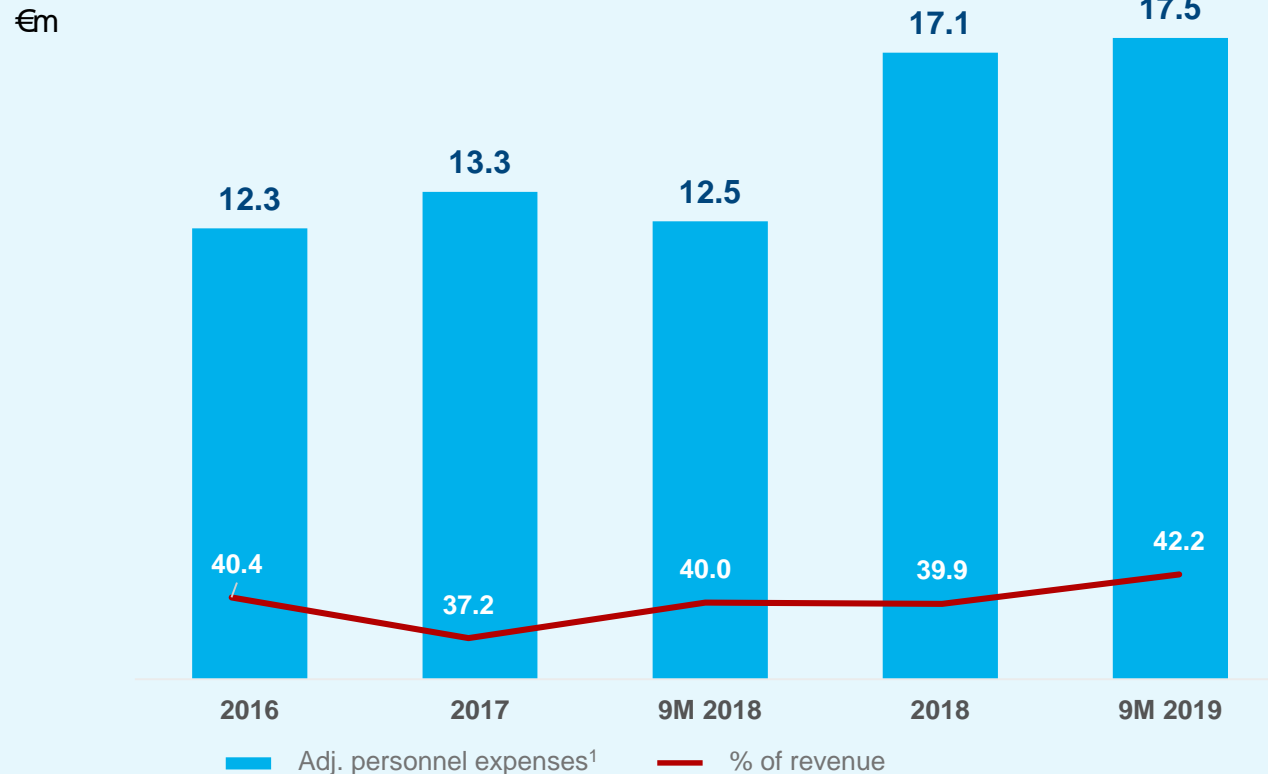
Comments

- > Average number of employees rose by 42% from 252 to 358 as of September 30, 2019 compared to September 30, 2018
- > Acquisition of DTS with additional employees
- > Increase mainly R&D (still with open positions), Technical Consulting, Sales, Marketing and Support
- > New subsidiaries in Italy and France

Increase of personnel expenses as expected



Adj. personnel expense development



Comments

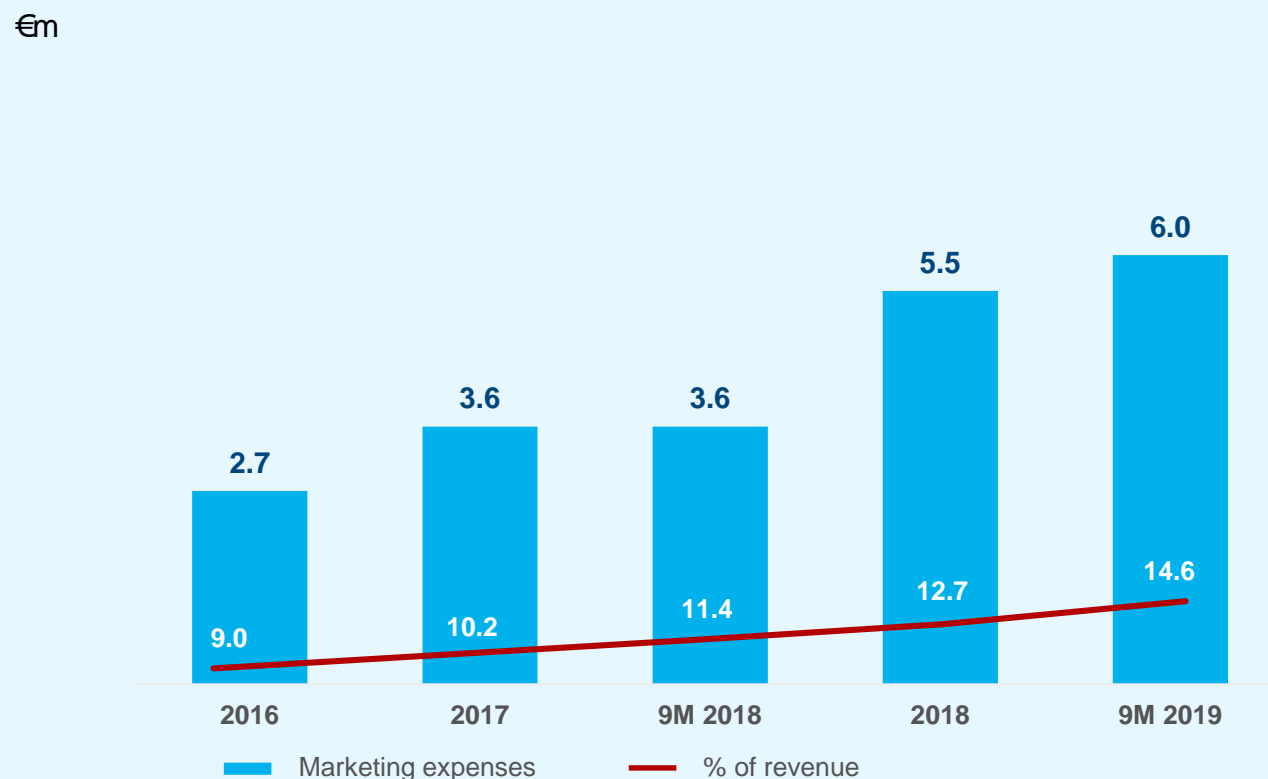
- Personnel expenses as reported amount to €18.3m (9M 2018: €17.4m)
 - Personnel expenses 9M 2019 include €0.8m for Stock Option Plan and Retention Bonus (9M 2018: €4.9m for Share-Base Payments, Retention Bonus, Exit Bonus)
- Personnel costs relieved for the first time by capitalization of development costs (NFON AG) in 9M 2019 by €1.2m
- Increase of adj. personnel expenses by 40.0% compared to 9M 2018

¹ Personnel expenses adjusted for share-based payments amounting to €0.3m (2016), €0.4m (2017), €3.6m (H1 2018/FY 2018) and €0.3m (H1 2019). Exit bonus of €0.7m (2018) reimbursed by former shareholders and recognised in other income €0.7m

Increasing partner network and introduction of new products



Marketing expense development



Comments

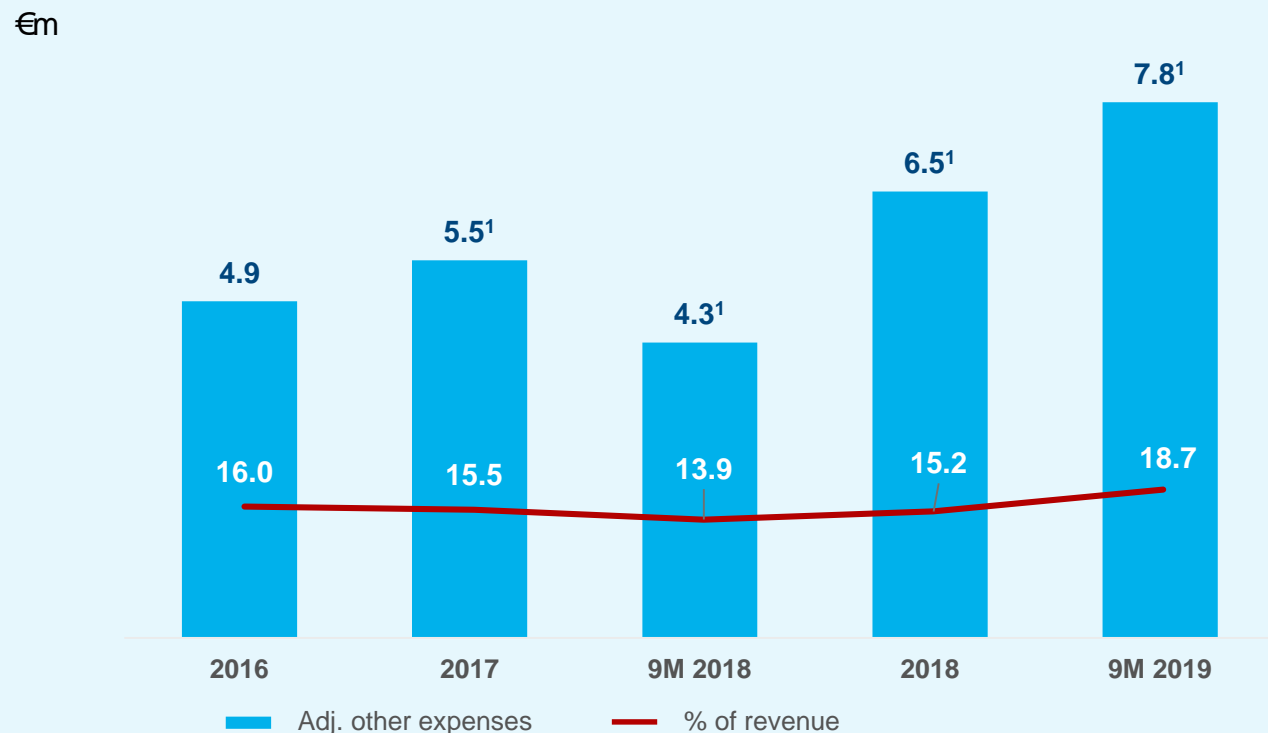
Marketing expense increases as planned by 70.0% building a strong brand that drives sales and growth of partner network

- > >2,500 partners across Europe
 - > New partners in UK, Italy, Spain et al.
- > Successful German Partner Day
- > Introduction of Nvoice for Microsoft Teams and NCTI Pro
- > Accelerating marketing activities in Italy and France



Increase of other operating expenses due to ongoing European expansion

Adj. other expenses development without marketing expenses and sales commissions



Comments

- Other operating expenses as reported (e.g. sales commissions, marketing costs, supporting cost, general administration expenses and consulting fees) amount to €19.3m in total (9M 2018: €13.5m) and increases by 43%
- NFON adjusts other operating expenses by one-off expenses (e.g. acquisition DTS) as well as marketing cost and sales commissions
 - Marketing costs 9M 2019 amount to €6.0m (9M 2018: €3.6m)
 - Sales commissions 9M 2019 amount to €4.9m (9M 2018: €3.2m)
- Increase of adj. other operating expenses from €4.3m to €7.8m (79%) due to various reasons (amongst others: start in Italy, France and consolidation of DTS)
- IFRS 16 leads to lower OPEX of €1.1m

¹2017: Adjusted for expenses for the introduction of a transfer pricing model, additions to provisions related to potential value-added tax repayments, social security contributions and payroll taxes, as well as fees for professional advisors related to those topics in 2017 in total amounting to €0.6m, in addition IPO related expenses in the amount of €0.2m; 9M 2018: adjusted for IPO related one-off expenses of €2.4m, 2018: adjusted for IPO related one-off expenses €2.4m and reversal of other provisions social security contributions €0.2m, 9M 2019 adjusted for DTS acquisition

EBITDA mirrors successful implementation of strategy



Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	9M 2019	9M 2018
€m		
EBITDA	-5.6	-6.5
Stock Options/ESOP	0.5	3.6 ¹
Retention Bonus	0.4	0.6
IPO costs	0	2.4
Expenses related to DTS acquisition	0.6	0
Total EBITDA adjustments	1.4	6.6
Adjusted EBITDA	-4.2	0.0

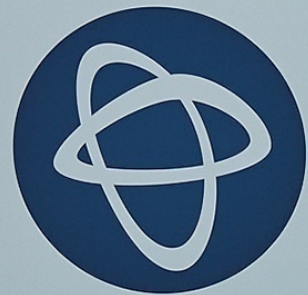
Comments

- › EBITDA as reported amounts to approx. €-5.6m
- › In accordance with strategy, personnel costs, marketing and sales commissions continue to increase
- › One-off effects in connection with the consistent implementation of the M&A strategy (DTS) in the amount of €0.6m burdened EBITDA
- › Adj. EBITDA as planned at €-4.2m

Adjusted outlook for 2019



		2017	2018	2019
	Number of seats	253k	27%	We expect to increase our customer base between 39% and 41%
	Recurring revenue growth	29%	25%	We expect recurring revenue to grow between 38% and 40%
	Revenue growth	17%	21%	We expect a revenue growth rate in a range between 30% and 33%
	Recurring revenue share	78%	80%	We expect the resulting recurring revenues in 2019 to be in the range between 80% and 85% of total revenues



NFON

Die Cloud-Telefonanlage

Status-quo NFON 2019



- 1 Successful acquisition and continuing integration of DTS**
- 2 Increase of European footprint with market entry in France and Italy and increase of partner network to over 2,500**
- 3 Introduction of NCTI Pro and Nvoice for Microsoft Teams**
- 4 Strengthening financial power for further M&A activities through additional proceeds of €10.6m**
- 5 Further improvement of NFON's market position**
- 6 Still huge addressable business communication market being disrupted by structural shift to Cloud PBX solutions**



♥ Thanks

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#cloud #telephony #allip



Appendix

Further information about NFON

Management Board



Hans Szymanski
CEO/CFO

- >20 years of C-Level experience
- Previous experience includes
 - CEO/CFO Francotyp-Postalia
 - President Jenoptik LOS
 - Klöckner & Co



Jan-Peter Koopmann
CTO

- >20 years of experience in the IT/Telco industry
- Previous experience includes
 - Founder Seceidos
 - Tiscali
 - Telenor Group



César Flores Rodríguez
CSO

- >10 years of C-Level experience
- Previous experience includes
 - Aconex
 - Co-founder conject Group
 - Mercer Management Consulting

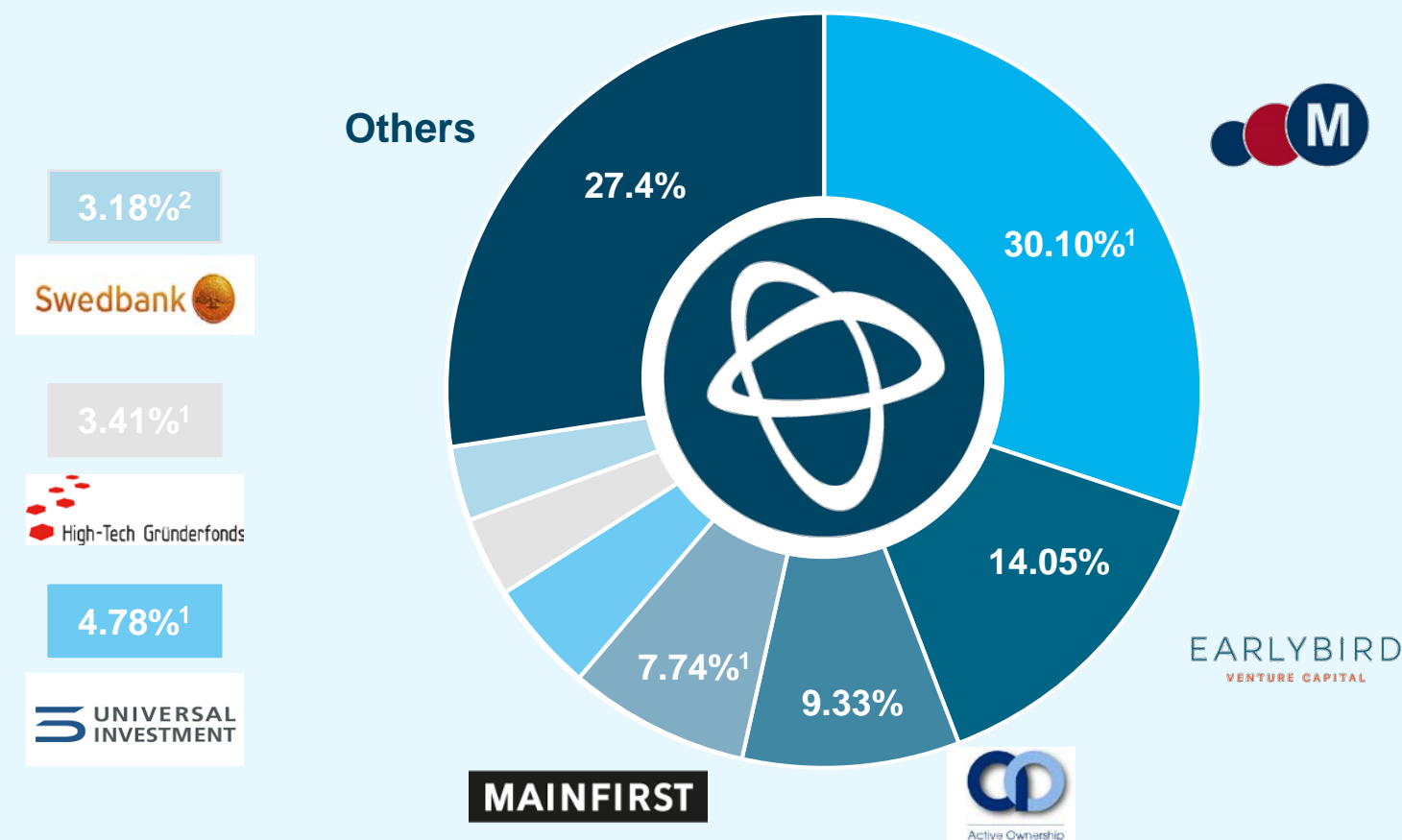
Share at a glance



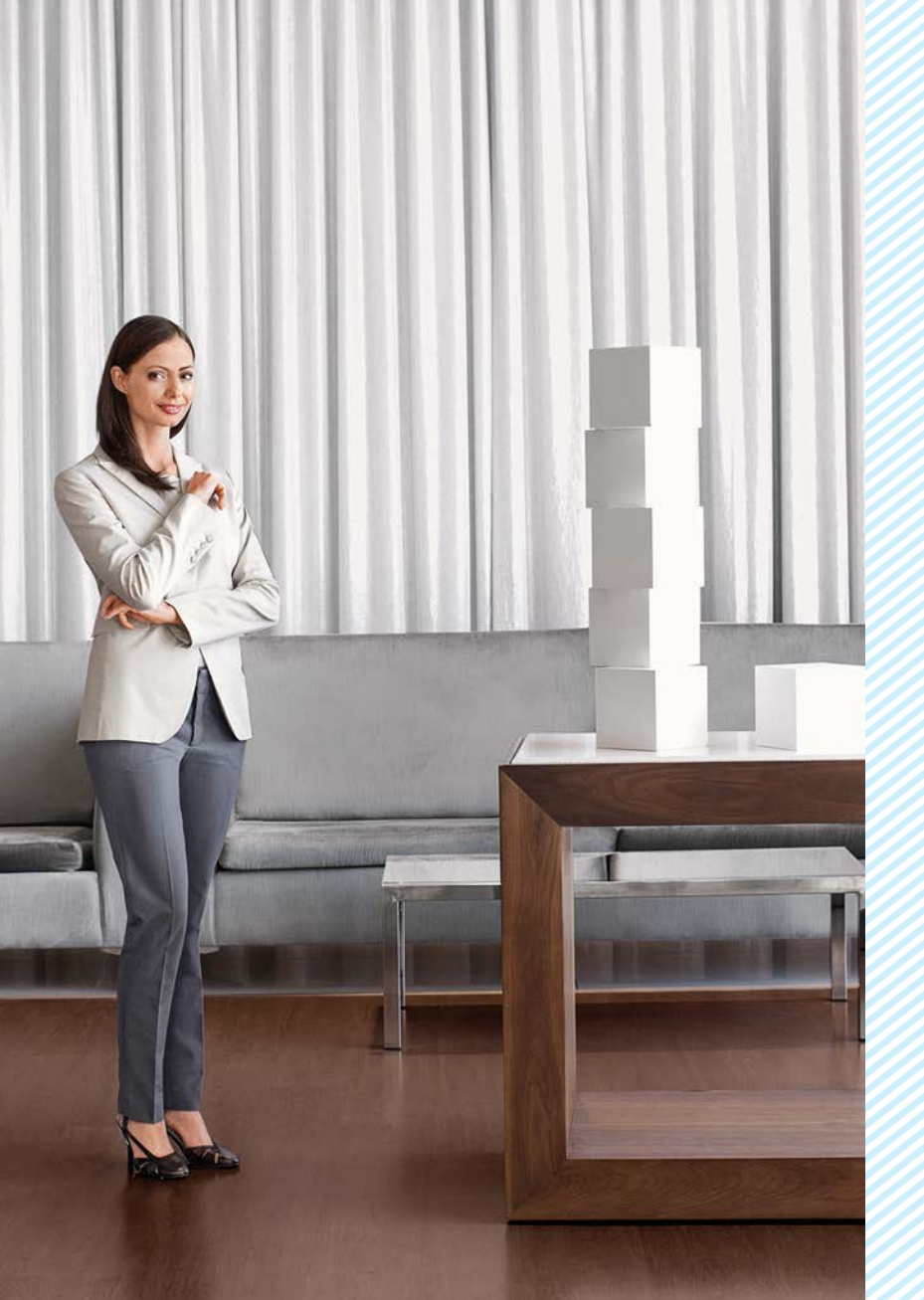
Facts

ISIN	DE000A0N4N52
Segment	Prime Standard/ Telecommunication
Shares	15.1 million (21 October 2019)
Designated sponsor	Baader Bank ODDO Seydler
First day of trading	11 May 2018
Coverage	Berenberg Bank, Baader Bank, Hauck & Aufhäuser

Shareholder structure



¹ voting rights based on 13.8 million shares ² voting rights based on 14.1 million shares



Financial calendar



Date	Event
21 Nov 2019	> Results for the 9 months 2019
Web- and Telephone Conference	
25 Nov 2019	> Equity Forum Frankfurt a. M.
Presentation and 1-on-1	
5 Dec 2019	> 17th Berenberg European Conference
Presentation and 1-on-1	
10 Dec 2019	> MKK 2019
Presentation and 1-on1	
12 Dec 2019	> AGM (extra ordinary)
Munich Stock exchange	

Contact



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