



Berlin, Munich, Mainz | 1 April 2020

Financial Statements 2019

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We want to dominate the European Cloud telephony market by delivering freedom of business communication.



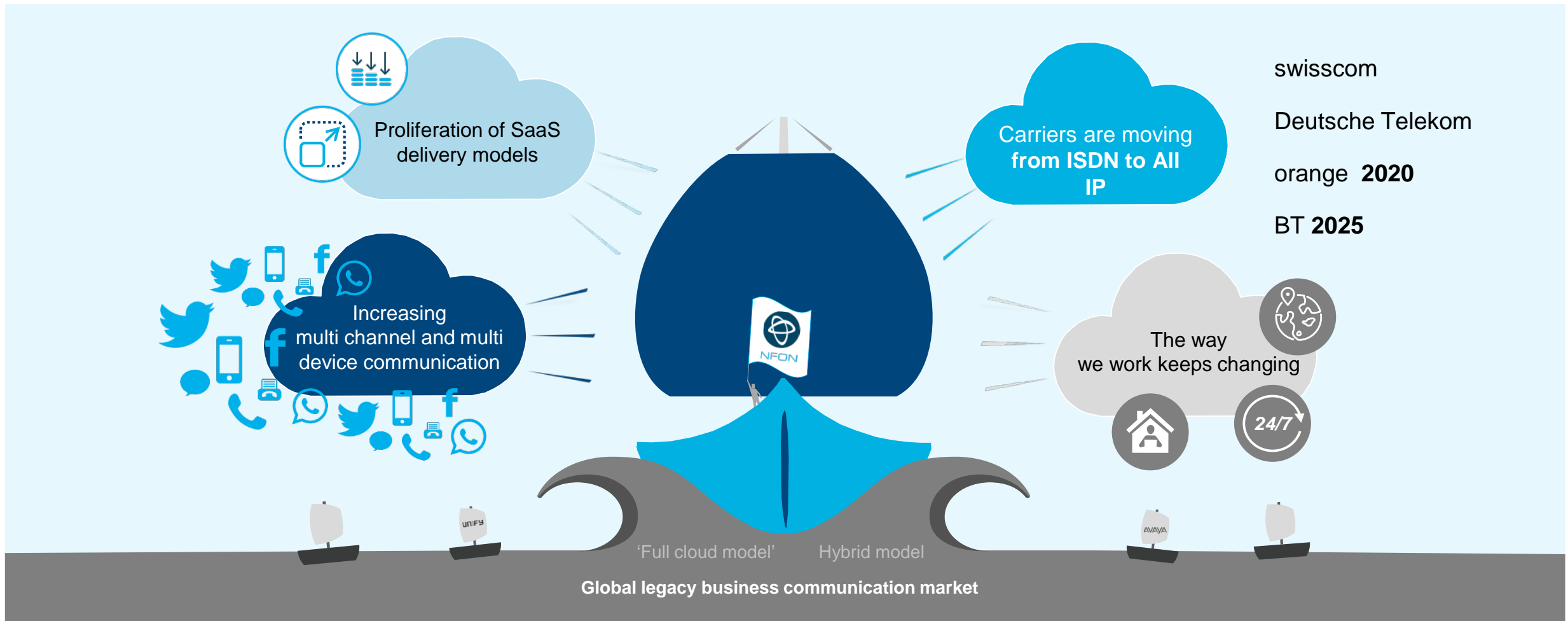
Continued growth 2019



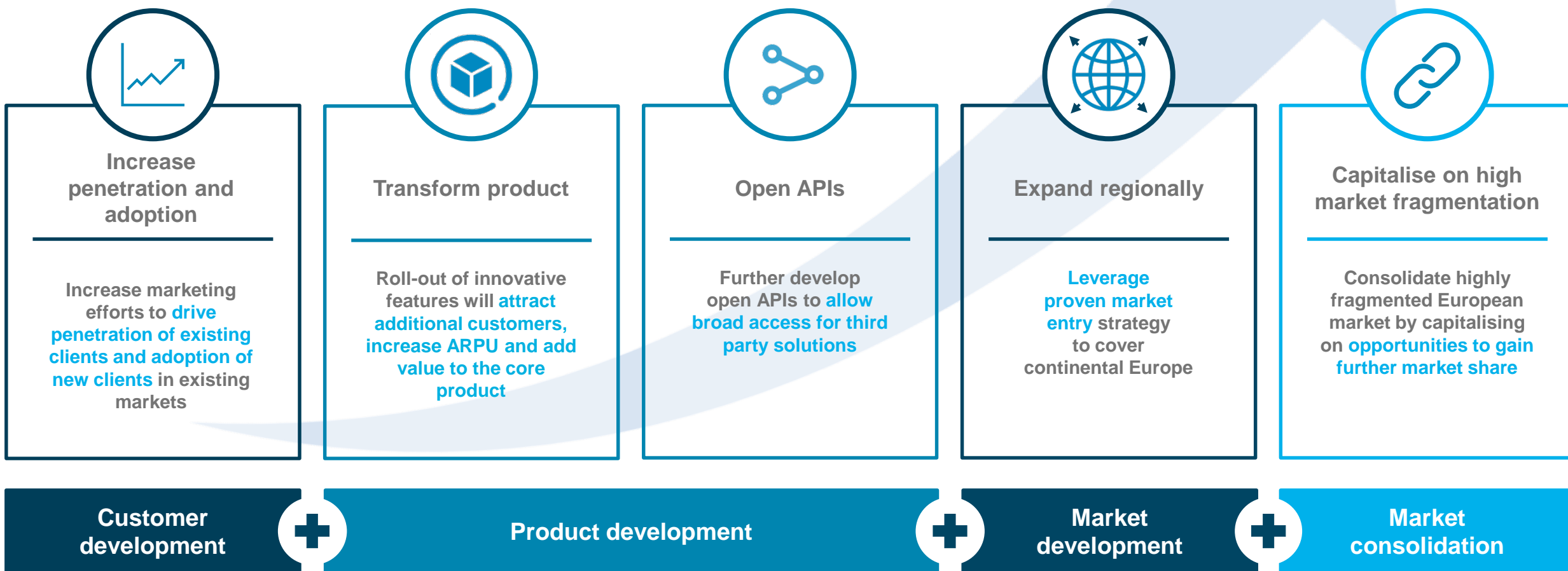
		2017	2018	2019 adjusted guidance	Results*
	Number of seats	253k 32%	321k 27%	We expect to increase our customer base between 39% and 41%	450k 40%
	Recurring revenue growth	29%	25%	We expect recurring revenue to grow between 38% and 40%	39%
	Revenue growth	17%	21%	We expect a revenue growth rate in a range between 30% and 33%	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	84%

* Including M&A effects due to the acquisition of DTS

Wind of change – Fundamental Market Trends



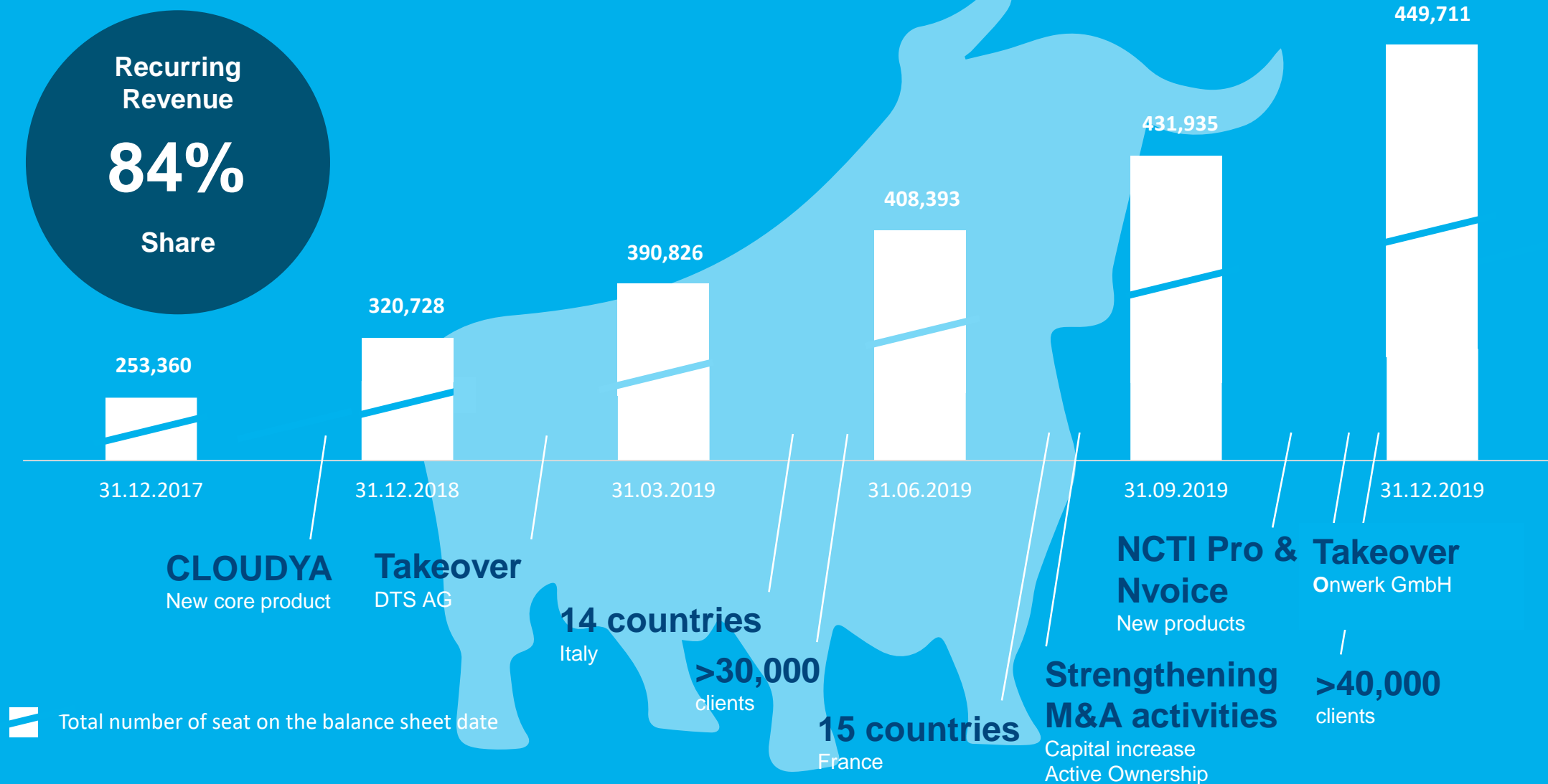
Our way to become the No 1 in Europe





Business Highlights

Milestones Completed 2019



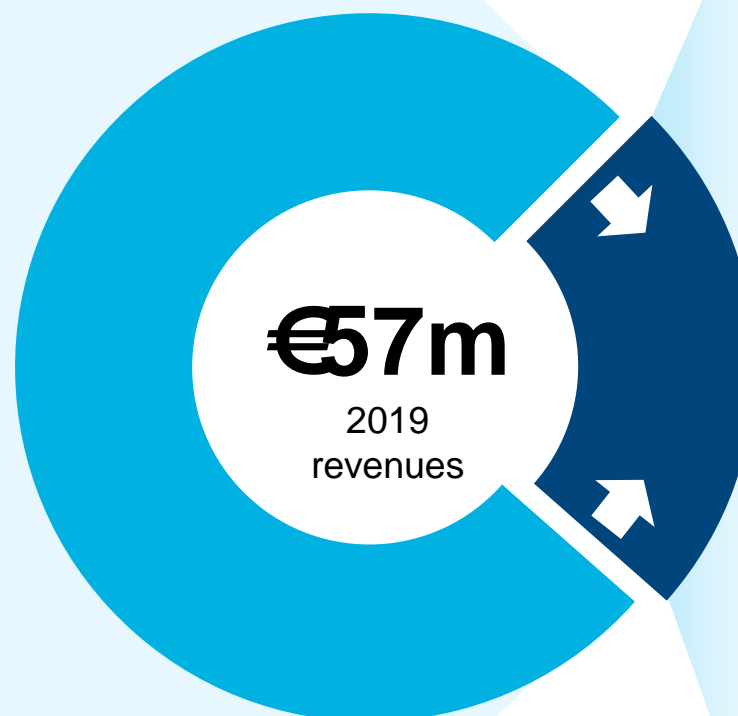
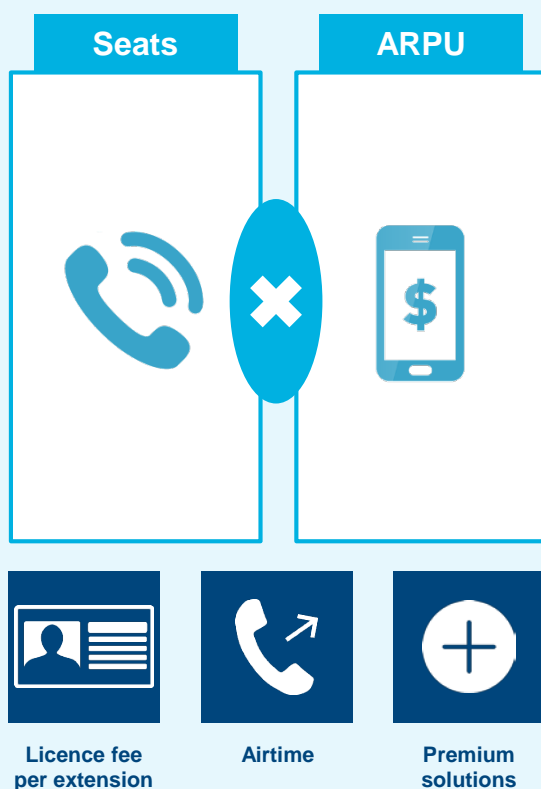


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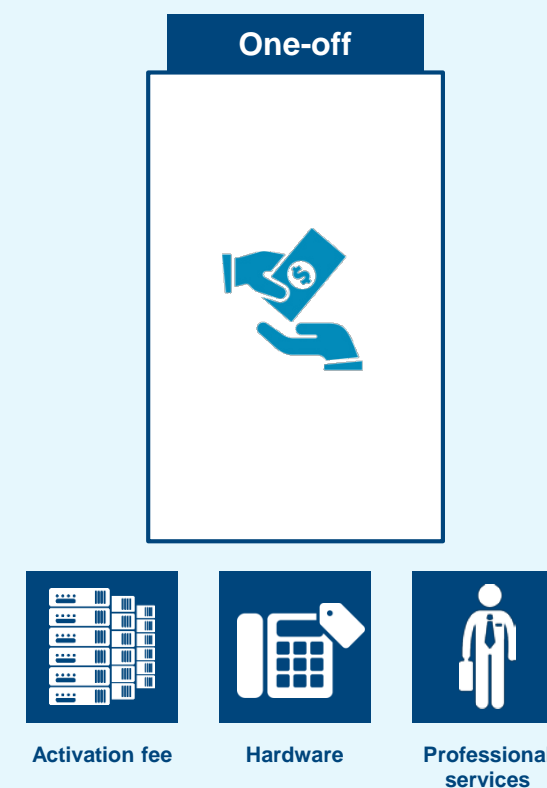


Strong business model resulting in unique combination of massive growth and sustainable recurring revenue

Recurring revenues 84%



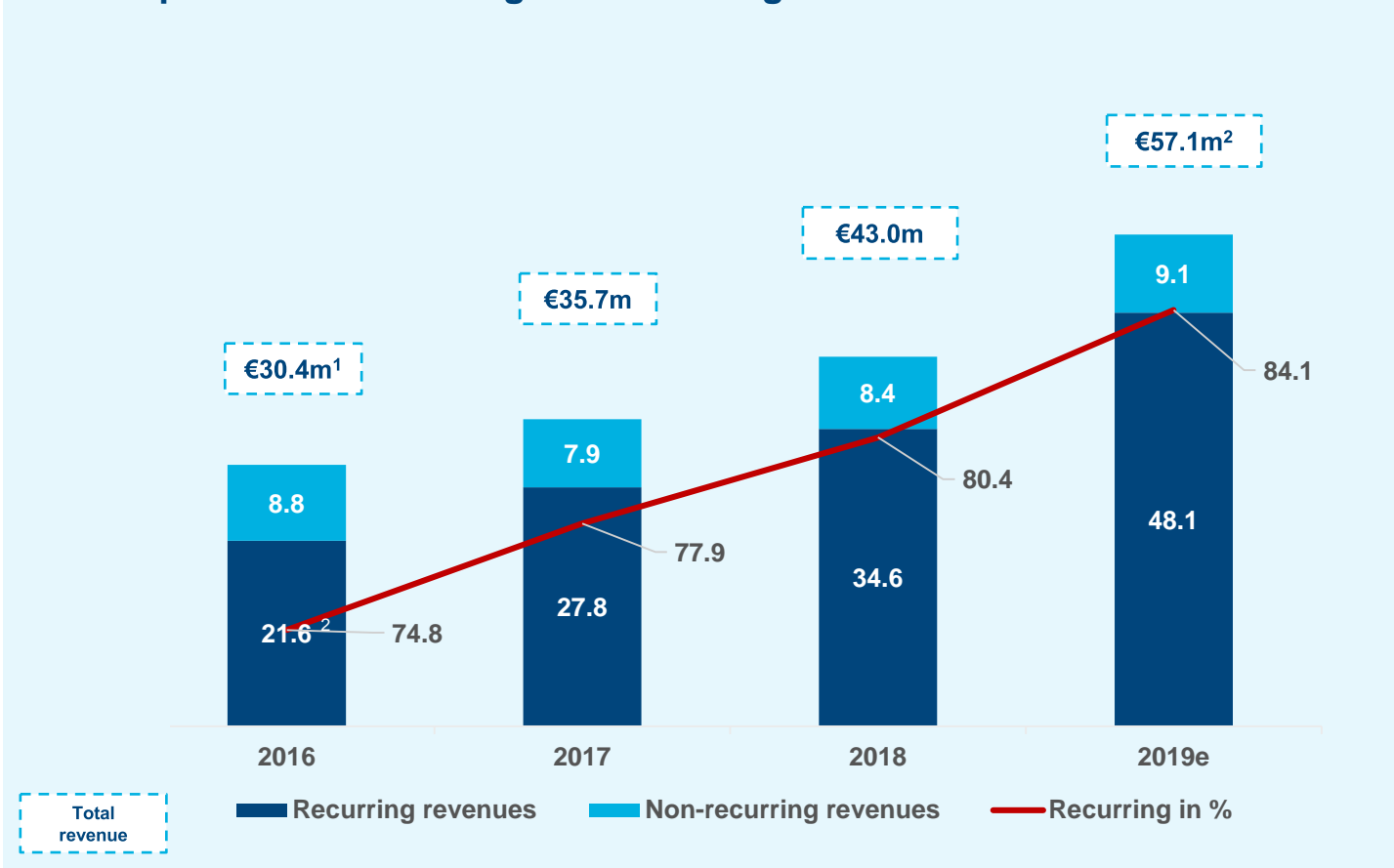
Non-recurring revenues 16%



Significant increase of recurring revenues



Development total recurring/ non-recurring revenues



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

²First time consolidation of DTS in March 2019

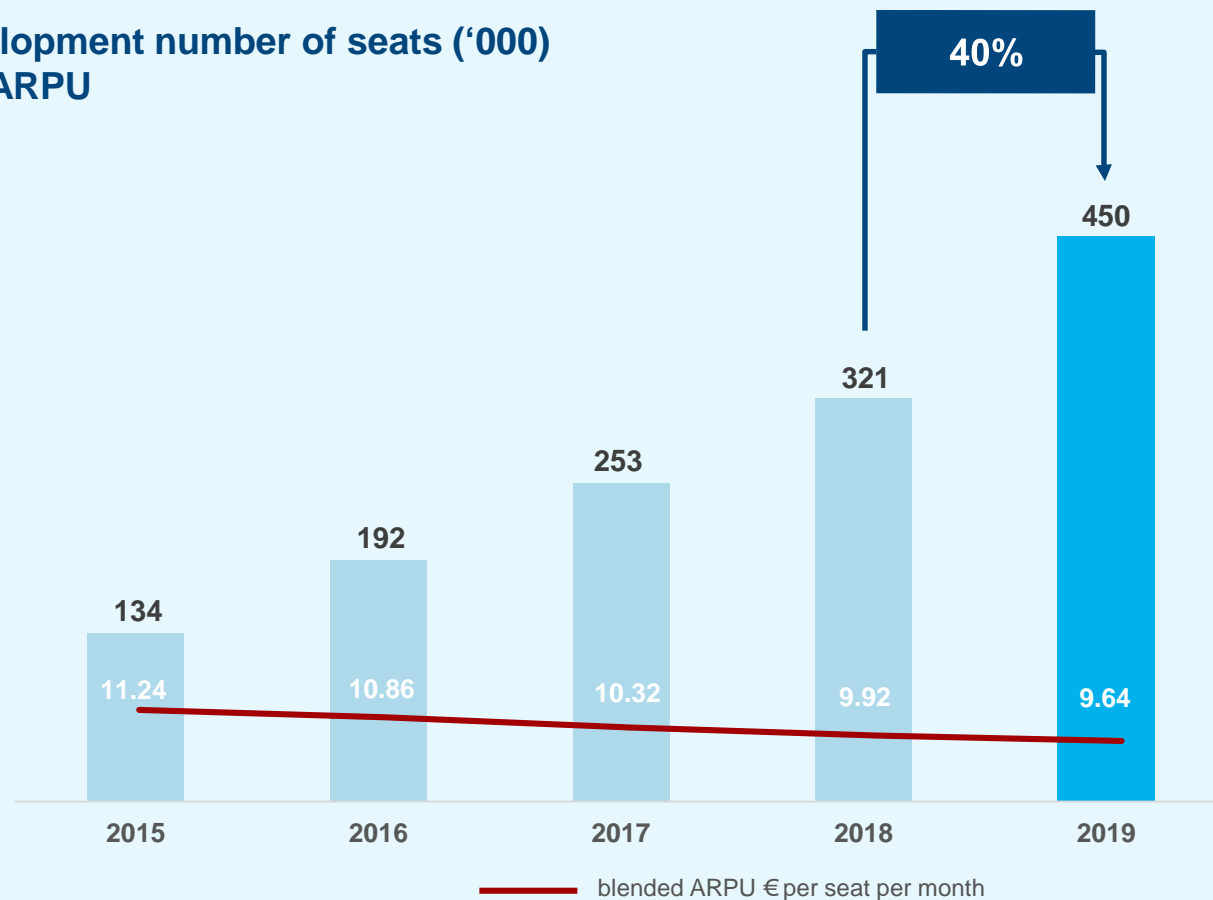
Comments

- Total revenues grow by 32.7% to €57.1m in comparison to €43.0m in 2018
- Q4 2019 total revenues on a growth rate of 32.9% compared to Q4 2018 (€15.7m vs. €11.8m)
- Non-recurring revenues 2019 show slight increase of 7.3% compared to 2018
- Significant increase of recurring revenues by 38.9% compared to 2018 (Q4 2019 compared to Q4 2018: 39.7%)
- Cumulative effect quarter by quarter due to steadily growing total number of seats
- High share of recurring revenue (84.1%) due to strong and sustainable growing customer base

Strong growth of seats



Development number of seats ('000)
and ARPU



Comments

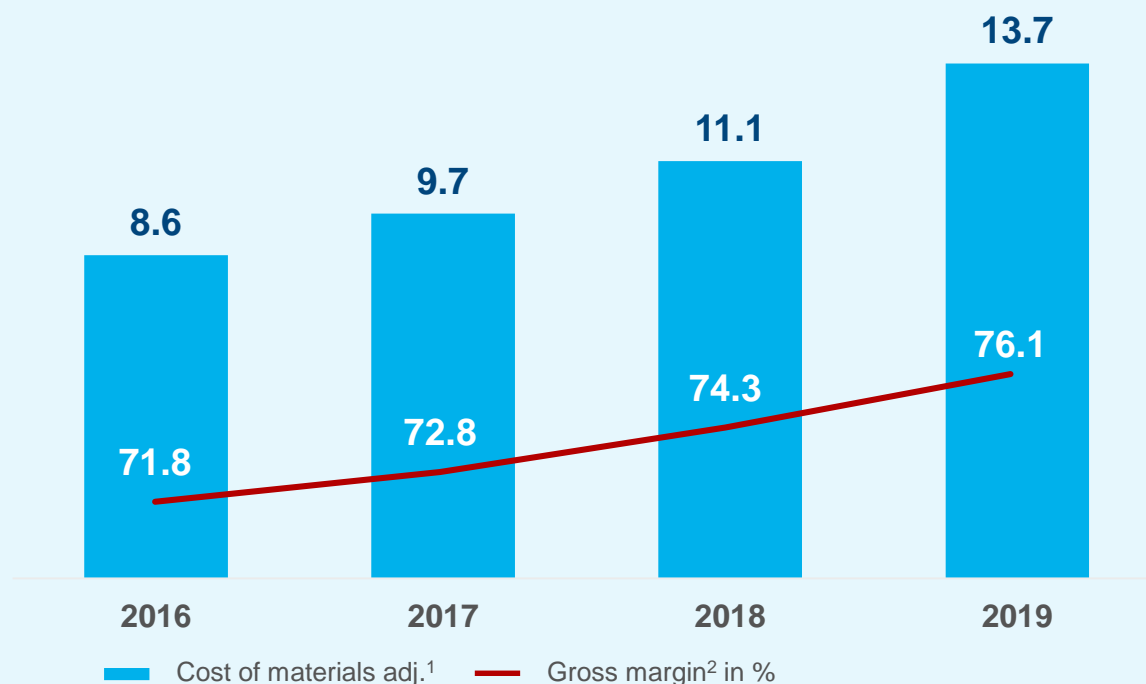
- › Increase of total number of seats by 40.2%
- › Very low gross churn rate of <0.5% per month underlines quality of product and service and guarantees continuous recurring revenues
- › Share of DTS business (CentrexX) selling more in the mid-price segment leads to expected decrease of total blended ARPU as well as successful business with wholesale partners
- › Additional premium solutions represent upside potential for ARPU development in the medium term



Consistently increasing 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 23.0% in 2019 compared to 2018
- Gross margin continues to show a positive development and increases to 76.1%

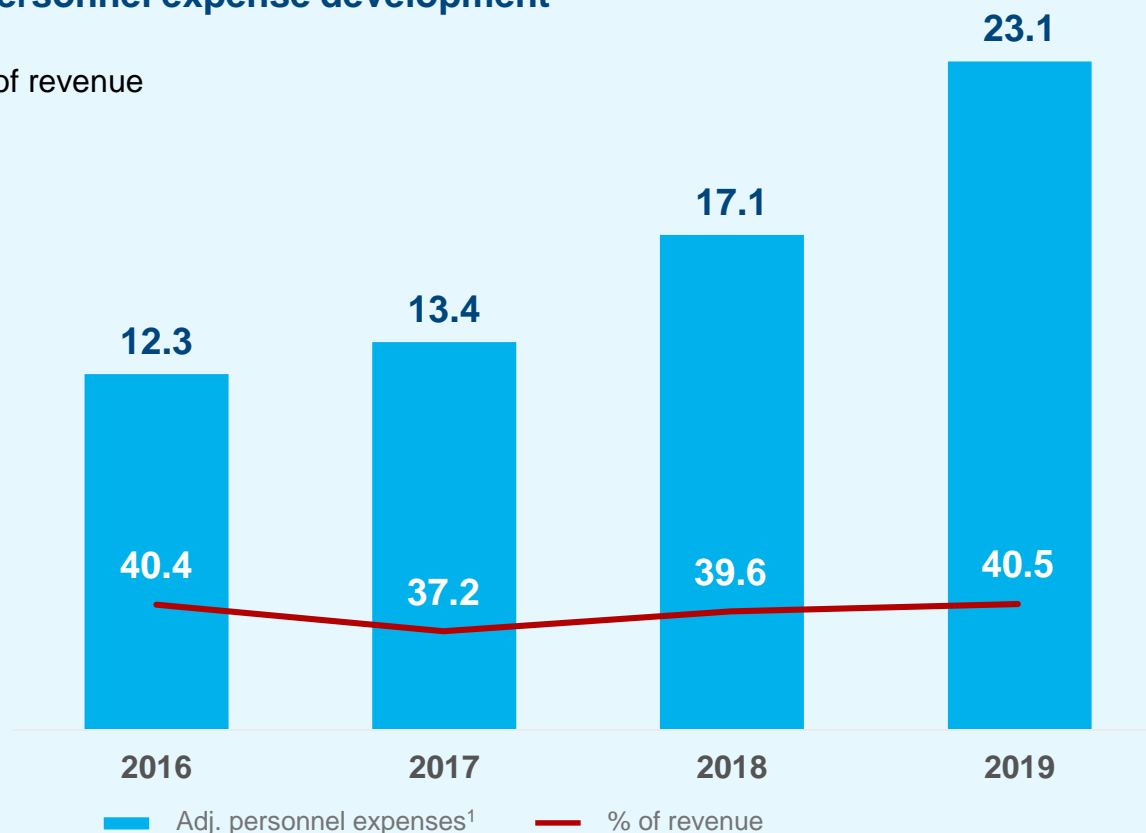
¹Cost of materials adjusted for changes in inventories of finished goods. ²Gross margin defined as (revenue - adj. cost of materials)/ revenue

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



Adj. personnel expense development

€m, % of revenue



Comments

- > Personnel expenses as reported amount to €24.2m (2018: €22.1m) increase by 9.8% including DTS workforce
- > Adjustments personnel expenses: €1.1m for Stock Option Plan and Retention Bonus (2018: €5.0m for Share-Base Payments, Retention Bonus, Exit Bonus)
- > Personnel costs relieved for the first time by capitalization of development costs (NFON AG) in 2019 by €2.0m
- > Increase of adj. personnel expenses by 35.5% compared to 2018

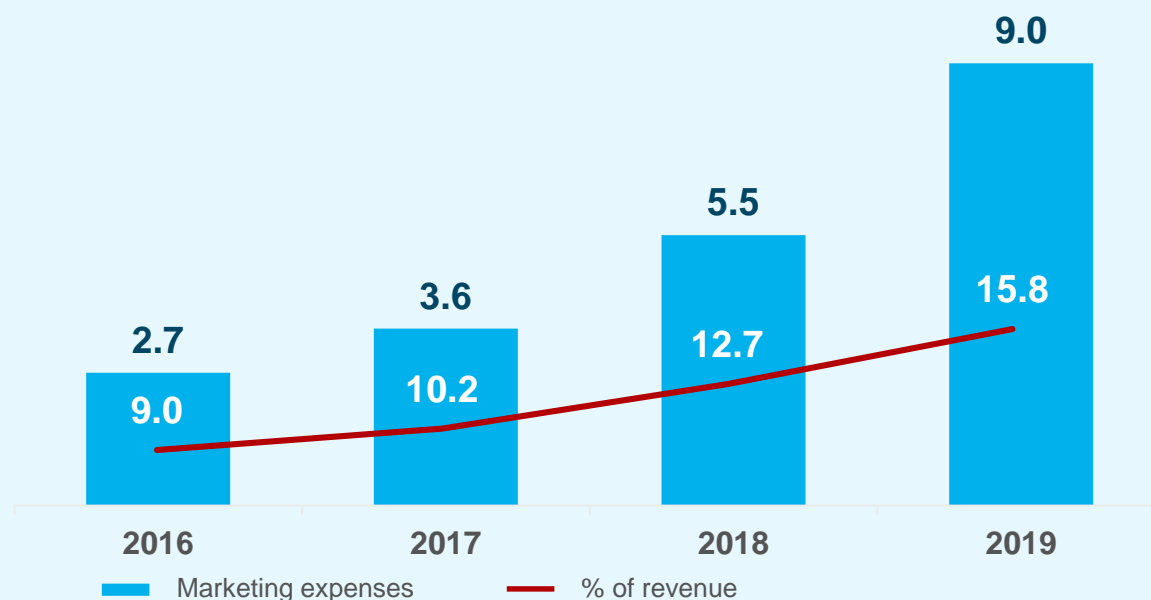
¹ Personnel expenses adjusted for et.al. Stock Option Plan, Retention Bonus, Share-Base Payments, Exit Bonus

Gaining partners, customers and seats through intensified marketing activities



Marketing expense development

€m, % of revenue



Comments

Marketing expense increases as planned by 65.9% building a strong brand that drives sales and growth of partner network

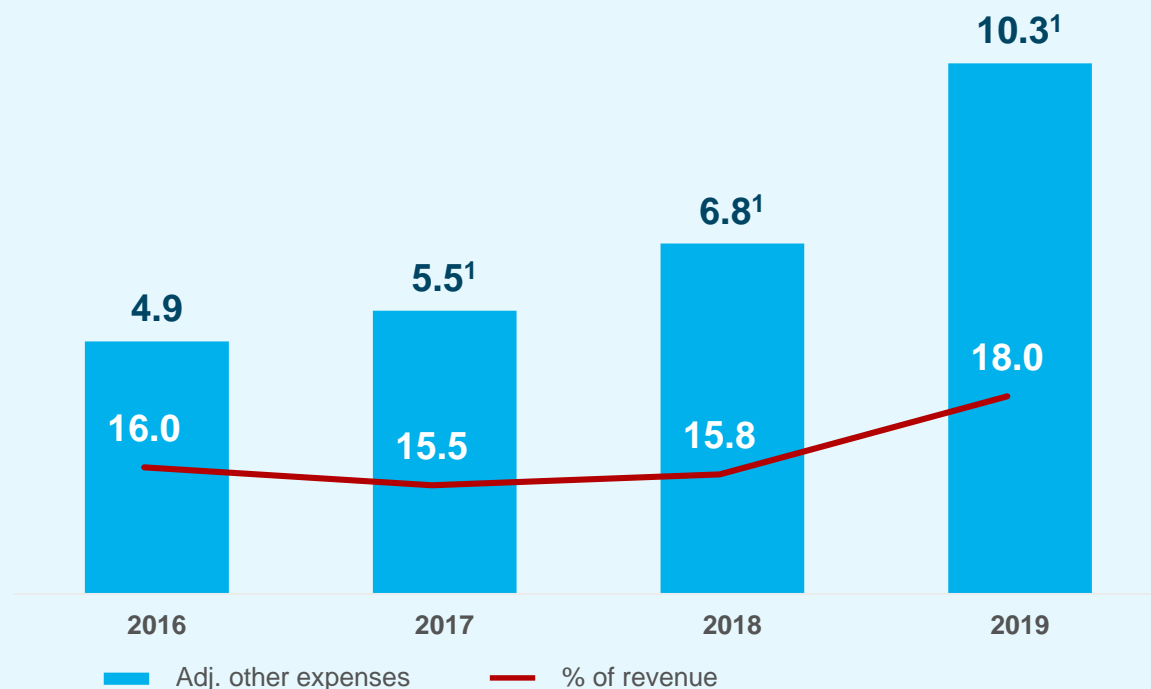
- >2,500 partners across Europe
 - New partners in UK, Italy, Spain et al.
- >40,000 customers across Europe
- Introduction of Nvoice for Microsoft Teams and NCTI Pro
- Accelerating marketing activities in new subsidiaries Italy and France as well as UK and Austria



Other operating expenses grow due to increase in headcounts and regional expansion

Other expenses development without marketing expenses and sales commissions

€m, % of revenue



Comments

- > Other operating expenses as reported (e.g. sales commissions, marketing costs, supporting cost, general administration expenses and consulting fees) amount to €26.8m in total (2018: €18.9m) and increases by 41.8%
- > NFON adjusts other operating expenses by one-off expenses (e.g. acquisition DTS) and does not include marketing cost and sales commissions
 - > Marketing costs 2019 amount to €9.0m (2018: €5.5m)
 - > Sales commissions 2019 amount to €6.7m (2018: €4.3m)
- > Increase of adj. other operating expenses from €6.8m to €10.3m (51.4%) due to various reasons (amongst others: start in Italy, France and consolidation of DTS)
- > IFRS 16 leads to lower OPEX of €1.4m

¹ Adjusted by one-off effects like IPO-costs, acquisition costs

EBITDA reflects investments to execute growth strategy



Detailed reconciliation of one-off items

Reconciliation from EBITDA to adjusted EBITDA	2019	2018
€m		
EBITDA	-7.0	-7.8
Stock Options/ESOP	0.6	3.6 ¹
Retention bonus	0.5	0.8
IPO costs	0	2.4
Expenses related to DTS acquisition/ Other one-off expenses ²	0.7	-0.2
Total EBITDA adjustments	1.9	6.6
Adjusted EBITDA	-5.1	-1.2

Comments

- › EBITDA as reported amounts to approx. €-7.0m
- › 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 plus €0.1m others
- › Adj. EBITDA at €-5.1m

¹ Including equity and cash settled share-based payment programmes ²Expenses related to tax and social security matters (2018: reversals)

2020 - Financial year under special circumstances



COVID19 – General statements

- Not yet fully taking into account the effects of the spread of COVID-19, as these cannot yet be quantified.
- It cannot be assumed that there will be no impact on the business development of NFON AG.
- Both negative and positive effects are possible.
- In principle, the business model still has a certain robustness to market fluctuations due to the high proportion of recurring revenues.

COVID19 – Possible downside

- Should there be a recession, combined with insolvencies or reduction of seats, this could nevertheless lead to a loss of sales for the NFON Group.
- In addition, it is to be expected that decisions by customers will be delayed and new Seat profits could fall short of the expectations.

COVID19 – Possible upside

- Additional demand impulses may arise as customers increasingly switch to home offices.
- Existing customers are shifting their activities to the home office and are therefore increasingly requesting not only telephony but also the possibility of telephone conferences.
- NFON is also receiving enquiries from interested parties who do not yet have a solution with which they can flexibly set up home office workstations.

Continued growth course



		2018	2019	2020
	Number of seats	27%	40%*	We expect a significant growth of our customer base between 20% and 24%
	Recurring revenues growth	25%	39%*	We expect the revenue growth rate for 2020 between 22% and 26% not taking into account any further acquisitions
	Recurring revenues share	80%	84%*	We expect the resulting recurring revenue in 2020 to be between 80% and 85%
	In line with our vision of becoming the no. 1 in the European market for cloud telephony, we will continue to invest significantly in gaining market share. Therefore, assuming a stable overall economic development and a cloud communications market in Europe that is expanding rapidly as expected, Nfon expects a continuation of its dynamic revenue growth with possible additional impulses from further M&A activities. The EBITDA breakeven point could be reached in the medium term if the current investment intensity is maintained. This does not include investments to take advantage of additional growth opportunities that arise in the short term.			

* Including M&A effects due to the acquisition of DTS



Key investment highlights



- 1** Huge addressable business communication market being disrupted by structural shift to Cloud PBX solutions
- 2** Only true Pan-European Cloud PBX company best positioned to become the dominant European player
- 3** Strong business model resulting in unique combination of massive growth and sustainable recurring revenue
- 4** State-of-the-art “German Engineering” Cloud PBX solution tailored to European customer needs
- 5** Proven track record of scalable growth
- 6** Proven growth strategy leveraging multi dimensional layers of growth



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



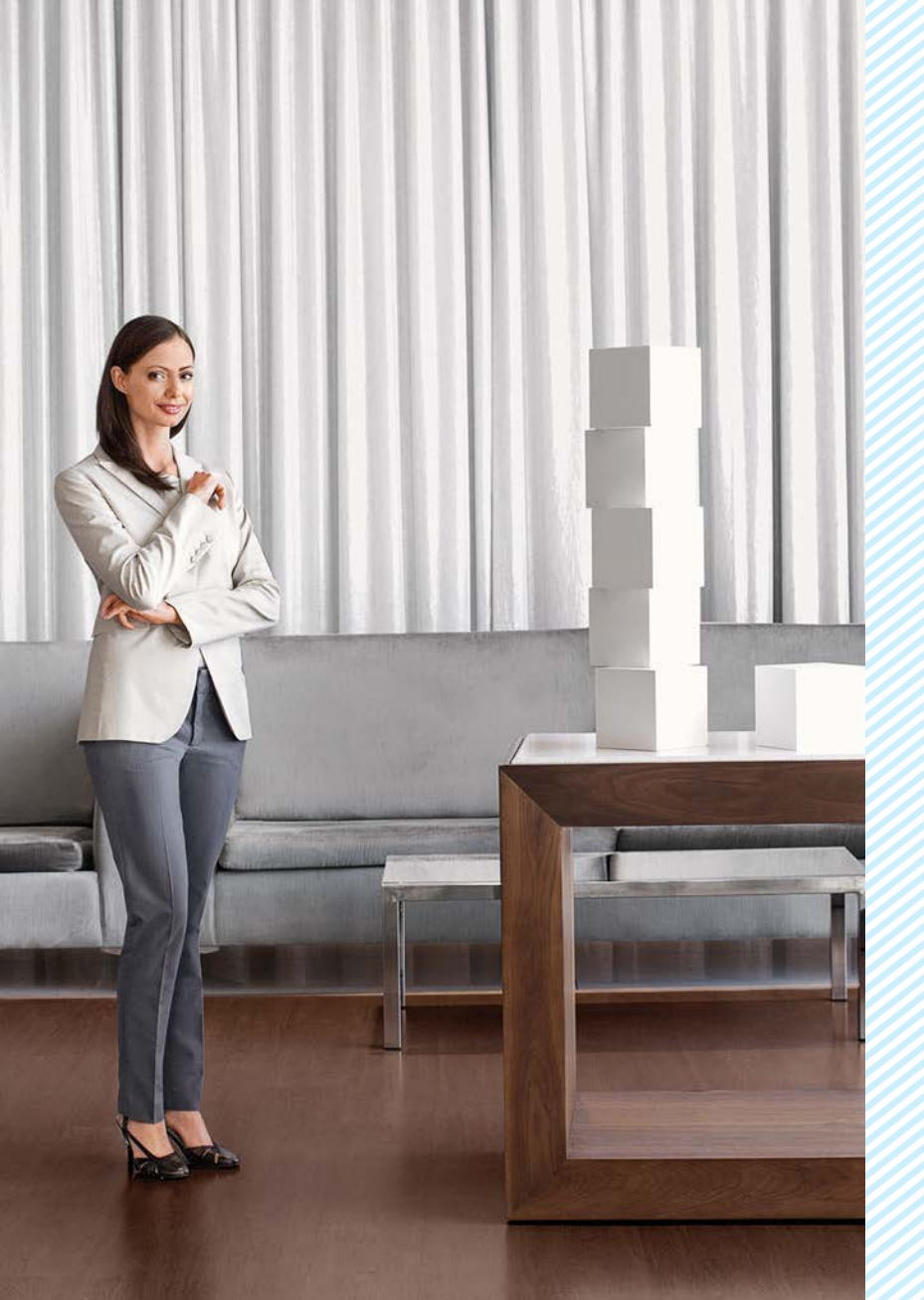
Jan-Peter Koopmann
CTO

- >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



Financial calendar



Date	Event
1 April 2020	> Presentation Final Financial Results 2019
Web- and Telephone Conference	
3 May 2020	> NFON - Roadshow
Virtual Roadshow	
18 May 2020	> Interim Report 1st Quarter 2020
Web- and Telephone Conference	
28 May 2020	> Annual General Meeting
Online Meeting	
20 Aug 2020	> Presentation Half-year Financial Report 2020
Web- and Telephone Conference	
16 – 17 Nov 2020	> Preliminary Figures 3rd Quarter 2020/ Equity Forum
Presentation and Conference with 1on1	

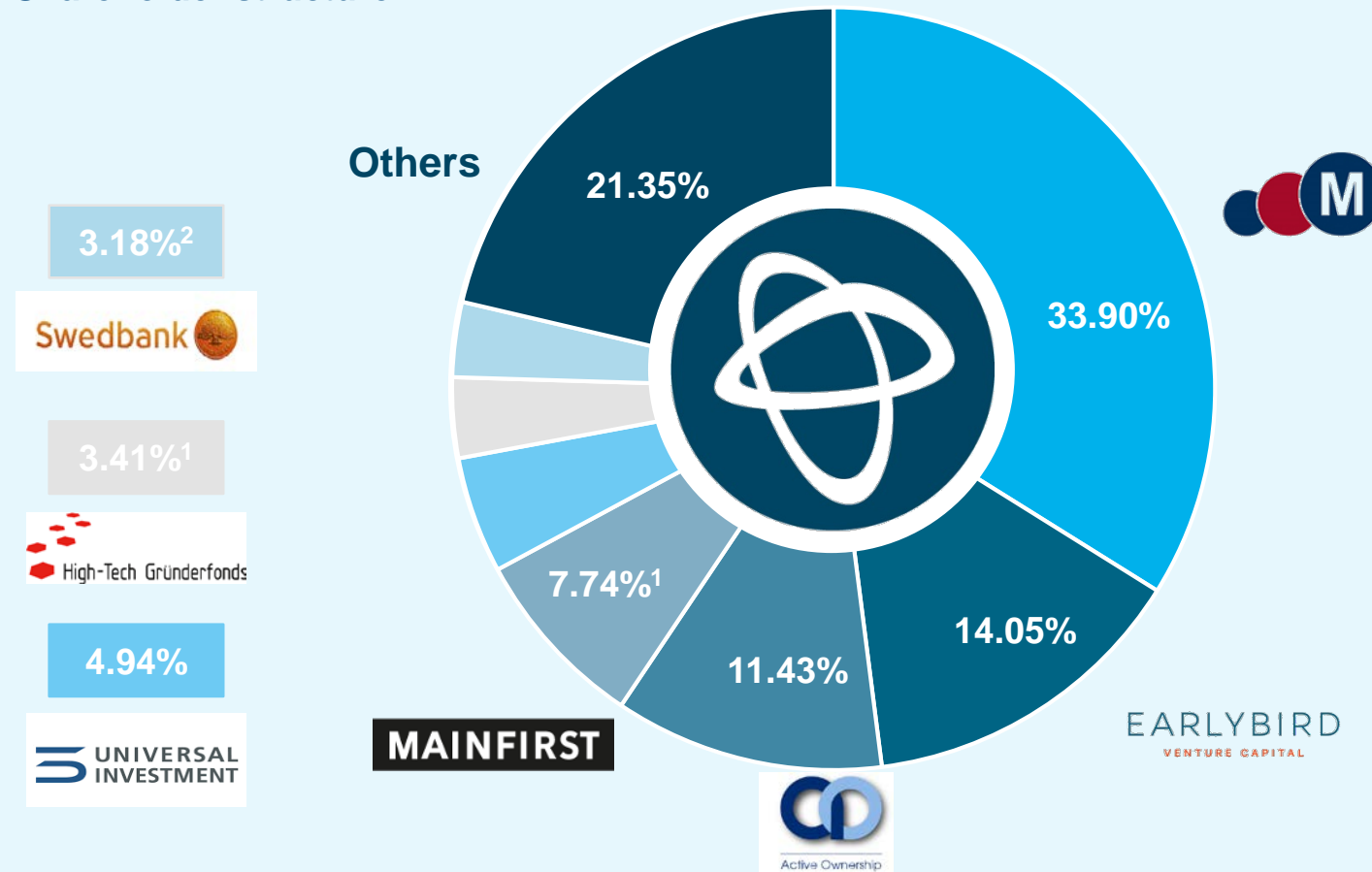
Share at a glance



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, Mainfirst

Shareholder structure



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

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