



Marketing Strategy Update: Management Conference Call

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Transcript

Speakers:

Oliver Steil, CEO TeamViewer

Stefan Gaiser, CFO TeamViewer

Toto Wolff, CEO Mercedes-AMG Petronas F1 Team

PRESENTATION

00:00:02 Operator

Welcome to the conference call of TeamViewer AG. At our customer's request, this conference will be recorded. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulties hearing the conference, please press the star key followed by zero on your telephone, for operator assistance. May I now hand you over to Oliver Steil, who will lead you through this conference. Please go ahead, sir.

00:00:31 Oliver Steil

Hello, good afternoon. Welcome, everybody. Thank you for joining our update core TeamViewer marketing strategy update, to give you a good overview of the marketing partnerships that we have announced some days ago and today. So with me, in the presentation in the call today is Stefan Gaiser, CFO, and Toto Wolf, the CEO of the Mercedes, AMG Formula One team. Important notice, as always, and then let's continue, please. So I go first, just a quick overview on where we are in our strategy. I think you know this slide. I think in 2020, we have moved quite well along our growth strategies, you know, the different initiatives, we have showed this before. We are clearly on our path to get to 1 billion in billings by 2023, based on organic initiatives, and also M&A. So nothing new on this end. I think what is important to note, if you go to the next slide, which is also something we shared with you, is that through the R&D activities, and through M&A throughout the last year, we really believe we have now a broad solution portfolio across our customers' value chain. So from product development, all the way down to sales and service, with different solution modules for each of the spaces. So this is for us very important, because we can now better tap the enterprise segment, we have something to offer for all kinds of digitalisation situations on our customer side. And from our perspective, this really created a very attractive opportunity to tap into all these adjacent segments of our customers across all industries, and also globally. So we've done...from our perspective, we've really transformed the business over the last two, three years to get into this position, and offer significantly more than remote access and remote support. And therefore, we feel good about the future and the growth initiatives that we have launched. If we go to the next slide, the thing which comes next, and that's ultimately the reason why we did those partnerships, is really that we want to now double down also on the brand. Why do we want to do this? Clearly at some point in the lifecycle of a company, it is important to also build the brand for future use and for future value creation and long-term value creation. I think if we look at our purchasing funnel, and I will go through this in more detail, there is significant opportunity to improve even more. Clearly on the awareness side, we want to be as global as possible and have awareness around the world, and really also dominate the clutter. There are 1000s of tech companies out there providing certain solutions, we do have a competitive advantage with our solutions. But we also want to communicate that as clearly as possible around the world. We want to position more solutions. Clearly our brand, if you ask customers, stands a lot for classical...the classical IT environment. However, over the last three years, we have developed significantly from there and we want to communicate that much more and talk about use cases and talk about the quality of the solutions we provide. Gain pricing power, a premium positioning with a premium brand will help to exercise pricing power, which we do have - our solutions are relatively low cost for customers. And we have seen that we can increase prices without churn impact. However, there's probably more to go for in the long run. And that's the positive effect of a branding exercise as well. And last but not least, also build relationships. The more we go into the enterprise segment, the more we want to engage with our customers with large enterprises, and having a strong brand is clearly something which adds to this.

Needless to say, if you look at the leading tech players, at some point in their life they all invested into brand, and we believe now is a good opportunity to do so and that's why we have embarked on this exercise. If we continue...just few steps on brand, why brand is important. Hope the next slide will come up. So while we're waiting...yeah, here we go. So...sorry for the delay. So, it's just important, I think, if you compare to what we do today, in terms of marketing, performance marketing, digital performance marketing, I think there's clearly an opportunity to work with brands, clearly brand has a much more long-term impact, you build a brand and that drives sales over a longer period of time, while performance marketing is quite transactional, and brings you additional sales during a campaign and during activation, but it's harder to make a long-lasting impact out of this. And that's where brand comes into play. Also, what is very important about brand is you build a brand, and you're able to go into new segments later. So you don't need to know exactly where the biggest growth will be, the brand will be able to carry different use cases and different positionings. And therefore, it makes sense to have a long-term investment in brand. Clearly, if you can combine a brand positioning, branded campaigns, emotional campaigns, with the rational arguments of pricing product features, then there is added value, which is also proven - emotional campaigns do work better. And last but not least, also internally, for talent acquisition, a brand clearly helps. And also, for partner acquisition, and to get meetings for...with important customers and important partners. So there's lots of advantages around brand. That's why we feel we should go there. And this is the marketing framework that has been underlying the thoughts around these two partnerships. So let me spend a few minutes on this, because I think that that's really important. So we look at TeamViewer as a brand, connecting anyone, anything, anywhere, anytime, which you know. We work across all segments, so we are as active in the personal, consumerish segment, than we are in industrial and large enterprises. And there's a significant value add to be able to play in all these segments, because we have seen over the years that customers often start small in one department or in one team, and then we grow from there. So we want to cover all of these segments, absolutely clear. If I go to the bottom of the slides, that's what we did so far. The digital performance marketing in product advertising and conversion of free to paid campaigns, which you know of, search engine marketing, of course, and lead generation and nurturing. So this is there to stay, we continue to do this, what we have started to do more is exclusive display advertising, and to create digital content hubs in really premium media, where we do education, and we have product information on what we offer. So we really have this premium advertising layer on top of that. And what we do now is really invest in brand platforms, where we focus on number one global sports teams to drive our brand globally. And we have done so in two areas. One is more tilted towards consumer mass market, which we did - and I'm going to cover mostly with the Manchester United partnership, where we also talk about democratising IT, democratising AR, new products that are going to come out...it does reach all the way into enterprise industrial decision-makers clearly, in the C suite of these companies are many football followers. So this will also open the door there. But there is a mass market appeal here, which we'd like to use over time. And the second partnership, which we communicated today - and we'll do a deep dive, and with Toto, also, is then focusing even more on the industrial and enterprise and SMB space, focusing more on operational technology use cases, moving out of the IT space, more into the use cases that we have been talking to you for quite a while now. We do have these customers, we showed you reference customers in our last earnings update. And we want to develop more use cases around it and penetrate more to the outside world that we do have interesting applications and solutions for different industries. And I think Formula One and Formula E is a fantastic platform to provide this. I think after the last communication, there were some questions about why we have done the one partnership and not the other. And I was asking for a bit of patience until we have the full picture. So here's the full picture, this is how we like to think about it, and we are going to use those two platforms over the next five years to drive our brand development and build equity, brand equity across the segments and across different use cases. If we go on: why have we chosen sports partners partnerships? If you think about marketing, then there's different options, different tactics that you can choose, clearly. Some people build a brand by building...by using a testimonial, often in the consumer space, but also in the b2b space - very emotional, lots of storytelling, you bet on one person or one team. We do also use clearly integration. If you integrate with other technology partners - which we do like ServiceNow, Salesforce and the likes, there's the word of mouth, promotion of technology and innovation. So that's also helpful. And of course,

there's also media advertising. Some companies go big on media, and do it online, offline media, to penetrate then broadcast their messages. I think the nice thing about these large...and really the large sports partnerships is they really combine all of them, all of those three elements, and more. Because within sports, content is always there. There's an inbuilt content creation, which is relevant content and must-see, there is players that can act as testimonials, also managers. There are multiple activation opportunities, there is enterprise relationship building. So if you think about it, what you can do out of one of these big brand platforms, you can actually have factors of all of these...you have all these three pillars effectively. And that's what makes it so attractive. And you have the global reach of this platform. So we felt this fits our DNA, this is a very effective way of doing it. It is expensive. So, in absolute terms. But if we do a risk assessment of what you can get for the expenditure, and how much global reach, how much content, and how much contact and activation potential you get, we felt this is the best way forward. And we were taking the opportunity to close those deals therefore. Clearly, we looked at very different deals, we looked at different leagues, different sports teams, and did the filtering there, we talked to externals, and we came out with basically the number one...and number one teams into different sports. Where we really believe these platforms can drive us, can propel our brand development. We discussed in the supervisory board and took an active decision to go after these opportunities - which do not always come up, quite frankly, these are long term deals. So you have to be at the right time...at the right place, at the right time. So we're actually very proud and very happy that we were able to achieve this. Why did we pick those two? I don't need to go into details. But clearly football, most watched sport, totally global, big fan base in Asia Pacific, Manchester United [is] the number one club by far. And therefore, from our perspective, when it became possible, a very, very good choice to drive our brand forward there. And then secondly, as you will hear more about motor sports, Formula One and Formula E, and of course with Mercedes AMG, the dominant team since 2014. extremely successful, clearly the number one to help us develop with use cases and also position our brand, 87 million TV viewers every weekend for races, and incredibly high numbers in terms of reach and media value. And I'm sure what we'll do, we'll talk you...we'll talk more about this. But the value for money in terms of the partnership we entered and the media value and contacts and opportunities we get out of that really stand out for those two sports and those two clubs. And that's why we believe we really put together the best in class sports partnership here, and build on that going forward. And the last point, we also wanted to have the opportunity to discuss and develop and penetrate new use cases. And that was a very active discussion we had with both Manchester United and also Formula One, because I think also the sports clubs understand, and teams, that they can go more digital, want to have new use cases, use technology in a better way. And when you read through this connecting teams, fan engagement, AR use, virtual stadium access, AI-enhanced training - so real ideas, use cases on the roadmap. Some of them we do in other industries already, for example, healthcare. And then of course, if you look at the Formula One piece, this is real time assistance, remote monitoring, remote diagnostic, IoT. So also, use cases we do see in other industries outside of sports, and we believe that [it] will be very few fruitful collaboration with these two teams to make sure that we develop new use cases, penetrate our existing use cases, and just radiate to the world out there that we do have all these use cases and are [an] attractive multi-solution provider. So with this, I think what we want to do is give you a glimpse of the two partnerships with [a] few pictures and a few impressions. First, we do Manchester United, I'm coming to do that. And then we do Formula One and Formula E, and Toto is going to do that, so if you continue. Yeah so just this small video, just shows you how nicely [it] can be used, and you know these players, they are clearly very important testimonials and as part of the relationship with the sports club you can use those and very nice way of engaging audiences, and that's what we liked about it a lot, if we kind of go a little bit through the Manchester United case to show you what we can do...trying to get to the next slide...so clearly, football, the number one sport, number one league, premier league number one club. I think everybody knows Manchester United, not much to talk about. It is considered the number one in football as fan base and followers, and that also came out when we communicated it. Clearly people were impressed, 3 billion annual cumulative TV audience, of course big focus on EMEA, 300 million roughly. But also APEC, 700 million - even bigger. As you know, APEC is one of our growth markets. We have opened offices in Japan, China, India, we have an office in Adelaide, so very strong footprint there. And also in the Americas, it's growing fast. It's a good inroad into the Americas or to Latin America, and

therefore we like the global footprint of football, and Manchester United in particular. What are we going to do? What's included? I think there was a bit of confusion on the press announcement first day. It is the shirt partnership, absolutely, we are the number one partner, yes. But of course, everything else which you see down here is included. It's the shirt, it's the physical outlets, it's retail of the shirts, it's the press coverage, media broadcast, it's digital platforms...it's the digital boards in the stadium, it's the presence in gaming - so in the FIFA game, for example - it's local fan engagement, and it's partner activation. So it's really a very, very significant package of media assets, it's a long catalogue of things that we have. For example, the digital board that you see in the middle picture, this is 10% of the home games we will have this digital board in conjunction with other means to be able to position products, messaging, far beyond our logo. So it's a very broad global collaboration that we can use. Continue. That will help us clearly across the whole funnel. Awareness goes without saying, short branding, interview backdrops, and the likes, and the likes. But also, consideration, use cases, ambassadors, storytelling, we will be present on all digital platforms and on social media. So it's really a broad way to engage across the purchasing funnel. And we will have experiential assets, we will develop new use cases, opportunities to do something. That's also why it's good to have a five year time, five year horizon. We will ramp this up, and do more and more after the launch, which is going to be happening with the start of the season. Move on. Just to give you a few ideas, but many, many digital assets - you might know Manchester United, I think, has 200 people in marketing, 100 and digital alone, social media channels, Facebook, Instagram, Youtube, with lots...millions of subscribers - and all of these channels are available for messaging to us. This is the result of what sports branding does, this is pre-partnership awareness, and post-partnership awareness, just one disguised example. So, very clearly, I think everyone would expect that it drives brand awareness with such a broad reach. There's clearly...you can take market by market and we will do so, and track country by country, and see how our aided and unaided brand awareness will develop in this market. But it's clearly a proven way to improve the brand presence. And also if we go to the next slide, ultimately, if you start in the funnel and drive the brand presence, then over time it also does drive revenue or billings. It clearly takes a while. You can see here, in this case example, again these guys can't talk about concrete companies and numbers, but if you look at the index for year one, a slight uptick - but then over time, almost doubling. So it will take a while until we activate all the levers. Again, it's a large catalog. But we strongly believe that we will benefit significantly from this partnership in the long term. And then last but not least, really a lot of opportunities for new use cases. And I've gone through them. The interesting piece is that we've also been selected by Manchester United, because we are a technology company. And because we can work together on digitalisation. And I think that's also exemplified if we look at the manager of Manchester United when he tells us why they have gone for this partnership, and that's captured in the in the next video. Yeah, so this was Richard Arnold, the commercial head of Manchester United. So clearly, lots of good reasons for them, also to partner with us. As you can see, by the way, he couldn't be with us for compliance reasons, he can't take these meetings. So this was the Manchester United story, and the motivation behind it, and happy to take any question after that. But with this now, I'd like to hand over to Toto, who is going to walk us through the partnership with Mercedes Formula One and Formula E. Toto, please.

00:23:55 Toto Wolf

Sorry, I think this is the sentence of the year. So sorry for that. I'm going to freestyle a little bit through the presentation, we have to better understand what Formula One represents today and also, what the benefits are of an Association with a team like ours. Mercedes has joined Formula One in 2010 as the...as a team in Formula One since a long time. And since then, we've grown the team commercially but also with success. We have won the constructor and driver World Championship seven times in a row since 2014. But we are also the world champions in terms of social media reach, social media engagement, social media positive feedback, spectator passion. And, number one also in the audience's and the coverage in Formula One. We are the only OEM that is engaged in both platforms, Formula One and Formula E, both at a different value proposition. To come back to Formula One, we race around the globe: 23 races in 23

countries this year. We have been able to deploy a calendar of 17 races last year, in COVID times were the first global sport to get a championship going with extensive testing, and this still gives us a competitive advantage today. Motor racing has also the benefits that TV pictures are the most important asset rather than live audiences, so that keeps us going. And, compared to other sports entities you can't really see that through the TV. Sorry can you go one back? Yeah. So, we have reached an annual cumulative audience of 1.5 billion. We have an average audience for our Grand Prix of 87 million in 170 territories. If you compare that to the largest sports leagues in the world, the super bowl has 90 million...between 90 million and a 100 million live views over this one event, we have 87 every single Grand Prix. And, if you compare to the Olympics and the football world championships, what we are the largest entity, we are racing 23 times a year, and Olympics and football world championship is only four times every four years and these numbers approximately compare. What i've mentioned before, we are by far the largest team on social media, combining the social media followers of our drivers and the team far ahead of all the other teams engaged. We are also the largest in terms of audiences and coverage. The average over the last years was around 25% of all TV coverage for the team and our sponsors, and this was about 19% last year with more interesting content happening. You can see here the logo of TeamViewer, we are going to show you the whole brand exposure when launching. In Monaco it goes much beyond the logo on the engine. But while you see the brand in here, TeamViewer is among the largest partners that we have of sponsors and we are expecting generate and return on investment of many hundreds of millions with the exposure we're going to get. To give you an example - you can stay on the slide - an example we have reached for all our partners last year: advertising value equivalent of three and a half billion, and for Petronas alone, who is our title partner, one and a half billion. This is considered among our partners - and you see some of them here in the picture: AMG, INEOS, Petronas, HP...HPE...Hewlett Packard, CrowdStrike had the best return on investment in the marketing space they ever had. What does our platform provide? What you receive in terms of brand visibility is obviously the logos all around our inventory. You can see that the driver positioning here, one of the most important spaces on the back of the overall, and in the front, but watch this space - there's going to be more in a in a few weeks. But actually, what works for us the best is what you can't see. We host a couple of large events throughout the year where we invite C Suite executives, chairmans, chairman's events around the Monaco Grand Prix where we invite all chairmans and CEOs to meet, exchange views, talk about business to business opportunities. We have a similar event that we hosted on NASDAQ two years ago, where we had more than around 50 CEOs speaking and engaging with NASDAQ, and engaging with interesting companies in the US. And to just quote one of the CEOs of a technology partner that we have is that the sponsorship - beyond the advertising value, the visibility, and the brand perception - has created more revenue over every single year of the partnership than it costs them, in terms of sponsorships. Because it's the b2b opportunities that exists, it's the events that money can't buy, where you get together, your customers, where you activate your internal human resources, to make the brand interesting, to be an interesting company to work in. And also for staying interesting for your current employees. And what's interesting, in terms of the emotion you associate with the partnership that you have in Formula One, or in football. Continue? Sustainability. I think that sustainability is a core priority for all companies out there. But for us, it is our priority number one. Mercedes produces road cars and Mercedes produces race cars. And actually, the first Mercedes was race car. And fast sustainability is so important that over all our industrial sites, we are net carbon zero - industrial sites, meaning our Formula One sites in the UK. We have 100% of all energy that is being provided by green sources, we have reduced our carbon footprint by more than 50%. We are introducing in 2025, a 100% sustainable fuel for our power unit. The current engines are the most efficient power unit in the world with more than 50% thermal efficiency to give you an example, road cars are around 30%. And we continue to innovate and provide solutions for sustainability in other industries through our Applied Science Division. We have, you know - the low hanging fruit - we have banned all plastic products in the indirect and direct co2 emissions. And then probably the most important part of the association with TeamViewer is remote access. We have around 80 people traveling to 23 locations every year. And with TeamViewer offering us beyond the data analytics. And bug fixing basically offers new possibilities and paths in terms of access to technology at the track with engineers staying at home, but being able to really get into deep dive on the technology and on the problems that we have at the track. So it will help us

to further reduce our CO₂. Formula E is an exciting new platform. I see it somehow as the start-up in the motor racing/event world. If you say Formula One is 70 year old, huge sports platform that creates not only engagement, but also emotion and big following. Also audiences that have dramatically reduced in age. Our strongest growing age group is between 15 and 36. And Formula E covers a totally different audience because we are racing in inner cities. It's a very urban lifestyle event with lots of activities around to the sustainable platform, 100% electric racing and also tremendous opportunity in B2B. We are the current leader in the driver championship, we are second in the constructor championship in our only second year of participation. But, as said, it is small, like a start-up, compared to the big player: Formula One. Yeah, we've talked about that, beyond sponsorship visibilities, obviously you have the events in the hospitality, B2B opportunity etc, etc, like I mentioned before. And similar to Formula One, is a five year partnership, because we believe that a brand association buying into the values of Mercedes and the high-tech environment that we are the fastest laboratory in the world needs time. And you've seen that in the presentation of Oliver. Yeah, maybe I'll continue whilst we're waiting for the slides. As you know, sports create emotion. But in this case with TeamViewer is really that the joint core business, the storytelling is what is most important. The brand awareness, brand perception will tremendously increase, over the next years with the exposure they will generate on both platforms. And we have seen the partners that it becomes a no-brainer to continue a long-term relationship beyond the first term because it simply translates into real revenue and a real bottom line. And this is also my personal target, that the partners need to make money. And the brand exposure is literally the icing on the cake. So what will TeamViewer do for us? Martina, can you go one back? What with TeamViewer do for us? I've had, in the past...I saw the the cursor, the mouse, on my screen, fixing my laptop and fixing the day to day problems that we have in IT. I didn't know the company behind it, I didn't know it was TeamViewer and beyond the IT folks in our group, there was not a lot of knowledge about TeamViewer, and I guess this is one of the aims that the management is trying to achieve. IoT is an asset management, is a tremendously important part of our growth. The augmented reality support - not only in the in the fields of inspection or maintenance - is important. Like I've told you before, it really will enhance our performance on track by giving access to our engineers' backup base. In the fan world, engagement world, the augmented reality experience will give access to fans outside of the racetrack and beyond the conventional social media platforms. And we believe that we will grow the engagement with the various projects that we will deploy around...behind the scenes reports and getting the fans engaged, your customers engaged, your employees engaged strongly with the team and to create emotions around. Yeah, you can see, Formula One is...Formula One's target audience or followership is a very academic, very educated audience, high income and very different to mass market sports. We are...what you can see our most inside followership is around C Suite executives and direct access to races and to TeamViewer's projects and activation events, there is a strong...much stronger likelihood for decisions to be made because of the association. A winning Formula One team, also seen on our brand. Mercedes has grown to be the eighth largest brand based on the brand data since we have been to be successful in Formula One and winning. And some of our brands have... Petronas have tripled their brand value, over the last years in being associated to us, our our success, and particularly the high-tech approach and character of the sport that is the pinnacle of all technological sports.

00:40:18 Stefan Gaiser

Thank you, Toto. Very helpful, truly excited about this partnership. So now you have the full picture of our marketing initiatives for both assets. Obviously last week, we weren't able to talk about our exciting partnership with Mercedes AMG. Now we have the full picture. So, let me run you through the financial impact, and our ambition behind it. So if we can move on to the next slide. I think, as Oliver explained, at the beginning, we significantly invested into all of our growth initiatives during the last few years, in terms of doubling the billings of the company over the last two years, doubling the number of salespeople across the globe, significant geographic expansion, significant more new products, significantly more engineers, and so forth - that now, it's time actually that we set up our game from a marketing

perspective. And that's exactly what we are doing here. And let me talk you through some of the financial impact, here. Clearly, we have now increased the budget for 2021 quite significantly due to those two partnerships. The partnership, which we announced today was already fully reflected in our release...or press release last week. So that will be no additional expenses on top of that. That's also the full picture now, in the full marketing set. There will be no additional initiative forthcoming. We also don't need any external financing for this, we clearly can - and are - able to find those initiatives from our internal cash flows. And obviously, we will not cut back on the other organic growth initiatives. That means we will continue to hire in sales, we continue to hire enterprise sales, inside sales, and so forth. We continue to invest into r&d and new products. So all of those initiatives will clearly continue. We will also continue with bold on m&a, probably not in the short term. But the new guidance also includes potential dilution from some of those smaller m&a going forward. I think we'd also like to mention that we don't have any CAPEX increases or CAPEX plans for those two partnerships. So as I said at the beginning, the financial impact of those partnerships are fully reflected in our revised guidance. And despite those investments, we will clearly maintain our best in class adjusted EBITDA margin, especially if you take a look at the right hand side of the graph. So, we compared our sales marketing spends compared to some other of our enterprise software peers. And you clearly now see, going forward, 28% sales and marketing compare still very favourable to other software enterprises out there who, on average, spend about 40%. So, I think it's time for us to move and accelerate our marketing spend. But despite that, we remain a very attractive financial profile. Let's take a look at the next slide. Why are we doing this? Clearly, we expect higher and longer growth in the outer years. As you know, we are operating in markets which are supposed to grow around 24%. Clearly with those investments, we expect incremental billings. Last week, we've been a bit vague on how much incremental billings do we expect, and when will they start to kick in. Clearly, in our internal models, we expect we need one year full activation. I think the brands awareness significant increase in 2022 already, when...once those initiatives have fully kicked in. And then we expect significantly increased billings in 2023 already, probably in the reach of 20/30 million. That's our take. And from there, it will actually accelerate and move to 150 million billings in 2025. I think if we take a step back and think through our customer exposure and our success in the enterprise space, today, our largest customer is roughly 1 million ACV a bit more than that. But that's one, right? I think for us, it's quite obvious that we should be able to win a significant amount of those larger enterprise customers, and therefore be able to close more of those seven digit deals, over the next couple of years. And if you add these up and take into account renewals and accelerating growth from those customers and new customer wins, I think it's quite obvious to see how we should get incremental billings of 150 million beyond 2023. I think more important is clearly if we achieve those billings and accelerated growth - top line growth - this will result in significant shareholder value creation for all stakeholders involved. Yes, we trade adj. EBITDA margin for that. No doubt. I think that's clearly the decision we took that we reduced our very high adjusted EBITDA margins from around 55 to 57%, now down to the 50% margin for the next couple of years because of those investments. But I think the return and the upside potential we are able to realize from these investments is really, really significant. And what's the margin profile for this company in the outer years beyond 2023/2024? We do expect that we have some scale effects, I think it's a bit too early to quantify the same. But on the next slide, you will basically see that, to a certain extent, we would have been able to grow into those significantly larger marketing spend anyway. Martina, can you please move on to the next slide? So let me run you through the logic. In 2020, with around 30 million of marketing spend, or 7 percent of our billings, we have clearly assumed in our financial model that we slightly will increase our marketing spend over the next couple of years. But if we take a step back, what does it mean, from a financial envelop perspective? In 2023, we are achieving 1 billion of billings. If you apply a 10% marketing spend, that would have already been 100 million marketing spent. So in a nutshell, we are basically growing into this additional spend anyway. Clearly the next one or two years, there is a significant dip in our EBITDA margins. But I do expect that there is some potential to take up margins, again, going forward. But, I think, as I said, a few times, we will also - and always - sacrifice a little bit of margins for longer-term growth potential. Okay, so let's wrap it up from a financial guidance perspective. What does it mean for 2021 and beyond? I think we talked about 2021. No change to billings, and no changes to revenue and CAPEX, and so forth. Adjusted EBITDA margins, we talked about 49 to 51%. I think important is much more the longer

term picture. We obviously have the 1 billion target ahead of ourselves in 2023, which we feel very comfortable with. Ideally, we have now some upside potential. I think it's a bit too early and sounds artificial to increase that goalposts in three years from today. But we feel pretty excited and confident that we can actually outgrow the market by a couple of percentage points. And therefore believe we should be able to grow around 25% - or stronger than 25% - in the years after 2023. And that's why actually we decided to realize those two partnerships, and are really, really excited about the potential of those partnerships. I think now we would open up for Q&A?

Q&A

00:47:41 Operator

Ladies and gentlemen, we will now begin our question and answer session. If you have a question for our speakers, please dial 01 your telephone keypad now to enter the queue. Once the name has been announced, you can ask a question. If you find your question is answered before it's your turn to speak, you can dial 02 to cancel your question. If you're using speaker equipment today, please lift the handset before making a selection. One moment please for the first question.

00:48:21 James Goodman (Barclays)

Great, good afternoon. Thanks a lot. So a couple of questions from me, please. Just on the 150. It's good to see the new clarification around the billings that you're anticipating. But simplistically, why not 75 or 300? I mean, can you help us a little bit with the building blocks that you're using internally? Maybe the sort of steps that you've got internally, in your budget, to get you there? And then the second question is just, I guess, an observation on the sort of conservatism, if you like, in the '23, expected effect of this. I just wonder if you're being, you know, extremely cautious in some of these sort of commentary on call, in terms of the strength of these partnerships, the amount of money that you're going to spend over the next 18 months or so, why we wouldn't see that translating into more of an effect. Like, maybe the main part of the question is in terms of. I mean, do you have the tools at the end of '22, or the end of '23 to look back and say: "Okay, this is how much ... we think that these partnerships have already brought us the billings." Or, you know, do we have to accept that it's going to be very hard to sort of really track the exact effect of it? Thanks a lot.

00:49:39 Stefan Gaiser

Sure, let me go first. So first of all, when we view those partnerships and the potential of those partnerships and did run billing scenarios, a bit like that, we have left out 2021 or 2022 because we felt we need, like, a year to fully activate those partnerships. I mean, they start kicking in second half, pretty much, of this year. Then, I think you would expect, clearly, already some incremental billings in 2022. And then that should accelerate in 2023 and beyond. Why did we not increase 2023 targets? I think we just announced our 1 billion goal post six weeks ago. And I felt...or, we felt it sounds a bit artificial to take up the number from 1 billion to 1 billion 20, 1 billion 23, and so forth- given that we just announced those partnerships, we haven't activated them yet. And therefore, we felt it's just a bit too early and would sound artificial. Do we expect returns already coming in earlier? Absolutely. I think in 2023, we should be able to see an uplift there. Can you already quantify it? I think that's just a bit too early. What we will clearly hopefully see as we start activating those partnerships, is a significant increase in our brand awareness. We do regular brand awareness studies

across the globe, I think the last one was done six/nine months ago. And whilst we, overall, performed pretty good in our core markets, I think we performed not so strong in our adjacent markets. And that's exactly one of the ideas that we really want to push: our brand equity. So I would expect once we run this exercise, again, once those partnerships are activated for a couple of months, or two, or three quarters, we should see a significant uplift in our brand awareness across the globe. And that will then clearly result in additional billings. Now, in terms of why not 75 versus 150 million? We believe that's the most realistic scenario, yeah? You can take a very cautious view and actually say, "Oh, it's only 100." But you can also take a very aggressive view. And as you heard Toto speak, it should be significantly more, right? I think it has, clearly, the potential to outperform our expectations, but I think it's just a bit too early to tell. But again, if I take a step back and see where we are today, our solutions offering our customer base, right, and see the perception outside, I think we have such a way to grow in terms of really positioning TeamViewer as a global tech brand, that the upside potential clearly outweighs the downside potential.

00:52:13 James Goodman

Thanks, Stefan.

00:52:19 Stefan Gaiser

Sure.

00:52:23 Stacy Pollard (J.P. Morgan)

Thank you very much. Two questions for me, please. First of all, can you give us a...any sense of the split in costs between Man U and Formula One? And then second question. Do you think...if I'm just...I'm trying to make sure I understand slide 38 and 39. In 38, it seems to be in the billings at the top graph, it looks like you're implying the TAM growth is the dark blue bar, and that would be 24%. And then the incremental growth is the 150 million...building up to 150 million, sorry, over time. So that the 150 is truly incremental on the 24% growth? Or should we think about it as part of the 24% plus growth?

00:53:09 Stefan Gaiser

The second one, clearly it's incremental, purely incremental, I think the market is expected to grow at this 24% growth rate. That's what we suggested a time of the IPO based on a very detailed market analysis. Clearly, I think the market, if anything, has probably rather improved. And we believe to fully exploit the market potential and outgrow the market, those two partnerships will actually address this potential. And therefore that's purely incremental billings growth on top. In terms of cost split, we agreed with both parties, that we won't disclose details of those partnerships, both parties, and both partnerships are clearly very material for us. I think they're equally weighted pillars, yeah, from our perspective. Man United in itself is very strong, obviously Formula One is a key pillar in...especially, in the enterprise segment.

Both have superb global reach. But we've still agreed with both parties that we don't disclose the specific terms of the agreement. But both are very material, you know...

00:54:11 Stacy Pollard

One last one, are they both, sort of, flat costs over time? I think you already answered that about Man U, but just...do we think of it...obviously the year on year effect, because you're starting halfway through the year, but do we think of it as a relatively flat cost for the next five years?

00:54:26 Stefan Gaiser

Relatively flat, relatively flat, yeah. Within Formula One, we have a little bit of a higher inflation adjustment, and so forth, but it's a relatively flat for both agreements. And all of the assets Oliver just explained and Toto explained, they are all fully priced in our financial envelope. I think that's important. The full activation is part of the financial envelope, yeah.

00:54:46 Operator

Got it, thank you.

00:54:58 Gianmarco Conti (Deutsche Bank)

Hi, thank you very much for taking my question. So I have just a couple. Could you maybe perhaps share some colour on what do you really think is a differentiating factor between Manchester United being consumer-driven and Formula One being enterprise-driven? I'm just trying to understand, and I'm sure I'll receive a fair few questions from investors, and like they might perhaps appear to be both consumer. Is Formula One a bit more enterprise-driven because of the events with business leaders, and you know, the access that you will have through...with Mercedes? Could you maybe share some colour on that, please?

00:55:38 Oliver Steil

Sure. Sorry, I was waiting for second question. No, I think clearly - and I think maybe Toto can also comment. But I think...I mean...the way we showed it on the slide I think is, of course, correct. You have - when you look at sports - you have always mass market appeal. Otherwise, it wouldn't be sports, with a broad reach and broad audience across all channels, TV, print, social media, digital. I mean, there is this mass market appeal. And then there's always the decision-makers that are interested in sports as well. And of course, you have hospitality in different sports. Whether you do football, or NBA, basketball, or whatever you do, there's always the opportunity to do hospitality and also drive use cases, digitalisation - though that's kind of the same, or comparable. I think why? From our perspective - and that's our perspective, other people with other products will have different perspectives. From our perspective, the Formula One/Formula E partnerships is much more enterprising, is number one, because of the local activation: the ability to take

our country organisations and use the local venues of Formula One races. So to your hospitality point, we can have partners and also, large customers, experience our technology and what we do on the ground with our local country teams. So, we do have a team in Japan, we do have a team in Australia, we are covering Latin America, we have a team in the US, we have China. So there's significant opportunity to activate locally with decision-makers, partners, and that will be a key pillar going forward. So that's the one element which is clearly more geared towards enterprise relationship building, partner management than we...than it is with Manchester United. I think the other element is clearly the the nature of the use cases. When we have been talking to you recently about our solutions portfolio, the acquisition of Ubimax last year with AR technology for frontline workers, the acquisition of Xaleon on with it with engagement technology for large enterprises. Then, the Upskill acquisition in the US, which is also geared towards augmented reality-enabled workflows, IoT, data analytics. All of this, for us, are enterprise projects where we have higher ARR higher ticket sizes, and where we are building pipeline region by region. And we continue to be more and more successful in this, and we grow the business. And these use cases are currently, as it stands, very well-represented, of course, in a motor sports, technology-driven sport, more than in football. And therefore, from today's perspective, there is this tilt more enterprising on the motorsport side and more mass market all the way down towards the consumer, on the football side. Naturally, this will change over time, because also, football will digitalise. So there will be more use cases, and it will converge. But that's how we look at the world at the moment.

00:58:43 Gianmarco Conti

So just one follow up on that. Would you then say that on your first point, as to why you believe F1 is more enterprising, would you say that it is because there are more attendees of Formula One events being CEOs and business leaders? I'm just trying to connect the dots in...on how exactly do you mean as being you know, enterprise relationship building? Like, I guess, the first thing [that] comes to my mind is, "Okay, Formula One has a global reach in terms of literally having an event in like many different countries." So you're saying that if they have, like a Formula One in Japan, you have a sales team in Japan? So it...like, is your thought process here, "Okay, so we have a sales team in Japan, Formula One is happening in Japan, there's going to be a fair few business leaders, a potential opportunity in being able to showcase our use cases within the motor racing world to these potential enterprise customers"? Is that the thought process behind it? I just want to be double-sure I understood that.

00:59:39 Oliver Steil

Yeah, so...yeah, that is good example. So take the Japanese team. And have just talked, just last week again to our Japanese team. The Japanese team is, from a excitement point of view, equally excited with the partnership with Manchester United, because Premier League Football is followed in Japan very closely. Plus, Manchester United - superstrong team. So they all are excited, and they will talk about it. And there will be use cases around it, which you can showcase. And you can have the replica jersey with our logo on, and you can use that to activate, you have the players voices, and all of these things. But fundamentally, it is still far away. So lots of visibility, lots of eyeballs, reach, broad messaging - but far away, with maybe a jersey giveaway that you can do. So, fantastic, it will activate a lot. But then in contrast to that, there's the race in Japan. And Toto can talk more about it, because I haven't been to a race in Japan. But the partners, the other technology companies, our target customers, they will be very engaged in this situation, there is Japanese partners on this, we can invite partners, we can invite customers to the local venue over time, and make them familiar with what we do and how we work with each other. And that's, of course, a different way of looking at it. Also, if we're able to serve a race team like, Formula One, Mercedes Formula One, and also other

automotive customers, we start to create a very nice showcase set of references that will be very relevant to enterprise customers. And that's different from my perspective. Maybe Toto, you want to join in?

01:01:18 Toto Wolf

Yeah Oliver, you're absolutely right. We have, this season, 23 races. There are three days of activations that you can utilise: the Friday, the Saturday, and the Sunday. Some of our partners utilise this for three different guests. So you can say that we have more than 60 days of local or regional activation, which would mean that with a local sales team, you can invite these people. And we have our CTO, our CIO, on site to specifically showcase the technology that is being applied from TeamViewer directly into these cars. So if you partner with Mercedes in Formula One, you're not only in a high-tech environment that is very credible, because it is the pinnacle of motor racing. But you actually also have the appeal of appliances and services that enhance performance. There isn't any more credible sports with technical platform in the world, whilst creating the emotions around it. We have a partnership with UBS bank that is not very visible on the cars, you just have it on the front of the race overalls and the team shirt. So basically, no visibility, but they utilise the platform for customer acquisition, customer retention. Money can buy services and this is the add-on the TeamViewer will utilise beyond the date. You can also decide which kind of level of executives you want to invite. Typically, our events around the globe, that we...the Chairmans' Event, or the NASDAQ Event are concentrated around chairmans and CEOs, but you can do this on the same time around CIOs, CTOs, CMOS, and the b2b opportunities are vast.

01:03:21 Gianmarco Conti (Deutsche Bank)

Great, thank you so much, Toto. Really appreciate that. That's all for me. Thank you.

01:03:30 Operator

Thank you. Before we take the next question, just a reminder, if you would like to ask the question, please press 01 on your telephone keypad.

01:03:47 Ben Castillo-Bernaus (Exane BNP Paribas)

Thanks very much taking my question. And indeed, all the detail here is very helpful. I have a question on KPIs from these initiatives. I appreciate that it's hard to attribute, you know, new billings, specifically to the types of deals. But you know, might you consider providing near-term KPIs to support the incremental marketing spend here? So what that could be web click-through rates, number of the new inbound queries or pipeline growth...something like that, that could perhaps support or give a data point for the ROI that you expect? And then secondly, could you just talk around pricing in the SMB and Soho market? You mentioned the value of branding giving you potentially some pricing power. Can you comment on the sort of price competition you're seeing in that segment, how that's changed over the last 12 months as

a result of COVID, and to what extent you think there is still pricing power that you can exploit in what is ultimately a very price-sensitive market?

01:04:42 Oliver Steil

Yeah, maybe I go first with the KPIs and then...So, I think on the KPI...so, pretty much our tracking of what we do here will follow...should follow and will follow the brand funnel, right? So there's the leading indicators, and then billing ultimately...billings increases the lagging indicator. That's why we are also cautious inputting the timing to this events. But fundamentally, we will, of course start...and we know, and will do zero measurement on brand awareness unaided and aided brand awareness in our core markets. And we will associate without the brand values that we would want to penetrate in those markets. And and then we will regularly update those measures and track how are we doing in the different markets. And, I think that will be the first area where we will see impact, as you've seen, that is relatively quickly. So after a year, there will be significant impact already on the brand. Then, of course, the brand values: what do customers of different segments in different countries associate with us? And of course, very different if you go to Soho customers, or SMB customers, and large enterprise customers. We want them to remember different things, and different solution portfolios. So that will be something we will be tracking as well. And then, of course, you are getting to the funnel build...enterprise pipeline, funnel build in the different markets, and then ultimately into billing. So we will set up KPI schemes for all these different funnel stages and track them. As you know, I think if you have been following us for longer, we are extremely data-driven on our different segments, activities. We follow the business effectively in a 15 minute rhythm on the billings by product, by country, by segment, renewal, repeat, and everything. So we are very close to the business. But it's clear that a branding partnership like this requires different tracking and different thinking, and also a slightly longer-term horizon. Which is on the one hand more difficult, but on the other hand, that's then where the long-term value is because if you just do the tactical, tracking - and through the digital performance marketing, web tracking is very easy - you really can't build brand equity. So we will revise our KPI scheme or add a KPI scheme for exactly these activities and then follow this by countries. Pricing...Stefan, do you want to talk pricing?

01:07:12 Stefan Gaiser

So, look, generally, I would say, in terms of competition and pricing, I think we clearly outperformed the market for many, many years. Then in 2020, many players who provide remote access technology in the IT space clearly had a significant uplift in terms of seeing increased demand, right? So obviously, that also helped us to achieve fantastic billings growth in 2021. Because we've been playing in this market for quite a while now. But it also has global competitors. I think that is pretty much unchanged. Clearly they have gotten some momentum, as we did. I think, so far, by and large, we have performed really, really well. I think, especially in the OT environment, where our functional differentiation is most pronounced, I think the environment is extremely good for us. If you think about low end environment, single use cases, then, I think clearly there is healthy competition, yeah? Which is mostly competing on prices. I think so far we are holding up really, really well. And I do think there will be a trend, even in the low end segment, towards quality. Because I think quality brands coming along with significantly better data privacy and IT security posture than many of our smaller, low end competitors, yeah? And I think, in the long run, that's exactly the right

thing to do. And clearly, the brand initiatives which we've now started will also help, frankly, to also command a price premium in those markets. So that's the way how I see the competitive environment.

01:08:48 Ben Castillo-Bernaus

That's helpful. I have one quick follow up, if I may, perhaps for Toto. Just looking at the promotional videos, it looks like the team of your logo is given a prominent position on the car, on the engine cover, and on the drivers' race overalls. I just wondered with your sponsorship fields, are those locations - that real estate - is that fixed for the duration of the contract, or is that subject to change as you bring in new sponsors and things evolve the contract?

01:09:09 Toto Wolf

Good question. We have a pretty clear KPI of what we want to achieve with those spaces. And that was a discussion that we had with Oliver and Stefan also, based on the historic knowledge. Those spaces will stay the same over the duration of the contract and will not reduce in whatever way in terms of advertising value or brand awareness and visibility over the term of the relationship. There will be a regulation change next year with the cars changing in terms of

bodywork but it will have no fundamental effect of the visibility and size of the logos compared to the total size of bodywork available and obviously, race overalls and team shirts that we will have next year.

01:10:08 Oliver Steil

Yeah, I think it's also fair to say that the snapshot you've seen is part of it. So stay tuned for how that looks like, once it's really out and about.

01:10:23 Ben Castillo-Bernaus

Sure. At Monaco, right?

01:10:27 Oliver Steil

Yes.

01:10:30 Ben Castillo-Bernaus

Right. Thank you.

01:10:40 Claus Roller (Eaton Vance)

Oh, hello. Yes, thanks for the presentation, I understand that you don't want to disclose the details in terms of pricing. But one gets the impression that it's strongly skewed towards Manchester United. So if I look at...if it's 15 million for Manchester United and 10 million for Formula One, then I just wonder whether the ROI will be similar? And did Chevrolet really get a good ROI on it, or was it more Vodafone, which got a good one? Can you perhaps give us more qualitative comment on your payments here?

01:11:19 Stefan Gaiser

Yeah, happy to take this one. I think Toto would never engage seriously with us on the price level you just mentioned. I'll let Toto comment as well. But the ballpark numbers you provided, they don't work at all here. So, I think we have maybe some confusing arose. Obviously, the press has some speculation about Man United price, and so forth. I think where some confusion arose is probably due to the timing of those expenses. Now, a P&L, because clearly, in this current fiscal year, we only have like six, seven months of P&L impact, and then it will ramp up obviously, in 2022. But obviously, part of that additional spend is already reflected in our additional marketing, organic growth, so to say

anyway, yeah. But the AMG partnership, and Mercedes Benz partnership is significantly more expensive compared to what you just mentioned.

01:12:14 Claus Roller

Very good. Thank you.

01:12:17 Toto Wolf

[inaudible]

01:12:34 Claus Roller

Thank you.

01:13:00 Drew P Buckley (William Blair and Company)

Hi, guys, thank you for taking my question. So from what we've heard today, and some other conversations we've had, it does seem like there is a lot of opportunity here for these two partnerships. But it's highly dependent on TeamViewer for the activation. So you guys got to be at the event, explain the product, and then find creative partnerships and ways to partner with with the teams. So to that point, can you talk about strategy around activation? Do you guys have an internal team here, or are you using an outside activation partner? I know you said activation is already in the margin guidance that you gained. But can you talk a little bit about how much you plan to spend or how you budgeted for that activation? Thanks.

01:13:40 Oliver Steil

Yeah. So I don't want to break down the exact numbers. But just...what will happen is the following. And then, that's also one of the reasons why we decided to work with these kind of market leaders really, if I...like leading teams call the market leaders also. Of course, there's significant support from these two organisations in terms of activation support, but also content creation support, and media outreach support. So these both...both teams, I mentioned before, in Manchester United States it's 200 people - 100 in digital alone. The way it works is there's a dedicated partner team working with the partner, serving the partner. And as you maybe could have seen from the presentation, but also from the videos, I mean, all of this has very, very quick turnaround time. So this is a very capable and powerful marketing support organisation, which we are of course going to use. At the same time, we will also reallocate and increase our internal staff so we will have a dedicated team working with Manchester United and a dedicated team working with the Mercedes Formula One and Formula E. Cross functional, clearly this is not only about marketing and sales, but it's also about the product development, product management, product development, as we've shown under different use cases. So we will deploy teams behind it The good thing, I think if you do these very meaningful partnerships, then this creates

gravity, absolute gravity in the organisation. I think that's one of the points I also made, I think in the last call, which is you...of course, you can do country by country, segment by segment, media by media. The issue with that it gets pretty scattered, relatively difficult to manage. Here, we have the situation that we have two partners, we can allocate resources to one partner, and we allocate resources to the other partner, and then we drive it forward. Our budget, the guidance that we've given out is reflective of the partnership fees, which we've discussed now, at length. But of course, also all the other marketing that we do: digital, non-digital, content hubs content creation, advertising. So there's significant space in the guidance we've given ourselves to actually also then, of course, leverage all these partnerships and activate, as you say. But I should also say, these partnerships - if you compare that with, for example, US-based teams - these partnerships, from the right perspective, offer significantly more opportunities within the partnership fee, then you would typically have in a US Sports Club, where every single activation with every player comes at an extra cost. So this is very different in these type of partnerships that we have in here. I think that's also to the previous question. When you compare who has paid how much for this, it's also about what assets are included? And how much can you drive with it? And there's a significant catalog of hospitality, activation, media. And then, of course, branding included in both of these deals, and that was very important for us.

01:16:51 Drew P Buckley

Okay, that's helpful. Thank you.

01:16:58 Operator

And there are no further questions, I hand back to you for closing remarks.

01:17:04 Oliver Steil

Yeah, thank you very much. Thank you all for participating. Thank you for the questions. We hope it was helpful to put both deals in perspective. Hopefully, it was also helpful to hear the details from Toto directly, with the perspective of one of these sports teams. So thank you very much, again for joining and have a great day.

01:17:23 Stefan Gaiser

Thank you.

01:17:24 Oliver Steil

Thank you. Bye, bye.

01:17:27 Operator

Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may disconnect.