

Earnings Call Q2- / H1-23

Nemetschek Group

July 31, 2023

Key Messages

1. **Q2-23:** In line with expectations. Main growth driver subscription and SaaS revenues. Profitability impacted by expected one-offs.
2. **H1-23:** Successful start to the year with record high recurring revenues. Continued progress on strategic initiatives.
3. **On track to reach FY-23 outlook** with expected acceleration in growth in H2-23. Substantial progress on our journey to a subscription and SaaS centric business model in all segments. Bluebeam transition progressing as planned. Successful start of migration in Design brands.
4. The **long-term** structural growth drivers in our end markets are intact. With our innovative solutions, balanced portfolio & regions, and the close relationship with our customers, Nemetschek is well positioned to achieve above-market growth in the medium- to long-term.

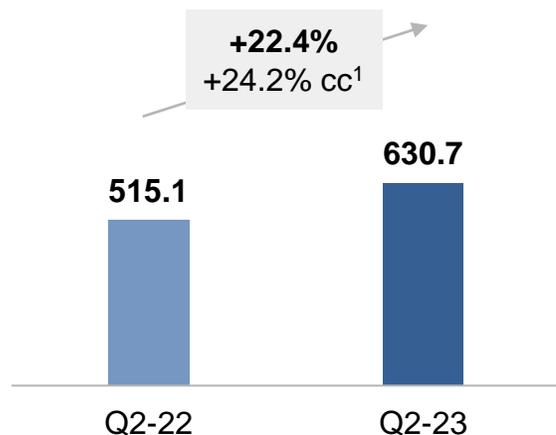
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Financial Results Q2-23



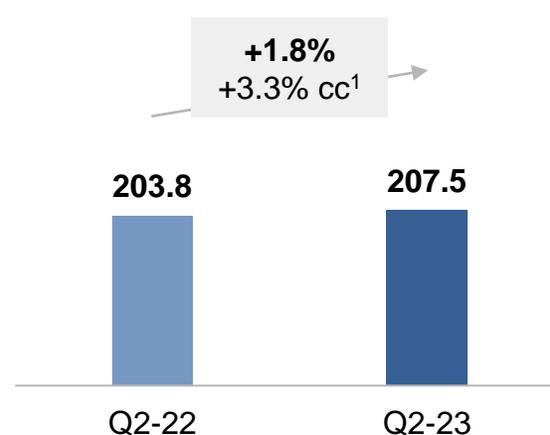
Q2-23: In Line With Expectations, Recurring Business Main Growth Driver

ARR EURm



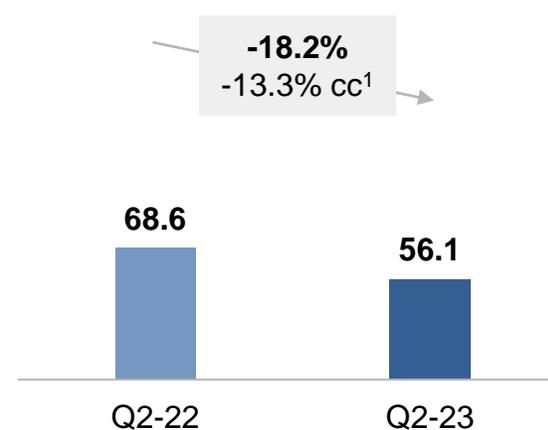
- Continued strong increase in ARR shows good growth outlook for the next 12 months
- Subscription/SaaS revenues once again main growth driver: +44.0% (+46.7% cc¹)

Revenues EURm



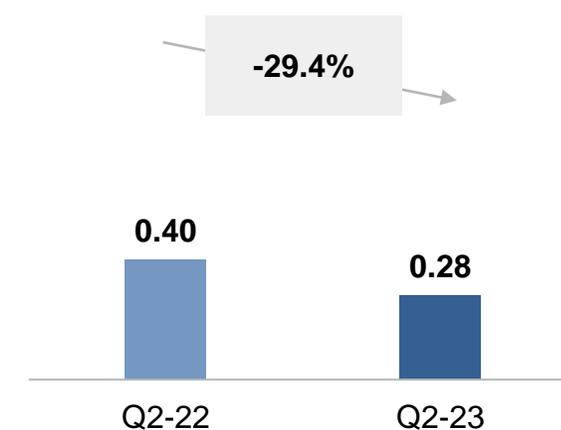
- Growth impacted by subscription/SaaS transition and continued hesitation in European Design markets
- As expected, lowest quarterly growth in FY-23, re-acceleration in second half

EBITDA EURm



- Q2-23: EBITDA margin: 27.0%
- Impacted by subscription/SaaS transition & several planned one-offs

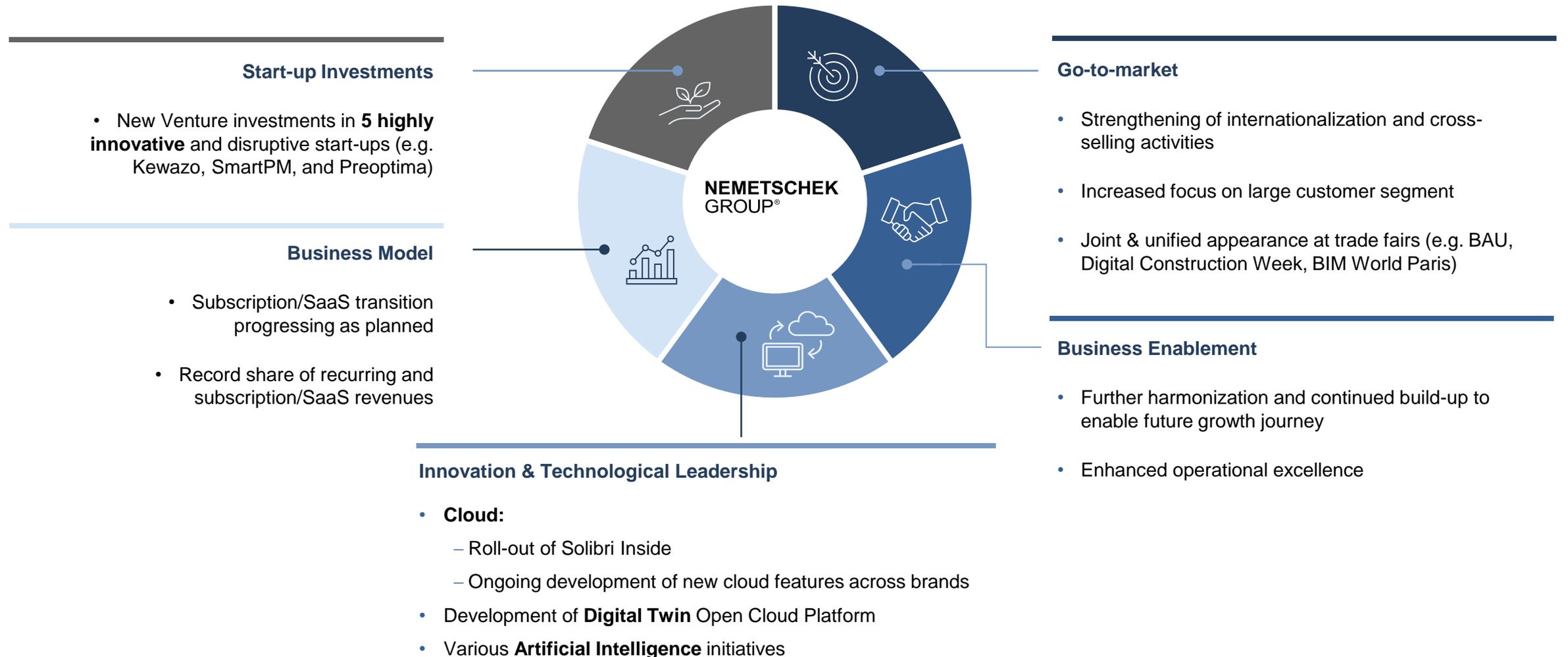
EPS EUR



- Tax rate: 20.5% (Q2-22: 17.4%)
- EPS before PPA amortization: 0.35 EUR

¹ Constant currency

Strategic Highlights First Half 2023



Key Financial Highlights H1-23: Successful First Half to the Year



Revenues:
**+4.1% (FX adj.: +4.2%) to
EUR 412.1m**



EBITDA:
**-15.4% (FX adj.: -12.3%) to
EUR 117.1m**



Cash Conversion:
104%



ARR:
**+22.4% (FX adj.: +24.2%) to
EUR 630.7m**



EBITDA margin:
28.4%



Net Cash Position:
EUR 168.3m



Subscription/SaaS Revenues:
**+42.7% (FX adj.: +43.2%) to
EUR 132.0m**



Earnings per Share:
EUR 0.60 (-22.5%)



Equity Ratio:
57.5%

Segments H1-23: According to Plan, Strong Subscription Growth in all Segments



DESIGN



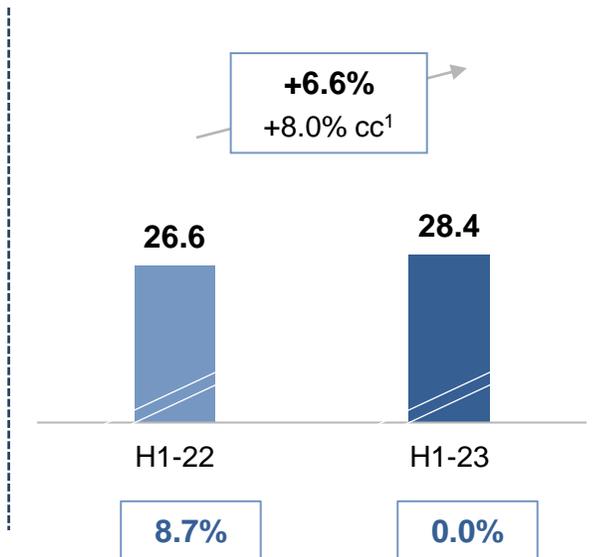
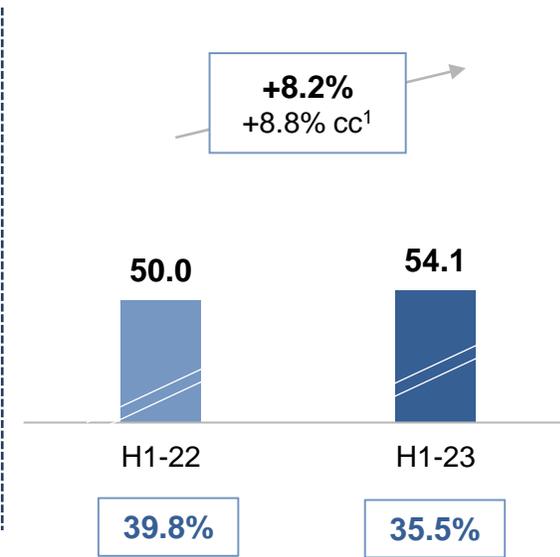
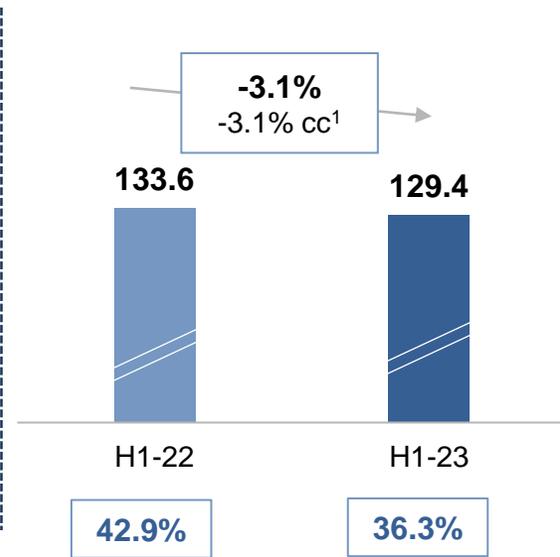
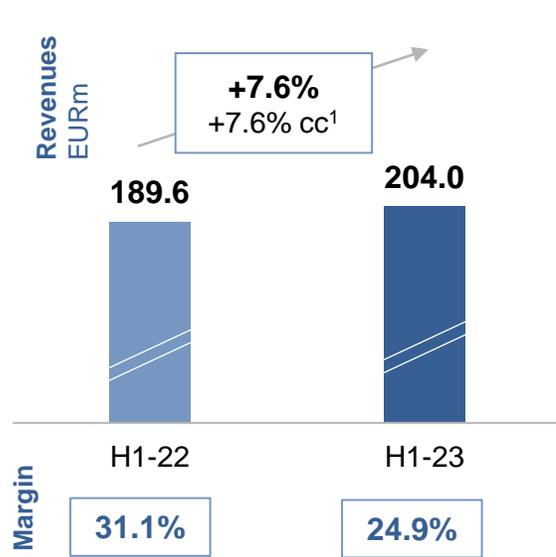
BUILD*



MEDIA



MANAGE*



- Ongoing hesitation in European Design markets
- Main growth driver: Subscription/SaaS (+40% y/y)
- Q2-23 margin impacted by subscription/SaaS transition and planned one-offs

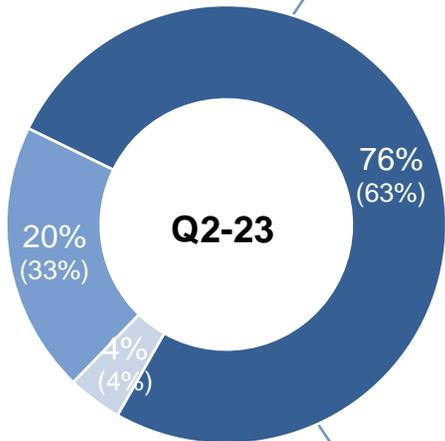
- Subscription/SaaS transition progressing as planned
- Continued strong demand for mid- & premium packages
- Continued good customer demand

- Subscription revenue growth >20%
- Acceleration of growth in Q2-23 vs. Q1-23 as expected (+13.6% cc¹)
- Very high comparison base in Q1-23
- Profitability on continued high level

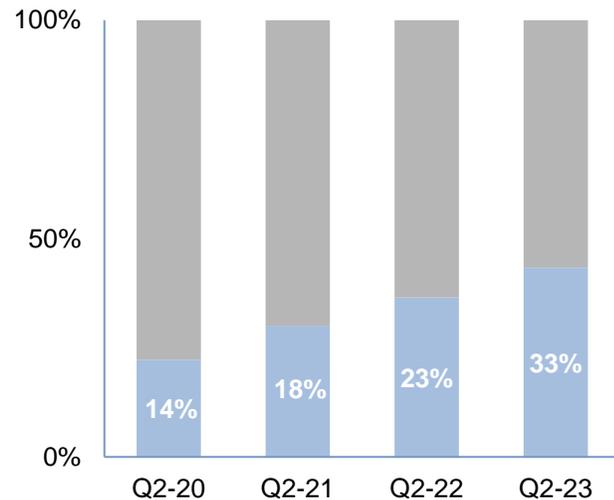
- Re-acceleration of growth in Q2-23 (+10.0% cc¹)
- New business unit Digital Twin progressing as planned
- Long-term growth potential due to Digital Twins, green buildings

Revenues by Type: Subscription/SaaS driving Recurring Revenue Share to >75%

Revenue Share by type in %



Revenue Share of Subscription/SaaS



■ Recurring revenues (Software services (43%); Subscription/SaaS (33%)) ■ Licenses ■ Consulting & Hardware

	Q2-23	Comments
ARR² y/y	<ul style="list-style-type: none"> +22.4% +24.2% cc¹ 	<ul style="list-style-type: none"> Indicates strong future growth with EUR 631m Expected acceleration in H2-23
Recurring revenues y/y	<ul style="list-style-type: none"> +22.4% +24.2% cc¹ 	<ul style="list-style-type: none"> Continued strong growth to EUR 158m Software Services: +11.2% cc¹
Subscription/SaaS y/y	<ul style="list-style-type: none"> +44.0% +46.7% cc¹ 	<ul style="list-style-type: none"> Strong over-proportional growth to EUR 68m Driven mainly by Build & Design segments
Licenses y/y	<ul style="list-style-type: none"> -39.2% -38.2% cc¹ 	<ul style="list-style-type: none"> Reduction to only EUR 40m in line with plans Decline driven by Build, Media and Design

At a Glance: Income Statement and Important KPIs

Key Figures mEUR	H1-23	In % of revenue	H1-22	Growth y/y
Revenues	412.1	100%	396.1	+4.1%
Cost of goods and services	-17.0	4.1%	-14.6	+16.6%
Personnel expenses	-182.4	44.3%	-163.5	+11.5%
Other operating income/expenses	-95.7	23.2%	-79.6	+20.3%
EBITDA	117.1	28.4%	138.4	-15.4%
EBITDA margin	28.4%	-	34.9%	-650bps
D&A (incl. PPA)	-29.7	7.2%	-28.8	+3.3%
EBIT	87.4	21.2%	109.6	-20.3%
EBIT margin	21.2%	-	27.7%	-650bps
Net income (group shares)	69.1	16.8%	89.1	-22.5%
EPS	0.60	-	0.77	-22.5%
FCF (before M&A)	114.7	-	97.9	+17.1%
Equity ratio in %	57.5%	-	57.5%	-
Net Cash	168.3	-	124.9	-

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Outlook



Outlook 2023: On Track after Successful First Half of the Year

2022	Guidance	Ambition	
Starting Point	2023	2024	2025
<p>ARR: EUR 581.7m</p> <p>Share Recurring Revenue: 66%</p> <p>Revenue: EUR 801.8m</p> <p>EBITDA Margin: 32.0%</p>	<p>ARR Growth: > 25%</p> <p>Share Recurring Revenue: > 75%</p> <p>Revenue Growth: 4% - 6% (at constant currencies)</p> <p>EBITDA Margin: 28% - 30%</p>	<p>Revenue Growth: Double digit percentage growth</p> <p>EBITDA Margin: > 30%</p> <p>Share Recurring Revenue: ~85%</p>	<p>Revenue Growth: Significantly above market – At least Mid-teens</p>

Guidance 2023:

Please note: The guidance is based on the assumption that there will be no material change in the economic conditions during the course of 2023 and that the war in Ukraine & geopolitical tensions will not escalate further.

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Appendix



Income Statement

€m	H1 2023	H1 2022	% YoY
Revenues	412.1	396.1	+4.1%
Other income	3.6	7.1	-49.0%
Operating income	415.8	403.2	+3.1%
Cost of goods and services	-17.0	-14.6	+16.6%
Personnel expenses	-182.4	-163.5	+11.5%
Other expenses	-99.4	-86.7	+14.6%
Operating expenses	-298.7	-264.8	+12.8%
EBITDA	117.1	138.4	-15.4%
Margin	28.4%	34.9%	
Depreciation and amortization	-29.7	-28.8	+3.3%
t/o right-of-use assets	-8.3	-8.1	+2.8%
t/o PPA	-15.4	-15.5	-0.6%
EBIT	87.4	109.6	-20.3%
Financial result	+0.8	+2.7	-71.5%
t/o IFRS 16	-0.9	-0.6	+42.0%
EBT	88.1	112.4	-21.6%
Income taxes	-17.9	-21.5	-16.8%
Non-controlling interests	0.6	1.7	>100%
Net income (group shares)	69.1	89.1	-22.5%
EPS in EUR	0.60	0.77	-22.5%

Balance Sheet – Assets

€m	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	209.2	196.8
Trade receivables, net	93.4	84.5
Inventories	1.6	0.9
Other current assets	50.5	44.9
Current assets, total	354.6	327.1
Property, plant and equipment	26.6	26.6
Right-of-use assets	66.3	69.8
Intangible assets	155.5	171.7
Goodwill	549.6	557.0
Other non-current assets	62.7	45.9
Non-current assets, total	860.6	871.0
Total assets	1,215.2	1,198.1

Balance Sheet – Equity and Liabilities

€m	June 30, 2023	December 31, 2022
Equity and liabilities		
Short-term borrowings and current portion of long-term loans	37.7	65.1
Trade payables	13.1	15.7
Provisions and accrued liabilities	57.2	70.3
Deferred revenue	262.6	206.9
Current lease liability	16.5	14.9
Other current liabilities	35.7	31.0
Current liabilities, total	422.7	403.8
Long-term borrowings without current portion	3.2	6.9
Deferred tax liabilities	16.6	19.8
Non-current lease liability	58.4	62.4
Other non-current liabilities	15.4	15.9
Non-current liabilities, total	93.6	105.1
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	552.0	533.9
Other reserves	-16.6	-8.6
Non-controlling interests	35.5	36.0
Equity, total	698.9	689.2
Total equity and liabilities	1,215.2	1,198.1

Cash Flow Statement

€m	H1 2023	H1 2022	% YoY
Cash and cash equivalents at the beginning of the period	196.8	157.1	+25.3%
Cash flow from operating activities	122.2	114.6	+6.6%
Cash flow from investing activities	-21.9	-21.7	+0.9%
t/o CapEX	-7.7	-8.3	
t/o Cash paid for acquisition of equity investments	-13.3	-1.0	
Cash flow from financing activities	-86.2	-56.4	+52.9%
t/o Cash received from loans	10.5	20.8	
t/o Repayments of borrowings	-33.9	-21.9	
t/o Principal elements of lease payments	-8.2	-8.2	
FX-effects	-1.6	-1.2	
Free cash flow	100.2	92.9	+7.9%
Free cash flow (before M&A)¹	114.7	97.9	+17.1%
Cash and cash equivalents at the end of the period	209.2	197.9	+5.7%

SHAPE THE WORLD

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**NEMETSCHKE
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