

Earnings Call Q3- / 9M-24

Nemetschek Group
November 07, 2024

Key Messages

- 1. Q3- / 9M-24:** Continued strong growth with a high profitability in Q3. As expected, Design growth was impacted by high comparison base and subscription transition while Build started to accelerate growth.
Strong operational development in first nine months in line with plans.
- 2. GoCanvas:** Successful start of integration. Good underlying operational performance in Q3 in line with expectations and impacted by PPA-related accounting effects.
- 3. Subscription Transition:** Strong recurring revenue development driven by move to subscription and SaaS. Transition in Design segment progressing as expected while the migration of Bluebeam will be nearly completed as planned by the end of FY-24.
- 4. Outlook FY-24:** Based on the strong results of the first nine months and the expected very strong growth in Build in Q4, the organic and extended outlook for FY24 are fully confirmed.

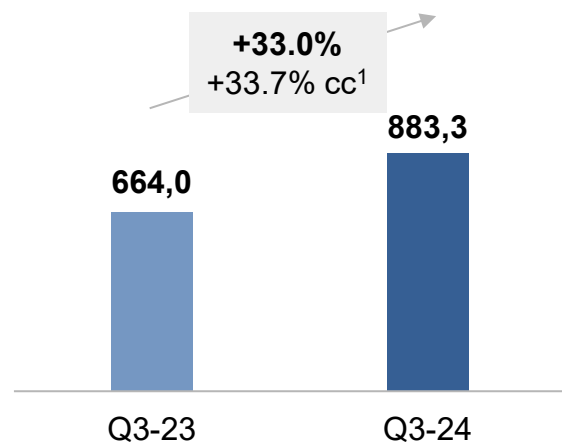
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Financial Highlights Q3-24



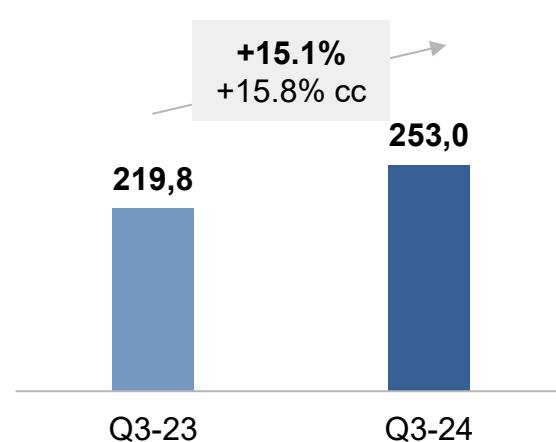
Q3-24: Strong Profitable Growth in a Continued Challenging Environment

ARR EURm



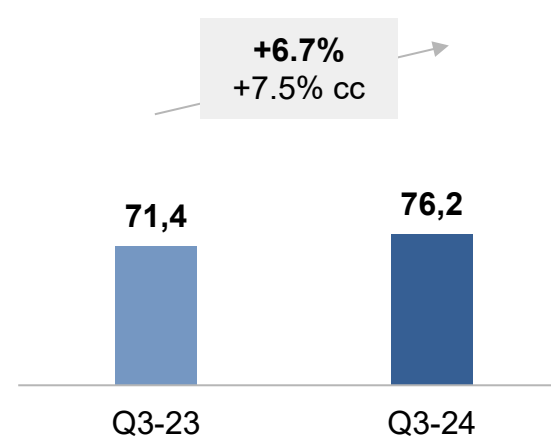
- ARR organic² growth: +25.2% y/y
- Ongoing high growth in ARR shows continued high sustainable revenue growth for the next 12 months
- Subscription/SaaS revenue accelerated +94.3% y/y (+77.5% organic)

Revenues EURm



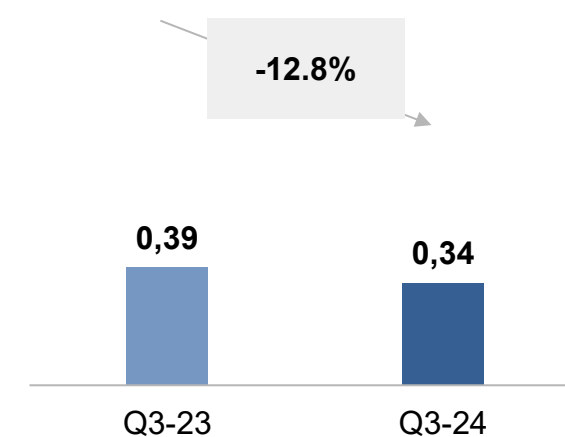
- Revenue organic growth: +8.9% y/y (+9.6% cc¹)
- Unchanged economic environment in our end-markets
- Growth continues to be impacted by accounting-related subscription/ SaaS transition effects

EBITDA EURm



- EBITDA margin: 30.1% due currently still lower profitability of GoCanvas
- Organic EBITDA margin³: 32.2%

EPS EUR

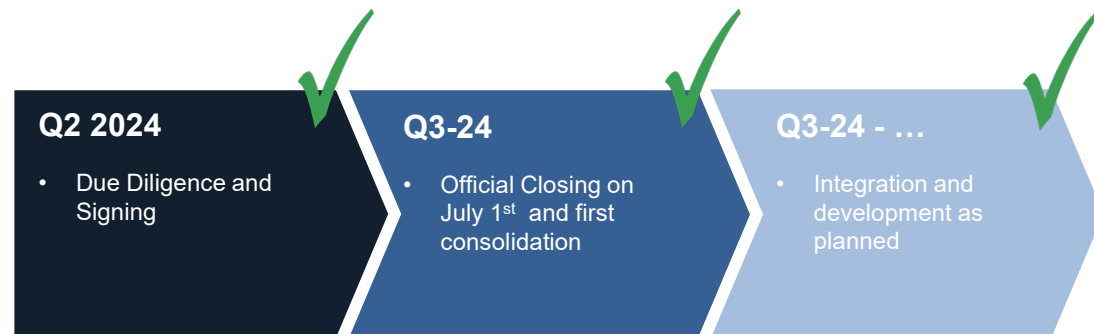


- EPS decline driven by higher interest expense due to financing and amortization of GoCanvas
- EPS before PPA amortization: EUR 0.44 (Q3-23: 0.44)

Update on GoCanvas Acquisition

Status Quo as of Q3-24

Integration and operational performance of GoCanvas progressing as planned



Next Steps

Go-to-Market

- Start of training and collaboration of GoCanvas & Bluebeam sales teams
- Prepare international expansion of GoCanvas outside of North America
- Define route to cross-sell GoCanvas to Bluebeam customers, e. g. launch GoCanvas with Bluebeam channel partner

Integration:

- Integration of back-office functions such as Finance, Human Resources, IT
- Check for potential vectors of technical integration

Culture & HR:

- GoCanvas becoming part of the Nemetschek Group Family
- Cultural enrichment, collaboration, and extended career paths

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Overview Financial Results 9M-24



Key Financial Highlights 9M-24: Successful First Nine Month of the Year



Revenues:
+11.5% to EUR 704.7m
(+12.0% cc¹)
Organic Growth²: +9.3%
(+9.8% cc)



EBITDA:
+9.2% to EUR 205.9m
(+8.0% cc)
Organic Growth: +9.7%



Cash Conversion:
100.0%



ARR Growth:
+33.0% to EUR 883.3m
(+33.7% cc¹)
Organic Growth: + 25.2%

EBITDA Margin: 29.2%
Organic EBITDA Margin³: 29.9%
Adj. Organic EBITDA Margin⁴: 30.8%



Net Debt Position:
EUR -369.5m



Subscription/SaaS Revenues:
+82.1% to EUR 381.2m
(+82.6% cc)
Organic Growth: +75.9%

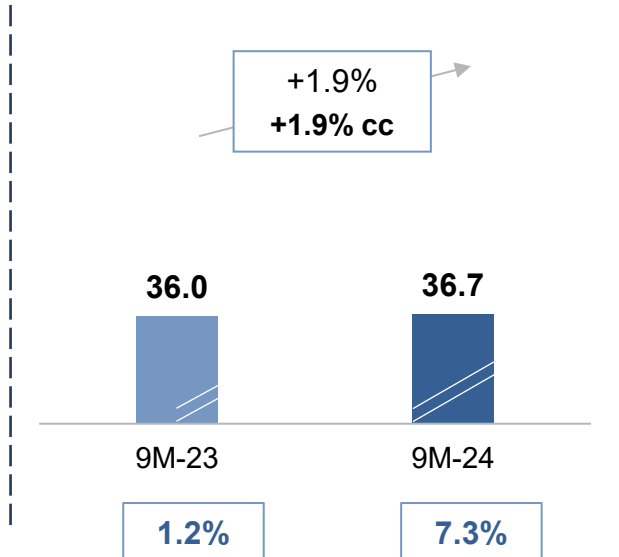
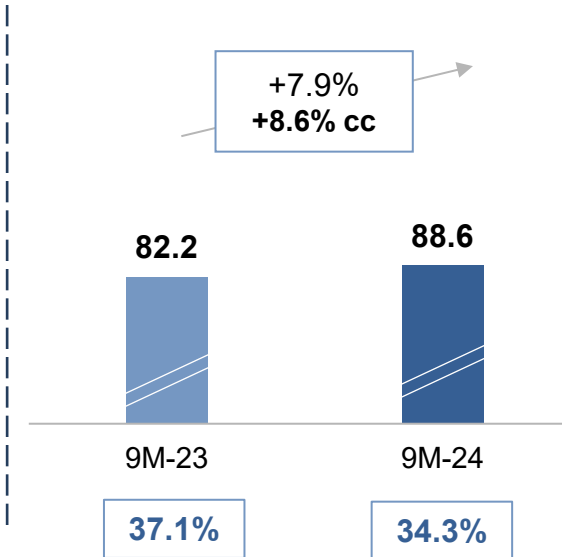
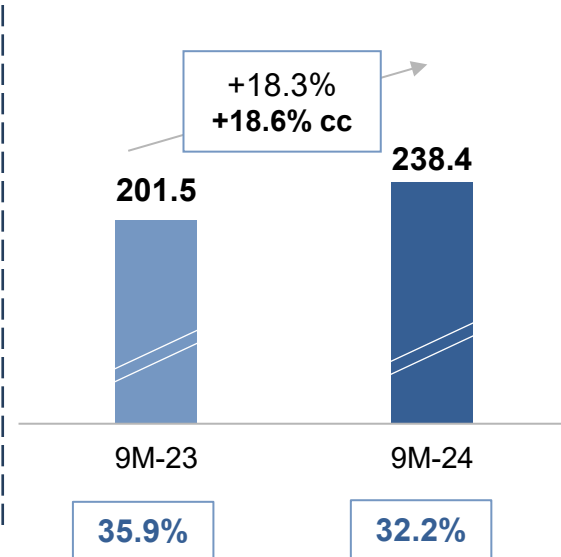
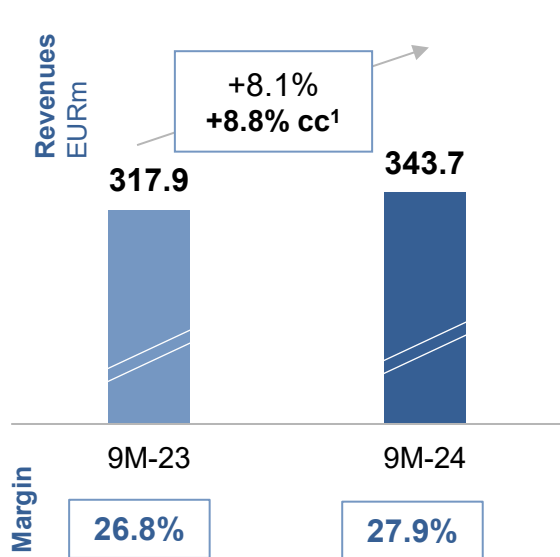
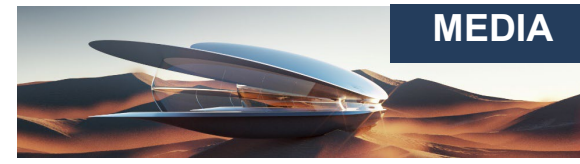
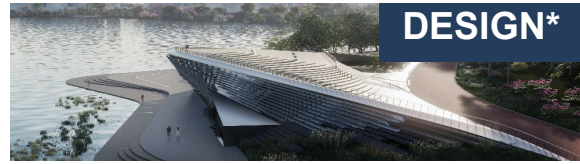


Earnings per Share:
EUR 1.07 (+8.5%)
EPS before PPA: EUR 1.26
(+10.1%)



Equity Ratio:
39.1%

Segments 9M-24: Design and Build Segments remain Main Growth Drivers



- Unchanged market environment
- Expected impact of high comparison base & subscription transition on Q3 growth of +5.4% y/y (+6.3% cc)
- Subscription/SaaS transition according to plan (9M-24 growth: +75% y/y)

- Organic² revenue growth Q3: +14.6% y/y (+15.0% cc), organic³ EBITDA margin: 37.7%
- Q3-24: Revenue incl. GoCanvas +33.5% y/y
- Bluebeam transition nearly completed by end of FY-24. Strong acceleration of growth planned in Q4

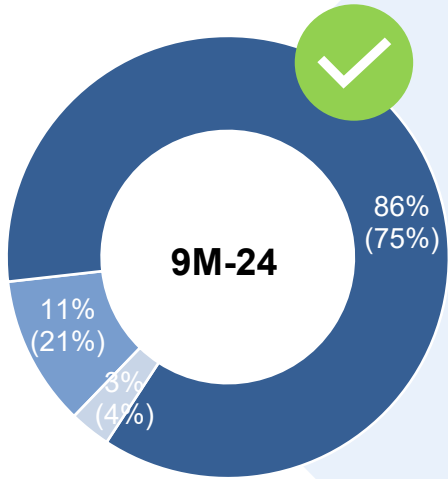
- Ongoing weak environment in the US
- Acceleration of growth in Q3-24 with +8.2% y/y (+8.8% cc)
- Continued outperformance vs. underlying market growth
- Mid-term growth potential unchanged based on structural growth drivers

- Growth impacted by the discontinuation of low margin advisory service unit
- Good demand for AI-powered energy management solutions
- Long-term growth potential due to green buildings and energy efficiency regulation

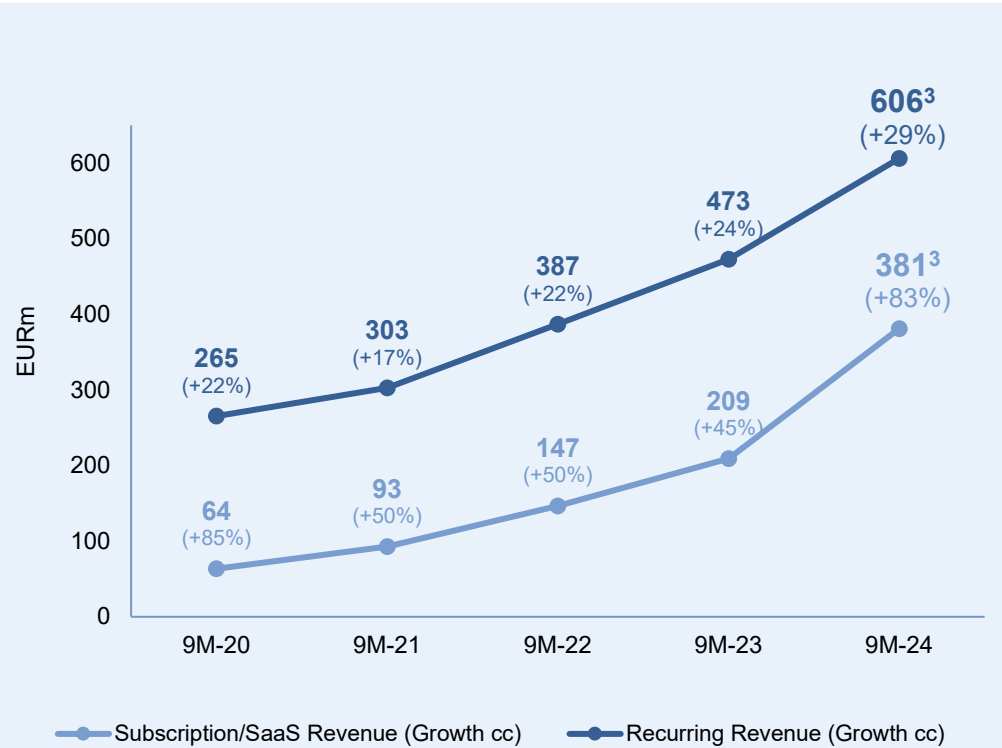
Recurring Revenues: Successful Transition leads to New Record High of 86%

Revenue Share

by type in %



Recurring & Subscription/SaaS 2020-2024



■ Recurring revenues (Software services (32%); Subscription/SaaS (54%)) ■ Licenses ■ Consulting & Hardware

Overview Q3-24:

ARR y/y



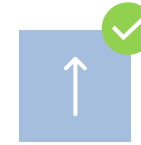
- +33.0%
- +33.7% cc¹
- +25.2% organic²
- +25.8% organic² cc¹

Recurring revenues y/y



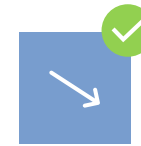
- +33.0%
- +33.7% cc
- +25.2% organic
- +25.8% organic cc

Subscription/SaaS y/y



- +94.3%
- +95.1% cc
- +77.5% organic
- +78.2% organic cc

Licenses y/y



- -43.8%
- -42.8% cc

At a Glance: Income Statement and Important KPIs

Key Figures mEUR	9M-24 ¹	In % of revenue	9M-23	Growth y/y
Revenues	704.7	100%	632.0	+11.5%
Cost of goods and services	-29.9	4.2%	-25.0	+20.0%
Personnel expenses	-293.8	41.7%	-271.2	+8.3%
Other operating income/expenses	-175.0	24.8%	-147.3	+18.8%
EBITDA	205.9	29.2%	188.5	+9.2%
EBITDA margin	29.2%	-	29.8%	-60bps
Organic EBITDA margin ²	29.9%	-	29.8%	+10bps
D&A (incl. PPA)	-45.4	6.4%	-44.6	+1.8%
EBIT	160.5	22.8%	143.9	+11.5%
EBIT margin	22.8%	-	22.8%	+1bps
Net income (group shares)	123.8	17.6%	114.1	+8.5%
EPS	1.07	-	0.99	+8.5%
EPS (before PPA)	1.26	-	1.14	+10.1%
FCF (before M&A)	196.8	-	178.3	+10.4%
Equity ratio in %	39.1%	-	61.4%	-2,230bps
Net Cash	-369.5	-	223.1	->100%

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Outlook



Guidance 2024: Organic and Expanded (incl. GoCanvas) Guidance fully confirmed



Starting Point	Confirmed Organic Guidance	Expanded Guidance (incl. GoCanvas)
2023	2024	2024
ARR: EUR 718.6m Revenue: EUR 851.6m EBITDA Margin: 30.3% Share Recurring Revenue: 77%	ARR Growth: ~ 25% Revenue Growth: 10% - 11% (at constant currencies) EBITDA Margin: 30% - 31% Share Recurring Revenue: ~ 85%	ARR Growth: > 30% Revenue Growth Impact on Organic Guidance: ~ +3 Percentage Points EBITDA Margin Impact on Organic Guidance: ~ -100 Basis Points Share Recurring Revenue: ~ 85%

Additional Information Guidance 2024:

- 1) The statements on the effects of the acquisition on the 2024 financial year are subject to the proviso that important key figures, including the calculation of the purchase price allocation (PPA) for GoCanvas, will not be finalized until later in the year.
- 2) The guidance is based on the assumption that the global macroeconomic or sector-specific conditions will not deteriorate significantly in 2024. Furthermore, no additional potential negative effects from the current developments in the Middle East conflict and the ongoing war in Ukraine are reflected in the outlook.

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Appendix



Income Statement

€m	9M 2024	9M 2023	Y/Y%
Revenues	704.7	632.0	+11.5%
Other income	7.7	6.4	+18.9%
Operating income	712.3	638.4	+11.6%
Cost of goods and services	-29.9	-25.0	+20.0%
Personnel expenses	-293.8	-271.2	+8.3%
Other expenses	-182.7	-271.2	+18.8%
Operating expenses	-506.4	-449.9	+12.6%
EBITDA	205.9	188.5	+9.2%
Margin	29.2%	29.8%	
Depreciation and amortization	-45.4	-44.6	+1.8%
t/o right-of-use assets	-12.9	-12.5	+2.7%
t/o PPA	-22.8	-23.1	-1.3%
EBIT	160.5	143.9	+11.5%
Financial result	-0.3	-0.6	+52.0%
t/o IFRS 16	-1.5	-1.4	+2.7%
EBT	160.2	144.5	+10.8%
Income taxes	-33.8	-28.4	+19.2%
Non-controlling interests	2.6	2.0	+28.1%
Net income (group shares)	123.8	114.1	+8.5%
EPS in EUR	1.07	0.99	+8.5%

Balance Sheet – Assets

€m	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	262.4	268.0
Trade receivables, net	135.1	99.6
Inventories	1.1	1.0
Other current assets	67.5	49.6
Current assets, total	466.1	418.2
Property, plant and equipment	22.5	23.7
Right-of-use assets	52.2	60.9
Intangible assets	275.0	135.1
Goodwill	1,170.5	552.0
Other non-current assets	102.5	84.3
Non-current assets, total	1,622.7	856.1
Total assets	2,088.8	1,274.3

Balance Sheet – Equity and Liabilities

€m	September 30, 2024	December 31, 2023
Equity and liabilities		
Short-term borrowings and current portion of long-term loans	631.9	6.8
Trade payables	16.5	15.3
Provisions and accrued liabilities	71.5	65.7
Deferred revenue	355.6	265.1
Current lease liability	15.2	16.7
Other current liabilities	40.2	31.0
Current liabilities, total	1,130.8	400.6
Long-term borrowings without current portion	0.0	0.1
Deferred tax liabilities	57.0	16.7
Non-current lease liability	45.9	52.8
Other non-current liabilities	38.1	22.2
Non-current liabilities, total	141.1	91.8
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	711.2	640.8
Other reserves	-58.4	-22.2
Non-controlling interests	36.1	35.3
Equity, total	816.9	781.9
Total equity and liabilities	2,088.8	1,274.3

Cash Flow Statement

€m	9M 2024	9M 2023	Y/Y%
Cash and cash equivalents at the beginning of the period	268.0	196.8	+36.2%
Cash flow from operating activities	205.9	186.9	+10.2%
Cash flow from investing activities	-691.5	-23.3	->100%
t/o CapEX	-9.2	-8.9	
t/o Cash paid for acquisition of equity investments	-6.1	-13.4	
Cash paid for acquisition of subsidiaries, net of cash acquired	-676.3	0.0	
Cash flow from financing activities	-691.5	-23.3	->100%
t/o Dividend payments	-55.4	-52.0	
t/o Cash received from bank loans	631.0	21.2	
t/o Repayments of borrowings	-73.2	-65.6	
t/o Principal elements of lease payments	-13.2	-12.7	
FX-effects	-1.6	+0.7	
Free cash flow	-485.6	163.5	->100%
Free cash flow (before M&A)¹	196.8	178.3	+10.4%
Cash and cash equivalents at the end of the period	262.4	248.0	+5.8%

SHAPE THE WORLD

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