

Nemetschek Group

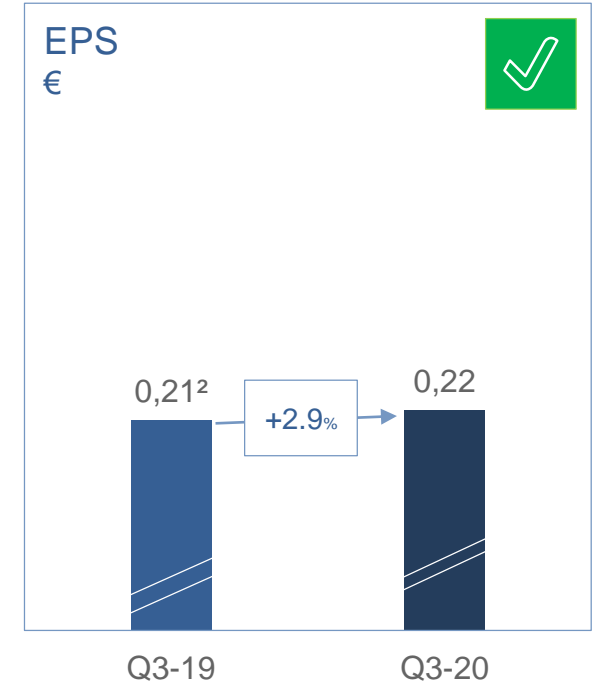
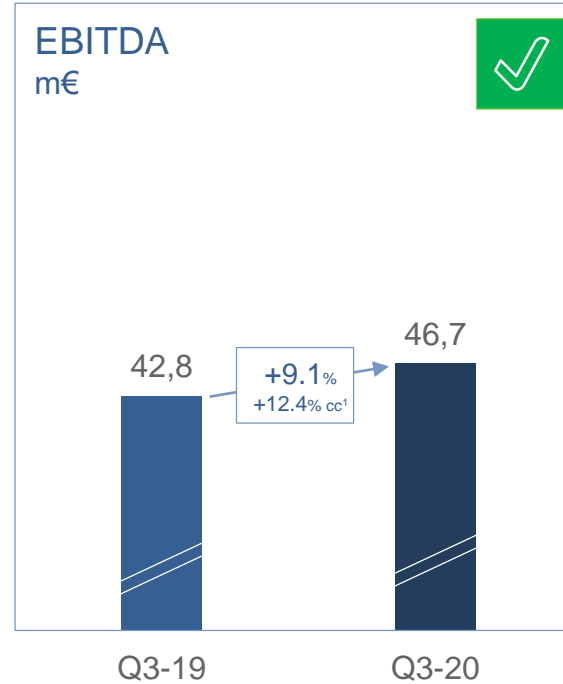
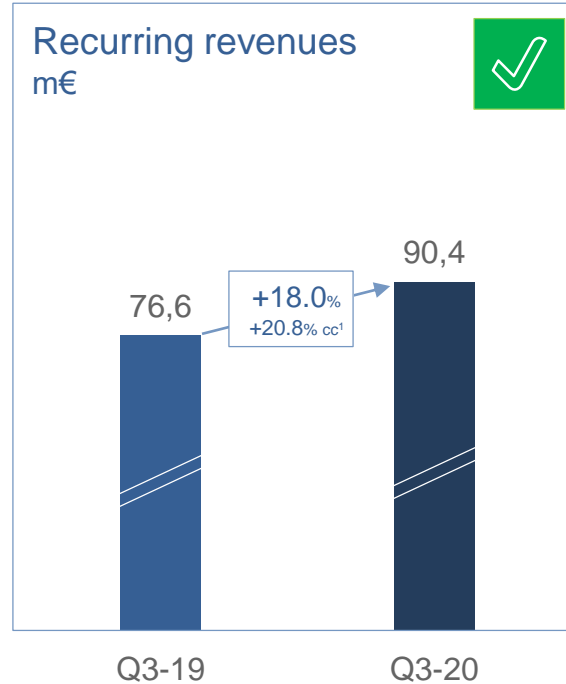
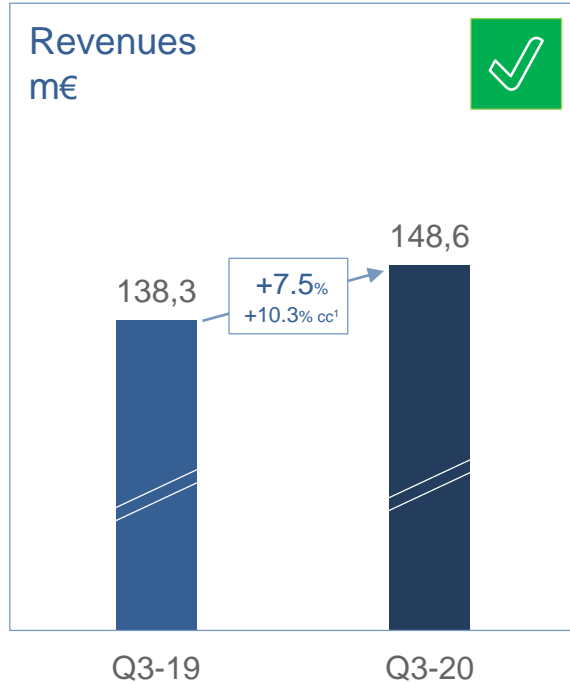
## Earnings Call Q3- / 9M-2020

29 October 2020 | Dr. Axel Kaufmann, Spokesman & CFOO

# 01

Financial Results Q3- / 9M-2020

# Top Key Figures Q3-2020: Rebound stronger than expected



Organic growth: 7.1% cc<sup>1</sup>

Continued high organic growth:  
+16.8% cc<sup>1</sup>

Subscription again important growth  
driver: +83.2% cc<sup>1</sup>

Strong EBITDA margin at prior year  
level: 31.4% vs. Q3-19: 30.9%

Continued cost savings on travelling  
and trade fair expenses

Slow ramp up of investments (e.g.  
head count)

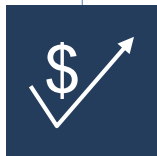
Tax rate: 24.5% vs. 23.6% in  
previous year

EPS before PPA amortization:  
0.26 EUR (+6.1%)

# Key Business Highlights 9M-2020: Resilient Development in Uncertain Environment



## Solid Financial Performance



Revenues:  
**+7.6% (FX adj.: +7.8%) to € 436.8m**



EBITDA margin:  
**29.6% (FX adj.: 29.5%)**



Recurring revenues:  
**+22.0% (FX adj.: +22.3%)**  
Subscription revenues:  
**+84.2% (FX adj.: +85.2%)**



EPS:  
**+2.7%<sup>1</sup> to € 0.59**



Share recurring revenues:  
**61% (vs. 9M-19: 54%)**



High cash conversion:  
**88.6% (9M-2019: 95.5%)**

## M&A Activities



### Media & Entertainment Division:

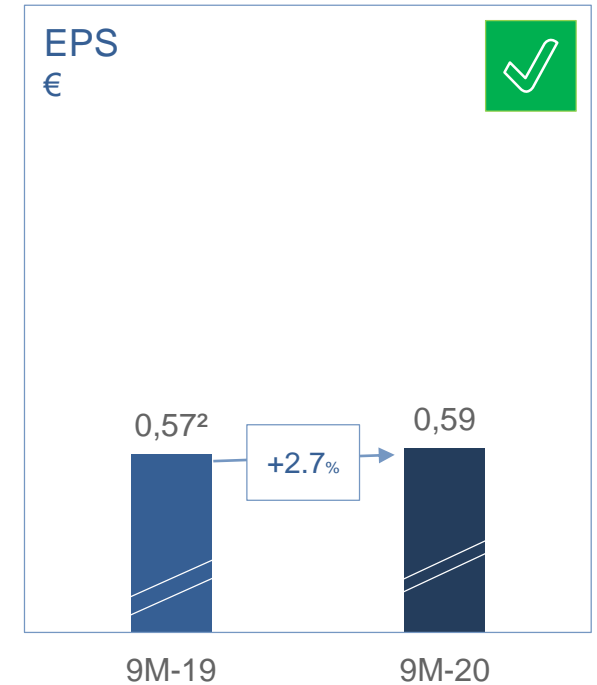
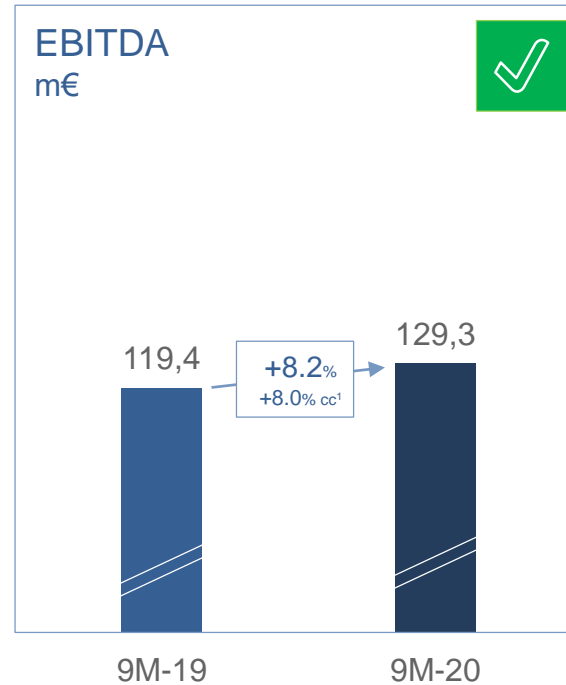
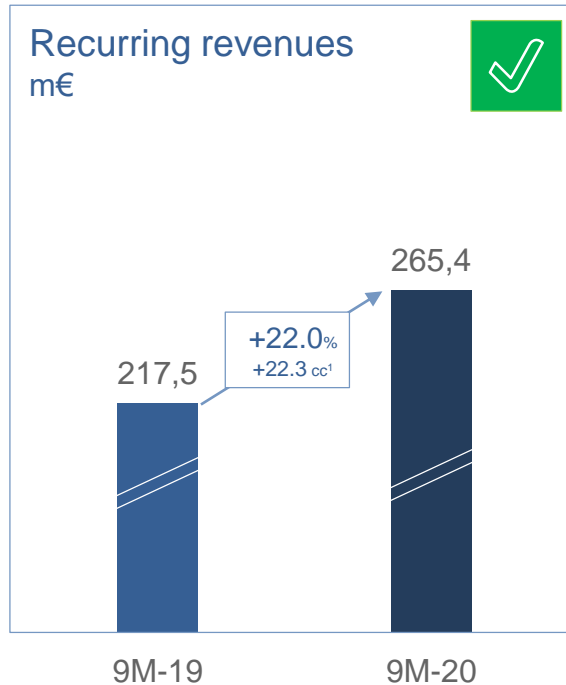
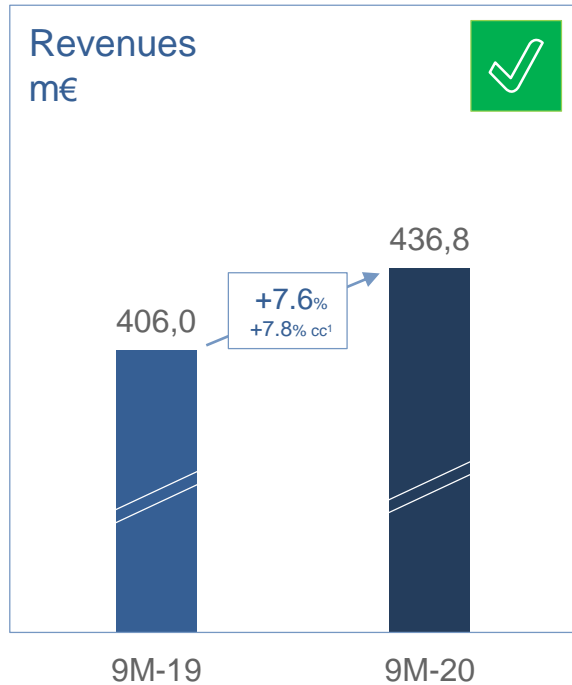
**Q1-2020:** Red Giant by Maxon  
**9M-2020:** Integration of Red Giant and Redshift progressing as planned. Expected to finish by Q1-21



### Planning & Design Division:

**Q2-2020:** ADAPT by RISA. Strengthens structural engineering competence in the US

# Top Key Figures 9M-2020: Solid First 9 Months with Strong Growth in Recurring Revenues



Organic growth: +4.9% cc<sup>1</sup>

Continued high organic growth:  
+18.5% cc<sup>1</sup>

Subscription main growth driver:  
+85.2% cc<sup>1</sup>

EBITDA margin of 29.6% (FX adj.:  
29.5%) vs. in 9M-19: 29.4%

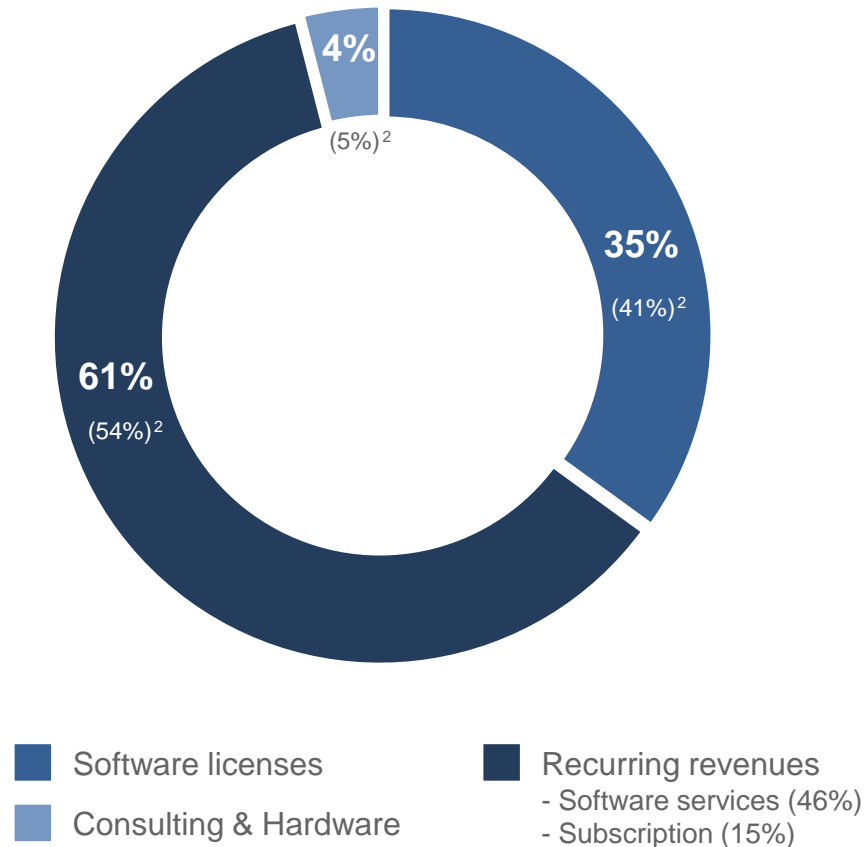
Focus on cost control

Tax rate: 24.4% vs. 24.8% in  
previous year

EPS before PPA amortization:  
0.71 EUR (+8.4%)

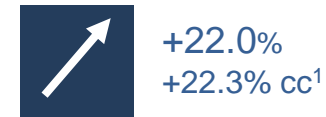
# Strong Growth in Recurring Revenues: Subscription Is Key Driver

Revenue distribution 9M-2020



## 9M-2020

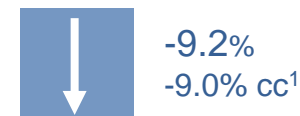
### Recurring revenues y/y



### Subscription y/y

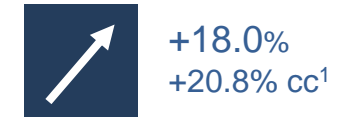


### Software licenses y/y



## Q3-2020

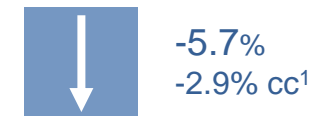
### Recurring revenues y/y



### Subscription y/y



### Software licenses y/y



## At a Glance: Income Statement and Important KPIs

Key Figures mEUR	Q3 2020	Q3 YoY	9M-2020	9M YoY	in % of revenue
<b>Revenues</b>	148.6	+7.5%	436.8	+7.6%	100.0%
Cost of materials/cost of purchased services	-6.1	+29.3%	-17.2	+22.5%	3.9%
Personnel expenses	-66.8	+10.4%	-196.4	+10.3%	45.0%
Other operating income/expenses	-29.0	-4.2%	-94.0	-0.5%	21.5%
<b>EBITDA</b>	<b>46.7</b>	<b>+9.1%</b>	<b>129.3</b>	<b>+8.2%</b>	29.6%
EBITDA margin	31.4%	+50bps	29.6%	+20bps	-
D&A (incl. PPA)	-12.2	+13.6%	-37.2	+20.0%	8.5%
<b>EBIT</b>	<b>34.5</b>	<b>+7.6%</b>	<b>92.1</b>	<b>+4.1%</b>	21.1%
EBIT margin	23.2%	+0bps	21.1%	-70bps	-
Net income <sup>1</sup>	25.2	+2.9%	67.7	+2.7%	15.5%
<b>EPS</b>	0.22	+2.9%	0.59	+2.7%	-
Operating cash flow	36.3	-18.9%	114.5	+0.4%	-
Free cash flow (w/o M&A & DocuWare)	33.9	-20.4%	107.5	+8.4%	-
Equity ratio in %	45.3%	-	45.3%	-	-
Net debt (liquidity)	5.2	-	5.2	-	-

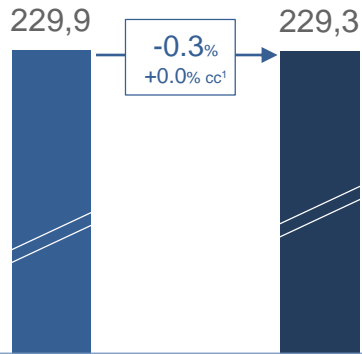
<sup>1</sup> w/o DocuWare

# 9M Segment view: Design recovering, Build remains strong, Manage still burdened by Covid-19



## Design

Revenue in €m



9M-19

9M-20

Margin 30.4%

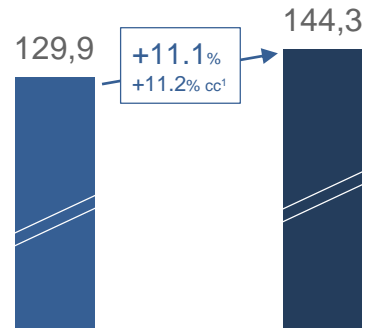
33.2%

9M-20: FX adjusted EBITDA margin: 32.7%

Q3-20: revenue: +2.4%, EBITDA margin: 37.6%



## Build



9M-19

9M-20

Margin 34.9%

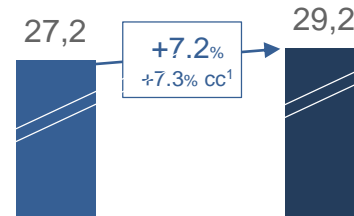
38.0%

Bluebeam with largest contribution to revenue and margin increase

Q3-20: revenue: +6.3%, EBITDA margin: 37.8%



## Manage



9M-19

9M-20

Margin 14.8%

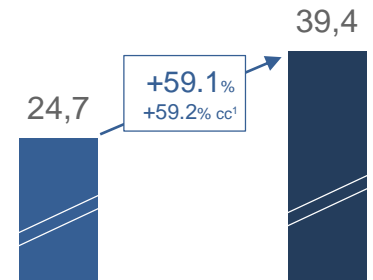
14.1%

9M-20: Revenue still burdened by Covid-19, esp. in Services

Q3-20: revenue: -0.6%, EBITDA margin: 14.5%



## Media



9M-19

9M-20

Margin 34.8%

28.9%

Continued move towards subscription, integration costs dilutes margin

Q3-20: revenue: +66.9% (organic: +20.0% cc¹), EBITDA margin: 32.7%





# 02

## Outlook

# New Design Solutions: Well Received by the Market

## Integrated Design



Collaborative environment: For the first time, architects and engineers can work in the same 3D model together

**Lead Brands: Graphisoft, SCIA, RISA**

„Nemetschek Integrated Design -  
A Paradigm Shift for AECO“  
*Architosh.com*

„Integrated Design by Nemetschek  
Group to revolutionize collaboration  
in building projects“  
*Der Bauunternehmer*

## Federated Design



Engineers now part of the BIM process: 3D structural model can be automatically converted into analysis model

**Lead Brands: SCIA, Allplan**

“Nemetschek Group creates  
automatic analysis model”  
*Construction Global*

“True Automation with the  
Nemetschek Group”  
*Build Ing*

# Nemetschek Is Well Positioned!

## Nemetschek SE

### Attractive End-markets

- | Huge growth potential
- | Structural long-term growth drivers (low degree of digitalization)
- | Growth supported by regulation

### Unique market position

- | Best in class products
- | Product offering along the complete AEC value chain
- | Leader in Open BIM
- | Close proximity to customers within our 4 divisions

### Attractive business model

- | Highly profitable
- | Strong Cash conversion (~ 90%)
- | High share of recurring revenues (approx. 60%)
- | High returns (ROCE > 20%)

### Strong financial position

- | Very healthy balance sheet
- | Net debt/EBITDA: < 0.1x
- | Equity ratio: 45%
- | EUR 200m credit line secured
- | Long-term anchor shareholder

### Value accretive M&A

- | Strong track record of bolt-on acquisitions (e.g. Bluebeam)
- | Disciplined approach
- | Substantial financial fire power
- | Focus on long-term value generation

**Operating mode via four strong divisions with leading global brands**

# Covid-19 Impact: Status Quo after 9M-2020

## Status quo after 9M-2020

### Covid-19 impact so far:

- Slowdown in Europe & Asia in Q2 followed by rebound in Q3
- High uncertainty in US in Q4
- Stabilization in new licenses in Q3
- Solid growth in recurring revenues

### First measures quickly implemented:

- Sales & support activities adapted to new environment
- Cost saving measures initiated
- Financial position further improved, i.e. additional credit line of EUR 200m

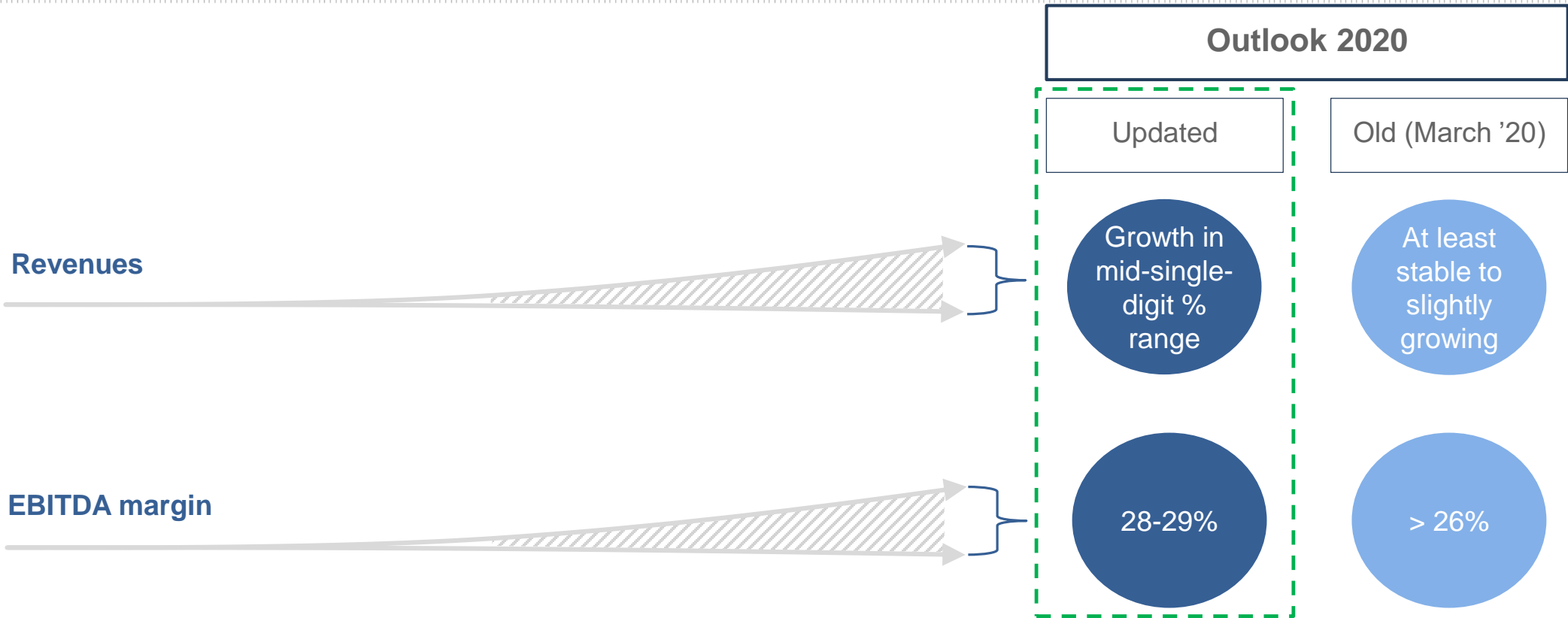
## Our working assumptions

- Q4 still impacted by Covid-19
- Strong ramp-up in investments in Q4 and FY-21
- **Timing** of Covid-19 impact on our business:  
By division:  
Design ▶ M&E ▶ Manage ▶ Build  
By geography:  
APAC ▶ Europe ▶ Americas
- Continued weakness in **new licence** & solid growth in **recurring revenues**

## Our response to the challenges

- Our **first priority** is the safety of our employees and customers
- We ensure business continuity and **support our customers and the society** in this difficult situation.
- **We will continue to...:**
  - monitor the situation closely and steer the business on sight
  - be flexible and quick to react to new developments (e.g. Spacewell workplace solutions)
  - stay opportunistic

# Updated Outlook 2020: Guidance upgrade after the first nine months of the year



## Outlook 2020:

- | Revenues: Growth expected to be in the mid-single-digit percentage range (previously: At least stable to slightly growing)
- | EBITDA margin: 28-29% (previously: > 26%)
- | Please note: Guidance reflects the still high degree of uncertainty regarding the macroeconomic outlook for the remainder of the year

# 03

Q&A



# Appendix

# Income Statement

€m	9M-2020	9M-2019	%YoY
<b>Revenues</b>	<b>436.8</b>	<b>406.0</b>	<b>+7.6%</b>
Other operating income	7.3	5.1	+42.7%
<b>Operating income</b>	<b>444.1</b>	<b>411.1</b>	<b>+8.0%</b>
Cost of materials/purchased services	-17.2	-14.0	+22.5%
Personnel expenses	-196.4	-178.1	+10.3%
Other operating expenses	-101.3	-99.6	+1.7%
<b>Operating expenses</b>	<b>-314.8</b>	<b>-291.7</b>	<b>+7.9%</b>
<b>EBITDA</b>	<b>129.3</b>	<b>119.4</b>	<b>+8.2%</b>
<b>Margin</b>	<b>29.6%</b>	<b>29.4%</b>	<b>-</b>
Depreciation and amortization	-37.2	-31.0	+20.0%
t/o right-of-use assets	-11.7	-10.8	+7.6%
t/o PPA	-18.5	-12.5	+47.8%
<b>EBITA (normalized EBIT)</b>	<b>112.1</b>	<b>103.4</b>	<b>+8.4%</b>
<b>EBIT</b>	<b>92.1</b>	<b>88.5</b>	<b>+4.1%</b>
Financial result	-1.7	+28.7	-
t/o Gain on disposal of shares in associates (DocuWare)	0.0	29.9	-
t/o IFRS 16	-1.1	-1.1	-3.2%
<b>EBT</b>	<b>90.4</b>	<b>117.1</b>	<b>-22.9%</b>
Income taxes	-22.0	-21.6	+1.8%
Non-controlling interests	0.6	0.1	-
<b>Net income (group shares)</b>	<b>67.7</b>	<b>95.4</b>	<b>-29.0%</b>
<b>EPS in EUR</b>	<b>0.59</b>	<b>0.83</b>	<b>-29.0%</b>



## Balance Sheet – Assets

€m	September 30, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	146.6	209.1
Trade receivables, net	61.1	62.0
Inventories	0.6	1.0
Other current assets	30.3	23.3
<b>Current assets, total</b>	<b>238.6</b>	<b>295.5</b>
Property, plant and equipment	23.0	27.6
Right-of-use assets	56.6	66.2
Intangible assets	143.6	127.7
Goodwill	404.9	325.0
Other non-current assets	14.4	15.2
<b>Non-current assets, total</b>	<b>642.4</b>	<b>561.7</b>
<b>Total assets</b>	<b>881.0</b>	<b>857.2</b>

## Balance Sheet – Equity and Liabilities

€m	September 30, 2020	December 31, 2019
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	69.9	58.6
Trade payables & accrued liabilities	54.6	56.4
Deferred revenue	134.5	118.5
Current lease liability	13.1	12.6
Other current liabilities	27.4	25.6
<b>Current liabilities, total</b>	<b>299.5</b>	<b>271.6</b>
Long-term borrowings without current portion	81.9	129.5
Deferred tax liabilities	26.1	23.3
Non-current lease liability	49.9	57.7
Other non-current liabilities	25.0	26.4
<b>Non-current liabilities, total</b>	<b>182.8</b>	<b>236.9</b>
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	253.4	230.9
Other comprehensive income	-31.4	-10.4
Non-controlling interests	48.7	0.1
<b>Equity, total</b>	<b>398.7</b>	<b>348.6</b>
<b>Total equity and liabilities</b>	<b>881.0</b>	<b>857.2</b>

# Cash Flow Statement

€m	9M-2020	9M-2019	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>209.1</b>	<b>120.7</b>	<b>+73.2%</b>
<b>Cash flow from operating activities</b>	<b>114.5</b>	<b>114.1</b>	<b>+0.4%</b>
<b>Cash flow from investing activities</b>	<b>-90.3</b>	<b>-79.3</b>	
t/o CapEX	-7.3	-15.0	
t/o Cash paid for acquisition of subsidiaries, net of cash acquired	-83.3	-97.7	
<b>Cash flow from financing activities</b>	<b>-81.8</b>	<b>13.2</b>	
t/o Dividend payments	-32.3	-31.2	
t/o Repayments of borrowings	-43.1	-43.6	
t/o Changes in bank liabilities due to company acquisitions	0.0	100.0	
t/o Principal elements of lease payments	-9.6	-8.3	
FX-effects	-4.8	2.7	
<b>Cash and cash equivalents at the end of the period</b>	<b>146.6</b>	<b>171.5</b>	<b>-18.5%</b>
<b>Free cash flow<sup>1</sup></b>	<b>24.2</b>	<b>34.8</b>	<b>+30.5%</b>
<b>Free cash flow<sup>1</sup> (w/o acquisition effects)</b>	<b>107.5</b>	<b>132.5</b>	<b>-18.9%</b>

<sup>1</sup> Operating cash flow – Investing cash flow

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**Thank You!**

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GROUP

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