



Quarterly Statement Q3 2019

TeamViewer AG continues its high growth combined with high profitability

- *Q3: Billings up 63% and Cash EBITDA up 95%*
- *9M: Billings up 45% to EUR 224 million*
- *9M: Cash EBITDA up 54% to EUR 120 million*
- *Continued subscriber growth to more than 430,000*
- *Further deleveraging and lower net debt due to strong Cash EBITDA growth*
- *Full-year guidance confirmed*

TeamViewer AG continued its profitable growth during the first nine months of fiscal year 2019. Billings increased by 45% year-over-year to EUR 224 million (9M 2018: EUR 155 million). In this period, Cash EBITDA grew by 54% to EUR 120 million (9M 2018: EUR 78 million) resulting in an improved Cash EBITDA margin of 53% (9M 2018: 50%). Growth was mainly driven by a strong increase in subscriptions resulting from key strategic initiatives, including the successful Enterprise product roll-out.

Oliver Steil, CEO of TeamViewer, said: “Our first results as a listed company underscore TeamViewer’s strong financial profile combining high growth with high profitability. The traction of our strategic growth initiatives is reflected in our billings growth, and our subscription based Software as a Service business model results in very good earnings growth.”

Stefan Gaiser, CFO of TeamViewer, said: “The strong billings and Cash EBITDA growth in the third quarter underpins our confidence in our 2019 targets. We are therefore well on track to deliver on our full-year guidance.”

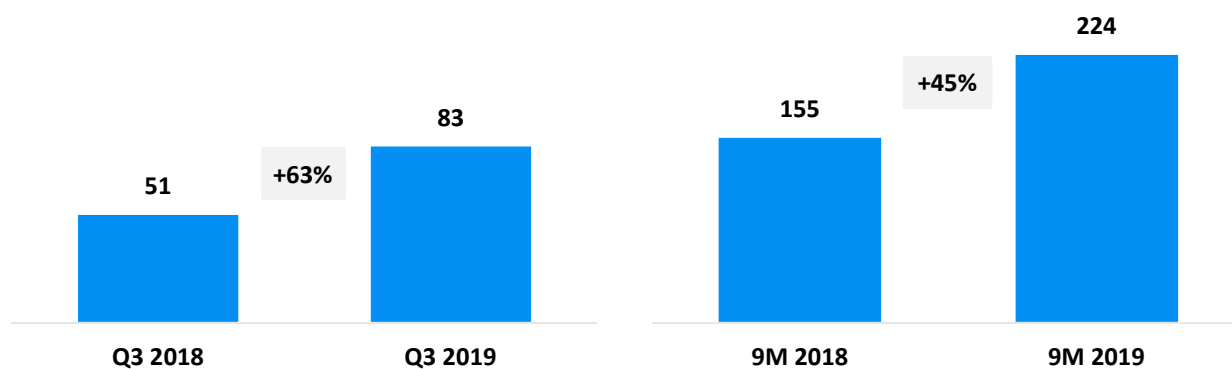
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Quarterly KPIs

EUR m	Q3 2019	Q3 2018	YoY Change	9M 2019	9M 2018	YoY Change
Revenue	102	73	39%	283	175	62%
EMEA	57	43	34%	160	103	55%
AMS	32	22	46%	88	52	69%
APAC	13	9	45%	35	20	74%
Billings	83	51	63%	224	155	45%
EMEA	36	23	54%	116	82	41%
AMS	36	20	75%	77	48	60%
APAC	11	7	55%	31	24	30%
Cash EBITDA	46	24	95%	120	78	54%
Margin (%)	56%	46%	/	53%	50%	
Number of subscribers (LTM, in thousand)	>430					

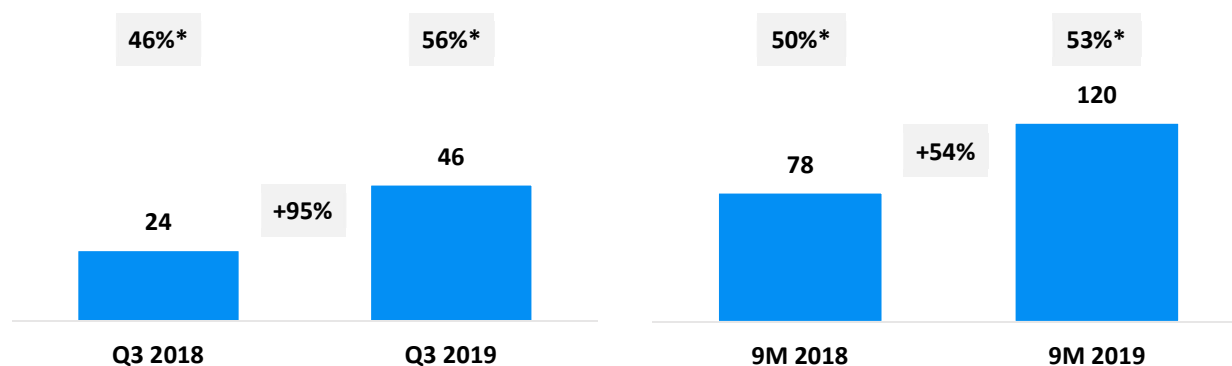
Billings (EUR m)



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Cash EBITDA (EUR m)



*Cash EBITDA margin

Business Update

Initial public offering of TeamViewer AG

On September 25, 2019, TeamViewer AG started its trading on the regulated market segment of the Frankfurt Stock Exchange (Prime Standard). In total, 75,000,000 ordinary bearer shares with no par value from the holdings of the Existing Shareholder Tiger LuxOne S.à r.l. have been placed with investors, consisting of 60,000,000 Base Shares and 15,000,000 Additional Base Shares in full exercise of the Upsize-Option. Shares have been sold at a price of EUR 26.25 per share.

Growth initiatives

During the first nine months of 2019, TeamViewer continued to drive tangible growth initiatives along three key strategic dimensions: strengthen customer segment coverage, increase the number of use cases, and expand the geographical footprint.

TeamViewer's new enterprise product showed significant traction. Subscribers with annual contract value (ACV) above EUR 10,000 per year grew strongly by 60% to 590 customers in the third quarter 2019 year-over-year.

An example for innovative new use cases is TeamViewer Pilot, an Augmented Reality (AR) product, that enables field professionals to receive live guidance from remote experts. With the recent release of version 2.0, TeamViewer Pilot now supports Android devices as well as headsets and smart glasses.

By now, TeamViewer has a truly global footprint with offices in major growth regions. During the first nine months the Company has substantially strengthened its activities in these regions to further drive geographic expansion. Furthermore, TeamViewer has initiated the setup of a new R&D hub in Greece to further accelerate its innovation roadmap.

Financial Update

Continued strong growth in billings

TeamViewer's billings in the third quarter 2019 grew by 63% year-over-year to EUR 83 million (Q3 2018: EUR 51 million). For the first nine months, billings were up 45% year-over-year to EUR 224 million (9M 2018: EUR 155 million). On a regional basis, AMS (North and South America) saw the highest growth in billings with 60%, followed by EMEA (Europe, Middle East and Africa) with a 41% and APAC (Asia and Pacific Countries) with a 30% increase for the first nine months. In the third quarter 2019, billings grew by 75% in AMS, by 55% in APAC and by 54% in EMEA.

The continuous growth in billings is driven by TeamViewer's 103% net retention rate combined with a strong expansion in new subscribers resulting in more than 430,000 paying subscribers at the end of the third quarter (30 Sept 2018: 215,424).

Significant Cash EBITDA and margin increase

TeamViewer invested substantially in its research and development as well as sales and marketing operations during the first nine months. Due to its efficient customer acquisition model, total costs as percentage of billings grew slower than billings, resulting in a 3 percentage point Cash EBITDA margin increase to 53% compared to the same period last year.

Cash EBITDA was up 54% to EUR 120 million (9M 2018: EUR 78 million) for the first nine months. It grew by 95% to EUR 46 million (3Q 2018: EUR 24 million) in the third quarter year-over-year.

Cash EBITDA means EBITDA adjusted for specific non-recurring items, and profit and loss effective change in deferred revenue. It is a useful metric for evaluating TeamViewer's performance as it facilitates comparisons of core operating results from period to period by removing the impact of changes in deferred revenue, its capital structure, asset base, tax consequences and specific non-recurring costs and others.

Net income was EUR 59 million for the first nine months, compared to EUR 0 million in the prior year period. In the third quarter net income was EUR 14 million (3Q 2018: EUR 10 million) following the switch to a subscription model.

Continued de-leveraging

TeamViewer's net financial debt decreased following a debt-equity-swap which was implemented prior to its initial public offering. The leverage ratio improved from 4.9x as of year-end 2018 to 3.7x by the end of the third quarter, driven by substantial Cash EBITDA growth in last twelve months (LTM) resulting in strong cash

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flows and the decrease in debt. TeamViewer continues to expect a further improvement of the leverage ratio to about 3x by year-end 2019.

Revenues higher than billings due to deferral effects

Revenues for the first nine months (EUR 283 million) are higher than billings (EUR 224 million) due to the significant release of deferred perpetual license revenues. As the transition to subscription was fully completed in 2018 and the vast majority of perpetual revenues is recognized by year-end 2020, the effect will reverse, and billings will exceed revenues in the medium term.

Guidance

Considering TeamViewer's performance in the third quarter and the positive outlook towards the last quarter of the year, the company confirms its targets for fiscal year 2019. Given the strong historic net retention rate above 100% and expected new billings contribution in the fourth quarter, the company is targeting the upper end of the billings guidance. At the same time, TeamViewer continues to invest in its future growth potential through additional investments into Sales & Marketing and Research & Development. Therefore, TeamViewer is targeting the mid-range of Cash EBITDA guidance.

FY 2019 APM Guidance Fully Confirmed

		FY 2018	FY 2019
Billings	Billings	EUR 230m	EUR 310 - 320m
	% Y-o-y Growth	+25%	35 - 39% growth
	Renewal (Net Retention)	>100%	Marginally above 100%
Revenue		EUR 258m	EUR 386 - 391m
Cash EBITDA		EUR 121m	EUR 177 - 183m
Cash EBITDA margin		53%	>60%

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About TeamViewer

As a leading global remote connectivity platform, TeamViewer empowers users to connect anyone, anything, anywhere, anytime. The company offers secure remote access, support, control and collaboration capabilities for online endpoints of any kind and supports businesses of all sizes to tap into their full digital potential. TeamViewer has been activated on more than 2 billion devices; up to 45 million devices are online concurrently. Founded in 2005 in Göppingen, Germany, the company employs around 800 people in offices across Europe, the US, and Asia Pacific. For more information, go to www.teamviewer.com and [follow us on social media](#).

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Göppingen, November 11th, 2019

IR calendar TeamViewer

Frankfurt – Roadshow

Tuesday, Nov. 12th

Barcelona – Technology, Media & Telecom Conference

Wednesday, Nov. 13 – 14th

New York – Roadshow

Monday, Nov. 18 – 19th

London – Roadshow

Wednesday, Nov. 20th

IMPORTANT NOTICE

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties, including, but not limited to, those risks and uncertainties described in TeamViewer's disclosures. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed in these statements due to several factors, including without limitation, risks from macroeconomic developments, external fraud, lack of innovation capabilities, inadequate data security and changes in competition levels.

Alternative performance measures (APM)

This document contains certain alternative performance measures (collectively, **APMs**) including billings, Cash EBITDA and Cash EBITDA margin that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles. TeamViewer presents APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of TeamViewer's underlying results and related trends. The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of TeamViewer's operating results as reported under IFRS or German GAAP. APMs such as billings, EBITDA, Cash EBITDA and Cash EBITDA margin are not measurements of TeamViewer's performance or liquidity under IFRS or German GAAP and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

TeamViewer has defined each of the following APMs as follows:

"Billings" represent revenue adjusted for change in deferred revenue p/l effective;

"EBITDA" means operating (loss)/profit before depreciation and amortisation;

"Cash EBITDA" means EBITDA adjusted for specific non-recurring items, change in deferred revenue p/l effective;

"Cash EBITDA margin" means Cash EBITDA expressed as a percentage of billings.

Operational metrics

This document also includes certain operational metrics, including net retention rate, used by management in monitoring, evaluating and managing its business. The definitions of these operational metrics may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation. TeamViewer has defined net retention rate as follows:

"Net retention rate" means annual recurring billings in the period considered less gross value churn plus billings from upselling and cross-selling, including foreign exchange effects and expiring discounts, as a percentage of annual recurring billings in the previous the period considered.

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Consolidated Profit and Loss Statement (EUR m)

	Q3 2019	Q3 2018	% YOY	9M 2019	9M 2018	% YOY
Revenue	102	73	39%	283	175	62%
Cost of sales	(13)	(12)	5%	(36)	(35)	5%
Gross profit / (loss)	89	61	46%	247	140	76%
Other income	8	0	>100%	16	1	>100%
Research and development	(10)	(6)	70%	(27)	(17)	60%
Sales	(14)	(8)	81%	(35)	(21)	64%
Marketing	(6)	(4)	48%	(17)	(12)	40%
General and administrative	(44)	(6)	>100%	(64)	(18)	>100%
Other expenses	(0)	(0)	>100%	(1)	(0)	>100%
Bad debt expense	(5)	(1)	>100%	(11)	(4)	>100%
Operating profit / (loss)	18	36	-49%	108	69	58%
Unrealized foreign exchange gains / (losses)	3	(3)	-	(1)	(16)	-91%
Realized foreign exchange gains / (losses)	(21)	(0)	>100%	(20)	(0)	>100%
Finance income	17	8	>100%	39	12	>100%
Finance costs	(37)	(17)	>100%	(77)	(54)	42%
Profit / (Loss) before taxation	(21)	23	-	49	10	>100%
Tax income / (expense)	34	(13)	-	10	(10)	-
Profit / (Loss) for the period	14	10	>100%	59	0	>100%

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Consolidated Balance Sheet (EUR m)

	September 30, 2019	December 31, 2018
Non-current assets:		
Property, plant and equipment	12	2
Goodwill	591	584
Intangible assets	239	253
Deferred tax assets	2	0
Other non-current assets	5	1
Total non-current assets	850	840
Current assets:		
Trade receivables	9	15
Cost to obtain a contract current	0	1
Other current assets	10	3
Current tax assets	7	0
Financial assets	0	10
Cash and cash equivalents	27	80
Total current assets	54	108
Total assets	903	948

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	September 30, 2019	December 31, 2018
Equity:		
Issued capital	200	0
Capital reserve	310	116
(Accumulated losses)/retained earnings	(474)	(333)
Foreign currency translation reserve	1	0
Total equity	37	(217)
Non-current liabilities:		
Interest-bearing loans and borrowings	610	679
Deferred revenue	7	47
Deferred tax liabilities	0	19
Financial liabilities	0	3
Total non-current liabilities	617	748
Current liabilities:		
Interest-bearing loans and borrowings	3	155
Trade payables	8	7
Deferred revenue	213	233
Accrued expenses and other payables	22	14
Current tax liabilities	0	0
Provisions	2	1
Financial liabilities	0	7
Total current liabilities	249	417
Total equity and liabilities	903	948

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Consolidated Statement of Cash Flow (EUR m)

For the nine months
ended September 30,

	2019	2018
Cash flows from operating activities:		
Profit for the period (net income/net loss)	59	0
Amortization and depreciation	27	22
(Gain)/ loss on sale of fixed assets	(0)	0
(Increase)/decrease of provisions	1	0
Unrealized foreign exchange (gains)/losses	20	16
Non-cash share-based compensation expenses	27	1
Financial result effect	38	42
Changes in working capital	(63)	(16)
Tax expense/(income)	(10)	10
Taxation paid	(15)	(1)
Interest paid (other than borrowings)	(0)	0
Net cash from operating activities	84	75

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For the nine months
ended September 30,

	2019	2018
Cash flows from investing activities:		
Investments	0	0
Capital expenditure	(8)	(8)
Finance effects	0	0
Net cash used in investing activities	(8)	(8)
Cash flows from financing activities:		
Loans & borrowings	(136)	(41)
Repayments of borrowings	(179)	(4)
Proceeds from bank borrowings	74	0
Payments of lease	0	(4)
Interest paid on borrowings	(27)	(37)
Proceeds / payments from the settlement of derivatives	0	0
Proceeds / payments of capital contribution	0	0
Proceeds / repayments of intercompany loans	0	0
Proceeds / payments of intercompany interest	0	0
Net cash from financing activities	(136)	(41)
Net change in cash funds	(60)	25
Other cash effects for balance sheet reconciliation ¹	6	(1)

1. Including net foreign exchange difference, net change from cash risk provisioning, internal mergers and transfers