Preliminary Q4 & Full-Year 2019 Results (unaudited, IFRS)

TeamViewer delivers strong results in 2019

- *Billings up 41% to EUR 324.9m, exceeding FY guidance*
- *Adjusted EBITDA of EUR 182.1m, Adjusted EBITDA margin increases to 56%*
- *High free cashflow generation with 94% cash conversion rate*
- *Subscriber growth to more than 464,000 at year-end 2019*
- *Outlook for 2020: Billings to increase to between EUR 430m and EUR 440m*

TeamViewer delivered strong results in the fiscal year 2019 as the company continued to successfully implement its growth strategy focusing on an expansion of use cases, customer segments and global reach. Billings were up 41% year-over-year at EUR 324.9m (FY 2018: EUR 229.8m), exceeding FY 2019 guidance of EUR 310m - 320m. Adjusted EBITDA, previously referred to as Cash EBITDA, grew by 51% to EUR 182.1m (FY 2018: EUR 120.6m) reaching the upper end of the FY 2019 guidance of EUR 177m - 183m. Adjusted EBITDA margin increased to 56% (FY 2018: 53%).

Full-year revenue grew by 51% to EUR 390.2m (FY 2018: EUR 258.2m) and EBITDA increased by 38% to EUR 189.5m (FY 2018: EUR 137.2m).

Oliver Steil, CEO of TeamViewer, said: “2019 was a very successful year in TeamViewer’s history: in September we went public and already in December we joined the MDAX family. This year we will continue to execute at full speed on our growth strategy by expanding use cases, customer segments and global reach”.

Stefan Gaiser, CFO of TeamViewer, said: “We are very pleased with the 2019 results. TeamViewer’s billings were ahead of our ambitious plans and we continued to de-lever the business. After a good start in 2020, we are confident that we keep our strong business momentum and write the next chapter of our success story”.

All stated figures are preliminary and unaudited. TeamViewer intends to publish its annual report 2019, containing TeamViewer's audited consolidated financial statements as of and for the fiscal year ended December 31, 2019, on March 26, 2020.

Business Update

Strategic growth initiatives

In 2019, TeamViewer expanded its subscriber base by 71% to more than 464,000 paying subscribers at year-end (FY 2018: 271,000) and delivered a net retention rate of 102%. This growth was driven by the company's continuous progress in implementing its three growth initiatives: increase the number of use cases, strengthen customer segment coverage, and expand the geographical footprint.

The accelerating traction of TeamViewer's enterprise offering showed in a 67% increase of customers with an annual contract value of EUR 10,000 or higher to 698 at year-end (Q4 2018: 419). At the same time, the company strengthened the coverage of the SoHo (small office and home office) space by rolling out TeamViewer Remote Access.

In close cooperation with its innovative customers, TeamViewer continues to expand the use cases built on its global connectivity platform. With the recent release of TeamViewer Pilot 2.0, this Augmented Reality (AR) solution for live in-field guidance by remote experts now supports Android devices as well as headsets and smart glasses.

TeamViewer further intensified its activities in offices across major growth regions to drive international expansion. Globally the number of full-time employees increased by 29% to 841 in 2019 (year-end 2018: 652) mainly due to a significant expansion in Sales staff in all regions as well as more than 40 R&D hires in EMEA. As a result, overall headcount in the APAC region doubled and the company substantially expanded its workforce both in Germany and the rest of Europe.

Expansion of R&D activities

In the fourth quarter, TeamViewer started to build an R&D hub in the city of Ioannina, Greece. With this step, the company is strengthening its innovation and development capacity to further expand TeamViewer's platform and enable new innovative applications for its users. As the home of several universities and other technology companies, Ioannina has a large number of well-educated graduates and software engineers facilitating the company's plan to significantly increase its R&D staff in Ioannina by the end of 2020.

Inclusion in the MDAX and TecDAX

In December 2019, TeamViewer was included in the German MDAX and TecDAX indices. The inclusion in the indices a few months after the IPO underlines the successful implementation of the company's strategy and reflects its increasing relevance as a high-growth, high-profit German listed technology investment.

Financial Update

Billings and Adjusted EBITDA

Billings for the full year 2019 were up 41% at EUR 324.9m (FY 2018: EUR 229.8m) with the largest increase in AMERICAS (North and South America), followed by EMEA (Europe, Middle East and Africa) and APAC (Asia and Pacific Countries). In the fourth quarter, billings increased by 34% year-over-year to EUR 100.6m (Q4 2018: EUR 75.3m).

In 2019, TeamViewer invested substantially in its sales and marketing operations as well as its research and development. However, due to its efficient customer acquisition model, costs grew slower than billings, resulting in a 3.5-percentage point Adjusted EBITDA margin increase to 56% compared to full year 2018.

Adjusted EBITDA for the full year was up 51% at EUR 182.1m (FY 2018: EUR 120.6m). In the fourth quarter, it grew by 46% year-over-year to EUR 62.6m (Q4 2018: EUR 42.9m).

Adjusted EBITDA 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 and other material items that are not reflective of the operating performance of the business. The definition of Adjusted EBITDA corresponds exactly to the definition of Cash EBITDA, which was disclosed historically.

Revenue and EBITDA

Revenue for the full year grew by 51% to EUR 390.2m (FY 2018: EUR 258.2m). In the fourth quarter, revenue increased by 29% year-over-year to EUR 106.9m (Q4 2018: EUR 83.1m).

In 2019, revenue were EUR 65.2m higher than billings due to the significant release of deferred perpetual license revenue. As the transition to subscription was fully completed in 2018 and the vast majority of perpetual revenue is recognized by year-end 2020, the effect will reverse, and billings will therefore marginally exceed revenue from 2020.

EBITDA for the full year increased by 38% to 189.5 EUR (FY 2018: EUR 137.2m). In the fourth quarter, EBITDA grew by 16% year-over-year to EUR 54.1m (Q4 2018: EUR 46.5m). Profit for the full year amounted to EUR 103.9 *, compared to EUR (12.4)m in the prior year period. In the fourth quarter, profit was EUR 44.6m * (Q4 2018: EUR (12.5)m).

* These figures were corrected by way of ad hoc release dated Feb 25, 2020 and were originally published as Profit for the full year (2019): EUR 110.9m; Profit for the fourth quarter (2019): EUR 51.6m. The correction was caused by a reduction of deferred tax assets on interest loss carry-forward due to necessary adjustments for trade tax purposes. For further details, please refer to the ad hoc release of Feb 25, 2020 which is available on our IR website.

Key figures

EUR m	Q4 2019	Q4 2018	YoY Chg.	FY 2019	FY 2018	YoY Chg.
Revenue	106.9	83.1	**29%**	**390.2**	**258.2**	**51%**
EMEA	59.5	48.1	24%	219.8	151.2	45%
AMERICAS	34.4	25.3	36%	122.9	77.5	59%
APAC	13.0	9.7	35%	47.6	29.5	61%
Billings	100.6	75.3	**34%**	**324.9**	**229.8**	**41%**
EMEA	58.0	47.1	23%	174.0	129.5	34%
AMERICAS	32.8	21.1	55%	109.8	69.2	59%
APAC	9.9	7.1	40%	41.2	31.1	32%
Adj. EBITDA	62.6	42.9	**46%**	**182.1**	**120.6**	**51%**
Margin (%)	62%	57%	-	*56%*	*52%*	-

Continued deleveraging

TeamViewer's leverage ratio improved to 3.0x by the end of 2019. Net financial debt decreased following a debt-to-equity-swap which was implemented prior to its initial public offering. Additionally, TeamViewer was highly cash generative during the year as the company managed to substantially grow its Adjusted EBITDA while maintaining a stellar cash conversion rate. TeamViewer will continue to deleverage while retaining full flexibility to pursue further growth initiatives and potential technology-focused M&A.

Guidance

TeamViewer expects to keep up its strong business momentum. On that basis, the company provides the following outlook for the fiscal year 2020:

- Billings are expected to be in a range of EUR 430m to EUR 440m.
- Revenue is expected to be in a range of EUR 420m to EUR 430m.
- Adjusted EBITDA is expected to be in a range of EUR 240m to EUR 250m.
- Capital expenditure is expected to reach around EUR 25m (mainly due to new headquarter and new ERP system)

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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 more than 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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Financial calendar TeamViewer

San Francisco, Technology and Internet Conference, Goldman Sachs	February 11-12, 2020
Frankfurt Roadshow	February 17, 2020
London Roadshow	February 18-19, 2020
Zurich Roadshow	March 12, 2020
Geneva Roadshow	March 13, 2020
Paris Roadshow	March 17, 2020
Annual Report 2019	March 26, 2020
Q1 2020 Quarterly Statement	May 12, 2020
Annual General Meeting	May 29, 2020

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 (APMs)

This document contains certain alternative performance measures (collectively, "*APMs"*) including billings and Adjusted EBITDA 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 and Adjusted EBITDA 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 the value of goods and services invoiced to customers in a given period and is defined as revenue adjusted for change in deferred revenue p/l effective;
"Adjusted EBITDA" means EBITDA, adjusted for P&L-effective changes in deferred revenue as well as for certain special items relating to share based compensations and other material items that are not reflective of the operating performance of the business.

Operational metrics and other financial measures for information purposes

This document also includes further certain operational metrics, such as Net Retention Rate, and additional financial measures that are not required by, or presented in accordance with IFRS, German GAAP or any other generally accepted accounting principles (collectively, "other financial measures2). TeamViewer presents these operational metrics and other financial measures for information purposes and because they are used by the management for monitoring, evaluating and managing its business. The definitions of these operational metrics and other financial 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 or as a substitute for analysis of TeamViewer's operating results, performance or liquidity as reported under IFRS or German GAAP.

TeamViewer has defined these operational metrics and other financial measures for information purposes 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;

"Cash conversion" or "cash conversion rate" means the ratio of free cash flow (pre-tax) to Adjusted EBITDA, represented as a percentage of Adjusted EBITDA;

"Free cash flow (pre-tax)" means Adjusted EBITDA less capital expenditure and adjusted for change in other net working capital;

"Other Net working capital" consists of the following balance sheet positions from the operating activities: trade receivables, trade payables, other current assets, other current liabilities and accruals (excl. deferred revenues); and

„Leverage“ means the ratio of net financial debt (sum of interest-bearing loans and borrowings, current and non-current, less cash and cash equivalents) to Adjusted EBITDA.

Consolidated Profit & Loss Statement

in EUR thousands	For the year ended December 31, 2019	2018
Revenue	390,191	258,157
Cost of sales	(50,228)	(46,610)
Gross profit	**339,963**	**211,548**
Other income	7,723	1,588
R&D	(37,934)	(23,039)
Sales	(56,661)	(30,458)
Marketing	(25,641)	(17,974)
G&A	(58,445)	(26,089)
Other expenses	(468)	(166)
Bad debt expense	(15,489)	(8,280)
Operating profit	**153,048**	**107,129**
Unrealised foreign exchange gains / (losses)	7,770	(20,791)
Realised foreign exchange gains / (losses)	(20,721)	(162)
Finance income	38,936	12,311
Finance costs	(83,891)	(93,988)
Profit before taxation	**95,142**	**4,499**
Tax income / (expense)	8,717 *	(16,912)
Profit / (loss) for the period	**103,859 ***	**(12,413)**
Other comprehensive income (loss) for the period		
Items that are or may be reclassified to profit or loss	202	(10)
Hedge reserves, gross	14	(14)
Exchange differences on translation of foreign operations	188	4
Total comprehensive income for the period	**104,061 ***	**(12,423)**
Thereof attributable to owners of the parent	**104,061 ***	**(12,423)**

* These figures were corrected by way of ad hoc release dated Feb 25, 2020 and were originally published as Tax income / (expense): TEUR 15,762; Profit / (loss) for the period: TEUR 110,904; Total comprehensive income for the period: TEUR 111,106; Thereof attributable to owners of the parent: TEUR 111,106. The correction was caused by a reduction of deferred tax assets on interest loss carry-forward due to necessary adjustments for trade tax purposes. For further details, please refer to the ad hoc release of Feb 25, 2020 which is available on our IR website.

Consolidated Balance Sheet

	For the year ended December 31,	
in EUR thousands	**2019**	**2018**
Non-current assets:		
Goodwill	590,445	584,312
Intangible assets	235,831	252,563
Property, plant and equipment	26,480	2,239
Financial assets	4,424	0
Other assets	1,740	745
Deferred tax assets	6,266 *	0
Total non-current assets	**865,187 ***	**839,858**
Current assets:		
Trade receivables	11,756	15,442
Other assets	5,856	3,258
Tax assets	4,972	0
Financial assets	0	9,715
Cash and cash equivalents	71,153	79,939
Total current assets	**93,737**	**108,355**
Total assets	**958,924 ***	**948,213**

* These figures were corrected by way of ad hoc release dated Feb 25, 2020 and were originally published as Deferred tax assets: TEUR 13,311; Total non-current assets: TEUR 872,232; Total assets: TEUR 965,969. The correction was caused by a reduction of deferred tax assets on interest loss carry-forward due to necessary adjustments for trade tax purposes. For further details, please refer to the ad hoc release of Feb 25, 2020 which is available on our IR website.

Consolidated Balance Sheet (cont'd)

in EUR thousands	For the year ended December 31, 2019	2018
Equity:		
Issued capital	200,000	25
Capital reserve	320,661	116,312
(Accumulated losses) / retained earnings	(429,881) *	(332,876)
Hedge reserve	0	(14)
Foreign currency translation reserve	1,081	4
Total equity	**91,861 ***	**(216,548)**
Non-current liabilities:		
Provisions	235	143
Interest-bearing loans and borrowings	582,538	678,771
Deferred revenue	2,572	47,225
Financial liabilities	0	2,928
Deferred tax liabilities	308	18,614
Total non-current liabilities	**585,652**	**747,681**
Current liabilities:		
Provisions	3,284	1,205
Interest-bearing loans and borrowings	34,260	154,818
Trade payables	9,069	6,695
Deferred revenue	210,250	233,410
Accrued expenses and other payables	17,793	13,846
Financial liabilities	6,642	6,640
Tax liabilities	114	466
Total current liabilities	**281,411**	**417,080**
Total liabilities	**867,063**	**1,164,761**
Total equity and liabilities	**958,924 ***	**948,213**

* These figures were corrected by way of ad hoc release dated Feb 25, 2020 and were originally published as (Accumulated losses) / retained earnings: TEUR (422,836); Total equity: TEUR 98,906; Total equity and liabilities: TEUR 965,969. The correction was caused by a reduction of deferred tax assets on interest loss carry-forward due to necessary adjustments for trade tax purposes. For further details, please refer to the ad hoc release of Feb 25, 2020 which is available on our IR website.

TeamViewer

Consolidated Cash Flow Statement

in EUR thousands	For the year ended December 31, 2019	2018
Cash flows from operating activities:		
Profit before tax	95,142	4,499
Amortisation and depreciation	36,442	30,106
(Gain) / loss on sale of fixed assets	(5)	0
(Increase) / decrease of provisions	2,170	(221)
Non-operational foreign exchange losses / (gains)	7,770	20,208
Share-based compensation expenses	36,830	1,800
Total from finance income and finance cost	44,955	81,677
Change in deferred revenue	(67,814)	(28,097)
Change in other net working capital positions	6,016	3,601
Income tax paid	(17,879)	(1,016)
Interest paid (other than borrowings)	(18)	(0)
Net cash flows from operating activities	143,610	112,556
Cash flows from investing activities:		
Proceeds from loans to third parties	0	180
Purchase of fixed and intangible assets	(16,641)	(11,484)
Purchase of financial assets	(4,326)	0
Interest received	90	126
Net cash flows from investing activities	**(20,877)**	**(11,178)**
Cash flows from financing activities:		
Repayments of borrowings	(696,373)	(5,016)
Proceeds from borrowings	610,313	0
Payment of principal portion of lease liabilities	(3,836)	0
Interest paid on borrowings and lease liabilities	(46,100)	(50,323)
(Payments) / proceeds from the settlement of derivatives	(131)	(610)
(Payments) / proceeds of capital contribution	25	0
Net cash flows from financing activities	**(136,102)**	**(55,948)**
Net change in cash and cash equivalents	**(13,369)**	**45,430**
Net foreign exchange difference	0	272
Net change from cash risk provisioning	815	(917)
Internal mergers and transfers	3,768	0
Cash funds at beginning of period	79,939	35,154
Cash and cash equivalents at end of period	**71,153**	**79,939**