

Nemetschek Group

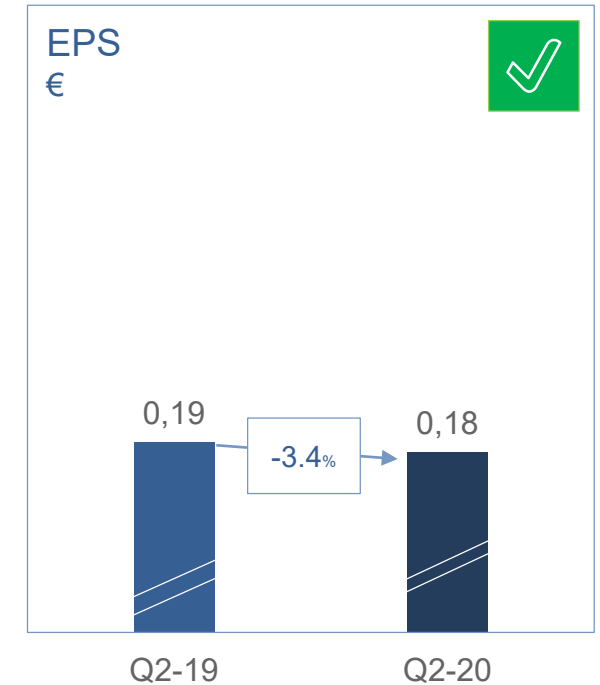
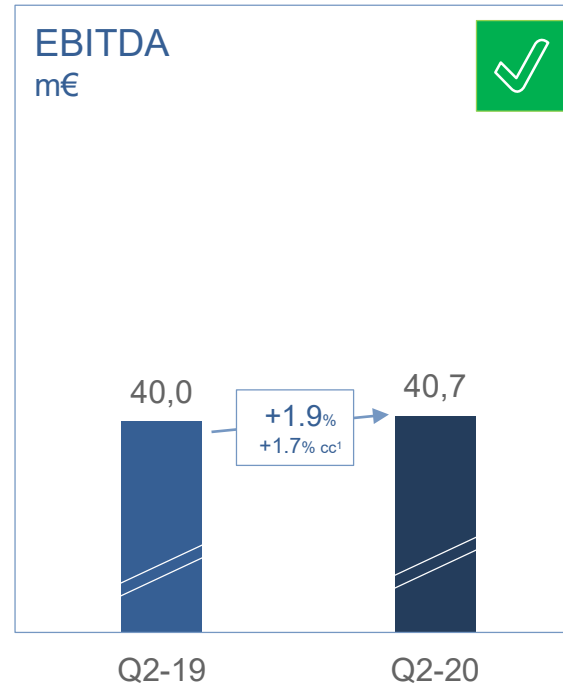
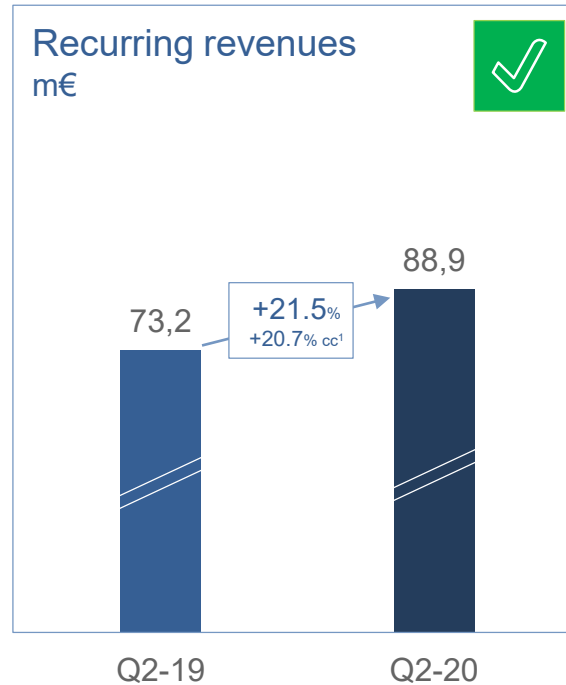
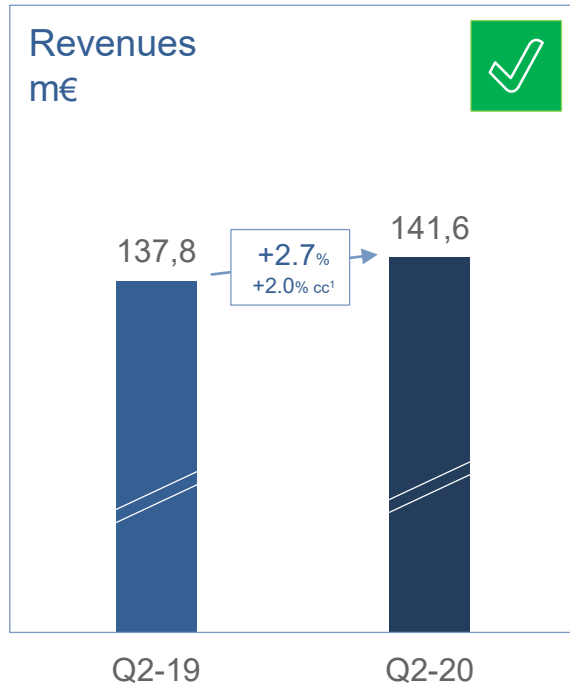
Earnings Call Q2- / H1-2020

July 31 2020 | Dr. Axel Kaufmann, Spokesman & CFOO

01

Financial Results Q2- / H1-2020

Top Key Figures Q2-2020: Covid-19 impacts visible, ongoing in Q3



Organic growth: -0.7% cc¹

Continued high organic growth:
+17.2% cc¹

Subscription again important growth
driver: +74.9% cc¹

Continued focus on cost control

Stable EBITDA margin: 28.8% (FX
adj.: 28.9%) vs. Q2-19: 29.0%

Tax rate: 23.5% vs. 25.6% in
previous year

EPS before PPA amortization:
0.23 EUR (+4.8%)

Key Business Highlights H1-2020: Solid First Half Year Despite Challenging Environment



Solid Financial Performance



Revenues:
+7.6% (FX adj.: +6.6%) to € 288.2m



EBITDA margin:
28.7% (FX adj.: 28.3%)



Recurring revenues:
+24.2% (FX adj.: +23.0%)
Subscription revenues:
+87.7% (FX adj.: +86.4%)



EPS:
+2.6% to € 0.37



Revenues abroad:
+8.4%



High cash conversion:
94.8% (H1-2019: 90.4%)

M&A Transactions, Divestitures



Media & Entertainment Division:

Q1-2020: Red Giant by Maxon

Q1/Q2-2020: Integration of Red Giant and Redshift progressing as planned

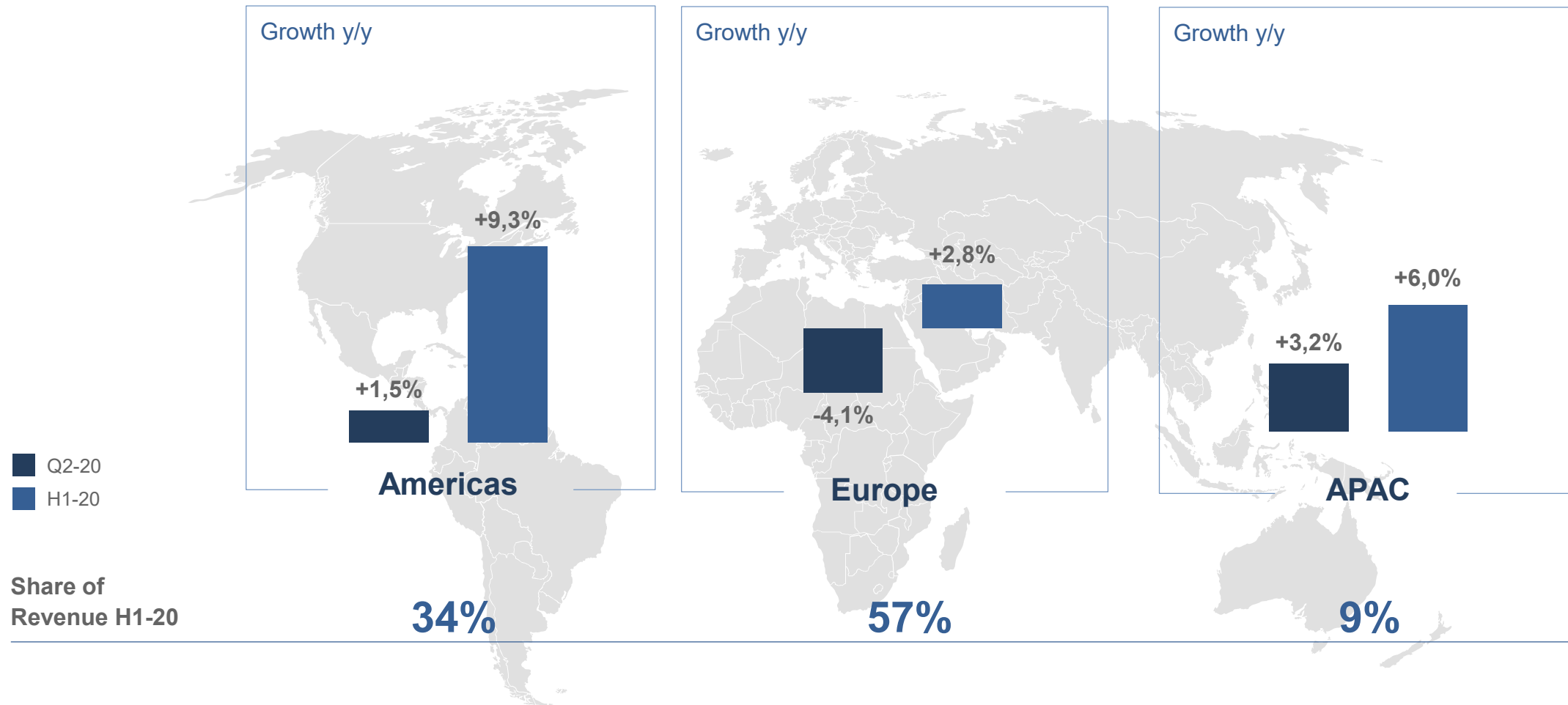


Planning & Design Division:

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

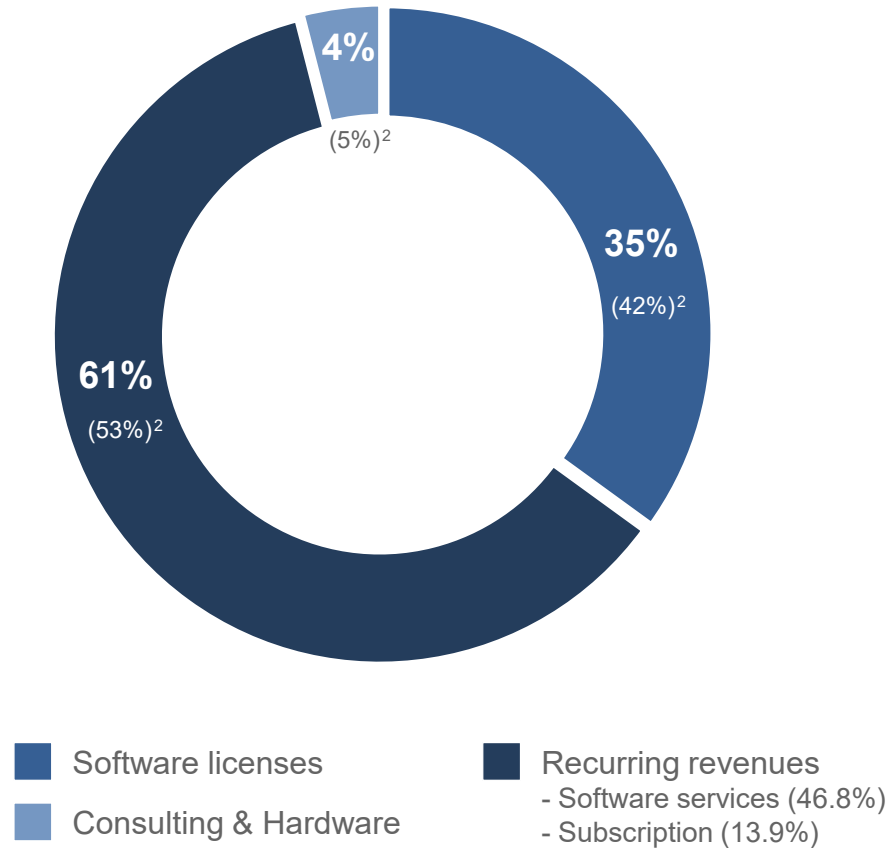
Globally Positioned: Strong Regional Diversification Balances Risks

H1-2020: US market still solid, but high uncertainty for Q3



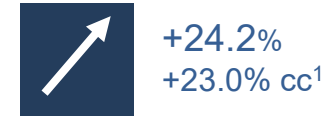
Strong Growth in Recurring Revenues: Subscription Is Key Driver

Revenue distribution H1-2020

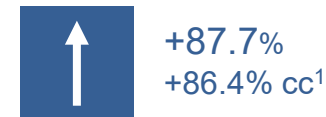


H1-2020

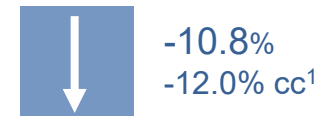
Recurring revenues y/y



Subscription y/y



Software licenses y/y

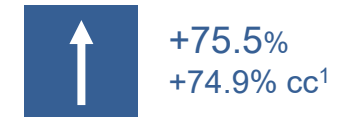


Q2-2020

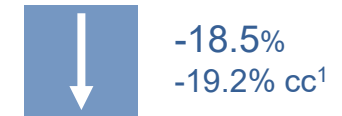
Recurring revenues y/y



Subscription y/y



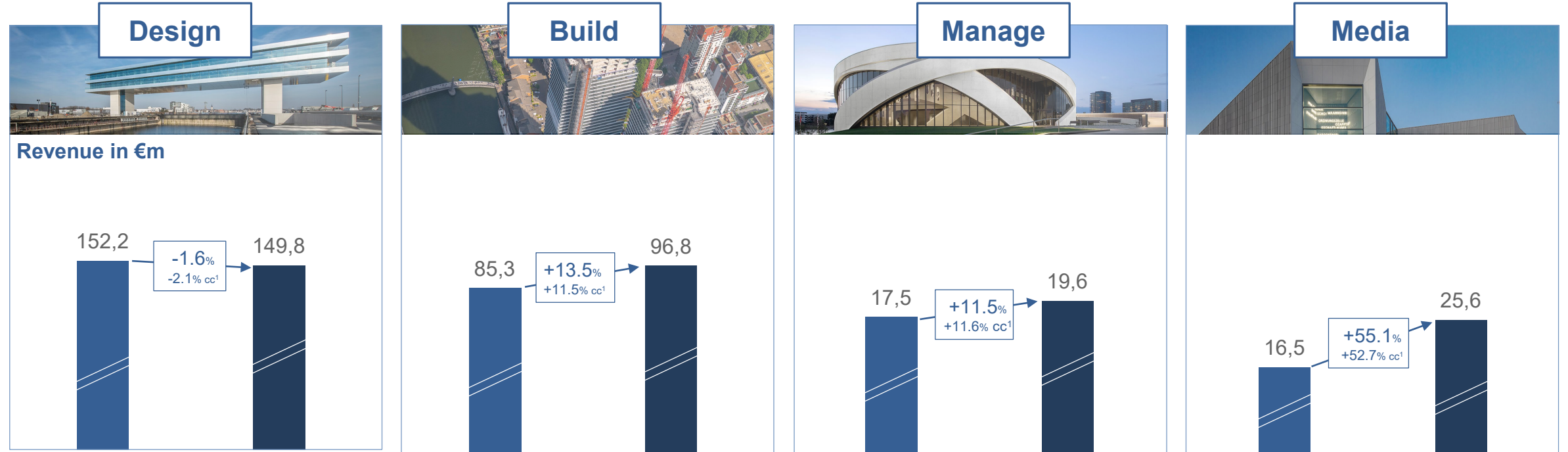
Software licenses y/y



At a Glance: Income Statement and Important KPIs

Key Figures mEUR	Q2 2020	Q2 YoY	H1-2020	H1 YoY	in % of revenue
Revenues	141.6	+2.7%	288.2	+7.6%	100.0%
Cost of materials/cost of purchased services	-5.9	+20.3%	-11.0	+19.1%	3.8%
Personnel expenses	-64.0	+6.3%	-129.6	+10.2%	45.0%
Other operating income/expenses	-30.8	-5.5%	-65.0	+1.2%	22.6%
EBITDA	40.7	+1.9%	82.6	+7.7%	28.7%
EBITDA margin	28.8%	-20bps	28.7%	+10bps	-
D&A (incl. PPA)	-12.3	+18.8%	-25.0	+23.4%	8.7%
EBIT	28.4	-4.0%	57.6	+2.1%	20.0%
EBIT margin	20.1%	-140bps	20.0%	-110bps	-
Net income (Group shares)	21.1	-3.4%	42.5	+2.6%	14.8%
EPS	0.18	-3.4%	0.37	+2.6%	-
Operating cash flow	35.2	+1.2%	78.2	+12.9%	-
Free cash flow (ex M&A)	33.1	+19.7%	73.6	+30.0%	-
Equity ratio in %	43.3%	-	43.3%	-	-
Net debt (liquidity)	30.6	-	30.6	-	-

H1 Segment view: Design impacted (licenses), Build remains strong (C-19 impact not yet visible ...)



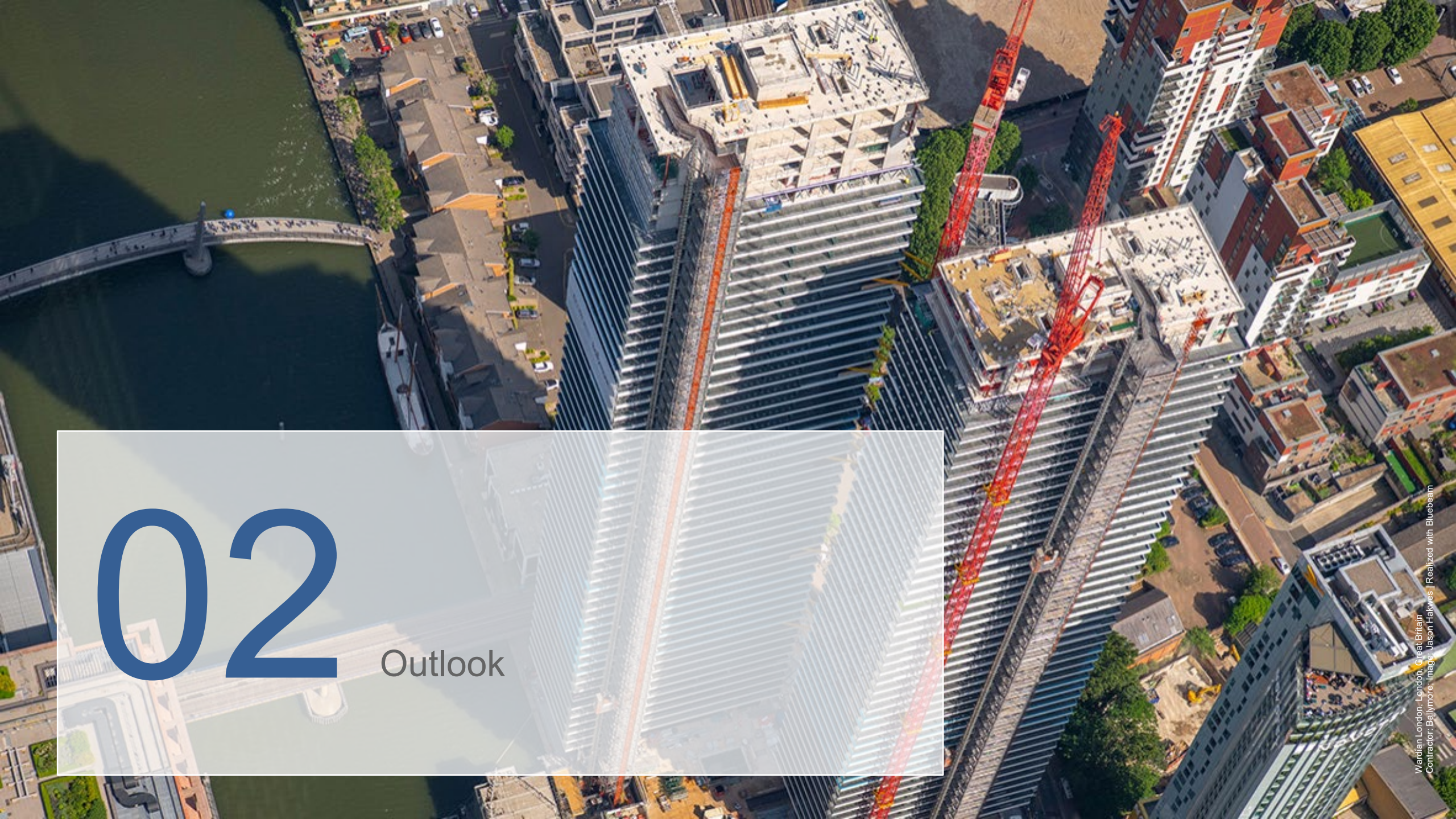
Segment	H1-19 Margin	H1-20 Margin
Design	29.2%	30.9%
Build	35.5%	38.2%
Manage	9.0%	13.8%
Media	37.6%	26.9%

| H1-20: FX adjusted EBITDA margin: 30.3%
 | Q2-20: revenue: -5.3%, EBITDA margin: 31.8%

| Bluebeam with largest contribution to revenue and margin increase
 | Q2-20: revenue: +7.6%, EBITDA margin: 38.0%

| H1-19 EBITDA margin burdened by Axxerion acquisition costs
 | Q2-20: revenue: +3.1%, EBITDA margin: 17.7%

| Continued move towards subscription, integration costs, dilutes margin
 | Q2-20: revenue: +44.5%, EBITDA margin: 29.8%



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Outlook

Sustainability: Gaining a Greater Importance for Our Customers

The FOOTPRINT of the Building Industry



Buildings and construction account for

- | **36%** of global final energy use and
- | **39%** of energy-related CO2 emissions



During the construction phase

- | **10%** of materials are wasted
- | **30%** of construction is rework

In **90%** of all projects, time or cost overruns occur.

The HANDPRINT of our Customers

Sustainable Building

Working with solutions from the Nemetschek Group, improves efficiency and productivity along the entire value chain



Planning & Design

- | Less errors and rework through cross-functional planning
- | Exact calculation of materials



Build & Construct

- | Optimized usage of resources and materials (incl paper)



Operate & Manage

- | More efficient usage of office spaces and energy

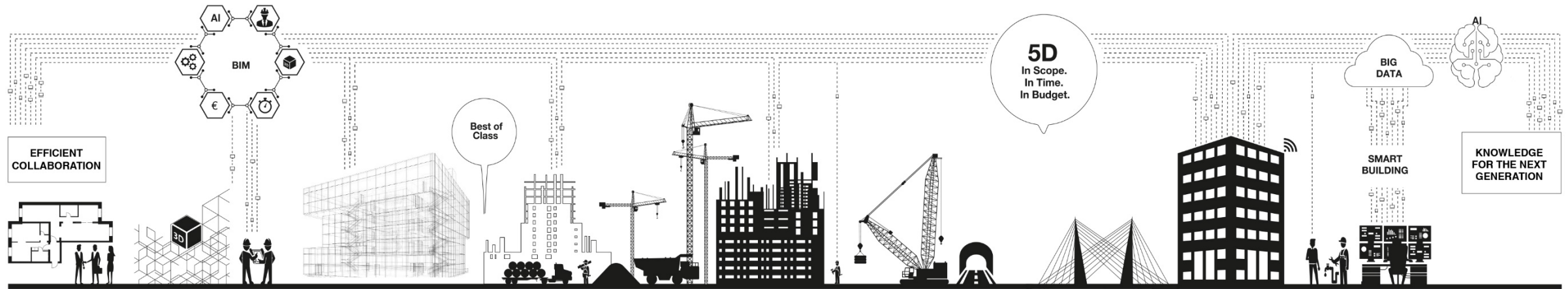


Rebuild & Demolition

- | Easier reconstruction of buildings
- | Reusage of raw materials after demolition

Sources: Global Status Report 2019, UN Environment and the International Energy Agency, Engineering-News Record 2018/2019

Resource Saving Potentials Along the Construction Lifecycle



Digital building before physical building reduces **rework** in the building process to a **minimum**.

Precise planning saves large amounts of concrete, steel, sand, e.g. **90.000m³ of concrete** in the building of Gotthard Base Tunnel, Switzerland.

Digital structural analysis solutions **optimize the use of materials**.

With digital solutions, the technical building equipment can also be dimensioned exactly.

On the construction site, the use of digital solutions can save up to **90% of paper**.

Integrated Workplace Management Systems (IWMS) allow **control of heating, ventilation and lighting**.

The actual need for office space is measured **only the space that is needed is planned and built**.

New Design Solutions from the Nemetschek Group

Integrated Design

Lead Brands: Graphisoft, SCIA, RISA

Delivering better design and increasing the Competitive Edge

Experience the Power of ONE



-  ONE BUILDING
-  ONE TEAM
-  ONE MODEL

Federated Design

Lead Brands: SCIA, Allplan

True Automation: From Structural To Analysis Model



BETTER BIM

Bringing engineers fully into BIM



AUTOMATION

Save time, eliminate remodelling



CONTROL

Engineers control the analysis model



COLLABORATION

Easy Revision Management

“Now, architects and engineers can work in the same 3D model together — our beams are their beams; their walls are our walls. Working together in real-time makes everything so much clearer, faster, and more efficient”.

Jake Timmons, Riverstone Structural Concepts, USA

“This solution has a great potential to save a lot of time and effort for my work as an engineer. I don’t have to spend time rebuilding models”.

Hannah Freireich, Will Rudd Davidson Ltd, Ireland (Beta Tester)

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: 0.4x
- | Equity ratio: 43%
- | 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 H1-2020

Status quo after H1-2020

Covid-19 impact so far:

- Slowdown in Europe in Q2
- High uncertainty in US
- Strong decline in new licenses as expected
- 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

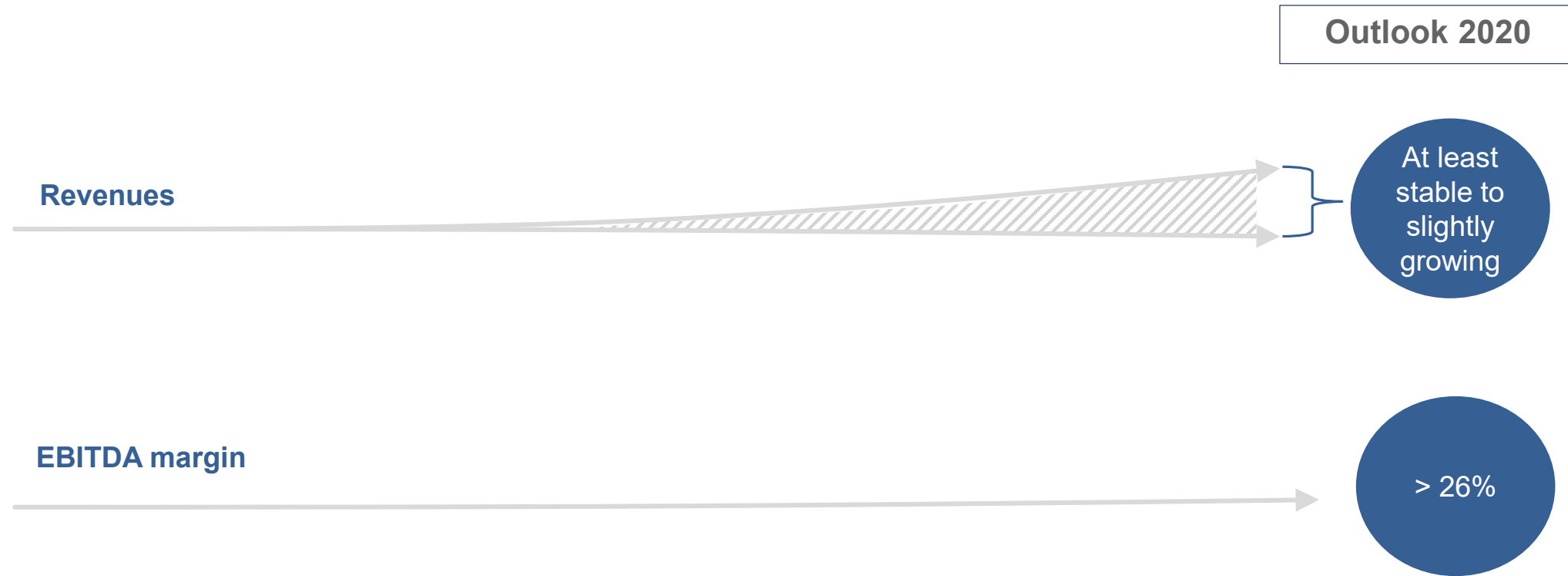
Our working assumptions

- Deceleration in Q2 not as severe as feared
- Postponements from Q2 and slowdown to last into Q3 (especially in the US)
- **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

Outlook 2020: Confirmed after the First Half Year



Outlook 2020:	
Revenues:	At least stable to slightly growing
EBITDA margin:	> 26%
Please note:	Guidance reflects the currently extremely high degree of uncertainty regarding the macroeconomic outlook. In contrast to our March assessment, we now expect the slowdown to last into Q3 (especially in the US).

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Q&A



Appendix

Income Statement

€m	H1-2020	H1-2019	%YoY
Revenues	288.2	267.7	+7.6%
Other operating income	4.8	2.8	+74.3%
Operating income	293.0	270.5	+8.3%
Cost of materials/purchased services	-11.0	-9.3	+19.1%
Personnel expenses	-129.6	-117.5	+10.2%
Other operating expenses	-69.8	-67.0	+4.2%
Operating expenses	-210.4	-193.8	+8.6%
EBITDA	82.6	76.6	+7.7%
Margin	28.7%	28.6%	
Depreciation and amortization	-25.0	-20.2	+23.4%
t/o right-of-use assets	-7.9	-7.0	+12.2%
t/o PPA	-12.5	-8.3	+52.0%
EBITA (normalized EBIT)	70.2	64.7	+8.5%
EBIT	57.6	56.4	+2.1%
Financial result	-1.1	-0.7	+49.8%
t/o IFRS 16	-0.8	-0.7	+4.4%
EBT	56.5	55.7	+1.5%
Income taxes	-13.8	-14.2	-3.1%
Non-controlling interests	0.2	0.0	
Net income (group shares)	42.5	41.4	+2.6%
EPS in EUR	0.37	0.36	+2.6%

Balance Sheet – Assets

€m	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	130.2	209.1
Trade receivables, net	63.1	62.0
Inventories	0.9	1.0
Other current assets	29.4	23.3
Current assets, total	223.6	295.5
Property, plant and equipment	24.4	27.6
Right-of-use assets	60.6	66.2
Intangible assets	149.8	127.7
Goodwill	417.2	325.0
Other non-current assets	15.5	15.2
Non-current assets, total	667.5	561.7
Total assets	891.2	857.2

Balance Sheet – Equity and Liabilities

€m	June 30, 2020	December 31, 2019
Equity and liabilities		
Short-term borrowings and current portion of long-term loans	66.9	58.6
Trade payables & accrued liabilities	47.9	56.4
Deferred revenue	142.6	118.5
Current lease liability	13.5	12.6
Other current liabilities	34.3	25.6
Current liabilities, total	305.3	271.6
Long-term borrowings without current portion	93.9	129.5
Deferred tax liabilities	27.9	23.3
Non-current lease liability	53.2	57.7
Other non-current liabilities	24.8	26.4
Non-current liabilities, total	199.8	236.9
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	228.2	230.9
Other comprehensive income	-18.4	-10.4
Non-controlling interests	48.3	0.1
Equity, total	386.1	348.6
Total equity and liabilities	891.2	857.2

Cash Flow Statement

€m	H1-2020	H1-2019	% YoY
Cash and cash equivalents at the beginning of the period	209.1	120.7	+73.2%
Cash flow from operating activities	78.2	69.3	+12.9%
Cash flow from investing activities	-88.3	-110.3	
t/o CapEX	-4.7	-12.7	
t/o Cash paid for acquisition of subsidiaries, net of cash acquired	-83.7	-97.6	
Cash flow from financing activities	-67.4	39.6	
t/o Dividend payments	32.3	31.2	
t/o Repayments of borrowings	-27.3	-21.1	
t/o Changes in bank liabilities due to company acquisitions	0.0	100.0	
t/o Principal elements of lease payments	-6.4	-5.1	
FX-effects	-1.5	0.4	
Cash and cash equivalents at the end of the period	130.2	119.8	+8.7%
Free cash flow¹	-10.1	-41.0	
Free cash flow¹ (w/o acquisition effects)	73.6	56.6	+30.0%

¹ Operating cash flow – Investing cash flow

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Thank You!

Et quidam ipsam cum...
apla nobitas ex...
... ..

NEMETSCHKE
GROUP

Al-Jaouhri-Stadion, Al Wakrah, Katar
Ingenieurbüro: AECOM | Umgesetzt mit SOA