

## **COMPANY PRESENTATION**

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**March 2018**

# Key Business Highlights

## Strong Performance



Strong growth:  
5 yrs<sup>1</sup> revenue CAGR of  
**~20%**



**>500%**  
growth in market  
capitalization (5 yrs)



High cash generation:  
**>80%**



Global footprint: US 5 yrs<sup>1</sup>  
revenue CAGR of  
**>45%**



**~50%**  
Recurring revenues



High profitability: Sustainable **25 – 27%**  
EBITDA margin while investing in growth

## Customer Focus



**4.0m**  
Users around the world



**>95%**  
Customer retention

## Huge Market Potential



**€ 8bn**  
AEC Market opportunity



**€ 20bn**  
Building management  
market opportunity

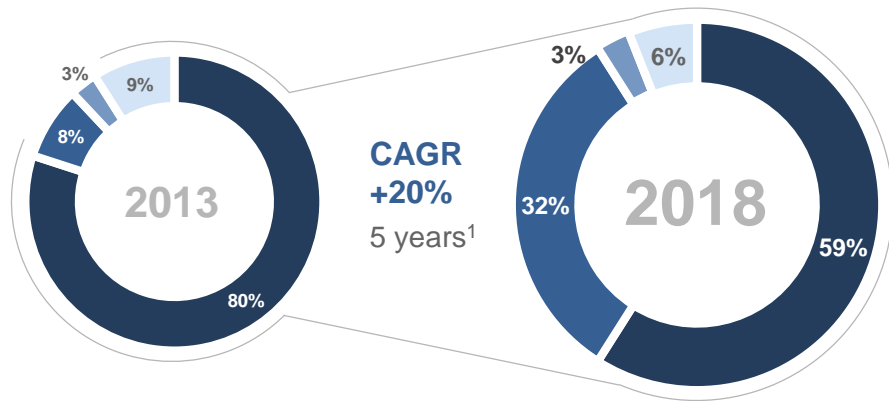


**€ 5bn**  
Media market opportunity

<sup>1</sup> 2013 – 2018(e)

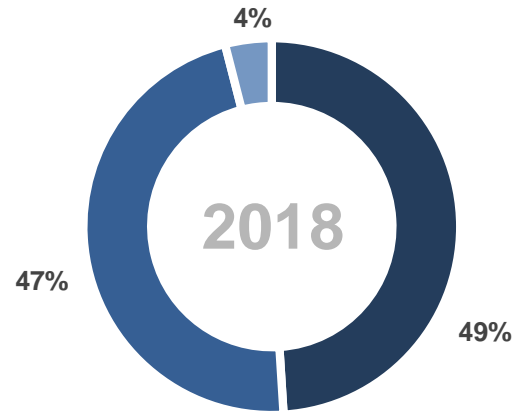
# Diversified Portfolio is Positioned to Provide Strong Growth

## AEC business mix



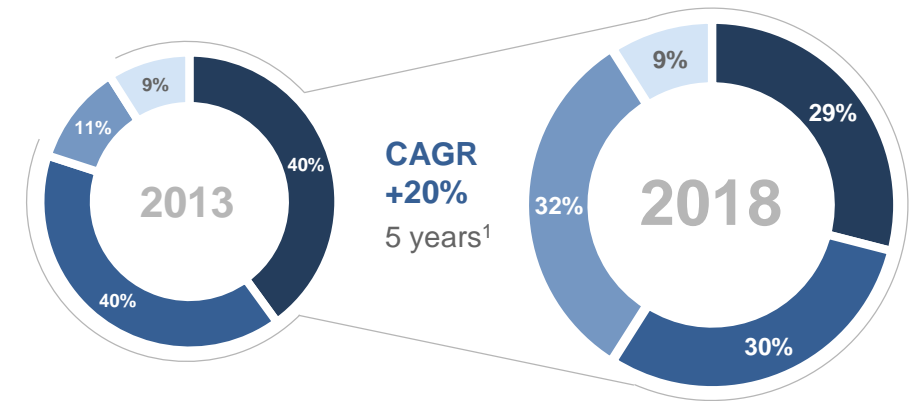
- Design
- Build
- Manage
- Media

## Revenue mix



- Recurring revenues
- Build  
Maintenance and rental models such as subscription, SaaS
- Software licenses
- Consulting & Hardware

## Global mix



- Germany
- Europe (w/o Germany)
- Americas
- Asia/Pacific

<sup>1</sup> 2013 – 2018(e)

# Why We are Successful – A Unique Approach Similar to German Mittelstand



## **NEMETSCHKEK GROUP**

Highly specialized small or midsized companies

Long-term focus

Holding 5x as many patents per employee as major corporations

37% of all employees have regular customer contact (only 7% in major corporations)

Almost 50% of all small world market leaders are German

Going to market with 16 strong, entrepreneurial brands (5–100m €)

Every brand is a world leader in its discipline

Our brands are pioneers in Building Information Modeling

All brands are developing their solutions in close cooperation with the customers

No 1 AEC software provider in Europe, one of the largest worldwide



**Innovative**



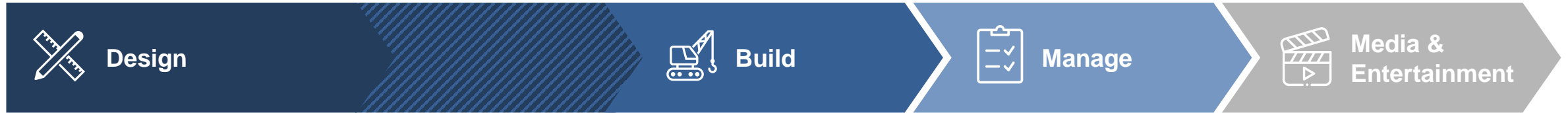
**Customer focused**



**Internationally successful**

# NEMETSCHEK Covers the Complete AEC Value Chain

Architecture | Engineering | Construction



GRAPHISOFT.

PRECAST | SOFTWARE  
engineering

NEVARIS

CREM SOLUTIONS

MAXON

dRofus

DATA DESIGN SYSTEM

BLUEBEAM

SPACEWELL

ALLPLAN

SCIA

SOLIBRI

VECTORWORKS

IRISA

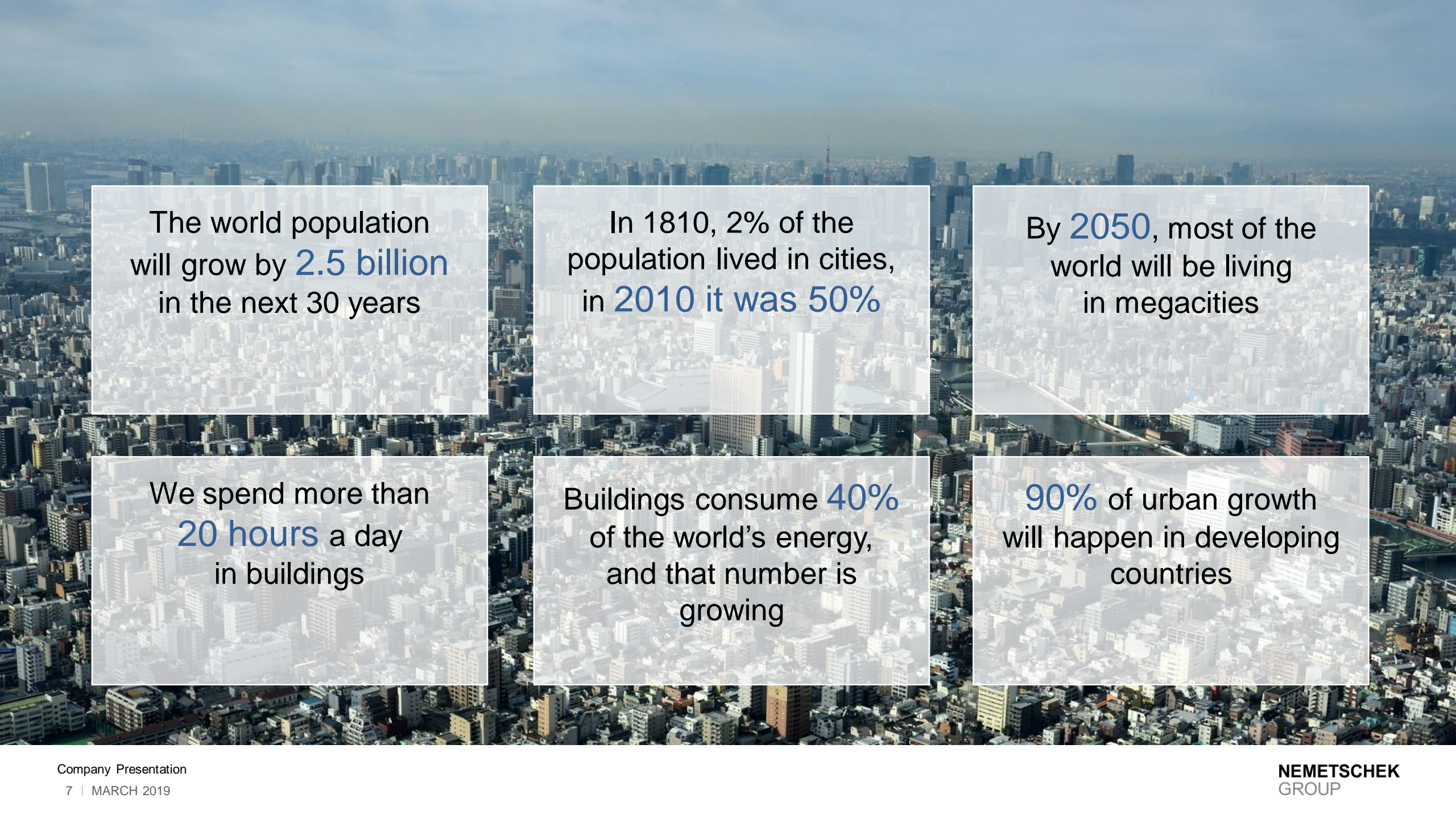
SDS/2

FRILO  
Software



# 01

## AEC Market Opportunities



The world population will grow by **2.5 billion** in the next 30 years

In 1810, 2% of the population lived in cities, in **2010 it was 50%**

By **2050**, most of the world will be living in megacities

We spend more than **20 hours** a day in buildings

Buildings consume **40%** of the world's energy, and that number is growing

**90%** of urban growth will happen in developing countries

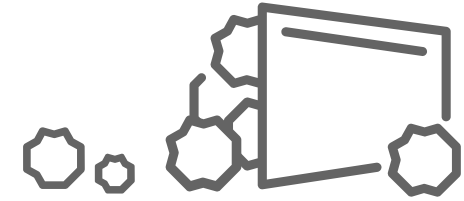
# Challenges in Construction Industry

The worldwide construction market is estimated at

**\$3.5 trillion**

(exc. residential)

However at least **20%** is waste



**~10%**

materials are wasted



**~30%**

of construction is rework



**~40%**

of projects are over budget



**~90%**

of projects are late



**~40%**

of jobsite work is unproductive

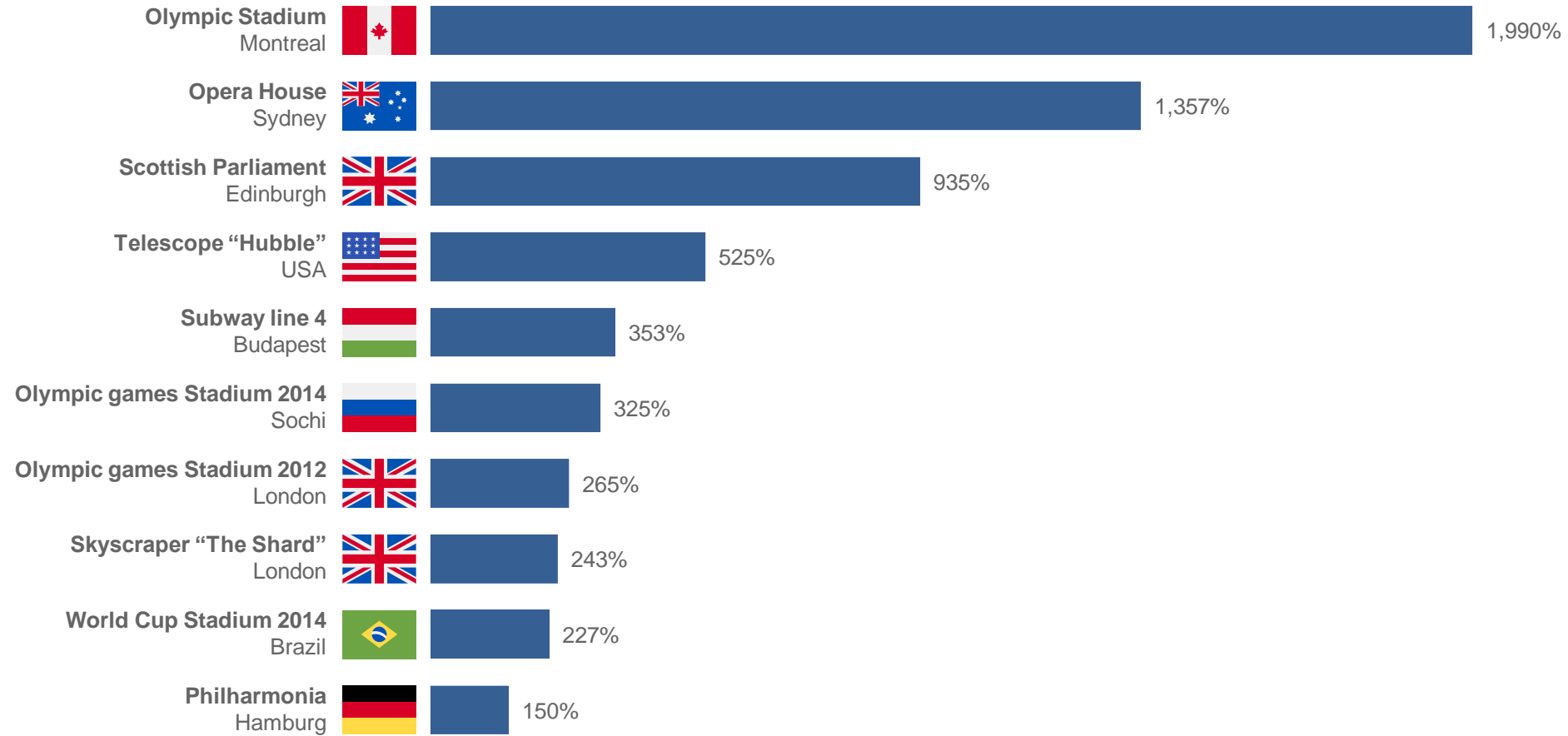
▶ Mostly due to **Ineffective Communication, Planning and Collaboration**

Source: Engineering-News Record 2017



# High Inefficiency in Construction Projects

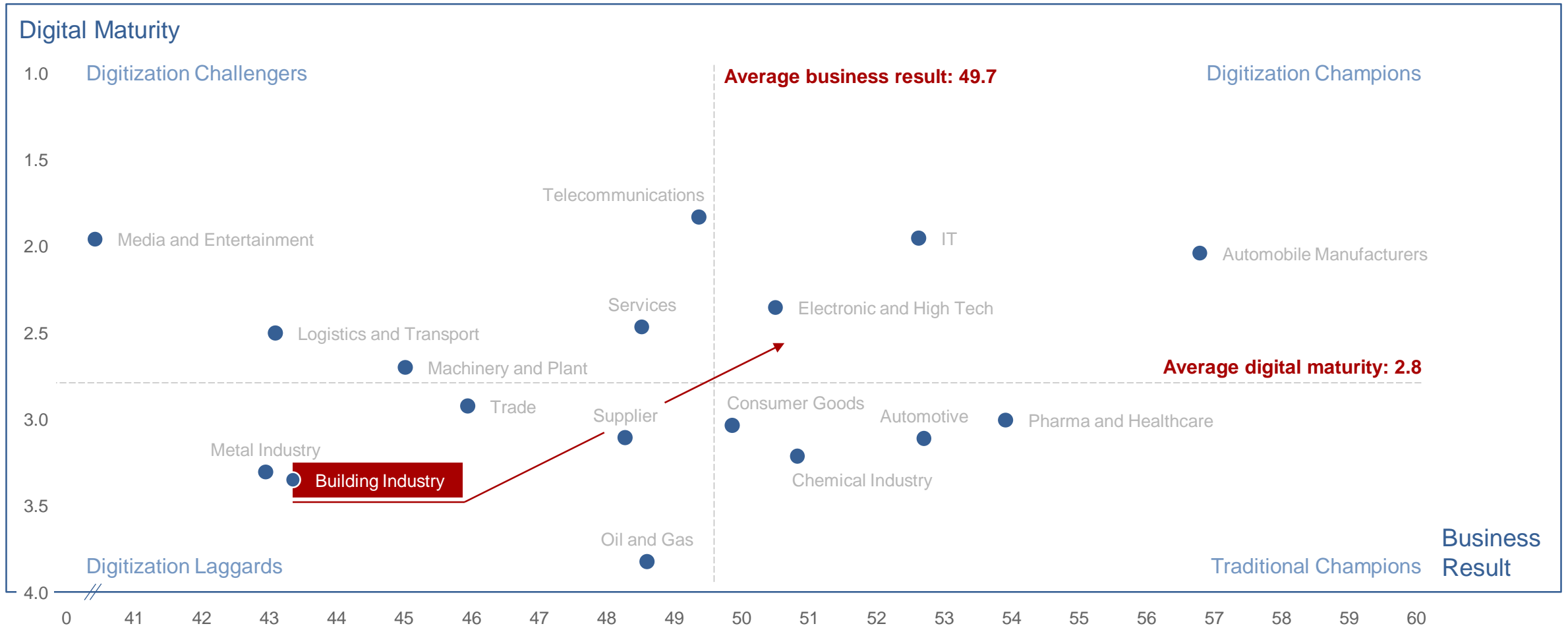
## Cost overruns in % (of original budget)



### Total costs:

\$ 3.1 bn  
 \$ 0.8 bn  
 \$ 1.0 bn  
 \$ 4.5 bn  
 \$ 2.0 bn  
 \$ 51.0 bn  
 \$ 16.4 bn  
 \$ 2.1 bn  
 \$ 3.6 bn  
 \$ 1.1 bn

# Huge Digitalization Potential for AEC



Source: Top500 study 2017, Accenture analysis

# What is BIM? There Are Different BIM Levels

## Level 0:

CAD is used as a drawing board, no collaboration

## Level 1:

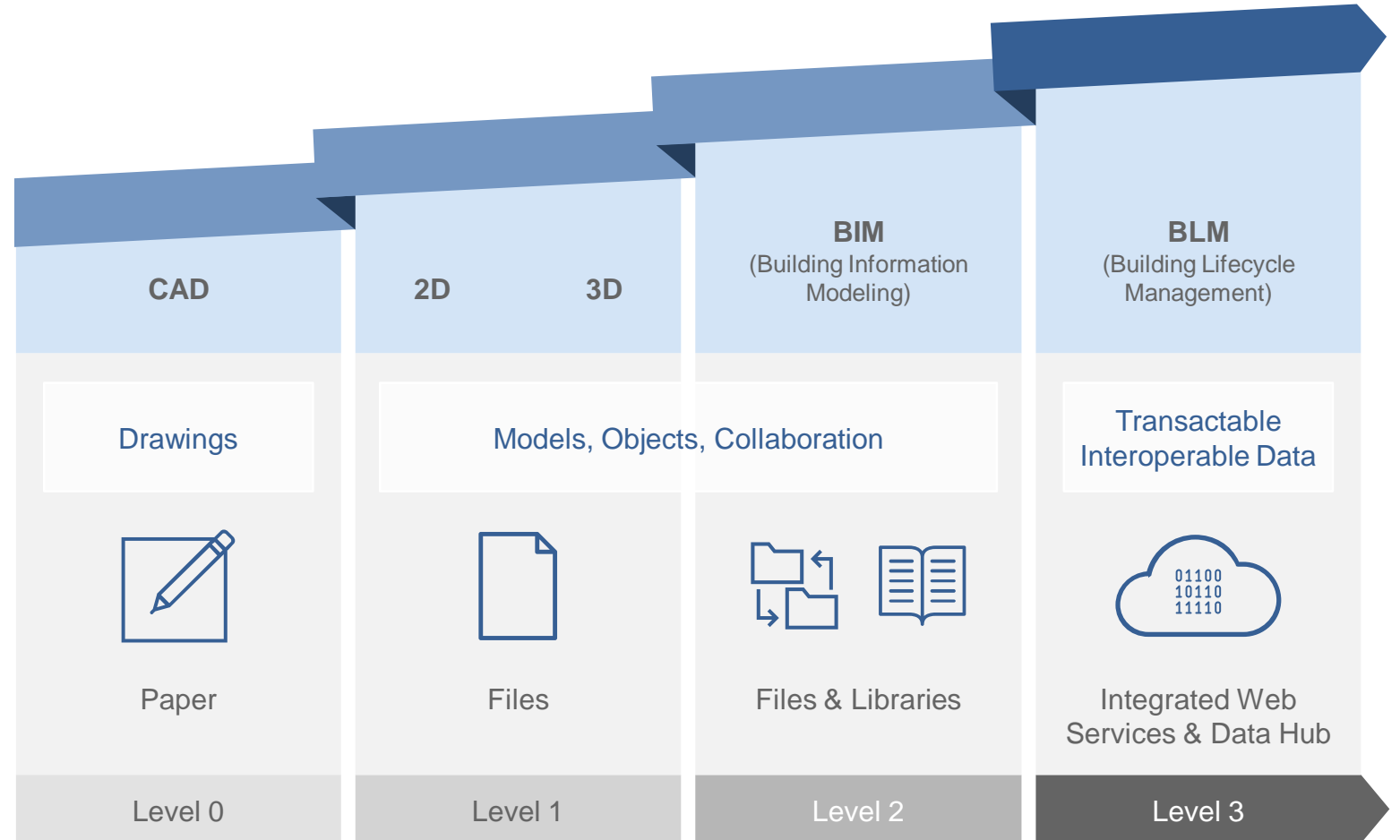
Mix of 2D and 3D work principles, no exchange of models

## Level 2:

All planning partners work in 3D, but do not work on a shared model

## Level 3:

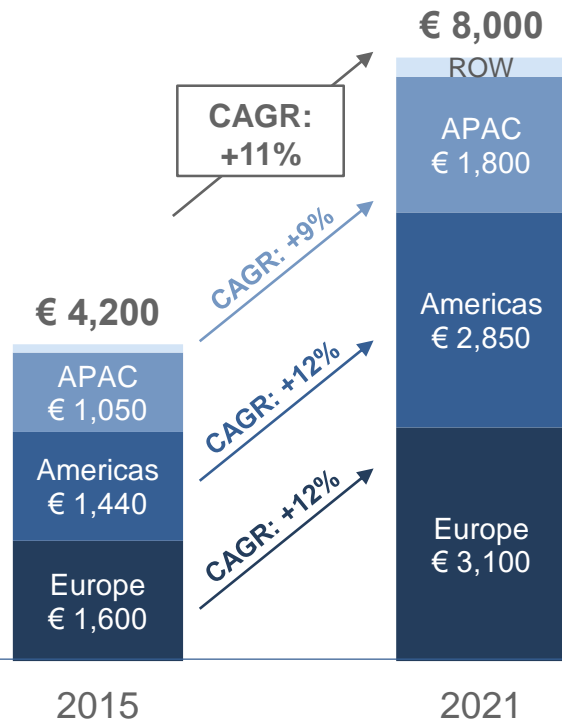
Full collaboration between all disciplines using a shared model



Source: Based on "The BIM Maturity Model by Mark Bew and Mervyn Richards adapted to reflect BLM's relationship to Level 3"

# Huge Market Potential: The AEC BIM Software Market Will Grow to € 8 billion in 2021

End-user expenditure (EUE) in m€



## Top 3 Countries per Region



APAC EUE (2017)	Japan € 528m	China € 257m	Australia € 83m
Americas EUE (2017)	US € 1,354m	Canada € 136m	Brazil € 61m
EMEA EUE (2017)	DACH € 767m	UK/I € 282m	France € 209m

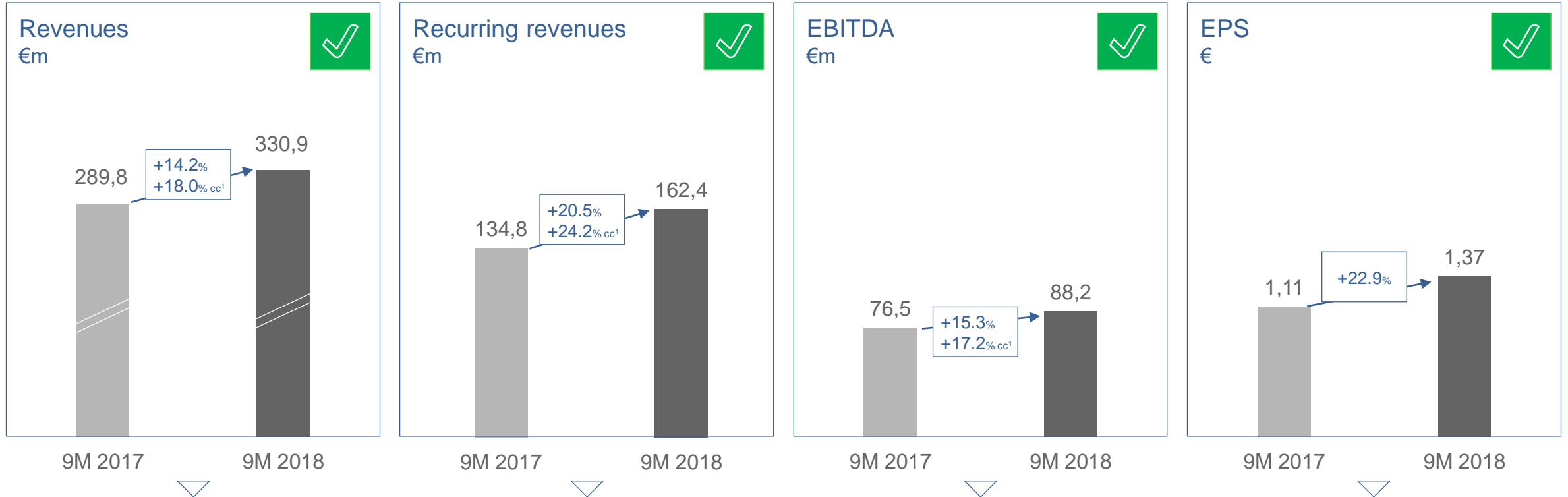
Source: Cambashi BIM Design Observatory and internal research



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Financial Results Q3 / 9M 2018

# Top key figures 9M 2018: On the way to achieving the guidance and a next record year



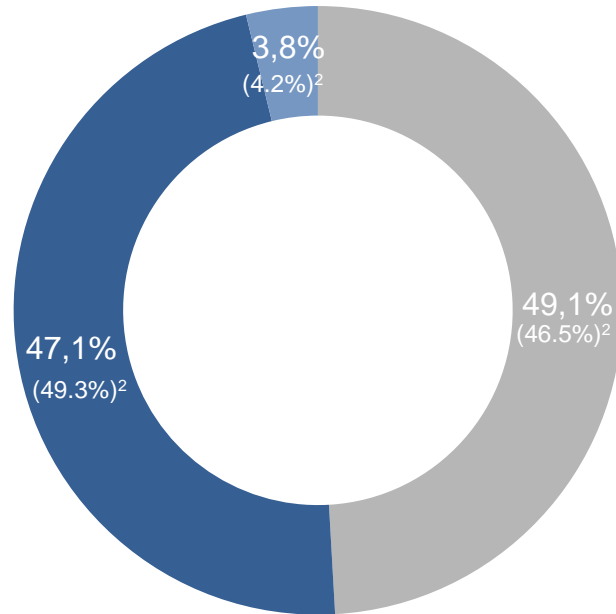
- Continued double-digit growth
- Currency headwind (in total: € 11.1m) came from H1 2018
- Organic growth of 12.4% (+16.1% cc<sup>1</sup>)

- High EBITDA margin: 26.7% (previous year: 26.4%)
- Upper end of expected corridor of 25-27%

- Strong operative performance led to the strong increase in EPS
- Tax rate with 26.0% slightly above previous year (25.7%)

# Growth driver recurring revenues: Smooth transition towards subscription ongoing

Revenue split 9M 2018



- Recurring revenues  
Maintenance and rental models such as subscription, SaaS
- Software licenses
- Consulting & Hardware

## Q3 2018

### Recurring revenues yoy

↑ +26.4%  
+26.5% cc<sup>1</sup>

### Subscription yoy

↑ +64.7%  
+66.3% cc<sup>1</sup>

### Software licenses yoy

↑ +14.1%  
+13.5% cc<sup>1</sup>

## 9M 2018

### Recurring revenues yoy

↑ +20.5%  
+24.2% cc<sup>1</sup>

### Subscription yoy

↑ +46.9%  
+54.5% cc<sup>1</sup>

### Software licenses yoy

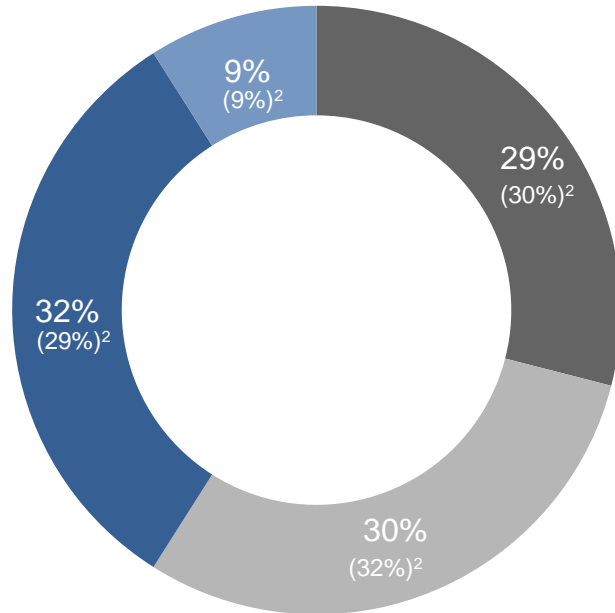
↗ +9.1%  
+13.2% cc<sup>1</sup>

## 9M 2018 comments

- ▮ Above average growth to € 162.4m
- ▮ Strong growth to € 14.5m (previous year: € 9.9m)
- ▮ Strategic change of business model towards subscriptions
- ▮ Double-digit growth in Q2 and Q3
- ▮ 9-month figures of € 155.8m in line with expectations

# Internationalization is key: US is strongest growing market

Revenue split 9M 2018



- Germany
- Europe (w/o Germany)
- Americas
- Asia/Pacific

Q3 2018

Germany

↑ +5%

UK

↑ +33%  
+37% cc<sup>1</sup>

Europe

↑ +12%  
+14% cc<sup>1</sup>

Americas

↑ +44%  
+46% cc<sup>1</sup>

Asia

↑ +26%  
+26% cc<sup>1</sup>

9M 2018

Germany

↑ +7%

UK

↑ +30%  
+33% cc<sup>1</sup>

Europe

↑ +10%  
+12% cc<sup>1</sup>

Americas

↑ +24%  
+33% cc<sup>1</sup>

Asia

↑ +15%  
+21% cc<sup>1</sup>



# Segment overview: Build segment is key growth driver

Revenues in €m



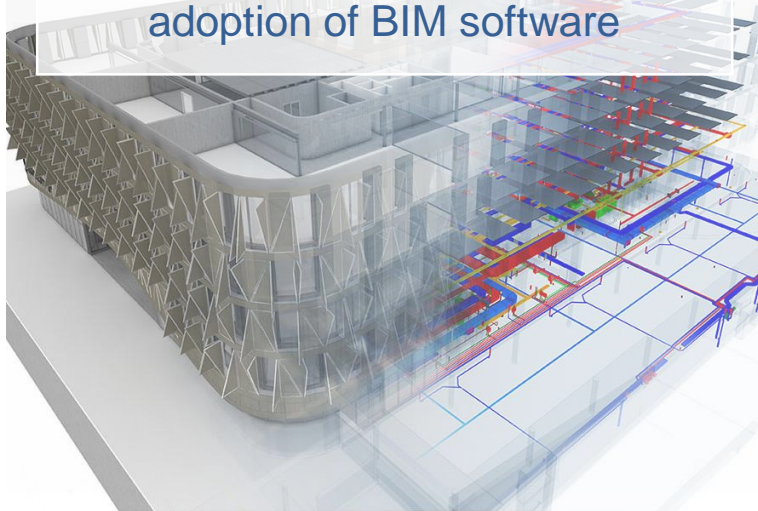
# 03

## Future Steps / Outlook

# Our Strategy to Exploit Market Potential: Organic Growth and Acquisitions



Large, underpenetrated market in terms of digitalization with growing adoption of BIM software



Organic growth initiatives

- 1 Internationalization
- 2 Next generation products & solutions
- 3 Operational excellence



M&A to fill gaps and add competence

- 1 Group level (Build, Manage)
- 2 Brand level
- 3 €250m firepower

# Clear Organic Strategy: Three Pillars to Sustain Double-Digit Organic Growth



## Key drivers & fields of investments

1

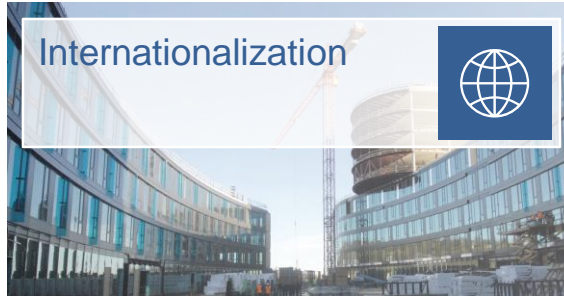
Internationalization

2

Next-generation products & solutions

3

Operational excellence



### Taking advantage of market leaderships

- | Strong US brands support US market entry for European brands and vice versa

### Focus on markets with biggest potential

- | USA followed by Europe and Asia



### Architecture & structural engineering

- | Targeting large customers by merging superior discipline-specific products into total BIM-workflow solutions

### Collaboration

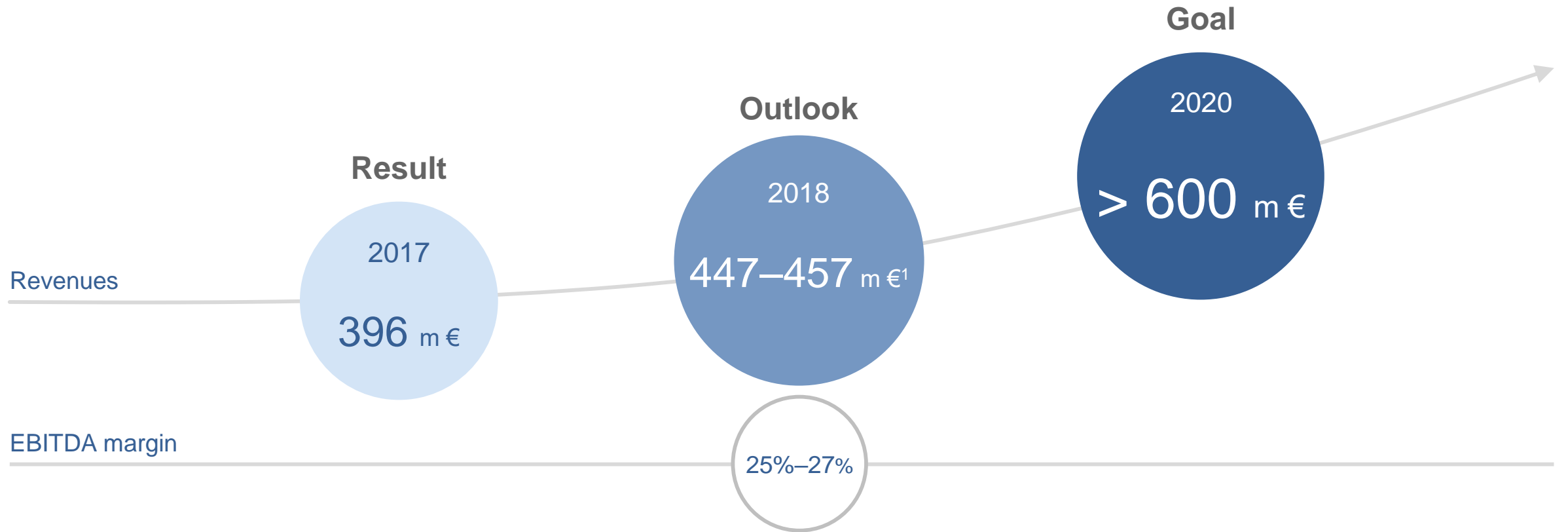
- | Development of a groupwide Common Data Environment (CDE)
- | Huge market potential: Collaboration market size of >€1 bn with a mid-teens growth rate



### Increase efficiency

- | Implementation of a groupwide harmonized core application infrastructure to leverage process efficiency

# Mid-term goal 2020: Secure future double-digit growth while maintaining a high EBITDA margin



- | Revenues: double-digit growth rate
- | EBITDA margin: on sustainable level of 25%–27%
- | Investments 2018: additional 10 m euro to leverage future growth

<sup>1</sup> The revenue outlook is based on planned exchange rate of 1.18 EUR/USD

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