

Nemetschek Group

Earnings Call Q4- / FY-2020

March 23 2021 | Dr. Axel Kaufmann, Spokesman & CFO

AGENDA

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Financial Results Q4- / FY-2020

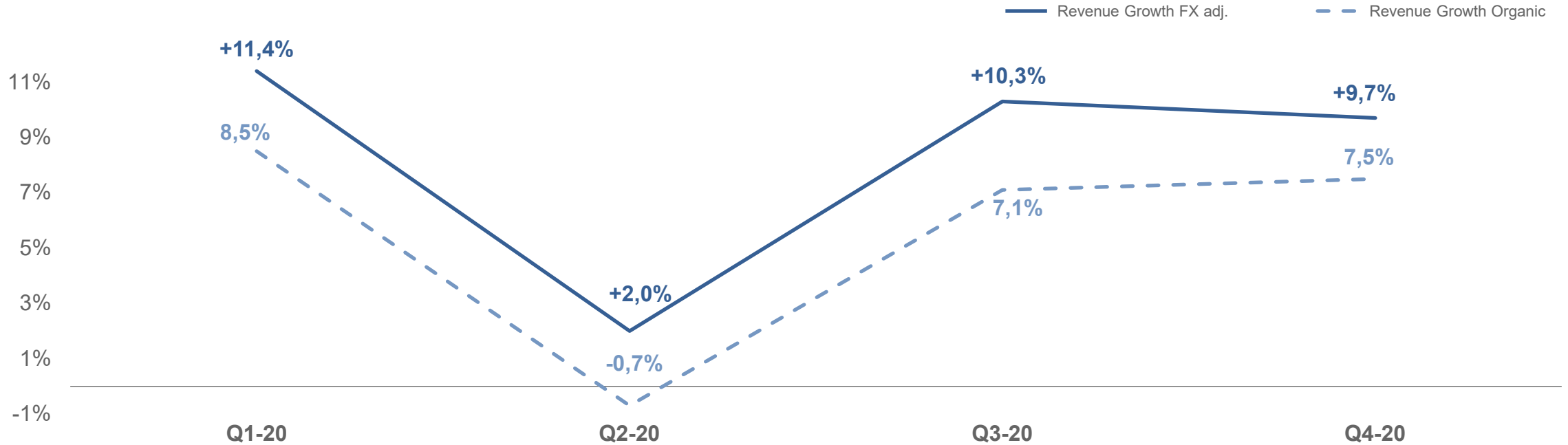
Key Business Highlights FY-2020: Successful Year Despite Challenging Environment



Solid Financial Performance



Robust Business Model: Recovery in H2-2020

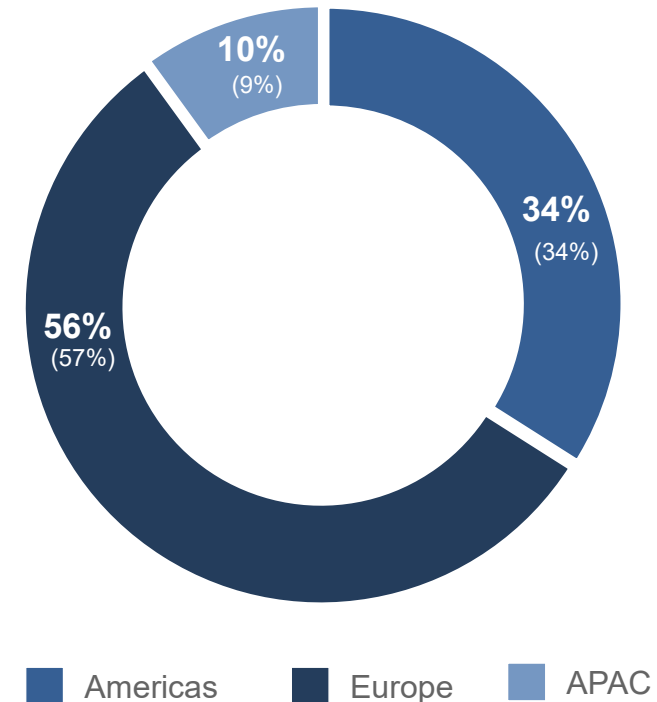
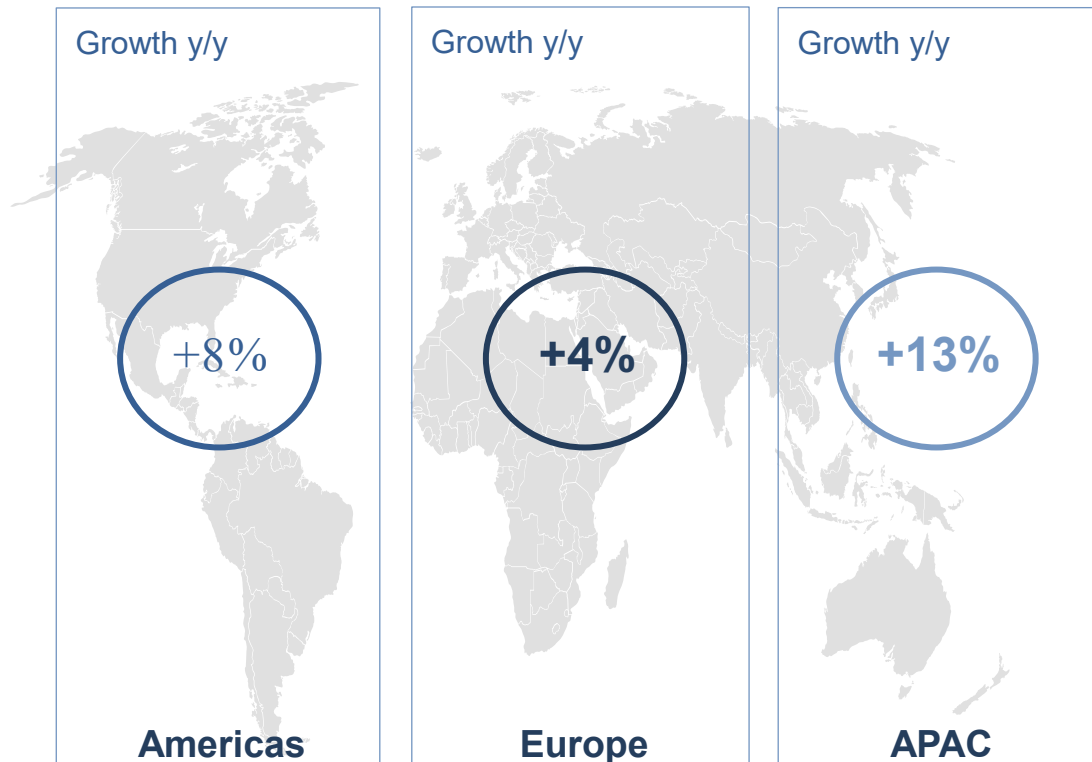


- First effects of Covid-19 in Asia and Europe
- Swift implementation of counter measures (e.g. cost savings, adapted sales & support activities)
- Slowdown in Europe
- License decline (-19%) compensated by strong recurring business (+22%)
- Cost savings showing first effects: stable margin 28.8% (Q2-19: 29.0%) despite flat topline
- Stronger than expected recovery
- Unusual high EBITDA margin with 31.4%
- Starting to cautiously loosen cost savings
- Recovery continued despite renewed lockdowns
- EBITDA margin impacted by one-off investments in future growth (e.g. integration of Precast, acquisition costs in Media and Manage, strategic initiatives)

Globally Positioned: Strong Regional Diversification Balances Risks

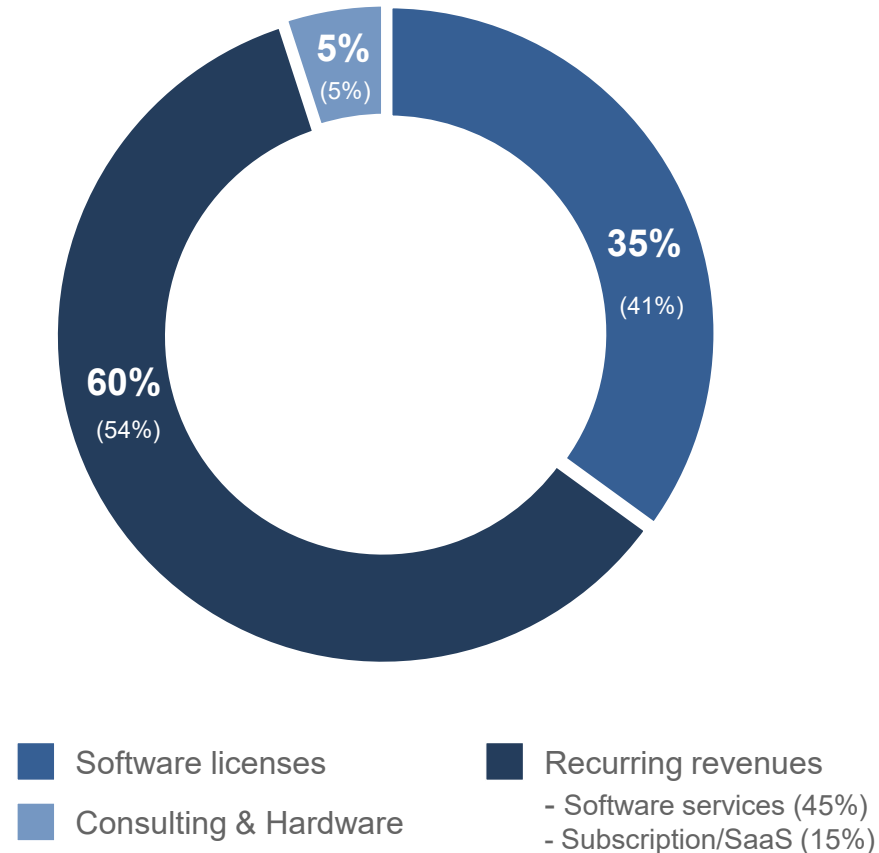
FY-2020: Strongest growth in Asia, followed by the U.S.

FY-2020: Revenue share in % by Geography
(% previous year)



Strong Growth in Recurring Revenues: Subscription Is Key Driver

FY-2020: Revenue share in % by Type
(% previous year)

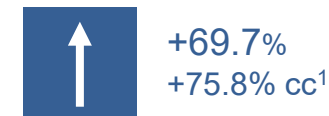


Q4-2020

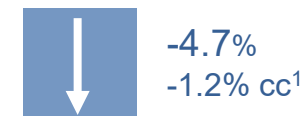
Recurring revenues y/y



Subscription/SaaS y/y



Software licenses y/y



FY-2020

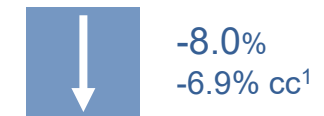
Recurring revenues y/y



Subscription/SaaS y/y



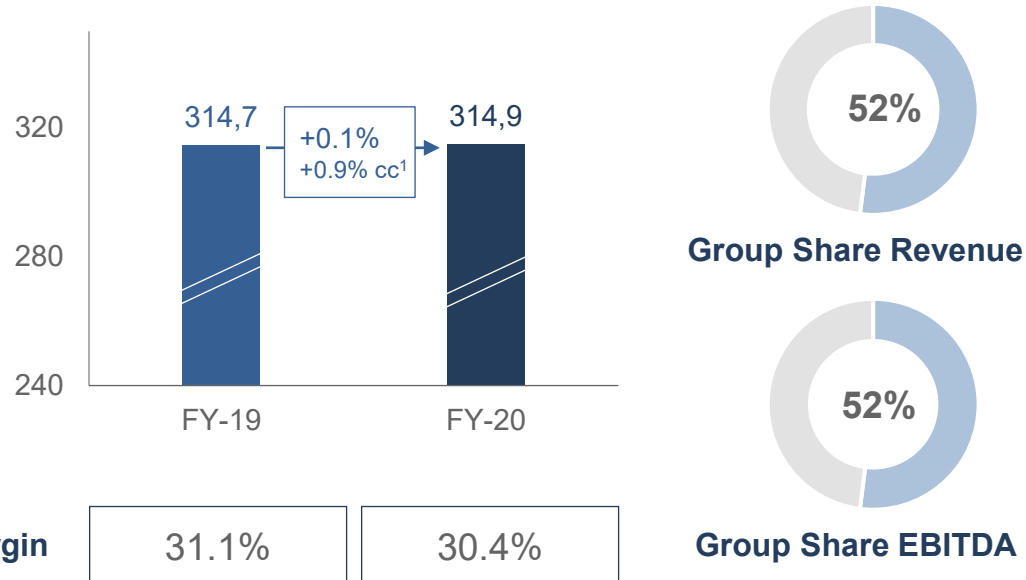
Software licenses y/y



FY-20 Design: Recovery in H2-20

Financial Overview FY-20:

Revenue in €m

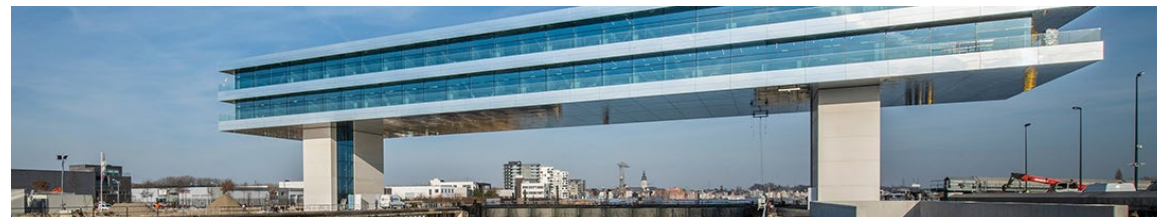


Margin

31.1%

30.4%

Group Share EBITDA



¹ Constant currency

Highlights:

Financials

First division to be impacted by Covid-19 at the end of Q1
Recovery started in Q3 and continued in Q4 despite renewed lockdowns
Strong recurring business compensates lower license sales

Strong cost control leads to stable margin development
Q4: One-off investments into future growth

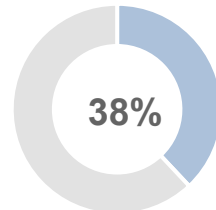
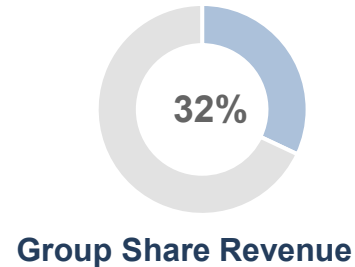
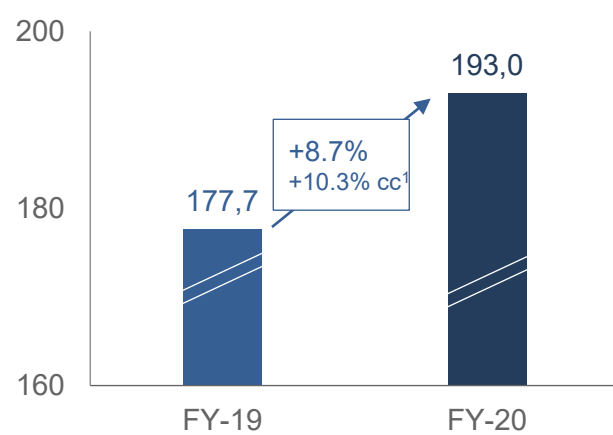
Strategic

Integrated & Federated Design: Paradigm shift for architects and engineers
Cloud-based Allplan Bimplus: Highly efficient data management
Allplan and Precast join forces: Unique offering for engineering & construction

FY-20 Build: Solid Growth during Covid-19

Financial Overview FY-20:

Revenue in €m

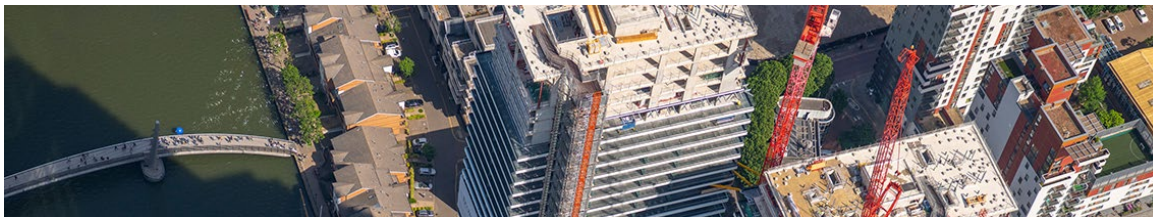


Margin

34.7%

36.3%

Group Share EBITDA



¹ Constant currency

Highlights:

Financials

Delayed impact of Covid-19 due to focus on the US construction industry
Significant negative FX impact in Q4 (rep.: +2.1% vs. +8.0% cc)

Strong profitability with an EBITDA margin above prior year
Over-proportional contribution to Group EBITDA

Strategic

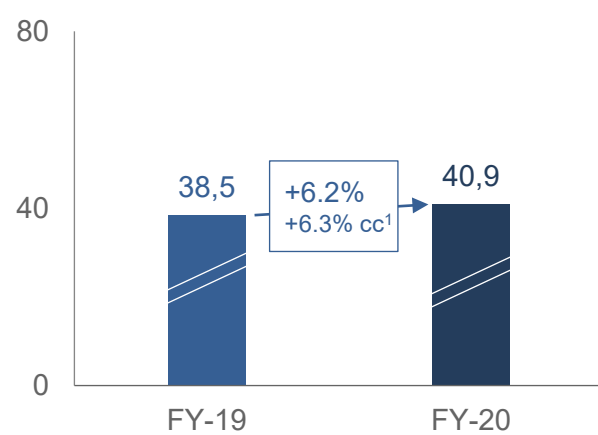
Bluebeam: Increasing developments into new cloud and data-centric aspects of its solution portfolio to strengthen its leading position in project collaboration, entering the final phase of its subscription preparations

Nevaris: Strong growth supported by increased BIM regulation in DACH region

FY-20 Manage: Ongoing Investment Restraints in Commercial Sector

Financial Overview FY-20:

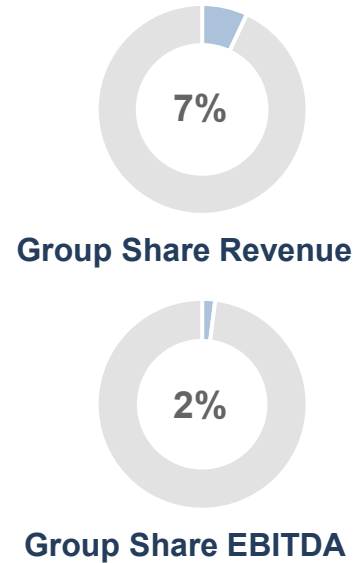
Revenue in €m



Margin

20.5%

9.0%



¹ Constant currency

Highlights:

Financials

Delayed impact of Covid-19
Continued cautious investments by the important customer group of facility managers

Continued high investments into future growth

Strategic

M&A: Acquisition of AI-powered energy management provider DEXMA

Game changer: Digital twins for smarter asset management

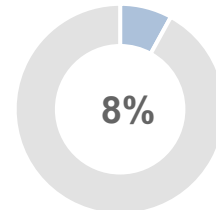
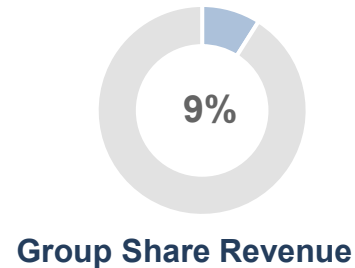
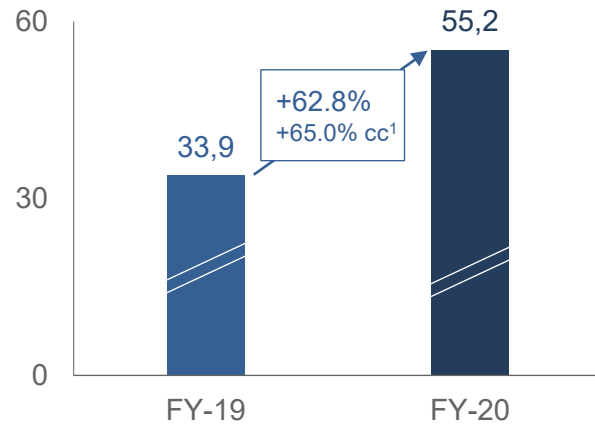
Extending value through BIM-enabled facility management

Digital solutions for a save return to workplaces

FY-20 Media & Entertainment: Strong Growth while Moving to Subscription

Financial Overview FY-20:

Revenue in €m



Margin

27.8%

28.1%



¹ Constant currency

Highlights:

Financials

Strong growth driven by subscription and the first-time consolidation of Red Giant

Share of recurring revenues as of Q4-20: 70%

Impressive organic growth (+20.6%)

Strong profitability despite continued subscription move

Strategic

Continues its highly successful transition to a subscription model

M&A: Acquisition of Red Giant in Q1 to complete product portfolio of Maxon

Successful integration of acquisitions Red Giant and Redshift

M&A: Acquisition of local reseller in Q4 in order to strengthen position in Japanese market







02

Outlook Recurring Revenues &
Subscription





Nemetschek's Subscription & SaaS Move: The Why

Value proposition of a subscription business

...from a Customer's Perspective

-  Higher flexibility
-  No need for big upfront investment (Capex to Opex)
-  Service mentality & product quality important for customer retention
-  Constant product innovation throughout the year

...from a Company's Perspective

-  Higher revenue per customer
-  Potential to address new customer groups
-  Higher visibility based on more predictable revenues
-  Better upselling opportunity leads to higher customer lifetime value



Key Points

- Subscription/SaaS will be the main driver of higher recurring revenues share (CAGR '20-'23 of > 50%)
- Main Subscription/SaaS drivers:
 - Above group average growth of Media & Entertainment
 - Bluebeam SaaS transition (expected to start in H2-21)

Success Story Maxon: Transforming an Exciting Business



July '18:

- | Nemetschek increases share in Maxon from 70% to 100%
- | Industry expert David McGavran appointed as new CEO



December '19:

- | Maxon acquires Red Giant



January '21:

- | Integration of Redshift & Red Giant completed



April '19:

- | Maxon acquires Redshift Rendering Technologies

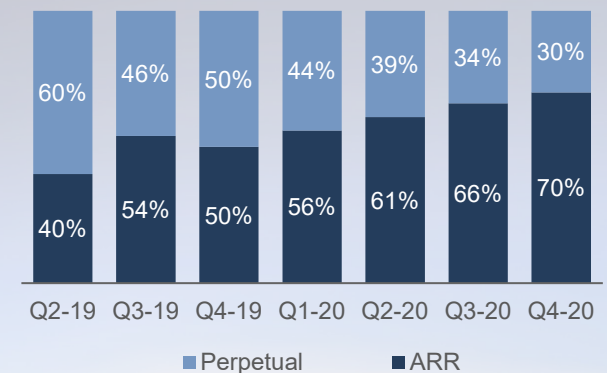


Q3-19:

- | Start of successful Subscription Transition



Development of Recurring Revenues Share



Recurring Revenues: Strategy and Opportunities



	Design	Build	Manage	Media & Entertainment
Customer Focus	Architects, Engineers	Construction Companies	Facility Owners/Managers	Content Creators
Current Regional Focus	Europe/United States	United States	Europe	Europe/United States
Customer "Preference"	Relatively Low in Europe	Relatively High/Increasing	Relatively High/Increasing	High
Share Recurring (Sub./SaaS) FY-20	55% (5%)	55% (10%)	55% (40%)	65% (55%)
Main Strategy	Dual Offering	Move to Subscription/SaaS	Subscription/SaaS	Subscription
Expected Subscription CAGR 2020-2023	~35%	~100%	~20%	~30%
Share Recurring (Sub./SaaS) FY-23	~60% (~15%)	>90% (~80%)	~60% (~45%)	~85% (~80%)

Our Strategy:

- Bluebeam Revu is a leading AEC/O project collaboration solution.
- A need for open access to project data, seamless communication and collaboration with team members is seen, hence also an interoperability between solutions.
- Significantly investing into new cloud and data-centric aspects.
- Beginning in late 2021, Bluebeam's cloud and mobile solutions will expand, connecting teams, processes, and technologies across the entire project lifecycle.
- Will provide a robust set of open APIs, and new integrations will expand the ecosystem around the power of Bluebeam's solution portfolio.

→ By end of 2025, Bluebeam is targeting up to 2x revenue growth through a substantial increase in its subscription user base, creating a positive impact on the Nemetschek Group's development in subscription revenues and an expansion in customer lifetime value.

2002

BLUEBEAM WAS FOUNDED

2.2m

USERS AROUND THE GLOBE

30

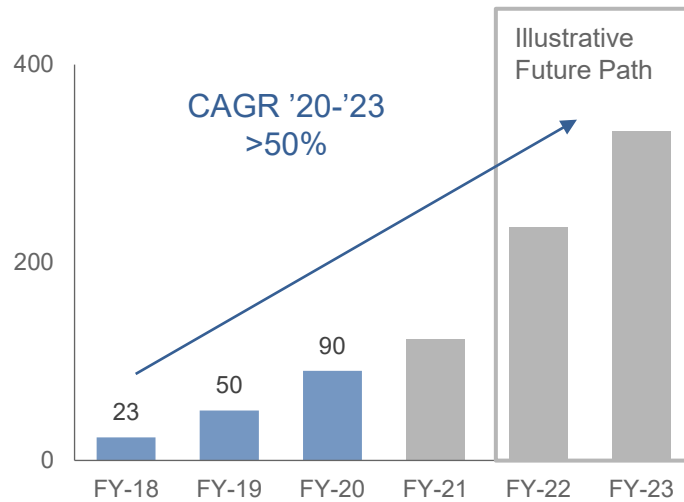
BLUEBEAM USER GROUPS

27b

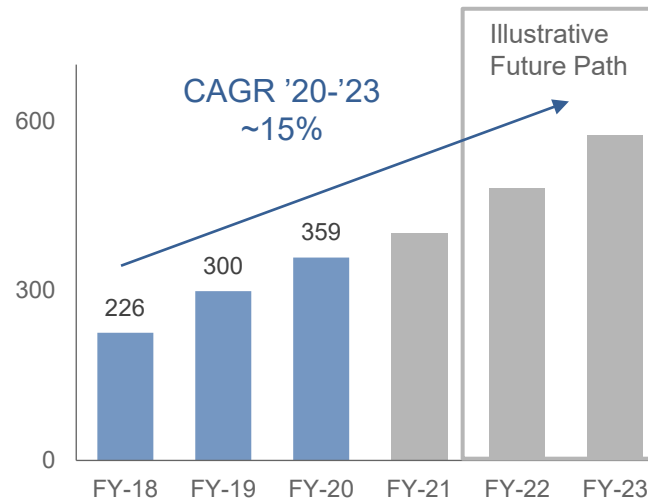
COLLABORATIVE TRANSACTIONS

Recurring Revenues: CAGR '20-'23: ~15% to > 75% of revenues in 2023

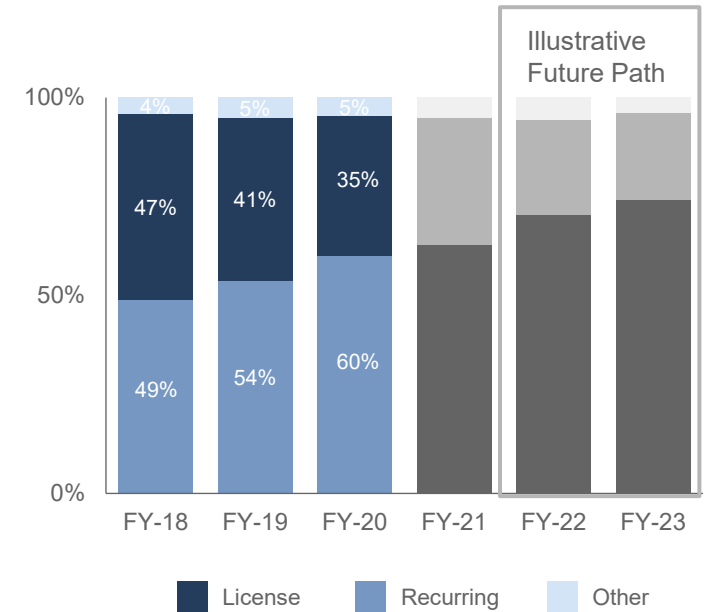
Subscription/SaaS Revenue (in EURm)



Recurring Revenue (in EURm)



Revenue Split 2020-2023 (in EURm)



Ambition 2023

- Share of Recurring Revenues: ~ 75%
- t/o Share of Subscription/SaaS: ~ 45%



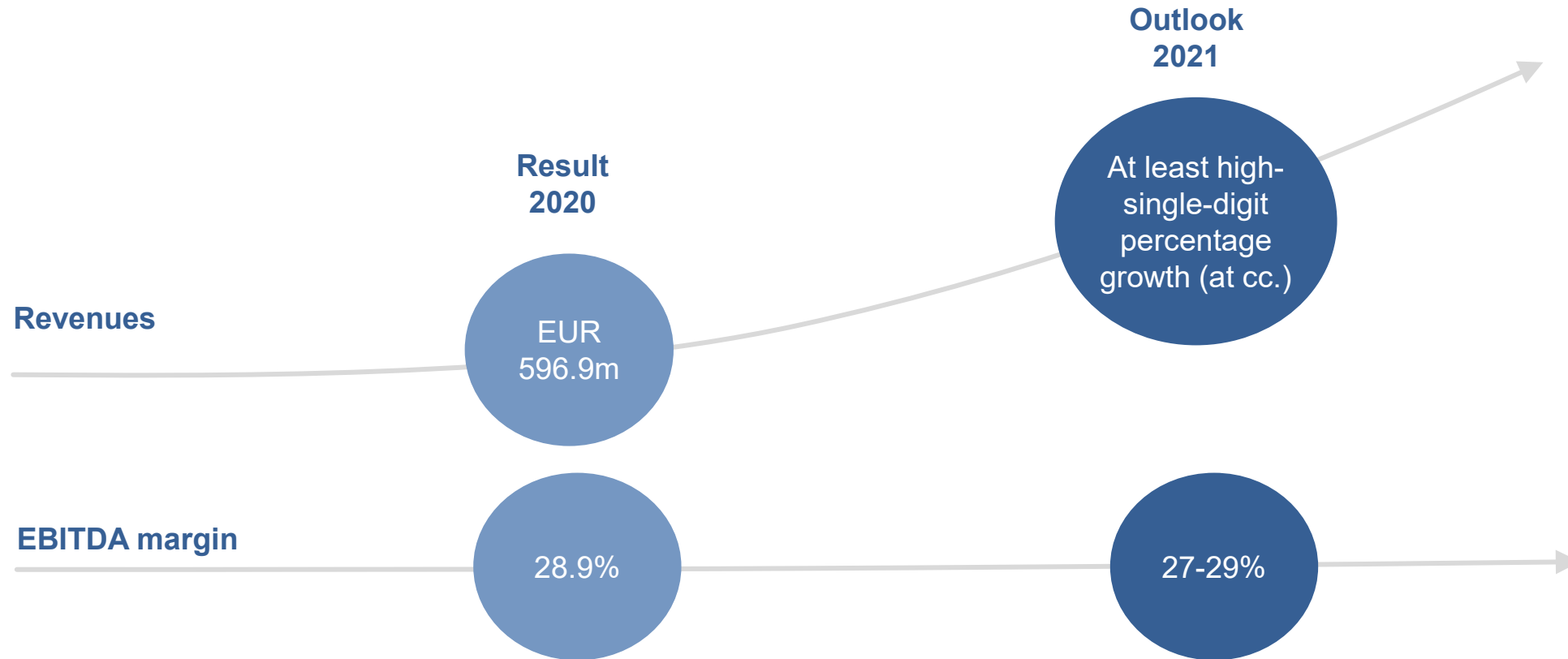
- 2021/22: High-single-digit revenue growth
- 2023: Strong re-acceleration of growth to mid-teens

03

Outlook 2021 & Ambition 2023



Outlook: Growth at Attractive Margins while Increasing Recurring Revenues



Ambition 2023

- Mid-teens growth starting in 2023 and following the successful subscription/SaaS transition
 - Share of Recurring Revenues: ~ 75% (t/o Share of Subscription/SaaS ~ 45%)

Q&A



Appendix



Концертный зал «Зарядье» Zaryadye Concert Hall

Income Statement

€m	Q4 2020	Q4 2019	% YoY	12M 2020	12M 2019	%YoY
Revenues	160.1	150.8	+6.1%	596.9	556.9	+7.2%
Other operating income	2.9	1.1	+159.7%	10.2	6.2	+63.5%
Operating income	162.9	152.0	+7.2%	607.1	563.1	+7.8%
Cost of materials/purchased services	-6.5	-6.2	+4.5%	-23.7	-20.2	+17.0%
Personnel expenses	-70.7	-61.4	+15.2%	-267.1	-239.4	+11.5%
Other operating expenses	-42.7	-38.1	+12.1%	-144.0	-137.8	+4.6%
Operating expenses	-119.9	-105.7	+13.4%	-434.8	-397.4	+9.4%
EBITDA	43.0	46.2	-7.0%	172.3	165.7	+4.0%
Margin	26.9%	30.6%		28.9%	29.7%	
Depreciation and amortization	-12.6	-11.1	+13.9%	-49.8	-42.1	+18.4%
t/o right-of-use assets	-3.8	-3.9	-2.2%	-15.5	-14.7	+5.0%
t/o PPA	-6.0	-4.6	+31.9%	-24.5	-17.1	+43.6%
EBIT	30.4	35.2	-13.5%	122.5	123.6	-0.9%
Financial result	-0.7	1.4	-153.7%	-2.5	30.1	
t/o Gain on disposal of shares in associates	0.0	0.0		0.0	29.9	
t/o IFRS 16	-0.3	-0.4	-11.0%	-1.4	-1.5	-5.2%
EBT	29.7	36.5	-18.8%	120.0	153.7	-21.9%
Income taxes	-0.3	-4.8	-93.6%	-22.3	-26.4	-15.5%
Non-controlling interests	0.1	0.0		0.7	0.1	
Net income (group shares)	29.2	31.7	-7.9%	96.9	127.2	-23.8%
EPS in EUR	0.25	0.27	-7.9%	0.84	1.10	-23.8%

Balance Sheet – Assets

€m	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	139.3	209.1
Trade receivables, net	64.6	62.0
Inventories	0.6	1.0
Other current assets	31.8	23.3
Current assets, total	236.4	295.5
Property, plant and equipment	21.7	27.6
Right-of-use assets	61.3	66.2
Intangible assets	138.2	127.7
Goodwill	416.7	325.0
Other non-current assets	15.5	15.2
Non-current assets, total	653.3	561.7
Total assets	889.7	857.2

Balance Sheet – Equity and Liabilities

€m	December 31, 2020	December 31, 2019
Equity and liabilities		
Short-term borrowings and current portion of long-term loans	59.6	58.6
Trade payables & accrued liabilities	67.5	56.4
Deferred revenue	129.5	118.5
Current lease liability	13.4	12.6
Other current assets	25.9	25.6
Current liabilities, total	295.8	271.6
Long-term borrowings without current portion	70.7	129.5
Deferred tax liabilities	25.2	23.3
Non-current lease liability	54.3	57.7
Other non-current liabilities	26.4	26.4
Non-current liabilities, total	176.6	236.9
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	315.3	230.9
Other comprehensive income	-39.4	-10.4
Non-controlling interests	13.4	0.1
Equity, total	417.3	348.6
Total equity and liabilities	889.7	857.2

Cash Flow Statement

€m	December 31, 2020	December 31, 2019	% YoY
Cash and cash equivalents at the beginning of the period	209.1	120.7	+73.2%
Cash flow from operating activities	157.5	160.4	-1.8%
Cash flow from investing activities	-111.0	-83.8	
t/o CapEX	-9.1	-19.3	
t/o Cash paid for acquisition of subsidiaries, net of cash acquired	-101.7	-97.9	
Cash flow from financing activities	-109.1	10.7	
t/o Dividend payments	-32.3	-31.2	
t/o Repayments of borrowings	-65.4	-72.5	
t/o Changes in bank liabilities due to company acquisitions	0.0	130.0	
t/o Principal elements of lease payments	-13.2	-11.3	
FX-effects	-7.2	1.1	
Cash and cash equivalents at the end of the period	139.3	209.1	-33.4%
Free cash flow¹	46.5	76.6	-39.3%
Free cash flow¹ (w/o acquisition effects)	148.2	174.5	-15.1%

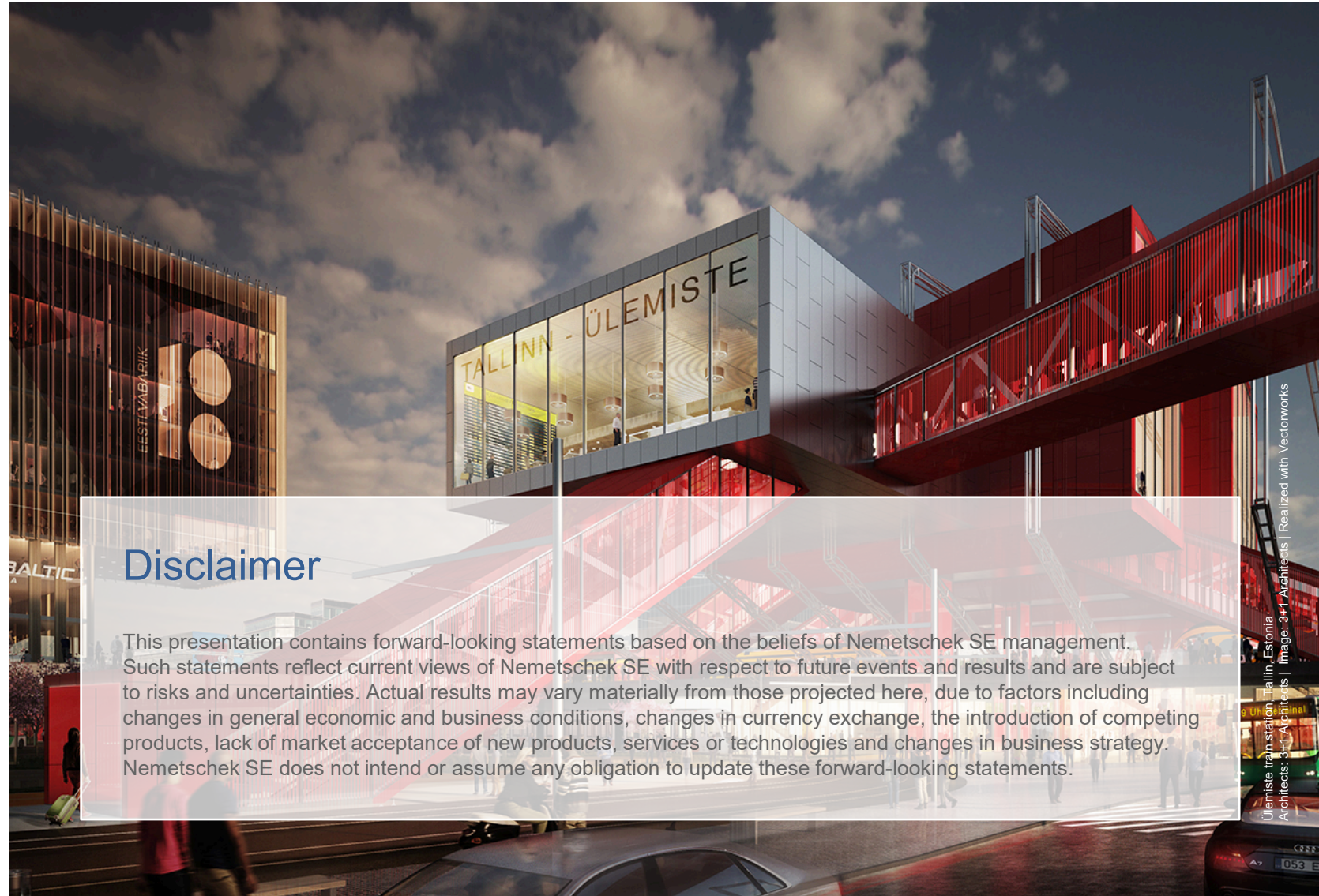
¹ Operating cash flow – Investing cash flow

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Thank you!

