

# Earnings Call Q3- / 9M-23

**Nemetschek Group**

October 26, 2023





# Key Messages

- 1. Q3-23:** Strong growth driven by one-time effects in Design and Build with correlating higher profitability. Subscription/SaaS transitions of Bluebeam and Design brands progressing as planned.
- 2. 9M-23:** Successful first nine months of the year with substantial progress made on our journey to a subscription and SaaS centric business model in all segments.
- 3. Updated FY-23 guidance:**
  - Revenue growth (constant currency): 6.0% - 8.0%
  - EBITDA margin: Upper end of 28%-30% range
  - Mid-term ambitions for FY-24 & FY-25 fully re-iterated
- 4. Resilient Business Model:** High growth in economic challenging times underpins Nemetschek's resilient business model thanks to its high share of recurring revenues, its innovative solutions, and its well diversified geographical exposure.

# 01

## Financial Results Q3-23



# Q3-23: Strong Profitable Growth in a Challenging Environment

**ARR**  
EURm



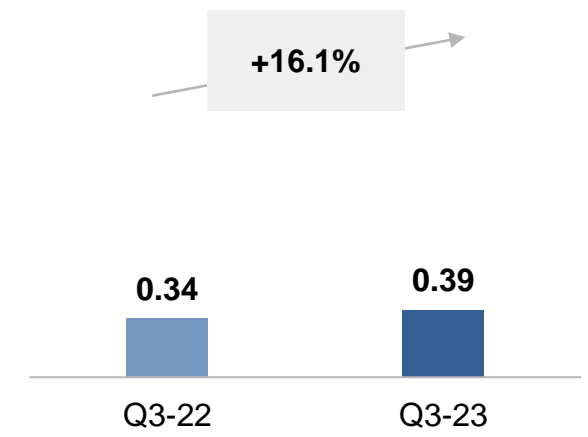
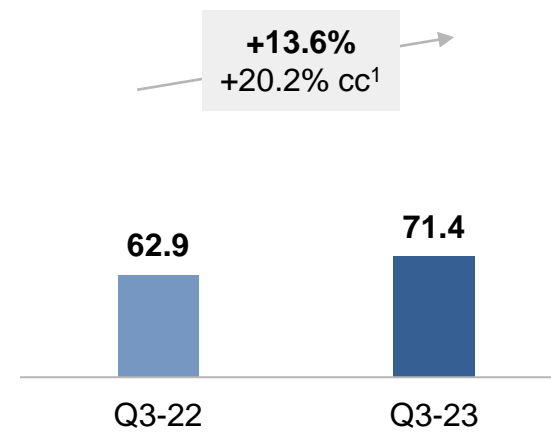
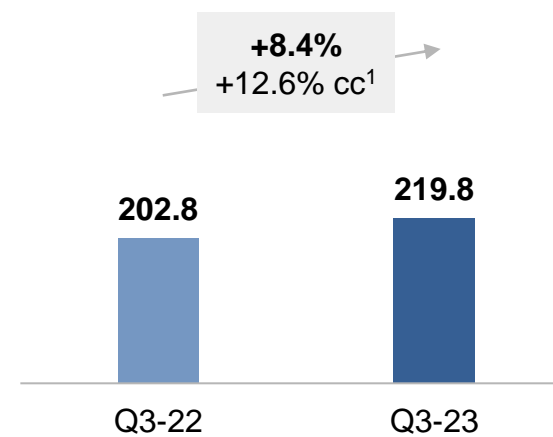
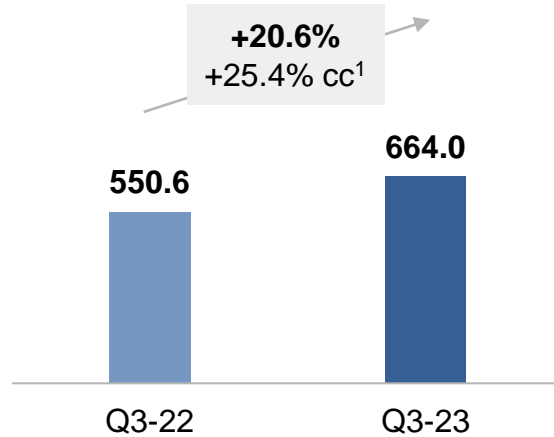
**Revenues**  
EURm



**EBITDA**  
EURm



**EPS**  
EUR



- Strong increase in ARR underpins our good future growth trajectory for the next 12 months
- Subscription/SaaS revenues continue to be the main growth driver: +42.3% (+48.6% cc<sup>1</sup>)

- Stable demand in AEC compared to recent quarters
- Growth supported by one-off effects in the Design and Build
- Growth supported by prior price adjustments

- Q3-23: EBITDA margin: 32.5%
- Strong margin expansion driven by operating leverage, cost discipline, and stronger than expected license sales

- Tax rate: 18.6% (Q3-22: 21.8%)
- EPS before PPA amortization: 0.44 EUR

<sup>1</sup> Constant currency

# Nemetschek's Executive Team for the Next Phase of Growth



# Continued Progress on Strategic Topics

## Business Model

- Subscription/SaaS Transition continues to progress in line with plans
  - Record share of recurring and subscription/SaaS revenues

## Go-to-market

- Strengthening of internationalization and cross-selling activities
- Increased focus on large customer segment: Successful hiring & onboarding of key-account-management leadership structure
- Maxon Collaborates with Adobe to Unveil Limited-Time Bundle

## Business Enablement

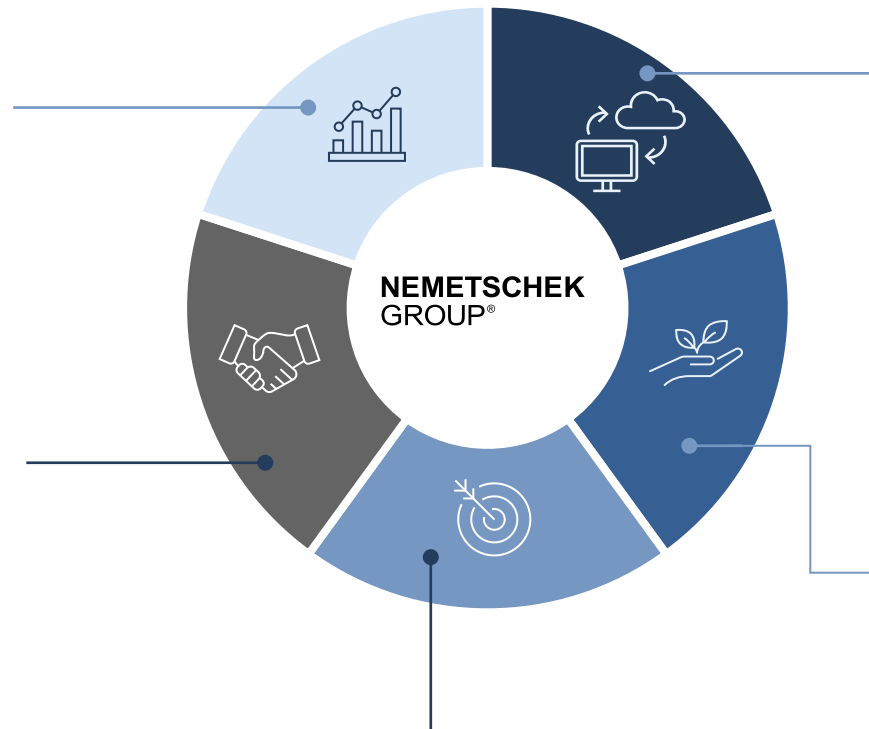
- Good progress in harmonization of processes and structures and continued build-up to enable future growth journey
- Enhanced operational excellence

## Innovation & Technological Leadership

- **dTwin market launch:** open, data-driven Digital Twin cloud platform
- Innovative **new Releases** of major brands (Graphisoft, Allplan, Vectorworks, Maxon)
- Ongoing development of **new cloud features** across brands
- Various **Artificial Intelligence** initiatives

## Start-up Investments

- Value generation by combining the competences of our start-up investments & brands:
  - Technical integration (e.g. Imerso & Solibri, Reconstruct & Bluebeam/Allplan)
  - Co-/cross-selling (Reconstruct & Allplan)



# Key Financial Highlights 9M-23: Strong First Nine Months of the Year



**Revenues:**  
**+5.5% (FX adj.: +7.1%) to  
EUR 632.0m**



**EBITDA:**  
**-6.4% (FX adj.: -2.2%) to  
EUR 188.5m**



**Cash Conversion:**  
**99.1%**



**ARR:**  
**+20.6% (FX adj.: +25.4%) to  
EUR 664.0m**



**EBITDA margin:**  
**29.8%**



**Net Cash Position:**  
**EUR 223.1m**



**Subscription/SaaS Revenues:**  
**+42.6% (FX adj.: +45.2%) to  
EUR 209.3m**



**Earnings per Share:**  
**EUR 0.99 (-10.8%)**



**Equity Ratio:**  
**59.5%**



# Segments 9M-23: Well on Track, Strong Subscription Growth in all Segments



**DESIGN**



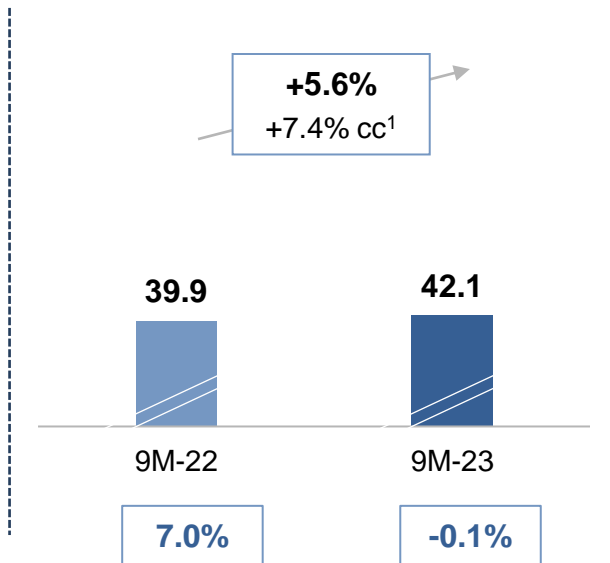
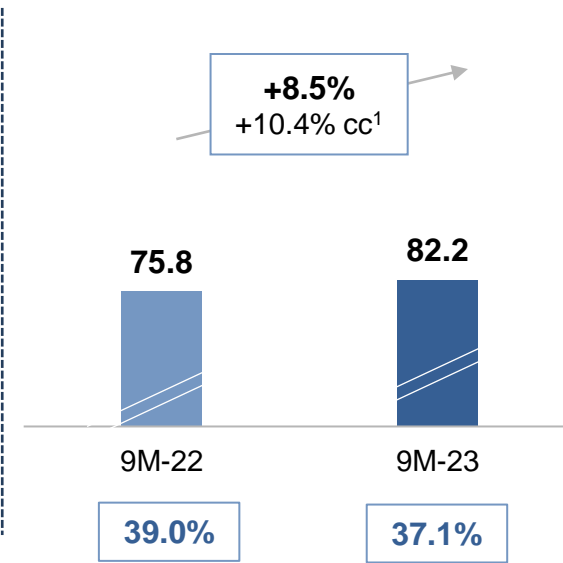
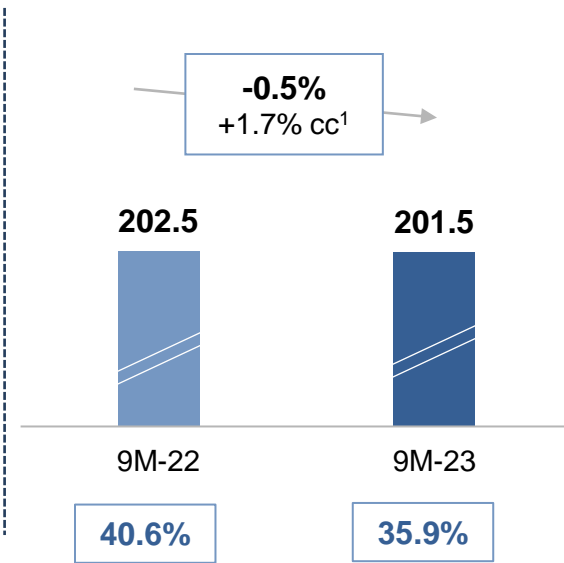
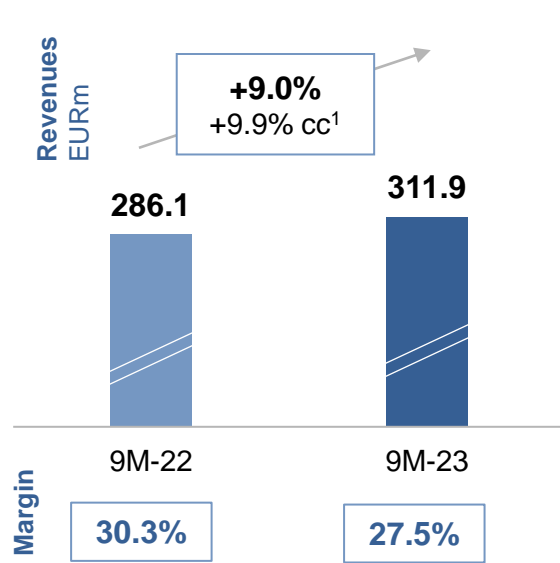
**BUILD\***



**MEDIA**



**MANAGE\***



- Continued hesitation in European Design markets
- Main growth driver: Subscription/SaaS (+36% y/y)
- Q3-23 supported by catch-up effects and strong one-off end of quarter perpetual license sales

- Continued good customer demand in US
- Good progress in Subscription/SaaS transition of Bluebeam
- Q3-23 helped by last time buy of perpetual licenses for existing customers

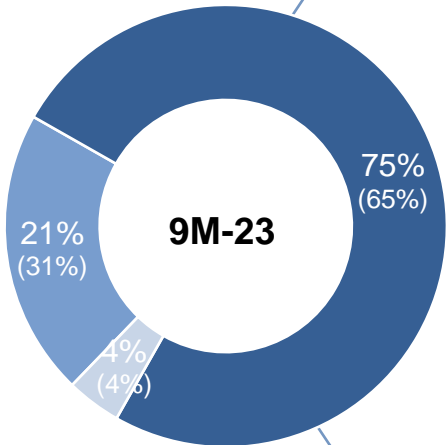
- Market impacted by Hollywood strikes
- Subscription revenue growth >20%
- Continuation of growth dynamic in Q3-23 (+13.6% cc<sup>1</sup>)
- Increase in profitability in Q3-23: 40.2% (vs. 37.5% in Q3-22)

- Open and data-driven cloud-based platform dTwin launched
- Continued investments into future growth weighting on profitability

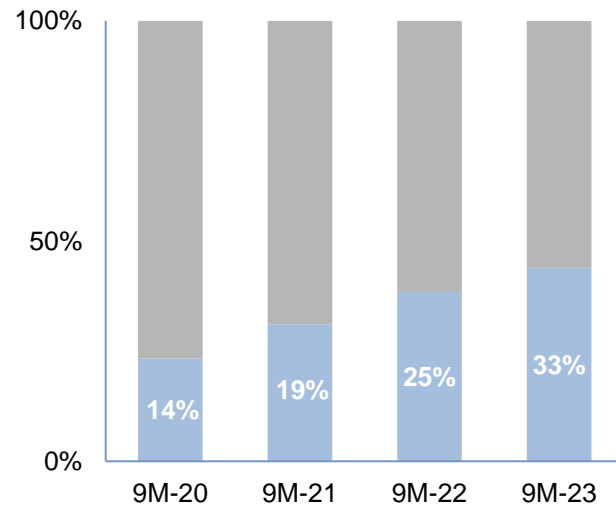


# Revenues by Type: Subscription/SaaS driving Recurring Revenue Share to 75%

Revenue Share by type in %



Revenue Share of Subscription/SaaS



■ Recurring revenues (Software services (42%); Subscription/SaaS (33%)) ■ Licenses ■ Consulting & Hardware

	Q3-23	Comments
<b>ARR<sup>2</sup> y/y</b>	<ul style="list-style-type: none"> <li>+20.6%</li> <li>+25.4% cc<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Indicates strong future growth with EUR 664m</li> </ul>
<b>Recurring revenues y/y</b>	<ul style="list-style-type: none"> <li>+20.6%</li> <li>+25.4% cc<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Continued strong growth to EUR 166m</li> </ul>
<b>Subscription/SaaS y/y</b>	<ul style="list-style-type: none"> <li>+42.3%</li> <li>+48.6% cc<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Strong over-proportional growth to EUR 77m</li> <li>Driven mainly by Build &amp; Design segments</li> </ul>
<b>Licenses y/y</b>	<ul style="list-style-type: none"> <li>-22.2%</li> <li>-19.1% cc<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Reduction to only EUR 44m in line with plans</li> <li>Decline driven by Build, Media and Design</li> </ul>

# At a Glance: Income Statement and Important KPIs

Key Figures mEUR	9M-23	In % of revenue	9M-22	Growth y/y
<b>Revenues</b>	<b>632.0</b>	<b>100%</b>	<b>598.9</b>	<b>+5.5%</b>
Cost of goods and services	-25.0	3.9%	-22.4	+11.4%
Personnel expenses	-271.2	42.9%	-248.5	+9.1%
Other operating income/expenses	-147.3	23.3%	-126.6	+16.4%
<b>EBITDA</b>	<b>188.5</b>	<b>29.8%</b>	<b>201.3</b>	<b>-6.4%</b>
EBITDA margin	29.8%	-	33.6%	-380bps
D&A (incl. PPA)	-44.6	7.1%	-43.7	+2.0%
<b>EBIT</b>	<b>143.9</b>	<b>22.8%</b>	<b>157.6</b>	<b>-8.7%</b>
EBIT margin	22.8%	-	26.3%	-350bps
Net income (group shares)	114.1	18.1%	127.9	-10.8%
<b>EPS</b>	<b>0.99</b>	<b>-</b>	<b>1.11</b>	<b>-10.8%</b>
FCF (before M&A)	178.3	-	151.1	+17.9%
Equity ratio in %	59.5%	-	57.4%	-
Net Cash	223.1	-	120.5	-

# 02

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## Outlook





# Outlook 2023: Increase After the First Nine Month of the Year

Guidance 2023		Ambition	
Old	Updated	2024	2025
<p><b>ARR Growth:</b>                      &gt; 25%</p> <p><b>Share Recurring Revenue:</b>                      &gt; 75%</p> <p><b>Revenue Growth:</b>                      4% - 6%                      (at constant currencies)</p> <p><b>EBITDA Margin:</b>                      28% - 30%</p>	<p><b>ARR Growth:</b>                      &gt; 25%</p> <p><b>Share Recurring Revenue:</b>                      &gt; 75%</p> <p><b>Revenue Growth:</b>                      6.0% - 8.0%                      (at constant currencies)</p> <p><b>EBITDA Margin:</b>                      Upper end of 28% - 30% Range</p>	<p><b>Revenue Growth:</b>                      Double digit percentage growth</p> <p><b>EBITDA Margin:</b>                      &gt; 30%</p> <p><b>Share Recurring Revenue:</b>                      ~85%</p>	<p><b>Revenue Growth:</b>                      Significantly above market                      –                      At least Mid-teens</p>

## Guidance 2023:

**Please note:** The guidance is based on the assumption that the global macroeconomic or sector-specific conditions will not deteriorate significantly in 2023. Furthermore, no additional potential negative effects from the current developments in the Middle East conflict and the ongoing war in Ukraine are reflected in the outlook.

# 03

## Appendix



# Income Statement

€m	9M 2023	9M 2022	% YoY
<b>Revenues</b>	<b>632.0</b>	<b>598.9</b>	<b>+5.5%</b>
Other income	6.4	13.5	-52.5%
<b>Operating income</b>	<b>638.4</b>	<b>612.4</b>	<b>+4.2%</b>
Cost of goods and services	-25.0	-22.4	+11.4%
Personnel expenses	-271.2	-248.5	+9.1%
Other expenses	-153.8	-140.2	+9.7%
<b>Operating expenses</b>	<b>-449.9</b>	<b>-411.1</b>	<b>+9.4%</b>
<b>EBITDA</b>	<b>188.5</b>	<b>201.3</b>	<b>-6.4%</b>
<b>Margin</b>	<b>29.8%</b>	<b>33.6%</b>	
Depreciation and amortization	-44.6	-43.7	+2.0%
t/o right-of-use assets	-12.5	-12.2	+2.5%
t/o PPA	-23.1	-23.7	-2.6%
<b>EBIT</b>	<b>143.9</b>	<b>157.6</b>	<b>-8.7%</b>
Financial result	0.6	5.0	-87.2%
t/o IFRS 16	-1.4	-1.0	+48.1%
<b>EBT</b>	<b>144.5</b>	<b>162.6</b>	<b>-11.1%</b>
Income taxes	-28.4	-32.5	-12.6%
Non-controlling interests	2.0	2.2	-9.1%
<b>Net income (group shares)</b>	<b>114.1</b>	<b>127.9</b>	<b>-10.8%</b>
<b>EPS in EUR</b>	<b>0.99</b>	<b>1.11</b>	<b>-10.8%</b>



# Balance Sheet – Assets

€m	September 30, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	248.0	196.8
Trade receivables, net	106.5	84.5
Inventories	1.5	0.9
Other current assets	49.9	44.9
<b>Current assets, total</b>	<b>405.8</b>	<b>327.1</b>
Property, plant and equipment	25.2	26.6
Right-of-use assets	64.6	69.8
Intangible assets	149.9	171.7
Goodwill	558.3	557.0
Other non-current assets	66.8	45.9
<b>Non-current assets, total</b>	<b>864.9</b>	<b>871.0</b>
<b>Total assets</b>	<b>1,270.7</b>	<b>1,198.1</b>

# Balance Sheet – Equity and Liabilities

€m	September 30, 2023	December 31, 2022
<b>Equity and liabilities</b>		
Short-term borrowings and current portion of long-term loans	23.5	65.1
Trade payables	12.4	15.7
Provisions and accrued liabilities	68.1	70.3
Deferred revenue	271.5	206.9
Current lease liability	16.9	14.9
Other current liabilities	32.0	31.0
<b>Current liabilities, total</b>	<b>424.3</b>	<b>403.8</b>
Long-term borrowings without current portion	1.4	6.9
Deferred tax liabilities	15.7	19.8
Non-current lease liability	56.6	62.4
Other non-current liabilities	17.1	15.9
<b>Non-current liabilities, total</b>	<b>90.9</b>	<b>105.1</b>
Subscribed capital and capital reserve	128.0	128.0
Retained earnings	597.8	533.9
Other reserves	-6.8	-8.6
Non-controlling interests	36.6	36.0
<b>Equity, total</b>	<b>755.6</b>	<b>689.2</b>
<b>Total equity and liabilities</b>	<b>1,270.7</b>	<b>1,198.1</b>

# Cash Flow Statement

€m	9M 2023	9M 2022	% YoY
<b>Cash and cash equivalents at the beginning of the period</b>	<b>196.8</b>	<b>157.1</b>	<b>+25.3%</b>
<b>Cash flow from operating activities</b>	<b>186.9</b>	<b>173.9</b>	<b>+7.5%</b>
<b>Cash flow from investing activities</b>	<b>-23.3</b>	<b>-27.7</b>	<b>-15.9%</b>
t/o CapEX	-8.9	-11.4	
t/o Cash paid for acquisition of equity investments	-13.4	-3.9	
<b>Cash flow from financing activities</b>	<b>-113.1</b>	<b>-124.3</b>	<b>-9.0%</b>
t/o Dividends	-52.0	-45.0	+15.4%
t/o Cash received from loans	21.2	27.8	
t/o Repayments of borrowings	-65.6	-91.4	
t/o Principal elements of lease payments	-12.7	-12.6	
FX-effects	0.7	7.7	
<b>Free cash flow</b>	<b>163.5</b>	<b>146.2</b>	<b>+11.9%</b>
<b>Free cash flow (before M&amp;A)<sup>1</sup></b>	<b>178.3</b>	<b>151.2</b>	<b>+17.9%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>248.0</b>	<b>186.6</b>	<b>+32.9%</b>



# SHAPE THE WORLD

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