NEMETSCHEK
GROUP

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Nemetschek Group closes third quarter of 2019 with record earnings and undiminished high rate of growth

- **+20.4% increase in revenue to EUR 138.3 million in Q3 2019**
- **+31.5% growth in recurring revenue, accelerated by subscriptions**
- **+46.4% rise in EBITDA to EUR 42.8 million leads to high EBITDA margin of 30.9%**
- **Earnings per share triples to EUR 0.47, driven by strong operating performance and positive one-off effect resulting from the successful sale of DocuWare**
- **Targets in the upper end confirmed for the year 2019 as a whole**

Munich, October 31, 2019 – The Nemetschek Group (ISIN DE 0006452907), Germany's second largest listed software company, continued on its dynamic growth course in the third quarter with an increase in revenue of 20.4% compared to the corresponding quarter in the previous year. The operating result before interest, tax and depreciation and amortization (EBITDA) clearly increased over-proportionally to revenue by 46.4%, which caused the operating margin to rise by more than five percentage points to 30.9%.

"Nemetschek is on a direct course to another record year. The results at the nine-month point reflect our strong positioning across the entire value chain process in the building industry, and are inherent to high growth dynamics and increased efficiency. Our Group has never been as strong and competitive as it is today," sums up Patrik Heider, Spokesman of the Executive Board and CFOO of the Nemetschek Group.

Major indicators of the Group's success in Q3 and the first nine months of 2019

- In the third quarter, **Group revenue** rose to EUR 138.3 million. A high rate of organic growth of 15.7% and the strong development of the recently acquired Spacewell brand led to a total growth rate of 20.4% compared to the same quarter of the previous year. In the first nine months of the year, revenues increased by 22.7% compared to the same period in the previous year, organically by 17.2%.

- With a plus of 31.5%, rising to EUR 76.6 million, **recurring revenue** from software service contracts and subscriptions remained a major growth driver in Q3. The nine-month perspective indicated similar growth dynamics (+33.9%).

- Revenues from rental models (**subscriptions**) contributed in particular to this, rising by 119.0% in Q3 and by 129.6% in the first nine months. In the case of several Nemetschek brands such as dRofus, RISA and Spacewell, a large portion of business is already based on subscriptions. At the beginning of September of this year, with Maxon a further brand has strengthened the strategic alignment of the Nemetschek Group with its new product release towards a subscription-based business model,

which most importantly offers new customers very attractive options since there is no longer a license fee. The growing subscription-based revenues ensure high levels of continuity and planning reliability. The growth power of Nemetschek can thus no longer be measured solely in terms of license sales.

- The operating Group earnings (EBITDA) clearly increased over-proportionally compared to revenue in Q3 by 46.4%, reaching EUR 42.8 million. The EBITDA margin consequently jumped to a high 30.9% (previous year: 25.5%). In the nine months, the margin improved, rising to 29.4% (previous year's period: 26.7%).

- The **quarterly profit** almost tripled in Q3 as a result of the strong operative business and a positive one-off effect arising from the successful sale of the non-strategic interest in DocuWare of EUR 18.2 million, rising to EUR 54.0 million. The income arising from the sale of DocuWare in the amount of EUR 29.9 million is reflected in the financial results. The earnings per share rose accordingly from EUR 0.16 to EUR 0.47. Adjusted for the positive one-off effect, the result is a quarterly profit of EUR 24.1 million (+32.4%), and earnings per share amounting to EUR 0.21. From a nine-month perspective, it was possible to increase the profit for the period by 81.3%, rising to EUR 95.4 million, which corresponds to earnings per share in the amount of EUR 0.83 (previous year: EUR 0.46).

Segment highlights in Q3 and in the first nine months of 2019

- The **Build** segment continues to be a growth driver of the Nemetschek Group with an increase in revenue of 25.2% in Q3, and of 27.9% in the first nine months. The corresponding clearly over-proportional rise in EBITDA (Q3: +76.3%, 9M: +51.7%) led to peak margins in this segment of 32.0% in Q3 and 32.7% in the first nine months.

- The **Design** segment recorded growth of 9.8% in Q3, and 11.3% in the nine-month perspective. EBITDA increased over-proportionally by 33.6% in Q3, which caused the EBITDA margin

to reach 31.4% (previous year's quarter: 25.8%) and rose to 29.0% in the first nine months (previous year's period: 24.9%).

- The **Manage** segment was considerably strengthened by the acquisition of the Spacewell brand (initial consolidation as of September 2018). As a result of organic growth and the strong contribution of Spacewell, revenues in Q3 increased from EUR 3.6 million in the previous year's period to EUR 9.7 million. In the first nine months, it was possible to increase revenue to EUR 27.2 million (previous year's period: EUR 7.7 million). In Q3, the EBITDA margin amounted to 23.1%. The margin for the first three quarters of 12.6% includes the acquisition costs of EUR 1.5 million for the acquisition of the Axxerion brand from the first quarter. Adjusted for these acquisition costs, the EBITDA margin reached 18.1%.

- In the **Media & Entertainment** segment, strong growth was achieved with the simultaneous conversion to subscription models. The subscription model was introduced in late Q3 and contributed to the highest September results in segment history. As a result of organic growth and the contribution of the acquired Redshift, revenues rose by 26.0% in Q3 and 24.3% in the first nine months. The EBITDA margin in the first nine months amounted to 35.1% (previous year's period: 41.9%) as a result of the acquisition and integration costs for Redshift as well as the conversion costs for subscriptions.

Targets in the upper end anticipated for the year 2019 as a whole

As a result of the strong development in the first nine months, the executive board expects that the previously set corporate targets for the year 2019 as a whole will be comfortably achieved in terms of revenue as well as in terms of the EBITDA margin. Group revenue is thus anticipated in the upper end of the announced range of EUR 540 million to EUR 550 million, which corresponds to a growth of 17% to 19% compared to the previous year.

The executive board sees the EBITDA margin in the upper end of the target range of 27% to 29%, including the effects from the conversion to the new leasing standard IFRS 16*.

**For the first time, as of January 1, 2019, the new financial reporting standard IFRS 16 is to be considered, according to which leases of any kind (operating or finance leasing) are to be accounted for and recognized. As a result of this reform, the Nemetschek Group anticipates a positive effect on the EBITDA level in the range of approximately EUR 14 million to EUR 15 million. The Nemetschek Group will provide detailed information on the effects on EBITDA arising from IFRS 16 in the quarters.*

Overview of quarterly key figures (Q3)

In EUR million	**Q3 2019**	**Q3 2018**	**Δ in %**	**Δ in % (FX-adj)**
Revenue	**138.3**	**114.9**	**+20.4 %**	**+18.0%**
- thereof software licenses	55.0	52.3	+5.1%	+2.7%
- thereof recurring revenues	76.6	58.3	+31.5 %	+29.0%
- Subscription (part of recurring revenues)	13.1	6.0	+119. 0%	+115.1%
EBITDA	**42.8**	**29.2**	**+46.4 %**	**+40.7%**
Margin	30.9%	25.5%		
EBITDA (adjusted for IFRS 16)	**38.9**	**29.2**	**+33.2 %**	**+27.5%**
Margin (adjusted for IFRS 16)	28.2%	25.5%		
EBITA (normalized EBIT)	**36.3**	**27.0**	**+34.4 %**	

Margin	26.2%	23.5%		
Net income (Group shares)	**54.0**	**18.2**	**+197.2%**	
Earnings per share in EUR*	0.47	0.16	+197.2%	
Net income (Group shares) w/o one-off effect of the DocuWare sale	**24.1**	**18.2**	**+32.4%**	
Adjusted earnings per share in EUR*	0.21	0.16	+32.4%	
Net income (Group shares) before amortization from purchase price allocation (PPA)	**57.4**	**21.1**	**+172.0%**	
Earnings per share before PPA in EUR*	0.50	0.18	+172.0%	

**For reasons of better comparability, the earnings per share after the stock split are shown*

9-month overview of key figures

In EUR million	**9M 2019**	**9M 2018**	**Δ in %**	**Δ in % (FX-adj)**
Revenue	**406.0**	**330.9**	**+22.7%**	**+19.6%**
- thereof software licenses	167.3	155.8	+7.4%	+4.2%
- thereof recurring revenues	217.5	162.4	+33.9%	+30.8%
- Subscription (part of recurring revenues)	34.5	15.0	+129.6%	+124.5%
EBITDA	**119.4**	**88.2**	**+35.4%**	**+30.7%**

Margin	29.4%	26.7%		
EBITDA (adjusted for IFRS 16)	**108.2**	**88.2**	**+22.7 %**	**+17.9%**
Margin (adjusted for IFRS 16)	26.7%	26.7%		
EBITA (normalized EBIT)	**101.0**	**82.0**	**+23.2 %**	
Margin	24.9%	24.8%		
Net income (Group shares)	**95.4**	**52.6**	**+81.3 %**	
Earnings per share in EUR*	0.83	0.46	+81.3 %	
Net income (Group shares) w/o one-off effect of the DocuWare sale	**65.5**	**52.6**	**+24.5 %**	
Adjusted earnings per share in EUR*	0.57	0.46	+24.5 %	
Net income (Group shares) before amortization from purchase price allocation (PPA)	**105.2**	**61.1**	**+72.1 %**	
Earnings per share before PPA in EUR*	0.91	0.53	+72.1 %	

**For reasons of better comparability, the earnings per share after the stock split are shown*

Overview of quarterly key figure per segment (Q3)

In EUR million	**Q3 2019**	**Q3 2018**	**Δ in %**	**Δ in % (FX-adj)**
Design				
Revenue	76.5	69.7	+9.8%	+8.3%
EBITDA	24.0	18.0	+33.6%	+28.9%

EBITDA margin	31.4%	25.8%		
EBITDA margin (adjusted for IFRS 16)	28.7%	25.8%		
Build				
Revenue	44.2	35.3	+25.2%	+20.9%
EBITDA	14.1	8.0	+76.3%	+67.6%
EBITDA margin	32.0%	22.7%		
EBITDA margin (adjusted for IFRS 16)	28.8%	22.7%		
Manage				
Revenue	9.7	3.6	+168.7%	+168.1%
EBITDA	2.2	0.9	+146.0%	+145.3%
EBITDA margin	23.1%	25.2%		
EBITDA margin (adjusted for IFRS 16)	19.6%	25.2%		
Media & Entertainment				
Revenue	7.9	6.2	+26.0%	+23.3%
EBITDA	2.4	2.3	+3.3%	-2.0%
EBITDA margin	30.8%	37.5%		
EBITDA margin (adjusted for IFRS 16)	29.4%	37.5%		

9-month overview of key figures per segment

In EUR million	**9M 2019**	**9M 2018**	**Δ in %**	**Δ in % (FX-adj)**
Design				
Revenue	226.5	203.6	+11.3%	+9.4%
EBITDA	65.6	50.8	+29.1%	+26.0%
EBITDA margin	29.0%	24.9%		
EBITDA margin (adjusted for IFRS 16)	26.4%	24.9%		
Build				
Revenue	128.8	100.7	+27.9%	+22.2%

EBITDA	42.2	27.8	+51.7%	+42.9%
EBITDA margin	32.7%	27.6%		
EBITDA margin (adjusted for IFRS 16)	29.5%	27.6%		
Manage				
Revenue	27.2	7.7	+251.4%	+250.9%
EBITDA	3.4	1.7	+102.1%	+103.0%
EBITDA margin	12.6%	22.0%		
EBITDA margin (adjusted for IFRS 16)	8.8%	22.0%		
Media & Entertainment				
Revenue	23.5	18.9	+24.3%	+20.9%
EBITDA	8.2	7.9	+4.0%	+0.7%
EBITDA margin	35.1%	41.9%		
EBITDA margin (adjusted for IFRS 16)	33.7%	41.9%		

The complete 9-month report for 2019 is available for download in the Investor Relations section of the company website.

About the Nemetschek Group

The Nemetschek Group is a pioneer for digital transformation in the AEC industry. As the sole corporate group worldwide, Nemetschek covers the entire life cycle of building and infrastructure projects with its software solutions and guides its customers into the future of digitalization. With its intelligent and innovative software solutions, the Nemetschek Group increases quality in the building process and improves the digital workflow of all those involved in the building process. This revolves around the use of open standards (Open BIM). The innovative solutions of the 16 brands in the

four customer-oriented divisions are used by more than five million users worldwide. Founded by Prof. Georg Nemetschek in 1963, the Nemetschek Group today employs more than 2,800 experts. Publicly listed since 1999 and quoted on the MDAX and TecDAX, the company achieved revenue in the amount of EUR 461.3 million and an EBITDA of EUR 121.3 million in 2018.

Contacts

Stefanie Zimmermann
Press Contact
Investor Relations
szimmermann@nemetschek.com
+49 89 540459 250