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Q3 Report | Nemetschek SE

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Nemetschek SE: Continued Double-Digit Growth in Q3 2022 Driven by High Demand for Subscription and SaaS

- **+19.8% growth in revenue to €202.8million in Q3**
- **+29.2% growth in annual recurring revenue (ARR) to €550.6million in Q3**
- **+57.5% increase in revenue from subscription/SaaS to €54.4million**
- **+15.7% growth in EBITDA to €62.9million, EBITDA margin remains high at 31.0%**
- **+13.3% growth in earnings per share to €0.34**

- **Full-year guidance for 2022 confirmed**

Munich, October 27, 2022 – The Nemetschek Group, a globally leading provider of software for digital transformation in the construction and media industries, maintained its double-digit percentage growth in revenue and earnings in the third quarter of 2022. The Group's revenue increased by 19.8% between July and September, while its EBITDA went up by 15.7%. Recurring revenue was again the main driver of growth and reached a new record level as a result of the strong demand for subscription-based and SaaS models in particular.

In order to present the future growth dynamics and the success more transparently in the ongoing transition of the business to subscription and SaaS models and therefore in view of the total recurring revenues, the Nemetschek Group is introducing the key figure ARR (Annual Recurring Revenue). At 29.2%, the ARR growth in Q3 was significantly higher than the overall Group's revenue growth (19.8%), which is a strong indication of the continued high growth potential over the next 12 months.

"The industry's efficiency shortcomings are becoming even more visible in the currently changing environment in the construction and real estate sectors. Digitalization and the usage of intelligent software solutions across a building's life cycle are essential requirements for making construction more efficient, less resource-consuming, and more cost-effective. This success factor for our customers leads to a continued strong demand for our solutions. On top of that, we continue to expand in the Media segment which is just at the start of a long period of growth and high demand," said **Yves Padrines, CEO of the Nemetschek Group**. "The successful transition to subscriptions and SaaS, which will lead to a strong increase in recurring revenues and make our business even more resilient. The same is true for our strong innovation pipeline. For example, this includes the new Bluebeam Cloud offering and our open cloud-based Digital Twin platform. Following the first nine months of the year, we are very confident that we will achieve our guidance for 2022," continued Yves Padrines.

Group's Key Performance Indicators in Q3 and in the First Nine Months of

2022

- The **Group’s revenue** maintained its double-digit percentage growth, climbing by 19.8% (adjusted for currency effects: 11.8%) to €202.8 million. During the first nine months of 2022, the Group’s revenue increased to €598.9 million, equivalent to year-over-year growth of 21.3% (adjusted for currency effects: 15.2%).
- The **ARR** (annual recurring revenue) increased by 29.2% in Q3 (adjusted for currency effects: 21.7%) to €550.6 million, which was significantly stronger than the total revenue growth. This new indicator is an important measure of the Group’s future potential for revenue and cash flow growth.
- Growth drivers were the revenues from **subscription-based and SaaS models**, as was the case in previous quarters. They grew by 57.5% (adjusted for currency effects: 47.1%) to a new record of €54.4 million in Q3, making an outsize contribution to the increase in recurring revenues. Accordingly, the share of recurring revenues, an important strategic indicator that includes subscription/SaaS as well as revenues from service contracts, grew further in Q3 and accounted for 68% of the Group’s revenues (same quarter previous year: 63%). In the first nine months of the year, revenue from subscriptions/SaaS increased to €146.8 million, representing growth of 57.8% compared to the corresponding previous-year period (adjusted for currency effects: 49.5%).

- The **Group’s earnings before interest, taxes, depreciation, and amortization (EBITDA)** increased by 15.7% to €62.9 million in Q3 which corresponds to an EBITDA margin of 31.0% (previous year: 32.1%). Viewed on a nine-month basis, EBITDA increased to €201.3 million, and the EBITDA margin expanded to 33.6% (previous year: 32.5%).

- The **quarterly net income** (Group shares) saw a growth of 13.3% to €38.8 million in Q3. Accordingly, the earnings per share increased to €0.34 (previous-year period: €0.30). Net income in the first nine months of the year also rose by a significant 32.1% to €127.9 million, resulting in earnings per share of €1.11.

Strategic Highlights & Diversification

- In addition to the successful **subscription and SaaS transition** and the increase in the share of recurring revenues, the Group's strategic focus continued to be on the ongoing **internationalization** of its business. The result can be seen in the over-proportional increase in revenues abroad (Q3: +25%), with North America in particular showing strong growth. The increase in recurring revenues and regional diversification further boost the quality, plannability, and resilience of the Nemetschek business model.
- As part of its ongoing developments in its solution portfolio, Nemetschek has driven initiatives in its **innovation focus areas** of Cloud and Digital Twins.
    - The US brand Bluebeam has reached a milestone in its corporate history with the rollout of its Bluebeam Cloud. This new product is a suite of mobile and browser-based solutions that makes it possible for teams on construction sites to access important data and work from anywhere, including from their mobile devices. The cloud features also ensure an optimized data availability and therefore further improve the cooperation and work processes of Bluebeam's existing desktop solutions.
    - With the appointment of César Flores Rodríguez as Chief Division Officer (CDO) for Operate & Manage, Nemetschek significantly strengthened its segment. A particular focus of Mr. Rodríguez will be on the go-to-market strategy, growth acceleration, and cross-selling. Additionally, he will also oversee the new business unit for Digital Twins and drive the development of an open, cloud-based Digital Twin platform.

Segment Developments

- In the **Design** segment, revenue in Q3 2022 grew by 11.4%

(adjusted for currency effects: 6.4%) to €96.9 million. After the first nine months of 2022, revenue was €287.4 million (+11.5%, adjusted for currency effects: +7.7%). The strong growth in subscription revenues (constant currency growth: Q3: +50.8%, 9M: +51.5%) is a testament to the success of the segment’s strategy of offering subscriptions and licenses in parallel. The EBITDA margin in Q3 2022 was 31.8% and almost at the previous year’s level (32.2%). During the first nine months of the year, EBITDA margin improved to 33.0% (previous-year period: 32.6%).

- The **Build** segment has achieved strong growth again: Its revenue increased by 31.4% (adjusted for currency effects: 17.4%) to €71.0 million in Q3. Customer demand remained high at Bluebeam, which also began its business transition to subscription and cloud products during the third quarter as planned. In the first nine months of the year, the segment’s revenue increased by 32.8% (adjusted for currency effects: 22.1%) to €208.8 million. The EBITDA margin in Q3 was 37.9% (same quarter previous year: 39.9%). The margin was 42.1% for the first nine months of the year and therefore almost at the previous year’s level (42.6%).
- Revenue in the **Media** segment increased by 36.7% (adjusted for currency effects: 27.6%) to €25.8 million in Q3. Growth in the first nine months of the year was even higher with 51.4% (adjusted for currency effects: 43.5%), climbing to €75.8 million. In addition to the strong organic growth, the Media segment also profited from the acquisition of the business operations of Pixologic, Inc. at the end of 2021. The EBITDA margin in Q3 2022 was 41.8% and on the same level as the previous year (42.0%). During the first nine months of 2022, it expanded to 42.8% (previous year: 37.5%).⊠
- In the **Manage** segment, revenue in Q3 2022 increased by 2.9% (adjusted for currency effects: 3.2%) to €11.3 million. It had 2.9% (adjusted for currency effects: 3.0%) growth when viewed on a nine-month basis. The EBITDA margin in Q3 2022 was 4.8% and down year over year (11.6%).

Full-Year Guidance for 2022 Confirmed

Based on the excellent developments in the first nine months of 2022, the continued long-term growth trends in relevant markets, the ever-increasing proportion of recurring revenues, and the broad diversification of regional and market risks, the Executive Board is very confident that it will achieve the targets for 2022. The Executive Board therefore continues to expect a revenue growth at constant exchange rates in the range of 12% to 14% for the Group. The EBITDA margin is expected to be between 32% and 33%.

The guidance incorporates the currently increasing uncertainty in the global economic environment caused by Russia's invasion of Ukraine and the ongoing Covid-19 pandemic, which is being accompanied by supply shortages in all industries, increased inflation, and rising costs of procurement, financing, and energy. The guidance does not reflect potential negative effects due to any escalation of this war or severe macroeconomic distortions.

Overview of quarterly key figures (Q3-22)

In EUR million	Q3 2022	**Q3 2021**	**Δ in %**	**Δ in % FX-adj**
Revenues	**202.8**	**169.3**	**+19.8%**	**+11.8%**
- thereof software licenses	56.9	55.7	+2.2%	-6.2%
- thereof recurring revenues	137.7	106.5	+29.2%	+21.0%
- Subscription & SaaS (part of recurring revenue)	54.4	34.5	+57.5%	+47.1%
ARR (Annual recurring revenues)	**550.6**	**426.1**	**+29.2%**	**+21.7%**
EBITDA	**62.9**	**54.4**	**+15.7%**	
Margin	31.0%	32.1%		
EBIT	**48.0**	**42.0**	**+14.2%**	
Margin	23.7%	24.8%		

Net income (Group shares)	**38.8**	**34.2**	**+13.3%**	
Earnings per share in EUR	0.34	0.30	+13.3%	
Net income (Group shares) before amortization of purchase price allocation (PPA)	**45.5**	**39.3**	**+15.7%**	
Earnings per share before PPA in EUR	0.39	0.34	+15.7%	

Overview of quarterly key figures per segment* (Q3-22)

In EUR million	Q3 2022	**Q3 2021**	**Δ in %**	**Δ in % FX-adj.**
Design				
Revenues	96.9	87.0	+11.4%	+6.4%
EBITDA	30.8	28.0	+10.0%	+0.8%
EBITDA margin	31.8%	32.2%		
Build				
Revenues	71.0	54.0	+31.4%	+17.4%
EBITDA	26.9	21.6	+24.9%	+10.4%
EBITDA margin	37.9%	39.9%		
Media				
Revenues	25.8	18.9	+36.7%	+27.6%
EBITDA	10.8	7.9	+36.0%	+28.4%
EBITDA margin	41.8%	42.0%		
Manage				
Revenues	11.3	11.0	+2.9%	+3.2%
EBITDA	0.5	1.3	-57.0%	-51.8%
EBITDA margin	4.8%	11.6%		

Overview of 9-month key figures (9M-22)

In EUR million	9M 2022	9M 2021	Δ in %	Δ in % FX-adj
Revenues	**598.9**	**493.6**	**+21.3%**	**+15.2%**
- thereof software licenses	187.1	169.0	+10.7%	+4.3%
- thereof recurring revenues	387.2	302.6	+28.0%	+21.6%
- Subscription & SaaS (part of recurring revenue)	146.8	93.0	+57.8%	+49.5%
ARR (Annual recurring revenues)	**550.6**	**426.1**	**+29.2%**	**+21.7%**
EBITDA	**201.3**	**160.3**	**+25.6%**	
Margin	33.6%	32.5%		
EBIT	**157.6**	**123.0**	**+28,1%**	
Margin	26.3%	24.9%		
Net income (Group shares)	**127.9**	**96.8**	**+32.1%**	
Earnings per share in EUR	1.11	0.84	+32.1%	
Net income (Group shares) before amortization of purchase price allocation (PPA)	**147.5**	**111.8**	**+32.0%**	
Earnings per share before PPA in EUR	1.28	0.97	+32.0%	

Overview of 9-month key figures per segment* (9M-22)

In EUR million	9M 2022	9M 2021	Δ in %	Δ in % FX-adj.
Design				

Revenues	287.4	257.8	+11.5%	+7.7%
EBITDA	94.7	84.0	+12.8%	+6.1%
EBITDA margin	33.0%	32.6%		
Build				
Revenues	208.8	157.2	+32.8%	+22.1%
EBITDA	88.0	67.0	+31.4%	+19.7%
EBITDA margin	42.1%	42.6%		
Media				
Revenues	75.8	50.1	+51.4%	+43.5%
EBITDA	32.4	18.8	+72.8%	+63.7%
EBITDA margin	42.8%	37.5%		
Manage				
Revenues	33.9	33.0	+2.9%	+3.0%
EBITDA	2.3	3.2	-29.2%	-22.5%
EBITDA margin	6.7%	9.7%		

*As a result of the strategic reorganization of brands between the Design and Build segments, prior year figures were
adjusted for comparable reasons.

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About the Nemetschek Group

The Nemetschek Group is a pioneer for digital transformation in the AEC/O and the media & entertainment industries. With its intelligent software solutions, it covers the entire lifecycle of building and infrastructure projects, guides its customers into the future of digitalization and enables them to shape the world. As one of the leading corporate groups worldwide in this sector, the Nemetschek Group increases quality in the building process and improves the digital workflow for all those involved. Customers can design, build, and manage buildings more efficiently, sustainably and resource-saving. The focus is on the use of open standards (OPEN BIM). The portfolio also includes digital solutions for visualization, 3D modeling, and animation. The innovative solutions of the brands ALLPLAN, Bluebeam, Crem Solutions, dRofus, FRILO, Graphisoft, Maxon, Nevaris, RISA, SCIA, Solibri, Spacewell and Vectorworks in the four customer-oriented segments are used by approximately 6.5 million users worldwide. Founded by Prof. Georg Nemetschek in 1963, the Nemetschek Group today employs around 3,500 experts all over the world.

Publicly listed since 1999 and quoted on the MDAX and TecDAX, the company achieved revenue amounting to EUR 681.5 million and an EBITDA of EUR 222.0 million in 2021.

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