



NEMETSCHEK GROUP

Annual Report 2020

March 2021

Mar 23, 2021 06:17 UTC

Nemetschek SE: Raised Targets for 2020 Fully Achieved - At Least High Single-Digit Growth with High Profitability in 2021

- Revenues increase to EUR 596.9 million in 2020 (+7.2%), EBITDA margin at high 28.9%
- Recurring revenues increase by 19.9% to EUR 359.0 million, driven by subscription/SaaS (+79.6% to EUR 90.4 million)
- Outlook for 2021: At least high single-digit growth at constant currencies and attractive EBITDA margin of between 27% to 29% targeted
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Ambition 2023: Growth in the mid-teens following successful subscription/SaaS transition

Munich, March 23, 2021 - The Nemetschek Group (ISIN DE 0006452907) has recorded successful business development in 2020 despite the global Covid-19 crisis and has also created important prerequisites for accelerating its growth course in the future. The provider of software solutions for the construction industry fully met its 2020 annual targets for revenues and profitability (EBITDA margin), which were raised in October. For 2021, currency-adjusted revenue growth is expected to be at least in the high single-digit percentage range. At the same time, Nemetschek is aiming for a continuously increasing share of recurring revenues, which will be driven primarily by the conversion to a cloud-centric subscription model (SaaS) of its global Build-division brand Bluebeam which will start in the second half of 2021. In 2021, the EBITDA margin is expected to remain within the high corridor of 27% to 29% as previously targeted. In addition, the Executive Board is confident to reach a mid-teens growth starting in 2023 and following the successful subscription/SaaS transition.

"Thanks to our rapid adaption to the new circumstances, a crisis-resistant business model and prudent cost management, we have successfully mastered the past year," said Dr. Axel Kaufmann, Spokesman of the Executive Board and CFOO. "With our very good positioning regionally and with customers, and the steadily increasing share of recurring revenues, we have laid the foundation for further growth in 2021 while achieving attractive profitability. In the coming years, the clear benefits from the stronger shift to subscription and cloud will contribute to value creation and significantly accelerate our growth," Kaufmann added.

Key Group figures for 2020

- **Group revenues** increased by 7.2% (adjusted for currency effects: 8.3%) to EUR 596.9 million (2019: EUR 556.9 million). This increase in revenues is attributable to both solid organic growth of 5.6% and the first-time revenue consolidation resulting from the Red Giant acquisition in the Media & Entertainment segment.
- The clear growth driver was **recurring revenues** from software service contracts and rental models (Subscription + SaaS), which increased by 19.9% (adjusted for currency effects: 21.1%) to EUR

359.0 million and thus already accounted for 60.1% of total revenues (previous year: 53.8%) in 2020. This above-average increase reflects the strategic approach of the business model to increasingly offer rental models. Revenues from **Subscription + SaaS** increased significantly by 79.6% (adjusted for currency effects: 82.2%) to EUR 90.4 million.

- **Group operating EBITDA** for the full year rose by 4.0% (adjusted for currency effects: 4.9%) to EUR 172.3 million (previous year: EUR 165.7 million), resulting in a high EBITDA margin of 28.9%.
- Due to higher PPA depreciation resulting from the Red Giant acquisition, **net income for the year** was almost at the previous year's level at EUR 96.9 million (previous year: EUR 97.7 million, adjusted figure before a positive one-off effect from the sale of the minority interest in DocuWare). Accordingly, earnings per share amounted to EUR 0.84 (previous year: EUR 0.85).
- The increase in the **equity ratio** to 46.9% (previous year: 40.7%) and the high cash conversion rate of 91.4% demonstrate the Group's healthy financial position, which is geared toward further growth.
- Nemetschek plans to increase the **dividend** by around 7% to EUR 0.30 per share (previous year: EUR 0.28 per share). Subject to approval by the Annual General Meeting on May 12, 2021, the total dividend payout would rise to EUR 34.7 million.

Segment performance in 2020

The four **segments of the Nemetschek Group** were affected to varying degrees by the coronavirus in 2020 due to their regional focuses and customer groups (see table).

- The **Design** segment, which focuses on Europe, felt the effects of the crisis early on, but reported a clear stabilization in the second half of the year. At EUR 314.9 million, revenues in 2020 were up slightly on the previous year (EUR 314.7 million), while the EBITDA margin remained high at 30.4% (previous year: 31.1%).
- The **Build** segment, with its focus on the construction industry in the USA, felt the effects of the crisis with a time lag, as expected. Revenues increased by 8.7% (adjusted for currency effects:

10.3%) to EUR 193.0 million. The EBITDA margin was up as compared to the previous year at 36.3% (34.7%).

- In the still young **Manage** segment, too, the effects of the Covid-19 pandemic were felt with a time lag. Overall, growth of 6.2% (adjusted for currency effects: 6.3%) to EUR 40.9 million was reported. The EBITDA margin was 9.0% due to investments in future growth.
- The **Media & Entertainment** segment was strengthened by the acquisition of US company Red Giant. Despite simultaneous switch to subscription models, significant growth of 62.8% (adjusted for currency effects: 65.0%) to EUR 55.2 million was achieved. Organic growth was also impressive at 20.6%. The EBITDA margin rose to 28.1% (previous year: 27.8%).

Strategic priorities: Focus on stronger integration and recurring revenues

A key focus in 2021 continues to be a more intensive bundling of the competencies of the Nemetschek brands in the four segments. In the Design segment, on the product side two cross-brand workflow solutions (Integrated and Federated Design) were successfully launched on the market for the first time in 2020. Moving forward, the Group's internal complexity will be reduced, synergies created and overarching solutions developed for customers from a single source.

Nemetschek's objective remains to steadily increase its recurring revenues from service contracts and rental models in order to maintain a close customer contact and a high level of customer satisfaction, secure long-term sustainable growth and provide greater planning security. Rental models in particular make it possible to tap into new customer groups as customers have shown greater demand for this flexible option, especially during the pandemic. In the four segments, the offer and implementation of rental models are at different stages of progress due to the differing needs of customers by discipline and region. Following the successful conversion to subscription models in the Media segment in 2020, the Bluebeam brand in the Build segment will begin its conversion to a cloud- and data-centric offering (SaaS) in the second half of 2021. The stronger shift to subscription/SaaS business models creates value by opening up additional market potential through newly addressed customers, expanded customer lifetime value, and increased recurring revenues.

Financial outlook 2021 and future growth ambition

Thanks to the continued positive fundamental market opportunities and a

strong operating and financial base of the Nemetschek Group, the Executive Board is positive about the year 2021. On the basis of a successful start to the new fiscal year and assuming that there is no deterioration in the general economic conditions, the Executive Board expects currency-adjusted revenue growth at least in the high single-digit percentage range in 2021. At the same time, the Nemetschek Group will further increase its share of recurring revenues. Group EBITDA will continue to be in the high target range of 27% to 29%.

In 2022, further growth is expected at a similar level as in 2021, with an even stronger shift to subscription/SaaS models at the same time. Based on further strategic progress as well as the structurally attractive subscription business, the Executive Board is therefore optimistic to again achieve significantly accelerated and sustainable revenue growth in the mid-teens percentage range starting in 2023.

Overview of full year key figures

In EUR million	12M 2020	12M 2019	Δ in %	Δ in % (FX-adj)
Revenues	596.9	556.9	+7.2 %	+8.3%
- thereof software licenses	210.0	228.2	-8.0 %	-6.9%
- thereof recurring revenues	359.0	299.5	+19.9 %	+21.1%
- Subscription/SaaS (part of recurring revenues)	90.4	50.3	+79.6 %	+82.2%
EBITDA	172.3	165.7	+4.0 %	+4.9%
Margin	28.9%	29.7%		
EBITA	149.3	143.7	+3.8 %	
Margin	25.0%	25.8%		
EBIT	122.5	123.6	-0.9 %	-0.4%

Margin	20.5%	22.2%		
Net income (Group shares)	96.9	127.2	-23.8 %	
Earnings per share in EUR	0.84	1.10	-23.8 %	
Net income (Group shares) w/o one-time effect prior year*	96.9	97.7	-0.7 %	
Earnings per share in EUR w/o one-time effect prior year*	0.84	0.85	-0.7 %	
Net income (Group shares) before PPA and w/o one-time effect prior year*	115.2	110.8	+4.0 %	
Earnings per share in EUR before PPA and w/o one-time effect prior year*	1.00	0.96	+4.0 %	

*Prior year figure w/o positive one-time effect from DocuWare sale

Overview of quarterly key figures (Q4)

In EUR million	Q4 2020	Q4 2019	Δ in %	Δ in % (FX-adj)
Revenues	160.1	150.8	+6.1 %	+9.7%
- thereof software licenses	58.0	60.9	-4.7 %	-1.2%
- thereof recurring revenues	93.6	82.0	+14.2 %	+18.0%
- Subscription/SaaS (part of recurring revenues)	26.9	15.9	+69.7 %	+75.8%
EBITDA	43.0	46.2	-7.0 %	-3.0%
Margin	26.9%	30.6%		
EBITA	37.2	40.3	-7.9 %	
Margin	23.2%	26.7%		

EBIT	30.4	35.2	-13.5 %	-10.0%
Margin	19.0%	23.3%		
Net income (Group shares)	29.2	31.7	-7.9 %	
Earnings per share in EUR	0.25	0.27	-7.9 %	
Net income (Group shares) w/o one-time effect prior year*	29.2	31.7	-7.9 %	
Earnings per share in EUR w/o one-time effect prior year*	0.25	0.27	-7.9 %	
Net income (Group shares) before PPA and w/o one-time effect prior year*	33.2	35.1	-5.4 %	
Earnings per share in EUR before PPA and w/o one-time effect prior year*	0.29	0.30	-5.4 %	

*Prior year figure w/o positive one-time effect from DocuWare sale

Overview of full year key figures per segment

In EUR million	12M 2020	12M 2019	Δ in %	Δ in % FX-adj.
Design				
Revenue	314.9	314.7	+0.1%	+0.9%
EBITDA	95.9	98.0	-2.2%	-3.0%
EBITDA margin	30.4%	31.1%		
Build				
Revenue	193.0	177.7	+8.7%	+10.3%
EBITDA	70.1	61.6	+13.7%	+16.5%
EBITDA margin	36.3%	34.7%		
Manage				
Revenue	40.9	38.5	+6.2%	+6.3%
EBITDA	3.7	7.9	-53.4%	-51.8%

EBITDA margin	9.0%	20.5%		
Media & Entertainment				
Revenue	55.2	33.9	+62.8%	+65.0%
Revenue organic	40.5	33.9	+19.4%	+20.6%
EBITDA	15.5	9.4	+65.0%	+72.0%
EBITDA margin	28.1%	27.8%		

Overview of quarterly key figures per segment (Q4)

In EUR million	Q4 2020	Q4 2019	Δ in %	Δ in % FX-adj.
Design				
Revenue	85.6	84.8	+1.0%	+3.2%
EBITDA	19.7	28.2	-30.1%	-29.3%
EBITDA margin	23.0%	33.3%		
Build				
Revenue	48.7	47.7	+2.1%	+8.0%
EBITDA	15.2	16.3	-6.5%	+1.5%
EBITDA margin	31.2%	34.0%		
Manage				
Revenue	11.7	11.2	+3.8%	+3.9%
EBITDA	-0.4	3.9		
EBITDA margin	-3.6%	34.3%		
Media & Entertainment				
Revenue	15.9	9.2	+73.0%	+80.4%
Revenue organic	12.9	9.2	+40.8%	+45.2%
EBITDA	4.1	0.8	+418.3%	+460.9%
EBITDA margin	26.2%	8.7%		

For further information on the company, please contact

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About the Nemetschek Group

The Nemetschek Group is a pioneer for digital transformation in the AEC industry. With its intelligent software solutions, it covers the entire lifecycle of building and infrastructure projects and guides its customers into the future of digitalization. As one of the leading corporate groups worldwide, the Nemetschek Group increases quality in the building process and improves the digital workflow of all those involved in the building process. This makes it possible to design, build and manage buildings with greater efficiency, sustainability and environmental compatibility in terms of resources. 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 products of the 15 brands of the Nemetschek Group in the four customer-oriented segments are used by approximately six million users worldwide. Founded by Prof. Georg Nemetschek in 1963, the Nemetschek Group today employs more than 3,000 experts.

Publicly listed since 1999 and quoted on the MDAX and TecDAX, the company achieved revenue amounting to EUR 596.9 million and an EBITDA of EUR 172.3 million in 2020.

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