



# COMPANY PRESENTATION

Dr. Uwe Schwellbach (CFO)  
Stockholm / Helsinki  
April 30, 2019

1 About SNP

2 Corporate Development

3 Financials Q1 2019

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& Guidance 2019

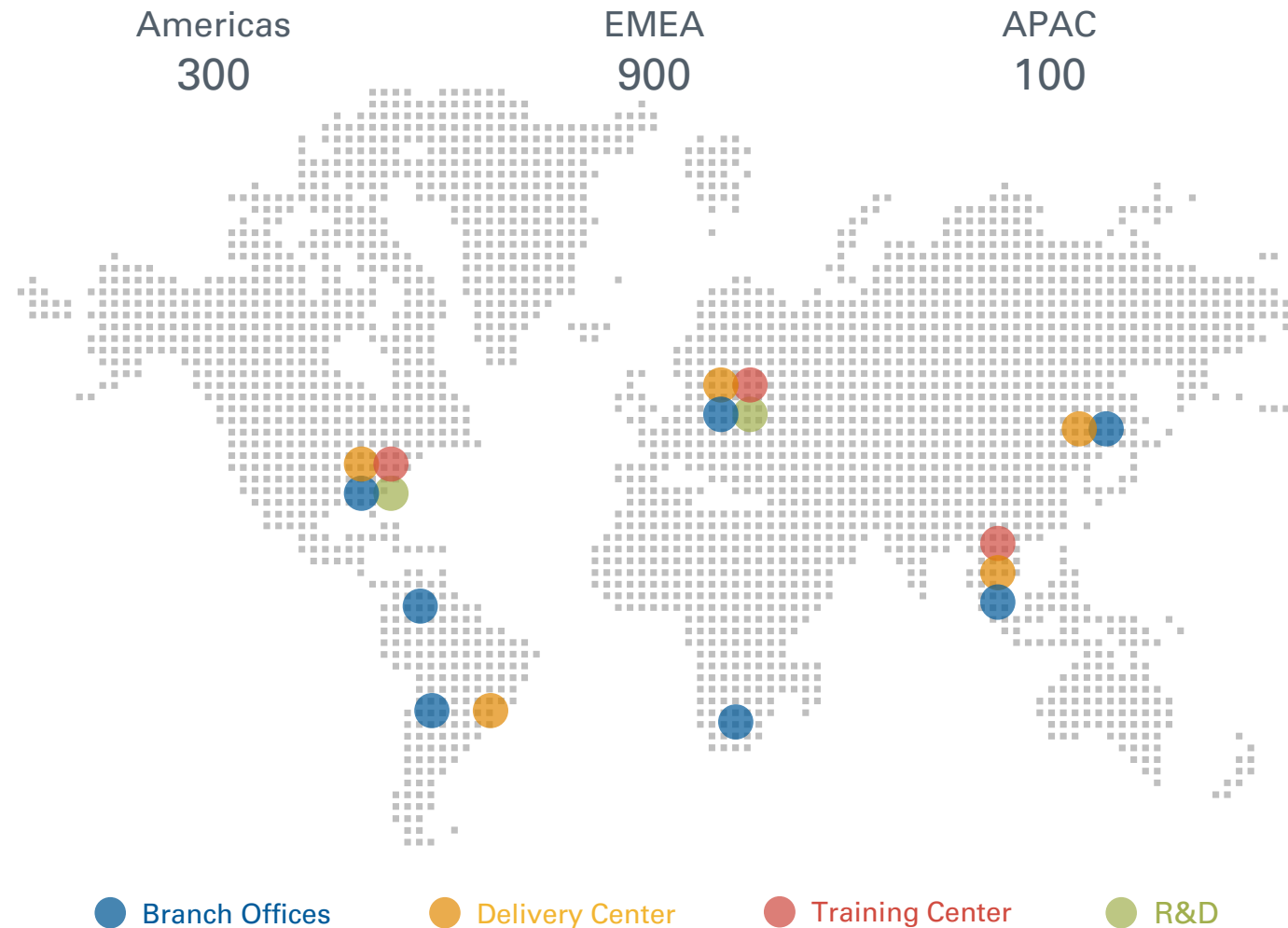
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# ABOUT SNP

# SNP I Global Presence



- 1,300 Employees
- 1,000 experienced IT experts
- Worldwide delivery centers for your transformation projects



# SNP I Proven Industry Standard Approach



## PROVEN APPROACH

Our software and our consulting approach were examined by two leading auditors.



## SAP-CERTIFIED

SNP Interface Scanner  
SNP Transformation Backbone with SAP LT  
**SAP Certified**  
Powered by SAP NetWeaver



## GLOBAL ALLIANCES WITH SAP

Argentina, Chile, Germany, Poland, United Kingdom



A service partnership with SAP exists in all other countries with a branch office.

## ISO CERTIFIED

Our internal processes comply with DIN ISO 9001.



## PARTNERSHIP



DXC.technology

# SNP | Global Customer Base



SIEMENS



ABB

**BOSE**  
Better sound through research®



SONY

L'ORÉAL



**EVONIK**  
KRAFT FÜR NEUES

**РЖД** Российские  
железные дороги

*Kellogg's*

# SNP I Transformation Never Ends



## SNP's Transformation Automation Platform Delivers

### MERGE



- Client merge
- HR merge
- Any-to-SAP migration
- Functional, process and organizational merge
- Technical merge
- Archive merge
- Entire or partial systems

#### Migration

into a combined target system

### SPLIT

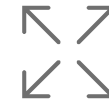


- Legal entity carve-out
- Selective carve-out of partial or complete entities and lines of business
- Share deal/asset deal support
- Data cleansing
- Archive split

#### Migration

into a new target system

### MOVE



- Modernize, move and upgrade in near-zero downtime
- Cloudification
- OS/DB migration
- Move to HANA
- S/4HANA transformation

#### Migration

of entire an client

### HARMONIZE



- Chart of accounts conversion
- New GL conversion
- Profit center re-organization
- Company code merge
- Plant relocation
- Harmonization of master data
- Controlling area merge

#### Conversion

within existing system

Multiple SAP transformation projects in one go-live with minimized downtime at cutover

# S/4HANA Trends




**Resources** – How many are available to fill the key roles?


**250,000** SAP Consultants





**70%** Will be S/4 Ready



 **Project Managers**  
26,250

 **Architects**  
17,500

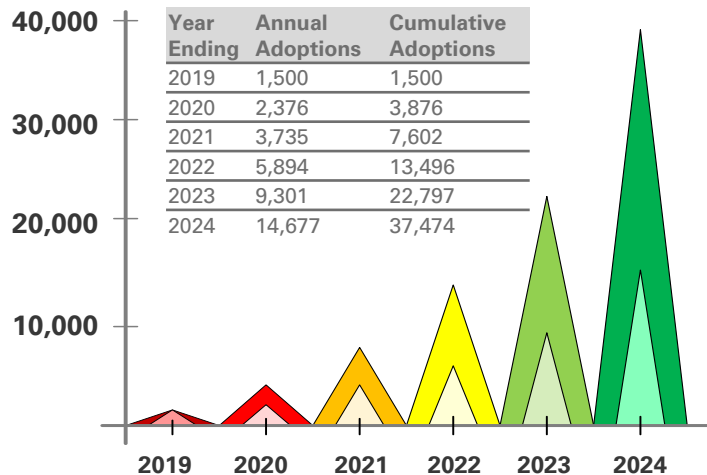
 **Application Consultants**  
122,500

 **Migration Consultants**  
9,000

**Adoption** – Cumulative and year over year adoption.

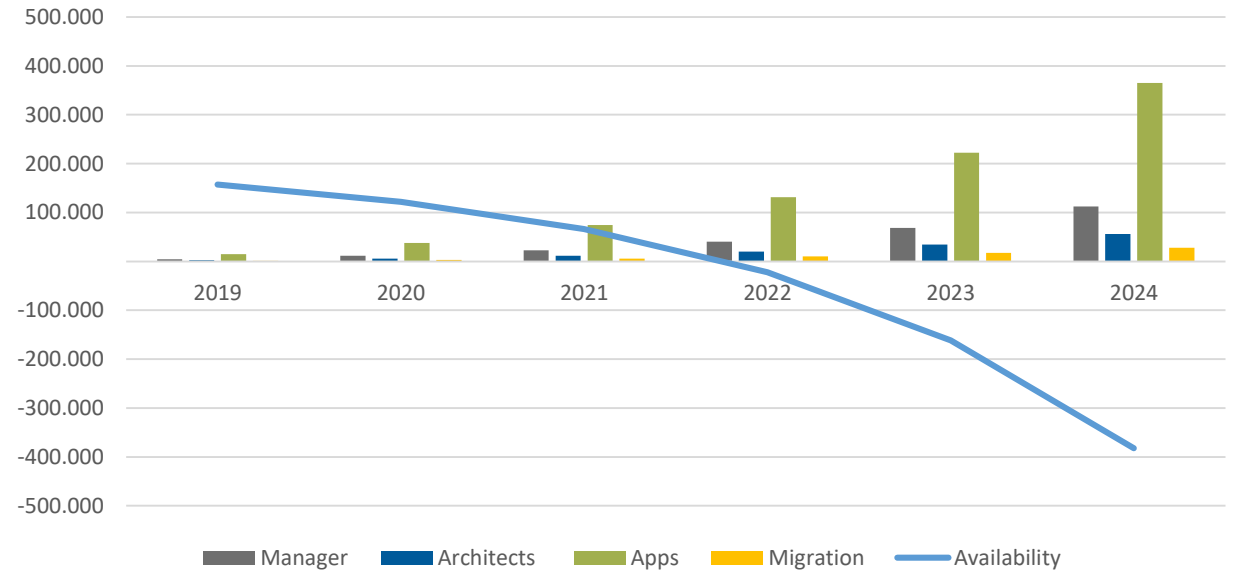
The path to 2025...

It is not expected for the full 50,000 customers to adopt S/4HANA. Current forecasts predict a 75% (37,474) adoption rate. Others will straggle, seek support elsewhere or move off of SAP.



**Availability** – Resource consumption is a function of the adoption rate.

- Existing and new resources will sustainably transition into S/4HANA projects up to 2021.
- Shortages begin in 2021 and increase dramatically through 2025 for **all** resource types.



SAP and S/4HANA are trademarks of SAP SE.  
Data sourced from Gartner, IBM, SAP and SNP.  
Figures are projections based on current trends and are for informational purposes only.



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# Corporate Development

## **Pursue further growth of our Software segment**

- Software portfolio as technological core of business model
- Through technological innovations and improvements, increase of benefits to customer while also tapping into new sources of licensing income
- Focus on increasing software licensing fees

## **Internationalization Strategy**

- Gained access to international markets through inorganic growth strategy: present in almost all relevant global markets
- Further strengthening international market position to increase revenues
- Increasing investments regarding the development and training of employees

## **Expansion of our partner and C-level network**

- Building strong networks with customers and influencers at executive C-level
- Strengthening collaboration with complementary partners
- Building on the close relationship with SAP

## **Increase portfolio through acquisitions**

- Additional acquisitions of software and services
- Expanding our portfolio of strategic products and solutions necessary in order to enter new sales markets, to gain new technical expertise, and to expand capacity

# Competitive Strengths



## Extensive track record and experience in IT transformation projects

- More than 7,000 worldwide transformation projects with high data and process complexity
- More than 20 years of supporting customers in the implementation of diverse IT transformation projects

## Technical advantage of a standardized software approach

- IT transformation projects are implemented in a one-step process, with near-zero-downtime and full retention of historical data
- Clear quality advantages for clients, including reduction of the operational downtime in productive IT environments

## Alternative migration approach for S/4HANA & cloud transformation

- Number of large S/4HANA implementation projects below market expectations
- SAP S/4HANA is causing many SAP customers to consider or plan a possible migration (VW Sachsen awards SNP for SAP S/4HANA Migration)
- Trademark SNP BLUEFIELD™ as flexible S/4HANA transformation program
- Global partnership with IBM

## Strong consultancy base

- Increased international presence in Europe, the U.S., South America and Asia
- Excellent position to profit from an increase in digital transformation business

# Enlargement of the Management Board and the Board of Directors



## Managing Directors

**Dr. Andreas Schneider-Neureither**  
CEO, Founder and Main Shareholder (22%)

– Corporate Strategy, Corporate Development,  
Corporate Marketing, Products and IT divisions

**Dr. Uwe Schwellbach**  
CFO since August 2018

– Finance, Controlling, Compliance/Legal, IR, HR  
and Shared Services divisions

**Michael Eberhardt**  
COO from July 2019

– Field Marketing, Sales, Delivery  
and Quality Assurance divisions

## Board of Directors

**Dr. Andreas Schneider-Neureither**  
Chairman

**Dr. Michael Drill**  
Deputy Chairman

**Gerhard Burkhardt**

**Rainer Zinow**

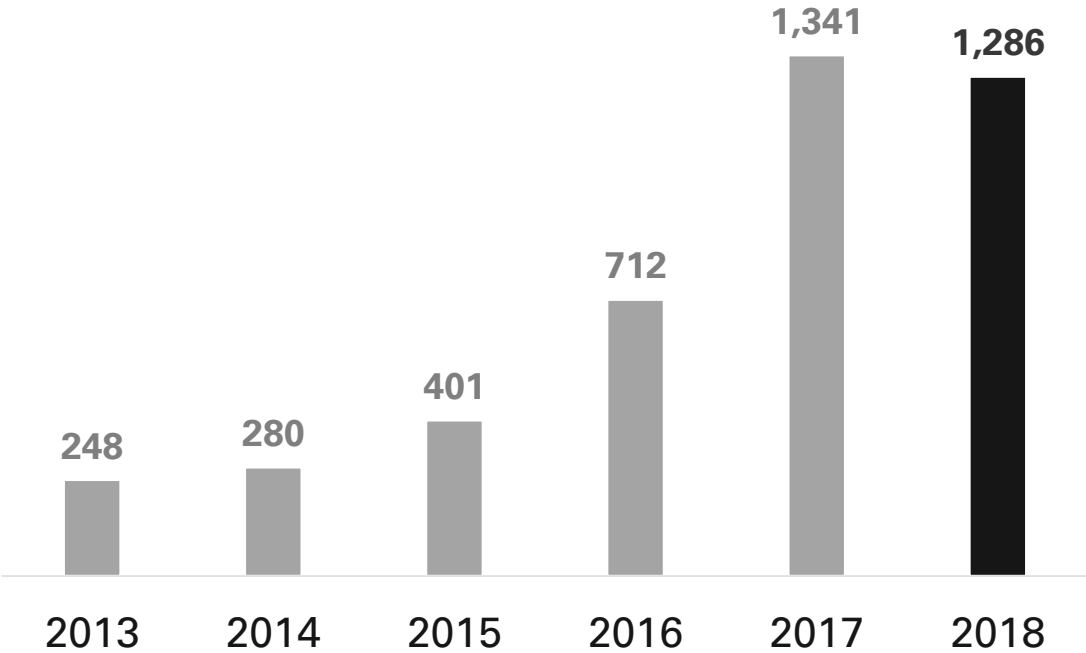
**Dr. Klaus Christian Kleinfeld**  
submitted to AGM (Jun 6, 2019)

**Dr. Karl Benedikt Biesinger**  
submitted to AGM (Jun 6, 2019)

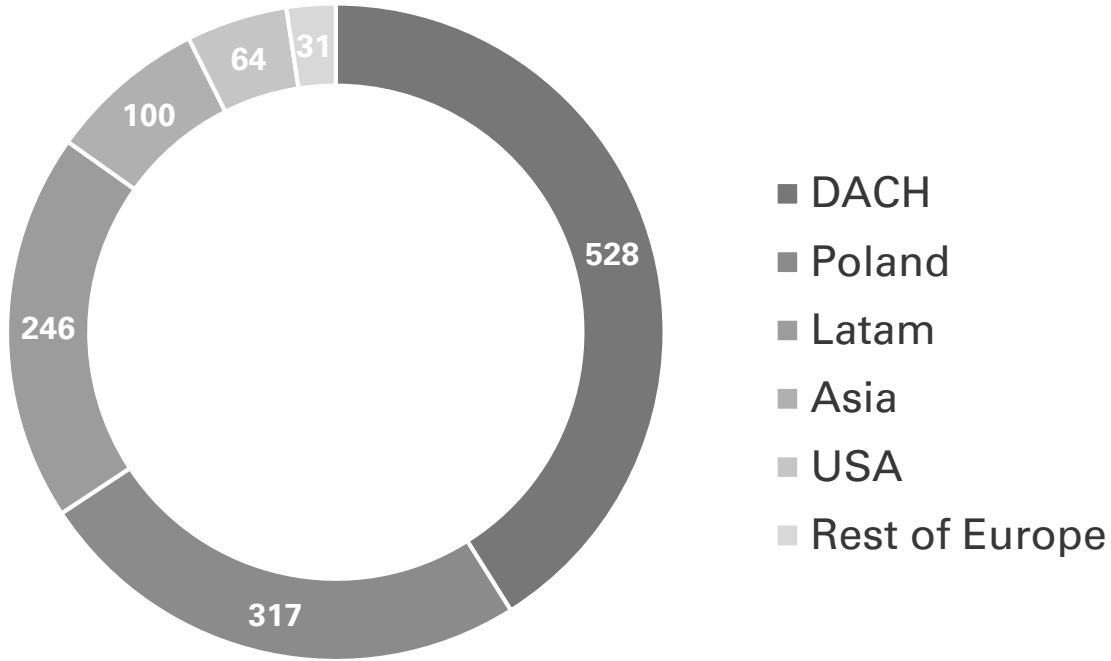
# Increased International Presence



Development of Employees (at year end)



Worldwide Distribution (Dec. 31, 2018)



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# Financials Q1 2019

# Key Figures Q1 2019 vs. Q1 2018



| € mn   | Q1 2019      | Q1 2018 |
|--|--------------|---------|
| Revenue  | <b>28.8</b>  | 31.6    |
| EBITDA<br>(non-IFRS, adjusted for exchange rate effects) | <b>-0.6</b>  | -1.7    |
| <i>EBITDA margin</i>                                     | <b>-2.2%</b> | -5.4%   |
| EBIT (non-IFRS,<br>adjusted for exchange rate effects)   | <b>-2.5</b>  | -2.6    |
| <i>EBIT margin</i>                                       | <b>-8.7%</b> | -8.2%   |
| Order Entry<br>(First three-month)                       | <b>38.9</b>  | 40.9    |
| Order Backlog<br>(as of Mar. 31)                         | <b>49.0</b>  | 70.2    |
| Equity   | <b>67,3</b>  | 53.7    |
| <i>Equity ratio</i>                                      | <b>42.9%</b> | 38.4%   |

# Key Facts Q1 2019



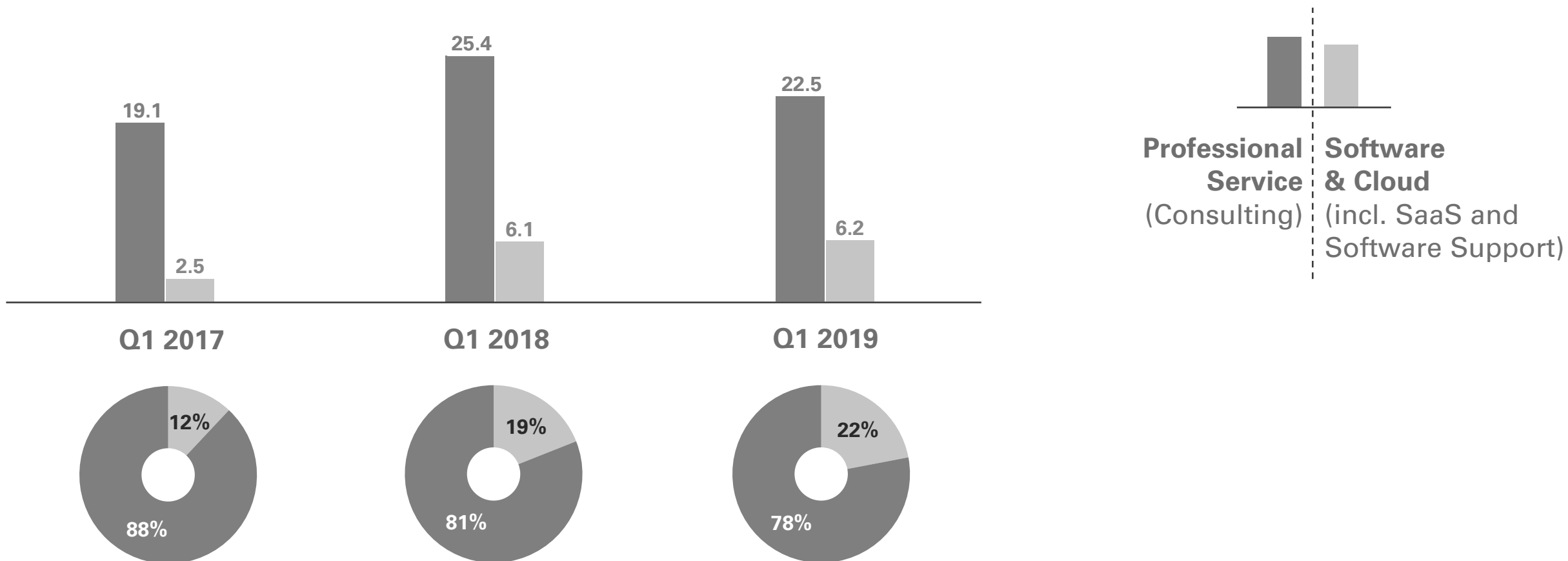
- January and February saw a decline in sales of € 2.7 mn, the sales development restabilized in March thanks to a **significant improvement in incoming orders**.
- **In the core DACH-region, incoming orders developed positively:** € 18.2 mn in the first quarter of 2019 represented an increase of around 21% compared to Q1 2018.
- SNP only expects to see the **most significant effects** of this increase in incoming orders, in addition to a healthy pipeline, **later on in the financial year**.
- In the strategically significant **North America region, the external sales increased significantly** by 24% to € 4.4 mn.
- **The sales performance was due entirely to organic growth**, since SNP did not affect any business acquisitions in 2018.
- **The revenue from SNP's own products**, which have higher margins, amounted to € 4.7 mn in the first quarter of 2019 (Q1 2018: € 3.9 mn). This corresponds to **growth of about 20%**.
- Number of employees was at 1,272 (previous year: 1,363). This corresponds to a decrease of around 7% **due to selective restructuring measures of the last twelve months. Personnel costs were consequently reduced** by € 0.9 mn to € 20.5 mn. SNP realized EBITDA (IFRS) in the sum of € -1.3 mn (Q1 2018: € -1.4 mn) despite sales decline.



# Increasing Importance of Software Revenues



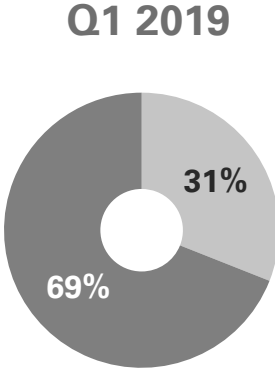
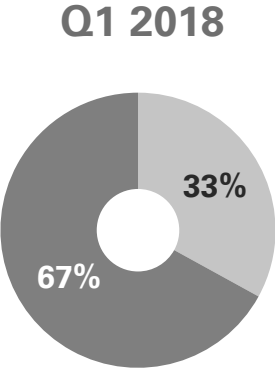
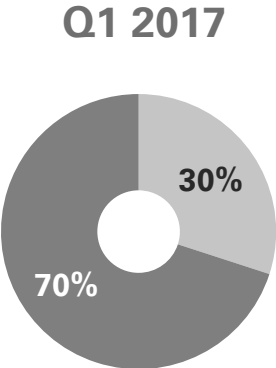
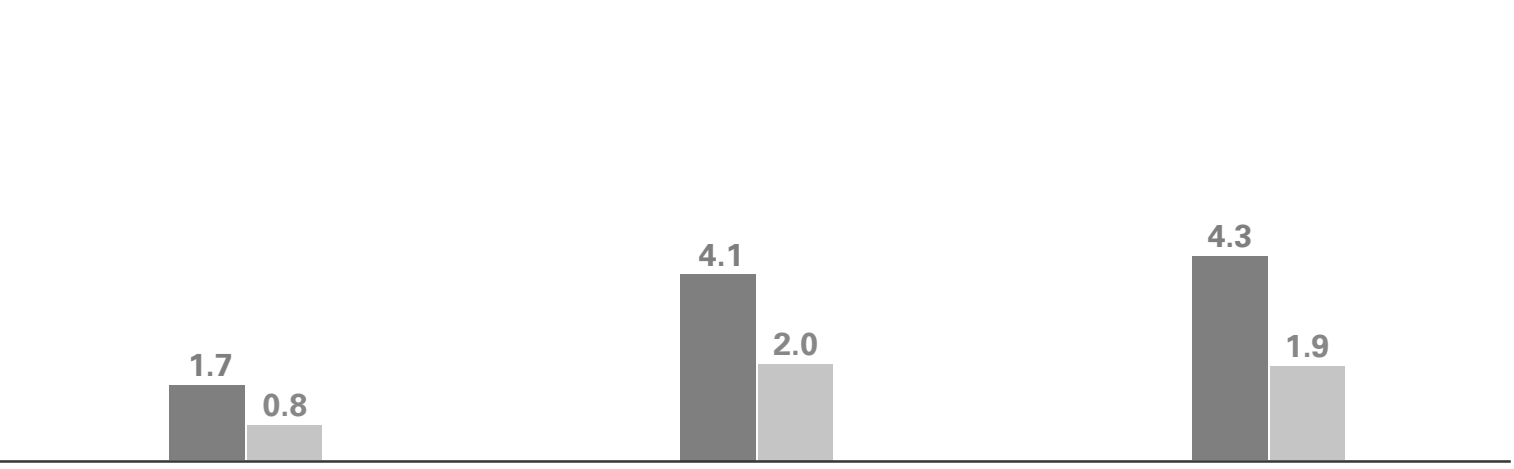
Revenues by Segments (€ mn)



# Continuous Increase of Licence Revenues



## Revenue Split within Software Segment (€ mn)

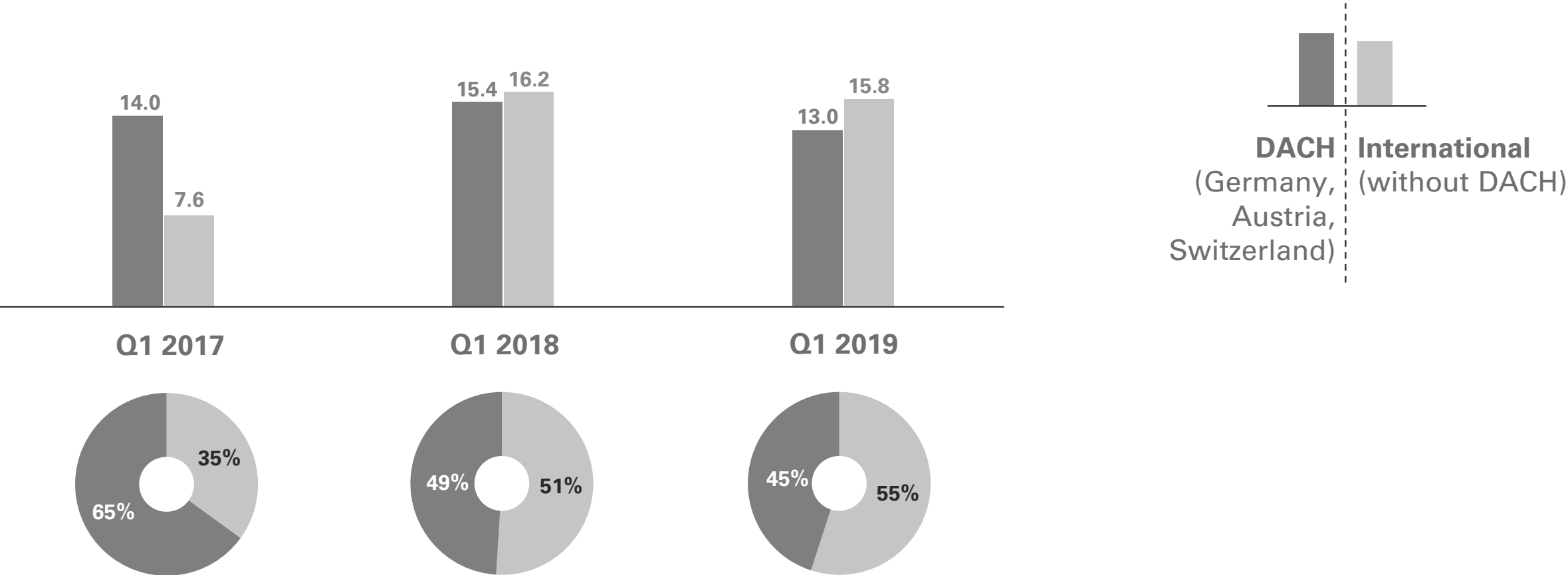


\* For the first time in 2019, SNP also reported revenue from software-as-a-service (SaaS).

# Reaping the Fruits of the Internationalization Strategy



## Revenues by Regions (€ mn)



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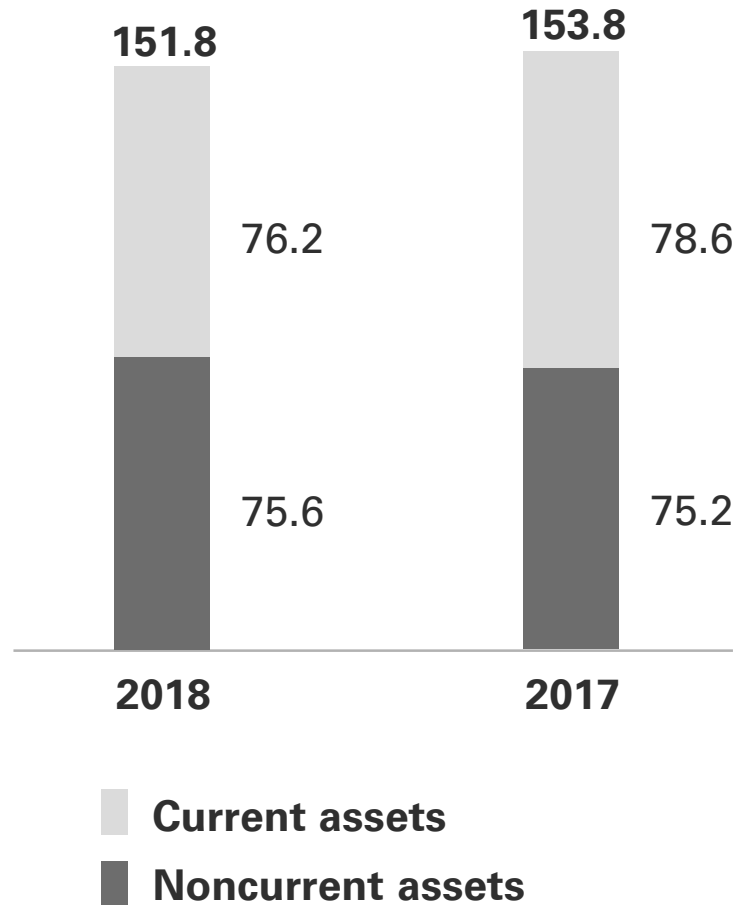
# Financials 2018 & Guidance 2019

# Key Figures 2018 vs. 2017



| € mn   | 2018         | 2017  |
|--|--------------|-------|
| <b>Revenue</b>   | <b>131.0</b> | 122.3 |
| EBITDA<br>(non-IFRS, adjusted for exchange rate effects) | <b>1.7</b>   | 6.9   |
| <i>EBITDA margin</i>                                     | <b>1.3%</b>  | 5.7%  |
| EBIT (non-IFRS,<br>adjusted for exchange rate effects)   | <b>-1.6</b>  | 4.7   |
| <i>EBIT margin</i>                                       | <b>-1.2%</b> | 3.8%  |
| Order Entry  | <b>132.3</b> | 130.7 |
| Order Backlog<br>(as of Dec. 31)                         | <b>56.3</b>  | 61.3  |
| Equity   | <b>69,4</b>  | 60.1  |
| <i>Equity ratio</i>                                      | <b>45.7%</b> | 39.1% |

# Balance Sheet – Assets (€ mn)



**The decline on the asset side of the balance sheet is attributable to developments in current assets in particular.**

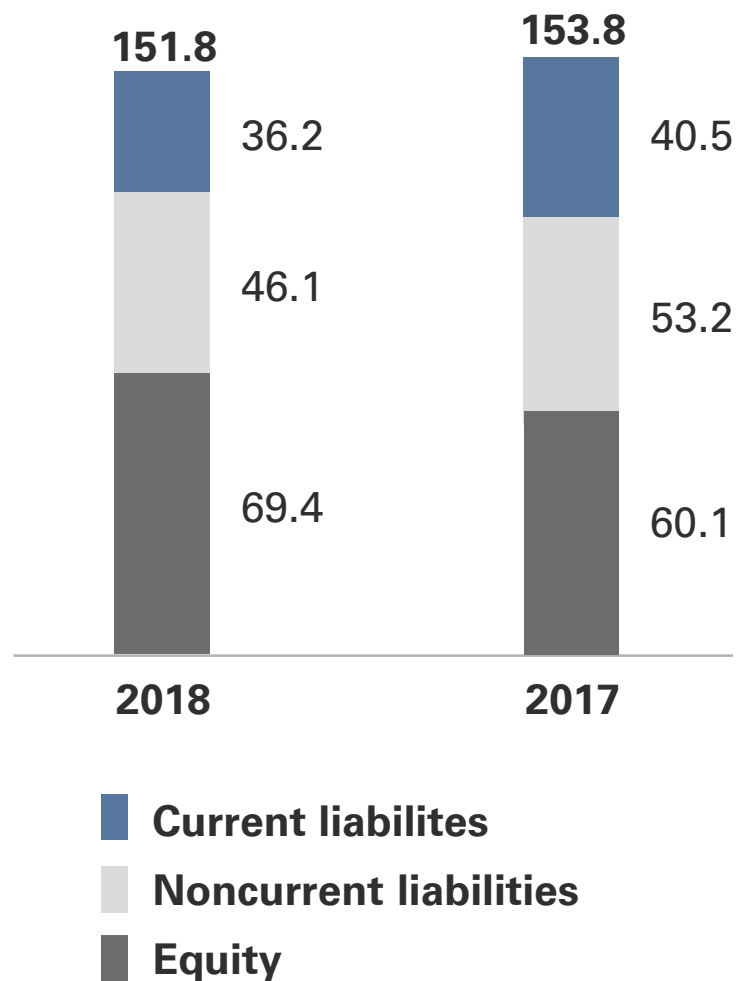
## Current assets:

- Capital increase (Q4 2018) produced an inflow of net liquidity totaling € 17.0 mn.
- *Cash and cash equivalents* increased to € 40.0 mn (€ +6.1 mn).
- *Trade receivables and other receivables + contract assets*, were reduced considerably (in total by € -10.1 mn to € 31.8 mn).

## Non-current assets:

- *Deferred taxes* increased, due in particular to higher deferred tax assets for loss carryforwards in the USA, by € 4.8 mn to € 6.6 mn.
- *Goodwill* accounts for € 53.7 mn, decline by € -2.4 mn.
- *Intangible assets* amounted to € 8.0 mn as against € 10.9 mn in 2018.

# Balance Sheet – Equity & Liabilities (€ mn)



## Current liabilities:

- Change in total by € 4.3 mn is mainly attributable to the decline in financial liabilities (€ 5.9 mn)

## Non-current liabilities:

- *Noncurrent liabilities* fell by € 7.0 mn to € 46.2 mn – due to the dissolution of noncurrent variable purchase price liabilities (€ 3.5 mn) and to further reclassifications of noncurrent purchase price liabilities to current purchase price liabilities.
- *Financial liabilities* continue to account for the lion's share of € 42.8 mn.

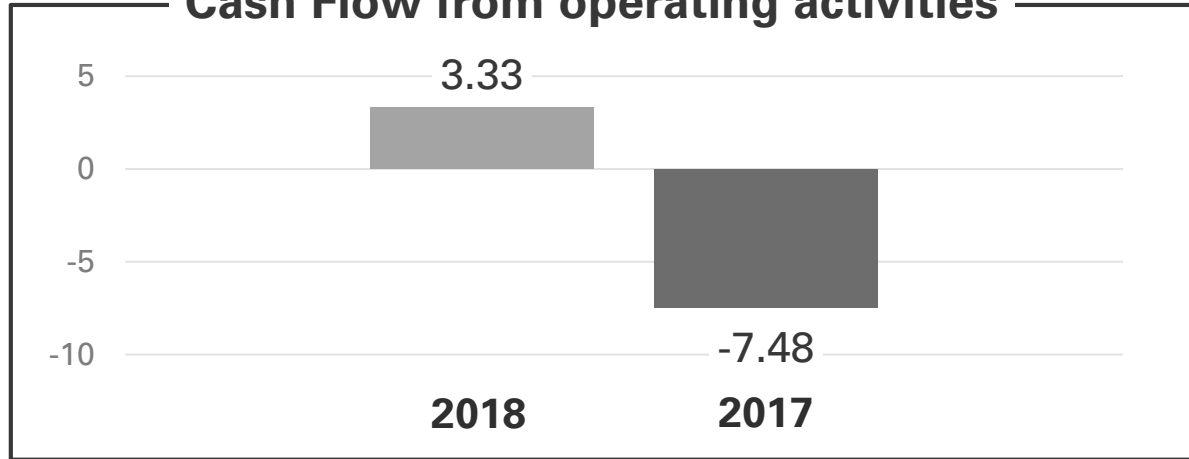
## Equity:

- *Subscribed capital* increased to € 6.6 mn + *capital reserve* increased from € 54.3 mn to € 70.8 mn as a result of the capital increase.
- The *net loss* incurred by the Group parent company SNP SE was offset by way of a withdrawal from capital reserves in the amount of € 10.7 mn. After these changes, capital reserves amounted to € 60.0 mn.

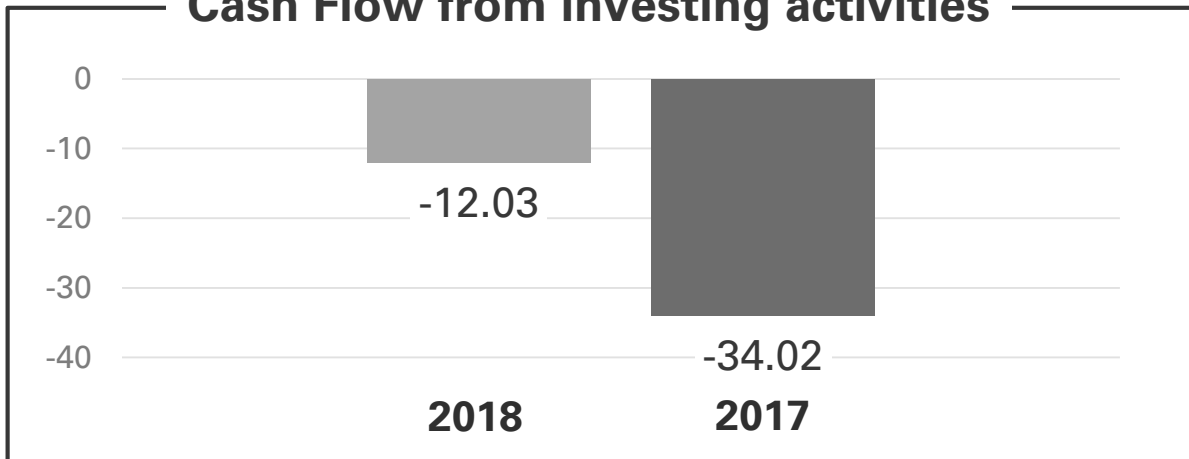
# Cash Flow Statement (€ mn) (1/2)



## Cash Flow from operating activities



## Cash Flow from investing activities



### Cash Flow from operating activities:

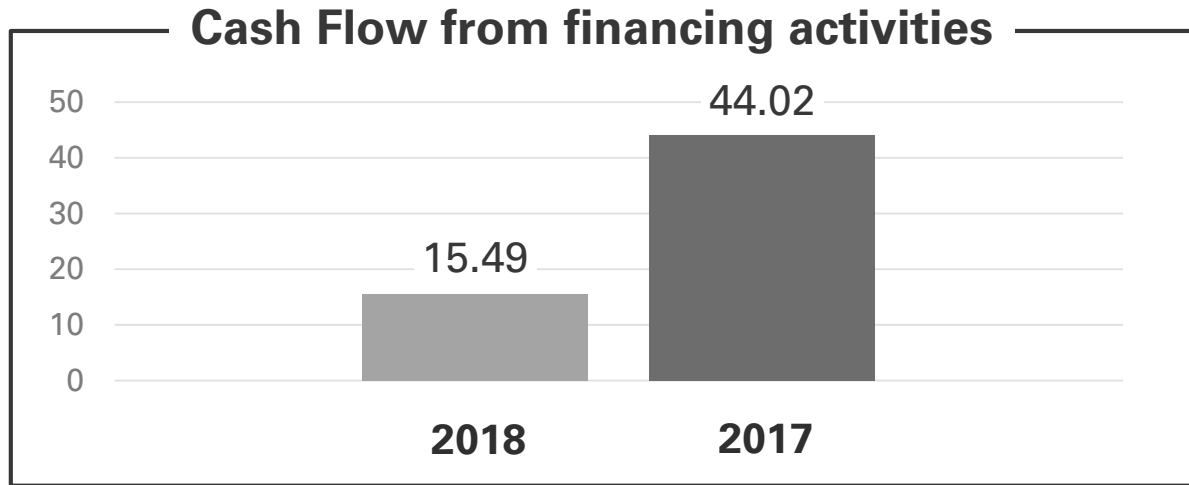
- Loss for the year of € -1.6 mn + *Other non-cash income/expenses* had a negative impact of € -7.0 mn.
- Offset by the positive effects resulting from depreciation and amortization of € 4.9 mn, the reduction in trade receivables, other current assets and other noncurrent assets of € 3.7 mn, the increase in trade payables and other liabilities of € 2.8 mn and the increase in pension provisions of € 0.5 mn.

### The negative cash flow from investing activities ...

- ... is primarily due to the cash outflow relating to purchase price installments for companies acquired in the previous years (€ 9.5 mn in total).
- + to payments for investments in property, plant and equipment of € 2.8 mn.

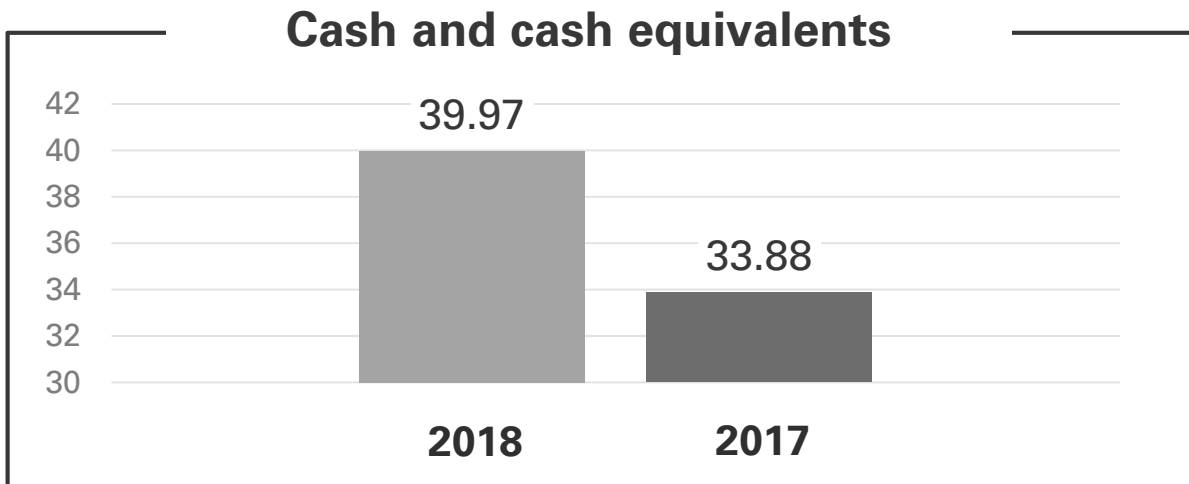


# Cash Flow Statement (€ mn) (2/2)



### Cash Flow from financing activities:

- ... is mainly due to the capital increase (€ 17.0 mn).
- This is offset by a net outflow of liquidity resulting from loan repayments and loans taken out in the amount of € 1.5 mn.

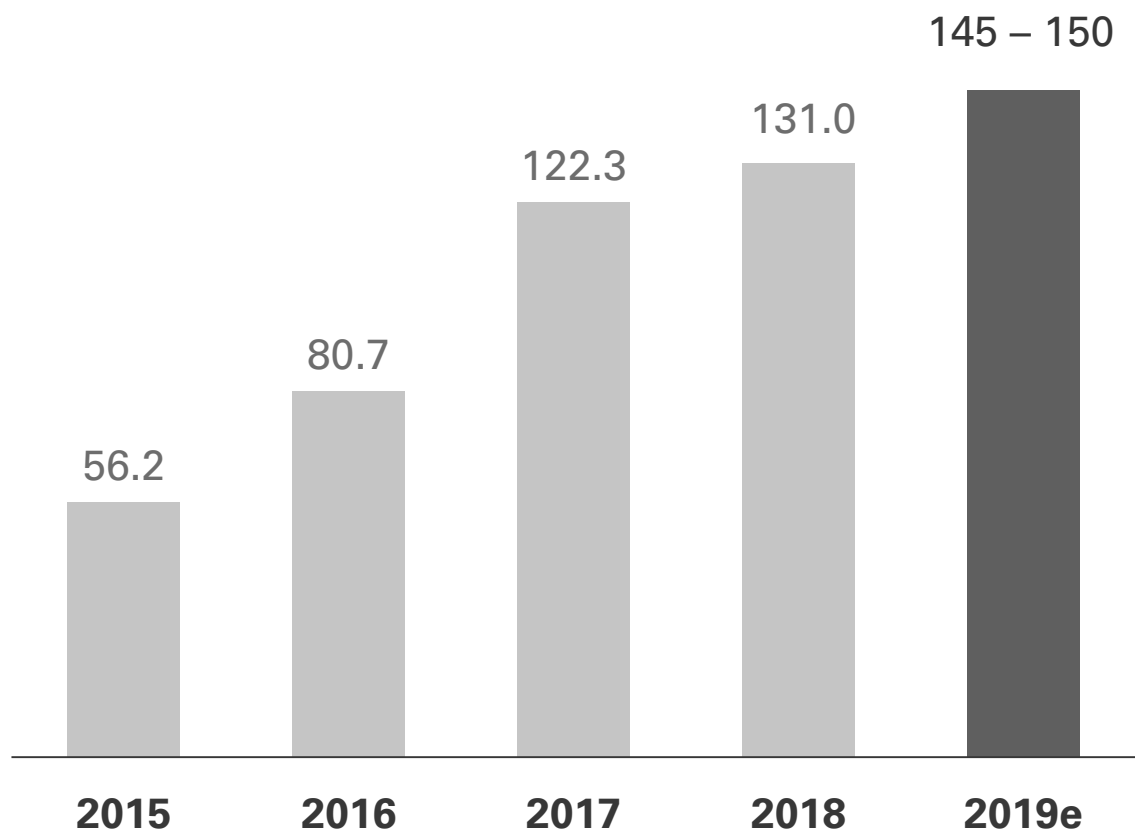


**Overall cash flow came to € 6.1 mn (Q1 2017: € 2.0 mn).**

# Guidance 2019 (1/2)



## Revenue (€ mn)



## Order Entry and Backlog

### Order Entry

|              |                       |
|--------------|-----------------------|
| 2016         | € 95.5 mn             |
| 2017         | € 130.7 mn            |
| 2018         | € 132.3 mn            |
| <b>2019e</b> | <b>€ 158 – 163 mn</b> |

### Order Backlog

|              |                     |
|--------------|---------------------|
| 2016         | € 39.3 mn           |
| 2017         | € 61.3 mn           |
| 2018         | € 56.3 mn           |
| <b>2019e</b> | <b>€ 71 – 76 mn</b> |

| <b>Earnings</b> |   |                              |
|-----------------|---|------------------------------|
|                 | <b>EBITDA<br/>(IFRS)</b>                          | <b>EBITDA<br/>(non-IFRS)</b> |
| 2016            | € 8.5 mn  | € 8.1 mn                     |
| 2017            | € 3.3 mn  | € 6.9 mn                     |
| 2018            | € 2.3 mn  | € 1.7 mn                     |
| <b>2019e</b>    | <b>Mid to upper-single-digit percentage range</b> |                              |

|              | <b>EBIT margin<br/>(IFRS)</b>                      | <b>EBIT margin<br/>(non-IFRS)</b>                                  |
|--------------|--|--|
| 2016         | 8.5%   | 8.5%   |
| 2017         | -0.4%  | 3.8%   |
| 2018         | -1.9%  | -1.2%  |
| <b>2019e</b> | <b>Lower- to mid-single-digit percentage range</b> | <b>Expected IFRS and non-IFRS EBIT margins differ by around 1%</b> |

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# Key Share Data



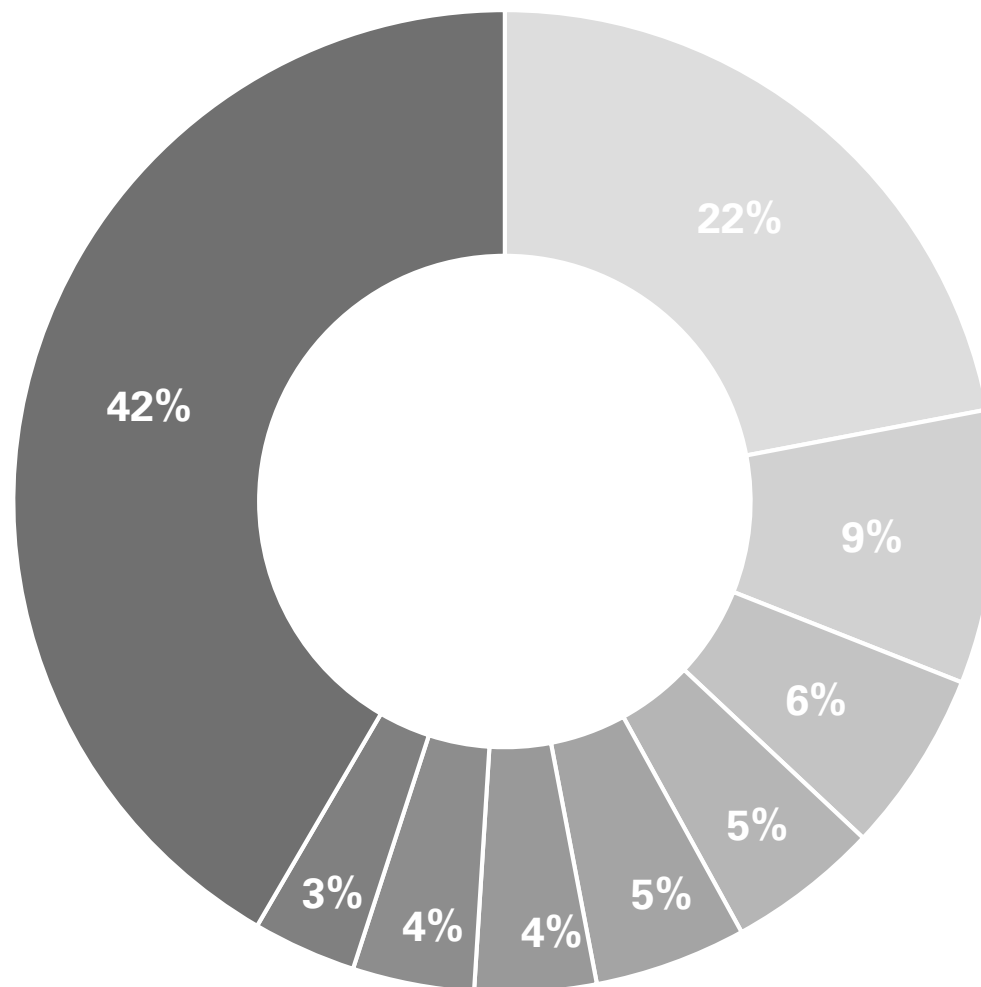
|                                   |   |
|-----------------------------------|---|
| <b>ISIN</b>                       | 720 370 / DE0007203705 / SHF  |
| <b>Segment</b>                    | Prime Standard  |
| <b>Stock Exchanges</b>            | Xetra, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Dusseldorf                                  |
| <b>Indices</b>                    | CDAX, DAXsector All Software, DAXsubsector All IT-Services, Prime All-Share, Prime Standard Index |
| <b>Designated Sponsor</b>         | Oddo Seydler  |
| <b>Research Coverage</b>          | Bankhaus Metzler, Berenberg, Edison, H&A, NordLB, Mainfirst, Oddo Seydler, Warburg Research       |
| <b>Number of Shares</b>           | 6,602,447   |
| <b>Share Price (Apr 24, 2019)</b> | € 25.45   |
| <b>Market Capitalization</b>      | ~ € 168 mn  |

# Coverage



| Institute                 | Date         | Rating  | Price Target |
|---------------------------|--------------|---|--------------|
| Bankhaus Metzler          | Apr 18, 2019 | Buy   | € 28.00      |
| ODDO Seydler              | Jan 30, 2019 | Buy   | € 23.80      |
| Warburg Research          | Nov 16, 2018 | Buy   | € 21.40      |
| Berenberg                 | Oct 31, 2018 | Hold  | € 19.40      |
| NORD/LB // Alsterresearch | Aug 30, 2018 | Hold  | € 26.00      |
| Mainfirst                 | Aug 3, 2018  | Outperform  | € 27.00      |
| Hauck & Aufhäuser         | Jul 27, 2018 | Hold  | € 18.00      |
| Edison                    | Feb 7, 2019  | <p><i>"The stock trades on c 32x our earnings in FY19e, falling to c 16x in FY20e. Our discounted cash flow valuation (based on c 5.8% organic revenue CAGR over 10 years, 10% WACC, 14.0% long-term operating margin and 2% terminal growth) is €27/share, c 60% above the current share price."</i></p> |              |

# Shareholder Structure



- Dr. Andreas Schneider-Neureither
- AkrosA Private Equity
- Swedbank
- Oswin Hartung
- Danske Bank
- Kabouter
- Ingrid Weispfenning
- Paladin
- Free Float

# Long-term Share Development





# Financial Calendar



Apr 30, 2019

Publication of the Interim Statement Q1 2019

Jun 6, 2019

Annual General Meeting 2019

Aug 2, 2019

Publication of the Half-Year Financial Report 2019

Oct 31, 2019

Publication of the Interim Statement Q3 2019

Nov 2019

German Equity Forum 2019

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