

# ACCELERATED DATA TRANSFORMATION

Analyst & Investor Call  
Q3 2020 Results

SNP | The Data Transformation Company



# AGENDA

**INTRODUCTION**

FINANCIALS

OUTLOOK

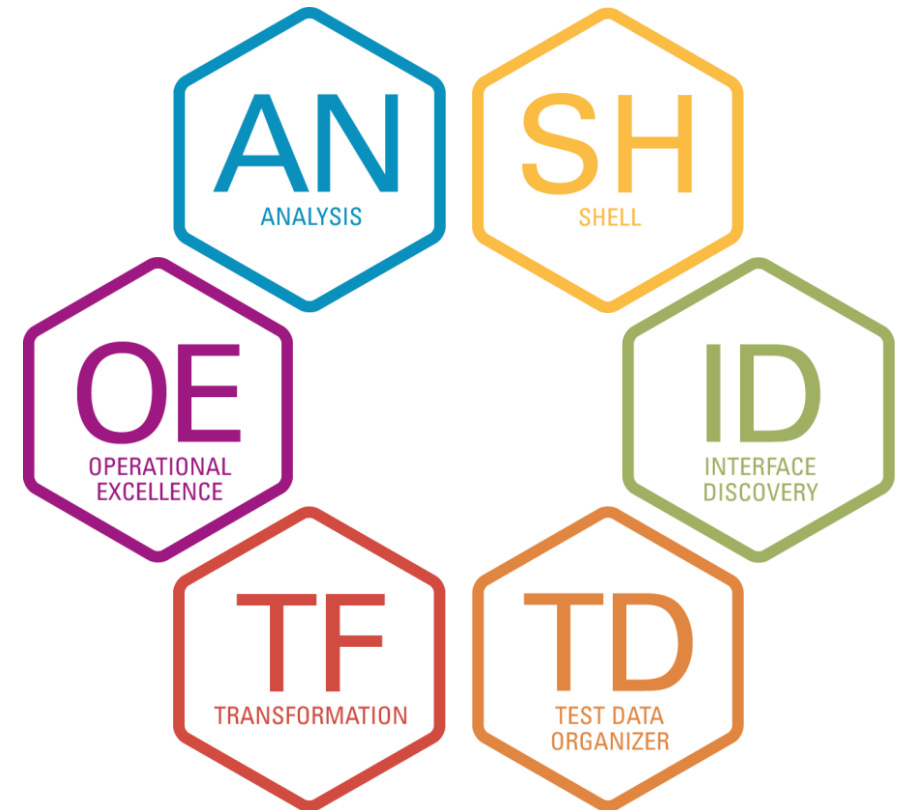
QUESTIONS & ANSWERS



# 9M 2020 - Main Topics



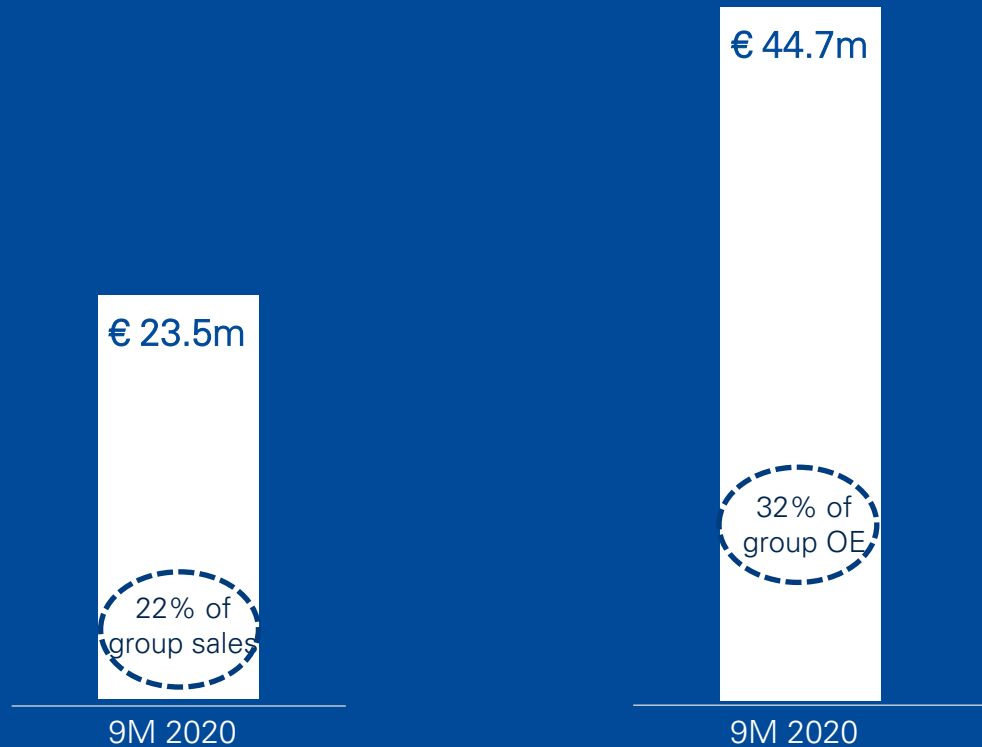
- ❑ Positive revenue trend year over year
- ❑ Additional partner contracts signed in Q3 2020
- ❑ Major step towards Asian market with Fujitsu and some other smaller partners
- ❑ Joint effort started with Microsoft to move customers to the cloud
- ❑ New management in the US to open up additional business opportunities
- ❑ Project Pipeline increases – especially with partners
- ❑ Good customer and employee satisfaction
- ❑ Outlook 2020 confirmed
- ❑ Transformation World 2020 coming up  
[www.transformation-world.com](http://www.transformation-world.com)



# Update on Partner Business

*Sales  
with partners*

*Order Entry  
with partners*



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# Key Figures show significant improvements



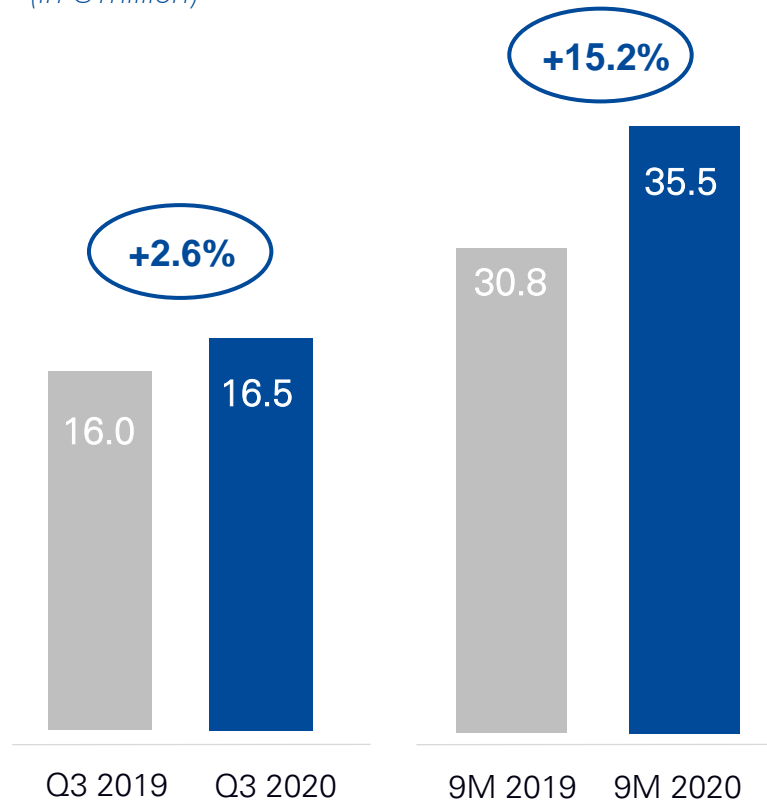
In € million	Q3 2020	Q3 2019	$\Delta$ (abs.)	9M 2020	9M 2019	$\Delta$ (abs.)
Revenue	37.6	40.4	-2.8	106.3	99.3	7.0
Gross profit	33.7	36.2	-2.5	93.4	86.1	7.3
Personal expenses	-22.6	-19.8	-2.8	-71.0	-61.1	-9.9
Other income/expenses	-4.2	-7.3	3.9	-16.3	-18.0	1.7
EBITDA	7.0	9.1	-2.1	6.2	7.0	-0.8
EBIT	5.0	7.1	-2.1	0.1	1.2	-1.1
EBT	4.6	6.8	-2.2	-1.1	0.4	-1.5
Net income	3.6	5.1	-1.5	-0.8	0.3	-1.2
Gross profit margin	89.6%	89.6%	+0.0PP	87.9%	86.7%	+1.2PP
EBITDA margin	18.5%	22.4%	-3.9PP	5.8%	7.1%	-1.3PP
EBIT margin	13.2%	17.7%	-4.5PP	0.1%	1.3%	-1.2PP

## Comments

- ❑ Group revenue increase of 7% mainly driven by growing software sales 9M 2020
- ❑ With the Service revenues below last years' level in Q3 2020 group revenue down q/q
- ❑ Shift to higher software revenues had a positive impact on gross margin
- ❑ But: Growth investments in R&D and sales led to an increase of personal expenses by 16%
- ❑ Operating profits therefore slightly below last year
- ❑ Hiring rate was adjusted in Q2 2020 as it became visible that COVID-19 will slowed down growth in 2020

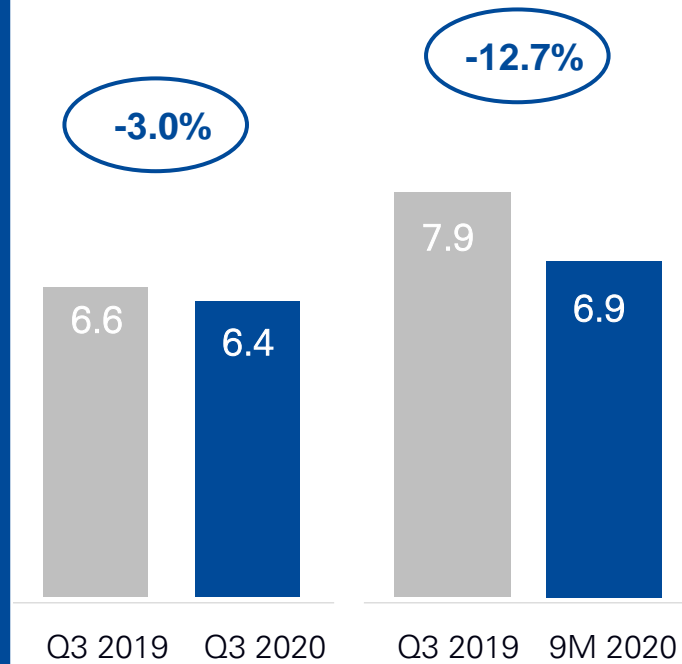
## Sales

(in € million)



## EBIT

(in € million)

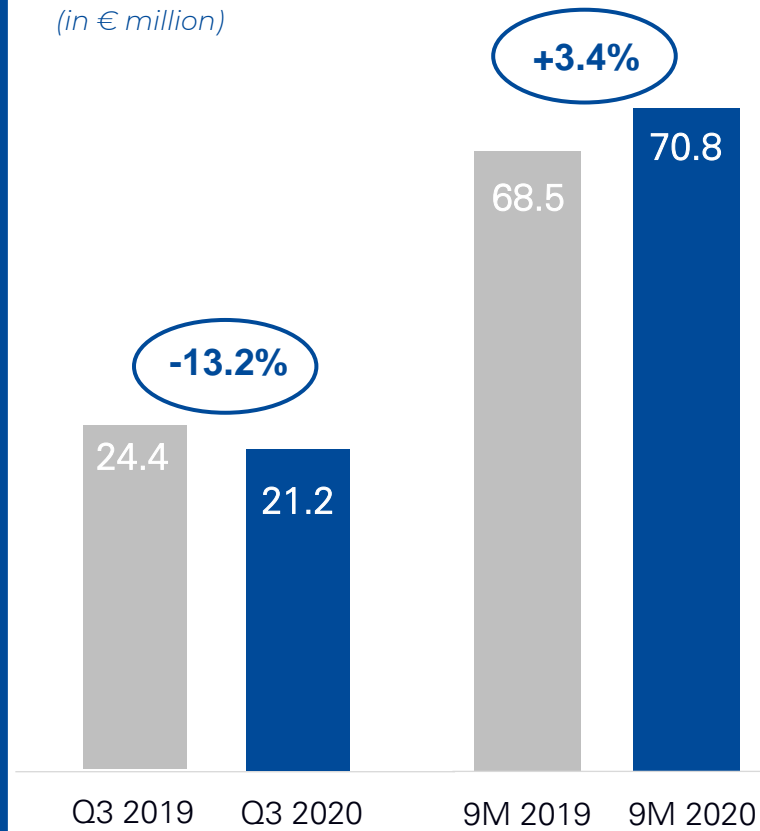


## Comments

- ❑ Software sales continue to increase as the global roll out of the partner strategy moves on
- ❑ In 9M 2020 33% of total sales are already attributable to the software segment (up 2pp from last year)
- ❑ In Q3 2020 software even contributed 44% (up 5pp)
- ❑ Growth investments into the software segment burdened earnings in 9M 2020
- ❑ Significant increase in headcount (+ 65 people both in software development and sales 2020)

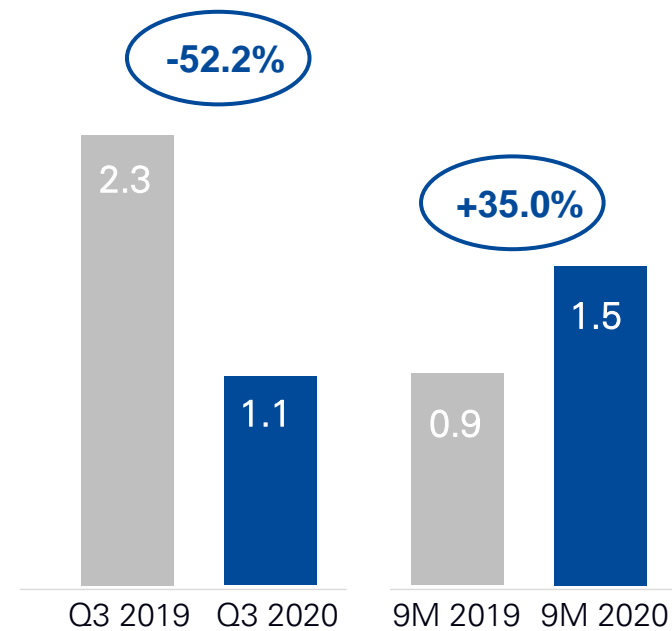
## Sales

(in € million)



## EBIT

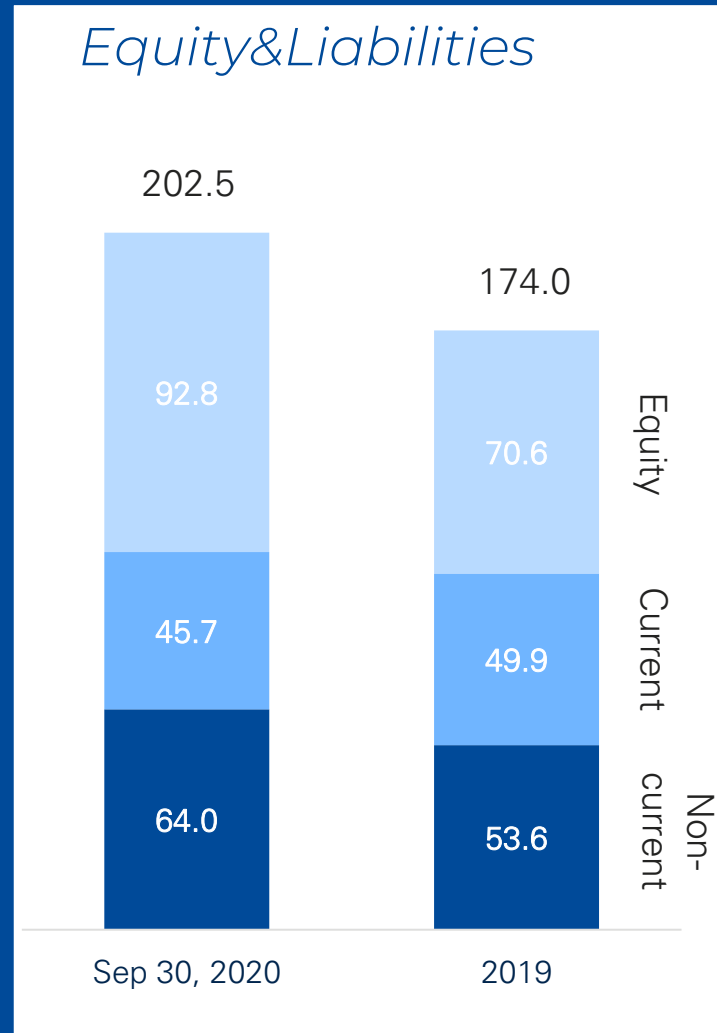
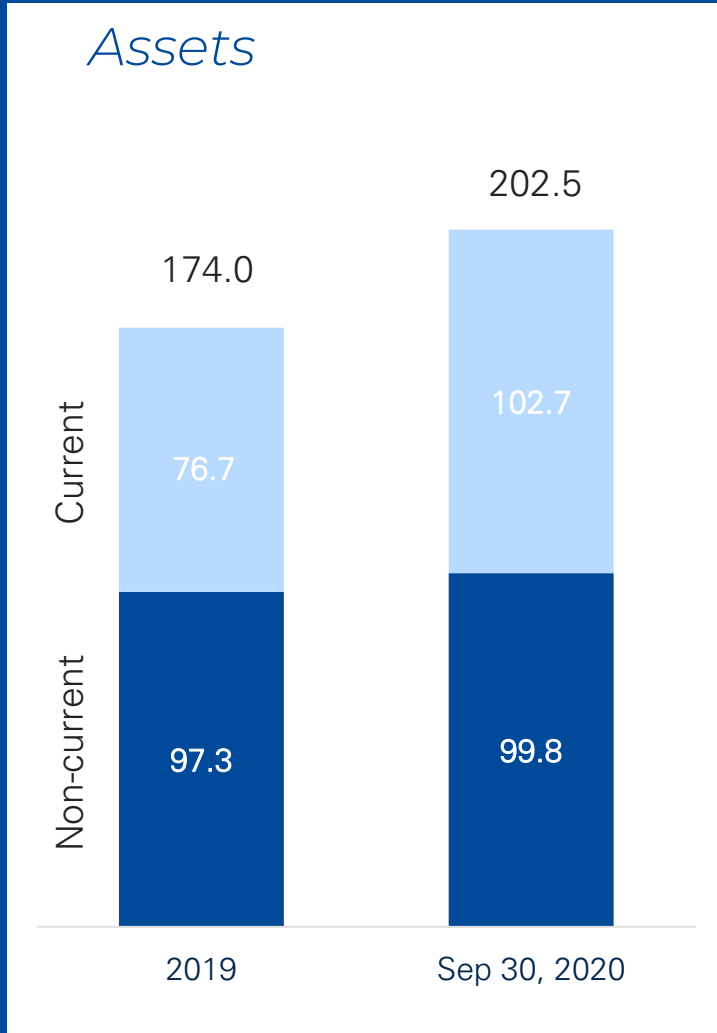
(in € million)



## Comments

- ▣ Sales development with positive trend for 9M 2020
- ▣ Sales level down q/q as projects during the summer weakened but started to pick up in September again
- ▣ Strict cost management led to a positive EBIT margin development in 9M 2020
- ▣ Short time work partially used
- ▣ EBIT margin went up to 2.1% after 1.3% the year before





## Comments

- ❑ Changes in the balance sheet structure mainly driven by the capital increase in July 2020
- ❑ On July 15, 610,000 new shares were issued at a price of 46 € / share
- ❑ Net proceeds of appr. € 28 m
- ❑ Equity ratio increased to 45.8%
- ❑ Noncurrent liabilities increased mainly due to a € 10 million loan taken out in May 2020 which is refinanced by KfW

# Cash Flow Statement (in € million)



	9M 2020	9M 2019
Net income	-0.8	0.3
Depreciation	6.1	5.8
Change in W/C	-4.0	-14.8
Change in other items	-0.4	-0.4
<b>Operating cash flow</b>	<b>0.9</b>	<b>-9.2</b>
Investing cash flow	-22.7	-7.1
Financing cash flow	33.6	-5.8
<b>Change in cash</b>	<b>11.0</b>	<b>-22.3</b>

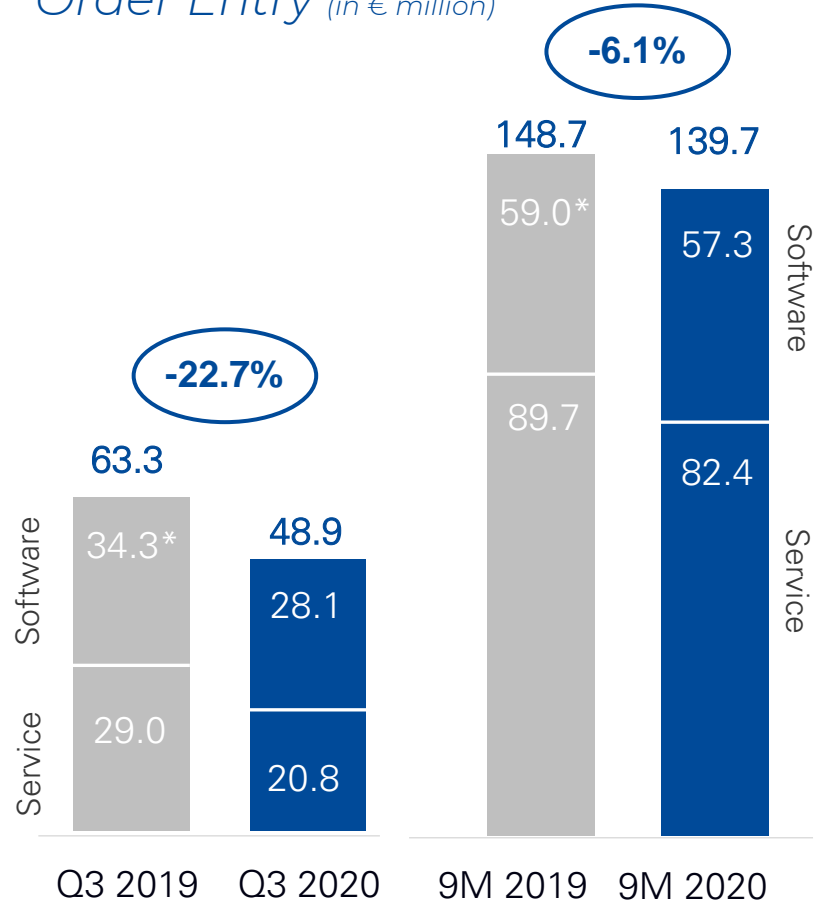
## Comments

- ❑ Despite growing topline working capital requirements decreased significantly
- ❑ Operating cash flow slightly positive after 9M 2020
- ❑ Investing cash flow mainly influenced by the acquisition of financial assets after capital increase
- ❑ Financing cash flow both positively effected by cash inflow from capital increase plus additional credit facilities
- ❑ Change in cash also improved compared to previous year

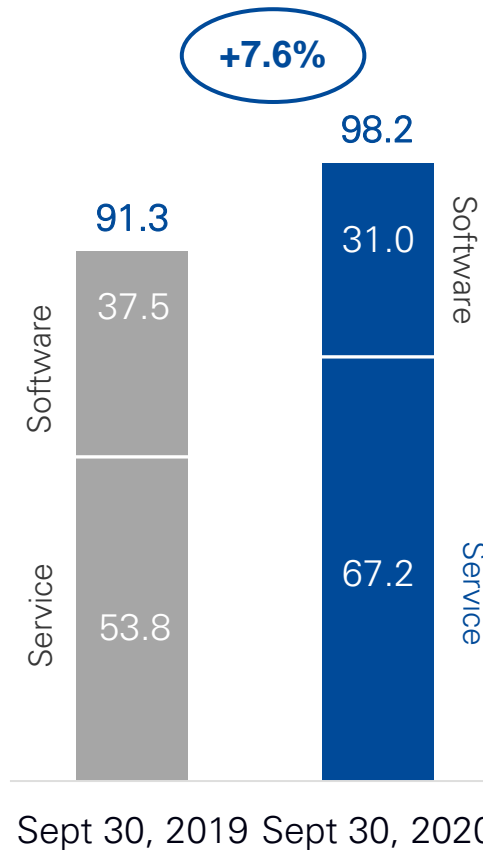
# Order Entry and Backlog



Order Entry (in € million)



Order Backlog (in € million)



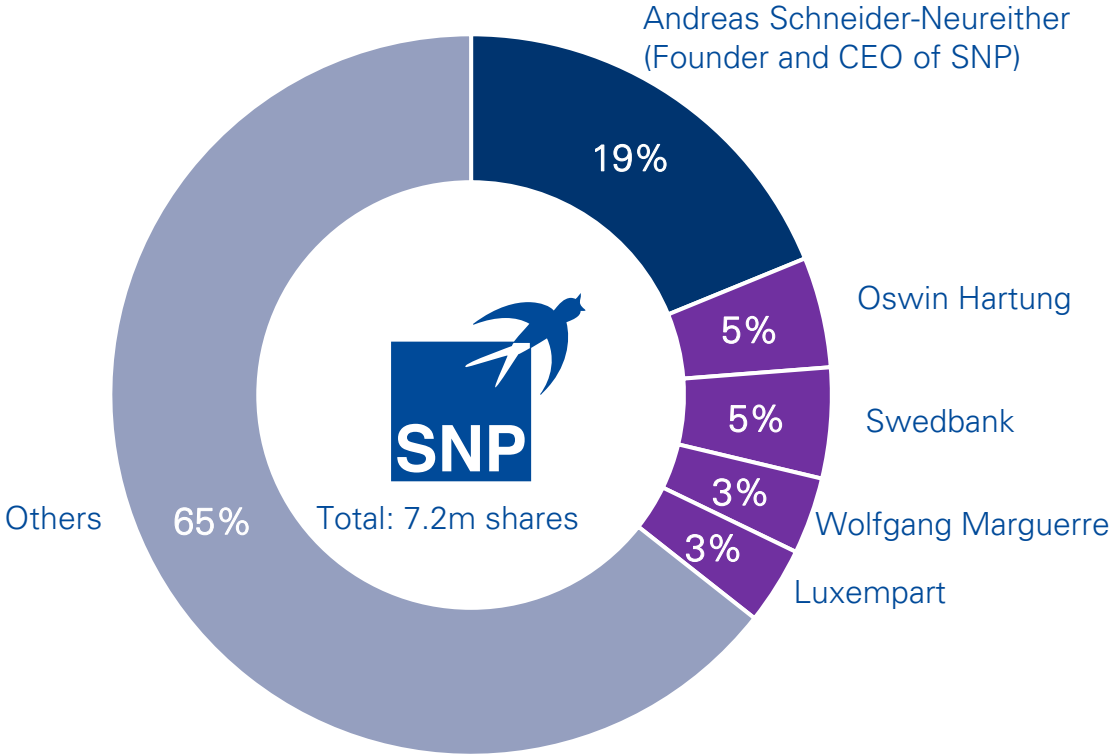
## Comments

- Order entry down year over year because of one large order entry in the software segment in Q3 2019 (26.5 €m)
- For 9M 2020 order entry in software almost on previous years' level – despite high level in Q3 2019
- S/4HANA continues to drive business as it represent almost one third of the entire order entry volume
- Order backlog increased due to higher level in the service segment
- Software segment continues to be on high levels despite positive effect in Q3 2019

\* incl. one single contract of €26.5m

# Current shareholder structure

Shareholder structure (as of Oct. 30, 2020)



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# Outlook 2020 unchanged



Group sales: € 145 million - € 170 million  
Group EBIT-margin: mid single digit

## 1 Pipeline

- ❑ Software pipeline significantly above last year
- ❑ Increasing dynamic in regions outside Europe
- ❑ Partner pipeline with continuous growth

## 3 Innovation

- ❑ Move to the Cloud as one major driver
- ❑ First great success with Microsoft

## 2 Partner Business

- ❑ Strong focus on Partner Enablement
- ❑ Virtual Transformation World with record high interest

## 4 COVID-19

- ❑ Incentives to digitize businesses grows
- ❑ Project postponements now will most likely increase the need to act later

# Financial Calendar 2021



Mar 30, 2021	Publication of the Annual Report 2020
Apr 29, 2021	Publication of the Interim Statement Q1 2021
Jun 17, 2021	Annual General Meeting 2021
Aug 10, 2021	Publication of the Half-Year Financial Report 2021
Oct 28, 2021	Publication of the Interim Statement Q3 2021

WE ARE HAPPY TO TAKE  
YOUR QUESTIONS!





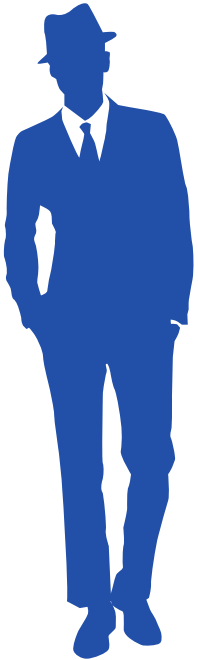
# Thank you for your time

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