

# ACCELERATED DATA TRANSFORMATION

Analyst & Investor Call  
Full Year Results 2020

SNP | The Data Transformation Company



# AGENDA

**Overview**

FINANCIALS

Q1 2021 & OUTLOOK

QUESTIONS & ANSWERS



# 2020 - Main Topics

- > Revised sales guidance for the year was basically met (€ 145-170m)
- > Software sales increased by 5% while Service went down by -4%
- > Q4 2020 project postponements led to a margin guidance miss
- > Order Entry 2020 down by -8% to € 184.4m
- > 2019 EBIT adjusted by € -3.6m due to impairment of US real estate
- > Additional Compliance audits with no findings
- > Guidance 2021: € 160m – 180m revenue and 5% - 8% EBIT-margin
- > Continued focus on strategic execution and on profitable growth
- > Partner business with increasing pipeline

Software Revenue: € 49.9m

+5%

Service Revenue: € 93.9m

-4%

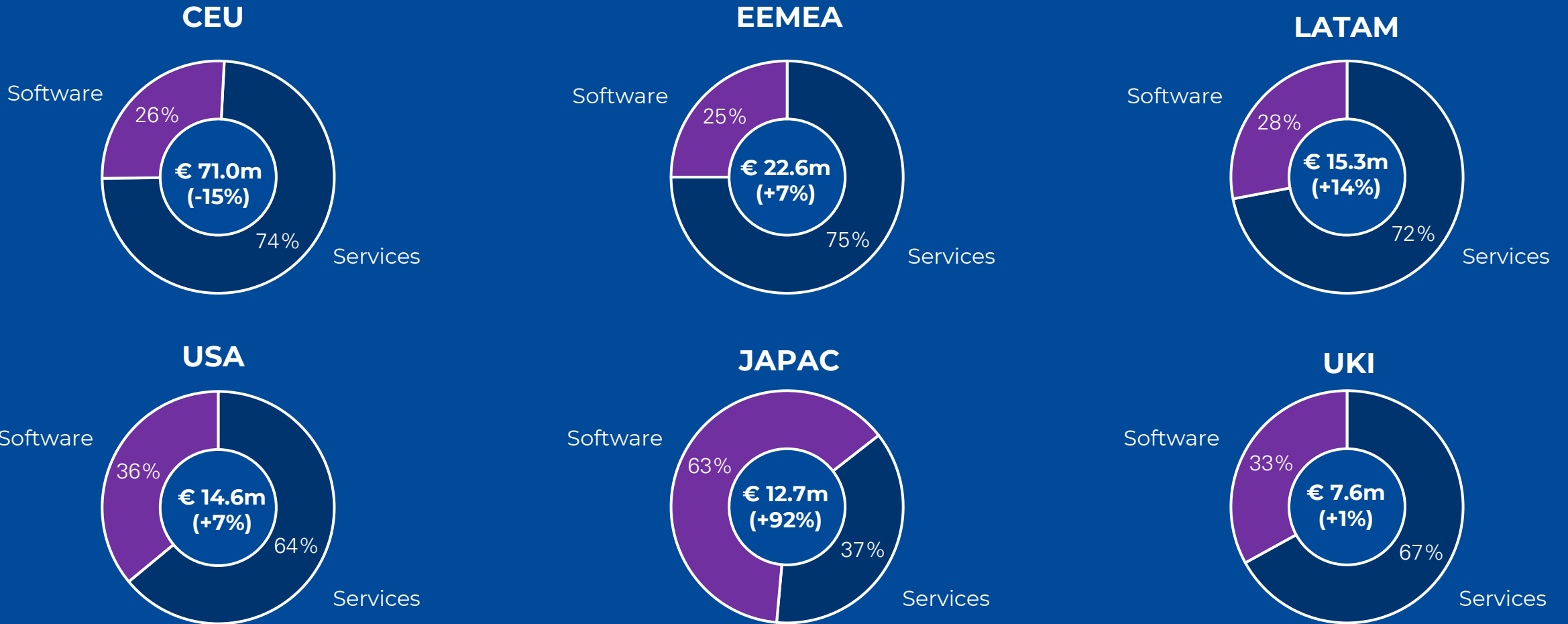
Total Revenue: € 143.8m

-1%

Order Entry: € 184.4m

-8%

# Revenue 2020 by region (performance view)



# Overview Partner Business 2020

- > Worldwide partner business established
- > +16 Partners joined our network
- > Pipeline increased to ~ € 230m
- > More than 500 Partner consultants trained in 2020
- > Order Entry is growing faster than revenue
- > Clear focus on Partner enablement and support

 **Scheer**

 **all for one**  
Group



 **ABACUS**  
YOUR TRANSFORMATION PARTNER

 **Microsoft**

 **CLOUD4C**  
A Citib Company

 **Accely**  
innovative mind. assured solutions.

 **FUJITSU**

 **MHP**  
A PORSCHE COMPANY

 **swisscom**

Partner Revenue: € 26.2m

**18% of Group Revenue**

Partner Order Entry: € 47.6

**26% of Group Order Entry**

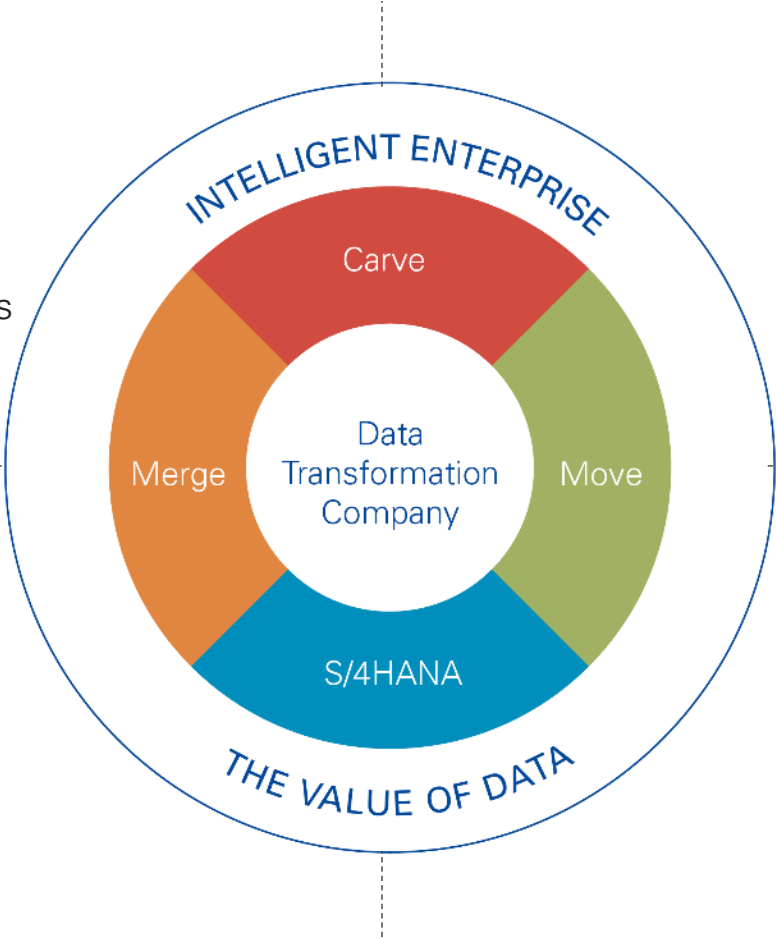
# Scenarios: Key business and IT drivers

## BUSINESS TRANSFORMATION

- > Mergers & Acquisitions
- > Divestitures
- > Restructuring of business units

## TECHNOLOGY INNOVATION

- > SAP HANA® platform
- > SAP S/4HANA®
- > New cloud solutions



## IT OPTIMIZATION

- > Landscape consolidation
- > Data harmonization
- > Upgrades
- > Risk & Compliance

## CLOUD MIGRATION

- > SAP RISE
- > Microsoft Azure
- > AWS Cloud
- > Google Cloud
- > IBM Cloud

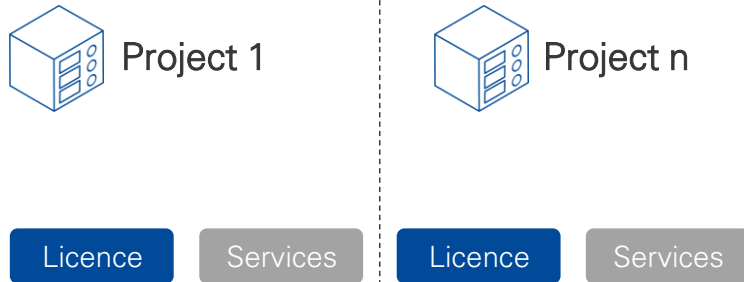
# Consequences resulting from Business Transformations

- > **M&A** and **business reorganisation** activities will be accelerated
- > A leading edge **technology platform** will be key for business agility
- > **Cloud environments** will become more attractive due to risk and cost reduction
- > An **industrialised approach** is required to cut costs and program duration
- > Companies will need **strategic partners** for their transformation journey

Companies will need a holistic and longterm plan for data transformation challenges

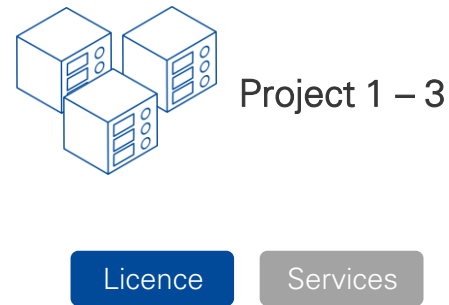
# Moving from project to enterprise licenses

## PROJECT LICENSE



- **Scope:** clearly defined for one project
- **Team:** „hop on hop off“
- **Example:** carve out of a business unit

## PROGRAM LICENSE



- **Scope:** several projects with common goal/ scenario
- **Team:** some synergies if stable
- **Example:** 3 carve outs

## ENTERPRISE LICENSE



- **Scope:** All activities within one or more scenarios, timeline and projects unclear
- **Team:** „private factory“ of trusted resources
- **Example:** All M&A activities in 5 years



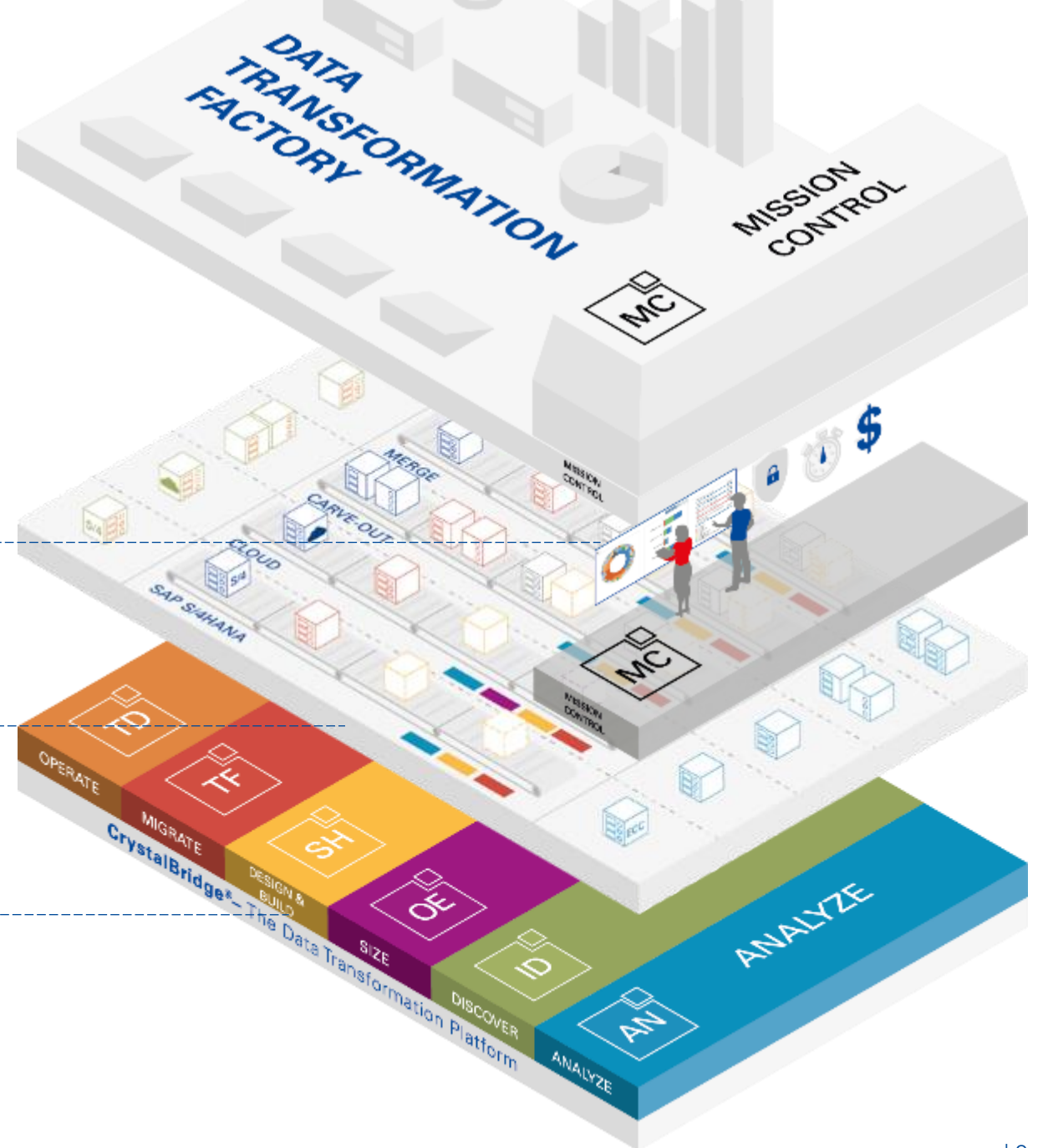
# The factory approach is key for transformation journeys

Sustainable and scalable infrastructure for complex, multiple migration projects with customers & partners

> Standardized methodology & governance

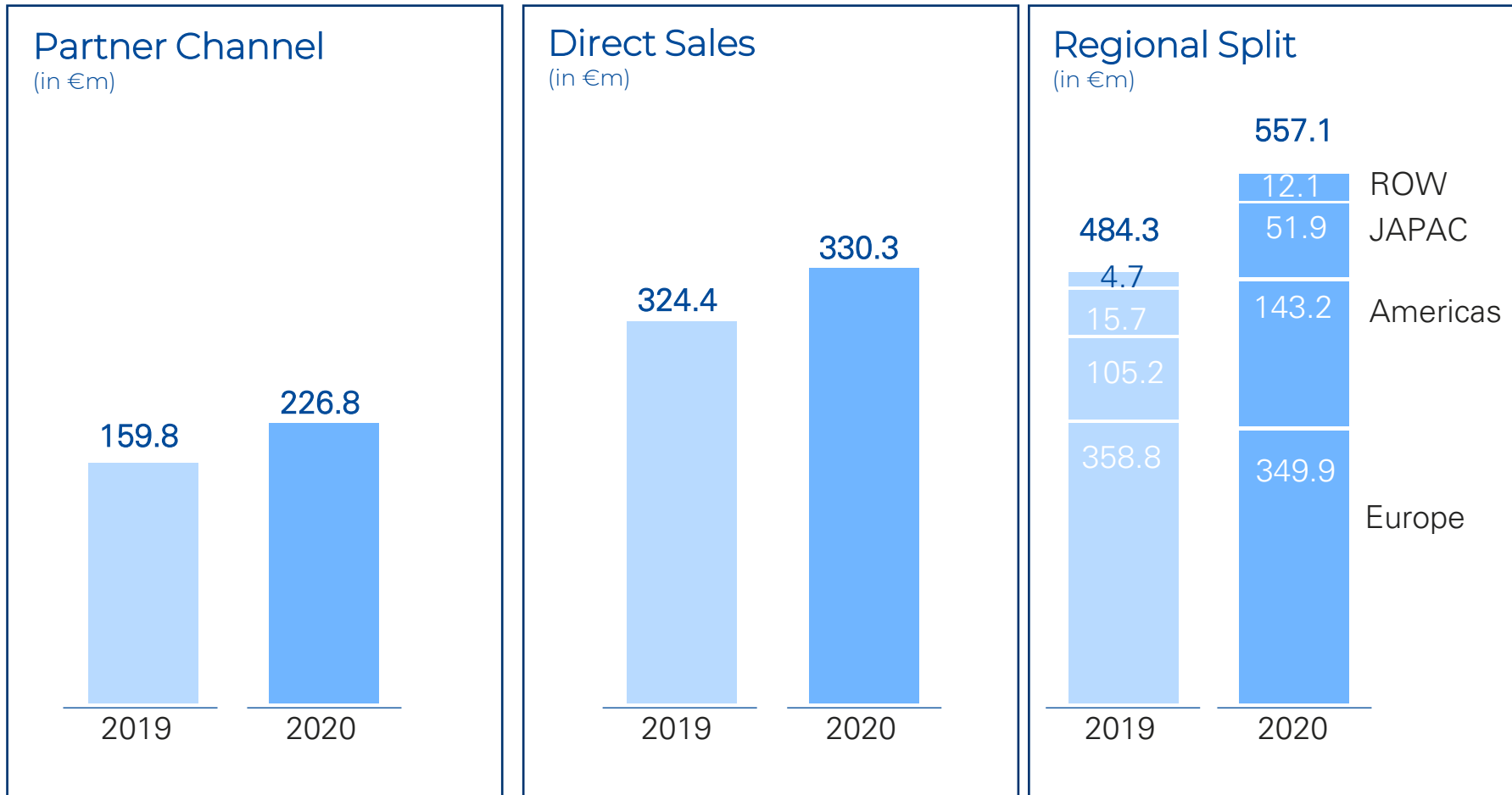
> Industrialized services

> Intelligent software platform



# Unweighted Pipeline

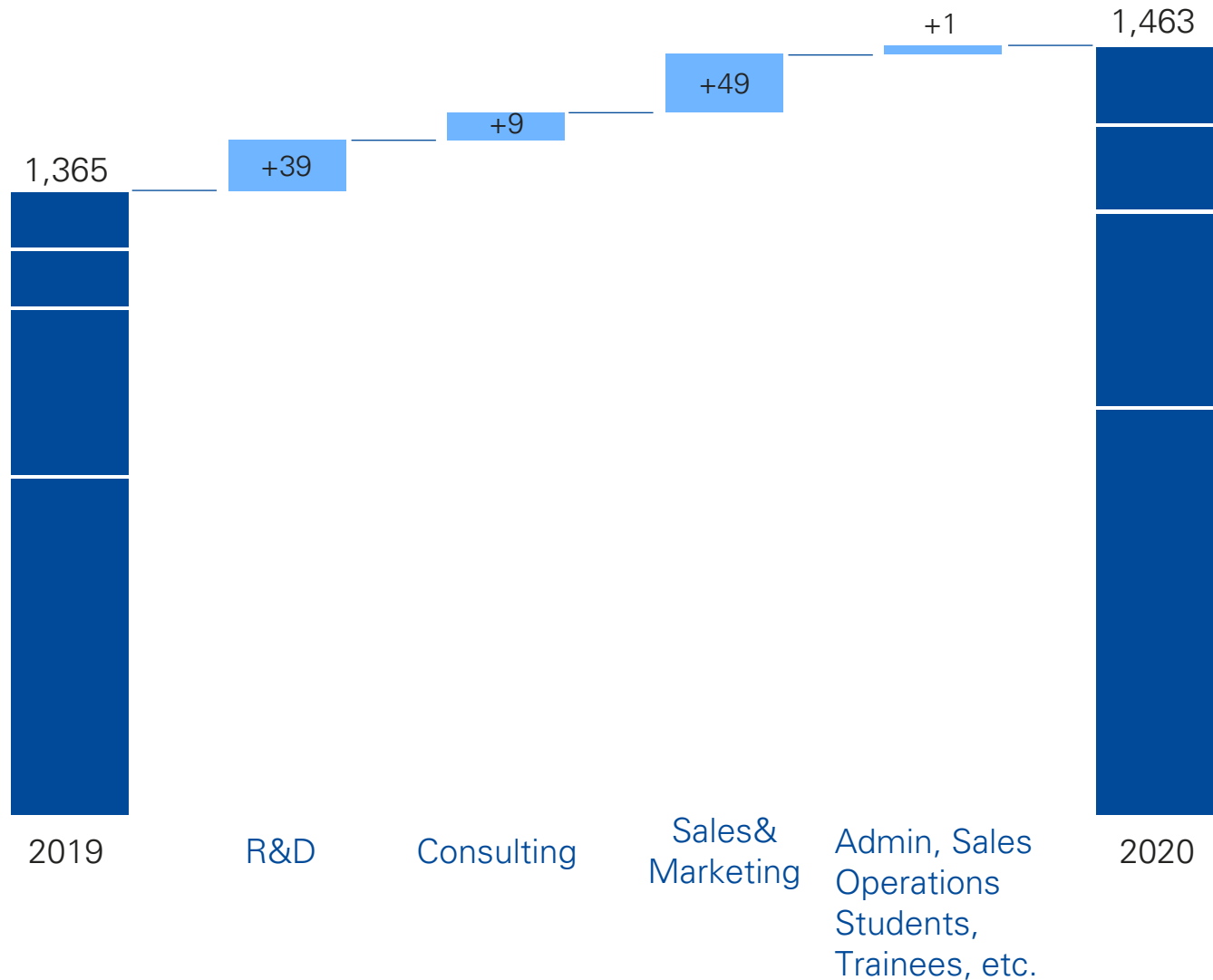
(as of Dec 31)



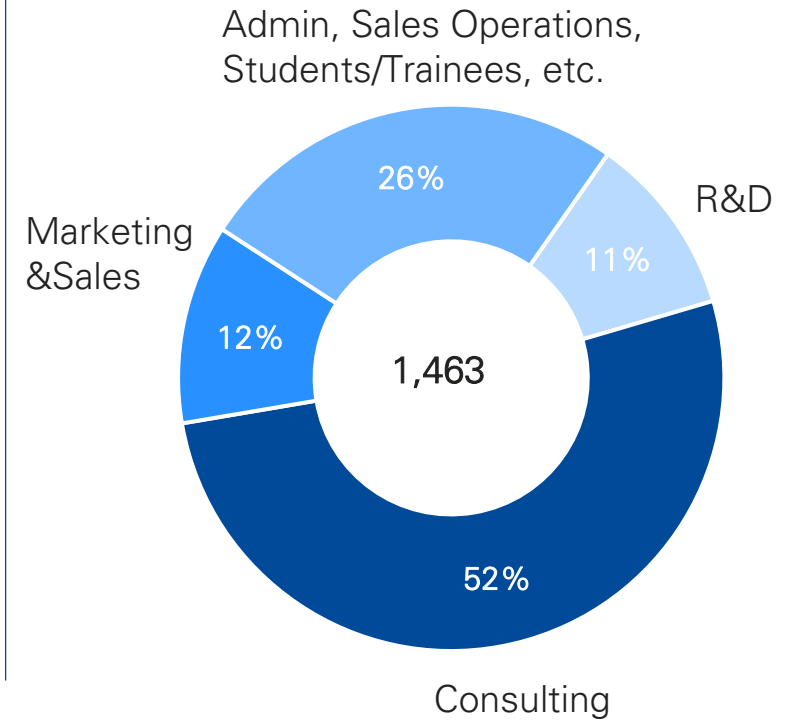
## Comments

- > Pipeline for 2021 grew by 35% compared to last year's level
- > Strongest increase in the partner channel which more than doubled
- > International footprint is increasing as Americas and JAPAC are gaining momentum

# Headcount Evolution



## Headcount split by function 2020



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# Income Statement Q4 / FY 2020

| (in €m)               | <b>Q4 2020</b> | Q4 2019 | $\Delta$ (abs.) | <b>2020</b>  | 2019  | $\Delta$ (abs.) |
|-----------------------|----------------|---------|-----------------|--------------|-------|-----------------|
| Revenue               | <b>37.5</b>    | 45.9    | -8.4            | <b>143.8</b> | 145.2 | -1.4            |
| Gross profit          | <b>32.6</b>    | 41.4    | -8.8            | <b>126.0</b> | 128.2 | -2.2            |
| Personal expenses     | <b>-22.5</b>   | -23.5   | +1.0            | <b>-93.5</b> | -84.6 | -8.9            |
| Other income/expenses | <b>-7.0</b>    | -9.8    | +2.8            | <b>-23.3</b> | -28.5 | +5.1            |
| EBITDA                | <b>3.1</b>     | 8.1     | -5.0            | <b>9.2</b>   | 15.1  | -5.9            |
| EBIT                  | <b>0.5</b>     | 5.8     | -5.4            | <b>0.8</b>   | 3.4   | -2.6            |
| EBT                   | <b>0.0</b>     | 5.1     | -5.1            | <b>-0.7</b>  | 1.9   | -2.6            |
| Net income            | <b>-1.3</b>    | 1.9     | -3.2            | <b>-1.8</b>  | -1.4  | -0.4            |
| Gross profit margin   | <b>86.8%</b>   | 90.3%   | -3.5pp          | <b>87.6</b>  | 88.3  | -0.7pp          |
| EBITDA margin         | <b>8.2%</b>    | 17.7%   | -9.5pp          | <b>6.4</b>   | 10.4  | -4.0pp          |
| EBIT margin           | <b>1.3%</b>    | 12.7%   | -11.4pp         | <b>0.6</b>   | 2.4   | -1.8pp          |

## Comments

- > Revenue decrease in Q4 2020 mainly attributable to Service segment (-6m €) due to postponed projects
- > D&A in 2019 with impairment of real estate in the US, technically shown in Q4 2019 (-3.6m €)
- > Slight decrease in Revenue and Gross profit in 2020
- > Increase in personal expenses as we are prepared for additional growth (+90 FTE in sales and R&D)
- > Higher PEX partially compensated by lower other expenses (mostly travel) but include one-time effects of around 4m € (Non-IFRS).

# Operating Profit FY 2020 (Non-IFRS)

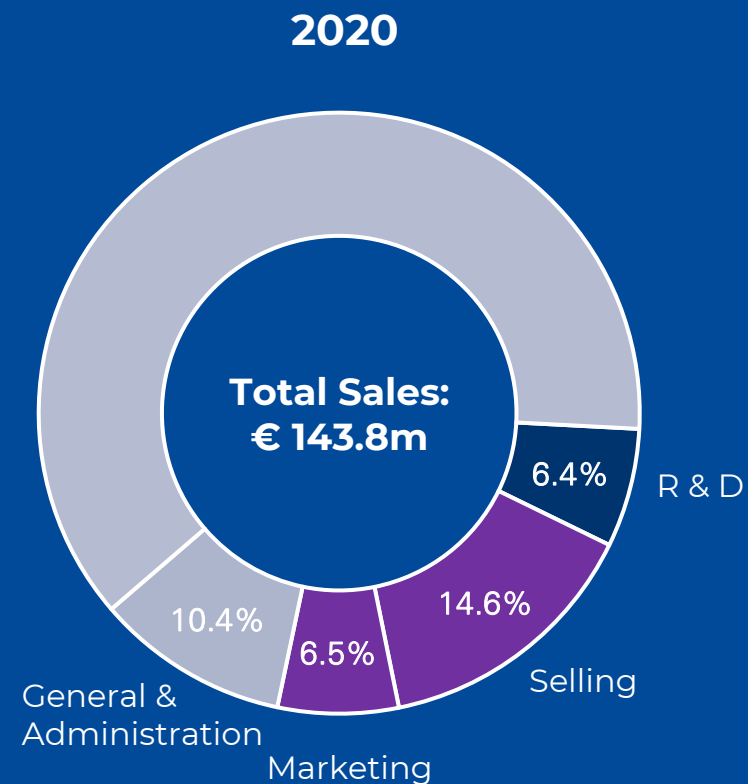
| (In €m)               | IFRS  |       |                 | Non - IFRS |       |                 |
|-----------------------|-------|-------|-----------------|------------|-------|-----------------|
|                       | 2020  | 2019  | $\Delta$ (abs.) | 2020       | 2019  | $\Delta$ (abs.) |
| Revenue               | 143.8 | 145.2 | -1.4            | 143.8      | 145.2 | -1.4            |
| Gross profit          | 126.0 | 128.2 | -2.2            | 126.0      | 128.2 | -2.2            |
| Personal expenses     | -93.5 | -84.6 | -8.9            | -92.2      | -83.2 | -9.0            |
| Other income/expenses | -23.3 | -28.5 | +5.2            | -20.8      | -28.5 | +7.7            |
| EBITDA                | 9.2   | 15.1  | -5.9            | 13.0       | 16.6  | -3.6            |
| Depreciation          | -8.4  | -11.7 | +3.3            | -8.2       | -8.1  | -0.1            |
| EBIT                  | 0.8   | 3.4   | -2.6            | 4.9        | 8.4   | -3.5            |

## Comments

- > Non-IFRS items in the amount of € 4.1m negatively affected EBIT in 2020
- > Compensations in the amount of € 1.5m for personnel restructuring measures
- > A total of € 1.4m were booked for legal advise and provisions
- > Non-IFRS effects in 2019 are mainly related to impairment of US real estate

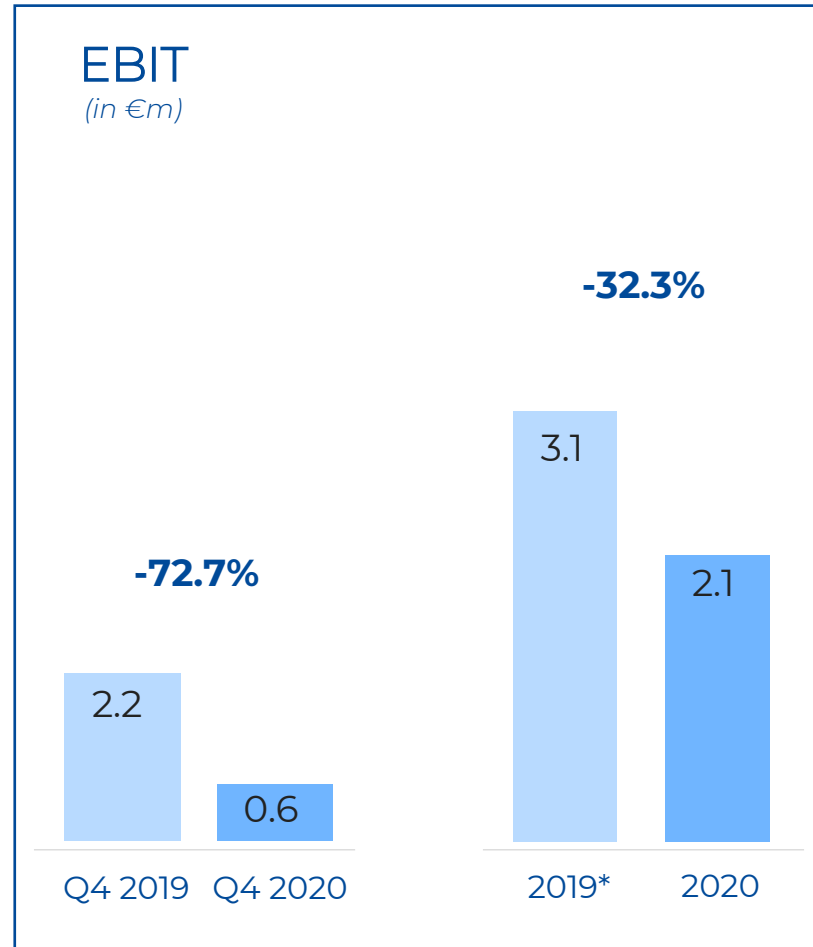
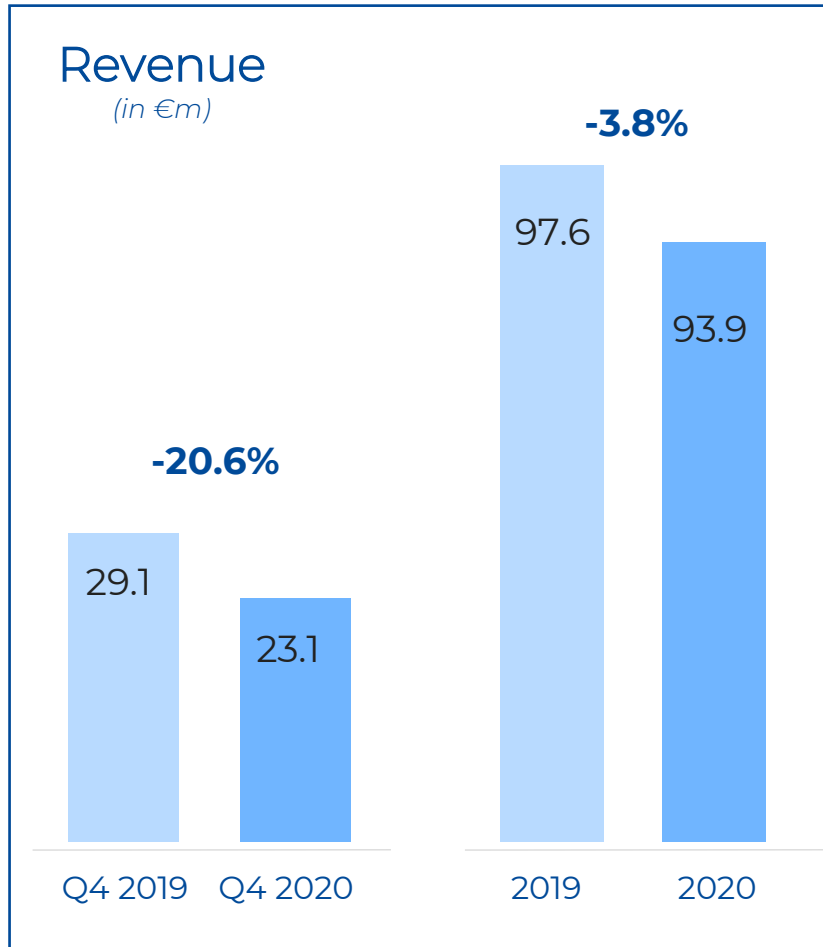
## Cost ratios\*

| (In €m)                  | 2020         | Q1 20 | Q2 20 | Q3 20 | Q4 20 |
|--------------------------|--------------|-------|-------|-------|-------|
| <b>Revenue</b>           | <b>143.8</b> | 34.4  | 34.3  | 37.6  | 37.5  |
| Research & Development   | 9.2          | 2.7   | 2.3   | 2.0   | 2.2   |
| Selling                  | 21.0         | 5.0   | 5.0   | 5.1   | 5.9   |
| Marketing                | 9.3          | 2.6   | 2.2   | 1.7   | 2.7   |
| General & Administration | 14.9         | 3.4   | 4.1   | 3.8   | 3.6   |
| <b>EBITDA</b>            | <b>9.2</b>   | -2.0  | 1.2   | 7.0   | 3.1   |



\* Based on cost-of-sales method that was implemented 2020 – comparable figures not available for 2019

# Segment Service – Revenue and EBIT Q4 / FY 2020



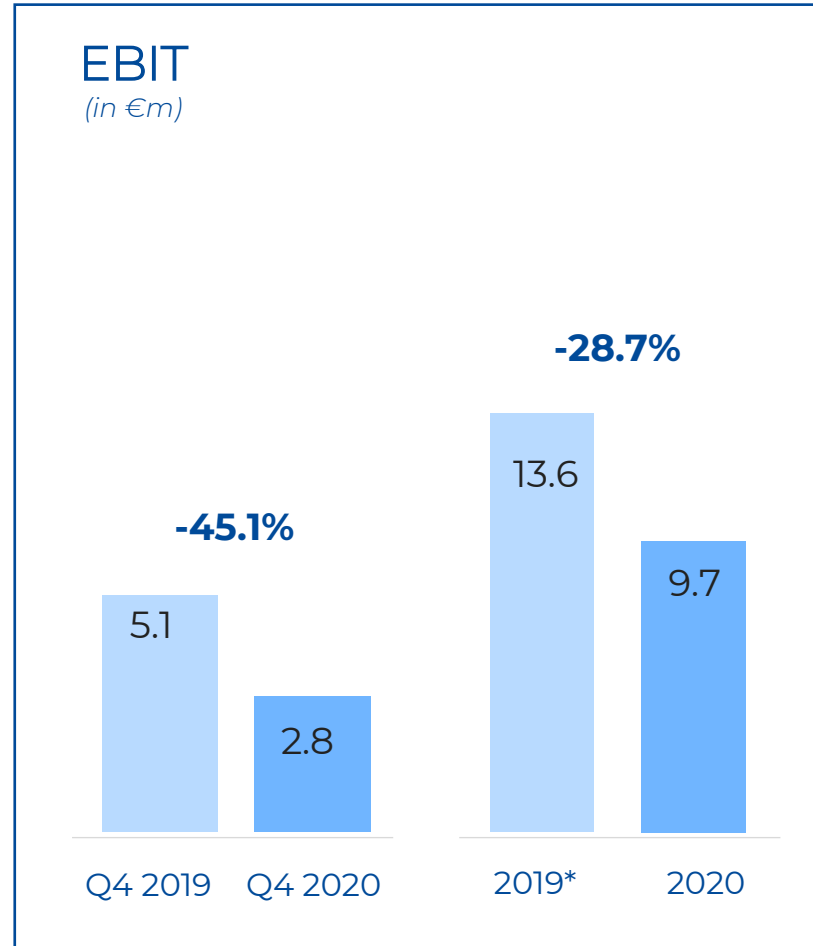
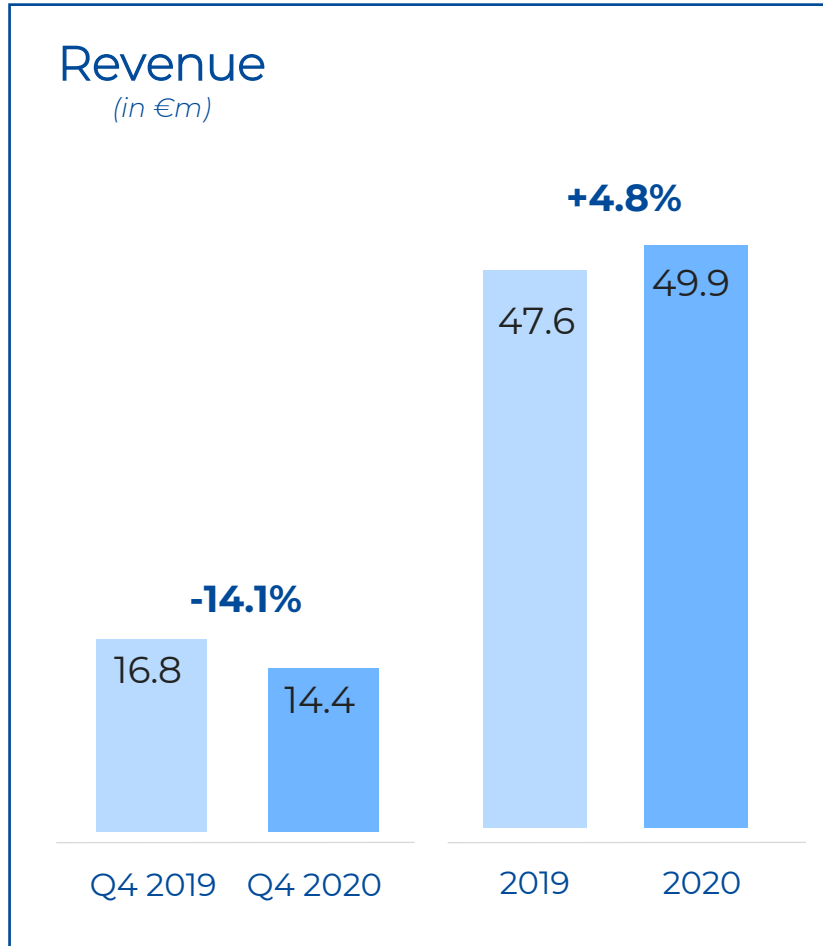
\* adjusted

## Comments

- > After a good H1 2020 effect of corona pandemic led to a drop in utilization in Q3 and Q4 2020
- > As a result, 2020 revenue fell by -3.8%
- > Due to a calculation error, the Service earnings for 2019 were reported € 0.5m too high and Software earnings were reported € 0.5m too low
- > Based on adjusted earnings for 2019 EBIT went down by 32.3%
- > Segment EBIT margin at 2.2% for 2020



# Segment Software – Revenue and EBIT Q4 / FY 2020



\* adjusted

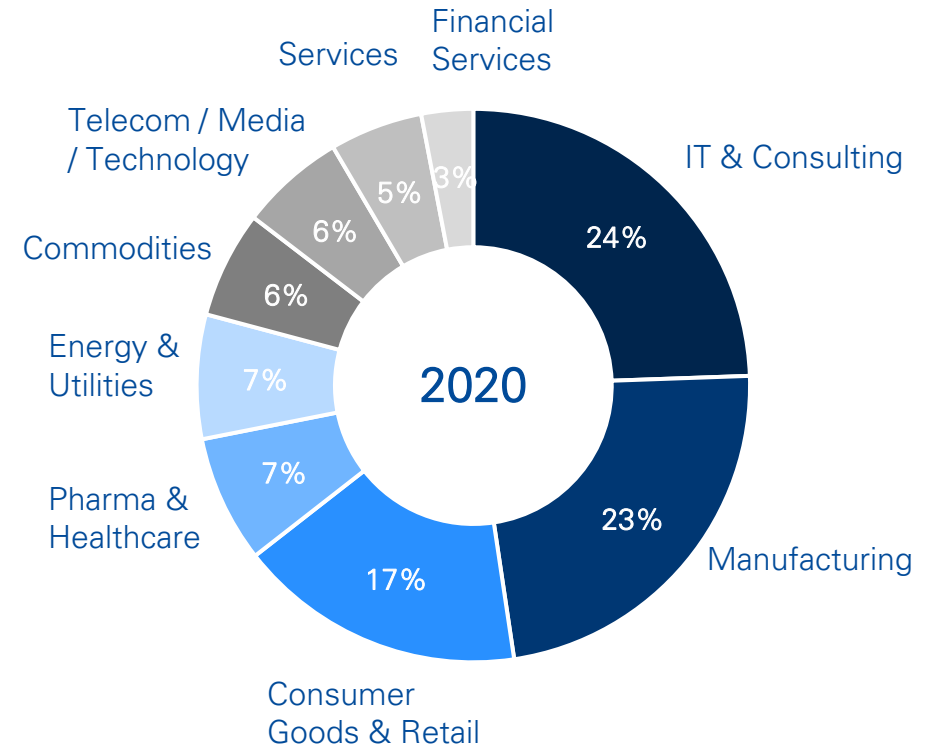
## Comments

- > Q4-on-Q4 Software revenue down as a result of a larger partner contract which did not materialize
- > Y-on-Y Software revenue increased despite lower group revenues
- > With higher investments in R&D and Sales EBIT decreased Y-on-Y
- > Consequently EBIT margin went down to 19.4% in 2020 (previous year: 28.5%)

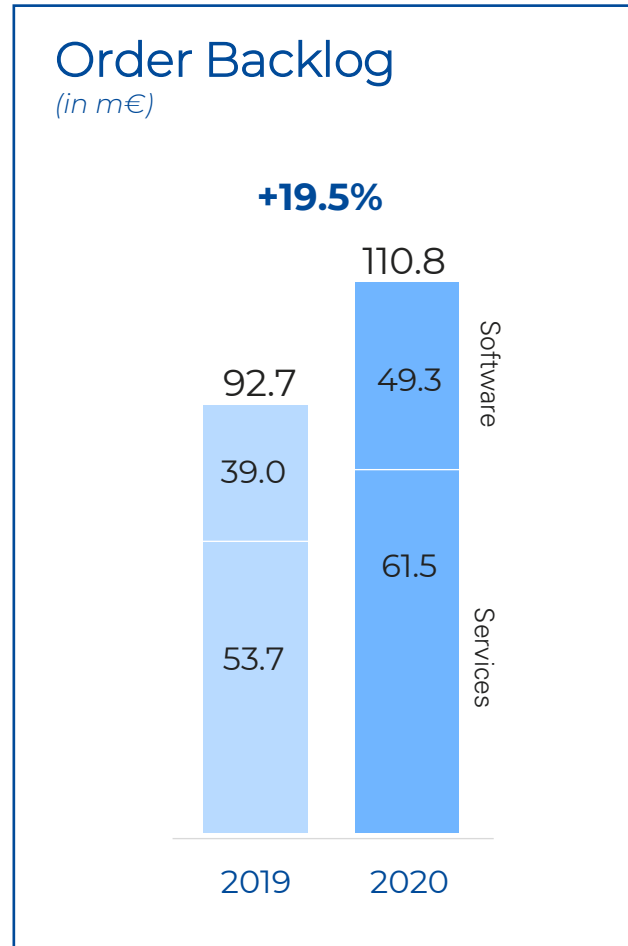
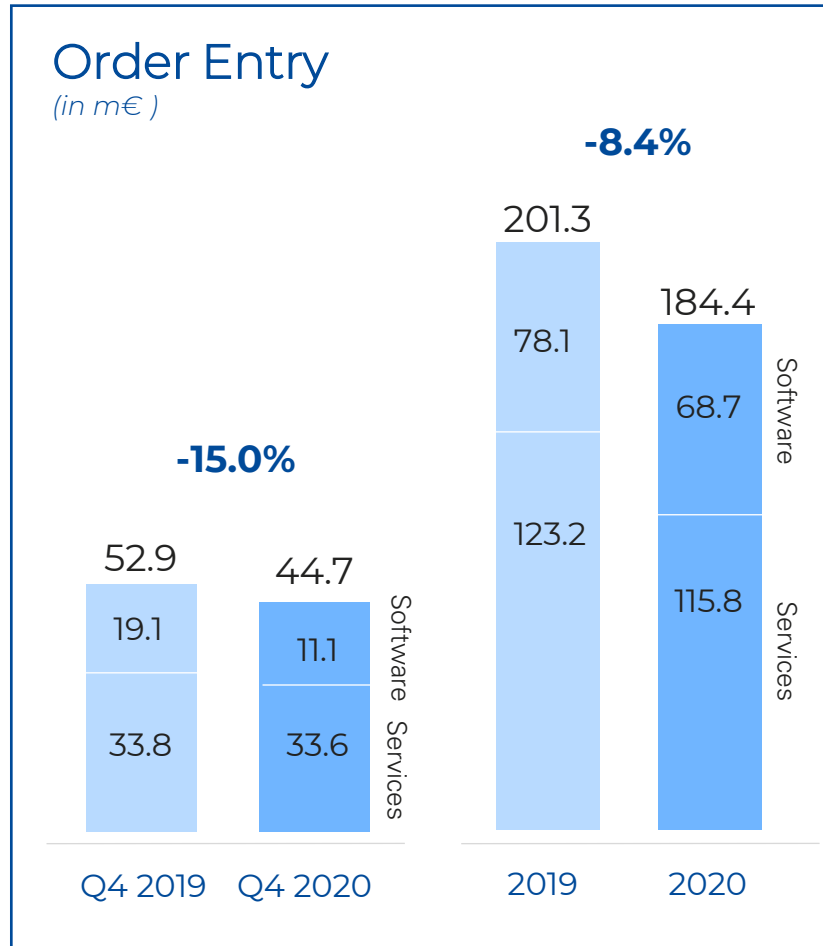
# Revenue by Industry

(in €m)

|                              | 2020 | 2019 |
|------------------------------|------|------|
| IT & Consulting              | 35.3 | 37.1 |
| Manufacturing                | 33.5 | 40.5 |
| Consumer Goods & Retail      | 24.3 | 16.8 |
| Pharma & Healthcare          | 10.7 | 7.9  |
| Energy & Utilities           | 10.5 | 10.0 |
| Commodities                  | 9.0  | 3.5  |
| Telecom / Media / Technology | 8.9  | 7.9  |
| Services                     | 7.8  | 15.6 |
| Financial Services           | 4.4  | 4.4  |



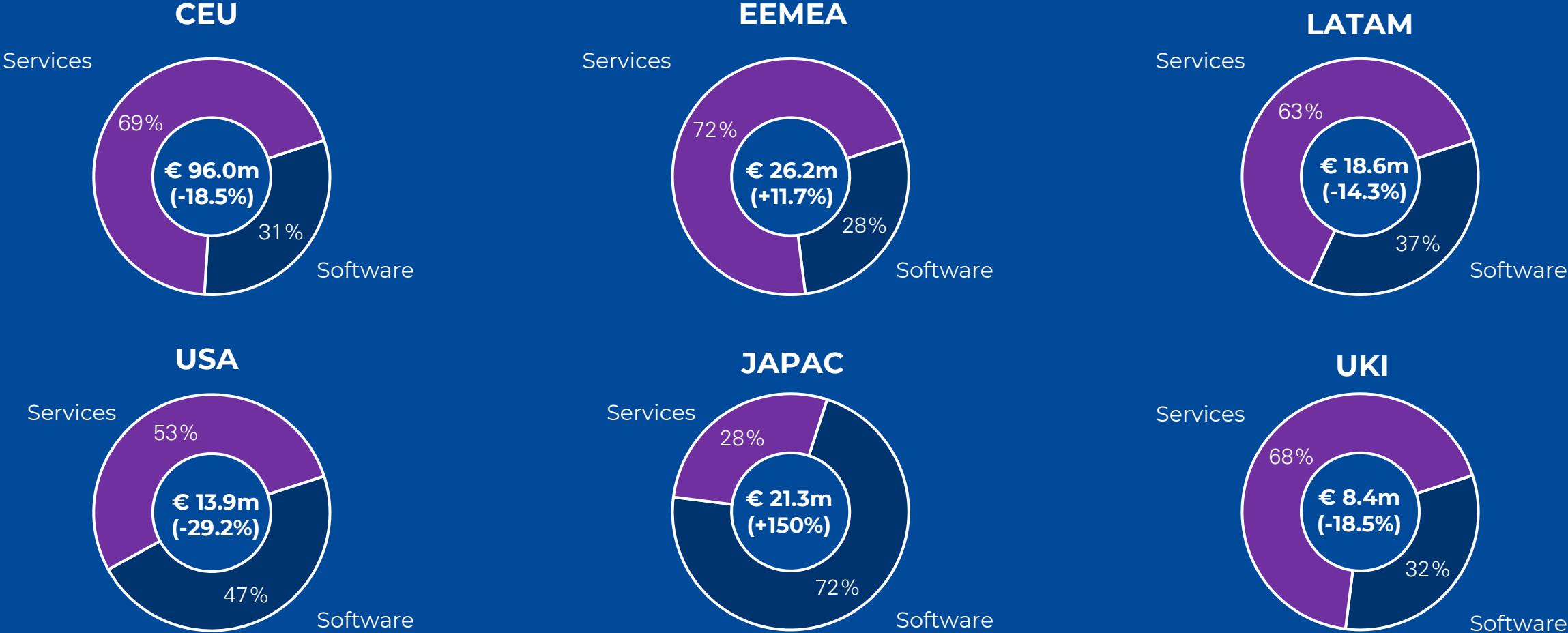
# Order Entry Q4 / FY 2020 and Order Backlog



## Comments

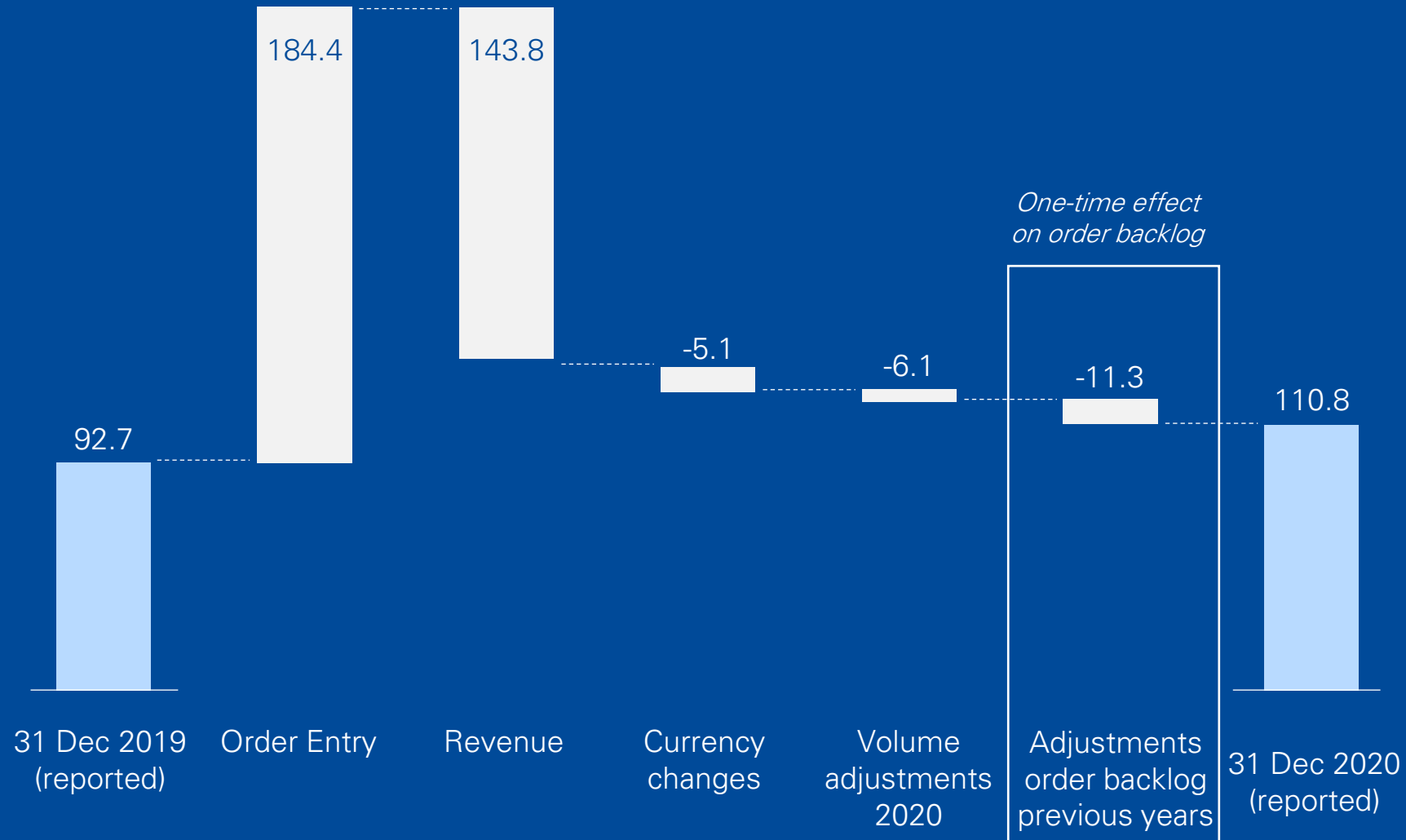
- > After a strong Q4 2019, Order Entry in Q4 2020 fell short by 15% mainly coming from the software segment as one expected partner contract did not materialize
- > Order Entry for the full year 2020 also below previous year
- > Both segments contributed to the increase in order backlog which grew by 19.5%

# Order Entry by region (performance view)



# Reconciliation Order Backlog 2020

(in €m)



## Comments

- > New Backlog-Reporting-Policy implemented for 2020 and going forward
- > Goal is to increase transparency on the effects from volume and currency changes
- > For projects in 2020 the effect for both items was € -11.2m
- > Additionally, for projects from previous years an additional effect of € -11.3m was booked

# Balance sheet structure I/II

| Assets (in €m)                                    | 31/12/2020   | 31/12/2019   |
|---|--------------|--------------|
| Cash, cash equivalents and other financial assets | 46.3         | 19.8         |
| Receivables                                       | 25.6         | 33.3         |
| Contract assets                                   | 19.7         | 21.0         |
| Assets held for sale                              | 31.4         | -            |
| Other currents assets                             | 2.9          | 2.6          |
| <b>Total current assets</b>                       | <b>126.0</b> | <b>76.7</b>  |
| Goodwill  | 33.6         | 54.2         |
| Intangible Assets                                 | 5.4          | 7.9          |
| Right of use                                      | 17.5         | 17.9         |
| Contract assets                                   | 12.6         | 2.0          |
| Other non-current assets                          | 11.6         | 11.9         |
| <b>Total non-currents assets</b>                  | <b>80.7</b>  | <b>93.8</b>  |
| <b>Total assets</b>                               | <b>206.7</b> | <b>170.5</b> |

## Comments

- > Cash position increased strongly mainly from the capital raise in July 2020
- > Divestment of polish subsidiary is now reflected in assets held for sale
- > Goodwill fell accordingly
- > Additional € 3m cash are included in assets held for sale
- > Non-current contract assets rose on the back of new long-term partnerships closed in 2020

# Balance sheet structure II/II

| Equity & Liabilities (in €m)          | 31/12/2020   | 31/12/2019   |
|---------------------------------------|--------------|--------------|
| Payables                              | 4.6          | 10.2         |
| Contract liabilities                  | 6.2          | 6.4          |
| Current financial liabilities         | 12.8         | 13.0         |
| Other non-financial liabilities       | 18.2         | 18.7         |
| Liabilities held for sale             | 8.8          | -            |
| Other current liabilities             | 3.4          | 1.2          |
| <b>Total current liabilities</b>      | <b>54.0</b>  | <b>49.6</b>  |
| Non-current financial liabilities     | 59.5         | 49.8         |
| Pensions                              | 2.8          | 2.9          |
| Other non-current liabilities         | 2.7          | 1.4          |
| <b>Total non-current liabilities</b>  | <b>65.0</b>  | <b>54.0</b>  |
| Equity                                | 87.7         | 66.9         |
| <b>Total Equity &amp; Liabilities</b> | <b>206.7</b> | <b>170.5</b> |

## Comments

- > Liabilities of the polish subsidiary are now reported as held for sale
- > Non-current financial liabilities rose with additional credit facilities arranged with KfW
- > Net debt position at the end of the year was -25.9m €
- > Increase in equity relates to capital raise carried out in July 2020
- > Equity ratio went up to 42.4% (from 39.2% the previous year)

# Cash flow Statement Q4 / FY 2020

| (in €m)                        | Q4 2020 | Q4 2019 | $\Delta$ (abs.) | 2020  | 2019  | $\Delta$ (abs.) |
|--------------------------------|---------|---------|-----------------|-------|-------|-----------------|
| <b>Net income</b>              | -1.0    | -1.7    | +0.7            | -1.8  | -1.4  | -0.4            |
| Depreciation                   | 2.3     | 5.9     | -3.6            | 8.4   | 11.7  | -3.3            |
| Change in W/C                  | 1.1     | -6.5    | +7.6            | -2.9  | -21.3 | +18.4           |
| Change in other items          | -1.2    | 6.3     | -7.5            | -1.6  | 5.9   | -7.5            |
| <b>Operating Cash flow</b>     | 1.1     | 4.1     | -3.0            | 2.0   | -5.1  | +7.1            |
| Investing Cash flow            | -2.7    | -0.6    | -2.1            | -3.2  | -8.2  | -5.0            |
| Repayment of lease liabilities | -0.7    | -1.0    | +0.3            | -5.2  | -6.3  | +0.9            |
| <b>Free cash flow</b>          | -2.3    | 2.5     | -4.8            | -6.4  | -19.6 | +13.2           |
| <b>W/C ratio</b>               | -       | -       |                 | 18.0% | 14.7% |                 |

## Comments

- > Positive operating cash flow both in Q4 and FY 2020
- > Cash out from W/C improved in 2020 and is mostly related to additional contract assets
- > As SNP is preparing for further growth free cash flow is negative
- > W/C ratio increased as additional partners with upfront committed volumes joined our network



# AGENDA

INTRODUCTION

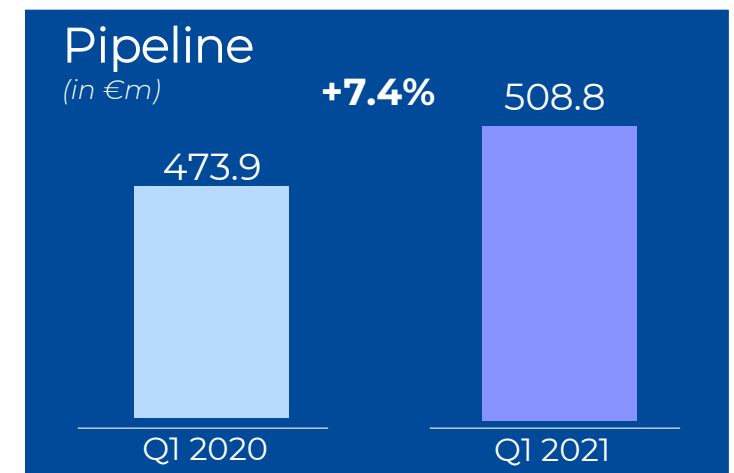
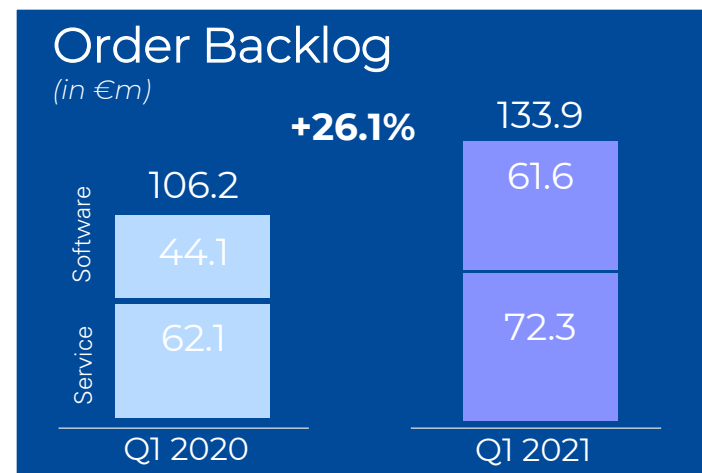
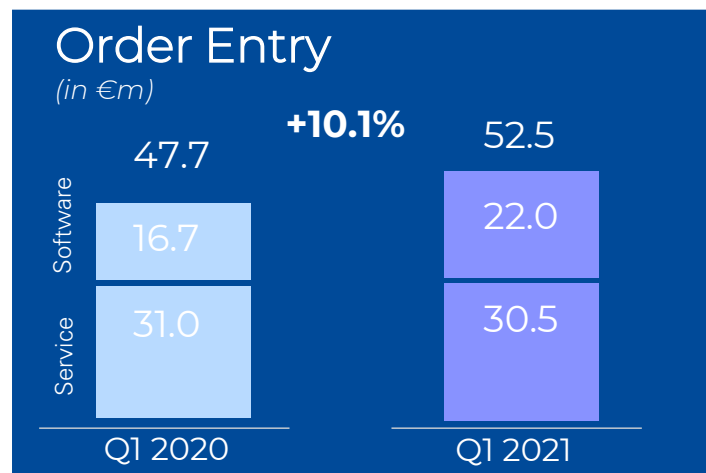
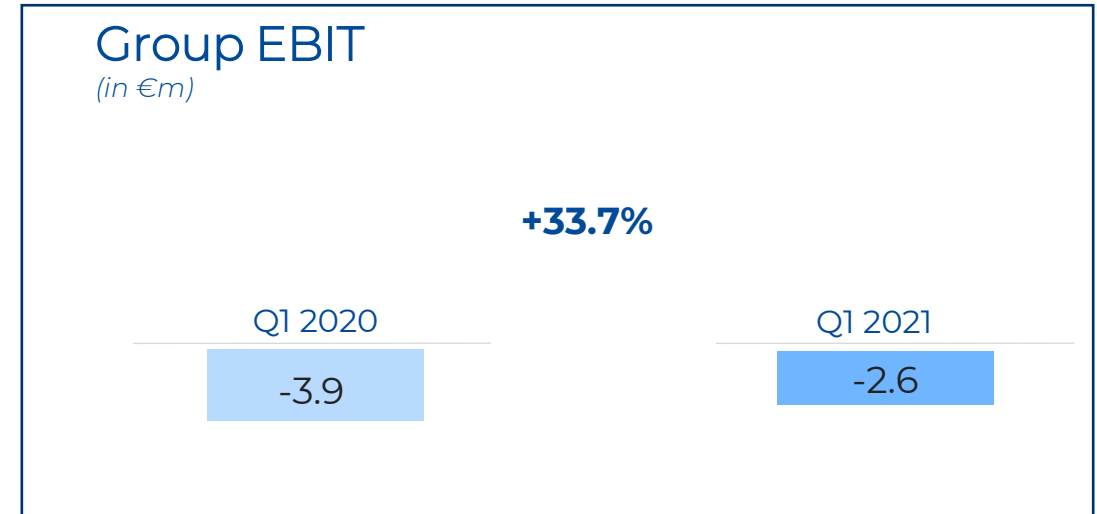
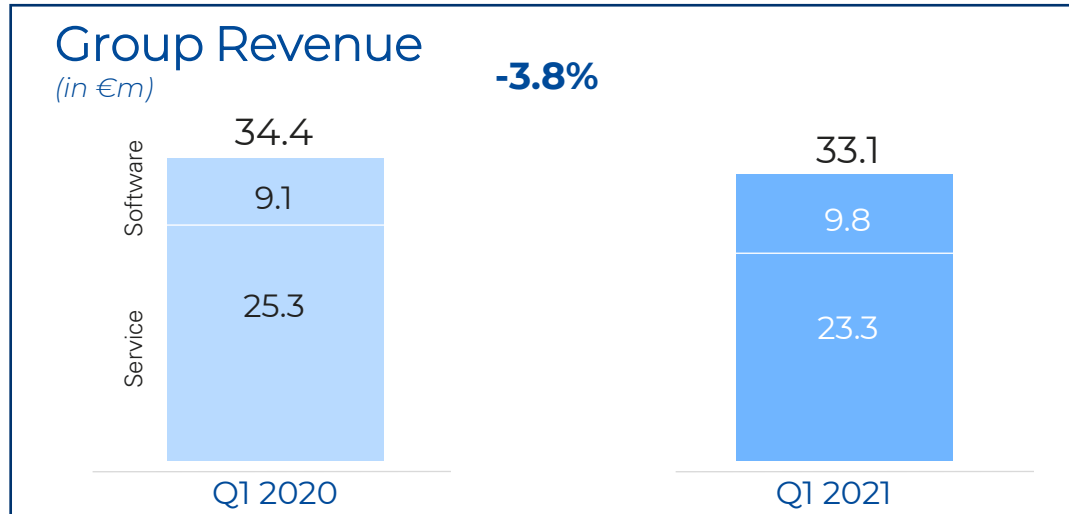
FINANCIALS

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# Preliminary Figures Q1 2021



# M&A Activities 2021

## SNP Poland (Divestment)

|                     |  |
|---------------------|--|
| Revenue 2020        | € 23m  |
| EBIT 2020           | € 1.8m   |
| Employees           | ~400   |
| Timeline            | Latest by end of Q3 2021                                       |
| Business focus      | Non-Transformation, SAP Consulting, Cloud hosting              |
| Strategic rationale | Focus on transformation business                               |
| Ownership           | 49% will remain at SNP until end of 2023 (Call and Put option) |

## EXA AG (Acquisition)

|                     |  |
|---------------------|--|
| Revenue 2020        | € 10m  |
| EBIT 2020           | ~€ 2.5m  |
| Employees           | ~140   |
| Timeline            | Closed March 1, 2021   |
| Business focus      | Global Value Chain, Transferpricing  |
| Strategic rationale | Expand value chain, Increase recurring revenues                                |
| Ownership           | 25.1% will remain at EXA founder until 2024 (Put option) or 2025 (Call option) |

# Efficiency measures

## Review of sponsoring activities

- > Termination of Golf sponsoring (immediate effect)
- > Streamlining of local sport sponsoring
- > Normalize level of sponsoring activities e.g. culture, politics
- > Some savings will be spent with more direct link to SNP business

## Reduced number of managing directors

- > No replacement of CHRO
- > Responsibilities of former CEO are reallocated to existing CEO and CFO

## Office space efficiency (Heidelberg)





- > Termination of office space in second Heidelberg location
- > Reallocation of all employees under one roof

## Travel expenses

- > Savings of ~€ 3.8m due to corona restrictions in 2020
- > Only 60% are expected to come back as remote work has been proven to be just as efficient in many cases

**Total EBIT effect going forward: € 2 – 3m per annum**

# Outlook 2021

|                   | 2020 Actuals | 2021 Outlook  |
|-------------------|--------------|---|
| Group Revenue     | € 143.8m     | € 160m – 180m   |
| Software Revenue  | € 49.9m      |    |
| Service Revenue   | € 93.9m      |    |
| Group EBIT-margin | 0.6%         | 5% - 8%   |
| Group EBIT        | € 0.8m       |   |
| Group Order Entry | € 184.4m     |  |

# Financial Calendar 2021

Apr 21, 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!



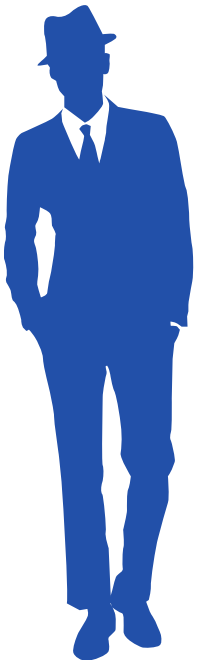
# Thank you for your time

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