



Full Year Results
2019

Conference Call
March 30, 2020

1. Introduction

2. Financials

3. Outlook

4. Q+A

Introduction



S/4HANA Trends



Ressources –

How many are available to fill key roles?

250,000 SAP Consultants



70% will be S/4HANA 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.

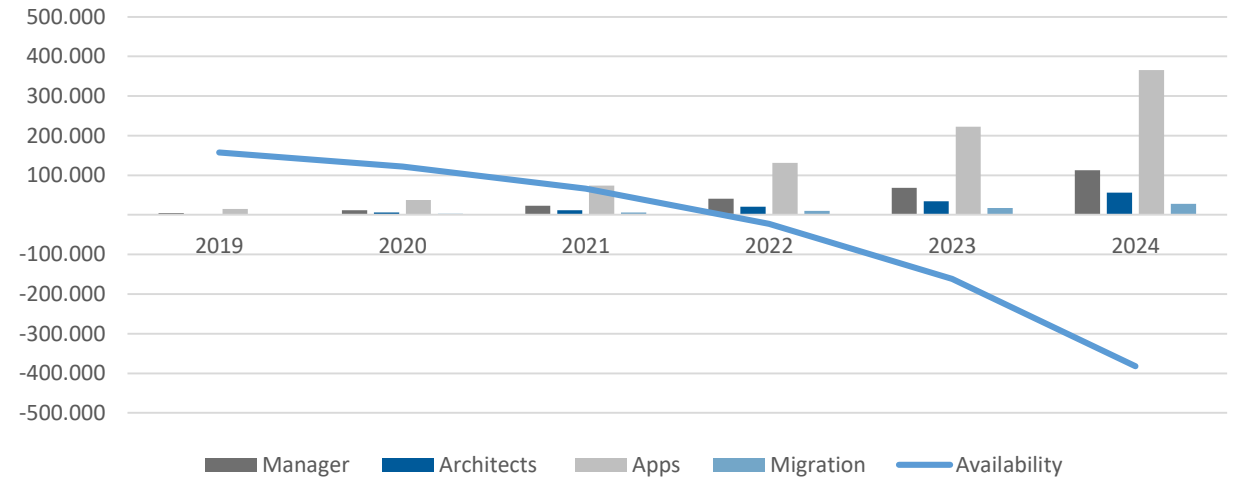
Year ending	Annual adoptions	Cumulative adoptions
2019	1,500	1,500
2020	2,376	3,876
2021	3,735	7,602
2022	5,894	13,496
2023	9,301	22,797
2024	14,677	37,474

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.



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Strategy Builds on Three Pillars



1

Partner Transformation Business

to scale BLUEFIELD™

- **Focus area:**
 - Select, enable and support strategic partners
 - Deliver maintenance and support via SNP Academy to offer qualified partner services
- **Business value:**
 - Leveraging BLUEFIELD™ sales
 - Full-service solution for partners
 - Positioning as trusted partner

2

SNP Transformation Business

to leverage our experience and competencies

- **Focus area:**
 - Continuous growth with focus on BLUEFIELD™ sales and consulting
 - Build specific BLUEFIELD™ solutions / approaches per use case
- **Business value:**
 - Full-service data transformation
 - Economies of scale
 - Leverage experience and competency

3

SNP Non-Transformation Business

for stable and broad market positioning with cross-selling potential

- **Focus area:**
 - Operate in new business areas driven by predictive analytics and artificial intelligence
 - Up-selling of BLUEFIELD™
- **Business value:**
 - Market penetration
 - Risk diversification
 - Explore new market trends

Recent Major Software Deals



August 2019

- Contract with **World's Leading IT** and Consulting Firm based in the USA
- Minimum value of USD 30 mn until 2022
- Global Use of SNP Software

September 2019

- Contract with **Google**
- Google Cloud licenses CrystalBridge® analysis suite software for streamlining SAP workload migrations and SAP S/4HANA® upgrades, minimizing business disruption.
- Google Cloud's customers will be able to benefit from SNP's BLUEFIELD™ approach for migrations

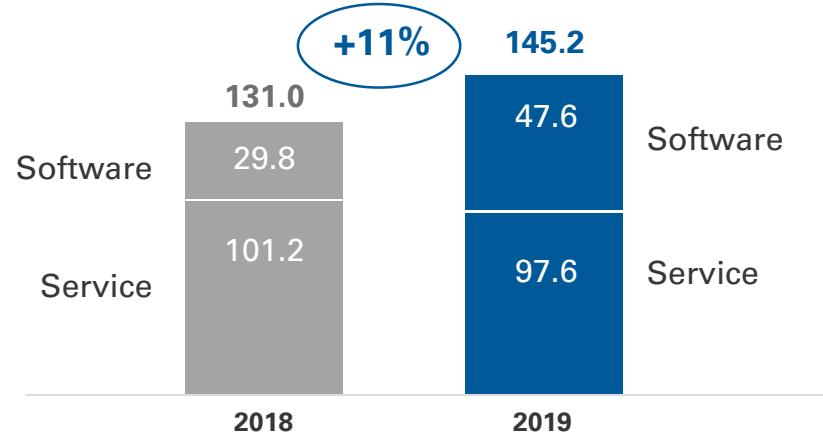
November 2019

- Contract with **T-Systems**
- Signing of a three-year contract
- Goal is to plan and execute SAP 4/SHANA transformations in an automatic way for T-Systems customers
- Training of T-Systems employees

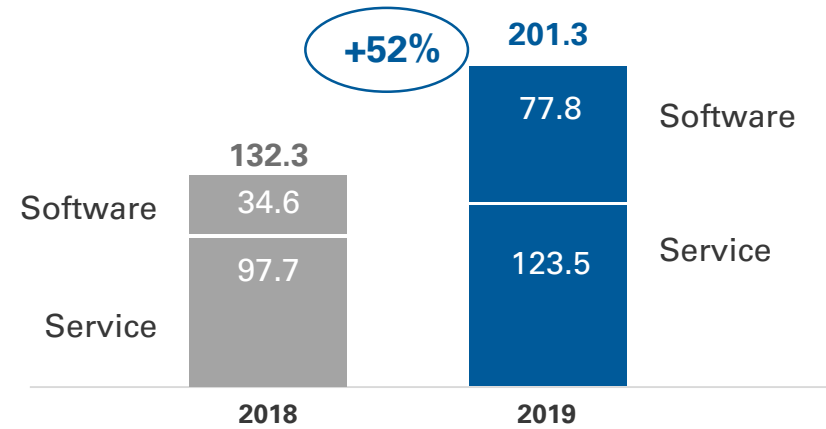
November 2019

- Contract with **Mahle**
- Framework agreement running until end of 2025
- All SAP Systems will be transformed to one central SAP S/4HANA system
- Training of Mahle employees

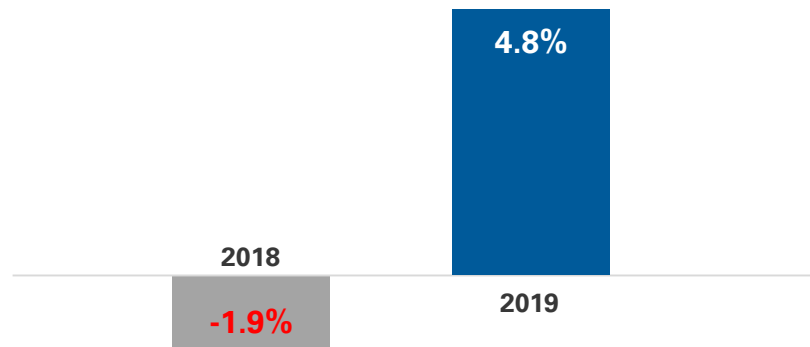
Revenue (in €mn)



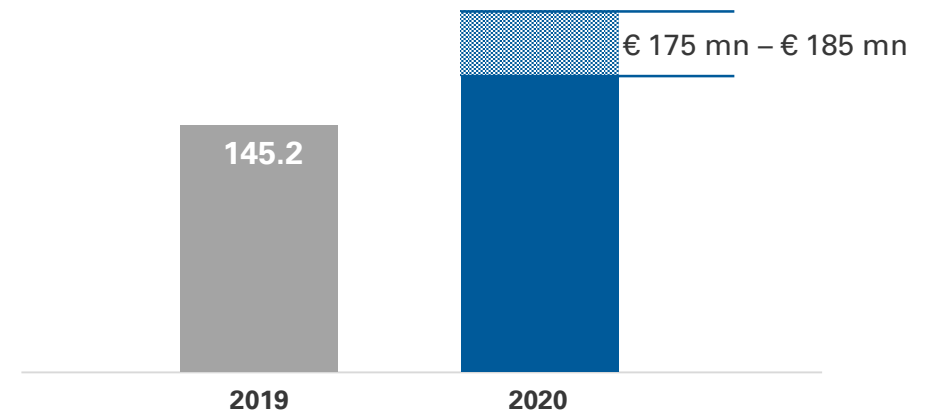
Order Entry (in €mn)



EBIT-Margin



Sales Outlook 2020 (in € mn)



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Financials

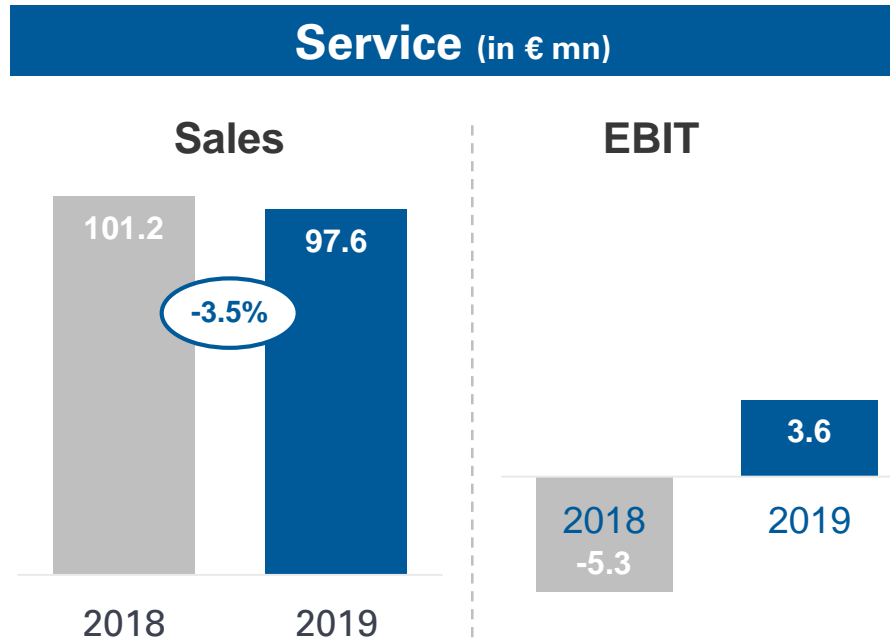
Key Figures



€ mn	2018	2019	Δ
Revenue	131.0	145.2	+10.8%
Gross profit	109.8	127.3	+15.9%
EBITDA	2.3	15.1	>100%
EBIT	-2.5	7.0	n/a
EBT	-3.6	5.6	n/a
Tax	2.0	-3.4	n/a
Net income	-1.6	2.3	n/a
EPS	-0.26	0.35	n/a
Gross profit margin	83.8%	87.7%	
EBITDA Margin	1.8%	10.4%	
EBIT Margin	-2.0%	4.8%	

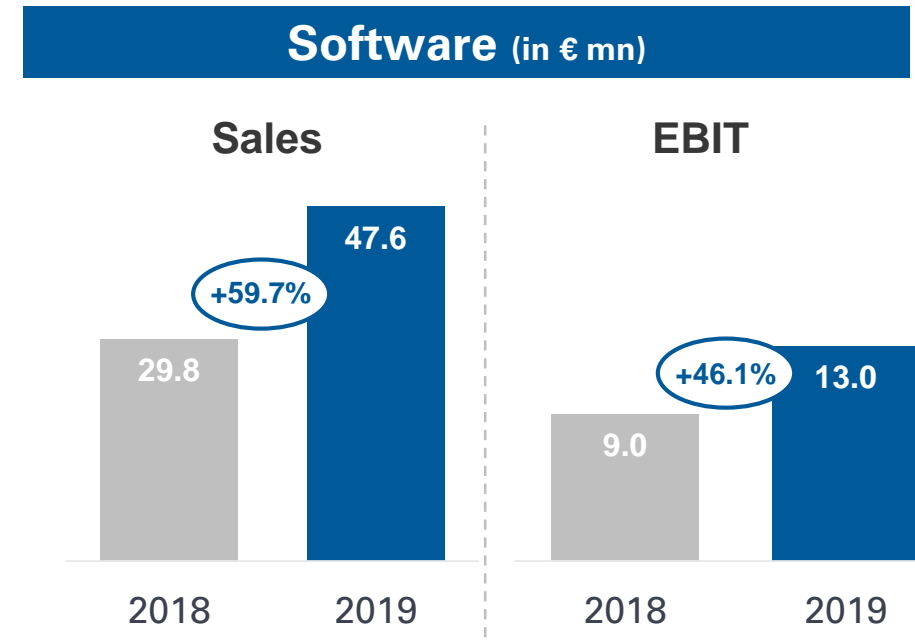
Comments

- Gross profit with a disproportionate increase due to the shift of leasing expenses after first time application of IFRS 16 (appr. 4 Mio. €)
- SG&A cost structure basically unchanged despite top line increase
- Tax rate negatively affected by the reduction of deferred tax assets
- Cash tax rate at around 20%



Comments

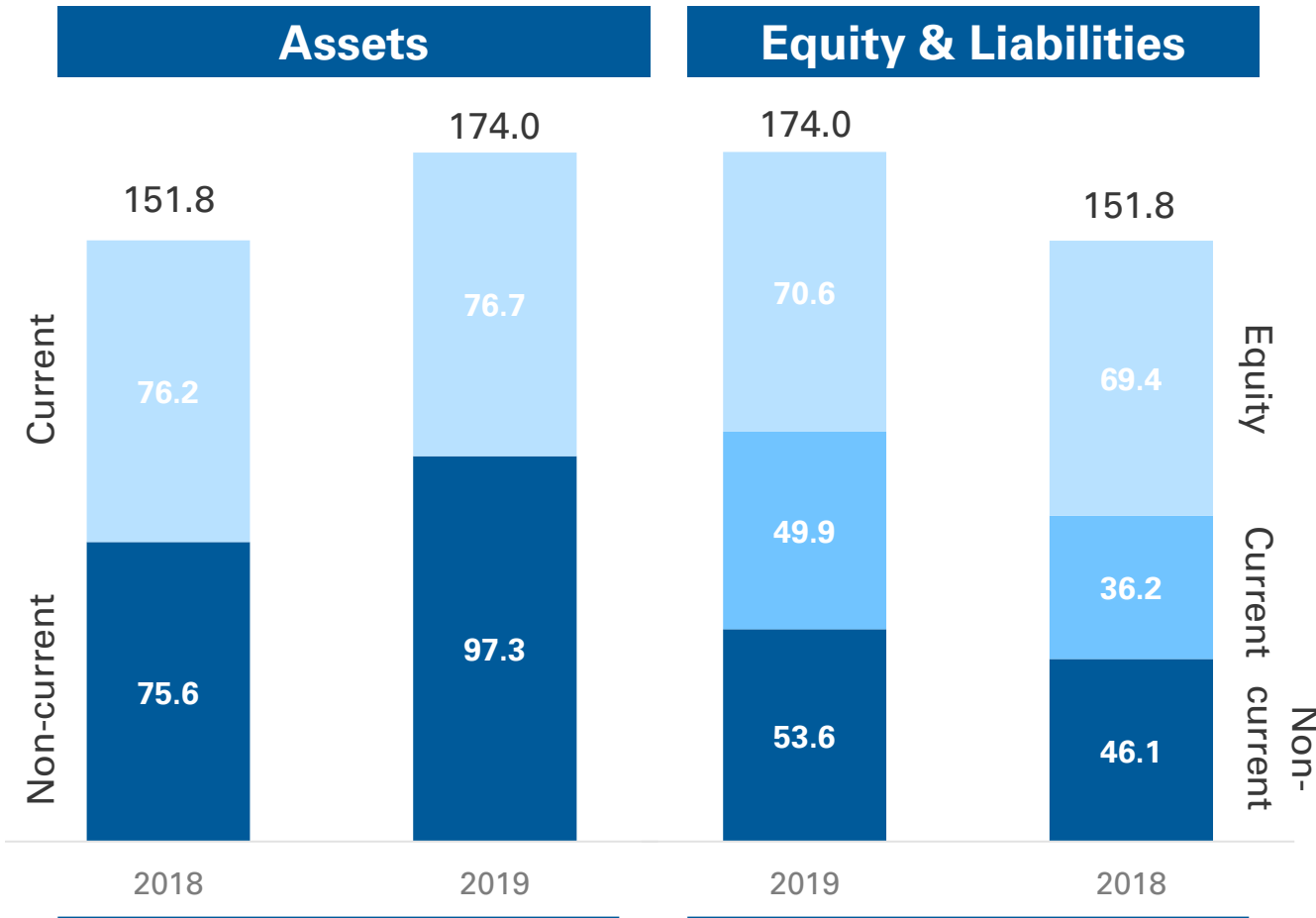
- After a slow start into the year 2019 sales increased especially in H2
- Lower sales mainly caused by currency effects
- Utilization at 84% end of 2019
- EBIT margin reached 3.7%



Comments

- Significant sales increase of 59.7%
- Strong pick up in H2 with the signing of several partner contracts
- EBIT margin stable at 27.4%
- Software accounted for 33% of total sales

Balance Sheet (€ mn)



Comments

- Increasing in total Assets and Liabilities mostly due to the first time application of IFRS 16
- Very healthy balance sheet structure where current and non-current liabilities are well covered by assets
- Equity slightly increased compared to last year's level
- With the balance sheet extension after first time application on IFRS 16 equity ratio now at 40.6% (2018: 45.7%)
- On a like for like basis equity ratio would have been unchanged at 45.4%

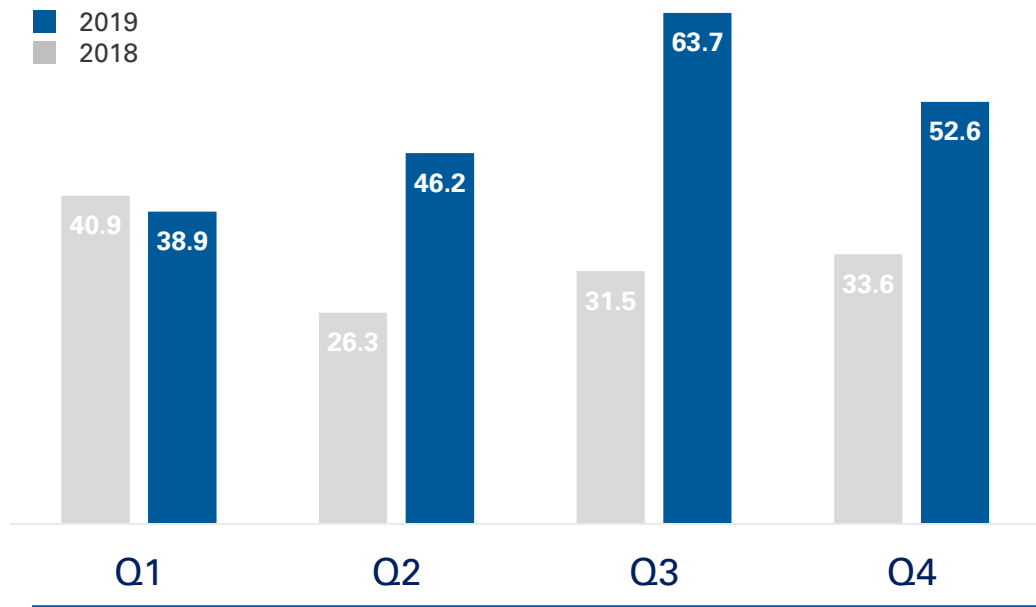
Cash Flow Statement (€ mn)

	2018	2019
Net income	-1.6	2.3
Depreciation	4.9	8.1
Change in W/C	+11.9	-19.3
Change in other items	-11.9	4.0
Operating cash flow	3.3	-5.1
Investing cash flow	-12.0	-8.2
Financing cash flow	15.5	-7.3
Change in cash	6.1	-20.8

Comments

- Depreciation increased due to IFRS 16 by appr. 4 Mio. EUR
- Cash out from the change in working capital is mainly attributable to increasing revenues in the software segment
- Operating cash flow in 2019 therefore below last year's figures
- Negative cash flow from financing is related to leasing activities
- Liquidity decreased as a result but will improve in the course of the year due to payments from software contracts which were signed in 2019

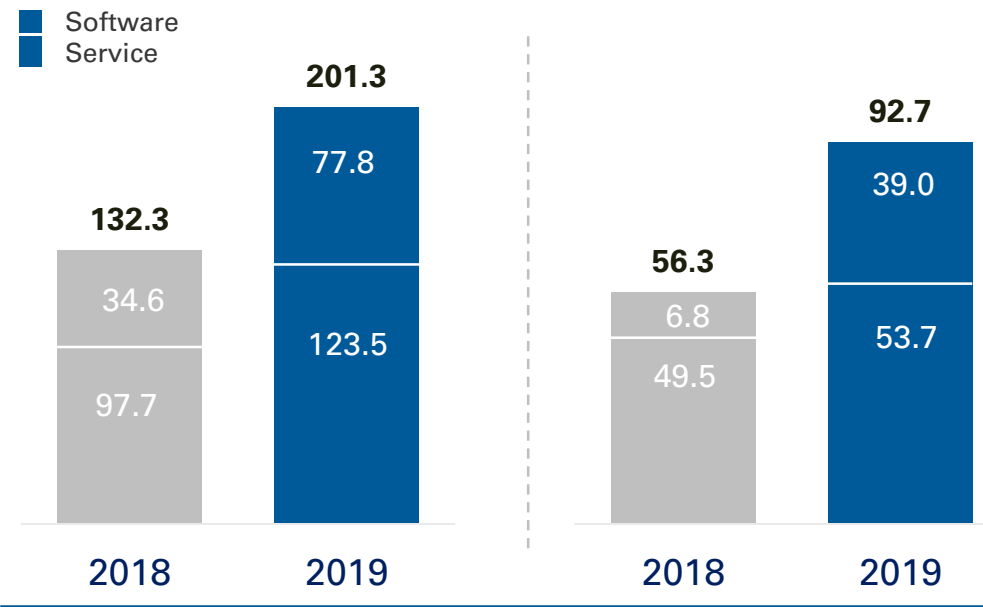
Order Entry (by quarter in € mn)



Comments

- Order Entry with growing numbers almost every quarter
- Peak in Q3 caused by large partner contract in the software segment

Oder Entry vs. Order Backlog (in € mn)



Comments

- Strong increase of order entry due to raising demand of software
- Large partner contracts in the software segment led to a sharp increase in the order backlog

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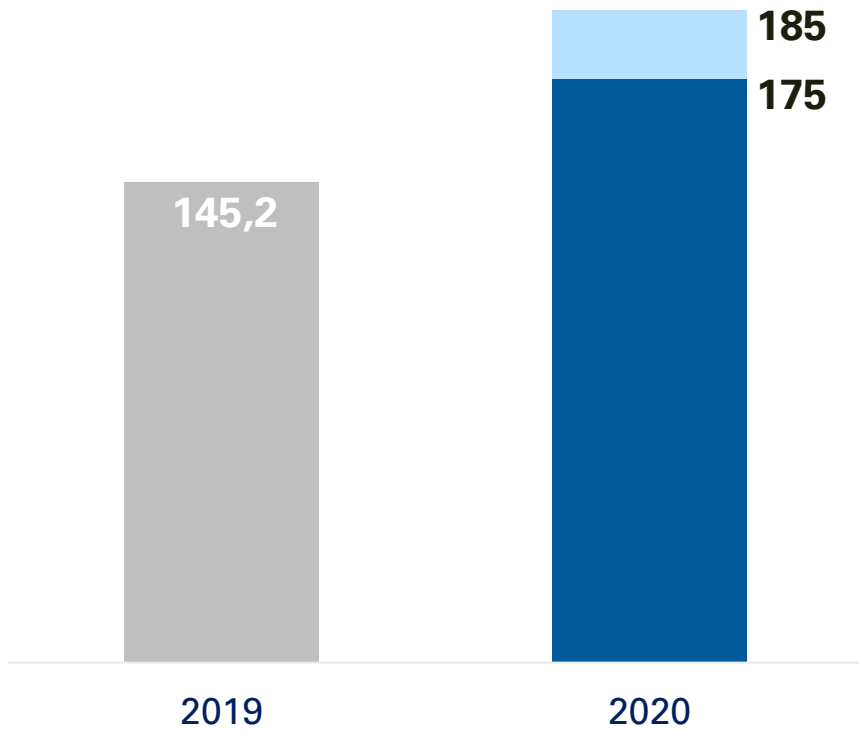
Outlook

Outlook 2020

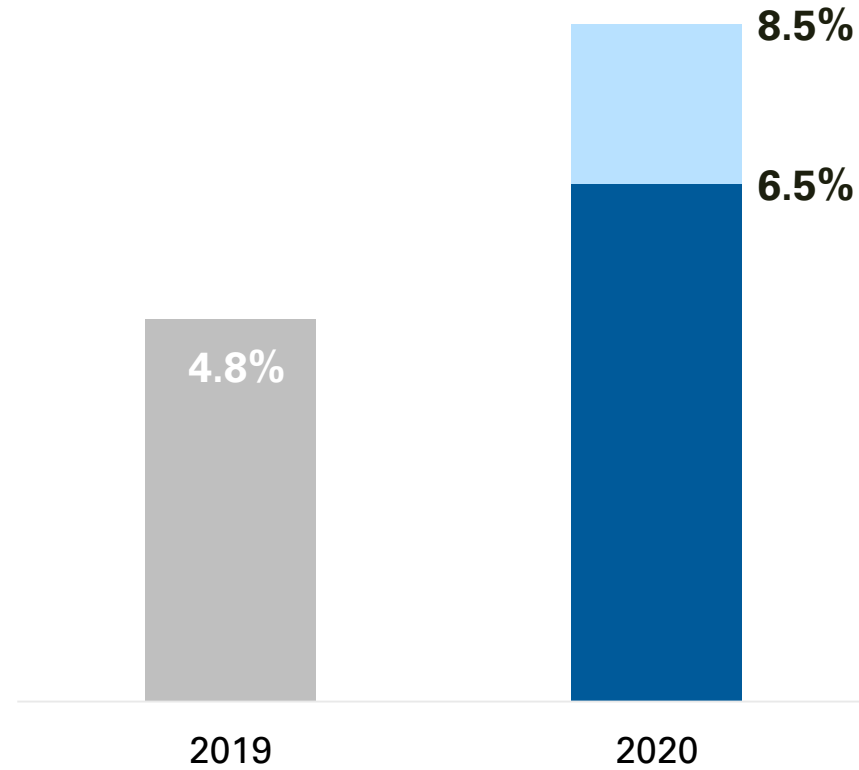


Outlook does not include any effects from the COVID-19 pandemic

Sales (in € mn)



EBIT margin



SNP is well prepared to act in the Corona crisis



- 1 Top priority is the health and safety of our employees
- 2 We have secured the delivery towards our customers and partners
- 3 Our industry is already digitalized
 - Employees are able to work from home – even on ongoing projects
 - Even in pre-crisis times many projects were done remotely
 - Digital customer engagements are ramping up.
- 4 Strong balance sheet and focus on working capital management
- 5 Preparing for a more flexible cost structure

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We will be happy to
take your questions!

Mar 30, 2020

Publication of the Annual Report 2019

Apr 30, 2020

Publication of the Interim Statement Q1 2020

June 30, 2020

Annual General Meeting 2020

Aug 7, 2020


Publication of the Half-Year Financial Report 2020

Oct 30, 2020

Publication of the Interim Statement Q3 2020

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