Results
Q2 / HY1 2019

Dr. Andreas Schneider-Neureither (CEO)
Dr. Uwe Schwellbach (CFO)
Michael Eberhardt (COO)
Frank Hohenadel (CHRO)

August 5, 2019
Highlights

Changes in Management Personnel:
SNP strengthened its management team with two experienced senior executives.

By-elections to the Board of Directors:
Annual General Meeting elected Dr. Klaus Kleinfeld and Dr. Karl Biesinger as new members of the board.

IBM Services teamed up with SNP to create a highly automated migration:
IBM introduced IBM Rapid Move for SAP S/4HANA, a new approach designed to provide a smarter and faster way to digital transformations.

Major Order for Global SAP® Project from Swiss Energy and High-Tech Company:
The order volume for software and services is in the lower end of the double-digit million range.

Partnership with SAP in case for the SAP S/4HANA Movement program:
SNP is an active founding partner of the “SAP S/4HANA Selective Data Transition Engagement” working group established by SAP SE.

Very strong Order Entry and Backlog at a record level:
The strong order situation will have a positive impact on revenue and earnings growth in the second half of 2019 and will make up for the first half of the year.
BLUEFIELD™ – ONE BRAND – MODULE LEVEL

ORGANISATION
- Divest
- Acquire
- Expand
- Split
- Restructure

TECHNOLOGY
- Cloudification
- New releases
- Upgrade S/4HANA

EFFICIENCY
- Predictive Analytics
- TCO (Total Cost of Ownership)-Optimization

CrystalBridge
THE BUSINESS TRANSFORMATION PLATFORM
Michael Eberhardt / Frank Hohenadel
Financials H1 2019
## Key Figures

<table>
<thead>
<tr>
<th>€ mn</th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>Δ</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Entry</td>
<td>85.1</td>
<td>67.2</td>
<td>+27%</td>
<td>46.2</td>
<td>26.3</td>
<td>+76%</td>
</tr>
<tr>
<td>Order Backlog (as of June 30)</td>
<td>71.2</td>
<td>63.3</td>
<td>+12%</td>
<td>71.2</td>
<td>63.3</td>
<td>+12%</td>
</tr>
<tr>
<td>Revenue</td>
<td>58.9</td>
<td>65.0</td>
<td>-9%</td>
<td>30.1</td>
<td>33.5</td>
<td>-10%</td>
</tr>
<tr>
<td>EBITDA (IFRS)</td>
<td>-2.0</td>
<td>-3.5</td>
<td>+42%</td>
<td>-0.8</td>
<td>-2.1</td>
<td>+62%</td>
</tr>
<tr>
<td>EBIT (IFRS)</td>
<td>-5.9</td>
<td>-6.0</td>
<td>+2%</td>
<td>-2.6</td>
<td>-3.4</td>
<td>+24%</td>
</tr>
<tr>
<td>Equity (as of June 30)</td>
<td>66.1</td>
<td>45.9</td>
<td>+44%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (as of June 30)</td>
<td>23.0</td>
<td>18.5</td>
<td>+25%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (as of June 30)</td>
<td>1,237</td>
<td>1,350</td>
<td>-8%</td>
<td></td>
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</tr>
</tbody>
</table>
Strong Order Entry (€ mn)

- **Q2 2019 Order Entry:**
  € 46.2 mn; +76% relative to the previous year.

- **Strong mid-year performance in the German-speaking (DACH) region:**
  Around € 41 mn; +60% in comparison with the previous year.

- **Significant pickup in the SAP S/4HANA environment:**
  - Order entry amounted to around € 10 mn.
  - Upcoming S/4HANA projects thus already account for around 11% of the overall volume.
Increasing Software Revenues

Revenues by Segments (€ mn)

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>41.2</td>
<td>52.3</td>
<td>44.1</td>
</tr>
<tr>
<td>Cloud &amp; Software</td>
<td>6.8</td>
<td>12.7</td>
<td>14.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>14%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Cloud &amp; Software</td>
<td>86%</td>
<td>80%</td>
<td>75%</td>
</tr>
</tbody>
</table>
Increasing Software Licences Revenues

Revenue Split within Cloud and Software Segment (€ mn)

<table>
<thead>
<tr>
<th>Period</th>
<th>Licenses (€ mn)</th>
<th>Cloud and SaaS (€ mn)</th>
<th>Support (€ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2017</td>
<td>4.8</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>H1 2018</td>
<td>8.6</td>
<td>4.2</td>
<td>7.2</td>
</tr>
<tr>
<td>H1 2019</td>
<td>10.6</td>
<td>4.2</td>
<td>10.6</td>
</tr>
</tbody>
</table>

- **H1 2019 revenue with SNP in-house products:** € 11.0 mn (H1 2018: € 8.6 mn; +28%)
- **H1 2019 revenue with third-party products:** € 3.8 mn (H1 2018: € 4.2 mn; -10%)

* For the first time in 2019, SNP also reported revenue from software-as-a-service (SaaS).
Increasing Importance of Non-DACH Revenues

Revenues by Regions (€ mn)

H1 2017 | H1 2018 | H1 2019
---|---|---
DACH (Germany, Austria, Switzerland) | International (without DACH) | DACH (Germany, Austria, Switzerland)

- **H1 2017**
  - DACH: 29.3
  - International: 18.7
  - Total: 48%

- **H1 2018**
  - DACH: 32.2
  - International: 32.8
  - Total: 50%

- **H1 2019**
  - DACH: 28.1
  - International: 30.8
  - Total: 52%

05.08.2019 Results Q2 / HY1 2019
Current and noncurrent assets have moved in opposite directions.

**Current assets decreased by € 14.4 mn to € 61.8 mn:**
- € 16.9 mn reduction in cash and cash equivalents: payment of current employee liabilities and the settlement of purchase price liabilities + the negative result.
- Increased trade receivables and other receivables as well as contract assets in the amount of € 2.2 mn.

**Noncurrent assets increased by € 20.9 mn to € 96.5 mn:**
First-time application of IFRS 16: Leases and rental agreements were capitalized in the form of rights of use for the first time, in the amount of € 15.9 mn.
Balance Sheet – Equity & Liabilities (€ mn)

Current liabilities increased from € 36.2 mn to € 40.4 mn:
- € 6.9 mn increase in financial liabilities to € 12.3 mn: promissory note loans have increased by € 5.0 mn due to a reclassification from noncurrent to current liabilities.
- First-time application of IFRS 16: current leasing liabilities have risen by € 4.6 mn + purchase price liabilities for acquisitions were reduced by € -2.4 mn.

Noncurrent liabilities increased by € 5.6 mn to € 51.8 mn:
- € 5.7 mn increase in financial liabilities to € 48.5 mn.
- IFRS 16: Noncurrent leasing liabilities increased by € 11.2 mn.
- The remaining noncurrent liabilities in connection with promissory note loans amount to € 34.7 mn.

The Group’s equity declined from € 69.4 mn to € 66.1 mn:
- Due to the net loss for the period, retained earnings decreased by € 4.8 mn to € 2.8 mn.
- Equity ratio declined from 45.7% to 41.7%.
Cash Flow Statement (€ mn) (1/2)

The negative operating cash flow is mainly attributable to ...

- the loss for the period (€ -4.8 mn) as well as the € 2.5 mn reduction in trade payables and other liabilities + a € 2.8 mn increase in inventories, trade receivables and other assets.
- The adjustment for depreciation and amortization (€ 3.9 mn) was an offsetting factor.

The negative cash flow from investing activities is mainly attributable to ...

- payments for purchase price installments in connection with company acquisitions in previous years (€ 3.0 mn) and to investments in property, plant and equipment and intangible assets (€ 1.7 mn).
Cash Flow Statement (€ mn) (2/2)

The negative cash flow from financing activities has mainly resulted from …

... the settlement of leasing liabilities in the amount of € 4.4 mn.

Overall cash flow during H1 2019 came to € -16.9 mn (previous year: € -15.4 mn).

H2 2019 expectations:

- Improved earnings situation
- Further working capital measures
- As planned less purchase price installments
- Improvement of capitalization
## Guidance 2019

### Revenue and Earnings Forecast Confirmed for the 2019 Fiscal Year

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<tbody>
<tr>
<td>between € 145 mn and € 150 mn</td>
<td>between € 158 mn and € 163 mn</td>
<td>between € 71 mn and € 76 mn</td>
<td>in the lower- to mid-single-digit percentage range</td>
</tr>
</tbody>
</table>

- **Strategic focus on revenue growth in the Cloud and Software business segment**
- **Shift to a revenue ratio of around 30% software revenue and 70% service revenue in the second half of 2019 (old: 26%/74%).**

- The very strong order situation will have a positive impact on revenue and earnings growth in the second half of 2019
- Growing order backlog and a clear increase in the weighted project pipeline, the management envisages a significant increase in Group-wide capacity utilization for the third quarter and thus a clearly positive revenue trend in the second half of the year.

- **EBIT margin (IFRS) in the low double-digit percentage range is expected in the second half of 2019.**

The SNP Group is sticking to the prioritized mid-term goal of a structural increase in its profitability.
Thank you.