



# SNP SE - Results Q2 / HY1 2018

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**SNP** | The Transformation Company



# Agenda



<b>1</b>	<b>Financials</b>
<b>2</b>	Strategy, Technology, Market
<b>3</b>	Forecast
<b>4</b>	Appendix

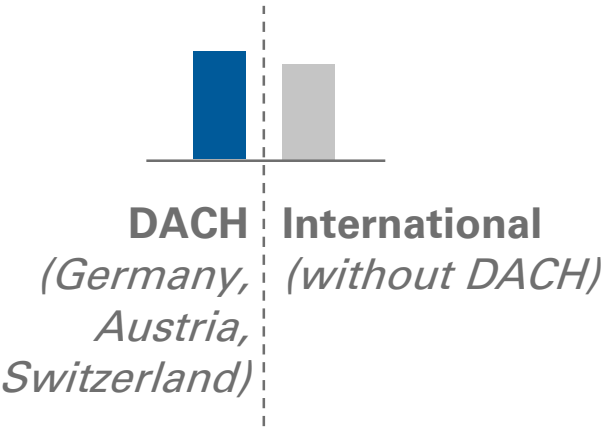
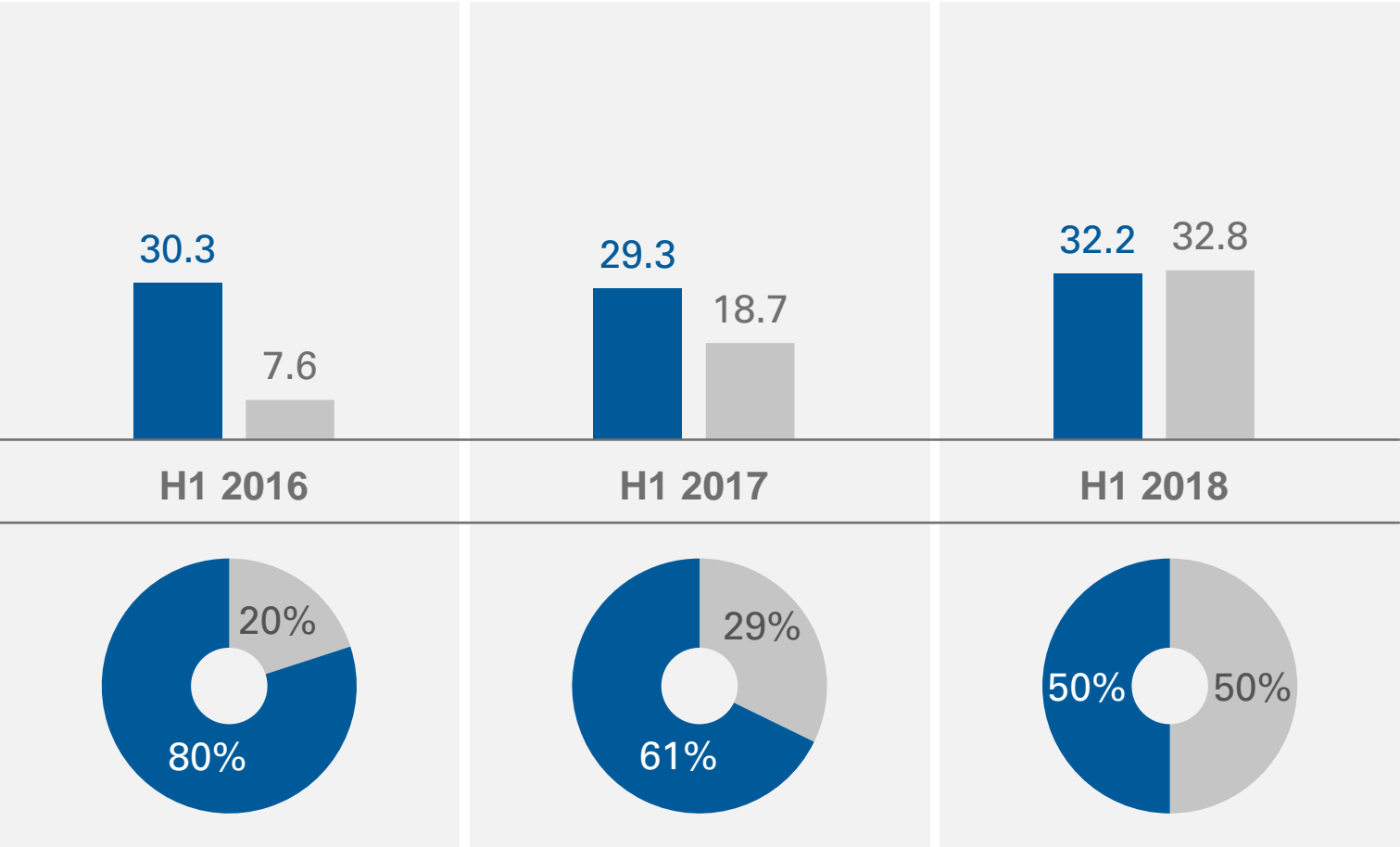
# Key figures

€ mn	H1 2018	H1 2017
<b>Revenue</b>	<b>65.5</b>	<b>48.0</b>
EBITDA (non-IFRS, adjusted for exchange rate effects)	-1.7	1.3
<i>EBITDA margin</i>	<i>-2.7%</i>	<i>2.8%</i>
EBIT (non-IFRS, adjusted for exchange rate effects)	-3.6	0.2
<i>EBIT margin</i>	<i>-5.5%</i>	<i>0.4%</i>
Order Entry (First half-year)	67.2	57.6
Order Backlog (as of Jun, 30)	63.3	48.5
Equity	45.9	43.5
<i>Equity ratio</i>	<i>39.1%</i>	<i>37.3%</i>

# Increasing Foreign Revenues



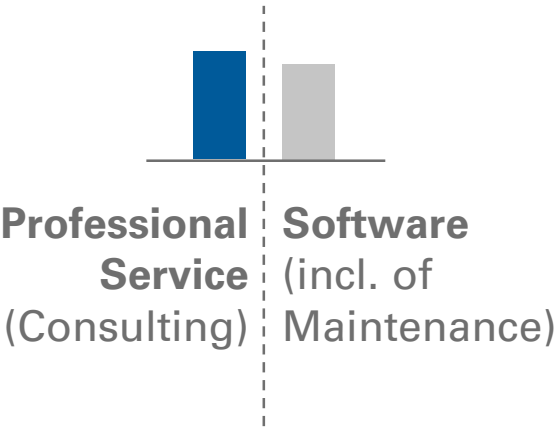
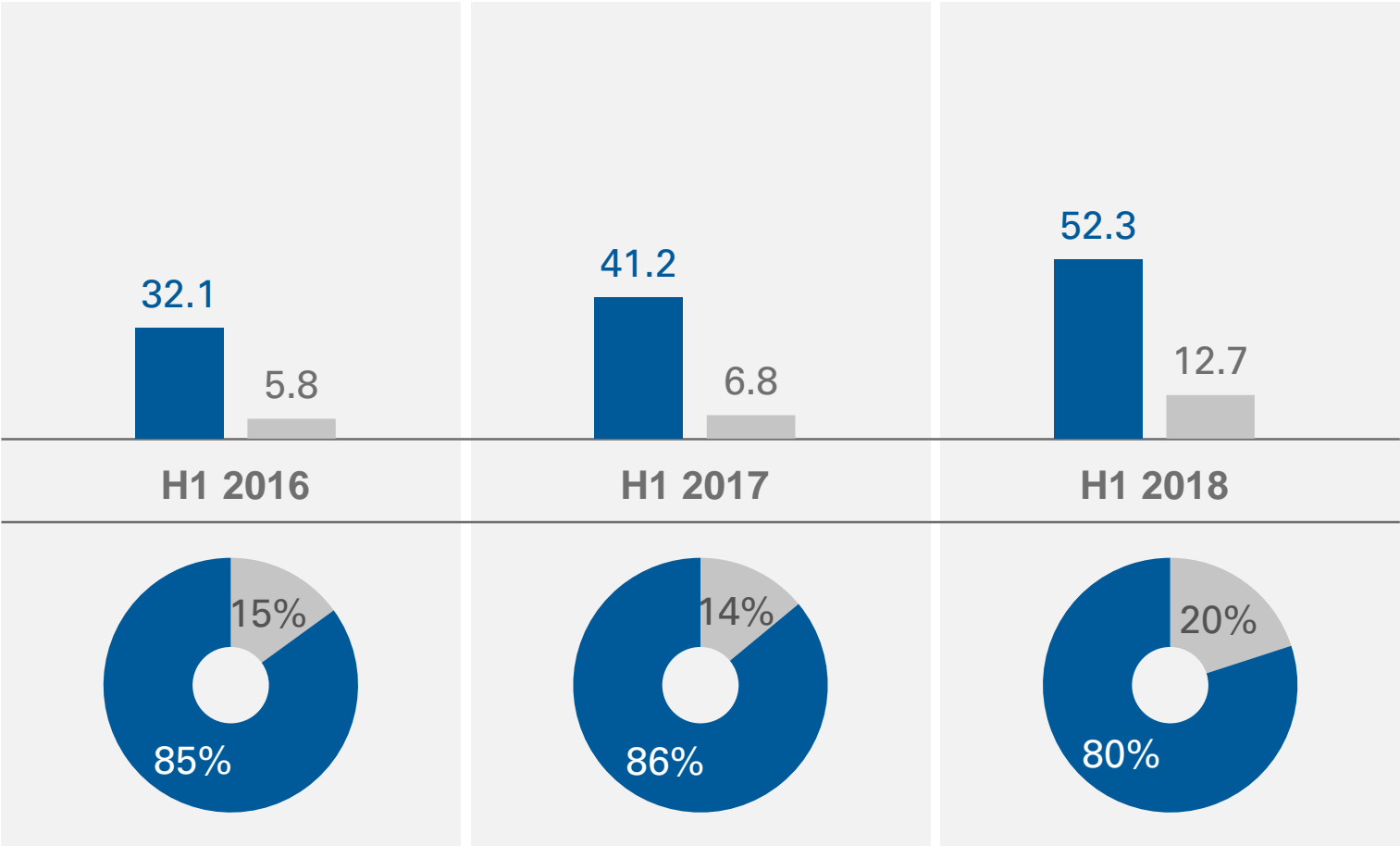
## Revenues by Regions (€ mn)



# Increasing Software Revenues

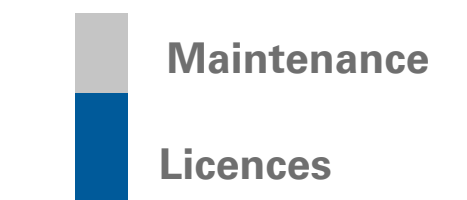
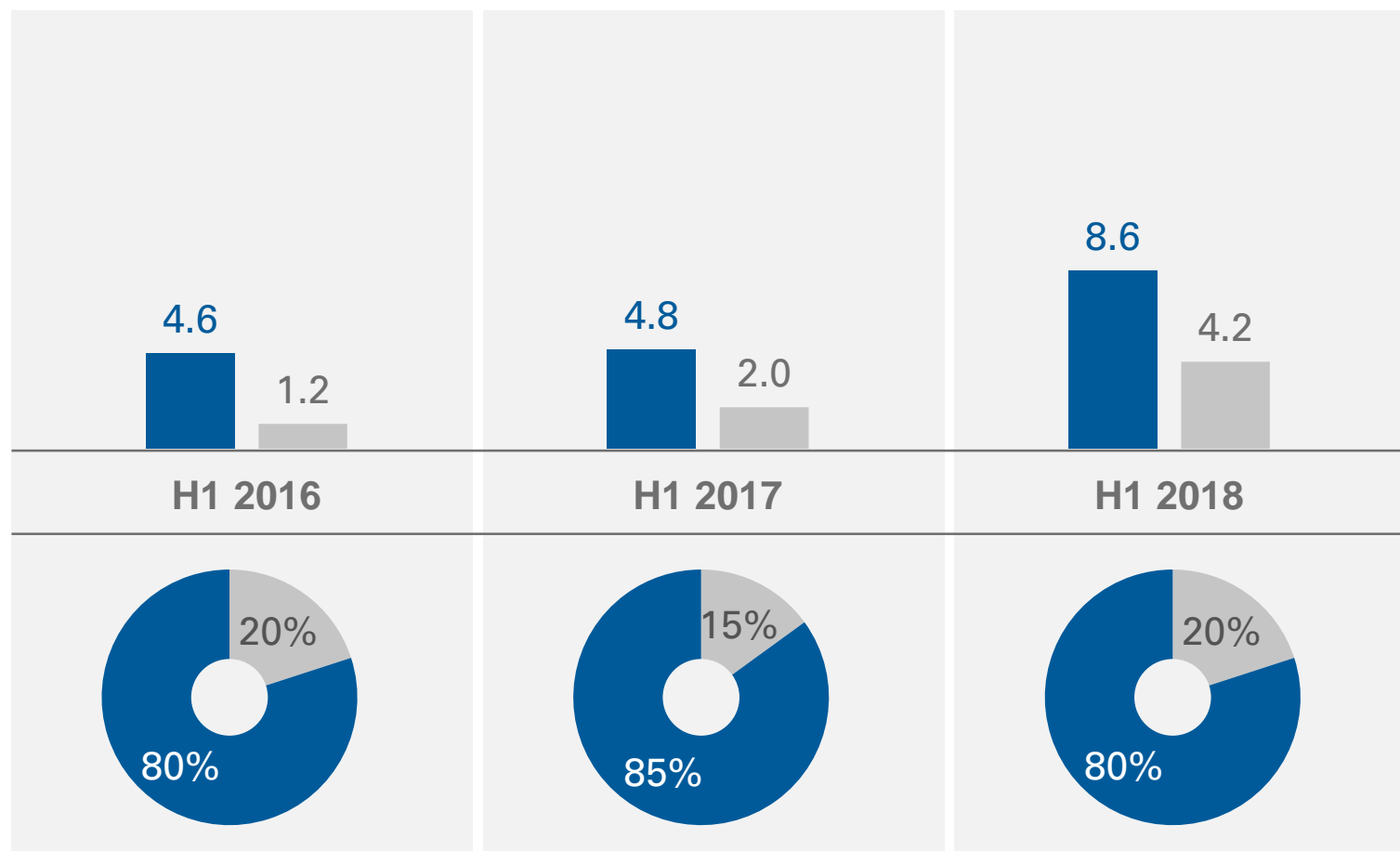


Revenues by Segments (€ mn)



# Increasing Significance of Maintenance Revenues

## Revenue Split with Software Division: Licences & Maintenance (€ mn)



### Licences H1 2018: € 8.8 mn

*(incl. Cloud revenues of € 1.0 mn);  
thereof:*

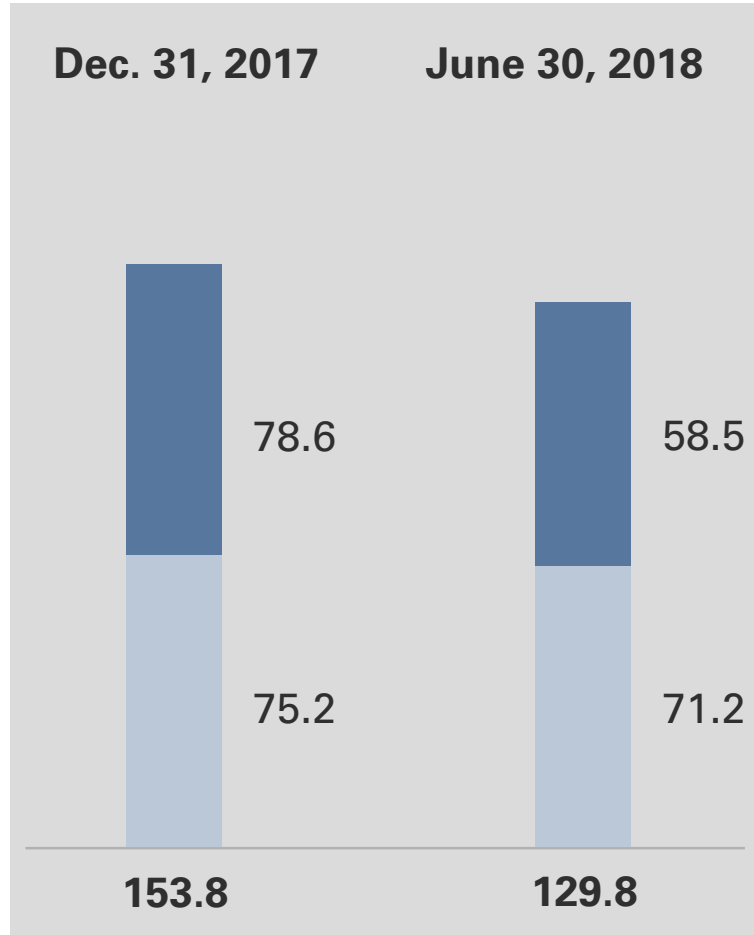
- Organic: € 7.3 mn
- Inorganic: € 1.3 mn

### Maintenance H1 2018: € 4.2 mn

*thereof:*

- Organic: € 1.7 mn
- Inorganic: € 2.5 mn

# Balance Sheet. Assets (€ mn)



■ Current assets

■ Noncurrent assets

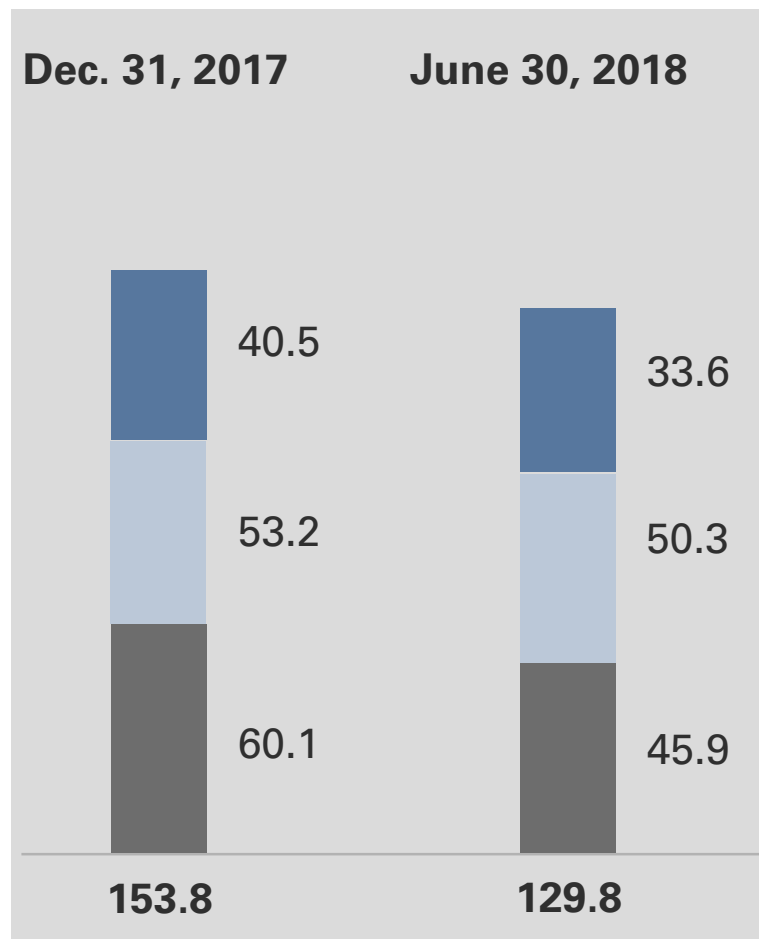
## Current assets:

- Decreased *Trade receivables* and *Other receivables* to € 33.0 mn (€ -2.4 mn).
- *Cash and cash equivalents* decreased to € 24.3 mn (€ -15.4 mn).

## Non-current assets:

- Decline in *Goodwill* (€ -4.5 mn) due to exchange rate-related effects (€ 51.6 mn) and *Intangible Assets* (€ -1.9 mn) to (€ 10.3 mn).

# Balance Sheet. Equity & Liabilities (€ mn)



■ Current liabilities      ■ Equity  
■ Noncurrent liabilities

## Current liabilities:

- *Trade payables* declined to € 7.2 mn (€ -4.2 mn)
- *Financial liabilities* declined to € 6.3 mn (€ -4.9 mn) due to payments of purchase price installments
- *Other non-financial liabilities* declined to € 15.2 mn (€ -1.2 mn) due to bonus payments

## Non-current liabilities:

- Largest part: *Financial liabilities* (€ 48.0 mn); thereof € 39.6 mn *borrower's note loans* and € 7.5 mn *purchase price liabilities*

## Equity:

- *Retained earnings* decreased by € 9.0 mn to € -6.8 mn as a result of the *net loss for the period* (€ -5.2 mn).

# Measures for improvement of financial situation

- Dedicated initiatives for revenue growth.
- Focus on cost efficiency.
- Active steering of project profitability.
- Significant reduction of working capital:
  - Adjustment of standard payment terms.
  - Aggressive management of overdues.
  - Increase in liabilities towards suppliers.
- Tight liquidity monitoring.
- Intensive communication with banks regarding covenants.

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# Measures taken for go to market strategy since the beginning 2018



- **Operating model of SNP shifted** from product-oriented structures to focus on core processes sales, delivery and development with consolidated global responsibilities.
- Global account and delivery structures for large clients implemented.
- New strategy with **focus on c-level** currently being implemented and meetings with top customers at much higher level of quality.
- Extended investments in c-level networks and events.
- One face to the customer implemented.
- Enhanced IT systems for **more transparency in cost allocation** and profitability set up.

# Excellent market potential for the SNP Group: S/4HANA, costumers and portfolio



- Number of large **S/4HANA** implementation projects below market expectations due to longer planning/ POC phases.
- SNP is already engaged in a large number of **S/4HANA** POC's, demand curve rising strongly. SNP got order from new top customers opening space for any kind of transformation programs.
- SNP's trademark "**Bluefield TM**" as flexible S/4HANA transformation program – global partnership with IBM.
- Growing understanding of **SNP's value proposition** with leading and unique software solutions for transformations, compliance and security.
- Very strong response of **customers** in Sapphire and SNP Transformation World.

# Further measures in working progress



- **Further margin improvement** due to increased transparency in project profitability.
- Global delivery and account management strategy show first success (e.g. Spectrum Brands) and have to be further standardized.
- Increased revenues in software licences, but below expectations. Current negotiations with large customers on core software products expected to be closed in **Q3/Q4 2018**.
- Change in global responsibility for Sales Management – Complete SNP executive team including CEO supports market opportunities: **all feet on the street**.
- Implementation of **value-based pricing model** for software in progress.
- **New rate card** for Professional Services with higher rates established and excepted by the market = **foundation for sustainable project profitability**.

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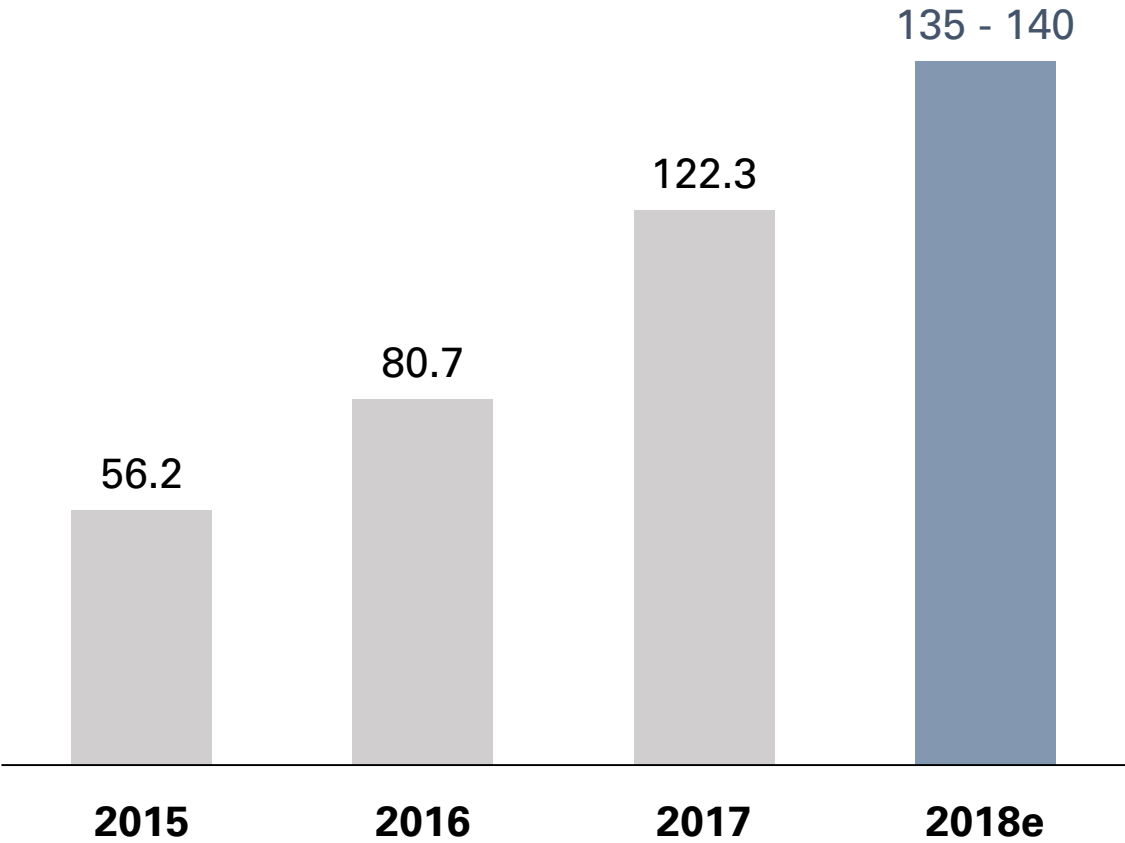


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# Forecast (1/2)



Revenue (€ mn)



EBITDA (€ mn)

	EBITDA (IFRS)	EBITDA (non-IFRS)
2016	8.5	8.1
2017	3.3	6.9
2018e	In the lower-single-digit million range	In the mid-single-digit million range

- Forecast for the 2018 fiscal year: revenue between € 135 million and € 140 million with an operating earnings margin (EBIT margin, IFRS) in the slightly negative single-digit percentage range.
- An EBIT margin (IFRS and non-IFRS) in the **positive single-digit percentage range** is expected again in the **second half of the year 2018**.
- SNP expects an IFRS and non-IFRS EBITDA for the year as a whole in the lower and mid-single-digit million ranges, respectively.
- The management is adhering to its **overriding medium-term target for structural profitability growth**, irrespective of the operating snapshot at the end of the first half of 2018.
- The increased share of software license revenue in the total revenue and related economies of scale in particular will result in wider operating margins over the medium to long term.
- **Significant measures to influence costs and cash flow.**

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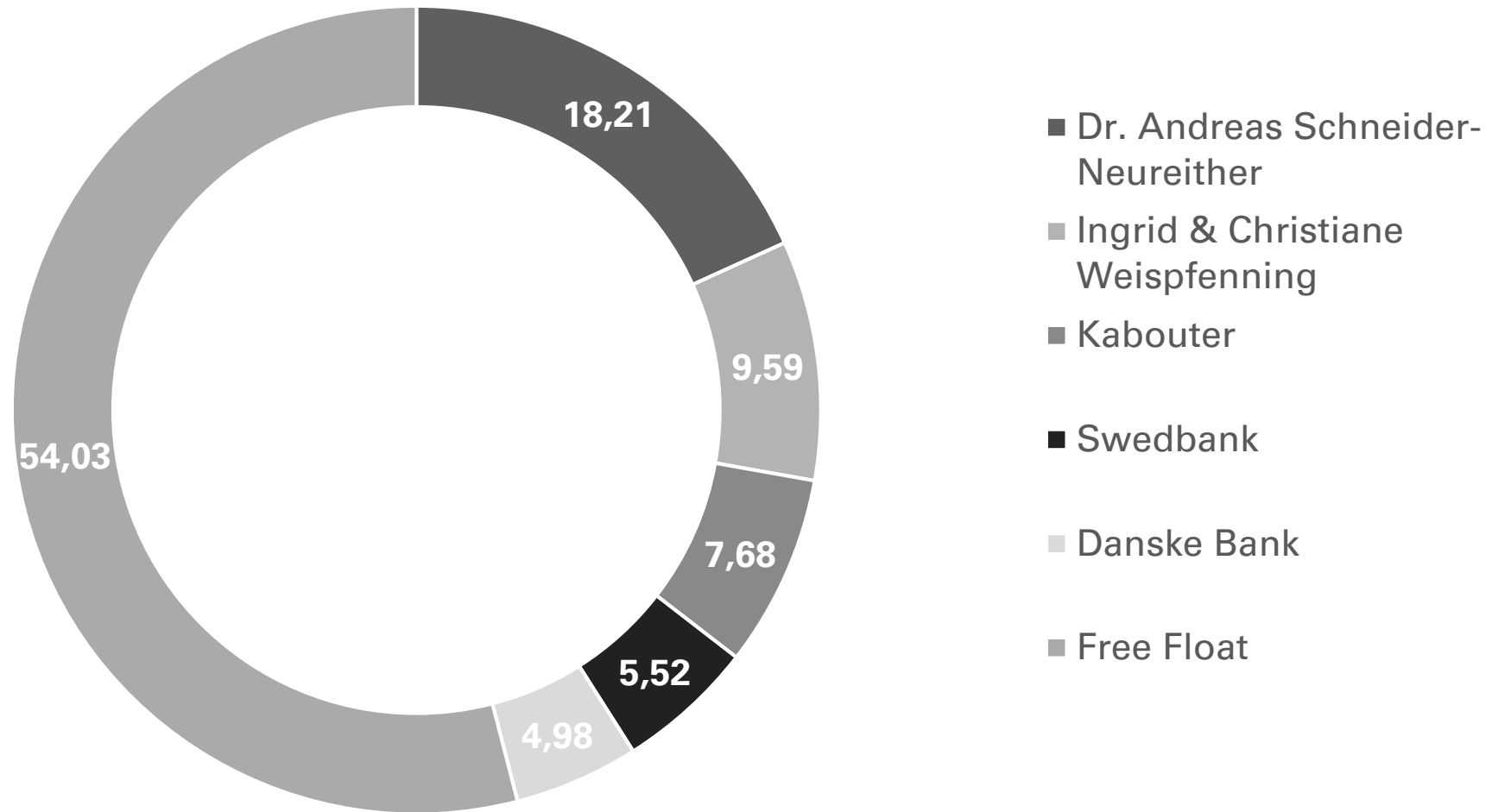
# Key Share Data

<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
<b>Number of Shares</b>	5,474,463
<b>Share Price (July 31, 2018)</b>	€ 17.10
<b>Market Capitalization</b>	~ € 93 mn

# Coverage

Institute	Date	Rating	Price Target
<b>Hauck &amp; Aufhäuser</b>	Jul 27, 2018	Hold	€ 18.00
<b>Oddo Seydler</b>	Jul 26, 2018	Buy	€ 45.00
<b>Berenberg</b>	Jul 10, 2018	Hold	€ 28.00
<b>NORD/LB // Alsterresearch</b>	Jun 28, 2018	Buy	€ 40.00
<b>Bankhaus Metzler</b>	Apr 30, 2018	Buy	€ 40.00
<b>Mainfirst</b>	Sep 20, 2017	Outperform	€45.00
<b>Edison</b>	Jul 31, 2018	No rating system // positive assessment: the shares look attractive	

# Shareholder Structure (%)



# Financial Calender

August 2, 2018

Publication of the Half-Year Financial Report

October 30, 2018

Publication of the Interim Statement for Q3

# Contact



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