



Results

Q3 / 9M 2019

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Major Software License Deal:

SNP signed contract with World's Leading IT and Consulting Firm with a minimum purchase commitment of US 30 mn until 2022.

Partnership with Google Cloud:

Digital transformation platform CrystalBridge® and the SNP BLUEFIELD™ procedure to enable SAP customers to implement rapid and secure data migration to the Google cloud system.

Share Buyback Program:

SNP started a multi-year share buyback program beginning on Sept. 1st, 2019 and with a term ending no later than May 11, 2021.

Very strong Order Entry and Backlog at a record level:

Increased level of customer demand confirms forecast for the 2019 fiscal year.

Revenue Shift progressing:

Shift to a revenue ratio of around 30% software revenue and 70% service revenue in the second half of 2019.

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

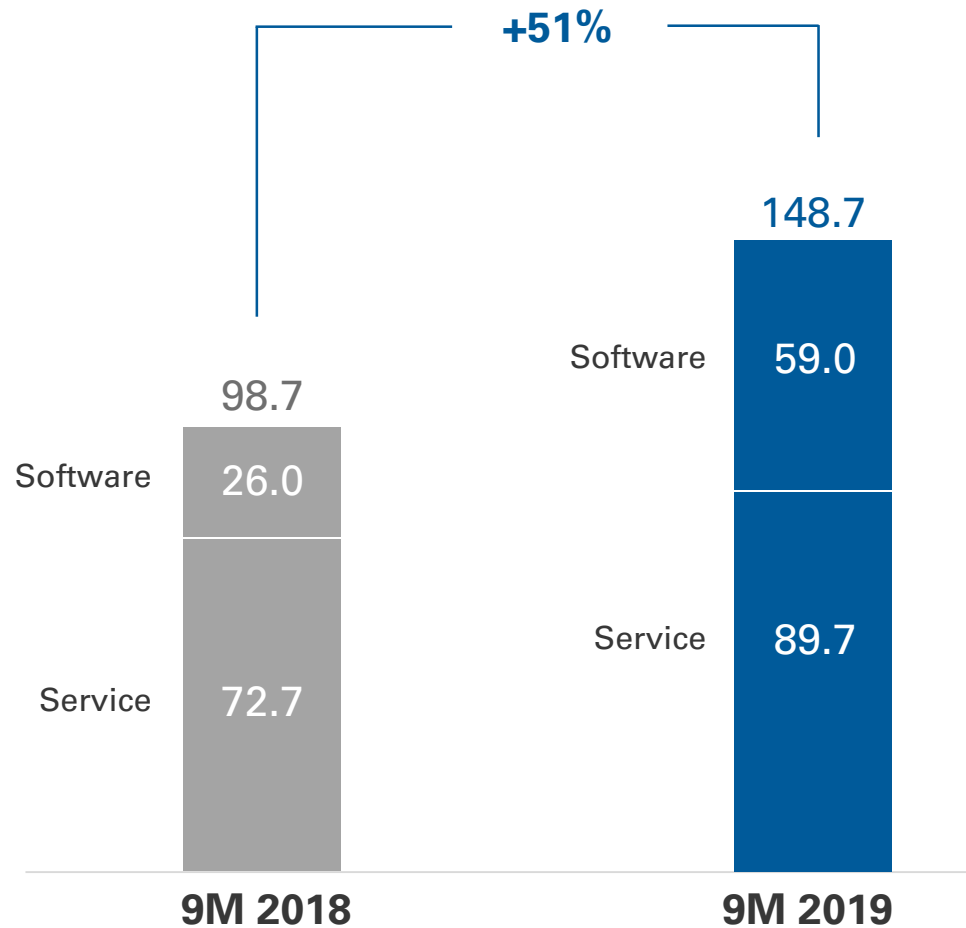
- **Focus area:**
 - Continuous growth with focus on BLUEFIELD™ sales and consulting
 - Build specific BLUEFIELD™ solutions / approaches per use case
- **Business value:**
 - Full-service data transformation
 - Economies of scale
 - Leverage experience and competency

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

Strong Order Entry (€ mn)



- **Q3 2019 Order Entry:**
€ 63.7 mn; +102% relative to the previous year.
- **Strong performance in the German-speaking (DACH) region:**
Around € 90 mn corresponds to an improvement of approx. 118% compared with the first nine months of the previous year.
- **Significant pickup in the SAP S/4HANA environment:**
 - Order entry amounted to around € 17 mn.

Key Figures



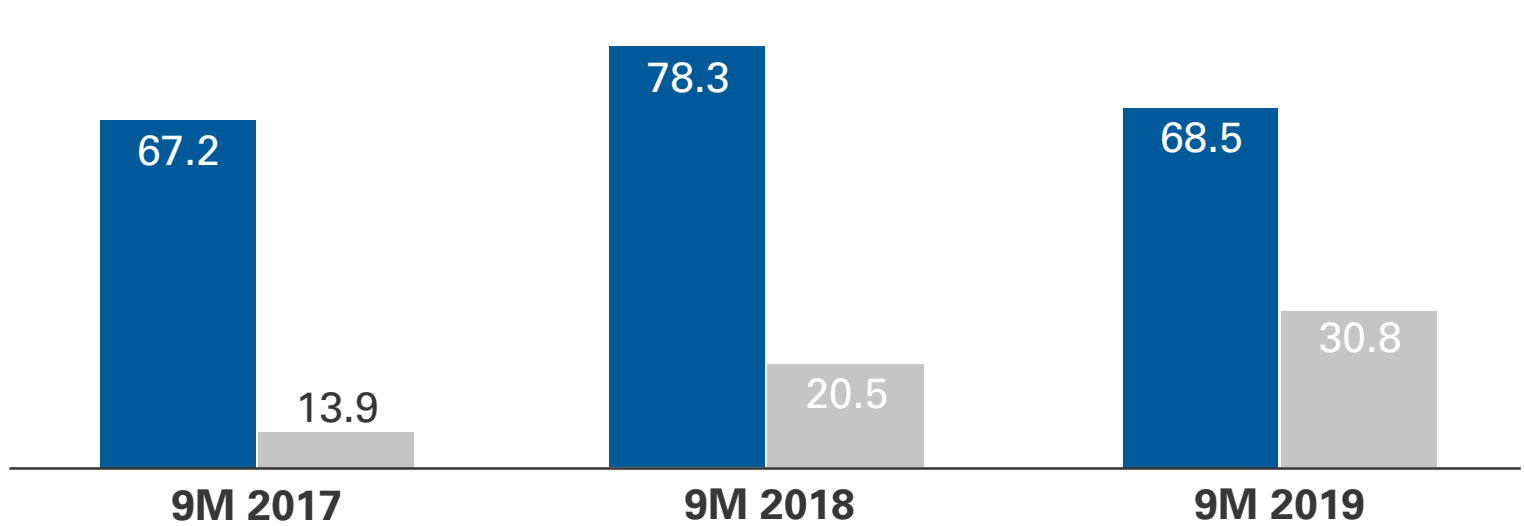
€ mn	9M 2019	9M 2018	Δ	Q3 2019	Q3 2018	Δ
Order Entry	148.7	98.7	+51%	63.7	31.5	+102%
Order Backlog (as of Sept. 30)	91.3	61.4	+49%	91.3	61.4	+49%
Revenue	99.3	98.8	+1%	40.4	33.7	+20%
EBITDA (IFRS)	7.0	0.5	+1,201%*	9.1	4.0	+124%*
EBITDA (Non IFRS, FX adjusted)	8.0	0.8	+935%*	9.4	2.5	+268%*
EBIT (IFRS)	1.2	-3.2	n/a	7.1	2.9	+148%
EBIT (Non IFRS, FX adjusted)	3.0	-1.7	n/a	7.8	1.9	+316%
Equity (as of Sept. 30)	69.0	45.7	+51%			
Cash (as of Sept. 30)	17.7	16.6	+7%			
Employees (as of Sept. 30)	1,291	1,324	-2%			

* EBITDA includes 3.1 mn € from first time application of IFRS 16 in 9M 2019 and 1.0 mn € in Q3 2019.

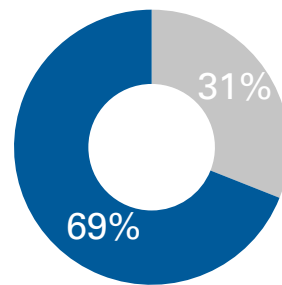
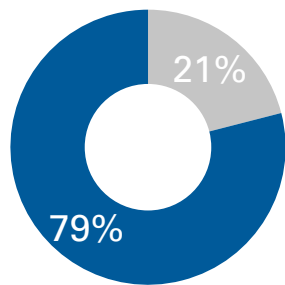
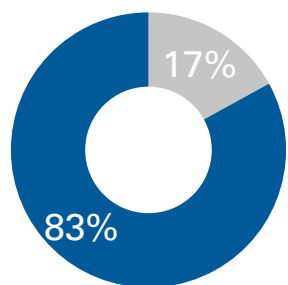
Increasing Software Revenues ...



Revenues by Segments (€ mn)



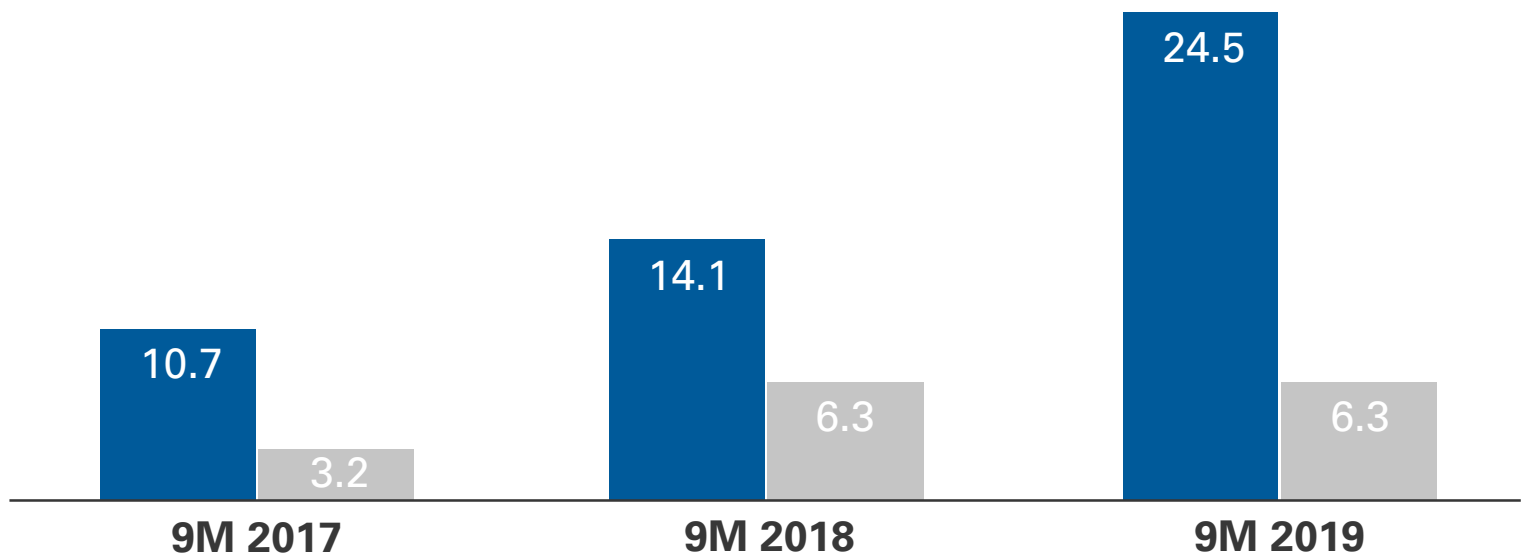
- Current run rate in Software sales even higher
- US with up to 40% Software sales



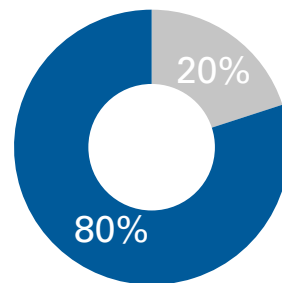
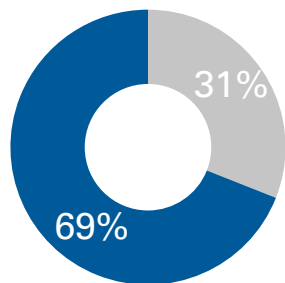
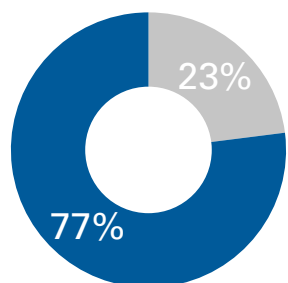
... driven by strong increase in Licenses and Cloud



Revenue Split within Cloud and Software Segment (€ mn)



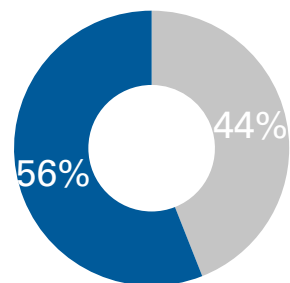
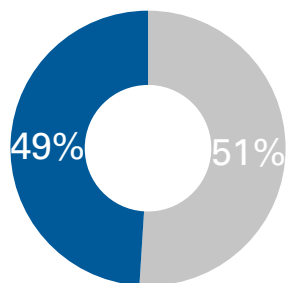
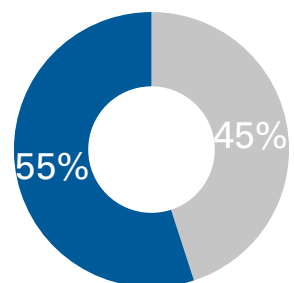
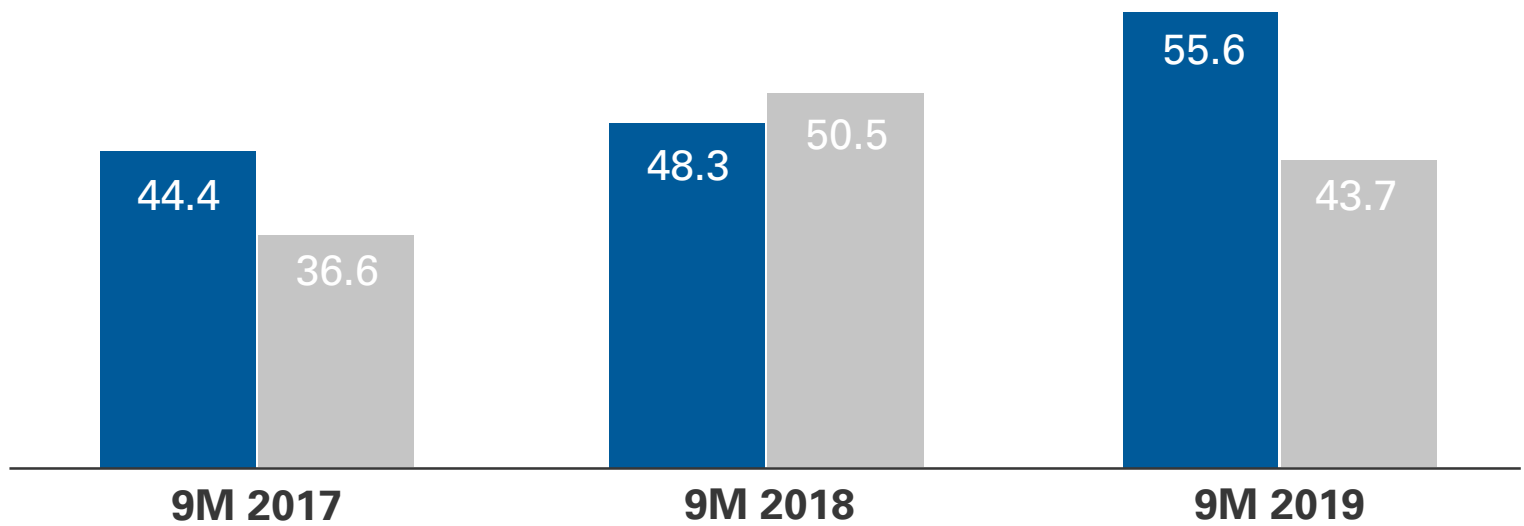
- **9M 2019 revenue with SNP in-house products:**
€ 25.4 mn (9M 2018: € 13.2 mn; +92%)
- **9M 2019 revenue with third-party products:**
€ 5.4 mn (9M 2018: € 7.3 mn; -26%)



Strong Business in the DACH Region

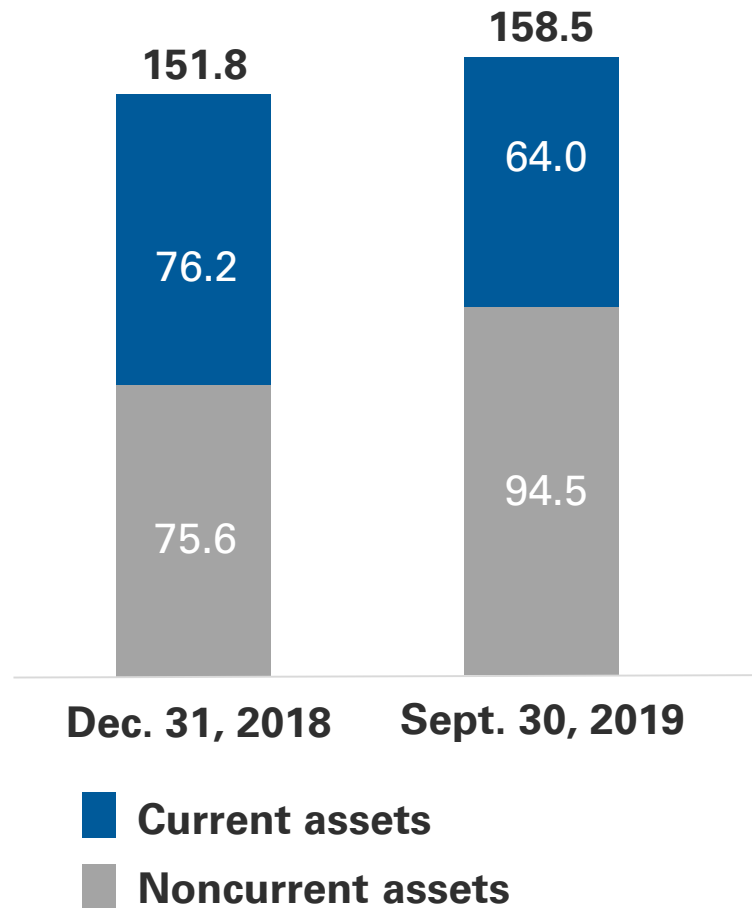


Revenues by Regions (€ mn)



- Very strong Order Entry in previous quarters resulting in Q3 revenue growth
- Strong pipeline for coming quarters

Balance Sheet – Assets (€ mn)



Current and noncurrent assets have moved in opposite directions.

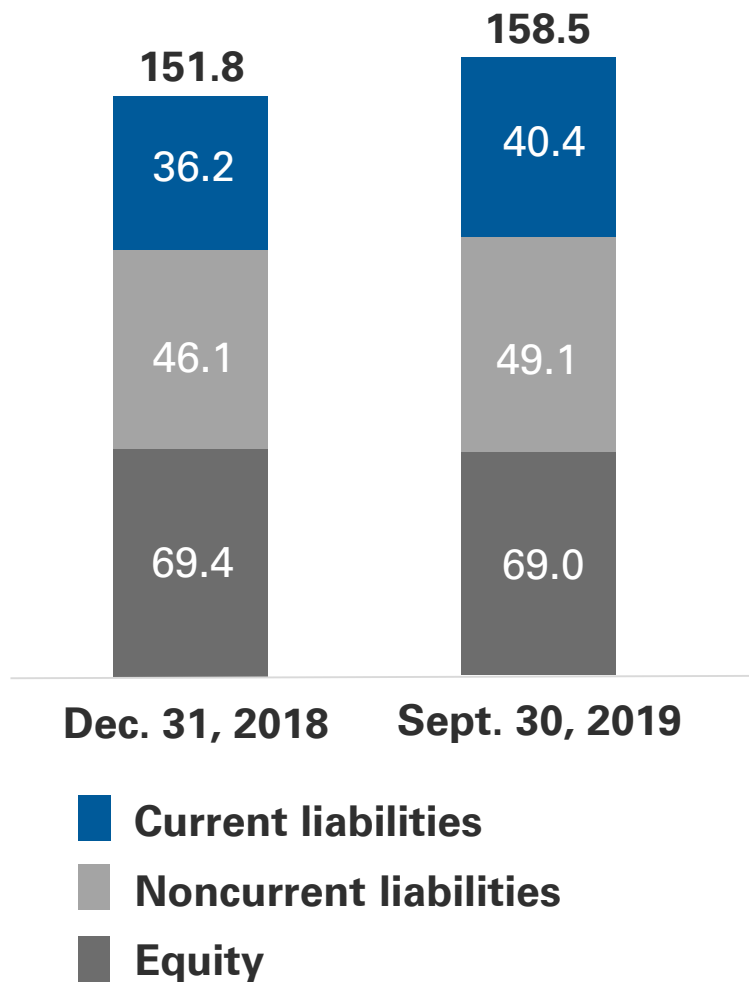
Current assets decreased by € 12.2 mn to € 64.0 mn:

- € 22.3 mn reduction in cash and cash equivalents:
In addition to the increased capital commitment in relation to trade receivables and contract assets, the decline in cash and cash equivalents is mainly attributable to the settlement of purchase price liabilities as well as advance payments for rental rights of use.
- Increased trade and other receivables as well as contract assets in the amount of € 10.6 mn.

Noncurrent assets increased by € 18.9 mn to € 94.5 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:

- Attributable to the € 7.7 mn increase in financial liabilities to € 13.1 mn – mostly characterized by countervailing effects:
 - Liabilities due to promissory note loans have increased by € 5.0 mn due to a reclassification + IFRS 16
 - € -1.7 mn decrease in purchase price liabilities for acquisitions consists of purchase price payments and reclassifications.

Noncurrent liabilities increased by € 2.9 mn to € 49.1 mn:

- Mainly attributable to increase by € 3.0 mn in financial liabilities to € 45.8 mn.
- Higher noncurrent leasing liabilities of € 10.6 mn (IFRS 16)
- Noncurrent liabilities resulting from promissory note loans amount to € 34.8 mn (Dec 31, 2018: € 39.7 mn).

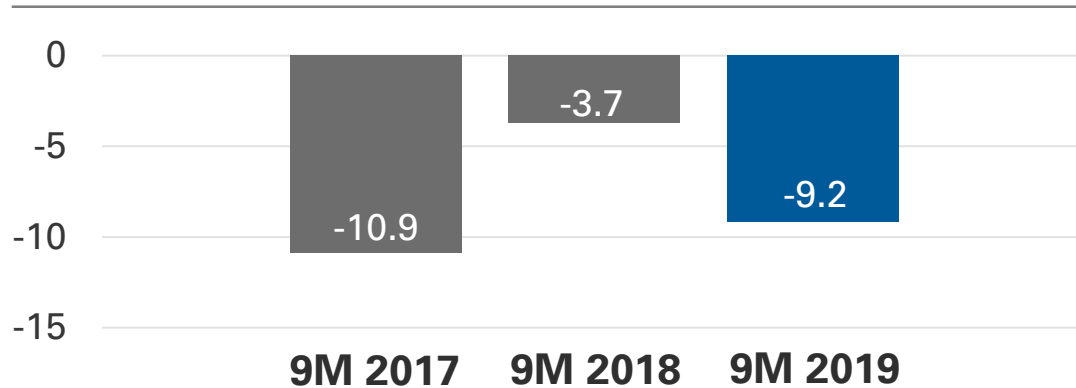
The Group's equity declined slightly from € 69.4 mn to € 69.0 mn:

- Retained earnings increased by € +0.3 mn to € 7.9 mn.
- Equity ratio declined from 45.7% to 43.5%.

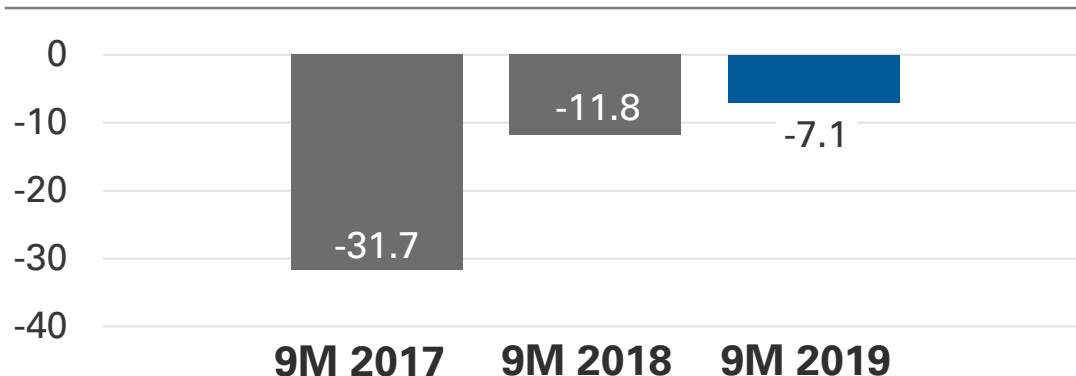
Cash Flow Statement (€ mn) (1/2)



Cash Flow from operating activities



Cash Flow from investing activities



The negative operating cash flow is attributable to ...

- ... the increase in trade receivables, inventories and other assets (€ +12.8 mn).
- The increased trade receivables and other contract assets are mainly associated with a very high revenue volume in Q3 2019.
- The balance sheet items also included, as a one-time effect, accrued license receivables at the high end of the single-digit million range for which payments will only be forthcoming over the next 12 months.

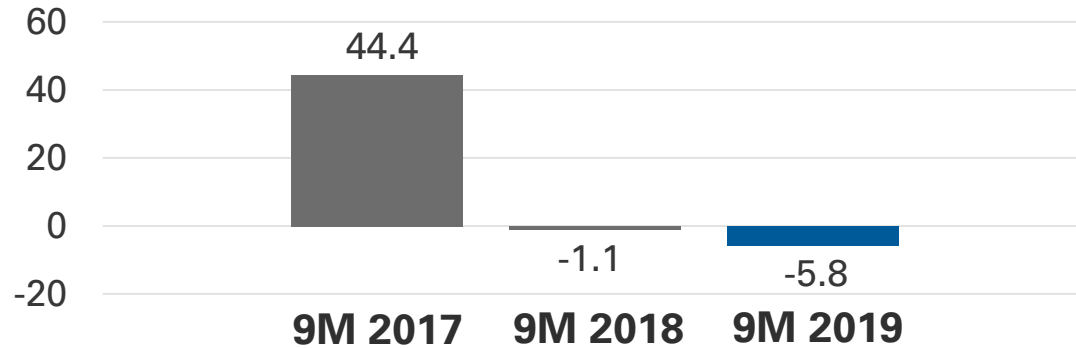
The negative cash flow from investing activities is attributable to ...

- ... payments for purchase price installments in connection with company acquisitions in previous years (€ 4.5 mn) and to investments in property, plant and equipment and intangible assets (€ 2.8 mn).

Cash Flow Statement (€ mn) (2/2)



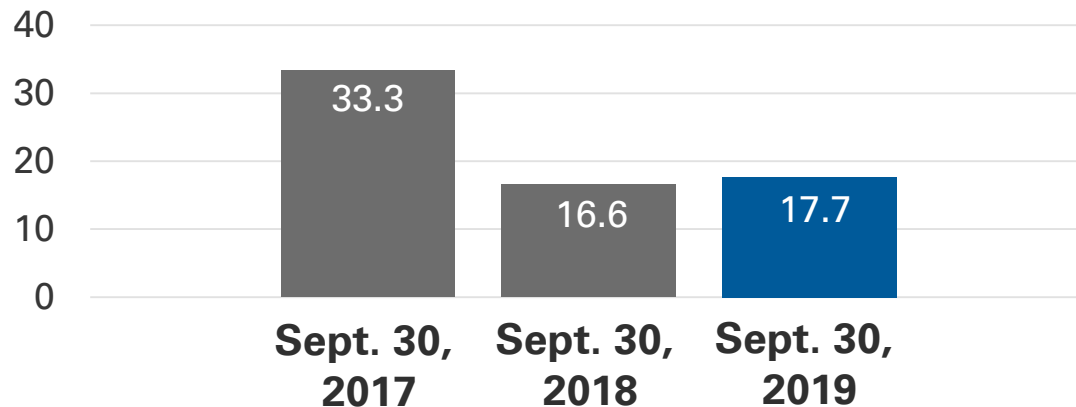
Cash Flow from financing activities



The negative cash flow from financing activities has mainly arisen ...

- ... due to the settlement of leasing liabilities in the amount of € -5.3 mn; exchange rate changes have had an impact of € -0.3 mn on cash and bank balances.

Cash and cash equivalents



Revenue and Earnings Forecast Confirmed for the 2019 Fiscal Year

FY 2019 Revenue: between € 145 mn and € 150 mn

- 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%).

FY 2019 Order Entry above expectations (initially: between € 158 mn and € 163 mn)

- Due to the high order entry after nine months 2019 Management expects that the originally envisaged order entry volume for FY 2019 of between € 158 million and € 163 million will be exceeded.

FY 2019 Backlog: between € 71 mn and € 76 mn

- 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.

FY 2019 EBIT margin (IFRS): in the lower- to mid-single- digit percentage range


- 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.

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