

26th July 2019

## NEMETSCHEK

Technology  
Software & IT services

## BUY

Fair Value EUR55(+3%)  
Share price EUR53.45  
EPS 3Y Cagr 22.7%

## Q2 results in-line with expectations, guidance confirmed

## As expected, organic growth slowdown in Q2

Q2 revenue reached EUR137.8m, in-line with consensus expectations of EUR137.4m, but slightly below ours (BG: EUR141.1m), posting a reported growth of 21.1% y/y (scope effect 6.1%, currency effect 3.0%, and organic at cc 12.0%). The organic growth at cc of 12.0% marks a slowdown from the c.17% or more registered in the past four quarters. As expected, this slowdown was driven by the Build segment (growth at cc +19.4% in Q2'19 from +37.1% in Q2'18 and +27.0% in Q1'19), as past quarters were positively impacted by price increases at Bluebeam. In the Design segment, growth at cc came in at +7.4%, also a slowdown compared to past quarters (Q1 was positively impacted by the BAU Architecture Fair in Germany). Recurring revenues continued to grow at a high pace (+33.5% at constant currency), notably driven by subscription revenues (EUR11.7m, up 142.2% y/y at cc). However, at cc, licences revenue was down y/y (-1.1%), a point to address during the call later today.

## High EBITDA margin driven by a great performance in Build

EBITDA came in at EUR40m (vs. consensus/BG estimates of EUR39.1m/EUR40.5m), i.e. a 29% margin, at the high end of the guided range of 27-29%. Adjusted for IFRS16, this reflects a margin of 26.3%, slightly below last year's level of 27.3%. We point out the great margin recorded in the Build segment at 34.4% (Q1'19: 31.8%). In the Manage segment, the EBITDA margin was still below group level at 15.3%, as the group expects this segment to be the engine of organic growth in the next few years and is therefore investing heavily in new solutions and further internationalization. Net income was EUR21.9m in Q2 (vs. consensus/BG estimates of EUR21.6m/EUR22.7m).

## FY19 guidance reiterated

The FY19 guidance calling for revenue of EUR540-550m (i.e. growth of 17-19%) was reaffirmed, as well as the EBITDA margin expected at 27-29% (or 25-27% excluding the IFRS16 effect).

	Q2 2018	Q2 2019	y/y change	BG ests.	Actual vs. BG ests.	Consensus ests.	Actual vs. Consensus
Revenue	113.8	137.8	+21.1%	141.1	(2.4)%	137.4	+0.3%
growth	16.5%	21.1%		24.0%		20.7%	
organic growth at cc	19.8%	12.0%		12.9%			
EBITDA		40.0		40.5	(1.2)%	39.1	+2.3%
EBITDA margin		29.0%		28.7%		28.5%	
EBITDA, ex IFRS 16	31.1	36.2	+16.4%				
EBITDA margin, ex IFRS 16	27.3%	26.3%					
Net income	18.1	21.9	+21.0%	22.7	(3.5)%	21.6	+1.4%
EPS	0.16	0.19	+21.3%	0.20	(3.3)%	0.19	-

Source: Nemetschek; Bryan, Garnier & Co ests; company-compiled consensus.

## Market Data

Bloomberg / Reuters	NEM GR/NEKG.DE
Market Cap.	EUR6,173m
E.V.	EUR6,183m
Free Float	39.3%
Avg. Daily volume (6m)	224.7
12m high / low	EUR57.3 / EUR30.4
Ytd Perf.	

	12/18	12/19e	12/20e	12/21e
Sales	461.3	570.0	654.8	749.5
% Change		23.6%	14.9%	14.5%
EBITDA	121.3	165.6	197.6	231.6
% Change		36.6%	19.3%	17.2%
EBIT	97.8	129.2	158.5	189.4
% Change		32.1%	22.8%	19.4%
Net Income	76.5	96.0	117.8	141.1
% Change		25.5%	22.8%	19.8%
ROE	0.31	0.32	0.32	0.31

	12/18	12/19e	12/20e	12/21e
EV/Sales	13.4x	10.9x	9.4x	8.0x
EV/EBITDA	51.0x	37.4x	31.0x	26.0x
EV/EBIT	NS	NS	NS	NS
EPS	0.66	0.83	1.02	1.22
% change		25.5%	22.8%	19.8%
P/E	80.7x	64.3x	52.4x	43.7x
Div Yield	0.5%	0.7%	0.8%	0.9%

## Next Catalyst :

Today, 9:30am: Q2 results conference call

## Last FV Change:

[2019-6-27, De solides fondations soutenant la croissance](#)

## Last Reports:

[2019-6-28, NEMETSCHEK \(BUY, FV EUR55\) | Completes 3-for-1 stock split](#)

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