Quarterly Statement Q1 2020

TeamViewer accelerates growth due to high demand for remote access and working from home solutions

- *Billings up 75% to record level of EUR 119.7m in Q1 2020*
- *Adjusted EBITDA up 96% to EUR 73.9m; Adjusted EBITDA margin of 62%*
- *Number of subscribers grown to more than 514 thousand*
- *Deleveraging ahead of plan with net leverage falling to 2.4x Adjusted EBITDA*
- *Raising full-year guidance after strong first months: targeting billings of around EUR 450m and an Adjusted EBITDA margin of around 56% in FY 2020*

TeamViewer continued its strong growth in the first quarter of 2020 due to a good performance in the first two months and significant extra demand for remote access and home working solutions since the aggravation of the COVID-19 outbreak to a pandemic in March. In the first three months of 2020, billings were up 75% at a record level of EUR 119.7m (Q1 2019: EUR 68.6m). Adjusted EBITDA grew by 96% year-over-year to EUR 73.9m (Q1 2019: EUR 37.7m) resulting in an Adjusted EBITDA margin of 62% (Q1 2019: 55%).

Oliver Steil, CEO of TeamViewer, said: "TeamViewer's long-term growth drivers remain intact and have been accelerated by high demand for our solutions following the global quarantine measures to contain the COVID-19 pandemic. The strong results confirm our strategy and show that TeamViewer offers a key technology for the modern workplace and the digitized business processes of the future."

Stefan Gaiser, CFO of TeamViewer, said: "We got off to a very good start during the first quarter and are particularly pleased with the traction in the enterprise segment. While this makes us optimistic for the full year, the continued macro-economic uncertainty reduces visibility into the remainder of the year."

Business Update

The global quarantine measures to fight the COVID-19 pandemic have accelerated TeamViewer's underlying growth trends as remote working becomes the new norm and reliable solutions to remotely control infrastructure and devices are required. Reduced mobility makes remote management and expert collaboration business critical while a general underinvestment in digitization in the public and private sector is being addressed.

Driven by this acceleration, TeamViewer expanded its subscriber base to more than 514 thousand paying subscribers as of 31 March 2020 (31 December 2019: 464 thousand), thereby further diversifying across customer verticals and segments. At the same time, global quarantine measures led to an expansion of TeamViewer's free user base, pushing the number of installations to more than 2.25bn by the end of March.

In anticipation of significantly higher traffic, partly driven by allowing more free usage, router capacity has been added to ensure platform performance and a continued seamless user experience. Moreover, TeamViewer supports its users during the COVID-19 crisis by means of a more lenient claims management and free licenses for blizz, the company's online collaboration solution enabling video and audio conferencing, for the education sector.

Despite the global lockdowns to fight the COVID-19 pandemic, TeamViewer's operations have been largely unaffected due to effective contingency planning, virtual sales processes, and fast and remote deployment of products. This enabled the company to continue to execute on its three strategic growth initiatives – strengthening customer segment coverage, use case innovation, and geographical expansion – without interruption.

Notably, TeamViewer has significantly enlarged its enterprise footprint in the first quarter 2020 by selling over 300 Tensor licenses across all regions and client verticals. Customers with an annual contract value of above EUR 10,000 increased to 1,183 as of 31 March 2020, representing 153% growth year-over-year (31 March 2019: 468) and 69% since 31 December 2019 (698). At the same time, the accumulated contract value of the top 50 deals reached EUR 5.5m, 142% more than a year earlier (31 March 2019: EUR 2.3m) and up 63% compared to year end 2019 (31 December 2019: EUR 3.4m). As part of the enterprise initiative, TeamViewer has also established further partnerships and integrations with tech giants such as Microsoft and IBM as well as leaders in their specific fields including elo, Synology and Q-loud.

TeamViewer continuously improves its products and puts the customer at the center of innovation. By bundling Tensor with Remote Access licenses, TeamViewer provided existing and new customers a fast to implement and cost-effective working from home solution while benefiting from the comprehensive Tensor feature set. Other improvements include an update of Pilot, TeamViewer's augmented reality product, that is now among the first applications to leverage the new iPad Pro LiDAR scanner for enhanced accuracy of distance and measurement. Strengthening the innovation and development capacity to drive use case expansion is a key priority for 2020. The company continues to screen the market for attractive technology acquisition opportunities while at the same time investing significantly in its own R&D resources. At the end of Q1 2020 TeamViewer had 286 full-time R&D employees (31 December 2019: 254). Further additions have been made in sales, particularly in the US, where the enterprise sales team has been significantly ramped to strengthen TeamViewer's presence in its largest market.

Financial Update

TeamViewer's billings in the first quarter 2020 were up 75% year-over-year at EUR 119.7m (Q1 2019: EUR 68.6m) with the largest increase in Americas, followed by EMEA and APAC. Across all regions, the development was significantly driven by additional demand for remote access and working from home solutions from new and existing subscribers resulting in high organic growth as well as in an increased net retention rate of 106%. With EUR 102.7m, first quarter 2020 revenue were less than billings due to a EUR 17.0m net addition of deferred revenue from the sale of software subscriptions which cannot yet be booked as revenue under IFRS. First quarter 2019 revenue of EUR 86.7m were EUR 18.2m higher than billings because of a net release of deferred revenue. Due to the addition of deferred revenue in Q1 2020 and further accounting effects(1), reported EBITDA decreased by 11% year-over-year to EUR 46.7m (Q1 2019: EUR 52.2m), while the Adjusted EBITDA as a key performance indicator for TeamViewer, which is based on the actual billings, increased 96% year-over-year to EUR 73.9m (Q1 2019: EUR 37.7m). Due to scale effects across all functions, costs grew slower than billings, yielding a 7-percentage point Adjusted EBITDA margin increase to 62% compared to the prior year quarter. Billings from the first quarter 2020

[1]So-called IFRS 2 charges are largely related to share-based incentives that are fully funded by Permira as the selling shareholder in last year's IPO.

will be released over the next 12 months and have a positive impact on both reported revenue and EBITDA. Therefore, the company has increased its revenue target for 2020.

Because of the very high cash conversion, cash and cash equivalents increased to EUR 105.8m (31 December 2019: EUR 71.2m) which accelerated the deleveraging process. As a result, net leverage has fallen from 3.0x at the end of last year to 2.4x. TeamViewer will continue to reduce its net leverage while investing in its growth initiatives including potential technology-focused M&A transactions.

Key Figures:

EUR m	Q1 2020	Q1 2019	YoY Chg.
Billings	**119.7**	**68.6**	**75%**
EMEA	68.8	39.7	73%
AMERICAS	38.1	20.9	82%
APAC	12.8	7.9	62%
Revenue	**102.7**	**86.7**	**18%**
EMEA	56.4	49.3	14%
AMERICAS	33.3	27.1	23%
APAC	13.1	10.4	26%
Adj. EBITDA	**73.9**	**37.7**	**96%**
Margin (%)	62%	55%	-

Raising Full Year Guidance

TeamViewer’s strategic positioning resulted in a very strong performance in the first quarter of 2020. April continued to be strong, albeit the COVID-19 driven demand softened later in the month. The strong trading during the first four months supports the company’s confidence in overachieving its original full year guidance, however, the continued macro-economic uncertainty reduces visibility for the remainder of the year. On this basis and provided that the general economic conditions recover, the company has raised its outlook for FY 2020. The new targets are the following:

- billings of around EUR 450m (previously EUR 430 - 440m),
- revenue of at least EUR 450m (previously EUR 420 - 430m) due to significant first quarter 2020 billings and higher subscription deferred revenue releases before year end.

Furthermore, TeamViewer expects an Adjusted EBITDA margin of around 56% (previously Adjusted EBITDA of EUR 240 and 250m) and slightly increased capital expenditure of EUR 25-30m due to COVID-19 related delays to the new ERP roll-out as well as new headquarters refurbishments.

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About TeamViewer

As a leading global remote connectivity platform, TeamViewer empowers users to connect anyone, anything, anywhere, anytime. The company offers secure remote access, support, control and collaboration capabilities for online endpoints of any kind and supports businesses of all sizes to tap into their full digital potential. TeamViewer has been activated on more than 2.25 billion devices; up to 45 million devices are online concurrently. Founded in 2005 in Göppingen, Germany, the company employs more than 900 people in offices across Europe, the US, and Asia Pacific. For more information, go to www.teamviewer.com and follow us on social media.

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Financial Calendar

Annual General Meeting	29 May 2020
2020 Half-year Financial Report	4 August 2020
Q3 2020 Quarterly Statement	10 November 2020

IMPORTANT NOTICE

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties, including, but not limited to, those risks and uncertainties described in TeamViewer's disclosures. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed in these statements due to several factors, including without limitation, risks from macroeconomic developments, external fraud, lack of innovation capabilities, inadequate data security and changes in competition levels.

Alternative performance measures (APMs)

This document contains certain alternative performance measures (collectively, “*APMs”*) including billings and Adjusted EBITDA that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles. TeamViewer presents APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of TeamViewer’s underlying results and related trends. The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of TeamViewer’s operating results as reported under IFRS or German GAAP. APMs such as billings and Adjusted EBITDA are not measurements of TeamViewer’s performance or liquidity under IFRS or German GAAP and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

TeamViewer has defined each of the following APMs as follows:

“Billings” represent the value of goods and services invoiced to customers in a given period and is defined as revenue adjusted for change in deferred revenue p/l effective;

“Adjusted EBITDA” means EBITDA, adjusted for P&L-effective changes in deferred revenue as well as for certain special items relating to share based compensations and other material items that are not reflective of the operating performance of the business;

“Adjusted EBITDA margin” means Adjusted EBITDA as a percentage of billings.

Operational metrics and other financial measures for information purposes

This document also includes further certain operational metrics, such as Net Retention Rate, and additional financial measures that are not required by, or presented in accordance with IFRS, German GAAP or any other generally accepted accounting principles (collectively, “other financial measures”). TeamViewer presents these operational metrics and other financial measures for information purposes and because they are used by the management for monitoring, evaluating and managing its business. The definitions of these operational metrics and other financial metrics may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of TeamViewer's operating results, performance or liquidity as reported under IFRS or German GAAP.

TeamViewer has defined these operational metrics and other financial measures for information purposes as follows:
"Net retention rate" means annual recurring billings in the period considered less gross value churn plus billings from upselling and cross-selling, including foreign exchange effects and expiring discounts, as a percentage of annual recurring billings in the previous the period considered;
"Cash conversion" or "cash conversion rate" means the ratio of free cash flow (pre-tax) to Adjusted EBITDA, represented as a percentage of Adjusted EBITDA;
"Adjusted free cash flow (pre-tax)" means Adjusted EBITDA less capital expenditure and adjusted for change in other net working capital;
"Other Net working capital" consists of the following balance sheet positions from the operating activities: trade receivables, trade payables, other current assets, other current liabilities and accruals (excl. deferred revenues); and
„Net leverage" means the ratio of net financial debt (sum of interest-bearing loans and borrowings, current and non-current, less cash and cash equivalents) to Adjusted EBITDA.

Consolidated Profit & Loss Statement

in thousands of euro	Q1 2020	Q1 2019
Revenue	102,717	86,714
Cost of sales	(14,067)	(11,852)
Gross profit	**88,650**	**74,861**
Other income	453	199
Research and development	(9,473)	(7,617)
Sales	(15,705)	(9,259)
Marketing	(8,691)	(5,253)
General and administrative	(12,829)	(7,485)
Other expenses	(137)	(0)
Bad debt expenses	(5,157)	(1,972)
Operating profit	**37,111**	**43,474**
Unrealised foreign exchange gains/(losses)	(7,556)	(8,610)
Realised foreign exchange gains/(losses)	0	345
Finance income	40	21,403
Finance cost	(8,130)	(16,927)
Profit before taxation	**21,465**	**39,685**
Tax income/(expenses)	(9,339)	(13,145)
Profit/(loss) for the period	**12,126**	**26,540**
Other comprehensive income for the period		
Items that may be reclassified to profit or loss in subsequent periods	(74)	5
Hedge reserve, gross	(67)	(5)
Exchange differences on translation of foreign operations	(7)	10
Total comprehensive income for the period	**12,051**	**26,544**

Consolidated Balance Sheet

in thousands of euro	31 March 2020	31 December 2019
Non-current assets		
Goodwill	590,440	590,445
Intangible assets	230,809	235,831
Property, plant and equipment	26,999	26,480
Financial assets	5,802	4,424
Other assets	813	1,740
Deferred tax assets	5,248	6,266
Total non-current assets	**860,111**	**865,187**
Current assets		
Trade receivables	6,999	11,756
Other assets	6,661	5,856
Tax assets	4,729	4,972
Financial assets	436	0
Cash and cash equivalents	105,829	71,153
Total current assets	**124,654**	**93,737**
Total assets	**984,765**	**958,924**

Consolidated Balance Sheet (cont'd)

in thousands of euro	31 March 2020	31 December 2019
Equity		
Issued capital	200,000	200,000
Capital reserve	330,688	320,661
(Accumulated losses)/retained earnings	(417,756)	(429,881)
Hedge reserve	(67)	0
Foreign currency translation reserve	1,074	1,081
Total equity attributable to owners of the parent	**113,939**	**91,861**
Non-current liabilities		
Provisions	274	235
Financial liabilities	588,958	582,538
Deferred revenue	877	2,572
Deferred and other liabilities	106	0
Deferred tax liabilities	343	308
Total non-current liabilities	**590,557**	**585,652**
Current liabilities		
Provisions	2,267	3,284
Financial liabilities	34,190	34,260
Trade payables	6,759	9,069
Deferred revenue	216,068	210,250
Deferred and other liabilities	20,703	17,793
Other financial liabilities	237	6,642
Tax liabilities	45	114
Total current liabilities	**280,269**	**281,411**
Total liabilities	**870,826**	**867,063**
Total equity and liabilities	**984,765**	**958,924**

Consolidated Cash Flow Statement

in thousands of euro	Q1 2020	Q1 2019
Cash flows from operating activities		
Profit before taxation	21,465	39,685
Depreciation, amortisation and impairment of non-current assets	9,613	8,761
(Gain)/loss from the sale of property, plant and equipment	3	0
Increase/(decrease) in provisions	(978)	117
Non-operational foreign exchange (gains)/losses	6,689	8,308
Expenses for share-based compensation	10,133	450
Net financial result	8,091	(4,476)
Change in deferred revenue	4,123	(18,478)
Changes in other net working capital	3,699	(609)
Income tax paid	(8,104)	(5,534)
Interest received/(paid)	(17)	(0)
Net cash from operating activities	**54,717**	**28,225**
Cash flows from investing activities		
Capital exp. for property, plant & equipment and intangible assets	(5,194)	(3,696)
Payments for the acquisition of non-current financial assets	(51)	0
Interest received	40	288
Net cash used in investing activities	**(5,205)**	**(3,408)**
Cash flows from financing activities		
Repayments of borrowings	0	(1,286)
Proceeds from bank borrowings	0	0
Payments for the capital element of lease liabilities	(967)	(1,017)
Interest paid for borrowings and lease liabilities	(13,349)	(13,197)
Proceeds/(payments) from the settlement of derivatives	0	0
Proceeds/(payments) in equity	0	0
Net cash used in financing activities	**(14,316)**	**(15,500)**
Net change in cash and cash equivalents	**35,195**	**9,317**
Net foreign exchange rate difference	453	405
Net change from cash risk provisioning	(972)	111
Internal combinations and transfers	0	0
Cash and cash equivalents at beginning of period	71,153	79,939
Cash and cash equivalents at end of period	**105,829**	**89,772**