

TeamViewer AG delivers strong Q3 growth and high profitability – guidance increased

- Q3 billings up 29% yoy (+34% cc) to EUR 106.4m and 9M billings of EUR 332.1m (+48% yoy; +50% cc)
- Q3 Adjusted EBITDA of EUR 58.2m (+26% yoy; +34% cc) and 9M Adjusted EBITDA of EUR 189.3m (+58% yoy; +61% cc)
- Q3 first quarter in a normalized market environment after COVID-19 pandemic-related extra demand
- Number of subscribers increased to 567 thousand as of 30 September 2020
- TeamViewer has been installed on more than 2.5 billion devices until today
- Ubimax integration progressing well
- Billings guidance for 2020 increased to EUR 450-455m, excluding Ubimax contribution

Goppingen, 10 November 2020: TeamViewer continued to deliver strong growth and high profitability in the third quarter, driven by the company's broad solutions portfolio and leading position in attractive markets. Q3 billings grew by 29% year-over-year (yoy) and by 34% at constant currencies (cc) to EUR 106.4m. This resulted in billings of EUR 332.1m in the first nine months of 2020, up 48% yoy (+50% cc).

Q3 Adjusted EBITDA was up 26% yoy (+34% cc) to EUR 58.2m corresponding to an Adjusted EBITDA margin of 55% (Q3 2019: 56%). 9M Adjusted EBITDA grew by 58% yoy (+61% cc) to EUR 189.3m resulting in an Adjusted EBITDA margin of 57%, up 4 percentage points.

Oliver Steil, CEO of TeamViewer, said: "In our first year as a listed company we have over-delivered on our growth plan. Until today, our software has been installed on more than 2.5 billion devices around the globe which shows our leadership in connectivity. We have significantly broadened our expertise and solutions portfolio with the successful acquisition of Ubimax. Our combined offering provides a strong platform for future growth and we see a huge market potential in particular in the industrial sector driven by Internet of Things and Augmented Reality."

Stefan Gaiser, CFO of TeamViewer, said: "Our substantial investments in recent years are a key factor for our success. We are very pleased with our performance in Q3 which proves our long-term growth opportunities in a normalized market environment after the pandemic-related extra demand. The results underline our industry-leading financial profile of strong billings growth combined with high profitability. Also, thanks to a promising start into Q4, particularly in the enterprise segment, we have raised our full-year billings guidance and are very confident for 2021."

Business Update

In July 2020, TeamViewer announced the acquisition of Ubimax to create the global leader in connectivity solutions and workplace digitalization technology. The transaction was closed in August 2020. The integration of Ubimax's products into the TeamViewer portfolio is progressing well with coordinated cross-selling opportunities already starting to materialize. With Ubimax, the size of the Total Addressable Market (TAM) increases by EUR 10 billion to EUR 40 billion in 2023. The combination of the product portfolios also accelerates the TAM's annual growth rate from 24% to 27% mainly driven by the strong expansion of the Augmented Reality market.

With the integration of TeamViewer into Microsoft Teams, allowing users to launch TeamViewer remote access and AR support connections from within the Microsoft Teams environment, the company further expands its use case scenarios and increases its brand awareness among more than 115m daily Microsoft Teams users.

The increasing maturity of the group's enterprise offering including Tensor, Frontline and IoT solutions is reflected in a now combined Go-to-Market approach for those products. As a result of TeamViewer's growth initiative in this segment, the enterprise customer base has grown by 181% to 1,658 subscribers

over the last twelve months (30 September 2019: 590). The number of total subscribers increased to 567 thousand (30 September 2019: 432 thousand) while the net retention rate of 104% led to a further expansion of more predictable annual recurring billings from retained subscribers.

In the first nine months, TeamViewer continued to invest significantly across all functions with a focus on Sales and R&D. The group has added about 370 employees (full-time equivalents) since the start of the year, thereof more than 120 in software engineering and nearly 150 across all sales functions. Despite those significant investments TeamViewer was able to further expand its Adjusted EBITDA margin.

In addition, TeamViewer signed the UN Global Compact initiative and has received favorable ESG ratings from various independent agencies. These include the “AA” ESG rating from the agency MSCI, awarding TeamViewer as a leader in ESG in the Software & IT Services sector.

Key Figures

EUR m	Q3 2020	Q3 2019	Δ yoy	Δ cc	9M 2020	9M 2019	Δ yoy	Δ cc
Billings	106.4	82.7	29%	34%	332.1	224.3	48%	50%
EMEA	48.0	36.1	33%	34%	172.9	116.0	49%	50%
AMERICAS	42.3	35.9	18%	27%	113.3	77.0	47%	50%
APAC	16.1	10.7	51%	56%	46.0	31.3	47%	49%
Adj. EBITDA	58.2	46.0	26%	34%	189.3	119.6	58%	61%
Margin	55%	56%	(1pp)		57%	53%	4pp	
Subscribers (thousand) ¹⁾	567	432	31%					
Net Retention Rate ¹⁾	104%	103%	1pp					
Employees ²⁾	1,213	772	57%					

1) LTM, 30 September

2) Full-time equivalents, 30 September

EUR m	Q3 2020	Q3 2019	Δ yoy	9M 2020	9M 2019	Δ yoy
Revenue (IFRS)	117.2	102.0	15%	334.6	283.3	18%
EMEA	63.7	57.2	11%	183.2	160.3	14%
AMERICAS	38.0	32.3	18%	108.5	88.5	23%
APAC	15.5	12.6	23%	43.0	34.5	25%
Operating Profit (EBIT)	43.8	18.1	142%	125.7	108.3	16%
Margin	37%	18%	20pp	38%	38%	(1pp)
Levered Free Cash Flow	29.9	29.1	3%	109.4	45.2	142%

Financial Update

All regions have contributed to the group’s strong billings growth. APAC’s Q3 billings grew the fastest by 56% cc delivering EUR 16.1m, due to a very strong performance in Japan and China. EMEA remained the largest of the three regions with Q3 billings of EUR 48.0m, up 34% cc – the strong performance was very well balanced across EMEA, including key markets like Germany, UK and France. The AMERICAS showed particularly strong traction in enterprise, delivering EUR 42.3m of billings in Q3. Adjusted for currency effects considering the devaluation of the US-Dollar as well as other currencies in the region, billings grew by 27%.

Revenue (IFRS) exceeded billings in the third quarter (EUR 117.2m) and in the first nine months (EUR 334.6m) due to the recognition of deferred perpetual license revenue during the first nine months as well as subscription deferred revenue releases in the third quarter.

TeamViewer's high profitability continues to translate into very strong cash generation. Net cash from operating activities grew by 92% yoy in the first nine months to EUR 160.4m, while levered free cash flow increased by 142% to EUR 109.4m. Despite the Ubimax acquisition net leverage remained low at 2.0 times Adjusted EBITDA (30 June 2020: 1.9x).

Raising Full Year Billings Guidance

Following the very strong performance in the first nine months and a promising start into the fourth quarter, particularly in the enterprise segment, TeamViewer has increased its full-year billings guidance to EUR 450-455m from previous estimates of around EUR 450m. This does not include the contributions from the Ubimax business and corresponds to 38.5 – 40.0% billings growth yoy (40.5 – 42.0% cc). TeamViewer still expects revenue of at least EUR 450m, an Adjusted EBITDA margin of around 56% and a capital expenditure of EUR 25 to 30m. In 2021 and beyond, TeamViewer continues to benefit from global megatrends around digitalization and sustainability.

Conference Call and Webcast Details

Oliver Steil (CEO) and Stefan Gaiser (CFO) will host an analyst and investor conference call at 14:00 CET on 10 November 2020 to discuss the results. The audio webcast can be followed via <https://webcasts.eqg.com/teamviewer20201110>. A replay will be available on the Investor Relations website under <https://ir.teamviewer.com/websites/teamviewer/English/1/investor-relations.html>. The accompanying presentation can be also downloaded there.

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About TeamViewer

TeamViewer is a leading global technology company that provides a connectivity platform to remotely access, control, manage, monitor, and repair devices of any kind – from laptops and mobile phones to industrial machines and robots. Although TeamViewer is free of charge for private use, it has more than 500,000 subscribers and enables companies of all sizes and from all industries to digitalize their business-critical processes through seamless connectivity. Against the backdrop of global megatrends like device proliferation, automation and new work, TeamViewer proactively shapes digital transformation and continuously innovates in the fields of Augmented Reality, Internet of Things or Artificial Intelligence. Since the company's foundation in 2005, TeamViewer's software has been installed on more than 2.5 billion devices around the world. The company is headquartered in Goppingen, Germany, and employs more than 1,200 people globally. In 2019, TeamViewer achieved billings of around EUR 325m. TeamViewer AG (TMV) is listed at Frankfurt Stock Exchange and belongs to the MDAX. Further information can be found at www.teamviewer.com.

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Goppingen, 10 November 2020

Financial Calendar

Q4/FY 2020 Financial Update	11 January 2021
Q4/FY 2020 Preliminary Results	16 February 2021

IMPORTANT NOTICE

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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 (net) value of goods and services invoiced to customers in a given period whose realization is probable – it 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 of existing subscription customers during 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;

"Levered free cash flow" (FCFE) means net cash from operating activities less capital expenditure for property, plant and equipment and intangible assets (excl. M&A), payments for the capital element of lease liabilities and interest paid for borrowings and lease liabilities; 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.

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Consolidated Profit & Loss Statement

in thousands of euro	Q3 2020	Q3 2019	Δ %
Revenue	117,197	102,021	15%
Cost of sales	(16,352)	(12,646)	29%
Gross profit	100,845	89,374	13%
Other income	1,504	7,843	-81%
Research and development	(12,067)	(10,289)	17%
Sales	(19,145)	(14,148)	35%
Marketing	(9,484)	(6,186)	53%
General and administrative	(15,735)	(43,515)	-64%
Other expenses	62	(431)	-114%
Bad debt expenses	(2,228)	(4,572)	-51%
Operating profit	43,752	18,078	142%
Unrealised foreign exchange gains/ (losses)	12,372	3,336	271%
Realised foreign exchange gains/ (losses)	382	(21,344)	-102%
Finance income	2,752	16,543	-83%
Finance cost	(4,820)	(37,295)	-87%
Profit before taxation	54,437	(20,682)	-363%
Tax income/(expenses)	(22,812)	34,294	-167%
Profit/(loss) for the period	31,625	13,613	132%
Other comprehensive income for the period			
Items that may be reclassified to profit or loss in subsequent periods	(634)	530	-220%
Hedge reserve, gross	(14)	6	-319%
Exchange differences on translation of foreign operations	(620)	524	-218%
Total comprehensive income for the period	30,991	14,143	119%

Consolidated Balance Sheet

in thousands of euro	30 September 2020	31 December 2019
Non-current assets		
Goodwill	647,117	590,445
Intangible assets	261,889	235,831
Property, plant and equipment	36,353	26,480
Financial assets	5,258	4,424
Other assets	864	1,740
Deferred tax assets	0	6,266
Total non-current assets	951,481	865,187
Current assets		
Inventories	539	0
Trade receivables	16,068	11,756
Other assets	10,245	5,856
Tax assets	0	4,972
Financial assets	1,950	0
Cash and cash equivalents	52,969	71,153
Total current assets	81,772	93,737
Total assets	1,033,253	958,924

Consolidated Balance Sheet (cont'd)

in thousands of euro	30 September 2020	31 December 2019
Equity		
Issued capital	200,000	200,000
Capital reserve	353,854	320,661
(Accumulated losses)/retained earnings	(355,793)	(429,881)
Hedge reserve	(76)	0
Foreign currency translation reserve	428	1,081
Total equity attributable to owners of the parent	198,413	91,861
Non-current liabilities		
Provisions	289	235
Financial liabilities	472,732	582,538
Deferred revenue	568	2,572
Deferred and other liabilities	975	0
Deferred tax liabilities	21,449	308
Total non-current liabilities	496,014	585,652
Current liabilities		
Provisions	2,118	3,284
Financial liabilities	82,606	34,260
Trade payables	8,312	9,069
Deferred revenue	207,255	210,250
Deferred and other liabilities	35,158	17,793
Other financial liabilities	62	6,642
Tax liabilities	3,315	114
Total current liabilities	338,826	281,411
Total liabilities	834,840	867,063
Total equity and liabilities	1,033,253	958,924

Consolidated Cash Flow Statement

in thousands of euro	9M 2020	9M 2019
<i>Cash flows from operating activities</i>		
Profit before taxation	124,130	49,070
Depreciation, amortisation and impairment of non-current assets	29,641	27,096
(Gain)/loss from the sale of property, plant and equipment	7	(18)
Increase/(decrease) in provisions	(137)	669
Non-operational foreign exchange (gains)/ losses	(17,342)	20,320
Expenses for share-based compensation	33,193	27,088
Net financial result	15,424	37,825
Change in deferred revenue	(5,116)	(61,250)
Changes in other net working capital and other	5,170	(1,850)
Income tax paid	(24,707)	(15,245)
Interest paid / received other than from financing activities	94	(18)
Net cash from operating activities	160,357	83,688
<i>Cash flows from investing activities</i>		
Capital expenditure for property, plant and equipment and intangible assets	(22,781)	(8,144)
Proceeds from the sale of property, plant and equipment	23	18
Payments for the acquisition of non-current financial assets	(51)	0
Interest received	0	382
Acquisition of subsidiaries	(84,053)	0
Net cash used in investing activities	(106,862)	(7,744)
<i>Cash flows from financing activities</i>		
Repayments of borrowings	(38,987)	(179,113)
Proceeds from bank borrowings	0	74,017
Payments for the capital element of lease liabilities	(3,358)	(3,839)
Interest paid for borrowings and lease liabilities	(24,837)	(26,505)
Proceeds/(payments) from the settlement of derivatives	0	(98)
Proceeds/(payments) in equity	0	25
Net cash used in financing activities	(67,182)	(135,512)
Net change in cash and cash equivalents	(13,687)	(59,568)
Net foreign exchange rate difference	(4,614)	1,646
Net change from cash risk provisioning	117	914
Internal combinations and transfers	0	3,768
Cash and cash equivalents at beginning of period	71,153	79,939
Cash and cash equivalents at end of period	52,969	26,698

