

Scout24 Q3 2020 Results Analyst Call



11 November 2020

Scout24

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In Q3, we balanced growth and margin with investments into future growth ...



Pursuing our strategic path in a challenging year



Resilient growth and profitability

- ✓ Slight revenue growth despite free-to-list initiative, declining media business and Covid-19
- ✓ 9M Group ooEBITDA margin up to 60% while stepping up Q3 investments



2020 FY outlook

- ✓ On track



Multi-channel marketing campaign

- ✓ Emphasizing the importance of our three user groups
- ✓ Supporting digital farming strategy



Integration of immoverkauf24

- ✓ Growth contribution to residential real estate segment as part of RLE revenues
- ✓ Expansion of homeowner platform



Continuous innovation

- ✓ Several product improvements
- ✓ New product launches

... on our way to achieve full year guidance

9M performance underlines growth and resilience

€262.6m
+1.0%

Group revenue
(continuing operations)

60.0%
+0.8pp

ordinary operating
Group EBITDA margin

€709
+2.1%

ARPU with
residential real estate
partners (including
finance partners)

€1,740
+0.5%

ARPU with
business real estate
partners

20,005
+5.5%

customers (residential and
business real estate partners)

420,464
-4.0%

IS24 listings
(period average)

14.5m
+8.0%

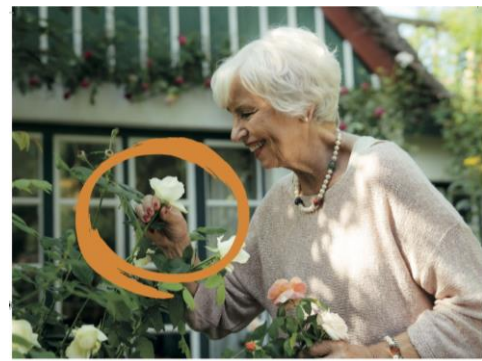
IS24 monthly users
multiplatform
(period average)

106.9m
+11.5%

IS24 monthly sessions
(period average)

We launched one of the largest multi-channel campaigns in recent years – “sell better - with an agent” – catering for the needs of our 3 user groups

Print ads example



Ein Makler findet für Ihre Rosen neue Liebhaber.

 **Verkaufen Sie besser – mit Makler.**

Ihnen ist wichtig, dass Ihre schöne Immobilie in liebevolle Hände kommt? Der richtige Makler versteht das! Wir empfehlen Ihnen kostenlos die passenden Verkaufsexperten in Ihrer Region. Profitieren auch Sie von der Erfahrung des Marktführers auf [immoscout24.de/besser-verkaufen](https://www.immoscout24.de/besser-verkaufen)

Immo Scout24
Make it happen.

An agent finds new lovers for your roses.



Eine Maklerin, die Sie versteht? Die gibt es: bei uns!

 **Verkaufen Sie besser – mit Makler.**

Sie wollen den Verkauf Ihrer Immobilie in gute Hände geben? Als Marktführer rund um Immobilien empfehlen wir Ihnen den passenden Verkaufsprofi in Ihrer Region. Nutzen Sie einfach und bequem unseren kostenlosen Maklervergleich unter [immoscout24.de/besser-verkaufen](https://www.immoscout24.de/besser-verkaufen)

Immo Scout24
Make it happen.

Agents who actually understand your needs? You can find them with us!



Ein Makler bringt oft mehr, als man denkt.

 **Verkaufen Sie besser – mit Makler.**

Sie wollen Ihre Immobilie am liebsten zum optimalen Preis verkaufen? Dann verkaufen Sie mit Maklerhilfe! Wir empfehlen Ihnen kostenlos den passenden Verkaufsprofi für Ihre Immobilie. Profitieren auch Sie von der Erfahrung des Marktführers auf [immoscout24.de/besser-verkaufen](https://www.immoscout24.de/besser-verkaufen)

Immo Scout24
Make it happen.

An agent often gets you further than you would think.



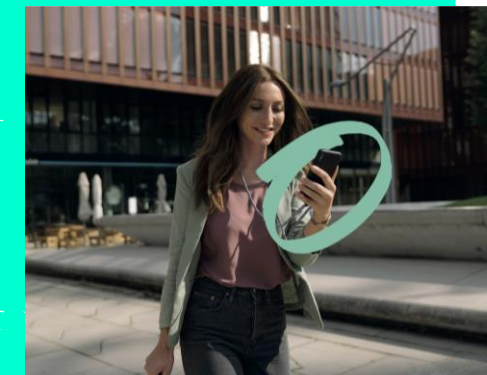
Ein Makler bringt schnell junges Leben in Ihr altes Zuhause.

 **Verkaufen Sie besser – mit Makler.**


Sie wollen schnell und ohne Stress Ihre Immobilie verkaufen? Lassen Sie die Profis ran! Wir empfehlen Ihnen kostenlos die passenden Verkaufsexperten in Ihrer Region. Profitieren auch Sie von der Erfahrung des Marktführers auf [immoscout24.de/besser-verkaufen](https://www.immoscout24.de/besser-verkaufen)

Immo Scout24
Make it happen.

An agent quickly brings young life in your old home.



Ein Makler verkauft Opas Haus reibungs- und kontaktlos.

 **Verkaufen Sie besser – mit Makler.**

Sie können sich nicht selbst um den Verkauf einer Immobilie kümmern? Kein Problem! Wir empfehlen Ihnen kostenlos die passenden Verkaufsexperten in der Region. Profitieren auch Sie von der Erfahrung des Marktführers auf [immoscout24.de/besser-verkaufen](https://www.immoscout24.de/besser-verkaufen)

Immo Scout24
Make it happen.

An agent sells grandpa's house quickly and easily.

We enhanced our digital offering for our three user groups – Q3 highlights



Agents

- ~30% of membership migration target reached
- New features in agent directory
- Introduced new FLOWFACT product world
- New memberships for property managers and developers
- 5.5% customer growth



Homeowners

- Free listing initiative continued
- Improved Homeseller Hub features
- Enhanced leads product with immoverkauf24
- +36% more leads in Q3 vs. Q2
- ~4,300 landlord subscriptions at the end of Q3



Immo
Scout24



Consumers (seeking real estate)

- Several native app improvements
- +74% yoy MieterPlus subscriptions; >6,000 KäuferPlus subscriptions since product launch in Nov-19
- Digital rental contract with digital signature

We are closely monitoring the impact of the current “lockdown light” on our user groups

Staying close to our customers



Measures “lockdown light”

- 4 weeks - started on 2 November (effectiveness will be evaluated after 2 weeks)
- Meetings in public restricted to 10 people (max. 2 households)
- Corporate / business activities continue (home office when possible)
- No unnecessary travel
- Schools / Kindergartens remain open
- Restaurants, bars, entertainment facilities, public recreation centres closed

Effect on IS24 user groups

- Increased information / education for agents (Corona Info Hub, Customer Care)
- Increased usage of digital viewings (IS24 trainings); one-on-one viewings still possible
- No group viewings for rental apartments
- Increased usage of moving companies
- Residential real estate market intact
- Increased pressure on business real estate ecosystem (esp. gastro, offices)

Developments of listing/traffic data

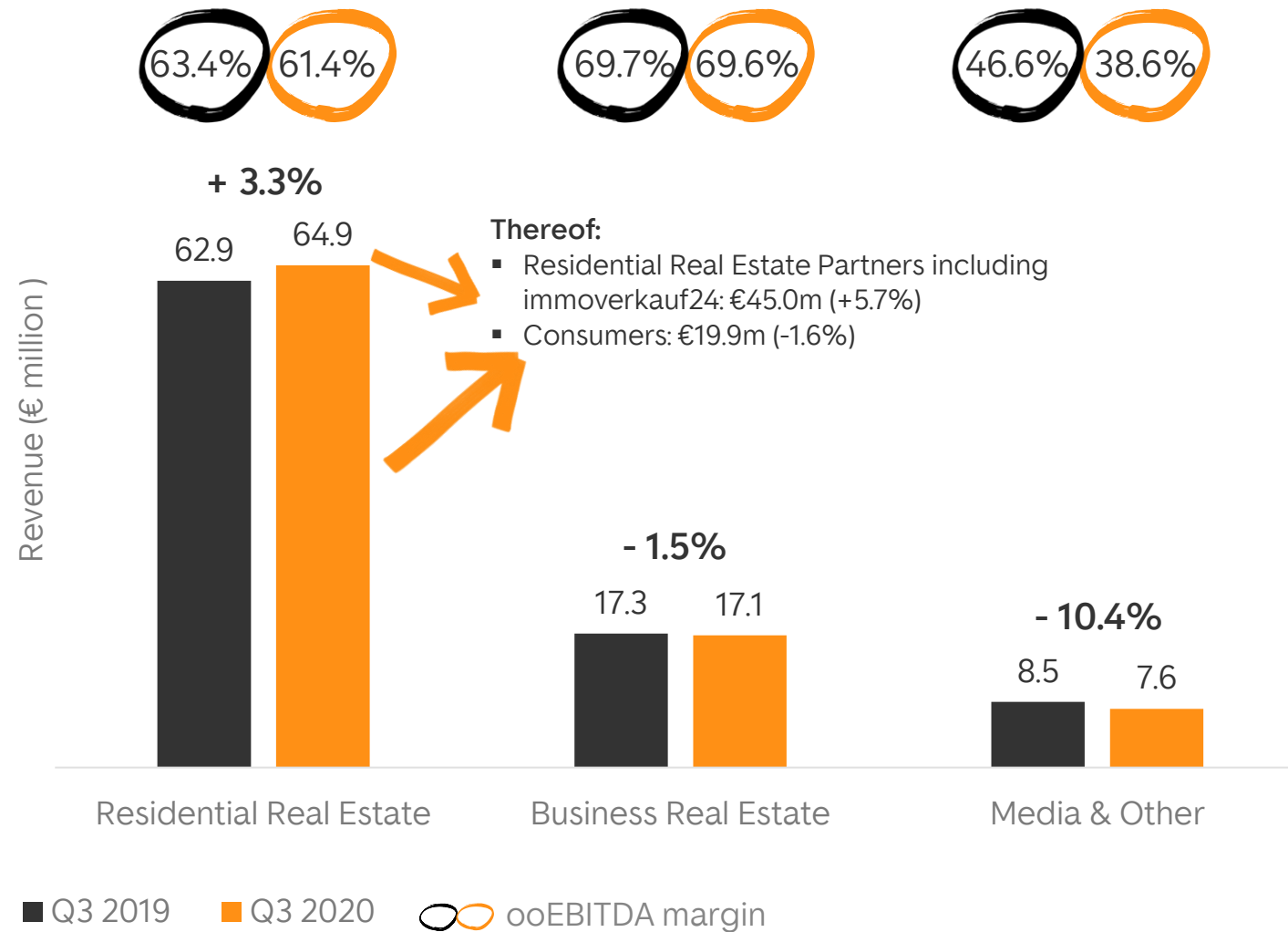
- During first week of “lockdown light”, very low impact on traffic, listings, enquiries (for commercial enquiries more time and data is needed) ...
- ... in contrast to first lockdown in March

	CW45 vs. CW44	CW12 vs. CW11
Users	-0.1%	-23.2%
Sessions	-1.2%	-25.7%
Listings	+0.1%	-1.2%
Email Enquiries	+2.4%	-38.2%

On a 9M basis, we delivered both revenue and EBITDA growth despite Covid-19 effects

(€m)	Q3 2020	Q3 2019	+/-	9M 2020	9M 2019	+/-
Scout24 Group Revenue	89.6	88.7	+1.0 %	262.6	260.0	+1.0 %
ImmoScout24 Revenue	89.6	88.7	+1.1 %	262.5	259.9	+1.0 %
- thereof Residential Real Estate	64.9	62.9	+3.3 %	188.2	182.9	+2.9 %
- thereof Business Real Estate	17.1	17.3	-1.5 %	51.6	51.4	+0.5 %
- thereof Media & Other	7.6	8.5	-10.4 %	22.7	25.6	-11.6 %
Ordinary operating Group EBITDA	52.2	52.0	+0.3 %	157.6	153.9	+2.4 %
<i>Ordinary operating Group EBITDA margin</i>	<i>58.2 %</i>	<i>58.7 %</i>	<i>-0.5 pp</i>	<i>60.0 %</i>	<i>59.2 %</i>	<i>+0.8 pp</i>
Ordinary operating IS24 EBITDA	54.7	55.9	-2.2 %	165.1	161.4	+2.3 %
<i>Ordinary operating IS24 EBITDA margin</i>	<i>61.0 %</i>	<i>63.0 %</i>	<i>-2.0 pp</i>	<i>62.9 %</i>	<i>62.1 %</i>	<i>+0.8 pp</i>
<i>- thereof Residential Real Estate</i>	<i>61.4 %</i>	<i>63.4 %</i>	<i>-2.0 pp</i>	<i>63.4 %</i>	<i>63.0 %</i>	<i>+0.4 pp</i>
<i>- thereof Business Real Estate</i>	<i>69.6 %</i>	<i>69.7 %</i>	<i>-0.1 pp</i>	<i>71.3 %</i>	<i>68.7 %</i>	<i>+2.6 pp</i>
<i>- thereof Media & Other</i>	<i>38.6 %</i>	<i>46.6 %</i>	<i>-8.0 pp</i>	<i>39.8 %</i>	<i>42.2 %</i>	<i>-2.4 pp</i>

The residential real estate business shows a strong year-on-year growth



61.0%
Q3 2020
IS24 ooEBITDA
margin

63.0%
Q3 2019
IS24 ooEBITDA
margin

While we successfully focused on customer retention in Q2, we reinforced growth measures in Q3 – overall ARPU growth in 9M



	Q3 2020	Q3 2019	+/-	9M 2020	9M 2019	+/-
Residential real estate partners Residential agents and property managers, finance partners (# of core-customers ¹ end of period)	17,216	16,162	+6.5%	17,216	16,162	+6.5%
Residential real estate partner ARPU ² (€/month)	703	718	-2.1%	709	695	+2.1%
Business real estate partners Commercial agents, project developers, new home builders (# of core-customers ¹ end of period)	2,789	2,801	-0.4%	2,789	2,801	-0.4%
Business real estate partner ARPU ² (€/month)	1,715	1,760	-2.6%	1,740	1,731	+0.5%

¹ Customers with a running contract containing an obligation for payment which entitles the customer to publish more than one object within the runtime of the contract

² Average revenue per user per month, calculated by dividing the revenue generated with the respective core customer in the reported period by the average number of core customers in this period (calculated from the opening and closing balance) further divided by the number of months in the corresponding period

Our intensified future investments are most visible in capitalization ratio and marketing expenses

(€m)	Q3 2020	Q3 2019	+/-	9M 2020	9M 2019	+/-
Revenues	89.6	88.7	+1.0%	262.6	260.0	+1.0%
Own work capitalised	5.3	4.0	+34.2%	16.1	9.9	+63.8%
Personnel	-19.4	-19.6	-1.0%	-55.0	-56.8	-3.0%
Marketing	-8.4	-7.8	+7.2%	-21.7	-22.6	-4.3%
IT	-4.4	-4.4	+0.3%	-12.7	-10.6	+20.0%
Other operating costs	-10.6	-8.9	+20.0%	-31.7	-26.0	+21.9%
Total operating effects¹	-42.8	-40.6	+5.3%	-121.1	-116.0	+4.4%
oo EBITDA	52.2	52.0	+0.3%	157.6	153.9	+2.4%
oo EBITDA-margin	58.2%	58.7%	-0.5pp	60.0%	59.2%	+0.8pp

- ✓ Strong increase in **own work capitalised** due to product and software development
- ✓ 9M operating effects development driven by increased **IT and other operating costs** offset by reduced **personnel and marketing costs**
- ✓ Q3 **marketing costs** increased due to multi-channel marketing campaign
- ✓ Slowing growth in **IT costs** due to largely completed cloud-migration
- ✓ Covid-19 **bad debt provisions, selling costs and external labour** affecting other operating costs

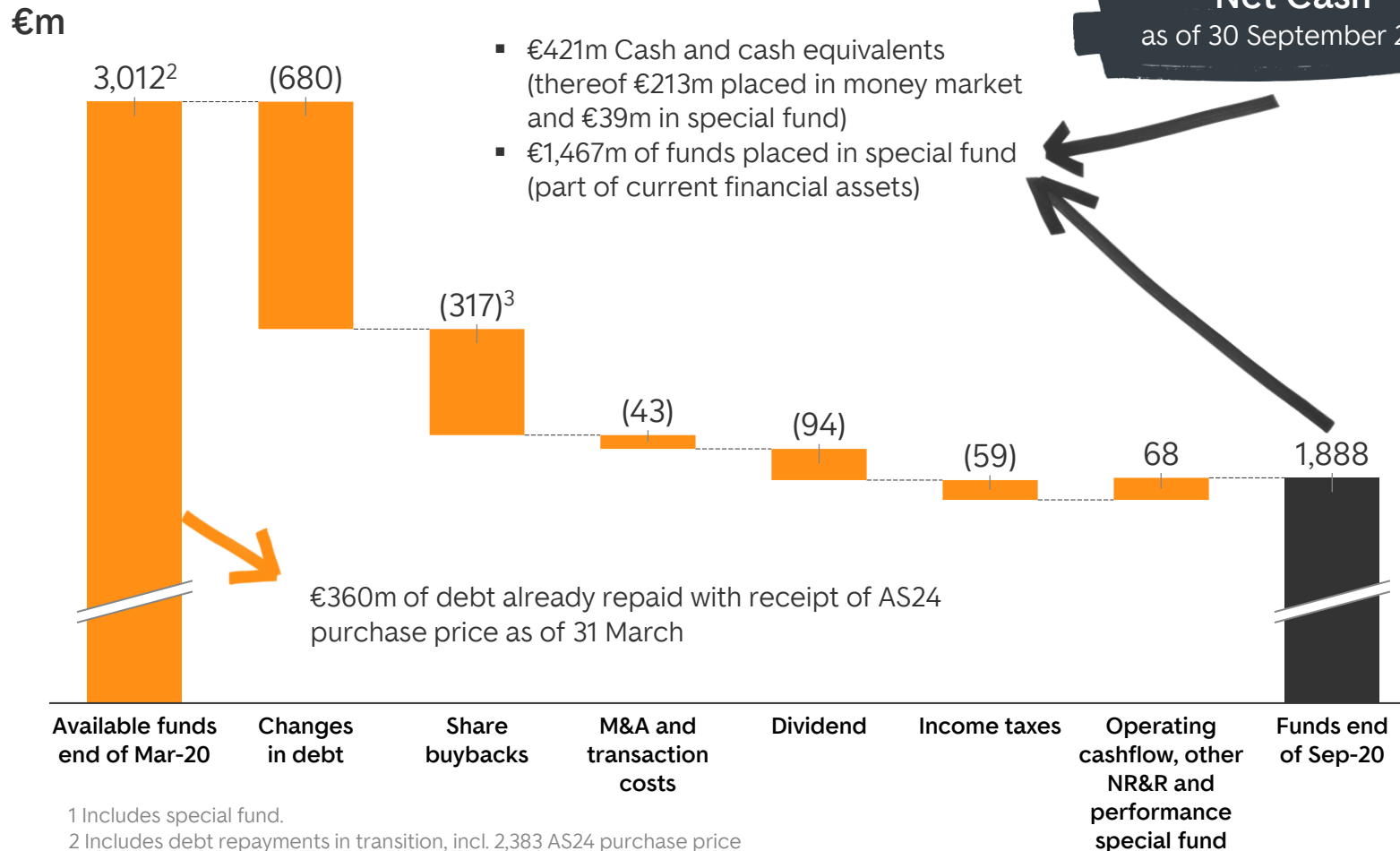
¹ Other operating income to small extent included in other operating costs items

Our net income benefitted significantly from lower non-operating items

(€m)	Q3 2020	Q3 2019	+/-	9M 2020	9M 2019	+/-
Ordinary operating EBITDA	52.2	52.0	+0.3%	157.6	153.9	+2.4%
Non-operating items	-8.1	-8.3	-2.1%	-17.2	-36.6	-53.1%
Reported EBITDA	44.1	43.8	+0.7%	140.5	117.3	+19.8%
D&A	-12.2	-13.4	-9.3%	-37.0	-40.9	-9.5%
EBIT	31.9	30.3	+5.1%	103.4	76.4	+35.4%
Financial result	-1.4	-3.9	-63.5%	-11.6	-13.7	-15.6%
Earnings before Tax	30.5	26.5	+15.1%	91.9	62.7	+46.6%
Taxes on Income	-10.0	-9.6	+4.3%	-27.2	-18.5	+47.1%
Net income	20.5	16.9	+21.3%	64.7	44.2	+46.4%
Basic EPS (cont'd operations)	0.20	0.16	+25.0%	0.63	0.41	+53.7%
Weighted av. # shares (million)	101.5	107.4	-5.5%	103.3	107.5	-3.9%

- ✓ Significant decrease in 9M **non-operating items** mainly due to high level of share-based compensation and M&A-related costs in 2019
- ✓ **D&A** below previous year driven by lower amortisation of intangibles and depreciation of right-of-use assets from leases
- ✓ Debt repayment and cash investments reflected in better **financial result** (Q3: -63.5%; 9M: -15.6%)
- ✓ **Net income** from continuing operations increased by 21.3% in Q3 and 46.4% in 9M
- ✓ **Basic EPS** for cont'd operations at €0.63 in 9M (€22,44 incl. discount'd) and €0.20 in Q3

Our liquidity situation reflects our robust business development and the AutoScout24-transaction



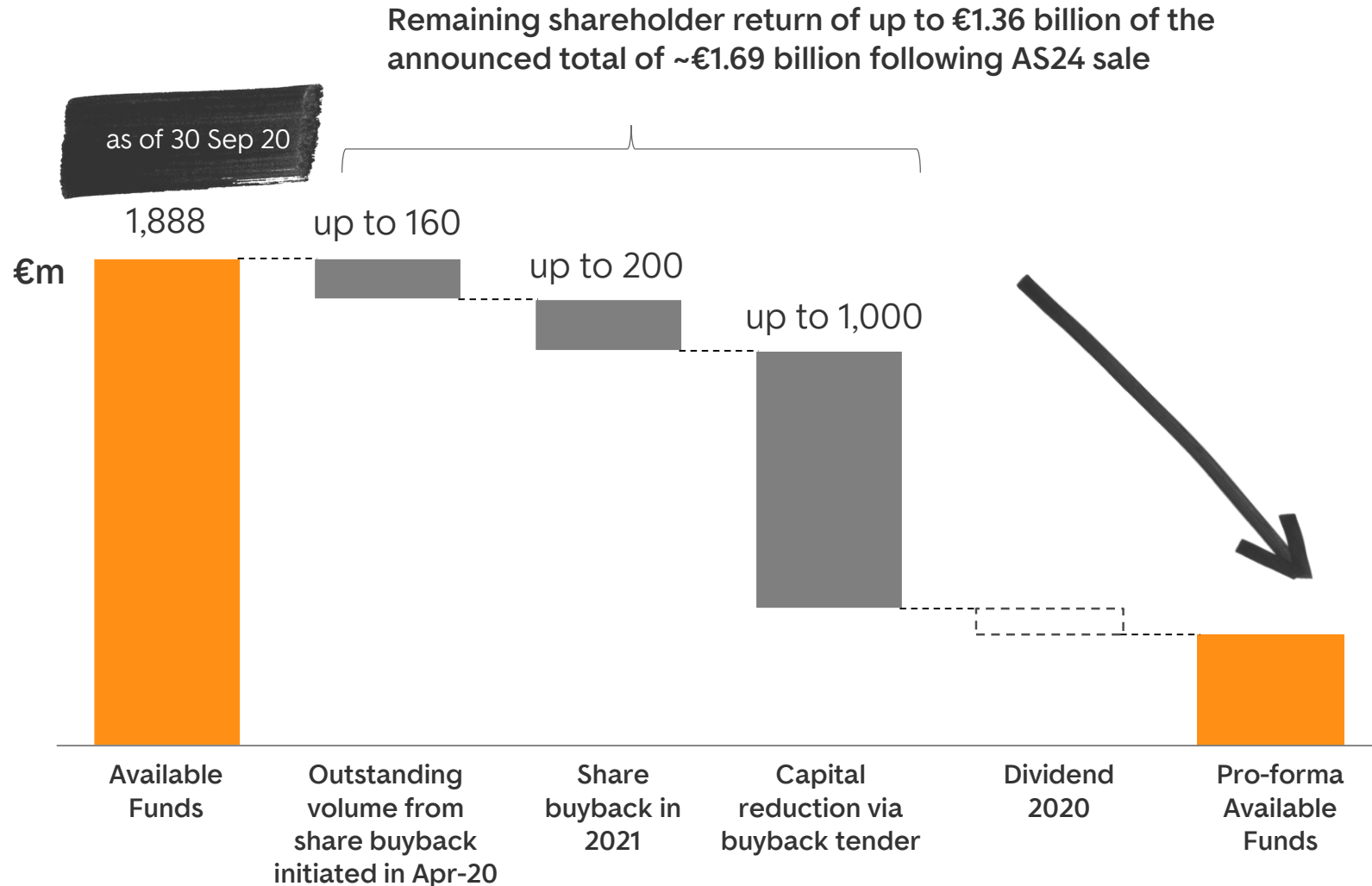
- ✓ Scout24 manages its liquidity and investments based on clear guidelines, to reflect liquidity needs and control risk exposure
- ✓ External auditor mandated to review the implementation of the investment strategy and the setup of a special fund vehicle (“KVG”)
- ✓ The cash in the money market funds is chiefly earmarked for the share buybacks
- ✓ The special fund mainly invests in fixed-yield bonds

1 Includes special fund.

2 Includes debt repayments in transition, incl. 2,383 AS24 purchase price

3 Cash settled SBB until 09/30/2020

We reconfirm our previously announced capital return roadmap




✓ Up to **€490m share buyback** programme commenced in April: ~€330m repurchased until end of Q3 2020 and ~€404m until end of Oct-20

✓ Up to **€200m share buyback** programme to be started in 2021 (when the position of treasury shares approaches 10% it will be reduced by partially redeeming shares)

✓ The **up to €1.0bn capital decrease** via buyback tender in H1 2021 represents the key part of our capital return programme following the sale of AS24

The buyback tender is the key pillar of our capital return programme



Efficient path
towards our target
capital structure

Offer

- Public tender offer to repurchase shares at a fixed price
- According to 2020 AGM resolution maximum premium of 10% to volume weighted average price 3 days before announcement
- Resulting tender ratio to be communicated before the launch

Size

- Up to 30,000,000 shares or up to 27.88% of current share capital
- Repurchased shares will be redeemed without exemption

Tender rights

- Scout24 shareholders will receive tradable tender rights pro rata for their shareholding
- Will give shareholders flexibility to exercise their rights, acquire additional rights or sell their rights
- Provides shareholders certainty on tender acceptance (no risk of scale-back) and avoids any share overhang

Timing

- Buyback tender to be executed after the publication of FY 2020 results and before the 2021 AGM

We are confident to reach our full-year guidance for 2020

Group revenue:

Around full year 2019 level

- **Residential Real Estate:** Stable to slight growth
- **Business Real Estate:** Slightly decreasing to stable
- **Media & Other:** Low teens percentage decrease

IS24 ooEBITDA margin:

Around 62%

Group ooEBITDA margin:

Around 60%

Guidance reflects:

- Strategic path continued
- Resilient Scout24 business model
- Integration of immoverkauf24
- Continued free-to-list initiative
- Reduced exposure to advertising

Underlying assumptions:

- Current “lockdown light” measures do not significantly affect our business with customers and users
- Financial health of customer base remains intact

Your questions & backup



Income Statement

(€ '000)	Q3 2020	Q3 2019	% change	9M 2020	9M 2019	% change
Revenue	89,641	88,710	+1.0%	262,626	260,010	+1.0%
Own work capitalised	5,319	3,962	+34.2%	16,144	9,857	+63.8%
Other operating income	442	756	-41.5%	2,167	2,323	-6.7%
Total operating performance	95,401	93,429	+2.1%	280,936	272,190	+3.2%
Personnel expenses	-26,527	-25,039	+5.9%	-69,147	-80,968	-14.6%
Advertising expenses	-8,395	-7,872	+6.6%	-21,674	-22,753	-4.7%
IT expenses	-4,572	-4,335	+5.5%	-13,194	-10,776	+22.4%
Other operating expenses	-11,836	-12,416	-4.7%	-36,456	-40,406	-9.8%
EBITDA	44,072	43,766	+0.7%	140,466	117,287	+19.8%
Depreciation, amortisation and impairment losses	-12,169	-13,424	-9.3%	-37,028	-40,912	-9.5%
Earnings before interest and tax – EBIT	31,903	30,343	+5.1%	103,439	76,374	+35.4%
Profit/loss from investments accounted for using the equity method	23	37	-37.8%	105	-749	n/a
Finance income	4,844	9	n/a	6,994	27	n/a
Finance expenses	-6,275	-3,900	+60.9%	-18,681	-13,002	+43.7%
Financial result	-1,408	-3,854	-63.5%	-11,581	-13,724	-15.6%
Earnings before tax	30,495	26,489	+15.1%	91,857	62,650	+46.6%
Income taxes	-10,012	-9,602	+4.3%	-27,154	-18,462	+47.1%
Earnings from continuing operations after tax	20,483	16,887	+21.3%	64,704	44,188	46.4%
Earnings from discontinued operations after tax	-1,419	17,141	n/a	2,253,854	41,921	n/a
Earnings after tax	19,064	34,028	-44.0%	2,318,558	86,109	n/a

Balance Sheet (Assets)

(€ '000)	30/09/2020	31/12/2019
Current assets	1,929,077	740,382
Cash and cash equivalents	420,906	65,574
Trade receivables	25,003	31,241
Financial assets	1,469,185	1,290
Income tax assets	59	32
Other assets	13,924	7,450
Assets held for sale	-	634,795
Non-current assets	1,702,322	1,690,810
Goodwill	712,610	692,690
Trademarks	877,430	872,818
Other intangible assets	81,063	91,437
Right-of-use assets from leases	7,714	22,051
Property, plant and equipment	10,946	8,747
Financial assets and investments (equity method)	11,876	2,772
Deferred tax assets	667	277
Other assets	16	18
Total assets	3,631,399	2,431,192

Balance Sheet (Equity and Liabilities)

(€ '000)	30/09/2020	31/12/2019
Current liabilities	123,838	210,809
Trade payables	12,186	17,905
Financial and lease liabilities	23,096	31,500
Other provisions	30,364	48,038
Income tax liabilities	30,876	17,124
Contract liabilities	8,982	8,339
Other liabilities	18,334	16,192
Liabilities associated with assets held for sale	-	71,710
Non-current liabilities	580,968	1,166,465
Financial and lease liabilities	265,939	823,274
Other provisions	24,810	44,983
Deferred tax liabilities	287,896	296,060
Other liabilities	2,323	2,148
Equity	2,926,594	1,053,919
Subscribed share capital	107,600	107,600
Capital reserve	171,133	171,133
Retained earnings	3,128,772	904,083
Measurement of pension obligations associated with assets held for sale	-	-206
Other reserves	4,937	879
Treasury shares (7,556,133 shares, previous year: 2,437,041 shares)	-485,848	-129,571
Total equity and liabilities	3,631,399	2,431,192

Cash Flow Statement

(€ '000)	9M 2020	9M 2019
Cash flow from operating activities of continuing operations	97,199	89,374
Cash flow from operating activities of discontinued operations	-38,417	55,198
Cash flow from operating activities (continuing and discontinued)	58,782	144,572
Cash flow from investing activities of continuing operations	-1,503,896	-7,185
Cash flow from investing activities of discontinued operations	2,827,693	-4,454
- thereof net proceeds from the disposal of discontinued operations	2,792,850	-
Cash flow from investing activities (continuing and discontinued)	1,323,797	-11,639
Cash flow from financing activities of continuing operations	-1,031,518	-86,716
Cash flow from financing activities of discontinued operations	-541	-2,332
Cash flow from financing activities (continuing and discontinued)	-1,032,059	-89,048
Net foreign exchange difference, continuing operations	1	12
Net foreign exchange difference, discontinued operations	-	-
<i>Change in cash and cash equivalents (cont. and discont.)</i>	<i>350,521</i>	<i>43,897</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>70,385</i>	<i>59,202</i>
<i>Cash and cash equivalents at end of period</i>	<i>420,906</i>	<i>103,099</i>

Next events:

3 December 2020: Virtual Analyst Day (sell-side only)

25 March 2021: Publication of FY 2020 results

Ursula Querette

Head of Investor Relations

Telephone +49 89 262 02 4939

ir@scout24.com

www.scout24.com



Scout24