

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Q4 2018 highlights:

- A strong finish to the year led to reported Q4 2018 revenue of EUR 129.1m, EBIT of EUR 50.8m and EBIT margin of 39.4% compared with Q4 2017 reported revenue of EUR 114.2m, EBIT of EUR 45.9m and EBIT margin of 40.2%.
- Total order intake* was EUR 60.6m, an increase of EUR 11.3m or 22.9% compared with Q4 2017. Six new SimCorp Dimension and two new SimCorp Coric license deals were signed in Q4 2018.

FY 2018 highlights:

- Reported revenue was EUR 382.6m, an increase of 11.4% when compared with 2017, and organic revenue growth was 9.5%.
- Reported EBIT was EUR 103.3m compared with EUR 88.9m in 2017.
- Reported EBIT margin was 27.0% compared with 25.9% in 2017, driven by revenue growth, SimCorp Italiana contribution, and general cost focus. The organic EBIT margin was 26.9%.
- Measured in local currencies, SimCorp achieved revenue growth for 2018 of 13.2% and an EBIT margin of 27.3%, which was in line with the guidance for the year of revenue growth between 10% and 15% and an EBIT margin between 24.5% and 27.5%, both measured in local currencies.
- Net profit was EUR 77.0m compared with EUR 66.5m in 2017.
- Total order intake* was EUR 101.0m, an increase of EUR 19.2m or 23.4% compared with 2017. Ten new SimCorp Dimension and two new SimCorp Coric license deals were signed in 2018, of which five of the SimCorp Dimension and one of the SimCorp Coric deals were signed in the strategically important North American market.
- At December 31, 2018, the order book* amounted to EUR 45.5m, an increase of EUR 20.7m when compared with the order book at year-end 2017. The order book increased by EUR 15.1m in Q4 2018.
- Free cash flow was EUR 80.2m compared with EUR 51.3m in 2017 due to higher operating profit and positive working capital development in receivables, prepayments from clients and payables. The net cash position was EUR 47.5m compared with EUR 1.4m at year-end 2017.

** For comparison reason, the order intake and order book do not include SimCorp Italiana (Sofia).*

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- SimCorp enters 2019 with EUR 240.7m of the full year's revenue signed, an improvement of EUR 24.9m or 11.5% compared with last year.
- The Board of Directors intends to recommend to shareholders at the Annual General Meeting 2019 that dividends be declared at the rate of DKK 6.75 per share compared with DKK 6.50 last year, equivalent to 47% of profit for the year and 45% of free cash flow in 2018.
- In addition, provided there will be no specific requirements for liquidity, SimCorp expects to buy back shares in 2019. The intention is to purchase shares for EUR 25m over the next 12 months in two half yearly buy-back programs of EUR 12.5m each.
- At the AGM 2019, Jesper Brandgaard will resign after 12 years as a member of the Board, 11 of these as Chairman. As new Chairman, the Board proposes the current Vice-Chairman, Peter Schütze. Morten Hübbe is proposed as new Vice-Chairman.

Financial guidance 2019

- For 2019, SimCorp expects revenue to grow between 8% and 13% and the EBIT margin to be between 25.5% and 28.5%, measured in local currencies.

Klaus Holse, SimCorp CEO comments: "For the first time, SimCorp generated EBIT of more than EUR 100m, and with revenue growth of more than 10%, we continue to deliver against our Vision 2020 aspirations of being a growth company driven by innovation. In 2018, we welcomed ten new SimCorp Dimension clients and two new SimCorp Coric clients, and extended the relationship with many of our existing clients confirming the value of our integrated offering."

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Investor presentation

SimCorp's Executive Management Board will present the report at a conference call Wednesday, February 20, 2019 at 11:00 am (CET). Please use any of the following phone numbers to dial in to the conference call:

From Denmark:	+45 3272 8042
From USA:	+1 631 510 7495
From other countries:	+44 (0) 2071 928000
Pin code to access the call:	2748549

At the end of the presentation there will be a Q&A session.

It will also be possible to follow the presentation via this link:

<https://edge.media-server.com/m6/p/3r8i6kro>.

The presentation will be available prior to the conference call via SimCorp's website

<http://www.simcorp.com/en/about/investor/presentations-and-events/quarterly-and-annual-investor-meetings>.

The Annual Report 2018 is available via this link

<https://www.simcorp.com/annual-report-2018>

Enquiries regarding this announcement should be addressed to:

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Financial highlights and key ratios for the SimCorp Group

EUR '000	2018 Q4	2017 Q4	2018 FY	2017 FY
INCOME STATEMENT				
Revenue	129,104	114,183	382,626	343,405
Earnings before interest, tax, depreciation, and amortization (EBITDA)	53,320	47,069	109,268	92,851
Operating profit (EBIT)	50,848	45,867	103,345	88,894
Financial items, net	-1,034	-296	-809	-1,204
Profit before tax	49,814	45,571	102,536	87,690
Profit for the period	37,650	35,427	76,971	66,497
BALANCE SHEET				
Share capital	5,441	5,467	5,441	5,467
Total equity	169,059	116,581	169,059	116,581
Bank loan	-	30,000	-	30,000
Property, plant, and equipment	5,377	5,528	5,377	5,528
Receivables	79,165	86,080	79,165	86,080
Contract assets	85,684	49,946	85,684	49,946
Cash and cash equivalents	47,500	31,412	47,500	31,412
Total assets	270,267	230,616	270,267	230,616
CASH FLOW				
Cash flow from operating activities	16,974	15,721	82,215	55,532
Cash flow from investing activities	-842	-487	-1,720	-35,274
Cash flow from financing activities	-9,874	-5,458	-64,444	-28,294
Free cash flow	15,867	15,184	80,153	51,317
Net change in cash and cash equivalents	6,258	9,776	16,051	-8,036
EMPLOYEES				
Number of employees at the end of the period	1,660	1,547	1,660	1,547
Average number of employees - FTE	1,597	1,501	1,554	1,421
FINANCIAL RATIOS				
EBIT margin (%)	39.4	40.2	27.0	25.9
ROIC (return on invested capital) (%)	169.7	158.2	82.4	107.4
Receivables turnover ratio	11.2	10.1	8.2	7.6
Equity ratio (%)	62.6	50.6	62.6	50.6
Return on equity (%)	100.7	138.9	59.7	64.5
SHARE PERFORMANCE				
Earnings per share - EPS (EUR)	0.95	0.89	1.95	1.69
Diluted earnings per share - EPS-D (EUR)	0.94	0.88	1.93	1.67
Cash flow per share - CFPS (EUR)	0.42	0.40	2.08	1.41
MARKET VALUE RATIOS				
Average number of shares (m)	39.6	39.3	39.5	39.4
Average number of shares - diluted (m)	40.0	39.7	39.9	39.9
EUR/DKK rate of exchange at end of period	7.4673	7.4449	7.4673	7.4449

Please refer to the definition of ratios on page 61 of the Annual Report 2018.

This interim report is unaudited and has not been reviewed by external auditors, for audited financial statements please refer to the comprehensive Annual Report 2018.

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Management's report – Twelve months ended December 31, 2018

Development in sales and orders

In Q4 2018, six new SimCorp Dimension contracts were signed, of which four were in North America, one in APAC and one in Central Europe. Two new Coric deals were signed in North America and Benelux.

Q4 2018 order intake was EUR 60.6m compared with EUR 49.3m in Q4 last year. Order intake from Client-Driven Development (CDD) accounted for EUR 10.2m compared with EUR 2.3m in Q4 last year.

FY 2018 order intake was EUR 101.0m compared with EUR 81.8m last year, of which order intake from CDD accounted for EUR 16.8m compared with EUR 3.1m last year.

A total of ten new subscription-based SimCorp Dimension license contracts and two Coric contracts were signed in 2018. Several existing clients have also added to their current agreements, with particularly strong add-on sales achievements in the Northern and Central European business units.

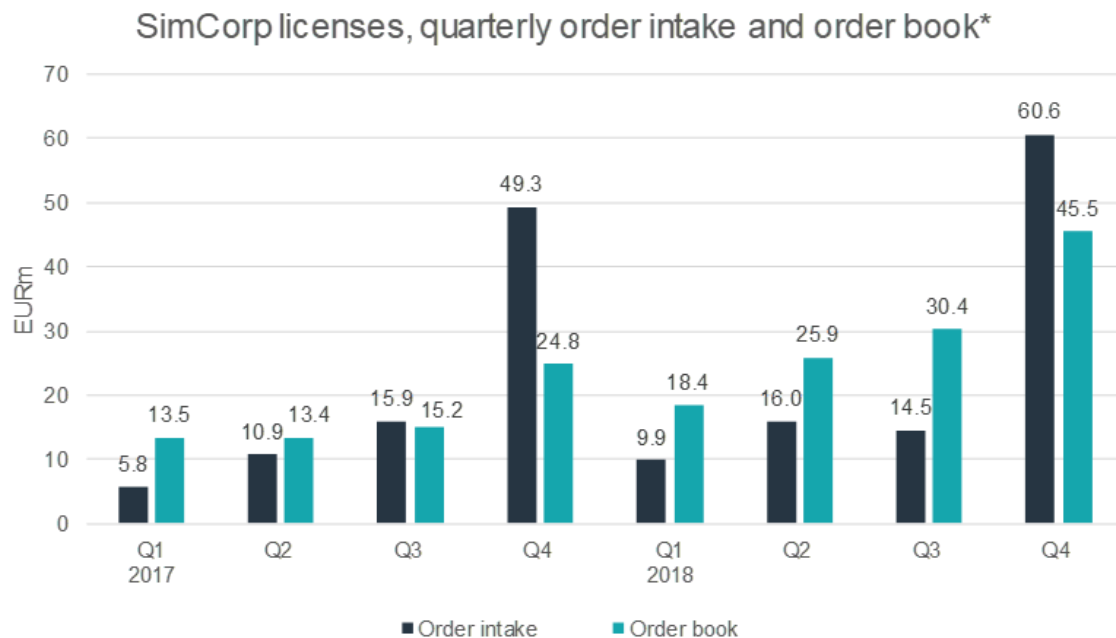
The order book of EUR 45.5m at December 31, 2018 is an increase of EUR 20.7m compared with same time last year. EUR 17.7m of the order book is related to CDD orders, where income will be recognized when the software is delivered, compared with EUR 3.5m at the same time last year.

The largest addition to the order book stems from the signing in December 2018 of a significant initial SimCorp Dimension license agreement with an Asian investment company. As the realization of the total contract value is subject to successful completion of milestones in the initial term of the contract, only a smaller proportion of the license revenue was recognized in 2018, while the majority of the license revenue is expected to be recognized in Q2 2019.

Another large addition to the order book stems from SimCorp having entered into a strategic framework agreement with one of its existing German clients in December 2018. With the agreement, the client has committed to significantly increasing its engagement with SimCorp over a three-year period, including investing substantially in Client-Driven Development. The client will also expand its use of SimCorp Dimension, mainly in the front office and treasury areas, to be able to offer its own clients a wider range of services.

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* Order intake and order book include licenses to new clients as well as add-on licenses to existing clients. For comparison reason the order intake and order book only include SimCorp Dimension and SimCorp Coric and not SimCorp Italiana (Sofia). The order book is the total aggregated license value of signed subscription and perpetual license agreements, including CDD orders, that have not yet been recognized in income.

Revenue

Q4 2018 revenue in reported currency was EUR 129.1m, 13.1% higher than in Q4 2017. Measured in local currencies the increase was 12.2%.

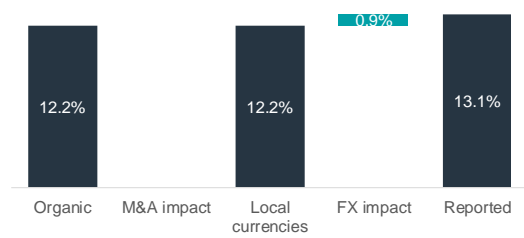
SimCorp generated revenue of EUR 382.6m in 2018 compared with EUR 343.4m in 2017, equal to an increase of 11.4%. The growth was primarily driven by strong license sales to new clients. Exchange rate fluctuations for the year had a negative impact on revenue of EUR 6.2m, equal to 1.8%. Measured in local currencies, revenue thus increased by 13.2%. The underlying organic revenue growth was 9.5%, reflecting a 3.7%-points positive impact from the acquisition of SimCorp Italiana in August 2017.

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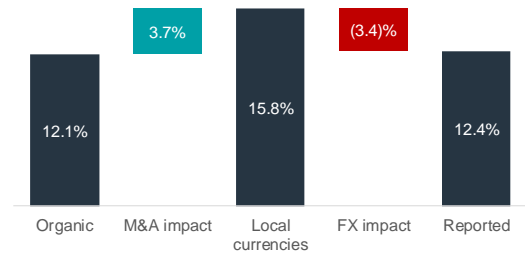
SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

The currency and acquisition impact on revenue growth is shown below:

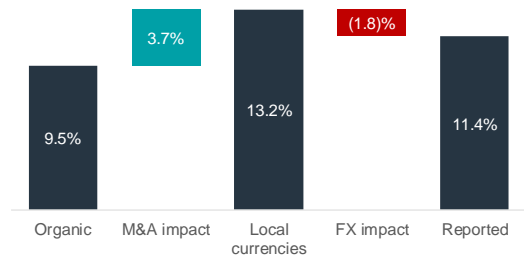
Q4 2018 revenue growth



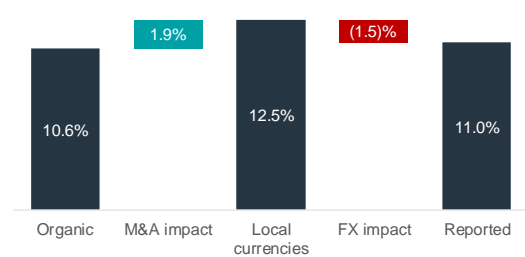
Q4 2017 revenue growth



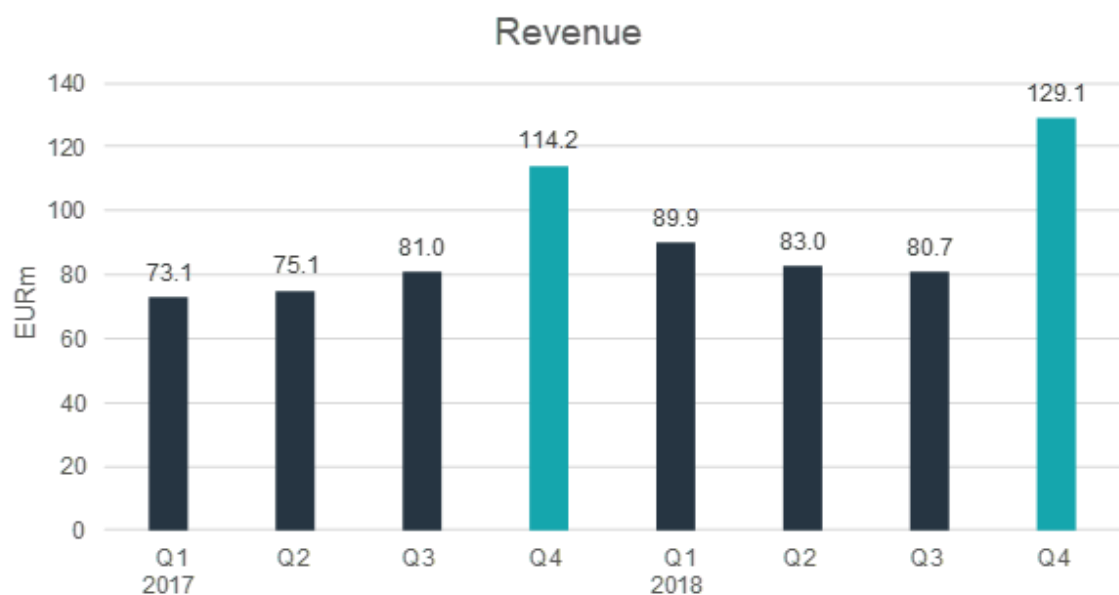
FY 2018 revenue growth



FY 2017 revenue growth



The development and distribution of quarterly revenue is shown below:



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Q4 revenue

EURm	Revenue Q4 2018	Share of revenue Q4 2018	Revenue Q4 2017	Share of revenue Q4 2017	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies
Licenses - new sales	23,211	18.0%	8,204	7.2%	182.9%	176.3%	176.3%
Licenses - additional sales	24,326	18.8%	31,719	27.8%	-23.3%	-23.7%	-23.7%
Software updates and support	38,925	30.2%	35,359	31.0%	10.1%	10.0%	10.0%
Professional services	38,086	29.5%	37,008	32.4%	2.9%	2.5%	2.5%
ASP hosting and training fees	4,556	3.5%	1,893	1.6%	140.7%	134.2%	134.2%
Total revenue	129,104	100.0%	114,183	100.0%	13.1%	12.2%	12.2%

"Software updates and support" previously maintenance revenue has been renamed to better reflect the nature of the revenue.

FY revenue

EUR '000	2018	Share of revenue 2018	2017	Share of revenue 2017	Revenue growth	Revenue growth local currency	Organic revenue growth local currency
Licenses - new sales	34,371	9.0%	21,094	6.1%	62.9%	63.2%	63.2%
Licenses - additional sales	51,885	13.6%	53,064	15.5%	-2.2%	-1.4%	-9.6%
Software updates and support	149,585	39.1%	138,558	40.4%	8.0%	10.0%	7.9%
Professional services	133,679	34.9%	122,725	35.7%	8.9%	11.2%	6.7%
ASP hosting and training fees	13,106	3.4%	7,964	2.3%	64.6%	66.4%	66.2%
Total revenue	382,626	100.0%	343,405	100.0%	11.4%	13.2%	9.5%

"Software updates and support" previously maintenance revenue has been renamed to better reflect the nature of the revenue.

In Q4 2018, revenue recognized from new and additional license sales totalled EUR 47.5m, EUR 7.6m more than in Q4 2017 mainly driven by a strong performance in North America.

In FY 2018, revenue recognized from new and additional license sales was EUR 86.3m, an increase of EUR 12.1m, or 16.3% compared with 2017. Currency fluctuations impacted total license fee negatively by EUR 0.5m. Measured in local currencies, the increase was 17.0%, and the underlying organic revenue growth in total license fee was 11.1% in 2018, reflecting a 5.9%-point positive impact from the acquisition of SimCorp Italiana.

In Q4 2018, there were three conversions, which accounted for 21% of the total add-on license sales, while renewals accounted for around 3%, and additional license sales accounted for around 76%.

For the FY 2018, the additional order intake was positively impacted by around EUR 7.2m from four clients converting their perpetual contracts to subscription-based license contracts. The annual subscription-based payments will be higher than the software updates and support fee (formerly called maintenance fee) under the perpetual contracts due to sale of additional functionality in connection with the conversions. However, the annual software updates and support fees will be EUR 1.0m lower, as the subscription license revenue according to IFRS 15 is recognized on contract completion. In comparison, additional order intake was impacted by EUR 8.9m due to conversions in 2017, resulting in annual software updates and support fees being decreased by EUR 2.5m.

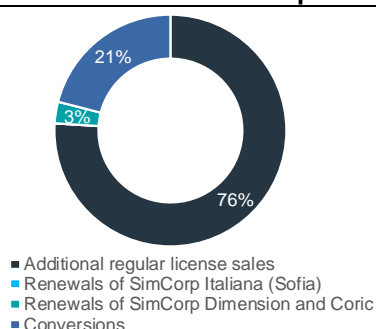
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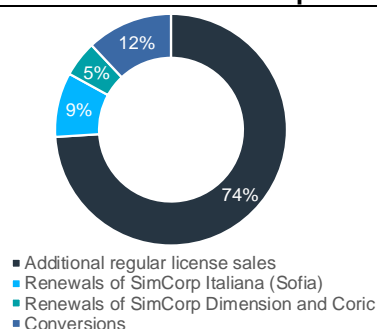
In FY 2018, conversions accounted for less than 12% (2017: 14%) of the total add-on license sales, while renewals accounted for around 14% (2017: 4%), of which approximately 9%-points related to SimCorp Italiana, and additional regular license sales accounted for 74% (2017: 82%).

The split in add-on license sales is shown below:

Q4 2018 add-on license sales split



FY 2018 add-on license sales split



In Q4 2018, revenue from software updates and support amounted to EUR 38.9m, an increase of 10.1% compared with Q4 last year.

In FY 2018, software updates and support revenue increased by 8.0% from EUR 138.6m last year to EUR 149.6m. Currency fluctuations impacted the software updates and support revenue negatively by 2.0%, while the acquisition of SimCorp Italiana impacted the software updates and support revenue positively by 2.1%. Consequently, organic growth in software updates and support revenue was 7.9%.

Six clients cancelled SimCorp Dimension contracts in 2018, of which one continued using SimCorp Dimension through an outsourcing client. Two SimCorp Coric and five small SimCorp Sofia licenses were terminated. The annual software update and support fee for these clients amounted to EUR 3.6m, equivalent to 0.9%-points of 2018 revenue compared with EUR 1.0m in 2017, equivalent to 0.3%-points of 2017 revenue.

In Q4 2018, revenue from professional services amounted to EUR 38.1m, an increase of 2.9% compared with Q4 last year.

In FY 2018, fees from professional services increased by 8.9% from EUR 122.7m last year to EUR 133.7m primarily due to strong sales of operational services to existing clients. Currency fluctuations impacted the professional services revenue negatively by 2.3%, while the acquisition of SimCorp Italiana impacted the professional services revenue positively by 4.5%, i.e. organic growth was 6.7%.

In Q4 2018, ASP hosting and training fees amounted to EUR 4.6m compared with EUR 1.9m in Q4 2017.

In FY 2018, ASP hosting and training fees amounted to EUR 13.1m compared with EUR 8.0m in 2017. In 2018, we added seven new ASP hosted clients, bringing the total number of clients on an ASP hosted solution to 12, of which eight clients are in North America, two in Northern Europe, one in Central Europe and one in APAC.

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Operating costs

SimCorp's total operating costs (including depreciation and amortization) amounted to EUR 79.2m in Q4 2018, compared with EUR 68.4m in Q4 2017, an increase of 15.8%. Currency fluctuations reduced the total costs by 0.4%. Measured in local currencies the increase was 15.4%. The increase in operating costs was mainly linked to cost of sales, and sales and marketing, which is related to the high level of new subscription sales in Q4 and to the general business growth.

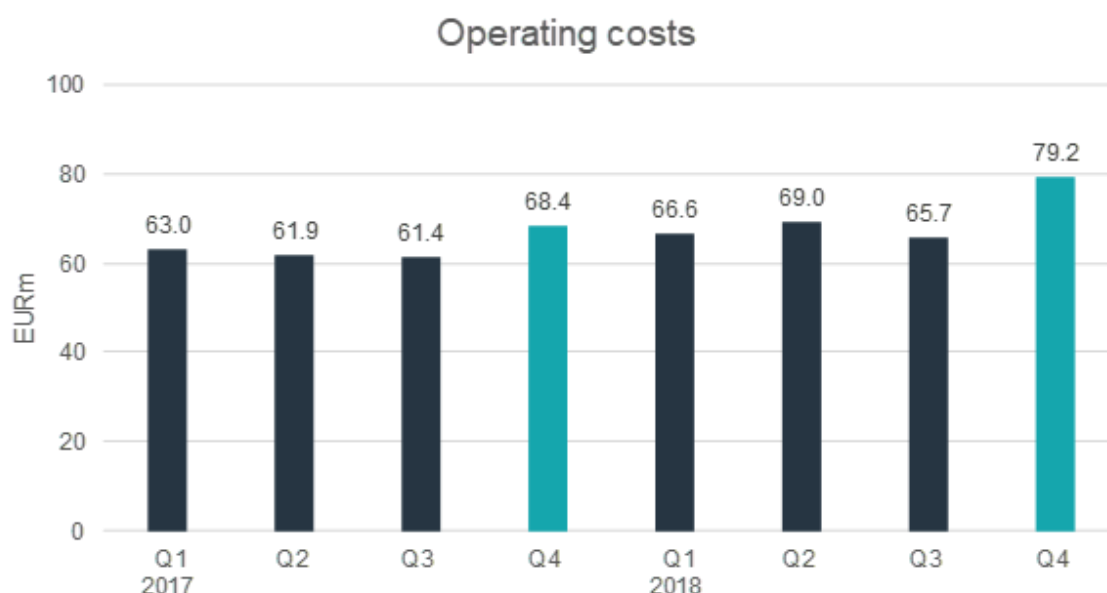
In FY 2018, total operating costs (including depreciation and amortization) increased by 10.1% from EUR 254.7m in 2017 to EUR 280.5m. Currency fluctuations reduced the total operating costs by 1.4%. Measured in local currencies and adjusted for the impact of the acquisition of SimCorp Italiana of 3.0%, the organic operating costs increase was 8.5%.

The organic increase in operating costs was primarily related to the annual salary increase of around 3% and an increase in the number of employees, mainly due to the growth within the professional services business.

In FY 2018, 70% of SimCorp's total operating costs were directly related to employees compared with 69% in 2017.

In FY 2017, operating costs included EUR 0.4m of one-time costs related to the acquisition of SimCorp Italiana (included in the cost line "Administrative expenses").

The development and distribution of quarterly operating costs are shown in the tables below:



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Q4 operating costs

EURm	Costs Q4 2018	Share of costs Q4 2018	Share of Revenue Q4 2018	Costs Q4 2017	Share of costs Q4 2017	Share of Revenue Q4 2017	Growth	Growth local currency	Organic growth local currency
Cost of sales	42,570	53.7%	33.0%	35,732	52.2%	31.3%	19.1%	18.8%	18.8%
Research and development costs	19,214	24.3%	14.9%	17,681	25.8%	15.5%	8.7%	8.8%	8.8%
Sales and marketing costs	12,362	15.6%	9.6%	9,821	14.4%	8.6%	25.9%	24.4%	24.4%
Administrative expenses	5,053	6.4%	3.9%	5,184	7.6%	4.5%	-2.5%	-2.4%	-2.4%
Total operating cost	79,199	100.0%	61.4%	68,418	100.0%	59.9%	15.8%	15.4%	15.4%

FY operating costs

EUR'000	Costs 2018	Share of costs 2018	Share of Revenue 2018	Costs 2017	Share of costs 2017	Share of Revenue 2017	Growth	Growth local currency	Organic growth local currency
Cost of sales	148,786	53.1%	38.9%	132,528	52.0%	38.6%	12.3%	14.0%	11.4%
Research and development costs	69,879	24.9%	18.3%	64,797	25.4%	18.9%	7.8%	8.2%	3.6%
Sales and marketing costs	40,971	14.6%	10.7%	37,198	14.6%	10.8%	10.1%	12.1%	10.7%
Administrative expenses	20,864	7.4%	5.4%	20,199	8.0%	5.9%	3.3%	3.8%	0.3%
Total operating cost	280,500	100.0%	73.3%	254,722	100.0%	74.2%	10.1%	11.5%	8.5%

Employees

The average number of full-time employees increased by 9.4% from 1,421 in 2017 to 1,554 in 2018, of which 4.3%-points of the increase related to SimCorp Italiana. The number of employees (head-counts) were 1,660 at the end of 2018 compared with 1,547 at the end of 2017.

EBIT and EBIT margin

Q4 EBIT was EUR 50.8m against EUR 45.9m in Q4 last year. Currency rate fluctuations increased EBIT by EUR 0.8m in Q4 2018. EBIT margin was 39.4% compared with 40.2% in Q4 2017. When measured in local currencies, the EBIT margin was 39.1%.

For FY 2018, the Group generated an EBIT of EUR 103.3m compared with EUR 88.9m in 2017, an increase of EUR 14.4m. Exchange rate fluctuations had a negative net impact on EBIT of EUR 2.8m.

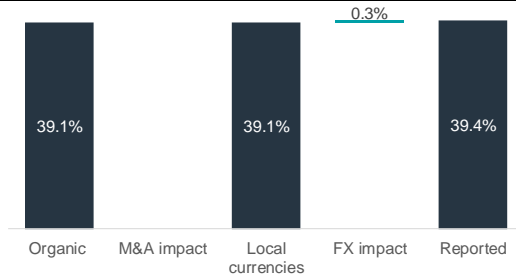
EBIT margin increased from 25.9% in 2017 to 27.0%. When measured in local currencies, the EBIT margin was 27.3% in 2018, with main drivers behind the improved margin being revenue growth, SimCorp Italiana contribution, and cost focus. The underlying organic EBIT margin was 26.9%.

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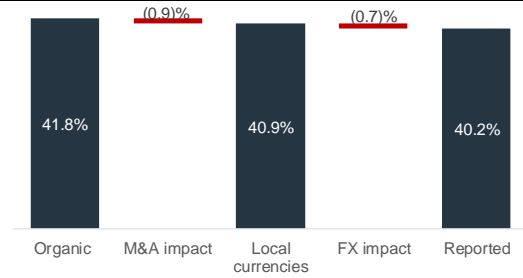
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The currency and M&A impact on EBIT margin is shown below:

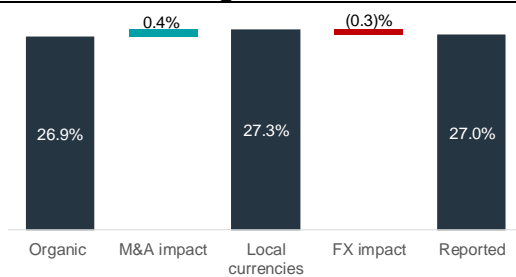
Q4 2018 EBIT margin



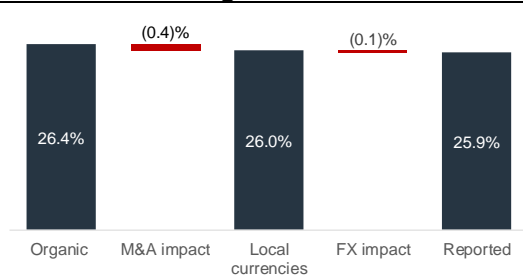
Q4 2017 EBIT margin



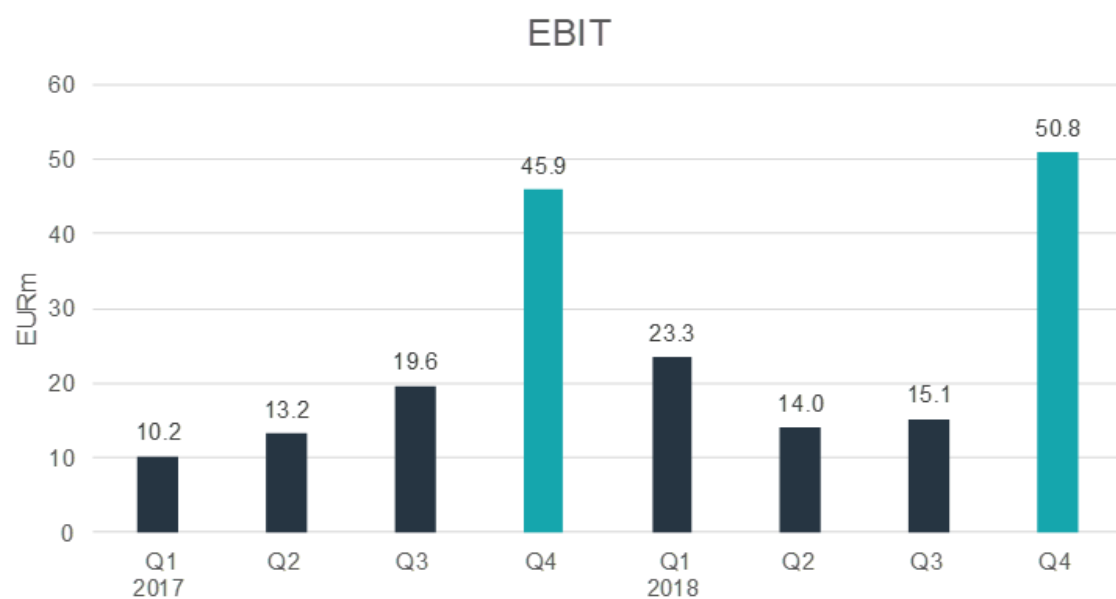
FY 2018 EBIT margin



FY 2017 EBIT margin



The development in quarterly EBIT is shown below:



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Profit and comprehensive income

In Q4 2018, share of profit after tax in associates of EUR 0.1m, financial income of EUR 0.3m and financial expenses of EUR 1.4m resulted in a net financial expense of EUR 1.0m compared with a net financial expense of EUR 0.3m in Q4 2017.

In Q4 2018, the Group realized a pre-tax profit of EUR 49.8m, against EUR 45.6m in Q4 2017, and a net profit of EUR 37.7m compared with EUR 35.4m in the same quarter last year.

In FY 2018, share of profit after tax in associates of EUR 0.1m, financial income of EUR 4.7m and financial expenses of EUR 5.6m resulted in a net financial expense of EUR 0.8m compared with a net financial expense of EUR 1.2m in 2017. Financial income and expenses are primarily related to foreign exchange adjustments.

In FY 2018, profit before tax was 2018 EUR 102.5m against EUR 87.7m in 2017. The tax charges for 2018 amounted to EUR 25.6m against EUR 21.2m in 2017. The effective tax rate was 24.9% compared with 24.2% in 2017.

In FY 2018, profit after tax was EUR 77.0m compared with EUR 66.5m in 2017. After foreign currency translation differences and other items of EUR -0.1m, the total comprehensive income amounted to EUR 76.9m against EUR 63.8m in 2017.

Balance sheet

SimCorp had total assets of EUR 270.3m at December 31, 2018 compared with EUR 230.6m at December 31, 2017. The increase is primary related to the increase in contract assets of EUR 35.7m, reflecting the accounting effect of signing new subscriptions agreements in the last 12 months, and an increase in cash holdings of EUR 16.1m.

Cash holdings amounted to EUR 47.5m compared with EUR 31.4m at December 31, 2017. The difference is mainly due to improved operating cash flow. No buyback program for treasury shares took place in 2018 due to cash required for repayment of the EUR 30.0m loan obtained in connection with the acquisition of SimCorp Italiana. The net cash position (cash holdings less borrowings) improved from EUR 1.4m at the end of December 2017 to EUR 47.5m.

Despite higher activity level, receivables decreased from EUR 86.1m at December 31, 2017 to EUR 79.2m, due to improved working capital management.

As a consequence of implementing IFRS 9 Financial Instruments with effect from January 1, 2018, SimCorp has made a provision of EUR 0.7m for expected credit loss related to contract assets and receivables at December 31, 2018. Since 2008, no actual losses have been incurred.

The Group's total non-current assets were EUR 4.9m lower compared with December 31, 2017, primarily due to the amortization of intangible assets.

Contract assets increased by EUR 35.7m compared with December 31, 2017, as new and additional subscription-based licenses added EUR 47.9m to contract assets in 2018, which exceeded invoiced subscription-based license fees of EUR 12.1m in 2018 and adjustments of EUR 0.1m.

Goodwill was EUR 27.9m at December 31, 2018 compared with EUR 28.0m at the end of 2017. No impairment to goodwill was made in 2018.

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The carrying amount of acquired software decreased by EUR 2.6m to EUR 5.1m and the value of client contracts decreased by EUR 1.1m to EUR 7.4m, primarily due to amortization.

Property, plant, and equipment amounted to EUR 5.4m against EUR 5.5m at the end of 2017. Deferred tax assets decreased by EUR 0.8m to EUR 2.3m.

SimCorp's total liabilities were EUR 101.2m at December 31, 2018, compared with EUR 114.0m a year earlier. The decrease is primarily related to the loan repayment of EUR 30.0m.

Cash flow

In Q4 2018, free cash flow (cash flow from operations reduced by CAPEX) was EUR 15.9m compared with EUR 15.2m in Q4 2017.

In FY 2018, operating activities generated a net cash inflow of EUR 82.2m against EUR 55.5m last year due to positive working capital development in receivables, prepayments from clients, and payables. Payment of income taxes amounted to EUR 22.3m, against EUR 14.9m in 2017.

In FY 2018, there was a net cash outflow of EUR 1.7m from investing activities compared with EUR 26.9m in 2017. Cash flow from investing activities included in 2017 a net payment of consideration for SimCorp Italiana of EUR 19.9m, and a deferred payment of EUR 2.9m related to the acquisition of SimCorp Coric in 2014.

In FY 2018, free cash flow was EUR 80.2m compared with EUR 51.3m in 2017.

Cash used in financial activities in 2018 was related to payment of dividends of EUR 34.4m and loan repayment of EUR 30.0m. Financial activities in 2017 included borrowings of EUR 30.0m relating to the acquisition of SimCorp Italiana, while payment of dividend and purchase of treasury shares reduced liquidity by EUR 58.3m.

Changes in equity

The Group's equity increased during the year from EUR 116.6m to EUR 169.1m. Comprehensive income amounted to EUR 76.9m against EUR 63.8m last year. The net effect of share-based payments related to restricted stock units was EUR 10.0m, compared with EUR 7.9m in 2017. Dividend payments of EUR 34.4m against EUR 33.2m last year, and in 2017 purchases of treasury shares of EUR 25.1m reduced equity by EUR 34.4m in 2018 compared with EUR 58.3m in 2017.

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Outlook for the financial year 2019*

Based on the current business environment, the current pipeline, and SimCorp's market position, the expectations for 2019 are to grow revenue in local currencies by between 8% and 13% and to generate an EBIT margin measured in local currencies of between 25.5% and 28.5%.

SimCorp entered 2019 with signed revenue for the full year of EUR 240.7m – an increase of EUR 24.9m or 11.5% compared with the beginning of 2018.

Based on the exchange rates prevailing at the end of January 2019, SimCorp estimates reported revenue to be positively impacted from currency fluctuations by around 1%. The impact from currency fluctuations on reported EBIT margin is expected to be positive by around 0.2%-points.

For impacts of the adoption of IFRS 16 effective at January 1, 2019, please refer to page 22, or to Note 1 in Annual Report 2018.

* This announcement contains certain forward-looking statements and expectations in respect of the 2019 financial year. Such forward-looking statements are not guarantees of future performance, and involve risk and uncertainty, and actual performance may deviate materially from that expressed in such forward-looking statements due to a variety of factors. Readers are warned not to rely unduly on such forward-looking statements, which apply only as at the date of this announcement. The Group's revenue is expected to continue to be impacted by relatively few but large system orders, and such orders are expected to be won at relatively irregular intervals. The terms agreed in the individual license agreements will determine the impact on the order book and on license income for any specific financial reporting period. Accordingly, license revenue is likely to vary considerably from one quarter to the next. Unless required by law or corresponding obligations SimCorp A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this document, whether as a result of new information, future events or otherwise.

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Other information**Significant risk and uncertainty factors**

SimCorp operates in a dynamic and complex business environment where performance relies heavily on the ongoing achievement of a number of success criteria. Pages 28-30 of SimCorp's Annual Report 2018 describe the most important general risk factors and the risk management measures utilized in everyday operations.

Shareholder information**Restricted stock units**

In Q4 2018, 5,600 restricted stock units have been granted to 15 employees related to incentive programs. The restricted stock units will vest after three years, subject to continuing employment.

432,804 restricted stock units are outstanding at December 31, 2018. The restricted stock units will be transferred in whole or in part between 2019 and 2022 to program participants still employed when the stock units vest, subject to performance conditions.

Holding of treasury shares

At December 31, 2018, the holding of treasury shares amounted to 917,718 treasury shares, equal to 2.3% of the Company's issued share capital. The total purchase value was EUR 46.4m with a market value of EUR 54.8m at December 31, 2018.

Headquarter in Copenhagen

SimCorp has in Q2 2018, extended the lease for its office in Copenhagen until April 30, 2029. The lease has been entered on market terms and with normal rent adjustment clauses. The rent commitments are EUR 30.0m.

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Signatures

The Board of Directors and the Executive Management Board have today considered and approved the Annual Report for 2018 of SimCorp A/S, including the audited consolidated financial statements. The Board of Directors and the Executive Management Board have also considered and approved this interim report for 2018.

The consolidated financial statements in the Annual Report 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements according to the Danish Financial Statements Act.

The interim report, which is unaudited and has not been reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of December 31, 2018, and of the profit of the Group's operations and cash flow for the period January 1 – December 31, 2018.

Furthermore, this interim report gives, together with what is disclosed in the Annual Report 2018, a description of the most material risks and uncertainties to which the Group is subject.

February 20, 2019

Executive Management Board:

Klaus Holse
Chief Executive Officer

Georg Hetrodt
Chief Product Officer

Michael Rosenvold
Chief Financial Officer

Board of Directors:

Jesper Brandgaard
Chairman

Peter Schütze
Vice Chairman

Hervé Couturier

Simon Jeffreys

Adam Warby

Joan A. Binstock

Morten Hübbe

Else Braathen

Vera Bergforth

Ulrik Elstrup Hansen

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Consolidated income statement

EUR '000	2018 Q4	2017 Q4	2018 FY	2017 FY
Revenue	129,104	114,183	382,626	343,405
Cost of sales	42,570	35,732	148,786	132,528
Gross profit	86,534	78,451	233,840	210,877
Other operating income	943	102	1,219	211
Research and development costs	19,214	17,681	69,879	64,797
Sales and marketing costs	12,362	9,821	40,971	37,198
Administrative expenses	5,053	5,184	20,864	20,199
Operating profit (EBIT)	50,848	45,867	103,345	88,894
Share of profit after tax in associates	50	61	88	51
Financial income	276	770	4,694	3,425
Financial expenses	1,360	1,127	5,591	4,680
Profit before tax	49,814	45,571	102,536	87,690
Tax on the profit for the period	12,164	10,144	25,565	21,193
Profit for the period	37,650	35,427	76,971	66,497
EARNINGS PER SHARE				
Earnings per share - EPS (EUR)	0.95	0.89	1.95	1.69
Diluted earnings per share - EPS-D (EUR)	0.94	0.88	1.93	1.67

Statement of comprehensive income

EUR '000	2018 Q4	2017 Q4	2018 FY	2017 FY
Profit for the period	37,650	35,427	76,971	66,497
Other comprehensive income				
Items that will not be reclassified subsequently to the income statement:				
Remeasurements of defined benefit plans	186	-113	181	-113
Tax	-39	33	-39	33
Items that may be reclassified subsequently to the income statement, when specific conditions are met:				
Foreign currency translation differences for foreign operations	-489	-521	-239	-2,663
Other comprehensive income after tax	-342	-601	-97	-2,743
Total comprehensive income	37,308	34,826	76,874	63,754

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Consolidated balance sheet

EUR '000	2018 FY	2017 FY
ASSETS		
Goodwill	27,937	28,009
Software	5,139	7,777
Client contracts	7,368	8,470
Total intangible assets	40,444	44,256
Leasehold improvements	3,105	3,295
Technical equipment	1,476	1,277
Other equipment, fixtures, fittings and prepayments	796	956
Total property, plant, and equipment	5,377	5,528
Investments in associates	723	854
Deposits	1,983	1,995
Deferred tax	2,328	3,123
Total other non-current assets	5,034	5,972
Total non-current assets	50,855	55,756
Receivables	79,165	86,080
Contracts assets	85,684	49,946
Income tax receivables	978	1,387
Prepayments	6,085	6,035
Cash and cash equivalents	47,500	31,412
Total current assets	219,412	174,860
Total assets	270,267	230,616
LIABILITIES AND EQUITY		
Share capital	5,441	5,467
Share premium	9,963	9,963
Exchange adjustment reserve	-3,409	-3,170
Retained earnings	121,130	69,751
Proposed dividend	35,934	34,570
Total equity	169,059	116,581
Deferred tax	11,728	8,514
Provisions	8,258	8,025
Total non-current liabilities	19,986	16,539
Bank loan	-	30,000
Prepayments from clients	17,704	11,969
Trade payables and other payables	59,675	50,358
Income tax payables	3,117	4,976
Provisions	726	193
Total current liabilities	81,222	97,496
Total liabilities	101,208	114,035
Total liabilities and equity	270,267	230,616

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Consolidated cash flow statement

EUR '000	2018 Q4	2017 Q4	2018 FY	2017 FY
Profit for the period	37,650	35,427	76,971	66,497
Adjustments for non-cash operating items	16,420	13,303	41,675	33,905
Changes in contract assets	-24,793	-9,656	-35,738	-21,922
Changes in working capital	-247	-14,402	21,917	-7,931
Cash from operating activities before financial items	29,030	24,672	104,825	70,549
Financial income received	100	-54	136	180
Financial expenses paid	-263	-91	-465	-299
Income tax paid	-11,893	-8,806	-22,281	-14,898
Net cash from operating activities	16,974	15,721	82,215	55,532
Deferred payment, purchase of subsidiaries	-	-	-	-2,931
Purchase of subsidiaries	-	-	-	-19,851
Proceeds from sale of share of associates	285	-	285	-
Purchase of intangible fixed assets	-80	-228	-112	-1,362
Purchase of property, plant, and equipment	-1,027	-609	-1,950	-3,162
Proceeds from sale of property, plant, and equipment	-	300	-	309
Purchase of financial assets	-20	-20	-45	-123
Proceeds from sale of financial assets	-	70	59	104
Dividends from associates	-	-	43	86
Net cash used in investing activities	-842	-487	-1,720	-26,930
Net cash from operating and investing activities	16,132	15,234	80,495	28,602
Dividends paid	126	37	-34,444	-33,235
Purchase of treasury shares	-	-5,495	-	-25,059
Proceeds, loans	-	-	-	30,000
Repayment, loans	-10,000	-	-30,000	-
Net cash used in financing activities	-9,874	-5,458	-64,444	-28,294
Change in cash and cash equivalents	6,258	9,776	16,051	308
Cash and cash equivalents at beginning of period	41,305	21,764	31,412	31,590
Foreign exchange adjustment of cash and cash equivalents	-63	-128	37	-486
Cash and cash equivalents end of period	47,500	31,412	47,500	31,412

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Statement of changes in equity

EUR '000	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Proposed dividends for the year	Total
2018						
Equity at January 1	5,467	9,963	-3,170	69,751	34,570	116,581
Net profit for the year	-	-	-	76,971	-	76,971
Total other comprehensive income	-	-	-239	142	-	-97
Total comprehensive income for the year	-	-	-239	77,113	-	76,874
Transactions with owners						
Cancellation of treasury shares	-26	-	-	26	-	-
Dividends paid to shareholders	-	-	-	126	-34,570	-34,444
Share-based payment	-	-	-	9,305	-	9,305
Tax, share-based payment	-	-	-	743	-	743
Proposed dividends to shareholders	-	-	-	-35,934	35,934	-
Equity at December 31	5,441	9,963	-3,409	121,130	35,934	169,059
2017						
Equity at January 1 as previously reported	5,575	-	-518	34,173	33,341	72,571
Adjustment related to IFRS 15	-	-	-	27,641	-	27,641
Tax, adjustment related to IFRS 15	-	-	-	-6,949	-	-6,949
Adjusted balance at January 1	5,575	-	-518	54,865	33,341	93,263
Net profit for the year	-	-	-	66,497	-	66,497
Total other comprehensive income	-	-	-2,663	-80	-	-2,743
Total comprehensive income for the year	-	-	-2,663	66,417	-	63,754
Transactions with owners						
Issue of shares	26	9,963	11	-	-	10,000
Cancellation of treasury shares	-134	-	-	134	-	-
Dividends paid to shareholders	-	-	-	106	-33,341	-33,235
Share-based payment	-	-	-	7,551	-	7,551
Tax, share-based payment	-	-	-	307	-	307
Purchase of treasury shares	-	-	-	-25,059	-	-25,059
Proposed dividends to shareholders	-	-	-	-34,570	34,570	-
Equity at December 31	5,467	9,963	-3,170	69,751	34,570	116,581

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Notes to the financial statements

Accounting policies

The financial report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

The accounting policies applied are consistent with those of the Annual Report 2018. See the Annual Report 2018 for a comprehensive description of the accounting policies applied.

New financial reporting standards not yet adopted

IFRS 16 Leases becomes effective January 1, 2019. All leases must be recognized in the balance sheet with a corresponding lease liability, except for short-term assets and minor assets.

The Group plans to apply the standard using the modified retrospective approach with optional practical expedients initially on January 1, 2019. The cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

The estimated impact of adoption is based on assessments undertaken to date. The impact on the financial position as at January 1, 2019 is expected to be right of use assets for land and buildings of EUR 46.5m, other right of use assets of EUR 2.5m, and a reduction in prepayments of EUR 0.6m, i.e. total assets is expected to increase EUR 48.4m. Total liabilities will increase by EUR 47.6m, current liabilities with EUR 7.6m and non-current liabilities with EUR 40.0m. Retained earnings will be impacted with EUR 0.8m.

The impact on the income statement in 2019 is estimated to be a reduction in rental costs of EUR 9.3m and an increase in amortization of EUR 9.4m, hence no material impact on EBIT. Impact on interest expenses is expected to be around EUR 0.6m. ROIC is expected to be impacted negatively by around 27 percentage-points. Equity ratio is expected to be negatively impacted by around 8 percentage-points. See the Annual Report 2018 for further details.

Events after December 31, 2018

No significant events have occurred after the balance sheet date that affect the financial report.

Company Announcement

SimCorp reports revenue growth of 11% and EBIT margin of 27% for 2018

Segment information

EUR '000	UK, Northern Europe and Middle East	Central Europe	Southern Europe	Asia and Australia	North America	Research and development	SimCorp Coric	SimCorp Sofia*	Segments total	Corporate Functions	Elimination/ Not allocated	Group
October - December 2018												
External revenue	38,488	29,092	13,548	7,843	33,955	262	2,580	3,258	129,026	78	-	129,104
Revenue between segments	3,961	76	204	-896	998	86,098	418	436	91,295	1,438	-92,733	-
Total segment revenue	42,449	29,168	13,752	6,947	34,953	86,360	2,998	3,694	220,321	1,516	-92,733	129,104
EBITDA	4,703	1,369	5,289	83	1,819	40,614	934	479	55,290	-1,971	-	53,319
Depreciation and amortization	114	13	41	15	89	27	144	326	769	1,702	-	2,471
Segment operating profit (EBIT)	4,589	1,356	5,248	68	1,730	40,587	790	153	54,521	-3,673	-	50,848
2018												
External revenue	129,589	80,512	44,453	20,253	81,148	1,106	6,899	18,109	382,069	557	-	382,626
Revenue between segments	22,022	6,895	949	390	4,271	164,164	1,606	995	201,292	6,155	-207,447	-
Total segment revenue	151,611	87,407	45,402	20,643	85,419	165,270	8,505	19,104	583,361	6,712	-207,447	382,626
EBITDA	13,765	6,296	3,021	1,151	5,581	85,633	776	6,944	123,167	-13,899	-	109,268
Depreciation and amortization	433	40	165	56	347	118	574	1,308	3,041	2,882	-	5,923
Segment operating profit (EBIT)	13,332	6,256	2,856	1,095	5,234	85,515	202	5,636	120,126	-16,781	-	103,345
Total assets	52,916	23,611	20,431	21,426	61,892	1,420	17,985	46,505	246,186	4,813	19,268	270,267
October - December 2017												
External revenue	32,500	25,407	15,713	16,050	16,603	244	3,739	3,783	114,039	144	-	114,183
Revenue between segments	10,703	2,706	611	640	1,435	58,653	282	221	75,251	712	-75,963	-
Total segment revenue	43,203	28,113	16,324	16,690	18,038	58,897	4,021	4,004	189,290	856	-75,963	114,183
EBITDA	1,085	1,182	-873	39	2,628	41,349	1,590	816	47,816	-747	-	47,069
Depreciation and amortization	117	15	41	10	85	28	141	332	769	433	-	1,202
Segment operating profit (EBIT)	968	1,167	-914	29	2,543	41,321	1,449	484	47,047	-1,180	-	45,867
2017												
External revenue	120,638	75,041	37,796	30,585	60,710	1,250	10,903	5,785	342,708	697	-	343,405
Revenue between segments	27,993	9,379	761	2,081	5,476	143,055	1,193	345	190,283	3,060	-193,343	-
Total segment revenue	148,631	84,420	38,557	32,666	66,186	144,305	12,096	6,130	532,991	3,757	-193,343	343,405
EBITDA	11,141	5,246	-383	1,078	4,677	73,933	5,025	1,060	101,777	-8,926	-	92,851
Depreciation and amortization	450	45	176	52	277	118	572	551	2,241	1,716	-	3,957
Segment operating profit (EBIT)	10,691	5,201	-559	1,026	4,400	73,815	4,453	509	99,536	-10,642	-	88,894
Total assets	42,623	20,670	27,918	17,628	38,715	2,858	24,266	47,026	221,704	4,688	4,224	230,616

* SimCorp Sofia was acquired on 1 August 2017.

Revenue disclosures are based on SimCorp's market units and development activities while asset allocation is based on the physical location of the assets. Unallocated assets relate to non-current headquarter assets, cash, taxes and investments in associates.

EUR '000	2018 Q4	2017 Q4	2018 FY	2017 FY
Segment operating profit (EBIT)	50,848	45,867	103,345	88,894
Share of profit after tax on associates	50	61	88	51
Financial income	276	770	4,694	3,425
Financial expenses	1,360	1,127	5,591	4,680
Profit for the year before tax	49,814	45,571	102,536	87,690