

Company Announcement

SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Q3 2019 highlights:

- Revenue of EUR 117.4m was EUR 36.7m higher than in Q3 2018 due to
 - recognition of a large order signed with an Asian investment company in December 2018 that met revenue recognition criteria in July 2019,
 - solid additional license sales, including one large conversion from perpetual license to subscription license, and
 - signing of two new subscription-based agreements, one SimCorp Dimension and one SimCorp Coric.

Revenue increased by 45.5% compared with Q3 2018, and measured in local currencies, the increase was 43.1%. Organic growth was 40.8%.

- EBIT was EUR 35.2m and EBIT margin was 30.0% compared with EBIT of EUR 15.1m and EBIT margin of 18.8% in Q3 2018, primarily driven by timing of license recognition. Measured in local currencies EBIT margin was 29.3%. Organic EBIT margin was 30.6%.
- The acquisition of AIM Software came into effect on August 1, 2019. For the two following months, revenue from AIM Software (renamed SimCorp Gain) was EUR 1.8m. EBIT impact was negative by EUR 0.8m. The enterprise value was EUR 60.0m and the purchase price EUR 62.9m. The net aggregate fair value of identifiable assets and liabilities measured is preliminarily determined to be EUR 30.2m, and goodwill of EUR 32.7m.
- Order intake was EUR 19.1m, an increase of EUR 4.4m or 30% compared with Q3 2018.
- The latest version of SimCorp Dimension (version 19.10) was released in October. It introduces a number of new modules and enhancements across the system, including a cloud-based solution for the new Securities Finance Transaction Reporting (SFTR) regulation, which comes into effect in April 2020.
- SimCorp has won the Waters Technology awards for 'Best Client Reporting Platform' (SimCorp Coric) and, for the 6th year running, 'Best IBOR Platform (SimCorp Dimension)'.

9M 2019 highlights:

- Revenue was EUR 326.7m, an increase of 28.9% when compared with the first three quarters of 2018. Measured in local currencies, SimCorp achieved revenue growth of 26.8% in 9M 2019 and organic growth of 26.1%.
- EBIT was EUR 93.9m compared with EUR 52.5m in 9M 2018. EBIT margin was 28.7% compared with 20.7% in 9M 2018, primarily driven by license revenue growth from new

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client agreements. Measured in local currencies, EBIT margin was 28.2% and organic EBIT margin was 28.7%.

- Net profit was EUR 72.6m compared with EUR 39.3m in 9M 2018.
- Order intake was EUR 63.1m, an increase of EUR 18.2m or 41% compared with 9M 2018. Seven new SimCorp Dimension and three new SimCorp Coric license deals were signed.
- At September 30, 2019, the order book amounted to EUR 35.0m, a decrease of EUR 10.5m compared with the order book at year-end 2018, due to the revenue recognition of the large new license agreement with an Asian investment company, signed in Q4 2018.
- Free cash flow was EUR 66.0m compared with EUR 64.3m in 9M 2018.
- SimCorp entered Q4 2019 with EUR 399m of the full year's revenue signed, an improvement of EUR 78m or 24.3% compared with same time last year.

Strategy:

- SimCorp has completed a comprehensive strategy review. With our updated strategy, we enter a new phase in the evolution of SimCorp, through which we will transition to a cloud-based, everything-as-a-service (XaaS) leading global provider of integrated front-to-back, multi-asset, investment management solutions.
- Based on evolving client needs, the current business environment and the successful execution of our strategy, SimCorp's ambition is to generate long-term, double-digit, annual revenue growth and improve our profitability margin. There will be fluctuations in both revenue growth and profitability margin from year to year due to timing of orders and investments.

Financial guidance 2019:

- SimCorp maintains its full year 2019 expectations for revenue growth measured in local currencies of 12%-17%, and for EBIT margin measured in local currencies of 25.0%-28.0%. The full year revenue guidance includes approximately 1% related to the acquisition of AIM Software (previously approximately 2%) and the full year 2019 EBIT margin guidance includes approximately 1%-point negative impact from the acquisition of AIM Software (previously also negative 1%-point).

Klaus Holse, SimCorp CEO comments: "Our performance for the first nine months of the year has been solid. With a total of ten new clients, our order intake at this point is higher than in previous years. We are pleased that we have been able to have a larger part of the full year result materialize earlier than in past years.

We are very excited to start executing our updated strategy. It sets the direction for SimCorp's future, with the aspiration of being the leading global provider of integrated front-to-back, multi-asset, investment management solutions. As key strategic drivers for future growth, we will gradually transition to a cloud-based as-a-service company, open up a wider ecosystem of solutions around SimCorp Dimension, and strengthen the outcomes we deliver to enable our clients' success."

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Investor presentation

SimCorp's Executive Management Board will present the report at a conference call on Friday, November 15, 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:	8785358

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/mmc/p/csiti7>

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	2019 Q3	2018 Q3	2019 9M	2018 9M	2018 FY
INCOME STATEMENT					
Revenue	117,424	80,677	326,692	253,522	382,626
Earnings before interest, tax, depreciation, and amortization (EBITDA)	38,987	16,312	104,258	55,948	109,268
Operating profit (EBIT)	35,179	15,137	93,869	52,497	103,345
Financial items, net	2,422	739	1,861	225	-809
Profit before tax	37,601	15,876	95,730	52,722	102,536
Profit for the period	29,260	11,807	72,565	39,321	76,971
BALANCE SHEET					
Share capital	5,441	5,441	5,441	5,441	5,441
Total equity	203,747	130,030	203,747	130,030	169,059
Revolving credit facility / bank loan	20,000	10,000	20,000	10,000	-
Intangible assets	99,930	42,461	99,930	42,461	40,444
Property, plant, and equipment*	52,231	4,888	52,231	4,888	5,377
Receivables	76,246	70,261	76,246	70,261	79,165
Contract assets	133,498	60,891	133,498	60,891	85,684
Cash and cash equivalents	26,903	41,305	26,903	41,305	47,500
Total assets	405,065	234,394	405,065	234,394	270,267
CASH FLOW					
Cash flow from operating activities	23,826	18,618	74,489	65,241	82,215
Net cash used in investing activities	-58,446	-195	-59,685	-878	-1,720
Net cash used in financing activities	14,138	-20,000	-35,654	-54,570	-64,444
Free cash flow	21,245	18,385	66,001	64,286	80,153
Net change in cash and cash equivalents	-20,482	-1,577	-20,850	9,793	16,051
EMPLOYEES					
Number of employees at the end of the period	1,829	1,617	1,829	1,617	1,660
Average number of employees - FTE	1,733	1,560	1,670	1,539	1,554
FINANCIAL RATIOS					
EBIT margin (%)	30.0	18.8	28.7	20.7	27.0
ROIC (return on invested capital) (%)	65.7	55.6	66.8	61.2	82.4
Receivables turnover ratio	10.2	7.7	9.4	8.0	8.2
Equity ratio (%)	50.3	55.5	50.3	55.5	62.6
Return on equity (%)	61.9	38.4	50.3	39.0	59.7
SHARE PERFORMANCE					
Earnings per share - EPS (EUR)	0.74	0.30	1.83	0.99	1.95
Diluted earnings per share - EPS-D (EUR)	0.73	0.30	1.81	0.98	1.93
Cash flow per share - CFPS (EUR)	0.60	0.47	1.86	1.62	2.08
MARKET VALUE RATIOS					
Average number of shares (m)	39.6	39.5	39.7	39.8	39.5
Average number of shares - diluted (m)	40.0	40.0	40.1	40.2	39.9
EUR/DKK rate of exchange at end of period	7.4662	7.4564	7.4662	7.4564	7.4673

* 2019 includes right-of-use assets, refer to pages 26-28 for further details on the adoption of IFRS 16.

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 Annual Report 2018.

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Management's report**Development in sales and orders**

In Q3 2019, one new SimCorp Dimension contract was signed with a client in North America and one new SimCorp Coric contract was signed with a client in Singapore.

The client in North America, Pennsylvania Public School Employees Retirement System (PSERS), will use SimCorp Dimension in support of its middle and back office processing for the firm's retirement plan.

The client in Singapore will use SimCorp Coric as its new client communications and reporting platform to automate and streamline the creation and distribution of client reports, along with improving client reporting workflow capabilities.

In Q3 2019, several existing customers added to their current engagement, including one large perpetual add-on contract in southern Europe and the renewal of a large contract in SimCorp Italiana for the remaining six months of 2019. In addition, there was a large conversion from perpetual license to subscription license in Q3 2019 in Asia.

Q3 2019 order intake was EUR 19.1m compared with EUR 14.7m in the same period last year. Client Driven Development (CDD) order intake accounted for EUR 1.5m compared with EUR 4.5m in the same period last year.

9M 2019 order intake was EUR 63.1m compared with EUR 44.9m in the same period last year. A total of seven new subscription based SimCorp Dimension license contracts and three new SimCorp Coric license contracts were signed in 9M 2019.

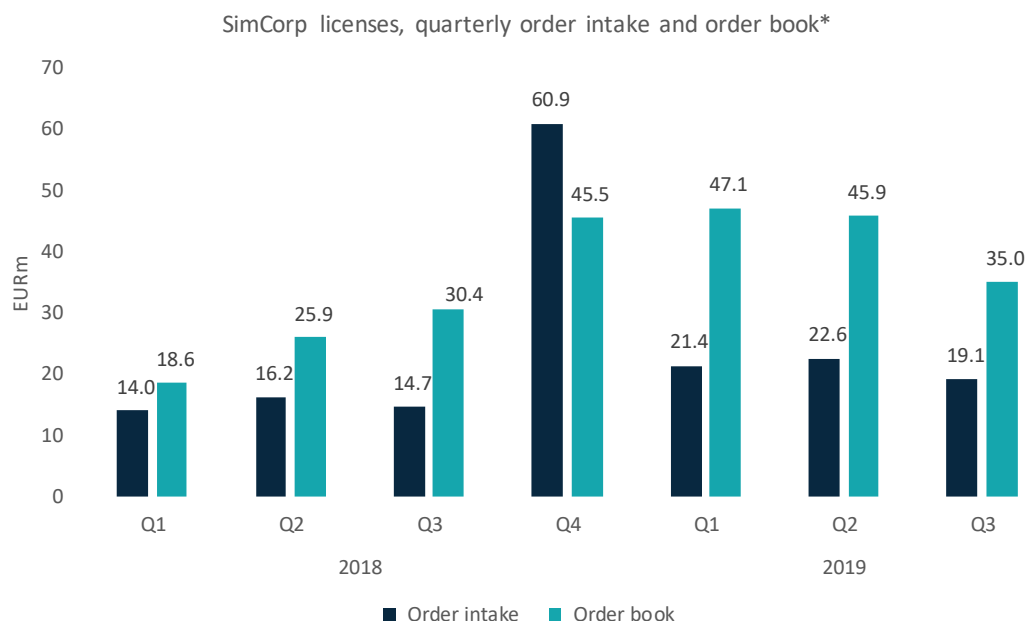
Several existing customers added to their current engagement, including a number of larger perpetual add-on contracts, and twelve of SimCorp Coric's subscription agreements were renewed in 9M 2019. The renewal of SimCorp Italiana's subscription-based agreements accounted in 9M 2019 for EUR 5.0m compared with EUR 4.5m in same period last year.

The larger add-on SimCorp Dimension sales contracts were primarily signed in Northern Europe, Southern Europe and North America. The SimCorp Coric renewals were signed in the UK and in North America.

The order book of EUR 35.0m at September 30, 2019 is an increase of EUR 4.6m compared with same time last year, but a decrease of EUR 10.5m compared with the order book at year-end 2018, primarily due to revenue recognition of the large new license agreement with an Asian investment company, signed in Q4 2018. EUR 18.2m of the order book is related to Client Driven Development (CDD) orders where income will be recognized when the software is delivered, compared with EUR 9.0m at the same time last year.

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* Order intake and order book include licenses to new clients as well as add-on licenses to existing clients. 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. To enable comparison SimCorp Gain order intake and order book have not been included.

Revenue

Q3 2019 revenue in reported currency was EUR 117.4m, 45.5% higher than in Q3 2018. Measured in local currencies the increase was 43.1%. The acquisition of SimCorp Gain accounted for 2.3%-points, and measured in local currencies the organic growth was 40.8%.

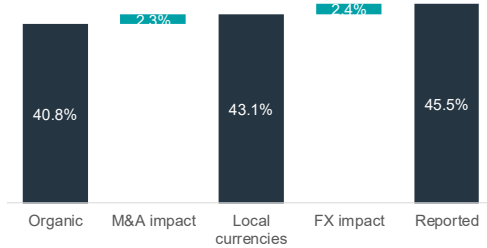
SimCorp generated revenue of EUR 326.7m in 9M 2019 compared with EUR 253.5m in 9M 2018, equivalent to an increase of 28.9%. The growth was primarily driven by strong license sales to new clients and secondarily by growth in additional license sales and in software updates and support, professional services and ASP hosting and training fees. Exchange rate fluctuations for the period had a positive impact on revenue of EUR 5.2m, equal to 2.1%. Measured in local currencies, revenue thus increased by 26.8%. The acquisition of SimCorp Gain account for 0.7%-point and measured in local currencies the organic growth was 26.1%

The development and distribution of quarterly revenue is shown below:

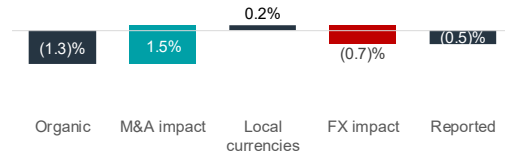
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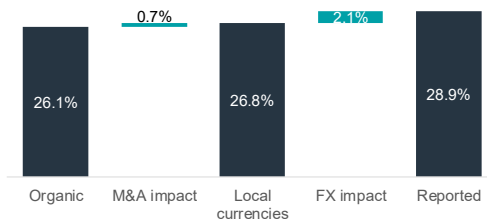
Q3 2019 revenue growth



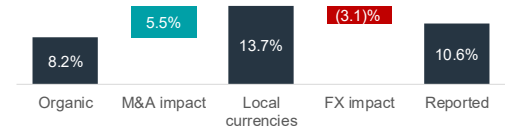
Q3 2018 revenue growth



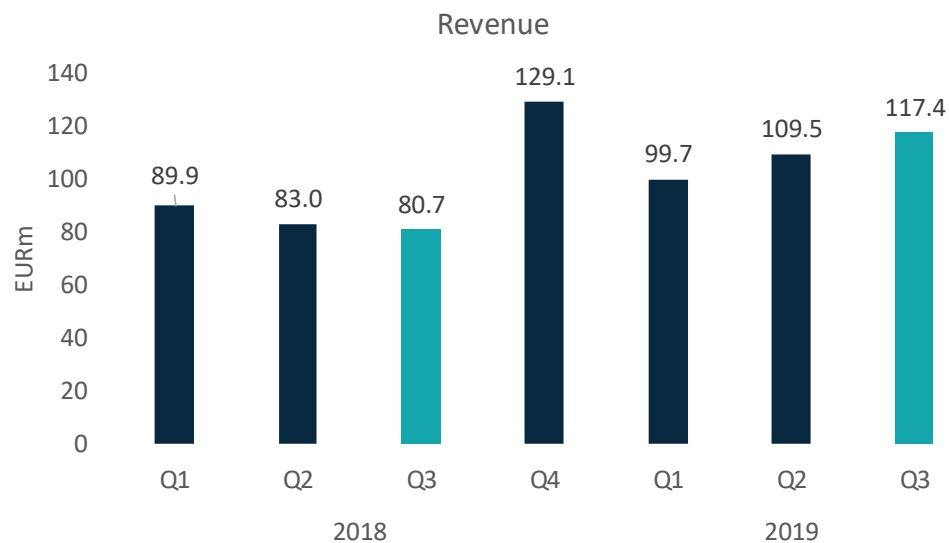
9M 2019 revenue growth



9M 2018 revenue growth



The development and distribution of quarterly revenue is shown below:



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Q3 revenue

EURm	Revenue Q3 2019	Share of revenue Q3 2019	Revenue Q3 2018	Share of revenue Q3 2018	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies
Licenses - new sales	13.7	11.7%	3.7	4.6%	269.5%	253.1%	253.0%
Licenses - additional sales	16.9	14.4%	6.1	7.6%	177.0%	171.6%	170.7%
Software updates and support	42.6	36.3%	37.8	46.9%	12.6%	11.8%	9.8%
Professional services	36.1	30.7%	30.7	38.0%	17.6%	15.7%	13.2%
ASP hosting and training fees	8.1	6.9%	2.3	2.9%	247.0%	239.7%	230.9%
Total revenue	117.4	100.0%	80.7	100.0%	45.5%	43.1%	40.8%

9M revenue

EURm	Revenue 9M 2019	Share of revenue 9M 2019	Revenue 9M 2018	Share of revenue 9M 2018	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies
Licenses - new sales	35.6	10.9%	11.2	4.4%	219.2%	209.9%	209.8%
Licenses - additional sales	38.0	11.6%	27.6	10.9%	37.7%	34.8%	34.6%
Software updates and support	124.9	38.2%	110.6	43.6%	12.9%	11.8%	11.1%
Professional services	107.8	33.0%	95.5	37.7%	12.8%	10.7%	9.9%
ASP hosting and training fees	20.4	6.3%	8.6	3.4%	139.3%	134.8%	132.4%
Total revenue	326.7	100.0%	253.5	100.0%	28.9%	26.8%	26.1%

In Q3 2019, revenue recognized from new and additional license sales totaled EUR 30.6m, EUR 20.8m more than in Q3 2018 primarily driven by revenue recognition of a large order signed with an Asian investment company in December 2018, and a large conversion from perpetual license to subscription license, also in Asia.

In 9M 2019, revenue recognized from new and additional license sales was EUR 73.6m, an increase of EUR 34.8m, or 89.8% compared with 9M 2018. Currency fluctuations impacted total license fee positively by EUR 1.8m. Measured in local currencies, the increase was 84.8%.

In Q3 2019, the large conversion from perpetual to subscription-based license accounted for around 28%, while renewals accounted for around 19%, and additional regular license sales accounted for around 53% of total add-on license sales.

In 9M 2019, additional order intake increased by EUR 6.2m from two clients converting their perpetual contracts to subscription-based license contracts*) and additional license revenue increased by EUR 7.9m. The latter includes revenue recognized in Q2 2019 from a contract signed in 2017. In 9M 2018, there was one conversion, which increased additional order intake and license revenue by around EUR 1m.

*) One of the two clients had initially decided to outsource its operation but chose instead to convert to a subscription-based license contract with SimCorp, while the other client wanted to restructure its license agreement. The annual subscription-based fee will be higher than the current software updates and support fee, but annual software updates and support will be EUR 1.0m lower due to the two conversions.

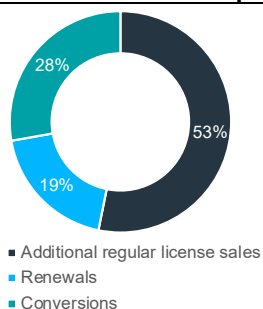
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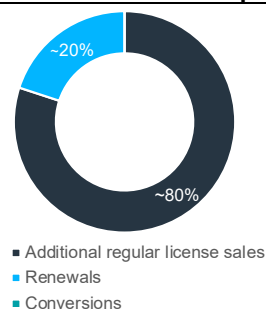
In 9M 2019, revenue from conversions accounted for around 21% (9M 2018: less than 5%) of the total add-on license sales, while renewals accounted for around 22% (9M 2018: around 25%).

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

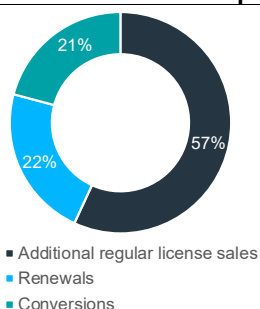
Q3 2019 add-on license sales split



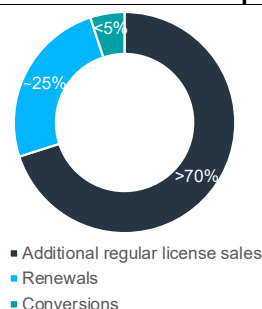
Q3 2018 add-on license sales split



9M 2019 add-on license sales split



9M 2018 add-on license sales split



In Q3 2019, revenue from software updates and support amounted to EUR 42.6m, an increase of 12.6% compared with Q3 last year. Measured in local currencies, the increase was 11.8% and organic growth was 9.8%.

In 9M 2019, software updates and support revenue increased by 12.9% from EUR 110.6m for the same period last year to EUR 124.9m. Currency fluctuations impacted the software updates and support revenue positively by 0.9%. Organic growth was 11.1%.

In Q3 2019, revenue from professional services amounted to EUR 36.1m, an increase of 17.6% compared with Q3 last year. Measured in local currencies, the increase was 15.7% and organic growth was 13.2%.

In 9M 2019, fees from professional services increased by 12.8% from EUR 95.5m last year to EUR 107.8m. Currency fluctuations impacted the professional services revenue positively by 2.1%. Measured in local currencies, the increase was 10.7% and organic growth was 9.9%.

In Q3 2019, ASP hosting and training fees amounted to EUR 8.1m compared with EUR 2.3m in Q3 2018.

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In 9M 2019, ASP hosting and training fees amounted to EUR 20.4m compared with EUR 8.6m in 9M 2018. In 9M 2019, we added four new ASP hosted clients, bringing the total number of clients on an ASP hosted solution to 16.

Operating costs

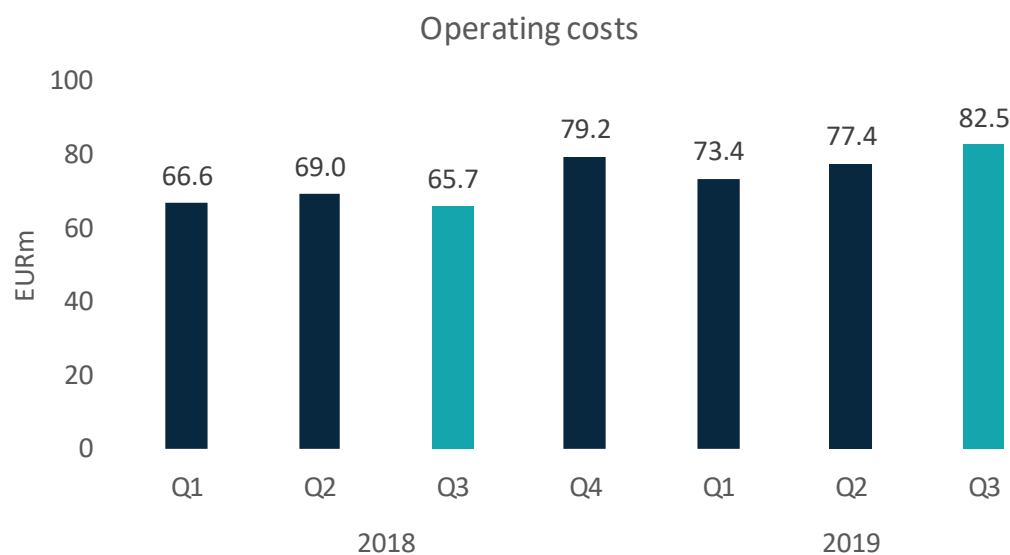
SimCorp's total operating costs (including depreciation and amortization) amounted to EUR 82.5m in Q3 2019, compared with EUR 65.7m in Q3 2018, an increase of 25.5%. EUR 2.7m of the cost increase stems from SimCorp Gain. Currency fluctuations increased total costs by 0.9%. Measured in local currencies the increase was 24.6%. Organic growth was 20.0%. The increase in operating costs was mainly linked to general business growth. In Q3 2019, operating costs share of revenue was 70.2% compared with 81.4% in Q3 2018.

In 9M 2019, total operating costs (including depreciation and amortization) increased by 15.9% from EUR 201.3m in 9M 2018 to EUR 233.2m. EUR 3.0m of the cost increase stems from SimCorp Gain, of which EUR 0.3m is non-recurring acquisition cost. Currency fluctuations increased the total operating costs by 1.1%. Measured in local currencies the operating costs increase was 14.8%. Organic growth was 13.3%. In 9M 2019, operating costs share of revenue was 71.4% compared with 79.4% in Q3 2018.

The increase in operating costs was primarily related to general business growth.

In 9M 2019, 69% of SimCorp's total operating costs were directly related to employees compared with 70% in 9M 2018.

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



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Q3 operating costs

EURm	Costs Q3 2019	Share of costs Q3 2019	Share of revenue Q3 2019	Costs Q3 2018	Share of costs Q3 2018	Share of revenue Q3 2018	Growth	Growth local currencies	Organic growth local currencies
Cost of sales	40.8	49.4%	34.6%	34.4	52.4%	42.6%	18.5%	17.1%	13.4%
Research and development costs	21.5	26.0%	18.3%	16.1	24.5%	20.0%	33.1%	33.2%	28.7%
Sales and marketing costs	13.1	15.9%	11.2%	9.7	14.8%	12.0%	35.1%	33.0%	26.8%
Administrative expenses	7.1	8.7%	6.1%	5.5	8.3%	6.8%	30.8%	30.7%	29.3%
Total operating cost	82.5	100.0%	70.2%	65.7	100.0%	81.4%	25.5%	24.6%	20.0%

9M operating costs

EURm	Costs 9M 2019	Share of costs 9M 2019	Share of revenue 9M 2019	Costs 9M 2018	Share of costs 9M 2018	Share of revenue 9M 2018	Growth	Growth local currencies	Organic growth local currencies
Cost of sales	119.7	51.3%	36.6%	106.2	52.7%	41.9%	12.7%	11.3%	10.1%
Research and development costs	59.9	25.7%	18.3%	50.7	25.2%	20.0%	18.3%	18.3%	16.9%
Sales and marketing costs	34.7	14.9%	10.6%	28.6	14.2%	11.3%	21.2%	18.9%	16.8%
Administrative expenses	18.9	8.1%	5.8%	15.8	7.9%	6.2%	19.7%	19.6%	17.2%
Total operating cost	233.2	100.0%	71.4%	201.3	100.0%	79.4%	15.9%	14.8%	13.3%

Employees

The average number of full-time employees increased by 8.5% from 1,539 in 9M 2018 to 1,670 in 9M 2019. SimCorp Gain impacts the average number of full-time employees by 15. The number of employees (headcount) was 1,829 at the end of 9M 2019 compared with 1,617 at the end of 9M 2018, an increase of 212 employees. SimCorp Gain accounted for 69 full-time employees at 9M 2019.

EBIT and EBIT margin

Q3 EBIT was EUR 35.2m against EUR 15.1m in Q3 last year. Currency rate fluctuations increased EBIT by EUR 1.4m in Q3 2019. EBIT margin was 30.0% compared with 18.8% in Q3 2018. When measured in local currencies, the EBIT margin was 29.3% and organic EBIT margin was 30.6%.

For 9M 2019, the Group generated an EBIT of EUR 93.9m compared with EUR 52.5m in 9M 2018, an increase of EUR 41.4m. Exchange rate fluctuations had a positive net impact on EBIT of EUR 3.2m.

SimCorp Gain impacted EBIT for Q3 2019 by negative EUR 0.9m and 9M 2019 by negative EUR 1.2m

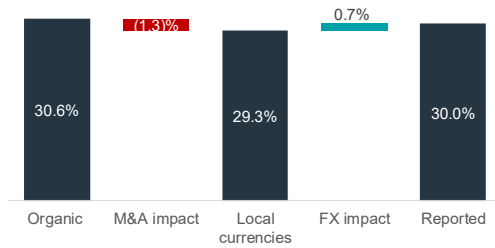
EBIT margin increased from 20.7% in 9M 2018 to 28.7%. When measured in local currencies, the EBIT margin was 28.2% and organic EBIT margin was 28.7% in 9M 2019, with the main driver behind the improved margin being revenue growth.

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

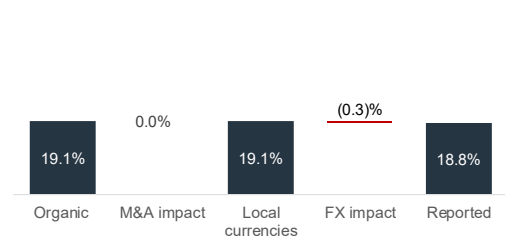
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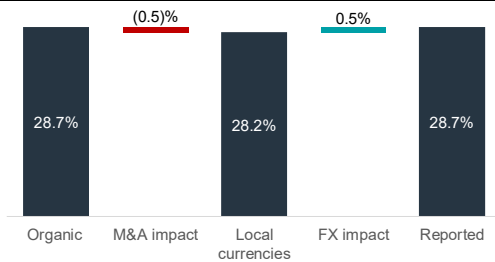
Q3 2019 EBIT margin



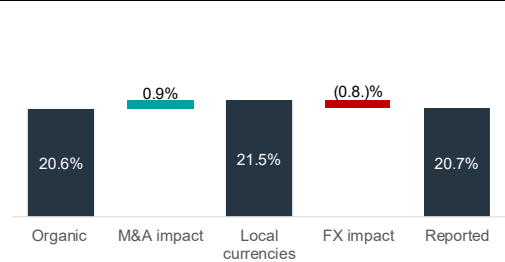
Q3 2018 EBIT margin



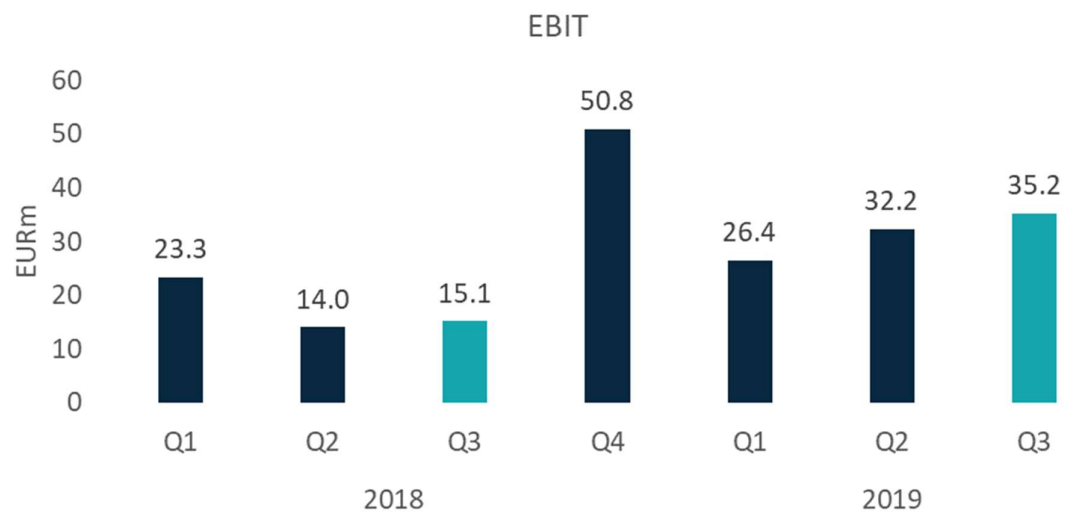
9M 2019 EBIT margin



9M 2018 EBIT margin



The development in quarterly EBIT is shown below:



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Profit and comprehensive income

In Q3 2019, the share of profit after tax in associates of negative EUR 5k, financial income of EUR 2.8m and financial expenses of EUR 0.4m resulted in a net financial income of EUR 2.4m compared with a net financial income of EUR 0.7m in Q3 2018.

In Q3 2019, the Group realized a pre-tax profit of EUR 37.6m, against EUR 15.9m in Q3 2018, and a net profit of EUR 29.3m compared with EUR 11.8m in the same quarter last year.

In 9M 2019, share of profit after tax in associates of EUR 43k, financial income of EUR 5.0m and financial expenses of EUR 3.2m resulted in a net financial income of EUR 1.8m compared with a net financial income of EUR 0.2m in 9M 2018. Financial income and expenses are primarily related to foreign exchange adjustments.

In 9M 2019, profit before tax was EUR 95.7m against EUR 52.7m in 9M 2018. The tax charges for 9M 2019 amounted to EUR 23.2m against EUR 13.4m in 9M 2018. The effective tax rate was 24.2% compared with 25.4% in 9M 2018.

In 9M 2019, profit after tax was EUR 72.6m compared with EUR 39.3m in 9M 2018. After foreign currency translation differences and other items of positive EUR 1.2m, the total comprehensive income amounted to EUR 73.7m against EUR 39.6m in 9M 2018.

Balance sheet

SimCorp had total assets of EUR 405.1m at September 30, 2019 compared with EUR 234.4m at September 30, 2018. The increase is primarily related to the adoption of IFRS 16 for leases (EUR 50.6m), see pages 26-28 for further details, a net increase in contract assets of EUR 72.6m, and the impact of the acquisition of AIM Software of EUR 66.6m.

Cash holdings amounted to EUR 26.9m compared with EUR 41.3m at September 30, 2018.

In Q3 2019, EUR 62.9m was paid related to the acquisition of AIM Software. At September 30, 2019 EUR 20.0m was drawn on credit facilities and EUR 42.9m came from SimCorp's surplus liquidity.

In 9M 2019, treasury shares of EUR 12.5m were repurchased. There was no buyback program for treasury shares in 9M 2018 due to cash required for the repayment of the EUR 30.0m loan obtained in connection with the acquisition of SimCorp Italiana.

The net cash position (cash holdings less borrowings) was EUR 6.9m at September 30, 2019 compared with EUR 31.3m at the end of September 2018.

Total receivables amounted to EUR 76.2m at September 30, 2019, representing an increase of EUR 6.0m or 8.5% compared with September 30, 2018, due to the increased activity level. Total receivables was EUR 2.9m lower than at December 31, 2018. SimCorp Gain accounts for EUR 2.5m of total receivables.

The Group's total non-current assets were EUR 159.6m compared with EUR 53.2m at September 30, 2018. The increase is primarily related to the adoption of IFRS16 for leases (EUR 47.4m) and the SimCorp Gain acquisition (EUR 65.4m).

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SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Contract assets increased by EUR 72.6m compared with September 30, 2018 to EUR 133.5m, as new and additional subscription-based licenses added EUR 84.6m to contract assets in the last 12 months and SimCorp Gain added EUR 2.5m to contract assets which together exceeded invoiced subscription-based license fees of EUR 14.5m for the last 12 months.

Goodwill was EUR 60.7m at September 30, 2019, an increase of EUR 32.7m compared with September 30, 2018. The increase is related to the SimCorp Gain acquisition.

The carrying amount of acquired software increased by EUR 7.0m compared with September 30, 2018 to EUR 13.8m and the value of acquired client relationships increased by EUR 17.8m compared with September 30, 2018 to EUR 25.5m, primarily due to the identified intangible assets for SimCorp Gain, only partly offset by amortization.

The carrying amount of leasehold increased from EUR 2.7m compared with September 30, 2018 to EUR 48.2m due to the adoption of IFRS 16 and adding SimCorp Gain.

Other property, plant, and equipment amounted to EUR 2.2m against EUR 0.8m at September 30 2018.

Deferred tax assets increased by EUR 1.6m to EUR 4.6m at September 30, 2019.

SimCorp's total liabilities were EUR 201.3m at September 30, 2019, compared with EUR 104.4m at September 30, 2018. The increase was primarily due to the adoption of IFRS 16 and the acquisition of AIM Software.

Investments

On June 6, 2019, SimCorp announced that it had signed an agreement to acquire all the shares of AIM Holding SCA and its subsidiaries ("AIM Software"), for a total enterprise value of EUR 60m. The purchasing price was adjusted upwards by EUR 2.9m upon closing of the agreement, reflecting the net cash items taken over. The acquisition was financed by own cash reserves and extended credit facilities. The acquisition was completed on August 1, 2019.

The purchase price of EUR 62.9m was settled by cash consideration of EUR 53.6m and by deal related obligations of EUR 9.3m, these obligations were settled by SimCorp Gain in August, 2019.

In 2019, the acquisition of AIM Software, renamed SimCorp Gain, is expected to have a positive impact on total revenue of approximately 1% and a negative impact of approximately 1%-points on the EBIT margin.

SimCorp Gain will be fully integrated into the current SimCorp business and operation. To achieve the identified synergies, it will require a number of one-off investments in 2019 and 2020, which will have a dilutive impact on the contribution from the SimCorp Gain business.

The preliminary assessment of the fair value of the net assets acquired, consideration paid and goodwill arising on the transaction can be seen below. The preliminary assessment is subject to remeasurement for a period of 12 months after the acquisition date and accordingly subject to adjustment.

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Intangible assets related to client relationships and software have been valued initially at EUR 19.0m and EUR 9.4m, respectively. Client relationships will be amortized over 20 years and software over 10 years.

The net aggregate fair value of identifiable assets and liabilities measured in accordance with IFRS 3 is preliminarily determined to be EUR 30.2m, and goodwill to be EUR 32.7m.

The goodwill is attributable to cross-selling synergies from the complimentary products and shared target client base, as well as cost synergies, for instance from combining the two firm's office locations.

PRELIMINARY FAIR VALUE AT ACQUISITION

EUR '000	August 1, 2019
Intangible assets - client relationships	18,990
Intangible assets - software	9,392
Leasehold	1,012
Property, plant, and equipment	187
Deposits	24
Receivables	4,671
Contract assets	2,796
Cash and cash equivalents	4,431
Deferred tax liability	-5,787
Income tax payable	-109
Prepayments from clients	-2,456
Trade and other payables	-2,087
Lease liabilities	-876
Identifiable net assets	30,188
Consideration transferred	62,899
Fair value of identifiable net assets	30,188
Goodwill	32,711

Cash flow

In Q3 2019, free cash flow (cash flow from operations reduced by CAPEX and lease payments) was EUR 21.2m compared with EUR 18.4m in Q3 2018.

In 9M 2019, operating activities generated a net cash inflow of EUR 74.5m compared with EUR 65.2m in 9M 2018, however, the payment of rent of EUR 7.3m in 9M 2019 is in 2019 reported under financing cash flow after the adoption of IFRS 16. Payment of income taxes amounted to EUR 10.5m, against EUR 10.4m in 9M 2018.

In 9M 2019, there was a net cash outflow of EUR 59.7m from investing activities compared with EUR 0.9m in 9M 2018. EUR 58.5m was the paid consideration of EUR 62.9m less cash in SimCorp Gain of EUR 4.4m when acquired.

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In 9M 2019, free cash flow was EUR 66.0m compared with EUR 64.3m in 9M 2018.

Cash used in financing activities in 9M 2019 was related to dividends payments of EUR 35.9m and purchase of treasury shares of EUR 12.5m and repayment of lease liabilities of EUR 7.3m. To finance the acquisition of AIM Software, SimCorp has increased its credit facilities and at September 30, 2019 EUR 20.0m is drawn on the facilities. Cash used in financing activities in 9M 2018 was limited to dividends payments of EUR 34.6m and loan repayment of EUR 20.0m related to the acquisition of SimCorp Italiana.

Changes in equity

The Group's equity amounted to EUR 203.7m at September 30, 2019, an increase of EUR 34.7m from December 31, 2018. Comprehensive income amounted to EUR 73.7m against EUR 39.6m in 9M 2018. The net effect of share-based payments related to restricted stock units was EUR 9.3m compared with EUR 8.4m in 9M 2018. Equity was reduced by purchases of treasury shares of EUR 12.5m and dividends payments of EUR 35.9m against dividends payments of EUR 34.5m in 9M 2018.

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SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Strategy update

For many years, SimCorp has executed against a vision of being the best partner for the buy-side Investment Management industry and we are proud of being recognized as a leader in our field. Rooted in the stronghold of a front-to-back, multi-asset platform and our commitment to customers, we believe we have an opportunity to further strengthen and build out our position in the coming years, thereby sustaining our long-term growth and profitability. Naturally, this will require continued development of our business and organization.

SimCorp has completed a comprehensive strategy review. With our updated strategy, we enter a new phase in the evolution of SimCorp, through which we will transition to a cloud-based, everything-as-a-service (XaaS) leading global provider of integrated front-to-back, multi-asset, investment management solutions. In addition to transition our business, we will make this shift without compromising our long-term overall growth and profitability ambitions.

At the heart of our transition is a change of customer needs and preferences. In the future, our customers are going to consume our offerings differently. They will eventually want us to deliver *everything as a service* and be accountable for tangible business outcomes at a lower cost and risk, so they can focus on the things that are truly differentiating and core to them.

Going forward, we will design, develop, and sell integrated and complete offers targeting specific customer challenges. We will continue to expand our delivery capabilities to be able to manage a greater share of customers' operational footprint – be it on premise or centrally hosted on our cloud platform. Overall, we will create a more cohesive and strategically anchored customer experience, with more effort going into securing customers' realization of value and success.

Furthermore, we are going to strengthen our capacity to innovate and scale by leveraging the innovation power of the wider ecosystem of the industry where we already have a leading position. We will open up our business model and give customers the freedom to access a broader range of tools and data while still benefitting from our trusted systems of record and integrated, multi-asset capabilities.

In SimCorp, we recognize and value the uniqueness of every individual and we will continue to invest in our people. At the same time, our cultural fabric is what unites us and sets us apart as a company. Everywhere in our organization we have highly capable and skilled colleagues that work collaboratively across boundaries with trust, integrity, and respect for each other. We must preserve and nurture this.

We will continue to evolve our organizational DNA by challenging ourselves to be truly curious to learn, explore and experiment. We need to try things out and take action, in short and rapid steps, without having all the information up front. This requires courage. It's not about taking unwarranted risks, but daring to fail quickly and learning from it, so we can make the necessary adjustments to stay on track in time.

Below is a summary of our new winning aspiration, financial ambitions, strategic imperatives, must-win battles and people vision.

Company Announcement

SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Our winning aspiration

We will be *the leading provider of integrated front-to-back, multi-asset, investment management solutions to the world's largest and most successful institutional buy-side investment companies*. We will empower their unique business strategies by delivering unmatched operational efficiency and investment enablement – through technology-based solutions.

Financial ambitions

Based on evolving client needs, the current business environment and the successful execution of our strategy, SimCorp's ambition is to generate long-term, double-digit, annual revenue growth and improve our profitability margin, recognizing that there will be fluctuations in both revenue growth and profitability margin from year to year due to timing of orders and investments.

Strategic Imperatives

- 1) *Customer experience leadership*
We will take responsibility for solving customers' key business challenges and improving their competitiveness, not just provide them with tools and technology.
- 2) *Everything as a service*
We will make it easy, flexible, and cost effective for clients to consume our technology solutions.
- 3) *Ecosystem enabled innovation*
We will strengthen our capacity and ability to innovate by leveraging the innovation power and scale of a broad-based external ecosystem.

All of the above based upon our cloud technology transformation.

Current portfolio of must-win-battles

Current battles comprise:

- Front Office
- Alternative Investments
- Standard Platforms
- Cloud Lift
- SimCorp Gain & DataCare

People Vision

At the core of our DNA, *we are driven by our passion to create value for our customers*. We feel accountable for their success and the role we play to enable it – by delivering on our commitments, by fulfilling the potential of our partnership, and by always being one step ahead. Bottom line: we never let a customer down.

- We are *Curious* to learn, explore, and innovate in an open world
- We have the *Courage* to take risks, make bold decisions and move ideas into action
- We *Collaborate* across boundaries with trust, integrity, and respect
- We are highly *Capable* and highly skilled, empowered to deliver outstanding results

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Outlook for the financial year 2019*

SimCorp generated a solid financial result in the first nine months of 2019. SimCorp's intake of new customers varies considerably from one quarter to the next. The 9M 2019 intake of orders was EUR 63.1m compared with EUR 44.9m for the same period last year.

During Q3 2019, contracts impacting the 2019 full year revenue by EUR 53m were secured, against EUR 25m in the same period last year. SimCorp entered Q4 2019 with EUR 399m (not including AIM software as taken over on August 1, 2019) of the projected 2019 revenue secured compared with EUR 321m the same time last year, an increase of 24%.

SimCorp continues to experience a satisfactory, geographically diversified demand for its products and services.

Based on the current business environment, the results for 9M 2019, the performance so far in Q4 2019, and the pipeline for the remainder of 2019, SimCorp maintains its full year 2019 expectations announced on August 23, 2019.

SimCorp expects revenue growth measured in local currencies for 2019 to be between 12% and 17%, of which approximately 1% (previously approximately 2%) is related to the acquisition of AIM Software, and EBIT margin measured in local currencies for 2019 to be between 25.0% and 28.0%, including an approximately 1%-point (previously also 1%-point) negative impact from the acquisition of AIM Software.

Based on exchange rates prevailing at October 31, 2019, SimCorp estimates reported revenue to be positively impacted from currency fluctuations by around 1.7% (also 1.5% in previous reporting). The impact from currency fluctuations on reported EBIT margin is expected to be positive by around 0.4%-points (0.4%-points in previous reporting).

* 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.

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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**

On August 1, 2019, in connection with Christian Kromann's appointment as COO, 6,216 restricted stock units were granted to him, as he has completed his personal investment by purchasing 3,108 SimCorp shares. These restricted stock units will vest 60% after three years, 20% after four years, and 20% after five years subject to continued employment. Furthermore, Christian Kromann has been granted 2,049 restricted stock units related to the 2019 LTIP incentive program.

On August 1, 2019, in connection with the acquisition of AIM Software, 11 employees were granted 4,896 restricted stock units related to 2019 LTIP incentive program.

On September 1, 2019, 595 restricted stock units were granted to a senior employee related to 2019 LTIP incentive program.

The restricted stock units under the 2019 LTIP incentive program will vest after three years, subject to continued employment. Furthermore, the restricted stock units are subject to conditions with respect to average annual business growth and annual average net operating profit after tax for the financial years 2019 to 2021. If the two last conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely.

402,518 restricted stock units are outstanding at September 30, 2019. The restricted stock units will be transferred in whole or in part between 2019 and 2024 to program participants still employed when the stock units vest, for the main part subject to performance conditions.

Holding of treasury shares

In Q3 2019, the Company purchased 39,860 treasury shares at an average price of DKK 612.64 per share, totaling EUR 3.3m. For 9M 2019, the Company has in total purchased 150,980 treasury shares totaling EUR 12.5m at an average price of DKK 617.86.

At September 30, 2019, the holding of treasury shares amounted to 900,815 treasury shares, equal to 2.2% of the Company's issued share capital. The total purchase value of treasury shares was EUR 50.9m with a market value of EUR 72.6m at September 30, 2019.

The EUR 12.5m share buyback ("Safe Harbour") program was completed on August 22, 2019. The Company will not initiate a new "Safe Harbour" program in 2019 due to the acquisition of AIM Software.

Company Announcement

SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Signatures

The Board of Directors and the Executive Management Board have today considered and adopted the interim report for the period January 1 - September 30, 2019.

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 interim reports for listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position as of September 30, 2019 and of the profit of the Group's operations and cash flow for the period January 1 - September 30, 2019.

Besides what has been disclosed in the interim report, there are no significant changes to the Group's risks and uncertainties, as disclosed in the Annual Report 2018.

Furthermore, the management's commentary gives a fair representation of the Group's activities, financial position and description of the material risks and uncertainties which the Group is facing.

November 15, 2019

Executive Management Board:

Klaus Holse
Chief Executive Officer

Michael Rosenvold
Chief Financial Officer

Georg Hetrodt
Chief Product Officer

Christian Kromann
Chief Operating Officer

Board of Directors:

Peter Schütze
Chairman

Morten Hübbe
Vice Chairman

Hervé Couturier

Simon Jeffreys

Adam Warby

Joan A. Binstock

Else Braathen

Vera Bergforth

Hugues Chabanis

Company Announcement

SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Consolidated income statement

EUR '000	2019 Q3	2018 Q3	2019 9M	2018 9M	2018 FY
Revenue	117,424	80,677	326,692	253,522	382,626
Cost of sales	40,756	34,404	119,719	106,216	148,786
Gross profit	76,668	46,273	206,973	147,306	233,840
Other operating income	219	146	422	276	1,219
Research and development costs	21,460	16,122	59,946	50,665	69,879
Sales and marketing costs	13,107	9,701	34,662	28,609	40,971
Administrative expenses	7,141	5,459	18,918	15,811	20,864
Operating profit (EBIT)	35,179	15,137	93,869	52,497	103,345
Share of profit after tax in associates	-5	-7	43	38	88
Financial income	2,792	1,172	5,032	4,418	4,694
Financial expenses	365	426	3,214	4,231	5,591
Profit before tax	37,601	15,876	95,730	52,722	102,536
Tax on the profit for the period	8,341	4,069	23,165	13,401	25,565
Profit for the period	29,260	11,807	72,565	39,321	76,971
EARNINGS PER SHARE					
Earnings per share - EPS (EUR)	0.74	0.30	1.83	0.99	1.95
Diluted earnings per share - EPS-D (EUR)	0.73	0.30	1.80	0.98	1.93

Statement of comprehensive income

EUR '000	2019 Q3	2018 Q3	2019 9M	2018 9M	2018 FY
Profit for the period	29,260	11,807	72,565	39,321	76,971
Other comprehensive income					
Items that will not be reclassified subsequently to the income statement:					
Remeasurements of defined benefit plans	-	-	-	-5	181
Tax, remeasurement of defined benefit plans	-	-	-	-	-39
Items that may be reclassified subsequently to the income statement, when specific conditions are met:					
Foreign currency translation differences for foreign operations	1,232	42	1,177	250	-239
Other comprehensive income after tax	1,232	42	1,177	245	-97
Total comprehensive income	30,492	11,849	73,742	39,566	76,874

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SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Consolidated balance sheet

EUR '000	Sept. 30 2019	Sept. 30 2018	Dec. 31 2018
ASSETS			
Goodwill	60,718	28,001	27,937
Software	13,754	6,785	5,139
Client relationships	25,458	7,675	7,368
Total intangible assets	99,930	42,461	40,444
Leasehold	48,333	2,658	3,106
Technical equipment	1,731	1,436	1,475
Other equipment, fixtures, fittings and prepayments	2,167	794	796
Total property, plant, and equipment	52,231	4,888	5,377
Investments in associates	699	885	723
Deposits	2,084	1,971	1,983
Deferred tax	4,645	3,008	2,328
Total other non-current assets	7,428	5,864	5,034
Total non-current assets	159,589	53,213	50,855
Receivables	76,246	70,261	79,165
Contract assets	133,498	60,891	85,684
Income tax receivables	1,330	1,911	978
Prepayments	7,499	6,813	6,085
Cash and cash equivalents	26,903	41,305	47,500
Total current assets	245,476	181,181	219,412
Total assets	405,065	234,394	270,267
LIABILITIES AND EQUITY			
Share capital	5,441	5,441	5,441
Share premium	9,963	9,963	9,963
Exchange adjustment reserve	-2,232	-2,920	-3,409
Retained earnings	190,575	117,546	121,130
Proposed dividend	-	-	35,934
Total equity	203,747	130,030	169,059
Lease liabilities	38,422	-	-
Deferred tax	26,258	7,976	11,728
Provisions	9,722	8,725	8,258
Total non-current liabilities	74,402	16,701	19,986
Revolving credit facility / bank loan	20,000	10,000	-
Lease liabilities	9,303	-	-
Prepayments from clients	30,256	21,402	17,704
Trade payables and other payables	58,294	48,048	59,675
Income tax payables	8,724	7,881	3,117
Provisions	339	332	726
Total current liabilities	126,916	87,663	81,222
Total liabilities	201,318	104,364	101,208
Total liabilities and equity	405,065	234,394	270,267

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Consolidated cash flow statement

EUR '000	2019 Q3	2018 Q3	2019 9M	2018 9M	2018 FY
Profit for the period	29,260	11,807	72,565	39,321	76,971
Adjustments for non-cash operating items	19,707	7,306	44,829	25,255	41,675
Changes in contract assets	-21,016	-523	-45,018	-10,945	-35,738
Changes in working capital	-1,978	2,124	12,787	22,164	21,917
Cash from operating activities before financial items	25,973	20,714	85,163	75,795	104,825
Financial income received	8	4	125	36	136
Financial expenses paid	-124	-75	-286	-202	-465
Income tax paid	-2,031	-2,025	-10,513	-10,388	-22,281
Net cash from operating activities	23,826	18,618	74,489	65,241	82,215
Purchase of subsidiaries, net of cash acquired	-58,468	-	-58,468	-	-
Proceeds from sale of share of associates	-	-	-	-	285
Purchase of intangible fixed assets	-	-32	-	-32	-112
Purchase of property, plant, and equipment	-	-201	-1,240	-923	-1,950
Proceeds from sale of property, plant, and equipment	14	-	14	-	-
Purchase of financial assets	-	-11	-220	-25	-45
Proceeds from sale of financial assets	8	5	148	58	59
Dividends from associates	-	44	81	44	43
Net cash used in investing activities	-58,446	-195	-59,685	-878	-1,720
Net cash from operating and investing activities	-34,620	18,423	14,804	64,363	80,495
Dividends paid	-	-	-35,898	-34,570	-34,444
Purchase of treasury shares	-3,267	-	-12,494	-	-
Repayment of lease liability	-2,595	-	-7,262	-	-
Proceeds, credit facilities / loans	20,000	-	20,000	-	-
Repayment, loans	-	-20,000	-	-20,000	-30,000
Net cash used in financing activities	14,138	-20,000	-35,654	-54,570	-64,444
Change in cash and cash equivalents	-20,482	-1,577	-20,850	9,793	16,051
Cash and cash equivalents at beginning of period	47,551	42,832	47,500	31,412	31,412
Foreign exchange adjustment of cash and cash equivalents	-166	50	253	100	37
Cash and cash equivalents end of period	26,903	41,305	26,903	41,305	47,500

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SimCorp reports revenue growth of 29% and EBIT margin of 29% for the first nine months of 2019, and updates its strategy

Statement of changes in equity

EUR '000	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
2019						
Equity at January 1	5,441	9,963	-3,409	121,130	35,934	169,059
Net profit for the period	-	-	-	72,565	-	72,565
Total other comprehensive income	-	-	1,177	-	-	1,177
Total comprehensive income for the period	-	-	1,177	72,565	-	73,742
Transactions with owners						
Dividends paid to shareholders	-	-	-	36	-35,934	-35,898
Share-based payment	-	-	-	8,211	-	8,211
Tax, share-based payment	-	-	-	1,127	-	1,127
Purchase of treasury shares	-	-	-	-12,494	-	-12,494
Equity at September 30	5,441	9,963	-2,232	190,575	-	203,747
2018						
Equity at January 1	5,467	9,963	-3,170	69,751	34,570	116,581
Net profit for the period	-	-	-	39,321	-	39,321
Total other comprehensive income	-	-	250	-5	-	245
Total comprehensive income for the period	-	-	250	39,316	-	39,566
Transactions with owners						
Cancellation of treasury shares	-26	-	-	26	-	-
Dividends paid to shareholders	-	-	-	75	-34,570	-34,495
Share-based payment	-	-	-	7,273	-	7,273
Tax, share-based payment	-	-	-	1,105	-	1,105
Equity at September 30	5,441	9,963	-2,920	117,546	-	130,030
Net profit for the period	-	-	-	37,650	-	37,650
Total other comprehensive income	-	-	-489	147	-	-342
Total comprehensive income for the period	-	-	-489	37,797	-	37,308
Transactions with owners						
Dividends paid to shareholders	-	-	-	51	-	51
Share-based payment	-	-	-	2,032	-	2,032
Tax, share-based payment	-	-	-	-362	-	-362
Proposed dividends to shareholders	-	-	-	-35,934	35,934	-
Equity at December 31	5,441	9,963	-3,409	121,130	35,934	169,059

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Notes to the financial statements**Accounting policies**

The interim 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 except for the changes described below. See the Annual Report 2018 for a comprehensive description of the accounting policies applied.

Change in accounting policies**IFRS 16**

Effective January 1, 2019, IFRS 16 Leases was implemented. The standard was adopted applying the modified retrospective approach for the 2019 reporting period, and comparatives for the 2018 reporting period were not restated as permitted under the transition provisions in the standard. On adoption of IFRS 16, SimCorp recognizes lease liabilities in relation to leases, which had previously been classified as 'Operating Leases' under the principles of IAS 17 Leases. These leases were measured as payments payable over the remaining lease term.

SimCorp has used several practical expedients permitted by the standard: reliance on previous assessment on whether leases are onerous; accounting as short-term leases those with remaining terms of less than 12 months from January 1, 2019; exclusion of initial direct costs for the measurement of right-of-use asset at the date of initial application; and use of hindsight in determining the term of contracts with options to extend and terminate.

SimCorp has provided information on implementation of IFRS 16 Leases, including the estimated impact on the financial statements for the full year 2019, in the Annual Report 2018 on page 59.

Right-of-use assets are included in the categories under Property, plant, and equipment and the lease liability is presented separately in the balance sheet.

SimCorp's leases predominately include office leases, and also some company cars and office equipment. With IFRS 16, essentially all leases are recognized in the balance sheet with a corresponding lease liability except for short-term assets and low value assets.

Leased assets are depreciated over the lease term, and payments are allocated between installments on the lease liabilities and interest expense, classified as financial expenses. Liabilities are measured at the present value of the remaining lease payments adjusted with any incentive payments. SimCorp has selected to exclude related operational costs from the assets.

The term for each lease agreement is determined based on the minimum term and if the agreement includes an extension option the period covered by extension option is included if the extension option is reasonably certain to be exercised.

SimCorp applies the marginal borrowing rate in the applicable countries. The incremental borrowing rate, which is the risk-free interest rate plus a credit spread to obtain external financing, was estimated to between 1.0% and 2.5% depending on the geographical location of the asset. The rate is

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used for discounting the lease liabilities on 1 January 2019. The weighted average incremental borrowing rate for lease liabilities on January 1, 2019 was 1.27%.

A number of office lease agreements includes reestablishment and refurbishment obligations when the office is vacated. These obligations are estimated and included in provisions.

The change in accounting policy affected the below items in the balance sheet on January 1, 2019:

EUR '000	January 1, 2019
Right-of-use assets	50,600
Total property, plant, and equipment	-857
Prepayments	-320
Trade payables and other payables	1,056
Lease liabilities	-50,479

The recognized right-of-use assets relate to the following types of assets:

EUR '000	September 30, 2019	January 1, 2019
Leasehold (depreciation period: 1 to 10 years)	46,019	48,708
Equipment (depreciation period: 1 to 3 years)	393	781
Cars (depreciation period: 1 to 4 years)	1,026	1,111
Right-of-use assets	47,438	50,600

Operating lease commitments at December 31, 2018 reconcile to the opening balance for lease liabilities at January 1, 2019 as follows:

EUR '000	2019
Operating lease commitment as at December 31, 2018	61,399
Discounted using SimCorp's incremental borrowing rate	57,555
Short term leases	-282
Low value leases	-53
Contracts reassessed as services agreements	-9,363
Adjustments as a result of a different treatment of extension and termination options	2,570
Adjustments relating to changes in the index or rate affecting variable payments	52
Lease liability recognized as at January 1, 2019	50,479
Current	8,889
Non-current	41,590

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Impact on segment reporting

EBITDA and EBIT segment assets have increased as a result of the change in accounting policy. The following segments are impacted by the changes:

EUR '000	EBIT	EBITDA	Segment assets September 30, 2019
UK, Northern Europe and Middle East	74	1,474	5,848
Central Europe	13	668	1,360
Southern Europe	9	561	1,711
Asia and Australia	16	291	1,067
North America	63	584	6,625
Research and development	85	1,886	16,025
SimCorp Coric	16	300	1,734
SimCorp Sofia	6	253	1,206
SimCorp Gain	53	58	863
Segments total	335	6,075	36,439
Corporate Functions	38	1,338	10,999
Impact	373	7,413	47,438

Judgments and estimates

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognized assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimates made by management when using the Group's accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2018.

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Segment information

EUR '000	UK, Northern Europe & Middle East	Central Europe	Southern Europe	Asia and Australia	North America	Research and development	SimCorp Coric	SimCorp Sofia	SimCorp Gain*	Segments total	Corporate Functions	Elimination/ Not allocated	Group
July 1 - September 30 2019													
External revenue	31,552	21,872	10,430	22,247	19,761	356	4,556	4,552	1,835	117,161	263	-	117,424
Revenue between segments	4,221	1,707	735	369	1,345	47,128	3,194	-38	719	59,380	6,194	-65,574	-
Total segment revenue	35,773	23,579	11,165	22,616	21,106	47,484	7,750	4,514	2,554	176,541	6,457	-65,574	117,424
EBITDA	3,916	2,065	1,417	2,285	705	27,122	3,185	1,678	-437	41,936	-2,950	-	38,986
Depreciation and amortization	492	238	220	169	267	197	234	404	412	2,633	1,174	-	3,807
Segment operating profit (EBIT)	3,424	1,827	1,197	2,116	438	26,925	2,951	1,274	-849	39,303	-4,124	-	35,179
January 1 - September 30 2019													
External revenue	102,600	60,040	30,979	43,782	60,559	875	10,397	15,248	1,835	326,315	377	-	326,692
Revenue between segments	14,807	4,790	1,281	535	2,932	129,279	7,059	619	719	162,021	21,370	-183,391	-
Total segment revenue	117,407	64,830	32,260	44,317	63,491	130,154	17,456	15,867	2,554	488,336	21,747	-183,391	326,692
EBITDA	11,731	6,011	2,631	3,180	4,800	67,843	6,748	6,935	-437	109,442	-5,185	-	104,257
Depreciation and amortization	1,438	701	663	396	792	541	717	1,212	412	6,872	3,516	-	10,388
Segment operating profit (EBIT)	10,293	5,310	1,968	2,784	4,008	67,302	6,031	5,723	-849	102,570	-8,701	-	93,869
Total assets	60,141	19,250	24,295	45,594	78,758	17,031	17,774	48,969	71,828	383,640	6,605	4,820	405,065
July 1 - September 30 2018													
External revenue	26,934	18,498	9,550	4,215	16,822	298	715	3,408	-	80,440	237	-	80,677
Revenue between segments	4,854	2,171	257	656	963	27,053	409	209	-	36,572	1,846	-38,418	-
Total segment revenue	31,788	20,669	9,807	4,871	17,785	27,351	1,124	3,617	-	117,012	2,083	-38,418	80,677
EBITDA	2,639	1,714	-21	491	1,819	16,066	-964	451	-	22,195	-5,882	-	16,313
Depreciation and amortization	105	12	8	16	88	33	142	361	-	765	411	-	1,176
Segment operating profit (EBIT)	2,534	1,702	-29	475	1,731	16,033	-1,106	90	-	21,430	-6,293	-	15,137
January 1 - September 30 2018													
External revenue	91,101	51,420	30,905	12,410	47,193	844	4,319	14,851	-	253,043	479	-	253,522
Revenue between segments	18,061	6,819	745	1,286	3,273	78,066	1,188	559	-	109,997	4,717	-114,714	-
Total segment revenue	109,162	58,239	31,650	13,696	50,466	78,910	5,507	15,410	-	363,040	5,196	-114,714	253,522
EBITDA	9,062	4,927	-2,268	1,068	3,762	45,019	-158	6,465	-	67,877	-11,928	-	55,949
Depreciation and amortization	319	27	124	41	258	91	430	982	-	2,272	1,180	-	3,452
Segment operating profit (EBIT)	8,743	4,900	-2,392	1,027	3,504	44,928	-588	5,483	-	65,605	-13,108	-	52,497
Total assets	42,891	13,412	26,386	16,634	42,713	2,451	23,783	53,803	-	222,073	4,974	7,347	234,394

*SimCorp Gain acquired August 1, 2019

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.

SEGMENT INFORMATION RECONCILIATION TO PROFIT Q3	2019 Q3	2018 Q3	2019 9M	2018 9M
EUR '000				
Segment operating profit (EBIT)	35,179	15,137	93,869	52,497
Share of profit after tax in associates	-5	-7	43	38
Financial income	2,792	1,172	5,032	4,418
Financial expenses	365	426	3,214	4,231
Profit for the period before tax	37,601	15,876	95,730	52,722

Contingent liabilities

No material changes have occurred to the contingent liabilities referred to in the Annual Report 2018.

Events after September 30, 2019

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