

Company Announcement

SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Q1 2020 highlights:

- Revenue and EBIT margin in Q1 2020 were in line with our expectations but EBIT margin was lower than the strong Q1 2019.
- Reported revenue was EUR 102.9m, an increase of 3.2% when compared with Q1 2019, and an increase of 2.5% when measured in local currencies. Measured in local currencies, and excluding M&A activities, the organic revenue was on same level as in Q1 2019.
- EBIT was EUR 17.5m compared with EUR 26.4m in Q1 2019.
- EBIT margin was 17.0% compared with 26.5% in Q1 2019. Organic EBIT margin was 18.7%.
- Net profit was EUR 13.4m compared with EUR 19.6m in Q1 2019.
- Total order intake from new and add-on licenses was EUR 19.9m compared with EUR 21.4m in the same period last year. We welcomed three new clients in Q1 2020.
- At March 31, 2020, the order book amounted to EUR 41.1m, an increase of EUR 2.9m when compared with the order book at December 31, 2019.
- Free cash flow was EUR 32.4m, an increase of 26% when compared with Q1 2019.
- In Q1 2020, we made a EUR 0.4m partnership investment in start-up Alkymi as part of a new machine learning initiative aimed at addressing the current strain and costly challenge of processing unstructured data for alternatives investments.
- SimCorp has launched an holistic managed data service, Datacare, in collaboration with Zurich Insurance Group and global buy-side institutions from the SimCorp Gain client community, providing a highly automated, multi-asset, front-to-back solution for market and reference data management.
- A Securities Financing Transaction Regulation (SFTR) cloud solution has been launched in partnership with deltaconX, three months ahead of the SFTR reporting requirement go-live in July 2020.
- SimCorp received two awards in Q1 2020, the IBM Beacon Awards for Outstanding Infrastructure Services Solution with our SCDaaS solution and the Wealth Briefing Awards for Best Client Reporting for SimCorp Coric.

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Covid-19:

- As a consequence of Covid-19, most of our employees have been working from home since the beginning of March, however, productivity across SimCorp's business has remained high due to a strong IT setup and high adaptability to virtual collaboration among our clients and employees working remotely on product development, ongoing projects, and sales cases.
- The future outlook is more uncertain than normal. It is difficult to predict the length and impact of lock-downs and restrictions, as well as how client behavior might change.
- In order to prepare for potentially lower license sales, and the resulting lower demand for professional services, in early March, SimCorp initiated several cost control measures, including a hiring freeze and postponement of planned salary increases. However, SimCorp remains committed to continue investing in its products, people and strategic priorities, including cloud lift, to realize its long-term growth ambitions.

Financial guidance:

- On March 18, 2020, SimCorp withdrew its 2020 guidance due to the escalation of, and uncertainty caused by, the global Covid-19 outbreak, the impact of which could not be estimated at the time in terms of the negative effect on SimCorp's 2020 performance caused by changes in client behavior.
- Prior to the withdrawal of its 2020 guidance, SimCorp's expectations for the full year were between 5% and 10% revenue growth measured in local currencies, and an EBIT margin of between 24.0% to 27.0% measured in local currencies.
- There is still a high degree of uncertainty in the market, but based on the assumption that the world returns to more normal working conditions after the holiday break in July and August, but with some expected delays in signing deals, our revised 2020 guidance is between -5% and 5% revenue growth measured in local currencies, and an EBIT margin of between 22.0% to 27.0% measured in local currencies. It is the expectation that the performance will be higher in the second half of 2020 than in the first half.

SimCorp CEO, Klaus Hulse, comments: *"Delivering a performance in line with our expectations despite the impact of Covid-19, and adding three new clients in Q1 2020, two in North America and one in Italy, is a strong testament to a highly competitive value proposition and business model, long-lasting client relationships, and an agile organization. I would like to express my thanks to our clients and our employees for outstanding collaboration, engagement, and adaptability during these unprecedented and challenging times, making SimCorp and its client community frontrunners in virtual collaboration. Along with timely and appropriate cost measures, this has ensured a good start to the year despite the challenges."*

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Investor presentation

SimCorp's Executive Management Board will present the report on a conference call Tuesday, May 19, 2020 at 11.00 am (CEST). Please use any of the following phone numbers to dial in to the conference call:

From Denmark:	+45 3272 0417
From USA:	+1 646 741 3167
From other countries:	+44 (0) 2071 928338
Pin code to access the call:	2075116

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/2k8m9n37>.

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>.

Enquiries regarding this announcement should be addressed to:

Investor contacts:

Klaus Holse, Chief Executive Officer, SimCorp A/S (+45 3544 8800, +45 2326 0000)

Michael Rosenvold, Chief Financial Officer, SimCorp A/S (+45 3544 8800, +45 5235 0000)

Anders Hjort, Head of Investor Relations, SimCorp A/S (+45 3544 8822, +45 2892 8881)

Media contact:

Mette Trier, Communications Principal, SimCorp A/S (+45 4060 8296)

Mittal Shah, PR Manager – SimCorp UK, North America, Asia Pacific (+44 (0)207 397 8072)

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Financial highlights and key ratios for the SimCorp Group

EUR '000	2020 Q1	2019 Q1	2019 FY
INCOME STATEMENT			
Revenue	102,924	99,737	454,531
Earnings before interest, tax, depreciation, and amortization (EBITDA)	21,644	29,651	142,576
Operating profit (EBIT)	17,528	26,423	127,824
Financial items, net	491	-61	-148
Profit before tax	18,019	26,392	127,801
Profit for the period	13,406	19,573	96,901
BALANCE SHEET			
Share capital	5,441	5,441	5,441
Total equity	203,298	156,451	230,020
Revolving credit facility	40,131	-	20,000
Intangible assets	98,285	40,364	99,557
Property, plant, and equipment	52,901	54,785	55,650
Receivables	86,169	91,705	81,804
Contract assets	143,884	93,880	151,774
Cash and cash equivalents	49,252	70,808	31,851
Total assets	452,537	369,336	437,912
Investment in property, plant, and equipment	864	211	1,722
CASH FLOW			
Net cash from operating activities	35,914	27,876	82,505
Net cash used in investing activities	-1,262	-166	-60,214
Net cash used in financing activities	-16,990	-4,950	-38,249
Free cash flow	32,424	25,674	70,903
Change in cash and cash equivalents	17,662	22,760	-15,958
EMPLOYEES			
Number of employees at the end of the period	1,913	1,682	1,871
Average number of employees - FTE	1,833	1,623	1,703
FINANCIAL RATIOS			
EBIT margin (%)	17.0	26.5	28.1
ROIC (return on invested capital) (%)	29.6	72.4	65.3
Receivables turnover ratio	7.1	6.1	9.3
Equity ratio (%)	44.9	42.4	52.5
Return on equity (%)	22.7	43.3	46.5
SHARE PERFORMANCE			
Earnings per share - EPS (EUR)	0.34	0.49	2.44
Diluted earnings per share - EPS-D (EUR)	0.33	0.49	2.42
Cash flow per share - CFPS (EUR)	0.90	0.70	2.08
MARKET VALUE RATIOS			
Average number of shares (m)	39.7	39.8	39.7
Average number of shares - diluted (m)	40.1	40.2	40.1
EUR/DKK rate of exchange at end of period	7.4674	7.4652	7.4697

Please refer to the definition of ratios on page 56 of the Annual Report 2019. The interim report is unaudited and has not been reviewed by external auditors.

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Management's report for the three months ended March 31, 2020

Development in sales and orders

Two new SimCorp Dimension contracts and one SimCorp Coric contract were signed in Q1 2020, all on subscription-based terms. Anima SGR in Italy will use SimCorp Dimension to enhance its front office and deliver new services to the Italian insurance market. The other two agreements were signed in North America. One new client will use SimCorp Dimension for its front, middle, and back office, and the SimCorp Coric client will use the client reporting tool as a platform that allows for a self-service model, reducing the turnaround time of client requests.

A number of add-on SimCorp Dimension license contracts were signed in Q1 2020, and a number of SimCorp Coric and SimCorp Gain subscription agreements, as well as most of the SimCorp Sofia agreements, have as usual been renewed at the beginning of the year.

Datacare and Securities Financing Transaction Regulation (SFTR) are two new Subscription Services recently introduced into the portfolio of SimCorp offerings. The two Subscription Services are cloud-based, and part of our "everything as a service" (XaaS) offerings, where the software license and the associated services are not separated. The recognition of Subscription Service revenue will be over the term of the agreement, with recognition starting when the service commences. We are adding Subscription Services into order intake and orderbook commencing with this reporting.

Total order intake in Q1 2020 for SimCorp Dimension, SimCorp Coric, SimCorp Gain, and SimCorp Sofia licenses was EUR 19.9m compared with EUR 21.4m in the same period last year. Client-Driven Development (CDD) order intake accounted for EUR 0.8m compared with EUR 1.5m in the same period last year. Datacare and SFTR Subscription Services order intake accounted for EUR 3.7m in Q1 2020.

In Q1 2020, there was no conversion from perpetual to subscription licenses compared with one conversion in Q1 2019 that impacted additional license sales and order intake by around EUR 0.5m.

Income recognized from new and add-on licenses totaled EUR 16.7m, EUR 3.0m lower than in the unusually strong Q1 2019. For two of the new license orders signed in Q1 2020, revenue recognition was deferred until certain conditions are met.

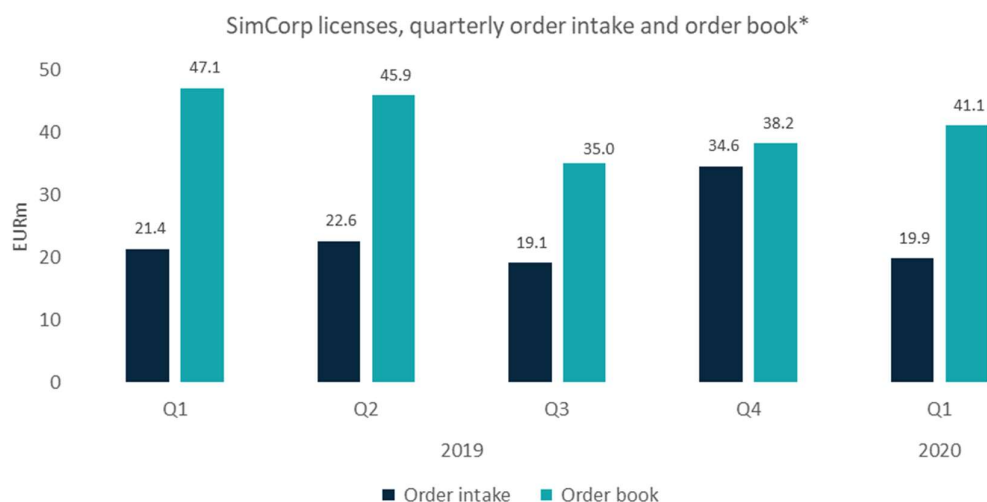
The annual renewal of SimCorp Italiana's subscription-based agreements are predominantly in the first quarter of a year and accounted for EUR 3.9m compared with EUR 3.0m in same period last year. The main reason for the increased renewal license fee was that one client of SimCorp Italiana renewed its agreement for three years in Q1 2020, instead of one year.

Total order book was EUR 41.1m at March 31, 2020, which is a decrease of EUR 6.0m compared with same time last year as the order book at March 31, 2019 included a large initial SimCorp Dimension license agreement with an Asian investment company, where revenue recognition was deferred and recognized in July 2019. Compared with December 31, 2019, the order book increased by EUR 2.9m.

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Included in the order book is SimCorp Dimension Client-Driven Development (CDD) of EUR 15.3m related to orders where income will be recognized when the software is delivered, and Subscription Services orders of EUR 5.6m where the income will be recognized over the term of the agreement commencing with the start of service delivery.



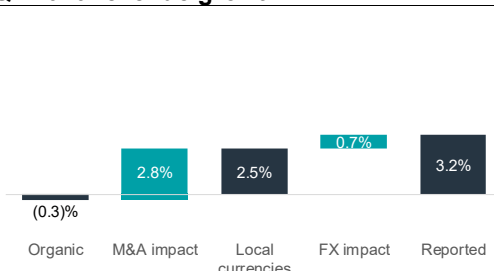
* Order intake and order book include licenses to new clients as well as add-on licenses to existing clients. The order book is the total license value of signed license agreements, including Client-Driven Development (CDD) orders, that has not yet been recognized in income. SimCorp Gain order intake and order book have been included since the acquisition. From 2020, the order book includes Subscription Services such as Datacare and SFTR, and accordingly Q4 2019 was adjusted with Subscription Services of EUR 1.8m.

Revenue

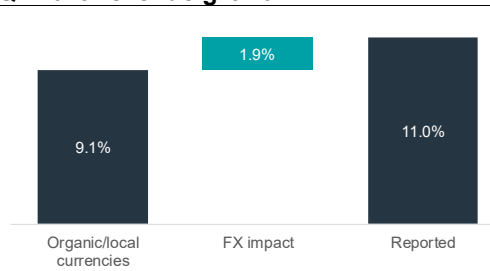
Q1 2020 revenue of EUR 102.9m was up 3.2% relative to Q1 2019. Measured in local currencies, the increase was 2.5%. The acquisition of AIM Software had a positive impact of 2.8%-points. Revenue measured in local currency excluding M&A activities has decreased by 0.3%.

The currency and M&A impact on revenue growth is shown below:

Q1 2020 revenue growth



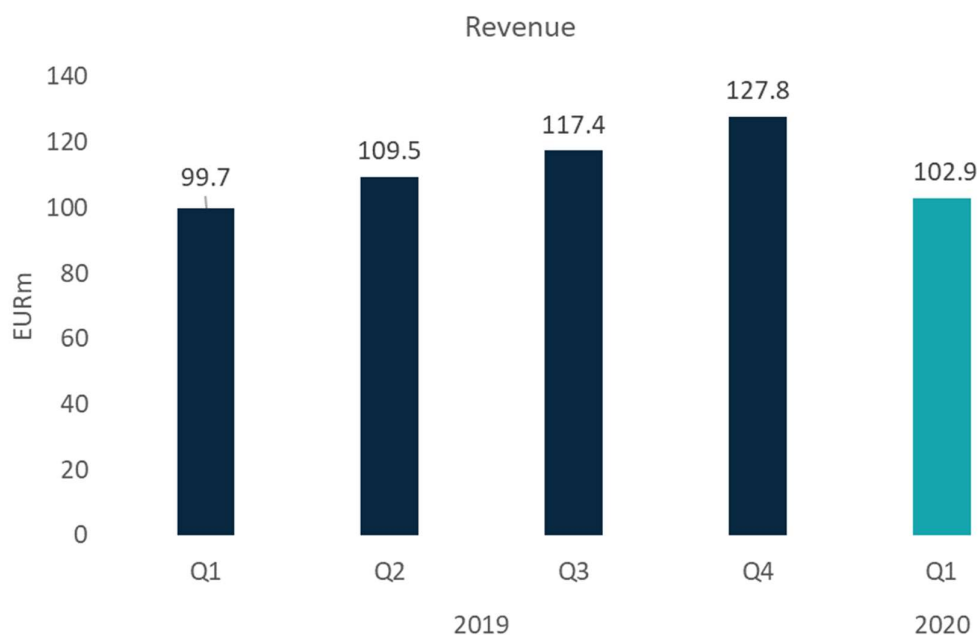
Q1 2019 revenue growth



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The development and distribution of quarterly revenue is shown below:



EURm	Revenue Q1 2020	Share of revenue Q1 2020	Revenue Q1 2019	Share of revenue Q1 2019	Revenue growth	Revenue growth local currency	Organic revenue growth local currencies
Licenses - new sales	2.5	2.4%	7.8	7.8%	-68.3%	-68.8%	-68.8%
Licenses - add-on sales	14.2	13.8%	11.9	11.9%	19.4%	19.1%	14.0%
Software updates and support	44.9	43.6%	41.1	41.3%	9.1%	8.6%	6.5%
Professional services	36.8	35.8%	34.1	34.2%	7.9%	6.9%	3.9%
Hosting and other fees	4.5	4.4%	4.8	4.8%	-5.1%	-6.5%	-12.7%
Total revenue	102.9	100.0%	99.7	100.0%	3.2%	2.5%	-0.3%

In Q1 2020, revenue recognized from new and additional license sales was EUR 16.7m, a decrease of EUR 3.0m, or 15.3% compared with Q1 2019. Currency fluctuations impacted total license fee positively by 0.4%. Measured in local currencies, the decrease was 15.7%, and the underlying organic revenue growth in total license fee declined by 18.8% in 2020, reflecting a 3.1%-points positive impact from the acquisition of AIM Software.

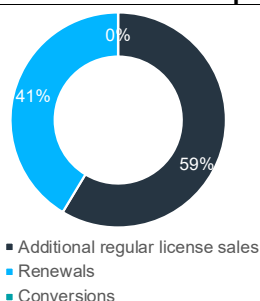
Additional license sales increased by 19.4%, while new license sales declined as revenue for two new license deals has been deferred as certain conditions need to be fulfilled before the license fee can be recognized.

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

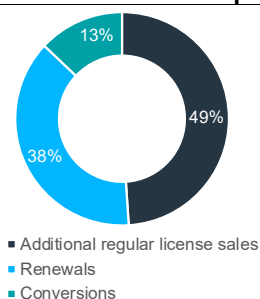
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Q1 2020 add-on license sales split



Q1 2019 add-on license sales split



In Q1 2020, software updates and support revenue increased by 9.1% from EUR 41.1m in Q1 2019 to EUR 44.9m. Currency fluctuations impacted the software updates and support revenue positively by 0.5%, and the acquisition of AIM Software impacted the software updates and support revenue positively by 2.1%. Consequently, organic growth in software updates and support revenue was 6.5%.

Fees from professional services amounted to EUR 36.8m in Q1 2020, against EUR 34.1m in Q1 2019. Currency fluctuations impacted the revenue positively by EUR 0.3m (1.0%-points), while the acquisition of AIM Software impacted the professional services revenue positively by 3.0%, i.e. organic growth was 3.9%.

Hosting and other fees amounted to EUR 4.5m compared with EUR 4.8m in Q1 2019.

Operating costs

SimCorp's total operating costs (including depreciation and amortization) was EUR 85.5m in Q1 2020 compared with EUR 73.4m in Q1 2019, an increase of 16.5% in reported currency. Currency fluctuations increased the total operating costs by 0.7%. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software of 5.4%, the organic operating costs increase was 10.4%.

The increase in costs is primarily related to an increase in the number of full-time employees from 1,682 in Q1 2019 to 1,913 in Q1 2020, of which 68 employees are from AIM Software.

SimCorp remains committed to continue investing in its products, people and strategic priorities, including cloud lift, to realize its long-term growth ambitions.

However, in order to prepare for potentially lower sales SimCorp initiated in early March several costs measures, including a hiring freeze and postponement of planned salary increases. The effect of these measures will be visible in the next three quarters, where cost growth is expected to decrease quarter by quarter.

Salaries and staff related costs accounted for 73% of total costs, compared with 72% in Q1 2019.

The development and distribution of quarterly operating costs is shown below:

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EURm	Costs Q1 2020	Share of costs Q1 2020	Share of revenue Q1 2020	Costs Q1 2019	Share of costs Q1 2019	Share of revenue Q1 2019	Growth	Growth local currency	Organic growth local currency
Cost of sales	43.6	51.0%	42.4%	39.0	53.2%	39.1%	11.8%	10.7%	6.0%
Research and development costs	22.2	26.0%	21.6%	19.1	26.0%	19.2%	16.2%	16.2%	10.8%
Sales and marketing costs	12.4	14.5%	12.0%	9.4	12.8%	9.4%	31.9%	30.1%	21.3%
Administrative expenses	7.3	8.5%	7.1%	5.9	8.0%	5.9%	23.7%	25.6%	21.3%
Total operating cost	85.5	100.0%	83.1%	73.4	100.0%	73.6%	16.5%	15.8%	10.4%

Cost of sales, including costs for implementation consultants, increased by 11.8% to EUR 43.6m compared with EUR 39.0m in Q1 2019. In local currencies, the increase was 10.7%. Measured in local currencies and adjusted for the impact from the acquisition of AIM Software of 4.7%, the organic costs increase was 6.0%. The increase was due to a higher level of business activity for professional services and the related costs of external consultants. Costs of sales in Q1 2020 represented 42.4% of revenue compared with 39.1% in the same period last year.

Compared with Q1 last year, research and development costs increased by 16.2% in reported currency and 16.2% in local currencies. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software of 5.4%, the organic costs increase was 10.8%. The increase in costs relates to the investment in the cloud lift. R&D costs in Q1 2020 represented 21.6% of revenue compared with 19.2% in Q1 2019.

Sales and marketing costs were EUR 12.4m in reported currency, an increase of EUR 3.0 compared with Q1 2019 and an increase of 30.1% in local currencies. Measured in local currencies and adjusted for the impact of 8.8% from the acquisition of AIM Software, the organic costs increase was 21.3% as we as earlier announced have invested in strengthening our sales and client engagement organization, especially in relation to existing clients. Sales and marketing costs in Q1 2020 represented 12.0% of revenue compared with 9.4% in same period last year.

Administrative expenses increased by EUR 1.4m to EUR 7.3m. The increase is mainly related to the acquisition of AIM Software of EUR 0.6m and to costs for the implementation of new IT-systems of EUR 0.6m. Administrative expenses in Q1 2020 represented 7.1% of revenue compared with 5.9% in Q1 2019.

Employees

At March 31, 2020, the Group had 1,913 employees, 231 (14%) employees more than at March 31, 2019, of which 73 employees are from AIM Software.

The Group had on average 1,833 FTEs in the first three months of 2019, of which 68 FTEs are from AIM Software, compared with 1,623 FTEs in the same period last year.

Group performance

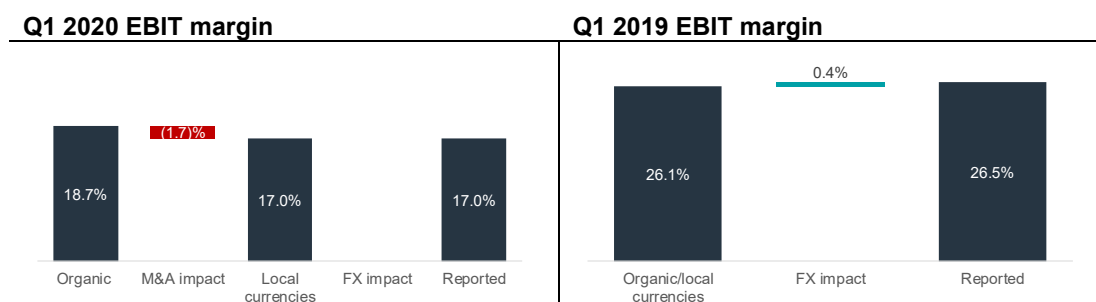
For the first three months of 2020, the Group posted EBIT of EUR 17.5m compared with EUR 26.4m in Q1 2019.

The underlying organic EBIT margin was 18.7%. The acquisition of AIM Software had a negative impact on the EBIT margin of 1.7%-points. The reported EBIT margin was therefore 17.0% compared with the EBIT margin of 26.5% in Q1 2019.

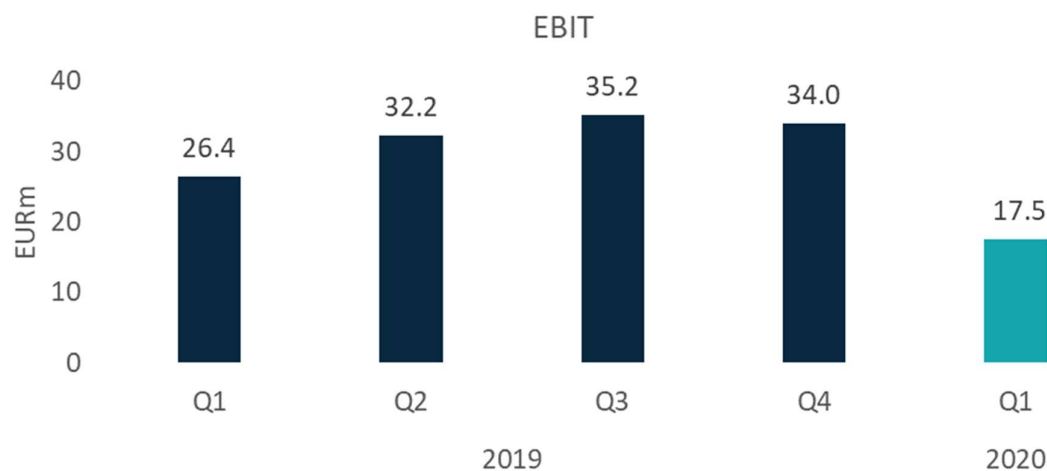
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The currency and M&A impact on EBIT margin is shown below:



The development in quarterly EBIT is shown below:



Profit and comprehensive income

Financial items for Q1 2020 comprised a net income of EUR 0.5m compared with a net expense of EUR 0.03m in same period last year. Financial income and expenses are primarily related to foreign exchange adjustments.

The Group posted pre-tax profit of EUR 18.0m against pre-tax profit of EUR 26.4m in Q1 2019. The estimated tax charge of EUR 4.6m is equivalent to a tax rate of 25.6% compared with taxes of EUR 6.8m or 25.8% in Q1 2019. Thus, the Group's net profit for Q1 2020 amounted to EUR 13.4m against a profit of EUR 19.6m for the same period last year.

Exchange rate adjustments on translation of foreign assets and liabilities amounted to a net expense of EUR 1.3m in Q1 2020, which is included in other comprehensive income.

Total comprehensive income for Q1 2020 was thus EUR 12.1m against EUR 21.0m in Q1 of last year.

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Balance sheet

SimCorp's total assets were EUR 452.5m at March 31, 2020 compared with EUR 369.3m a year earlier, an increase of EUR 83.2m. The increase is primarily related to the impact of the acquisition of AIM Software of around EUR 74.0m.

Cash holdings amounted to EUR 49.3m compared with EUR 70.8m a year earlier. The net cash position was EUR 9.1m at the end of March 2020 compared with EUR 70.8m at the end of March 2019. The difference is mainly due to the financing of the acquisition of AIM Software and the timing of payment of dividends. EUR 30.6m of the EUR 39.9m in dividends for 2019 was paid in Q1 2020 and the related withholding tax on dividends of EUR 9.3m will be paid in Q2 2020, whereas the EUR 35.9m in dividends for 2018 was all paid in Q2 2019.

Receivables amounted to EUR 86.2m at March 31, 2020, representing a decrease of EUR 5.5m compared with March 31, 2019, but EUR 4.4m higher than at December 31, 2019. AIM Software accounted for EUR 3.3m of receivables at March 31, 2020 compared with nil at March 31, 2019.

Contract assets decreased by EUR 7.9m compared with December 31, 2019. New and additional subscription-based licenses added EUR 3.6m to contract assets in Q1 2020, finance income recognized added EUR 0.7m, and foreign exchange adjustments added EUR 0.9m. Reductions stem from invoiced subscription-based license fees of EUR 13.0m and provision for expected credit loss of EUR 0.2m in Q1 2020.

The Group's total non-current assets were EUR 159.8m compared with EUR 163.5m at December 31, 2019.

Goodwill was EUR 61.0m at March 31, 2020 compared with EUR 61.2m at the end of 2019. No impairment to goodwill was made in Q1 2020.

The carrying amount of acquired software was EUR 12.8m compared with EUR 13.3m at the end of 2019 and the value of client relationships was EUR 24.4m compared with EUR 25.0m at the end of 2019. The decreases were due to amortization.

The carrying amount of leasehold assets was EUR 48.6m compared with EUR 51.6m at the end of 2019 due to amortization.

Other property, plant, and equipment amounted to EUR 4.3m against EUR 4.1m at the end of 2019.

Other financial assets of EUR 0.4m includes an investment in Alkymi. We have started a partnership with Alkymi on a new machine learning initiative. This partnership follows from a number of data concerns institutional investors, including the ability to quickly extract insights from unstructured data, for faster, better informed decision-making.

Deferred tax assets decreased by EUR 0.1m to EUR 5.3m.

SimCorp's total liabilities were EUR 249.2m at March 31, 2020, compared with EUR 212.9m in Q1 2019. The increase was primarily due to the acquisition of AIM Software.

Cash flow

Operating activities generated a cash inflow of EUR 35.9m in Q1 2020 compared with EUR 27.9m in Q1 last year. Payment of income taxes amounted to EUR 4.6m, against EUR 5.7m in Q1 2019.

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EUR 1.3m was spent on investing activities, compared with EUR 0.2m in Q1 2019.

Free cash flow (cash flow from operations reduced by CAPEX and reduced by the principal element of lease payments) was EUR 32.4m compared with EUR 25.7m in first three months of 2019, an increase of 26%.

Cash used in financing activities related to the payment of dividends of EUR 30.6m, net of withholding tax, purchase of treasury shares of EUR 3.9m, and the repayment of lease liabilities of EUR 2.6m. To finance the acquisition of AIM Software, SimCorp increased its credit facilities, and in Q1 2020 an additional EUR 20.1m was drawn on the facilities. In Q1 2019, cash used in financing activities related to the purchase of treasury shares of EUR 3.0m and the repayment of lease liabilities of EUR 2.0m. In 2019, all dividends were paid in Q2 2019.

Changes in equity

The company's equity amounted to EUR 203.3m at March 31, 2020. This was a decrease of EUR 26.7m from December 31, 2019. Equity was reduced by the purchase of treasury shares of EUR 3.9m and by the declared dividends of EUR 39.9m. The payment of dividends was approved by the shareholders at the AGM on March 24, 2020.

Equity was increased by comprehensive income for Q1 2020 of EUR 12.1m as well as effects of share-based remuneration of EUR 4.9m, net of tax.

Covid-19 and other business updates

As a consequence of Covid-19, most of our employees have been working from home since the beginning of March. Despite working remotely, SimCorp's activity level has remained high due to a strong global IT setup and a high level of adaptability to virtual collaboration among our employees and clients with regard to product development, ongoing strategic projects, and sales cases.

While measures were taken quickly to secure business continuity across all markets, SimCorp continues to monitor new developments very closely to be able to take any additional actions and precautions required in a timely fashion. As part of its company policy, SimCorp follows the guidelines of local government authorities and international health organizations closely to continuously adjust appropriately to the situation as it develops. The company's global crisis management team convenes for frequent status meetings to discuss information updates and potential further measures to be taken.

At SimCorp, we remain strongly dedicated to maintaining our level of productivity and to meeting our clients' expectations and obligations. Our global IT setup enables all our services to be provided via remote connectivity tools. Despite all teams working from home, SimCorp managed to meet the deadline for Release 20.04 of SimCorp Dimension in April, delivering the release ahead of schedule, in full scope, and with high quality.

In order to prepare for potentially lower license sales, and thereby lower demand for professional services, SimCorp initiated several cost control measures in early March, including a hiring freeze and postponement of planned salary increases. Despite these measures, SimCorp remains committed to continue investing in its products, people and strategic priorities to realize its long-term growth ambitions.

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Outlook for the financial year 2020*)

SimCorp generated a financial result during the first three months of 2020 in line with SimCorp's expectations. SimCorp's intake of license contract orders and revenue recognition varies considerably from one period to the next.

The Q1 2020 intake of orders was EUR 19.9m compared with EUR 21.4m Q1 2019.

SimCorp enters Q2 2019 with signed revenue of EUR 322m of the projected revenue for 2020, compared with EUR 301m at the same time in 2019.

SimCorp continues to experience a satisfactory, geographically diversified demand for its products and services, but the future outlook is more uncertain than normal as it is difficult to predict the length and impact of lock-downs and restrictions following Covid-19, and how this might impact client behavior.

On March 18, 2020, SimCorp withdrew its 2020 guidance due to the escalation of, and uncertainty caused by, the global Covid-19 outbreak, and as the negative impact on SimCorp's 2020 performance could not be estimated at the time.

Prior to the withdrawal of the 2020 guidance, SimCorp's expectations for the full year were between 5% and 10% revenue growth measured in local currencies, and an EBIT margin of between 24.0% to 27.0% measured in local currencies.

Approximately 2%-points of the expected revenue growth above was related to acquisition of AIM Software. The acquisition was expected to impact the EBIT margin negatively by approximately 1%-point due to lower initial profitability and integration costs, implying an expected organic revenue growth of between 3% and 8% and an EBIT margin of between 25.0% and 28.0%.

There is still a high degree of uncertainty in the market, but based on the assumption that the global industry returns to more normal working conditions after the holiday break in July and August, but with some expected delays in signing deals, our revised 2020 guidance is between -5% and 5% revenue growth measured in local currencies, and an EBIT margin of between 22.0% to 27.0% measured in local currencies. It is the expectation that the revenue and EBIT margin will be higher in the second half of 2020 than in the first half.

The expected impact of the acquisition of AIM Software remains as above, implying expected organic revenue growth of between -7% and 3% and an EBIT margin of between 23.0% to 28.0%.

*) This announcement contains certain forward-looking statements and expectations in respect of the 2020 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 will 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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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Based on the exchange rates prevailing at April 30, 2020, SimCorp estimates reported revenue to be positively impacted from currency fluctuations by around 0.5%. The impact from currency fluctuations on reported EBIT margin is expected to be positive by around 0.1%-points. In the previous reporting (Annual Report 2019), the currency impact on reported revenue was expected to be positive by around 0.7%, and on EBIT margin no impact from currency fluctuations was expected.

Company Announcement

SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

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 26-28 of SimCorp's Annual Report 2019 describe the most important general risk factors and the risk management measures applied in everyday operations. Management believes that the description of these potential risks still pertains to the current situation.

In addition to the above, it has become evident that the Covid-19 pandemic, which has locked down most countries, like terror and war, poses a significant risk and uncertainty factor for SimCorp that has strategic, operational, as well as financial implications. Securing SimCorp employees' health and safety and ensuring that all processes related to SimCorp's products, sales, and services are operating as close as possible to normal during this period is a key priority for SimCorp. Due to the uncertainty of the situation, there is a risk that client decisions relating to sales processes will be postponed or delayed, and that implementation projects at our clients will be delayed or prolonged. Structured sales reviews, the ability to do remote demonstrations and implementations, as well as our standard platform initiative are in place to mitigate the risk of discontinuity in the daily operation of the business.

Shareholder information**Transferred shares in relation to restricted stock units programs****Long-term restricted stock units incentive plan allotted in 2017**

52,144 shares were in Q1 2020 transferred to the Executive Management Board and key employees, who participated in the long-term incentive program in 2017 and who have fulfilled the program's criteria. The transfer included 15,231 shares to the Executive Management Board and 291 shares to employee elected members of the Board of Directors. The actual number of shares transferred was determined based on the achieved average annual business growth and annual average net operating profit after tax for the financial years 2017 to 2019. 100% of the maximum number of shares under the program was allotted.

Corporate bonus restricted stock units programs 2015, 2016 and 2017

84,978 shares were transferred in Q1 2020 to the Group's employees relating to the corporate bonus restricted stock units programs for 2016, 2017 and 2018, including 6,386 shares to the Executive Management Board and 801 shares to employee elected members of the Board of Directors.

Sign-on and incentive programs 2015 and 2017

17,926 shares were transferred in Q1 2020 to the Groups employees, with sign-on and incentive programs, who have fulfilled the program's criteria.

Issue of restricted stock units

In accordance with the remuneration policy approved by the shareholders at the AGM, the Board of Directors have granted restricted stock units for the year 2020. A total of 48,191 restricted stock

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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

units was granted, including 22,687 restricted stock units to the Executive Management Board. The fair value of these restricted stock units amounted to EUR 4.7m at the time of allotment. The value adjusted for dividends will be included in the income statement over the vesting period of three years. The restricted stock units will vest after three years, subject to continued employment. Furthermore, the restricted stock units are subject to conditions with respect to average annual minimum business growth and annual average net operating profit after tax for the financial years 2020 to 2022. 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.

In addition, 72,601 restricted stock units related to the corporate bonus program for 2019 were granted to Group employees, including 551 restricted stock units to employee elected members of the Board of Directors. The fair value of these restricted stock units amounted to EUR 7.1m at the time of allotment. The value adjusted for waived group bonus and dividends will be included in the income statement over the vesting periods. These restricted stock units will vest one third after one year, a further one third after two years and the last third after three years subject to continued employment.

364,230 restricted stock units are outstanding at the time of reporting, including 48,191 restricted stock units that have been granted after the AGM. The restricted stock units will be transferred in whole or in part between 2020 and 2024 to program participants still employed when the stock units vest, some subject to performance conditions.

Holding of treasury shares

In Q1 2020, 155,048 treasury shares vested and the Company has or will be transferring the 155,048 treasury shares in relation to the restricted stock unit programs in accordance with the approved remuneration policy for the Board of Directors, Executive Management and employees. In addition, the Company transferred 3,148 treasury shares to the Board of Directors equivalent to one third of their total remuneration for 2019.

The Company has purchased 45,474 treasury shares in Q1 2020 at an average price of DKK 638.39 per share, totaling EUR 3.9m. In comparison, SimCorp purchased 36,826 treasury shares at an average price of DKK 599.93 per share, totaling EUR 3.0m, in Q1 2019. At March 31, 2020, the Company's holding of treasury shares amounted to 795,627 treasury shares, equal to 2.0% of the Company's issued share capital.

In addition to the purchases in Q1 2020, the Company has in the period from April 1 to May 15, 2020 acquired 26,074 treasury shares at a total price of EUR 2.2m under the EUR 10.0m "Safe Harbour" program that runs to July 31, 2020.

The Company has up until May 17, 2020 acquired shares amounting to EUR 6.1m. At May 17, 2020, the Company's holding of treasury shares amounted to 816,863 treasury shares, equal to 2.0% of the Company's issued share capital. Purchases for an amount of EUR 3.9m remain to be executed under the program.

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Signatures

The Board of Directors and the Executive Management Board have today considered and adopted the interim report for the period January 1 - March 31, 2020.

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 March 31, 2020 and of the profit of the Group's operations and cash flow for the period January 1 - March 31, 2020.

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 2019.

Furthermore, in our opinion the management's report gives a true and fair view of developments in the activities and financial position of the Group, the results for the period and of the Group's financial position in general, and outlines the significant risk and uncertainty factors that may affect the Group.

Copenhagen, May 18, 2020

Executive Management Board:

Klaus Hulse
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

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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Consolidated income statement

EUR '000	2020 Q1	2019 Q1	2019 FY
Revenue	102,924	99,737	454,531
Cost of sales	43,606	39,018	167,141
Gross profit	59,318	60,719	287,390
Other operating income	139	67	533
Research and development costs	22,186	19,066	82,938
Sales and marketing costs	12,395	9,447	49,105
Administrative expenses	7,348	5,850	28,056
Operating profit (EBIT)	17,528	26,423	127,824
Share of profit after tax in associates	38	30	125
Financial items, net	453	-61	-148
Profit before tax	18,019	26,392	127,801
Tax on the profit for the period	4,613	6,819	30,900
Profit for the period	13,406	19,573	96,901
EARNINGS PER SHARE			
Earnings per share - EPS (EUR)	0.34	0.49	2.44
Diluted earnings per share - EPS-D (EUR)	0.33	0.49	2.42

Statement of comprehensive income

EUR '000	2020 Q1	2019 Q1	2019 FY
Profit for the period	13,406	19,573	96,901
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of defined benefit plans	-	-	-1,473
Tax, remeasurement of defined benefit plans	-	-	323
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Foreign currency translation differences for foreign operations	-1,258	1,475	1,426
Other comprehensive income after tax	-1,258	1,475	276
Total comprehensive income	12,148	21,048	97,177

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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Consolidated balance sheet

EUR '000	Mar. 31 2020	Mar. 31 2019	Dec. 31 2019
ASSETS			
Goodwill	61,012	28,127	61,178
Software	12,835	5,011	13,348
Client relationships	24,438	7,226	25,031
Total intangible assets	98,285	40,364	99,557
Leasehold	48,582	51,069	51,589
Technical equipment	1,280	1,951	1,506
Other equipment, fixtures, fittings and prepayments	3,039	1,765	2,555
Total property, plant, and equipment	52,901	54,785	55,650
Investments in associates	829	790	808
Deposits	2,072	2,243	2,095
Deferred tax	5,267	3,513	5,357
Other financial assets	403	-	-
Total other non-current assets	8,571	6,546	8,260
Total non-current assets	159,757	101,695	163,467
Receivables	86,169	91,705	81,804
Contract assets	143,884	93,880	151,774
Income tax receivables	4,630	1,937	2,341
Prepayments	8,845	9,311	6,675
Cash and cash equivalents	49,252	70,808	31,851
Total current assets	292,780	267,641	274,445
Total assets	452,537	369,336	437,912
LIABILITIES AND EQUITY			
Share capital	5,441	5,441	5,441
Exchange adjustment reserve	-3,241	-1,934	-1,983
Retained earnings	201,098	152,944	186,643
Proposed dividend	-	-	39,919
Total equity	203,298	156,451	230,020
Lease liabilities	39,027	42,732	41,585
Deferred tax	27,782	14,096	25,931
Provisions	15,657	7,198	12,796
Total non-current liabilities	82,466	64,026	80,312
Revolving credit facility	40,131	-	20,000
Lease liabilities	9,746	9,722	10,063
Prepayments from clients	47,771	44,433	24,678
Trade payables	15,612	16,980	18,503
Other payables	38,756	38,233	48,922
Income tax payables	5,040	3,054	4,389
Provisions	405	534	1,025
Dividends and related taxes	9,312	35,903	-
Total current liabilities	166,773	148,859	127,580
Total liabilities	249,239	212,885	207,892
Total liabilities and equity	452,537	369,336	437,912

Company Announcement

SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Consolidated cash flow statement

EUR '000	2020 Q1	2019 Q1	2019 FY
Profit for the period	13,406	19,573	96,901
Depreciation	4,116	3,228	14,752
Financial items, net	-453	61	148
Tax on profit for the year	4,613	6,819	30,900
Share of profit after tax in associates	-38	-30	-125
Other included in operating income	214	1,833	598
Adjustment share based remuneration	5,088	4,222	10,243
Change in provisions	2,241	596	4,837
Changes in contract assets	7,890	-8,196	-63,492
Changes in working capital	3,500	5,542	11,496
Financial income received	7	102	135
Financial expenses paid	-76	-147	-342
Income tax paid	-4,594	-5,727	-23,546
Net cash from operating activities	35,914	27,876	82,505
Purchase of subsidiaries, net of cash acquired	-	-	-58,468
Purchase of property, plant, and equipment, net	-864	-211	-1,722
Sale and purchase of financial assets, net	-398	45	-105
Dividends from associates	-	-	81
Net cash used in investing activities	-1,262	-166	-60,214
Dividends paid	-30,607	-	-35,881
Purchase of treasury shares	-3,888	-2,959	-12,488
Repayment of lease liability	-2,626	-1,991	-9,880
Proceeds, credit facilities	20,131	-	20,000
Net cash used in financing activities	-16,990	-4,950	-38,249
Change in cash and cash equivalents	17,662	22,760	-15,958
Cash and cash equivalents at beginning of period	31,851	47,500	47,500
Foreign exchange adjustment of cash and cash equivalents	-261	548	309
Cash and cash equivalents end of period	49,252	70,808	31,851

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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Statement of changes in equity

EUR '000	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
2020 Q1						
Equity at January 1	5,441	-	-1,983	186,643	39,919	230,020
Net profit for the period	-	-	-	13,406	-	13,406
Total other comprehensive income	-	-	-1,258	-	-	-1,258
Total comprehensive income for the period	-	-	-1,258	13,406	-	12,148
Transactions with owners						
Declared dividends to shareholders	-	-	-	40	-39,919	-39,879
Share-based payment	-	-	-	5,088	-	5,088
Tax, share-based payment	-	-	-	-191	-	-191
Purchase of treasury shares	-	-	-	-3,888	-	-3,888
Equity at March 31	5,441	-	-3,241	201,098	-	203,298
2019						
Equity at January 1	5,441	9,963	-3,409	121,130	35,934	169,059
Reclassification	-	-9,963	-	9,963	-	-
Adjusted balance at January 1	5,441	-	-3,409	131,093	35,934	169,059
Net profit for the year	-	-	-	19,573	-	19,573
Total other comprehensive income	-	-	1,475	-	-	1,475
Total comprehensive income for the period	-	-	1,475	19,573	-	21,048
Transactions with owners						
Declared dividends to shareholders	-	-	-	31	-35,934	-35,903
Share-based payment	-	-	-	4,222	-	4,222
Tax, share-based payment	-	-	-	984	-	984
Purchase of treasury shares	-	-	-	-2,959	-	-2,959
Equity at March 31	5,441	-	-1,934	152,944	-	156,451
Net profit for the period	-	-	-	77,328	-	77,328
Total other comprehensive income	-	-	-49	-1,150	-	-1,199
Total comprehensive income for the period	-	-	-49	76,178	-	76,129
Transactions with owners						
Dividends paid to shareholders	-	-	-	22	-	22
Share-based payment	-	-	-	6,021	-	6,021
Tax, share-based payment	-	-	-	926	-	926
Purchase of treasury shares	-	-	-	-9,529	-	-9,529
Proposed dividends to shareholders	-	-	-	-39,919	39,919	-
Equity at December 31	5,441	-	-1,983	186,643	39,919	230,020

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SimCorp reports revenue growth of 3% and EBIT margin of 17% in Q1 2020

Notes**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 2019. See the Annual Report 2019 for a comprehensive description of the accounting policies applied.

Change in accounting policies

Effective 1 January 2020, a number of new accounting standards and interpretations have been implemented which do not have any monetary effect on the SimCorp Group's result, assets, liabilities or equity.

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 2019.

Segment information

In 2020, the business activities for SimCorp Coric and SimCorp Gain are in the internal reporting integrated with the Geographical Sales organization and are therefore no longer reported separately. The comparative information has been restated accordingly. Furthermore, amortization and allocations of assets resulting from purchase price allocation has been included under unallocated as these items are not part of internal reporting for the market units.

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 headquarter assets, cash, and investments in associates and assets related to the purchase price allocation from acquisitions.

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SALES ORGANIZATION – GEOGRAPHICAL

	UK, Northern Europe & Middle East		Central Europe		Southern Europe		Asia and Australia		North America		Sales organization total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	37,071	38,272	22,743	19,733	8,346	11,465	6,795	5,769	19,784	17,565	94,739	92,804
Revenue between segments	3,973	5,566	1,175	1,854	683	463	393	76	816	810	7,040	8,769
Total segment revenue	41,044	43,838	23,918	21,587	9,029	11,928	7,188	5,845	20,600	18,375	101,779	101,573
EBITDA	3,520	3,829	1,175	1,693	427	588	746	424	1,677	1,133	7,545	7,667
Depreciation and amortization	470	355	149	230	232	223	172	80	343	351	1,366	1,239
Segment operating profit (EBIT)	3,050	3,474	1,026	1,463	195	365	574	344	1,334	782	6,179	6,428
Total assets	75,295	86,145	45,754	19,821	29,657	35,142	41,157	21,607	84,875	76,072	276,738	238,787

RECONCILIATION TO INCOME STATEMENT

	Sales organization		Research and development		SimCorp Sofia		Corporate functions		Elimination/ Not allocated		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	94,739	92,804	539	240	7,509	6,663	137	30	-	-	102,924	99,737
Revenue between segments	7,040	8,769	38,346	39,181	329	213	8,465	7,237	-54,180	-55,400	-	-
Total segment revenue	101,779	101,573	38,885	39,421	7,838	6,876	8,602	7,267	-54,180	-55,400	102,924	99,737
EBITDA	7,545	7,667	15,021	18,276	4,825	3,834	-5,747	-126	-	-	21,644	29,651
Depreciation and amortization	1,366	1,239	182	166	408	404	1,563	1,294	597	125	4,116	3,228
Segment operating profit (EBIT)	6,179	6,428	14,839	18,110	4,417	3,430	-7,310	-1,420	-597	-125	17,528	26,423
Share of profit after tax in associates											38	30
Financial items, net											453	-61
Profit for the period before tax											18,019	26,392
Total assets	276,738	238,787	17,507	20,226	50,384	52,947	19,873	17,637	88,035	39,739	452,537	369,336

* Not allocated includes goodwill and other assets from the purchase price allocation acquired as part of acquisitions.

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Board of Directors and Executive Management Board

The Group has prepared general guidelines for incentive pay to members of the company's Board of Directors and Executive Management Board, which were approved by the shareholders at the AGM and posted on the company's website.

The shareholders approved the total remuneration to the Board of Directors for 2020 of DKK 4.5m, comprising DKK 3.0m in cash and DKK 1.5m in SimCorp shares. In addition, the audit committee receives separate remuneration for 2020 for a total of DKK 0.7m comprising DKK 0.5m in cash and DKK 0.2m in SimCorp shares, and the nomination and remuneration committee receives separate remuneration for 2020 for a total of DKK 0.3m comprising DKK 0.2m in cash and DKK 0.1m in SimCorp shares.

Contingent liabilities

No material changes have occurred to the contingent liabilities referred to in the Annual Report 2019.

Events after March 31, 2020

No significant events have occurred after the balance sheet date that affect the interim report other than described separately in this interim report.