

Make it happen!  
Full-year results 2019  
Analyst call



26 March 2020

Scout24

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# 1. The current situation and Scout24 positioning



# We have made important strategic decisions in 2019 ...



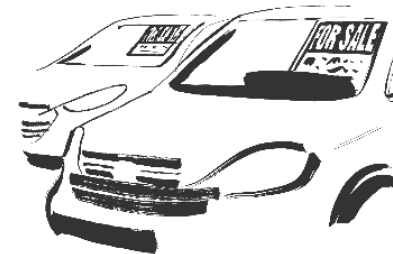
Focus on  
core business areas  
AutoScout24 &  
ImmoScout24



Largest product innovation  
push in the history of  
Scout24



Share buyback  
program



Strategic review of  
AutoScout24 completed  
with sale to Hellman &  
Friedman

... and delivered record results

New Scout24 – IS24 segment and ImmoScout24-related CS activities

€349.8m

+9.9%

revenue from continuing operations  
(IS24 and immo-related CS activities)

62.2%

+0.9pp

ordinary operating EBITDA margin  
(continuing operations without central cost)

€676

+6.6%

monthly ARPU with residential real estate partners

€1,761

+12.4%

monthly ARPU with business real estate partners

17,741

+1.0%

customers (residential and business agents)

13.5 million

+4.6%

unique monthly visitors (multiplatform) on IS24

425,000

-1.6%

listings on the ImmoScout24 marketplace at year end

83%

+3pp

of sessions are mobile traffic  
(CW10 2020 vs. CW10 2019)

# We had a strong start in the first two months of 2020

	YTD / end of Feb. 2020	vs. end of Dec. 2019
Residential real estate partners (contractual) (as of end of period, number)	15,106	+0.9%
Residential real estate partner ARPU* (€/month)	€715	+5.8%
Business real estate partners (contractual) (as of end of period, number)	2,767	-0.2%
Business real estate partner ARPU* (€/month)	€1,786	+1.4%
Sessions per month, Germany (millions) <sup>2</sup>	105.5	+11.8%

48%

take rate to higher membership tiers

50%

growth of addressable home seller audience (vs. CMD)

190%

y-o-y growth of realtor lead engine revenues

<sup>1,2</sup> Source: AGOF e. V./digital facts, 2018–19.

\* calculated by dividing the av. revenue Jan/Feb by the av. # of contractual partners (from the beginning of Jan and end of Feb), and further dividing by 2.

With Corona, we are monitoring developments very closely – initiated immediate action programme as of March 20<sup>th</sup>



### Agents

- Slowdown of appointments
- Increased standing times
- Closure of real estate offices / branches / notaries
- Strong pressure on hybrid agents

**LIQUIDITY PLUS**



### Home owners

- Deferral of sales / rent transactions
- Decreasing home owner leads
- Decreasing finance leads



**LEADS PLUS**

**LISTINGS PLUS**



### Consumers

- Slowdown of rental search
- Pressure on premium memberships
- Decreasing traffic / sessions
- Decreasing RRI leads



# Our long-term strategy is clear: we will further drive the real estate ecosystem in Germany



We expand our No. 1  
market position  
Germany



We develop innovative,  
smart products and  
expand our TAM



We collect more data,  
and increase market  
transparency



We build a comprehensive  
ecosystem for sale and  
rent



We drive ARPU through new  
membership models and our  
value-add offering



We strengthen our  
position in private listings

## 2. Strong 2019 financials and capital return plan



# 2019 was an eventful year with record results

## Financial Highlights – continuing and discontinued operations

	External Revenue			ooEBITDA			ooEBITDA Margin			Cash Contribution		
	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-	2019	2018	+/-
New Scout24 Group (continuing operations)	€349.7m	€318.2m	+9.9%	€209.3m	€188.7m	+10.9%	60%	59%	+1 Pp	€193.3m	€169.8m	+13.8%
New ImmoScout24 (IS24 segment + immo-related CS)	€349.8m	€318.1m	+9.9%	€217.6m	€194.9m	+11.7%	62%	61%	+1 Pp			
Old Scout24 Group	€613.6m	€531.7m	+15.4%	€321.9m	€291.5m	+10.4%	52%	55%	-3 Pp	€297.4m	€263.1m	+13.0%
ImmoScout24 (continuing)	€270.2m	€250.0m	+8.1%	€188.0m	€170.3m	+10.4%	70%	68%	+2 Pp			
AutoScout24 (discontinued)	€186.9m	€166.3m	+12.3%	€107.1m	€88.4m	+21.1%	57%	53%	+4 Pp			
Consumer Services (partly continuing)	€156.5m	€115.3m	+35.7%	€37.5m	€40.4m	-7.2%	24%	35%	-11 Pp			

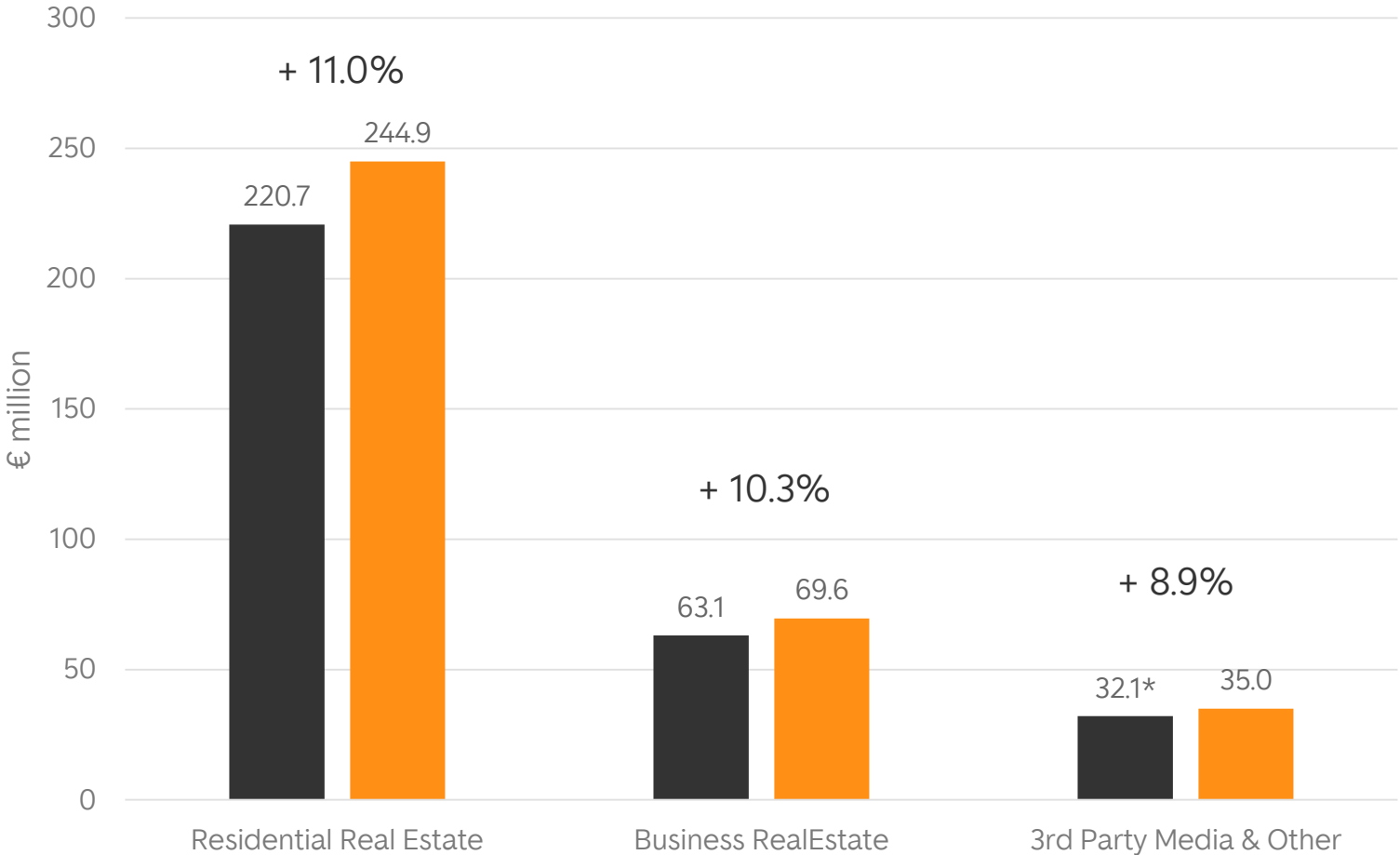
# We drove positive development of agent numbers and ARPU



	FY 2019	FY 2018	Change
Residential real estate partners (contractual) (as of end of period, number)	14,967	14,745	+1.5%
Residential real estate partner ARPU (EUR/month)	676	634	+6.6%
Business real estate partners (contractual) (as of end of period, number)	2,774	2,815	-1.5%
Business real estate partner ARPU (EUR/month)	1,761	1,567	+12.4%
Desktop UMV (millions) <sup>1</sup>	6.2	6.2	0%
Multiplatform UMV (millions) <sup>1</sup>	13.5	12.9	+4.6%
Sessions per month, Germany (millions) <sup>2</sup>	94.4	87.4	+8.0%

<sup>1,2</sup> source: AGOF e. V./digital facts, 2018–19.

We delivered a solid performance – also within the new segment structure  
 Revenue of the continued operations up by 10%



■ 2018 ■ 2019 \* without classmarkets

**62.2%**  
 2019  
 ooEBITDA margin  
 (over all three new  
 IS24 segments)

**61.3%**  
 2018  
 ooEBITDA margin  
 (over all three new  
 IS24 segments)

# We achieved a 60% ooEBITDA margin ...

## Continued operations - ordinary operating cost

(€m)	FY 2019	FY 2018	+/-
<b>Revenues</b>	<b>349.7</b>	<b>318.2</b>	<b>+9.9%</b>
Own work capitalised	14.0	11.2	+24.7%
Other operating income	3.1	4.7	-34.8%
Personnel	-72.9	-70.2	+3.8%
Marketing (online & offline)	-30.6	-24.8	+23.4%
IT	-14.2	-11.8	+20.1%
Other operating costs	-39.7	-38.8	+2.3%
<b>Total operating cost</b>	<b>-157.4</b>	<b>-145.6</b>	<b>+8.1%</b>
Ordinary operating EBITDA	209.3	188.7	+10.9%
Ordinary operating EBITDA-margin	59.9%	59.3%	+0.6 pp

- ✓ Marketing costs 23.4% higher due to increased online marketing for Realtor Lead Engine
- ✓ IT costs up 20.1% due to increasing share of cloud-based platform and software solutions
- ✓ Improved operating efficiency: Total operating cost increase 1.8 pp below revenue growth
- ✓ Disproportionately strong increase of ooEBITDA
- ✓ ooEBITDA margin up 0.6 pp

... and came out with an adjusted EPS of 1.77€  
Below EBITDA items

(€m)	FY 2019	FY 2018
Ordinary operating EBITDA	209.3	188.7
Non-operating items	-45.7	-24.5
<b>Reported EBITDA</b>	<b>163.7</b>	<b>164.2</b>
D&A	-54.2	-53.0
EBIT	109.4	111.2
Financial result	-15.2	-6.1
Earnings before Tax	94.2	105.1
Taxes on Income	-30.7	-29.2
<b>Net income (continuing operations)</b>	<b>63.5</b>	<b>75.9</b>
Net income (discontinued operations)	16.5	88.3
<b>Net income</b>	<b>80.0</b>	<b>164.2</b>
Basic Earnings per Share (€)	0.75	1.53
<b>Adjusted net income</b>	<b>189.6</b>	<b>169.9</b>
Adjusted EPS	1.77	1.58

- ✓ Strong increase in non-operating items mainly due to share-price performance and resulting share-based remuneration (€29.0m in 2019) and reorganization.
- ✓ Reported EBITDA flat.
- ✓ Financial result 2018 positively influenced by gains from classmarkets sale and proceeds from RFA refinancing.
- ✓ Result from discontinued operations (according to IFRS 5 only one line in P&L) affected by €24.3m AS24-transaction cost.
- ✓ But, ooEBITDA (excl. Group functions) from discontinued operations up 10.2% to 114.9m (plus 9.4% to €112.5m incl. Group functions).
- ✓ 2019 net income, adjusted for NR&R items of continuing and discontinued operations, up 11.6%.

We propose a regular dividend of €0.90 per share ...  
Upper range of the communicated payout-ratio

	2019	2018
Adjusted net income	€189.6m	€169.9m
Adjusted earnings per share <sup>1</sup>	€1.77	€1.58
Dividend per share <sup>2</sup>	€0.90	€0.64
Dividend	€94.3m	€68.9m
Pay-out ratio	50%	40.5%
Price per share end of December	€58.95	€40.16
Dividend yield	1.5 %	1.6%

<sup>1</sup> Calculation based on IFRS earnings per share logic (as used in annual report). Weighted average number of shares (diluted) in 2019: 107.092.213 shares.

<sup>2</sup> Calculation based on AktG dividend calculation logic. Number of shares as of 31. Jan 20 after deduction of own shares from share buy back: 104.806.127 shares.

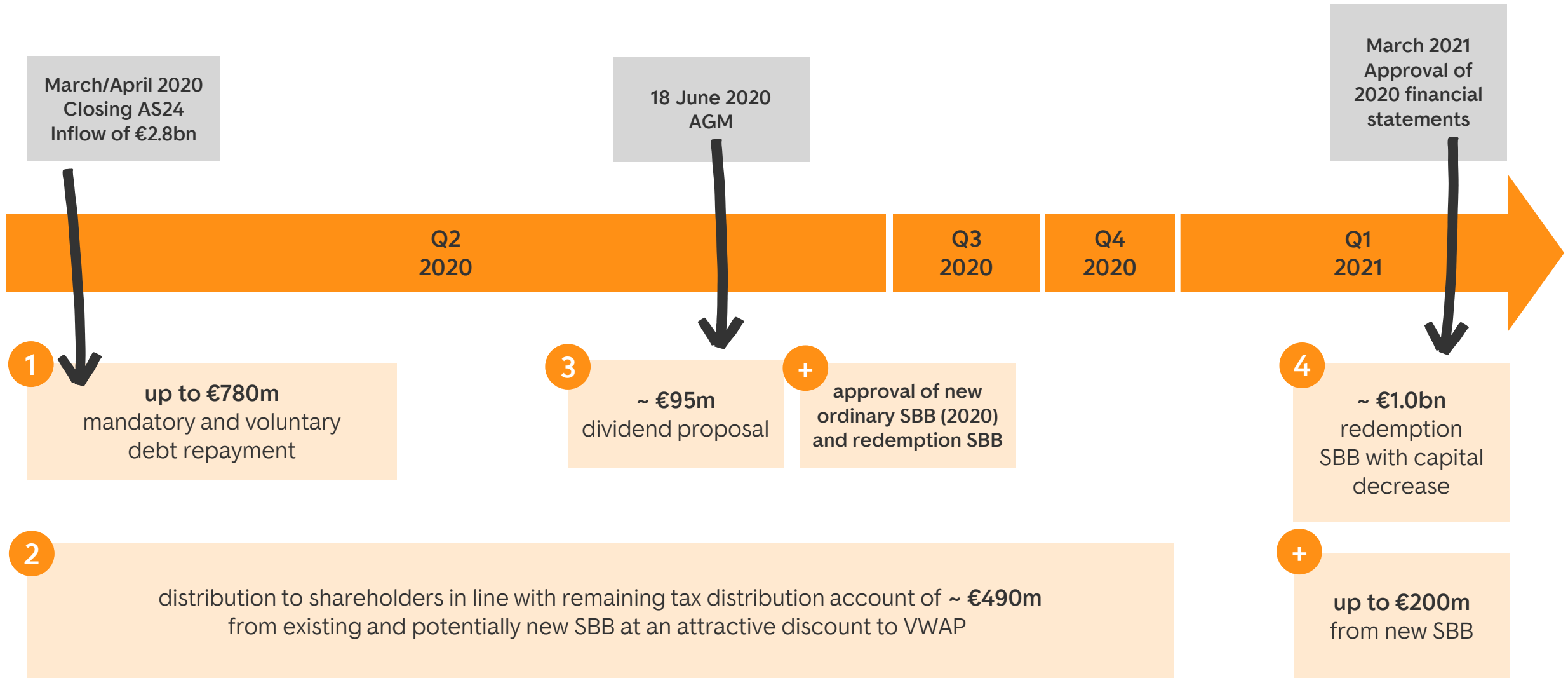


**Sufficient cash  
available for dividend  
pay-out in 2020**

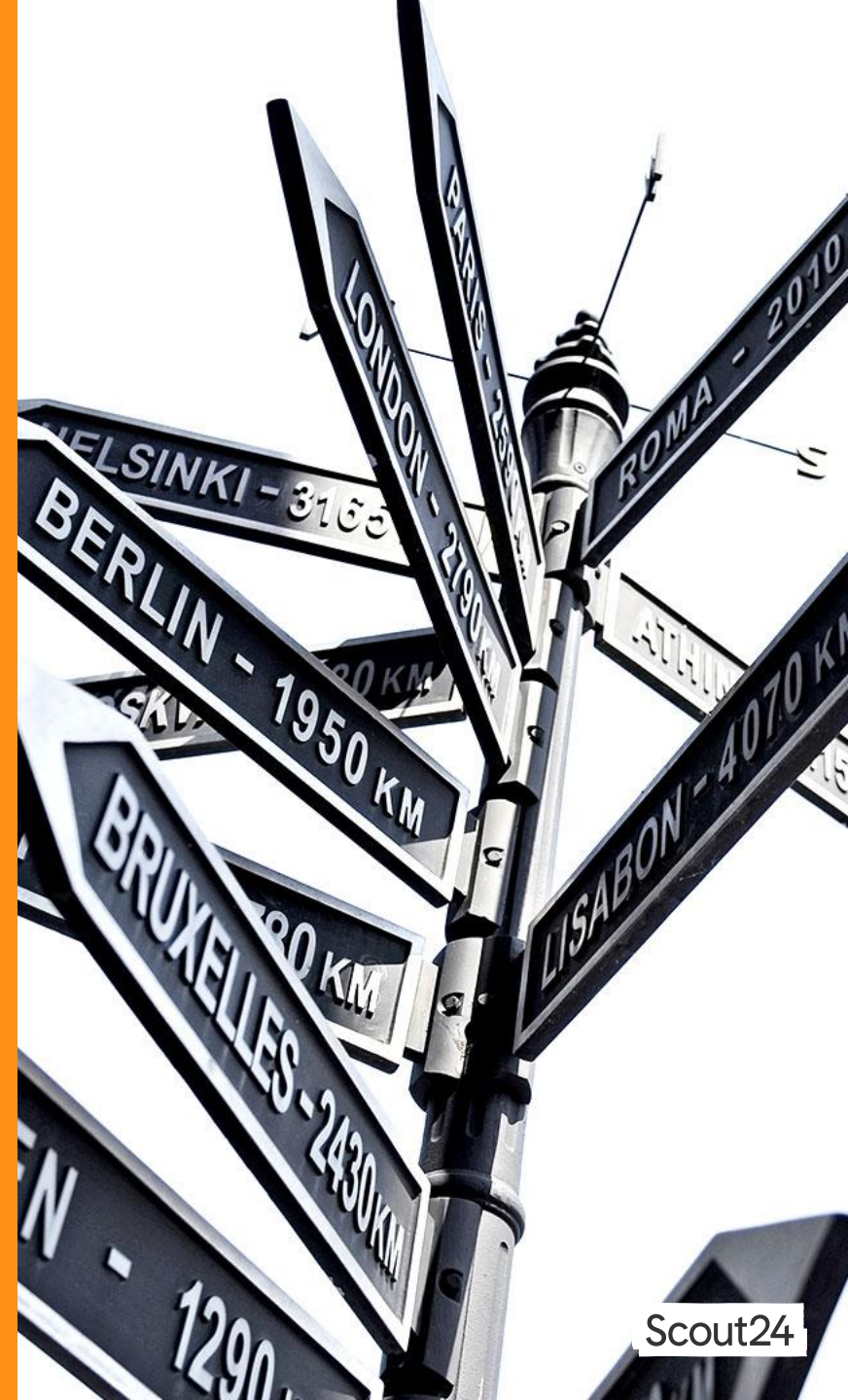
€65.6m cash on balance as of 31 December 2019. Expected net cash of €2.8bn from AS24 deal to be received in April 2020.



... which is part of our plan to return the AS24 sale proceeds to our shareholders  
 A combination of share buyback (SBB), dividend and capital reduction ensures efficient return



### 3. Navigating a highly uncertain environment



# We are supporting our customers in the Corona-crisis ...

## Immediate action programme as of March 20<sup>th</sup>

### Immediate-action program

Survive

Prevent

Accelerate

## Measures

### Liquidity Plus

All professional customers are granted a nine-month extension of payment for the April invoice.

### Listings Plus

Private listings can be advertised free of charge for 4 weeks starting on 27 March 2020.

### Leads Plus

IS24 will make free mandate acquisition leads available to current agent customers after the crisis.

## Financial impact

Deferred payment April cash impact of approx. €20m

### April revenue impact of €6-10m:

- Free private listings (€2-3m)
- Memberships (€2-3.5m)
- Other (€2-3.5m)  
(leads, consumer services, media, Austria)

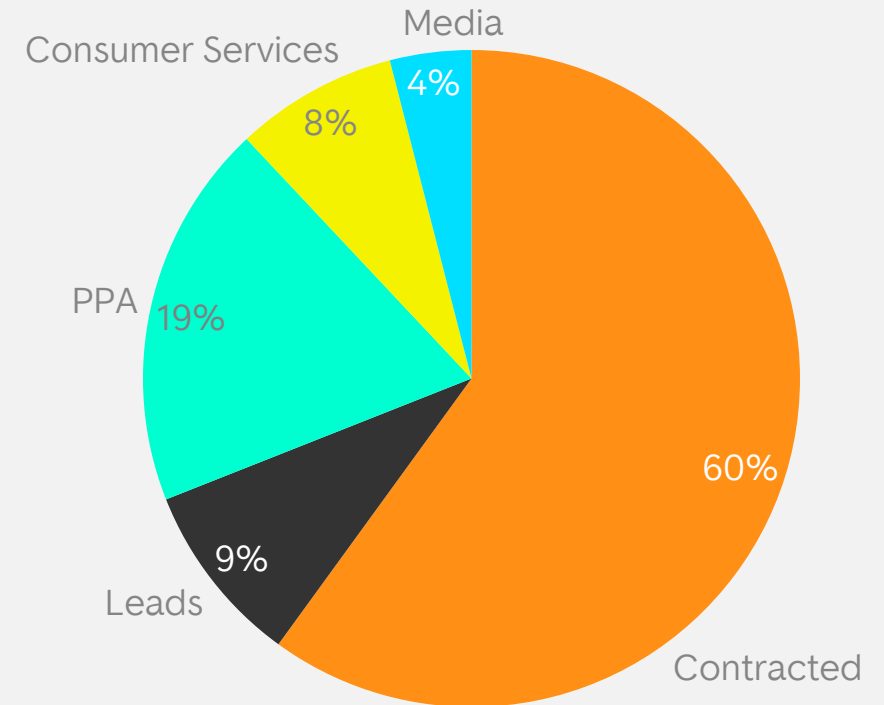
Free home owner leads effect of €1-2m

## ... while assessing the effects of the market slowdown on our own 2020 operations

- ✓ ~60% of our revenues are contracted with professional customers (membership / project based revenues with agents, banks and developers)
  - ~75% of these are on annual agent contracts
  - the rest are developer contracts with shorter durations, upsell revenues not bundled into memberships, CRM SaaS revenues
- ✓ Premium memberships can be booked for 1-6 months; the remainder (leads, PPA) is paid per booking
- ✓ ~4% of our revenues are 3<sup>rd</sup> party media revenues

At this point, we cannot quantify the top-line impact, but we can mitigate some of it by our cost base. In light of the significantly changed circumstances, we suspend our guidance for 2020.

Approx. revenue distribution  
(based on 2019 actuals)



# We remain at the side of our customers and clients and want to find solutions in good and bad times

- ✓ Our immediate priority is the **safety of our customers, consumers and employees**
- ✓ We have moved quickly and firmly with our **Survive, Prevent and Accelerate** initiative to help our customers during this challenging period
- ✓ The initial weeks of 2020 prove our strategy is in motion and working well
- ✓ We are coming off **some of the strongest growth in residential we have seen**
- ✓ We are in a position of strength with the balance sheet expected to be further fortified post-closing of AS24 sale
- ✓ We remain committed to using the AS24 proceeds to provide a highly attractive cash return
- ✓ We have the resources and the market position to weather the upcoming turbulence and **will continue to support our partners and customers** to foster the ecosystem

# 4. BACKUP



# New segment structure in more detail

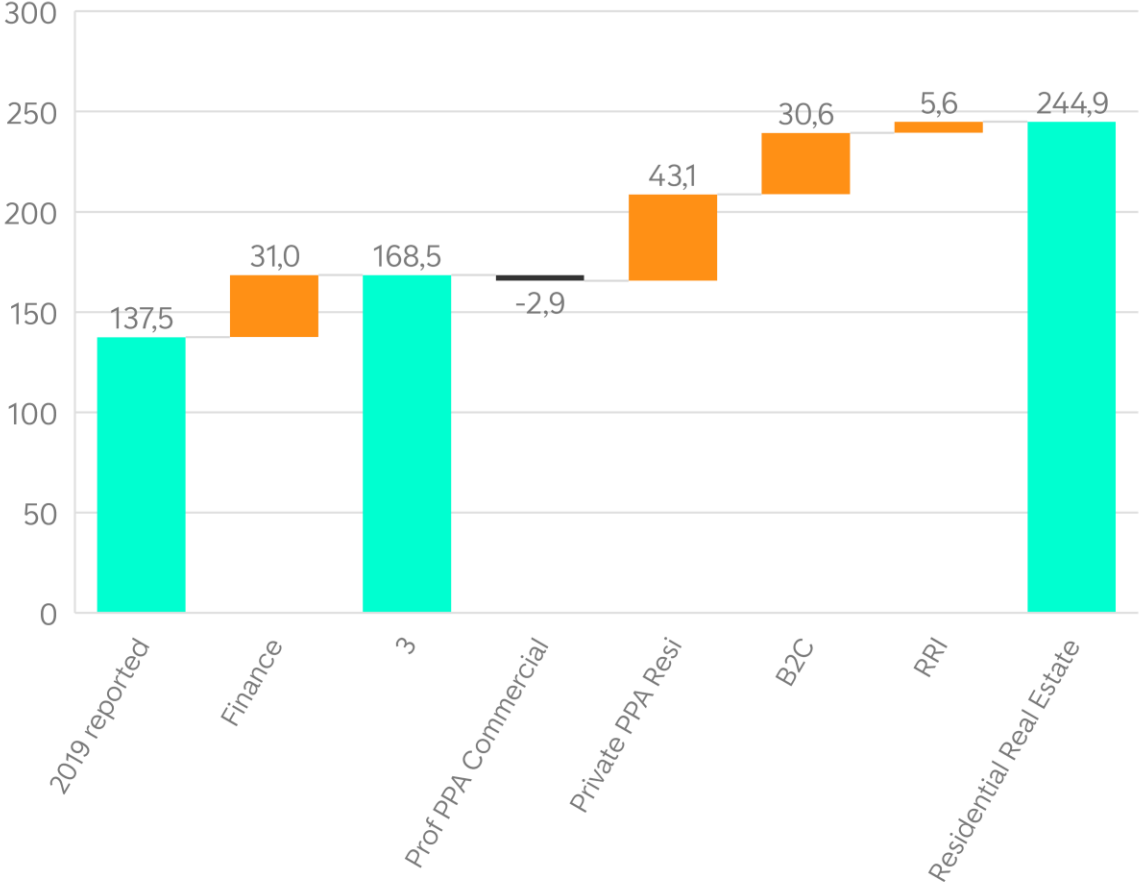
## Continued operations by revenue lines

Segment	Including	External Revenue (€m)					
		Q4 2019	Q4 2018	+/-	2019	2018	+/-
<b>Residential Real Estate</b>		<b>62.0</b>	<b>56.8</b>	<b>+9.3%</b>	<b>244.9</b>	<b>220.7</b>	<b>+11.0%</b>
Real Estate Agents	Residential Agents, Property Managers, Prof. PPA, Finance listings, Mortgage leads	42.6	39.3	+8.4%	165.6	150.6	+10.0%
Consumers	Private PPA, Premium Profile, RRI leads	19.4	17.5	+11.4%	79.3	70.1	+13.1%
<b>Business Real Estate</b>		<b>18.2</b>	<b>16.5</b>	<b>+10.3%</b>	<b>69.6</b>	<b>63.1</b>	<b>+10.3%</b>
Commercial Agents	Commercial Agents, Prof. PPA	8.6	7.6	+13.9%	32.6	29.5	+10.6%
Developer & NHB	Developer Projects; New Home Builder Catalogue	9.6	9.0	+7.2%	37.0	33.7	+10.0%
<b>3rd Party Media &amp; Other</b>	Display Ads, Barter, Flowfact, Austria	<b>9.3</b>	<b>8.3</b>	<b>+12.0%</b>	<b>35.0</b>	<b>32.1</b>	<b>+8.9%</b>

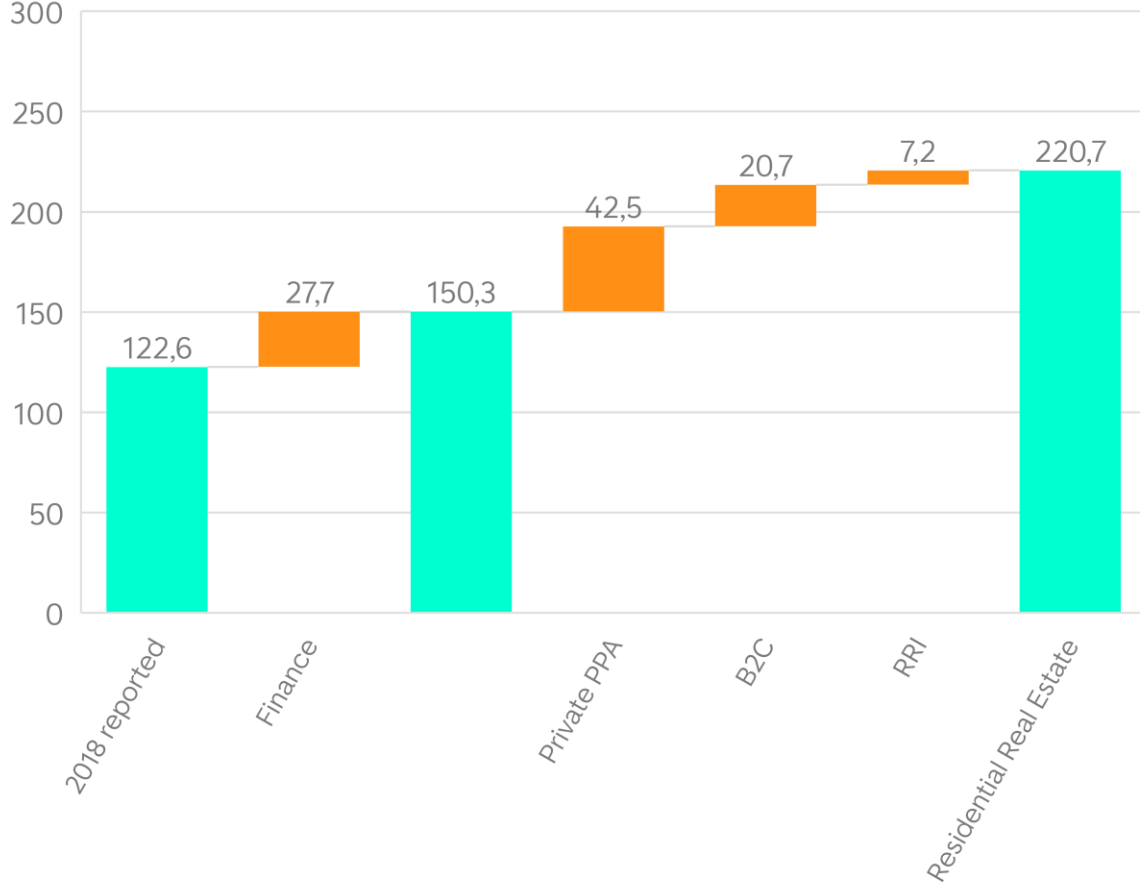
# New Residential Real Estate segment

## Reconciliation from former revenue lines to new revenue lines

Residential Real Estate 2019



Residential Real Estate 2018

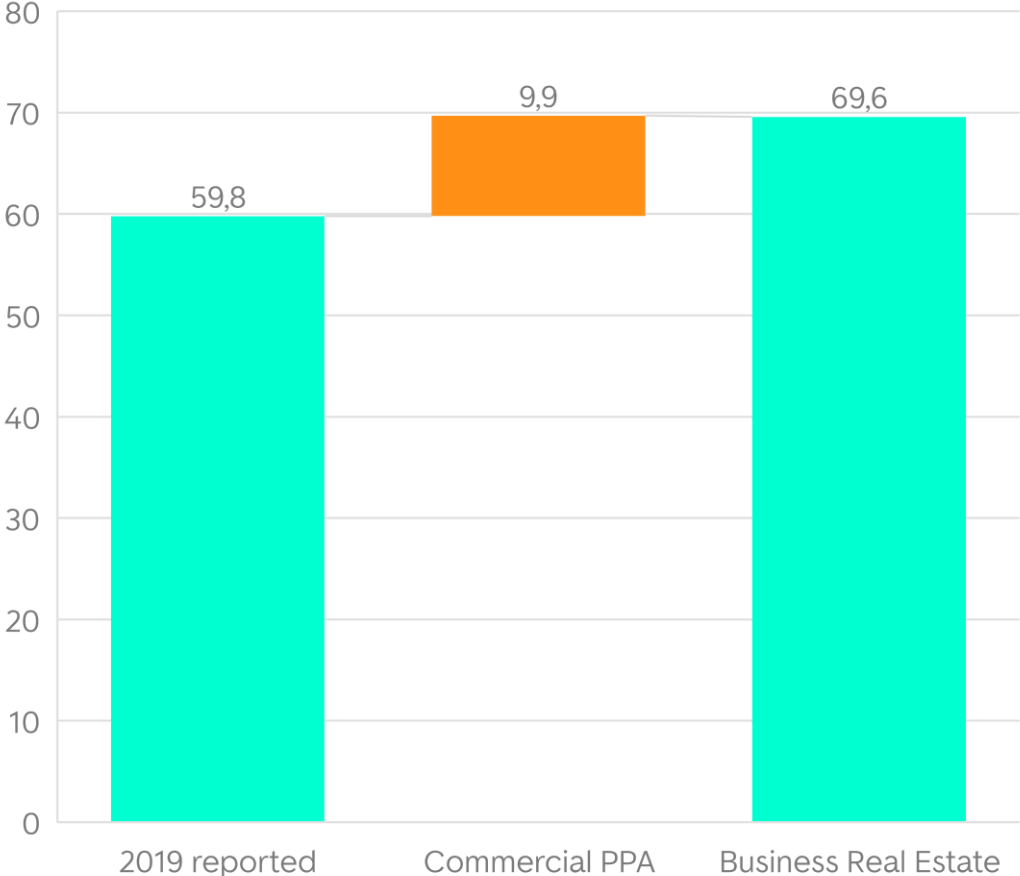




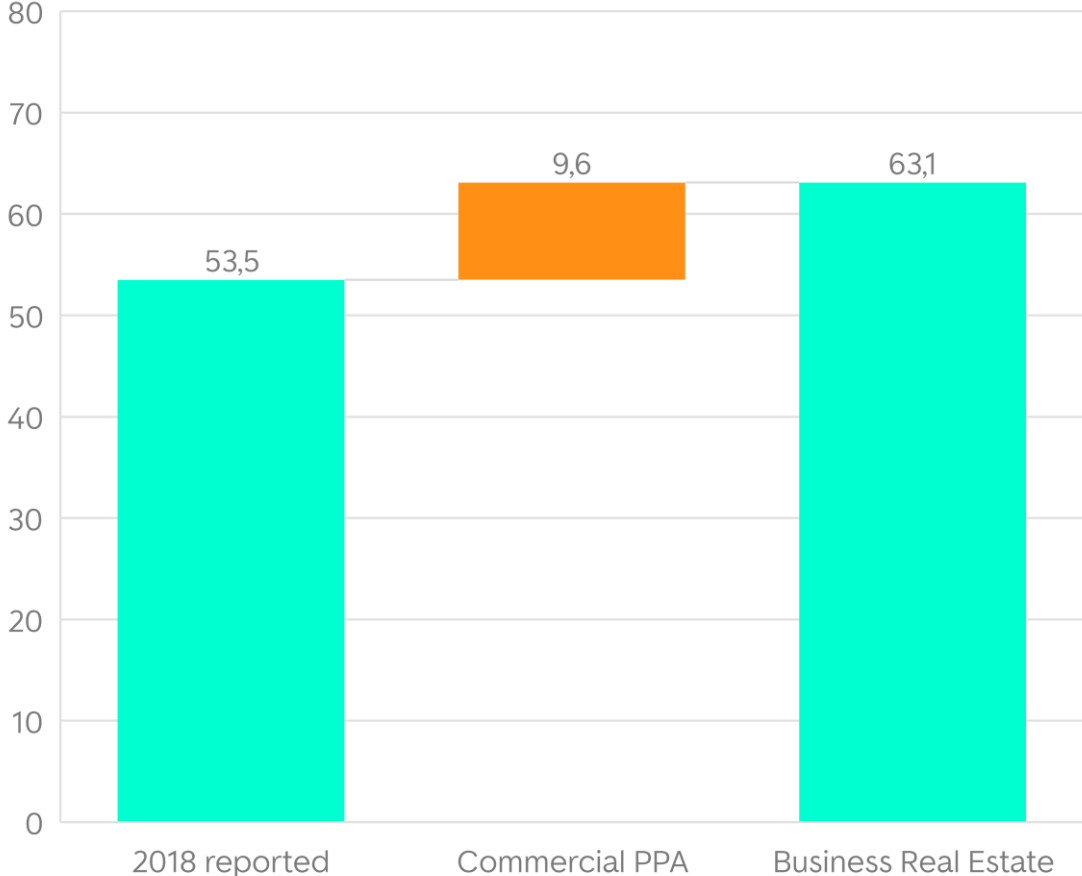
# New Business Real Estate segment

Reconciliation from former revenue lines to new revenue lines

### Business Real Estate 2019



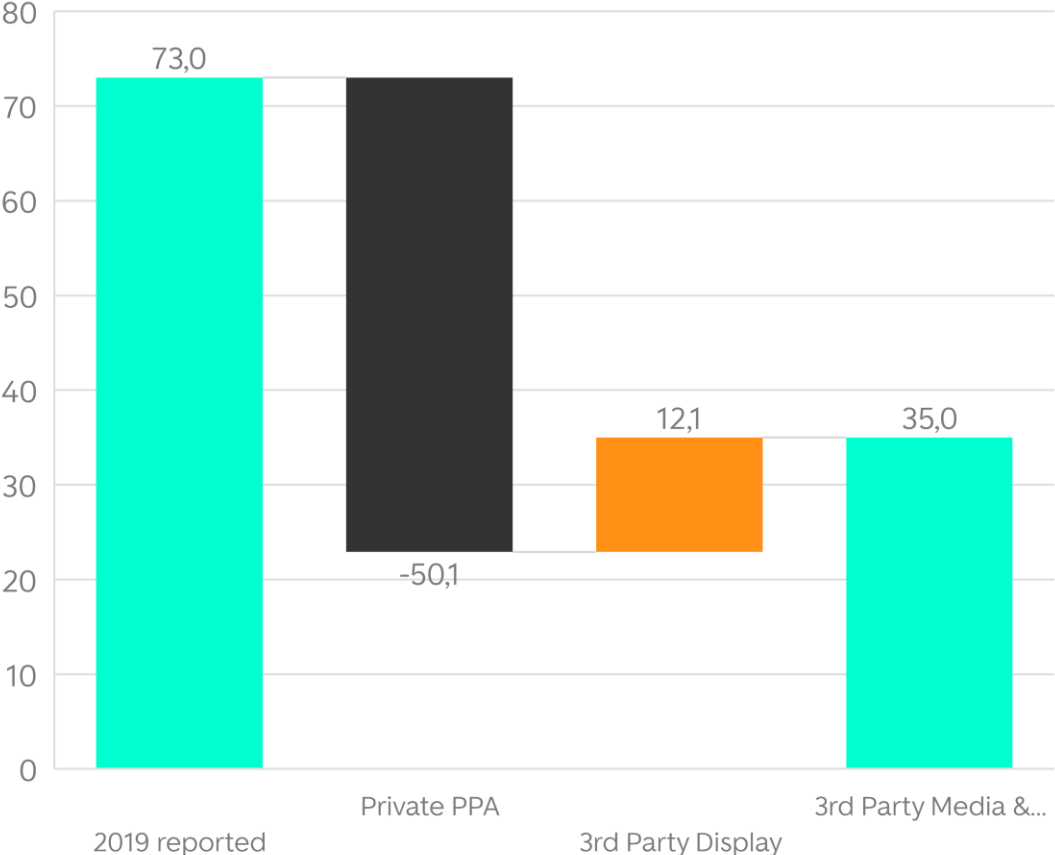
### Business Real Estate 2018



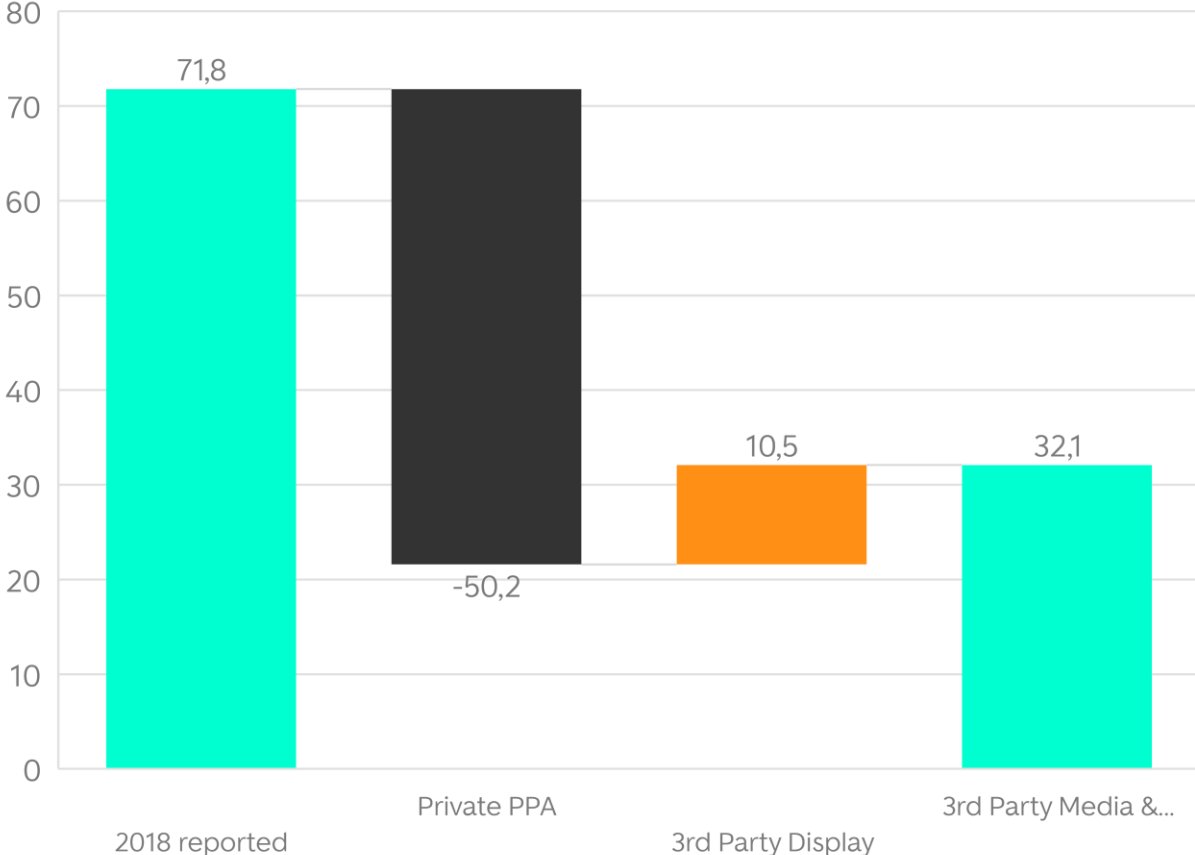
# New 3rd Party Media & Others segment

Reconciliation from former revenue lines to new revenue lines

### 3rd Party Media & Others 2019



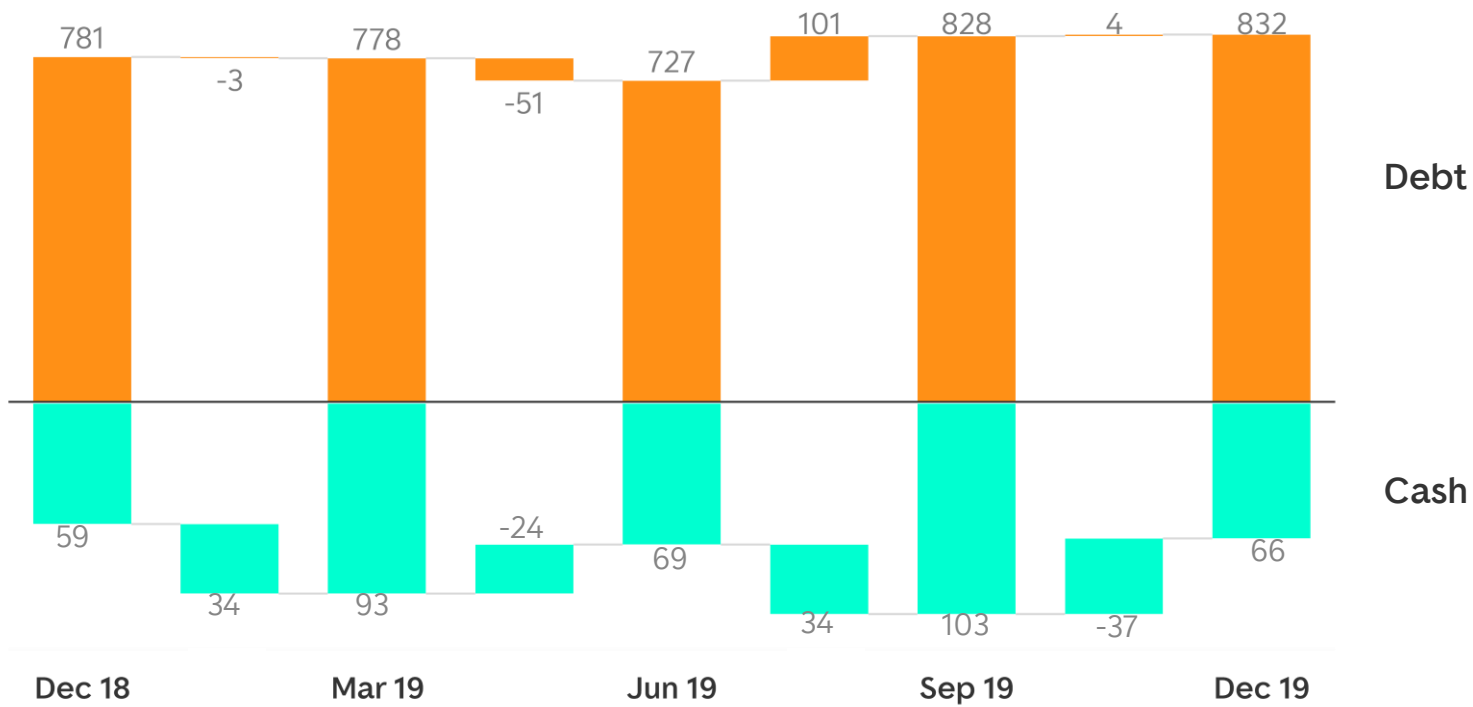
### 3rd Party Media & Others 2018



# Financing structure

**€766m**  
Net Debt

**2.45 : 1**  
leverage ratio  
(net debt : LTM ooEBITDA)



Debt structure	Loan volume (€m)	Margin
Term Loan	300	1.15%
RCF I (drawn)	20	0.85%
RCF I (undrawn)	180	
RCF II (drawn)	315	0.80%
RCF II (undrawn)	185	
Schuldschein	197	

# Equity Capital

## Scout AG – HGB Balance Sheet

Financial Statements according to HGB (€m)	Equity as of	Equity as of
<b>Scout24 AG</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Capital stock, issued	105.2	107.6
Share capital	107.6	107.6
Nominal amount of treasury shares	-2.4	0
Capital reserve	170.3	170.3
Balance sheet profit	887.2	974.0
<b>Equity</b>	<b>1,162.7</b>	<b>1,251.9</b>

### 1. Commercial law: Available profit based on HGB (Ausschüttbarer Gewinn)

€887.2m is the balance sheet profit according to HGB as of 31 Dec. 2019, which is the maximum distributable amount.

### 2. Tax law: Tax contribution account (Steuerliches Einlagenkonto)

€489.2m is the remaining amount of the tax contribution account after regular profit distribution of €94.3 and the entire share buyback until 31 Jan. 2020. This is the current maximum amount for tax-free profit distribution.

### 1. Why does it take so long to return cash ?

- Our share buyback will occur as soon as reasonably practical thereafter and will best cope with current market volatilities when continuing as long as possible prior to the AGM 2021.
- It will be complemented by a dividend, in line with communicated dividend policy.
- A large share buyback at the beginning of 2021, offering all shareholders an effective choice to disinvest or remain, completes the currently contemplated measures.
- Overall, it is a package of fast, effective and reliable measures while complying with mandatory rules and focusing on our business going forward.

## 2. Did you consider a shortened financial year?

- Such measure would presuppose that tax authorities, the AGM 2020 and the involved commercial registers approve the shortening of the fiscal year(s) of Scout24AG and/or Scout24 Beteiligungs SE, which cannot be reliably foreseen.
- The measure could be potentially blocked in case of litigation without having the benefit of a release procedure (Freigabeverfahren).
- The mere shortening of the financial year would not suffice; additional measures would need to be resolved by the AGM 2020 which again need to be registered and can be subject to litigation in such case even endangering the subsequent large redemption share buyback.
- There are technical restrictions resulting from the tax contribution account hindering the distribution of capital exceeding a certain amount in FY 2020.

## 3. Why did you not negotiate with the financial authorities?

### Re shortened financial year:

- A shortened financial year would only make sense in combination with an additional share buyback in FY 2020 post AGM 2020.
- Given all aforementioned uncertainties and litigation risks, there is a low probability of any timing advantage even if we come to a conclusion with the competent tax authorities.

### Re tax contribution account:

- Scout24 (on an anonymous basis through advisors) approached the relevant tax authorities: the relevant rules related to tax contribution accounts regarding the sequence of distributions comprising dividend but also share buybacks need to be diligently complied with.
- There was also no reliable solution by other means which we have diligently analysed nor any precedent.

## 4. How do the current (financial) market conditions affect your proposed path and our returns?

- Scout24 has invested a lot of thoughts how to quickly, reliably and efficiently, also tax efficiently, distribute the cash proceeds from the AutoScout24 sale.
- We started to consider potential ways to distribute the proceeds from the sale even before signing the AutoScout24 deal in order to cater for the best possible capital return package for our shareholders.
- When concluding our thoughts we have certainly also taken into account the challenging financial and other market effects.
- One result of such consideration is that we have decided to offer a share buyback as open market purchase and not by means of a tender in order to better cater for market volatility and to lesser affect the stock price.
- Moreover, the various measures comprise a sensible and reliable way to fast and steadily provide our shareholders with cash distribution while offering a choice to those who want to disinvest or remain in our stock.
- A dividend at the upper end of our dividend policy warrants a reliable source of income.



### 5. Why do you only pay a dividend of €94m and not a super dividend in one big move or even two tranches?

- The proposed dividend amount ranges at the upper end of our dividend policy of 30%-50% payout of adjusted net income.
- Any higher dividend would reduce the quantum of proposed share buybacks.
- Share buybacks are typically preferred by most of our shareholders given the related tax benefits while reserving full optionality to divest or not.

### 6. Why don't you first pay the tax-free dividend?

- According to our in-depth analysis the combination of share buybacks and a dividend payment in line with our dividend policy is in the best interest of the company and all its stakeholders.
- This analysis took into account the current market conditions and the tax and legal restrictions of dividend payments in particular in light of the interdependencies of dividend payments and share buybacks.
- In general, a dividend payment is not "tax free" for many investors but any applicable withholding tax is withheld by the company and thus not distributed to such investors.
- If we had decided to pay a dividend making full use of the tax contribution account we would have had no further capacity for any share buyback in FY 2020 given the legal particularities of the tax contribution account.

## 7. Why have you not repurchased shares during the last weeks?

- Scout24 has invested a lot of thoughts how to quickly, reliably and efficiently, also tax efficiently, distribute the cash proceeds from the AutoScout24 sale which is scheduled for end of March 2020 to its shareholders.
- Since we have not yet received the cash proceeds from the sale we are not yet in the position to distribute such proceeds.
- However, as soon as reasonably practical after receipt of these proceeds, we intend to start to distribute such cash proceeds via a share buyback through open market purchases throughout FY 2020 and as long as possible prior to the AGM 2021.

### 8. How do you ensure to buy large amounts via open market, how can you accelerate?

- In the interest of the company and its shareholders the buyback will be implemented in accordance with safe harbour provisions under the Market Abuse Regulation to ensure the compliance of the company with capital market law.
- Therefore, and in accordance with the relevant Delegated Regulation (EU) 2016/1052, up to 25% of the average daily volume of the shares at the stock exchange on which the respective purchase is carried out could be acquired on any trading day.
- Based on market intelligence by the investment bank advising us, this quantum is relatively large and should ensure that we can buy back a relatively high number of shares over time without putting the stock price inadequately under pressure.

### 9. Why don't you offer one large tender?

- We want our shareholders to benefit as soon as possible from the successful sale while making use of our large tax contribution account in FY 2020.
- This is feasible by way of a share buyback based on the existing authorization which shall start as soon as reasonably practical after receipt of the cash proceeds.
- A dividend shall be distributed later if and when the AGM 2020 has taken a respective resolution.
- The large tender can only take place at the beginning of 2021 if and when the AGM 2020 has taken respective resolutions which then need to be registered in the commercial register.
- Moreover, the business year 2020 needs to expire first, the profit needs to be transferred from the subsidiary to the holding level of Scout24 AG and the financial statements for the FY 2020 need to be set up.

### 10. Why are you limited to a 10% premium on 3-5 days VWAP with a tender?

- The authorization by the AGM for the Management Board for a share buyback limits the premium to such amount.
- The reason for this is that there is high legal uncertainty whether or not higher premiums would be permissible under German law (even if approved by the AGM).
- Higher premiums could be to the detriment of such shareholders not willing to participate in a share buyback.
- Thus, a renewed share buyback authorization and a capital decrease share buyback would be subject to the same limit.

# Make it happen!



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