SNP Schneider-Neureither & Partner

FY16 annual report

Scaling up for global growth

Software & comp services

SNP Schneider-Neureither & Partner's (SNP) results indicated that the business environment remains healthy. The group has a strong balance sheet with net cash, boosted by the €30m capital increase last year, and has raised additional €40m in loan notes to build a war chest to make additional acquisitions. We have edged up revenue forecasts, but eased profits, to reflect the increased costs as it positions for the next phase of its growth. Given SNP's strong market position in software-based transformation projects and assuming a sustained high level of activity, we believe the shares remain attractive on c 21x our cash-adjusted FY19 EPS.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/15	56.2	3.4	58.8	34.0	74.8	0.8
12/16	80.7	6.1	95.2	39.0	46.6	0.9
12/17e	97.5	9.0	121.3	45.0	36.3	1.0
12/18e	110.5	11.5	155.8	52.0	28.2	1.2

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Investment case: Huge transformation opportunities

SNP is building a global software-based consulting business focused on IT landscape transformations. SNP's innovative software proposition has enabled it to win prestigious business, including a $5m+ contract to handle the Hewlett-Packard demerger in 2015 and a $10m+ contract with two US chemical companies that are merging (we assume Dow Chemical and DuPont). SNP's T-B is the only off-the-shelf software that automates the process of combining, upgrading or carving out data from ERP systems. The industry is driven by the need to transform, adapt and harmonise data and initiated by M&A activity, system consolidation, cloudification and the need for simplification. This young industry is growing at a fast pace and is potentially very large. SNP estimates that only a third of transformation work is outsourced with only a tiny percentage involving software-based tools.

Annual report: FY17 revenue guidance is €96-100m

Q4 revenues grew by 56% to €23.1m while adjusted operating profit more than doubled to €1.7m, generating a margin of 7.2%. Incoming orders were slightly below Q3, though Q3 benefited from a record $10m+ contract win that is expected to be delivered over the next c 18 months. We have moved our FY17 forecasts to roughly the middle of management's FY17 guidance. Hence our revenues rise by 2% in FY17 and FY18, while EBIT comes back by 16% and 15% respectively.

Valuation: Strong growth play in the ERP space

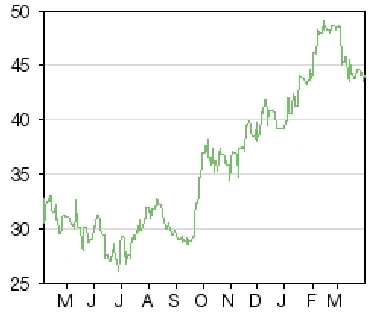
The stock trades on c 36x our FY17 earnings, which falls to c 28x in FY18. However, the group has a net cash position, and adjusted for this, the ratings fall to c 33x in FY17 and to c 26x in FY18. Our discounted cash-flow (DCF) model indicates that the shares are fairly valued. However, our model is based on conservative growth assumptions and takes no account of any acquisitions.

5 April 2017

Price	**€44.00**
Market cap	**€218m**

Net cash (€m) as at 31 December 2016	18.7
Shares in issue	4.98m
Free float	65.9%
Code	SHF
Primary exchange	Frankfurt (Xetra)
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	2.1	1.3	120.7
Rel (local)	(0.4)	(1.7)	144.2
52-week high/low		€33.48	€13.05

Business description

SNP Schneider-Neureither & Partner (SNP) is a software and consulting business focused on supporting customers in implementing change, and rapidly and economically tailoring IT landscapes to new situations. It has developed a proprietary software product called SNP Transformation Backbone with SAP Landscape Transformation software (T-B).

Next events

Q1 results	28 April
AGM	31 May

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Edison profile page

SNP Schneider-Neureither & Partner is a research client of Edison Investment Research Limited

Investment summary: Software-based transformation

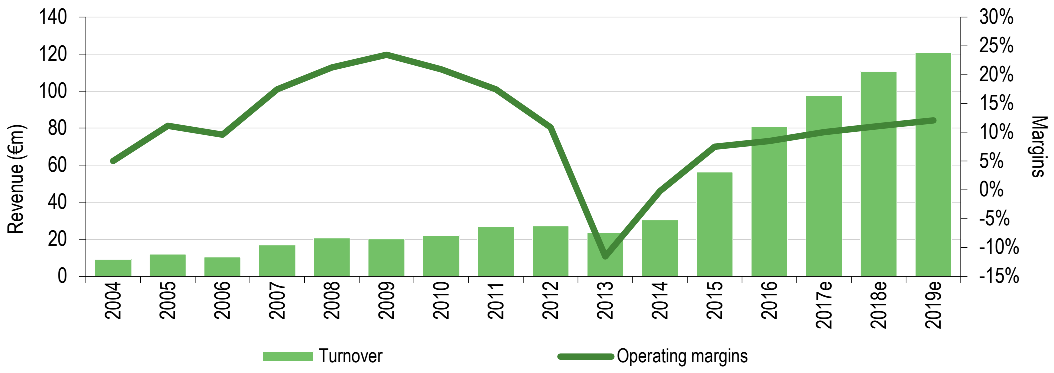
Company description: ERP data transformation experts

Founded in 1994, with its headquarters in Heidelberg, Germany, SNP specialises in helping businesses tailor and improve their ERP landscapes. The group has two operational segments: Professional Services (83% of FY16 revenues), which offers consultancy and training; and Software (17% of FY16 revenues), which includes the only off-the-shelf transformation product in T-B. Launched in 2009, T-B automatically analyses and implements changes in IT systems in a standardised manner and has been developed on the back of c 5,000 projects. Customers include blue-chip names such as E-ON, Hewlett-Packard, Porsche, Siemens and ThyssenKrupp.

Financials: Strong history of growth and profitability

SNP is firmly back on track after the dip in 2013, which was partly due to the expiration of an agreement with SAP. Utilisation rates remain very high, and SNP has made acquisitions in the US, Germany, Asia and the UK to bring in new talent and to strengthen its global footprint. Further acquisitions are expected following the recent €30m equity and €40m debt financings. The main organic strategies are to drive high-margin software sales, both directly and via a partner network, and develop the any-to-any strategy (enabling the transfer of data between different ERP systems). Revenues jumped by 243% over FY13-16, and we forecast a further 50% growth over the next three years, with margins expanding due to the economies of scale and increased software sales.

Exhibit 1: Operating profit and margin trends



Source: SNP (historicals), Edison Investment Research (forecasts)

Sensitivities: High exposure to SAP products

Cost-reduction measures and investment freezes for IT projects by customers can lead to project delays and/or cancellations. Nevertheless, we note the resilience of the business in the years following the financial crisis, which partly reflects the ongoing requirement for transformation projects regardless of the economic backdrop. The success of SNP products and services has been linked to the success of SAP, though SNP is broadening its offerings to cover Oracle solutions and others. Software sales cycles can be long and lumpy. The loss of key personnel is a significant risk. Competition for skilled IT professionals could lead to shortages, as remains the case.

Valuation: DCF valuation indicates strong upside on growth

The stock trades on 36.3x our FY17 EPS, falling to 28.2x in FY18, based on our forecast operating margins of 11.0% and 12.0% in the respective years. However, the drive to push high-margin software suggests operating margins could rise to 20%+ in the medium term. Our DCF model (which assumes a conservative five-year CAGR of 9.1%, WACC of 10% and a long-term operating margin of 18.0%) values the shares at €46, slightly above the current share price. However, our DCF scenario analysis (see Exhibit 14) suggests significant upside potential.

Company description: ERP data transformation experts

SNP helps enterprises to tailor and optimise their ERP systems, through its proprietary software products and related consultancy services and training. The industry has historically largely relied on a manual approach, but SNP has developed its own specialist software, T-B, which automates the process. T-B is the world's first software solution that automatically analyses changes in ERP systems and implements transformations in a standardised way. M&A activity is a driver, as ERP systems of acquired businesses will typically be integrated with the acquirer's IT system, while data of disposed businesses need to be "carved out". As ERP systems are highly complex with each installation customised for the user's specific requirements, it is a highly complex process to combine or carve out these systems. The shifting by enterprises of their ERP systems to the cloud is also an important business driver. SNP's software-based approach gives it a significant advantage over traditional manual methods in helping customers to meet tight deadlines, which is exemplified in M&A driven business. With more than 720 employees in the US, Europe and Asia, including c 500 consultants, SNP is able to support global companies in the selection, rollout and optimisation of their business applications and in company and IT transformations.

The business is divided into four categories:

1) Transformation Services & Software (c €37m or 66% of FY15 revenues)

Also referred to as "Business landscape transformation" (or BLT), this represents the change and adaptation of ERP systems and is the main area of the group's activity. BLT comprises all aspects of software and consulting services in transformation projects. It covers business transformations such as mergers, carve-outs and disposals, and IT transformations, which includes consolidations, harmonisations and new technologies (cloud).

2) IT Process Consulting (c €4m or 7% of FY15 revenues)

Also referred to as "Business landscape management" (or BLM), this represents a holistic consultancy approach for service and support processes in SAP and non-SAP system landscapes. SNP BLM structures the implementation of SAP Solution Manager with standardised consulting, best practices and finished enhancements. From 2015, SNP BLM has also been focusing on SAP architecture and technology consulting at an IT-decision-making level.

3) IT Consultancy Services (c €13m or 23% of FY15 revenues)

This includes traditional SAP consulting projects along with support and maintenance for regular customers. This area is supplemented with process consulting and software-based application developments. SAP module consulting constitutes the focus of consulting at RSP, which SNP acquired at the beginning of 2016.

4) Other Software Products (c €2m or 4% of FY15 revenues)

Along with T-B, the group's software portfolio also includes SNP Data Provisioning and Masking (DPM) along with SNP Dragoman. DPM software provides secure test data, which helps to accelerate software development for the transformation process, to automate quality assurance processes and to introduce new business functions successfully. DPM is also part of T-B. SNP Dragoman is a language translation tool, primarily targeted at internationally operating companies that must provide their SAP applications in the respective national language.

FY16 results: Revenues jump 43% to €80.7m

FY16 revenues grew by 43% to €80.7m (we forecast €77.0m), including benefits from the acquired Astrums and Hartung that were consolidated in the accounts from January and Harlex from September. EBIT rose by 62% to €6.9m (we forecast €8.0m). Management's guidance is for FY17 revenues of €96-100m and EBIT margin of 9-11%. We have reduced our profits forecasts due to increased costs going into the business, including the creation of a third staff training centre in Berlin. SNP's other two academies are in Magdeburg, Eastern Germany and Dallas, Texas in the US which is SNP's primary delivery location in the US. There are also additional costs associated with the new corporate structure including the creation of SNP Transformations Deutschland to target the S4/HANA market in Europe. We forecast EBIT margins to rise by 150bp in FY17 and 100bp in FY18 and FY19, as the group benefits from its great global scale and increases its software sales. More details on our forecasts are provided in Exhibit 12.

Exhibit 2: Forecast changes

	Revenue (€m)			EBIT (€m)			Adjusted EPS (c)		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2017e	77.0	80.7	4.8	8.0	6.9	(14.6)	111.4	94.4	(15.3)
2017e	95.9	97.5	1.7	11.7	9.8	(16.2)	148.2	121.3	(18.1)
2018e	108.5	110.5	1.9	14.3	12.2	(14.9)	185.6	155.8	(16.0)
2019e	N/A	120.7	0	N/A	14.5	0	N/A	188.7	0

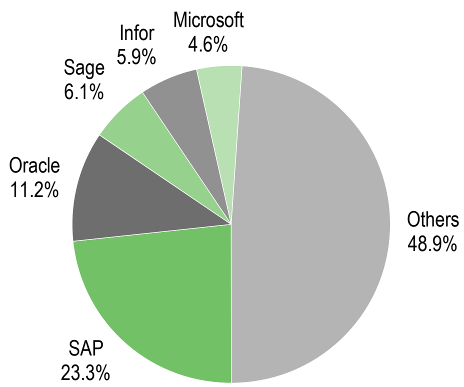
Source: Edison Investment Research

The enterprise resource planning (ERP) software market

ERP software provides an end-to-end information management solution for an enterprise, and can be used by all departments to manage the information. Solutions are typically modular, so that enterprises can purchase only the specific modules they require. Each ERP installation is normally highly customised and fundamentally unique, and hence any transformation project will be complex.

The worldwide ERP software market grew 3.8% to $25.4bn in 2013 (Gartner), from $24.4bn in 2012. SAP retained its market leadership position, with a 23.3% market share in 2015, while Oracle (which includes PeopleSoft, JD Edwards and Fusion brands) was second with an 11.2% market share. The market outlook for ERP remains solid, with Grand View Research forecasting the market to grow at 7% + pa over the 2015-22 period to reach $48.22bn by 2022, while Stratistics MRC forecasts a 7.6% CAGR over the same period, from $28.27bn in 2015 to $47.26bn in 2022. These numbers were prior to the UK referendum on the EU and the US presidential election.

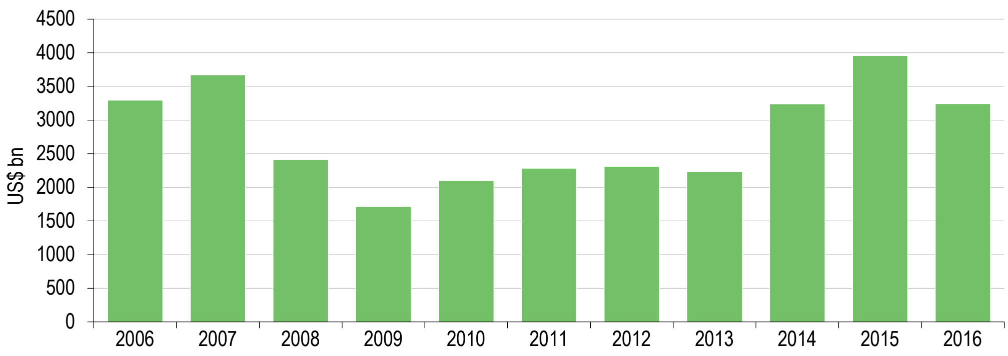
Exhibit 3: ERP software market share, 2015



Source: Gartner (2015)

There are two approaches to changing an IT landscape: so-called greenfield and brownfield approaches. The greenfield approach involves the implementation of one or more new ERP systems. The systems and processes are reconfigured and the business data of the existing systems are adopted. The brownfield approach involves the gradual migration of one or more ERP systems into a new ERP system. Clearly there are significant differences in technical and transformative migrations. Technical migrations are induced by M&A, carve-outs, disposals and organisational restructurings. Technical migrations include consolidations, harmonisations and new technologies (cloud). There are no market-sizing data available for data transformation. They are usually included in the data for IT system integration. However, SNP estimates that only one-third of the actual transformation work is outsourced, while approximately two-thirds of the work is done in-house. SNP argues that the age of new ERP implementation is over, ie, most firms that require ERP systems already have it. The future need regarding ERP systems is to transform, adapt and harmonise the existing data in the ERP systems – initiated by M&A activity, system consolidation, cloudification and simplification. In SNP's experience, only a very small percentage of transformation expenditure is allocated to software-based tools, with the rest done manually.

Exhibit 4: Global M&A activity



Source: Mergermarket. All sectors.

M&A: M&A activity is clearly an important driver in ERP transformation, though we note there are other factors that can complicate an enterprise's ERP landscape, such as organic expansion into new regions and business lines, while corporate restructurings and spinoffs can be common in any economic backdrop. Exhibit 4 shows that global M&A activity saw a cooling down in 2016 after a record 2015. There are uncertainties on the outlook for M&A relating to the Trump presidency, Brexit, EU/euro risks and potentially increasing protectionist politics.

Competitive environment

SNP competes with a range of businesses, which we put in the following three categories:

1. SAP has its own unit, System Landscape Optimization Services, with c 300 consultants who work on transformation projects.
2. Large systems integrators, including Accenture, HP and IBM. These companies are also partners of SNP.
3. Small specialist firms. In Germany this includes three quoted companies: All for One Steeb, KPS and Realtech. MHP, a unit of Porsche, is also a competitor and SNP partner. Some of these companies are also partners of SNP.

In our view, the ongoing development of SNP's T-B platform, combined with its strong domain knowledge of ERP systems gained through c 5,000 projects, significantly increases barriers to entry to the transformation software market. T-B is the only end-to-end tool that we are aware of and SNP's competitors use higher levels of manual processes associated with the classic approach or they might well license the T-B platform.

One interesting aspect is that SAP itself is precluded from undertaking Oracle to SAP transformations following the Tomorrow Now legal case. Other iterations (eg, SAP to Oracle, or involving other ERP systems) will be added in due course.

SNP's strategy

Through both organic growth and acquisitions, SNP is building a global software-based IT services business providing support in transformation projects both at international and regional levels. The group has been winning increasingly larger deals, with a landmark $5m+ carve-out deal for Hewlett-Packard delivered in record time in 2015 and the group recently won a record $10m+ contract to combine the IT landscapes of two US chemical companies (we assume Dow Chemical and DuPont) that are merging. Another recent high-profile customer is Kellogg's. These prestigious contract wins boost the group's international profile and help it to win new business. The plan is to develop T-B into an industry standard, with the ability to handle any-to-any transformations. SNP has traditionally focused on the "DACH" German speaking region in Europe, which generated 100% of FY06 sales, which fell to 86% in FY13 and to 68% in FY16. The group has focused on SAP-to-SAP transformations, as c 80% of big companies in Europe use SAP systems. SNP is now seeking to expand geographically more aggressively, both organically and through acquisitions, to take advantage of the growing global transformation market.

Acquisition strategy

The group has made five significant acquisitions over the last four years, which have enabled SNP to become a provider of end-to end solutions, covering the entire value creation chain on the transformation market. SNP acquired GL Consulting in 2013, to accelerate the group's entry into the US and a software-based approach to Oracle ERP transformations. SNP acquired RSP in early 2015 to expand the group's range of strategy- and process-related consultancy services. SNP acquired Hartung Consult and Astrums in early 2016 to target the Asian market and to support customers in international rollout projects as well. SNP acquired UK-based Harlex in September 2016 to target and deliver new business in the UK. Consequently, SNP has a proven track record of successfully integrating companies on several occasions, which now contribute to an improved market penetration. Management is on the lookout for other selective acquisitions that add to the product offerings, tap new markets, enhance technical expertise or simply expand capacity.

Exhibit 5: Recent acquisitions

<table>
<tr><th></th><th>Announced</th><th>Shareh olding</th><th>Cost</th><th>Revenues</th><th>Main regions</th><th>Headcount</th><th>Notes</th></tr>
<tr><td>GL Associates</td><td>24/08/2013</td><td>Asset deal</td><td>€3.8m</td><td>>$5m in FY12</td><td>US</td><td>c 20</td><td>Gave SNP a US presence and extended SNP's offerings to Oracle transformations</td></tr>
<tr><td>RSP</td><td>18/12/2014</td><td>Initial 74.9%</td><td>€7.6m total</td><td>c €11m</td><td>Germany</td><td>65</td><td>Enabled SNP to expand its strategy- and process-oriented consulting services</td></tr>
<tr><td>Astrums Consulting</td><td>03/12/2015</td><td>Initial 51%</td><td rowspan="2">c €10m combined</td><td rowspan="2">c €10m combined in 1st year</td><td>Singapore, Malaysia</td><td>77</td><td rowspan="2">Boosted SNP's presence in Asia, better positioning the group to handle transformations of global enterprises operating in Asia</td></tr>
<tr><td>Hartung Consult</td><td>22/12/2015</td><td>Initial 51%</td><td>Germany, China</td><td>86</td></tr>
<tr><td>Harlex Consulting</td><td>30/09/2016</td><td>Initial 90%</td><td>est €6m</td><td>c €5.6m</td><td>UK</td><td>25</td><td>Strengthens the group's position to target and deliver new business in the UK</td></tr>
</table>

Source: SNP

Strategic partnership with SAP

In December 2014, SNP announced a new commercial agreement with SAP whereby SNP is now licencing SAP's transformation product, SAP Landscape Transformation (SAP LT). SNP is now able to offer T-B with SAP LT. SNP T-B already significantly extends SAP LT functionality for SAP to SAP transformations. Furthermore, the move helps SNP to pursue its long-term plan to focus on enabling customers to migrate from any ERP system.

In 2015, SNP extended the partnership with SAP, and developed an exclusive partnership with SAP's transformation business (SLO). This includes:

- a master contract to support the enhancement of SAP Landscape Transformation software,
- distributing "SNP Transformation Backbone" as "SNP Transformation Backbone with SAP Landscape Transformation software",

- close cooperation on transformation projects and a development partnership, and
- solving technical challenges when migrating from other ERP systems to systems of SAP.

Each company has provided staff at SAP's Walldorf headquarters to work on software development.

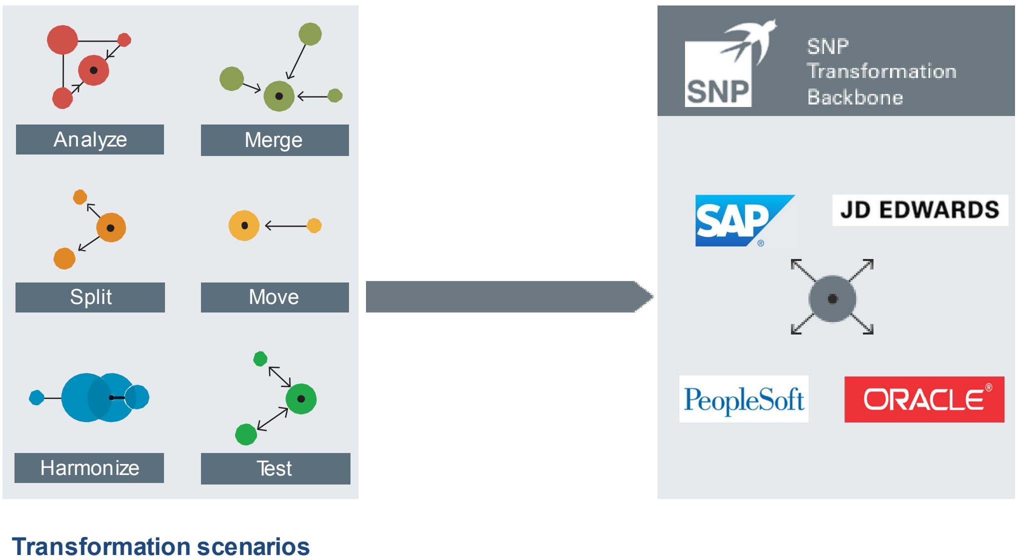
Strategic partnership with Huawei

In July 2016, SNP announced a strategic partnership with Huawei, a Chinese multinational networking, telecommunications equipment and services company. The aim of the strategic alliance is to provide companies undergoing a digital transformation a full range of hardware (based on Huawei FusionCube-servers), software (SNP Transformation Backbone), as well as implementation and migration consultancy services (SNP or third party) from a single source. The alliance allows businesses to harness SAP HANA technologies for digital transformation in a fast and efficient way. Huawei benefits from improving its access to the European markets. For SNP, this is another step to establish its software as an industry standard for transformation projects.

What is ERP transformation?

Growing companies accumulate ERP systems through acquisitions and expansion into new regions and business lines, and, over time, large corporations can find themselves burdened with some 15 to 20 ERP systems or even more. Hence, ERP landscapes can eventually become unmanageable and the nature of ERP projects from a consulting perspective naturally shifts from implementing new systems to landscape transformations. Transformation projects are among the most critical, complex and expensive programs that affect an organisation and its business processes. Transformations can be driven by business factors (mergers/acquisitions, disposals or restructurings) or technology (consolidation, upgrades/platform migration or data harmonisation).

Exhibit 6: The SNP Transformation Backbone



Source: SNP

Digitalisation and artificial intelligence might exponentially grow the amount of data modern enterprises will have to process. Today, often unseen by the public, but very transparent in the business world is the growth of ERP and related business process automation. This has been a trend for the last 25 years and will continue with the automisation of business and production processes. New digitally based process and business networks are about to drive productivity and force new levels of hyper-competition into the markets. At the same time, with every change to a business, a merger or a divestiture, a change in the organisation or process setup, the underlying systems have to be adapted and along with them the ever growing amount of data. Reorganising the data along with the required process changes driven by mandatory refitting of companies to their business environment is the market in which SNP wants to improve its position.

The launch of SAP HANA and SAP S/4HANA has started and will affect the markets over at least the next 10 years. If companies want to move to SAP S/4HANA, this change comes with the need to look at data structures – a core competency of SNP. In order to support SNP's business model for SAP S/4HANA migrations, there may be the need for substantial investments in new products, depending on the overall ERP market development as well as SAP's ability to provide the basis for migration tools. Depending on how fast customers are ready to adopt SAP S/4HANA, this new release of SAP has the potential to have a positive impact on SNP's revenues.

European focus: Transitioning to SAP S/4HANA

A key driver for company transformations is the growing digitisation of business processes with SAP S/4HANA. In pilot projects, SNP is already working on migration paths to SAP S/4HANA that are as efficient as possible. At the moment, the switch to S/4HANA is the most urgent issue for many European companies. Here, the introduction of SAP S/4HANA means that a completely new technological architecture needs to be developed. For many companies, switching to this new product is associated with changes in business processes and necessitates fundamental strategic consideration prior to the introduction. SNP's aim is to establish its software as an industry standard for transformations towards S/4 and play a key role in shaping this market via software-based solutions. In the past 18 months, SNP has expanded its already extensive knowledge about data and process transformations into SAP S/4HANA. In addition to the challenges associated with S/4HANA, SNP also sees cloud architectures, mobility, in memory and HANA as opportunities.

SNP Transformation Backbone with SAP Landscape Transformation software (T-B)

T-B takes the user right through the transformation process. A typical T-B project begins with SNP Systems Scan, which enables a systematic analysis of company structures to help to tailor the project. The next stage involves SNP Analysis, which analyses, compares and interprets the business processes, key configuration and components in order to plan the transformation. SNP Cockpits comes in at the design phase, guiding the user through the project. Finally, SNP Execution provides a speedy, automated, controlled and transparent generation and execution of the transformation program.

Exhibit 7: A transformation project using SNP Transformation Backbone

Source: SNP

Predefined routines are available for a number of common scenarios such as system consolidation (mergers/acquisitions), carve outs (disposals), chart of accounts restructuring (data harmonisation), legacy migration (can require Dragoman for translation) and platform migration (ERP upgrade, can require Data Provisioning & Masking for scenario analysis).

A conventional or classic transformation

A classic transformation project will involve a large amount of manual processes and tailored programming and is typically based around MS Excel and MS Project. Consequently it will be less flexible and transparent than the standardised SNP software-based solution and with a greater risk of missing deadlines. While operational data (master data, open items and balances) are preserved, data history is typically lost. The classic approach can make use of tools that have been developed on previous projects or are available in the market such as SAP Data Services. Nevertheless, the approach typically requires significantly more consultant man days and time on tool development, while the software usage is much lower, and hence the project will take much longer and there is a greater risk of human error.

Key advantages of the SNP Transformation Backbone software

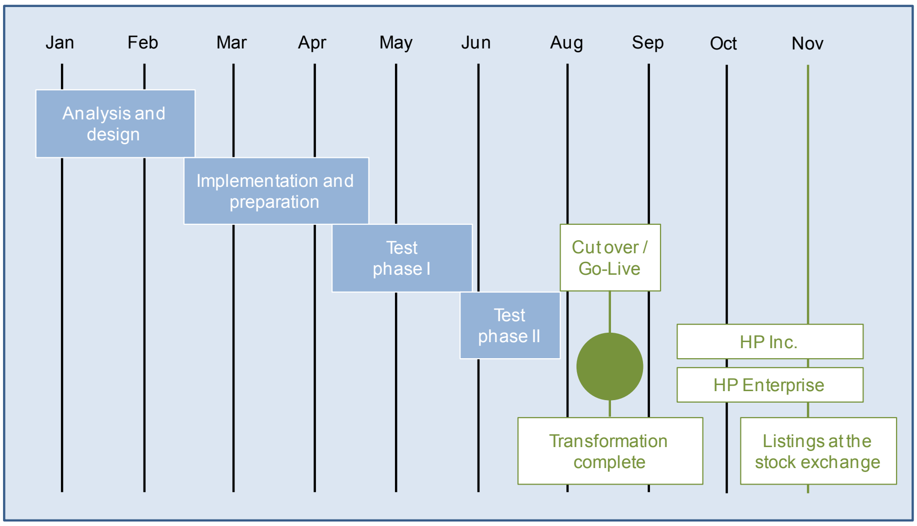
- It speeds up projects. For example, a team working on a "carve out" could complete a T-B-based project in two to four months rather than the three to six months it would take to do manually.
- It reduces cost by reducing consultant man days.
- It improves the quality of the transformation, so much so that SNP Transformation Backbone is the only software that is certified by both Ernst & Young and PricewaterhouseCoopers. This means that in using the software, companies can significantly reduce their auditing costs. SNP software is certified according to IDW (Institute of Public Auditors in Germany) standards.
- It preserves the data history (manual projects typically do not).
- It minimises business disruption.

The precise benefits depend on the type of project; there is high variability.

Hewlett Packard case study

In February 2015, SNP was commissioned to divide the global SAP system landscape of Hewlett-Packard (HP), in one of SNP's biggest contracts to date with a value exceeding $5m. In November 2014, the US IT giant announced that it would split into two independent companies – Hewlett-Packard Enterprise (or HPE, a services-based technology solutions business) and HP Inc (a hardware-based provider of computers and printers along with related software and services) in what we understand was the largest corporate separation ever undertaken. As a result, the new companies needed to "carve out" their ERP systems and to achieve this in a very tight deadline, as the demerger was to take place on 1 November 2015. SNP won the contract against intense competition, including SAP, with HP opting for SNP's software-based approach to benefit from the time and price efficiencies. HP already knew SNP very well, as HP is a re-seller of SNP's software.

Exhibit 8: Hewlett-Packard split



Source: SNP

The mammoth project was completed in November according to plan. The T-B software developed by SNP ensured that the previous IT landscape was smoothly transformed into what are now separate ERP structures for company-wide resource planning without any significant impact on ongoing operations. The magnitude of this company split was unprecedented in terms of its size and complexity: project costs were estimated at c $2bn, involving 300k people and 786 legal entities across three continents. Overall, data volume of c 50 terabytes from 16 systems was transformed in just 14 days. The project demonstrated the advantages of a software-based transformation approach. In view of the significant cost and time savings, the use of SNP software ensured that the IT landscape could be transformed into two new, separate ERP structures without having any considerable effects on ongoing business operations or problems. The transformation of the IT landscape had to be completed in six months as the final quarter of the last joint fiscal year had to be depicted in two IT landscapes. SNP has subsequently won additional business in the merger of HPE Enterprise Services with Computer Sciences Corp (CSC).

Financials: A fresh new growth trend

Business model: Direct and via partners

The group sells its software both directly and through its partner programme (40+ partners). The business is typically H2 weighted, due to software sales in Q4.

The consultant utilisation rate dipped to c 60% at the low point in 2013, but more recently has been close to 100% due to strong demand for T-B and the group's related professional services. Around 70% of consultancy work is done remotely. SNP makes use of freelancers when demand is high. There are three business models:

1. Project based, which is the most common. These are typically ad-hoc projects, normally priced at €100-200k, of which 20-30% of the project is software. A typical project is three to six months and there are no support and maintenance revenues with a project licence.
2. Perpetual licence plus 18-20% pa support and maintenance. The customer runs the software and SNP offers training courses on its software. Examples are Siemens and EON. The licence depends on how the deal is structured. Some customers prefer to run the software, as they are sensitive about their data.
3. SNP sells the software platform and sells projects on top – project by project – along with 18% annual support and maintenance.

For projects, revenue recognition is based on the percentage of completion method. Two strategic objectives are to encourage customers to take a group licence and to accelerate software sales via the partner programme; SNP would like its partners to use T-B to transform all their customers.

Routes to market

As at 31 December, SNP had 62 sales people (FY15: 30). The sales process typically targets the IT department or CFO. The Dragoman translation product is a simple product with short sales cycles, sold via telesales, and helps to find higher-value transformation opportunities. The BPA analytics product is also intended to drive transformation opportunities. SNP attends a number of industry events and since 2014 it has held an annual customer conference in Heidelberg.

In addition to its own sales team, SNP works closely with independent partners in marketing its services and product portfolio. Following the launch of T-B in 2009, it initiated a partner and licensing programme, which has since been continuously expanded and developed, and in FY16 the group had 54 partners (c 12.5% of FY16 revenues, down from c 15.3% in FY15), which include several large enterprises (eg Accenture, Hewlett-Packard Enterprise and IBM) as well as a range of small players. Through its partners SNP aims to expand its core business both domestically and internationally, especially in regions where the group has no sales infrastructure.

New equity and debt financing

In July 2016, SNP raised a gross €31m (€30m net) in a rights issue of one new share at €25 for every three existing shares. The fund-raising shifted the group into a healthy net cash position (see Exhibit 9). Management and employees subscribed to new shares for a total of €4.77m. In wake of the €30m capital increase, Dr Andreas Schneider-Neureither saw his shareholding dip from c 20.6% to 18.3%, as he reserved some of his subscription rights for senior employees. He has recently lifted his shareholding back to 20.0% through on market purchases.

Exhibit 9: Balance sheet financial development

€m	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
Cash	(13.8)	(9.2)	(7.1)	(36.0)	(31.9)
Short-term debt	2.6	2.1	2.3	2.4	12.8
Long-term debt	12.3	11.8	11.3	10.8	0.4
Net debt / (cash)	1.2	4.8	6.4	(22.8)	(18.7)
RSP acquisition liabilities	2.5	2.5	2.5	2.5	2.5
Astrums/Hartungs acquisition liabilities		1.9	1.9	1.9	1.9
Harlex acquisition liabilities					4.0
Corporate bond fair value premium	0.5	0.5	0.5	0.6	0.0
Pension deficit	1.2	1.3	1.4	1.4	1.5
Adjusted net debt / (cash)	5.4	11.0	12.7	(16.4)	(8.7)

Source: SNP accounts

In February SNP issued a €40m loan note with investors, spread across fixed and variable tranches in terms of three to seven years. The initial average yield across all tranches is 1.41% pa. Due to the strong demand, the amount was increased by €10m to €40m. The issue was arranged by IKB Deutsche Industriebank AG. Additionally, SNP exercised an early call option on its outstanding 6.25% €10m bearer bond at 103% plus accrued interest effective on 27 March 2017.

At the time of the rights issue, SNP said it would use c 50% to 75% of the net proceeds to finance acquisitions. The balance of the rights issue was primarily to finance the increased working capital requirements due to an increase in the order backlog and the rising project sizes as well as to fund its training programmes in Germany and the US to educate young professionals.

Q4 results: Revenues up by 56%, including 26% organic growth

FY16 revenues grew by 43% to c €80.7m (we forecast €77m) reflecting 26% organic growth and contributions from acquisitions (primarily Atrums and Hartung Consult, from 1 January). The adjusted operating profit rose by 62% to €6.9m, for an 8.5% operating margin. Along with a number of significant M&A-driven contract wins, including with the two merging chemicals companies, the shift of ERP systems to the cloud is the dominant transformation topic in the US, while the migration to SAP S/4HANA and the required transformation of old systems has been the focus in Europe.

Exhibit 10: Quarterly analysis

	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
€'000	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Professional services	9,495	12,909	12,200	12,264	46,868	15,516	16,558	15,953	18,613	66,640
Licences	1,820	1,406	1,957	2,254	7,437	2,216	2,425	3,258	4,101	12,000
Maintenance	863	368	350	350	1,931	742	457	416	430	2,045
Total revenue	12,178	14,683	14,507	14,868	56,236	18,474	19,440	19,627	23,144	80,685
Other operating income	638	(95)	(25)	351	869	200	148	150	730	1,228
Cost of materials	(1,428)	(1,929)	(1,652)	(1,784)	(6,793)	(1,928)	(2,037)	(1,965)	(2,346)	(8,276)
Personnel costs	(7,257)	(7,887)	(7,834)	(8,230)	(31,208)	(10,604)	(11,382)	(11,399)	(13,822)	(47,207)
Other operating expenses	(2,855)	(3,344)	(3,355)	(4,014)	(13,568)	(4,174)	(3,986)	(4,209)	(5,422)	(17,811)
Other taxes	(13)	(13)	(14)	(13)	(53)	(22)	(27)	(21)	(25)	(95)
Op costs (before depreciation)	(10,915)	(13,268)	(12,880)	(13,689)	(50,752)	(16,528)	(17,284)	(17,444)	(20,905)	(72,161)
Adjusted EBITDA	1,263	1,415	1,627	1,179	5,484	1,946	2,156	2,183	2,239	8,524
Depreciation	(249)	(334)	(280)	(399)	(1,262)	(323)	(372)	(399)	(573)	(1,667)
Adjusted operating profit (EBIT)	1,014	1,081	1,347	780	4,222	1,623	1,784	1,784	1,666	6,857
Operating Margin	8.3%	7.4%	9.3%	5.2%	7.5%	8.8%	9.2%	9.1%	7.2%	8.5%
Net interest	(109)	(204)	(271)	(244)	(828)	(191)	(268)	(141)	(537)	(1,137)
Edison profit before tax (norm)	905	877	1,076	536	3,394	1,432	1,516	1,643	1,129	5,720
Associates	0	0	0	(3)	(3)	0	(1)	0	9	8
Exceptionals - earnout adjustments	0	0	356	0	356	0	0	0	0	0
Profit before tax (FRS 3)	905	877	1,432	533	3,747	1,432	1,515	1,643	1,138	5,728

Source: SNP (historicals), Edison Investment Research (forecasts)

Q4 revenues grew by 56% to c €23.1m, while operating profit more than doubled to €1.7m, for a margin of 7.2%. Incoming orders were slightly below Q3, though we note that Q3 benefited from the record $10m+ contract win that is scheduled to be delivered over the next c 18 months.

Exhibit 11: New orders and backlog

	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016
€'000	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Incoming orders	16,600	12,700	17,000	12,900	59,200	26,200	19,900	26,200	23,300	95,600
Quarterly revenues	12,178	14,683	14,507	14,868	56,236	18,474	19,440	19,627	23,144	80,685
Book-to-bill ratio	1.36	0.86	1.17	0.87	1.05	1.42	1.02	1.33	1.01	1.18
Backlog	18,900	18,200	20,000	20,200		28,700	29,300	36,200	39,300	

Source: SNP

New FY17 guidance: Revenues of €96-100m, margins of 9-11%

Management said it expects the group to generate revenues of €96-100m in FY17, upgraded from initial guidance of €95-100m given with the preliminary results on 31 January. The guidance is underpinned by the record €39.3m order backlog, which was 95% higher than a year earlier. Management expects an FY17 EBIT margin of between 9% and 11%. The guidance only includes organic growth, while fresh acquisitions are highly likely to be made in 2017. Given the group's net cash position and debt refinancing SNP has considerable firepower to make acquisitions.

Forecasts: Revenues move up, profits eased on higher costs

We have increased our revenue forecasts towards the middle of management guidance. However, we have reduced our profits forecasts due to increased costs going into the business, including the creation of a third staff training centre in Berlin, and costs associated with the new corporate structure. We now forecast group revenues to rise 21% to €97.5m in FY17, and then by 13% to €110.3m in FY18. We forecast adjusted operating margins to rise to 10.0% in FY17 and to 11.0% in FY18. We note that the company effectively unbundles projects in order to report professional services and software as separate divisions, and we have done the same in our forecasts.

Exhibit 12: Forecasts

(€'000s)	2014	2015	2016	2017e	2018e	2019e
Professional services	22,742	46,868	66,640	80,500	91,652	100,104
Software licences	6,401	7,437	12,000	14,000	15,000	16,425
Software maintenance	1,336	1,931	2,045	3,000	3,850	4,216
Total software	7,737	9,368	14,045	17,000	18,850	20,641
Group revenue	30,480	56,236	80,685	97,500	110,502	120,745
Growth (%)	29.5	84.5	43.5	20.8	13.3	9.3
Professional services contribution	1,162	4,936	6,003	7,889	9,394	10,511
Software contribution	1,787	2,290	3,090	4,590	5,655	6,915
Non-segment-related expenses	(3,585)	(3,272)	(2,894)	(3,200)	(3,350)	(3,417)
Other operating income & other taxes	570	268	658	500	510	520
Adjusted operating profit (EBIT)	(66)	4,222	6,857	9,779	12,209	14,529
Operating profit margin (%)	(0.2)	7.5	8.5	10.0	11.0	12.0
Profit before tax norm	(132)	3,394	5,720	8,979	11,459	13,829
Adjusted EPS (c)	(13.9)	58.8	94.4	121.3	155.8	188.7
P/E - adjusted EPS	**N/A**	**75.6**	**47.1**	**36.6**	**28.5**	**23.5**

Source: SNP (historicals), Edison Investment Research (forecasts)

Professional services revenues/margins: We assume that revenues rise by 21% in FY17 to €80.5m and by 14% in FY18 to €91.7m. This includes a modest amount of training revenues. We assume a 9.8% contribution margin in FY17, rising to 10.3% in FY18, and 12.0% in the long term. This is conservatively below the historical peak of 13.7% in FY09.

Software revenues/margins: We assume software revenues (licences and maintenance) rise by 21% in FY17 to €17.0m, and by 11% in FY18 to €18.9m. We assume a 27% contribution margin in FY17, rising to 30% in FY18, and towards 50% in the long term. The rise reflects the benefits from the relatively fixed R&D costs (€11m in FY16). We note that margins were above 60% in FY10/11.

Costs and tax: We assume "non-segment-related expenses" of €3.2m in FY17, rising to €3.4m FY18. We assume €0.5m of "other operating income & other taxes", which relates to a wide range of minor factors including insurance, provision reversals and capital gains. We continue to assume an effective tax rate of 30% and cash tax rate of 28%.

Sensitivities: High exposure to SAP products

SNP's customers are mainly large corporations, often multinationals, and economic cycles have an effect on these businesses. Contracts can be lumpy and the three biggest customers generated c €15.4m or c 19% revenues in FY16, down from €13.0m or 23% in FY15 while the largest customer generated €6.4m or 7.9% of revenues (versus €7.0m and 12.4% in FY15). This shows that the increasing scale of the business is reducing the reliance on particular customers, despite the increasing size of contract wins. We note the resilience of the business in the years following the financial crisis, which partly reflects the ongoing requirement for transformation projects regardless of the economic backdrop. SNP has a reliance on SAP's end-market, though SNP seeks to align its solutions to the ERP market as a whole. We note the following sensitivities:

- **Economic downturn**. Cost-reduction measures and investment freezes for IT projects by customers can lead to project delays and/or cancellations. We also note the transformation business is a relatively new market, characterised by high fixed costs for salaries for consultants and product developers, and it is difficult to gauge the sensitivity to a downturn.
- **Competition.** Other providers may offer better or more cost-effective solutions. However, SNP counters this risk through the development of new products and the continuous refinement and improvement of its existing products. The complexity of SNP products and processes has meant that SNP has, thus far, been able to maintain an innovative advantage over its competitors with the general possibility of imitation being limited.
- **Technological change**. SNP's performance largely depends on whether it succeeds in adjusting its products to changes in the market. Earnings may be adversely affected if technologies prove to be dysfunctional, are not well received on the market or are not launched on the market at the right time. The growth of ERP solutions in the cloud provides both a threat and an opportunity for the group, as cloud products are typically less customised than traditional solutions but they could add to the complexity of ERP landscapes.
- **Project risks**. Project implementation in the ERP transformation market often requires a considerable deployment of resources by customers. This is subject to a variety of risks, which are often beyond customers' control.
- **SAP customer dependency.** The success of SNP products and consulting services is strongly linked to the popularity and market penetration of the standard ERP software of SAP. There is a risk that SAP solutions may be supplanted by competing products. However, the risk of a sudden collapse in the market base is low, given the high costs and the time needed to install new standard business software.
- **Personnel**. The loss of key personnel is a significant risk factor. Competition for skilled IT professionals could lead to shortages.
- **Acquisition risk**. There is implementation risk in the acquisition strategy.

Valuation: Software-led growth and margin recovery

While SNP's shares look expensive on a P/E basis, our base DCF model suggests the shares are fairly valued. However, if the group can sustain current levels of organic growth (c 18-22%), drive margins higher and make additional value-enhancing acquisitions, we would expect the share price to continue to outperform. Exhibit 14 shows that if SNP can sustain the growth, the shares could double, even before making value-enhancing acquisitions. SNP's growing track record in winning increasingly lucrative deals with some of the world's largest enterprises underlines its strong positioning in the transformation market and has boosted its valuation. The group has a proven acquisition strategy in successfully integrating businesses. It has been buying smaller players that lack SNP's software proposition and geographical reach at c 1x revenues, while SNP shares trade at more than 2x revenues, and this enables SNP to create value, as it broadens its position across the value chain and geographically. We highlight the following points on the group's valuation:

- **P/E valuation**. The stock trades on 36.3x our FY17 EPS, falling to 28.2x in FY18 and to 23.3x in FY19. However, after adjusting for adjusted net cash (see Exhibit 9), this falls to c 33x in FY17, to c 26x in FY18 and to 21x in FY19, attractive assuming current growth is sustained.
- **Peer comparison**. We note that SNP is a unique business, and has no direct quoted peers. The stock trades on 1.6x FY18 revenues (above its smaller peers' average of 1.1x) and 12.1x FY17 EBITDA (above its peers' average of 10.4x). The premium reflects strong organic growth prospects supported by a compelling position in transformation software, the potential to make value-adding acquisitions and the significant potential for margin expansion.

Exhibit 13: Peers

		Market cap	Currency	EV/sales (x)		EV/EBITDA (x)		PE (x)	
	Price	Local curr m's		Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
SNP	44.00	219	EUR	1.82	1.60	14.9	12.1	36.3	28.2
1) Specialist SAP transformation consultants in Germany									
All for One Steeb	62.23	310	EUR	1.08	1.02	10.9	10.1	23.8	21.1
KPS	17.42	652	EUR	3.88	3.49	22.98	19.90	27.86	24.53
Realtech	1.47	8	EUR	N/A	N/A	N/A	N/A	N/A	N/A
2) Small consulting companies / VARs with a significant own software strategy									
Cenit	20.91	175	EUR	1.14	1.11	11.1	10.4	22.5	20.8
D4T4 Solutions	139.50	53	GBP	2.63	2.28	12.5	10.9	15.0	14.1
First Derivatives	2707.00	674	GBP	4.79	4.31	25.8	23.0	48.3	44.0
K3 Technologies	253.50	91	GBP	1.15	1.14	8.4	6.7	14.6	10.9
SCISYS	108.50	31	GBP	0.56	0.55	5.5	5.0	9.9	9.0
Medians (categories 1 & 2 above)				**1.15**	**1.14**	**11.1**	**10.4**	**22.5**	**20.8**
3) Major ERP providers									
SAP	91.39	112273	EUR	4.87	4.57	14.5	13.8	21.4	19.6
Oracle	44.69	183885	USD	4.78	4.63	10.7	10.1	16.9	15.7
Sage	634.50	6854	GBP	3.98	3.74	13.5	12.2	20.0	18.0
Microsoft	65.81	508549	USD	4.88	4.55	13.1	11.8	22.2	20.2
Medians				4.83	4.56	13.3	12.0	20.7	18.8
4) Large systems integrators									
Accenture	120.21	77910	USD	2.18	2.03	13.0	12.0	20.5	18.7
Atos	115.00	12105	EUR	0.98	0.96	7.7	7.2	14.5	13.3
Cap Gemini	85.68	14493	EUR	1.24	1.19	9.07	8.5	14.4	13.3
CGI group	63.90	19187	CAD	1.91	1.85	10.3	9.8	17.2	16.0
Cognizant	59.17	36013	USD	2.16	1.98	9.6	8.5	16.2	13.8
CSC	71.32	10072	USD	1.59	1.57	9.8	8.2	25.6	22.5
HP Enterprise	23.65	39205	USD	0.96	0.96	6.1	6.2	12.8	12.6
IBM	174.27	164369	USD	2.52	2.52	10.0	9.9	12.7	12.3
Medians				**1.75**	**1.71**	**9.7**	**8.5**	**15.3**	**13.5**

Source: Bloomberg, Edison Investment Research. Note: Pricing as at the close on 30 March 2017.

- **Discounted cash flow valuation**. Based on our forecasts and an 18.0% long-term margin target, a weighted average cost of capital (WACC) of 10%, and a 2% terminal growth rate, our DCF model values the shares at €48. A 1% rise in the WACC reduces the valuation to €40, while a 1% cut in the WACC lifts it to €53. Discounting back from our forecasts implies that the market is attributing a break-even WACC of 9.9% to the stock. Our DCF scenario analysis, below, suggests the stock is fairly priced based on our conservative forecasts and WACC, with the risk on upside given the strong software growth prospects and potential to beat forecasts.

Exhibit 14: DCF scenario analysis (stock price valuation under a range of scenarios)

		WACC 9%			WACC 10%			WACC 11%		
		Long-term operating margin targets								
Revenue scenarios (see notes below)		16.0%	18.0%	20.0%	16.0%	18.0%	20.0%	16.0%	18.0%	20.0%
	Base scenario	€49	€53	€60	€42	€46	€51	€36	€40	€44
	Medium-term outperformance	€76	€85	€94	€65	€72	€80	€56	€62	€69
	Sustained outperformance	€113	€127	€140	€95	€107	€118	€82	€91	€101

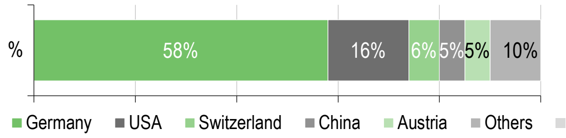
Source: Edison Investment Research. Note: WACC is weighted average cost of capital. Revenue scenarios as follows:
Base scenario: compound group organic revenue growth of 9.1% over FY16-26 and growth fading thereafter down to 2%.
Medium-term outperformance: compound group revenue growth of 15% over FY16-26, similar growth to base scenario thereafter.
Sustained outperformance: compound group revenue growth of 20% over FY16-26, similar growth to base scenario thereafter.

Exhibit 15: Financial summary

€'000s	2014	2015	2016	2017e	2018e	2019e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue	30,480	56,236	80,685	97,500	110,502	120,745
Cost of sales	0	0	0	0	0	0
Gross Profit	30,480	56,236	80,685	97,500	110,502	120,745
EBITDA	862	5,484	8,524	11,856	14,603	17,066
Adjusted Operating Profit	(66)	4,222	6,857	9,779	12,209	14,529
Amortisation of acquired intangibles	0	0	0	0	0	0
Exceptionals	1,505	356	0	0	0	0
Associates	0	(3)	8	0	0	0
Operating Profit	1,439	4,575	6,865	9,779	12,209	14,529
Net Interest	(66)	(828)	(1,137)	(800)	(750)	(700)
Profit Before Tax (norm)	(132)	3,394	5,720	8,979	11,459	13,829
Profit Before Tax (FRS 3)	1,373	3,747	5,728	8,979	11,459	13,829
Tax	(344)	(1,195)	(1,517)	(2,694)	(3,438)	(4,149)
Profit After Tax (norm)	(477)	2,198	4,203	6,285	8,022	9,680
Profit After Tax (FRS 3)	1,028	2,552	4,211	6,285	8,022	9,680
Minority interest	(40)	0	(147)	(248)	(267)	(289)
Adjustments for normalised earnings	0	0	0	0	0	0
Net income (norm)	(517)	2,198	4,056	6,038	7,754	9,391
Net income (FRS 3)	988	2,552	4,064	6,038	7,754	9,391
Average Number of Shares Outstanding (m)	3.7	3.7	4.3	5.0	5.0	5.0
EPS - normalised (c)	(13.9)	58.8	94.4	121.3	155.8	188.7
EPS - normalised & fully diluted (c)	(13.9)	58.8	94.4	121.3	155.8	188.7
EPS - FRS 3 (c)	26.6	68.3	94.6	121.3	155.8	188.7
Dividend per share (c)	13.00	34.00	39.00	45.00	52.00	60.00
Gross Margin (%)	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA Margin (%)	2.8	9.8	10.6	12.2	13.2	14.1
Adjusted Operating Margin (%)	-0.2	7.5	8.5	10.0	11.0	12.0
BALANCE SHEET						
Fixed Assets	8,291	15,243	29,054	28,927	28,744	28,622
Intangible Assets	5,190	11,675	24,179	24,179	24,179	24,179
Tangible Assets	1,231	1,999	3,161	3,034	2,851	2,728
Other	1,871	1,570	1,714	1,714	1,714	1,714
Current Assets	17,882	29,996	59,478	58,876	59,775	70,115
Stocks	0	0	0	0	0	0
Debtors	11,286	16,084	27,201	32,870	37,253	40,706
Cash	5,681	13,769	31,914	25,644	22,158	29,045
Current Liabilities	(9,782)	(13,703)	(34,382)	(28,934)	(32,819)	(35,710)
Creditors	(9,182)	(11,101)	(21,583)	(26,834)	(30,719)	(33,610)
Short term borrowings	(600)	(2,602)	(12,799)	(2,100)	(2,100)	(2,100)
Long Term Liabilities	(2,501)	(15,513)	(5,576)	(5,576)	(1,076)	3,424
Long term borrowings	(1,650)	(12,344)	(434)	(434)	(434)	(434)
Other long term liabilities	(851)	(3,169)	(5,141)	(5,141)	(641)	3,859
Net Assets	13,890	16,024	48,575	53,294	54,625	66,451
CASH FLOW						
Operating Cash Flow	2,579	1,879	1,005	11,369	14,050	16,462
Net Interest	(66)	(167)	53	(800)	(750)	(700)
Tax	(1,102)	(554)	(412)	(2,514)	(3,209)	(3,872)
Capex	(701)	(1,779)	(3,451)	(1,950)	(2,210)	(2,415)
Acquisitions/disposals	(500)	(3,228)	(5,923)	0	(9,127)	0
Shares issued	0	0	30,129	0	0	0
Dividends	(335)	(483)	(1,264)	(1,676)	(2,240)	(2,588)
Net Cash Flow	(124)	(4,332)	20,137	4,428	(3,485)	6,887
Opening net debt/(cash)	(3,505)	(3,431)	1,176	(18,681)	(23,109)	(19,624)
HP finance leases initiated	0	0	0	0	0	0
Other	51	(275)	(281)	0	0	0
Closing net debt/(cash)	(3,431)	1,176	(18,681)	(23,109)	(19,624)	(26,511)

Source: SNP (historicals), Edison Investment Research (forecasts)

EDISON

Contact details	Revenue by geography
Dossenheimer Landstraße 100 69121 Heidelberg Germany Phone: +49 6221 6425 - 0 Fax: +49 6221 6425 - 20 www.snp-ag.com/eng/	

Management team

Chief Executive Officer: Dr Andreas Schneider-Neureither	Chief Operating Officer: Henry Göttler
Dr Andreas Schneider-Neureither is CEO and chairman of the management board. He is responsible for strategy, consulting and development as well as sales and marketing at the company. He acts as managing director of SNP (Schweiz) AG. Furthermore, he also serves on the supervisory board at Casadomus AG and is member of administrative council at VHV-Group, Hannover. Dr Schneider-Neureither holds a degree in physics.	Henry Göttler was appointed COO in July 2014. He is responsible for all of the company's operating matters. Prior to SNP, Mr Göttler was a board member of Intershop AG, and before that he was member of the executive board of the former Saperion AG. He studied sinology, mathematics and business administration.
Chief Financial Officer: Joerg Vierfuss	**Chairman of the Supervisory Board: Dr Michael Drill**
Mr Joerg Vierfuss was appointed CFO in July 2013, and has been with SNP since summer 2012. In his role as authorised signatory and commercial director, his responsibilities include the preparation of the quarterly and annual financial statements. Prior to joining SNP, Mr Vierfuss was employed by the Freudenberg Group as a commercial director. Mr Vierfuss holds a degree in business administration.	Dr Michael Drill was elected chairman of the supervisory board in June 2014, having been a member of the SNP supervisory board since April 2011. He is CEO of Lincoln International AG and is an expert in the financial services sector with strong global connections. He has a doctorate in corporate finance.

Principal shareholders	(%)
Dr Andreas Schneider-Neureither (CEO)	20.03
Ingrid and Christiane Weispfenning	14.05
Free float, which includes the holdings listed below	**65.92**
Kabouter Management	7.68
Allianz Global Investors	4.98
Invesco	4.97
Oswin Hartung	3.59

Source: Releases according to the German Securities Trading Act. Freefloat calculated according to Deutsche Börse AG.
Last update: 9 February 2017

Companies named in this report

All for One Steeb (ETR:A1OS), Cenit (ETR:ESH), D4T4 (LON: D4T4), K3 (LON:KBT), First Derivatives (LON:FDP), KPS (ETR:KSC), Oracle (NYSE:ORCL), Realtech (ETR:RTC), SAP (ETR:SAP) , SCISYS (LON:SSY)