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SoftwareOne AG

Q3 25 Trading Update Presentation

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PRESENTATION

Arne Hanson, Kjell

Good morning, and thank you for joining SoftwareOne's Q3 25 Trading Update Presentation. My name is Kjell Arne Hansen, Head of Investor Relations at SoftwareOne. Joining me today, our Co-CEOs, Raphael Erb and Melissa Mulholland, and our CFO, Hanspeter Schraner. In terms of agenda, Melissa and Raphael, will start with a summary of our Q3 performance. Hanspeter will then take us through our detailed financial performance, and finally, Melissa will share an update on integration and closing remarks before going into the Q&A.

Before handing over, please let me draw your attention to the disclaimer regarding forward-looking statements and non-IFRS measures on slides 2 and 3. And with that, I will hand it over to Melissa.

Mulholland, Melissa

Good morning, everyone, and welcome to our Q3 2025 presentation. In Q3, we continue to build momentum as one integrated organisation. Our focus remains on execution across our operational business performance, delivering on synergies, supporting customers and partners, and positioning SoftwareOne for sustainable, profitable growth. Let's look at our Q3 performance. On a reported IFRS basis, revenue grew 46%, reflecting the consolidation of Crayon from July 1st. I will emphasise the combined like-for-like view, as it best reflects the underlying performance, as well as what we have framed our 2025 outlook on.

On a combined, like-for-like basis, I am very happy to report that SoftwareOne is back to growth. Our revenue grew 0.6% year over year in constant currency. Adjusted EBITDA increased 18.1% to CHF 65.2 million, with margins improving 2.9 percentage points to 19%. This reflects early benefits from integration and previously initiated cost reduction programmes. Additionally, on a like-for-like basis, our reported EBITDA improved from 30 million to 42 million, reflecting a growth of 39.6%.

Slide 7 illustrates the combined growth performance since 2024. Following three quarters of negative growth, as we have implemented the go-to-market model, navigated Microsoft's incentive changes, closed the transaction between SoftwareOne and Crayon and started the integration, we returned to positive growth in Q3. The trend is improving, quarter on quarter, since 2025, driven by stronger service growth and early signs of cross and upsell opportunities materialising, also reflecting stabilisation across NORAM, go-to-market, as well as easing of the negative impact from Microsoft incentive changes.

Turning to our businesses, Direct, Channel and Services, we continue to see steady progress and improved growth trend across the combined model. Each business plays a distinct role, and together, they give us a balanced exposure across segments, regions and customer buying behaviours. Our Direct business declined by 8.2% in constant currency in Q3, as changes in incentives for enterprise agreements continued to weigh on the business throughout 2025.

Meanwhile, the enterprise agreements/CSP conversion is gaining strong momentum, supported by Microsoft's commercial changes, which are expected to further accelerate customer migration and strengthen the CSP value proposition. Revenue in software and cloud channel increased 18.3%, driven by strong Microsoft CSP performance, continued AWS momentum and successful investments in large, high-potential markets, such as NORAM and APAC. Software & Cloud Services delivered revenue growth of 5.9%. The performance, on a regional basis, is supported by solid improvement in the Nordic Services business, as well as strong growth in APAC and rest of EMEA.

We see continued demand for cloud optimisation, as well as AI and cybersecurity services. Customers increasingly focus on hybrid and multi-cloud environment, and we see strong growth in AWS in particular. In bringing the organisation together, we continue to leverage the combined capabilities and have increased the usage of internal resources in our project delivery, resulting in higher utilisation. I will now hand it over to Raphael, who will give you an overview of the regional performance, including a closer look at our strategic focus and importance of our NORAM business.

Erb, Raphael

Thank you, Melissa. I will now walk you through the regional development, based on a combined like-for-like performance. In Q3, NORAM grew 0.3% in constant currency, driven by strong performance across the Crayon business. Turnaround measures to improve performance are materialising at a slow, but steady pace in the legacy SoftwareOne business. We have taken the right actions, and we see a clear improvement in the underlying growth trend. Under the new regional leadership, the strategic focus has been refined. I will give you some additional colour on this in the next slide.

Performance in DACH region is improving, and growth ended at -0.8%, mainly driven by a decline in the Direct business. As a reminder, our largest exposure on enterprise agreement incentives is in the DACH region, so this was expected. Yet, this was partially offset by strong growth in our multi-vendor business. Revenue in the rest of Europe grew 1.6%, supported by improved performance in the Nordics, as both Direct and Services businesses grew high single digits. APAC grew 8.6%,

driven by robust performance in Australia and India, supported by strong performance in our Channel business across the region.

The 5.2% revenue decline in LATAM is primarily driven by weakness in the Direct business, as changes to incentives remain a challenge in many markets. A favourable market has been Brazil, which continues the strong performance, delivering double-digit growth in Q3 2025, driven by strengthened Microsoft partnerships and digital investments to support faster CSP growth. In NORAM, we are making slow, but steady progress. The region is transitioning to an aligned GTM, leadership changes and commercial refocus, and we are now beginning to see the groundwork translate into more stable performance and selected pockets of growth.

We now have a combined leadership in place with an organisation of 590 fully operational employees. Our sales pipeline visibility has improved. Moreover, it's trending to support our full-year 2025 outlook. Under our new regional leadership, we have sharpened the strategic focus towards segments and routes to markets where we see the strongest return potential. We are scaling the proven Crayon partner model in the US, expanding relationships with managed service providers, hosters, solution integrators and digital-led partners.

This gives us reach in high-velocity SMB and mid-market demand, with lower costs to serve and faster sales cycles. We are prioritising accounts with meaningful cloud renewal cycles, supported by our IP portfolio management and FinOps capabilities. Focus is on deepening wallet share and expanding service penetration in existing customers. Public sector modernisation and cloud adoption trends in federal, state and education are structurally strong. We are investing in dedicated go-to-market motions and certifications to accelerate traction here.

We continue building a more digital and partner-led engine for SME customers. This aligns with Microsoft's cloud and AI priorities and provides scalable growth potential over time. Market environment is volatile, with US tariffs and Government shutdown affecting multiple industries. We are confident that US presence is essential to serve global enterprise clients. NORAM remains the world's largest cloud and AI market. While competitive, it presents a significant long-term revenue and profitability opportunity.

Slide 11 shows an example of how we partner with our public sector customers. We are supporting the Federal Government of Germany in advancing the modernisation of Germany's public administration and ensuring its IT landscape is fit for the future. The agreement has an initial term of one year, with the option to renew it for up to three one-year extensions. The total potential

volume amounts to €1.5 billion. This is a significant win and reflects our competitive position in the public sector in the region. I'll now hand over to Hanspeter to walk through the financial results in more detail.

Schraner, Hanspeter

Thank you, Raphael, and a warm welcome to everyone joining us today. In this section, we are presenting the IFRS figures in reported currency. The numbers reflect that the acquisition closed on 1st July with Crayon being included for three months and SoftwareOne for nine months. On a reported IFRS basis in Q3, revenue grew 46% year over year, driven by the Crayon consolidation. Reported EBITDA margin ended at 12.2%. While the EBITDA development also reflects the impact from the Crayon acquisition, it is also driven by continued, disciplined spend management, impact from the previously initiated and completed SoftwareOne cost reduction programme, as well as early cost synergy capture.

On a nine-month basis, revenue increased 8.6%, with an EBITDA margin of 15.3%. I would also like to mention that contribution margin and delivery cost are not presented this quarter, as Crayon and SoftwareOne have historically applied different approaches to cost allocation and reporting. As of Q4, we will resume reporting contribution margin and segment level profitability on an adjusted EBITDA basis.

In this slide, I will take you through the adjusted to reported EBITDA bridge. Our reported EBITDA ended at 42 million in Q3. Adjustments mainly relate to Crayon transaction and integration costs of 13.7 million and 7.8 million, respectively. Excluding fees, adjusted EBITDA was 65.2 million. We remain on track with our integration cost target and are committed to keeping non-Crayon adjustments for financial year 2025 below 30 million, reflecting our focus to materially lowering the level of adjustments. As a reminder, restructuring expenses of 19.2 million, year to date, relates to the previous cost reduction programme initiated in 2024 and closed in Q1 25.

Slide 15 provides an update of our cost synergy realisation. We are progressing well towards our 80 to 100 million run rate cost synergy target by the end of 2026, with 21 million run rate savings achieved by early November. In the last few months, we continued to streamline the organisation by removing roles, leadership duplications and enhancing efficiency. We are tapping into the combined internal resources to defer non-critical hirings, capturing additional near-term savings. We have also mapped out overlapping office locations to be consolidated or closed.

Finally, we have eliminated third-party contract spend in IT and cost for platform, and are currently streamlining and optimising our combined internal licensing cost. Before I hand back to Melissa, who will take us through the closing perspective and 2025 outlook, I want to briefly walk you through the adjustments we have made to the 24 like-for-like financials, following the alignment of accounting policies between the two companies. Previously reported Crayon figures have been aligned to SoftwareOne's accounting policies, mainly in relation to IFRS 15 principal versus agent applications to services contracts.

Overall, this led to a reduction in revenue of 31.1 million, compared to the revenue figure we have provided as a basis for our full-year outlook during H1 25. The revenue adjustments have a minimal impact on revenue growth, given that their magnitude is very similar in the first half of 25 compared to the first half of 2024. This change is purely technical, reflecting accounting policy alignment under IFRS and does not affect underlying performance or outlook. With that, I will now hand over, back to Melissa.

Mulholland, Melissa

Thank you, Hanspeter. As we have come together as one organisation, it is important to illustrate how we support our customers across the entire software and cloud lifecycle, from optimise to innovate. We start with optimise, where we help customers manage and optimise their software and cloud spend through our advisory IT asset management and FinOps services. This is core to our roots as a combined business.

We then move to source, giving customers access to a broad range of multi-vendor reselling and procurement services. From there, our Services business helps clients build, migrate, implement, manage and modernise their cloud environments. Finally, in innovate, we help customers to unlock new business value through data and AI-driven solutions. Together, this creates a continuous flywheel from optimise to innovate, a customer-centric, lifecycle approach that defines how we engage with our customers, fostering long-term retention and help them grow sustainably over time.

It is this combined offering that makes SoftwareOne stronger across our three strategic pillars, growth, scale and innovation. First, growth. In Direct, we are focusing on enterprise and corporate customers with large renewal cycles, attaching our full Service portfolio. In Channel, we are leveraging Crayon's ecosystem and partnerships with solution integrators, hosters, managed service providers and digital partners.

Within Services, we offer deep expertise across data and AI, digital workplace, cloud migration and modernisation, IT, FinOps and cybersecurity. And across all motions, cross-sell remains central. Every contract and renewal represents a Services opportunity. Second, scale. Shared platforms, Marketplace and CloudIQ provide our capability to scale, including pricing tools, delivery hubs and digital sales capabilities, drive consistency, speed and efficiency across the organisation.

And finally, innovation. Our services are increasingly AI-enabled. From FinOps automation and ITPM analytics to secure AI adoption across Microsoft and the hyperscalers, inclusive of multi-cloud platforms, we are scaling, co-sell, and hyperscalers as key ISVs, supported by improved data and lifecycle insights. And internally, we are deploying agentic AI workflows to raise productivity in both sales and delivery.

Now, turning to our revenue synergy ambition, alongside cost synergies covered by Hanspeter, we are laying the foundation for substantial revenue synergy realisation. We have launched multiple sales plays to drive cross-selling, complementary services and multi-vendor license solutions. A joint digital sales strategy is being developed to win new clients through coordinated, aligned and targeted marketing campaigns. We are improving renewal rates and tender win ratios through better sales execution, streamlined tender handling and optimised account management.

As a combined company, we continue to strengthen vendor alliances and have already achieved higher status among several vendors, like Adobe and ServiceNow, by bringing the two companies together. We leverage Crayon's Channel business to capture further revenue streams, cover additional markets like Canada through SoftwareOne's country portfolio, and optimise the SMB sales strategy.

We confirm our 2025 outlook, which is based on combined like-for-like financials. Revenue growth is expected to be flat in constant currency, and adjusted EBITDA margin to be over 20%. We expect positive momentum in Q4, driven by acceleration in CSP across both our Direct and our Channel businesses. In addition, we see strong Services momentum, as shown in Q3 and carried over to Q4, by bringing the organisation more efficiently together, increasing utilisation and taking advantage of the Services opportunity we see in the market.

Continued benefits of go-to-market improvement, including the North America turnaround, further reduced impact from the Microsoft EA incentive changes, which, as we have indicated, will bottom out in Q4, strategic initiatives launched to drive cross and upsell across our expanded customer

base and a more favourable comparable period. Margin development is driven by reduced spend, ongoing cost control, as well as early impact from cost synergies.

To summarise, we are very happy to be back on a growth trajectory. We are focused on improving profitability by continuing cost discipline and delivering on both cost and revenue synergies. We are strategically strengthening our vendor agreement status, which I'm pleased to confirm, we continue to benefit from. Progressing well on the integration, we are positioning the company for sustainable, long-term value creation. With this, I'll now hand it back to the operator for the Q&A session.

QUESTION & ANSWER

Operator

We will now begin the Question & Answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Questioners on the phone are requested to disable the loudspeaker mode and eventually turn off the volume from the webcast while asking a question. Anyone who has a question may press star and one at this time. The first question comes from Chris Tong from UBS. Please go ahead.

Tong, Chris

Hi. Thank you for taking my question. Maybe just two from my side. On the Microsoft incentives and the EA impacts, can you just talk a little bit about the impact and add a bit more colour on the Direct business? And how has the removal of EA discounts impacted the CSP transition? Anyway, I'll leave it there before going on to my next question.

Mulholland, Melissa

Thanks, Chris. Great question. The Microsoft and EA impact, as a reminder, a majority of that has already been covered from Q1 through Q3, with the final remaining amount in Q4. For 2026, we do not see any negative impact from the Microsoft incentive changes, as the real emphasis has been focusing on CSP growth, which, as stated, we are seeing strong CSP growth overall. And this is important to state because, as we reconfirmed our outlook in guiding for the year, we see that acceleration across the business in Q4.

And this has really been a focused effort across the entire organisation. Microsoft continues to emphasise, CSP is the hero, partner-facing motion, and the reason for that is, it provides more value-added capability, driving services growth across the overall portfolio. The pricing changes

that Microsoft implemented, November 1st, actually helped to create parity across the enterprise agreements and CSP, giving more capability to service our customers through CSP adoption, and hence, why we remain confident, based on our ability to execute across the overall business.

Tong, Chris

Got it. And maybe just a comment on current trading. So, I guess, the guidance implies a bit of an acceleration in Q4. Can you just talk about what you're seeing in October and maybe November?

Mulholland, Melissa

Great question. Q4 has been an important quarter for us, as it is our largest quarter throughout the year. We are seeing acceleration, in terms of the early signs of the quarter, hence our reconfirmed guidance. It's also important to state that we see the growth potential across all our business lines, Direct, Channel and Services. So, this continues to be a focus across the organisation, as we capture revenue opportunities with co-selling and bringing our organisation closer together.

Tong, Chris

Got it. Thank you very much.

Operator

The next question comes from Ines Mao from BNP. Please go ahead.

Mao, Ines

Hi. Thank you for the presentation. Just a follow-up question on the Microsoft contract. Can you just give us more colour in terms of products delivered and whether this will mostly fall within the Services segment or into the Channel category? And what would be the impact on the potential revenue if, for example, the contract length remains rangebound within one year, or if it actually extends towards three years? Thank you.

Mulholland, Melissa

Thank you so much. Can I just ask you to repeat the second part of your question? I heard your question around the overall Microsoft, let's say, where does it fall across the business lines, but it would also be just good to understand the last part of your question, because you cut out slightly.

Mao, Ines

Yes, sure. So, my second question was more in terms of revenue opportunity if the contract length is range bound for one year, or if you actually extend it towards three years, what could be the

range, actually, of the contract, in terms of quantum? Because you say 1.5 billion, but is it impacted if the contract is shorter than three years? Thank you.

Erb, Raphael

Yes, thank you for the question. Let me take this one. So, it's basically, the revenue is impacted for our Software & Cloud Direct business, as this is a Microsoft framework agreement, licensing agreement, which we successfully renewed with the German Federal Ministry of the Interior. It's a large framework agreement where all these ministries, over time, can buy the licenses through. So, we will see these gradually over the next three years. We will see the up to 1.5 billion gross sales impacting.

Mao, Ines

Thank you. And are you seeing a lot of opportunities in Germany, notably on further public spending, on IT modernisation, or do you think it's just a one-off, and you benefit from this renewal?

Erb, Raphael

No, in general, our public sector business in Germany is a very, very big and important business for us. It's growing very well, and we see continuous focus and growth potential in the public sector area in, specifically, also Germany.

Mao, Ines

Okay. Thank you.

Erb, Raphael

Thank you.

Operator

The next question comes from Kristian Spetalen from Arctic Securities. Please go ahead.

Spetalen, Kristian

Hi. Good morning, guys. I just have a few questions on the cost base. First, it looks like the underlying cost base declined into Q3. Can you provide us with an updated headcount? And second, how do you see this headcount developing into Q4? Should we only account for the synergy trajectory, or is there any notable increase in the headcount aside from this? It's just that your margin guidance at the very low end could imply a jump in costs into Q4.

And lastly, a short one on the one-offs. Will the transaction costs from the Crayon acquisition come down towards low single digits or zero in Q4? Thank you.

Schraner, Hanspeter

So, thanks for the question. Let me start with the transaction cost. Yes, the transaction cost will come down to close to zero in Q4. So, it means the majority of the cost is in the P&L. Regarding the FTEs, FTEs are reducing as part of the synergy programme, and you see the effects already in the P&L, in the opex line, and this will continue in Q4 and in 2026.

Spetalen, Kristian

Okay, thank you.

Operator

The next question comes from Christian Bader from Zürcher Kantonalbank. Please go ahead.

Bader, Christian

Yes, good morning. A couple of questions from me, and I'd like to do them one after the other. So, first of all, talking about your cost base for the fourth quarter, are there any, let's say, seasonal effects like bonuses or provisions that we should model?

Schraner, Hanspeter

No, the bonus accruals and the bonus expense is in line with our expectation for the 2025 results. So, I think there is nothing to model. So, it's a real cost base, based on our forecast.

Bader, Christian

Okay, and you have been relatively upbeat in your commentary for revenues in the current quarters and the fourth quarter. Can you maybe provide a little bit of background information, why you expect this, let's say, acceleration, especially from Microsoft CSP incentives?

Mulholland, Melissa

Thanks, Christian, for asking. We see continued momentum as we transition enterprise agreements to CSP on our Direct business. In addition, the Channel business continues to grow. This is important because the Channel business is primarily representative of a lot of CSP agreements through our two-tier business. And with the expansion that we see across the Microsoft ecosystem, this presents further growth opportunities in Q4, but also 2026. And last but not least is our Services

business, as it's deeply connected to how we go to market with our customers. And we're seeing improvement across our Services business for the quarter as well.

Bader, Christian

Okay. And the last one for me really is, are there any, let's say, market software or software reselling, market-related topics, or any, let's say, vendor-related developments that we should be aware of that could negatively or positively influence your business in the immediate future?

Mulholland, Melissa

I wouldn't say there's anything negative to be concerned or aware of, but only positive. In bringing the two companies together, it's actually strengthened our vendor business as a whole. The feedback, the support has been greater than ever, as we provide more opportunities to scale across the overall vendor portfolio. As I mentioned, Adobe is a great example, where now we have even a greater, let's say, status and capability than if we were on a standalone basis as a company.

So, this provides more growth opportunities, and as Raphael mentioned, the multi-vendor business, excluding Microsoft, has also been extremely important to our overall growth focus as a company.

Bader, Christian

Okay, and if I may follow up on this one, are there any, let's say, remarkable changes of incentives of any of your vendors?

Mulholland, Melissa

Not at this time, no.

Bader, Christian

Okay, clear. Thank you.

Operator

The next question comes from Nooshin Nejati from Deutsche Bank. Please go ahead.

Nejati, Nooshin

Hi. Good morning. Thanks for taking my question. A couple on North America. First, you mentioned, sales pipeline visibility has improved. Can you please share a colour on the pipeline for the next 12 to 18 months, possibly? And then, can you also remind us of your exposure in public sector in North America and whether shutdowns have impacted you in any way in the past couple of weeks? And

the last one is on the integration. Can you please elaborate on how you are managing the integration of the two organisations in the US, while addressing the challenges of go-to-market?

And specifically, what progress have you seen in aligning teams, culture and responsibilities? And how would you describe the experience over the past few months, in terms of ensuring a smooth transition? Thank you.

Erb, Raphael

Thank you very much. Let me start with the last point on integration and progress. I think we are very happy with the progress, especially with the integration with Crayon, which has happened over the last three months. And we have been advancing very, very fast in the US. We mentioned, the organisation is fully established, the combined organisation. It's not just on a leadership level. It's really throughout the entire organisation we work as one company.

Coming back to the, I would say, GTM issues, which we have, I think the actions, which we have taken, end of 2024, are really now starting to have a positive impact, also on a standalone basis. We mentioned, it's slow progress, but it's very steady, and I would say, we really see an improvement and clear trends of growth now. And you can also see that in the numbers. We try to highlight it. We had, what was it, in Q1 25, in NORAM, we had a negative 23% growth, or a decline of 23% in Q2. It was 18, and now in Q3, we are at positive 0.3.

It's a significant progress from this perspective, and we are positive that this is going to continue, going into Q4 and the next upcoming quarters. So, from this perspective, we are very pleased with the progress. We mentioned, of course, around the Government shutdown in the US, our government business is one of the key priorities for us. We see, on one side, good potential, good growth. It's a massive market. We have limited market share, but we have a good team in place, and this is something where we see continuous growth.

The current shutdown certainly doesn't help, and we saw our pipeline slightly impacted by this, but overall, it's not a material concern. And maybe on your pipeline question, overall, we see a very good acceleration in the pipeline over the last couple of months, which is good. I still think we need to work on an improved win rate to really make sure we realise the potential fully. That's something, which is a priority for us.

Nejati, Nooshin

Thank you very much. Very clear.

Operator

As a reminder, if you wish to register for a question, please press star and one on your telephone. The next question comes from Olav Rødevand from Pareto Securities. Please go ahead.

Rødevand, Olav

Hi, Good morning. Two questions from me. The first one, I appreciate you being one company now, but could you give us some colour on the performance of Crayon and SoftwareOne in the US this quarter, just to understand the improvements you're seeing there?

Erb, Raphael

Specifically related to the US, I think we mentioned it on a SoftwareOne standalone basis, we still see a slight decline. And I would say, the growth, which we have as a combined company, is very much impacted as well by the continuous performance, which we see in the Crayon standalone business.

Rødevand, Olav

Okay, thanks, and then the last one for me is, do you have some sort of split on your exposure on EA versus CSP now, just to understand how much of your exposure has been shifted to CSP, to understand which share of the revenue will gain incentives, going into 2026?

Mulholland, Melissa

It's a good and fair question. We don't publish that view, just the stance we've taken. But certainly, we've seen this shift accelerating across the contracts that we see overall. And this is also due to the, let's say, positive developments that Microsoft has taken to further emphasise the CSP programme overall. It is also important to say that, for certain, especially large, enterprise customers, especially from the SoftwareOne heritage side of the business, those agreements would continue to remain on an enterprise agreement.

But with that said, we're continuing to scale in with services as well as multi-vendor, and that's also, I think, illustrated throughout the growth that we see, going into 2026.

Operator

Ladies and Gentlemen, that was the last question. I would now like to turn the conference back over to Kjell Arne Hanson for any closing remarks.

Arne Hanson, Kjell

Thank you, and thank you all for joining our Q3 trading update. We wish you all a good day.

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