

Full Regular Transcription

SoftwareOne AG

SoftwareOne Capital Markets Day 2026

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COMPANY REPRESENTATIVES

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QUESTION & ANSWER

Questioner

Yes. Thank you for the presentation. Just two quick clarifications. You're not breaking out margin targets for the three pillars. You only have an overall margin target.

Management

That's correct. We have an overall margin target above 28%, but no targets for the three business lines.

Questioner

And the second question is -- sorry.

Management

But we report on the margin quarter-by-quarter or half year and the end of the year in our segment reporting.

Questioner

And the goals include M&A?

Management

The goals do not include M&A.

Questioner

They don't include M&A?

Management

Does not include. It's organic.

Questioner

Okay. So, what's the role of M&As?

Management

We certainly believe M&A will help us drive inorganic growth, but we don't plan and model that way. So this, you could say our guiding expectations are delivered based on organic growth. So the growth drivers that we see in the business per the bridge that Hanspeter walked through. I

think M&A from our perspective is certainly something that could be accretive in the future. Right now, our focus is to continue closing out the integration of Crayon, which we're very pleased with the current progress. And then we'll continue to pursue efforts. Certainly, North America is a geography that naturally makes sense given the scale and the opportunity that (Regina 0:01:25) discussed already. And of course, also augmenting skills and capabilities, especially on the technical service side overall. But at the moment, our focus is to make sure we drive organic growth.

Questioner

And a follow-up question, if I may. So, I mean, you said you're not really trying to buy at this point or making many M&As at this point. But what about the prices in North America? Aren't they very high? I mean, would they have to fall in order for you to be interested in buying companies?

Management

Not necessarily. I think it depends on the strategic asset and capability. Yes, you're right that typically pricing is much higher in North America in terms of valuation overall. However, we could do bolt-on acquisitions, carve-outs, and some of those types. But at the moment, I think, you know, let's make sure that we deliver on what we say. So that's crucial. We have 2026 guiding. Our focus is delivering on that, executing the business. We see so much growth potential in our existing portfolio and continue to hire organically is certainly a focus. But we will always, you know, consider M&A opportunities in the future.

Wolf Andreas

Thank you. It's Andreas Wolf, Berenberg. I'm interested in the networking capital release. So how shall we read it? And could you also comment on the factoring levels going forward? And also what a potential decrease in factoring levels might mean for your EBITDA margin, as apparently there is going to be an IFRS rule change from next year onwards? Thank you.

Management

Okay, these are three questions. Let me start with the factoring. As stated many times, we see factoring as a flexible financing instrument which is tailored for the specific purpose we use it. Today, currently, it's cheaper than bank financing. So, and this does not change going forward. Regarding the capital conversion target, it's assumed that factoring is -- has no impact. So in other words, in the model, it's assumed that factoring stays constant. If we would increase or decrease factoring, of course, we would adjust for that to calculate the cash conversion to keep it neutral.

The last question was related to the introduction of IFRS 18, I guess. We are currently analysing the impact of our industry. As you rightfully said, it will have an impact in the disclosure. We are analysing that, also comparing what our peers are doing. And as soon as we have clarity, we will tell you what the impact of these targets are. These are targets under the current IFRS regime and not under the 2027 regime.

Wolf Andreas

Thank you.

Questioner

One quick one on the geographies. I mean, one might think that the maturity of different markets are kind of different. Which of those markets would you need to invest more to make sure that you are going to accelerate your growth or basically retain your market share in a sense? And which would you see more competition and more critical for your growth?

Management

I mean, as you mentioned or as we mentioned before, it's -- we have very diverse reach, right? And if you look into some of our more mature regions, I would say like the DACH region, Germany, Switzerland, Austria, kind of the home-grown region from SoftwareOne since day one. You can also take the Nordics, right, which is like the home of Crayon, where we have a very, I would say, high saturation also, a lot of customers which we are already serve.

I think there it is more about investing into cross and upsell, potential and therefore probably in pre-sales and dedicated delivery capabilities in order to really increase that wallet share. I think that is probably more for some of the more mature markets. And then we have territories like APAC, which is really a mix, right?

Some mature markets like ANZ, Australia, New Zealand, Singapore, but then also some very emerging markets and also some markets where we have relatively little market share still in the mix. So, it depends really there country-specific on where you invest more and where you focus more on, let us say, increasing the wallet share. It really depends a bit country by country from this perspective.

Questioner

And is there anything, like remaining in North America to ensure that turnaround has actually happened, that what we saw in Q1 and we are going to have like the sustainable growth going forward?

Management

I mean, in general, we are confident in North America for growth for the full year 2026. I think given the leadership which we have in place, the team which we have in place, have a clear direction. I think Regina introduced some of her ambitions to us before. And I believe also in the opportunity. I mean, North America is a massive market, right?

It is the biggest market by far globally. We still have relatively little market share, which gives us a huge opportunity to grow. But we have a very good business model around our channel business, around our IT cost management solutions there. And I think with this focus and doubling down just on these areas, we see long-term a very good growth opportunity for us in North America.

Questioner

(Unintelligible 0:08:18) I have one question regarding your, the new financial numbers that you have given us for 2030. I was wondering a bit that you look so far out given the fact that the environment is so dynamic and also the five percentage points of margin expansion looks like a lot on the first view.

Now, you also call it ambitions. You do not call it targets or guidance. Can you qualify that a bit? Should I put these numbers in my model as a midpoint? Or is this really like an ambitious target that you strive to achieve with your crew and the sales team? Or is it more like the bar, and you're actually aiming for more than that in five years down the road?

Management

You should put the numbers in your model.

Management

It is mid-term guiding.

Questioner

So that's a midpoint. Thank you.

Questioner

Assuming you achieve your targets in 2030, based on today's share price, you would trade at like 5x cash flow or a 20% yield. So, my question is, why wouldn't you allocate any cash on buybacks?

Management

I mean, look, it's a fair and a good question actually. We have this capital allocation framework we presented. Of course, I mean, this does not -- this is our priority. This is where we see the priorities, but this is not a complete no to buybacks. So as the gentleman said, it's a five-year period. We have our priorities mentioned in the framework, but I mean, it's not an absolute no to share buybacks. But for the time being, it's what we presented.

Questioner

And I got another question on monitoring the token usage of the different LLM providers. Is this a capability that you have today fully? And do you have it just for Anthropic because of the partnership, or is it something you're still building out?

Management

So, we have the token capability across the LLMs today. So, everything from Copilot to Gemini to Anthropic. This is something that we will continue to build that IP component and service our customers, and you'll continue to hear more from us on this.

Questioner

Thank you.

Questioner

Yeah, I think my question was already asked to touch on, but maybe just to drive the point home for other shareholders that have the same view. You know, as we sit here today, I mean, you've laid out these very attractive targets that you've, you know, based on the regional leaders, have a very high degree of confidence in delivering.

And we're sitting here at a valuation that's really a substantial discount to, there's not too many of the capital-light type of peers. Maybe there's Softcat and Bytes. And then you look at where you guys (unintelligible 0:11:31), where obviously a lot of synergies, but where Crayon was transacted at, where Softchoice was transacted at.

And I think there's maybe some confusion as to why we should have such high degree of confidence in these guidance numbers if we're not, you know, confident enough to buy back our own shares. Why should we have confidence in those numbers if we're not putting that capital to use buying back our own stock?

Management

I think it's good feedback. So first and foremost, I mean, when we look at the growth potential, we also have to invest in growth. So we want to invest in profitable growth, and that's the focus. I think building on your answer in terms of country scale-up, if you look at North America, I mean, you come from the US, you know the potential.

It's significant. And so if you look at just 5% of our employee base today is there, I mean, we need to continuously build up. So I think driving the skills and capability and talent profile is essential. Yes, share buybacks is certainly a consideration, and we will, you know, we'll continue to evaluate that as part of our overall capital allocation framework.

Management

Any further questions from the audience?

Questioner

Thank you. I have still a question regarding the shareholder structure you have. You know there is still a main part of shareholder with (unintelligible 0:13:12). Do you know in the future are they going to sell more shares? Because recently when one of them, I think (Mr. Curti 0:13:21), he sold quite a big part of shares and then the share price went down. Do you know that if it stabilized at the moment or have we to expect further of this huge share sales?

And another question, a second point I would like to ask once again regarding America where you are so optimistic. What about the competitive. I never heard about this, because I know that in the States there is a tough, fierce competition there. Do you have taken this in consideration with your growth ambitions? Thank you.

Management

Maybe I can start with the competitive situation in North America. I mean, you are right, there are big players out there, much larger than us in North America. However, I think we also have to consider in terms of the IT cost management, IT asset management business, we are the market leader in North America. So we have a very good positioning there.

In terms of our channel business, I think we see very strong growth rates in North America. And then considering size of the business which we have, you know, if this continues actually, we are quite positive that we can achieve solid growth rates mid-term and long-term irrespective of somewhat the competition. And the second point is, I mean, we have competition everywhere, not only in North America, in all the local markets.

Management

Okay, the second question I guess was the sale of the shares of Mr. Curti. So at the end of the day, this had nothing to do -- first, he's not an insider, so he had no knowledge about Q1 numbers. And it was a private decision at the end. Based on this, it was nothing to do with SoftwareOne at all. And we do not expect something similar. At least we have absolute no indication that this will happen in the near future again. And there was a third question, I guess. No. Okay.

Management

Okay. Any further questions from the audience in the room here in Zurich? Then I would -- sorry.

Wolf Andreas

Just a quick one. It's Andreas again. So could you maybe comment on the role of partners in general as more demand is moving towards AI and tokens? Do you see a bigger place in between the software vendor and clients as you have it in the Microsoft space in software nowadays? Thank you.

Management

Thank you for that question. I absolutely do. I see so much more potential even bigger than before. And the reason for that is that, you know, the AI journey and just that journey of us as a company, all of those steps have to be in place for a customer to realize the benefits of AI. So much, let's say, on-premise business still exists. To really harness AI, really need cloud. Having your data estate in order needs to be in place. How do you prioritize which scenarios, because there's only so much budget that a company can deploy?

So really getting that maximum return takes prioritization and focus. That's where we come in. So we have the full service capability to deploy and to prepare a company. We can advise on, you know, the LLM space, and then we can also manage that full cost. When we look at that life cycle,

we touch all of those points. So for us, we believe that this actually increases the opportunity, hence, you know, the implied mid-term guiding.

And we see that partners such as ourselves need to lean in and support our customers because it's increasing in complexity with choice. Which option do you choose? How do you go past it? Nicole said it so well herself. I mean, the Microsoft portfolio continues to just expand and expand. And so it's quite confusing for customers, and that's where we play a very distinct role to advise and to grow that portfolio. Thank you.

Management

Okay. It seems that we have no further questions from the audience in the room. Then I would like the operator to open up for online questions.

Operator

We have a question from the line of Christopher Tong from UBS. Please go ahead.

Tong Christopher

Hi, yeah, thanks for taking my question. I guess just one question on head count. How do you expect this to sort of develop given some of the AI efficiencies? Do you think it's going to increase or sort of stay flat, and what part does it help with the margin expansion?

Management

Look, we -- I mean, first of all, it's not the AI introduction -- no, let me start first. We are a company having the capabilities to do it by our own. That's a big benefit. So we will internally introduce AI as we involve. It's not -- it will not happen overnight. And of course, it will have an impact on the FTE number, but it's not a kind of, let's say, restructuring case or big layoffs. It's a gradual involvement through 2030. And the big thing is we have internally the capability, the expertise, and knowledge to do it. And we already do it, actually. So I guess it will have an impact on FTEs, but it will not be like a layoff of, I don't know, a number of people. It will gradually involve. Yes. If that answers the question.

Management

I think certainly when we talk about growth and driving it, we're going to continue to invest in sales capability, invest in our people's skills and development, as well as pre-sales and service delivery. We need to continue to broaden out our skills. So it's not that AI is going to replace head count. I think that's extremely important. We shift the tasks and the focus of our employees to get greater

efficiency out of their time. So, you know, it's if you look back, you know, people used to have to operate an elevator. Those jobs don't exist because they've been shifted. And so that's how I think about it in the sense that AI helps us do our work better.

I mean, I use it on a day-to-day basis to help me be far more efficient in how I build my PowerPoint slides to content development. In the past, I would have to go and try to leverage others for that. So I think that's just being -- using our brains. I think humanity in the end needs to win in this whole AI race, but we have to be able to, let's say, be more efficient and scale. And so that's certainly something, I think, from a head count perspective, we'll continue to invest in people. That does not necessarily go away.

Tong Christopher

Got it. Thank you very much.

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