



9 June 2020

AVEVA Group plc

Results for the year ended 31 March 2020

AVEVA

This presentation may include predictions, estimates, intentions, beliefs and other statements that are or may be construed as being forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could result in actual outcomes differing materially from those projected in these statements. No statement contained herein constitutes a commitment by AVEVA to perform any particular action or to deliver any particular product or product features. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation.

The Company shall not be obliged to disclose any revision to these forward-looking statements to reflect events or circumstances occurring after the date on which they are made or to reflect the occurrence of future events.



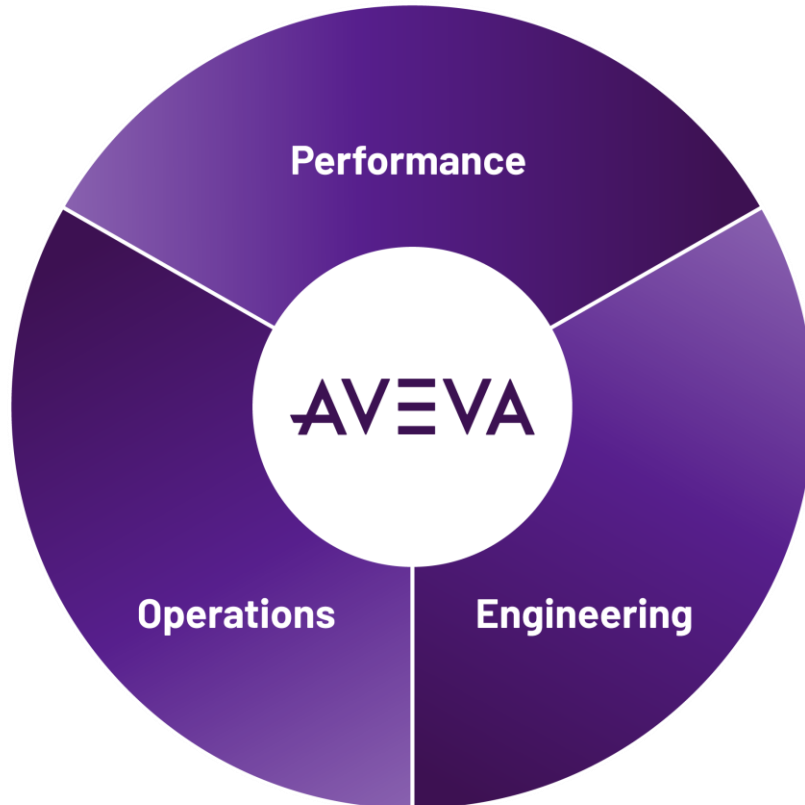
Highlights

Craig Hayman, CEO

AVEVA

FY20 results

Leading the digitalisation of the industrial world



✓ Good financial performance

Revenue growth 8.8%

Adjusted EBIT growth of 23.3% with margins up to 26.0%

Strong balance sheet and final dividend maintained

✓ Business model transition to drive long-term value

Recurring revenue up 25.7% to 62.2% of total revenue, exceeding medium-term target

Cloud growth accelerated with an increase of over nearly 200% in orders

Launch of new products including Unified Operations Centre for Datacentres

✓ Outlook resilient

Digitalisation key to driving customers' efficiency and sustainability

High levels of recurring revenue

We are seeing some disruption caused by the global macro-economic downturn and we expect this to continue, particularly in the first six months of the financial year

Year ended 31 March	2020	2019	Growth
Revenue (£m)	833.8	766.6	8.8%
Adjusted EBIT (£m)	216.8	175.9	23.3%
Adjusted diluted EPS (pence)	108.15	86.60	24.9%



Limitless Possibilities | Integrity Always | Flexibility Together | Excellence Every Day

AVEVA is committed to being a leader in industrial software for a sustainable future

Our purpose, values and strategy are creating long term value for customers, employees and shareholders.



Operational excellence



Subscription transition



Digitalisation of the industrial world



Strong financial position with a strong balance sheet and ongoing cash generation



Over 95% of employees remote working with good productivity



Customers leveraging no fee cloud solutions and online training



AVEVA Action for Good community initiative expanded by 10% executive leadership commitment

We aspire to a world where economic growth supports environmental sustainability, with better living standards for the communities where we and our customers operate.



Financial Review

James Kidd, Deputy CEO and CFO

AVEVA

Strong financial performance in-line with medium-term plan

Results for the year ended 31 March 2020

Total revenue

£833.8m

▲ 8.8%

Recurring revenue

£518.5m

▲ 25.7%

Adjusted EBIT

£216.8m

▲ 23.3%

Adjusted EBIT margin

26.0%

▲ +310bps

Adjusted diluted EPS

108.15p

▲ 24.9%

- Organic constant currency revenue +7.4%
- Strong financial position with cash of £114.6m at 31 March and £100m RCF available
- Final dividend maintained at 29.0p per share

Income statement FY20

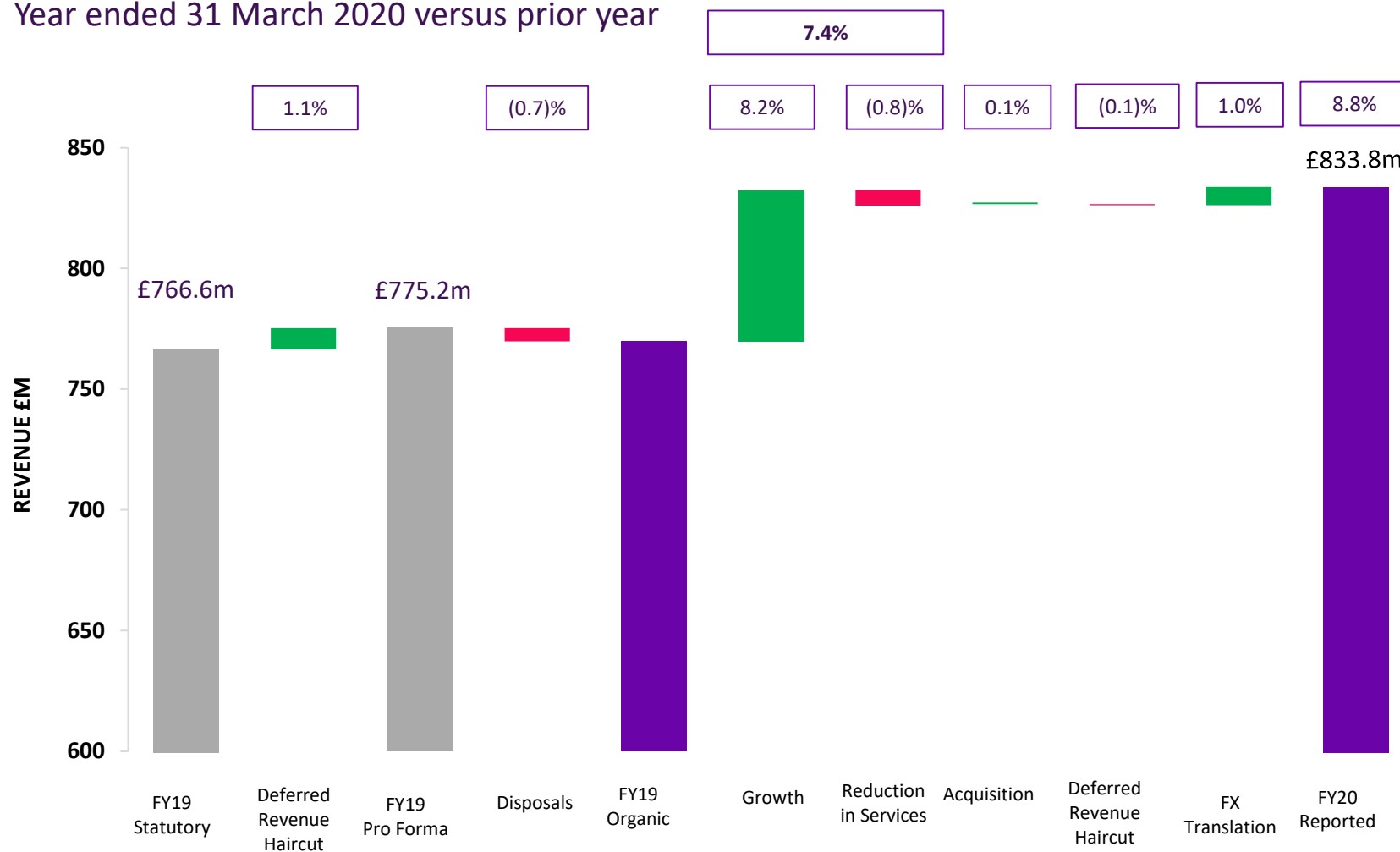
Year ended 31 March	FY20 £m	FY19 £m	Change
Revenue	833.8	766.6	8.8%
Cost of sales	(190.1)	(191.3)	(0.6)%
Gross profit	643.7	575.3	11.9%
<i>Gross margin</i>	<i>77.2%</i>	<i>75.0%</i>	<i>220bps</i>
Operating expenses	(426.9)	(399.4)	6.9%
Adjusted EBIT*	216.8	175.9	23.3%
<i>Adjusted EBIT margin</i>	<i>26.0%</i>	<i>22.9%</i>	<i>310bps</i>
Net interest	(3.0)	(0.5)	-
Adjusted profit before tax*	213.8	175.4	21.9%
Tax charge	18.1%	20.2%	(210)bps
Adjusted profit after tax	175.0	140.0	25.0%
Adjusted diluted EPS* (pence)	108.15	86.60	24.9%

*Adjusted EBIT, profit before tax, adjusted profit margin and adjusted diluted earnings per share are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on the fair value of forward foreign exchange contracts and exceptional items. Adjusted earnings per share also includes the tax effects of these adjustments.

- Growth driven by strong sales execution and ongoing trend towards digitalisation
- Gross margin improvement driven by a focus on higher margin revenue and the efficient delivery of services
- Strong operating leverage and cost control helped improve adjusted EBIT margin to 26.0%
- Constant currency costs up 3.3%
- Tax rate benefited from additional tax incentives for intellectual property

Revenue bridge FY20

Year ended 31 March 2020 versus prior year



Organic growth of 7.4%

Inorganic effects include:

- Disposals of Wonderware distributors in Europe
- Acquisition of MaxGrip

FX translation

- Translation impacted by the weakening of Sterling versus the prior period thus increasing the value of non-Sterling revenue

Revenue breakdown FY20

Year ended 31 March	FY20 £m	% of total	FY19 £m	% of total	Change	Organic constant currency
Subscription	316.8	38.0%	218.2	28.4%	45.2%	43.2%
Maintenance	201.7	24.2%	194.4	25.4%	3.8%	(0.6)%
Recurring revenue	518.5	62.2%	412.6	53.8%	25.7%	22.8%
Perpetual licences	179.3	21.5%	211.6	27.6%	(15.3)%	(16.8)%
Services	136.0	16.3%	142.4	18.6%	(4.5)%	(5.0)%
Total	833.8	100%	766.6	100%	8.8%	7.4%

Operational rigour drives margin and long-term cash flows

- Launch of AVEVA Flex and revised sales incentives resulted in strong growth in recurring revenues
- Recurring revenue as a percentage of overall revenue increased to 62.2%
- Focus on recurring revenue resulted in lower Perpetual licences
- Services reduced due to focus on delivery of higher margin revenue

Adjusted cost base FY20

Year ended 31 March	FY20 £m	FY19 £m	Change	Constant currency
Cost of sales	190.1	191.3	(0.6)%	(1.6)%
Research & development	120.7	114.5	5.4%	3.9%
Selling & distribution	209.1	196.7	6.3%	5.6%
Administrative	89.5	81.9	9.3%	7.1%
Net impairment loss on financial assets	7.6	6.3	20.6%	20.6%
Total opex	426.9	399.4	6.9%	5.7%
Total	617.0	590.7	4.5%	3.3%

- **Good cost control:** Overall constant currency inflation limited despite significant investments in R&D, Sales and Marketing
- **Cost of sales:** Efficient delivery of services
- **Research & development:** Investment in integration and new product launches partly offset by efficiency savings
- **Selling & distribution:** Investment in sales, strengthening the marketing team and customer events to showcase AVEVA's enlarged product portfolio
- **Administrative costs:** Building back office capability to support the business with investment in HR, IT and Finance
- **Reduction in costs** of approximately £50m-£60m versus AVEVA's pre-Covid-19 plans for FY21

Adjusted costs are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items.

Exceptional and normalised items FY20

Year ended 31 March	2020 £m	2019 £m
Acquisition and integration activities	29.0	23.0
Restructuring costs	1.7	5.9
Other income	(11.9)	-
Total exceptional items	18.8	28.9
Amortisation (ex. other software)	90.6	88.1
Share based payments	12.0	11.2
Loss on FX contracts	0.4	0.5
Total normalised items	103.0	99.8

- **Acquisition and integration costs:** Consultancy costs paid to advisors for transaction and integration support, investment in new systems, and deal related executive retention costs
- **Restructuring costs:** Severance payments for employees as part of the cost synergy programme
- **Other income:** Relates to profit on sale of subsidiaries of £7.7m, and amounts received from Schneider Electric in reimbursement for capital expenditure incurred as part of the migration from activities covered by TSAs
- **Amortisation of intangibles:** Mainly relates to the amortisation of the fair valued heritage AVEVA intangible assets under acquisition accounting following the combination with the Schneider Electric industrial software business
- **Share based payments:** Increased due to senior hires and increased employee participation

Balance sheet

	31 March 2020 £m	31 March 2019 £m
Non-current assets	1,956.0	1,923.0
Trade and other receivables	242.2	238.7
Contract assets	142.4	100.5
Cash and deposits	114.6	127.8
Other current assets	20.2	10.8
Total assets	2,475.4	2,400.8
Trade and other payables	149.4	156.8
Contract liabilities	177.0	174.6
Shareholders' equity	1,941.7	1,924.5
Other liabilities	207.4	144.9
Total shareholders' equity and liabilities	2,475.4	2,400.8

- Strong balance sheet with £114.6m of cash and deposits and no long-term debt
- Non-current assets increased due to acquisitions and capital expenditure related to the TSA exits
- Contract assets increased due to revenue recognition on longer-term contracts. Multi-year contracts increase secured revenue and cash flow visibility

Adjusted EBIT to cash from operating activities FY20

Year ended 31 March	FY20 £m	FY19 £m
Adjusted EBIT	216.8	175.9
Depreciation	24.4	5.4
R&D tax credit	(2.3)	(2.0)
Amortisation not normalised	1.1	0.7
Trade and other receivables	(14.1)	(18.6)
Contract assets	(43.8)	(32.8)
Trade and other payables	(1.6)	26.1
Contract liabilities	10.7	33.1
Exceptional items paid	(28.8)	(18.9)
Other	(1.0)	0.2
Net cash from operating activities before tax	161.4	169.1

- Cash generated from operating activities before tax reflects the impact of multi-year contracts, exceptional costs and share based payment costs
- Increase in depreciation relates to the impact of IFRS 16 and capital investment related to TSA exits
- Cash conversion improved in H2 to 93% taking full year to 74%

Integration largely complete and in-line with plan

Cost saving programme delivering c.£33m of annualised benefit

Remaining areas

- Implementation of the new ERP system which will replace legacy systems in both merged businesses
- Office consolidations to complete primarily in Sydney, Beijing and Tokyo
- Transitional Service Agreement from Schneider Electric extended to 1 March 2021 due to Covid-19 disruption



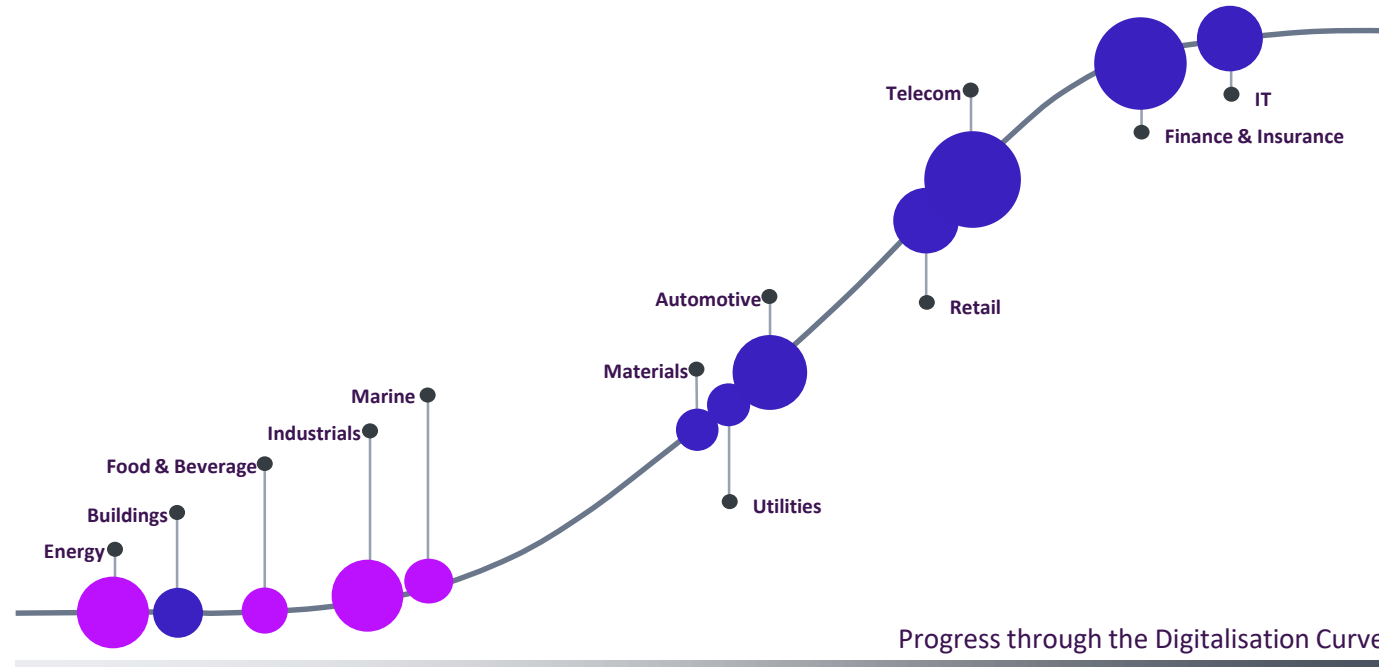
A woman wearing a white hairnet and a black jacket is smiling and holding a tablet. The tablet screen displays the AVEVA logo. She is standing in a large industrial facility, likely a factory, with various pieces of machinery and equipment visible in the background. The lighting is bright, and the overall atmosphere is professional and modern.

Operational Review

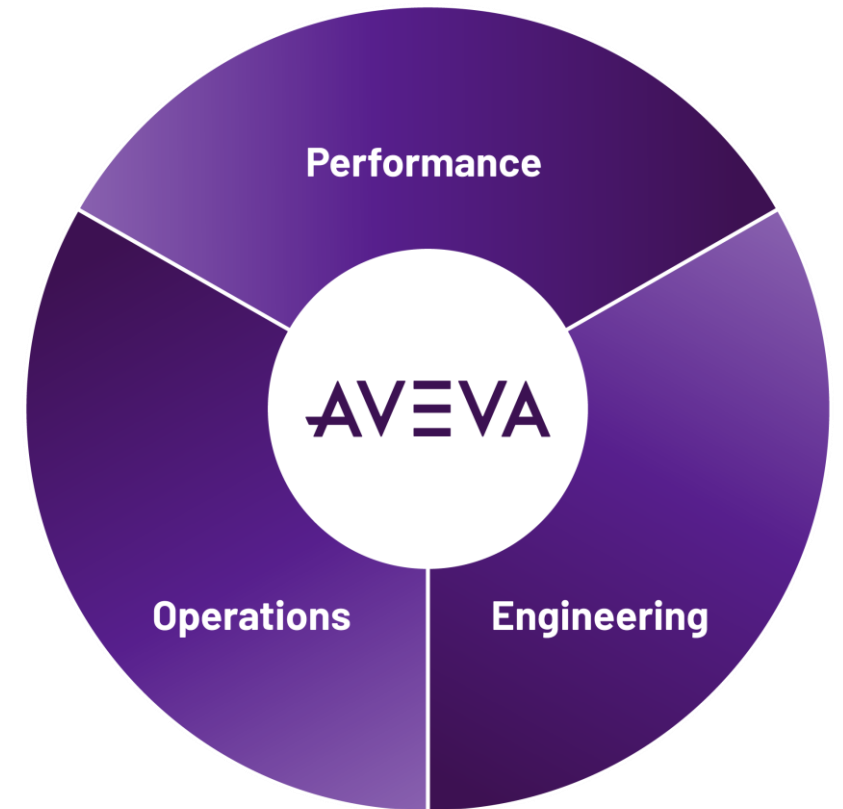
Craig Hayman, CEO

Leading the digitalisation of the industrial world

- Digitalisation is driving growing demand for industrial software
- AVEVA is optimally placed to capture this demand due to its unique product portfolio, which runs end-to-end from Simulation through to Operations

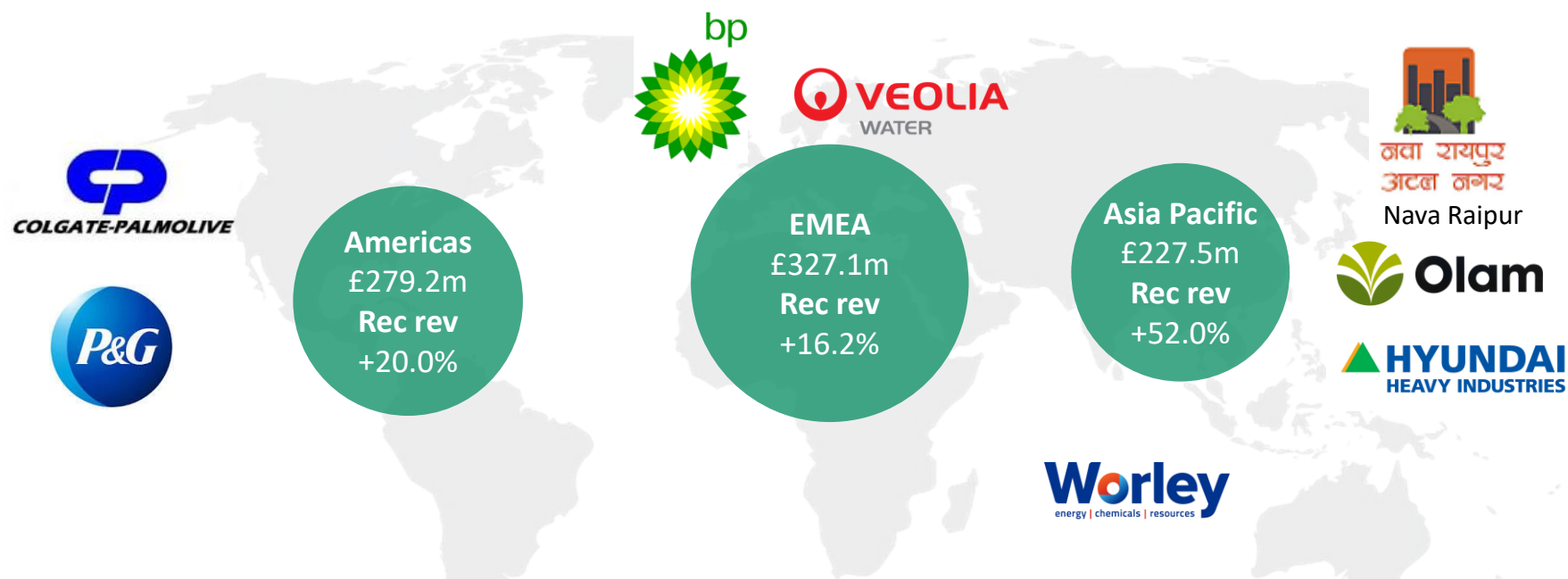


Source: AVEVA Market Insights



Broad-based growth

Year ended 31 March 2020



Engineering

43% of revenue

▲ Revenue +7%*

Strong growth in Plant and Marine 3D design software

Monitor & Control

31% of revenue

▲ Revenue +3%*

Solid growth in the core Wonderware business partly offset by significantly lower services

APM

14% of revenue

▲ Revenue +12%*

Strong growth from AVEVA Predictive Analytics

Planning & Operations

12% of revenue

▲ Revenue +13%*

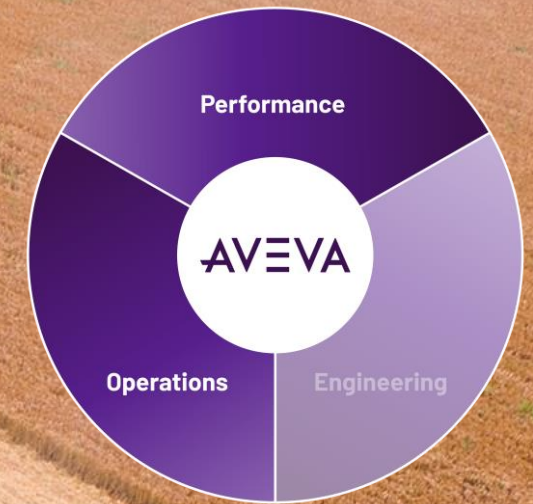
Growth driven by supply chain planning and Asset Optimisation



Global agriculture and food producer selects AVEVA to drive operational excellence and sustainability

Olam selected AVEVA's Manufacturing Execution System software to deliver value in quality, customer service, asset productivity, cost efficiency and ensure the sustainability of its global industrial footprint.

- Higher Product quality consistency and end-to-end traceability
- Real-time visibility on production line leading to high asset productivity
- Better tracking of materials and energy usage
- AI-analytics readiness with contextual manufacturing data availability, for higher overall operational efficiency





China Merchants Group uses AVEVA Unified Engineering to digitalise shipyard

China Merchants Group wanted to unify its design platform across diverse marine industries, using a unified engineering platform. The leadership also wished to enhance their intelligent manufacturing capabilities, especially in design and construction, through the deployment of smart shipyard software. Their long-term vision in partnering with AVEVA is to become a leading marine manufacturer for China.

“Using AVEVA Unified Engineering software, our team designs on one shared data source, producing vessels to a shared standard, meaning they can build complex vessel designs more quickly and accurately, to deliver world-class vessels in a fraction of the time.”

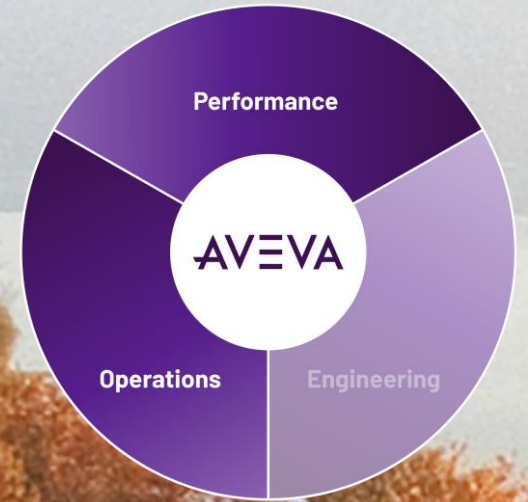


Nestlé builds a strategic business partnership with AVEVA

Nestlé has been working with AVEVA for more than 20 years. Using AVEVA's solutions and services, Nestlé has been able to standardise control, monitoring and operations software across hundreds of factories, leading to more efficient manufacturing operations.

Nestlé was seeking a software partner to enhance its engineering IS and IT systems as part of a global centralised plan to update both MES software and data networks across its global food and beverage production facilities.

AVEVA has provided Monitoring & Control software and MES Solution Support to streamline processes and boost operational efficiency.



NEW: AVEVA Unified Operations Centre for Datacentres

Datacentre providers will benefit by connecting platforms and data sets that previously existed in disparate systems

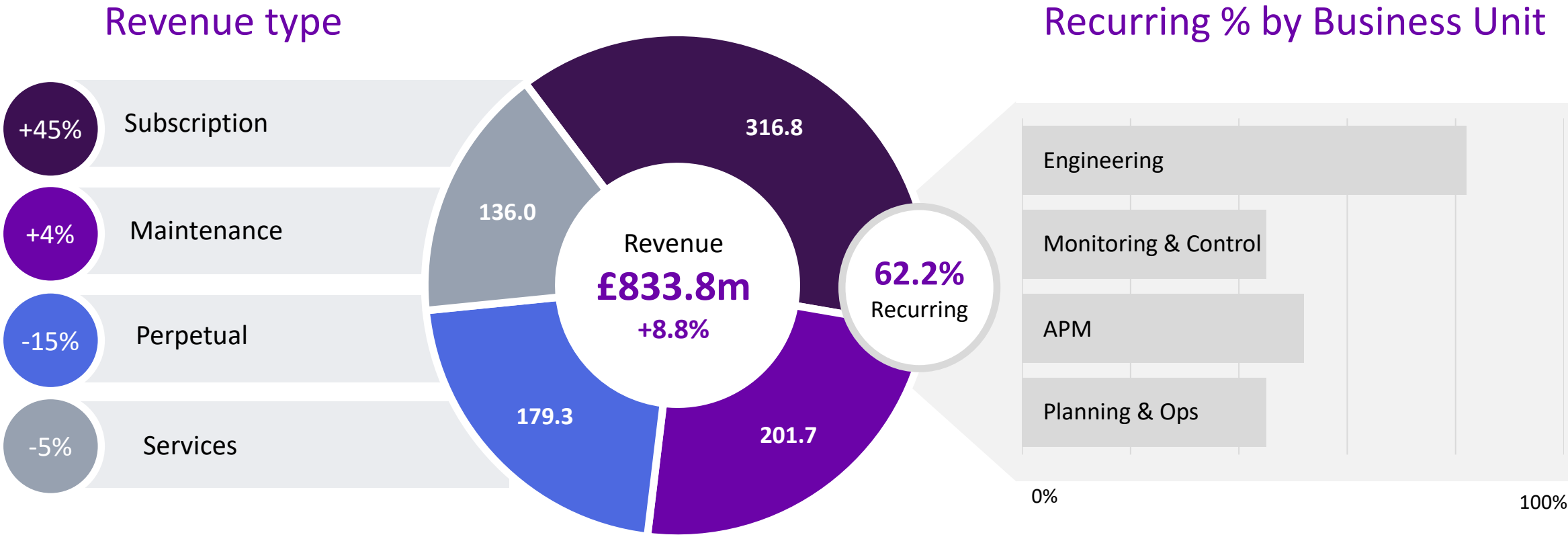
- A homogeneous view of engineering, operations, and performance across a heterogeneous installed base
- Scalable on a global basis
- Operators empowered to make faster, more informed decisions to optimise asset and operational efficiency
- Go-to-market approach will be led by Schneider Electric taking the solution to its top 40 global accounts

AVEVA

Schneider
Electric

AVEVA

Progress in transition to recurring revenue business model



Subscription growth includes: New business, extended contracts, growth in Cloud and conversion of Maintenance customers to Subscription





AVEVA Connect

Progress against medium-term targets in FY20

Set at September 2018 capital markets day

Constant currency growth at least in line with industrial software market

Revenue

+8.8%
£833.8m

Organic constant currency revenue +7.4%

Sales execution: Strong performance from both direct sales force and channel partners

Marketing investment: Customer events and new marketing leadership

Product integration: Launch of AVEVA Unified Engineering and AVEVA Unified Operations Control Centre

Increase recurring revenue as a percentage of total revenue to over 60%

Recurring Revenue

+25.7%
£518.5m

Subscription revenue: Up 45.2%

Recurring revenue: up to 62.2% (FY19: 53.8%)

Ongoing reduction in perpetual licences and services

Improve adjusted EBIT margin to 30%

Adjusted EBIT margin

+310bps
26.0%

Improvement in gross margin: Higher proportion of software revenue, higher gross margin services, focus on efficient delivery of services

Improvement in EBIT margin: Cost savings and operational leverage

Substantial reinvestment: Increased investment in R&D, sales force and marketing

Covid-19

AVEVA is in a strong position. Strategy and objectives remain unchanged

- Digitalisation is key in dealing with the challenges that our customers are facing
- Subscription provides greater flexibility, lower up-front costs and simplicity in pricing reflected in higher customer lifetime versus a perpetual licence model
- Accelerating Cloud roll-out and increasing investment in Cloud development
- Recurring revenue from multi-year contracts gives resilient cash flows
- Reduction in costs of approximately £50m-£60m versus the Group's pre-Covid-19 plans for FY21
- AVEVA does not intend to make staff reductions in response to the economic environment, furlough any staff, or make use of government support programmes

Summary and Outlook

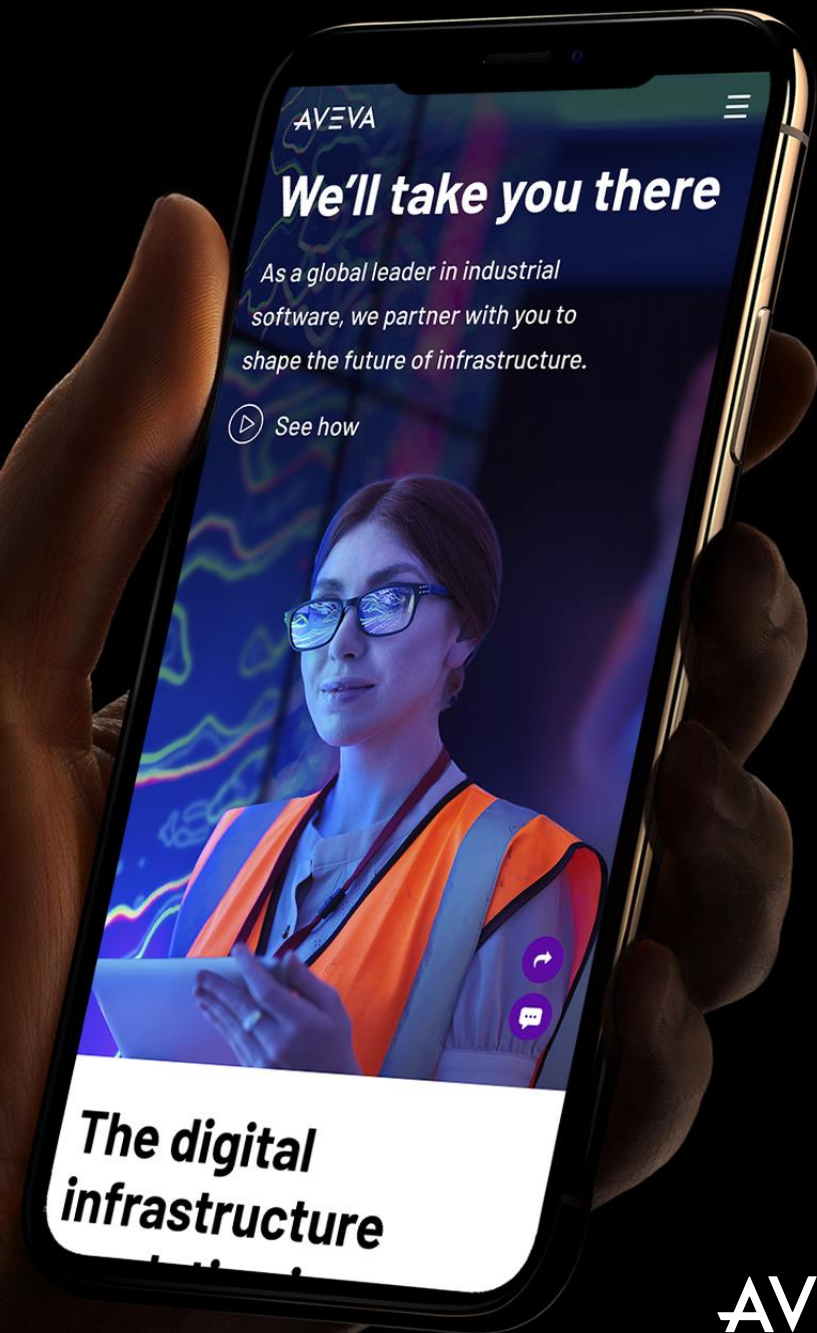
Summary

- Strong financial performance in FY20
- Excellent progress against medium-term targets with recurring revenue target exceeded
- AVEVA remains in a strong financial position with a strong balance sheet and ongoing cash generation

Outlook

- AVEVA's products are key to driving efficiency in our customers' operations and AVEVA has high levels of recurring revenue, therefore the Group's business is expected to be resilient
- The Group will continue to drive its business model transition to subscription
- In the context of this challenging growth environment, AVEVA is managing its cost base appropriately, while investing for the longer term

Questions?

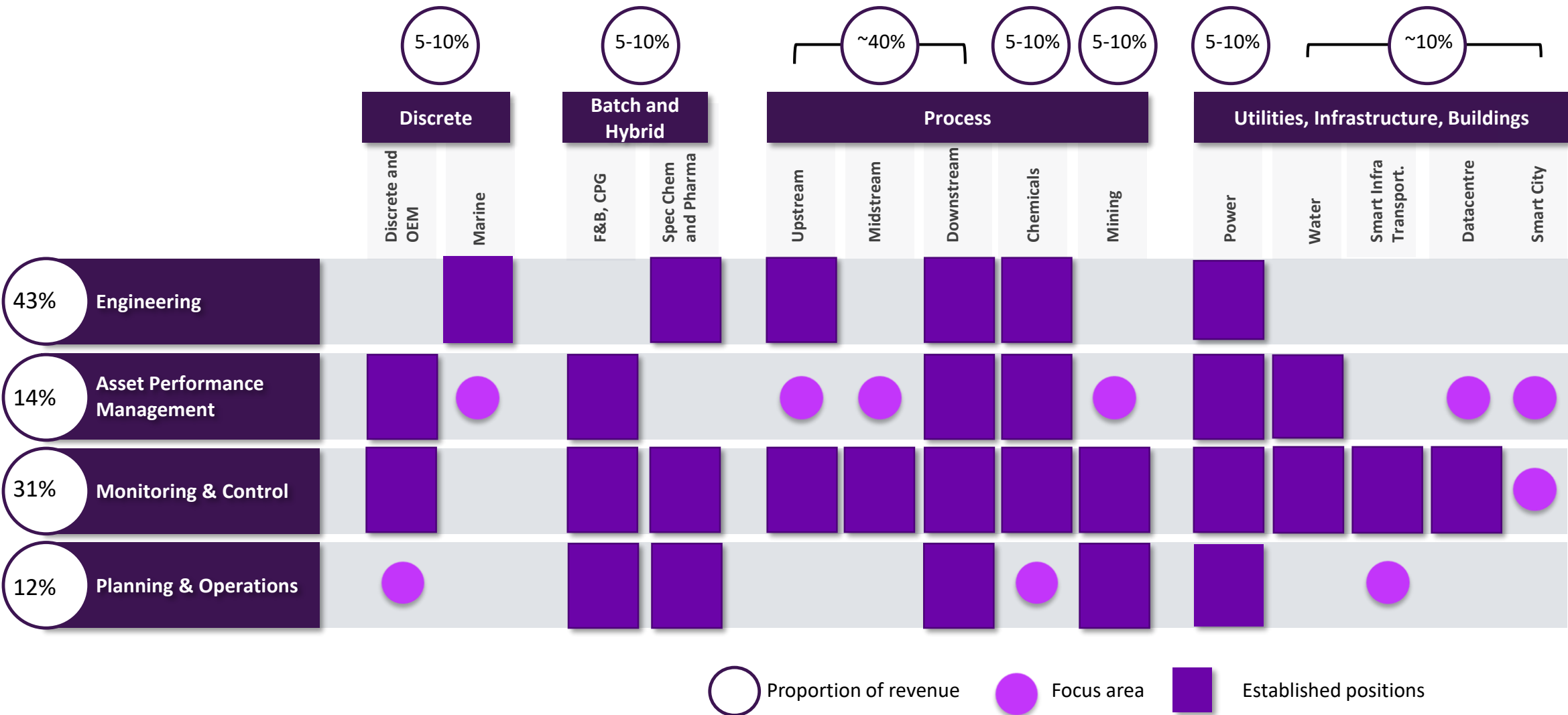




Appendices

AVEVA

Avenues for growth



Revenue by region

	Asia Pacific		EMEA		Americas		Total	Total	Change
£m	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	
Subscription	95.6	49.4	140.0	107.2	81.2	61.6	316.8	218.2	45.2%
Maintenance	47.9	45.0	67.9	71.7	85.9	77.7	201.7	194.4	3.8%
Total recurring revenue	143.5	94.4	207.9	178.9	167.1	139.3	518.5	412.6	25.7%
Perpetual licences	52.1	57.3	69.6	86.6	57.6	67.7	179.3	211.6	(15.3)%
Services	31.9	27.8	49.6	48.8	54.5	65.8	136.0	142.4	(4.5)%
Total	227.5	179.5	327.1	314.3	279.2	272.8	833.8	766.6	8.8%
<i>Change</i>	26.7%		4.1%		2.3%		8.8%		

Cash flow

Year ended 31 March

Net cash from operating activities before tax

Tax paid

Consideration paid on completion of business combination

Acquisition of a subsidiary, net of cash acquired

Proceeds from sale of subsidiaries

Purchase of PPE and intangible assets

Payment on disposal of pension scheme

Net interest

Dividends paid

Purchase of own shares

Sale / (purchase) of treasury deposits

Lease liabilities paid

Increase in net cash and deposits

Foreign exchange movement

Opening net cash

Closing net cash

2020 £m	2019 £m
161.4	169.1
(39.3)	(32.4)
-	(19.4)
(25.1)	-
5.5	-
(19.1)	(7.6)
(2.0)	-
(3.0)	(0.5)
(71.7)	(66.0)
(3.1)	(9.3)
0.5	(0.4)
(15.5)	-
(11.4)	33.5
(1.3)	(1.9)
127.2	95.6
114.5	127.2


Major currencies

	Approximate percentage of revenue	GBP vs. local currency FY20 average vs. FY19 average	GBP vs. local currency 31 March 2020 vs. FY20 average	GBP vs. local currency 31 May 2020 vs. FY20 average
USD	40%	3.3%	2.7%	2.9%
Euro	15%	(0.9%)	1.7%	3.0%
GBP	10%	0.0%	0.0%	0.0%
KRW	5%	(2.4%)	(0.8%)	(1.5%)
CAD	5%	2.5%	(4.2%)	(1.1%)
JPY	5%	5.5%	3.1%	3.6%
CNY	5%	0.0%	0.4%	(0.1%)
Other	15%	(3.3%)	(7.7%)	(3.3%)
Total	100%	0.9%	0.1%	1.2%

- 0.9% currency translation benefit in FY20
- Current spot rates imply c.1% currency translation benefit in FY21

Definitions & terms

- Organic constant currency revenue: Excludes the impact of business combinations and divestments, reverse acquisition accounting adjustments and currency translation.
- Recurring revenue: Subscription plus Maintenance revenue.
- Adjusted profit before tax, adjusted EBIT and adjusted earnings per share: Calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. Adjusted earnings per share also include the tax effects of these adjustments.
- Cash conversion: Net cash from operating activities before tax as a percentage of adjusted EBIT.
- The Combination: The combination between AVEVA Group plc and the Schneider Electric industrial software business that completed on 1 March 2018.
- Maintenance: Support and maintenance payments for software acquired through Perpetual licences.
- Subscriptions: Fixed term rental and token contract and licences that are paid for on a subscription basis.
- Perpetual licences: Software licences with an upfront payment and optional or mandatory maintenance, with no end date for usage.
- APM: Asset Performance Management. Software to maximise Return on asset investments.
- EPC: Engineering, Procurement, and Construction companies.
- AVEVA E3D: The next generation 3D design platform from AVEVA.
- AVEVA Engage: A 3D Decision Support solution for digital assets.
- AVEVA Flex: AVEVA's token-based Subscription offering.

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ABOUT AVEVA

AVEVA is a global leader in engineering and industrial software driving digital transformation across the entire asset and operational life cycle of capital-intensive industries.

The company's engineering, planning and operations, asset performance, and monitoring and control solutions deliver proven results to over 16,000 customers across the globe. Its customers are supported by the largest industrial software ecosystem, including 4,200 partners and 5,700 certified developers. AVEVA is headquartered in Cambridge, UK, with over 4,400 employees at 80 locations in over 40 countries.

[aveva.com](https://www.aveva.com)