

Oliver Steil (CEO), Michael Wilkens (CFO)
TeamViewer AG (“TeamViewer”)
Bahnhofplatz 2
73033 Göppingen

London, 16 November 2022

Dear Oliver, dear Michael,

Petrus Advisers is a long-term shareholder of TeamViewer with a stake just below 3%. We believe that now the time has come for you to wake up as you appear to get too comfortable with your current situation. After a short-dated initial euphoria, most IPO-investors have lost appetite or have sold out completely. You command a market capitalization of just €2.0bn¹, generated only €50 million of net profit in 2021 and are expected to have only €66 million of net profit this year². Only 38%¹ of brokers covering you believe you are a “Buy”, while the majority, 62%¹, have lost interest and have you as a “Hold” or “Underweight”. Your price target with all brokers on average is €12.8¹, just less than half of your IPO price³.

We beg to differ on TeamViewer’s value potential and have increased our stake, as we are convinced that TeamViewer is a solid margin software business playing in growing markets. As a strong advocate of technology that enables carbon footprint reduction, we highly appreciate TeamViewer’s contribution to help clients reduce corporate travel and CO₂ emissions.

There is, however a clear disconnect between your value creation potential and TeamViewer’s capital market perception. The share price has declined by 26%¹ since the November 2021 capital markets day, certifying your team’s free-fall from a perceived star of the European capital markets to an almost un-investable backyard equity story on the brink of what US investors would call “small cap” and avoid. While you seem to have understood that current market challenges require increased focus on higher-value customers, the three consecutive profit warnings of 2021 weigh heavily on your CEO’s credibility. The market is not going to give you any benefit of the doubt for your business model transformation story, now combining a steady-growth underlying SMB business transitioning towards higher-value tickets with faster growth and stickier clients in Enterprise. In what is an increasingly challenging macro environment, even more commitment and sense of reality is key.

Sponsorships

For months, we have advocated in private with you that you must exit the sponsorship deals that simply are a sign of hubris and appalling judgment. As active investors we will not tolerate that you spend ca. 1.4x your net profit or over €70 million per year on sponsorship contracts with Manchester United and Mercedes Formula 1. You are not SAP, Oracle or Mercedes. Yet, you do not seem to get it and have been backtracking lately in public appearances with some light allure of brand value these highflying money combustion exercises create for you. Investors have been unable to find any relevant brand-building value

¹ As per Factset, as of 16-Nov-22.

² As per Factset broker consensus, as of 16-Nov-22.

³ IPO price of €26.25, per September 2019.

and our conversations with your shareholders lead us to believe that we are not alone in failing to understand the merit of this cash-burn. We demand that you stop bleeding millions and rapidly disengage from this mess. We therefore demand that you enter professional exit discussions with a clear goal of a quick solution and that you do it immediately. We are very happy to support you with recommendations for top international sports counsel who can help.

Capital Allocation

We agree with Michael that for the foreseeable future, M&A activity should not be a priority as the company needs to now prove itself organically. The stability of TeamViewer's business model combined with your current low share price make it attractive to complete further share buy-backs (SBB). In your first SBB programme in early 2022, you repurchased shares at an average price of €12.45. Today, the stock is trading at €10.70⁴, your balance sheet is rock solid and can in our view bear leverage of at least 2.0-2.5x net debt / EBITDA. We therefore conclude a new buy-back programme, and the introduction of a steadily growing dividend is a logical step.

We stand ready to discuss these points with you at any time and will keep track of fast progress, to which you will be held accountable.

Sincerely,



Klaus Umek
Managing Partner



Till Hufnagel
Partner

⁴ As per Factset, as of 16-Nov-22.