

EQS - TeamViewer SE

TeamViewer SE - Q1 2026 Results Analyst Call

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Transcript

Speakers:

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Good morning, ladies and gentlemen, and welcome to TeamViewer's Q1 2026 Earnings Call. I am Bisera Grubescic, Head of IR here at TeamViewer, and today I am joined by our CEO, Oliver Steil; CFO, Michael Wilkens; and CRO, Mark Banfield.

Oliver and Mark will run you through the quarterly business update, and Michael will present Q1 financials. The presentation will be concluded by a Q&A session. As per usual, kindly note that you can find the important notice and the APM disclosure on slides 2 and 3.

And with this, I hand it over to Oliver to kick off our presentation.

Oliver Steil

Thank you, Bisera. Good morning, everyone. Also welcome from my side. Thank you for joining us today. 2026 is the year of delivery, and Q1 was the first proof point. Top line was broadly stable and profitability was strong, as expected. The building blocks for acceleration in the second half are firmly in place, and we are reaffirming our full year 2026 guidance.

The two effects that moderated our Q1 results, the one-off 1E customer churn and our SMB course corrections, have been shaping out as flagged in February. Good visibility gives us confidence in the ARR growth acceleration, which is expected for the second half of the year.

Strategically, we are focused on where the highest ROI and future upsides are, while we continue to benefit from strong cash generation in the core SMB business. We are leaning into higher end SMB and enterprise, where we see clear demand and willingness to pay for premium capabilities, including AI.

Looking at the underlying business, enterprise ARR grew, despite absorbing the anticipated one-off churn in 1E. If you strip that out, then enterprise ARR would have been up by 11%. The core is performing well. Mark and Michael will take you through the details shortly.

TeamViewer ONE is gaining real commercial momentum. Its ARR doubled quarter-over-quarter. The enterprise tier was launched in February and it closed its first deals almost immediately. The value proposition is clearly resonating at the top end of the market.

We are building market-leading autonomous endpoint management innovations, which will expand our total addressable market meaningfully. What connects these proof points is the single direction of travel. Customers are moving towards autonomous IT operations, and

TeamViewer is the platform they choose to get there. Let me now take you through the details, starting with how we see ARR across our base.

I want to take a moment to explain how we are presenting this chart, because we have refined the view from what you have seen before. We have kept the customer groupings that you are familiar with, SMB and Enterprise. And we have broken them down in a way that we think is more useful to understand the underlying dynamics of the business.

We wanted to be clear about exactly where we are facing challenges and where we are not. And here you can see that the message is encouraging. Approximately two-thirds of our ARR base is healthy and growing. Let me walk you through the four customer groups.

Enterprise, excluding DEX, grew 18% in constant currency year-over-year, representing 24% of total ARR, continuing the strong double-digit momentum that we saw throughout 2025. Higher end SMB accounts, which are between EUR1,500 to EUR10,000, contributed 35% of ARR and grew 1%. This is a large base of customers with real upsell potential.

The two areas that face challenges are exactly the ones which we flagged before. DEX ARR was down 16%, driven by the one-off customer churn of 1E, which is confined to Q1. If you strip that out, then enterprise ARR overall would have been growing 11%, not 8%.

Within lower end SMB, which are accounts below EUR1,500 ARR, ARR was down 6%. This reflects the impact of our last year's deliberate course corrections to revitalize the business. Both headwinds, the one-off churn in 1E and the SMB course corrections are known, anticipated, and fully reflected in our 2026 guidance.

The core of the business is performing well. This is where we've made significant investments, and we have not yet even seen the full commercial impact flow through yet.

TeamViewer ONE, autonomous endpoint management, or the TeamViewer Intelligent Agents, these products are still in their early innings commercially. This is a very strong foundation to build on, and we expect the momentum to increase.

Notably, net upsell from SMB to Enterprise was EUR10.5 million in the quarter. This demonstrates again that our strategy to migrate the most valuable SMB customers into richer product packages continues to drive growth. And the

primary engine of this growth is, and will be, TeamViewer ONE.

Let me walk you through TeamViewer ONE, as this is where we are investing significantly, and which is driving the commercial story of 2026 and beyond. What you see on the left of this slide is the product architecture. There are three tiers; standard, advanced, and enterprise, and they span from SMB through to large enterprises.

The products are all built on the same core stack of Tensor, DEX, and AI. While the tiers assemble our core offerings for each customer group, across the board we are delivering what our customers are increasingly looking for; a simpler, unified platform that reduces complexity, enables predictive problem solving, and supports the move towards autonomous IT operations.

The right side of this slide tells you what is happening commercially, and the trajectory is clear. In October, daily average billings were only EUR4,000. By March, they reached EUR45,000 already. What excites us most is the pace of that rapid increase. Let me point out three key milestones in this chart.

First, the December release of the major standard and advanced update gave the first real commercial push, and you can see that billings stepped up meaningfully from that point. Second, in January, dipped as expected with normal seasonality. Third, and excitingly, February and March show clear execution ramp after our sales kick-off.

The sales force came out of Munich energized, with a playbook that works and a product that addresses a key need of our customers. That ramp is real and it continues to build. The enterprise tier launched earlier this year, and as you can see in this chart, only two months in, it is already contributing meaningfully to that March number.

The fact that we are closing deals this quickly, when sales cycles typically run much longer, is a strong early signal that the value proposition is resonating at the top end of the market. All-in-all, this early commercial momentum confirms customer demand and marks the beginning of our transition to an endpoint-based pricing model from seat-based pricing.

To understand where this goes from here, it is worth looking at what we've achieved before. This chart here demonstrates our ability to repeatedly up and cross-sell our products. I want to spend a moment on it, because I

think it's one of the most important frames for how to think about TeamViewer ONE's commercial potential.

What you are looking at is illustrative annual recurring billings per upsell motions since 2018. Each layer represents a distinct growth wave. We identified an opportunity, built the product and go to market, and executed the upsell at scale. The first wave was perpetual to SaaS. We migrated a large global customer base to recurring SaaS licenses across our products. This was a fundamental commercial transformation.

The second wave was driven by corporate channel upgrades. As customers scaled their usage, we grew with them. This sounds straightforward, but it required the right product market fit with continuous innovation and a disciplined sales motion to capture the potential at scale.

The third wave is corporate to Tensor and is still very much alive today. A functionality-led migration of corporate customers to our advanced Tensor licenses, purpose-built for enterprise IT environments. This meant higher value and higher stickiness.

Tensor went from initial traction to a core share of enterprise ARR within six quarters, driven by a strong value proposition and focused commercial execution. TeamViewer ONE is the fourth wave, and I believe it is the largest and most exciting opportunity we have had. We are at the very beginning of this wave, but early proof points confirm that the journey has started. We know how to do this, as we'll expand on later.

What makes this wave different from the prior ones is the AI accelerator. TeamViewer ONE is self-reinforcing in a way superior to any of the prior three product improvements. Every AI session makes the platform smarter, and every automation makes it stickier.

The more customers use it, the harder it becomes to replace. This is a genuine differentiator. The shift to endpoint-based pricing means the revenue opportunity scales with the device footprint, not just with the number of users. This is structurally larger and significantly more durable growth engine.

When we talk about expanding our growth runway, this is what we mean. We are not relying on market expansion alone. We have a proven internal engine, one we have run multiple times before. We are now running it again, with a highly differentiated product, a larger addressable market,

and a data advantage that compounds with every interaction.

Let me now explain the mechanics behind that compounding effect. What we call our flywheel for autonomous endpoint management. What you see on this slide is the core of what makes TeamViewer ONE structurally different from anything a competitor can bring to market. The infinity loop shape is deliberate, because it is a self-reinforcing cycle that gets smarter with every single interaction.

And it is powered by two proprietary data streams that no competitor owns together. Expert remote support session knowledge and deep endpoint telemetry from DEX. Both data streams are fully integrated into our unified back end, feeding into the core engine. On the right hand side, the loop starts with the remote support session. Our TeamViewer intelligent agents, called Tia, join the session and help the IT expert diagnose and fix the issue, often in seconds rather than minutes, and in an increasingly agentic way.

Once the session ends, AI automatically creates a summary, capturing what happened, the root cause, and the resolution. That summary then flows into the left hand side of the loop. Each session becomes a data point. Patterns emerge across thousands of sessions, which our DEX intelligence translates into proactive recommendations for IT teams.

The next step is automated and autonomous remediation. Instead of fixing the same issue manually every time, the system creates an automation that resolves it across the entire endpoint estate. And as it says in the middle, fix an issue once and it is fixed forever. The more the platform is used, the smarter it gets, because every session sharpens Tia's intelligence, which enables continuously more automations across the support operations.

The result is a self-reinforcing flywheel. More AI sessions mean better detection, faster resolution, and smarter automation, which reduces friction for end users and drives greater adoption and stickiness. This translates directly into measurable productivity gains for our customers. What makes this genuinely hard to replicate is the data. We are the only company in this space that owns both datasets natively. The session data from remote support, and the telemetry data from the endpoint in the moment the issue occurs.

We own both at scale, across more than 620,000 customers globally, tens of millions of managed devices, and billions of connections. Our flywheel is not even fully in motion yet. In April, Tia was integrated directly into Tensor. And already, early customer feedback is outstanding, as you see on the right side. The full flywheel capabilities are being unlocked this summer, which will be a major milestone for TeamViewer. This is what drives our confidence in our growth story.

TeamViewer ONE is the commercial vehicle. The AEM flywheel is the platform pull. And our data advantage compounds with every session, widening the moat and deepening customer stickiness in a way that directly fuels our path to sustainable growth.

Let me zoom into one element of that flywheel, the rapid growth of AI adoption across our products and customers. By the end of April, more than 26,000 customers have already used TeamViewer AI, and cumulatively we have generated more than 1.3 million AI sessions, with over 300,000 added in March alone. These are paying customers, making a deliberate choice to use our integrated AI. That level of active adoption is a strong signal that the customers see real value.

This growing customer traction underscores the structural data advantage that powers our autonomous endpoint management innovation. There has been considerable debate in the market about how AI will shape the future of the SaaS industry. For TeamViewer, we have a clear-eyed view on why we see AI as a structural tailwind, organized around three dimensions. The market, our moat, and our business model.

Let's start with the market. AI does not shrink our opportunity. In fact, all indications point the other way. As IT shifts from reactive to autonomous management, the number of endpoints that need to be actively managed actually grows. AI moves to the edge. Internet of things penetration accelerates, and every new connected device is a potential TeamViewer endpoint.

Gartner estimates more than 50% of organizations will adopt some form of autonomous endpoint management by 2029. That is the market we are moving into, and it is meaningfully larger than the remote support market we are coming from. With our unique AI innovation, we are leapfrogging into that autonomous IT market and its massive opportunity.

On TeamViewer's Moat, the reason AI strengthens our position rather than threatening it comes down to data, trust, and integration. We operate at the endpoint, where the friction occurs and where the remediation happens. This gives us two proprietary data streams we described earlier, at scale that no competitor can match.

We are also deeply embedded in global IT infrastructures, across more than 620,000 customers and in mission-critical environments around the globe. We have built trust, reputation, and expertise over 20 years as a vendor agnostic software provider. That entrenchment is a structural advantage. This is then amplified by the AI flywheel effect discussed earlier.

And on the business model. Our expansion into AEM is driven by our existing go-to-market approach, since we are already selling to the relevant buyers through Tensor and DEX. We are bringing a strong, new best of suite value proposition to a proven upsell motion. The transition from seat-based to endpoint-based pricing is a natural evolution as we sit on the endpoint and do endpoint management. There is substantial upside from this alone in our massive global device footprint.

Zooming out and putting all of this together, the shift towards autonomous IT management validates the importance of our proprietary data advantage. If anything, the pace of AI adoption tells us that there is more potential ahead than we initially anticipated. The early commercial data confirms it. For a company with our data, our endpoint footprint, and 20 years of customer trust, AI is not a threat. It is a structural tailwind.

Let me give the floor to our customers, because they say it better than we can. You will see three early adopters sharing the real world impact of our market-leading AI innovation. 25% faster resolution on recurring issues. 25 to 50 hours saved per month. Recurring issues identified. Countermeasures defined.

Automations written automatically. Instant proof of service at the click of a button. This is what it looks like when AI moves from promise to tangible business impact. Our full AEM capabilities go live this summer, and the compounding effect of this data advantage will only accelerate from there.

And with this, I would like to hand it over to Mark to detail how the commercial engine is set up to capture the opportunity in front of us.

Mark Banfield

Thank you, Oliver. Let me walk you through what the commercial engine looks like on the ground. We came into 2026 with a clear mandate to accelerate global sales and go to market execution. I want to share the progress that has been made and the early evidence of our efforts.

Let me start with the organization, since structure is what makes everything else possible. We took decisive action to level up the organization. We have exceptional new leadership in place, with Tim Koubek as President of Americas and Finn Faldi as our new EVP of Inside Sales, combining deep domain expertise and strong executive presence.

Tim and I worked together previously at LogicMonitor, so I know what he is capable of. He has already hit the ground running. Americas is our second largest region, and he and I are fully aligned on the mission to reignite growth in this exciting market. We both see strong upside as the go-to-market motion matures there.

Finn is a TeamViewer veteran rejoining to leave global inside sales. He was the key leader driving the upsell motions discussed earlier, and will now drive the same for TeamViewer ONE in global inside sales. He has already had a material impact in the short time he has been on Board. We have a unified sales in a global organization under my leadership, and rolled out a very highly sophisticated sales playbook operating across SMB and Enterprise.

Our revenue operating system will take a further leap forward with the rollout of Salesforce, which is in its final stages. This will give us better pipeline visibility and sales discipline to execute at scale. The organization is truly energized by the new momentum around TeamViewer ONE. This was evident at our global sales kick-off in January, where we set the course for this year.

On go-to-market activation, TeamViewer ONE is resonating. The market feedback on the unified value proposition has been very strong. Customers understand the consolidated value proposition, and they are responding to it.

We are also strategically scaling our marketing presence, deliberately ramping up brand campaigns and events ahead of the AEM general availability this summer. So the commercial activation and the product milestone arrive together. And the channel motion is stepping up too.

We had a fantastic EMEA partner summit in March, with the Americas to come. The partner network is an important multiplier for us, particularly for managed service providers, and we are investing accordingly.

On deal momentum, we are very confident in our pipeline. The leading indicators are moving in the right direction, across both segments. In Enterprise, TeamViewer ONE is already winning strategic large deal flagship customers less than a few months into launch.

Demonstrating that the value proposition is clearly landing, and the sales motion is effective. In SMB, we can see the course correction is stabilizing the base, which is the foundation for new growth momentum on the back of TeamViewer ONE. TeamViewer ONE ARR more than doubled quarter over quarter in Q1. This is the commercial engine turning.

We have the organization, motion activation, and deal momentum. And with the AEM launch ahead of us, the pipeline building across both segments, we believe we are set up for growth.

Q1 shows tangible evidence that our strategic positioning is translating into wins on the ground. Three flagship deals stand out. First, a German bicycle retailer with more than 40 local shops. They chose TeamViewer ONE to manage internal IT across a distributed retail and workshop network, ensuring frictionless store operations and excellent customer experience.

A clear example of TeamViewer ONE resonating with mid-market customers where simplicity and reliability matter most. Second, a global digital transformation provider with thousands of endpoints. They selected TeamViewer ONE to seamlessly integrate acquired companies into a centralized IT model. With real time automation and response, delivering tangible ROI from day one. This is exactly the unified proposition we have been building towards with TeamViewer ONE.

And third, a global leader in agricultural machinery with some of the most iconic brands. They have selected TeamViewer to embed Tensor OT directly into their remote portal across an estate of almost 100,000 connected machines. This is a multi-year strategic partnership built on joint engineering, going well beyond typical software deployment.

They plan to use TeamViewer to deliver a new digital service to dealers and farmers. Reduce on-site technician

costs and improve uptime in time-sensitive harvest operations. Their CEO described this capability as a quote, must win bet. This is the kind of strategic OEM use case where there are very few credible alternatives to Tensor OT in the market.

And looking ahead to Q2, we have already secured a significant contract expansion in one of our flagship DEX accounts. The customer, one of the largest integrated health care systems in the United States, with approximately 600,000 endpoints under management, is scaling their commitment with us. The expanded contract now exceeds \$10 million in annual recurring revenue.

A clear validation of our DEX platform at mission-critical scale, and a strong indicator of how flagship customers deepen their investment once real time remediation is proven across the fleet. This is an excellent example of how our leading value proposition in digital employee experience and autonomous endpoint management continues to translate into tangible growth. TeamViewer ONE is clearly resonating with our customers.

Finally, just last week we announced that the Mercedes-AMG PETRONAS Formula 1 team has upgraded from Tensor to TeamViewer ONE. This is a textbook example of the upsell motion playing out at the top of the market. A high-performance organization running thousands of critical endpoints across factory, office, and track side with zero tolerance for downtime.

And importantly, under the Formula 1 cost cap, sponsor status does not automatically translate into operational deployment. This is particularly true for the Mercedes sponsor roster. The fact that they actively chose to expand with us is therefore a strong validation of the TeamViewer ONE and AEM value proposition at the highest performance tier.

Taken together, customers are choosing TeamViewer because we can deliver outcomes at scale that point solutions cannot. That is the value proposition working, and it gives us real confidence in the pipeline ahead.

With that, I hand over to Michael for the financial review.

Michael Wilkens

Thank you, Oliver and Mark, and good morning, everyone. Let's look at our key financials for the first quarter of 2026. As Oliver already mentioned, everything is tracking to plan. The first quarter reflects the phasing we expected. Top line broadly stable, alongside strong profitability and normal anticipated cash flow timing effect.

Let me give you a brief overview of our financial performance, starting with the ARR. We delivered EUR737 million ARR, flat year over year in constant currency. As we explained during our Q4 2025 results, Q1 top line growth was impacted by two factors. One-off 1E churn and strategic SMB course correction measures.

Importantly, one-off 1E churn effects are largely complete and the remaining customer base is stable. Enterprise fundamentals remain strong. Enterprise ARR, excluding DEX, increased by 18%, demonstrating continued and strong underlying growth.

On the P&L, revenue was EUR183 million, broadly flat year over year in constant currency. This is fully consistent with internal expectations and in line with our 2026 revenue growth guidance. Adjusted EBITDA increased by 2% to EUR83 million, delivering a strong adjusted EBITDA margin of 45.3%. 2.4 percentage points above Q1 last year.

I will explain the cost phasing behind this in a moment. Reported net income and EPS both increased by 15% year over year. Adjusted EPS was EUR0.29 this quarter. On the balance sheet, net leverage ratio sequentially improved to 2.5 times, which demonstrates that we are actively deleveraging and remain firmly on track for our around 2.3 times year-end target.

Before I share the details, I want to reiterate that Q1 was going to be a soft start as we said in February this year. The one-off 1E churn effect of EUR8 million and the headwinds from the SMB course correction measures were known, disclosed, and anticipated. What you see in Q1 is therefore the phasing we planned for.

The numbers are in line with our expectations. And behind that phasing, the leading indicators tell us that we are moving in the right direction. The commercial momentum Oliver and Mark walked you through gives us a clear confidence in the ARR growth acceleration that we have committed to for the second half of 2026.

Let me now go through our key financials in more detail on the next slide. Let me start with the P&L. Constant currency revenue was broadly stable and in line with our expectation. Reported revenue was negatively impacted by foreign exchange movements, resulting in a 3.3 percentage point headwind compared to last year. Primarily driven by the US dollar.

The actual average FX rates in Q1 are provided on Slide 23. SMB revenue decreased by 1% year-over-year in constant currency to EUR126 million, reflecting the impact of the SMB strategic measures mentioned earlier. Enterprise revenue was flat year-over-year and reached EUR57 million. We saw strong underlying growth in TeamViewer, excluding DEX, which was temporarily offset by the one-off 1E churn effect.

Gross profit was EUR168 million with a gross margin of 92%. Broadly stable year-over-year and reflecting the high quality of our subscription revenue base. COGS decreased by 8% year-over-year, reflecting lower variable lower variable costs in line with top line development and lower front line related implementation costs.

Total opex decreased by 8% year-over-year to EUR85 million, demonstrating our disciplined cost management, even as we continue to organically invest in growth and innovation. Sales expenses increased 6% year-over-year, driven by investments in the sales organization. This is intentional and ongoing.

Marketing costs decreased 28% year-over-year, reflecting deliberate phasing of marketing costs ahead of our major brand and commercial activation, including the autonomous endpoint management innovation launch in Q2. This is not structural, it will normalize. R&D costs were up 7% year-over-year, reflecting continued investment in the combined product offering, AI capabilities, and a higher number of internal developers.

We are investing in our innovation capabilities to fuel our next leg of growth. G&A expenses declined 8% year-over-year due to phasing and continued cost synergy realization. Other expenses amounted to around EUR900,000, down year-over-year, reflecting lower bad debt charges.

Adjusted EBITDA margin of 45.3% is higher than our full year guidance, and is a Q1 phasing effect. Our full year guidance of around 43% remains the right reference point. Net income was up 15% year-over-year.

Total interest expenses were EUR9.5 million in Q1, up EUR0.8 million year-over-year. As in prior quarters, this was driven by 1E financing. Adjusted EPS was EUR0.29 this quarter, stable year-over-year.

Then moving on to leverage. Net debt was EUR870 million at the end of Q1 2026, which is an improvement of EUR31 million compared to net debt at year end of 2025. Net

leverage ratio sequentially improved to 2.5x. As mentioned, we have a clear path to reach our year end net leverage target of around 2.3x. The details of the free cash flow will follow on the next slide.

As I mentioned earlier, Q1 shows normal anticipated cash flow timing effect. Levered free cash flow conversion in the quarter was 29%, which is unusually low and not representative of the full year trajectory.

Let me give you a clear picture of cash flow drivers for this quarter. Pre-tax cash from operating activities was EUR55 million, up 18% year-over-year. The step down in growth to levered free cash flow adjusts for 1E acquisition related cash flow timing effects from taxes, interest and lease payments, as well as the temporary negative impact from net working capital.

We expect these effects to normalize over the course of the year. I would like to reiterate that for full year 2026, we expect levered free cash flow to be between EUR190 million and EUR210 million, broadly stable in absolute terms and in cash conversion terms compared to 2025. With that picture of Q1 in full, let me close with the guidance on the next slide.

We delivered stable top line performance in line with our guidance, and maintained best in class profitability. Our focus remains firmly on driving sustainable, profitable growth, while advancing our strategic roadmap. We are reaffirming our full year 2026 guidance.

We anticipate constant currency revenue growth in the range of 0% to 3% versus the pro forma 2025 revenues. ARR growth acceleration in the second half of 2026 is on track. We expect SMB churn to remain elevated in Q2, and then to stabilize in the second half of 2026.

SMB headwinds and 1E one-off churn effect are developing as expected, and visibility remains good for the remainder of the year. At March 31st, 2026 spot rates, the expected total FX impact on our guidance is negative 3 percentage points for Q2 2026 and negative 2.5 percentage points for full year 2026.

The expected currency impact is shown on Slide 23. We continue to guide for an adjusted EBITDA margin of around 43%. Q1 was higher than that, but the marketing cost normalizes during the year. The margin should move towards the full year guidance level.

With that, let me hand back to Oliver to bring together what we have covered today.

Oliver Steil

Thank you, Michael. 2026 is the year of delivery, and Q1 was the first proof point. The two effects that moderated our results, the one-off churn in 1E and our SMB course corrections, are developing exactly as we said in February.

What is new is the commercial momentum. TeamViewer ONE is gaining real traction. Customers are choosing platform consolidation over fragmented point tools, and AI adoption is compounding. With more than 300,000 session summaries generated in March alone. The early commercial data follows a pattern that we know very well.

Tensor went from initial traction to a core share of enterprise ARR within six quarters, and the leading indicators tell us that we are on the same path. We are reaffirming our full year guidance across every metric.

The building blocks for second half ARR growth accelerations are firmly in place. We have the right strategy, the right priorities, and a clear path to unlock the next stage of performance. And I now look forward to your questions.

Operator

Ladies and gentlemen, we will now begin the question-and-answer-session. Anyone who wishes to ask a question may press star and one on their touchtone 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. Participants are requested to use only handsets while asking a question. Anyone who has a question may press star and one at this time. One moment for the first question, please.

And the first question comes from Victor Cheng from Bank of America. Please go ahead.

Victor Cheng

Hi, good morning, and thanks for taking my questions. A couple, if I may. Maybe on the recent TeamViewer ONE contracts that you've signed, where you moved from per seat per endpoint. What are the early signs of pricing uplift that you're seeing? And how do we think about the impact to the LTV of a customer when you make such a move, both currently and in the medium term?

And then secondly, just a clarifying point on the 45k daily average billings, how should we think of it in ARR terms? And then lastly, a question on EBITDA margins. Obviously, you guided 43%. So how should we think about the phasing of EBITDA margins going forward? Is marketing spend going back up starting Q2 already? Thank you.

Michael Wilkens

Yeah. Thank you, Victor. Good morning. Let me start with the last question on the EBITDA margin phasing throughout the year, and then maybe Mark takes the first, and Oliver will take the second on the 45k daily billings to ARR.

On the margin, exactly as you thought, 45 was phasing Q1. You should expect something for Q2 in the vicinity between 42 to 43, and then it will level out throughout the year. So for the full year, we are bang on with the around 43 guidance. Maybe Mark the first one on TeamViewer ONE pricing?

Mark Banfield

Sure. Yeah. Yeah, on the pricing, Victor, thanks for the question. So look, we are seeing some good uplift from existing customers where we migrate upsell them to TeamViewer ONE. Of course, there's two sides to the coin, right? It's a way of retaining customers, but also we are seeing some meaningful uplift. So we're seeing some healthy progress there overall. We didn't disclose those numbers, but we're seeing good progress.

Oliver Steil

Yeah, maybe on the on the second question, I mean, I think it's a general topic. The kind of per seat to per endpoint, and then the 45k billing. So generally obviously we are steering the business for ARR firmly as you know from all our disclosure. But the TMV One upsell is mostly happening in inside sales, and they are looking at the daily transaction volume exactly actual invoices.

So the invoices for cash that we're sending to customers, and therefore we chose that billings numbers as an indicator here just because it really shows the daily traction, and we expect this to grow significantly from here throughout the year, as you can expect. Typically what we see is an ARR conversion Billings to ARR conversion between 0.7 to 0.9. Sometimes it's a one-to-one conversion. It really depends on the deal.

So there is a little bit of a step down typically because there's also a little bit of 2-year deals or so, even in inside sales. But generally speaking, quite close to the Billings. And again, this is just an indicator. And then the upsell depends a lot on the number of devices.

There is a -- in most situations there's an inbuilt meaningful upsell because people have more devices under management and want to move to more devices under management than they were paying in seats for remote control and remote support.

So this is almost like a mathematical fact of customer footprint. There's also opposite customers that have a different behavior, that have no managed devices and only need to grow from the start. But it typically comes with a nice with a nice uplift.

Victor Cheng

Understood. Thank you.

Operator

And the next question comes from Alice Jennings from Barclays. Please go ahead.

Alice Jennings

Hi, good morning. Thanks for taking my questions. A couple for me as well. So just firstly on the SMB KPIs, so thinking about the subscriber numbers and then also churn. How much of this is driven by that decision to abandon the free to paid campaigns? And then I guess therefore, what can we think about as being a more normalized level for these KPIs once that effects has come to an end, I think in Q3?

And then the second question is just on 1E. So I mean the acquisition's been integrated for a little over a year now. So wondering how the cross-selling between this is progressing. And I guess how this compares to internal expectations at the time of the acquisition?

Michael Wilkens

Yeah, Alice. Let me start with the second one, the first one, sorry, I didn't hear correctly but someone will help me who takes that one. On the 1E integration. Actually indeed, fully integrated. I'll give you also some synergy elements both on the cost side, but also on the top line side. Costs first. We gained de facto 3 million of savings in 2025. And it will ramp to 6 million this year including the three of last year.

So with all of the integration done, number one on the cost side, especially FTE, G&A areas. We gained a lot but also on consolidating contracts. And also in the COGS area we were able to optimize our costs which is good and nice and needed. Moving then to the top line elements. It's a good one. Remember we told the market that we expect a rough cut 10 million revenue synergy on the top line and we see this actually tracking and trending nicely.

Number one, the full pipe is rough cut in the vicinity of 70 million. So with a with a conversion ratio of a third, you can expect something in the vicinity of around 20 million and that means 20 million ARR. Then would obviously be bang on kind of on the 10 million revenue synergy. And we mentioned Mark explained it.

Yeah, there's just one big deal that we just explained in the US. Of this additional upsell of 2 million ARR, this is

obviously already fueling this revenue synergy. And there are many more coming and also came some already.

Mark Banfield

Maybe just to add one comment. I think yeah, the examples I explained, pretty much, you know, most of them are really good evidence of cross-sell working. The strategy here of bringing together the 1E DEX proposition with the TeamViewer Remote proposition, and TeamViewer ONE, as we've explained it.

And the strategic benefit to customers of that infinity loop that Oliver explained in the presentation, that's what's really fueling our cross-sell opportunity. And that's where we're starting to see significant wins. And it's where we're seeing real significant growth in our pipeline.

Michael Wilkens

And on the free to paid campaign. I think you asked for, what is the normalized motion on the free to paid. So all of the let's call it the hard core free to paid in a commercial blocker has been stopped. And the normal vicinity in there's some normal movements of free to paid and this should be in the vicinity also around one to two million.

Oliver Steil

Yeah, I think the just to add, I think it's also on the subscriber number itself. Look where, if you don't do free to paid, you're missing a few thousand subscribers that you bring in every quarter at the entry level. And that's what we're missing. So obviously, if we see very, very strong usage of free users first we observe them. And then we speak to them and then we convert them into paying customers.

So that's the moving, that's the kind of, I would say, the normal conversion funnel that we obviously operate from marketing to paid conversion. But what we're missing is the inflow of a few thousands every quarter. And that's noticeable in the subscriber numbers. So if you would normalize for that, as, if you go back when we still have this running.

We're keeping the subscriber number stable. But then we had elevated churn. So that's what we're correcting now. So that's the order of magnitude to think about.

Alice Jennings

Okay, very helpful. Thank you so much.

Operator

The next question comes from Ben Castillo-Bernaus from BNP Paribas. Please go ahead.

Ben Castillo-Bernaus

Hi, good morning. Yeah. Thanks for taking my questions. First one really on TeamViewer ONE enterprise and the momentum that sounds encouraging. Could you just touch really on what's resonating with customers? You know,

Tensor is not new, but adding DEX and then the AI overlay and AEM to come. I think you mentioned some sort of consolidation, customers want, you know, cleaner platform.

Could you maybe just touch on who you might be replacing there? And then just returning to that conversation around, you know, the pricing moving to an endpoint pricing, clearly a sizeable increase over a typical Tensor ELA.

How are the sales cycles different and how are you kind of balancing the direct sales versus channel versus MSP? Mark, you mentioned some investment required in the MSP partner network. So what does that look like and how big can that become in the mix? Thanks.

Oliver Steil

Yep. I think these are both for Mark.

Mark Banfield

First one sort of value around TeamViewer ONE enterprise. I mean, so basically the as I -- as we kind of explained in the presentation, the infinity loop, the ability to utilize the remote control sessions that you are doing on a day to day basis across your devices. And then turn them into autonomous capabilities that live on the endpoint. This is completely unique in the market. So there's no one else that can provide that kind of solution.

And when you take that proposition to the enterprise, it's somewhat of a no brainer for customers because they're already running a remote control solution which. And very often they're a little bit losing that data that happens. They're not collecting and sort of leveraging that very rich data that could be taken from those sessions. And of course we enable them now using AI to sort of leverage that data.

And more importantly turn them into autonomous capabilities. And it I doubt there's any CIO on the planet that isn't really focused on taking their IT organization towards autonomous IT. So that, that's really what's resonating and in terms of who are we replacing? All the usual suspects. I mean, you know, we come with a, a joined up proposition.

A single platform, single agent, single price point that allows our customers to invest in a platform for autonomous endpoint management and therefore we're able to swap out the, the existing remote control vendor that's there.

Same is true on the other side by the way is if they are, you know, coming from a DEX angle, it's also an opportunity to replace the current DEX vendor. On pricing and sort of investments around channel, maybe just talk

about investments around channel. Clearly, yeah, that's a big opportunity for us. It's already a significant part of our market. I mean our, a large part of our customer base are managed service providers.

If you break it down, we have the traditional MSP channel which is servicing the SMB market where we already have significant traction and customers today. So there is clearly a very big opportunity there with TeamViewer ONE and that's where we are seeing a lot of our early success with TeamViewer ONE standard and advanced.

And then as you move up the ranks into sort of mid-market and enterprise, there's a different breed of MSP right up to global system integrators. And we're addressing all of them as well with dedicated channel and sales teams focusing on those types of partners...

Oliver Steil

Maybe to add on the endpoint base pricing and the sales cycle there, the sales cycle is not, is not different really. I mean, the proposition is very strong as Mark laid out. So it's really a deliberate move of customers to consolidate platforms and have kind of the joined up offering of the infinity loop so to say, from us. So the DEX part, the AI part, and the remote part in one package so to say.

That is the decision they're taking and that is a decision which is not a difficult one. As Mark said because people want to consolidate and want to simplify. Then the -- we move with it. You need to have a measure and the measure in this can only be endpoint because it's outcome based, so to say, it's endpoint under management. So that doesn't influence the sales cycle.

It's more that it influences the roll out cycle sometimes. So customers move onto the new proposition and then you see how step by step adding end points because they might have a certain number of endpoints under management which they then move to TeamViewer ONE.

And then over time, they expanding it or they still have a vendor existing in the base, as Mark just said, and then when that contract comes to an end, then they adding endpoints. So that's more the dynamic at play.

There's not so much the sales cycle, it's more a deployment and roll out and, and then land and expand cycle, which is I think the very interesting piece of TeamViewer ONE is that there is much more land and expand opportunity now with the endpoint number growing and proliferating into OT and IoT environments.

Ben Castillo-Bernaus

Very helpful. Thanks for the color.

Operator And the next question comes from Florian Treisch from Kepler Cheuvreux. Please go ahead.

Florian Treisch Yes, thanks and good morning, gents. I have a question as well on TeamViewer ONE. You flagged the excitement around the mid-term potential of the product or even near-term potential. So can you maybe provide us, let's call it an end or exit level for the fiscal year, what you believe might be a good approximation for daily run rate at the end of '26 to really get a feeling about how fast you can ramp up this revenue stream? Thank you.

Michael Wilkens Oliver, do you want to take that?

Oliver Steil Yes, I can take that. So, obviously, as you point out, early innings. I think we've never seen a run rate, daily run rate increase like this in any product that we have been launching. And clearly we are, we want to be cautious in what we provide as guidance to the market.

But we really want to make TeamViewer ONE a double-digit million contributor as quickly as possible. So with the current run rate, if you do the math on ARR, quite soon, and this is the case, and we want to grow from here clearly throughout the year.

I would probably look at it like doubling on the standard advance, which is happening in inside sales. So getting to 100k ARR a day throughout the year is something which we want to do. And then that doesn't include TeamViewer ONE Enterprise, which only started. And it's hard to give a prediction of how many deals we will get there over time. But you can expect a meaningful step up throughout the year.

Mark Banfield Yeah. And Florian, to add on what Oliver just said on Enterprise, take the one big customer which we just explained also, which is a reverse move to TeamViewer ONE from DEX to Tensor now. I mean, this alone will make the equation explode. So the Enterprise move can be very significant, but very early or too early to indicate anything, as Oliver also outlined.

Florian Treisch Great, fair points. Thank you very much.

Operator And the next question comes from Gustav Froberg from Berenberg. Please go ahead.

Gustav Froberg Good morning, everyone. Thank you for taking mine also. Just two on the lower end side of the SMB customer group, if you like. Could you just give a bit more color on what you are rolling out or the initiatives you're putting in place to bump up growth as you progress through 2026?

And sort of in line with that question, how do you see competitors and the rest of the market trying to address this segment and how does your approach differ or compare?

Michael Wilkens

Yeah. Maybe I can start, Oliver, you?

Oliver Steil

Okay. No fine, go ahead. I can start, like more generally, I think the -- as we've shown that picture of the different segments. I think what is what is clear is that there is a very, very healthy SMB base which we are addressing and untap grow or generate additional growth.

And the initiatives on that one are TeamViewer ONE, AI, AI usage, price ups. So more for more. Over time, when people get to use AI even more, we're focusing on adoption at the moment, but monetization is following suit. So there's a lot going on in this.

If you go at the entry level, speak at the entry level, where the usage from customers is quite confined to remote support. We are working to keep the base as stable as possible. We have reduced kind of strategies which are upsetting customers more. So like price increases, as we had mentioned before.

But there is not so much upsell motion you can do in this one. So it's all about keeping the base as stable as possible. We don't see a significant change in competitive behavior on this end, quite honestly. And I think, let's say, more of the same, but with the negative effects of price ups and the likes washing out throughout the year. So we'll see improvements towards the second half of the year as well. Sorry Michael, go ahead.

Michael Wilkens

No, I only mini add ons. So Gustav, especially from 2027 onwards when the price ups and the commercial blocker are completely washed out, also in the lower segment that should also keep on stabilizing then more and more. But in the end and you know it and we know it, it's a commoditized business on this -- on the very low end and competition is high.

And if we would think about lowering prices or so, the back book effect would just be too high. So keep it as much as we can, but it's difficult on the low end to enrich via features it.

Gustav Froberg

Great, thank you very much.

Michael Wilkens

Thank you, Gustav.

Operator	Ladies and gentlemen, this was today's last question. I would now like to turn the conference back over to Oliver Steil for any closing remarks.
Oliver Steil	Yes, thank you operator. Thank you everybody for joining. I know it's a busy morning, so thanks for the interest in TeamViewer and the questions. And hope you have a good day and talk soon. Thank you. Bye-bye.