

EQS - TeamViewer SE
Q2 2026 Results and Analyst Call
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Transcript

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Good morning, ladies and gentlemen, and welcome to TeamViewer's Q2 2026 Earnings Call. I am Bisera Grubestic, Head of IR 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 the financials. The presentation will be concluded by a Q&A session. Please note that you can find the important notice and the APM disclosure on slides 2 and 3 as per usual.

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

Oliver Steil

Thank you, Bisera. Good morning, everyone. Welcome from my side as well, and thank you very much for joining our call today.

The second quarter marked a real inflection point for TeamViewer. The strategic and operational progress we saw building in Q1 is now really translating into tangible business outcomes. The DEX turnaround is fueling growth. Churn improved to its lowest level since the 1E acquisition, and importantly, major enterprise customers recommitted through larger multi-year agreements.

At the same time, we are seeing customers increasingly consolidate remote connectivity, DEX, and AI capabilities on TeamViewer ONE. This drove double-digit year-over-year constant currency growth in our highest value enterprise ARR bucket, and I think it underscores the growing customer buy-in to TeamViewer's integrated platform for autonomous endpoint management.

Our momentum was further reinforced by recent external recognition from leading industry analysts and by our landmark partnership with ServiceNow. Combining TeamViewer's endpoint technology with the ServiceNow AI platform, and backed by long-term commitments and joint investments, the strategic partnership is built to grow and shape the future of autonomous IT operations.

We also saw encouraging progress in SMB, where churn is starting to stabilize as expected. Targeted retention initiatives and improving sales execution are taking effect here, and we expect SMB headwinds to continue moderating throughout the second half of 2026.

And while the top-line growth in the second quarter continued to reflect the previously disclosed headwinds, these effects are unwinding as expected. And more

importantly, the key leading indicators across the business all improved during the quarter.

Profitability remains strong with an adjusted EBITDA margin of 43.2%, and at the same time, we continue to invest in innovation, in AI, and go-to-market capabilities, which really demonstrates our ability to balance growth investments with financial discipline.

Taken together, these developments reinforce our confidence in accelerating the business dynamics during the second half of 2026, and we are therefore reaffirming our full-year guidance. Next, we will zoom in on the most relevant results of this quarter.

Let me spend the first few minutes on what I think are the most important developments which we saw in Q2; the improvement in enterprise momentum driven by the DEX turnaround and the rapid adoption of TeamViewer ONE. Let's start with the chart on the left, which shows the quarter-over-quarter change in enterprise ARR in constant currency.

As we explained last quarter, enterprise growth in Q1 was temporarily impacted by one-off 1E churn. These effects are now leveling off as we expected. You can see a clear inflection point in the second quarter. This reflects the DEX turnaround, stronger customer engagement across the board, and growing expansion activity.

And that brings me to the chart on the right. What I find particularly encouraging is the continued acceleration in TeamViewer ONE adoption. Looking at our standard and advanced tiers, you can see how momentum built steadily throughout the quarter, reaching its strongest levels in June.

Customers are increasingly embracing the TeamViewer ONE platform and the value proposition behind it. Importantly, this momentum is broad-based and demonstrates growing demand for a unified approach to remote connectivity, digital employee experience, and automation. Taken together, the DEX turnaround and the accelerating adoption of TeamViewer ONE provides strong evidence that our platform strategy is gaining traction.

Let me show you what this means for the broader enterprise picture on the next slide. The key message on this slide is simple; our platform strategy is gaining traction, and we see that in tangible commercial benefits. Total enterprise ARR grew plus 8% year-over-year in constant currency, supported by improving customer engagement, expansion activity, and the recovery of the DEX business which I just walked you through.

Enterprise NRR improved sequentially to 94% and to 98% if you adjust for SMB to enterprise upsell. And what is particularly encouraging is what we saw in our highest value customer segment. Customers with more than EUR200,000 view in ARR grew 11% year-over-year in constant currency. Several strategic DEX customers expanded onto TeamViewer ONE during the quarter, generating meaningful ARR uplift and validating the rationale behind the 1E acquisition.

Let me now turn to SMB on Slide 8. As expected, SMB ARR remained under pressure in Q2 and was down 4% year-over-year in constant currency. This continues to reflect the lagging effect of the strategic course correction measures that we implemented to improve the quality of the customer base and thereby strengthen our long-term economics.

But the important message is the underlying improving trend that we saw in SMB. The chart on the right shows that SMB ARR momentum improved sequentially in the second quarter, and SMB churn stabilized in June, consistent with the trajectory we outlined earlier this year.

We are seeing early benefits from targeted retention initiatives, pricing actions, and improving sales execution. There's clearly still work to do, but the key operational indicators are moving in the right direction, and they support our expectation that SMB headwinds will continue to moderate throughout the second half of 2026. Michael will explain our respective financial results later in the call in more detail.

Let me now walk you through some of the strategic highlights from the past quarter. The most important one we announced just a couple of days ago; our multi-year strategic partnership with ServiceNow. This is a landmark endorsement of TeamViewer's technology, our strategy, and our position in the market. It's worth spending a moment on why it matters.

The logic is very straightforward. This partnership brings together ServiceNow's AI orchestration layer and TeamViewer's endpoint execution layer. And that means we help ServiceNow to bridge the gap between identifying issues and then resolving them. Together with their own agentic AI offering, this enables automated and ultimately autonomous IT workflows for ServiceNow's customers, among them, of course, many of the largest enterprises in the world.

As Bill McDermott, the Chairman and CEO of ServiceNow, has put it, ServiceNow and TeamViewer are closing the loop

from insight at the edge to outcomes at scale. And the partnership has both a commercial and a technological dimension.

On the technology side, our DEX and remote connectivity capabilities are being integrated into the ServiceNow AI platform, which extends the reach of our solutions into one of the most widely adopted enterprise software ecosystems in the world.

And on the commercial side, we agreed on dedicated joint investments across sales, marketing, and channel activities. This significantly expands our access to ServiceNow's global customer base, their partner network, and their enterprise relationships. This creates a really powerful route to market for our platform.

And just as importantly, this is designed as a long-term strategic partnership. So ServiceNow and TeamViewer have committed to exploring deeper integrations, additional use cases, and future innovation opportunities together. That gives us confidence that this partnership can create meaningful value over time and scale well beyond its initial scope.

For us, this announcement is about more than a partnership. It's a strong external validation of the product strategy and technology investments we've been making over the past years.

Let me stay with the ServiceNow partnership for one more moment because there is a piece of recent Gartner research which I think is worth putting alongside it. Just this month, Gartner published its innovation insight on agentic remote support, and you can see the key points on the left-hand side of the slide.

Gartner recently published research discussing the emerging category of agentic remote support and digital workplace operation automation. We believe these research pieces together highlight themes that are becoming increasingly relevant across enterprise IT organizations. TeamViewer continues to invest in capabilities to design to help customers address these opportunities and challenges of autonomous IT.

And when we look at the building blocks that each side brings, we believe our agentic remote support, digital employee experience, and endpoint management capabilities combined with ServiceNow's IT service management and agentic AI orchestration put us in a really strong position, and that there are very few players who can

offer that combination. So we think we're on the right track, and the ServiceNow partnership isn't the only proof point we picked up this quarter. Let me show you on the next slide.

Here's an overview of some important external recognition we received during the quarter, which spans our entire portfolio. Starting with DEX, Gartner again recognized TeamViewer as a leader in its 2026 Magic Quadrant for Digital Employee Experience Management tools, making this our third consecutive year of recognition. Shortly thereafter, IDC also named TeamViewer a leader in its worldwide DEX vendor assessment. Together, these recognitions reinforce the strength of our DEX platform and our position in a highly strategic market.

Two other flagship reports from leading analysts firms focused on TeamViewer Frontline, which you can see on the right-hand side of the slide. Frost & Sullivan recognized TeamViewer as a visionary leader, while PAC once again named us as the sole best-in-class vendor in its innovation radar. These reports highlight both the maturity of our technology and our ability to deliver differentiated value for customers.

And when it comes to our Remote and Tensor solutions, the picture is really encouraging, as you can see in the middle of the slide. On peer review platforms such as G2 and TrustRadius, we continue to hold leading positions across multiple categories. These platforms are particularly relevant because they reflect direct customer feedback, and they often play an important role in software buying decisions, especially in the SMB segment.

Taken together, these recognitions are valuable proof points that our focus on innovation, product quality, and customer value continues to translate into market leadership across multiple parts of the portfolio.

Beyond partners and industry analysts, we also received an important recognition in our largest market, the United States. This one is a bit different in nature because it opens access to a significant new market opportunity. Let me show you what I mean on the next slide.

We achieved a significant milestone on our path forward towards FedRAMP authorization, the Federal Risk and Authorization Management Program, for TeamViewer DEX. FedRAMP is the key gateway into the US federal market, where security, compliance, and operational resilience requirements are among the highest in the world.

In June, TeamViewer DEX received the FedRAMP "In Process" designation and was officially listed on the FedRAMP marketplace. This reflects the significant progress we've made together with our sponsor, which is the US Department of Veterans Affairs.

FedRAMP creates access to a market with very high barriers to entry and long-term demand for trusted software platforms. Once we're authorized, federal agencies can leverage the certification, which significantly expands our ability to serve this customer segment.

And the opportunity extends well beyond the public sector because the standards required for FedRAMP are also highly valued by customers in regulated industries such as financial services, healthcare, and defense. So we believe this investment strengthened our position across a much broader set of customers and use cases. The authorization process is still ongoing, but this milestone represents an important step towards expanding our addressable market and further strengthening TeamViewer's position as a trusted enterprise platform.

Ultimately, however, the most important validation comes from our customers. Let me give you a few examples here as well. The feedback of our customers remains one of the most important indicators for us. It gives us an early view into the value customers are realizing and how our AI capabilities are performing in real-world environments.

What is particularly encouraging is how consistent that feedback is across different industries and customer segments. Whether it is reducing manual effort, accelerating issue resolution, improving visibility into IT environments, or proactively identifying risks, customers are reporting tangible operational benefits from using TeamViewer's AI-powered capabilities.

For us, this is an important validation of the strategy we have been executing against. It reinforces our conviction that AI is becoming a meaningful competitive differentiator for TeamViewer while creating additional value for customers and supporting the long-term opportunity around TeamViewer ONE and autonomous endpoint management. This customer value is not only reflected in testimonials. We continue to see it translate into commercial success and new customer wins across our business.

Mark will now walk you through some recent customer wins and how TeamViewer ONE adoption continues to gain traction across our customer base.

Mark Banfield

Thank you, Oliver, and a warm welcome from me also. These three customer examples really illustrate the breadth of our opportunity and the relevance of our portfolio across very different customer requirements.

Let me start with the world's leading technology provider for the airport transport industry, supporting operations in more than 1,000 airports in over 200 countries. They selected TeamViewer DEX to manage and optimize some 60,000 endpoints that underpin mission-critical airport and passenger processing operations.

They ran a rigorous head-to-head evaluation against a broad field of vendors and chose to replace a competing major digital employee experience platform they had in place for many, many years. For them, a degraded endpoint is not just an employee problem. It can delay flights and disrupt airport operations.

Analytics alone do not protect uptime at scale, and that is exactly where TeamViewer DEX separates itself: real-time automation at the edge that remediates issues rather than just dashboarding them. That is clear evidence of the strength of our enterprise DEX offering and our ability to displace long-standing incumbents in the most demanding uptime-critical environments.

The second example is GTS, a growing managed services provider, and it is a good illustration of how TeamViewer ONE is resonating with customers that are looking to consolidate their tools, improve automation, and scale their operations through a single integrated platform approach.

And finally, on the Frontline side, we continue to see strong demand for digitizing frontline and warehouse operations. This customer deployed Frontline across multiple warehouse locations and integrates it directly into their existing SAP workflows, which helped increase productivity and operational efficiency.

While these customers operate in very different industries and environments, they ultimately bought TeamViewer for the same reason, to remove operational friction, improve productivity, and enable more efficient workflows through a trusted platform.

The upsell engine is working, and the numbers back it up. Increasingly, some of our largest DEX customers are choosing to move to TeamViewer ONE at renewal. And that momentum accelerated further during the second quarter.

What is especially encouraging is that these customers aren't simply renewing. They are expanding their

relationship with TeamViewer as they consolidate vendors and move towards a broader platform approach.

In many cases, we are replacing solutions that only ever addressed part of the workflow, while TeamViewer ONE offers a much more integrated proposition. The reason we are seeing this growing platform pull becomes clearer on the next slide, where I will talk to you through the innovation roadmap behind TeamViewer ONE.

So let's take a closer look at our innovation roadmap for this year and how we are advancing our autonomous endpoint management vision. Just to briefly recap, the power of our AEM approach lies in its self-reinforcing nature. Every support interaction generates new insights.

Every resolved issue expands the knowledge base, and every proven resolution can ultimately be operationalized at scale. As a result, the platform continuously evolves, helping customers move from reactive support towards autonomous IT operations. During the quarter, we made really good progress in bringing this vision to life.

A key milestone will be our upcoming August release, which introduces new automation capabilities and marks another significant step towards autonomous endpoint management.

I will show you this innovation in more detail on the next slide. For TeamViewer, this further differentiates our platform, expands our addressable market, and contributes to the accelerating platform pull we are seeing for TeamViewer ONE.

The innovation we will introduce is Automations, a new capability that turns proven resolutions into scalable workflows and brings us another step closer to self-healing IT. These automations are built on insights captured across more than 2.8 million AI-powered support sessions that happened so far, with hundreds of thousands added each month by now.

They let IT teams transform recurring fixes into repeatable actions that can be executed automatically whenever a known issue reappears. Put simply, IT teams no longer need to solve the same problem twice.

Instead of repeatedly diagnosing and resolving recurring endpoint issues, they can capture a successful resolution once and apply it consistently across their entire environment at scale.

Ultimately, this is about turning knowledge into action. Every resolved issue makes the platform smarter, every automation increases customer value, and every step brings organizations closer to autonomous IT operations.

What makes this structurally different from anything a competitor can offer is that we are the only company that owns both data streams natively at scale: expert remote session data and real-time endpoint telemetry.

As you can see on the slide, the benefits are clear, less manual effort, faster resolution times, and greater operational consistency. At the same time, customers remain fully in control through approval workflows and policy-based governance. So this release really is about tangible examples of how TeamViewer ONE combines AI, endpoint intelligence, and automation.

The mechanism I just explained is the reason why AI adoption generally and the number of AI sessions specifically has become one of the key metrics for our success. The scale of this adoption becomes really concrete when you look at a single month.

In June alone, customers ran more than 500,000 AI-powered support sessions on our platform. That compares to over 300,000 in March, which we highlighted last quarter. The trajectory is steep, and it compounds. Every session strengthens the data foundation and makes our platform harder to replicate. This adoption is broad-based.

We are seeing customers incorporate AI capabilities into their everyday support and IT operations workflows, creating tangible productivity gains and operational efficiencies. From a commercial perspective, this matters because adoption drives expansion.

Customers that actively use our AI capabilities increasingly recognize the value of a more integrated platform approach, which creates additional opportunities around TeamViewer ONE and our autonomous endpoint management proposition. Overall, the adoption trends we see today give us real confidence that AI is becoming an increasingly important driver of customer value, platform engagement, and future growth.

AI adoption is accelerating at an unprecedented pace. But as organizations deploy more AI agents, autonomous workflows, connected devices, and edge systems, managing these environments becomes significantly more complex.

What we increasingly see is that customers need more than visibility. They need intelligence, control, and automated remediation capabilities to operate these environments safely and efficiently.

At the same time, they need greater transparency into how AI tools are being used across the organization, including workloads, performance, costs, and potentially unapproved applications. This is particularly relevant in highly regulated industries and mission-critical environments where reliability, governance, and operational resilience are becoming more and more important.

We believe this creates a structurally growing demand for autonomous endpoint management. And importantly, this is not a future concept anymore. Through the increasing adoption of TeamViewer ONE and the conversations we are having with customers every single day, we are already seeing organizations beginning this journey towards more autonomous IT operations.

So the question becomes: how do organizations actually make that transition? And that brings me to our vision for the self-healing agent for IT. At its core, autonomous endpoint management is about moving from reactive support towards intelligent, proactive, and ultimately autonomous operations.

What you can see in this slide is what we call the self-healing agent for IT. The platform continuously observes activity across every endpoint, application, device, workflow, and increasingly, AI agents. It detects friction early, it understands the underlying issue, and it takes action before productivity is impacted.

In other words, we are moving from a world where IT teams react to problems towards a world where issues can be increasingly predicted, prevented, and resolved autonomously. This is the vision that shapes our innovation roadmap and increasingly is defining our go-to-market approach for TeamViewer ONE.

TeamViewer ONE is the commercial vehicle that brings this vision to customers. While our investments in AI, endpoint intelligence, and automation continue to strengthen the underlying platform. In a market that is moving in this direction, we believe TeamViewer is uniquely positioned to lead this transition.

What differentiates us is not a single product or feature. It is the combination of several advantages that come together on one platform. We operate the world's largest remote

connectivity platform in the world. We have deep expertise at the endpoint, and we benefit from proprietary data that is generated through millions of support interactions. And we are embedding AI directly into our platform.

At the same time, we have aligned our organization around this opportunity. Over the last quarters, we have sharpened our enterprise motion, evolved our go-to-market model, and built an operating model designed around platform selling.

The accelerating adoption of TeamViewer ONE and the momentum we are seeing across our customers are encouraging signs that this approach is paying off. Combined with our large installed base, our proven upsell engine, and expanding ecosystem of partnerships, these advantages create a strong foundation for long-term growth.

Ultimately, we believe autonomous endpoint management represents a significant market opportunity, and that TeamViewer is exceptionally well-positioned to help shape and benefit from this transition.

With that, let me hand over to Michael, and he will take you through the financial results.

Michael Wilkens

Thank you, Mark and Oliver, and good morning, everyone. Let's look at our key financials for the second quarter of 2026. Top-line growth continued to reflect the effect of previously disclosed headwinds in SMB and the one-off 1E churn in Q1 2026.

More importantly, the key leading operational indicators improved throughout the second quarter, and as a result, we saw improving growth trends sequentially month-by-month, providing encouraging signs of improving momentum as we reached the end of Q2. ARR was broadly stable year-over-year in constant currency and reached EUR737 million.

Revenue was EUR183 million, down 1.4% year-over-year in constant currency. We delivered adjusted EBITDA of EUR79 million and maintained a strong margin of 43.2%, demonstrating continued financial discipline despite temporary weakness in the top line.

Net income increased by 33% year-over-year, and adjusted EPS was EUR0.27 this quarter. Net leverage ratio was 2.5x, and we remain firmly on track for our around 2.3x year-end target.

Before I share the details, as Oliver and Mark already explained, the leading indicators all moved in the right direction during the quarter. Enterprise momentum strengthened as the DEX turnaround fueled TeamViewer

ONE adoption, and SMB churn showed signs of stabilization. This gives us confidence in the expected 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. And let me start with the P&L. As I mentioned earlier, revenue growth in Q2 as a lagging indicator continued to reflect the effect of previously disclosed headwinds in SMB and 1E one-off churn in Q1.

Reported revenue was also negatively impacted by foreign exchange movements, resulting in a 2.8 percentage point headwind compared to last year, primarily driven by the US dollar. The actual average FX rates in Q2 are provided to you on Slide 31.

SMB revenue decreased by 3% year-over-year in constant currency to EUR124 million, and this reflects the continued impact of the SMB strategic measures mentioned earlier. Enterprise revenue showed positive momentum and increased by 3% year-over-year, reaching EUR59 million.

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 2% year-over-year, reflecting lower variable costs in line with top-line development and lower frontline-related implementation costs.

Total opex decreased by 3% year-over-year to EUR89 million, which shows our disciplined cost management even as we continue to organically invest in growth and innovation. Sales cost increased 5% year-over-year, driven by investments to strengthen customer acquisition capabilities and to support long-term customer retention. This is intentional and ongoing.

Marketing cost decreased 28% year-over-year to EUR22 million, as previously indicated, marketing activities increased sequentially from Q1 '26, supporting brand and demand generation. R&D cost were up 12% year-over-year, which reflects continued investment in product innovation, AI capabilities, and the expansion of the combined platform.

We are investing in our innovation capabilities to fuel our next leg of growth. G&A expenses increased 4% year-over-year, primarily reflecting timing effects between quarters. On a year-to-date basis, G&A expenses were down 2% year-over-year. Other expenses amounted to EUR740,000 compared to a gain of around EUR600,000 in Q2 '25, which reflects lower positive impacts from derivatives.

The adjusted EBITDA was EUR79 million, down 6% year-over-year. This decline mainly reflects lower revenue and a 5.4 percentage point FX headwind in the quarter. Adjusted EBITDA margin was strong at 43.2%. Excluding the negative effect from the FX headwinds on the margin, adjusted EBITDA margin would have been at 44.4%.

Net income was up 33% year-over-year. Total interest expenses were EUR10 million in Q2, down EUR0.5 million as we have reduced our net debt position. And the adjusted EPS was EUR0.27 this quarter.

Then moving on to leverage. Net debt was EUR833 million at the end of the quarter, which is an improvement of EUR37 million quarter-over-quarter. And the net leverage ratio remained stable at 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.

Leveraged free cash flow conversion in the quarter was 52%. Let me give you a clear picture of cash flow drivers of this quarter. Pre-tax cash from operating activities was EUR66 million, down 21% year-over-year, primarily due to lower top-line growth and even more less by upfront paid multi-year deals compared to last year and compared to our internal expectations.

We are seeing fewer customers opt for upfront payments on multi-year deals, which may reflect a more cautious spending environment likely caused by current macro uncertainty. Interest cash outflows increased by 7% year-over-year due to quarterly phasing effects of interest payments between periods, offsetting the benefit of lower average debt level.

This was partially offset by lower expenses for capex, lease payments, and income taxes. With the free cash flow seasonally stronger in the second half of the year, we will continue investing in growth while staying committed to bringing the leverage down to around 2.3x by year-end.

Let me now move on to the next slide. Beyond the operational progress, we also continued to strengthen our financial position. During the quarter, we extended the maturity of our EUR75 million revolving credit facility to 2031. We secured a new EUR40 million bilateral financing agreement, and we initiated a new Schuldschein placement.

The European Investment Bank-backed bilateral facility supports us in further diversifying our funding sources while also providing attractive financing conditions. Together with the above-mentioned new Schuldschein placement, which

is progressing as planned and expected to be closed by mid of August, the proceeds will be used to repay the 1E acquisition-related DCM bridge facility and further optimize our financing structure. These actions enhance our financial flexibility, support future growth investments, and keep us firmly on track with our deleveraging objective.

With that picture of Q2 in full, let me close with the guidance on the next slide. In summary, Q2 was a quarter of disciplined execution and ongoing strategic progress. Underlying leading indicators, being DEX turnaround, accelerating TeamViewer ONE adoption, strengthening enterprise momentum, and stabilizing SMB churn, drove sequential monthly growth improvement throughout the second quarter.

This supports our confidence in the expected ARR growth acceleration in the second half of '26, and we reiterated our full-year '26 guidance. We expect a constant currency revenue growth in the range of 0% to 3% versus pro forma '25 revenue.

Current trends support the expectation of ARR growth acceleration in the second half of '26. At the 30th June 2026 spot rate, the expected total FX impact is negative 2.1 percentage points for Q3 '26. The expected total FX impact on full-year '26 revenue growth is negative 2.4 percentage points.

Further details are provided on Slide 31. We continue to guide for an adjusted EBITDA margin of around 43%. We continue to demonstrate disciplined execution while investing in our strategic priorities. Our strong and industry-leading margin performance in the first half of the year supports our confidence in achieving the full-year adjusted EBITDA level of around 43%.

With that, I would like to hand back to the operator to open the Q&A, please.

Operator

We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone 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 a headset while asking a question. Anyone who has a question may press star and one at this time.

The first question comes from the line of Victor Cheng from Bank of America. Please go ahead, sir.

Victor Cheng

Maybe three, if I may. I guess first of all, looking at the guidance, obviously we're expecting an H2 reacceleration. I think about easier comps in SMB and DEX continuing to grow strongly. But can you give us some sense of where you see you might land in the guidance range? Kind of what scenarios give you confidence on the higher end and maybe kind of what needs to work to get to the lower end as well? That would be great.

And then secondly, just want to talk about the ServiceNow partnership. Clearly still very early days, but can you talk about kind of any tangible benefits you would expect from this partnership, both in terms of maybe ARR contribution down the line, but also, you know, the pipeline, the reach to customers, and other non-monetary benefits and potential there?

And then last question is on customers using AI. Very strong growth there, jumping to 49k versus 26k in Q1. But can you provide us some color on kind of the split of these customers? Are more enterprise customers using it? Where are you seeing more momentum, and where do you think that can be maybe 12 months down the line? Thank you.

Oliver Steil

Yes, thank you, Victor. Let me start with the first one on the guidance for the top line, 0 to 3%. I mean, it's too early today to see a landing point between the zero and the three. This is why we have the range. But as you pointed out, there are lots of driving factors to get us up from now on in Q3 and in Q4.

Number one is, of course, the improving trends in SMB. We saw a stabilization in churn, and in July only, we see already an improving in churn on the SMB side, plus continue with SMB, obviously the high demand in the upper end of the SMB side of the house for AI capabilities and the move into our platform game, which is clearly showing a testament of our strategy that also from the upper end of the SMB side, we move now into TeamViewer ONE. These are some leading indicators which are needed and which we see.

The second one is if we move then on to enterprise. I mean, it's a big basket of various indicators on the enterprise. Number one is, of course, again, TeamViewer ONE here on the enterprise side. We had some really nice deals, big ones, existing customers who moved from DEX only now to DEX and Tensor, so a reverse TeamViewer ONE.

And we see from the pipe perspective additional big prospects out of our base who might do that in Q3 and also in Q4. Another one is from the pipe standalone on new, new customers. We have very few but very massive deals or

prospects which we are working on, which is, of course, another ingredient to make it in H2.

And last but not least, it's not only the ARR momentum which needs to kick in and will kick in, it's also so-called one-off revenues, be it professional services, be it from the frontline deals which have a different revenue recognition, and obviously also some hardware sales which might continue in the frontline business.

So, it's a very broad basket of diverse and meaningful ingredients, and with that, we have full confidence that we will accelerate in H2.

Michael Wilkens

Yeah, thanks, Michael. Maybe I do the second question around the ServiceNow partnership. Clearly very interesting. I mean, primary goal or target is to have an end-to-end proposition.

So, the workflow engine, the intelligence of the ServiceNow ITSM workflow platform combined with our endpoint intelligence, so what we see on endpoints, what we learn from interactions with the endpoints through our remote sessions, and then with our large automation and remediation platform.

So, if you put that together, you have the sensing on the endpoint to understand what's going wrong and the state and what could be better, then the workflow orchestration, and then actually the action on the endpoint through our remote capabilities and the automation.

And very interesting for us because it's, I would say, the partner which is closest to what we've been doing in the past and therefore very happy to have a more integrated approach there. Clearly, customer reach will be enormous. ServiceNow is serving more than 8,800 very large enterprise customers with the very upper end of what we typically do, and that addressable base will increase significantly for us.

I think it's a massive endorsement of our solution towards the customers, but also the most critical verticals: federal, healthcare, defense, where we also have strong customers. We will work now on building pipeline together. Clearly, there will be no short-term ARR impact because this is enterprise sales cycles.

There are deals in play on both sides where we can see whether we combine the offering in the short term, but generally, I would think about a more typical enterprise sales cycle. Go-to-market mechanics are very interesting, so we will integrate, or ServiceNow will integrate TeamViewer

product SKUs into their platform, so a very direct way of being able to offer our platform solutions to ServiceNow customers, which I think is the most efficient way that you can do.

And then their sellers will sell our proposition as part of the platform with full compensation and so forth. And we work on that on either side into marketing development. So there's, to your question, Victor, there's a lot of non-short-term tangible effects, I should say, in terms of market positioning, endorsement, joint thinking through the innovation pipeline, how to improve the agentic platform from both sides. And that's why we're so excited about this partnership.

And then maybe AI, some color on AI. Yes, so third question. Adoption is quite rapid. So effectively, the way we work is we have Tia, the TeamViewer Intelligent Agent. That agent is orchestrating the learning from session insights, the code generation, and then bringing this into the automation library.

And we're adding functionality with every release. There will be a next big release coming in a few weeks from now to really continue to build this infinity loop of self-reinforcing and self-learning to get us to self-healing IT. We expect a good continuation of the growth, so adding first-time users to the platform, as you said, doubled to 49,000. I think we quickly reach 50,000 towards the end of this month and from there adding, adding users during every day-by-day and then also increasing the usage of Tia and within the usage of Tia, the depth of the functionalities within Tia.

So we don't have an outlook in terms of how the numbers will grow, but it's a significant addition that we're seeing day-by-day. You asked for segments. It's across all, I would say, segments, SMB, upper part of SMB. So every customer that has regular usage in the IT sphere in our product, so not very occasional use at the consumer side, but really like day-to-day users of the product, whether it's SMB or the largest enterprises, it becomes part of their usage very clearly.

And especially on the enterprise side, the feedback is very encouraging because you saw some of the quotes, they really see the improvement in productivity that's coming from that. And I think that's the ultimate measure that we need to watch.

Victor Cheng

Very clear. Thank you.

Operator The next question comes from the line of Alice Jennings from Barclays. Please go ahead.

Alice Jennings Hi, good morning. Thank you for taking my question. I'd firstly just like to understand a bit more about the weakness in SMB ARR, so it was slightly weaker than last quarter, I believe. How much of an impact, for example, did the commercial measures that were taken last year have, or have you seen any kind of change in the competitive environment or any change in customer decision-making, particularly in that lower bucket?

 And then also with reference to that lower bucket, do you expect that to remain a drag in H2 and the improvement in SMB is largely driven by that higher end, or how should we think about that?

 And then I just have a second question as well on enterprise. How does the pipeline look? I know you mentioned that there's a few deals. Is this largely relating to kind of TeamViewer standalone, or are they 1E DEX-related deals, and what kind of level of pipeline conversion are you assuming for the rest of the year? Thanks.

Michael Wilkens Yes, thanks, Alice. Let me start with the SMB question. First of all, yes, it's shrinking in Q2, but it's less shrinking in Q2 vis-a-vis Q1, and this is why we also brought the Page 8. So clear stabilization, which we indicated in Q2 already for Q1 on churn. That was important, and we delivered on that one. Not only that, we project also an improvement on churn and in churn for Q3 and for the remainder of the year.

 And very early indicators in July actually show us that we are actually improving already on churn. So that's maybe message number one, and of course, it's important. On the lowest end in the SMB side of the house, we cannot do much, right? It's the base, it's the licenses between 200 and 300, and there's lots of competition, there's less so interest in any AI features. And if we would ever consider here any price changes, the demand-supply curve would not work.

 So, let's stick with the lowest end of the SMB part as it is. More importantly, from the upper two segments, 500 to 1,500 and especially the 1,500 to 10,000, here is, of course, accelerating interest also in AI features, especially in the upper end. And in the middle block, this light blue block, if you would adjust for the movers within SMB from light blue to purple, the minus 6% would be close to zero.

 So stabilization there as well. And there are lots of positive trends actually which give us an encouraging feeling for the

remainder of the year, which is one ingredient also for the acceleration in H2 and therefore for full year.

Oliver Steil

Maybe to add on the SMB before you go on enterprise, Mark. The competitive landscape, you were asking has anything changed on the competitive landscape. No. I mean, it's effectively kind of same type of players, kind of the same activity on the competitive side. But with one major exception, of course, and you can see that in our TeamViewer ONE acceleration. We've deliberately shown the TeamViewer ONE standard and advanced. There's also TeamViewer ONE enterprise, which we had the big deals that Mark talked about.

But standard and advanced is very much focusing on the SMB, and we have a much, much better offering now. So our TeamViewer ONE offering, where we combine the remote proposition with the platform proposition and AI, is giving us really a very strong product to compete in the marketplace against unnamed players and against the smaller platform players to differentiate ourselves from remote pure play, so to speak.

And that's starting to work, and you can clearly see on the numbers if you take TeamViewer ONE standard and advanced Q1 versus Q2, there's very significant growth. Now, that's not translating yet in SMB growth because it's a smaller number relative to the big base, and we have these churn stabilization topics which we need to get to and are starting to see as Michael mentioned.

But it's going to come because it's a new product which comes with very good upsell into the SMB base, and as this is working through the base, we will see improvement there. And that's a much better strategic positioning, competitive positioning than we ever had before on SMB. So that's why we are very confident for the second half of the year to see acceleration there. Mark on enterprise pipeline?

Mark Banfield

Yeah, sure. Thanks, Oliver. And yeah, Alice, specifically to that question around the type of pipeline, the volume of pipeline, and then the conversion expectations in the second half. There's a couple of points to make. First off, one of the things underpinning our confidence around pipeline development is around TeamViewer ONE.

So if you think about these large enterprises, every single one of them uses remote control every single day to resolve employee issues. But most of that data is lost directly after a remote control session is completed. And of course, the TeamViewer ONE vision not only takes that data, understands it, turns it into autonomous capabilities, it really

helps them become to sort of really realize this autonomous endpoint management vision.

So whilst many organizations use remote access and remote control alongside a DEX platform, no one has this vision of bringing the two together where one feeds the other. So that's really resonating, and that's definitely fueling our pipeline, both in terms of the volume of pipeline but also the conversion expectations in the second half.

The second kind of major tailwind, I'd say, is around AI. So, you know, obviously AI is being deployed at an alarming rate across every enterprise organization at the endpoint. You know, I mean, it's being deployed all over the place. And the reality is that most enterprise organizations have realized that they have a lack of control and governance and management of what's happening across those devices. We showed that slide in the deck there which talks about this.

This is a major tailwind is what we're seeing. We're seeing an increased demand for a platform that can manage and govern AI across the enterprise. And we specifically what we're doing with TeamViewer DEX. So really we're creating this control layer above the endpoints, which is key.

And the last point to make is just really all around sales execution and productivity. So as you know, as we've communicated in previous quarters, we've significantly transformed the go-to-market engine in terms of investments made around certain leadership and talent that's come into the organization, in terms of the go-to-market strategy and approach. You know, we're clearly very focused now on platform selling, land and expand, as we shift customers left from reactive support to proactive IT autonomous capabilities.

That requires a very specific kind of solution sale methodology, and we continually enhance that on a day-by-day basis. And you're starting to see, I think, the results of those investments around we made around go-to-market start to play out in Q2, and I expect it will go up and up from there as we go into the second half. So that really underpins how we view and how we look at pipeline for the second half of the year.

Alice Jennings

Great, very helpful. Thank you.

Operator

The next question comes from the line of Ben Castillo from BNP Paribas. Please go ahead.

Ben Castillo

Hi, good morning. Yeah, thanks for having me on here. Question just on some nice examples of the DEX and TeamViewer ONE deal wins. How can we think about the

impact of selling more on endpoints and platform adoption on the impact on your enterprise ARPU? Is it possible for you to help us, you know, with some color on the typical impact on deal sizes you're seeing?

And I guess a follow-up, just on Slide 15 with those with those deals that you've mentioned there. You know, how should we think about how endpoint price contracts work? If I just, again, maybe it's oversimplifying, but if I look at the sort of price per endpoint on the ARR, it seems like quite a wide variance. So is there a rule of thumb, or can you just give us a sense on how those contracts are structured? Thank you.

Mark Banfield

I'm happy to start. So look, I think, yeah, obviously a couple of things to say here. One is the Slide 15 that you're talking about, clearly where we migrate and upsell people to the platform, we're achieving a higher endpoint price because we're combining DEX and Tensor together with this TeamViewer ONE vision, and we are achieving uplift.

Now, you know, varying levels of uplift across those across those customers. It very much depends on the particular sales situation, what price point we sold at in the past, where they're at in terms of a contractual standpoint. So, you know, we're taking it on a case-by-case basis, but we are seeing uplift across the Board.

And I say that it's helping us also become more, it's certainly helping us become much more competitive in new logo opportunities as well as expansion because effectively, you know, we're bringing together two technologies that no one else is able to bring together. So it's allowing us to offer different outcomes to customers. I think that's the key point here is that this is outcome-based selling, and we're able to offer different outcomes to customers and therefore, I think over time, we'll be able to command a better price point. Oliver?

Oliver Steil

Yes, so general direction of travel, Ben, is significantly larger deal sizes when we go to endpoint pricing, endpoint-based pricing. Why is that? The value of the platform is coming through if you roll it out across the company, across the footprint, so to say. Now, that requires companies, customers to take a view of managing devices regularly. And if you look at TeamViewer historically, there has always been a combination of managed devices and non-managed devices, so ad hoc remote support.

So you have an environment, and from a TeamViewer perspective, old world, we would see that, I don't know, 10,000 devices are managed devices, they are registered,

so we see them in our registry. And then there's lots of remote report sessions that happen to other devices, which is ad hoc support without really registering the devices and paying for these devices.

But therefore, the pricing logic is per technician because we charge per seat or per technician independent of whether it's a managed device or unmanaged device. With TeamViewer ONE as a proposition, we really addressing those customers that want a managed platform consistently across their environment.

And that then requires to register all the devices, and in that sense, we move to a pricing logic which is the pricing logic of a platform player or a remote management player or other DEX players or other endpoint-oriented players. And therefore, we typically see, as Mark just said, a significant uplift in the deal size and the deal volume. And that's quite consistent now actually across TeamViewer ONE standard, TeamViewer ONE advanced, and TeamViewer ONE enterprise.

Ben Castillo

Thanks very much. If I could squeeze in a follow-up just on the sort of selling environment, what you saw through Q2, obviously lots of puts and takes in terms of geopolitics and conflicts and so on. Just any comments on what you saw in sales cycles, pipeline conversion, customer decision-making?

Oliver Steil

Yeah, I can go first. Clearly from the geopolitics, we have seen better times, and at least some of the customers, especially on the bigger ones, they tend to become a little bit more cautious, especially on upfront paid multi-year deals. And some of the deals take a little bit longer in decision-making. We do not know whether there is a direct combination or correlation between geo and them or whether it is partially AI topics or other problems they have to cope with, but it tends to take a little bit longer on some of the deals.

Mark Banfield

Definitely. I mean, the thing to add, Ben, I think is what I see is there is a growing anxiety in the enterprise environment to get control and management of this proliferation of AI across the enterprise. And, you know, that's really what we are offering with TeamViewer ONE and with DEX is the ability to automate the whole workflow on how you manage IT, but it provides a level of governance and control.

And certainly, it is even more accelerated with our partnership with ServiceNow, you know, who is the AI control tower for the enterprise. But you combine what we are doing on the endpoint at the edge with what ServiceNow

is doing, I think there is -- it really -- we are seeing a lot more acceleration in terms of I think it will help us with buying cycles because it really is kind of a necessity to move very, very quickly for enterprise organizations now.

Ben Castillo

All right. Thank you.

Operator

The next question comes from the line of Toby Ogg from JPMorgan. Please go ahead.

Toby Ogg

Yeah, hi, good morning and thanks for the question. Couple from me. Just firstly on the free cash flow, as you mentioned, down year-over-year. You talked about various drivers there, including that lower upfront contribution from multi-year deals than expected. Could you talk a bit about your expectations for that dynamic in the second half and just confidence levels around cash conversion evolution for the full year in light of that multi-year deal dynamic?

And then just on the SMB churn, you mentioned, Michael, you would see an improvement in July on the SMB side. Can you help us understand, you know, what you think have been the biggest drivers that have contributed to that improvement in churn and, yeah, which of those you think is sort of having the biggest impact on that improvement? Thank you.

Michael Wilkens

Yeah, clearly, hi Toby. Let me start with two. Clear drivers are certainly the massive price increases and the commercial blocker of last year, which is clearly washing out now. And we -- this is the main driver which we see already for Q3, and it will continue for Q4. When we do price ups now, it is a more formal logic, it is an offer to the customers, and they get AI ingredients and features, and the customers opt for it or they do not, and then they do not get a price up.

And this is obviously helping tremendously into customer satisfaction and therefore less so churn. That is the main driver. And the other one is obviously with our platform game in the context of TeamViewer ONE. Once you combine the product features into a suite and once you are in, you have obviously lesser and lesser reasons to think about others because you de facto get all of one basket. These are the two main drivers I think I would leave potentially remaining ones to Mark.

On the first one on cash flow, yes, indeed, as mentioned, cash flow a little bit softened in Q2 for various reasons, and this is why we are also confident that that will change for H2. Number one is the upfront paid multi-year deals. This is what we cannot change. We had an expectation there, it did

not work out. This is certainly related to macro and hopefully this will ease now in H2.

Number two, and that is a technical one, the former 1E customers needed to change their addresses, their data in the systems in order to become TeamViewer customers, and that caused a technical delay in their payment. This alone is rough cut 5 million, and this will come now in Q3. So it is only a delay and not a change.

And last but not least, to your question on cash conversion, yes, we were at 52. Now, we guided or we said we did not guide on cash, but we said something around 60, and this is clearly what we see, whether it is now 56 or 57 or 58 does not matter for us, especially as it is very important to us also to keep on investing into growth.

Remember, '26 is the transformation year and the growth is important for us, especially as we walk into 2027, super important. And in the end, the name of the game is our net debt leverage ratio, which we indicated to be around 2.3 and this is what we can clearly see as we are heading towards the end of the year. So all in all, all good.

Operator

Ladies and gentlemen, that was the last question. I would now like to turn the conference back over to Oliver Steil for any closing remarks.

Oliver Steil

Yeah, thank you. Thanks for the questions all. So as you see, I think Q2 was really all about proving the plan and building momentum. And it is clear that the developments that we were expecting at the beginning of the year are now materializing. So that is really good. We have the DEX turnaround that is taking hold. We have SMB churn stabilizing as it was anticipated. So all operational indicators across the business moved in the right direction through the quarter or towards the end of the quarter. So that's really good.

We are very excited. Particularly encouraging is the momentum on TeamViewer ONE across the segments really. That is why we showed the number and disclosed the numbers. We see continuation, acceleration there and adoption, and customers do really embrace the platform approach. So I think from a strategic development of the company where we were like a few years ago and where we are now in terms of platform play and seeing that the largest DEX customers are expanding and moving onto TeamViewer ONE is a very, very attractive one.

And then yes, there is the AI discussion or has been the AI discussion, clearly. But I think what we see on our end is AI

adoption continues to scale rapidly, and that is strengthening the foundation behind autonomous endpoint management. So we believe we're getting stronger and stronger with our innovation pipeline around AI. Customers, analysts, and not the least ServiceNow are validating our position there.

So our competitive position significantly improving, and therefore we believe we have a clear plan, we have a differentiated platform, we are executing, and second half of the year will be important as always, but we feel really good about the momentum and the pipeline that is building there. So with this, thank you very much for your time and speak again soon. Thank you. Have a good day.