



# INVISIO Communications

Conference Call | Aug 17, 2018 | CEO Lars Højgård Hansen

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# Agenda

- CEO Lars Højgård Hansen comments Q2, 2018
- Q&A
- Financial performance in further details



# Growth and continued strategic initiatives

Aiming at securing future expansion

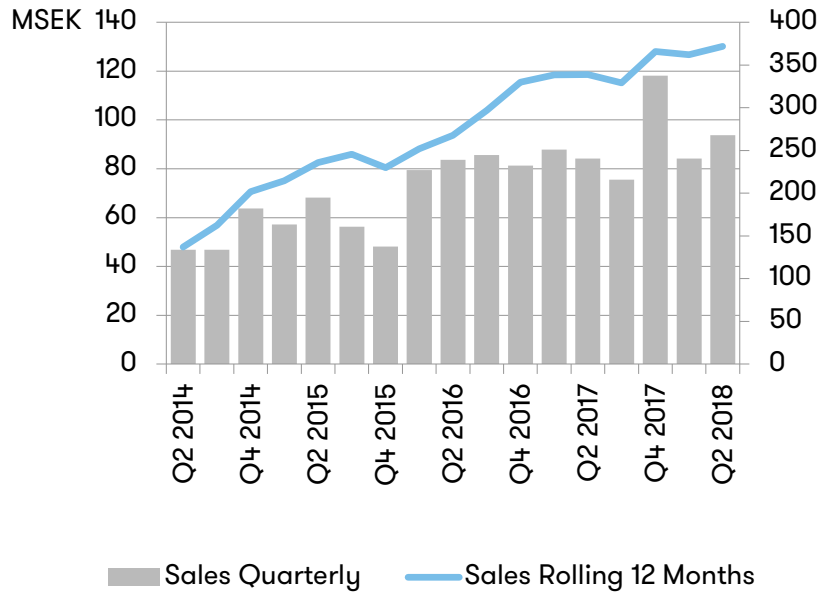
# Q2 2018: Growth and continued strategic initiatives

SEK in millions	2018	2017	Δ %	2018	2017	Δ %
	Q2	Q2		Jan-Jun	Jan-Jun	
Revenue	<b>93.8</b>	84.2	11	<b>177.9</b>	172.1	3
Gross profit	<b>55.3</b>	40.5	36	<b>105.4</b>	88.7	19
Gross margin, %	<b>58.9</b>	48.1		<b>59.2</b>	51.6	
EBITDA	<b>13.9</b>	15.4	-10	<b>33.5</b>	39.4	-15
Operating profit/loss	<b>12.8</b>	14.3	-10	<b>31.3</b>	37.0	-15
Operating margin, %	<b>13.7</b>	17.0		<b>17.6</b>	21.5	
Profit/loss for the period	<b>9.9</b>	11.6	-15	<b>23.8</b>	34.3	-31
Earnings per share, SEK	<b>0.23</b>	0.26	-15	<b>0.54</b>	0.79	-31

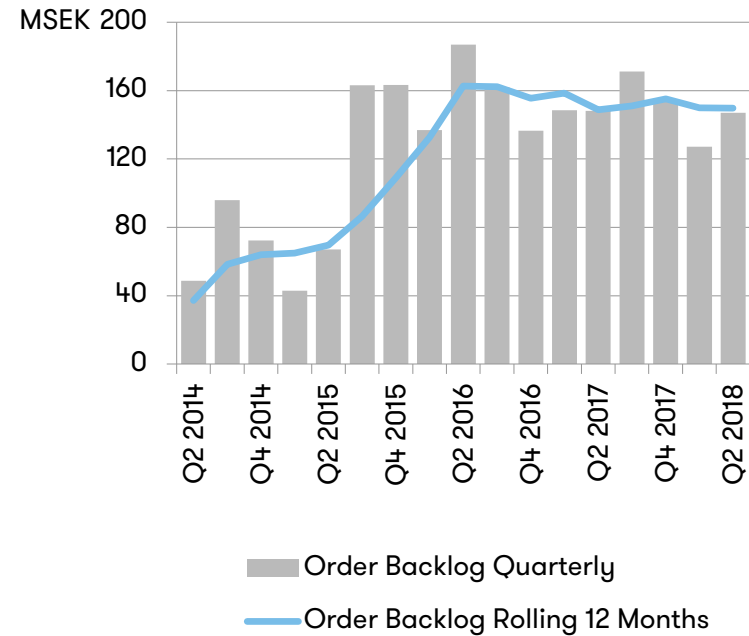
- Long-term customer contracts account for a large part of the quarter's good sales and order intake
  - Sales growth by 11 %.
  - Net order intake about million 115 SEK.
- Sound gross margin mainly due to a higher share of direct sales, but a weak comparative quarter 2017.
- Increased costs related to long-term strategic growth initiatives within R&D and in the market, impacting the result in the short perspective.
- The inventory value increased temporarily to SEK 70.9 (27.7) million. The inventory build-up was in order to safeguard future deliveries.

# Trends

## Sales



## Order Backlog



- Several 20-30 million orders during the quarter, corresponding to a total net order intake of about million 115 SEK.
- Order Book: 147.0 MSEK (148.1)

# Technical leap and strong market position

Innovation capabilities, well-established relationships with customers and understanding of their needs – advantage over our competitors.

- In addition to the major countries in NATO, our systems are used by defense customers in some twenty countries.
- SEK 20 million order from the U.S. Army's Security Force Assistance Brigades (SFAB), the third consecutive order in a short time.
- Customers and partners at SOFIC in the USA and Eurosatory in Europe confirm the advantages over our competitors.



Our focus is on increasing our market share further, while addressing new geographical markets.

# Modernization drives business opportunities



© Danish Defence

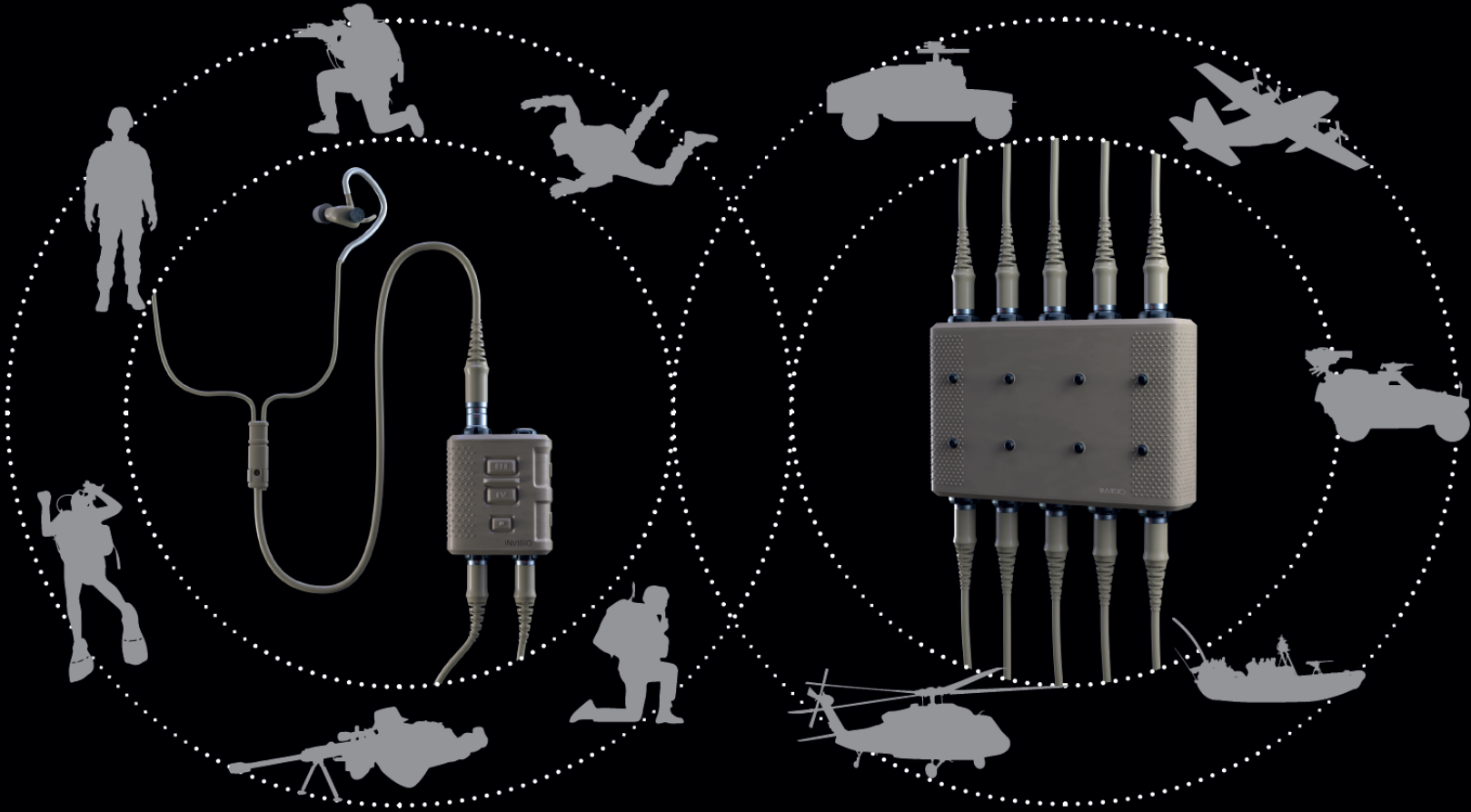
## Growth drivers

- Modernization of soldier communications.
- More individual communication devices.
- Cost for hearing impairment. It is better to prevent.
- INVISIO drives growth by developing new, innovative solutions that raise the industry's performance, functionality and user experience requirements.

## Large growth potential

- Current market still in infancy. Annual target market: SEK 5 billion.
- Strong position on the market with barriers to entry.
- Potentially big market for the new Intercom system.
- Uneven order flow and sales over the year.

# Innovation initiatives for the future



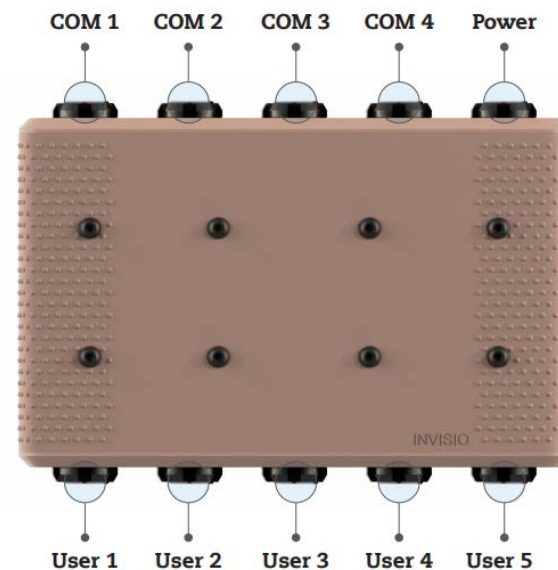
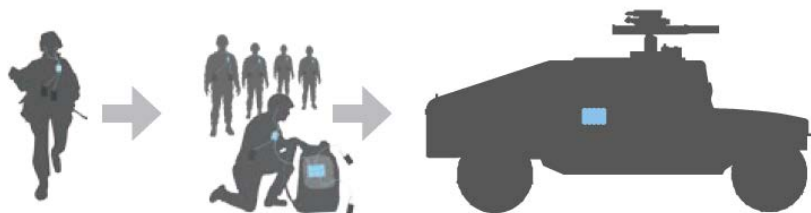
Bridging the gap between the dismounted and mounted soldier



# New product category for communication in vehicles

## The INVISIO Intercom System

- Seamless integration between the dismounted and mounted soldier.
- Mounted in vehicle or carried on the go in a backpack.
- Expected first pilot orders before the close of 2018.



A step to further strengthen INVISIO's role as a leading supplier of communications solutions for demanding environments

# INVISIO V10 Control Unit **New**



Combined with the INVISIO X5 headset the V10 provides clear communication, situational awareness and market leading hearing protection.

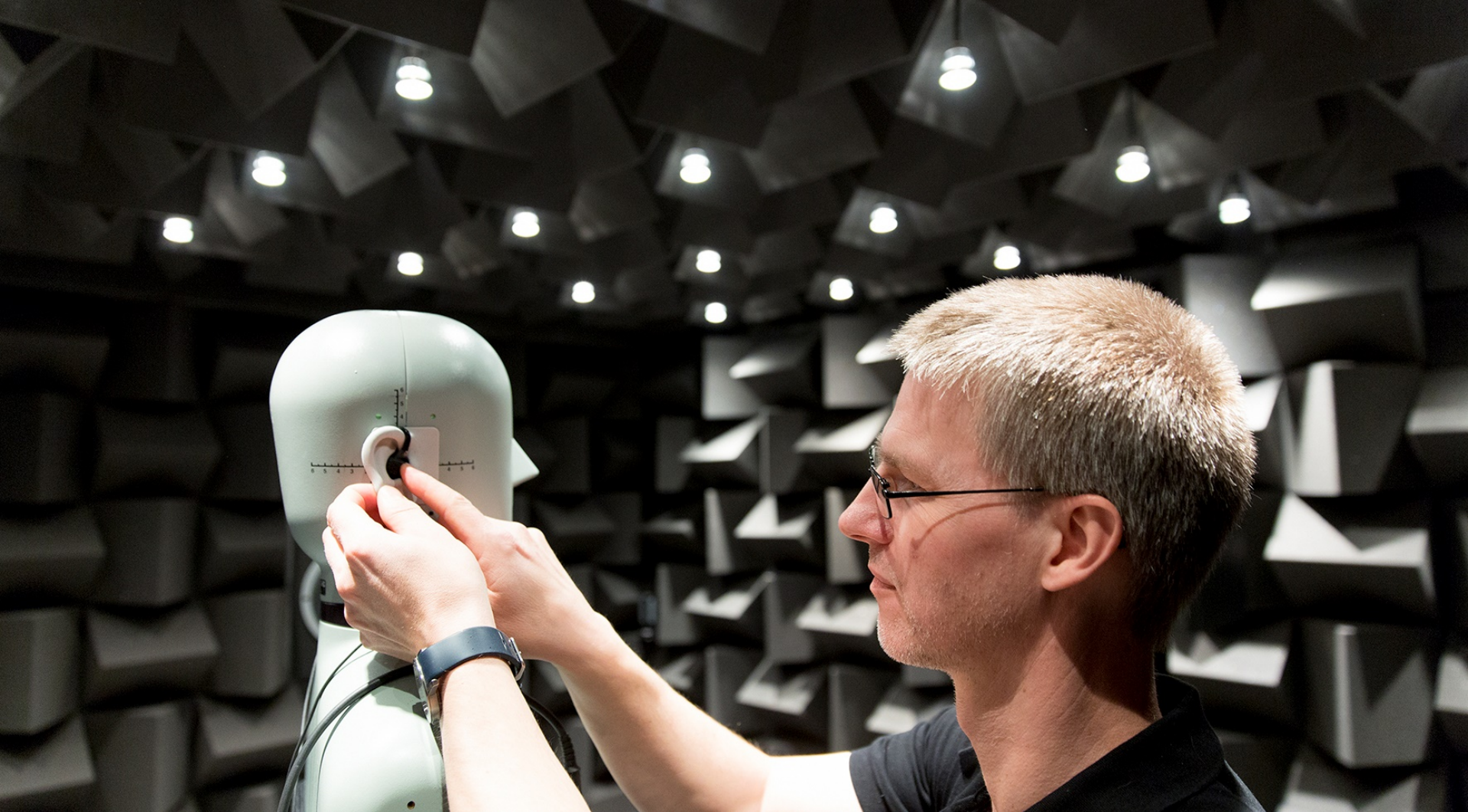
## For the Special Forces Community

- Single com PTT for soldiers with one radio.
- Rugged and easy-to use.
- Designed to create great mobility and flexibility, also when used under water.

# INVISIO's headsets used in the advanced helicopter stunts in Mission: Impossible – Fallout



Supporting Tom Cruise and the rest of the crew  
in these advanced filming sessions



Our focus in 2018 is on continued business expansion. The ambition is over time to build up strong positions in important markets and further strengthen our role as leading supplier to customer groups in defense and security.



Q&A

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Thank you!

# Financial performance in further details

Jan-June 2018

# Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Revenue	2	93.8	84.2	177.9	172.1	365.7
Cost of goods sold		-38.5	-43.7	-72.5	-83.4	-163.4
<b>Gross profit</b>		<b>55.3</b>	<b>40.5</b>	<b>105.4</b>	<b>88.7</b>	<b>202.3</b>
Operating expenses*		-42.4	-26.2	-74.1	-51.7	-123.7
<b>Operating profit/loss</b>		<b>12.8</b>	<b>14.3</b>	<b>31.3</b>	<b>37.0</b>	<b>78.6</b>
Net financial items		0.6	-2.7	0.2	-2.7	-5.1
<b>Profit/loss before tax</b>		<b>13.4</b>	<b>11.6</b>	<b>31.5</b>	<b>34.3</b>	<b>73.5</b>
Income tax	3	-3.5	-	-7.7	-	-11.2
<b>Profit/loss for the period</b>		<b>9.9</b>	<b>11.6</b>	<b>23.8</b>	<b>34.3</b>	<b>62.3</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		6.0	2.6	13.5	2.2	6.3
<b>Comprehensive income for the period</b>		<b>15.9</b>	<b>14.3</b>	<b>37.3</b>	<b>36.5</b>	<b>68.6</b>
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-1.1	-1.1	-2.1	-2.4	-4.4



# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
Capitalized development costs		36.9	21.8	27.7
Equipment		4.3	4.2	4.5
Deposits for rent, long-term		1.8	1.5	1.5
Deferred tax assets	3	21.8	34.7	25.9
Inventories		70.9	27.7	36.3
Trade receivables		58.4	51.8	121.1
Other short-term receivables		24.2	12.4	12.1
Cash and cash equivalents		134.6	128.7	113.2
<b>Total assets</b>		<b>352.9</b>	<b>282.8</b>	<b>342.2</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		270.8	227.8	259.9
Trade payables		44.8	31.8	49.7
Other short-term liabilities		37.3	23.3	32.7
<b>Total shareholders' equity and liabilities</b>		<b>352.9</b>	<b>282.8</b>	<b>342.2</b>

# Condensed consolidated statement of cash flow

SEK in millions	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
<b>Operating activities</b>					
Profit/loss before tax	13.4	11.6	31.5	34.3	73.5
Adjustments for non-cash items	4.3	0.9	3.6	3.3	7.3
Income tax paid	-0.6	0.0	-4.5	-0.6	-2.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>17.1</b>	<b>12.5</b>	<b>30.5</b>	<b>36.9</b>	<b>78.1</b>
Changes in inventories	-26.1	-8.1	-31.5	-1.5	-9.5
Changes in operating receivables	2.0	-25.6	59.5	-18.3	-86.4
Changes in operating liabilities	18.9	16.4	-5.4	2.9	28.7
<i>Cash flow from changes in working capital</i>	<i>-5.3</i>	<i>-17.3</i>	<i>22.6</i>	<i>-16.9</i>	<i>-67.2</i>
<b>Cash flow from operating activities</b>	<b>11.9</b>	<b>-4.7</b>	<b>53.1</b>	<b>20.0</b>	<b>10.9</b>
<b>Investing activities</b>					
Capitalization of development costs	-4.9	-3.5	-8.7	-5.9	-12.6
Acquisition of property, plant, and equipment	-0.5	-0.6	-0.5	-1.5	-2.4
Acquisition of financial assets	-0.1	0.0	-0.1	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-5.5</b>	<b>-4.1</b>	<b>-9.3</b>	<b>-7.4</b>	<b>-15.0</b>
<b>Financing activities</b>					
New issues through exercising employee stock options	-	3.4	-	3.4	3.4
Dividend	-26.5	-21.7	-26.5	-21.7	-21.7
<b>Cash flow from financing activities</b>	<b>-26.5</b>	<b>-18.3</b>	<b>-26.5</b>	<b>-18.3</b>	<b>-18.3</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-20.1</b>	<b>-27.1</b>	<b>17.3</b>	<b>-5.7</b>	<b>-22.5</b>
Cash and cash equivalents at start of period	155.6	154.4	113.2	133.2	133.2
Translation differences in cash and cash equivalents	-0.9	1.4	4.1	1.2	2.4
Cash and cash equivalents at end of period	134.6	128.7	134.6	128.7	113.2