

# INVISIO Communications

Conference Call | August 16, 2019 | CEO Lars Højgård Hansen

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# Agenda

- CEO Lars Højgård Hansen comments Q2, 2019
- Q&A
- Financial performance in further details



Q2 2019: Record strong quarter

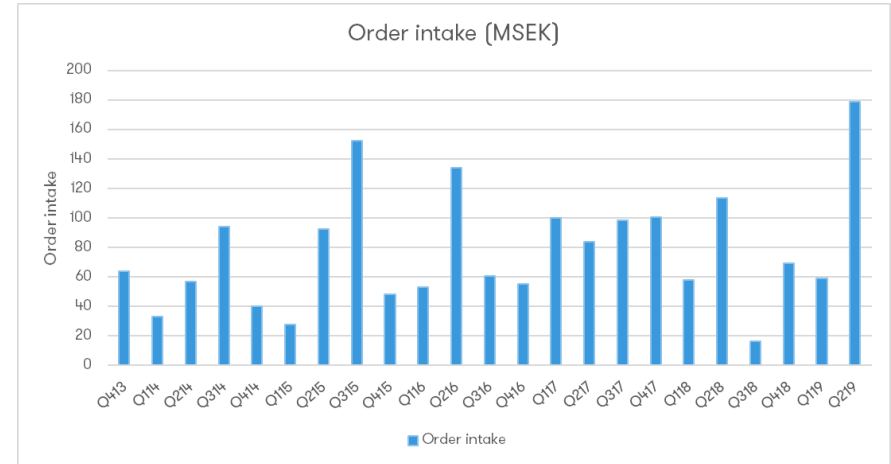
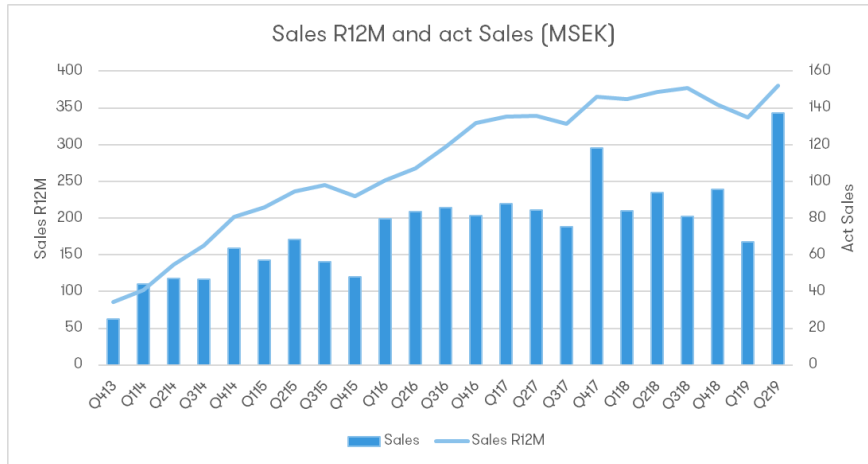
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# Q2 2019: Record strong quarter

SEK in millions	2019	2018	Δ %	2019	2018	Δ %
	Q2	Q2		Jan-Jun	Jan-Jun	
Revenue	<b>137.2</b>	93.8	46	<b>204.1</b>	177.9	15
Gross profit	<b>87.2</b>	55.3	58	<b>127.9</b>	105.4	21
Gross margin, %	<b>63.5</b>	58.9		<b>62.7</b>	59.2	
EBITDA	<b>41.4</b>	13.9	197	<b>45.3</b>	33.5	36
Operating profit/loss	<b>38.8</b>	12.8	202	<b>40.3</b>	31.3	29
Operating margin, %	<b>28.2</b>	13.7		<b>19.7</b>	17.6	
Profit/loss for the period	<b>28.5</b>	9.9	187	<b>30.0</b>	23.8	26
Earnings per share, SEK	<b>0.65</b>	0.23	187	<b>0.68</b>	0.54	26

- Record order intake and sales in the second quarter.
- Substantially stronger gross margin due to a higher share of direct sales.
- Increased costs related to growth initiatives and headcount growth.
- The order book at the close of the quarter was SEK 90.1 million (147.0).

# Steady long-term growth



- Steady long-term growth despite quarterly fluctuations in both sales and order intake.

# Continued strong development in the U.S.



## Important events during the quarter:

- A SEK 111 million order from the new CASL program in USSOCOM (United States Special Operations Command).
- Follow-up order from SFAB (Security Force Assistance Brigades) worth about SEK 26 million.
- Strategic breakthrough order from German police.

# U.S. Marine Corps choose INVISIO



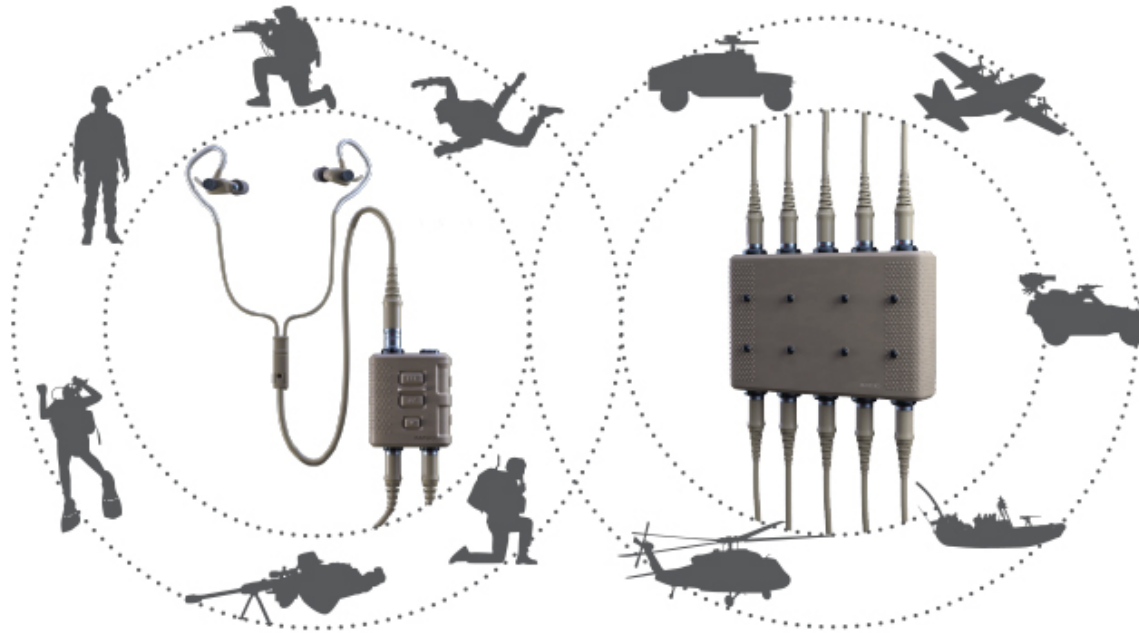
U.S. Marine Corps photo by Cpl. Brennan

## Important events after the quarter

U.S. Marine Corps selects INVISIO for their Hearing Enhancement Program.

- First order of SEK 43 million received.
- Deliveries over the next six months.
- Follow-up orders are expected.

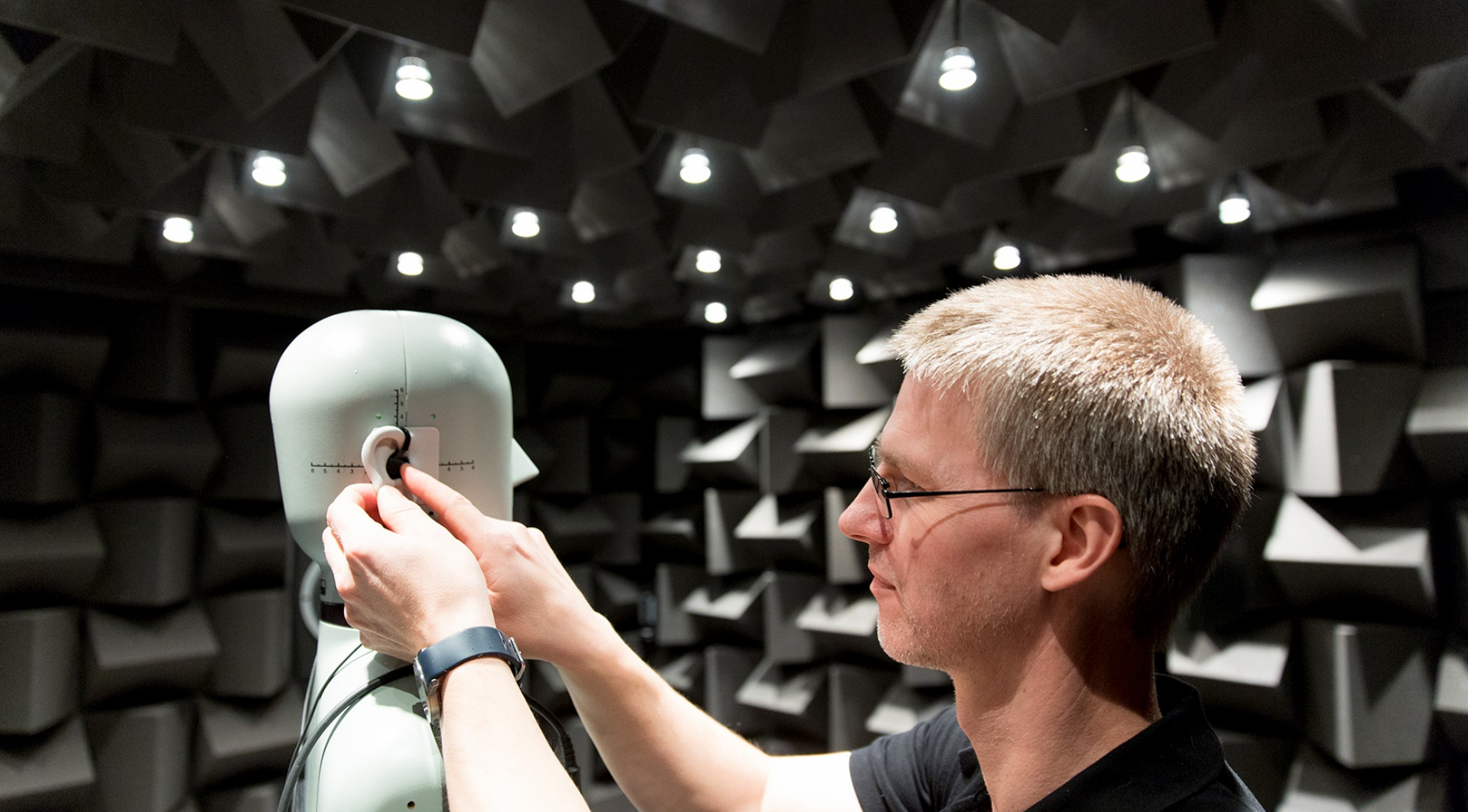
# The Intercom system broadens the INVISIO offer



## Intercom will contribute to the growth journey:

- Intercom is a ground-breaking new product for use in vehicles, boats and helicopters, that connects users of INVISIO's personal system to the vehicle's other communication systems.
- Intercom broadens the offer to the defense and security industry. The new category will make a material contribution to the company's long-term growth.
- Marketing of Intercom has been gradually intensified in 2019.





Our focus in 2019 is on continued business expansion. The rate of investment in existing and new product categories is the highest in the company's history. We have several new product launches planned and the number of active customer projects we are processing is higher than ever.

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# A larger company is beginning to take shape



INVISIO's growth and financial position make continued investment in new markets and R&D projects possible

1

## Increase market share

Existing markets in Europe, North America and Oceania.

2

## Geographical expansion

Strengthen presence in selected countries in Asia, the Middle East and South America.

3

## Product development

Both further developed and new products.

4

## Cost efficiency

Scalable business model of outsourced production.

# INVISIO's power of innovation drives market growth



## 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/year.
- 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.



Q&A

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Thank you!

# Financial performance in further details

Q2 2019

# Condensed consolidated income statement and consolidated statement of comprehensive income

<i>SEK in millions</i>	Note	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Full year
Revenue	2	137.2	93.8	204.1	177.9	354.5
Cost of goods sold		-50.1	-38.5	-76.2	-72.5	-154.7
<b>Gross profit</b>		<b>87.2</b>	<b>55.3</b>	<b>127.9</b>	<b>105.4</b>	<b>199.7</b>
Operating expenses*		-48.4	-42.4	-87.6	-74.1	-136.3
<b>Operating profit/loss</b>		<b>38.8</b>	<b>12.8</b>	<b>40.3</b>	<b>31.3</b>	<b>63.5</b>
Net financial items		-1.3	0.6	-0.2	0.2	0.7
<b>Profit/loss before tax</b>		<b>37.5</b>	<b>13.4</b>	<b>40.0</b>	<b>31.5</b>	<b>64.2</b>
Income tax	3	-9.0	-3.5	-10.1	-7.7	-16.0
<b>Profit/loss for the period</b>		<b>28.5</b>	<b>9.9</b>	<b>30.0</b>	<b>23.8</b>	<b>48.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		3.0	6.0	6.4	13.5	9.9
<b>Comprehensive income for the period</b>		<b>31.5</b>	<b>15.9</b>	<b>36.4</b>	<b>37.3</b>	<b>58.1</b>
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-2.6	-1.1	-5.1	-2.1	-4.3

# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>31/12/2018</b>
Capitalized development costs		71.4	36.9	49.7
Equipment		3.8	4.3	4.4
Right-of-use assets, leasing	4	27.1	-	-
Deposits for rent, long-term		1.9	1.8	1.7
Deferred tax assets	3	8.6	21.8	15.6
Inventories		120.3	70.9	101.3
Trade receivables		77.9	58.4	104.6
Other short-term receivables		12.4	24.2	16.2
Cash and cash equivalents		69.3	134.6	62.2
<b>Total assets</b>		<b>392.8</b>	<b>352.9</b>	<b>355.7</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		298.1	270.8	292.0
Lease liability	4	28.0	-	-
Trade payables		31.2	44.8	39.6
Other short-term liabilities		35.4	37.3	24.1
<b>Total shareholders' equity and liabilities</b>		<b>392.8</b>	<b>352.9</b>	<b>355.7</b>



# Condensed consolidated statement of cash flow

SEK in millions	2019 Q2	2018 Q2	2019 Jan-Jun	2018 Jan-Jun	2018 Full year
<b>Operating activities</b>					
Profit/loss before tax	37.5	13.4	40.0	31.5	64.2
Adjustments for non-cash items	1.9	4.3	3.8	3.6	2.0
Income tax paid	-0.8	-0.6	-1.5	-4.5	-4.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>38.5</b>	<b>17.1</b>	<b>42.3</b>	<b>30.5</b>	<b>61.4</b>
Changes in inventories	-3.0	-26.1	-16.0	-31.5	-63.3
Changes in operating receivables	9.8	2.0	33.5	59.5	19.7
Changes in operating liabilities	7.6	18.9	0.9	-5.4	-20.8
<i>Cash flow from changes in working capital</i>	<i>14.3</i>	<i>-5.3</i>	<i>18.4</i>	<i>22.6</i>	<i>-64.3</i>
<b>Cash flow from operating activities</b>	<b>52.8</b>	<b>11.9</b>	<b>60.8</b>	<b>53.1</b>	<b>-3.0</b>
<b>Investing activities</b>					
Capitalization of development costs	-8.8	-4.9	-22.3	-8.7	-23.4
Acquisition of property, plant, and equipment	0.0	-0.5	-0.3	-0.5	-1.6
Acquisition of financial assets	0.0	-0.1	-0.1	-0.1	-0.1
<b>Cash flow from investing activities</b>	<b>-8.8</b>	<b>-5.5</b>	<b>-22.6</b>	<b>-9.3</b>	<b>-25.1</b>
<b>Financing activities</b>					
Change in lease liability	-0.6	-	-1.2	-	-
Dividend	-30.9	-26.5	-30.9	-26.5	-26.5
<b>Cash flow from financing activities</b>	<b>-31.5</b>	<b>-26.5</b>	<b>-32.1</b>	<b>-26.5</b>	<b>-26.5</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>12.5</b>	<b>-20.1</b>	<b>6.0</b>	<b>17.3</b>	<b>-54.6</b>
Cash and cash equivalents at start of period	56.5	155.6	62.2	113.2	113.2
Translation differences in cash and cash equivalents	0.3	-0.9	1.0	4.1	3.6
Cash and cash equivalents at end of period	69.3	134.6	69.3	134.6	62.2