



# INVISIO Communications

Conference Call | Oct 30, 2018 | CEO Lars Højgård Hansen

INVISIO®



# Agenda

- CEO Lars Højgård Hansen comments Q3, 2018.
- Q&A.
- Financial performance in further details.



# Expected orders behind inventory build-up

Q3/18

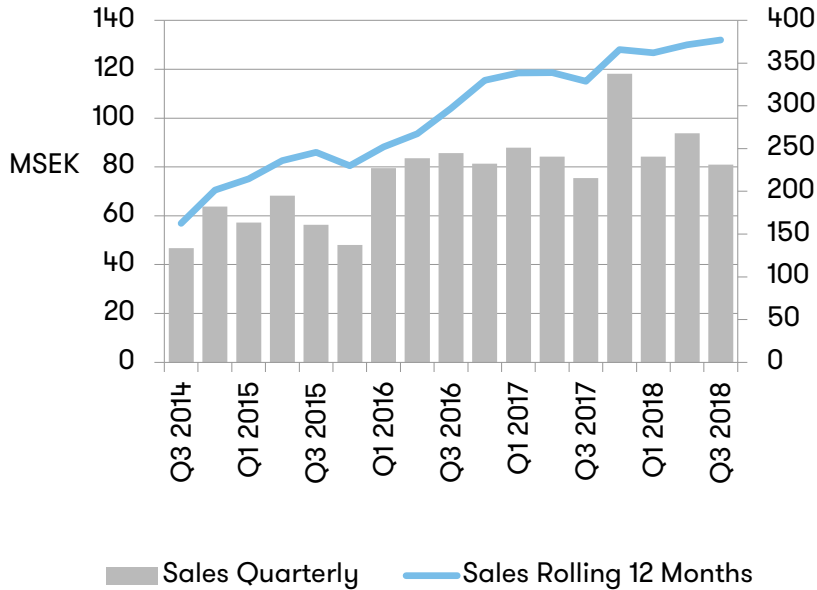
# Q3 2018

SEK in millions	2018 Q3	2017 Q3	Δ %	2018 Jan-Sep	2017 Jan-Sep	Δ %
Revenue	<b>80.9</b>	75.5	7	<b>258.8</b>	247.6	5
Gross profit	<b>47.0</b>	42.4	11	<b>152.4</b>	131.2	16
Gross margin, %	<b>58.1</b>	56.2		<b>58.9</b>	53.0	
EBITDA	<b>12.7</b>	15.2	-17	<b>46.1</b>	54.6	-16
Operating profit/loss	<b>11.6</b>	14.3	-19	<b>42.9</b>	51.3	-16
Operating margin, %	<b>14.3</b>	18.9		<b>16.6</b>	20.7	
Profit/loss for the period	<b>8.4</b>	13.1	-35	<b>32.2</b>	47.4	-32
Earnings per share, SEK	<b>0.19</b>	0.30	-35	<b>0.73</b>	1.08	-32

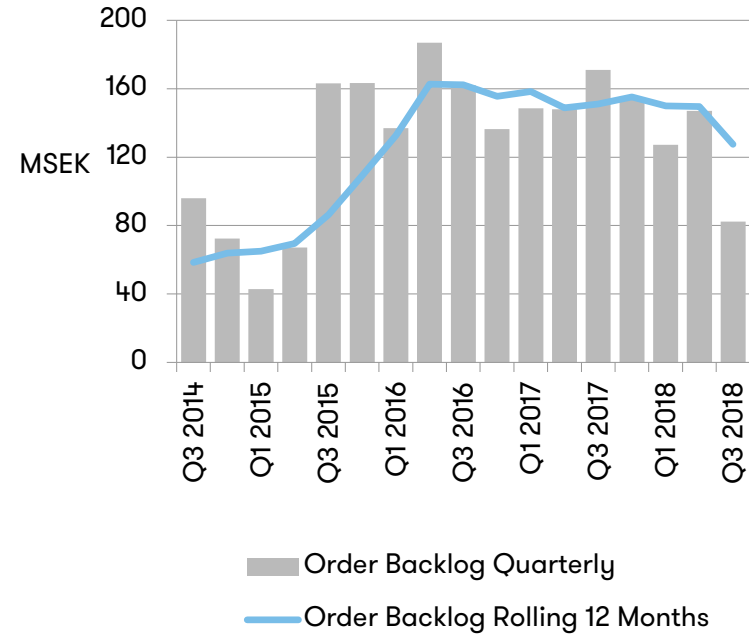
- Q3 revenue related to long term contracts in USA and Europe.
  - Q3 growth by 7 %.
  - Jan-Sep growth by 5 %.
- Sound gross margin mainly due to a higher share of direct sales.
- Increased costs related to long-term strategic growth initiatives within R&D and in the market, impacting the result in the short perspective.

# Trends

## Sales



## Order Backlog



- Rolling 12 Month: Sales growth by 15 %.
- Uneven sales and order flows due to large procurements at irregular intervals and long lead times.
- Order Book: 82,3 MSEK (171,1).
- The inventory value increased temporarily to SEK 90.6 (27.9) million to safeguard future deliveries.

# Strong position and favorable external factors

- Continued investment in communication and safety, as well as increasing defense budgets in many parts of the world, including Europe and the USA.
- Growing importance of radio communication and the need for hearing protection – products with our features are penetrating more and more into military units.
- In Q3 the first step was taken in a public procurement by the US Marine Corps when it published an RFI. 7 000–65 000 potential users.
- Apart from defense forces, specialist police units are showing interest in our solutions.



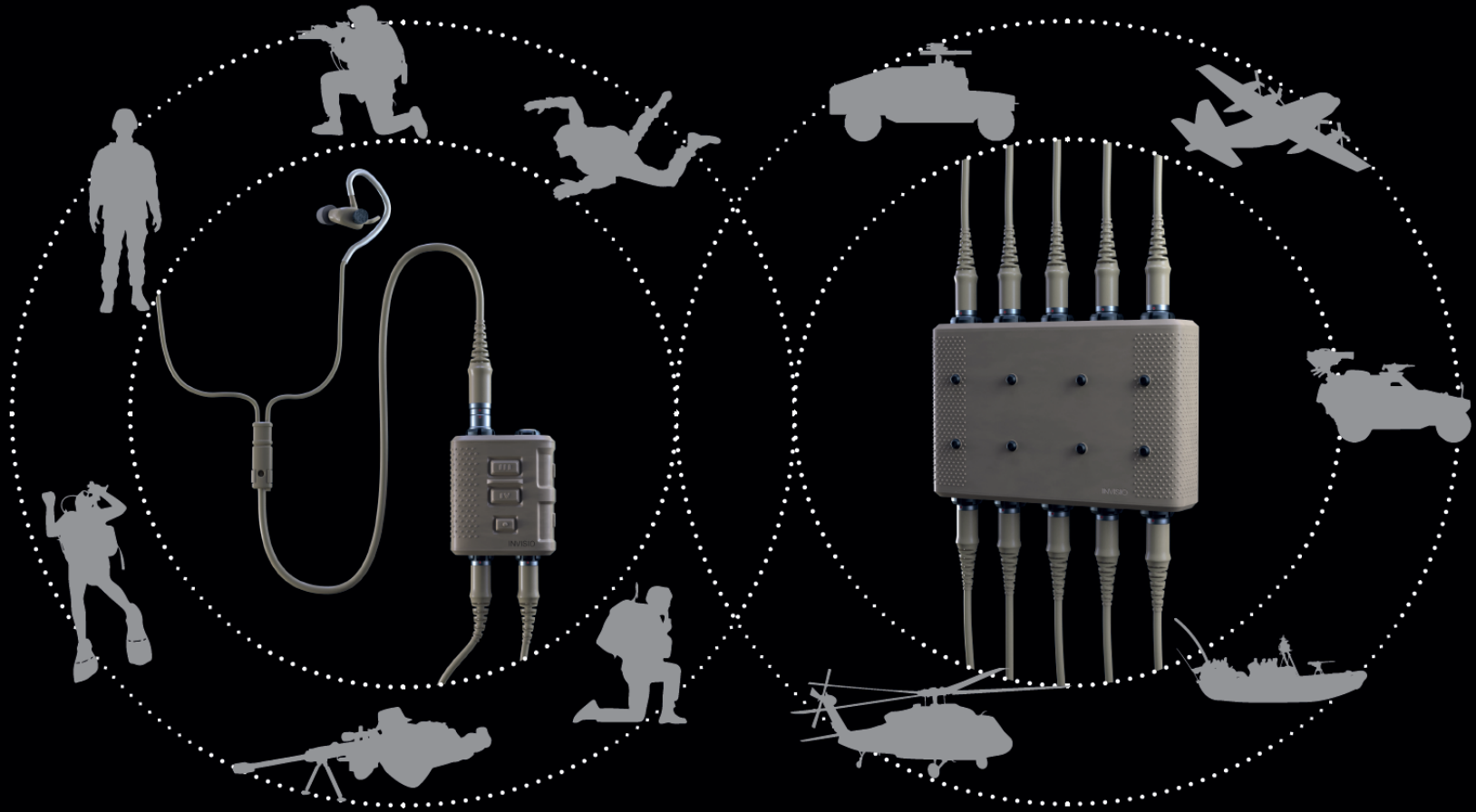
We expect continual strengthening of our position as a leading supplier.

# Potential for geographical expansion



- Focus on regions addressed by the larger radio suppliers, for example strong economies in the Middle East and South East Asia.
- The same business pattern as in the western world: large volume orders expected after having received orders from special forces.
- First major order expected in the next few quarters.

# Broader product portfolio through innovative development



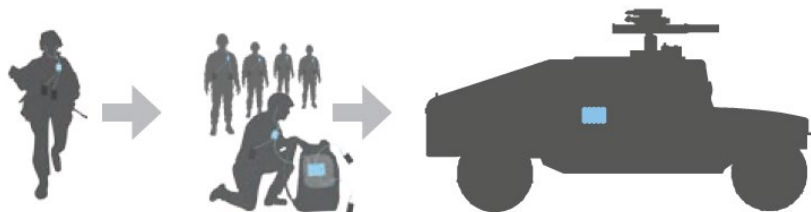
Bridging the gap between the dismounted and mounted soldier



# 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



**Customers and partners are continually confirming our strong position and capacity**

AUSA | Washington, USA | Oct. 12-14, 2018



Q&A

INVISIO®



**Thank you!**

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# Financial performance in further details

January–September 2018

# Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2018 Q3	2017 Q3	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Revenue	2	80.9	75.5	258.8	247.6	365.7
Cost of goods sold		-33.9	-33.1	-106.4	-116.4	-163.4
<b>Gross profit</b>		<b>47.0</b>	<b>42.4</b>	<b>152.4</b>	<b>131.2</b>	<b>202.3</b>
Operating expenses*		-35.4	-28.2	-109.5	-79.9	-123.7
<b>Operating profit/loss</b>		<b>11.6</b>	<b>14.3</b>	<b>42.9</b>	<b>51.3</b>	<b>78.6</b>
Net financial items		0.0	0.0	0.2	-2.7	-5.1
<b>Profit/loss before tax</b>		<b>11.6</b>	<b>14.3</b>	<b>43.0</b>	<b>48.5</b>	<b>73.5</b>
Income tax	3	-3.1	-1.2	-10.8	-1.2	-11.2
<b>Profit/loss for the period</b>		<b>8.4</b>	<b>13.1</b>	<b>32.2</b>	<b>47.4</b>	<b>62.3</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		-2.8	-2.3	10.6	-0.1	6.3
<b>Comprehensive income for the period</b>		<b>5.6</b>	<b>10.8</b>	<b>42.8</b>	<b>47.3</b>	<b>68.6</b>
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-1.1	-0.9	-3.2	-3.4	-4.4

# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>30/09/2018</b>	<b>30/09/2017</b>	<b>31/12/2017</b>
Capitalized development costs		41.4	24.4	27.7
Equipment		4.0	4.2	4.5
Deposits for rent, long-term		1.7	1.5	1.5
Deferred tax assets	3	19.2	34.3	25.9
Inventories		90.6	27.9	36.3
Trade receivables		78.8	93.7	121.1
Other short-term receivables		19.2	2.8	12.1
Cash and cash equivalents		97.1	100.7	113.2
<b>Total assets</b>		<b>352.1</b>	<b>289.4</b>	<b>342.2</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		276.6	238.6	259.9
Trade payables		44.9	23.7	49.7
Other short-term liabilities		30.6	27.1	32.7
<b>Total shareholders' equity and liabilities</b>		<b>352.1</b>	<b>289.4</b>	<b>342.2</b>

# Condensed consolidated statement of cash flow

SEK in millions	2018 Q3	2017 Q3	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
<b>Operating activities</b>					
Profit/loss before tax	11.6	14.2	43.0	48.5	73.5
Adjustments for non-cash items	-1.4	0.7	2.1	4.0	7.3
Income tax paid	-0.2	0.0	-4.7	-0.6	-2.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>10.0</b>	<b>15.0</b>	<b>40.5</b>	<b>51.9</b>	<b>78.1</b>
Changes in inventories	-20.8	-0.5	-52.3	-2.0	-9.5
Changes in operating receivables	-16.6	-32.8	42.9	-51.1	-86.4
Changes in operating liabilities	-3.7	-4.5	-9.2	-1.6	28.7
<i>Cash flow from changes in working capital</i>	<i>-4.1</i>	<i>-37.8</i>	<i>-18.6</i>	<i>-54.7</i>	<i>-67.2</i>
<b>Cash flow from operating activities</b>	<b>-31.2</b>	<b>-22.8</b>	<b>21.9</b>	<b>-2.8</b>	<b>10.9</b>
<b>Investing activities</b>					
Capitalization of development costs	-5.6	-3.5	-14.3	-9.3	-12.6
Acquisition of property, plant, and equipment	-0.2	-0.3	-0.6	-1.8	-2.4
Acquisition of financial assets	0.0	0.0	-0.1	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-5.8</b>	<b>-3.8</b>	<b>-15.1</b>	<b>-11.2</b>	<b>-15.0</b>
<b>Financing activities</b>					
New issues through exercising employee stock options	-	-	-	3.4	3.4
Dividend	-	-	-26.5	-21.7	-21.7
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-26.5</b>	<b>-18.3</b>	<b>-18.3</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-37.0</b>	<b>-26.6</b>	<b>-19.6</b>	<b>-32.3</b>	<b>-22.5</b>
Cash and cash equivalents at start of period	134.6	128.7	113.2	133.2	133.2
Translation differences in cash and cash equivalents	-0.5	-1.5	3.6	-0.2	2.4
Cash and cash equivalents at end of period	97.1	100.7	97.1	100.7	113.2