



INVISIO Communications

Conference Call | Feb 15, 2019 | CEO Lars Højgård Hansen

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Agenda

- CEO Lars Højgård Hansen comments Q4 and Full Year, 2018.
- Q&A.
- Financial performance in further details.



Breakthrough in the US and first order of new intercom system

Q4/18

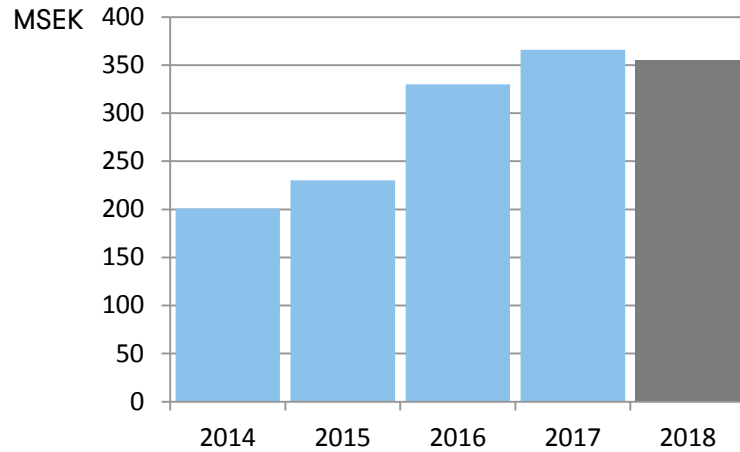
Q4 2018

SEK in millions	2018 Q4	2017 Q4	Δ %	2018 Full year	2017 Full year	Δ %
Revenue	95.6	118.1	-19	354.5	365.7	-3
Gross profit	47.4	71.1	-33	199.7	202.3	-1
Gross margin, %	49.5	60.2		56.4	55.3	
EBITDA	21.6	28.3	-24	67.7	82.9	-18
Operating profit/loss	20.6	27.3	-25	63.5	78.6	-19
Operating margin, %	21.5	23.1		17.9	21.5	
Profit/loss for the period	16.0	15.0	7	48.2	62.3	-23
Earnings per share, SEK	0.36	0.34	7	1.09	1.42	-23

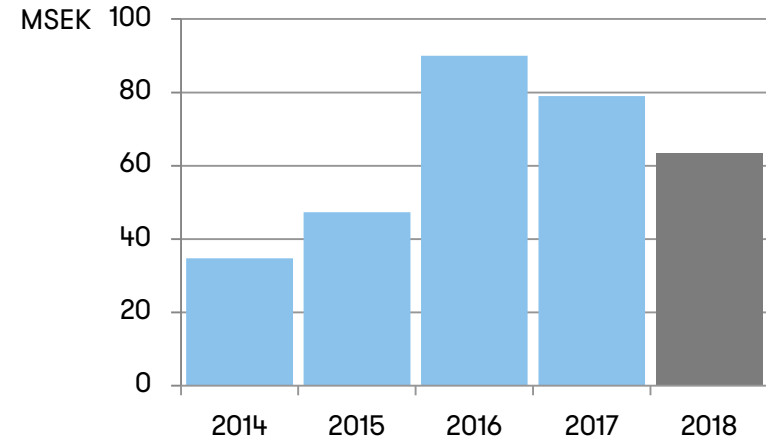
- Several major expected orders delayed until first half of 2019.
- Q4 revenue related to long term contracts in USA and Europe.
 - Q4 growth by -19 %, but Q4 still best quarter in 2018.
 - Full year revenue decreased by 3 %.
- Sound gross margin of 56,4 %, slightly impacted by third-party products sold at a lower margin. Going forward the average should exceed 55 % in average.
- Increased costs related to long-term strategic growth initiatives within R&D and in the market, impacting the result in the short perspective.
- Largest investments in company history will affect 2019 through a number of new product launches.

Development in sales and operating profit

Sales

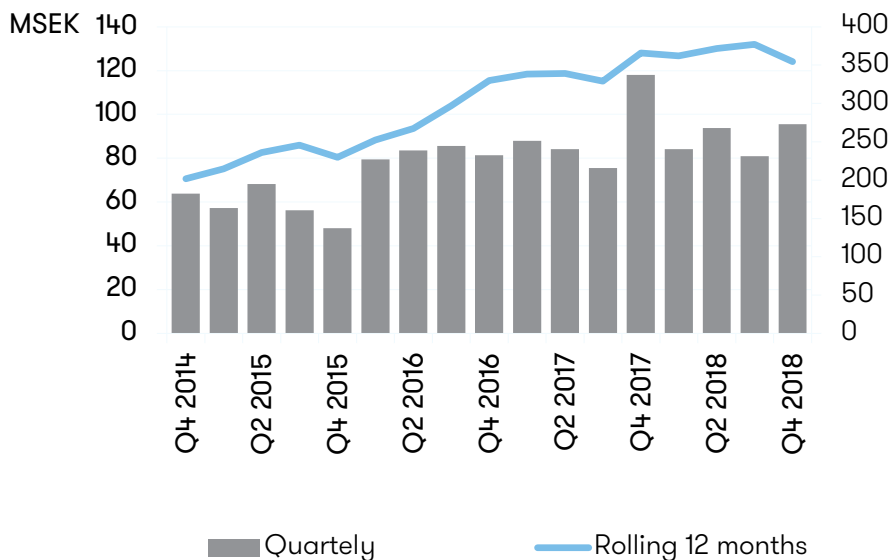


Operating profit

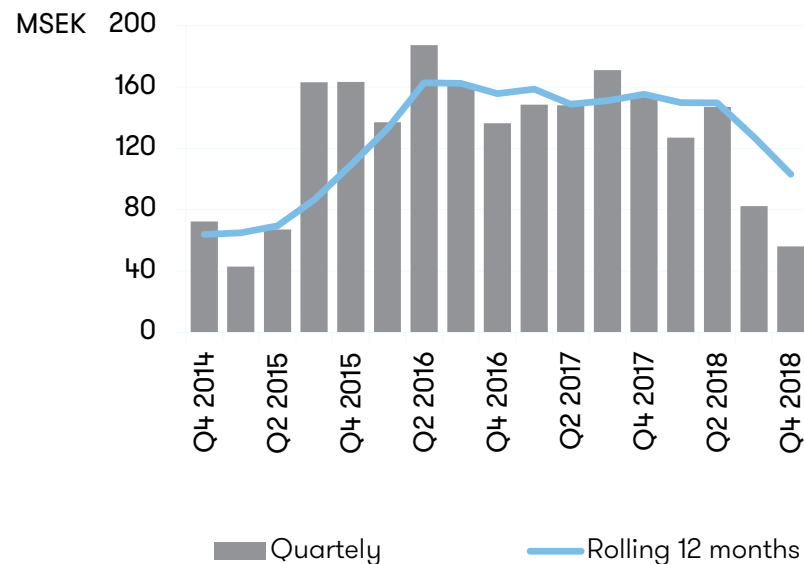


Sales and order backlog per quarter and rolling 12 months

Sales



Order Backlog



- Uneven sales and order flows due to large procurements at irregular intervals and long lead times.
- Order Book: 56,1 MSEK (153,4).

Growth potential in existing markets

- First smaller order for INVISIO's intercom system.
- INVISIO's sales teams in the USA, France and Italy receiving several orders from existing and new customers.
- Continued delivery on present contracts and additional orders from the U.S. Army Security Force Assistance Brigades (SFAB)
- Renewed 5-year framework agreement from the Danish army.
- After the end of 2018, INVISIO was awarded with GSA-status and a 5-year contract in the US with potential of three five-year options to follow.



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



INVISIO awarded with GSA-status in the US

Allows federal, state and local government entities to quickly and efficiently purchase INVISIO equipment at pre-negotiated terms and conditions.

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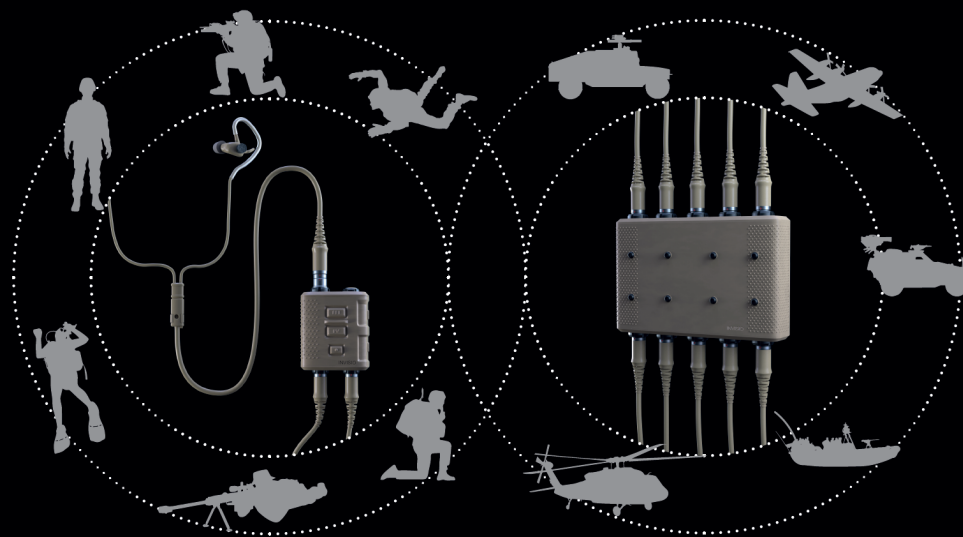
Potential for geographical expansion



- Further increase our presence in existing markets.
- Continued marketing in growth countries has resulted in a series of small orders
- 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 and followed by more during the year.

Broader product portfolio through innovative development

Investments during the year in both existing and new product categories are the highest in the company's history and will lead to new product launches in 2019.

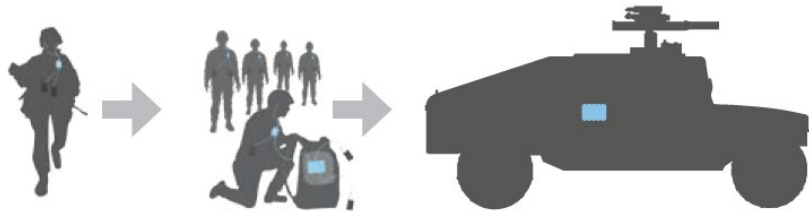


Bridging the gap between the dismounted and mounted soldier

First order of INVISIO's intercom system

The INVISIO Intercom System

- First pilot order received late 2018 from a defense customer in Europe.
- Seamless integration between the dismounted and mounted soldier.
- Mounted in vehicle or carried on the go in a backpack.



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

Proposed dividend

We believe in our capacity of continued growth with sound profitability.

- The Board of Directors proposes a dividend of SEK 0.70 per share (0.60).





Q&A

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Thank you!

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Financial performance in further details

Q4 and Full Year 2018

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Revenue	2	95.6	118.1	354.5	365.7
Cost of goods sold		-48.3	-47.0	-154.7	-163.4
Gross profit		47.4	71.1	199.7	202.3
Operating expenses*		-26.8	-43.8	-136.3	-123.7
Operating profit/loss		20.6	27.3	63.5	78.6
Net financial items		0.5	-2.4	0.7	-5.1
Profit/loss before tax		21.1	24.9	64.2	73.5
Income tax	3	-5.1	-10.0	-16.0	-11.2
Profit/loss for the period		16.0	15.0	48.2	62.3
OTHER COMPREHENSIVE INCOME					
<i>Items that may subsequently be reclassified to profit and loss</i>					
Translation differences		-0.7	6.4	9.9	6.3
Comprehensive income for the period		15.3	21.3	58.1	68.6
(Profit/loss attributable to equity holders of the parent company.)					
*Depreciation incl. in operating expenses		-1.1	-1.0	-4.3	-4.4

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	31/12/2018	31/12/2017
Capitalized development costs		49.7	27.7
Equipment		4.4	4.5
Deposits for rent, long-term		1.7	1.5
Deferred tax assets	3	15.6	25.9
Inventories		101.3	36.3
Trade receivables		104.6	121.1
Other short-term receivables		16.2	12.1
Cash and cash equivalents		62.2	113.2
Total assets		355.7	342.2
Shareholders' equity and liabilities			
Shareholders' equity		292.0	259.9
Trade payables		39.6	49.7
Other short-term liabilities		24.1	32.7
Total shareholders' equity and liabilities		355.7	342.2

Condensed consolidated statement of cash flow

SEK in millions	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Operating activities				
Profit/loss before tax	21.1	24.9	64.2	73.5
Adjustments for non-cash items	-0.1	3.3	2.0	7.3
Income tax paid	-0.1	-2.1	-4.8	-2.7
Cash flow from operating activities before changes in working capital	20.9	26.1	61.4	78.1
Changes in inventories	-11.0	-7.5	-63.3	-9.5
Changes in operating receivables	-23.1	-35.4	19.7	-86.4
Changes in operating liabilities	-11.6	30.3	-20.8	28.7
<i>Cash flow from changes in working capital</i>	<i>-45.7</i>	<i>-12.5</i>	<i>-64.3</i>	<i>-67.2</i>
Cash flow from operating activities	-24.9	13.7	-3.0	10.9
Investing activities				
Capitalization of development costs	-9.1	-3.2	-23.4	-12.6
Acquisition of property, plant, and equipment	-1.0	-0.6	-1.6	-2.4
Acquisition of financial assets	0.0	0.0	-0.1	0.0
Cash flow from investing activities	-10.1	-3.8	-25.1	-15.0
Financing activities				
New issues through exercising employee stock options	-	-	-	3.4
Dividend	-	-	-26.5	-21.7
Cash flow from financing activities	-	-	-26.5	-18.3
CASH FLOW FOR THE PERIOD	-34.9	9.8	-54.6	-22.5
Cash and cash equivalents at start of period	97.1	100.7	113.2	133.2
Translation differences in cash and cash equivalents	0.0	2.7	3.6	2.4
Cash and cash equivalents at end of period	62.2	113.2	62.2	113.2