

# INFRONT ASA Q2 2019 Results

22 August 2019

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# Presenters and agenda

**Kristian Nesbak**  
*CEO & Co-founder*



**Max Hofer**  
*CFO*



## Agenda

- Q2 2019 Highlights
- VWD transaction
- Operations Review
- Financial Review
- Summary

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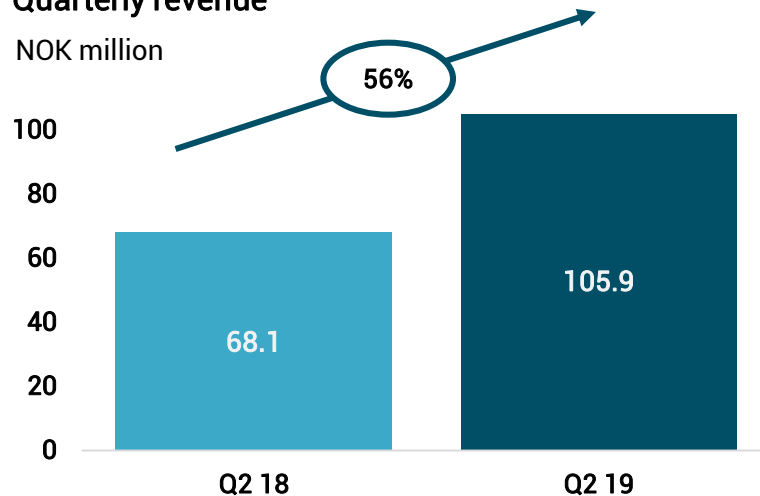
# Q2 2019: Delivering on M&A strategy and underlying revenue growth

- Acquisition of VWD in Germany completed, securing Infront a top-3 financial terminal provider position in Europe
- Revenue at NOK 105.9 million, up 56% from NOK 68.1 million in Q2 2018
  - Driven by Market Connect acquisition in Italy and organic growth
- Adjusted EBITDA\* of NOK 20.8 million compared to NOK 10.7 million in Q2 2018
  - Adj. EBITDA before IFRS 16 implementation of NOK 18.6 million
- Customer base doubled YoY measured by paying terminals and solutions users after inclusion of Infront Italia



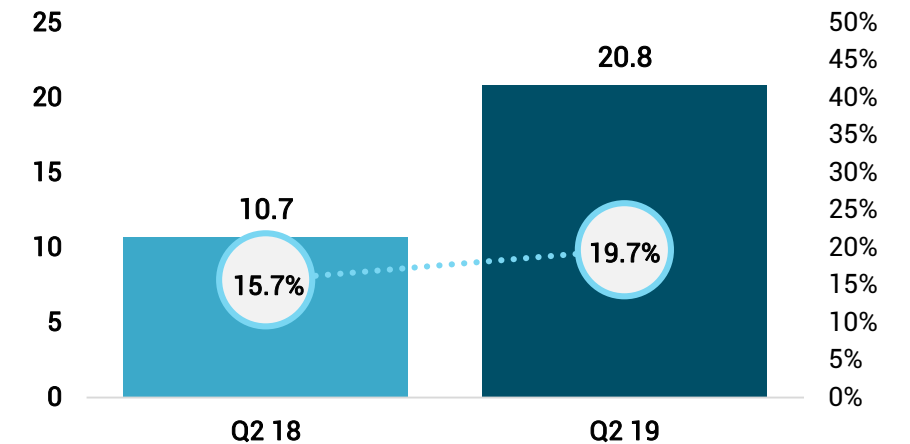
## Quarterly revenue

NOK million



## Adj. EBITDA\* and margin

NOK million



\*) EBITDA Q2 2019 adjusted for M&A-related costs of NOK 10.8 million and EBITDA Q2 2018 adjusted for other income of NOK 0.3 million

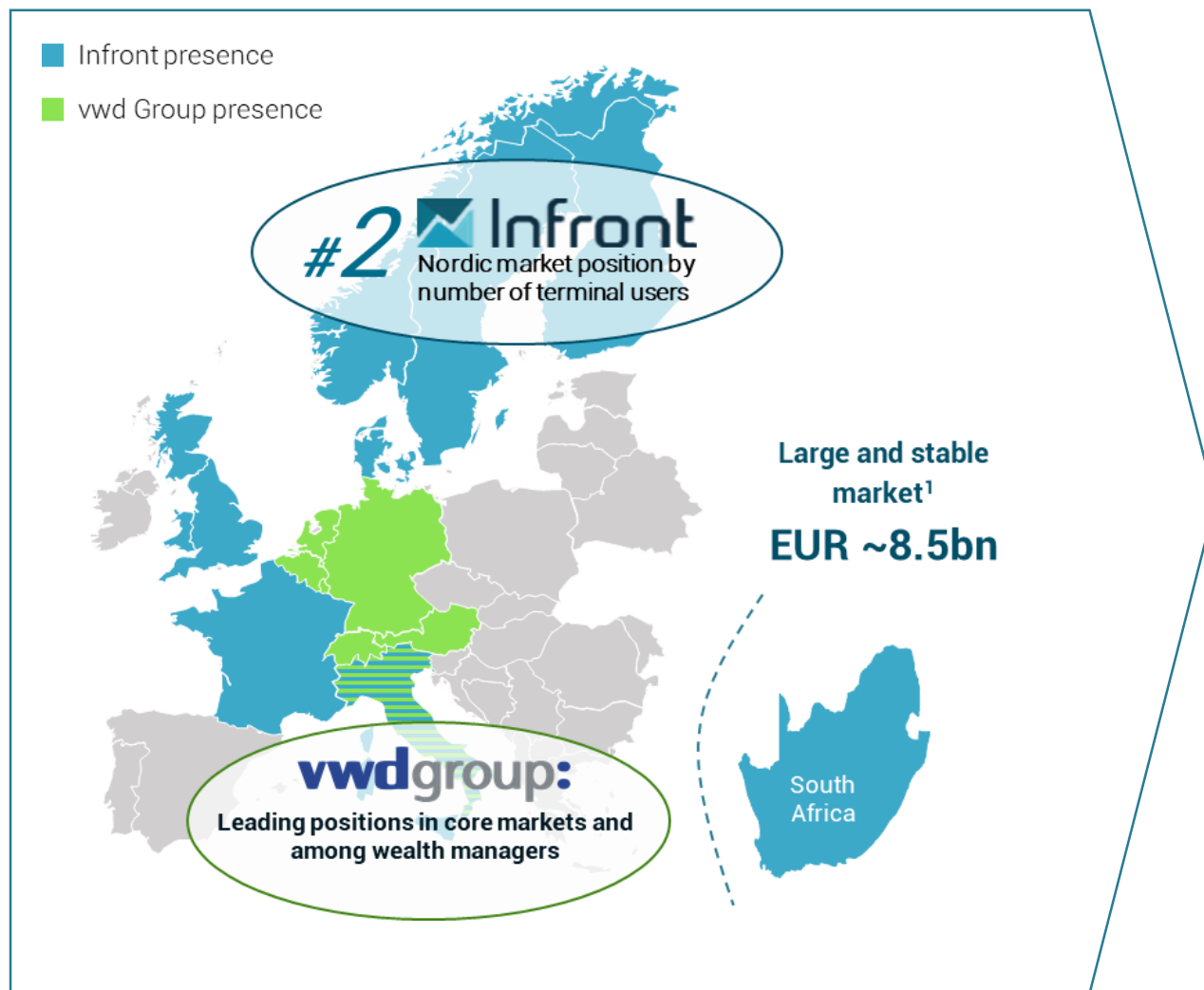


# Successfully executing on M&A strategy



- Acquisition of vwd Group was completed on 17 July 2019
- Final purchase price of EUR ~130 million on an enterprise value basis
- Financed through issue of four-year EUR 105 million bond in April and oversubscribed NOK 242 million rights issue in June
- Initial integration well underway and vwd Group financials will be included in the Q3 reporting

# The leading European provider of financial terminals and market data



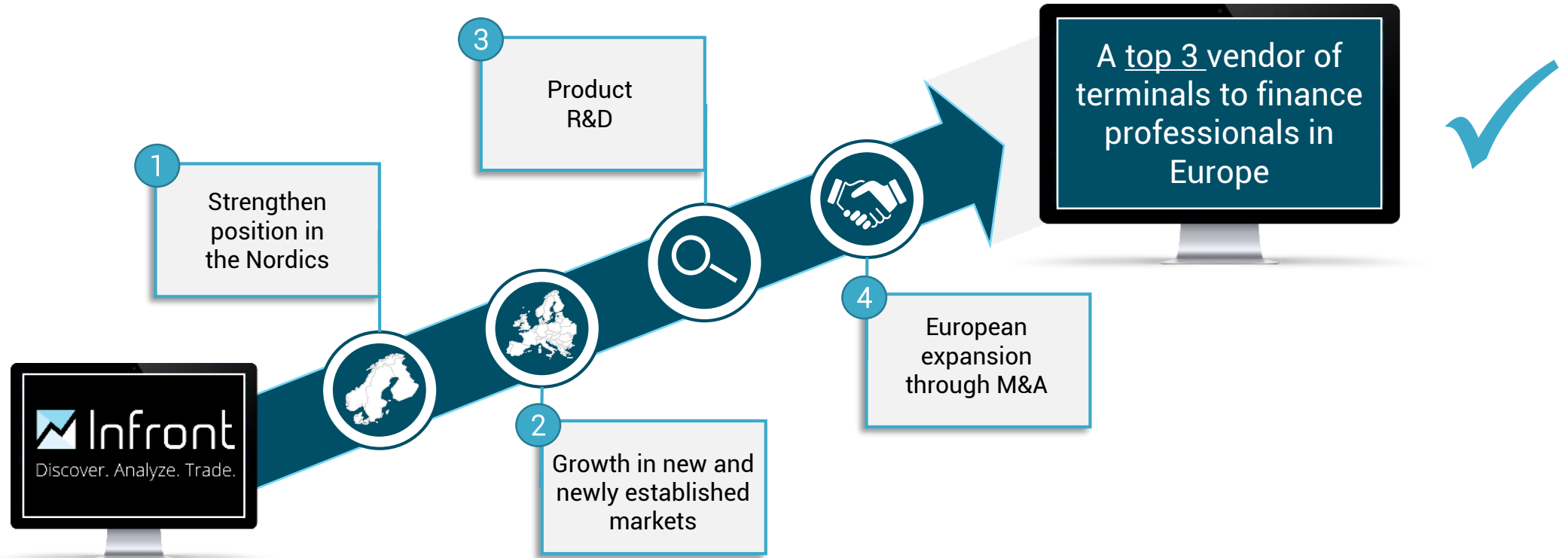
- More diversified revenue base with ~90 000 professional users, ~3 600 customers, broader product offering and more markets
- Highly complementary operations with significant cross- and upselling opportunities
- Exposure to the growing regulatory technology segment and the wealth and asset management market
- More than 500 employees in 14 countries
- Platform for growth across Europe and in other markets

# Integration process underway and initial synergies realized

- **Integration team appointed and work started to ensure efficient transition and combination efforts**
  - Technology platform, organization, products and services
- **Successfully initiated consolidation of data feeds and licenses**
  - Identified annual cost savings of NOK 20 million to be realised over the initial 12 months
  - Good traction in efforts and progress according to plan
- **Further estimated NOK 60-85 million in total cost savings over the next years**
  - Additional operational efficiencies and scaling from strengthened position and product offering, and expanded reach in Europe



# Executing according to our long-term strategy



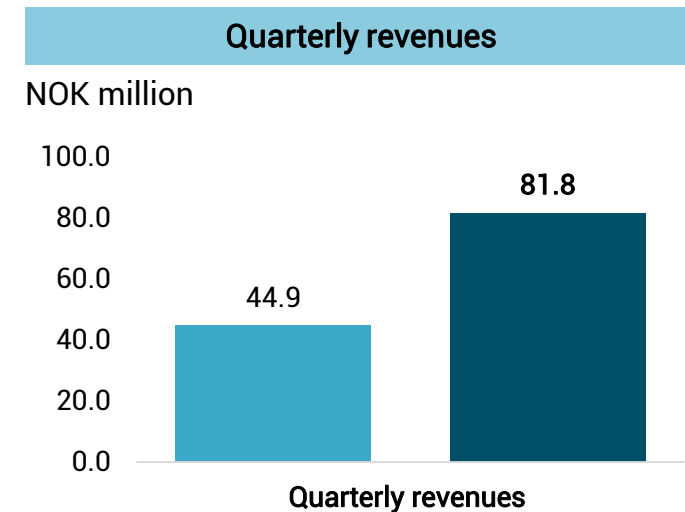
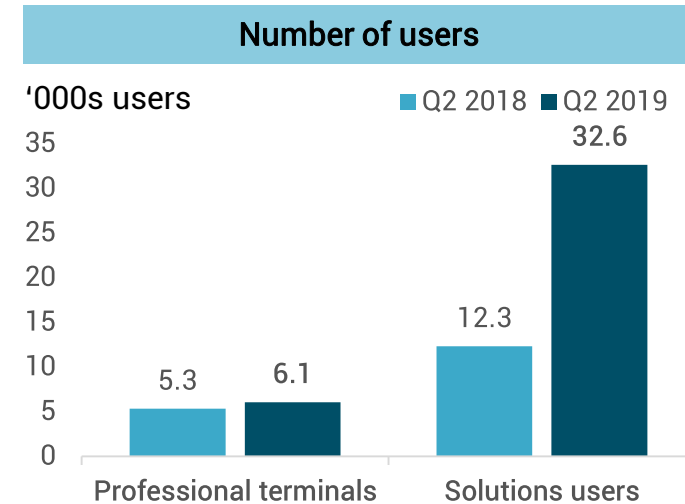




**OPERATIONAL  
REVIEW**

# Continued growth for Terminals and Solutions from recent acquisition

- Number of paying professional users **more than doubled due to acquisition of Market Connect in Italy**
- Web Technology agreements continued positive contribution to revenue through the Handelsbanken and SEB web solutions
- Revenue of NOK 81.8 million, up 82% from Q2 2018
  - ~34% of segment revenue in SEK and ~44% in EUR



# Growth for Analytics & Other, overall stable development for News

- News division revenue stable at -1% YoY
  - 85% of segment revenue in Swedish krona
  - Direkt again voted **best financial news wire** in Sweden
  - **Strong interest** for the new Insight Direkt news service in Sweden
  - In Norway, Infront TDN showed **good momentum**, extending its reach by launching a news feed for business media
- Analytics and Other division revenue increased by +11% YoY
  - **Organic growth for Infront Analytics** and revenue synergies from Infront Data integration
  - Estimates platform launched on the Infront Professional Terminal (IPT) with quarterly and annual earnings estimates as well as historical data for 1,200 companies across Europe





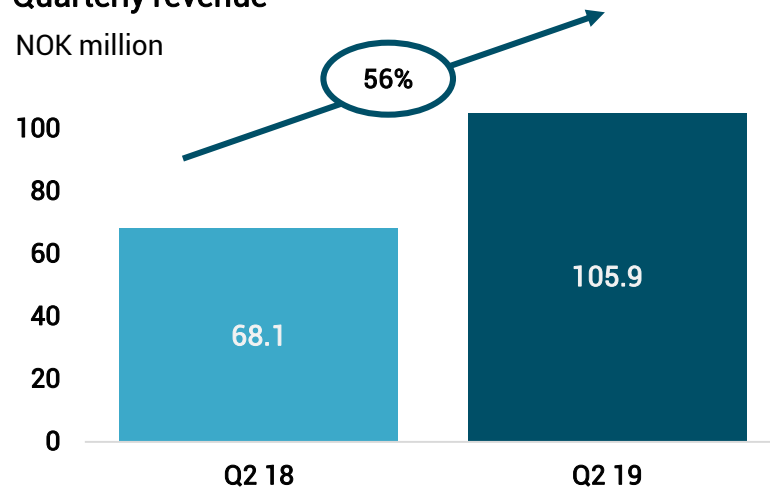
**FINANCIAL  
REVIEW**

# Q2 2019 financial highlights

- **Revenue at NOK 105.9 million, up 56% from NOK 68.1 million in Q2 2018**
  - 76% of Q2 2019 revenue was recognized in foreign currency
  - 99% was recurring subscription revenue
- **Adjusted EBITDA\* of NOK 20.8 million compared to NOK 10.7 million in Q2 2018**
  - Adj. EBITDA before IFRS 16 implementation NOK 18.6 million
- **Adjusted EBITDA margin of 19.7% compared to 15.7% in Q2 2018**
  - Driven mainly by organic growth and synergies from acquired business of Market Connect

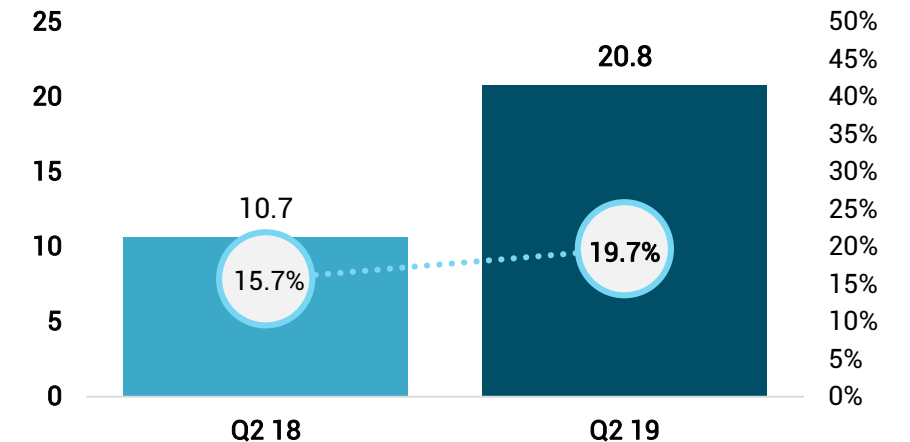
## Quarterly revenue

NOK million



## Adj. EBITDA\* and margin

NOK million

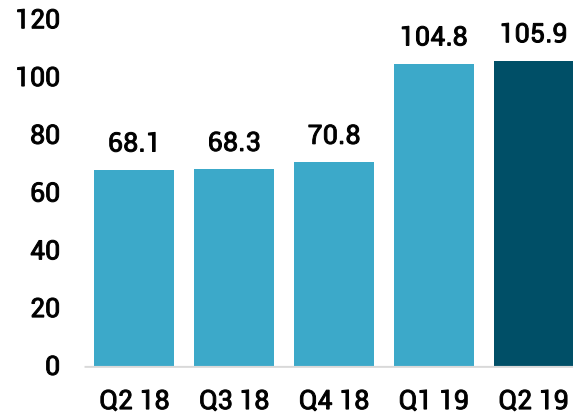


\*) EBITDA Q2 2019 adjusted for M&A-related costs of NOK 10.8 million and EBITDA Q2 2018 adjusted for other income of NOK 0.3 million. Adj. EBITDA margin Q2 2019 before IFRS 16 implementation at 17.5%

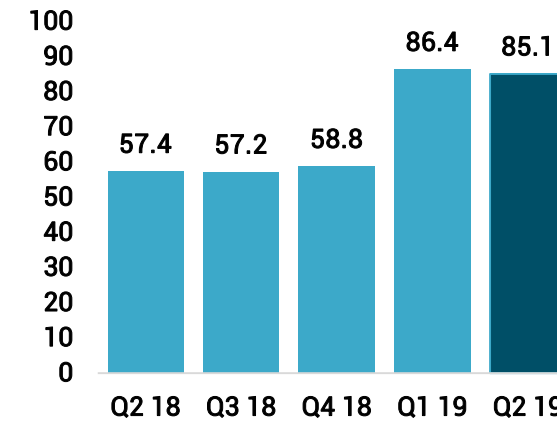


# Recent acquisition of Infront Italia lifting revenues and EBITDA

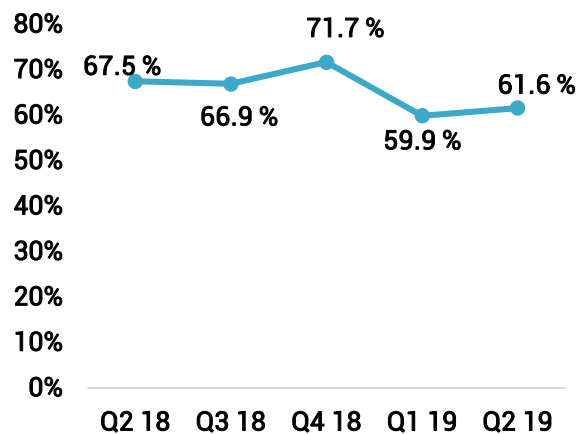
**Revenue**  
NOK million



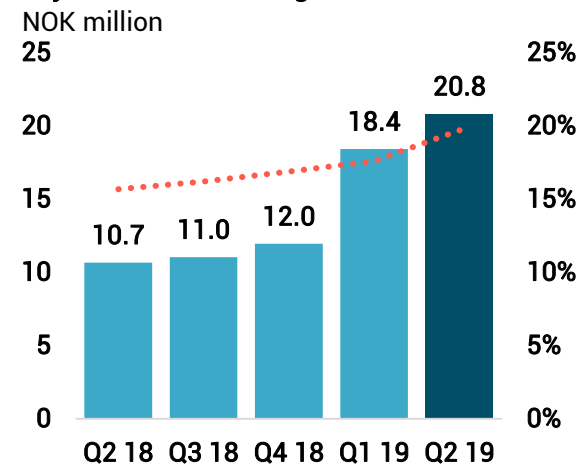
**Adj\* Opex\*\***  
NOK million



**Gross Margin %**



**Adj. EBITDA\* and margin\*\***



- 56% YoY revenue increase due to acquisition of Infront Italia, organic customer growth, price increases and implementation of retail trading solutions
- Gross margin negatively impacted by inclusion of Infront Italia
- Adjusted Opex increased YoY, mainly driven by Infront Italia, as well as higher personnel costs across the Group to support future growth.
- Adjusted EBITDA increased by 125% YoY (incl. IFRS16 effects) positively impacted by inclusion of Infront Italia and synergy effects across the Group
- Infront Italia synergy capture on track with consolidation of data feeds and licenses expected to yield NOK 7m in annual cost savings, of which annualized savings of NOK 5m to be realized from Q2 2019. Additional operational improvements expected to deliver further NOK 5-10m in annual cost savings in the long-term

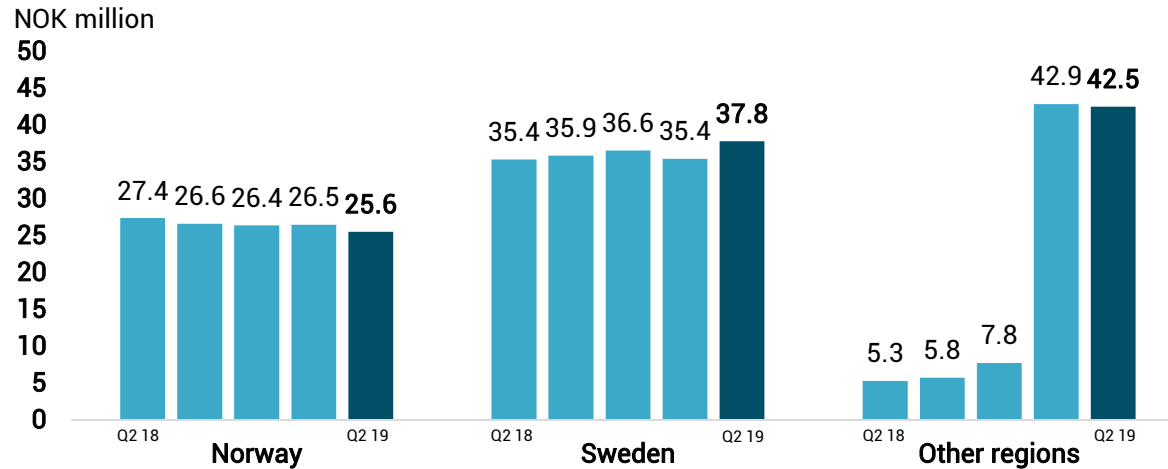
\* Adjusted for M&A-related costs incurred and one-time adjustment for impairment (of acquired SIX contracts), Q1 2019 restated opex amounted to NOKm 86.9 due to a reclassification to depreciation and amortization

\*\* Adj. EBITDA of NOK 18.6m and adj. EBITDA margin of 17.5% in Q2 2019 before IFRS 16 implementation, the IFRS 16 effects positively impacted Q2 2019 Opex by NOK 2.3m



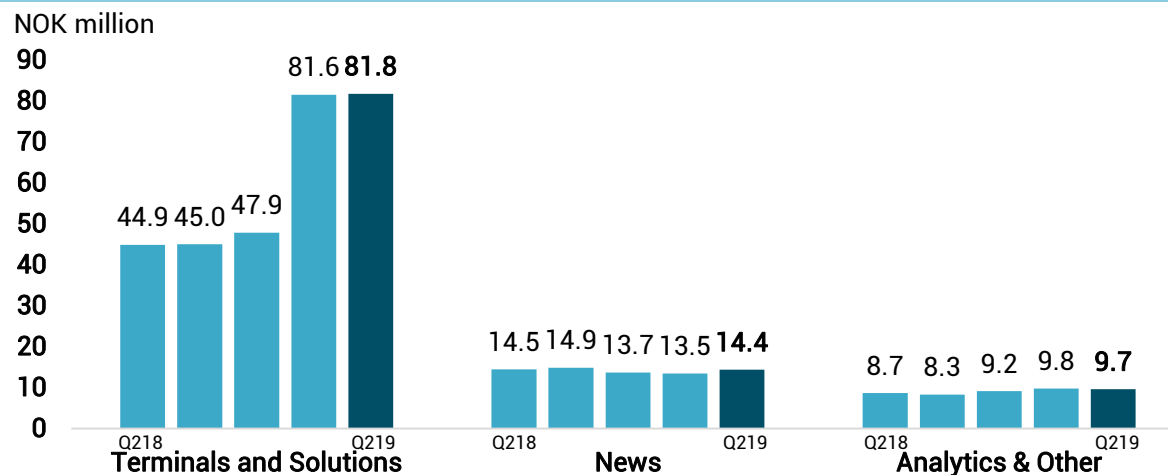
# Acquisition driving revenue growth across regions and segments

Revenues per Region

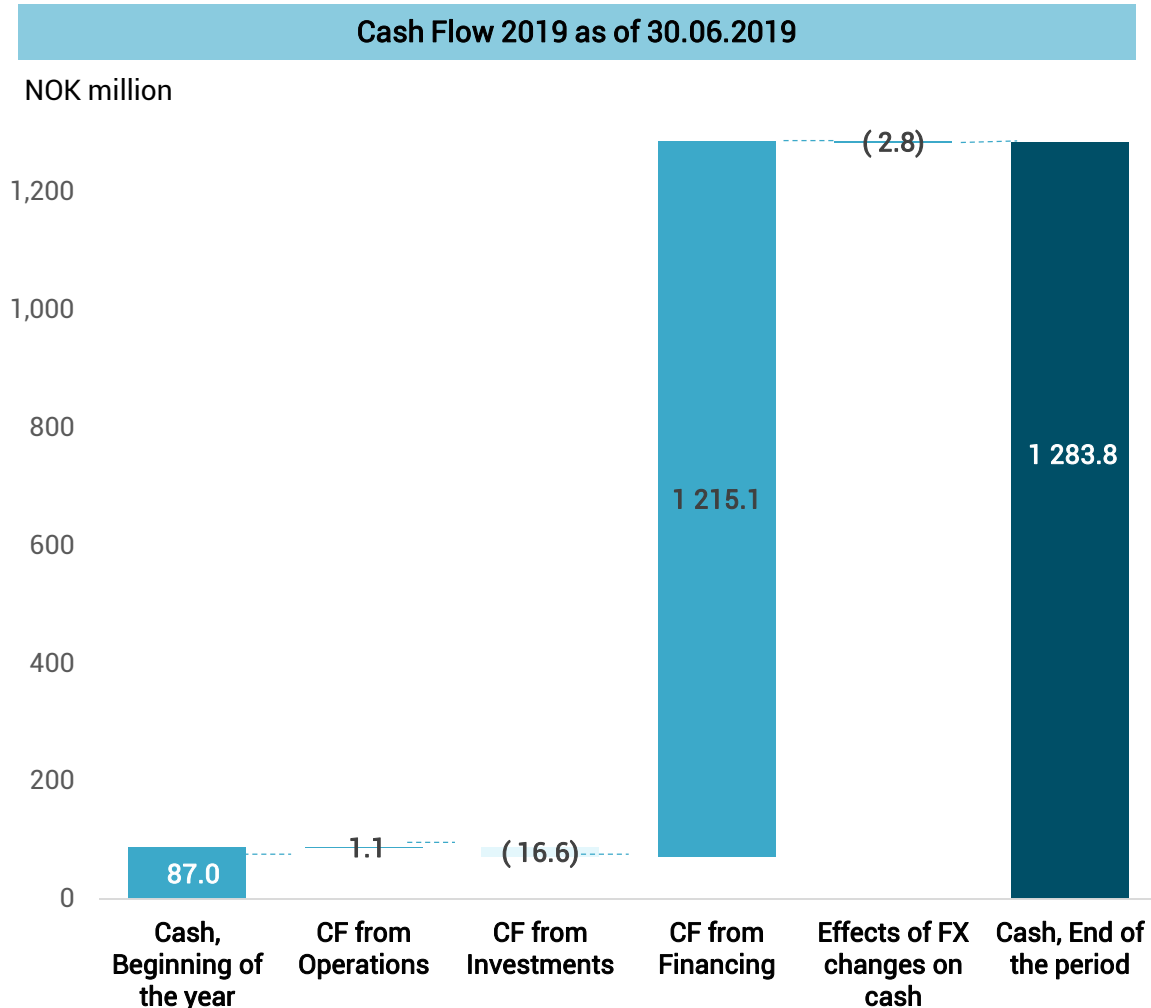


- **Norway:** Revenue slightly down YoY at NOK 25.6 million, affected by contract loss in non-core business segment
- **Sweden:** Revenue increased to NOK 37.8 million, positive revenue contribution from solution sales and organic growth in core products
- **Other regions:** Revenue increased NOK 37.2 million YoY to NOK 42.5 million driven by inclusion of Infront Italia and sales growth in UK, Finland and South Africa
- **Revenue per Segment:** Terminal and Solutions revenue up 82% YoY due to the acquisition of Infront Italia, organic growth and new Infront Web Technology sales. News down 1% and Analytics segments up 11% YoY, respectively

Revenues per Segment



# Strong cash position throughout Q2



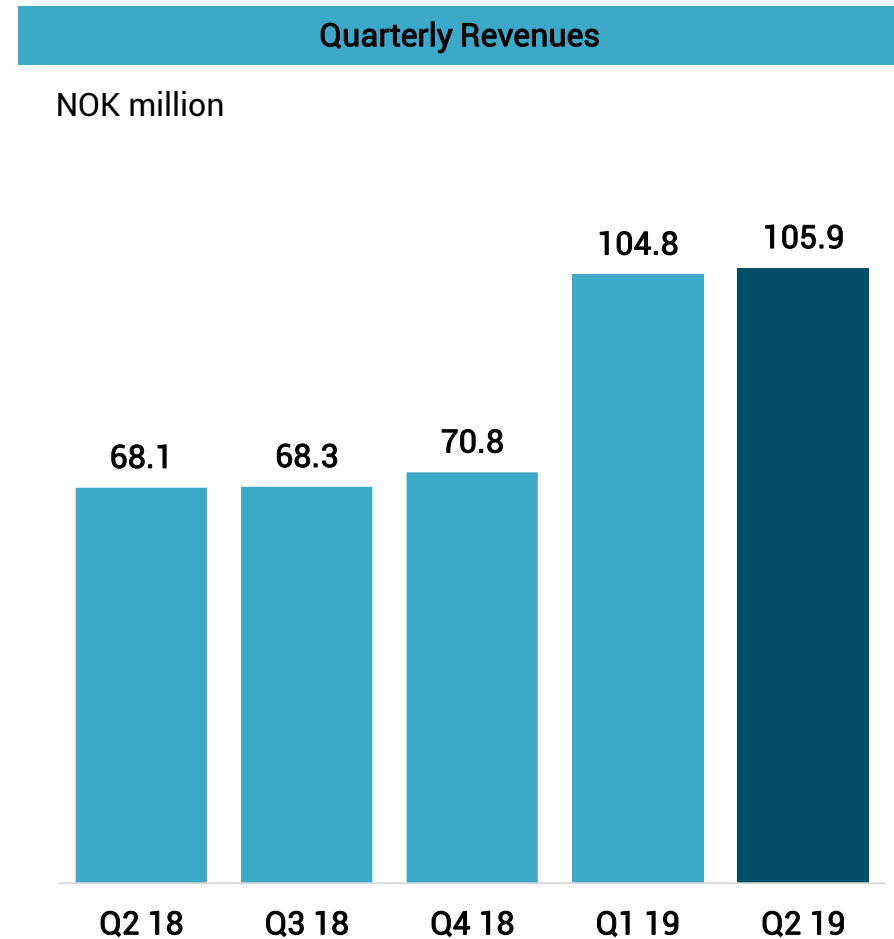
- Operating CF: NOK +1.1 million**  
 Profit before tax of NOK 0.1 million. NWC changes reduced cash by NOK 15.1 million, mainly driven by seasonality effects experienced at Infront Italia. Other items had a net positive cash effect of NOK 16.2 million, including taxes paid of NOK 1.8 million and depreciation and amortization of NOK 17.3 million
- Investing CF: NOK -16.6 million**  
 NOK 3.9 million paid for SIX related transaction costs. NOK 12.6 million of PP&E investments & capitalized R&D
- Financing CF: NOK +1 215.1 million**  
 Mainly net proceeds from equity issue and bond issue, NOK 227.2 million and NOK 991.2 million respectively.
- End of the period cash position: NOK 1283.8 million**





# Summary

- Leading European position secured with acquisitions of vwd Group and Infront Italia
- Focus going forward on integration and synergy capture
- Continued user growth supports recurring subscription revenue base
- Positive sales pipeline across regions and upsell potential supports long-term organic growth ambition
- Potential for further attractive M&A opportunities



Q&A

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# Next Quarterly Report

- Quarterly Report Q3 2019 to be published on 14 November 2019
- [IR Mailing list](#)

