

# INFRONT ASA Q3 2019 Results

27 November 2019

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# Presenters and agenda

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



**Max Hofer**  
*CFO*



## Agenda

- Q3 2019 Highlights
- vwd Transaction
- Operations Review
- Financial Review
- Summary

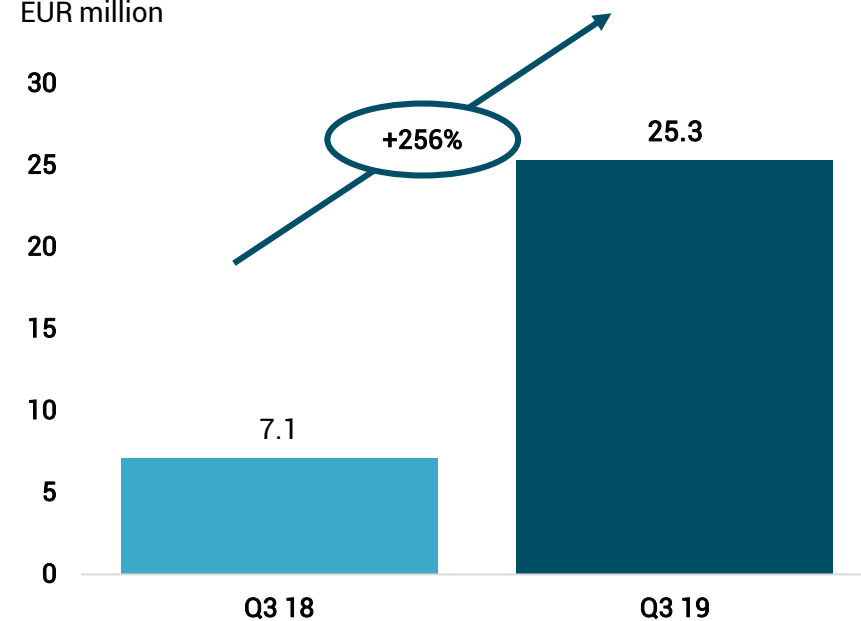
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# Q3 2019: M&A driving strong revenue growth

- Completed vwd Group acquisition to become a top-three financial terminal provider in Europe
- Revenue of EUR 25.3 million, up 256% from EUR 7.1 million in Q3 2018
  - vwd Group the main contributor to growth with revenue of EUR 14.8 million in period from the acquisition date 17 July
- Adjusted EBITDA<sup>1</sup> of EUR 2.9 million compared to EUR 1.2 million in Q3 2018
  - Adj. EBITDA before IFRS 16 implementation of EUR 2.3 million
- Number of professional terminals and solutions users increased to 91.0k from 17.8k in Q3 2018
  - Driven by inclusion of Infront Italia and vwd Group

Quarterly revenue  
EUR million

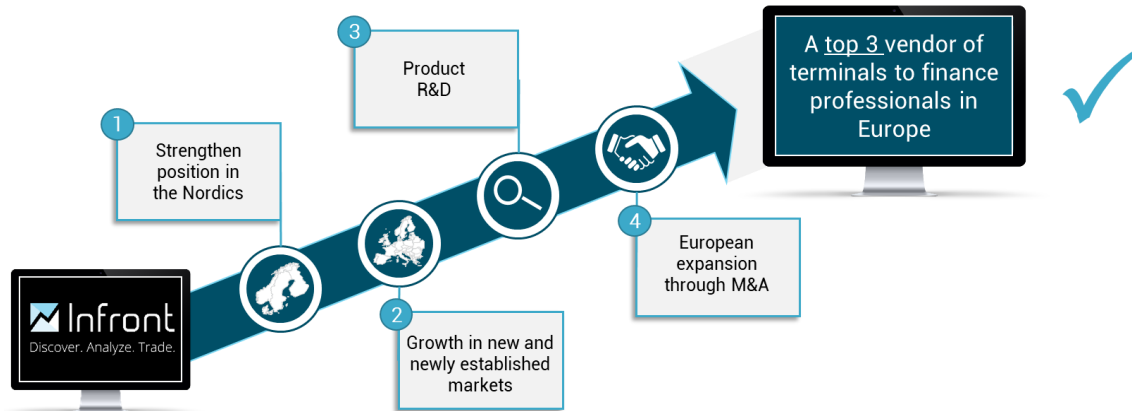


1) EBITDA Q3 2019 adjusted for M&A-related costs of EUR 3.8 million.



# Achieving our strategic ambitions

## Successful execution of our ambitious long-term strategy...



## ...is clearly reflected in key figures

	Q3 2018		Q3 2019
<b>ARR<sup>1</sup></b>	EUR 28.4m	~2.5x	EUR 98.8m
<b>Professional Users</b>	17.8k	~4x	91.0k
<b>Adj. EBITDA</b>	EUR 1.2m	~1.5x	EUR 2.9m
<b>No. countries with offices</b>	7	~2x	13

1) ARR = annual recurring revenue; revenue based on subscriptions amount to 97% of total Group revenue in the period. Calculation for Q3 2019 based on inclusion of vwd Group from 17 July 2019.

# Successfully completed the vwd Group acquisition in July 2019

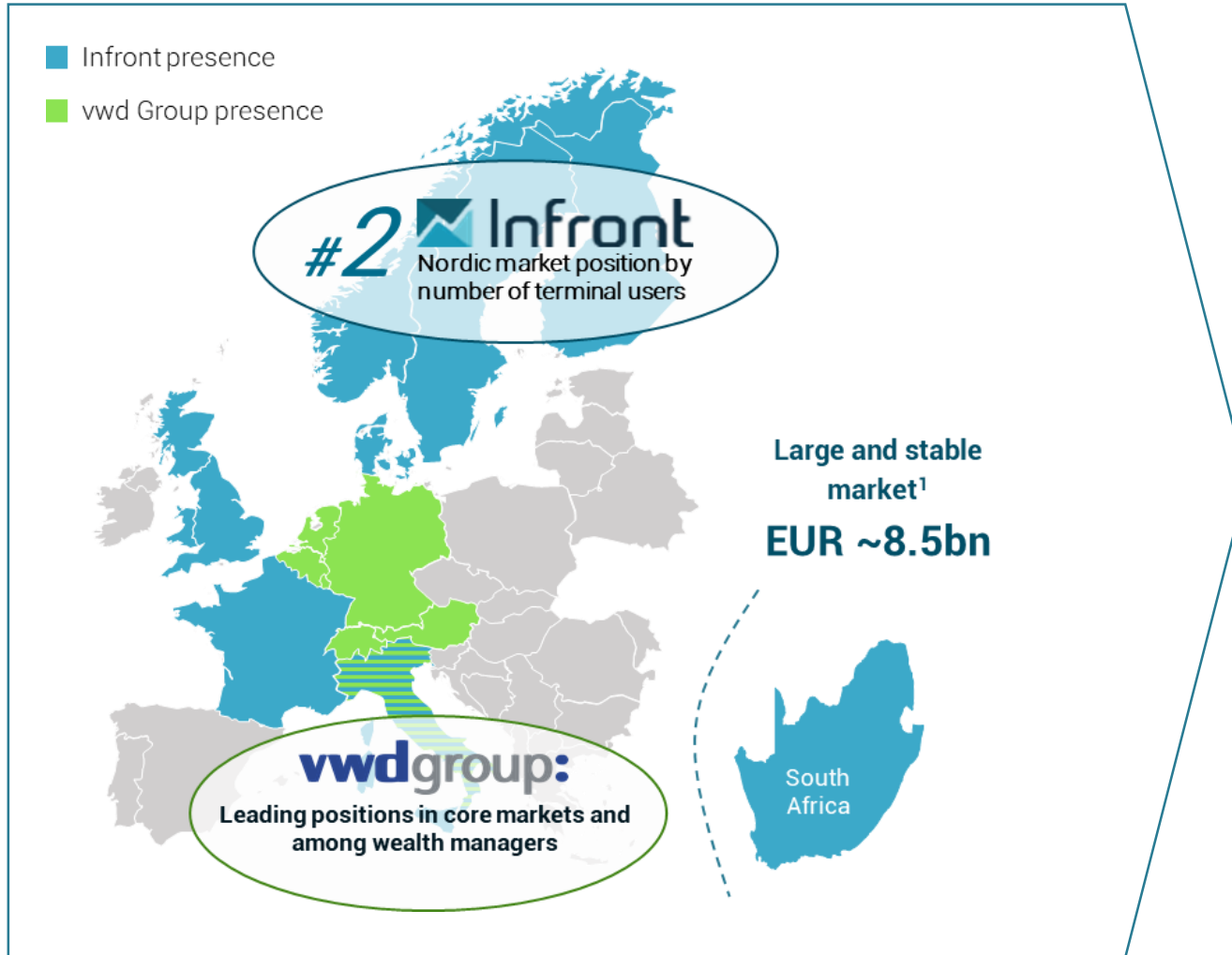


- Completed on 17 July 2019 and consolidated from that date
- Final purchase price of EUR ~130 million on an enterprise value basis
- Financed through issue of a four-year EUR 105 million bond<sup>1</sup> in April and an oversubscribed NOK 242 million rights issue in June 2019
- Reporting currency changed to EUR from NOK
- Segment reporting adjusted to reflect new group structure:
  - Infront Solutions and Terminal
  - vwd Group
  - News and Other

1) Senior secured bond with EUR 200m maximum borrowing limit and a floating coupon of 3m EURIBOR + 5.75% p.a.. Final maturity of the instrument is 15 May 2023.



# Creating the leading European provider of financial market data

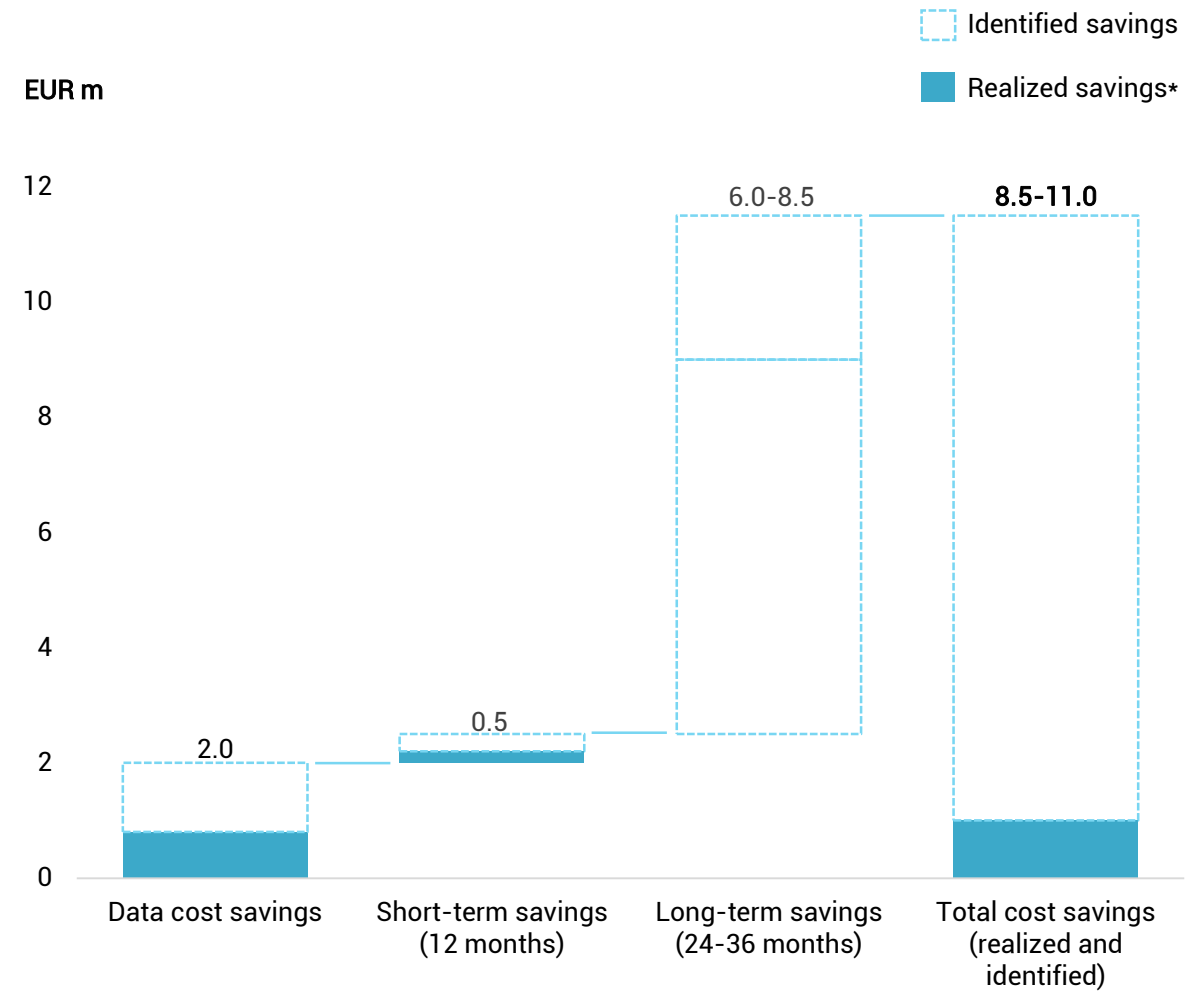


- Diversified revenue base with ~91 000 professional users, ~3 600 customers, broader product offering and more markets
- Highly complementary operations with significant cross- and upselling opportunities
- Exposure to the growing regulatory technology segment as well as the wealth and asset management market
- More than 500 employees in 13 countries
- Platform for growth across Europe and in other markets

# Integration process underway and initial synergies realized

- **Integration work ongoing with focus on efficient transition to joint product platform and combination of services and processes**
  - Technology platform, organization, products and services
- **Consolidation of data feeds and licenses according to plan**
  - Annual cost savings of EUR 2 million expected to be realized over the initial 12 months from optimization efforts
  - Additionally, EUR 0.5m in other short-term Opex savings
  - Good traction in efforts and progress as envisaged
- **Further estimated EUR 6.0-8.5 million in total cost savings to be achieved over the next 24-36 months**
  - Additional operational efficiencies and scaling from strengthened position and product offering, and expanded reach in Europe

Total annual savings potential of EUR 8.5-11m identified



\* Annualized value of realized savings as per Q3 2019



# Status update on key integration processes

## Sales and marketing

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- Focus on potential for up- and cross-selling on the expanded customer base
- Started marketing Infront Professional Terminal to vwd customers in Q3 2019
  - First contract signed in October
  - Strong reception in market and growing sales pipeline
- **Geographic expansion creates new growth opportunities for the news business**
  - Preparing to expand current services portfolio into new markets

## Technology and products

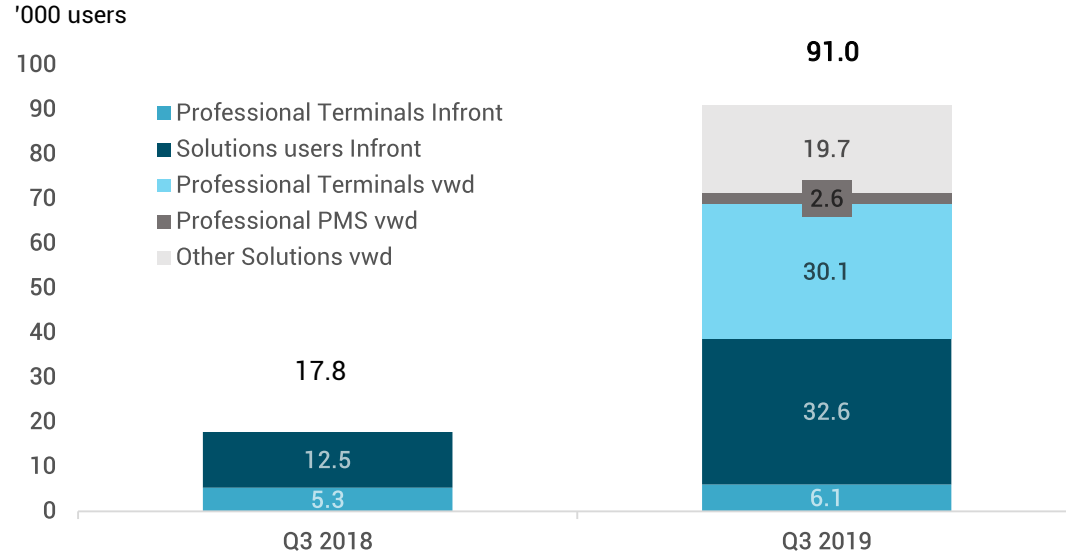
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- Integrating products and solutions to fully leverage breadth of data sources, services and the extended geographical reach
- Combining the strengths of our solutions will enable Infront to compete across asset-classes
- **Infront solutions and products prepared for group-wide development**
  - Infront Web Toolkit
  - GPRV charts
  - Other key web components



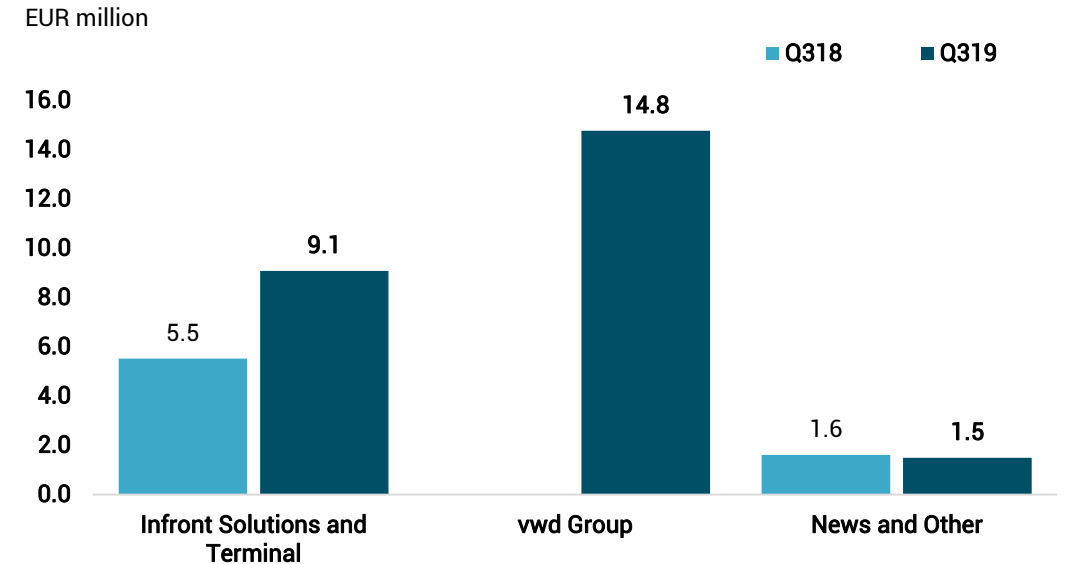
# Acquisitions are the main driver for user and revenue growth

## Number of professional users



- Strong growth in number of professional users due to acquisitions of Market Connect and vwd Group<sup>1</sup>

## Segment revenues



- Solutions and Terminal YoY driven by inclusion of Infront Italia and organic growth
- Vwd Group included from 17 July
- News and Other revenue reflects reduced sales in non-core business and NOK/SEK headwinds

<sup>1</sup>) vwd's Professional terminals users represent mainly users of vwd Market Manager and Investment Manager. Professional PMS users represent users of vwd Portfolio and Advisory Management Systems. The "Other Solutions" mainly include light weighted users of other smaller trading solutions.



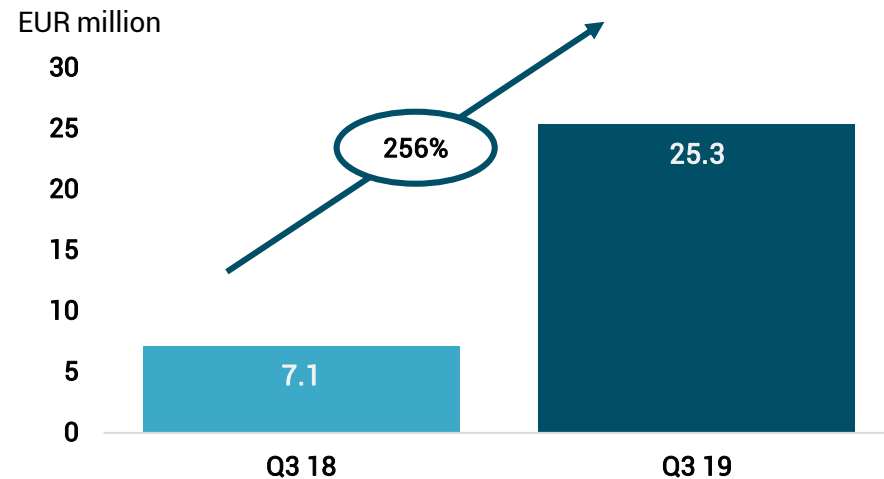


**FINANCIAL  
REVIEW**

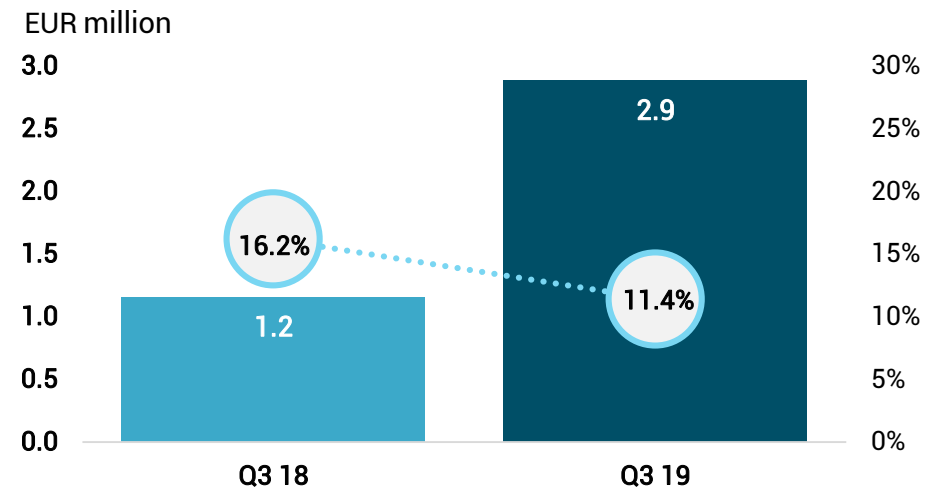
# Q3 2019 financial highlights

- **Revenue at EUR 25.3 million, up 256% from EUR 7.1 million in Q3 2018**
  - 25% of Q3 2019 revenue was recognized in foreign currency
  - 97% was recurring subscription revenue, with ARR<sup>1</sup> at end of quarter of EUR 100m+
- **Adjusted EBITDA<sup>2</sup> of EUR 2.9 million compared to EUR 1.2 million in Q3 2018**
  - Adj. EBITDA before IFRS 16 implementation EUR 2.3 million
- **Adjusted EBITDA margin of 11.4% compared to 16.2% in Q3 2018**
  - Margin decrease reflects product development and organizational investments for future growth

## Quarterly revenue



## Adj. EBITDA\* and margin\*



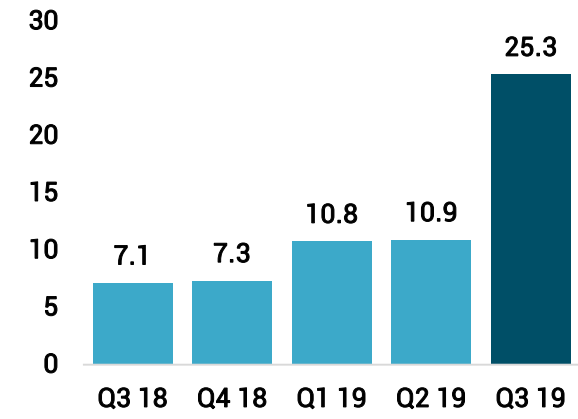
1) ARR = Annual Recurring Revenue

2) EBITDA Q3 2019 adjusted for M&A-related costs of EUR 3.8 million. Adj. EBITDA margin Q3 2019 before IFRS 16 implementation at 9.2%

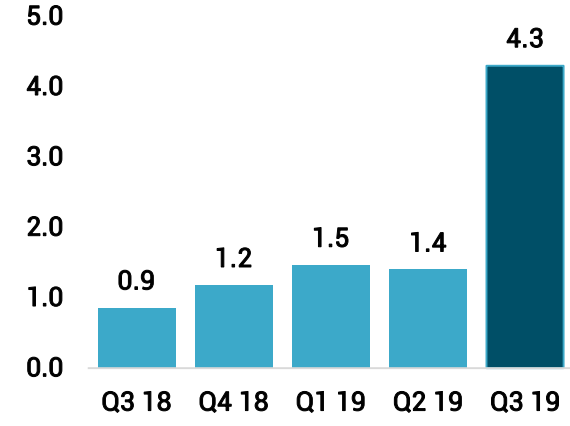


# EBITDA driven by M&A , temporary margin-decline reflects investments

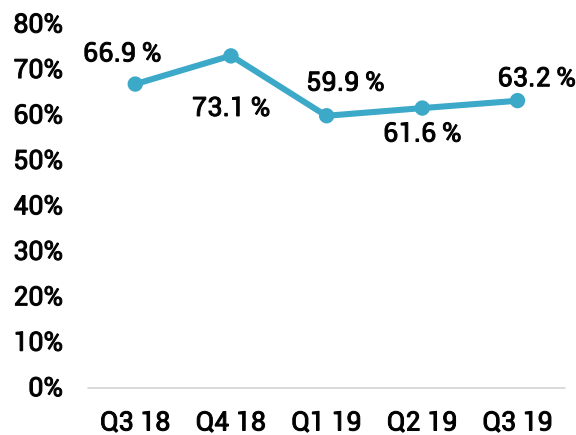
Revenue  
EUR million



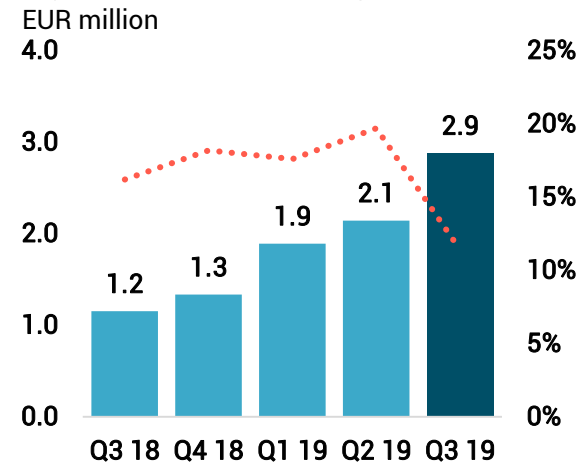
Adjusted<sup>1</sup> Opex<sup>2</sup>  
EUR million



Gross Margin %



Adjusted EBITDA<sup>1</sup> and margin<sup>2</sup>



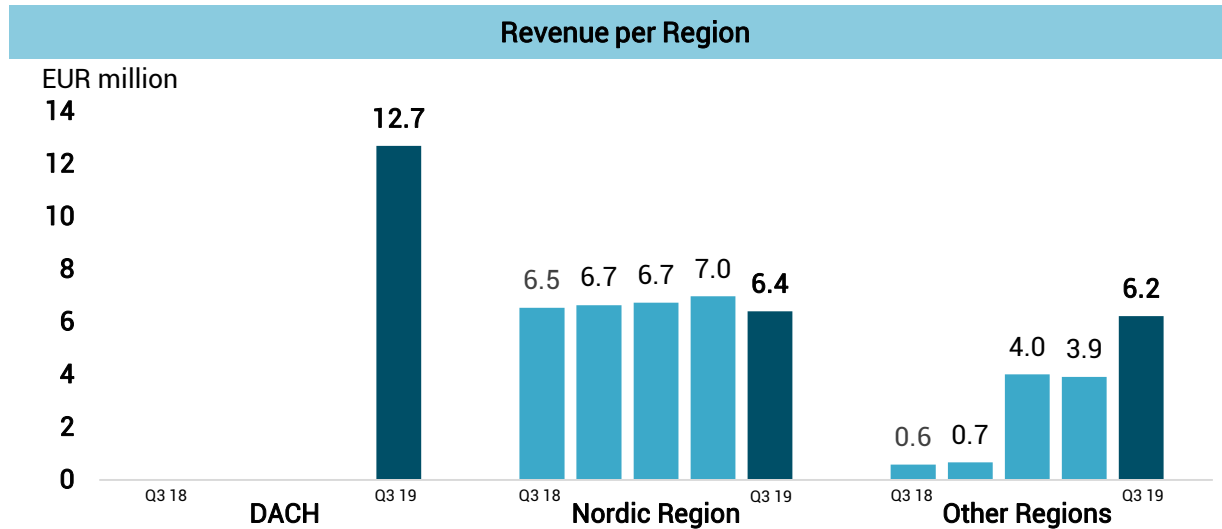
- Revenue growth driven mainly by acquisitions of Infront Italia and vwd, but also organic growth, price increases and growth in retail trading solutions
- YoY decline in gross margin reflects inclusion of Infront Italia and vwd
- Increase in adjusted Opex reflects Infront Italia and vwd, as well as higher personnel costs across the group to support future growth.
- Adjusted EBITDA increased by 150% YoY (incl. IFRS16 effects) following the acquisitions and synergy effects across the group
- Infront Italia and vwd synergy capture on track with consolidation of data feeds and licenses expected to yield EUR 0.7m and EUR 2.0m respectively in annual cost savings. Additional operational improvements expected to yield further min. EUR 6.0m in annual cost savings over the next 24-36 months.

1) Adjusted for M&A-related costs incurred

2) Adjusted EBITDA of EUR 2.3m and adjusted EBITDA margin of 9.2% in Q3 2019 before IFRS 16 implementation, the IFRS 16 effects positively impacted Q3 2019 Opex by EUR 0.6m



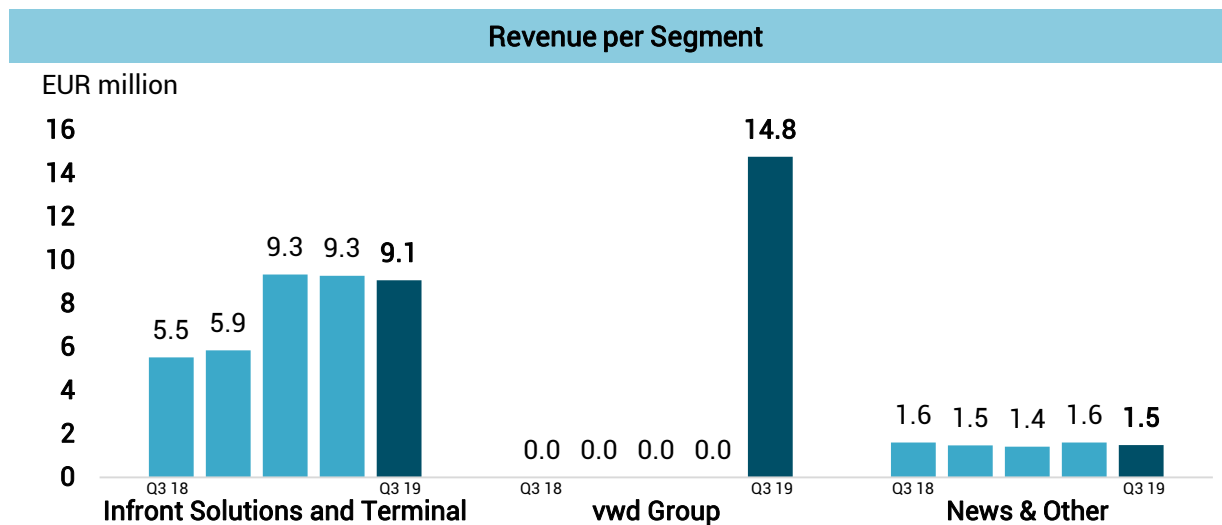
# Acquisition driving revenue growth across regions and segments



- **DACH:** Revenue from new markets and subsidiaries in Germany (D), Austria (A) and Switzerland (CH) following recent acquisition of vwd Group

- **Nordic Region:** Stable underlying revenue. Q3 2019 and the previous quarter impacted by timing of recognition of EUR 0.3 million accrued revenue. Adjusted for this effect the Q2 and Q3 2019 revenue would both have been EUR 6.7m

- **Other regions:** Revenue of EUR 6.2 million, up from EUR 0.6 million in Q3 2018 driven by inclusion of Infront Italia and vwd

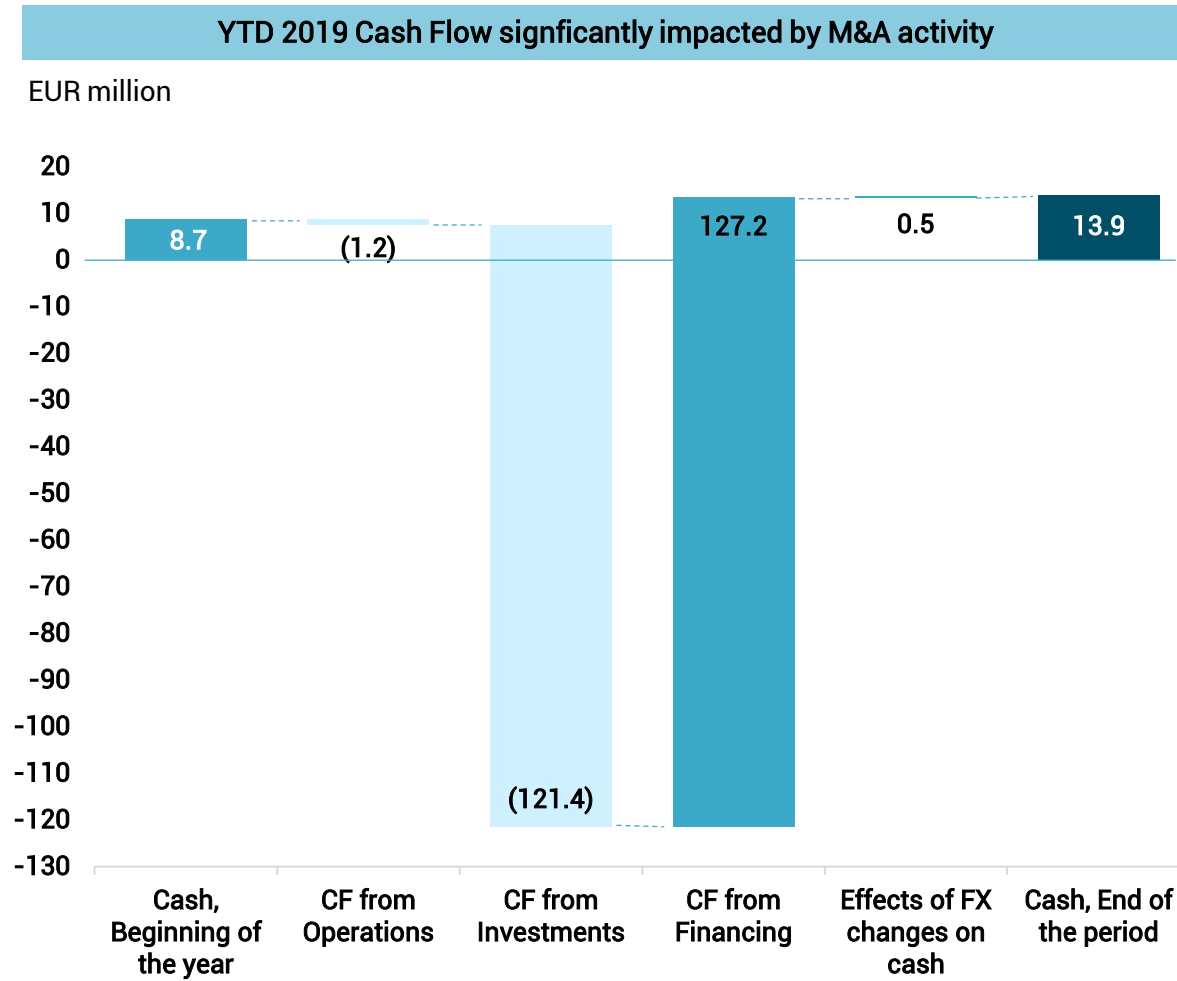


- **Revenue per Segment:** Terminal and Solutions revenue increased 64% YoY due to the Infront Italia and vwd acquisitions, organic growth and new Infront Web Technology sales. News and Other non-core business down 7%. vwd segment represents acquired revenue in Q3.





# Cash position remains solid following the acquisition of vwd Group

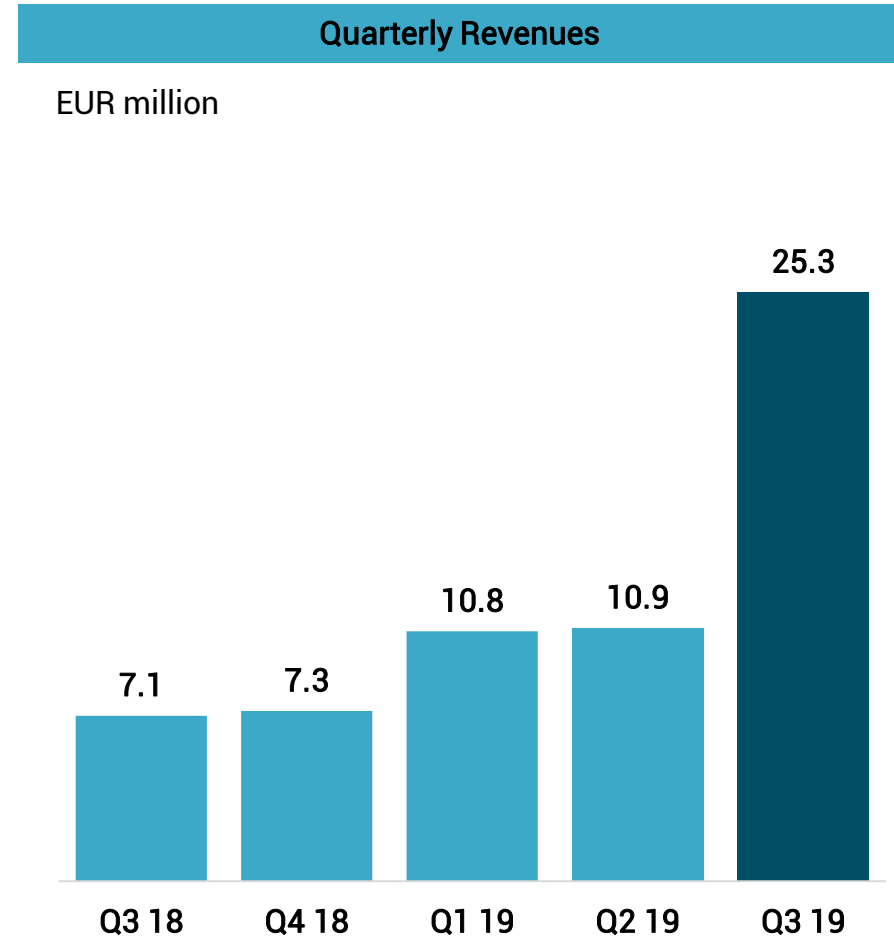


- **Operating CF: EUR -1.2 million**  
Reflecting loss before tax of EUR 9.5 million, including acquisition-related costs of EUR 2.6 million
- **Investing CF: EUR -121.4 million**  
Mainly reflecting the EUR 130.6 million paid for vwd and EUR 2.7 million of other investments, partly offset the cash balance acquired in vwd of EUR 12.9 million
- **Financing CF: EUR +127.2 million**  
Mainly net proceeds from the equity- and bond issues of EUR 23.4 million and EUR 102.3 million, respectively
- **End of the period cash position: EUR 13.9 million**



# Summary

- Leading European position secured with acquisitions of vwd Group and Infront Italia
- Focus going forward on integration and synergy capture
- 97% recurring subscription revenue base with ARR of EUR 100m+ per Q4 2019
- Solid sales pipeline in all regions and potential from up- and cross-selling supports long-term organic growth ambition
- Potential for further attractive M&A opportunities



Q&A

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# Next Quarterly Report

- Quarterly Report Q4 2019 to be published on 28 February 2020
- [IR Mailing list](#)

