

INFRONT ASA Q1 2019 Results

7 May 2019

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Presenters and agenda

Kristian Nesbak
CEO & Co-founder



Max Hofer
CFO



Agenda

- Q1 2019 Highlights
- VWD transaction
- Operations Review
- Financial Review
- Summary

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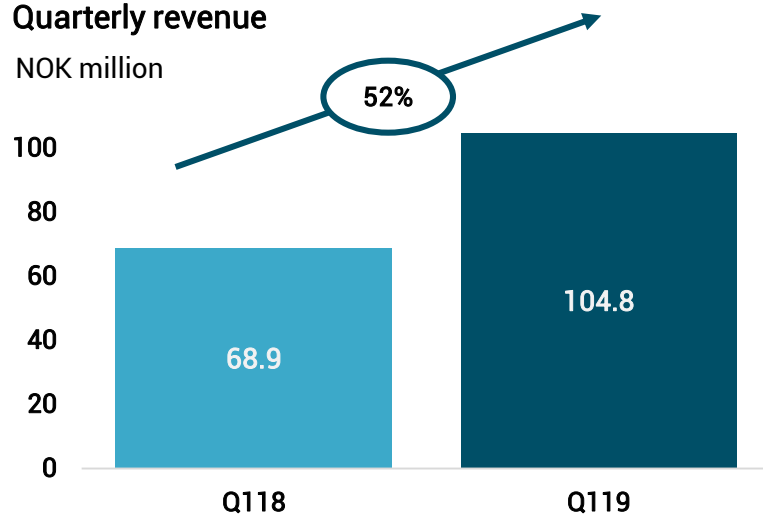
Q1 2019: Delivering on M&A strategy and underlying revenue growth

- Acquisition of VWD in Germany to become a top-3 financial terminal provider in Europe
- Revenue at NOK 104.8 million, up 52% from NOK 68.9 million in Q1 2018
 - Driven by Market Connect acquisition in Italy and organic growth
- Adjusted EBITDA* of NOK 15.6 million compared to NOK 14.5 million in Q1 2018
 - Adj. EBITDA before IFRS 16 implementation NOK 13.8 million
- More than doubling of paying terminals and solutions users with inclusion of Infront Italia



Quarterly revenue

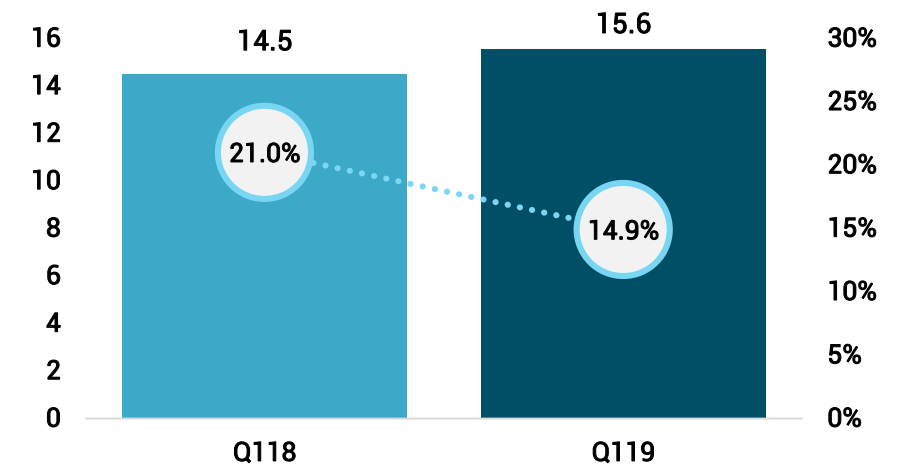
NOK million



Adj. EBITDA* and margin

NOK million

Margin



*) EBITDA Q1 2019 adjusted for M&A-related costs of NOK 0.5 million



Summary of VWD acquisition rationale



Establishing a leading European player

Strengthened European presence

- Infront presence
- vwd Group presence



Attractive financial and operational profile

	Infront	vwdgroup:	Combined
<i>Pro-forma</i> 2018 Revenue NOKm	401 ¹	654 ²	1,055
<i>Pro-forma adj.</i> 2018 EBITDA NOKm	64 ³	131 ⁴	195
Recurring revenue	~98%	~98%	~98%
Number of professional users	~40k ⁵	~50k	~90k
Countries with operational presence	8	7	14 ⁶

Source: Company information, FDD reports

Note) EURNOK of 9.6; 1) 2018 revenue for Infront pro-forma adj. for the estimated full year effect of Market Connect (NOK ~125m); 2) 2018 core total revenue excl. non-core business; 3) 2018 EBITDA for Infront pro-forma adj. for estimated full year effect Market Connect (NOK ~9m), M&A costs (NOK 5.3m), other income (NOK 0.3m), realised Market Connect data cost savings (NOK 5.0m) and short-term realisable cost savings (NOK 2.5m), please see page 35 for Alternative Performance Measures (APM) details; 4) 2018 EBITDA adj. for one-off IT and development costs (NOK 16.6m), incl. data cost savings and other cost savings (NOK 25.0m), please see page 35 for APM details; 5) Infront with 18k professional users and Market Connect with ~22k professional users; 6) Both companies have operations in Italy

Key acquisition highlights

Establishing a leading European player

The combination creates the top three provider of data terminals and financial data in the European market

Strong up- and cross selling opportunities

Complementary offering provides access to new markets, products and customers, with attractive cross and up-selling opportunities

More diversified revenue base

More solid and diversified revenue base from a larger pool of customers, with ~90,000 professional users, broader product offering and more markets

Exposed to new and growing market segments

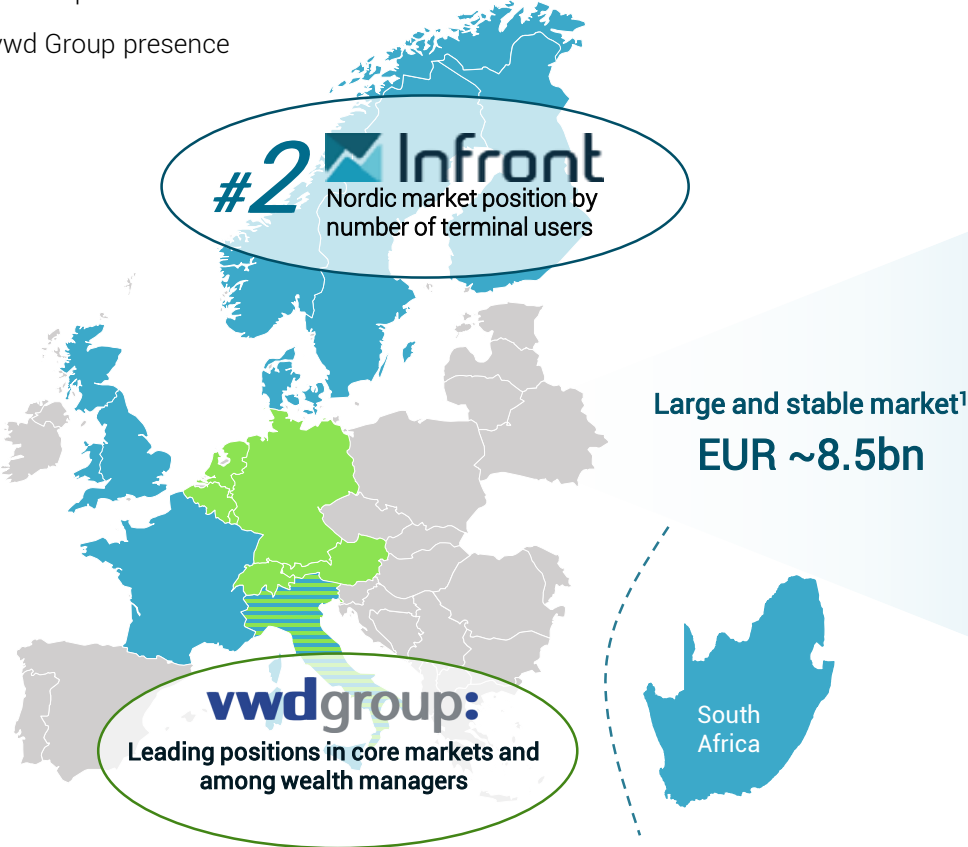
Exposure to the growing regulatory technology segment and the wealth and asset management market

Attractive and tangible cost synergies

Attractive and tangible cost savings, with NOK 25m in identified cost savings on primarily data/licenses the first 12 months and further estimated NOK 60-85m in total cost savings to be realized over the next years

Uniquely positioned to consolidate the European market

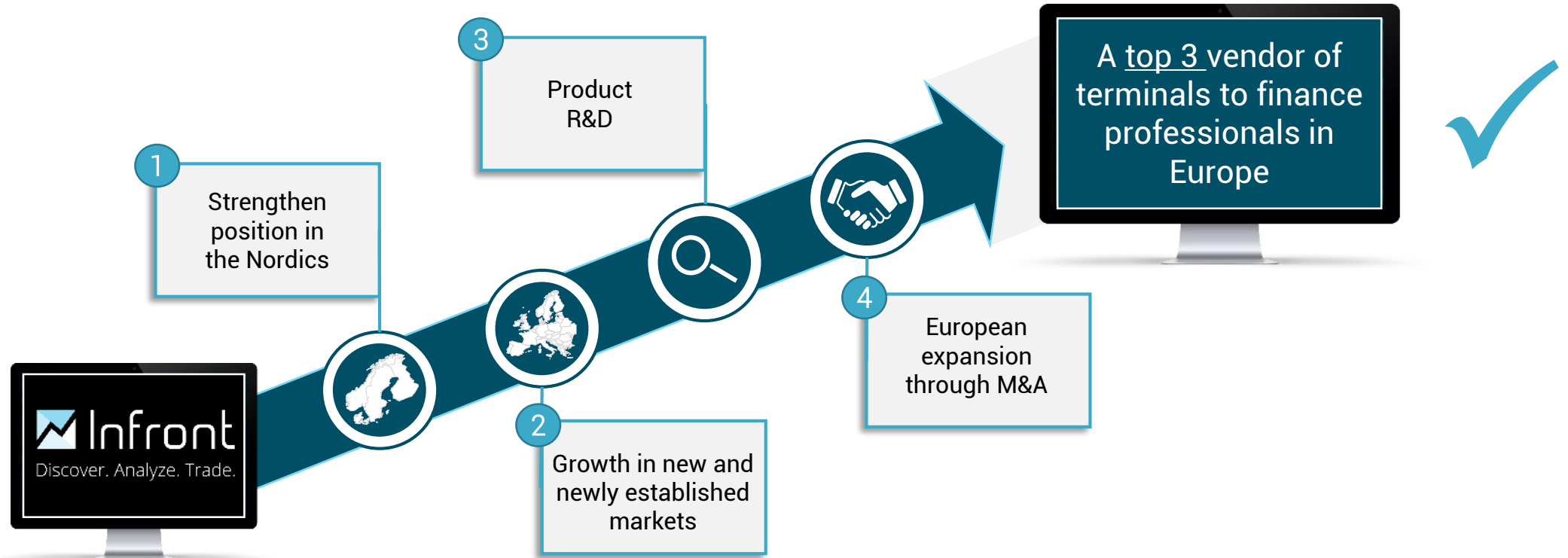
■ Infront presence
■ vwd Group presence



- #1** The leading European-headquartered provider of financial terminals and market data
- #2** Number 2 position in the Nordic professional data terminal market
- #3** Top 3 provider of financial terminals, market data and news in Europe

Source: Company information, Burton Taylor
1) EMEA financial data terminal market

Executing according to our long-term strategy

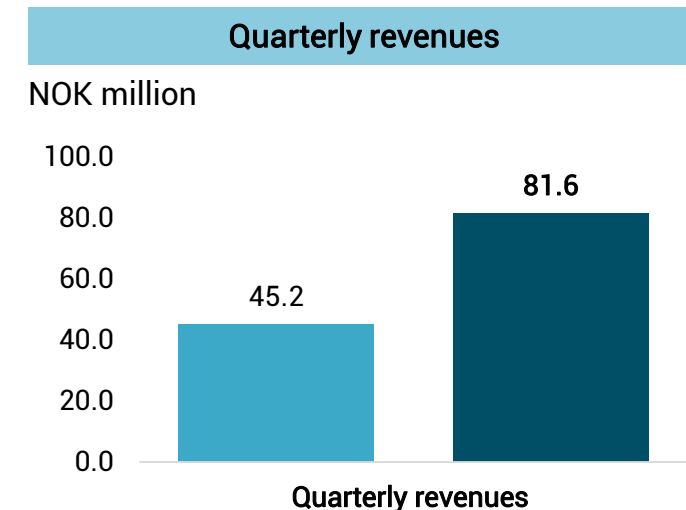
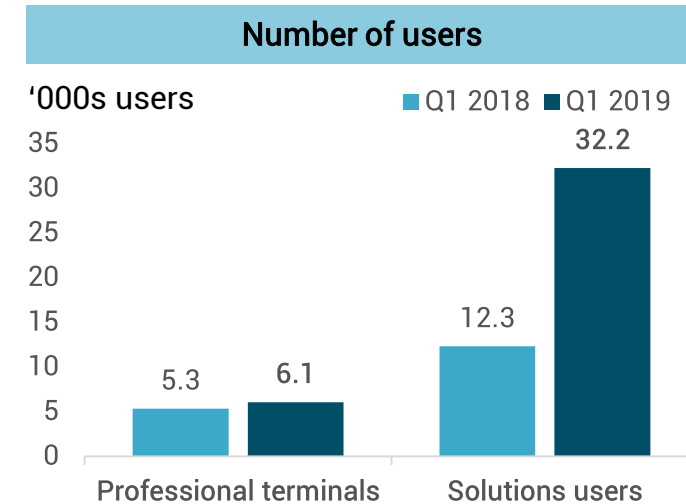




**OPERATIONAL
REVIEW**

Significant boost for Terminals and Solutions from recent acquisition

- Number of paying professional users **more than doubled due to acquisition of Market Connect in Italy**
- Continued organic growth in UK, South Africa and Finland
- Web Technology agreements continued to add users and revenue through the Handelsbanken and SEB web solutions
- Revenue of NOK 81.6 million, up 80% from Q1 2018
 - ~35% of segment revenue in SEK and ~44% in EUR



Stable performance in News, Analytics & Other

- News, Analytics & Other revenue fairly stable at NOK 23.3 million vs. NOK 23.7 million due to negative FX movements YoY
- Revenue decreased by 9% YoY for News division
 - 82% of segment revenue in Swedish krona
 - **Strong interest** for the new Insight Direkt news service in Sweden
 - Negative impact from reduced activity level related to estimates/IR support
 - In Norway, TDN Direkt will **broaden its offering** to the market from Q2 2019
- Analytics and Other division revenue increased by 10% YoY
 - Organic growth for Infront Analytics and revenue synergies from Infront Data integration
 - Launch of Infront Analytics Visual platform to **strengthen solution offering** to wealth management users from Q2 2019





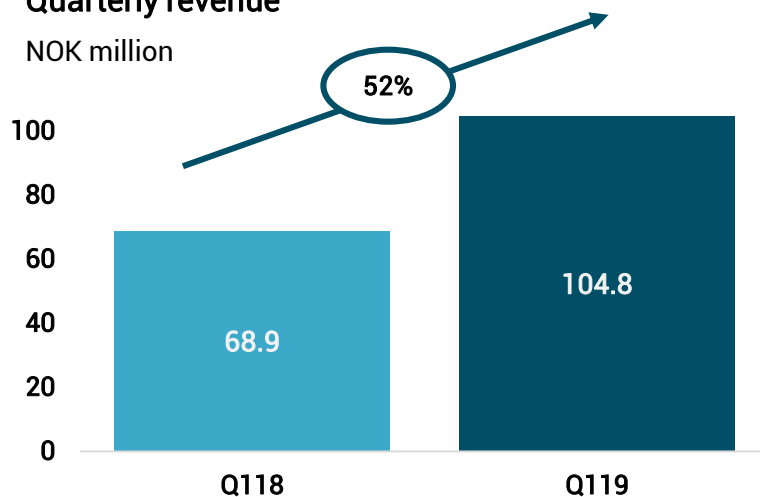
**FINANCIAL
REVIEW**

Q1 2019 financial highlights

- **Revenue at NOK 104.8 million, up 52% from NOK 68.9 million in Q1 2018**
 - 75% of Q1 2019 revenue was recognized in foreign currency
 - 99% was recurring subscription revenue
- **Adjusted EBITDA* of NOK 15.6 million compared to NOK 14.5 million in Q1 2018**
 - Adj. EBITDA before IFRS 16 implementation NOK 13.8 million
- **Adjusted EBITDA margin of 14.9% compared to 21.0% in Q1 2018**
 - Driven mainly by margin dilution from acquired business of Market Connect

Quarterly revenue

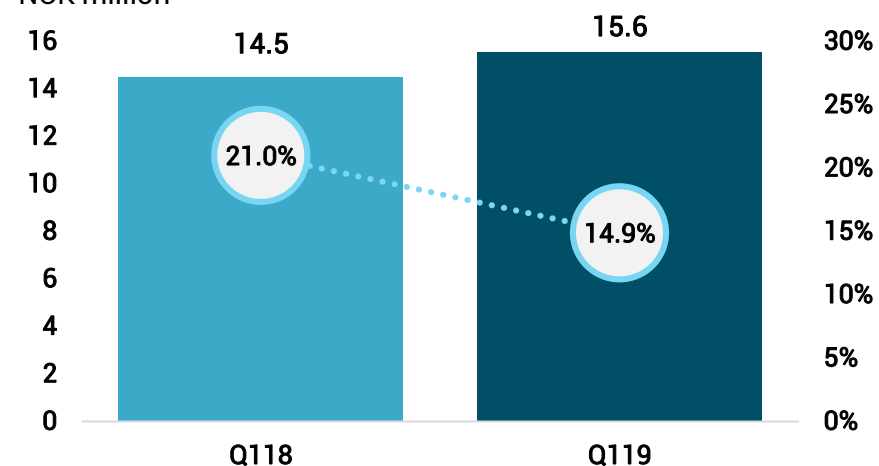
NOK million



Adj. EBITDA* and margin**

NOK million

Margin



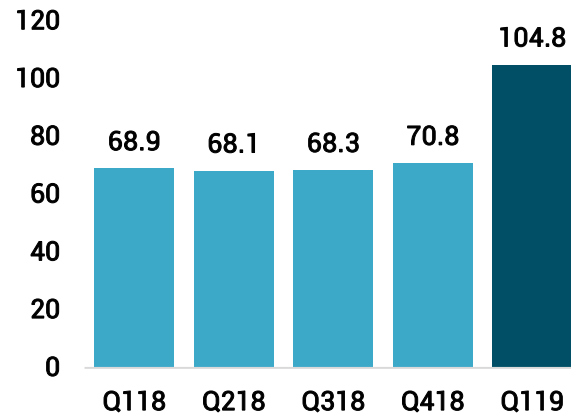
*) EBITDA and margin Q1 2019 adjusted for impact M&A-related costs of NOK 0.5 million

***) Adj. EBITDA margin Q1 2019 before IFRS 16 implementation at 13.2%

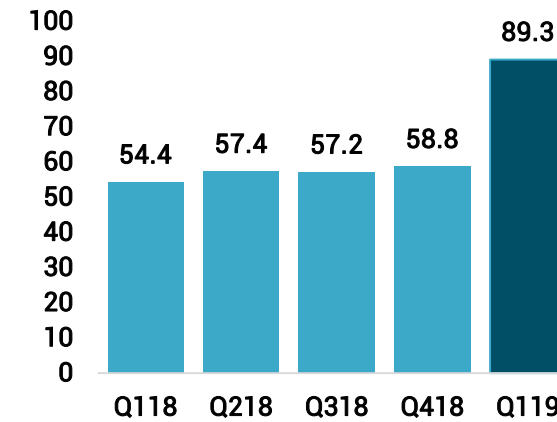


Recent acquisition of Infront Italia lifting revenues and EBITDA

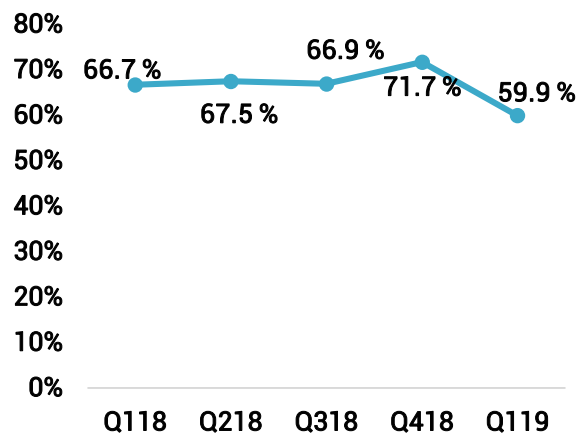
Revenue
NOK million



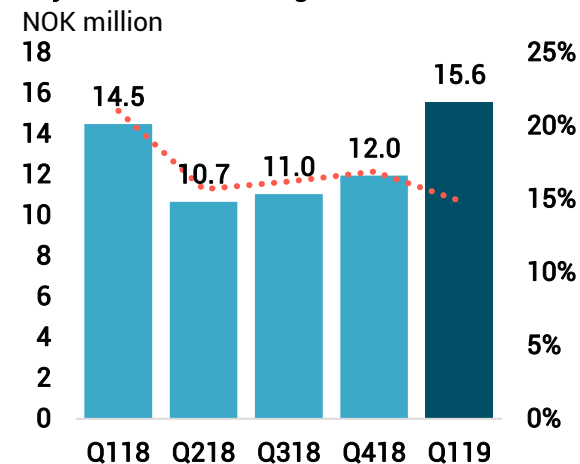
Adj* Opex**
NOK million



Gross Margin %



Adj. EBITDA* and margin**



- 52% 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. Further, Q1 2018 was below run-rate due to reversal of provisions
- Adjusted EBITDA increased by 7.5% YoY (incl. IFRS16 effects)
- 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

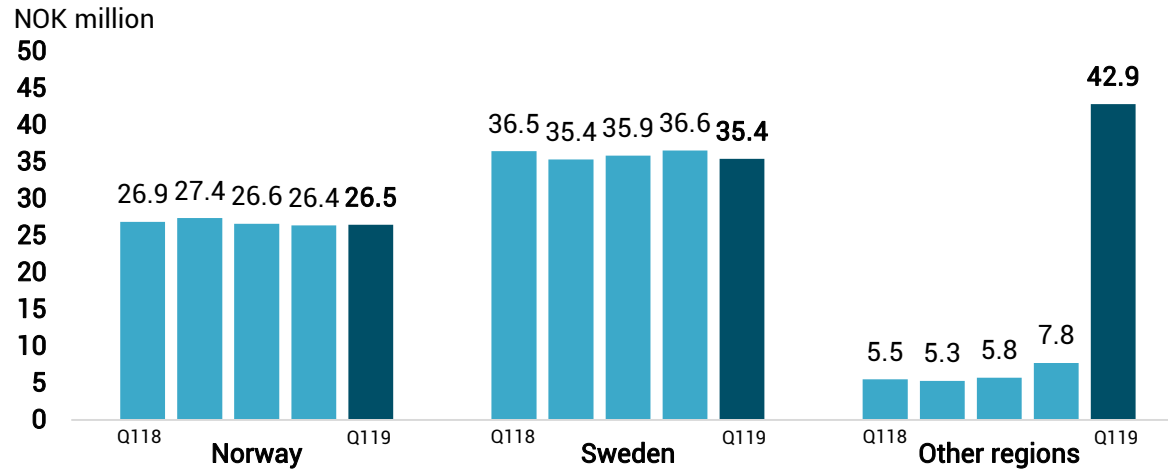
* Adjusted for M&A-related costs incurred and one-time adjustment for impairment (of acquired SIX contracts)

** Adj. EBITDA of NOK 13.8m and adj. EBITDA margin of 13.2% in Q1 2019 before IFRS 16 implementation, the IFRS 16 effects positively impacted Q1 2019 Opex by NOK 1.7m



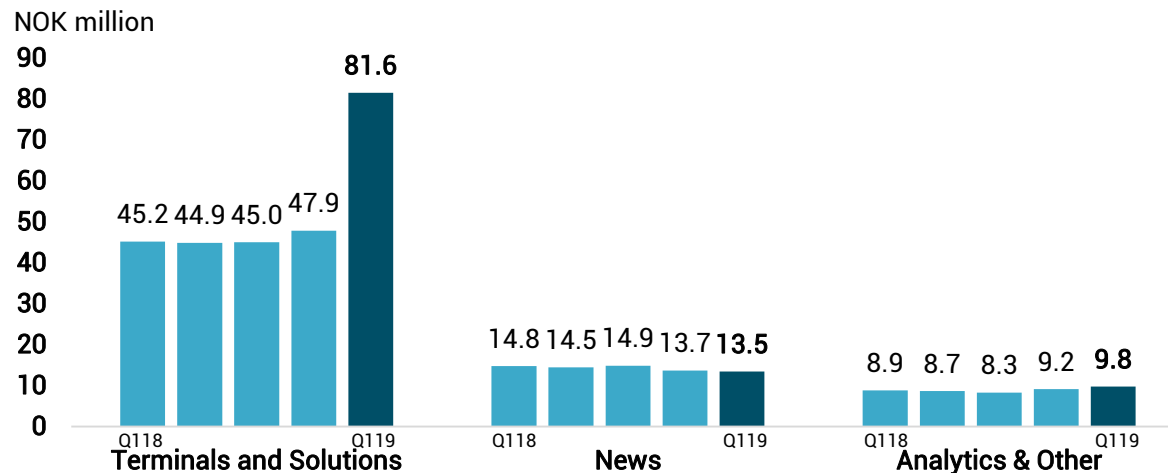
Acquisition driving revenue growth across regions and segments

Revenues per Region

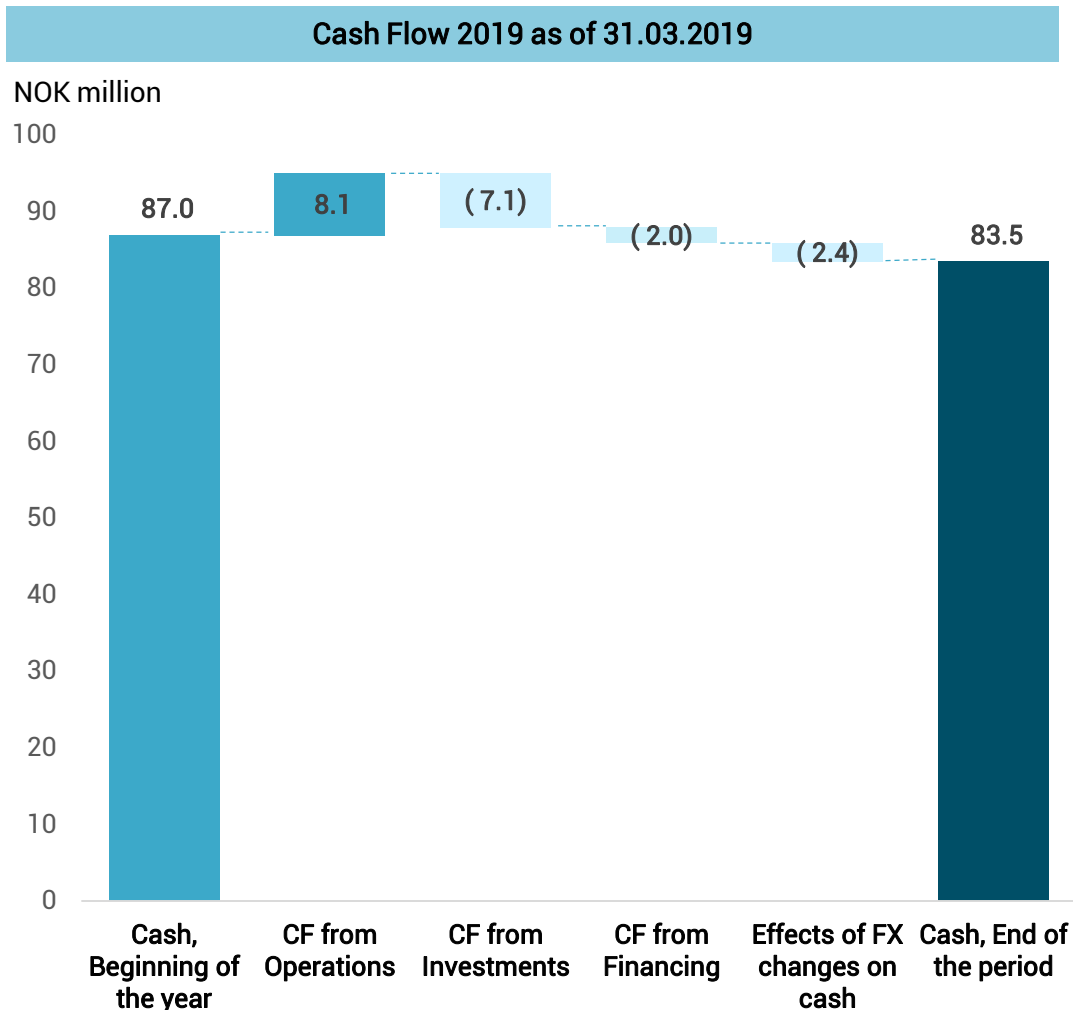


- **Norway:** Revenue fairly stable YoY at NOK 26.5 million, slightly affected by contract loss in non-core business segment
- **Sweden:** Revenue stable at NOK 35.4 million, YoY change due to continued FX headwind and revenue reallocation to other regions
- **Other regions:** Revenue increased NOK 37.4 million YoY to NOK 42.9 million driven by inclusion of Infront Italia
- **Revenue per Segment:** Terminal and Solutions revenue up 80% YoY due to the acquisition of Infront Italia, organic growth and new Infront Web Technology sales. News down 9% and Analytics segments up 10% YoY, respectively

Revenues per Segment



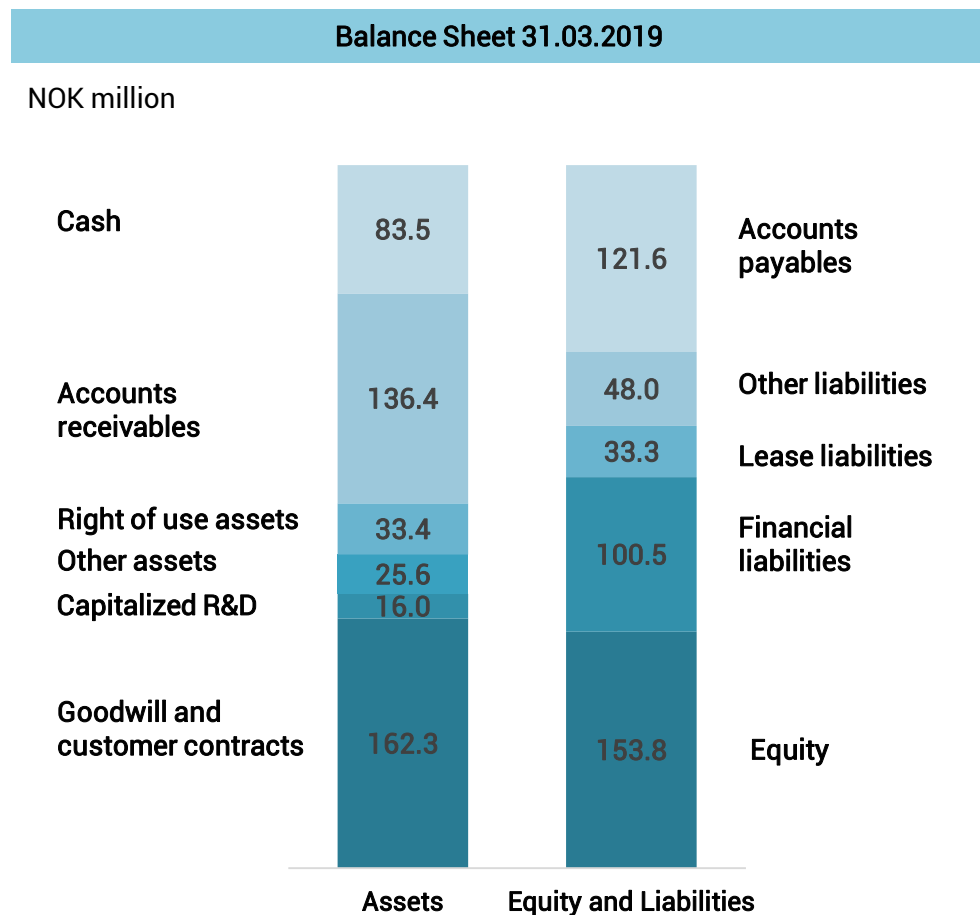
Stable cash position throughout Q1



- Operating CF: NOK 8.1 million**
 Profit before tax of NOK 11.1 million. NWC changes reduced cash by NOK 7.7 million, mainly driven by seasonality effects experienced at Infront Italia. Other items, including taxes paid of NOK 1.5 million and depreciation and amortization of NOK 5.6 million had a net positive cash effect of NOK 4.6 million
- Investing CF: Negative NOK 7.1 million**
 NOK 2.0 million paid for SIX related transaction costs. NOK 5.1 million of PP&E investments & capitalized R&D
- Financing CF: Negative NOK 2.0 million**
 Implementation of IFRS 16 resulting in new financing CF element linked to payments for leases liabilities. No other CF items
- End of the period cash position: NOK 83.5 million**



Limited impact on Balance Sheet from implementation of IFRS 16



- Stable NOK amount of total R&D expenses capitalized over time
- Goodwill and customer contracts relate to recent acquisitions of SIX, Inquiry and Market Connect operations
- Financial liabilities represent calculated value of outstanding payments over next five years to SIX and debt financing of the Market Connect acquisition
- Interest-bearing debt to be refinanced by the EUR 105 million senior secured bond with 4-year term placed at 3m EURIBOR +5.75%
- As of 31.03.2019 the Balance increased with NOK 33.4 million of right-of-use assets due to implementation of IFRS 16 from beginning of the year



Rights issue – transaction summary

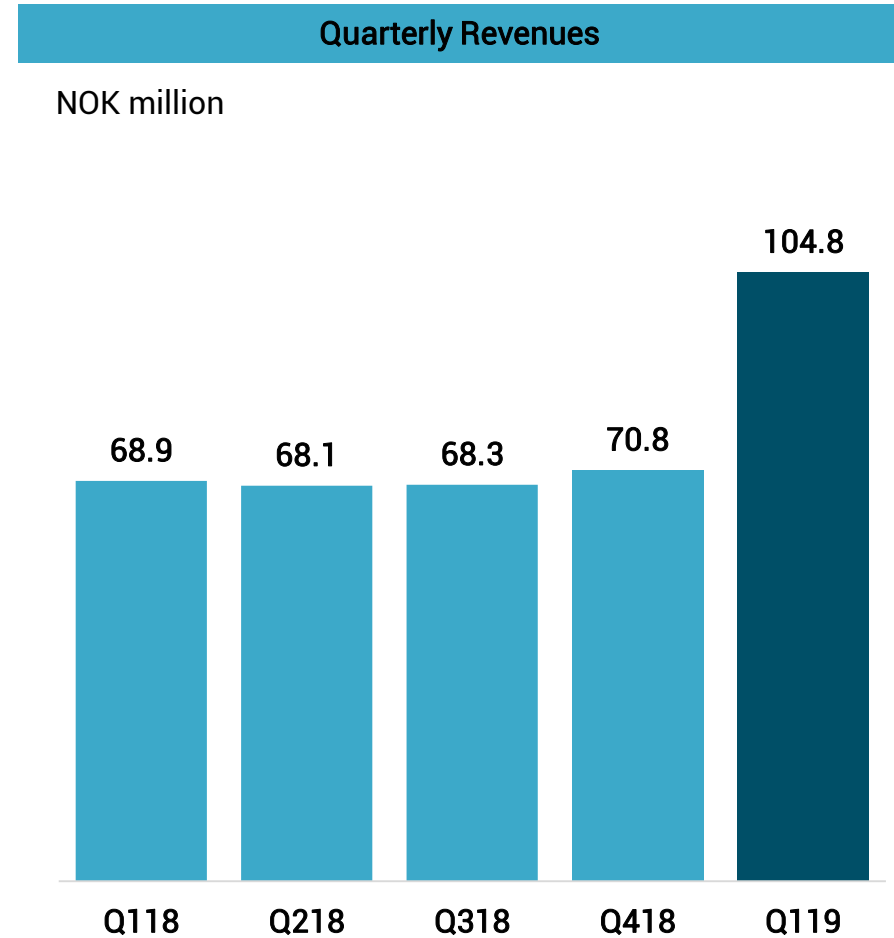
- Fully underwritten rights issue of approximately NOK 240 million
- The proceeds from the rights issue will be used for the acquisition of all outstanding shares in vwd Group *
- Underwriting consortium consisting of ABG Sundal Collier, Danske Bank and certain primary insiders of the Company:
 - Morten Lindeman (Co-founder and CIO), through Lindeman AS (NOK 20 million)
 - Kristian Nesbak (Co-founder and CEO), through Nesbak AS (NOK 20 million)
 - Max Hofer (CFO), through FLKX Capital AS (NOK 1 million)
 - Gunnar Jacobsen (Chairman of the Board), through Gujac Holding AS (NOK 1 million)
 - Benjamin Røer (Member of the Board of Directors) (NOK 1 million)
- Additional pre-commitments and underwriting from several existing shareholders, including Handelsbanken, Strawberry Capital, RAM, Dividend House and MP Pensjon
- The subscription period in the rights issue is expected to be completed during June

*) The VWD transaction will be financed by a bond issue of EUR 105m and a fully underwritten equity rights issue of NOK 240m. This senior secured bond issue was successfully placed on 29 April 2019. All existing interest-bearing debt in Infront and vwd will be refinanced as part of the transaction, and the new bond will be the only interest bearing debt in the combined company



Summary

- Leading European position secured with acquisitions of VWD and Infront Italia
- Focus on integration and synergy capture
- Continued user growth supports underlying base of recurring subscription revenue
- 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

- Half-yearly Report 2019 to be published on 22 August 2019
- [IR Mailing list](#)

