Verisure Midholding AB (publ)

Earnings Call Presentation – Q4 2019

October 1 – December 31, 2019

Disclaimer

This presentation and the investor conference call in which this presentation is used might contain forward looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts in this presentation including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this quarterly report. Our annual report available on our website contains a list of factors that, among others, may cause our results to differ from those described in our forward-looking statements.

The presentation also contains certain non-GAAP financial information. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. Although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for but rather as complementary to, comparable GAAP measures.

Agenda

- **Development in KPIs during Q4 2019** – Austin Lally, CEO
- **Financial review of Q4 2019** – Vincent Litrico, CFO
- **Questions & answers**

Austin Lally
Chief Executive Officer

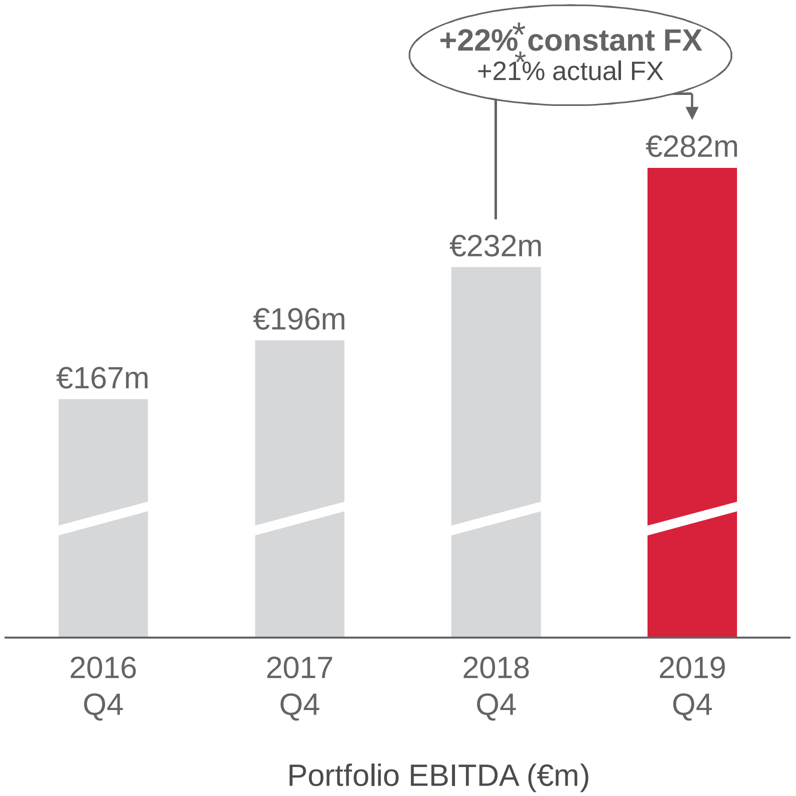
Vincent Litrico
Chief Financial Officer

Q4 2019 Performance Highlights

	Installations	*Portfolio*	*Portfolio EBITDA*
Q4 2019	**+161k**	**3.3m**	**€282m**
Q4 2018	**+135k**	**2.9m**	**€232m**

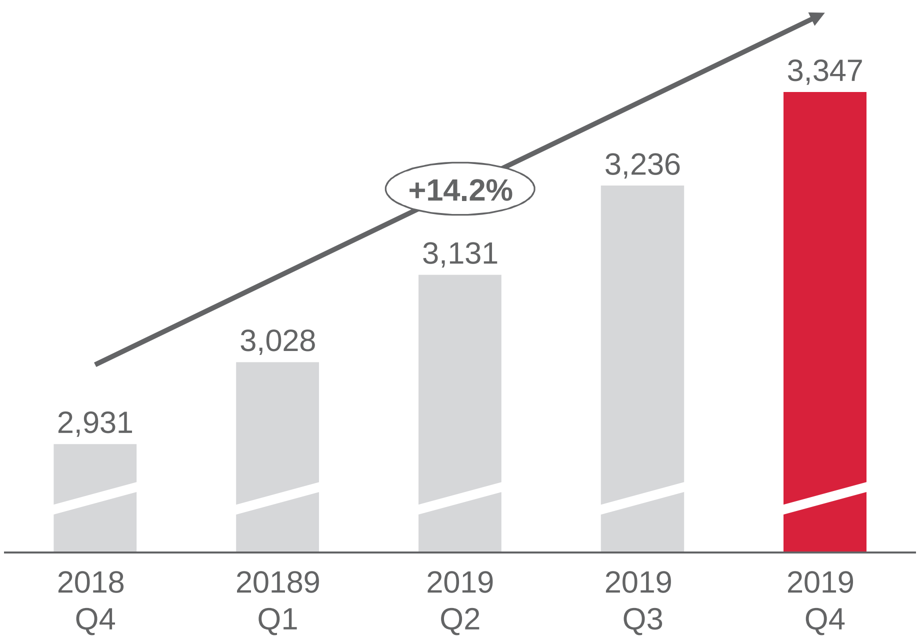
Summary

- Continued strong development across the group
- Broad-based sales growth, revenues up +15% in the quarter (+16% in constant currency). For the year revenues up +18% (+19% in constant currency) vs. 2018
- Added more than 600,000 new customers in 2019. Maintained our industry-leading attrition of 6.2%
- Very solid financials – Portfolio EBITDA up +22% in constant currency both in the quarter and for the year. Portfolio EBITDA exceeding EUR 1 billion for the year
- Strong operating cash flow. More than EUR 700 million for the year, up +26% vs. 2018
- Strategic Partnership with Arlo and acquisition of Arlo Europe
- Continue to see attractive growth opportunities due to low penetration across Europe and Latin America



* Excluding impact of IFRS 16, portfolio EBITDA improved 21% in constant FX Q4-2019 vs. Q4-2018 (20% actual FX).

Robust growth in the customer portfolio – up 416k vs. PY to now over 3.3 million



Number of Customers in portfolio (000s)

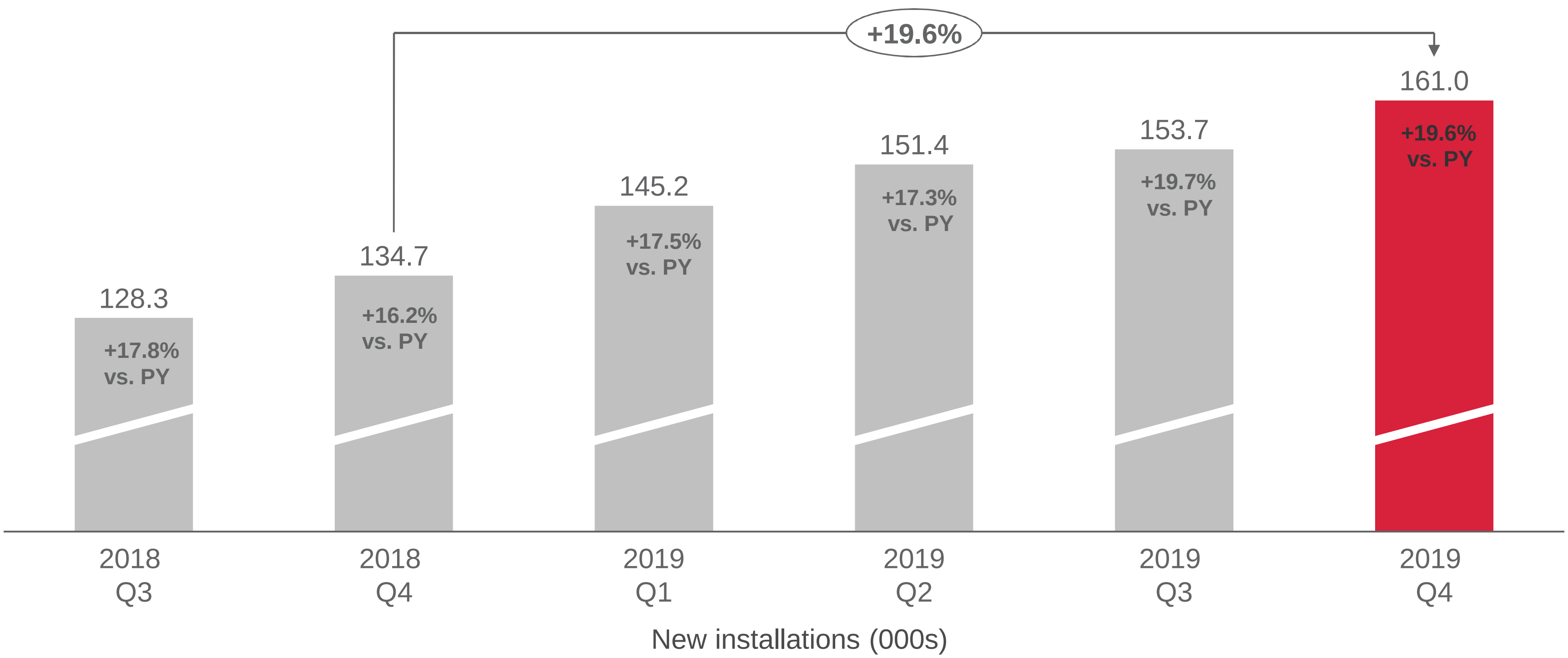
Net Portfolio Growth (NPG)

	vs Q4 2018
NPG (000s)	+416
NPG (% of portfolio)	+14.2%
NPG Acceleration*	+22.9%

(*) Q4 2019 NPG growth vs. Q4 2018.

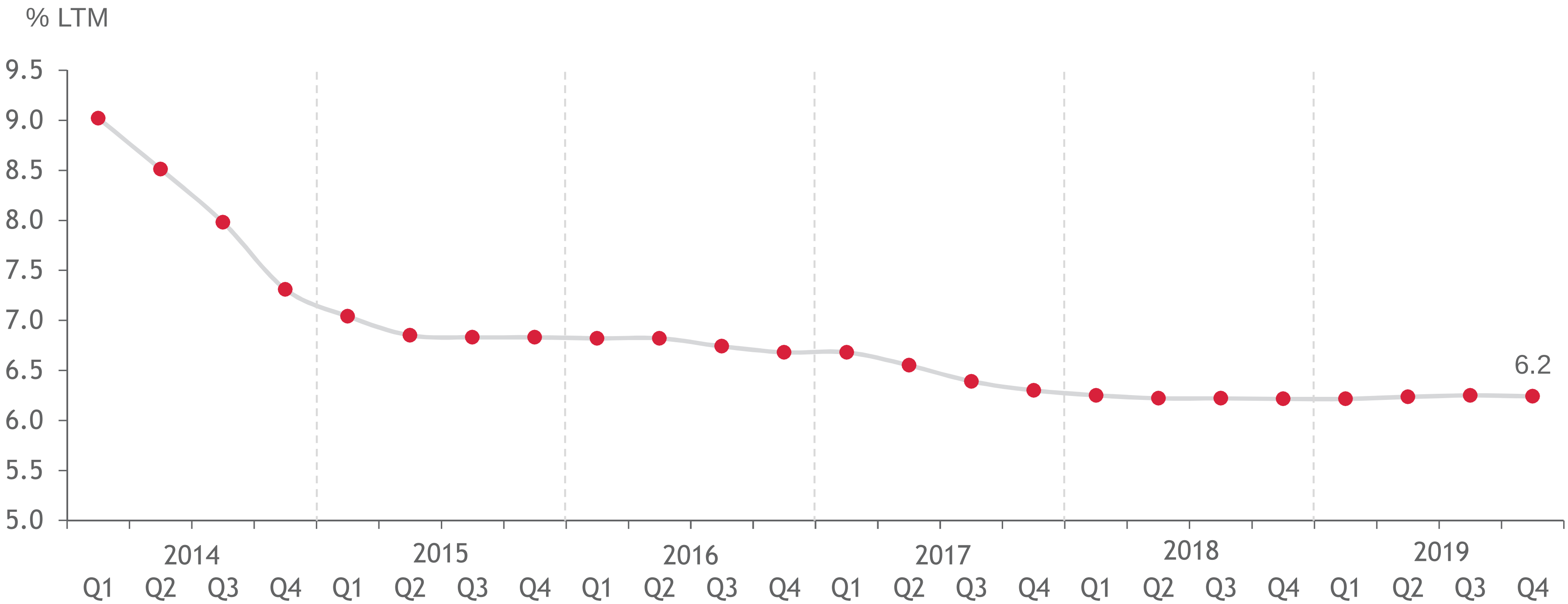
PY=Prior Year

Continued strong development in new customer intake, 161k added in the quarter



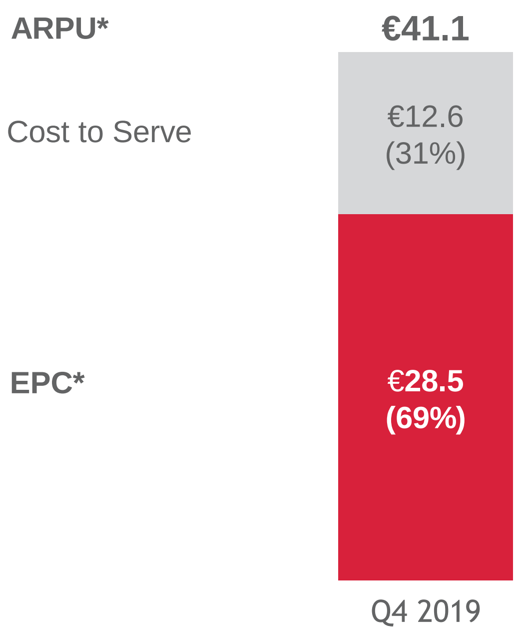
PY=Prior Year

Maintaining excellent customer retention



LTM attrition rate (%)

Continued growth in customer profitability



	Q4 2019	*Constant currency growth**	*Reported currency growth**
ARPU	**€41.1**	**+3.2%**	*+2.3%*
EPC	**€28.5**	**+7.3%**	*+6.4%*

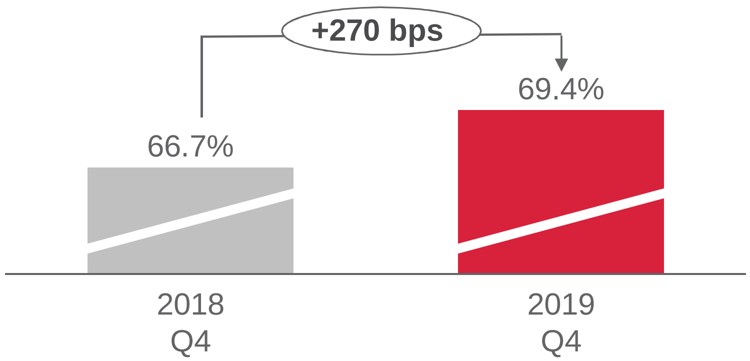
(*) Growth vs. Q4 2018

(*) ARPU: Average Revenue Per User per month
(*) EPC: Portfolio EBITDA Per Customer per month

EPC: Excluding impact of IFRS 16, EPC improved 6.2% in constant FX (5.5% in actual FX).

Key Financial Metrics – Q4 2019

(€m)	2018 Q4	**2019 Q4**	% vs. PY
Revenue	432	498	+15%
Portfolio Services, Adjusted EBITDA*	**232**	**282**	**+21%**
Total Adjusted EBITDA*	164	191	+16%
Cash Flows from Operating Activities	157	169	+7%
CapEx, total	145	173	+19%
Net debt	4,750	5,126	+8%
Cash and unutilised credit facilities	228	175	(23%)



Portfolio Services Adj. EBITDA margin (%)

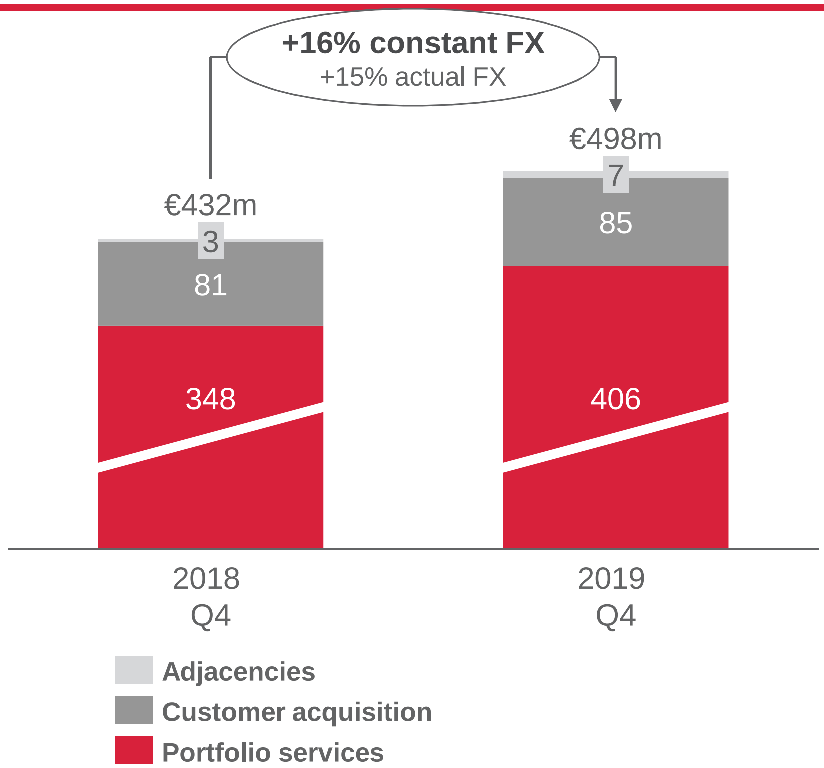
(*) Figures excl. Separately Disclosed Items

Portfolio EBITDA impacted by EUR 2.8 million related to IFRS 16 in Q4-2019
Total EBITDA impacted by EUR 10.1 million related to IFRS 16 in Q4-2019
Portfolio EBITDA margin: Excluding impact of IFRS 16, Q4-2019 would have been 68.7%
Net debt: Q4-2019 includes impact of IFRS 16 (lease liability) of EUR 134 million
PY=Prior Year (2018)

Income Statement – Q4 2019

(€m)	Reported excl. SDI	SDI*	Reported
Revenue	498		498
Net operating expenses	(307)	(30)	(337)
Adjusted EBITDA	191	(30)	161
Depreciation and amortisation	(66)	(38)	(105)
Retirement of assets	(20)	-	(20)
Operating profit	105	(68)	36
Interest income & cost	(50)		(50)
Other financial items	(1)	(7)	(8)
Result before tax	54	(75)	(21)
Income tax			(7)
Result for the period			(28)

(*) SDI – Separately Disclosed Items



Revenue (€m)

Total EBITDA impacted by EUR 10.1 million related to IFRS 16 in Q4-2019
Operating profit impacted by EUR -1.0 million related to IFRS 16 in Q4-2019
Interest income & cost impacted by EUR -1.2 million related to IFRS 16 in Q4-2019
Result before tax impacted by EUR -2.2 million related to IFRS 16 in Q4-2019

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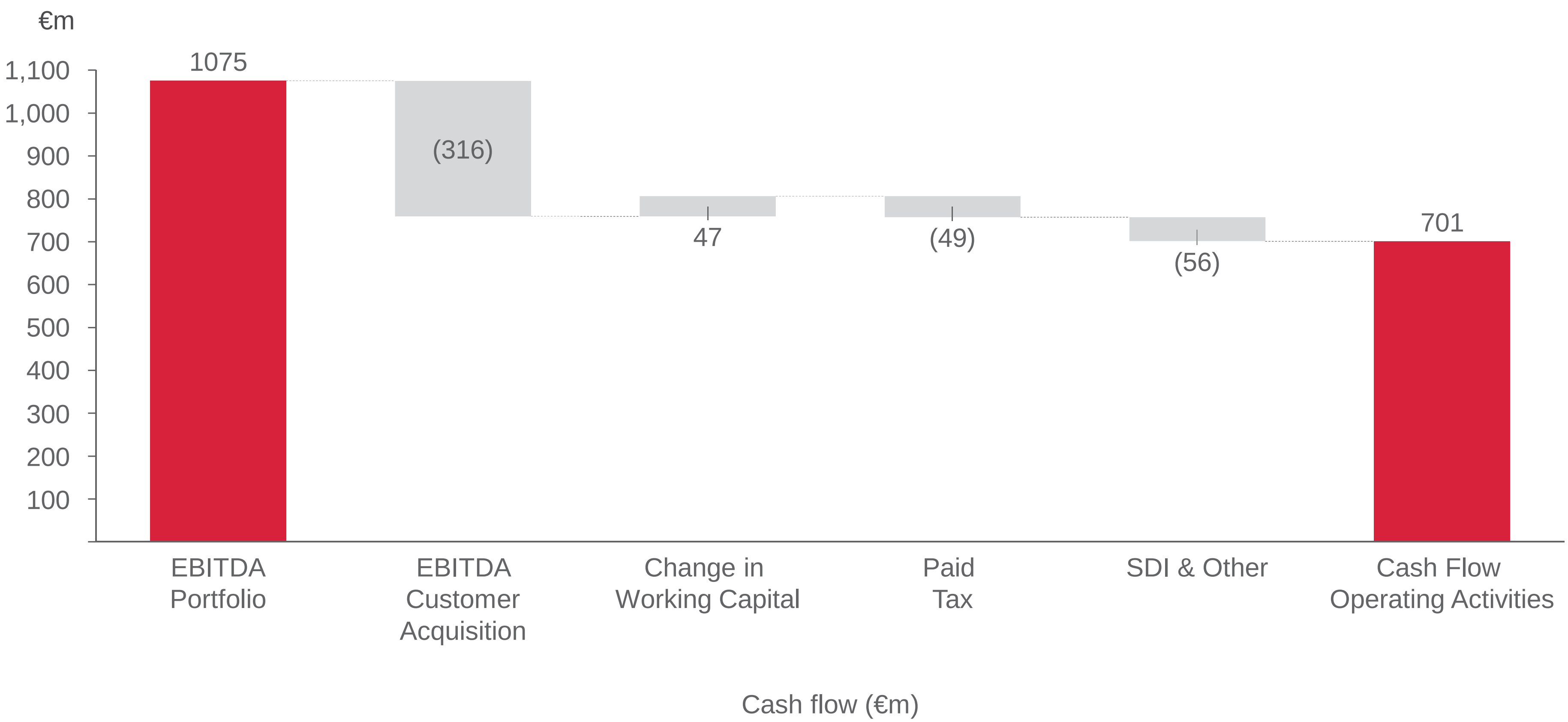
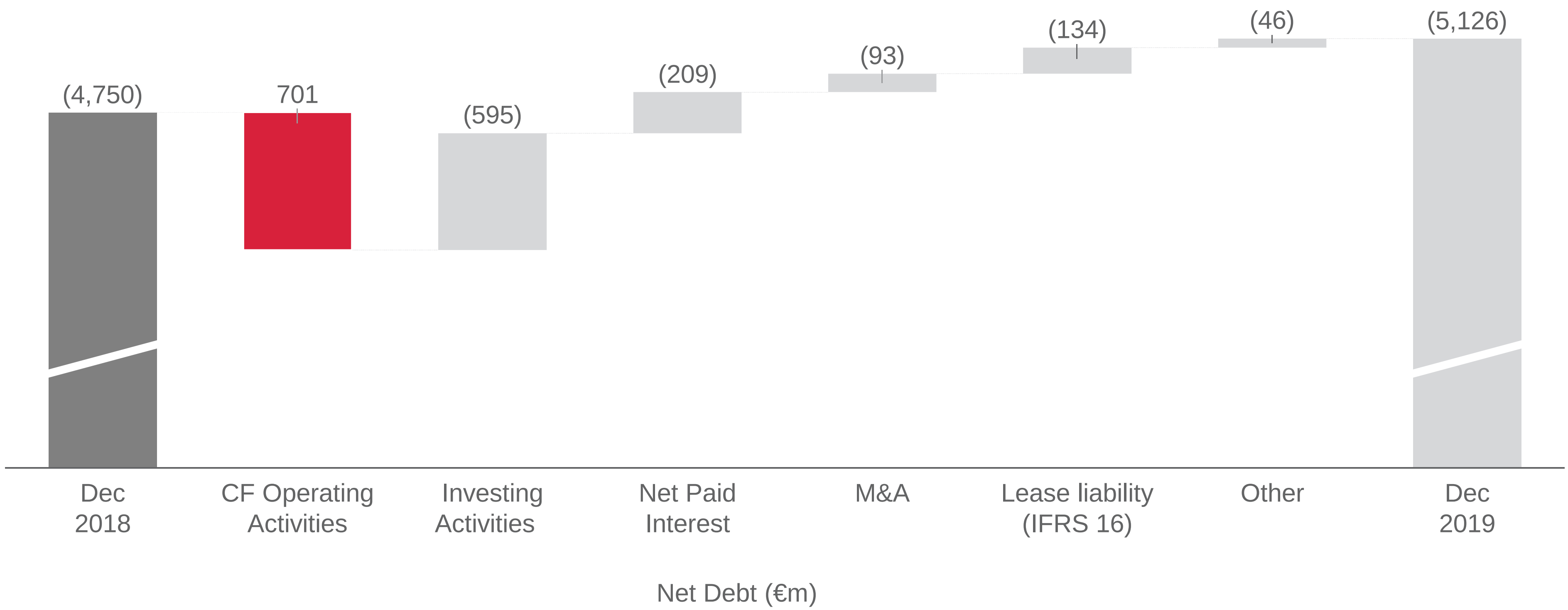
Strong operating cash flow for the year, € 701 million for FY 2019

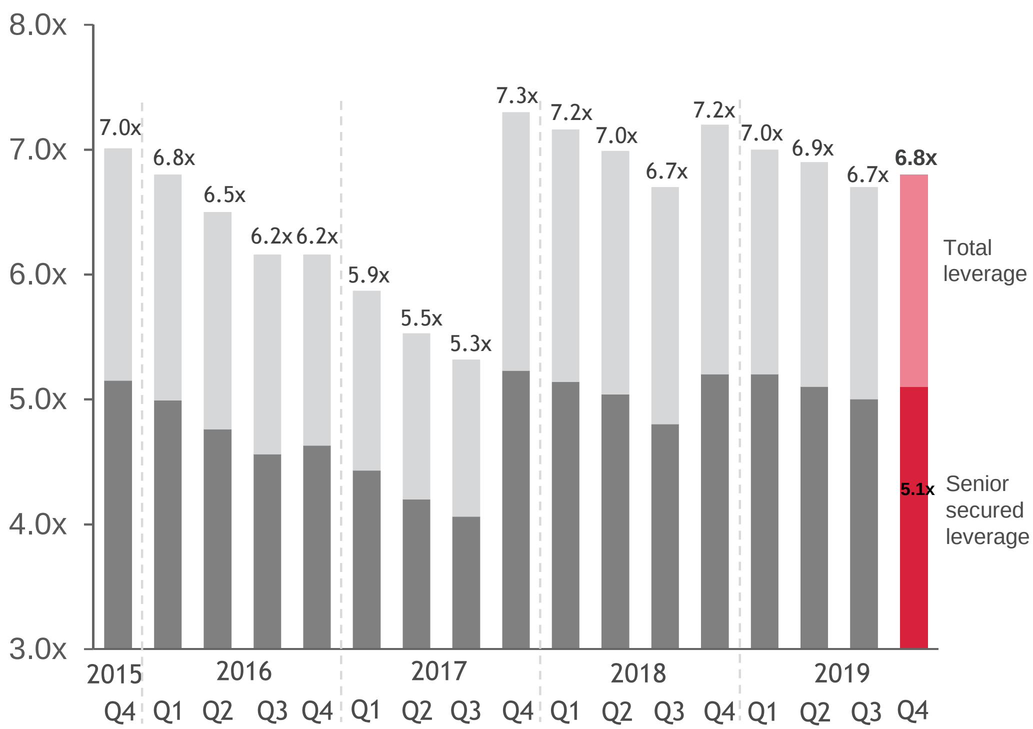


Net debt bridge – YTD December 2019



Net debt: Q4-2019 includes impact of IFRS 16 (lease liability) of EUR 134 million. Excluding impact of IFRS 16, net debt is EUR 4.992 million per Q4-2019.

Leverage

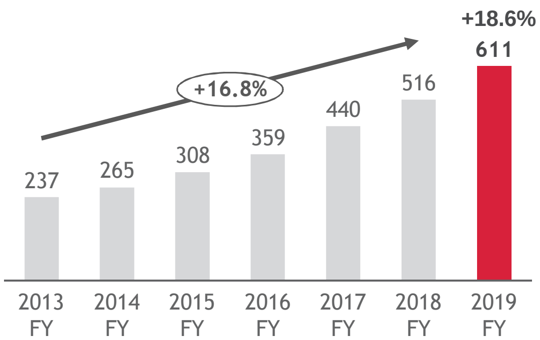


Evolution of L2QA* Leverage

	2017	2018	2019			
	Q4	Q4	Q1	Q2	Q3	Q4
SFA Net debt (€m)*	4,200	4,750	4,807	4,858	4,850	4,992
SFA Adjusted EBITDA annualized (€m)*	575	662	682	707	720	734
Leverage (Total)*	**7.3x**	**7.2x**	**7.0x**	**6.9x**	**6.7x**	**6.8x**

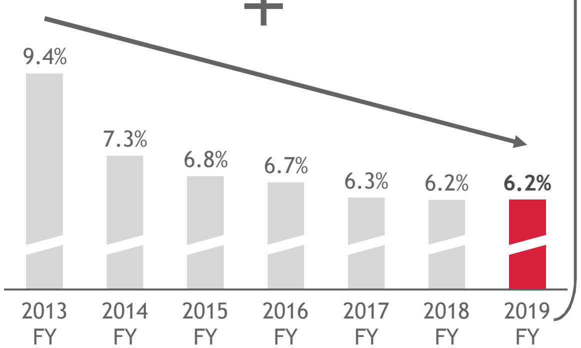
(*) Leverage, net debt and adjusted EBITDA per lender documentation

Resilient Quality Growth

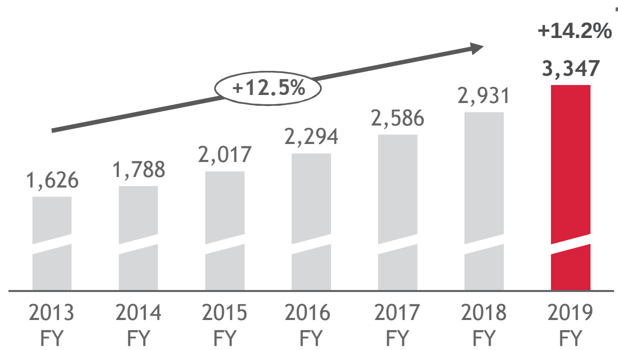


Strong growth in new subscribers
(New installations 000s)

+

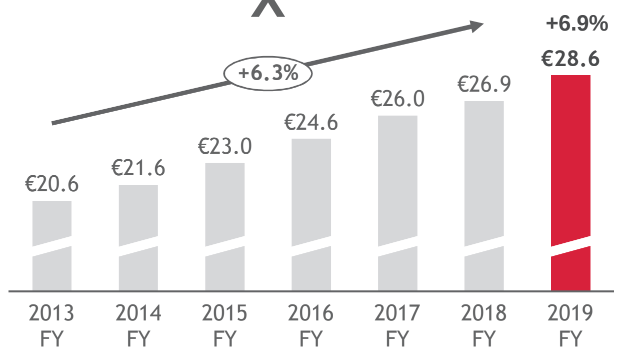


Excellent customer stickiness
(Attrition %, LTM)

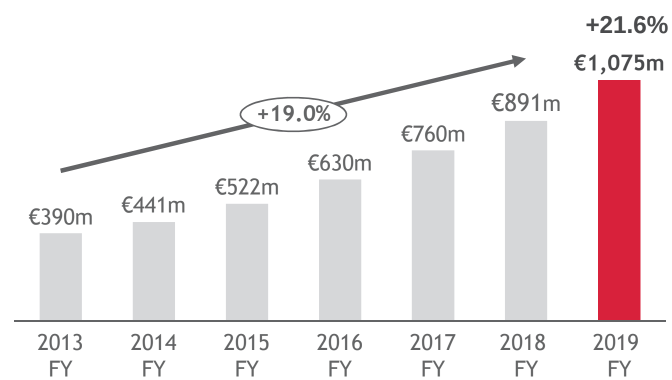


Resilient portfolio growth
(Total customer portfolio 000s)

X



Improving unit economics
(EPC €)



Quality Portfolio EBITDA growth

Notes:
Absolute numbers over the bars are in actual reported currency.
Growth rates (5 year CAGR's 2013-2018, and FY-2019 vs. FY 2018) are in constant currencies.

Q&A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Images recorded
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Thank you