Verisure Midholding AB (publ)

Earnings Call Presentation | Q4 2020

February 24th, 2021

verisure

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.

Today´s Presenters

Austin Lally
Chief Executive Officer

Vincent Litrico
Chief Financial Officer

Agenda

- Key Developments
- Financial Review
- Questions & Answers

Q4 2020 Performance Highlights

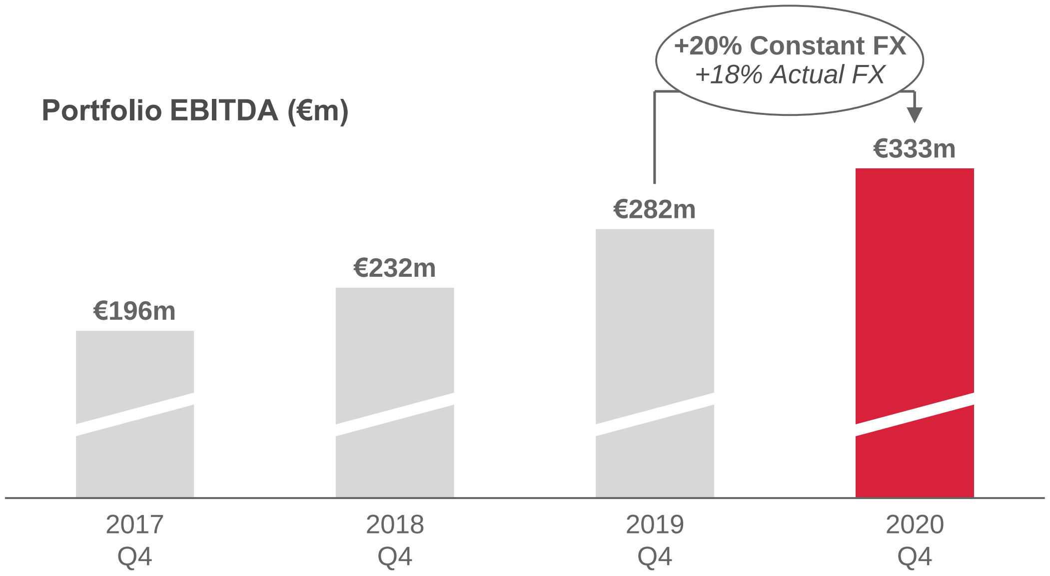
Key Highlights

- Continued strong operational and financial performance in Q4 2020
- Our customer portfolio continued to grow and passed the 3.7m customer milestone, which represents a growth of +12.5% vs. 2019
- Total revenues up +17% in the quarter (+18% in constant currencies)
- Total Adjusted EBITDA increased +41% in the quarter (+42% in constant currencies) and +21% in the year (+23% in constant currencies)
- Portfolio EBITDA continued to grow strongly, up +18% in the quarter (+20% in constant currencies) to €333m. Full year 2020 portfolio EBITDA increased to €1,256m, up +17% vs. 2019 (+19% in constant currencies)
- Continued strong operating cash flow, up +52% in Q4 vs. 2019 and +34% for the full year 2020 vs. 2019
- During 2020 and early 2021 we have refinanced a significant part of our debt at attractive terms, extending the average maturity of our debt portfolio to 6.3 years. Most of our debt now matures in 2026 and beyond

Key Operating and Financial Metrics

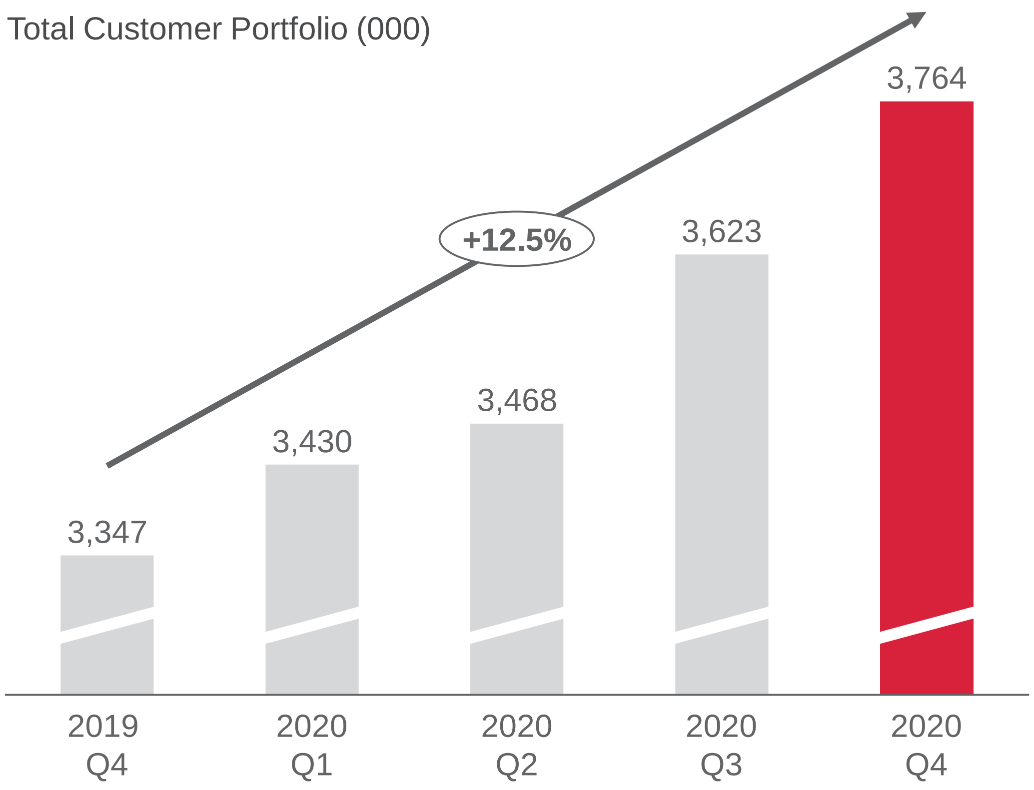
	2018 Q4	2019 Q4	2020 Q4
New Installations	+135k	+161k	+199k
Customer Portfolio	2,931k	3,347k	3,764k

Portfolio EBITDA (€m)



Portfolio up +417k vs. PY and Now Over 3.7m Customers

Continued Customer Portfolio Growth



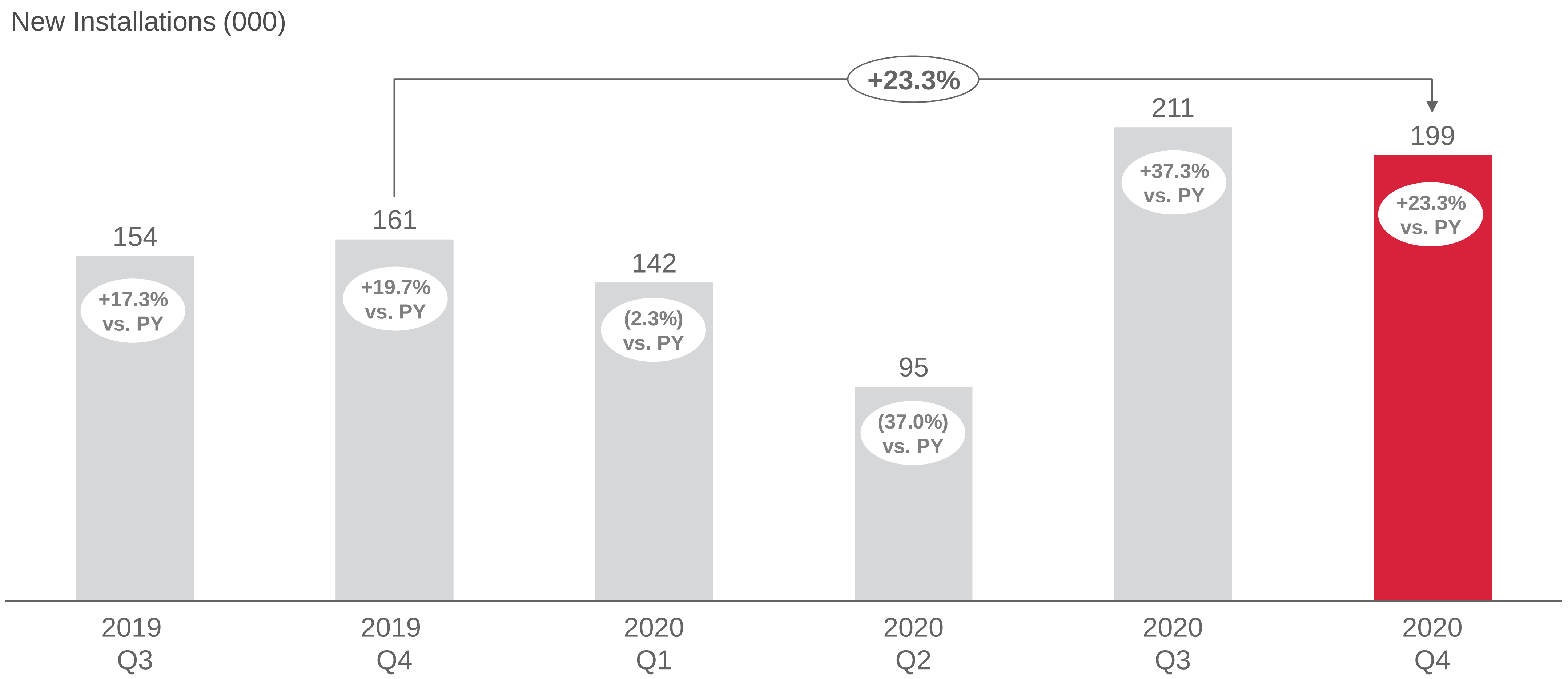
Net Portfolio Growth (NPG)

	vs Q4 2019
NPG (000)	+417
NPG (% of Portfolio)	+12.5%
NPG Acceleration(1)	+27.5%

Note: (1) Q4 2020 NPG growth vs. Q4 2019
PY=Prior Year (2019)

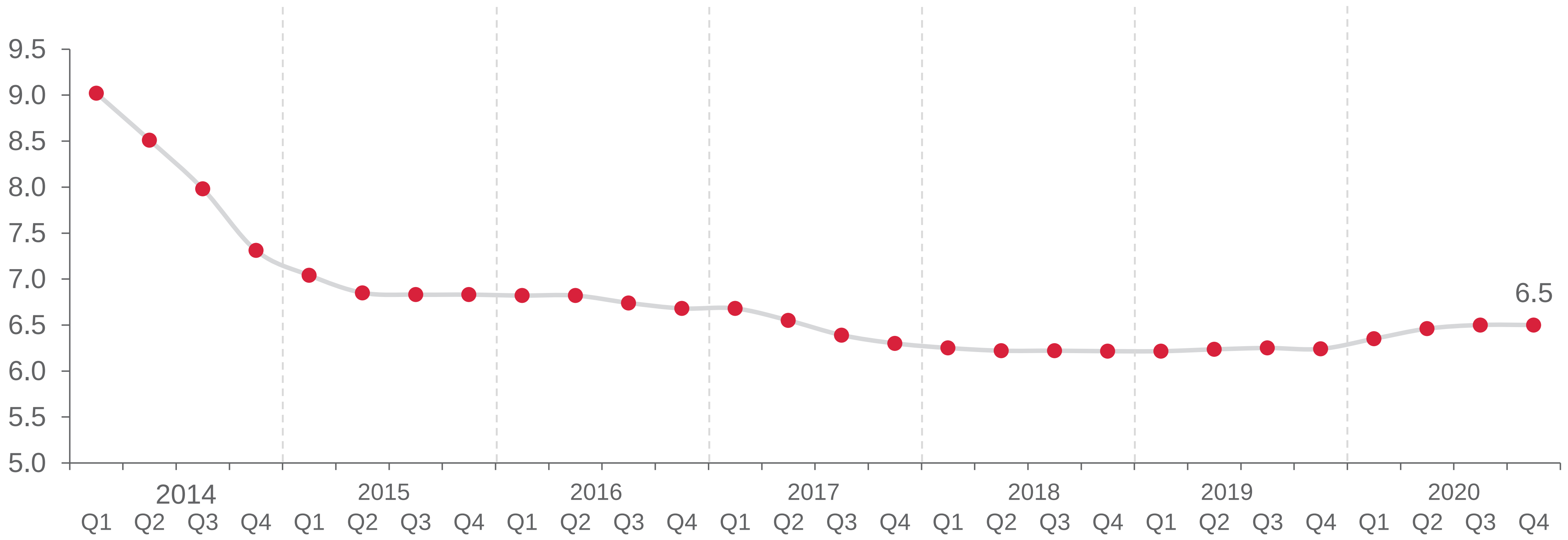
verisure

199k New Customers Added in Q4 2020, up +23% vs. 2019

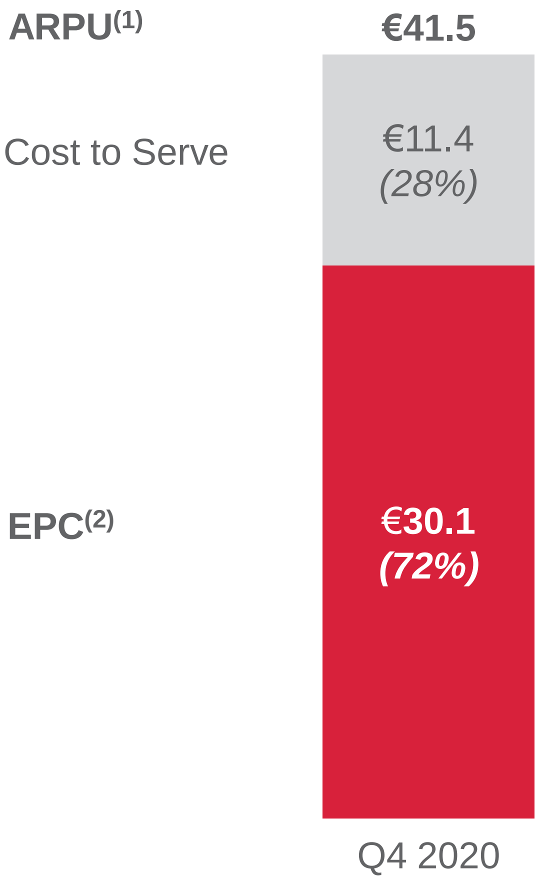


Maintaining Low Attrition

LTM Attrition Rate (%)



Continued Strong Growth in Customer Profitability



	Q4 2020	Constant Currency Growth[3]	Reported Currency Growth[3]
ARPU	€41.5	+2.1%	+0.9%
EPC	€30.1	+6.5%	+5.3%

Note: [1] ARPU: Average Revenue Per User per month; [2] EPC: Portfolio EBITDA Per Customer per month; [3] Growth vs. Q4 2019

verisure

Key Financial Metrics - Q4 2020

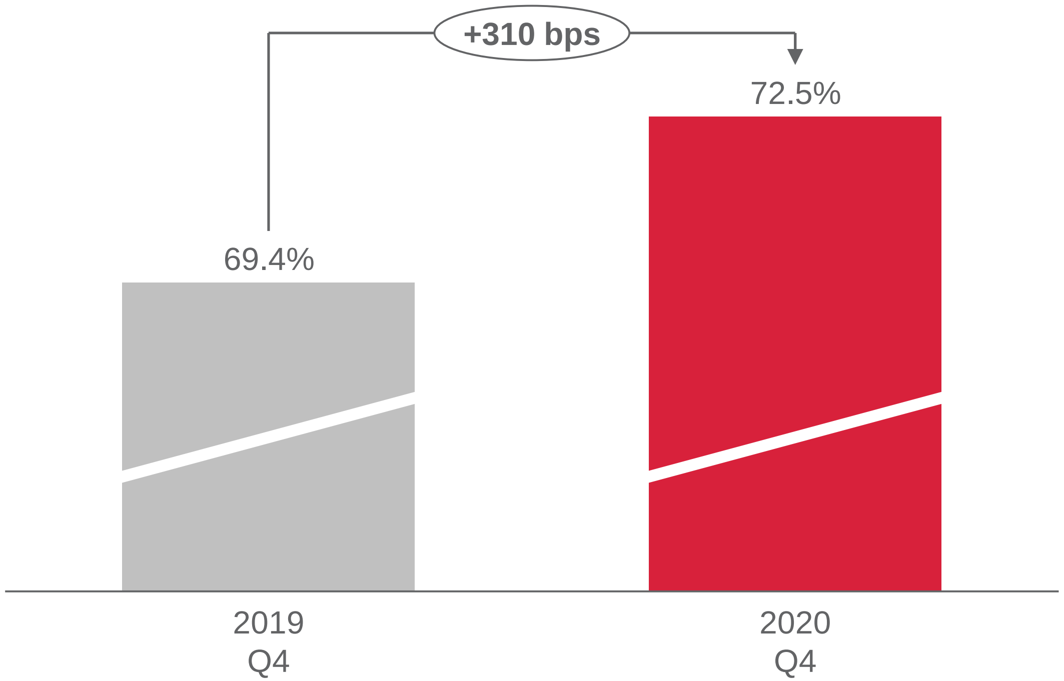
Strong Financial Metrics

€m

	2019 Q4	2020 Q4	% vs. PY
Total Revenues	498	582	+17%
Portfolio Services Adjusted EBITDA[(1)]	282	333	+18%
Total Adjusted EBITDA[(1)]	191	257	+34%
CF from Operating Activities	169	256	+52%
Total Capex	173	208	+20%
Net Debt[(2)]	5,126	5,108	(0.3%)
Cash & Unutilised Credit Facilities	175	391	+124%

Increasing Portfolio Services Profitability

Portfolio Services Adj. EBITDA Margin (%)



Notes: [(1)] Excludes Separately Disclosed Items; [(2)] Includes IFRS 16 (€132m in Q4-2020 and €134m in Q4-2019). Excluding impact of IFRS 16, Net Debt was €4.977m in Q4-2020 and €4.992m in Q4-2019).
PY=Prior Year (2019)

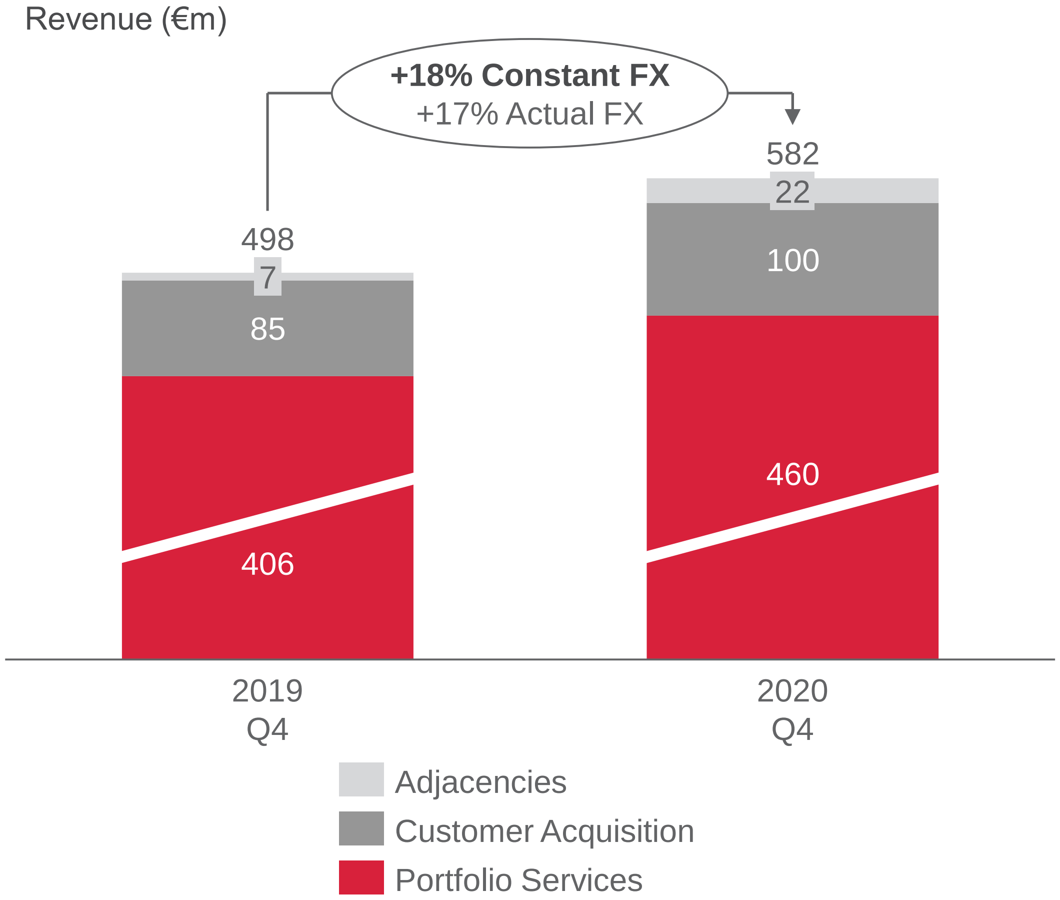
Income Statement - Q4 2020

Income Statement Summary - Q4 2020

€m

	Reported excl. SDI	SDI[1]	Reported
Revenue	582		582
Net Operating Expenses	(325)	(30)	(355)
Adjusted EBITDA	**257**	**(30)**	**227**
D&A	(69)	(40)	(109)
Retirement of Assets	(29)	-	(29)
Operating Profit	**158**	**(70)**	**89**
Interest Income & Cost	(61)		(61)
Other Financial Items	(0)	(2)	(2)
Result Before Tax	**97**	**(71)**	**25**
Income Tax			(16)
Result for the Period			9

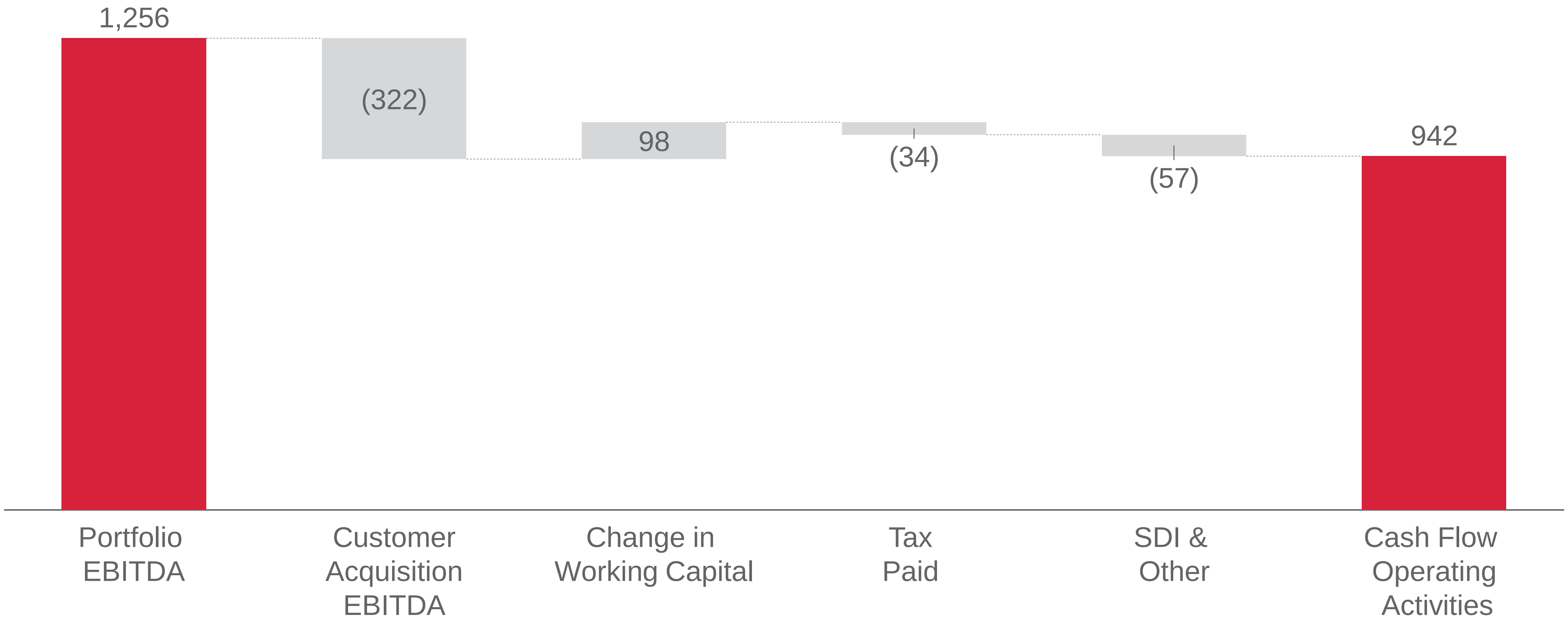
Strong Revenue Growth



Notes: [1] Separately Disclosed Items

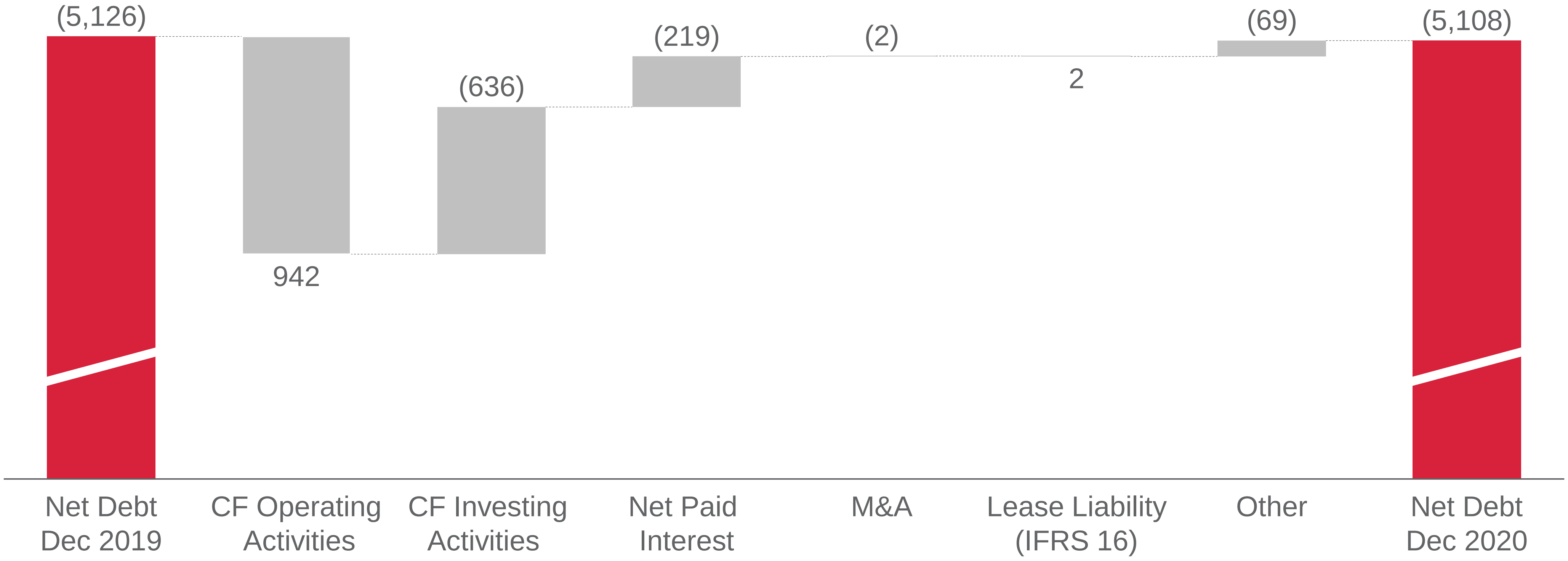
Strong Operating Cash Flow Generation of €942m for FY 2020, up +34% YoY

Cash Flow from Operating Activities, FY 2020, €m



FY 2020 Net Debt Slightly Down vs. Dec 2019

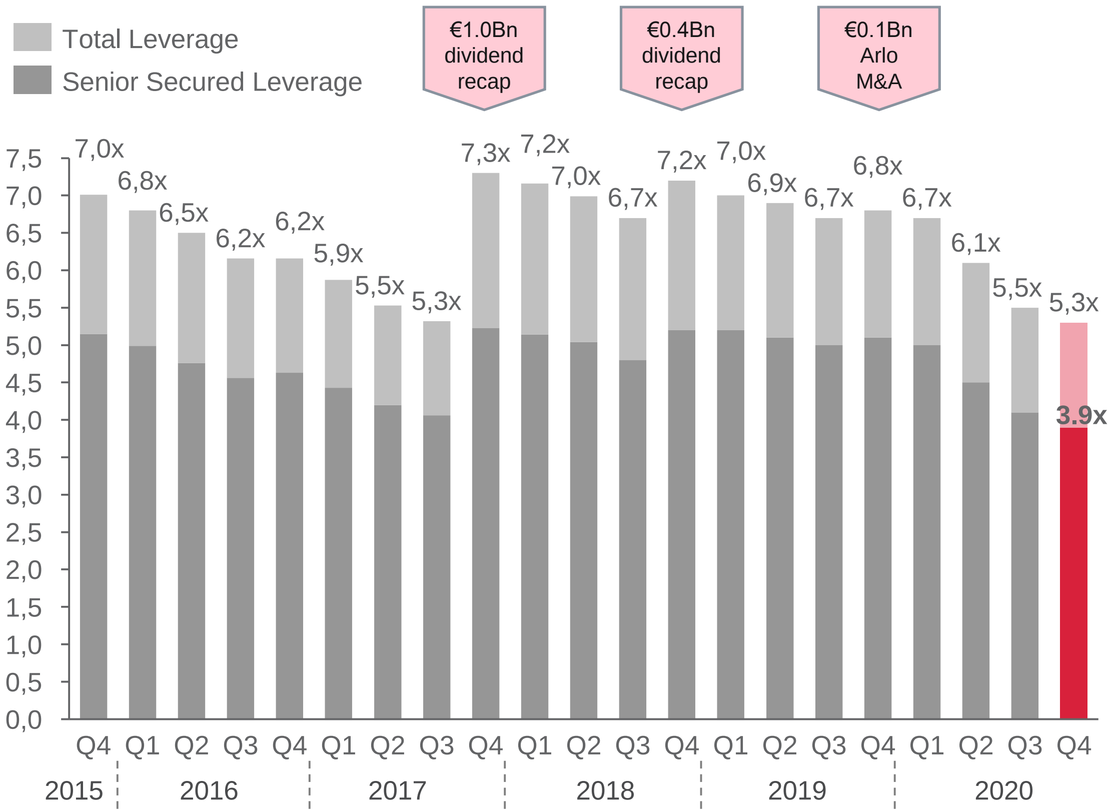
Net Debt[1] Bridge, FY 2020, €m



Note: [1] Net Debt including IFRS 16 (€134m and €132m as of December 2019 and December 2020, respectively)

Leverage Overview

Evolution of L2QA Net Leverage[1]



2019 - 2020 YTD L2QA Net Leverage[1]

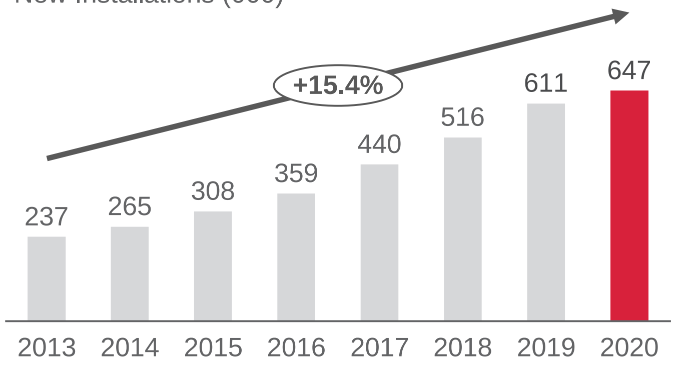
	2019				2020			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
SFA Net Debt (€m)	4,808	4,859	4,851	4,994	4,974	5,002	4,909	4,978
Adjusted EBITDA L2QA (€m)	682	705	720	734	741	824	896	946
Senior Secured Net Leverage (x)	**5.2x**	**5.1x**	**4.9x**	**5.1x**	**5.0x**	**4.5x**	**4.1x**	**3.9x**
Total Net Leverage (x)	**7.0x**	**6.9x**	**6.7x**	**6.8x**	**6.7x**	**6.1x**	**5.5x**	**5.3x**

Note: [1] Net leverage pre-IFRS as per lender documentation (2015 SFA); On a post-IFRS basis, Q4-2020 Senior Secured Net Leverage is 3.7x and Total Net Leverage is 5.1x

Resilient High-quality Growth

Strong Customer Intake

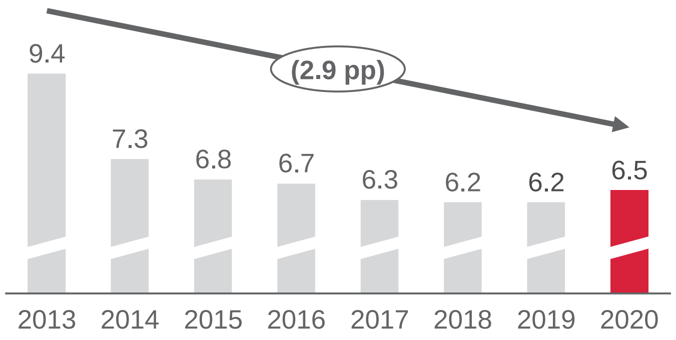
New Installations (000)



+

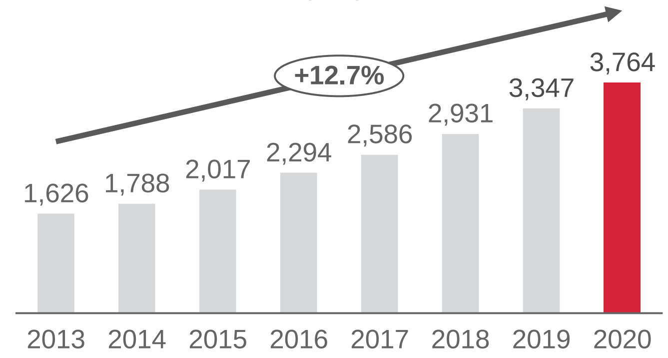
Low Attrition

(%, LTM)



Strong Portfolio Growth

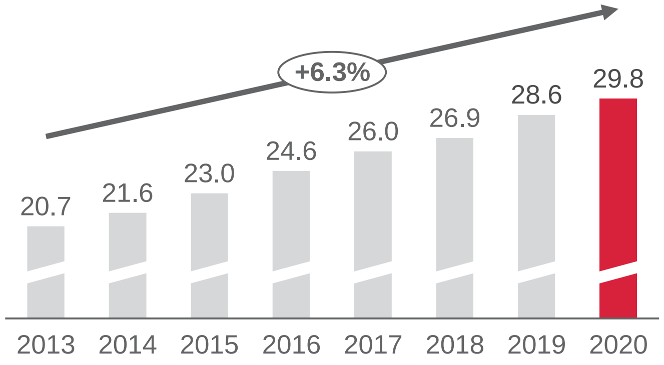
Total Customer Portfolio (000)



X

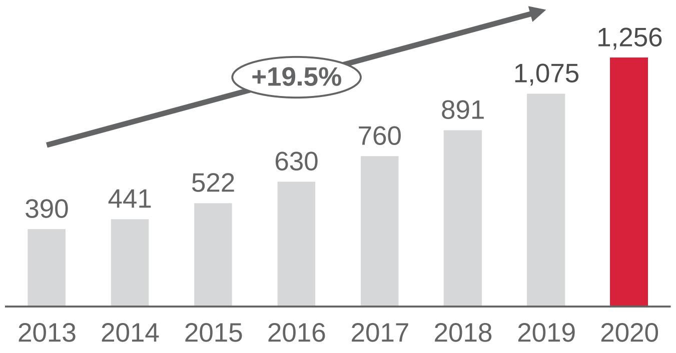
Improving Unit Economics

EPC (€)



Quality Portfolio EBITDA Growth

(€m)



% CAGR 2013 - 2020

Note: Absolute numbers are in actual reported currency, where applicable. CAGR's are in constant currencies

verisure

Q&A

Thank you

verisure