



## Verisure Midholding AB (publ)

Earnings Call Presentation – Q3 2019

July 1 - September 30, 2019



# Disclaimer

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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.

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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

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- **Development in KPIs during Q3 2019** – Austin Lally, CEO
- **Financial review of Q3 2019** – Vincent Litrico, CFO
- **Questions & answers**



**Austin Lally**  
**Chief Executive Officer**



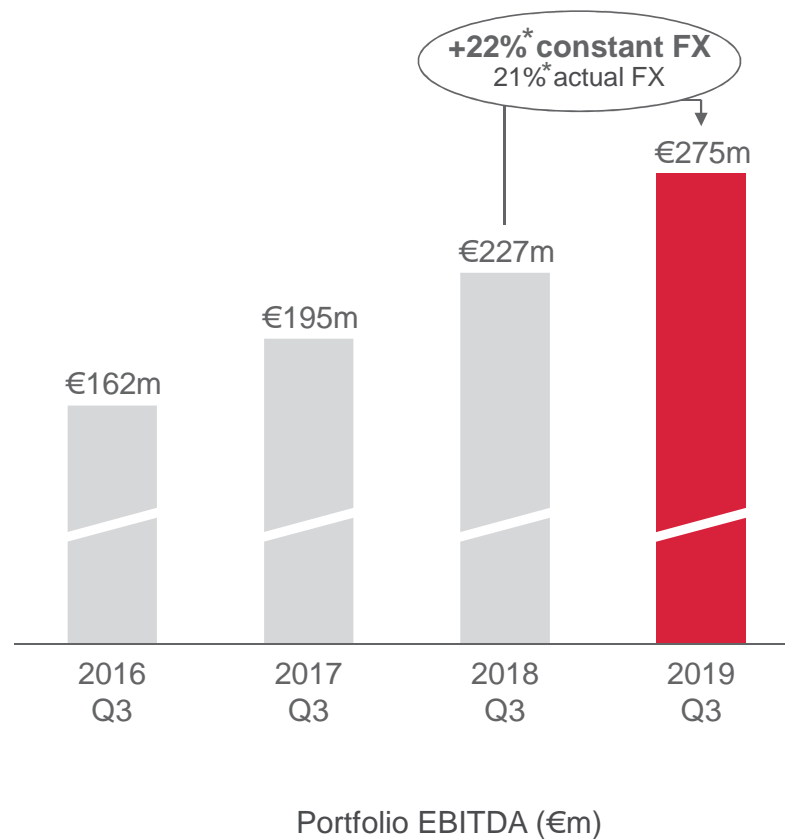
**Vincent Litrico**  
**Chief Financial Officer**

## Q3 2019 Performance Highlights

	<u>Installations</u>	<u>Portfolio</u>	<u>Portfolio EBITDA</u>
Q3 2019	<b>+154k</b>	<b>3.2m</b>	<b>€275m</b>
Q3 2018	<b>+128k</b>	<b>2.8m</b>	<b>€227m</b>

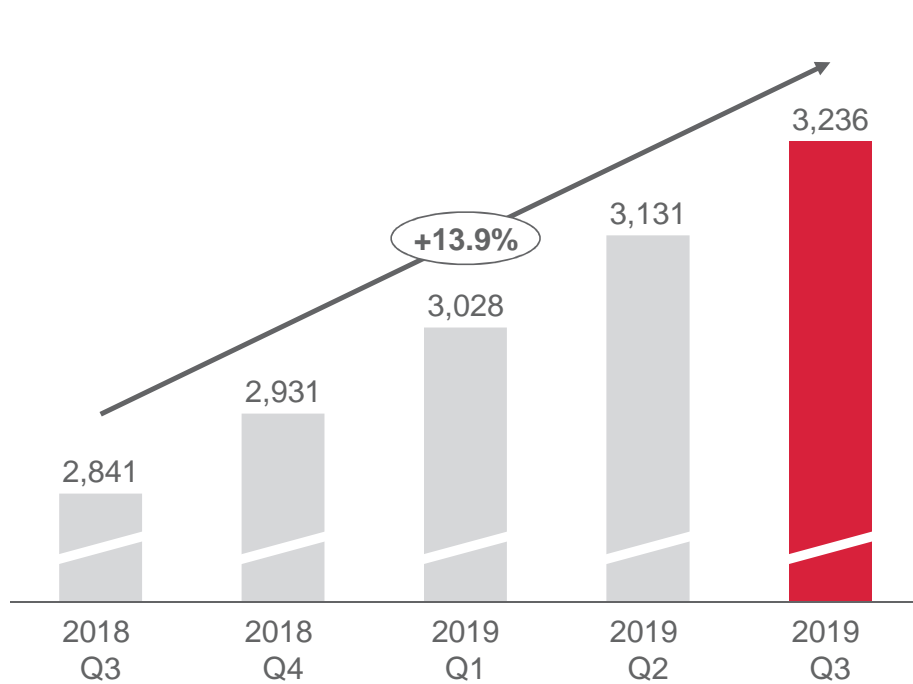
### Summary

- Continued strong development across the group
- Broad-based sales growth, revenues increasing 18% YoY (19% in constant currencies)
- Very solid financials – Portfolio EBITDA up +22% YoY in constant currency. Portfolio EBITDA exceeding EUR 1 billion on an annualized basis
- Strong operating cash flow
- 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 Q3-2019 vs. Q3-2018 (20% actual FX).

## Portfolio up +395k customers YoY to 3.2 million

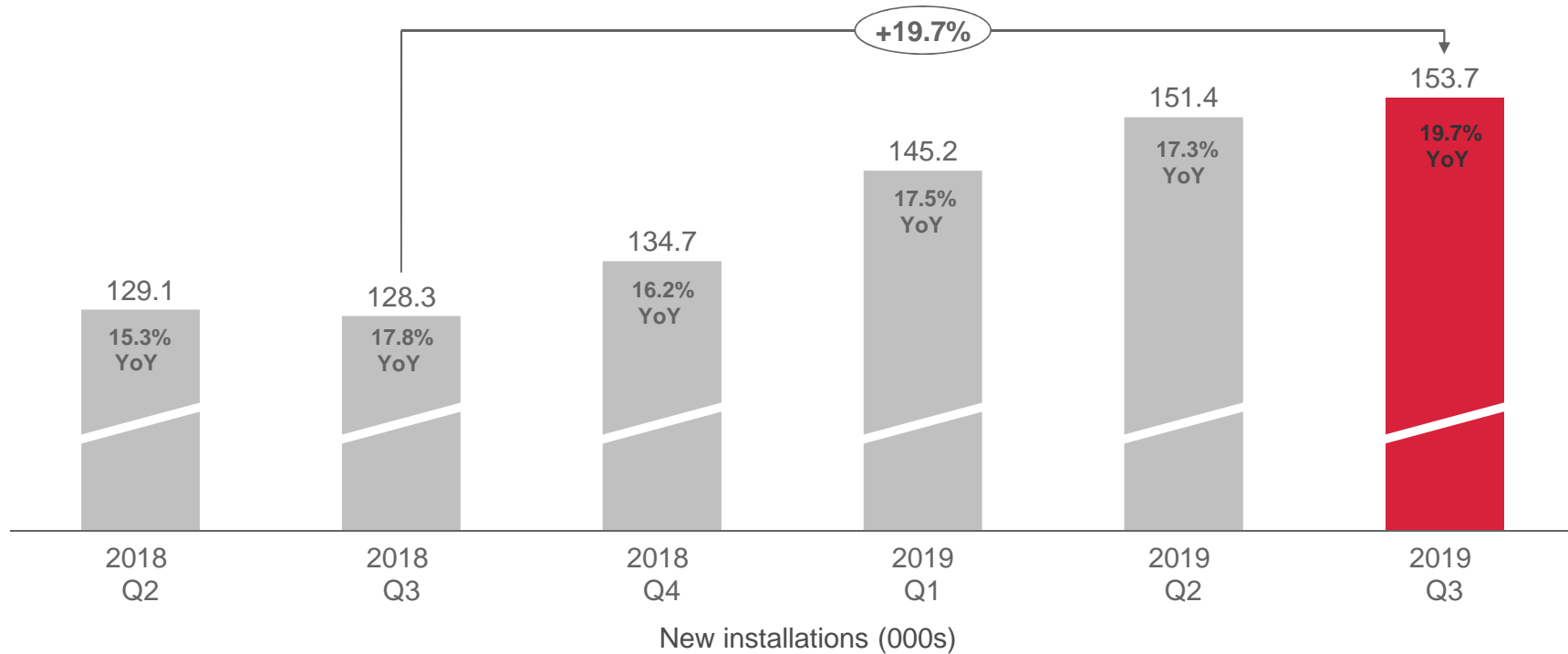


### Net Portfolio Growth (NPG)

	vs Q3 2018
NPG (000s)	+395
NPG (% of portfolio)	+13.9%
NPG Acceleration*	21.5%

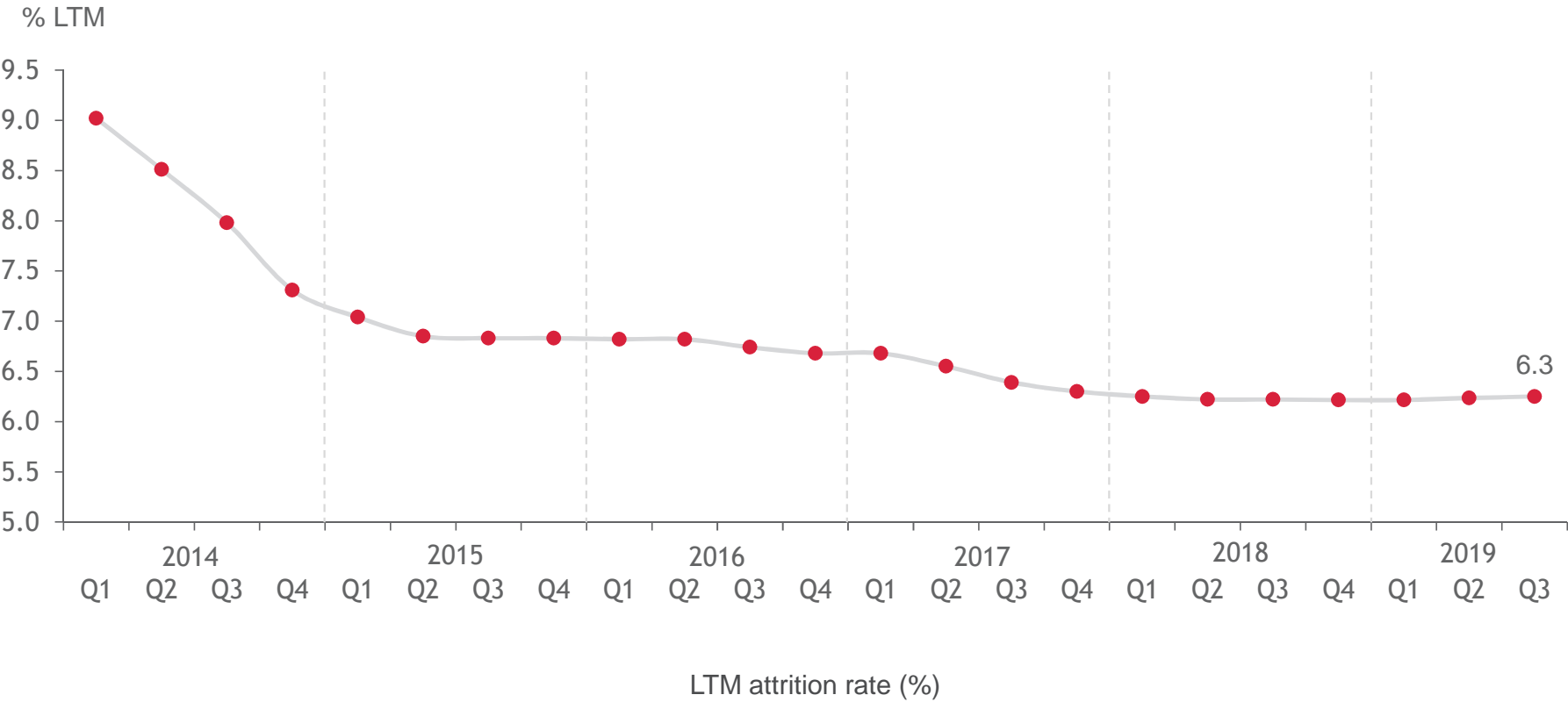
(\*) Q3 2019 NPG growth vs. Q3 2018.

## 154k new customers added in Q3 2019



YoY=Year-over-year growth (growth comparing one period to the same period previous year, e.g. Q3-2019 vs. Q3-2018; Q2-2019 vs. Q2-2018 etc.).

# Maintaining excellent customer retention





## Continued growth in customer profitability



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

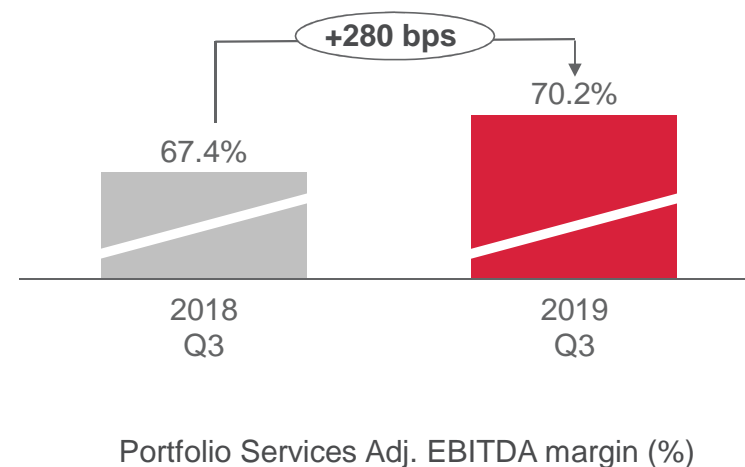
EPC: Excluding impact of IFRS 16, EPC improved 6.0% in constant FX (5.2% in actual FX).

## Key Financial Metrics – Q3 2019

(€m)	2018 Q3	2019 Q3	% YoY
Revenue	404	477	+18%
<b>Portfolio Services, Adjusted EBITDA*</b>	<b>227</b>	<b>275</b>	<b>+21%</b>
Total Adjusted EBITDA*	158	197	+25%
Cash Flows from Operating Activities	138	200	+45%
CapEx, total	123	142	+16%
Net debt	4,293	4,977	+16%
Cash and unutilised credit facilities	200	319	59%

(\*) Figures excl. Separately Disclosed Items

Portfolio EBITDA impacted by EUR 3.3 million related to IFRS 16 in Q3-2019  
 Total EBITDA impacted by EUR 11.4 million related to IFRS 16 in Q3-2019  
 Portfolio EBITDA margin: Excluding impact of IFRS 16, Q3-2019 would have been 69.3%  
 Net debt: Q3-2019 includes impact of IFRS 16 (lease liability) of EUR 127 million

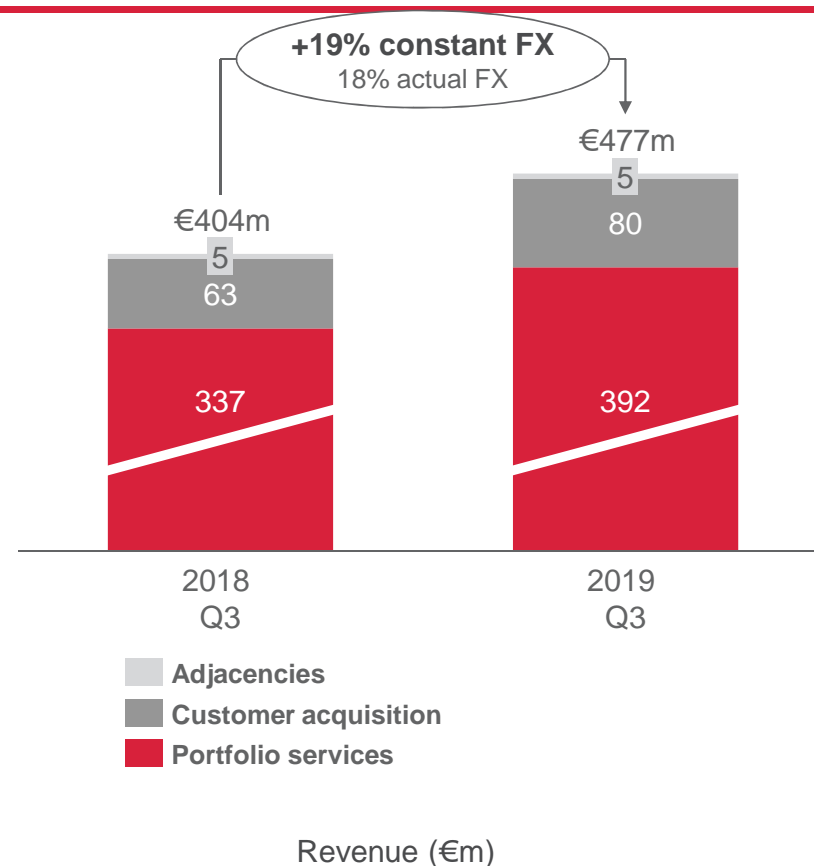


## Income Statement – Q3 2019

(€m)	Reported excl. SDI	SDI*	Reported
Revenue	477		477
Net operating expenses	(280)	(13)	(293)
Adjusted EBITDA	197	(13)	184
Depreciation and amortisation	(60)	(38)	(98)
Retirement of assets	(19)	-	(19)
Operating profit	118	(51)	67
Interest income & cost	(52)		(52)
Other financial items	(1)	(22)	(22)
Result before tax	65	(73)	(7)
Income tax			(10)
Result for the period			(17)

(\*) SDI – Separately Disclosed Items

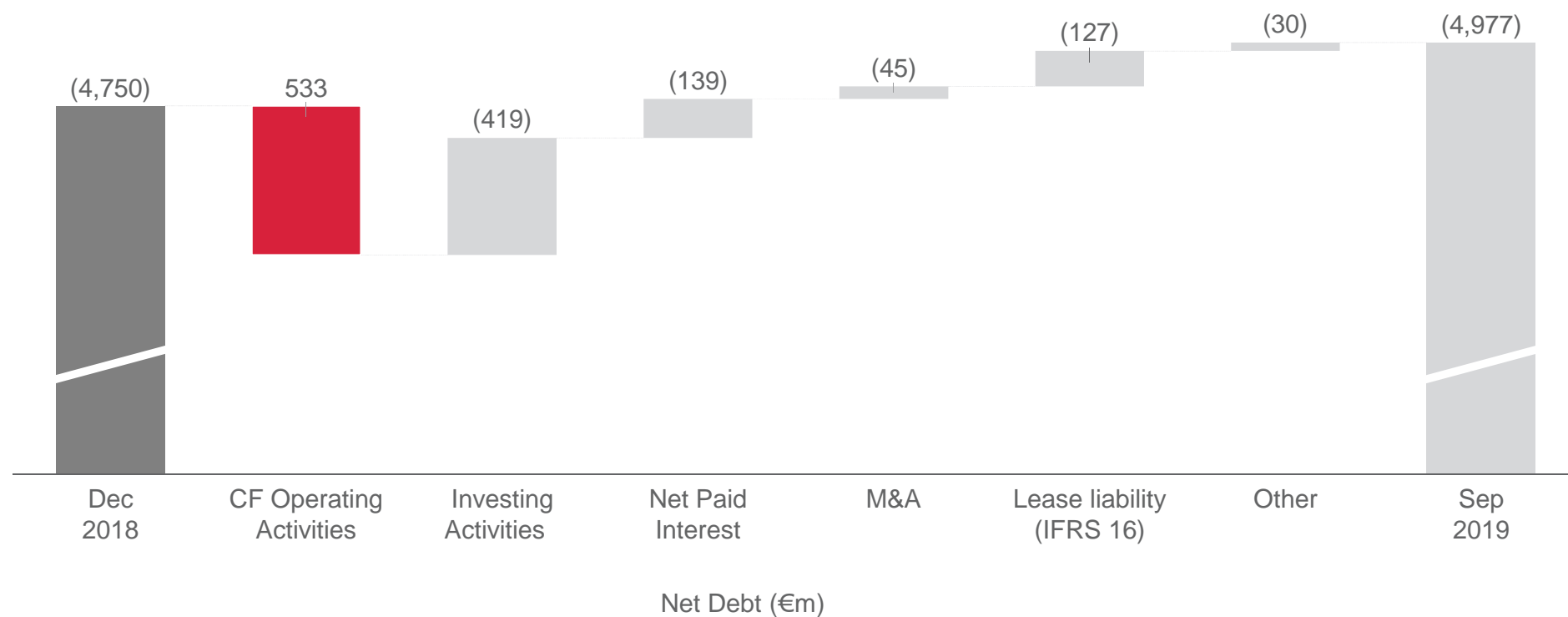
Total EBITDA impacted by EUR 11.4 million related to IFRS 16 in Q3-2019  
 Operating profit impacted by EUR 2.3 million related to IFRS 16 in Q3-2019  
 Interest income & cost impacted by EUR -1.2 million related to IFRS 16 in Q3-2019  
 Result before tax impacted by EUR 1.1 million related to IFRS 16 in Q3-2019



## Cash flow from operating activities – YTD September 2019

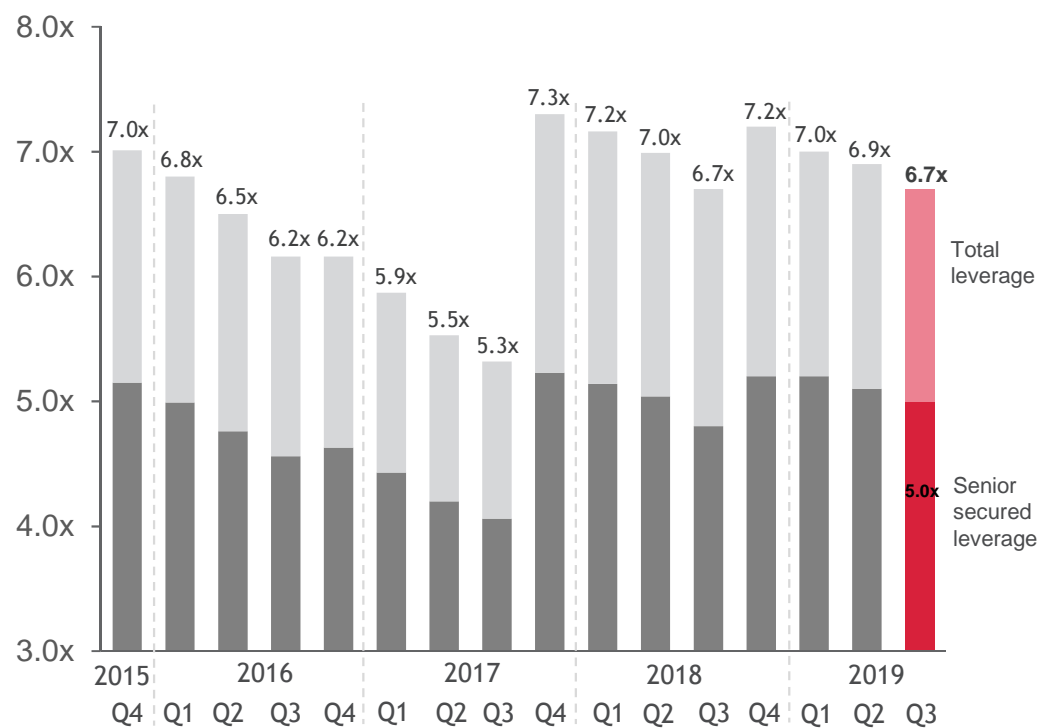


## Net debt bridge – YTD September 2019



Net debt: Q3-2019 includes impact of IFRS 16 (lease liability) of EUR 127 million. Excluding impact of IFRS 16, net debt is EUR 4.850 million per Q3-2019.

# Leverage

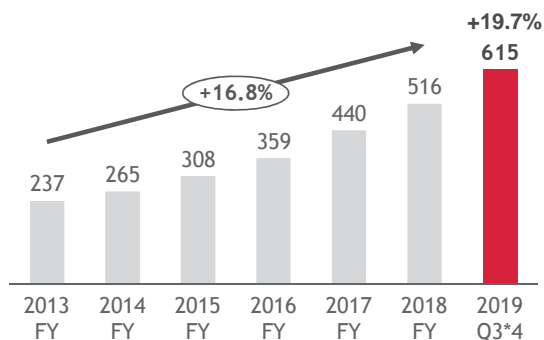


Evolution of L2QA\* Leverage

	2018		2019		
	Q3	Q4	Q1	Q2	Q3
SFA Net debt (€m)*	4,293	4,750	4,807	4,858	4,850
SFA Adjusted EBITDA annualized (€m)*	645	662	682	707	720
Leverage (Total)*	6.7x	7.2x	7.0x	6.9x	6.7x

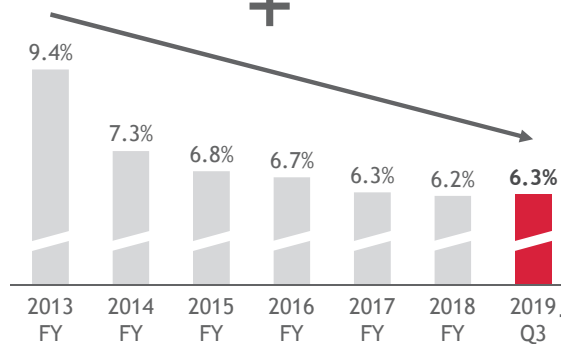
(\*) Leverage, net debt and adjusted EBITDA per lender documentation

# Resilient Quality Growth

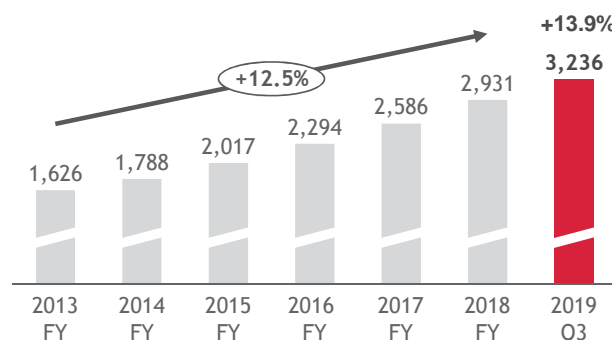


**Strong growth in new subscribers**  
(New installations 000s)

+

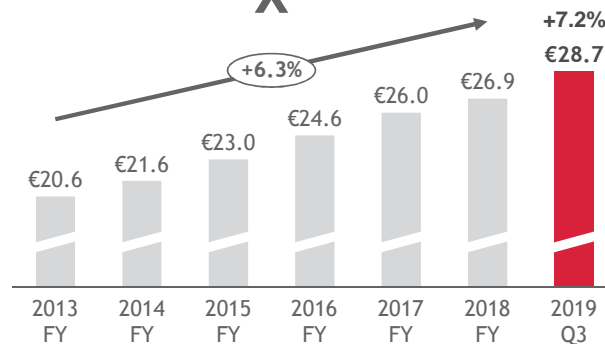


**Excellent customer stickiness**  
(Attrition %, LTM)

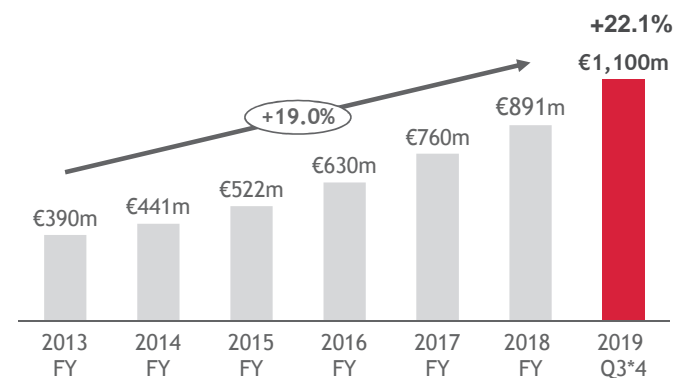


**Resilient portfolio growth**  
(Total customer portfolio 000s)

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 Q3-2019 vs LY) are in constant currencies.  
Q3\*4=2019 annualized.

## Q&A

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# Thank you

