



January–June 2017 Presentation

Lars Højgård Hansen, CEO

INVISIO®

Agenda

- CEO comments January–June 2017
- Q&A
- Financial performance in further details

“There has been a high level of activity in INVISIO in the first half of the year with continued growth initiatives to extend the product portfolio, increase the number of employees in research and development and increase market presence. Since last year we have opened two new offices and increased the number of employees by almost 50 per cent. The cost increases express our conviction that INVISIO can grow its sales considerably through these initiatives in the coming years.”

Growth initiatives for new products and sales offices

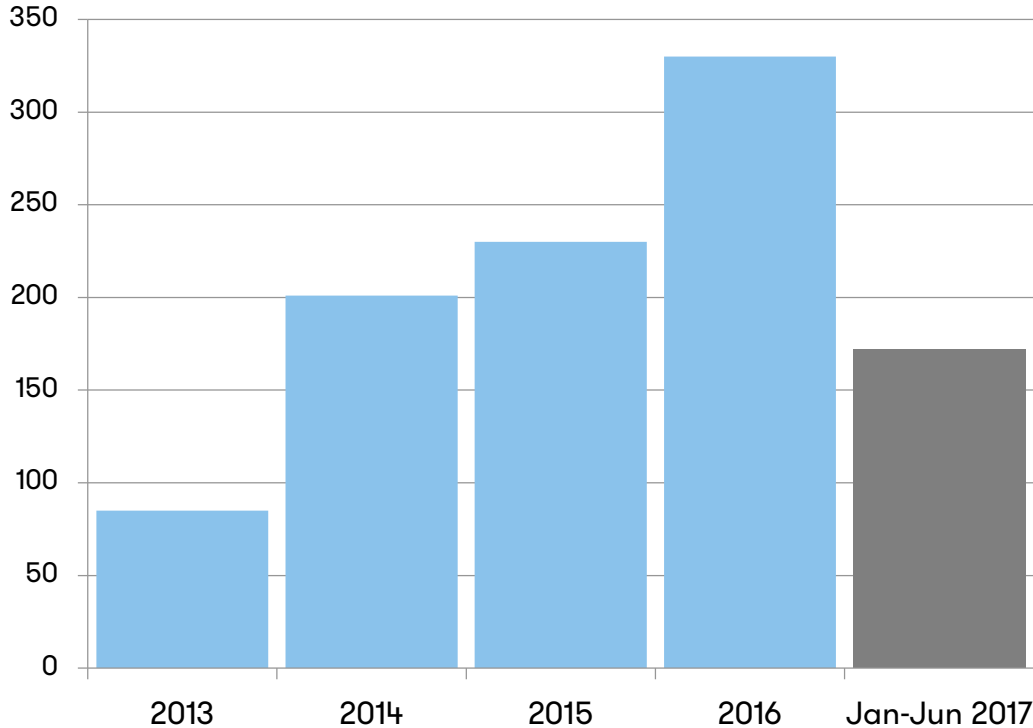
Key Ratios

SEK in millions	2017 Q2	2016 Q2	Δ %	2017 Jan-Jun	2016 Jan-Jun	Δ %
Revenue	84.2	83.6	1	172.1	163.1	5
Gross profit	40.5	43.2	-6	88.7	85.4	4
Gross margin, %	48.1	51.7		51.6	52.4	
EBITDA	15.4	23.4	-34	39.4	48.3	-18
Operating profit/loss	14.3	22.2	-36	37.0	45.7	-19
Operating margin, %	17.0	26.6		21.5	28.0	
Profit/loss for the period	11.6	22.2	-48	34.3	45.6	-25
Earnings per share, SEK	0.26	0.52	-49	0.79	1.07	-27

The cost increases express our conviction that INVISIO can grow its sales considerably in the coming years.

First half year: Income increased to SEK 172 million (163)

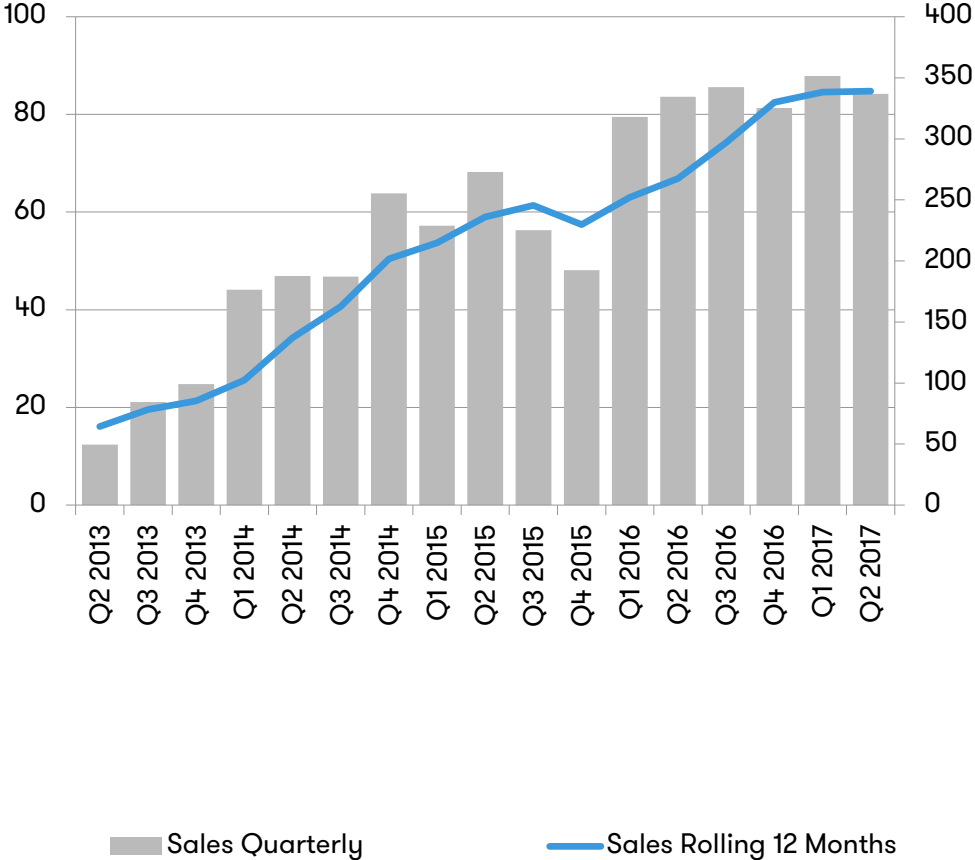
MSEK



Ongoing deliveries to modernization programs contributed to sales.

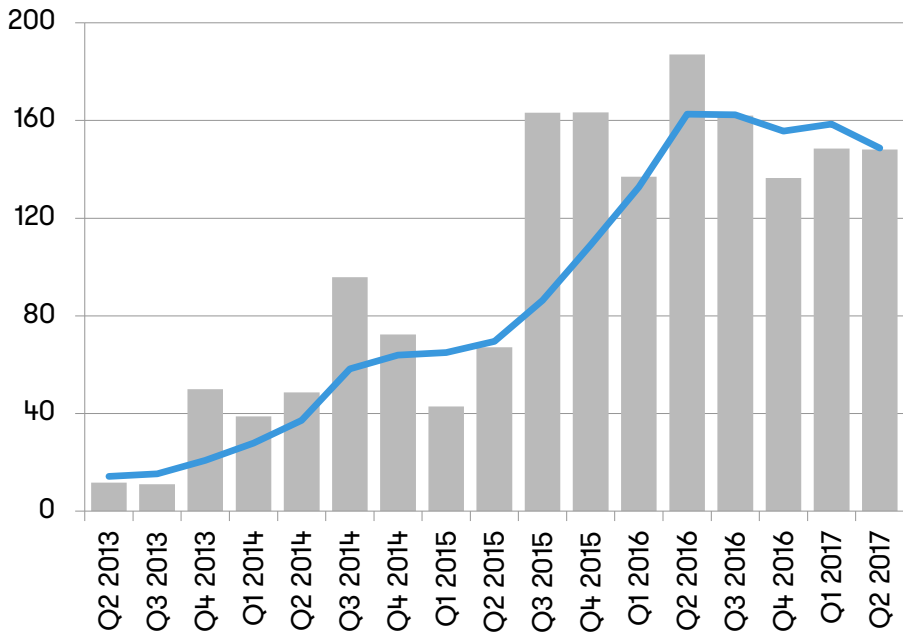
Sales per quarter and rolling 12 months

MSEK



Order backlog per quarter and rolling 12 months

MSEK



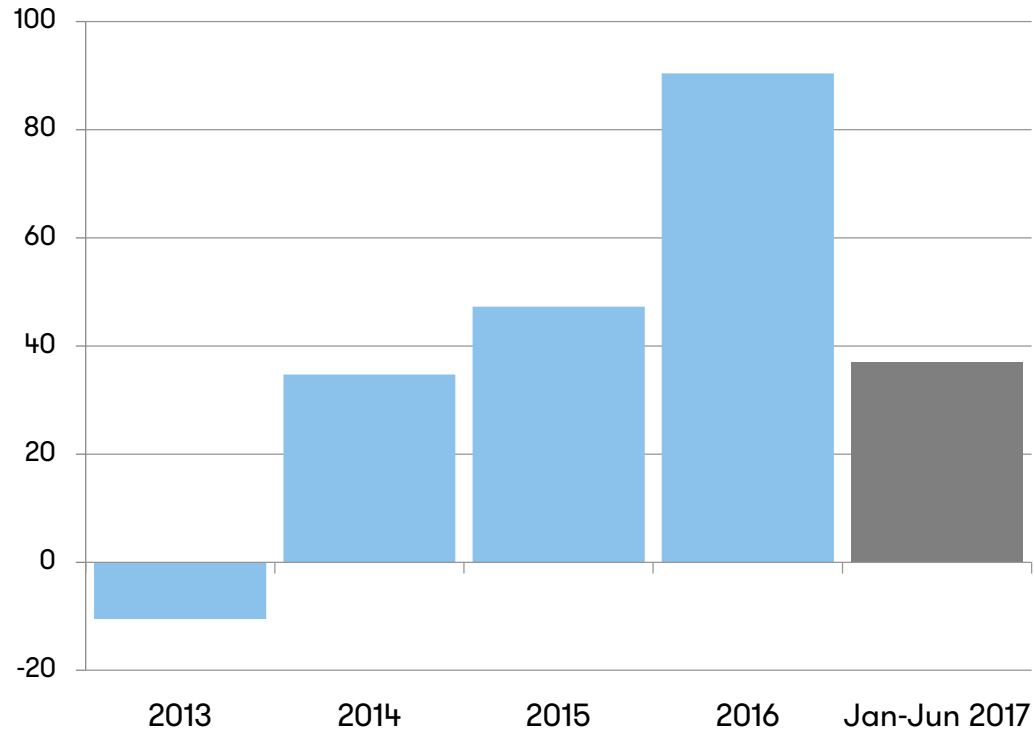
Order backlog:
SEK 148,1 million

Order Backlog Quarterly

Order Backlog Rolling 12 Months

Operating profit January-June SEK 37.0 m

MSEK



Operating margin:
21.5 %

Strategy for profitable growth



INVISIO's growth and financial position make continued investment in new markets and R&D projects possible.

- 1 Increase market share
Existing markets in Europe,
North America and Oceania.
- 2 Geographical expansion
Strengthen presence in selected
countries in Asia, the Middle East
and South America.

- 3 Product development
Both further developed and
new products.
- 4 Cost efficiency
Scalable business model of
outsourced production.

Continued orders from major modernization programs

UK

- Extended agreement with UK MOD with order of SEK 15 million. Increase of contract value to SEK 105 million.
- SEK 30 million order from the THPS program.

USA

- SEK 25 million order from the TCAPS program.

After the close of the period

- Two-year contract with the U.S. DoD and initial order of SEK 60 million. The award is for up to USD 13 million.



US Army members of the 3rd Squadron, 2nd Cavalry Regiment, at Grafenwoehr Training Area, Germany.

Expansion through our own offices

INVISIO continuously strengthens its position in markets where we see good growth opportunities.

- Sales offices in the USA and France opened.
- A sales team in the USA was employed, with the aim of increasing the customer base in above all defense, but also in police and security services.
- The two-year contract with the DoD was the first direct award of the US subsidiary.



It was a great SOFIC Trade show for INVISIO in Florida in May where the new team in INVISIO Inc was officially launched.

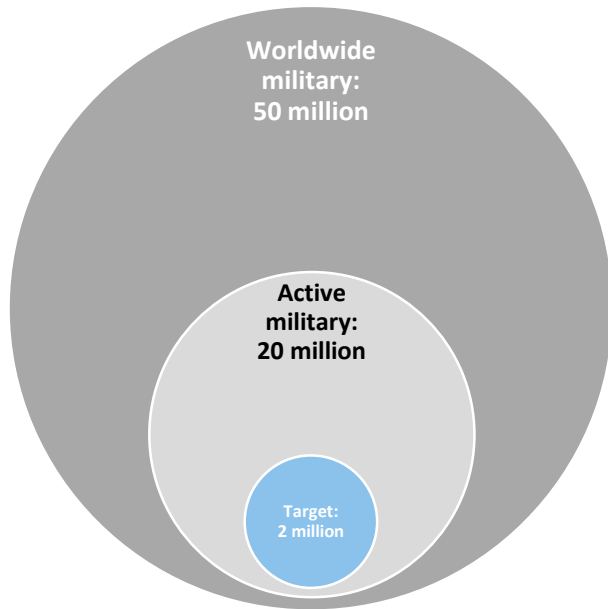
Innovative product development



- The aim is to meet more of our customers' needs by broadening our product portfolio.
- The INVISIO V50 control unit was launched in May in the USA. It is based on the same technology platform as other control units in the INVISIO V series and can be combined with our other products.
- Our intention is also to launch an entirely new product category.
- Development is taking place rapidly, focusing on hearing and communication.
- We plan to provide more information about this later this fall.

Growing niche market

Potential users



- Target: 2 million potential users
- Technologically mature countries with advanced radio communication and awareness of hearing protection issues.
- The percentage of radio users is growing continually.

Current target market

- The value of the global market for INVISIO's current products: about SEK 20 billion
- Procurements at four-year intervals when modernizing communication equipment.
- Average annual target market: SEK 5 billion
- Great potential for continued growth in the target market.

Q&A

Thank you!

Financial performance in further details

January–June 2017

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	2017 Q2	2016 Q2	2017 Jan-Jun	2016 Jan-Jun	2016 Full year
Revenue	84.2	83.6	172.1	163.1	330.0
Cost of goods sold	-43.7	-40.4	-83.4	-77.7	-159.0
Gross profit	40.5	43.2	88.7	85.4	171.0
Operating expenses*	-26.2	-21.0	-51.7	-39.7	-80.6
Operating profit/loss	14.3	22.2	37.0	45.7	90.4
Net financial items	-2.7	0.0	-2.7	-0.1	-0.1
Profit/loss before tax	11.6	22.2	34.3	45.6	90.3
Income tax	-	-	-	-	1.5
Profit/loss for the period	11.6	22.2	34.3	45.6	91.8
OTHER COMPREHENSIVE INCOME					
<i>Items that may subsequently be reclassified to profit and loss</i>					
Translation differences	2.6	3.2	2.2	4.2	5.7
Comprehensive income for the period (Profit/loss attributable to equity holders of the parent company.)	14.3	25.4	36.5	49.8	97.4
*Depreciation incl. in operating expenses	-1.1	-1.2	-2.4	-2.5	-7.5

Condensed consolidated statement of financial position

SEK in millions

Assets	30/06/2017	30/06/2016	31/12/2016
Capitalized development costs	21.8	18.0	17.5
Equipment	4.2	1.4	3.3
Deposits for rent, long-term	1.5	1.1	1.5
Deferred tax assets	34.7	30.4	34.3
Inventories	27.7	41.3	25.9
Trade receivables	51.8	21.9	39.4
Other short-term receivables	12.4	3.2	5.9
Cash and cash equivalents	128.7	90.8	133.2
Total assets	282.8	208.0	260.9
Shareholders' equity and liabilities			
Shareholders' equity	227.8	158.6	209.5
Trade payables	31.8	27.9	26.0
Other short-term liabilities	23.3	21.5	25.4
Total shareholders' equity and liabilities	282.8	208.0	260.9

Condensed consolidated statement of cash flow

SEK in millions	2017 Q2	2016 Q2	2017 Jan-Jun	2016 Jan-Jun	2016 Full year
Operating activities					
Profit/loss before tax	11.6	22.2	34.3	45.6	90.3
Adjustments for non-cash items	0.9	1.8	3.3	3.6	13.2
Income tax paid	0.0	-	-0.6	-	-5.1
Cash flow from operating activities before changes in working capital	12.5	24.1	36.9	49.2	98.4
Changes in inventories	-8.1	-21.9	-1.5	-20.4	-4.9
Changes in operating receivables	-25.6	33.8	-18.3	20.3	1.1
Changes in operating liabilities	16.4	9.6	2.9	11.7	11.2
<i>Cash flow from changes in working capital</i>	<i>-17.3</i>	<i>21.6</i>	<i>-16.9</i>	<i>11.6</i>	<i>7.5</i>
Cash flow from operating activities	-4.7	45.6	20.0	60.8	105.8
Investing activities					
Capitalization of development costs	-3.5	-1.8	-5.9	-3.0	-6.8
Acquisition of property, plant, and equipment	-0.6	-0.7	-1.5	-1.0	-3.1
Acquisition of financial assets	0.0	-	0.0	-	-0.6
Cash flow from investing activities	-4.1	-2.5	-7.4	-3.9	-10.5
Financing activities					
New issues through exercising employee stock options	3.4	3.1	3.4	3.1	6.2
Dividend	-21.7	-	-21.7	-	-
Cash flow from financing activities	-18.3	3.1	-18.3	3.1	6.2
CASH FLOW FOR THE PERIOD	-27.1	46.2	-5.7	60.0	101.5
Cash and cash equivalents at start of period	154.4	43.4	133.2	29.4	29.4
Translation differences in cash and cash equivalents	1.4	1.2	1.2	1.5	2.3
Cash and cash equivalents at end of period	128.7	90.8	128.7	90.8	133.2