

ASIAKASTIETO GROUP OYJ

# HALF YEAR FINANCIAL REPORT

**1.1.–30.6.2019**

**CEO Jukka Ruuska**  
**8 August 2019**

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Intelligent decisions.  
Bigger dreams.



# Content



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- Nordic company with strong local brands
- Business areas and Functional units
- Strategy 2019 and Growth formula

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- Nordic business development
- Acquisition of Proff companies
- Sustainability as a business opportunity

## → Key ratios Q2 / 2019



A leading Nordic  
company in digital  
services and data  
innovation.



We provide services based on analysed and enriched data so that companies, individuals and societies can make **intelligent decisions**. Intelligent decisions allow our customers to grow.



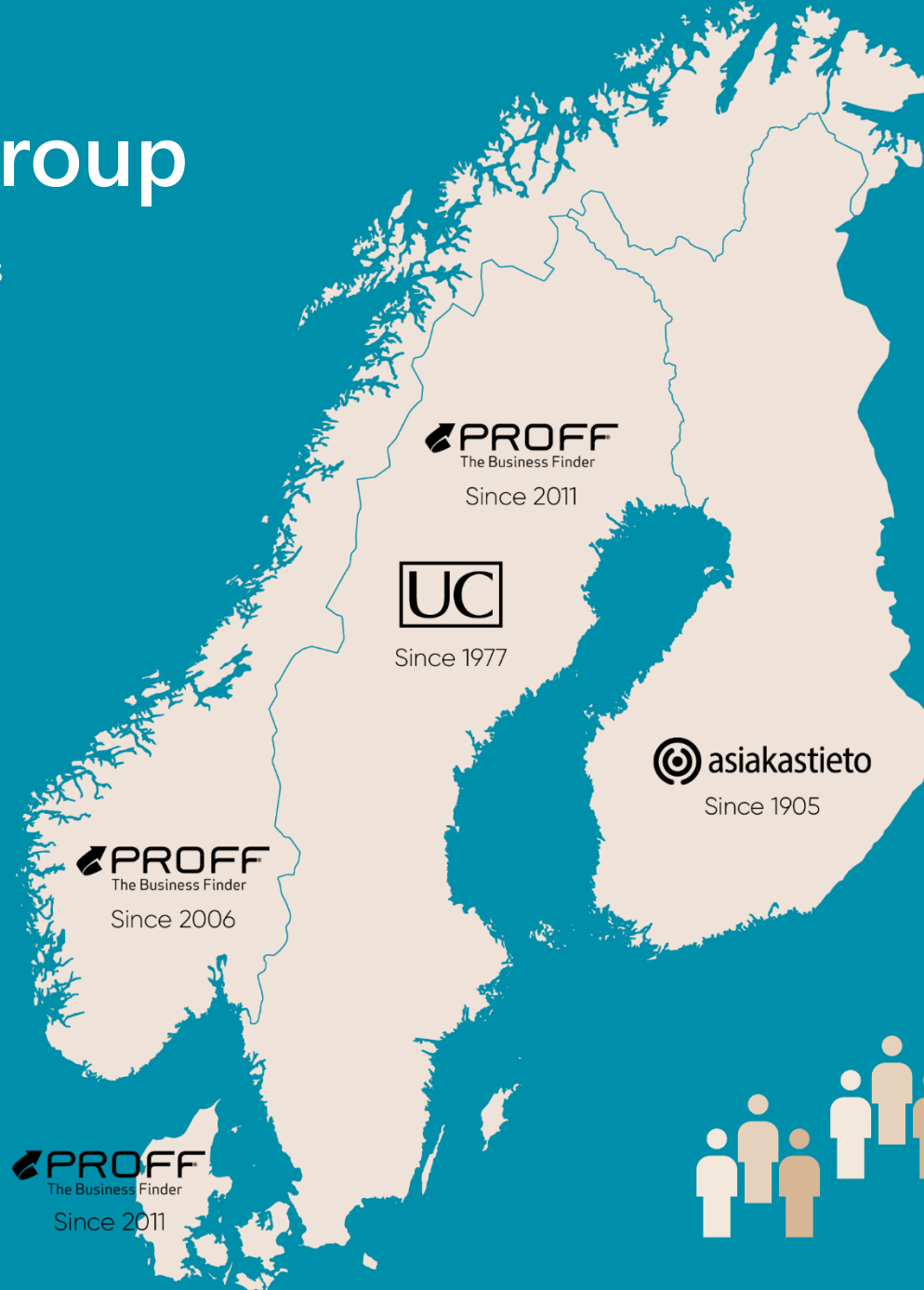
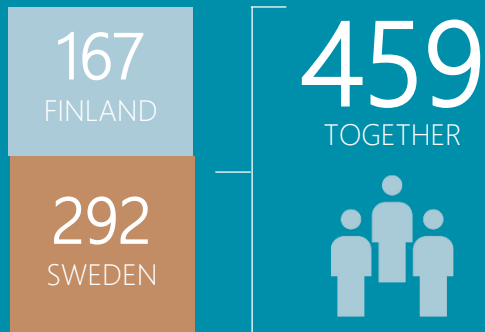
# Asiakastieto Group

Asiakastieto and UC AB joined forces in 2018. Operations continue under strong company brands, Suomen Asiakastieto in Finland and UC in Sweden.



LISTED ON  
NASDAQ HELSINKI

NUMBER OF EMPLOYEES 30.6.2019



Intelligent decisions.  
Bigger dreams.

MARKET CAPITALISATION

30.6.2019

**691** MEUR



Partners in  
Nordic region  
and in Europe.

Approximately 55 000  
corporate customers  
within banking, finance,  
retail, public sector and  
small companies.

Almost  
**500 000**  
consumer  
customers



# In the front within digitalisation and data innovation



# Key figures pro forma Q2 / 2019



Net Sales

**35,6**  
MEUR

Net sales growth  
at comparable FX

**5,8**  
%

Net Debt to  
Adjusted EBITDA

**3,2**  
X

Number of Personnel  
30.6.2019

**459**

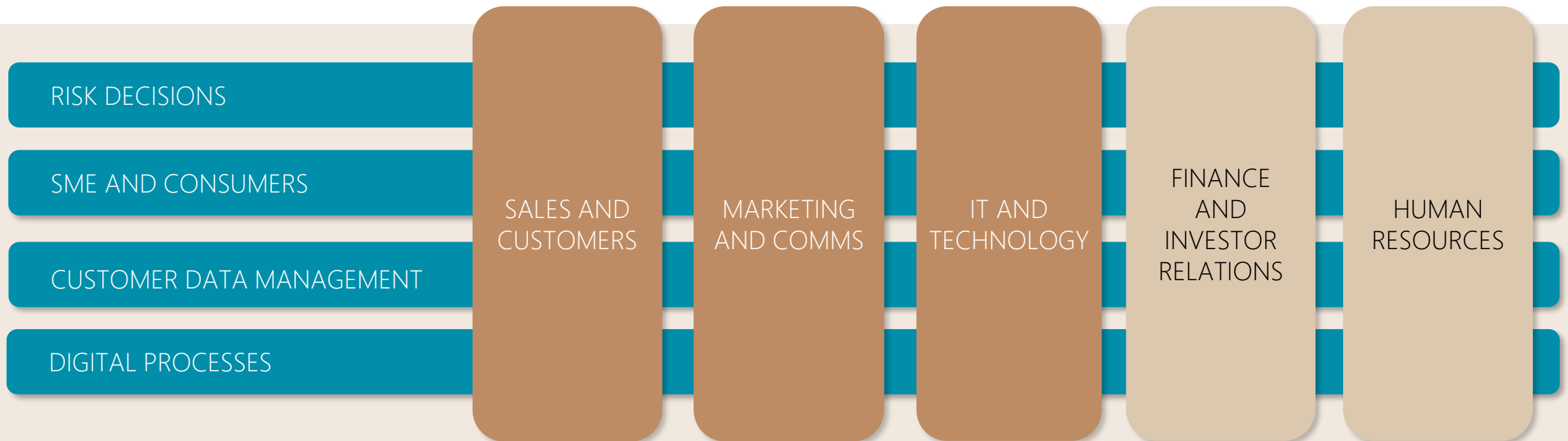
Adjusted  
EBITDA

**12,2**  
MEUR

Adjusted  
EBITDA Margin

**34,3**  
%

# Asiakastieto's business areas and functional units





# Asiakastieto's four business areas



## DIGITAL PROCESSES

### Services and solutions

- Real estate and apartment information
- Information about buildings and their valuation
- Solutions that help customers to automate their collateral management processes.
- For compliance purposes; for example to identify companies' beneficial owners and politically exposed persons.

## CUSTOMER DATA MANAGEMENT

### Services and solutions

- Target group tools for surveying potential customers
- Register updates and maintenance
- Target group extractions
- GDPR Service (outsourcing of customer registers)
- Consumer behaviour analytics and forecasting models

## SME AND CONSUMERS

### Services for small and micro companies

- Easy to use applications and user interfaces for the evaluation of risks and sales potential
- Acquisition of other relevant information on customers and business partners and proof of own creditworthiness.

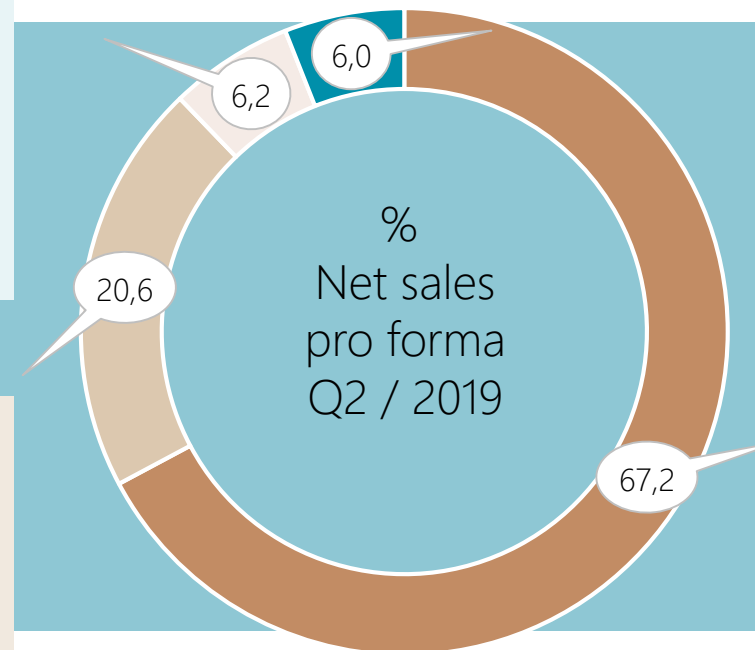
### Services for consumers

- Help consumers to understand and better manage their finances, while simultaneously protecting them from identity theft and fraud.

## RISK DECISIONS

### Services and solutions for

- General risk management
- Credit risk management
- Financial management
- Decision making
- Fraud and credit loss prevention
- Gaining knowledge of and identifying customers



# Strategic themes 2019



Customer  
first



Engaged and  
competent  
personnel



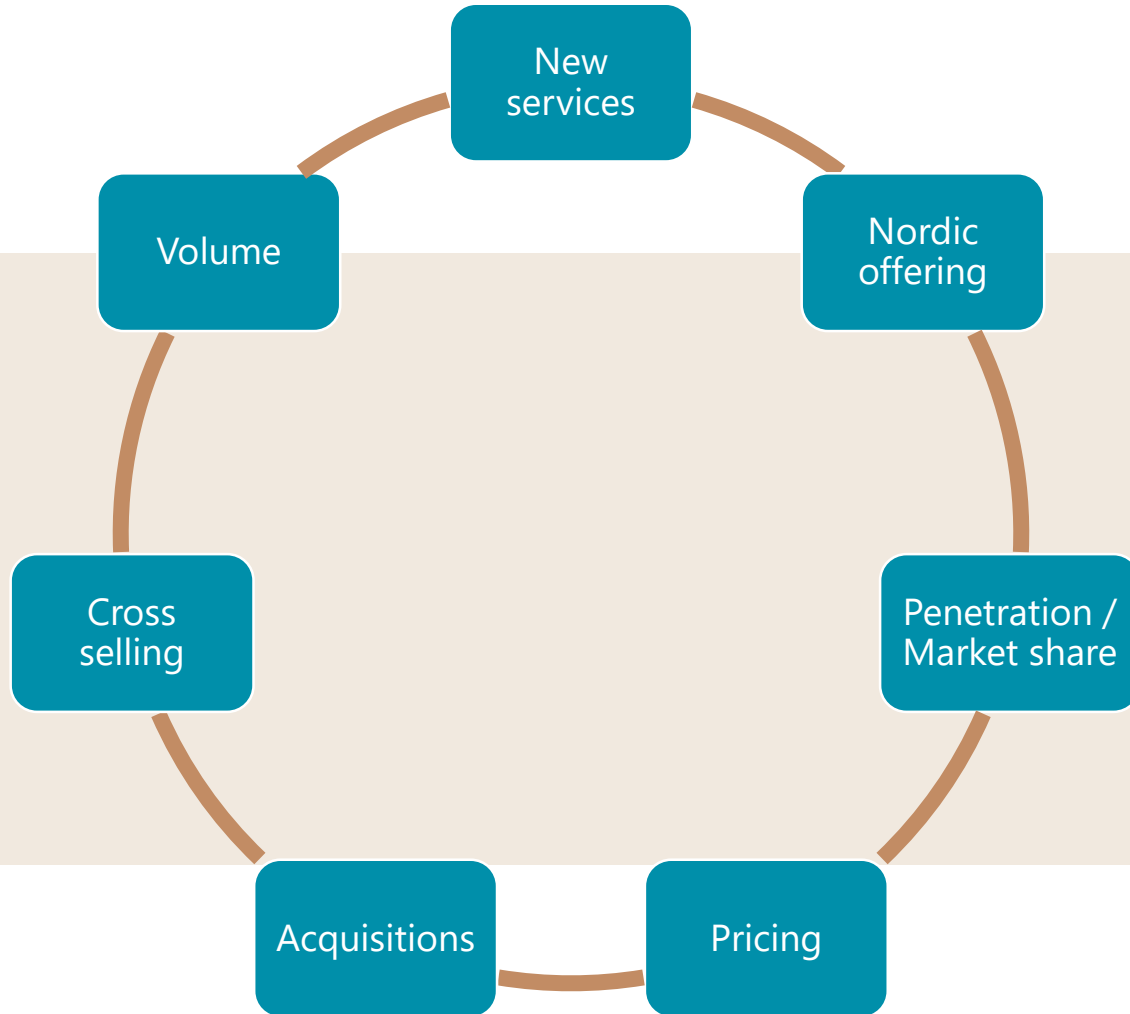
Business  
development



Financial  
growth



# Growth formula



# Long term financial targets



## Growth

Achieve 5-10 percent average growth in Net sales.

## Profitability

Achieve a rate of EBITDA growth that exceeds the percentage growth of Net sales.

## Balance sheet structure

Maintain net debt to EBITDA of less than 3x while continuing to maintain an efficient capital structure.

# Future outlook



**Net sales:** Asiakastieto Group expects its net sales growth in 2019 to be in the middle of the range of its long-term target (5–10 %), compared to the previous year's pro forma net sales.

**EBITDA:** Asiakastieto Group expects its adjusted EBITDA, excluding the effect of IFRS 16 transition, to grow in 2019 at a percentage rate that exceeds the rate of net sales growth compared to the previous year's pro forma adjusted EBITDA.

**Capital expenditure:** Asiakastieto Group expects its capitalised product development and software expenses in 2019 to exceed the previous year's level on a pro forma basis.



# Highlights



# Highlights of Q2 / 2019



## Asiakastieto & UC integration

- Integration proceeding according to the plan
- Integration related cost synergy initiatives have been realised according to the original plan

## Nordic business development

- Launched 14 new services
- Examples:
  - International monitoring (FI)
  - Allabolag PLUS
  - Scoring for unregistered sole traders

## Acquisition of Proff companies (Norway, Sweden and Denmark)

- Freemium company information services:
  - Agreement signed on 20 May 2019
  - Transaction closed on 1 July 2019

## Sustainability as a business opportunity

- Acting in a responsible and sustainable manner as a company
- The first Report on non-financial information published on 26 June 2019
- Helping our customers to act responsibly and sustainably by launching services that support corporate responsibility

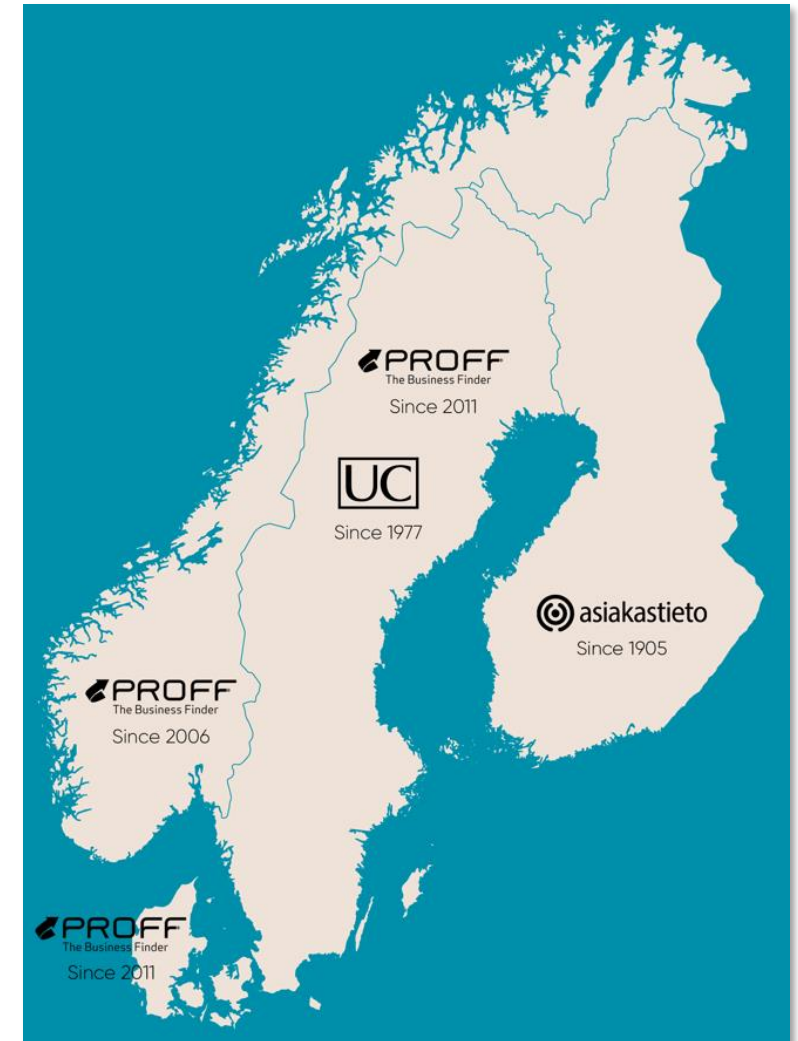


# Integration progress



# Integration proceeding according to plan

- Integration related cost synergy initiatives have been realised according to the original plan
  - Most significant cost synergies realised within IT operating expenses and organisational efficiency gains
  - Further smaller cost efficiency initiatives in implementation and planning phases, as per integration plan
- Revenue synergy initiatives (new services and cross-utilisation of existing services) are in implementation and planning phases in all Business areas
  - Revenue synergies are expected to be realised to the full latest in 2021, as per integration plan
  - Housing valuation service launched in the Finnish market in Q2 – an example of a synergy benefit by transferring existing services between markets
- Systematic efforts made to discover new synergy opportunities as the integration progresses
- Synergy benefits of EUR 17 million (run rate 2021): We are proceeding according to plan.





# Nordic business development





# New services share of net sales pro forma



## COMMENTS

- Share of new services was 4,0 %.
- Fourteen (14) new services launched during the second quarter.
- Net sales contribution of new services remained below our long-term target level in the second quarter, largely due to emphasised focus on integration projects as well as the retargeting of our development portfolio on Nordic projects.

■ New services, % of Net sales



# International monitoring for foreign trade (FI)



Monitoring keeps track on changes taking place in customers' creditworthiness or other background information 24 hours a day.

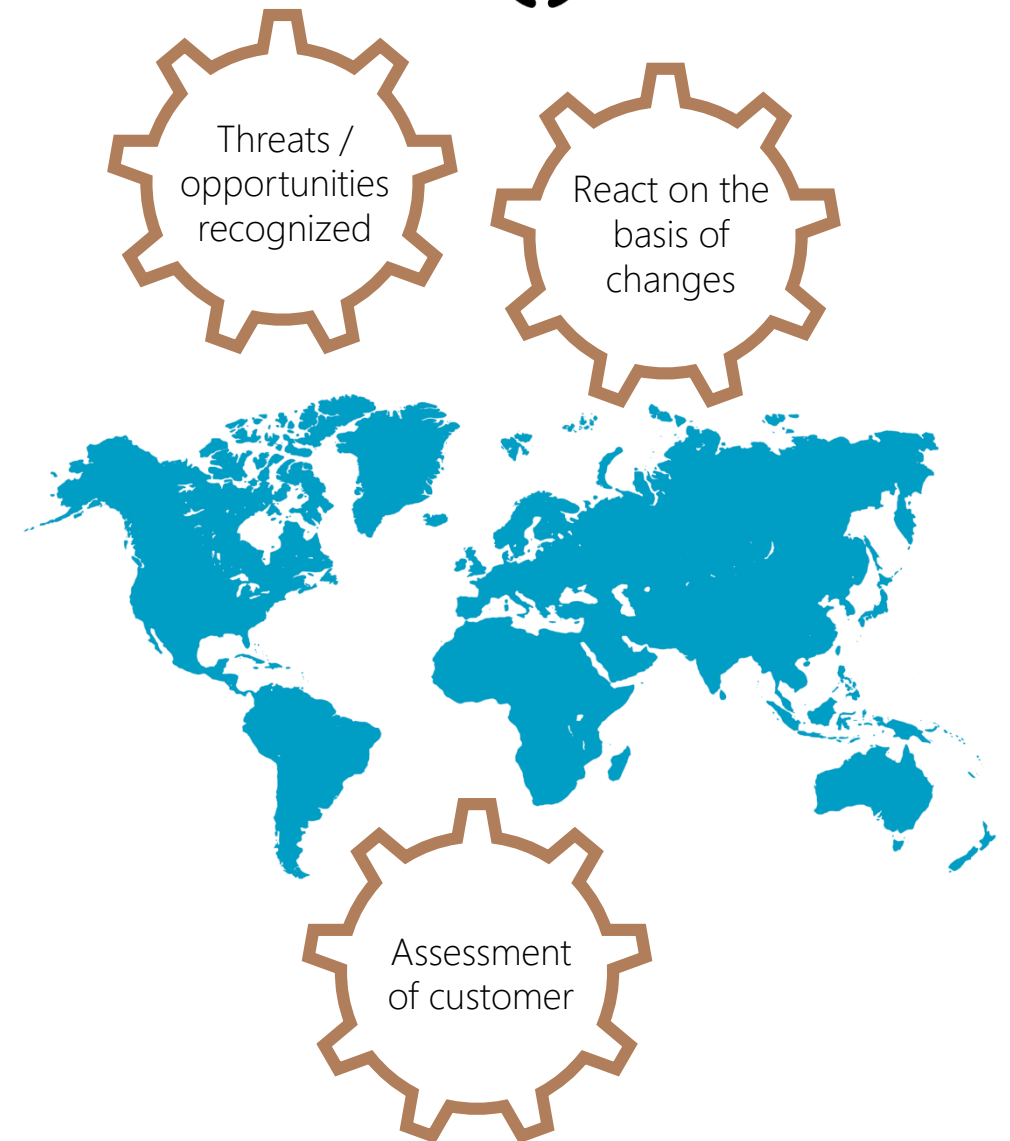
Only by automated monitoring one can react to changes fast enough.

Better decisions with foreign partners in terms of agreements to avoid credit losses.

Available from

- over 20 European countries
- United States and
- Russia providing in total of 25 different notifications.

Notifications provided on a daily basis by the member companies in the BIGNet Alliance.





Allabolag.se is Sweden's most popular freemium company information service covering all Swedish companies with approx. 2,3 million unique visitors on a monthly basis.

## Allabolag PLUS – subscription based data basket

### New information features

- Estimated company value
- Historical company board members
- Board members' current and historical engagements

### New functional features

- Advertising free experience
- Toolbox preloaded with credit reports, annual statement and registration documents
- Monitor up to 25 companies

The service wraps up company information data and service into an entity that enables the sale of a subscription based service. The benefit is the generation of recurring revenue and increased use of services.

# Acquisition of Proff companies

Norway  
Sweden  
Denmark

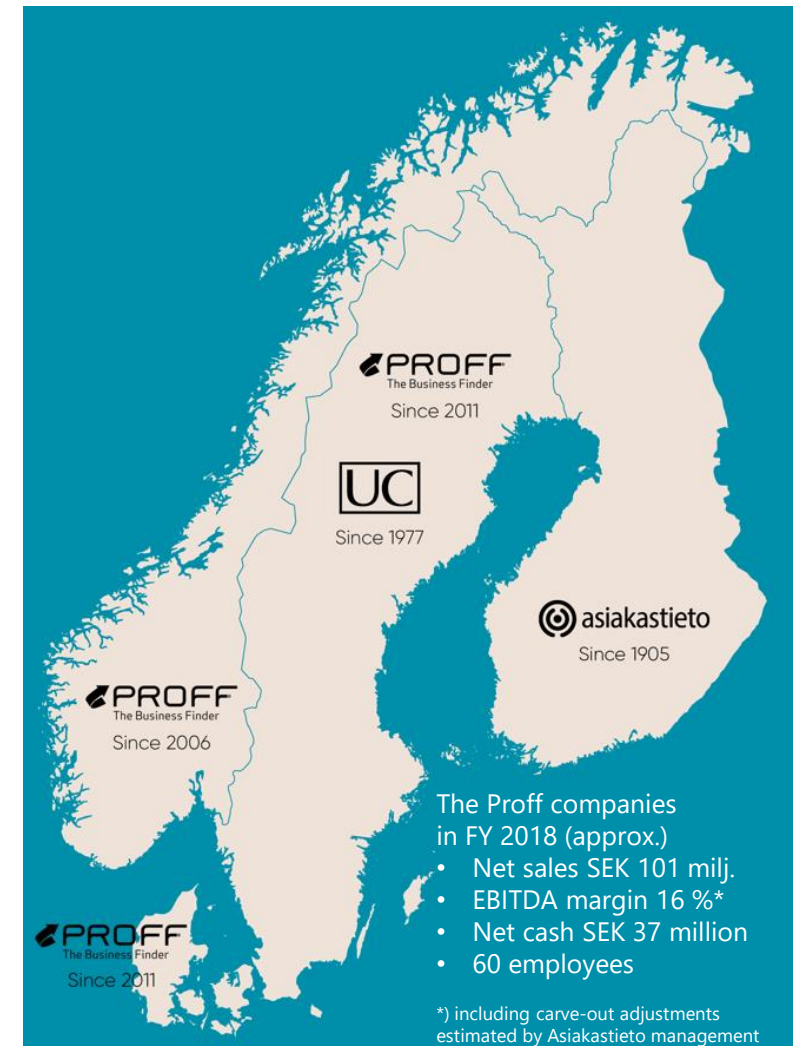




# Proff – The Business Finder

## Asiakastieto becoming the Nordic leader in freemium company information

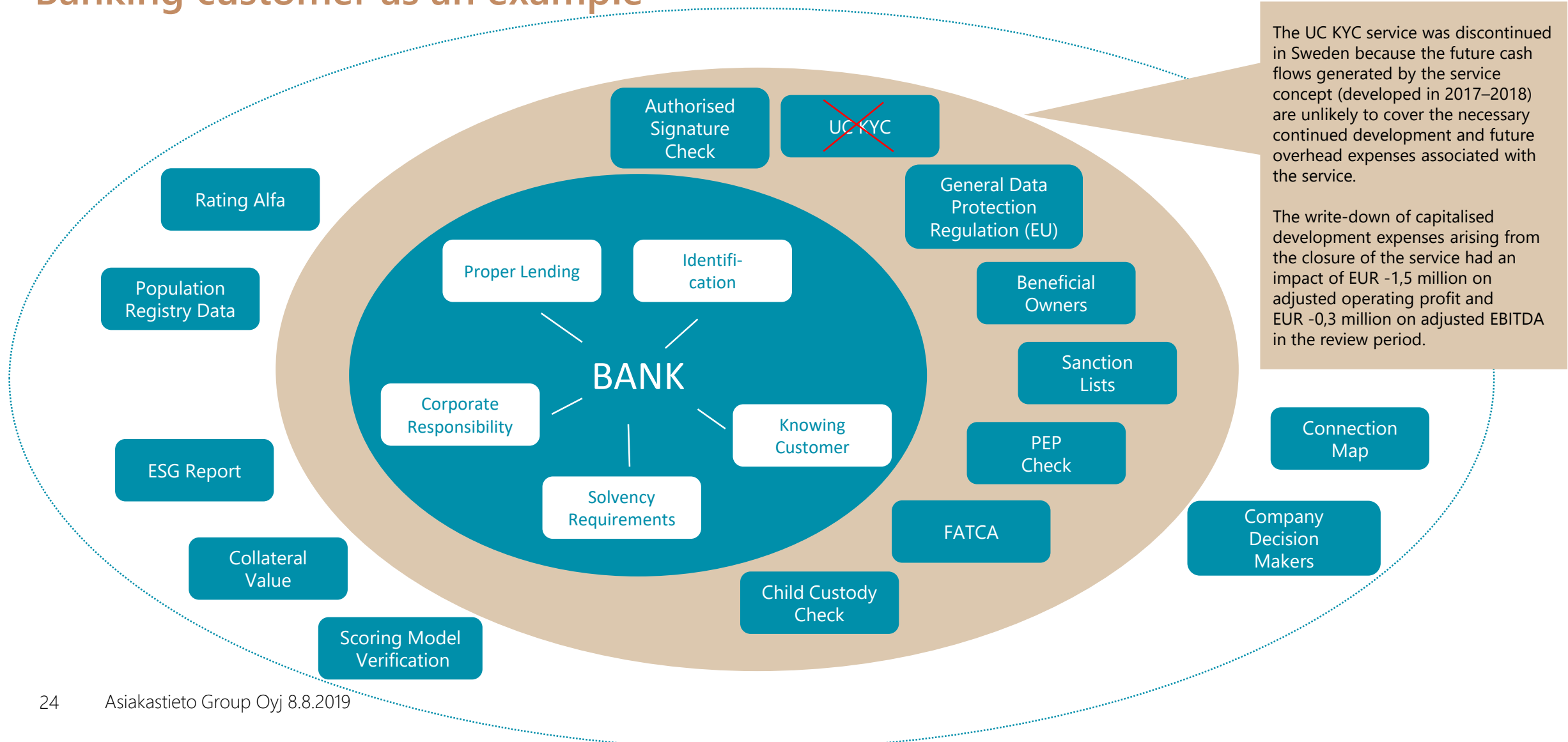
- Company information services with approx. 3 million unique visitors on monthly level (Norway, Sweden, Denmark)
- Similar freemium company information to allabolag.se in Sweden and asiakastieto.fi/yritykset in Finland
- Strengthens our position in the freemium corporate data segment
- Strengthens our digital channels
- After the acquisition Asiakastieto's website reach in Nordic: **6,5 million unique visitors** every month!
- SPA signed on 20 May 2019, transaction closed on 1 July 2019





# Compliance services

## Banking customer as an example



# Sustainability as a business opportunity



# Enabling sustainable business for our customers



## DIRECT IMPACT

- Customer
- Personnel
- Shareholders
- Security and privacy
- Laws and regulation

## SOCIETAL IMPACT

- Environment
- Community



## INDIRECT SOCIETAL IMPACT

- Incorporating sustainability into our services and solutions, for example:

ESG  
Report

Positive  
Data



# The first Report on non-financial information 2018



The material aspects of Asiakastieto's corporate responsibility will guide the responsibility work

- maintaining trust and transparency in the markets
- having a customer needs-driven and continuously evolving product and service offering
- improving competitiveness
- being perceived as an attractive investment and
- being a good corporate citizen



Asiakastieto Group Plc

## Report on non-financial information 2018

**ENSURING AND DEVELOPING** the responsibility of Asiakastieto Group's operations is fundamental to the success of the company. The monitoring and continuous development of the corporate responsibility serve the needs of all the company's stakeholders.

Asiakastieto Group's Board of Directors and management are responsible for the corporate responsibility management. Asiakastieto complies with Finnish laws and regulations, the Articles of Association, rules and guideline of Nasdaq Helsinki and Corporate Governance Code for listed companies in its administration. In practical work, the responsibility issues are governed by the Group's Ethical principles. Furthermore, operations are governed by policies and operational guidelines approved by the Board of Directors and Executive Team. All the partners must also conform to the laws and agreements. The list of Group-level policies and operational guidelines is provided below.

Asiakastieto and UC merged on 29 June 2018, which means that operations have been managed using company-specific indicators in 2018. The shared goals, measures and indicators related to the corporate responsibility at the Asiakastieto Group level will be put into practice in 2019.

### Asiakastieto's business model

Asiakastieto Group's mission is to maintain and create trust in the markets: in trading and concluding agreements between companies as well as between companies and private parties. Trust is created through the provision of services that help companies verify the reliability of their contractual counterparties. The foundation for these services consists of Asiakastieto's databases of up-to-date information on companies and consumers. The digital services shaped from the Groups data improve the efficiency of customers' operations, increase responsibility and reduce the carbon footprint of Asiakastieto.

The carbon footprint of Asiakastieto's own operations is low. All in all, the company has a positive overall impact on the surrounding social environment.



# Key ratios

## Q2 / 2019





# Overview of Q2 / 2019



EUR million (unless stated otherwise)	Q2 / 2019	Q2 / 2018	FY 2018
Net Sales	35,6	15,7	98,1
Growth (year-on-year)	126,1 %	8,9 %	74,6 %
Adjusted EBITDA	12,2	6,6	36,1
Adjusted EBITDA margin	34,3 %	42,0%	36,8 %
Adjusted EBIT	9,2	5,7	32,0
Adjusted EBIT margin	25,8 %	36,6 %	32,7 %
New products and services (% of Net Sales)	4,0 %	10,5 %	8,8 %
EBITDA	10,8	2,0	26,7
EBIT	5,0	1,0	16,7

## COMMENTS

→ Q2/2019 was the fourth quarter with UC AB results consolidated to Asiakastieto Group.

# Overview of Q2 / 2019 pro forma



EUR million (unless stated otherwise)	Q2 / 2019	Q2 / 2018	FY 2018
Net Sales	35,6	34,1	134,3
Growth (year-on-year)	4,2 %	6,8 %	3,6 %
Adjusted EBITDA	12,2	9,7	42,1
Adjusted EBITDA margin	34,3 %	28,5 %	31,3 %
Adjusted EBIT	9,2	8,7	37,7
Adjusted EBIT margin	25,8 %	25,5 %	28,1 %
New products and services (% of Net Sales)	4,0 %	8,2 %	7,8 %
EBITDA	10,8	6,9	34,8
EBIT	5,0	3,2	19,2

## COMMENTS

- Net sales growth was +4,2 % at reported FX rates and +5,8 % at comparable FX rates.
- Adjusted EBITDA excluding IFRS 16 impact increased by +20,1 % (+20,8 % at comparable FX rates).
- Adjusted EBITDA margin impacted by positive development in net sales and synergy actions driven cost-efficiencies.
- Discontinuation and write-down of the UC KYC service had an impact of EUR -1,5 million on adjusted EBIT and EUR -0,3 million on adjusted EBITDA.

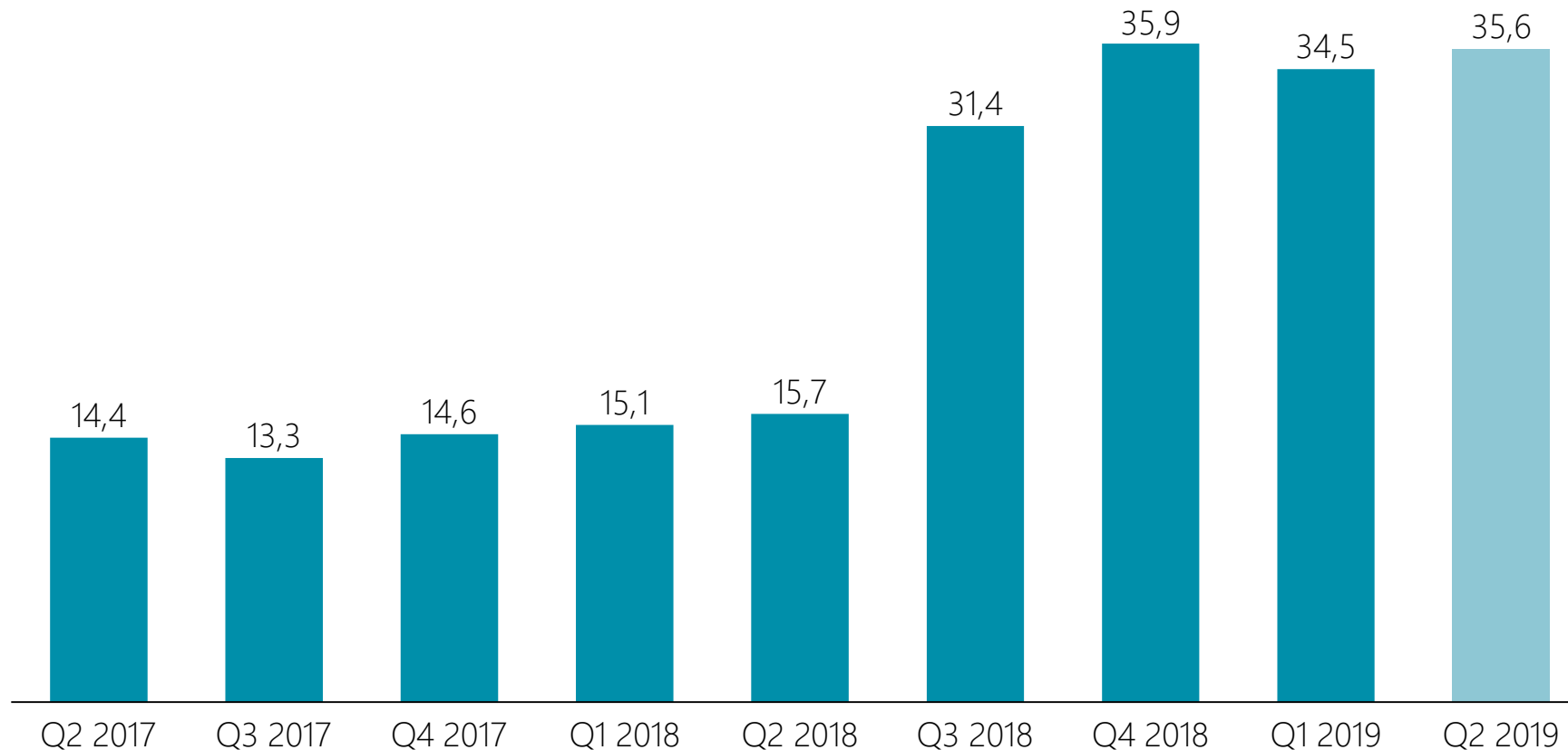
# Quarterly net sales



## COMMENTS

→ Q3/2018 – Q2/2019 with UC AB results consolidated to Asiakastieto Group.

■ Net sales, EUR million

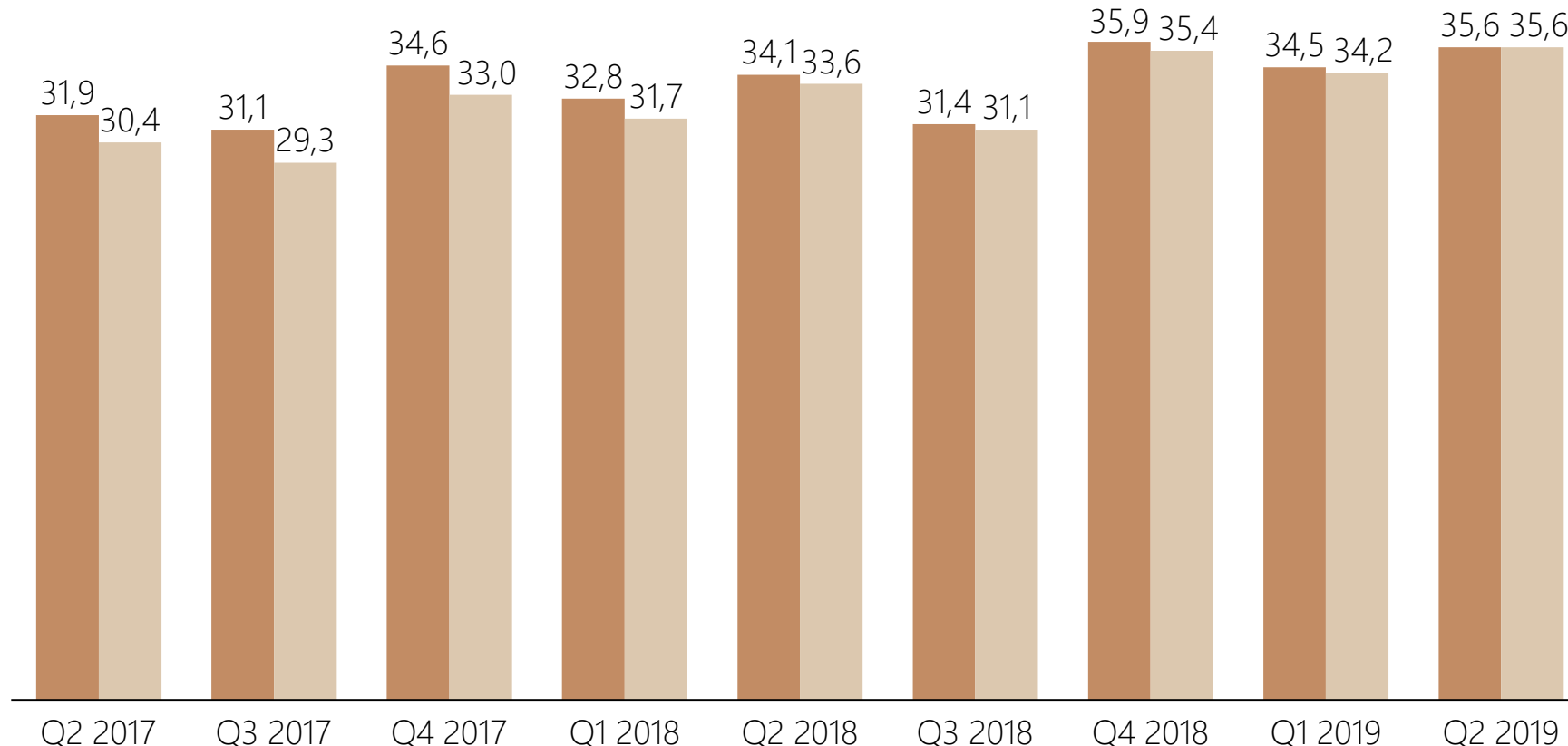


# Quarterly net sales pro forma



## COMMENTS

■ Net sales at reported FX, EUR million  
■ Net sales at constant FX, EUR million



- Net sales growth Q2/2019 was +4,2 % at reported FX rates and +5,8 % at comparable FX rates.
- The development of net sales from consumer related risk management services in the Risk Decisions business area continued strong in the second quarter.

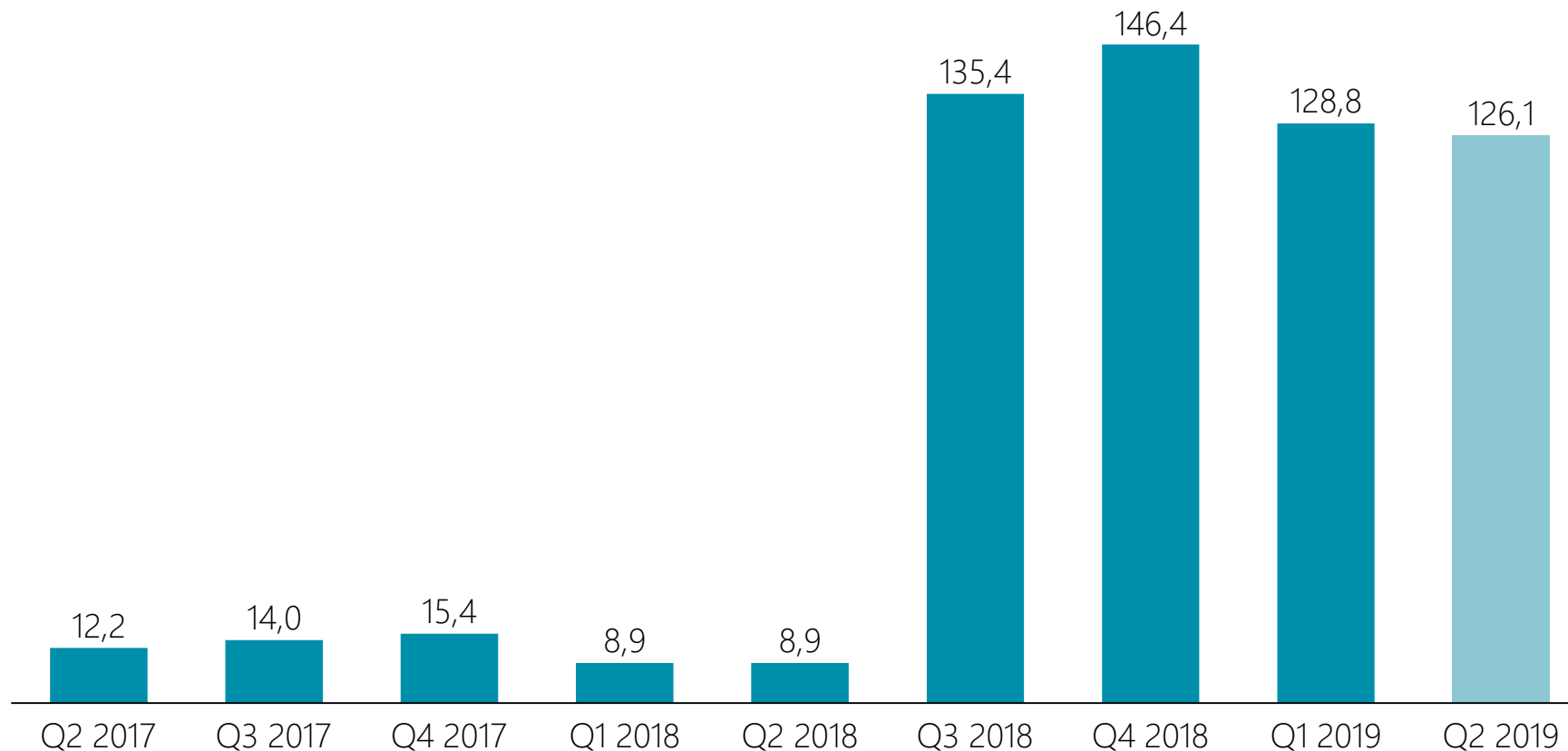
# Net sales growth



## COMMENTS

→ Q3/2018 – Q2/2019 with UC AB results consolidated to Asiakastieto Group.

■ Net sales growth, year-on-year, %

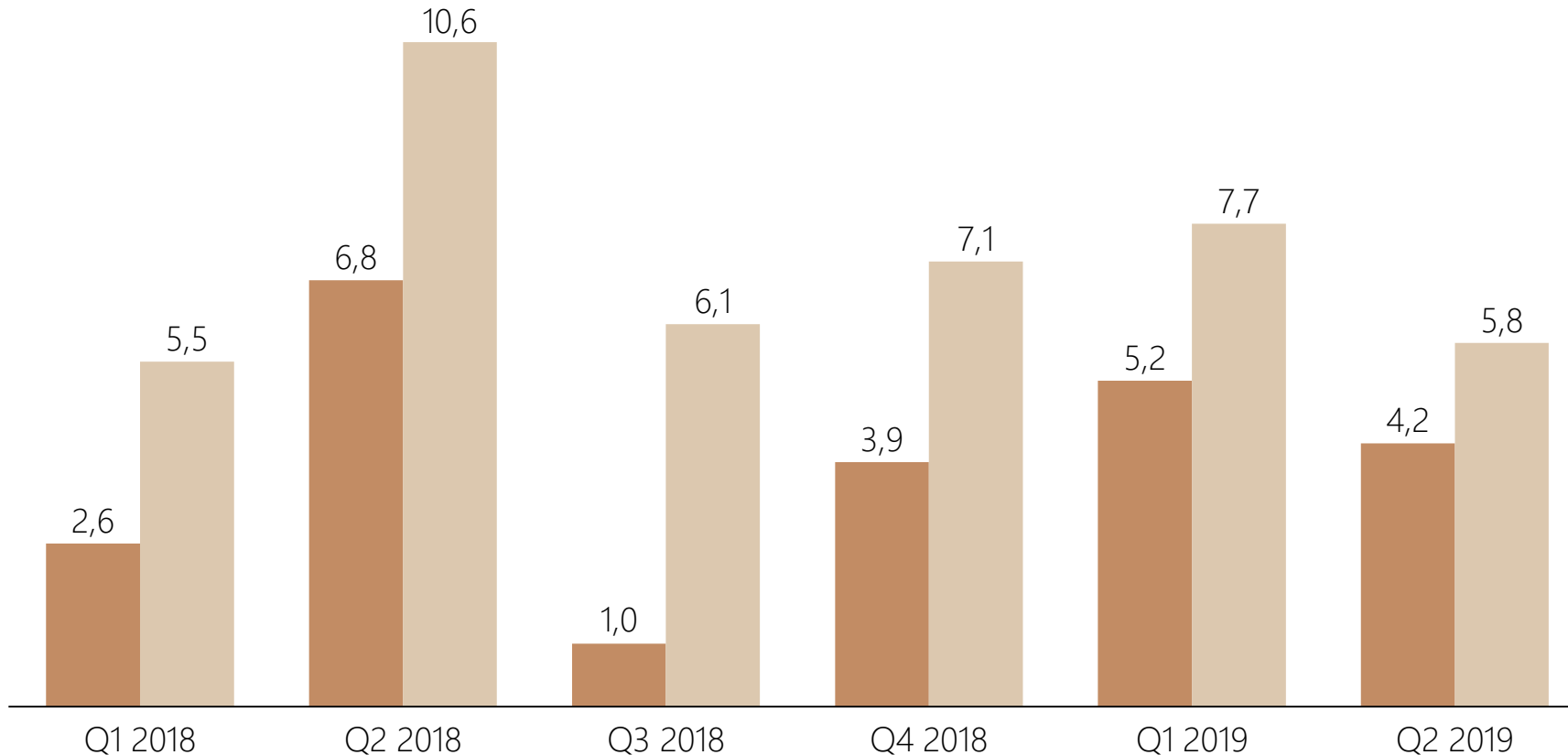




# Net sales growth pro forma



■ Net sales growth at reported FX, year-on-year, %  
■ Net sales growth at constant FX, year-on-year, %



## COMMENTS

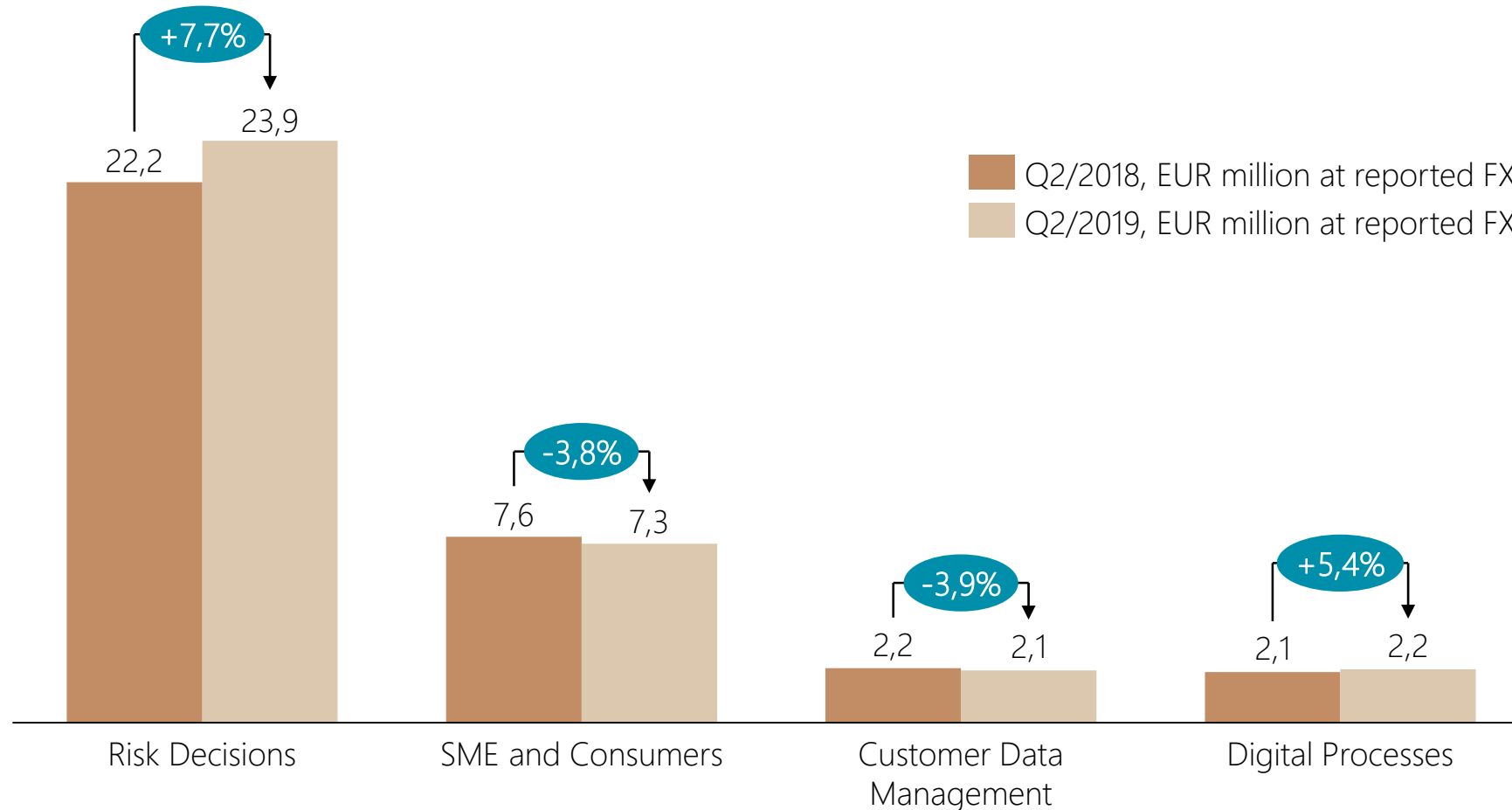
- FX comparable growth rate +5,8 %.
- Risk Decisions consumer risk management solutions continued their strong net sales development in the second quarter.
- Launching of new services contributed in their part to the net sales growth.

# Revenue by business area pro forma at reported FX rates



## COMMENTS

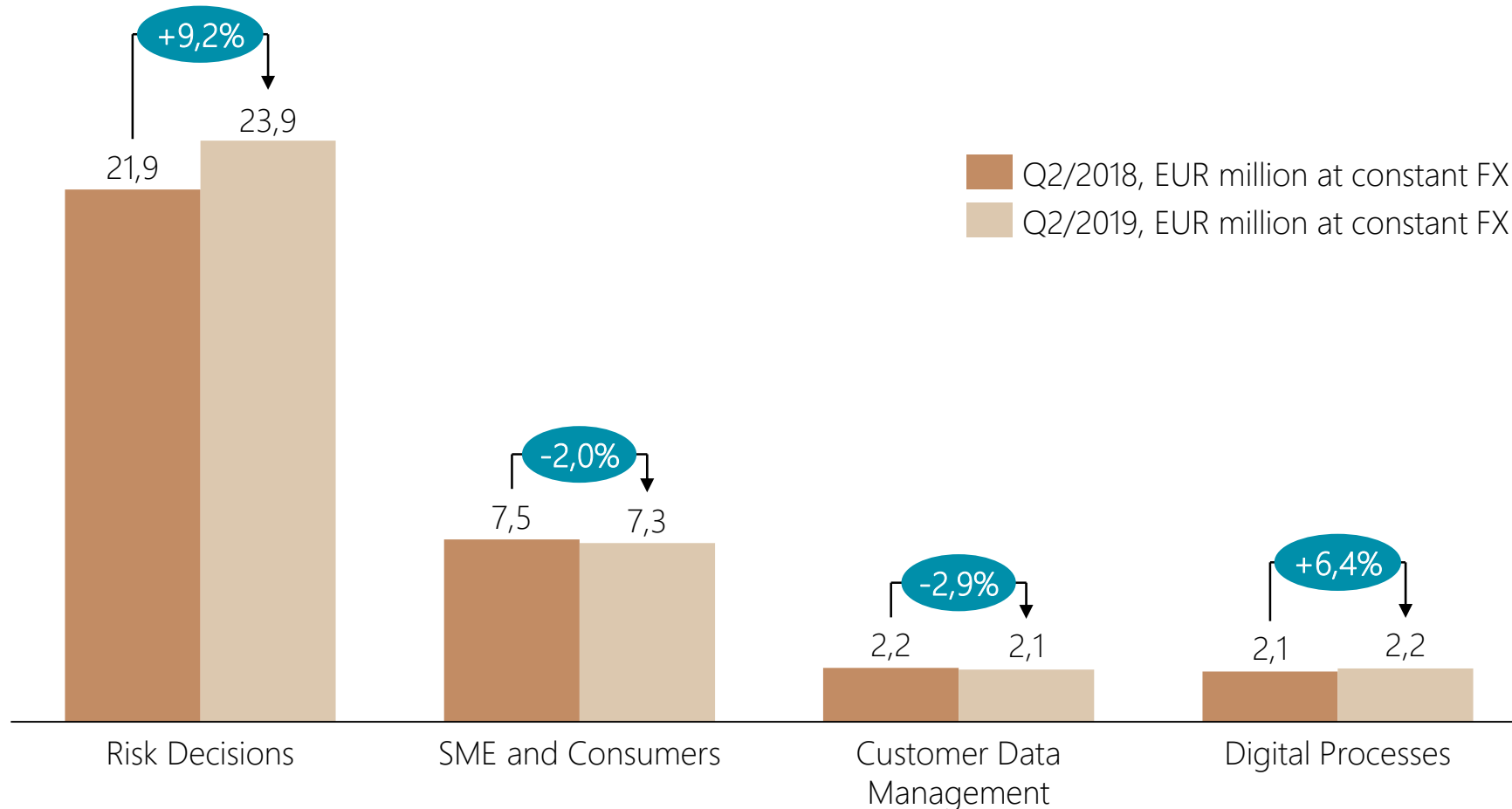
→ Reported Net sales growth negatively impacted by FX rate changes.



# Revenue by business area pro forma at constant FX rates



## COMMENTS



- Risk Decisions consumer risk management solutions continued strong.
- SME and Consumers negative growth is impacted by the decrease in the sales of offline reports and analyses in the Swedish SME market. Sales emphasis shifted to online service package subscriptions.
- Customer Data Management negative growth is impacted by the discontinuation of product offering (B2C Sweden) as well as the decline in the sales volumes of Emaileri electronic communication services.
- Digital Processes driven by good development in the sales of real estate, collateral management and compliance services in the Finnish market. Tambur housing transaction service volumes in Sweden continued to progress well.

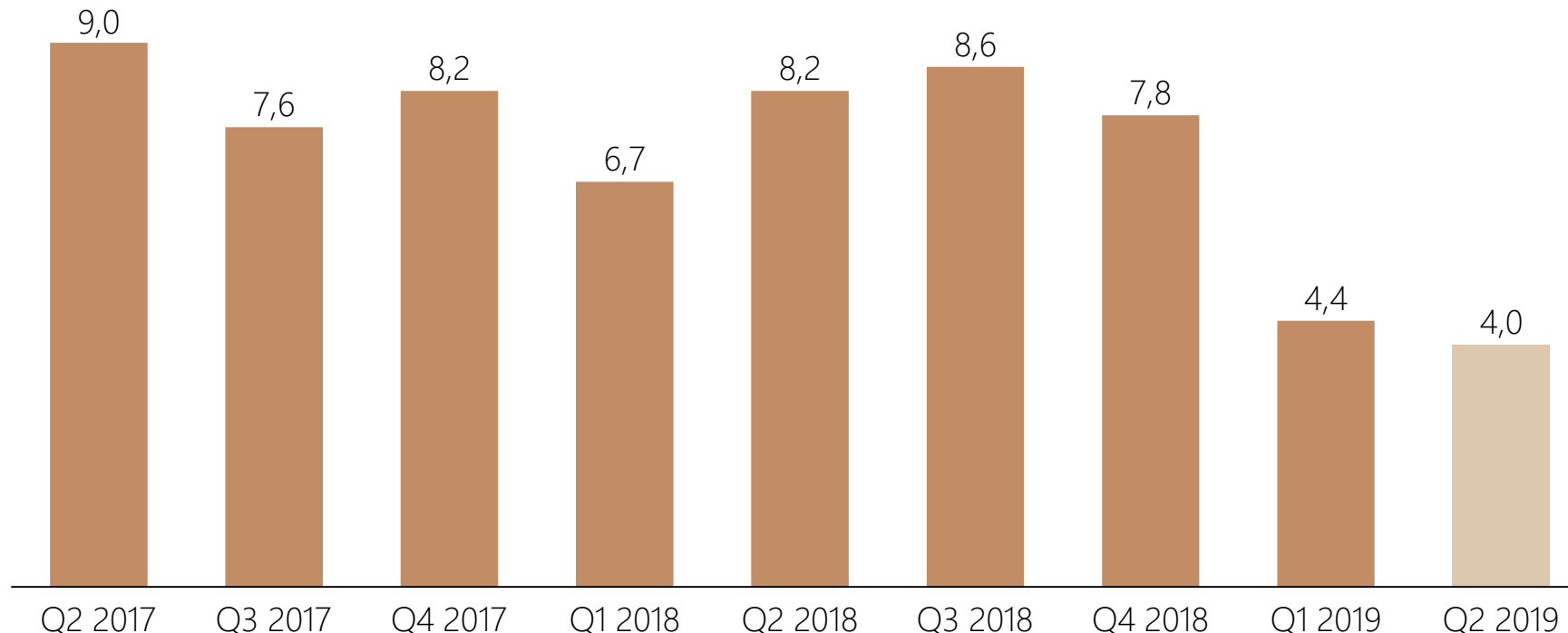
# New services share of net sales pro forma



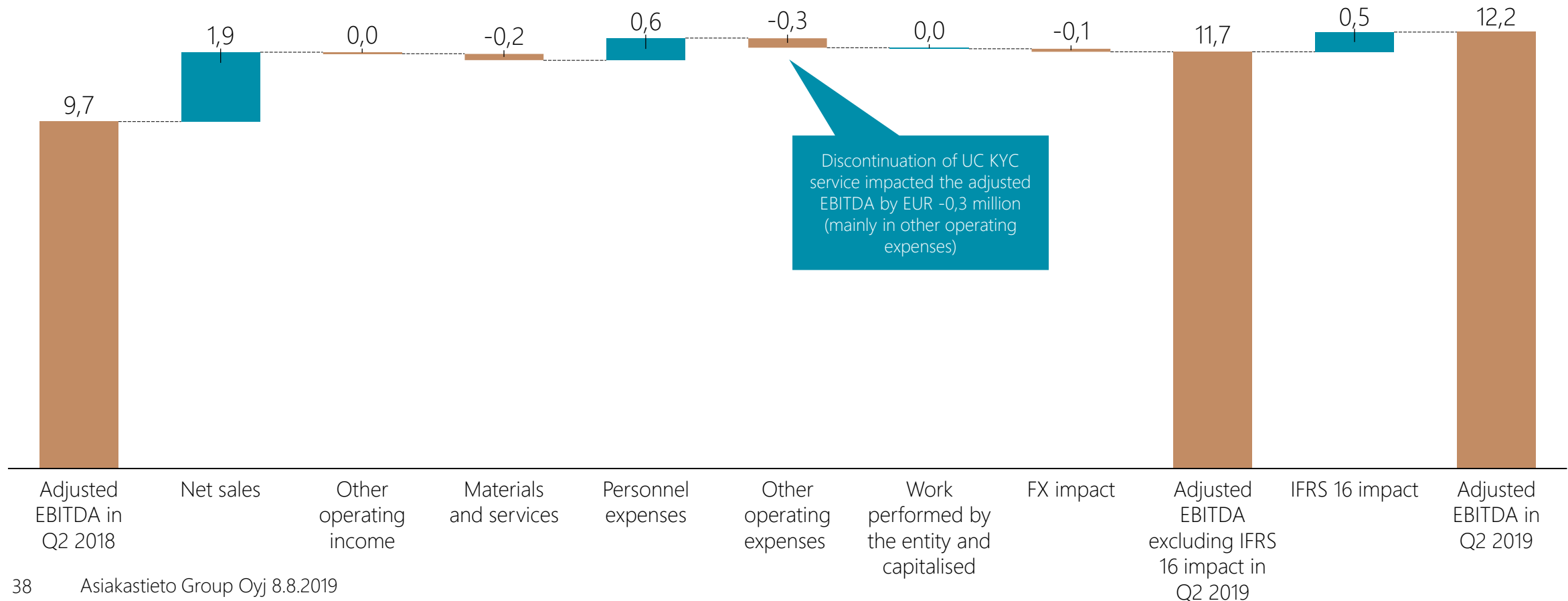
## COMMENTS

- Share of new services was 4,0 %.
- Fourteen (14) new services launched during the second quarter.
- Net sales contribution of new services remained below our long-term target level in the second quarter, largely due to emphasized focus on integration projects as well as the retargeting of our development portfolio on Nordic projects.

■ New services, % of Net sales



# Adjusted EBITDA increased 20,1 % pro forma (excl. IFRS 16 impact, at reported FX)



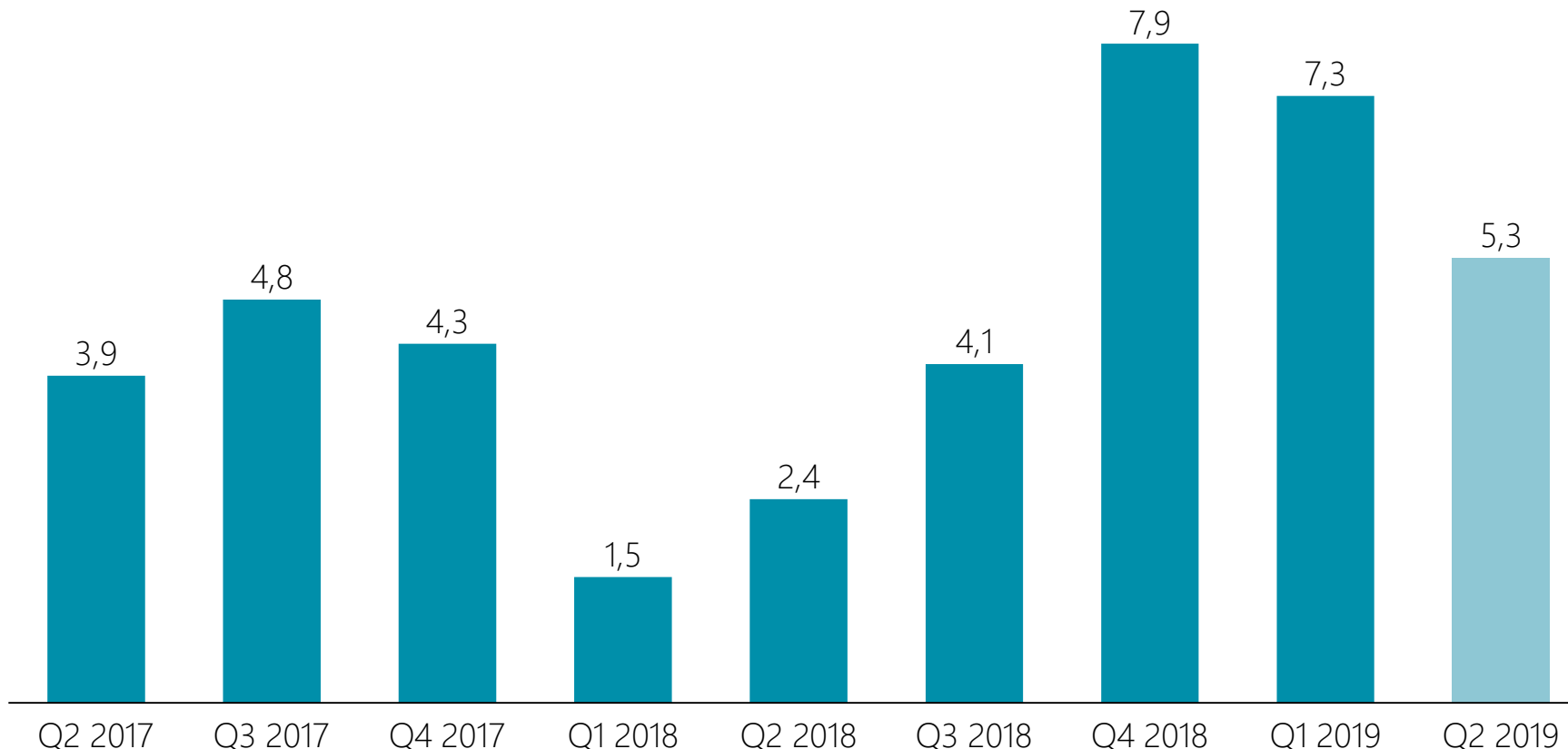


# Free cash flow



## COMMENTS

Free cash flow, EUR million



- Non-recurring M&A and redundancy-related payments arising from operational restructuring impacted the free cash flow by EUR -0,5 million.
- Management's long-term incentive plan payouts (withholding tax portion paid in cash) impacted the free cash flow by EUR -1,1 million.

# Key indicators



## COMMENTS

EUR million (unless stated otherwise)	Q2 / 2019	Q2 / 2018	FY 2018
Net debt	158,7	147,1	137,0
Net debt / adjusted EBITDA	3,2	pro forma 3,6	pro forma 3,3
Gearing, %	53,0	47,5	42,6
Equity ratio, %	56,8	58,2	59,6
Free cash flow	5,3	2,4	15,9
Cash conversion, %	49,4	123,8	59,6
Gross investments	3,2	1,0	5,6

- Cash position of EUR 20,2 million.
- Net debt / adjusted EBITDA at 3,2x.
- Free cash flow containing EUR -0,5 million (EUR -1,7 million) impact from items affecting comparability and EUR -1,1 million (EUR -0,2 million) impact from management's long-term incentive plan.
- Gross investments EUR 3,2 million (EUR 1,0 million).

# Guidance 2019



Guidance <sup>1</sup>	
Net sales from 1 July 2019	Asiakastieto Group expects its net sales growth in 2019 to be in the middle of the range of its long-term target (5–10 %), compared to the previous year's pro forma net sales.
<i>Net sales (previously published)</i>	<i>Asiakastieto Group expects its net sales growth in 2019 to be in the middle of the range of its long-term target (5–10 %) or slightly below it compared to the previous year's pro forma net sales.</i>
EBITDA	Asiakastieto Group expects its adjusted EBITDA, excluding the effect of IFRS 16 transition, to grow in 2019 at a percentage rate that exceeds the rate of net sales growth compared to the previous year's pro forma adjusted EBITDA.
Capital expenditure	Asiakastieto Group expects its capitalised product development and software expenses in 2019 to exceed the previous year's level on a pro forma basis.
Dividend policy <sup>2</sup>	
Dividends	The Company's dividend policy is to distribute as dividends at least 70 per cent of the Company's net profit, whilst, taking into consideration the business development and investment needs of the Group. Any dividends to be paid in future years, their amount and the time of payment will depend on Asiakastieto Group's future earnings, financial condition, cash flows, investment needs, solvency and other factors.

*Note: (1) This forward-looking statement is not a guarantee of future performance; (2) Subject to the business development and investment needs of the Company. Any dividends to be paid in future years, their amount and the time of payment will depend on Asiakastieto's future earnings, financial condition, cash flows, investment needs, solvency and other factors.*

# Financials Q2 / 2019 Summary





# Q2 / 2019 Income statement



EUR million	Q2 / 2019	Q2 / 2018	FY 2018
<b>Net sales</b>	<b>35,6</b>	<b>15,7</b>	<b>98,1</b>
Other operating income	0,0	0,0	0,1
Materials and services	-6,2	-3,7	-18,3
Personnel expenses	-10,5	-3,4	-26,8
Other operating expenses	-8,7	-7,0	-28,1
Work performed by the entity and capitalised	0,5	0,4	1,6
Depreciation and amortisation	-5,8	-1,0	-10,0
<b>Operating profit</b>	<b>5,0</b>	<b>1,0</b>	<b>16,7</b>
Finance income and expenses	-0,6	-0,3	-2,2
<b>Result before income tax</b>	<b>4,4</b>	<b>0,7</b>	<b>14,5</b>
Income tax expense	-0,9	-0,7	-3,6
<b>Result for the period</b>	<b>3,5</b>	<b>0,0</b>	<b>10,9</b>
Earnings per share attributable to the owners of the parent during the period:			
Basic earnings per share (EUR)	0,15	-0,0	0,56
Diluted earnings per share (EUR)	0,15	-0,0	0,56

# Income statement pro forma



EUR million	Q2 / 2019	Q2 / 2018	FY 2018
<b>Net sales</b>	<b>35,6</b>	<b>34,1</b>	<b>134,3</b>
Other operating income	0,0	0,1	0,1
Materials and services	-6,2	-6,0	-22,8
Personnel expenses	-10,5	-10,7	-40,7
Other operating expenses	-8,7	-11,0	-38,2
Work performed by the entity and capitalised	0,5	0,5	2,0
Depreciation and amortisation	-5,8	-3,7	-15,5
<b>Operating profit</b>	<b>5,0</b>	<b>3,2</b>	<b>19,2</b>
Finance income and expenses	-0,6	-0,8	-3,1
<b>Result before income tax</b>	<b>4,4</b>	<b>2,5</b>	<b>16,2</b>
Income tax expense	-0,9	-0,6	-3,3
<b>Result for the period</b>	<b>3,5</b>	<b>1,9</b>	<b>12,9</b>
Earnings per share attributable to the owners of the parent during the period:			
Basic earnings per share (EUR)	0,15	0,08	0,54
Diluted earnings per share (EUR)	0,15	0,08	0,54
Comparable earnings per share (EUR)	0,24	0,17	0,90

# Q2 / 2019 Cash flow



EUR million	Q2 / 2019	Q2 / 2018	FY 2018
<b>Cash flows from operating activities</b>			
Cash flows before change in working capital	9,9	1,5	25,0
Change in working capital	0,1	2,9	0,2
Net interests and other financing items	-1,3	-0,5	-2,1
Income taxes paid	-1,4	-0,9	-3,6
Net cash from operating activities	7,2	2,9	19,5
<b>Cash flows from investing activities</b>			
Net cash used in investing activities	-3,2	-85,8	-90,8
<b>Cash flows from financing activities</b>			
Net cash used in financing activities	-23,3	85,7	85,2
Cash and cash equivalents at beginning of the period	39,6	20,2	18,9
<b>Cash and cash equivalents at end of the period</b>	<b>20,2</b>	<b>23,0</b>	<b>33,2</b>

# Thank you!

## Further information

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