

ASIAKASTIETO GROUP PLC

# INTERIM REPORT

**1.1.–30.9.2019**

CEO Jukka Ruuska  
7 November 2019

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Intelligent decisions.  
Bigger dreams.



# Content



## → Asiakastieto Group in brief

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

## → Highlights of Q3 / 2019

- Nordic integration
- Nordic business development
- Enabling responsible lending
- Strong sales growth

## → Key ratios Q3 / 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.

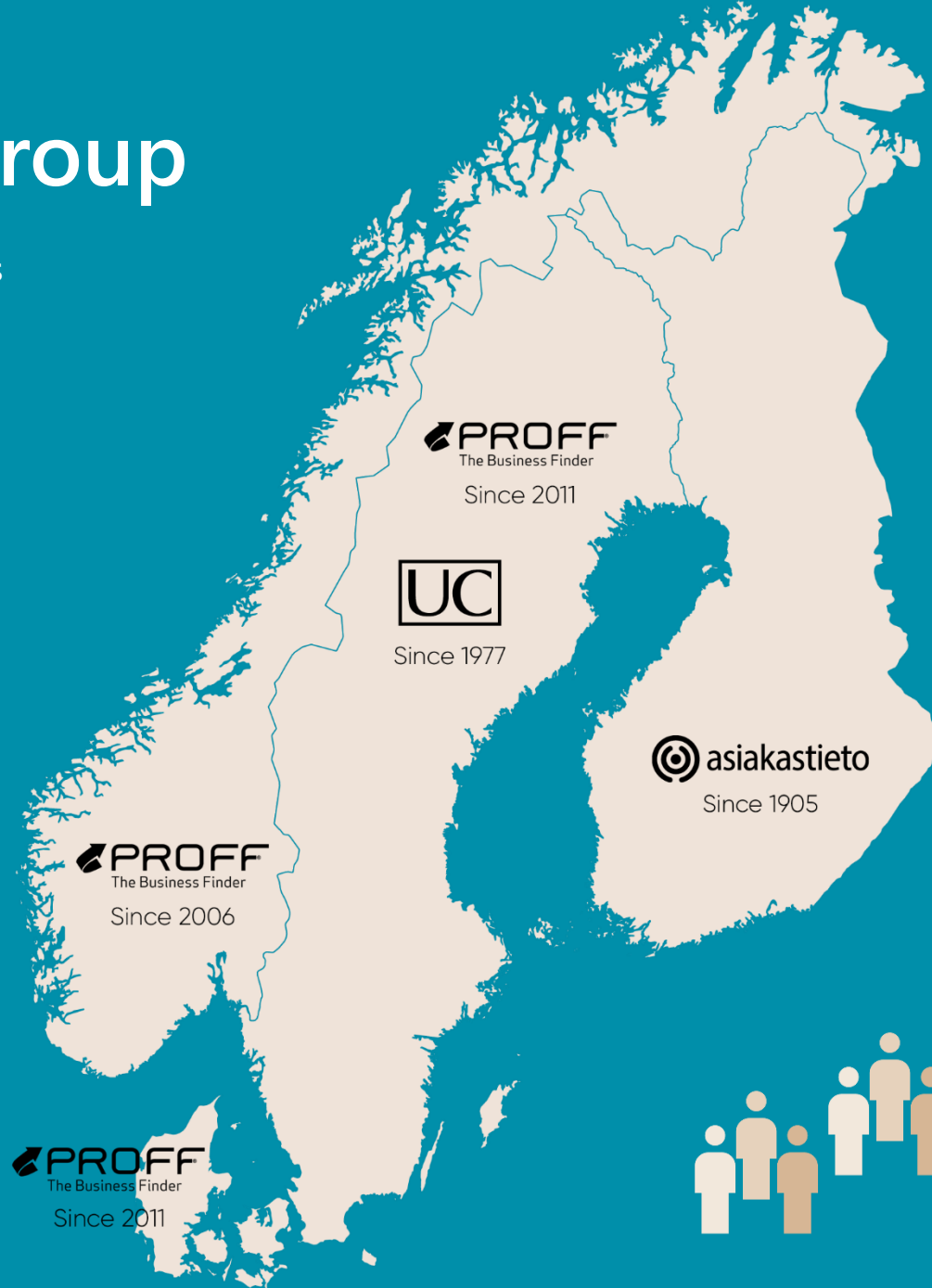
# Asiakastieto Group

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 30.9.2019



Intelligent decisions.  
Bigger dreams.

MARKET CAPITALISATION

30.9.2019

**641** MEUR



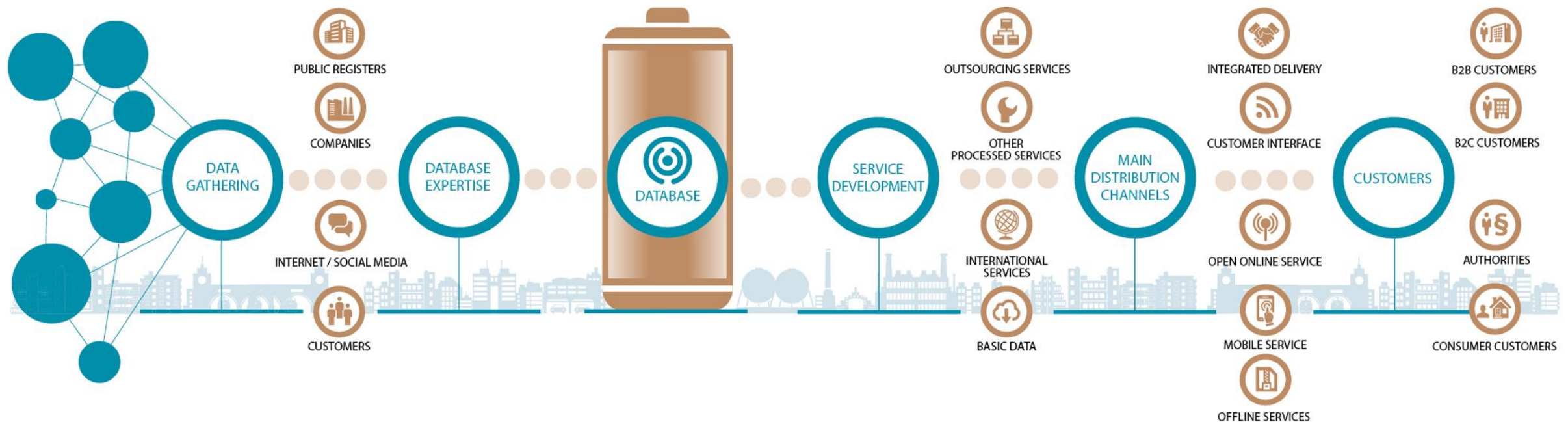
Partners in  
Nordic region  
and in Europe.

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 Q3 / 2019



Net Sales

**36,7**  
MEUR

Net sales growth  
at comparable FX

**18,3**  
%

Net Debt to  
Adjusted EBITDA

**2,7**  
X

Number of Personnel  
30.9.2019

**420**

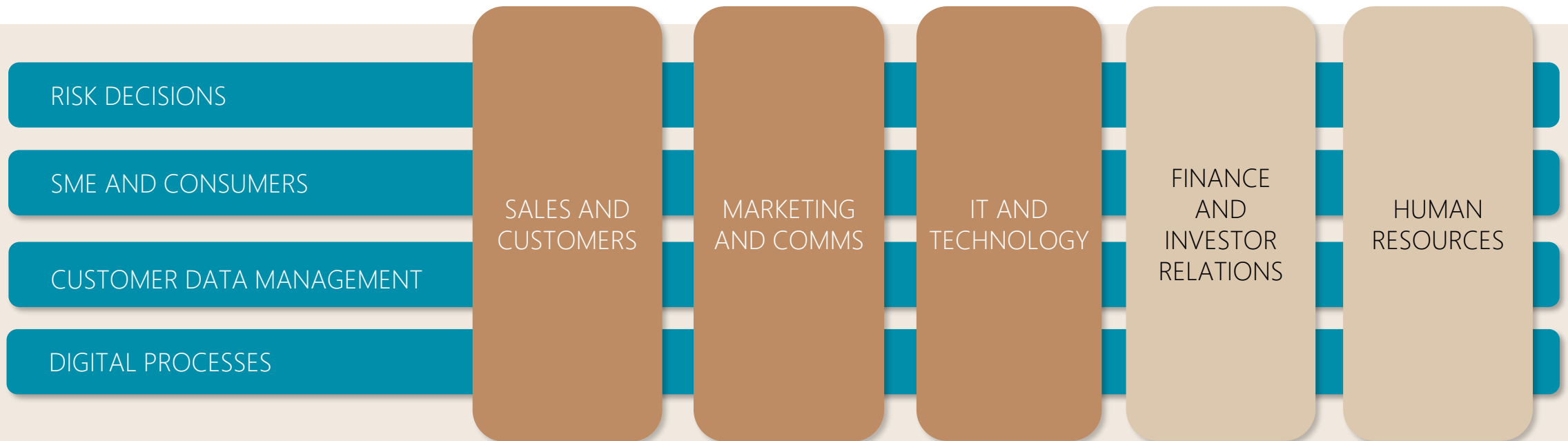
Adjusted  
EBITDA

**14,0**  
MEUR

Adjusted  
EBITDA Margin

**38,1**  
%

# 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.

## 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.

## CUSTOMER DATA MANAGEMENT

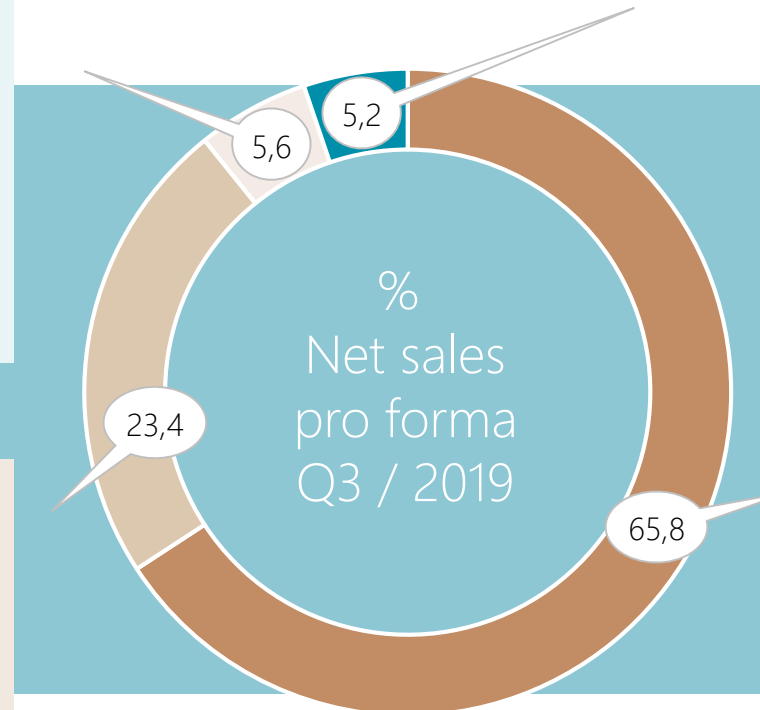
### Services and solutions

- 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

## 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



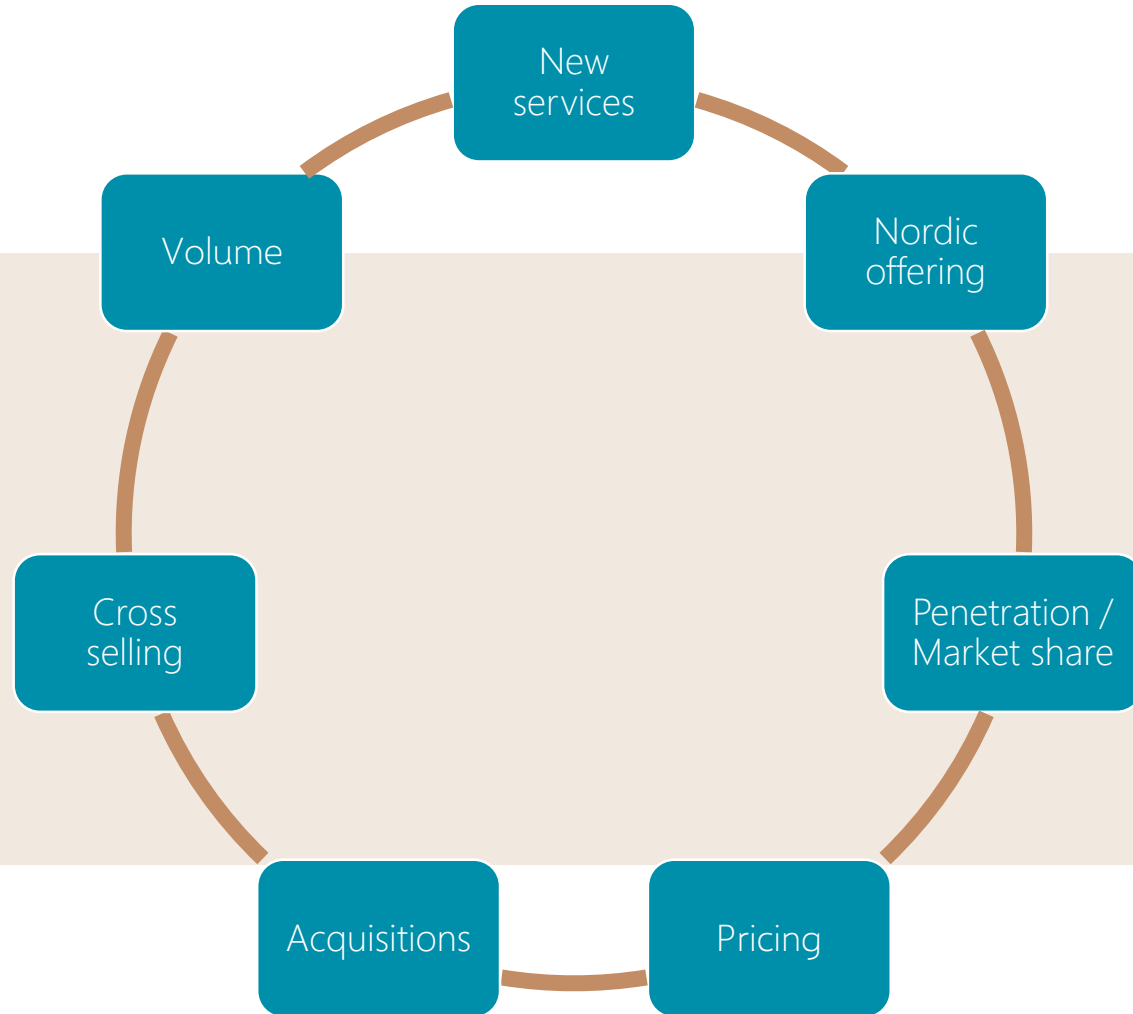
Business  
development



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.

# Full year outlook unchanged



**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 Q3 / 2019



Nordic  
integration

POPCORN

Nordic  
business  
development

Enabling  
responsible  
lending

Very strong  
sales  
in Q3 / 2019

- Synergy benefits updated to include Proff
- New run rate 2021 of EUR 17,8 million (EUR 17,0 million)
- Nordic level strategy process Popcorn in progress
- Launched seven new services
- Examples:
  - Consumer Check (SE)
  - Digital Apartment Information Service enhancements (FI)
- Examples:
  - Consumer Credit Inquiry System (FI)
  - Credit Register (SE)
  - Account Insight –service (FI&SE)
  - UC Risk Blanco (SE)
- The development of net sales from consumer-related risk management services in the Risk Decisions business area continued strong in the third quarter
- Full year outlook unchanged

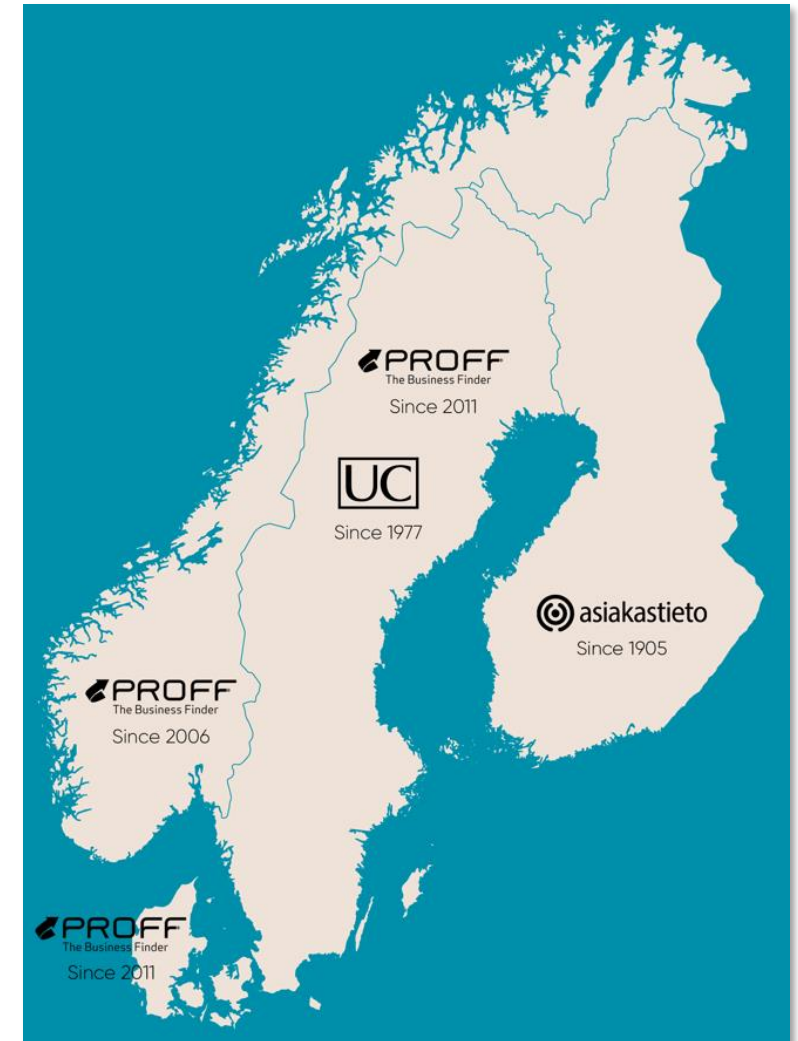


# Integration progress



# Integration proceeding according to plan

- Synergy benefits from the acquisition of Proff added to the total synergy benefit follow-up.
- Integration work is proceeding according to the plan.
  - Cost synergies have been realised according to the original plan
  - Revenue synergy initiatives (new services and cross-utilisation of existing services) are in implementation and planning phases in all Business areas
- Systematic efforts made on continuous manner to discover new synergy opportunities as the integration progresses.
- Synergy benefits of EUR 17,8 million (run rate 2021) including synergies from Asiakastiето+UC integration and integration of Proff to Asiakastiето Group.





# Nordic business development





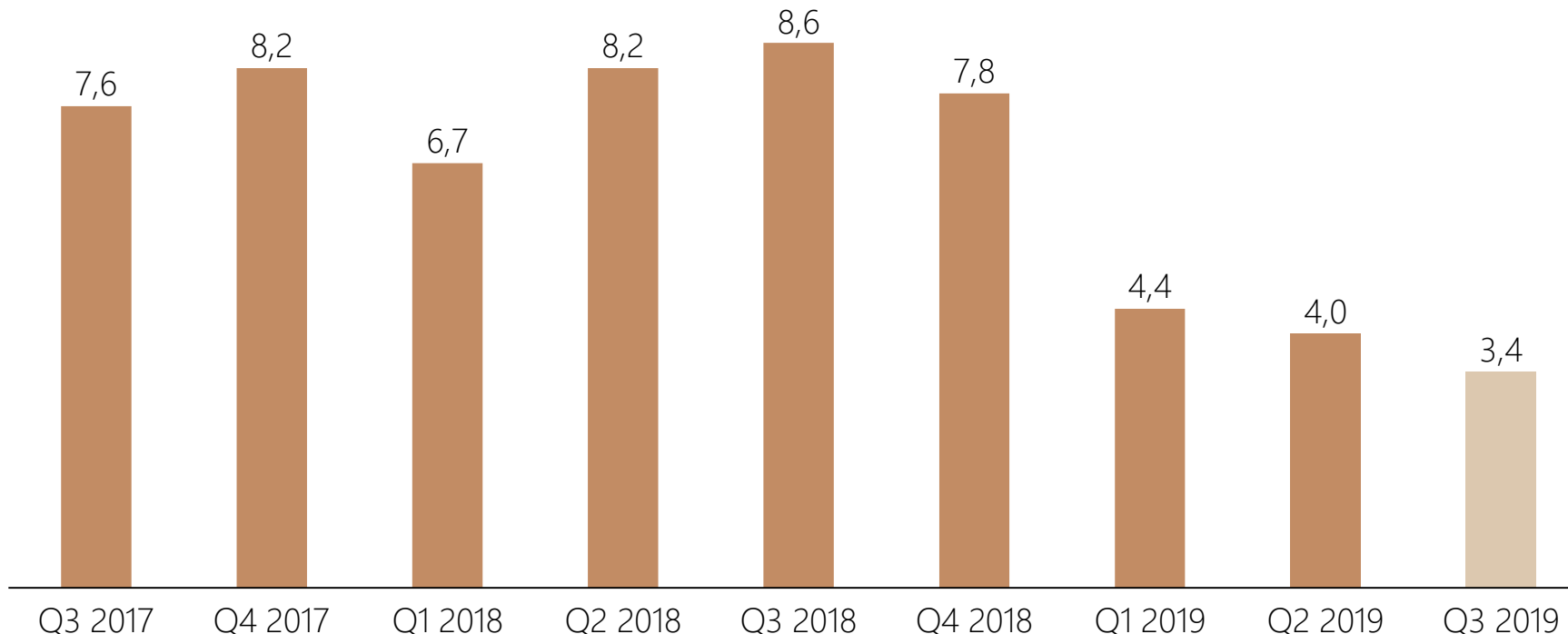
# New services share of net sales pro forma



## COMMENTS

- Share of new services was 3,4 %.
- Seven new services launched during the third quarter.
- Net sales contribution of new services remained below target level in the third quarter.
- Activity in service development has remained high, and the aim is to increase new services net sales contribution next year.

■ New services, % of Net sales



# Enabling responsible lending



# The importance of positive credit information is supported by the efficient systems in both countries.



## CONSUMER CREDIT INQUIRY SYSTEM

- Since 2013 – unique data in Finland
- By consumer consent
  - Approx. 1 million consumers within the inquiry system
  - Data has been part of over 5 million credit decisions
- Types of credit
  - Credit cards
  - Instalment loans
  - Unsecured loans
- Aims
  - Giving better credit assessments
  - Lowering risk of credit defaults for the creditor
  - Protecting consumer from overindebtedness
  - Responsible lending
- Participating creditors in total 43 (30.9.2019)
- Daily updated data (twice per day)

## CREDIT REGISTER

- Since 1990 – unique data in Sweden
- Citizens over 16 years
- Types of credit
  - Credit cards
  - Instalment loans
  - Unsecured loans
  - Mortgages
- Aims
  - Giving better credit assessments
  - Lowering risk of credit defaults for the creditor
  - Protecting consumer from overindebtedness
  - Responsible lending
- Participating creditors in total 137 (30.9.2019)
- Daily or monthly updated data



# Account Insight (PSD2) Service

Rationale of Asiakastieto's market presence



Investigating PSD2, understanding effects on customers

Customer demand in new business opportunities around PSD2

PSD2 service 'Account Insight' launched together with 10 pilot customers

New business opportunities for customers in Finland and in Sweden

# Account Insight (PSD2) Service



Account Insight is an account data aggregator API for Asiakastieto's customers.

Account Insight accesses account and transaction data authorised by the end-user (consumer or company).

The service processes account data by categorising and grouping the transactions.

The service provides account insight for the purposes of ability to pay calculation and cash flow analysis e.g. within lending processes.





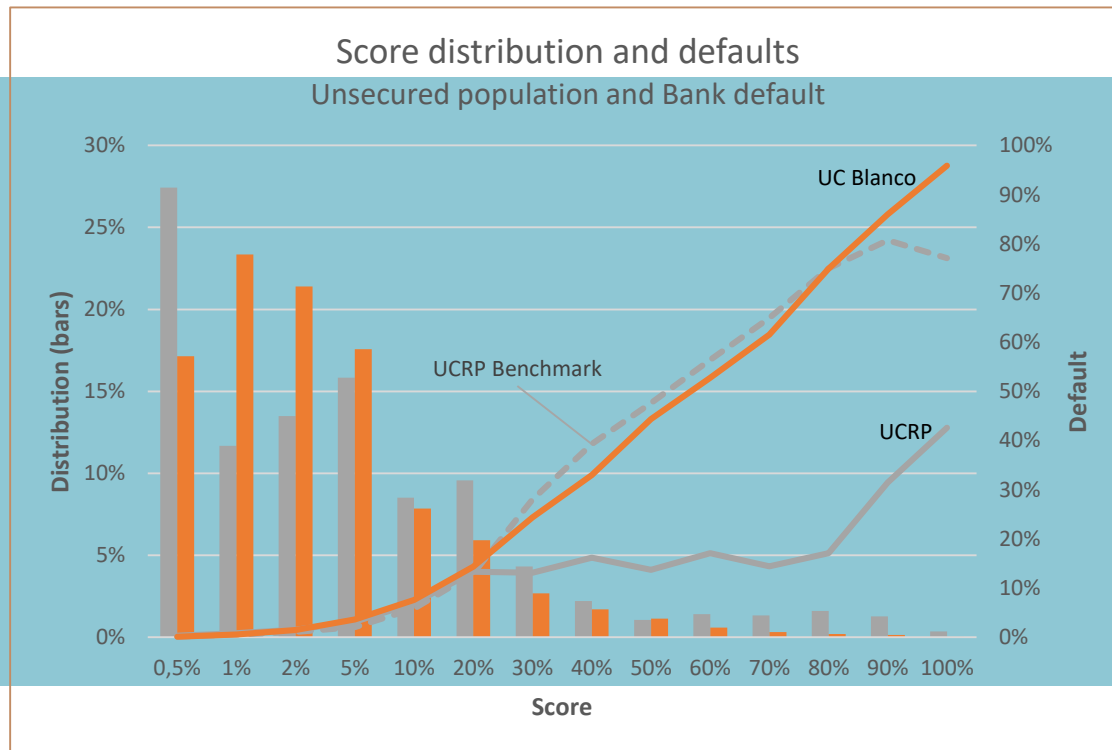
# Account Insight (PSD2) service

End-user process



# UC Risk Blanco

For better risk assessment of unsecured loan



- A service customised for the provision of unsecured credit helps creditors make better credit decisions based on more accurate credit ratings.
- Customer evaluations proved the model to be superior not only to generic score models but also to creditors' custom-made models for unsecured loans.
- Many creditors are using the score or they are on the way of implementing it in their credit processes.

# 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

# Key ratios

## Q3 / 2019



# Overview of Q3 / 2019



| EUR million<br>(unless stated otherwise)   | Q3 / 2019 | Q3 / 2018 | FY 2018 |
|--|-----------|-----------|---------|
| Net Sales                                  | 36,7      | 31,4      | 98,1    |
| Growth (year-on-year)                      | 16,8 %    | 135,4 %   | 74,6 %  |
|  |           |           |         |
| Adjusted EBITDA                            | 14,0      | 10,9      | 36,1    |
| Adjusted EBITDA margin                     | 38,1 %    | 34,6 %    | 36,8 %  |
| Adjusted EBIT                              | 12,0      | 9,8       | 32,0    |
| Adjusted EBIT margin                       | 32,8 %    | 31,3 %    | 32,7 %  |
|  |           |           |         |
| New products and services (% of Net Sales) | 3,4 %     | 8,6 %     | 8,8 %   |
|  |           |           |         |
| EBITDA                                     | 13,3      | 8,2       | 26,7    |
| EBIT                                       | 8,3       | 4,4       | 16,7    |

## COMMENTS

- Net sales growth was +16,8 % at reported FX rates and +18,3 % at comparable FX rates.
- Adjusted EBITDA excluding IFRS 16 impact increased by +23,2 % and +24,1 % at comparable FX rates.
- Proff companies consolidated to Group from the beginning of Q3.
- Adjusted EBITDA increased year-on-year by the strong development of net sales, the cost-efficiency effect of actions taken to leverage synergies and the Proff acquisition.



# Q1 – Q3 / 2019 pro forma



| EUR million<br>(unless stated otherwise)   | 1.1. –<br>30.9.2019 | 1.1. –<br>30.9.2018 | FY 2018 |
|--|---------------------|---------------------|---------|
| Net Sales                                  | 106,8               | 98,4                | 134,3   |
| Growth (year-on-year)                      | 8,6 %               | 3,5 %               | 3,6 %   |
|  |                     |                     |         |
| Adjusted EBITDA                            | 37,9                | 29,8                | 42,1    |
| Adjusted EBITDA margin                     | 35,5 %              | 30,3 %              | 31,3 %  |
| Adjusted EBIT                              | 31,0                | 26,8                | 37,7    |
| Adjusted EBIT margin                       | 29,1 %              | 27,3 %              | 28,1 %  |
|  |                     |                     |         |
| New products and services (% of Net Sales) | 3,9 %               | 7,8 %               | 7,8 %   |
|  |                     |                     |         |
| EBITDA                                     | 35,5                | 23,4                | 34,8    |
| EBIT                                       | 33,9                | 12,1                | 19,2    |

## COMMENTS

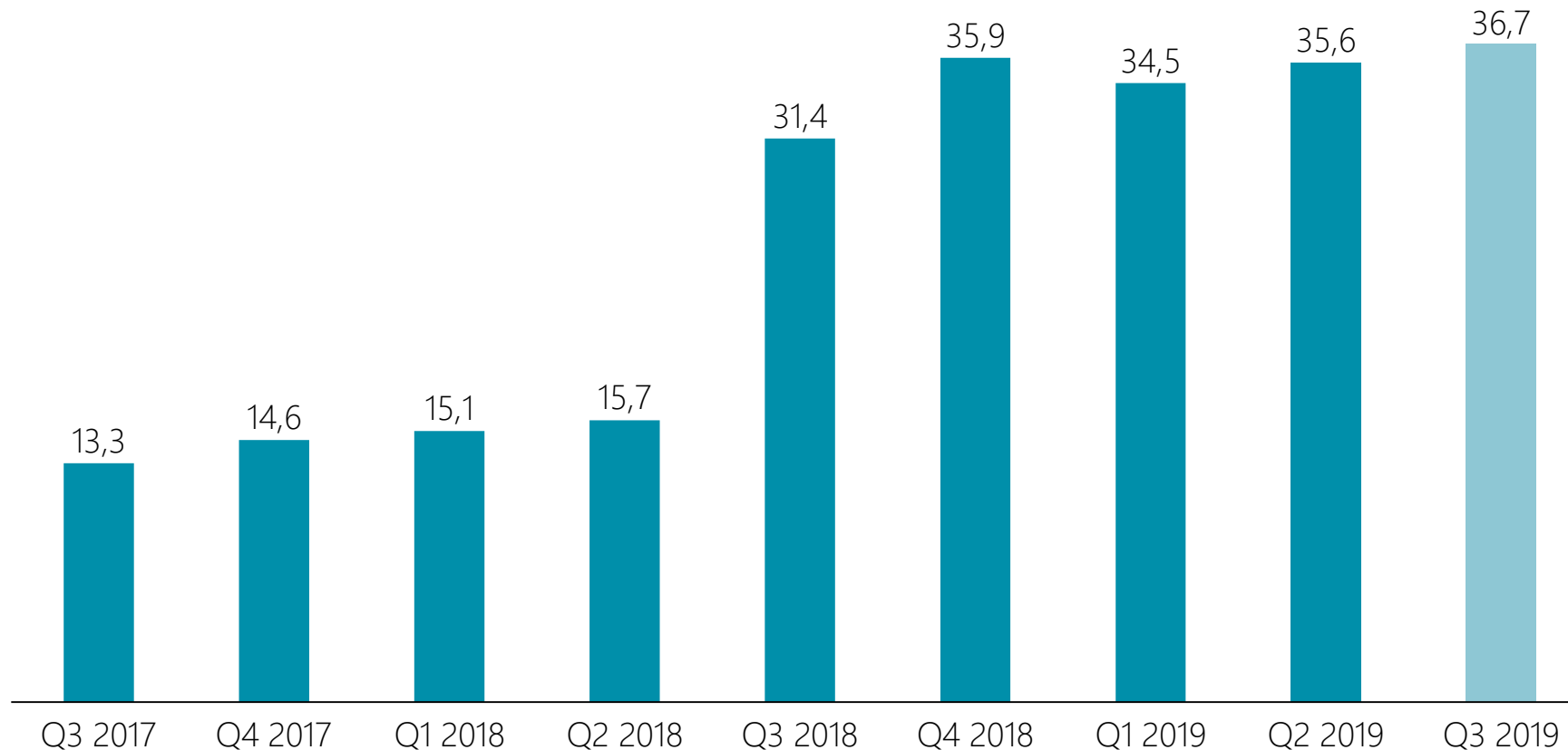
- Net sales growth was +8,6 % at reported FX rates and +10,4 % at comparable FX rates.
- Adjusted EBITDA excluding IFRS 16 impact increased by +21,4 % and +22,5 % at comparable FX rates.
- Adjusted EBITDA margin impacted by positive development in net sales and synergy actions driven cost-efficiencies.
- Discontinuation and write-down of the UC KYC service in Q2/19 had an impact of EUR -1,5 million on adjusted EBIT and EUR -0,3 million on adjusted EBITDA.

# Quarterly net sales



## COMMENTS

■ Net sales, EUR million



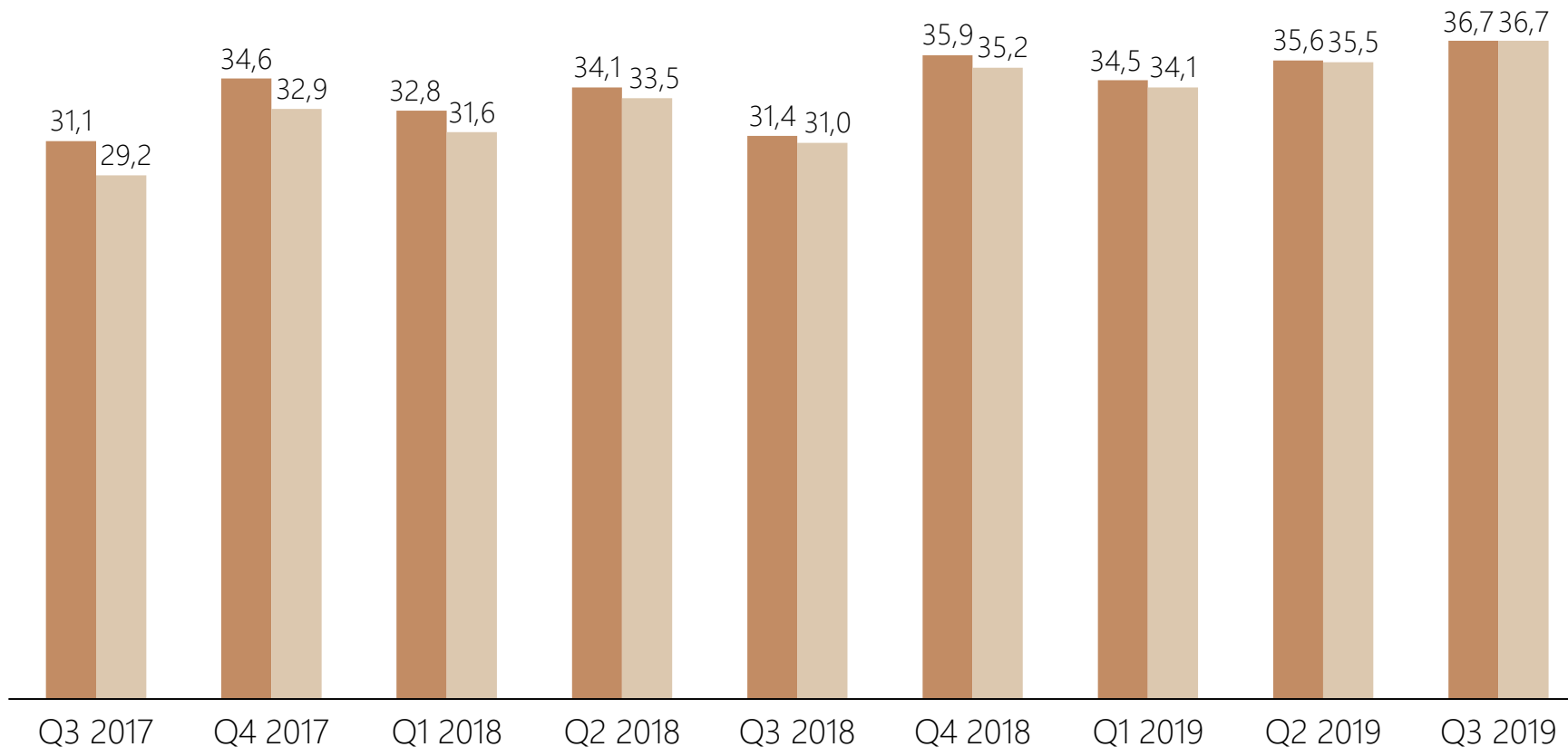
→ Q3/2018 – Q3/2019 with UC AB results consolidated to Asiakastieto Group.

# Quarterly net sales

## pro forma



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



## COMMENTS

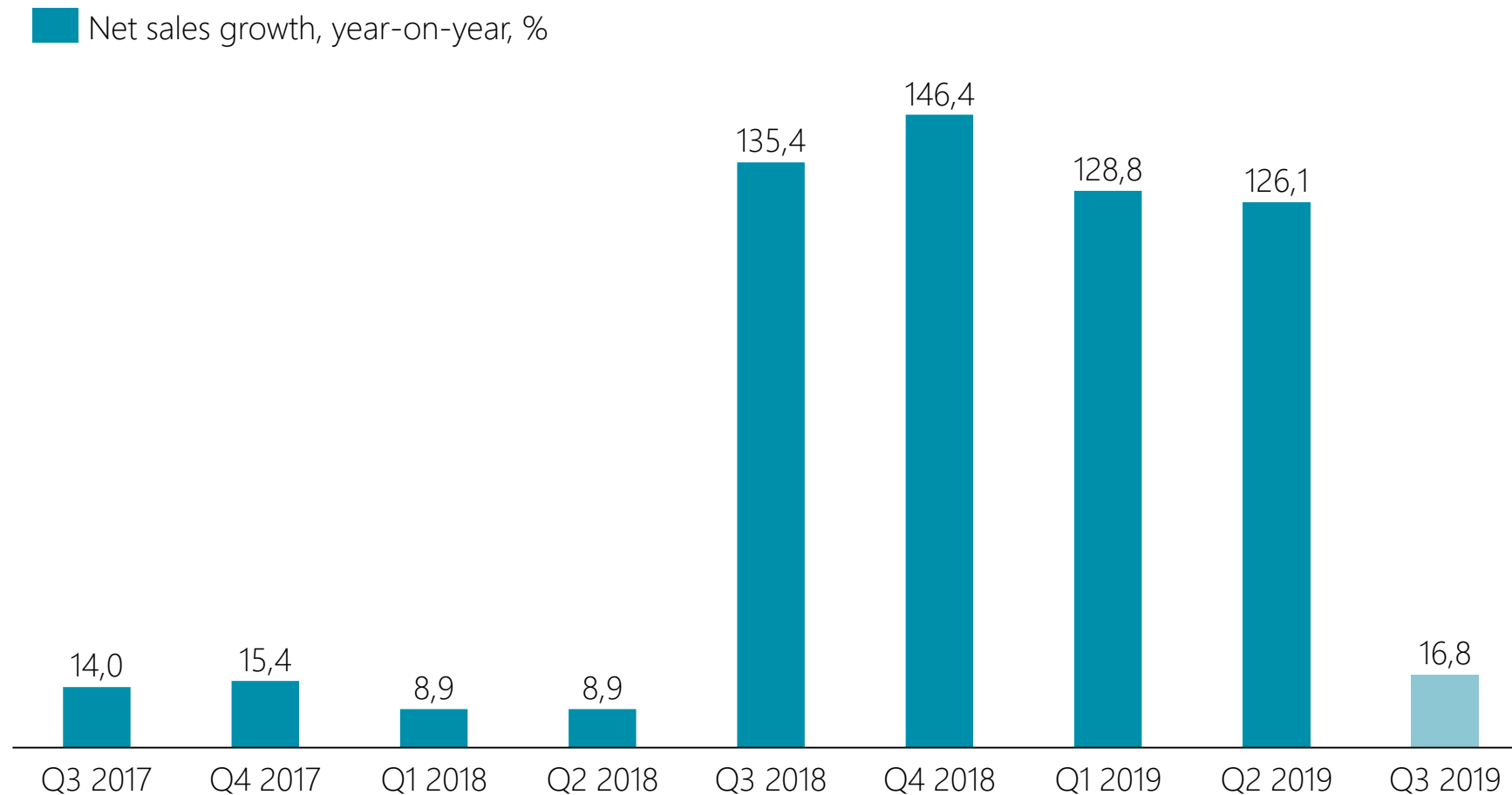
- Net sales growth Q3/2019 was +16,8 % at reported FX rates and +18,3 % at comparable FX rates.
- The development of net sales from consumer related risk management services in the Risk Decisions business area continued strong in the third quarter.
- Proff companies consolidated to Group from the beginning of Q3.

# Net sales growth



## COMMENTS

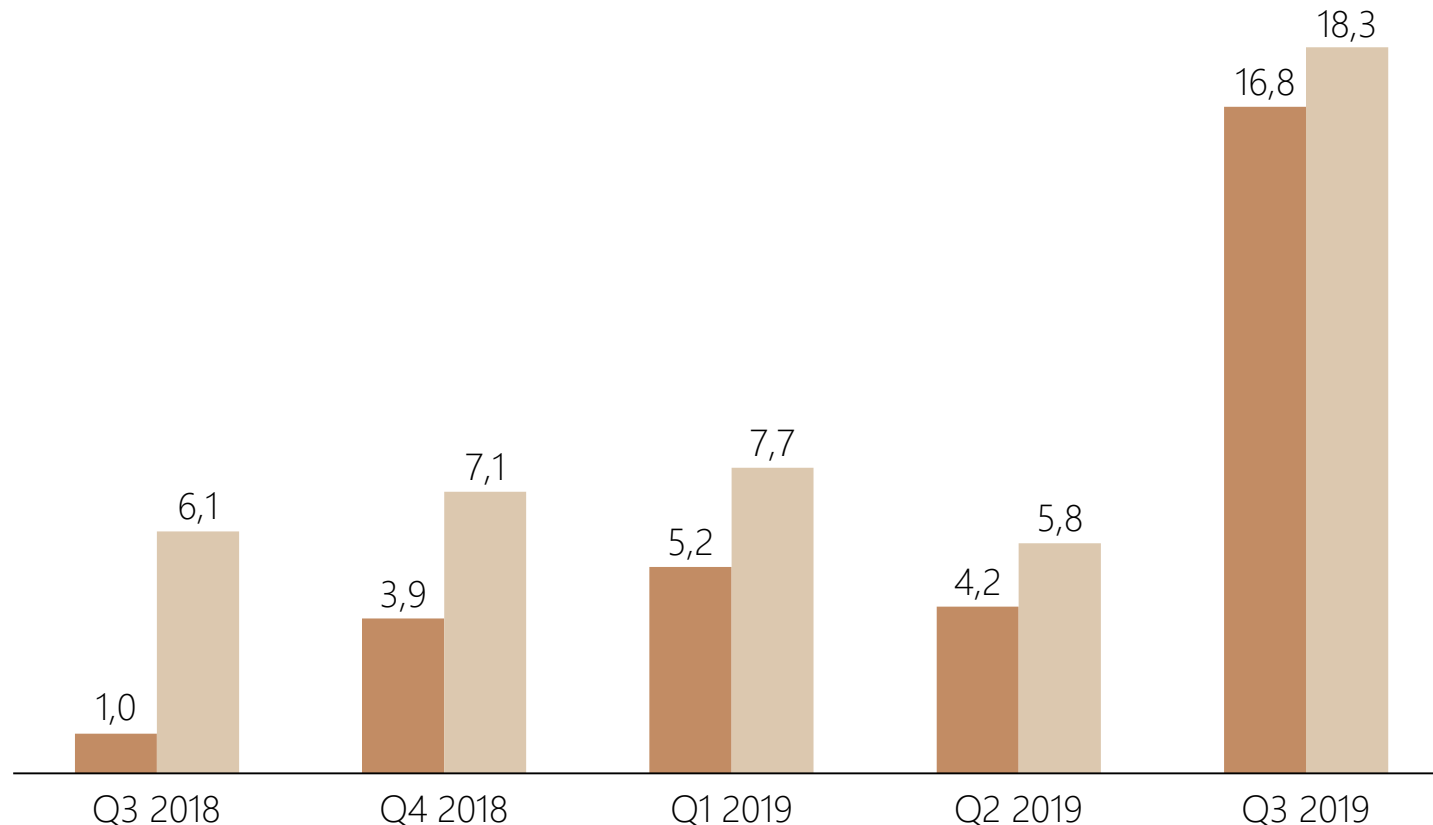
→ Q3/2018 – Q3/2019 with UC AB results consolidated to Asiakastieto Group.



# 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 +18,3 %.
- Risk Decisions consumer risk management solutions continued their strong net sales development in the third quarter. The transition to higher value-added services has helped accelerate the development of net sales.
- Proff companies consolidated to Group from the beginning of Q3.
- One banking day more in both markets year-on-year.



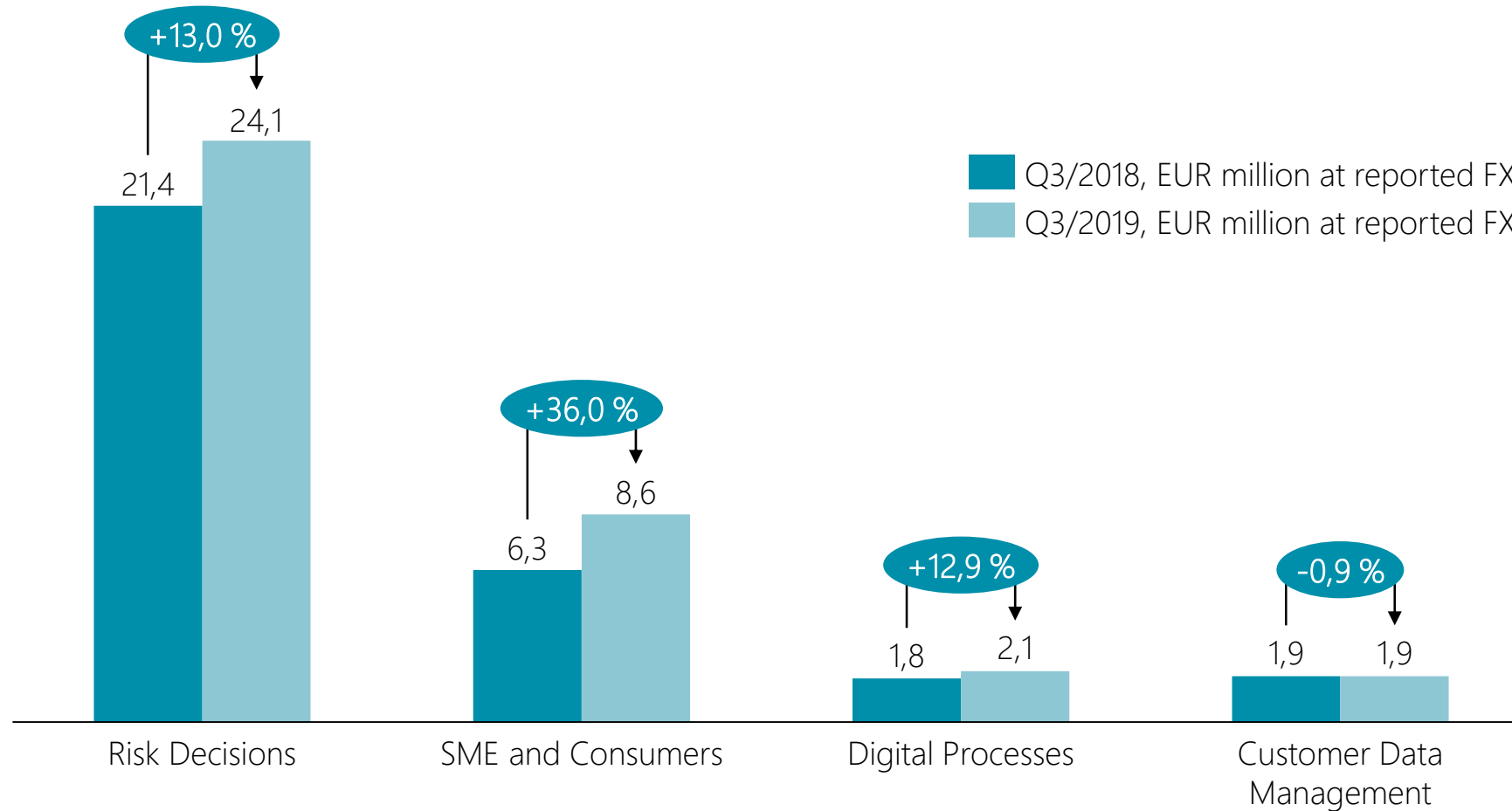
# Revenue by business area

at reported FX rates



## COMMENTS

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

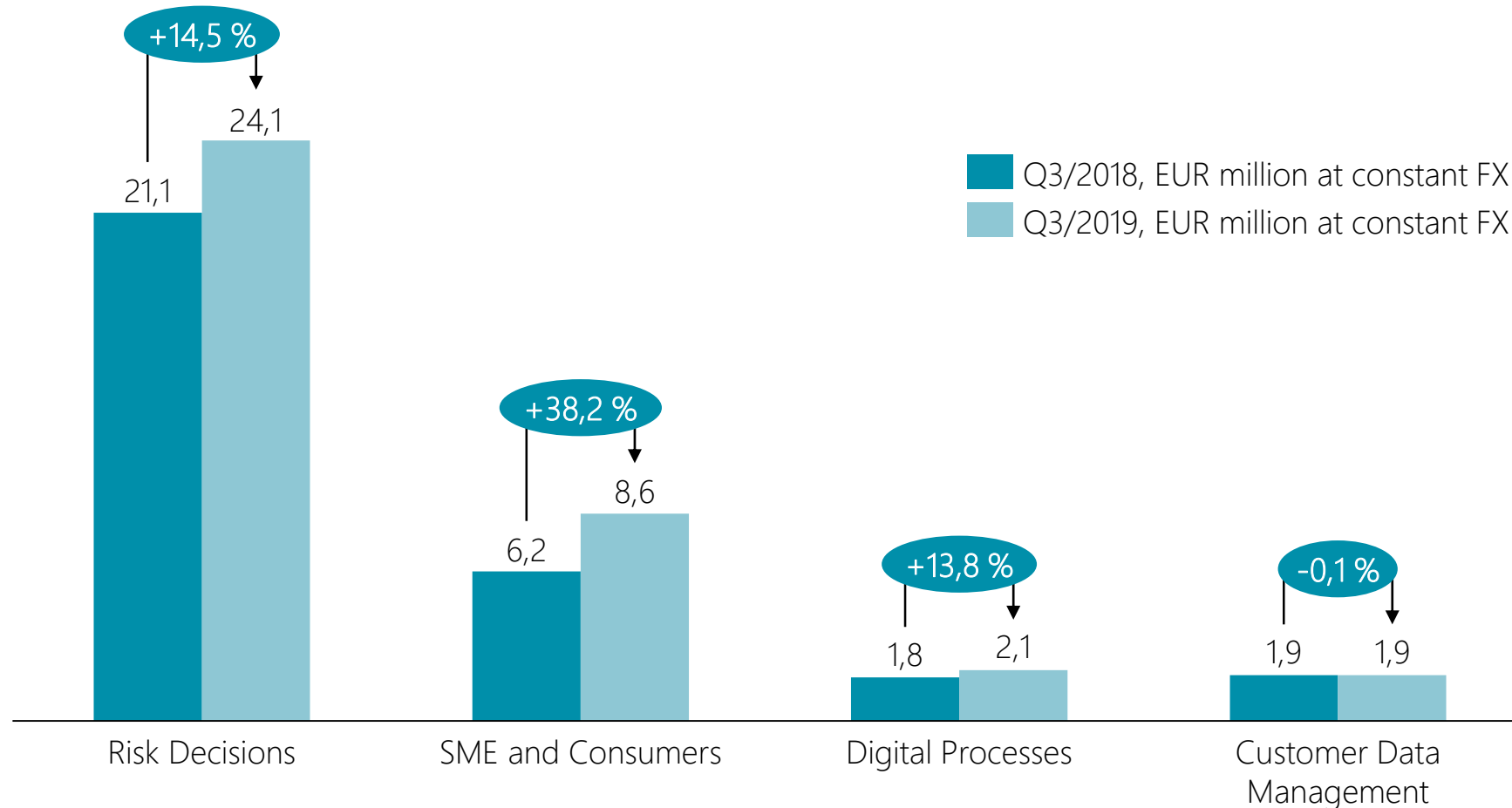


# Revenue by business area

## at constant FX rates



### COMMENTS



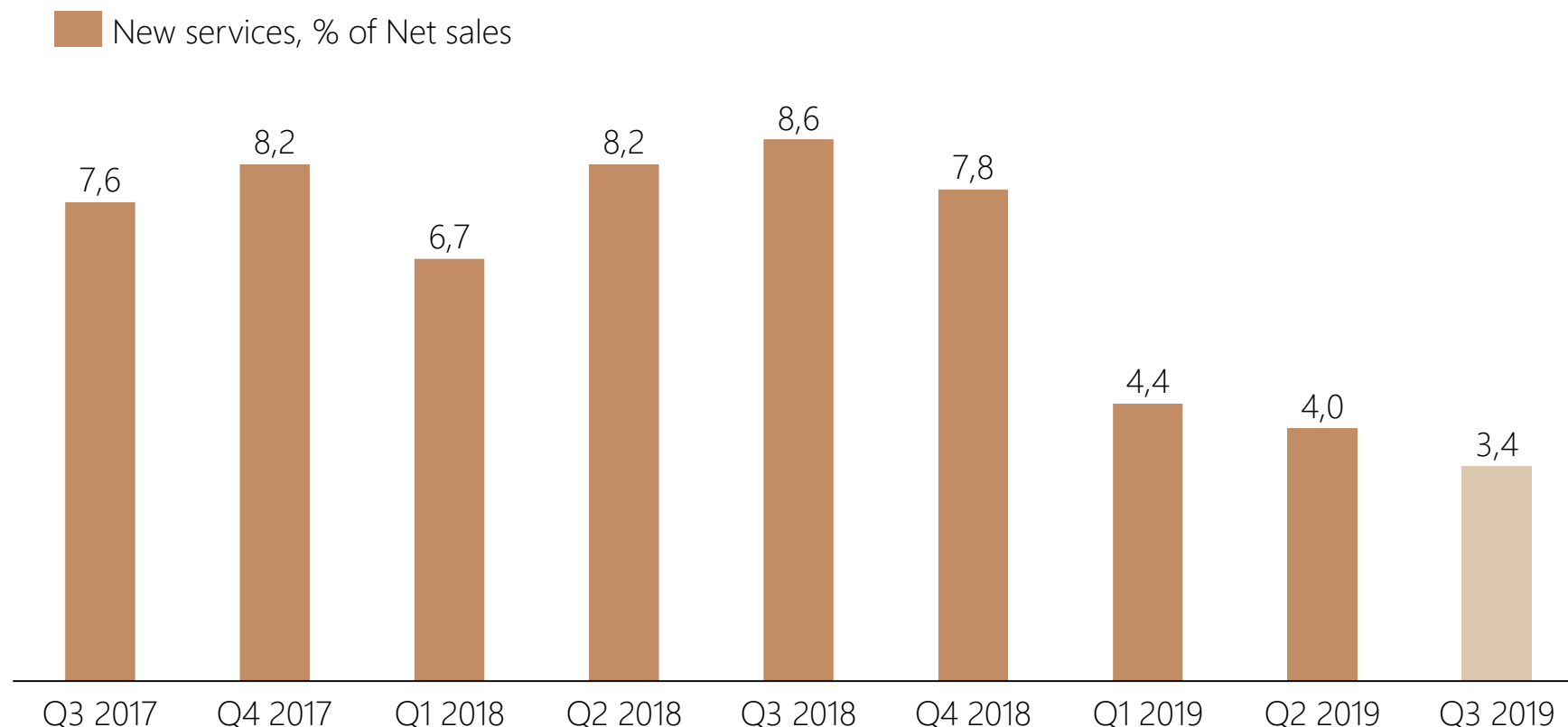
- Risk Decisions consumer risk management solutions continued strong. The transition to higher value-added services has helped accelerate the development of net sales.
- SME and Consumers growth driven by the acquisition of Proff as well as continued good development of online consumer services in Sweden.
- Customer Data Management negative growth is impacted by the decline in the sales volumes of Emaileri electronic communication services.
- Digital Processes driven by good development in the sales of real estate and collateral management in both markets, and strong development of compliance services in the Finnish market. Tambur housing transaction service has gained a significant coverage of the Swedish market.

# New services share of net sales

pro forma



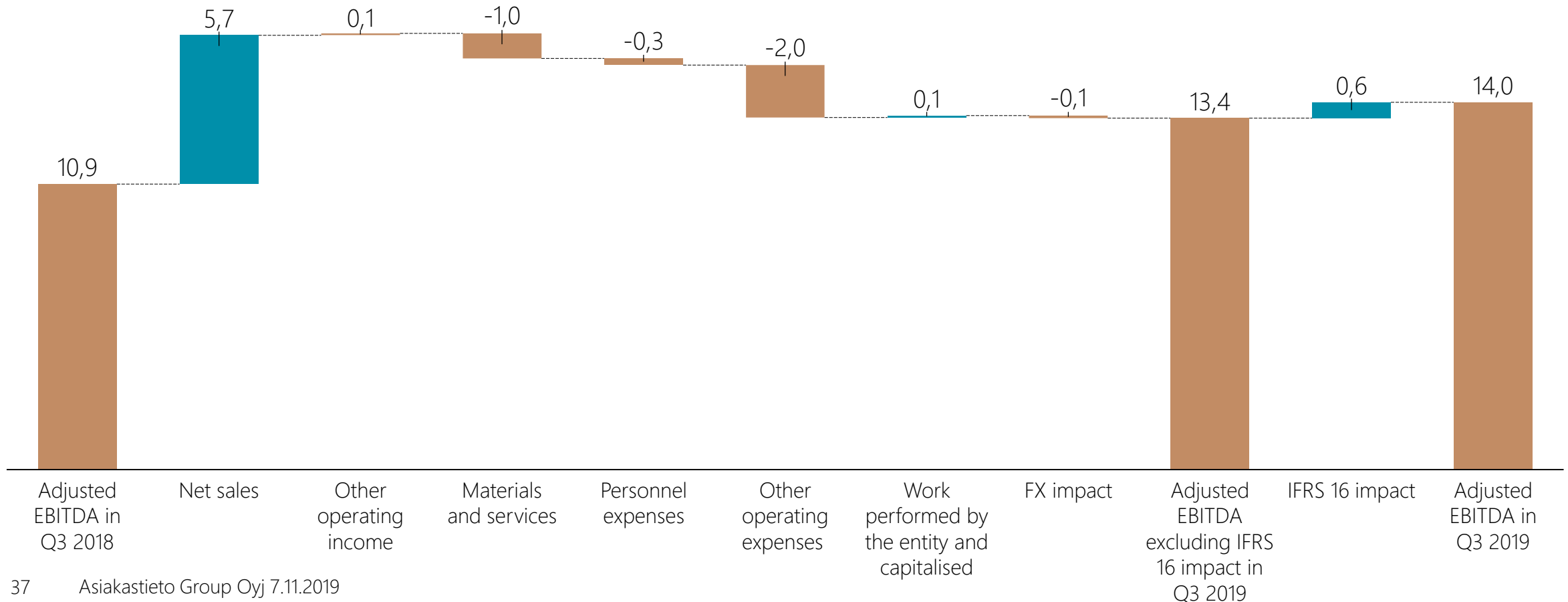
## COMMENTS



- Share of new services was 3,4 %.
- Seven (7) new services launched during the third quarter.
- Net sales contribution of new services remained below target level in the third quarter.
- Activity in service development has remained high, and the aim is to increase new services net sales contribution next year.

# Adjusted EBITDA increased 23,2 % year-on-year

Excl. IFRS 16 impact, at reported FX

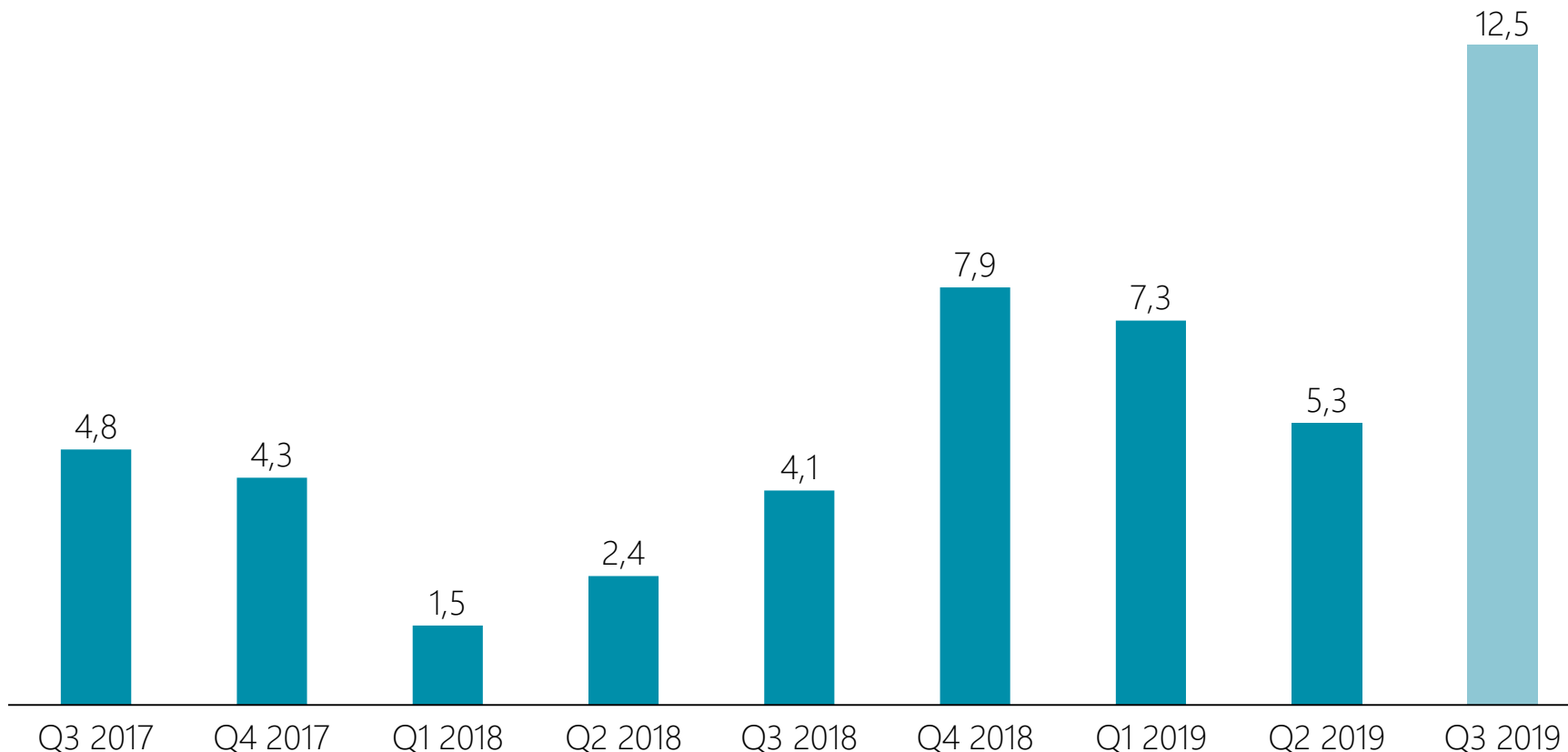


# Free cash flow



## COMMENTS

Free cash flow, EUR million



- Strong cash flow from operating activities, as business growth and profitability improved further and net working capital developed positively during the quarter (timing).
- Non-recurring M&A and redundancy-related payments arising from operational restructuring impacted the free cash flow by EUR -0,9 million.



# Key indicators



## COMMENTS

| EUR million<br>(unless stated otherwise) | Q3 / 2019 | Q3 / 2018        | FY 2018          |
|--|-----------|------------------|------------------|
| Net debt                                 | 152,7     | 143,4            | 137,0            |
| Net debt / adjusted EBITDA               | 2,7       | pro forma<br>3,5 | pro forma<br>3,3 |
|  |           |                  |                  |
| Gearing, %                               | 50,4      | 45,3             | 42,6             |
| Equity ratio, %                          | 56,8      | 58,9             | 59,6             |
|  |           |                  |                  |
| Free cash flow                           | 12,5      | 4,1              | 15,9             |
| Cash conversion, %                       | 94,1      | 49,4             | 59,6             |
|  |           |                  |                  |
| Gross investments                        | 2,1       | 1,3              | 5,6              |

- Cash position of EUR 24,7 million. Acquisition of Proff completed and paid on 1 July 2019.
- Net debt / adjusted EBITDA at 2,7x.
- Free cash flow containing EUR -0,9 million (EUR -3,7 million) impact from items affecting comparability.
- Gross investments EUR 2,1 million (EUR 1,3 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 Q3 / 2019 Summary



# Q3 / 2019 Income statement



| EUR million  | Q3 / 2019   | Q3 / 2018   | FY 2018     |
|--|-------------|-------------|-------------|
| <b>Net sales</b>   | <b>36,7</b> | <b>31,4</b> | <b>98,1</b> |
| Other operating income   | 0,1         | 0,0         | 0,1         |
| Materials and services   | -6,4        | -5,5        | -18,3       |
| Personnel expenses   | -8,8        | -9,9        | -26,8       |
| Other operating expenses   | -8,7        | -8,2        | -28,1       |
| Work performed by the entity and capitalised                                   | 0,5         | 0,4         | 1,6         |
| Depreciation and amortisation  | -5,0        | -3,8        | -10,0       |
| <b>Operating profit</b>  | <b>8,3</b>  | <b>4,4</b>  | <b>16,7</b> |
| Finance income and expenses  | -0,7        | -0,8        | -2,2        |
| <b>Profit before income tax</b>  | <b>7,7</b>  | <b>3,6</b>  | <b>14,5</b> |
| Income tax expense   | -1,7        | -0,7        | -3,6        |
| <b>Profit for the period</b>   | <b>6,0</b>  | <b>2,9</b>  | <b>10,9</b> |
| Earnings per share attributable to the owners of the parent during the period: |             |             |             |
| Basic earnings per share (EUR)   | 0,25        | 0,12        | 0,56        |
| Diluted earnings per share (EUR)   | 0,25        | 0,12        | 0,56        |

# Income statement pro forma



| EUR million  | 1.1. – 30.9.2019 | 1.1. – 30.9.2018 | FY 2018      |
|--|------------------|------------------|--------------|
| <b>Net sales</b>   | <b>106,8</b>     | <b>98,4</b>      | <b>134,3</b> |
| Other operating income   | 0,1              | 0,1              | 0,1          |
| Materials and services   | -18,2            | -16,8            | -22,8        |
| Personnel expenses   | -29,1            | -30,7            | -40,7        |
| Other operating expenses   | -25,7            | -29,1            | -38,2        |
| Work performed by the entity and capitalised                                   | 1,6              | 1,5              | 2,0          |
| Depreciation and amortisation  | 15,4             | -11,3            | -15,5        |
| <b>Operating profit</b>  | <b>20,0</b>      | <b>12,1</b>      | <b>19,2</b>  |
| Finance income and expenses  | -2,1             | -2,3             | -3,1         |
| <b>Profit before income tax</b>  | <b>17,9</b>      | <b>9,8</b>       | <b>16,2</b>  |
| Income tax expense   | -3,6             | -1,9             | -3,3         |
| <b>Profit for the period</b>   | <b>14,3</b>      | <b>7,9</b>       | <b>12,9</b>  |
| Earnings per share attributable to the owners of the parent during the period: |                  |                  |              |
| Basic earnings per share (EUR)   | 0,60             | 0,33             | 0,54         |
| Diluted earnings per share (EUR)   | 0,60             | 0,33             | 0,54         |
| Comparable earnings per share (EUR)  | 0,88             | 0,60             | 0,90         |

# Q3 / 2019 Cash flow



| EUR million   | Q3 / 2019 | Q3 / 2018 | FY 2018 |
|---|-----------|-----------|---------|
| <b>Cash flows from operating activities</b>                 |           |           |         |
| Cash flows before change in working capital                 | 13,4      | 6,9       | 25,0    |
| Change in working capital                                   | 2,3       | 0,2       | 0,2     |
| Net interests and other financing items                     | -0,1      | -0,3      | -2,1    |
| Income taxes paid   | -1,0      | -1,2      | -3,6    |
| Net cash from operating activities                          | 14,6      | 5,6       | 19,5    |
| <b>Cash flows from investing activities</b>                 |           |           |         |
| Net cash used in investing activities                       | -9,3      | -1,8      | -90,8   |
| <b>Cash flows from financing activities</b>                 |           |           |         |
| Net cash used in financing activities                       | -0,6      | 0,0       | 85,2    |
| <b>Cash and cash equivalents at beginning of the period</b> | 20,2      | 23,0      | 18,9    |
| <b>Cash and cash equivalents at end of the period</b>       | 24,7      | 27,0      | 33,2    |



# Thank you!

## Further information

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