



# Pricer AB (publ) Fourth quarter 2019

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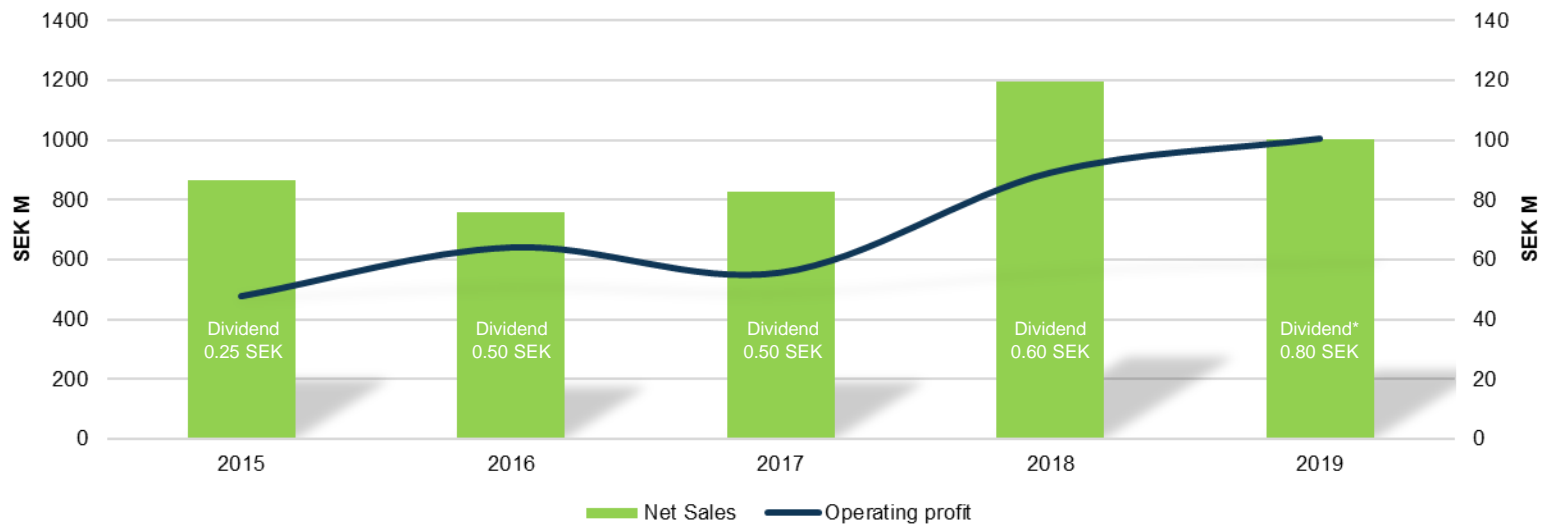
Helena Holmgren

President & CEO

Stockholm, February 13, 2020

# Progress Over the Past 5 Years

## Net sales and operating profit



\*The Board will propose that the AGM approve a dividend of SEK 0.80 per share for the financial year 2019.

# Q4 2019; Record-high Order intake and Stable Profitability

Order intake

843

SEK M

(274)

Net sales

238

SEK M

(386)

Operating profit

24.0

SEK M

(29.0)

Operating margin

10.1

%

(7.5)

# Full year 2019; Another Record-year in terms of Profitability and Order intake, Generating Positive Outlook for Future

Order intake

1 504

SEK M

(1 268)

Net sales

1 003

SEK M

(1 195)

Operating profit

100.4

SEK M

(89.1)

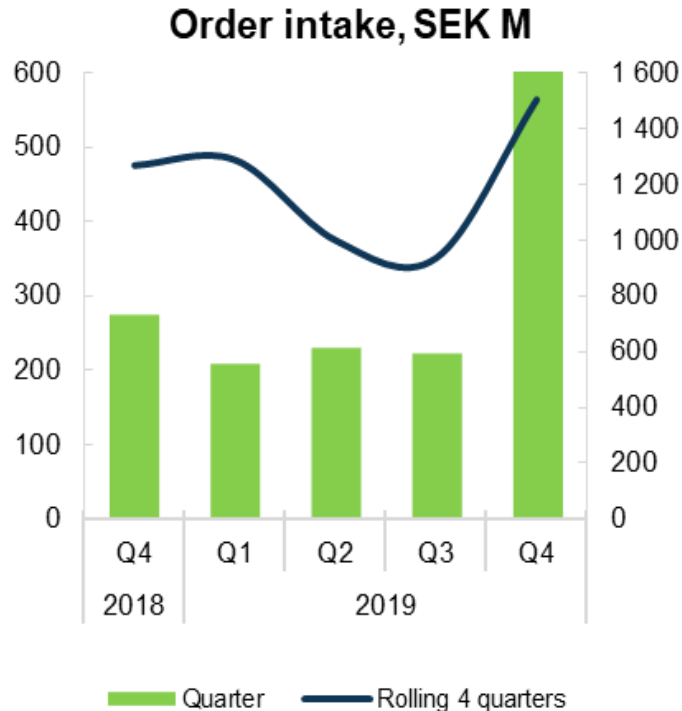
Operating margin

10.0

%

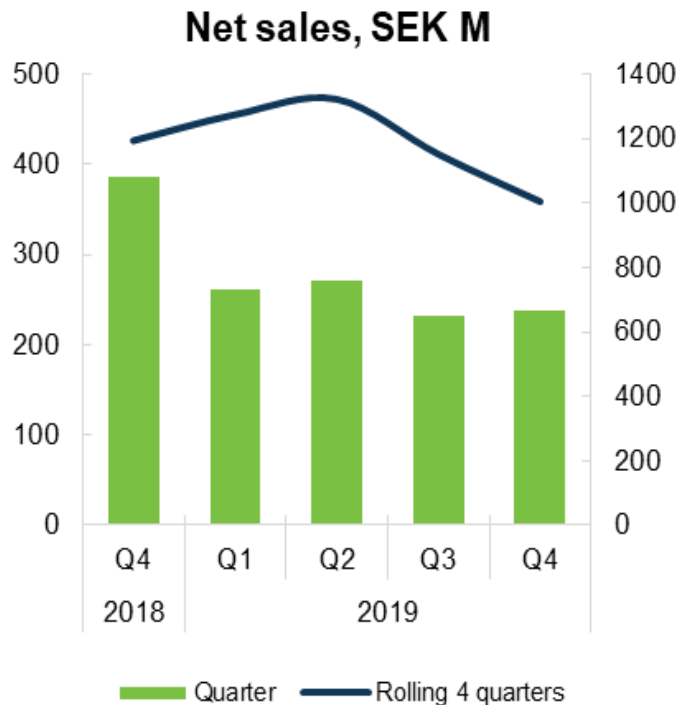
(7.5)

# Continued High Activity on the Market. Record-order Concludes the Year.



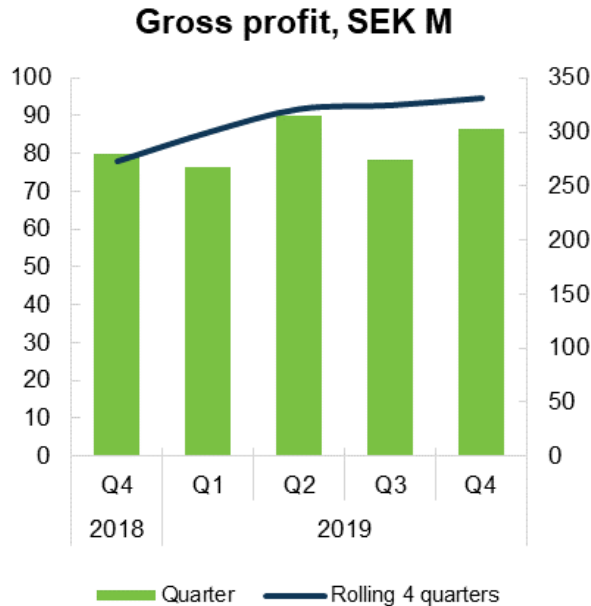
- Record-high follow-up order from US customer in December of about 625 MSEK.
- Continued strong underlying interest in store digitalization with broad geographic distribution.
- Order backlog of SEK 731 M as of December 31, of which the vast majority related the large US follow-up order that is expected to be invoiced during Q2, Q3 and Q4. The other part of order backlog is expected to be invoiced during Q1.

# Growth from Small- & Mid-sized Customer Projects, but Tough Comparison to 2018



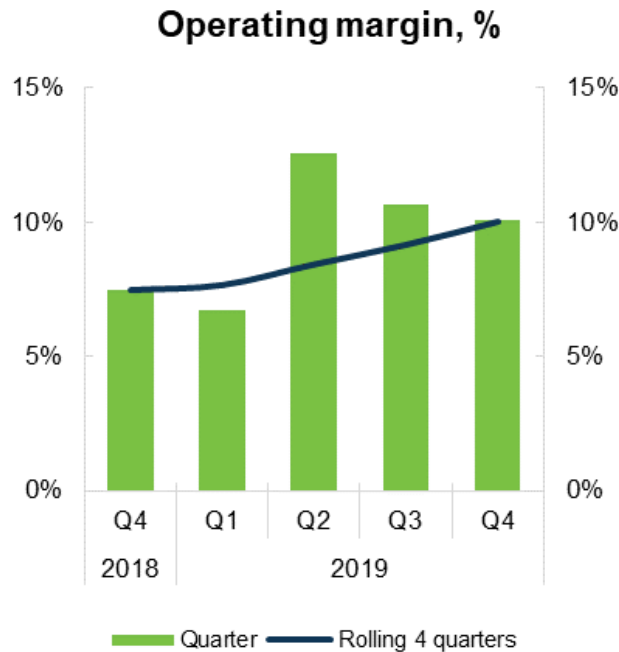
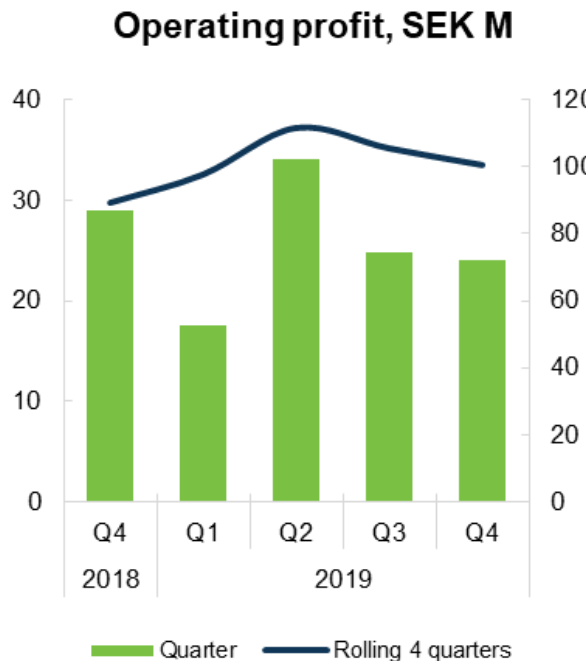
- Large US customer project contributed just over SEK 100 M in Q4 2018.
- Italy, Norway and Canada exhibit high growth rates in Q4. The project roll-out of the Italian customer Tosano was completed in Q4.
- Delay in the exchange and upgrade programs on the French market.
- Continued expansion of customer base, including several new pilot installations.
- Stable high activity on all prioritized markets.

# Stable development of Gross Profit generates strong Gross Margin



- Favorable product and contract mix, comparable to Q4 2018.
- Outcome of product warranties and obsolescence of inventory was lower than expected, which had a positive impact of just over 2 percentage points.
- Over capacity in production and supply has enabled lower purchase prices and favorable access to transport to lower prices.
- As supply and demand stabilize, the assessment is that the cost situation will return to previous levels.

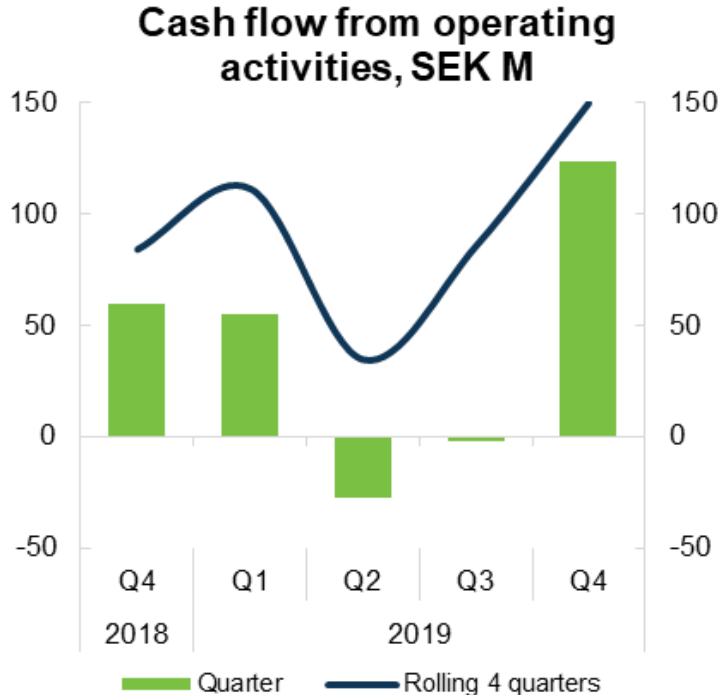
# Continued Strong Profitability Results in Operating Margin above 10%



- High gross margin compensate for the decrease in net sales and results in continued strong profitability.
- Increased operating expenses as a result of investments in product development and a strengthened market presence.
- Stable foundation for continued growth and market penetration.



# Record-high Cash Flow in Q4 isolated



- Positive cash flow from operating activities of SEK 123 M.
- Decreased capital tie-up in the quarter as a result of reduced inventory and accounts receivables as well as increased accounts payables.
- Continued high level of stock for maintaining a good scalability to meet expected lead times to customers with a broad geographical spread.
- The cash flow should be viewed over time.
- Strong balance sheet enables continued innovation power.

# Summary

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- Record-high order backlog of SEK 731 M indicating clear evidence of continued strong market growth.
- Strong drivers for accelerating in-store digitalization beat the outdated paper label.
- Low penetration rate of ESL-systems on most markets.
- Enlarged customer base spread over several geographical markets → increased stability of underlying revenue streams but continued volatility in major customer projects.
- Continued high level of market activities → great interest in Pricer's solutions.
- Pricer's product positioning solutions combined with the label's flash capability activated by several major retail chains.
- Competition remains fierce; Pricer's strength is in the core system performance and functionality.
- North American market puts high demands on the system's update speed and reliability, which is particularly suitable for Pricer's communication technology.

# Why Invest in Pricer?

- Strong underlying market growth; digitalization of physical retail considered necessary for maintaining competitiveness.
- Best system on market → Unique and hard to copy technical solution; based on reliable, scalable, energy-efficient and interference-free communication.
- Flash capability in the labels combined with dynamic positioning of products in the store enables cost reductions as well as increased sales and improved customer satisfaction.
- Long experience of developing solutions that work well in retail industry.
- Strong balance sheet → continued innovative strength.
- Global presence with large installed base.

**PRICER**

