

RTX

Q3 2016/17



Presentation by CEO Peter Røpke & CFO Kristian Frederiksen
1 September 2017

AGENDA

Q3 2016/17

- | # | Agenda item |
|----|------------------------------------|
| 1. | RTX @ a Glance |
| 2. | Financial Results Q3 & YTD 2016/17 |
| 3. | Business Update & Key Highlights |
| 4. | Q&A Session |

I. RTX @ A GLANCE

Executive Overview

- Leading ODM and OEM partner for short range wireless solutions
 - Offerings from design services to market-ready box builds
 - > 1,000 successful customer projects since 1993
- Global customer base
 - Strong presence and market share in professional cordless business communication market
 - Solid and loyal customer relationships within wireless design solutions
- Highly skilled and dedicated workforce
 - Danish HQ in Noerresundby with subsidiaries in Hong Kong and California



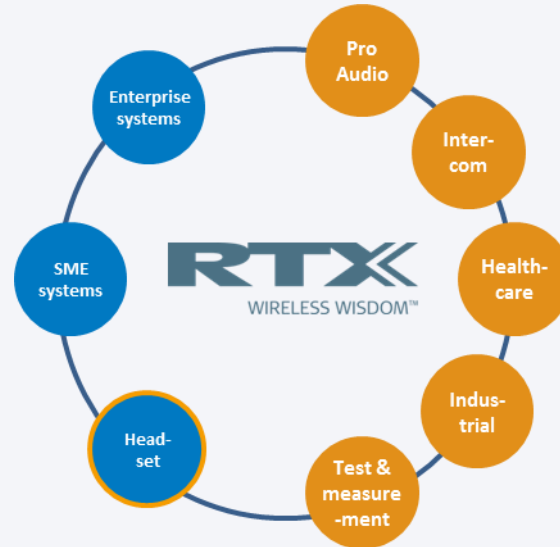
I. RTX @ A GLANCE

The Heritage & Current Xtate

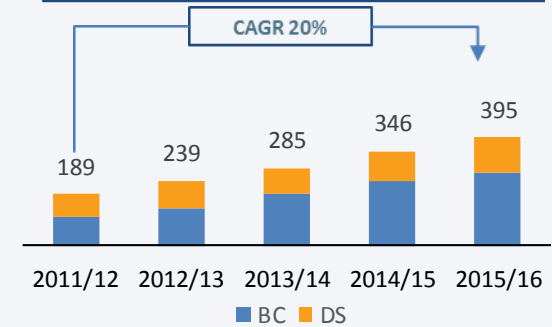
Comments

- RTX is divided in two business divisions (Design Services & Business Communications).
- Revenue CAGR of 20%.
- RTX continues to invest in a new product portfolio building on the audio competencies of the company and strong customer relationships.
- New business opportunities will be a part of the strategy development during the summer/autumn.

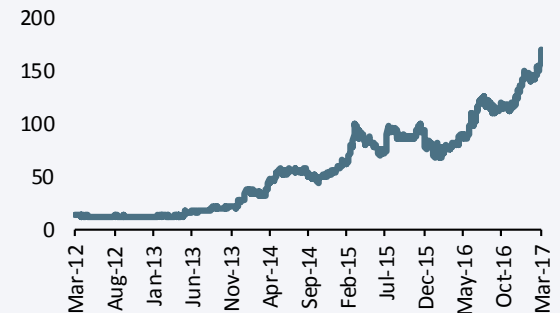
Overview of RTX as of today



Historical high growth...



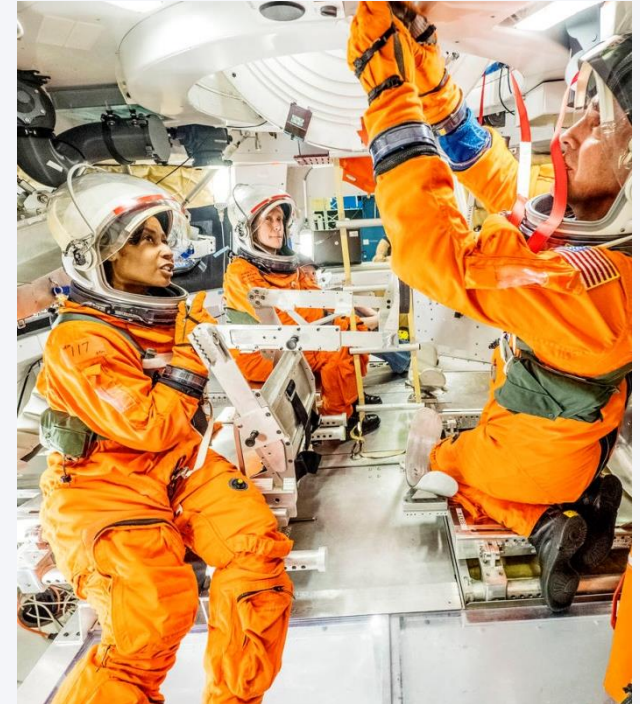
... recognised by the investors



I. RTX @ A GLANCE

Moving Forward

- Target to continue double digit growth rates.
- Building an organization and process framework making continuous growth possible.
- Building on synergies across the Business Units.
- Active drive consolidation in the Enterprise DECT market:
 - Expanding the non-branded position in the market
 - Scale advantages in supply chain
- Investigating more opportunities for adjacent businesses taking advantage of our core competencies within wireless technologies.



CUSTOMERS INCLUDE

AGFEO



Alcatel-Lucent

audio-technica

beyerdynamic

COBS

dialog
SEMICONDUCTOR

ERICSSON | **LG**

Gigaset

GN ReSound

intelbras

KEYSIGHT
TECHNOLOGIES

LEO
Innovation Lab

Microsoft

Mitel

NEC

PHILIPS

plantronics

QUALCOMM

RION

SAMSUNG

SENNHEISER

ShoreTel

SNOM

sonova

TOSHIBA

UNIFY

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2. Financial Results

P&L Q3 2016/17

DKKm	Q3 2016/17	Q3 2015/16
Revenue	124.3	104.3
Cost of sale	-56.9	-42.7
Gross profit	67.4	61.6
Gross margin	54.2%	59.1%
Other external cost	-13.2	-10.9
Staff cost	-33.7	-31.2
Value of own work transferred to assets	4.6	-
Depreciation and amortization	-1.3	-0.7
Operating Profit (EBIT)	23.8	18.8
Net financial	-1.6	1.6
Tax	-5.1	-4.6
Profit for the period	17.1	15.8

- **Net revenue increased in Q3 by 19.1% to DKK 124.3 million** corresponding to a revenue growth of DKK 20.0 million compared to Q3 of 2015/16.
- Growth in Q3 of 2016/17 was positively affected by postponed activities from Q2 of 2016/17 and to a minor extent the USD exchange rate. Corrected for exchange rates net revenue increased by 17.4%.
- The composition of sales and the product mix impacted Gross Margin negatively.
- Capacity cost increased in Q3 2016/17, driven by additional FTEs and further investments in development of the headset platform.
- **EBIT increased by 26.6% to DKK 23.8 million** compared to DKK 18.8 million in the same period last year.

2. Financial Results

P&L Q3 YTD 2016/17

DKKm	Q3 YTD 2016/17	Q3 YTD 2015/16
Revenue	319.7	298.8
Cost of sale	-145.4	-121.3
Gross profit	174.3	177.5
Gross margin	54.5%	59.4%
Other external cost	-36.7	-31.7
Staff cost	-101.5	-89.7
Value of own work transferred to assets	11.1	-
Depreciation and amortization	-3.6	-3.4
Operating Profit (EBIT)	43.6	52.7
Net financial	-1.6	1.7
Tax	-9.9	-12.3
Profit for the period	32.1	42.1

- **Net revenue increased by 7.0% to DKK 319.7 million** in the first three quarters of 2016/17 compared to DKK 298.8 million.
- **Business Communications** increased by 4.7% to DKK 213.6 million for the first three quarters of 2016/17 driven by the Enterprise and VoIP segments.
- **Design Services** increased revenue by 13.1% to DKK 106.1 million in the first three quarters of 2016/17, primarily driven by increased customized development projects and customized modules.
- The composition of sales and the product mix impacted Gross Margin negatively.
- Capacity cost increased in the period, primarily driven by own financed development projects and additional FTEs to support continued growth.
- **EBIT amounted to DKK 43.6 million** compared to DKK 52.7 million in the same period last year.

2. Financial Results

Balance Sheet

DKKm	Q3 2016/17	Q3 2015/16
Assets		
Total intangible assets	20.8	9.6
Total tangible assets	12.0	4.8
Other longterm assets	27.0	34.3
Inventories	19.5	20.6
Receivables	105.3	77.6
Cash and cash equivalents	145.9	199.8
Total assets	330.5	346.7
Liabilities		
Equity	264.7	279.6
Long term liabilities	0.3	0.4
Short term liabilities	65.5	66.7
Total liabilities	330.5	346.7
Equity ratio	80.1	80.6

- Intangible assets increased primarily due to the rise in investments in own financed development projects.
- Receivables increased as a consequence of the higher revenue.
- Cash and cash equivalents decreased by DKK 53.9 million compared to the same period last year, primarily due to sale of premises and an increase in shareholder focused initiatives.
- Equity impacted by the current share buy back program.
- Solid equity ratio.

2. Financial Results

Cash Flow

DKKm	Q3 YTD 2016/17	Q3 YTD 2015/16
Cash flows:		
From operations	22.0	42.5
From investments	-39.3	30.3
From financing activities	-60.0	-42.6
Change in cash	-77.3	30.2

- Increase in revenue in the end of the quarter has had a negative impact on the working capital, mainly due to an increase in trade receivables.
- Divested HQ generated a positive cash flow in 2015/16.
- Shareholder related activities (dividend and share buy back programme) impacted financing activities with DKK 60.0 million in Q3 YTD 2016/17.
- Cash and cash equivalents amounted to DKK 145.9 million in Q3 YTD 2016/17 versus DKK 199.8 million in Q3 YTD 2015/16.



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3. Business Update – Q3 2016/17

Key Highlights

- Supply chain issues with sub suppliers have stabilized.
- Continued high demand for customer financed development projects.
- Good demand within Business Communications ODM customers and stronger demand for our VoIP solutions.
- Organization within supply chain have been strengthened with new COO, Søren Kjær as of 1 August, 2017.
- New CFO, Kristian Frederiksen as of 1 August, 2017.

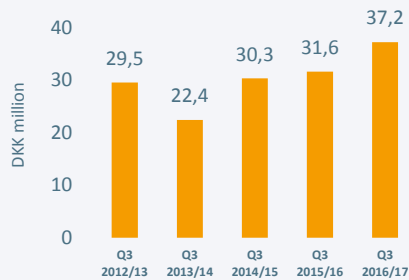
3. Business Update – Q3 2016/17

Quarterly Revenue & Growth YoY

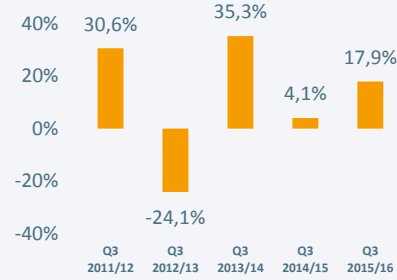
Design Services

- Revenue amounted to DKK 37.2 million - Increasing 17.9%.
- Significant growth in ODM business – Increasing 78.5%.
- Increasing positive interest for the gaming headset platform.

REVENUE



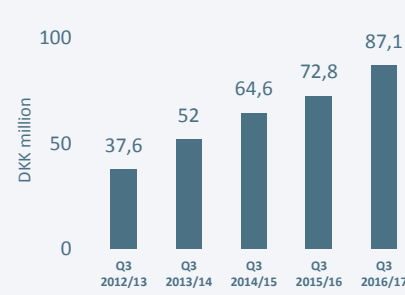
GROWTH – YOY



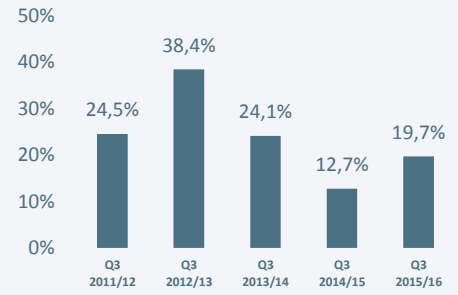
Business Communications

- Revenue amounted to DKK 87.1 million – an increase of 19.7%.
- Agreements signed with leading partners in the VoIP segment.
- Development of product series such as headsets for office environment continued at same level in Q3.

REVENUE



GROWTH – YOY



3. Business Update – Q3 2016/17

Business Communications & Design Services

Design Services

Professional Audio



RTX continues to strengthen its position within professional intercom market. Experiences increased demand and potential new customers.

Gaming Platform



Two brand lead customer contracts signed in the fiscal year 2016/17 and continued interests from most of the major players within gaming.

Business Communications

New Geographical Opportunities



RTX is developing a 2.4 GHz based communication system that opposed to standard DECT can be used all over the world. First purchase order received.

Develops new product platform



RTX invests in the development of a new product series that will complement the business unit's existing communication solutions. Product testing with potential customers ongoing.

3. Business Update – Q3 2016/17

Outlook FY 2016/17

DKKm	Result 2014/15	Result 2015/16	Outlook 2016/17
Net revenue	349.5	395.6	420-435
EBIT	52.3	65.8	68-75
EBITDA	59.0	70.0	73-80

Based on the satisfying development in revenue and profit for the third quarter of 2016/17, Management expects to meet the announced expectations for the financial year 2016/17. The company expects revenue to be in the range of **DKK 420-435 million** and EBIT in the range of **DKK 68-75 million**. EBITDA is expected to be between **DKK 73-80 million** for the 2016/17 financial year.



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Q&A Session



IMPORTANT NOTICE

This presentation contains statements regarding expectations for the future development of RTX A/S, in particular the direction of future product development, future sales, operating profits and business expansion.

Such statements are subject to risks and uncertainties as various factors, many of which are outside the control of RTX, may cause the actual development and results to differ materially from the expectations expressed directly or indirectly in this presentation.

Factors that might affect such expectations include, among others, rapid technological changes and evolving markets, overall economic and business conditions, fluctuations in currencies, demand for RTX's services, competitive factors in the market and uncertainties concerning possible investments.

GROUP FINANCIAL HIGHLIGHTS

DKKm	2015/16	2014/15	2013/14	2012/13	2011/12
Revenue	395.6	349.5	288.3	241.5	191.3
EBIT	65.8	52.3	37.0	14.4	2.5
EBITDA	70.0	59.0	45.6	22.1	8.9
EBITDA %	17.7	16.9	15.8	9.2	4.7
Profit after tax	49.5	48.9	55.5	32.6	1.9
Cash flow from operations	57.2	53.2	53.8	32.1	-8.2
Return on invested capital	45.8	29.9	16.5	10.7	2.2
EPS (DKK per share)	5.6	5.7	6.5	3.6	0.2
Listed share price (DKK per share)	113.0	87.0	49.4	19.8	11.3

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