

SSH Communications Security Q4 2017 Results Presentation

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What is SSH About

1



Inventor of the SSH protocol – the backbone of Internet security

2



3000+ demanding customers worldwide

3



100+ patents

4



Industry-leading products

5



20+ years of engineering excellence

Q4 and FY 2017 Performance

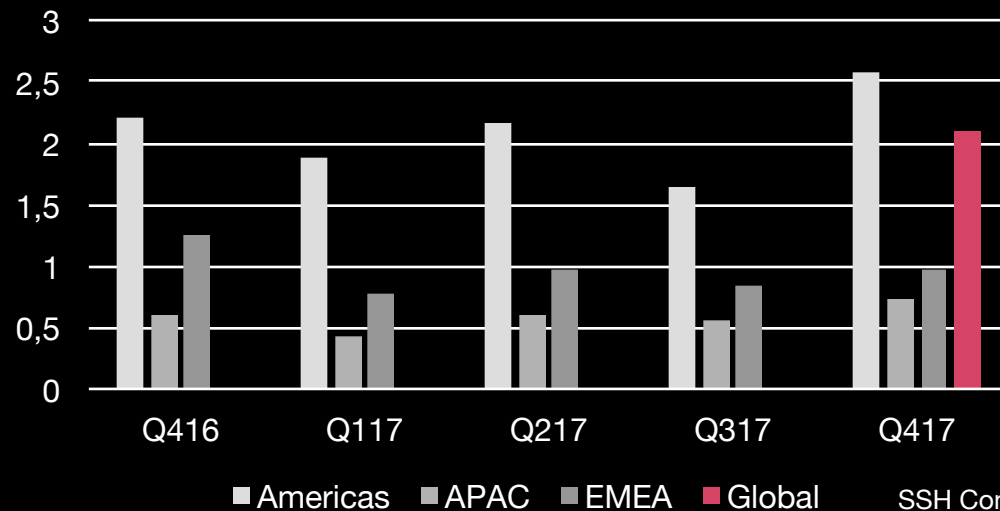
A year of rebuilding

Q4/17 Key Financials

Key financials

		4Q16	1Q17	2Q17	3Q17	4Q17
Sales	M€	4,1	3,1	3,7	3,0	6,4
OPEX	M€	7,8	4,5	4,2	3,5	4,3
EBIT	M€	-4,6	-1,7	-0,7	-0,8	1,4
% EBIT	%	-113,7	-53,8	-18,1	-24,8	21,9
Personnel		84	80	86	84	80

Sales by region (M€)



Comments

Strong Q4 revenue increase

- 56% YoY
- 113% QoQ

Q4 EBIT positive

- 1,4 MEUR
- 22% of revenue

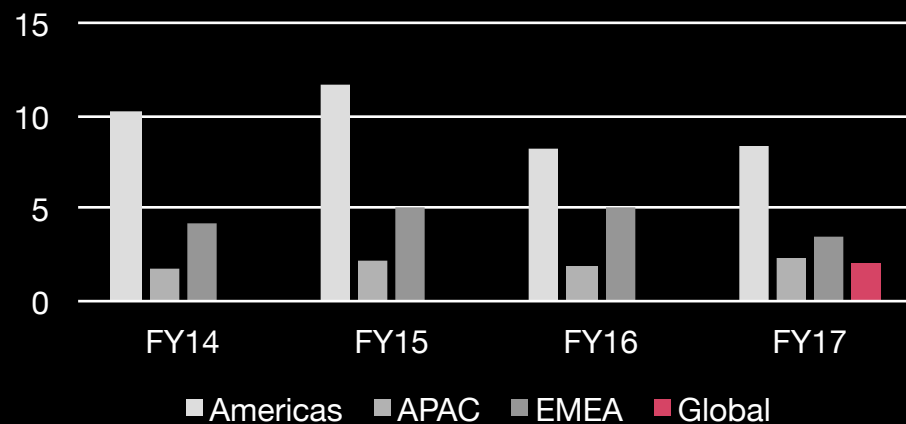
Q4 supported by patent licensing

FY2017 Key Financials

Key financials

		FY14	FY15	FY16	FY17
Sales	M€	16,2	18,9	15,1	16,2
OPEX	M€	12,7	16,7	23,9	16,5
EBIT	M€	0,2	-4,4	-10,8	-1,7
% EBIT	%	1,3	-23,2	-71,1	-10,5
Personnel		95	109	84	80

Sales by region (M€)



Comments

Sales: 7% growth over 2016

OPEX: 31% decrease over 2016

EBIT: 9.1 MEUR improvement over 2016, but still negative

APAC exceeded expectations, EMEA underperformed

Subscription revenue up 80%, license sales challenging

Support revenue robust

Cash Position Further Improved

		2014	2015	2016	2017
Balance Sheet	M€	17,5	21,8	21,8	23,2
Cash and cash equivalents	M€	6,1	11,3	7,8	13,5
Cash flow from operations	M€	1,8	0,3	-8,1	1,3
ROE	%	4	-40	-112	-21
Equity ratio	%	63	67	63	83
Gearing	%	-77	-99	-95	-105
Profit/loss per share	EUR	-0,00	-0,15	-0,36	-0,09
Equity per share	EUR	0,25	0,36	0,24	0,34

- Strong cash position
- Positive cash flow from operations
- Supported by strong Q4 and patent licensing
- A successful 7 MEUR share emission in June

FY17: A Year Of Rebuilding

Clearly improved financials

- Revenue decline stopped
- Cost controls successful
- Very strong cash position
 - positive cash flow from operations
 - successful 7 MEUR share emission

Operational improvements

- Leaner, more streamlined organization and processes
- PrivX Business Program
- New talent hired

Strategic renewal

- New strategic direction announced in June
- Implementation proceeding well

New product announced

- PrivX On-Demand Access Manager
 - first customer deliveries under our belt
 - first phase of the new strategic direction

We are on the right path but not yet done

Patent Licensing Update

First patent licensing wins

Patent Licensing Update

First Cross-Licensing Deal in Q4

- SSH entered into a cross-licensing deal with a global technology player in Q4
- One-time license fee payment of 2.1 MEUR paid to SSH
 - 1.6 MEUR bottom line impact after royalty payment to Clausal Computing

Settlement and Cross-Licensing with Sony (February 2018)

- All litigation between SSH and Sony settled
- Sony pays SSH a one-time license fee which has a moderate positive impact on Q1 top and bottom line

SSH actively continues other licensing negotiations

Going Forward in 2018

Continuing our change journey

Looking For Broad-Based Growth

**New sales tactics and programs
for UKM and CryptoAuditor**

Ramp-up of PrivX deliveries

PrivX inside and online sales

**Continued focus on maintenance
and support renewal sales**

Firewall plans progressing

**Patent licensing negotiations
actively furthered**

A New Sales Model

Increasing customer reach with online and inside sales

- Inside sales operation start during Q1
- Online sales start during Q2

Increase customer reach, accelerate pipeline velocity

- More deals, faster sales cycle
- Smaller transactions, subscription-based
- FY2018 revenue impact modest, but builds a recurring revenue base for future growth

Marketing Reborn

New marketing talent acquired

- A new CMO and CDO

New look and feel; new messaging

- Gradually rolled out starting in Q1
- More focused and more distinctive
- From technical to business and operational messaging

Converting increasing traffic to customers

- Web traffic grew significantly compared to 2016
- Shifting focus to converting traffic into leads and sales

New tools and metrics

- More emphasis on building the right KPIs
- Continuous measurement and improvement

PrivX Business Program

A new way of operating

- An "internal startup" to ensure resourcing of and focus on PrivX
- Drives the sales, development, quality, and future vision of PrivX products

Develops and tests new tools and methods for broader use

- Other areas of business will adopt as appropriate
- Aim to increase the overall "clock rate" and increase agility

Starting Deliberate Investments

Cost controls will remain in place

- We will operate frugally and in a controlled manner
- We will stay within our means
- We will continue the march towards profitability

Measured investments in growth

- PrivX sales and marketing
- R&D strengthened as necessary
- All investments are planned and impact is measured carefully

Driving the New Strategy Further

We see major opportunities ahead

- Growth of the global data economy further accelerates the digital transformation
- Zero-friction access and security that enables digital transformation with business velocity is the new competitive advantage

We are repositioning the entire business to better respond to changing customer needs and increase shareholder value

- From vertical to more horizontal market
- From ground to cloud
- From just security towards operations and business (without sacrificing security)

This will be an interesting and exciting year

But Remember: It Is A Marathon, Not A Sprint



I

2017: Fix and Plan

We tackled the deepest systemic issues and started our transformation journey.

II

2018: Launch

Rebuilding sales and marketing, targeting new customer segments with a disruptive new offering.

III

2019: Grow

Scaling up, further strengthening the organization, and introducing new products and technologies.

IV

2020 and beyond: Leverage

Leveraging our growth, continuing to disrupt the industry from a position of strength.

Q&A



Thank You.

