

SSH COMMUNICATIONS SECURITY Q1 2017 RESULTS PRESENTATION

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Q1 2017: THE BEGINNING OF A TURNAROUND

Improving performance

- Revenue increased 17.2% YoY
- Loss narrowed 22.7% YoY
- Recurring revenue and subscription sales provide stable long-term revenue
- New customer wins

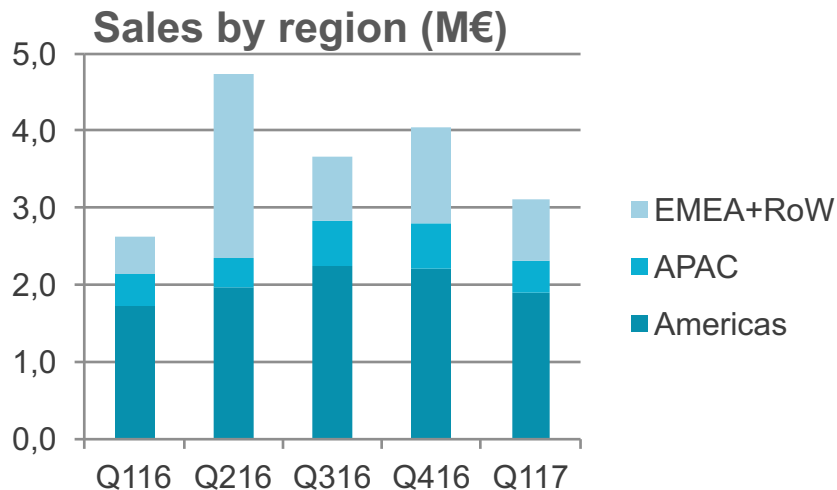
A lot of work left to do

- Performance journey is only beginning
- We still expect quarter to quarter volatility
- Cash flow still negative

Q1/17 KEY FINANCIALS

Key financials

		1Q16	2Q16	3Q16	4Q16	1Q17
Sales	M€	2,6	4,7	3,7	4,1	3,1
OPEX	M€	4,8	5,8	5,5	7,8	4,5
EBIT	M€	-2,2	-1,6	-2,3	-4,6	-1,7
% EBIT	%	-84,0	-33,1	-63,8	-113,7	-53,8
Personnel		112	114	115	84	80



Comments

Q1 revenue grew by 17% YoY

- Growth across all regions
- Recurring revenue strong
- Softness in license sales due to cyclicality

Q1 loss decreased by 23% YoY

- OPEX in line with expectations

CASH POSITION SATISFACTORY

		2014	2015	2016	Q1 2017
Balance Sheet	M€	17,5	21,8	21,8	15,4
Cash and cash equivalents	M€	6,1	11,3	7,8	6,5
Cash flow from operations	M€	1,8	0,3	-8,1	-0,1
ROE	%	4	-40	-112	-26
Equity ratio	%	63	67	63	73
Gearing	%	-77	-99	-95	-113
Profit/loss per share	EUR	-0,00	-0,15	-0,36	-0,06
Equity per share	EUR	0,25	0,36	0,24	0,17

- Negative cash flow from operations
- Satisfactory cash position remaining

HIGHLIGHTS FROM Q1

Key deals closed

- CryptoAuditor license deal with a South American central bank
- UKM license deal with a leading US Federal Contractor
- CryptoAuditor license deal with a major Japanese systems integrator
- CryptoAuditor license deal with one of the largest global logistics firms

Move towards subscription model

- Significant continuous revenue from subscription deals from 2016

UKM & CrA

- Platform integration and cloud transformation development ongoing

Firewall:

- First pilot projects ongoing

PATENT LICENSING UPDATE

UK Infringement Case

- Permission to appeal still pending

German Infringement Case

- SSH appealed the decision
- Oral hearing scheduled for 05/2017

German Validity Case

- Decision expected in H2/17
- Separate from infringement case

USPTO Inter Partes Review

- Decision still expected in April 2017

Other licensing negotiations ongoing



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- Key improvement actions

KEY IMPROVEMENT ACTIONS

Engagement of personnel

- Ongoing strategy work with all employees invited to participate
- Review of individual targets and development discussions in the summer, line managers supported in the process
- Broadening communication interfaces between the US and Finland teams
- Creating dual roles to satisfy employees' renewal ambitions and to fully utilize their expertise

Actions in the sales front

- US head to concentrate solely on US sales, global functions to report to the CEO.
- Detailed utilization of customer information in relationship management tools to focus upsell and cross sell activities to best prospects.
- Active targeted campaigns with a lead theme.
- Improving the balance between mega deals and continuous revenue generation.

KEY IMPROVEMENT ACTIONS

Other factors influencing execution capability

- Build increased flexibility by enabling outsourcing.
- Built automation capabilities for maintenance renewals enhancing also e-commerce possibilities in due course.
- Utilize our deep customer experience for the purposes of customer requirements driven product design work.

Other factors influencing execution capability

- Renew our finance and reporting tools to increase visibility
- Design sales commission structure to support gradual increase of subscription deals bringing more stable revenue and longer term deals.
- Work on channel strategy to consider the efficiency of the current hybrid model and best model for each region and product.

CONFIDENCE FOR THE FUTURE REMAINS

- Several new key customers won
- Good feedback from existing customers
- Powerful existing products and exciting roadmap
- Subscription sales complementing license sales
- Highly competent technical teams
- Dynamic sales, presales and deployment teams hungry for personal growth
- New customer insight and marketing excellence in the Board of directors
- Cost consciousness continues
- New leadership team and development of it on going
- Customer needs remain, urgency increasing due to compliance requirements

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