



# Q1 2019 Results Announcement

Kaisa Olkkonen, CEO

SSH Q1-2019 Results Announcement

# One-Sentence Summary

**Recurring revenue strong,  
license revenue suffers from  
volatility**



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# SSH in Brief



# Five Things to Remember about SSH.COM

An emerging leader in Secure Digital Access



A strong product portfolio



100+ patents in IPR portfolio



More than 3000 demanding customers globally



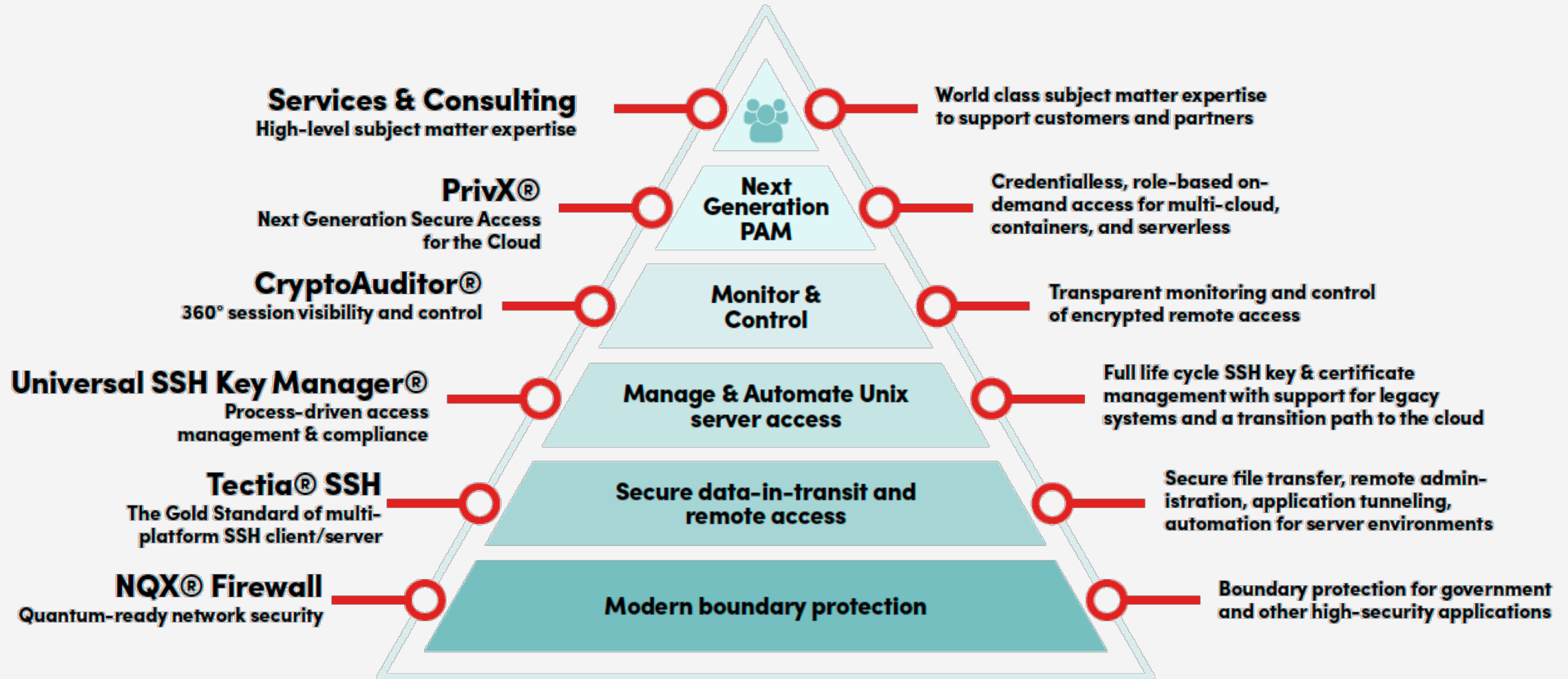
More than 20 years of engineering excellence



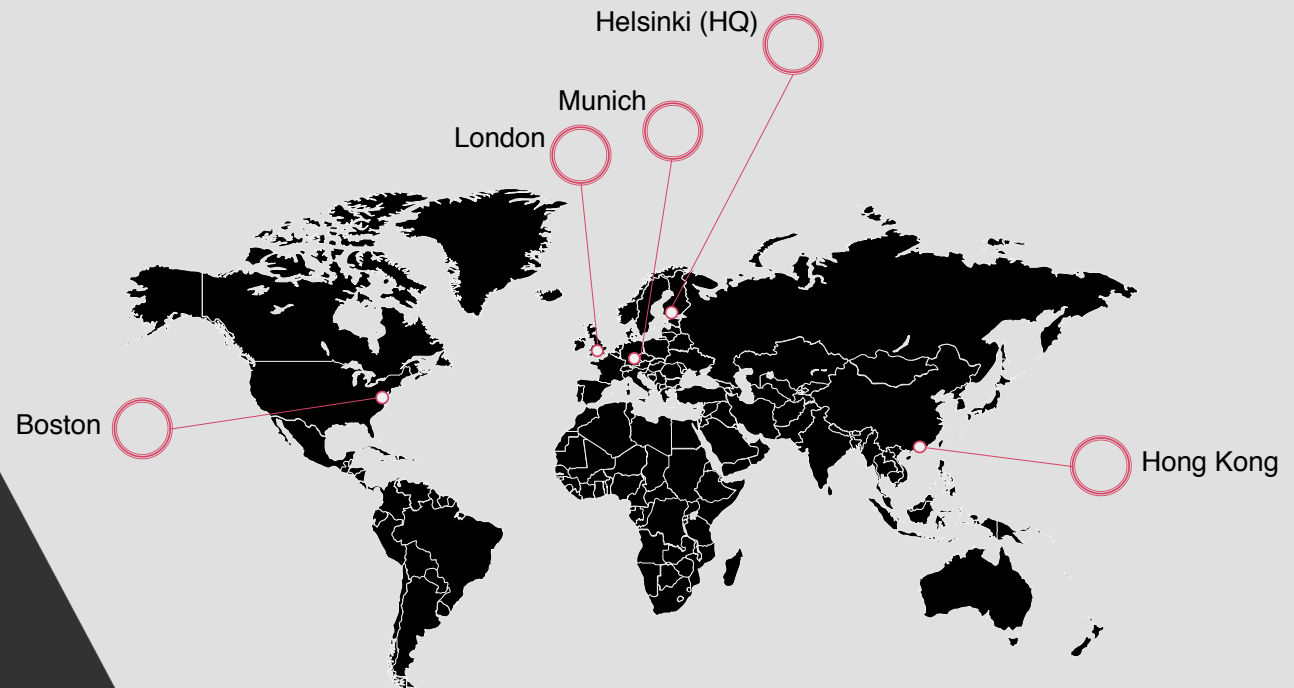
## A cybersecurity pioneer since 1995

SSH.COM developed the SSH protocol which is still one of the cornerstones of Internet security

# Our Product Lines



# Our Locations



**Rooted in Finland,  
present globally**

SSH products are developed in Finland but more than 90% of our sales come from the international markets.

# Q1 Financial Review

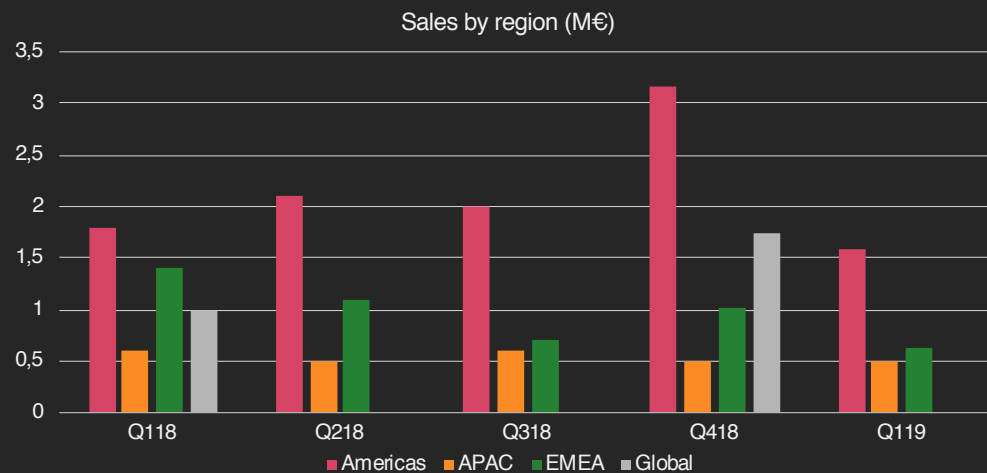




# Q1/19 Financials

## Key Figures

		Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net Sales	M€	4.8	3.7	3.4	6.4	2.7
OPEX	M€	4.3	3.6	4.1	4.4	3.8
EBIT	M€	0.1	-0.1	-0.8	1.3	-1.3
	%	2.3	-2.5	-22.3	20	-47
Profit	M€	0.0	0.0	-0.8	1.3	-1.2
Personnel		81	85	80	85	88



## Comments

**Net Sales:** decrease of 45% vs. Q1/18

**OPEX:** 13% decrease vs. Q1/18

**EBIT:** -1.4M€ vs. Q1/18

**Profit:** -1.2M€ vs Q1/18

Net sales suffered from quarterly volatility related to the perpetual UKM license sales model and completion of the patent licensing program

Operating expenses were significantly smaller compared to Q1/18

# Balance Sheet and Cash Position Remain Strong

		2016	2017	2018	Q1/2019
<b>Balance Sheet</b>	M €	21.8	23.2	24.2	20.8
<b>Cash and Equivalents</b>	M €	7.8	13.5	13.5	12.5
<b>Cash Flow from Operations</b>	M €	-8.1	1.3	1.2	0.5
<b>ROE</b>	%	-112	-21	3.8	-9.2
<b>Equity Ratio</b>	%	63	83	82	80.3
<b>Gearing</b>	%	-95	-105	-94	-97.5
<b>Profit/loss per share</b>	€	-0.36	-0.09	-0.01	-0.04
<b>Equity per share</b>	€	0.24	0.34	0.37	0.31

- Strong cash position remains
- Positive cash flow from operations despite challenging quarter in terms of license sales
- Balance sheet enables us to focus on execution of strategy

# Q1 Operations Review



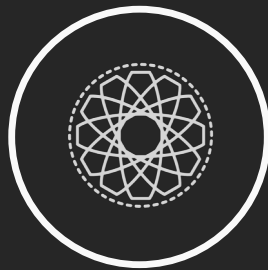
# Key Operational Takeaways Q1



01

## PrivX

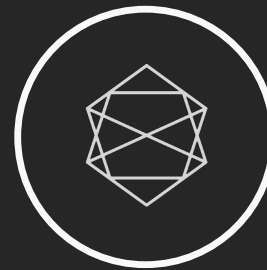
Growing traction



02

## UKM

New customer opportunities



03

## NQX

Facility Security  
Clearance by Finnish  
Defense Forces



04

## People and processes

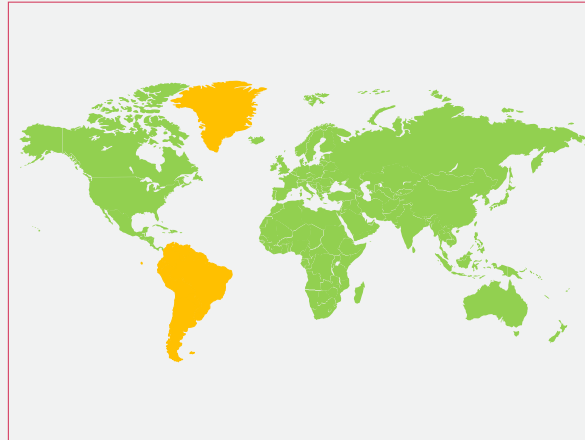
Committed people, enhanced  
processes ensuring  
transparency and visibility

# PrivX Status

Active opportunities: 100+  
Version 6: enterprise-ready  
Version 7 launched with  
additional enhancements

Subscription model the  
preferred model.

COMMERCIAL TRACTION



IN USE ON 5 CONTINENTS



MARKETING AND SALES  
WITH PARTNERS

## Some analyst love

**“We strongly recommend taking a look at PrivX that offers a unique alternative to standard password vaulting and session management approaches.”**

*– Martin Kuppinger, KuppingerCole*



# Universal SSH Key Manager Status

**New customer Q1: A global technology company.**

**Pipeline includes several major companies in or reaching proof of concept phase.**

## MARKET DEMAND

**Predominantly direct sales, SSH sales team engaging integrators according to the customer preference**

**Perpetual license model with maintenance and support and professional services**

## BUSINESS MODEL



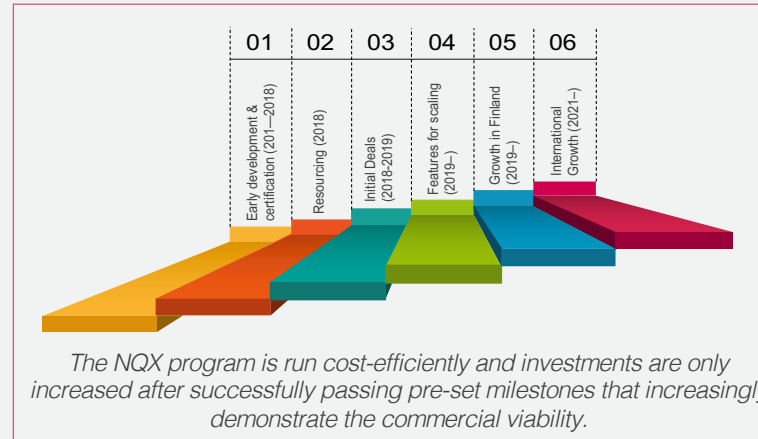
**Tech Mahindra**

## PARTNERS

# NQX Status

**Certified: Q2/2018**  
**Kyberleijona deal: Q3/2018**  
**First sales: Q4/2018**

**Security Clearance by  
Finnish Defence Forces**



**TOP SECRET**

**STEADY PROGRESS**

**A STEPWISE APPROACH**

**FIRST CUSTOMERS**

**A unique offering**

**NQX is the only firewall product line developed with the Finnish public sector for the Finnish public sector – with applications and opportunities also internationally.**

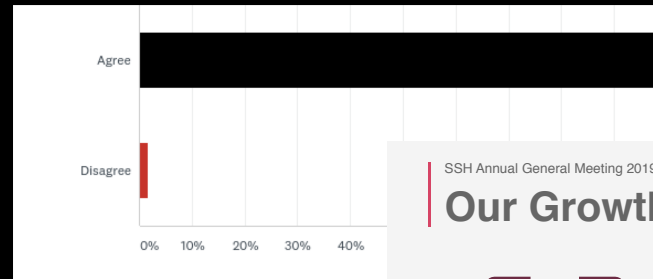
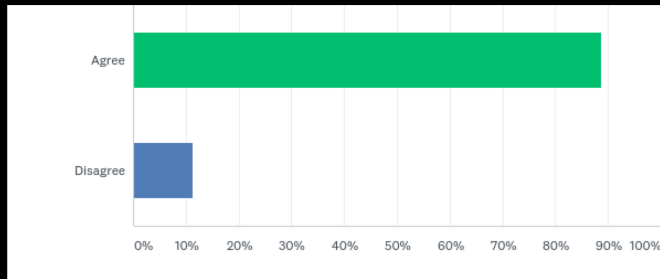
# People and processes

## SSH Employee Pulse Survey Q1

Q11: I want to be part of SSH's future and see it achieve it's goals

• July 2018

January 2019



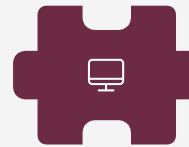
ANSWER CHOICES	RESPONSES	
Agree	88.71%	55
Disagree	11.29%	7
TOTAL		62

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SSH Annual General Meeting 2019

## Our Growth Platform



### Control

We have a stable and predictable cost base and a gated approach to spending



### Efficiency

We continuously improve our processes and organization for more efficient and customer-centric operation



### Stable Cash Flow

Our core security products bring strong long-term cash flow



### Growth Initiatives

Our new products will accelerate growth

April 15, 2019

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# Guidance for 2019



# 2019 Guidance

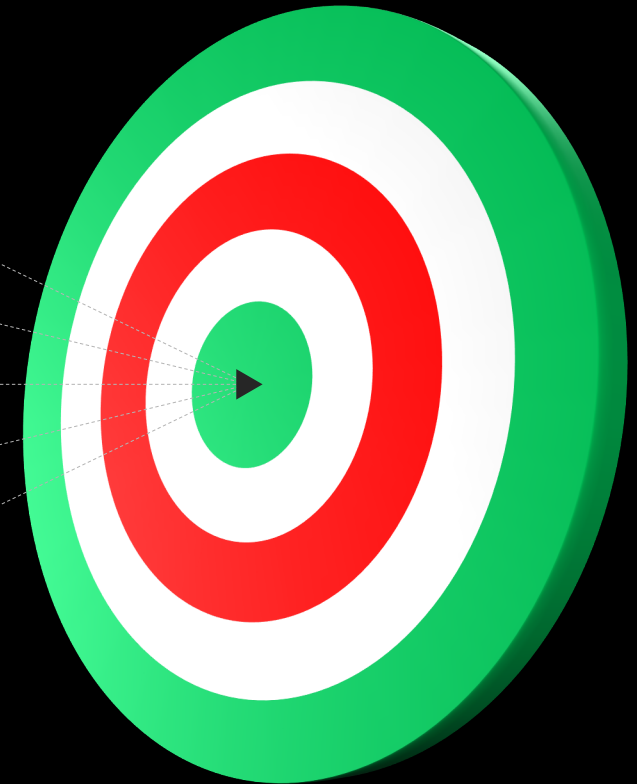
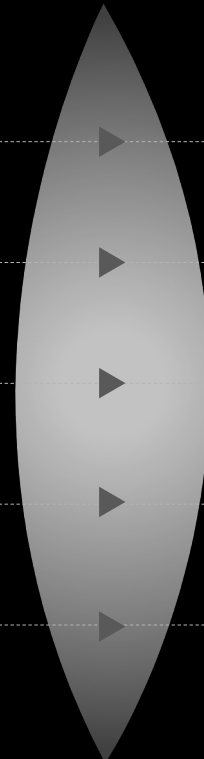
For the year 2019, we expect double digit percentage growth from our software business (software fees, professional services, and recurring revenue) at comparable exchange rates, exceeding the projected annual cyber security market growth of approximately 10 %.

In the medium term, we expect similar or faster growth and will also explore avenues for accelerated growth through inorganic growth opportunities.

Possible significant quarterly variation in revenue growth is still to be expected due to timing of larger deals over the financial year.

# Balanced Approach for Balanced Growth

- 1 Tectia: stable long-term cash
- 2 UKM: a medium-term growth source
- 3 NQX: growth through diversification
- 4 PrivX: long-term growth engine
- 5 New, exciting innovations in the pipeline



The combination of old and new products creates stable cash flow and balanced growth in the medium term while offering more significant growth opportunities in the long term. The fast-evolving cybersecurity field opens opportunities for new innovations.

**Balanced Medium-Term Growth  
Accelerated Long-Term Growth**

# WHAT WE DO

## SECURE ACCESS AT THE SPEED OF BUSINESS.



April 17, 2019

We develop solutions that let enterprises access and utilize their most important digital assets with

- less risk
- faster deployment
- better usability
- total visibility and control

This gives our customers across the globe

- improved security
- better ROI
- full compliance and peace of mind

# 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.