

# Artificial Solutions

Q4 2019



# TODAY'S PRESENTERS

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**Lawrence Flynn**  
**CEO**



**Chris Bushnell**  
**CFO**

# A CONVERSATIONAL AI PIONEER

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- The world's most advanced, Enterprise Conversational AI platform – Teneo
- 113 staff (incl. 52 AI, ML and linguistic experts)
- HQ in Stockholm, 11 offices
- Teneo available in 36 languages, Teneo Developers in 7
- Founded in 2001 and listed on First North Growth Market in Q1 2019

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## Global Blue-Chip Clients



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## Strategic Partners



# MARKET OPPORTUNITY

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“The global Conversational AI market is set to grow USD 4.2 billion in 2019 to USD 15.7 billion by 2024, a CAGR of 30.2%<sup>1</sup>”

“Individual Virtual Assistant market will grow at a CAGR of 38.82% between 2017 and 2023<sup>2</sup> .

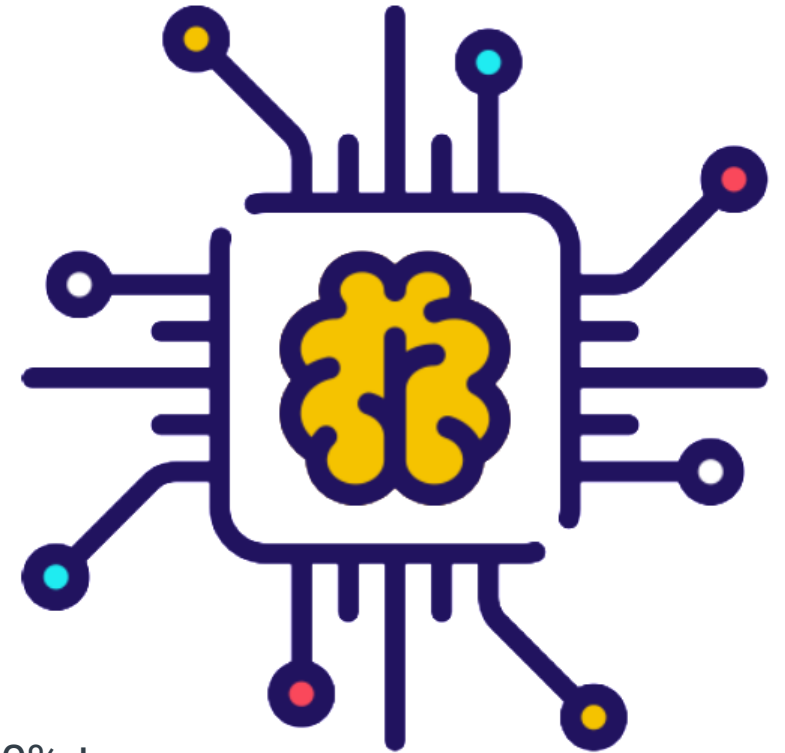
“Spending on cognitive and AI systems to reach USD 77.6 billion in 2022 with a CAGR at 37.3% for 2017-2022”

# QUARTER 4: FUNDAMENTALS

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## Q4 KEY FIGURES

- Order Intake was 17.0 MSEK (23.8)
- Order Backlog increased by 42% to 49.9 MSEK (35.2)
- Revenue amounted to 11.0 MSEK (11.5)
- Gross Margin up to 55% (27)
- Adjusted EBITDA was -30,6 MSEK (-35,4)
- Increasing percentage of revenues delivered through Partners, from 40% to 54%



# QUARTER 4: HIGHLIGHTS

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- 100% fully subscribed right issue
- Order intake lower than expected as one major transaction failed to close in the quarter
- One new client signed; a well-known Scandinavian retailer
- Increased and extended contracts with several existing clients
- Major USA telecom company has expanded their solution to support over 11m customers
- New partnership with Blue Prism, a leader in the robotic process automation sector
- Patent for Teneo Hybrid Methodology, bringing total patents to five

CONTINUED POSITIVE  
DEVELOPMENT IN ORDER  
BACKLOG. FINANCING SECURED

# KEY FIGURES

MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Order Intake	17.0	23.8	62.7	55.4
Order Backlog	49.9	35.2	49.9	35.2
Net Sales	11.0	11.5	49.1	44.9
Gross Margin %	55	27	61	45
EBITDA	-30.6	-35.4	-119.2	-100.3
Adjusted EBITDA	-30.6	-35.4	-112.8	-100.3
Operating loss	-26.1	-34.0	-146.0	-118.8
<i>Adjusted Operating loss</i>	-26.1	-33.9	-117.5	-118.8
Earnings per share, SEK	-1.5	n/a	-7.4	n/a
Equity ratio	-2.5	-0.8	-2.5	-0.8

## Q4:

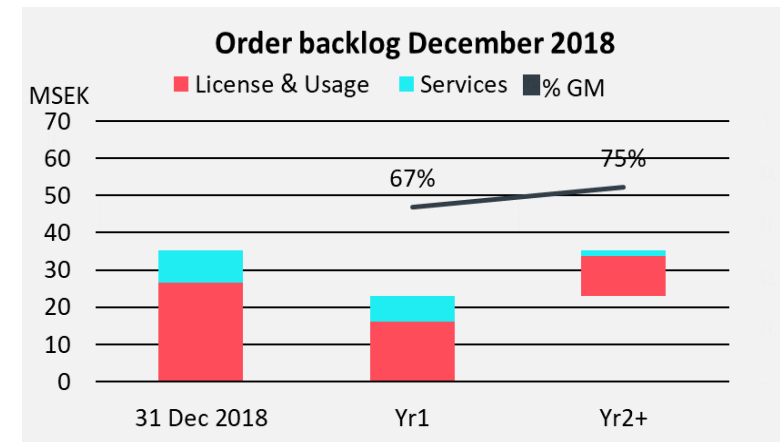
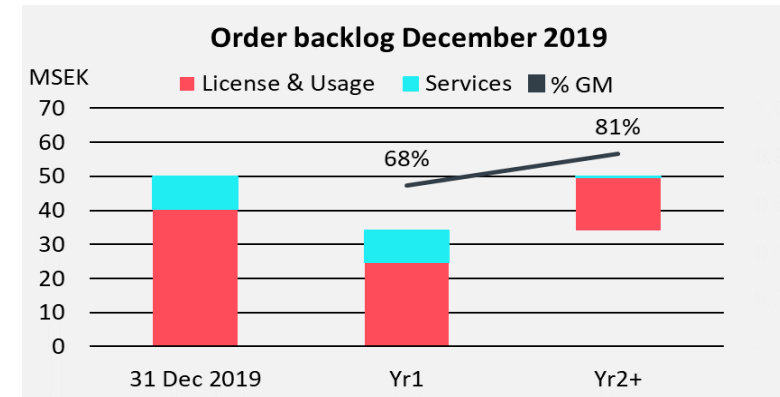
- Net Sales totaling 11.0 MSEK (11.5)
- Gross Margin up to 55% from 27%, due to continued change in revenue mix
- Adjusted EBITDA at -30.6 MSEK (-35.4)

## 2019:

- Net Sales totaling 49.1 MSEK (44.9)
- Gross Margin up to 61% from 45%, due to continued change in revenue mix
- Adjusted EBITDA at -112.8 MSEK (-100.3)
- Increase in personnel costs due to a change in mix of staff and impact of salary reviews

# Q4 ORDER INTAKE AND ORDER BACKLOG

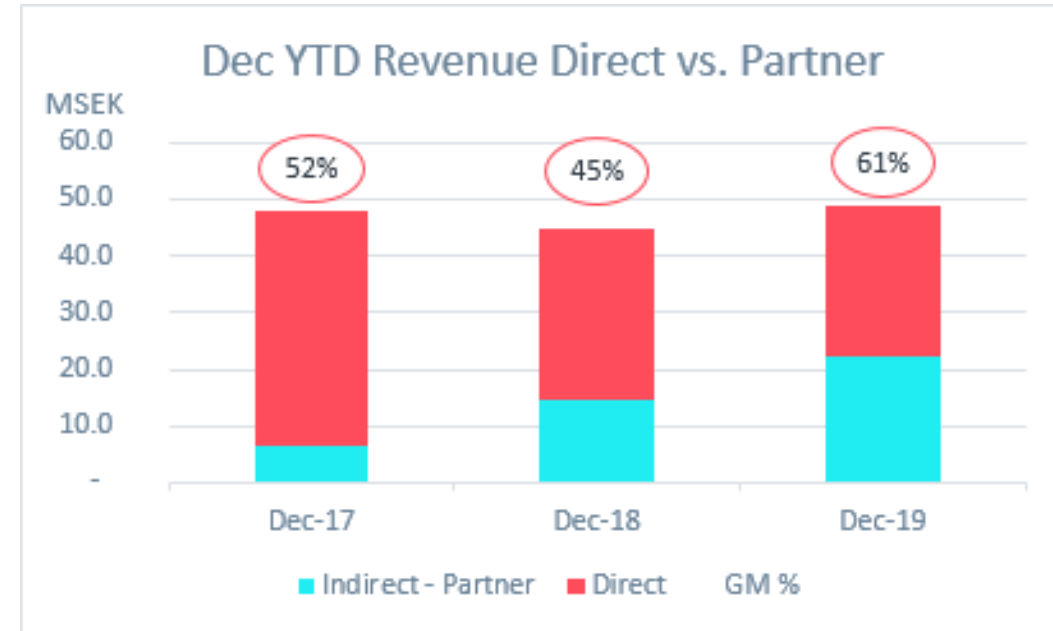
- Order Intake decreased to 17.0 MSEK (23.8)
- Order Backlog increased to 49.9 MSEK (35.2)
- More long-term commitments signed
  - 32% of total Order Backlog expected to be delivered in 2021 and beyond
- Mix in revenue elements improves profitability and the overall profitability increases over the life of an agreement





# STRONGER PARTNER LED BUSINESS MODEL

- Increased gross profit and higher margins
  - Partners focus on lower margin Professional Services
  - Company focus on higher margin license and usage revenues
- Revenues through our Partners, up to 54% (40)
- The partner share expects to increase in the upcoming years
- Direct sales will still support order intake going forward



# BUDGET PRINCIPLES

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Order intake on medium and long term shall grow in excess of NLP market



Gross margin above 70 per cent as from 2020



Positive cash flows from operations as from 2020



Usage predicted to exceed 80% of all Teneo revenue in 2022

# FINANCIAL CALENDAR

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## Interim Report Q1 2020

18 May 2020

## AGM 2020

19 May 2020

## Interim Report Q2 2020

30 July 2020

## Interim Report Q3 2020

29 October 2020

## Year-end Report 2020

4 February 2021



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# Q&A