

**PRESS RELEASE**

# A quarter with strong organic growth

## First quarter – January - March 2019

- Net sales increased by 43% to SEK 93.3 (65.0) million
- Contracted services (recurring) increased by 49% to SEK 31.6 (21.1) million
- EBITDA amounted to 8.1 (6.9) million
- Operating profit was 1.9 (2.5) million
- Earnings per share before and after dilution amounted to SEK-0.04 (-0.25) and SEK-0.04 (-0.25)

## Significant events during the quarter

- Finnish Viral Oy Ab increased its shareholding in the company and is now ZetaDisplay's largest shareholder.
- The Norwegian subsidiary was awarded the contract for delivery of Digital Signage solutions for the Oslo and Akershus public transport company, Ruter. The contract value is estimated at NOK 20 million.
- ZetaDisplay has adopted updated financial targets that include growth ambitions in contracted services and operating profit, as well as guidelines for equity and expected dividends.

## Significant events after the quarter

- Leif Liljebrunn, President and CEO of ZetaDisplay, will take up a new role as Vice President Mergers & Acquisitions at ZetaDisplay. The company has started the recruitment process for a new CEO. Leif Liljebrunn will continue to act as President and CEO until a successor will be in place.
- In order to part-finance the repayment of the company's preference shares, the Board of Directors, on the basis of the authorization received at the annual general meeting on 21 May 2018, has decided on a rights issue of 1 600 000 new ordinary shares at a subscription price of SEK 19 per ordinary share. This means that the company has added funds SEK 30.4 million before issue costs. Virala Oy AB increases its holding further and controls now 14.1% of the votes.
- ZetaDisplay has signed a five-year global Framework Agreement for Digital Signage Solutions with the Norwegian furniture group Ekornes AS. The agreement refers to shop-in-shop solutions for Ekornes Global retail network of approximately 3 500 outlets in 43 countries. 2019 the annual roll-out is estimated at a sales value of approximately SEK 15 million.

## CEO Comments

**Sales increased by 43% to SEK 93.3 (65.0) million during the first quarter. The group's gross profit increased by SEK 9.5 million and the operating profit amounted to 1.9 (2.5) million. Contracted Services increased by 49% to 31.6 (21.1) and the organic growth was 33%.**

We leave the first quarter of 2019 behind us with continued strong organic growth, focus on contracted services and the implementation of strategic initiatives as important success factors. Regarding new customers, we have been able to sign a contract with the public transport company for Oslo and Akershus, Ruter. The deployment of Digital Signage installations at 44 CityGross grocery stores has been finalized in Sweden.

Demand in all markets has been good and the organization has worked consistently to increase the proportion of contracted services, which is in line with our strategy. Last year's major customer ATG has switched to daily operational mode that is reflected in increased recurring revenues for the segment Sweden. Contracted services increased by 49% corresponding to the same quarter previous year. Compared to rolling twelve months, they increased by 10.2%.

During the quarter, we achieved a slight recovery of the gross margin compared to the full year 2018. As implementation projects become larger and more complex, the amount of merchandised goods increases at the expense of the price. It is therefore important that the total gross profit in absolute terms increases. During the quarter it grew about SEK 9.5 million compared to the same period during the previous year.

We are growing together with existing and new customers. To meet the demand, we have increased the number of employees. New recruitments have taken place in the business segments in sales and project management. Group-wide functions have also been expanded to drive professionalization, internationalization and harmonization. Today, we are on average 137 employees,

We see an increased demand for our offer from internationally established chains and brands. Through our international presence we are uniquely positioned to meet this demand. We are currently concentrating our efforts to scalable turnkey solutions to this customer category, no matter where they are in the world.

### Development per segment

We focus on three customer segments: communication to the consumer, communication in a public environment and communication in the workplace. Demand is strong in all areas; however, our strengths differ from market to market.

The Norwegian operations have recently been able to win contracts for larger projects in the public environment. During the quarter, a contract was awarded for the municipal transport company in Oslo and Akershus, Ruter. These assignments usually include a high degree of technical and implementation complexity which often leads to close and long-term relationships with the customer.

In Sweden, the number of deployed installations doubled during last year which, together with the acquisition of the international customer base in Webpro, drives the increase in revenues for Contracted Services. In addition, the implementation work for the grocery store chain CityGross was completed. After the end of the quarter, we communicated a new global contract for the Norwegian Ekornes Group.

In Finland, we have successfully driven new sales and work with the existing customer base. The increase in sales is the result of a number of factors, including a replacement installation in the restaurant sector.

Our organization in the Netherlands has not carried out major implementation projects during the quarter. The team has a contracted continuous customer base, primarily within corporate communications and for the retail sector, where contracted services with good margins are a recurring feature of the business model.

### New majority shareholder, new financial targets

During the quarter, Finnish Viral Oy AB became ZetaDisplay's largest shareholder. It is for the first time in the company's history that an institutional owner is the dominant shareholder. This change and the strong institutional interest in connection with the rights issue in early April is a proof of confidence in the company and its strategy.

Prior to April, the Board decided on new financial targets for the company until 2022. The updated targets link continued growth more closely to the company's focus on contracted services, which increases both long-term profitability and predictability. Growth is expected to be mainly organic, complemented by smaller acquisitions, which requires an efficient use of the leverage. The new share rights issue after the end of the quarter is intended to repay the preference shares.

### Looking ahead

It was communicated after the end of the quarter that I will take the role of head of Merger & Acquisitions once a new CEO for ZetaDisplay will be in place.

The company's history is characterized by continuity and entrepreneurial spirit, growth and a focus on building on an installed base of contracted services. I have been CEO of ZetaDisplay for the past ten years and I am confident that these principles will be further refined in the coming years.

Market demand is there, we are well positioned, and we have a clear strategic direction moving ahead. The first three months of the year show that we have laid the foundations for continued positive development in the coming quarters.

*This is information that ZetaDisplay AB is required to publish under the EU Market Abuse Regulation. The information was submitted, on the authority of Leif Liljebrunn for publication at 08:45 A.M CET on May 21, 2019.*

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**About ZetaDisplay**

ZetaDisplay is a full-service supplier of communication solutions designed to influence behaviour in a physical shop or office environment. The company's business is based on a deep understanding of human behaviour in decision-making situations. We deliver our insights with the support of a smart technical platform which generates engaging digital display solutions. Our total offering encompasses strategy, planning, software, hardware, installation and content production, analysis, technical support and services.

ZetaDisplay has its registered office in Malmö. The company generates revenues of MSEK 400 and employs 140 staff at eight offices in six European countries. In total, the company handles 50,000 installations on 50 markets. The share is listed on Nasdaq Stockholm [ZETA].

More information at [www.zetadisplay.com](http://www.zetadisplay.com)