

amino



INNOVATION • ACTION • ADVANTAGE

Half year results

Six months ended 31 May 2019

Investor presentation

Donald McGarva, Chief Executive Officer
Mark Carlisle, Chief Financial Officer

Smarter, more cost-effective ways of delivering modern TV experiences



De-risking future earnings

Good early progress executing our strategy

Full year expectations unchanged

Transformation programme completed

Momentum for software-led strategy on track

More than \$5m cost savings delivered (as planned)

Strong cash (Net cash \$19m) and margin performance

Macroeconomic challenges continue

Sales momentum across portfolio

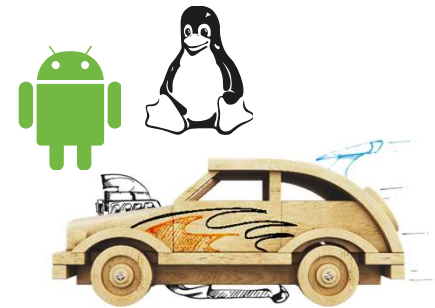
Powered by
amino OS

First ODM sale with
T1 APAC Telco



amino OS

Contract wins in
US, Asia Pacific,
South America



amino VU

National Bolivian
Fibre roll-out



Todos somos Entel

amino TV

First multi-tenanted
Video platform



Management action is delivering

More than \$5m annualised cost savings delivered

- | 3% Profit Margin improvement to 44.5% (41.5% H1 2018)
- | Cost reductions achieved (see table)
- | Headcount reduced in H1 by 33% to 133
- | SKU reduction program is under way and will have further benefit into 2020

	Annualised cost \$m
SGA Headcount costs	2.6
R&D Headcount costs	2.2
Facilities	0.6
Total	5.4

Financial highlights

Strong margins and cashflow

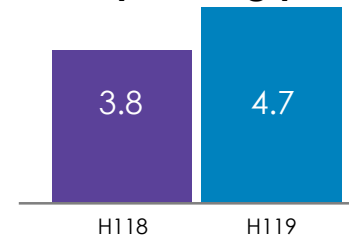
Resilient margins

Strong cash performance

Robust balance sheet

Dividend maintained in line with previous commitment

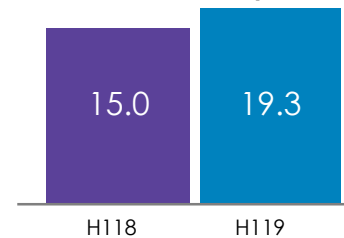
Adjusted operating profit \$m



Gross Margin %

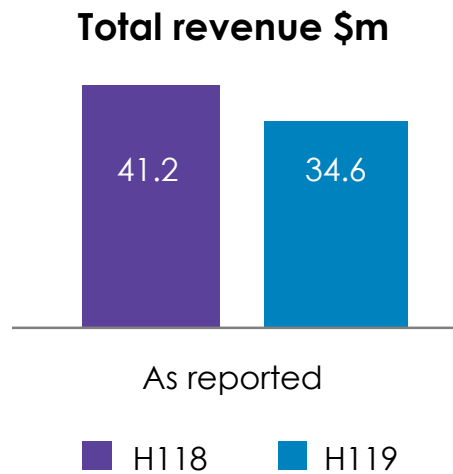


Net cash \$m

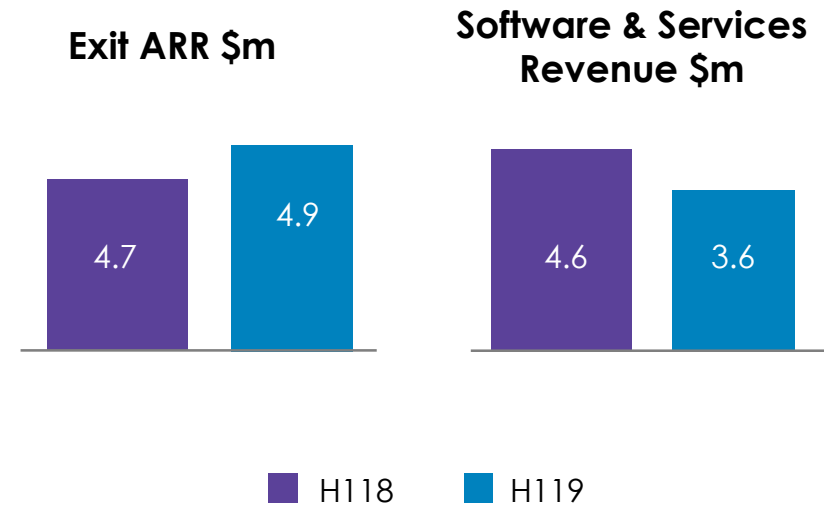


Adjusted operating cash conversion 119%

Revenue analysis



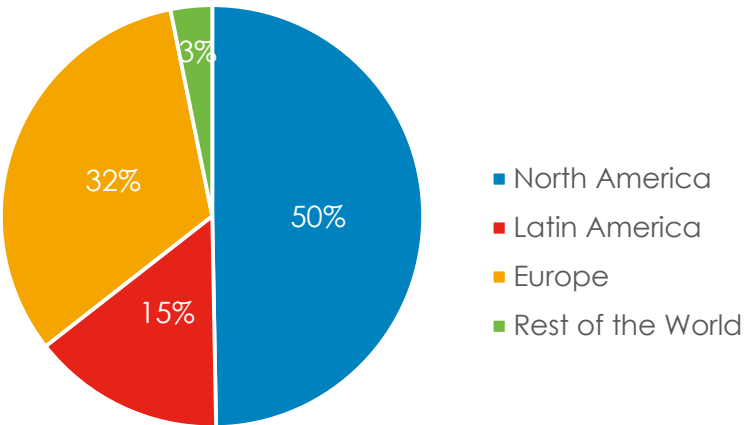
- Revenue decrease of 16%
 - focus on higher margin opportunities; and
 - decrease in professional services in AminoTV



- Professional services decrease in AminoTV
- Annualised recurring revenue \$5.1m at 30 Nov 18
- AminoTV and AmnioOS subscribers grew in H1 19

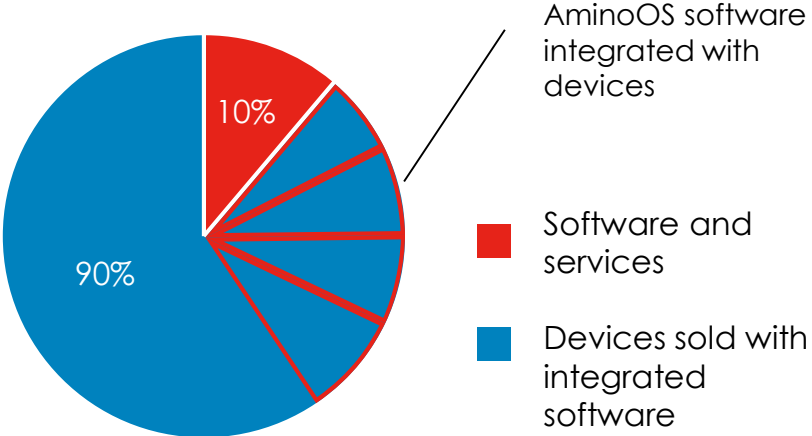
Revenue analysis

Revenue by geography



- North America sales on target; retain majority share of Tier 3 market in US
- Europe low margin sales not repeated
- Latam solid orders from Entel; Argentina not yet re-ordering

Revenue by type



- 6% recurring revenue (\$4.9m exit ARR)
- AminoOS software integrated and sold with all devices

Income statement summary

\$m	H1 19	H1 18	Variance
Revenue	34.6	41.2	(6.6)
Cost of sales	(19.2)	(24.1)	4.9
Gross profit	15.4	17.1	(1.7)
Margin %	45%	42%	(3%)
Operating costs	(8.6)	(10.3)	1.7
Adjusted EBITDA	6.8	6.8	(0.0)
Margin %	20%	17%	3%
Depreciation and amortisation	(2.1)	(3.0)	0.9
Adjusted operating profit	4.7	3.8	0.9
Margin %	14%	9%	4%
Exceptional items	(0.3)	(1.7)	1.4
Share-based payments	(0.5)	(0.7)	0.2
Amortisation of acquired intangibles	(1.4)	(1.5)	0.1
Net interest	0.0	0.0	0.0
Profit before tax	2.5	(0.1)	2.6
Corporation tax	(0.1)	0.3	(0.4)
Profit after tax	2.4	0.2	2.2

- Revenue decrease of 16% due to focus on higher margin accounts
- Gross margin impacts:
 - Positive impact of software revenues
 - Positive impact of focus on higher margin accounts
- Cost reduction – restructuring programmes previously announced completed
- EBITDA margin 14%
- Exceptional items:
 - \$0.5m royalty cost credit
 - \$0.8m restructuring costs
- Final dividend for FY18 paid (total 7.32p per share)

Cash flow summary

\$m	H1 19	H1 18	Variance
Adjusted EBITDA	6.8	6.8	0.0
Movement in working capital	1.3	(0.3)	1.6
Adjusted operating cash flow	8.1	6.5	1.6
Cash conversion %	119%	93%	26%
Exceptional cash costs	(1.9)	(1.3)	(0.6)
Corporation tax	(0.1)	0.0	(0.1)
Net cash from operations	6.1	5.2	0.9
Purchases of PP&E	(0.1)	(0.1)	0.0
Capitalised development costs	(1.8)	(2.2)	0.4
Interest received	0.1	0.0	0.1
Net cash paid for acquisitions	0.0	0.0	0.0
Investing activities	(1.8)	(2.3)	0.5
Proceeds from issue of shares	0.0	0.1	(0.1)
Dividends paid	(5.3)	(5.2)	(0.1)
Financing activities	(5.3)	(5.1)	(0.2)
Net cash flow	(1.0)	(2.2)	1.2
Cash balance at period end	19.3	15.0	4.3

- Adjusted operating cash flow 119% of adjusted EBITDA
- Exceptional cash costs comprised \$1.6m restructuring costs and \$0.3m Escrow release owed to employees (which was received in H218)
- \$1.8m R&D capitalised in period
- Dividend payments of \$5.3m
- £12.5m working capital facility unused, reduces to £10.0m from July 2019, in place to August 2020

Long-term growth drivers



IP/Cloud TV Everywhere

The latest 'TV everywhere' experiences. Also enables cable operators to cost-effectively transition from Cable to IP



Operator Ready Android TV


Developed own "operator class" solution and devices to deliver advanced feature and content rich experience to meet growing operator demand



Upcycle Legacy STB to Next Generation

Leveraging an operator's existing assets, including installed TV devices, to deliver new content and consumer experiences to the home

Portfolio and propositions aligned



amino TV


Multiscreen Video Platform designed for subscriber segmentation



amino OS

Software for powering deploying and managing devices

Powered by
amino OS



amino VU

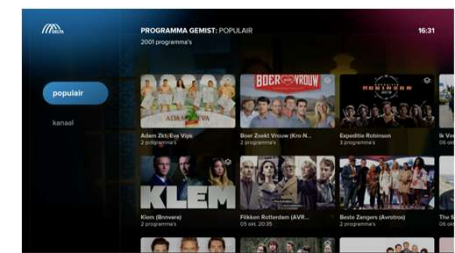
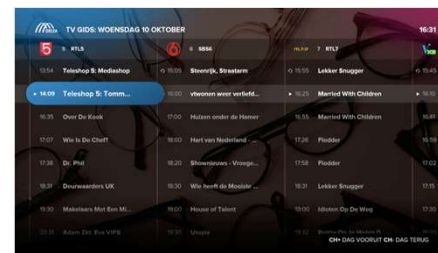
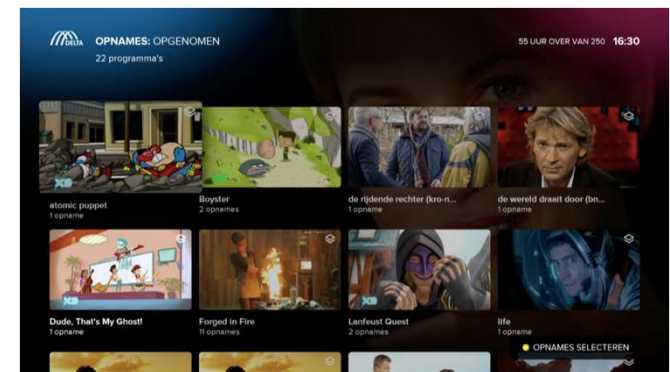
Portfolio of IPTV and Android TV Devices

Powered by AminoOS is a program to license our device software to 3rd party ODM device vendors.

Delta / Caiway our first multi-tenanted deployment

AminoTV consolidated DELTA TV and Caiway services into a single multiscreen platform deployment

- Delta, acquired Caiway, and wanted to extend their existing AminoTV platform to include them
- AminoTV boosted their efficiencies and operations in delivering modern TV experiences across both their customer bases
- Each brand will be able to offer a unique, integrated and unified user interface while benefiting from a common, modular backend
- This deployments success has increased AminoTV platform users by 22%



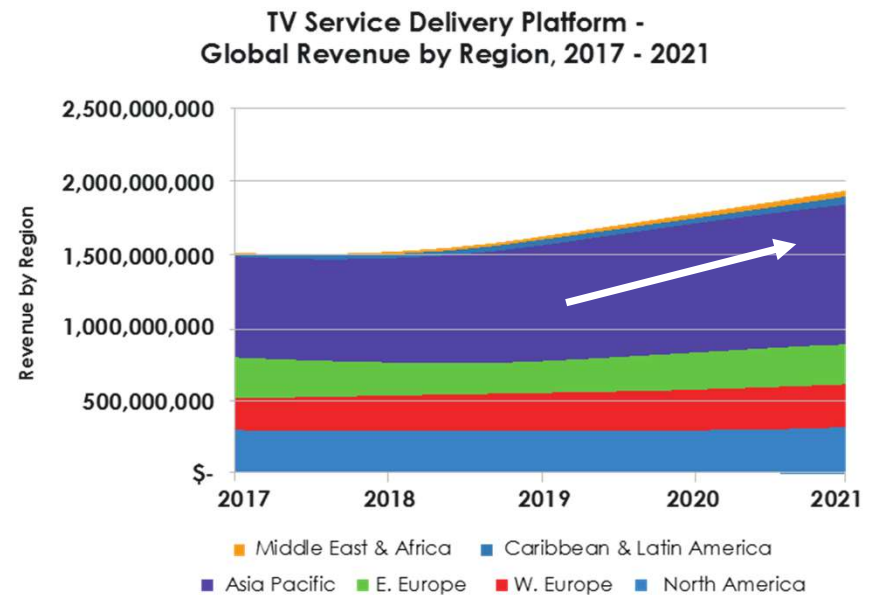
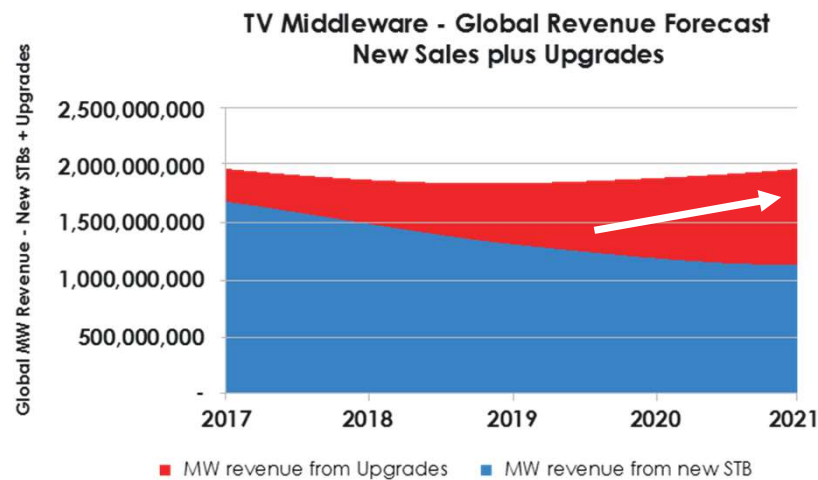
Market dynamics

S&P Global predict market growth in Device and TV platform software

Device, middleware and User Experience upgrades could represent nearly a third of a \$2 billion global opportunity in 2021

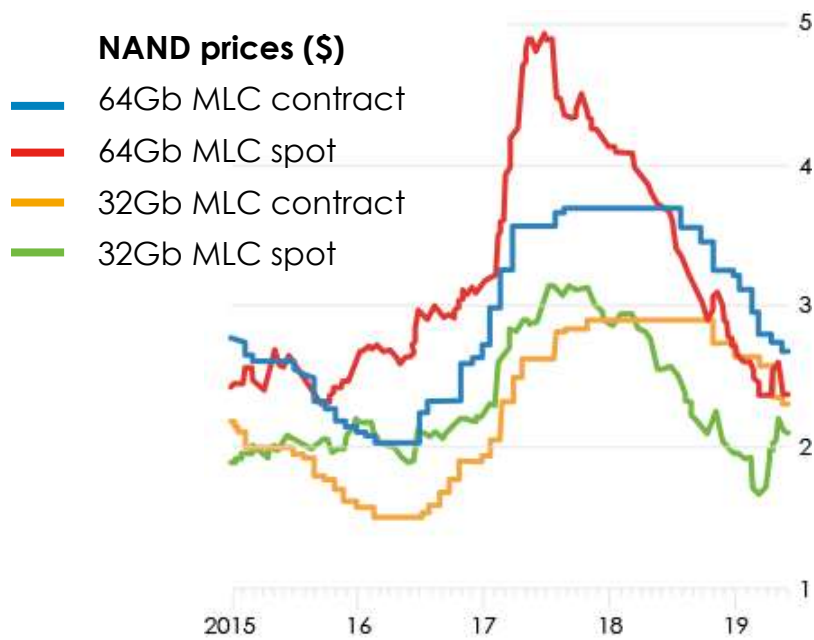
This increasing market opportunity is what we call 'upcycling'

The SDP market is projected to grow over the next few years, reaching \$1.9 billion in value in 2021



Supply chain macroeconomics

Global trend for component prices decreasing, trade war potentially disruptive



Sources DRAMeXchange



Confidence in delivering H2

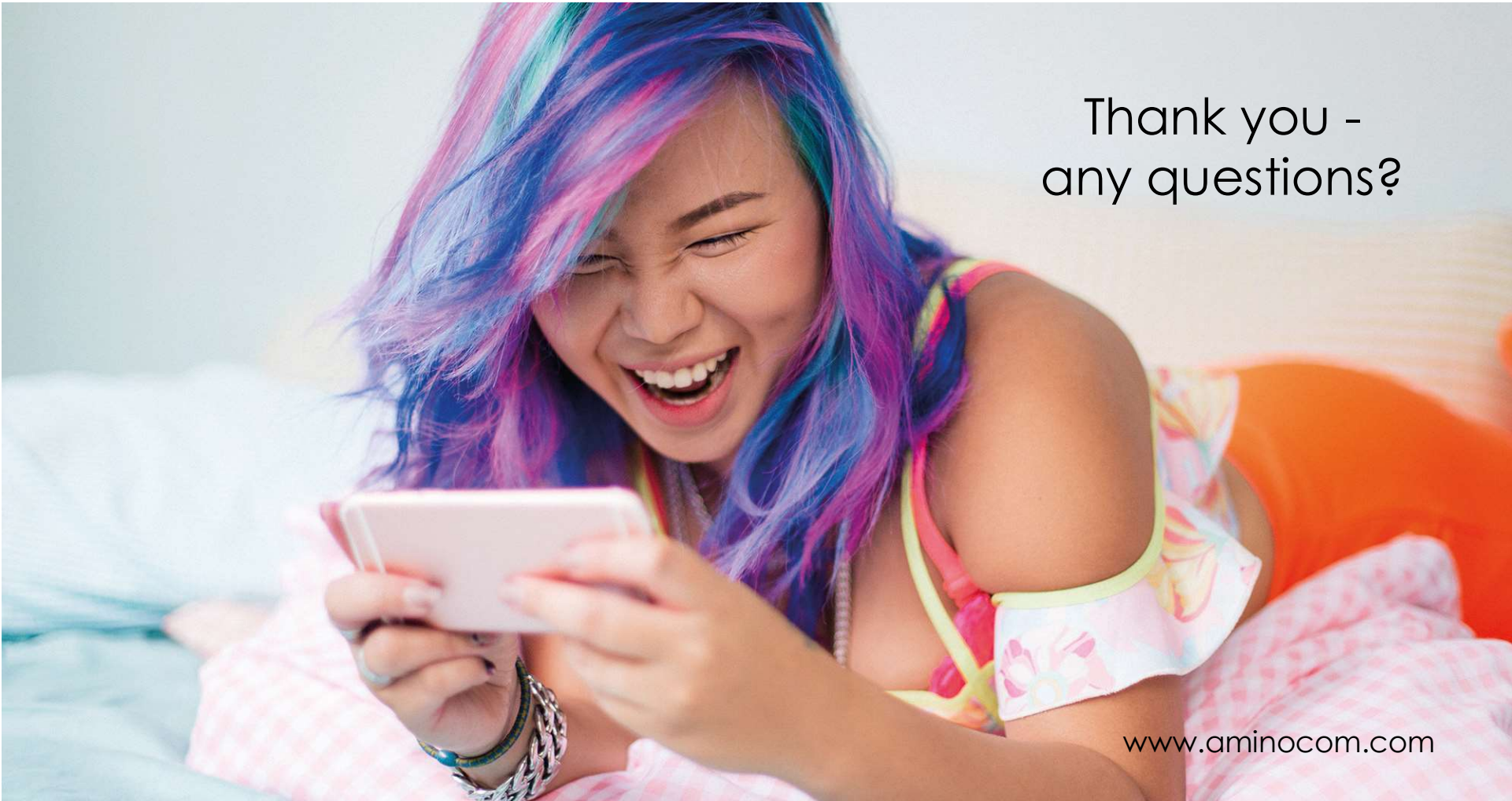
H2 Outlook is positive

- | Strong sales pipeline
- | Component costs showing signs of easing
- | Macro-economic issues remain but management focus on de-risking
- | Cost savings to take greater effect on H2
- | Margins improving via transformation program

Summary

- | Three key strategic drivers remain strong
- | Transformation programme on track to improve quality of earnings
- | Resilient financial performance in challenging market conditions
- | Strong cash performance
- | Full year expectations unchanged





Thank you -
any questions?

www.aminocom.com

Investment case



Clear strategic focus

TV Everywhere, Android TV
and Upcycling

Market opportunity

Fragmented market ripe
for consolidation

Quality of earnings

Transition to software and services,
and value-added hardware

Resilience and cash generation

Industry leading margins and strong
cash generation