

LeadDesk Oyj CEO's review for 2019

Press release 14.2.2020 at 9:00

LeadDesk's international growth story continues

Figures in parenthesis refer to the equivalent period in the previous year, unless otherwise stated.
(Not audited)

Highlights for July–December 2019

- Revenue EUR 6 233 (5 874) thousand, growth 6.1%
- Adjusted revenue EUR* 5 613 (4 738) thousand, growth 18.5%
- EBITDA EUR 2 707 (1 131) thousand, 43.4 (19.3)% of revenue
- EBIT EUR 2 109 (577) thousand, 33.8 (9.8)% of revenue
- Management team strengthened with three new recruits
- LeadDesk sold its subsidiary Leadventure Oy and founded the Spanish subsidiary

Highlights for January–December 2019

- Revenue EUR 12 355 (11 031) thousand, growth 12.0%
- Adjusted revenue EUR* 10 670 (9 424) thousand, growth 13.2%
- Annual recurring billing contract base EUR 8 264 (7 288) thousand, growth 13.4%
- EBITDA EUR 3 422 (1 834) thousand, 27.7 (16.6)% of revenue
- EBIT EUR 2 214 (776) thousand, 17.9 (7.0)% of revenue
- Profit before taxes EUR 852 (435) thousand
- Profit for the financial year EUR** 758 (335) thousand
- Cash flow from operating activities EUR 1 647 (1 688) thousand

* Adjusted to exclude the Leadventure Oy. Adjustments itemized in the table section.

** Profit for the financial year includes non-recurring costs of the IPO. Adjustments itemized in the table section.

Outlook for 2020

The company will maintain strong comparable revenue growth and continue operating profitably. The company's mid to long term goal is to pay out dividends.

Key figures, group

EUR thousand	7-12/2019	7-12/2018	2019	2018
Revenue	6 233	5 874	12 355	11 031
Revenue growth, %	6.1%	19.7%	12.0%	21.3%
LeadDesk cloud service revenue	5 612	4 783	10 670	9 134
LeadCloud services revenue	621	1 136	1 685	1 897
LeadDesk annual recurring billing contract base*	8 264	7 288	8 264	7 288
EBITDA, % of net sales	43.4%	23.9%	27.7%	16.6%
EBIT, % net sales	33.8%	15.0%	17.9%	7.0%
Return on Equity (ROE), %	30.3%	168.8%	22.9%	60.8%
Return on Investment (ROI), %	25.8%	31.0%	27.4%	28.6%
Equity ratio, %	72.3%	14.0%	72.3%	14.0%
Net gearing, %	-63.9%	168.2%	-63.9%	168.2%
Earnings per share	0.41	0.22	0.17	0.12
Earnings per share (incl. dilutive effect)	0.39	0.21	0.16	0.11
LeadDesk personnel at end of period*	82	63	82	63

*Figures from 7-12/2018 and 2018 are adjusted to exclude Leadventure Oy.

LeadDesk CEO Olli Nokso-Koivisto:

“LeadDesk is an international software company that builds cloud services for the needs of high-volume sales and customer service organisations.

2019 was a year of growth and in many ways a significant new beginning for us. We successfully listed our stock at Nasdaq First North in February, sold our subsidiary Leadventure, which offers targeted contacts for direct marketing, in October and founded a subsidiary in Spain in December. As a result, we are more focused than ever on our core business and have taken the next step in our strategy for international growth.

In 2019, over 50% of our license revenue already came from international sales. Our revenue has grown steadily in recent years and we will continue to place an emphasis on international business and growth. Our leading market position in the Nordics and our core competencies in the license business form an excellent foundation for proceeding with our growth strategy in the Nordics and in other central European markets. Last year we also managed to win several public administration contracts in Finland. This new and important development makes me exceedingly happy.

International revenue especially from Sweden and Spain developed better than we expected. Our domestic revenue stayed fairly steady during the second half of the year. Thanks to our new subsidiary in Spain, we are better prepared than ever to grow our market share in 2020. Revenue from our consultancy business did not reach our expectations in 2019. As a result, we will focus on increasing our billing rate during 2020.

Our industry is transforming, as customer experiences and communication channels are developing rapidly. With our SaaS business model, our customers can purchase the LeadDesk service as a scalable, flexible and cost-efficient cloud service instead of paying a traditional upfront software license. The cloud service also means that our customers always have the up-to-date tools to make the most of the rapid transformation of the industry. For example, right after the review period we launched a pioneering omnichannel user interface, which seamlessly combines talk, email, online chat and other modern customer service channels.

Successful product development and masterful personnel

Product development and our strong team play a vital part in our growth story. In early 2019, we built a new server infrastructure in Germany, which will help our expansion in Europe. In July, we launched a LeadDesk connector as part of Microsoft’s business automation tools. The connector enables our customers to easily integrate LeadDesk with all the systems in the Microsoft ecosystem. In order to make our solution easier to purchase in countries where we do not currently have a subsidiary, we also started accepting credit card payments.

Our success is ultimately based on our people. Our recruitment team has done an incredible job and we have been able to fill our open positions with top professionals. During the fourth quarter of 2019, we invested in recruiting sales personnel. The recruitment investments had a negative impact on our profitability during the quarter, and will also continue to have a negative impact on our profitability during the first half of 2020. We have also strengthened our management team with a Head of People, a CFO and a VP of Business Development. I’m immensely happy that almost half of our personnel took part in the Personnel Offering, which was organized as part of our IPO.

As an international organisation, we are ready to operate where our customers are operating and where demand is growing. With the successful sales of Leadventure, we have the readiness to strengthen our market position and product strategy with acquisitions. With our talented people, we will focus on our core business of scaling our cloud-based SaaS solution to international markets.

I want to thank our staff, partners, shareholders and other stakeholders for our success in 2019. A stronger management team, successful product development projects and a finalized corporate transaction have created an excellent foundation for growth. We now have all the pieces ready for the next phase of our growth story.

More information

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LeadDesk Oyj in brief

LeadDesk is a fast growing and internationalizing software company, operating in the cloud-based software market in Europe. The company offers the LeadDesk cloud service for high volume sales and customer service and has grown to a leading cloud service vendor in sales and customer service in the Nordics. On average, the company's revenue has grown on by 46% in the last six years (2012–2018) and was € 11 million in 2018. The company has offices in seven European countries. The LeadDesk cloud service is used by over 700 customers in 34 countries.

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