

Napatech A/S

DNB SME conference
April 5, 2017

Henrik Brill Jensen, CEO



Napatech in short

- Founded in 2003 in Denmark
- IPO late 2013 at Oslo Stock Exchange
- Current market cap ~ 610 million NOK
- Napatech helps IT organizations realize the cost and performance benefits of the cloud, with networking software and hardware solutions
- Q1 2017 sales of USD 8.2 million, +17% YoY



Major Trends In Networking And Communications Fueling Napatech Grow Ambitions



Cloud
Computing



5G
Mobile



Internet of
Things

By 2020

4

BILLION
Connected People

25

MILLION
Applications

25

BILLION
Embedded Systems

50

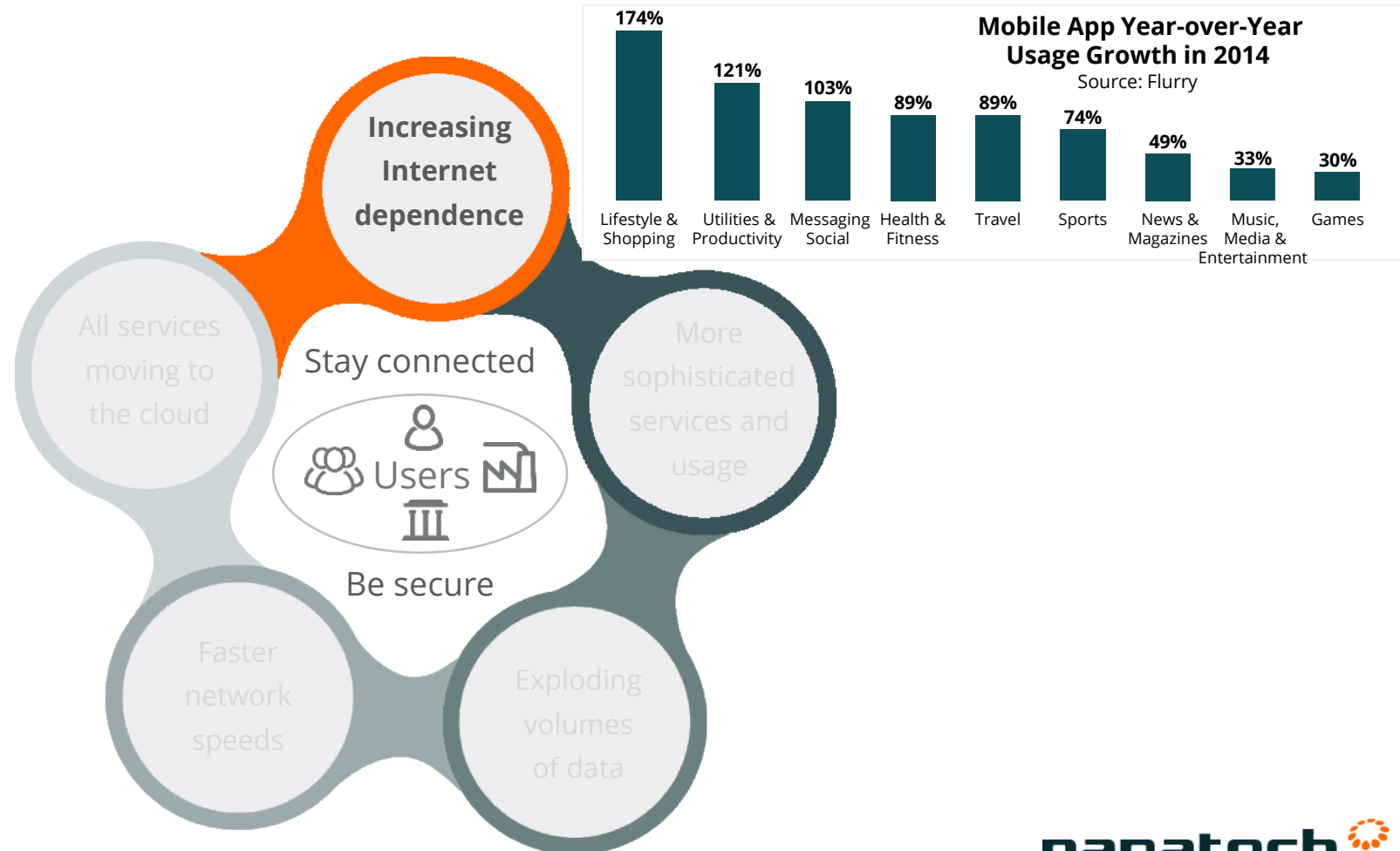
BILLION
Devices and Sensors

50

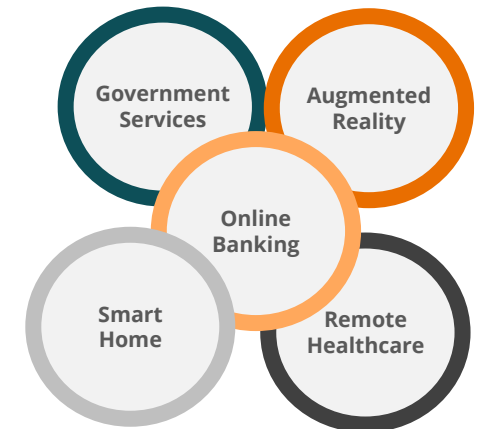
TRILLION
Gbps of Data

Source: IDC

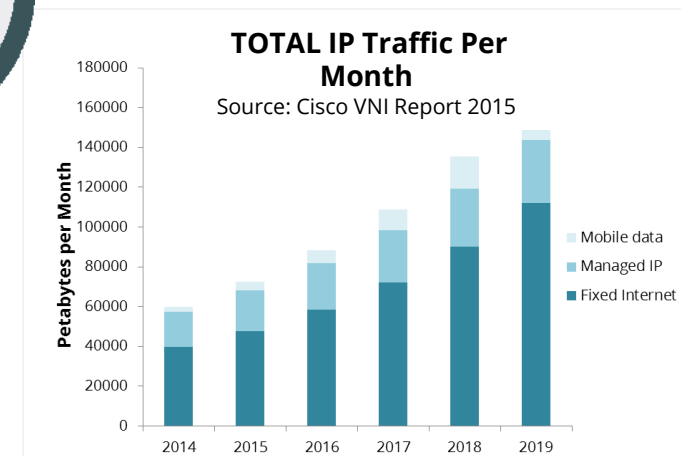
Fundamental Need Of All Internet Users Stay Connected And Be Secure



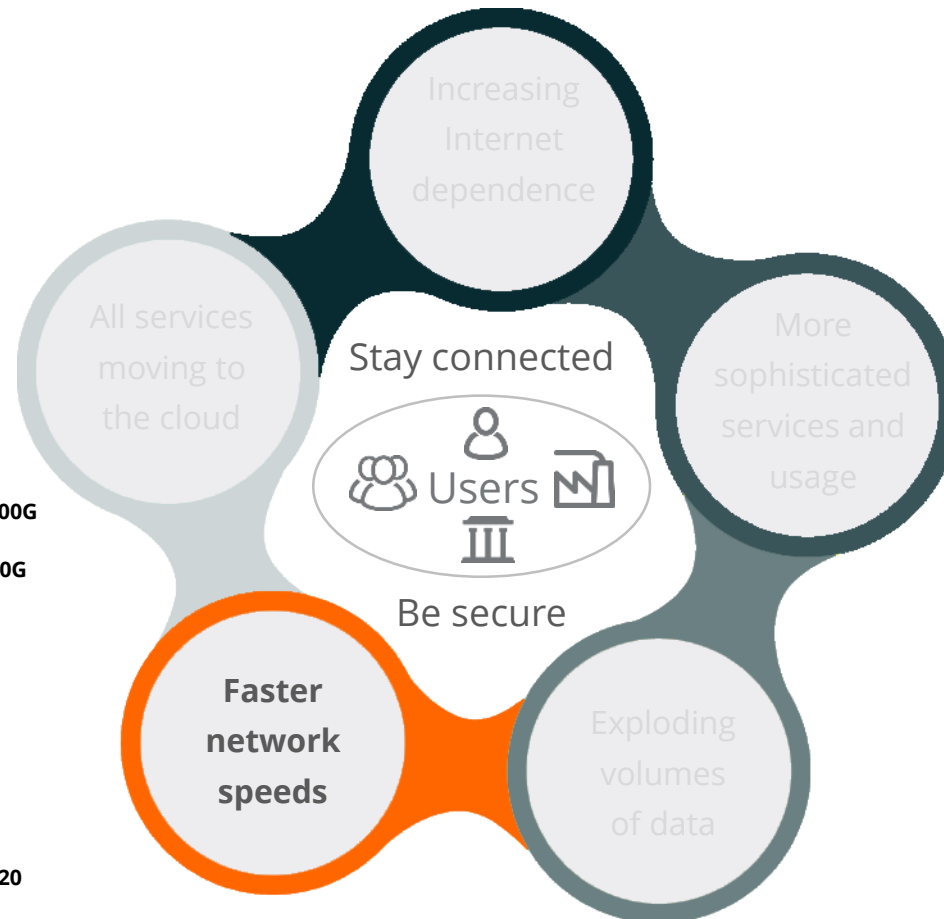
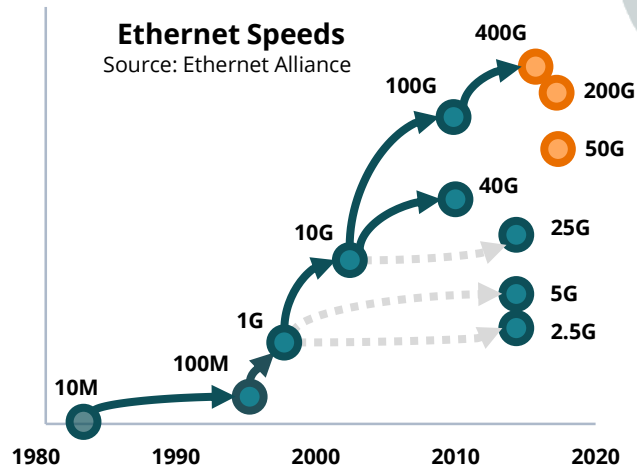
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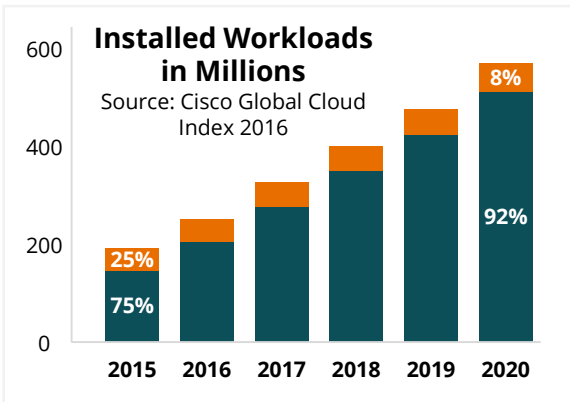
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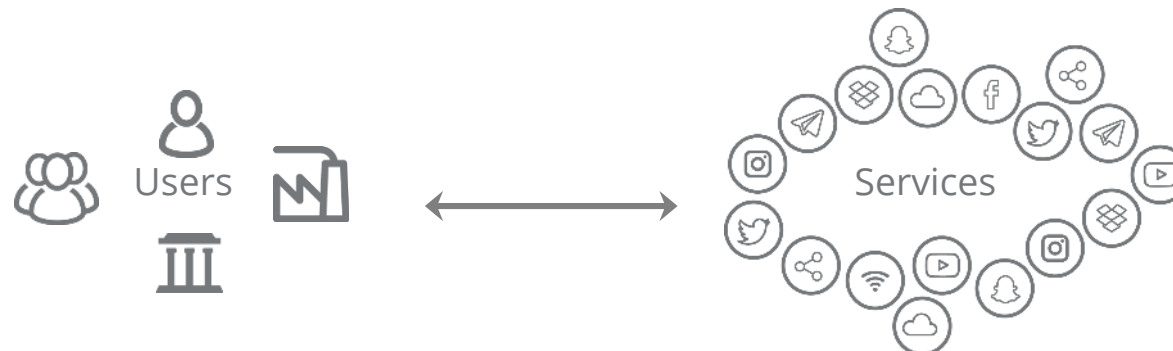


Many Solutions Available To Ensure Connectivity & Security Not Part Of The Service Data Path To All The Users

Network management
applications ensuring
users stay connected



Cybersecurity
applications ensuring
users be secure



Solutions Need Insight Into Service Data To Function In Real-Time Without Losing Any Of The Data

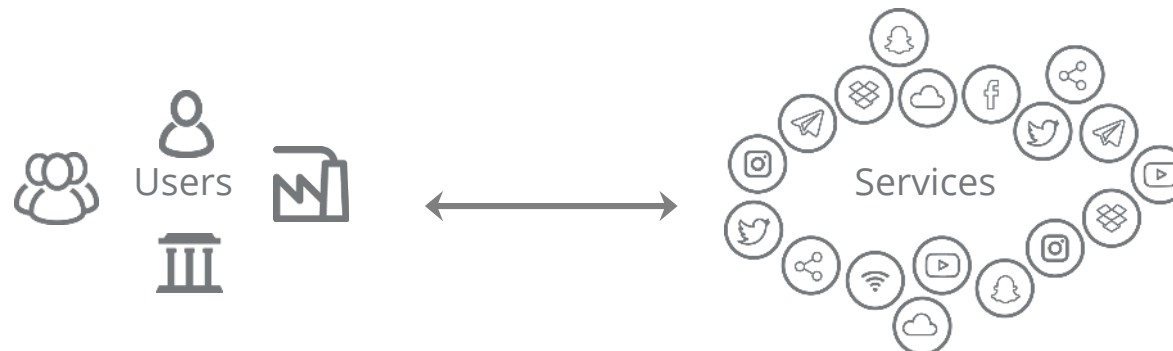
Network management applications ensuring users stay connected



Cybersecurity applications ensuring users be secure



How to get access to reliable service data to ensure users stay connected and can be secure?



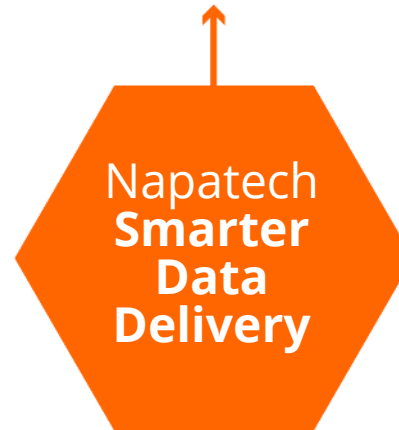
Napatech Smarter Data Delivery Solutions

Ensure Delivery Of Reliable Data For Analysis

Network management
applications ensuring
users stay connected



Cybersecurity
applications ensuring
users be secure



Users



Services

SmartNIC Platform Portfolio

Enabling Smarter Data Delivery



Application Store (Future)

Open Source

Commercial

Application Engines

PANDION
Recorder

Compression

Open Source
Community

Futures
Encryption, Search...

Software (FPGA, driver, APIs)



Virtualization
(OVS Offload)

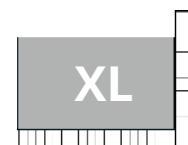
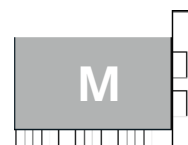


In-line
(Fast Path)



Recorder
(100% Capture)

Hardware








Professional Services

Technical Support

Assessment Services

Co-Creation Programs

High-Growth Applications Require SmartNICs

 Cyber Security	 Big Data	 Mobile	 Infrastructure	 Testing
Firewall Next-Gen Firewall Intrusion Detection Intrusion Prevention Forensics Threat Detection Secure Web Gateway Surveillance Data Loss Prevention	Analytics Trading Network Recording	5G CORD vEPC vIMS	Load Balancer SD-WAN V-CPE SDN Gateway Packet Broker Network Taps	Quality of Experience Service Assurance Performance Monitoring

Major market trends allow Napatech to expand to a new range of high-growth applications on virtualized servers in software defined networks

Profit and Loss – Strong EBITDA Development

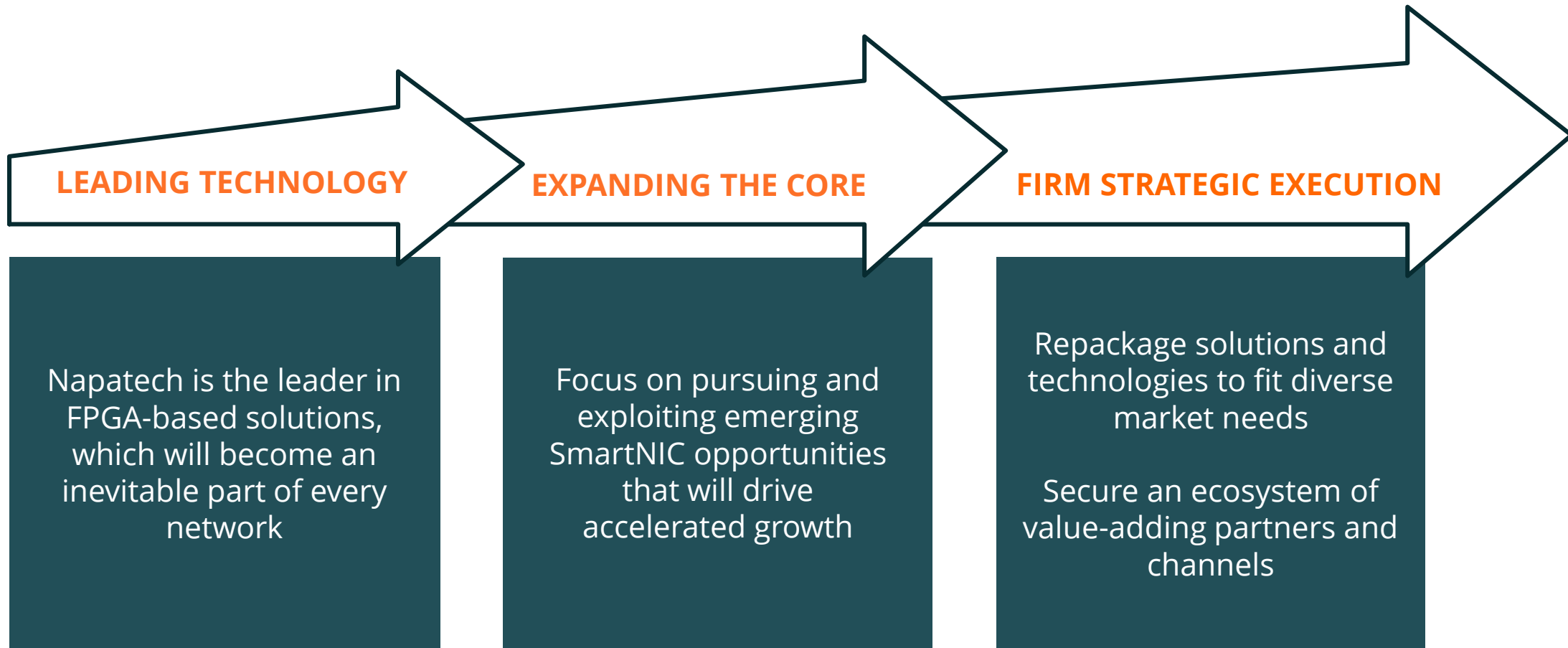
(Figures in MDKK)

	2016	2015	2014
Revenue	234.7	216.7	182.3
Gross profit	163.6	154.7	133.6
Gross margin	69.7 %	71.4 %	73.3 %
EBITDA	43.5	34.2	18.0
EBIT	6.0	5.5	(5.9)
Cash flow from operating activities	15.2	33.2	10.7
Cash and cash equivalents	47.0	75.9	88.2

Profit and Loss Highlights:

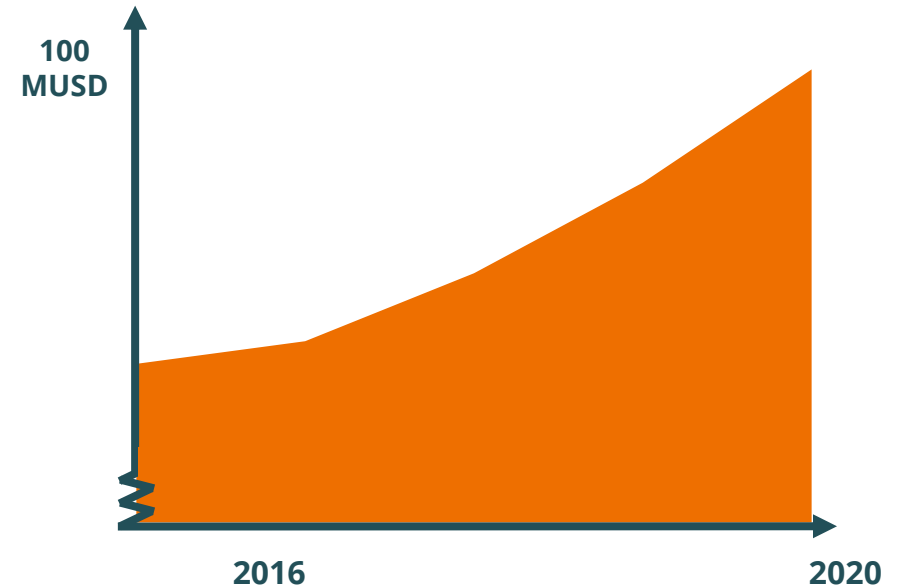
- Strong platform for next growth cycle
- Cost focused and lean organization
- Solid EBITDA development
- Highly scalable business model where revenue growth drives EBITDA

2020 Strategy Secured by Strong Technology, Portfolio and Organization



Accelerated Growth Path Towards 2020

- Robust portfolio of current customers provides **strong business foundation** and additional growth opportunities
- Catalogue of ongoing co-creation deployments with **market leading customers** based on strategic relationships
- Emerging SmartNIC **opportunities for accelerated growth** driven by digital transformation and migration to the cloud



Napatech is in pole-position to continue to deliver state-of-the-art products, software and technology to an ever expanding range of customers

Management's Outlook

Napatech's strategy is to be the #1 vendor of Smarter Data Delivery solutions, leading to an ambition of a 100 MUSD top-line by 2020, based on a strong product portfolio powered by leading-edge core technology

Based on the growth of 8% in 2016, the company expects the profitable revenue growth to continue in 2017, across the business areas

Napatech reiterates that the company is confident with an accelerated growth path towards the 2020 ambition

Short term visibility is limited and will be affected by quarter-to-quarter order fluctuations and general uncertainty

Guidance for 2017:

- Revenue growth 10% - 20%
- Gross margin around 68%
- EBITDA margin around 20%

Q&A Session

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