

# Financial Results 2016

Webcast & Tele Conference

16 March 2017 at 13:00 CET



This presentation and related comments contain forward-looking statements. Such statements are subject to many uncertainties and risks, as various factors of which several are beyond Columbus A/S' control, may cause that the actual development and results differ materially from the expectations.

# Introducing today's presenters



Thomas Honoré, CEO



Hans Henrik Thrane, CFO

# Today's presentation

## AGENDA

- Highlights of 2016
- Income statement
- Columbus2020 Strategy
- Financial Value Drivers
- Geographical & Business segments
- 2017 expectations
- Long-term guidance
- Questions

# Highlights 2016

## Revenue

**6% growth**

amounting to DKK 1.193m

## EBITDA\*

**37% growth**

amounting to DKK 144m

## Service EBITDA

**131% growth**

amounting to DKK 91m

## Columbus Software

**6% decline**

amounting to DKK 91m

## Net Result

**25% growth**

amounting to DKK 81.5m

## Acquisitions

Client strategy  
Group (CSG)  
SystemHosting  
Cambridge Online

# Income Statement 2016

Income statement (mDKK)	2016	2015	Δ%
Columbus Software	91.1	96.8	-6%
External Software	281.7	292.0	-4%
Service	796.4	715.5	11%
Other	23.6	19.1	24%
Net Sales	1,192.7	1,123.4	6%
External project costs	-264.6	-275.0	-4%
Gross profit	928.1	848.5	9%
Staff expenses and remuneration	-631.7	-606.8	4%
Other external costs	-152.4	-136.5	12%
EBITDA before share-based payment	144.1	105.2	37%
Share-based payment	-5.5	-1.4	306%
EBITDA	138.5	103.9	33%
Depreciation	-33.3	-29.0	15%
Net Financial Income	2.0	8.6	-76%
Net result before tax	107.3	83.4	29%
Tax	-25.8	-18.1	43%
Net result after tax	81.5	65.3	25%





Towards Growth  
.....  
Columbus2020

# We help ambitious companies in three ways



We **digitally transform** businesses and improve the value realization of business applications.

1



We **mitigate** the inherent risks associated with implementing, upgrading and replacing legacy ERP systems.

2



We **lead** our customers through their toughest challenges with lifetime services, refined over thousands of cases.

3



# Columbus® | 2020



# Customer success

Taking care of customers for life

We strive to keep our customers for life by providing the best customer experience and high quality when engaging with Columbus.



# Digital leadership

Accelerate  
business  
innovation

We help our customers accelerate business innovation by maximizing the value realization of ERP and by leading them in the digital business transformation.





# Process excellence

Quality in everything we do

We strive to improve operations and best practices in order to achieve global sales excellence and deliver high quality services to our customers.



PROCESS EXCELLENCE



OUR PEOPLE



CUSTOMER SUCCESS



# Our people

Attract,  
develop and  
retain the  
best people

We provide challenging  
career opportunities,  
attractive working  
conditions and professional  
and personal development  
for Our People.

Columbus®  heartbeat



# Columbus® | 2020







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# Financial Value Drivers



# Financial Value Drivers

1 High profitability in the services business

High **earnings potential** in the services business by continuing to optimize deliveries, minimize risk and control costs

2 Scaling of own software sales

High **margin** on sales of own software which opens opportunities for additional sales and creates value for customers

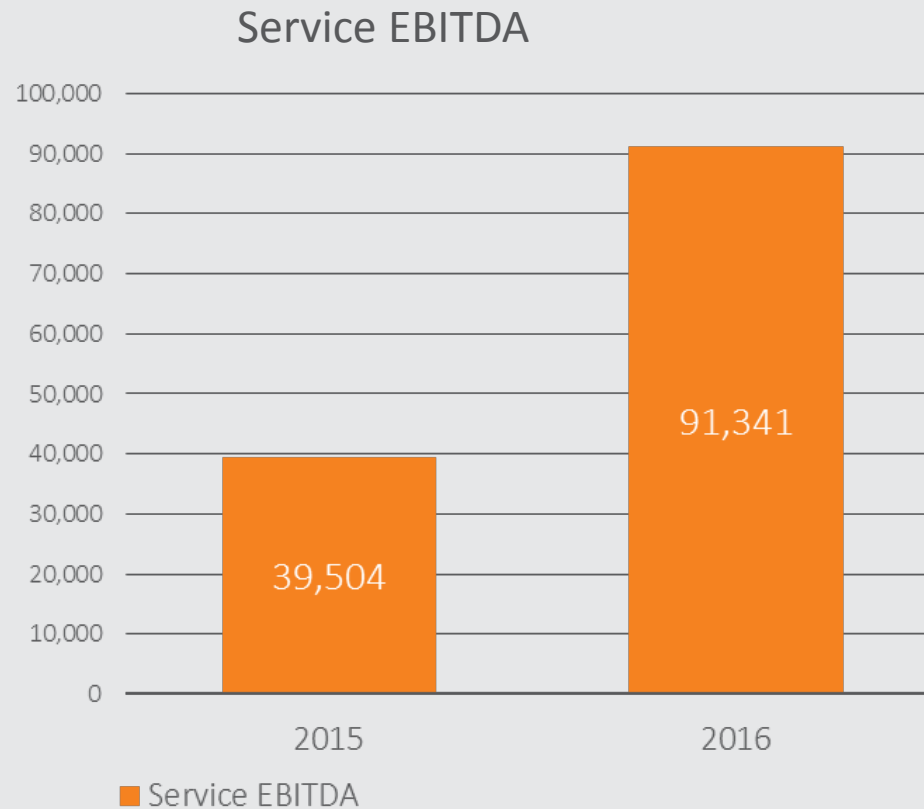
3 **Recurring** revenue and **cloud** revenue

Support agreements and cloud revenue are **recurring revenue**, which also establish long and strong customer relationships

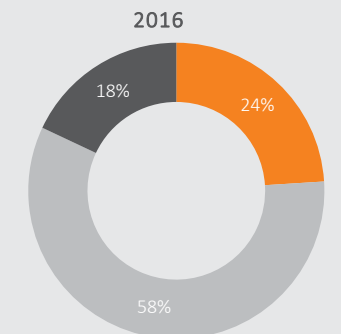
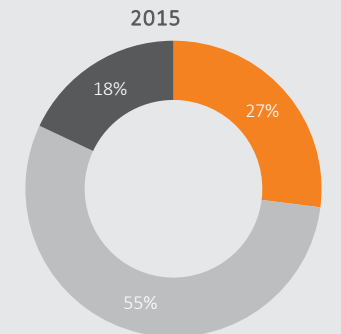
# Improve profitability in the services business

## Significant increase in Service earnings:

- Service EBITDA increased by 131% to DKK 91m
- Increase in chargeable hours (55% to 58%) mainly in Columbus Norway and Columbus US
- Full year effect of 2015 acquisitions and acquisitions in 2016
  - SystemHosting
  - CSG
  - Cambridge Online



### Customer Work



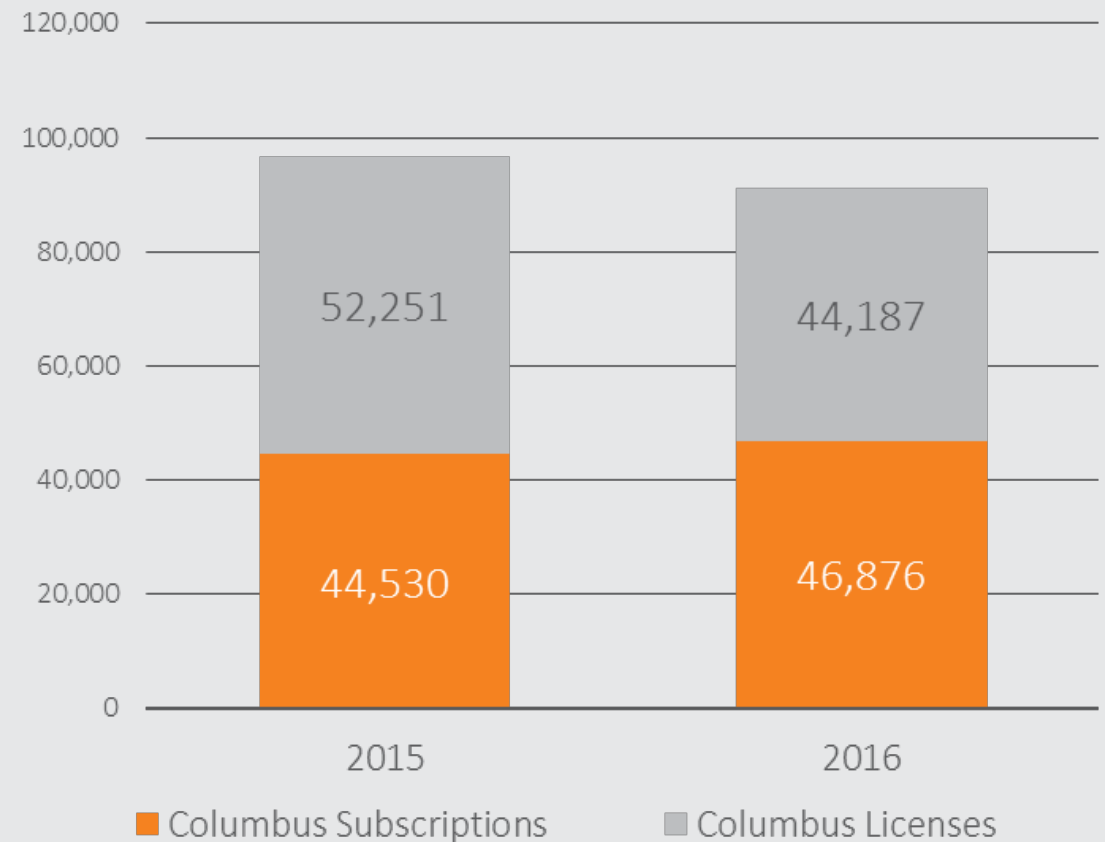
- Non-chargeable
- Chargeable
- Other

# Scaling of Columbus Software

## Columbus Software declined by 6%:

- Total revenue from sale of Columbus Software declined by 6%, amounting to DKK 91m
  - Subscriptions grew by 5%
  - License sales declined by 15%
- Converted the Columbus Software portfolio into cloud
- Launched innius® – the first cloud based IoT solution for manufacturing companies
- Completed the first Dynamics 365 implementation in Denmark

Columbus Software revenue

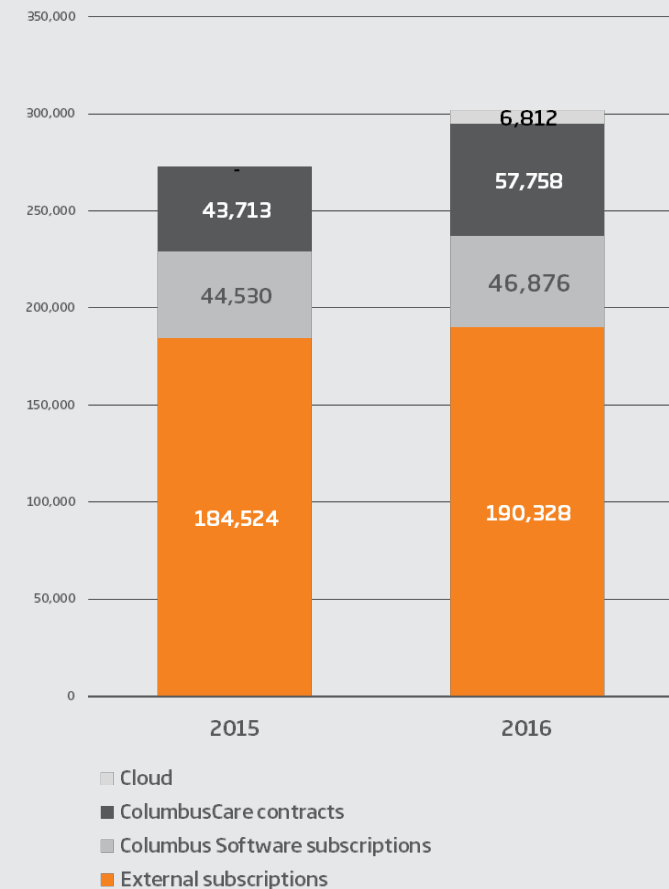


# Growth in Recurring revenue

## Recurring revenue continues to increase:

- Recurring revenue increased by 11%
- Recurring revenue constitutes 25% of total revenue
- Acquisition of SystemHosting contributes to growth

Recurring revenue





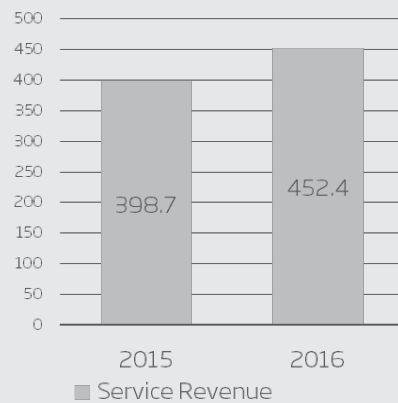
Geographical & Business segments

# Western Europe

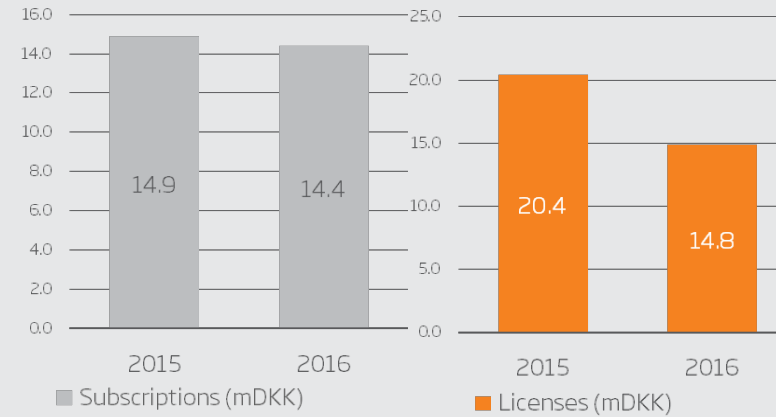
## Overview

Western Europe mDKK	2016	2015	Δ	Δ%
Net sales	587.0	551.9	35.1	6%
EBITDA	89.4	56.9	32.5	57%
Recurring revenue of total revenue	22%	20%	2%	8%

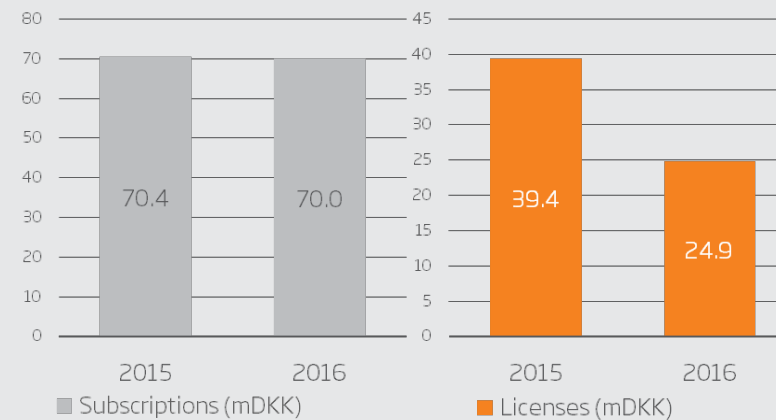
## Service Revenue



## Columbus Software



## 3rd party software

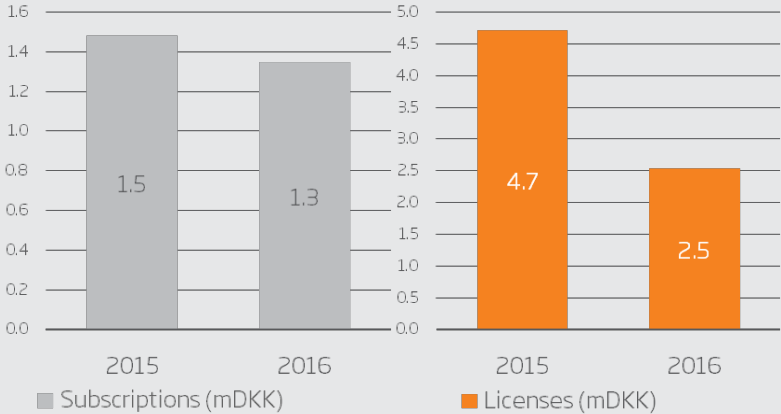


# Eastern Europe

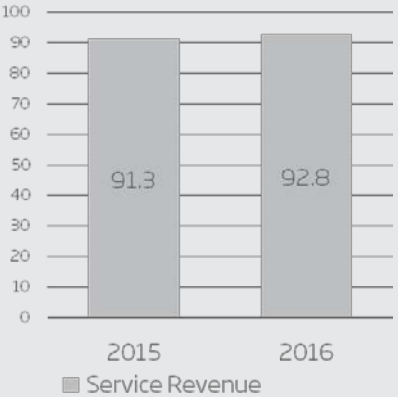
## Overview

Eastern Europe mDKK	2016	2015	Δ	Δ%
Net sales	133.4	139.8	-6.4	-5%
EBITDA	11.6	11.7	-0.1	-1%
Recurring revenue of total revenue	20%	21%	-1%	-3%

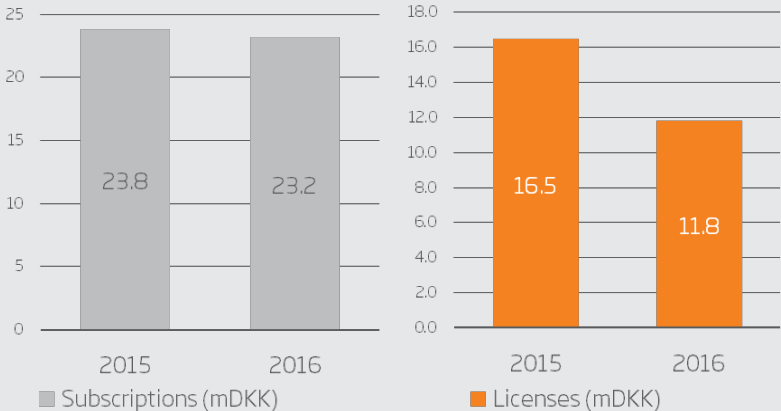
## Columbus Software



## Service Revenue



## 3rd party software



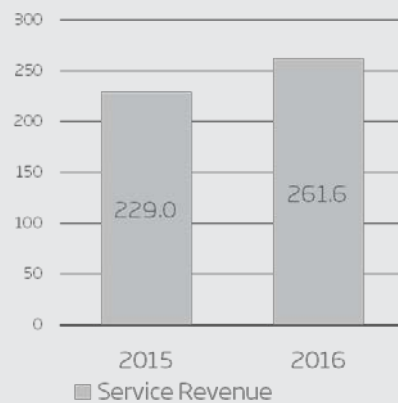


# Northern America

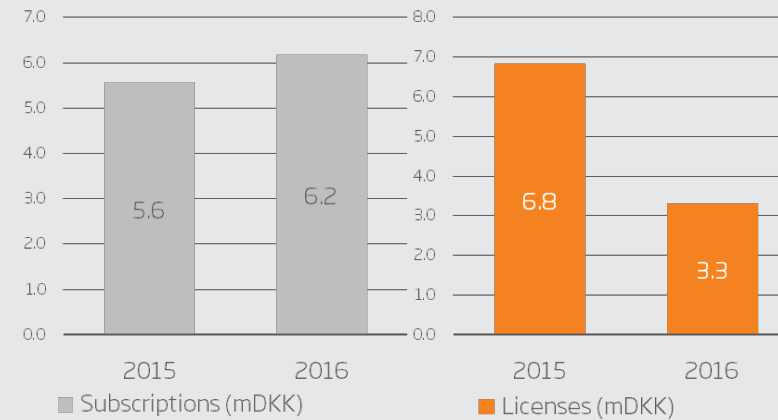
## Overview

North America mDKK	2016	2015	Δ	Δ%
Net sales	434.6	391.7	42.9	11%
EBITDA	25.3	13.6	11.7	86%
Recurring revenue of total revenue	27%	27%	0%	0%

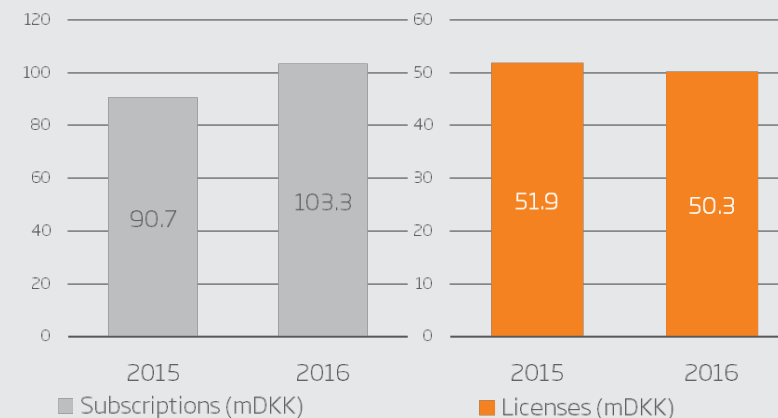
## Service Revenue



## Columbus Software



## 3rd party software



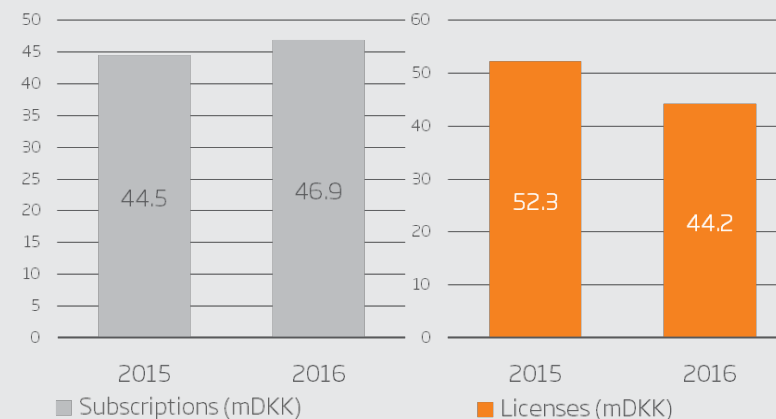
# Columbus Software ISV

- Revenue in our Software ISV Business same level as LY
- EBITDA in line with LY
- Columbus Software overall declined by 6%
  - 5% increase in sale of Columbus subscriptions due to strong license sale in 2015
  - 15% declined in sale of Columbus Software licenses

## Overview

Columbus Software mDKK	2016	2015	Δ	Δ%
Net sales	93.5	92.8	0.6	1%
EBITDA	49.6	49.0	0.6	1%
Recurring revenue of total revenue	49%	41%	9%	21%

## Columbus Software





Short- and long-term Guidance

# Financial guidance for 2017

**Revenue**, in the range of  
**DKK 1.35bn**

**EBITDA\***, in the range of  
**DKK 150m**

**Service EBITDA**, in the range of  
**DKK 140m**

**Software revenue**, in the range of  
**DKK 80m**

**Dividend**  
**10% dividend**  
on nominal share capital



\* EBITDA before share-based payment

# Long-term guidance for 2019

## Revenue

**10% growth**

average per year

## Recurring revenue

**30%**

of total revenue in 2019

## EBITDA\*

**11%**

EBITDA margin per year

## Dividend

**10% pay-out**

of nominal value each year



Long-term guidance





Thank You!  
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Questions

# Upcoming events

## **ABG Sundal Collier**

17 March at 12:00 CET

## **ABG Sundal Collier**

Small & Mid Cap seminar

25 April

## **Q1 2017, Financial Results**

25 April







**Columbus**<sup>®</sup> | Once you  
know how...