Financial Results 2016

Columbus A/S

17 March 2017 at ABG Sundal Collier

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.

Today's presentation

AGENDA

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

Highlights 2016

Columbus | Once you know how...

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

* EBITDA before share-based payment

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%

Customer experiences

Industry focus

Columbus | Food

adelie
THE WEETABIX FOOD COMPANY
STONEWALL KITCHEN
D'Arrigo Massachusetts
Domino's
Olex Steen LAGKAGEHUSET
MONIN ULTIMATE TASTE ULTIMATE CREATIVITY
LUNDBERG FAMILY FARMS SINCE 1937
STATE GARDEN ALWAYS FRESH
Carletti
ROYAL CANIN ЗНАНИЕ И УВАЖЕНИЕ

Columbus | Manufacturing

horizon
wheelabrator shaping industry
ASSA ABLOY
makita
MHI VESTAS OFFSHORE WIND
BY APPOINTMENT TO HER MAJESTY THE QUEEN OF DENMARK
GEORG JENSEN
Mazak
BOSCH
MAERSK CONTAINER INDUSTRY
AMTROL
ice power
OBI

Columbus | Retail

Scandlines
obuv.com
ЭКСПЕРТ бытовая техника & электроника
eason
PEPCO
PARRS Experts in Workplace Equipment
ПРОСВЕЩЕНИЕ ИЗДАТЕЛЬСТВО
ORBITAL RESPONSE
BoConcept
AIRFLO
Bolia·com new scandinavian design
DUNLAP & KYLE TIRE COMPANY INC.

Supporting digital transformation

Who	A Danish ferry and boarder trading company
Challenge	To move from transportation to multichannel sales Scandlines needed an ERP-solution to support this digital business transformation
Solution	Columbus NAV Anywhere Columbus Connectivity Studio Columbus Notification Manager Columbus Replication Manager Microsoft Dynamics NAV
Outcome	An ERP-solution to support their digital business transformation

Reduction of manual routines

Who	World leading manufacturer of containers
Challenge	Multiple ERP systems across 4 sites on 3 continents with manual routines and heavy reliance on Excel holding back their cloud first strategy
Solution	Columbus EAM and ASM Columbus Product Engineering Columbus Rapid Value Columbus Invoice Workflow Microsoft Dynamics 365 Operations
Outcome	Improved customer service and efficiency via advanced EDI and 3PL ERP solutions

Hosted ERP for fast growing company

Who	Fast growing manufacturer of audio power solutions divested by B&O
Challenge	After separation from B&O, ICEpower needed a new digital business solution
Solution	Hosted ERP-solution Columbus Notification Management Microsoft Dynamics NAV Office365 platform ColumbusCare support
Outcome	Highly scalable ERP-solution to support fast growth

Towards Growth

Columbus2020

We help ambitious companies in three ways

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

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

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

1

2

3

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.

Columbus® | Once you know how...

PROCESS EXCELLENCE

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

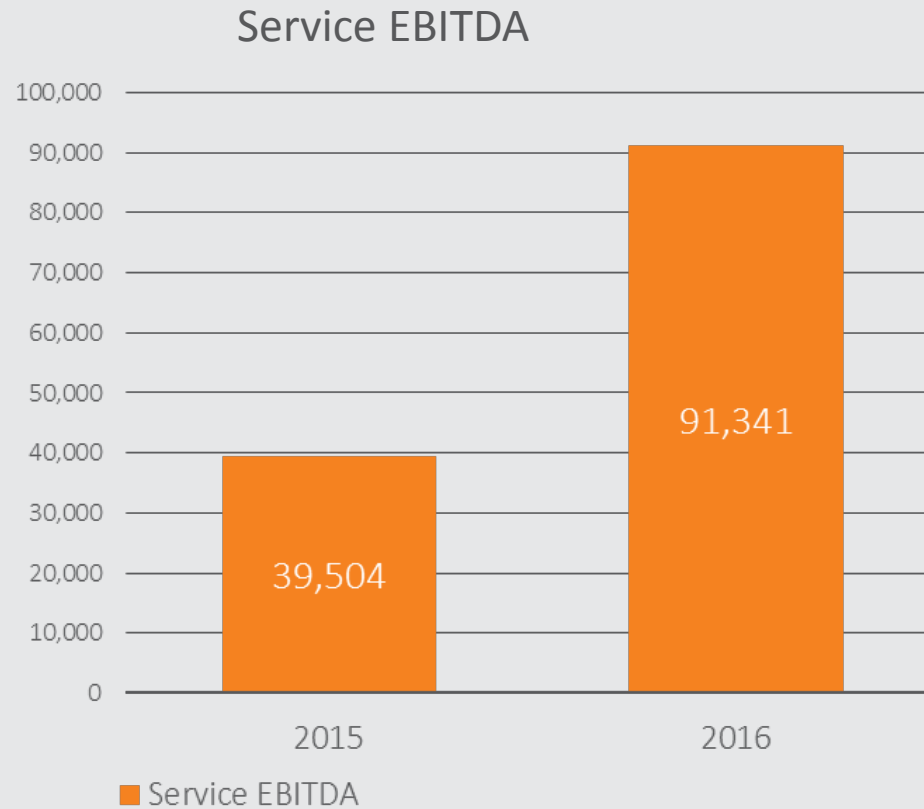High margin on sales of own software which opens opportunities for additional sales and creates value for customers

3 Recurring revenue and cloud revenue

Support agreements and cloud revenue are recurring revenue, which also establish long and strong customer relationships
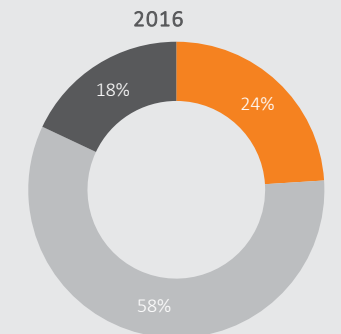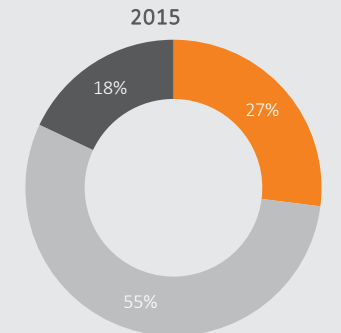
Improve profitability in the services business

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
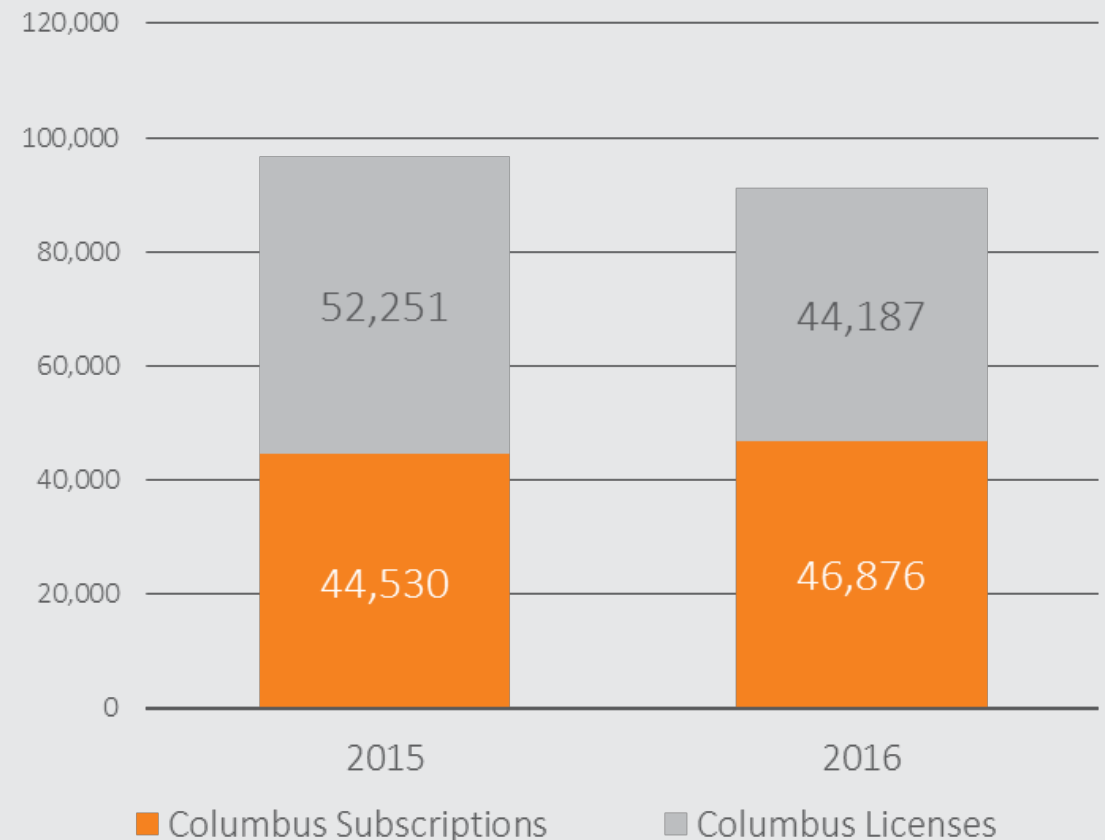 - SystemHosting
  - CSG
  - Cambridge Online

Service EBITDA

	2015	2016
Service EBITDA	39,504	91,341

Customer Work

2015
- 27% Non-chargeable
- 55% Chargeable
- 18% Other

2016
- 24% Non-chargeable
- 58% Chargeable
- 18% Other

Legend:
- Non-chargeable
- Chargeable
- Other

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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
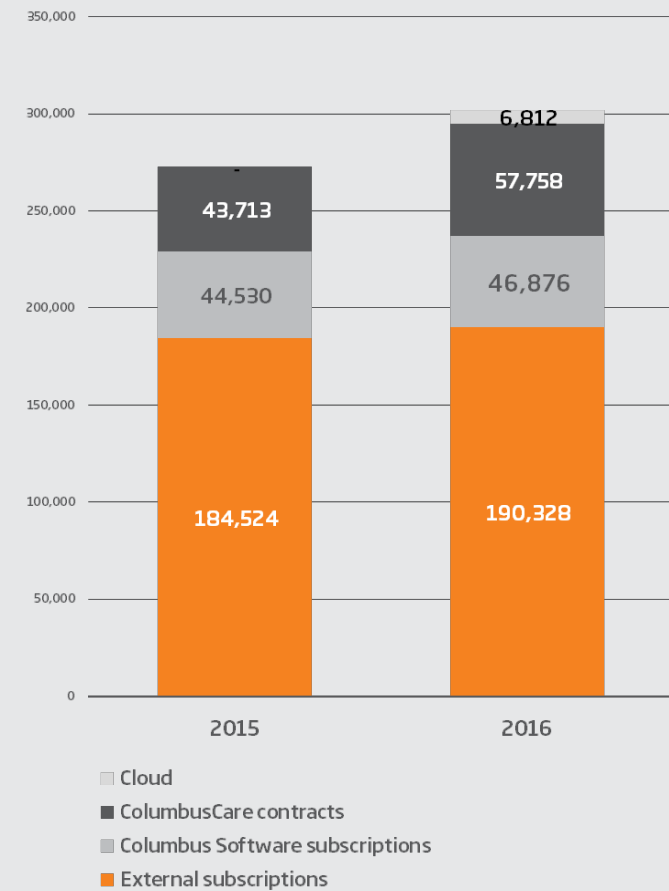
Columbus Software revenue

Year	Columbus Subscriptions	Columbus Licenses
2015	44,530	52,251
2016	46,876	44,187

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
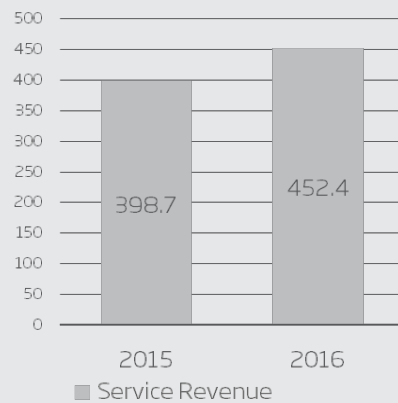
Recurring revenue

	2015	2016
Cloud		6,812
ColumbusCare contracts	43,713	57,758
Columbus Software subscriptions	44,530	46,876
External subscriptions	184,524	190,328

Legend:
- ☐ Cloud
- ■ ColumbusCare contracts
- ▨ Columbus Software subscriptions
- ▨ External subscriptions

Geographical & Business segments

Western Europe

Columbus | Once you know how...

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%

Columbus Software

Subscriptions: 2015: 14.9, 2016: 14.4
Licenses: 2015: 20.4, 2016: 14.8

- Subscriptions (mDKK)
- Licenses (mDKK)

Service Revenue

2015: 398.7, 2016: 452.4

- Service Revenue

3rd party software

Subscriptions: 2015: 70.4, 2016: 70.0
Licenses: 2015: 39.4, 2016: 24.9

- Subscriptions (mDKK)
- Licenses (mDKK)
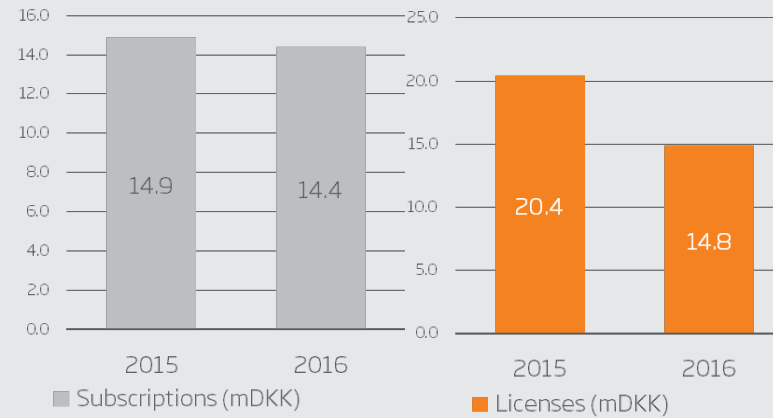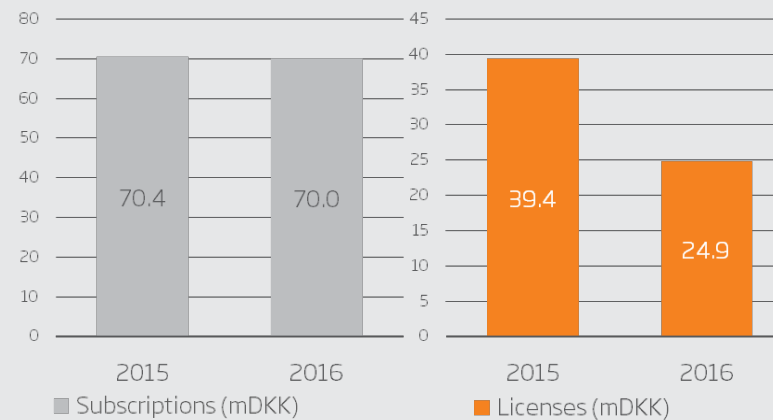
Eastern Europe

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

Subscriptions (mDKK): 2015 = 1.5, 2016 = 1.3
Licenses (mDKK): 2015 = 4.7, 2016 = 2.5

Service Revenue

Service Revenue: 2015 = 91.3, 2016 = 92.8

3rd party software

Subscriptions (mDKK): 2015 = 23.8, 2016 = 23.2
Licenses (mDKK): 2015 = 16.5, 2016 = 11.8
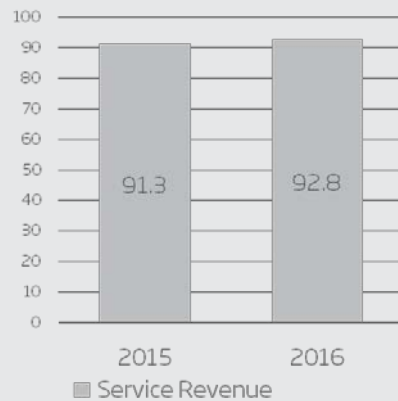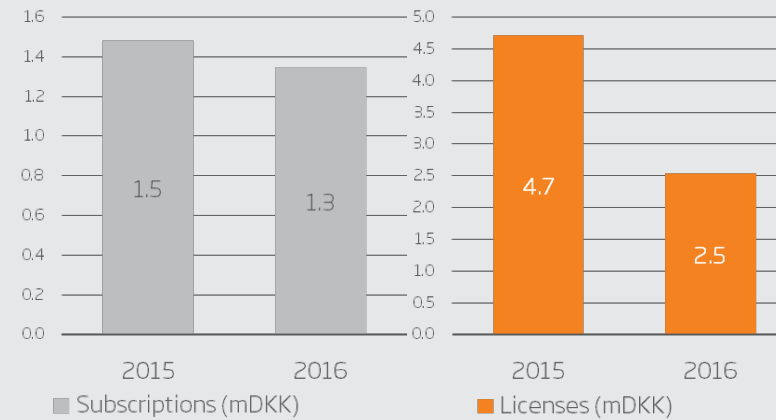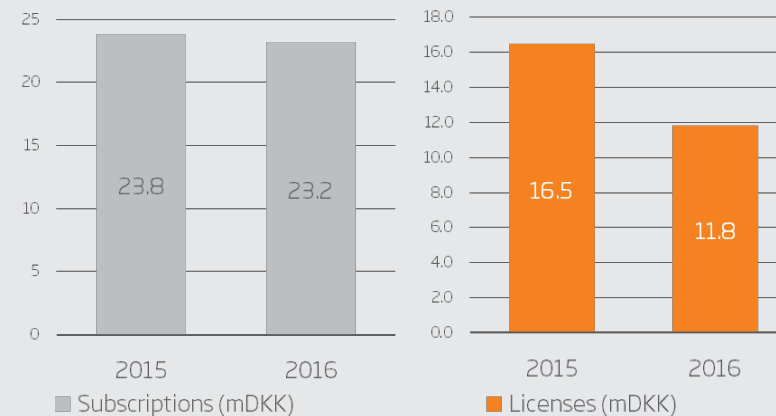
Northern America

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%

Columbus Software

Subscriptions (mDKK): 2015 = 5.6, 2016 = 6.2
Licenses (mDKK): 2015 = 6.8, 2016 = 3.3

Service Revenue

Service Revenue: 2015 = 229.0, 2016 = 261.6

3rd party software

Subscriptions (mDKK): 2015 = 90.7, 2016 = 103.3
Licenses (mDKK): 2015 = 51.9, 2016 = 50.3
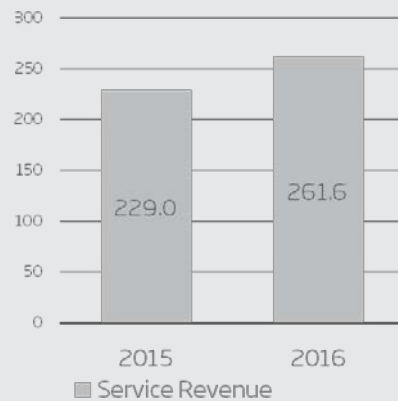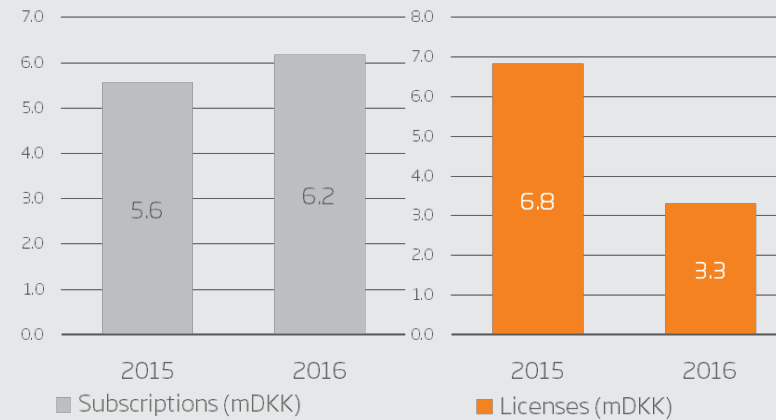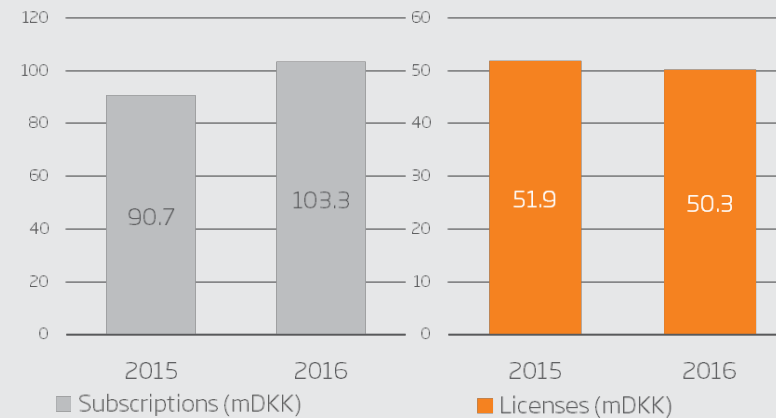
Columbus Software ISV

- 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

Subscriptions (mDKK): 2015 = 44.5, 2016 = 46.9
Licenses (mDKK): 2015 = 52.3, 2016 = 44.2
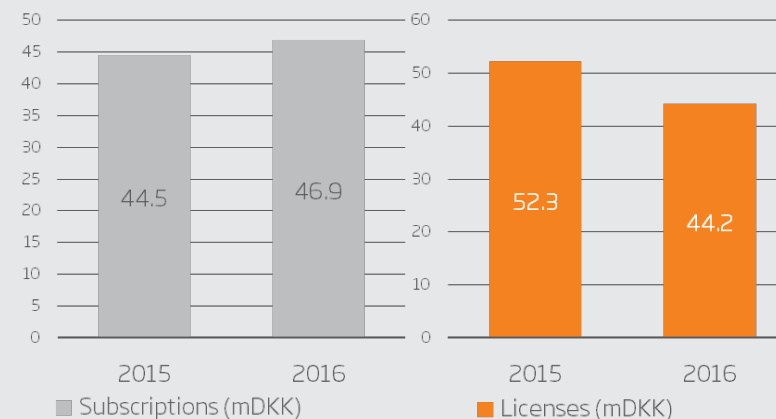
Short- and long-term Guidance

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

Short-term guidance

* EBITDA before share-based payment

Long-term guidance for 2019

Revenue

10% growth

average per year

EBITDA*

11%

EBITDA margin per year

Recurring revenue

30%

of total revenue in 2019

Dividend

10% pay-out

of nominal value each year

Long-term guidance

* EBITDA before share-based payment

Thank You!

Questions

Upcoming events

ABG Sundal Collier

Small & Mid Cap seminar

25 April

Q1 2017, Financial Results

25 April

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know how...