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Company announcement

Columbus delivers 7% EBITDA growth and maintains announced full year EBITDA expectations of DKK 240m

In the first six months of 2019 Columbus delivered an organic revenue growth of 2% and an increase in EBITDA of 7%. The growth is primarily driven by sale of Columbus Care services, Cloud, M3 and Commerce, however a slow Q2 reduced the growth in the first half of 2019. Columbus maintains guidance for the year.

Today, Columbus A/S is publishing the Interim Report for first half of 2019. The full Interim Report is attached.

Organic growth of 2%

Total revenue amounted to DKK 977m which was at the same level as last year. Isolated for the SAP ERP Business and Columbus Latvia divested in 2018 (constituting DKK 19.8m), Columbus delivered an organic growth of 2%.

Columbus started the year with an organic growth of 7% in Q1, however Q2 faced slow growth in general.

EBITDA increased from DKK 95m to DKK 102m, which is a growth of 7%. EBITDA is impacted by a decline in EBITDA in the US business of DKK 14m and continued integration cost of iStone of DKK 3.8m. EBITDA is positively impacted by the M3 and Commerce businesses and the IFRS16 impact.

First half of 2019 is characterized by increased investment in building new offerings (9 Doors to Digital Leadership®) and continued integration of iStone.

In general, we see good progress in the business where especially our M3 and Commerce businesses showed strong progress. Sale of Columbus Care continued to show good progress with 16% growth in H1 2019 as well as sale of Columbus Cloud which delivered 44% growth in H1. Total cloud revenue growth was 47%.

Despite the growth in the business in the first half of the year, Columbus faced issues within these areas:

- Sale of Columbus Software declined by 12%
- Turnaround of Columbus US takes longer than expected
- A large fixed price customer project in Columbus Norway
- Brexit impacts the results in Columbus UK

These issues impacted both revenue growth and earnings performance during Q2.

However, Columbus maintains the announced full year expectations to 2019.

Integration of iStone on track

The Stronger Together program is being executed according to plan with many synergies across the business.

Progress in new business areas

In first half of 2019, the sale of new business areas within Analytics & Business Insight, Customer Experience and Application Management (Columbus Care) continued to deliver growth. In addition, we launched a range of new services which are seeing good traction in the market with Enterprise customers for large deals.

Expectations to 2019

Columbus maintains the announced expectations to 2019:

- Revenue in the level of DKK 2bn
- EBITDA in the level of DKK 240m
- Columbus Software revenue in the level of DKK 110m
- 10% dividend on nominal share capital

Latest developments

No events or transactions with a material effect on the company's financial position have occurred since the balance sheet date.

"Columbus delivers a financial result in line with last year. In general, we see good progress in our business with many new business initiatives and a successful integration process. These are large investments both when it comes to resources and financial cost. So, despite a slow Q2, I am satisfied with the announced results for the first half or the year", says CEO and President in Columbus, Thomas Honoré.

DKK '000	H1 2019	H1 2018	2018*
Columbus Software licenses	8,627	17,533	29,373
Columbus Software subscriptions	30,001	31,151	57,949
Columbus Cloud	10,431	7,268	15,547
External software licenses	36,744	38,687	74,029
External software subscriptions	103,031	105,766	206,658
External cloud	15,690	10,508	24,095
Services	752,860	751,150	1,432,109
Other	19,774	16,091	35,492
Total net revenue	977,158	978,154	1,875,252
EBITDA before share-based payment	103,533	99,601	181,183
Share-based payment	-1,997	-4,948	-9,774
EBITDA	101,536	94,653	171,409

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