



Interim Management Statement Q3 YTD 2018

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Columbus delivers 52% growth in revenue

In the first three quarters of 2018 Columbus delivers revenue growth of 52% and increases EBITDA by 22%. The growth in revenue is primarily driven by the iStone and HiGH Software acquisitions and increase in sale of Columbus Software.*

In accordance with the regulations for listed companies' submission of interim statements, Columbus A/S hereby submits the interim management statement for the period 01.01.2018-30.09.2018 (9 months).

Growth driven by acquisitions

Revenue in Q3 YTD 2018 amounted to DKK 1,382m (2017: DKK 907m), corresponding to an increase of 52% compared to the same period last year.

The revenue growth is primarily driven by the acquisitions of iStone and HiGH Software. The integration of the two companies is progressing as planned.

The sale of Columbus Software contributes with a growth of 34% compared to last year. The growth is deriving from both Columbus' existing portfolio as well as the acquired HiGH Software.

Columbus Cloud grew by 129% to DKK 10m in the first three quarters of the year. The growth is driven both by organic growth and by acquisitions.

External software licenses declined by 25%, which is due to the fact that a number of large customers buy licenses directly from the vendor where Columbus receives an agent fee. The decline is also affected by the decline in external software sales in Columbus US as previously announced.

External cloud increased by 171% due to the increasing conversion to cloud-based solutions.

Service revenue increased by 72% which is driven by the acquisitions of iStone and HiGH Software. Columbus Care continued the growth and increased sales by 49%.

EBITDA* amounted to DKK 119m (2017: DKK 97m), corresponding to an increase of 22% compared to the same period last year.

The increase in EBITDA* is driven by the previously mentioned acquisitions, cost adjustments in the US business and the increase in sale of Columbus Software.

EBITDA* is impacted by accelerated integration cost in iStone in the third quarter, which has resulted in higher cost than first anticipated, due to a faster integration of the organization than initially planned. In Q3 YTD the integration cost amounts to DKK 14m.

The result before tax increased by 8% to DKK 66m. Besides the increase in EBITDA* the result before tax is affected by a currency gain of DKK 11.5m arising from currency adjustment of the remaining purchase price related to the iStone acquisition. Further, the result before tax is negatively affected by extraordinary depreciation of Columbus Software of DKK 15m.

Currency rate effect

Revenue and EBITDA* are negatively affected by the decline in the USD rate, which affects the revenue by DKK -20.1m and EBITDA* by DKK -1.7m. The decline in GBP and RUB rates has less effect on the results. In total, the declining currency rates affect the revenue by DKK -28.5m and EBITDA* by DKK -2.5m.

Progress in the services business

In Q3 YTD, the service revenue increased by 72%, from DKK 619m to DKK 1,063m, and chargeable hours increased from 52% to 54% compared to the same period last year.

The increase in the service revenue is primarily driven by the iStone acquisition as services constitute the largest part of iStone's revenue.

Progress in the sale of Columbus Software

The sale of Columbus Software increased by 34%. The sale of software subscriptions increased by 20% as a consequence of a satisfactory renewal rate and a positive effect of the cloud conversion. The sale of licenses increased by 37% due to increasing demand.

The sale of own cloud software products showed good progress increasing from DKK 4.4m to DKK 10m, a very satisfactory progress.

Columbus Care and cloud drive growth in recurring revenue

In Q3 YTD 2018 recurring revenue increased by 26% and constituted 22.5% of the total revenue. The progress is driven by a considerable increase in sale of Columbus Care which grew by 49%, an increase in Columbus Cloud growing by 129% as well as external cloud growing by 171%,

Columbus US improving

Columbus' US business unit is performing according to plan with an adjusted cost level. Overall revenue is behind last year, however, EBITDA

increased from DKK 6.6m to DKK 16.9m in the first three quarters in 2018.

Expectations to 2018

Columbus maintains the announced expectations to 2018:

- Revenue in the level of DKK 2bn
- EBITDA* in the level of DKK 200m
- Columbus Software revenue in the level of DKK 90m
- 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.

"The first 9 months of 2018 has been an extraordinary period for Columbus. With the acquisition of iStone, we have moved into a new league in the Nordic market and have extended our offering portfolio with market leading solutions like Commerce and M3. In addition, we are growing our Columbus Software and Columbus Care businesses which are our main market differentiators and key elements in creating close customer engagements", says CEO and President in Columbus, Thomas Honoré.

DKK '000	YTD 2018	YTD 2017	2017
Columbus Software licenses	24,610	17,925	26,673
Columbus Software subscriptions	43,931	36,509	50,258
Columbus Cloud	10,025	4,386	6,248
External software licenses	52,449	69,599	94,629
External software subscriptions	148,560	138,597	190,119
External cloud	16,924	6,251	9,215
Services	1,063,261	619,388	822,551
Other	22,074	14,086	19,069
Total net revenue	1,381,834	906,741	1,218,762
 EBITDA before share-based payment	 119,019	 97,346	 148,510
Share-based payment	-7,392	-1,737	-2,302
EBITDA	111,627	95,609	146,208

* EBITDA before share-based payment

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Columbus2020

Columbus' Columbus2020 strategy – towards growth

Based on Columbus' strengthened position, as a result of successful execution of the Columbus 15 strategy, the company launched a growth strategy in March. The strategy is named Columbus2020 and consists of four interconnected strategic elements.

Customer Success – Taking care of our customers for life

Columbus' fundamental goal is to take care of our customers for life. Columbus aims to be widely recognized as a strategic business partner that enhances our customer's success by improving the value realization of

their ERP investments and by leading them in the digital transformation of their business. This means that Columbus will intensify the focus on creating a unique customer experience and increase customer

satisfaction from the customer meet Columbus for the first time to delivering unique solutions, high quality services and streamlined project delivery and support 24/7.

Digital Leadership – Accelerate business innovation

Columbus helps our customers in the digital transformation of their business. With Digital Leadership Columbus has two focus areas. Firstly, Columbus will continue to strengthen our leadership position within ERP by investing in new companies, applications,

methodologies and business processes that optimizes and improves the implementation of ERP-solutions. Secondly, Columbus will establish a leadership position within Digital Transformation. Many companies are about to or in the process of transforming their

business in order to succeed in the digital economy. Columbus will develop solutions and services within cloud, mobile, social, analytics and Internet of Things that help companies take advantage of the digital opportunities.

Process Excellence – Quality in everything we do

In Columbus, we constantly strive to optimize and streamline our business operations in order to achieve strong sales excellence and deliver projects, services and support of high

quality to our customers. Our goal is to create the best customer experience in the industry. The focal point is quality in everything we do – from the initial contact with customers,

over sales and design of the business solution to the implementation process and lifetime support. This means an intense focus on optimizing and streamlining our processes globally.

Our People – Attract, develop and retain the best people

Columbus' greatest asset is our employees and therefore it is crucial that we attract and retain the best people in the industry. We want to attract highly skilled people by

providing challenging career opportunities, attractive working conditions and professional and personal growth. Columbus want to create a customer culture, where

meeting the customers' expectations sets the direction in everything we do. This means that Columbus always strives to deliver projects on time, within budget and at the highest quality.

Income statement

DKK '000	YTD 2018	YTD 2017	2017
Net revenue	1,381,834	906,741	1,218,762
External project costs	-293,225	-193,355	-267,455
Gross profit	1,088,609	713,386	951,307
Staff expenses and remuneration	-813,397	-505,577	-659,790
Other external costs	-160,812	-110,494	-150,335
Other operating income	4,619	53	7,380
Other operating costs	0	-22	-52
EBITDA before share-based payment	119,019	97,346	148,510
Share-based payment	-7,392	-1,737	-2,302
EBITDA	111,627	95,609	146,208
Depreciation, amortization and impairment	-51,717	-29,356	-39,479
Operating profit (EBIT)	59,910	66,253	106,729
Financial income	9,102	83	909

Financial expense	-2,786	-5,137	-6,008
Profit before tax	66,226	61,199	101,630

Financial income and expenses

Financial income and expenses primarily concerns exchange rate adjustments in relation to group receivables and monetary items.

Balance sheet

DKK '000	YTD 2018	YTD 2017	2017
ASSETS			
Goodwill	896,959	442,710	439,342
Customer base	67,403	29,427	27,674
License rights	1,750	9	1,173
Development projects finalized	65,744	58,518	68,934
Development projects in progress	10,068	13,495	5,558
Property, plant and equipment	25,142	13,695	12,645
Deferred tax assets	21,344	21,786	23,786
Other receivables	7,009	4,311	5,162
Total non-current assets	1,095,418	583,951	584,274
Inventories	7	163	27
Trade receivables	260,394	136,867	148,900
Contract work in progress	26,750	8,713	7,577
Corporate tax receivables	6,468	6,473	3,397
Deferred tax assets	3,532	3,108	3,194
Other receivables	9,753	4,102	3,217
Prepayments	33,202	10,706	12,942
Receivables	340,099	169,969	179,227
Cash	83,086	65,192	88,235
Total current assets	423,192	235,324	267,489
TOTAL ASSETS	1,518,610	819,275	851,763

Balance sheet

DKK '000	YTD 2018	YTD 2017	2017
EQUITY AND LIABILITIES			
Share capital	152,234	149,832	149,832

Reserves on foreign currency translation	-45,468	-25,346	-28,779
Retained profit	485,557	385,873	428,059
Group shareholders' equity	592,323	510,359	549,112
Minority interests	3,743	3,134	3,031
Equity	596,066	513,493	552,143
Deferred tax	27,120	12,691	17,808
Provisions	225,968	11,579	6,943
Debt to credit institutions	184,608	0	607
Non-current liabilities	437,696	24,270	25,358
Debt to credit institutions	6,857	18,978	8,810
Client prepayments	17,766	18,488	18,149
Trade payables	64,382	45,057	65,956
Corporate tax payables	4,365	17,351	2,266
Other liabilities	325,512	134,813	130,316
Accruals	65,966	45,825	48,765
Current liabilities	484,848	281,512	274,262
Total liabilities	922,544	305,782	299,620
TOTAL EQUITY AND LIABILITIES	1,518,610	819,275	851,763

Segment data

In order to support decisions about allocation of resources and assessment of performance of the segments, the Group's internal reporting to the Board of Directors of the Parent Company is based on the following grouping of operating segments:

Strategic business areas	Description	Geographical segment
ISV (Independent Software Vendor)	Development and sale of industry-specific software within Columbus' three focus industries: Retail, food and manufacturing	No specific area
Consultancy	Sale, implementation and service of standard business systems.	Western Europe Eastern Europe North America

Information about the Group's segments is stated below.

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
YTD 2018						
Columbus Software licenses	18,876	7,510	2,990	1,918	-6,684	24,610

Columbus Software subscriptions	39,986	11,764	1,072	3,520	-12,411	43,931
Columbus Cloud	8,855	3,304	160	26	-2,320	10,025
External software licenses	1,813	30,568	3,902	17,344	-1,178	52,449
External software subscriptions	6,409	62,161	13,177	70,410	-3,597	148,560
External cloud	577	6,568	317	9,475	-13	16,924
Services	42,922	813,013	72,934	158,167	-23,775	1,063,261
Other	583	17,635	1,631	3,554	-1,329	22,074
Total net revenue	120,021	952,523	96,183	264,414	-51,307	1,381,834

Gross profit	104,923	720,975	76,505	177,012	9,194	1,088,609
EBITDA	47,799	72,668	7,957	16,949	-33,746	111,627

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		

YTD 2017

Columbus Software licenses	14,350	7,563	1,859	1,416	-7,263	17,925
Columbus Software subscriptions	32,301	10,631	951	4,203	-11,577	36,509
Columbus Cloud	4,057	1,287	0	0	-958	4,386
External software licenses	0	29,157	11,594	29,008	-160	69,599
External software subscriptions	0	48,144	17,018	73,819	-384	138,597
External cloud	0	2,636	0	3,637	-22	6,251
Services	12,735	337,573	71,298	210,416	-12,634	619,388
Other	352	6,567	1,514	6,379	-726	14,086
Total net revenue	63,795	443,558	104,234	328,878	-33,724	906,741

Gross profit	54,756	334,756	78,225	224,562	21,087	713,386
EBITDA	30,612	63,838	8,778	6,563	-14,182	95,609

Attachment

- [SE 20 2018 Interim management statement for Q3 YTD 2018](#)