



Interim Management Statement Q1 2019

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Columbus had a good start to the year

In the first quarter of 2019 Columbus delivers a revenue growth of 3% (adjusted for last year's divestiture of the SAP ERP business the growth is 7%) and an increase in net result before tax of 11%. The growth is primarily driven by sale of Columbus Care services and growth in the services business. Columbus maintains guidance for the year.

In accordance with the regulations for listed companies' submission of interim statements, Columbus A/S hereby submits the interim management statement for the period 01.01.2019-31.03.2019 (3 months).

Organic growth of 7%

Revenue in Q1 2019 amounted to DKK 482m (2018: DKK 469m), corresponding to an increase of 3% compared to the same period last year. Isolated for the SAP ERP Business and Columbus Latvia divested in 2018 (constituting DKK 19.8m), Columbus delivered an organic growth of 7.2%.

The revenue growth is mainly driven by increased sale of Columbus Care services, a general growth in the services business and increased sales of external software.

EBITDA increased from DKK 50.6m to DKK 60.5m, a growth of 19%.

EBITDA is impacted by a decline in EBITDA in the US Business of DKK 5.8m and continued integration cost of iStone of DKK 2m.

Q1 is in general characterized by increased investments in building new offerings (9 Doors to Digital Leadership®), digitalization, marketing and continued integration of iStone.

The result before tax increased by 11% to DKK 35.7m.

Currency rate effect

Revenue and EBITDA were not significantly impacted by currency fluctuations. However, the USD has increased compared to 2018 and SEK has declined. The net effect of the changes in these two currencies are immaterial.

Progress in the services business

In Q1, the service revenue increased by 3%. Organically (without SAP) the increase in service revenue is 8.5%. The increase in the service revenue was primarily driven by increased sale of Columbus Care services and a general progress in the services business where especially the business areas M3 and Commerce showed strong progress.

Chargeable hours constitute 56% in the first quarter of 2019 (2018: 57%). The small decline is primarily caused by lower efficiency in Russia, UK and US.

Recovery of Columbus US

The US business entered 2019 with a challenging outlook in continuation of a difficult 2018. Columbus expects a continued decline in revenue and EBITDA during the first half of 2019 with a slow turn around in second half of 2019. We believe we have the right team in the US with many highly skilled individuals. However, as the turnaround has not materialized as expected, we are in the process of hiring a new local General Manager.

Progress in new business areas

In 2018, Columbus launched the framework of 9 Doors to Digital Leadership® which is our comprehensive services and solutions catalogue. In Q1, the sale of the new business areas within Analytics & Business Insight, Customer Experience and Application

Management (Columbus Care) delivered significant growth.

Progress in the sale of Columbus Cloud

The sale of Columbus Cloud has come off to a good start with a total revenue growth of 46%. Columbus Cloud revenue now constitutes a larger part of Columbus Software sales than licenses sales, which

has been expected due to the cloud conversion. Overall, Columbus Software declined by 16% due to the accelerated cloud conversion and an extraordinary strong sale in 2018.

Columbus Care and cloud drive growth in recurring revenue

In Q1 2019 recurring revenue increased by 9% and constituted 22% of the total revenue. The progress is driven by a considerable increase in sale of Columbus Care of 14% as well as an increase in total cloud revenue of 54%.

Expectations to 2019

IFRS 16 "Leasing" is expected to have a total impact on EBITDA 2019 of DKK 36m. This will impact the expected EBITDA margin by 1.7 percentage points. Profit before taxes will be slightly negatively impacted by DKK -0.2m.

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 started the year according to plan with progress in our business overall. We delivered an improvement in organic growth and satisfactory progress in a range of our strategic business areas such as Columbus Care and Analytics & Business Insight and Customer Experience", says CEO and President in Columbus, Thomas Honoré.

DKK '000	Q1 2019	Q1 2018*	2018*
Columbus Software licenses	3,649	6,959	29,373
Columbus Software subscriptions	14,775	16,907	57,949
Columbus Cloud	4,009	2,752	15,547
External software licenses	17,020	17,774	74,029
External software subscriptions	45,861	43,401	206,658
External cloud	7,102	4,485	24,095
Services	379,729	369,601	1,432,109
Other	10,328	7,510	35,492
Total net revenue	482,473	469,389	1,875,252
EBITDA before share-based payment	61,467	51,453	181,183
Share-based payment	-998	-837	-9,774
EBITDA	60,469	50,616	171,409

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Income statement

DKK ´000	Q1 2019	Q1 2018*	2018*
Net revenue	482,473	469,389	1,875,252
External project costs	-95,827	-91,720	-391,276
Gross profit	386,646	377,669	1,483,976
Staff expenses and remuneration	-283,935	-274,718	-1,091,192
Other external costs	-41,739	-52,718	-220,048
Other operating income	497	1,220	8,472
Other operating costs	-2	0	-25
EBITDA before share-based payment	61,467	51,453	181,183
Share-based payment	-998	-837	-9,774
EBITDA	60,469	50,616	171,409
Depreciation, amortization and impairment	-22,092	-28,295	-63,893
Operating profit (EBIT)	38,377	22,321	107,516
Financial income	760	9,925	13,663
Financial expense	-3,411	-118	-5,738
Profit before tax	35,726	32,128	115,441

Depreciation, amortization and impairment contains depreciations of right-of-use assets in the amount of DKK 9.3m.

Balance sheet

DKK ´000	Q1 2019	Q1 2018*	2018*
ASSETS			
Goodwill	935,109	909,223	933,872
Customer base	60,871	72,398	64,350
Other intangible assets	6,289	1,127	6,661
Development projects finalized	71,985	64,004	67,480
Development projects in progress	9,767	6,884	11,723
Property, plant and equipment	23,811	25,257	24,190
Right-of-use assets	101,052	0	0

Investments in subsidiaries	0	296	0
Deferred tax assets	22,031	22,549	24,389
Other receivables	7,493	6,474	8,289
Total non-current assets	1,238,407	1,108,212	1,140,954
Inventories	66	0	5
Trade receivables	334,499	276,579	316,111
Contract assets	38,879	13,985	25,317
Corporate tax receivables	7,659	3,659	1,278
Deferred tax assets	7,595	3,533	4,521
Other receivables	19,640	9,836	11,327
Prepayments	23,836	27,762	25,136
Receivables	432,108	335,354	383,690
Cash	114,085	92,000	108,909
Total current assets	546,258	427,354	492,604
TOTAL ASSETS	1,784,665	1,535,566	1,633,558
DKK '000	Q1 2019	Q1 2018*	2018*
EQUITY AND LIABILITIES			
Share capital	155,778	149,832	152,234
Reserves on foreign currency translation	-26,475	-54,706	-44,503
Retained profit	558,071	450,021	528,608
Group shareholders' equity	687,374	545,147	636,339
Minority interests	3,281	4,151	3,381
Equity	690,655	549,298	639,720
Deferred tax	20,040	33,346	25,016
Other provisions	14,825	0	12,015
Contingent consideration	219,508	341,564	227,259
Debt to credit institutions	183,230	184,658	184,270
Lease liability righth-of-use assets	70,602	0	0
Non-current liabilities	508,205	559,568	448,560
Debt to credit institutions	13,738	6,089	7,494
Contingent consideration	87,156	0	88,561
Contract liabilities	25,798	20,198	30,745
Trade payables	75,312	67,017	105,585
Corporate tax payables	5,582	1,721	4,514

Other Payables	263,276	268,056	235,173
Accruals	79,327	63,619	73,206
Lease liability right-of-use assets	35,616	0	0
Current liabilities	585,805	426,700	545,278
Total liabilities	1,094,010	986,268	993,838
TOTAL EQUITY AND LIABILITIES	1,784,665	1,535,566	1,633,558

* 2018 numbers are not adjusted for IFRS 16 (Leasing) effect.

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		
Q1 2019						
Columbus Software licenses	2,624	1,369	128	390	-862	3,649
Columbus Software subscriptions	12,412	4,213	208	1,282	-3,340	14,775
Columbus cloud	3,102	1,787	118	0	-998	4,009
External licenses	624	10,051	2,360	4,575	-590	17,020
External subscriptions	1,963	19,968	3,515	21,705	-1,290	45,861
External cloud	504	2,599	199	3,800	0	7,102
Services	13,221	306,024	25,506	44,531	-9,553	379,729
Other	236	9,282	435	1,101	-726	10,328
Total net revenue	34,686	355,293	32,469	77,384	-17,359	482,473
Gross profit	30,759	273,728	26,447	49,952	5,760	386,646
EBITDA	15,506	50,845	2,589	1,202	-9,673	60,469

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
Q1 2018						
Columbus Software licenses	5,619	2,343	281	890	-2,174	6,959
Columbus Software subscriptions	16,241	4,323	256	963	-4,876	16,907
Columbus cloud	2,318	1,180	49	0	-795	2,752
External licenses	886	10,121	1,634	5,524	-391	17,774
External subscriptions	2,276	16,377	3,299	22,349	-900	43,401
External cloud	105	1,653	39	2,688	0	4,485
Services	14,252	279,728	23,696	53,537	-1,612	369,601
Other	196	5,655	641	1,161	-143	7,510
Total net revenue	41,893	321,380	29,895	87,112	-10,891	469,389
Gross profit	34,607	247,065	24,406	58,177	13,414	377,669
EBITDA	17,944	30,763	3,320	7,022	-8,433	50,616

Attachment

- [SE 11 2019 Interim management statement for Q1 2019](#)