



Copenhagen Stock Exchange

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**Interim report (Q1) for  
Columbus IT Partner A/S for the period  
1 January – 31 March 2002**



- In the first quarter of 2002 net sales increased by 16 per cent to DKK 155 million compared with the same period in 2001. The sale of Navision Axapta made up DKK 95 million corresponding to an increase of about 56 per cent compared with the same period last year.
- Earnings before interest, tax depreciations and amortizations (EBITDA) made up DKK 5 million, as expected, and constitutes an improvement of DKK 28 million compared with Q1 2001.
- Earnings before tax made up DKK -9 million against DKK -35 million in Q1 2001.
- At the end of the quarter Columbus IT Partner employed 896 employees, which is a reduction of 82 employees compared with the same period last year and compared with end-2001 it is a reduction of 36 employees.
- For the entire year of 2002, net sales of about DKK 650 million and an EBITDA in the vicinity of DKK 50 million are still expected.

Niels Heering  
Chairman of the Board  
Columbus IT Partner A/S

Carsten Dilling  
Chief Executive Officer  
Columbus IT Partner A/S

Contacts for further information:  
Chief Executive Officer Carsten Dilling, tel.: +45 70 20 50 00  
Head of Investor Relations Jan Bitterhoff, tel.: +45 70 20 50 00

## Financial highlights for Q1 2002

Profit and loss account/Income statement (DKK m)	Q1		Q2
	2001	2001	2002
Net sales	648,9	133,0	154,7
Development projects for own resources	14,8	0,0	2,0
External project costs	-160,7	-24,4	-35,7
Gross profit I	503,0	108,6	121,0
Staff costs	-348,9	-92,1	-80,8
Gross profit II	154,1	16,5	40,2
Other external costs	-178,4	-39,1	-35,0
Other operating income	15,1	0,0	0,0
EBITDA	-9,2	-22,6	5,2
Depreciations excl. goodwill	-25,9	-5,5	-5,4
EBITA	-35,1	-28,1	-0,2
Amortization and write down of goodwill	-53,1	-5,5	-5,5
EBIT	-88,2	-33,6	-5,7
Net financials	-16,4	-1,8	-3,5
Earnings before tax	-104,6	-35,4	-9,2
Tax on earnings for the period	-0,7	-0,8	-1,4
Minority interests of Group earnings	-13,8	-0,2	-1,8
<b>The Columbus IT Partner share of net earnings</b>	<b>-119,1</b>	<b>-36,4</b>	<b>-12,4</b>
<b>Balance sheet (DKK m)</b>			
Fixed assets	191,6	219,6	183,1
Current assets	326,1	313,3	312,7
<b>Total assets</b>	<b>517,7</b>	<b>532,9</b>	<b>495,8</b>
Capital and reserves	86,1	114,3	74,0
Minority interests	15,8	5,7	17,8
Liabilities and provisions	415,8	412,9	404,0
<b>Total liabilities</b>	<b>517,7</b>	<b>532,9</b>	<b>495,8</b>
<b>Cash flow (DKK m)</b>			
Cash flow from operations	-0,7	-22,4	-27,4
Cash flow from investments, net	-51,8	-19,6	-1,2
For investments in tangible fixed assets	-19,6	-8,7	0,8
Cash flow from financing	73,3	49,5	16,8
<b>Cash flow, total</b>	<b>20,8</b>	<b>7,5</b>	<b>-11,8</b>
<b>Key financial figures and ratios</b>			
Gross margin II	23,7%	12,4%	26,0%
Operating profit margin	-13,6%	-25,3%	-3,7%
Return on investment III	-14,3%	-5,6%	-0,7%
Return on equity	-98,0%	-27,6%	-15,4%
Equity ration	16,6%	21,4%	14,9%
Earnings per share (EPS)	-16,3	-5,7	-1,5
Net asset value per share (BV)	10,7	18,0	9,2
Number of employees	932	978	896
Cash flow per share	-0,1	-3,5	-3,4



## Developments in Q1 2002

Net sales for Q1 totals DKK 155 million compared with DKK 133 million in the same period last year, this corresponds to an increase of 16 per cent. Sales are distributed with 29 per cent on software, 67 per cent on services and 4 per cent on hardware. The sale of services corresponds to an increase of DKK 19 million. This increase can primarily be attributed to an increase in the sale of Axapta based projects, where services typically make up a considerably larger share than with Attain and XAL based projects.

Net sales per 31 March	2001	2002	Net sales per 31 March	2001	2002
Hardware	3%	4%	Axapta	46%	61%
Software	33%	29%	Attain	5%	5%
Consultancy services	64%	67%	XAL	25%	27%
			Others	24%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>100%</b>

On May 7th 2002 Microsoft announced a purchase offer on Navision a/s, which is recommended by the Board of Directors and which at the time of the announcement is backed up by more than 60 per cent of the company's shareholders. Columbus IT Partner believes that the transaction will come to benefit the development of Columbus IT Partner in the long run.

- The Navision products will be marketed through a more international sales and marketing organization, and it is to be expected that this will lead to a much stronger international brand in all the current Navision markets in the future. Columbus IT Partner is well positioned in connection to this, with representation in 27 countries and more than 40 offices around the world.
- The Navision products – especially the Axapta platform – have been given a distinct seal of approval by one of the world's leading software businesses.
- Columbus IT Partner is the only international Navision consultancy business, represented in a line of new growth markets as for example. Eastern Europe. Microsoft is expected to add high value by way of brand awareness in these markets, and thus create both local and international business opportunities.

Farum Kommune has brought the pending dispute before the arbitration tribunal.

## Developments in the regions

(Q1)	Net sales (DKK m)		EBITDA (DKK m)		No. of employees (end of period)	
	2002	2001	2002	2001	2002	2001
Nordic countries	77	76	-2	-24	377	470
Western Europe	34	27	0	1	179	161
Eastern Europe	21	14	2	1	234	229
Rest of the world	23	16	5	-1	106	118
Total	155	133	5	-23	896	978

### Nordic countries

The Nordic companies contributed with about 50 per cent of the Group's total net sales against 57 per cent in the same period last year. This is a result of the Company's focus on the reduction of reliance on individual markets. Of the Group's total net sales, the Danish companies contributed with about 28 per cent.

EBITDA in the Nordic countries amounted to DKK –2 million in Q1 2002, which is an increase of DKK 22 million compared with the same period last year. The increase in EBITDA in Q1 2002 is partly due to a sound progress in Norway and to a decisive turnaround in Denmark, where massive adjustments in staff have been made in 2001, among other things.

### Western Europe

The Western European companies experienced an increase in net sales of 26 per cent compared with the same period last year. The increase is primarily contributable to the Netherlands and Austria experiencing a growth in net sales of 78 and 25 per cent respectively.

EBITDA in Western Europe made up DKK 0 million against DKK 1 million in the same period last year. The results are affected by unsatisfactory results in England and Spain.

### Eastern Europe

The Eastern European companies experienced an increase in net sales of 50 per cent compared with Q1 2001, which is very satisfactory since the companies now focus exclusively on their role as vendor. The Eastern European share of the Group's total net sales made up 14 per cent against 11 per cent in the same period the year before.

EBITDA in Eastern Europe amounted to DKK 2 million against DKK 1 million in same period last year.

### Rest of the world

The group's companies in the rest of the world experienced an increase in net sales of 44 per cent in this quarter compared with the same period last year. The rest of the world's share of the Group's total net sales made up 15 per cent against 12 per cent in the same period last year.

EBITDA in the rest of the world amounted to DKK 5 million against a loss of DKK -1 million in Q1 2001.

The American companies, which primarily focus on Axapta, contributed collectively with a positive growth in net sales and EBITDA of 58 and 232 per cent respectively, and have thus continued their positive trend from 2001.

### **Expectations for Q1 2002 and for 2002**

The Group maintains the announced expectations for 2002.

The market demand becomes ever more international and consequently the projects become more complex. This is completely in line with Columbus IT Partner's expectations and strategies, however, this also means that the decision time span and process of the customer often is extended.

During Q2 2002 Columbus IT Partner will finish the initiated restructuring process, and thus more one-off measures of a strategic and result-oriented nature are to be expected.

Expectations for 2002 are still net sales of DKK 650 million; of this about 45 per cent in Q1 and an EBITDA in the vicinity of DKK 50 million.

### **Investor meeting**

An investor meeting concerning the developments in Q1 2002 will be held on May 16<sup>th</sup> 2002 at 16:00 a.m. at Columbus IT Partner A/S, Krudtløbsvej 1, Copenhagen. Register through Jan Bitterhoff via e-mail at [jb@dk.columbusit.com](mailto:jb@dk.columbusit.com) or by telephone +45 70 20 50 00.

### **The publication of financial information**

Interim report (half-year) for 2002	14 August 2002
Interim report (quarterly) for 3 quarter 2002	12 November 2002

### **Safe Harbor declaration**

*The statements regarding the future that are included in this announcement reflect the management's current expectations to these future events and financial results. The statements about the future are naturally subject to some uncertainty, and the realized results therefore may differ greatly from the stated expectations. Furthermore, certain expectations are based on suppositions about future events that can prove to be incorrect.*

*Conditions that can lead to the realized results differing greatly from the stated expectations, could be caused by, among other things (though not limited to), developments in the state of the IT market and the financial markets together with economic influences from unforeseen events; changes in Danish rules and laws and in the European Union rules; developments in the competition within ERP solutions in Denmark and foreign countries; developments in demand, product packaging, and pricing of ERP solutions; developments in Columbus IT Partner's foreign activities to which there also are connections with certain political risks, together with investments in and sales of domestic and foreign companies.*

**Disclaimer:** *This document has been translated from Danish to English. The Danish text shall be the governing text for all purposes; in case of any discrepancy, the Danish wording shall be applicable.*

## **Comments on the consolidated accounts**

The Company has capitalized development costs for DKK 2.0 million concerning the Municipal solution.

External project costs have increased by DKK 11.3 million compared with the same period last year, which primarily can be attributed to the increase in net sales.

The number of employees has dropped from 978 on 31 March 2001 to 896 on 31 March 2002. The staff costs have decreased by DKK 11.3 million compared with the same period last year, this is caused by a reduction in the number of employees and by generally improved efficiency.

Other external costs have dropped by DKK 4.1 million from DKK 39.1 million 31 March 2001 to DKK 35.0 million 31 March 2002. The drop is mainly contributable to savings in marketing and to a reduction of space and office costs created through a number of amalgamations in Denmark.

Tax on earnings for the quarter affect the Group's earnings negatively by DKK 1.4 million. The tax costs for the period involves the profitable subsidiaries, which do not have fiscal losses etc. that can be utilized from previous years.

The minority interests' share of earnings of the affiliated companies makes up DKK 1.8 million of the Group's earnings of DKK -10.6 million.

## **Applied accounting policies**

The interim report has been prepared in accordance with the Danish Company Accounts Act provisions for class D companies, the Danish accounting standards, and the Copenhagen Stock Exchange requirements for the presentation of accounts by listed companies.

The accounting policies remain unchanged, except that treasury stock is no longer recognized as a separate item in the balance sheet but is booked directly under capital and reserves. The earnings for the period are not affected by the change in the treatment of treasury stock. The balance sheet total and the capital and reserves have been negatively affected by the change by DKK 0,1 million in Q1 2002 and DKK 0,4 million in Q1 2001 respectively. Comparative figures are adjusted.

The above change has been made in order to adjust the accounting policies according to the new Danish accounting standards.

## **Developments in liquidity**

Since the turn of the year, the Group's cash and cash equivalents have been reduced by DKK 11.8 million and make up DKK 32.8 million on 31 March 2002. Liquidity is affected adversely by DKK 27.4 million in the period, which among other things is due to a reduction in the Company's creditors. In the period, liquidity has improved by positive cash flows from financing activities of DKK 16.8 million, which primarily is attributable to an increase of DKK 18.0 million in the debts to financial institutions.

<b>Developments in capital and reserves (DKK m)</b>	<b>2002</b>	<b>2001</b>
Capital and reserves 31 December	86,2	149,8
Effect of changes in accounting policies	-0,1	-0,4
Corrected capital and reserves 1 January	86,1	149,4
Capital increase	0,0	0,5
Exchange equalization of foreign subsidiaries etc.	0,3	0,8
Earnings for the period	-12,4	-36,4
Capital and reserves 31 March	74,0	114,3

**Changes in minority interests (DKK m)**

Minority interests 1 January 2002	16
The minority interests share of earnings for the period	2
Minority interests 31 March 2002	18



**Profit and loss account 1 January - 31 March 2002**

(DKK '000)	1/1 - 31/3 2001	1/1 - 31/3 2002
Net sales	133.012	154.703
development projects for own resources	0	1.985
External project costs	-24.377	-35.648
<b>Gross margin</b>	<b>108.635</b>	<b>121.040</b>
Staff costs	-92.100	-80.816
Other external costs	-39.161	-35.058
<b>EBITDA</b>	<b>-22.626</b>	<b>5.166</b>
Depreciations excl. goodwill	-5.440	-5.384
<b>EBITA</b>	<b>-28.066</b>	<b>-218</b>
Amortization and write down of goodwill	-5.531	-5.494
<b>EBIT</b>	<b>-33.597</b>	<b>-5.712</b>
Financial income	4.055	2.319
Financial costs	-5.851	-5.768
<b>Earnings before tax</b>	<b>-35.393</b>	<b>-9.161</b>
Taxes for the period	-799	-1.394
<b>Net earnings</b>	<b>-36.192</b>	<b>-10.555</b>
Minority interests	-227	-1.812
<b>The Columbus IT Partner share of net earnings</b>	<b>-36.419</b>	<b>-12.367</b>

**Balance sheet 31 March 2002**

(DKK '000)

	31/3 2002	31/3 2001
<b>Assets</b>		
Completed development projects	13.264	0
Licensing rights	1.279	6.606
Goodwill	128.460	166.239
Development projects in progress	1.985	0
Intangible fixed assets	144.988	172.845
Fixtures and equipment	38.108	45.745
Tangible fixed assets	38.108	45.745
Investments in associated companies	0	988
Financial fixed assets	0	988
<b>Fixed assets</b>	<b>183.096</b>	<b>219.578</b>
Commodity	8.098	14.631
Inventory	8.098	14.631
Trade accounts receivable	185.898	193.076
Projects in progress for third parties	32.213	26.591
Receivables, affiliated companies	1.585	0
Corporate income tax	4.030	6.878
Deffered tax assets	20.000	1.199
Other receivables	19.863	31.192
Prepaid expences	8.150	8.618
Receivables	271.739	267.554
Cash and cash equivalents	32.824	31.165
<b>Current assets</b>	<b>312.661</b>	<b>313.350</b>
<b>Assets</b>	<b>495.757</b>	<b>532.928</b>
<b>Liabilities and stockholders' equity</b>		
Capital stock	40.180	31.800
Paid-in surplus	33.849	82.482
<b>Stockholders' equity</b>	<b>74.029</b>	<b>114.282</b>
<b>Minority interests</b>	<b>17.754</b>	<b>5.712</b>
Deferred tax	9.316	452
<b>Liabilities provided for</b>	<b>9.316</b>	<b>452</b>
Financial institutions	30.683	41.017
Long-term liabilities	30.683	41.017
Short-term portion of long-term liabilities	15.001	14.195
Financial institutions	161.512	172.638
Advanced payments from customers	12.537	5.264
Trade accounts payable	49.944	52.999
Liabilities to affiliated companies	17.922	8.569
Corporate income tax	5.261	2.816
Other liabilities	89.627	98.243
Accrued liabilities	12.171	16.741
Current liabilities	363.975	371.465
<b>Liabilities</b>	<b>394.658</b>	<b>412.482</b>
<b>Liabilities and stockholders' equity</b>	<b>495.757</b>	<b>532.928</b>