

Financial Results Q3 & new strategy

Webcast & Tele Conference
12 November 2020 at 13:00 CET

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Introducing today's presenter

- Hans Henrik Thrane
Interim CEO & Corporate CFO



Agenda

- Highlights of Q3 2020 & YTD
- Financial review of Q3
- Outlook 2020
- Our new strategy – Focus²³
- Long term financial ambitions
- Questions



Major transition third quarter with focus on new strategy

- To-Increase software business held for sale
- Launch of new focused strategy – Focus²³
- New CEO in process
- New organizational structure in the US
- Q3 results affected by a series of extraordinary events
 - Sale process initiated for the software business To-Increase
 - Earn-out for the iStone business adjusted
 - Extraordinary customer provision for a major fixed price project in Columbus Norway

Revenue Q3

13% decline

amounting to DKK 338m

Cloud Services Q3

34% growth

amounting to DKK 15m

Recurring Revenue Q3

Stable

constituting 27% of total revenue

Normalized EBITDA Q3

25% growth

amounting to DKK 24m

Columbus Care Q3

4% growth

amounting to DKK 40m

Profit before tax Q3

50% decline

amounting to DKK 20m

Organic Revenue and Normalized earnings

DKKm	Q3 2020	Q3 2019	Development	YTD 2020	YTD 2019	Development
Revenue reported	338	391	-13%	1,241	1,300	-5%
Revenue from acquisitions	-6	0	0%	-33	0	0%
Organic revenue	332	391	-15%	1,207	1,300	-7%
EBITDA reported	40	52	-23%	110	122	-10%
Customer provision	15	39	-63%	15	39	-63%
Reversal of earn-out	-28	-71	-61%	-28	-71	-61%
EBITDA from acquisitions	-2	0	0%	-7	0	0%
Normalized EBITDA	24	19	25%	89	90	0%
Normalized EBITDA margin	7.3%	5.0%	47%	7.4%	6.9%	7%

Highlights YTD 2020

Revenue

5% decline

amounting to DKK 1,241m

Normalized EBITDA

Stable

amounting to DKK 89m

Profit before tax

25% decline

amounting to DKK 56m

Recurring Revenue

6% growth

constituting 25% of total revenue

Columbus Care

16% growth

amounting to DKK 121m

Cloud Services

35% growth

amounting to DKK 40m

Income Statement Q3 and YTD 2020

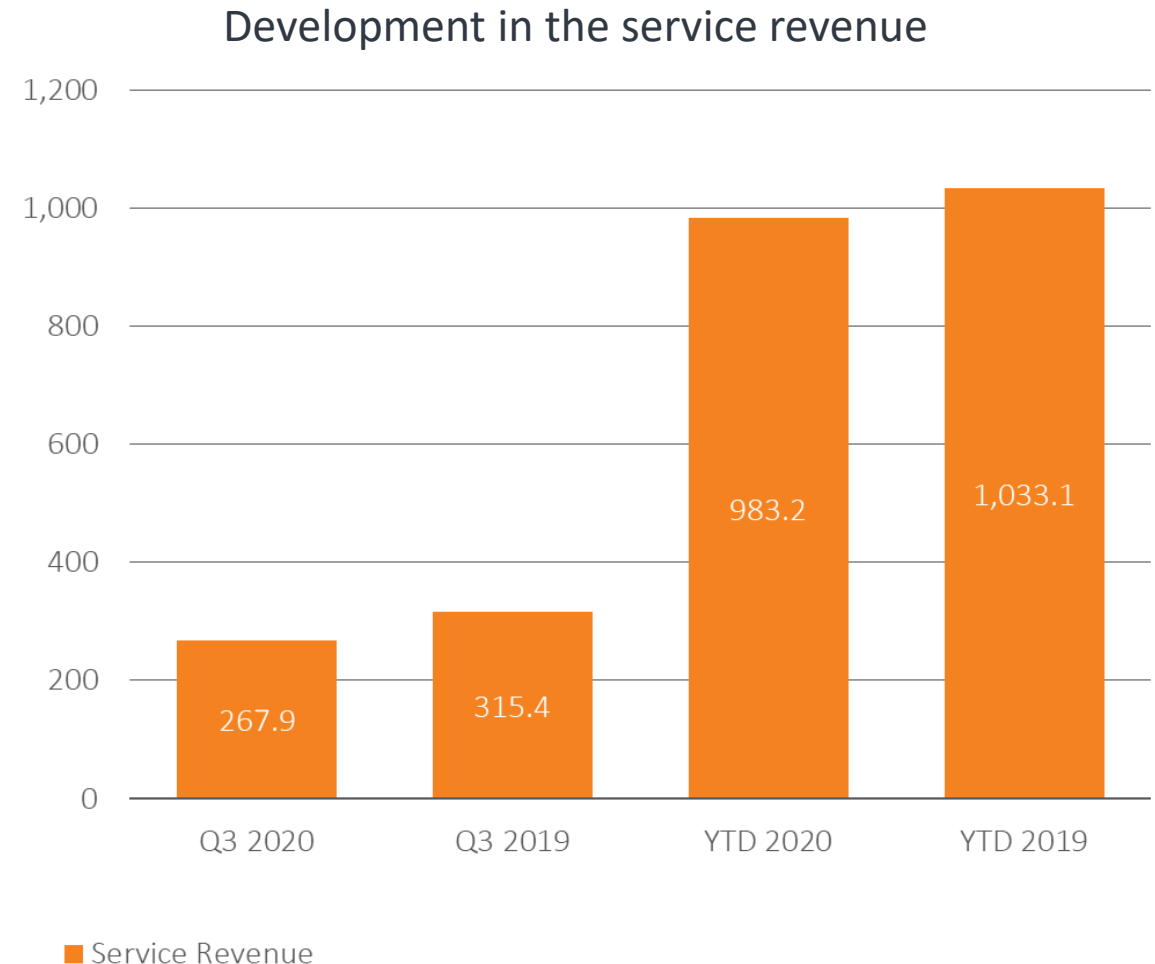
Income statement (mDKK)	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Columbus Software	7.3	6.9	6%	27.3	28.4	-4%
External Software	59.4	62.6	-5%	216.5	213.2	2%
Service	267.9	315.4	-15%	983.2	1,033.1	-5%
Other	3.7	6.0	-38%	13.9	25.0	-44%
Net Sales	338.4	391.0	-13%	1,240.9	1,299.7	-5%
External project costs	-60.5	-126.4	-52%	-262.7	-337.8	-22%
Gross profit	277.9	264.5	5%	978.2	961.9	2%
Staff expenses and remuneration	-233.0	-242.7	-4%	-783.8	-788.2	-1%
Other external costs	-32.1	-40.7	-21%	-109.2	-120.5	-9%
Other operating income	28.3	71.5	-60%	28.8	71.9	-60%
EBITDA before share-based payment	41.1	52.6	-22%	114.1	125.1	-9%
Share-based payment	-1.2	-1.0	22%	-3.6	-3.0	22%
EBITDA	39.9	51.6	-23%	110.4	122.1	-10%
Depreciation/amortization	-14.0	-14.1	-1%	-42.9	-42.0	2%
Financial Income	0.4	3.3	-88%	0.7	0.4	71%
Financial Expenses	-6.7	-1.7	303%	-12.4	-6.1	102%
Profit before tax	19.6	39.1	-50%	55.8	74.3	-25%
Tax	-13.2	-9.0	46%	-17.6	-5.1	245%
Profit after tax from continuing operations	6.4	30.1	-79%	38.2	69.2	-45%
Profit after tax from discontinued operations	3.2	4.7	-31%	14.1	16.9	-17%
Profit after tax for the period	9.6	34.8	-72%	52.2	86.0	-39%

Financial Value Drivers

Q3 & YTD 2020

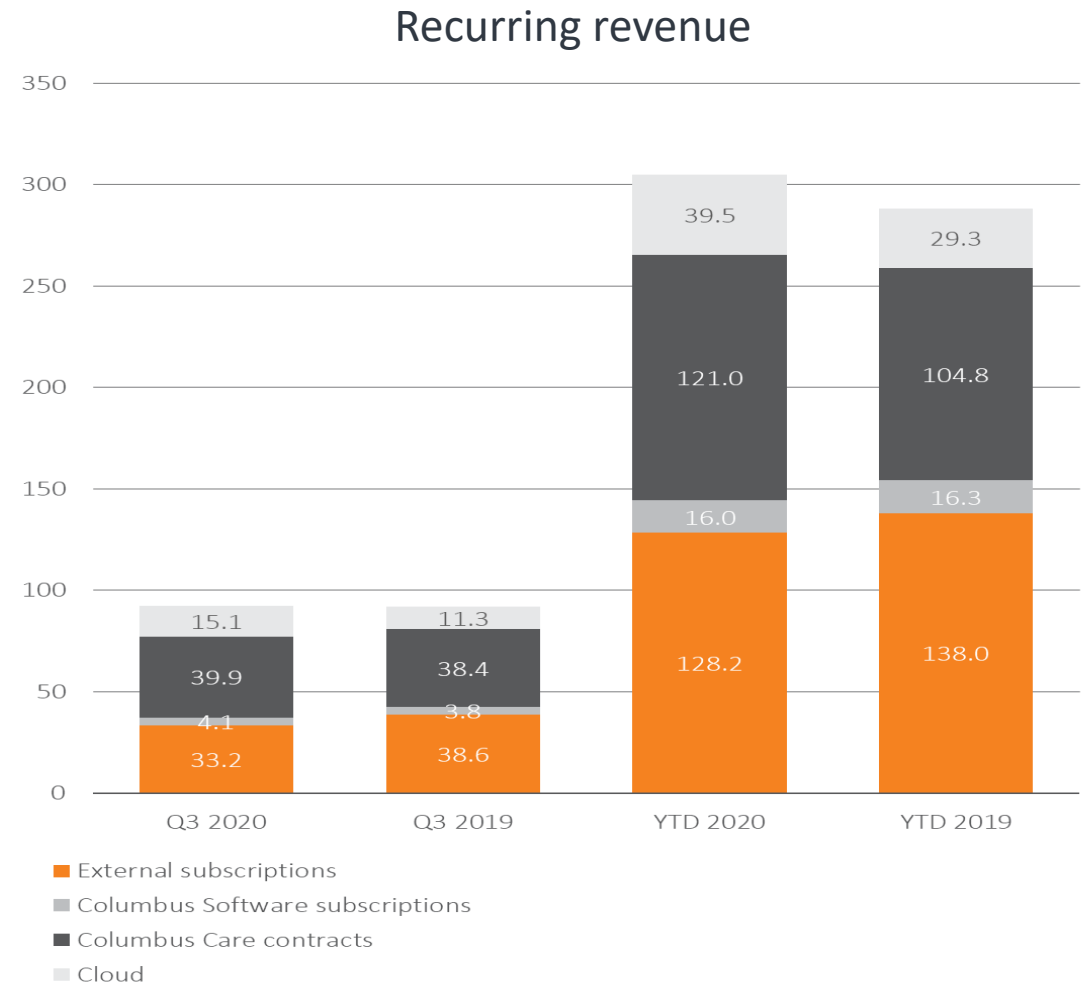
Services Business declining in Q3

- Columbus Care continue to progress with revenue increasing 4% in Q3 and 16% YTD
- A number of new customer investments holding back due to COVID-19
- Service revenue declined by 15% in Q3 impacted by COVID-19
- Service revenue declined by 5% YTD to DKK 983m



Growth in Recurring Revenue

- In Q3, recurring revenue was at the same level as last year with DKK 92m.
- The recurring revenue continues to constitute a bigger part of the total revenue with Q3 recurring revenue constituting 27% of total revenue (Q3 2019: 24%).
- YTD recurring revenue increased 6% to DKK 305m and constituted 25% of the total revenue (2019: 22%).



Geographical & Business Segments

Q3 & YTD 2020

Western Europe

	Net Revenue	Service Revenue	Product Revenue	EBITDA
Q3	-4%	-5%	+12%	-12%
YTD	-1%	-1%	+10%	-3%

Western Europe mDKK	Q3 2020	Q3 2019	Δ	Δ%	YTD 2020	YTD 2019	Δ	Δ%
Software licenses	11.1	9.4	1.7	18%	38.2	32.9	5.4	16%
Subscriptions	20.5	21.2	-0.7	-3%	70.2	71.5	-1.3	-2%
Cloud	10.2	6.6	3.6	54%	23.8	16.3	7.4	45%
Service revenue	253.1	267.4	-14.4	-5%	902.7	914.1	-11.4	-1%
Other	3.2	5.8	-2.5	-44%	13.7	24.1	-10.4	-43%
Total net revenue	298.0	310.3	-12.3	-4%	1,048.6	1,058.9	-10.3	-1%
EBITDA	42.9	48.6	-5.7	-12%	126.2	130.4	-4.2	-3%
Recurring revenue of total revenue	22%	20%	2%	11%	19%	17%	2%	12%

Eastern Europe

	Net Revenue	Service Revenue	Product Revenue	EBITDA
Q3	-10%	-9%	-16%	-30%
YTD	+1%	+3%	-4%	-1%

Eastern Europe mDKK	Q3 2020	Q3 2019	Δ	Δ%	YTD 2020	YTD 2019	Δ	Δ%
Software licenses	1.3	2.2	-0.9	-39%	7.8	10.0	-2.2	-22%
Subscriptions	2.3	2.8	-0.6	-19%	13.5	13.7	-0.2	-1%
Cloud	1.0	0.4	0.5	126%	2.5	1.2	1.4	121%
Service revenue	25.1	27.7	-2.6	-9%	80.9	78.4	2.5	3%
Other	0.3	0.2	0.1	25%	0.6	0.7	-0.1	-18%
Total net revenue	30.0	33.4	-3.4	-10%	105.3	103.9	1.4	1%
EBITDA	2.1	3.0	-0.9	-30%	9.7	9.7	-0.1	-1%
Recurring revenue of total revenue	17%	16%	1%	6%	20%	20%	1%	3%

Northern America

	Net Revenue	Service Revenue	Product Revenue	EBITDA
Q3	-23%	-24%	-19%	-17%
YTD	-16%	-20%	-8%	+59%

North America mDKK	Q3 2020	Q3 2019	Δ	Δ%	YTD 2020	YTD 2019	Δ	Δ%
Software licenses	3.7	5.1	-1.4	-28%	15.5	16.0	-0.5	-3%
Subscriptions	14.7	18.7	-4.0	-21%	60.7	69.3	-8.6	-12%
Cloud	4.3	4.3	0.0	1%	13.5	11.9	1.6	14%
Service revenue	32.8	43.5	-10.6	-24%	104.3	130.6	-26.3	-20%
Other	0.1	0.8	-0.8	-93%	0.7	2.5	-1.9	-74%
Total net revenue	55.6	72.3	-16.8	-23%	194.6	230.3	-35.7	-16%
EBITDA	3.2	3.9	-0.7	-17%	7.8	4.9	2.9	59%
Recurring revenue of total revenue	41%	36%	4%	12%	44%	38%	6%	14%

Outlook

EBITDA outlook adjusted upward

EBITDA outlook for 2020 is adjusted upwards with DKK 15m.

- Revenue expected to be in the range of DKK 1.600m and DKK 1.700m
 - A decline of 4% to 10%.
- EBITDA expected to be in the range of DKK 175m and DKK 185m
 - A decline of 22% to 16%

DKKm	Revenue Range	EBITDA Range
H1 Outlook 2020 reported	1,750 - 1,850	175 - 185
Change to Outlook	0 - 0	15 - 15
Q3 Outlook Total Business incl Assets held for sale	1,750 - 1,850	190 - 200
Discontinued Business	150 - 150	65 - 65
Q3 Outlook Continued Business	1,600 - 1,700	125 - 135



Columbus® | Once you
know how...



Focus²³

Simplicity & Growth

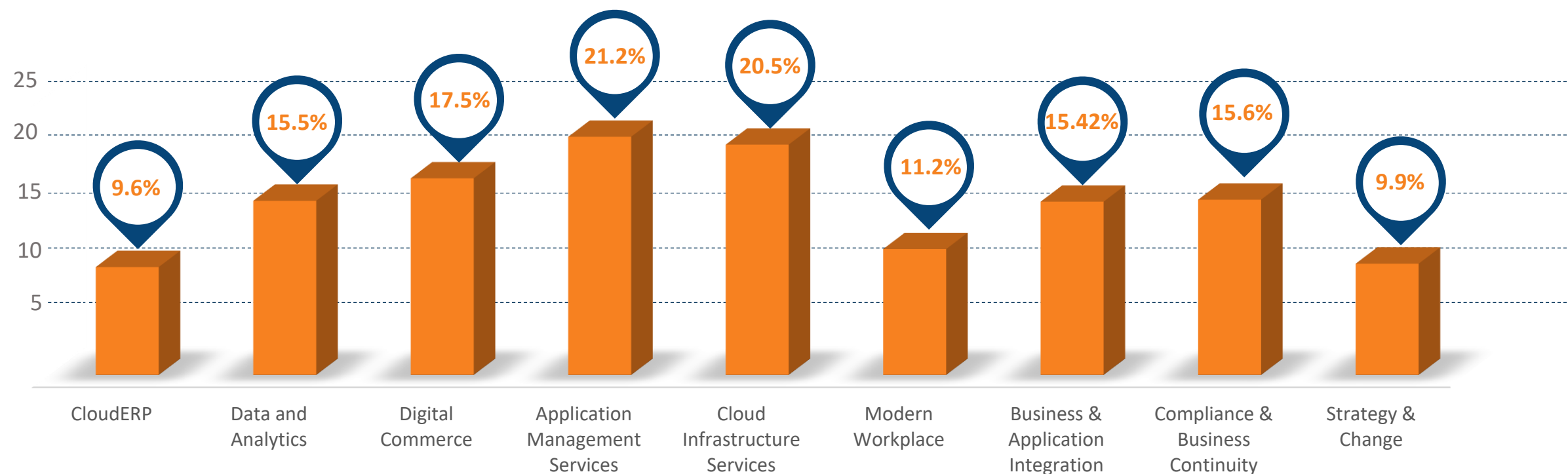


Columbus2020 - a solid starting point

- Strong market position established
 - Leadership position within cloud ERP
 - Global leader in Infor M3 and Microsoft Dynamics
 - Nordic leader in e-commerce
 - Well established Columbus Care organization
- End-to-end digital solution portfolio defined; 9 Doors to Digital Leadership
- Global access to talent through Global Delivery Centres
- High quality and risk management in delivery
- Customer loyalty measurement (NPS) implemented and improved
- Strong financial position

Strong growth opportunities

Expected annual growth rates (2021 - 2025)



Focus23 – Leveraging the market potential

Focus

True global consultancy – focus on digital services and advisory

Larger customers in our key industries; retail, food and manufacturing

Claim position as digital trusted advisor

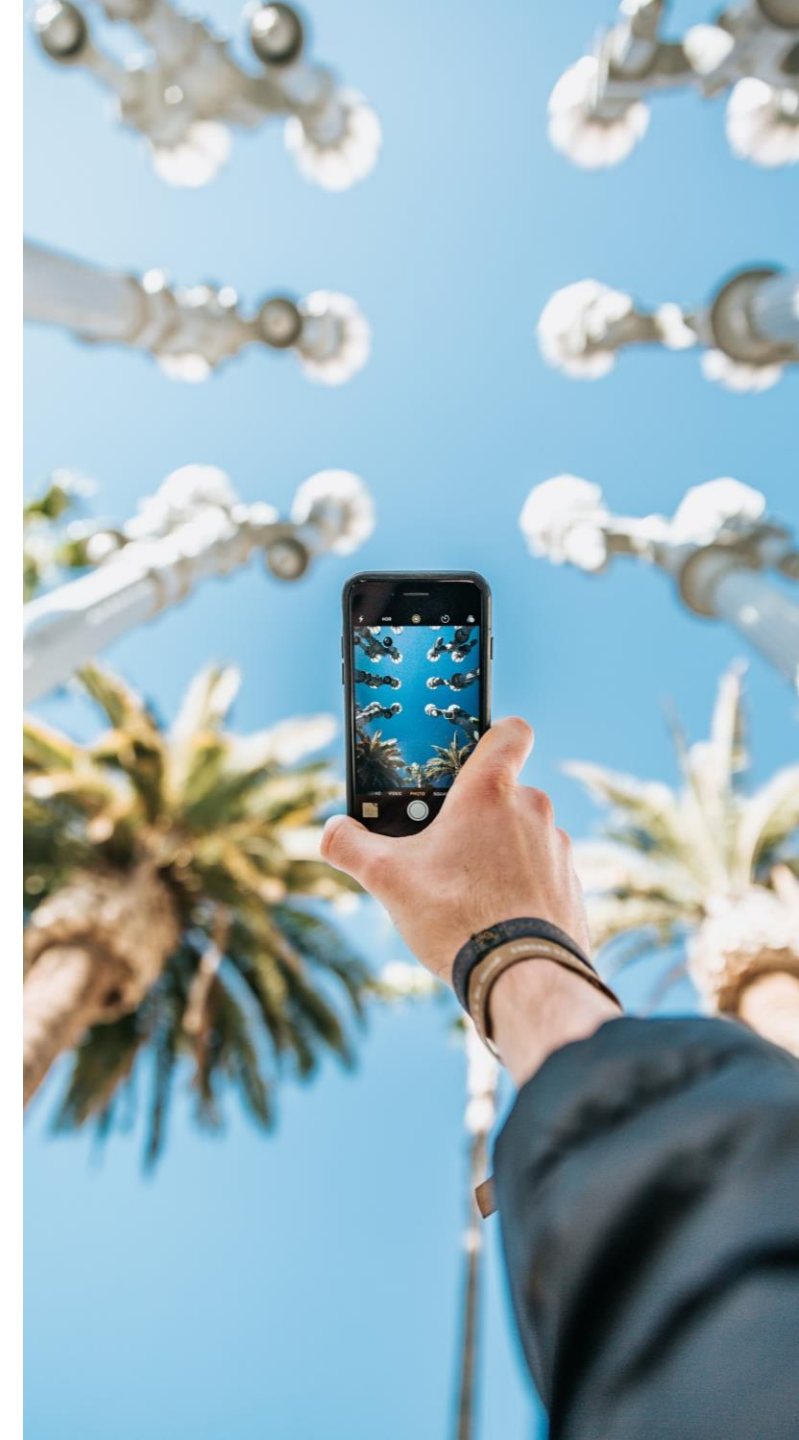
Improve

Organizational efficiency – Focus & simplify

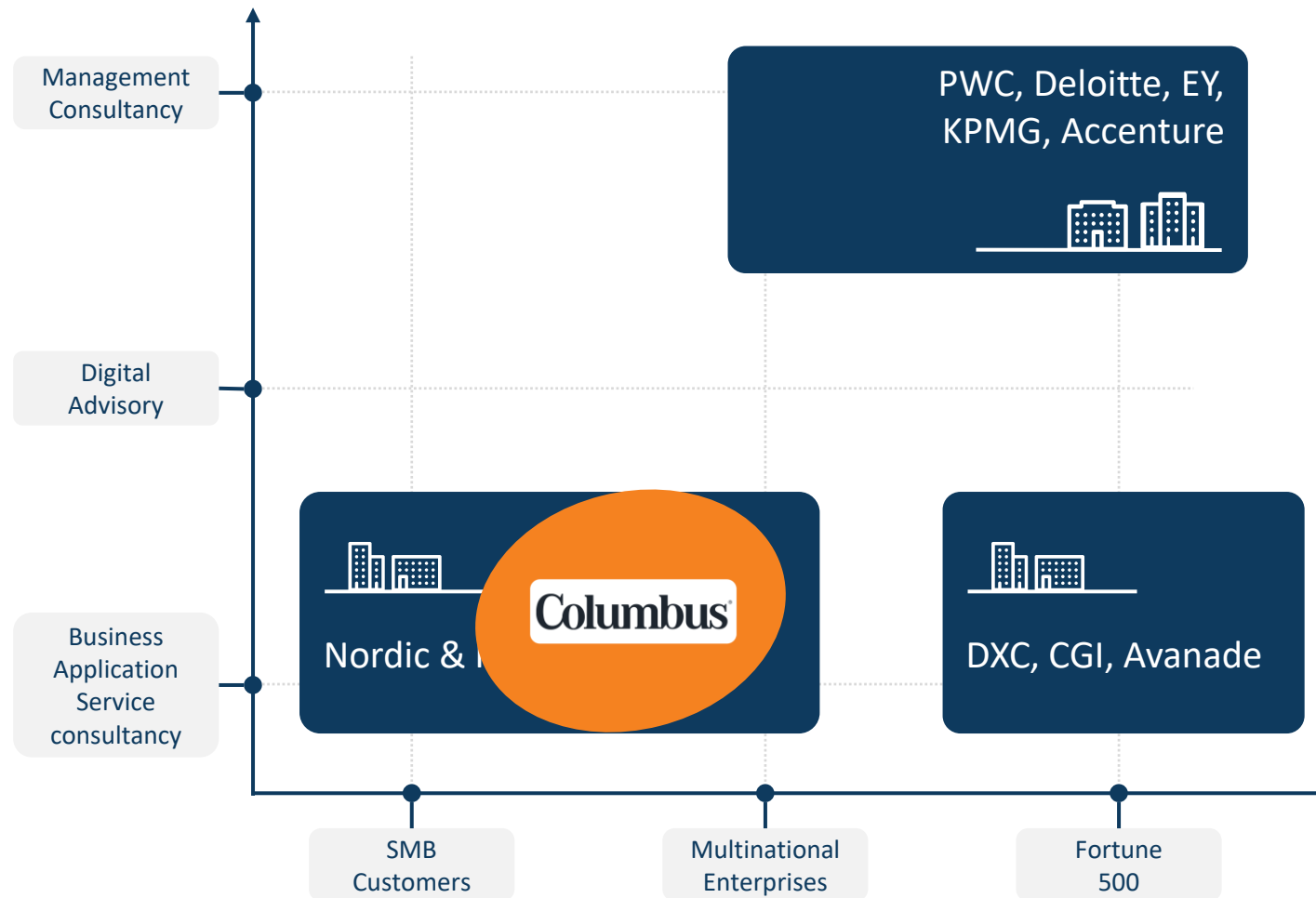
Value for customers – Several solutions within 9 Doors to Digital Leadership[®]

Customer satisfaction and loyalty
– leads to increased sales and references

Organic growth and margins

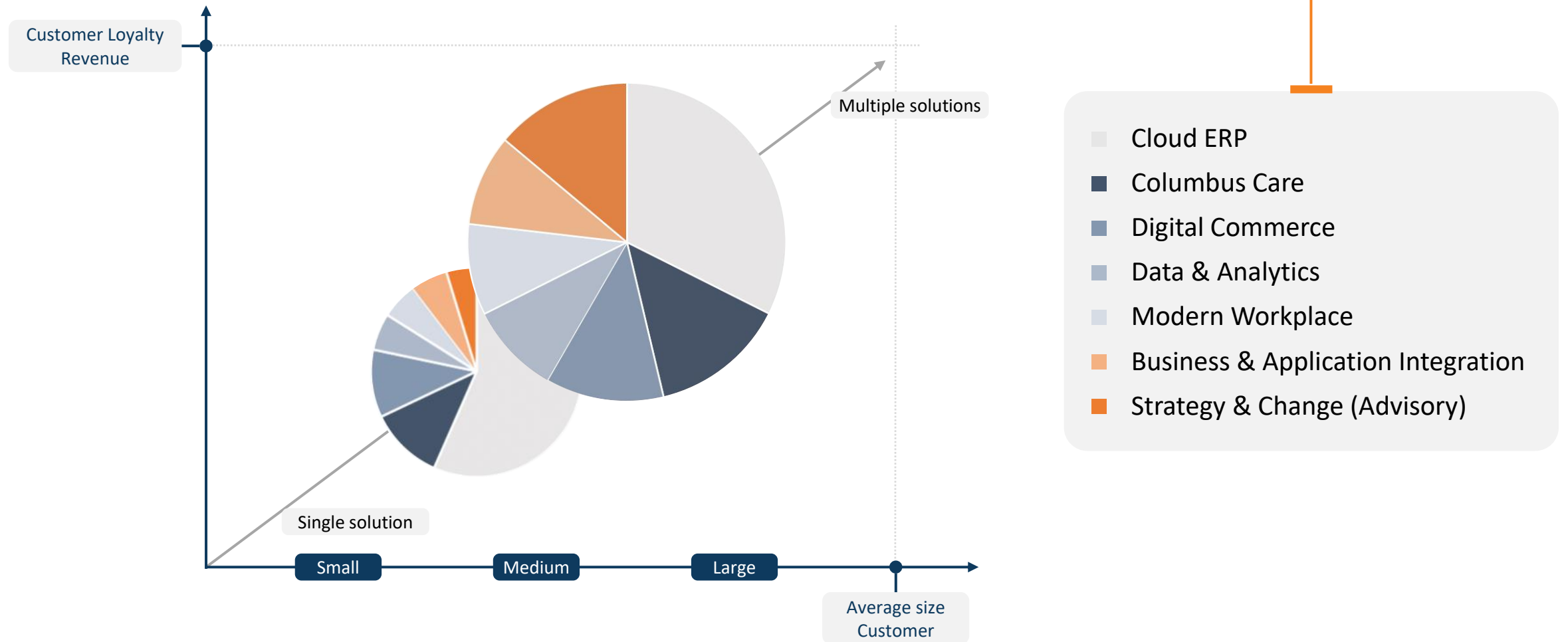


Focus23 – Future Market position



- Claiming position as Digital trusted advisor and Business application service consultancy
- Focus on larger customers in key industries
- True global operating model – Scale & efficiency
- National presence: Customer intimacy

Focus23 – Growth through focus





Focus23 – strategic elements

Focus & Simplify

Simplifying our operation with focus on customer centricity, larger customers, a true global operating model

Empower

Focus on building global capabilities within digital advisory and strengthen customer centric culture

Sustain

Focus on advising and offer sustainable industry solutions

Delight

Create value for our key customers with digital advisory and a broad range of digital offerings

Focus & Simplify



Focused we win, united we grow

- One common global operating model drives simplification
- Uniform business processes accelerate collaboration - one business application suite
- Customer serving principles – Right competencies at the right time
- Reducing number of business logics - Focus on services



Empower



Powered to drive customer value

- Continuous development of solutions and services to ensure relevance for customers
- Take advantage of the specialization both within technology and industry focus
- Development of competencies within Strategy & change (advisory) – to become digital trusted advisor
- Maintain and strengthen a strong and Customer Centric Company Culture and continuous competence development

Sustain



Sustainability in everything

- Advise our customers on digitalization within industry sustainability
- Develop and implement innovative digital solutions that help our customers run a sustainable business and enable sustainable production patterns
- We take climate action by optimizing our own energy consumption and ensure safe working condition.



Delight



Dedicated to delight our customers

- Become our customers digital trusted advisor
- Creating value by developing and implementing a digital strategy with sustainable results
- Driving value for customer through implementing our digital solution portfolio 9 Doors to Digital Leadership
- Focus on delivering value to larger customers in our key industries resulting in higher customer loyalty and revenue growth



Financial ambitions - Financial value drivers

- Gradually increase annual profitable growth to minimum 10% by 2023
 - Grow revenue from our key customer segments
 - Growth primarily from focused solution areas within 9 Doors to Digital Leadership
- Build and grow a strong orderbook to increase recurring revenue and predictability

Digital transformation for a better tomorrow

Thank you!

Upcoming events

- Detailed information about Focus23 will be given in connection with the annual report for 2020
- **Investor contact information:**
 - Hans Henrik Thrane, Corporate CFO,
HHT@columbusglobal.com, +45 7020 5000





Questions?
