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## Company announcement

# Columbus makes offer to buy 100% of the shares in iStone

Today, Columbus A/S has submitted a conditional offer to buy 100% of the shares in iStone AB.

iStone is a Nordic IT services company with global representation and a leading provider of business applications and e-commerce solutions in Sweden and Norway. iStone consists of five separate business areas covering various technologies and solutions.

### **Market leader in the Nordic region**

With the acquisition of iStone Columbus enters the Swedish market and holds a market leading position within business applications, e-commerce and IT services for selected industries in the Nordic region.

iStone adds more than 600 highly skilled employees from across 13 countries, and Columbus hereby expands its global footprint.

As a supplement to Columbus' expertise within business applications and IT services, iStone contributes with deep expertise within e-commerce and a broader ERP business.

### **Strengthened industry focus**

With a common industry focus on manufacturing, food, retail and distribution companies, Columbus offers a complete solution portfolio to customers globally.

Besides the common industry focus, iStone comes with a market leading position within ERP solutions for the Swedish manufacturing industry. Combined with Columbus' complete industry solution portfolio for manufacturing companies it opens new opportunities for creating further value for iStone's existing and new customers.

### **Broader technology competencies**

iStone's deep competencies within Microsoft, Infor M3, SAP and Commerce combined with Columbus' market leading Microsoft competencies and solution portfolio expand the Group's global market potential to offer a broader solution portfolio to a larger market.

"We look forward to welcoming iStone's skilled employees. Together we are market leading in the Nordic region and an important global player, and I am excited about how we jointly will create value for our customers and help them in the digital transformation of their business", says CEO & President in Columbus, Thomas Honoré.

"We look forward to being part of a global player like Columbus. iStone and Columbus are a very good match both businesswise and culturally, and I look forward to realizing the opportunities we can create for our employees, customers and partners", says CEO in iStone, Markus Jakobson.

In 2016, iStone had a revenue of SEK 790m and an EBITDA of SEK 10.1m. In 2017 iStone expects to realize a revenue in the level of SEK 800m and an EBITDA in the level of SEK 41m.

#### Transaction overview

The acquisition is structured as an initial acquisition of 51% of the shares and subsequently successive acquisition of the remaining 49% in 2018, 2019 and 2020.

The agreed acquisition price for the first 51% of the shares is SEK 230m Enterprise Value. The final acquisition price is dependent on the final result for 2017.

The price for the remaining 49% is settled at an average EBITDA multiple of 11 and thus affects the Columbus Group as a performance related earn-out. Based on the preliminary business plan, the price for the remaining 49% is expected to be in the level of SEK 200m to 340m. Among other things, the price is dependent on how quickly the synergies are obtained. As the price is dependent on future development, adjustments may occur.

No dividend will be paid in iStone until Columbus owns more than 90% of the shares.

iStone has more than 230 shareholders, and today shareholders representing 73.5% of the share capital have initially accepted the offer from Columbus. iStone's Board recommends all their shareholders to accept Columbus' offer. In the period until closing the aim is to obtain accept from the remaining shareholders. The offer is therefore conditional on more than 90% of the shareholders accepting the offer. Besides, the offer is conditional on confirmation of a few partnership conditions before closing (date of takeover and control), which is planned for 2 January 2018.

The initial acquisition price is expected to be financed with a bank loan. The subsequent acquisitions are expected to be financed with cash flow from operations. In 2018, the acquisition is expected to contribute with a revenue in the level of SEK 800m and an EBITDA in the level of SEK 50m.

Columbus expects to be able to implement similar initiatives in iStone as done in Columbus during the previous years which resulted in increased earnings capacity in Columbus. The EBITDA margin in iStone is therefore expected to increase over the coming years.

Following the closing of the transaction, further details about the acquisition will be communicated, including synergies and related costs.

The acquisition will not affect the announced expectations for 2017.

The acquisition of iStone is a game changer for Columbus, which in one stroke has increased revenue by 50% and is completely in line with Columbus' vision of becoming a global strategic partner leading customers in the digital transformation of their business.

#### Conference call today

Columbus will conduct a presentation about the acquisition of iStone via a conference call today, Thursday 30 November at 13:00 CET. For details, please see Columbus' investor site: <http://ir.columbusglobal.com/events.cfm>

Ib Kunøe  
Chairman  
Columbus A/S

Thomas Honoré  
CEO & President  
Columbus A/S

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