

Columbus offer to buy iStone

Investor tele conference
30/11 2017 at 13:00 CET





Agenda

- Company facts and financials
- Strategic motivation
- Transaction overview
- Financial expectations

iStone company facts

- iStone is an Nordic IT corporation with more than 600 employees in 13 countries:
 - Leading within business applications and e-commerce in Sweden and Norway
 - Founded in 2006 with HQ in Stockholm
 - Is partly created through acquisitions and has on this basis 236 shareholders
 - Represented in the following countries: Sweden, Norway, Denmark, US, UK, Germany, Switzerland, Czech Republic, Spain and France, Poland, Chile and China.

5 separate Business Areas

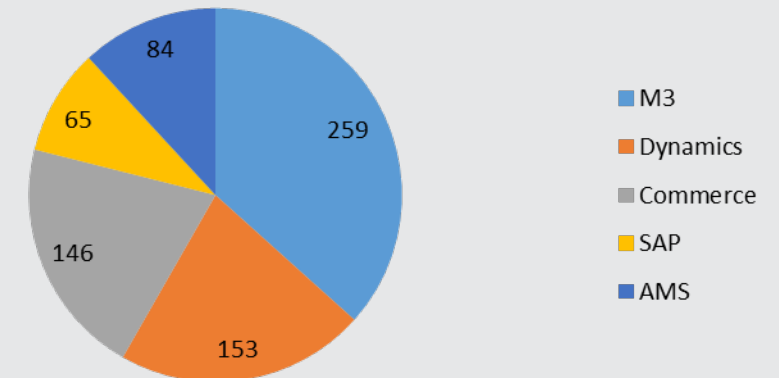
- M3:
 - Among the largest Global Alliance Partner of Infor M3
 - Customers such as SECO, Höganäs, Elkem, Sandvik, SKF, IKEA, Läntmannen, Toyota
- Dynamics AX:
 - Leading Microsoft ERP provider in Sweden
 - Customers such as Sandvik, Trelleborg, Kekolar, Blenta, Biotage, Eton
- Commerce (e-commerce):
 - Leader of customized e-commerce solutions in the Nordic market
 - Customers such as Maersk Container Industry, Pågen, Lindex, Ikea, H&M, Coop
- SAP:
 - Implementation of SAP
 - Customers such as Sandvik, Försvarmakten, H&M, Fora AB, Samsung Electronics, Volvo car
- Application Management Services:
 - Managed support services within M3, Dynamics and SAP, + 140 customers
 - Customers such as Sandvik, Elekta, Elkem, Addtech

iStone financials

- The main part of the turnover and employees are in Sweden (69% of turnover in 2016) and Norway (16%)
 - In other countries the main driver has been M3 services to Swedish corporations with an international set up

	2014	2015	2016
Net revenue	817	767	790
EBGCR			
EBITDA (reported)	54,7	3,3	10,1
EBITDA (adjusted)		-13,9	10,1
EBIT	28,5	-40,4	-16,9
Net result	12,5		-22
Equity	167	150	134
Total assets	409	370	360

Net revenue 2017 (10m)

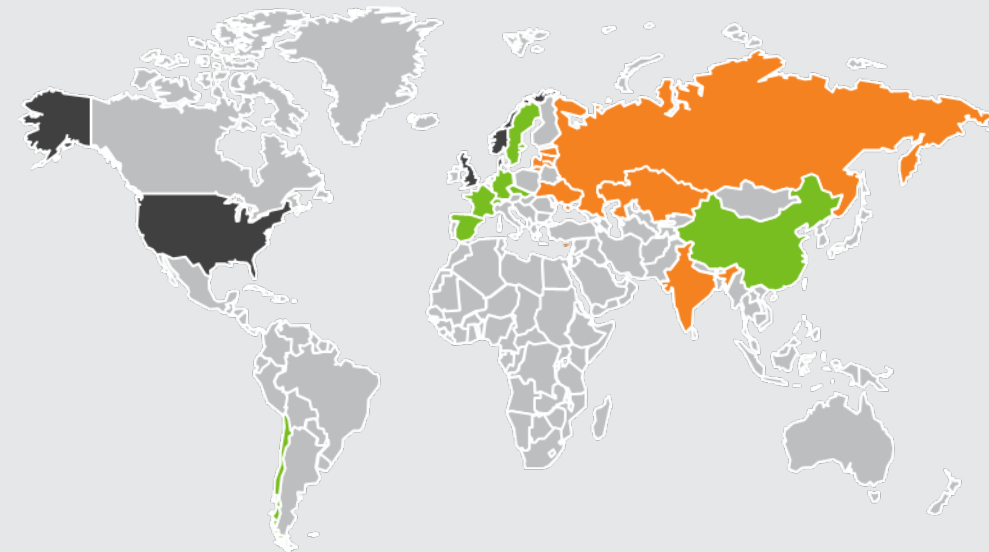




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Strategic motivation

Strategic rationale: Stronger together

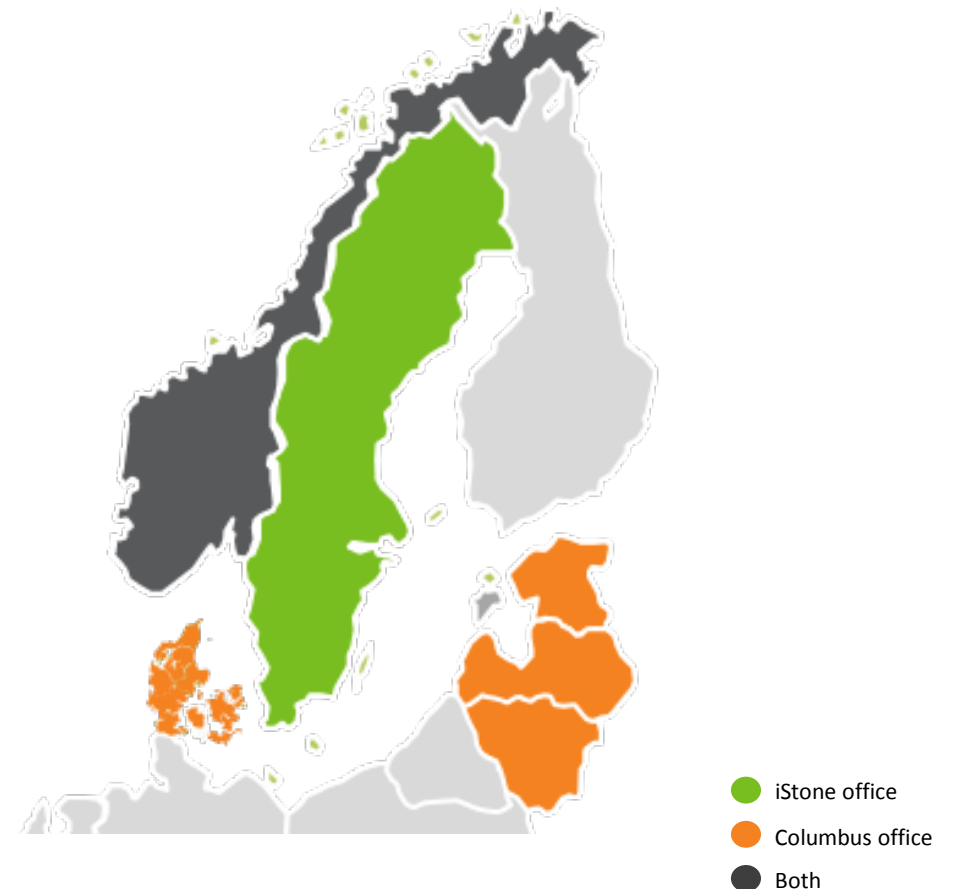
- Create a market leading position in the Nordic region
- Increase total addressable market and synergies
- Extend our solution portfolio with new offerings on a wider technology platform
- Amplify our industry focus with new and existing customers
- Expand life-time relationships with customers
- Realize the financial synergies



- iStone office
- Columbus office
- Both

Market leader in the Nordic region

- Leading business application vendor in the Nordic region
- 1,150 consultants in the region
- Leading in ERP, e-commerce and Application Management
- Strong presence in Sweden, Norway, Denmark and Baltics
- Columbus to enter Sweden
- Extending the customer base with e-commerce offerings



Amplifying our industry focus

- Joint deep industry focus within manufacturing, retail, distribution and food
- Clear market leader in manufacturing
- Application management platform expertise in Dynamics, SAP, M3
- Industry process knowledge and industry software

	Columbus	iStone
Food	✓	✓
Retail	✓	✓
Manufacturing	✓	✓
Distribution	✓	✓
Equipment	✗	✓
Fashion	✗	✓
Forestry	✗	✓

Broader technology competencies

- Create one more ERP-leg
 - Offer application solutions on a wider application platform, Infor M3
 - Create a global Infor M3 leader
- Increase our common total addressable markets
- Global leader in MS Dynamics
- Great potential to up-sell Columbus Software and ColumbusCare

	Columbus	iStone
CRM	Microsoft Columbus	Microsoft SAP Infor M3
BI	Columbus	Microsoft SAP QlikView
ERP	Microsoft Columbus	Microsoft SAP Infor M3
SCM	Columbus	Infor M3 Optimity
E-Com	Columbus	Intershop EPI, Lithium, Inriver, , Hybris

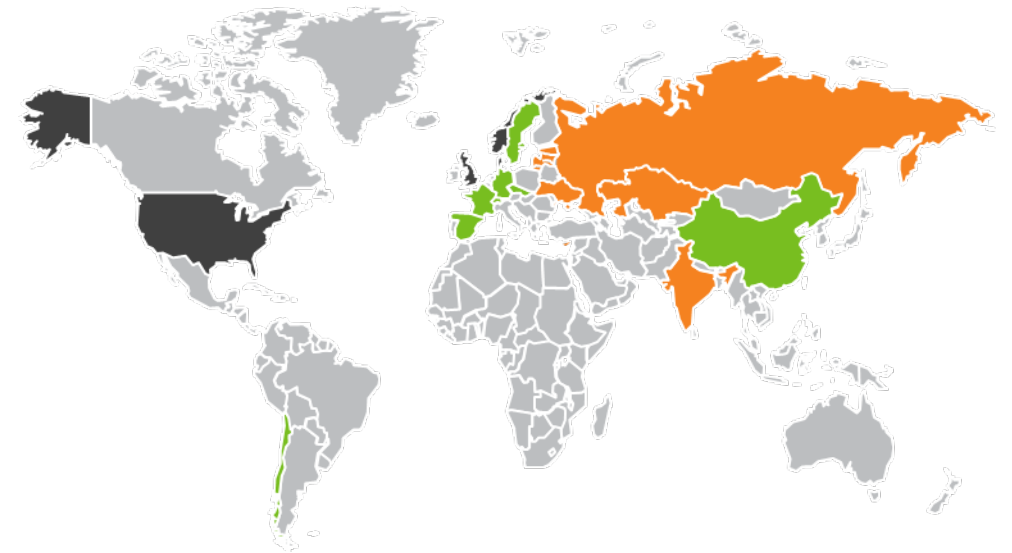
Extending life-time relationships with customers

- Offer customers lifetime support across applications and platforms
- Significant scale increase with AMS and IMS
- Scale improves profitability and sales opportunities
- Combined 250 consultants & 700 customers
- Combined tools and processes

Columbus | Care

Size matters for the customer

- Bigger market footprint creates sales opportunities
- Ability to handle larger global customers and projects
- Increase global delivery capacity and reach
- Strategic partnerships with Infor, Microsoft, SAP and IBM




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Realizing the financial synergies

- Realize the growth potential
- Combined back-office, shared service center and marketing
- Accelerate Global Delivery Capacity
- Increase Columbus Software sales
- Synchronizing and streamlining procedures, processes and methods
- Increasing EBITDA margin over the next three years





Transaction Overview

Transaction overview

Process:

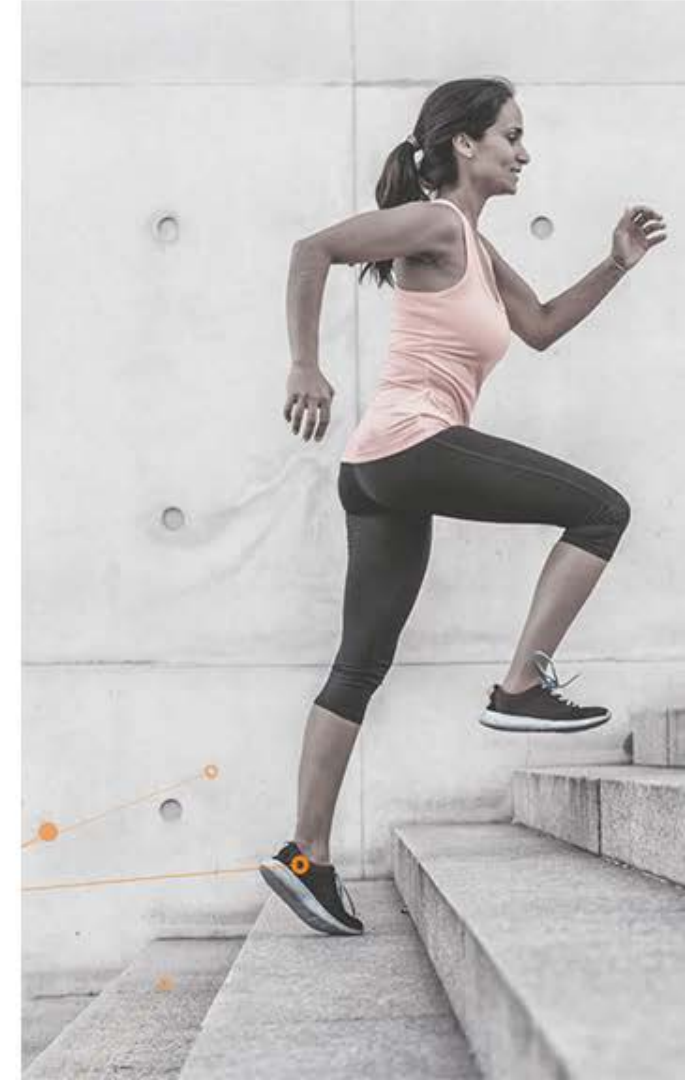
- 230 shareholders of which 73,5% initially has accepted Columbus offer to buy
- Until closing 2 January 2018 iStone will seek accept from the remaining shareholders
- The offer is conditional on more than 90% of the shareholders accept the offer
- In addition the offer to buy is conditional on confirmation of a few partnership conditions before closing
- Columbus expects closing 2 January 2018 where the control of iStone will be passed on to Columbus A/S



Transaction overview

The acquisition is structured by:

- Initially acquisition of 51% of the shares
 - Enterprise Value SEK 230m
 - Financed with bank loan
- Successive acquisition of the remaining 49% in 2018, 2019 and 2020
 - Average EBITDA multiple of 11 – works as an EBITDA dependent Earn Out
 - Based on the current business plan the price is expected to be in the level of SEK 200m – 340m
 - Financed with cash flow from operations





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Financial expectations

Expectations to revenue and earnings

- Expectations for 2017:
 - Revenue in the range of SEK 800m
 - EBTIDA in the range of SEK 41m
- Expectations for 2018:
 - Revenue in the range of SEK 800m
 - Earnings in the range of SEK 50m





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know how...