

Company announcement 5 / 2019

AX IV EG Holding III ApS Financial statement Q4 2018

This preliminary announcement of financial statements relates to AX IV EG Holding III ApS for the period 1 January 2018 to 31 December 2018.

EARNINGS:

DKK million	Q4 2018	YTD 2018	LTM	Q4 2017	31-12-2017
Realised:					
Revenue	531	1.959	1.959	497	1.850
Costs of sales	110	365	365	98	419
Gross profit	421	1.594	1.594	399	1.431
Staff costs	284	1.063	1.063	284	1.107
Other external costs	99	322	322	81	339
EBITDA	39	210	210	33	-14
EBITDA (excl. KY)	39	210	210	33	179
Depreciations	40	103	103	40	102
EBITA	-1	107	107	-6	-116
EBITA (excl. KY)	-1	107	107	-6	77
Normalisations:					
Acquisition/sale of activities/companies *)	0	0	0	6	24
Restructuring expenses	16	28	28	17	30
Transaction & integration costs	4	15	15	10	22
Special items (excl. restructuring expenses)	26	43	43	0	0
Normalisations, total	46	86	86	34	76
Normalised EBITDA	85	296	296	67	61
Normalised EBITDA (excl. KY **)	85	296	296	67	254
Normalised EBITA	45	193	193	27	-40
Normalised EBITA (excl. KY **)	45	193	193	27	153

Comparative figures for revenue and costs of sales for 2017 and YTD 2018 have been changed as a result of changed accounting policies. The change only affects hardware sales.

*) Acquired companies may not have prepared interim financial statements according to the same accounting principles as EG. Normalisation of acquired companies under "Acquisition/sale of activities" is therefore estimated on the basis of the financial due diligence performed in connection with the acquisition.

**) "KY" = Kommunernes Ydelsessystem as mentioned in Company announcement 5/2017 and 6/2017.

- The EG service business was sold to DXC February 15 2019. The presented figures in this statement is the full EG company figures in 2018 including the EG service business. In the 2018 Annual Report the EG service business is presented as Discontinued activities. Please refer to the 2018 Annual Report for a presentation of the 2018 financials based on the Continued activities of EG as of February 2019 and onwards.
- Reported revenue in Q4 2018 amounted to DKK 531 million compared to DKK 497 million in Q4 2017. The 6.8% increase in revenue in Q4 is driven by organic growth in the software business. Full year revenue increase is driven by 9.7% organic growth in software adjusting for KY.
- Reported EBITDA in Q4 2018 amounted to DKK 39 million compared to DKK 33 million in Q4 2017. Capitalisation of costs in Q4 2018 were DKK 14 million lower than in Q4 2017 leading to an underlying improvement in operational performance in Q4 of DKK 20 million vs. Q4 2017.
- Reported LTM EBITDA amounts to DKK 210 million, and normalised LTM EBITDA amounts to DKK 296 million.

- The full year 2017 normalised EBITDA (excl. KY) of DKK 254 million contains DKK 49 million higher capitalization of costs than in December 2018 LTM EBITDA.
- Improvement in EBITDA stems from the organic growth in revenue and reduced cost from ordinary activities driven by the improved operational performance.

SELECTED BALANCE SHEET ITEMS:

DKK million	31.12.2018	31.12.2017
Intangible fixed assets	1.687	1.935
Tangible fixed assets	23	41
Financial fixed assets	0	0
Non-current assets	1.709	1.976
Inventory	5	5
Trade receivables	282	274
Contract work in progress	14	4
Prepaid rent and deposits	10	12
Other receivables	35	41
Prepayments	41	41
Trade payables	-140	-129
Other payables	-344	-445
Accruals	-85	-87
Reported NWC	-182	-283
Cash	-10	62
- dividend	0	0
Securities	0	0
Bank loan	-400	-400
Bond debt	-1.400	-1.400
Leasing	0	0
Tax payable	-7	4
Interest-bearing net debt	-1.818	-1.735

- The company's non-current assets amount to DKK 1,709 million, primarily in the form of goodwill and other intangible assets acquired in connection with company acquisitions.
- The company's reported working capital amount to negative DKK 182 million.
- The company's net interest-bearing debt at the end of Q3 2018 was DKK 1,818 million.

EQUITY:

DKK million	Share capital	Hedge accounting	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total
Equity as at 31 December 2017	0	-10	-2	-200	0	-212
Correction primo	0	0	0	4	0	4
Total income for the year	0	10	0	-239	0	-230
Dividend	0	0	0	0	0	0
Warrant adjustment	0	0	0	0	0	0
Adjustments regarding IFRS 15 and 16	0	0	0	-1	0	-1
Equity as at December 31, 2018	0	0	-2	-436	0	-438

- The company's equity as at 31 December 2018 is negative with DKK 438 million compared to negative equity with DKK 212 million as at 31 December 2017.

SELECTED ITEMS FROM THE CASH FLOW STATEMENT:

DKK million	31.12.2018	31.12.2017
Cash flows from operating activities:		
Cash flows from operating activities before financial items	171	113
Cash flows from ordinary activities	27	-13
Cash flow from operating activities	36	-42
Cash flows from investing activities	-121	-298
Free cash flow before financial items	50	-186
Cash flows from financing activities	13	399
Change in liquidity for the year	-72	59
Cash 1 January	62	3
Cash 31 December, net	-10	62
Cash 31 December, net		
Cash in accordance with the balance sheet	41	62
Amount owed to banks in accordance with the balance sheet	51	0
Cash 31 December, net	-10	62

- The company's cash flows from operating activities before financial items 2018 amount to DKK 171 million compared to DKK 113 million in 2017.
- Cash flows from investing activities amount to DKK -121 million, primarily covering acquisitions, software development and investment in technical equipment.
- Free cash flow before financial items has improved from DKK -186 million in 2017 to DKK 50 million in 2018. The cash flow in 2018 was negatively affected by last rate payments for acquisitions in 2017 regarding Notaplan and the L5 software totalling DKK 66 million.
- The improved cash flow from operating and investing activities compared to 2017 is driven by an underlying improvement in Cash EBITDA (EBITDA less capitalised development costs), reduced cash-outflows to acquisitions and the effect from KY in 2017.
- Cash flows from financing activities amount to DKK 13 million compared to 2017 DKK 399 million.
- Change in liquidity for the year amounts to DKK -72 million.
- The company's net cash amounted to DKK -10 million at 31 December 2018 financed through the DKK 117 Million Revolving Credit Facility.

This financial statement has not been reviewed by the company's auditors.

Enquiries regarding this announcement should be addressed to:

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24 April 2019, AX IV EG Holding III ApS

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