



Adding value to business

Nordea – Nordic High Yield Seminar

Mikkel Bardram – 30 May 2017

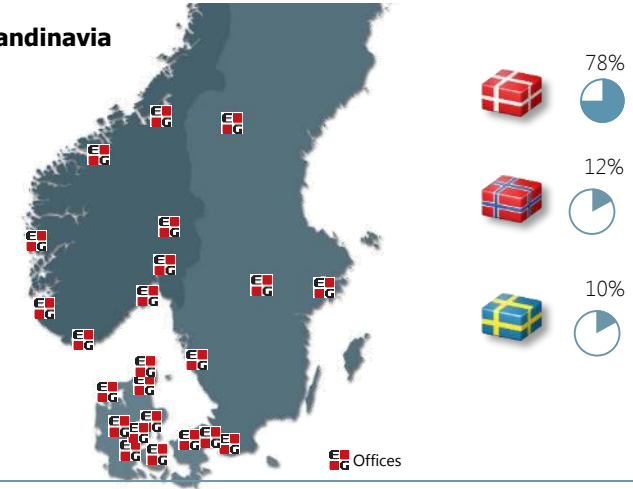
EG is a leading Scandinavian IT software & service provider

In brief

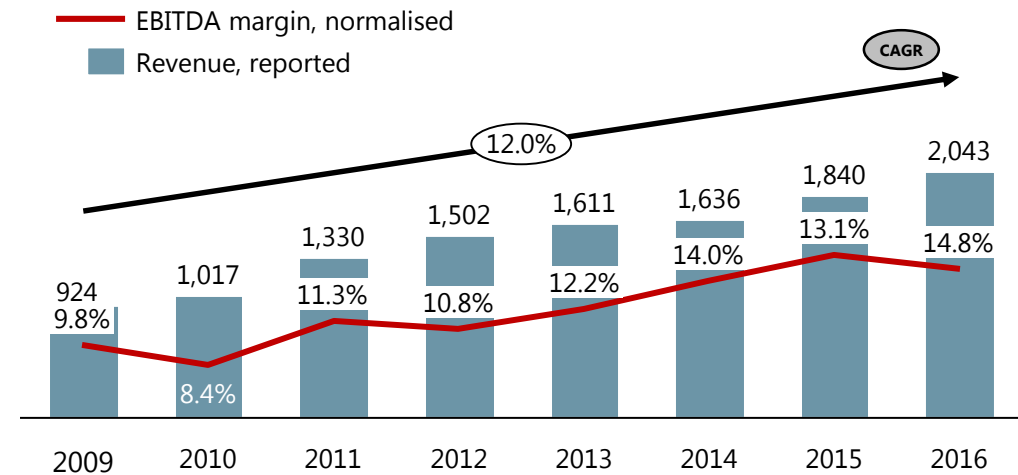
- EG is among Scandinavia's leading IT software & service companies with a strong market position within the SME segment
- Position based on close relationships with customers, deep sector knowledge and value adding IT solutions
- 27 acquisitions in selected verticals since 2009
- Approx. 12,000 customers and more than 1,850 employees
- 2016 revenue of DKK 2,043m and normalized EBITDA of DKK 302m
- Axcel acquired EG in 2013

Strong presence in Scandinavia

- Local presence with more than 30 offices throughout Scandinavia
- Strong footprint securing proximity and flexibility towards customers
- Group management located in Ballerup, Denmark



Financial Development



Product offering

Software and subscription based revenue

- Solutions are based on EG's own software for the public and for the private sector (37%)
- Subscription based services are focused on application and infrastructure managed services (15%)



Consultancy & programming

- Management consultancy, Implementation and Programming of IT solutions



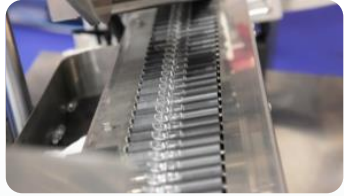
Hardware

- Sale of infrastructure hardware (e.g. servers) and industry specific hardware (e.g. POS and hand terminals) from external providers



EG is well-positioned in the market

Deep vertical/customer knowledge



Manufacturing



Retail



Fashion



Transport



Healthcare



Construction



Public Pay-roll & HR



Utilities



Finance for public



Social sector



Local authorities



Media



Cemeteries



Housing & Property



Legal Solutions



Hairdressers

Strong technology, products and expertise



1977 1985 1990 1995 2000 2005 2010 2016

Built over time

EG supplies its solutions through two business models

SOFTWARE COMPANY

Industries/products:

EG SENSUM

EG Clinea

AdvoPro

SD TJENESTETID

EG LØNSERVICE

EG Visual

EG Strato

EG Kirkegårdssystem

EG Hairtools

ØS Indsig

EG Bolig

SD LØN



ASPECT4

FAKTA® POS

EG On



CS TRANSMISSION

EGZynergy®

EXCELLENT SOLUTIONS FOR DYNAMICS AX
dynaway

Xellent
Based on Microsoft Dynamics AX

SERVICE COMPANY



Di Co So
DIGITAL CONSUMER SOLUTIONS

365

Microsoft
Dynamics

NAV

Microsoft
Dynamics

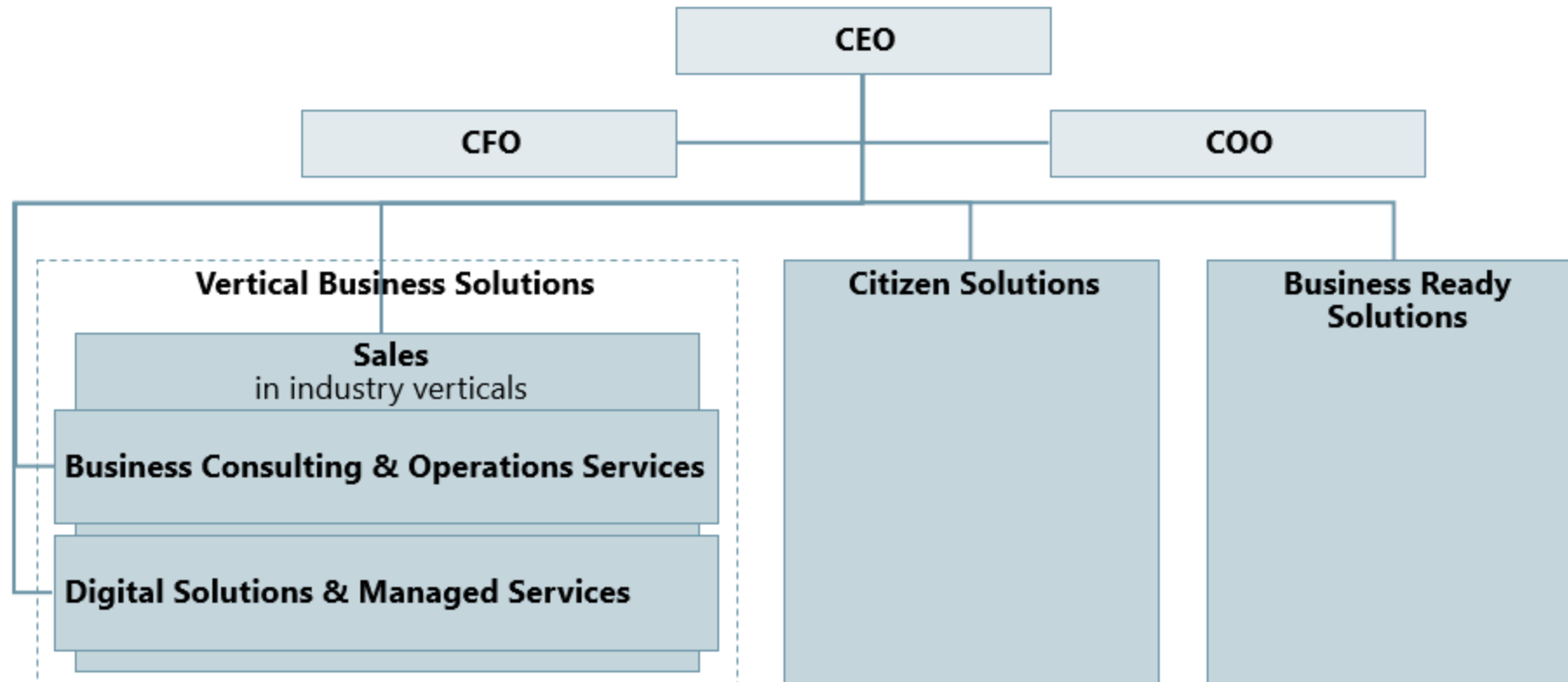
AX

Microsoft
Dynamics

CRM

Microsoft
Dynamics

EG is structured into three divisions

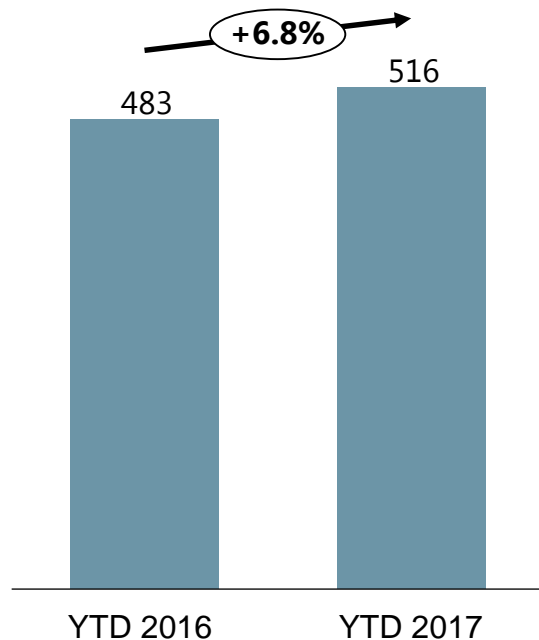


Our three divisions are positioned differently in the market

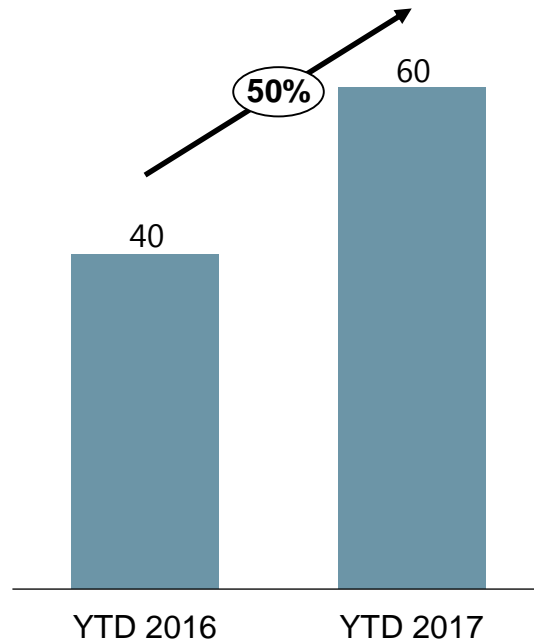
Target customer size	Large			
	Medium			
	Small			
	Niche	Full service		Niche
		IT providers building bespoke systems		IT providers using packaged standard solutions as the basis

Good overall start to 2017 compared to last year

Revenue Q1 2016 vs. 2017, DKKm



Normalized EBITDA Q1 2016 vs. 2017, DKKm



Comments

- We are seeing a positive development in the IT demand from our customers
- Customers are willing to close deals and move forward
- Demand for solutions outside classic ERP is growing rapidly

Analysing the financial performance of EG as reported

Reported financials

DKK million	Q1 2017	YTD 2017	LTM	Q1 2016	31-12-2016
Realised:					
Revenue	516	516	2.076	483	2.043
Costs of sales	106	106	467	88	450
Gross profit	410	410	1.609	394	1.593
Staff costs	312	312	1.243	304	1.236
Other external costs	42	42	89	53	100
EBITDA	55	55	276	37	258
Depreciations	16	16	68	16	67
EBITA	39	39	209	21	191
Normalisations:					
Acquisition/sale of activities/companies *)	0	0	20	0	3
Restructuring expenses	5	5	42	2	39
Costs related to EG's acquisition of companies	0	0	3	1	4
Normalisations, total	5	5	64	3	45
Normalised EBITDA	60	60	340	40	303
Normalised EBITA	44	44	273	24	236

*) 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.

The increase in revenue from DKK 483 million in Q1 2016 to DKK 516 million in Q1 2017 is due to organic growth.

Reported EBITDA increased from DKK 37 million (EBITDA margin of 7.6 %) in Q1 2016 to DKK 55 million (EBITDA margin of 10.7 %) in Q1 2017. Increase in reported EBITDA is primarily driven by organic growth. Reported LTM EBITDA amounted to DKK 276 million.

Normalised EBITDA for Q1 2017 amounted to DKK 60 million (EBITDA margin of 11.7%) compared to DKK 40 million in Q1 2016 (EBITDA margin 8.3%). Increase in normalized EBITDA is primarily driven by organic growth. Normalised LTM EBITDA amounted to DKK 340 million.

For 2017, the company expects growth in reported EBITDA and normalised EBITDA as a result of companies acquired in 2017 and the restructurings carried out in Q4 2016.

The increase in revenue from DKK 424 million 2015.

Selected balance sheet items March 2017



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Selected balance sheet items

DKK million	31.03.2017	31.03. 2016
Intangible fixed assets	2.058	2.100
Tangible fixed assets	47	53
Financial fixed assets	0	0
Non-current assets	2.105	2.152
Inventory	8	11
Trade receivables	252	237
Contract work in progress	84	59
Prepaid rent and deposits	12	10
Other receivables	67	76
Prepayments	36	23
Trade payables	-121	-69
Other payables	-439	-328
Accruals	-134	-158
Reported NWC	-236	-139
Cash	26	77
- dividend	0	0
Securities	0	0
Bank loan	-433	-300
Bond debt	-1.100	-1.100
Employee bonds	0	0
Tax payable	-26	-10
Interest-bearing net debt	-1.532	-1.333

The company's non-current assets amount to DKK 2,105 million, primarily in the form of goodwill and other intangible assets acquired in connection with company acquisitions

The increase in contract work in progress is primarily due to a large project initiated in 2015 for which payment is made upon final approval of milestones.

The company reported a negative working capital of DKK 236 million.

The company's net interest-bearing debt at the end of Q1 2017 was DKK -1,532 million.

Key credit highlights



Adding value to business

-  **Leading Scandinavian software and IT service provider**
-  **Customised proprietary software solutions**
-  **Unique in vertical focus and deep sector knowledge**
-  **Broad diversification across geographical, markets, technologies and customers**
-  **Large share of recurring business**
-  **High cash conversion**
-  **Experienced management team and lean organisation**