

# ADDNODE GROUP



Interim Report  
Q1 2014

# AGENDA

- Summary of Q1 and significant events
- Financial development
- The operation
- Acquisition of Symetri

## **Q1 2014 – New geografic market, groth and strong cash flow**

- 11% growth compared to Q1 2013
- EBITA margin of 8.3% (7.7%)
- The proportion of recurring revenues increased to 47% (46%) of net sales
- Cash flow from operations of SEK 71.8 M
- Good start for 2014

## Q1 2014 – SIGNIFICANT EVENTS

- The Board of Directors proposes an unchanged dividend of SEK 2.25 (2.25) per share.
- Adjustment of growth target. The annual net sales growth will amount to at least 10 percent.
- Agreement signed to acquire Symetri, with annual revenue of SEK 80 M. The acquisition will open up a new geographic market for Cad-Q and the Addnode Group. There are conditions connected to the acquisition, which is expected to be implemented in May.

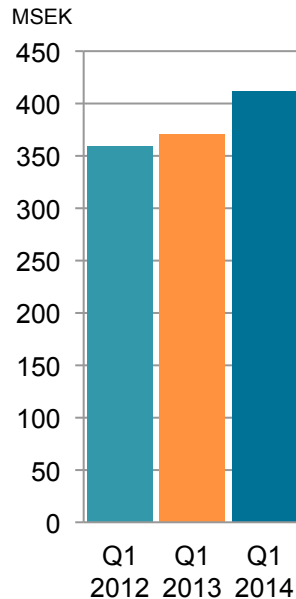
# FINANCIAL DEVELOPMENT, Q1 2014



# Q1 2014 – GROWTH AND BETTER MARGINS

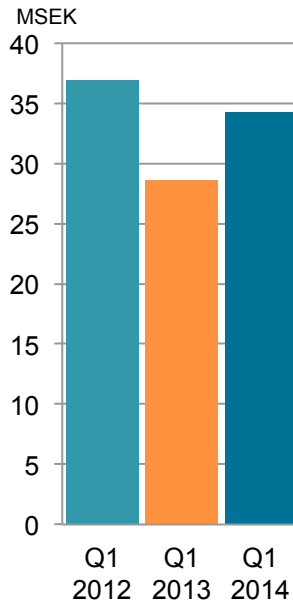
## Net sales

+ 11 percent



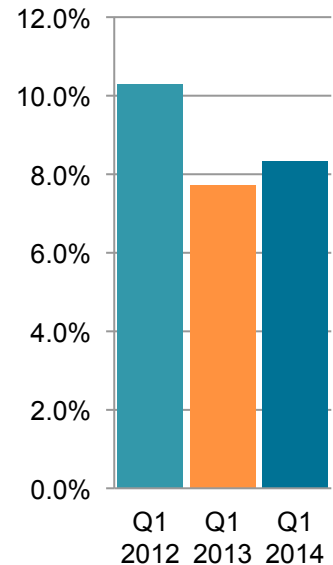
## EBITA

+ 20 percent



## EBITA-margin

8 percent



# ADDNODE GROUP – Q1 2014

	Q1 2014	Q1 2013	Full-year 2013
Net sales SEK M	411,4	370,7	1 443,5
Growth	11%	3%	6%
EBITA SEK M	34,3	28,6	120,1
EBITA-margin	8,3%	7,7%	8,3% <sup>1)</sup>
Average number of employees	892	825	859

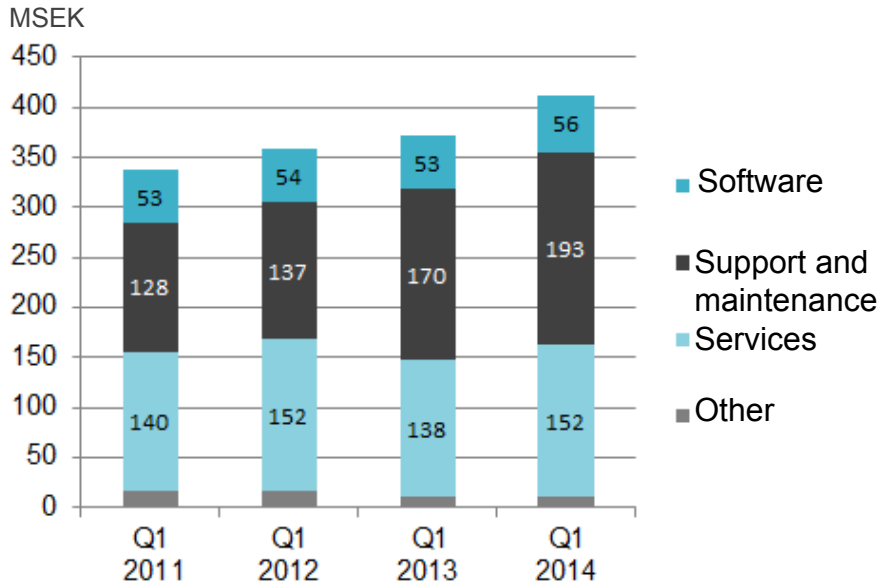
1) Excluding one-time costs of SEK -9,2 (0,0) M for organizational changes and revaluation of contingent consideration with SEK -0,2 M (-1,9).

- We start 2014 with 11 percent growth and an EBITA margin of 8.3 percent - slightly better than the same quarter last year.
- The growth that is both organic and acquisition-related is different in our business areas and in different geographic markets.
- Cash flow from operations in the first quarter is much stronger than the results that we have generated.



# NET SALES

## GROWTH AND EARNINGS DISTRIBUTION, Q1 2011 – Q1 2014



The proportion of recurring revenues during Q1 2014 to 47% of net sales. With recurring revenue includes support and maintenance which also includes revenue from SaaS solutions.



# STRONG BALANCE SHEET AND CASH FLOW

SEK **168** M

**CASH**

**2014-03-31**

SEK **72** M

**CASH FLOW FROM**

**OPERATING ACTIVITIES**

**Jan – Mar 2014**

SEK **114** M

**NET CASH POSITION**

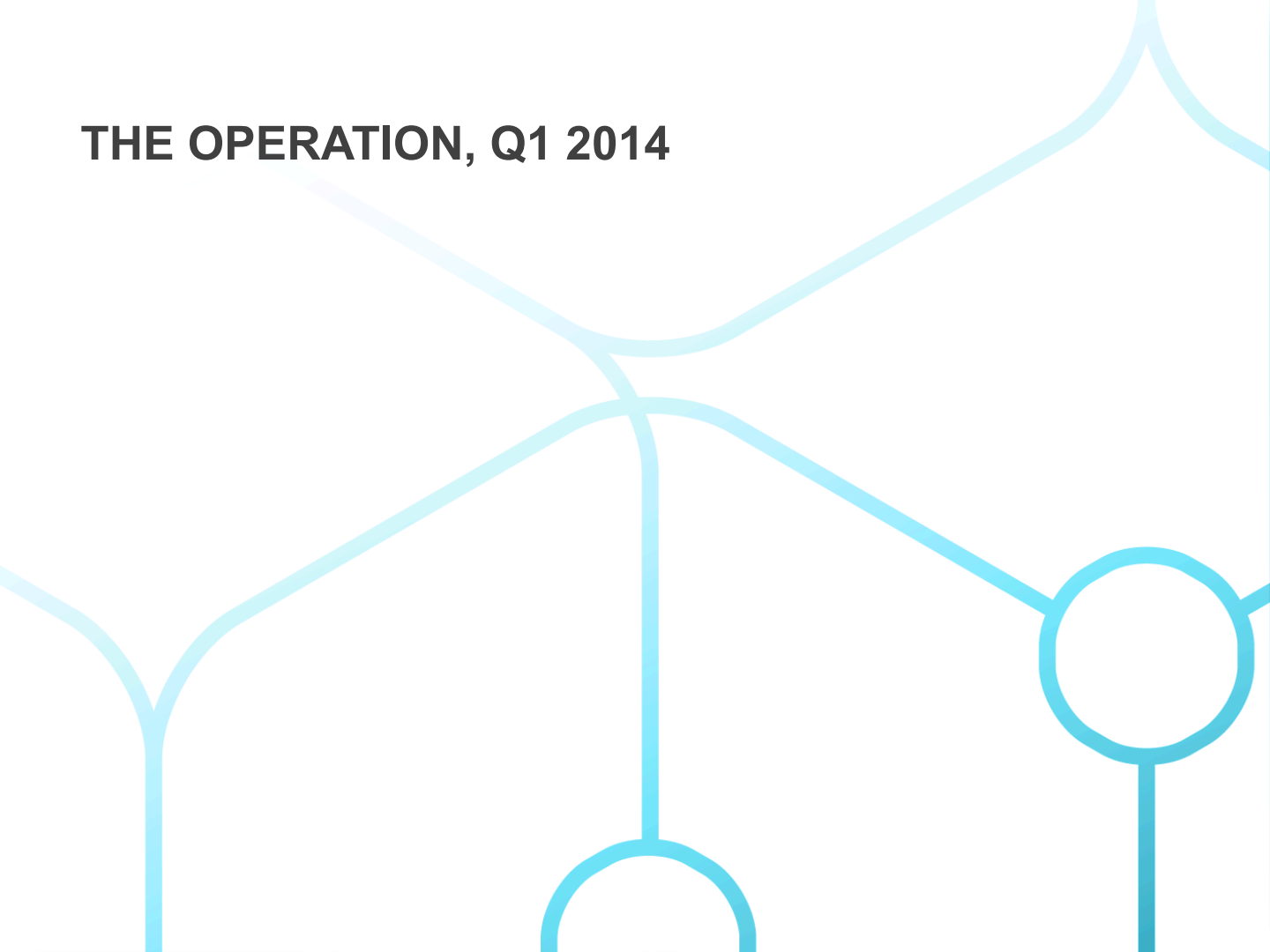
**2014-03-31**

**57** %

**EQUITY/ASSETS RATIO**

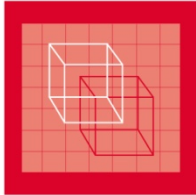
**2014-03-31**

# THE OPERATION, Q1 2014



# FOUR BUSINESS AREAS

## DESIGN MANAGEMENT



IT solutions for the creation and management of digital design models and drawings and project management tool.

## PRODUCT LIFECYCLE MANAGEMENT



IT solutions for managing product information throughout a product's lifecycle.

## PROCESS MANAGEMENT



IT solutions for case management, municipal administration, e-archives and geographic IT system.

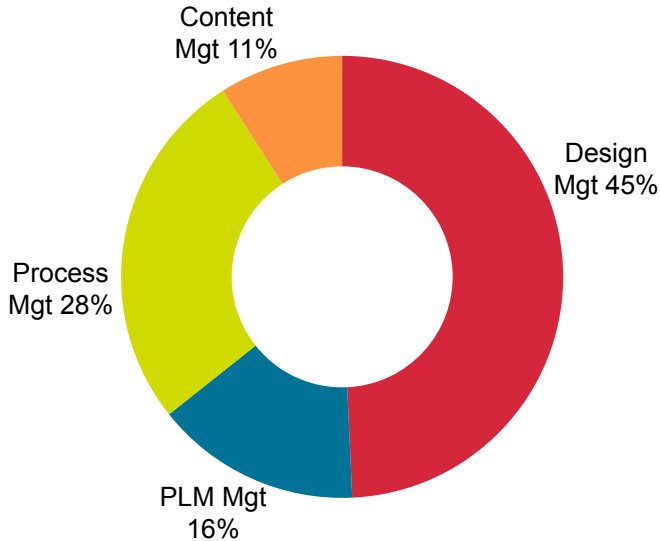
## CONTENT MANAGEMENT



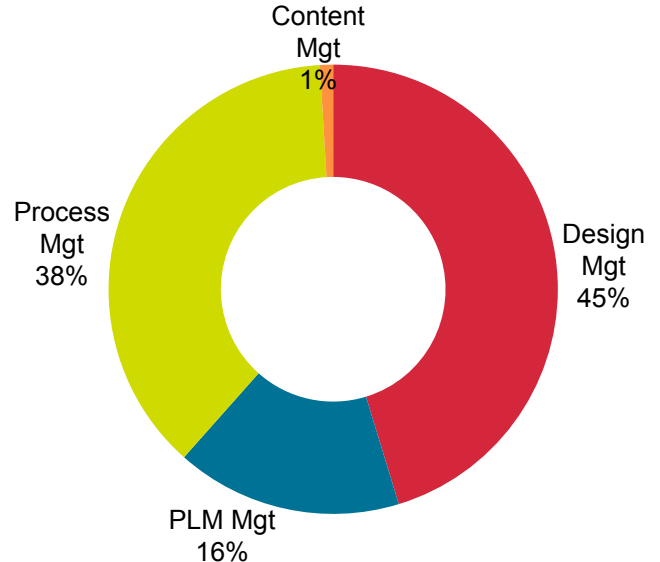
IT solutions for the public websites and intranet solutions as well systems for e-commerce.

# NET SALES AND EBITA BY BUSINESS AREA, Q1 2014

## Net sales by Business Area



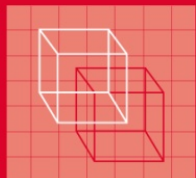
## EBITA by Business Area\*



\* Excluding consolidation eliminations and corporate expenses

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### DESIGN MANAGEMENT



	Q1 2014	Q1 2013	Full year 2013
Net sales SEK M	204,7	176,8	649,9
Growth	16%	14%	13%
EBITA SEK M	19,2	16,1	51,9
EBITA-margin	9,4%	9,1%	8%
Average number of employees	294	236	252

- The construction and property market was slightly sluggish, while demand was positive from industrial customers.
- The acquisition of Joint Collaboration in 2013 has had a positive impact on both net sales and earnings.
- For the offering of IT solutions for digital models and drawings, the trend in Norway was good, the Swedish operation also reported stable performance, while Finland had a tougher quarter but showed signs of growth.



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### PRODUCT LIFECYCLE MANAGEMENT



	Q1 2014	Q1 2013	Full year 2013
Net sales SEK M	62,5	57,0	248,7
Growth	10%	-10%	0%
EBITA SEK M	6,9	2,7	26,2
EBITA-margin	11,0%	4,7%	10,5%
Average number of employees	162	149	161

- Better service sales and a healthy revenue mix with software sold along with associated support and maintenance agreements had a positive impact on the outcome.
- This is the second consecutive quarter for which the business area reported growth compared with the year-earlier period.
- The Swedish industrial market and the offering to consumers and Life Science customers developed positively, with both good consultant utilization and software sales.



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### PROCESS MANAGEMENT



	Q1 2014	Q1 2013	Full year 2013
Net sales SEK M	110,5	100,4	410,3
Growth	10%	4%	8%
EBITA SEK M	15,9	17,6	75,2
EBITA-margin	14,4%	17,5%	18,3%
Average number of employees	279	259	269

- Growth was due to stable demand and supplementary acquisitions carried out in 2013.
- Earnings for the quarter were impacted by extraordinary expenses for starting and promoting new projects, as well as weaker earnings from municipalities.



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### CONTENT MANAGEMENT



	Q1 2014	Q1 2013	Full year 2013
Net sales SEK M	37,7	40,7	152,4
Growth	Neg	Neg	Neg
EBITA SEK M	0,4	-1,0	-6,4 <sup>1)</sup>
EBITA-margin	1,1%	-2,5%	-4,2%
Average number of employees	149	173	169

<sup>1)</sup> Excluding one-time costs of MSEK -7,9 (0,0) for organizational changes.

- This is the first quarter since the fourth quarter of 2012 that the business area has a positive EBITA.
- Compared with the year-earlier period, the business area's offering in websites, intranet and e-commerce had weaker sales, but earnings were positively impacted by lower costs resulting from organizational changes that were implemented.
- The offering for telecom and voice-driven services had lower sales but stable earnings due to good cost control.





# AGREEMENT SIGNED – ACQUISITION OF SYMETRI

- Supplier of software for design and engineering and related consulting and training services.
- Strong market position - the largest Autodesk reseller to the British manufacturing and oil & gas industries.
- The business had sales in 2013 some SEK 80 M and 23 employees.
- Symetri becomes part of Cad-Q and Business Area Design Management. We will introduce our product portfolio, our service offerings and sales experience to global customers to the UK.
- UK is expected to be one of Europe's fastest growing economies during 2014.
- The acquisition is a so-called asset-transfer acquisition and we have signed an agreement to acquire Symetri's operation, certain contracts and to take over the employees.
- The acquisition is expected to be completed in May 2014 and will be paid in cash and the price is not expected to exceed SEK 30 M.



## SUMMARY

- 11% growth compared to Q1 2013.
- EBITA margin of 8.3% (7.7%).
- The proportion of recurring revenues increased to 47% (46%) of net sales
- Cash flow from operations of SEK 71.8 M.
- SEK 114 M in net cash.
- Good start for 2014.
- The Board's proposed dividend 2.25 (2.25) per share.
- UK acquisition opens up new geographic market for Cad-Q and Addnode Group.



ADDNODE GROUP

## QUESTIONS?

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ABOU

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ARKIVA

ADDNODE GROUP

CAD-Q

ADDNODE GROUP

CARTESIA

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DECERNO

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IDA INFRONT

ADDNODE GROUP

INFUSEIT

ADDNODE GROUP

JOINT COLLABORATION

ADDNODE GROUP

KARTENA

ADDNODE GROUP

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