

Market: OMXC Small Cap

Ticker: COLUM

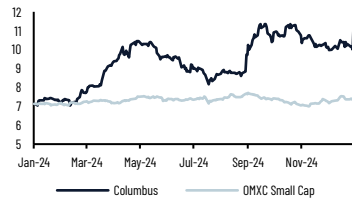
Share price (DKK): 11.15

Market cap (DKK): 1,441.4m

Net debt (DKK): 164.6m (Q3 2024)

Enterprise value (DKK): 1,606.0m

Share information



YTD: 11.0% 1 year: 54.0%
1 month: 10.4% 3 year: 17.1%

Note: We apply the closing price from 17 January 2025. Index rebased to 17 January 2024. Source: Capital IQ.

Financials

DKKm	2023	2024E*	2025E**
Revenue	1,540	1,659	1,775 - 1,808
Revenue growth	11%	8%	7-9%
EBITDA	117.5	152.0	177.5 - 217.0
EBITDA margin	8%	9%	10-12%
Net income	60.1	N/A	N/A
Net income margin	2%	N/A	N/A
Cash	38.3	N/A	N/A
Interest-bearing debt	237.0	N/A	N/A

Note: *Preliminary unaudited financial results for 2024. **Columbus' guidance for 2025 is based on organic growth (i.e. does not include currency effects and M&A).

Valuation multiples

	2023	2024E*	2025E**
P/S (x)	0.6	0.9	0.8
EV/Sales (x)	0.7	1.0	0.9
EV/EBITDA (x)	9.5	10.6	8.1
EV/EBIT (x)	18.6	N/A	N/A
P/E (x)	34.1	N/A	N/A
P/B (x)	1.3	N/A	N/A
P/CF (x)	11.9	N/A	N/A

Note: Multiples for 2023 are based on historical numbers. *Multiples for 2024E are based on preliminary unaudited financial results for 2024. **Multiples in 2025E are based on Columbus' guidance (midrange).

Company description

Columbus is a global IT services and consulting company, specializing in digital transformation with a focus on the manufacturing, retail & distribution, food & beverage, and life science industries. Headquartered in Denmark and with offices and partners across regions, Columbus advises, implements, and manages IT solutions within areas such as Cloud ERP, Digital Commerce, Data & AI, Customer Experience & Engagement, and Other Local Business.

Investment case

The investment case in Columbus is primarily driven by delivering on its growth strategy plan, 'New Heights', covering the period 2024-2026. The growth strategy includes the financial goals of growing the topline by 10% annually (CAGR) from 2024-2026 and achieving an EBITDA margin of 15% by the end of 2026. Growth is expected to be driven by expansion and investment in its service portfolio through M&A activities, an expansion to the life science industry, and an increase in customers with a broader range of services.

In 2024, Columbus continued its growth momentum, especially in the largest business line, Microsoft Dynamics (based on Q3 YTD results). Columbus' EBITDA margin was 9.2% based on the preliminary unaudited 2024 results, yet with a positive effect from the M3CS legal case. To improve profitability and reach its 2025 EBITDA margin guidance of 10-12%, Columbus has streamlined its organization with a special focus on the weakest-performing business lines.

Columbus trades at 10.6x EV/EBITDA (2024) based on its preliminary unaudited financial results for 2024. Columbus trades slightly below the selected peer group of Nordic IT consultancy companies, trading at an average of 11.5x EV/EBITDA (2024E). If delivering on its new 2025 EBITDA margin guidance (midrange), Columbus will trade at 8.1x EV/EBITDA (2025E) vs. the peer group average of 9.0x EV/EBITDA (2025E).

Key investment reasons

Columbus is well-positioned in the IT services sector, as the company solves key challenges for its clients within secular trends such as automation, reshoring, cybersecurity, and ESG compliance. Columbus' exposure to business-critical ERP solutions (Dynamics and M3) was also a key factor for its growth in 2024 despite general challenges across the IT service sector.

The ambitious financial targets until 2026, almost doubling the EBITDA margin from its 2023 level, are based on a well-documented plan. Columbus has also streamlined its organization in 2024, reducing its reliance on market conditions. Importantly, the target EBITDA margin of 15% does not seem unachievable when looking at other Nordic-listed IT consultancy firms.

A strategic review has been initiated to accelerate Columbus' growth strategy. This could potentially lead to a full acquisition of Columbus and thus potentially also a share price premium.

Key investment risks

Being a global IT consulting company with approx. 1,600 employees, growth is highly dependent on retaining and attracting new skilled employees across its business lines. As a result, there is a risk that Columbus can be challenged to deliver on its growth ambitions in a tight job market even though this has eased up slightly.

Another risk is an economic recession in Columbus' key markets, as Columbus' customers may postpone their IT projects. Despite recent resilience and continued high demand in Dynamics (Q3 YTD 2024 results), Columbus' Swedish business unit has been negatively impacted by unfavourable market conditions in 2024.

Columbus' major shareholder and chairman, Ib Kunøe, owns approx. 62% of the company's share capital. This implies that the free float and thus also share liquidity is relatively low. To that, Columbus could be delisted, depending on the outcome of its strategic review.

Peer group

Company	Price (local)	Total return YTD (%)	Market cap (EURm)	Latest net debt (EURm)			EV/Sales (x)			EV/EBITDA (x)		
				2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Bouvet ASA	NOK 79.70	4%	697.9	-4.9	2.0	1.9	1.7	12.8	12.3	11.5		
CombinedX AB	SEK 33.10	-5%	52.4	2.6	0.7	0.6	0.6	5.7	4.6	4.3		
Exsitec Holding AB	SEK 126.00	-13%	147.3	19.3	2.4	2.1	1.9	11.9	9.8	8.9		
Knowit AB	SEK 138.00	-2%	328.5	70.0	0.7	0.7	0.7	8.3	7.1	6.2		
Loihde Oyj	EUR 11.05	-8%	63.1	-0.3	0.5	0.4	0.4	6.3	5.2	4.5		
Netcompany Group A/S	DKK 335.60	-3%	2,121.6	326.1	2.8	2.5	2.3	15.7	13.4	11.8		
NNIT A/S	DKK 93.10	-5%	310.4	49.6	1.5	1.3	1.2	20.0	10.8	8.5		
Average (mean)		-4%	531.6	66.1	1.5	1.4	1.3	11.5	9.0	7.9		
Columbus A/S	DKK 11.15	11%	193.2	22.1	1.0	0.9	0.8	10.6	8.1	5.4		

Note: The table shows data and multiples for different Nordic IT consultancy companies. Most data is extracted from Capital IQ (19/01/2025). Columbus' estimates for 2026 are based on the financial targets in the new strategy plan (revenue CAGR of 10% and EBITDA margin end of 2026 of 15% where we apply 15% for the full year 2026). See more information on the next page. Source: HC Andersen Capital and Capital IQ.

Appendix: Peer group

Peer group: Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Capital IQ a credible source of information.

In our selection and evaluation of the peers to Columbus, we have focused on Nordic-listed companies with an IT consulting profile and not a software profile (i.e. low share of ARR).

Company	Price	Total return	Market cap	Latest net debt	Revenue growth (%)			EV/Sales (x)			EV/EBITDA (x)			EBITDA margin (%)		
	(local)	YTD (%)	(EURm)	(EURm)	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Bouvet ASA	NOK 79.70	4%	697.9	-4.9	10.8%	7.8%	9.7%	2.0	1.9	1.7	12.8	12.3	11.5	16.0%	15.3%	14.9%
CombinedX AB	SEK 33.10	-5%	52.4	2.6	26.9%	3.5%	4.2%	0.7	0.6	0.6	5.7	4.6	4.3	11.4%	13.7%	14.0%
Exsitec Holding AB	SEK 126.00	-13%	147.3	19.3	8.8%	11.4%	9.1%	2.4	2.1	1.9	11.9	9.8	8.9	19.7%	21.3%	21.6%
Knowit AB	SEK 138.00	-2%	328.5	70.0	-9.2%	-1.2%	6.0%	0.7	0.7	0.7	8.3	7.1	6.2	8.6%	10.1%	11.0%
Loihde Oyj	EUR 11.05	-8%	63.1	-0.3	3.0%	3.5%	3.8%	0.5	0.4	0.4	6.3	5.2	4.5	7.4%	8.6%	9.6%
Netcompany Group A/S	DKK 335.60	-3%	2,121.6	326.1	8.5%	10.3%	9.8%	2.8	2.5	2.3	15.7	13.4	11.8	17.6%	18.7%	19.3%
NNIT A/S	DKK 93.10	-5%	310.4	49.6	7.3%	10.4%	11.4%	1.5	1.3	1.2	20.0	10.8	8.5	7.2%	12.1%	13.9%
Average (mean)		-4%	531.6	66.1	8.0%	6.5%	7.7%	1.5	1.4	1.3	11.5	9.0	7.9	12.6%	14.3%	14.9%
Median		-5%	310.4	19.3	8.5%	7.8%	9.1%	1.5	1.3	1.2	11.9	9.8	8.5	11.4%	13.7%	14.0%
Columbus A/S	DKK 11.15	11%	193.2	22.1	7.7%	8.0%	10.0%	1.0	0.9	0.8	10.6	8.1	5.4	9.2%	11.0%	15.0%

Note: The table shows data and multiples for different Nordic IT consultancy companies. Most data is extracted from Capital IQ (19/01/2025). Columbus' estimates for 2025 are based on guidance midrange, and 2026 estimates are based on the financial targets in the new strategy plan (revenue CAGR of 10% and EBITDA margin end of 2026 of 15% where we apply 15% for the full year 2026). Source: HC Andersen Capital, Capital IQ, and company reports.

Overview of the selected Nordic IT and consultancy companies in the peer group:

Bouvet is a Norwegian IT and digital communication consultancy company with more than 2,300 employees, 17 offices in Norway, and 3 in Sweden by the end of March 2024. The company is closely comparable with Columbus when looking at the IT consultancy nature. Revenue from private businesses constitutes approx. 60% i.e. revenue from the public sector constitutes approx. 40%. The company's biggest customer segment is oil & gas, power supply, and public administration.

CombinedX is a Swedish IT consultancy company with approximately 600 employees, specialized in the digital transformation. One of the company's business segments is within CRM, where the company helps improve the customer journey, from marketing and sales to service and customer care based on solutions and services with Microsoft Dynamics 365 as a platform together with customer-specific add-ons. Earlier in 2024, CombinedX also acquired M3CS, the M3-focused IT consulting firm, that Columbus settled a legal case with (Columbus received SEK 44.8m from the settlement with M3CS).

Exsitec Holding is a Swedish IT consultancy company with more than 600 employees and over 20 offices in Sweden, Norway, and Denmark. The company helps medium-sized companies to be more efficient with digital solutions, integrating with their business. In 2023, consultancy revenue constituted slightly more than 2/3 of the company's total revenue. Revenue from software constitutes about 19% of the total revenue, and support & infrastructure services constitute approx. 10% of the total revenue.

KnowIT is a Swedish IT consultancy with over 4,000 employees and activities across the Nordics and in Poland. KnowIT generates just under 50% of its revenues in Sweden with Norway being its second-largest market, followed by Denmark and Finland. KnowIT runs a consultancy business model and has strong partnerships with Microsoft and AWS to deliver solutions for clients built on its partners' technology. The company has a roughly 60/40 split of private/public sector activities.

Loihde is a Finnish IT services company with approximately 900 employees and offices in Finland and Sweden. The company helps organizations across various industries achieve their strategic goals through digital transformation, data management, analytics, and cybersecurity solutions. Approx. 2/3 of the revenue is from security services. A newer strategy involves cloud and AI-based digital consultancy to target finance, healthcare, manufacturing, and energy industries.

Netcompany* is a large Danish IT services company specializing in next-generation IT projects with over 8,200 employees in over 10 countries. It has a strong position in Denmark, particularly within the public sector, and is expanding its reach in Europe, where it focuses on large-scale public and private sector projects. Netcompany operates a consultancy business model with around 1% of revenues from licensing. Netcompany generates +45% of revenues from Denmark and more than 65% of revenues from the public sector. As a Danish-listed consultancy company, we have included the company in the peer group.

NNIT is a Danish IT services company with more than 1,700 employees in Europe, Asia, and the USA. NNIT focuses on two business units, Life Science Solutions and Cloud & Digital Solutions. The company's consultancy-based business model delivers specialized digital solutions to Life Science clients, while delivering solutions based on the Microsoft Ecosystem in its Cloud & Digital Solutions business unit. As a Danish-listed consultancy company, we have included the company in the peer group.

Note: *HC Andersen Capital receives payment from Netcompany for a Digital IR/Corporate Visibility subscription agreement.