### **IIIIKARNOV** GROUP

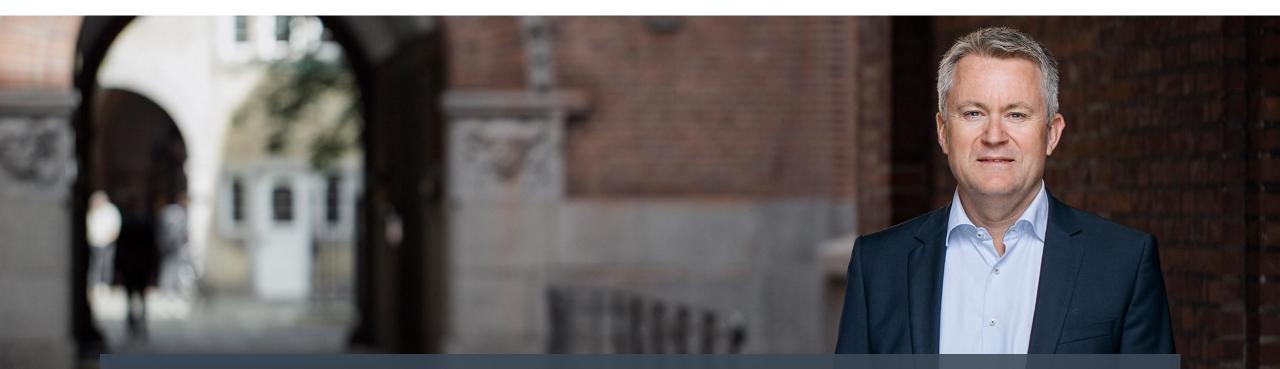


# Second quarter 2019

Flemming Breinholt, CEO and Dora Brink Clausen, CFO | 29 August 2019

Q2 2019 PRESENTATION

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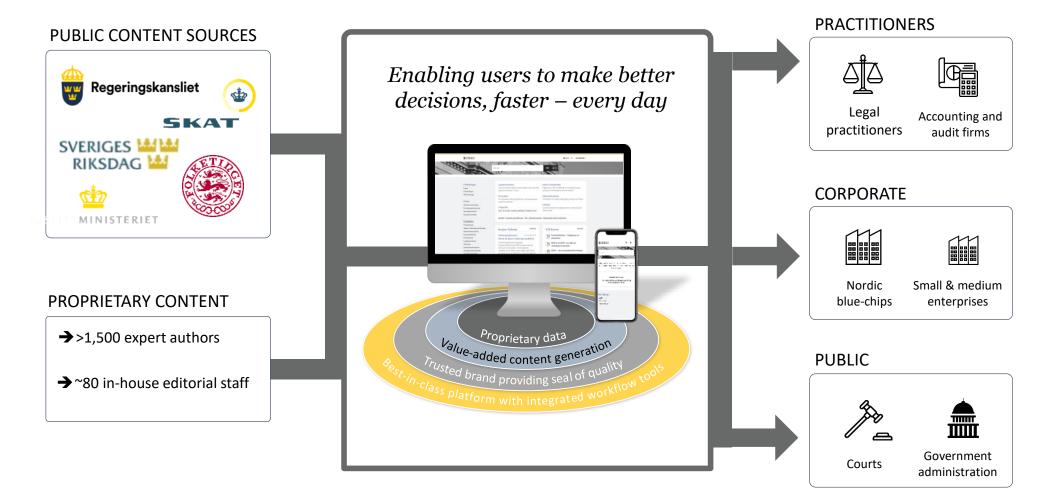


Q2 highlights and operational update *Flemming Breinholt* 



# Karnov – The leading B2B platform

For legal and tax professionals in Denmark and Sweden



# Q2 business highlights

### Preparations for the roll-out of new joint offering



Karnov Groups executive management team

#### **Key comments**

- Preparations for the roll-out of JUNO, the new common platform for Norstedts Juridik and Karnov Group Sweden
- > Customer satisfaction remains high
- The Karnov share listed on Nasdaq Stockholm on 11 April (ticker "KAR")
- IPO over-subscribed and new financing agreement enabling greater financial flexibility



# Q2 financial highlights

### Steady growth with continued higher margin





# Continued strong performance in Denmark



#### Key comments

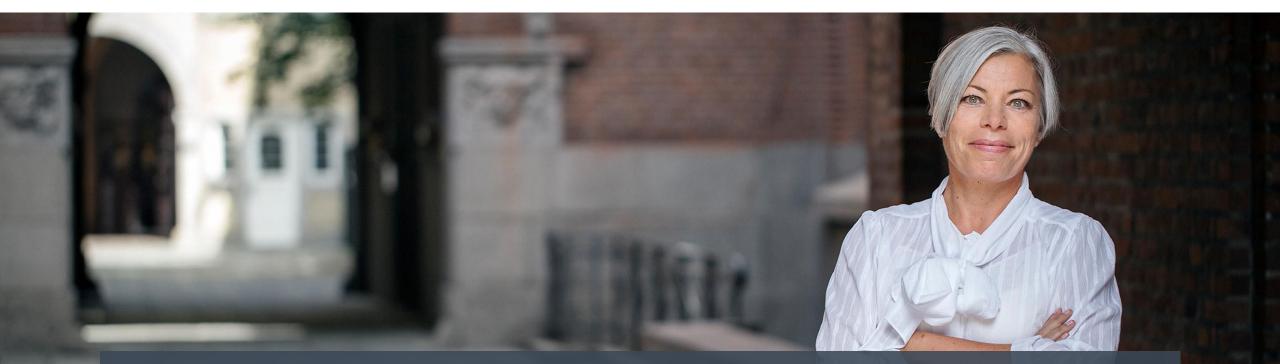
- > 6% net sales growth
- > 2% increase in adjusted EBITA
- > Strong upselling to existing customers
- Tax advisor offering supplemented with 5,000 Q&As and 450 appendices

## Start of roll-out of Juno in Sweden



#### **Key comments**

- One organisation operating from 1 May
- Over 250,000 documents migrated to JUNO from the separate platforms of Norstedts Juridik and Karnov Group Sweden
- > "Teaser campaign" for JUNO in June
- > Extensive product testing during summer
- Onboarding of customers for JUNO started
- 26% growth in adjusted EBITA and 5 pp improvment in adjusted EBITA margin



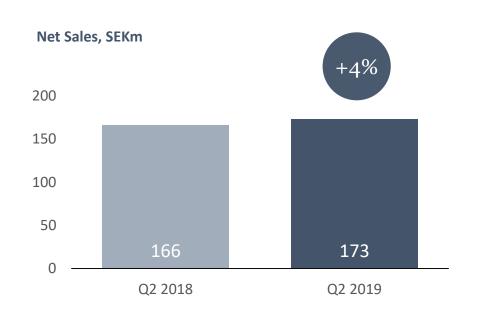
Financial development Dora Brink Clausen

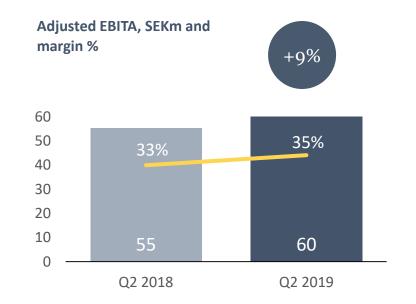


# Stable sales growth with improved profitability

4% sales growth and 9% adjusted EBITA growth

GROUP





# Steady sales growth

### In both segments

#### GROUP



#### Key comments

- > Steady net sales growth of 4.4%
- Q2 normally weakest quarter due to seasonality in non-subscription sales
- > Organic growth of 3% in line with expectations
- Organic growth driven by online sales, partly offset by a decline in offline books
- > Both DK and SE contributed to higher sales
- > Currency effect added 1.4%

# Continued profitability improvement

### Seasonality in Q2 margins

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#### Adjusted EBITA and margin, SEKm and %

#### Key comments

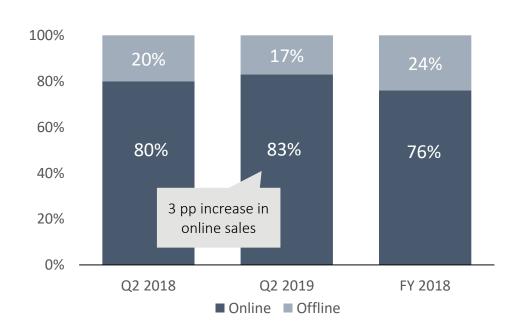
- Continued margin improvement with 9% growth in adjusted EBITA
- Improvements due to higher sales, better product mix and good cost control
- Improvements partly offset by higher amortisation due to finalised development projects and implementation of IFRS 16

# Continued focus on driving online-based sales

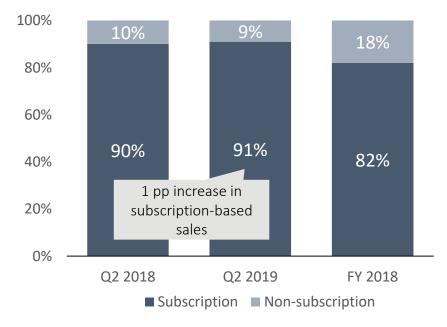
### Increased share of subscription-based and online sales

#### GROUP

Sales split online/offline, %



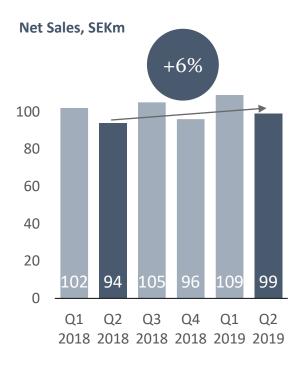
#### Sales split subscription/non-subscription, %





# Continued strong performance in Denmark

#### DENMARK



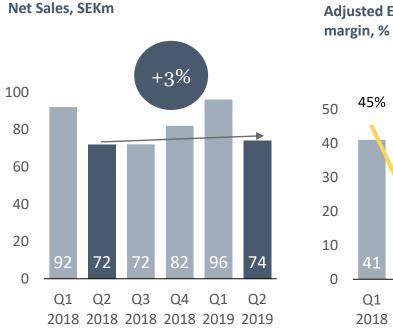


#### Key comments

- > 6% net sales growth
- > 3% organic growth in line with expectations
- > Currency effect added 3%
- > Sales driven by upselling to existing customers
- Improvement in adjusted EBITA with stable high margin

# Significant profit improvement in Sweden

#### **SWEDEN**





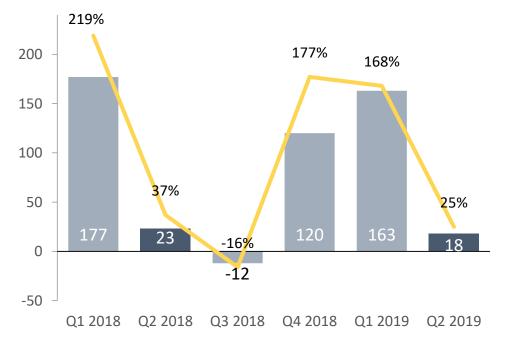
#### Key comments

- > Net sales growth of 3%
- > Sales driven by both existing and new customers
- Expected fluctuations in sales due to seasonal effects
- Adjusted EBITA growth of 26% and adjusted margin up 5 pp
- Profit improvement driven by to higher sales, better product mix and good cost control

# Expected cash conversion development

#### GROUP

Adj. operating cash flow, SEKm and cash conversion, %



#### Key comments

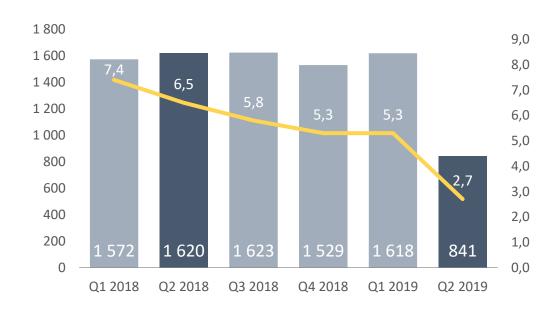
- > Q2 cash conversion as expected
- > Seasonality in adj. operating cash flow
- Change of processes in Norstedts Juridik with positive impact on cash generation from higher invoicing in first part of 2018

## New capital structure following IPO

### New financing agreement in place

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Net debt, SEK m, and leverage, times



#### Key comments

- > Net proceeds of SEK 670 m from IPO
- SEK 206 m in loans from related parties converted into shares
- > Remaining loans from related parties repaid
- > New financing agreement with better terms
- Net debt cut by half to SEK 841 m
- > Leverage ratio at 2.7 times adjusted EBITDA
- Lower interest expense to external loans going forward; estimated to less than SEK 20 m/year

# Performing in line with financial targets

### Growth

Annual organic net sales growth of 3-5% in the medium term, supplemented by selective acquisitions.



### Profitability

A higher adjusted EBITA margin in the medium term.



### Capital structure

Net debt to adjusted EBITDA of no more than 3.0. This level may temporarily be exceeded, for example as a result of acquisitions.





### Summary of first six months

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### H1 as communicated at listing

- Organic growth of 3%
- Adjusted EBITA margin up 1.9 pp
- Leverage below 3x

### JUNO ready to be rolled out in H2

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Continued strong customer satisfaction in both DK and SE

### Solid capital structure created

Good conditions to grow business further

**IIIKARNOV GROUP** 

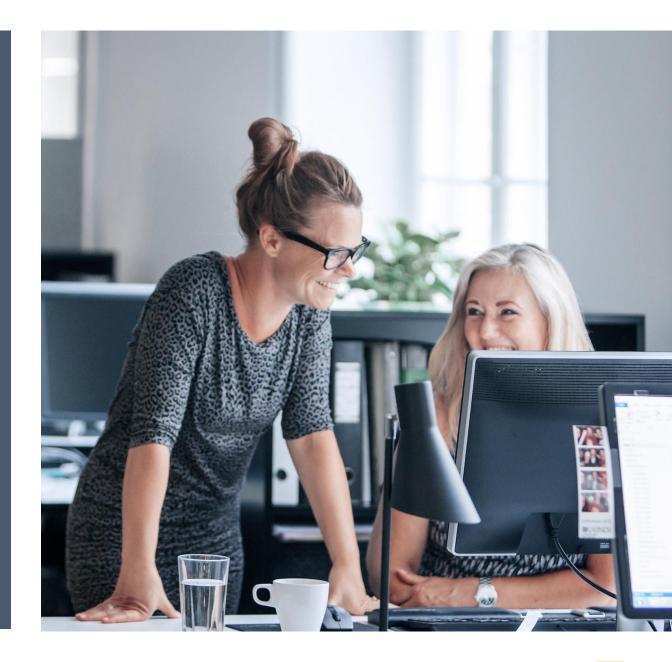
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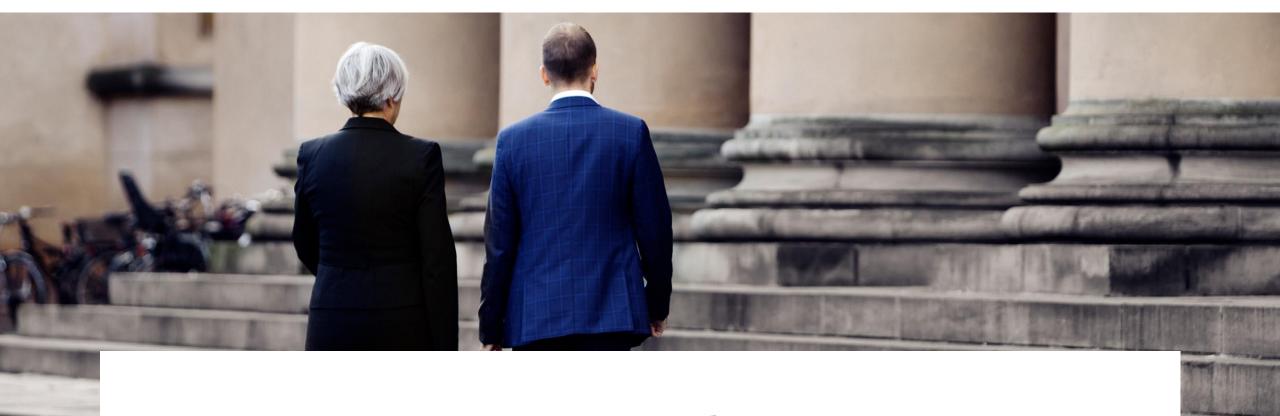
### Better decisions, faster

Find what you need, trust what you find and do it quickly.

For more information visit www.karnovgroup.com/en/section/investors/







# Appendix

## Key ratios per quarter

#### Key ratios per quarter

	Q2	Q1	Q4	Q3	Q2
TSEK	2019	2019	2018	2018	2018
Net sales	173.440	204.931	178.817	176.175	166.124
Organic growth, %	3,0%	3,2%	0,8%	4,8%	5,5%
EBITA	30.458	67.501	36.529	60.194	44.905
EBITA margin, %	17,6%	32,9%	20,4%	34,2%	27,0%
Adjusted EBITA	60.123	85.331	60.642	69.632	55.260
Adjusted EBITA margin, %	34,7%	41,6%	33,9%	39,5%	33,3%
Net result	-44.303	7.852	-15.261	6.540	-17.020
Adjusted cash flow from operating activities	18.097	163.384	120.397	-12.152	22.774



# **Items Affecting Comparability**

Items affecting comparability	Q2		Jan-Jun		Jan-Dec
TSEK	2019	2018	2019	2018	2018
Acquisition costs	-	-	-	20.965	20.965
Integration costs	6.566	-	10.051	4.490	12.042
IPO costs	23.099	10.355	37.444	15.617	38.668
Other	-	-	-	4.238	7.204
Total	29.665	10.355	47.495	45.310	78.879



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