

# First quarter 2020

# Q1

Flemming Breinholt, CEO and Dora Brink Clausen, CFO | 5 May 2020

A man with grey hair, wearing a dark blue suit jacket over a light blue shirt, stands in front of a brick building with arches. The background is slightly blurred, showing a courtyard area with other people in the distance.

# Q1 highlights and operational update

## *Flemming Breinholt*



# Financial highlights

Good start, small impact from Covid-19

+3%

Net sales

+2%

Organic growth

41.6 %

Adjusted EBITA  
margin

2.3

Leverage

# Operational highlights

New investments in line with growth strategy



## Key comments

- › Karnov Group has provided regulatory information related to the Covid-19 pandemic, both in Sweden and Denmark.
- › Expanded the business with three new investments
- › Strengthened the management team with new local CEOs for Norstedts Juridik and Karnov Group Denmark



# Investments

1

## Ante ApS

- Technology bolt-on
- New technologies expected to be integrated
- Additional relevance and efficiency

2

## LEXNordics AB

- Vertical expansion
- Legal practice management solution
- Offering more value to our customers

3

## Karnov Group Norway AS

- Geographic expansion to Norway
- Platform in collaboration with Lovdata
- Market launch in second half of 2021

# Increased focus on future growth in Denmark



## Key comments to Q1

- 2% organic growth in Q1 – according to expectations
- Intensified work on providing new solutions to support future growth – first initiatives will be launched in second half of 2020
- New case-preparation tool now up and running with approx. 200 active users
- Local CEO for Karnov Group Denmark



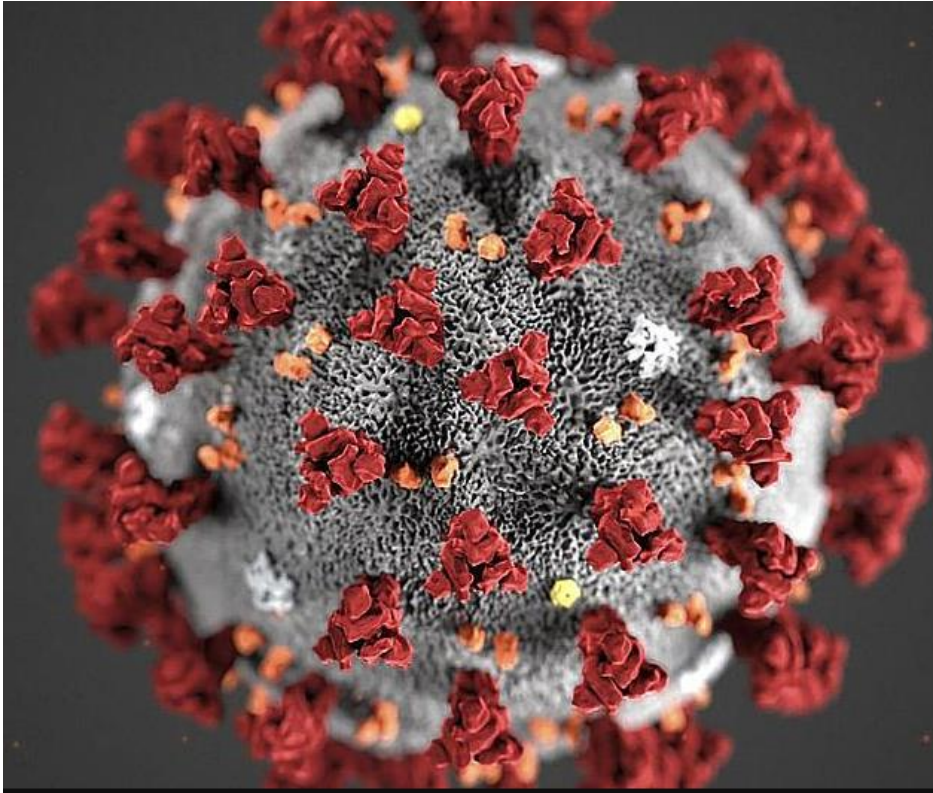
# Good start of the year in Sweden



## Key comments to Q1

- 3% organic growth driven by good online sales and upselling to existing customers
- The Swedish Law Book was published as usual in Q1 and is still seen by customers as an important tool
- Continued integrating enhancements to JUNO based on feedback from users

# Covid-19



## Key comments on the Covid-19 pandemic

- Focus on our employees' wellbeing and safety
- Special Covid-19 information section with high traffic
- No governmental support to Karnov; still proposing dividend





# Financial development

## *Dora Brink Clausen*

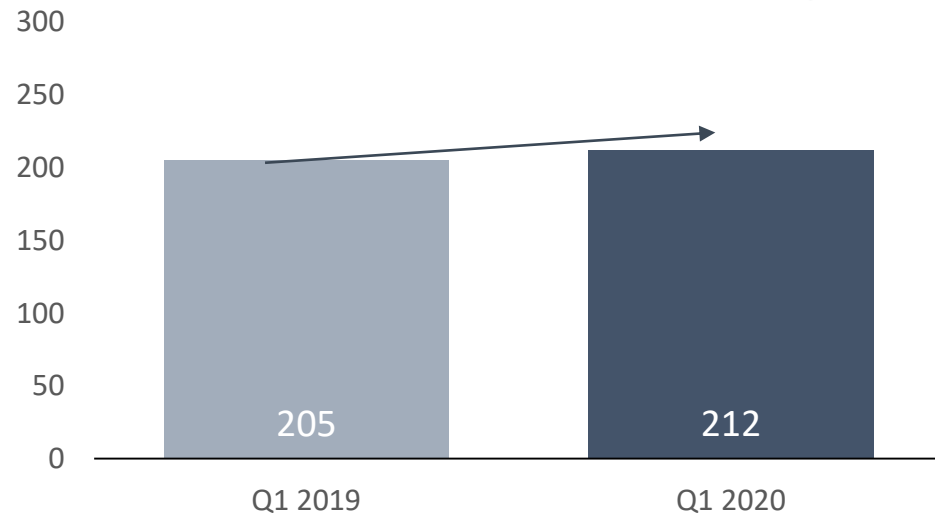
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# Still growing despite Covid-19 pandemic

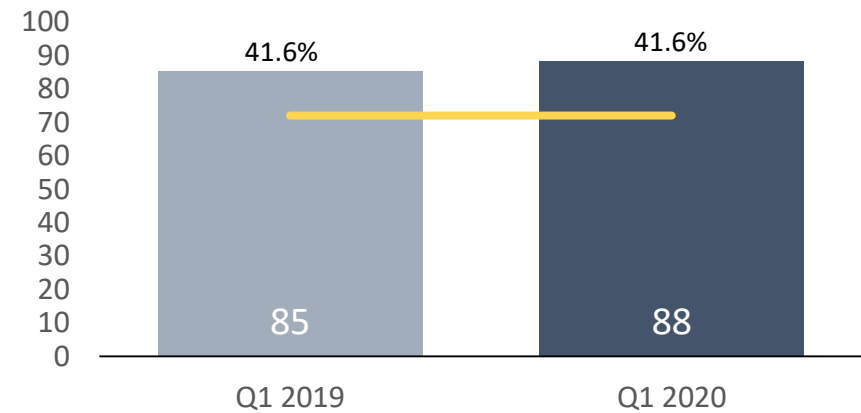
.... with high stable margin

## GROUP

Net Sales, SEKm



Adjusted EBITA, SEKm and margin %



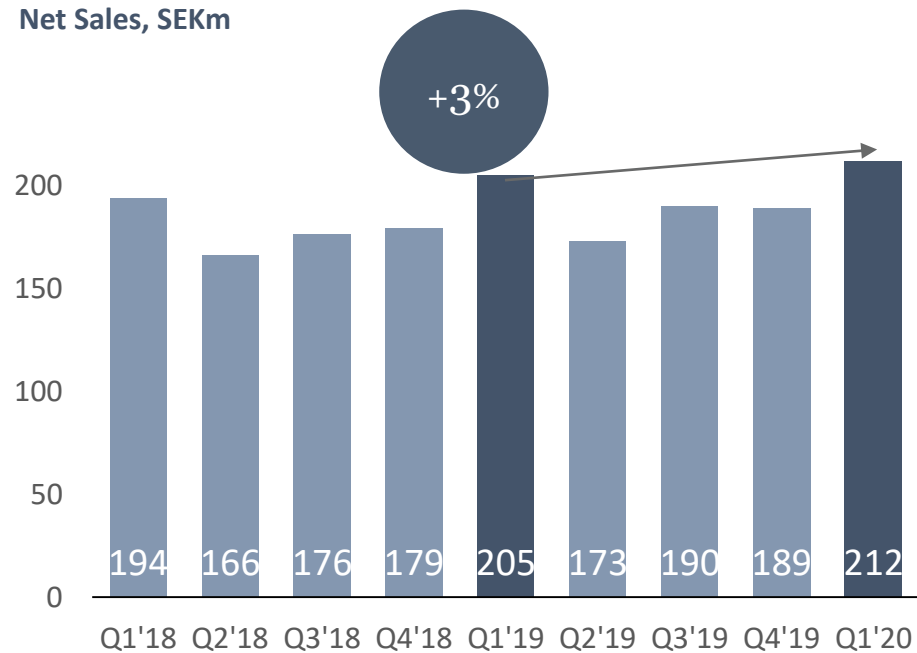


# Continued steady sales growth

... due to strong online performance

## GROUP

Net Sales, SEKm



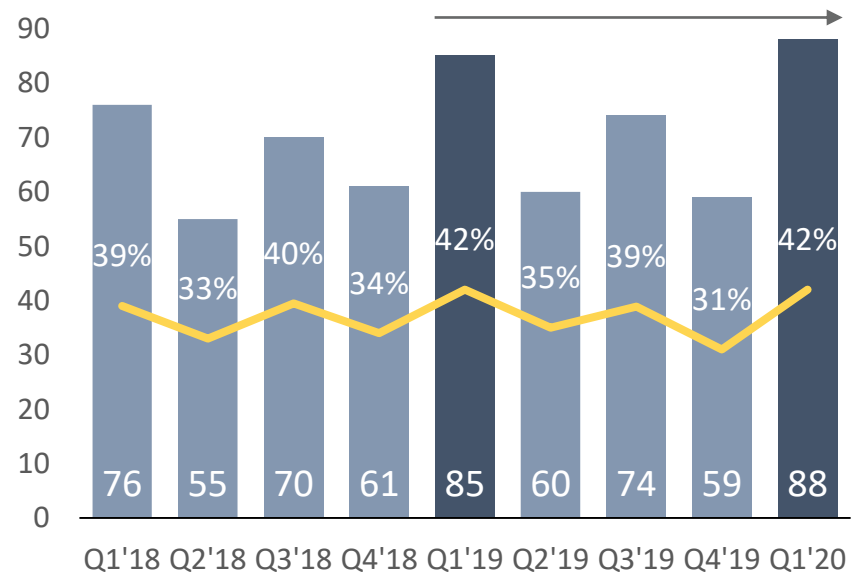
### Key comments

- Net sales growth of 3.4% of which organic growth was 2.3% and currency effects was 1.1%
- Covid-19 impact approx. 1 percentage point on overall sales
- Online sales steady growth primarily due to upselling to existing customers
- Both DK and SE contributed to higher sales

# High stable margin

## GROUP

Adjusted EBITA and margin, SEKm and %



### Key comments

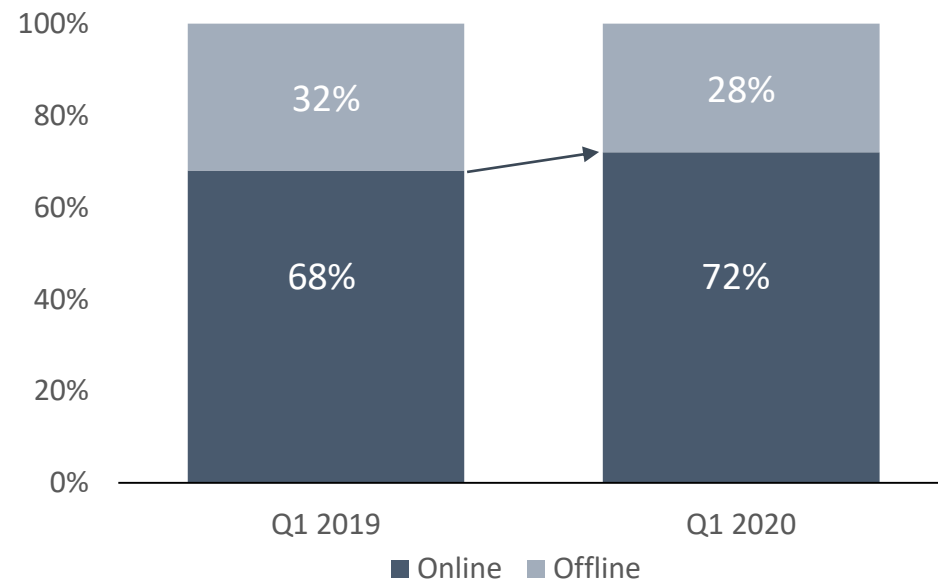
- Adjusted EBITA improved by 4 percent to SEK 88 m (85)
- Adjusted EBITA margin unchanged at 41.6 %, despite personnel expenses back to normal level of split between maintenance and capitalisation



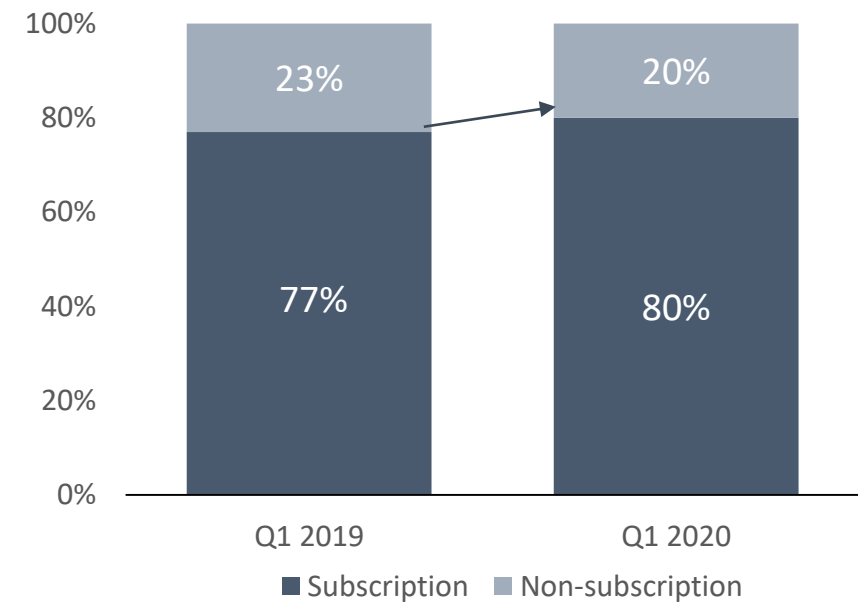
# Online & Subscriptions growing

## SALES SPLIT

Sales split online/offline, %



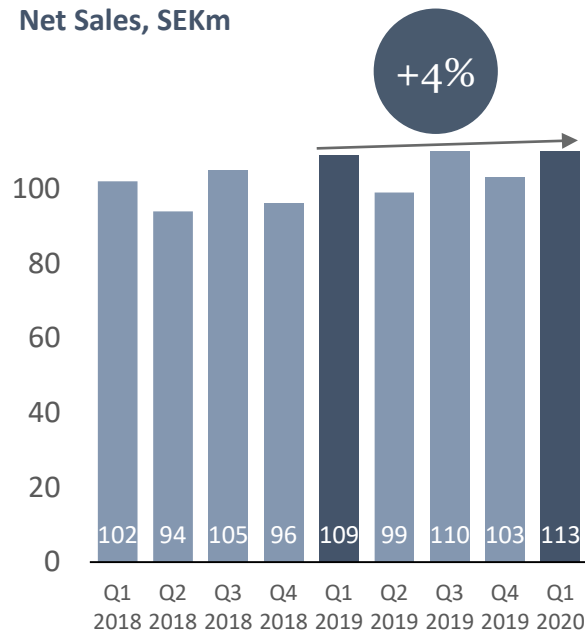
Sales split subscription/non-subscription, %



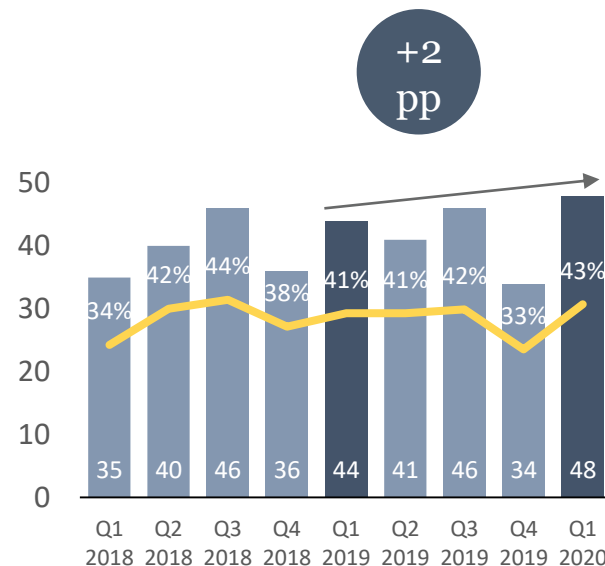
# Strong result in Denmark

## DENMARK

Net Sales, SEKm



Adjusted EBITA, SEKm and %



### Key comments

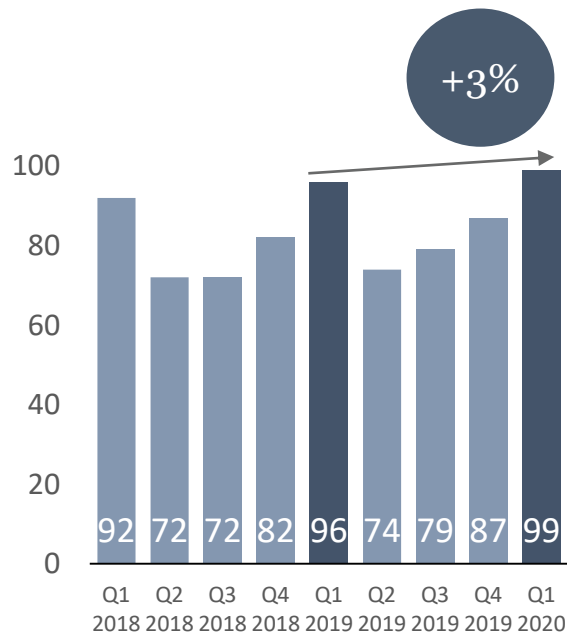
- Adjusted EBITA up 8% and margin 2pp due to higher sales, good product mix and good cost control
- 3.7% net sales growth of which 1.5% is organic growth while currency effects added 2.2%
- Covid-19 pandemic had a small impact on the offline sales, as the bookstores in Denmark have been closed during most of March



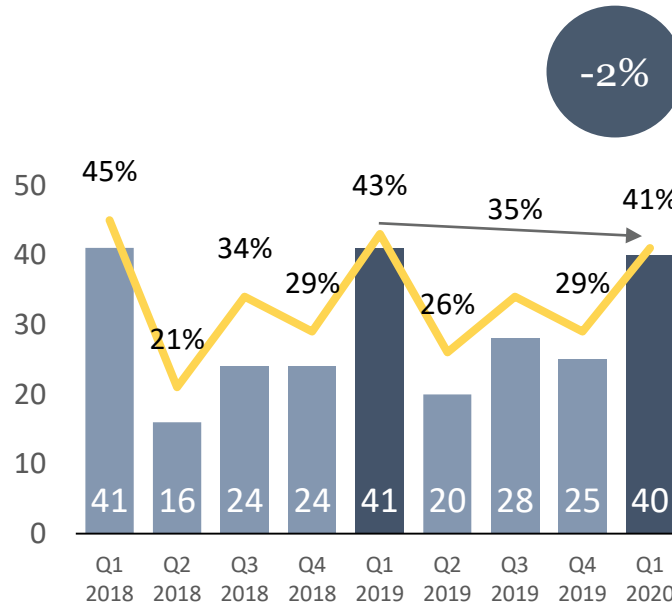
# Continued strong performance in Sweden

## SWEDEN

Net Sales, SEKm



Adjusted EBITA, SEKm and margin, %



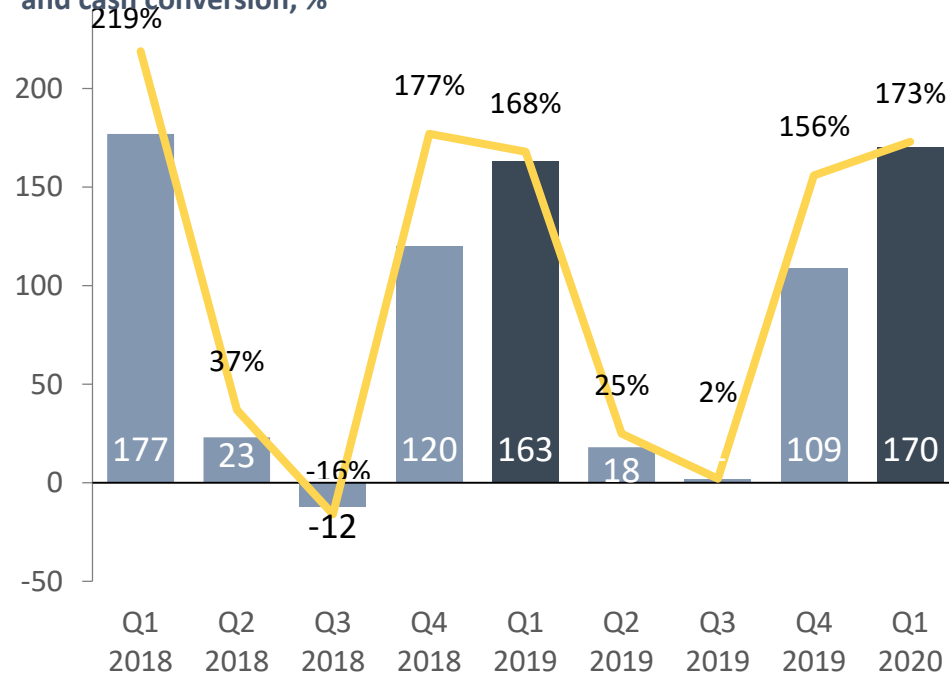
### Key comments

- 3% organic growth driven by good online sales, upselling to existing customers and sales of new products
- Offline sales declined both due to long-term trend and Covid-19
- Adjusted EBITA & margin declined due to higher personnel expenses as we are back to normal level of split between maintenance and development as well as to higher consultancy costs

# Strong cash conversion

## GROUP

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



### Key comments

- Adjusted operating cash flow increased 4 %
- Cash conversion rate up to 173 % from 168% in Q1'19
- Leverage at 2.3, in line with financial target

# Summary of the first quarter

1

## Good start to the year

- Sales up 4%
- Adjusted EBITA Margin steady at 41.6%
- Leverage well below 3x

2

Three new investments incl.  
geographic expansion to Norway

3

New local CEOs in Sweden and  
Denmark – even more focus on our  
growth

4

Special Covid-19 information section  
with high traffic



# Q&A

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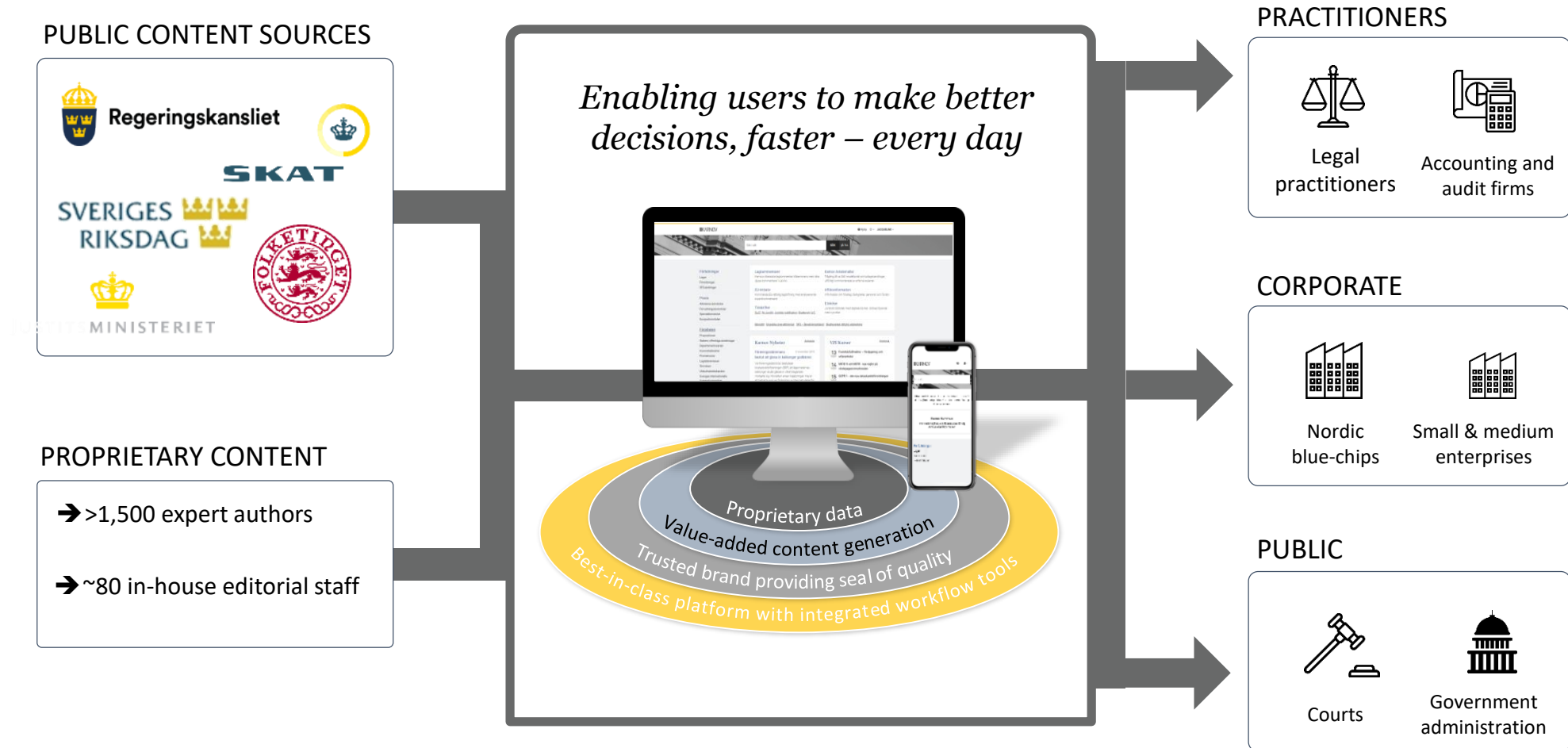


# Appendix

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# Karnov – The leading B2B platform

For legal and tax professionals in Denmark and Sweden





# Key ratios per quarter

## Key ratios per quarter

	Q1	Q4	Q3	Q2	Q1
TSEK	2020	2019	2019	2019	2019
Net sales	211.961	189.183	189.533	173.440	204.931
Organic growth, %	2,3%	4,1%	5,8%	3,0%	3,2%
EBITA	88.218	38.912	69.106	30.458	67.501
EBITA margin, %	41,6%	20,6%	36,5%	17,6%	32,9%
Adjusted EBITA	88.218	59.422	73.756	60.123	85.331
Adjusted EBITA margin, %	41,6%	31,4%	38,9%	34,7%	41,6%
Net result	29.084	7.838	32.093	-44.303	7.852
Adjusted cash flow from operating activities	170.348	109.459	1.936	18.097	163.384

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