

Q4 2018 Presentation

CEO Torgrim Takle | CFO Jon Birger Syversen, 12 Feb 2019

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Unique Business Model

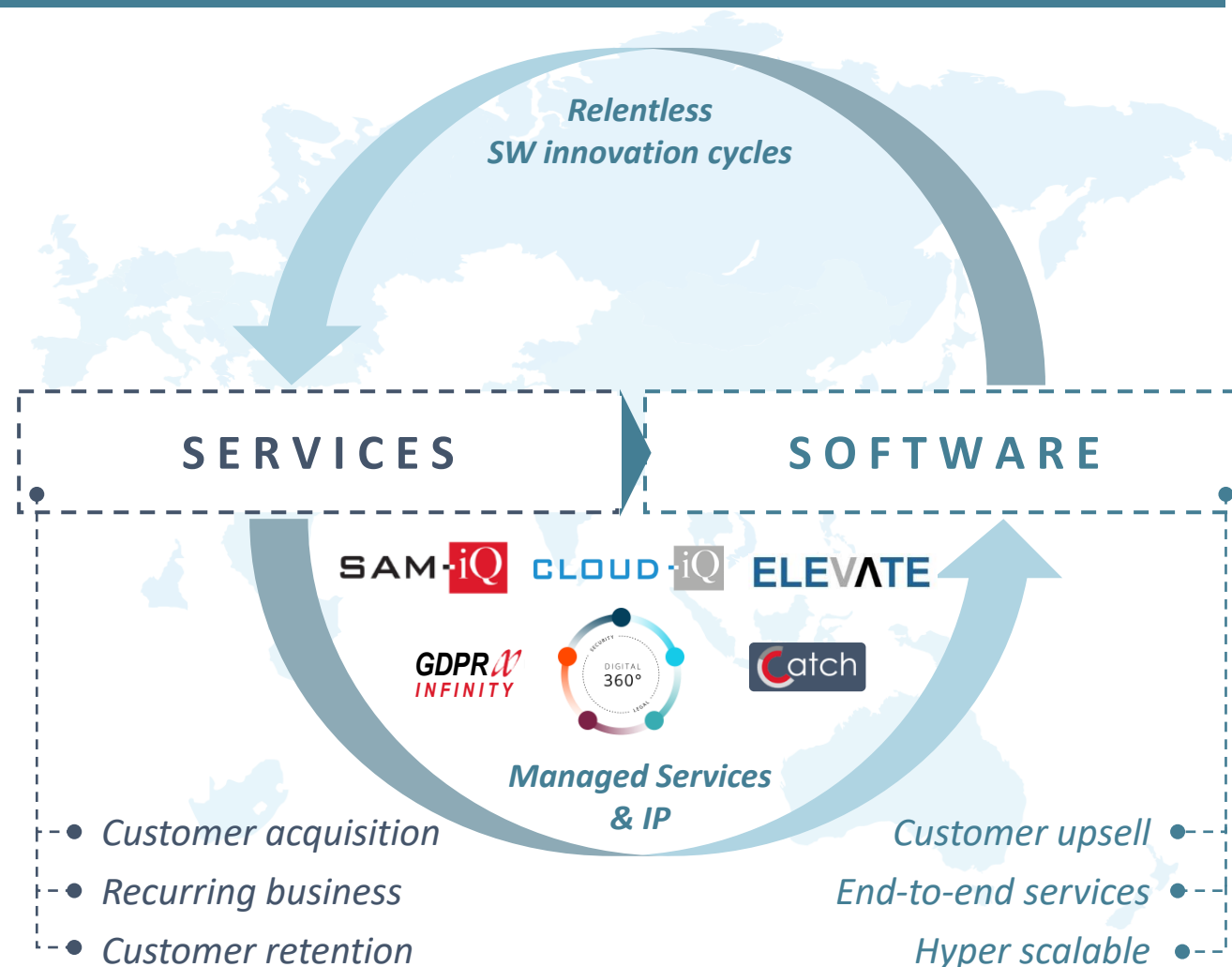
Customers' key challenges within IT

 Crayon | Business Model



How to optimize SW spending?

Costs Business Value
Procurement & Deployment



Business Update

Q4 2018 | CEO Torgrim Takle




Q4 2018 Highlights

1 RECORD FINANCIAL QUARTER & FY 2018

2 STRONG BUSINESS FUNDAMENTALS

3 BUSINESS MODEL SCALABILITY

4 COMMERCIAL MOMENTUM IN US

A background image for the quote featuring a stylized brain in the center, surrounded by a complex network of blue circuitry lines and dots, suggesting a connection between human thought and technology.

“.....we're in the very, very early innings of essentially this new cloud growth and there's only going to be increasing demand as there's more digitization of every city, every factory, every hospital and so on. So I think we have a long way to go to still fill up”

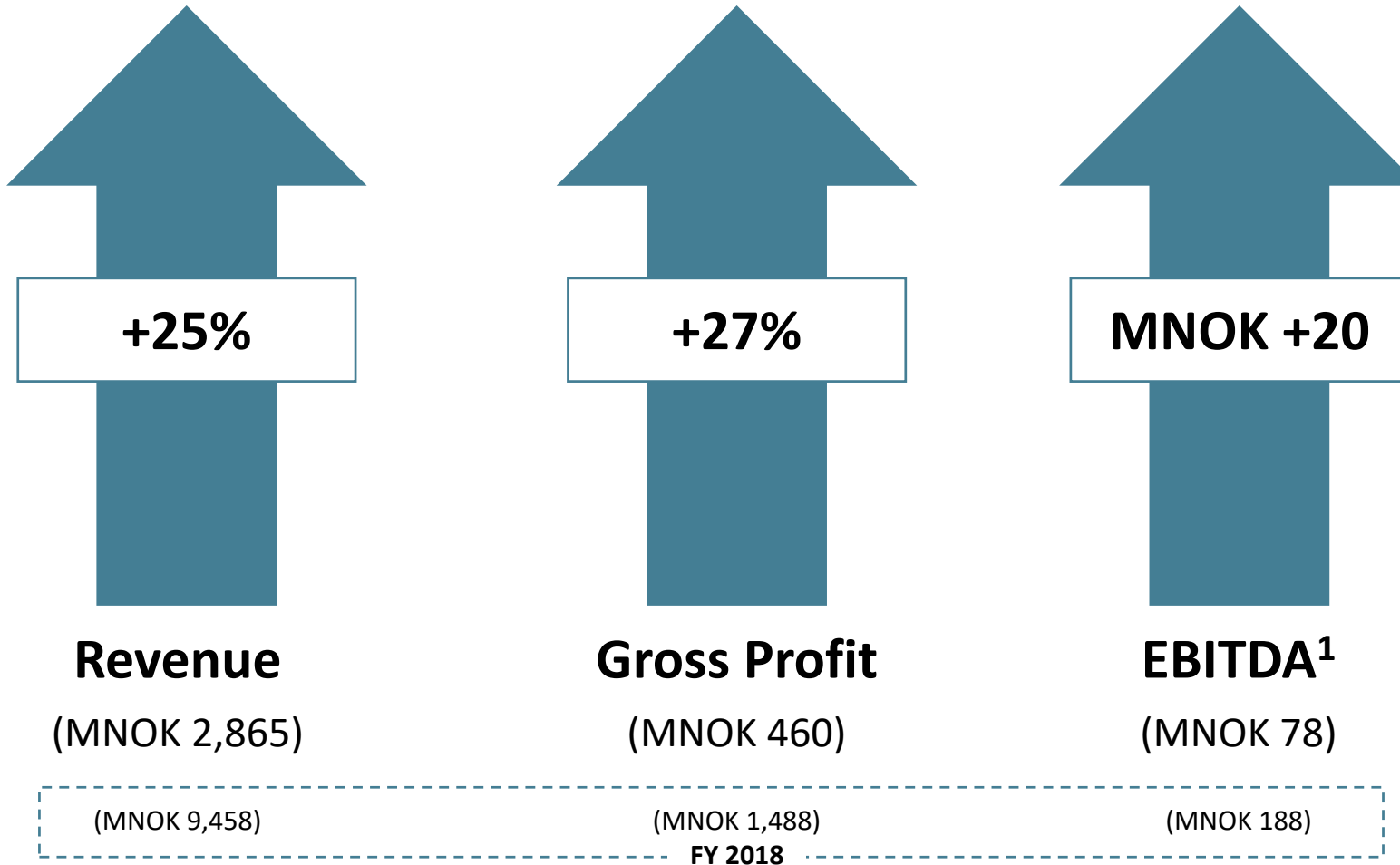
Satya Nadella, CEO Microsoft

31 January, 2019

Record Financial Quarter & FY



Compared to corresponding period last year



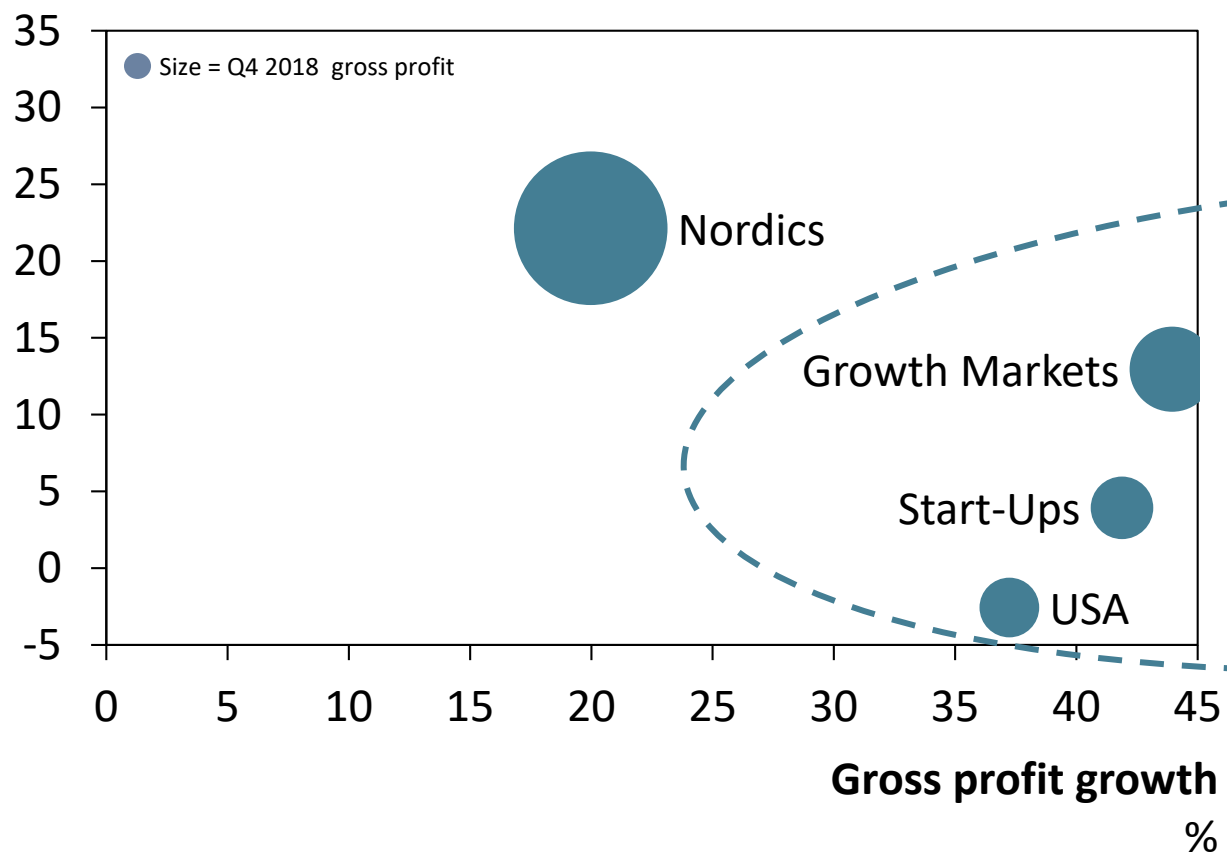
¹ Adjusted EBITDA – EBITDA adjusted for share based compensation and other one-off income and expenses

Strong Performance Across Markets

Compared to corresponding period last year

EBITDA improvement

NOK millions



Non-Nordic markets combined

Gross profit: +43%



EBITDA: MNOK +14



Q4 Results Supported by Strong Business Fundamentals



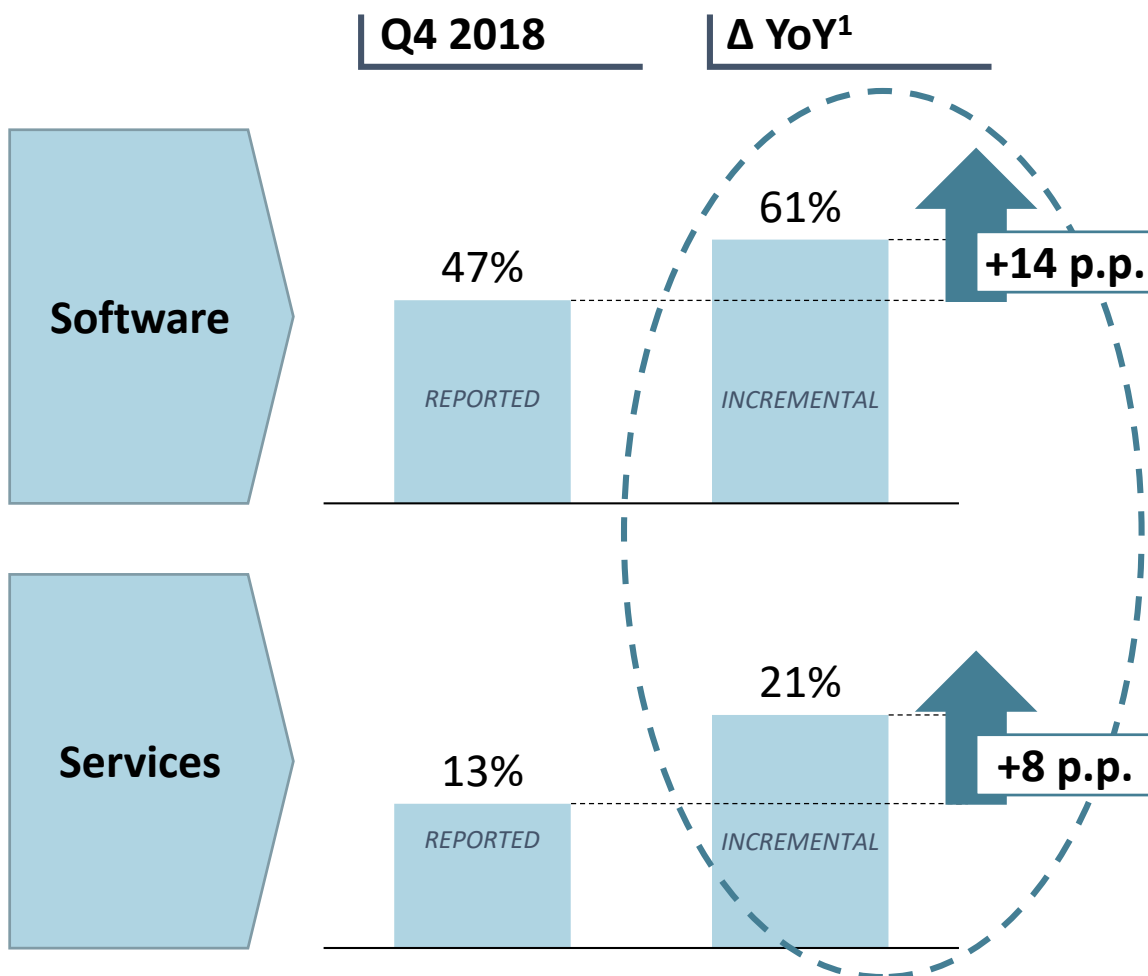
	SW Direct		SW Indirect (channel)		SAM		Consulting	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Gross profit growth ¹	+28%	+8%	+34%	+16%	+18%	+4%	+29%	+9%
EBITDA margin ²	48%	47%	41%	27%	10%	10%	16%	13%
Significant client wins								
Q4 drivers and outlook	<ul style="list-style-type: none"> • Strong win-rate in key markets • Vendor price increases to customers • Product mix shift (cloud & new vendors) 		<ul style="list-style-type: none"> • Strong partner/ISV recruitment (+190) • Increasing ARPU (up-sell through own Support Desk & Technical Advisory Team) 		<ul style="list-style-type: none"> • Strong growth in Cloud Economics & optimization services for SAP, Oracle and IBM • SAM-iQ subscription growth (+170%) 		<ul style="list-style-type: none"> • Improved utilization & hourly rates • Strong growth in Cloud Adoption & AI/ML services 	

¹ Gross profit growth Year over Year ("YoY")

² EBITDA as a percentage of gross profit

Business Model Scalability Manifested in Q4 2018

EBITDA margin, Q4 2018; Percent of gross profit



Scalability drivers

- Cloud conversion & subscription models
- Automated processes (systems & tools)
- Stable & predictable vendor incentives
- Pricing models
- IP penetration (bespoke products/services)
- Labor arbitrage (offshore delivery models)

¹ EBITDA margin on year-over-year (YoY) incremental business in Q4 2018 compared to same quarter the previous year = $(\Delta \text{EBITDA}) / (\Delta \text{gross profit})$

Strong Momentum in US, Scaling For Profitability



Commercial momentum

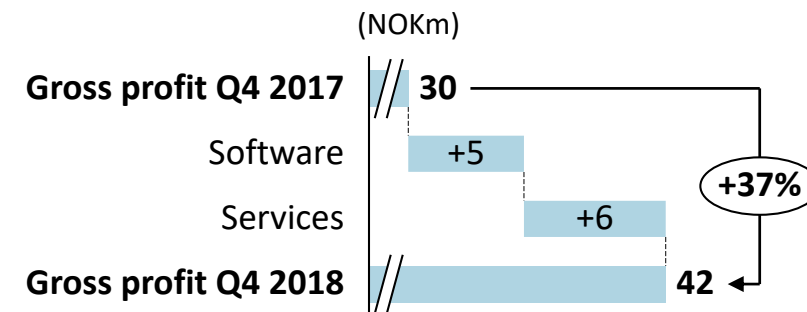
- Unparalleled market opportunity
- Strong commercial momentum
- ~500 new customers year-over-year in 2018

Technology enablement & partnerships

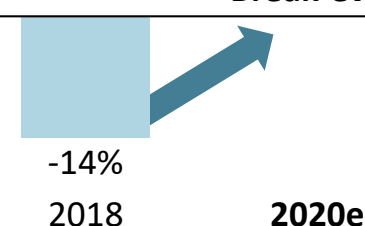
- Strengthened key vendor relationships
- AI Competency Partner of Box (with dedicated collaboration practice)
- Technical cloud capabilities

Outlook & plan

- Invest in growth to capitalize on the current strong commercial momentum:
 - AI Centre of Excellence
 - Cloud Economics practice
 - Collaboration practice



EBITDA margin Break-even



Financial Review

Q4 2018 | CFO Jon Birger Syvertsen

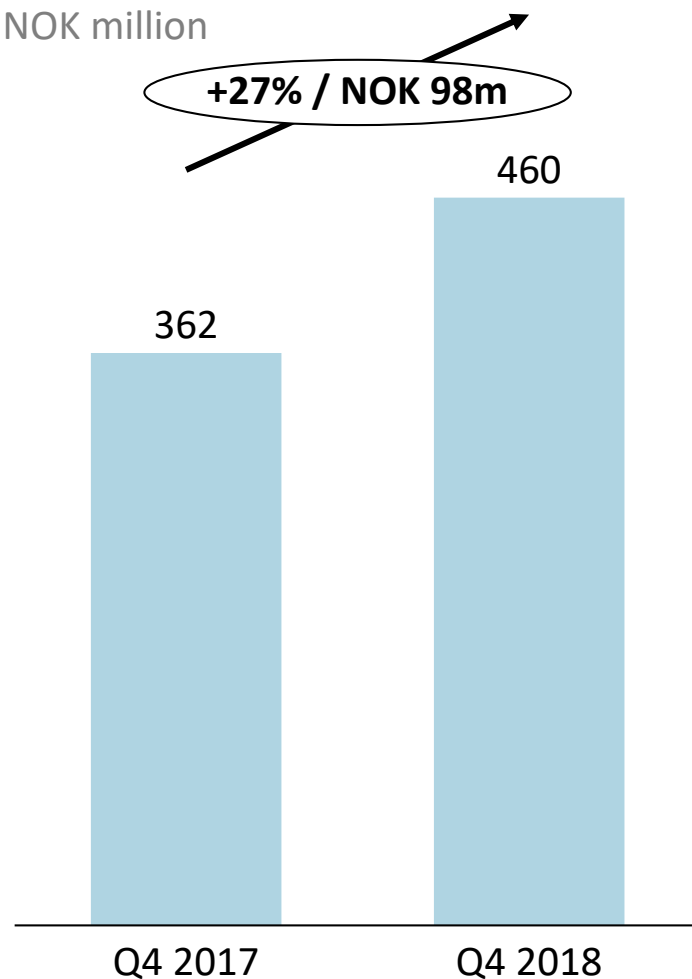
Q4 2018

Strong gross profit growth across all markets



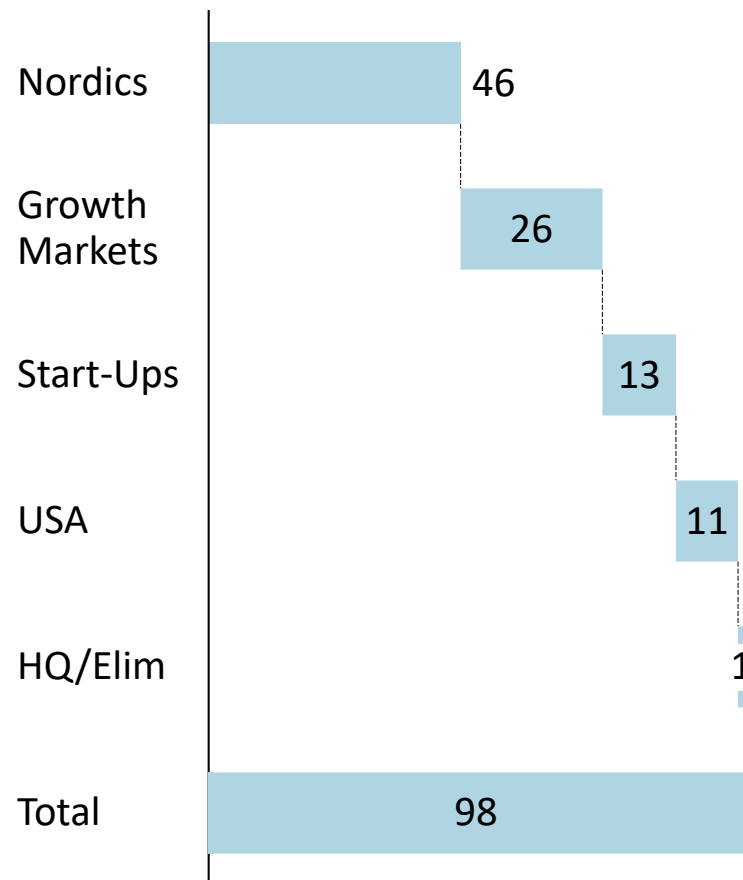
Gross profit

NOK million



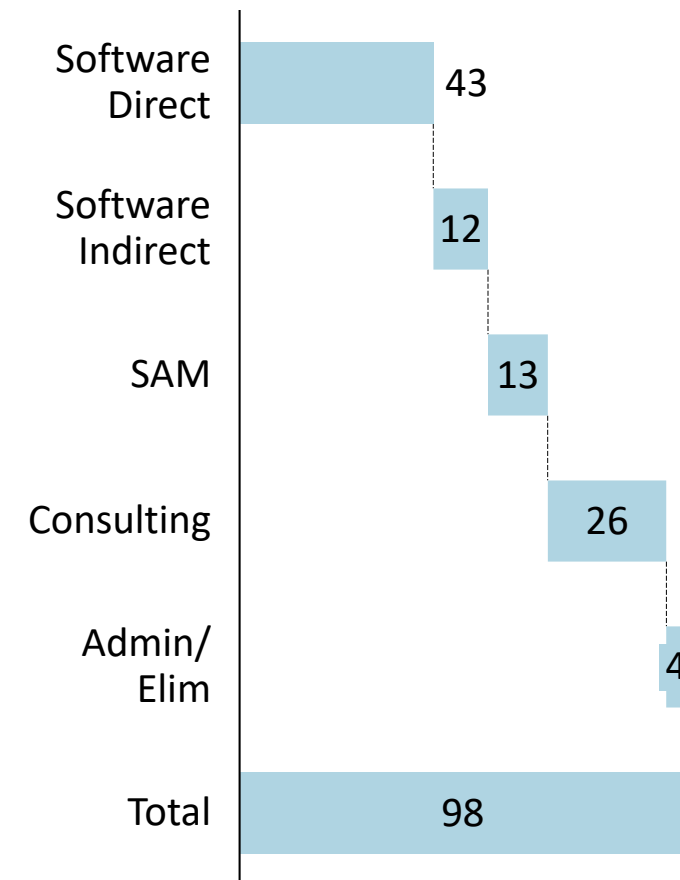
YoY gross profit growth by market cluster

NOK million



YoY gross profit growth by business area

NOK million



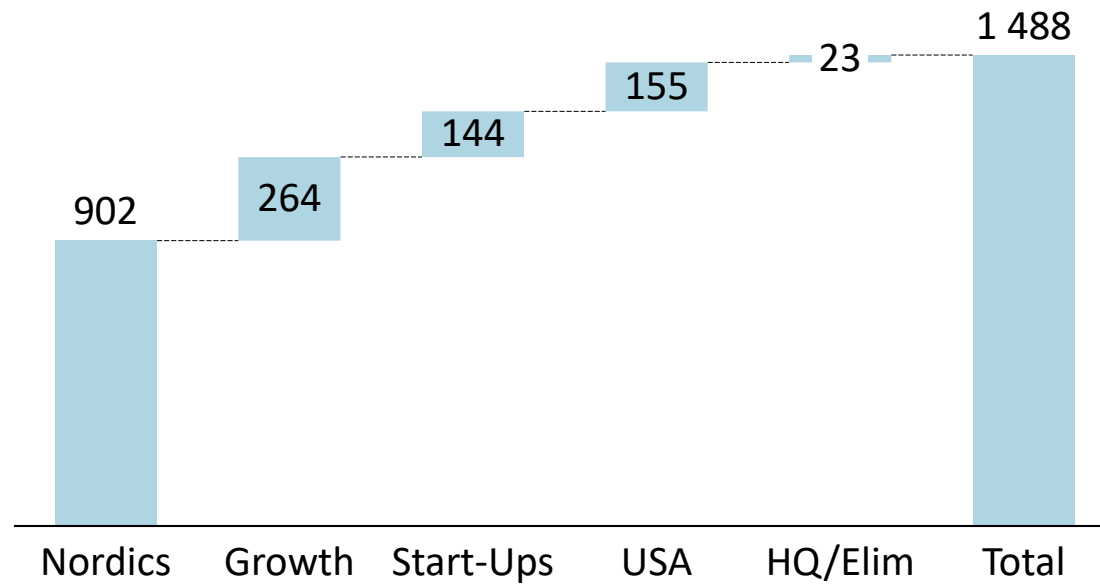
Q4 2018

Strong Q4 leads to 22% gross profit growth in 2018



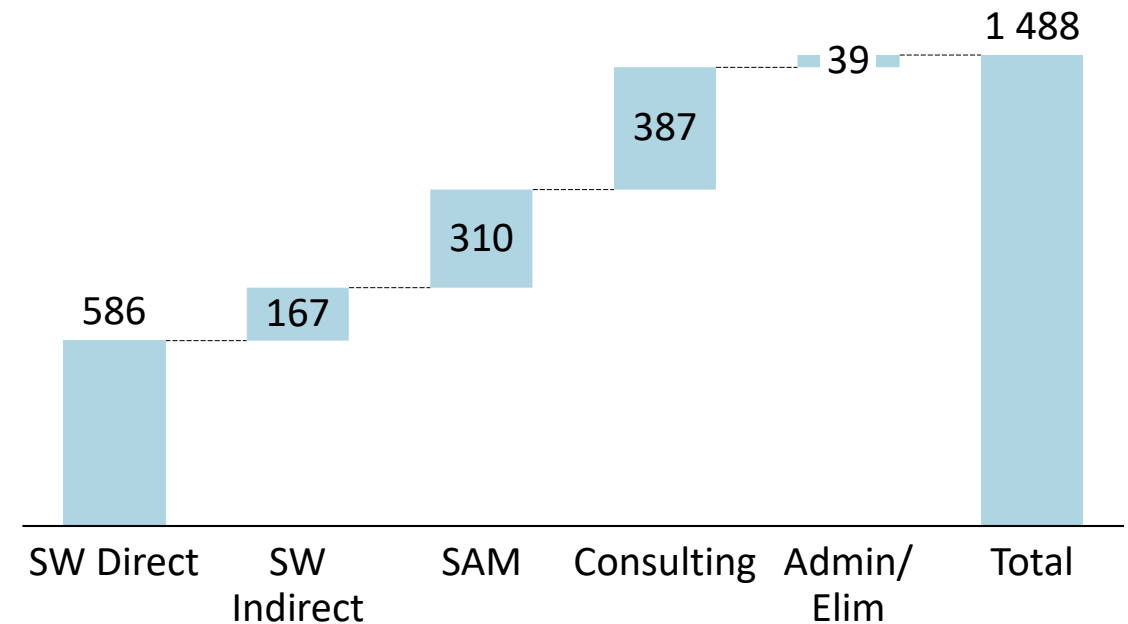
2018 gross profit by market cluster

NOK million



2018 gross profit by business area

NOK million



Growth
rate¹

19%

29%

38%

17%

n/a

22%

25%

25%

10%

26%

n/a

22%

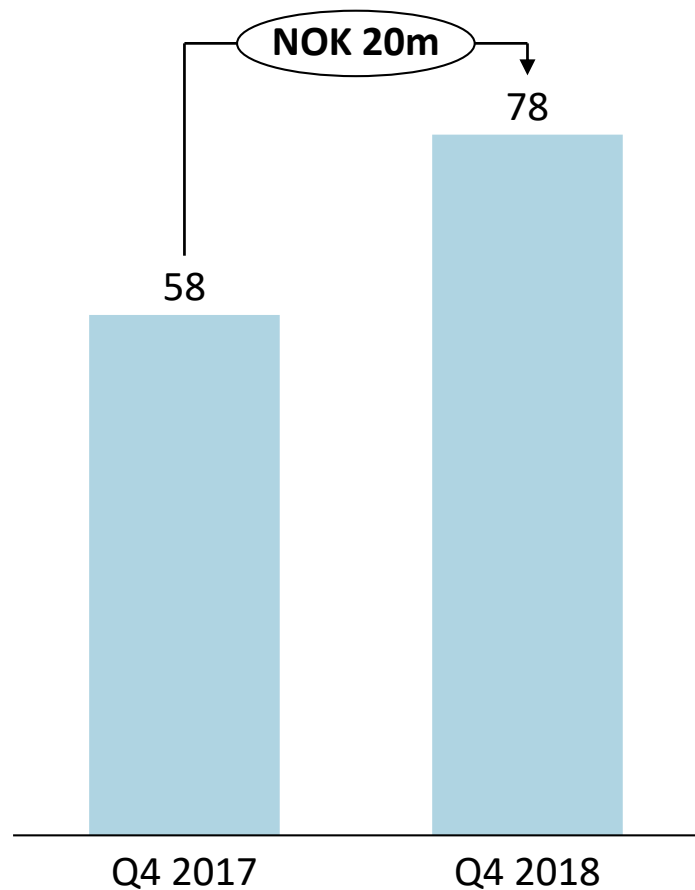
Q4 2018

EBITDA growth in Q4 driven by Nordics



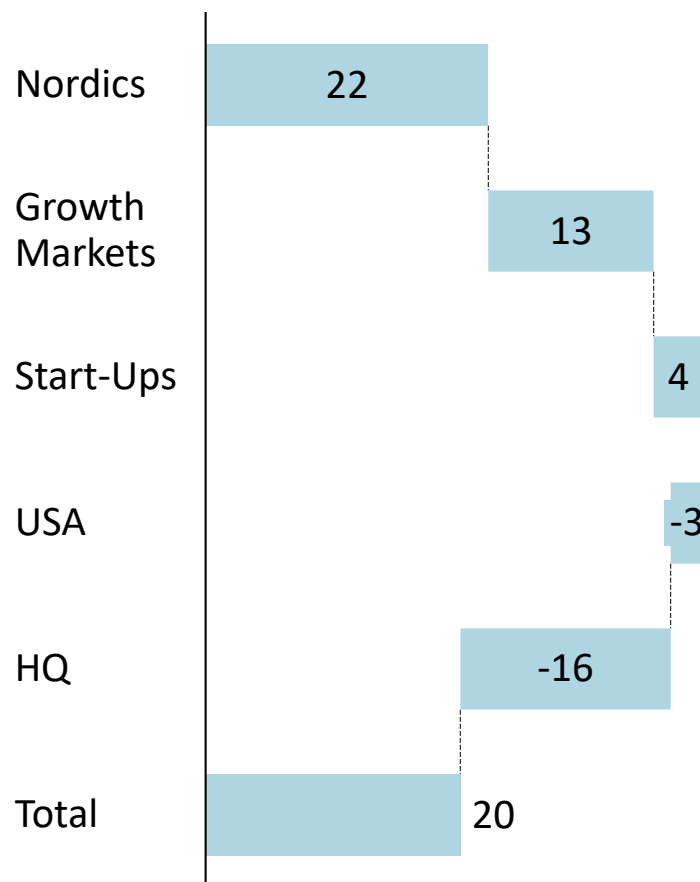
Adjusted EBITDA

NOK million



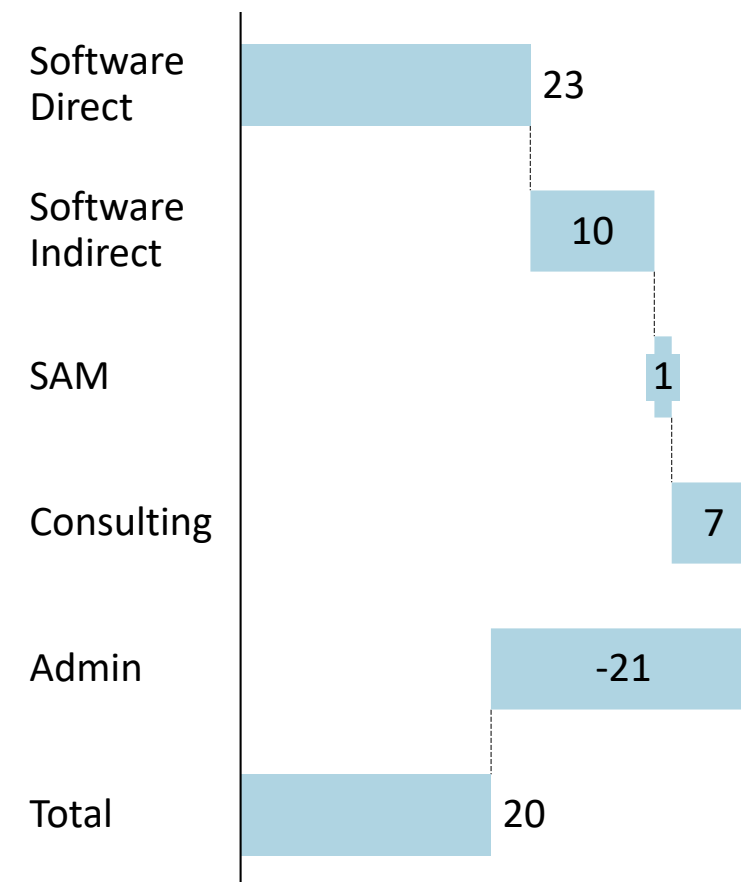
YoY Adj EBITDA growth by market cluster

NOK million



YoY Adj EBITDA growth by business area

NOK million



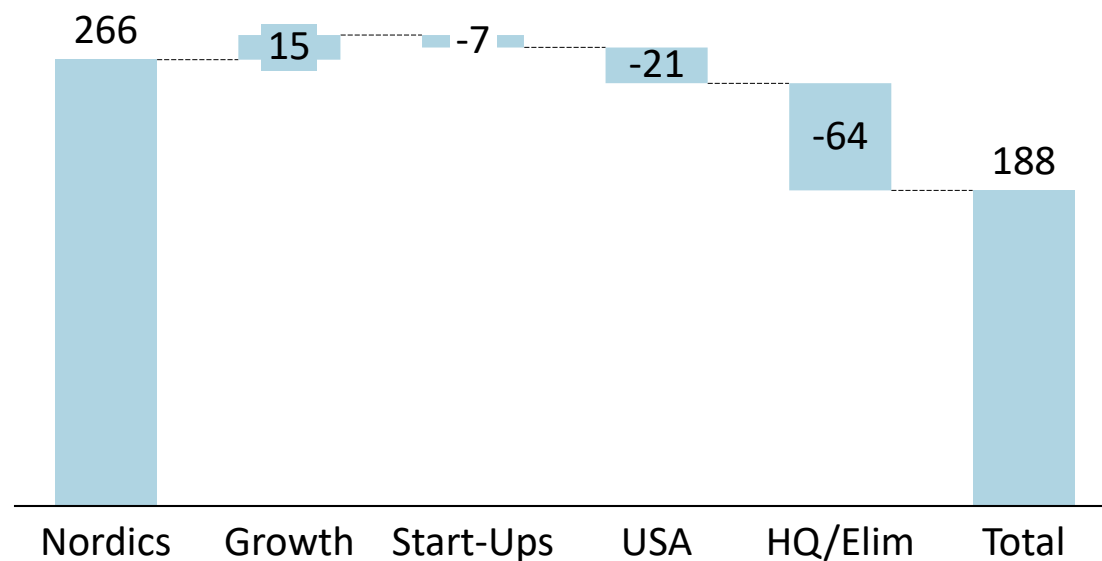
Q4 2018

2018 Adjusted EBITDA of NOK 188 mn



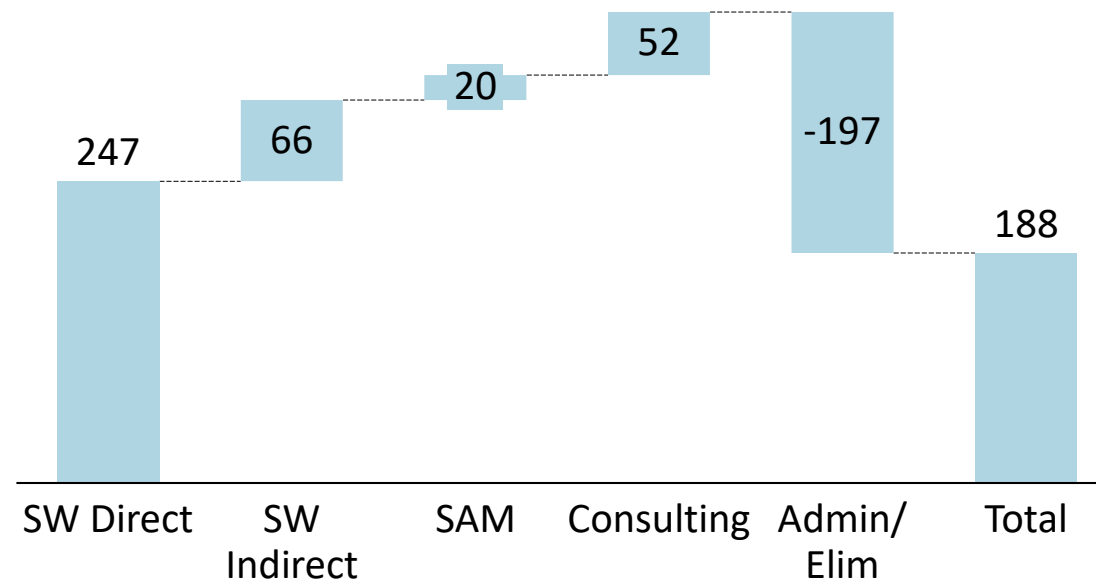
2018 adjusted EBITDA by market cluster

NOK million



2018 adjusted EBITDA by business area

NOK million



EBITDA
margin¹



Change in
EBITDA
margin²



¹ Adjusted EBITDA as share of Gross Profit
² LTM vs previous LTM period

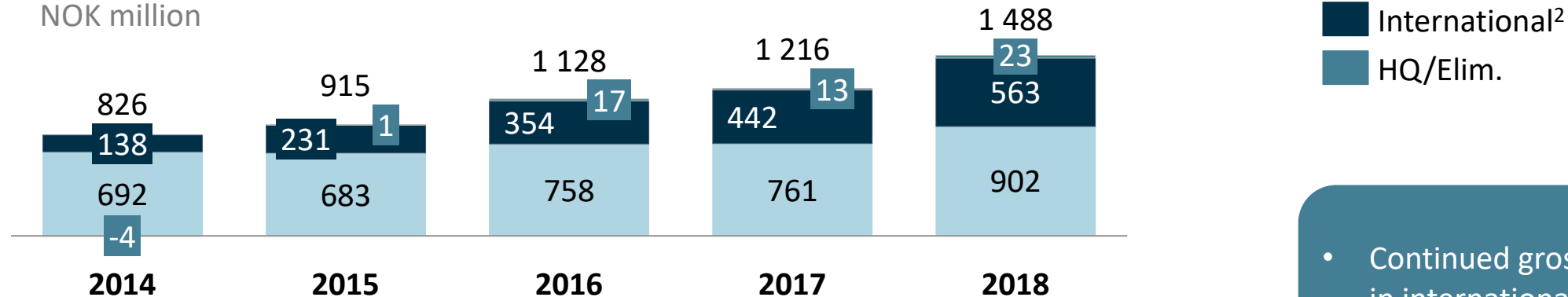
Q4 2018

International expansion momentum continues



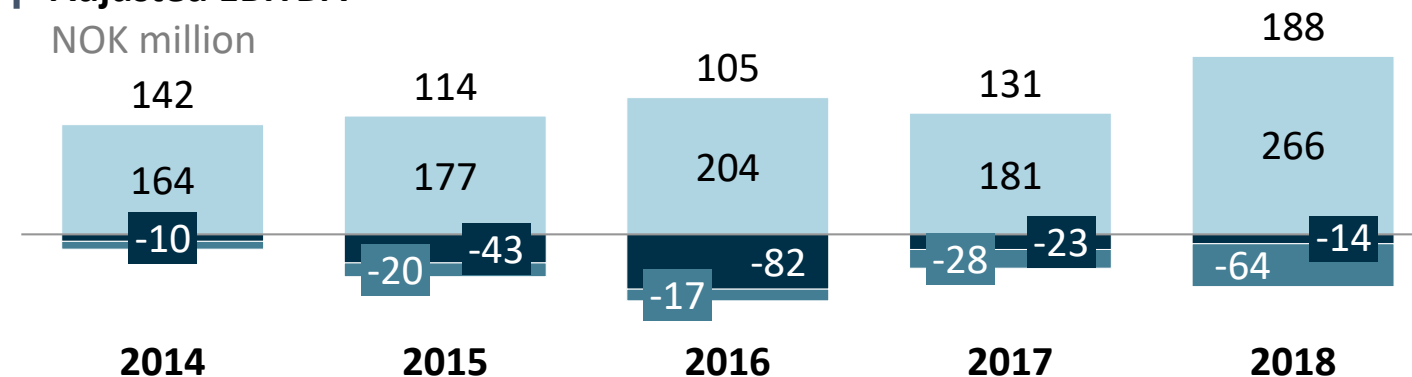
Gross profit

NOK million



Adjusted EBITDA¹

NOK million



- Continued gross profit growth in international markets, with a 4 x growth since 2014
- Negative EBITDA impact from international expansion rapidly diminishing as EBITDA margin outside Nordics continue to improve as the international market positions continue to scale

¹ Adjusted EBITDA is reported EBITDA less other income & expenses items netted under HQ, hence not reflected on Market Cluster / Business Area level

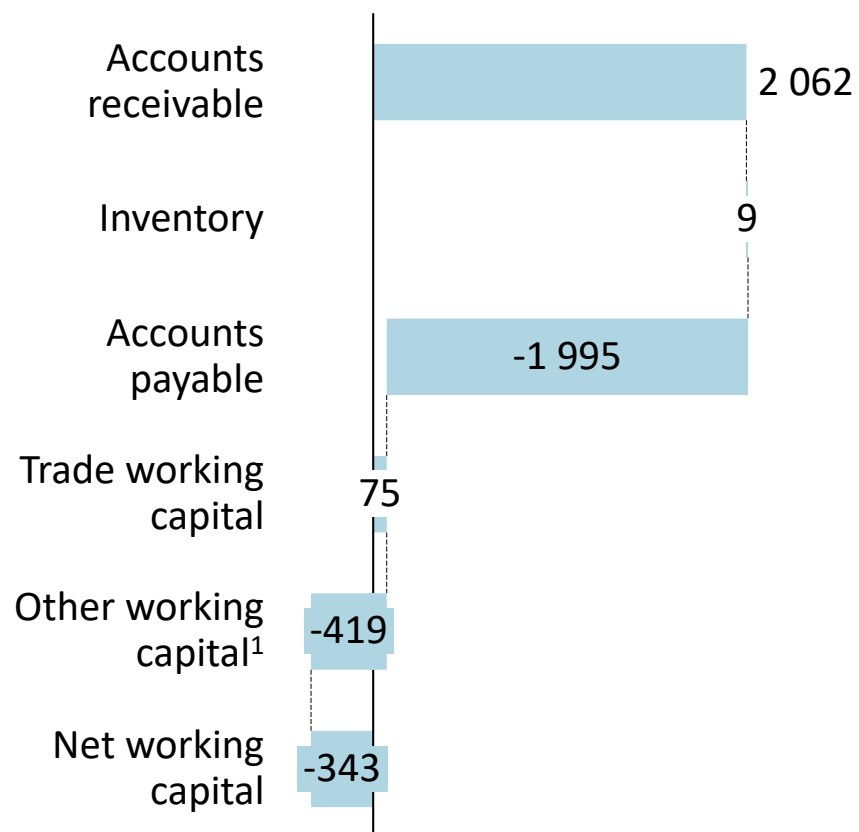
² International includes market clusters Growth Markets, Start-Ups and USA

Working capital is seasonal, but consistently negative



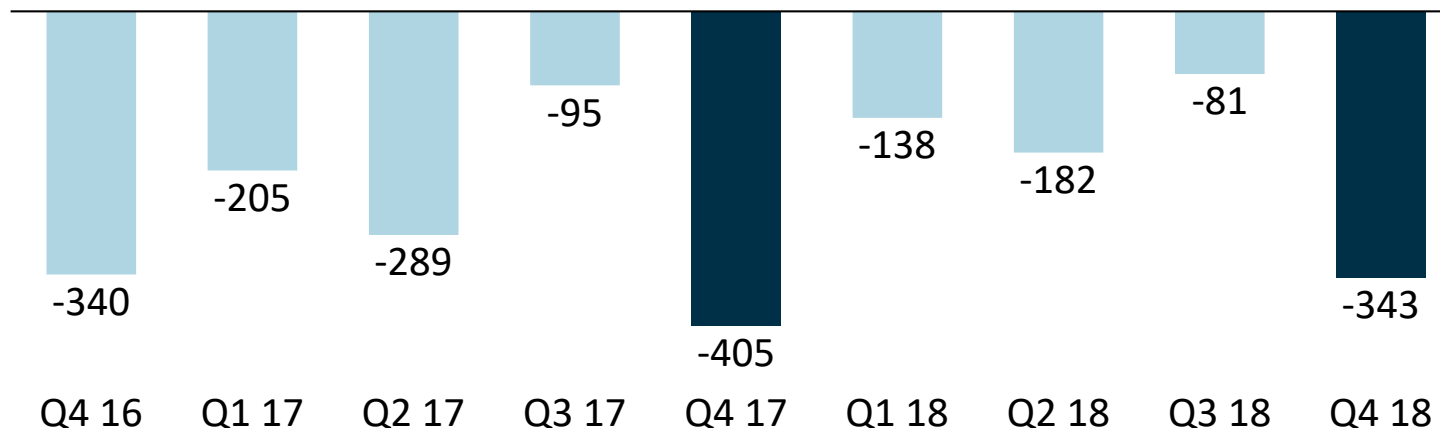
2018 Q4 net working capital

NOK million



Net working capital over time

NOK million



- Q4 2018 net working capital is 62 MNOK less negative than in Q4 2017
- This change driven by an increase in Trade working capital of 108 MNOK, which is only partly offset by an increase in Other working capital

¹ Other working capital includes other receivables, income tax payable, public duties payable and other short-term liabilities

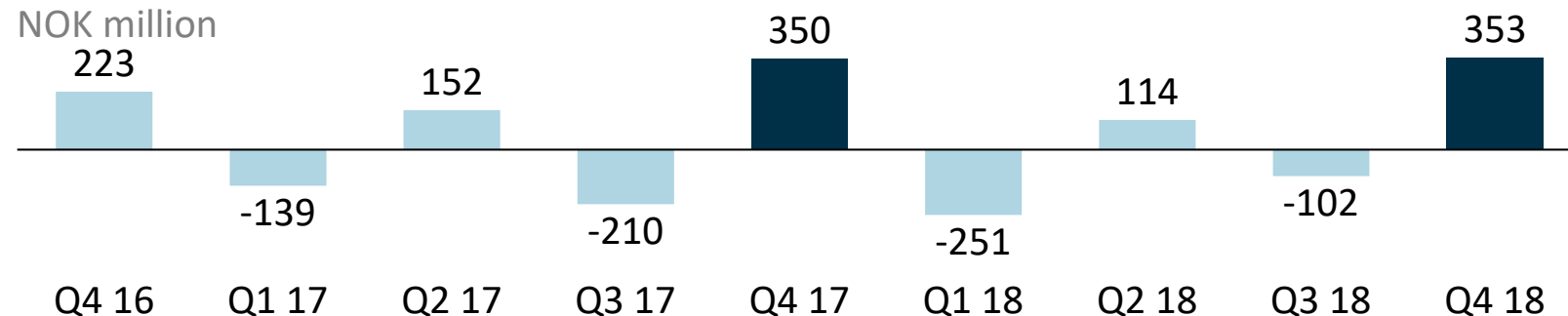
Q4 2018

Cash flow from operations driven by working capital



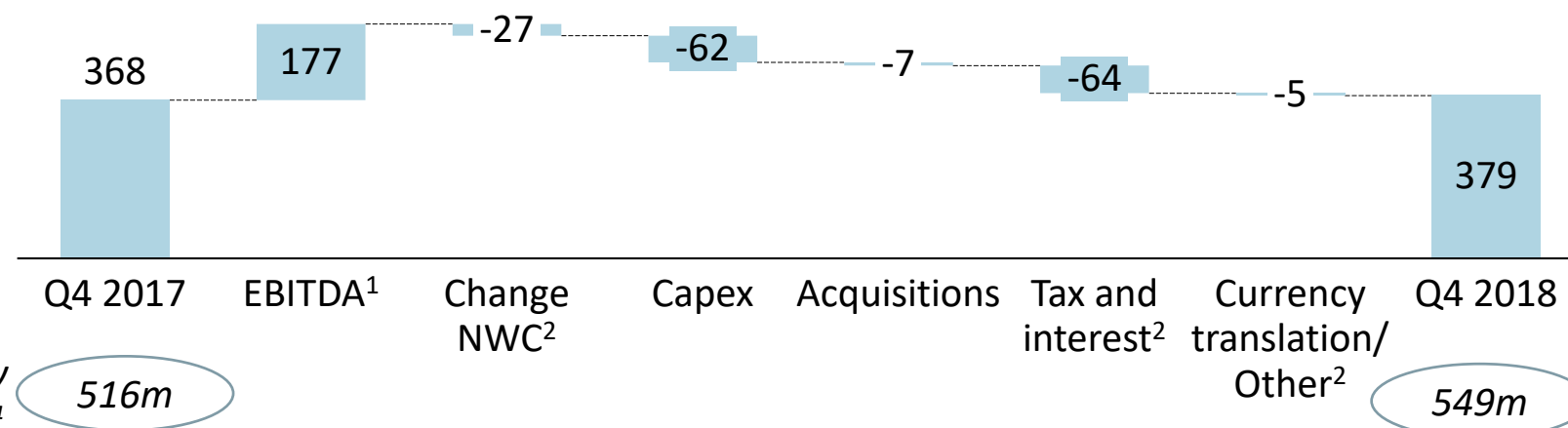
Cash flow from operating activities

NOK million



2018 cash development

NOK million



- Cash flow from operations is seasonal and driven by changes to net working capital
- Q4 2018 cash flow from operations in line with Q4 2017, as the increase in working capital is offset by EBITDA improvements and less adjustments to EBITDA
- Strong liquidity position through Q4 18 – daily average of available liquidity was NOK ~465m³, compared to NOK ~335m in Q4 17

¹ EBITDA (non-adjusted)

² As seen from the cash flow statement

³ Average liquidity defined as the daily arithmetic average of available cash and undrawn RCF facility; available liquidity end of quarter was MNOK ~350

⁴ Liquidity reserve is reported in the 'Alternative Performance Measures' section in the quarterly report, and is defined as the sum of freely available cash and available credit facilities

Q4 2018

P&L - summary



NOKm	Q4 2017	Q4 2018	YTD Q4 17	YTD Q4 18
Operating revenue	2 291.7	2 865.5	7 301.7	9 458.3
Materials and supplies	-1 930.1	-2 405.7	-6 085.9	-7 969.8
Gross profit	361.7	459.8	1 215.8	1 488.5
Payroll and related costs	-273.6	-327.8	-950.6	-1 114.7
Other operating expenses	-45.9	-55.9	-161.4	-196.7
Total operating expenses	-319.5	-383.7	-1 111.9	-1 311.4
EBITDA	42.1	76.1	103.8	177.1
Depreciation	-2.5	-3.5	-9.7	-11.6
Amortization	-20.7	-17.4	-60.7	-64.9
Goodwill impairment	0.0	0.0	-1.3	0.0
EBIT	19.0	55.3	32.2	100.6
Net financial expense	-6.3	-13.3	-85.8	-46.8
Ordinary result before tax	12.7	42.0	-53.7	53.8
Income tax expense on ordinary result	-6.9	-37.3	2.9	-42.8
Net income	5.8	4.7	-50.7	11.0
Adjusted EBITDA reconciliation				
Reported EBITDA	42.1	76.1	103.8	177.1
Other income and expenses	15.6	1.6	26.8	11.1
Adjusted EBITDA	57.7	77.7	130.6	188.1

- Depreciation and amortization in line with plan, with amortizations lower than Q4 2017 given impairment in Q4 2018
- Net financial expenses decreases following refinancing of bond / deleverage after IPO
- Income tax expenses negatively affected by reversal of deferred tax asset in the US
- Adjusted EBITDA – adjustments of NOK 1.6 m in Q4 2018 primarily related to share-based compensation

Q4 2018

Balance sheet and net interest bearing debt



NOKm	31.12.2017	31.12.2018
Assets		
Inventory	26.3	8.6
Accounts receivable	1 541.4	2 061.9
Income tax, other receivables	55.8	100.5
Net cash and cash equivalents ¹	368.4	379.3
Total current assets	1 992.0	2 550.3
Technology, software and R&D	109.3	111.2
Contracts	83.3	66.1
Goodwill ²	831.0	840.3
Software licenses (IP)	1.0	1.0
Deferred tax assets	45.3	29.4
Equipment	20.2	25.0
Other receivables	4.8	22.7
Total non-current assets	1 094.9	1 095.6
Total assets	3 086.9	3 645.9
Equity and liabilities		
Total equity	566.0	586.3
Short-term debt	0.0	0.0
Trade creditors	1 600.6	1 995.5
Other short-term interest bearing debt		40.0
Public duties payable	229.1	209.6
Income tax, other current liabilities	199.2	309.4
Total current liabilities	2 028.8	2 554.5
Long-term debt ³	445.7	449.8
Deferred tax liabilities	39.2	30.3
Other long-term liabilities	7.2	25.0
Total long-term liabilities	492.1	505.1
Total liabilities	2 520.9	3 059.6
Total equity & liabilities	3 086.9	3 645.9

Net interest bearing debt - NOKm	31.12.2017	31.12.2018
Long-term interest bearing debt	455.6	452.8
Short-term interest bearing debt		40.0
Cash and cash equivalents	-368.4	-379.3
Restricted cash	18.7	17.4
Net interest bearing debt (NIBD)	105.9	130.9

- Long-term debt (CRAYON02) matures in April 2020 with outstanding principal of NOK 450m
- In addition, Crayon has a NOK 200m RCF – no drawdown as of Q4 2018, however leveraged for guarantees
- NIBD to LTM EBITDA of 0.7x vs 0.8x at the end of 2017

¹ The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")

² Approx. NOK 556m of goodwill as of year-end 2016 relates to the Oslo Stock Exchange delisting of Inmeta-Crayon in 2012

³ Note that bond transactional costs of around NOK 10m are capitalized, and accretion expensed over the lifetime of the bond, cf. IAS 39

Q4 2018

Cash flow development



NOKm	Q4 2017	Q4 2018	YTD Q4 17	YTD Q4 18
Net income before tax	12.7	42.0	-53.7	53.8
Taxes paid	2.3	-6.7	-11.9	-23.6
Depreciation and amortization, incl. write-down	23.1	20.9	71.7	76.5
Net interest to credit institutions	10.9	7.8	50.6	35.2
Changes in inventory, AR/AP ¹	188.1	90.8	33.1	-107.9
Changes in other current assets	112.5	198.5	63.0	80.8
Net cash flow from operating activities	349.6	353.3	152.9	114.7
Net cash flow from financing activities	183.2	-12.7	50.3	-40.1
Acquisition of assets	-15.2	-15.5	-51.2	-62.2
Acquisition of subsidiaries	-22.7	0.2	-22.7	-7.3
Divestments / Purchases of own shares / Other	0.4	0.0	0.4	0.0
Net cash flow from investing activities	-37.5	-15.3	-73.5	-69.5

- Q4 2018 cash flow from operations in line with Q4 2017
- Capex in Q4 2018 of NOK 15.5m mainly related to investments in new ERP system and Cloud IQ

¹ AR = Accounts Receivable, AP = Accounts Payable

Outlook

Q4 2018

Updated guidance for 2019 and beyond

	2017 actuals	2018 actuals	2019 outlook	Medium term	Comment
Gross profit growth	+7.7 %	+22.4 %	+15-20 %	+10-15 %	Above market growth from scaling up international markets
Adjusted EBITDA as share of gross profit	10.7 %	12.6 %	13-14 %	Gradually increase to 15%	Continued margin improvement, driven by International markets
NWC ¹	-20.4 %	-12.5 %	-10% to -15%	-10% to -15%	Expect NWC to fluctuate around current level
Capex	NOK 51 mn	NOK 62 mn	NOK ~60 mn	NOK ~60 mn	Increased opportunity space from platforms

¹ Average NWC last 4 quarters as share of gross profit last 4 quarters

Q&A session

Investor Relations

Main communications channels

- Crayon IR webpages
<https://www.crayon.com/en/about-us/investor-relations/>
 - Group fact & figures
 - Reports & Presentations
 - Share and bond information
- Newsweb

Financial calendar 2019:

- 04.04.2019 – Annual Report 2018
- 25.04.2019 – Annual General Meeting
- 09.05.2019 – Quarterly Report – Q1
- 13.08.2019 – Half-yearly Report
- 29.10.2019 – Quarterly Report – Q3
- 11.02.2020 – Quarterly Report – Q4

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DNB	Christoffer Wang Bjørnsen	+47 24 16 91 43
SpareBank 1	Petter Kongslie	+47 98 41 10 80

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Datapack

Introduction to key P&L drivers

NOK million	2015	2016	2017	2018
Operating revenue	4 687.9	6 015.2	7 301.7	9 458.3
<i>Growth</i>	25.6%	28.3%	21.4%	29.5%
Materials and supplies	-3 773.0	-4 886.8	-6 086.9	-7 969.8
Gross profit	914.9	1 128.4	1 215.8	1 488.5
<i>Gross margin</i>	19.5%	18.8%	16.7%	15.7%
Payroll and related costs	-668.3	-877.9	-940.5	-1 114.7
Other operating expenses	-149.1	-158.8	-144.7	-196.7
Total operating expenses	-817.4	-1 036.7	-1 085.2	1 311.4
EBITDA	97.5	91.7	103.8	177.1
<i>EBITDA % of gross profit</i>	10.7%	8.1%	8.5%	11.9%
Exceptional items	16.3	13.5	26.8	11.1
Adjusted EBITDA	113.7	105.2	130.6	188.1
<i>Adj. EBITDA % of gross profit</i>	12.4%	9.3%	10.7%	12.6%

#FTEs

807

945

977

1,128

- Revenue will be subject to fluctuations that do not impact absolute gross profit level as customers shift between direct and indirect billing¹

Revenue model

Services

- 3-5 years managed service agreements (SAM)
- Frame agreements
- Hours sold

Software

- ~3 year subscription/ARPU model where a certain percentage is contractually recurring
- Frame agreements
- Traditional licensing deals (one-time fee)

Services

- Number of FTEs
- Hourly rate / Fixed price agreements
- Utilization
- Recurring agreements

Software

- Number of FTEs
- Gross profit per FTE
 - Vendor, product, new vs. existing customers etc.

- Payroll and related costs driven by number of FTEs – of which ~15-20% is variable salary
- Other opex driven by size and geographical width of organization
- Other opex primarily consisting of rented premises (~25%), professional services e.g. accounting and legal (~25%), travel (~20%) and IT and office equipment (~15%)

- Adjusted EBITDA as percentage of gross profit a suitable metric for comparison across Market Clusters and Business Areas due to gross margin variation

Income statement



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Operating revenue	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3	1 611.8	2 865.5	9 458.3
<i>Growth</i>	9.4%	23.1%	25.5%	25.4%	21.4%	36.6%	68.4%	29.0%	77.8%	29.5%
Materials and supplies	-1 088.7	-2 045.2	-1 022.0	-1 930.1	-6 085.9	-1 545.5	-2 716.9	-1 301.8	-2 405.7	-7 969.8
Gross profit	269.8	356.6	227.8	361.7	1 215.8	310.2	408.5	310.0	459.8	1 488.5
<i>Gross margin</i>	19.9%	14.8%	18.2%	15.8%	16.7%	16.7%	13.1%	19.2%	16.0%	15.7%
Payroll and related costs	-228.4	-244.0	-204.5	-273.6	-950.6	-258.9	-269.5	-253.0	-327.8	-1 114.7
Other operating expenses	-36.7	-35.5	-43.3	-45.9	-161.4	-41.1	-47.2	-51.6	-55.9	-196.7
Total operating expenses	-265.2	-279.4	-247.8	-319.5	-1 111.9	-299.7	-317.3	-310.7	-383.7	-1 311.4
EBITDA	4.7	77.1	-20.1	42.1	103.8	10.5	91.2	-0.8	76.1	177.1
<i>EBITDA margin</i>	0.3%	3.2%	-1.6%	1.8%	1.4%	0.6%	2.9%	0.0%	2.7%	1.9%
Depreciation	-2.4	-2.4	-2.4	-2.5	-9.7	-2.5	-2.6	-3.0	-3.5	-11.6
Amortization	-12.8	-13.4	-13.8	-20.7	-60.7	-15.2	-15.9	-16.4	-17.4	-64.9
Goodwill impairment	0.0	-1.3	0.0	0.0	-1.3	0.0	0.0	0.0	0.0	0.0
EBIT	-10.6	60.0	-36.2	19.0	32.2	-7.2	72.7	-20.2	55.3	100.6
<i>EBIT margin</i>	-0.8%	2.5%	-2.9%	0.8%	0.4%	-0.4%	2.3%	-1.3%	1.9%	1.1%
Financial income	35.0	17.5	27.7	34.0	114.3	25.3	4.9	-0.9	2.1	31.5
Financial expense	-51.2	-53.7	-54.9	-40.4	-200.1	-36.3	-12.9	-13.7	-15.4	-78.3
Net financial expense	-16.2	-36.2	-27.2	-6.3	-85.8	-11.0	-8.0	-14.6	-13.3	-46.8
Ordinary result before tax	-26.8	23.8	-63.4	12.7	-53.7	-18.2	64.7	-34.8	42.0	53.8
Income tax expense on ordinary result	5.1	-6.4	11.2	10.7	11.1	-6.0	-15.6	4.1	-37.3	-42.8
Net income	-21.7	17.4	-52.2	2.0	-64.8	-12.2	49.2	-30.7	4.7	11.0
Adjusted EBITDA reconciliation										
Reported EBITDA	4.7	77.1	-20.1	42.1	103.8	10.5	91.2	-0.8	76.1	177.1
Exceptional items ¹	0.3	0.2	10.7	15.6	26.8	2.8	0.6	6.1	1.6	11.1
Adjusted EBITDA	4.9	77.3	-9.3	57.7	130.6	13.3	91.8	5.3	77.7	188.1
<i>Adj. EBITDA % of gross profit</i>	1.8%	21.7%	-4.1%	16.0%	10.7%	4.3%	22.5%	1.7%	16.9%	12.6%

¹ Exceptional items are one-off costs mainly related to strategy projects, restructurings, and the acquisition of businesses

Balance sheet



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Assets								
Inventory	18.8	24.0	13.6	26.3	23.6	22.6	23.1	8.6
Accounts receivable	722.0	1 573.7	769.8	1 541.4	1 147.0	2 263.8	1 119.3	2 061.9
Income tax receivable	-	2.9	1.6	-	-	0.0	0.0	0.0
Other receivables	36.0	45.9	43.4	55.8	56.4	54.5	65.2	100.5
Net cash and cash equivalents ¹	66.5	204.7	-136.4	368.4	76.4	165.5	33.9	379.3
Total current assets	849.4	1 851.2	692.0	1 992.0	1 303.5	2 506.4	1 241.4	2 550.3
Technology, software and R&D	104.4	106.8	104.9	109.3	112.3	112.7	109.8	111.2
Contracts	96.1	92.2	85.9	83.3	77.9	73.3	68.5	66.1
Goodwill ²	829.1	828.4	819.4	831.0	823.8	827.7	824.5	840.3
Software licenses (IP)	7.4	7.4	7.4	1.0	1.0	1.0	1.0	1.0
Deferred tax assets	33.8	28.7	29.4	45.3	54.1	49.9	54.5	29.4
Equipment	19.2	20.4	19.8	20.2	20.9	23.2	24.8	25.0
Other receivables	4.1	4.8	3.4	4.8	6.5	11.0	8.3	22.7
Total non-current assets	1 094.1	1 088.8	1 070.0	1 094.9	1 096.5	1 098.8	1 091.3	1 095.6
Total assets	1 903.6	2 940.0	1 762.0	3 086.9	2 400.0	3 605.2	2 332.8	3 645.9
Equity and liabilities								
Share capital	52.5	52.5	52.5	75.4	75.4	75.4	75.4	75.4
Own shares	-	-	-	-	-	-	-	588.1
Share premium reserve	262.3	262.3	262.3	588.1	588.1	588.1	588.1	-75.5
Other equity	-69.4	-50.0	-99.0	-105.6	-123.7	-82.0	-111.2	-1.6
Minority interest	7.0	8.9	3.2	8.2	9.5	11.1	6.2	586.3
Total equity	252.4	273.7	219.0	566.0	549.3	592.5	558.5	0.0
Short-term debt	661.1	100.5	-	-	-	0.0	0.0	1 995.5
Trade creditors	660.5	1 453.6	628.2	1 600.6	1 019.4	2 008.0	976.4	20.3
Public duties payable	119.0	254.5	109.6	229.1	156.1	254.2	88.7	209.6
Other current liabilities	202.7	227.0	186.0	194.4	182.9	260.9	223.3	289.1
Total current liabilities	1 643.3	2 035.6	923.8	2 029.0	1 364.6	2 523.1	1 288.4	2 554.5
Long-term debt	0.0	591.7	590.3	445.7	444.2	442.3	443.2	449.8
Deferred tax liabilities	6.3	37.6	27.4	39.2	34.7	32.9	31.2	30.3
Other long-term liabilities	1.6	1.4	1.5	7.2	7.2	14.4	11.6	25.0
Total long-term liabilities	7.9	630.7	619.2	492.1	486.1	489.6	485.9	505.1
Total liabilities	1 651.2	2 666.3	1 543.0	2 520.9	1 850.7	3 012.7	1 774.3	3 059.6
Total equity & liabilities	1 903.6	2 940.0	1 762.0	3 086.9	2 400.0	3 605.2	2 332.8	3 645.9

¹ The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")

² Approx. NOK 556m of goodwill as of year-end 2016 relates to the Oslo Stock Exchange delisting of Inmeta-Crayon in 2012

Cash flow statement



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
<i>Cash flow from operating activities</i>										
Net income before tax	-26.8	23.8	-63.4	12.7	-53.7	-18.2	64.7	-34.8	42.0	53.8
Taxes paid	-9.5	-1.4	-3.3	2.3	-11.9	-6.6	-6.4	-3.9	-6.7	-23.6
Depreciation and amortization	15.3	17.1	16.2	23.1	71.7	17.7	18.5	19.5	20.9	76.5
Net interest to credit institutions	12.3	15.1	12.4	10.9	50.6	8.8	8.8	9.8	7.8	35.2
Changes in inventory, accounts receivable/payable	-80.1	-63.9	-11.1	188.1	33.1	-184.1	-127.1	112.4	90.8	-107.9
Changes in other current assets	-50.4	161.6	-160.7	112.5	63.0	-68.9	155.7	-204.5	198.5	80.8
Net cash flow from operating activities	-139.1	152.3	-210.0	349.6	152.8	-251.2	114.2	-101.6	353.3	114.7
<i>Cash flow from investing activities</i>										
Acquisition of assets	-10.1	-14.5	-11.4	-14.8	-50.8	-18.3	-14.3	-14.2	-15.5	-62.2
Acquisition of subsidiaries (cash paid net of cash in acquired entity)	0.0	0.0	0.0	-22.7	-22.7	-3.2	-4.3	0.0	0.2	-7.3
Divestments	0.0	0.0	0.0	-	-	-	-	0.0	0.0	0.0
Net cash flow from investing activities	-10.1	-14.5	-11.4	-37.5	-73.5	-21.4	-18.6	-14.2	-15.3	-69.5
<i>Cash flow from financing activities</i>										
Net interest paid to credit institutions	-12.7	-14.9	-13.6	-15.7	-57.0	-9.8	-10.0	-11.9	-9.1	-40.7
New equity				348.6	348.6	-	-	-	-	-
Change in subsidiaries	0.0	0.0	0.0	-	-	-	-	-	-	-
Proceeds from issuance of interest bearing debt	0.0	591.6	-1.9	-	589.7	-	-	-	-	-
Repayment of interest-bearing debt	0.0	-571.8	-100.5	-155.3	-827.7	-	-	-	-	-
Change in other long-term debt	0.1	-9.7	0.6	5.6	-3.4	-	7.1	-2.9	-3.5	0.6
Purchase of own shares	0.0	0.0	0.0	-	-	-	-	-	-	-
Net cash (used in) provided by financing activities	-12.6	-4.8	-115.4	183.2	50.3	-9.8	-2.9	-14.8	-12.7	-40.1
Net increase (decrease) in cash and cash equivalents	-161.8	133.0	-336.8	495.3	129.7	-282.4	92.7	-130.6	325.4	5.1
Cash and cash equivalents at beginning of period	227.9	66.5	204.7	-136.4	227.9	368.4	76.4	165.5	33.9	368.4
Currency translation on cash and cash equivalents	0.5	5.2	-4.3	9.6	10.9	-9.6	-3.7	-1.1	20.0	5.7
Cash and cash equivalents at end of period	66.5	204.7	-136.4	368.4	368.4	76.4	165.5	33.9	379.3	379.3

Income statement by market cluster



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Revenue										
Nordic Markets	869.8	1 106.7	600.2	1 323.8	3 900.5	1 127.9	1 434.9	771.9	1 662.0	4 996.8
Growth Markets	230.7	697.8	428.4	545.6	1 902.5	357.9	1 017.9	443.4	688.6	2 507.7
Start-Ups	202.8	483.3	171.6	334.8	1 192.6	273.1	483.6	279.9	355.6	1 392.3
USA	72.3	139.6	66.3	93.6	371.8	127.1	225.5	147.9	188.2	688.8
HQ	5.8	27.7	19.3	35.0	87.8	18.7	22.6	26.2	23.2	90.7
Eliminations	-22.9	-53.4	-36.1	-41.0	-153.4	-49.0	-59.3	-57.6	-52.1	-218.0
Total revenue	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3	1 611.8	2 865.5	9 458.3
Gross profit										
Nordic Markets	175.1	212.2	138.1	235.3	760.6	197.0	248.8	174.8	281.4	902.0
Growth Markets	42.3	68.5	34.0	59.2	204.0	51.8	78.4	48.4	85.2	263.8
Start-Ups	18.9	34.7	23.2	28.1	105.0	26.2	38.5	38.2	41.6	144.5
USA	32.1	40.5	29.9	30.5	133.0	33.8	39.6	39.9	41.8	155.0
HQ	13.3	13.6	15.0	21.7	63.5	14.8	15.9	20.3	21.9	72.9
Eliminations	-11.9	-12.9	-12.4	-13.0	-50.2	-13.3	-12.7	-11.5	-12.2	-49.7
Total gross profit	269.8	356.6	227.8	361.7	1 215.8	310.2	408.5	310.0	459.8	1 488.5
EBITDA										
Nordic Markets	29.3	60.9	18.6	72.2	181.0	41.5	93.3	36.9	94.4	266.0
Growth Markets	-4.2	16.3	-11.9	4.3	4.6	-5.5	13.6	-10.5	17.3	14.7
Start-Ups	-8.1	4.9	-5.4	-5.3	-13.9	-5.5	3.1	-3.6	-1.4	-7.4
USA	-4.1	3.5	-9.0	-3.6	-13.2	-4.5	0.8	-11.4	-6.2	-21.3
HQ	-8.0	-8.2	-1.7	-9.9	-27.9	-12.7	-18.9	-5.9	-26.4	-63.9
Eliminations	0.0	0.0	0.0	-	-	-	-	-	0.0	0.0
Adjusted EBITDA¹	4.9	77.3	-9.3	57.7	130.6	13.3	91.8	5.3	77.7	188.1

¹ Other income and expense items netted under "HQ"

Income statement by business area



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Revenue										
SAM	75.2	85.4	67.6	82.4	310.7	78.8	83.7	85.4	107.6	355.5
Consulting	101.0	101.4	87.5	123.9	413.9	121.9	133.7	113.8	159.1	528.5
Software (Direct)	790.0	1 774.5	694.9	1 597.0	4 856.5	1 156.0	2 317.6	843.9	1 934.0	6 251.5
Software (Indirect)	394.2	473.3	414.7	492.5	1 774.7	526.2	622.0	595.3	686.5	2 430.1
Admin	21.0	20.4	21.0	36.9	99.4	21.8	27.6	30.9	30.5	110.8
Eliminations	-22.9	-53.4	-36.1	-41.0	-153.4	-49.0	-59.3	-57.6	-52.1	-218.0
Total revenue	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3	1 611.8	2 865.5	9 458.3
Gross profit										
SAM	68.4	76.3	62.6	75.0	282.2	72.9	76.0	73.0	88.1	310.0
Consulting	76.3	74.9	65.4	89.5	306.1	89.8	96.4	85.2	115.6	386.9
Software (Direct)	87.5	166.4	65.1	151.4	470.4	107.8	188.6	95.6	194.0	586.0
Software (Indirect)	32.1	35.6	30.6	35.1	133.4	35.4	40.0	44.4	47.1	167.0
Admin	17.3	16.4	16.5	23.7	73.9	17.6	20.1	23.3	27.2	88.2
Eliminations	-11.9	-12.9	-12.4	-13.0	-50.2	-13.3	-12.7	-11.5	-12.2	-49.7
Total gross profit	269.8	356.6	227.8	361.7	1 215.8	310.2	408.5	310.0	459.8	1 488.5
EBITDA										
SAM	8.5	12.7	-0.4	7.1	27.9	7.1	6.4	-1.6	8.5	20.4
Consulting	5.9	1.2	7.4	11.2	25.8	9.5	13.6	10.7	17.9	51.7
Software (Direct)	19.9	93.5	5.0	70.7	189.0	30.8	107.0	15.2	93.9	246.9
Software (Indirect)	13.5	15.6	11.4	9.5	50.1	11.5	16.3	19.2	19.4	66.4
Admin	-42.9	-45.6	-32.6	-40.9	-162.1	-45.5	-51.4	-38.2	-62.1	-197.2
Eliminations	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Adjusted EBITDA¹	4.9	77.3	-9.3	57.7	130.6	13.3	91.8	5.3	77.7	188.1

¹ Other income and expense items netted under "Admin"

Revenue – Market cluster by business area

NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Nordic Markets										
Services	121.4	126.7	105.9	149.4	503.4	143.7	153.4	134.7	184.2	616.0
Software	745.2	978.8	493.8	1 173.5	3 391.3	982.6	1 279.3	636.7	1 475.3	4 373.8
Admin	3.2	1.2	0.5	0.9	5.8	1.6	2.2	0.6	2.5	6.9
Nordic Markets revenue	869.8	1 106.7	600.2	1 323.8	3 900.5	1 127.9	1 434.9	771.9	1 662.0	4 996.8
Growth Markets										
Services	19.1	18.1	15.7	21.5	74.5	20.7	22.2	17.6	26.1	86.5
Software	209.7	678.6	411.6	523.6	1 823.5	336.4	994.8	423.3	660.5	2 415.0
Admin		1.1	1.0	0.5	4.5	0.9	0.9	2.5	1.9	6.2
Growth Markets revenue	230.7	697.8	428.4	545.6	1 902.5	357.9	1 017.9	443.4	688.6	2 507.7
Start-Ups										
Services	5.8	8.5	6.7	8.9	29.8	7.0	10.8	11.6	18.4	47.7
Software	196.9	474.6	164.9	325.9	1,162.2	265.6	472.1	267.9	335.0	1 340.6
Admin	1.9	0.3	0.0	0.1	0.5	0.5	0.7	0.5	2.3	4.0
Start-Ups revenue	202.8	483.3	171.6	334.8	1 192.6	273.1	483.6	279.9	355.6	1 392.3
USA										
Services	29.9	33.6	26.8	26.5	116.8	29.4	31.1	35.4	37.8	133.7
Software	42.2	105.9	39.3	66.6	254.1	97.7	194.5	111.7	149.7	553.6
Admin	0.2	0.1	0.1	0.5	0.9	0.1	-0.8	0.8	0.7	1.5
USA revenue	72.3	139.6	66.3	93.6	371.8	127.1	225.6	147.9	188.2	688.8
HQ										
Services	0.0	0.0	0.0	-	0.0	0.0	0.0	-	-	-
Software	-9.9	9.9	-0.0	-	0.1	0.0	-1.2	-0.3	-	-1.5
Admin	15.6	17.8	19.3	35.0	87.7	18.7	23.8	26.6	23.2	92.2
HQ revenue	5.8	27.7	19.3	35.0	87.8	18.7	22.6	26.2	23.2	90.7
Group										
Services	176.2	186.9	155.2	206.3	724.5	200.7	217.4	199.2	266.6	883.9
Software	1 184.2	2 247.8	1 109.6	2 089.5	6 631.1	1 682.2	2 939.6	1 439.3	2 620.4	8 681.5
Admin	21.0	20.4	21.0	36.9	99.4	21.8	49.4	30.9	30.5	110.8
Eliminations	-22.9	-53.4	-36.1	-41.0	-153.4	-49.0	-108.3	-57.6	-52.1	-218.0
Group revenue	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3	1 611.8	2 865.5	9 458.3

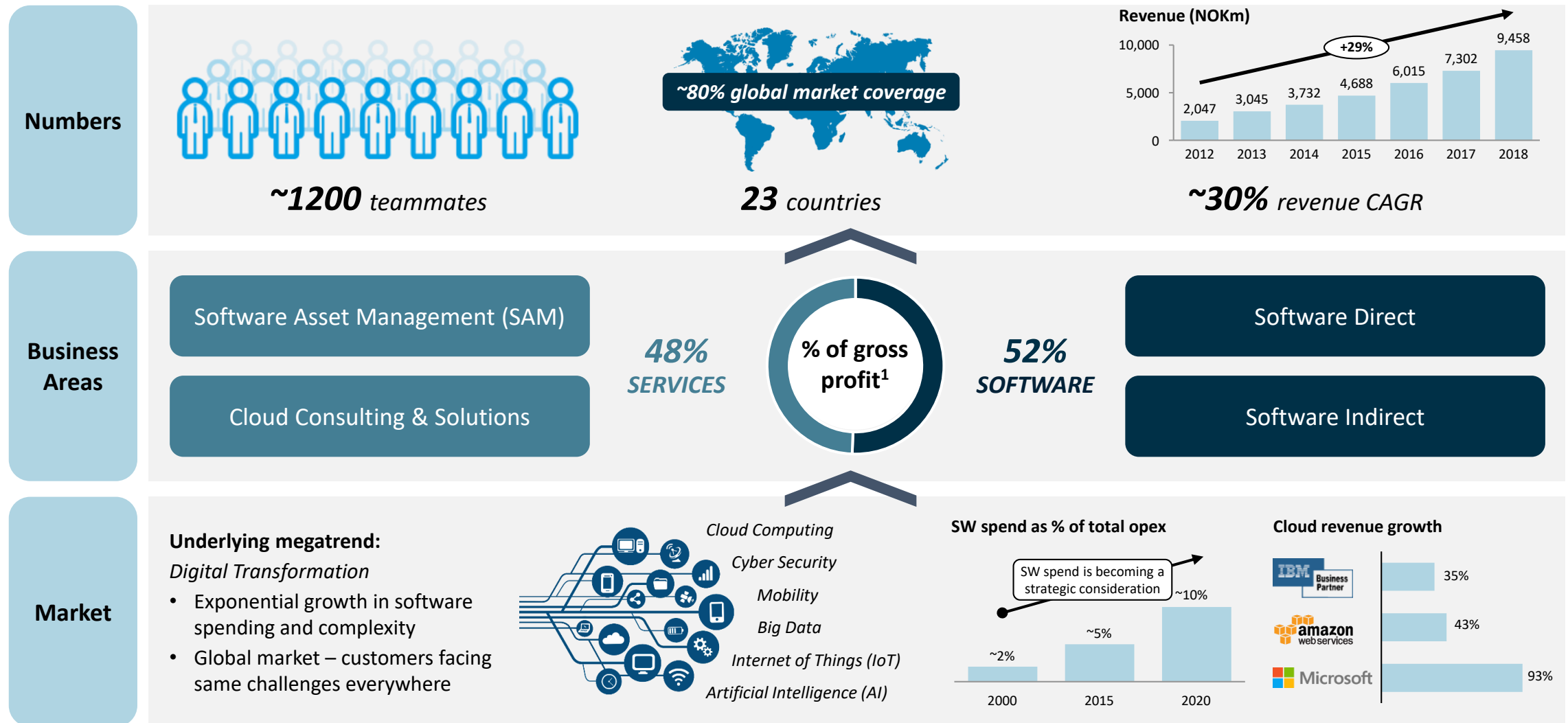
Gross profit – Market cluster by business area



NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Nordic Markets										
Services	93.8	95.2	82.1	112	383.1	109.8	115.4	102.6	136.6	464.3
Software	78.6	116.4	55.6	122.5	373.1	86.0	131.5	71.7	144.1	433.3
Admin	2.7	0.6	0.4	0.8	4.5	1.2	1.9	0.5	0.8	4.3
Nordic Markets gross profit	175.1	212.2	138.1	235.2	760.6	197.0	248.8	174.8	281.4	902.0
Growth Markets										
Services	18.2	17.5	14.7	20.1	70.5	19.0	19.2	16.1	24.0	78.3
Software	22.2	49.9	18.3	38.7	129.1	31.9	58.3	30.9	59.3	180.5
Admin	1.9	1.1	1.0	0.3	4.3	0.9	0.9	1.3	1.9	5.0
Growth Markets gross profit	42.3	68.5	34.0	59.2	204.0	51.8	78.4	48.4	85.2	263.8
Start-Ups										
Services	5.5	7.2	5.9	7.3	25.9	6.3	9.9	9.1	11.9	37.1
Software	13.3	27.3	17.3	20.7	78.6	19.6	28.3	29.0	28.1	105.0
Admin	0.2	0.3	0.0	0	0.5	0.3	0.3	0.1	1.6	2.3
Start-Ups gross profit	18.9	34.7	23.2	28.2	105.0	26.2	38.5	38.2	41.6	144.5
USA										
Services	27.3	31.2	25.3	25.1	108.9	27.6	28.0	30.4	31.3	117.3
Software	4.7	9.2	4.6	4.7	23.2	6.1	11.7	8.7	9.8	36.3
Admin	0.2	0.1	0.1	0.5	0.9	0.1	-0.8	0.8	0.7	1.5
USA gross profit	32.1	40.5	29.9	30.5	133.0	33.8	39.6	39.9	41.8	155.0
HQ										
Services	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.0	-	-0.0
Software	0.9	-0.8	-0.0	-0.3	-0.2	-0.4	-1.2	-0.3	-0.3	-2.2
Admin	12.4	14.4	15.0	21.9	63.7	15.2	17.1	20.6	22.2	75.1
HQ gross profit	13.3	13.6	15.0	21.6	63.5	14.8	15.9	20.3	21.9	72.9
Group										
Services	144.8	151.1	128.0	164.4	588.3	162.7	172.4	158.2	203.7	697.0
Software	119.6	201.9	95.7	186.6	603.8	143.2	228.6	140.0	241.1	752.9
Admin	17.3	16.4	16.5	13.5	63.7	17.6	20.1	23.3	27.2	88.2
Eliminations	-11.9	-12.9	-12.4	-13	-50.2	-13.3	-12.7	-11.5	-12.2	-49.7
Group gross profit	269.8	356.6	227.8	361.6	1 215.8	310.2	408.5	310.0	459.8	1 488.5

Appendix

Crayon at a glance



¹ Based on 2018 gross profit, excl. admin & eliminations

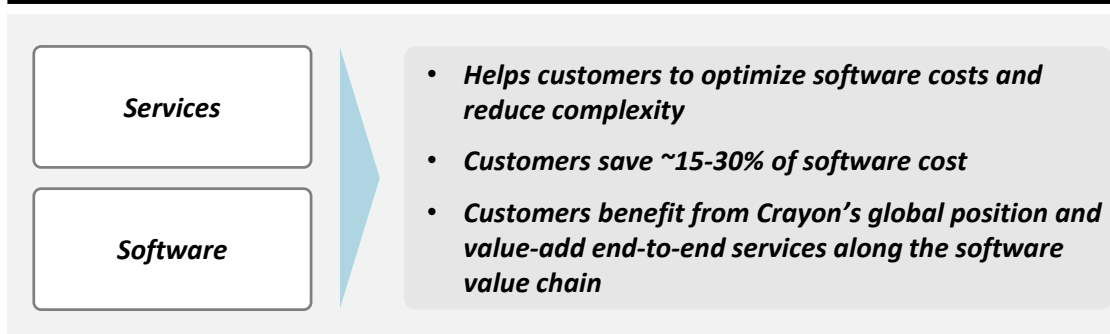
Crayon – a fast growing global software and services expert



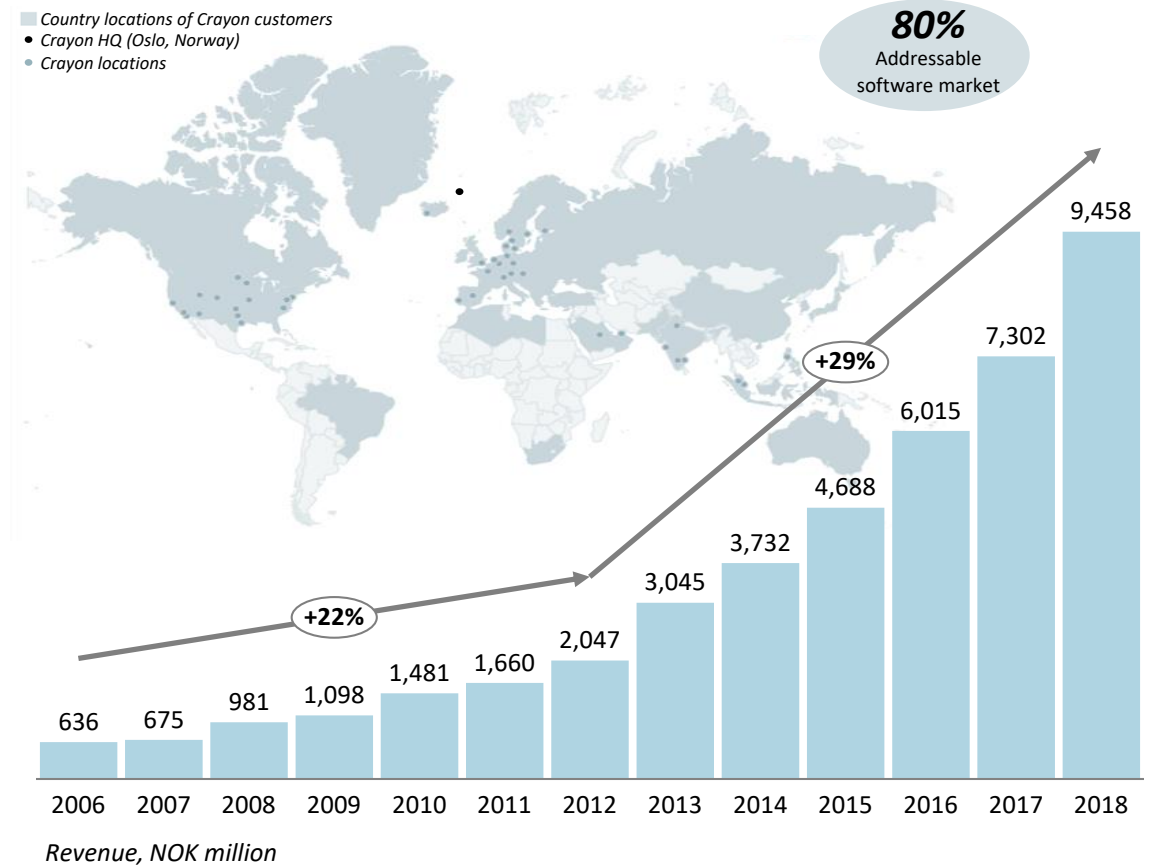
Company at a glance

- Founded in 2002 with headquarters in Oslo, Norway
- Publicly listed company in 2017
- ~1,200 employees and ~8,500 customers of which more than 40% public¹
- Strategic partnerships with the largest software vendors globally
- Extensive IP portfolio yielding competitive advantages
- Presence in 23 countries covering 80% of addressable market
- Revenues of NOK 9.5bn with high growth and strong cash conversion

Offering and value proposition



An international growth story with strengthening momentum



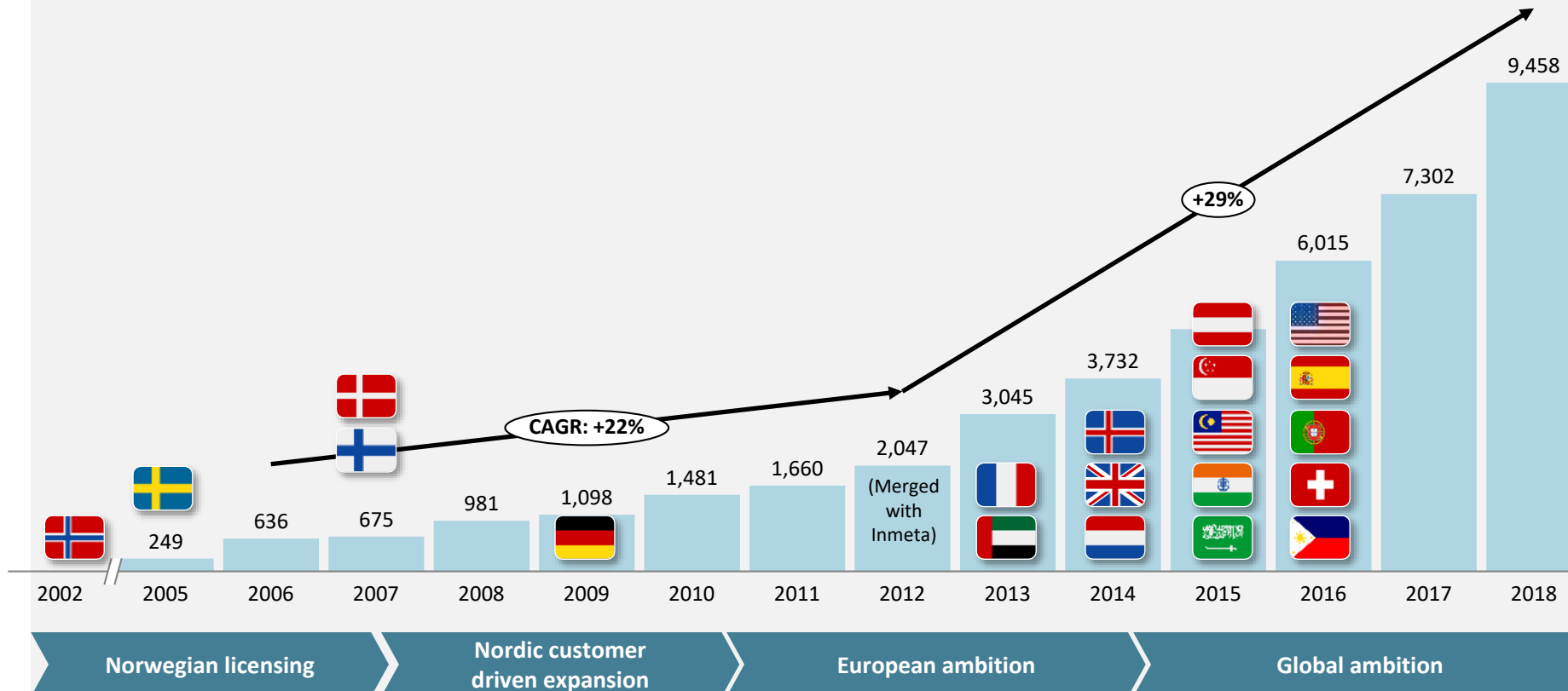
Crayon is a trusted advisor for customers in their digital transformation journey

¹ Based on share of gross profit 2018

Proven execution of international expansion strategy

Successful development from being a Norwegian licensing provider to global ambitions

Revenue, NOK million



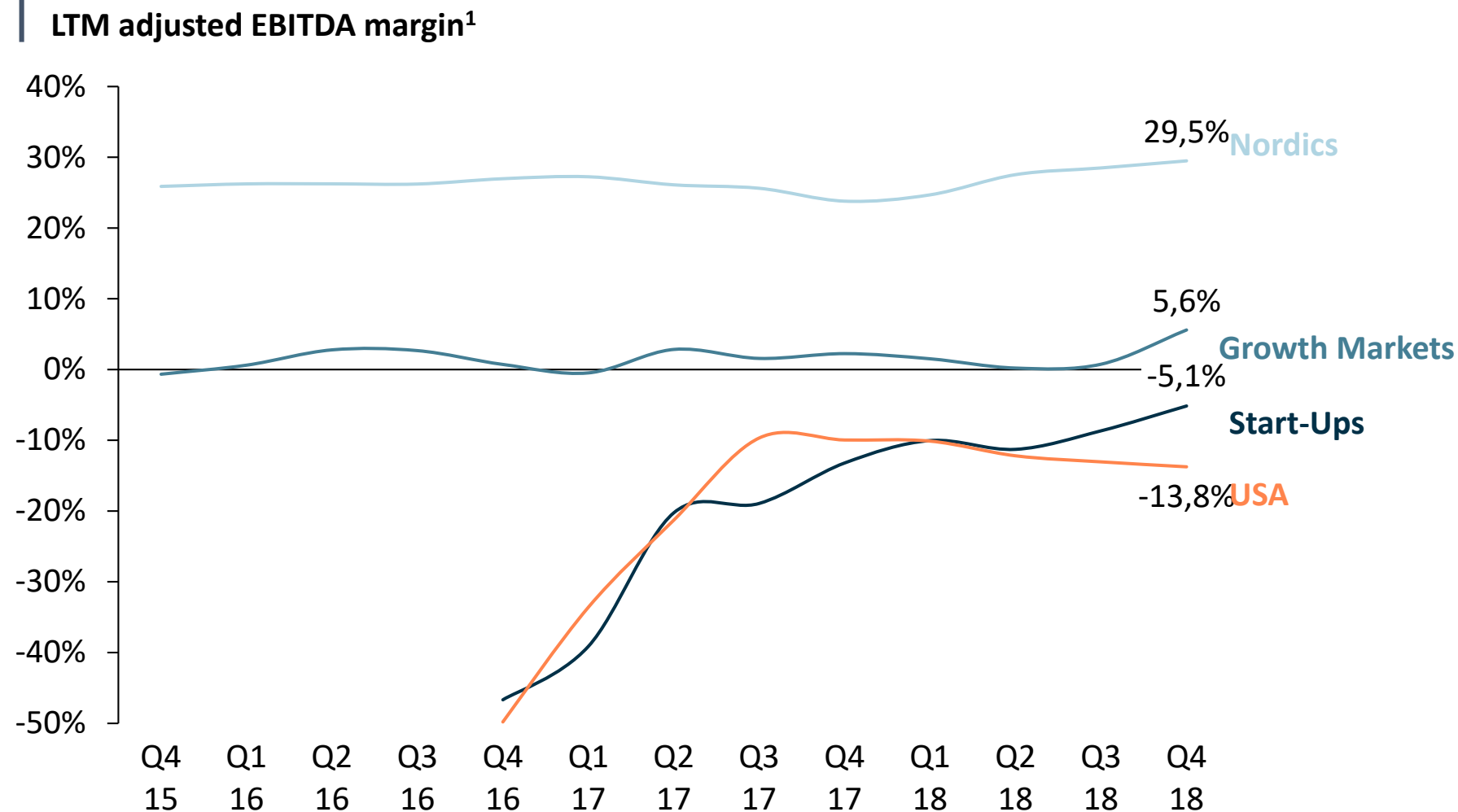
Business model applicable
across geographies

Ability to win global
customers

Positioned to be a true
strategic partner

Opportunities for price
arbitrage

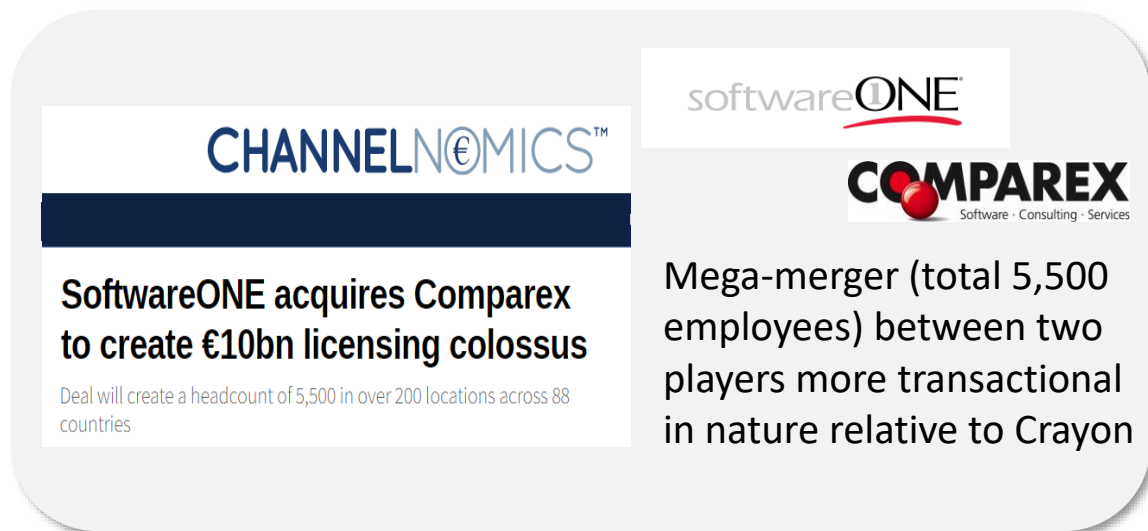
LTM adjusted EBITDA margin



- Strong commercial performance in Nordics further improves EBITDA margin
- Growth Markets EBITDA margin reflects continued investments in resources to drive growth
- USA, Start-Ups margin expected to improve as operations scale up and establish market position

Consolidation Trend: Significant Value Potential for Crayon

Consolidation trend demonstrated by SW1/Comparex merger



Crayon has an attractive consolidation platform

M&A play

Scale

IP²

Services

Value lever

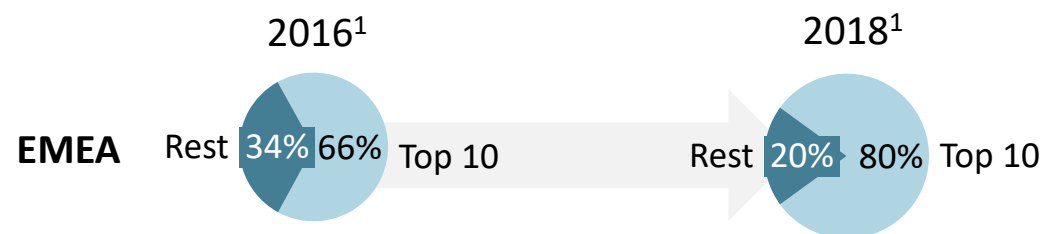
- Economies of scale
- Cost synergies
- Reduce cost to sell
- Leverage existing sales & distribution network
- Customer upsell
- Share of mind & wallet

of processes

2-3


3-5

5-10

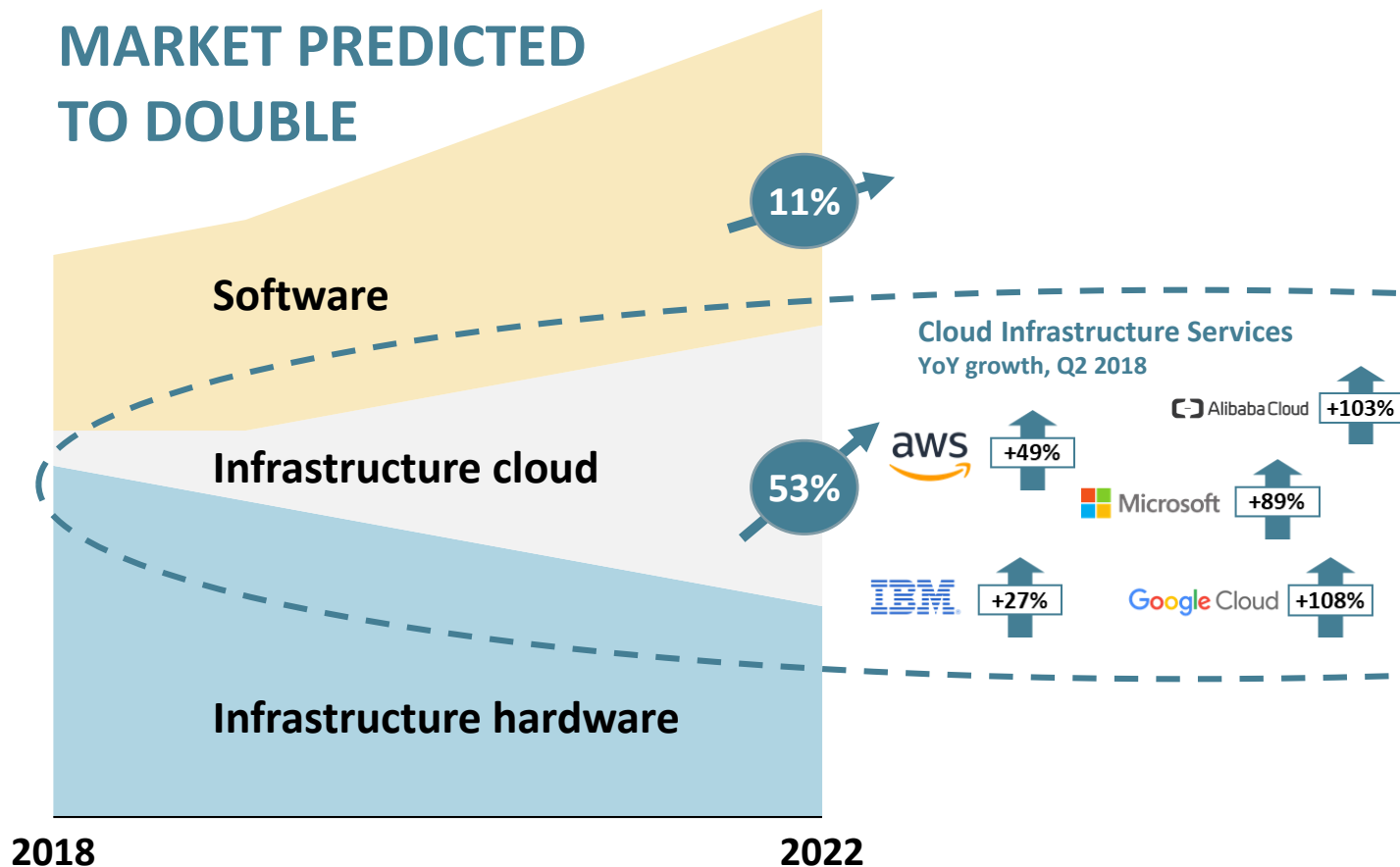


¹ Management estimate based on Microsoft revenue numbers for LSP
² Intellectual Property (i.e., bespoke products, systems, tools etc.)

Strong Market Momentum

 Market growth, 2017-2018

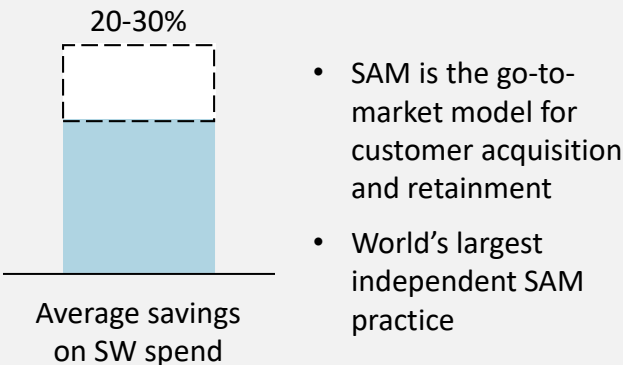
CRAYON ADDRESSABLE MARKET PREDICTED TO DOUBLE



- 
- Crayon**
- New, fast growing market
 - Strategically positioned
 - More services
 - Better margins

Unique business model resulting in strong & loyal customer base

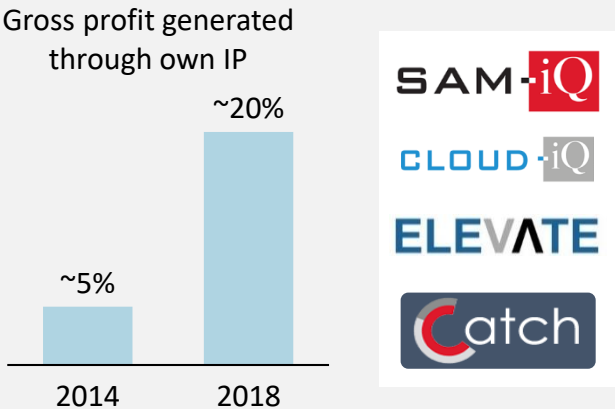
Unique customer value proposition



+

x

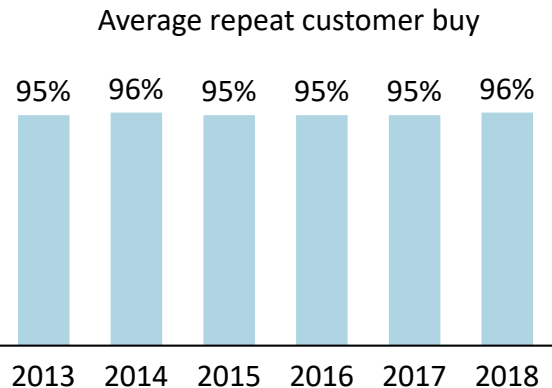
Extensive portfolio of Intellectual Property (IP)



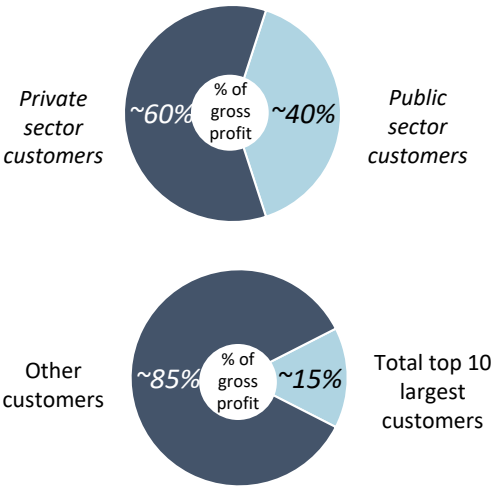
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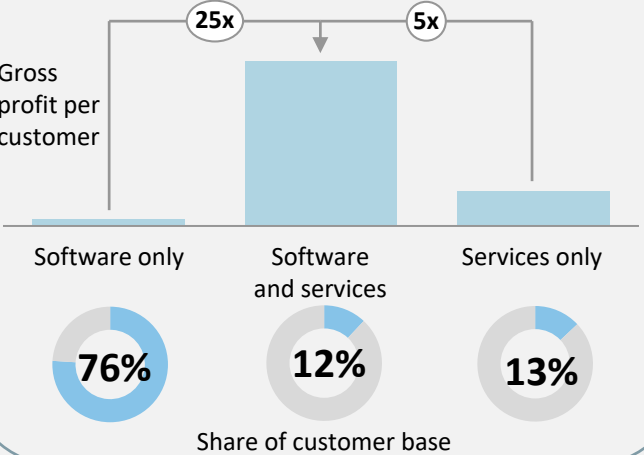
Unparalleled customer loyalty



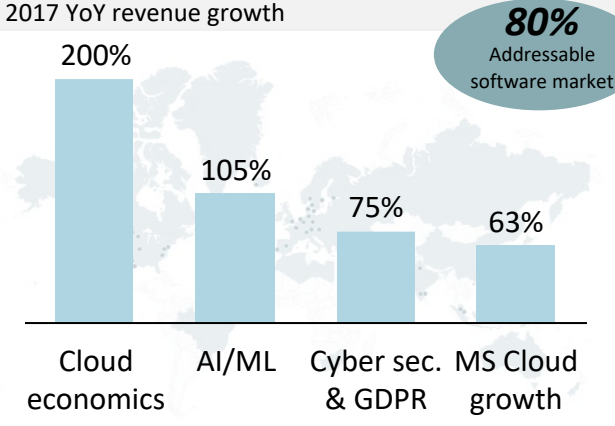
Diversified customer portfolio



End-to-end services with upsell potential



Strategically positioned in attractive market



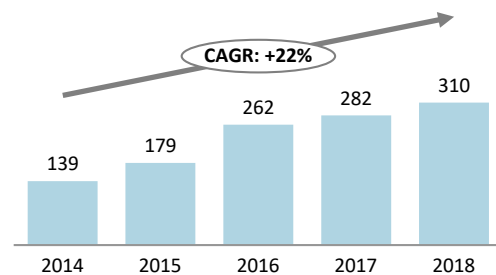
Services – SAM and Consulting



SAM – IT optimization; Crayon's customer acquisition tool

- Crayon's offering seeks to optimize the IT structure of customers by
 - improving software ROI
 - helping customers stay compliant
 - and helping customer to avoid fines
- SAM is the go-to-market model and has been deployed as a customer acquisition tool when Crayon have entered new geographical markets
- SAM comprise both tactical advisory to mid-level management and strategic advice with customer top management as counterparties
- Crayon uses proprietary IP to differentiate from competitors and to build customer stickiness – IP applied in SAM offering comprises Elevate, SAM-IQ and Catch
- With +300 SAM consultants, Crayon is a leading global player on SAM, and has the highest number of SAM consultants in the world¹

Gross profit² (NOKm)



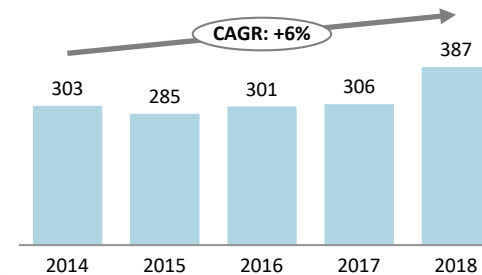
KPIs

Repeat buy	87% (Annual repeat buy ³)
Public vs. private mix	20% (Public customers ⁴)
Customer concentration	30% (Gross profit of top 10 customers ⁴)

Consulting – cloud and solutions consulting services

- Crayon offers consulting services in principally two areas: Cloud and Solutions
 - Cloud Consulting:** Generic support and services on universal technology platforms
 - Solutions Consulting:** Bespoke application development tailored to customers' needs
- Total of 400 consultants per year end 2018 (FTEs)
- Core offering includes:
 - IT infrastructure services (planning and analysis support related to larger IT upgrade projects)
 - Cloud Consulting: helping customer migrate to the cloud
 - Tailored software solution or application development and the resolving of complex IT problems including on-site support
- Providing value to customer through helping to solve complex problems that customers are unable to solve internally
- 98% of business in the Nordic region⁵, predominantly in Norway

Gross profit² (NOKm)



KPIs

Repeat buy	93% (Annual repeat buy ³)
Public vs. private mix	45% (Public customers ⁴)
Customer concentration	50% (Cloud) 52% (Solutions) (Gross profit of top 10 customers ⁴)

¹ Crayon Management estimates based on number of independent SAM consultants (independent SAM consultants meaning consultants working for the customer, not the software vendor)

² 2014-2018 Source: Crayon Group Holding AS financial accounts.

³ 2018 gross profit repeat buy adjusted for FAST acquisition in the UK for SAM. Repeat buy is (1-churn). Source: Sales data

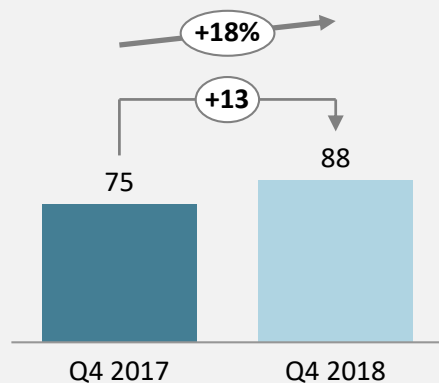
⁴ Based on 2018 figures. Source: Crayon sales report

⁵ Gross profit 2018 figures excluding Admin and eliminations

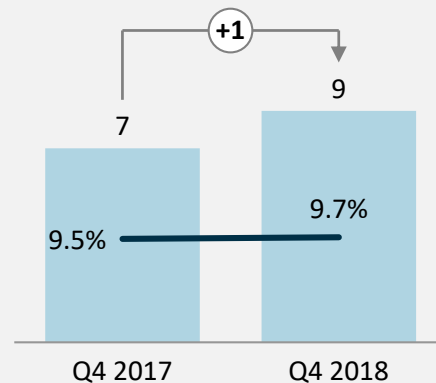
Services

SAM

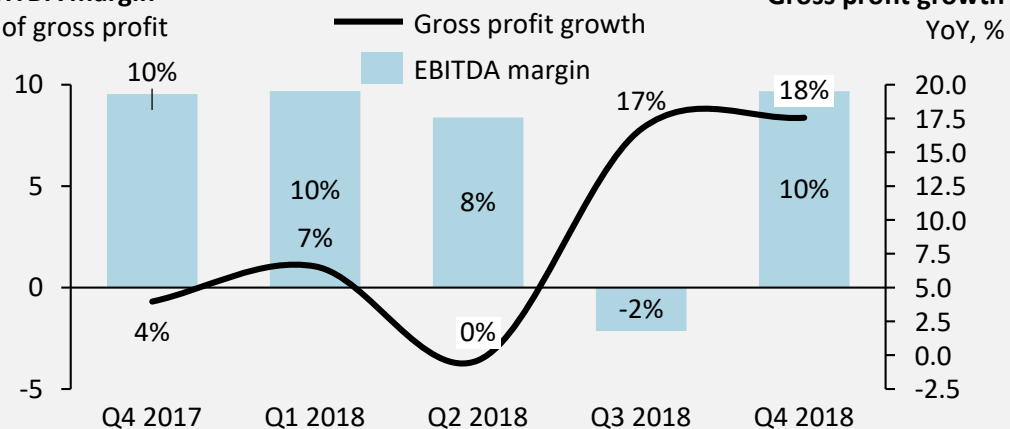
Gross profit development, NOKm



EBITDA development, NOKm

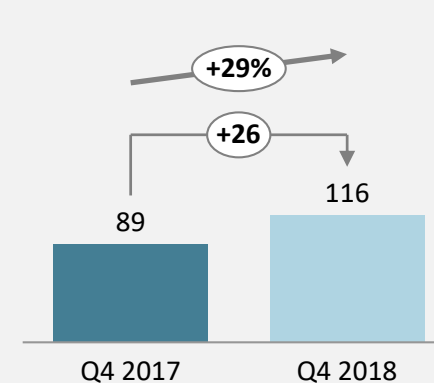


EBITDA margin¹
% of gross profit

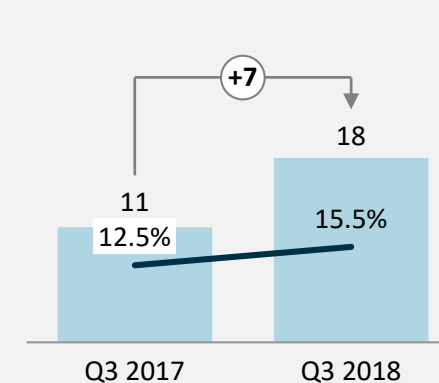


Consulting

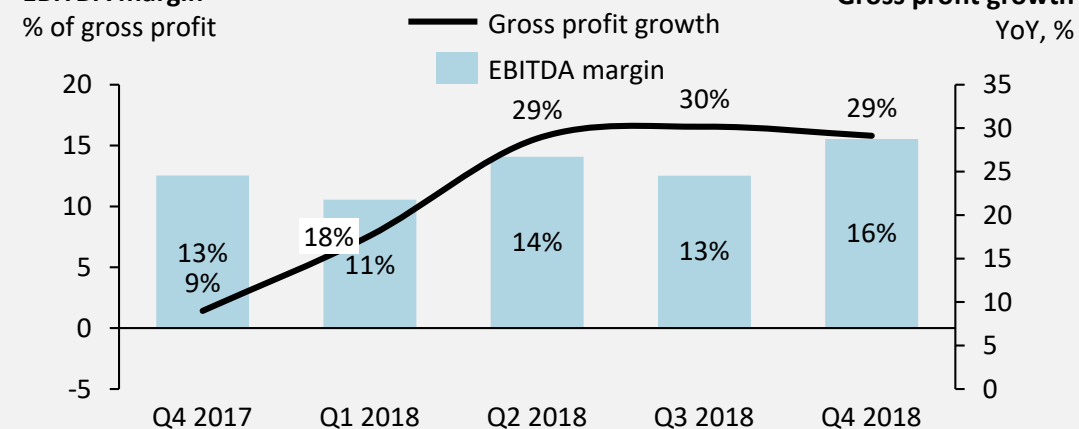
Gross profit development, NOKm



EBITDA development, NOKm



EBITDA margin¹
% of gross profit



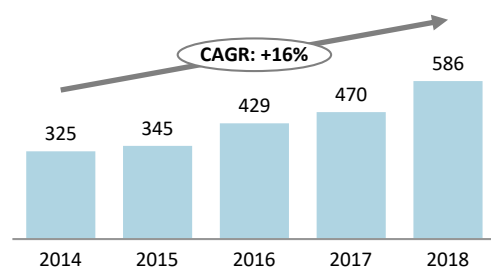
¹ EBITDA divided by reported gross profit

Software – Direct and Indirect

Direct – license offering directly from vendor to customers

- Focus on standard software that customers use consistently year after year, and which play a key role in their technological platforms and critical commercial processes
- 320 sales and 1st line support employees per year end 2018 (FTEs)
- Clients acquired through SAM approach
- Majority of billing is done through Crayon – meaning Crayon are billing clients directly, strengthening client relationships
 - 60% direct billing per 2018
- Solid level of recurring revenues from 3-5 year agreements with customers
 - Base for recurring and sticky customer relationships further supported by proprietary IP applied (Navigator)
- License advisory and transactional support related to purchase of 3rd party software

Gross profit¹ (NOKm)



KPIs

Repeat buy	96% (Annual repeat buy ²)
Public vs. private mix	40% (Public customers ³)
Customer concentration	14% (Gross profit of top 10 customers ³)

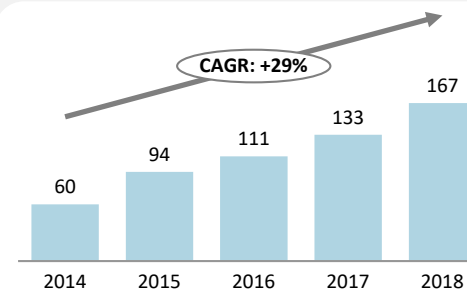
Indirect – license offering towards channel partners

- Crayon's license offering towards channel partners:
 - License advisory / optimization, software license sale and access to Crayon's reporting portal
- Crayon sells software licenses through a diverse group of leading channel partners:



- Crayon not the customers direct point-of-contact, hence Crayon revenue is generated through channel partner network
- 100 sales and 1st line support employees per year end 2018 (FTEs)
- ~100% recurring revenue driven by multi-year agreements with monthly invoicing
- Proprietary IP applied comprise Cloud-IQ

Gross profit¹ (NOKm)



KPIs

Repeat buy	99% (Annual repeat buy ²)
Public vs. private mix	0% (Public customers ³)
Customer concentration	7% (Gross profit of top 10 customers ³)

¹ 2014-2018 Source: Crayon Group Holding AS financial accounts

² 2018 gross profit repeat buy. Repeat buy is (1-churn). Source: Sales data

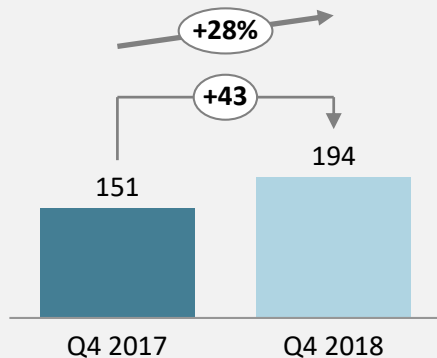
³ Based on 2018 figures. Source: Crayon sales report

⁴ Crayon direct billing of Microsoft's share of gross profit. Based on 2018 figures. Source: Crayon sales report

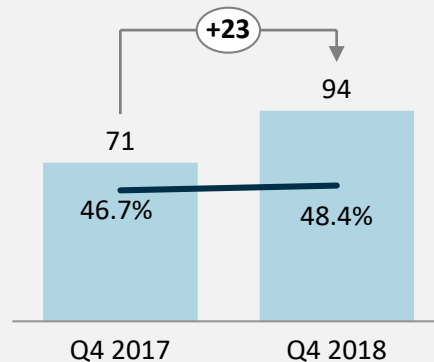
Software

Software Direct

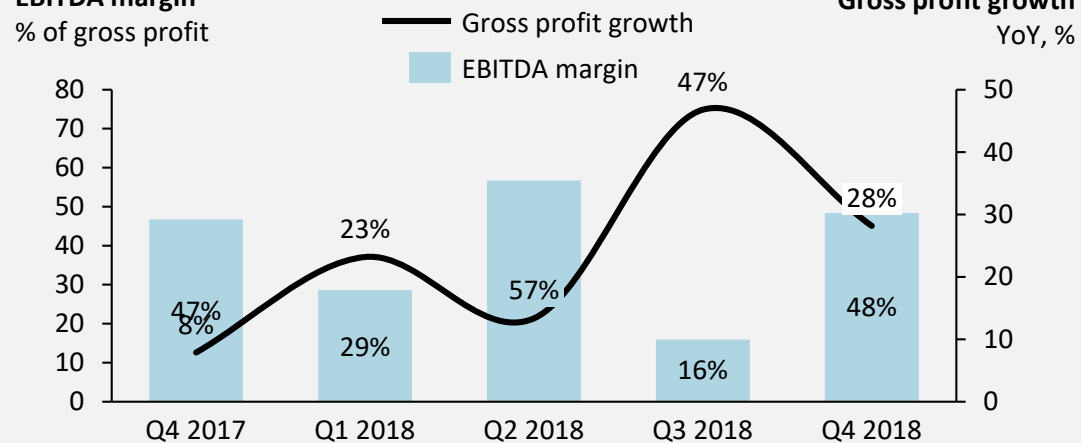
Gross profit development, NOKm



EBITDA development, NOKm

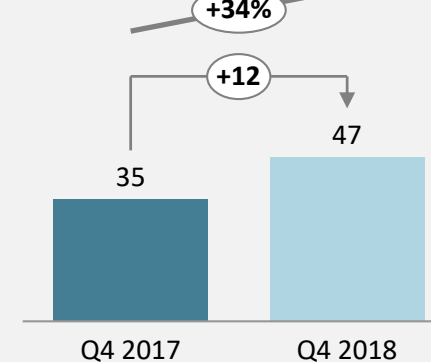


EBITDA margin¹
% of gross profit

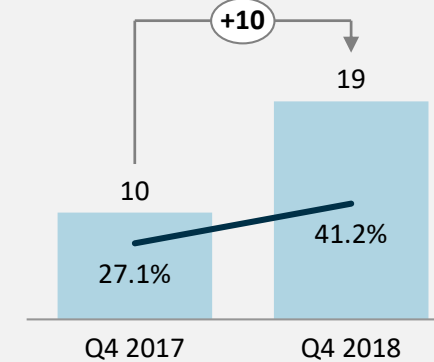


Software Indirect

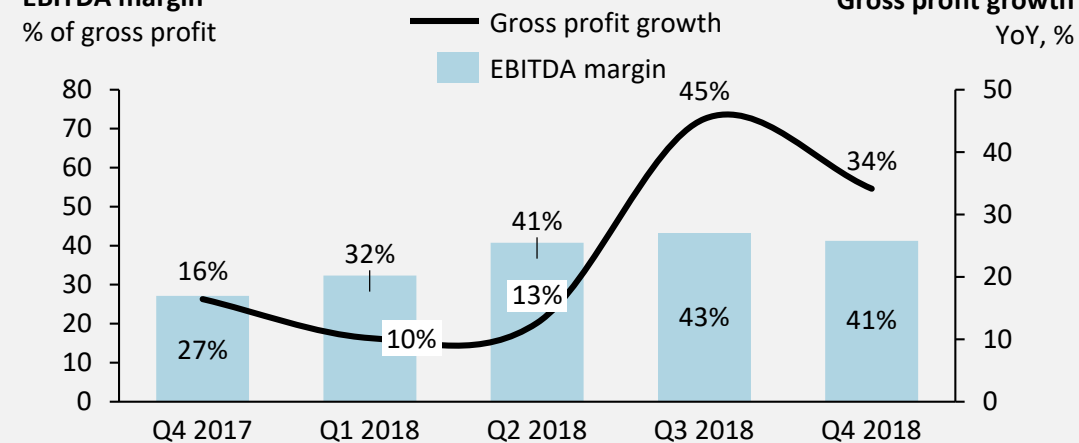
Gross profit development, NOKm



EBITDA development, NOKm









EBITDA margin¹
% of gross profit



¹ EBITDA divided by reported gross profit

Extensive portfolio of intellectual property

Unique proprietary intellectual property portfolio...

Unique proprietary intellectual property portfolio...			...providing differentiation and customer stickiness	
Services		<ul style="list-style-type: none"> ✓ Help customers improve internal processes and capabilities ✓ Web portal providing tools and scripts 	▶	~500 customers signed up on a subscription model, typically on multi-year agreements ¹
		<ul style="list-style-type: none"> ✓ SAM delivery and collaboration platform 	▶	Used by Crayon for various SAM services
		<ul style="list-style-type: none"> ✓ License management tool for monitoring software usage and inventory 	▶	Used by Crayon and licensed to customers
Software		<ul style="list-style-type: none"> ✓ Self-provisioning web portal ✓ Effective provision and administration of cloud services for customers 	▶	~1,500 customers signed up on a monthly subscription model ¹
	 	<ul style="list-style-type: none"> ✓ Software webshop and self-provisioning portals for customers and partners 	▶	~2,000 customers signed up on a monthly subscription model ¹
<div>~20%</div> <p>...of total gross profit relates to use of Crayon's own IP portfolio^{2,3}</p> <hr/> <div>~50%</div> <p>...of the customers are signed up on subscription models for the Crayon IP¹</p>				

Source: Sales reports

¹ Based on end of 2018 data² Based on 2018 gross profit³ ~25% of total revenue relates to use of Crayon's own IP portfolio