

# ECIT | Annual Report | 2021



**Investor presentation**

*25 March 2022*

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**ecit**



**Peter Lauring**  
CEO



**Mads Skovgaard**  
CFO



# ECIT in short



## Founded in 2013

In May 2013 ECIT was established by CEO Peter Luring.



## ~ 250 partners

with minority ownership in local subsidiaries. The ownership reflects the consideration, care, and pride in all we do.



## Present in 10 countries

+100 locations across 10 countries makes ECIT a local partner to customers able to add with the strength from a larger international group.



## M&A compounder

Since incorporation ECIT have made +125 acquisitions (+45 mergers)



## People business

+2,200 employees to contribute with the knowledge and expertise of their field based on a quality driven culture.

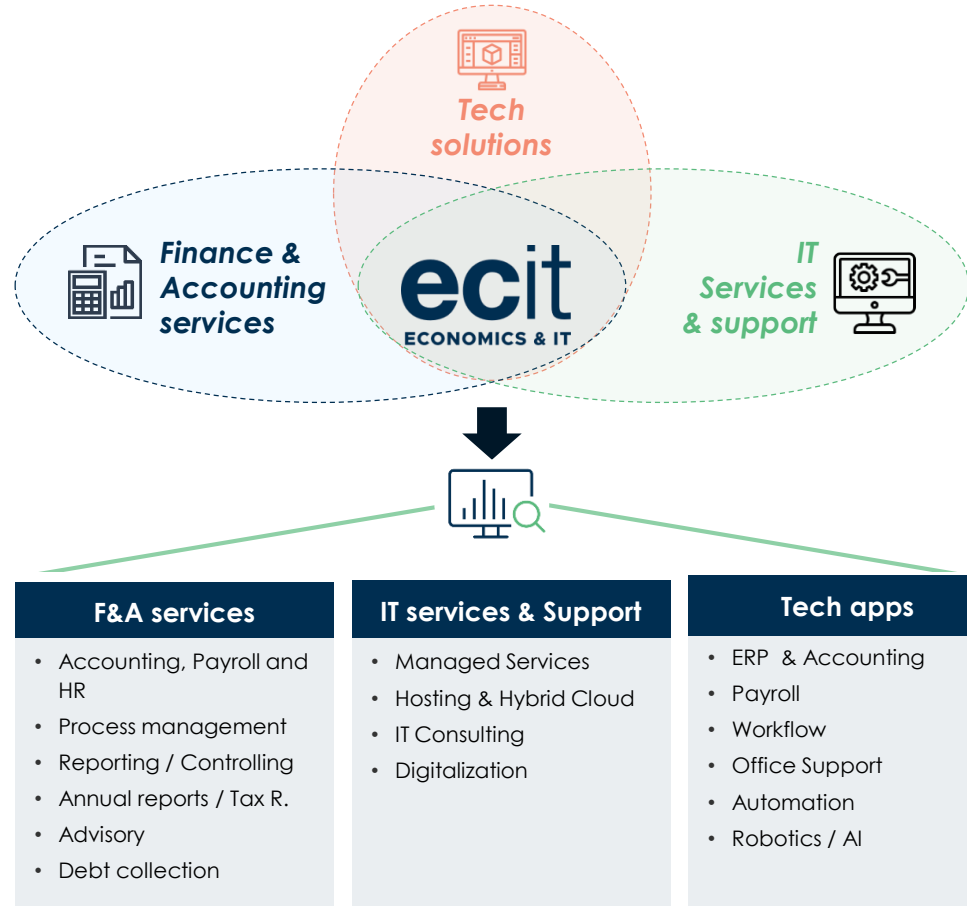


## Strategic partner

Through providing IT, Finance & Accounting including production software applications the important admin business areas of any firm are supported by ECIT.

# Business offerings tailored to market and customer needs

## ECIT business offerings



**Build & grow**



**Adapt to change**



**Innovation and digital**



**Strategic partner**

# Highlights

## Financial summary

## 2021 highlights

(NOKm)	2021	2020
Revenue	2,383	1,829
<b>EBITDA*</b>	<b>339</b>	<b>256</b>
<b>Profit for the year</b>	<b>115</b>	<b>121</b>
<b>Adj. profit for the year</b>	<b>130</b>	<b>81</b>
<b>KPIs</b>		
Total revenue growth	30.3%	35.9%
M&A revenue growth	27.2%	28.9%
Organic revenue growth	6.4%	5.0%
EBITDA-margin*	14.2%	14.0%

**Total revenue  
growth of 30.3%**

**EBITDA margin  
of 14.2%**

**Acquired  
annual revenue  
of NOK ~500  
million**  
(proforma 2020)

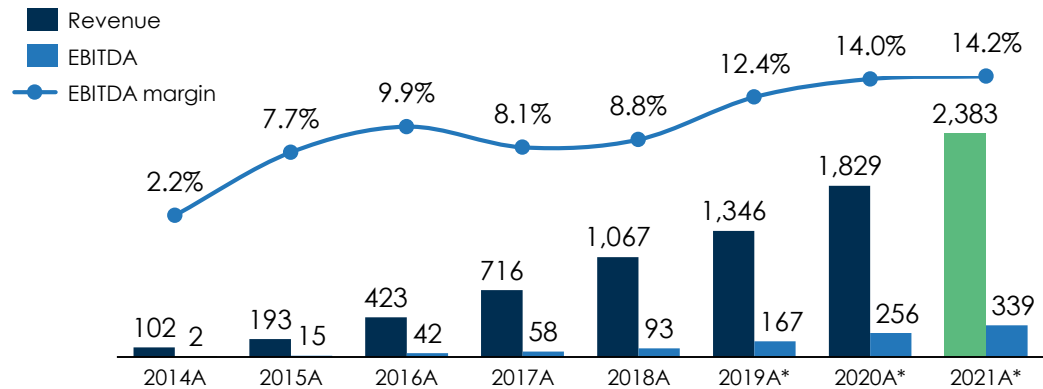
**Listing on  
Euronext growth  
Oslo Stock  
Exchange**

**ECIT ownership  
in subsidiaries  
increase from  
~55% to ~68%**

**Further  
consolidation of  
the F&A and IT  
division**

# Value creation

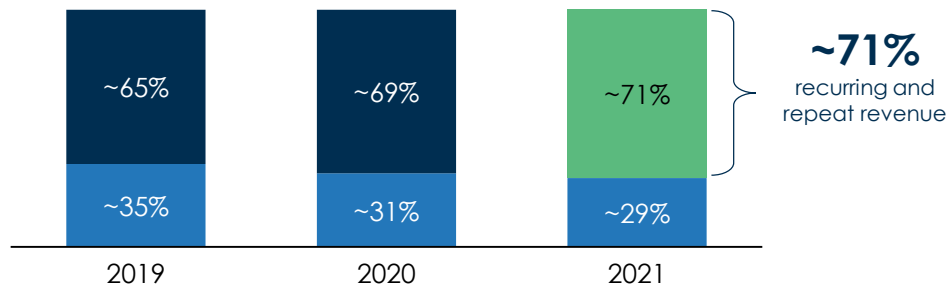
## Financial performance (NOK million)



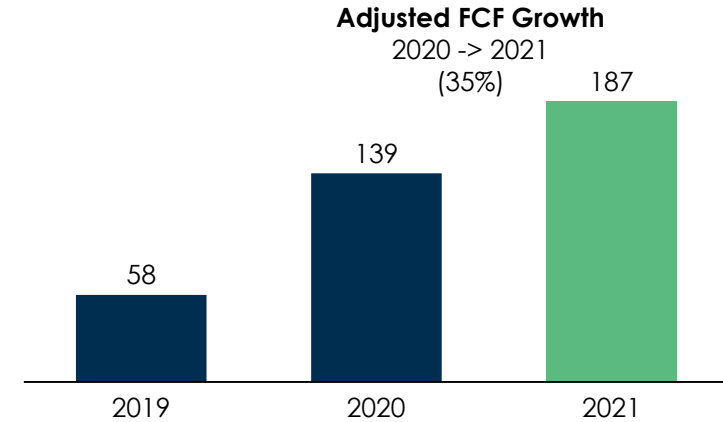
**Revenue Growth**  
2020 -> 2021  
(30%)

**EBITDA Growth**  
2020 -> 2021  
(32%)

## The majority of ECIT's revenue is coming from recurring and repeat revenue

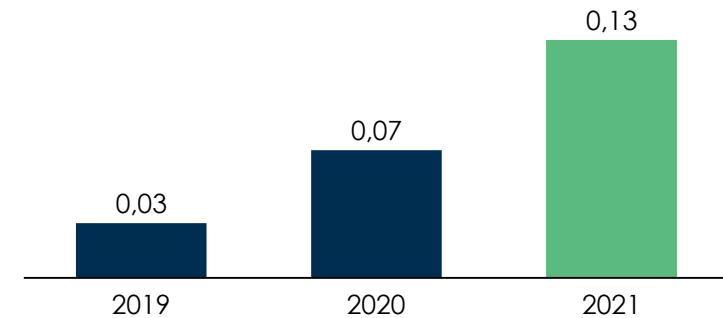


## Adjusted free cash flow\*\* (NOK million)



Covid-19 –  
NWC effect  
adjusted in  
the financials

## Adjusted diluted earnings per share\*\*\* (NOK)



### Notes

\*) Including the impact of IFRS16 leasing accounting. The 2014-2018 EBITDA results would have been higher, and therefore not comparable to 2019 - 2021

\*\*) Free cash flow less IFRS leasing and before special items, R&D and acquisitions

\*\*\*) Adjusted for one-off items

# Comments to valuation of ECIT

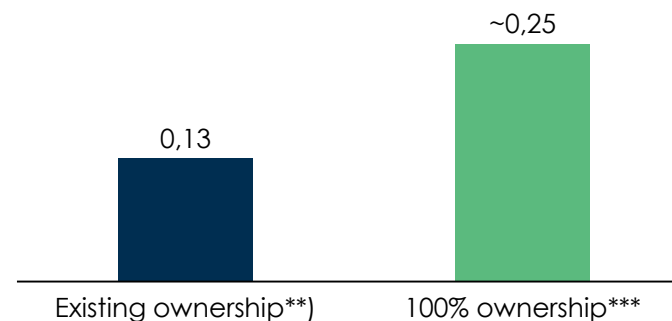
## Components in valuation of ECIT

Calculation incl. option obligation	NOK
Share price, 24 March 2022	6.42
Number of shares, million	446
<b>Equity Value, NOKm</b>	<b>2,860</b>
+/- Net interest bearing debt, NOKm	-137
- Option obligation, NOKm	-458
<b>Enterprise value, NOKm</b>	<b>3,455</b>
EBITDA*, NOKm	339
<b>Factor</b>	<b>10.2</b>

## Assumptions

- 31 December 2021 figures.
- Market cap per 24 March 2022 of NOK 2,860 million.

## EPS



## Management comments

- Dual-ownership – fundamental to build ECIT.
- Option of NOK ~458 million to reach 100% ownership:
  - Factor: EV/EBITDA, ~4x
  - Adjusted for NIBD
- Ownership in subsidiaries will increase over time.
- Options can be executed at will.

### Notes

\*) EBITDA before special items

\*\*) Adjusted diluted EPS excluding 'one-off' and special items

\*\*\*) Estimated financial expenses are included to finance the option obligation (exercising)

# IT division

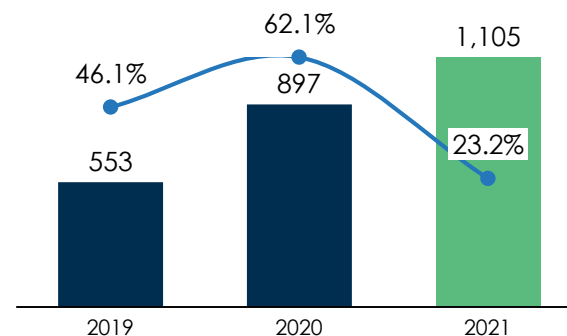
## Financial overview – Full year

(NOKm)	2021	2020
Revenue	1,105	897
<b>EBITDA*</b>	<b>140</b>	<b>113</b>
Total revenue growth	23.2%	62.1%
EBITDA-margin*	12.7%	12.6%

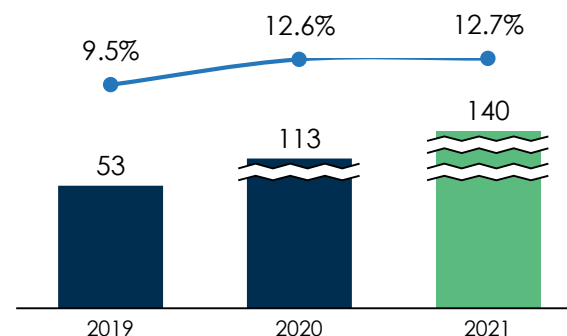
## Financial summary – Q4

(NOKm)	2021	2020
Revenue	325	286
<b>EBITDA*</b>	<b>56</b>	<b>47</b>
Total revenue growth	13.7%	62.8%
EBITDA-margin*	17.2%	16.4%

## Revenue development and total growth



## EBITDA\* and margin development



## Management comments

- High demand throughout the year for IT services and solutions - both from existing as well as new customers.
- Revenue growth in Q4 lower than last year as a consequence of current IT supply challenges.
- Growth 2021 versus growth 2020 - lower M&A activity.
- Stable EBITDA margin.
- Three mergers - combined revenue of NOK 700 million (11 companies)



# F&A division

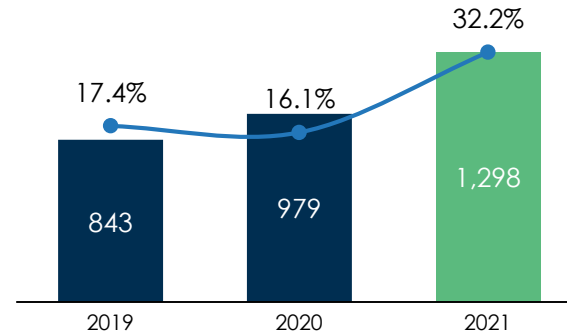
## Financial summary – Full year

(NOKm)	2021	2020
Revenue	1,298	979
<b>EBITDA*</b>	<b>225</b>	<b>174</b>
Total revenue growth	32.2%	16.1%
EBITDA-margin*	17.4%	17.7%

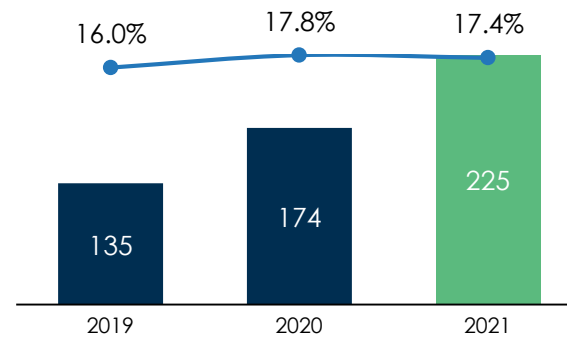
## Financial summary – Q4

(NOKm)	2021	2020
Revenue	316	259
<b>EBITDA*</b>	<b>63</b>	<b>55</b>
Total revenue growth	22.0%	20.9%
EBITDA-margin*	14.5%	21.2%

## Revenue development and total growth



## EBITDA\* and margin development



## Management comments

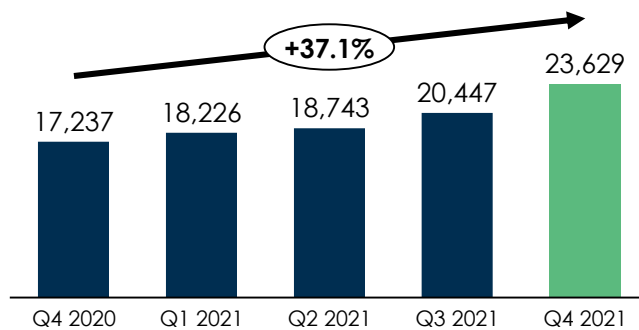
- Activity level affected by Covid-19.
- M&A explaining growth rate of 32.2%.
- EBITDA margin affected by M&A.
- Substantial merger in F&A Norway – combined revenue of NOK 300 million (7 companies).

# Tech division

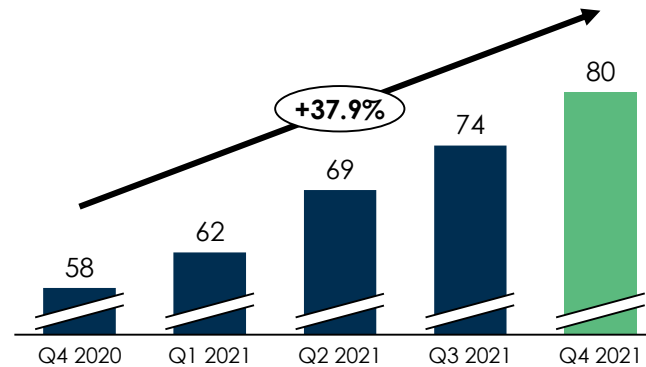
## Financial summary – Full year

(NOKm)	2021	2020
Revenue	104	72
<b>EBITDA*</b>	<b>-2</b>	<b>0</b>
Total revenue growth	44.8%	146.8%
EBITDA-margin*	-1.9%	-0.3%

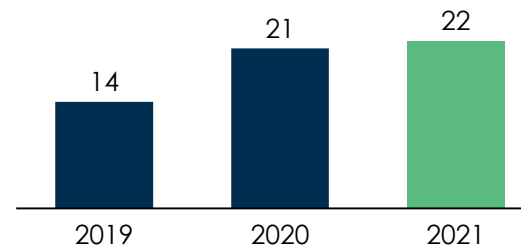
## Number of customers



## Annual recurring revenue



## Number of products



## Management comments

- 100m in 2021 revenue – offering > 20 different products within Payroll, Accounting and Office Support.
- Low M&A growth - focus product development.
- 37,9% growth in ARR – NOK 80 million versus NOK 58 million (2020).
- #customers increased by 37%
- Product development affect earnings in the division.

A person's hands are shown typing on a laptop keyboard. The person is wearing a light-colored long-sleeved shirt and a watch on their left wrist. The laptop is open, and the screen displays some text. The background is a blurred office environment. The entire image has a blue overlay.

# Financial review

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# Financial review

## Profit & loss summarized

(NOKm)	Q4		Full year	
	2021	2020	2021	2020
Revenue	648	530	2,383	1,829
<b>EBITDA*</b>	<b>113</b>	<b>88</b>	<b>339</b>	<b>256</b>
Special items	-1	-1	-9	-1
<b>Profit for the year</b>	<b>51</b>	<b>33</b>	<b>115</b>	<b>121</b>
<b>Adj. profit for the year</b>	<b>62</b>	<b>34</b>	<b>130</b>	<b>81</b>
<b>KPIs</b>				
Total revenue growth	22.3%	42.4%	30.3%	35.9%
M&A revenue growth	21.5%	33.2%	27.2%	28.9%
Organic revenue growth	2.9%	7.4%	6.4%	5.0%
Currency impact	-2.1%	1.8%	-3.2%	1.9%
EBITDA-margin*	17.4%	16.6%	14.2%	14.0%
FTEs			2,221	1,515
Diluted adj. EPS			0.13	0.07

## Management comments

- Lower revenue growth in Q4 2021 mainly explained by IT supply challenges.
- Despite Covid-19 challenges, full year organic revenue growth ended at 6.4%.
- High acquisition volume (Norian) – in total the total growth of the year ended at 30.2% (35.2%).
- Currency headwind on revenue in 2021 (negative impact of minus 3.2%).
- EBITDA margin impacted by high acquisition volume.
- Full year adjusted profit excluding 'one off' for the year ended at NOK 130m.
- Increase in number of FTEs was mainly related to M&A.

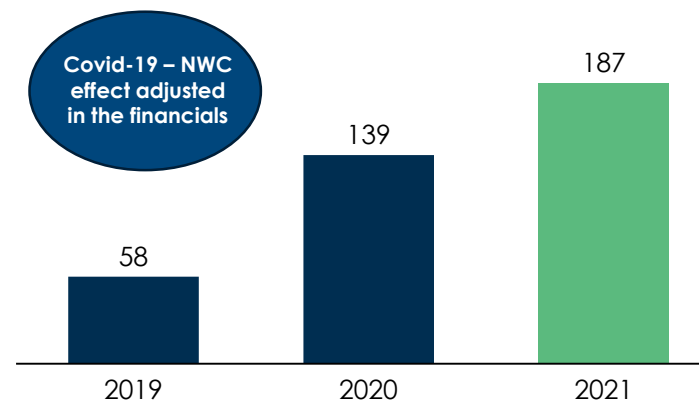


# Cash Flow & Net Working Capital development

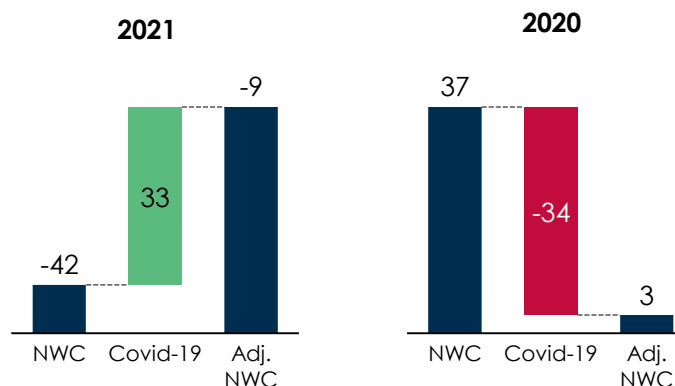
## Cash Flow Statement

(NOKm)	2021	2020
EBITDA	339	256
Change in NWC	-42	37
Cash flow from operations	249	259
Cash flow from investing	-319	-109
Cash flow from financing	95	-64
<b>Cash flow for the period</b>	<b>25</b>	<b>86</b>
<i>Adjusted free cash flow:</i>		
Cash flow from operations	249	259
Special items	9	1
Investments in tangible assets	-20	-21
Repayment of lease liabilities	-84	-66
<b>Adjusted free cash flow</b>	<b>154</b>	<b>173</b>
<i>Covid-19 impact</i>		
NWC Covid-19 impact	<b>33</b>	<b>-34</b>
<b>Covid-19 adj. free cash flow</b>	<b>187</b>	<b>139</b>

## Adjusted free cash flow\*\* (NOK million)



## Impact of Covid-19



## Management comments

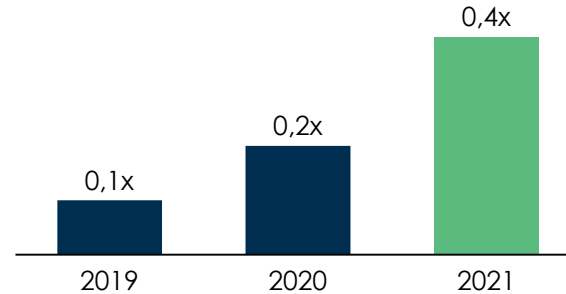
- Cash flow from operating activities impacted Covid-19 impact to net working capital development between 2020 and 2021.
- Adjusted for Covid-19 impact, the adjusted free cash flow is at NOK 187 million (139m)
- High M&A activity explain the cash flow from investments of minus NOK 319 million.
- Cash flow from financing activities positive (NOK 95 million) – explained by the capital increase from the IPO.
- Cash outflow in financial activities comes from the options being exercised (NOK 75 million).

# Net debt and leverage development

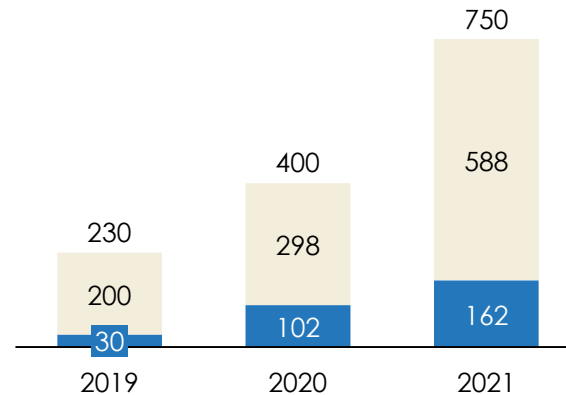
## Net interest bearing debt (NOKm)

(NOKm)	2021	2020
Borrowings	217	160
Lease liabilities	236	201
<b>Total interest bearing liabilities</b>	<b>453</b>	<b>362</b>
Interest bearing receivables	50	70
Cash and cash equivalents	265	246
<b>Total interest bearing assets</b>	<b>316</b>	<b>316</b>
<b>Net debt / Net cash (-)</b>	<b>137</b>	<b>45</b>
EBITDA*, LTM	359	255
<b>Debt leverage</b>	<b>0.4x</b>	<b>0.2x</b>

## Leverage ratio



## Revolving facility (NOKm)



## Management comments





- Net debt increase mainly due to increased debt and lease liabilities.
- Leverage ratio gearing remains low at 0.4x (0.2x last year).
- New credit facility agreed with Nordea in 2021:
  - Revolving facility of NOK 750m
  - Leasing facility of NOK 50m



# Revised key financial targets

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# Revised key financial targets (mid-to-long term ambitions)

(NOKm)		Mid-to-long term			Management comments / assumptions
		2021 Actual	Previous targets	Revised targets	
<b>Growth</b>					<ul style="list-style-type: none"><li>Financial targets unchanged except gearing ratio and recurring revenue.</li><li>Gearing ratio target: NIBD below 2.5x EBITDA.</li><li>Recurring- and repeat revenue as a combined target: 75% of total revenue.</li><li>EBITDA-margin target of 17% a potential impact from low earning acquisitions.</li></ul>
Total revenue growth		30.3%	> 15.0%	> 15.0%	
Organic revenue growth		6.7%	> 5.5%	> 5.5%	
Recurring & repeatable revenue		71.0%	n/a	75.0%	
<b>Earnings</b>					
EBITDA-margin		14.2%	> 17.0%	> 17.0%	
<b>Leverage</b>					
Leverage-ratio (NIBD / EBITDA)		0.4x	< 1.5x	< 2.5x	
<b>Mergers &amp; acquisitions</b>					
M&A acq. Revenue, NOKm		498	350	350	





Q&A

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