

Company announcement 5/2015

AX IV EG Holding III ApS

EG acquires Silkeborg Data

The acquisition of Silkeborg Data will increase EG's revenue to more than DKK 2 billion and is in line with EG's strategy to establish leadership in a number of sectors, including the public sector in Denmark. The combination of EG's existing public business and Silkeborg Data creates a strong and strategic player in the market for digital solutions for the public sector.

Silkeborg Data provides payroll and personnel administration services to 4 regions, 28 municipalities and numerous public companies and institutions. Through significant investments in product development and a strong service concept, Silkeborg Data saw an increase in revenue from DKK 170 million in 2010 to DKK 274 million in 2014 in a market showing moderate growth.

EG provides a wide range of digital solutions for the public sector and has strengthened its expertise and solutions in recent years in order to become the best partner for the public sector in Denmark.

In 2011, EG acquired Kommuneinformation A/S, a company with a strong market position within legal information and digital case handling solutions, and in 2014 Team Online, a company specialising in the digitisation of the social sector. In 2015, EG won the tender for the local authorities' benefits system from KOMBIT. The company continues and is now increasing its investments in becoming a major player in the public market.

With the acquisition of Silkeborg Data, EG will have more than 420 employees working on solutions for the public sector in Denmark and annual revenue of approximately DKK 600 million in this market. EG and Silkeborg Data currently develop and deliver digital solutions and services for all Danish municipalities and four out of five Danish regions.

After the acquisition, Silkeborg Data will continue as an independent company within EG, and the current CEO, Brian Busk, will continue as CEO of the company. The acquisition is an important milestone for EG as it increases the company's revenue to more than DKK 2 billion and its headcount to 1,850 dedicated employees serving 12,000 customers from 25 offices in the Nordic region.

CEO of EG A/S, Leif Vestergaard, says:

"For a long time, EG has had a clear strategy of becoming an important supplier to the public sector in Denmark, particularly the Danish municipalities and regions. Being able to help municipalities and regions provide better service and achieve greater efficiency through digitisation is crucial to us. The acquisition of Silkeborg Data supports this strategy perfectly. EG's and Silkeborg Data's extensive knowledge of the public domain are a good match, and together we have the size and the solution offering to help municipalities and regions at a time when the demands on them are very high."

"For the past 25 years, EG has been engaged in the public sector and particularly in the municipalities. Silkeborg Data has been working for Danish hospitals for more than 40 years and has increased its presence in the local authority market significantly in recent years. Both companies will use their extensive knowledge of the domain to invest heavily in developing new modules for existing solutions and new products for municipalities and regions."

"The acquisition will broaden our joint solution offering and strengthen our market access. Silkeborg Data will continue to sell through business partners, and we therefore aim to ensure that the acquisition will also benefit e.g. Fujitsu and PDC. Together, we have a strong position in the market," Leif Vestergaard concludes.

CEO of Silkeborg Data, Brian Busk, says:

"Becoming part of EG will enable us to increase our investments in development, and our solution offering will be significantly expanded. We can now help our customers with their digital needs in a much broader and wider perspective. It is a major improvement that will benefit our customers and our employees. From being a small challenger, we now become part of a strategic player that, like SD, wants to be the best in its field. This enables us to maintain our position as the company that provides payroll and staff rostering solutions for the majority of all public employees in Denmark."

"Both new and existing customers and business partners will benefit from the acquisition as it strengthens both companies' product portfolio and increases their capacity for action."

Private equity fund Axcel, majority shareholder of both EG and Silkeborg Data, has no doubts about neither the decision nor the timing:

"We need a big and strong strategic challenger to enable the public sector in Denmark to succeed in becoming more efficient and realise benefits through digitisation."

"Axcel has been the owner of EG since 2013, and of Silkeborg Data since 2014. The business logic behind EG's acquisition of Silkeborg Data is strong. The development of the companies during the past couple of years, including EG's acquisition of several companies that also complement Silkeborg Data, means that now is the right time. This is one of the examples showing that 2 plus 2 can equal more than 4," says partner of Axcel Christian Bamberger Bro.

EG has entered into an agreement with Axcel to acquire Silkeborg Data. The agreement is not subject to the approval of the competition authorities, but solely to the refinancing of existing debts of Silkeborg Data. Today, Silkeborg Data has a lower debts-to-earnings ratio than EG. The acquisition is expected to be fully completed in November 2015.

EG (AX IV EG Holding ApS) acquires the shares in Silkeborg Data (AX IV SD Holding ApS) by issuing new shares in EG. Thus, Axcel and the management of Silkeborg Data will not receive any cash payment in connection with the sale, but exclusively new shares in EG, whereby the original equity investment in Silkeborg Data will be maintained in the structure. Only the members of the board of Silkeborg Data, who own 1.1 % of the shares in Silkeborg Data, will receive a cash payment in connection with the sale as they will resign upon the completion of the acquisition.



Adding value to business

AX IV EG Holding III ApS, the parent company of EG A/S, will organise an investor roadshow which may be followed by a capital market transaction – however, subject to market conditions.

Stock market information including Q3 financial data for AX IV EG Holding III ApS will be brought forward from 29 to 14 October.

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