



06 March 2017

ANNUAL RESULTS 2017

SFAF Meeting

STEPHANE CONRARD
Chief Financial Officer



Gaïa-Index

Consulting-Vendor-Integration-Support

A Digital Transformation Enabler



VERTICAL AND CUSTOM-MADE SOLUTIONS

- Industry
- Retail
- Distribution
- Professional Services
- Finance



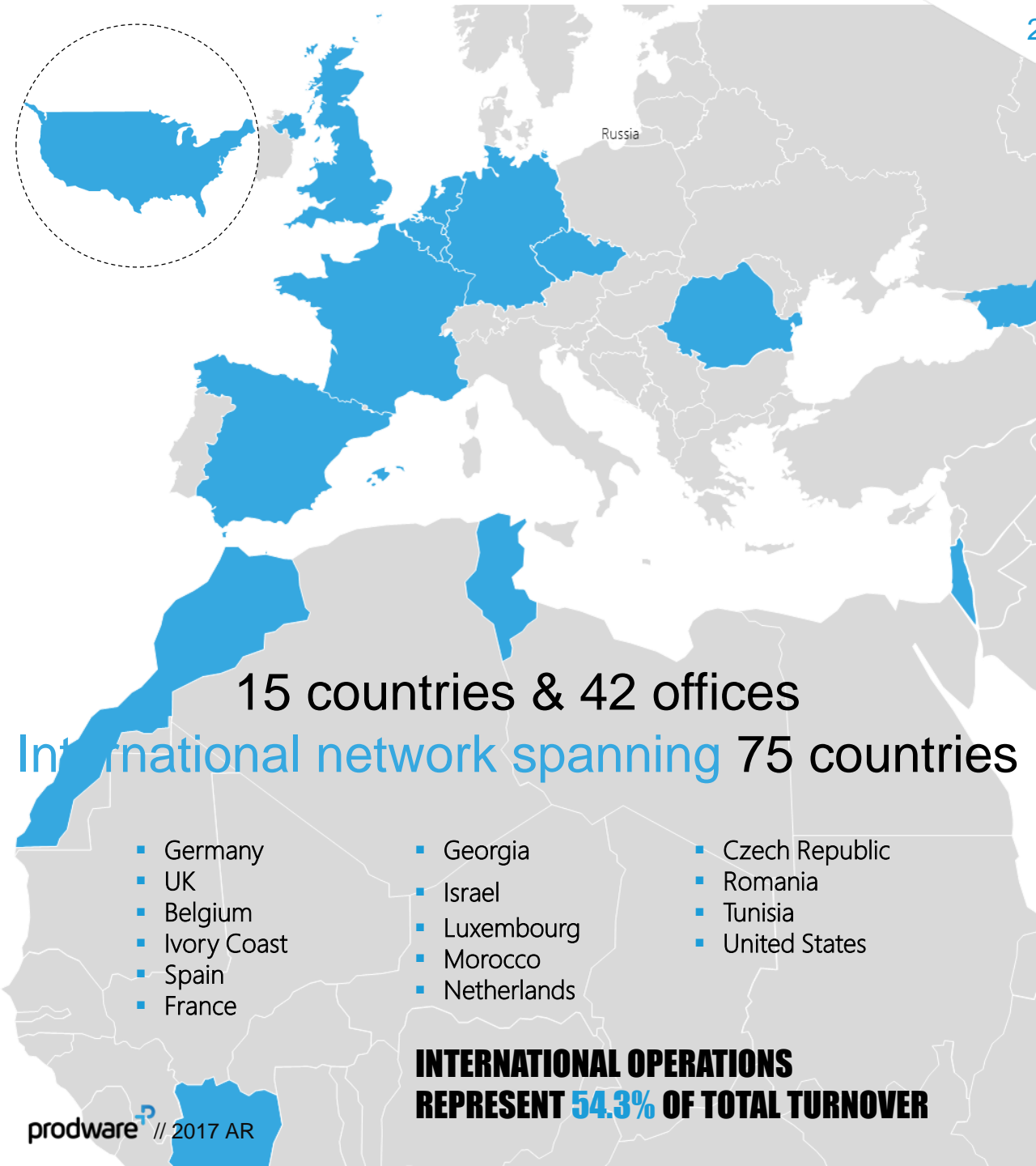
2017 TURNOVER: €167.7M



1,277 EMPLOYEES
12% NEARSHORE EMPLOYEES

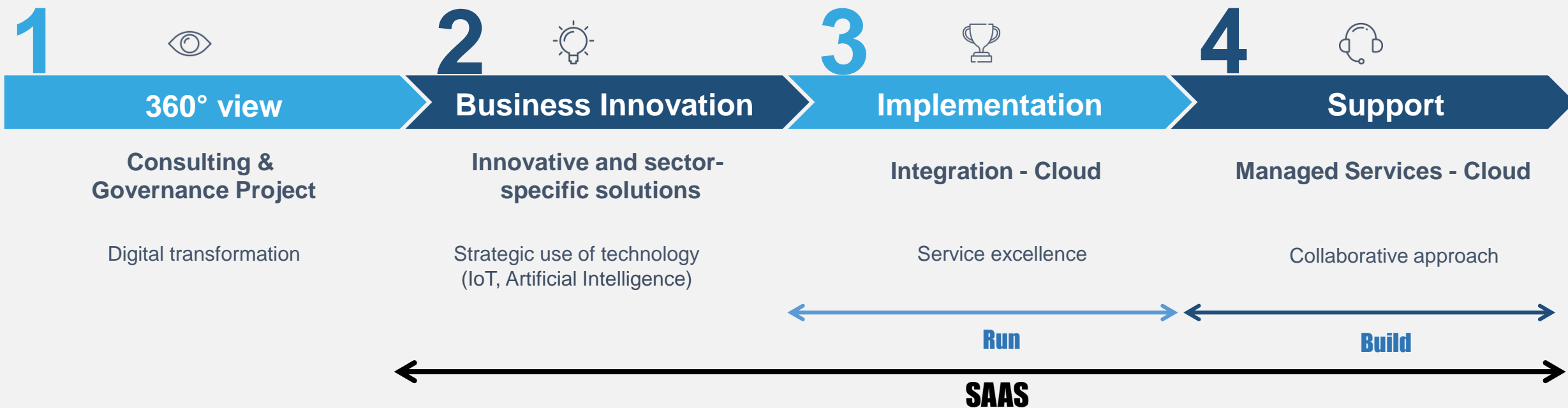


19,000 CLIENTS (SME AND MSB)



A Unique and À La Carte Value Proposition

AGILITY & INNOVATION



New Challenges for Businesses

Digitisation causes major disruption to companies' structures and business models.

THEIR OBJECTIVES:

- 1 to improve their practices in line with Cloud and SaaS model developments
- 2 to rethink how they work, taking into account new technology such as the Internet of Things (IoT) and Artificial Intelligence (AI)

PRODWARE, AN EXPERT IN THESE DISRUPTIVE TECHNOLOGIES

Cloud and SaaS Models: An Ongoing Boost for Businesses

Creating value
and
simplicity

Increasing the
magnitude of
opportunities

Increasing the
number of
users



BOOSTING REVENUE
GENERATING RECURRING REVENUE
INCREASING CLIENT LOYALTY

PRODWARE: A LEADER IN CLOUD SERVICES

The Internet of Things and Artificial Intelligence

“

Business leaders believe that the biggest upcoming changes will be brought about by the Internet of Things and Artificial Intelligence

”

73% say they have already invested in the IoT and 54% in Artificial Intelligence*



Technology supported by Prodware and Microsoft product solutions

*Source: PwC's Digital IQ research 2017/2,216 respondents in 53 countries

7

prodware 

“As Digital transformation enablers, Prodware provides disruptive end-to-end solutions powered by Microsoft Business Applications.”

prodware 

Prodware, keeping up with on-trend developers

Google



Apple



Facebook



Amazon



Microsoft

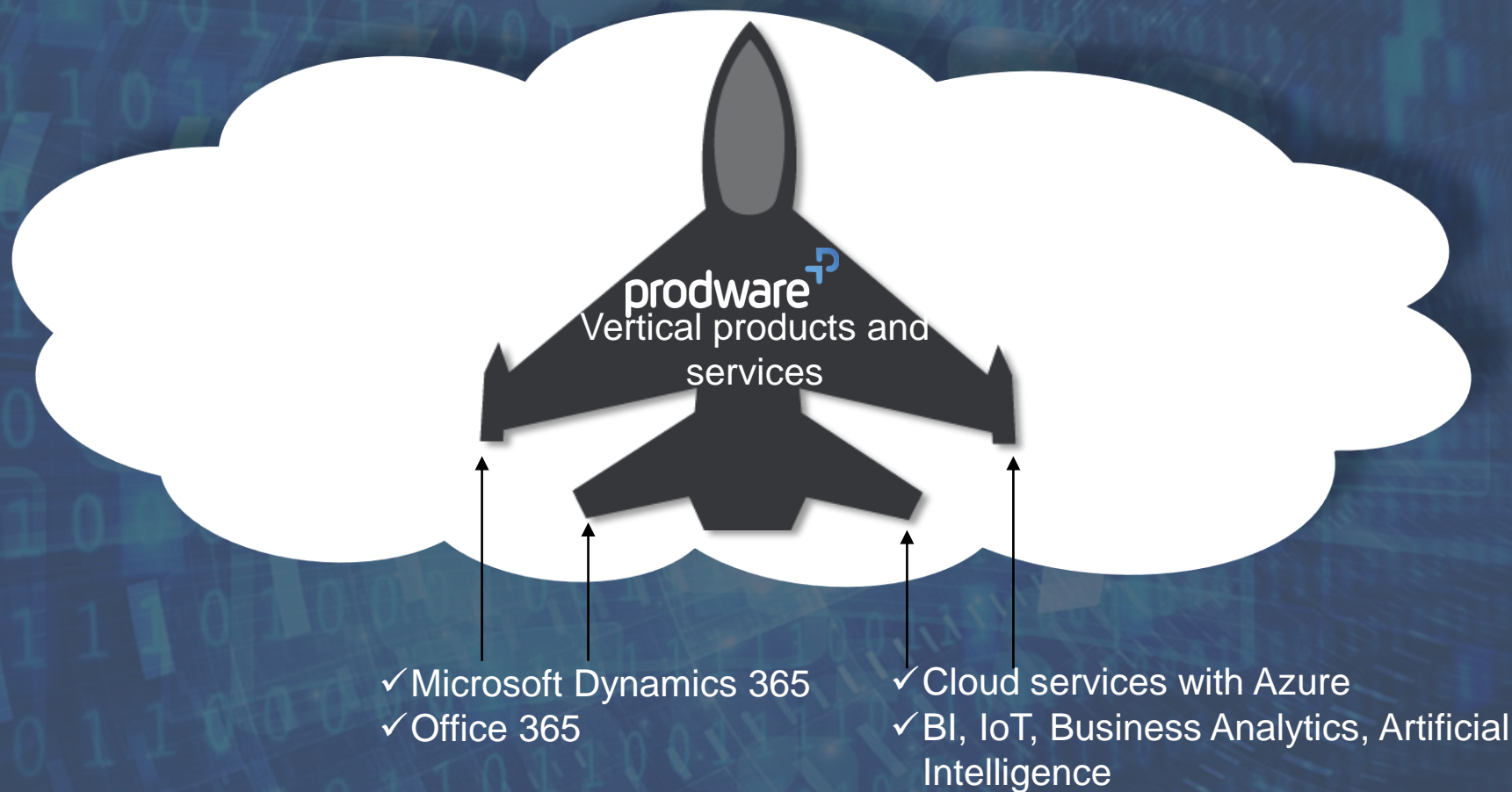


prodware^{TD}



**PRODWARE, AN INTERNATIONAL FIRM FOUNDED
ON MICROSOFT'S INNOVATIVE TECHNOLOGY**

A Digital Transformation Agent Powered by Microsoft Technology



Over 19,000 clients

Professional Services



Industries



Distribution



Services



Finance/Telco



Health



PRODWARE launches Hololens technology at SIEMENS



SIEMENS

Ingenuity for life

2017 turnover: €83m

Business area: Industry

Number of employees: > 372,000

PROJECT DESCRIPTION: eHighway System

- eHighway trucks are powered by tram-like, long-distance electric cables
- A secure and environmentally-friendly technology which is going to revolutionise freight transport

ADVANTAGES

- A new digital model that is simple and efficient, increasing productivity
- Hololens – Using the IoT to improve, monitor performance and optimise procedures
- Environmentally-friendly solution

WHY PRODWARE?

- Prodware's ability to propose an innovative, augmented reality solution in *Hololens* that is directly embedded in Microsoft Dynamics 365 sets it apart
- It is Prodware's experience and their unique client-centric approach which has made the development of this solution possible.

2017 HIGHLIGHTS

Expanding Scope



Acquisition of NEREA in February 2017

Leader in Belgium and Luxembourg of Microsoft Dynamics CRM solutions

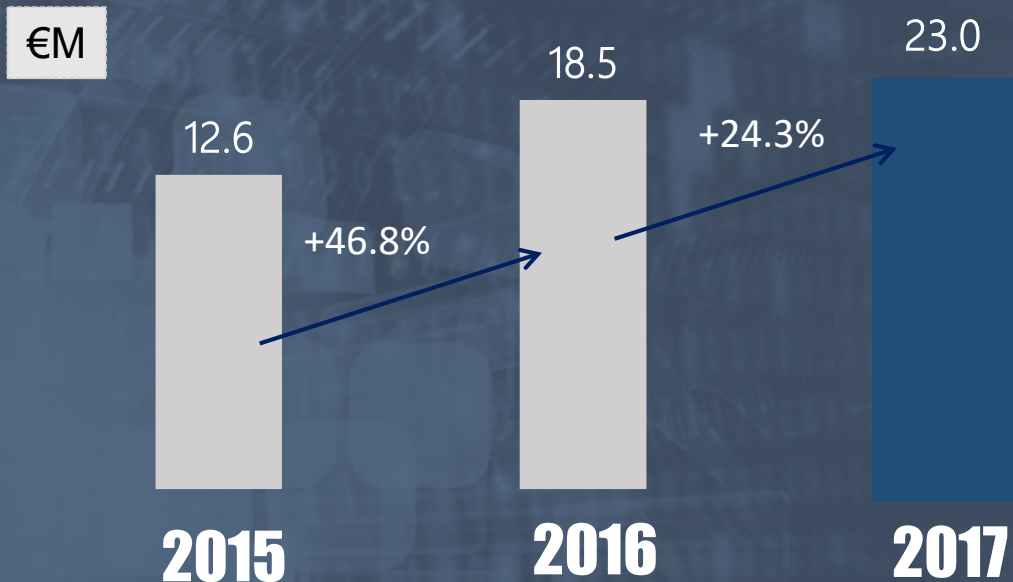
- Consulting & implementation
- 27 employees
- 2017 revenue: €2.8m

Divestment of non-core business activities in 2017

- 2016 revenue: €4.7m

A FOCUS ON THE MOST PROFITABLE MARKET SEGMENTS

Acceleration of the shift in sales model towards SAAS

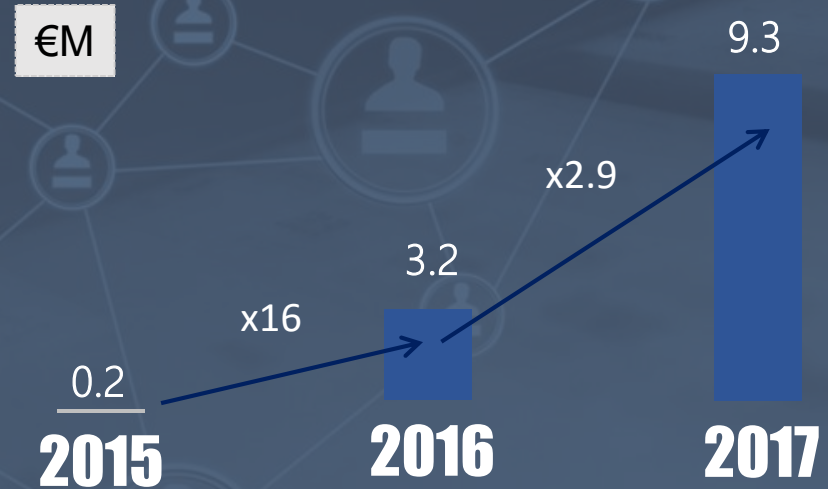


SAAS: strong growth in client signings

- A high order intake with sustained organic growth prospects
- Recurring of revenue signed for a 3-year period
- Reduced marketing efforts and, over time, significant productivity gains.

24.3% SAAS GROWTH IN 2017

Expansion of the Consulting offering



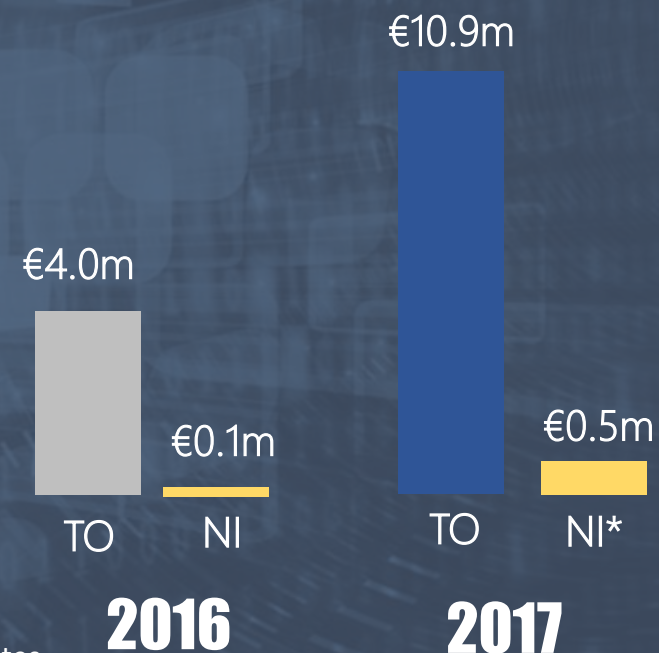
Strategic activity: Ensuring an upstream presence in projects and providing clients with the best possible advice in a constantly growing and changing IT sector

High investment in recruitment in 2017 and over the coming years

A BOOMING HIGH-VALUE-ADDED BUSINESS LINE

International: the first promising steps in the USA

A promising launch in the US thanks to the Group's expertise in Microsoft Dynamics 365 and worldwide implementation



*Result in equity affiliates

GROWING INVOLVEMENT

Some of our new customer references



Leisure



Industry



Services

Professional Services



Agri-Food

Health



Institutions

DEVELOPMENT ALONGSIDE INTERNATIONAL BUSINESSES

ANNUAL RESULTS 2017

Financial Highlights

Optimum Profitability

An increase in the company's added value

- Development of consulting: **x2.9**
- Sale of non-core business activities: **-€4.7m**
- Better service rates: **+1.9%**

Optimised expenses

- Reduced operating costs: **- 8.5%**
- Lower financial expenses: **- 20.2%**

Key Indicators

In €m
or %

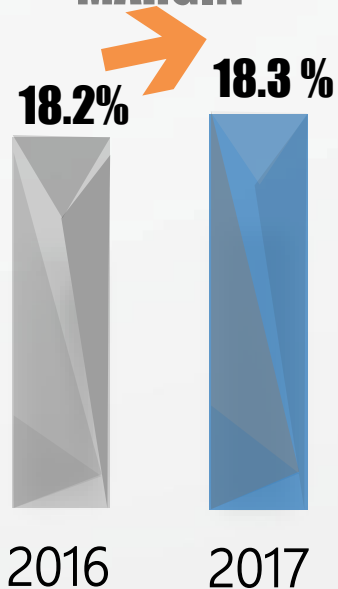
-4.6%*

REVENUE



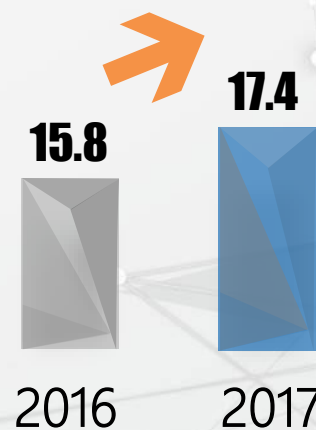
+0.2 pt

EBITDA MARGIN



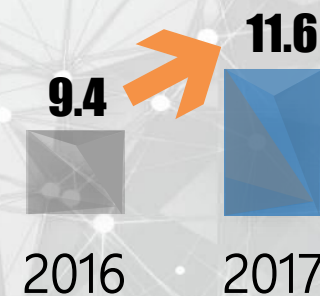
10.5%

CURRENT OPERATING INCOME



22.4%

NET INCOME, GROUP SHARE

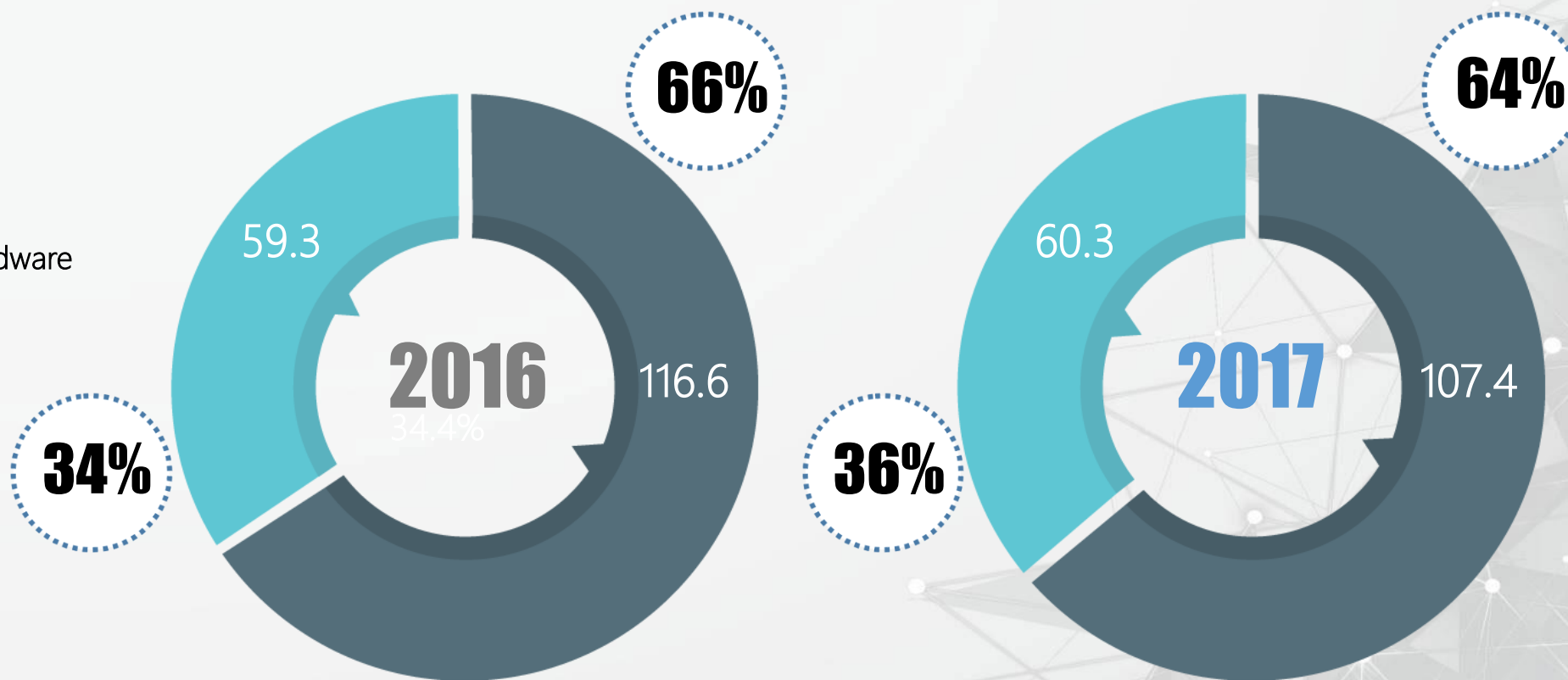


Recurring Revenue

In €m
As % of TO

Services/Licences/ Hardware

Maintenance/SAAS



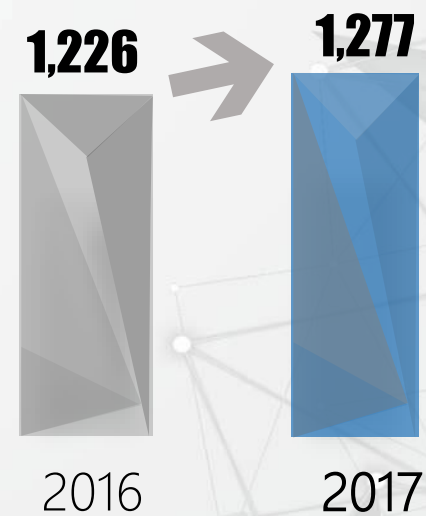
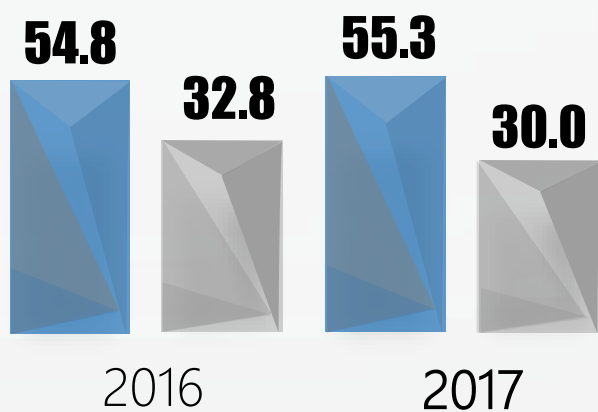
Staff

In €m

Personnel expenses ■

External expenses ■

Number
of people



- OPTIMISED OCCUPANCY RATES -> LESS SUBCONTRACTING
- DIVESTMENT OF NON-CORE BUSINESS ACTIVITIES -> LOWER OVERHEADS

Ebitda

IFRS standards Unaudited data in €m	2017	2016	Var.
Revenue	167.7	175.8	-4.6%
Consumed purchases*	(47.6)	(57.1)	
External expenses	(30.0)	(32.8)	
Personnel expenses	(55.3)	(54.8)	
Other current operating income & expenses**	(4.0)	0.8	
EBITDA	30.7	31.9	- 3.8%
<i>As % of TO</i>	<i>18.3%</i>	<i>18.2%</i>	<i>+0.2pt</i>

* LOWER CONSUMED PURCHASES (LICENCES) DUE TO A RISE IN SAAS SUBSCRIPTION SALES

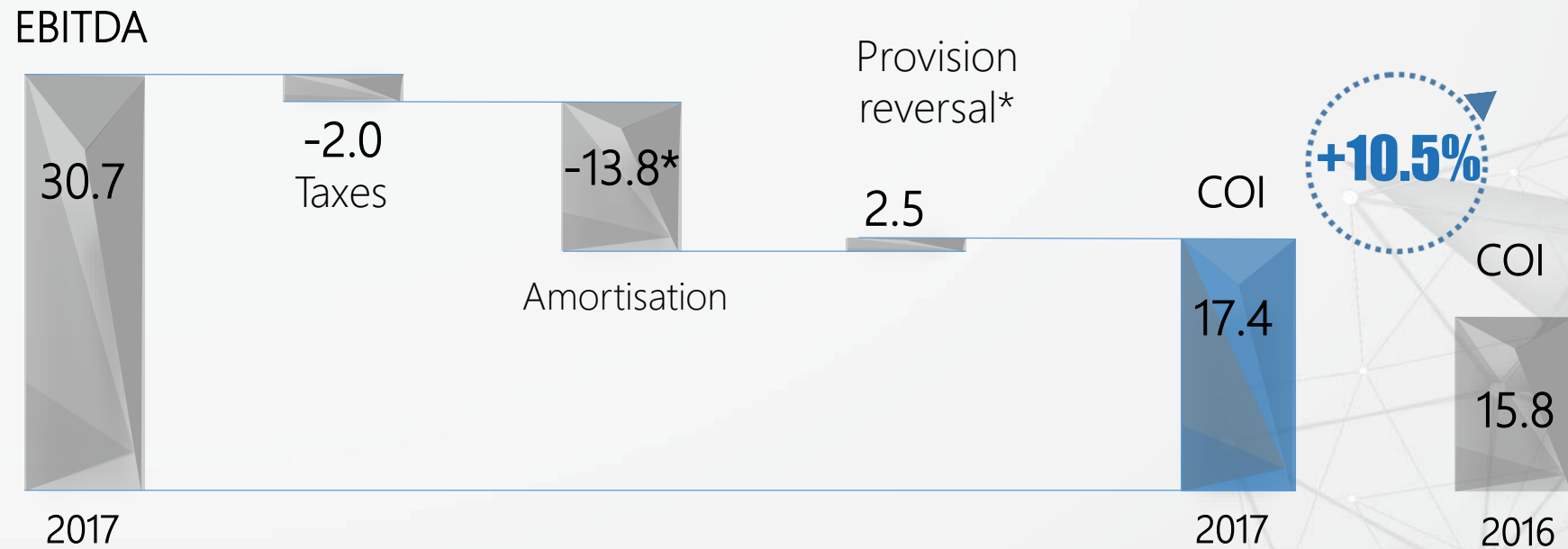
** INCLUDING € 2.5M OF CUSTOMER DISPUTES OFFSET BY A PROVISION REVERSAL FOR THE SAME AMOUNT

Ebitda Margin by business segment

In €m	2017	2016	Var.
Software vendor & Integration of Management solutions	25.1	26.9	- 6.7%
<i>As % of TO</i>	<i>15.0%</i>	<i>15.3%</i>	<i>- 0.3pt</i>
Infrastructure and SaaS	5.5	5.0	+ 11.5%
<i>As % of TO</i>	<i>3.3%</i>	<i>2.8%</i>	<i>+ 0.5pt</i>
Total	30.7	31.9	-3.8%
<i>As % of TO</i>	<i>18.3%</i>	<i>18.2%</i>	<i>+0.2pt</i>

- SaaS contributes to the increased EBITDA margin

EBITDA/COI Bridge:



*Reversal of provisions for client disputes with a corresponding expenditure line of €2.5m in other current operating costs

Income Statement

IFRS standards - Audited data in €m	2017	2016	Var.
Revenue	167.7	175.8	-4.6%*
EBITDA	30.7	31.9	-3.8%
<i>As % of TO</i>	18.3%	18.2 %	+0.2pt
Taxes and similar payments	-2.0	-1.7	-15%
Net allocation for amortisation, depreciation and provision charges	-11.3	-14.4	+27%
Current operating income	17.4	15.8	+10.5%
<i>As % of TO</i>	10.3%	9.0 %	+1.3pt
Other income & operational costs**	-2.0	-1.0	
Operating income	15.4	14.8	+4.2%
<i>As % of TO</i>	9.2%	8.4 %	+0.8pt
Cost of net financial debt	-3.5	-3.5	
Other financial income and expenses	-1.0	-2.1	
Financial income	-4.5	-5.6	
Taxes on profits	-0.4	-0.1	
Share in associates	0.6	0.1	
Net income from continuing operations	11.1	9.1	+22.0%
Consolidated net income	11.6	9.5	+22.2%
<i>As % of TO</i>	6.9%	5.4%	+1.5pt
Net income, Group share	11.6	9.4	+22.4%
<i>As % of TO</i>	6.9%	5.4%	+1.5pt

*On a comparable basis: -3.6%

** Including €1.5m of IFRS costs relating to the 2016 free share allocation plan, non-recurring costs.

Statement of Financial Position

ASSETS (in €m)	31/12/ 2017	31/12/ 2016
Goodwill	34.2	32.8
Other fixed assets	139.7	132.9
Tax assets	10.3	10.5
Total non-current assets	184.3	176.2
Accounts receivable and other receivables	55.1	50.3
Other current assets	23.3	20.6
Cash and cash equivalents	32.8	24.5
Total current assets	111.1	95.4
TOTAL ASSETS	295.4	271.6

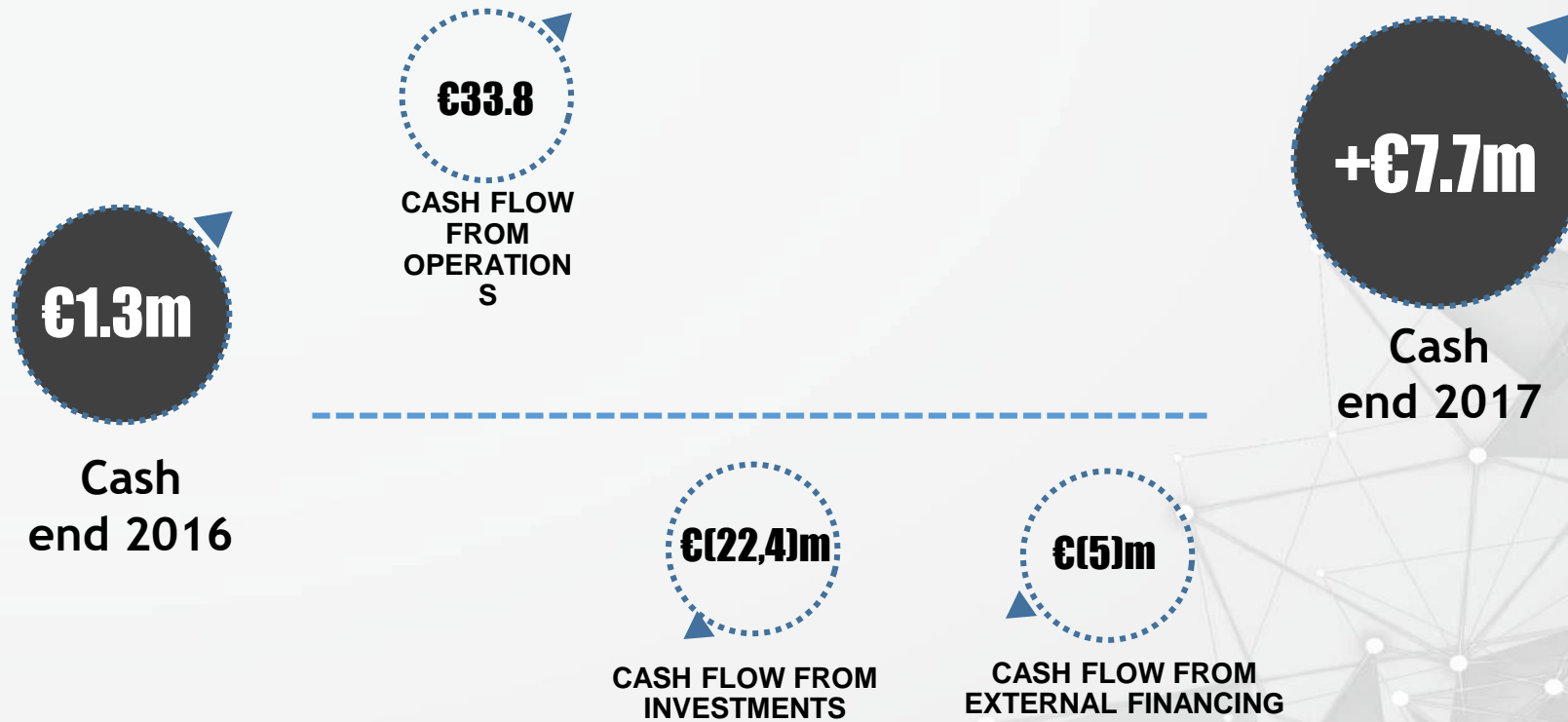
LIABILITIES (in €m)	31/12/ 2017	31/12/ 2016
Equity capital	130.4	118.9
Other non-current financial liabilities	67.7	69.2
Other non-current liabilities	4.3	4.3
Total non-current liabilities	72.0	73.5
Current provisions	0.6	3.3
Current financial liabilities	25.7	23.7
Trade payables	21.4	21.4
Other current liabilities	45.3	30.9
Total current liabilities	93.0	79.2
TOTAL LIABILITIES	295.4	271.6

- Equity increase: +€11.5m
- Net debt: €60.6m
- Gearing ratio down 11.1 points: 46.5% (vs. 57.6% in 2016)
- Increase in available cash to €32.8 million compared with €24.5 million at the end of 2016.

Cash Flow Statement

In €m	31 December 2017	31 December 2016
Cash flow before cost of debt and taxes	26.9	29.6
Change in WCR	7.0	-0.6
Net cash flow from operations	33.8	29.0
Acquisition of fixed assets	-25.5	-44.5
Divestment of fixed assets	0.8	0.2
Impact of changes in scope	0.1	-
Cash flow arising from non-current assets held for sale and abandoned assets	2.4	1.8
Net cash flows from investing	-22.4	-42.6
Net change in borrowed funds	-6.1	29.0
Parent company dividends received/paid	-0.3	-0.2
Capital increases/reductions	2.1	0.3
Net sales (acq.) of treasury shares	-0.7	-4.8
Net changes in bank overdrafts	-	-
Net cash flows related to financing transactions	-5.0	24.2
Change in cash	6.3	10.7

Generation of Free Cash Flow



NET FREE CASH FLOW 2017 = +€6.3M

Stock market indicators on the rise

Operating earnings
per share *

2016: €2.11
2017: €2.19

Earnings
per share *

2016: €1.26
2017: €1.45

*Average number of shares in the year

A Shareholder-Focused Financial Strategy

23% increase in EPS/shares****

Equity strengthened by directors and certain key employees*

9.55% capital accretion**:
cancellation of 776,460 shares for circa €6m

Continuation of the +50% dividend payout policy***

* Exercise of stock warrants for €1.8m in July 2017 and €4m of follow-on investments
** Shares acquired as part of a share buy-back programme
*** Increase in dividends for the 2017 financial year compared to dividends during the 2016 financial year
**** Number of shares at the end of the financial year.

6 CENT (+ 50%) DIVIDEND PROPOSED TO THE 2018 GM

Sharp rise in market value: +62%

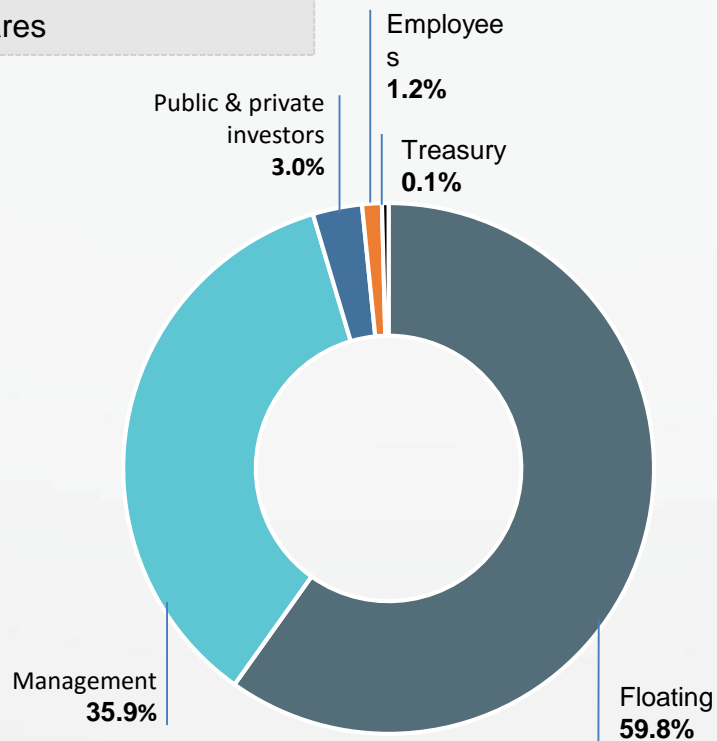


MOMENTUM FROM DEVELOPING AND MAXIMISING RETURN

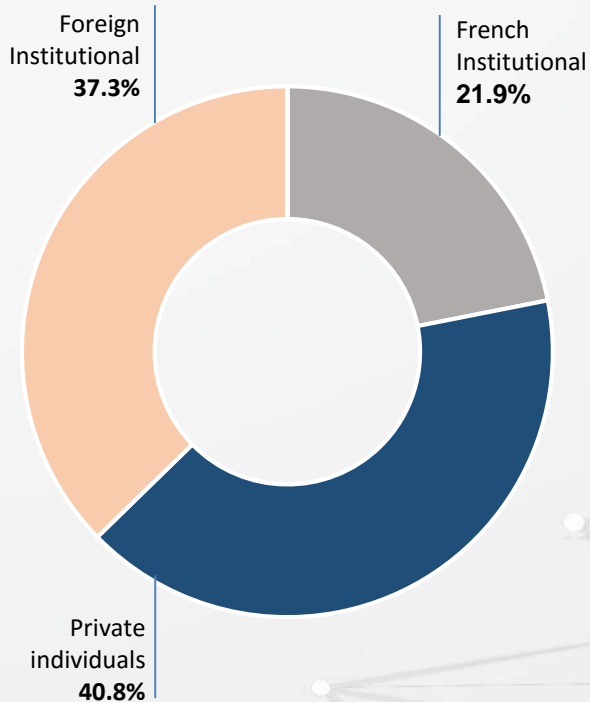
In-Demand Liquid Value

Capital allocation at 31 Dec 2017

As a % of the number of shares



Floating capital breakdown



COTÉ EN BOURSE
SUR NYSE/EURONEXT
(ALTERNEXT PARIS)

Mnemo
ALPRO

Number of
shares:
7,748,042

Share capital
at 03/03/2018:
€88.7m

Average
volume over 1
year:
16,000 shares



Gaïa-Index

GUIDELINES

Development Strategy



Focusing on the most profitable market segments

Consulting



Supporting clients during their digital transformation



Building on our Microsoft Dynamics 365 expertise with Modern Workplace and Artificial Intelligence solutions.

Our priority is maximising profitability

Revenue
Q1 2018

Tuesday 15 May 2018
After Close of Trading

CONTACTS

prodware⁺

cap value

COMMUNICATION POUR VALEURS DE CROISSANCE

Stéphane Conrard

+ 33 979 999 000

sconrard@prodware.fr

Laura Hijnen

+ 33 988 814 001

Gilles Broquelet

+33 1 80 81 50 01

gbroquelet@capvalue.fr