



# prodware

ANNUAL RESULTS 2018

12 March 2019

# ABOUT US



Stéphane Conrard  
DG Vice-President and Chief Financial  
Officer

Eytan Hattem  
Chief Innovation  
& Business Solutions Officer



# 30 YEARS OF EXPERIENCE AND KNOW-HOW IN THE FIELD OF IT INNOVATION

VERTICAL,  
CUSTOMIZED  
SOLUTIONS

INDUSTRY  
RETAIL  
DISTRIBUTION  
BUSINESS SERVICES  
FINANCE

STRONG R&D,  
FUELLING  
SOFTWARE  
INNOVATION

2018 TURNOVER  
**€175.9m**

**19,000**  
CUSTOMERS  
(SME & MID-CAPS)

**1,325**  
EMPLOYEES

17% NEARSHORE  
employees

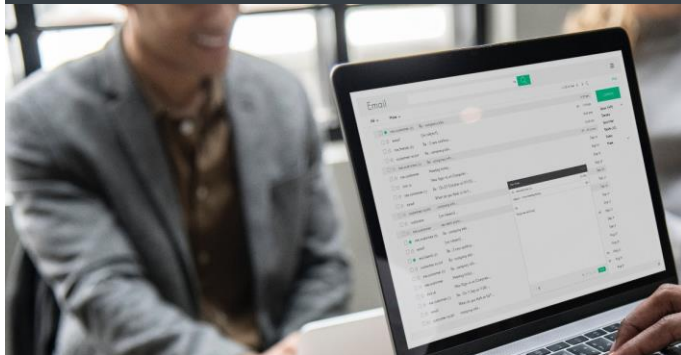
15 countries & more than 50 offices  
International network covering 75 countries

## A GLOBAL PRESENCE



# OUR STRENGTHS

## BUSINESS MODEL



RECURRING REVENUE  
SAAS  
END-TO-END SERVICE

## HUMAN CAPITAL



EXPERTISE  
R&D  
TURNOVER  
GLOBALIZATION/OFFSHORE

## PARTNERSHIPS



3 STRATEGIC PARTNERS

 AUTODESK

 Microsoft  
Dynamics® 365

 sage

# OUR SUCCESS STORIES IN 2018



A satellite view of Earth at night, showing the curvature of the planet and numerous city lights glowing across the dark surface. A large, solid blue rectangular area is overlaid in the center of the image.

ANNUAL  
RESULTS  
2018

# A YEAR ALIGNED WITH THE GROUP'S STRATEGY



Robust international growth paths  
especially in Spain and Germany



**INTERNATIONAL  
TURNOVER**  
**+17%**

Acquisition of both AIGA, company specialized in digital modeling and augmented reality, and CTAC's Microsoft Dynamics division in the Netherlands



**CONTRIBUTORY  
TURNOVER**  
**€1.8m**  
**in 2018**

Impressive SaaS business growth rate



**RECURRING REVENUES**  
**+25.8%**

Higher net margin / efficient cost  
management

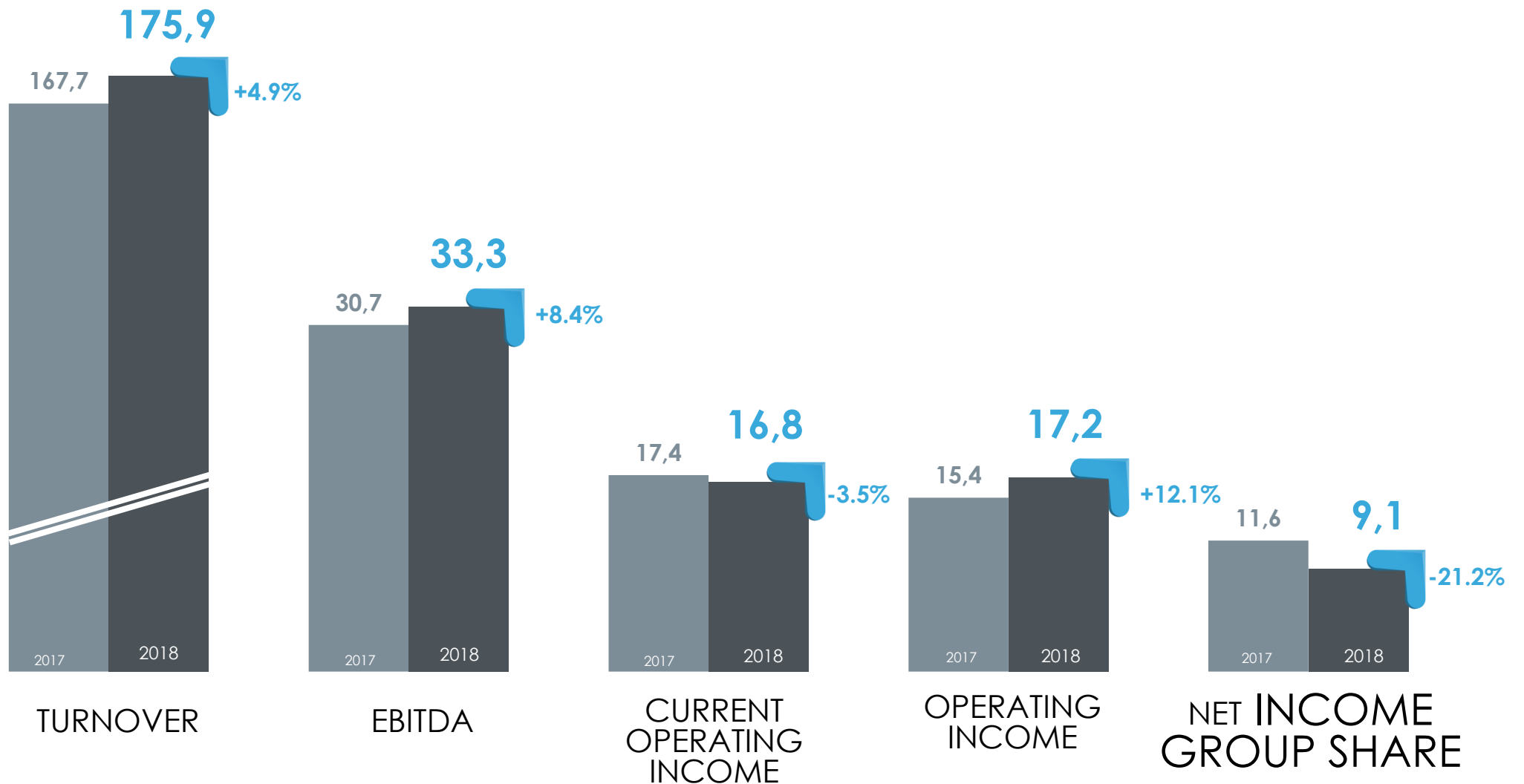


**EBITDA**  
**+8.4%**



# KEY INDICATORS

## IMPROVED OPERATING PERFORMANCE



# GROUP GROWTH

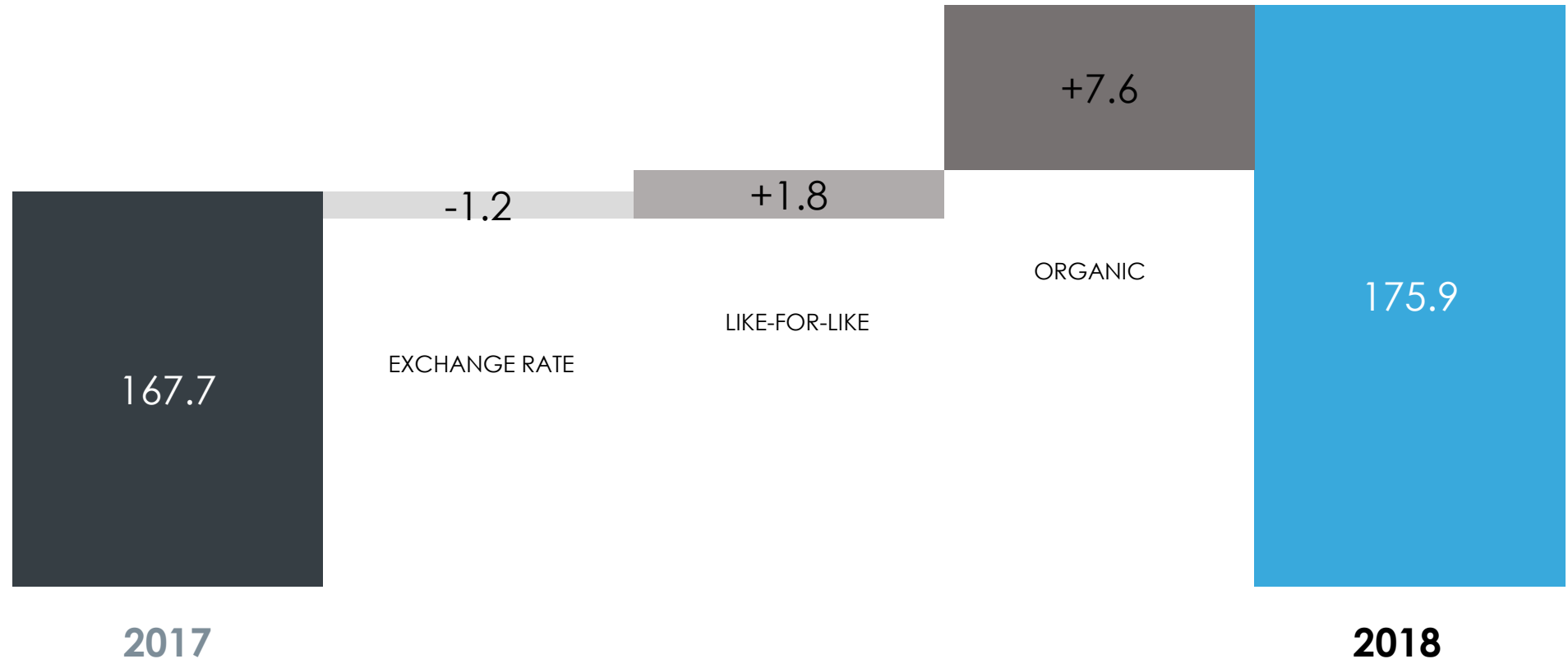
## Acquisition of CTAC's Microsoft Dynamics division by Prodware Netherlands

Expanded portfolio of innovative solutions for the Retail and Industry market segments.

**Acquisition of AIGA in France**, specialized in digital modeling and augmented reality solutions.

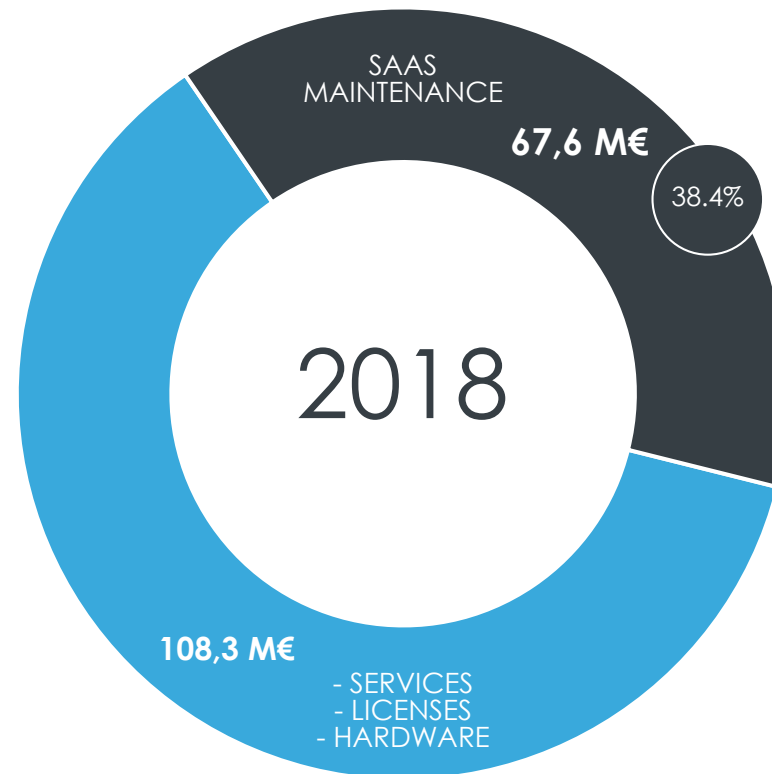
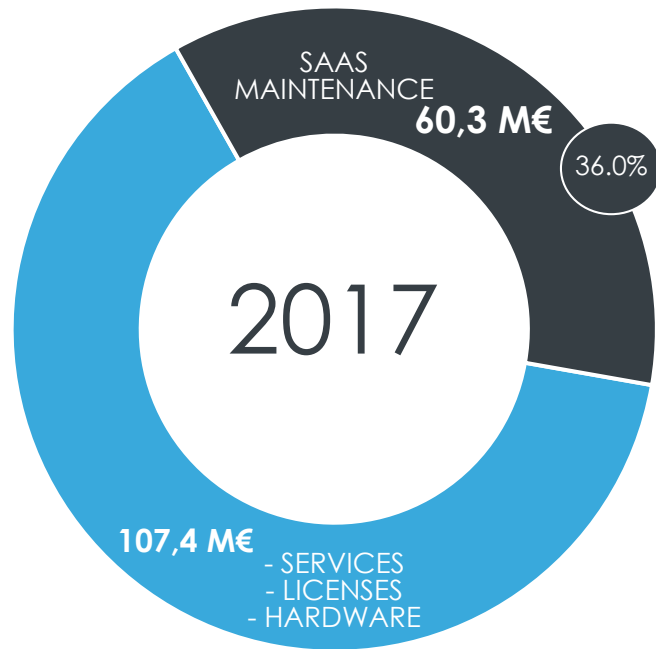
**Organic growth:** +€7.6m driven by Prodware's growth strategy in digital transformation and deployment of the Microsoft Dynamics 365 platform.

**Adverse exchange rates:** -€1.2m.



# SHARE OF RECURRING REVENUES

Pursuing and developing a SaaS-based deployment strategy to boost recurring revenues and increase margins





# TAKING HUMAN CAPITAL MANAGEMENT TO THE NEXT LEVEL

- number of employees at the end of 12/2018: 1,325 (1,277 in 2017, up 3.8%)
- 17% of staff in the “nearshore” area
- 27% of staff in R&D (direct and indirect)

**Ranked France’s #4  
Top Employer for 2018  
in software development**

# EBITDA

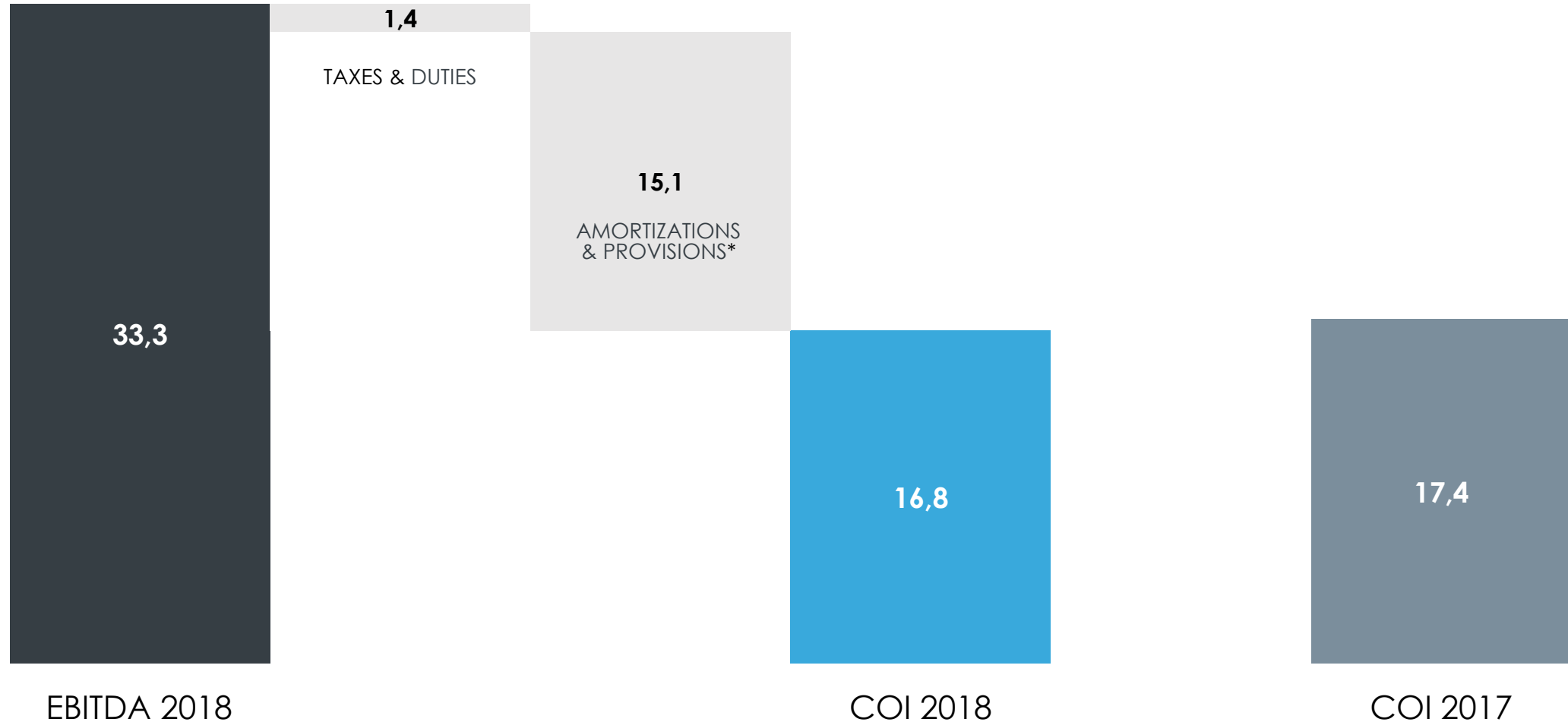
- Proven cost control policies
- Significant investments in human capital with new hires in strategic areas of expertise
- Lower R&D tax credit in 2018 causing negative impact on social contributions: -€2.9m

Pro-forma EBITDA in 2018: €36.2m (+20.6%) based on fixed R&D tax credit rate

*IFRS standards  
Audited data in €m*

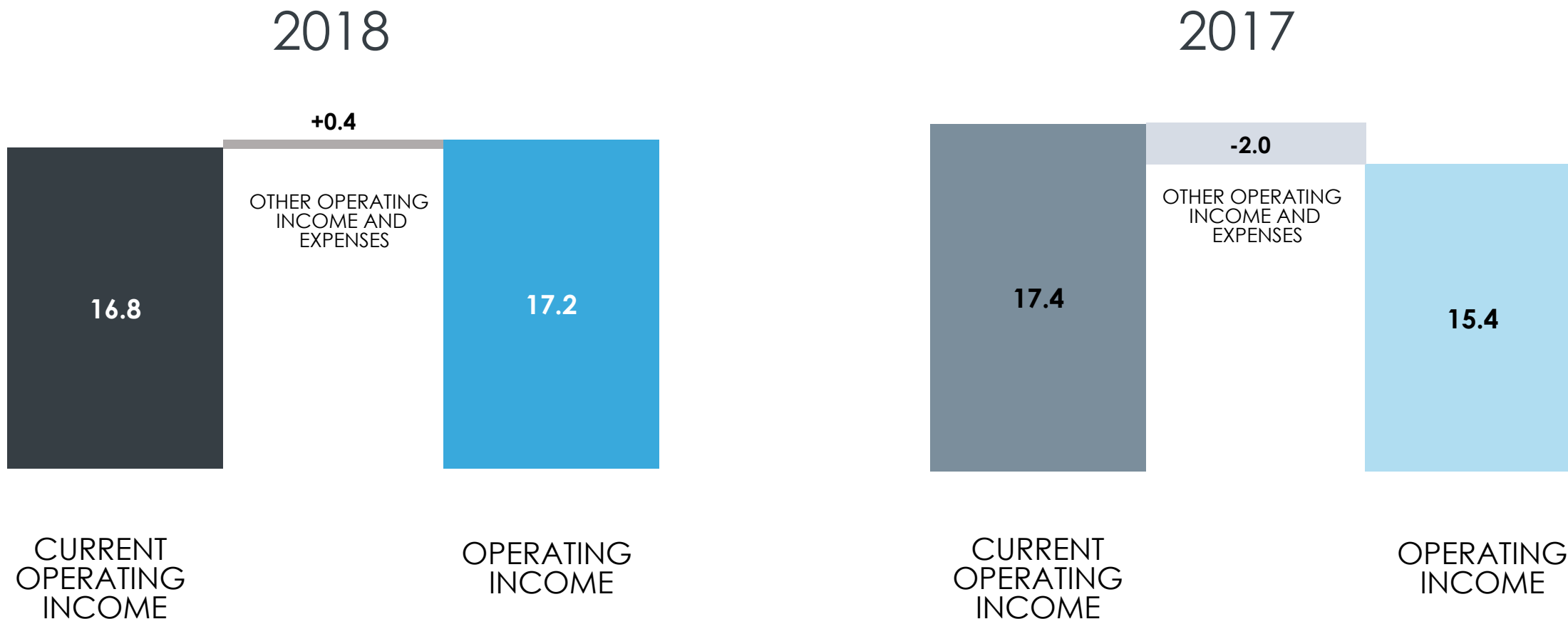
	<b>2017</b>	<b>2018</b>	<b>Change</b>
Turnover	167.7	175.9	+4.9%
Cost of materials consumed	(47.6)	(50.6)	+6.1%
External expenses	(30.0)	(29.2)	-2.9%
Personnel expenses (social contributions)	(55.3)	(61.4)	+10.9%
Other income and current operating costs	(4.0)	(1.5)	-62.9%
<b>EBITDA</b>	<b>30.7</b>	<b>33.3</b>	<b>+8.4%</b>
As % of turnover	18.3%	18.9%	+0.6 pt

# EBITDA/COI (CURRENT OPERATING INCOME) BRIDGE (€M)

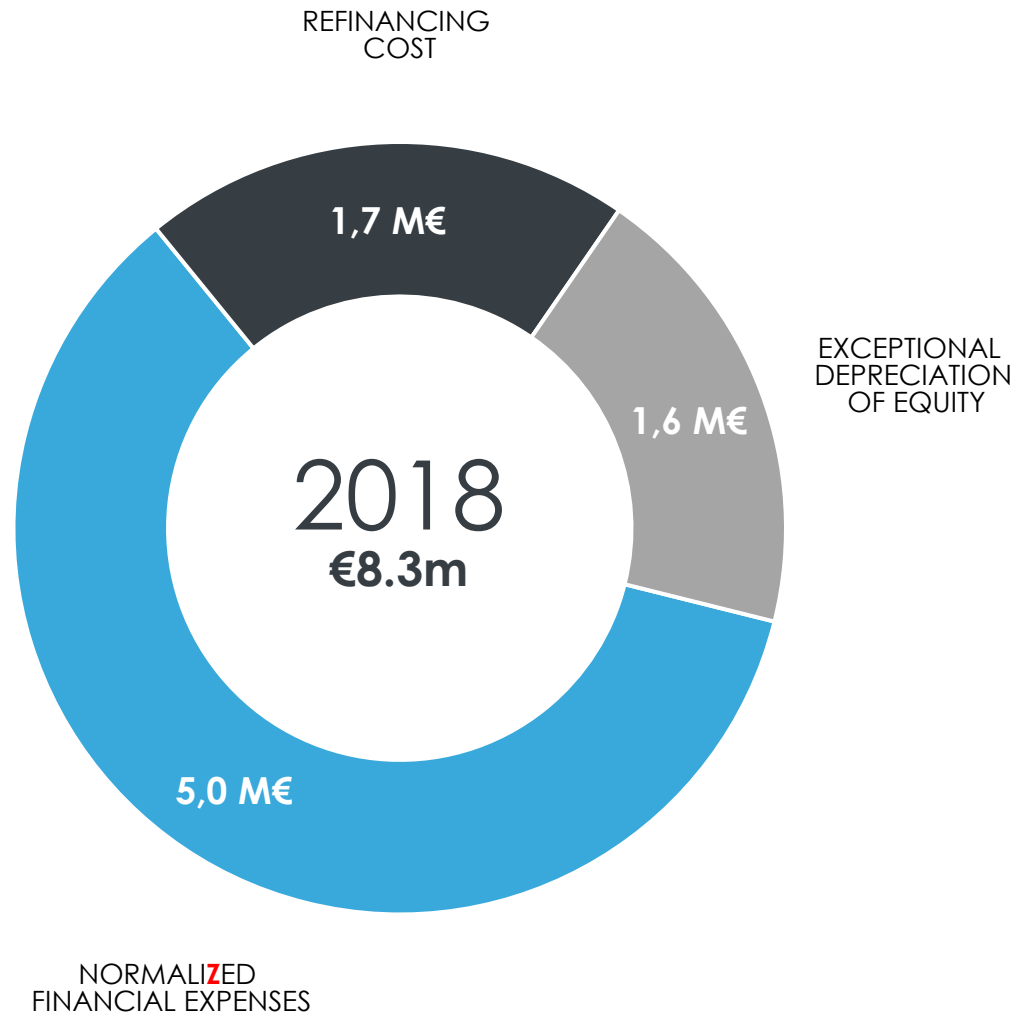


\* write-backs on amortization and provisions of 2017 (€2.7m)

# CURRENT OPERATING INCOME/OPERATING INCOME BRIDGE (€M)

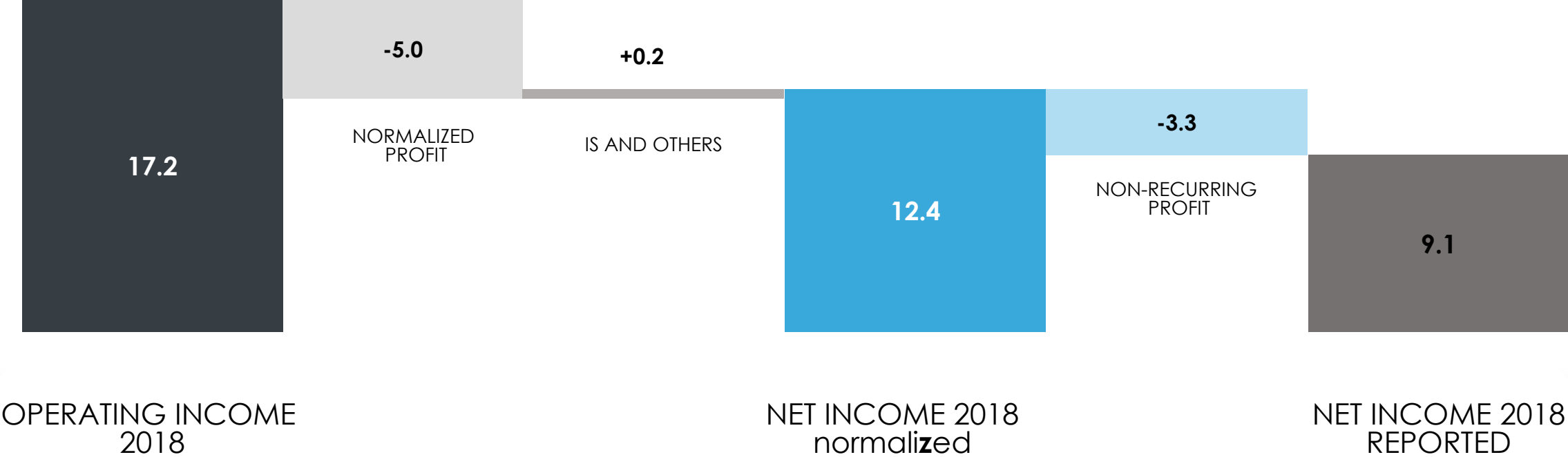


# FINANCIAL ANALYSIS (€M)





# NET INCOME ANALYSIS (€M)



# INCOME STATEMENT

IFRS standards - Audited data in €m

	2017	2018	Change
Turnover	167.7	175.9	+4.9%
<b>EBITDA</b>	<b>30.7</b>	<b>33.3</b>	<b>+8.4%</b>
<b>As % of turnover</b>	<b>18.3%</b>	<b>18.9%</b>	<b>+0.6 pt</b>
Taxes and duties	-2.0	-1.4	
Net amortization, depreciation and provision charges	-11.3	-15.1	
<b>Current operating income</b>	<b>17.4</b>	<b>16.8</b>	<b>-3.5%</b>
<b>As % of turnover</b>	<b>10.4%</b>	<b>9.6%</b>	<b>-0.8 pt</b>
Other operating income & expenses	-2.1	0.4	
Operating income	15.4	17.2	+12.1%
As % of turnover	9.2%	9.8%	+0.6 pt
Cost of net financial debt	-3.5	-4.6	
Other financial income and expenses	-1.0	-3.8	
Profit	-4.5	-8.3	
Taxes on profits	-0.4	0.3	
Share in affiliated companies	0.6	-	
Net income from continuing operations	11.1	9.2	
Consolidated net income	11.6	9.2	
As % of turnover	6.9%	5.3%	
<b>Net income, Group share</b>	<b>11.6</b>	<b>9.1</b>	<b>-21.2%</b>
<b>As % of turnover</b>	<b>6.9%</b>	<b>5.2%</b>	<b>-1.7 pts</b>

# BALANCE

## ASSETS

*IFRS standards  
Audited data*

**31/12/2017**    **31/12/2018**

Goodwill	34.2	34.6
Other fixed assets	139.8	160.6
Tax assets	10.3	11.0
<b>Total non-current assets</b>	<b>184.3</b>	<b>206.2</b>
Accounts receivable and other receivables	55.1	58.0
Other current assets	23.2	18.5
Cash and cash equivalents	32.8	33.5
<b>Total current assets</b>	<b>111.1</b>	<b>110.0</b>
<b>TOTAL ASSETS</b>	<b>295.4</b>	<b>316.2</b>

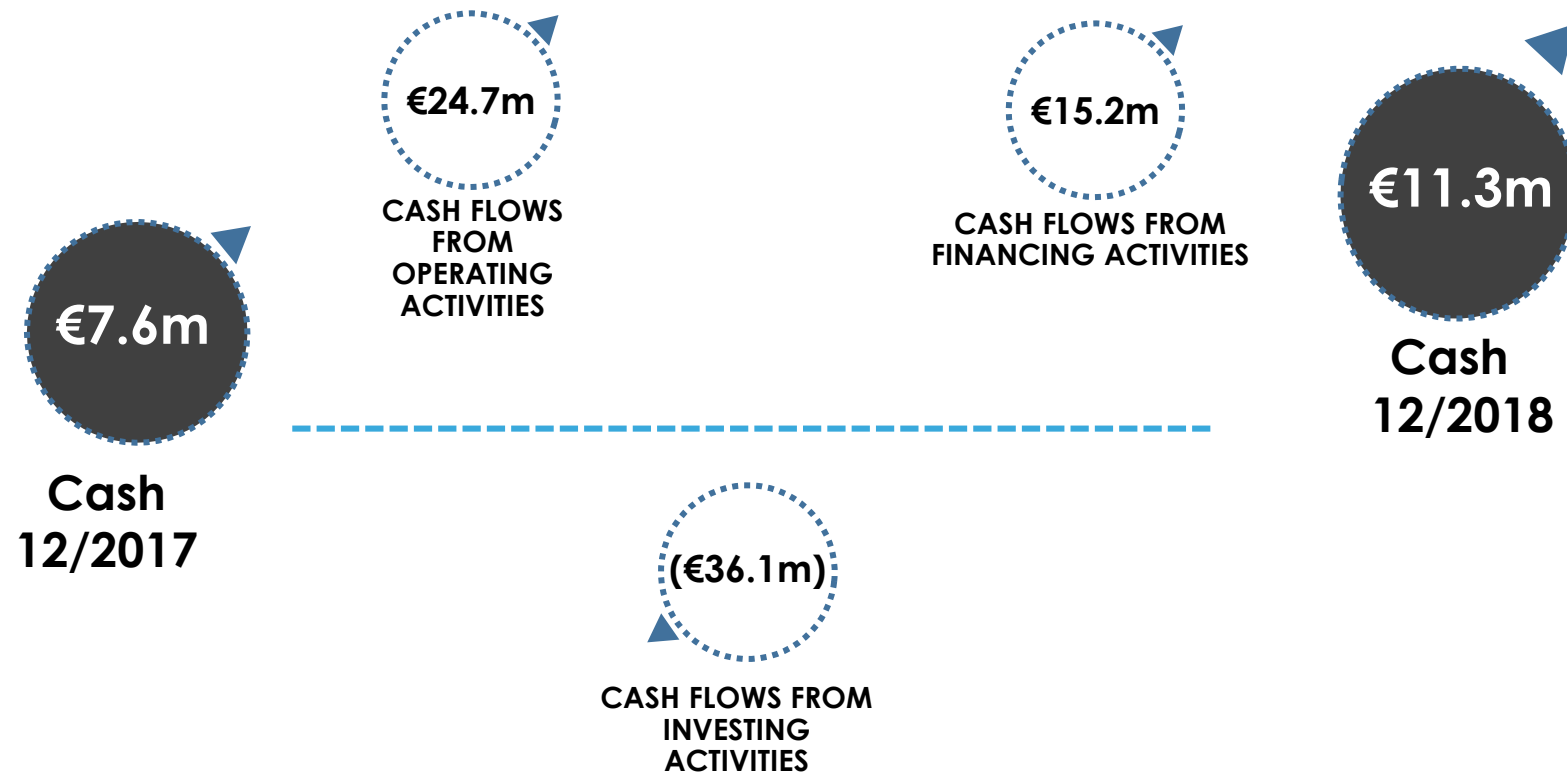
## EQUITY & LIABILITIES

*IFRS standards  
Audited data*

**31/12/2017**    **31/12/2018**

Equity	130.4	138.2
Long-term debt	67.7	87.4
Other non-current liabilities	4.3	4.3
<b>Total non-current liabilities</b>	<b>72.0</b>	<b>91.8</b>
Current provisions	0.6	0.7
Short-term debt	25.7	22.7
Trade payables	21.4	20.7
Other current liabilities	45.3	42.1
<b>Total current liabilities</b>	<b>93.0</b>	<b>86.3</b>
<b>TOTAL LIABILITIES</b>	<b>295.4</b>	<b>316.2</b>

# FREE CASH FLOW ANALYSIS



**NET FREE CASH FLOW 2018 = +€3.7M**

# CASH FLOW STATEMENT

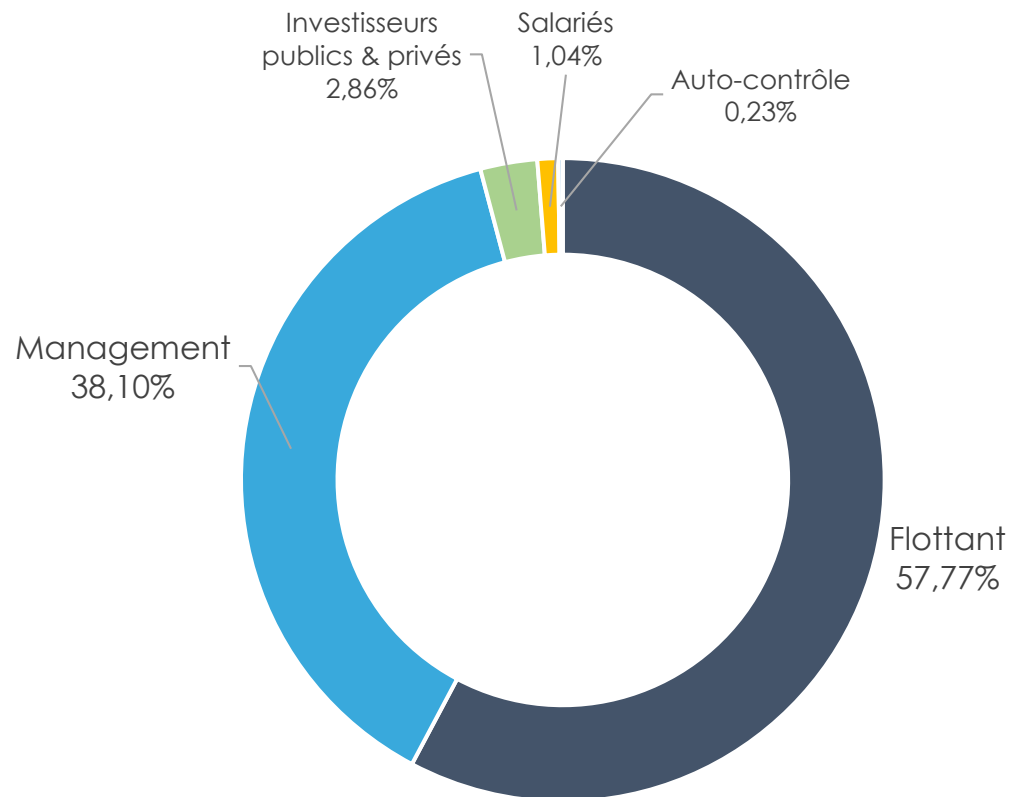
IFRS standards - Audited data in €m

	<b>31/12/2017</b>	<b>31/12/2018</b>
Cash flow before cost of debt and taxes	26.9	27.7
Change in WCR	7.0	-3.0
<b>Net cash flow from operations</b>	<b>33.8</b>	<b>24.7</b>
Net acquisition of fixed assets	-24.6	-36.1
Flows from non-current assets held for sale and discontinued activities, on a like-for-like basis	2.2	-
<b>Net cash flow from investing</b>	<b>-22.4</b>	<b>-36.1</b>
Net change in borrowings, including bank facilities	-6.1	15.7
Dividends received/paid by parent company	-0.3	-0.5
Increase/decrease in capital	2.1	0.3
Equity transactions including share buyback	-0.7	-0.3
<b>Net cash flow from financing</b>	<b>-5.0</b>	<b>15.2</b>
Net effect of exchange rate changes on the balance of cash	-0.1	-
<b>Change in cash</b>	<b>6.3</b>	<b>3.7</b>

# SHARE SPECIFICATIONS

## CAPITAL ALLOCATION - 31/12/2018

As % of the number of shares



## SHARE PRICE OVER ONE YEAR



Mnemo  
ALPRO

Share capital  
as of  
08/03/2019:  
€77m

Number of  
shares:  
7,748,042

Euronext  
Growth

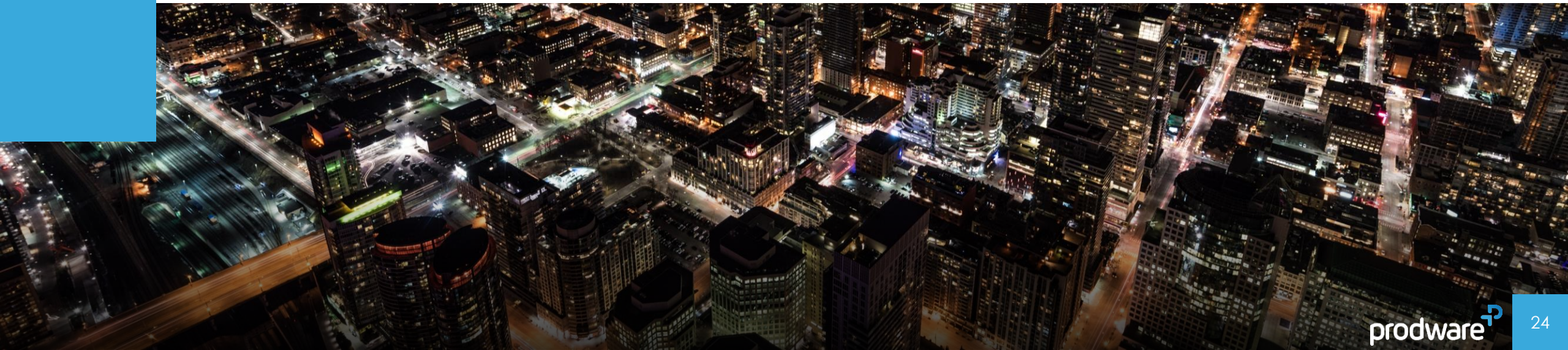
An aerial night view of a city skyline, likely New York City, with a large blue rectangular overlay in the center. The city lights are visible in the background and foreground, creating a vibrant urban scene. The blue overlay contains the title text in white, sans-serif font.

# DRIVERS OF GROWTH

# BOOMING MARKET INDICATORS FOR **prodware**

Companies embracing their digital journey will need to:

- ↳ Rethink and optimize their business processes
- ↳ Strongly focus on and develop a customer-centric business management approach
- ↳ Work on improving productivity and efficiency by leveraging mobility and shorter throughput time





# LEVERAGING MARKET OPPORTUNITIES

AN OFFERING TAILORED TO THE  
NEEDS  
OF EACH CUSTOMER

Based on the customer's  
business sector, size,  
offering (B2B, B2C) and strategy (notoriety,  
growth, profitability)



360° HOLISTIC EXPERTISE ACROSS  
WHOLE PROJECT GOVERNANCE  
VALUE PROPOSITION

Through a comprehensive range  
of services, including:  
Consulting - Integration - Cloud



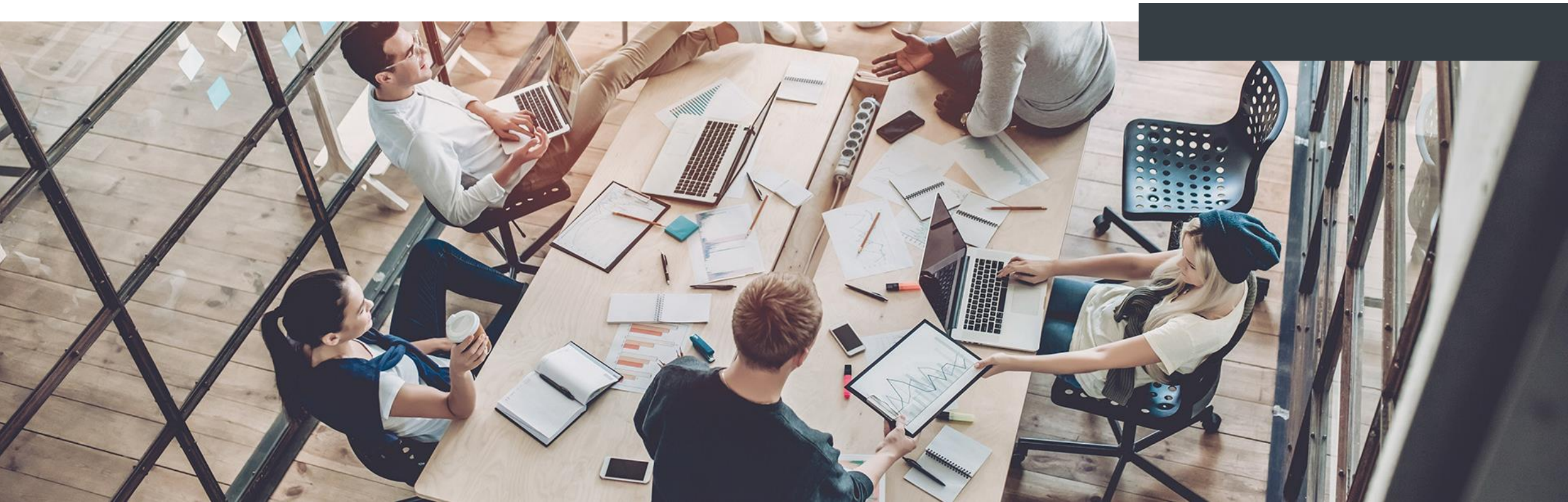
PARTNERSHIPS WITH  
LEADING VENDORS

With strategic partners



prodware   
innovation center

Helping companies step into the future by  
building the business processes  
of tomorrow

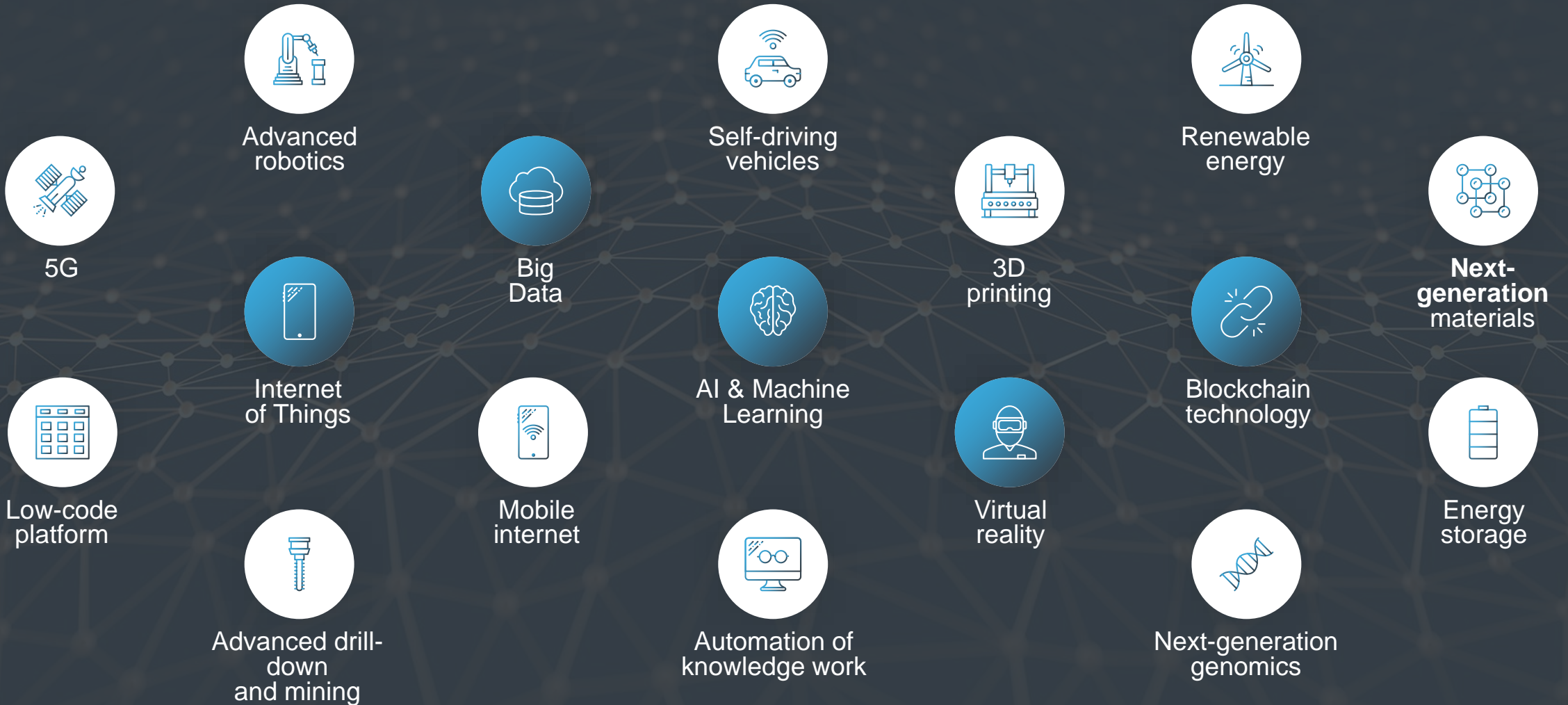




We are digital business experts creating and delivering industry-specific solutions for our customers.

**WE ARE DIGITAL TRANSFORMATION ENABLERS**

# OUR KNOW-HOW



# STAYING ONE STEP AHEAD OF THE GAME



Investing in start-ups that develop business-ready disruptive solutions for the benefit of our customers.



Big  
Data



Artificial  
Intelligence



Augmented  
Reality



Cybersecurity



Machine  
Learning



Business  
Intelligence

# OUR PORTFOLIO OF START-UPS





# INNOVATION CASE STUDIES



## AUGMENTED REALITY

# PROJECT **SIEMENS** HOLOLENS

### **INTEGRATED SAFETY INSTRUCTIONS**

The technician sees the instructions and guidelines displayed right on the machine during the installation and/or maintenance phases to prevent workplace accidents.

### **REMOTE ASSISTANCE**

When a service technician is on site repairing he can link up with a back-up support technician via the HoloLens to assist him.



# PROJECT *Manutan* ANALYTICS



Manutan are distributors of non-strategic purchases ranging from quick & easy solutions based on select products & services allowing customers to focus on their core business. They carry more than 400,000 products.

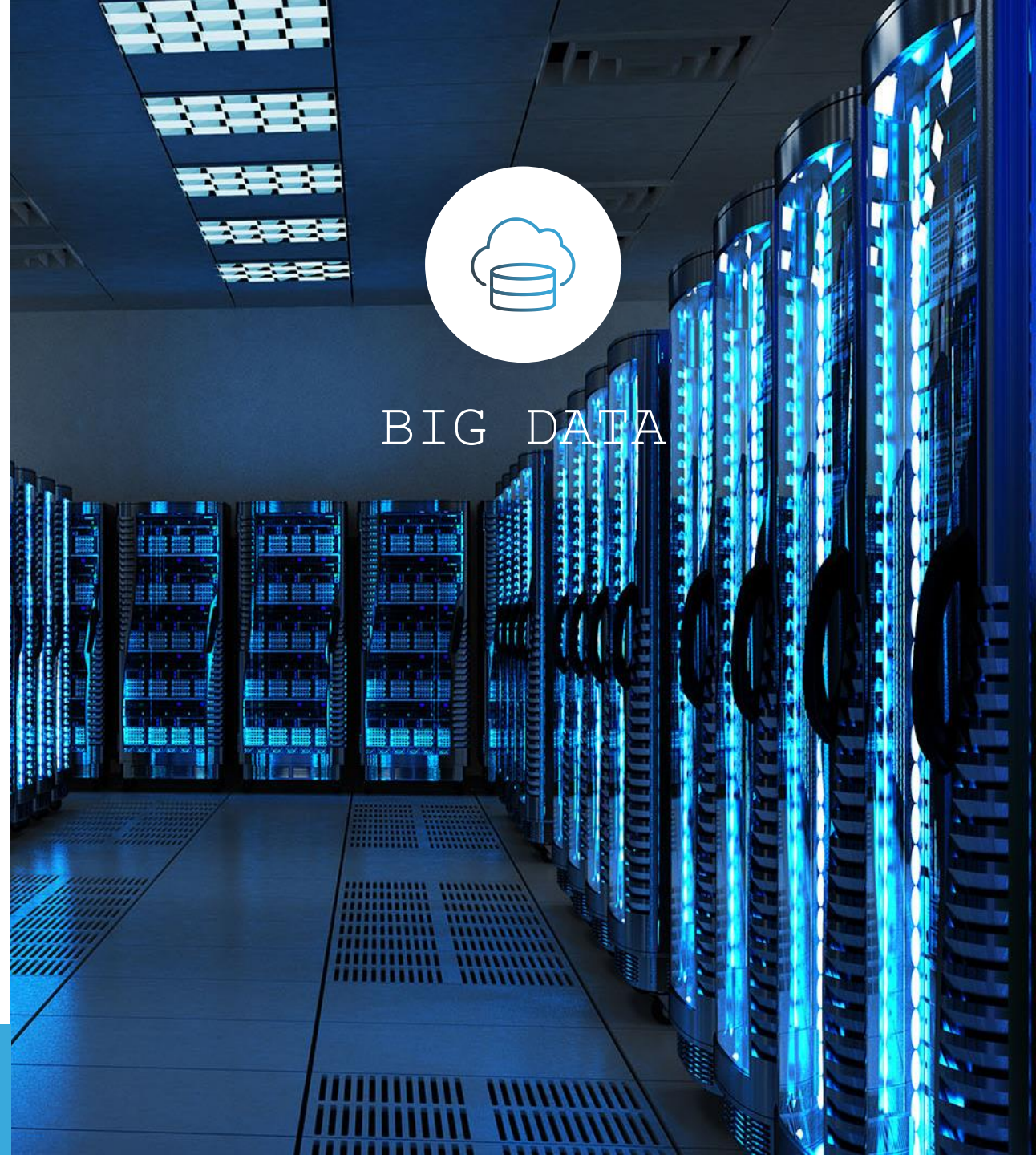
Seventeen ERPs consolidated into a single centralized ERP platform enabling a powerful data warehouse for overall processing.

Orders shipped within 24 to 48 hours - made possible by a sophisticated business engine that routes information through the whole of the organisation.

<https://youtu.be/WHWCXwXI-Z8>



## BIG DATA



# AWARDS

Microsoft  
Partner



2018 Partner of the Year Winner  
Spain Partner of the Year

L'équipe Prodware remporte la 1ère place  
du Hackathon Field Service Microsoft

Bravo aux équipes Dynamics 365 CRM, Innovation & Design, Dynamics  
365 Finance & Operations et infrastructure

2018/2019  
INNER CIRCLE  
*for Microsoft Dynamics*



# DEVELOPMENT STRATEGY

Continue with the 2016-2021 plan to refocus the Group's activities on its core business, maximize profitability and generate more cash flow.



**SUSTAINABILITY**

Develop and grow the SaaS-based business model.  
(SaaS turnover: 2016: €18.5m - 2017: €23.0m - 2018: €28.9m)



**RECURRING  
REVENUE**

Work on efficient refinancing to support our M&A strategy.



**GROWTH**



prodware 

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