

# prodware



October 19, 2017

## HALF-YEAR RESULTS 2017

SFAF Meeting

STEPHANE CONRARD  
Deputy Managing Director of Finance



“

*Prodware helps companies become more competitive and significantly increase their **performance** through digital transformation*

For several years, we have supported our customers by developing innovative solutions by market size and by industry.

We deliver more than IT solutions. We lead the digital transformation through three concepts: Vision, Roadmap, and Execution.

”

## Vendor-Integrator-Host of business software solutions at the heart of the digital transformation



### VENDOR OF INDUSTRY AND ROLE-TAILORED SOFTWARE SOLUTIONS

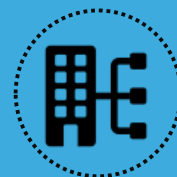
- Manufacturing
- Retail
- Professional Services
- Finance
- Distribution



**2016 REVENUE: €175.8 M**



**1,262 EMPLOYEES  
WITH 10% ASSIGNED TO NEAR-SHORE**



**19,000 CUSTOMERS (SME, MID-MARKET COMPANIES  
AND SUBSIDIARIES OF INTERNATIONAL GROUPS)**

## 15 countries & 44 offices

- |                 |               |                  |
|-----------------|---------------|------------------|
| ▪ Germany       | ▪ Georgia     | ▪ Czech Republic |
| ▪ UK            | ▪ Israel      | ▪ Romania        |
| ▪ Belgium       | ▪ Luxembourg  | ▪ Tunisia        |
| ▪ Côte d'Ivoire | ▪ Morocco     | ▪ United States  |
| ▪ Spain         | ▪ Netherlands |                  |
| ▪ France        |               |                  |

With our international network & our sub-contractors,  
Prodware is present in more than 75 countries

**44 SITES IN 15 COUNTRIES**

# Prodware: a key partner and global expertise

*"We are at the heart of our partners' strategy"*

## Our experts

Microsoft Dynamics ERP

675

Microsoft Dynamics CRM

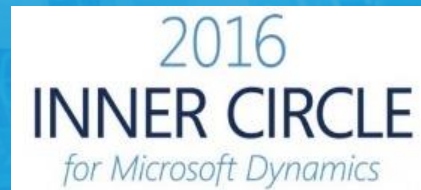
205

BI & Modern Workplace

105

Small and Medium  
Business Solutions

91



# The integration of 4 key business lines for the digital transformation

*"We deliver end-to-end services for digital transformation"*



## **BUSINESS CONSULTING**

Critical analysis of business processes to optimize the information system with Cloud technology



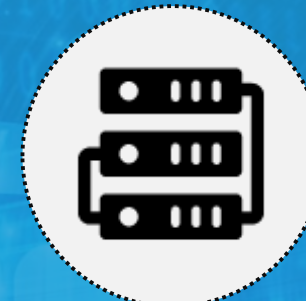
## **PUBLISHING OF CLOUD SOLUTIONS**

Creation of new activities  
Prepackaged vertical and horizontal solutions  
Creation of the Cloud application



## **INTEGRATION OF CLOUD SOLUTIONS**

Definition of the Cloud infrastructure  
Business analysis and artificial intelligence



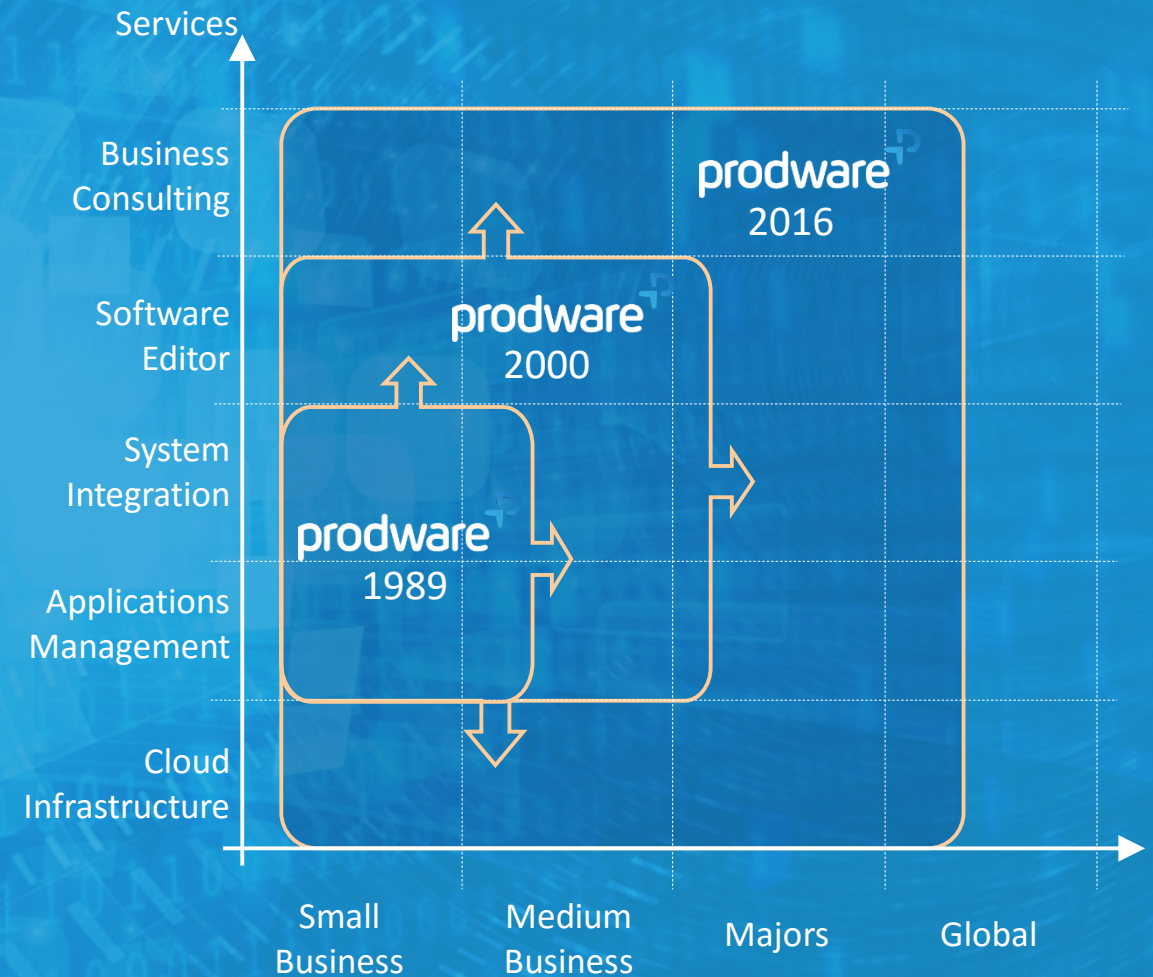
## **CLOUD & MANAGED SERVICES**

Management and optimization of business applications and Cloud infrastructure  
Updating of business applications  
Hosting of solutions

**A UNIQUE POSITIONING ON THE MARKET**

## Continuous development to capture new high-potential markets

- Ability to anticipate market trends and customers' needs for 25 years
- A vision that has always driven growth.
- Our international development and the rapid evolution of our offering demonstrate our ability to understand new market trends



**OBJECTIVE: TO BECOME THE LEADER IN RAPID DIGITAL TRANSFORMATION FOR MEDIUM-SIZED AND LARGE ENTERPRISES**

# Our 4 value-creation drivers

## CONSULTING

Project detector

## OWN SOFTWARE VENDOR ACTIVITY

Business line with high added value

## SAAS

Recurrence of revenue

## INTERNATIONAL

Managed services with international large & medium-sized enterprises

**KEY ADVANTAGES TO ENSURE INCREASED PROFITABILITY**

# More than 19,000 customers

## Professional services



## Industries



## Distribution



## Services



## Finance / Telco



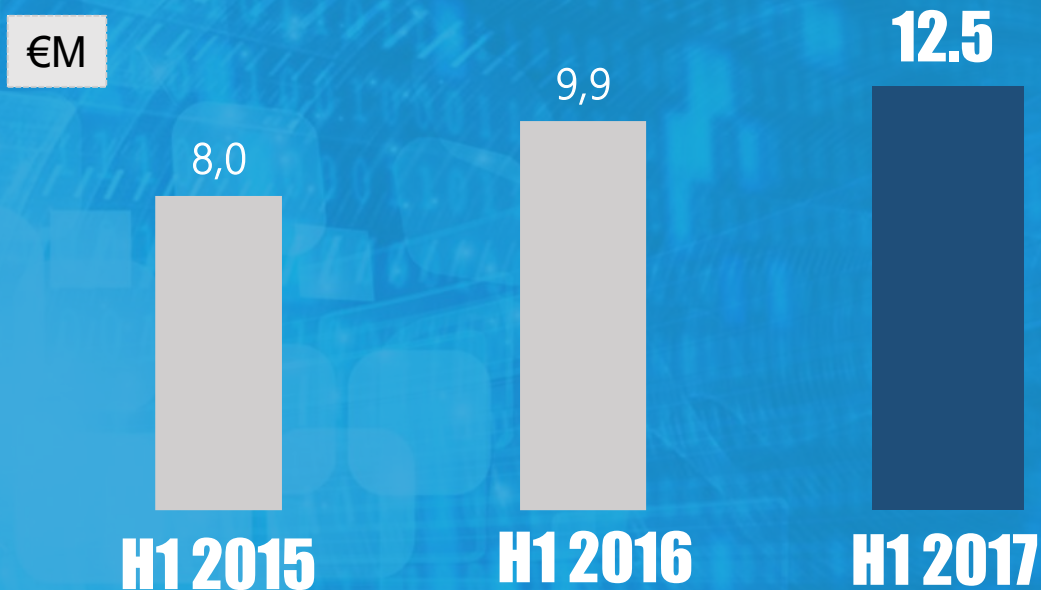
## Healthcare





# **HIGHLIGHTS OF THE 1<sup>ST</sup> HALF OF 2017**

# Acceleration of the sales model's transformation toward SAAS

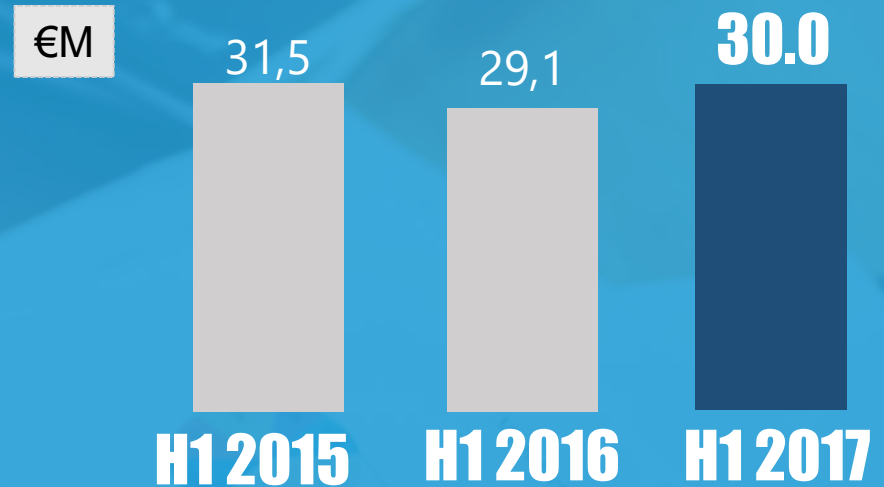


SAAS: strong growth in customer signatures

- Strong order intake with a prospect of sustained organic growth
- Recurrence of revenue signed over a period of 3 years
- Reduced sales efforts and eventually significant productivity gains

## 26% GROWTH IN SAAS IN H1 2017

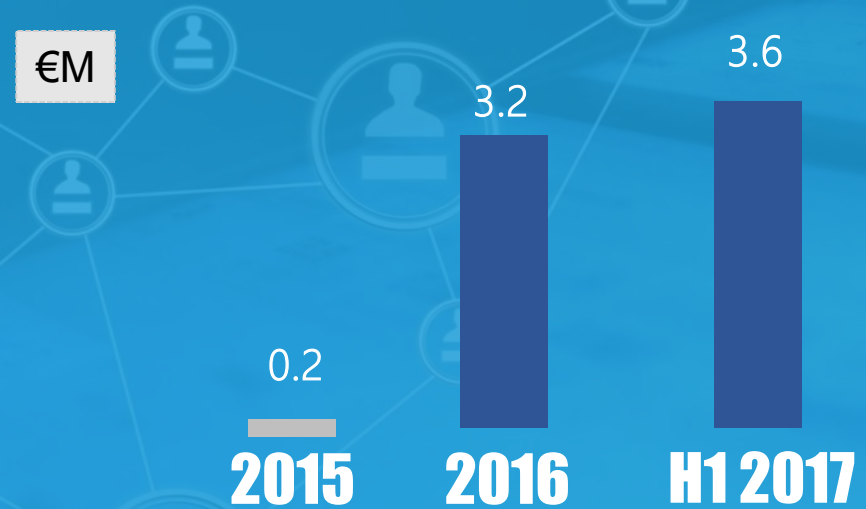
# Increase of the own software vendor activity shares in H1



Most dynamic segments in 2017:  
Professional Services, Distribution,  
& Wine and Spirits

**INCREASE OF THE OWN SOFTWARE VENDOR ACTIVITY IN H1**  
**2017**

## Development of the Consulting offering



Strategic activity: Being present upstream of projects, monitoring and advising customers better in a constantly changing and transforming IT sector

Strong investment in recruitment over 2017 and the coming years

**A BOOMING BUSINESS LINE WITH HIGH ADDED VALUE**

# Among our new customer references



Professional Services



Services



Industry



Agri-food



Healthcare

## DEVELOPMENT WITH INTERNATIONAL ENTERPRISES

# **2017 HALF-YEARLY RESULTS**

# Key indicators

+ 3.2%

REVENUE



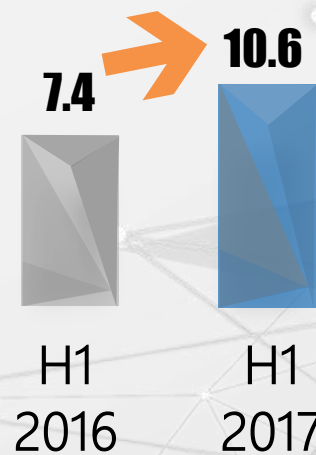
+ 2.6%

EBITDA



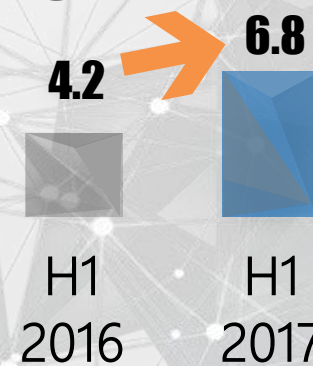
+ 43.6%

CURRENT  
OPERATING INCOME



+ 63.3%

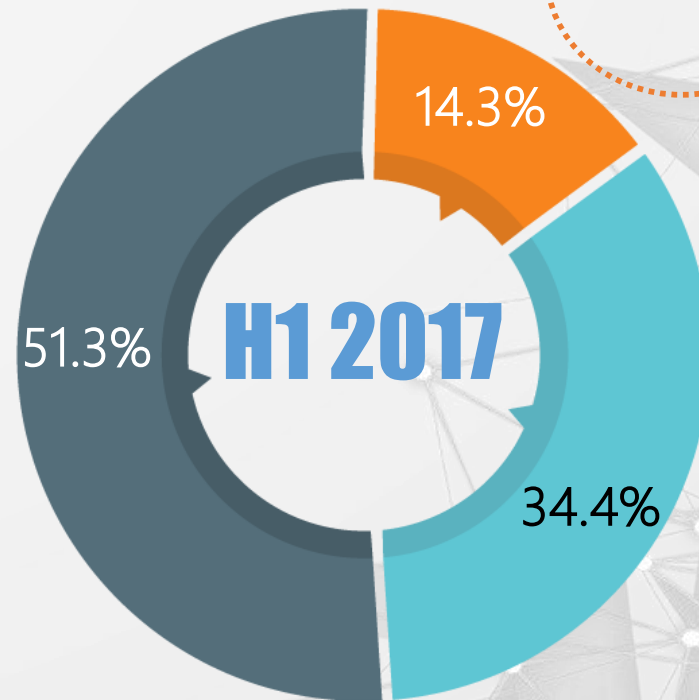
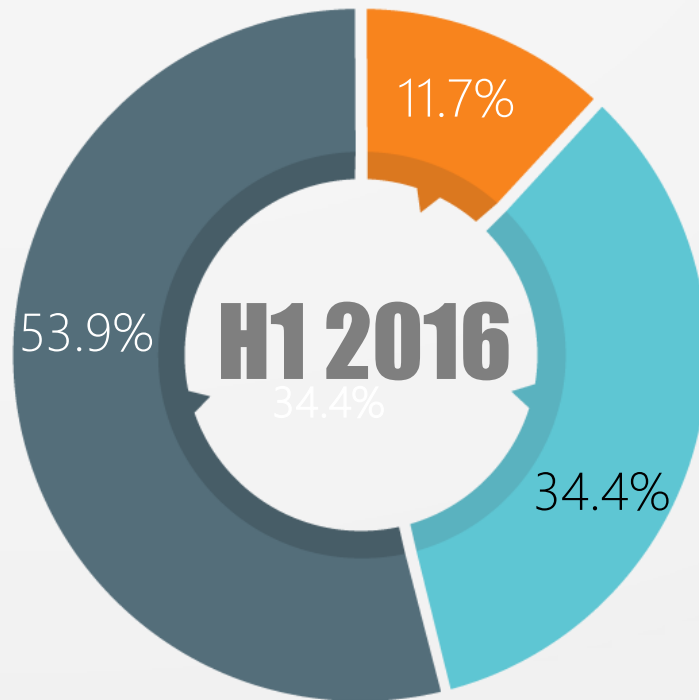
NET INCOME,  
group share



In €M  
or %

# Revenue by business segment

As % of revenue



+ 26%

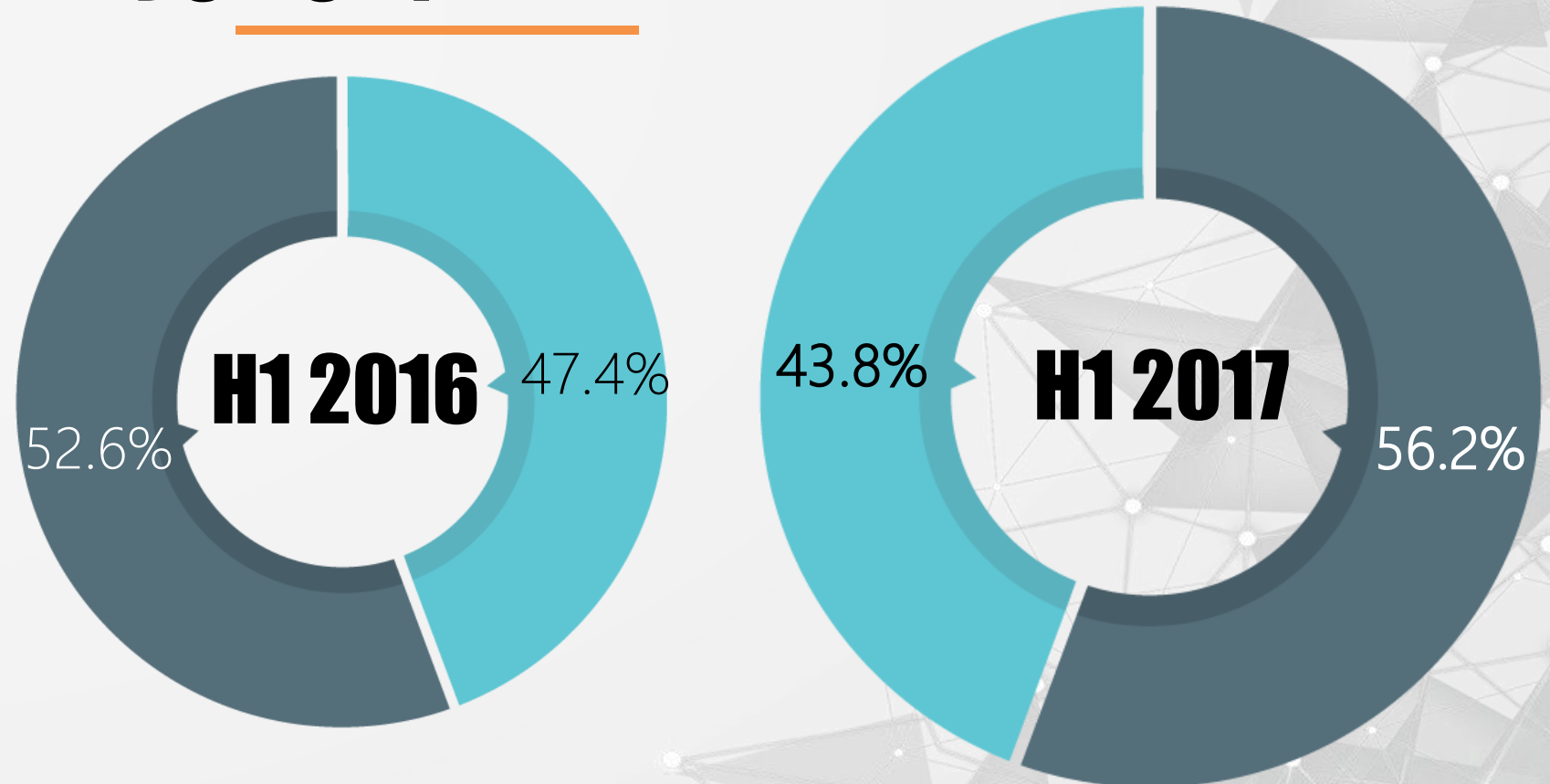
Change in SAAS

(\*) Microsoft, Sage, Autodesk offerings



## Change in revenue by geographical area

The French-speaking zone,  
the foundation of  
international  
development in  
H1

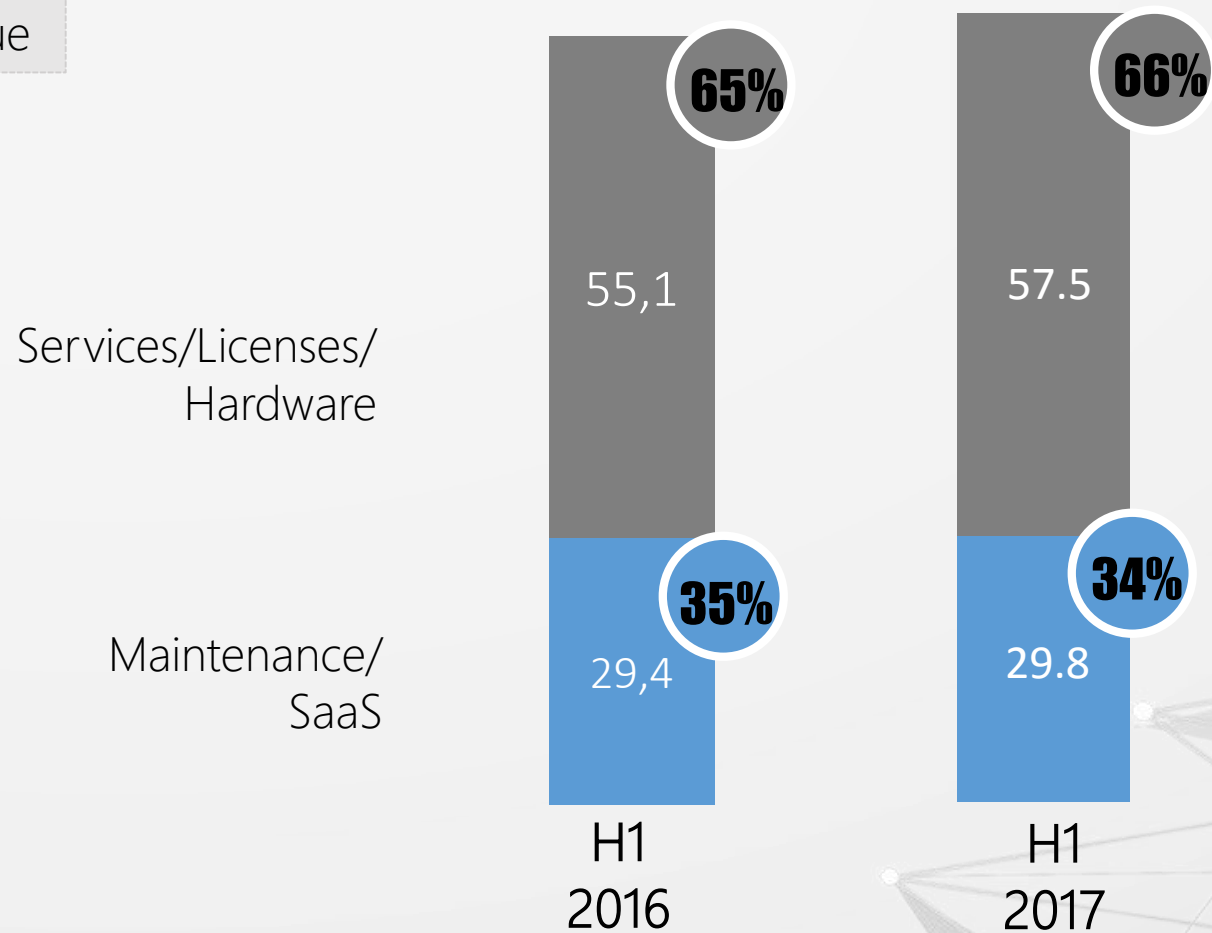


French-speaking zone International

SIGNING OF CONTRACTS AND RECOGNITION OF REVENUE  
IN FRENCH-SPEAKING ZONE BUT AN INTERNATIONAL DEPLOYMENT

# Recurrence of activity

In €M  
As % of revenue



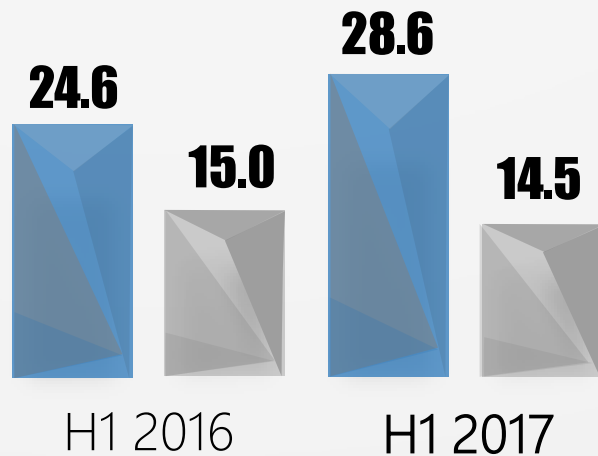
# Staff

In €M

Personnel expenses ■

External expenses ■

In number of  
persons



1,236

H1 2016

1,262

H1 2017

+2.1%

- INCREASE IN PERSONNEL EXPENSES ASSOCIATED WITH RECRUITMENT INVESTMENTS IN THE CONSULTING BUSINESS LINE AND INNOVATIVE SOLUTIONS
- CONTROL AND REDUCTION OF STRUCTURAL EXPENSES OF MORE THAN 3% OVER THE PERIOD

# EBITDA

<b>IFRS Unaudited data in €M</b>	<b>H1 2017</b>	<b>H1 2016</b>	<b>Var.</b>	<b>2016</b>
Revenue	87.2	84.5	+ 3.2%	175.8
Purchases consumed*	(25.2)	(28.2)		(57.1)
External expenses	(14.5)	(15.0)		(32.8)
Personnel expenses	(28.6)	(24.6)		(54.8)
Other current operating income & expenses**	(1.3)	0.2		0.8
<b>EBITDA</b>	<b>17.5</b>	<b>17.1</b>	<b>+ 2.6%</b>	<b>31.9</b>
<i>As % of revenue</i>	<i>20.1%</i>	<i>20.2%</i>	<i>- 0.1pt</i>	<i>18.2%</i>

\* DECREASE OF NEARLY €3M IN PURCHASES CONSUMED WITH THE DECLINE IN PURCHASES OF LICENSES RELATED TO THE NEW SAAS MODE OF SALE

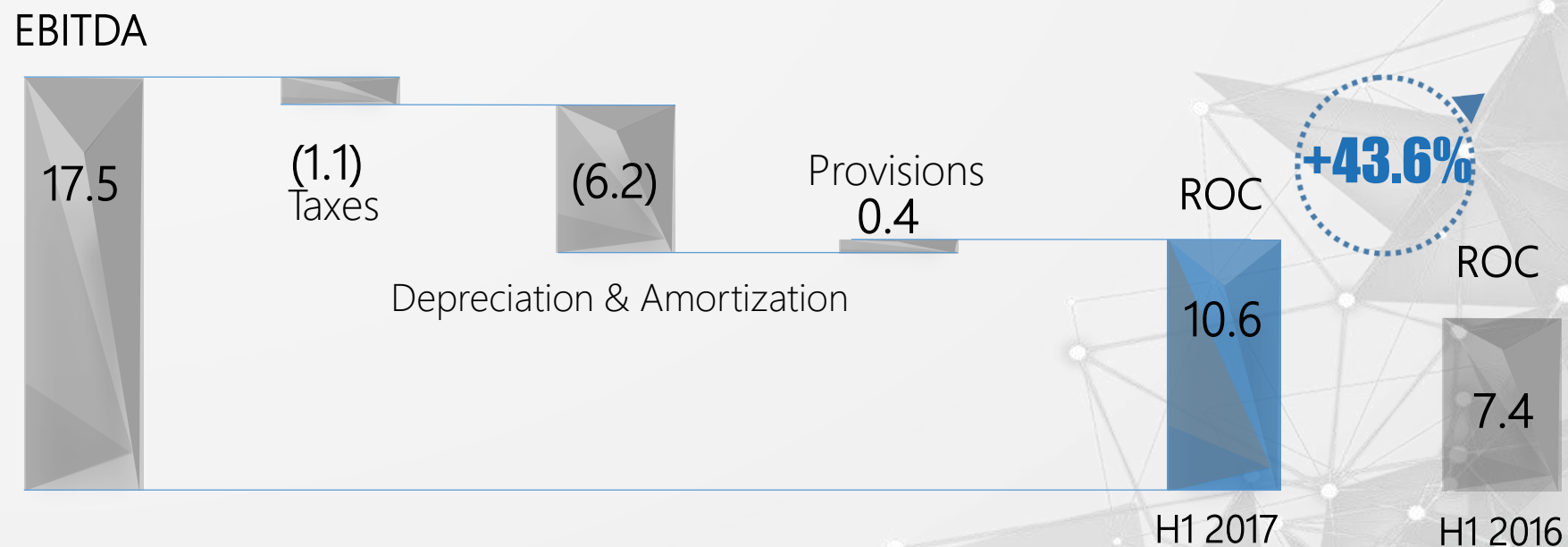
\*\* INCLUDING RESTRUCTURING COSTS ON THE FRENCH-SPEAKING ZONE FOR €1M

## EBITDA margin by business segment

In €M	H1 2017	H1 2016	Var.
Software vendor & Integration of Management solutions <i>As % of revenue</i>	12.8 14.6%	15.0 17.7%	- 14.9% - 3.1pt
Infrastructure and SaaS <i>As % of revenue</i>	4.7 5.4%	2.1 2.5%	+ 128.3% + 2.9pt
Total <i>As % of revenue</i>	17.5 20.1%	17.1 20.2%	+ 2.6% - 0.1pt

- IMPACT OF THE CHANGE IN MODE OF SALE: GROWING CONTRIBUTION TO EBITDA OF THE SAAS MODE OF SALE (+ 128.3%) VS. A LOWER CONTRIBUTION OF SALES OF STANDARD LICENSES AND PUBLISHING (- 14.9%)

## EBITDA / ROC bridge



- Publishing: mature products
  - A decrease in depreciation and amortization expenses of more than €2.5M
  - A reduction in the investment effort of more than €2.4M

# Income statement

IFRS Audited data in €M	H1 2017	H1 2016	Var.	2016
Revenue	87.2	84.5	+ 3.2%	175.8
EBITDA	17.5	17.1	+ 2.6%	31.9
<i>As % of revenue</i>	20.1 %	20.2 %	- 0.1pt	18.2 %
Taxes and duties	(1.1)	(0.9)		(1.7)
Net depreciation, amortization, impairment, and provisions	(5.9)	(8.8)		(14.4)
Current operating income	10.6	7.4	+ 43.6%	15.8
<i>As % of revenue</i>	12.1%	8.7 %	+ 3.4 pts	9.0%
Other operating income and expenses	(0.8)*	(0.1)		(1.0)
Operating result	9.8	7.3	+ 34.2%	14.8
<i>As % of revenue</i>	11.2 %	8.6 %	+ 2.6 pts	8.4%
Financial result	(2.0)	(2.5)		(5.6)
Taxes on profits	(1.6)	(0.3)		(0.1)
Share in associates	0.1	0		0.1
Net income from continuing operations	6.3	4.4	+ 42.4%	9.1
Net income from discontinued operations	0.4	(0.1)		0.3
Consolidated net income	6.8	4.3	+ 59.1 %	9.5
<i>As % of revenue</i>	7.8%	5.1%	+ 2.7 pts	5.4%
Net income, Group share	6.8	4.2	+ 63.3 %	9.4
<i>As % of revenue</i>	7.8%	4.9%	+ 2.9 pts	5.4%

\* Including €770k in provisions for expenses (50% of the annual sum) relating to the issuance of a free share plan in late 2016. Intended to retain the group's key people (final allocation of these shares is subject to the achievement of profitability and growth targets over the next 3 years)

# Balance sheet

<b>ASSETS (in €M)</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Dec. 31, 2016</b>
Goodwill	33.8	32.8	32.8
Fixed assets	134.1	101.9	132.9
Tax assets	9.5	10.1	10.5
<b>Total non-current assets</b>	<b>177.4</b>	<b>144.9</b>	<b>176.2</b>
Inventories and work in progress	0.1	0.1	0.1
Trade receivables	57.7	58.7	50.3
Other current assets	19.9	19.1	20.5
Cash and cash equivalents	33.5	41.2	24.5
<b>Total current assets</b>	<b>111.2</b>	<b>119.1</b>	<b>95.4</b>
<b>TOTAL ASSETS</b>	<b>288.6</b>	<b>264.0</b>	<b>271.6</b>

<b>EQUITY &amp; LIABILITIES (in €M)</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Dec. 31, 2016</b>
Shareholders' equity	129.1	114.1	114.1
Non-current debt	69.3	70.8	69.2
Other non-current liabilities	4.4	3.9	4.3
<b>Non-current liabilities</b>	<b>73.7</b>	<b>74.7</b>	<b>73.5</b>
Current provisions	2.8	3.8	3.3
Current debt	27.5	23.6	23.7
Trade payables	16.6	19.5	21.4
Other current liabilities	38.8	28.2	30.9
<b>Total current liabilities</b>	<b>85.8</b>	<b>75.2</b>	<b>79.2</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>288.6</b>	<b>264.0</b>	<b>271.6</b>

Equity up €15M from June 30, 2016, + 13.2%

Reduction in trade payables of nearly €3 M, reduction in payment periods following the new marketing methods

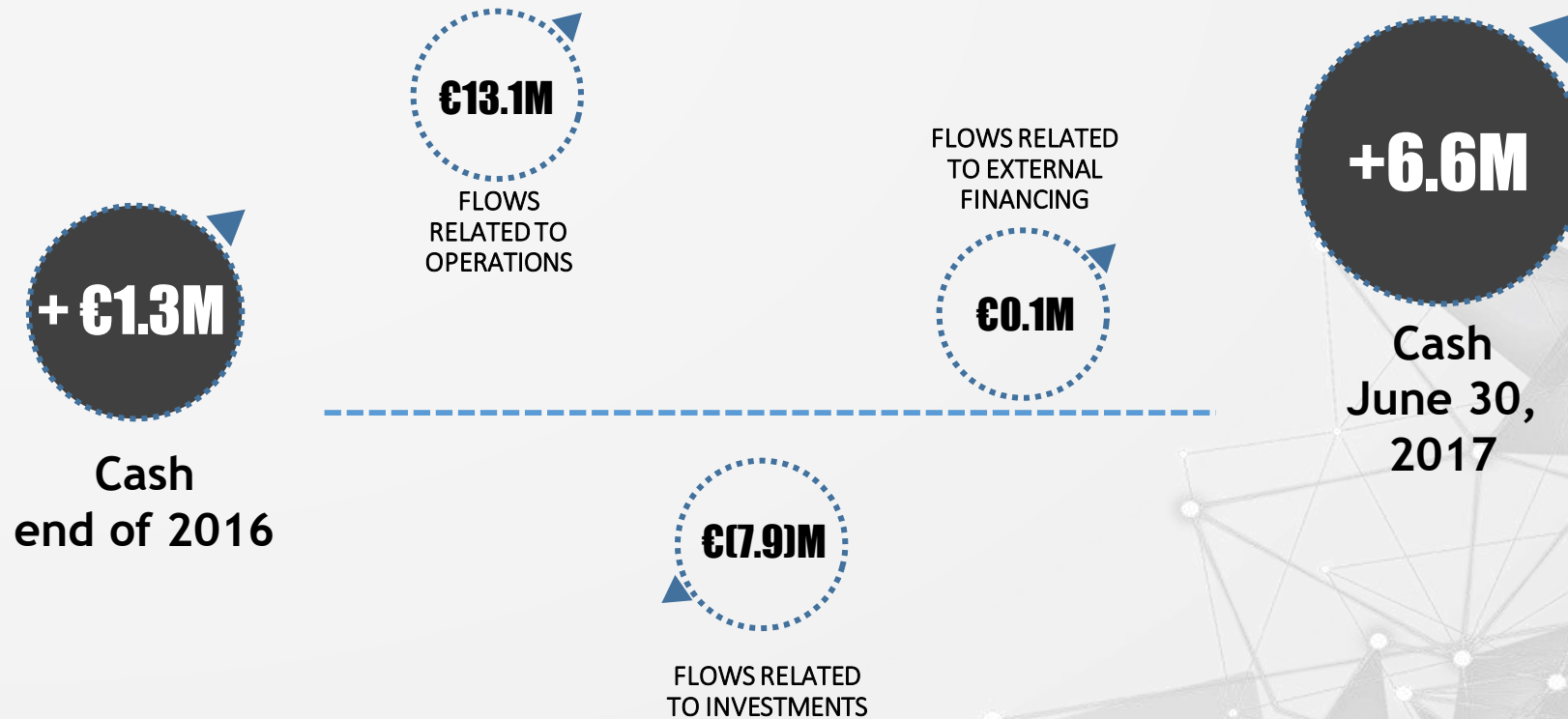
Decrease of 8.6 points in net debt from €68.4 M (gearing of 57.8%) to €63.3 M (gearing of 49.1%) since December 31, 2016



# Cash flow statement

In €M	June 30, 2017	June 30, 2016	December 31, 2016
Cash flow before cost of debt and taxes	16.7	17.2	29.6
Change in WCR	(3.6)	(10.8)	(0.6)
Net cash flow from operations	13.1	6.4	29.0
Acquisitions of fixed assets	(8.2)	(9.8)	(44.5)
Sales of fixed assets	0.5	-	0.2
Impacts of changes in scope	(0.2)	-	-
Cash flow, non-current assets to be sold, and aband. assets	-	-	1.8
Net cash flow from investing	(7.9)	(9.8)	(42.6)
Net change in borrowed funds	(1.7)	31.7	29.0
Parent company dividends received/paid	(0.3)	(0.2)	(0.2)
Capital increases/reductions	(1.6)	0.1	0.3
Net disposals (acq.) of treasury shares	3.6	(0.6)	(4.8)
Net change in bank overdraft facilities	0.1	0.1	-
Net cash flow from financing	0.1	31.1	24.2
Impact of currency fluctuations	-	(0.1)	-
Change in cash flow	5.3	27.6	10.7

# Change in free cash



**NET FREE CASH FLOW H1 2017 = +€5.3M**

## Improving stock market indicators

Résultat opérationnel  
par action

S1 2016 : 0,90 €  
S1 2017 : 1,23 €

Résultat Net  
par action

S1 2016 : 0,55 €  
S1 2017 : 0,80 €

# The shareholder at the heart of the financial strategy

64% increase  
in EPS

Reinforcement of  
equity by executives  
and certain key  
employees\*

Increased earnings  
per share of 9.55% of  
capital\*\*: cancellation  
at Sept. 18, 2017, of a  
total of 776,000  
securities for  
approximately €6M

Continuity of the  
dividend distribution  
policy + 33%\*\*\*

\* Exercise of share subscription warrants in July 2017 for €1.8M and reinforcement of equity interests for €4M

\*\* Shares acquired under the share buyback program

\*\*\* Growth of the 2016 dividend compared with the 2015 dividend

## BECOME A MAJOR STOCK EXCHANGE SECURITY

## Doubling of stock market value

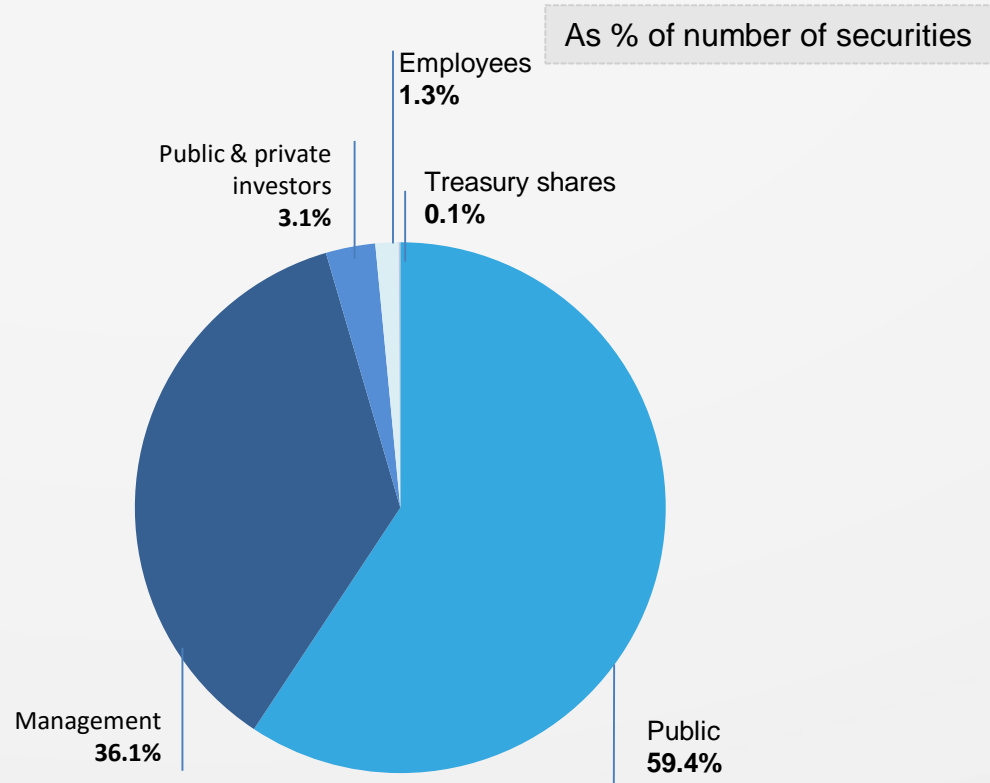


Source: Euronext

**A DYNAMIC DRIVEN BY DEVELOPMENTS AND OPTIMIZING PROFITABILITY**

# A liquid, popular security

## Distribution of capital at September 30, 2017



COTÉ EN BOURSE  
SUR NYSE/EURONEXT  
(ALTERNEXT PARIS)

Mnemo  
ALPRO

Number of  
securities:  
7,741,000

Market  
capitalization  
at October 16,  
2017:  
€87.3M

Average  
volume over 1  
year:  
16,000  
securities



Gaïa-Index

# GUIDELINES

## Strategic joint venture in the US

Creation of a JV (Retail and Digital Venture) with a US company ILOVEMOBILE Group (developer of retail solutions)  
Prodware holds 45% of the shares without financial investments



**Objective:** deployment of retail solutions in the US (New York, Florida, Texas)



**Digital market in the US:**

- \$4,500 billion
- 70% of the global retail market (excluding Asia)



**Opportunities** related to the release of MS Dynamics 365: 40,000 businesses in the US to be equipped

**INCREASED GLOBAL VISIBILITY FOR THE PRODWARE GROUP**  
**A PRUDENT STRATEGY WITHOUT CAPEX**



# Development strategy



Focus on the most profitable segments: consulting and our own software vendor



In return: Refocusing on the Group's core business lines...



...combined with a decrease in publishing in the Group.

## A focus on optimizing profitability

## 2017 outlook

Continuation of the acceleration of the share of revenue generated in Services  
Particularly through the development of consulting offerings

Acceleration of recurring sales  
SAAS on the most profitable offerings

Integration of the new Microsoft offerings, with MS 365, creating significant growth opportunities

**CONTINUED IMPROVEMENT OF PROFITABILITY**

# Q3 revenue: +4.4%

Q3 2017 revenue: €33.7 M vs. €32.2 M, +4.4%  
(+3.0% on a comparable basis)

In €M



9-month revenue: €120.9 M vs. €116.8 M, or +3.5% (2.5% on a comparable basis)



French-speaking zone: €64.3 M vs. €59.6 M at September 30, 2016, +8.0% (53.2% of Group revenue)

## CONTINUATION OF THE DYNAMIC IN Q3

2017 annual  
revenue

Thursday, Feb. 22, 2018  
After close of trading

## CONTACTS

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