



17 October 2018

FIRST-HALF RESULTS 2018

SFAF meeting

STEPHANE CONRARD
Vice-President and Chief Financial Officer



OUR KNOW-HOW

Supporting **digital transformation journeys** of businesses
across the entire value chain
by designing and developing **innovative and agile solutions**,
based on **Microsoft technologies** and in **SaaS mode**.

PRODWARE, THE EXPERT IN DISRUPTIVE TECHNOLOGIES

OUR VISION OF THE MARKET

AN OFFERING TAILORED TO THE NEEDS OF EACH CUSTOMER

EXPERT KNOWLEDGE OF THE ENTIRE VALUE CHAIN

PARTNERSHIPS WITH THE BEST SOFTWARE VENDORS



A FAST-CHANGING ENVIRONMENT

DIGITAL TRANSFORMATION



A FULL SERVICE OFFERING

CONSULTING INTEGRATION CLOUD



3 STRATEGIC PARTNERS

Microsoft Dynamics  **AUTODESK.**
Platinum Partner

sage



THE INTERNET OF THINGS and ARTIFICIAL INTELLIGENCE Pivotal to the digital transformation of our customers

Technologies delivered by Prodware and Microsoft solutions

PRODWARE: AN INNOVATIVE APPROACH

OUR VALUE PROPOSITION



SOLID AND LONG-LASTING PARTNERSHIPS WITH TOP-TIER PLAYERS



PRODWARE, RECOGNITION OF KNOW-HOW IN THE FIELD OF IT INNOVATION

30 YEARS OF EXPERIENCE AND KNOW-HOW in the field of IT innovation



VERTICAL, CUSTOMISED SOLUTIONS

- Industry
- Retail
- Distribution
- Business Services
- Finance



19,000 CUSTOMERS (SME &
MID-CAPS)



1,290 EMPLOYEES
12% NEARSHORE EMPLOYEES



2017 TURNOVER
€167.7m

AN INTERNATIONAL FOOTPRINT



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

INTERNATIONAL: 55.2% OF TURNOVER

HIGHLIGHTS OF THE 1ST HALF OF 2018

Continuing shift in sales model towards SAAS

€m

12.5

H1 2017

15.7

H1 2018

Growth in
SAAS revenues
+25.7%

SAAS: a business model offering dynamic growth

- Outlook enhanced by recurring revenues
- Lower business costs with tacit renewals
- Pooling of operating costs

37% ANNUAL GROWTH OF SAAS SINCE 2016

Development of Consulting



Consulting: a crucial driver of growth

- Enriches Prodware's expertise across the whole value chain
- A key enabler for attracting talented individuals
- A higher margin business activity

A BOOMING HIGH VALUE-ADDED BUSINESS LINE

New customer references



Quaron

Internet of things
Complex regulatory landscape



LIASA
LIGEROS INDUSTRIALES AGROPADOS, S.A

Growth in Spain
Prodware EDI offering



ONATERA.com
Ma boutique au naturel

Enabling growth
Interconnection with the
e-commerce site

INCREASING BUSINESS WITH INTERNATIONAL COMPANIES

FIRST-HALF RESULTS 2018

FINANCIAL HIGHLIGHTS

**Revenue increase in
strategic growth
drivers**

**SaaS
International**

Lower external costs

**Reduction in sub-contracting
Reductions in consumed
purchases**

**Investments in human
capital**

**Rising personnel costs in
targeted skills**

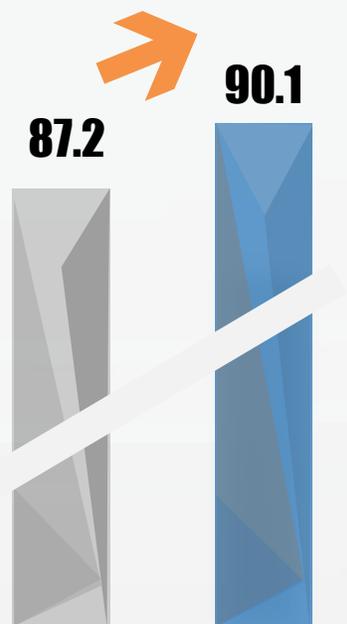
VIRTUOUS GROWTH IN BUSINESS ACTIVITY

Key indicators

In €m

+3.3%*

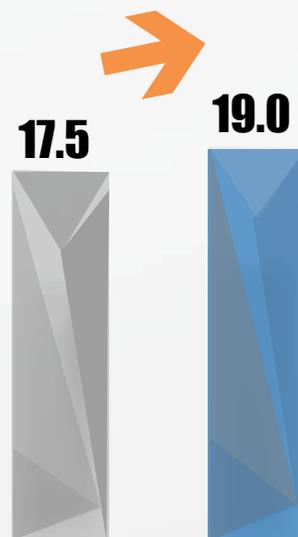
TURNOVER



H1 2017 H1 2018

+8.4%

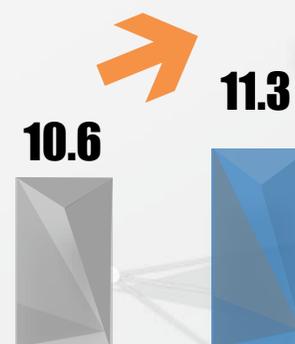
EBITDA



H1 2017 H1 2018

+6.7%

**CURRENT OPERATING
INCOME**



H1 2017 H1 2018

+12.5%

**NET INCOME
(Group share)**



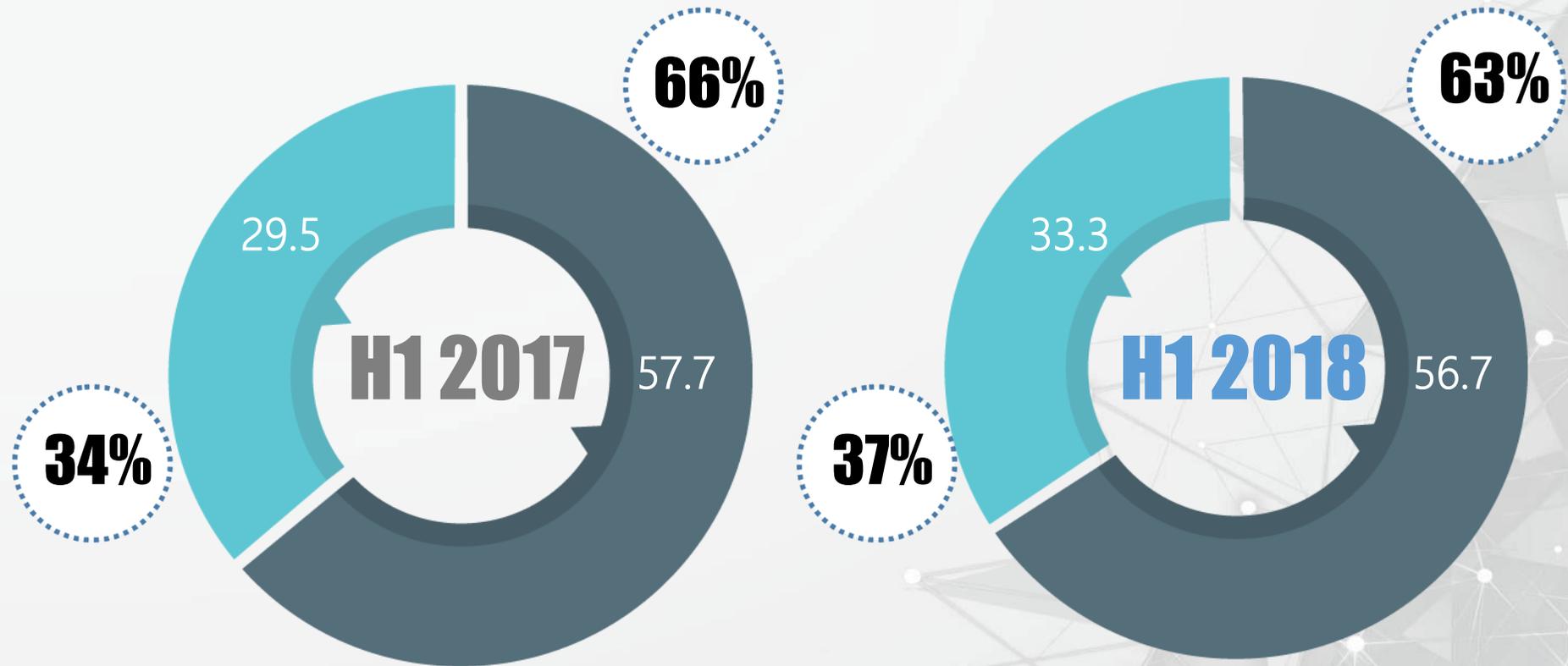
H1 2017 H1 2018

Increase in recurring revenues

In €m
As % of
turnover

Services / Licenses /
Hardware

Maintenance / SAAS



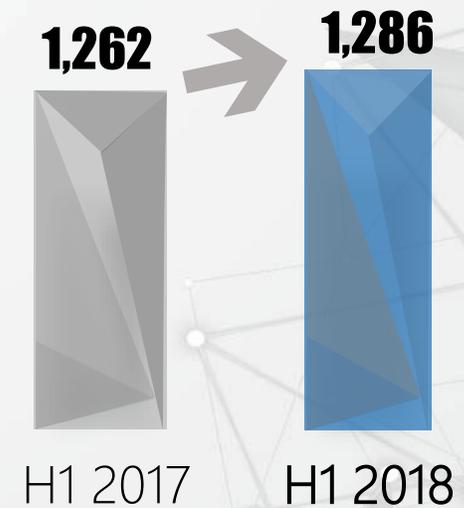
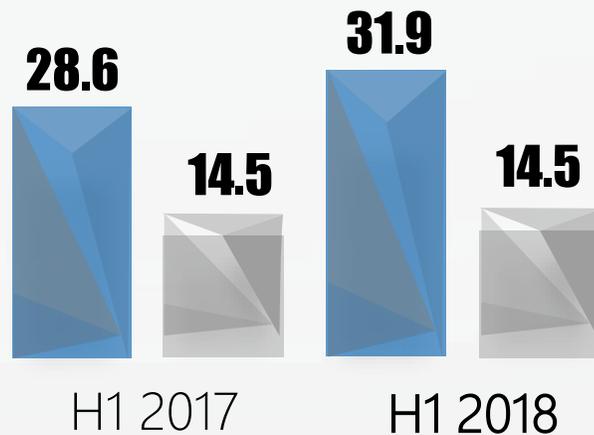
Staff

In €m

Personnel expenses ■

External expenses ■

Number of
people



- ACCELERATING RECRUITMENTS IN KEY BUSINESS LINES AND TECHNOLOGIES

EBITDA

| IFRS standards Unaudited data in €m | H1 2017 | H1 2018 | Change |
|--|----------------|----------------|---------------|
| Turnover | 87.2 | 90.1 | +3.3% |
| Consumed purchases* | (25.2) | (24.0) | -4.6% |
| External expenses | (14.5) | (14.5) | -0.6% |
| Personnel expenses | (28.6) | (31.9) | +11.5% |
| Other current operating costs | (1.3) | (0.7) | |
| EBITDA | 17.6 | 19.0 | +8.4% |
| <i>As % of turnover</i> | <i>20.1%</i> | <i>21.1%</i> | <i>+1.0pt</i> |

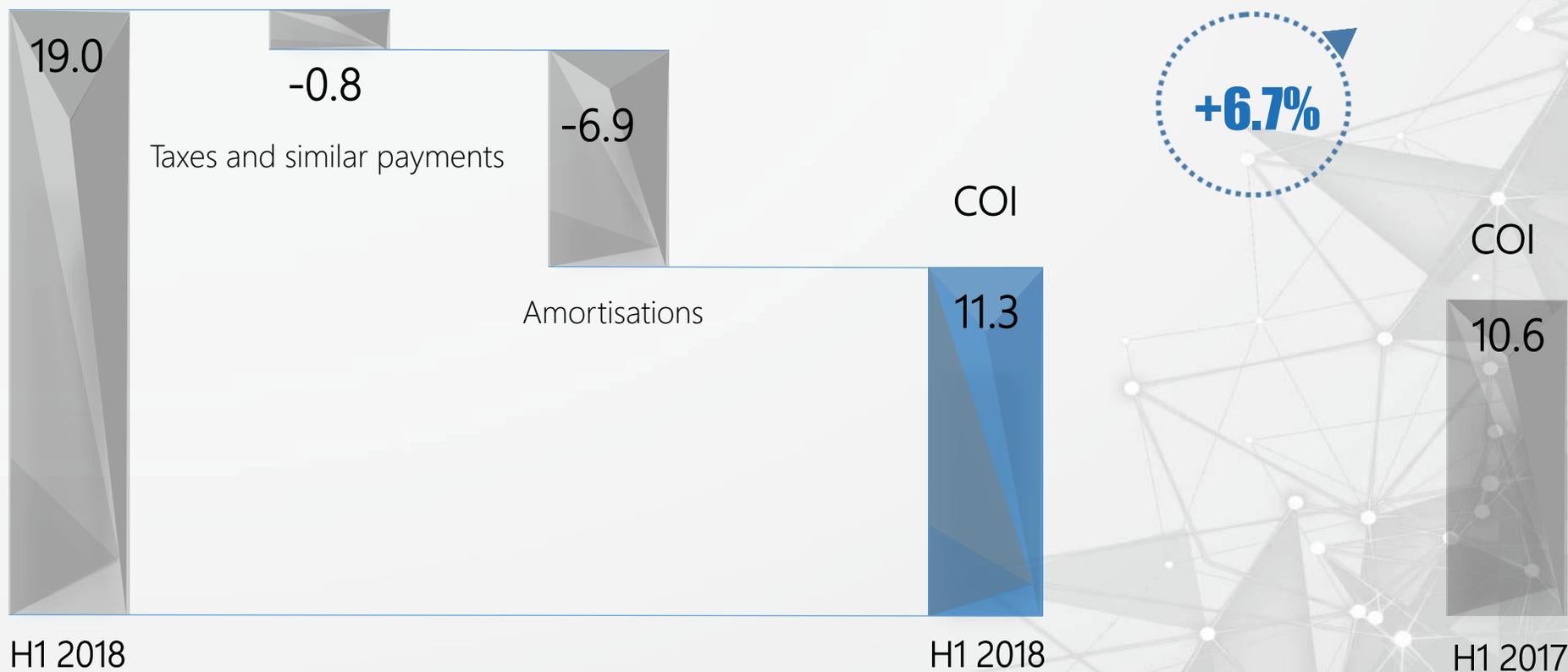
* REDUCTION IN CONSUMED PURCHASES (LICENSES) LINKED TO STRONG GROWTH IN SAAS SUBSCRIPTION SALES

EBITDA margin by business segment

| In €m Unaudited data | H1 2017 | H1 2018 | Change |
|---|--------------|--------------|----------------|
| In-house software vendor & Integration of management solutions | 12.8 | 14.2 | +11.7% |
| <i>As % of turnover</i> | <i>19.1%</i> | <i>20.6%</i> | <i>+1.5pts</i> |
| Infrastructure and Saas | 4.8 | 4.8 | -0.5% |
| <i>As % of turnover</i> | <i>23.1%</i> | <i>22.5%</i> | <i>-0.6pts</i> |
| Total | 17.6 | 19.0 | +8.4% |
| <i>As % of turnover</i> | <i>20.1%</i> | <i>21.1%</i> | <i>+1.0pt</i> |

EBITDA / COI (Current Operating Income) bridge (€m)

EBITDA



Income statement

| IFRS standards - Unaudited data in €m | H1 2017 | H1 2018 | +/- |
|--|----------------|----------------|------------|
| Turnover | 87.2 | 90.1 | +3.3%* |
| EBITDA | 17.5 | 19.0 | +8.4% |
| <i>As % of turnover</i> | 20.1% | 21.1 % | +1.0pt |
| Current operating income | 10.6 | 11.3 | +6.7% |
| <i>As % of turnover</i> | 12.1% | 12.5 % | +0.4pts |
| Other operating income & expenses | -0.8 | -0.2 | |
| Operating income | 9.8 | 11.1 | +13.1% |
| <i>As % of turnover</i> | 11.2% | 12.3% | +1.1pts |
| Cost of net financial debt | -1.8 | -2.1 | |
| Other financial income and expenses | -0.2 | -0.9 | |
| Financial result | -2.0 | -3.0 | |
| Taxes on profits | -1.6 | -0.7 | |
| Share in associates | 0.1 | 0.4 | |
| Net income from continuing operations | 6.3 | 7.7 | +21.0% |
| Net income from discontinued operations | 0.4 | 0 | |
| Consolidated net income | 6.8 | 7.6 | +13.1% |
| <i>As % of turnover</i> | 7.8% | 8.5% | +0.7pts |
| Net income, Group share | 6.8 | 7.6 | +12.5% |
| <i>As % of turnover</i> | 7.8% | 8.5% | +0.7pts |

* +4.2% on a like-for-like basis

Statement of financial position

| ASSETS (in €M) IFRS standards - Unaudited data | 31/12/ 2017 | 30/06/ 2018 | LIABILITIES (in €m) IFRS standards - Unaudited data | 31/12/ 2017 | 30/06/ 2018 |
|--|------------------------|------------------------|---|------------------------|------------------------|
| Goodwill | 34.2 | 34.2 | Equity | 130.4 | 136.0 |
| Other fixed assets | 139.7 | 149.2 | Long-term debt | 67.7 | 69.8 |
| Tax assets | 10.3 | 9.8 | Other non-current liabilities | 4.3 | 4.5 |
| Total non-current assets | 184.3 | 193.2 | Total non-current liabilities | 72.0 | 74.2 |
| Accounts receivable and other receivables | 55.1 | 60.4 | Current provisions | 0.6 | 0.8 |
| Other current assets | 23.3 | 15.2 | Short-term debt | 25.7 | 27.2 |
| Cash and cash equivalents | 32.8 | 34.5 | Trade payables | 21.4 | 15.1 |
| Total current assets | 111.1 | 110.0 | Other current liabilities | 45.3 | 50.0 |
| TOTAL ASSETS | 295.4 | 303.2 | Total current liabilities | 93.0 | 92.9 |
| | | | TOTAL LIABILITIES | 295.4 | 303.2 |

- Increase in equity: +€5.6m
- Net debt: €62.5m – less than twice the EBITDA on a 12-month rolling basis
- Fall in gearing: 46.1% (vs. 46.6% at end-2017 and 49.1% at mid-2017)
- Increase in available cash to €34.5m compared with €32.8m at end-2017

Refinancing of medium-term debt in July-August 2018

Optimisation of financial structure

**Extension
of maturity to
6 and 7 years**

**Better rate
conditions**

**Increase
in the nominal value
to €92.5m**

Cash flow statement

| IFRS standards - Unaudited data in €m | 30/06/2017 | 31/12/2017 | 30/06/2018 |
|---|-------------------|-------------------|-------------------|
| Cash flow before cost of debt and taxes | 16.7 | 26.9 | 17.6 |
| Change in WCR | -3.6 | 7.0 | 0.9 |
| Net cash flow from operations | 13.1 | 33.8 | 18.5 |
| Net acquisition of fixed assets | -7.7 | -24.8 | -17.7 |
| Flows from non-current assets held for sale and discontinued activities, on a like-for-like basis | -0.2 | 2.4 | - |
| Net cash flow from investing | -7.9 | -22.4 | -17.7 |
| Net change in borrowings, including bank facilities | -1.6 | -6.1 | |
| Parent company dividends received/paid | -0.3 | -0.3 | -0.5 |
| Capital increases/reductions | -1.6 | 2.1 | |
| Equity transactions including share buyback | 3.6 | -0.7 | |
| Net cash flow from financing | 0.1 | -5.0 | -0.5 |
| Effects of exchange rate changes on the balance of cash | | -0.1 | -0.1 |
| Change in cash | 5.3 | 6.3 | 0.2 |

Analysis of free cash flow



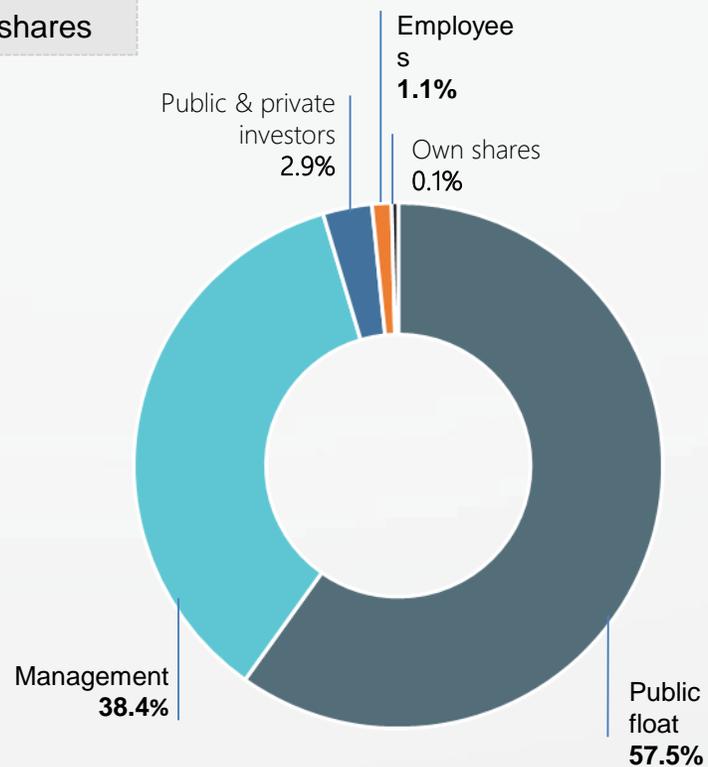
NET FREE CASH FLOW H1 2018 = +€0.2M

| | 12/2017 | 06/2018 | Change |
|---------------------------|---------|---------|--------|
| Cash and cash equivalents | 32.8 | 34.5 | +1.7 |
| Bank credit facilities | -25.1 | -26.7 | -1.5 |
| Net cash | 7.6 | 7.8 | +0.2 |

Share specifications

Capital distribution at 30/06/2018

As % of number of shares



Share price over one year



Mnemo
ALPRO

Share capital
at 16/10/2018:
€75.9m

Number of
shares:
7,748,042

Euronext
Growth

OUTLOOK

Development strategy



Focus on the most profitable sectors ("Consulting", "Edition")



Supporting customers with digital transformation



Enhancing Microsoft Dynamics 365 expertise with Modern Workplace and Artificial Intelligence solutions



Continuing targeted acquisitions by country and business line

Priority is **optimisation** of profitability

ENHANCING MICROSOFT DYNAMICS EXPERTISE

Acquisition of CTAC's Microsoft Dynamics activities in September 2018

Strengthening of Microsoft Dynamics solutions in the Netherlands

- Consulting & implementation
- 30 employees
- Turnover: €2m

CONTINUATION OF OUR TARGETED ACQUISITIONS POLICY

Turnover
Q3 2018

Tuesday 13 November 2018
After close of trading

CONTACTS

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APPENDICES

More than 19,000 customers

Business services



Industry



Distribution



Services



Finance / Telco



Healthcare

