

Growth in 2019 EBITDA and net income

- Revenue up 6.7%
- EBITDA up 10.0% adjusted for the change in accounting standards (i.e., eliminating impact of IFRS 16)
- Net income up 15.6%

Under IFRSs Audited figures - in €m	2018	2019*	% change	% change adjusted for the change in accounting standards
Consolidated revenue	175.9	187.7	+6.7%	+6.7%
EBITDA as a % of revenue	33.3 18.9%	48.3 25.8%	+45.2%	+10.0%
Current operating income as a % of revenue	16.8 9.6%	17.3 9.2%	+2.7%	+1.4%
Operating income as a % of revenue	17.2 9.8%	17.3 9.2%	+0.3%	-1.0%
Net income, Group share as a % of revenue	9.1 5.2%	10.5 5.6%	+15.6%	+17.4%

* including the impact of the first-time adoption of IFRS 16 on FY 2019

Significant revenue growth in 2019

Prodware's FY 2019 revenue came to €187.7 million, up 6.7% from €175.9 million in FY 2018. Business trends were firm across all regions, with the top-line performance showing the benefits in 2019 of Prodware's strategy predicated on four key pillars: consulting, innovative industry-specific and line-of-business software solutions, project implementation, and managed services to keep its clients' businesses running 24/7.

SaaS sales (€38.9 million, up 34.8% on the previous financial year) of its solutions again made a substantial revenue contribution, as Prodware's development accelerated in higher-margin segments generating more repeat business.

Higher profitability

2019 EBITDA rose 10.0% adjusted for the change in accounting standards, eliminating the impact of the lease restatements required under IFRS 16. On a reported basis, EBITDA climbed 45.2%. The tight grip on personnel expenses and business growth were the two key factors behind the increase in EBITDA.

Current operating income, which reflects a significant rise in depreciation, amortisation and additions to provisions (up 94.0% with the IFRS 16 restatements and up 17.8% at constant accounting standards), edged up to €17.3 million (2.7% rise compared with FY 2018).

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Net financial expense came to €6.5 million in FY 2019 (€6.1 million excluding the IFRS 16 impact), down from €8.3 million in FY 2018. This improvement flowed from the lower cost of debt and the steep reduction in provisions for investments.

Net income, Group share totalled €10.5 million in FY 2019, up 15.6% from €9.1 million in the previous financial year (17.4% rise at constant accounting standards).

A solid balance sheet

Prodware's balance sheet at 31 December 2019 had €144.8 million in equity, up 4.8% from its level at 31 December 2018, taking into account the treasury shares that were acquired in FY 2019 accounting for 5.3% of the share capital.

Net debt adjusted to exclude liabilities arising from the first-time adoption of IFRS 16 came to €83.2 million. That represents a gearing of 0.6x equity and a ratio firmly under control at 2.3x 2019 EBITDA at constant accounting standards.

Outlook

In 2020, Prodware plans to continue to grow its business by leveraging its innovative approach to supporting its clients' digital transformation and the development of its human capital.

In parallel, the group plans to strengthen its existing geographical positions. That will help to pave the way for even more profitable revenue growth.

Lastly, when selecting its core segments, Prodware will carefully nurture its robust business model combining recurring revenue streams with customisation of its innovative solutions to lock in sustainable growth in its top-line performance.

Next report: First-quarter 2020 revenue: 14 May 2020, after market close.

About Prodware

Emboldened by three decades of solid experience and know-how in the field of IT innovation we have always thrived on delivering value and expertise to our customers worldwide. Whether enabling ambitious Cloud strategies, artificial intelligence driven decision-making tools or IoT applications. Prodware keeps paving the way to innovation.

Prodware has embraced technology advances and breakthroughs helping companies step into the future by building the business models of tomorrow across the manufacturing, retail & distribution, professional services and finance verticals.

The Prodware group is a global company with regional offices in 15 countries with more than 1350 employees generating €189 m in annual revenue in 2019. Prodware SA is listed on Euronext Growth and is eligible for the FCPI investment fund and the PEA/PME share savings plan.

More information: www.prodware-group.com

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