



prodware 

Innovation & Business Solutions

2019 annual results

THE SPEAKERS



Stéphane CONRARD
Deputy Managing Director

Eytan HATTEM
Chief Innovation
& Business Solutions Officer





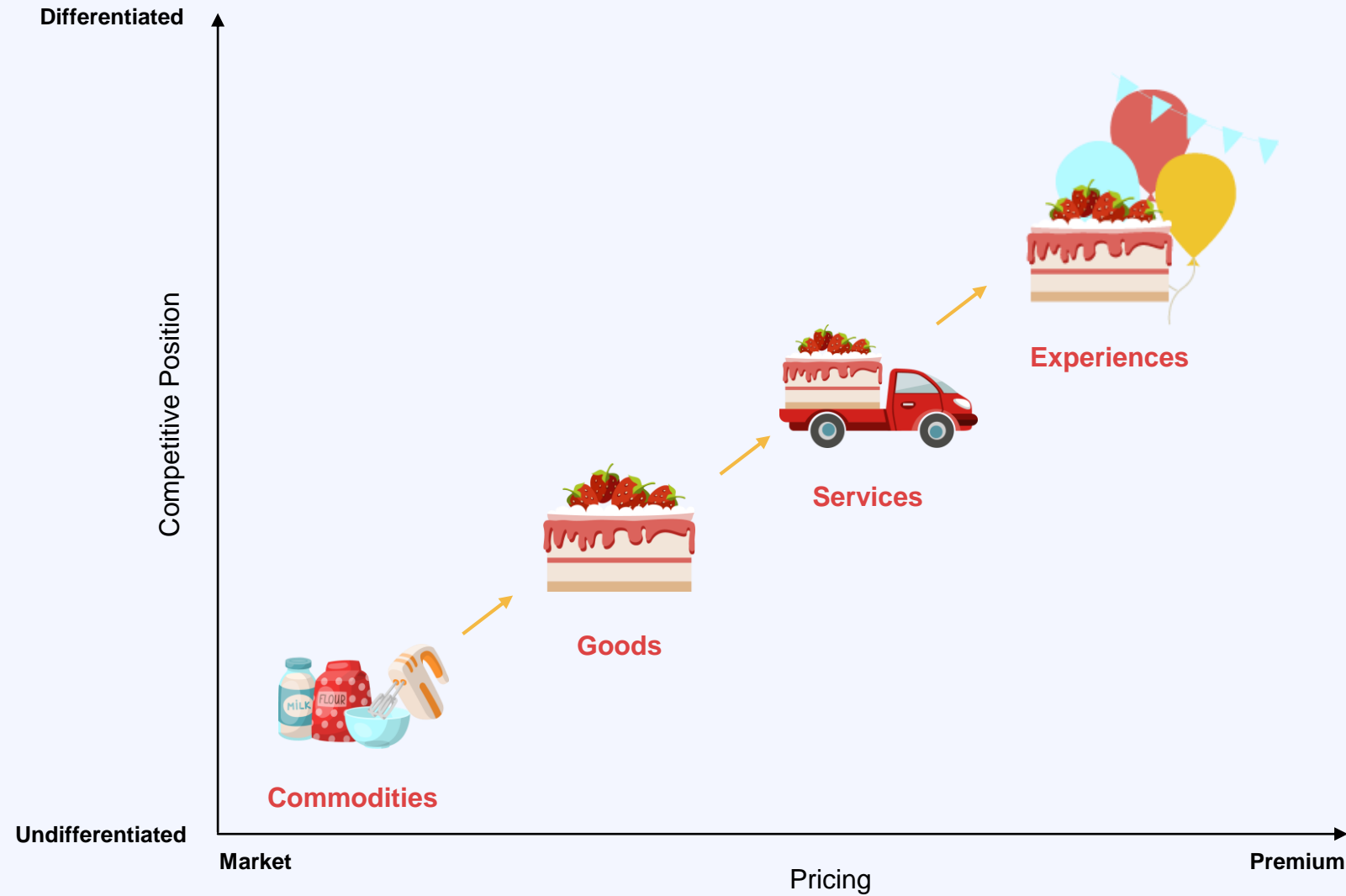
THE NEW
prodware 

**LIVING IN NON-
LINEAR TIMES**

A person in a red jacket and black shorts is running on a dark path at night. The background features a city skyline with illuminated buildings and a body of water reflecting the lights. The sky is dark with a crescent moon. A vertical white line with a small white circle at the bottom is positioned to the left of the text.

Living the Change
is necessary
to survive

Progression of our economic value



A young man with dark hair, wearing a white t-shirt, is sitting and smiling while looking at a tablet device. The background is blurred, suggesting an outdoor setting. The image is overlaid with a semi-transparent blue and purple gradient box on the left side, which contains text and a list of statistics.

“

Emotionally-engaged customers
are...

- 3 x more likely to make a purchase
- Less price-conscious
- Less inclined to shop elsewhere

Forrester Research 2018

CUSTOMER-FOCUSED STRATEGY

Why is this important?

The customer calls the tune, and is constantly changing, so it is crucial for businesses to evolve in the way they build relationships if they are to maintain their appeal, and their customers' business.

- ✓ Increase the value in the customer life cycle
- ✓ Reduce customer turnover
- ✓ Make the process simpler and cheaper to deliver
- ✓ Increase trust and credibility for greater brand awareness



A customer-focused strategy means companies can create real experiences right from the start that lasts throughout customers' time with them. This helps them to retain customers, and increase business activities with them.

PRODWARE: THE PREFERRED DIGITAL TRANSFORMATION PARTNER FOR MID-MARKET COMPANIES

BACKGROUND

94% of mid-market companies consider digital transformation to be a major part of their growth, and 80% are unsure of how to go about it.

CHANGE HAS BEEN AT THE CORE OF PRODWARE'S IDENTITY FOR 30 YEARS

Before: Prodware: solutions integrator

Today: Plays a key role in innovation, supporting mid-market companies in their transformation with one stand-out difference: the ability to offer a unique value proposition with end-to-end support.

A person in a red jacket and black shorts is running on a beach at sunset. The background shows a city skyline with tall buildings and a body of water reflecting the sunset colors.

PRODWARE BEGAN ITS OWN DIGITAL TRANSFORMATION TWO YEARS AGO

TRANSITION TO SAAS MODE

Gradual shift from on-premise sales to SaaS subscription. (90% of new clients onboarded to SaaS)

SHARING A NEW INNOVATION-FOCUSED CULTURE

Investments in new technology to adapt to new working methods (e.g. remote working, collaboration tools)

CONSTRUCTION OF A DYNAMIC EMPLOYER BRAND

Recruitment of new talent, head office transformation, improved employee experience.

THE PRODWARE STRATEGY FOR SUPPORTING DIGITAL TRANSFORMATION IN MID-MARKET COMPANIES

1ST STAGE



In-depth analysis of the market and tech partners' expectations

2ND STAGE



CUSTOMER-CENTRIC STRATEGY

The customer experience must be a priority throughout the value chain

Offering a solution as and when the company is mature enough to integrate it

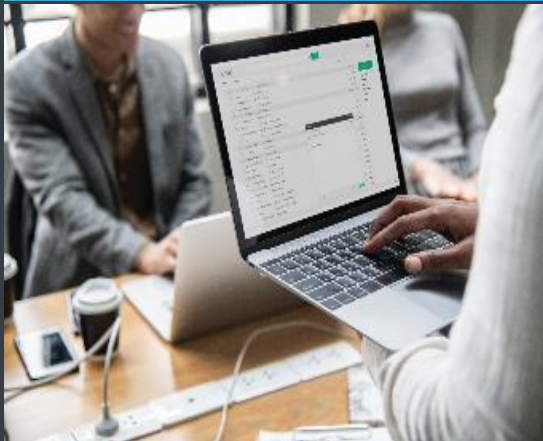
- An experience and not just a product
- An industry-specific solution and not just a piece of software



THE ABILITY TO OFFER MID-MARKET COMPANIES A UNIQUE VALUE PROPOSITION WITH END-TO-END SUPPORT

CONSULTING

Understanding corporate strategy and looking at how technology will affect that



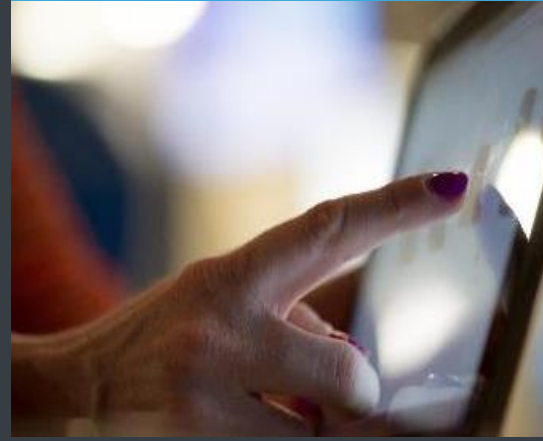
PUBLISHING

Identifying the most suitable tech solutions



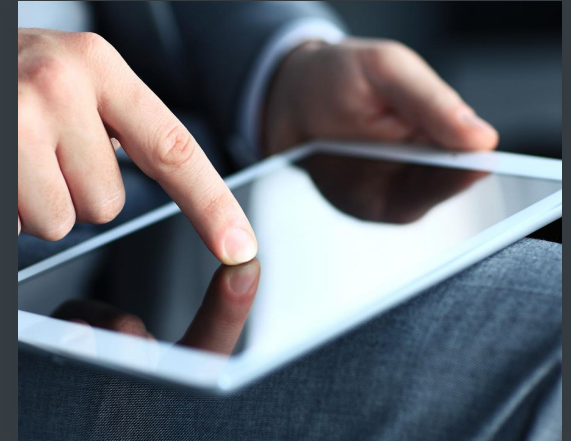
IMPLEMENTATION

Implementation as per best practices



MANAGED SERVICES

Suggestion of complementary innovative solutions for bespoke end-to-end support.



A VALUE PROPOSITION WHICH EXTENDS FROM CONSULTING TO MANAGED SERVICES



ACCELERATING INNOVATION



365X start-up incubator



Leverage start-ups
that maximise the market potential
of disruptive technology

Offer mature start-ups access to the
international market



Big
Data



Artificial
Intelligence



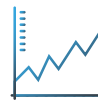
Augmented
Reality



Cyber
Security



Machine
Learning



Business
Intelligence

Production



Matics



DeviceTone™
Simplifying the Edge™



edgecase.ai

Marketing

LeadSpotting



CEMantica
CUSTOMER EXPERIENCE

Sales



Hexa
Disrupting visualization



dealhub

Service



howzit
Simply Communicate



MAKEREE™



HR



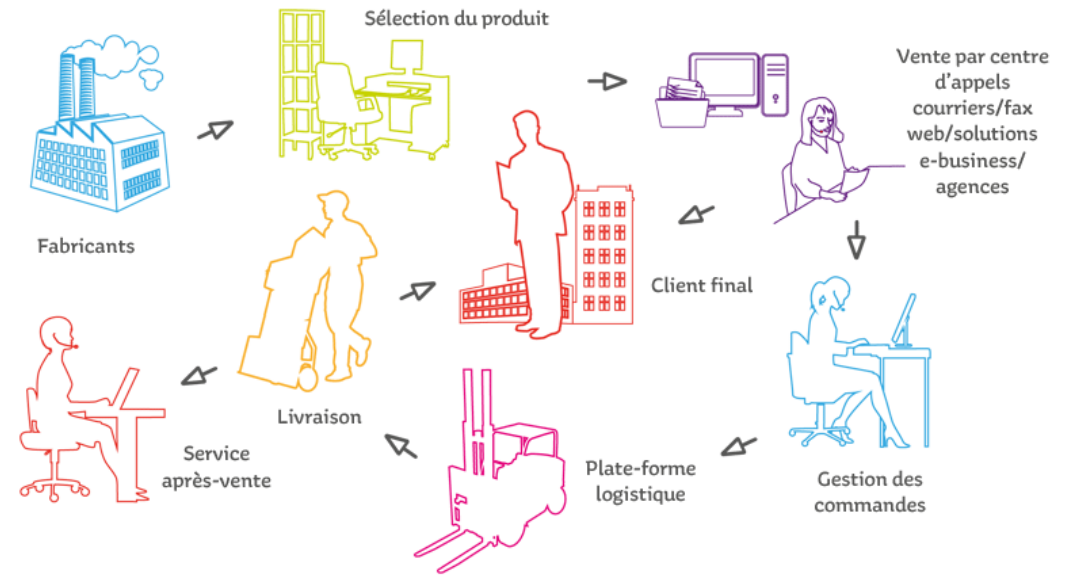
Finance



other solutions to follow...



BIG DATA



Business challenges:

- Strong competition from Amazon in terms of logistics and product range
- Not enough communication channels with clients
- The majority of sales are one-off buys – returning customers are small

Services provided by Prodware:

- Customer experience design
- Innovation workshop
- Communication and training plans (Change Management)
- International agile CRM project management

Result:

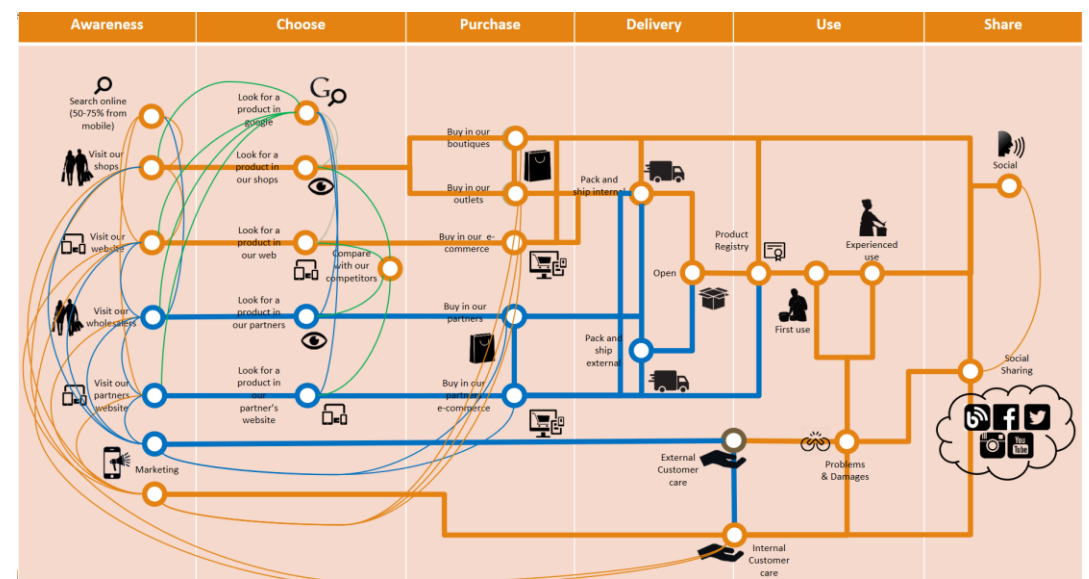
- 360° client overview including CRM and ERP data.
- Consolidation of 17 ERP systems into one centralised ERP providing a large “data warehouse” which can be used for analysis.
- Order delivery completed within 48 hours with the help of an industry-specific rule engine which sends information around the organisation.

Manutan (France)

Manutan is a leading European office furniture distributor for clients including businesses and schools, with a catalogue of over 400,000 products.



CUSTOMER EXPERIENCE



Business challenges:

- Little awareness of customer satisfaction levels
- No control over how products are sold in retail outlets
- Channels of interaction out of sync

Services provided by Prodware:

- Formation of a Direct to Customer strategy
- Basic customer experience workshops
- International agile CRM project management

Result:

- Consolidation of all customer points of contact into a single customer journey, with constant sentiment analysis.
- Centralised data model giving a 360° customer overview
- Integration of CRM, ERP and website to create a data stream between channels of interaction

Le Creuset (Spain)

Major premium cookware manufacturer Le Creuset was established in France in 1925, and makes products that are used by top chefs and cooking enthusiasts all around the world.





MARKETING SEGMENTATION

Mercedes-Benz (Spain)

Mercedes-Benz is a global automotive brand primarily involved in the development, production and sale of private cars. They are most known for their luxury vehicles, and have 175,000 employees worldwide.



Mercedes-Benz



Business challenges:

- Forming marketing and segmentation campaigns
- Identifying recurring processes in day-to-day operations
- Identifying interactions between CRM, calling apps and marketing platform via emails and customer journey
- Proposing customer life cycle-specific marketing campaigns
- Using CRM to clarify the customer's vision for process management

Services provided by Prodware:

- Analysis, design and illustration of processes "AS THEY STAND"
- Portrayal and design of custom-made trade flows "TO BE"
- Creation of campaigns based on improvement processes tailored to suit customers

Result:

A report that describes the concept behind the CRM solution, outlines the segmentation strategy by campaign and the industry-specific processes involved that have become the key point of reference (main guide) for internal and external work on this project at Mercedes-Benz

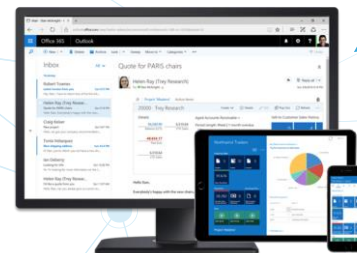


SMART CITY

- Creating a single, unified ecosystem.
- Providing information to all public services and systems, linking areas of government such as lights, litter bins, air quality and carparks, and improving inhabitants' experience of the city environment with a smart multichannel solution.

Jerusalem (Israel)

The Jerusalem Municipality is responsible for managing the metropolitan area of Greater Jerusalem, and providing all the public services required by its population of 860,000 inhabitants



The Smart City system sends notifications to all devices



Field engineer



Inspector

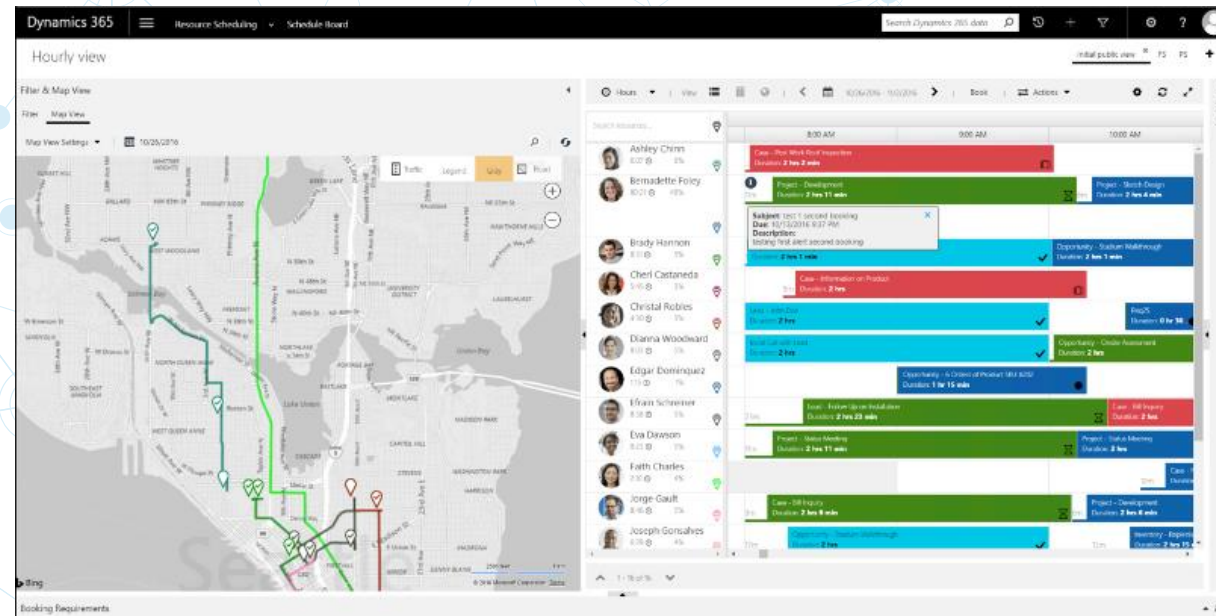


ARTIFICIAL INTELLIGENCE

- Providing tools to improve teams' day-to-day productivity
- The complementary resource planning optimisation module, based on the Azure machine learning service, ensures that the very best routes are planned for resources, and that all bookings arrive when they are due

Schindler (Belgium)

Schindler is one of the leading global suppliers of lifts, escalators and travelators, as well as maintenance and modernisation services. The group has more than 1,000 branches in over 100 countries.



INNOVATION WORKING FOR HUMAN CAPITAL

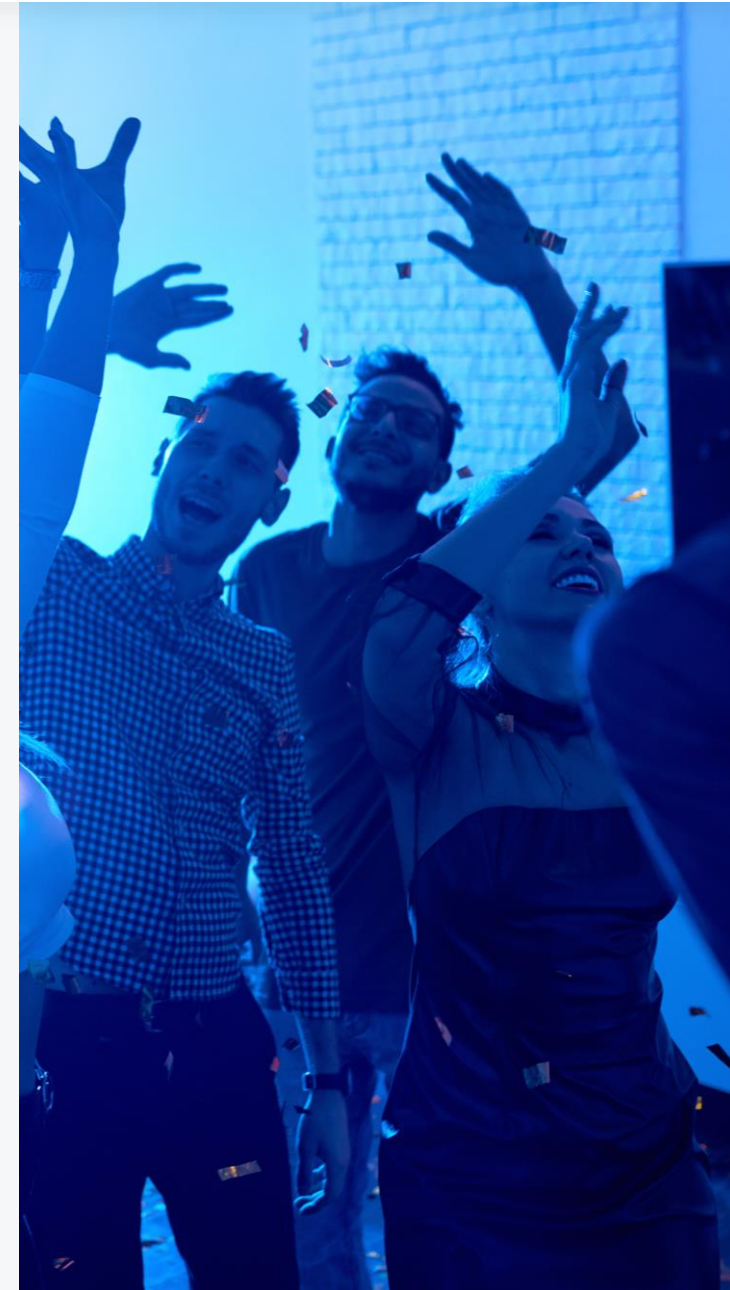
THE PROGRAMME:

SPARK

A programme that has already been trialled in Israel
which centres innovation around employees

The chosen solutions are packaged into the Prodware
catalogue

An ambitious programme that is soon to be launched in
Germany and Spain

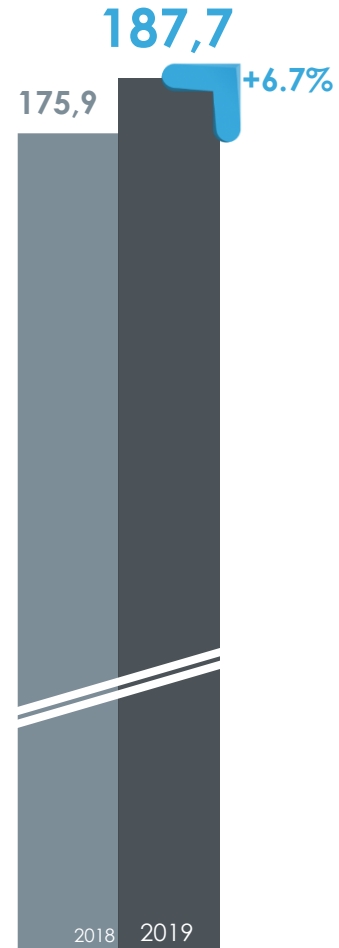


A satellite view of Earth at night, showing the curvature of the planet and numerous glowing city lights across the continents. A large, solid blue rectangular box is centered over the image, containing the text 'ANNUAL RESULTS 2019' in white.

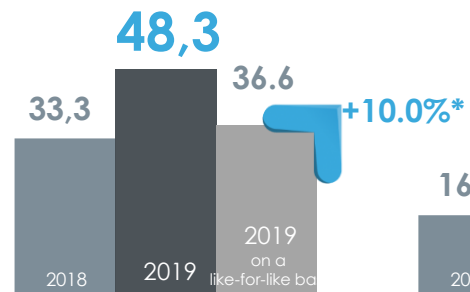
ANNUAL RESULTS 2019

KEY INDICATORS

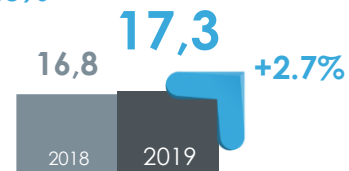
- Increased turnover
- Increased profitability using like-for-like standards
- Increased net income



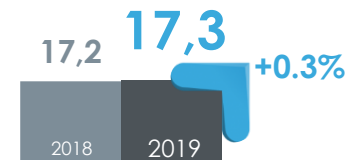
TURNOVER



EBITDA



CURRENT OPERATING INCOME



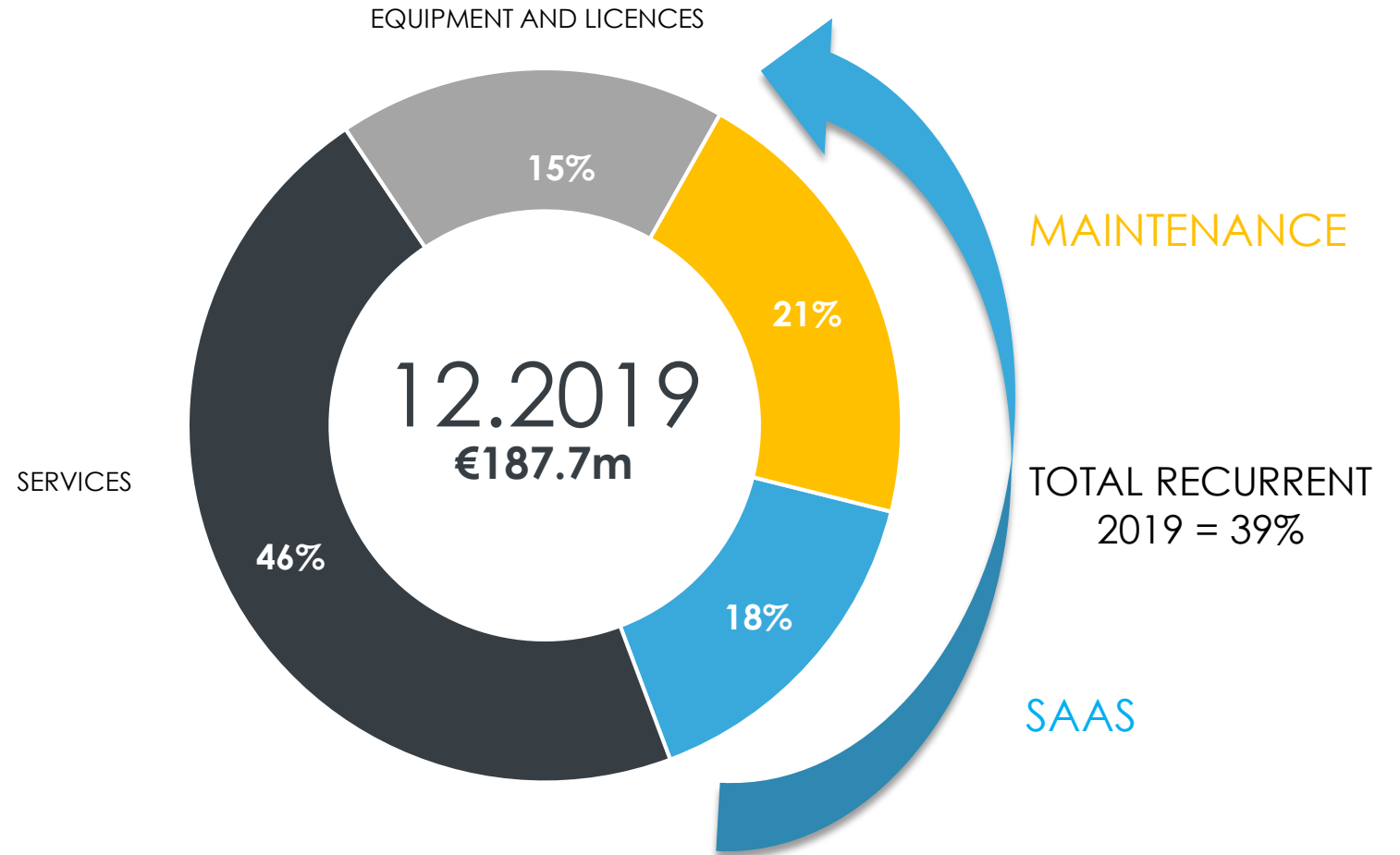
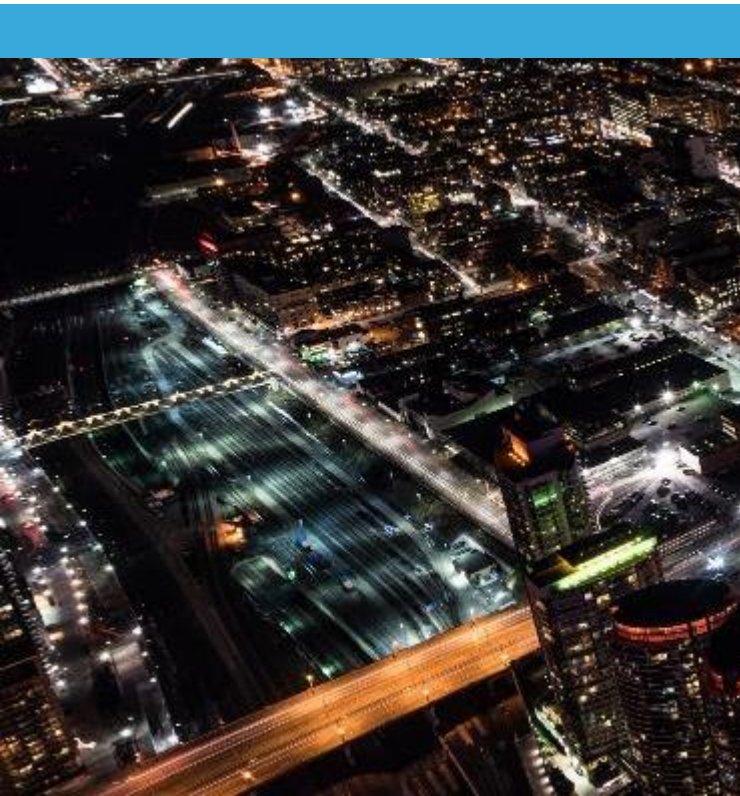
OPERATING INCOME



NET INCOME (GROUP SHARE)

* On a like-for-like basis

PRODWARE: A MIXED SERVICE/PUBLISHING MODEL



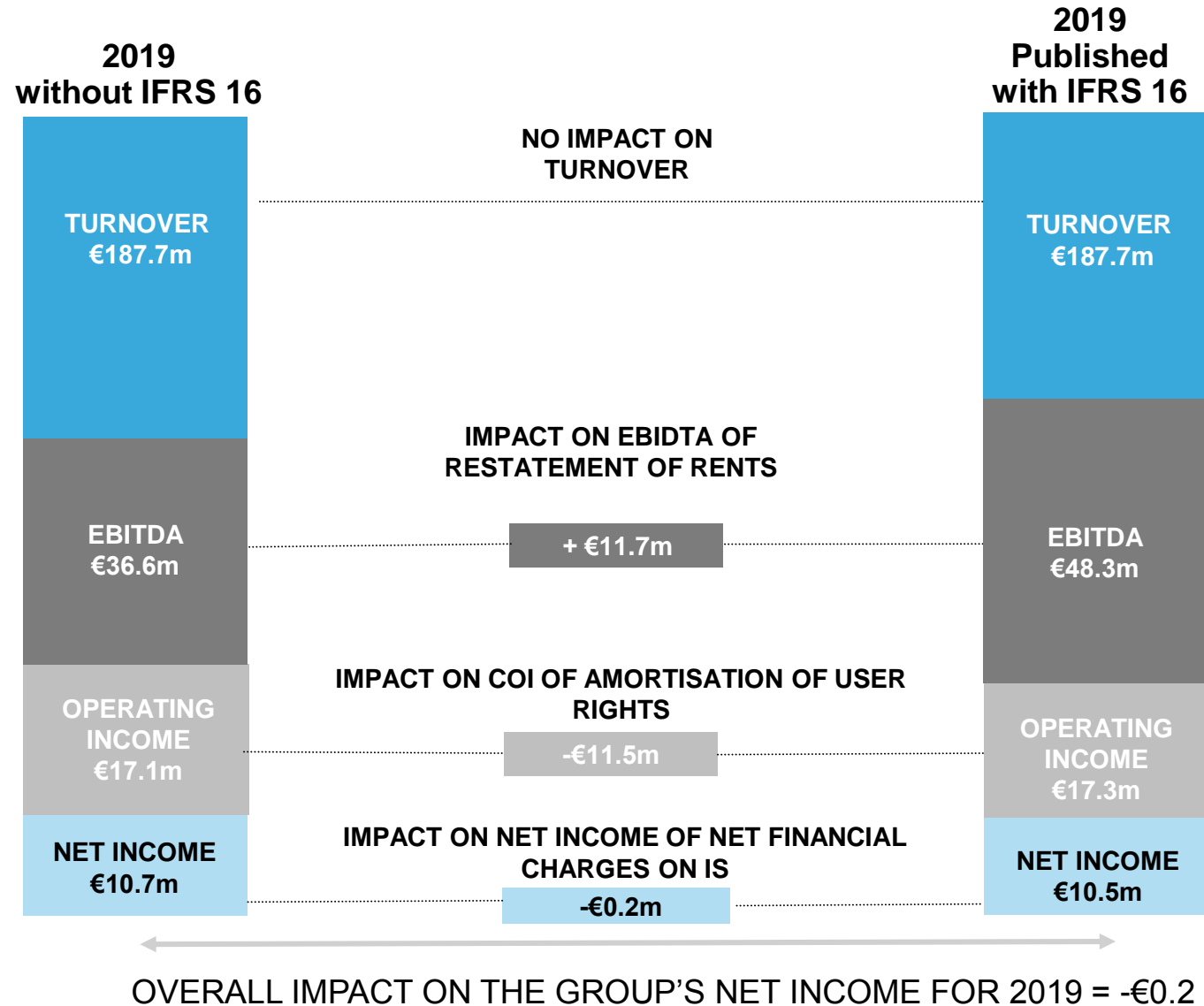
EBITDA

- Sharp increase in the purchase of product mix licences
- Personnel expenses under control
- Reduction in external IFRS 16 costs following neutralisation of Leasing: -€11.7m

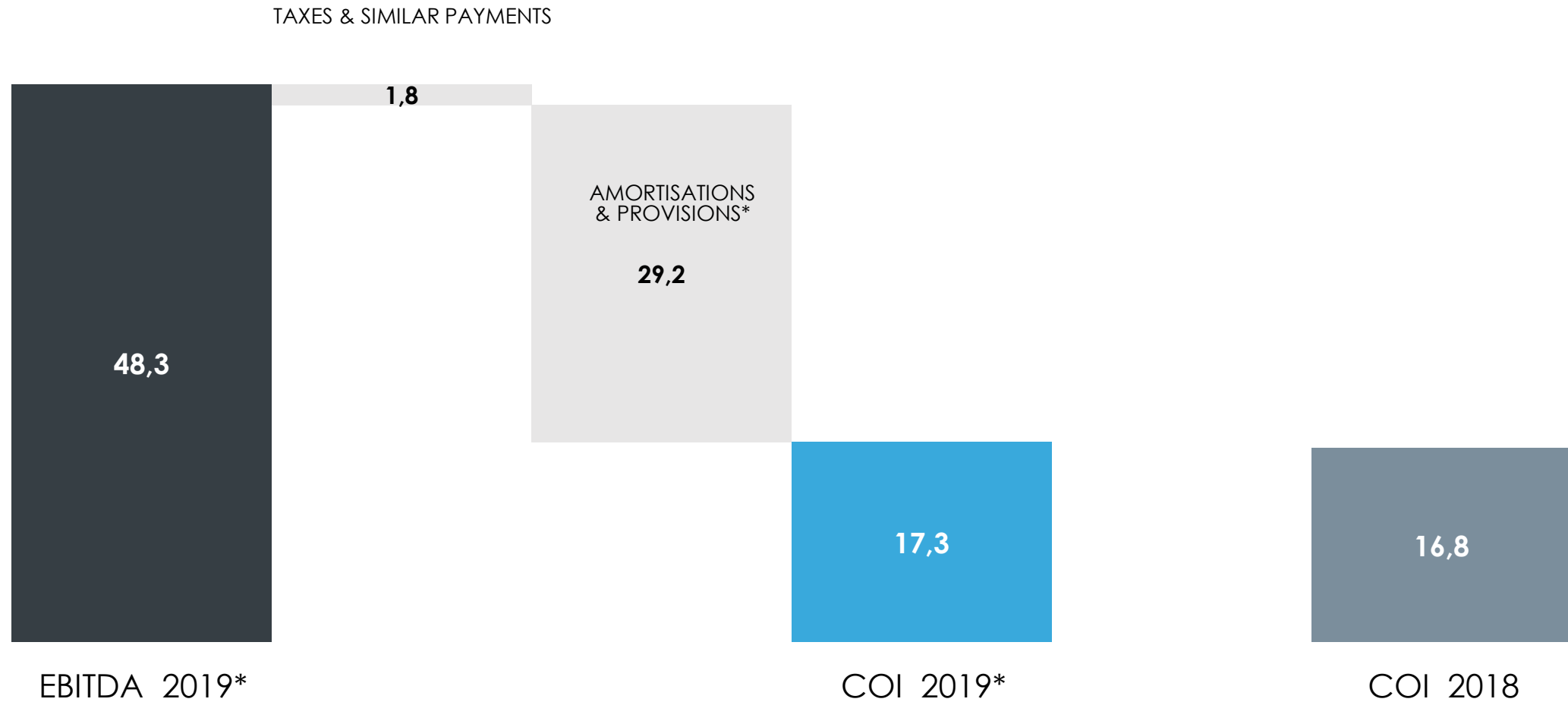
IFRS standards
Audited data in €m

	2018	2019 with IFRS 16	Variation with IFRS 16	2019 without IFRS 16	Variation without IFRS 16
Turnover	175.9	187.7	+6.7%	187.7	+6.7%
Consumed purchases	(50.6)	(60.0)	+18.6%	(60.0)	+18.6%
External expenses	(29.2)	(21.3)	-27.1%	(33.0)	+12.9%
Personnel expenses	(61.4)	(58.1)	-5.3%	(58.1)	-5.3%
Other income and current operating costs	(1.5)	-	-	-	-
EBITDA As % of turnover	33.3 18.9%	48.3 25.8%	+45.2% +6.9 pts	36.6 19.5%	+10.0% +0.6 pts

IMPACT OF IFRS 16 IMPLEMENTATION



EBITDA/COI BRIDGE (€M)

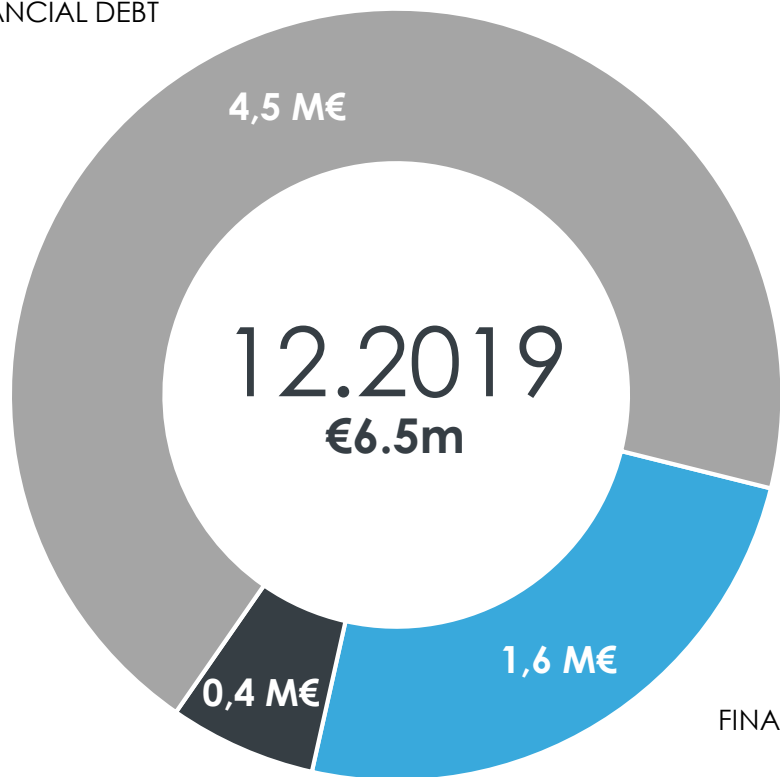


* Including the effect of IFRS 16 on amortisations of €11.5m

FINANCIAL PERFORMANCE

- Reduction in debt interest: -€0.1m
- Fewer provisions on financial investments: -€2.1m
- Impact of IFRS 16 restatement: €0.4M in charges

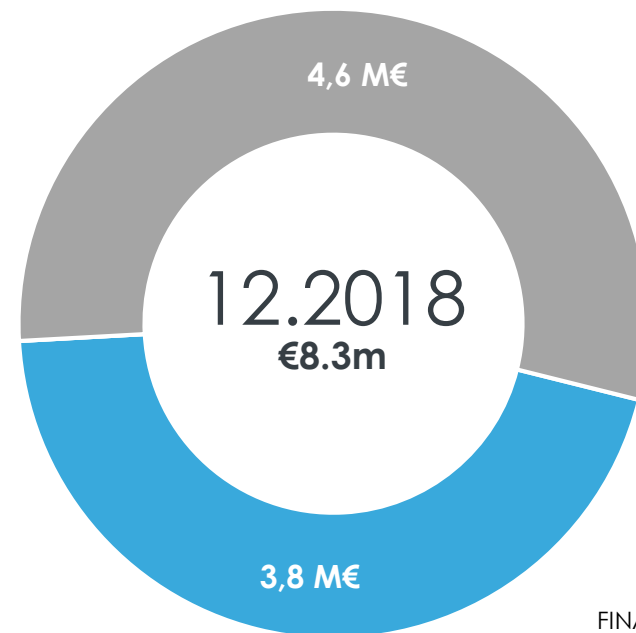
COST OF FINANCIAL DEBT



FINANCIAL CHARGES ON USER FEES

OTHER NET FINANCIAL CHARGES

COST OF FINANCIAL DEBT



OTHER NET FINANCIAL CHARGES

INCOME STATEMENT

IFRS standards - Audited data in €m

	2018	2019*	Change
Turnover	175.9	187.7	+6.7%
EBITDA	33.3	48.3	+45.2%
As % of turnover	18.9%	25.8%	+6.9 pt
Taxes and similar payments	-1.4	-1.8	
Net amortisation, depreciation and provision charges	-15.1	-29.2	
Current operating income	16.8	17.3	+2.7%
As % of turnover	9.6%	9.2%	-0.4 pt
Other operating income & expenses	0.4	0.0	
Operating income	17.2	17.3	+0.3%
As % of turnover	9.8%	9.2%	-0.6 pt
Cost of net financial debt	-4.6	-4.5	
Financial charges on user fees		-0.3	
Other financial income and expenses	-3.8	-1.6	
Financial result	-8.3	-6.4	
Taxes on profits	0.3	-0.8	
Share in associates	-	0.4	
Net income from continuing operations	9.2	10.4	
Consolidated net income	9.2	10.4	
Net income (Group share)	9.1	10.5	+15.6%
As % of turnover	5.2%	5.6%	+0.4 pts

* Including IFRS 16 effect on 2019

CASH FLOW STATEMENT

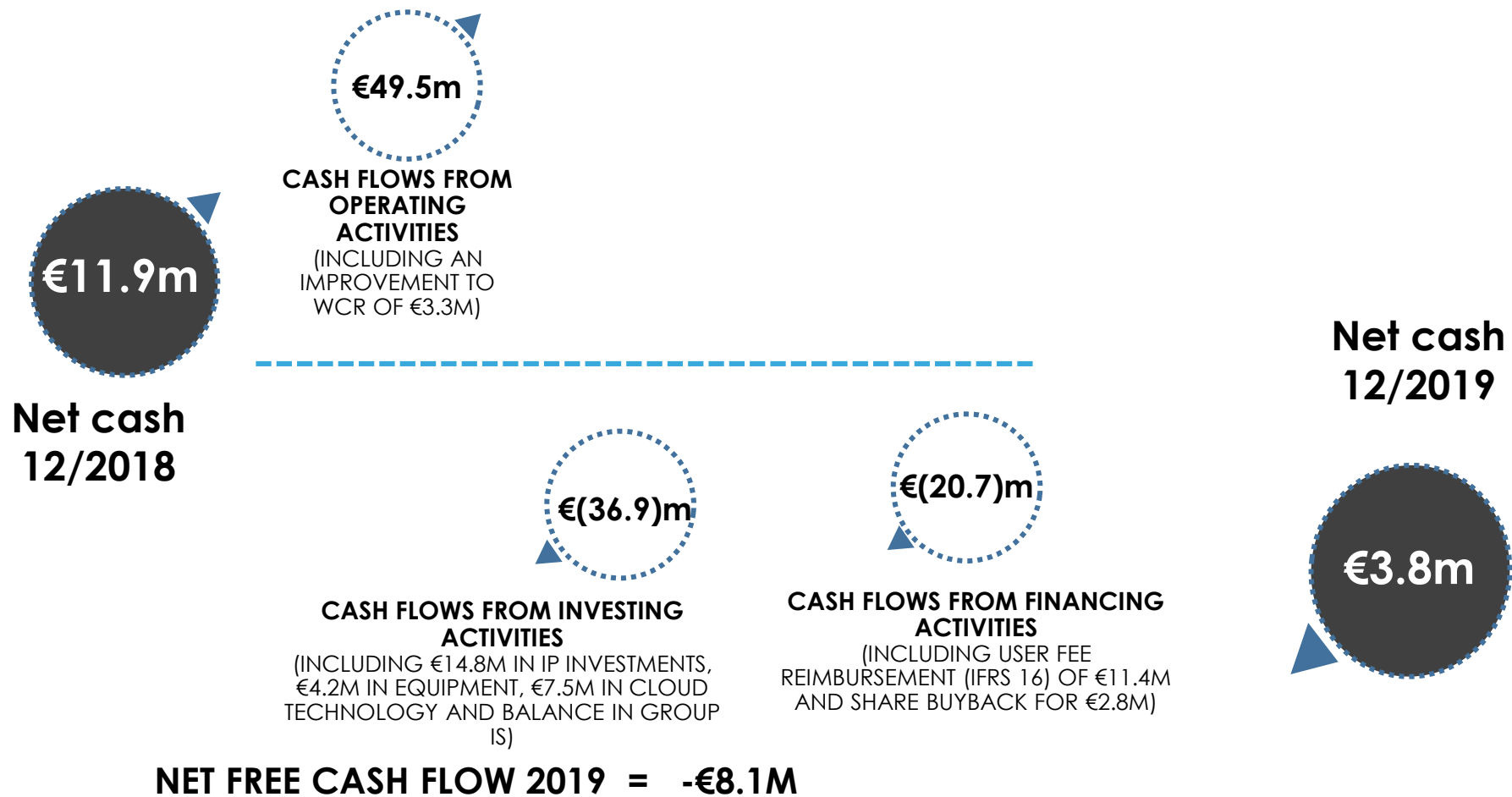
IFRS standards - Audited data in €m

	31/12/2018	31/12/2019*
Cash flow before cost of debt and taxes	27.7	46.2
Change in WCR	-3.0	3.3
Net cash flow from operations	24.7	49.5
Net acquisition of fixed assets	-36.2	-37.1
Net cash flows from investing	-36.1	-36.9
Net change in borrowings, including bank facilities	15.7	-17.4
Parent company dividends received/paid	-0.5	-0.3
Capital increases/reductions	0.3	-0.2
Equity transactions including share buyback	-0.3	-2.8
Net cash flow from financing	15.2	-20.7**
Net effects of exchange rate changes on the balance of cash	-0.1	-
Change in cash	3.7	-8.1

* Including IFRS 16 effect on 2019

**including €11.4m in user fee reimbursements (IFRS 16)

ANALYSIS OF FREE CASH FLOW



BALANCE

ASSETS

<i>IFRS standards Audited data</i>	31/12/2018	31/12/2019*
Goodwill	34.6	34.5
Other fixed assets	160.6	179.2
User fees		29.5
Deferred tax assets	11.0	11.2
Total non-current assets	206.2	254.4
Accounts receivable and other receivables	58.0	53.2
Other current assets	18.4	22.7
Cash and cash equivalents	33.5	29.4
Total current assets	110.0	105.4
TOTAL ASSETS	316.2	359.8

EQUITY & LIABILITIES

<i>IFRS standards Audited data</i>	31/12/2018	31/12/2019*
Equity	138.2	144.8
Long-term debt	87.4	85.7
Non-current lease liabilities		19.2
Other non-current liabilities	4.3	5.7
Total non-current liabilities	91.8	110.6
Current provisions	0.7	0.7
Current financial liabilities	22.7	26.9
Current lease liabilities		10.3
Trade payables	20.7	23.6
Other current liabilities	42.1	42.7
Total current liabilities	86.3	104.3
TOTAL LIABILITIES	316.2	359.8

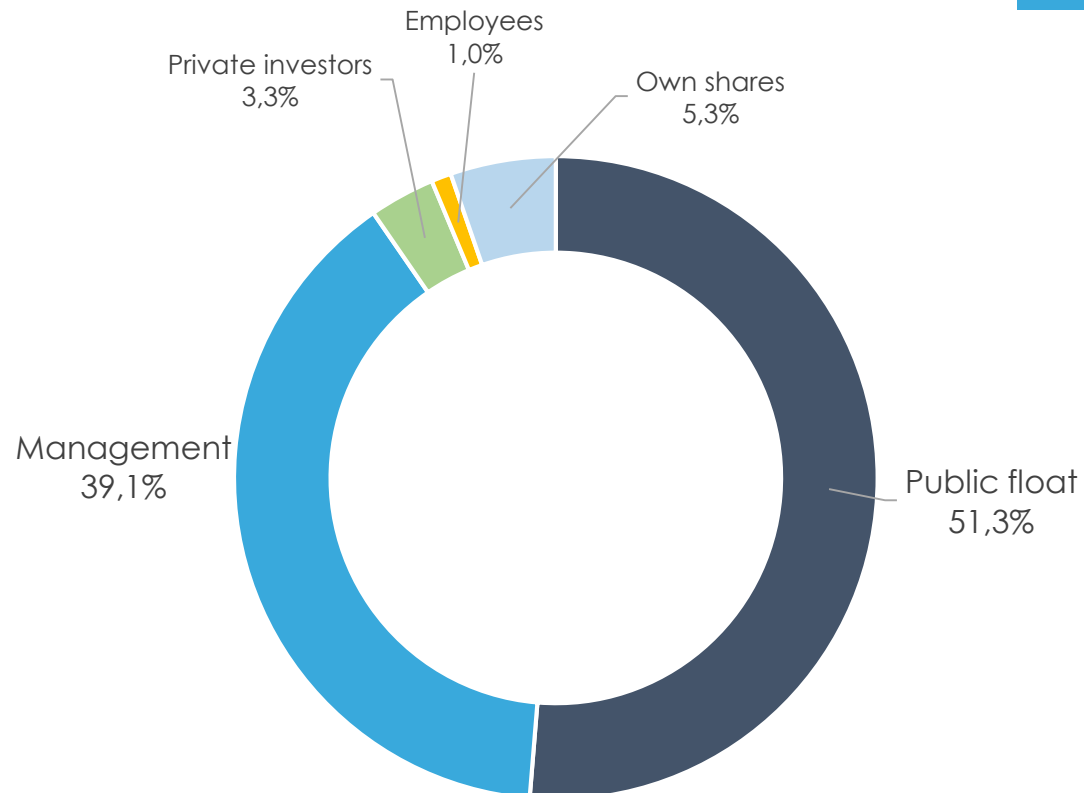
* Including IFRS 16 effect on 2019

Net debt (excluding recognition of lease liabilities generated by IFRS 16) was €83.2m, i.e. 0.6x equity.

SHARE SPECIFICATIONS

CAPITAL DISTRIBUTION AT 28/02/2020

As % of number of shares



SHARE PRICE OVER ONE YEAR



Mnemo
ALPRO

Share capital
at 11/03/2020:
€47m

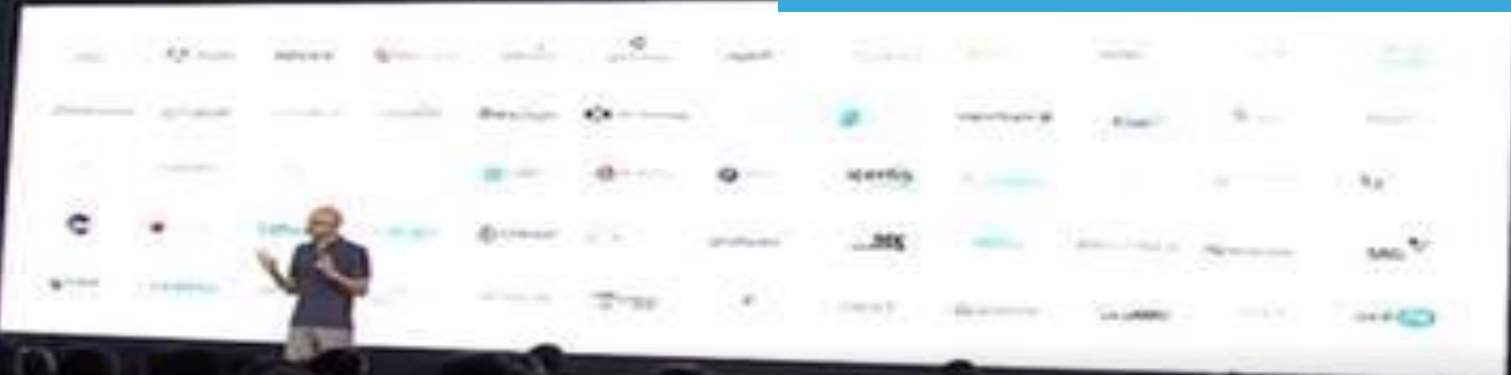
Number of
shares:
7,748,042

Euronext
Growth

OUTLOOK

2020

Microsoft Dynamics 365 and P



BUT THE MOST INTERESTING THING IS THE NUMBER OF ISVs



BUSINESS DEVELOPMENT



CAPITALISING ON INNOVATIVE OFFERS

INDUSTRY
RETAIL
DISTRIBUTION
BUSINESS SERVICES
FINANCE



BUILDING UP NEW GEOGRAPHICAL AREAS



STRENGTHENING PARTNERSHIPS

BOOSTING HUMAN CAPITAL

4th best employer in software development for Prodware France.

2019 ranking of the top 500 employers by magazine Capital and Statista

Aims to feature in 'Great Place to Work' and 'Top Employer' rankings in several countries

INCREASING THE GROUP'S APPEAL

Accelerating the policy to hire the very best talent, which led to the recruitment of 118 new colleagues in 2019.

DEVELOPING TALENT

Employee training at the Group's in-house school, the "Prodware Academy"

Transformation of head office in 2019, now known as the "Prodware Campus"

RETAINING EMPLOYEES

Competitive remuneration schemes promoting performance for both qualitative and quantitative objectives

An incentive policy

2020 OBJECTIVES

Focus on **growth**

Pursue **innovation**

Expand in **target countries**

Control costs



2019 AWARDS



Prodware named as one of the top innovative companies of 2019



Prodware invited to the Élysée Palace on 21 January 2020, along with 500 French mid-market companies



2019 award from the Israel-France Chamber of Commerce & Industries



Capital

Prodware ranked in Top 5 IT service providers 2019

2019/2020
INNERCIRCLE
for Microsoft Business Applications

Prodware included in Microsoft's elite "Inner Circle" for 2019/2020

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