PROACT

Financial Report
January – September 2018

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DELIVERING BUSINESS AGILITY

Delivering agility since 1994

Over 5000 projects and 3500 customers

Listed company with over €330m turnover

850 people **glocal** organisation

40 offices in 15 countries

Manage over 100PB critical data

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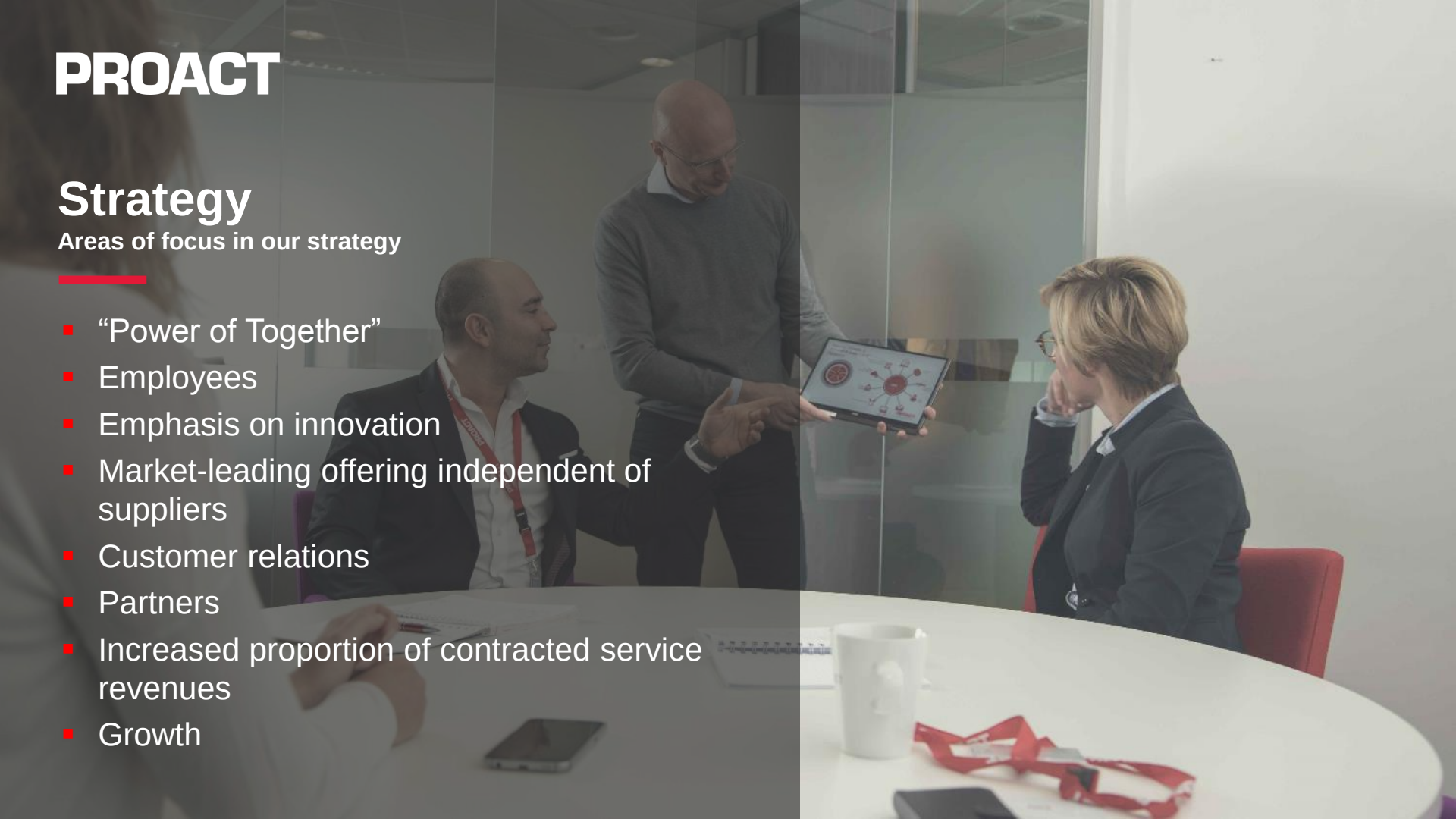
Strategy

Areas of focus in our strategy

- “Power of Together”
- Employees
- Emphasis on innovation
- Market-leading offering independent of suppliers
- Customer relations
- Partners
- Increased proportion of contracted service revenues
- Growth



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Market trends

Current trends we see in the market

PROACT RESEARCH

MARKET TRENDS

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The underlying growth of digital business-critical information remains high

Customers are in the middle of a digital transformation with business critical information as an integral part of business operations

The technology landscape is changing quickly which enables new business opportunities and cost-effective solutions

IT-as-a-Service and Hybrid Cloud are key customer needs

Artificial Intelligence, Internet of Things, Analytics and Big Data are changing businesses, organisations and IT infrastructures

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In brief

Proact key Q3 Message

KEY MESSAGE

Strongest Q3 revenue in company history with 11% YoY growth

+9% YoY when adjusted for currency and new accounting principles

+2% YTD growth when adjusted for currency and accounting principles

Profits Before Tax in Q3 +18% YoY and EBITDA +10% YoY

Driven by improved product mix and continued cost focus

Strong systems and services development in East, UK and West

Cloud services revenue +5% YoY

Record quarter in new cloud services contracts of 70 MSEK (TCV)

Cloud services revenue R12 +9% to 436 MSEK

Nordics challenged in Q3 with flat adjusted revenue

Revenues -10% and profits -7%

Services revenue affected negatively by previously renegotiated/lost agreements

Mitigating activities initiated and partial rebound expected in Q4

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Income statement July – September 2018

- Total revenues increased by 11% to 725 MSEK
  - » -32 MSEK due to new accounting principles
- System sales grew by 15% (21.6% adj) and Services by 6%
  - » Services revenue 38% of total revenue
- EBITDA increased by 10% to 52.9 MSEK
- Profit before tax increased by 18% to 37.4 MSEK
- Net margin increased to 5.2% (4.9%)

(MSEK)	Jul-Sep 2018	Jul-Sep 2017
System Sales	447.4	389.8
Services	277.1	261.4
Other	0.0	1.9
Revenue	**724.6**	**653.0**
Products and services	-542.0	-490.5
Gross profit	**182.5**	**162.6**
Gross margin	*25.2%*	*24.9%*
Sales and marketing	-92.1	-81.7
Administration	-53.1	-47.3
Items affecting comparability	-	-
Operating profit	**37.3**	**33.6**
Financial net	0.1	-1.9
Profit before tax	**37.4**	**31.7**
Margin	*5.2%*	*4.9%*
Tax	-9.7	-7.4
Profit after tax	**27.8**	**24.3**
Net margin	*3.8%*	*3.7%*

	Jul-Sep 2018		Jul-Sep 2017	
EBITDA	52.9	7.3%	48.0	7.4%
EBITA	45.3	6.3%	40.5	6.2%
EBIT	37.3	5.2%	33.6	5.1%

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Income statement January – September 2018

- Total revenues flat at 2 350 MSEK
  - » -181 MSEK due to new accounting principles
- System sales decline -2% (5.2% adj) and Services grew by 3.5%
  - » Services revenue 36% of total revenue
- EBITDA increased by 5% to 165.3 MSEK
- Profit before tax increased by 13% to 117.5 MSEK
- Net margin increased to 5.0% (4.4%)
- The solidity increased to 23% (22%)

(MSEK)	Jan-Sep 2018	Jan-Sep 2017
System Sales	1,503.7	1,532.0
Services	843.7	815.5
Other	3.3	3.8
Revenue	**2,350.7**	**2,351.3**
Products and services	-1,774.2	-1,809.1
Gross profit	**576.5**	**542.2**
Gross margin	*24.5%*	*23.1%*
Sales and marketing	-292.2	-267.6
Administration	-162.9	-163.8
Items affecting comparability	-2.6	-
Operating profit	**118.8**	**110.9**
Financial net	-1.3	-7.0
Profit before tax	**117.5**	**103.9**
Margin	*5.0%*	*4.4%*
Tax	-29.3	-25.7
Profit after tax	**88.3**	**78.2**
Net margin	*3.8%*	*3.3%*

	Jan-Sep 2018		Jan-Sep 2017	
EBITDA	165.3	7.0%	157.7	6.7%
EBITA	142.8	6.1%	134.6	5.7%
EBIT	118.8	5.1%	110.9	4.7%

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Revenue and Profit before tax in Q3

Per Business Unit – July - September

- Strong revenue growth in UK, West and East
  - UK: 46%
  - West: 20%
  - East: 30%
- Improvements in product mix and cost focus drive improvements in profit
- Nordics challenged in Q3 with flat adjusted revenues but drop in profits

	July - September 2018			July - September 2017		
(MSEK)	**Revenue**	**PBT**	**Net margin**	**Revenue**	**PBT**	**Net margin**
Nordics	274	7.6	2.8%	303	23.0	7.6%
UK	181	10.8	6.0%	124	2.4	2.0%
West	235	17.1	7.3%	196	3.8	2.0%
East	43	4.0	9.5%	33	1.3	3.9%
Proact Finance	18	0.7	4.0%	21	1.1	5.5%
Other	-26	-2.8		-24	0.1	
Items affecting comparability		-			-	
Group	**725**	**37.4**	**5.2%**	**653**	**31.7**	**4.9%**

Deferred income Q3 2018 due to change in accounting principles:
Nordics 27 MSEK, UK 9 MSEK, West -4 MSEK, East 0 MSEK

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Revenue and Profit before tax YTD

Per Business Unit – January - September

- Strong revenue growth in UK, West and East
  - UK: 25%
  - West: 29%
  - East: 26%
- Improvements in product mix and cost focus drive improvements in profit
- Nordics challenged in Q3 with flat adjusted revenues but drop in profits

	January - September 2018			January - September 2017		
(MSEK)	**Revenue**	**PBT**	**Net margin**	**Revenue**	**PBT**	**Net margin**
Nordics	1,032	46.3	4.5%	1,169	68.5	5.9%
UK	498	24.8	5.0%	399	9.7	2.4%
West	730	47.2	6.5%	709	19.6	2.8%
East	110	9.9	9.0%	87	4.3	5.0%
Proact Finance	76	2.7	3.6%	58	3.9	6.7%
Other	-95	-10.8		-71	-2.1	
Items affecting comparability		-2.6			-	
Group	**2,351**	**117.5**	**5.0%**	**2,351**	**103.9**	**4.4%**

Deferred income first nine months 2018 due to change in accounting principles: Nordics 89 MSEK, UK 32 MSEK, West 10 MSEK, East 4 MSEK

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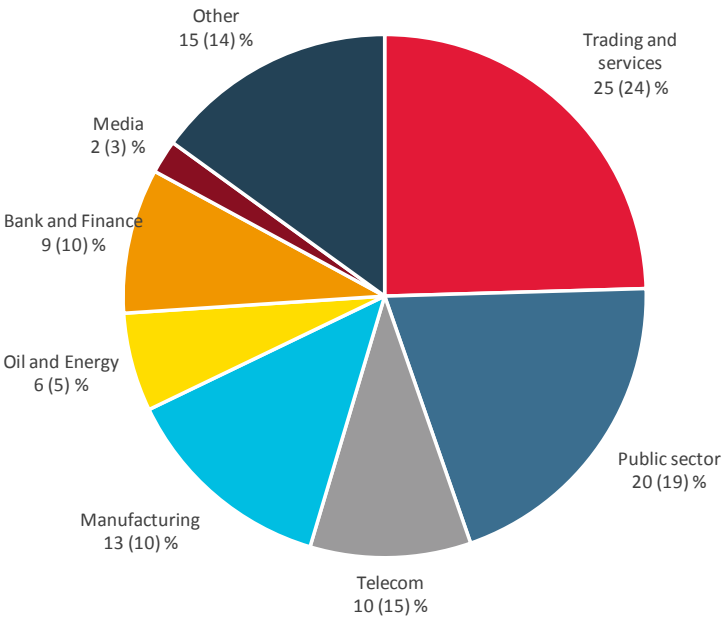
Revenue per industry 12 months Oct-Sep 2017/2018



A FEW OF OUR 3500 CUSTOMERS

GLOBELEQ, ERICSSON, ABN·AMRO, Stagecoach, Springer, Mercedes-Benz, GLENCORE AGRICULTURE, DANMARKS NATIONALBANK, innocent, Telia Company, MyMeds&Me, NOKIA, Infosys, Taylor Vinters, Stagecoach, COMCARE ELEKTRONISK SAMHANDEL, Foster + Partners, Cargill, Swedbank, GARMIN, mace, Booking.com, HAVAS, Pinsent Masons, VOLVO

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Cash flow January – September 2018

Liquid Funds December 31, 2017		**220**
Cash-flow from current operations		77
Current operations	136	
Change in working capital	-59	
Cash-flow from investment activities		-114
Fixed assets	-58	
Acquisitions	-60	
Other	4	
Cash-flow from financial activities		-34
Bank loans/Bank overdraft facilities	17	
Acquisitions from holdings without controlling influence	-7	
Buy back of own shares	-8	
Dividend to parent company´s shareholders´	-34	
Other	-2	
Change in liquid funds		-72
Currency translation difference in liquid funds		*17*
Liquid Funds September 30, 2018		**166**

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Cash flow July – September 2018

Liquid Funds March 31, 2018		**163**
Cash-flow from current operations		35
Current operations	46	
Change in working capital	-11	
Cash-flow from investment activities		-49
Fixed assets	-12	
Acquisitions	-41	
Other	4	
Cash-flow from financial activities		20
Bank loans/Bank overdraft facilities	22	
Acquisitions from holdings without controlling influence	-	
Buy back of own shares	-	
Dividend to parent company´s shareholders´	-	
Other	-2	
Change in liquid funds		6
Currency translation difference in liquid funds		*-3*
Liquid Funds September 30, 2018		**166**

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Key ratios – Balance sheet

(MSEK)	**2018 Sep 30**	**2017 Dec 31**	**2017 Sep 30**
Total Assets	1,915	1,941	1,693
whereof Goodwill	*399*	*385*	*378*
whereof Intangible fixed assets	*81*	*99*	*105*
whereof Accounts receivables	*451*	*575*	*435*
Equity	439	384	375
Solidity	23%	20%	22%
Cash and bank deposits	166	220	125
Bank loan, overdraft facilities etc.	159	140	232
Net cash (+) / Net debt (-)	6	80	-107
Bank overdraft facilities, unutilized	188	240	157
Bank overdraft facilities, total	241	241	239

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Proact share

Top 10 owners September 30, 2018

	2018 September 30	2018 June 31
AB Grenspecialisten	11.1 %	11.1 %
Livförsäkringsbolaget Skandia	10.9 %	10.9 %
UBS AG London Branch, W8IMY	8.1 %	8.0 %
Fondita Nordic Micro Cap SR	4.3 %	4.6 %
Skandia Sverige	3.8 %	3.8 %
Länsförsäkringar Småbolag Sverige	3.4 %	1.7 %
Försäkringsaktiebolaget, Avanza Pension	3.0 %	2.9 %
HSBC Bank PLC, W8IMY	2.8 %	2.8 %
Humle Småbolagsfond	2.8 %	2.5 %
Skandia Småbolagsfond Sverige	2.3 %	2.3 %
Others	47.5 %	49.7 %
Total	**100 %**	**100 %**

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New wins this quarter

Sign up to our newsletters to get our news and new wins

proact.eu/en/about-us/news/

- Proact delivers hybrid solution to support growth and stabilise IT delivery at FCG
- Symbrio selects Proact Hybrid Cloud for IT infrastructure update to enable automation and cloud integration
- Proact helps Group Victor Peeters prepare for new platform and instant capacity demands
- Proact provides highly available hybrid data platform to Ekspress Meedia

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New Case Study highlight

ambientia

”

Proact is an excellent IT partner, not only for support and maintenance. We also appreciate them as a good source of news, sharing information and letting us know what’s brewing in the storage world.”

Proact manage Ambientia’s transformation and enabled a multicloud strategy with the company’s own IT infrastructure evolving over time. For more than a decade, Proact has supported Ambientia’s three data centres, which now form a private cloud.

- On-demand automated storage provisioning built into customer applications
- Software defined storage facilitates adaptation to different use cases
- Partnership with Proact includes updates and consulting on new technology

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New Case Study highlight

FCG

”

There was no doubt that Proact stood out among the invited suppliers. We trusted them from the start, and that impression was reinforced by their formal offer. We also saw financial benefits with Proact’s proposal as it indicated lower migration costs

Unlike other potential suppliers, Proact toke the approach as a trusted advisor and diverged from FCG’s prerequisites, submitting a proposal which was more clearly forward-looking. Proact presented a different view on some critical issues with a hybrid cloud solution as a result.

- GDPR and financial market regulation addressed by secure IT infrastructure solution.
- Proact’s presence at multiple locations facilitates planned business expansion
- Operating system and productivity applications updated concurrently with systems migration.

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