PROACT

Year-end report
January – December 2018

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AGENDA

- Proact & the market
- Special highlights
- Key figures
- Our customers
- The Proact share
- Summary

DELIVERING BUSINESS AGILITY

Delivering agility since 1994

Over 5000 projects and 3500 customers

Listed company with over €330m turnover

850 people **glocal** organisation

Over 40 Offices in 15 countries

Manage over 100PB critical data

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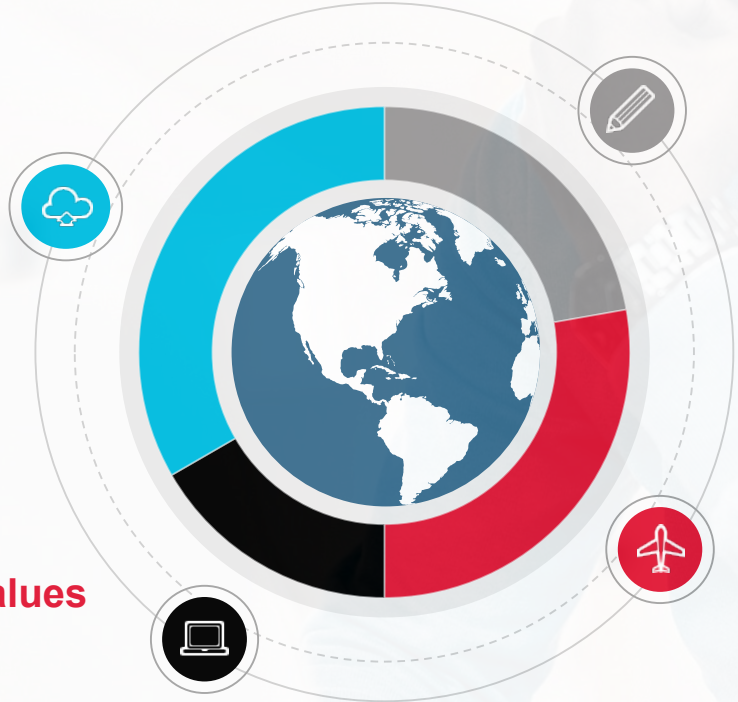
Being relevant

- ✓ Strong portfolio
- ✓ Loyal and satisfied customers
- ✓ Thought leadership



Value proposition

- ✓ IT Infrastructure, Professional Services, Support
- ✓ Managed Cloud Services
  - ✓ Private
  - ✓ Shared
  - ✓ Public/Multi
- ✓ Application, vertical solutions & innovation

Core values

- ✓ Integrity
- ✓ Commitment
- ✓ Excellence

Strategic accelerators

- ✓ Customer Centricity
- ✓ Freedom of choice
- ✓ The power of together
- ✓ Skills & competence
- ✓ Strategic Partnerships

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Market Trends

- Heavy **data growth** with business-critical information
- Focus on **generating business value** & revenue
- Stronger **need to trust data** & use information
- More focus on keeping up with **speed of change**
- More focus on **hybrid delivery** models
- Continued focus to **modernize datacentre**
- Strong focus on **integrating cloud services**
- **Innovation trends** around Artificial Intelligence, Internet of Things, Analytics and Big Data are changing businesses, organisations and IT infrastructures

CIO Agenda

GOING FROM	GOING TOWARDS
TRADITIONAL IT BUYERS	BUSINESS BUYERS
IT AS A COST CENTER	IT AS A BUSINESS ADVANTAGE
FOCUS ON TECHNOLOGY	FOCUS ON EFFECTIVE INTEGRATION
OPTIMIZING WHAT YOU HAVE	KEEPING UP WITH SPEED OF CHANGE

Key figures and Special highlight

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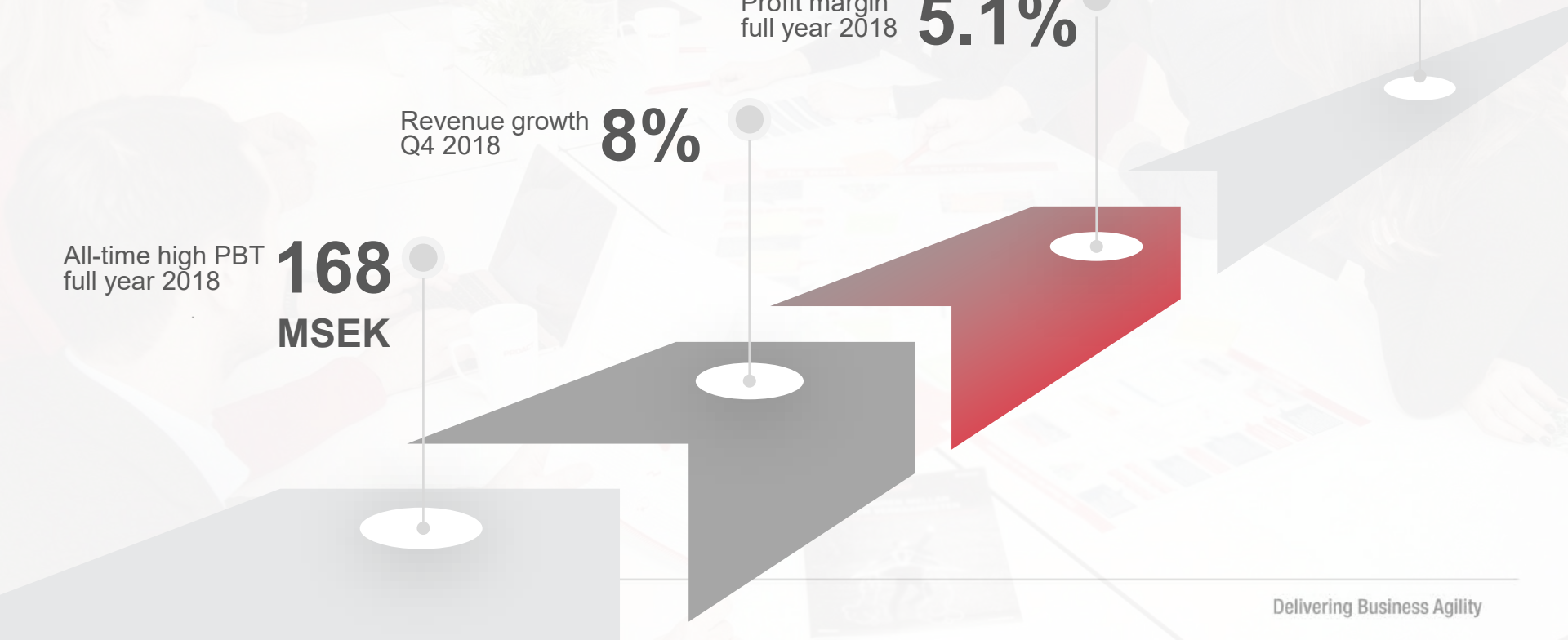
Key Q4 Messages

Cloud Services total contract value **176 MSEK**

Profit margin full year 2018 **5.1%**

Revenue growth Q4 2018 **8%**

All-time high PBT full year 2018 **168 MSEK**



Previous financial goals achieved in 2018

SALES GROWTH	
TARGET	OUTCOME*
4%	4%

PBT MARGIN	
TARGET	OUTCOME
5%	5.1%

EQUITY RATIO	
TARGET	OUTCOME
20-25%	21%

RETURN ON EQUITY	
TARGET	OUTCOME
>20%	29,8%

DIVIDEND	
TARGET	OUTCOME
25-35%	30%

Updated financial goals from 2019

SALES GROWTH	EBITA MARGIN	Net Debt/ EBITDA	ROCE	DIVIDEND
TARGET	TARGET	TARGET	TARGET	TARGET
>10%	8%	<2	>25%	25-35%

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*Adjusted for currency and changed accounting principles

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Income Statement Q4 2018

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
+8%	967	+12%	671	2%	295

EBITA			PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
+8%	58	6.0%	+7%	50	5.2%

(MSEK)	Oct–Dec 2018	Oct–Dec 2017
System Sales	670.9	600.8
Services	295.2	290.0
Other	0.9	1.3
Revenue	**967.0**	**892.1**
Products and services	-751.3	-680.9
Gross profit	**215.7**	**211.2**
Gross margin	*22.3%*	*23.7%*
Sales and marketing	-110.2	-105.7
Administration	-59.8	-60.8
Items affecting comparability	-	-
Operating profit	**45.7**	**44.7**
Financial net	4.7	2.5
Profit before tax	**50.3**	**47.2**
Margin	*5.2%*	*5.3%*
Tax	-11.3	-11.4
Profit after tax	**39.0**	**35.8**
Net margin	*4.0%*	*4.0%*

	Oct–Dec 2018		Oct–Dec 2017	
EBITDA	65.8	6.8%	61.1	6.8%
EBITA	57.7	6.0%	53.5	6.0%
EBIT	45.7	4.7%	44.7	5.0%

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Income Statement FY 2018

TOTAL REVENUE	
GROWTH	MSEK
+2%	3 318

SYSTEM SALES	
GROWTH	MSEK
+2%	2 175

SERVICES SALES	
GROWTH	MSEK
+3%	1 139

EBITA		
GROWTH	MSEK	%
+7%	200	6.0%

PROFIT BEFORE TAX		
GROWTH	MSEK	%
+11%	168	5.1%

(MSEK)	Jan–Dec 2018	Jan–Dec 2017
System Sales	2,174.6	2,132.8
Services	1,138.9	1,105.5
Other	4.2	5.1
Revenue	**3,317.7**	**3,243.4**
Products and services	-2,525.5	-2,491.3
Gross profit	**792.2**	**752.1**
Gross margin	*23.9%*	*23.2%*
Sales and marketing	-402.4	-372.0
Administration	-222.7	-224.6
Items affecting comparability	-2.6	-
Operating profit	**164.5**	**155.6**
Financial net	3.3	-4.5
Profit before tax	**167.8**	**151.1**
Margin	*5.1%*	*4.7%*
Tax	-40.6	-37.1
Profit after tax	**127.3**	**114.0**
Net margin	*3.8%*	*3.5%*

	Jan–Dec 2018		Jan–Dec 2017	
EBITDA	231.1	7.0%	218.8	6.7%
EBITA	200.5	6.0%	188.1	5.8%
EBIT	164.5	5.0%	155.6	4.8%

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Revenue & PBT in Q4

- Strong revenue growth of 8% driven by strong growth of 12% of system sales
- Revenue growth in Nordics of 12% and PBT recovery after weak Q3, and result affected by write-down of goodwill in Denmark
- Lower systems sales in UK, and result affected by one-time costs in Q4
- Strong quarter in both West and East with revenue growth of 15% and 57% respectively

	2018 October - December			2017 October - December		
(MSEK)	Revenue	PBT	Net margin	Revenue	PBT	Net margin
Nordics	538	21.3	4.0%	483	29.2	6.1%
UK	132	5.8	4.4%	152	9.2	6.0%
West	238	13.8	5.8%	207	0.8	0.4%
East	69	5.0	7.3%	44	2.1	4.8%
Proact Finance	21	1.1	5.4%	43	1.8	4.3%
Other	-31	3.4		-37	4.0	
Items affecting comparability	-	-		-	-	
Group	**967**	**50.3**	**5.2%**	**892**	**47.2**	**5.3%**

Deferred income Q4 2018 due to change in accounting principles:
Nordics 35 MSEK, UK 3 MSEK, West 2 MSEK, East 3 MSEK

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Revenue & PBT full year 2018

- Full year revenue increased 2% with a negative impact due to accounting principles of -178 MSEK
- 4% growth when adjusted for currency and accounting principles
- -5% decline in Nordics, with decline in PBT of -30 MSEK
- 14% revenue growth in UK and 63% growth in PBT driven by strong systems sales and gross margin
- West grew 6% with positive mix
- East developed strong in systems and services with growth of 37%
- Net margin of 5.1%

	2018 January - December			2017 January - December		
(MSEK)	Revenue	PBT	Net margin	Revenue	PBT	Net margin
Nordics	1,570	67.6	4.3%	1,652	97.8	5.9%
UK	630	30.6	4.9%	551	18.8	3.4%
West	967	60.9	6.3%	916	20.5	2.2%
East	179	14.9	8.3%	131	6.4	4.9%
Proact Finance	97	3.9	4.0%	101	5.7	5.7%
Other	-125	-7.4		-108	1.9	
Items affecting comparability		-2.6			-	
Group	**3,318**	**167.9**	**5.1%**	**3,243**	**151.1**	**4.7%**

Deferred income full year 2018 due to change in accounting principles:
Nordics 125 MSEK, UK 36 MSEK, West 11 MSEK, East 7 MSEK

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Cash flow in Q4

- Positive change in working capital: +94 MSEK
- Fixed assets; Proact Finance -9 MSEK
- Less utilization of overdraft facilities: -48 MSEK
- Cash position of 270 MSEK

Liquid Funds September 30, 2018		**166**
Cash-flow from current operations		166
Current operations	*72*	
Change in working capital	*94*	
Cash-flow from investment activities		-26
Fixed assets	*-26*	
Cash-flow from financial activities		-29
Bank loans/Bank overdraft facilities	*-38*	
Other	*9*	
Change in liquid funds		111
Currency translation difference in liquid funds		-7
Liquid Funds December 31, 2018		**270**

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Cash flow full year 2018

- Positive change in working capital: +34 MSEK
- Fixed assets; Proact Finance –41 MSEK
- Acquisitions DE, VX, EE: -68 MEK
- Dividend/buy back: -42 MSEK
- Cash position of 270 MSEK

Liquid Funds December 31, 2017		**220**
Cash-flow from current operations		243
Current operations	*209*	
Change in working capital	*34*	
Cash-flow from investment activities		-141
Fixed assets	*-84*	
Acquisitions	*-61*	
Other	*4*	
Cash-flow from financial activities		-63
Bank loans/Bank overdraft facilities	*-21*	
Acquisitions from holdings without controlling influence	*-7*	
Buy back of own shares	*-8*	
Dividend to parent company´s shareholders´	*-34*	
Other	*7*	
Change in liquid funds		39
Currency translation difference in liquid funds		11
Liquid Funds December 31, 2018		**270**

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Balance sheet

- Solidity of 21%
- Cash position of 270 MSEK
- Net cash of 142 MSEK
- Unutilized overdrafts of 240 MSEK

(MSEK)	2018 Dec 31	2018 Sep 30	2018 Jun 30	2018 Mar 31	2017 Dec 31
Total Assets	2,213	1,915	2,020	1,997	1,941
whereof Goodwill	*393*	*399*	*403*	*401*	*385*
whereof Intangible fixed assets	*70*	*81*	*89*	*96*	*99*
whereof Accounts receivables	*613*	*451*	*536*	*557*	*575*
Equity	470	439	418	412	384
Solidity	21%	23%	21%	21%	20%
Cash and bank deposits	270	166	163	180	220
Bank loan, overdraft facilities etc.	128	159	138	165	140
Net cash (+) / Net debt (-)	142	6	25	15	80
Bank overdraft facilities, unutilized	240	188	223	211	240
Bank overdraft facilities, total	245	241	242	245	241

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The Proact share

- Recommended dividend up 11% to 4.15 SEK (3.75)
- Proact share listed in Nasdaq Mid Cap segment
- Länsförsäkringar increased ownership to 4.7% and is fourth largest shareholder

	2018 December 31	2018 September 30
AB Grenspecialisten	11.1 %	11.1 %
Livförsäkringsbolaget Skandia	10.9 %	10.9 %
UBS AG London Branch, W8IMY	8.1 %	8.1 %
Länsförsäkringar Småbolag Sverige	4.7 %	3.4 %
Skandia Sverige	3.8 %	3.8 %
Fondita Nordic Micro Cap SR	3.3 %	4.3 %
Försäkringsaktiebolaget, Avanza Pension	3.2 %	3.0 %
HSBC Bank PLC, W8IMY	2.8 %	2.8 %
Humle Småbolagsfond	2.8 %	2.8 %
Skandia Småbolagsfond Sverige	2.3 %	2.3 %
Others	47.0 %	47.5 %
Total	**100 %**	**100 %**

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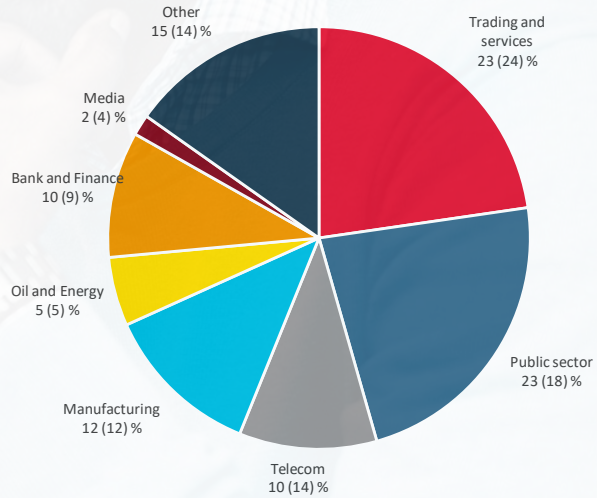
Positive customer mix

- Our target groups are data intensive organizations across multiple industries, sizes and regions
- Broad reach across industries



Summary

- Financial targets achieved
- Strong Q4 result
- All-time-high profit before tax
- All-time-high Cloud sales
- Net margin of 5.1%

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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/

- Managed service approach and business cloud alignment consultancy rejuvenate **Haag Wonen's** IT
- Proact steers digitalisation at **Ambientia** with software-defined data centre technology
- Proact transforms IT architecture to support growth initiatives at **Howard Kennedy**
- Anywhere, anytime – Proact shapes new working paradigm at **iba AG**
- Proact set to deliver hyper-converged data centre solution to service provider **Get**
- **Rivierenland** improves security, performance and availability with new VDI platform and support from Proact
- Proact Lithuania delivers all-flash solution to **Lithuanian Research and Education Network**
- **Streamteam** deploys Proact solution to meet growing media processing needs

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New Case Study highlight

Colly Company

”

We have great trust in Proact as expert advisors. They have been instrumental in designing our present IT environment and are always prepared to give updates on technology issues that matter to us. These can involve our current IT environment and all things related to the cloud

”

Colly Company had adopted a cloud strategy which required a step-by-step migration from their on-premises IT infrastructure. Our solution is now delivering storage, backup and disaster recovery functionalities in a cloud-ready environment, allowing Colly Company to retain control of their data while exploring the public cloud.

- Data governance through private, cloud-enabled storage
- Enables a highly flexible multi- cloud model with migration on the customer’s term
- Cost savings by eliminating dedicated disaster recovery solution

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New Case Study highlight

Get

”

We are very satisfied with Proact’s and the support they have provided over the years. So based on experience, we had great trust in Proact, their advice and ideas for updating our data centre architecture to enable our business intelligence platform”

Proact designed and implemented a solution based on NetApp HCI, an enterprise-scale hyper-converged infrastructure that delivers predictable performance on a highly flexible, efficient architecture. Proact’s recommended solution also match Get’s other specifications for the BI platform, such as guaranteed performance and data protection.

- Ease of management – reduced maintenance and training costs
- Supports Get’s digital business transformation
- Incremental upgrades enabled by high granularity in compute and storage

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