Summary Q1 2019

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www.proact.eu

AGENDA

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

DELIVERING BUSINESS AGILITY

Delivering agility since 1994

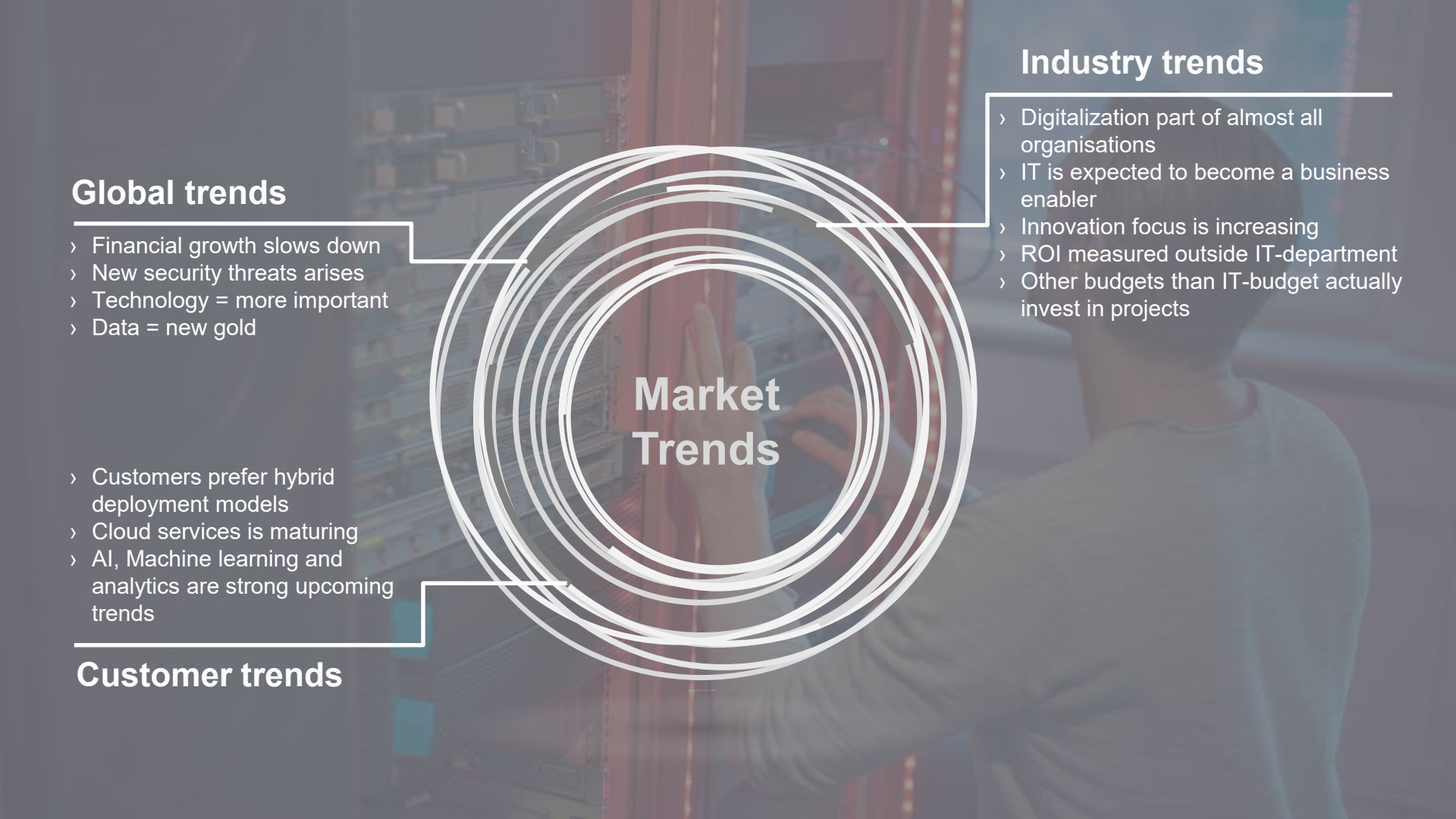
Over 5000 projects and 3500 customers

Listed company with over €330m turnover

850 people **glocal** organisation

Over 40 Offices in 15 countries

Manage over 100PB critical data



Global trends

- Financial growth slows down
- New security threats arises
- Technology = more important
- Data = new gold

Industry trends

- Digitalization part of almost all organisations
- IT is expected to become a business enabler
- Innovation focus is increasing
- ROI measured outside IT-department
- Other budgets than IT-budget actually invest in projects

Customer trends

- Customers prefer hybrid deployment models
- Cloud services is maturing
- AI, Machine learning and analytics are strong upcoming trends

PROACT

The CIO Agenda is Changing

MARKET TRENDS & THE CIO AGENDA

GOING FROM — GOING TO

- Traditional IT buyers → Business buyers
- IT as a cost centre → IT as a business advantage
- Focussing on technology → Focussing on effective integration

IT SPEND

- -2% On traditional IT-infrastructure
- +9% On cloud architecture
- +11% On hybrid cloud architecture

STRATEGICAL AREAS ON THE CIO AGENDA…

GENERATE REVENUE & BUSINESS VALUE	MANAGING TECHNOLOGY SPEED OF CHANGE	EXPLORING AI AND MACHINE LEARNING
MODERNIZE DATACENTER	INTERGRATING HYBRID DEPLOYMENT MODELS	ENSURING SECURITY

KEY TAKEAWAYS FROM CUSTOMER SURVEY 2019

- 51% NEED HELP TO DEFINE CLOUD STRATEGY
- 44% WILL INVEST MORE IN HYBRID DEPLOYMENT
- 63% WILL FOCUS ON CLOUD SERVICE INTEGRATION
- 69% NEED HELP HANDLING SPEED OF CHANGE
- 76% WILL ALIGN SECURITY REQUIREMENTS

CIO AGENDA CASE STUDY

Klarna.

PROACT

Main **opportunities** for Proact

1. Increased market opportunity in business-driven IT spend
2. Managing and generating value out of Data is more complex
3. Trusted advisor in Hybrid Cloud and data-centric solutions

Key figures and Special highlight

PROACT

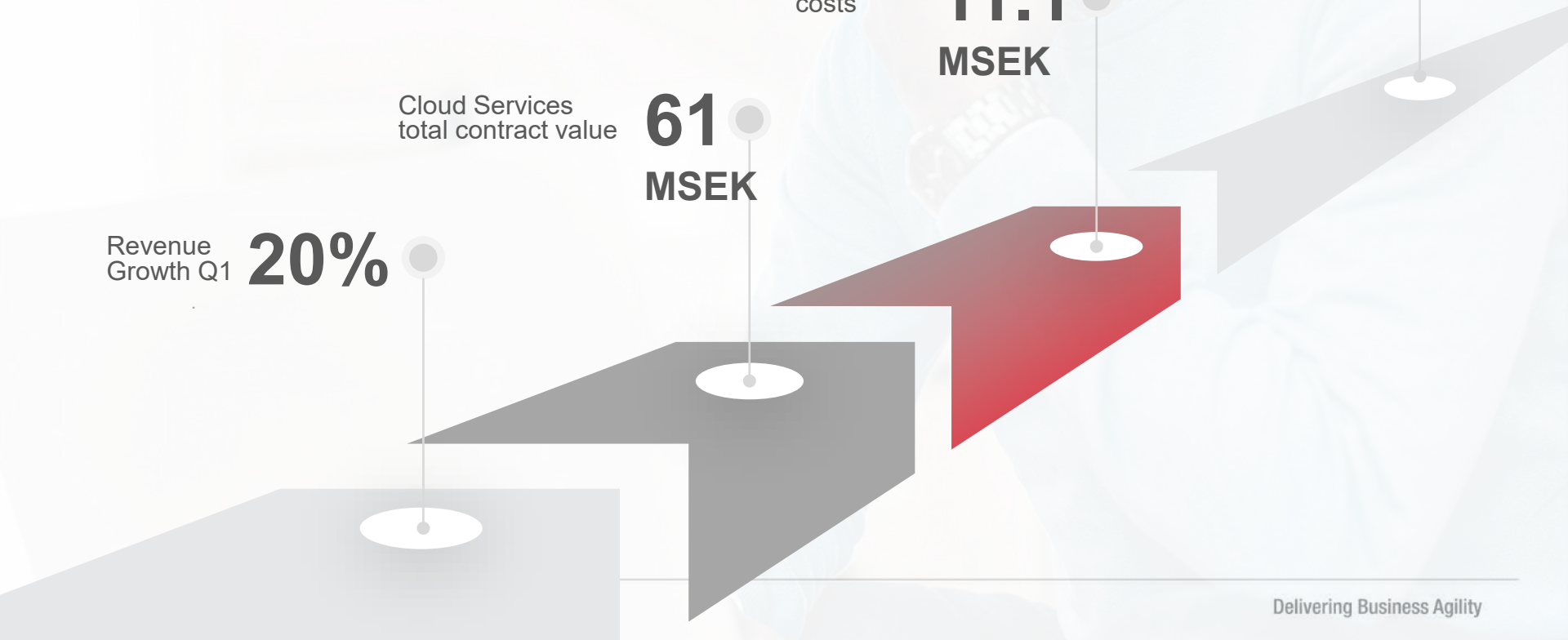
Key Q1 Messages

Revenue Growth Q1 **20%**

Cloud Services total contract value **61 MSEK**

One-time costs **11.1 MSEK**

Lower EBITA **4.7%**



PROACT

Income Statement Q1 2019

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
+20%	910	+31%	629	+2%	281

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
-5%	43.1	4.7%	+2%	36.4	4.0%

(MSEK)	Jan–Mar 2019	Jan-Mar 2018
System Sales	628.9	481.3
Services	280.5	276.0
Other	0.3	1.3
Revenue	**909.8**	**758.6**
Products and services	-712.2	-574.1
Gross profit	**197.5**	**184.5**
Gross margin	*21.7%*	*24.3%*
Sales and marketing	-99.7	-94.6
Administration	-61.4	-52.6
Items affecting comparability	-11.1	-2.6
Operating profit	**25.3**	**34.8**
Financial net	1.4	-1.5
Profit before tax	**26.8**	**33.2**
Margin	*2.9%*	*4.4%*
Tax	-5.2	-7.9
Profit after tax	**21.6**	**25.3**
Net margin	*2.4%*	*3.3%*

	Jan-Mar 2019		Jan-Mar 2018	
EBITDA	62.3	6.8%	50.2	6.6%
EBITA	32.0	3.5%	42.6	5.6%
EBIT	25.3	2.8%	34.8	4.6%

PROACT

Income Statement Rolling 12 months

TOTAL REVENUE	
GROWTH	MSEK
+11%	3 469

SYSTEM SALES	
GROWTH	MSEK
+15%	2 322

SERVICES SALES	
GROWTH	MSEK
+3%	1 143

Adj. EBITA		
GROWTH	MSEK	%
+6%	201.0	5.8%

Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%
+12%	172.5	5.0%

(MSEK)	Apr-Mar 2019	Apr-Mar 2018
System Sales	2,322.3	2,015.9
Services	1,143.4	1,107.6
Other	3.2	5.9
Revenue	**3,468.9**	**3,129.4**
Products and services	-2,663.6	-2,381.6
Gross profit	**805.2**	**747.8**
Gross margin	*23.2%*	*23.9%*
Sales and marketing	-407.5	-372.1
Administration	-231.5	-219.0
Items affecting comparability	-11.1	-2.6
Operating profit	**155.1**	**154.2**
Financial net	6.3	-2.5
Profit before tax	**161.4**	**151.7**
Margin	*4.7%*	*4.8%*
Tax	-37.8	-36.2
Profit after tax	**123.5**	**115.5**
Net margin	*3.6%*	*3.7%*

	Apr-Mar 2019		Apr–Mar 2018	
EBITDA	243.2	7.0%	216.8	6.9%
EBITA	189.9	5.5%	186.3	6.0%
EBIT	155.1	4.5%	154.2	4.9%

PROACT

Revenue & PBT in Q1 per Business Unit

- Strong revenue growth of 20% driven by growth of 31% of system sales
- Revenue growth in Nordics of 29% with margin affected by few large and important but low-margin systems deals and investments in service delivery
- A stable quarter in UK, both in system sales and services sales
- Revenue growth in West of 7% with margin affected by few large and important low-margin system and investments in sales coverage in Germany
- A strong quarter in East based on strong system sales as well as a strong services development
- Q1 is last quarter of services growth impacted by previously discontinued contracts
- One-time cost for restructuring of 11.1 MSEK

	2019 January - March			2018 January - March		
(MSEK)	Revenue	PBT	Net margin	Revenue	PBT	Net margin
Nordics	439	15.5	3.5%	339	16.7	4.9%
UK	156	7.2	4.6%	147	6.9	4.7%
West	262	5.3	2.0%	245	12.0	4.9%
East	62	5.7	9.2%	36	2.9	8.1%
Proact Finance	33	0.5	1.5%	31	0.7	2.3%
Other	-42	3.6		-40	-3.5	
Items affecting comparability	-	-11.1		-	-2.6	
Group	**910**	**26.8**	**2.9%**	**759**	**33.2**	**4.4%**

PROACT

Cash flow in Q1

- Negative change in working capital -30 (-47) MSEK but still +51 MSEK on 12 months rolling
- Fixed assets; Proact Finance -16 MSEK
- No change in bank loans/overdraft facilities
- Strong cash position of 246 MSEK

Liquid Funds December 31, 2018		**270**
Cash-flow from current operations		-2
Current operations	*28*	
Change in working capital	*-30*	
Cash-flow from investment activities		-24
Fixed assets	*-24*	
Cash-flow from financial activities		-7
Bank loans/Bank overdraft facilities	*-*	
Other	*-7*	
Change in liquid funds		-33
Currency translation difference in liquid funds		9
Liquid Funds March 31, 2019		**246**

PROACT

Balance sheet

- Solidity of 20% including a negative impact from IFRS 16 of 233 MSEK
- Cash position of 246 MSEK
- Net debt of 142 MSEK including a negative impact from IFRS 16 of 233 MSEK
- Unutilized overdrafts of 242 MSEK
- Unutilized three-year revolving credit facility of 238 MSEK

(MSEK)	2019 Mar 31	2018 Dec 31	2018 Mar 31
Total Assets	2,507	2,213	1,997
whereof Goodwill	*405*	*393*	*401*
whereof Intangible fixed assets	*66*	*70*	*96*
whereof Accounts receivables	*582*	*613*	*557*
Equity	502	470	412
Solidity	20%	21%	21%
Cash and bank deposits	246	270	180
Bank loan, overdraft facilities	-117	-114	-158
Financial leasing (IFRS 16)	-247	-14	-7
Net cash (+) / Net debt (-)	-118	142	15
Bank overdraft facilities, unutilized	242	240	211
Bank overdraft facilities, total	249	245	245

PROACT

The Proact share

- Recommended dividend up 11% to 4.15 SEK (3.75)
- Annual General Meeting May 9, 2019
- Proact share listed in Nasdaq Mid Cap segment

	2019 March 31	2018 December 31
AB Grenspecialisten	11.1 %	11.1 %
Livförsäkringsbolaget Skandia	10.9 %	10.9 %
UBS AG London Branch, W8IMY	7.7 %	8.1 %
Länsförsäkringar Småbolag Sverige	4.7 %	4.7 %
Skandia Sverige	3.8 %	3.8 %
Unionen Svenska	3.6 %	2.0 %
Humle Småbolagsfond	3.2 %	2.8 %
HSBC Bank PLC, W8IMY	2.8 %	2.8 %
Försäkringsaktiebolaget, Avanza Pension	2.5 %	3.2 %
Skandia Småbolagsfond Sverige	2.3 %	2.3 %
Others	47.4 %	48.3 %
Total	**100 %**	**100 %**

FINANCIAL GOALS

Rolling 12 months

SALES GROWTH

TARGET	OUTCOME	
>10%	+11%	3 469 MSEK

EBITA MARGIN

TARGET	OUTCOME*	
8%	5.8%	Adjusted for one-time costs

NET DEBT/EBITDA

TARGET	OUTCOME	
<2	0.5	IFRS16 impact of 233 MSEK

ROCE

TARGET	OUTCOME	
>25%	21.8%	Impacted by IFRS 16 and one-time costs

DIVIDEND

TARGET	OUTCOME	
25-35%	30%	4.15 (3.75) SEK per share

*Adjusted for items affecting comparability

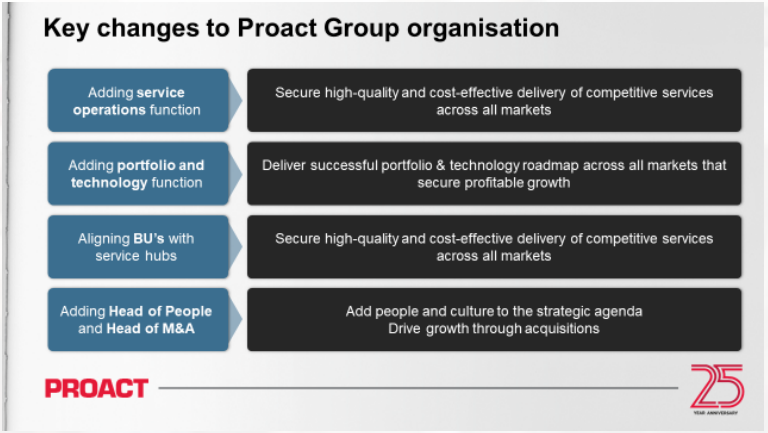
PROACT

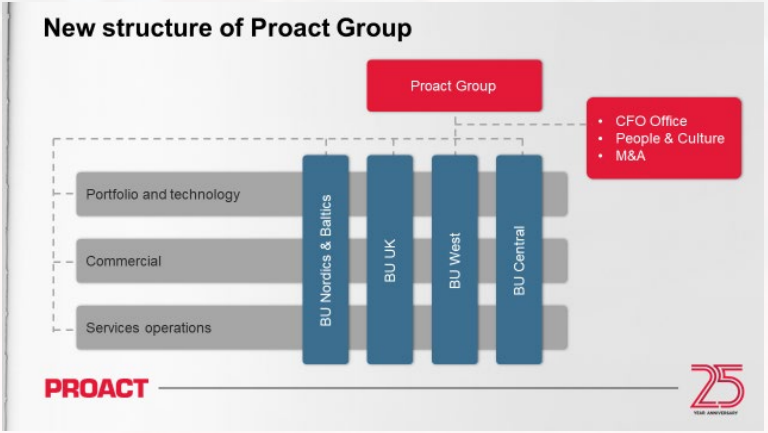
Restructuring Proact

- New group structure to drive efficiency, improve accountability, simplify operations and put focus on execution towards targets
  - Profitable growth
  - Accelerated M&A
  - Shift to services

- Builds on key principles and strengths of Proact
  - Customer centric
  - De-centralized & country-based
  - Excellence and continuous improvements

- One-time costs of 11.1 MSEK related to restructuring impacting Q1 results





Our customers

PROACT

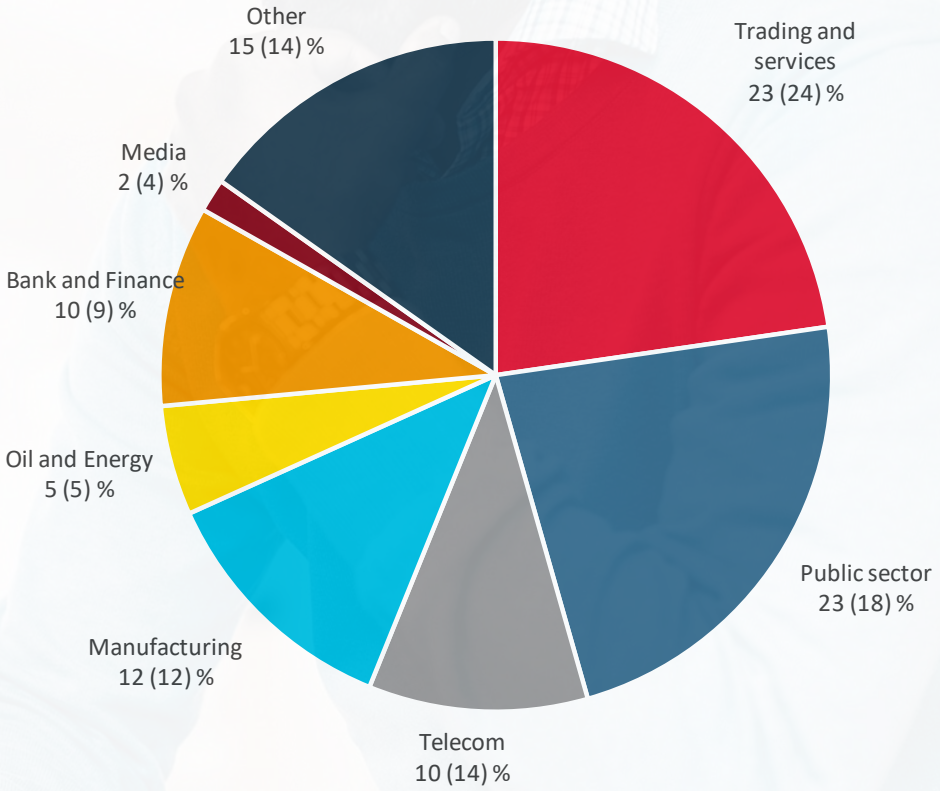
Strong brand connected to…

1. Being a trusted advisor in the market
2. Delivering quality in everything we do
3. Providing strong advisory to our customers
4. Helping to deliver business value
5. Offering a customer need focused portfolio

PROACT

Industry independence

- Our target groups are data intensive organizations across multiple industries, sizes and regions
- No industry dependency over 24%
- 7 industries where synergies and specialist competence can be leveraged



PROACT

Highlight wins this quarter

- Proact introduces fully redundant solution to support growth at **Vitens**
- Proact builds **Axima's** new data centre to support strategic growth
- Proact supports Czech truck manufacturer **Tatra** to introduce new intelligent data management solution
- 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

New Case Study highlight

Klarna.

”

Working with Klarna to support them with advanced innovative data analytics has been rewarding and fun. It is great to work with customers that use innovative solutions to create strong business advantages for themselves”

Jari Bengs
Account Manager @ Proact

- Klarna has a clear cloud strategy but was in the need for a tool helping them to troubleshoot their entire IT-environment using advanced analytics.
- Proact suggested, designed and implemented a Big Data solution based on Splunk technology which:
  - » Radically enhanced troubleshooting throughout Engineering
  - » Splunk provides traceability over platforms.
  - » Klarna uses Splunk Enterprise strategically across the business – ensuring the security of more than 650,000 purchases they process daily; and monitoring availability and performance to deliver an excellent experience for more than 60 million consumers who use Klarna

Business users include IT-operations, Technical Sales, Merchant Support, Dev Teams, Security Operation Center

Klarna has more than 900 Splunk users

Klarna has improved Operation Analytics and Business Intelligence, with Splunk

Summary

- Strong revenue growth driven by systems business
- Gross-margin pressure from important but low-margin system deals
- One-time costs of restructuring

PROACT