Summary Q2 2019

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AGENDA

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

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

PROACT

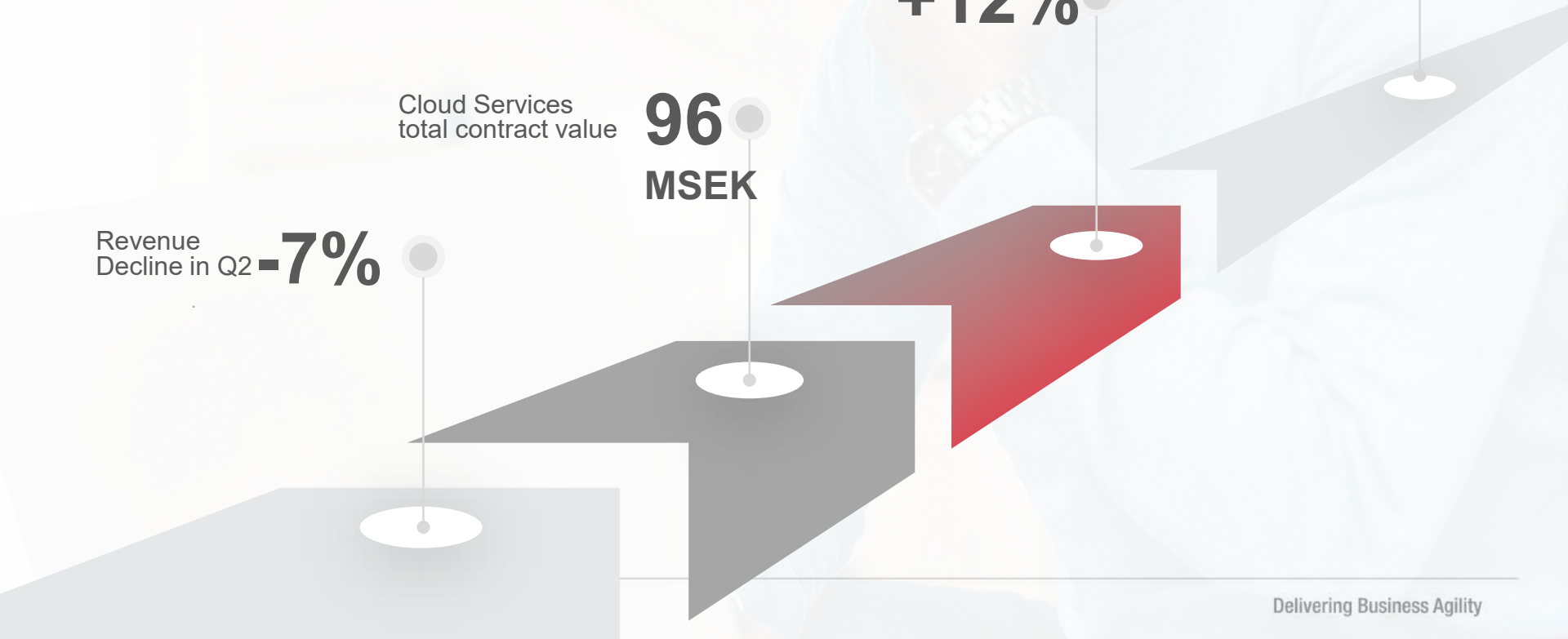
Key Q2 Messages

Divested **Spain**

Cloud Revenue **+12%**

Cloud Services total contract value **96 MSEK**

Revenue Decline in Q2 **-7%**



PROACT

Income Statement Q2 2019

TOTAL REVENUE	
GROWTH	MSEK
-7%	806

SYSTEM SALES	
GROWTH	MSEK
-9%	523

SERVICES SALES	
GROWTH	MSEK
-3%	283

Adj. EBITA		
GROWTH	MSEK	%
-33%	36.7	4.6%

Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%
-33%	31.4	3.9%

(MSEK)	Apr-Jun 2019	Apr-Jun 2018
System Sales	523.2	575.0
Services	282.9	290.6
Other	0.4	2.0
Revenue	**806.4**	**867.6**
Products and services	-620.8	-658.1
Gross profit	**185.6**	**209.5**
Gross margin	*23.0%*	*24.1%*
Sales and marketing	-96.5	-105.5
Administration	-59.1	-57.2
Divestment of subsidiary	-9.1	-
Operating profit	**21.0**	**46.8**
Financial net	1.3	0.1
Profit before tax	**22.3**	**46.8**
Margin	*2.8%*	*5.4%*
Tax	-9.4	-11.7
Profit after tax	**12.8**	**35.2**
Net margin	*1.6%*	*4.0%*

	Apr-Jun 2019		Apr-Jun 2018	
EBITDA	60.4	7.5%	62.3	7.2%
EBITA	27.7	3.4%	54.8	6.3%
EBIT	21.0	2.6%	46.8	5.4%

PROACT

Income Statement January - June 2019

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
+6%	1,716	+9%	1,152	-1%	563

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
-20%	79.9	4.6%	-16%	69.2	4.0%

(MSEK)	Jan-Jun 2019	Jan-Jun 2018
System Sales	1,152.1	1,056.3
Services	563.4	566.6
Other	0.7	3.3
Revenue	**1,716.2**	**1,626.2**
Products and services	-1,333.0	-1,232.2
Gross profit	**383.2**	**394.0**
Gross margin	*22.3%*	*24.2%*
Sales and marketing	-196.2	-200.1
Administration	-120.5	-109.8
Items affecting comparability	-11.1	-2.6
Divestment of subsidiary	-9.1	-
Operating profit	**46.3**	**81.5**
Financial net	2.7	-1.4
Profit before tax	**49.0**	**80.1**
Margin	*2.9%*	*4.9%*
Tax	-14.6	-19.6
Profit after tax	**34.4**	**60.5**
Net margin	*2.0%*	*3.7%*

	Jan-Jun 2019		Jan-Jun 2018	
EBITDA	122.7	7.1%	112.4	6.9%
EBITA	59.7	3.5%	97.4	6.0%
EBIT	46.3	2.7%	81.5	5.0%

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Income Statement Rolling 12 months

TOTAL REVENUE	
GROWTH	MSEK
+7%	3 408

SYSTEM SALES	
GROWTH	MSEK
+11%	2 271

SERVICES SALES	
GROWTH	MSEK
+2%	1 136

Adj. EBITA		
GROWTH	MSEK	%
-6%	182.9	5.4%

Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%
-3%	157	4.6%

(MSEK)	Jul-Jun 2019	Jul-Jun 2018
System Sales	2,270.5	2,046.8
Services	1,135.6	1,118.0
Other	1.6	6.5
Revenue	**3,407.7**	**3,171.3**
Products and services	-2,626.3	-2,402.4
Gross profit	**781.4**	**768.9**
Gross margin	*22.9%*	*24.2%*
Sales and marketing	-398.5	-388.6
Administration	-233.4	-217.9
Items affecting comparability	-11.1	-2.6
Divestement of subsidiary	-9.1	-
Operating profit	**129.3**	**159.8**
Financial net	7.5	-0.8
Profit before tax	**136.8**	**159.0**
Margin	*4.0%*	*5.0%*
Tax	-35.6	-38.4
Profit after tax	**101.2**	**120.6**
Net margin	*3.0%*	*3.8%*

	Jul-Jun 2019		Jul-Jun 2018	
EBITDA	241.4	7.1%	221.6	7.0%
EBITA	162.7	4.8%	191.5	6.0%
EBIT	129.3	3.8%	159.8	5.0%

PROACT

Revenue & EBITA in Q2 per Business Unit

- Positive development in Cloud business with 12% growth to 122 MSEK
- Revenue in Nordics flat with stable gross margins but somewhat lower EBITA
- Cloud revenues increased 15% in UK with total revenues lower driven by decline in systems sales and corresponding services
- Challenging quarter in West with decline in systems and corresponding services. Cloud revenues increased by 20%.
- Strong growth in East in both systems and services
- Spanish subsidiary divested with one-time costs of -9.1 MSEK
- Initiatives to improve efficiency in service delivery initiated

	2019 April - June			2018 April – June		
(MSEK)	Revenue	EBITA	Net margin	Revenue	EBITA	Net margin
Nordics	414	19.2	4.6%	418	22.5	5.4%
UK	133	9.6	7.2%	170	10.3	6.1%
West	217	-0.6	Neg.	249	20.9	8.4%
East	43	3.3	7.7%	32	3.3	10.3%
Proact Finance	28	0.0	0%	27	0.3	1.1%
Other	-30	5.2		-28	-2.6	
Items affecting comparability	-	-9.1		-	-	
Group	**806**	**27.7**	**3.4%**	**868**	**54.8**	**6.3%**

PROACT

Revenue & EBITA January-June per Business Unit

- Revenue growth in Nordics YTD of 13%, pressure on margins due to important system deals and investments in service delivery in Q1
- Margin improvements in UK delivering flat EBITA on somewhat declining revenues
- Challenging Q2 in West with decline in systems and corresponding services impact YTD results
- Positive revenue and EBITA development in East
- One-time cost for restructuring of 11.1 MSEK in Q1 and 9.1 MSEK for divestment in Q2

	2019 January - June			2018 January – June		
(MSEK)	Revenue	EBITA	Net margin	Revenue	EBITA	Net margin
Nordics	853	35.6	4.2%	757	39.8	5.2%
UK	289	19.9	6.9%	317	20.5	6.5%
West	480	8.1	1.7%	494	35.5	7.2%
East	105	9.3	8.9%	68	6.5	9.6%
Proact Finance	60	-0.3	Neg.	58	-0.1	Neg.
Other	-71	7.3		-68	-2.3	
Items affecting comparability	-	-20.2		-	-2.6	
Group	**1,716**	**59.7**	**3.5%**	**1,626**	**97.4**	**6.0%**

PROACT

Cash flow in Q2

- Positive change in working capital
- Fixed assets; Proact Finance -17 MSEK
- Repayment of Leasing Liabilities; IFRS16
- Dividend; 4.15 SEK (3.75) per share
- No change in bank loans/overdraft facilities
- Strong cash position of 219 MSEK

Liquid Funds March 31, 2019		**246**
Cash-flow from current operations		79
Current operations	*75*	
Change in working capital	*4*	
Cash-flow from investment activities		-30
Fixed assets	*-24*	
Divestment of subsidiary	*-7*	
Other	*1*	
Cash-flow from financial activities		-81
Repayments on Leasing Liabilities	*-35*	
Dividend	*-38*	
Other	*-8*	
Change in liquid funds		-31
Currency translation difference in liquid funds		4
Liquid Funds June 30, 2019		**219**

PROACT

Cash flow January-June 2019

- Negative change in working capital -27 (-48) MSEK but still +56 MSEK on 12 months rolling
- Fixed assets; Proact Finance -33 MSEK
- Repayment of Leasing Liabilities; IFRS16
- Dividend; 4.15 SEK (3.75) per share, 38 MSEK
- No change in bank loans/overdraft facilities
- Strong cash position of 219 MSEK

Liquid Funds December 31, 2018		**270**
Cash-flow from current operations		77
Current operations	*104*	
Change in working capital	*-27*	
Cash-flow from investment activities		-54
Fixed assets	*-47*	
Divestment of subsidiary	*-7*	
Cash-flow from financial activities		-88
Repayments on Leasing Liabilities	*-48*	
Dividend	*-38*	
Other	*-2*	
Change in liquid funds		-65
Currency translation difference in liquid funds		14
Liquid Funds June 30, 2019		**219**

PROACT

Balance sheet

- Solidity of 21% including a negative impact from IFRS 16 of 258 MSEK
- Cash position of 219 MSEK
- Net debt of 155 MSEK including a negative impact from IFRS 16 of 258 MSEK
- Unutilized overdrafts of 242 MSEK
- Unutilized three-year revolving credit facility of 240 MSEK

(MSEK)	2019 Jun 30	2018 Dec 31	2018 Jun 30
Total Assets	2,321	2,213	2,020
whereof Goodwill	*404*	*393*	*403*
whereof Intangible fixed assets	*60*	*70*	*89*
whereof Accounts receivables	*411*	*613*	*536*
Equity	481	470	418
Solidity	21%	21%	21%
Cash and bank deposits	219	270	163
Bank loan, overdraft facilities	-374	-127	-138
whereof Financial leasing (IFRS 16)	*-258*	*-14*	*-6*
Net cash (+) / Net debt (-)	-155	142	25
Bank overdraft facilities, unutilized	242	240	223
Bank overdraft facilities, total	248	245	242

FINANCIAL GOALS

Rolling 12 months

SALES GROWTH

TARGET	OUTCOME	
>10%	+8%	3 408 MSEK

EBITA MARGIN

TARGET	OUTCOME*	
8%	5.4%	Adjusted for one-time costs

NET DEBT/EBITDA

TARGET	OUTCOME	
<2	0.64	IFRS16 impact of 258 MSEK

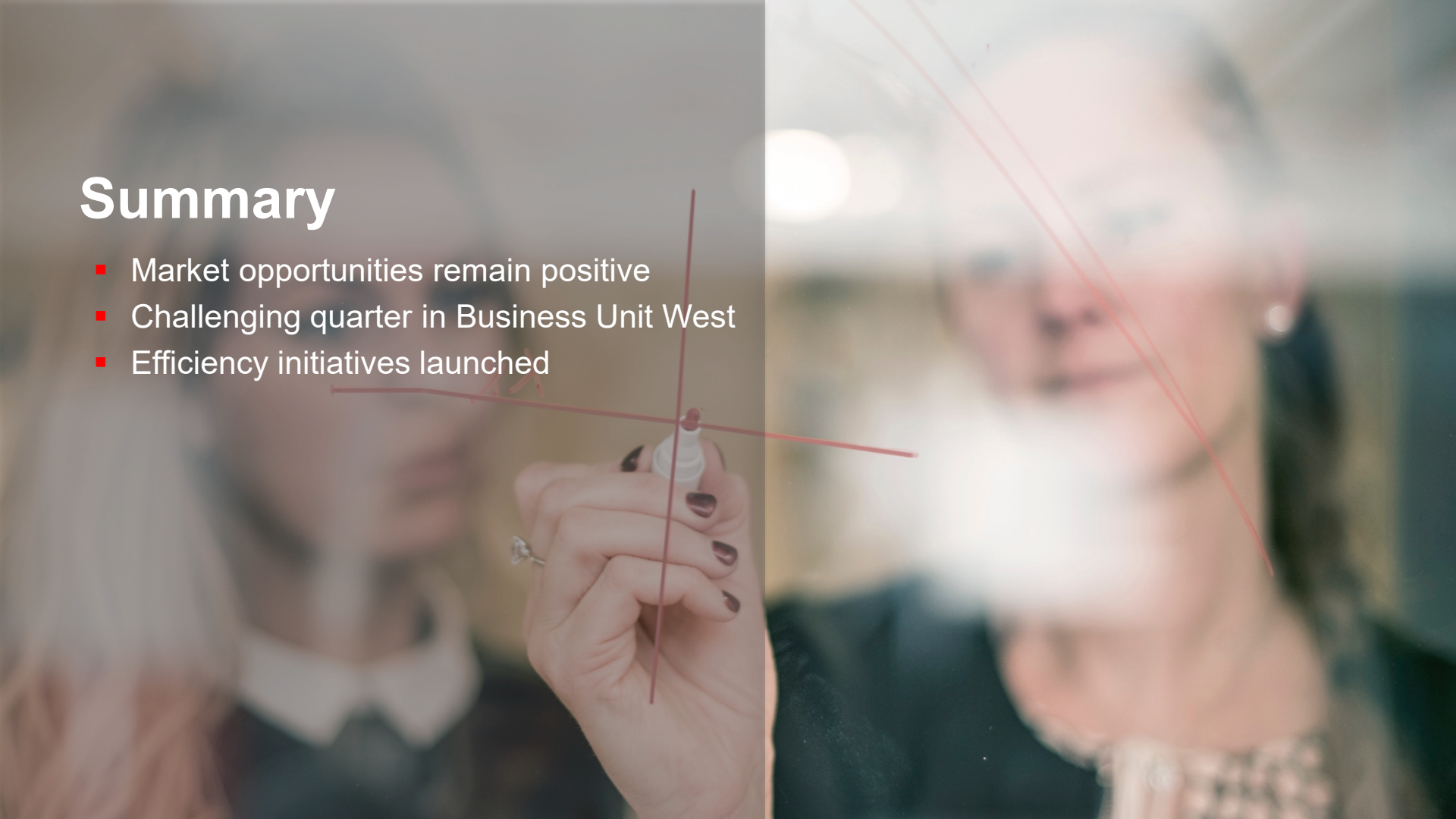
ROCE

TARGET	OUTCOME	
>25%	18.2%	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



Summary

- Market opportunities remain positive
- Challenging quarter in Business Unit West
- Efficiency initiatives launched