PROACT

Summary Q1 2020

24 April, 2020

Jonas Hasselberg, CEO and President
jonas.hasselberg@proact.eu

Jonas Persson, CFO
jonas.person@proact.eu

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AGENDA

- About Proact
- Our value-add in the market
- Key figures
- Summary

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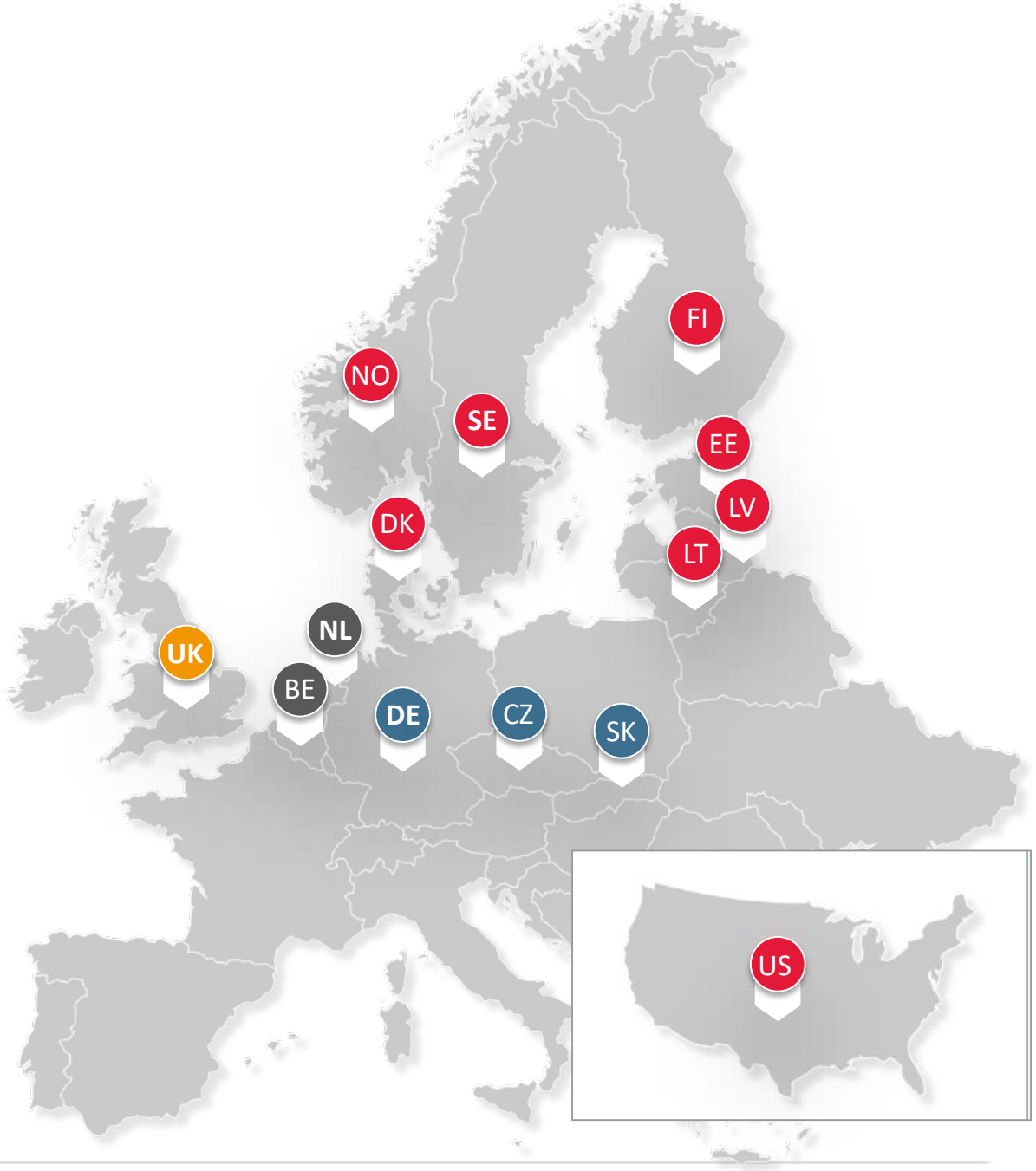
About Proact

- Founded in 1994
- System and multi-cloud specialist
- 3 600 MSEK turnover
- Over 1000 employees at 37 offices
- HQ in Stockholm, Sweden
- Four BU:s with service delivery hubs



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Market developments

- Market is growing
- Multi-cloud is the new normal
- IT is hard
- New opportunities and new buyers
- Corona impact (short- and long term)

Our **business opportunity:**

- Thought leader & trusted advisor for our customers

58%
sees IT as a business enabler

57%
sees business innovation as a top priority

x3.8
“wallet share” for IT projects in the business

66%
of Proact customers will use hybrid models

57%
of all IT investments ROI is owned by business management

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OUR DIFFERENTIATED **VALUE**

We advice on your data strategy	**We store** your data	**We connect** your data	**We protect** your data	**We bring value** to your data

CONSULTING

SOLUTIONS

SUPPORT

MANAGED SERVICES

ON PREMISE

PRIVATE CLOUD

PUBLIC CLOUD

- We **understand** our customer's business
- We are **specialists**
- Relevant **portfolio** of products and services
- Freedom of **choice**

Our **positioning** in the Market!

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Pinsent Masons
Infosys
ABN·AMRO
Springer
Swedbank
Foster + Partners
Cargill
GLENCORE
AGRICULTURE
Spotify
Taylor Vinters
Mercedes-Benz
mace
Our customers
Telia
MyMeds&Me
ERICSSON
HAVAS
NOKIA
COMCARE
ELEKTRONISK SAMHANDEL
Taylor Vinters
Booking.com
DANMARKS
NATIONALBANK

The **value** we bring our customers!

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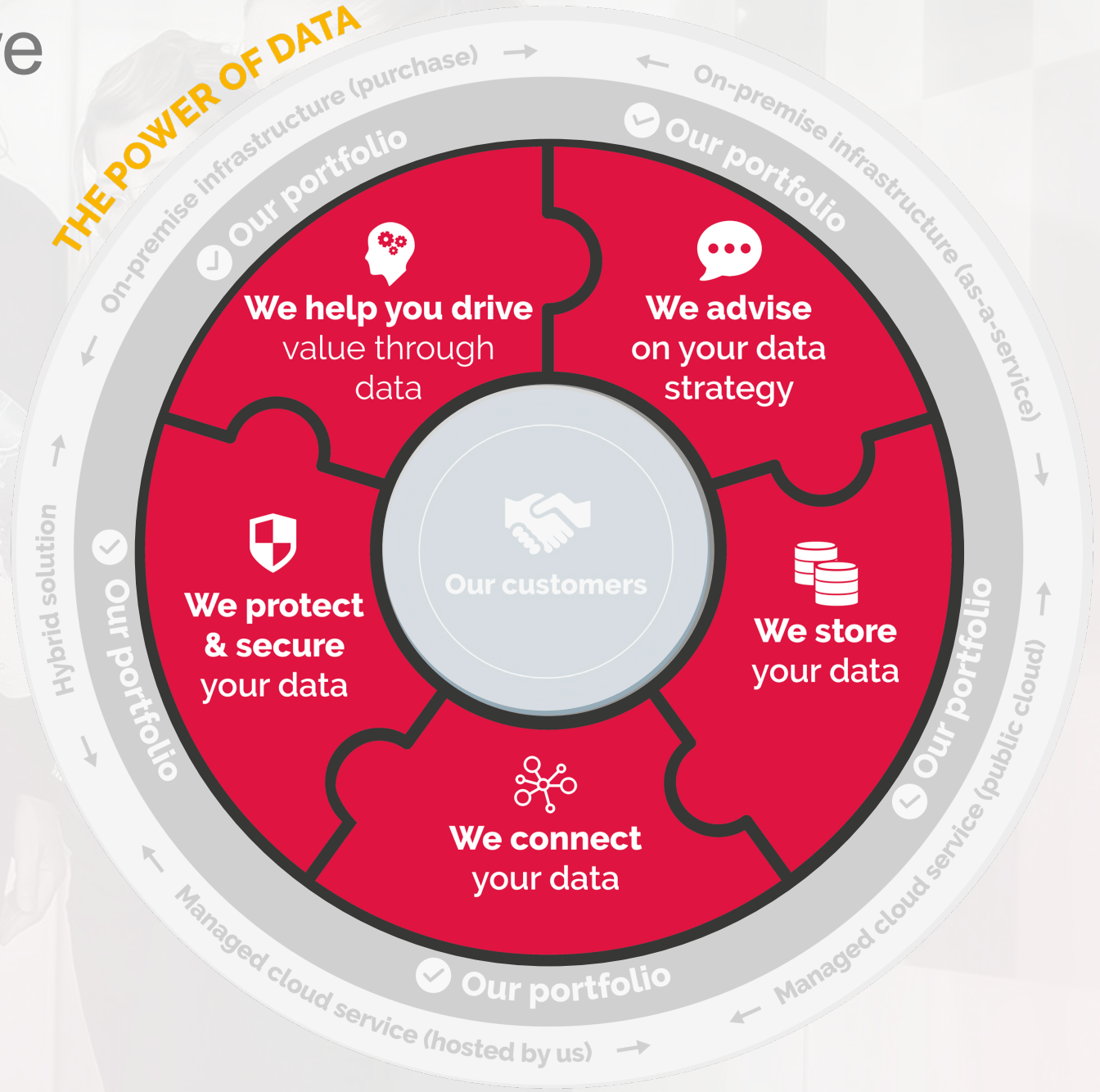

The **portfolio** we bring our customers!

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Leverage the **power of data!**

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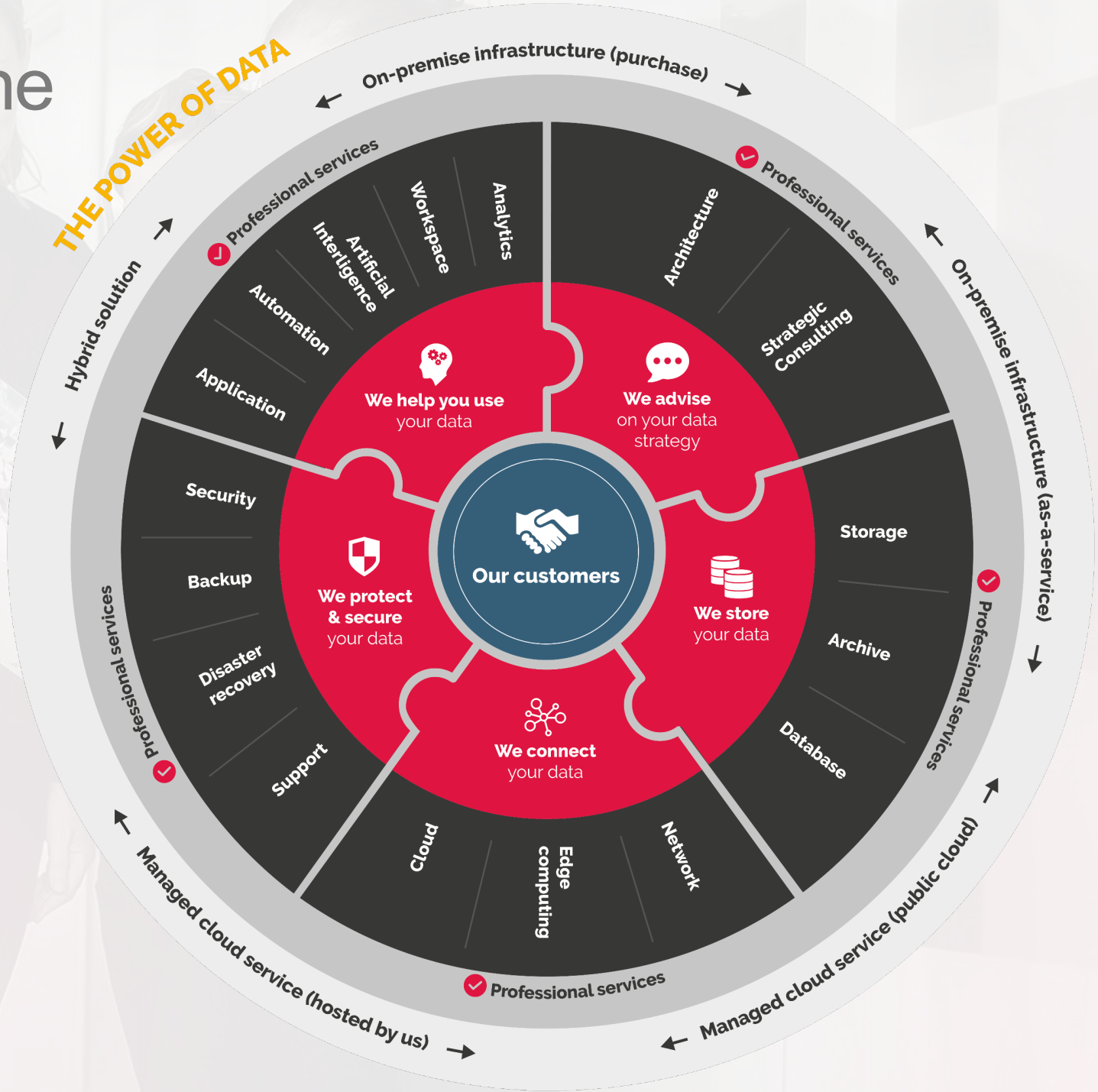

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Numbers for Q1

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Quarter in brief

- \+ Improved EBITA margin to 5.1%
- \+ Improved PBT of 33 (27) MSEK
- \+ Improvements in BU West
- \+ Launched products and services
- \+ Maintained high quality operations
- \+ 58% growth in MCS revenue
- – Revenue decline of -7% to 844 MSEK
- – Covid-19 impact and uncertainties
- – Total contract value of 51 (61) MSEK

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Income Statement Q1 2020

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
-7%	844	-24%	477	+30%	366

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
-1%	42.6	5.1%	-12%	33.4	4.0%

(MSEK)	Jan-Mar 2020	Jan-Mar 2019
System Sales	477.3	628.9
Services	366.0	280.5
Other	0.5	0.3
Revenue	**843.8**	**909.8**
Products and services	-643.2	-712.2
Gross profit *Gross margin*	**200.6** *23.8%*	**197.5** *21.7%*
Sales and marketing	-99.1	-99.7
Administration	-67.4	-61.4
Items affecting comparability	-	-11.1
Operating profit	**34.1**	**25.3**
Financial net	-0.7	1.4
Profit before tax	**33.4**	**26.8**
Margin	*4.0%*	*2.9%*
Tax	-7.6	-5.2
Profit after tax	**25.8**	**21.6**
Net margin	*3.1%*	*2.4%*

	Jan-Mar 2020		Jan-Mar 2019	
EBITDA	82.9	9.8%	62.3	6.8%
EBITA	42.6	5.1%	32.0	3.5%
EBIT	34.1	4.0%	25.3	2.8%

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Income Statement Rolling 12 months

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
-4%	3,342	-12%	2,051	+13%	1,289

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
-18%	165.1	4.9%	-25%	128.7	3.9%

(MSEK)	Apr-Mar 2020	Apr-Mar 2019
System Sales	2,051.4	2,322.3
Services	1,288.5	1,143.4
Other	2.0	3.2
Revenue	**3,341.9**	**3,468.9**
Products and services	-2,550.2	-2,663.6
Gross profit	**791.7**	**805.2**
Gross margin	*23.7%*	*23.2%*
Sales and marketing	-405.3	-407.5
Administration	-251.8	-231.5
Items affecting comparability	-11.3	-11.1
Divestment of subsidiary	-9.1	-
Operating profit	**114.2**	**155.1**
Financial net	-5.8	6.3
Profit before tax	**108.3**	**161.4**
Margin	*3.2%*	*4.7%*
Tax	-23.9	-37.8
Profit after tax	**84.4**	**123.5**
Net margin	*2.5%*	*3.6%*

	Apr-Mar 2020		Apr-Mar 2019	
EBITDA	292.3	8.7%	243.2	7.0%
EBITA	144.7	4.3%	189.9	5.5%
EBIT	114.2	3.4%	155.1	4.5%

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Revenue & EBITA in Q1 per Business Unit

- Positive development in Cloud business with 58% growth to 180 MSEK, organic growth of 20%
- In Nordics revenue decreased by 16%, system sales decreased by 24% and the service revenue increased by 8%
- In UK revenue decreased by 9%, system sales decreased by 20% and cloud service revenue increased by 14%
- In West the revenue increased by 11%, organic a decrease by 16%. System sales decreased by 26% and Service revenue increased by 84%, organic +11%. Strong recovery in EBITA.
- In East service revenue increased by 4%, total revenue down due to decline in system sales
- Adjusted EBITA margin of 5.1 (4.7) %

	2020 January - March			2019 January - March		
(MSEK)	Revenue	EBITA	EBITA-margin	Revenue	EBITA	EBITA-margin
Nordics	368	14.7	4.0%	439	16.4	3.7%
UK	141	9.7	6.9%	156	10.3	6.6%
West	291	16.1	5.5%	262	8.7	3.3%
East	55	4.8	8.7%	62	5.9	9.6%
Proact Finance	24	0.3	1.3%	33	-0.4	Neg.
Other	-35	-3.0		-42	2.1	
Items affecting comparability	-	-		-	-11.1	
Group	**844**	**42.6**	**5.1%**	**910**	**32.0**	**3.5%**

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Cash flow in Q1

- Negative change in working capital -112 (-30) MSEK due to a peak end of year
- Fixed assets; Proact Finance -11 MSEK
- Repayment of Leasing Liabilities; -34 MSEK
- Still strong cash position of 290 MSEK

Liquid Funds December 31, 2019		**373**
Cash-flow from current operations		-30
Current operations	*82*	
Change in working capital	*-112*	
Cash-flow from investment activities		-25
Fixed assets	*-26*	
Other	*+1*	
Cash-flow from financial activities		-34
Changes in bank loans and overdraft facilities	*0*	
Repayments on Leasing Liabilities	*-34*	
Change in liquid funds		-89
Currency translation difference in liquid funds		6
Liquid Funds March 31, 2020		**290**

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Balance sheet

- Solidity of 20%, improved since year end
- Cash position of 290 MSEK
- Unutilized overdrafts of 258 MSEK for daily operations
- Net debt of 247 MSEK including leasing liabilities of 300 MSEK.
- Unutilized three-year revolving credit facility of 113 MSEK after the acquisition of PeopleWare

(MSEK)	2020 Mar 31	2019 Dec 31	2019 Mar 31
Total Assets	2,809	2,877	2,507
whereof Goodwill	*533*	*516*	*405*
whereof Intangible fixed assets	*89*	*93*	*66*
whereof Accounts receivables	*525*	*613*	*582*
Equity	555	526	502
Solidity	20%	18%	20%
Cash and bank deposits	290	373	246
Bank loan, overdraft facilities	-237	-231	-118
Net cash (+) / Net debt (-) excl. leasing liabilities	53	142	128
Leasing liabilities	-300	-302	-247
Net cash (+) / Net debt (-) incl. leasing liabilities	-247	-161	-118
Bank overdraft facilities, unutilized	258	253	242
Bank overdraft facilities, total	258	253	249

FINANCIAL GOALS

Rolling 12 months

SALES GROWTH	
TARGET	OUTCOME
>10%	-4%

3 342 MSEK, incl. PeopleWare from Q4 2019

EBITA MARGIN	
TARGET	OUTCOME*
8%	4.9%

Adjusted for one-time costs

NET DEBT/EBITDA	
TARGET	OUTCOME
<2	0.85

IFRS16 impact of 300 MSEK

ROCE	
TARGET	OUTCOME
>25%	12%

Impacted by IFRS 16 and one-time costs

DIVIDEND	
TARGET	OUTCOME
25-35%	0

0 (4.15) SEK per share

*Adjusted for items affecting comparability

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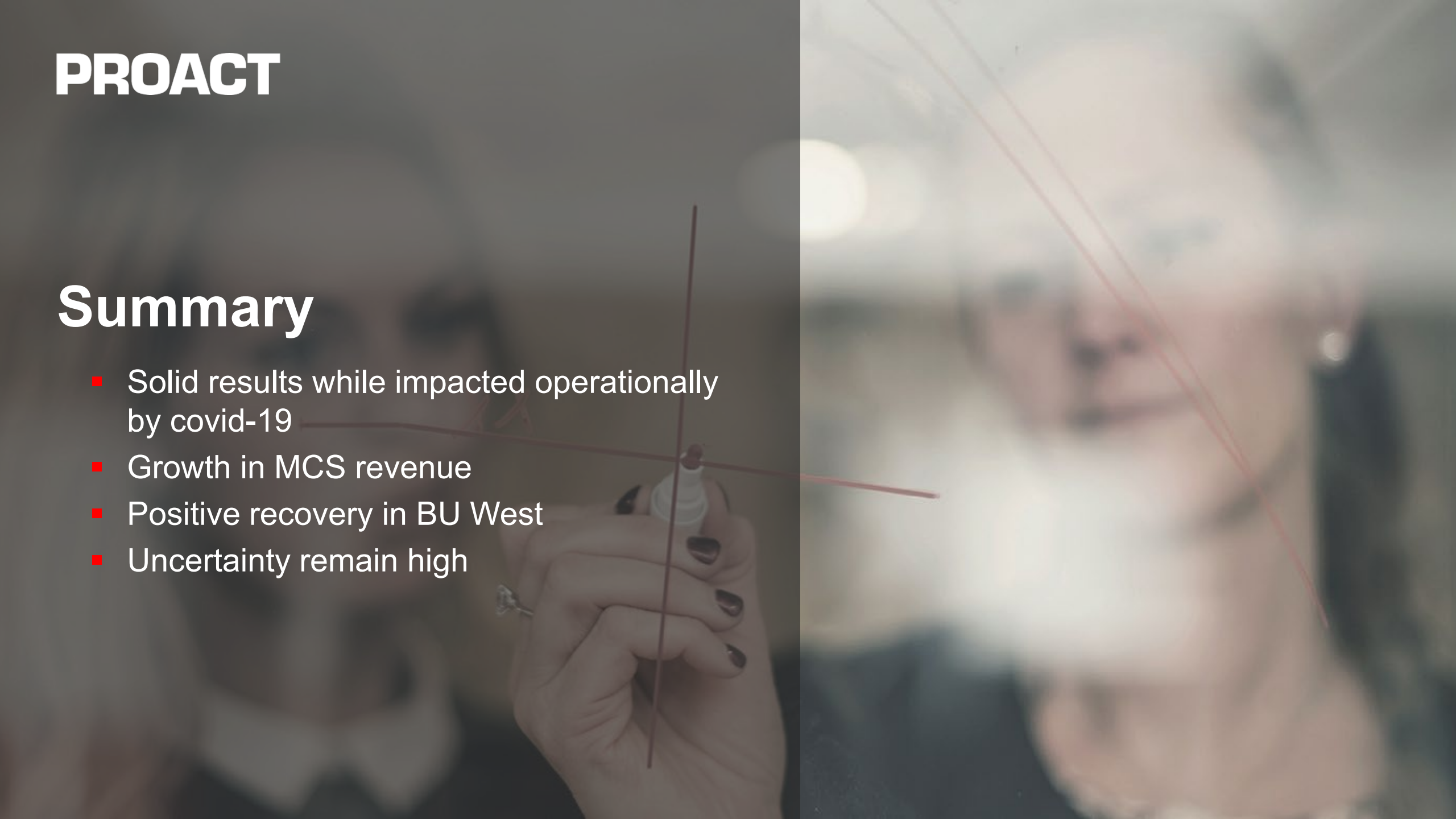
Summary

- Solid results while impacted operationally by covid-19
- Growth in MCS revenue
- Positive recovery in BU West
- Uncertainty remain high