PROACT

Summary Q2 2020
15 July, 2020

www.proact.eu

Jonas Hasselberg

CEO and President

jonas.hasselberg@proact.eu

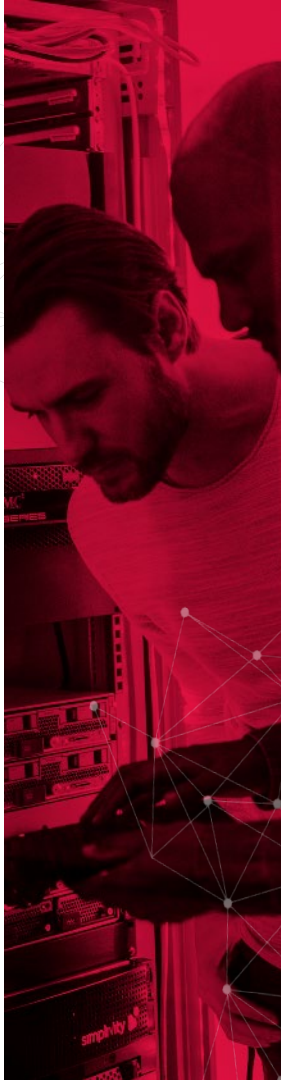
Jonas Persson

CFO

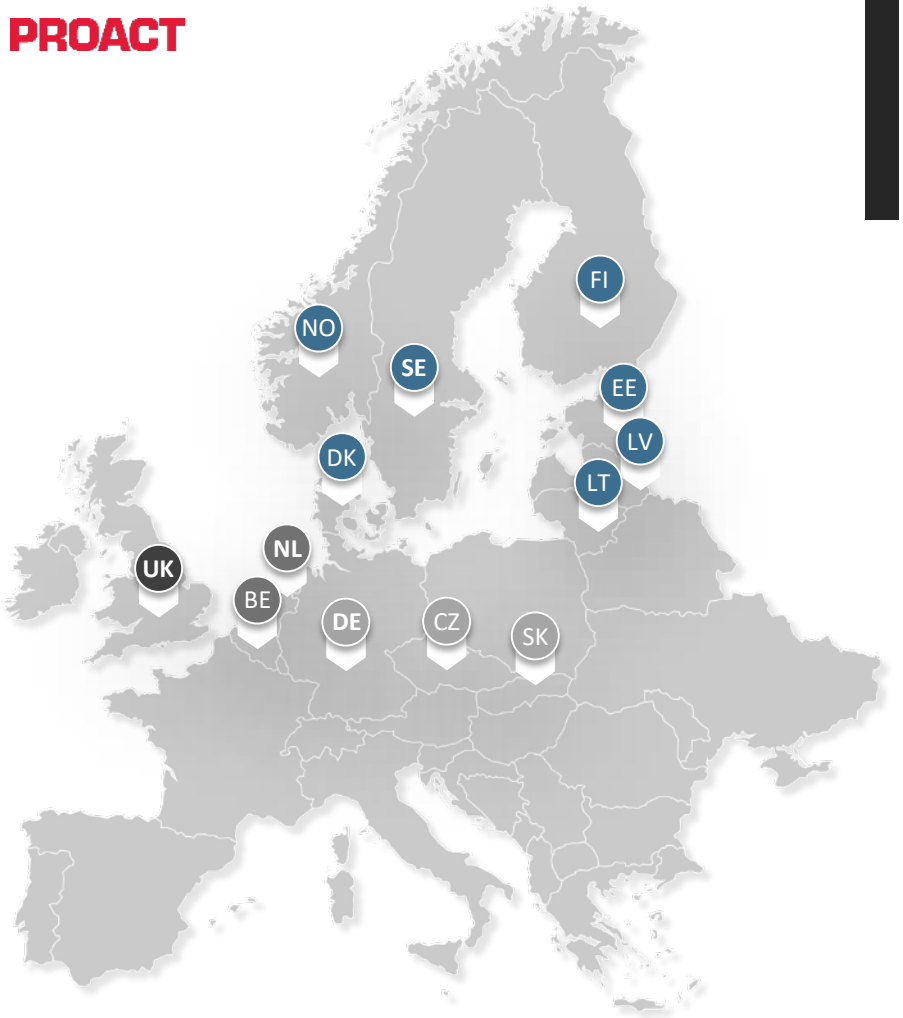
jonas.persson@proact.eu

Agenda

- Proact introduction
- Quarter in brief
- Key developments
- Financial results
- Summary



PROACT



Proact
Introduction

- Founded in 1994
- System and multi-cloud specialist
- 3,500 MSEK turnover
- Over 1,000 employees at 37 offices
- HQ in Stockholm, Sweden
- Four BU’s with service delivery hubs

Quarter in brief – record Q2 for Proact

- \+ Revenue up 22% to 987 MSEK
- \+ EBITA up 53% to 56.3 MSEK
- \+ Improved EBITA margin to 5.7%
- \+ 48% up in Cloud revenue
- \+ 7% organic growth of Services
- \+ Cost savings program of -40 MSEK
- \+ Strong cash flow

- – Total contract value of 77 (96) MSEK
- – Covid-19 uncertainties

Improvements in BU West

PROACT

Q2 & Q3 2019

Challenges in Germany & Netherlands

Improvements and efficiencies initiated

Q4 2019

Sales recovery in Germany

Acquisition of PeopleWare in NL

Q1 2020

Closure of Area North in Germany

Positive contributions from PeopleWare

EBITA margin improvement

Q2 2020

New MDs in Germany and Netherlands

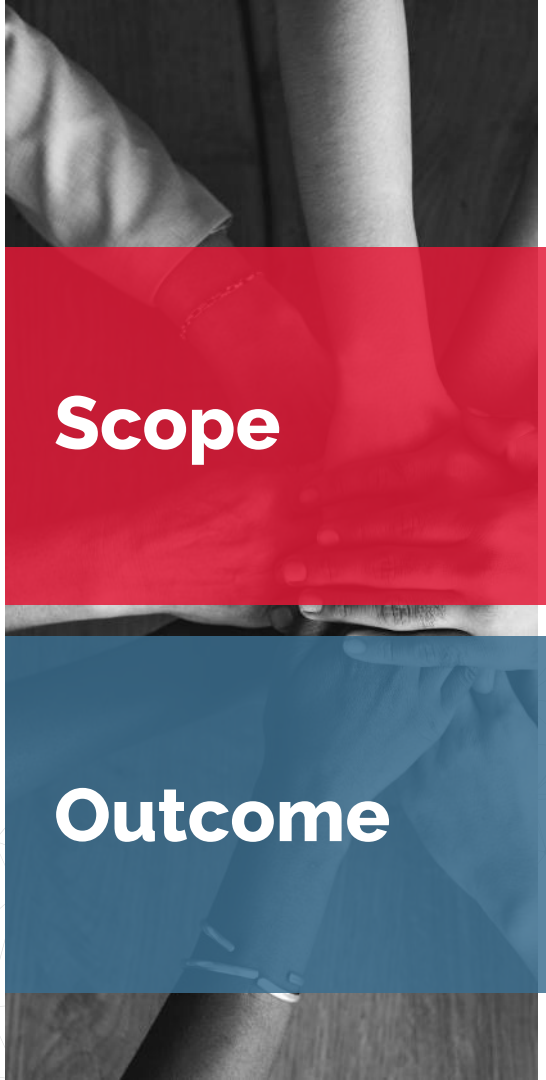
PeopleWare integration

41% revenue growth (10% organic)

Portfolio launches

PROACT

- **New!** Service Management for Public Cloud
- **New!** Wide Area Network as-a-Service
- **New!** BaaS-E support for Multicloud
- **Update!** Proact Hybrid Cloud 2.0



PROACT

FORTNOX

Scope

- Need for scalable and modernised platform
- High security demand from 300.000 end customers
- Need for partner with capabilities to manage, support and secure platform

Outcome

- Scalable and secure solution making use of multicloud
- On-premise IT-infrastructure platform
- Add-on cloud services for backup and DR
- Proact Premium Support and Service Management

Income Statement Q2 2020

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
22%	987	19%	625	28%	362

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
53%	56.3	5.7%	28%	40.1	4.1%

(MSEK)	Apr-Jun 2020	Apr-Jun 2019
System Sales	624.9	523.2
Services	361.5	282.9
Other	0.1	0.4
Revenue	**986.6**	**806.4**
Products and services	-772.1	-620.8
Gross profit	**214.5**	**185.6**
Gross margin	*21.7%*	*23.0%*
Sales and marketing	-93.8	-96.5
Administration	-72.8	-59.1
Divestment of subsidiary	-	-9.1
Operating profit	**48.0**	**21.0**
Financial net	-7.9	1.3
Profit before tax	**40.1**	**22.3**
Margin	*4.1%*	*2.8%*
Tax	-8.8	-9.4
Profit after tax	**31.3**	**12.8**
Net margin	*3.2%*	*1.6%*

	Apr-Jun 2020		Apr-Jun 2019	
EBITDA	96.1	9.7%	60.4	7.5%
EBITA	56.3	5.7%	27.7	3.4%
EBIT	48.0	4.9%	21.0	2.6%

Income Statement YTD 2020

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
7%	1,830	-4%	1,102	29%	728

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
24%	98.9	5.4%	6%	73.5	4.0%

(MSEK)	Jan-Jun 2020	Jan-Jun 2019
System Sales	1,102.2	1,152.1
Services	727.5	563.4
Other	0.7	0.7
Revenue	**1,830.3**	**1,716.2**
Products and services	-1,415.2	-1,333.0
Gross profit	**415.1**	**383.2**
Gross margin	*22.7%*	*22.3%*
Sales and marketing	-192.8	-196.2
Administration	-140.2	-120.5
Items affecting comparability	-	-11.1
Divestment of subsidiary	-	-9.1
Operating profit	**82.1**	**46.3**
Financial net	-8.6	2.7
Profit before tax	**73.5**	**49.0**
Margin	*4.0%*	*2.9%*
Tax	-16.4	-14.6
Profit after tax	**57.1**	**34.4**
Net margin	*3.1%*	*2.0%*

	Jan-Jun 2020		Jan-Jun 2019	
EBITDA	179.0	9.8%	122.7	7.1%
EBITA	98.9	5.4%	59.7	3.5%
EBIT	82.1	4.5%	46.3	2.7%

Income Statement Rolling 12 Months

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
3%	3,522	-5%	2,153	20%	1,367

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
1%	184.7	5.2%	-12%	137.4	3.9%

(MSEK)	Jul-Jun 2020	Jul-Jun 2019
System Sales	2,153.1	2,270.5
Services	1,367.2	1,135.6
Other	1.7	1.6
Revenue	**3,522.0**	**3,407.7**
Products and services	-2,701.4	-2,626.3
Gross profit	**820.6**	**781.4**
Gross margin	*23.3%*	*22.9%*
Sales and marketing	-402.6	-398.5
Administration	-265.4	-233.4
Items affecting comparability	-11.3	-11.1
Divestement of subsidiary	-	-9.1
Operating profit	**141.2**	**129.3**
Financial net	-15.1	7.5
Profit before tax	**126.1**	**136.8**
Margin	*3.6%*	*4.0%*
Tax	-23.3	-35.6
Profit after tax	**102.9**	**101.2**
Net margin	*2.9%*	*3.0%*

	Jul-Jun 2020		Jul-Jun 2019	
EBITDA	328.0	9.3%	241.4	7.1%
EBITA	173.4	4.9%	162.7	4.8%
EBIT	141.2	4.0%	129.3	3.8%

Revenue & EBITA in Q2 per Business Unit

- Revenue growth in Nordics of 24%. System revenue increased by 31% during the quarter and Services revenue by 5%.
- In UK revenues decreased by 5%, however revenue from cloud services increased by 4%. Lower costs of 11%.
- In West have improved revenue mix. Effects of implemented improvement measures improved the EBITA margin. Increased costs of 9%.
- In East revenues increased by 9%. The EBITA margin was negatively impacted on a slightly lower profitability within system business.
- EBITA includes cost for cost-savings measures, including staff reduction of approx. 5 MSEK
- Adjusted EBITA margin improved from 4.7% to 5.7%

	2020 April - June			2019 April – June		
(MSEK)	Revenue	EBITA	Net margin	Revenue	EBITA	Net margin
Nordics	511	41.1	8.0%	414	19.2	4.6%
UK	127	8.5	6.7%	133	9.6	7.2%
West	306	14.0	4.6%	217	1.6	0.7%
East	47	3.4	7.2%	43	3.3	7.7%
Proact Finance	34	-2.3	Neg.	28	0.0	0%
Other	-39	-8.4		-30	3.0	
Items affecting comparability	-	-		-	-9.1	
Group	**987**	**56.3**	**5.7%**	**806**	**27.7**	**3.4%**

Revenue & EBITA YTD per Business Unit

- Revenue growth in Nordics of 3%. Improved profitability in both system and service operation and 3% lower cost.
- In UK revenues in total decreased by 7%. Revenue from cloud services increased by 9%. Retained EBITA margin due to lower cost of 7%.
- West have improved revenue mix. Effects of implemented improvement measures and good cost control improved the EBITA margin.
- In East revenues in total decreased by 3%. Revenue from services increased by 4 %.
- EBITA includes cost for cost-savings measures, including staff reduction of approx. 5 MSEK
- Adjusted EBITA margin improved from 4.7% to 5.4%

	2020 January - June			2019 January – June		
(MSEK)	Revenue	EBITA	Net margin	Revenue	EBITA	Net margin
Nordics	879	55.9	6.4%	853	35.6	4.2%
UK	268	18.2	6.8%	289	19.9	6.9%
West	597	30.1	5.0%	480	10.2	2.1%
East	102	8.3	8.1%	105	9.3	8.9%
Proact Finance	57	-2.0	Neg.	60	-0.3	Neg.
Other	-73	-11.5		-71	5.2	
Items affecting comparability	-	-		-	-20.2	
Group	**1,830**	**98.9**	**5.4%**	**1,716**	**59.7**	**3.5%**

Cash flow in Q2

- Positive change in working capital after a weak Q1
- Fixed assets; Proact Finance -17 MSEK
- Repayment of Leasing Liabilities; -36 MSEK
- No change in bank loans/overdraft facilities
- Strong cash position of 389 MSEK – all time high!

Liquid Funds March 31, 2020		**290**
Cash-flow from current operations		179
Current operations	*93*	
Change in working capital	*86*	
Cash-flow from investment activities		-21
Fixed assets	*-22*	
Divestment of subsidiary	*-*	
Other	*1*	
Cash-flow from financial activities		-40
Repayments on Leasing Liabilities	*-36*	
Changes in bank loans and overdraft facilities	*1*	
Other	*-5*	
Change in liquid funds		118
Currency translation difference in liquid funds		-19
Liquid Funds June 30, 2020		**389**

Cash flow January-June 2020

- Negative change in working capital -25 MSEK but still +72 MSEK on 12 months rolling
- Fixed assets; Proact Finance -28 MSEK
- Repayment of Leasing Liabilities; -70 MSEK
- No change in bank loans/overdraft facilities
- Strong cash position of 389 MSEK – all time high!

Liquid Funds December 31, 2019		**373**
Cash-flow from current operations		149
Current operations	*174*	
Change in working capital	*-25*	
Cash-flow from investment activities		-46
Fixed assets	*-48*	
Other	*2*	
Cash-flow from financial activities		-74
Repayments on Leasing Liabilities	*-70*	
Changes in bank loans and overdraft facilities	*0*	
Other	*-4*	
Change in liquid funds		29
Currency translation difference in liquid funds		-13
Liquid Funds June 30, 2020		**389**

Balance sheet

- Solidity of 20%
- Cash position of 389 MSEK
- Net debt of 108 MSEK, improved since end of Dec 2019
- Unutilized overdrafts of 245 MSEK for daily operations
- Unutilized three-year revolving credit facility of 120 MSEK

(MSEK)	2020 Jun 30	2019 Dec 31	2019 Jun 30
Total Assets	2,888	2,877	2,321
whereof Goodwill	*507*	*516*	*404*
whereof Intangible fixed assets	*77*	*93*	*60*
whereof Accounts receivables	*582*	*613*	*411*
Equity	568	526	481
Solidity	20%	18%	21%
Cash and bank deposits	389	373	219
Bank loan, overdraft facilities	-230	-231	-116
Net cash (+) / Net debt (-) excl. leasing liabilities	159	142	103
Leasing liabilities	-266	-302	-258
Net cash (+) / Net debt (-) incl. leasing liabilities	-108	-161	-155
Bank overdraft facilities, unutilized	245	253	242
Bank overdraft facilities, total	245	253	248

FINANCIAL GOALS

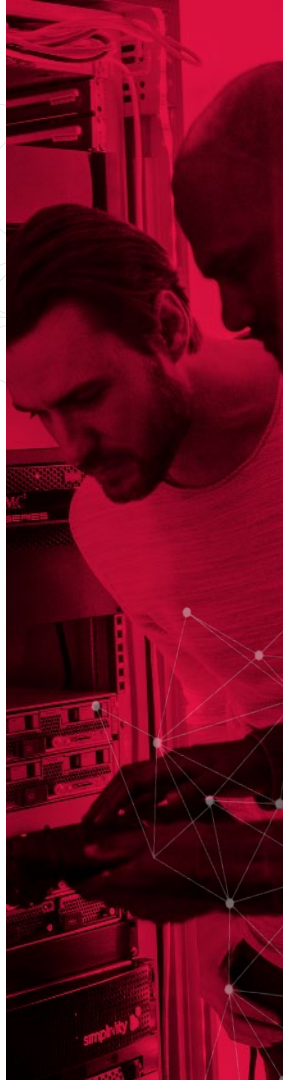
Rolling 12 months

	TARGET	OUTCOME	
SALES GROWTH	>10%	3%	3,522 MSEK
EBITA MARGIN	8%	OUTCOME* 5.2%	Adjusted for one-time costs
NET DEBT/EBITDA	<2	0.33	IFRS16 impact of 266 MSEK
ROCE	>25%	15.1%	Impacted by IFRS 16 and one-time costs
DIVIDEND	25-35%	0	0 (4.15) SEK per share

*Adjusted for items affecting comparability

Summary

- Record sales, results and cashflow in a Q2
- Strong services growth
- Demand for mission-critical data solutions



PROACT
Thank you
www.proact.eu