PROACT

Summary Q3 2020
23 October, 2020

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PROACT

Agenda

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

Jonas Hasselberg
CEO and President

Linda Höljö
CFO

Who is **Proact**

1994 Almost 3 decades of pushing the limits of technology while delivering business agility

3,500 Medium and large enterprise customers across Europe

350 Million euro turnover with stable finances. Listed on Nasdaq Stockholm since 1999

1,000 Employees with industry-leading skills & expertise across our business

The long-term CIO agenda

- Generate business value and enable innovation
- Increase flexibility, speed and availability
- Integrate a true multicloud environment
- Ensure cost-efficiency
- Drive technical harmonisation & modernisation
- Ensure data security and compliance

The CIO agenda during Corona pandemic

New strains on IT due to remote working

Need for accelerated digitalisation

New security threats

Enabling modern workspace

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Meeting our **customers needs**

Data management specialist helping our customers **store**, **connect**, **protect**, **secure** and enable them to **drive value** through data

Quarter in brief – best ever Q3 for Proact

- \+ Revenue up 17% to 821 (701) MSEK
- \+ Adj EBITA up 46% to 54 (37) MSEK
- \+ Improved EBITA margin to 6.6% (5.3%)
- \+ 43% up in Cloud revenue
- \+ 22% growth of Services
- \+ Proposed dividend of 2.50 SEK / share

- – Total contract value of 61 (87) MSEK
- – Covid-19 uncertainties

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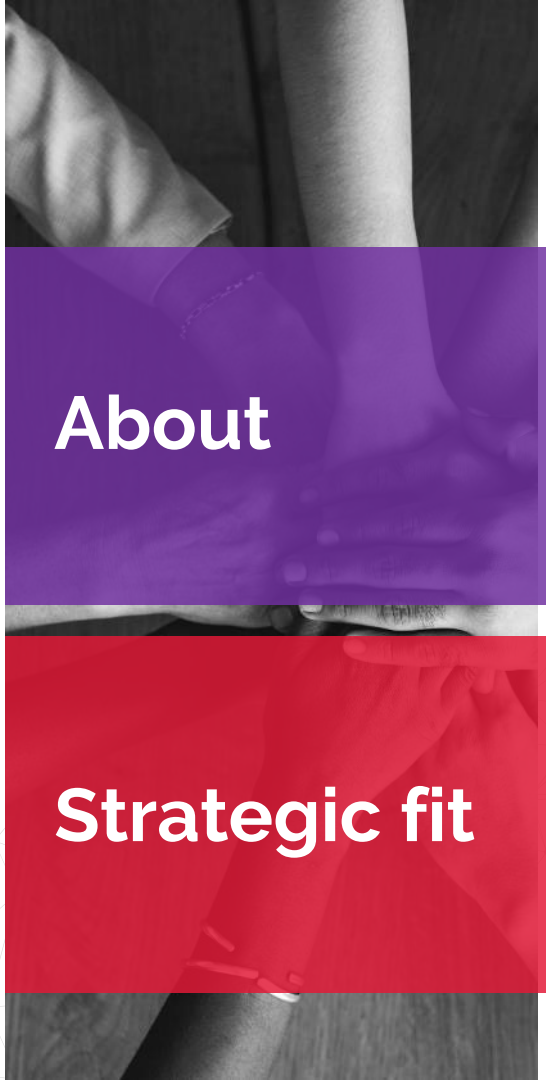
Key developments in Q3

- Reinforced our **market position** and new website
- Continued **customer expansion** including NHS Blood & Transplant
- Improved **portfolio & capabilities** including Elite partner with Nvidia on AI virtualisation
- Improving **customer experience** including implementation of ServiceNow
- Positive effects of **cost-efficiency** program
- Successful execution on **M&A** agenda



cetus solutions

PROACT

Acquisition of Cetus Solutions Ltd.

About

- Founded in 2001
- 50 employees in Manchester and London
- Strong capabilities in cloud and modern workspace
- Strong partnership with Citrix, Microsoft, VMware, NetApp and Dell Technologies

Strategic fit

- Strong within medium and enterprise segment
- Similar values and business cultures
- Complementary portfolio & competences & skills
- Cloud and workspace product and service offerings
- Strengthen our presence in UK with high cross-selling potential
- Positive revenue and EBITA margin contribution

Financials

cetus solutions

PROACT

Acquisition of Cetus Solutions Ltd.

- Purchase price: 7.7 MGBP cash-free, debt-free
- Yearly revenue: 13 MGBP
- Multiple: 8x EBITA (FY2020)
- EBITA margin: ~7%

Financial **development**

Income Statement – Highlights Q3 2020

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
17%	821	14%	473	22%	348

Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
46%	54.1	6.6%	45%	43.4	5.3%

Revenue development

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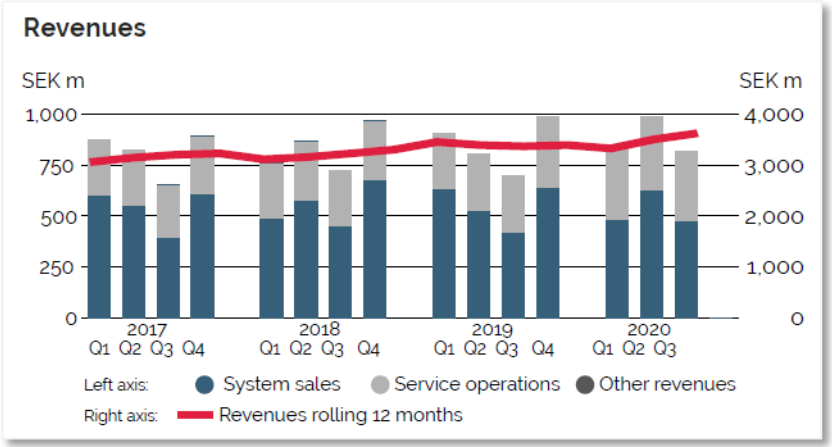
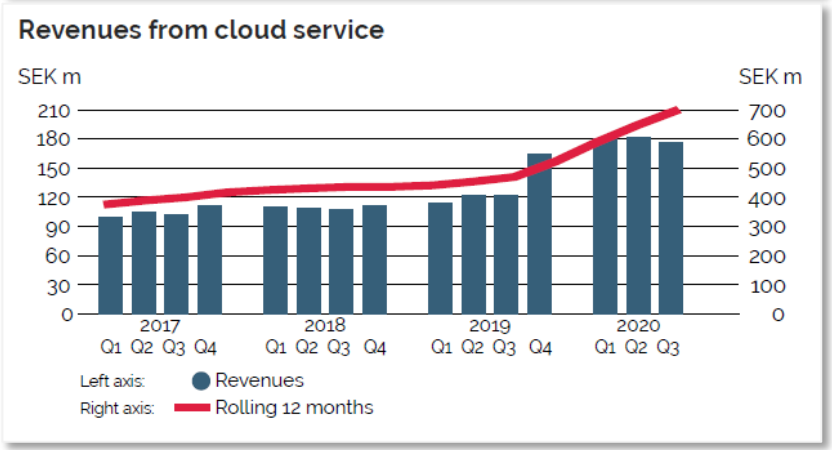
Key developments in the third quarter

- Revenue growth 17%
  - 7% organically
  - R12 months growth of 8% (25% in services)
- Services growth 22%
  - 1% organically
  - Key driver: Peopleware acquisition
- Systems growth 14%
  - 11% organically
  - Strong growth in UK
- Cloud revenue growth of 43%
  - 10% organically
- New cloud contracts of 61 MSEK (87)
  - Impact from covid-19





Profitability development

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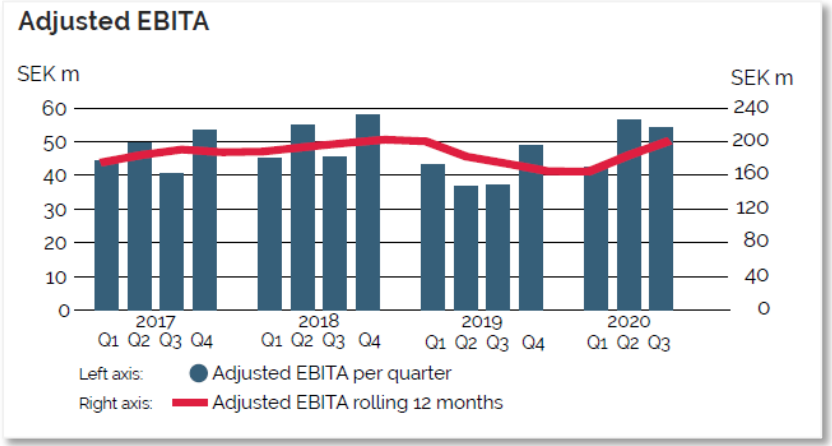
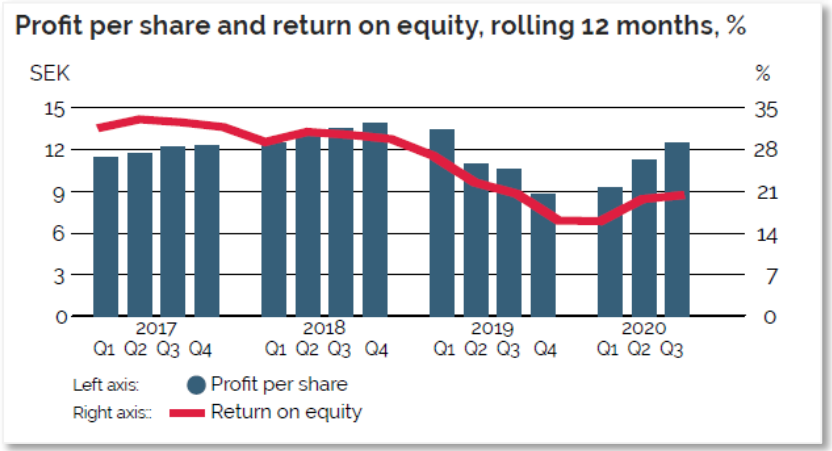
Key developments in the third quarter

- Adjusted EBITA of 54.1 MSEK (36.9)
  - Margin of 6.6% (5.3%)
  - Growth of 46%
- Gross margin declining from
  - Dilution from Peopleware
  - Some larger systems deals with lower gross margins
- SG&A costs reducing by 12% for comparable units
  - Cost savings program
  - Limited travel and sales related costs due to covid-19
- EPS improving
  - Improved EBITA
  - More negative financial net than Q3 2019, but improved from Q2 2020





BU Nordics

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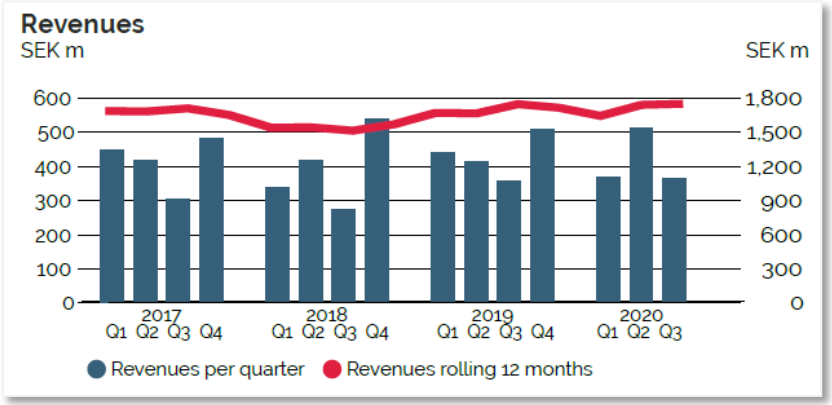
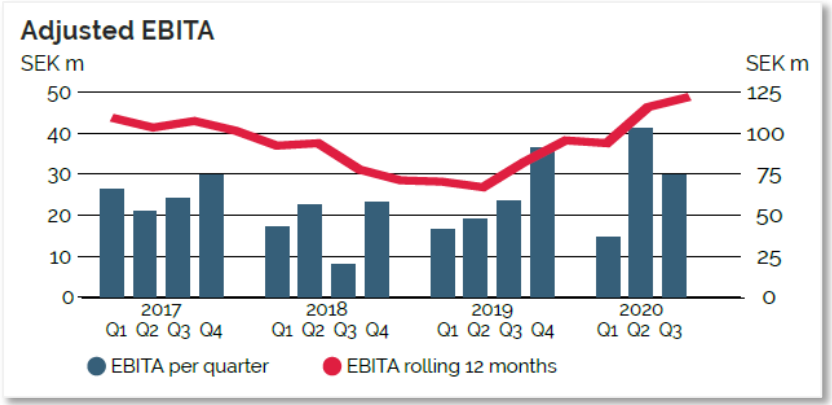
Key developments in the third quarter

- Revenue growth 2%
  - Systems 2%
  - Services 3%
  - Sweden main growth driver

- EBITA margin increasing to 8.1% (6.6%)
  - EBITA of SEK 29.7 (23.5) million
  - Reduced SG&A costs of 8%





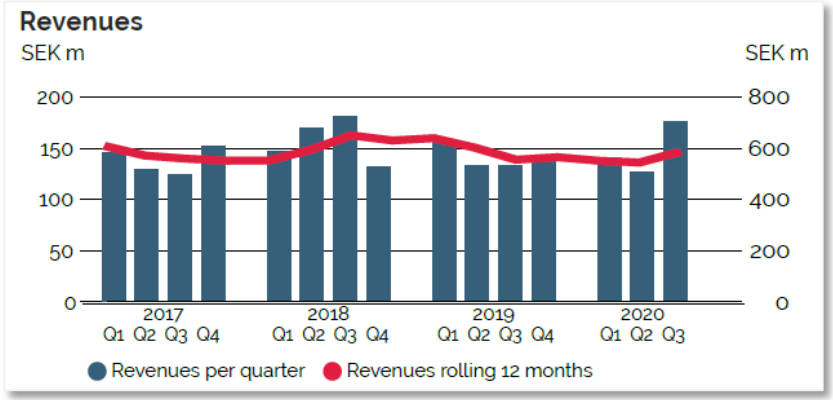
BU UK

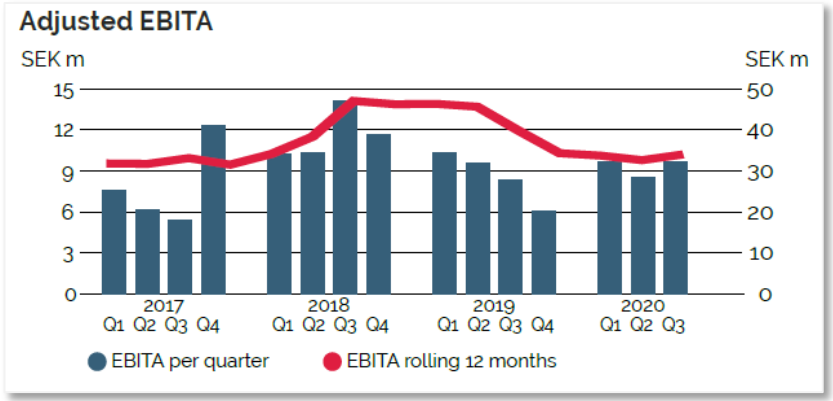
PROACT

Key developments in the third quarter

- Revenue growth 32%
  - Systems 91%
  - Services -11%
  - NHS Blood and Transplant deal contributing to high systems growth

- EBITA margin decreasing to 5.5% (6.2%)
  - EBITA of SEK 9.7 (8.3) million
  - Reduced SG&A costs of 6%





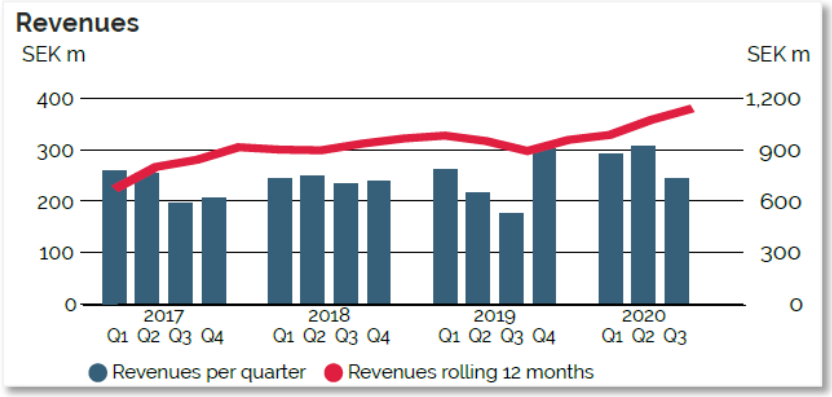
BU West

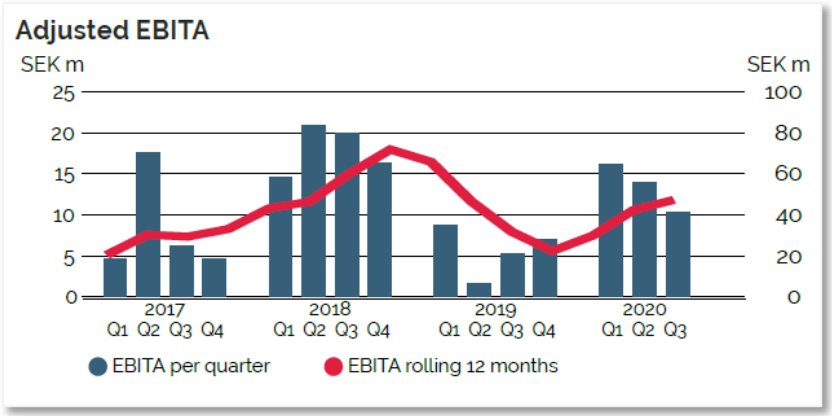
PROACT

Key developments in the third quarter

- Revenue growth 38%
  - Organic growth -4%
  - Systems -1%
  - Services 80%
  - Covid-19 impacting organic growth

- EBITA margin increasing to 4.2% (2.9%)
  - EBITA of SEK 10.3 (5.2) million
  - Reduced SG&A costs of 11% for comparable units
  - Previously implemented improvement measures giving effects





BU East

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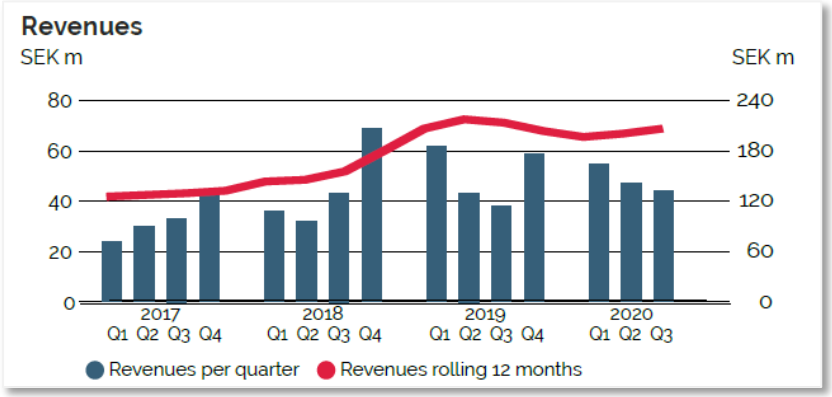
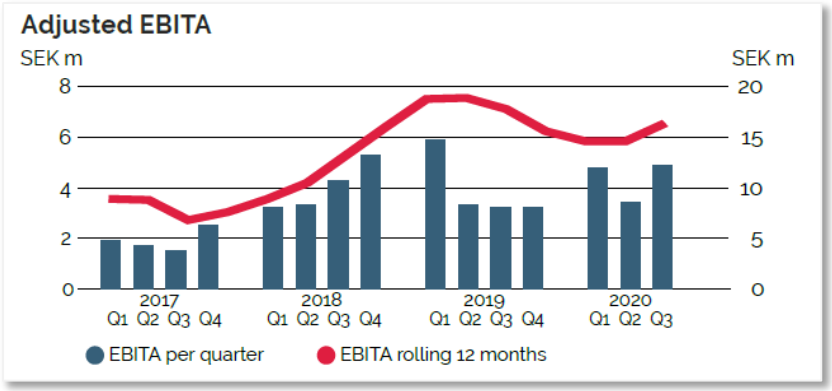
Key developments in the third quarter

- Revenue growth 16%
  - Systems 28%
  - Services 1%

- EBITA margin increasing to 11.1% (8.4%)
  - EBITA of SEK 4.9 (3.2) million
  - Reduced SG&A costs of 9%





Cash flow in Q3

- Positive cash-flow from current operations
- Negative change in working capital after a very strong Q2
- Fixed assets; Proact Finance -8 MSEK
- Repayment of Leasing Liabilities; -30 MSEK
- Strong cash position of 396 MSEK

Liquid Funds June 30, 2020		**389**
Cash-flow from current operations		54
Current operations	*97*	
Change in working capital	*-43*	
Cash-flow from investment activities		-16
Fixed assets	*-14*	
Acquisition of subsidiary	*-3*	
Other	*1*	
Cash-flow from financial activities		-31
Repayments on Leasing Liabilities	*-30*	
Changes in bank loans and overdraft facilities	*-1*	
Other	*-*	
Change in liquid funds		7
Currency translation difference in liquid funds		-
Liquid Funds September 30, 2020		**396**

Cash flow January-September 2020

- Negative change in working capital -69 MSEK; +59 MSEK on 12 months rolling
- Fixed assets; Proact Finance -36 MSEK
- Repayment of Leasing Liabilities; -100 MSEK
- Strong cash position of 396 MSEK

Liquid Funds December 31, 2019		**373**
Cash-flow from current operations		202
Current operations	*271*	
Change in working capital	*-69*	
Cash-flow from investment activities		-62
Fixed assets	*-62*	
Acquisition of subsidiary	*-3*	
Other	*3*	
Cash-flow from financial activities		-105
Repayments on Leasing Liabilities	*-100*	
Changes in bank loans and overdraft facilities	*-1*	
Other	*-4*	
Change in liquid funds		35
Currency translation difference in liquid funds		-12
Liquid Funds September 30, 2020		**396**

Balance sheet

- Equity ratio of 22%
- Cash position of 396 MSEK
- Net debt of 92 MSEK, improved since end of Dec 2019
- Unutilized overdrafts of 250 MSEK for daily operations
- Unutilized three-year revolving credit facility of 120 MSEK

(MSEK)	2020 Sep 30	2019 Dec 31	2019 Sep 30
Total Assets	2,788	2,877	2,251
whereof Goodwill	*511*	*516*	*410*
whereof Intangible fixed assets	*71*	*93*	*55*
whereof Accounts receivables	*502*	*613*	*351*
Equity	605	526	510
Equity ratio	*22%*	*18%*	*23%*
Cash and bank deposits	396	373	217
Bank loan, overdraft facilities	-230	-231	-111
Net cash (+) / Net debt (-) excl. leasing liabilities	166	142	99
Leasing liabilities	-259	-303	-262
Net cash (+) / Net debt (-) incl. leasing liabilities	-92	-161	-163
Bank overdraft facilities, unutilized	250	253	249
Bank overdraft facilities, total	250	253	255

FINANCIAL GOALS

Rolling 12 months

SALES GROWTH

TARGET	OUTCOME	
>10%	8%	3,642 MSEK

EBITA MARGIN

TARGET	OUTCOME*	
8%	5.5%	Adjusted for one-time costs

NET DEBT/EBITDA

TARGET	OUTCOME	
<2	0.27	IFRS16 impacting negatively

ROCE

TARGET	OUTCOME	
>25%	16.1%	Impacted by IFRS 16 and acquisitions

DIVIDEND

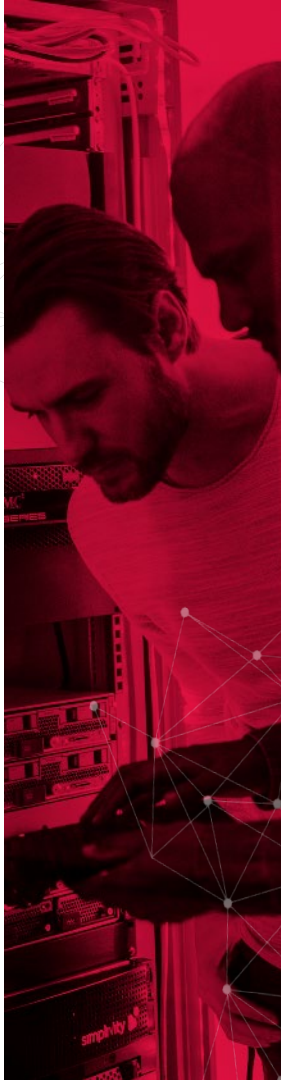
TARGET	OUTCOME**	
25-35%	29%	2.50 (4.15) SEK per share

*Adjusted for items affecting comparability

** Proposed to shareholders for decision at EGM on November 5th

Summary

- Record sales and results in a Q3
- Successful acquisition of Cetus Solutions Ltd.
- Continued demand for data-driven digital transformation and mission-critical solutions
- Development of pandemic remains uncertain



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Thank you
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