PROACT

Summary Q1 2021
April 22, 2021

Jonas Hasselberg

CEO and President

jonas.hasselberg@proact.eu

Linda Höljö

CFO

linda.holjo@proact.eu

www.proact.eu

PROACT

Agenda

- Proact introduction
- Proact's market
- Key developments
- Financial results
- Summary

Jonas Hasselberg
CEO and President

Linda Höljö
CFO

Who is **Proact**

1994 Almost 3 decades of helping customers drive business value and growth – through IT

4,000 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

PROACT

Specialist in IT Infrastructure for managing Data and Information

We advise on your data strategy

We store your data

We connect your data

We protect & secure your data

We help you drive value through your data

CONSULTING

MANAGED SERVICES

HARDWARE & SOFTWARE

TECHNICAL SUPPORT

PROACT

Businesses across all industries are in "state of transformation".
Data is the key to this transformation.

Long-term CIO Agenda

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

Corona impact on CIO Agenda

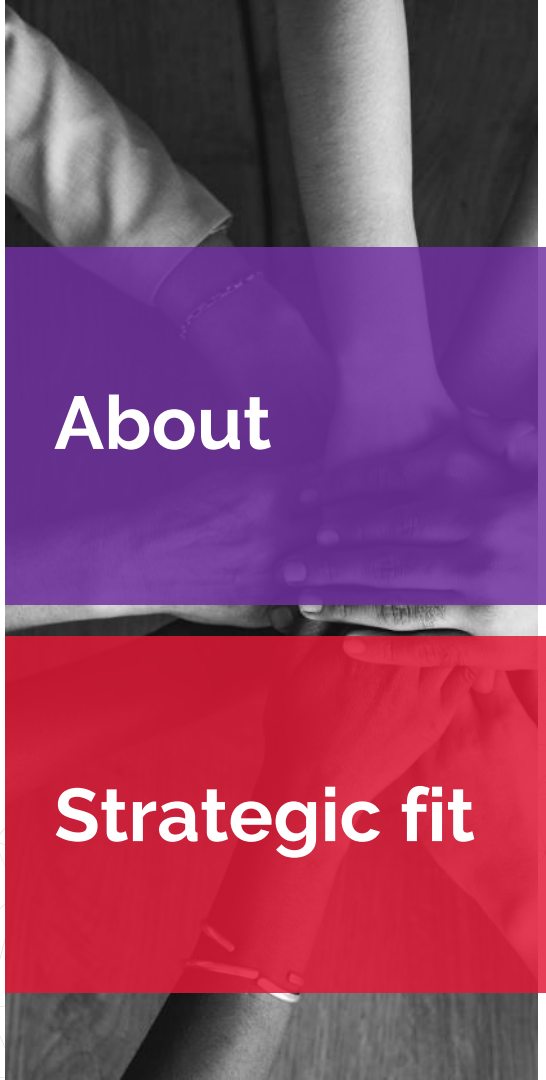
- Need for accelerated digitalisation
- New security threats
- New strains on IT due to remote working
- Enabling modern workspace

Sources:
IDC, Gartner, Radar Group Proact customer survey

Quarter in brief

- \+ Revenue up 6% to 894 (844) MSEK
- \+ Total contract value of 78 (51) MSEK
- \+ 12% up in System Revenue
- \+ Dividend of 4.50 SEK and 3:1 split
- \+ Acquisition of Conoa in Stockholm

- – EBITA margin declined to 4.7% (5.1%)
- – 2% down in Services revenue
- – Covid-19 uncertainties



Acquisition of Conoa AB

PROACT

About

- Founded in 2012
- 30 employees in Stockholm, Sweden
- Fast revenue growth over past 5+ years
- Strong capabilities in cloud-native development platforms
- Strong partnership with Mirantis, Red Hat, Rancher etc

Strategic fit

- Strong within enterprise segment
- Similar values and business cultures
- Complementary portfolio & competences & skills
- Cloud-native and modern development platform expertise
- Broaden offerings and expertise to combined customer base
- Synergies in cloud services and geographical expansion
- Positive revenue and EBITA margin contribution

Financials

Acquisition of Conoa AB

- Purchase price: 105 MSEK cash-free, debt-free
- Multiple: 10.5x EBITA
- Yearly revenue: 80 MSEK
- EBITA margin: >12%

PROACT

Accelerated strategy by acquisitions

IT Service provider
People Ware
Powered by dedication

October 2019
- Acquisition of **Peopleware** in the Amsterdam
- 28 MEUR yearly revenue contribution
- Experts in cloud-based workspace solutions

cetus

October 2020
- Acquisition of **Cetus Solutions** in Manchester
- 13 MGBP yearly revenue contribution
- Experts in hybrid cloud solutions

conoa

April 2021
- Acquisition of **Conoa** in Stockholm
- 80 MSEK yearly revenue contribution
- Experts in cloud-native development platforms

Key developments in Q1

- **Customers rated Proact as top provider** of consulting and infrastructure services in Radar's yearly satisfaction survey
- Partnership with **LogicMonitor** improving quality and expanding cloud services opportunities
- Launch of updated **disaster recovery solution** for multicloud environments
- Proact qualifies as a provider of IT services for **European research and education** community

Financial **development**

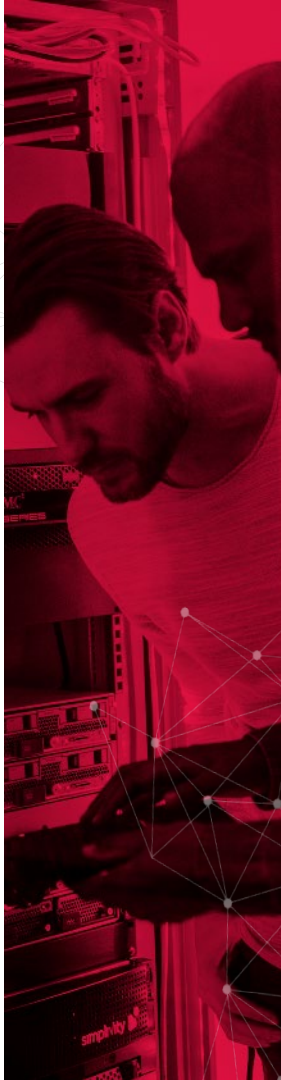
News in quarterly reporting

Reporting in new Business Unit structure:

- Nordics & Baltics: Estonia, Finland, Latvia, Lithuania, Norway, **Sweden** & USA
- UK: **United Kingdom**
- West: Belgium, **Netherlands** & Spain
- Central: Czech Republic & **Germany**

Increased granularity in reported Services revenues

- Support services
- Cloud services
- Consulting services



Income Statement – Highlights Q1 2021

TOTAL REVENUE		SYSTEM SALES		SERVICES SALES	
GROWTH	MSEK	GROWTH	MSEK	GROWTH	MSEK
6%	894	12%	535	-2%	358

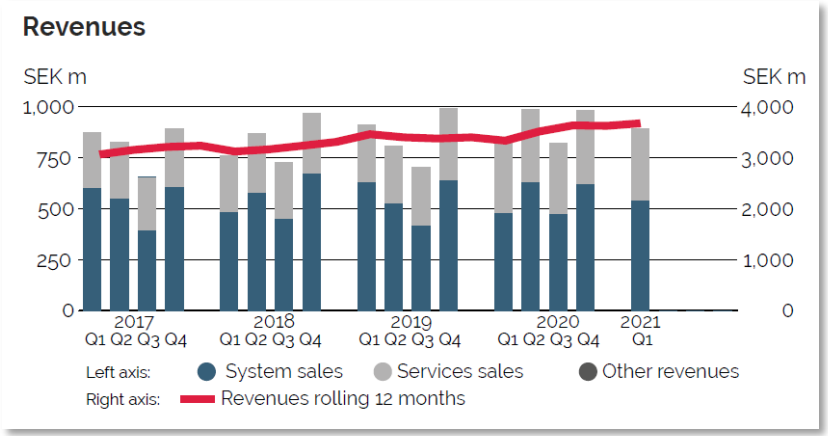
Adj. EBITA			Adj. PROFIT BEFORE TAX		
GROWTH	MSEK	%	GROWTH	MSEK	%
-2%	41.6	4.7%	-8%	30.8	3.5%

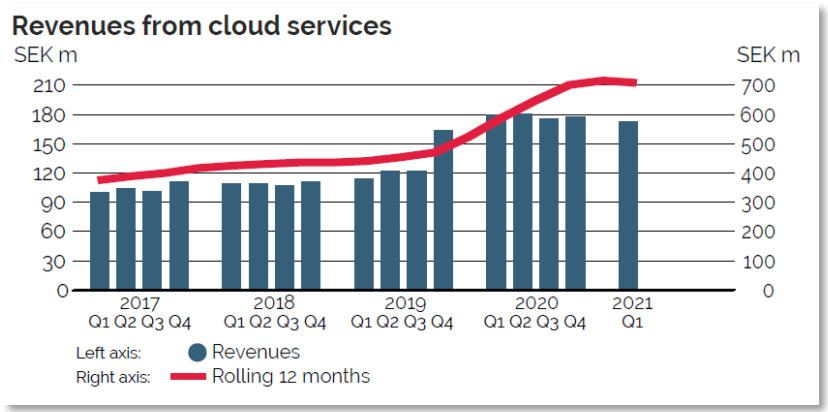
Revenue development

PROACT

Key developments in the first quarter

- Revenue growth 6%
  - 6% organically
  - Acquisitions contributing +4% and currency effects by -4%
  - R12 months growth of 10% (11% in services, 10% in systems)
- Services decline of 2%
  - Organically unchanged
  - Support services growth of 3%
  - Consulting services decline of 5% related to lower systems revenues in certain countries
  - Cloud revenue decline of 4% (1 % organic growth) as a result of lower TCV in early 2020
- Systems growth 12%
  - 10% organically
  - Strong growth in UK and Nordics & Baltics
- New cloud contracts of 78 MSEK (51)



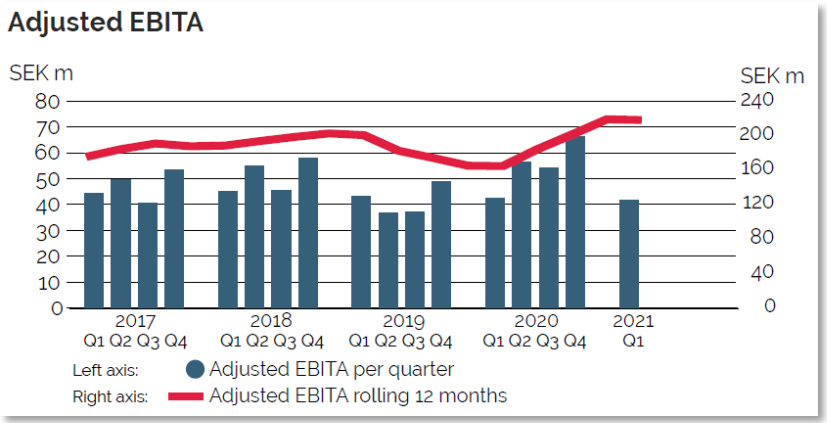


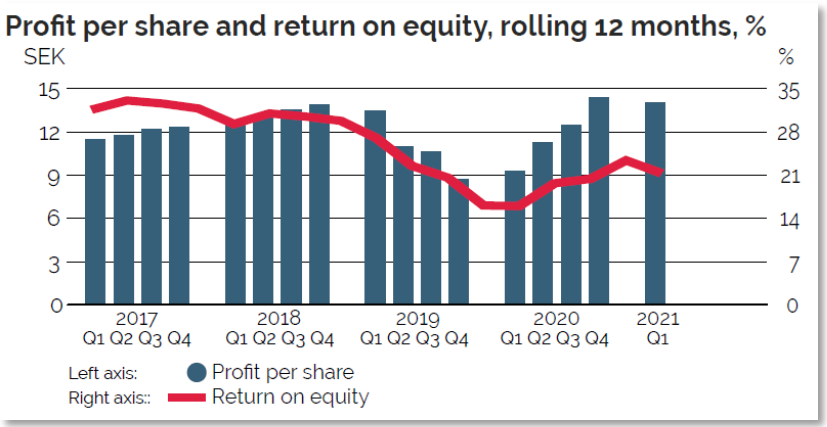
Profitability development

PROACT

Key developments in the first quarter

- Adjusted EBITA of 41.6 MSEK (42.6)
  - Decline by 2%
  - Margin of 4.7% (5.1%)
- Gross margin declining primarily in Services
  - Mix shifts and increased complexity due to customers working from home
  - BU West primarily, with action program initiated
- SG&A costs reducing by 4% for comparable units
  - Cost savings program
  - Limited travel and sales related costs due to covid-19
- EPS declining
  - Flat EBIT
  - Higher financial net Q1 2021 than Q1 2020, primarily due to positive FX effects last year

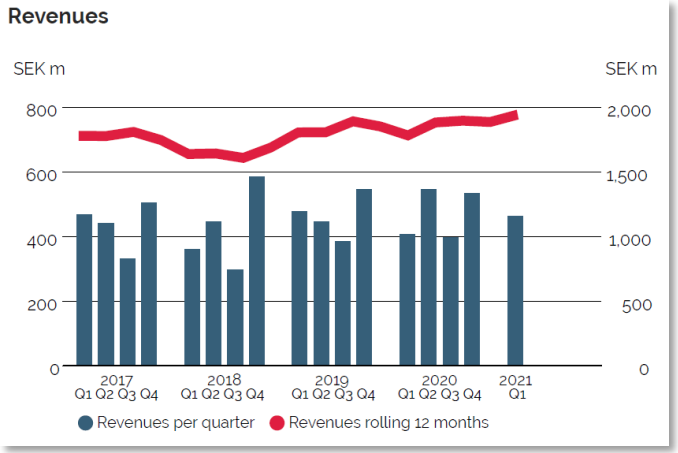


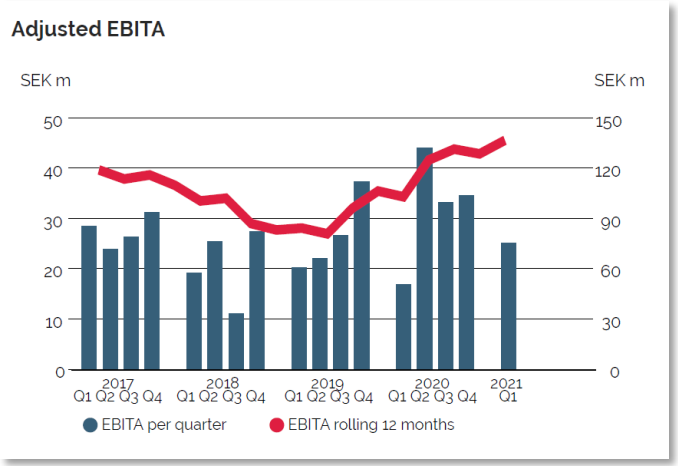


BU Nordics & Baltics

Key developments in the first quarter

- Revenue growth 14%
  - Systems 21%
  - Services -1%, with decline in consulting revenue offset by growth in support and cloud services revenues
  - Sweden main growth driver
- EBITA margin increasing to 5.4% (4.1%)
  - EBITA of SEK 25.0 (16.9) million
  - Increased EBITA due to higher revenues without corresponding cost increases



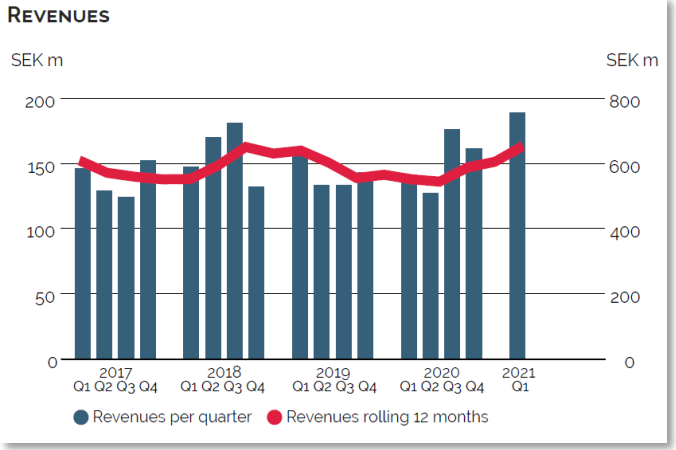


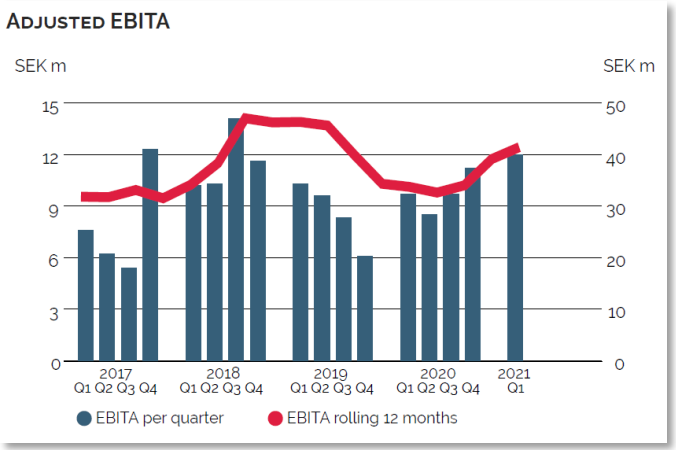
BU UK

Key developments in the first quarter

- Revenue growth 34% (19% organically)
  - Systems 73%
  - Services 2%
  - Cetus acquisition contributing by 33 MSEK
  - Strong systems growth organically of 45%

- EBITA margin decreasing to 6.3% (6.9%)
  - EBITA of SEK 12.0 (9.7) million
  - Increased EBITA due to strong revenue growth, partly offset by slightly lower gross margins

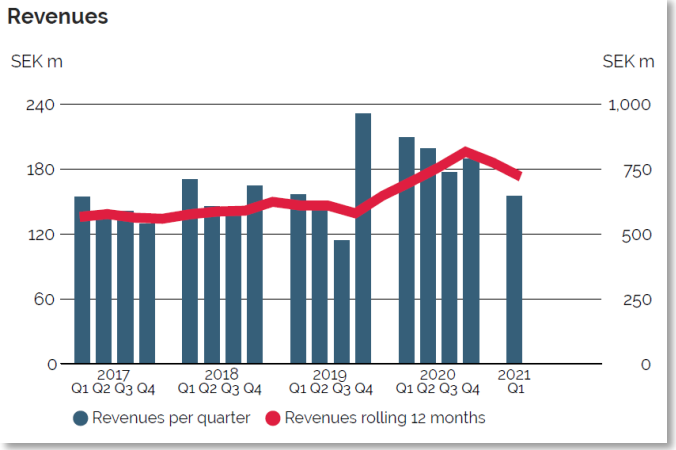


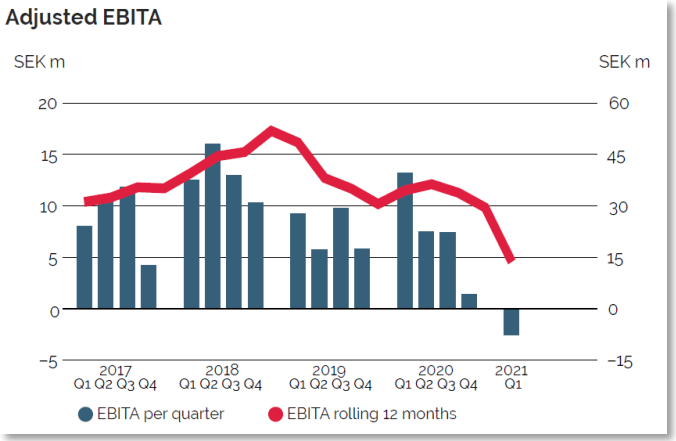


BU West

Key developments in the first quarter

- Revenue declined by 26%
  - Organic decline -22%
  - Systems -56%
  - Services -2%
  - Covid-19 impacting growth, especially for systems
- EBITA margin decreasing to -1.7% (6.3%)
  - EBITA of SEK -2.6 (13.2) million
  - Negative impact of reduced revenues and lower gross margins to some extent offset by reduced SG&A costs by 13%
  - Action program initiated



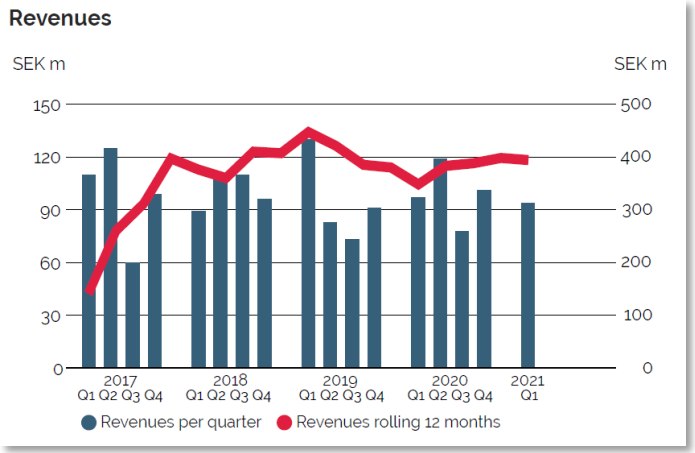


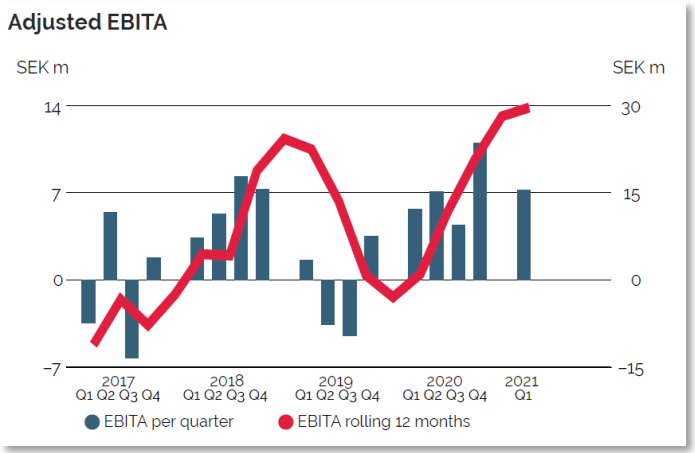
BU Central

Key developments in the first quarter

- Revenue declined by 3%
  - Systems -5%
  - Services unchanged

- EBITA margin increasing to 7.7% (5.8%)
  - EBITA of SEK 7.2 (5.7) million
  - Reduced SG&A costs of 24%
  - Impact of 2019 action program continues to have positive effects





Cash flow in Q1

- Positive cash-flow from current operations before change in working capital
- Negative change in working capital related to an increase in accounts receivable of SEK 87 million, an increase in stock of SEK 12 million and a decrease in accounts payable of SEK 32 million.
- Fixed assets -10 MSEK; Proact Finance -3 MSEK
- Cash-flow from financial activities primarily related to repayment of Leasing Liabilities; -29 MSEK
- Strong cash position of 393 MSEK

Liquid Funds December 31, 2020		**468**
Cash-flow from current operations		-56
Current operations	*75*	
Change in working capital	*-131*	
Cash-flow from investment activities		-10
Fixed assets	*-10*	
Cash-flow from financial activities		-30
Repayments on Leasing Liabilities	*-29*	
Changes in bank loans and overdraft facilities	*-*	
Other	*-1*	
Change in liquid funds		-96
Currency translation difference in liquid funds		21
Liquid Funds March 31, 2021		**393**

Balance sheet

- Equity ratio of 21%
- Cash position of 393 MSEK
- Net debt of 68 MSEK, increased since Dec 2020 by 90 MSEK.
- Unutilized overdrafts of 158 MSEK for daily operations
- Unutilized three-year revolving credit facility of 134 MSEK

(MSEK)	2021 Mar 31	2020 Dec 31	2020 Mar 31
Total Assets	3,068	2,924	2,809
whereof Goodwill	*573*	*552*	*533*
whereof Intangible fixed assets	*110*	*112*	*90*
whereof Accounts receivables	*645*	*541*	*525*
Equity	656	605	556
Equity ratio	*21%*	*21%*	*20%*
Cash and bank deposits	393	468	290
Bank loan, overdraft facilities	-216	-212	-237
Net cash (+) / Net debt (-) excl. leasing liabilities	177	257	53
Leasing liabilities	-245	-234	-300
Net cash (+) / Net debt (-) incl. leasing liabilities	-68	22	-248
Bank overdraft facilities, unutilized	158	198	258
Bank overdraft facilities, total	158	198	258

FINANCIAL GOALS

Rolling 12 months

SALES GROWTH

TARGET	OUTCOME	
>10%	10%	3,683 MSEK in sales rolling 12 months

EBITA MARGIN

TARGET	OUTCOME*	
8%	5.9%	Gap to target remains

NET DEBT/EBITDA

TARGET	OUTCOME	
<2	0.32	Remains significantly better than target

ROCE

TARGET	OUTCOME	
>25%	16.2%	Impacted by IFRS 16 and acquisitions

DIVIDEND

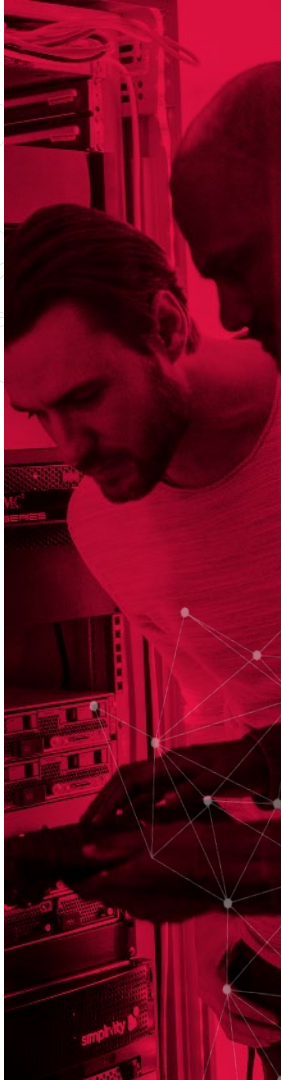
TARGET	OUTCOME**	
25-35%	31%	4.50 (2.50) SEK per share

*Adjusted for items affecting comparability

** Proposed to shareholders for decision at AGM on May 6th

Summary

- Positive outlook of IT Infrastructure driven by digitalization of enterprises and public sector, with data and information at its core
- Uncertainties from Covid-19 remains with impact on sales cycles in Q1
- Revenue growth and strategic acquisition in Sweden



PROACT
Thank you
www.proact.eu