

Q3 2014

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CEO



# The third quarter in brief

- The total income in the quarter increased by 2 % compared with the same period last year
  - » Revenue fell by 3 % when adjusted for currency effects
- Improved profitability (PBT) by 30 % 17,1 MSEK (13,2 MSEK)
- System sales revenues remained unchanged 261 (264) MSEK
  - » A decrease by 6 % adjusted for currency effects
- Services revenues increased by 7 % to 192 (179) MSEK
  - » An increase by 2 % adjusted for currency effects

## The third quarter in brief cont'd

- Cloud services revenues increased by 42 % compared with the same period last year
- The key ratios have during the last 12 months developed in the right direction
  - » Equity ratio has increased to 22 % (19 %)
  - » Return on equity has increased to 20 % (12 %)
  - » Net debt has fallen to 101 MSEK (175 MSEK)

# The third quarter in brief cont'd

## Germany

- Our aim is to grow on existing markets and grow geographically
- An operation was started in Germany 1<sup>st</sup> of October
- The launch will initially take place as a “greenfield”, with extensive skilled staff in sales and technology being taken on in Düsseldorf and Frankfurt
- The team in the Netherlands will support the startup, this will allow us to achieve synergies in respect of resource utilization, finance and marketing functions etc.
- Germany is the biggest market in Europe
- The objective is that the business will make positive contribution to the company's revenues and results from 2015

# Market trends

- More companies and authorities want to ensure that their IT infrastructure meet the requirements defined by their business operations in the most effective way possible
- New technical fields such as integrated systems\* continuing their positive development in the market, \*growing about 50 % per year according to IDC
- The concept of private clouds continuing to grow in a rapid pace
  - » In order to automate internal IT processes and hence offer cost-effective, flexible IT services for the operation
- The need for ongoing streamlining, as well as a rapidly growing demand for solutions in new fields of technology, is indicating a major potential for growth in Proact's specialist fields
- Proact has established methods, processes and services to meet the demands on the market and provide the most effective support to its customers

# Events during the quarter

## **Adresseavisen chooses Proact as a partner for its new storage infrastructure**

- » More and more readers are using digital news services, which places high demands on uptime and performance. Moreover, news services have to be supplied 24 hours a day, 365 days a year.
- » To meet these new demands, Adresseavisen implemented an extensive procurement process involving new storage infrastructure. *And for this, the company chose Proact, primarily because of Proact's outstanding specialist expertise in the field of storage.*
- » The contract also includes implementation and configuration of the new infrastructure, as well as Proact Premium Support, which over time will have a positive effect on Proact's contracted revenues.

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# Events during the quarter cont'd

## Proact to supply new storage infrastructure to Catena

- » Catena needed to consolidate its storage infrastructure, which was time-consuming and resource-intensive. *Thanks to good geographical coverage, in-depth technical expertise and local support, Proact has been commissioned to supply a new storage and backup infrastructure to Catena in the Netherlands and Sweden.*
- » This new infrastructure will give Catena a consistent environment, which will help to reduce administration expenses, etc. Catena will also have new functionality which will allow information to be stored securely and cost-effectively.
- » The contract also includes implementation of the new infrastructure, as well as a three-year contract relating to Proact Premium Support, which over time will have a positive effect on Proact's contracted revenues

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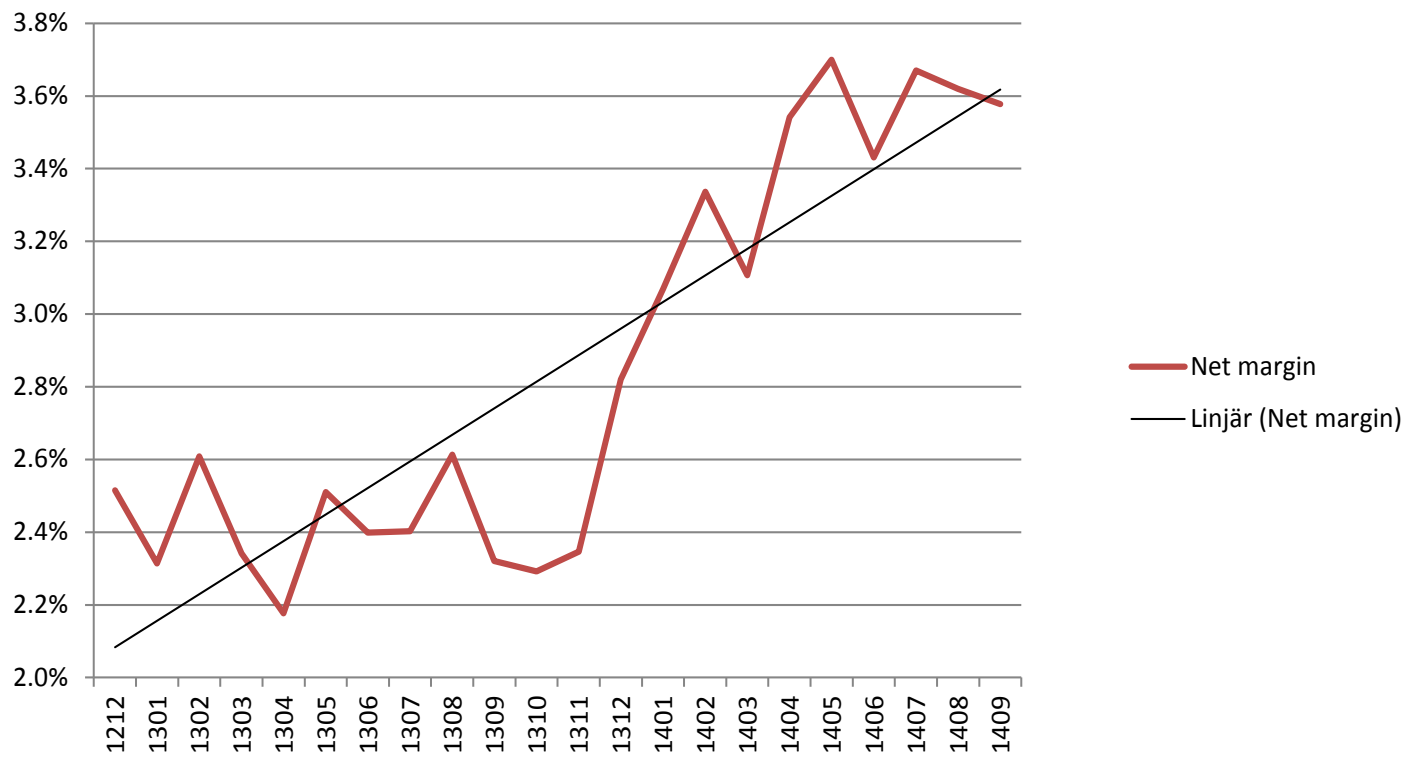
Delivering Business Agility

## **FINANCIAL REPORT**

**January – September 2014**



## Net margin Proact IT Group rolling 12



# Income statement January – September 2014

(MSEK)	Jan-Sep 2014	Jan-Sep 2013
System Sales	1 016.3	1 006.5
Services	598.7	557.0
Other	4.6	4.2
<b>Revenue</b>	<b>1 619.6</b>	<b>1 567.7</b>
Products and services	-1 212.6	-1 185.8
<b>Gross profit</b>	<b>407.0</b>	<b>381.9</b>
Sales and marketing	-236.0	-227.7
Administration	-115.2	-110.2
One-time costs	-	-24.0
Sales of subsidiary	-	9.2
<b>Operating profit</b>	<b>55.8</b>	<b>29.2</b>
Financial net	-0.6	-8.5
<b>Profit before tax</b>	<b>55.2</b>	<b>20.7</b>
<i>Margin</i>	3.4%	1.3%
Tax	-16.7	-5.6
<b>Profit after tax</b>	<b>38.4</b>	<b>15.1</b>
<i>Net margin</i>	2.4%	1.0%

## Revenue Growth

Total revenue	3%
<i>Currency adjusted</i>	0%
System sales	1%
<i>Currency adjusted</i>	-2%
Services	7%
<i>Currency adjusted</i>	3%

	Jan- Sep 2014		Jan-Sep 2013	
<b>EBITDA</b>	100.9	6.2%	87.5	5.6%
<b>EBITA</b>	74.1	4.6%	52.3	3.3%
<b>EBIT</b>	55.8	3.4%	29.2	1.9%

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# Income statement July-September 2014

(MSEK)	Jul-Sep 2014	Jul-Sep 2013
System Sales	260.8	263.8
Services	192.0	179.3
Other	1.8	1.6
<b>Revenue</b>	<b>454.7</b>	<b>444.7</b>
Products and services	-337.1	-332.6
<b>Gross profit</b>	<b>117.6</b>	<b>112.1</b>
Sales and marketing	-67.4	-63.9
Administration	-33.9	-31.3
<b>Operating profit</b>	<b>16.3</b>	<b>16.9</b>
Financial net	0.7	-3.7
<b>Profit before tax</b>	<b>17.1</b>	<b>13.2</b>
<i>Margin</i>	3.8%	3.0%
Tax	-5.8	-4.1
<b>Profit after tax</b>	<b>11.3</b>	<b>9.1</b>
<i>Net margin</i>	2.5%	2.0%

## Revenue Growth

Total revenue	2%
<i>Currency adjusted</i>	-3%
System sales	-1%
<i>Currency adjusted</i>	-6%
Services	7%
<i>Currency adjusted</i>	2%

	Jul-Sep 2014		Jul-Sep 2013	
<b>EBITDA</b>	31.3	6.9%	33.9	7.6%
<b>EBITA</b>	22.6	5.0%	22.7	5.1%
<b>EBIT</b>	16.3	3.6%	16.9	3.8%

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# Income statement rolling 12 months

(MSEK)	Oct-Sep 2013/2014	Oct-Sep 2012/2013
System Sales	1 555.2	1 504.8
Services	795.9	770.5
Other	5.6	4.2
<b>Revenue</b>	<b>2 356.7</b>	<b>2 279.5</b>
Products and services	-1 779.0	-1 728.8
<b>Gross profit</b>	<b>577.8</b>	<b>550.7</b>
Sales and marketing	-330.7	-331.0
Administration	-160.2	-155.9
One-time costs	-6.3	-24.0
Sales of subsidiary	-	9.2
<b>Operating profit</b>	<b>80.6</b>	<b>49.0</b>
Financial net	-2.4	-11.1
<b>Profit before tax</b>	<b>78.2</b>	<b>37.9</b>
<i>Margin</i>	<i>3.3%</i>	<i>1.7%</i>
Tax	-27.6	-12.1
<b>Profit after tax</b>	<b>50.6</b>	<b>25.8</b>
<i>Net margin</i>	<i>2.1%</i>	<i>1.1%</i>

## Revenue Growth

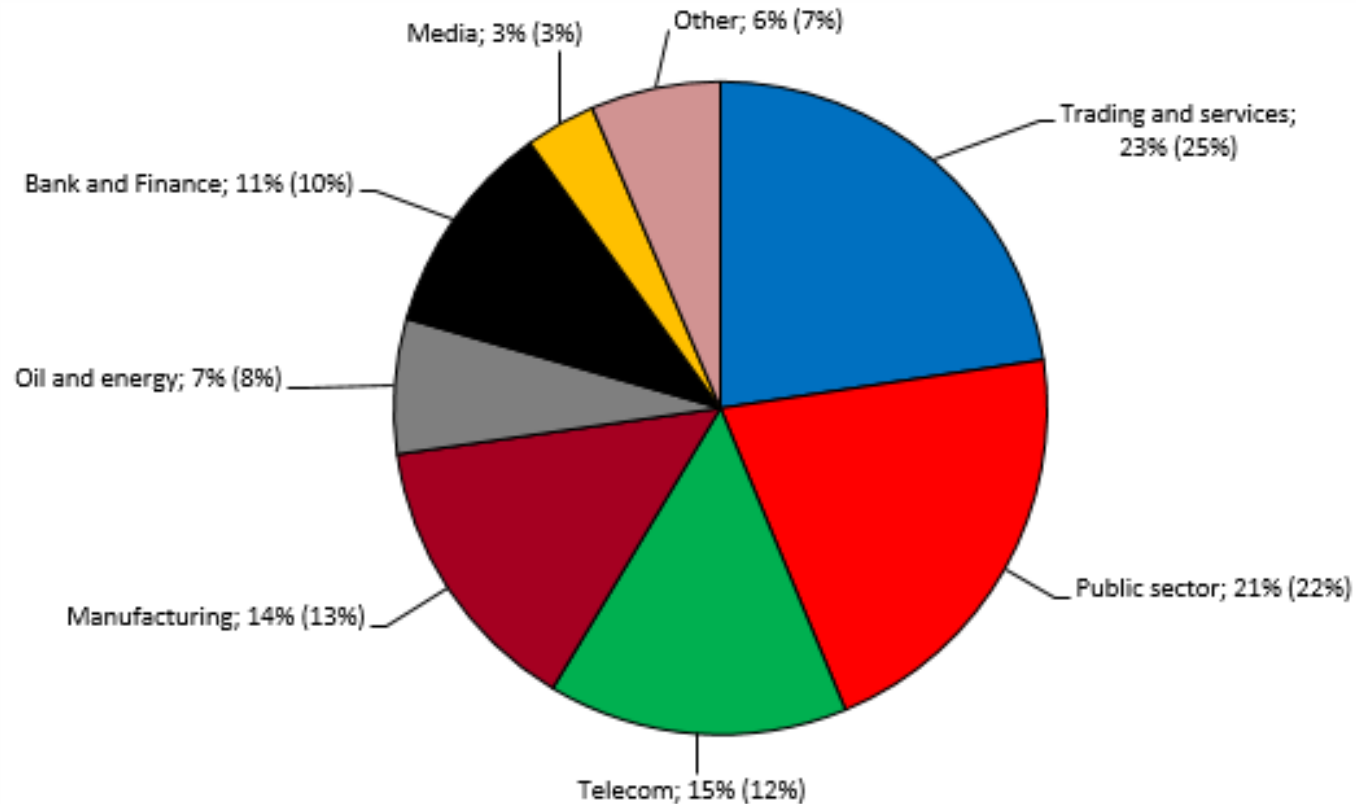
Total revenue	3%
System sales	3%
Services	3%

	Oct-Sep 2013/2014		Oct-Sep 2012/2013	
<b>EBITDA</b>	141.6	6.0%	126.3	5.5%
<b>EBITA</b>	104.7	4.4%	78.1	3.4%
<b>EBIT</b>	80.6	3.4%	49.0	2.1%

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# Revenue per industry

## 12 months Oct-Sep 2013/2014



## Cash flow January – September 2014

<b>Liquid Funds December 31, 2013</b>		<b>44</b>
Cash-flow from current operations		113
Current operations	91	
Change in working capital	22	
Cash-flow from investment activities		-66
Fixed assets	-56	
Acquisitions	-10	
Cash-flow from financial activities		-24
Bank overdraft facilities	15	
Contract financing	1	
Bank loans	-20	
Dividend	-13	
Acquisitions from holdings without controlling influence	-7	
Change in liquid funds		23
<i>Currency translation difference in liquid funds</i>		5
<b>Liquid Funds September 30, 2014</b>		<b>72</b>

## Cash flow July – September 2014

<b>Liquid Funds June 30, 2014</b>		<b>75</b>
Cash-flow from current operations		11
Current operations	35	
Change in working capital	-24	
Cash-flow from investment activities		-25
Fixed assets	-22	
Acquisitions	-3	
Cash-flow from financial activities		10
Bank overdraft facilities	20	
Contract financing	1	
Bank loans	-9	
Dividend	-1	
Other	-1	
Change in liquid funds		-4
<i>Currency translation difference in liquid funds</i>		1
<b>Liquid Funds September 30, 2014</b>		<b>72</b>

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## Key ratios – Balance sheet

(MSEK)	2014 Sep 30	2014 Jun 30	2014 Mar 31	2013 Dec 31
Total Assets	1 249	1 292	1 337	1 439
whereof Goodwill	275	271	261	258
whereof Intangible fixed assets	122	125	124	127
whereof Accounts receivables	301	345	441	556
Equity	272	260	256	243
Solidity	22 %	20 %	19 %	17 %
Cash and bank deposits	72	75	55	44
Bank loan, overdraft facilities etc.	173	157	152	165
Net debt / Net cash	-101	-82	-97	-121
Bank overdraft facilities, unutilized	115	136	136	102
Bank overdraft facilities, total	144	144	141	115



## Revenue and profit before tax per Business Unit

(MSEK)	January – September 2014			January – September 2013		
	Revenue	P.b.t	Net margin	Revenue	P.b.t	Net margin
Nordics	881	41.8	4.7%	842	34.9	4.1%
UK	381	2.2	0.6%	391	8.4	2.1%
West	280	8.8	3.1%	254	4.4	1.7%
East	93	5.4	5.8%	82	2.4	2.9%
Proact Finance	69	3.6	5.2%	49	0.8	1.6%
Other	-84	-6.6		-50	-15.4	
One time costs/ sales of subsidiary	-	-			-14.8	
<b>Group</b>	<b>1 620</b>	<b>55.2</b>	<b>3.4%</b>	<b>1 568</b>	<b>20.7</b>	<b>1.3%</b>

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## Revenue and profit before tax per Business Unit

(MSEK)	July – September 2014			July – September 2013		
	Revenue	P.b.t	Net margin	Revenue	P.b.t	Net margin
Nordics	237	12.9	5.4%	223	18.8	8.4%
UK	115	1.0	0.9%	128	2.8	2.2%
West	85	1.1	1.3%	79	2.3	2.9%
East	33	3.8	11.5%	20	0.6	3.0%
Proact Finance	28	1.5	5.4%	17	0.4	2.4%
Other	-43	-3.2		-22	-11.7	
<b>Group</b>	<b>455</b>	<b>17.1</b>	<b>3.8%</b>	<b>445</b>	<b>13.2</b>	<b>3.0%</b>

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## Proact share – Top 10 owners 2014-09-30

	2014 30 September	2014 30 June
LivförsäkringsAB Skandia	15.2 %	15.2 %
Svolder Aktiebolag	7.6 %	7.2 %
Lannebo Micro Cap.	7.5 %	7.5 %
IGC Industrial Growth Company AB	5.9 %	5.9 %
Swedbank Robur Småbolagsfond Sverige	5.4 %	5.4 %
Lannebo Micro Cap. II	4.6 %	4.6 %
Fjärde AP-Fonden	3.8 %	3.8 %
AFA Sjukförsäkrings AB	3.3 %	3.3 %
Skagen Vekst Verdipapirfondet	2.7 %	2.8 %
Netfonds ASA, NQI	2.2 %	2.2 %
Others	41.8 %	42.1 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

After earlier buyback of own shares, the company holds 23 618 shares

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