

## 2017 annual results: increased profitability

- Current operating income: +10.5%
- Net income, Group share: +22.4% to €11.6 million

IFRS Audited - in €M	2017	2016	Change
Consolidated revenue	167.7	175.8	- 4.6%*
EBITDA As % of revenue	30.7 18.3%	31.9 18.2%	-3.8% + 0.2 pt
Current operating income As % of revenue	17.4 10.3%	15.8 9.0%	+10.5% + 1.3 pt
Operating profit As % of revenue	15.4 9.2%	14.8 8.4%	+4.2% + 0.8 pt
Net income, Group share As % of revenue	11.6 6.9%	9.4 5.4%	+22.4% + 1.5 pt

\* on a comparable basis, the change is -3.6%

### Sharp rise in recurring revenue (SaaS): +24.3%

In 2017, Prodware's consolidated revenue totalled €167.7 million, down 3.6% on a comparable basis (restated for acquisitions and disposals of business activities).

This slight contraction in revenue was related to the acceleration of subscription sales (SaaS), which replace immediate total invoicing for licenses in return for recurring revenues in the future, and to the postponement of certain significant projects over the first half of 2018.

The Group's SaaS sales in 2017 were up 24.3% at €23.0 million, or 13.7% of total revenue compared with 10.5% in 2016.

Activity in the French-speaking zone amounted to €76.6 million. The international activities totalled €91.1 million, or 54.3% of the Group's business.

### Improved profitability

In 2017, in keeping with its goals, Prodware enjoyed an increase in its profitability. This performance was supported by:

- an increase in the added value of the business, driven notably by the development of consulting (x2.9 compared to 2016) and Managed Services (+1.9%),
- and optimisation of expenses, including:
  - a reduction in operating costs
  - reorganisation costs and financial expenses.

The EBITDA rate for the year increased 0.2 points to 18.3% from 18.2% in 2016.

Current operating income increased by 10.5% to €17.4 million. It amounted to 10.3% of total revenue, an increase of 1.3 points.

Other non-current operating income and expenses totalled a cost of €2.0 million, including €1,5 million related to the free ordinary and preference shares allocation plan.

The Group's share of net income was €11.6 million, an increase of 22.4%. It benefited from a €1.1 million improvement in the financial result and a €0.6 million contribution of equity-accounted earnings of the recent structure in the USA.

### **A strengthened balance sheet structure**

As of 31 December 2017, Prodware's balance sheet showed €130.4 million in equity, up 9.7% from 31 December 2016.

The Group's gearing ratio decreased to 46.5% from 57.6% as of the end of 2016, down 11.1 points thanks to improved operating cash flow. Available cash totalled €32.8 million compared with €24.5 million at the end of 2016.

### **Dividend proposal submitted to the General Meeting**

With its improved profitability, Prodware wishes to propose to the next General Meeting a gross dividend of €0.06 per share, or +50% compared with the dividend last year.

As part of its strategy to enhance shareholder value, Prodware completed cancellation of 776,000 treasury shares for €6 million in 2017, leading to a 9.55% capital reduction.

Reaffirming their confidence in the Group's prospects, the Executive managers of Prodware SA and certain key employees exercised their stock warrants for €1.8 million at the end of June 2017. Since 2016, these executive managers have increased their equity stake by approximately €4 million.

### **Outlook**

Prodware's goal is to continue optimising its profitability through the development of its high value added activity (Consulting, Edition of "boosters" to enhance customers productivity, Managed Services), its Microsoft Dynamics 365 expertise (a lever for conquering the most profitable markets), - and the deployment of a promising technological offering to assist clients in their digital transformation.

**Next publication:** Revenues for 1<sup>st</sup> quarter 2018: 15 May 2018 after close of trading.

### **About Prodware**

Prodware ([www.prodware.fr](http://www.prodware.fr)) is an international group specialising in integration, publishing and hosting industry and business line IT solutions.

The group offers its technological expertise and knowledge of new technologies and business lines to support clients in their digital transformation.

With its partnerships with Microsoft and Sage in particular, Prodware is one of the only groups able to support companies in all their information system needs, both in France and internationally.

The Prodware group has more around 1300 employees across 15 countries and 4 continents. It generated revenues of €167.7 million in 2017.

Prodware SA is listed on Euronext Growth and is eligible for FCPI (innovation funds) and SME PEA (equity savings plan).

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#### **PRODWARE**

Stéphane Conrard  
Chief Financial Officer  
Tel: +33 (0)9 79 99 90 00  
[investisseurs@prodware.fr](mailto:investisseurs@prodware.fr)

#### **PRESS**

Gilles Broquelet  
CAP VALUE  
Tel: +33 (0)1 80 81 50 01  
[gbroquelet@capvalue.fr](mailto:gbroquelet@capvalue.fr)

#### **EURONEXT GROWTH (formerly ALTERNEXT)**

ISIN FR0010313486 - ALPRO - FTSE 972 IT services  
Prodware is FCPI eligible - A responsible company, Prodware is a member of the Global Compact.



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