

Significant increase in 2018 half-yearly profitability

- Revenue: + 3.3% to €90.1 million
- EBITDA: + 8.4% to €19.0 million
- Net profit: + 12.5% to €7.6 million

IFRS standards Unaudited - in €M	H1 2017	H1 2018	Change
Consolidated revenue	87.2	90.1	+ 3.3%*
EBITDA	17.6	19.0	+8.4%
As % of revenue	20.1%	21.1%	
Current operating income	10.6	11.3	+6.7%
As % of revenue	12.1%	12.5%	
Operating profit	9.8	11.1	+13.1%
As % of revenue	11.2%	12.3%	
Net income, Group share	6.8	7.6	+12.5%
As % of revenue	7.8%	8.5%	

* on a comparable basis, the change is +4.2%

Organic growth continues in strategic sectors

Over H1 2018, Prodware's consolidated revenue totalled €90.1 million, up 3.3% (+4.2% on a like-for-like basis), driven by the increase in SaaS mode sales and international growth.

Over the first half of the year, SaaS mode sales stood at €15.7 million (17.4% of total revenue), as opposed to €12.5 million for the first half of 2017. Publishing generated revenue of €31 million (34.4% of total revenue) as opposed to €30 million in the first half of 2017. There was a slight fall in revenue generated by the Integration and Management Solutions segment – a 3% drop to €43.4 million.

Recurring revenue accounted for 37% for the first half of 2018, as opposed to 34% for the first half of 2017, totalling €33.3 million – an increase of €3.8 million

The French-speaking world posted €40.4 million in revenue, accounting for 44.8% of global business. Revenue generated at international level totalled €49.7 million, accounting for 55.2% of the Group's revenue (a significant increase of 16.2% on the previous year).

Higher profitability and more investments in human resources

Prodware has confirmed the strength of its business model and was able to improve its operational profitability against a background of high levels of activity, while gearing up for the future. EBITDA increased by 8.4% to €19 million – a one point improvement in profit margin (21.1%).

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This increase in EBITDA is the result of better management of subcontracting resources and of maintaining "External charges" at €14.5 million, despite the increase in activity and the significant €1.2 million fall in "Consumed purchases" (to €24 million), itself the result of an increase in SaaS mode revenue.

At the same time, Prodware has further invested in resources to support its Consultancy Services, bolster its sales force abroad and capitalise on the development of its own products. This initiative is evidence of the Prodware Group's desire to enhance the value of its human resources in a field where innovation, expertise and adaptability are essential assets.

Current Operating Income grew by 6.7% to €11.3 million, in line with the increase in EBITDA. Operating Profit grew more strongly (+13.1%) as a result of exceptional factors recorded in 2017 pertaining to shutdowns in activity.

After taking into account a financial loss of €3 million (€2.1 million of which is the Group's net financial debt) and tax of €0.9 million, the Group's share of net income is €7.6 million – an increase of 12.5%.

A solid balance sheet

As of 30 June 2018, Prodware's balance sheet showed €136 million in equity – up €5.6 million from 31 December 2017.

Net debt stood at €62.5 million – less than twice the EBITDA on a 12-month rolling basis.

On 3 October, Prodware finalised the introduction of senior debt financing for a total of €92.5 million, including €62.5 million from bond holders with a maturity of 6 and 7 years. This will provide it with new stable resources on better terms, while extending the overall maturity of its debt. It will also give the company the necessary means to develop organically with a targeted external growth policy.

Favourable outlook

By drawing on its strategy of entering into leading partnerships with recognised technology leaders (Microsoft Dynamics, Sage and Autodesk), Prodware is confirming its position as a major player in the digital transformations of its clients. Via the services that it provides (Consultancy, Publishing, Implementation and Managed Services), it has a role to play in all types of disruptive projects through its business knowledge and its wide sectorial coverage.

Thanks to the growth of a more recurring revenue business model, the availability of an expanded range of consultancy services with expertise in key areas (Internet of Things, artificial intelligence, etc.) and the ability to handle international projects with higher margin, the Prodware Group can feel very confident about the future.

Next publication: Publication of revenue for the third quarter of 2018: 13 November 2018 after close of trading.

About Prodware

Emboldened by three decades of solid experience and know-how in the field of IT innovation we have always thrived on delivering value and expertise to our customers worldwide. Whether enabling ambitious Cloud strategies, artificial intelligence driven decision-making tools or IoT applications, Prodware keeps paving the way to innovation.

Prodware has embraced technology advances and breakthroughs helping companies step into the future by building the business models of tomorrow across the manufacturing, retail & distribution, professional services and finance verticals.

The Prodware group is a global company with regional offices in 15 countries with close to 1300 employees generating 168 M€ in annual revenue in 2017. Prodware SA is listed on Euronext Growth and is eligible for the FCPI investment fund and the PEA/PME share savings plan.

More information: www.prodware-group.com

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