

Mixed results for the first half of 2019

- Revenues: +1.1% to €91.0 million
- EBITDA: +17.4% to €22.3 million
- Net profit: -33.8% to €5.1 million

Revenues for the third quarter of 2019: €35.2 million (+5.9%)

IFRS* Unaudited data - in €m	H1 2018	H1 2019	Change
Consolidated revenues	90.1	91.0	+1.1%
EBITDA As % of revenue	19.0 21.1%	22.3 24.5%	+17.4%
Current operating income As % of revenue	11.3 12.5%	7.3 8.0%	-35.6%
Operating profit As % of revenue	11.1 12.3%	7.7 8.4%	-31.0%
Net income, Group share As % of revenue	7.6 8.5%	5.1 5.6%	-33.8%

* Including the effect of the adoption of IFRS 16 on financial year 2019

Continuation of strategy to boost recurring revenues and international development

Over the first half of 2019, Prodware posted consolidated revenues of €91.0 million, an increase of 1.1%. Restated for the acquisition of AIGA-CTAC in 2018 and the neutralisation of integrated revenues (e.g. retail and digital activity), revenues were down 2.6%.

Since the beginning of its financial year, Prodware has continued to develop its business more towards recurring revenues, which generate higher margins and enable it to better anticipate the future. Against this backdrop, sales in SaaS mode and maintenance revenues increased by 7.8% to €35.9 million and represented 39.5% of revenues compared to 37.0% for the same period in 2018.

In addition, international sales, the driving force behind Prodware's commercial strategy, rose sharply over the six months to €55.4 million and now make up the majority of the Group's income (60.9% of the total).

Improvement in EBITDA favoured by the adoption of IFRS 16 and increase in amortisation, depreciation and provision charges

Prodware posted an EBITDA of €22.3 million, up 17.4%. The increase benefited in particular in 2019 from the neutralisation of rental expenses for premises leased by the group as part of the first-time adoption of IFRS 16. At constant standards, EBITDA was down 12.6% mainly due to an increase in external costs of €0.8 million.

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Current operating income fell by 35.6% to €7.3 million, negatively impacted by a net increase excluding the IFRS 16 effect of €2.1 million in amortisation, depreciation and provision expenses.

After taking into account a financial loss of €2.6 million (€1.9 million of which is the Group's net financial debt and €0.1 million of which is financial charges on IFRS 16 rights of use) and tax of €0.5 million, the Group's share of net income is €5.1 million, a fall of 33.8%.

A solid balance sheet

As of 30 June 2019, Prodware's balance sheet showed €140.5 million in equity an increase of €2.3 million from 31 December 2018.

Net debt (excluding recognition of lease liabilities generated by IFRS 16) was €83.9 million, i.e. 2.5x 2018 EBITDA or 0.6x equity.

3rd quarter 2019 revenues up

Prodware's revenues for the third quarter of 2019 were €35.2 million, compared with €33.2 million for the same period in 2018, an increase of 5.9%. On a like-for-like basis, revenues fell slightly, by 1.4%.

Over the first nine months of the year, revenues increased by 2.4% to €126.2 million (-2.2% on a like-for-like basis) thanks to the strong contribution of foreign markets (particularly in Benelux and Israel). International sales increased by 9.2% to €74.7 million, compared to €68.4 million in 2018.

Outlook

Prodware will continue to implement its 2016-2021 plan over the second half of the year. The focus on its flagship activities will continue, as will the deployment of its SaaS offering, which is the driving force behind its strategy of improving profitability and cash generation.

The Group therefore plans to expand its growth path, which may, depending on opportunities, be accompanied by targeted acquisitions.

Next publication: 2019 annual revenues: 18 February 2020, after the 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 more than 1300 employees generating €176 m in annual revenue in 2018. 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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