

PROACT

2011-10-25

NASDAQ OMX Small Cap
Information Technology

Price (SEK) : 144,75

ESTIMATES (SEK)	2009A	2010A	2011E	2012E
SALES (m)	1 252,7	1 387,1	2 357,0	2 946,3
EBITDA (m)	76,7	94,9	156,3	232,6
EBIT (m)	60,0	72,1	93,0	165,6
EBT (m)	60,1	70,1	69,6	153,3
EPS	5,41	5,49	6,46	12,36
CEPS	6,72	6,93	21,68	29,31
DPS	1,35	1,50	2,00	2,50
SALES growth (%)	20,0	10,7	69,9	25,0
EPS growth (%)	36,0	1,5	17,6	91,3
EBITDA margin (%)	6,1	6,8	7,2	7,9
EBIT margin (%)	4,8	5,2	4,5	5,6
NET margin (%)	4,0	3,6	2,5	3,8
ROE (%)	28,0	27,0	24,7	33,8
ROCE (%)	32,1	37,6	22,8	32,5
VALUATION	2009A	2010A	2011E	2012E
P/E (x)	13,7	19,7	22,4	11,7
P/CEPS (x)	11,0	15,6	6,7	4,9
P/BV (x)	3,8	5,3	5,5	4,0
EV/SALES (x)	0,5	0,7	0,6	0,5
EV/EBITDA (x)	7,6	9,7	8,9	6,5
EV/EBIT (x)	9,7	12,8	14,3	9,1
DIV. YIELD (%)	1,8	1,4	1,4	1,7

KEY DATA

Market Cap (MSEK)	1 343,4	Free Float (%)	78,4
Enterprise Value (MSEK)	1 506,9	Trad. Symbol	PACT
Net Debt (SEKm)	163,5	Reuter Code	PACT.ST
Equity Ratio (%)	15,2	Sector	IT
No. of shares basic (m)	9,3	Industrygr.	Softw. & Serv.
No. of shares diluted (m)	9,3	Industry	IT Cons. & Serv.

PERFORMANCE

1 month (%)	12,2	YTD (%)	34,0
3 months (%)	10,5	52-Week High	148,75
12 months (%)	43,3	52-Week Low	93,00

RECENT DEVELOPMENTS

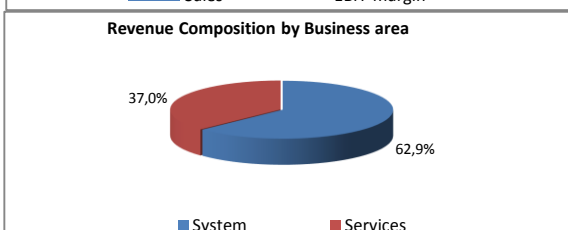
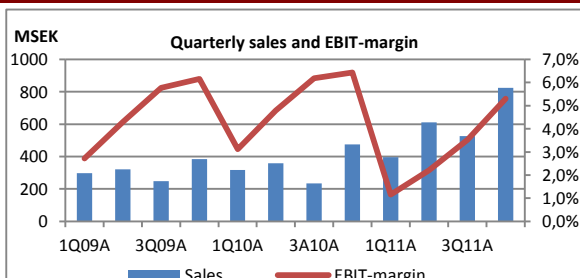
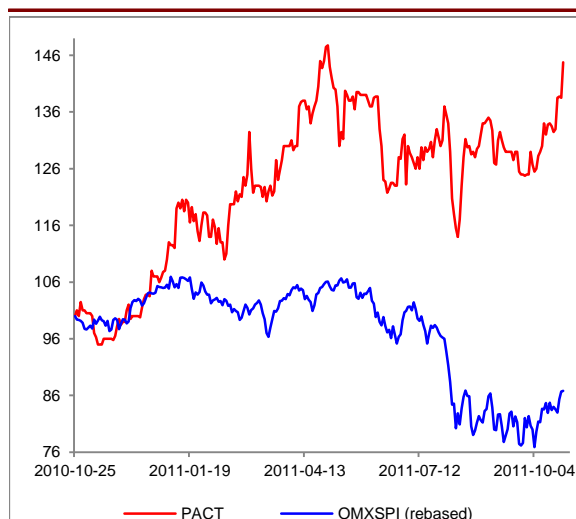
Turnover for the third quarter was considerably higher than we had expected and also exceeded the company's own forecast. Proact grew by an whopping 125% (43% organically) and achieved a turnover of SEK 526.5 million, compared with our forecast of SEK 443 million. Profitability did not, however, keep up with the large increase in turnover due to, among other things, acquisition costs and the fact that the acquired companies historically had lower profitability than the Proact Group. The operating margin, adjusted for acquisition costs, reached 3.4%, compared with our forecast of 3.9%.

OUTLOOK & VALUATION

Recent uncertainty on the global market is not something that Proact has been particularly affected by and demand for the company's cost-saving products and services remains high. The company is set to achieve its short-term target of an operating margin of 5%, which is the level expected by the turn of the year. The slightly longer target is 7%. Given how well the integration of the acquisitions has gone so far and the income synergies realised, we have adjusted our turnover forecasts upwards for both Q4, 2012 and 2013. Bearing in mind that the underlying profitability has also been gradually strengthened, with a growing service operation, it should also be possible to improve the margin and we expect a margin before tax of 5.2% next year.

COMPANY DESCRIPTION

Proact, founded in 1994, specializes in managing, securing and storing large volumes of critical business information. The company provides systems, consulting and support in data storage. Proact has approx. 600 employees.



PROACT**INCOME STATEMENT**

MSEK	1Q10A	2Q10A	3Q10A	4Q10A	1Q11A	2Q11A	3Q11A	4Q11E	2008A	2009A	2010A	2011E	2012E	2013E
Net Sales	318	359	235	476	396	611	527	824	1 044	1 253	1 387	2 357	2 946	3 300
COGS	-238	-269	-160	-359	-287	-479	-400	-618	-759	-926	-1 025	-1 784	-2 166	-2 409
Gross Profit	80	90	75	118	109	132	127	206	285	327	362	573	781	891
Operating Expense	-65	-68	-55	-80	-88	-93	-90	-146	-226	-250	-267	-417	-548	-643
EO-Items	0	0	0	0	-3	-7	-2	0	0	0	0	-13	0	0
EBITDA	15	23	20	38	18	31	35	60	60	77	95	156	233	248
Depr. & Amort.	-5	-5	-6	-7	-13	-18	-17	-16	-13	-17	-23	-63	-67	-70
EBIT	10	17	15	31	5	14	19	44	47	60	72	93	166	178
Net Financials	0	-1	0	0	-1	-4	-3	-3	3	0	-2	-11	-12	-8
EBT	10	16	14	31	3	10	16	41	50	60	70	70	153	170
Tax	-3	-5	-3	-9	-2	-6	-5	-11	-11	-10	-20	-23	-40	-44
Net Profit	7	11	11	22	2	4	11	30	39	51	50	47	113	126
EPS Basic (SEK)	0,76	1,18	1,17	2,35	0,20	0,44	1,16	3,23	3,97	5,57	5,49	5,07	12,36	13,71
EPS Diluted (SEK)	0,80	1,18	1,17	2,35	0,20	0,44	1,16	3,23	3,97	5,41	5,49	5,07	12,36	13,71
Sales growth Q/Q	-17%	13%	-35%	103%	-17%	54%	-14%	56%	N/A	N/A	N/A	N/A	N/A	N/A
Sales growth Y/Y	7%	12%	-5%	24%	25%	70%	125%	73%	21%	20%	11%	70%	25%	12%
Adj. EBITDA margin	4,6%	6,3%	8,6%	7,9%	5,3%	6,3%	7,1%	7,2%	5,7%	6,1%	6,8%	7,2%	7,9%	7,5%
Adj. EBIT margin	3,1%	4,8%	6,2%	6,4%	2,0%	3,4%	3,9%	5,3%	4,5%	4,8%	5,2%	4,5%	5,6%	5,4%
Adj. EBT margin	3,0%	4,5%	6,0%	6,4%	1,7%	2,8%	3,4%	4,9%	4,8%	4,8%	5,1%	3,5%	5,2%	5,2%
Adj. Net margin	2,2%	3,1%	4,6%	4,5%	1,3%	1,8%	2,4%	3,6%	3,7%	4,0%	3,6%	2,5%	3,8%	3,8%

CASH FLOW STATEMENT

MSEK	2008A	2009A	2010A	2011E	2012E	2013E
Cash Flow b.f. ch. in Work.Cap.	54	66	98	108	180	196
Change in Work.Cap.	26	-3	-35	91	89	2
Cash Flow fr. Operations	80	63	64	199	269	198
Cash Flow fr. Investments	-26	-24	-41	-279	-53	-53
Free Cash Flow	54	39	23	-80	216	145
Cash Flow fr. Financing	-40	-28	-36	113	-68	-73
Net Cash Flow	14	11	-13	34	148	72

BALANCE SHEET

MSEK	2008A	2009A	2010A	2011E	2012E	2013E
Equity	160	181	187	240	336	438
Total Assets	644	751	871	1829	2059	2259
Net Debt	-81	-91	-68	114	-83	-206
Cash & Bank	85	97	73	110	257	330
Capital Employed	164	187	192	464	509	562
Operating Capital	1032	1209	1471	3037	3304	3579
Equity Ratio	25%	24%	21%	13%	16%	19%

PER SHARE DATA

SEK	2008A	2009A	2010A	2011E	2012E	2013E
EPS	4,0	5,4	5,5	5,1	12,4	13,7
Adj. EPS	4,0	5,4	5,5	6,5	12,4	13,7
CEPS	8,2	6,7	6,9	21,7	29,3	21,6
FCFPS	5,5	4,2	2,5	-8,7	23,5	15,8
BVPS	16,4	19,3	20,3	26,2	36,6	47,8
NIBDPS	-8,3	-9,7	-7,4	12,5	-9,1	-22,4
DPS	1,2	1,4	1,5	2,0	2,5	3,0

RETURN ON CAPITAL

	2008A	2009A	2010A	2011E	2012E	2013E
ROE	24%	28%	27%	19%	34%	29%
ROCE	29%	32%	38%	20%	33%	32%
ROC	5%	5%	5%	3%	5%	5%
Adj. ROE	24%	28%	27%	25%	34%	29%
Adj. ROCE	29%	32%	38%	23%	33%	32%
Adj. ROC	5%	5%	5%	3%	5%	5%
Payout Rat.	30%	24%	27%	39%	20%	22%

MAJOR SHAREHOLDERS

	Capital %	Votes %
2011-09-30		
Skandia Liv	11,5%	11,5%
Anders Hultmark	10,1%	10,2%
Swedbank Robur fonder	8,7%	8,7%
Skagen fonder	7,4%	7,4%
No. of A-shares (m)	-	
No. of B-shares (m)	9,3	
Total No. of Shares (m)	9,3	

MANAGEMENT

COB	Anders Hultmark
CEO	Olof Sand
CFO	Jonas Persson
IR	Mikael Suvero

FINANCIAL CALENDER

Q4-report	2012-02-15
Q1-report	2012-05-07

COMPANY CONTACTS

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MARKET MAKING INFORMATION

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