

# Sword Group 2018 Second Quarter Results

**Revenue: €49.0 M**

**Organic Growth at constant exchange rates and on a like-for-like basis: + 21.0 %**

Sword Group 1<sup>st</sup> half-year-2018 <sup>(1) (2)</sup>

Consolidated Revenue at constant standards: €98.1 M

EBITDA margin: 14.9 %

Growth at constant rates and on like-for-like basis at constant standards: +16.6 %

Growth at constant exchange rates and on like-for-like basis after taking account of the IFRS 15 impacts: +18.7 %

<sup>(1)</sup> non-audited figures

<sup>(2)</sup> percentages calculated based on the figures in €K

*H1-2018 results presentation meeting, September 5<sup>th</sup> in Paris*

## Investor Relations

[e investorrelations@sword-group.lu](mailto:investorrelations@sword-group.lu)

Sword Group

2,200\* staff

Listed on Euronext Paris - Compartment B

ISIN Code: FR0004180578

ICB: 9530 Logiciels et Services Informatiques

Indices

CAC® Small

CAC® Mid & Small

CAC® All-Tradable

CAC® All-Share

## About Sword Group

Sword has 2,200+ IT/Digital & Software specialists present over five continents to accompany you in the growth of your organisation in the digital age.

As a leader in technological and digital transformation, Sword has since 2000 acquired a solid reputation in software publishing and in complex IT & business project management.

With Sword, you have the guarantee of strong close and qualified local commitment, the aim of which is to optimise your processes and data. Above all, our ambition is to build sustainably and foster the loyalty of our staff, our clients and our partners by building on our values and our enthusiasm to accompany you throughout your projects.

The Group's performance enables us to invest in the R&D projects that contribute to our positioning and our differentiation on niche markets.

Thanks to its recognised competences in over 18 countries, Sword benefits from the trust of prestigious references such as: Admiral, Barclays Bank, BMW, the European Union, the National Payment and Trademark Offices, Lombard, Orange, the United Nations Organisation, etc.

Consulting and IT Services: Sword commits for the most part to fixed-price contracts and operates with a network of competence centres (business units) in different specialised fields: geographic information systems, ECM/EDM, corporate search engines, digital marketing, CRM, portals and corporate social networks, data and business intelligence, web and mobile development, infrastructure and cloud, cyber security, performance and applications optimisation, desktop publishing and intellectual property.

Software: Sword develops on demand product lines in the risk and compliance sectors (Sword Active Risk and Sword Achiever), intellectual property (Sword Intellect), health (Sword Orizon), desktop publishing (Sword Kami), predictive analysis (Sword Insight) and asset finance (Sword Apak).

To find more about our expertise, join us on [www.sword-group.com](http://www.sword-group.com).



Windhof - 26 July 2018,

## CONSOLIDATED ACCOUNTS AT CONSTANT STANDARDS

Q2 <sup>(1) (2)</sup>			
€M	2018	2017	Growth
Revenue	49.0	42.8	+14.6%
EBITDA	7.3	6.6	+10.6%
EBITDA Margin	14.9%	15.5%	-

*Organic growth at constant exchange rates and on a like-for-like basis: + 21.0%*

H1 <sup>(1) (2)</sup>			
€M	2018	2017	Growth
Revenue	98.1	86.6	+13.3%
EBITDA	14.6	13.3	+9.8%
EBITDA Margin	14.9%	15.3%	-

*Organic growth at constant exchange rates and on a like-for-like basis: + 16.6%*

<sup>(1)</sup> non-audited figures

<sup>(2)</sup> percentages calculated based on the figures in €K

## CONSOLIDATED ACCOUNTS AFTER TAKING ACCOUNT OF THE IFRS 15 IMPACTS

2018 <sup>(1) (2)</sup>			
€M	H1	Q2	Q1
Revenue	96.4	48.3	48.1
EBITDA	14.3	7.4	6.9
EBITDA Margin	14.8%	15.3%	14.3%
Organic Growth <sup>(3)</sup>	+18.7%	+22.4%	+15.0%

<sup>(1)</sup> non-audited figures

<sup>(2)</sup> percentages calculated based on the figures in €K

<sup>(3)</sup> at constant exchange rates and on a like-for-like basis

**SWORD**

UPGRADE YOUR BUSINESS

## ANALYSIS

### Growth and Half-yearly Profitability

In the first half-year, the Group outperformed in relation to its initial forecasts.

The outperformance in terms of growth largely compensated for the drop in revenue linked to the disposal of Sword Performance (€3.9 M in half-yearly revenue).

The initial organic growth target at constant exchange rates and on a like-for-like basis had been set at 12%.

All the Group's business activities and geographic areas contributed to this outperformance.

The distribution of the organic growth at constant exchange rates and on a like-for-like basis, in sectorial terms, is as follows:

Constant standards:

- Software: + 6.6%
- Services: + 20.6%
- Consolidated: + 16.6%

### IFRS 15 Impacts

The switch to the IFRS 15 standards only impacts the Sword Apak software subsidiary specialized in Asset Finance Solutions.

The variances both at the revenue and EBITDA level come from the application of the new IFRS 15 standards.

These new standards require notably that the revenue from installation work and the configuration of certain software be entered into the accounts on completion, in other words, that the revenue be carried forward until the commissioning of the said software, whereas in previous financial years, these services were recognized as the work progressed.

The €1.7 M drop in revenue for the 1<sup>st</sup> half-year of 2018 will positively impact future years with the successive "go lives" of each implementation.

After taking account of the IFRS 15 impacts, the distribution of the organic growth at constant exchange rates in sectorial terms is as follows:

- Software: + 13.9%
- Services: + 20.6%
- Consolidated: + 18.7%

### Net Cash Position

The net cash position at the end of June amounts to €7.3 M.

The net cash consumption during this period comes from:

- 1/ Dividend distribution (€11.4 M),
- 2/ Growth investments such as:
  - An increase in the working capital requirement (€6.9 million),
  - Tangible and intangible investments (€3.7 M),
  - Merger / acquisition operations (€2.2 M).

## OUTLOOK

The Group will exceed its growth targets at constant exchange rates and on a like-for-like basis in 2018. These were based on a target of 12%.

The profitability target remains unchanged.

[Methodological Note]

Regarding the definition of the alternative performance indicators mentioned above, their justification and their calculation methods, please refer to the relevant methodological note (paragraph 10 of the Annual Financial Report for 2017, Management Report, Pages 19 and 20) as published in the Annual Report ending on 31 December 2017. To access the Annual Report, please click [HERE](#).

## Investor Relations

e [investorrelations@sword-group.lu](mailto:investorrelations@sword-group.lu)

Sword Group

2,200\* staff

Listed on Euronext Paris - Compartment B

ISIN code: FR0004180578

ICB: 9530 Logiciels et Services Informatiques

Indices

CAC® Small

CAC® Mid & Small

CAC® All-Tradable

CAC® All-Share

### About Sword Group

*Sword has 2,200+ IT/Digital & Software specialists present over five continents to accompany you in the growth of your organisation in the digital age.*

*As a leader in technological and digital transformation, Sword has since 2000 acquired a solid reputation in software publishing and in complex IT & business project management.*

*With Sword, you have the guarantee of strong close and qualified local commitment, the aim of which is to optimise your processes and data. Above all, our ambition is to build sustainably and foster the loyalty of our staff, our clients and our partners by building on our values and our enthusiasm to accompany you throughout your projects.*

*The Group's performance enables us to invest in the R&D projects that contribute to our positioning and our differentiation on niche markets.*

*Thanks to its recognised competences in over 18 countries, Sword benefits from the trust of prestigious references such as: Admiral, Barclays Bank, BMW, the European Union, the National Payment and Trademark Offices, Lombard, Orange, the United Nations Organisation, etc.*

*Consulting and IT Services: Sword commits for the most part to fixed-price contracts and operates with a network of competence centres (business units) in different specialised fields: geographic information systems, ECM/EDM, corporate search engines, digital marketing, CRM, portals and corporate social networks, data and business intelligence, web and mobile development, infrastructure and cloud, cyber security, performance and applications optimisation, desktop publishing and intellectual property.*

*Software: Sword develops on demand product lines in the risk and compliance sectors (Sword Active Risk and Sword Achiever), intellectual property (Sword Intellect), health (Sword Orizon), desktop publishing (Sword Kami), predictive analysis (Sword Insight) and asset finance (Sword Apak).*

To find more about our expertise, join us on [www.sword-group.com](http://www.sword-group.com).

© Sword Group  
2, rue d'Arion  
L-8399 Windhof

