

17 May 2025

PRODWARE

Application Software / France

ALPHAVALUE
CORPORATE SERVICES

Transformation to SaaS

Pros

- Prodware's business development is based on Microsoft software, essentially. Prodware benefits from its demanding 'Microsoft Gold Certified partner' status and is a member of the Microsoft Dynamics Inner Circle
- The differentiation between Prodware and most traditional software vendors lies in the editing of specific solutions dedicated to a selective number of sectors (retail, manufacturing, professional services, financial services)
- Prodware is involved in a business transformation to SaaS with the expansion of Microsoft Dynamics 365 online. The advantage of SaaS is higher recurring and predictable revenue in the future

Cons

- The switch of software licences to software subscriptions revenue and the need of investments in the business weigh on both growth and margin over the transformation phase
- The SaaS model could facilitate the emergence of new small-sized and agile competitors and, consequently, force price pressure and lower margins for traditional software editors and their vendors
- Restated from the significant impact of the research tax credits, net of fees (€+10.7m in 2017), the group posts a low operating margin (<5% of revenue)

Key Figures	12/16A	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	6.66	8.70	5.97	4.42	3.18
Dividend yield (%)	0.58	0.53	0.79	1.29	2.09
EV/EBITDA(R) (x)	3.34	4.38	3.21	2.08	1.04
Adjusted EPS (€)	1.04	1.29	1.69	1.75	1.81
Growth in EPS (%)	52.7	23.8	30.8	3.78	3.24
Dividend (€)	0.04	0.06	0.08	0.10	0.12
Sales (€M)	176	168	176	175	174
EBITDA/R margin (%)	18.2	18.3	18.6	18.8	19.3
Attributable net profit (€M)	9.44	11.6	14.5	15.0	16.1
ROE (after tax) (%)	8.26	9.30	10.6	10.2	10.1
Gearing (%)	48.5	49.6	40.3	32.4	25.7

Add

Upside : 31.8%

Price (€)	9.05
Target Price (€)	11.9
Momentum	+
Market Cap (€M)	0.00
Enterprise Value (€M)	0.00
High/Low (12M)	€ 6.36/9.50
BBG : ALPRO FP	RIC : ALPRO.PA
Credit Risk & outlook	→
Fundamental Strength	0 / 10

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Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No