

STATPRO GROUP

SOFTWARE AND COMPUTER SERVICES

SOG.L

122p

Market Cap: £82.1m

SHARE PRICE (p)



12m high/low

181p/105p

Source: LSE Data

KEY INFORMATION

Enterprise value	£102.5m
Index/market	AIM
Next news	AGM, 23 May 2019
Gearing	24.8%
Interest cover	3.9x

STATPRO GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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Useful contract extension

StatPro has announced a useful extension to a contract with an existing customer – a total of €1.2m over three years from a Revolution Delta client. The news does not cause us to revisit our estimates, but provides a useful boost to forecast security, and demonstrates both client satisfaction and the positive tailwind of ongoing regulatory change. We look forward to hearing more around the time of the AGM later in May.

- Contract signed** The RNS describes a three-year deal with an existing Revolution Delta client based in Europe, with a minimum value of €1.2m over that timeframe. The customer, in addition to their existing Delta usage, will be adding a new module for work relating to the new EU Money Market Regulations – which requires certain data to be reported directly to the regulator.
- Useful signal** This win shows that existing fixed income clients of the acquired Delta product remain loyal to the platform, and they are comfortable to move forward, commit to multi-year relationships, and add additional functionality. We note StatPro's previous comments around ease of migration over time of the Delta client base onto Revolution, and highlight the fact that the group also announced a £2m+ Revolution Delta renewal from a British client in January 2019. It appears that the Delta client base remains enthusiastic about the product roadmap and the advantages over time of the Revolution platform.
- No changes to estimates** We make no changes to our estimates at this time – it is relatively early in StatPro's financial (and calendar) year, although clearly the news is positive and helps to reduce forecast risk.

Overall, today's news demonstrates a number of individually-modest aspects of the business – solidity in the Delta client base, ability to up-sell new modules into this base, and the positive tailwind of regulatory change. On the back of other recent wins and contract news, we believe this announcement will be well received.

FYE DEC (€M)	2016	2017	2018	2019E	2020E
Revenue	37.5	49.3	54.8	58.6	62.2
Adjusted EBITDA	5.1	6.8	9.0	10.2	11.4
Adjusted PBT	2.7	3.3	5.0	6.4	7.6
Adjusted EPS	3.4	5.6	6.9	8.0	9.4
EV/ Adj. EBITDA	20.1x	15.0x	11.4x	10.1x	9.0x
P/E	35.6x	21.8x	17.6x	15.2x	13.0x
Dividend yield	2.4%	2.4%	2.4%	2.4%	2.4%

Source: Company Information and Progressive Equity Research estimates

Financial Summary: StatPro Group

Year end: December (£m unless shown)

	2016	2017	2018	2019E	2020E
PROFIT & LOSS					
Revenue	37.5	49.3	54.8	58.6	62.2
Adj EBITDA	5.1	6.8	9.0	10.2	11.4
Adj EBIT	3.5	4.9	7.2	8.5	9.7
Reported PBT	(10.1)	(3.5)	(1.0)	2.7	3.8
Fully adj PBT	2.7	3.3	5.0	6.4	7.6
NOPAT	2.2	3.1	4.6	5.4	6.2
Reported EPS	(15.1)	(3.6)	(0.8)	2.7	3.9
Fully adj EPS	3.4	5.6	6.9	8.0	9.4
Dividend per share	2.9	2.9	2.9	2.9	2.9
CASH FLOW & BALANCE SHEET					
Operating cash flow	7.5	10.6	12.8	15.5	16.7
Interest & tax	(1.8)	(1.4)	(3.8)	(2.9)	(3.2)
Free Cash flow	0.1	2.8	1.9	5.6	6.5
FCF per share	0.2	4.2	2.7	8.1	9.4
Acquisitions	(4.8)	(10.3)	(3.4)	(1.0)	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	(2.1)	0.9	0.1	0.0	0.0
Net cash flow	(7.4)	(10.3)	(4.1)	2.1	4.0
Other movements	(1.8)	(0.9)	(0.4)	0.0	0.0
Net (Debt)/Cash	(10.1)	(20.3)	(24.6)	(22.5)	(18.5)
NAV AND RETURNS					
Net asset value	N/A	N/A	N/A	N/A	N/A
NAV/share	N/A	N/A	N/A	N/A	N/A
Net Tangible Asset Value	N/A	N/A	N/A	N/A	N/A
NTAV/share	N/A	N/A	N/A	N/A	N/A
Average equity	N/A	N/A	N/A	N/A	N/A
Post-tax ROE (%)	N/A	N/A	N/A	N/A	N/A
METRICS					
Revenue growth	24.4%	31.2%	11.3%	6.9%	6.1%
Adj EBITDA growth	26.2%	34.0%	31.8%	12.7%	12.0%
Adj EBIT growth	21.4%	42.1%	46.7%	17.2%	14.5%
Adj PBT growth	4.4%	24.6%	48.8%	28.1%	19.3%
Adj EPS growth	31.5%	63.2%	24.0%	15.7%	16.6%
Dividend growth	0.0%	0.0%	0.0%	0.0%	0.0%
Adj EBIT margins	9.2%	10.0%	13.2%	14.4%	15.6%
VALUATION					
EV/Sales	2.7	2.1	1.9	1.7	1.6
EV/EBITDA	20.1	15.0	11.4	10.1	9.0
EV/NOPAT	47.5	33.4	22.3	19.0	16.6
PER	35.6	21.8	17.6	15.2	13.0
Dividend yield	2.4%	2.4%	2.4%	2.4%	2.4%
FCF yield	0.2%	3.4%	2.2%	6.6%	7.7%

Source: Company information and Progressive Equity Research estimates

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