

STATPRO GROUP

SOFTWARE AND COMPUTER SERVICES

SOG.L

76.5p

Market Cap: £51.9m

SHARE PRICE (p)



12m high/low

85.5p/68.4p

Source: LSE Data

KEY INFORMATION

Enterprise value	£49.2m
Index/market	FTSE AIM
Next news	T/U Jan 15
Gearing	N/A
Interest cover	15.0x

STATPRO GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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The Revolution continues

StatPro has released its Q3 trading update, covering the nine months to 30 September. Metrics are positive, with good growth in cloud-based Revolution, and the nine months stated as being “in line with expectations for the year”. We make no changes to forecasts, but take comfort from the ongoing transition. We aim to catch up with the StatPro management team during Q4, and will revert following those meetings.

- Metrics moving in the right direction** The RNS highlights a number of positive metrics – the main one being annualised recurring revenue for Revolution, which is now running at an impressive £7.2m, up from £4.3m at this time last year. Revolution itself now accounts for 25% of annualised recurring revenue (up from 15% in the prior year). Tellingly, more than half of clients by revenue (54% of software revenues) now have Revolution as part of their subscription, up from 52% at June, and 41% in the prior year.
- Drivers remain the same** We understand that, as in previous periods, the expansion on Revolution revenues is driven by a good variety of new customers, existing customers expanding their Revolution usage and group customers of StatPro Seven adopting Revolution for the first time. This remains a good variety of contributors to the pipeline, and we expect to see further growth in Revolution as the process continues, and as new modules are added.

We leave our forecasts unaltered; we are mindful of the strength of Sterling which is painful for the group as material proportions of revenue are derived overseas and denominated in other currencies. Today's announcement demonstrates further steady progress towards the group's long term aim of transitioning its customer base towards cloud-based platforms with strong recurring revenue.

FORECASTS (DEC) £M	2012	2013	2014	2015E	2016E
Revenue	32.0	32.5	32.0	31.5	32.4
Adjusted EBITDA	6.7	5.5	4.4	4.3	4.8
Adjusted PBT	5.0	4.1	2.6	2.6	2.9
Adjusted EPS	5.9	4.5	2.7	2.7	3.0
Dividend (p)	2.7	2.8	2.9	2.9	2.9
EV/ Adj. EBITDA (x)	7.3	9.0	11.3	11.4	10.2
P/E (x)	13.1	17.1	28.5	28.0	25.6

Source: Company Information and Progressive Equity Research estimates

SUMMARY FINANCIALS

Year ended Dec	FY-12	FY-13	FY-14	FY-15	FY-16
	£m	£m	£m	£m	£m
Profit & Loss	Act	Act	Act	Est	Est
Revenue £m	32.0	32.5	32.0	31.5	32.4
Adj EBITDA £m	6.7	5.5	4.4	4.3	4.8
Adj EBIT £m	5.5	4.3	2.9	2.9	3.2
Reported PBT	3.8	3.1	2.4	2.0	2.5
PBT before exceptionals and AAG	5.2	3.9	2.6	2.4	2.8
Fully adj PBT	5.0	4.1	2.6	2.6	2.9
NOPAT	4.0	2.8	1.8	1.9	2.1
Reported EPS	4.3	3.1	2.4	1.8	2.5
EPS before exceptionals and AAG	5.3	3.7	2.4	2.2	2.6
Fully adj EPS	5.9	4.5	2.7	2.7	3.0
Dividend per share p	2.7	2.8	2.9	2.9	2.9
Cash flow & Balance sheet					
Operating cash flow	9.2	9.4	7.7	8.1	8.6
Free Cash flow £m	3.2	2.9	1.4	1.9	2.0
FCF per share p	5.1	4.3	2.1	2.7	3.0
Capex	-4.2	-4.4	-5.9	-5.4	-5.0
Acquisitions	0.0	-1.0	0.0	-0.7	0.0
Net cash flow	1.9	0.4	-1.3	-1.0	0.5
Shares issued	5.9	0.0	0.0	0.0	0.0
Net cash	3.7	4.0	2.7	1.3	1.8
Metrics	FY-12	FY-13	FY-14	FY-15	FY-16
Revenue growth	0.9%	1.5%	-1.4%	-1.5%	2.7%
Adj EBITDA growth	12.0%	-18.8%	-20.2%	-0.5%	11.0%
Adj EBIT growth	9.5%	-21.8%	-33.6%	2.2%	9.7%
Adj PBT growth	13.8%	-19.6%	-36.3%	-0.8%	11.7%
Adj EPS growth	27.6%	-23.5%	-40.1%	1.9%	9.6%
Dividend growth	3.8%	3.7%	3.6%	0.0%	0.0%
Adj EBIT margins	17.3%	13.3%	9.0%	9.3%	10.0%
Operating cash conversion	91%	100%	100%	100%	100%
Capex/Depreciation	351%	388%	399%	386%	314%
Valuation	FY-12	FY-13	FY-14	FY-15	FY-16
EV/Sales	1.5	1.5	1.5	1.6	1.5
EV/EBITDA	7.3	9.0	11.3	11.4	10.2
EV/NOPAT	12.3	17.8	26.8	26.2	23.9
PER	13.1	17.1	28.5	28.0	25.6
Dividend yield	3.5%	3.7%	3.8%	3.8%	3.8%
FCF yield	4.2%	3.8%	1.8%	2.4%	2.7%

Source: Company information, Progressive Equity Research estimates

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