

STATPRO GROUP

SOFTWARE & COMPUTER SERVICES

SOG.L

80.0p

Market Cap: £51.8m

SHARE PRICE (p)



12m high/low

81.7p/66.6p

Source: LSE Data

KEY INFORMATION

Enterprise value	£57.4m
Index/market	FTSE/AIM
Next news	H1 16 results, Aug '16
Net debt	£5.6m (est 31 Dec '16)
Interest cover	6.3x

 STATPRO IS A RESEARCH CLIENT OF
 PROGRESSIVE

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Contract win in Australia

Increased presence in an important market

StatPro has announced a £2.3 million contract win with a large Australian financial institution for the provision of its Revolution platform including the Performance module. This is a significant win which will increase the Group's presence in an important market where (as elsewhere in the world) growing regulatory requirements are driving demand for compliance solutions. StatPro was the first vendor to offer a turn-key solution for new risk measurement regulation there in 2015. We expect the contract to start producing revenue in the current year and note that the launch of Revolution Performance is still scheduled for Q3 2016. This contract underpins our estimates for the current financial year and FY17E - both of which already include some growth assumptions for anticipated contract wins. Consequently, we make no adjustments to estimates at present but note the continuing positive momentum in the business following an in-line Q1 2016 performance and the two acquisitions made so far this year.

- StatPro's recent AGM statement noted that trading in Q1 2016 had been in line with management expectations and that the business continued to have a strong pipeline for the remainder of the year. Today's announcement supports that robust outlook for StatPro.
- The announcement of a three-year contract with a large Australian financial institution for a total value over the period of £2.3 million is a significant deal which increases the Group's presence in Australia. The contract win follows 'an intensive review' of the Revolution platform's capabilities by the client providing further validation of Revolution and showing confidence in the Performance module.
- StatPro Revolution's Performance module remains on track to be released to clients in Q3 2016. We understand that this contract represents a new client win and not a conversion from StatPro Seven.
- The flexibility of the cloud product suite was demonstrated during 2015 by the inclusion of a new solution to compute the APRA Standard Risk Measure (SRM) for Superannuation funds in Australia. We assume that the marketing and promotion of that service has aided the signing of this contract.
- With our estimates underpinned by this contract, we make no changes to numbers at present.

FYE DEC	2013	2014	2015	2016E	2017E
Revenue	32.5	32.0	30.2	34.6	35.6
Adjusted EBITDA	5.5	4.4	4.0	5.0	5.2
Adjusted PBT	4.1	2.6	2.6	2.7	3.0
Adjusted EPS	4.5	2.7	2.6	2.8	3.2
EV/Sales (x)	1.8	1.8	1.9	1.7	1.6
EV/ Adj. EBITDA (x)	10.5	13.2	14.2	11.5	11.0
P/E (x)	17.9	29.9	30.7	28.5	24.7
Dividend yield (%)	3.5%	3.6%	3.6%	3.6%	3.6%

Source: Company Information and Progressive Equity Research estimates

Financials

Summary Financial Information

Year ended Dec	FY-13	FY-14	FY-15	FY-16	FY-17
	£m	£m	£m	£m	£m
Profit & Loss	Act	Act	Act	Est	Est
Revenue £m	32.5	32.0	30.2	34.6	35.6
Adj EBITDA £m	5.5	4.4	4.0	5.0	5.2
Adj EBIT £m	4.3	2.9	2.9	3.5	3.8
Reported PBT	3.1	2.4	2.4	1.2	2.3
PBT before exceptionals and AAG	3.9	2.6	2.4	2.5	2.8
Fully adj PBT	4.1	2.6	2.6	2.7	3.0
NOPAT	2.8	1.8	1.8	2.2	2.4
Reported EPS	3.1	2.4	2.4	1.1	2.2
EPS before exceptionals and AAG	3.7	2.4	2.3	2.4	2.7
Fully adj EPS	4.5	2.7	2.6	2.8	3.2
Dividend per share p	2.8	2.9	2.9	2.9	2.9
Cash flow & Balance sheet					
Operating cash flow	9.4	7.7	6.5	8.8	9.0
Free Cash flow £m	2.9	1.4	0.7	2.3	2.1
FCF per share p	4.3	2.1	1.0	3.5	3.3
Capex	-4.4	-5.9	-5.0	-5.0	-5.0
Acquisitions	-1.0	0.0	0.0	-5.5	-5.3
Net cash flow	0.4	-1.3	-1.3	-4.8	-4.9
Shares issued	0.0	0.0	0.1	-2.1	0.0
Net cash	4.0	2.7	1.3	-5.6	-10.5
Metrics	FY-13	FY-14	FY-15	FY-16	FY-17
Revenue growth	1.5%	-1.4%	-5.7%	14.6%	3.0%
Adj EBITDA growth	-18.8%	-20.2%	-7.2%	23.4%	4.8%
Adj EBIT growth	-21.8%	-33.6%	-0.8%	22.3%	9.7%
Adj PBT growth	-19.6%	-36.3%	-0.9%	5.3%	9.7%
Adj EPS growth	-23.5%	-40.1%	-2.8%	8.0%	15.2%
Dividend growth	3.7%	3.6%	0.0%	0.0%	0.0%
Adj EBIT margins	13.3%	9.0%	9.4%	10.1%	10.7%
Operating cash conversion	100%	100%	100%	100%	100%
Capex/Depreciation	388%	399%	419%	333%	357%
Valuation	FY-13	FY-14	FY-15	FY-16	FY-17
EV/Sales	1.8	1.8	1.9	1.7	1.6
EV/EBITDA	10.5	13.2	14.2	11.5	11.0
EV/NOPAT	20.7	31.2	31.4	26.1	23.7
PER	17.9	29.9	30.7	28.5	24.7
Dividend yield	3.5%	3.6%	3.6%	3.6%	3.6%
FCF yield	3.6%	1.7%	0.9%	2.8%	2.7%

Source: StatPro Group information and Progressive Equity Research estimates

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