

CREALOGIX Group

Annual report

On target in spite of sterling hit

CREALOGIX posted a strong performance in FY16, which follows a period of significant investment, with revenue growth of 28% and a return to profitability. EBITDA was significantly ahead of our expectations at CHF3.7m vs CHF1.4m forecasted. However, we are conservatively cutting our FY17 profit forecasts as the group's recurring SaaS revenue book in the UK has been reduced by the fall in sterling and the growth outlook has been affected by uncertainties around Brexit. However, this is largely balanced by the growing opportunities in Germany, where projects typically involve greater services revenues, and hence our FY18 forecasts remain broadly the same. Given the attractive growth drivers and strong balance sheet, we believe the shares are attractive on 18x our FY19 EPS.

Year end	Revenue (CHFm)	PBT* (CHFm)	EPS* (CHF)	DPS (CHF)	P/E (x)	Yield (%)
06/15	49.3	(12.6)	(8.13)	0.00	N/A	N/A
06/16	63.3	2.2	1.65	0.00	65.5	N/A
06/17e	71.6	2.5	1.47	0.00	73.5	N/A
06/18e	78.7	6.0	4.11	0.00	26.3	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Digital banking in strong growth phase

Digital banking is in a major growth phase globally, boosted by the advent of smartphones and tablets; smartphones are expected to take 80% of the banking market by 2020 (AT Kearney). This is driving increasing spend on front-end systems and CREALOGIX expects front-end system spend to rise to c 50% of banks' total IT spend within five years, from c 20% at present and c 5% traditionally.

FY16 results and forecasts: Ramp-up set to continue

FY16 revenue rose 28% to CHF63.3m (we forecasted CHF61.2m) as EBITDA swung to CHF3.7m (we forecasted CHF1.4m) from a CHF10.6m loss in the prior period. We have cut our forecasts for hosting and SaaS revenues by 29% in FY17 and by 30% in FY18 to reflect the decline in sterling against the Swiss franc, as well as the uncertainties over Brexit. But these cuts are mostly negated by a rise in services revenues relating to the group's German business. In all, group revenue forecasts slip by 3% in FY17 and by 2% in FY18. Adjusted operating profit comes back by 29% in FY17 but edges higher in FY18 (we have modelled services gross margins to improve from recent depressed levels). We forecast the group to end FY17 with net cash of CHF5.6m before including acquisition liabilities.

Valuation: Upside with growth and margin expansion

CREALOGIX has a heavily invested modern software platform and several key components are now in place to underpin strong revenue growth, while investment has peaked. While the shares look pricey on c 73x our FY17 earnings, this falls to c 18x in FY19 as the operating margin rises to 10%. We believe the margin can rise further if management executes successfully on its internationalisation strategy.

Software & comp services

8 November 2016

Price CHF108
Market cap CHF116m

Net cash (CHFm) as at 30 June 2016	3.4
Shares in issue	1.06m
Free float	30.0%
Code	CLXN
Primary exchange	Switzerland
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	2.74	17.19	29.31
Rel (local)	1.86	13.65	32.04
52-week high/low	CHF100.00	CHF81.00	

Business description

CREALOGIX Group provides digital banking technology solutions to banks, wealth managers and other financial services companies. The company's suite of solutions includes online and mobile banking, digital payments, digital learning and security.

Next events

Interim results	March 2017
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**CREALOGIX Group is a
research client of Edison
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Investment case: Expanding from Swiss base, leveraging IP and know-how internationally

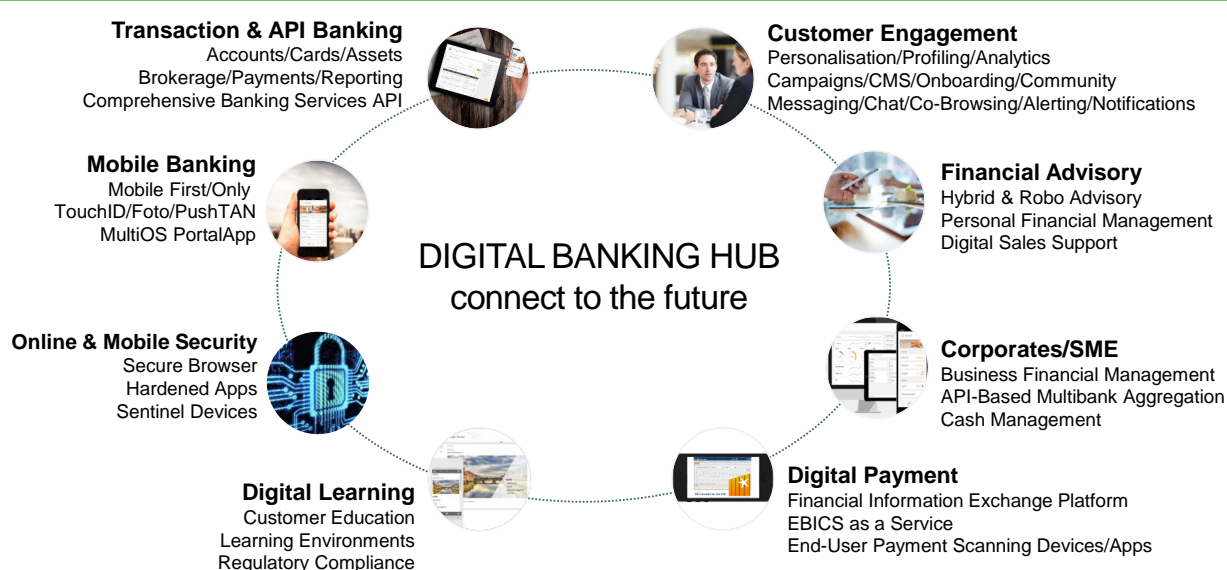
CREALOGIX has been through a heavy investment phase, which peaked in FY15. It has been investing in the development of its software platform to address the challenges to the banking sector, spending 21.5% of sales on R&D in FY15, which resulted in an EBITDA loss of CHF10.6m. The major work on the platform has completed and R&D costs have been cut back, largely through a reduction in freelancers and the shift to near/offshore centres, and R&D slipped to 13.4% of sales in FY16. The aim now is to seek the benefits from scaling the platform across a much larger international base, with the main focus on Germany, the UK and Austria. Also, management believes there are significant opportunities in Asia, where digital banking is less advanced.

The group has also made several acquisitions to gain access to new geographic markets and technologies. The MBA acquisition in January 2015 provided the group with strong experience in wealth management and added c 30 clients using hosting in the UK. The hosting capabilities have been extended to the entire platform. The group's international revenues will now move beyond the wealth management vertical, as the group has expanded its office infrastructure and also due to the acquisition of ELAXY in Germany, announced in October 2015.

We believe there are several reasons why it should generate stronger margins in the medium term than it has done historically, assuming the group does successfully execute its expansion strategy:

- the benefits from economies of scale created by the acquisitions;
- the group has a much stronger focus, than was the case historically, on the financial services sector;
- the group has a broader solution suite and increased opportunities for cross-selling;
- the solution suite consists of more off-the-shelf solutions, which are higher margin, and high-margin product is expected to represent a higher percentage of revenues; and
- the group is making greater use of cost-effective near/far shore sites for R&D and delivery.

Exhibit 1: The new software platform – functionalities for the Digital Banking Hub



Source: CREALOGIX

FY16 results: Group has returned to positive EBITDA

FY16 revenue jumped 28% to CHF63.3m, as growth accelerated to 40% in H2 from 16% in H1. The H2 performance benefited from the inclusion of ELAXY. CREALOGIX acquired 80% of ELAXY Financial Software & Solution (a complementary front-end banking software business) for CHF7.2m (net of cash) and 20% of ELAXY Business Solution & Services (a hosting business specialised in the banking area with its own data centre) for CHF2.2m and these businesses contributed to the results from 1 January 2016. Total software revenues jumped by 34% to CHF34.4m, which included a 210% jump in hosted SaaS revenues to CHF4.5m and a 30% rise in licensing fees to CHF29.9m (we estimate c 5% is from maintenance fees). Services grew by 21%, while goods slipped by 8%. Recurring revenues (maintenance and hosted SaaS) rose by 45% to CHF23.8m, representing 38% of total revenues.

EBITDA swung to CHF3.7m from a CHF10.6m loss in the prior period, which reflects management's planned actions to boost revenues while reducing costs. Full-time equivalent employees, including freelancers, rose by 17% to 414, including the impact of ELAXY Financial Software & Solutions (ELAXY FS&S), which added c 100 employees. Research and development spend was CHF8.5m, representing 13.4% of sales, down from 21.5% in FY15, and all R&D was expensed. Cost growth has also been tempered by the reduction in freelancers and the shift of some support and development functions to nearshore facilities.

45% of FY16 revenues were generated from outside Switzerland, up from 32% in FY15 and 27% in FY14. The FY16 international revenues were boosted by the inclusion of ELAXY, which has made Germany the group's second largest market.

The acquisition of ELAXY enabled CREALOGIX to expand its client base in Germany by around 380 Volksbanken and Raiffeisen banks. In addition to Volksbanken and Raiffeisen banks, CREALOGIX also gained the following customers through ELAXY: Landesbank Baden-Württemberg (LBBW), Deutsche Apotheker- und Ärztebank (Apobank), Bankhaus August Lenz, Finanz Informatik (the IT services provider of the Sparkassen-Finanzgruppe) and Oldenburgische Landesbank. New customers not linked to ELAXY included the German financial service provider MLP, Medbank in the UK (the first combined offering of the former MBA and CREALOGIX products) and Australian asset manager Crestone. Successful implementation of the new CREALOGIX flagship product – The Digital Banking Hub – at Crestone took just three months. CREALOGIX carried out the project together with Tech Mahindra, its implementation partner for the Asia-Pacific region. In Switzerland, projects for next-generation mobile solutions began under the heading 'Banking to go'. Customers include Aargauische Kantonalbank, Basler Kantonalbank and the Coop Bank, St. Galler Kantonalbank, Thurgauer Kantonalbank and Bank Julius Bär.

Income from associates swung from a loss to CHF517k, reflecting the group's 37% interest in Qontis, due to one-off effects that accrued in H1 and we do not expect this level of profitability to continue. It also included the group's 20% interest in ELAXY BS&S from 1 January 2016. The H2 income from associates was a small loss.

Cash outflow from operations after interest (zero) and tax (CHF0.1m) was CHF1.1m, and hence there was a CHF1.2m inflow from operations in H2. After net capex of CHF0.5m, free cash flow was CHF0.7m. After payment for 20% of ELAXY BS&S of CHF2.2m and 80% of ELAXY Financial Software & Solution of CHF7.2m, and gains from other financial assets (CHF2.2m), the cash outflow was CHF6.8m. After the net purchase of treasury shares (CHF2.0m), convertible bond sale (CHF24.4m) and a small exchange movement (CHF0.2m), the total cash position rose by CHF16.7m from CHF10.8m at 30 June 2015 to CHF27.5m as at 30 June 2016. The debt component of the convertible bond is CHF24.1m, leaving net cash of CHF3.4m.

Acquisition of ELAXY group from Fiducia & GAD IT

In October 2015, CREALOGIX announced a long-term commercial agreement with Fiducia & GAD IT, the IT-service provider owned by the German Volksbank and Raiffeisenbank co-operatives. The deal involved CREALOGIX acquiring 80% of ELAXY Financial Software & Solutions (ELAXY FS&S) and 20% of ELAXY Business Solution & Services (ELAXY BS&S) from Fiducia & GAD. While the pricing was not disclosed, the accounts reveal that ELAXY FS&S (along with two related entities) was acquired for CHF7.2m (net of cash acquired) while the 20% ELAXY BS&S stake was purchased for CHF2.2m. The two acquisitions were effective from 1 January 2016 and there are call and put options over the remaining 20% of ELAXY FS&S (put option to be exercised by June 2020 and call option to be exercised by June 2021). CREALOGIX has a call option to acquire the remaining 80% of ELAXY BS&S, to be announced by June 2018.

The acquisition of ELAXY has broadened CREALOGIX's product portfolio into the area of interactive digital banking advisory services, which includes retirement planning, financial management and financial planning. It also accelerates the group's move into hosting/SaaS. ELAXY FSS is a product company providing software solutions and related consulting services in the advisory area, while ELAXY BSS is a hosting business specialised in the banking area with its own data centre. The two companies each generate around €10m (c CHF11.1m) in sales and each employ around 100 staff. The acquisition increased the group's employees by c 100 to more than 420 and makes Germany the group's second-largest country exposure.

Capital structure

In November 2015 the company issued CHF25m of four-year convertible bonds. The bonds have a conversion price of CHF104.5 and a coupon of 2.375%. Management chose the convertible bond financing option because the company had the authorised capital available and it enabled it to issue new equity at an effective 26% premium to the then current market price, assuming that the bonds eventually convert. However, the bond holders also benefit from an attractive coupon while the ordinary shares do not pay a dividend. Following this year's rally, the shares now trade above the conversion price. The bonds are convertible anytime at the holder's option and the first conversion (CHF25,000 nominal in bonds) has already taken place.

Assuming all the bonds convert, it will require the issuing of 239,234 new shares, representing 18.4% of the expanded share capital. Based on pro forma numbers, that would return the group to c CHF22.7m net cash while nearly doubling net assets to c CHF48m. In achieving this number, we have assumed a deferred payment of CHF2.4m for the 20% of ELAXY FS&S that the group does not own. However, we have ignored the 80% of ELAXY BS&S, as this is growing slowly and a purchase decision is at CREALOGIX's option. CREALOGIX does not record either of these potential ELAXY acquisition costs as liabilities in its accounts as it is not required to do so under Swiss GAAP.

Exhibit 2: Balance sheet position

CHF000s	30/06/15	30/12/15	30/06/16	30/06/16	30/06/16
			Book value	*Adjusted	Bonds convert
Cash & short-term securities	(10,815)	(36,658)	(27,495)	(27,495)	(27,495)
Short-term borrowings	0	0	0	0	0
Long-term borrowings	0	0	0	0	0
Convertible bonds	0	23,995	24,141	25,000	0
Net cash	(10,815)	(12,663)	(3,354)	(3,354)	(27,495)
Short-term securities	(2,322)	0	0	0	0
MBA deferred payment	2,630	2,654	2,370	2,370	2,370
Assumed ELAXY FS&S deferred payment	0	0	0	2,387	2,387
Adjusted net debt/(cash)	(10,507)	(10,009)	(984)	2,262	(22,738)
Net assets	26,682	25,335	25,102	24,243	48,384
Debt/equity	(39.4%)	(39.5%)	(3.9%)	9.3%	(47.0%)

Source: CREALOGIX, Edison Investment Research. Note: We assume the remaining 20% of FS&S is purchased for €2.4m in FY20. The €25m convertible bonds are shown in the balance sheet at an accreting value and, if not exercised, will be redeemed at par in November 2019.

Outlook: Remains underpinned by a healthy pipeline

Management said it was somewhat cautious about FY17 due to uncertainties in the current market environment in Europe (eg, Brexit, Middle East, interest rates, monetary policy), which could delay decisions by customers. Nevertheless, management says it continues to expect double-digit growth in sales in FY17. Further, it expects to generate higher EBITDA in FY17, in spite of the continuing high level of investment in new product development, harmonisation of the product range and the opening up of new markets.

Management has maintained its medium-term targets, with CREALOGIX expecting growth rates of at least 20% and a minimum EBITDA margin of 10%, as annual averages. The international side of the business should contribute at least 50% to total sales and the target for the proportion of sales attributable to products is at least 70%. Short-term international growth is largely from Germany, with some growth also expected in the UK, while the group's position in Asia remains nascent.

Forecasts: SaaS revenue book falls in FX, balanced by an increase in services

We have cut our forecasts for SaaS revenues, reflecting the decline in sterling following the Brexit vote in late June, which has reduced the value of the group's existing SaaS recurring revenue book by c 18%. CREALOGIX has c 30 internet brokerage customers, which generate predominantly SaaS revenues. However, the costs of this business are also predominantly in sterling. Additionally, the Brexit vote has created a more uncertain outlook in the UK.

However, this is balanced by an increase in services, reflecting growth in the newly acquired German business (ELAXY), where services revenues are typically higher than in other regions. While CREALOGIX does offer products on a SaaS basis in regions outside the UK, there remains a strong preference for the traditional model from its customers. Further, a SaaS installation typically involves less services revenue as it normally involves some customisation but not integration work.

We continue to forecast strong growth in software revenues (including Hosting and SaaS) of 21% in FY17, 18% in FY18 and 16% in FY19. In all, we forecast revenues to rise 13% to CHF71.6m in FY17, which includes a full annual contribution from ELAXY FSS (six months in FY16), rising by 10% to CHF78.7m in FY18 and by 10% to CHF86.2 in FY19. We forecast CHF4.0m EBITDA in FY17, rising to CHF7.4m in FY18 and to CHF9.5m in FY19.

We forecast operating costs (including depreciation) to rise 8% to CHF56.9m, reflecting a full period from ELAXY in FY17. We note that CREALOGIX expenses all its R&D costs. This leaves the group

with an adjusted operating margin of 4.0% in FY17. While noting that margins are difficult to forecast, we are forecasting operating margins to rise to 8.0% in FY17 and to 10.0% in FY18 as the group scales up its international revenues.

Associates represent Qontis, which is very difficult to forecast, and 20% of ELAXY BS&S (the ELAXY hosting business), which we expect to generate c CHF0.2m on a full-year basis.

Net interest includes the coupon on the convertible bond, which amounts to CHF594k per year.

Goodwill is amortised over five to 10 years under Swiss GAAP and we are forecasting amortisation of CHF1.7m in FY17 (against CHF2.6m in FY16), falling to CHF1.4m in FY18. The decline is due to goodwill from previous acquisitions having been fully amortised.

We forecast a tax rate of 27% on normalised profits in FY17, easing to 26% in FY18 and to 25% in FY19.

The minority interest represents the 20% outstanding in ELAXY FS&S, which we anticipate will be acquired by CREALOGIX at the beginning of FY21.

We are forecasting capital investment of 1.5% of sales. We forecast working capital reductions of 0.5% per year, representing the cash generating upfront licence and hosted SaaS revenues.

We are not forecasting any dividends in the forecast period, as the company has not given any guidance on future dividend policy. This reflects the current priority on investment in technology, sales and internationalising the business.

Exhibit 3: Forecast changes

Year end 30 June, CHF000s	OLD	Actual	Change	OLD	NEW	Change	OLD	NEW	Change	NEW
	2016e	2016	(%)	2017e	2017e	(%)	2018e	2018e	(%)	2019e
Revenues										
Services	23,048	25,160	9	25,866	26,775	4	24,210	26,657	10	26,248
Goods	3,666	3,747	2	3,299	3,185	(3)	2,969	2,866	(3)	2,723
Hosting and SaaS services	4,800	4,528	(6)	8,700	6,210	(29)	13,200	9,180	(30)	12,150
Licensing fees	29,678	29,882	1	35,793	35,430	(1)	39,710	40,018	1	45,085
Total group revenues	61,192	63,317	3	73,658	71,600	(3)	80,089	78,720	(2)	86,206
Growth (%)	24.1	28.4		20.4	13.1		8.7	9.9		9.5
Gross profit	49,533	51,693	4	60,897	59,739	(2)	67,964	68,012	0	76,090
Gross margin (%)	80.9	81.6		82.7	83.4		84.9	86.4		88.3
Opex before depn & amortis'n	(48,156)	(47,997)	(0)	(55,739)	(55,710)	(0)	(60,678)	(60,647)	(0)	(66,556)
EBITDA	1,377	3,696	168	5,158	4,030	(22)	7,285	7,364	1	9,534
Normal depreciation	(1,300)	(1,432)	10	(1,200)	(1,200)	0	(1,100)	(1,100)	0	(914)
Adjusted operating profit	77	2,264	2,828	3,958	2,830	(29)	6,185	6,264	1	8,621
Operating margin (%)	0.13	3.58		5.37	3.95		7.72	7.96		10.00
Growth (%)	(100.7)	(119.2)		5,019.2	25.0		56.3	121.4		37.6
Associates	500	517	3	200	200	0	250	250	0	263
Net interest	(302)	(630)	109	(550)	(550)	0	(500)	(500)	0	(475)
Profit before tax (norm)	275	2,151	681	3,608	2,480	(31)	5,935	6,014	1	8,408
Amortisation of acq'd intangibles	(2,500)	(2,634)	5	(2,500)	(1,700)	(32)	(2,500)	(1,400)	(44)	(1,400)
Profit before tax	(3,925)	(483)	(88)	1,108	780	(30)	3,435	4,614	34	7,008
Taxation	63	(130)	(307)	(920)	(616)	(33)	(1,478)	(1,499)	1	(2,036)
Minority interest	(200)	(270)	35	(241)	(305)	27	(131)	(168)	28	(92)
Net income	(4,062)	(883)	(78)	(53)	(141)	167	1,826	2,948	61	4,880
Adjusted EPS (CHF)	0.13	1.65	1,163	2.31	1.47	(36)	4.08	4.11	1	5.93
P/E – Adjusted EPS (x)		65.6			73.3			26.3		18.2

Source: CREALOGIX (historics), Edison Investment Research (forecasts)

Valuation: Heavily invested, high-growth fintech

CREALOGIX has established a strong track record of delivering software solutions to the banking industry in Switzerland through its established operations and it is now transitioning the business to

the international markets. If management can successfully execute on the strategy, we believe there is significant potential upside in the shares for investors.

We highlight the following points on the group's valuation:

- **Traditional P/E valuation:** the stock trades on 73.5x our earnings forecasts in FY17, falling to 26.3x in FY18 and to 18.2x in FY19. These numbers are mostly above its peers (see Source: Edison Investment Research forecasts (CREALOGIX and GFT), Bloomberg consensus data (all other companies). Note: Prices at 7 October 2016.
-), reflecting the fact the business is now moving out of losses, in anticipation of revenue growth in the wake of a period of heavy investment. A more standard 10% operating margin on the same revenues would reduce the FY17 P/E to 24.2x, FY18 to 20.6x and FY19 to 18.2x.
- **Cash flow:** we forecast free cash flow of CHF2.3m in FY17, rising to CHF5.4m in FY18 and CHF6.7m in FY19.

Exhibit 4: Cash flow

CHF000s	FY13	FY14	FY15	FY16	FY17e	FY18e	FY19e
Adjusted operating profit	3,056	501	(11,815)	2,264	2,830	6,264	8,621
Depreciation	1,149	1,209	1,260	1,432	1,200	1,100	914
Adjusted EBITDA	4,205	1,710	(10,555)	3,696	4,030	7,364	9,534
Working capital	(3,221)	3,952	3,036	(3,303)	358	393	431
Pension	(103)	(228)	1,635	1,082	0	0	0
Provisions	0	0	1,444	(296)	0	0	0
Exceptional items/misc	6	83	(63)	102	0	0	0
Operating cash flow	887	5,517	(4,503)	1,281	4,388	7,758	9,965
Net interest	60	34	91	5	(550)	(500)	(475)
Tax paid	(232)	(293)	(269)	(144)	(500)	(645)	(1,504)
Purchase tangible assets	(1,391)	(859)	(1,018)	(486)	(1,074)	(1,181)	(1,293)
Free cash flow	(676)	4,399	(5,699)	656	2,264	5,432	6,693

Source: CREALOGIX (historics), Edison Investment Research (forecasts)

- **Discounted cash flow valuation:** based on our forecasts, along with conservative medium-term revenue growth assumptions (averaging c 9.1% organic CAGR over 10 years), a long-term margin target of 15%, a 2% terminal growth rate and a weighted average cost of capital (WACC) of 9%, our DCF model values the shares at CHF183, 70% above the current share price. In calculating this number, we have included the dilution impact from exercising the convertible bonds and reversed them from the adjusted net debt, which in aggregate reduces the valuation by 9% from CHF202.
- **Peer comparison:** the stock generally trades at a significant premium to most of its peers, which reflects the fact it is moving out of a loss-making period and has potentially very strong growth prospects. A more standard 10% operating margin would reduce the FY18 P/E to 20.6x. We note that along with CREALOGIX there are just two other IT stocks quoted on the Swiss Stock Exchange – Temenos and Kudelski.

Exhibit 5: Peers

	Share price	Market cap	Market cap	EV/sales		EBITDA margins		EV/EBITDA (x)		PE (x)	
	Local curr	Local curr, m	CHFm	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
CREALOGIX	108.00	114	114	1.1	1.0	5.6%	9.4%	19.2	10.5	73.3	26.3
A) Large, diverse, banking software suppliers											
FIS	76.35	25,060	24456	3.6	3.6	31.2%	31.9%	11.2	11.0	19.9	17.4
Infosys	15.265	35,063	34218	2.8	2.7	26.6%	27.6%	10.5	9.8	16.4	15.2
Sopra Steria	91.64	1,880	2024	N/A	0.7	N/A	9.7%	N/A	7.1	11.3	9.8
Temenos	64.85	4,512	4512	7.4	7.2	44.2%	38.2%	20.1	18.8	32.2	27.8
Iress	10.97	1,864	1400	5.2	4.6	30.4%	30.8%	17.0	14.9	23.5	20.4
Medians				4.4	3.6	30.8%	30.8%	14.1	11.0	19.9	17.4
B) European banking-related fintech peers											
FinTech Group	15.44	260	280	N/A	N/A	35.1%	37.9%	N/A	N/A	15.6	10.7
First Derivatives	2004	494	597	3.6	3.3	19.0%	19.2%	19.1	17.1	35.2	32.3
GFT	17.83	469	505	1.2	1.1	11.1%	11.5%	10.8	9.5	15.5	14.2
Sopra Steria	91.64	1880	2024	N/A	0.7	N/A	9.7%	N/A	7.1	11.3	9.8
Tecnocom	3.2	240	259	0.6	0.6	7.3%	7.5%	9.3	7.8	27.8	18.3
Temenos	64.85	4,512	4512	7.4	7.2	44.2%	38.2%	20.1	18.8	32.2	27.8
Medians				2.4	1.1	19.0%	15.3%	14.9	9.5	21.7	16.3
C) Quoted Swiss IT companies											
Kudelski	16.75	909	909	1.1	1.1	13.3%	12.7%	8.5	8.4	14.5	14.2
Temenos	64.85	4,512	4512	7.4	7.2	44.2%	38.2%	20.1	18.8	32.2	27.8
Medians				4.3	4.1	28.7%	25.5%	14.3	13.6	23.3	21.0

Source: Edison Investment Research forecasts (CREALOGIX and GFT), Bloomberg consensus data (all other companies). Note: Prices at 7 October 2016.

Exhibit 6: Financial summary

	CHF000s	2014	2015	2016	2017e	2018e	2019e
Year end 30 June		Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP	Swiss GAAP
PROFIT & LOSS							
Revenue		50,113	49,307	63,317	71,600	78,720	86,206
Gross Profit		41,461	37,017	51,693	59,739	68,012	76,090
EBITDA		1,710	(10,555)	3,696	4,030	7,364	9,534
Adjusted Operating Profit		501	(11,815)	2,264	2,830	6,264	8,621
Amortisation of acquired intangibles		(1,609)	(1,616)	(2,634)	(1,700)	(1,400)	(1,400)
Exceptionals		0	0	0	0	0	0
Operating Profit		(1,108)	(13,431)	(370)	1,130	4,864	7,221
Associates		(915)	(837)	517	200	250	263
Net Interest		168	95	(630)	(550)	(500)	(475)
Profit Before Tax (norm)		(246)	(12,557)	2,151	2,480	6,014	8,408
Profit Before Tax (Statutory)		(1,855)	(14,173)	(483)	780	4,614	7,008
Tax		331	3,899	(130)	(616)	(1,499)	(2,036)
Profit After Tax (norm)		85	(8,658)	2,021	1,864	4,516	6,372
Profit After Tax (Statutory)		(1,524)	(10,274)	(613)	164	3,116	4,972
Minority interest		0	0	(270)	(305)	(168)	(92)
Net income (norm)		85	(8,658)	1,751	1,559	4,348	6,280
Net income (Statutory)		(1,524)	(10,274)	(883)	(141)	2,948	4,880
Average Number of Shares Outstanding (m)		1.06	1.06	1.06	1.06	1.06	1.06
EPS - normalised (CHF)		0.08	(8.13)	1.65	1.47	4.11	5.93
EPS - Statutory (CHF)		(1.44)	(9.65)	(0.83)	(0.13)	2.78	4.61
Dividend per share (CHF)		0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin (%)		82.7	75.1	81.6	83.4	86.4	88.3
EBITDA Margin (%)		3.4	(21.4)	5.8	5.6	9.4	11.1
Op Margin (before GW and except.) (%)		1.0	(24.0)	3.6	4.0	8.0	10.0
BALANCE SHEET							
Fixed Assets		14,865	20,371	28,910	27,084	25,765	24,744
Intangible assets and deferred tax		6,169	14,115	21,004	19,304	17,904	16,504
Tangible Assets		1,841	1,869	1,595	1,469	1,550	1,929
Investments & pensions		6,855	4,387	6,311	6,311	6,311	6,311
Current Assets		40,273	28,217	48,275	53,517	56,486	68,565
Stocks		3,563	3,447	3,661	4,140	4,552	4,984
Debtors		12,424	11,633	17,119	19,358	21,284	23,308
Cash		21,724	10,815	27,495	30,018	30,650	40,273
Current Liabilities		(15,367)	(19,183)	(24,752)	(27,886)	(30,665)	(58,504)
Creditors		(15,367)	(19,183)	(24,752)	(27,886)	(30,665)	(33,604)
Short term borrowings		0	0	0	0	0	(24,900)
Long Term Liabilities		(1,350)	(2,723)	(27,331)	(27,590)	(25,160)	2,070
Long term borrowings		0	0	(24,141)	(24,400)	(24,600)	0
Other long term liabilities		(1,350)	(2,723)	(3,190)	(3,190)	(560)	2,070
Net Assets		38,421	26,682	25,102	25,125	26,425	36,875
CASH FLOW							
Operating Cash Flow		5,517	(4,503)	1,281	4,388	7,758	9,965
Net Interest		34	91	5	(550)	(500)	(475)
Tax		(293)	(269)	(144)	(500)	(645)	(1,504)
Capex		(859)	(1,018)	(486)	(1,074)	(1,181)	(1,293)
Acquisitions/disposals		(253)	(4,158)	(9,350)	0	(2,370)	0
Financing		(6,515)	(1,201)	1,504	0	0	0
Dividends		0	0	0	0	0	0
Net Cash Flow		(2,369)	(11,058)	(7,190)	2,264	3,062	6,693
Opening net debt/(cash)		(24,101)	(21,724)	(10,815)	(3,354)	(5,618)	(8,680)
Other		(8)	149	(271)	0	0	(0)
Closing net debt/(cash)		(21,724)	(10,815)	(3,354)	(5,618)	(8,680)	(15,373)

Source: CREALOGIX accounts (historics), Edison Investment Research (forecasts). Note: The FY16 outflow represents the ELAXY group acquisition (we assume the outstanding shares in ELAXY FS&S are acquired in FY20 for €2.4m) and the FY18 outflow represents the outstanding acquisition liabilities for MBA Systems.

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