

WANDisco

Record contract win

WANDisco's \$4.3m contract win with a major financial institution is the company's largest to date and should leave our FY17 bookings and revenue estimates well underpinned. The deal, which was delivered via the IBM OEM partnership, also helps put into context the rationale for the recent fund-raise to support a faster roll-out of the OEM strategy. We expect an acceleration in commercial momentum from here.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (c)	P/E (x)	Yield (%)
2015	11.0	(26.4)	(87.7)	N/A	N/A
2016	11.4	(16.4)	(46.9)	N/A	N/A
2017e	17.0	(10.6)	(26.7)**	N/A	N/A
2018e	21.7	(8.3)	(20.6)**	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments. **EPS estimates do not reflect the December fund-raising.

The \$4.3m win is the second \$4m+ deal signed via the IBM OEM partnership in the financial services sector during FY17. We understand that WANDisco has had a longstanding dialogue with the customer, but the IBM relationship was key to securing a deployment of this magnitude. The client will use the Big Replicate/Fusion platform to seamlessly replicate data between primary and disaster recovery sites across both big data and cloud applications.

The deal helps put into context the company's recent fund-raise, with \$22m raised from the issue of 2.97m new shares (7.8% dilution) to support a faster roll-out of the company's OEM strategy. The funds will be used to support the commercial and technical integration with existing partners and to assist with on-boarding of new ones in parallel.

We will revise our estimates following the next trading update anticipated in mid-January. Nevertheless, this deal should leave our FY17 bookings (\$21.7m) and revenue (\$17m) estimates well underpinned. Looking to FY18, increased investment will suppress near-term cash generation, but we reiterate our view that successful execution of the OEM strategy has the potential to drive more rapid operationally geared growth than currently forecast.

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Software & comp services

3 January 2018

Price 570p
Market cap £233m

Net debt (\$m) at 30 June 2017	6.9
Shares in issue	40.9
Free float	92%
Code	WAND
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

WANDisco is a distributed computing company. It has developed a suite of solutions based around proprietary replication technology, which solve critical data management challenges prevalent across cloud computing, big data and the ALM software markets.

Analysts

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