

# Straker Translations

## Translating its global presence

Straker Translations has developed a proprietary cloud-enabled transaction platform to service the US\$37bn global translation market. Based in Auckland, Straker has ~50 employees spread across seven countries. The company has grown revenues at a CAGR of 65% over the four years to March 2015 and is generating a gross profit margin of 62%. Its vision is to become a top 20 global supplier of translation services with annual revenue growing to NZ\$50m within five years. It has recently secured funding of NZ\$4m out of a NZ\$5m pre-IPO round from Bailador Technology Investments (BTI.ASX).

## Disruptive cloud-based technology platform

Straker uses its cloud-enabled, proprietary platform to connect directly with its 5,000+ translators, enabling it to offer fast, streamlined translation services to its corporate clients by using its in-house developed context-specific engine. This compares with traditional language service providers, which often outsource translation services to smaller providers that in turn outsource to individual translators. Straker sees its direct relationship with both its translators and its customers as a key competitive advantage in a highly fragmented space.

## Scalable opportunity

Straker's growth has been underpinned by repeat sales from corporate customers. Currently just under 60% of revenues are from repeat sales, with a growing number of jobs coming from multinationals. The company's forecasts are based on scaling up in existing and new markets, in particular North America and Asia. Straker's technology platform enables it to integrate directly into large e-commerce, travel and content platforms which should provide a "network effect" to sales growth. Several such deals are complete and now live with direct, automated application programming interface (API) connections.

## Capital raise and road to listing

Straker has recently completed a NZ\$5m pre-IPO funding round, principally to fund expansion of its existing online channels and develop new regions. The company also plans to use some of the funds to acquire low-technology competitors with key corporate accounts. BTI.AX has recently taken a NZ\$4m investment in the company. Straker currently intends to conduct a further funding round to accelerate its growth plans and will consider a listing (potentially in CY2016) as part of this process.

### Historical financials, company forecasts

Year end	Revenue (NZ\$m)	Gross margin (NZ\$m)	EBITDA (NZ\$m)	EPS (c)	P/E (x)	Yield (%)
03/14	5.5	3.4	(1.3)	N/A	N/A	N/A
03/15	8.0	4.9	(0.5)	N/A	N/A	N/A
03/16e	11.5	7.2	N/A	N/A	N/A	N/A

Source: Straker Translations

## Information technology

Price	N/A
Market cap	N/A

### Share price graph

Not available as unlisted

### Share details

Code	N/A
Listing	N/A
Shares in issue	N/A

### Business description

Straker Translations is a global provider of cloud-enabled translation services. Over the past five years, the company has developed a proprietary platform from actual customer usage and is now positioned to scale up its offering through both organic growth and acquisitions.

### Bull

- Growth underpinned by repeat sales from corporate customers.
- Strong board and management team with experience in building and bringing new businesses to market.
- More than 50% of revenues already generated in North America.

### Bear

- Dependant on Google AdWords for new customer acquisition.
- Highly fragmented competitive space with low barriers to entry.
- Additional equity raisings may be sought.

### Analysts

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