

Esker

Double-digit growth to continue

Esker's Q4 revenue update confirms that the company hit its double-digit organic revenue growth target for FY17 and expects a similar performance in FY18. While FY17 revenues are ahead of our forecast, we make no changes to forecasts pending FY17 results on 22 March, when the company will report profitability for the year.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/15	58.5	9.3	1.31	0.30	40.8	0.6
12/16	66.0	9.9	1.22	0.30	43.6	0.6
12/17e	76.2**	12.2	1.45	0.33	36.7	0.6
12/18e	82.2	13.3	1.54	0.36	34.5	0.7

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

Esker reported Q4 revenues of €20.2m (+16% y-o-y, +14% on an organic, constant currency basis), ahead of our €19.9m forecast. SaaS-based revenues (85% of total revenues) grew 21% y-o-y, while licence and maintenance revenues (10% of revenues) declined 18%, highlighting the continuing shift to cloud-based services.

FY17 revenues of €76.2m (+15%, +11% on an organic, constant currency basis) were ahead of our €75.4m forecast, meeting the company's guidance for double-digit organic growth. e-integration contributed €3.6m to revenues, equating to y-o-y growth of 9%, in line with management's expectations. For FY17, Esker expects to report operating profit slightly ahead of the previous year. Year-end net cash stood at €11.3m, compared to our €14.7m forecast.

The company expects to see another year of double-digit organic revenue growth in FY18. Our FY18 forecast implies reported growth of 8%, which allows for the recent strengthening of the euro against the dollar. We make no change to forecasts pending FY17 results due on 22 March.

Q4 revenue update

Software & comp services

17 January 2018

Price €53.3

Market cap €282m

Net cash (€m) at end FY17	11.3
Shares in issue	5.3m
Free float	81%
Code	ALESK
Primary exchange	Euronext Growth
Secondary exchange	N/A

Share price performance



Business description

Esker provides end-to-end document automation solutions, offering on-demand and on-premise delivery models. The business generates c 50% of revenues from Europe, c 40% from the US and the remainder from Asia and Australia.

Analysts

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