

# EQS Group

Q1 results

## Driving from the COCKPIT

EQS delivered a strong Q120, with revenues 21% up on Q119 (adjusted for the ARIVA disposal) to €8.35m. With stable personnel and other expenses and reduced use of contractors year-on-year as the main COCKPIT investment phase tails off, the group has posted a third consecutive quarter of EBITDA profit (to €0.8m). COVID-19 prompted a step up in demand for audio and video webcasts, as well as an increase in corporate news flow. New clients attracted by these offerings should be a good source of cross- and up-selling opportunities. Guidance (and our forecast) are unchanged.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/18	36.2	0.7	0.31	0.0	N/A	N/A	N/A
12/19	35.4	(0.3)	(0.31)	0.0	54.6	N/A	N/A
12/20e	37.2	(0.3)	(0.25)	0.0	39.7	N/A	N/A

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

## Building recurring revenues

The rate of recurring revenue stood at 74% in Q1 and at 76% for larger German clients on SaaS contracts. Newly agreed annually recurring revenues of €1.4m were realised in the period, a figure that had risen to €1.8m by end April and which compares to management's full year target of €4.5–5.5m. 90 new clients had been brought on board by end April, against an FY20 target of 320–400. Overall revenue growth is running slightly ahead of the 10–20% outlined for the year, giving some comfort on forecasts. Demand for webcasts has grown 55% over Q119, while news flow was up 24% as corporates dealt with lockdowns. Growth has picked up in other operating territories, with the UK moving EBITDA positive and progress made in the French and US markets, with the latter obviously particularly important. The group had net debt (excluding leases) of €5.2m at end March, compared to €5.8m at end FY19.

## Economic sensitivities

The impact of COVID-19 to date has been broadly positive, with a relatively straightforward transition to remote working and a corporate sector more open to digitisation of procedures. As has been the case for many other B2B providers, though, the sales cycle for larger retained contracts and projects is slower than hoped. The number of IPOs has also ground to a halt. If the resulting downturn proves long-lasting, there may be an increased risk of clients struggling to pay.

## Valuation: Starting to close the discount

Having fallen from a high of €80.5 in late February post the publication of preliminary 2019 figures down to €50 on 19 March, EQS's share price has since recovered and outstripped that previous high. This suggests that investors may now be pricing in a less pronounced impact from the coronavirus pandemic on the company's business. With EBITDA not a useful metric due to the distorting impact of IFRS 16, peer comparison for now can predominantly be done on EV/sales, on which basis EQS trades at around a third below larger peers.

## Software & comp services

18 May 2020

**Price** €87.5

**Market cap** €123m

Net debt (€m) at 31 March 2020 (non-IFRS) 5.2

Shares in issue 1.4m

Free float 70%

Code EQS

Primary exchange Xetra

Secondary exchange FRA

## Share price performance



% 1m 3m 12m

Abs 15.9 17.5 26.8

Rel (local) 13.8 54.3 46.6

52-week high/low €84.00 €50.00

## Business description

EQS Group is a leading international technology provider for digital investor relations, corporate communications and compliance. It has over 8,000 client companies worldwide using its products and services to securely, efficiently and simultaneously fulfil complex national and international information obligations to the global investment community.

## Next events

H1 figures 14 August 2020

Q3 figures 13 November 2020

## Analysts

Fiona Orford-Williams +44 (0)20 3077 5739

Dan Ridsdale +44 (0)20 3077 5729

[media@edisongroup.com](mailto:media@edisongroup.com)
[Edison profile page](#)

**EQS Group is a research client  
of Edison Investment  
Research Limited**

**Exhibit 1: Financial summary**

	€k	2017	2018	2019	2020e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>					
Revenue		30,355	36,210	35,367	37,200
Cost of Sales		0	0	0	0
Gross Profit		30,355	36,210	35,367	37,200
EBITDA		2,350	239	2,546	3,500
Operating Profit (before amort. and except.)		1,042	(1,299)	(2,441)	20
Amortisation of acquired intangibles		(696)	(821)	(743)	(821)
Exceptionals		0	0	0	0
Share-based payments		0	0	0	0
Reported operating profit		346	(2,120)	(3,184)	(801)
Net Interest		(302)	1,954	2,094	(300)
Joint ventures & associates (post tax)		17	0	0	0
Exceptionals		0	0	0	0
Profit Before Tax (norm)		757	655	(347)	(280)
Profit Before Tax (reported)		61	(166)	(1,090)	(1,101)
Reported tax		(634)	913	(322)	(330)
Profit After Tax (norm)		507	439	(449)	(364)
Profit After Tax (reported)		(573)	747	(1,412)	(1,431)
Minority interests		0	20	121	142
Discontinued operations		0	0	0	0
Net income (normalised)		507	439	(449)	(364)
Net income (reported)		(573)	767	(1,291)	(1,289)
Average Number of Shares Outstanding (m)		1,372	1,435	1,435	1,435
EPS - normalised (€)		0.37	0.31	(0.31)	(0.25)
EPS - normalised fully diluted (c)		36.97	30.62	(31.32)	(25.34)
EPS - basic reported (€)		(0.42)	0.53	(0.90)	(0.90)
Dividend per share (c)		0.00	0.00	0.00	0.00
Revenue growth (%)		16.5	19.3	(2.3)	5.2
Gross Margin (%)		100.0	100.0	100.0	100.0
EBITDA Margin (%)		7.7	0.7	7.2	9.4
Normalised Operating Margin (%)		3.4	(3.6)	(6.9)	0.1
<b>BALANCE SHEET</b>					
Fixed Assets		34,914	41,219	43,827	41,819
Intangible Assets		26,662	37,293	32,008	30,110
Tangible Assets		2,048	2,241	8,824	8,714
Investments & other		6,203	1,685	2,995	2,995
Current Assets		12,536	7,250	6,004	7,421
Stocks		0	0	0	0
Debtors		4,458	5,030	3,751	3,945
Cash & cash equivalents		6,374	1,308	1,184	2,406
Other		1,703	912	1,069	1,069
Current Liabilities		(11,559)	(14,330)	(14,590)	(14,686)
Creditors		(1,101)	(1,472)	(1,848)	(1,944)
Tax and social security		(290)	(129)	(46)	(46)
Short term borrowings		(5,986)	(6,961)	(7,173)	(7,173)
Other		(4,183)	(5,768)	(5,524)	(5,524)
Long Term Liabilities		(6,526)	(6,013)	(9,238)	(9,238)
Long term borrowings		(3,946)	(3,475)	(7,481)	(7,481)
Other long term liabilities		(2,581)	(2,538)	(1,757)	(1,757)
Net Assets		29,363	28,125	26,003	25,316
Minority interests		1,922	420	(34)	(526)
Shareholders' equity		31,286	28,545	25,969	24,790
<b>CASH FLOW</b>					
Op Cash Flow before WC and tax		1,431	3,106	4,318	2,870
Working capital		(818)	1,270	1,061	(99)
Exceptional & other		2,011	(1,646)	(2,794)	631
Tax		(872)	(135)	(188)	(330)
Net operating cash flow		1,752	2,595	2,397	3,072
Capex		(3,482)	(5,441)	(3,120)	(1,500)
Acquisitions/disposals		(3,148)	(5,115)	4,888	0
Net interest		(104)	0	0	0
Equity financing		7,859	0	0	0
Dividends		0	0	0	0
Other		(3,140)	1,792	(4,408)	(350)
Net Cash Flow		(263)	(6,169)	(243)	1,222
Opening net debt/(cash)		2,240	3,556	9,127	13,469
FX		(386)	75	53	0
Other non-cash movements		(667)	522	(4,153)	0
Closing net debt/(cash)		3,556	9,127	13,469	12,247

Source: Company accounts, Edison Investment Research

---

## General disclaimer and copyright

This report has been commissioned by EQS Group and prepared and issued by Edison, in consideration of a fee payable by EQS Group. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

**Copyright:** Copyright 2020 Edison Investment Research Limited (Edison). All rights reserved FTSE International Limited ("FTSE") © FTSE 2019. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1,185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia