

1Spatial

Contract win

First contract win in the US's fourth largest state

1Spatial's US expansion continued unabated with its latest announcement of its first [contract win with the State of New York](#). The contract for an undisclosed modest amount is with the New York State Office of Internal Technical Services, where 1Spatial's 1Integrate solution will be used to automate data collection and verification from numerous governmental entities within state-wide address and roads databases. The US market is a key growth engine for 1Spatial and the New York win shows its strategic US expansion plan continues to bear fruit. This contract follows other recent wins and extensions in the US market, including with the [California Department of Transportation](#), and the states of [Montana](#), Georgia, Minnesota and Arizona, and with [Google](#). We are encouraged by its continued progress and maintain our forecast of significant growth in the United States; we have not adjusted our estimates.

Year end	Revenue (£m)	EBITDA* (£m)	EBIT* (£m)	EPS* (p)	EV/sales (x)	EV/EBIT (x)	P/E (x)
01/21	24.6	3.6	0.4	0.2	2.0	12.4	245.0
01/22	27.0	4.2	1.3	0.8	1.8	10.8	55.0
01/23e	29.0	4.9	2.0	1.2	1.7	9.2	35.2
01/24e	31.2	5.7	2.7	2.3	1.5	7.9	18.6

Note: *EBITDA, EBIT and EPS exclude amortisation of acquired intangibles, exceptional items and share-based payments.

This contract is 1Spatial's first with the State of New York, which provides considerable expansion and cross-selling opportunities, as this is the first of several projects being considered by the state. New York is the fourth most populous state in the United States, with 20.2 million residents and 240k lane-miles of road.

We recently highlighted the US market potential in an [executive interview with SPA's CEO and CFO](#). 1Spatial started in the United States in 2017 with one customer – the US Census – and has now expanded to about 23 clients across multiple states and counties and has built up a strong pipeline of opportunities. For instance, one of its primary products is the Next Generation 911 solution (NG911), which focuses on emergency services data. It has been generating solid annual recurring revenues for SPA, and is both repeatable and scalable across the remaining states.

The United States also provides many cross-selling opportunities within a state. Many of the intra-state agencies communicate regularly with each other. For example, a department of transportation would talk to other agencies such as geospatial, emergency services, etc, especially when they have location data problems that need to be solved. This provides many repeatable and scalable opportunities once SPA is embedded within a state.

Overall, the US market provides [a significant scalable growth opportunity](#), with 50 states and 23k counties and cities, each with potentially their own 911 emergency services, departments of transportation and asset management teams, each of which relies on GIS information and would need solutions like SPA's 1Integrate to check, validate and cleanse their data.

Software and comp services

24 June 2022

Price **42.5p**
Market cap **£48m**

Net cash (£m) at end January 2022	3.2
Shares in issue (January 2022)	110.5m
Free float	79%
Code	SPA
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

1Spatial's core technology validates, rectifies and enhances customers' geospatial data. The combination of its software and advisory services reduces the need for costly manual checking and correcting of data.

Analysts

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United Kingdom

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