

# Blanco Technology Group

## Rebasing the business

FY17 results

After a difficult six months for Blanco, we believe that management has stabilised the business and put it on a course for sustainable growth. A focus on recurring-type contracts should provide better visibility. We have taken a conservative approach to forecasts using the lower end of revenue guidance; if management is able to drive growth at a faster rate than this then we see scope for substantial upside to forecasts.

Year end	Revenue (£m)	Adj. operating profit* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/16**	21.2	4.6	4.16	2.0	17.2	2.8
06/17	27.7	3.4	3.02	0.7	23.7	1.0
06/18e	29.4	2.3	1.35	0.0	53.0	N/A
06/19e	32.2	3.2	2.35	0.0	30.5	N/A

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

## Clearing out the books

FY17 results reflect the contract reversals and provisions previously announced. Blanco reported revenue growth of 31%, or 6% on a constant currency, organic basis. The company also restated FY16 results to reverse one of the contracts that had previously been provided for in FY17, resulting in higher than forecast adjusted operating profit in FY17. Following the recent issues with revenue recognition and overdue debts, management undertook a thorough review of contracts to ensure revenues have been correctly reported and debtor balances are recoverable. In addition, controls have been strengthened to ensure better financial oversight. The search for a permanent CEO is underway.

## New forecasts based on the lower end of guidance

The sales team has been restructured with the new global head focused on reinvigorating growth. The company has provided data on the split of underlying revenues versus one-off licences and is now basing guidance on only underlying revenues (10-20% growth in underlying revenues equating to 6-16% reported revenue growth). We have based our forecasts on the bottom end of guidance, assuming no one-off licences. Our scenario analysis shows that achieving the upper end of revenue guidance could take FY18e EPS from 1.35p to 3.30p.

## Valuation: One-off deals could add material upside

On our new forecasts, Blanco is trading on a P/E multiple of 53.0x FY18e and 30.5x FY19e. Upside to the share price from this point will depend on the company demonstrating progress towards achieving at least the low end of revenue growth guidance, with a recovery in the end-of-life business a key factor in this. One-off licence deals could add materially to profitability. Achieving underlying revenue growth at the top end of the guidance range would bring the multiples down to 21.7x and 15.0x, respectively.

## Software & comp services

17 November 2017

**Price** **71.5p**  
**Market cap** **£46m**

Net cash (£m) at end FY17	1.7
Shares in issue	64.0m
Free float	95.6%
Code	BLTG
Primary exchange	AIM
Secondary exchange	N/A

## Share price performance



%	1m	3m	12m
Abs	44.4	(33.5)	(66.2)
Rel (local)	47.2	(33.2)	(69.4)
52-week high/low		308p	48p

## Business description

Blanco Technology Group develops and sells data erasure and mobile diagnostics software. Its headquarters are in the US and it has sales offices in 15 countries around the world.

## Next events

H118 trading update	January 2018
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## Review of FY17 results

Exhibit 1: FY17 results highlights					
£m	FY16*	FY17 estimate	FY17 actual	Difference	y-o-y
Revenues	21.2	28.8	27.7	-3.7%	30.6%
Gross profit	19.3	26.7	26.5	-0.9%	37.3%
Gross margin	91.1%	93.0%	95.7%	2.8%	4.7%
EBITDA	5.4	4.2	5.2	24.2%	-2.9%
EBITDA margin	25.4%	14.6%	18.9%	4.2%	-6.5%
Adjusted operating profit	4.6	2.6	3.4	31.1%	-25.2%
Adjusted operating profit margin	21.7%	9.1%	12.4%	3.3%	-9.3%
Reported operating profit	(1.7)	(4.1)	(2.5)	38.9%	44.7%
Reported operating margin	-8.1%	-14.2%	-9.0%	5.2%	-0.9%
Normalised PBT	4.1	2.0	3.1	60.5%	-23.8%
Reported PBT	(2.8)	(5.1)	(1.7)	65.8%	-38.4%
Normalised net income	3.0	0.8	1.7	121.4%	-42.5%
Reported net income	(25.9)	(9.2)	(4.9)	47.4%	-81.2%
Normalised basic EPS (p)	4.2	1.3	3.0	131.3%	-27.4%
Normalised diluted EPS (p)	4.2	1.2	3.0	153.2%	-27.4%
Reported basic EPS (p)	(36.2)	(15.6)	(8.6)	45.0%	-76.3%
Dividend per share (p)	2.00	2.10	0.70	-66.7%	-65.0%
Net debt/(cash)	(1.0)	(1.5)	(1.7)	14.5%	66.2%
Source: Blancco Technology Group, Edison Investment Research. Note: *Restated.					

The company had previously highlighted that it had taken provisions against a £3.5m debtor for contracts signed in June 2016 and December 2016, as well as reversing two contracts worth £2.9m that had been recorded in June 2017. It has now restated FY16 results to reflect the fact that the contract signed in June 2016 did not meet the criteria for revenue recognition. This reduced FY16 revenue by £1.2m and adjusted operating profit by £1.5m (£1.2m in revenue plus £0.3m of pre-paid costs written off). The balance sheet was also adjusted to remove the entire £1.8m invoice value from trade receivables and deferred income. Once these adjustments were made, this resulted in reported revenue growth of 30.6% for FY17. Management scrutinised all revenues for FY17 to ensure that revenue had been recognised correctly – at the end of September, cash had been received for 97% of reported FY17 revenues. Material debtors outstanding at the end of September were also reviewed. The board has put in place more rigorous controls to ensure that there is better scrutiny of contracts and better overall financial control.

Adjusted operating profit was higher than our forecast as the impact of the contract reversal was moved to FY16.

The company ended FY17 with net cash of £1.7m, consisting of gross cash of £11.6m (after a £9.5m fund-raise) and using £9.9m of the £12.4m credit facility. To preserve funds, the company will not be paying a final dividend.

## Divisional performance mixed

The table below shows the invoiced revenues on a reported, constant currency and constant currency organic basis.

- **End of life (EOL):** management believe that as sales teams focused on the mobile business, less focus was placed on the EOL business, particularly in the US.
- **Mobile erasure:** this has grown very strongly, helped by some contracts that combine diagnostics and erasure, and several contracts signed in Japan.
- **Active erasure:** this benefited in the past from one-off volume contracts, eg £0.5m in H116 in Mexico. The contract that was reversed causing the FY16 restatement was an active erasure contract.

- **Diagnostics revenues:** the acquisition of this business completed in H216. A large proportion of the growth came from the rollout to the US mobile network operator, which is now complete.

<b>Exhibit 2: Invoiced* revenues by product line</b>					
Invoiced revenues (£m)	FY17	FY16 restated	Growth	Constant currency growth	Constant currency organic growth
End of life erasure	15.5	14.0	11%	-2%	-2%
Mobile erasure	6.7	3.8	79%	58%	48%
Active erasure	0.9	1.2	-26%	-34%	-34%
Professional services	1.7	2.7	-38%	-47%	-48%
<b>Erasure total revenues</b>	<b>24.8</b>	<b>21.7</b>	<b>14%</b>	<b>1%</b>	<b>-1%</b>
<b>Diagnostics revenues</b>	<b>4.5</b>	<b>0.9</b>	<b>400%</b>	<b>345%</b>	<b>N/A</b>
<b>Total revenues</b>	<b>29.3</b>	<b>22.6</b>	<b>30%</b>	<b>15%</b>	<b>3%</b>

Source: Blancco Technology Group. Note: \*Includes full value of subscription licences.

Alan Bentley, who previously headed up the European sales effort, has now been appointed head of global sales. He returned the European business to growth in FY17 and the hope is that he will be able to refocus the sales teams, particularly in the US, to reinvigorate growth in all geographies. The sales incentivisation structure is as yet unchanged, but is currently under review by management. While changes to encourage a focus on contracts of a more sustainable nature would be ideal, management is keen to ensure that changes to the structure do not create a material disruption in the salesforce.

Management believes that despite internal issues with contracts, the market for data erasure remains robust, with continued growth potential from the well-established end-of-life market as well as strong demand for mobile erasure and diagnostics (particularly integrated solutions). With the advent of GDPR in May 2018, the active erasure market should offer good growth potential, although as live data erasure will need to be factored into business processes, it may take some time for enterprises to understand how in practice they can meet their regulatory requirements.

## Providing more insight on recurring revenues

The company has provided more clarity on the make-up of the revenue base, separating it out into underlying revenues (subscription licences and volume licences that tend to be renewed), the US diagnostics contract (also recurring) and one-off volume licences. It is clear from this table that the one-off deals influence the overall growth rates – excluding them the business grew its recurring (in nature) revenue base at 12% in constant currency before adding in the US mobile contract. The table also highlights the strength in Europe and Asia (mainly Japan).

<b>Exhibit 3: Geographic revenue split by type of contract</b>								
Revenues (£m)	H116	H216	FY16	H117	H217	FY17	Growth	Constant currency growth
Americas (includes Mexico)	2.2	3.9	6.1	3.3	3.2	6.5	7%	-5%
Europe	3.5	4.1	7.6	4.8	5.0	9.8	29%	17%
Asia & ROW	2.4	2.6	5.0	3.3	3.9	7.2	44%	26%
<b>Underlying revenue</b>	<b>8.1</b>	<b>10.6</b>	<b>18.7</b>	<b>11.4</b>	<b>12.1</b>	<b>23.5</b>	<b>26%</b>	<b>12%</b>
US mobile contract	0	0.3	0.3	1.6	1.6	3.2	967%	800%
<b>Total underlying revenue</b>	<b>8.1</b>	<b>10.9</b>	<b>19.0</b>	<b>13</b>	<b>13.7</b>	<b>26.7</b>	<b>41%</b>	<b>25%</b>
Non-repeating volume deals	1.8	0.4	2.2	0.6	0.4	1.0	-55%	-55%
<b>Reported revenue</b>	<b>9.9</b>	<b>11.3</b>	<b>21.2</b>	<b>13.6</b>	<b>14.1</b>	<b>27.7</b>	<b>31%</b>	<b>17%</b>

Source: Blancco Technology Group

## Outlook and changes to forecasts

As the timing and size of the one-off licences is difficult to predict, the company has given revenue guidance on the basis of total underlying revenues. It expects to be able to achieve a minimum growth rate of 10% in FY18, with scope to grow as much as 20% at the upper end. This flows down

to a reported revenue growth range of 6-16%. We have taken a conservative approach and modelled our revenue forecasts at the bottom end of the range. We have also not included any one-off licences in our forecast; the company noted that it would update the market as and when any material licences of this type are signed.

The company estimates that adjusted operating margins should be in the range 8-12% on the 6-16% revenue growth range. This implies that operating expenses before depreciation and amortisation will grow 8.4-13.4% in FY18 (mainly due to the annualisation of the cost of hires made in FY17) and 5-7% in FY19. The table below shows our forecasts for FY18 and FY19. On these forecasts, we estimate that the company will consume cash in FY18 and FY19, arriving at a net debt position of £1.6m by the end of FY19. We note that this factors in £4.5m in acquisition-related payments that will be complete by the end of FY19.

<b>Exhibit 4: Divisional forecasts</b>							
£m	FY16	FY17	FY18e	FY19e	Year-on-year growth		
					FY17	FY18e	FY19e
Erasure revenues	20.47	23.52	24.17	25.99	14.9%	2.8%	7.5%
Diagnostics revenues	0.73	4.16	5.20	6.24	471.8%	25.0%	20.0%
<b>Total revenues</b>	<b>21.20</b>	<b>27.68</b>	<b>29.37</b>	<b>32.24</b>	<b>30.6%</b>	<b>6.1%</b>	<b>9.8%</b>
Erasure adjusted operating profit	6.10	4.56	3.44	4.23			
Diagnostics adjusted operating profit	0.01	0.55	0.70	0.87			
Central costs	(1.52)	(1.67)	(1.80)	(1.94)			
<b>Total adjusted operating profit</b>	<b>4.60</b>	<b>3.44</b>	<b>2.35</b>	<b>3.16</b>			
Erasure adjusted operating margin	29.8%	19.4%	14.3%	16.3%			
Diagnostics adjusted operating margin	1.8%	13.2%	13.5%	14.0%			
<b>Total adjusted operating margin</b>	<b>21.7%</b>	<b>12.4%</b>	<b>8.0%</b>	<b>9.8%</b>			

Source: Blancco Technology Group, Edison Investment Research

<b>Exhibit 5: New forecasts</b>				
£m	FY18e	y-o-y	FY19e	y-o-y
Revenues	29.4	6.1%	32.2	9.8%
Gross profit	27.3	3.1%	30.0	9.8%
Gross margin	93.0%	-2.7%	93.0%	0.0%
EBITDA	4.2	-18.6%	5.8	35.6%
EBITDA margin	14.5%	-4.4%	17.9%	3.4%
Normalised operating profit	2.3	-31.7%	3.2	34.5%
Normalised operating profit margin	8.0%	-4.4%	9.8%	1.8%
Reported operating profit	(1.1)	-54.0%	(0.3)	-70.8%
Reported operating margin	-3.9%	5.1%	-1.0%	2.9%
Normalised PBT	2.0	-37.5%	2.8	41.9%
Reported PBT	(1.8)	3.3%	(0.9)	-51.6%
Normalised net income	0.8	-51.3%	1.4	74.1%
Reported net income	(3.3)	-33.0%	(2.3)	-27.9%
Normalised basic EPS (p)	1.35	-55.3%	2.35	74.1%
Normalised diluted EPS (p)	1.35	-55.3%	2.35	74.1%
Reported basic EPS (p)	(5.28)	-38.5%	(3.81)	-27.9%
Dividend per share (p)	0.0	-100.0%	0.0	N/A
Net debt/(cash)	0.9	-152.0%	1.6	78.0%

Source: Edison Investment Research

## Revising contingent consideration

As a result of the reversal of several contracts, the company has revised the contingent consideration payable in two cases:

- **Blancco Sweden:** £1.1m was payable in March 2017. This was revised to a £0.2m payment made in August, and a potential payment of £0.9m due following the collection of cash from the Mexican contracts that comprised part of the earn-out value. At the end of FY17, the second amount was not included on the balance sheet.

- Increase in Mexican JV stake: the company was due to pay contingent consideration of £1m for the 19% increase in its stake in the Mexican JV. This has been revised to a payment of £0.3m made in August and a potential payment of £0.6m to be made pro rata with any collections made by the overdue debtor. At the end of FY17, the second amount was not included on the balance sheet.

Contingent consideration for Xcaliber was reduced whereas consideration payable for Tabernus is unchanged. Overall, an exceptional credit of £1.6m was recorded in FY17 in financial income from the downward revaluation of contingent consideration. We have factored in payments totalling £1.9m in FY18 and £2.6m in FY19 to cover all contingent consideration for acquisitions and increasing stakes in joint ventures.

## Scenario analysis: Upside potential

We have re-run our forecasts using the top end of the revenue guidance range. If this growth rate were achieved, normalised EPS for FY18e could increase to 3.30p from our base case 1.35p forecast.

<b>Exhibit 6: Scenario analysis – achieve 20% underlying revenue growth in FY18</b>					
£m	FY17	FY18e	FY19e	Year-on-year growth	
				FY18e	FY19e
Erasure revenues	23.52	26.94	29.74	14.5%	10.4%
Diagnostics revenues	4.16	5.20	6.24	25.0%	20.0%
<b>Total revenues</b>	<b>27.68</b>	<b>32.14</b>	<b>35.98</b>	<b>16.1%</b>	<b>12.0%</b>
Erasure adjusted operating profit	4.56	4.88	6.05		
Diagnostics adjusted operating profit	0.55	0.78	0.94		
Central costs	(1.67)	(1.80)	(1.94)		
<b>Total adjusted operating profit</b>	<b>3.44</b>	<b>3.86</b>	<b>5.05</b>		
<i>Erasure adjusted operating margin</i>	<i>19.4%</i>	<i>18.1%</i>	<i>16.3%</i>		
<i>Diagnostics adjusted operating margin</i>	<i>13.2%</i>	<i>15.0%</i>	<i>14.0%</i>		
<b>Total adjusted operating margin</b>	<b>12.4%</b>	<b>12.0%</b>	<b>14.0%</b>		
Normalised net income	1.71	2.04	2.95		
Reported net income	(4.87)	(1.60)	(0.87)		
<b>Normalised basic EPS (p)</b>	<b>3.02</b>	<b>3.30</b>	<b>4.77</b>		
Net (cash)/debt	(1.73)	(0.43)	(1.47)		
Source: Blancco Technology Group, Edison Investment Research					

Any one-off licence sales would have a significant positive impact on adjusted operating profit, as we estimate gross margins are at around 93%. For example, we estimate that signing £0.5m of one-off licences in FY18 would add 17.7% to our base case adjusted operating profit and 39.9% to normalised EPS (this assumes a gross margin of 93%, sales commission of 10% and a 20% tax rate). On the higher growth scenario, it would add 10.8% to adjusted operating profit and 16.3% to normalised EPS, taking it from 3.30p to 3.84p.

## Valuation

On our new forecasts, Blancco is trading on an EV/EBITDA multiple of 10.6x FY18e and 7.8x FY19e, well below its peer group. Blancco's EBITDA margins are forecast to be significantly lower than the peer group, although signing any material one-off deals could boost margins significantly. On a P/E basis, Blancco is trading on 53.0x FY18e and 30.5x FY19e. On an FY19e basis, this is in line with UK peers. If the company is able to achieve revenues at the top end of guidance, this would reduce the multiple to 21.7x FY18e and 15.0x FY19e, and if one-off contracts are signed, this would further reduce the multiple.

**Exhibit 7: Peer group financial and valuation metrics**

	Market cap (m)	Sales FY1 (m)	Sales Growth 1FY (%)	Sales Growth 2FY (%)	EBITDA margin 1FY (%)	EBITDA margin 2FY (%)	EV/sales 1FY (x)	EV/sales 2FY (x)	EV/EBITDA 1FY (x)	EV/EBITDA 2FY (x)	P/E 1FY (x)	P/E 2FY (x)	EPS Grth 1FY (%)	EPS Grth 2FY (%)
<b>Blanco</b>	£46	29.4	6.1	9.8	14.5	17.9	1.5	1.4	10.6	7.8	53.0	30.5	-55.3	74.1
<b>UK cybersecurity</b>														
GB Group	£588	116.2	32.8	12.8	22.0	22.4	5.0	4.4	22.8	19.8	31.8	27.9	34.5	14.0
Sophos Group	£2,733	635.8	20.0	17.6	10.7	12.1	6.1	5.1	56.5	42.5	194.3	100.9	93.2	92.5
<b>UK high growth software</b>														
Craneware	£399	66.5	15.1	14.9	31.4	31.7	7.1	6.2	22.7	19.6	36.2	31.7	10.0	14.3
Dotdigital Group	£252	39.7	24.0	18.5	30.4	31.2	5.8	4.9	19.2	15.8	30.4	25.1	15.4	21.4
Ideagen	£177	34.9	28.7	10.0	31.5	32.6	5.0	4.5	15.7	13.8	21.1	19.2	525.2	9.5
Idox	£218	97.6	27.2	12.0	27.8	28.6	2.5	2.2	9.0	7.9	14.2	10.1	16.9	40.5
<b>Average</b>			<b>24.6</b>	<b>14.3</b>	<b>25.6</b>	<b>26.4</b>	<b>5.2</b>	<b>4.6</b>	<b>24.3</b>	<b>19.9</b>	<b>54.7</b>	<b>35.8</b>	<b>115.9</b>	<b>32.1</b>
<b>Median</b>			<b>25.6</b>	<b>13.8</b>	<b>29.1</b>	<b>29.9</b>	<b>5.4</b>	<b>4.7</b>	<b>21.0</b>	<b>17.7</b>	<b>31.1</b>	<b>26.5</b>	<b>25.7</b>	<b>17.8</b>
<b>Global cybersecurity</b>														
Cyberark	\$1,525	256.8	18.6	19.2	21.2	22.4	4.8	4.0	22.5	17.9	40.0	33.4	40.6	20.0
FireEye	\$2,505	742.7	4.0	7.8	7.1	7.6	3.2	3.0	45.6	39.5	N/A	N/A	N/A	N/A
Fortinet	\$6,939	1487.4	16.6	14.1	18.9	21.9	3.8	3.3	20.2	15.2	39.9	33.4	308.2	19.7
F-Secure	€ 651	171.7	8.5	9.9	9.8	14.7	3.3	3.0	33.9	20.6	53.2	37.3	-34.9	42.9
Imperva	\$1,376	321.8	21.7	17.6	13.3	13.7	3.2	2.7	24.1	20.0	43.5	39.3	-147	10.6
Qualys	\$2,184	229.9	16.1	16.3	36.8	36.8	8.2	7.0	22.2	19.1	54.7	49.5	102.7	10.5
Secureworks	\$777	464.6	8.2	9.0	N/A	0.3	1.5	1.3	N/A	403.4	N/A	N/A	N/A	N/A
Vasco Data Security	\$516	188.8	-1.8	6.6	10.0	11.1	1.9	1.8	18.9	16.0	33.4	32.5	42.6	2.6
<b>Average</b>			<b>11.5</b>	<b>12.6</b>	<b>16.7</b>	<b>16.1</b>	<b>3.7</b>	<b>3.3</b>	<b>26.8</b>	<b>69.0</b>	<b>44.1</b>	<b>37.6</b>		
<b>Median</b>			<b>12.3</b>	<b>12.0</b>	<b>13.3</b>	<b>14.2</b>	<b>3.3</b>	<b>3.0</b>	<b>22.5</b>	<b>19.5</b>	<b>41.8</b>	<b>35.3</b>		
<b>Data management software</b>														
Barracuda Networks	\$1,157	377.1	6.9	7.6	18.0	20.4	2.5	2.3	14.0	11.5	29.0	24.9	275.5	16.6
Commvault Systems	\$2,533	707.2	8.7	9.8	13.1	15.6	2.9	2.6	22.1	16.8	50.0	41.4	N/A	20.8
Mimecast	\$1,705	253.6	35.9	21.4	9.1	11.7	6.3	5.2	68.5	44.0	N/A	214.0	-126	434.6
Proofpoint	\$4,019	509.3	35.6	28.1	13.0	13.8	7.7	6.0	59.5	43.6	120.1	87.9	-132	36.7
<b>Average</b>			<b>21.8</b>	<b>16.7</b>	<b>13.3</b>	<b>15.4</b>	<b>4.9</b>	<b>4.0</b>	<b>41.0</b>	<b>29.0</b>	<b>335.8</b>	<b>92.0</b>		
<b>Median</b>			<b>22.2</b>	<b>15.6</b>	<b>13.0</b>	<b>14.7</b>	<b>4.6</b>	<b>3.9</b>	<b>40.8</b>	<b>30.2</b>	<b>85.1</b>	<b>64.7</b>		

Source: Edison Investment Research, Bloomberg (as at 16 November)

**Exhibit 8: Financial summary**

	£m	2015	2016	2017	2018e	2019e
Year end 30 June		IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
Revenue		15.0	21.2	27.7	29.4	32.2
Cost of Sales		(0.5)	(1.9)	(1.2)	(2.1)	(2.3)
Gross Profit		14.6	19.3	26.5	27.3	30.0
EBITDA		4.2	5.4	5.2	4.2	5.8
Normalised operating profit		4.0	4.6	3.4	2.3	3.2
Amortisation of acquired intangibles		(2.0)	(2.5)	(2.5)	(2.5)	(2.5)
Exceptionals		(2.5)	(2.7)	(2.8)	0.0	0.0
Share-based payments		(0.4)	(1.2)	(0.7)	(1.0)	(1.0)
Reported operating profit		(0.9)	(1.7)	(2.5)	(1.1)	(0.3)
Net Interest		(0.5)	(0.3)	(0.3)	(0.4)	(0.4)
Joint ventures & associates (post tax)		(0.7)	(0.2)	0.0	0.0	0.0
Exceptionals		(0.3)	(0.6)	1.1	(0.3)	(0.2)
Profit Before Tax (norm)		2.8	4.1	3.1	2.0	2.8
Profit Before Tax (reported)		(2.4)	(2.8)	(1.7)	(1.8)	(0.9)
Reported tax		(0.9)	(0.6)	(0.7)	(0.6)	(0.6)
Profit After Tax (norm)		1.9	3.2	2.3	1.7	2.4
Profit After Tax (reported)		(3.3)	(3.5)	(2.4)	(2.4)	(1.4)
Minority interests		0.3	(0.2)	(0.6)	(0.8)	(0.9)
Discontinued operations		8.4	(22.2)	(1.9)	0.0	0.0
Net income (normalised)		2.2	3.0	1.7	0.8	1.4
Net income (reported)		5.4	(25.9)	(4.9)	(3.3)	(2.3)
Basic average number of shares outstanding (m)		78	72	57	62	62
EPS - basic normalised (p)		2.84	4.16	3.02	1.35	2.35
EPS - diluted normalised (p)		2.84	4.16	3.02	1.35	2.35
EPS - basic reported (p)		6.97	(36.20)	(8.59)	(5.28)	(3.81)
Dividend (p)		5.00	2.00	0.70	0.00	0.00
Revenue growth (%)			41.2	30.6	6.1	9.8
Gross Margin (%)		96.9	91.1	95.7	93.0	93.0
EBITDA Margin (%)		28.3	25.4	18.9	14.5	17.9
Normalised Operating Margin		26.8	21.7	12.4	8.0	9.8
<b>BALANCE SHEET</b>						
Fixed Assets		119.1	67.3	66.6	65.7	64.1
Intangible Assets		110.2	66.9	66.2	65.2	63.6
Tangible Assets		6.4	0.4	0.4	0.5	0.6
Investments & other		2.5	0.0	0.0	0.0	0.0
Current Assets		56.2	16.2	20.2	18.8	19.1
Stocks		9.5	0.1	0.1	0.2	0.2
Debtors		34.6	6.6	8.4	9.7	10.6
Cash & cash equivalents		12.1	4.8	11.6	9.0	8.3
Other		0.0	4.8	0.0	0.0	0.0
Current Liabilities		(43.2)	(22.5)	(17.5)	(19.0)	(18.2)
Creditors		(40.5)	(13.4)	(14.0)	(14.7)	(16.3)
Tax and social security		(0.6)	(2.3)	(1.5)	(1.5)	(1.5)
Short term borrowings		0.0	0.0	0.0	0.0	0.0
Other		(2.1)	(6.8)	(2.1)	(2.9)	(0.4)
Long Term Liabilities		(9.4)	(13.5)	(18.7)	(16.2)	(16.2)
Long term borrowings		(4.4)	(3.7)	(9.9)	(9.9)	(9.9)
Other long term liabilities		(5.0)	(9.8)	(8.7)	(6.3)	(6.3)
Net Assets		122.7	47.6	50.6	49.3	48.8
Minority interests		(0.2)	(0.5)	(1.0)	(1.9)	(2.8)
Shareholders' equity		122.4	47.1	49.6	47.4	46.0
<b>CASH FLOW</b>						
Op Cash Flow before WC and tax		4.2	5.4	5.2	4.2	5.8
Working capital		0.8	0.9	(2.1)	0.3	0.7
Exceptional & other		2.8	(12.2)	(4.9)	0.0	0.0
Tax		(0.6)	(0.6)	(0.7)	(1.4)	(0.6)
Net operating cash flow		7.3	(6.6)	(2.5)	3.1	5.9
Capex		(1.8)	(2.5)	(3.4)	(3.5)	(3.6)
Acquisitions/disposals		(2.5)	(7.5)	(0.7)	(1.5)	(2.6)
Net interest		(0.4)	(0.2)	(0.3)	(0.4)	(0.4)
Equity financing		(3.6)	(50.7)	9.5	0.0	0.0
Dividends		(3.4)	(3.1)	(1.4)	0.0	0.0
Other		(6.5)	65.1	(0.4)	(0.5)	0.0
Net Cash Flow		(10.8)	(5.6)	0.84	(2.6)	(0.7)
Opening net debt/(cash)		(20.6)	(7.8)	(1.0)	(1.7)	0.9
FX		(1.9)	(1.2)	(0.1)	0.0	0.0
Other non-cash movements		(0.1)	0.0	0.0	0.0	0.0
Closing net debt/(cash)		(7.8)	(1.0)	(1.7)	0.9	1.6

Source: Blancco Technology Group, Edison Investment Research



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