

1Spatial

Deal flow

£1.6m deal with Land & Property Services

1Spatial's £1.6m deal with Land and Property Services in Northern Ireland indicates the business is continuing its recovery path. We reiterate our view that 1Spatial's recovery credentials are solid, based on building its presence in existing geographies and verticals with deals such as this, supplemented by expansion in the US, where the company has also been taking good steps forward. The recent share price retrenchment following the disposal of Enables IT seems to discount any significant recovery, whereas we believe a value of c 4.7p per share (c 2x FY19 revenues) should be readily achievable if progress remains on track.

Year end	Revenue (£m)	EBITDA* (£m)	PBT (£m)	EPS* (p)	DPS (p)	EV/Sales (x)
01/16	18.3	2.9	1.1	0.16	0.0	0.9
01/17	22.1	(0.4)	(2.4)	(0.33)	0.0	0.9
01/18e	23.8	0.7	(0.6)	(0.08)	0.0	0.9
01/19e	25.6	1.2	(0.2)	(0.03)	0.0	0.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. Estimates do not reflect the disposal of Enables IT.

Land and Property Services (LPS) is the national mapping organisation for Northern Ireland and is a longstanding 1Spatial customer. This engagement will see LPS deploying the whole 1Spatial management suite and core modules of 1Integrate to integrate and manage geospatial data across LPS's data suite.

In total, £1.3m of the £1.6m total consideration will be recognised over the next five years, of which £0.4m will contribute in FY19. The remaining £0.3m relates to extended Support and Maintenance for option years 6–10.

We still believe 1Spatial has robust recovery credentials that are not reflected in the current share price. The Geospatial Information Systems (GIS) technology market is large (estimated \$9bn) and growing at a double-digit rate. In our view, 1Spatial has the customer base, technology and expertise to generate robust sustainable growth and margins. If the recovery continues to plan, we believe an FY19 EV/sales multiple of 2.0x (vs 1.3x for GIS on current forecasts) is easily justifiable for this business, which would imply a value of at least 4.7p per share.

Software & comp services

3 April 2018

Price 2.8p
Market cap £21m

Net cash (£m) at 31 January 18 (continued operations) 0.3

Shares in issue 760.5m

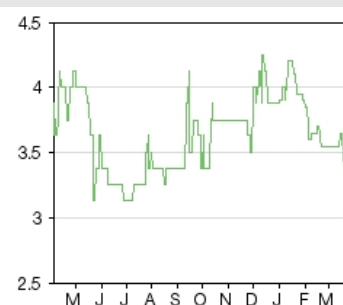
Free float 83%

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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