



Profile Software

Greece | Technology - Computer Services

Prepared for the 14th AGR in London

A Greek Fintech provider with an international profile

17 September 2019

Company description

Profile Software develops and markets software solutions for Financial Institutions, Businesses, as well as state-owned entities, through a solutions' portfolio comprised of 4 pillars namely: Banking, Treasury, Risk & Compliance and Investment Management solutions. Since its foundation in 1990, the company has managed to evolve from a local IT company to a global player with a presence in 38 countries setting solid foundations in the international financial sector as the bulk of the company's revenue stem from overseas (65% of total sales in FY18).

Revenues growth drivers

Profile revenue stems from two business segments, namely the Financial Solutions and Business Solution units, representing the 83% and 17% of its FY18 total revenues, respectively. These revenues are strongly associated with the long-term maintenance of SaaS (Software as a Service) and PayG (Pay as you Grow) contracts with their recurrence standing at c.70% of total sales. This indicates that the company also enjoys high client retention rates, standing at 99%, with a clientele comprised of over 250 customers globally. The company's growing industry recognition, based on its services' quality, combined with the need for support for the new trends transforming the financial sector (i.e. AI, Robo advisory, Cloud, Peer-to-Peer Lending/Crowdfunding, Blockchain), could lead to new licenses and services sold to both new and existing clients. All in, we estimate revenue and EBITDA CAGR of 14% and 16% respectively over the 2018-2021e period. Note that our estimates do not incorporate any acquisitive growth i.e. we assume only organic expansion for Profile. Still, we remind that Profile has the necessary fire-power i.e. a EUR9.1m net cash position on its balance sheet to exploit acquisition opportunities should they arise, which would further expand the company's product portfolio, client base and geographical footprint while boosting its top line growth. Note that in 2017 the French company Login SA was acquired by Profile and contributed to its top-line with EUR1.8m and EUR2.8m in FY17 and FY18 respectively. Based on our estimates, Profile trades at a 7.8x EV/EBITDA 2019e indicating a significant discount of c.50% vs. its peer group which is comprised of Fintech software providers from around the world.

1H19 Results

Profile announced 1H19 sales of EU7.61m (+20% y/y), as a result of its high clients' retention rate combined with further penetration in international markets. In particular, the Financial Solutions' unit revenues reached EUR6.4m, up by 21.2% y/y, while the Business Solutions' unit revenues stood at EUR1.9m up by 13.1% y/y. On a profitability level, EBITDA came in at EUR2.1m (+20% y/y), mirroring top line growth; EBITDA margin standing at 28% (+100bps y/y) attributed to higher own-product sales to new overseas customers. Net income after minorities shaped in at EUR1m vs. EUR0.5m in 1H18 while the group's net cash position shaped in at EUR9.5m in 1H19 vs. EUR9.1m in FY18.

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Stock Data & Performance

Rating	Not Rated
Previous	---
Target price (12-month)	---
Previous	---
Last Price (16-Sep-19)	EUR3.84
Upside to target price	---
52-week range	EUR1.18-4.21
Market cap.	EUR45m
Reuters / Bloomberg	PRFr.AT/PROF GA
3m avg. trading volume	EUR0.2m
Free float	33.1%
Abs performance ytd	213%
Rel. performance ytd (to ASE)	172%

Source: FactSet, NBG Securities Research

EPS Estimate Changes (NBG Securities)

	From	To	% Chg.
2019e	-	0.22	-
2020e	-	0.19	-
2021e	-	0.25	-

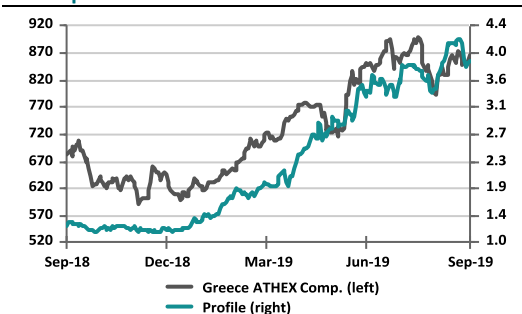
Source: NBG Securities Research

Key Financials & Valuation

(in EUR m)	2018	2019e	2020e	2021e
Sales	13.8	16.0	18.0	20.0
EBITDA	4.1	4.4	5.0	6.0
Net Income	1.3	2.6	2.2	3.0
EPS (EUR)	0.11	0.22	0.19	0.25
P/E	11.4	17.6	21.0	15.4
P/BV	0.8	2.2	2.0	1.9
EV/EBITDA	5.8	7.8	6.7	5.3
Dividend Yield	3.2%	2.0%	1.6%	2.1%

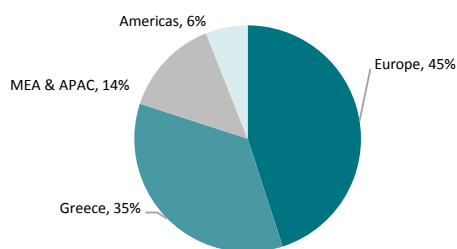
Source: Company data, NBG Securities Research

Price performance



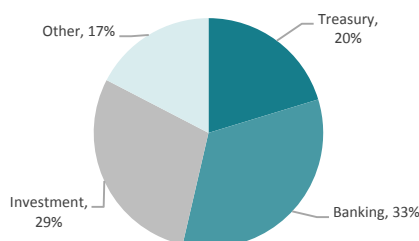
Source: FactSet, NBG Securities Research

Exhibit 1: Revenue by Geography 2018
(as a % of total)



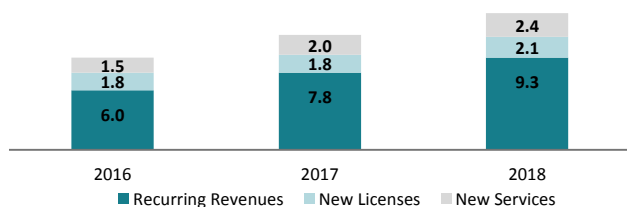
Source: Company data, NBG Securities

Exhibit 2: Revenue by Product 2018
(as a % of total)



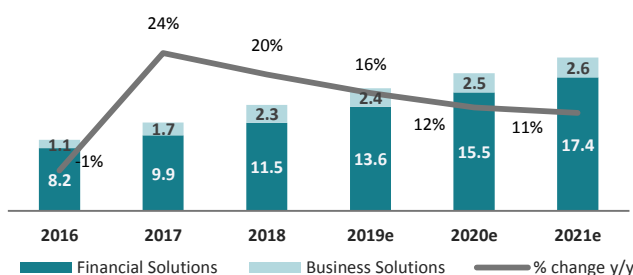
Source: Company data, NBG Securities

Exhibit 3: Revenues Type
(in EUR m)



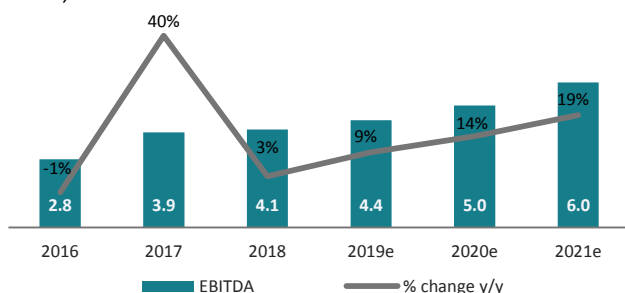
Source: Company data, NBG Securities Research

Exhibit 4: Revenues evolution
(in EUR m)



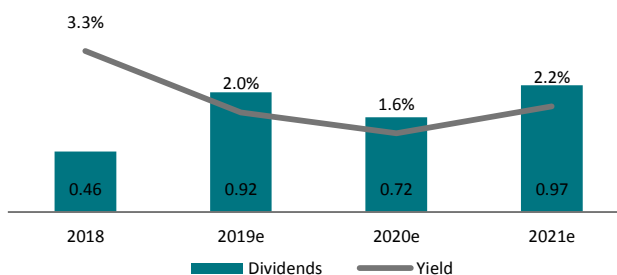
Source: Company data, NBG Securities Research

Exhibit 5: EBITDA evolution
(in EUR m)



Source: Company data, NBG Securities Research

Exhibit 6: Dividend evolution
(in EUR m)



Source: Company data, NBG Securities Research

Exhibit 7: Annual –Semi-annual data
(in EUR m)

	2015	1H16	2016	1H17	2017	1H18	2018	1H19
Revenues	9.41	4.39	9.29	4.54	11.56	6.35	13.83	7.61
Chg. y/y	-	-	-1.2%	3.5%	24.4%	39.7%	19.7%	19.8%
Financial Solutions	7.47	3.95	8.18	3.63	9.85	5.31	11.51	6.43
Chg. y/y	-	-	9.4%	-8.1%	20.5%	46.3%	16.8%	21.2%
Business Solutions	1.93	0.44	1.11	0.92	1.70	1.04	2.32	1.18
Chg. y/y	-	-	-42.3%	107.0%	52.9%	13.9%	36.3%	13.1%
EBITDA	2.8	1.3	2.8	1.5	3.9	1.8	4.1	2.1
as % of total revenue	30%	30%	30%	34%	34%	28%	29%	28%
Chg. y/y	-	-	-1%	15%	40%	15%	3%	20%
Net Income	0.92	0.26	0.56	0.17	1.02	0.49	1.26	1.02
Chg. y/y	-	-	-39%	-34%	82%	181%	24%	108%

Profile Software

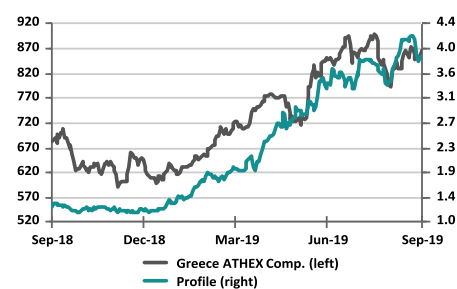
Company Profile: Founded in 1990, Profile Software engages in software development and implementation for the global financial, business as well as the public sector through its Financial and Business Solutions segments which represent 83% and 17% of 2018 sales respectively. Its major shareholder is Mr. Ch. Stasinopoulos (Chairman) with 49.8%.

Key Financials (in EUR m)	2016	2017	2018	2019e	2020e	2021e
Net Fixed Assets	6.5	6.1	5.6	5.1	4.7	4.2
Intangible Fixed Assets	5.9	6.2	5.6	5.2	4.8	4.7
Current Assets	23.0	22.6	22.4	24.8	25.3	27.7
Equity	17.4	18.2	18.7	21.2	22.5	24.8
L-T Debt	2.5	2.0	1.5	0.9	0.0	0.0
S-T Debt	3.6	3.2	3.1	3.2	3.2	3.2
Total Assets	37.0	37.1	35.9	37.4	37.1	38.8
Net Debt Position	-7.3	-7.9	-9.1	-11.5	-12.5	-14.1
Sales	9.3	11.6	13.8	16.0	18.0	20.0
EBITDA	2.8	3.9	4.1	4.4	5.0	6.0
EBIT	0.8	1.9	2.0	2.3	2.9	3.9
Pre-Tax Profit	0.5	1.4	1.7	3.0*	2.7	3.7
Net Profit	0.6	1.0	1.3	2.6*	2.2	3.0
EPS	0.05	0.09	0.11	0.22	0.19	0.25
DPS	0.00	0.00	0.46	0.92	0.72	0.97
BVPS	1.47	1.54	1.58	1.80	1.91	2.10
Operating Cash Flow	1.1	0.7	2.9	2.7	2.1	3.0
(-) CAPEX (net)	8.3	0.4	-0.2	-0.9	-0.8	-0.7
Free Cash Flow	-7.2	0.3	3.1	3.6	2.9	3.7
Activity						
Avg Receivables/Turnover	269	211	177	160	150	150
Avg Credit/Purchases Ds	560	542	456	385	325	270
Avg Inventory/Purchases Ds	23	16	10	9	9	9
Profitability						
RoE	4%	6%	7%	13%	10%	13%
RoIC	4%	6%	6%	8%	9%	11%
FCF Yield	-133%	4%	21%	8%	6%	8%
Dividend Yield	0%	0%	3%	2%	2%	2%
EBITDA Margin	30%	34%	29%	28%	28%	30%
Financial Structure						
Net Debt/Equity	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6
Net Debt/EBITDA	-2.6	-2.0	-2.2	-2.6	-2.5	-2.3
Liquidity						
Current Ratio	1.9	1.9	1.8	2.1	2.4	2.7
Acid Test	1.9	1.8	1.8	2.1	2.3	2.6

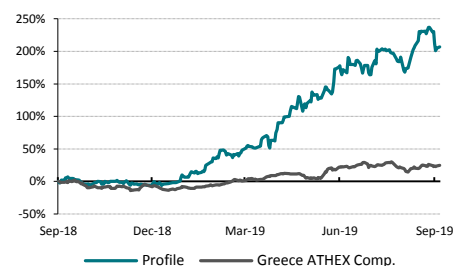
*Include one-off gains from bonds, fx and placement gains of EUR1m.

Valuation	2019e	2020e	2021e
P/E	17.6	21.0	15.4
P/BV	2.2	2.0	1.9
EV/EBITDA	7.8	6.7	5.3

Share price performance



Share price relative performance vs. ATHEX Comp



Credit

S&P	n/a
Moody's	n/a
Fitch	n/a

Appendix

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Company Name	Bloomberg / Reuters	Rating	Price	Price date / time	Disclosure
Profile Software	PRFr.AT/PROF GA	Not Rated	EUR3.84	16 Sep 2019/Official Close	-

Source: NBG Securities

- NBG Securities and/or its affiliate(s) have acted as manager/co-manager/adviser in the underwriting or placement of securities of the subject(s) of this report in the past 12 months.
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Date	Rating	Price	12m Target price	Date	Rating	Price	12m Target price
-	-	-	-	-	-	-	-

Source: NBG Securities

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Ratings Distribution (as of today)	Outperform	Neutral	Underperform	Restricted	Not Rated	Coverage in Transition
Greek Equity Research Coverage (25)	48%	24%	0%	8%	20%	0%
% of companies in each category that are IB clients	17%	17%	0%	50%	0%	0%

Source: NBG Securities

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