

## Q1 regulatory stimulus

EQS has produced strong Q117 figures, with revenues up 49% on the prior year, boosted by the consolidation of ARIVA, with organic growth at 13%. This performance is largely attributable to demand stimulated by regulatory changes, as built into our forecasts which are unchanged on these results. The mid-2016 introduction of the European Market Abuse Regulation greatly added to the compliance burden, while the impending PRIIP regulations for packaged products provide a fertile backdrop for ARIVA. Good share price performance (and underperformance by peers) has narrowed the discount to under 10%.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/15	18.4	3.5	3.1	1.20	0.75	44.0	1.4
12/16	26.1	4.2	2.4	0.96	0.75	54.9	1.4
12/17e	32.3	4.7	3.6	1.45	0.80	36.4	1.5
12/18e	36.8	5.6	4.5	1.86	0.85	28.4	1.6

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

## Germany driving

Having focused on the potential for expansion in international markets and cross-marketing, the thrust of growth in this reporting period came from the domestic German market, where revenues were 68% higher than the prior year. Part of this is the mechanistic inclusion of ARIVA (67.5%-owned), where revenues were up 41%. Also encouraging was the growth in sales of INSIDER MANAGER, which helped push underlying domestic sales up by around 14%, despite lower bond and equity issuance. Our forecasts for FY17 and FY18 are unchanged on the back of these figures, as is company guidance.

## Costs of scaling up

Margins in the Regulatory Information and News segment were held back by continuing infrastructure investment to grow internationally and in building additional software modules, while the non-IFRS EBIT loss in the Products & Services segment narrowed. This segment also saw continuing investment costs, including the development of a new delivery platform for Legal Entity Identifier, where the group is currently seeking accreditation. Currency moves in the reporting period were unhelpful and taxes rose sharply as deferred expenses came through.

## Valuation: Discount narrowed

EQS's share price has increased by 66% over the last year as the concept and the promise has translated into financial performance. The investment to scale up and internationalise held back results in FY16, but earnings are set to strengthen from the current year. Our valuation methodology uses blended historic and forward multiples to revenue and EBITDA. EQS still trades at a discount to peers, but that has narrowed to under 10%, possibly reflecting the development risk. The potential for faster growth and improving ROI should enable further outperformance.

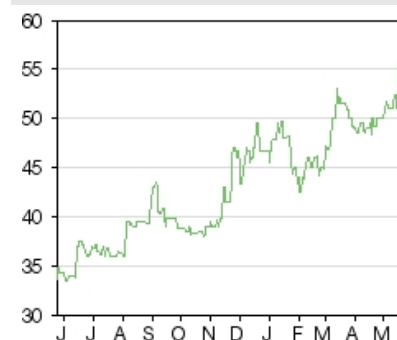
## Media

23 May 2017

Price **€52.75**  
Market cap **€69m**

Net debt (€m) at 31 March 17	4.1
Shares in issue	1.3m
Free float	55%
Code	EQS
Primary exchange	FRA
Secondary exchange	MUN

## Share price performance



%	1m	3m	12m
Abs	7.3	19.2	67.5
Rel (local)	2.5	13.3	31.6
52-week high/low		€56.0	€31.4

## Business description

The EQS Group is a leading international technology provider for Digital Investor Relations. It has more than 8,000 client companies worldwide who use its products and services to securely, efficiently, and simultaneously fulfil complex national and international information obligations to the global investment community.

## Next events

Half year results	14 August 2017
Q3 statement	15 November 2017

## Analysts

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**Exhibit 1: Financial summary**

	€'000s	2013	2014	2015	2016	2017e	2018e
31-December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>							
Revenue		15,829	16,390	18,377	26,061	32,300	36,800
Cost of Sales		0	0	0	0	0	0
Gross Profit		15,829	16,390	18,377	26,061	32,300	36,800
EBITDA		3,572	3,660	3,485	4,175	4,719	5,585
Operating Profit (before amort. and except.)		3,418	3,311	2,983	3,282	3,719	4,545
Intangible Amortisation		(140)	(280)	(351)	(619)	(680)	(680)
Exceptionals		0	(211)	(268)	0	0	0
Other		28	177	165	(874)	0	0
Operating Profit		3,306	2,997	2,529	1,788	3,039	3,865
Net Interest		(29)	(52)	(59)	(14)	(89)	(75)
Profit Before Tax (norm)		3,418	3,436	3,090	2,393	3,630	4,470
Profit Before Tax (FRS 3)		3,278	2,945	2,471	1,774	2,950	3,790
Tax		(1,096)	(1,105)	(1,372)	(960)	(1,397)	(1,676)
Profit After Tax (norm)		2,283	2,148	1,407	1,144	1,903	2,432
Profit After Tax (FRS 3)		2,182	1,841	1,099	814	1,552	2,114
Average Number of Shares Outstanding (m)		1.19	1.17	1.17	1.19	1.31	1.31
EPS - normalised (c)		191.0	182.9	120.1	96.1	145.3	185.6
EPS - (IFRS) (c)		183.3	156.8	93.8	68.4	118.5	161.3
Dividend per share (c)		75.0	75.0	75.0	75.0	80.0	85.0
Gross Margin (%)		100.0	100.0	100.0	100.0	100.0	100.0
EBITDA Margin (%)		22.6	22.3	19.0	16.0	14.6	15.2
Operating Margin (before GW and except.) (%)		21.6	20.2	16.2	12.6	11.5	12.4
<b>BALANCE SHEET</b>							
Fixed Assets		13,658	19,383	22,777	30,389	30,889	30,669
Intangible Assets		10,524	15,827	17,850	26,314	26,314	25,634
Tangible Assets		1,032	1,468	2,796	4,075	4,575	5,035
Investments		2,103	2,088	2,131	0	0	0
Current Assets		6,055	4,750	6,972	12,014	11,846	12,592
Stocks		0	0	0	0	0	0
Debtors		2,971	3,282	3,215	4,562	5,654	6,442
Cash		2,980	1,370	3,607	6,610	5,350	5,308
Other		104	98	150	842	842	842
Current Liabilities		(3,274)	(4,380)	(5,325)	(9,942)	(8,977)	(8,927)
Creditors		(2,273)	(2,689)	(3,359)	(5,791)	(7,177)	(8,177)
Short term borrowings		(1,001)	(1,691)	(1,967)	(4,151)	(1,800)	(750)
Long Term Liabilities		(1,070)	(3,882)	(7,276)	(7,237)	(7,164)	(6,664)
Long term borrowings		(982)	(2,500)	(6,357)	(5,073)	(5,000)	(4,500)
Other long term liabilities		(88)	(1,382)	(919)	(2,164)	(2,164)	(2,164)
Net Assets		15,369	15,870	17,148	25,224	26,594	27,669
<b>CASH FLOW</b>							
Operating Cash Flow		2,476	4,050	4,688	4,802	5,150	5,600
Net Interest		(29)	(52)	(56)	(27)	(89)	(75)
Tax		(1,096)	(1,105)	(995)	(1,302)	(1,069)	(1,467)
Capex		(3,088)	(1,041)	(1,978)	787	(1,500)	(1,500)
Acquisitions/disposals		0	(3,669)	(1,046)	(3,731)	(325)	0
Equity Financing		(202)	(100)	(1,138)	2,435	0	0
Dividends		(892)	(1,623)	(883)	(877)	(1,008)	(1,070)
Net Cash Flow		(2,831)	(3,540)	(1,408)	2,087	1,159	1,488
Opening net debt/(cash)		(3,827)	(996)	2,821	4,716	2,614	1,450
HP finance leases initiated		0	0	0	0	0	0
Other		0	(277)	(487)	15	5	20
Closing net debt/(cash)		(996)	2,821	4,716	2,614	1,450	(58)

Source: Company accounts, Edison Investment Research

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