EDISON

Piteco

Interim results

Cash-generation engine

Software & comp services

H1 revenue grew by 11% to €6.5m while EBITDA slipped 5% to €2.5m due to increased costs including several non-recurring items. However, cash flow was strong and the group's financial position improved by €2.2m over the six months to €1.9m net cash. In the year to date 22 new contracts have been signed including several high-quality names such as Mondadori, Carrefour, Unieuro and Eataly. The initial focus of the internationalisation strategy is Mexico, which is showing positive early signs. We have eased our forecasts due to fewer than expected up-sells in H1. Nevertheless, given the attractive growth opportunities, strong cash generation and the healthy balance sheet, we believe the shares remain attractive on c 13x our FY18 earnings.

Year end	Net sales revenue* (€m)	EBITDA** (€m)	EPS** (c)	DPS (c)	P/E (x)	Yield (%)
12/14	11.5	5.2	N/A	N/A	N/A	N/A
12/15	12.8	5.7	21.5	10.0	19.9	2.3
12/16e	13.7	6.0	24.1	11.0	17.8	2.6
12/17e	15.1	6.9	28.2	12.0	15.2	2.8

Note: *Excludes the capitalisation of development costs, change in work in progress and other revenues (largely expenses charged back to customers). **Normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Interim results: 22 new contracts in the year to date

H1 numbers were a little below budget, due to smaller new deals and fewer up-sells to existing clients, which is reflective of the challenging economic conditions in Italy (GDP growth ground to a halt in Q2 according to Itstat). While there were 16 new contracts in H1, these were typically of smaller size. However, several large deals were signed after the period end, which brings the average contract signed in the year-to-date back to the normal range of €60-65k. Cash flow was helped by disciplined working capital management as well as the inclusion of Centro Data maintenance contracts. Piteco finished the period with gross cash of €11.6m.

Forecasts: Easing revenues, FY18 EPS unchanged

We have lowered our revenue forecasts by 4% in FY16 and 2% in FY17 and FY18. Our EBITDA forecasts fall by 8% in FY16 and 4% in FY17 and FY18. We have also eased our tax rate assumptions, and EPS falls by 8% in FY16 but is broadly unchanged in FY17 and FY18. Our year-end net cash forecasts are almost the same €2.9m, €6.3m and €10.2m for FY16-FY18. This includes the €4.5m convertible bond as debt, with is now in the money (conversion price is 420c).

Valuation: DCF suggests c 18% upside

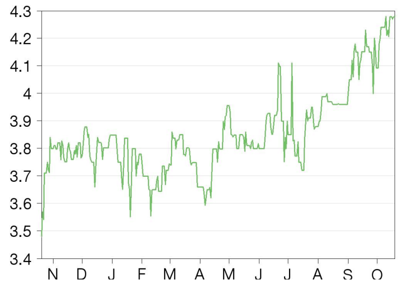
The stock looks attractive, trading on c 18x our earnings in FY16e, which falls to c 15x in FY17e and to c 13x in FY18e. Our DCF model values the stock at 507c, 20% above the current share price. Our DCF calculation uses conservative assumptions including a 5.6% CAGR in net sales revenue over 10 years, and a long-term operating margin (40%) that is below current levels and a discount rate of 9%. It has also been adjusted for the dilution impact of the convertible bonds.

20 October 2016

Price	**€4.28**
Market cap	**€78m**

Net cash (€m) at end H116	1.9
Shares in issue	18.1m
Free float	14.7%
Code	PITE
Primary exchange	AIM Italia
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	3.0	11.8	22.2
Rel (local)	(1.2)	10.3	57.1
52-week high/low		€4.3	€3.5

Business description

Piteco is Italy's leading company in designing, developing and implementation of software for treasury, finance and financial planning management.

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Final results	April 2017

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Edison profile page

PitecoPiteco is a research client of Edison Investment Research Limited

Investment summary: Cash-generation engine

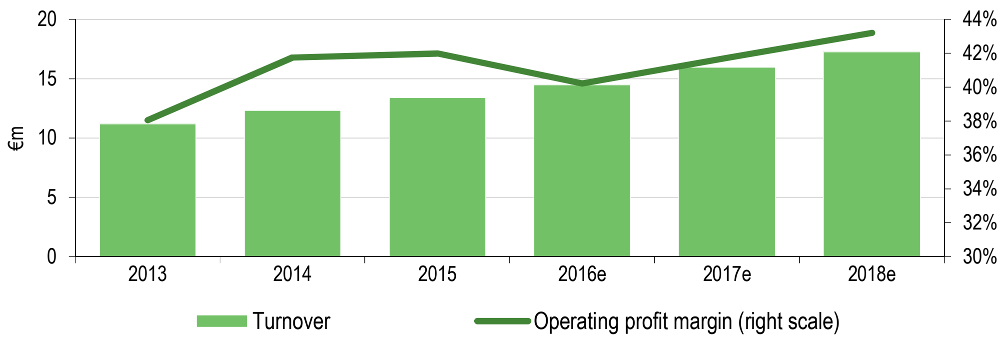
Company description: TMS software specialist

Piteco is the leading provider of cash management, liquidity management, bank transaction and other treasury management software solutions for medium and large enterprises in Italy. It began its journey over 30 years ago, and today it has more than 650 clients around the world, operating across c 3,000 subsidiaries. Customers include many high-quality Italian names such as Fiat Chrysler Automotive, Finmeccanica, Geox, Lavazza, Moncler, Mondadori, Prada, 3Italia and Wind. Clients also include major international groups operating in Italy, such as Carlsberg, DaimlerChrysler and Reckitt Benckiser. Piteco offers its clients a range of 20 software solutions, and continues to expand its offerings through R&D and via acquisitions. The software suite includes two solutions from the recent acquisition of Centro Data, including data-matching capability.

Financials: Bond-like maintenance book plus huge growth

Piteco operates a traditional enterprise software business model, with an upfront perpetual software licence sale, professional services (consulting, implementation and configuration) along with ongoing maintenance, which is paid by all active customers. The maintenance book (c €6.9m) represents half of annual net sales revenues and, historically, there has been very low customer churn. Of the balance, c 35% of sales is from upselling to existing clients while c 15% is generated from sales to new clients and we forecast company to acquire 35 new clients in FY16.

Exhibit 1: Turnover and margin trends



Source: Piteco (historicals), Edison Investment Research (forecasts)

Sensitivities: Budget cuts in an economic downturn

As for the typical enterprise software vendor, there is always the risk of budget cuts in an economic downturn. However, Piteco's typical client has a low default risk, the customer base is broadly spread across large enterprises and the bad debt charge is typically less than 0.5% of turnover. The global financial crisis did not adversely affect the group and the annual maintenance charge is a small cost for its customers. Further, exit barriers are high, as this would require a new project, and the software is embedded in its customers' systems. There is a risk that major enterprise software vendors might take a more proactive interest in the TMS sector. There will be integration risk in the acquisition strategy and increasing currency risk as the company expands abroad.

Valuation: High margins, attractive risk profile

The stock trades on c 17.8x our earnings in FY16e, which falls to c 15.2x in FY17e and to 13.7x in FY18e. In terms of EV/sales, the stock trades on c 5.4x in FY16e, which falls to c 4.9x in FY17e and to 4.6x in FY18e. Our DCF model, which assumes a long-term adjusted operating margin target of 40% and terminal growth rate of 2%, values the stock at 507c, which is 18% above the current share price. In our view, Piteco's valuation is supported by its healthy operating margins, strong cash generation, stable growth and attractive risk profile.

Interim results: Operating cash flow swells to €4.8m

While H1 numbers were a touch below budget due to smaller new deals and fewer up-sells to existing clients, it was very busy in terms of engagement. The group has been developing its internationalisation strategy, with an initial focus on Mexico where it has signed a re-seller agreement with PAGAFLEX. It has also been examining other internationalisation options, particularly in the US, and is investigating an acquisition strategy. Meanwhile, in Italy it has fully integrated Centrodata, planning a marketing campaign and also is developing a cloud strategy to target the mid-market.

H1 revenue grew by 11% to €6.5m while the order backlog was up 27%, which underpins the outcome for the year. EBITDA slipped 5% to €2.5m due to increased costs including a study of the US market by an independent research consultancy as well as recurring listing costs. Further, the Mexican expansion has involved additional travel and other costs while the Cloud product has required development costs and the group has taken on an additional sales person. Nevertheless, operating cash flow jumped by 58% to €4.3m, helped by strong working capital inflows due to disciplined working capital management as well as the inclusion of Centro Data maintenance contracts. The group's financial position improved by €2.2m over the six months to €1.9m net cash, even after paying €1.9m in dividends. The gross cash position was €11.6m, meaning the group already has significant funds to finance its acquisition strategy.

Exhibit 2: Half-by-half analysis

		2015a			2016e		2017e
	H1A	H2A	FY	H1A	H2e	FYe	FYe
Net sales Revenue	5,923	6,915	12,838	6,547	7,186	13,733	15,129
Other income	164	370	534	164	592	755	832
Change in work in progress	7	5	12	(6)	6	0	0
Total revenue	6,094	7,290	13,384	6,705	7,784	14,488	15,961
Operating costs before depreciation	(3,499)	(4,167)	(7,665)	(4,243)	(4,218)	(8,461)	(9,055)
EBITDA	2,595	3,124	5,719	2,461	3,566	6,027	6,906
EBITDA Margin	43.8%	45.2%	44.5%	37.6%	49.6%	43.9%	45.6%
Depreciation and impairment	(59)	(41)	(99)	(125)	(75)	(200)	(245)
EBIT	2,537	3,083	5,620	2,337	3,490	5,827	6,661
Net financial income	(369)	(216)	(585)	(185)	(115)	(300)	(200)
Edison Profit Before Tax (norm)	2,168	2,867	5,035	2,152	3,375	5,527	6,461
Exceptional items	(324)	2	(323)	96	0	96	0
Amortisation of ac'q intangibles	0	(157)	(157)	0	0	0	0
Profit before tax (FRS 3)	1,843	2,712	4,555	2,248	3,375	5,623	6,461
Income tax	(560)	(570)	(1,130)	(464)	(697)	(1,161)	(1,357)
Net income	1,284	2,142	3,426	1,784	2,678	4,462	5,104

Source: Piteco (historics), Edison Investment Research (forecasts).

While 16 new contracts were signed in H1, these were mostly smallish deals. However, several large deals were signed post-period end with high-quality names including Arnoldo Mondadori Editore (one of Europe's top publishing companies), Carrefour (French multinational retailer), Unieuro (the largest Italian chain of consumer electronics and appliances) and Eataly (the largest Italian marketplace in the world), which positions the group for a significantly stronger H2. In total, there are 22 new deals in the year-to-date with an average size in the typical €60-65k range. All of the new deals are perpetual licences and four are hosted cloud deals. We note that Piteco has an agreement with Dedagroup to use Dedagroup's hosting facilities. The group is still developing its cloud strategy, which will target the Italian mid-market. Piteco typically generates significant up-sells as existing customers purchase additional modules to broaden the functionality. However, in H1 the group's c 650 existing clients did not sign as much, which we believe was due to the challenging economic backdrop (we note that Italian GDP growth was 0.3% in Q1 and flat in Q2).

Following the acquisition and full integration of Centro Data, the group now has 85 employees. It is planning a major marketing campaign for its new products from this acquisition. This will target c 200-300 major suppliers to supermarket chains.

The group tax charge is benefiting from "patent box" rules. Further, the Italian corporate tax rate is set to fall from 27.5% to 24.0% from FY17. The €96k exceptional item relates to a tax refund from an overpayment in the prior year.

Outlook

H216 has begun strongly with several larger-than-typical deals already signed, which is a much better performance than in H215. We note the group's pipeline in Italy remains the same – Piteco has identified almost 2,400 target companies in Italy, of which c 1,100 are classified as prospects, and it is actively talking with c 660. The group still aims to move to the main market by H217.

International strategy

Mexico

The group's initial focus of the internationalisation strategy is Mexico, which is showing positive early signs. It has signed a re-seller agreement with PAGAFLEX, which is a unit of Dedagroup, Piteco's major shareholder. This arrangement enables Piteco to target Mexican enterprises using PAGAFLEX's sales team. The costs involve translation of the Italian product into Spanish, marketing documents, the training of salesforce and some air travel from Italy. These costs will have a small impact on group margins in FY16.

PAGAFLEX is one of five payment companies authorised by the Bank of Mexico to issue credit cards. PAGAFLEX offers credit cards to Mexican corporates which are entitled to taxation benefits for issuing credit cards as part of the government's social strategy. The cards enable employers to pay a portion of their workers' salaries on credit cards that cannot be used to purchase alcohol.

PAGAFLEX's salesmen target CFOs whom they can also sell Piteco products. Piteco believes it is very easy to for PAGAFLEX salesmen to make a proposal. The first client pilot is about to commence with Grupo Carso, the global conglomerate company owned by Carlos Slim. Piteco has no direct specialist TMS competitors in Mexico, and we understand that most target companies are likely to use the SAP treasury module.

US market

The group is seeking a re-seller or potentially an acquisition to enter the US market. However, at present the focus remains on Mexican market. The market US is fragmented with 20-25 players of which three are large and most are mid-size.

GEOX case study

Piteco's most important annual Italian trade show is the Treasury & Finance Forum Day, organised by Italian Association of Company Treasurers (AITI), which addresses treasurers, CFOs and their colleagues and is in its seventh year. At this year's event in September, Andrea Guillermaz, Piteco's sales and marketing director, presented on Piteco's International Payment Factory implementation project with Geox, (BIT:GEO) the Italian branded footware and apparel producer and distributor. It was a joint presentation with Federica Vello, group treasury manager of Geox. This project is an example of an up-sell of Piteco's solutions, involving significant additional functionality and a global roll-out.

Listed on the Italian stock exchange, Geox operates in more than 110 countries. With revenues of €874m in FY15, Geox sells c 20m pairs of shoes each year across 1,161 retail stores and 10,000 wholesalers. With 65% of its turnover from abroad, it operates from 40 different group companies, using 150 bank accounts and has 75 different banks.

Geox has been a Piteco customer since 2009 and now uses Piteco to manage all the group's treasury functions. Prior to the current project, Geox was just using Piteco to centrally manage and process commercial payments. The current project extends this to the management of all payments across the group, including payroll, manual payments, tax, general ledger and fund transfer in addition to commercial payments. Geox manages cash pooling for different 40 group companies. Its payment factory handles 100,000 payment orders every year, 150 reports on bank accounts related to 65 banking counterparties all linked to 15 banking hubs – resulting in 15 separate connections to SWIFT (which provides a network to enable the transfer of financial transactions through a 'financial message'). We note that a payment factory acts as a centralised mechanism for processing payments initiated by group entities and collects and coordinates all payment procedures that companies must organise and execute. To integrate the payment processing solution, Piteco offers the Corporate Banking Communication (CBC) module through which corporate agents can securely authenticate, apply the workflow authorisation shared with several banks and digitally sign any payment arrangement.

Geox decided it wanted to improve efficiency in its payments factory by bringing the heterogeneous processes and systems under a centralised management with a single connection channel. After going to the market and looking at all the options available, Geox chose to combine Piteco EVO (for all its cash management functions) with Piteco CBC. CBC enables efficient workflow management between companies and their domestic and international banks and manages information flow coming from the ERP system, which in this case is SAP.

The project involved three people from Piteco, two to three people from Geox and two to three people from Accenture and took a year to complete. The optimisation process required reviewing and standardisation of Treasury Department's workflow processes. The application map for Finance and Treasury area, has been redesigned to maximize efficiency and rationalisation of the systems in use. The process also involved streamlining the 15 corporate banking hubs across the group into just five.

Integrations between four platforms were required – SAP as an ERP system, Piteco EVO and Piteco CBC along with SWIFT as the sole platform for communicating with banks. The integration process was carried out in three stages:

1. SAP and Piteco integration at the database level. This is to avoid an erroneous external file exchange.
2. Piteco CBC and SWIFT integration. Uploading files for authorisation workflows in a secure environment.
3. Integration between Piteco and Piteco CBC at the database level. In particular CBC controls the correspondence between incoming and outgoing flows.

Countries in the scope of 'International Payment Factory' implementation are: Italy, USA, Holland, Switzerland, Russia, Macao, Portugal, Spain, Norway, Germany, Belgium, France, Luxembourg, UK, Austria, Serbia, Japan, China, Hungary, India, Vietnam, Indonesia, Hong Kong, Turkey, Poland, Greece, Canada and Slovakia.

The pilot project finished in April 2016, with the solution going live in 11 countries. Roll-out of the other four bank hub's is a gradual approach with the second go-live in October 2016 and the third and final one in early 2017.

A project of this scale would typically take three to four years to complete for a competing solution, as the customer would also need to integrate workflow management with digital signature, which is handled by CBC. However, Piteco EVO can be integrated with CBC in a very short time, which significantly speeds up this project.

Forecasts: Easing revenues, FY18 EPS unchanged

We have eased our net sales revenue forecasts by 4% in FY16 to €13.7m, by 2% in FY17 to €15.1m and by 2% in FY18 to €16.4m. We note there might be a small increase in costs for a couple of years due to the investment in Mexico and our EBITDA forecasts fall by 8% in FY16 to €6.0m, by 4% in FY17 to €6.9m and by 4% in FY18 to €7.7m. We have also lowered our tax rate assumptions to 21% in FY16 and FY17, conservatively rising to 23% in FY18. Our EPS falls by 8% in FY16 but remain broadly unchanged in FY17 and FY18. Our year-end net cash forecasts are broadly the same €2.9m, €6.3m and €10.2m for F16-FY18. This includes the €4.5m convertible bond as debt, with is now in the money (conversion price is 420c).

Exhibit 3: Forecast changes

	OLD	NEW		OLD	NEW		OLD	NEW	
	2016e	2016e		2017e	2017e		2018e	2018e	
Revenues (€'000s)									
Software	3,270	3,057	(6)	3,601	3,489	(3)	3,953	3,838	(3)
Services	4,117	3,799	(8)	4,523	4,356	(4)	4,962	4,789	(3)
Maintenance	6,877	6,877	0	7,284	7,284	0	7,730	7,730	0
Net sales revenue	14,264	13,733	(4)	15,408	15,129	(2)	16,645	16,357	(2)
Capitalisation of dev'ment costs	285	275	(4)	308	303	(2)	333	327	(2)
Other revenues	499	481	(4)	539	530	(2)	583	573	(2)
Turnover	15,049	14,488	(4)	16,256	15,961	(2)	17,561	17,257	(2)
Growth (%)	12.4	8.2		8.0	10.2		8.0	8.1	
Operating expenses before depn	(8,480)	(8,461)	()	(9,065)	(9,055)	()	(9,539)	(9,531)	()
Capitalisation of dev costs (net)	185	175	(6)	183	178	(3)	183	177	(3)
EBITDA	6,569	6,027	(8)	7,191	6,906	(4)	8,022	7,726	(4)
Normal depreciation	(100)	(100)	0	(120)	(120)	0	(122)	(120)	(2)
Amortisation of development costs	(100)	(100)	0	(125)	(125)	0	(150)	(150)	0
Depreciation & amortisation	(200)	(200)	0	(245)	(245)	0	(272)	(270)	(1)
Adjusted operating profit	6,369	5,827	(9)	6,946	6,661	(4)	7,750	7,456	(4)
Operating margin (%)	42.3	40.2		42.7	41.7		44.1	43.2	
Growth (%)	13.3	3.7		9.1	14.3		11.6	11.9	
Net interest	(300)	(300)	0.0	(200)	(200)	0.0	(100)	(100)	0.0
Profit before tax norm	6,069	5,527	(9)	6,746	6,461	(4)	7,650	7,356	(4)
Exceptional items (net of tax)	0	96	N/A	0	0	N/A	0	0	N/A
Profit before tax	6,069	5,623	(7)	6,746	6,461	(4)	7,650	7,356	(4)
Taxation	(1,335)	(1,161)	(13)	(1,619)	(1,357)	(16)	(1,989)	(1,692)	(15)
Net income	4,734	4,462	(6)	5,127	5,104	(0)	5,661	5,664	0
Statutory EPS	26.1	24.6	(5.7)	28.3	28.2	(0.4)	31.2	31.3	0.1
Adjusted EPS (c)	26.1	24.1	(7.8)	28.3	28.2	(0.4)	31.2	31.3	0.1
P/E - Adjusted EPS		**17.8**			**15.2**			**13.7**	

Source: Edison Investment Research

Valuation: High margins, attractive risk profile

Piteco has an excellent track record of delivering steady revenue growth, healthy margins and strong cash generation, despite having had to cope with a very challenging economic backdrop. The group's turnover growth has outpaced Italian GDP in each of the seven years to 2015, and its turnover has expanded in aggregate by more than 65% over the period when Italian GDP fell by 8%. Piteco has a strong pipeline and growing brand awareness and is now seeking to accelerate growth through acquisition and international expansion. The investment profile is attractive, with a resilient maintenance book ensuring 50% recurring revenues, and with healthy growth prospects from the pipeline, cross-selling, a broadening end market (geographically and into smaller businesses) and via acquisitions.

We note that the stock has performed extremely well since the IPO (330c), rising by 30% to even exceed the convertible bond conversion price (420c). Meanwhile the FTSE MIB index has fallen by 27% over the same period. We highlight the following points on valuation:

- **Traditional P/E valuation:** the stock trades on 17.8x our earnings forecasts in FY16, falling to 15.8x in FY17 and to 13.7x in FY18. Further, we note the group has a strong balance sheet with a net cash position while interest payments are depressing earnings; management is deciding how to spend the cash pile.
- **Cash flow:** Piteco generated €5.7m operating cash flow in FY14, €5.1m in FY15 and €4.8m in H116. Free cash flow (FCF) in the respective periods was €3.5m, €3.0m and €4.1m. However, we note that the FY14 and FY15 FCF numbers are after significant interest costs, largely relating to €7m debt that has since been refinanced at a much lower interest rate (Euribor +2%), and the interest cost on this debt has subsequently reduced significantly. We forecast the group to generate FCF of €5.1m in FY16, rising to €5.4m in FY17 and to €6.1m in FY18.

Exhibit 4: Cash flow

Cash flow	FY13	FY14	FY15	*H116*	*H216e*	FY16e	FY17e	FY18e
Adjusted operating profit	4,257	5,149	5,620	*2,337*	*3,490*	5,827	6,661	7,456
Depreciation*	64	80	70	*59*	*41*	100	120	120
Amortisation of development	0	36	29	*66*	*34*	100	125	150
Adjusted EBITDA	4,321	5,265	5,719	*2,461*	*3,566*	6,027	6,906	7,726
Working capital	537	549	(340)	*2,227*	*(1,472)*	755	151	164
Exceptional items/misc	(48)	(75)	(323)	*96*	*0*	96	0	0
Op cash flow	4,809	5,739	5,056	*4,784*	*2,094*	6,878	7,057	7,890
Net interest	(1,189)	(1,011)	(585)	*(185)*	*(115)*	(300)	(200)	(100)
Tax paid	(809)	(973)	(1,146)	*(479)*	*(650)*	(1,130)	(1,050)	(1,228)
Purchase tangible assets	(19)	(18)	(129)	*(18)*	*(92)*	(110)	(121)	(131)
Software development	0	(255)	(201)	*0*	*(275)*	(275)	(303)	(327)
Free cash flow	2,793	3,482	2,996	*4,102*	*961*	5,064	5,383	6,104

Source: Piteco (historics), Edison Investment Research (forecasts). *FY13 depreciation estimated

- **Discounted cash flow valuation:** Our DCF model (which assumes a conservative 5.5% pa growth in net sales revenue over 10 years, a long-term adjusted operating margin [against net sales revenues] target of 40%, a WACC of 9% and terminal growth rate of 2%) values the stock at 507c, 18% above the current share price. In calculating this number, we have included the dilution impact from exercising the convertible bonds and reversed them from the adjusted net debt, which in aggregate reduces the valuation by 9c from 516c to 507c.
- **Peer analysis.** Noting that none of Piteco's direct competitors is quoted, we have compared the company with quoted global ERP/accounting software providers, which are predominantly large companies, and also with a selection of software companies quoted in Italy, which are small. We would expect Piteco to have a significantly higher rating than its Italy-quoted software peers, in terms of EV/sales and EV/EBITDA, given its healthy margins, strong track record of growth and cash generation, and its leading position in the Italian TMS market.

Exhibit 5: Peer group analysis

	Share price	Market cap	Market cap	EV/sales (x)		EV/EBITDA (x)		PE (x)	
	Local curr	Local curr (m)	€m	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Piteco	**428.0**	**78**	**78**	**5.4**	**4.9**	**12.4**	**10.8**	**17.8**	**15.2**
A) Large global ERP/accounting software providers									
Microsoft	57.7	448580	409329	4.1	3.9	10.9	10.0	19.8	17.8
Oracle	38.4	157739	143937	3.8	3.7	8.4	8.2	14.6	13.3
SAP	79.3	97408	88885	4.5	4.4	N/A	12.8	20.5	18.4
Intuit	107.2	27638	25220	5.5	5.0	14.1	12.6	24.6	21.5
Workday	86.5	17221	15715	8.8	7.7	92.0	116.8	N/A	261.5
Sage	727.5	7857	6999	5.2	4.6	17.5	15.5	26.6	23.2
Xero	18.1	2488	1635	7.6	5.4	N/A	1763.8	N/A	N/A
Medians				**5.2**	**4.6**	**14.1**	**12.8**	**20.5**	**20.0**
B) Small software companies quoted in Italy									
TXT e-solutions	7.7	100	100	1.4	1.3	12.5	11.4	17.6	15.8
Expert System	2.0	56	56	2.4	2.0	35.9	12.8	N/A	N/A
Neurosoft	1.8	45	45	N/A	N/A	N/A	N/A	N/A	N/A
Tas Tecnologia Avanzata dei Sistemi	1.0	43	43	N/A	N/A	N/A	N/A	N/A	N/A
CAD IT	3.5	31	31	0.6	0.6	4.0	3.1	23.3	11.3
Primi Sui Motori	1.1	5	5	N/A	N/A	N/A	N/A	N/A	N/A
Medians				**1.4**	**1.3**	**12.5**	**11.4**	**20.5**	**13.6**

Source: Bloomberg. Note: Prices at 19 October 2016.

Exhibit 6: Financial summary

€'000s	2013	2014	2015	2016e	2017e	2018e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Turnover	11,186	12,334	13,384	14,488	15,961	17,257
Net Sales Revenue	10,787	11,550	12,838	13,733	15,129	16,357
EBITDA	4,321	5,229	5,719	6,027	6,906	7,726
Adjusted Operating Profit	4,257	5,149	5,620	5,827	6,661	7,456
Amortisation of acquired intangibles	(623)	(623)	(157)	0	0	0
Exceptionals	29	17	(323)	96	0	0
Share based payments	0	0	0	0	0	0
Operating Profit	3,663	4,543	5,140	5,923	6,661	7,456
Net Interest	(1,189)	(1,011)	(585)	(300)	(200)	(100)
Profit Before Tax (norm)	3,068	4,139	5,035	5,527	6,461	7,356
Profit Before Tax (FRS 3)	2,474	3,532	4,555	5,623	6,461	7,356
Tax	(819)	(1,090)	(1,130)	(1,161)	(1,357)	(1,692)
Profit After Tax (norm)	2,250	3,049	3,905	4,367	5,104	5,664
Profit After Tax (FRS 3)	1,655	2,443	3,426	4,462	5,104	5,664
Average Number of Shares Outstanding (m)	0.0	0.0	18.1	18.1	18.1	18.1
EPS - normalised (p)	0.0	0.0	21.5	24.1	28.2	31.3
EPS - FRS 3 (p)	0.0	0.0	18.9	24.6	28.2	31.3
Dividend per share (p)	0.00	0.00	10.00	11.00	12.00	13.00
Gross Margin (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	38.6	42.4	42.7	41.6	43.3	44.8
Op Margin (before GW and except.) (%)	38.1	41.7	42.0	40.2	41.7	43.2
BALANCE SHEET						
Fixed Assets	32,727	29,303	30,055	30,239	30,418	30,606
Intangible assets and deferred tax	30,829	27,442	28,522	28,696	28,874	29,051
Tangible Assets	1,522	1,455	1,421	1,431	1,432	1,443
Investments	376	406	112	112	112	112
Current Assets	6,978	6,005	14,846	15,930	17,783	20,537
Stocks	0	0	0	0	0	0
Debtors	3,818	4,013	4,494	4,077	4,291	4,428
Cash	3,049	1,862	10,208	11,710	13,349	15,965
Current Liabilities	(6,750)	(4,994)	(5,408)	(5,537)	(6,259)	(6,874)
Creditors	(5,230)	(3,794)	(3,688)	(4,255)	(4,977)	(5,592)
Short term borrowings	(1,519)	(1,200)	(1,720)	(1,282)	(1,282)	(1,282)
Long Term Liabilities	(13,859)	(12,052)	(10,114)	(8,801)	(7,051)	(5,739)
Long term borrowings	(12,789)	(10,694)	(8,825)	(7,513)	(5,763)	(4,450)
Other long term liabilities	(1,070)	(1,359)	(1,289)	(1,289)	(1,289)	(1,289)
Net Assets	19,097	18,262	29,379	31,831	34,891	38,530
CASH FLOW						
Operating Cash Flow	4,810	5,739	5,056	6,878	7,057	7,890
Net Interest	(1,189)	(1,011)	(585)	(300)	(200)	(100)
Tax	(809)	(973)	(1,146)	(1,130)	(1,050)	(1,228)
Capex	(19)	(273)	(330)	(385)	(424)	(458)
Acquisitions/disposals	0	0	(972)	0	0	0
Financing	0	(2,265)	7,671	0	0	0
Dividends	0	0	0	(1,813)	(1,994)	(2,175)
Net Cash Flow	2,793	1,217	9,695	3,251	3,389	3,929
Opening net debt/(cash)	14,042	11,249	10,032	337	(2,915)	(6,304)
Other	0	()	0	0	0	0
Closing net debt/(cash)	11,249	10,032	337	(2,915)	(6,304)	(10,233)

Source: Piteco (historics), Edison Investment Research (forecasts)

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