

Edison initiates coverage on CREALOGIX Group

Edison Investment Research, a leading international investment research firm, announces the initiation of full coverage of CREALOGIX Group

Highlights of the analysis on UMT by Edison's technology analysts Richard Jeans and Katherine Thompson include:

CREALOGIX's front-end banking applications have gained strong credence in the Swiss market, where the group's core online/mobile applications are in exclusive use in 11 of the top 30 Swiss banks. CREALOGIX is now expanding the opportunity globally, primarily targeting the UK, Germany and Austria as well as the nascent Asian market. The group returned to EBITDA profitability in H116 and in our view is well positioned to benefit from attractive business drivers as traditional banks are forced to update their technology to maintain competitiveness against nimble fintechs entering the space.

CREALOGIX has a heavily invested modern software platform and several key components are now in place to underpin strong revenue growth, while investment has peaked. On our base revenue growth assumptions, we suggest a valuation range of CHF140 (10% operating margin target, 8% WACC) to CHF186 (20% margin, 10% WACC). However, if Elaxy is successfully integrated and management can deliver on the internationalisation strategy, there is additional upside potential.

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