



7 October 2016

EQS Group AG

Rating Buy
Share price (EUR) 38.75
Target price (EUR) 50.00

Bloomberg EQS GY
 Sector Technology

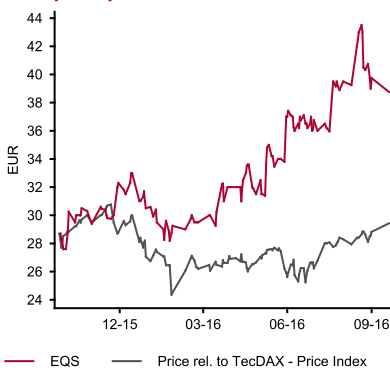
Share data

Shares out (m)	1.2
Daily volume shs (m)	0.0
Free float (%)	43.00
Market cap (EUR m)	46
EV (EUR m)	48
Dividend/Share (EUR)	0.75
Dividend yield (%)	1.9
Payout ratio (%)	50.0

Performance

ytd (%)	10.6
12 months (%)	15.4
12 months rel. (%)	19.1
Index	TecDAX

Share price performance



Source: Bloomberg

Next triggers

25 November 2016: Q3 Results

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Profiteer of rising regulations

EQS Group is a leading international technology provider for Digital Investor Relations. More than 8,000 companies worldwide – among them all 30 DAX companies - trust its applications and services which securely, efficiently and simultaneously fulfill national and international information obligations to the global investment community. Based on strong growth and rising profitability we initiate coverage with BUY and a EUR 50 target price.

Market leader

EQS is the market leader in the area of Digital Investor Relations in the DACH region. Regarding Germany, about 90% of listed companies distribute regulatory announcements via EQS solutions.

Strong growth, high margins

EQS Group has been growing profitably for years and achieved high EBIT margins in direction to 20%. Last year the reported margin dropped to 12.9% due to expenses for marketing, IT-infrastructure and one-time effects as a consequence of the accelerated globalization of the business. However, we are optimistic that EQS can achieve former margin levels in the mid-term after expansion into new growth markets (e.g. UK, Asia) have finalized.

EU Market Abuse Regulation (MAR)

On 3rd of July 2016, extensive changes of the European Market Abuse Regulation (EU 596/2014) have become applicable. Now listed companies from the open market segment are forced to make further information (e.g. Directors' Dealings) public. EQS's INSIDER MANAGER will help listed companies significantly simplify the maintenance of the more complex insider information required. First positive effects will therefore be seen in H2 2016.

FY 2016 outlook

In June 2015, the company increased its stake to 50% to one share in ARIVA.DE. As a result, EQS increased its guidance for the current business year: With the full consolidation of ARIVA beginning in the second half of 2016, sales growth of 25% - 30% (previously 10%-15%) to EUR 23 - EUR 23.9m and an increase in adjusted EBIT of 15% - to 20% (previously 5%-10%) to EUR 3.4 – EUR 3.6m is expected.

We therefore initiate coverage with BUY and a EUR 50 price target, derived from a peer group approach and a DCF-model. It is worth mentioning that our estimates do not include any acquisitions that could be realized by EQS.

Key figures		2014	2015	2016e	2017e	2018e
Sales	EUR m	16	18	24	29	30
EBITDA	EUR m	3	3	4	5	6
EBIT	EUR m	3	2	3	4	4
EPS	EUR	1.56	0.95	1.42	1.84	2.22
Sales growth	%	3.5	12.1	29.2	22.0	4.3
EBIT growth	%	-13.9	-16.2	24.3	26.3	15.0
EPS growth	%	-14.9	-39.0	48.6	29.9	21.0
EBITDA margin	%	21.0	17.5	17.3	17.9	20.0
EBIT margin	%	17.2	12.9	12.4	12.8	14.1
Net margin	%	11.2	6.1	7.1	7.6	8.8
EV/Sales	ratio	2.99	2.67	2.02	1.58	1.50
EV/EBITDA	ratio	14.2	15.3	11.7	8.8	7.5
EV/EBIT	ratio	17.3	20.8	16.3	12.3	10.6
P/E	ratio	18.5	32.0	27.4	21.1	17.4
P/BV	ratio	2.1	2.1	2.6	2.4	2.2
Dividend yield	%	1.9	1.9	1.9	1.9	2.3

Source: Bloomberg, Company data, quirin bank estimates

Valuation

In our valuation of EQS' equity we focused on a discounted cash flow methodology based on free cash flow to the firm and a peer group valuation. We decide to weight the DCF fair value by 2/3 and the multiple approach by 1/3.

Based on the methods we derive a fair value of EUR 49.67 per share.

Multiple valuation

In our multiple approach we considered companies that provide services to the financial community and to stock-listed companies: We used EV/EBITDA, EV/EBIT and P/E multiples from FY 2016e to 2018e:

EQS Peer Group valuation:

Peer Group Overview	EV/EBITDA			EV/EBIT			P/E		
	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e
FACTSET RESEARCH SYSTEMS INC	15.1	14.1	12.9	16.5	15.4	14.2	22.3	20.2	19.0
NASDAQ INC	11.7	10.5	10.0	14.2	13.3	11.3	18.0	15.8	14.6
THOMSON REUTERS CORP	12.4	11.8	11.3	19.0	17.5	16.7	20.4	18.0	16.8
Median	12.4	11.8	11.3	16.5	15.4	14.2	20.4	18.0	16.8

Source: Bloomberg, quirin bank

We applied these multiples from the peer group to our financial forecasts for EQS. We added the company's net financial cash, which includes financial assets and deducted pension provisions from the derived enterprise values in order to get the fair value of equity. With the P/E, EV/EBIT and EV/EBITDA multiples for 2016e to 2018e, we calculated the fair value of equity. The peer group approach indicates a fair value of EUR 41.73 per share.

Peer Group Results	EBITDA	EBITDA	EBITDA	EBIT 2016e	EBIT 2017e	EBIT 2018e	EPS 2016e	EPS 2017e	EPS 2018e
in EUR m	2016e	2017e	2018e						
	4.1	5.2	6.0	2.9	3.7	4.3	1.42	1.84	2.22
Multiple	12.4x	11.8x	11.3x	16.5x	15.4x	14.2x	20.4x	18.0x	16.8x
Enterprise value	50.8	61.0	68.3	48.5	57.3	60.8	-	-	-
Pension provisions									
Minorities									
Net debt					3.0				
Fair value of equity	47.8	58.0	65.3	45.5	54.3	57.8	34.3	39.5	44.5
Average					49.7				
Number of shares (m)					1.2				
Fair value per share (in EUR)					41.73				

Source: Bloomberg, quirin bank

DCF valuation

Our DCF model indicates a fair value of EUR 53.63 for EQS. Our assumptions are as follows:

Phase 1 (2016e-18e):

We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for this period stated in the financials section.

Phase 2 (2019e-25e):

For Phase 2, we initially used more general assumptions. We assumed a sales growth of 5.0% which should drop to ~0.6% in 2025e. Furthermore, we forecasted constant EBIT margins of 17.5%.

Phase 3:

For the calculation of the terminal value, we applied a long-term FCF growth rate of 2.0% which equals the estimated long-term inflation rate.

Based on these assumptions, we calculated a fair value of the operating business of EUR 66.8m. We deducted EQS' net debt (financial debt minus cash). The resulting fair value of

equity is EUR 63.1m. The fair value per share amounts to EUR 53.63 according to our DCF model.

EQS: Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2						PHASE 3	
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	∞
Sales	23.7	29.0	30.2	31.7	32.8	33.6	34.2	34.6	34.9	35.1	
YoY growth	29.2%	22.0%	4.3%	5.0%	3.5%	2.5%	1.7%	1.2%	0.8%	0.6%	
EBIT	2.9	3.7	4.3	5.6	5.7	5.9	6.0	6.1	6.1	6.1	
EBIT margin	12.4%	12.8%	14.1%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	
Income tax on EBIT (cash tax rate)	-1.3	-1.5	-1.6	-1.7	-1.7	-1.8	-1.8	-1.8	-1.8	-1.8	
Depreciation and amortisation	1.2	1.5	1.8	1.0	1.0	1.0	1.0	1.0	1.0	1.1	
Change in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other non-cash items	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in net working capital	0.6	0.6	0.1	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	
Net capital expenditure	-1.5	-1.5	-3.1	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	
Free cash flow	2.2	3.0	1.6	3.6	3.8	4.0	4.1	4.2	4.2	4.3	
Present values	2.1	2.8	1.3	2.8	2.8	2.7	2.6	2.5	2.3	2.2	42.7
Present value Phase 1	6.2										
Present value Phase 2	17.9										
Present value Phase 3	42.7										
Total present value	66.8										
+ Excess cash/Non-operating assets	3.6										
- Financial debt	-6.6										
- Pension provisions	0.0										
Fair value of equity	63.8										
Number of shares (m)	1.2										
Fair value per share (EUR)	53.63										

Risk free rate	3.00%	Target equity ratio	40.0%
Equity risk premium	6.00%	Beta (fundamental)	1.5
Debt risk premium	2.75%	WACC	7.26%
Tax shield	30.0%	Terminal growth	2.0%

Sensitivity analysis						
		Terminal growth (Phase 3)				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.3%	57.72	62.02	67.32	74.04	82.81
	6.8%	52.23	55.64	59.76	64.85	71.29
	7.3%	47.62	50.36	53.63	57.59	62.47
	7.8%	43.69	45.93	48.57	51.71	55.50
	8.3%	40.30	42.16	44.31	46.84	49.85

Source: quirin bank

SWOT Analysis

Strengths

- EQS is the leading technology provider for Digital Investor Relations in German speaking Europe
- The company clearly benefits from the rising trend of security market regulation
- EQS' business model is highly scalable, in particular its Regulatory Information & News (RI&N) segment; here we expect EBIT margins >30%
- The dependency from the German market could steadily be reduced: The share of Group revenues outside Germany climbed to 28% in H1 2016 (H1 2015: 22%)
- Roughly 70% of its revenues are recurring; therefore visibility is high

Weaknesses

- The company's liquidity (EUR 1.8m as of 30 June 2016) does not allow for major acquisitions in order to strengthen the global market position
- EQS is a small company compared to some of its competitors
- Its free float amounts to 43% and therefore is a limiting factor for share liquidity
- So far, EQS runs an office in New York but was not able to leave a substantial footprint in the US market

Opportunities

- EQS might gain a high number of new customers due to the new European Market Abuse Regulation
- The company benefits from its excellent reputation (all DAX members are its clients) and therefore could gain further customers globally
- So far, EQS has no business in the important US market. A acquisition could change this deficit
- EQS could become a take-over target

Threats

- Rising competition from larger companies could result in lower margins
- As of 30 June 2016, intangible assets amounted to EUR 21.0m (c. 2/3 of total assets) and bear the risk of depreciations if the operating business should come under pressure. Any further acquisition could increase this figure as customer base and goodwill are capitalized

Profile

More than 8.000 clients

The EQS Group is a leading international technology provider for Digital Investor Relations. More than 8,000 companies worldwide trust EQS's products and services to securely, efficiently, and simultaneously fulfil complex national and international information obligations to the global investment community.

COCKPIT: a Software as a Service ...

The heart of the technology is the COCKPIT, a Software as a Service (Saas), which digitally supports the work processes of IR managers. Special modules maintain IR websites contents (CMS), contact data (CRM) and insider data as well as access to global investor data and proprietary monitoring and analytics functions. The COCKPIT platform is connected to the company website in order to guarantee integrated workflows.

... that supports IR Managers

EQS develops solutions that help IR Managers to simplify their jobs: technical solutions such as its COCKPIT are easy to use, reduce operations and minimize manual errors for the customer. By using EQS services and tools, Investor Relations Managers can reach more investors and receive valuable data. According to EQS, the company guarantees the highest level of control and security.

Its EQS CONTACT MANAGER is a contact administrator specially conceived for the needs of IR Managers. Integrated into the EQS COCKPIT one can administrate the contacts that the client's mandatory ad hoc and corporate news disclosures need to reach – by email, fax or text message. The CONTACT MANAGER is characterized by a generous user interface, intuitive controls and innovative functions.

INSIDER MANAGER and Tensid drive the growth

In H1 2016, EQS launched its INSIDER MANAGER which maintains its clients' insider lists securely and conveniently. The EQS-Insider database is a workplace-independent, web-based solution which meets all the legal obligations under Article 18 MAR. Now over 350 companies in Germany and other issuers in the UK, the Netherlands and Italy are benefiting from the integrated workflow guaranteed by the INSIDER MANAGER. This tool is the most important catalyst besides the acquired Tensid in Switzerland (consolidated on 1 January 2016) for rising revenues in FY 2016.

Abstract: The European Market Abuse Regulation (MAR)

The aim of the European Market Abuse Regulation (MAR) is to create uniform transparency and investor protection laws in the capital markets of E.U. member states. The result is significantly stricter insider legislation. The INSIDER MANAGER allows its clients to fulfil these new obligations according to Article 18 MAR securely, easily and reliably.

The insider database is internet-based and gives its clients the needed flexibility and security to manage the insider lists easily and securely and to update them at any time. This tool allows IR managers to set up their projects defined according to MAR, as well as to include individuals who temporarily or permanently have access to insider information and assign them to individual projects with just a few clicks in the secure software in the private cloud. Another important advantage of the INSIDER MANAGER: it contains all required forms to inform the company's insiders of their MAR obligations. Insider instructions are delivered via a personalized cover letter that is generated automatically through the system.

EQS' Products and Services

DGAP News & Disclosures

EQS's DGAP service provides a safe, fast and reliable distribution channel for regulatory reporting, corporate news and press releases as well as for the publication of financial statements in the "Bundesanzeiger".

The listed companies can coordinate their news on the "EQS COCKPIT", keeping control of all aspects of the process. In conjunction with EQS' CONTACT MANAGER and MAILING, the EQS COCKPIT is a central input platform for all distribution channels.

IR Websites & Tools

EQS not only provides the necessary know-how, but also the appropriate tools to represent share data, charts, reporting requirements and fact sheets efficient, accurately and always up to date.

Digital Reports

The EQS digital annual and/or sustainability report ensures that necessary information is provided to the public.

Corporate Websites

EQS supports its clients by developing corporate websites (vivid stories about business, the people in the company, etc.)

Audio & Video Webcasts

Transparent and simultaneous communications with all stakeholders are an essential element of successful Investor Relations. Video and/or audio transmission of shareholders' meetings, press conferences and investor conferences plays a critical role in the publication of quarterly and annual figures.

Webcasts are an instrument in directly communicating with investors and capital market experts without losing the advantages of an illustrative presentation. EQS manages the details, implementation and management of webcasts so its clients can fully concentrate on the content.

Apps & Mobile

Mobile use of the internet has become the standard and users expect mobile-optimized information. This allows companies the opportunity to be in constant communication with their stakeholders. Companies are therefore more interested in apps for smartphones and tablets for their communications needs.

EQS develops concepts for mobile products with desired design elements and functionality, all in the clients' corporate design.

Markets & Media

EQS' services keep company's information current and up to date on the most relevant financial portals. By placing the media planning coordination in EQS' hands, clients take advantage of EQS' many years of capital markets expertise.

International competitors

Investis Ltd.

Investis plans, creates, manages and evolves corporate websites, apps and social channels for companies. The company works with more than 2,000 clients around the world and its team counts more than 500 employees. The company was founded in FY 2000 and holds offices in six countries. According to EQS Investis generated sales of >GBP 20m

Nasdaq, Inc.

Nasdaq is recognized around the globe as a diversified worldwide financial technology, trading and information services provider to the capital markets, with more than 3,500 employees serving businesses and investors from over 50 offices in 26 countries across six continents.

In FY 2005, Nasdaq began offering investor relations, public relations and multimedia services (technology-based monitoring, reporting and marketing) to listed companies.

Its subscription & fee-based revenue segment generated revenues of USD 512m in FY 2015

PR Newswire

PR Newswire is a provider of multimedia platforms that enable marketers, corporate communicators, sustainability officers, public affairs and investor relations officers to leverage content to engage with all their key audiences. Having pioneered the commercial news distribution industry 60 years ago, PR Newswire today provides end-to-end solutions to produce and target content — from rich media to online video to multimedia — and then distribute content and measure results across traditional, digital, mobile and social channels. PR Newswire has 35 offices in 18 countries, including 10 in the United States.. PR Newswire is a Cision company, a provider of public relations software.

Business Wire

Business Wire, a Berkshire Hathaway company, is active in press release distribution and regulatory disclosure. Investor relations, public relations, public policy and marketing professionals rely on Business Wire to accurately distribute market-moving news and multimedia, host online newsrooms and IR websites, build content marketing platforms, generate social engagements and provide audience analysis that improves interaction with specified target markets. Founded in 1961, Business Wire is a trusted source for news organizations, journalists, investment professionals and regulatory authorities, delivering news directly into editorial systems and leading online news sources via its multi-patented simultaneous NX Network. Business Wire has 31 offices worldwide to securely meet the varying needs of communications professionals and news consumers.

Business Model

Its pricing model in the news segment is based on the payment per news, depending on the distribution network chosen. In the agency segment, the company receives recurring individual payments for the setup of websites, apps, charts, tools and online reports, the conversion of reports and the execution of video and audio webcasts. EQS earns regular subscriptions revenues for the hosting and the maintenance of its solutions.

There are three main growth drivers for EQS: digitalization, regulation and internationalization. Over the last years, EQS expanded by opening new offices abroad, mostly by having acquired companies with focus on IR; in UK, Obsidian IR was bought, in Switzerland Tensid AG. In Singapur, Taipeh and Shanghai EQS runs own offices while in Dubai there is a partnership with the local IR consultancy Iridium.

The table below shows EQS' current markets: In its home market Germany ~70% of the relevant companies became clients of EQS, in Switzerland over 60%, following the Tensid takeover. In the other markets, where EQS runs own operations, the market penetration is much lower and therefore allows for strong upside.

Region	# of potential companies	# of clients	share (middle of range)
Germany	800-1000	600-700	72%
Switzerland	250-300	150-200	64%
Russia	200-250	80	36%
UK	2,300	100-150	5%
Asia	5000-5500	550-600	11%

Source: quirin Bank, EQS

Map of EQS' operations



Source: quirin Bank, EQS

However, among the most attractive markets one can identify USA, where 2.871 companies are listed at the Nasdaq and 2.322 at the NYSE. A acquisition in the US could substantially increase EQS' revenue base.

Exchange				%change /Aug 15
	August			
	Total	Domestic co's	Foreign co's	
US				
Nasdaq - US	2 871	2 489	382	0.7%
NYSE	2 322	1 834	488	-5.3%
Asia - Pacific				
Hong Kong Exchanges and Clearing	1 926	1 829	97	6.4%
Japan Exchange Group	3 525	3 517	8	1.0%
Korea Exchange	2 008	1 992	16	6.1%
National Stock Exchange of India	1 831	1 830	1	3.3%
Shanghai Stock Exchange	1 124	1 124	0	4.9%
Shenzhen Stock Exchange	1 806	1 806	0	4.5%
Singapore Exchange	767	484	283	-0.5%
Stock Exchange of Thailand	649	649	0	3.0%
Taipei Exchange	724	691	33	3.9%
Taiwan Stock Exchange Corp.	901	826	75	1.5%
Europe				
BME Spanish Exchanges	3 553	3 526	27	-2.2%
Deutsche Boerse	599	538	61	-5.7%
LSE Group	2 622	2 131	491	-3.4%
Moscow Exchange	246	243	3	-5.0%

Source: quirin Bank, World federation of Exchanges

Segments

Its operative business has been divided into two segments. The first, Regulatory Information & News (RI & N), bundles the areas of mandatory disclosure and news distribution. The second is Products & Services (P & S) which offers digital communication solutions. While the segment Regulatory Information & News showed stable revenues over the previous year, the Products & Services segment showed a significant increase in revenues over the same time period.

FY 2015 (in EURm)	Reg. Information & News	Products & Services	consolidation	Group
Revenues	5.954	13.054	-0.631	18.377
EBIT	1.580	0.784	0	2.364
EBITmargin	26.5%	6.0%		12.9%
Non-IFRS EBIT	1.774	1.209	0	2.983
Non-IFRS EBIT margin	29.8%	9.3%		16.2%

FY 2014 (in EURm)	Reg. Information & News	Products & Services	consolidation	Group
Revenues	5.974	11.145	-0.730	16.389
EBIT	1.437	1.384	0	2.821
EBITmargin	24.1%	12.4%		17.2%
Non-IFRS EBIT	1.647	1.665	0	3.312
Non-IFRS EBIT margin	27.6%	14.9%		20.2%

Source: quirin Bank, EQS

Regulatory Information and News

The volume of sent news increased by +5% over the previous year to 20,702 in FY 2015, up from 19,654. The increase was largely attributable to the launch of the EQS COCKPIT Asia in Q1 2015, with a total of 855 news disseminated in Asia in 2015,

Germany showed a much more differentiated picture, depending on news category. The number of Ad hoc releases (-11%) and Directors' Dealings (-5%) decreased due to further delisting and downlistings, which could not be offset by new companies entering the market. However, the increase in voting rights notifications (+14%) has a positive impact

on overall news volume. Corporate news remained virtually unchanged over the previous year (+1%). Press releases rose by +85%.

Regarding UK, EQS experienced a -22% decrease in regulatory news. These mandatory disclosures of the London Stock Exchange (LSE) are relevant for companies in the UK as well as for its Russian clients who have additional listing in London. The decline was mainly attributable to the impact of the economic crisis in Russia.

The Segment EBIT rose by +10% to EUR 1.58m (up from EUR 1.44m). This is due to the scalability of the RI & N business unit. The EBIT margin stood at 26.5% (FY 2014: 24.1%).

Products & Services

Revenues in this segment, consisting of the divisions Reports & Webcasts, Websites & Platforms and Distribution & Media, rose significantly +17% to EUR 13.05m in FY 2015. The division Websites & Platforms registered a strong rise in revenues of +37% to EUR 5.20m (EUR 3.79m) over the previous year, mainly driven by Asia.

The Reports & Webcasts division's increase in revenues was +16% to EUR 6.34m (FY 2014: EUR 5.47m).

Due to the decline in activity in mid-cap issues, revenues fell -23% in the Distribution & Media division in 2015 from EUR 1.15m to EUR 0.89m. The business has developed at a lower rate than in the previous year.

As part of the expansion expenses in Asia, the segment P&S recorded a decline in EBIT by -43% to EUR 0.78m (FY 2014: EUR 1.38m).

Regions

The following table shows, that Germany was by far the most important country for EQS and contributed with 80% to Group revenues. However, other countries should take up further momentum, in particular EQS' operations in Switzerland and UK.

Revenues (in EURm)	FY 2015 sales	FY 2014 sales	changes	15 non-IFRS EBIT	14 non-IFRS EBIT	changes
Germany	14.748	13.899	6.1%	3.766	3.803	-1.0%
Switzerland*	0.780	0.644	21.0%	0.460	0.060	666.7%
Asia	2.182	1.085	101.1%	-0.960	-0.616	55.8%
Russia	0.657	0.765	-14.1%	0.022	0.011	100.0%

Source: quirin Bank, EQS

ARIVA.DE

In June 2015, EQS increased its stake to 50% plus one share in ARIVA.DE. The company is a leading provider of financial data and software solutions for financial institutions and operates the financial portal of the same name. Its newly developed software enables issuers in the financial sector to automatically generate documents for packaged investment products which will be required by law. The PRIIPs (packaged retail investment and insurance-based investment products) Regulation will be mandatory for Europe and is expected to take effect at the beginning of 2017. Therefore ARIVA is a perfect fit for EQS' business model.

1H 2016 results

In H1 2016, EQS grew its revenue by 15% yoy, from EUR 9.0m to EUR 10.3m. Thereof Regulatory Information & News (RI&N) segment contributed with EUR 3.5m (1H 2015: 3.0m) and the Products & Services (P&S) segment with EUR 7.3m (1H 2015: 6.5m). The EBIT before scheduled amortisations on acquired customer bases and before acquisition costs (non-IFRS) fell due to the global expansion by 25% to EUR 0.9m (1H 2015: 1.3m). The reported EBIT stood at EUR 0.7m (1H 2015: 1.1m). Adjusted Group earnings totalled EUR 0.3m (1H 2015: 0.8m), while reported Group earnings came in at EUR 0.2m compared to EUR 0.4m in H1 2015. These figures reflect higher costs for sales and personnel as well as risen amortizations.

The total assets increased by +7% to EUR 31.4m (EUR 29.3m as of 31 December 2015). While the liquid funds fell to EUR 1.8m (EUR3.6m) in comparison with the end of the fiscal year 2015, in particular due to the payment of the purchase price for Tensid AG at the start of the year, the intangible assets increased to EUR20.970 million (EUR17.360 million) with the acquired customer base and the goodwill from Tensid.

The financial liabilities increased as a result of the new loans for the acquisition of the majority stake in ARIVA.DE AG as well as the financing of the acquisition of Obsidian IR in the UK by +17% to EUR 7.8m (EUR 6.6m). At the same time, due to the increase in the advance customer payments in Switzerland (Tensid), in the UK (Obsidian IR) and in Germany (INSIDER MANAGER), the other current liabilities increased by +59% to EUR 2.7m. Accordingly, as of June 30, 2016, the equity ratio had fallen to 52% (59%).

Profit data (in EURm)	H1 2016	H1 2015	changes
Revenues	10.337	8.995	14.9%
Non-IFRS EBIT	0.942	1.251	-24.7%
EBIT	0.662	1.078	-38.6%
Non-IFRS group earnings	0.321	0.757	-57.6%
Group earnings	0.210	0.657	-68.0%
Operating cash flow	1.604	2.457	-34.7%

Asset data (in EURm)	30 June 2016	31 Dec. 2015	changes
Balance sheet total	31.438	29.259	7.4%
Equity	16.491	17.129	-3.7%
Equity ratio (%)	52%	59%	-
Liquid funds	1.831	3.607	-49.2%

Group employees	H1 2016	H1 2015	changes
Average of the reporting period	215	175	22.9%
Personnel expenses	5.293	4.227	25.2%

Share data (in EUR)	30 June 2016	31 Dec. 2015	changes
Non-IFRS EPS	0.27	0.65	-58.5%
EPS	0.19	0.56	-66.1%
Market capitalisation (EURm)	44	36	22.2%

Source: EQS, quirin bank

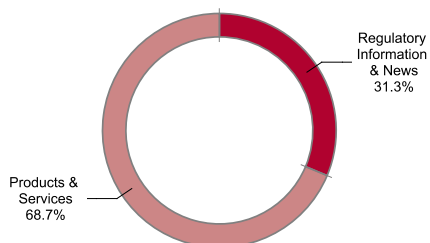
Outlook

ARIVA.DE AG expects sales of at least EUR 5.6m and an EBIT of approximately EUR 0.6m for FY 2016. As a result, EQS increased its guidance for the current business year: With the full consolidation of ARIVA.DE AG beginning in the second half of 2016, sales growth of 25% - 30% (previously 10%-15%) to EUR 23 - EUR 23.9m and an increase in adjusted EBIT of 15% - to 20% (previously 5%-10%) to EUR 3.4 - EUR3.6m is expected.

Company description

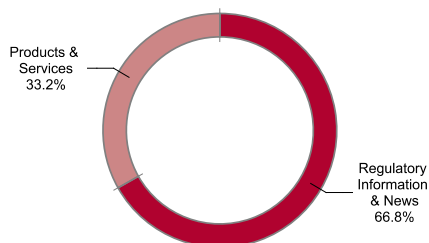
EQS Group AG provides online corporate communications services. The Company's services include financial disclosure, distribution of press releases, corporate websites, financial portals, webcasts, online reports and mobile platforms.

Revenues by segment 2015



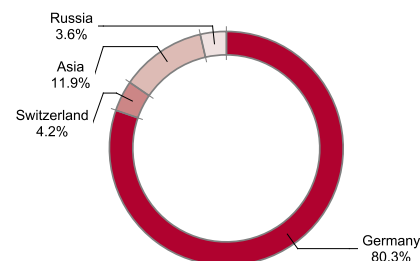
Source: Company data

Operating profit by segment 2015



Source: Company data

Revenues by region 2015



Source: Company data

Segment data (EUR m)

2014 2015 2016e 2017e 2018e

Revenues (growth in %)

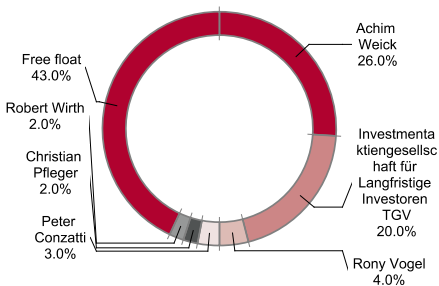
Regulatory Information & News	6.0	6.3%	6.0	-0.3%	7.0	18.0%	8.1	15.0%	8.5	5.0%
Products & Services	11.1	0.0%	13.1	17.1%	16.7	28.0%	20.9	25.0%	21.7	4.0%

EBIT (margin in %)

Regulatory Information & News	1.6	24.1%	1.4	26.5%	1.6	0.2%	1.7	26.1%	2.1	28.6%
Products & Services	1.7	12.4%	1.4	6.0%	0.8	0.1%	1.0	7.7%	1.6	8.5%

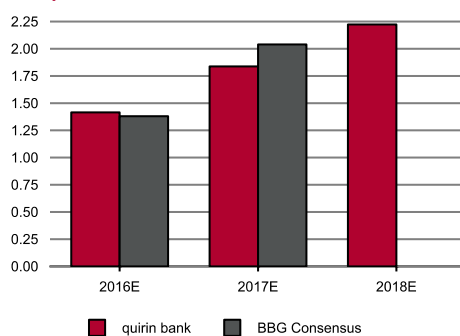
Source: Company data, quirin bank estimates

Shareholder structure



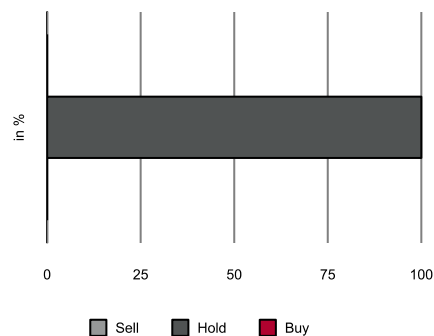
Source: Company data

EPS: quirin bank vs. consensus



Source: quirin bank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Profit & loss statement

Profit & loss statement (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
Sales	16.4	3.5 %	18.4	12.1 %	23.7	29.2 %	29.0	22.0 %	30.2	4.3 %
Unfinished Goods	0.0		0.0		0.0		0.0		0.0	
Other own work capitalized	0.3		0.3		0.2		0.2		0.2	
Other operating earnings	0.1		0.3		0.3		0.4		0.4	
Cost of goods	2.7		2.9		3.7		4.5		4.7	
Gross profit	14.1		16.1		20.5		25.0		26.0	
Personnel expenses	7.1		8.5		10.9		13.3		13.9	
Depreciation	0.6		0.9		1.2		1.5		1.8	
Other operating expenses	3.6		4.4		5.5		6.5		6.1	
EBITDA	3.5	-7.1 %	3.2	-6.8 %	4.1	27.5 %	5.2	26.3 %	6.0	16.7 %
EBITDA margin (%)	21.05		17.51		17.27		17.88		20.01	
EBIT	2.8	-13.9 %	2.4	-16.2 %	2.9	24.3 %	3.7	26.3 %	4.3	15.0 %
EBIT margin (%)	17.21		12.86		12.38		12.81		14.13	
Net interest	-0.1		0.0		0.0		0.0		0.0	
Income from Participations	0.2		0.2		0.2		0.2		0.2	
Net financial result	-0.5		-0.5		0.1		0.1		0.1	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	2.9	-10.1 %	2.5	-15.6 %	3.1	23.4 %	3.9	25.6 %	4.4	14.7 %
Pretax margin (%)	17.97		13.53		12.92		13.30		14.63	
Taxes	1.1		1.4		1.3		1.5		1.6	
Tax rate (%)	37.49		55.19		41.82		38.46		35.09	
Earnings after taxes	1.8		1.1		1.8		2.4		2.9	
Minorities	0.0		0.0		0.1		0.2		0.2	
Group attributable income	1.8	-15.6 %	1.1	-39.5 %	1.7	51.2 %	2.2	29.9 %	2.6	21.0 %
No. of shares (m)	1.2		1.2		1.2		1.2		1.2	
Earnings per share (EUR)	1.56	-14.9 %	0.95	-39.0 %	1.42	48.6 %	1.84	29.9 %	2.22	21.0 %

Balance sheet

Balance sheet (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
Assets										
Cash and cash equivalents	1.4		3.6		3.9		4.8		5.0	
Accounts receivables	2.7		2.8		3.6		4.4		4.6	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	0.5		0.4		0.4		0.4		0.4	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	4.8	-21.6 %	7.0	46.8 %	8.1	16.2 %	9.8	20.5 %	10.2	4.0 %
Fixed assets	0.8		1.4		1.7		1.7		3.1	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	15.8		17.4		17.4		17.4		17.4	
Financial assets	2.1		2.1		2.1		2.1		2.1	
Deferred taxes	0.3		0.4		0.4		0.4		0.4	
Other fixed assets	0.4		1.1		1.1		1.1		1.1	
Total fixed assets	19.4	41.9 %	22.3	15.0 %	22.6	1.5 %	22.7	0.1 %	24.0	5.9 %
Total assets	24.1	22.4 %	29.3	21.2 %	30.7	5.0 %	32.4	5.5 %	34.2	5.3 %
Equity & Liabilities										
Subscribed capital	1.2		1.2		1.2		1.2		1.2	
Reserves & other	4.4		5.1		5.1		5.1		5.1	
Revenue reserves	0.2		0.6		1.4		2.7		4.3	
Accumulated other comprehensive income	10.1		10.3		10.3		10.3		10.5	
Shareholder's equity	15.9	3.3 %	17.1	7.9 %	17.9	4.6 %	19.2	7.2 %	21.0	9.1 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	15.9	3.3 %	17.1	7.9 %	17.9	4.6 %	19.2	7.2 %	21.0	9.1 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	2.5		4.8		4.8		4.5		4.1	
Tax liabilities	0.2		0.3		0.4		0.5		0.5	
Other liabilities	1.2		1.6		2.0		2.5		2.6	
Total long-term debt	3.9	262.6 %	6.8	75.3 %	7.4	8.7 %	7.7	4.5 %	7.5	-3.3 %
Short-term debt										
Other provisions	0.7		0.7		0.9		1.1		1.2	
Trade payables	0.5		0.7		0.9		1.1		1.2	
Financial debt	1.7		1.9		0.9		0.0		0.0	
Other liabilities	1.3		1.7		2.2		2.7		2.8	
Total short-term debt	4.4	33.8 %	5.3	21.6 %	5.4	1.6 %	5.5	1.2 %	5.7	4.3 %
Total equity & liabilities	24.1	22.4 %	29.3	21.2 %	30.7	5.0 %	32.4	5.5 %	34.2	5.3 %

Financial key ratios

Key ratios	2014	2015	2016e	2017e	2018e
Per share data (EUR)					
EPS	1.56	0.95	1.42	1.84	2.22
Book value per share	13.5	14.6	15.1	16.1	17.6
Dividend per share	0.75	0.75	0.75	0.75	0.90
Valuation ratios					
EV/Sales	2.99	2.67	2.02	1.58	1.50
EV/EBITDA	14.2	15.3	11.7	8.8	7.5
EV/EBIT	17.3	20.8	16.3	12.3	10.6
P/E	18.5	32.0	27.4	21.1	17.4
P/B	2.1	2.1	2.6	2.4	2.2
Dividend yield (%)	1.9	1.9	1.9	1.9	2.3
Growth					
Sales growth (%)	3.5	12.1	29.2	22.0	4.3
EBITDA growth (%)	-7.1	-6.8	27.5	26.3	16.7
EBIT growth (%)	-13.9	-16.2	24.3	26.3	15.0
EPS growth (%)	-14.9	-39.0	48.6	29.9	21.0
Profitability ratios					
EBITDA margin (%)	21.0	17.5	17.3	17.9	20.0
EBIT margin (%)	17.2	12.9	12.4	12.8	14.1
Net margin (%)	11.2	6.1	7.1	7.6	8.8
ROCE (%)	14.3	9.9	11.6	13.8	15.0
Financial ratios					
Total equity (EUR m)	15.9	17.1	17.9	19.2	21.0
Equity ratio (%)	65.8	58.5	58.3	59.3	61.4
Net financial debt (EUR m)	2.8	3.0	1.8	-0.3	-0.9
Net debt/Equity	0.7	0.6	0.6	0.6	0.6
Interest cover	44.8	35.8	47.9	72.9	99.1
Net debt/EBITDA	0.8	0.9	0.4	-0.1	-0.1
Payout ratio (%)	48.1	78.8	53.0	41.0	40.5
Working Capital (EUR m)	0.4	1.6	2.7	4.3	4.4
Working capital/Sales	0.02	0.09	0.11	0.15	0.15

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HOLD <=-10% and < = +10%

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Date	Price target-EUR	Rating	Initiation
07.10.2016	50.00	Buy	07.10.2016

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