



18 November 2016

## EQS Group AG

**Rating** Buy  
**Share price (EUR)** 41.50  
**Target price (EUR)** 50.00

Bloomberg EQS GY  
Sector Technology

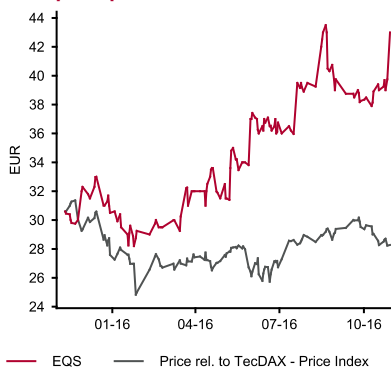
## Share data

Shares out (m) 1.2  
Daily volume shs (m) 0.01  
Free float (%) 43.00  
Market cap (EUR m) 51  
EV (EUR m) 59  
Dividend/Share (EUR) 0.75  
Dividend yield (%) 1.7  
Payout ratio (%) 53.0

## Performance

ytd (%) 30.3  
12 months (%) 46.3  
12 months rel. (%) 52.8  
Index TecDAX

## Share price performance



Source: Bloomberg

## Next triggers

n.a.

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## The growth story remains intact

EQS delivered a strong set of figures for 9M-16: Group sales grew by 37% to EUR 18.0m, thereby organic growth reached great 10%. Furthermore, the share of recurring revenues stood at 71%. The company confirmed its full year guidance and gave a promising outlook for FY 2017. Based on this, we confirm our BUY recommendation and the EUR 50 target price.

## Strong Q3-16

EQS realized revenues of EUR 7.681m in Q3 2016, meaning an increase of 85% over the previous year. EBIT before depreciation on the acquired customer bases, purchase price allocation and before acquisition costs (non-IFRS) climbed to EUR 1.028m (previous year EUR 317,000) and adjusted Group profit amounted to EUR 160,000 (+60%).

A major force regarding high growth was ARIVA.DE AG. The company was consolidated into the Group financial statements in the third quarter for the first time.

## Conference Call highlights

Management explained that EQS – which runs an office in New York – prepares for the market entrance in the US. Furthermore, the company plans the pan-European roll-out of the Insider Manager; this solution should increase demand for its core software COCKPIT. that supports IR managers. Finally CEO Weick gave an indication for FY 2017e: Sales at EUR ~30m and non-IFRS EBIT EUR >3.6m.

Following a successful globalization, long-term EBIT margin targets (non-IFRS) of 25%-30% are aimed.

## FY 2016 guidance confirmed

EQS confirmed its FY 2016 guidance: sales growth of 25% - 30% to EUR 23 - EUR 23.9m and an increase in adjusted EBIT of 15%- to 20% (EUR 3.4m – EUR 3.6m). This guidance, in particular for sales, looks rather conservative, as Q4e sales should range from EUR 5.0m to EUR 5.9m. This would mean a tremendous decrease from Q3 (EUR 7.7m) although market penetration of EGS' solutions continuously rises.

We therefore increased our sales forecast from EUR 23.7m to 24.4m for FY 2016, in contrast, we reduced our earnings forecast as the PPA of ARIVA.DE resulted in non-cash expenses from the derecognition of the equity in the amount of EUR 0.8m. We now estimate EPS to be at EUR 0.60 (old: EUR 1.42).

Altogether, we believe that EQS will benefit from regulation, digitalization and globalization. We therefore confirm BUY and the EUR 50 target price.

## Key figures

		2014	2015	2016e	2017e	2018e
Sales	EUR m	16	18	24	31	32
EBITDA	EUR m	3	3	4	4	6
EBIT	EUR m	3	2	3	4	4
EPS	EUR	1.56	0.95	0.60	1.67	2.02
Sales growth	%	3.5	12.1	33.0	25.4	4.3
EBIT growth	%	-13.9	-16.2	23.5	26.3	15.0
EPS growth	%	-14.9	-39.0	-37.3	179.8	21.0
EBITDA margin	%	21.0	17.5	16.7	14.7	18.8
EBIT margin	%	17.2	12.9	11.9	12.0	13.3
Net margin	%	11.2	6.1	2.9	6.5	7.5
EV/Sales	ratio	3.29	2.95	2.43	1.93	1.83
EV/EBITDA	ratio	15.6	16.8	14.6	13.2	9.8
EV/EBIT	ratio	19.1	22.9	20.3	16.0	13.8
P/E	ratio	18.5	32.0	72.1	25.8	21.3
P/BV	ratio	2.1	2.1	2.6	2.4	2.2
Dividend yield	%	1.7	1.7	0.7	1.6	1.9

Source: Bloomberg, Company data, quirin bank estimates

## Key Performance Indicators

Profit data (in EURm)	9M 2016	9M 2015	changes
Revenues	18.018	13.153	37.0%
Non-IFRS EBIT	1.970	1.568	25.6%
EBIT	1.520	1.301	16.8%
Non-IFRS group earnings	0.514	0.857	-40.0%
Group earnings	-0.107	0.717	-114.9%
Operating cash flow	2.361	3.153	-25.1%

Asset data (in EURm)	30. Sep 16	31 Dec. 2015	changes
Balance sheet total	37.625	29.259	28.6%
Equity	18.846	17.129	10.0%
Equity ratio (%)	50%	59%	-
Liquid funds	0.352	3.607	-90.2%

Group employees	9M 2016	9M 2015	changes
Average of the reporting period	242	178	36.0%
Personnel expenses	8.994	6.318	42.4%

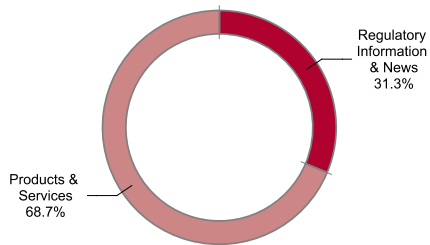
Share data (in EUR)	30. Sep 16	30. Sep 15	changes
Non-IFRS EPS	0.43	0.73	-41.1%
EPS	-0.09	0.61	-114.8%
Market capitalisation (EURm)	46	35	31.4%

Source: EQS, quirin bank

**Company description**

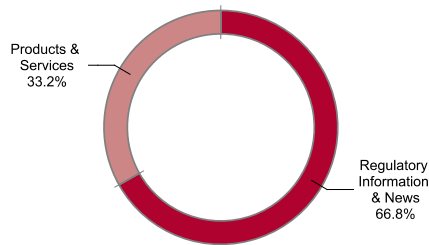
EQS Group AG provides online corporate communications services. The Company's services include financial disclosure, distribution of press releases, corporate websites, financial portals, webcasts, online reports and mobile platforms.

**Revenues by segment 2015**



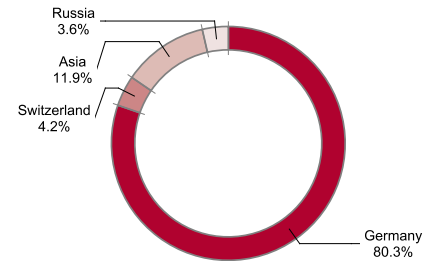
Source: Company data

**Operating profit by segment 2015**



Source: Company data

**Revenues by region 2015**



Source: Company data

**Segment data (EUR m)**

**Revenues (growth in %)**

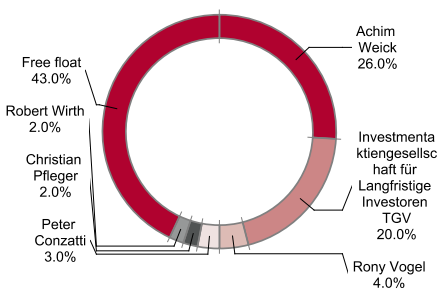
	2014	2015	2016e	2017e	2018e
Regulatory Information & News	6.0	6.0	8.9	10.3	10.8
Products & Services	11.1	13.1	16.3	20.4	21.2

**EBIT (margin in %)**

	2014	2015	2016e	2017e	2018e
Regulatory Information & News	1.4	1.6	1.7	2.1	2.4
Products & Services	1.4	0.8	1.0	1.6	1.8

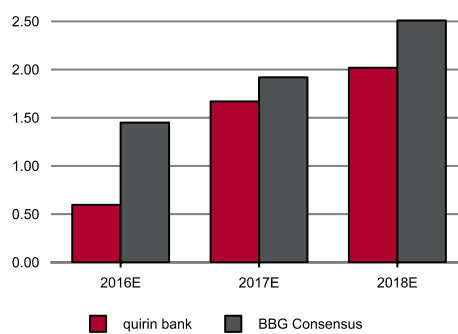
Source: Company data, quirin bank estimates

**Shareholder structure**



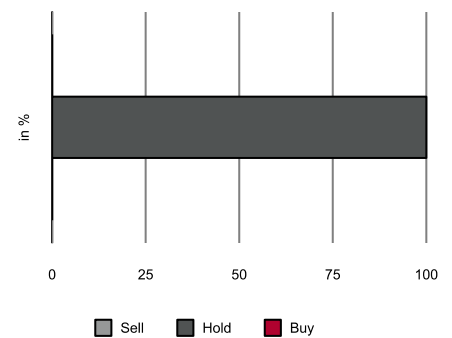
Source: Company data

**EPS: quirin bank vs. consensus**



Source: quirin bank Research, Bloomberg

**Recommendation Overview**



Source: Bloomberg

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
<b>Sales</b>	<b>16.4</b>	<b>3.5 %</b>	<b>18.4</b>	<b>12.1 %</b>	<b>24.4</b>	<b>33.0 %</b>	<b>30.7</b>	<b>25.4 %</b>	<b>32.0</b>	<b>4.3 %</b>
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		0.5		0.4	
Cost of goods	2.7		2.9		3.8		4.8		5.0	
Gross profit	14.1		16.1		21.2		26.5		27.6	
Personnel expenses	7.1		8.5		11.3		14.1		14.7	
Depreciation	0.6		0.9		1.2		0.8		1.8	
Other operating expenses	3.6		4.4		5.8		7.9		6.8	
<b>EBITDA</b>	<b>3.5</b>	<b>-7.1 %</b>	<b>3.2</b>	<b>-6.8 %</b>	<b>4.1</b>	<b>26.9 %</b>	<b>4.5</b>	<b>10.1 %</b>	<b>6.0</b>	<b>33.9 %</b>
EBITDA margin (%)	21.05		17.51		16.69		14.66		18.81	
<b>EBIT</b>	<b>2.8</b>	<b>-13.9 %</b>	<b>2.4</b>	<b>-16.2 %</b>	<b>2.9</b>	<b>23.5 %</b>	<b>3.7</b>	<b>26.3 %</b>	<b>4.2</b>	<b>15.0 %</b>
EBIT margin (%)	17.21		12.86		11.95		12.02		13.25	
Net interest	-0.1		0.0		-0.1		-0.1		-0.1	
Income from Participations	0.2		0.2		0.2		0.2		0.2	
Net financial result	-0.5		-0.5		-0.8		0.1		0.1	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
<b>Pretax profit</b>	<b>2.9</b>	<b>-10.1 %</b>	<b>2.5</b>	<b>-15.6 %</b>	<b>2.1</b>	<b>-16.5 %</b>	<b>3.8</b>	<b>81.9 %</b>	<b>4.3</b>	<b>14.7 %</b>
Pretax margin (%)	17.97		13.53		8.49		12.31		13.53	
Taxes	1.1		1.4		1.3		1.5		1.5	
Tax rate (%)	37.49		55.19		60.97		38.46		35.09	
Earnings after taxes	1.8		1.1		0.8		2.3		2.8	
Minorities	0.0		0.0		0.1		0.3		0.4	
<b>Group attributable income</b>	<b>1.8</b>	<b>-15.6 %</b>	<b>1.1</b>	<b>-39.5 %</b>	<b>0.7</b>	<b>-36.3 %</b>	<b>2.0</b>	<b>179.8 %</b>	<b>2.4</b>	<b>21.0 %</b>
No. of shares (m)	1.2		1.2		1.2		1.2		1.2	
<b>Earnings per share (EUR)</b>	<b>1.56</b>	<b>-14.9 %</b>	<b>0.95</b>	<b>-39.0 %</b>	<b>0.60</b>	<b>-37.3 %</b>	<b>1.67</b>	<b>179.8 %</b>	<b>2.02</b>	<b>21.0 %</b>

## Balance sheet

Balance sheet (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
<b>Assets</b>										
Cash and cash equivalents	1.4		3.6		0.4		0.6		1.1	
Accounts receivables	2.7		2.8		3.7		4.7		4.9	
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	
<b>Total current assets</b>	<b>4.8</b>	<b>-21.6 %</b>	<b>7.0</b>	<b>46.8 %</b>	<b>4.7</b>	<b>-33.0 %</b>	<b>5.9</b>	<b>25.7 %</b>	<b>6.5</b>	<b>11.1 %</b>
Fixed assets	0.8		1.4		4.0		6.2		7.6	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	15.8		17.4		24.4		24.4		24.4	
Financial assets	2.1		2.1		1.1		1.1		1.1	
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	
<b>Total fixed assets</b>	<b>19.4</b>	<b>41.9 %</b>	<b>22.3</b>	<b>15.0 %</b>	<b>30.9</b>	<b>38.7 %</b>	<b>33.2</b>	<b>7.4 %</b>	<b>34.5</b>	<b>4.0 %</b>
<b>Total assets</b>	<b>24.1</b>	<b>22.4 %</b>	<b>29.3</b>	<b>21.2 %</b>	<b>35.6</b>	<b>21.6 %</b>	<b>39.1</b>	<b>9.8 %</b>	<b>41.0</b>	<b>5.1 %</b>
<b>Equity &amp; Liabilities</b>										
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		0.9		2.1		3.5	
Accumulated other comprehensive income	10.1		10.3		9.8		10.2		10.4	
<b>Shareholder's equity</b>	<b>15.9</b>	<b>3.3 %</b>	<b>17.1</b>	<b>7.9 %</b>	<b>19.6</b>	<b>14.6 %</b>	<b>21.2</b>	<b>8.2 %</b>	<b>22.8</b>	<b>7.5 %</b>
Minorities	0.0		0.0		2.7		2.7		2.7	
<b>Shareholder's equity incl. minorities</b>	<b>15.9</b>	<b>3.3 %</b>	<b>17.1</b>	<b>7.9 %</b>	<b>19.6</b>	<b>14.6 %</b>	<b>21.2</b>	<b>8.2 %</b>	<b>22.8</b>	<b>7.5 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	2.5		4.8		6.8		6.8		6.8	
Tax liabilities	0.2		0.3		0.4		0.5		0.5	
Other liabilities	1.2		1.6		2.1		2.6		2.7	
<b>Total long-term debt</b>	<b>3.9</b>	<b>262.6 %</b>	<b>6.8</b>	<b>75.3 %</b>	<b>9.5</b>	<b>39.3 %</b>	<b>10.2</b>	<b>7.3 %</b>	<b>10.3</b>	<b>1.4 %</b>
<b>Short-term debt</b>										
Other provisions	0.7		0.7		0.9		1.2		1.2	
Trade payables	0.5		0.7		1.0		1.2		1.2	
Financial debt	1.7		1.9		1.9		1.9		1.9	
Other liabilities	1.3		1.7		2.2		2.8		2.9	
<b>Total short-term debt</b>	<b>4.4</b>	<b>33.8 %</b>	<b>5.3</b>	<b>21.6 %</b>	<b>6.5</b>	<b>21.6 %</b>	<b>7.7</b>	<b>18.2 %</b>	<b>7.9</b>	<b>3.3 %</b>
<b>Total equity &amp; liabilities</b>	<b>24.1</b>	<b>22.4 %</b>	<b>29.3</b>	<b>21.2 %</b>	<b>35.6</b>	<b>21.6 %</b>	<b>39.1</b>	<b>9.8 %</b>	<b>41.0</b>	<b>5.1 %</b>

## Financial key ratios

Key ratios	2014	2015	2016e	2017e	2018e
<b>Per share data (EUR)</b>					
EPS	1.56	0.95	0.60	1.67	2.02
Book value per share	13.5	14.6	16.5	17.8	19.2
Dividend per share	0.75	0.75	0.32	0.68	0.82
<b>Valuation ratios</b>					
EV/Sales	3.29	2.95	2.43	1.93	1.83
EV/EBITDA	15.6	16.8	14.6	13.2	9.8
EV/EBIT	19.1	22.9	20.3	16.0	13.8
P/E	18.5	32.0	72.1	25.8	21.3
P/B	2.1	2.1	2.6	2.4	2.2
Dividend yield (%)	1.7	1.7	0.7	1.6	1.9
<b>Growth</b>					
Sales growth (%)	3.5	12.1	33.0	25.4	4.3
EBITDA growth (%)	-7.1	-6.8	26.9	10.1	33.9
EBIT growth (%)	-13.9	-16.2	23.5	26.3	15.0
EPS growth (%)	-14.9	-39.0	-37.3	179.8	21.0
<b>Profitability ratios</b>					
EBITDA margin (%)	21.0	17.5	16.7	14.7	18.8
EBIT margin (%)	17.2	12.9	11.9	12.0	13.3
Net margin (%)	11.2	6.1	2.9	6.5	7.5
ROCE (%)	14.3	9.9	10.0	11.7	12.8
<b>Financial ratios</b>					
Total equity (EUR m)	15.9	17.1	19.6	21.2	22.8
Equity ratio (%)	65.8	58.5	55.2	54.4	55.6
Net financial debt (EUR m)	2.8	3.0	8.2	8.0	7.5
Net debt/Equity	0.7	0.6	0.6	0.5	0.6
Interest cover	44.8	35.8	38.4	42.9	49.3
Net debt/EBITDA	0.8	0.9	2.0	1.8	1.3
Payout ratio (%)	48.1	78.8	53.0	41.0	40.5
Working Capital (EUR m)	0.4	1.6	-1.8	-1.8	-1.4
Working capital/Sales	0.02	0.09	-0.07	-0.06	-0.04

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

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### Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
18.11.2016	50.00	Buy	
07.10.2016	50.00	Buy	07.10.2016

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