Claranova

H120 results

Factoring in potential COVID-19 risks

Software & comp services

Claranova reported H120 revenue growth of 68%, of which 19% was organic. Higher than expected marketing spend combined with the first-time consolidation of the lower margin Personal Creations business reduced the growth in adjusted EBITDA to 3%. While Claranova has seen a limited impact on demand from COVID-19 disruption as most business is initiated online, we have taken a cautious stance for H220 due to the potential disruption in supply and production. We note that the company had a net cash position of €27.5m at the end of H120 and gross cash of €91.4m, in our view more than adequate to weather short-term disruption.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	Diluted EPS* (€)	DPS (€)	P/E (x)
06/18	161.5	3.9	3.1	0.06	0.0	65.5
06/19	262.3	16.0	12.0	0.25	0.0	16.7
06/20e	369.6	11.0	2.8	0.06	0.0	66.6
06/21e	456.9	32.5	24.1	0.35	0.0	11.8

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

H120: Investing for future growth

Claranova reported 68% revenue growth in H120: 19% organic, 44% from the first-time consolidation of Personal Creations and 5% from currency. A high level of investment in marketing and R&D (+99% and +42%, respectively) constrained the growth in adjusted EBITDA to 3% y-o-y and normalised EBIT to 5%.

COVID-19: Taking a conservative view

Although the company has seen a minimal impact on demand so far (as the Software and Printing & Gifting businesses are online), the Gifting factory has temporarily closed and other supply constraints (photo printing, delivery) could emerge. We have reduced our H220 and FY21 revenue forecasts, which results in a decline in our normalised EBIT forecasts of 71% in FY20 and 18% in FY21. With €91.4m gross cash on the balance sheet at the end of H120, the company has more than sufficient funds to weather short-term disruptions to trading, in our view.

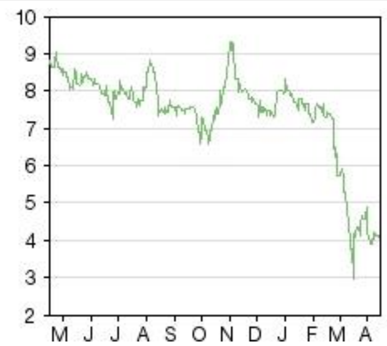
Valuation: Estimate cuts reduce fair value

Reflecting the different business models and minority interests for each division, we continue to use a sum-of-the-parts approach to valuation. Based purely on peer group averages per division, we calculate a fair value of €9.95 per share. However, once multiples are adjusted to reflect our views on the growth and profitability of each division, we calculate what we believe to be a more realistic valuation of €11.04 per share (down from €13.34). In the short term, the main factor that could provide upside to our estimates would be a faster return to normal trading than forecast. Post COVID-19 restrictions, other factors would include faster than expected growth of the Software business (which, in turn, should lead to better profitability), returning Personal Creations to consistent profitability, and launch of the PayAware solution.

15 April 2020

Price	**€4.13**
Market cap	**€162m**
	$1.09/€
Net cash (€m) at end H120	27.5
Shares in issue	39.2m
Free float	91.3%
Code	CLA
Primary exchange	Euronext Growth Paris
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	8.8	(46.2)	(51.4)
Rel (local)	(0.7)	(28.2)	(40.6)
52-week high/low		€9.30	€2.96

Business description

Claranova consists of three businesses focused on mobile and internet technologies: Printing & Gifting (digital photo printing; personalised gifts), Software and Internet of Things (IoT). Its headquarters are in Paris, and it has operations in Europe, the US and Canada.

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Review of H120 results

Exhibit 1: Half-year results highlights

€m	H119	H120	y-o-y
Revenues	**139.6**	**234.3**	**67.8%**
EBITDA	10.9	12.8	18.0%
Lease payments (IFRS 16)	0	(1.6)	
Adjusted EBITDA	**10.9**	**11.2**	**3.2%**
D&A	(0.4)	(1.7)	
Normalised EBIT*	**10.5**	**11.2**	**6.7%**
Share-based payments	0.3	0.0	
Exceptional items	(4.2)	(3.0)	
Acquired amortisation	0.0	(1.4)	
Reported EBIT	**6.6**	**6.8**	**3.8%**
Net finance cost	(2.4)	(2.3)	
Reported PBT	4.2	4.5	7.5%
Tax	(2.7)	(2.9)	
Profit after tax	**1.5**	**1.5**	
Minority interest (MI) deduction	0.1	(0.3)	
Net income after MI	**1.6**	**1.2**	
Net cash	42.8	27.5	

Source: Claranova. Note: *Calculated as EBITDA less D&A.

Claranova had already reported H120 revenues in February; revenues were 68% higher year-on-year and 19% higher on an organic, constant currency basis. We discuss divisional performance in more depth below. Adjusted EBITDA (on a like-for-like basis versus H119) increased only 3% y-o-y, due to a combination of higher marketing costs in two divisions and the inclusion of Personal Creations for five months, which was less profitable than the group average. At a group level, marketing investment increased 99% to €56.4m, of which 23% was organic, and R&D increased 42% to €10.0m, of which 23% was organic.

Exceptional items of €3.0m were recognised, including €1.7m in costs relating to the Personal Creations acquisition, €0.3m for group restructuring and €0.9m costs incurred in planning the buyout of minority interests in Avanquest.

The group applied IFRS 16 for the first time in this period; this had the effect of increasing EBITDA by €1.6m through the removal of lease expenses, increasing depreciation by €1.4m as right of use assets were recognised for the first time and increasing interest expense by €0.3m relating to the recognition of lease liabilities. Other finance costs included €1.3m in interest expense relating to the ORNANE (convertible bond) and Euro PP (private debt placement). The company also took out a €14m bank loan to finance the acquisition of Personal Creations during H120 and this added €0.3m in interest expense.

The effective tax rate based on reported PBT was 65%. The company is in the process of assessing its tax position in the US, particularly in the light of the Personal Creations acquisition, and is awaiting French tax authority approval for restructuring of the Avanquest subsidiaries. As these issues have not yet been resolved, Claranova has not recognised deferred tax assets related to accumulated tax losses. These have the potential to reduce future tax bills.

The company had a net cash position at the end of H120 of €27.5m. This was made up of a cash position of €91.4m, ORNANE of €28.1m (due July 2023), Euro PP of €19.7m (due June 2024), bank debt of €14.2m (four-year term from August 2019) and other debt of €1.8m.

To clarify the different profitability reporting measures, we include reconciliations from reported to Claranova adjusted measures, and reported to Edison normalised measures.

Exhibit 2: Reconciliation of reported profit to adjusted and normalised profit

€m	H120	H119
Claranova adjusted profitability metrics		
Reported operating profit	***6.8***	***6.6***
Exceptional items	3.0	4.2
Adjusted operating profit	***9.7***	***10.7***
Depreciation & amortisation	3	0.4
Share-based payments	0	(0.3)
Add in lease payment (IFRS 16 adj)	(1.6)	0
Adjusted EBITDA	***11.2***	***10.9***
Reported net income pre-MI deduction	***1.5***	***1.5***
Share-based payments	0	-0.3
Fair value adjustment for debt	(0.3)	1.2
Exceptional costs	3.0	4.2
IFRS 16 net impact	0.2	0
Adjusted net income pre-MI deduction	***4.3***	***6.6***
Edison normalised profitability metrics		
Reported operating profit	***6.8***	***6.6***
Exceptional items	3.0	4.2
Share-based payments	0	(0.3)
Amortisation of acquired intangible assets	1.4	0
Normalised operating profit	***11.2***	***10.5***
Reported net income pre-MI deduction	***1.5***	***1.5***
Exceptional items	3.0	4.2
Share-based payments	0	(0.3)
Amortisation of acquired intangible assets	1.4	0
Tax effect of adjustments	0.9	0.8
Normalised net income pre-MI deduction	***6.8***	***6.2***

Source: Claranova, Edison Investment Research

Business update

The company has renamed two of the three divisions. The Mobile division is now called Printing & Gifting, reflecting the acquisition of the Personal Creations online personalised gifts business in August 2019. The Internet division has been renamed the Software division, reflecting the business's focus on selling own-IP software (as opposed to reselling third-party software).

The table below shows the revenue and adjusted EBITDA performance by division. As with group adjusted EBITDA on page 2, Claranova has treated H120 divisional EBITDA as if IFRS 16 has not been applied.

Exhibit 3: Claranova divisional performance

€m	Revenues			Organic	CC, organic
	H119	H120	y-o-y	y-o-y	y-o-y
Printing & Gifting	97.8	186.2	90%		
Software	40.1	45.9	14%		
IoT	1.7	2.2	28%		
Total	139.6	234.3	68%	22%	19%
€m	**Adjusted EBITDA**		**Adjusted EBITDA margin**		
	H119	**H120**	**H119**	**H120**	
Printing & Gifting	6.6	10.1	6.8%	5.4%	
Software	6.1	3.7	15.3%	8.0%	
IoT	(1.9)	(2.6)	Nm	Nm	
Total	10.9	11.2	7.8%	4.8%	

Source: Claranova

Printing and Gifting – first phase of integration complete

This was the first reporting period including Personal Creations. The company provided a breakdown of revenue and adjusted EBITDA:

- **Printing:** this is the original mobile and web-based photo printing business. Revenues for H120 were €122.3m (+25% y-o-y) and adjusted EBITDA was €9.1m (+38% y-o-y), with the margin increasing from 6.8% in H119 to 7.4% in H120. Mobile revenues of €75m grew 27% y-o-y while internet-based revenues of €48m grew 22% y-o-y.
- **Gifting:** this is the acquired Personal Creations business. It contributed revenues of €63.9m (no comparative available) and EBITDA of €1.0m (margin 1.6%). Management noted that this contribution was better than originally expected. We note that this is a very seasonal business, with a large proportion of revenues generated in calendar Q4 as this includes Thanksgiving and Christmas.

In the **Printing** business, FreePrints is now available in 12 countries, with Poland and Austria added in H120. The company estimates that by the end of H120 the app had been downloaded 35m times (+39% h-o-h) and was used by c 15 million customers (+36% h-o-h). The focus has been on strengthening the core markets of the US, the UK and France, where the aim is to grow the customer base and average basket size while limiting the cost of customer acquisition.

In the **Gifting** business, the first phase of integration with the Printing business was completed in H120. This included relocating teams, undertaking a strategic review of the product portfolio and merging some back-office functions. The next phase will include technical integration, in particular developing a mobile offering for this business, and commercial integration. In the longer term, the company would like to expand this business outside of the US. Based on estimates from Technavio, the addressable market for personalised gifts is worth c $26bn, double the size of the photo printing market.

Software – shift to subscription licensing ongoing

The Software business saw revenue growth of 14% y-o-y. Adjusted EBITDA declined 39% y-o-y and the margin declined from 15.3% to 8.0% due to a combination of increased marketing spend and a growing proportion of software sold on a subscription basis rather than one-off licensing.

The division increased marketing spend by 38% y-o-y, making up 22% of divisional revenues (vs 19% in H119). Recurring revenues (ie subscription licences) made up 42% of divisional revenues in H120, up from 35% in H219.

The division has also increased its investment in product development as it has shifted its focus to selling its in-house developed software as opposed to reselling third-party software. Several new product upgrades are due for launch in H220. As before, its focus verticals are PDF (Soda pdf), photography (InPixio), security (Adaware) and online payments (PayAware).

Internet of Things (IoT) – growing number of customers and resellers

The IoT business saw revenue growth of 28% y-o-y and the adjusted EBITDA loss widened from €1.9m to €2.6m. Sprint contributed €1.0m of revenue in H120 compared to €0.9m in H119, which implies that the remainder of the business grew 50% y-o-y. At the end of H120, the IoT business had 280 customers (+146% h-o-h; direct and via Sprint) and 96 resellers (+153% h-o-h). By March 2020, 463 end customers had deployed a myDevices solution.

The ‘No Dead Zone’ panic button has proved popular with hotel chains and prior to the COVID-19 disruption, more than 100 hotels had installed it in more than 10,000 hotel rooms from January to March. This product did not contribute revenues in H120 but should start to contribute in H220.

New partners signed in H120 include BASF, Eolane and Henry Schein. The Sprint/T-Mobile merger has finally completed; Claranova expects both entities to market myDevices solutions to their customers.

The division will continue to focus on growing its network of resellers and deploying solutions for temperature control and alert buttons, targeting growth from increasing:

- number of customers;
- number of IoT solutions per customer;
- number of sites; and
- number of objects connected at each site.

Managing through COVID-19 disruption

The company has seen a limited impact to date from the efforts to contain the virus, mainly due to the fact that a large proportion of its revenues are generated from customers buying products online. Staff are working from home in the main. Management has undertaken a risk review and the following are the main areas that are already seeing or could see an impact:

- **Printing & Gifting:** the Gifting factory in Illinois has been temporarily closed. This is the facility where items are personalised. Currently orders are still being taken but customers are being advised of delays in delivery. In the Printing business, the main risk is that the sub-contracted printers are unable to operate. Currently, they have some difficulty in obtaining supplies such as paper or ink, which is delaying production, but not stopping it entirely. We understand that facilities are based in the US, the UK and the Czech Republic. For both parts of the business, postal deliveries are still continuing in the countries of operation – if this changes, then the business would be more severely affected. A more generic risk is that consumers may decide to reign in discretionary spending.
- **Software:** the majority of software is sold and delivered online so is unaffected by customers being locked down. A small percentage of revenues are generated from sales of software from specialist physical stores, which in France and Germany are currently closed.
- **IoT:** this is the division likely to see the most disruption. As myDevices solutions needs to be physically installed on premises, the roll-out of devices could be delayed where restrictions are in place. This particularly applies to the 'No Dead Zone' panic button that is being installed by hotels. As IoT only makes up 1% of our FY20 forecast revenues, we expect this will have a minimal impact at a group level.

Outlook and changes to forecasts

We have revised down our revenue forecasts to reflect challenges posed by COVID-19 restrictions (in particular the closure of the Gifting facility) and we have reflected the higher level of costs in H120. The combination results in an 11.8% cut to FY20 revenues and an 8.1% cut to FY21. More specifically, we have moderated the rate of growth for Q320, as restrictions only started to take effect in March, and cut our growth forecasts more severely for Q420, assuming no contribution from Personal Creations while the factory is closed. We assume a resumption of more normal trading from Q121.

Due to the level of fixed costs, at the EBITDA level, we forecast a 56.4% decline in FY20 and an 8.7% decline in FY21. Note that our previous forecasts did not include the application of IFRS 16, which adds c €3.2m to EBITDA in both years as lease expenses are stripped out. Normalised operating profit is a more appropriate comparison as this includes the depreciation of right of use assets. We forecast a 70.5% decline in FY20 and a 17.9% decline in FY21. We continue to forecast a net cash position at the end of FY20, albeit lower than previously forecast. The main reason for the reduction is the lower EBITDA forecast.

Exhibit 4: Changes to estimates

€m	FY20e	FY20e			FY21e	FY21e		
	Old	New	Change	y-o-y	Old	New	Change	y-o-y
Revenues	419.1	369.6	(11.8%)	40.9%	497.0	456.9	(8.1%)	23.6%
EBITDA	25.2	11.0	(56.4%)	(31.3%)	35.6	32.5	(8.7%)	195.5%
EBITDA margin	6.0%	3.0%	(50.6%)	(3.1%)	7.2%	7.1%	(0.7%)	4.1%
Normalised operating profit	24.7	7.3	(70.5%)	(52.9%)	35.1	28.8	(17.9%)	294.5%
Normalised operating profit margin	5.9%	2.0%	(3.9%)	(3.9%)	7.1%	6.3%	(0.8%)	4.3%
Reported operating profit	21.2	2.0	(90.6%)	(82.5%)	31.6	26.5	(16.1%)	1225.2%
Reported operating margin	5.1%	0.5%	(4.5%)	(3.8%)	6.4%	5.8%	(0.6%)	5.3%
Normalised PBT	21.6	2.8	(87.0%)	(76.5%)	32.0	24.1	(24.7%)	753.4%
Reported PBT	18.1	(2.5)	(113.7%)	(93.4%)	28.5	21.8	(23.6%)	(977.3%)
Normalised net income after MI	12.1	2.5	(79.3%)	(74.7%)	18.7	14.0	(25.3%)	460.7%
Reported net income after MI	9.4	(3.5)	(137.1%)	(91.5%)	14.9	12.2	(18.1%)	(450.8%)
Normalised basic EPS (€)	0.31	0.06	(79.3%)	(74.7%)	0.48	0.36	(25.3%)	460.7%
Normalised diluted EPS (€)	0.30	0.06	(79.3%)	(74.7%)	0.47	0.35	(25.3%)	460.7%
Reported basic EPS (€)	0.24	(0.09)	(137.1%)	(91.5%)	0.38	0.31	(18.1%)	(450.8%)
Net debt/(cash)	(24.7)	(6.0)	(75.6%)	(74.4%)	(56.3)	(33.8)	(40.0%)	459.4%
Divisional revenues								
Printing & Gifting	322.3	281.5	(12.7%)	59.9%	388.6	357.4	(8.0%)	26.9%
lSoftware	92.1	83.4	(9.4%)	0.5%	102.8	94.0	(8.6%)	12.6%
IoT	4.6	4.6	0.0%	43.8%	5.6	5.6	0.0%	21.7%
Total	419.1	369.6	(11.8%)	40.9%	497.0	456.9	(8.1%)	23.6%

Source: Edison Investment Research

Valuation

In Exhibit 5, we show Claranova's valuation and operating metrics versus four peer groups: photo printing companies, online software retailers, IoT companies and French software companies. As Claranova is a combination of the first three groups and there are material minority investors in each business, we use a sum-of-the-parts approach to fully capture the value of the group.

Based solely on average peer group EV/sales multiples for FY20e, we arrive at a sum-of-the-parts valuation for Claranova of €9.95 per share. However, we believe that these multiples are not reflective of the growth and profitability prospects for each division. In Exhibit 6, our sum-of-the-parts valuation is based on adjusted FY20e EV/sales multiples by division. This produces a valuation of €11.04 per share (down from €13.34). We have used an EV/sales multiple for **Printing & Gifting of 1.4x** at a premium to its peer group (0.9x) reflecting its higher growth prospects. We have used a multiple for **Software of 2.0x** that is at a large discount to its peers (3.9x) reflecting lower growth and profitability than peers. For the IoT business, we use a multiple of 4x, significantly higher than peers (0.5x) due to its early stage nature and faster growth. The EV/sales multiple for FY21e and the EV/EBITDA multiples for FY20e and FY21e are implied based on the EV/sales multiple used for FY20e.

Clearly, if the company does not achieve our forecasts, there could be downside to the share price. In the short term, the main factor that could provide upside to our estimates would be a faster return to normal trading than forecast. Post COVID-19 restrictions, other factors would include faster than expected growth of the Software business (which, in turn, should lead to better profitability), returning Personal Creations to profitability on a consistent basis, and launch of the PayAware solution.

Exhibit 5: Peer group financial and valuation metrics

	Quoted ccy	Market cap (m)	Rev growth CY (%)	Rev growth NY (%)	EBITDA margin CY (%)	EBITDA margin NY (%)	EBIT margin CY (%)	EBIT margin NY (%)	EV/ Revs CY	EV/ Revs NY	EV/ EBITDA CY	EV/ EBITDA NY	P/E CY	P/E NY
Claranova	**€**	**162**	**40.9**	**23.6**	**3.0**	**7.1**	**0.5**	**5.8**	**0.5**	**0.4**	**15.4**	**5.2**	**66.1**	**11.8**
Digital printing														
Printing & Gifting	***€***		***59.9***	***26.9***	***2.9***	***6.4***								
CEWE Stiftung	€	642	1.6	4.6	15.6	15.9	8.3	8.9	0.9	0.9	5.9	5.6	15.8	14.1
Cimpress	US$	1547	-3.6	-1.5	16.0	16.2	8.0	8.9	1.1	1.1	7.0	7.0	7.5	13.6
Average			**-1.0**	**1.5**	**15.8**	**16.1**	**8.1**	**8.9**	**1.0**	**1.0**	**6.5**	**6.3**	**11.6**	**13.9**
Software publisher/reseller														
Software business	***€***		***0.5***	***12.6***	***5.6***	***11.7***								
Avast	GBp	3969	2.1	4.9	56.1	55.7	50.0	51.0	6.5	6.2	11.7	11.2	14.7	14.1
IAC	US$	16554	10.6	14.5	19.9	23.2	12.2	16.0	3.3	2.9	16.8	12.5	47.1	28.1
Kape Technologies	GBp	260	84.2	11.6	29.8	29.7	27.3	27.8	2.4	2.1	8.0	7.1	16.5	12.4
Average			**32.3**	**10.3**	**35.3**	**36.2**	**29.8**	**31.6**	**4.1**	**3.8**	**12.1**	**10.3**	**26.1**	**18.2**
IoT														
IoT business	***€***		***43.8***	***21.7***	***-108.7***	***-78.6***								
Calamp Corp	US$	174	0.3	-3.0	10.6	10.1	4.7	4.9	0.8	0.8	7.2	7.8	11.6	13.5
Digi International	US$	287	20.4	11.8	14.7	16.4	4.4	7.9	1.1	1.0	7.7	6.2	29.1	12.8
Sierra Wireless	US$	349	-2.9	6.7	1.6	3.6	-1.2	1.5	0.3	0.2	15.4	6.6	-21.9	43.7
Telit Communications	GBp	146	3.7	5.6	10.2	11.6	4.8	6.4	0.3	0.3	3.4	2.8	10.6	7.3
Average			**5.4**	**5.3**	**9.3**	**10.4**	**3.2**	**5.2**	**0.6**	**0.6**	**8.4**	**5.8**	**7.4**	**19.3**
French software														
Axway Software	€	337	0.1	3.3	10.4	13.9	8.4	12.0	1.3	1.3	12.4	9.0	18.7	12.8
Cegedim	€	362	1.6	3.2	19.8	20.9	6.3	7.6	1.2	1.2	6.0	5.5	18.3	14.6
ESI Group	€	160	45.6	4.9	10.6	11.9	6.0	7.4	1.4	1.3	13.3	11.3	33.3	23.3
Esker	€	566	10.4	14.9	20.6	21.0	12.5	13.1	4.8	4.2	23.4	19.9	49.4	41.0
Lectra	€	478	-12.2	15.6	12.8	19.2	10.9	13.8	1.5	1.3	11.8	6.8	24.3	15.3
Linedata Services	€	131	-1.0	0.5	25.6	25.6	16.0	16.7	1.3	1.3	5.1	5.1	7.8	7.2
Prodware	€	38	1.4	1.1	26.1	27.1	9.7	10.9	0.8	0.8	3.1	2.9	3.3	3.1
Average			**6.5**	**6.2**	**18.0**	**19.9**	**10.0**	**11.7**	**1.8**	**1.6**	**10.7**	**8.7**	**22.2**	**16.8**

Source: Edison Investment Research, Refinitiv (as at 14 April 2020). Note: We assume Claranova CY is FY20e; averages exclude Claranova divisions

Exhibit 6: Claranova sum-of-the-parts valuation

	FY20e	FY21e		EV based on FY20e sales multiple (€m)	MI	Value to shareholders (€m)
EV/sales multiple	1.6	1.3		579.4		441.0
Printing & Gifting	**1.4**	1.1		394.1	8.0%	362.6
Software	**2.0**	1.8		166.9	59.9%	66.9
IoT	**4.0**	3.3		18.4	37.7%	11.5
Implied EV/EBITDA multiple						
Printing & Gifting	48.7	17.4				
Software	35.5	15.2				
IoT	N/A	N/A				
	€m					**Upside/(downside)**
Net cash at end FY19	23.6			Equity value (€m)	433.0	
Cost of acquisitions	(31.6)			**Per share value (€)**	**11.04**	167%
Adjusted net debt	(8.0)					
No. shares (m)	39.2					

Source: Edison Investment Research

Exhibit 7: Financial summary

€m	2015	2016	2017	2018	2019	2020e	2021e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	93.1	117.4	130.2	161.5	262.3	369.6	456.9
EBITDA	(6.8)	(9.2)	(5.0)	3.9	16.0	11.0	32.5
Normalised operating profit	(11.4)	(16.0)	(5.8)	3.4	15.5	7.3	28.8
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	(1.5)	(2.3)	(2.3)
Exceptionals	15.6	(10.0)	0.4	(2.4)	(2.9)	(3.0)	0.0
Share-based payments	(0.0)	(0.1)	(4.8)	(7.1)	0.3	0.0	0.0
Reported operating profit	4.2	(26.1)	(10.1)	(6.1)	11.4	2.0	26.5
Net Interest	1.1	(1.7)	(0.9)	(0.3)	(3.5)	(4.5)	(4.7)
Joint ventures & associates (post tax)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	(45.6)	0.0	0.0
Profit Before Tax (norm)	(10.3)	(17.7)	(6.6)	3.1	12.0	2.8	24.1
Profit Before Tax (reported)	5.3	(27.8)	(11.0)	(6.4)	(37.7)	(2.5)	21.8
Reported tax	(0.6)	(0.8)	(0.4)	(1.8)	(3.7)	(1.3)	(5.0)
Profit After Tax (norm)	(10.9)	(18.5)	(7.0)	2.4	9.2	2.2	18.5
Profit After Tax (reported)	4.7	(28.6)	(11.4)	(8.2)	(41.4)	(3.8)	16.8
Minority interests	(8.1)	0.0	0.3	0.2	0.6	0.3	(4.5)
Discontinued operations	(3.2)	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	(18.9)	(18.5)	(6.7)	2.6	9.8	2.5	14.0
Net income (reported)	(6.5)	(28.6)	(11.0)	(7.9)	(40.8)	(3.5)	12.2
Basic average number of shares outstanding (m)	6	6	38	38	39	39	39
EPS - basic normalised (€)	(3.27)	(0.49)	(0.18)	0.07	0.25	0.06	0.36
EPS - diluted normalised (€)	(3.27)	(0.49)	(0.18)	0.06	0.25	0.06	0.35
EPS - basic reported (€)	(1.13)	(0.76)	(0.29)	(0.20)	(1.04)	(0.09)	0.31
Dividend (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	#DIV/0!	26.1	10.9	24.0	62.4	40.9	23.6
EBITDA Margin (%)	-7.3	-7.9	-3.8	2.4	6.1	3.0	7.1
Normalised Operating Margin	-12.3	-13.7	-4.4	2.1	5.9	2.0	6.3
BALANCE SHEET							
Fixed Assets	15.7	3.0	2.0	1.3	75.1	98.2	93.2
Intangible Assets	12.0	1.5	0.9	0.5	69.9	84.0	81.6
Tangible Assets	0.6	0.5	0.3	0.2	1.4	10.4	7.8
Investments & other	3.1	1.1	0.7	0.6	3.8	3.8	3.8
Current Assets	48.0	25.5	28.1	79.1	100.9	101.4	133.9
Stocks	5.9	5.0	3.7	3.7	4.8	8.1	10.0
Debtors	4.8	4.7	4.3	4.9	11.6	12.1	15.0
Cash & cash equivalents	30.5	11.1	17.1	65.7	75.4	72.0	99.8
Other	6.9	4.7	2.9	4.8	9.1	9.1	9.1
Current Liabilities	(32.0)	(25.3)	(28.1)	(37.2)	(60.5)	(67.7)	(78.5)
Creditors	(26.9)	(24.5)	(26.6)	(35.4)	(54.8)	(59.2)	(70.0)
Tax and social security	(0.3)	(0.0)	(0.3)	(1.7)	(3.0)	(3.0)	(3.0)
Short term borrowings	(4.8)	(0.7)	(1.1)	(0.1)	(2.7)	(2.7)	(2.7)
Other	0.0	0.0	0.0	0.0	0.0	(2.8)	(2.8)
Long Term Liabilities	(2.4)	(1.1)	(0.7)	(29.0)	(52.0)	(72.2)	(72.2)
Long term borrowings	(1.8)	(0.6)	0.0	(28.1)	(49.1)	(63.3)	(63.3)
Other long term liabilities	(0.7)	(0.5)	(0.7)	(0.9)	(2.9)	(8.9)	(8.9)
Net Assets	29.3	2.1	1.3	14.2	63.6	59.7	76.5
Minority interests	0.0	0.0	(0.1)	(1.8)	(11.0)	(10.7)	(15.2)
Shareholders' equity	29.3	2.1	1.2	12.5	52.6	49.1	61.3
CASH FLOW							
Op Cash Flow before WC and tax	(6.8)	(9.2)	(5.0)	3.9	16.0	11.0	32.5
Working capital	0.4	2.5	6.8	7.9	(4.1)	15.0	6.0
Exceptional & other	(3.8)	(4.3)	(2.2)	(5.7)	(5.2)	(3.0)	0.0
Tax	0.3	(0.3)	(0.0)	(1.2)	(3.8)	(1.3)	(5.0)
Net operating cash flow	(9.8)	(11.3)	(0.4)	5.0	3.0	21.7	33.5
Capex	(4.4)	(0.9)	(0.2)	(0.1)	(2.5)	(1.0)	(1.0)
Acquisitions/disposals	10.8	(0.4)	3.6	14.2	(13.3)	(31.6)	0.0
Net interest	(0.9)	(0.1)	(0.0)	(0.3)	0.0	(4.5)	(4.7)
Equity financing	33.2	(5.1)	1.9	2.0	(1.4)	0.0	0.0
Dividends	0.0	2.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	(0.6)	0.0	(2.7)	0.0
Net Cash Flow	29.0	(15.7)	5.0	20.1	(14.2)	(18.1)	27.7
Opening net debt/(cash)	18.0	(23.9)	(9.8)	(16.0)	(37.5)	(23.6)	(5.5)
FX	0.1	(0.1)	(0.6)	0.4	0.3	0.0	0.0
Other non-cash movements	12.6	1.7	1.8	1.1	0.0	0.0	0.0
Closing net debt/(cash)	(23.9)	(9.8)	(16.0)	(37.5)	(23.6)	(5.5)	(33.3)

Source: Claranova, Edison Investment Research

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