

Valuation & Research Specialists (VRS)
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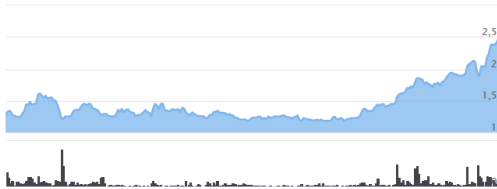
Share Price (19/04/2019) € 2.49

# of Shares (mn)	11.81
Market Cap (in € mn)	29.41
Daily Volume (p)	14.552
Beta Co-efficient	0.33

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume

(1 year, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year if applicable.

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PROFILE SOFTWARE S.A.

Listed on Athens Exchange - Greece

[Bloomberg Ticker: PROF:GA] [Reuters Ticker: (PRFr.AT)]

Business Sector | Industry: Financial Software

Our notes on Profile Software following the company's presentation to the Hellenic Fund and Asset Management Association (*)

- Profile Software is a leading international solutions provider for the Banking and Investment Management industry. It provides innovative solutions to both start-ups and established banking & finance institutions, through direct communication or a reliable partner network.
- **Growth trajectory is on track:** In FY 2018, all of the following figures followed an upward course. Revenue increased by about 20% and EAT increased by 24% compared to FY 2017. Also, many key ratios, measuring different kinds of efficiencies, improved in 2018 which suggests that Profile Software has good chances of improving further in FY 2019.
- **What we like**
 - Sales increased by about 20% from 2017 to 2018, on top of another 24% y-o-y in 2017. The main factor that led to this growth was the increase in international sales, which is an indicator that the company continues to expand as it did over the last 10 years.
 - Regarding the sectors from which revenue derives, about 67.4% of it is from recurring revenue. This means that the company has stable and continuous cash flows from maintenance, SaaS, PayG & Additional Users. Furthermore, 17.4 % of revenue is created by the implementation and provision of new services, while 15.2% comes from new licenses.
 - A key factor which indicates the company's growing dynamics is the acquisition of new clients, which stands at 20%. Also, about 99% of the firm's clientele is considered to be loyal. Finally, the company's policy to largely develop their own products, without assigning that task to external partners, helps maintain expenses and sustain a profitable direction.
 - Debt to Equity ratio index fell to 0.93x by the end of 2018 from 1.04x the previous year. Also, ROCE and ROE ratios increased to 12.3% and 6.8% respectively. Current ratio remained stable at 1.85x, which suggests that the Group can cover its short-term obligations efficiently.

What we anticipate

- Key fundamentals, such as revenue growth and EBITDA are above the average level in the Financial Software Industry, placing Profile Software ahead of most of its competitors and on track for future development. The value of new contracts awarded in Q1 2019 was € 6.2 million compared to € 8.9 million in 2018 and € 6.8 million in 2017 and therefore consist of 91% of 2017 and 70% of 2018 full year contracts, indicating that growth will go on this year.
- The constantly changing conditions of the technology market highlight the necessity to develop practices which can be implemented swiftly in order to allow enterprises to operate efficiently. In this regard, Profile Software is anticipated to take advantage of and to carry out innovations of the financial industry such as RPA, cloud technology and AI.

What we will monitor

- Although Price to Book Value ratio increased to 0.78x in 2018 from 0.46x the previous year, it remains below 1.0. As long as it remains below 1.0 Profile Software stock price should be considered undervalued. Likewise, EV is 4.7x EBITDA 2018 which is considered far below industry averages.

Profile Software stock price

- In 2018, Profile Software stock price increased about 73%, from € 0.71 at the beginning of the year to € 1.23 in year end. This sharp increase becomes more noteworthy given that during the same period the Athens General Index fell by 23.5%. On 19th April 2019, the stock price was € 2.49, posting an over 100% increase from the beginning of the year. Finally, the Group increased its stock dividend to € 0.05 per share from € 0.04 in the previous year.

(*) The event was held on Thursday, April 11th, 2019, at the premises of Athens Exchange, Greece.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
PROFILE SOFTWARE S.A.	PROF:GA	PRFr.AT	€ 2.49	April 19, 2019	2, 3, 6

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3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
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