

8th March 2016

TMT

Sword Group

Price EUR23.19

Final FY15 results fully in line with preliminary estimates; FY16 guidance confirmed

Fair Value EUR28 (+21%)

BUY

| | |
|----------------------------|-------------|
| Bloomberg | SWP.FP |
| Reuters | SWP.PA |
| 12-month High / Low (EUR) | 25.3 / 19.3 |
| Market Cap (EUR) | 217 |
| Avg. 6m daily volume (000) | 8.60 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|-------|-------|-------|----------|
| Absolute perf. | -4.6% | -5.3% | 4.9% | -4.6% |
| Softw.& Comp. | | | | |
| SVS | 2.7% | -6.0% | 12.7% | -5.5% |
| DJ Stoxx 600 | 4.6% | -8.5% | -3.9% | -6.8% |
| | 2014 | 2015e | 2016e | 2017e |
| P/E | 14.5x | 12.7x | 13.1x | 11.3x |
| Div yield (%) | 5.2% | 5.2% | 5.2% | 5.2% |

ANALYSIS

- **FY15 results confirmed.** Yesterday evening, Sword confirmed FY15 preliminary results reported on 25th January: 1). Revenues were up 17.5% (+15.1% lfl) to EUR137.6m, with +18.4% lfl to EUR44m for Software and +13.6% lfl to EUR93.6m for IT Services; 2). EBITDA was up 14.3% to EUR21.6m or 15.7% of sales, with 28.4% for Software and 9.7% for IT Services.
- **FY16 guidance reiterated, adjusted for forex.** For FY15, management reiterates guidance, i.e. sales up at least 15% lfl, and an EBITDA margin of 15%. Taking into account the acquisition of AAA and excluding the disposals made during the year (Charteris CRS2 and Kenzan) and fx rates as of 1st March, Sword starts 2016 with a pro forma revenue base of EUR141m (down from EUR144.9m as of 1st January due to the depreciation of the British pound vs. the euro). As such, FY16 revenues would reach EUR162.1m (vs. EUR166.6m as of 1st January and our EUR166.7m forecast).

VALUATION

- Sword's shares are trading at est. 7.6x 2016 and 6.3x 2017 EV/EBIT multiples.
- Net cash position on 31st December 2015 was EUR42.7m.

NEXT CATALYSTS

Analysts' meeting today at 10am CET / 9am BST / 4am EDT in Paris (Centre de conference Paris Trocadéro, 112 avenue Kléber).

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Gregory Ramirez, gramirez@bryangarnier.com

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| | |
|---------|---|
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Distribution of stock ratings

BUY ratings 63,4%

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SELL ratings 7,5%

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| | | | |
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| London | Paris | New York | Geneva | New Delhi |
|---------------------------------|---|--------------------------|--------------------|----------------------|
| Beaufort House | 26 Avenue des Champs Elysées | 750 Lexington Avenue | rue de Grenus 7 | The Imperial Hotel |
| 15 St. Botolph Street | 75008 Paris | New York, NY 10022 | CP 2113 | Janpath |
| London EC3A 7BB | Tel: +33 (0) 1 56 68 75 00 | Tel: +1 (0) 212 337 7000 | Genève 1, CH 1211 | New Delhi 110 001 |
| Tel: +44 (0) 207 332 2500 | Fax: +33 (0) 1 56 68 75 01 | Fax: +1 (0) 212 337 7002 | Tel +4122 731 3263 | Tel +91 11 4132 6062 |
| Fax: +44 (0) 207 332 2559 | Regulated by the | FINRA and SIPC member | Fax+4122731 3243 | +91 98 1111 5119 |
| Authorised and regulated by the | Financial Conduct Authority (FCA) and | | Regulated by the | Fax +91 11 2621 9062 |
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