

Bloomberg	ASK FP
Reuters	ASK.PA
12-month High / Low (EUR)	3.4 / 1.1
Market Cap (EUR)	10
Ev (BG Estimates) (EUR)	8,010
Avg. 6m daily volume (000)	75.50
3y EPS CAGR	

Yesterday, ASK reported a FY15 net loss of EUR12.2m, mainly due to the direct and indirect negative impacts of the 2015 restructuring plan. We understand that momentum is improving, leading us to anticipate top-line growth in 2016, while restructuring should help the group to move closer to breakeven. Note however that the cash situation remains an issue with net debt at EUR8m.

ANALYSIS

- Yesterday, ASK reported FY15 net losses of EUR12.2.** FY15 came out at EUR37.5m, and operating result at -EUR10.4m. The low level of operating result was due to the direct and indirect negative impacts of restructuring. Note that last year, the group conducted a large restructuring operation targeting a near EUR3m cut in operating expenses but this will be fully visible only from FY16. As a result, FY15 net result was at -EUR12.2m down from -EUR6.0m in 2014.
- A better start to the year.** While 2015 momentum was impacted by a particularly low level of activity in the UK passport business and a slowdown in the US passport activity, it provided an easier comparison for 2016. In addition, we understand that the group expects a stronger momentum from the US, while the five new contracts signed in ID last year should also be fully contributive in 2016 (we believe that the contribution of these contracts in 2015 was weak). Regarding the Transport business, we understand that it has also been impacted by the restructuring plan but we expect that it is now running at normal rate. Overall, we believe that the environment is improving and that price pressure remains limited. We see an opportunity in different markets such as Driving Licences in the US (only 4 states at the moment), slight volume and market share gains in historic Passports contracts, additional revenues from new contracts signed in 2015, and a slow but continuous market share gain in Transport. Overall, given the weak basis of comparison, we anticipate 10% growth for FY16.
- Improving FY16 margin thanks to the 2015 restructuring plan.** We estimate the operating expenses cut will lead to about EUR3m in savings. In addition, the group should benefit from sales growth (BG ests. FY16 sales of EUR40.4m). Overall, we anticipate operating result close to breakeven at EUR0.8m.
- The cash situation remains an issue.** While the situation is far better than it was in early 2014, the group had only EUR2m in gross cash in hand by the end of FY15. Financial debt stood at EUR10m (excluding factoring of EUR5m), which leads to net financial debt of EUR8m while shareholders' equity was EUR3.2m. The group has two main debts 1/ EUR1.85m in convertible bonds, which mature in December 2016 and 2/ EUR2m in a high interest medium term loan (12%) to be reimbursed before December 2017.

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.0%	-11.1%	-24.3%	-34.5%
Industry	4.1%	4.2%	-7.2%	-4.6%
DJ Stoxx 600	4.1%	4.2%	-7.2%	-4.6%

YEnd Dec. (EURk)	2014	2015	2016e	2017e
Sales	36,837	37,519	40,445	44,490
% change		1.9%	7.8%	10.0%
EBITDA	-348.0	-5,631	3,236	4,983
EBIT	-3,184	-7,760	808.9	2,313
% change		-143.7%	NS	
Net income	-3,795	-9,111	671.4	2,354
% change		-140.1%	NS	

	2014	2015	2016e	2017e
Operating margin	NM	NM	2.0	5.2
Net margin	NM	NM	1.7	5.3
ROE	-36.6	-679.9	13.0	48.1
ROCE	-14.6	-85.9	8.0	32.7
Gearing	31.9	445.9	411.1	92.3

(EUR)	2014	2015	2016e	2017e
EPS	-0.45	-1.33	0.03	0.22
% change	-	NS	NS	
P/E	NS	NS	36.5x	5.1x
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	0.1x	0.2x	0.2x	0.1x
EV/EBITDA	NS	NS	2.6x	0.7x
EV/EBIT	NS	NS	10.5x	1.6x

VALUATION

- Based on our estimates, ASK's shares trade on 2016e EV/Sales and EV/EBIT ratios of 0.5x and 26.3x respectively.

NEXT CATALYSTS

- May 10th 2016: Q1-16 sales

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