

11th May 2016

TMT

ASK

Price EUR1.12

Q1 sales down 3% yoy

Fair Value EUR2.4 (+114%)

CORPORATE

Bloomberg	ASK FP
Reuters	ASK.PA
12-month High / Low (EUR)	2.8 / 1.1
Market Cap (EURk)	9,912
Avg. 6m daily volume (000)	65.20

ANALYSIS

- **Yesterday, ASK reported Q1 sales of EUR8.3m, down 3% on year.** The e.ID division sales were up 40% yoy to EUR3.4m thanks to better momentum in most countries and favourable comps following the the acquisition of ASK IntTAG by the end of Q1 2015. On a pro-forma basis, Q1 was up 16% thanks to a rebound in US passport demand that is expected to help also in Q2. However this was offset by weak momentum in the Contactless Solutions business with Q1 at EUR5.0m vs. EUR6.2m a year before, i.e. down 19% yoy. Dual Cards are thought to have performed nicely during the first quarter of 2016 and we believe they should help generate higher margin (mix improvement).
- In addition, the group is starting to take advantage of the restructuring ended in late March, and which should now help the group to generate higher margins. ASK now produces from a smaller industrial site in Mouans-Sartoux (vs. Sophia-Antipolis before) and focuses its production capacities on high added-value products such as Passports and Dual Cards. The production of low margin cards is now totally outsourced. As a result, stronger momentum and the restructuring undertaken should help to achieve breakeven by FY16 at the EBITDA level.

VALUATION

- ASK's shares trade on 2016e EV/Sales ratio of 0.5x and EV/EBIT of 22.8x.

NEXT CATALYSTS

- 26th July 2016: Q2 and H1 2016 sales

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	1 M	3 M	6 M	31/12/15
Absolute perf.	5.7%	-5.9%	-36.0%	-34.5%
Industry	0.4%	7.7%	-11.3%	-8.9%
DJ Stoxx 600	0.4%	7.7%	-11.3%	-8.9%

	2014	2015e	2016e	2017e
P/E	NS	NS	36.5x	5.1x
Div yield (%)	NM	NM	NM	NM

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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