



Company : Profile Software Reason: Upgrade

Investment Thesis

We are upgrading the target price of Profile Software to €6.00. This is a staggering 157% upward revision from the pre-split target price of €4.66 presented in Feb21. The new target price reflects: (i) the doubling of revenues from the Hellenic Republic projects not accounted in our previous analysis, (ii) the expansion of the loyal clientele base (+65% recurring revenues) that is growing with low double digit annual rate and (iii) the Centevo acquisition that is enhancing growth, offering exposure to the lucrative Nordic region.

Previously, our conservative approach missed the game changing demand factor stemming from the Hellenic State projects and the EU funding. On top, we missed the fact that the strong cash position allows the group to commit to beneficial acquisitions. Profile Software surpassed the €25M revenue threshold within 2022, doubling the group's performance, and is set to double again over the next three years. In the past, Profile was averaging one new contract per month, now they are operating at a 2.2 new contracts per month pace.

The operating nature of the group does not require an intensive acquisition activity compared to the other groups. Investments are executed opportunistically and as the CEO communicated in the latest live analyst presentation, they would not hesitate to add an entity should it ameliorate their cash generation. After all, the acquisition of the Swedish firm Centevo has been a success and the Net Debt remains negative (i.e. available cash is greater than the sum of long and short-term debt).

It is worth remarking the significant boost to the group's performance over the period 2023~2026 that is expected from the rolling out of RRF projects: Profile Software successfully participates in the bidding process and the project backlog is expanding.

Valuation

Profile Software is valued at €6.00 per share through a FCF exercise with a WACC of 10.17% and perpetual growth of 2.00%
The expected dividend over the next year assumes a stable payout policy.

Date	03/08/2023
Fair Estimated Price (€)	6.00 €
Investment Thesis	UV
Bloomberg Ticker	PROF:GA
Reuters Ticker	PRFr.AT
Closing Price (02/08/23)	4.44 €
Low/High price 52w	2,56/4,96
Market Cap (€mn)	107
EPS (2023E)	0.17
DPS (2023 E)	0.067
Dividend Yield %	1.51%



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For important disclosure information, please refer to the disclaimer page of this report.

All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.



Summary Financials					
(€mn)	2021	2022	2023 F	2024 F	2025 F
Profit & Loss Items					
Total Net Revenues	20,117	25,034	31,379	41,966	66,163
EBITDA	5,484	6,273	7,326	11,516	15,625
EBIT	2,698	4,155	5,208	9,398	13,507
Net Income	2,200	3,266	4,090	7,325	10,664
Balance Sheet Items					
Cash at Hand	15,624	14,153			
Total Debt	7,509	7,704			
Total Equity	24,941	27,873			
Debt/Equity	23.14%	21.65%			
Cash Flow Items					
Free Cash Flow (FCFF)	-2,867	-3,828	-4,241	5,695	7,132
CAPEX	6,365	6,365	6,365	2,485	2,485
Key Financial Ratios					
Revenue Growth	33.76%	24.44%	25.35%	33.74%	57.66%
EBITDA Margin	27.26%	25.06%	23.35%	27.44%	23.62%
EPS	0.18	0.18	0.17	0.30	0.44
DPS	0.048	0.031	0.038	0.067	
Total Debt / EBITDA (x)	1.37	1.23			

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Καπιταλισοποίηση	Capitalization
EPS:	Κέρδη ανά Μετοχή	Earnings per Share
PE:	Απόσ. Τιμής προς Κέρδη	Price/Earnings Ratio
PS:	Απόσ. Τιμής προς Πωλήσεις	Price/Sales Ratio
DA:	Συνολικός Αποσχετικός Πόρος	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ιδίων/Κεφαλαίων	Return on Equity
FV:	Τιμή Συστή. Ανταίμαξης	Fair Value/Price

Ομάδες Συστήσεων/Ratings

UV	Χαμηλή Ανταίμαξη	Χαμηλός Κίνδυνος	Underpriced Small Risk
UM	Χαμηλή Ανταίμαξη	Κίνδυνος	Underpriced Risk
FV	Συστή. Ανταίμαξη	Χαμηλός Κίνδυνος	Fairly Priced Small Risk
OM	Συστή. Ανταίμαξη	Κίνδυνος	Fairly Priced Risk
OV	Υπερτιμωμένη Μετοχή		Overvalued
NR	Μη Ανταίμαξη/Μετοχή		Stock Price > 20% of Fair Net. Ratio