20 Sep 2018
Sponsored research
Software
France

EasyVista

Boosted growth and earnings ahead

Opinion	**Buy**
Upside (%)	23.6
Price (€)	40.8
Target Price (€)	50.4
Market Cap (€M)	75.1
Enterprise Value (€th)	71,425

Momentum	STRONG
Fundamental Strength	0/10
Governance	6.0/10
Credit Risk	BB ➔

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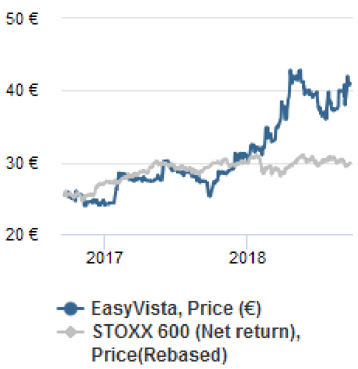

Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Link between AV and banks	No
Brokerage activity at AV	No
Client of AlphaValue Research	No

KEY DATA	12/16A	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	**-17.0**	**-16.3**	**21.7**	**20.3**	**11.0**
Dividend yield (%)	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
EV/EBITDA(R) (x)	-39.7	ns	13.0	11.4	6.15
Adjusted EPS (€)	**-1.51**	**-1.72**	**1.88**	**2.01**	**3.70**
Growth in EPS (%)	*n/a*	*n/a*	*n/a*	*6.85*	*84.3*
Dividend (€)	0.00	0.00	0.00	0.00	0.00
Sales (€th)	22,900	28,750	37,800	40,100	47,500
EBITA margin (%)	*-7.77*	*-2.61*	*13.1*	*12.9*	*18.9*
Attributable net profit (€th)	-2,740	-3,420	3,147	3,412	6,524
ROE (after tax) (%)	**59.4**	**57.5**	**-908**	**51.1**	**56.0**
Gearing (%)			*22.8*	*-70.8*	*-73.3*

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Recent Updates

Updates

20/09/2018 Strong H1 earnings, with sales +50% and positive EBIT

Earnings/sales releases

The pattern of H1 18 confirms the consistency of the business model. After the build-up of both management and workforce in previous years, the pay-back is now visible with a positive EBITDA (€2.1m vs €-1.8m in H1 17) and is on track for the €10m envisaged in 2020.

Fact

Sales up 50%, thanks to new businesses, change in contracting mode and the strong new subsidiary, Knowesia

Organic sales contributed c.25% of the H1 growth, Knowesia's integration 11% (only H2 in 2017), and the rest stemmed from the substitution effect from SaaS contracts to renewable licences. Significant new clients were gained in both the USA and France.

EBIT turnaround confirmed, with 9% margin vs -16% in H1 17

Breakeven was reached in H2 17, with a 7.7% operating margin, but the H1 18 performance showed a 9% operating margin. The cost base (€16m vs €14m) is still impacted by the 2016-17 hirings (top management US, workforce), but this should now stabilise.

Operating leverage should gather speed

Organic growth should remain in the +15-20% range. As a reminder, EasyVista is a fixed-cost based model and the major staffing effort (195 at 30 June 2018 vs 110 at year end in 2014) is now behind. Therefore, any increase in sales should significantly impact the margin: we reckon the EBIT margin will reach 11% for FY 2018, 12% in 2019 and 18% in 2020.

Improvements in cash and the balance sheet

Significant operating cash flow (€2.5m) was partly offset by seasonal operating WCR (€-1.1m). Net debt reduced to €5.8m vs €8.2m a year ago. However, as €7.5m of total gross debt (€8.2m) is a convertible bond (strike €40 at end 2019, close to the current price), EasyVista has virtually no debt.

26/07/2018 Boosted growth and earnings ahead

Initiation cov.

We are initiating coverage of EasyVista with a Buy recommendation. The group offers a successful ITSM (IT service management) software solution. Reinforced staff and management should allow EasyVista to capture a significant part of the market's growth, as shown in recent figures (H1 sales +50%). The breakeven point was reached in 2017. Cash generation should be strong by 2020, when the EBITDA margin should be close to 20%.

A success story in IT service management

EasyVista is a software editor, providing a global solution to corporations to make delivery and support easy to implement. The product is user-friendly and has codeless workflow settings. Marketing skill is a key edge for the group's success. A major part of growth will stem from the US market (50% of world market), where EasyVista has considerably reinforced its staff and management team.

Cash and profit generation ahead, after a strong investment phase; H1 18 sales up 50%

The turnaround point was reached in H2 17. The group's FY 17 €-0.7m EBIT was actually split €-2m in H1 and €+1.3m in H2, i.e. a +7.7% operating margin, which should more or less double in 2018, thanks to significant sales growth. The group's H1 sales (€18.5m) were up 50%, of which +63% in H2. 85 new clients adopted EasyVista solution in H1, in both Europe and the USA. The renewable licence's new contracting

Updates

mode recorded €5m in sales (vs. zero in H1 17), whereas traditional perpetual licence sales were also – and paradoxically – up 48%, because French public entities prefer this contracting system (the consequence of budget credits-driven decision-making).

Current valuation doesn't fully integrate earnings momentum ahead

Assuming a 2020 EBITDA close to €10m (c.20% of sales), our DCF model results in a €57.7 valuation per share for EasyVista. According to our average of the different valuation methods, our six-month target price stands at €50.75.

Body of research

Businesses & Trends

EasyVista: “helping help desks”

The group was founded 30 years ago under the name “Staff & Line” (S&L) which was committed to training the first IBM PC users. At this time, it was clearly a dedicated IT service, in line with the transition from MS DOS to Windows in the mid ‘80s. The founders have always been “marketing-minded” managers, and thus developed their activities through the analysis of current demand and by anticipating trends. Training many Windows users, for instance, led S&L to develop some software to manage the PC fleet, identifying a new need, together with the considerable rise in the number of PCs within entities. The company added the help desk brick in the late ‘90s, marking the transition to an industrial approach of the business through software editing, in contrast with the previous “IT service” type of business.

Originally a French player, S&L expanded outside France in 2005, to Europe (the UK, Spain, Portugal and Italy) and the USA. The change in name to EasyVista was decided in 2012 with a view to optimise marketing efforts by having a single identity (EasyVista at the time was S&L’s main product line), together with the rise in SaaS solutions and the strong development in international activities.

In 2017, EasyVista added a new technological brick with the acquisition of Knowesia. This operation enhanced the group’s offer with a self-help tool which relieves the pressure on help desks and service desks. The tool consists of a collaborative platform that enables procedures to be modelled as decision trees. It includes analytic indicators and algorithms for improvement or autonomous learning. Knowesia’s Self Care solution can, in particular, reduce calls to the help desk by c.20%. The automatic handling of many repetitive “level 1” (the easier) cases, leads to a c.30% increase in the operating efficiency of help-desk staff and provides the base for the development of virtual assistants (chatbots). Knowesia’s sales model is broadly indirect, as its solution is often embedded in the services’ offers by clients, e.g. that of HelpLine (Neurones), France’s largest help desk provider, or Atos.

Knowesia’s 2016 sales were €1.5m, growing at a fast pace (>40% p.a.): with only H2 17 integrated into EasyVista, Knowesia brought in sales of €1.3m; the EBIT margin is close to 20%.

EasyVista has now become a prominent software editor in the ITSM (IT Service Management) market.

Today, EasyVista offers a global solution to corporations to make delivery and support easy to implement, it is user-friendly and has codeless workflow settings. The software is a sort of ERP (Enterprise Resource Planning) suite for the IT department, allowing all types of incidents or problems to be answered, as well as addressing users’ service requests. This ITSM platform, “EV Service Manager”, provides ITIL (Information Technology Infrastructure Library, i.e. best practice specifications, see below)-based automation to more than 1,200 customers in over 50 countries. “EasyVista Service Manager” combines powerful automation with the ability to deliver people-centric user experiences including portals, dashboards and apps, making ITSM easy for everyone across an organisation. “EasyVista Self Help” is a new product, substantially reducing requests for help and empowering users to solve their own issues. “EasyVista Self Help” uses dynamic decision trees that deliver answers in a more natural, logical way on desktops and mobile devices. These intelligent knowledge processes can be integrated into portals and virtual assistants, or chatbots. EasyVista’s recent developments include a “Service Apps” platform, allowing a professional user to build his own solutions, through “drag and drop” bricks, somewhat similar to his private consumer needs.

In 2017, France represented 60% of sales, with most of the remainder coming from the fast-growing US market.

IT Service Management: ongoing evolution together with digitalisation and customer satisfaction

ITSM software aims at providing quality services to IT systems. It is implemented or improved within a company’s organisation.

The issues it deals with have dramatically changed overtime, with successive IT revolutions, from mainframe architectures to digital mobile devices.

In the ‘80s, ITSM software was within systems’ administration, with hardware players like IBM or HP, and new players like Computer Associates, Novell, Peregrine, BMC, as well as many niche players which surfed on the internet wave. The

Businesses & Trends

change in the competitive landscape arose after the internet bubble burst with the emergence of Cloud/SaaS models. We include here S&L (the actual EasyVista) and its two then major competitors, ServiceNow and Cherwell.

Putting it simply:

- Legacy Systems were reactive, modern systems are proactive;
- Legacy Systems were centralised, modern systems are distributed;
- Legacy Systems were more isolated, modern systems can be integrated.

The evolution of IT systems within corporations and administrations called for ITSM specifications, in order to identify and deploy best practices. The first set of recommendations was issued in the ‘80s by the UK government’s CCTA arm, called ITIL (Information Technology Infrastructure Library).
As time went on, this became the standard, with five fields under review:
ITIL Service Strategy: understands organisational objectives and customer needs;
ITIL Service Design: turns the service strategy into a plan for delivering the business objectives;
ITIL Service Transition: develops and improves capabilities for introducing new services into supported environments;
ITIL Service Operation: manages services in supported environments; and
ITIL Continual Service Improvement: achieves services which are incremental and large-scale improvements.

The ITIL reference system contributes to place users and businesses at the heart of the IT Department’s concern.

The acceleration of digitalisation has clearly accelerated the transformation of IT organisations.
Customer experience and satisfaction are key drivers: today, half of all interactions between clients and corporations are digitally-driven. Therefore, priority has been given to responsive design, ergonomics, simplicity, rapidity, availability, etc. With App stores, a “self-service culture” has developed: the customer looks into free access libraries and usually finds the answers to his problems by community-shared information, etc.

BUT…
These major cultural changes regarding customer relationships have not found their counterparts in ITSM at work. In one’s personal life, one can plan a trip or change his pay-tv options in three clicks on one’s smartphone. Why should an employee give up this user-friendly ability when at his work desk?
A Coleman Parks Research study stressed that 46% of companies (world scale) lose too much time using paper processes and that 60% had experienced financial damage though the use of paper. The study underlined the burden of paper in corporations, e.g. 51% of HR forms or 47% of order forms. This discrepancy between a digitally-driven personal universe and a “red tape” professional universe can hurt staff performance. The IT department is usually (rightly or wrongly) considered as responsible for such frustrations.
IT departments are under pressure from business units: the “client experience” will also lead to internal changes in order to improve the “staff experience”. Most corporations are now clearly aware of the needs for change in IT procedures. True, behaviours are changing: decisions are more and more being elaborated by IT people together with the business units, together with new management organisations (appearance of CDOs, CIOs).
These trends clearly trigger opportunities for ITSM providers such as EasyVista. Basically, EasyVista addresses a c.USD2bn market, mainly service desks/ help desks, together with IT asset management.
Service desks arose during the ‘80s with the explosion of client-server IT architectures running with PCs and open systems (Linux, Unix, etc.). This evolution was combined with a growing disconnection between hardware and software providers, implying more complex investment decision-making and separately managing hard and soft issues. This increasing complexity also involved service desks (network issues, PCs, servers, telephones, etc.).

Competitive landscape
ITSM is a replacement market, where innovation and adaptation to a client’s specific needs determine the winners and losers.

EasyVista typically addresses 2,000-20,000 employee companies, with 40-300 people in the IT department. The very big

Businesses & Trends

accounts are mainly in the hands of big US companies, typically ServiceNow or BMC.

EasyVista's successes are mainly due to its marketing culture, based on understanding client workflows, building agile solutions, easy to replicate, customisable and international (in 12 native languages).

Gartner has included EasyVista in its ITSM "Magic Quadrant" for the seventh year, together with big competitors such as ServiceNow (SN, world leader, 2017 sales USD1.9m) or BMC (2017 sales N/A, delisted 2013, but of similar size to SN).

SN offers the ServiceNow Service Management Suite for big mature clients and has stopped ServiceNow Express, which targeted mid-market companies. SN's ITSM solutions for the top-end of the market are 100% SaaS and hard to challenge in this segment. But, in the mid-market segment, the basic target for EasyVista, SN's on-premise model remains significant, although rather rigid, and EasyVista can clearly attack SN's positions.
BMC has a strong installed base, having bought Remedy in 2002 and through ITOM (IT Operation Mgt)-competing ITSM offers. Taken private in 2013 for USD6.9bn, BMC is being bought by KKR for an undisclosed amount, c.USD8.3-9bn according to various sources. KKR also bought a smaller pure player, Cherwell (sales c.US50-100m): like EasyVista, the company develops a "low code" service management platform, CSM, which is easy to customise and configure, according to IT and business needs. Clients can opt for SaaS, licence or on-premise, and can switch later. This KKR move is clearly good news for EasyVista, consolidating the mid-market segment.

Businesses & Trends

Divisional Breakdown Of Revenues

	Sector	12/17A	12/18E	12/19E	12/20E	Change 18E/17		Change 19E/18E	
						€th	of % total	€th	of % total
Total sales		**28,750**	**37,800**	**40,100**	**47,500**	**9,050**	**100%**	**2,300**	**100%**
France	Enterpr. Software & Serv	17,160	20,592	21,622	23,784	3,432	38%	1,030	45%
Other		11,590	17,208	18,478	23,716	5,618	62%	1,270	55%

Key Exposures

	Revenues	Costs	Equity
Dollar	25.0%	30.0%	25.0%
Emerging currencies	0.0%	0.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

France	54.5%
Other	45.5%

We address exposures (eg. how much of the turnover is exposed to the $) rather than sensitivities (say, how much a 5% move in the $ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in $ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling

In addition, subjects are frequently intertwined. A $ exposure may encompass all revenues in $ pegged currencies and an emerging currency exposure is likely to include $ pegged currencies as well.

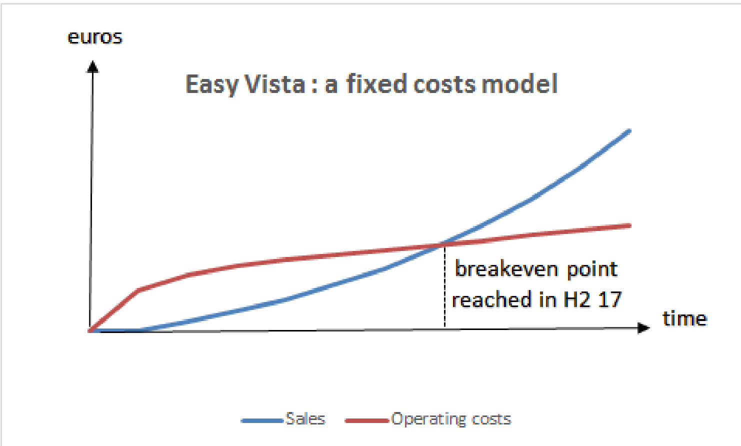
Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

Previous years have been marked by significant financial efforts to increase its human capacity to offer EasyVista solutions on a broader scale: in the US alone, which is c.50% of the ITSM world market, EasyVista built its position from scratch in 2011 and has steadily developed its credibility, assets and human base. Today, it can address the total geography of the country. With a systematic and extremely efficient marketing organisation: in-depth study of a prospective customer's actual needs before offering an appropriate solution, definition of service levels, material and software configuration and assets, as well as the availability and capacity of IT resources, continuity of service and the services portfolio facing IT service desks' current challenges. As a result, c.70% of meetings with prospective customers result in a sale in France and 30% in the USA, which is extremely high, in particular in the field of the major competitors' domestic market. The success of the EasyVista solution in the US should strengthen, thanks to recent reinforcements in staff and management to sell the group's solutions.

A fixed-costs model

The EasyVista solution encompasses primarily R&D, marketing, sales and structure costs. There is little dependence on the cost base up to the level of sales. As a result, when an ambitious medium-term sales target is defined, the ramp-up period is marked by booked losses.



2015-2017: cost base loaded to prepare the future

2015 and 2016 were marked by a boost in EasyVista's staff numbers: from 110 people in 2014, the group's headcount jumped to 170 in 2017; in Europe it increased from 84 to 133, +58%, and in North America from 26 to 38, +46%. The headcount at the end of H1 18 should be close to 200.

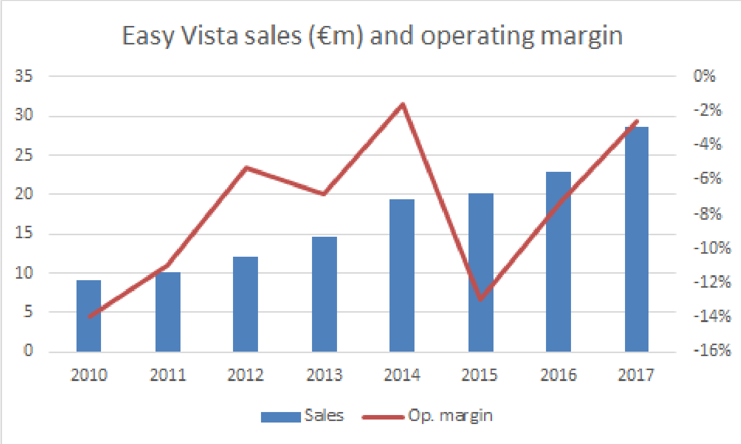
Top management strengthened

Together with the workforce, EasyVista has significantly reinforced its top management team over the period:
In the US, J Prestridge was hired as group CMO and at the head of the US business unit, where marketing strategy is now defined (more focused on product than communication, better skills in digital marketing). Prestridge has reinforced his management team in Q1 18 with three new people, Mark Shell, VP Customer Experience (7 years at Cherwell), Alfred Crews, VP Sales, 5 years at ServiceNow, and Byron Thomas, VP Global Demand Marketing (ex Citrix), to develop the pipeline. The current North American organisation is now targeting to enlarge its client base, with four sales teams (New York, Denver, Tampa and Montreal), engineers and four data centres. This new organisation should help achieve the group's medium-term target in North America of 50% of sales vs 25% in 2017.

In Europe, F Pierresteguy (12 years VP Sales at Landesk), has been appointed VP Sales for EMEA (Europe/Middle East/Africa), with deep knowledge of indirect sales channels. We recall that c.75% of EasyVista's current sales stem from direct channels, i.e. the group's own salesforce. EasyVista wants to increase the indirect sales channel to c.50% over the medium term, together with the development of medium-sized prospects.

All these structural reinforcements have reduced margins in recent years:

Money Making

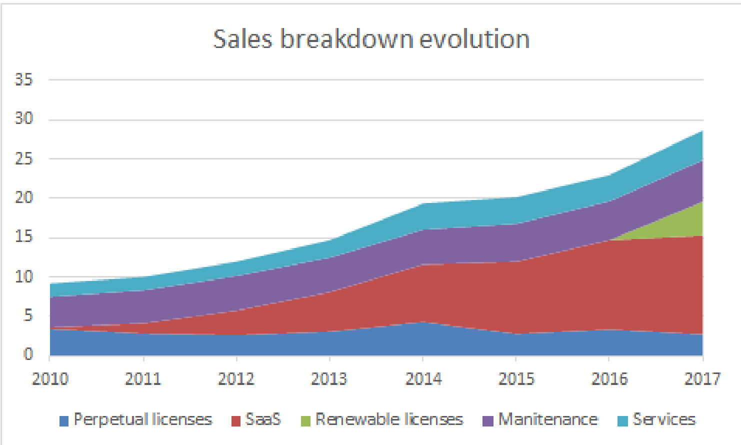


However, we can see a clear upturn in 2016-17: indeed, the turnaround point was reached in H2 17. The group's FY 17 €-0.7m EBIT was actually split €-2m in H1 and €+1.3m in H2, i.e. a +7.7% operating margin, which should more or less double in 2018, thanks to significant sales growth (+30%).

2010-17: the SaaS years

The previous periods were marked by a significant development in SaaS (Software as a Service) solutions, across the market. The winners proposed SaaS, as a budget-saving solution and providing flexibility to customers. The transition from perpetual licences to SaaS started in 2010 and had a clear negative impact for sales and margins. While the sale of a perpetual licence is immediately recognised in the P&L, the three-year SaaS renewable contract is recognised monthly: for example, a €100k perpetual licence sale on 31 December 201X is immediately booked as revenue for 201X, capturing the associated margin, marginal CoGS and SG&A. In contrast, for a €120k SaaS Contract, the marginal costs are nearly identical to those of licences, but the client is billed €40k every year, with a pro rata temporis revenue recognition: signing on 31 December 201X, revenue will be zero; margin recognition is spread over the contract duration (with deferred revenues on the balance sheet). When the transition to SaaS is over, this margin discrepancy eventually disappears (global margins may even be better in SaaS mode on a cruising mode).

On the other hand, the SaaS mode implies improved visibility through future revenues issued from the backlog, and a more recurring revenue base, as the client automatically benefits from software upgrades with no additional billing. The client pays upfront annually and the company experiences a high renewal rate (97%), with usually a slight price increase (3-5%). The average contract in SaaS mode is about €70k. SaaS has clearly been EasyVista's growth driver in the current decade:



Major impact of change in the type of contract starting in 2017

Starting in 2017, EasyVista has put in place a new type of contract, a three-year renewable licence, in which the revenue recognition is immediate. For example, a €300 contract over three years, including €240 for the licence and €60 for the related services (typically 20% of the contract) would be billed at €100 per year, whereas the revenue recognition would be

Money Making

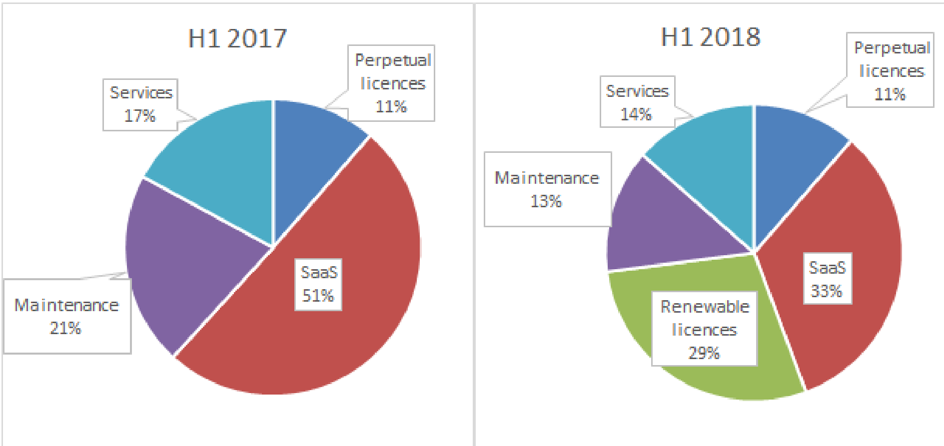
€240 upfront (licence) and €60/36 per month, as the service revenues are recognised on a monthly basis.

This evolution impacts margins positively and seems to meet clients' expectations: new clients in Q1 (Eiffage, Gemalto, Spanish Ministry of Finance…) have all signed renewable licences.

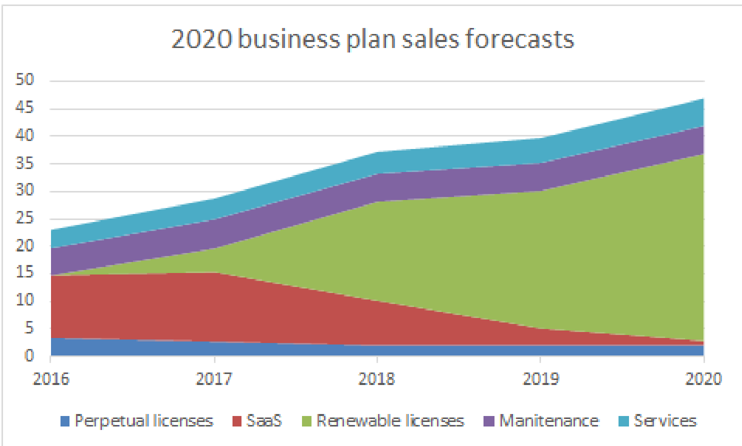
While a renewable licence allows margins to be cashed upfront, the counterpart is that the revenues booked on the rest of the contract is limited to the monthly hosting (i.e. much less than the SaaS mode). Therefore, maintaining high growth implies a strong pace of new signings.

2018-20: strong growth and profit generation ahead.

In H1 18, sales reached €18.5m, growing by 50%, with a significant substitution impact from the new type of contract, the renewable licence:



This new contract will replace the group's previous SaaS offers, as shown in EasyVista's 2020 business plan:



For FY2018 alone, we reckon that the change to the new contract should generate sales of about €4-5m out of a €38m sales forecast.

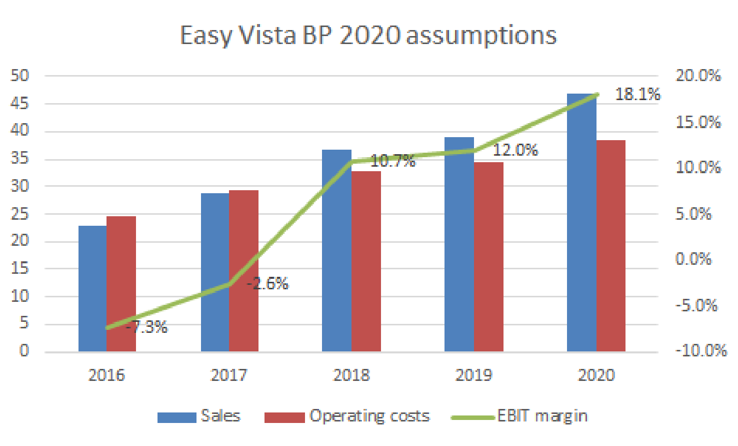
Strong acceleration ahead…

The group is committed to gathering speed in contract billing. Product edges combined with marketing know-how and recent reinforcements in staff and management should help the 2020 business plan to be achieved. The US will be a major driver of the group's growth: from zero in 2011 to c.50% of total sales in 2020, i.e. €20m+ revenues.

...together with earnings

Together with this strong increase in sales, the operating leverage should be very significant thanks to the "fixed" cost base. Our assumptions are as follows:

Money Making



Although an EBIT margin close to 13% looks reachable from 2018 onwards, the stagnation in 2019 stems from the SaaS backlog: with the change in sales mode, renewable licences have to replace SaaS contracts for the existing client base and the switching impact should be negative in 2019: as a result, in spite of still strong development in the new client base, global sales and earnings growth should be moderate. This phenomenon will vanish later, as the SaaS backlog will be eliminated in 2020, coming from €12.6m in 2017.

Divisional EBITA

	12/17A	12/18E	12/19E	12/20E	Change 18E/17		Change 19E/18E	
					€th	of % total	€th	of % total
Total	-750	4,950	5,158	8,978	5,700	100%	208	100%
France	310	800	872	1,003	490	9%	72	35%
Other/cancellations	-1,060	4,150	4,286	7,975	5,210	91%	136	65%

Divisional EBITA margin

	12/17A	12/18E	12/19E	12/20E
Total	-2.61%	13.1%	12.9%	18.9%
France	1.81%	3.89%	4.03%	4.22%

Debt

Equity is currently negative from a consolidated standpoint (€-5.7m at year end 2017), with losses booked in recent years. A change in the value of the US dollar has had a significant impact, as c.€12m corresponds to the funding of the US subsidiary by the French parent company. In 2017, net profit was hit by €-1.6m due to the 20% year-on-year fall in the dollar vs the euro. Our assumptions assume an average USD1.15 per euro (vs 1.20 at year end 2017) over the business plan.

The need for expansion called for a significant reinforcement in management and personnel (see “Money Making”). Therefore, EasyVista issued a 4-year €7.5m convertible bond in 2016, par €40. We consider that the probability of non-conversion is very low, as the 2020 value of the share should exceed €50. Most of the proceeds were available at the end of 2016, with a cash position of €6m.

In 2017, cash diminished by €4.6m, with €-3.7m cash flow, €+0.9m WCR, €+0.3m financial cash flows and €-1.4m used for the Knowesia acquisition (see “Business and Trends”), i.e. a third of the total price (€3.2m). The rest was paid through 78,774 new EasyVista shares (i.e. a 4.8% dilution at a price of €27.6 each).

From 2018 onwards, net cash flow generation will become significant. We anticipate a net cash position close to €14m at end 2020 vs a net debt of €6.6m at end 2017.

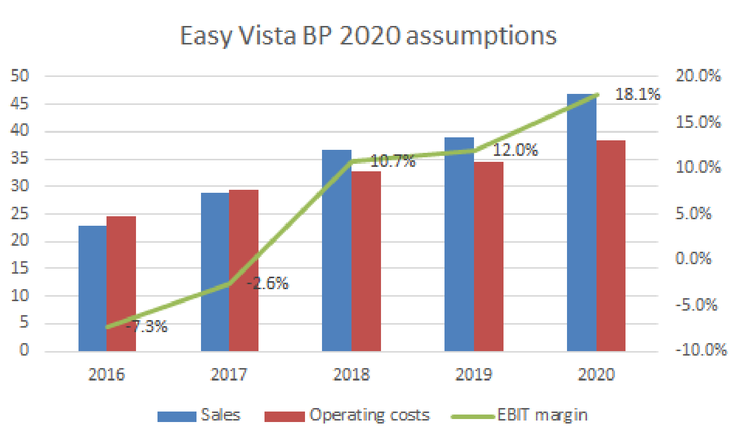
Funding - Liquidity

		12/17A	12/18E	12/19E	12/20E
EBITDA	€th	-60.0	5,500	6,000	10,000
Funds from operations (FFO)	€th	-2,460	3,697	4,254	7,547
Ordinary shareholders' equity	**€th**	**-5,670**	**4,977**	**8,389**	**14,913**
Gross debt	€th	9,550	2,050	2,050	2,050
o/w Less than 1 year - Gross debt	€th	0.00	0.00	0.00	0.00
o/w 1 to 5 year - Gross debt	€th	9,550	2,050	2,050	2,050
+ Gross Cash	€th	2,930	6,398	9,588	16,363
= Net debt / (cash)	**€th**	**6,620**	**-4,348**	**-7,538**	**-14,313**
Issued bonds	€th	7,500			
Other financing	€th	2,050	2,050	2,050	2,050
Gearing (at book value)	%		22.8	-70.8	-73.3
Adj. Net debt/EBITDA(R)	*x*	*-110*	*-0.79*	*-1.26*	*-1.43*
Adjusted Gross Debt/EBITDA(R)	*x*	*-170*	*0.49*	*0.45*	*0.27*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*225*	*35.1*	*24.3*	*15.3*
Ebit cover	*x*	*-0.34*	*21.4*	*120*	*-107*
FFO/Gross Debt	*%*	*-24.1*	*137*	*158*	*281*
FFO/Net debt	*%*	*-37.2*	*-85.0*	*-56.4*	*-52.7*
FCF/Adj. gross debt (%)	*%*	*-30.3*	*129*	*119*	*252*

Valuation

DCF

As the profit generation is in a ramp-up period, we have based our DCF valuation on the 2020 business model assumptions, i.e. the following:



This implies an EBITDA climbing from €-0.1m in 2017 to c.€10m in 2020.
Our other assumptions are the following:

- Normative working capital: negative by 17 days of sales, significantly less than in previous years, marked by the SaaS model where payments are received on a monthly basis and important deferred revenues are booked. DSO is now fairly equal to deferred revenues. 2018 should see a positive WCR via the reduction in deferred revenues (consumption of the SaaS backlog); in the long run, WC should remain in credit thanks to the new renewable licence contracts (downpayment of the licence by the client, + additional services cashed in over the contract period)
- Capex = 3% of sales, slightly above historical trend; no new acquisitions in the meantime.
- Tax rate: down to 28%, with a progressive reduction in the French rate from the current 33.3%.
  We have also taken cautious 2020-28 assumptions, with growth of 2% in the major parameters, close to our perpetual parameters.

With these parameters, the DCF model results in a €57.7 valuation per share for EasyVista.

Peer group

We have built a sample of application software groups: Sage Group, SAP, Software AG, Prodware, and Dassault Systèmes. Of course, the sizes or business models of these group are not strictly comparable to EasyVista. Moreover, the difference in maturity reduces the pertinency of a given year's analysis of multiples: obviously, the current ramp-up period of EasyVista's earnings cannot be considered as a fair vision of profitability.

If we consider an average of our sample's ratios, we see a current P/E of 29.7x, and 17x EV/EBITDA, with a very significant standard deviation, as shown in the peer group table.

Therefore, this peer approach should clearly not be stressed in EasyVista's valuation.

Asset value

Today, we do not identify any specific assets that could bring some value in addition to the group's current ITSM activity, its single business. But the current business has market references that we can apply to EasyVista's activity: EV/Sales ratio ranks between 3x (Software AG) and 4x (Sage Group), or even higher (SAP: 4.9x, 8x for Dassault Systèmes, up to 12x for main US competitor ServiceNow!).

Smaller companies like French Prodware are in contrast discounted (less than 1x). Despite its still small size, EasyVista's current momentum leads us to anticipate potential perception by investors closer to that of the bigger leaders: we thus consider a target EV/Sales of 2.5x. As it makes sense to dilute the 2020 convertible bonds, this assumption gives an equity value of €53.3 per share.

Valuation

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		56.6	39%	40%
NAV/SOTP per share		53.4	31%	40%
P/E	*Peers*	54.0	32%	5%
EV/Ebitda	*Peers*	53.6	31%	5%
P/Book	*Peers*	20.4	-50%	5%
Dividend Yield	*Peers*	0.00	-100%	5%
Target Price		**50.4**	**24%**	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	30.6	17.7	4.38	1.40
EasyVista's ratios	20.8	11.9	10.4	0.00
Premium	-10.0%	-10.0%	-10.0%	-10.0%
Default comparison based valuation (€)	**54.0**	**53.6**	**20.4**	**0.00**
SAP SE	29.0	17.2	4.15	1.53
Dassault Systemes	53.0	26.0	6.58	0.51
Sage Group (the)	16.9	11.3	4.06	3.11
Software AG	18.9	10.00	2.13	1.73
Prodware	6.45	3.37	0.57	0.85

DCF

DCF Valuation Per Share

WACC	%	8.45	Avg net debt (cash) at book value	€th	-5,943
PV of cashflow FY1-FY11	€th	43,690	Provisions	€th	640
FY11CF	€th	8,026	Unrecognised actuarial losses (gains)	€th	0.00
Normalised long-term growth"g"	%	2.00	Financial assets at market price	€th	0.00
Terminal value	€th	124,448	Minorities interests (fair value)	€th	0.00
PV terminal value	€th	55,298	Equity value	€th	104,292
PV terminal value in % of total value	*%*	*55.9*	Number of shares	Th	1,842
Total PV	€th	98,988	Implied equity value per share	€	56.6

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	150
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	5.00
Tax advantage of debt finance (normalised)	%	30.0	**Company beta (leveraged)**	**x**	**0.95**
Average debt maturity	Year	5	Company gearing at market value	%	-5.79
Sector asset beta	x	0.99	Company market gearing	%	-6.14
Debt beta	x	0.30	**Required return on geared equity**	**%**	**8.25**
Market capitalisation	€th	75,133	Cost of debt	%	3.50
Net debt (cash) at book value	€th	-4,348	**Cost of ungeared equity**	**%**	**8.45**
Net debt (cash) at market value	€th	-4,348	WACC	%	8.45

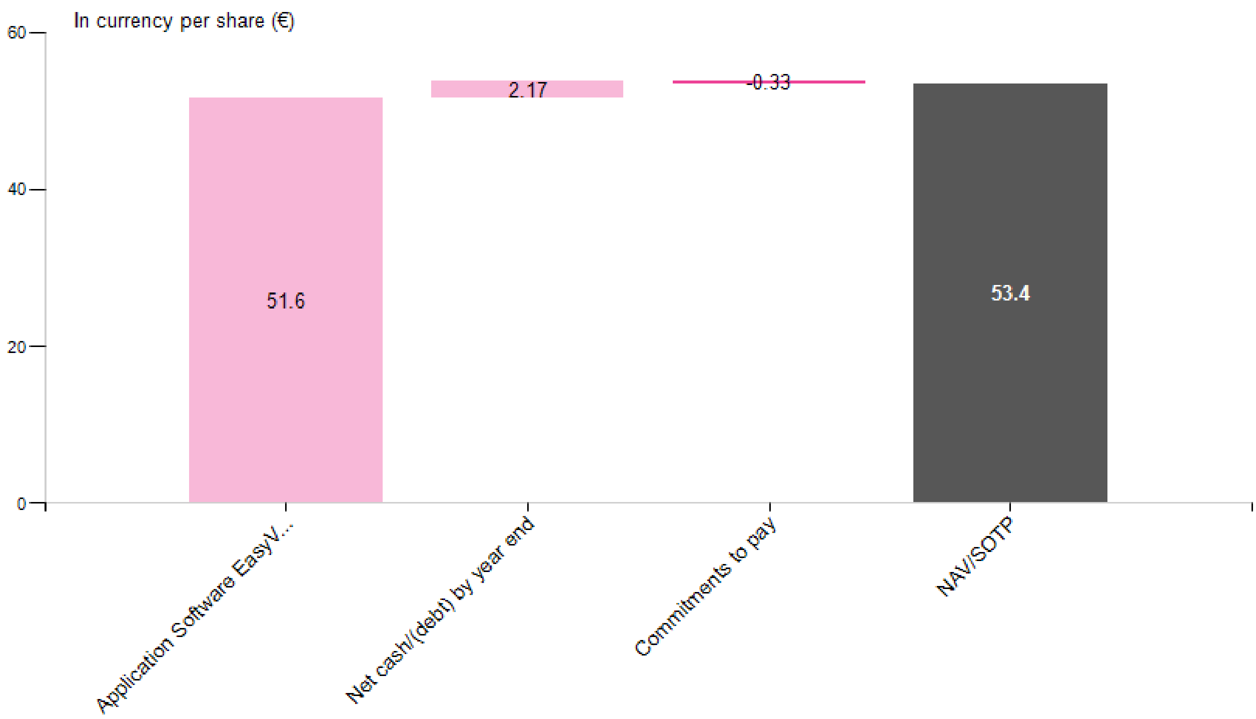
DCF Calculation

		12/17A	12/18E	12/19E	12/20E	Growth	12/21E	12/28E
Sales	€th	28,750	37,800	40,100	47,500	2.00%	48,450	55,654
EBITDA	€th	-60.0	5,500	6,000	10,000	2.00%	10,200	11,717
EBITDA Margin	*%*	*-0.21*	*14.6*	*15.0*	*21.1*		*21.1*	*21.1*
Change in WCR	€th	770	905	139	653	2.00%	666	765
Total operating cash flows (pre tax)	€th	710	6,405	6,139	10,653		10,866	12,482
Corporate tax	€th	-200	-1,571	-1,703	-2,537	2.00%	-2,588	-2,973
Net tax shield	**€th**	**-660**	**-69.5**	**-12.8**	**25.2**	**2.00%**	**25.7**	**29.5**
Capital expenditure	€th	-1,400	-1,134	-1,203	-1,425	2.00%	-1,454	-1,670
Capex/Sales	*%*	*-4.87*	*-3.00*	*-3.00*	*-3.00*		*-3.00*	*-3.00*
Pre financing costs FCF (for DCF purposes)	€th	-1,550	3,631	3,220	6,716		6,850	7,869
Various add backs (incl. R&D, etc.) for DCF purposes	€th							
Free cash flow adjusted	**€th**	**-1,550**	**3,631**	**3,220**	**6,716**		**6,850**	**7,869**
Discounted free cash flows	**€th**	**-1,550**	**3,631**	**2,969**	**5,710**		**5,371**	**3,497**
Invested capital	€	1.59	1.27	1.49	1.24		1.26	1.45

NAV/SOTP (edit)

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€th)	Stake valuation (€th)	In currency per share (€)	% of gross assets
Application Software ...	100%	EV/Sales	2.5	95,000	95,000	51.6	100%
Other							
Total gross assets					**95,000**	**51.6**	**100%**
Net cash/(debt) by year end					4,000	2.17	4.21%
Commitments to pay					-600	-0.33	-0.63%
Commitments received							
NAV/SOTP					98,400	53.4	104%
Number of shares net of treasury shares - year end (Th)					**1,842**		
NAV/SOTP per share (€)					**53.4**		
Current discount to NAV/SOTP (%)					**23.6**		



Worth Knowing

Keeping control is not taboo for management. The priority is clearly to achieve its growth ambitions. Part of the Knowesia acquisition has been paid in new Easyvista shares, resulting in a 5% dilution. Also, the €7.5m convertible bonds issued in 2016 will result in another 4.8% dilution. Currently, management still holds 38% of EasyVista's shares.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Easyvista Management	38.0%	38.0%	0.00%
Apparent free float			**62.0%**

Financials

Valuation Key Data

		12/17A	12/18E	12/19E	12/20E
Adjusted P/E	x	**-16.3**	**21.7**	**20.3**	**11.0**
Reported P/E	x	-13.3	23.9	22.0	11.5
EV/EBITDA(R)	x	**ns**	**13.0**	**11.4**	**6.15**
P/Book	x	**-8.02**	**15.1**	**8.96**	**5.04**
Dividend yield	%	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow yield	%	*-6.79*	*4.62*	*4.25*	*9.02*
Average stock price	€	28.0	40.8	40.8	40.8

Consolidated P&L

		12/17A	12/18E	12/19E	12/20E
Sales	€th	28,750	37,800	40,100	47,500
Sales growth	%	*25.5*	*31.5*	*6.08*	*18.5*
Sales per employee	€th	*169*	*197*	*202*	*229*
Organic change in sales	%				
Purchases and external costs (incl. IT)	€th	-10,010	-12,165	-12,946	-14,844
R&D Costs	€th	0.00	0.00	0.00	0.00
R&D costs as % of sales	%	0.00	0.00	0.00	0.00
Staff costs	€th	-18,830	-21,802	-22,597	-23,505
Operating lease payments	€th				
Cost of sales/COGS (indicative)	€th				
EBITDA	€th	-60.0	5,500	6,000	10,000
EBITDA(R)	€th	-60.0	5,500	6,000	10,000
EBITDA(R) margin	%	*-0.21*	*14.6*	*15.0*	*21.1*
EBITDA(R) per employee	€th	*-0.35*	*28.6*	*30.2*	*48.3*
Depreciation	€th	-520	-550	-842	-1,023
Depreciations/Sales	%	*1.81*	*1.46*	*2.10*	*2.15*
Amortisation	€th	-170	0.00	0.00	0.00
Additions to provisions	€th	0.00	0.00	0.00	0.00
Underlying operating profit	€th	-750	4,950	5,158	8,978
Underlying operating margin	%	*-2.61*	*13.1*	*12.9*	*18.9*
Other income/expense (cash)	€th	-270	0.00	0.00	0.00
Other inc./ exp. (non cash; incl. assets revaluation)	€th				
Earnings from joint venture(s)	€th				
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Operating profit (EBIT)	€th	-1,020	4,950	5,158	8,978
Interest expenses	€th	-600	-232	-42.8	0.00
of which effectively paid cash interest expenses	€th	*-2,200*	*-232*	*-42.8*	*0.00*
Financial income	€th	0.00	0.00	0.00	83.9
Other financial income (expense)	€th	-1,600	0.00	0.00	0.00
Net financial expenses	€th	-2,200	-232	-42.8	83.9
of which related to pensions	€th		*0.00*	*0.00*	*0.00*
Pre-tax profit before exceptional items	€th	-3,220	4,718	5,115	9,061
Exceptional items and other (before taxes)	€th				
of which cash (cost) from exceptionals	€th				
Current tax	€th	-200	-1,571	-1,703	-2,537
Impact of tax loss carry forward	€th				
Deferred tax	€th	0.00	0.00	0.00	0.00
Corporate tax	€th	-200	-1,571	-1,703	-2,537
Tax rate	%	*-6.21*	*33.3*	*33.3*	*28.0*
Net margin	%	*-11.9*	*8.33*	*8.51*	*13.7*
Equity associates	€th	0.00	0.00	0.00	0.00
Actual dividends received from equity holdings	€th				
Minority interests	€th	0.00	0.00	0.00	0.00
Actual dividends paid out to minorities	€th				
Income from discontinued operations	€th	0.00	0.00	0.00	0.00
Attributable net profit	€th	-3,420	3,147	3,412	6,524
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00

Financials

Other adjustments	€th				
Adjusted attributable net profit	€th	-3,420	3,147	3,412	6,524
Interest expense savings	€th	281	281	281	281
Fully diluted adjusted attr. net profit	€th	-3,139	3,428	3,693	6,805
NOPAT	€th	-525	3,465	3,611	6,284

Cashflow Statement		12/17A	12/18E	12/19E	12/20E
EBITDA	€th	-60.0	5,500	6,000	10,000
Change in WCR	€th	770	905	139	653
of which (increases)/decr. in receivables	*€th*	*0.00*	*-4,139*	*-1,052*	*-3,385*
of which (increases)/decr. in inventories	*€th*	*-3,930*	*0.00*	*0.00*	*0.00*
of which increases/(decr.) in payables	*€th*	*4,700*	*2,527*	*551*	*6,571*
of which increases/(decr.) in other curr. liab.	*€th*	*0.00*	*2,518*	*640*	*-2,533*
Actual dividends received from equity holdings	€th	0.00	0.00	0.00	0.00
Paid taxes	€th	-200	-1,571	-1,703	-2,537
Exceptional items	€th				
Other operating cash flows	€th				
Total operating cash flows	€th	510	4,834	4,436	8,116
Capital expenditure	€th	-1,400	-1,134	-1,203	-1,425
Capex as a % of depreciation & amort.	*%*	*203*	*206*	*143*	*139*
Net investments in shares	€th	0.00	0.00	0.00	0.00
Other investment flows	€th	-1,210			
Total investment flows	€th	-2,610	-1,134	-1,203	-1,425
Net interest expense	€th	-2,200	-232	-42.8	83.9
of which cash interest expense	*€th*	*-2,200*	*-232*	*-42.8*	*83.9*
Dividends (parent company)	€th	0.00	0.00	0.00	0.00
Dividends to minorities interests	€th	0.00	0.00	0.00	0.00
New shareholders' equity	€th	0.00	7,500	0.00	0.00
of which (acquisition) release of treasury shares	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
(Increase)/decrease in net debt position	€th	-300	-7,500	0.00	0.00
Other financial flows	€th	0.00			
Total financial flows	€th	-2,500	-232	-42.8	83.9
Change in scope of consolidation, exchange rates & other	€th	0.00	0.00	0.00	0.00
Change in cash position	€th	-4,600	3,468	3,190	6,775
Change in net debt position	€th	-4,300	10,968	3,190	6,775
Free cash flow (pre div.)	€th	-3,090	3,468	3,190	6,775
Operating cash flow (clean)	€th	510	4,834	4,436	8,116
Reinvestment rate (capex/tangible fixed assets)	*%*	*280*	*105*	*83.3*	*77.1*

Financials

Balance Sheet

		12/17A	12/18E	12/19E	12/20E
Capitalised R&D	€th	300	300	300	300
Goodwill	€th	3,400	3,400	3,400	3,400
Other intangible assets	€th	300	300	300	300
Total intangible	€th	4,000	4,000	4,000	4,000
Tangible fixed assets	€th	500	1,084	1,445	1,848
Financial fixed assets (part of group strategy)	€th	300	300	300	300
Other financial assets (investment purpose mainly)	€th	0.00	0.00	0.00	0.00
of which available for sale	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€th	-3,210	-4,115	-4,254	-4,908
of which trade & receivables (+)	*€th*	*13,150*	*17,289*	*18,341*	*21,726*
of which inventories (+)	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
of which payables (+)	*€th*	*8,360*	*10,887*	*11,438*	*18,009*
of which other current liabilities (+)	*€th*	*8,000*	*10,518*	*11,158*	*8,625*
Other current assets	€th				
of which tax assets (+)	*€th*				
Total assets (net of short term liabilities)	€th	1,590	1,269	1,491	1,240
Ordinary shareholders' equity (group share)	€th	-5,670	4,977	8,389	14,913
Minority interests	€th	0.00	0.00	0.00	0.00
Provisions for pensions	€th	0.00	0.00	0.00	0.00
Other provisions for risks and liabilities	€th	640	640	640	640
Deferred tax liabilities	€th	0.00	0.00	0.00	0.00
Other liabilities	€th				
Net debt / (cash)	€th	6,620	-4,348	-7,538	-14,313
Total liabilities and shareholders' equity	€th	1,590	1,269	1,491	1,240
Average net debt / (cash)	€th	4,400	1,136	-5,943	-10,926

EV Calculations

		12/17A	12/18E	12/19E	12/20E
EV/EBITDA(R)	**x**	**ns**	**13.0**	**11.4**	**6.15**
EV/EBIT (underlying profit)	**x**	**-70.3**	**14.4**	**13.2**	**6.85**
EV/Sales	**x**	**1.84**	**1.89**	**1.70**	**1.29**
EV/Invested capital	x	33.2	56.3	45.8	49.6
Market cap	€th	45,496	75,133	75,133	75,133
+ Provisions (including pensions)	€th	640	640	640	640
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
+ Net debt at year end	€th	6,620	-4,348	-7,538	-14,313
+ Leases debt equivalent	€th	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€th				
+ Minority interests (fair value)	€th				
= Enterprise Value	**€th**	**52,756**	**71,425**	**68,235**	**61,460**

Financials

Per Share Data

Per Share Data		12/17A	12/18E	12/19E	12/20E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**-1.72**	**1.88**	**2.01**	**3.70**
Growth in EPS	*%*	*n/a*	*n/a*	*6.85*	*84.3*
Reported EPS	€	-2.11	1.71	1.85	3.54
Net dividend per share	**€**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow per share	€	-1.69	1.90	1.73	3.68
Operating cash flow per share	€	0.31	2.79	2.41	4.41
Book value per share	€	-3.49	2.70	4.56	8.10
Number of ordinary shares	**Th**	**1,654**	**1,842**	**1,842**	**1,842**
Number of equivalent ordinary shares (year end)	Th	1,654	1,842	1,842	1,842
Number of shares market cap.	Th	1,654	1,842	1,842	1,842
Treasury stock (year end)	Th	30.0			
Number of shares net of treasury stock (year end)	Th	1,624	1,842	1,842	1,842
Number of common shares (average)	**Th**	**1,639**	**1,733**	**1,842**	**1,842**
Conversion of debt instruments into equity	Th	188			
Settlement of cashable stock options	Th				
Probable settlement of non mature stock options	Th				
Other commitments to issue new shares	Th				
Increase in shares outstanding (average)	Th	189	93.8	0.00	0.00
Number of diluted shares (average)	**Th**	**1,828**	**1,827**	**1,842**	**1,842**
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-1.72	1.88	2.01	3.70
EPS before goodwill amortisation (non-diluted)	€	-2.09	1.82	1.85	3.54
Actual payment	€				
Payout ratio	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Capital payout ratio (div +share buy back/net income)	**%**	**0.00**	**0.00**	**0.00**	

Funding - Liquidity

Funding - Liquidity		12/17A	12/18E	12/19E	12/20E
EBITDA	€th	-60.0	5,500	6,000	10,000
Funds from operations (FFO)	€th	-2,460	3,697	4,254	7,547
Ordinary shareholders' equity	**€th**	**-5,670**	**4,977**	**8,389**	**14,913**
Gross debt	€th	9,550	2,050	2,050	2,050
o/w Less than 1 year - Gross debt	€th	0.00	0.00	0.00	0.00
o/w 1 to 5 year - Gross debt	€th	9,550	2,050	2,050	2,050
+ Gross Cash	€th	2,930	6,398	9,588	16,363
= Net debt / (cash)	**€th**	**6,620**	**-4,348**	**-7,538**	**-14,313**
Issued bonds	€th	7,500			
Other financing	€th	2,050	2,050	2,050	2,050
Gearing (at book value)	%		22.8	-70.8	-73.3
Adj. Net debt/EBITDA(R)	*x*	*-110*	*-0.79*	*-1.26*	*-1.43*
Adjusted Gross Debt/EBITDA(R)	*x*	*-170*	*0.49*	*0.45*	*0.27*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*225*	*35.1*	*24.3*	*15.3*
Ebit cover	*x*	*-0.34*	*21.4*	*120*	*-107*
FFO/Gross Debt	*%*	*-24.1*	*137*	*158*	*281*
FFO/Net debt	*%*	*-37.2*	*-85.0*	*-56.4*	*-52.7*
FCF/Adj. gross debt (%)	*%*	*-30.3*	*129*	*119*	*252*

EasyVista (Buy)

Enterpr. Software & Serv / France

Financials

ROE Analysis (Dupont's Breakdown)

		12/17A	12/18E	12/19E	12/20E
Tax burden (Net income/pretax pre excp income)	x	1.06	0.67	0.67	0.72
EBIT margin (EBIT/sales)	%	-3.55	13.1	12.9	18.9
Assets rotation (Sales/Avg assets)	%	-5,088	2,645	2,907	3,479
Financial leverage (Avg assets /Avg equity)	x	0.09	-4.13	0.21	0.12
ROE	**%**	**57.5**	**-908**	**51.1**	**56.0**
ROA	%	-79.1	511	433	955

Shareholder's Equity Review (Group Share)

		12/17A	12/18E	12/19E	12/20E
Y-1 shareholders' equity	€th	-4,209	-7,629	4,977	8,389
+ Net profit of year	€th	-3,420	3,147	3,412	6,524
- Dividends (parent cy)	€th	0.00	0.00	0.00	0.00
+ Additions to equity	€th	0.00	7,500	0.00	0.00
o/w reduction (addition) to treasury shares	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
- Unrecognised actuarial gains/(losses)	€th	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€th		1,959	0.00	0.00
= Year end shareholders' equity	**€th**	**-7,629**	**4,977**	**8,389**	**14,913**

Staffing Analytics

		12/17A	12/18E	12/19E	12/20E
Sales per staff	€th	169	197	202	229
Staff costs per employee	€th	-111	-114	-114	-114
Change in staff costs	*%*	*26.1*	*15.8*	*3.65*	*4.02*
Change in unit cost of staff	*%*	*1.94*	*2.52*	*0.00*	*0.00*
Staff costs/(EBITDA+Staff costs)	*%*	*100*	*79.9*	*79.0*	*70.2*
Average workforce	**unit**	**170**	**192**	**199**	**207**
Europe	unit	132	143	148	154
North America	unit	38.0	49.0	51.0	53.0
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	**€th**	**-18,830**	**-21,802**	**-22,597**	**-23,505**
Wages and salaries	€th	-18,830	-21,802	-22,597	-23,505
of which social security contributions	*€th*	*-4,930*	*-5,708*	*-5,916*	*-6,154*
Equity linked payments	€th				
Pension related costs	€th		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/17A	12/18E	12/19E	12/20E
Total sales	**€th**	**28,750**	**37,800**	**40,100**	**47,500**
France	€th	17,160	20,592	21,622	23,784
Other	€th	11,590	17,208	18,478	23,716

Divisional Breakdown Of Earnings

		12/17A	12/18E	12/19E	12/20E
EBITA Analysis					
France	€th	310	800	872	1,003
Other/cancellations	€th	-1,060	4,150	4,286	7,975
Total	**€th**	**-750**	**4,950**	**5,158**	**8,978**
EBITA margin	%	-2.61	13.1	12.9	18.9

Revenue Breakdown By Country

		12/17A	12/18E	12/19E	12/20E
France	%	59.7	54.5		
Other	%	40.3	45.5		

Financials

ROCE/CFROIC/Capital Invested

		12/17A	12/18E	12/19E	12/20E
ROCE (NOPAT+lease exp.(1-tax))/(net) cap employed adjusted*	*%*	*-33.0*	*273*	*242*	*507*
CFROIC	*%*	*-194*	*273*	*214*	*546*
Goodwill	€th	3,400	3,400	3,400	3,400
Accumulated goodwill amortisation	*€th*	*-2,460*	*-2,460*	*-2,460*	*-2,460*
All intangible assets	€th	300	300	300	300
Accumulated intangible amortisation	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
Financial hedges (LT derivatives)	€th	0.00	0.00	0.00	0.00
Capitalised R&D	€th	300	300	300	300
PV of non-capitalised lease obligations	€th	0.00	0.00	0.00	0.00
Other fixed assets	€th	500	1,084	1,445	1,848
Accumulated depreciation	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€th	-3,210	-4,115	-4,254	-4,908
Other assets	€th	300	300	300	300
Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	**€th**	**1,590**	**1,269**	**1,491**	**1,240**
Capital employed before depreciation	€th	-870	-1,191	-969	-1,220

Divisional Breakdown Of Capital

		12/17A	12/18E	12/19E	12/20E
France	€th				
Other	€th	1,590	1,269	1,491	1,240
Total capital employed	**€th**	**1,590**	**1,269**	**1,491**	**1,240**

Pension Risks

Pension matters

2015 and 2016 were marked by a boost in EasyVista's staff numbers investment: from 110 people in 2014, the headcount jumped to 170 in 2017; in Europe it increased from 84 to 133, +58%, and in North America from 26 to 38, +46%. The headcount at the end of H1 18 should be close to 200. Top management has also been reinforced: F Pierresteguy (12 years VP Sales at Landesk) has been appointed VP Sales for EMEA (Europe/Middle East/Africa), with deep knowledge of indirect sales channels. We recall that c.75% of EasyVista's current sales stem from direct channels, i.e. the group's own salesforce. EasyVista wants to increase the indirect sales channel to c.50% over the medium term, together with the development of medium-sized prospects.
In the US, J Prestridge was hired as group CMO, and, at the head of the US business unit where marketing strategy is now defined (more focused on product than communication, better skills in digital marketing). Prestridge has reinforced his management team in Q1 18 with three new people, Mark Shell, VP Customer Experience (7 years at Cherwell), Alfred Crews, VP Sales, five years at ServiceNow, and Byron Thomas, VP Global Demand Marketing (ex Citrix), to develop the pipeline. The current North American organisation is now targeting to enlarge the client base, with four sales teams (New York, Denver, Tampa and Montreal), engineers and four data centres.

Summary Of Pension Risks		12/17A	12/18E	12/19E	12/20E
Pension ratio	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Ordinary shareholders' equity	€th	-5,670	4,977	8,389	14,913
Total benefits provisions	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
of which funded pensions	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
of which unfunded pensions	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
of which benefits / health care	*€th*		*0.00*	*0.00*	*0.00*
Unrecognised actuarial (gains)/losses	€th	0.00	0.00	0.00	0.00
Company discount rate	*%*		*1.30*		
Normalised recomputed discount rate	%		2.25		
Company future salary increase	*%*		*2.30*		
Normalised recomputed future salary increase	%		2.00		
Company expected rate of return on plan assets	*%*		*2.00*		
Normalised recomputed expd rate of return on plan assets	%		0.00		
Funded : Impact of actuarial assumptions	**€th**		**0.00**		
Unfunded : Impact of actuarial assumptions	**€th**		**0.00**		

Geographic Breakdown Of Pension Liabilities		12/17A	12/18E	12/19E	12/20E
US exposure	%	50.0	50.0	50.0	50.0
UK exposure	%				
Euro exposure	%	50.0	50.0	50.0	50.0
Nordic countries	%				
Switzerland	%				
Other	%				
Total	%	100	100	100	100

Balance Sheet Implications		12/17A	12/18E	12/19E	12/20E
Funded status surplus / (deficit)	€th	0.00	0.00	0.00	0.00
Unfunded status surplus / (deficit)	€th	0.00	0.00	0.00	0.00
Total surplus / (deficit)	€th	0.00	0.00	0.00	0.00
Total unrecognised actuarial (gains)/losses	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
Provision (B/S) on funded pension	€th	0.00	0.00	0.00	0.00
Provision (B/S) on unfunded pension	€th	0.00	0.00	0.00	0.00
Other benefits (health care) provision	€th		0.00	0.00	0.00
Total benefit provisions	**€th**	**0.00**	**0.00**	**0.00**	**0.00**

Pension Risks

P&L Implications

		12/17A	12/18E	12/19E	12/20E
Funded obligations periodic costs	€th	0.00	0.00	0.00	0.00
Unfunded obligations periodic costs	€th	0.00	0.00	0.00	0.00
Total periodic costs	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
of which incl. in labour costs	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
of which incl. in interest expenses	*€th*	*0.00*	*0.00*	*0.00*	*0.00*

Funded Obligations

		12/17A	12/18E	12/19E	12/20E
Balance beginning of period	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
Current service cost	€th		0.00	0.00	0.00
Interest expense	€th		0.00	0.00	0.00
Employees' contributions	€th				
Impact of change in actuarial assumptions	€th		0.00	0.00	0.00
of which impact of change in discount rate	*€th*		*0.00*		
of which impact of change in salary increase	*€th*		*0.00*		
Changes to scope of consolidation	**€th**				
Currency translation effects	€th				
Pension payments	€th				
Other	€th				
Year end obligation	**€th**	**0.00**	**0.00**	**0.00**	**0.00**

Plan Assets

		12/17A	12/18E	12/19E	12/20E
Value at beginning	**€th**		**0.00**	**0.00**	**0.00**
Company expected return on plan assets	€th		0.00	0.00	0.00
Actuarial gain /(loss)	€th		0.00	0.00	0.00
Employer's contribution	€th		0.00	0.00	0.00
Employees' contributions	€th	0.00	0.00	0.00	0.00
Changes to scope of consolidation	€th				
Currency translation effects	€th				
Pension payments	€th	0.00	0.00	0.00	0.00
Other	€th				
Value end of period	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
Actual and normalised future return on plan assets	€th	0.00	0.00	0.00	0.00

Unfunded Obligations

		12/17A	12/18E	12/19E	12/20E
Balance beginning of period	**€th**	**0.00**	**0.00**	**0.00**	**0.00**
Current service cost	€th		0.00	0.00	0.00
Interest expense	€th		0.00	0.00	0.00
Employees' contributions	€th				
Impact of change in actuarial assumptions	€th		0.00	0.00	0.00
of which Impact of change in discount rate	*€th*		*0.00*		
of which Impact of change in salary increase	*€th*		*0.00*		
Changes to scope of consolidation	€th				
Currency translation effects	€th				
Pension payments	€th				
Other	€th				
Year end obligation	**€th**	**0.00**	**0.00**	**0.00**	**0.00**

Governance & Management

EasyVista's governance is typical of a growth company, with the founder being the CEO as well as the Chairman of the Board.

The company's Board of Directors has only four members:

Sylvain Gauthier, Chairman and CEO, Jamal Labed, Deputy CEO, Alain Roubach, non-executive and independent Director (formerly CEO of Leon de Bruxelles restaurants), as well as David Weiss, formerly CEO of Numura Software, with strong experience in IT management.

Governance parameters

	Yes ✔ / No ✘	Weighting
One share, one vote	✔	20%
Chairman vs. Executive split	✘	5%
Chairman not ex executive	✘	5%
Independent directors equals or above 50% of total directors	✔	20%
Full disclosure on mgt pay (performance related bonuses, pensions and non financial benefits)	✘	10%
Disclosure of performance anchor for bonus trigger	✘	15%
Compensation committee reporting to board of directors	✘	5%
Straightforward, clean by-laws	✔	20%
Governance score	60	100%

Existing committees

- ✘ Audit / Governance Committee
- ✘ Compensation committee
- ✘ Financial Statements Committee
- ✘ Litigation Committee
- ✘ Nomination Committee
- ✘ Safety committee
- ✘ SRI / Environment

Management

Name			Function	Birth date	Date in	Date out	Compensation, in k€ (year) Cash	Equity linked
Sylvain GAUTHIER	M	France	CEO	1957	2004			
Jamal LABED	M	France	Deputy CEO	1962	2004			

Board of Directors

Name			Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Sylvain GAUTHIER	M	France	✘	President/Chairman of th...		1957	2004			
Jamal LABED	M	France	✘	Member		1962	2004			
Alain ROUBACH	M	France	✔	Member		1957	2013			
David WEISS	M	USA	✔	Member	2019	1960	2013			

Governance & Management

Human Resources

Accidents at work	Human resources development	Pay	Job satisfaction	Internal communication
25% Of H.R. Score	35% Of H.R. Score	20% Of H.R. Score	10% Of H.R. Score	10% Of H.R. Score

HR Breakdown

		Yes ✓ / No ✗	Rating
Accidents at work	**25%**		**25/100**
Set targets for work safety on all group sites?	40%	✓	10/100
Are accidents at work declining?	60%	✓	15/100
Human resources development	**35%**		**35/100**
Are competences required to meet medium term targets identified?	10%	✓	4/100
Is there a medium term (2 to 5 years) recruitment plan?	10%	✓	4/100
Is there a training strategy tuned to the company objectives?	10%	✓	4/100
Are employees trained for tomorrow's objectives?	10%	✓	4/100
Can all employees have access to training?	10%	✓	4/100
Has the corporate avoided large restructuring lay-offs over the last year to date?	10%	✓	4/100
Have key competences stayed?	10%	✓	4/100
Are managers given managerial objectives?	10%	✓	4/100
If yes, are managerial results a deciding factor when assessing compensation level?	10%	✓	4/100
Is mobility encouraged between operating units of the group?	10%	✓	4/100
Pay	**20%**		**14/100**
Is there a compensation committee?	30%	✗	0/100
Is employees' performance combining group performance AND individual performance?	70%	✓	14/100
Job satisfaction	**10%**		**7/100**
Is there a measure of job satisfaction?	33%	✓	3/100
Can anyone participate ?	34%	✓	3/100
Are there action plans to prop up employees' morale?	33%	✗	0/100
Internal communication	**10%**		**10/100**
Are strategy and objectives made available to every employee?	100%	✓	10/100
	Human Ressources score:		**91/100**

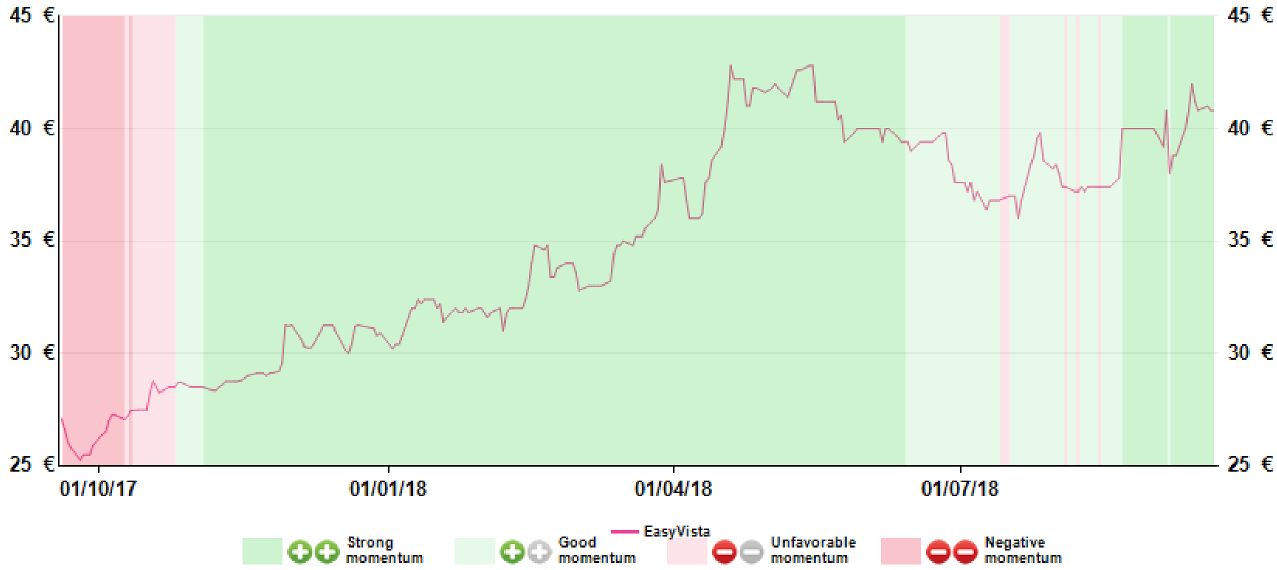
HR Score

H.R. Score : 9.1/10

▼ Software
■ EasyVista

Graphics

Momentum



Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.
For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.
The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

: Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

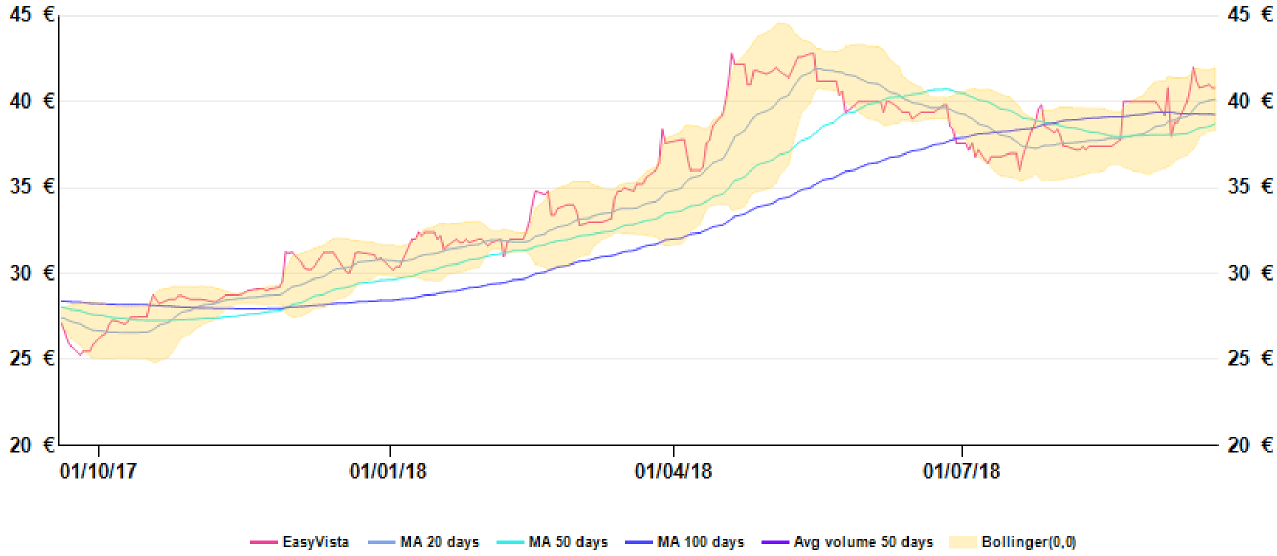
: Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

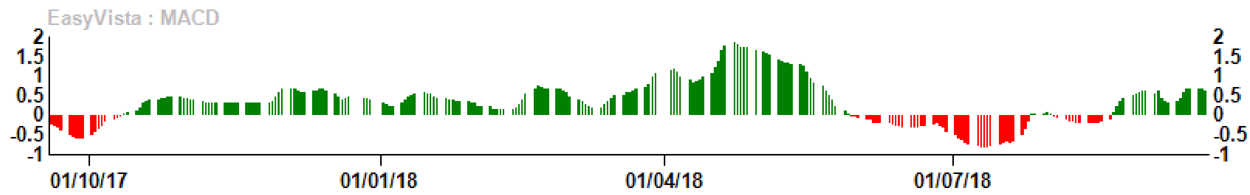
: Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

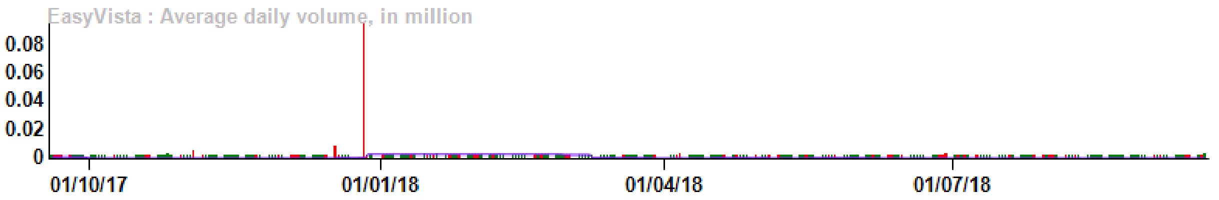
: Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

Graphics

Moving Average MACD & Volume



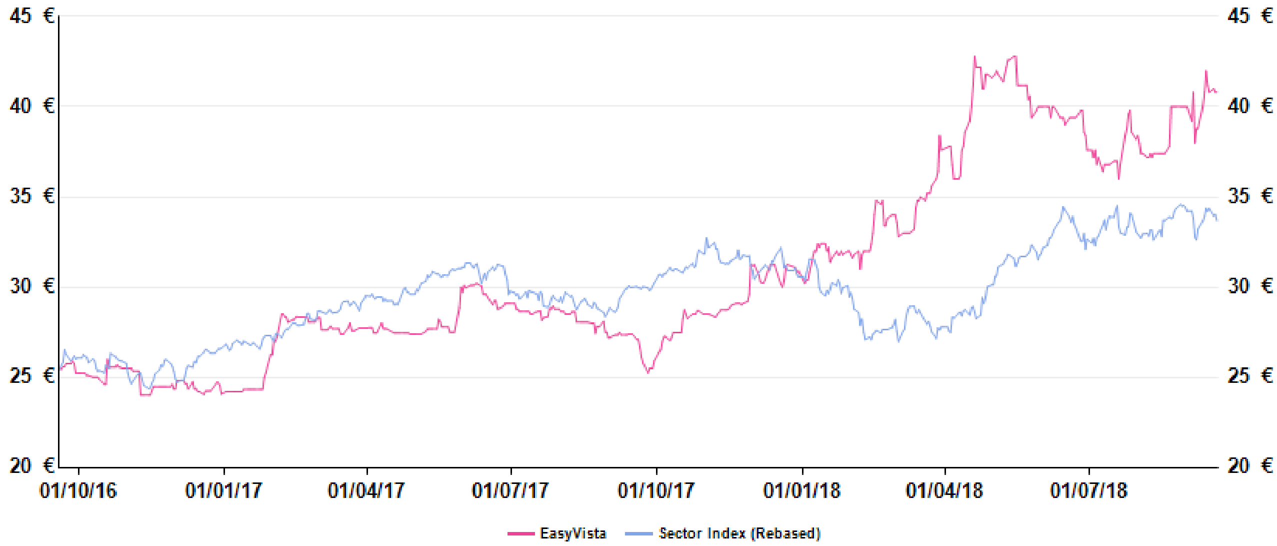




Graphics

€/$ sensitivity

Sector Software



Methodology

Methodology

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a "**value**" approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency,** all underlying figures are accessible, and **consistency,** same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Methodology

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	25%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	15%	15%
P/Book	5%	5%	5%	5%	15%	10%
Banks' instrinsic method	0%	0%	0%	0%	25%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%