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Astaire

SECURITIES

Software & Computer Services

19th July 2010

Access Intelligence

CORPORATE*

Interims: Successful SaaS expansion

4.25p[#]

Year-end November	2008A	2009A	2010E	2011E
Revenue (£m)	4.0	6.0	9.3	11.3
Adj. EBIT (£m)	(0.7)	0.6	1.5	2.1
Adj. Pre-tax Profit (£m)	(0.6)	0.6	1.4	1.9
Rep. basic EPS (p)	(5.3)	0.4	0.5	0.6
DPS (p)	0.0	0.0	0.0	0.0
Net Cash/(Debt) (£m) †	0.7	(0.1)	1.2	2.8
P/E (x)	NEG	11.2	8.8	7.2
EV/EBITDA (x) †	NEG	15.6	6.1	3.7

Key Data	
Ticker	ACC.L
Shares in issue	254.8m
Market cap	£10.8m
12-mth price range	4.1p-7.9p
Net cash (interim)	£0.5m†
Next event	Prelims (March)
† treats £1.85m convertible loans as debt	

Source: Astaire Securities estimates

[#]Priced at market close, 16th July 2010

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Access Intelligences (AI) is building its SaaS software business around compliance in the Public and Private sectors - markets demonstrating long term growth with increasing regulation and transparency. H1 results were in line with forecast with good performance at the top and bottom line and >100% cash conversion. Although some softness in its Public Sector-oriented businesses looks inevitable, AI's products offer cost savings and a low entry cost. With Cobent, the business is also more broadly based. Profit forecasts remain unchanged and AI trades on an undemanding 7.2x FY11.

- **Top and bottom line performance:** H1 performance was in line with adjusted operating profits +295% to £668k on revenues +63% to £4.1m – +25% on an organic basis. Net cash increased £0.6m to £0.5m with 141% adjusted operating profit/operating cash conversion reflecting the benefits of the SaaS model. Small reduction to revenue forecast (£300k and £400k) to reflect WiredGov disposal.
- **Ongoing SaaS transition:** The transition of the business to a SaaS model continues with £2.4m revenues in H1 +65.7% (58.5% of the total). SaaS provides customers with reduced capital expenditure and higher service while AI benefits from greater revenue visibility, longer term contracts and high cash conversion.
- **Cobent started solidly:** H1 included a first Cobent contribution, the compliance solutions business acquired in March for £5.2m. Cobent made a small operational loss in the period (£57k) on revenues of £289k as it moved towards SaaS and investment was made in sales and marketing. Management reports a strong start to H2 with total orders of £0.6m since acquisition. Cobent has expanded AI's compliance business into a broader range of regulated industries and overseas.
- **Private sector expansion:** AIMediaComms added 22 new SaaS public sector subscriptions to date with 99% customer retention. The business is successfully expanding into the private sector and away from purely media relations.

Company description

Provider of software, predominantly as a hosted service, in the areas of compliance, procurement, media relations and PR.

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