

# BEEKS FINANCIAL CLOUD GROUP

## SOFTWARE AND COMPUTER SERVICES

11 December 2024

BKS.L

300p

Market Cap: £197.7m

### SHARE PRICE (p)



12m high/low

300p/95p

Source: LSE Data (priced as at prior close)

### KEY DATA

Net (debt)/cash	£6.6m (at 30/06/24)
Enterprise value	£191.1m
Index/market	AIM
Next news	Interims, Mar 2025
Shares in issue (m)	65.9
Chairman	William Meldrum
CEO	Gordon McArthur
CFO	Fraser McDonald

### COMPANY DESCRIPTION

Beeks provides low-latency Infrastructure-as-a-Service (IaaS) for automated trading of financial products.

[www.beeksgroup.com](http://www.beeksgroup.com)

BEEKS FINANCIAL CLOUD GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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## Board changes: 'Do You Hear What I Hear?'

Beeks announces that NED William Meldrum is appointed Chair, and the current Chair, Mark Cubitt, becomes a NED. This follows Mr Cubitt's appointment as Executive Chair of IQE plc, where he is busy with a strategic review. On 29 October, IQE CEO Americo Lemos departed and Mr Cubitt, who joined the IQE Board earlier that month, was appointed Executive Chair, taking over from Phil Smith, who stepped down as Chair but remains as a NED. By contrast, Beeks is a model of stability, unbridled growth and opportunity. Beeks is currently the top-performing LSE tech company (n=74) with a TSR +203.5% 2024YTD vs the sector +8.1%. In our view, Beeks is gaining from secular tailwinds (cloud adoption, compliance, data sovereignty, cybersecurity, sustainability, analytics, payment modernisation, AI in risk management etc), which have enabled it to carve out a moat as market leader in cloud infrastructure for financial markets and payments. The FY1 valuation (EV/EBITDA 13x) does little to reflect the proven execution on global TAM and the opportunity for more. Investors buy Beeks for long-term secular growth.

- The news.** Beeks announces that current Non-Executive Director William Meldrum will assume the role of Chair of the Board. Mark Cubitt, current Chair, moves to a Non-Executive Director role. This follows Mr Cubitt's recent appointment as Chair of IQE plc. All Board committees remain the same.
- Gordon McArthur, CEO of Beeks:** "We are grateful for the leadership Mark has provided over the last seven years, and pleased we will continue to benefit from his insight on the Board. Will's understanding of the technological landscape of financial markets and experience in building a global technology business is a huge asset to us and we're delighted he has agreed to take on the role of Chair."
- Investment case precis.** Beeks is established, profitable and growing, with a global opportunity, robust moat, improving unit economics and (more) experienced management team. The IaaS is optimised for low-latency private cloud compute, connectivity and real-time analytics. Continued growth is predicated on customers migrating on-prem to cloud as they reconcile cloud's cost, agility and security advantages, as any residual performance, regulatory and data sovereignty concerns are addressed.

FYE JUN (£M)	2022	2023	2024	2025E	2026E
Revenue	18.3	22.4	28.5	38.5	44.5
Adj EBITDA	6.3	8.4	10.7	14.5	16.7
Fully Adj PBT	2.1	2.3	3.9	5.8	6.7
Fully Adj EPS (p)	4.5	4.0	6.4	7.3	8.4
EV/Sales (x)	10.5	8.5	6.7	5.0	4.3
EV/EBITDA (x)	30.3	22.7	17.8	13.2	11.4
PER (x)	66.8	75.8	47.2	41.3	35.8

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

**Financial Summary: Beeks Financial Cloud Group**

Year end: June (£m unless shown)

	2022	2023	2024	2025E	2026E
<b>PROFIT &amp; LOSS</b>					
Revenue	18.29	22.36	28.49	38.50	44.47
Adj EBITDA	6.31	8.42	10.73	14.51	16.72
Adj EBIT	2.36	3.27	3.79	6.08	7.06
Reported PBT	0.07	(0.65)	1.46	3.12	4.02
Fully Adj PBT	2.06	2.33	3.90	5.76	6.66
NOPAT	2.50	3.59	5.53	7.30	8.47
Reported EPS (p)	1.42	(0.13)	3.11	3.78	4.48
Fully Adj EPS (p)	4.49	3.96	6.36	7.26	8.39
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOW &amp; BALANCE SHEET</b>					
Operating cash flow	4.61	7.12	9.83	12.21	14.47
Free Cash flow	(7.76)	(0.14)	3.27	3.17	5.29
FCF per share (p)	(11.78)	(0.20)	4.97	4.81	8.03
Acquisitions	0.00	0.00	0.00	0.00	0.00
Capex	(12.09)	(7.15)	(6.79)	(8.10)	(7.70)
Shares issued	14.76	0.00	0.00	0.00	0.00
Net cash flow	6.79	(2.33)	(0.76)	0.83	2.84
Overdrafts / borrowings	(2.30)	(3.42)	(1.12)	(1.12)	(1.12)
Cash & equivalents	10.16	7.84	7.70	8.53	11.37
Net (Debt)/Cash	7.86	4.41	6.58	7.41	10.25
<b>NAV AND RETURNS</b>					
Net asset value	30.76	32.79	37.50	42.90	49.70
NAV/share (p)	46.67	49.76	56.89	65.09	75.40
Net Tangible Asset Value	16.27	17.95	20.03	18.70	16.70
NTAV/share (p)	24.69	27.24	30.39	28.37	25.34
Average equity	22.26	31.77	35.14	40.20	46.30
Post-tax ROE (%)	9.2%	7.3%	11.1%	14.3%	14.4%
<b>METRICS</b>					
Revenue growth	N/A	22.2%	27.4%	35.1%	15.5%
Adj EBITDA growth	N/A	33.4%	27.4%	35.3%	15.2%
Adj EBIT growth	N/A	38.6%	16.1%	60.3%	16.1%
Adj PBT growth	N/A	13.3%	67.4%	47.8%	15.5%
Adj EPS growth	N/A	(11.8%)	60.6%	14.2%	15.5%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margin	12.9%	14.6%	13.3%	15.8%	15.9%
<b>VALUATION</b>					
EV/Sales (x)	10.5	8.5	6.7	5.0	4.3
EV/EBITDA (x)	30.3	22.7	17.8	13.2	11.4
EV/NOPAT (x)	76.6	53.2	34.6	26.2	22.6
PER (x)	66.8	75.8	47.2	41.3	35.8
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(3.9%)	(0.1%)	1.7%	1.6%	2.7%

Source: Company information and Progressive Equity Research estimates

**Disclaimers and Disclosures**

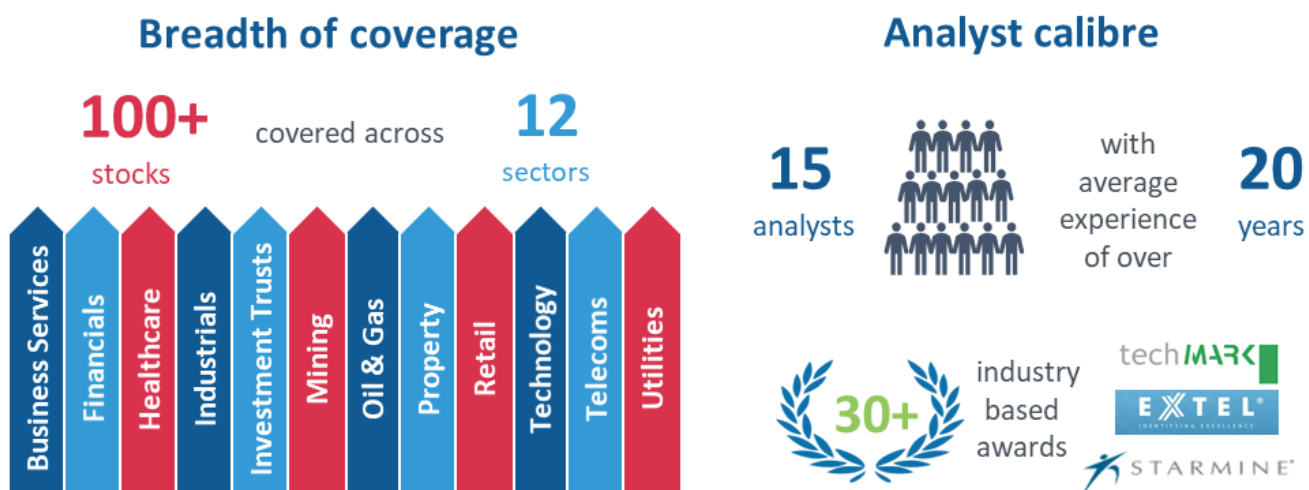
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