

Atlantic Global

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Event

- Atlantic Global released full year results to December 2006 this morning.

Analysis

- Reported turnover of £2.0m and pre goodwill loss before tax of £51k were marginally behind expectations for £2.2m of sales and a break even result pre goodwill. However, the second half saw a return to profitable trading with a pre goodwill profit of £52k at the operating level. The balance sheet remains strong with £1.6m held in cash at 31 December 2006. New customer wins included Provident Financial, Kingston Communications, GroupM, Tiscali and Aircom International.

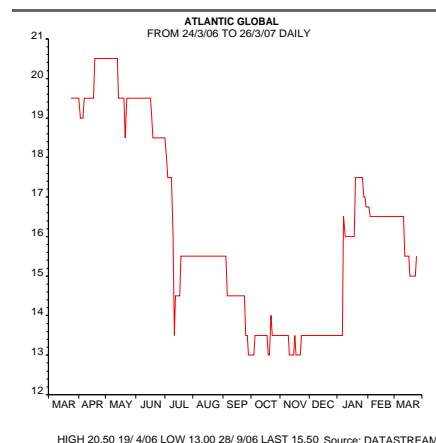
Action

- Atlantic Global addresses the Project Portfolio Management Market (PPM) and has a well respected product (it is the only UK company to occupy the Gartner's PPM Magic Quadrant). Its problems over the last few years seem to relate to both the embryonic stage of the PPM market and the difficulty of attracting, to a small company, salesmen of the necessary capability to sell an enterprise solution.
- We believe that potential customers will over time increasingly recognise the need for specialist PPM software and thus Atlantic remains well positioned to benefit from this maturing market. However, the real excitement in the stock has always been the possibility of landing some major license fees, on a small cost base and thus aggressively building profitability. In this regard the company still needs to deliver consistent contract wins to prove to investors that it both has the correct sales structure and that demand from its market is starting to increase.
- That said we are maintaining our 2007 forecasts for sales of £2.5m and pre goodwill PBT of £0.3m. Assuming a 20% tax charge this gives EPS of 1.0p. However, given the large cash balance it is more sensible to value the stock on an ex cash basis which shows the stock to be relatively cheap on a P/e of 10x for 2007. Thus, should the company be able deliver consistent contract wins there should be upside for the shares.

Recommendation: Buy
Ticker: ATLL

Price: 15p
Market cap: £4m

	1m	3m	12m
Absolute (%)	-3.0	18.5	-17.9
Relative to FT All Share (%)	-4.1	16.4	-23.9



Research Recommendations issued by Collins Stewart Europe Limited in Q3 2006

Recommendations	Buys	Sells	Hold/Neutral
Percentage of Total	60%	20%	20%
Percentage of which in Corporate Client stocks	22%	2%	6%

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