

ikeGPS

3Q25 Remains Powered-On

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ikeGPS (IKE) released a solid 3Q25 trading update for the period ending 31 December 2024. Total revenue is tracking +21% ahead of FY24. IKE's year-to-date gross margin dollars grew +42%, and gross margin percentage (at 68% and up from 58% in the pcp) continues to improve, reflecting the mix-shift towards higher-margin Subscription products and gross margin expansion in the division. Cash rose +NZ\$1.2m over the quarter to NZ\$9.2m, despite ongoing investment in product development. IKE has +NZ\$4.4m of net receivables and no debt, substantially reducing the likelihood of needing to raise additional capital for operational purposes. Management indicated during the update call that it expects cash levels to strengthen further over 4Q25. IKE maintained its FY25 guidance for total Subscription revenue to grow by ~+40% or greater compared to the prior year. We retain our NZ\$26.7m FY25 total revenue estimate, representing growth of +24% on FY24, but note this requires a strong 4Q25 trading performance. Our blended spot valuation rises +5% to NZ\$0.87.

NZX code	IKE	Financials: Mar/	24A	25E	26E	27E	Valuation (x)	24A	25E	26E	27E
Share price	NZ\$0.61	Rev (NZ\$m)	21.5	26.7	33.9	42.1	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$0.87 (from 0.83)	NPAT* (NZ\$m)	-15.0	-11.1	-5.5	-0.4	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	-9.4	-6.9	-3.3	-0.2	EV/EBITDA	n/a	n/a	n/a	21.2
Issued shares	160.7m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	13.3	n/a	n/a	n/a
Market cap	NZ\$98.1m	Imputation (%)	100	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	38.7k (NZ\$22k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

What's changed?

- **Spot valuation:** Our blended spot valuation rises +4cps to NZ\$0.87, on a re-rate in peer multiples.

Operationally showing good progress

FY25 year-to-date revenue is NZ\$18.5m, up +21% year-on-year, while 3Q25 revenue was NZ\$6.3m (+31% versus the pcp). For FY25 to date, gross profit is NZ\$12.6m, up +42% versus the pcp, and gross margin percentage was 68% over the nine months or 70% in 3Q24. Recognised revenue included NZ\$10.2m from Subscriptions (+29% vs pcp), NZ\$5.8m from Transactions (+14% vs pcp), and NZ\$2.5m from Hardware and other services (+9% vs pcp). IKE added seven new enterprise customers over the quarter to now have 443 in total (420 of which are Subscription customers).

Outlook—substantial tailwinds remain for 4Q25

On the outlook, management said: 'our North American-based team continues to capitalize on significant sales opportunities' IKE's exit run rate of annual platform subscription revenue grew to NZ\$15.7m (+43% vs pcp). The outlook for 4Q25 remains promising, with growth expected across both the Subscription and Transaction segments. IKE retained its FY25 forecast for Subscription revenue to grow by ~+40% or more, particularly driven by PoleForeman and now helped by a weak NZDUSD cross rate. A supportive industry environment, including: (1) ongoing grid resiliency programmes, (2) Trump's promised support for growing electricity production to support AI investment, (3) IKE's new AI-driven capabilities, and (4) cost efficiencies, positions the company well.

Peer multiple discount now looking outsized given the opportunity set in front of IKE

The Nasdaq Emerging Cloud Index median EV/Sales multiple is now sitting at ~5.4x EV/Sales (see Figures 9 and 10). Global sector optimism from a Trump government has aided sentiment. IKE trades at 3.5x our FY25 revenue estimate. Optimism in IKE's peer group from the Trump re-election sees our market-based EV/Sales multiple-driven valuation rise to NZ\$0.90, +48% above the share price.

ikeGPS Group (IKE)
Market Data (NZ\$)

Priced as at 28 Jan 2025	0.61
52 week high / low	0.77 / 0.40
Market capitalisation (NZ\$m)	98.1

Key WACC assumptions

Risk free rate	5.00%
Equity beta	1.30
WACC	11.5%
Terminal growth	2.0%

Profit and Loss Account (NZ\$m)	2023A	2024A	2025E	2026E	2027E
Revenue	31.1	21.5	26.7	33.9	42.1
Normalised EBITDA	(2.1)	(10.7)	(6.8)	(0.9)	4.5
Depreciation and amortisation	(3.6)	(4.6)	(4.4)	(4.5)	(4.7)
Normalised EBIT	(7.8)	(15.2)	(11.2)	(5.4)	(0.3)
Net interest	(0.1)	0.2	0.1	(0.0)	(0.1)
Associate income	0	0	0	0	0
Tax	0.0	0	0	0	0
Minority interests	0	0	0	0	0
Normalised NPAT	(7.9)	(15.0)	(11.1)	(5.5)	(0.4)
Abnormals/other	0	0	0	0	0
Reported NPAT	(7.9)	(15.0)	(11.1)	(5.5)	(0.4)
Normalised EPS (cps)	(4.9)	(9.4)	(6.9)	(3.3)	(0.2)
DPS (cps)	0	0	0	0	0

Growth Rates	2023A	2024A	2025E	2026E	2027E
Revenue (%)	93.9	-30.7	23.9	27.1	24.1
EBITDA (%)	n/a	n/a	n/a	n/a	n/a
EBIT (%)	n/a	n/a	n/a	n/a	n/a
Normalised NPAT (%)	n/a	n/a	n/a	n/a	n/a
Normalised EPS (%)	n/a	n/a	n/a	n/a	n/a
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

Cash Flow (NZ\$m)	2023A	2024A	2025E	2026E	2027E
EBITDA	(2.1)	(10.7)	(6.8)	(0.9)	4.5
Working capital change	(1.2)	(0.4)	2.0	0.6	(2.1)
Interest & tax paid	(0.1)	0.2	0.1	(0.0)	(0.1)
Other	0.9	6.2	0	0	0
Operating cash flow	(2.5)	(4.6)	(4.8)	(0.4)	2.3
Capital expenditure	(5.1)	(3.8)	(1.2)	(2.5)	(2.9)
(Acquisitions)/divestments	0	0	0	0	0
Other	0.1	0.2	0.2	0.1	0.1
Funding available/(required)	(7.5)	(8.3)	(5.8)	(2.7)	(0.5)
Dividends paid	0	0	0	0	0
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	(7.5)	(8.3)	(5.8)	(2.7)	(0.5)

Balance Sheet (NZ\$m)	2023A	2024A	2025E	2026E	2027E
Working capital	5.4	5.8	3.8	3.2	5.3
Fixed assets	2.8	2.9	2.2	1.7	1.2
Intangibles	13.1	13.1	10.9	9.7	8.7
Right of use asset	0	1.2	1.0	0.8	0.8
Other assets	1.6	1.7	0.9	0.9	0.9
Total funds employed	22.9	24.6	18.8	16.3	16.9
Net debt/(cash)	(18.0)	(10.2)	(4.4)	(1.7)	(1.2)
Lease liability	0	1.0	1.0	0.8	0.8
Other liabilities	7.0	13.4	13.4	13.4	13.4
Shareholder's funds	33.9	20.4	8.8	3.8	3.9
Minority interests	0	0	0	0	0
Total funding sources	22.9	24.6	18.8	16.3	16.9

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

Spot valuation (NZ\$)

DCF	0.84
EV/sales relative	0.90

DCF valuation summary

Total firm value	137.0
(Net debt)/cash	6.8
Less: Capitalised operating leases	-4.7
Value of equity	139.1

Valuation Ratios	2023A	2024A	2025E	2026E	2027E
EV/Sales (x)	2.5	4.0	3.5	2.8	2.3
EV/EBITDA (x)	n/a	n/a	n/a	n/a	21.2
EV/EBIT (x)	n/a	n/a	n/a	n/a	n/a
PE (x)	n/a	n/a	n/a	n/a	n/a
Price/NTA (x)	4.7	13.3	n/a	n/a	n/a
Free cash flow yield (%)	-8.0	-8.9	-6.5	-3.3	-1.0
Adj. free cash flow yield (%)	-2.8	-5.0	-5.2	-0.8	2.0
Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0

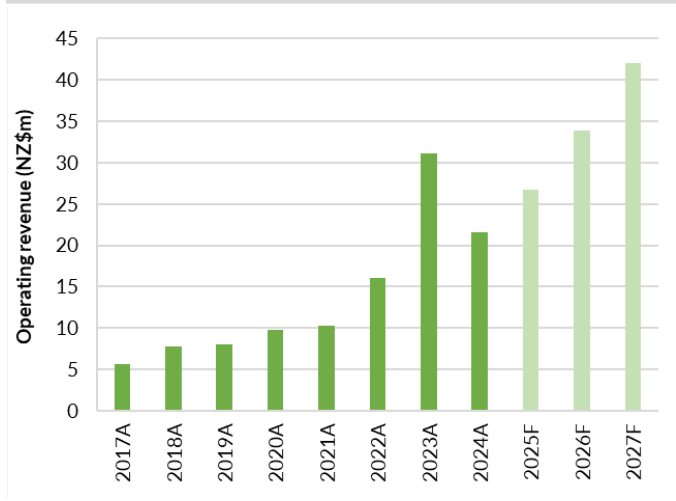
Capital Structure	2023A	2024A	2025E	2026E	2027E
Interest cover EBIT (x)	n/a	76.6	>100x	n/a	n/a
Interest cover EBITDA (x)	n/a	53.7	76.2	n/a	51.0
Net debt/ND+E (%)	-113.5	-100.6	-100.8	-82.2	-46.6
Net debt/EBITDA (x)	8.6	1.0	0.6	1.9	n/a

Key Ratios	2023A	2024A	2025E	2026E	2027E
Return on assets (%)	-17.9	-42.2	-44.4	-27.2	-1.3
Return on equity (%)	-23.2	-73.7	-126.4	-145.8	-9.3
Return on funds employed (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	-6.8	-49.6	-25.6	-2.7	10.6
EBIT margin (%)	-25.0	-70.8	-41.9	-16.0	-0.6
Capex to sales (%)	16.5	17.8	4.6	7.3	7.0
Capex to depreciation (%)	378	248	75	150	174
Imputation (%)	0	100	0	0	0
Pay-out ratio (%)	0	0	0	0	0

Operating Performance	2023A	2024A	2025E	2026E	2027E
Subscriptions revenue	8.8	10.7	15.0	21.3	28.2
Transactions revenue	18.7	7.3	8.4	9.7	11.1
Hardware revenue	3.3	3.1	2.9	2.6	2.3
Total Revenues	30.8	21.1	26.3	33.5	41.7
Subscriptions gross profit	7.7	9.2	13.2	18.8	25.0
Transactions gross profit	7.2	1.8	3.3	3.9	4.5
Hardware gross profit	1.4	1.7	1.7	1.5	1.4
Total gross profit	16.3	12.7	18.2	24.1	30.9
Subscriptions gross margin (%)	87.5	86.1	88.0	88.2	88.4
Transactions gross margin (%)	38.4	23.9	39.0	39.8	40.5
Hardware gross margin (%)	43.9	56.0	58.0	59.0	60.0
Total gross margin (%)	53.1	60.1	69.0	71.9	74.0

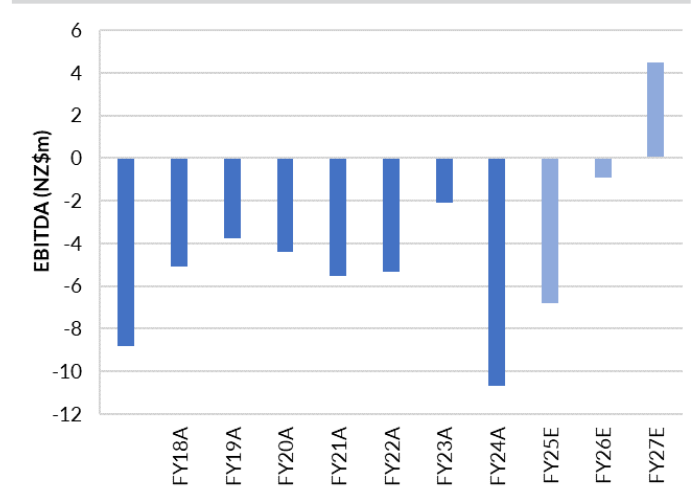
Key charts

Figure 1. IKE—Operating revenues (NZ\$m)



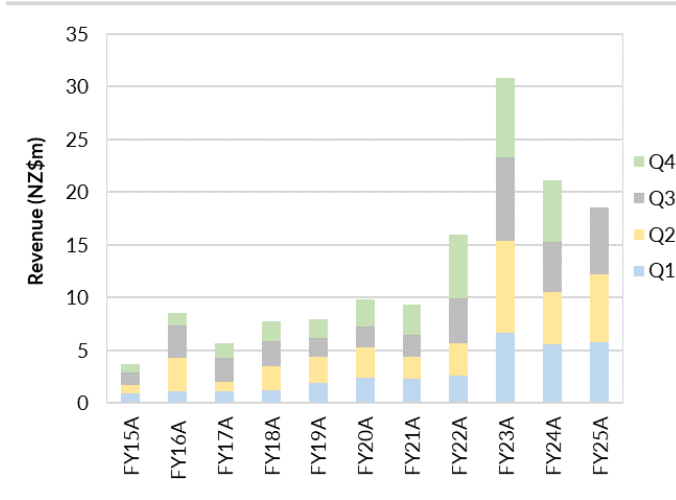
Source: Company, Forsyth Barr analysis

Figure 2. IKE—EBITDA (NZ\$m)



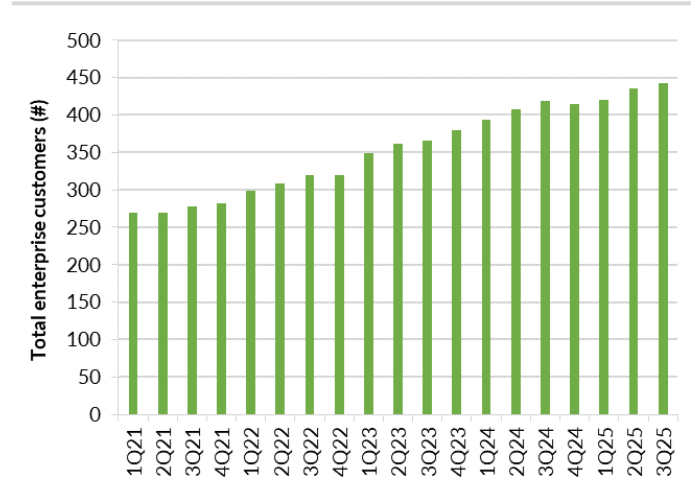
Source: Company, Forsyth Barr analysis

Figure 3. IKE—Reported quarterly revenues and YTD in FY25



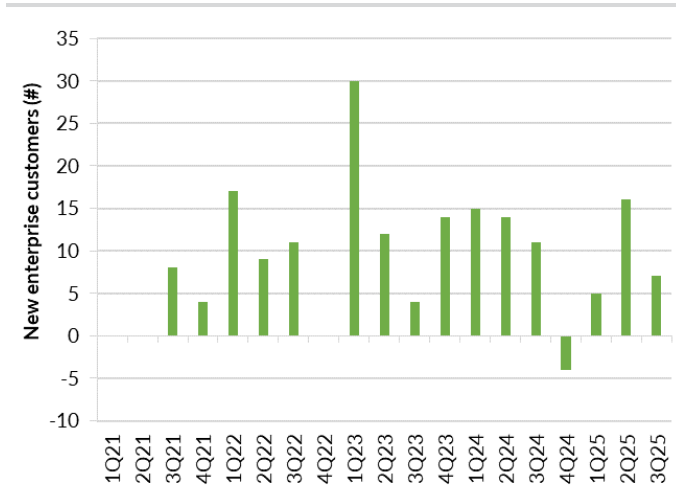
Source: Company, Forsyth Barr analysis

Figure 4. IKE—Total enterprise customers



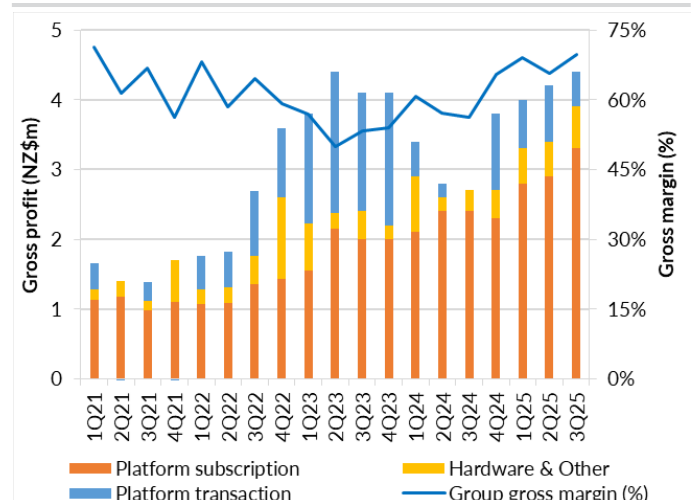
Source: Company, Forsyth Barr analysis

Figure 5. IKE—New enterprise customers by quarter



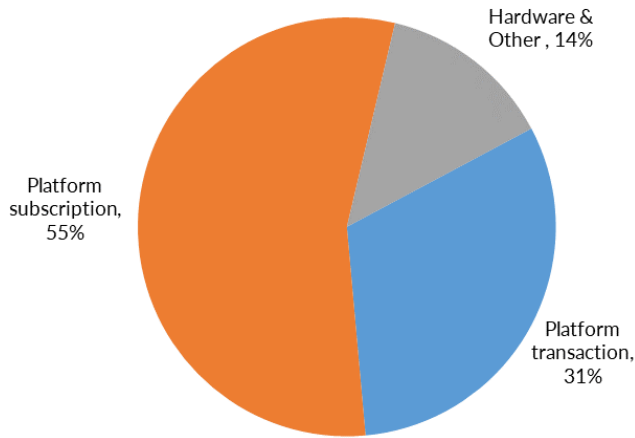
Source: Company, Forsyth Barr analysis

Figure 6. IKE—Quarterly gross margin by segment and margin



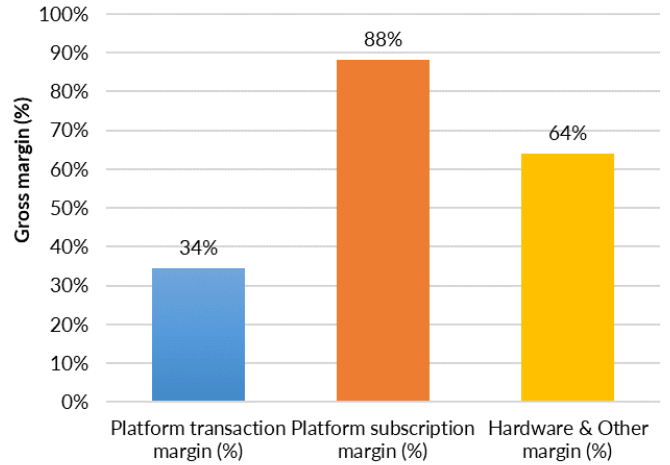
Source: Company, Forsyth Barr analysis

Figure 7. IKE—Revenue breakdown by segment YTD to 3Q25



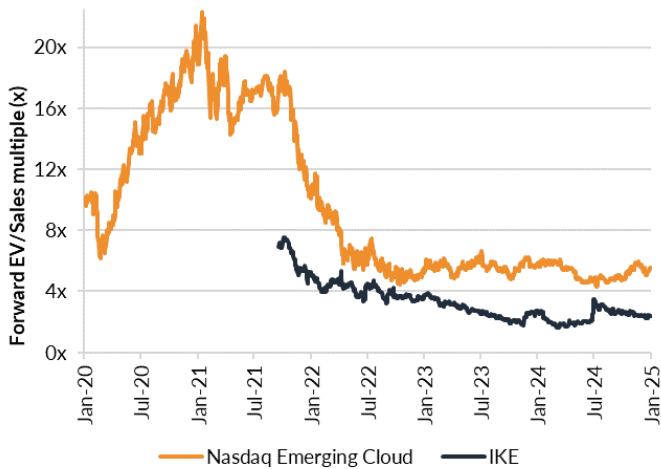
Source: Company, Forsyth Barr analysis

Figure 8. IKE—Gross margin by segment YTD to 3Q25 (%)



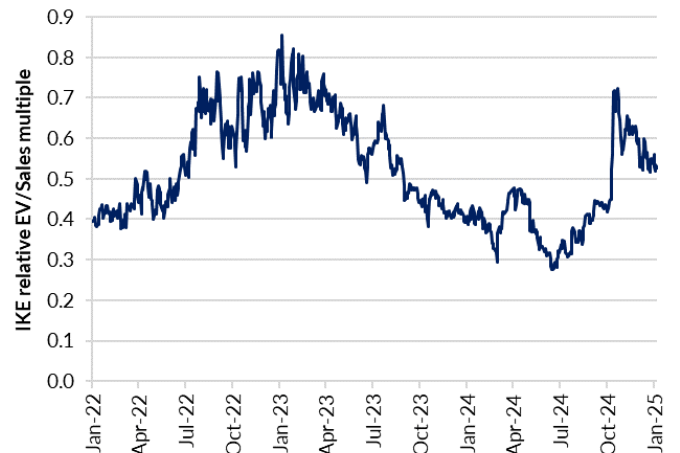
Source: Forsyth Barr analysis

Figure 9. Five-year Nasdaq emerging cloud index (EV/Sales multiple)



Source: BVP, Workspace, Forsyth Barr analysis

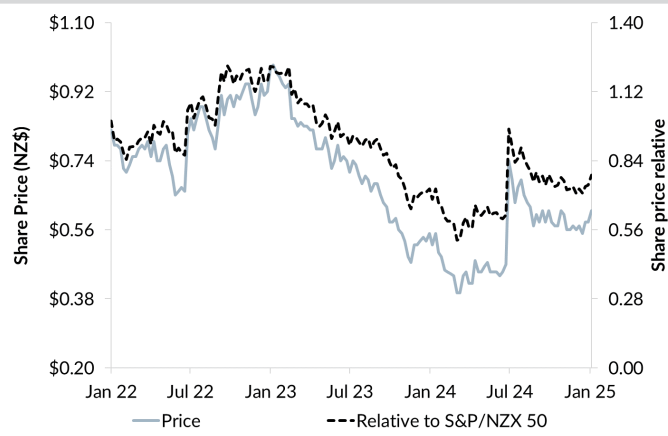
Figure 10. IKE EV/Sales relative to Nasdaq emerging cloud index



Source: BVP, Workspace, Forsyth Barr analysis

Additional data

Figure 11. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 12. Substantial shareholders

Shareholder	Latest Holding
Wilson Family Trust	16.7%
Scobie Ward	7.9%
TEK Trust	7.2%
K & M Douglas Trust	6.1%

Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 13. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 1yr
				1yr	2yr	1yr	2yr	1yr	2yr	
IkeGPS	IKE NZ	NZ\$0.61	NZ\$98	<0x	<0x	<0x	22.0x	<0x	<0x	0.0%
Autodesk	ADSK US	US\$299.07	US\$64,300	32.4x	28.4x	26.0x	22.4x	26.4x	23.1x	0.0%
Altair Engineering	ALTR US	US\$110.28	US\$9,432	74.5x	64.4x	53.7x	44.6x	58.3x	50.7x	0.0%
Ansys	ANSS US	US\$344.89	US\$30,161	30.4x	27.5x	23.9x	21.8x	24.6x	22.2x	0.0%
Bentley Systems	BSY US	US\$47.24	US\$15,699	39.0x	34.2x	31.4x	28.3x	33.0x	29.5x	0.6%
Dassault Systemes	DSY FP	€37.00	€49,568	26.7x	24.4x	20.8x	19.0x	24.9x	22.5x	0.8%
Hexagon	HEXAB SS	€118.45	€320,464	>75x	>75x	>75x	>75x	>75x	>75x	0.1%
Rockwell Automation	ROK US	US\$284.22	US\$32,089	29.2x	24.9x	20.9x	18.7x	23.9x	20.9x	1.9%
Roper Technologies	ROP US	US\$541.33	US\$58,046	26.7x	24.2x	20.7x	18.9x	28.6x	25.8x	0.6%
Trimble	TRMB US	US\$75.96	US\$18,670	25.9x	22.4x	22.4x	20.2x	23.9x	21.5x	0.0%

Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

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