BROKER CONSENSUS: SELL HOLD BUY NOT AVAILABLE

Accesso is just the ticket

Twin market opportunity awaits best-in-class tech company

STEVEN FRAZER

BROKER CONSENSUS 2

If the market's thirst for blue-sky opportunities remains quenched it suggests higher-quality growth stocks should come to the fore. Now is therefore the time to buy **Accesso (ACSO:AIM)**.

An excellent growth track record, profitable and cash generative, the Surrey-based firm formerly called Lo-Q has developed a best-in-class, cloud-based queue-beating technology platform. It helps visitors avoid standing for hours in long lines by allowing them to pre-book in-park attractions, and therefore spend more time (and cash) in other parts of the park. Using either a wristband or a smartphone app, the technology can make or break a family day out by improving the guest experience.

Owners of some of the world's biggest attractions are sold on the idea, most in the US, such as $4 billion cap theme and water park giant **Six Flags Entertainment (SIX:NYSE)**. Increasingly Accesso is leveraging strong positions outside of the US, including deals with UK and European operator **Merlin Entertainments (MERL)**, best known for running Alton Towers and Legoland.

Big growth opportunities come in emerging markets, Latin America, the Middle and Far East. Dubai, for example, has plans to take on Florida as the world's number one holiday destination, and six major attractions are being built in the Emirate. There's also the ballooning scale of consumer wealth in places like China. Tentative moves have been made in Malaysia and South Korea but the watershed will come when one of Accesso's key, and large, theme park operator customers makes a big move into these new markets themselves; a matter of when, not if.

NEW GROWTH AVENUES

Accesso has ambitions in the global event ticketing market. This is currently dominated by Ticketmaster which has a creaking legacy system and demands sky-high fees, calculated at around $10 per ticket, according to analysis by Numis. Accesso's state-of-the-art, cloud-based technology means it can take a much smaller slice, estimated at perhaps $1 per ticket, allowing the UK company to offer event organisers and artists another way.

'We think that Accesso has, almost by stealth, built a very major position in the global ticketing market,' reckons Numis, despite only launching in Europe part way through last year. Called Accesso Passport, we predict substantial progress and newsflow this year, on both sides of the business. While the company is content that its model is more or less complete, do not rule out further acquisitions to supplement organic growth, this is a very fragmented market.

Shares has long bee a fan of the stock, highlighting its appeal as low as 109p in August 2010. Accesso now has a string of institutional backers, such as BlackRock and Fidelity, thanks to near-faultless execution and operational excellence. With close on 90% of income repeatable, visibility is high and the business throws-off lots of free cash flow, $3.6 million (£2.3 million approx) last year, although the seasonality of the attractions industry does mean most of the cash flows through in the second half.

A trading update (1 Dec '14) spelled out the bankability of trading, steering to a modest beat for 2014. That saw Canaccord nudge its 2014 earnings per share (EPS) estimate to 27.2p, but it resisted the temptation to touch 2015 or 2016 numbers. This leads us to believe the current year's 32.3p, rising to 35p in 2016, could also be surpassed. The 2015 price to earnings (PE) multiple of 17.2 falls to 15.9 next year, versus a historic low to mid-20s rating. Flip that round, assuming a PE of 22 by December would imply a 770p share price, just as Canaccord predicts.

ACCESSO

(ACSO:AIM) 556.5p

Stop loss: 445p

▲ BUY

Market value: £112.4 million

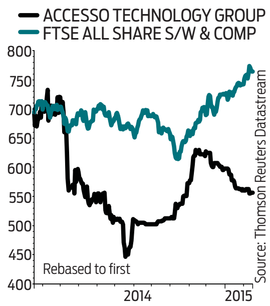
Prospective PE Dec 2015: 17.2

Prospective PE Dec 2016: 15.9

Prospective dividend yield: n/a

Bid/offer spread: 1.25%

Analyst price target: 750p (Consensus)



Growth: HIGH

Accesso is building a network of blue-chip theme park operator customers and has its sights on disrupting the vast ticketing space.

Risk: MEDIUM

Weather is big risk to earnings, so too is competition from big event players like Ticketmaster. Requires decent slug of R&D annually too.

Quality: HIGH

Strong balance sheet, solid cash generation from 90% recurring revenues. Has rich client relationships and good eye for suitable acquisitions.