29 July 2014

Escher Group Holdings plc

Half year trading update

Escher Group Holdings plc (AIM: ESCH, "Escher" or the "Group"), a world-leading provider of outsourced, point-of-service software to the postal industry, has published a trading update for the half year to 30 June 2014.

Revenue is expected to be US$11.1m (2013: US$12.9m). Services revenue was lower as a major contract transitioned from a development and customisation phase to a roll-out phase, which will lead to the recognition of license and maintenance revenues. During the first half, Escher recognised US$1.8m of the outstanding US$6m licensing revenue from this major customer, and expects to recognise the remainder in 2014.

Adjusted EBITDA* is expected to be approximately US$1.6m (2013: US$2.4m). Adjusted EBITDA in the first half included an increase in investment in new product areas, specifically in digital and interactive services and an increase in investment in the Group's core postal point of service product so that Escher can be prepared for emerging opportunities in the global logistics space. Net debt at 30 June 2014 was US$3.5m (30 June 2013: US$4.6m).

Overall, the Group is trading in line with the Board's expectations for the current financial year.

Escher's Postal Solutions business continues to provide a strong foundation on which to build on the Group's multi-platform, multi-device services. The recent contract win in the United Arab Emirates underpins Escher's international expansion plans and confirms the Group is a key supplier of postal automation software to the Middle East.

Escher continues to invest in its Digital and Interactive Services business and the Group expects to generate significant growth opportunities from its retail/enterprise mobile/mCommerce, eGovernment and community-based message solutions.

The South African Post Office will launch Escher's eRegistered mail solution RiposteTrEx™ later this year. This will provide a working reference for the Group to showcase its digital services at a time when post offices and governments are increasingly looking for digital solutions for secure registered communications.

Liam Church, Escher's Chief Executive, commented:

"The rise of eCommerce across the globe is providing a strong tailwind for our business solutions which are built around our secure, flexible platform and multi-device accessibility.

"We are set to benefit from our customers increasing focus on digital commerce and their need for more points of presence, more flexible software solutions and an increasing range of additional services.

"Overall this gives us increasing confidence about medium-term growth."

* Operating profit before, depreciation, amortisation, share based payments and exceptional items.

Enquiries:

Escher www.eschergroupholdings.com	+353 (0)1 254 5400

Liam Church, Chief Executive Officer
Jonathan O'Connell, Finance Director
Fionnuala Higgins, EVP Sales & Marketing

Panmure Gordon	+44 (0)20 7886 2500

Andrew Godber / Callum Stewart, Corporate Finance
Charles Leigh-Pemberton, Corporate Broking

Instinctif Partners	+44 (0)20 7457 2020

Adrian Duffield/ Chantal Woolcock

About Escher Group

Escher is a world leading developer and provider of outsourced, point of service software for use in the postal industry worldwide. Its core software, RiposteEssential, enables post offices to expand upon their traditional offering, providing additional new services, reducing costs and increasing efficiency. Riposte is a messaging middleware that enables applications operating on different computers to communicate with each other. The Riposte software manages data, monitors the system status and communicates across the network. Escher operates across two divisions - its Retail Software Division and its Message Based Communications Division.

The Retail Software Solution (RiposteEssential) serves the postal and courier markets. Transactions include mail and financial services and the system is integrated with utilities and financial services companies, banks and central and local governments.

Escher's Message Based Communications Division (RiposteTrEx) is based on a digital post office box model and is designed to provide a national digital infrastructure linking governments, businesses and citizens via a secure platform.