

## SolarWinds Corporation

# Expected Positive Pre-Announcement Prior to Analyst Day

SolarWinds announces Q1 Revenue above prior guidance and consensus estimates ahead of its Analyst Day for its MSP spin-off 'N-able'

SolarWinds issued a press release this afternoon pre-announcing top-line numbers and EBITDA metrics ahead of its MSP business Analyst Day tomorrow. Specifically, SWI reported revenue of \$255.9-256.9mn vs prior guidance of \$247-252mn and vs. Street expectations of \$249.7mn. Although a clear beat was not expected, SolarWinds guided Q1 conservatively to be essentially flat on a y/y basis, versus the 14% growth it showed the prior two years. Hence, the 3% y/y growth this quarter (-1% for the core IT Management segment) still shows that there is license and maintenance renewal weakness. In the press release, the company guided for N-able to grow 14% (y/y basis) in Q2 and to grow between 12-14% for the fiscal year. Guidance for the core IT Management segment will be discussed on April 29th, when it will hold its official Q1 earnings call.

While this is an overall positive surprise for investors, we believe that SolarWinds faces a longer road of uncertainties around its core IT Management business. We remain Underweight rated.

**FIGURE 1. Difference Table**

\$, mn	1Q 20	1Q 21	1Q 21	Actual	1Q 21	Actual
	Actual	Actual	Barclays	vs. Barclays	Cons.	vs. Cons.
Total Revenue	248.5	+255.9 - 256.9	250.9	2.2%	249.7	2.7%
% growth		3.0% - 3.4%	1.0%		0.5%	
Adjusted EBITDA	122.9	+103 - 106	100.3	4.2%	99.8	4.7%
% margin	49.5%	40.3% - 41.3%	40.0%		40.0%	

Source: StreetAccount, Barclays Research Estimates

## CORE Company Update

SWI	UNDERWEIGHT
U.S. Software	POSITIVE
Price Target	USD 14.00
Price (13-Apr-21)	USD 18.05
Potential Upside/Downside	-22.40%

### U.S. Software

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**SolarWinds Corporation** (SWI, 13-Apr-2021, USD 18.05), Underweight/Positive, CE/J/K/N

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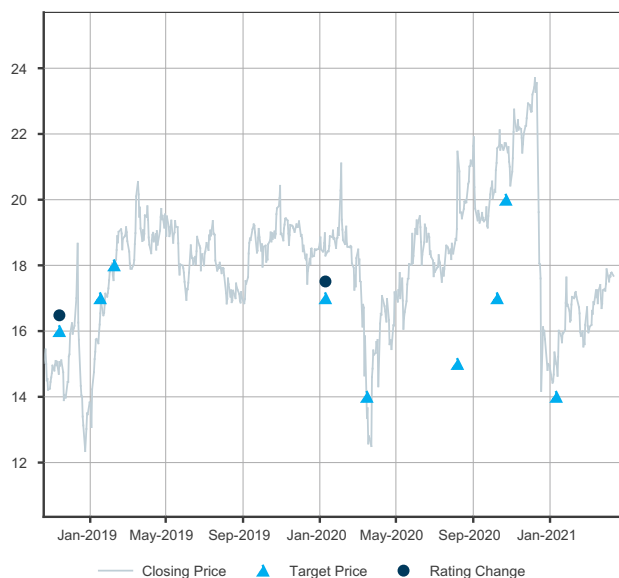
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**SolarWinds Corporation (SWI / SWI)**Stock Rating: **UNDERWEIGHT**Industry View: **POSITIVE****USD 18.05** (13-Apr-2021)**Rating and Price Target Chart - USD (as of 13-Apr-2021)**

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price	Rating	Adjusted Price Target
11-Jan-2021	15.00		14.00
23-Oct-2020	21.71		20.00
09-Oct-2020	21.56		17.00
07-Aug-2020	21.46		15.00
16-Mar-2020	13.36		14.00
10-Jan-2020	18.30	Underweight	17.00
08-Feb-2019	18.05		18.00
17-Jan-2019	16.54		17.00
13-Nov-2018	15.06	Equal Weight	16.00

Source: Bloomberg, Barclays Research

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