CFRA

Appian Corporation

Recommendation	**Price**	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
HOLD ★★★★★	USD 33.96 (as of market close May 05, 2023)	USD 48.00	USD	Mid-Cap Blend

Equity Analyst David Holt

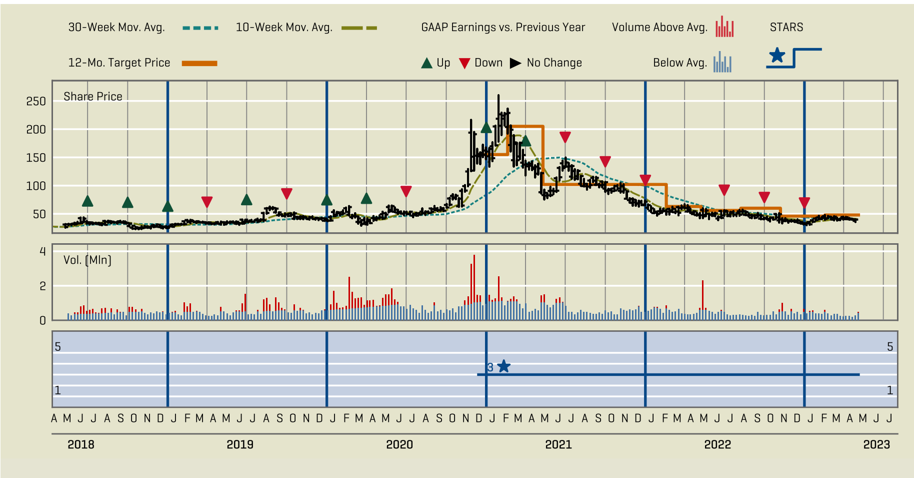
GICS Sector Information Technology
Sub-Industry Systems Software

Summary Appian provides a comprehensive low-code automation platform that enables organizations to develop various applications in the U.S. and internationally.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 59.9 - 29.8**	Oper.EPS2023**E**	**USD -1.11**	Market Capitalization[B]	**USD 2.48**	Beta	**1.62**
Trailing 12-Month EPS	**USD -1.23**	Oper.EPS2024**E**	**USD -0.77**	Yield [%]	**N/A**	3-yr Proj. EPS CAGR[%]	**NM**
Trailing 12-Month P/E	**NM**	P/E on Oper.EPS2023**E**	**NM**	Dividend Rate/Share	**N/A**	SPGMI's Quality Ranking	**NR**
USD 10K Invested 5 Yrs Ago	**12,937.0**	Common Shares Outstg.[M]	**73.00**	Trailing 12-Month Dividend	**N/A**	Institutional Ownership [%]	**30.0**

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by **David Holt** on Feb 28, 2023 01:34 PM ET, when the stock traded at **USD 42.25**.

Highlights

- We project top-line growth will touch ~14% in 2023 and ~16% in 2024, as steady momentum in cloud subscription and federal-related demand provides a boost to revenue levels. More recently, net revenue retention (NRR) levels hovered around ~115% in 4Q22, highlighted by expansion of larger customers ($250K+ accounts) and a healthy mix of cloud subscription bookings (~74% in 4Q22). Like many others in the space, the company has done its best to incorporate an uncertain macro. We will be monitoring bookings growth in conjunction with sales rep productivity to help gauge future performance.
- Gross margin should remain in an upward trend, widening from 73% in 2022 to 74%-75% in 2023 and 2024, as a greater mix of cloud subscription revenues push profit contribution higher. Plans to wind down its emphasis on Professional Services in favor of system integrators (IT consultancy firms) could expose APPN to near-term margin pressure but remain a long-term tailwind, given the lower-value structure of the work.
- APPN's cash burn will total ~$78M in 2023, per our estimates, driven by recent employee additions; the company's balance sheet remains in a decent spot with no net debt (~$198M in cash and ~$184M in debt).

Investment Rationale/Risk

- Our Hold rating balances APPN's recent stretch of healthy expansion and revenue-per-customer improvement, with the current market backdrop and a more cautious stance around profitless names. Still, selling momentum remains resilient, driven by a thoughtful product refresh it recently undertook and M&A to complement its leading subset of automation capabilities (e.g., Lana with process mining). However, following the rally in share price so far in 2023, we expect operating losses to partly overshadow solid cloud growth, keeping a lid on further upside in the process.
- Risks to our rating and target include an inability to sustain current levels of cloud-based subscription growth, protect its recent margin performance, and/or a failure to reach FCF neutrality, which could all hurt the share price.
- Our 12-month price target of $48 is derived by applying an EV/sales multiple of 6.5x our 2023 revenue estimate, reflecting valuation compression across higher-beta software names. Acknowledging a favorable jury verdict involving direct peer Pegasystems could provide a potential injection of liquidity, selling activity to justify headcount growth will be needed to revisit our view on the stock.

Analyst's Risk Assessment

LOW | MEDIUM | **HIGH**

Our risk assessment considers APPN's strong positioning in the niche low-code application platform (LCAP) markets and recent acquisitions (i.e., Jidoka and Lana Labs), which have bolstered automation capabilities. Potential offsets include the continued emergence of both nimble smaller players and newfound relevancy from more traditional cloud application vendors, given their large size and scale in multiple markets. Lastly, recent changes to accounting standards (e.g., ASC 606) can make it challenging to forecast future operating results and could result in near-term revenue and/or cash flow volatility

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** 149	**E** 144	**E** 159	**E** 169	**E** 621
2023	**E** 131	**E** 123	**E** 135	**E** 145	**E** 534
2022	114	110	118	126	468
2021	89	83	92	105	369
2020	79	67	77	82	305
2019	60	65	66	64	260

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** -0.18	**E** -0.31	**E** -0.15	**E** -0.13	**E** -0.77
2023	**E** -0.31	**E** -0.38	**E** -0.23	**E** -0.19	**E** -1.11
2022	-0.06	-0.46	-0.43	-0.28	-1.23
2021	-0.06	-0.24	-0.22	-0.16	-0.68
2020	-0.12	-0.12	--	-0.03	-0.26
2019	-0.16	-0.10	-0.14	-0.11	-0.52

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

No cash dividends have been paid in the last year.

Appian Corporation

Business Summary Feb 28, 2023

CORPORATE OVERVIEW. Appian Corporation (APPN) provides a leading low-code automation platform that accelerates the creation of high-impact business applications and enables customers to automate the important aspects of their business. The company believes its full stack of automation technologies, including its industry-leading workflow engine, Robotic Process Automation (RPA), leading case management capabilities, and integrated Google-based artificial intelligence (AI), help distinguish it from competitors. As of December 31, 2022, the company had a total of 1,668 full-time employees in the United States and 639 internationally. Appian is currently headquartered in McLean, VA.

OPERATING MODEL. APPN's go-to-market strategy consists of direct sales and, to a lesser extent, sales through strategic partners or consultancy agencies, such as Accenture, KPMG, PwC, and Deloitte. The company believes the partnerships help influence buying decisions, identify new sales opportunities, and complement software offerings. APPN sells its software exclusively through subscriptions and intends to grow revenues by adding new customers and increasing the number of users at existing customers that use applications developed on its platform through its land-and-expand (L&E) strategy focused on upselling existing customers.

As of December 31, 2022, APPN had 925 customers in a wide variety of industries, of which 712 customers were commercial, and 213 customers were government or non-commercial entities. During the same timeframe, approximately 25% of its commercial customers were Global 2000 organizations and included 60 Fortune 500 companies.

MAJOR DEVELOPMENTS. APPN was founded in 1999 by Mathew Calkins, who is still serving as the CEO, Marc Wilson, and Robert Kramer. The company went public on May 25, 2017, and begun trading on the NASDAQ exchange under the ticker APPN. Like many of its peers, APPN's heritage originated around business process management (BPM) space. It has since migrated to more advanced work, including pre-packaged automation and AI capabilities, with a large product refresh it undertook earlier in 2020.

Appian's most recent and relevant M&A activity occurred on January 7, 2020, where the company announced that it had acquired Novayre Solutions SL, the developer of the Jidoka RPA platform, for an undisclosed price. The acquisition allows APPN to internally deploy RPA capabilities, instead of partnering with the "big three" providers (Blue Prism, UiPath, and Automation Anywhere) like it has done in the past. In August 2021, APPN also acquired Lana Labs, a developer of process mining software, for $30.7 million, net of cash and debt. The acquisition was made to identify new areas that clients can leverage its automation platform.

COMPETITIVE ENVIRONMENT. APPN's main competitors fall into three categories including: 1) providers of low-code development platforms, such as salesforce.com, ServiceNow, Outsystems, Mendix, and Bizagi; 2) providers of business process management and case management software, such as Oracle, Pegasystems, SAP, Microsoft, and K2; and 3) providers of custom software and customer software solutions that address, or are developed to address, use cases by new applications developed on APPN's platform.

Currently, APPN internally estimates its total market opportunity is around $34.9 billion when combining all core software markets, including low-code, robotic process automation, platform as a service (PaaS), and other legacy markets business process management (BPM) and case management. Many research providers (including Gartner and Forrester) currently expect all markets to grow at 20%+ CAGRs from now until 2024.

FINANCIAL TRENDS. The company breaks out key metrics listed below to help evaluate growth trends and measure the effectiveness of operations.

Cloud Subscription Revenue – due to APPN now primarily recognizing revenue from its on-premises term license subscriptions upfront under ASC 606, it now believes investors should focus on cloud subscription revenues, instead of simply subscription revenue, as a key indicator of demand for its platform, cadence at which the market for its solutions is growing, the overall productivity of its sales force and strategic partnerships, and overall ability to grow its existing customer base. As of December 31, 2022, cloud subscription revenues comprised nearly 50% of total revenues and improved by 32% from the year prior.

Cloud Subscription Retention Rate – Again, largely due to the adoption of ASC 606, the company believes the renewal of agreements with its existing customers is a key factor to future success. The company calculates the metric by establishing the aggregate recurring cloud subscription revenue for the current 12-month period, then dividing it by the previous trailing 12-month period. As of December 31, 2022, APPN's cloud subscription net retention rate was 115%, down slightly from 116% in 2021.

As of December 31, 2022, total revenues were up 26.7% to $468M, aided by a larger portion of cloud subscription sales, which gained 29%. Total gross margin came in at 72.9%, compared to 73% in the year prior. As cloud subscriptions make up a larger portion of revenues and overshadow Professional Services (other 27% of revenues), profitability should improve, given its materially higher gross margin of ~90%. Closing out 2022, APPN's financial positioning remains sound, with a net cash position of $14 million ($198 million in cash and $184 million in debt).

Corporate information

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Officers

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W. D. McCarthy

Founder, Chairman, CEO & President
M. W. Calkins

Founder, Chief Marketing Officer & CTO
M. Beckley

General Counsel & Corporate Secretary
C. Winters

Chief Financial Officer
M. Matheos

Board Members

A. G. Biddle
B. G. Kilberg
M. J. Mulligan
M. S. Lynch
M. W. Calkins
P. V. Boccasam
R. C. Kramer
S. A. Edwards
W. D. McCarthy

Domicile
Delaware

Auditor
BDO LLP

Founded
1999

Employees
2,307

Stockholders
N/A

Appian Corporation

Quantitative Evaluations

Fair Value Rank **NR** 1 2 3 4 5

LOWEST HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **N/A**

Volatility LOW AVERAGE HIGH

Technical Evaluation **BEARISH** Since April, 2023, the technical indicators for APPN have been BEARISH"

Insider Activity UNFAVORABLE NEUTRAL FAVORABLE

Expanded Ratio Analysis

	2022	2021	2020	2019
Price/Sales	5.04	12.54	36.75	9.61
Price/EBITDA	NM	NM	NM	NM
Price/Pretax Income	NM	NM	NM	NM
P/E Ratio	NM	NM	NM	NM
Avg. Diluted Shares Outstg. (M)	72.46	71.04	69.05	65.48

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Net Income	70.26	43.84	37.23
Sales	26.74	21.59	21.50
Ratio Analysis (Annual Avg.)			
Net Margin (%)	NM	NM	NM
% LT Debt to Capitalization	34.99	11.66	7.00
Return on Equity (%)	-79.51	-42.09	-49.20

Company Financials Fiscal year ending Dec 31

Per Share Data (USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tangible Book Value	1.57	2.78	4.10	3.04	1.15	0.75	-1.85	-1.47	N/A
Free Cash Flow	-1.60	-0.84	-0.13	-0.63	-0.62	-0.35	-0.25	-0.08	-0.03
Earnings	-2.08	-1.25	-0.48	-0.77	-0.80	-0.63	-0.39	-0.23	-0.50
Earnings (Normalized)	-1.23	-0.68	-0.26	-0.52	-0.54	-0.30	-0.39	N/A	N/A
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	70.24	260.00	216.41	62.94	43.61	34.53	N/A	N/A	N/A
Prices: Low	31.18	62.91	29.07	25.22	22.61	14.60	N/A	N/A	N/A
P/E Ratio: High	NM	NM	NM	NM	NM	NM	NM	NM	NM
P/E Ratio: Low	NM	NM	NM	NM	NM	NM	NM	NM	NM

Income Statement Analysis (Million USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	468.00	369.00	305.00	260.00	227.00	177.00	133.00	111.00	89.00
Operating Income	-145.00	-84.00	-38.00	-50.00	-47.00	-32.00	-11.00	-5.00	-14.00
Depreciation + Amortization	9.00	7.00	7.00	5.00	2.00	1.00	1.00	1.00	1.00
Interest Expense	2.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Pretax Income	-150.00	-88.00	-33.00	-50.00	-49.00	-30.00	-14.00	-7.00	-16.00
Effective Tax Rate	-0.50	-0.90	-2.70	-1.60	-0.50	-2.50	11.90	-5.70	-7.60
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net Income (Normalized)	NM	NM	NM	NM	NM	NM	NM	NM	NM

Balance Sheet and Other Financial Data (Million USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash	196.00	156.00	222.00	160.00	95.00	74.00	31.00	31.00	N/A
Current Assets	422.00	338.00	365.00	278.00	210.00	145.00	88.00	73.00	N/A
Total Assets	594.20	504.50	512.50	371.50	233.20	161.10	102.70	83.40	N/A
Current Liabilities	270.00	216.00	156.00	112.00	128.00	95.00	76.00	54.00	N/A
Long Term Debt	115.00	N/A	N/A	N/A	N/A	N/A	14.00	10.00	N/A
Total Capital	330.00	291.00	355.00	257.00	73.00	46.00	13.00	15.00	N/A
Capital Expenditures	9.00	6.00	1.00	32.00	7.00	0.00	1.00	1.00	3.00
Cash from Operations	-107.00	-54.00	-8.00	-9.00	-31.00	-9.00	-8.00	-2.00	2.00
Current Ratio	1.56	1.57	2.34	2.47	1.63	1.53	1.16	1.36	N/A
% Long Term Debt of Capitalization	35.00	N/A	N/A	N/A	N/A	N/A	108.70	68.10	N/A
% Net Income of Revenue	-32.20	-24.00	-11.00	-19.50	-21.80	-17.50	-9.40	-6.30	-19.20
% Return on Assets	-16.50	-10.31	-5.36	-10.43	-14.81	-15.07	-7.64	NM	NM
% Return on Equity	-79.50	-33.40	-13.30	-36.40	-83.30	NM	976.60	NM	NM

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Appian Corporation

Sub-Industry Outlook

CFRA has a positive fundamental outlook for the S&P 500 Systems Software sub-industry, driven by favorable long-term secular forces of digital transformation and IT infrastructure modernization. A more uncertain macro, the product of supply chain difficulties, high inflation, and negative FX, that has weighed on the global economy persists and will continue to affect enterprise spending in the short term, potentially improving towards the end of 2023 and early 2024.

Enterprise software spending has been on shaky ground in the last six months as software providers observed increased budget scrutiny and longer sales cycles from customers. The degree of impact varied depending on the type of software, revenue model, and maturity of product in its lifecycle. For example, cybersecurity companies have been relatively more resilient due to the nondiscretionary nature of their solutions. Consumption-based revenue models have been the most affected as organizations scale back opex, while recurring subscriptions that lock in multi-year contracts tend to have the most visibility and stability in their revenue outlook.

We expect the challenges mentioned to continue in Q1, as customers maintain financial prudence in this uncertain macro. Revenue for the S&P 500 Software Industry constituents is projected to rise 9% in 2023, decelerating from 12.7% in 2022. Deceleration is, however, slowing. We think this is a positive sign that weakness could potentially bottom out this year, with positive momentum showing in 2H 2023 if inflation continues to fall and interest rates are held steady. Revenue growth declines would weigh on margins, but we are encouraged that many software firms shifted to prioritizing profit generation and cash flow preservation at the end of Q4 2022, assuring investors that they would now keep a more balanced view to not entirely sacrifice their bottom line to pursue sales and market share growth. Firms reported higher cost discipline and headcount reductions. Consequently, the EPS forecast for 2023 is 10.8% Y/Y, improving from -4.4% in 2022.

Systems software firms have generally faced the same pressures as the broader software market. However, prioritization with digital transformation initiatives and investments in productivity and security-related software have provided support relative to other less essential or critical areas of software. Factors such as remote/hybrid work, transition to the cloud, network transformation, and enterprise security enhancements are considered imperative to business continuity, optimal productivity, and compliance with security requirements. In the cybersecurity industry, vendors have said that while sales timelines have elongated as more layers have been added to the approval process, deals have generally not been lost, but deferred. We believe many of our systems software firms operate in more resilient areas of the software market.

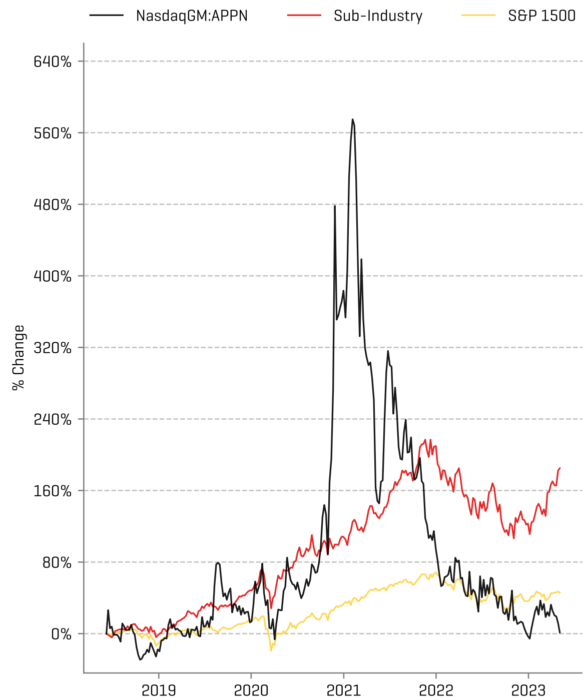
A decline in top-line growth estimates have naturally compressed multiples. The S&P 500 software industry is trading at 9x its 2023 revenue projections, below its three-year historical average of 9.7x. Forward P/E of the industry is 28.4x its 2023 EPS forecast, also below its three-year average of 31.7x. However, multiple expansion YTD (up 16% for forward P/E, and 17.6% for forward P/S) do suggest optimism in improved macro and fundamental performance soon, and we are on the lookout for operational indicators to support this thesis at the upcoming earnings report.

/ Janice Quek

Industry Performance

GICS Sector: **Information Technology**
Sub-Industry: **Systems Software**

Based on S&P 1500 Indexes
Five-Year market price performance through May 06, 2023



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Systems Software Peer Group*: Systems Software

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
Appian Corporation	**APPN**	**NasdaqGM**	**USD**	**33.73**	**2,461.0**	**-22.6**	**-34.2**	**NM**	**N/A**	**N/A**	**-79.5**	**35.0**
A10 Networks, Inc.	ATEN	NYSE	USD	13.98	1,036.0	-4.8	-16.7	23.0	N/A	1.7	24.1	N/A
BlackBerry Limited	BB	NYSE	USD	4.37	2,529.0	-5.8	-28.6	NM	N/A	N/A	-60.8	N/A
Commvault Systems, Inc.	CVLT	NasdaqGS	USD	60.85	2,711.0	6.8	-2.9	24.0	30.68	N/A	-16.2	N/A
JFrog Ltd.	FROG	NasdaqGS	USD	20.42	2,080.0	2.8	-7.2	NM	N/A	N/A	-14.4	N/A
N-able, Inc.	NABL	NYSE	USD	12.45	2,266.0	-5.2	17.6	138.0	N/A	N/A	2.7	32.8
Progress Software Corporation	PRGS	NasdaqGS	USD	53.50	2,317.0	-3.0	7.2	24.0	N/A	1.3	25.1	64.2
Rapid7, Inc.	RPD	NasdaqGM	USD	45.60	2,751.0	-3.2	-51.8	NM	N/A	N/A	101.4	102.7
SolarWinds Corporation	SWI	NYSE	USD	8.62	1,411.0	1.6	-31.3	NM	N/A	N/A	-50.8	44.8
Varonis Systems, Inc.	VRNS	NasdaqGS	USD	22.44	2,462.0	-12.7	-42.8	NM	N/A	N/A	-22.4	31.3
Zuora, Inc.	ZUO	NYSE	USD	7.34	980.0	-21.4	-41.4	NM	N/A	N/A	-147.9	59.3

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

February 17, 2023
12:41 PM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 46.50***):
We arrive at our 12-month target of $48 (up $2) by applying an EV/sales multiple of 6.5x our 2023 estimate, near the median of relative software peers. We narrow our 2023 per-share loss to $1.11 from $1.19 and set 2024's per-share loss at $0.77. APPN prints a Q4 loss/share of $0.28, narrower than consensus by $0.40, which benefited from foreign exchange gains (+$0.12). Revenues were $126M (+19.8% Y/Y), compared to consensus of $123M, as demand in federal government and life sciences verticals provided a boost to cloud subscription revenue (+29% Y/Y). The quarter contained no large surprises, with sequential and full-year 2023 targets for revenues and per-share losses that were aligned (or marginally better) than expected; no further deterioration in selling cycles; and a steady net revenue retention (NRR) rate of about 115%. Still, more quantifiable selling activity to warrant recent headcount additions are needed to revisit our view on the stock, especially following the recent rally in share price. / David Holt

November 07, 2022
12:08 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 38.43***):
We reduce our 12-month target to $46 (from $60) by applying an EV/Sales multiple of 6.2x our 2023 estimate, closer to the median of relative software peers. We widen our 2022 per-share loss to $1.34 from $0.90 and 2023's to $1.19 from $0.70 to reflect an increased expense outlook and incremental FX headwinds. APPN also prints a third quarter loss per share of $0.43, wider than consensus by $0.20. Revenues were $118M (+27.5% Y/Y), compared to consensus of $116M, as cloud subscription revenue (+30% Y/Y) and federal-related demand helped absorb stronger than expected foreign exchange headwinds. However, fourth quarter targets for revenues of $121.5M-123.5M (vs. $127.4M expected) and wider adj-EBITDA losses of $24M-$29M (vs. $13M expected) came in light, as deal slippage and expense overruns related to headcount additions/training drove the widespread misses. More progress toward outlined adjusted EBITDA losses of ~10% by 2H23 (vs. 19.4% in 2Q22) are needed to get incrementally more constructive on shares. / David Holt

August 08, 2022
01:02 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 54.46***):
We lift our 12-month target to $60 from $56 by applying an EV/Sales multiple of 8x our 2023 estimate, near the median of software-based peers. To reflect a general uptrend in expenses related to wages and in-person marketing events, we also widen our 2022 loss per share estimate to $0.90 from $0.78 and 2023's to $0.70 from $0.65. APPN also prints a second-quarter loss per share of $0.46, wider than consensus by $0.12. Revenues were $110M (+32.6% Y/Y), compared to consensus of $104M, as strong cloud subscription demand helped overshadow unfavorable impacts related to foreign currency exchange. APPN also upped its full-year revenue growth target to $466M-$470M (from $453M-$457M) to reflect positive trends with systems integrators and its strong gross retention rate of 99%. Encouragingly, the company has experienced little in terms of deal slippage and extended sales cycles, but a better balance between growth and profitability could be needed for enhanced upside from price current levels, in our view. / David Holt

May 09, 2022
08:14 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 47.52***):
We drop our 12-month target to $56 (down by $7) by applying an EV/Sales multiple of 8.7x our 2022 estimate, reflecting share price compression felt across less-profitable software names. We narrow our 2022 loss per share estimate to $0.78 from $0.82 and keep 2023's loss of $0.65. APPN prints a first-quarter loss per share of $0.06, narrower than consensus by $0.07. Revenues were $114M (+28.6% Y/Y), compared to consensus of $107M, aided by strong cloud subscription demand. Overall, the quarter was solid and featured upped 2022 revenue growth targets to 23%-24% (from 20% to 21%), as the company continually operates at a high level, with 99% gross retention, growing platform usage, and generally positive selling motions. That said, adj-EBITDA losses will likely steepen in Q2, driven by seasonality in term license revenue and higher expenses related to in-person events and travel, making APPN a difficult story to own right now, especially if a lower-for-longer market scenario emerges, resulting in our Hold rating. / David Holt

February 18, 2022
11:53 AM ET... CFRA Keeps Hold Rating on Shares of Appian Corporation (APPN 53.65***):
We drop our 12-month target to $63 ($102) by applying an EV/Sales multiple of 10x our 2022 estimate, reflecting the large valuation compression felt across higher-growth software names. We widen our 2022 loss per share estimate to $0.82 from $0.57 and set 2023's loss at $0.65. APPN prints a Q4 loss per share of $0.16, narrower than consensus by $0.07. Revenues came in at $105M (+28.6% Y/Y), compared to consensus of $95M, as the topline beat was connected to strength in Cloud subscriptions (+39% Y/Y). The quarter was clean was no major outliers; APPN initiated 2022 revenue targets above consensus, ranging from $444M-$446M (vs. $424M). APPN's midpoint for Adj-EBITDA losses came in slightly wider than expectations at $52M (vs. $51M) due to seasonality with term licenses and higher expenses due to a return to in-person events. Expansion figures were particularly encouraging, especially when coupled with new demand drivers such as its new process mining capabilities gained through its Lana Labs acquisition. / David Holt

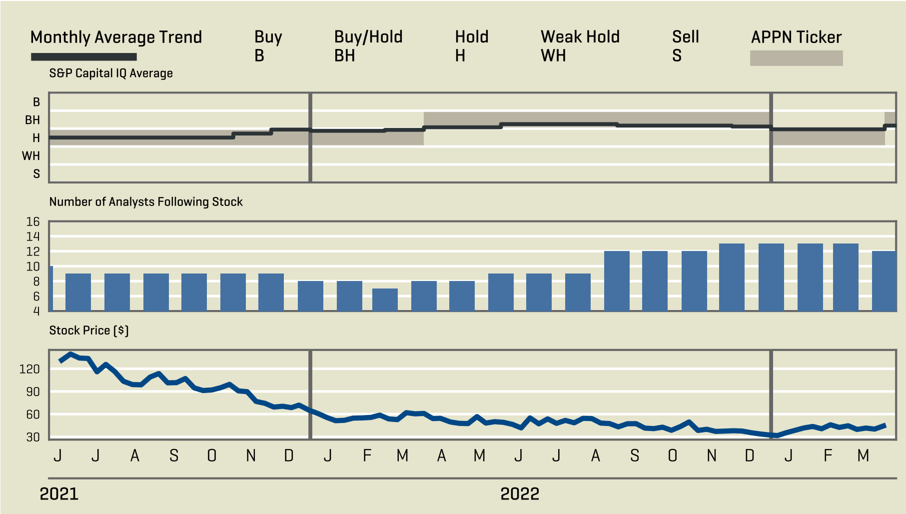
November 08, 2021
12:14 AM ET... CFRA Reiterates Hold Rating on Shares of Appian Corporation (APPN 90.73***):
We derive at our 12-month price target of $102 by applying an EV/Sales of 16.7x our 2022 estimate, near higher-growth software peers but sharply above other direct low-code peers. APPN prints a Q3 loss per share of $0.22, wider than consensus by $0.03. The bottom-line miss was entirely attributed to a $2.3M (or -$0.03 per share) foreign exchange loss. Revenues came in at $92M (+20% Y/Y), compared to consensus of $91M, as strength in Cloud Subscription growth (+36% Y/Y) was counterbalanced by declines in Professional Services (-5% Y/Y). APPN lifted its revenue outlook $359.3M-$359.8M (vs. $355M-$357M) but revised operating expenses higher to account for follow-on investments related to its process mining acquisition (i.e., Lana Labs); as a result, we widen our 2021 loss per share estimate to $0.74 from $0.67 and 2022's loss to $0.57 from $0.44. More headway around customer adoption of its entire product suite (i.e., process mining, workflow management, and RPA) is needed to get constructive on shares. / David Holt

August 09, 2021
12:54 AM ET... CFRA Reiterates Hold Rating on Shares of Appian Corporation (APPN 103.39***):
We arrive at our 12-month target of $102 by applying an EV/Sales of 16.7x our 2022 estimate, near higher-growth peers but a steep premium to direct low-code peers. We keep our 2021 loss per share estimate of $0.67 and 2022's loss of $0.44. APPN prints a second-quarter loss per share of $0.24, wider than consensus by $0.01, as unfavorable fix (i.e., larger portion of Professional Services) drove a miss to gross margin (70.3% vs. 71.9%). Second-quarter revenues were $83M (+24% Y/Y), versus consensus of $78M, as strong cloud subscription growth (+38% Y/Y) helped drive the beat. APPN lifted its revenue outlook to $355M-$357M (vs. $353M-$355M) on the back of strong bookings, as it disclosed system integrators (SIs) nearly doubled annual contract value (ACV) levels in H1 '21 (vs. H2 '22). We also remain positive on its acquisition of Lana, which helps identify business processes that can be automated, but caution monetization could be minimal in the near term as it takes time to cross-sell with existing clients. / David Holt

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Appian Corporation

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	4	33	4	4
Buy/Hold	1	8	1	1
Hold	6	50	6	6
Weak hold	1	8	1	1
Sell	0	0	0	1
No Opinion	0	0	0	0
Total	12	100	12	13

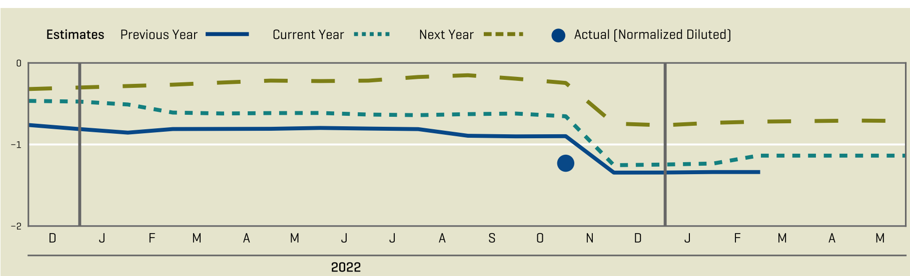
Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2023, analysts estimate that APPN will earn USD -1.14. For fiscal year 2024, analysts estimate that APPN's earnings per share will grow by -37.44% to USD -0.71.

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2024	-0.71	-0.42	-0.89	11	-47.42
2023	-1.14	-1.10	-1.23	11	-29.67
2024 vs. 2023	**▲ 37%**	**▲ 62%**	**▲ 28%**	**N/A%**	**▼ -60%**
Q1'24	-0.19	-0.15	-0.23	5	-177.49
Q1'23	-0.30	-0.27	-0.33	10	-114.31
Q1'24 vs. Q1'23	**▲ 36%**	**▲ 44%**	**▲ 30%**	**▼ -50%**	**▼ -55%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section seof the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of March 31, 2023

Ranking	North America	Europe	Asia	Global
Buy	38.0%	36.5%	50.6%	40.3%
Hold	52.7%	49.8%	39.4%	49.4%
Sell	9.4%	13.6%	10.0%	10.4%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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