

AlphaTech Inc.

Q1 2025 Earnings Update (FY-end 31 December 2024)

Announcement date: 17/04/2025

Holdings Information	
Original Book Cost (USD)	1,200,000
MTM vs Ori (% / USD)	+18.5% / +222,000
MTM vs Imp	+12.3%
YTD Price Performance	+9.6%
Dividend Yield (Cost)	2.1%

Current Price (18 June 2025)	\$132.40
Internal Analyst PT (Price Target)	\$145.00
<i>Upside</i>	+9.5%
External PT (Bloomberg)	\$138.00
<i>Upside</i>	+4.2%

RESULTS REVIEW:

AlphaTech reported a solid Q1 2025 with revenue of \$5.8 billion, up 12.3% YoY, beating Bloomberg consensus by 3%. EPS came in at \$1.35 (vs \$1.20 in Q1 2024), exceeding expectations of \$1.28. Strong performance was driven by Cloud Solutions (up 23% YoY) and AI Services (up 45% YoY). The company saw a slight decline in legacy hardware revenue (-5% YoY), which was expected.

Geographically, North America contributed 55% of total revenue, followed by Europe (25%), and Asia-Pacific (20%). Gross margin expanded to 68.2% (+180 bps YoY) due to higher software mix. Operating margin also improved to 32.4% (vs 29.8% in Q1 2024).

ASSESSMENT:

AlphaTech continues to demonstrate strong execution in its transition toward recurring revenue streams. Momentum in AI and cloud remains a key driver of earnings growth. Management maintained FY2025 guidance, indicating confidence in demand resilience.

Valuation remains reasonable at 24x forward P/E, especially considering the 18% EPS CAGR projected through 2027. We maintain our positive stance, with potential upside to internal PT based on faster AI monetization and further margin expansion.