

# Quadrant4 Systems Corp. Earnings Q2, 2015

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Quadrant4 Systems Corp. reports preliminary financial results for the quarter ended June 30, 2015.

Quadrant 4 Systems Corporation ([QFOR-US](#)) is one of the first companies amongst its peer group to announce earnings for this period.

## Highlights

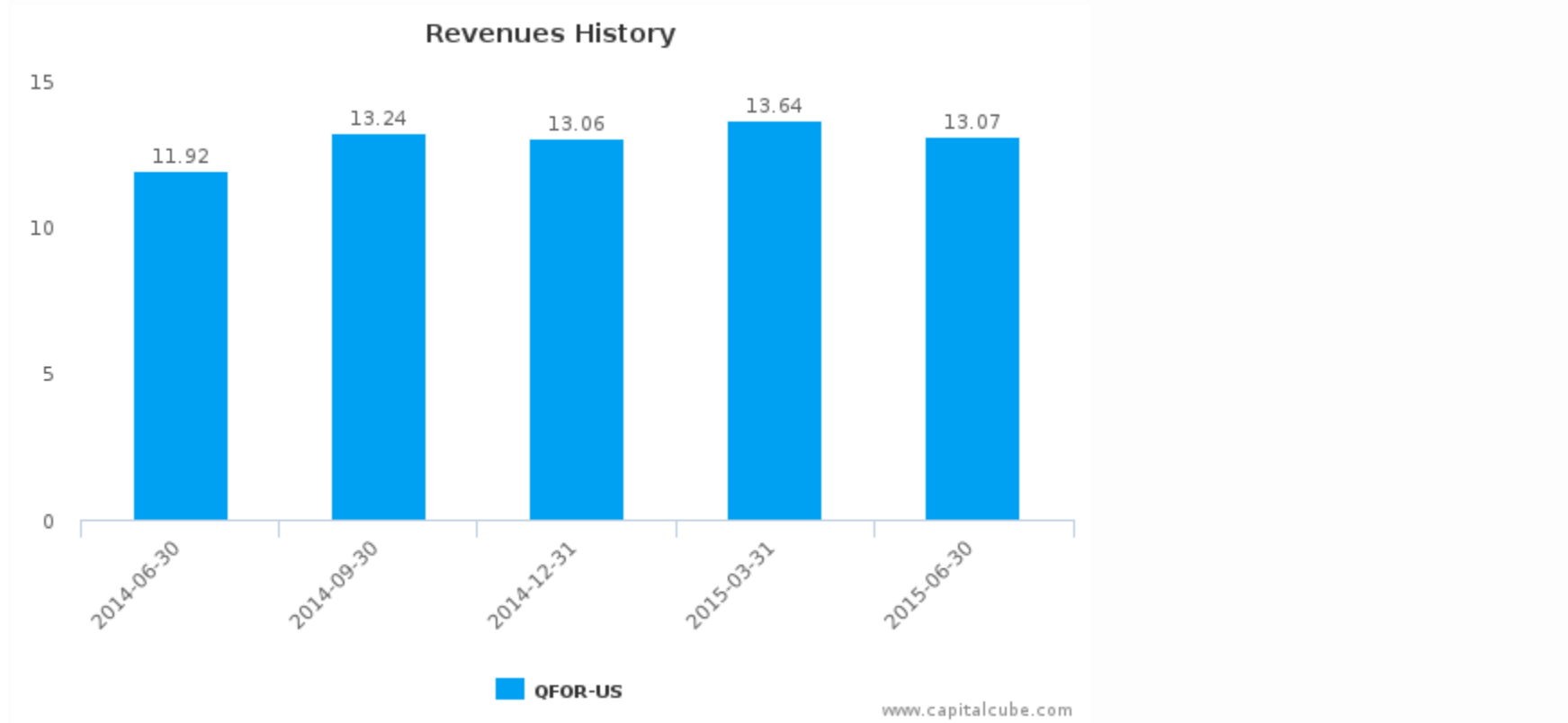
- Summary numbers: Revenues of USD 13.07 million, Net Earnings of USD 0.13 million, and Earnings per Share (EPS) of USD 0.00.
- Gross margins widened from 14.25% to 33.40% compared to the same quarter last year, operating (EBITDA) margins now 12.77% from 14.29%.
- Change in operating cash flow of -1,301.19% compared to same quarter last year is about the same as change in earnings, likely no significant movement in accruals or reserves.
- Earnings growth from operating margin improvements as well as one-time items.

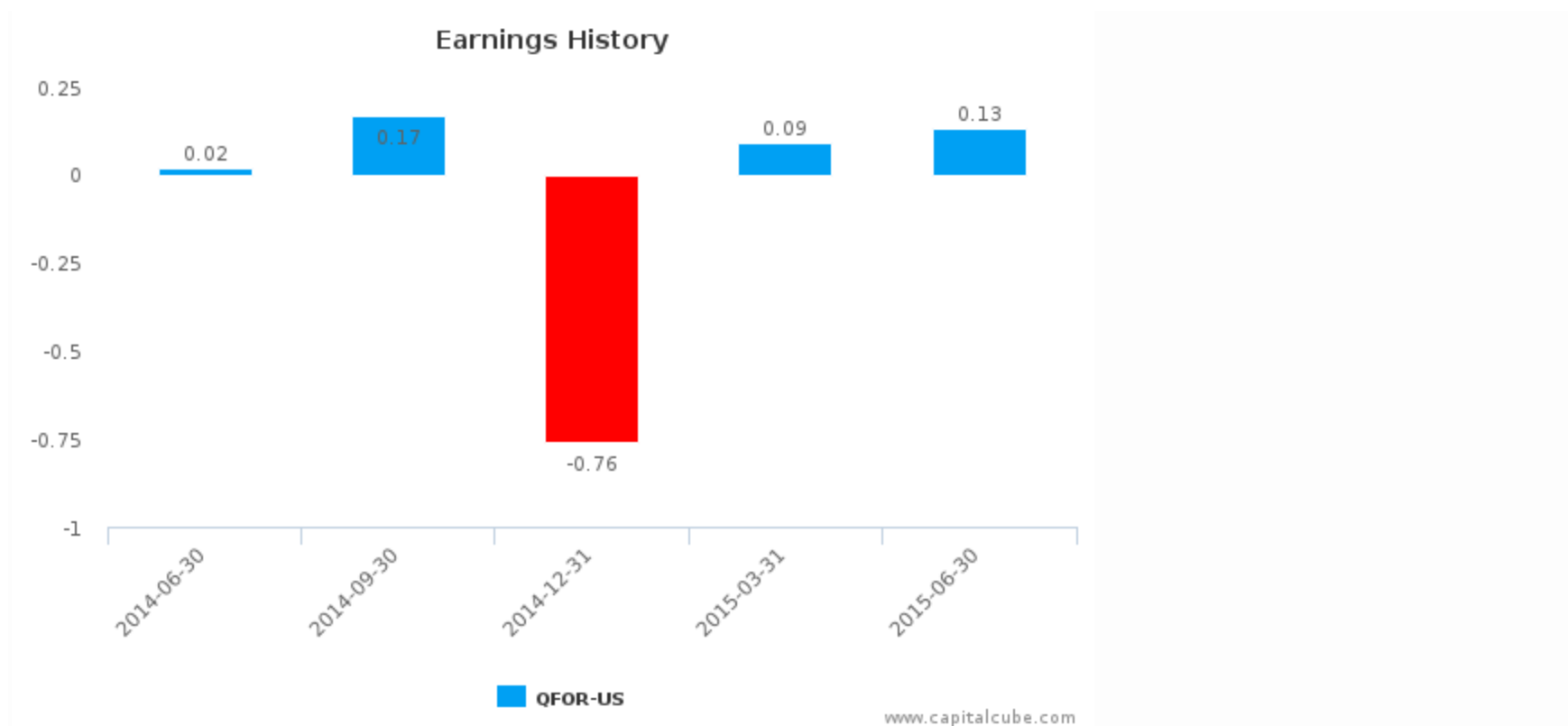
The table below shows the preliminary results and recent trends for key metrics such as revenues and net income growth:

	2014-06-30	2014-09-30	2014-12-31	2015-03-31	2015-06-30
<b>Relevant Numbers (Quarterly)</b>					
Revenues (mil)	11.92	13.24	13.06	13.64	13.07
Revenue Growth (%YOY)	30.99	44.77	41.97	32.62	9.67
Earnings (mil)	0.02	0.17	-0.76	0.09	0.13
Earnings Growth (%YOY)	101.61	120.58	47.83	117.11	438.07
Net Margin (%)	0.2	1.3	-5.83	0.63	0.97
EPS	0	0	-0.01	0	0
Return on Equity (%)	0.71	4.54	-20.25	2.32	3.36
Return on Assets (%)	0.34	2.31	-9.75	1.03	1.42

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### Market Share Versus Profits





Compared to the same period last year, [QFOR-US](#)'s change in revenue was close to the amount of its change in earnings. It remains to be seen how the rest of its peer group's results will turn out and if [QFOR-US](#)'s performance is a sign of any major shift in the composition of market share in this sector. Also, for comparison purposes, revenues changed by -4.17% and earnings by 46.75% compared to the previous period.

### Earnings Growth Analysis

The company's earnings growth has been influenced by the year-on-year improvement in gross margins from 14.25% to 33.40%. However the company's overhead costs have prevented it from fully capitalizing on these gross margin

improvements. In fact, the company's operating margins (EBITDA margins) showed no improvement over the same period last year.

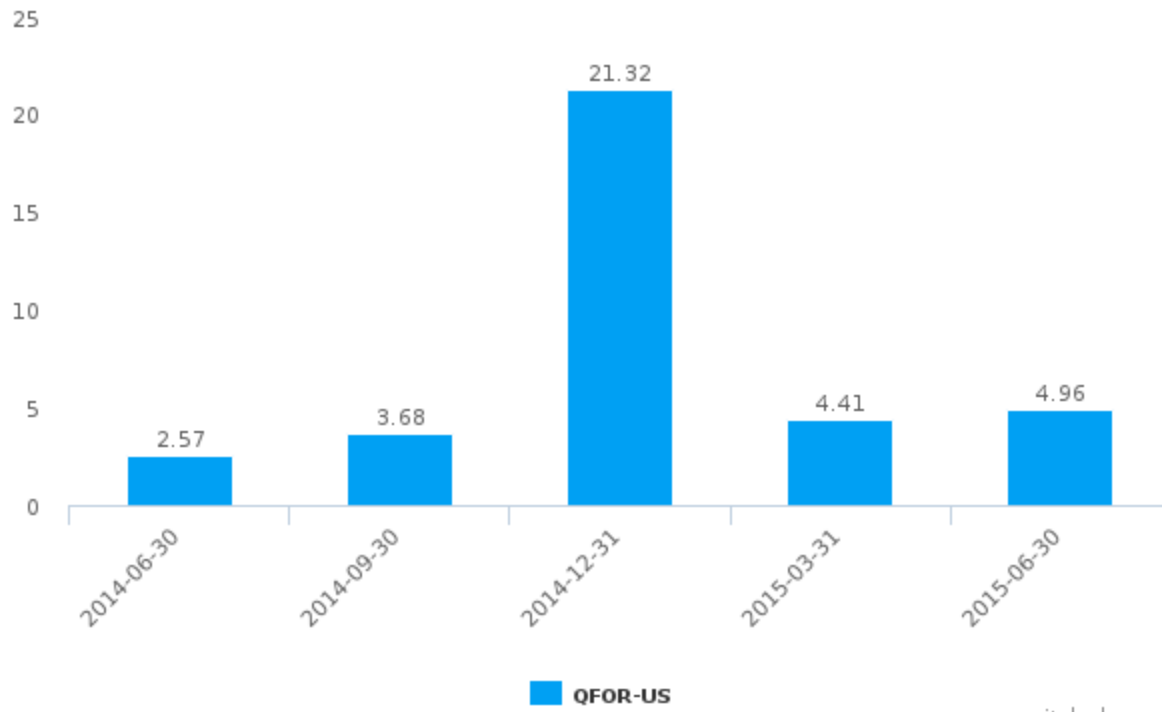
### **Cash Versus Earnings – Sustainable Performance?**

[QFOR-US](#)'s year-on-year change in operating cash flow of -1,301.19% is around its change in earnings. This suggests that there are likely no significant movement in accruals or reserves for managing earnings this period.

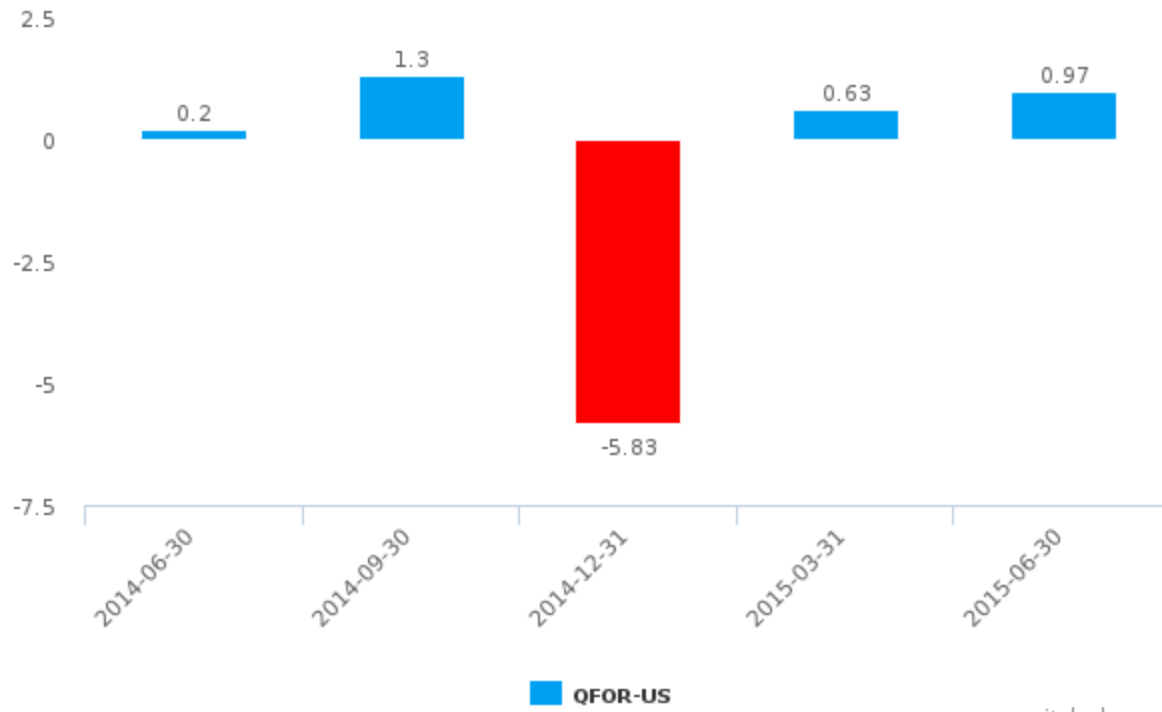
### **Margins**

The company's earnings growth has also been influenced by the following factors: (1) Improvements in operating (EBIT) margins from 2.57% to 4.96% and (2) one-time items. The company's pretax margins are now 0.97% compared to 0.20% for the same period last year.

### EBIT Margin History



### PreTax Margin History



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## **Company Profile**

Quadrant4 Systems Corp. provides software development and information technology consulting services. It is engaged in the information technology sector as a provider of software as a service based technology products to enterprise customers in addition to custom software development, life cycle maintenance, outsourcing and consulting services. The company's future development and sales of security hardware and focus its efforts as a provider of information technology services. Quadrant4 Systems was founded on May 9, 1990 and is headquartered in Rolling Meadows, IL.

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