

Marshall of Cambridge Holdings Ltd



15 September 2023

Rising margins and NAV bode well

The recent results for the six months to June reflected the positive contributions from the HIOS price adjustment, Group Properties, and a return to profit at Slingsby Advanced Composites. Margins at the gross and EBIT levels rose markedly to 32.7% and 4.6%, respectively. Cash levels remain high, even following the investment in working capital and capex spend on the business units.

The five-year strategic plan includes profitably growing the top-and-bottom lines, not least the margin contributions. With orders books high and on average equating to 1.3x annual sales and a potential pipeline of orders at c.£4bn, we think the outlook remains hugely encouraging.

Positioning MCH for the future

- The interim results delivered growth in revenues (+6% yoy) and 71% in adj. PBT, with a healthy expansion of margins. Although the level of net cash declined since the year end, this was utilised in a combination of capex, two bolt-on acquisitions and additional working capital. Nevertheless, levels remained healthy at £79.4m or 134p / share although that will decline in H2, reflecting the time lag between the ending of the MRO contract with the RAF's C-130 fleet and the start of the resale process in FY24.
- However, the order book remains very healthy, amounting to £490.2m at the half-year end, which represents 1.3x historic annual sales. Even more encouraging is the potential pipeline of tenders, which currently sits at c.£4bn and is generally added value in nature. The potential pipeline ignores the Group Property division, with the 460-acre Cambridge East development likely to be submitted for planning in the coming year. Significantly, the Airport land is in the balance sheet at cost, purchased some 90 years ago!
- Marshall Aerospace has 17 international customers. We think there remains scope to provide additional MRO services for some of its customers, particularly once the new facility opens in North Carolina in FY25 and in the near term, at its base in the Middle East. Marshall Aerospace has signed a gain-share agreement with the UK MoD and is a partner in the sale process of the retired UK C-130J fleet.
- We also anticipate additional MRO activity, plus new international customers to emerge from this process. The new portable and transferrable ARC products (initially with radar) provide a new potential revenue stream for the division, temporarily transforming military transport aircraft for intelligence, surveillance, and reconnaissance (ISR) missions.
- Marshall Land Systems are involved in over 40% of the tenders bid or to be bid on (£4bn in total), which will transform the division from its current loss-making position (reflecting two large, legacy contracts). We expect a return to profitability from FY25, with strong margin growth thereafter.
- The cash will be used to benefit all divisions and thus result in a 'future proofing' of the Group as relocations occur and investment in technology is made. Additionally, in the shorter term the new ERP system is likely to result in improved operational efficiency.

Increase in fair value

We have increased our fair value / share assumption to 478p, reflecting the growing NAV. As the cash is utilised within the business units, we anticipate the returns on the investment to far outweigh the cost. The medium to long term outlook remains encouraging.

Marshall of Cambridge Holdings Ltd

Last matched trade	390p
Implied market cap	£230m
ED fair value / NVPO share	478p
Ordinary share count	59.1m
Preference shares	£8.4m
Net cash (Jun '23)	£79.4m

Share Price, p



Source: James Sharp, Asset Match

Description

Founded in 1909, Marshall of Cambridge (Holdings) Ltd (MCH) is a private, family-owned company, employing c.2,050 staff. The world-class applied engineering services and technology business to the aerospace and defence sectors is the core of the Group, comprising Aerospace, Land Systems and Advanced Composites. The property division, MGP, is in the process of unlocking value from its 900-acre estate at Cambridge airport.

The non-voting private ordinary shares (NVPOs) can be traded freely via a special off-exchange matching facility administered by Asset Match.

The next auction for the shares closes on 03/10/23, with details available from:

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FY23 is important and has started well

FY23 is an important year for the Group: the balance sheet is buoyed by the proceeds of the disposal of the automotive retailing division post-special dividend payment; the end mid-year of the agreed payments from the MoD in respect of the early termination of the Hercules C-130J MRO contract; and the start of a new five-year strategic plan.

Why is the latter point significant? With cash in the bank the Group has the proceeds to invest in each business, to fund the move to new facilities, continue its history of innovation and launch new products and widen its customer base both domestically and internationally. Also, the cash provides a cushion allowing management time to deal with issues within the Group, placing the Group on a much stronger foundation.

The key goal of the five-year strategic plan is simple – to grow shareholder value.

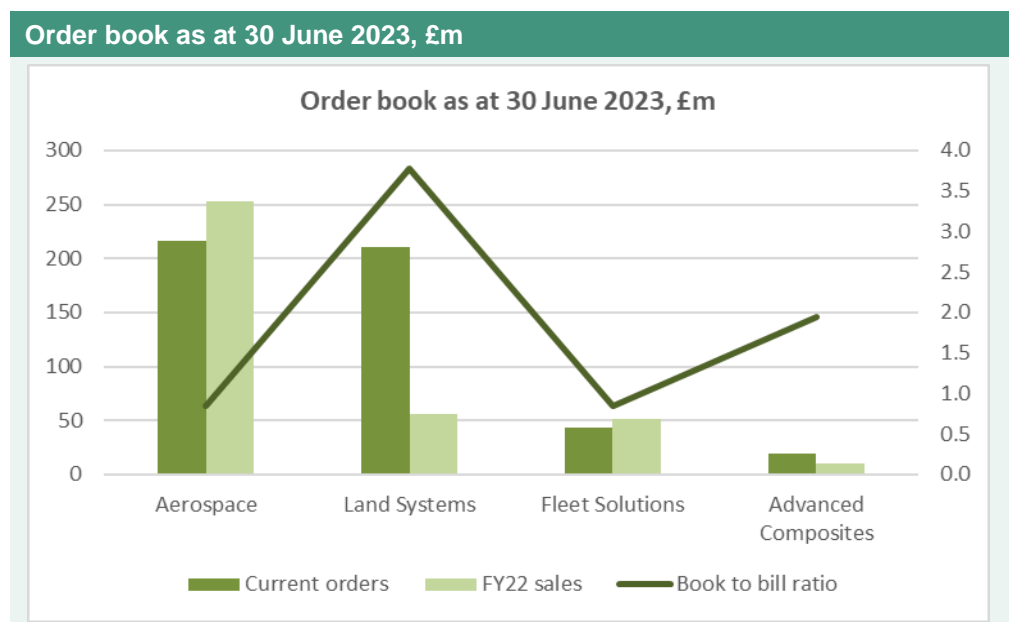
Achieved through:

- Improving revenues and profitability – leveraging core expertise
- Future-proofing the business, including the use of technology and new methodologies
- Unlocking business value through innovation and investment, and
- Delivering a prestigious legacy – through sustainable means.

The Group mostly operates in growing markets with high barriers to entry and has a strong reputation built over decades for innovation, strong customer services levels and a highly skilled workforce. There are also matters that have occupied management's attention but may present further opportunities.

The order book and pipeline provide confidence

What is very encouraging is that the current order book stands at £490.2m for the four largest divisions, and that excludes Marshall Group Properties (currently the second largest profits generator).



Source: Company

The overall group book to bill ratio stands at 1.3x, peaking at 3.8x at Land Systems, followed by 2x at Advanced Composites. Aerospace and Fleet Solutions have just under a year's orders. We have already spoken about the early retirement of the UK MoD's C-130 fleet, while the loss of installation contracts within Fleet Solutions hampered H1 '23.

When discussing the strategy over the five years to end 2027 we highlighted that the focus was on revenue growth plus an expansion of margins. The Group has targeted additional projects/contracts with new and existing customers, widening the international spread of the business. Encouragingly, the pipeline for potential new business in the two largest businesses, Aerospace and Land Systems alone, amounts to £3.7bn (comprising £2bn and £1.7bn, respectively).

Clearly, the work tendered for is multi-year in nature and replaces the MRO associated with UK MoD's retired C-130J fleet (previously accounting for approximately half of aerospace MRO work). Similarly, the problematic legacy contracts within Land Systems account for approximately three-quarters of divisional revenues. We think the scale of the potential pipeline suggests the medium-term outlook for Marshall Group is very encouraging, not least in attaining the aims of the five-year plan.

The order book ignores the Group Property division. The outlook for this business is very promising. Ahead of the move into new facilities (with Aerospace business relocating to Cranfield and PTIA (Piedmont Triad International Airport) in North Carolina, with Land Systems moving to Alconbury Weald in Cambridgeshire), the first three phases of the Marleigh Development have seen the capacity rise to 1,390 homes, taking several years to complete. To date approximately 18% of the expected units on the three phases have been sold. The Cambridge East development, should the planning outcome prove successful, will represent 460 acres of mixed-use development, with completion unlikely before 2040.

The new strategic plan, implemented at the beginning of FY23, is firmly focused on driving shareholder value and placing stakeholders' interests at the core of decision making.

Interim results – six months to June 2023

H1 '23 results				
£m / June period end	H1 2022	H2 2022	H1 2023	YoY change, %
Aerospace - HIOS	59.6	88.3	57.4	-3.8%
Aerospace - Non HIOS	48.9	56.1	49.5	1.1%
Land Systems	25.9	30.0	31.5	21.7%
Group Properties	3.8	3.8	5.7	49.8%
Fleet Solutions	27.4	24.2	30.1	9.5%
Slingsby Adv. Composites	4.3	5.8	6.3	44.4%
Skills Academy	1.4	1.3	1.4	-2.5%
Futureworx	0.0	0.0	0.0	n/a
Other	0.3	0.3	0.3	-11.8%
Internal sales	-5.3	-7.5	-5.3	-1.2%
Total revenue	166.4	202.3	176.7	6.2%
Cost of goods sold	-121.1	-123.8	-119.0	-1.8%
Gross profit	45.3	78.4	57.8	27.6%
GP%	27.2%	38.8%	32.7%	
OpEx	-41.0	-65.9	-51.4	25.3%
Other income	0.8	2.2	1.7	116.5%
Adj. EBIT	5.1	14.8	8.1	59.8%
EBIT %	3.0%	7.3%	4.6%	
Share of JVs	1.4	3.1	2.4	66.7%
Net interest	1.3	2.4	2.9	117.5%
Aerospace HIOS	8.0	35.5	21.2	165.5%
Aerospace Non-HIOS	7.3	-6.9	-1.2	-115.9%
Land Systems	-3.6	-11.3	-5.3	44.1%
Group Properties	3.3	8.1	4.6	40.8%
Fleet Solutions	-1.3	-1.2	-1.9	53.2%
Slingsby Adv. Composites	-0.2	0.7	0.4	-307.9%
Skills Academy	0.1	-0.2	-0.2	-409.9%
Futureworx	-1.2	-1.4	-1.7	50.5%
Central costs	-4.6	-3.2	-2.6	-43.2%
Adj. PBT	7.8	20.3	13.3	70.7%
Exceptional items	0.2	-0.9	-0.6	
Taxation	-1.6	-4.2	-3.0	87.0%
Tax %	20.6%	20.9%	22.5%	
Adj. PAT	6.2	16.1	10.3	66.5%
Adj. EPS (p)	9.9	26.5	16.6	67.7%
DPS - Ord (p)	1.0	79.0	1.0	0.0%
DPS - NVPO (p)	1.0	81.0	1.0	0.0%

Source: Company

Revenues rose 6% to £177m in the six months to June, underpinned by strong growth from Group Properties, Advanced Composites, Land Systems, and Fleet Solutions and notwithstanding a modest decline in Aerospace (-1.6% overall to £107m).

Aerospace (Revenue -1.6% to £106.9m, Adj PBT +30.8% to £20.0m)

Marshall Aerospace contribution came from UK MoD Hercules C-130J fleet operations activities (HIOS – Hercules Operators Integrated Support, which reflects the contract amendment agreement covering March 2022 to June 2023), international Aerospace MRO contracts, and Aerostructures (non-HIOS). Overall, the division delivered a modest decline yoy in revenues (-1.6% to £106.9m), albeit the non-HIOS businesses posted modest growth of +1.1% yoy. The HIOS related contract generated revenues of £57.5m, representing a modest shortfall yoy (-3.8%).

Throughput within the hangars in Cambridge were low relative to previous periods, reflecting the marked decline in modification work of the UK MoD's C-130J fleet, with the final service completed in February. As the MoD's resale partner, under a gain share contract, the Group is storing the aircraft ahead of their sale. Revenues associated with the disposals is now expected to commence in FY24, with modification and other repair work undertaken payable at the time of completion. The new ARC-Radar (Adaptable-Role-fit Capability) was launched in March, the first product of several to be rolled out over the medium term. The ARC-Radar can be rapidly installed and uninstalled as required, converting airframes from tactical transport planes for use in ISR missions (intelligence, surveillance and reconnaissance).

The non-HIOS business relates to the international element of the MRO contracts, comprising 17 customers, with the US Marine Corps (USMC) the largest currently and Aerostructures (auxiliary fuel tanks for the Boeing P-8 maritime patrol aircraft). In FY23, the non-HIOS revenue will be H2 weighted due to timing issues with the USMC and the Aerostructures facility closing for three months during its relocation to a site in the South Works (as North Works was demolished ahead of forming part of phase three of the Marleigh site). Also, the non-HIOS business became responsible for a larger proportion of overheads (+£4.7m), owing to the ensuing demise of the HIOS agreement. Combined, these resulted in a yoy shortfall of £8.2m in the top-line and £3.9m decline in profitability. On this basis, the modest growth in non-HIOS revenues was a positive outcome.

Further collaboration with the US DoD is likely, aided by the forthcoming new North American facility opening in 2025. The hope is that the disposal of the UK C-130J fleet is to potential customers with otherwise limited access to MRO capabilities.

The significant improvement in profitability overall reflected the contribution of the HIOS payments, more than offsetting the above issues within the non-HIOS aerospace business.

US Marine Corps C-130J aircraft undergoing routine maintenance



Source: Company

Land Systems (Revenue +21.7% to £31.5m, Adj. LBT +44.1% to -£5.3m)

Marshall Land Systems: GASKET production line



Source: Company

Revenues generated by Marshall Land Systems increased strongly, improving 22% yoy to £31.5m during H1 '23, as the legacy contracts moved to volume production. The initial batch of ammunition container systems was delivered to the Netherlands' armed forces during H1, under the NLSC contract. Three military CT scanners were delivered to Saab Australia in June.

Sequentially, the loss declined by £6m from H2 levels and reflecting the efficiency programme undertaken, as the manufacturing facilities adopted a standardised and modularisation of products. A new 10 foot model has been successfully prototyped, resulting in significant material, labour and carbon savings. The DVOW and GASKET contracts were lower margin, although the current order book and potential pipeline are expected to be markedly more profitable, thereby diluting the impact of the legacy contracts by FY25.

The UK business will move to a new 15,000 sq m facility at Alconbury Weald, Cambridgeshire in 2025. Meanwhile, the new production facility in Moncton, New Brunswick, Canada is proceeding to plan, with the hope of securing a significant joint venture contract with General Dynamics for the Royal Canadian armed forces.

Property (Revenue +49.8% to £5.7m, Adj. PBT +40.8% to £4.6m)

Marshall Group Properties delivered a very positive outcome during H1, notwithstanding the macro environment dominated by rising interest rates (with implications for mortgage affordability) and the cost-of-living crisis.

The margin mix of sales within the Marleigh jv development improved yoy, favouring homes versus apartments. The number of completions amounted to 37 during the period, taking the total to date over the 250 mark and during Q2 included the first occupation within phase two. Judging by the sales pipeline, which incidentally remains robust, plot reservations were in line with management expectations at the period end and ahead of national averages. The phase one ground floor commercial units were all let during the period. As a result, revenues improved 50% to £5.7m, with adj. PBT 41% higher at £4.6m.

The planning application for phase three of the Marleigh development will be submitted during Q4 and following a successful consultation in Q2, the number of units is expected to rise by 90 to 422. On this basis, the target for the three phases amounts to 1,390 units, up from 1,250 initially.

The Group remains engaged with the Greater Cambridge Planning Service to ensure the Airport is central to the Local Plan, although the timing of its publication is yet to be determined. Engagement with locals took place, either via online or in-person sessions in June, discussing all aspects of the proposed mixed-use development of the Airport land. Current indications suggest that Cambridge East will ultimately result in the creation of 9,000+ jobs and 7,000 new homes.

Outline planning approval was secured in April for the relocation of Marshall Aerospace to Cranfield Airfield/University.

The new Marleigh Primary Academy



Source: Company

Fleet Solutions (Revenue +9.5% to £30.1m, Adj. LBT +53.2% to £1.9m)

We think the outcome in the first six months of the year at Marshall Fleet Solutions was a positive one, considering the backdrop of limited but improving new vehicle availability, reflecting the tail end of global semiconductor shortages.

Price competitiveness resulted in the loss of several installation contracts and fleet management margins were impacted by inflationary pressures on fixed price service contracts. On an encouraging note, several smaller contract wins were secured within the rental, food service and distribution sectors.

The acquisition of two FRIGOBLOCK dealers resulted in the extension of the product range into sustainable electric transport refrigeration products, strengthening the relationship with its parent Trane Technologies, owner of Thermo King (manufacturer of refrigerated units). Discussions with Trane technologies have taken place around the need to achieve more competitive pricing to prevent further installation contract losses.

In view of the margin pressures, cost savings measures have been implemented across the network to improve profitability during H2, not least the implementation of the Group-wide ERP system in June. We expect the system to generate additional data to improve the management of the business and result in further efficiency gains.

Of the two sustainable products on offer (pre-the acquisition of the FRIGOBLOCK dealerships), the 100% solar powered Titan recovery system looks to be the most successful so far, adopted by customers in the pharmaceutical and online retail sectors. Inflationary pressures impacted the adoption of the use of hydrogenated vegetable oil-based fuels.

Aerial view of Marshall Fleet Solutions Tamworth Super-Site

Source: Company

MSAC (Revenue +44.4% to £6.3m, Adj PBT turnaround of £0.6m to £0.4m)

Marshall Slingsby Advanced Composites performed strongly during the period and consolidated the return to profitability in H2 '22. Revenues rose to record levels, up 44% yoy to £6.3m, with key highlights including the delivery of the 200th composite C-130 cockpit panel to Lockheed Martin and new orders from a prestigious aerospace engine manufacturer and a manufacturer of ship protection and undersea surveillance systems, servicing several navies.

The longstanding contract with the Astute Prop Duct submarine programme ended during FY22 (ahead of the fleet entering service in 2026), and was replaced by wins to provide optronic masts, winch drums and doors for the next generation submarine programmes.

The three-year turnaround of the business was completed during FY22, through an ongoing programme of continuous improvement and investment in upskilling staff. The outcome resulted in a turnaround in profitability to adj. PBT of £0.4m. We expect the division to build on this, particularly as the ERP system is planned to be implemented next year and which we expect to result in further efficiencies from late 2024.

Skills Academy (Revenue -2.5% to £1.4m, Adj LBT of -£0.2m)

The six months to June proved significant for Marshall Skills Academy, including its relocation within the Cambridge HQ. The securing of additional external customers, an expansion of the UK apprenticeship training and a widening of the remit in Canada from pilot training to apprenticeship 'earn as you learn' programmes commencing in September. The Skills Academy will be based in New Brunswick in partnership with the local Community College and University of St. John. Funding for the programme has since been secured, amounting to C\$7m.

Ahead of the relocation of the Aerospace businesses to Cranfield, a new Skills Academy will open in September 2024, with an initial intake of 200 students. The move into loss reflects the additional investment associated with the division's expansion.

Futureworx (Zero revenue, LBT +50.5% to -£1.7m)

With the initial product entering its commercialisation phase during H2 '23, the investment increased, which in turn generated a deeper loss. Lilypad, the offshore wind farm inspection system utilising UAVs. Other related products currently in development include heavy-lift drones (into defence and port applications) and disruptive hydrogen cooling capability (for use across the aerospace and automotive markets).

Artist's impression of the Lilypad inspection drone in action



Source: Company

Futureworx entered a partnership with GKN Aerospace and Parker Aerospace to explore liquid hydrogen fuel systems (via fuel cells or combustion) for the next generation of zero emission aircraft. The ground test of a scalable hydrogen electric fuel and propulsion system is expected to take place in 2025.

Group Financials

Gross & EBIT margins improved markedly

With rising revenues and a decline in the cost of sales, gross margins improved 548 bp's to 32.7%. EBIT margins rose 153 basis points to 4.6%, highlighting the improvement in gross margins. Nevertheless, the Group was not immune from the inflationary environment, with utility costs higher and an under-recovery of overheads reflecting the lower throughput within Aerospace from February onwards. Also, the investment in Futureworx, investment in the new facility in Canada, and the transformation programme at Land Systems combined to result in a 25.3% yoy increase in OpEx to £51.4m. The implementation of the new ERP system across the Group was rolled out across several divisions during H1, although we expect that this have more of an effect on FY24 than on H2 '23. Total costs modestly increased yoy, rising 5.1% to £170.3m.

Central costs amounted to £2.6m, representing a 43% decline yoy, largely reflecting the disposal of MMH in May 2022. As a result, of the improved margins, a £1m increase in JV contribution to £2.4m (Marleigh development), and a marked improvement in interest receivable (rising £1.6m to £2.9m), adj. PBT increased 71% to £13.3m.

With tax increasing modestly yoy (+196 bp's to 22.5%), adj. EPS increased significantly to 16.6p / share (+67.7% yoy). Dividends per ordinary and NVPO share were left unchanged at 1p / share.

Net cash ended the period at £79.4m, down from £129.3m at the FY22 year end. The key reasons for the cash usage, included:

- An increase in working capital of £44.8m, signifying reduced advanced payments in Aerospace as the HIOS contract ended, an increase in debtors at Land Systems as the legacy contracts saw production levels increase markedly, and a reduction in the deferred receivable related to the Land North of Cherry Hinton
- Capex of £12.7m, reflecting £3.5m in North Works relocation activities, £1.7m on the new Land Systems' facility in Canada, £1.3m on the preparation of the Cambridge East planning application and £1.7m associated with the rollout of the new ERP and cyber security systems
- The acquisition of two FRIGOBLOCK dealerships, equating to a consideration of £3.9m.

Net assets ended the period at £282.5m, representing a £10.2m uplift from the year end. The NAV / share equates to 478.2p, representing a premium to the current share price of 22.6%.

Looking forward

We remain upbeat on the medium-term outlook of the Group, taking account of the five-year strategic plan and investment into each operating division within the transformation process underway. In the very short term (H2 '23) revenues and profitability are likely to decline, largely reflecting the loss of the HIOS contract, but the outlook from FY24 onwards looks brighter and well underpinned:

- Although the HIOS contract and associated price adjustment ended in June following the retirement of the UK MoD's fleet of C-130J Hercules aircraft, the resale of said fleet should occur in FY24, generating revenues and potentially, new international MRO customers
- The Group currently has 17 international C-130 customers. We think there remains scope to widen not only the overall number (see above) but also, to increase the scope of the work undertaken, particularly outside of the UK (N. America and M. East)
- A strong pipeline of tenders across several divisions, not least non-HIOS Aerospace/Aerostructures but also within MLS, MFS and MSAC – currently the pipeline sits at c.£4bn and is generally at improved margins
- New customer wins at Land Systems to reduce the impact of the legacy contracts and returning the division to the black by FY25 and improving margins thereafter
- The potential pipeline does not factor in one of the core drivers of future profits and cash generation, Marshall Group Properties. The unlocking of the value of the Airport land is hugely significant, with phases one to three of the Marleigh development minor by comparison. We anticipate 460 acres to be utilised within the proposed Cambridge East development, with construction unlikely to be completed prior to 2040. It is worth noting that the land is in the balance sheet at cost, purchased some 90 years ago!
- Continuous improvement programmes, when combined with the implementation of the new ERP system, should result in improved efficiencies across the Group
- Net cash at the period end of £79.4m, equating to 134.3p and available to continue investment into growing and future proofing the business.

Sustainability

The Group rolled out its sustainability strategy in early 2022. Each division is required to ensure that its Ambition 2030 framework into all decision making and operating practices, with a goal of achieving net zero across the Group by 2030. When considering the appropriate investments and technologies to help deliver the Group's environmental targets, the future plans of the business units, including any expectation of relocation, are taken into account.

The focus areas with regards to sustainability are highlighted in the diagram below:



Source: Company

Valuation

Calculating a precise valuation of any business in the first year of a new strategic plan is not simple, particularly where there are no published estimates. For Marshall of Cambridge specifically, one should consider challenges facing some units during H2 '23. On the other hand, we note the strong order book and pipeline of tender opportunities, which support our optimism regarding the outlook for the Group over the medium term.

There is also certainty over the cash pile (£79.4m as at the end of H1 '23, equating to 134.3p / share and the net asset value of £282.5m or 478.2p / share). Yes, the cash will be invested in the transformation and profitable growth of the Group, but our expectation is the investment is likely to generate additional value to the divisions and therefore enhance the worth of the Group.

As highlighted, the value of the Airport land is not reflected in the NAV, in view of the timing of its purchase. There are a further 200 acres that could also potentially be developed once Cambridge East has completed.

The likely sums invested will exceed the cash currently on the balance sheet, but in looking forward one should not forget the ongoing cash generative nature of the combined business and, significantly, the transformation delivered by the development of the Airport land towards the mid-to-end of the current decade.

The five-year strategic plan was designed with the stakeholders in mind, and the enhancement of shareholder value at its core. Furthermore, Hudson Sandler has been appointed as an IR advisor to further increase communication with those stakeholders.

On this basis, we raise our fair value / share in-line with the NAV to 478p. We look forward to drawing on other valuation metrics as the timing and nature of internal investment becomes clearer.

Incorporating the detail from the Interim results, we demonstrate the five-year history of the Continuing business in the income statement, cash flow and balance sheet tables below:

Summary Income Statement					
Year to Dec, £m	2018A	2019A	2020A	2021A	2022A
Aerospace			229.3	232.7	252.9
Land Systems			44.2	40.6	55.9
Advance Composites			10.3	8.3	10.2
Aerospace & Defence	247.8	307.6	283.8	281.6	319.0
Property	8.0	7.8	8.1	7.9	7.6
Fleet Solutions	47.4	53.0	45.7	54.3	51.6
Skills Academy			0.0	2.0	2.7
Other			13.2	3.9	0.6
Intercompany	-6.1	-6.5	-17.1	-6.7	-12.9
Revenue	297.1	361.8	333.7	343.1	368.7
Y-o-Y growth (%)		21.8%	-7.8%	2.8%	7.5%
CoGS	-181.0	-238.5	-250.7	-255.0	-245.0
Gross profit	116.1	123.3	83.0	88.1	123.7
Gross margin (%)	39.1%	34.1%	24.9%	25.7%	33.6%
OpEx	-109.1	-112.6	-69.9	-114.6	-106.9
Profit on sale of land & buildings	0.0	0.0	0.0	21.1	0.0
Other income	2.7	1.2	2.6	3.4	3.0
Adj. EBIT	9.7	11.9	15.7	-2.0	19.9
Adj. EBIT %	3.3%	3.3%	4.7%	-0.6%	5.4%
Share of JVs			0.4	3.5	4.5
Associates	0.0	0.0	0.0	4.5	0.0
Net Interest	-5.7	-6.6	-0.1	0.0	3.7
PBT (Adjusted)	4.0	5.3	16.1	6.0	28.1
Exceptionals	4.4	-4.4	-0.5	10.7	-0.7
Reported PBT	8.4	0.9	15.6	16.6	27.4
Adj. Tax	-11.1	-6.7	-4.6	-1.4	-5.8
Adj. PAT	-7.2	-1.3	11.5	4.7	22.3
Minority interests	-2.0	-3.9	-0.6	0.0	0.0
Pref. dividends	-0.7	-0.7	-0.7	-0.7	-0.7
Earnings	-9.9	-6.0	10.1	3.9	21.5
EPS (Adjusted) (p)	33.9	35.3	41.3	2.3	36.4
Dps (p) – Voting, ordinary	4.0	1.0	7.0	4.0	80.0
DPS (p) – NVPO	6.0	3.0	9.0	6.0	82.0
Ave no of shares (FD) (m)	59.1	59.1	59.1	59.1	59.1

Source: Company historics, ED

Summary Cash Flow

Year to Dec, £m	2018A	2019A	2020A	2021A	2022A
EBITDA	75.5	67.3	15.0	-0.5	32.2
Working capital movement	34.4	24.5	-12.7	-34.7	8.4
Other	-58.4	-19.7	-1.2	-0.6	-3.0
Operating cash flow	51.5	72.1	1.1	-35.8	37.7
Net Interest	-6.4	-7.1	-0.3	-0.4	1.1
Pref. dividends	-0.7	-0.7	-0.7	-0.7	-0.7
Minority payment	-1.8	-2.6	0.0	0.0	0.0
Taxation	-6.7	-3.4	1.1	-2.3	-1.8
Cash earnings	35.8	58.3	1.1	-39.2	36.2
Net capex	-39.9	-45.6	-19.2	12.8	-10.5
Post capex cash flow	-4.1	12.7	-18.0	-26.4	25.7
Dividends	-3.3	-3.3	-3.3	-3.3	-48.2
Free cash flow	-7.4	9.4	-21.3	-29.6	-22.4
Net (Acqns)/Disposals	-0.1	-28.2	0.0	0.0	199.0
Share Issues	-1.0	-0.7	0.0	0.0	0.0
Other financial	0.1	-3.0	-0.2	4.4	-6.0
Increase Cash/(Debt)	-8.3	-22.5	-21.5	-25.3	170.5
Opening Net Cash/(Debt)	5.9	-2.4	5.6	-15.9	-41.2
Closing Net Cash/(Debt)	-2.4	-24.9	-15.9	-41.2	129.3

Source: Company historics, ED

Abbreviated Balance Sheet

Year to Dec, £m	2018A	2019A	2020A	2021A	2022A
Intangible Assets	86.4	87.0	13.1	12.0	15.2
Tangible Assets	237.9	271.7	100.8	87.4	97.0
Investments/other	6.6	7.9	42.3	5.3	8.1
Net Working Capital	-17.4	-17.9	17.2	110.0	62.4
Capital Employed	313.5	348.6	173.4	214.7	182.7
Other	-23.5	-28.1	-18.9	-19.0	-23.3
Net Cash/(Debt)	-2.4	-24.9	-15.9	-41.2	129.3
Provisions	-36.5	-25.1	-11.8	-18.0	-14.4
Pension liability		0.0	-4.6	0.0	-2.3
Net Assets	251.1	270.6	122.1	136.5	272.0
Non-controlling interest	-63.1	-64.9	0.0	0.0	0.0
Shareholders' Funds	188.0	205.6	122.1	136.5	272.0

Source: Company historics, ED



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