

H1'25 results: records continue to tumble

For the six months to 31 October 2024 Cohort reported revenue (adj.) operating profit and net funds ahead of recent guidance: revenue +25%YoY at £118.2m, (adj.) EBIT +69%YoY to £10.1m and net funds at 31 October of £37.9m. Order intake of £139.2m compared to £119.1m a year earlier, with a record closing order book of £541.1m. EPS (adj., dil.) was 19.8p (H1 24: 10.3p) and the interim dividend was raised by 12%YoY to 5.25p/share.

Both divisions +26%YoY

Communications & Intelligence (C&I) (EID, MASS and MCL) delivered revenue of £55.2m, +26%YoY and (adj.) EBIT of £8.5m, +41%YoY, a 15.4% margin compared to 13.7% a year earlier; the order book increased from £108.8m in April to £134.4m.

Sensors & Effectors (S&E) (Chess Dynamics, ELAC Sonar and SEA) posted revenue of £64.2m, +26%YoY and (adj.) EBIT of £5.3m, +1.3x, an 8.3% margin compared to 4.5% in H1 24. The closing order book was £406.8m (April, £410.7m) with H2 order intake expected to exceed revenue.

Post-EMS acquisition outlook maintained

Post period-end (see ED report 22nd November, '[SATCOM deal is Group's largest acquisition](#)') Cohort announced a conditional sale and purchase agreement to acquire Australian satellite communications specialist EM Solutions (Europe) B.V., for an enterprise value of c.£75.0m. **We revised up our outlook accordingly and raised our Fair Value to 1090p/share.** The acquisition took the Group pro forma order book to above £650m. We estimate that EMS should contribute £10.2m in revenue and £2.5m to (adj.) EBIT in H2 25, and in FY26, £40.2m and £8.7m respectively.

Recent events a reminder of the focus on UK defence security

Recent events in Syria, the ongoing conflicts in Israel the Ukraine, and with persisting tension in the Far East / Asia Pacific region, serve as reminders of the importance to the UK of retaining an efficient and modernised defence capability. This is currently the subject of a government review, ranging from conventional land and naval forces to cyber security and electronic warfare, all of which are reflected in Cohort's capabilities, in addition to which the Group retains strong overseas ties; at the interim c.37% of revenue.

Our Fair value / share of 1090p is indicative of a FY26E PE of 19.0x compared to a peer group market cap weighted average of 22.2x, and EV/EBITDA of 10.1x, compared to 12.5x¹.

Summary financials

Yr to 30 April (£m)	2022	2023	2024	2025E	2026E
Revenue	137.7	182.7	202.5	240.2	280.2
EBIT (adj.)	15.5	19.1	21.1	27.1	35.7
EBITDA (adj)	19.4	23.2	25.7	33.0	41.6
Pre-Tax Profit (adj)	14.7	17.7	19.8	25.7	34.2
EPS (adj, p)	30.9	36.4	42.7	44.5	57.3
Dps (p)	12.2	13.4	14.8	15.5	16.3
Net debt / (cash)	(11.0)	15.6)	(23.1)	10.3	(9.9)
P/E	33.3x	28.3x	24.1x	23.1x	18.0x
EV/EBITDA	20.4x	17.0x	15.4x	12.0x	9.5x
EBIT margin	11.3%	10.4%	10.4%	11.3%	12.7%
ED FV P/E				24.5x	19.0x
ED FV EV/EBITDA				12.7x	10.1x

Source: Company data, Equity Development estimates. FV: Fair Value. ¹ Koyfin

11 December 2024

Company Data

EPIC	CHRT
Price (last close)	987p
52 weeks Hi/Lo	1095p/502p
Market cap	£401m
ED Fair Value	1090p
Proforma net cash	£23.1m

Share Price, p



Source: ADVFN

Description

Operating in the UK, Germany and Portugal, Cohort Group has two divisions.

Communications and Intelligence:

EID, naval and land defence communications; MASS, advanced digital defence and security; MCL, electronic and surveillance technology design and support for the UK MOD; EMS, satellite-based communications.

Sensors & Effectors: Chess, electro-optical tracking and surveillance systems for naval, land defence and security; ELAC SONAR, advanced sonar systems and underwater communications; SEA, technology for defence and transport markets, and specialist research and training services.

Next event:

FY 25 Results

Mike Jeremy (Analyst)

0207 065 2690

mike.jeremy@equitydevelopment.co.uk

Andy Edmond

0207 065 2691

andy@equitydevelopment.co.uk

H1 25 performance summary

For the first half the Group recorded:

- Revenue of £118.2m, +25%YoY¹, comprising C&I, £55.2m, S&E, £64.2m, each +26%YoY.
- Gross profit of £38.3m, 32.4% margin, compared to 33.0% a year earlier.
- Adjusted EBIT was £10.1m +69%YoY. On a reported basis, EBIT of £8.8m £1m of amortisation of intangible assets and £0.3m of changes in the value of forward exchange contracts and acquisition-related costs (H1 24: £1.6m).

Below summarises recent semi-annual performance:

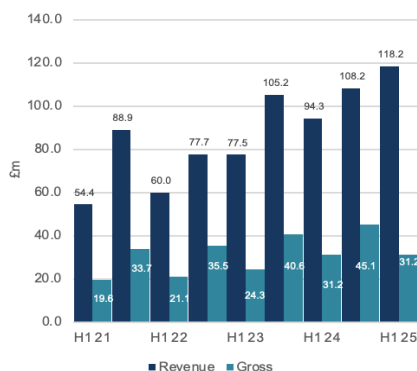
Semi-annual performance, H1 22 – H1 25							
£m	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24	H1 25
C&I Rev	29.6	38.8	33.2	53.0	43.9	39.0	55.2
S&E Rev	30.5	38.9	44.5	52.1	51.0	68.6	64.2
Inter	(0.0)	0.0	(0.2)	0.2	(0.6)	0.6	(1.2)
Revenue	60.0	77.7	77.5	105.2	94.3	108.2	118.2
C&I YoY	0.1%	-20.7%	12.1%	36.8%	32.3%	-26.4%	25.8%
S&E YoY	22.5%	-2.7%	45.9%	33.7%	14.7%	31.8%	25.9%
Revenue YoY	10.3%	-12.6%	29.0%	35.5%	21.7%	2.8%	25.4%
Gross	21.1	35.5	24.3	40.6	31.2	45.1	38.3
Margin	35.2%	45.7%	31.3%	38.6%	33.0%	41.7%	32.4%
Central costs	(2.1)	(2.1)	(2.6)	(2.5)	(2.3)	(2.2)	(3.7)
C&I (adj.) EBIT	3.8	8.5	5.2	9.7	6.0	6.8	8.5
S&E (adj.) EBIT	0.1	7.4	2.5	6.9	2.3	10.5	5.3
EBIT rptd.	(1.3)	12.4	1.6	13.6	4.4	16.8	8.8
EBIT (adj.)	1.7	13.8	5.0	14.1	6.0	15.1	10.1
C&I (adj.) EBIT mrg	12.8%	21.9%	15.6%	18.3%	13.7%	17.5%	15.4%
S&E (adj.) EBIT mrg	0.3%	19.0%	5.5%	13.2%	4.5%	15.3%	8.3%
EBIT (adj.) mrg	2.9%	17.8%	6.5%	13.4%	6.4%	14.0%	8.6%
EBIT (adj.) YoY							68.6%
EBITDA Reported	4.0	17.9	5.5	17.6	8.2	20.7	12.5
EBITDA Adjusted	3.6	15.8	7.1	16.1	8.2	17.6	12.8
Margin	6.0%	20.3%	9.1%	15.3%	8.7%	16.2%	10.8%
PBT Reported	(1.7)	11.9	1.1	12.8	3.7	16.2	8.5
PBT Adjusted	1.3	13.3	4.5	13.3	5.2	14.5	9.8
EPS Reported Basic (p)	(1.7)	24.3	2.7	25.2	7.7	27.9	17.5
EPS Reported Diluted (p)	(1.7)	24.2	2.7	25.1	7.7	27.9	17.3
EPS Adjusted Basic (p)	3.0	28.0	10.1	26.4	10.4	36.5	20.0
EPS Adjusted Diluted (p)	3.0	27.9	10.1	26.3	10.3	36.4	19.8

Source: Company data. Equity Development estimates. ¹Inclusive of £1.15m of inter-segment revenue.

Divisional performance to H1 25

Next, we summarise semi-annual revenue and gross, (adj.) EBIT and EBIT margin H1 25:

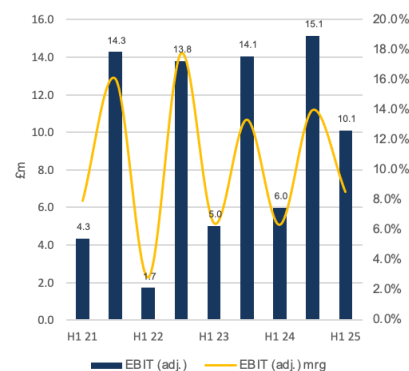
Group revenue, gross



[Insert Image here]

Source: Company Data

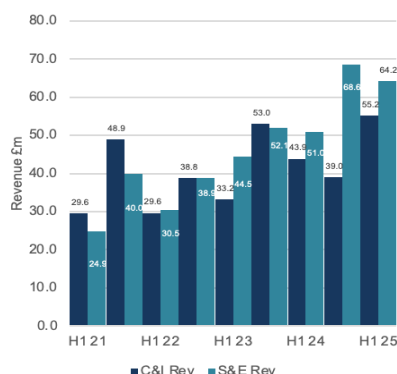
Group (adj.) EBIT, margin



Source: Company Data

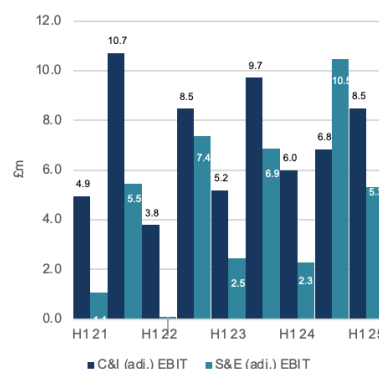
Divisional revenue and (adj.) EBIT summary.

Divisional revenue



Source: Company Data

Divisional (adj.) EBIT



Source: Company Data

H1 closing order book: £541m

The closing order book was £541.1m with order intake of £139.2m (H124: £119.1m), including:

- 15 July 2024: a €33.0m 3-year contract to EID for Tactical Deployable Communication and Information Systems from the Portuguese Army. In addition, a contract from the Portuguese Navy for communications systems resulted in total order intake of over €45.0m (£38.0m) from the prior 4 months.
- 17 July 2024: a £21.4m contract to MCL from a UK government client, comprising two orders.
- 30 July 2024: three 3-year contracts worth over £25.0m to Chess from Rheinmetall Air Defence AG for electro-optical tracking surveillance systems and multi-sensor units.

With the announcement of the post period-end acquisition of EM Solutions, the Group noted that the pro-forma order book in November stood at c.£650m.

Communications & Intelligence Division

The **Communications & Intelligence** division, comprising subsidiaries EID, MASS and MCL in H1 (with the subsequent addition of EMS), reported:

- Revenue of £55.2m, +26%YoY.
- (adj.) EBIT of £8.5m, +41%YoY, 15.4% margin compared to 13.7% a year earlier, i.e. margin improvement adding c£1.m in EBIT.
- The order book increased from £108.8m in April to £134.4m reflecting the contribution from orders from the Portuguese Navy, which should also move EID into profitability for the full year following a first-half loss.

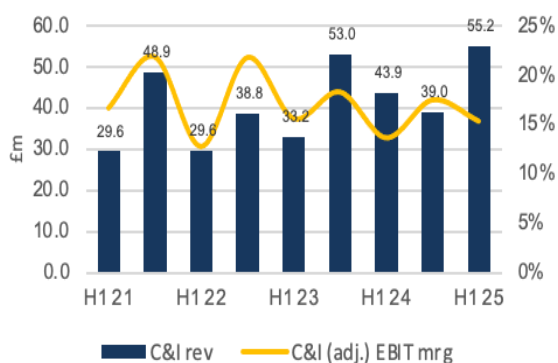
Revenue performance was driven predominantly by UK MOD spend, underpinned by the contribution from MCL, also responsible for improved profitability.

Semi-annual performance and outlook

£m	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24	H1 25
C&I rev	29.6	48.9	29.6	38.8	33.2	53.0	43.9	39.0	55.2
C&I (adj.) EBIT	4.9	10.7	3.8	8.5	5.2	9.7	6.0	6.8	8.5
C&I (adj.) EBIT mrg	16.7%	21.9%	12.8%	21.9%	15.6%	18.3%	13.7%	17.5%	15.4%
	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E		
C&I rev	74.2	78.4	68.4	86.2	82.9	100.2	138.2		
YoY	2.8%	5.7%	-12.8%	26.1%	-3.8%	20.8%	37.9%		
C&I (adj.) EBIT	13.7	15.6	12.3	14.9	12.8	16.5	24.2		
C&I (adj.) EBIT mrg	18.4%	20.0%	17.9%	17.3%	15.5%	16.5%	17.5%		

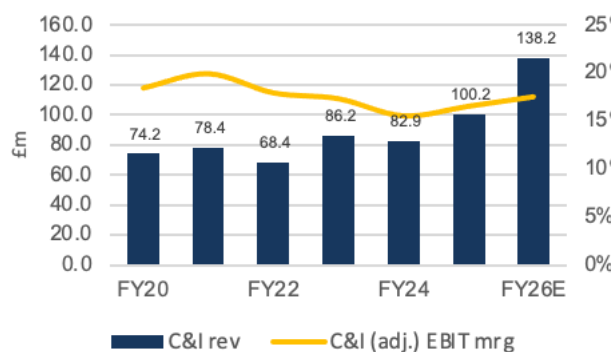
Source: Company data. Equity Development estimates

Revenue, (adj) EBIT margin, semi-annual



Source: Company data. Equity Development estimates.

Revenue, (adj) EBIT margin, annual



Source: Company data. Equity Development estimates.

Sensors & Effectors Division

First half performance in the **Sensors & Effectors** division, comprising subsidiaries Chess Dynamics, ELAC Sonar and SEA:

- Revenue of £64.2m, +26%YoY.
- (adj.) EBIT of £5.3m, +1.3x, 8.3% margin compared to 4.5% in H1 24.
- A closing order book of £406.8m (April, £410.7m). The Group notes the strength of further opportunities with H2 order intake expected to exceed revenue, maintaining post-FY25 momentum.

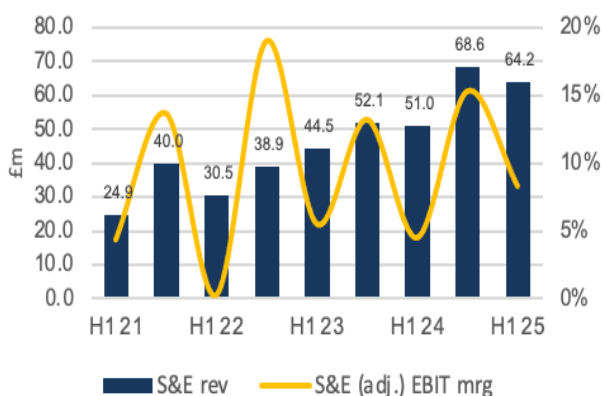
Strong H1 performance was led by ELAC SONAR and SEA, each with c.50%YoY revenue growth and doubled profits; performance at Chess contrasted with a combination of product mix and some delays on key deliverables.

Semi-annual performance and outlook

£m	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24	H1 25
S&E rev	24.9	40.0	30.5	38.9	44.5	52.1	51.0	68.6	64.2
S&E (adj.) EBIT	1.1	5.5	0.1	7.4	2.5	6.9	2.3	10.5	5.3
S&E (adj.) EBIT mrg	4.3%	13.7%	0.3%	19.0%	5.5%	13.2%	4.5%	15.3%	8.3%
	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E		
S&E rev	56.9	64.9	69.4	96.5	119.6	140.0	142.0		
YoY	16.0%	14.1%	6.9%	39.1%	23.9%	17.1%	1.4%		
S&E (adj.) EBIT	7.5	6.5	7.5	9.3	12.8	16.2	17.2		
S&E (adj.) EBIT mrg	13.1%	10.1%	10.8%	9.7%	10.7%	11.6%	12.1%		

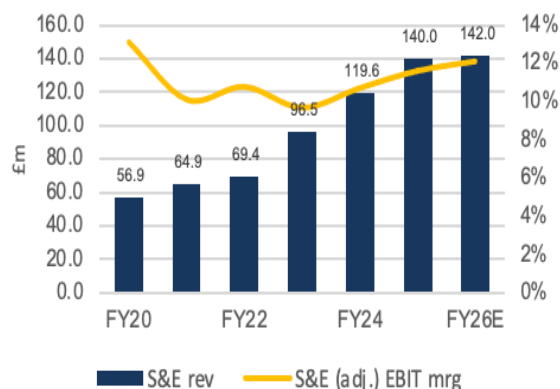
Source: Company data. Equity Development estimates.

Revenue, (adj) EBIT margin, semi-annual,



Source: Company data. Equity Development estimates

Revenue, (adj) EBIT margin, annual



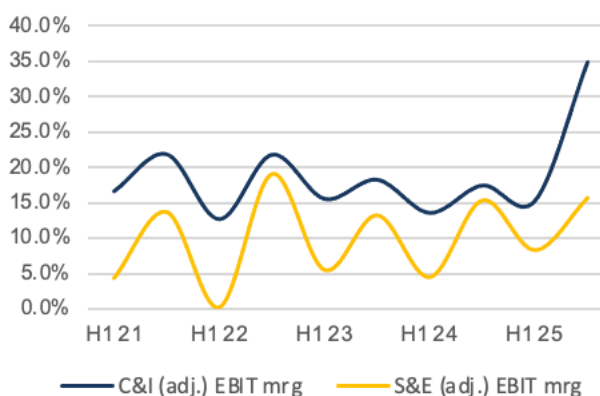
Source: Company data. Equity Development estimates

C&I profit outlook boosted by EMS acquisition

Below illustrates semi-annual (H1 21 – H1 25) and annual (FY20 – FY26E) (adj.) EBIT margin trends for the Communications & Intelligence and Sensors & Effectors divisions.

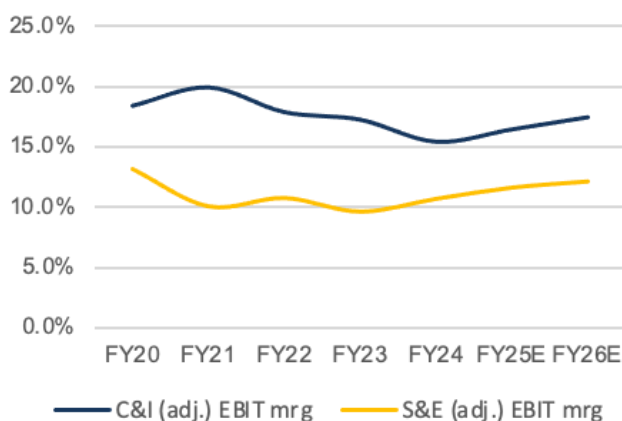
- **Second half earnings weighting.** H2 typically results in (adj.) EBIT at c.3x H1: H2 21, 3.3x, H2 22, 8x, H2 23 2.8x, H2 24, 2.8x.
- **We note the positive impact of EMS acquisition.** We estimate that EMS should contribute £10.2m in revenue and £2.5m to (adj.) EBIT in H2 25, and in FY26, add £40.2m to revenue and £8.7m to (adj.) EBIT.
- Consequently, post-acquisition our Group FY26 (adj.) EBIT outlook is **£35.7m, a 12.7% margin**; in the absence of the contribution from EMS, we estimate that Group (adj.) EBIT would have been **£28.6m, an 11.9% margin**.
- Cohort stated that it is expected that the tax-adjusted ROIC on the acquisition should exceed WACC of 10.6% in the 3rd full financial year post completion (2027/28); we estimate 16.3%.

Divisional (adj) EBIT margin, semi-annual to H1 25



Source: Company data. Equity Development estimates.

Divisional (adj) EBIT margin, annual



Source: Company data. Equity Development estimates.

Group outlook to FY26

Following our revision with the acquisition of EMS our outlook is unchanged:

- FY 25 revenue of £240.2m, gross profit margin of 41.5%, EBITDA (adj.) of £33.0m, a 13.7% margin.
- FY 26 revenue of £280.2m, gross profit margin of 41.5%, EBITDA (adj.) of £41.6m, a 14.9% margin.

Summary outlook to FY26

£m	FY24	FY25E	YoY	FY26E	YoY
C&I Rev	82.9	100.2	21%	138.2	38%
S&E Rev	119.6	140.0	17%	142.0	1%
Revenue	202.5	240.2	19%	280.2	17%
Gross	76.3	99.7	31%	116.3	17%
<i>Margin</i>	<i>37.7%</i>	<i>41.5%</i>		<i>41.5%</i>	
Central costs	(4.5)	(5.7)	27%	(5.7)	0%
C&I (adj.) EBIT	12.8	16.5	29%	24.2	46%
S&E (adj.) EBIT	12.8	16.2	27%	17.2	6%
EBIT rptd.	21.2	24.0	13%	28.7	20%
EBIT (adj.)	21.1	27.1	28%	35.7	32%
<i>EBIT (adj.) mrg</i>	<i>10.4%</i>	<i>11.3%</i>	<i>0.8%</i>	<i>12.7%</i>	<i>13%</i>
EBITDA Reported	28.9	31.0	7%	42.6	37%
EBITDA Adjusted	25.7	33.0	28%	41.6	26%
<i>Margin</i>	<i>12.7%</i>	<i>13.7%</i>		<i>14.9%</i>	
PBT Reported	19.8	22.6	14%	27.2	21%
PBT Adjusted	19.8	25.7	30%	34.2	33%
EPS Reported Basic (p)	37.9	37.8	0%	42.0	11%
EPS Reported Diluted (p)	37.7	37.7	0%	41.9	11%
EPS Adjusted Basic (p)	42.9	44.7	4%	57.4	29%
EPS Adjusted Diluted (p)	42.7	44.5	4%	57.3	29%

Source: Company data. Equity Development estimates.

Interim dividend +11.7%YoY

With a proposed Interim dividend of 5.25p/share (H124: 4.70p/share) Cohort maintained its progressive dividend policy. Dividend cover in FY23 was 2.2x, in FY24 2.7x; and we estimate 2.4x for FY25.

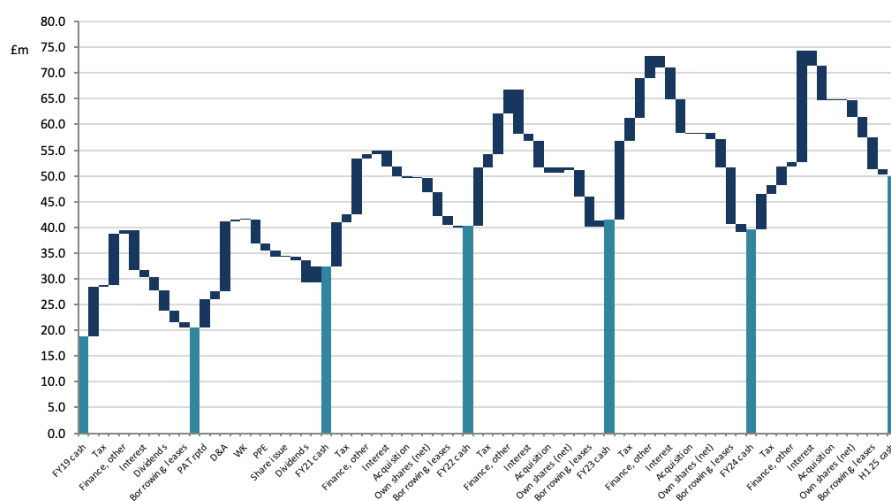
Cashflow: cash continued to build

As illustrated below, repeating the pattern of previous periods, **sound cashflow management** contributed at all levels to retain a healthy cash balance:

- Profit from operations contributed £6.8m compared to £2.9m a year earlier.
- Operating cashflow of £13.1m: £10.3m in H1 24.
- An increase in inventories of £6.0m, and payables of £22.1m resulting in a £21.7m overall increase in working capital resulting in a cash inflow of £34.7m (H1 24: £10.5m) due principally to timing effects; advance payments were received, notably in Sensors & Effectors ahead of project work for the remainder of the financial year.
- Capital spending of £3.6m was ahead the previous year (£2.7m) reflecting planned work on the ELAC SONAR submarine communications test tank facility (c.£20m over 2022-2025).
- Dividends paid of £4.1m combined with capex and paid-down debt of £5.0m resulted in £12m use of cash (before forex) and a period-end cash position of £49.2m (net £37.9m) compared to net at the FY24 year-end of £23.1m.

We estimate the FY25 net debt position, post-EMS acquisition, at £10.3m, reverting to **net cash of £9.9m in FY26**.

Cashflow performance FY19 – H1 25

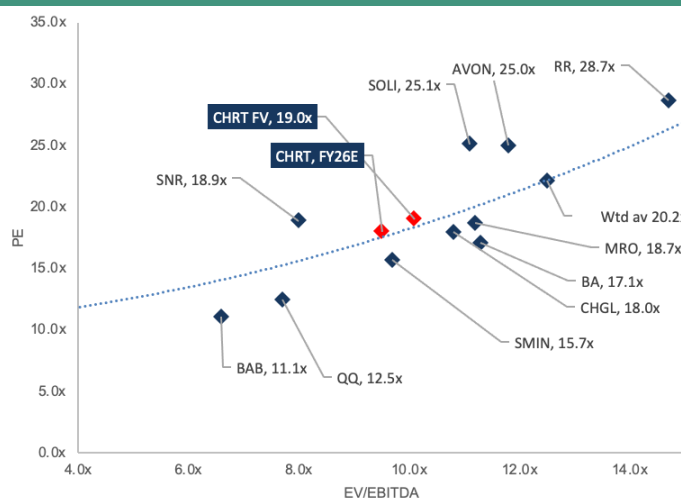


Valuation update

The table below shows the comparative positioning of Cohort, at current valuation and at ED Fair Value, alongside a sample of peers in the UK defence and military equipment sector: Amedeo Air Force Plus, Avon Protection, Babcock, BAE Systems, Chemring Group, Concurrent Technologies PLC, Melrose Industries, QinetiQ, Rolls Royce Holdings, Senior PLC, Smiths Group and Solid State PLC.

- Cohort currently trades on a FY26E PE of 18.0x and EV/EBITDA of 9.5x (ED Est.).
- This compares to a market cap weighted average for the peer group PE of 22.2x and EV/EBITDA of 12.5x (source: Koyfin).

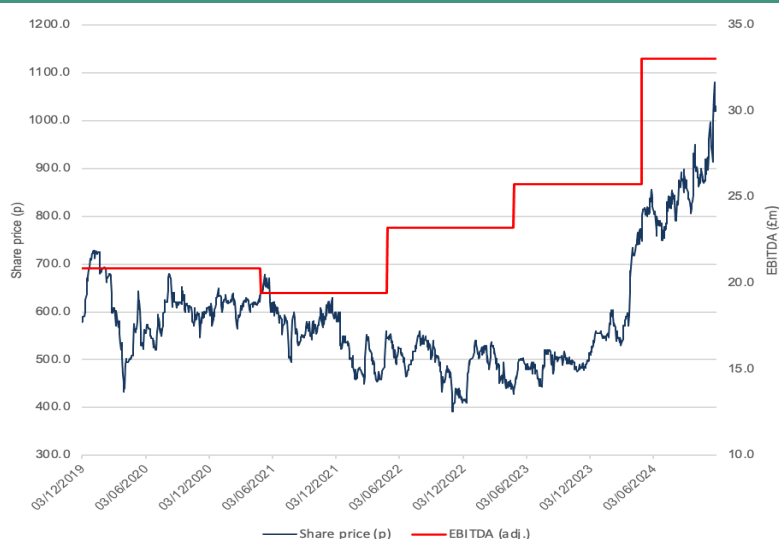
Comparative valuation: PE and EV/EBITDA multiples



Source: Equity Development estimates, Koyfin

We next show the evolution of +1 year estimated (adj.) EBITDA compared to share price performance over the past 5 years, notionally showing 'catch up' with earnings momentum from mid-2022.

Share price vs +1 year estimated (adj.) EBITDA



Source: Company data, LSE, Equity Development estimates.

Appendix I: UK Strategic Defence Review

‘to transform the MoD and the Armed Forces’²

In July 2024 the Labour Government launched its Strategic Defence Review (SDR) 2024-25, with a reporting deadline for H1 2025 and an initial Call for Evidence on 28th August due by 30th September. As stated in the 17th of July Terms of Reference¹:

- “The SDR will determine the roles, capabilities and reforms required by UK Defence to meet the challenges, threats and opportunities of the twenty-first century, deliverable and affordable within the resources available to Defence within the trajectory to 2.5%. The Review will ensure that Defence is central both to the security, and to the economic growth and prosperity, of the United Kingdom.”

The review defines a number of clear parameters: commitment to the independent UK nuclear deterrent, a ‘NATO first’ approach, reinforcing homeland security, continuing support for Ukraine, maintaining defence ties with the Indo-Pacific region, the Gulf and the Middle East, and delivering AUKUS. Of eight major themes covering key issues the fifth concerns:

- The approach to be taken to acquisition and support in order to deliver the required capabilities in a timely way, and how to secure the best possible value for money and rapidly changing technology.

The Royal United Services Institute (RUSI)² concludes that the government “chose to conduct a defence-focused review because of the scale of the steps it believes will be required to transform the MoD and the Armed Forces” to create an “integrated force”. Against this background, as itemised by the UK Defence Journal³, the respective forces branches face a number of challenges; UKDJ highlights number of examples:

- **“The Royal Navy and Royal Fleet Auxiliary are struggling.** At the time of writing [17 September], none of the UK’s Astute-class hunter-killer submarines is deployed. Four of our six destroyers and four of the remaining nine frigates are temporarily out of action, as are both amphibious assault ships of the Albion-class. The RFA is seeing more and more of its ships laid up due to a lack of funds, and those few ships that can sail are now lacking crew as the RFA demands better pay from the new government (having watched the NHS and train drivers get above-inflation pay rises in recent months, despite the new Chancellor stating there is a £20bn black hole in the UK’s finances). **The Army is not much better off.** Now at its smallest size since the 1800s with just 73,000 full time personnel, tough choices must be made about equipping troops and deployments overseas” and “The RAF will no doubt be watching the SDR with concern. The MoD remains committed to the initial 48 F-35Bs, with a second batch of jets being discussed since 2022 for delivery by 2033. C-130 is now gone completely, and there is no firm commitment to buying more A400M Atlas transports yet.”

“work with the financial and related professional services sector”⁴

The response from the private sector is illustrated by TheCityUK⁴ which **recommends that Government should “work with the financial and related professional services sector”** to align its objectives with the “realities of financial markets and the motivations of different classes of investor”, notably to: “Build domestic and international investor confidence through a long-term strategic public-private narrative for UK defence” and “promote competition within the defence ecosystem by increasing private investment in SMEs and the supply chain, by supporting and leveraging private investment opportunities in emerging dual-use technologies and defence-related infrastructure”.

¹<https://www.gov.uk/government/publications/strategic-defence-review-2024-2025-terms-of-reference/strategic-defence-review-2024-2025-terms-of-reference>

² <https://www.rusi.org/explore-our-research/publications/commentary/new-approach-uk-strategic-defence-review-tests-success>

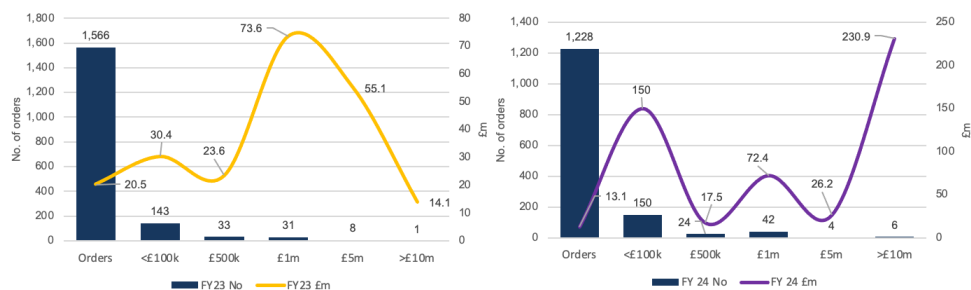
³ <https://ukdefencejournal.org.uk/defence-review-2024-there-will-be-cuts-but-whats-going/>

⁴ <https://www.thecityuk.com/our-work/thecityuk-response-to-the-strategic-defence-review-2024-25/>

Appendix II: Group orders and revenue geography

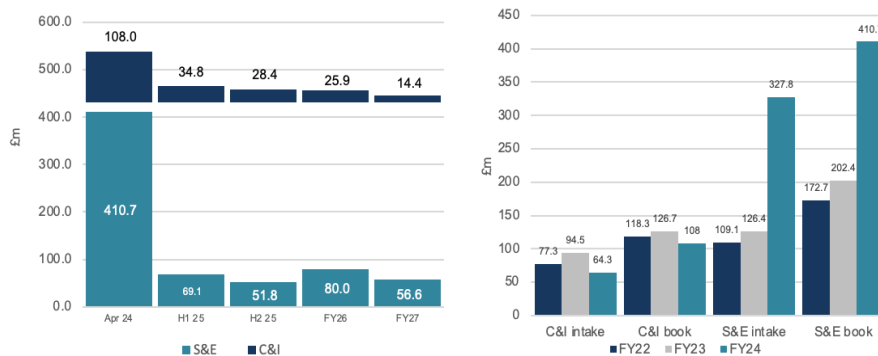
This graphic summarises latest orders profile by scale, longevity, customer and geography.

FY23:FY24, shift to fewer, larger orders



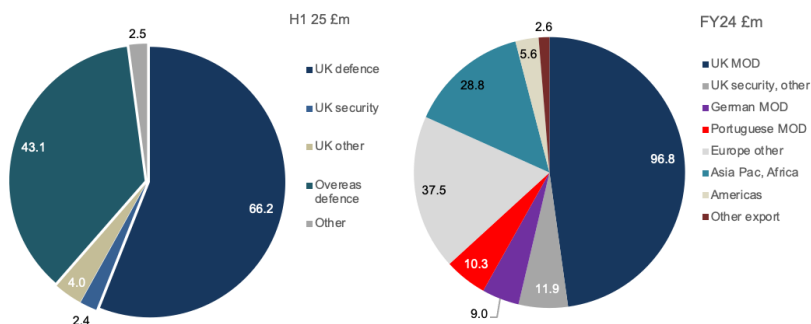
Source: Company data. Equity Development estimates.

Orders longevity and orders by division, FY24



Source: Company data. Equity Development estimates

Orders by customer segment and geography, H1 25, FY24



Source: Company data. Equity Development estimates. £m.

Summary financials

P&L

£m	H1 24	H2 24	H1 25	FY22	FY23	FY24	FY25E	FY26E
C&I Rev	43.9	39.0	55.2	68.4	86.2	82.9	100.2	138.2
S&E Rev	51.0	68.6	64.2	69.4	96.5	119.6	140.0	142.0
Inter	(0.6)	0.6	(1.2)	(0.0)	0.0	0.0	0.0	0.0
Revenue	94.3	108.2	118.2	137.7	182.7	202.5	240.2	280.2
Gross	31.2	45.1	38.3	56.6	64.9	76.3	99.7	116.3
<i>Margin</i>	33.0%	41.7%	32.4%	41.1%	35.5%	37.7%	41.5%	41.5%
COGS	(63.2)	(63.1)	(80.0)	(81.1)	(117.9)	(126.3)	(140.5)	(163.9)
Op-ex excluding one-off items	(25.2)	(30.0)	(28.1)	(41.1)	(45.8)	(55.1)	(72.6)	(80.6)
Amortisation intangibles	(1.6)	(1.6)	(1.0)	(6.9)	(3.7)	(3.1)	(1.1)	(8.0)
R&D credits	0.0	2.9	0.0	1.0	0.9	2.9	1.0	1.0
Forex	(0.0)	0.3	(0.1)	0.7	(1.1)	0.3	0.0	0.0
One-off charges	0.0	0.0	(0.2)	0.7	0.0	0.0	(3.0)	0.0
EBIT rptd.	4.4	16.8	8.8	11.1	15.3	21.2	24.0	28.7
EBIT (adj.)	6.0	15.1	10.1	15.5	19.1	21.1	27.1	35.7
<i>EBIT (adj.) mrg</i>	6.4%	14.0%	8.6%	11.3%	10.4%	10.4%	11.3%	12.7%
Amortisation Intangibles	(1.6)	(1.6)	(1.0)	(6.9)	(3.7)	(3.1)	(1.1)	(8.0)
Depreciation PPE	(1.3)	(1.4)	(1.6)	(2.2)	(2.4)	(2.6)	(4.0)	(4.0)
Depreciation RoU	(0.9)	(1.1)	(1.1)	(1.7)	(1.8)	(2.0)	(2.0)	(2.0)
EBITDA Reported	8.2	20.7	12.5	21.8	23.1	28.9	31.0	42.6
EBITDA Adjusted	8.2	17.6	12.8	19.4	23.2	25.7	33.0	41.6
<i>Margin</i>	8.7%	16.2%	10.8%	14.1%	12.7%	12.7%	13.7%	14.9%
Financial income	0.2	0.3	0.3	0.0	0.1	0.5	0.5	0.5
Financial expense	(1.0)	(0.9)	(0.6)	(0.9)	(1.5)	(1.9)	(1.9)	(2.0)
PBT Reported	3.7	16.2	8.5	10.2	13.9	19.8	22.6	27.2
PBT Adjusted	5.2	14.5	9.8	14.7	17.7	19.8	25.7	34.2
Tax	(0.7)	(3.8)	(1.7)	(1.5)	(2.7)	(4.5)	(5.4)	(8.2)
Reported tax rate	20.0%	23.5%	20.0%	15.1%	19.2%	22.9%	24.0%	30.0%
<i>Tax rate % adjusted</i>	14.0%	26.1%	17.4%	10.5%	15.1%	22.9%	21.1%	23.9%
PAT Reported	2.9	12.4	6.8	8.7	11.3	15.3	17.2	19.1
PAT Adjusted	4.5	10.7	8.1	13.1	15.1	15.2	20.3	26.1
Basic wtd. Av. shares (m)	40.4	40.7	40.5	40.8	40.7	40.4	45.4	45.4
Diluted wtd. av. shares (m)	40.5	40.8	40.9	41.0	40.8	40.6	45.5	45.5
EPS Reported Basic (p)	7.69	27.92	17.55	22.5	27.9	37.9	37.8	42.0
EPS Reported Diluted (p)	7.67	27.86	17.34	22.4	27.9	37.7	37.7	41.9
EPS Adjusted Basic (p)	10.36	36.48	20.00	31.1	36.5	42.9	44.7	57.4
EPS Adjusted Diluted (p)	10.33	36.40	19.76	30.9	36.4	42.7	44.5	57.3

Source: Company data, Equity Development estimates

Cashflow

£m	H1 24	H2 24	H1 25	FY22	FY23	FY24	FY25E	FY26E
PAT rptd	2.9	12.4	6.8	8.7	11.3	15.3	17.2	19.1
Tax	0.7	3.8	1.7	1.5	2.7	4.5	5.4	8.2
Depreciation	2.2	2.4	2.7	3.9	4.2	4.6	6.0	6.0
Amortisation	1.6	1.6	1.0	6.9	3.7	3.1	1.1	8.0
Finance net	0.8	0.6	0.3	0.9	1.3	1.4	1.4	1.4
Derivatives/forex	0.0	(0.3)	0.1	(0.7)	1.1	(0.3)	(0.3)	(0.3)
Share-based payments	0.4	0.7	0.2	0.6	1.5	1.1	3.0	0.0
Provisions	1.7	0.5	0.2	0.1	0.7	2.2	0.0	0.0
Operating Cash Flow	10.3	21.6	13.0	21.8	26.4	31.9	33.7	42.3
Working capital								
(Inc)/Dec inventories	(1.6)	0.2	(6.0)	(9.9)	(8.6)	(1.4)	(0.9)	(5.7)
(Inc)/Dec receivables	(5.7)	(19.0)	5.6	10.5	3.0	(24.7)	1.1	1.5
Inc/(Dec) payables	7.5	16.3	22.1	0.0	(3.0)	23.8	17.7	14.9
Movement in working capital	0.2	(2.5)	21.7	0.7	(8.5)	(2.3)	17.9	10.7
Cash from operations	10.5	19.1	34.7	22.5	17.9	29.6	51.6	53.1
Interest paid	(0.9)	(1.0)	(0.6)	(0.9)	(1.2)	(1.9)	(4.8)	(5.0)
Tax (paid)/received	(2.1)	(2.7)	(2.7)	(2.1)	(0.1)	(4.7)	(5.4)	(8.2)
Net cash from operations	7.6	15.4	31.4	19.5	16.5	23.0	41.4	39.9
Investing activities								
Interest received	0.2	0.3	0.3	0.0	0.1	0.5	0.5	0.5
PPE	(2.7)	(3.9)	(6.7)	(2.0)	(5.2)	(6.7)	(10.0)	(6.5)
Acquisition	0.0	0.0	(3.0)	(0.4)	(1.0)	0.0	(3.0)	0.0
Net cash investing	(2.5)	(3.7)	(9.3)	(2.4)	(6.1)	(6.2)	(87.5)	(6.0)
Net OpFCF	5.1	11.8	22.1	17.2	10.4	16.9	(46.1)	33.9
Financing activities								
Share issue	0.1	0.6	1.4	0.6	1.0	0.7	40.0	0.0
Dividends	(3.7)	(1.9)	(4.1)	(4.7)	(5.1)	(5.6)	(7.0)	(7.4)
Purchase own shares	(1.9)	0.0	(4.0)	(2.9)	(0.6)	(1.9)	0.0	0.0
Settlement of own shares	0.1	0.7	0.9	0.3	0.1	0.8	20.0	0.0
Borrowings	0.0	0.0	(5.0)	0.0	0.0	0.0	0.0	0.0
Repayments	(3.0)	(6.0)	0.0	(0.1)	(4.0)	(9.0)	0.0	0.0
Lease repayments	(1.0)	(1.9)	(1.1)	(1.9)	(2.0)	(1.9)	(1.8)	(1.8)
Net cash from financing	(9.4)	(8.5)	(11.9)	(8.7)	(10.6)	(16.9)	51.2	(9.2)
Net increase in cash	(4.3)	4.2	10.1	8.4	(0.2)	(0.1)	5.0	24.7
Forex	(1.1)	(0.6)	(0.6)	(0.4)	1.2	(1.7)	0.0	0.0
Cash start	41.5	36.1	39.7	32.3	40.4	41.5	39.7	44.7
Cash end	36.1	39.7	49.2	40.4	41.5	39.7	44.7	69.4

Source: Company data, Equity Development estimates

Balance Sheet

£m	H1 24	H2 24	H1 25	FY22	FY23	FY24	FY25E	FY26E
Fixed Assets								
Goodwill	50.1	50.1	51.5	50.1	50.1	50.1	53.1	53.1
Intangible assets	4.4	2.8	3.7	9.6	6.0	2.8	76.7	68.7
RoU assets	8.1	7.8	7.5	9.6	8.5	7.8	5.9	3.9
PPE net	17.2	19.4	24.3	12.3	15.3	19.4	25.4	27.9
Deferred tax, other	1.5	2.5	2.6	1.4	1.6	2.5	2.5	2.5
Sum Fixed Assets	81.3	82.7	89.6	83.1	81.5	82.7	163.6	156.2
Current Assets								
Inventories	33.8	33.3	39.3	22.8	32.0	33.3	34.2	39.9
Trade receivables	61.1	79.4	70.5	56.2	55.6	79.4	78.3	76.8
Derivatives, tax	1.9	1.9	3.4	0.8	2.2	1.9	2.5	3.3
Cash, Equivalents	36.1	55.2	75.4	40.4	51.0	55.2	44.7	69.4
Sum Current Assets	132.9	169.8	188.5	120.1	140.8	169.8	159.7	189.4
Total Assets	214.2	252.5	278.0	203.2	222.3	252.5	323.4	345.6
Current Liabilities								
Trade payables, other	(62.9)	(81.0)	(99.0)	(54.0)	(55.9)	(81.0)	(98.7)	(113.6)
Derivatives, tax	(3.6)	(2.5)	(3.2)	(0.9)	(5.3)	(2.5)	(3.3)	(4.4)
Leases	(1.5)	(1.8)	(1.8)	(1.5)	(1.7)	(1.8)	(1.8)	(1.8)
Borrowings	0.0	(15.5)	(26.1)	(29.4)	(9.5)	(15.5)	(18.5)	(23.0)
Provisions	(10.4)	(8.9)	(11.0)	(8.9)	(8.7)	(8.9)	(10.9)	(12.5)
Other payables	0.0	0.0	0.0	(1.4)	0.0	0.0	0.0	0.0
Sum Current Liabilities	(78.5)	(109.7)	(141.1)	(96.0)	(81.1)	(109.7)	(133.2)	(155.3)
Total Assets less Current Liabilities	135.7	142.8	137.0	107.2	141.3	142.8	190.2	190.3
Long-term Liabilities								
Deferred tax	(1.1)	(0.9)	(1.1)	(1.4)	(1.5)	(0.9)	(1.1)	(1.6)
Leases	(7.2)	(6.7)	(6.3)	(8.6)	(7.5)	(6.7)	(4.9)	(3.1)
Borrowings	(22.8)	(16.5)	(11.3)	(0.0)	(25.8)	(16.5)	(36.5)	(36.5)
Provisions	(1.4)	(3.2)	(2.4)	(1.1)	(1.4)	(3.2)	(3.9)	(4.5)
Retirement benefit	(5.3)	(5.6)	(4.6)	(6.8)	(5.3)	(5.6)	(5.6)	(5.6)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(37.7)	(33.0)	(25.8)	(18.0)	(41.5)	(33.0)	(52.0)	(51.3)
Total liabilities	(116.3)	(142.7)	(166.8)	(114.0)	(122.5)	(142.7)	(185.2)	(206.7)
Net Assets	97.9	109.8	111.2	89.2	99.8	109.8	138.2	139.0
Capital & Reserves								
Share Capital	4.1	4.2	4.2	4.1	4.1	4.2	4.2	4.2
Share Premium	31.6	32.2	33.5	30.5	31.5	32.2	50.1	39.2
Own shares	(5.2)	(4.6)	(7.4)	(3.3)	(3.6)	(4.6)	(4.6)	(4.6)
Share option reserve	2.5	2.9	3.3	1.0	2.1	2.9	2.9	2.9
Other	0.0	0.0	0.0	(1.4)	0.0	0.0	0.0	0.0
Retained earnings	63.7	74.1	76.8	53.1	62.9	74.1	84.2	95.8
Equity	96.8	108.7	110.4	84.0	97.0	108.7	136.7	137.5
Non-controlling interests	1.1	1.2	0.8	5.2	2.8	1.2	1.5	1.5
Net debt / (cash)	(13.3)	(23.1)	(37.9)	(11.0)	(15.6)	(23.1)	10.3	(9.9)

Source: Company data, Equity Development estimates

Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website www.equitydevelopment.co.uk

Contact: info@equitydevelopment.co.uk | 020 7065 2690