Loungers plc

All-day strategy success, with more to come

9th July 2024

Loungers' FY24 results illustrate the strength of its all-day café-bar model with record FY24 Revenues increasing 25% to £353m and Adj. EBITDA (pre-opening costs) rising 26% to £59.6m, 1% ahead of our, and consensus, estimates. The group's growth strategy is on track with continued food innovation, 36 new sites (and some record-breaking sales) and an expanded regional management structure. Meanwhile, whilst we make no significant changes to our recently upgraded forecasts, current trading of 5% LFL sales growth in the last 11 weeks and seven new Lounge openings, is very encouraging.

We initiated on Loungers earlier this year, detailing why its profitable model and self-funded growth was undervalued (see "Loungers: Delivering self-funded growth "all day" long"). The 257-site group still has huge scope to grow towards its ambition of over 650 sites, driving 14% CAGR in Revenues, 15% CAGR in Adj. EBITDA and 21% CAGR in Adj. EPS FY24-FY27E. Whilst Loungers' share price has rallied 35% since March, we believe this high growth is not reflected in the group's valuation. We reiterate our Fair Value of 370p (8.0x our cal 2025 EV/Adj. EBITDA).

Strong FY24 results slightly ahead of estimates

As announced in April (see "All day success, all year round"), Loungers has had a strong FY24, with 52 week sales growth of 22%, LFL of 7.5% and 40bps of Adj. EBITDA (IAS 17) margin expansion to 12.5% (ED est 12.3%). Operating cashflow of £64.6m was also slightly above our estimate of £61.0m and funded 36 successful new openings with an average Lounge fit-out cost of £905k.

Industry beating LFL and consumer confidence improving

Loungers has once again outperformed the industry with 5% LFL sales growth in 11 weeks from mid-April-June (industry average LFL c.1% in April-May). Although consumer confidence has not been reported since the Labour party won the General Election on the 4th July, UK consumer confidence has been on an encouragingly upward trend to -14 in June 2024.

Fair Value of 370p still well above current levels

Despite offering higher organic growth than peers, operating cashflow to re-invest in growth and a strong balance sheet, Loungers trades on only 1.1x cal 25 EV/Sales and 6.7x cal 25 EV/Adj. EBITDA.

Key Financials & Valuation multiples

Year to mid-April (£m)	2023	2024	2025E	2026E	2027E
Revenue	283.5	353.5	402.1	459.4	519.4
Revenue growth, 52 week comp (%)	*19.5*	*22.2*	*15.8*	*14.2*	*13.1*
Adj. EBITDA*	44.0	55.5	63.2	73.9	84.0
Adj. EBITDA^	34.2	44.2	50.3	59.2	67.8
Adj. EBITDA^ margin (%)	*12.1*	*12.5*	*12.5*	*12.9*	*13.1*
Adj. PBTA	9.4	14.0	16.1	21.3	26.6
Adj. PBT margin (%)	*3.3*	*4.0*	*4.0*	*4.6*	*5.1*
Adj. diluted EPS (p)	8.1	10.5	11.2	14.8	18.5
Net financial debt / Adj. EBITDA (x)	0.2	0.2	0.1	0.0	-0.2
Net debt incl leases / Adj. EBITDA (x)	3.0	2.7	2.6	2.3	2.0
EV / Sales (x, calendarised)		1.2	1.1	0.9	
EV / Adj. EBITDA* (x, calendarised)		7.7	6.7	5.7	
PER (x, calendarised)		25.9	21.1	15.4	

*Source: ED analysis, IFRS 16 *post pre-opening costs, ^ IAS 17, FY24 53 weeks; Share price at COB 8/7/24*

Company Data

EPIC	**AIM: LGRS**
Price (last close)	284p
52 weeks Hi/Lo	286p/178p
Market cap	£295m
ED Fair Value / share	370p
Net debt incl leases FY24	£161m

Share Price, p

Source: ADVFN

Description

Founded in 2002, Loungers has grown rapidly to a nationwide portfolio of 226 "Lounge" bars, and 35 "Cosy Clubs" which offer a unique combination of restaurant, pub and coffee shop; a proposition which differentiates from competition to appeal regardless of age, demographic or gender. As an all-day operator providing value for money, "Lounge" bars offer a "home from home" ambience and are competitive in a wide range of locations from market towns to coastal towns to retail and leisure centres. "Cosy Club" offers a more dramatic and up-market experience in city centres. In 2023 Loungers launched its third brand, with three "Brightside" roadside diners.

Next Event

November (tbc) – 1H25 results

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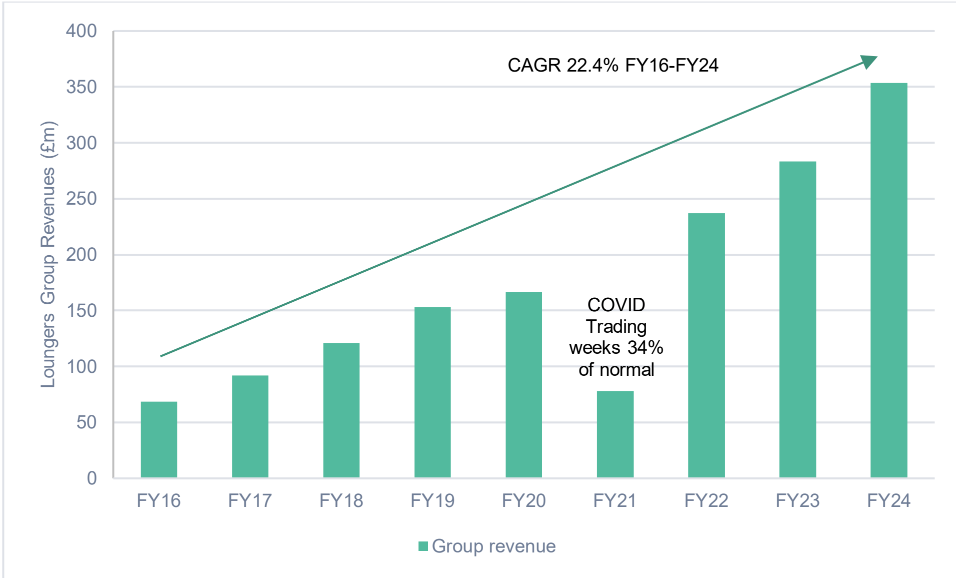
Highlights from Loungers' FY24 results

Loungers' FY24 results show that management's strategy is working in multiple ways:

- Record FY24 Revenues of £353.5m, up 22.2% on a 52-week basis, driven by both LFL sales growth (improving sales densities and ROIC) and new sites.
- LFL sales continue to outperform the industry both during FY24 and in the first 11 weeks of FY25E driven by the winning combination of "all-day dining" and multiple reasons to visit, and a great value, high quality and innovative menu. Asian, Middle Eastern and tapas dishes are noted for their increase in popularity.
- Continued recovery and improvement in Adj. EBITDA (IAS 17) margin from 12.1% in FY23 to 12.5% in FY24 (above ED estimate of 12.3%) with significant leverage of rents (just 4.3% of revenues given all-day dining). This margin expansion has happened despite the significant National Living Wage increases (10%) and reflects some price increases. Central costs excluding staff bonuses were stable at 6.8% of sales given investment in marketing, people and management, but with an opportunity to leverage this investment in the future.
- Continued investment in staff culture and a reiteration of the group's ambition to become the number one choice for people wanting a career in hospitality (offering excellent promotion prospects). Staff turnover has reduced versus FY23 and management has invested in increased learning and development as well as people to support the next stage of growth. In particular, Loungers has introduced Regional Recruitment and Talent Managers and restructured regional operations into nine regions and 29 operating areas to ensure Operations Managers can maintain high service standards and oversee the opening of local new sites.

Loungers' impressively consistent 22.4% CAGR in sales FY16-FY24

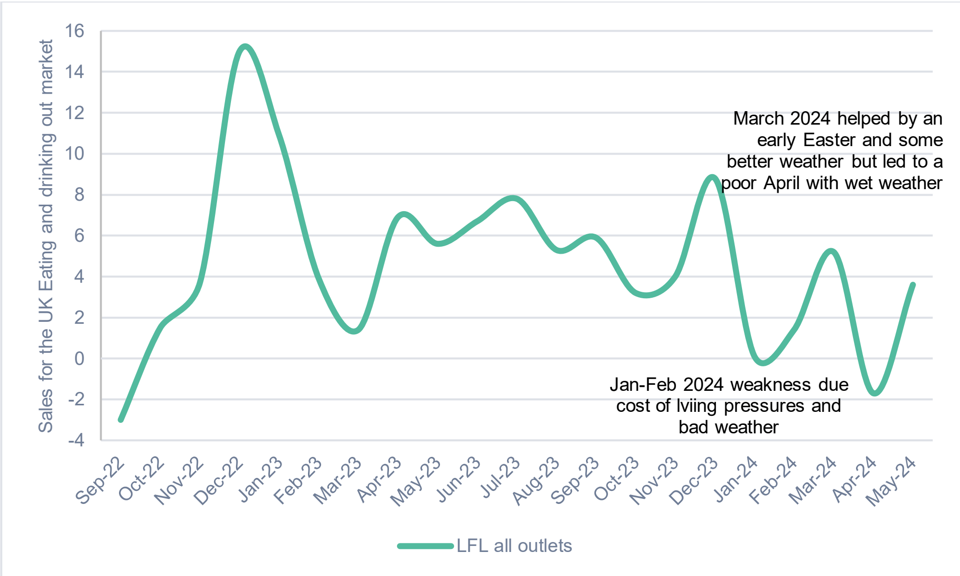


Source: Company data, ED, average weekly sales in FY20 and FY21 adjusted for trading weeks opened due to COVID lockdowns and FY22 average weekly sales excludes the temporary VAT benefit.

Loungers continues to outperform the industry in FY24…

Source: Company data, CGA RSM Hospitality Business Tracker

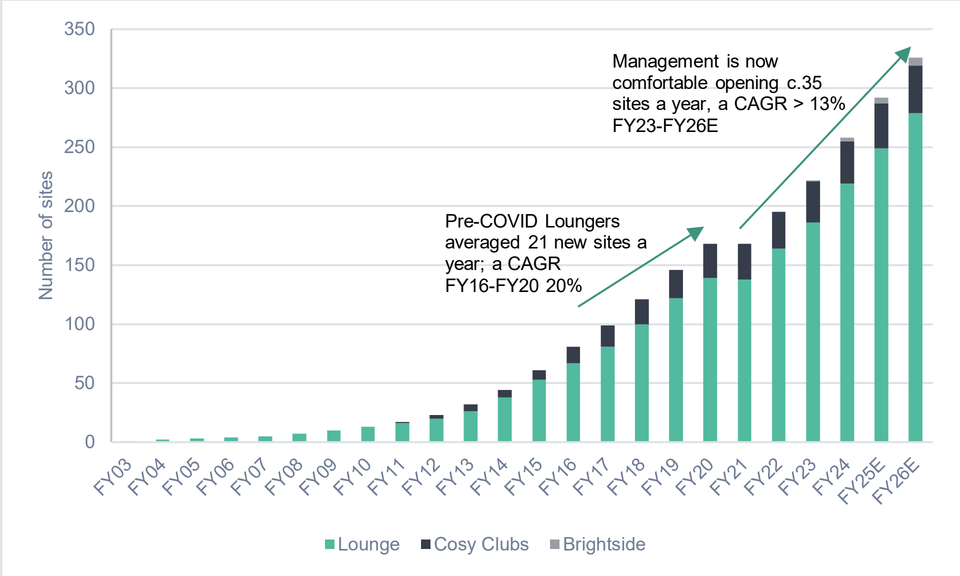
…and into 1Q25 with 5% LFL sales growth (above c.1% industry growth)



Source: Company data, CGA RSM Hospitality Business Tracker

Loungers is not only outperforming the industry for LFL sales growth, it has opened 36 new sites (35 net) across its three brands in FY24, with Barolo Lounge in Yeovil achieving the highest ever opening week of sales for a Lounge. The success is evident with new sites contributing c.15% to FY24 sales growth (a mix of full year contributions from FY23 openings and part FY24 openings). So far in FY25E Loungers has opened seven new Lounge sites and has a strong pipeline of c.35 new sites a year including 1-2 Cosy Clubs sites a year and one more Brightside roadside diner in FY25.

Loungers' accelerated expansion; comfortable opening c.35 sites a year



Source: Company historic data, ED forecasts and analysis

The operating leverage from this sales growth has led to FY24 results being slightly ahead of our and consensus forecasts, as the table below shows.

- Adj. EBITDA, pre-site-opening costs of £4.2m, came in at £59.6m, £0.7m or c.1% above our, and consensus, estimates.
- Adj. PBT of £14.0m was £0.6m or 4.5% above our estimate as slightly higher finance costs were partially offset by slightly lower pre-opening costs and share-based payments. It was broadly in-line with consensus estimates of £13.9m.
- Adj. fully diluted EPS came in at 10.5p, c.12% higher than our 9.4p estimate due to a lower net tax charge (£2.3m or 20.3%) and c.10% above average consensus forecasts.
- Note the adjusted profit figures exclude £2.5m of non-cash impairment charges (£2.2m for "Right of Use" assets – site leases) that we had not forecast.
- Operating cashflow of £64.7m benefitted from a £9m working capital cash inflow (our estimate £6.5m), though this was partially offset by capex of £47.7m being c.£2.5m higher than we anticipated.
- Overall net financial debt of £10m and total net debt of £161m were as anticipated and reflects Loungers' strength and ability to self-finance its expansion, with a target of around 35 new sites a year.

Results versus estimates

	Reported results			ED estimates		Consensus estimates	
Year-end mid-April, £m	**FY24**	**FY23**	**% chg**	**FY24E**	**% change**	**FY24E**	**% change**
Revenue	**353.5**	**283.5**	**24.7**	**353.5**	**0.0**	**351.4**	**0.6**
Revenue growth (%)	*24.7*	*19.5*		*24.7*		23.9	
LFL sales growth (%)	*7.5*	*7.4*		*7.5*			
New site sales contribution (%)	*14.7*	*12.1*		*14.7*			
Calendar impact (%)	*2.5*	*0.0*		*2.5*			
Adj. EBITDA pre POC (IFRS 16)	**59.6**	**47.3**	**25.9**	**58.9**	**1.2**	**59.1**	**0.9**
Pre-opening costs	(4.2)	(3.3)	25.3	(4.4)			
Adj. EBITDA post POC (IFRS 16)	**55.5**	**44.0**	**26.0**	**54.5**	**1.8**	**55.9**	
Adj. EBITDA (IFRS 16, post POC) margin (%)	*15.7*	*15.5*		*15.4*		15.9	
Adj EBITDA (IAS 17)	**44.2**	**34.2**	**29.3**	**43.5**	**1.6**		
Adj. EBITDA (IAS 17) margin (%)	*12.5*	*12.1*		*12.3*			
Adj. PBTA	**14.0**	**9.4**	49.4	**13.4**	**4.5**	**13.9**	**0.6**
Adj. PBT margin (%)	*4.0*	*3.3*		*3.8*		*4.0*	
Adjusted diluted EPS (p)	**10.5**	**8.1**	**29.9**	**9.4**	**11.8**	**9.6**	**9.8**
Adj. EPS growth (%)	29.9	0.0		16.2		18.3	
Operating cashflow	64.7	50.9		61.0			
Leases	(17.6)	(15.0)		(17.7)			
Capex	47.7	39.7		45.2		44.3	
Free cashflow	(2.3)	(4.9)		(3.7)			
Net financial debt (IAS 17)	(9.5)	(6.0)		(9.7)			
Total net debt (IFRS 16)	(160.7)	(140.9)		(162.9)		(159.1)	
Net financial debt / EBITDA (IAS 17) (x)	0.2	0.2		0.2			
Total net debt / EBITDA (IFRS 16) (x)	2.7	3.0		2.8			

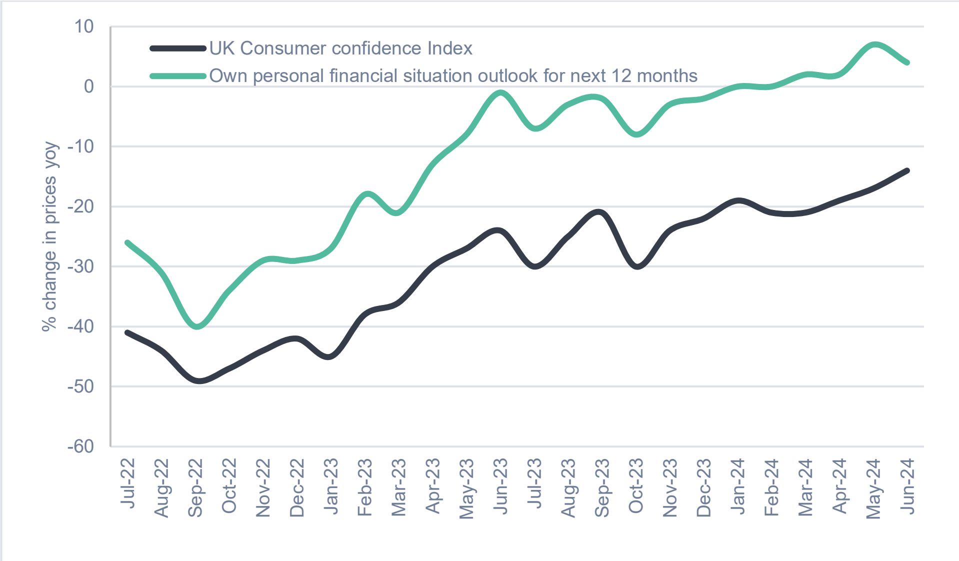
As a result of FY24 results being broadly as expected, and having upgraded our forecasts in April, we have made only minor changes to our outer year forecasts, as can be seen in the table below.

Changes to estimates	New forecasts			Old forecasts			% change		
Year-end mid-April, £m	**FY24**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**	**FY24E**	**FY25E**	**FY26E**
Revenue	**353.5**	**402.1**	**459.4**	**353.5**	**402.1**	**458.1**	**0.0**	**0.0**	**0.3**
Revenue growth (%)	*24.7*	*13.8*	14.2	*24.7*	*13.8*	13.9			
LFL sales growth (%)	*7.5*	*4.0*	4.0	*7.5*	*4.0*	4.0			
New site sales contribution (%)	*14.7*	*11.8*	10.2	*14.7*	*11.8*	9.9			
Calendar impact (%)	*2.5*	*-2.0*	0.0	*2.5*	*-2.0*	0.0			
Adj. EBITDA pre POC (IFRS 16)	**59.6**	**67.5**	**78.2**	**58.9**	**67.5**	**78.1**	**1.2**	**-0.1**	**0.2**
Pre-opening costs	(4.2)	(4.2)	(4.3)	(4.4)	(4.3)	(4.4)			
Adj. EBITDA post POC (IFRS 16)	**55.5**	**63.2**	**73.9**	**54.5**	**63.2**	**73.7**	**1.8**	**0.0**	**0.2**
Adj. EBITDA (IFRS 16, post POC) margin (%)	*15.7*	*15.7*	*16.1*	*15.4*	*15.7*	*16.1*			
Adj EBITDA (IAS 17)	**44.2**	**50.3**	**59.2**	**43.5**	**50.2**	**58.7**	**1.6**	**0.3**	**0.8**
Adj. EBITDA (IAS 17) margin (%)	*12.5*	*12.5*	*12.9*	*12.3*	*12.5*	*12.8*			
Adj. PBTA	**14.0**	**16.1**	**21.3**	**13.4**	**15.8**	**20.8**	**4.5**	**2.0**	**2.2**
Adj. PBT margin (%)	*4.0*	*4.0*	*4.6*	*3.8*	*3.9*	*4.5*			
Adjusted diluted EPS (p)	**10.5**	**11.2**	**14.8**	**9.4**	**11.1**	**14.7**	**11.8**	**0.9**	**1.1**
Adj. EPS growth (%)	29.9	6.5	32.3	16.2	18.0	32.1			
Operating cashflow	64.7	67.6	75.5	61.0	67.5	75.1	6.0	0.1	0.6
Leases	(17.6)	(20.2)	(22.4)	(17.7)	(20.4)	(22.7)			
Capex	47.7	42.7	42.9	45.2	41.7	41.9	5.6	2.3	2.3
Free cashflow	**(2.3)**	**3.2**	**8.8**	**(3.7)**	**4.1**	**9.2**			
Net financial debt (IAS 17)	**(9.5)**	**(6.2)**	**2.6**	**(9.7)**	**(5.7)**	**3.5**			
Total net debt (IFRS 16)	**(160.7)**	**(172.3)**	**(176.1)**	**(162.9)**	**(174.4)**	**(178.5)**			
Net financial debt / EBITDA (IAS 17) (x)	0.2	0.1	0.0	0.2	0.1	-0.1			
Total net debt / EBITDA (IFRS 16) (x)	2.7	2.6	2.3	2.8	2.6	2.3			

Loungers' investment case

Investment Highlights	Risk Factors
• An excellent track record of sales growth with 22.4% CAGR FY16-FY24. • All-day innovative and varied dining menu attracting customers of all ages, genders and income groups. • Profit margins improving with Adj. EBITDA (IAS 17 metric) recovering to 12.1% in FY23 and 12.5% in FY24 with a mid-term ambition to reach13.5%. • Huge opportunity for expansion; a favourable property market and CROCCI of 30%+. • Experienced management team and valued staff with annual "LoungeFest" and high proportion of internal promotions. Ambition to be the number one choice for people wanting a career in the hospitality sector.	• Macro-economic pressures on disposable income. • Cost inflation, particularly in wage inflation, impacting margin expansion potential. • Not securing 30+ sites a year or not generating sufficient cashflow to fund expansion. • Brand reputation risk from any food scare.
Forecast Drivers	**Valuation Overview**
• Industry-leading LFL sales growth of 7.5% in FY24 with 5% in first 11 weeks of FY25E; forecast 4% in FY25E and FY26E. • Approximately 35 new site openings a year towards long term ambition of 650+. • £125m+ cashflow pre-expansion capex over the next 3 years to fund over 100 new sites.	• Despite a c.35% rally in the share price since March 2024, still trading on only 1.1x cal 25 EV/Sales and c.6.7x cal 2025 EV/Adj. EBITDA, below pub & restaurant peers. • Offers higher growth and less financial gearing than peers. • Share price still materially below our Fair Value of 370p (8.0x cal 2025 EV/Adj. EBITDA).

UK Consumer confidence continues to rise as inflation eases



Source: GFK Consumer Confidence Barometer, powered by NIM (June 2024, pre the General Election on 4th July)

Loungers can self-fund the next three years of expansion – > 100 new sites

Source: Company historic data, ED forecasts and analysis

Valuation

We discussed our valuation methods in detail in our initiation report and concluded that Loungers' high growth prospects relative to its peers were not reflected in its valuation. Although Loungers' share price has rallied 35% since March 2024, outperforming peers, we remain of the view the group is undervalued.

The 257-site group still has huge scope to grow towards its ambition of over 650 sites, driving 14% CAGR in Revenues, 15% CAGR in Adj. EBITDA and 21% CAGR in Adj. EPS FY24-FY27E. We reiterate our Fair Value of 370p, based on 8.0x our cal 2025 EV/Adj. EBITDA, which equates to c.1.3x cal 2025 EV/Sales and 27x cal 2025 PER.

Comparable Peers Growth and Margin Metrics

Company	Share price	Market cap	Enterprise Value	2 year CAGR Cal 2023-Cal 2025E				EBITDA margin	PBT margin	Net debt / EBITDA
	p	£m	£m	Sales	EBITDA	PBT	EPS	Cal 24, %	Cal 24,%	Cal 24, x
Fullers	694	403	588	-0.1	11.5	3.6	34.6	16.3	5.9	3.0
JD Wetherspoon	756.5	910	1,981	4.6	7.7	28.7	27.2	12.2	3.7	4.3
Marstons	30.7	194	1,679	3.2	5.5	78.6	24.3	21.9	6.3	7.5
Mitchells & Butlers	290	1,722	3,250	4.4	10.8	29.8	25.8	16.4	7.4	3.6
Tortilla	64.5	25	26	13.2	39.9	n/a	n/a	9.7	1.2	0.2
Whitbread	2936	5,277	9,589	0.7	3.2	2.8	7.0	35.5	17.6	4.1
Young & Co	964	599	953	13.6	13.4	8.5	5.4	23.3	11.2	3.2
Average*				**5.6**	**8.7**	**14.7**	**20.7**	**19.3**	**7.6**	**3.7**
Loungers	**284**	**295**	**454**	**15.5**	**15.9**	**35.8**	**29.7**	**16.1**	**4.5**	**2.8**

Note: All profits are adjusted for exceptionals; all sales and profit estimates are calendarised to a December year-end; * excluding outliers
Source: Marketscreener, KoyFin, ED analysis (share prices at 8th July 2024)

Comparable Valuation Metrics

Company	EV/Sales (x)		EV/ EBITDA (x)		Mkt cap / PBT (x)		PER (x)	
	Cal 2024	Cal 2025	Cal 2024	Cal 2025	Cal 2024	Cal 2025	Cal 2024	Cal 2025
Fullers	1.7	1.6	10.1	9.3	19.2	17.7	32.5	25.4
JD Wetherspoon	1.0	0.9	7.8	7.4	11.8	10.2	16.3	14.1
Marstons	1.8	1.8	8.4	8.2	3.4	2.9	4.2	3.6
Mitchells & Butlers	1.2	1.2	7.4	7.0	8.7	7.6	11.6	10.2
Tortilla	0.4	0.3	3.7	2.9	n/a	12.2	32.3	16.1
Whitbread	3.2	3.2	9.1	8.6	10.1	9.2	14.1	12.7
Young & Co	2.1	1.9	8.9	8.1	11.6	10.6	15.3	14.1
Average*	**1.5**	**1.5**	**8.6**	**8.1**	**12.3**	**11.1**	**18.0**	**15.4**
Loungers	**1.2**	**1.0**	**7.4**	**6.4**	**17.3**	**13.6**	**26.1**	**19.6**

Note: All profits are adjusted for exceptionals; all sales and profit estimates are calendarised to a December year-end; * excluding outliers
Source: Marketscreener, KoyFin, Equity Development analysis (share prices at 8th July 2024)

Financial forecast tables

Portfolio metrics					
Year-end mid-April, £m	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Lounges	164	186	219	251	284
Cosy Clubs	31	35	35	37	39
Brightside		1	3	4	4
No of sites	**195**	**222**	**257**	**292**	**327**
Lounges	26	22	33	32	33
Cosy Clubs	1	4	0	2	2
Brightside	0	1	2	1	0
Net new sites	**27**	**27**	**35**	**35**	**35**
% growth	16.1	13.8	15.8	13.6	12.0
Average weekly sales per site (£'000) (all sites)	23.5	26.1	27.8	28.1	28.5

Source: Company historic data, ED forecasts and analysis

Key growth and margin metrics					
Year-end mid-April, £m	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
LFL sales growth (%)	4.2	7.4	7.5	4.0	4.0
New site sales contribution (est) (%)	8.7	12.1	14.7	11.8	10.2
Other incl calendar & COVID (%)	190		2.5	-2.0	
Revenue growth (%)	**202.9**	**19.5**	**24.7**	**13.8**	**14.2**
Gross profit growth (%)		9.9	27.4	13.2	14.2
Adj. EBITDA (IFRS 16) growth (%)		-11.7	**25.9**	**13.1**	**15.9**
Adj. EBITDA (IAS 17) growth (%)		-19.2	29.3	13.7	17.7
Adj. Operating profit post SBP / POC (%)		-29.0	28.2	7.3	18.4
Adj. PBT growth (%)		**-56.7**	**49.4**	**15.1**	**32.3**
Adj. EPS growth (%)		**-52.4**	**29.9**	**6.5**	**32.3**
Gross profit margin (%)	43.4	39.9	40.8	40.6	40.6
Adj. EBITDA* (IFRS 16) margin (%)	22.6	16.7	16.9	16.8	17.0
Adj. EBITDA (IAS 17) margin (%)	**17.8**	**12.1**	**12.5**	**12.5**	**12.9**
Adj. Operating margin post SBP / POC (%)	12.0	5.9	6.5	6.2	6.7
Adj. PBT margin (%)	**9.1**	**3.3**	**4.0**	**4.0**	**4.6**

Pre pre-opening costs, Source: Company historic data, ED forecasts and analysis

Profit & Loss Summary					
Year-end mid-April, £m	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Group revenue	**237.3**	**283.5**	**353.5**	**402.1**	**459.4**
Cost of sales	(134.4)	(170.4)	**(209.3)**	**(239.0)**	**(273.0)**
Gross profit	**102.9**	**113.2**	**144.2**	**163.1**	**186.3**
Other income	2.5	0.0			
Operating costs ex SBP & POC	(51.8)	(65.8)	(84.5)	(95.6)	(108.1)
Adj. EBITDA pre SBP/POC	**53.6**	**47.3**	**59.6**	**67.5**	**78.2**
Site pre-opening costs (POC)	(2.3)	(3.3)	(4.2)	(4.2)	(4.3)
Adj. EBITDA post POC	**51.3**	**44.0**	**55.5**	**63.2**	**73.9**
Share based payment charge (SBP)	(3.2)	(4.0)	(3.9)	(4.0)	(4.1)
Adj. EBITDA post SBP/ POC	**48.1**	**40.0**	**51.6**	**59.2**	**69.8**
Depreciation of PPE	(11.2)	(13.4)	(17.3)	(21.4)	(24.6)
Depreciation of ROUA	(8.5)	(9.9)	(11.4)	(12.8)	(14.3)
Depreciation & amortisation	(19.6)	(23.2)	(28.7)	(34.3)	(39.0)
Adj. Operating profit pre SBP/POC	**34.0**	**24.1**	**30.9**	**33.2**	**39.3**
Adj. Operating profit post SBP/POC	**28.4**	**16.8**	**30.9**	**33.2**	**39.3**
Interest on financial debt	(1.2)	(1.5)	(2.1)	(1.5)	(1.5)
Interest on lease liabilities	(5.7)	(6.1)	(7.0)	(7.3)	(8.1)
Interest receivable & other	0.0	0.2	0.2		
Finance costs	(6.8)	(7.4)	(8.9)	(8.8)	(9.6)
Adj. PBTA	**21.6**	**9.4**	**14.0**	**16.1**	**21.3**
Exceptional costs	0.0	(2.0)	(2.5)		
PBT	**21.6**	**7.3**	**11.4**	**16.1**	**21.3**
Tax	(3.7)	(0.4)	(2.3)	(4.0)	(5.3)
Adj. PAT	**17.9**	**8.6**	**11.3**	**12.1**	**16.0**
Reported PAT	17.9	6.9	9.1	12.1	16.0
No of f/d shares (m)	105.2	106.6	107.8	107.8	107.8
Adjusted diluted EPS (p)	**17.0**	**8.1**	**10.5**	**11.2**	**14.8**

All figures IFRS 16

Source: Company historic data, ED forecasts and analysis

Cashflow

Year-end mid-April, £m	FY22	FY23	FY24	FY25E	FY26E
Adj. EBITDA (pre SBP/POC)	**53.6**	**47.3**	**59.6**	**67.5**	**78.2**
Pre-opening costs (POC)	(3.2)	(3.6)	(4.2)	(4.2)	(4.3)
Working capital movement	19.7	7.3	9.0	5.2	5.9
Exceptionals (cash)					
Tax paid	(1.4)	(0.1)	0.2	(0.8)	(4.3)
Net cash from operating activities (pre leases)	**68.8**	**50.9**	**64.7**	**67.6**	**75.5**
Net financial interest paid	(1.1)	(1.1)	(1.7)	(1.5)	(1.5)
Interest paid on lease liabilities	(5.3)	(6.1)	(7.0)	(7.3)	(8.1)
Lease payments (principal)	(6.9)	(8.8)	(10.6)	(12.8)	(14.3)
Maintenance capex	(6.2)	(7.9)	(9.9)	(9.2)	(10.3)
New site capex	(16.6)	(29.1)	(37.8)	(33.4)	(32.6)
M&A		(2.7)			
Capex	**(22.8)**	**(39.7)**	**(47.7)**	**(42.7)**	**(42.9)**
Free cashflow	**32.6**	**(4.9)**	**(2.3)**	**3.2**	**8.8**
Free cashflow pre-expansion	**49.2**	**26.9**	**35.5**	**36.7**	**41.4**
Dividends	0.0	0.0	0		
Share buy backs / equity issues	(0.1)	(0.2)	(0.9)		
Other					
Net cashflow	**32.5**	**(5.1)**	**(3.2)**	**3.2**	**8.8**

All figures IFRS 16

Source: Company historic data, ED forecasts and analysis

Net debt metrics

Year-end mid-April, £m	FY22	FY23	FY24	FY25E	FY26E
Gross financial debt	(32.3)	(32.4)	(19.8)	(19.8)	(19.8)
Net cash	31.3	26.4	10.3	13.6	22.4
Net financial debt (IAS 17)	**(1.0)**	**(6.0)**	**(9.5)**	**(6.2)**	**2.6**
Leases	(119.6)	(134.8)	(151.2)	(166.0)	(178.7)
Total net debt (IFRS 16)	**(120.6)**	**(140.9)**	**(160.7)**	**(172.3)**	**(176.1)**
Net financial debt / EBITDA (IAS 17)	**0.0**	**0.2**	**0.2**	**0.1**	**0.0**
Total net debt / EBITDA (IFRS 16)	**2.2**	**3.0**	**2.7**	**2.6**	**2.3**

Source: Company historic data, ED forecasts and analysis

Balance Sheet					
Year-end mid-April, £m	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Property, plant and equipment	90.0	116.7	143.0	164.2	182.5
Right of use assets	98.4	111.7	128.4	143.2	155.8
Intangible assets (Goodwill)	113.2	114.7	114.7	114.7	114.7
Other financial assets	0.6	0.0	0.0	0.0	0.0
Deferred tax assets	1.4	0.9	0.0	0.0	0.0
Non-current assets	**303.5**	**344.1**	**386.1**	**422.1**	**453.0**
Inventories	1.9	2.5	2.9	3.3	3.8
Trade and other receivables	5.5	8.7	10.5	11.3	12.3
Other financial assets	0.0	0.0	0.0	0.0	0.0
Current tax assets	0.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	31.3	26.4	10.3	13.6	22.4
Current assets	**38.7**	**37.6**	**23.7**	**28.2**	**38.4**
Bank overdraft & s/t loans	0.0	0.0	0.0	0.0	0.0
Trade payables and other liabilities	(56.2)	(69.7)	(79.8)	(86.2)	(93.6)
Lease liabilities	(8.5)	(10.2)	(11.9)	(11.9)	(11.9)
Current tax liabilities	0.0	(0.1)	0.0	0.0	0.0
Provisions					
Other financial liabilities					
Current liabilities	**(64.7)**	**(80.0)**	**(91.7)**	**(98.1)**	**(105.5)**
Capital employed	**277.5**	**301.7**	**318.1**	**352.2**	**386.0**
Bank borrowings	(32.3)	(32.4)	(19.8)	(19.8)	(19.8)
Lease liabilities	(111.1)	(124.6)	(139.3)	(154.2)	(166.8)
Deferred tax liabilities	0.0	0.0	(2.6)	(5.9)	(6.9)
Provisions					
Other financial liabilities					
Non-current liabilities	**(143.4)**	**(157.0)**	**(161.8)**	**(179.8)**	**(193.5)**
Net assets	**134.1**	**144.7**	**156.4**	**172.4**	**192.5**
Shareholders' funds	**134.1**	**144.7**	**156.4**	**172.4**	**192.5**

All figures IFRS 16

Source: Company historic data, ED forecasts and analysis

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