

H1'24 results: positive momentum delivers strong results

10 September 2024

For the six months to 30 June 2024, Mpac Group reported significant revenue, margin and profit growth. Revenue of £60.0m was +14%YoY, (adj.) EBIT of £4.5m, +105%YoY, operating margin 7.5% vs 4.2% H1 23, and EPS of 15.0p compared to (2.2p) a year earlier. Year-to-date order intake remained strong at £59.7m, +6% on H2 23 (H1 23 of £62.4m was distorted by pent-up demand unwinding), with a closing order book of £71.4m providing extensive coverage over forecast revenues for the remainder of 2024. These strong results build on the sound foundations and momentum already established, and with a clear vision for growth over the coming five years we retain our fair value of 530p/ share.

Early delivery on key strategic goals

New accounts. A stated feature of the five-year strategic plan is the diversification of the customer base and expansion of global strategic key accounts; already evident in H1 with £10.7m of orders from four new strategic accounts.

Service component. Service revenue represented 26.1% of Group revenue, in line with the prior year, with the Group executing on the 'Make Service a Business' strategy in order to maximise this profitable aspect of customer engagement.

New vertical development. Whilst the high growth and resilient Food & Beverage and Healthcare markets remain the mainstay of demand, diversification into Clean Energy continued with an additional order from Ilika in its partnership with Tata, and successful production line trials at the FREYR customer qualification plant in Norway.

5-year roadmap to double revenue

Maintaining a unified 'One Mpac' approach, 2024 saw the launch of a 5-year strategy to double revenue, combining the development of new verticals (clean energy), a 10%+ organic growth target and 10%+ operational margin, with investment in innovation, delivery and personnel retention & development. Group strategy also includes the evaluation of potential opportunities for acquisition, focussing on the Healthcare and Food & Beverage verticals, with progress already made in H1 with the acquisition of SIGA Vision LTD.

Outlook unchanged

We continue to expect the customary H2 weighting, with forecast EBIT at c.38% above the H1 level.

Our fair value remains 530p/share, indicative of a FY25 EV/EBITDA of 7.0x compared to the market cap weighted average of a group of peers of 10.6x.

Company Data

EPIC	AIM: MPAC
Price (last close)	465p
52 weeks Hi/Lo	545p/184p
Market cap	£96m
ED Fair Value / share	530p
Proforma net cash	£4.9m

Share Price, p



Source: ADVFN

Description

Mpac Group is a specialist provider of high-speed packaging and automation systems employing c.500 people. The group comprises: Mpac Langen; Mpac Lambert; and, acquired in 2020, Mpac Switchback.

The Group generates over 90% of revenue internationally. Core customer verticals include the healthcare, food & beverage and clean energy sectors. Clients include: Advent, AstraZeneca, Bausch & Lomb, Dexcom, Diageo, GSK, J&J, Kellogg's, Nestlé, Philips, P&G, 3M, and Unilever.

Next event

FY Trading Update, January 2025

Mike Jeremy (Analyst)

0207 065 2690
mike.jeremy@equitydevelopment.co.uk

Andy Edmond

0207 065 2691
andy@equitydevelopment.co.uk

Forecasts to FY25

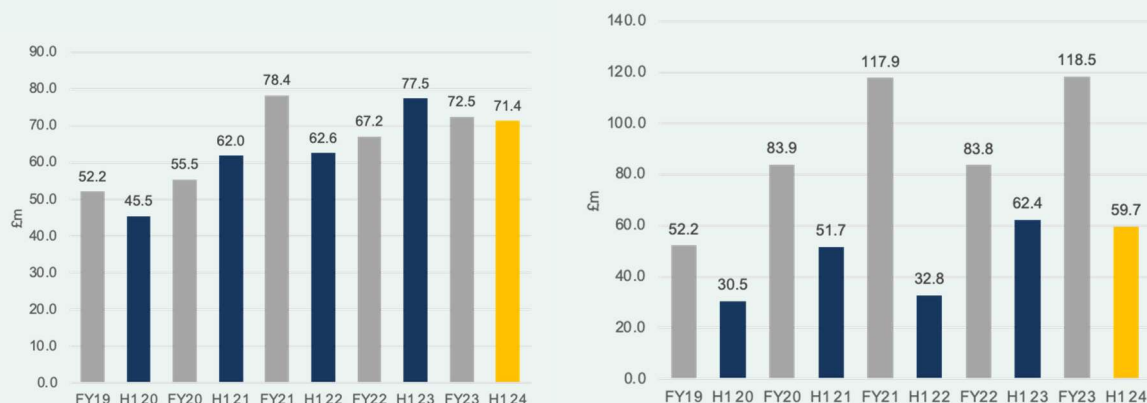
Yr to 31 Dec (£m)	2021	2022	2023	2024E	2025E
Revenue	94.3	97.7	114.2	120.0	130.5
EBITDA (adj)	11.2	6.8	10.7	13.5	15.1
Pre-Tax Profit (adj)	8.6	3.5	7.1	10.5	12.2
EPS (adj, p)	39.4	13.1	26.2	38.4	44.0
Net debt / (Cash)	(13.6)	4.7	(2.1)	(4.1)	(6.1)
P/E	11.9x	35.6x	17.9x	12.2x	10.6x
EV/EBITDA	8.4x	13.8x	8.8x	7.0x	6.2x

Source: Company data, Equity Development estimates.

H1 24 operational highlights

H1 order intake and closing order book levels continue to underpin prospects for the full year, with the timing of project completion remaining the principal influence on cashflow management.

Closing order book and order intake



Source: Company data.

As illustrated, our outlook includes the following assumptions:

- Continued improvement in gross profitability, towards 31.0%.
- A growing contribution from Service revenue, to comprise 28.7% of total by 2025.
- A consequent (adj.) EBIT margin trend towards 10%, reaching 9.5% by 2025.
- The potential to build a net cash balance, which we estimate at £6.1m net by 2025.

Summary P&L to H1 24 and outlook

£m	FY22	FY23	FY24E	FY25E	24/23	25/24
Americas	52.8	56.7	59.6	64.8	5.1%	8.7%
EMEA	37.5	47.8	50.2	54.6	5.1%	8.7%
Asia Pac	7.4	9.7	10.2	11.1	5.1%	8.7%
Sum OE	74.6	82.4	86.6	95.2	5.1%	10.0%
Sum Service	23.1	31.8	33.4	37.4	5.1%	12.0%
Service/Revenue	23.6%	27.8%	27.8%	28.7%		
Revenue:	97.7	114.2	120.0	130.5	5.1%	8.7%
Gross	24.4	31.6	37.0	40.5	17.0%	9.5%
Margin	25.0%	27.7%	30.8%	31.0%	3.1%	0.2%
EBIT (adj.)	3.9	7.8	10.7	12.4	36.9%	16.1%
Margin	4.0%	6.8%	8.9%	9.5%	2.1%	0.6%
EBITDA (adj.)	6.8	10.7	13.5	15.1	26.0%	12.0%
Margin	7.0%	9.4%	11.2%	11.6%	1.9%	0.3%
Cash	4.2	11.0	13.0	15.0		
Net debt / (cash)	4.7	(2.1)	(4.1)	(6.1)		

Source: Company data, Equity Development estimates.

Summary divisional performance

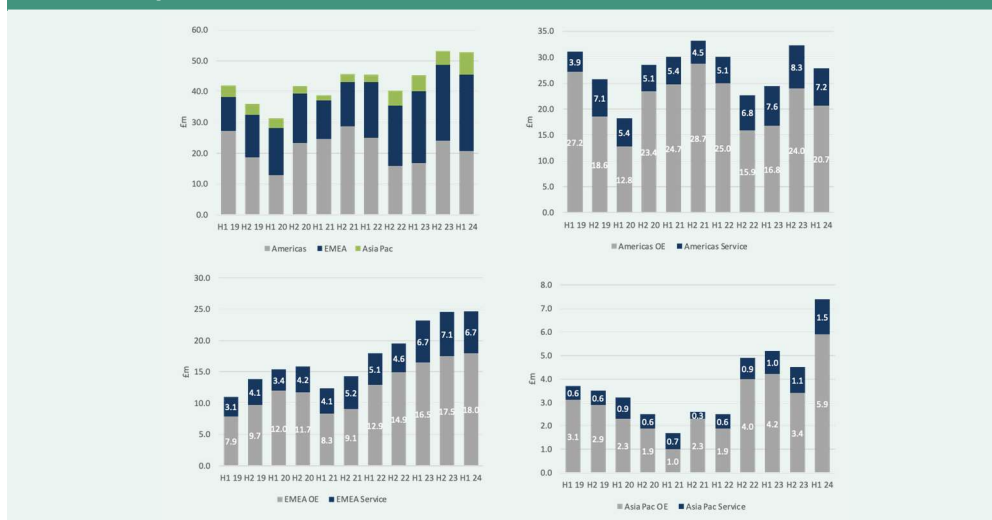
Original Equipment ('OE') revenue of £44.6m rose 19%YoY, with growth in all regions: the Americas +23%YoY, EMEA +9%YoY and APAC +40%YoY. Service revenue of £15.4m matched H1 23 levels.

Divisional performance, semi-annual H1 19 – H1 24

£m	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24
Americas OE	27.2	18.6	12.8	23.4	24.7	28.7	25.0	15.9	16.8	24.0	20.7
Americas Service	3.9	7.1	5.4	5.1	5.4	4.5	5.1	6.8	7.6	8.3	7.2
Americas	31.1	25.7	18.2	28.5	30.1	33.2	30.1	22.7	24.4	32.3	27.9
Americas Service %	12.5%	27.6%	29.7%	17.9%	17.9%	13.6%	16.9%	30.0%	31.1%	25.7%	25.8%
EMEA OE	7.9	9.7	12.0	11.7	8.3	9.1	12.9	14.9	16.5	17.5	18.0
EMEA Service	3.1	4.1	3.4	4.2	4.1	5.2	5.1	4.6	6.7	7.1	6.7
EMEA	11.0	13.8	15.4	15.9	12.4	14.3	18.0	19.5	23.2	24.6	24.7
EMEA Service %	28.2%	29.7%	22.1%	26.4%	33.1%	36.4%	28.3%	23.6%	28.9%	28.9%	27.1%
Asia Pac OE	3.1	2.9	2.3	1.9	1.0	2.3	1.9	4.0	4.2	3.4	5.9
Asia Pac Service	0.6	0.6	0.9	0.6	0.7	0.3	0.6	0.9	1.0	1.1	1.5
Asia Pac	3.7	3.5	3.2	2.5	1.7	2.6	2.5	4.9	5.2	4.5	7.4
Asia Pac Service %	16.2%	17.1%	28.1%	24.0%	41.2%	11.5%	24.0%	18.4%	19.2%	24.4%	20.3%
Sum OE	38.2	31.2	27.1	37.0	34.0	40.1	39.8	34.8	37.5	44.9	44.6
Sum Service	7.6	11.8	9.7	9.9	10.2	10.0	10.8	12.3	15.3	16.5	15.4
Revenue	45.8	43.0	36.8	46.9	44.2	50.1	50.6	47.1	52.8	61.4	60.0
Service/Total	16.6%	27.4%	26.4%	21.1%	23.1%	20.0%	21.3%	26.1%	29.0%	26.9%	25.7%
OE YoY			-29.1%	18.6%	25.5%	8.4%	17.1%	-13.2%	-5.8%	29.0%	18.9%
Service YoY			27.6%	-16.1%	5.2%	1.0%	5.9%	23.0%	41.7%	34.1%	0.7%
Rev YoY			-19.7%	9.1%	20.1%	6.8%	14.5%	-6.0%	4.3%	30.4%	13.6%

Source: Company data

Divisional performance, semi-annual, H1 19 – H1 24



Source: Company data.

Original Equipment revenue strong in all regions

H1 24 Original Equipment order intake of £44.1m compared to £46.0m a year earlier, whilst revenue rose 19%YoY overall. **We note that over 30% of OE orders were received from new global customers.**

Performance by region was as follows:

- Americas: £20.7m, +23.2%YoY, 34.5% of total revenue.
- EMEA: £18.0m, +9.1%YoY, 30.0% of total revenue. We note strong demand across Healthcare and the Food & Beverage segments, augmented by income from the FREYR customer qualification battery cell assembly line.
- Asia Pacific: £5.9m, +40.5%YoY, 9.8% of total revenue.

Original Equipment revenue by region, H1 19 – H1 24

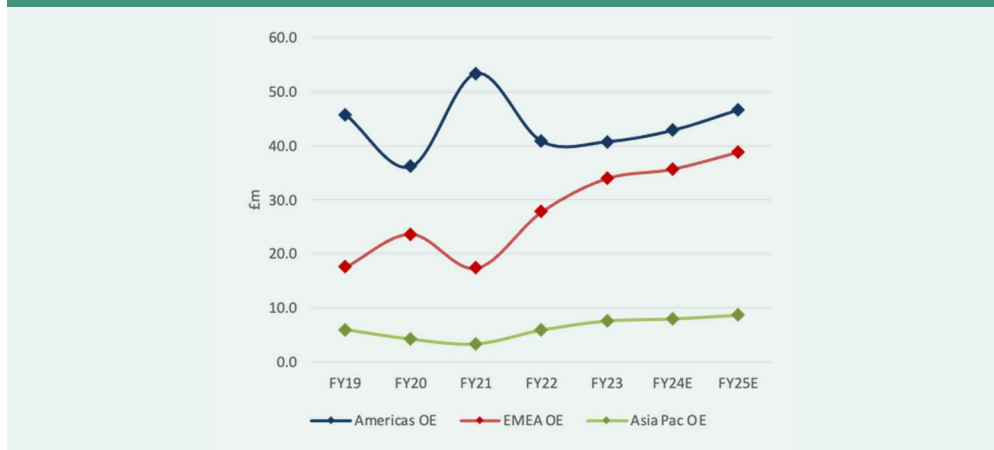


Source: Company data. Equity Development estimates.

Consequently, as illustrated, our OE segment revenue outlook remains:

- FY24E: £86.6m, 72.2% of total.
- FY25E: £95.2m, 73.0% of total.

Original Equipment revenue by region, FY19 – FY25 E



Source: Company data. Equity Development estimates.

Service revenue on track for targets

H1 24 Service order intake was £15.6m (-5%YoY) following the H1 23 surge in demand and remained 25% above H1 22. As noted, at c.26% of total, revenue from Service is in line with Mpac's 'Make Service a Business' approach – a means of both engaging customer longevity and boosting profitability.

Performance by region was as follows:

- Americas: revenue of £7.2m, -5.3%YoY, 12.0% of total revenue.
- EMEA: revenue of £6.7m, flat YoY, 11.2% of total revenue.
- Asia Pacific: revenue of £1.5m, +50.0%YoY, 2.5% of total revenue.

Service revenue, H1 19 – H1 24

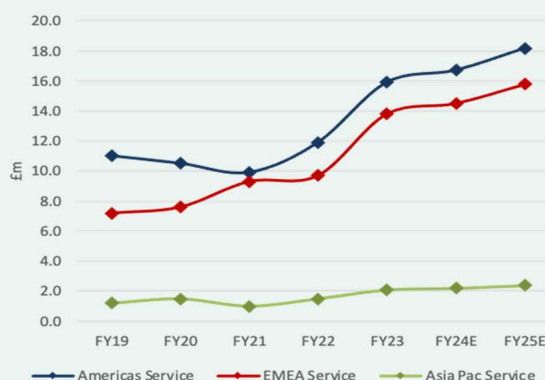


Source: Company data. Equity Development estimates

Consequently, our Service revenue outlook is:

- FY24E: £33.4m.
- FY25E: £37.4m.

Service revenue by region, FY19 – FY24 E



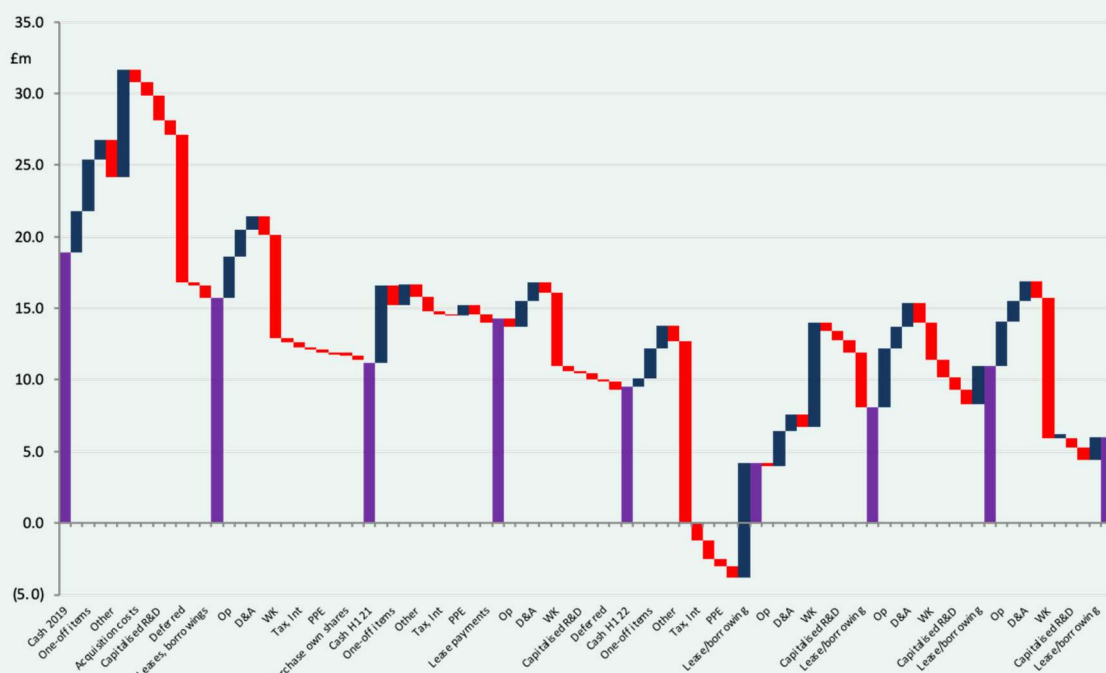
Source: Company data. Equity Development estimates.

H1 cashflow, again, well-managed

In H1 the Group generated £4.7m in cash from operations (H1 23: £2.5m). We note:

- Working capital increase of £9.8m, principally due to a net £(8.8)m movement in contract-related projects underway, resulting in net cash from operations of £(4.6)m.
- Capital and development spending of £1.4m led to net operating free cashflow of £(6.0)m.
- The addition of £2.0m in borrowings resulted in net movement in cash of £(4.9)m and 30 June cash balance of £6.0m (net £4.9m).

Cashflow bridge FY19 to H1 24



Source: Company data.

Pension valuation update

Under IAS 19 the Group pension scheme valuation as of 30 June showed a surplus of £33.0m in the UK (31 December 2023: £32.2m), and in the US a £1.6m deficit, -£0.2m at December 2023.

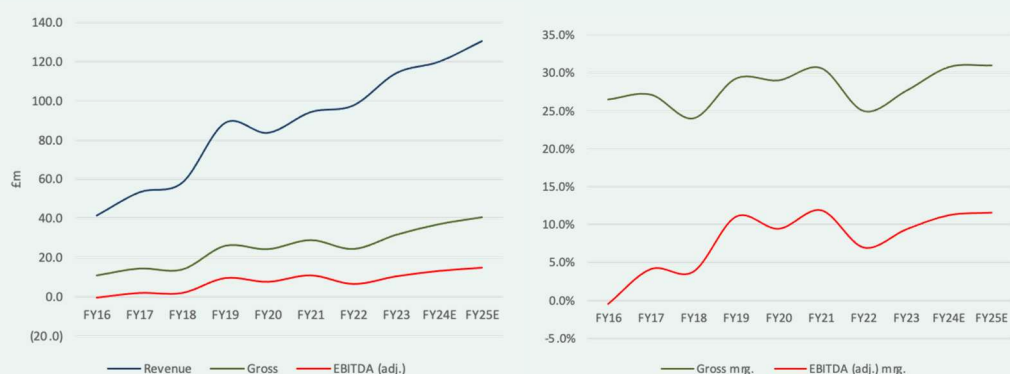
FY24 and FY25 outlook

Earnings outlook to FY25E

£m	FY22	FY23	FY24E	FY25E	24/23	25/24
Americas	52.8	56.7	59.6	64.8	5.1%	8.7%
EMEA	37.5	47.8	50.2	54.6	5.1%	8.7%
Asia Pac	7.4	9.7	10.2	11.1	5.1%	8.7%
Sum OE	74.6	82.4	86.6	95.2	5.1%	10.0%
Sum Service	23.1	31.8	33.4	37.4	5.1%	12.0%
Service/Revenue	23.6%	27.8%	27.8%	28.7%		
Revenue:	97.7	114.2	120.0	130.5	5.1%	8.7%
Gross	24.4	31.6	37.0	40.5	17.0%	9.5%
Margin	25.0%	27.7%	30.8%	31.0%	3.1%	0.2%
EBIT (adj.)	3.9	7.8	10.7	12.4	36.9%	16.1%
Margin	4.0%	6.8%	8.9%	9.5%	2.1%	0.6%
EBITDA (adj.)	6.8	10.7	13.5	15.1	26.0%	12.0%
Margin	7.0%	9.4%	11.2%	11.6%	1.9%	0.3%
Cash	4.2	11.0	13.0	15.0		
Net debt / (cash)	4.7	(2.1)	(4.1)	(6.1)		

Source: Company data. Equity Development estimates.

Medium-term earnings trend, FY16 – FY25E



Source: Company data. Equity Development estimates.

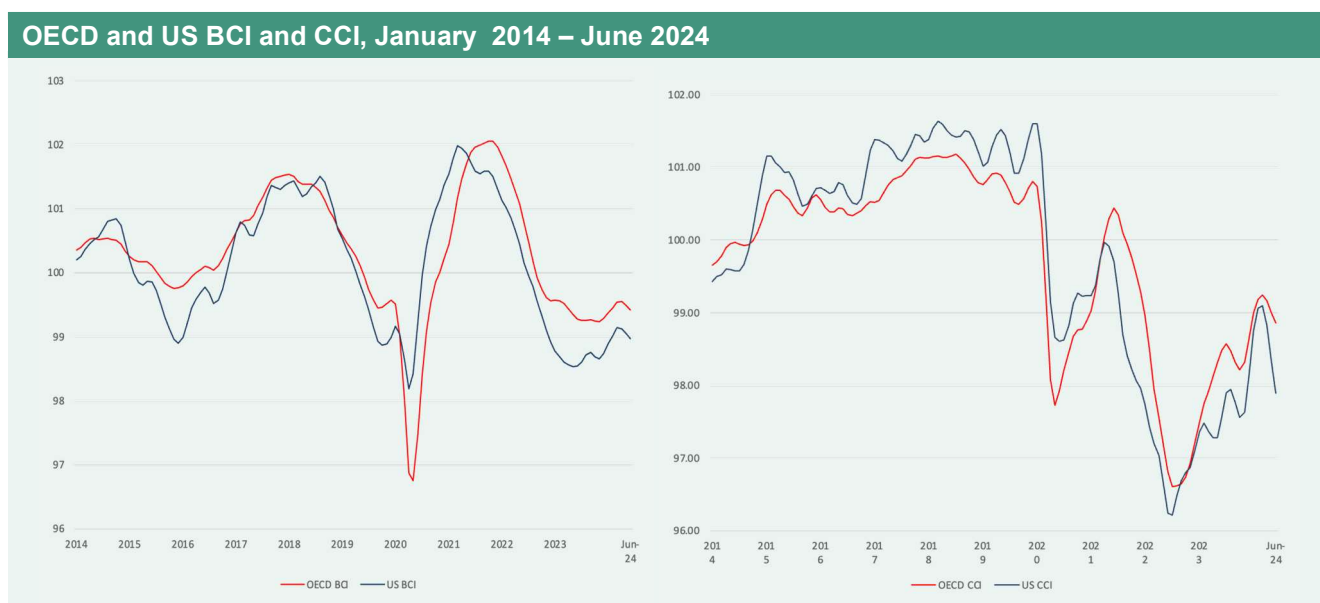
Macro indicators: less relevant

The latest (June 2024) OECD and US Business Confidence and Consumer Confidence Indices remain below parity and show similar trends. Whilst these indicators chart an overall trend, it is worth contrasting with the consistency of Group earnings progress which continues to reflect the resilience of core markets – Healthcare and Food & Beverage – within which drivers such as process automation and the introduction of environmentally-friendly packaging play to Mpac's strength in product innovation.

Highlighting the strength and importance of product innovation, in H1 the Group added a new side-load cartoner ('Ostro') operating at up to 180 picks per minute, to augment the 'Horizon' top loader range.

For June 2024:

- The OECD BCI stood at 99.42, compared to 99.27 a year earlier.
- The US BCI stood at 98.97 compared to 98.54 a year earlier.
- The OECD CCI stood at 98.86, compared to 98.49 a year earlier.
- The US CCI stood at 97.89, compared to 97.57 a year earlier.



Source: OECD.org.

5-year strategy to double revenue on track

In 2024, CEO Adam Holland launched a 5-year strategy to double revenue, based on five 'Pillars for Growth': a 'Sales Excellence' programme focused on customer support and market development; the introduction of processes to improve customer service quality; the integration of resources planning to reduce delivery lead-time and streamline supply chains; a maintained emphasis on innovation, including development of the clean energy vertical; and employee training and retention.

This includes expanded contact within established client accounts – including major names such as Nestle, Kellogg's, Diageo, Kraft, 3M and P&G – in addition to new customers (in FY23, comprising over 37% of OE orders by value).

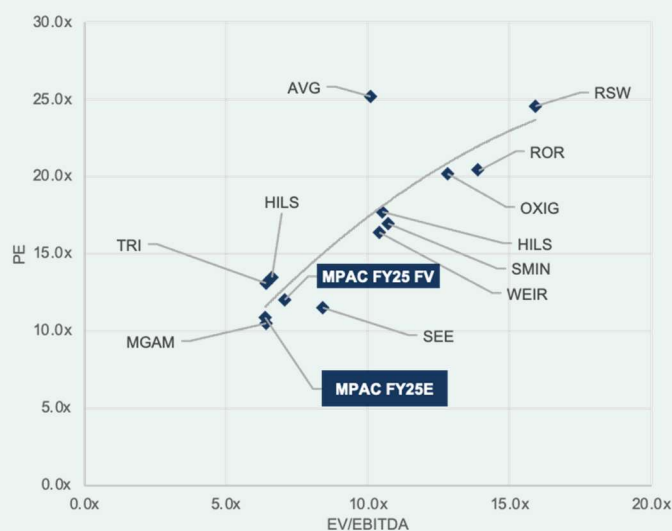
Comparative valuation remains attractive

Below illustrates (i) Mpac's current valuation (EV/EBITDA and PE) based on our FY25 outlook, (ii) valuation based on Equity Development Fair Value (implied EV/EBITDA, PE), and (iii) comparison with peers Smiths Group plc, Weir Group plc, Trifast plc, Rotork plc, Sealed Air Corp., Oxford Instruments plc, Renishaw plc, Morgan Advanced Materials plc, Avingtrans plc, Hill & Smith plc and Krones AG. Data is based on the +1 year forward consensus earnings outlook (*source: Koyfin*).

- The overall market cap-weighted EV/EBITDA multiple for the peer group is 10.6x, and PE, 16.8x.
- Our **ED Fair Value of 530p** implies an Mpac FY25 EV/EBITDA multiple of 7.0x and PE of 12.1x.

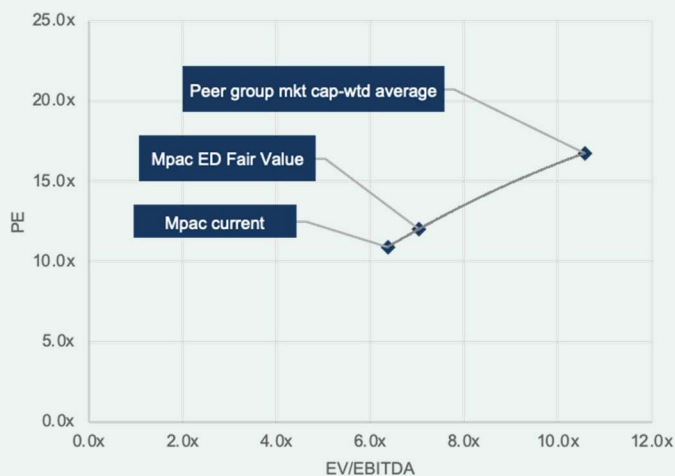
As the chart illustrates, Mpac's relative positioning remains at an indicative discount to its peers.

Mpac valuation versus peers



Source: Equity Development estimates, Koyfin. Best fit polynomial shown.

Mpac valuation versus peer group average



Source: Equity Development estimates, Koyfin. Best fit polynomial shown.

Comparative performance: compelling value

As illustrated below, on a one year's basis Mpac shares have performed well compared to a selection of valuation peers, yet remain compelling value (EV/EBITDA +1 year, market data).

Mpac performance, comparative, July 2023 – September 2024



Source: Koyfin.

Mpac, evolution of EV/EBITDA + 1 year E, versus peers



Source: Koyfin.

SUMMARY FINANCIALS

P&L: semi-annual H1 22 – H1 24

P&L Year to 31 Dec (£m)	H1 22	H2 22	H1 23	H2 23	H1 24
Equipment revenue	39.8	34.8	37.5	44.9	44.6
Service revenue	10.80	12.30	15.30	16.50	15.40
Revenue	50.6	47.1	52.8	61.4	60.0
Gross	10.7	13.7	12.6	19.0	16.9
Margin	21.1%	29.1%	23.9%	30.9%	28.2%
COGS	(39.9)	(33.4)	(40.2)	(42.4)	(43.1)
Distribution	(3.4)	(4.7)	(3.6)	(5.2)	(5.1)
Admin	(5.8)	(6.1)	(6.2)	(8.4)	(7.3)
Other	(0.3)	(0.2)	(0.6)	0.2	0.0
Sum operating costs	(9.5)	(11.0)	(10.4)	(13.4)	(12.4)
One-off costs	(1.8)	(2.1)	(2.4)	(1.5)	(1.4)
EBIT Reported	(0.6)	0.6	(0.2)	4.1	3.1
EBIT Adjusted	1.2	2.7	2.2	5.6	4.5
Margin	2.4%	5.7%	4.2%	9.1%	7.5%
Amortisation	(0.3)	(0.6)	(0.3)	(0.5)	(0.4)
Depreciation	(1.0)	(1.0)	(0.9)	(1.2)	(1.0)
EBITDA Reported	0.7	2.2	1.0	5.8	4.5
EBITDA Adjusted	2.5	4.3	3.4	7.3	5.9
Margin	4.9%	9.1%	6.4%	11.9%	9.8%
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.1)	(0.3)	(0.3)	(0.4)	(0.5)
PBT Reported	(0.5)	0.7	0.2	4.5	3.3
PBT Adjusted	1.1	2.4	1.9	5.2	4.0
Tax	(0.3)	(0.3)	(0.6)	(1.4)	(0.2)
PAT Reported	(0.8)	0.3	(0.4)	3.2	3.1
PAT Adjusted	0.7	2.0	1.4	3.9	3.1
Basic wtd. av. shares (m)	20.0	20.3	20.5	20.5	20.5
Diluted wtd. av. shares (m)	20.3	20.6	20.6	20.5	20.5
EPS Rptd Basic (p)	(4.0)	1.5	(2.0)	15.6	15.1
EPS Rptd Dil.(p)	(3.9)	1.5	(1.9)	15.6	15.1
EPS Adj. Basic (p)	3.5	9.9	6.8	19.0	15.1
EPS Adj. Dil. (p)	3.4	9.7	6.8	19.0	15.1

Source: Company data, Equity Development estimates.

P&L: FY21 – FY25E

Year to 31 Dec (£m)	FY21	FY22	FY23	FY24E	FY25E
Equipment revenue	74.1	74.6	82.4	86.6	95.2
Service revenue	20.2	23.1	31.8	33.4	37.4
Revenue	94.3	97.7	114.2	120.0	130.5
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Gross	28.9	24.4	31.6	37.0	40.5
Margin	30.6%	25.0%	27.7%	30.8%	31.0%
COGS	(65.4)	(73.3)	(82.6)	(83.0)	(90.0)
Distribution	(6.8)	(8.1)	(8.8)	(9.4)	(9.8)
Admin	(12.4)	(11.9)	(14.6)	(15.0)	(16.3)
Other	(0.9)	(0.5)	(0.4)	(1.9)	(2.0)
Sum operating costs	(20.1)	(20.5)	(23.8)	(26.3)	(28.1)
One-off costs	(0.5)	(3.9)	(3.9)	(3.0)	(3.0)
EBIT Reported	8.3	0.0	3.9	7.7	9.4
EBIT Adjusted	8.8	3.9	7.8	10.7	12.4
Margin	9.3%	4.0%	6.8%	8.9%	9.5%
Amortisation	(0.6)	(0.9)	(0.8)	(0.7)	(0.6)
Depreciation	(1.8)	(2.0)	(2.1)	(2.1)	(2.1)
EBITDA Reported	10.7	2.9	6.8	10.5	12.1
EBITDA Adjusted	11.2	6.8	10.7	13.5	15.1
Margin	11.9%	7.0%	9.4%	11.2%	11.6%
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.2)	(0.4)	(0.7)	(0.2)	(0.2)
PBT Reported	8.0	0.2	4.7	7.5	9.2
PBT Adjusted	8.6	3.5	7.1	10.5	12.2
Tax	(0.4)	(0.6)	(2.0)	(2.6)	(3.2)
PAT Reported	7.6	(0.4)	2.7	4.9	6.0
PAT Adjusted	7.9	2.7	5.3	7.9	9.0
Basic wtd. av. shares (m)	19.9	20.3	20.5	20.5	20.5
Diluted wtd. av. shares (m)	20.1	20.6	20.5	20.5	20.5
EPS Rptd Basic (p)	38.2	(2.0)	13.2	23.7	29.4
EPS Rptd Dil.(p)	37.9	(1.9)	13.2	23.7	29.4
EPS Adj. Basic (p)	39.7	13.3	26.2	38.4	44.1
EPS Adj. Dil. (p)	39.4	13.1	26.2	38.4	44.0

Source: Company data, Equity Development estimates.

Cashflow: semi-annual H1 22 – H1 24

£m	H1 22	H2 22	H1 23	H2 23	H1 24
Operating profit	(0.6)	0.6	(0.2)	4.1	3.1
One-off items	1.8	2.1	2.4	1.5	1.4
Amortisation	0.3	0.6	0.3	0.5	0.4
Depreciation	1.0	1.0	0.9	1.2	1.0
Other non-cash	0.4	(0.1)	0.0	0.0	0.0
Pension	(1.1)	(1.0)	(0.9)	(1.4)	(1.2)
Operating Cash Flow	1.8	3.2	2.5	5.9	4.7
Working capital					
(Increase)/Decrease inventories	(0.5)	(3.2)	(0.8)	(0.9)	(0.7)
(Increase)/Decrease in contract assets	(4.7)	(1.7)	(0.6)	2.3	(6.0)
(Increase)/Decrease in receivables	6.1	(11.4)	3.7	(4.0)	(0.7)
Increase/(Decrease) in payables	1.5	1.3	1.7	0.1	(0.1)
(Increase)/Decrease in contract liabilities	(7.6)	1.9	3.4	(3.5)	(2.2)
Increase / Decrease in provisions	0.1	0.4	(0.1)	3.4	(0.1)
Movement in working capital	(5.1)	(12.7)	7.3	(2.6)	(9.8)
Cash generated by operations	(3.3)	(9.5)	9.8	3.3	(5.1)
Acquisition costs	0.0	(0.8)	(0.4)	(0.4)	(0.1)
Tax (paid)/received	(0.2)	(0.2)	(0.3)	(0.8)	0.6
Net cash from operations	(3.5)	(10.5)	9.1	2.1	(4.6)
Investing activities					
Interest received	0.0	0.0	0.0	0.0	0.0
Sale of PPE	0.1	(0.1)	0.0	0.0	0.2
Capitalised R&D	(0.1)	(1.3)	(0.6)	(0.9)	(0.6)
Assets under const	0.0	0.0	0.0	0.0	0.0
PPE	(0.6)	(0.4)	(0.5)	(0.6)	(1.0)
Acquired cashflow/deferred payment	0.0	(0.8)	0.0	0.0	0.0
Net cash used in investing	(0.6)	(2.6)	(1.1)	(1.5)	(1.4)
Net OpFCF	(4.1)	(13.1)	8.0	0.6	(6.0)
Financing activities					
Borrowings	0.0	8.0	(3.0)	3.0	2.0
Interest paid	(0.1)	(0.2)	(0.3)	(0.4)	(0.3)
Purchase own shares	0.0	0.0	0.0	0.0	0.0
Lease payments	(0.6)	(0.5)	(0.4)	(0.7)	(0.6)
Net cash from financing	(0.7)	7.3	(3.7)	1.9	1.1
Net increase in cash / equivalents	(4.8)	(5.8)	4.3	2.5	(4.9)
Cash at beginning of year	14.5	9.5	4.2	8.1	11.0
Forex	(0.2)	0.5	(0.4)	0.4	(0.1)
Cash at year end	9.5	4.2	8.1	11.0	6.0
Net debt / (Cash)	(8.6)	4.7	(2.2)	(2.1)	4.9

Source: Company data, Equity Development estimates.

Cashflow FY21 – FY25E

Year to 31 December (£m)	FY21	FY22	FY23	FY24E	FY25E
Operating profit	8.3	0.0	3.9	7.7	9.4
One-off items	0.5	3.9	3.9	3.0	3.0
Amortisation	0.6	0.9	0.8	0.7	0.6
Depreciation	1.8	2.0	2.1	2.1	2.1
Other non-cash	0.4	0.3	0.0	0.0	0.0
Pension	(2.6)	(2.1)	(2.3)	(3.0)	(3.0)
Operating Cash Flow	9.0	5.0	8.4	10.5	12.1
Working capital					
(Increase)/Decrease inventories	(2.2)	(3.7)	(1.7)	(3.7)	(3.1)
(Increase)/Decrease in contract assets	(4.4)	(6.4)	1.7	0.1	0.1
(Increase)/Decrease in receivables	1.0	(5.3)	(0.3)	(4.2)	(4.5)
Increase/(Decrease) in payables	(1.1)	2.8	1.8	5.5	4.3
(Increase)/Decrease in contract liabilities	(0.7)	(5.7)	(0.1)	(0.1)	(0.1)
Increase / Decrease in provisions	(0.8)	0.5	3.3	0.0	0.0
Movement in working capital	(8.2)	(17.8)	4.7	(2.3)	(3.2)
Cash generated by operations	0.8	(12.8)	13.1	8.1	8.9
Acquisition costs	(0.3)	(0.8)	(0.8)	0.0	0.0
Tax (paid)/received	(0.1)	(0.4)	(1.1)	(2.6)	(3.2)
Net cash from operations	0.4	(14.0)	11.2	5.5	5.7
Investing activities					
Interest received	0.0	0.0	0.0	0.0	0.0
Sale of PPE	2.0	0.0	0.0	0.0	0.0
Capitalised R&D	(0.2)	(1.4)	(1.5)	(1.5)	(1.5)
PPE	(1.5)	(1.0)	(1.1)	(1.2)	(1.2)
Acquired cashflow/deferred payment	(0.6)	(0.8)	0.0	0.0	0.0
Net cash used in investing	(0.3)	(3.2)	(2.6)	(2.7)	(2.7)
Net OpFCF	0.1	(17.2)	8.6	2.9	3.0
Financing activities					
Borrowings	0.0	8.0	0.0	0.0	0.0
Interest paid	(0.3)	(0.3)	(0.7)	(0.2)	(0.2)
Purchase own shares	(0.2)	0.0	0.0	(0.2)	(0.2)
Lease payments	(0.9)	(1.1)	(1.1)	(0.5)	(0.5)
Net cash from financing	(1.4)	6.6	(1.8)	(0.9)	(0.9)
Net increase in cash / equivalents	(1.3)	(10.6)	6.8	2.0	2.1
Cash at beginning of year	15.5	14.5	4.2	11.0	13.0
Forex	0.3	0.3	0.0	0.0	0.0
Cash at year end	14.5	4.2	11.0	13.0	15.0
Net debt / (Cash)	(13.6)	4.7	(2.1)	(4.1)	(6.1)

Source: Company data, Equity Development estimates.

Balance sheet: semi-annual H1 22 – H1 24

£m	H1 22	H2 22	H1 23	H2 23	H1 24
Fixed Assets					
Intangible assets	25.4	25.4	24.3	24.0	23.3
PPE net	4.2	4.0	4.0	4.1	4.4
Property	0.8	0.8	0.8	0.8	0.8
Right of use	5.8	5.0	4.5	5.9	5.7
Employee benefits	59.7	31.5	35.2	32.2	33.0
Deferred tax, other	1.5	1.5	1.0	1.0	0.9
Sum Fixed Assets	97.4	68.2	69.8	68.0	68.1
Current Assets					
Inventories	6.3	9.6	10.2	11.1	11.6
Trade receivables	33.8	46.7	44.0	46.8	52.6
Tax assets	0.2	0.6	0.8	1.1	0.0
Cash, Equivalents	9.5	4.2	8.1	11.0	6.0
Contract assets	0.0	0.0	0.0	0.0	0.0
Sum Current Assets	49.8	61.1	63.1	70.0	70.2
Total Assets	147.2	129.3	132.9	138.0	138.3
Current Liabilities					
Trade payables	(35.1)	(38.4)	(43.6)	(43.8)	(41.1)
Leases	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)
Provisions	(1.2)	(1.0)	(1.0)	(0.9)	(0.7)
Tax, Other	(0.7)	(0.1)	(0.3)	(0.9)	(1.3)
Contract liabilities/borrowing	0.0	(8.0)	(5.0)	(8.0)	(10.0)
Sum Current Liabilities	(38.8)	(48.9)	(51.2)	(54.9)	(54.4)
Total Assets less Current Liabilities	108.4	80.4	81.7	83.1	83.9
Long-term Liabilities					
Borrowings	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Employee benefits	(2.8)	(2.1)	(1.7)	(1.8)	(1.6)
Tax	(20.6)	(11.1)	(12.4)	(11.4)	(8.3)
Leases	(4.0)	(3.9)	(3.4)	(4.9)	(4.6)
Deferred consideration	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(28.3)	(18.0)	(18.4)	(19.0)	(15.4)
Total liabilities	(67.1)	(66.9)	(69.6)	(73.9)	(69.8)
Net Assets	80.1	62.2	63.3	64.0	68.5
Capital & Reserves					
Share Capital	5.0	5.1	5.1	5.1	5.1
Share Premium	26.0	26.0	26.0	26.0	26.0
Capital Reserve	3.8	2.1	2.9	3.8	3.6
Retained earnings	45.3	29.0	29.3	29.1	33.8
Equity	80.1	62.2	63.3	64.0	68.5
Net debt / (Cash)	(8.6)	4.7	(2.2)	(2.1)	4.9

Source: Company data, Equity Development estimates.

Balance sheet: FY21 – FY25E

Year to 31 December (£m)	FY21	FY22	FY23	FY24E	FY25E
Fixed Assets					
Intangible assets	25.3	25.4	24.0	23.3	22.7
PPE net	4.0	4.0	4.1	3.2	2.3
Property	0.8	0.8	0.8	0.8	0.8
Right of use	5.8	5.0	5.9	5.9	5.9
Employee benefits	35.7	31.5	32.2	32.2	32.2
Deferred tax, other	1.4	1.3	0.9	0.9	0.9
Sum Fixed Assets	73.0	68.0	67.9	66.3	64.8
Current Assets					
Inventories	5.5	9.6	11.1	14.8	17.9
Trade receivables	34.5	46.7	46.8	51.0	55.4
Tax assets	0.6	0.6	1.1	1.1	1.1
Cash, Equivalents	14.5	4.2	11.0	13.0	15.0
Contract assets	0.0	0.0	0.0	0.0	0.0
Sum Current Assets	55.1	61.1	70.0	79.8	89.4
Total Assets	128.1	129.1	137.9	146.1	154.2
Current Liabilities					
Trade payables	(39.5)	(38.4)	(43.8)	(49.3)	(53.6)
Leases	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)
Provisions	(0.6)	(1.0)	(0.9)	(0.9)	(0.9)
Tax, Other	(0.7)	(0.1)	(0.9)	(0.9)	(0.9)
Sum Current Liabilities	(42.6)	(48.9)	(54.9)	(60.4)	(64.7)
Total Assets less Current Liabilities	85.5	80.2	83.0	85.6	89.4
Long-term Liabilities					
Borrowings	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Employee benefits	(2.5)	(2.1)	(1.8)	(3.0)	(3.0)
Tax	(12.5)	(11.1)	(11.4)	(6.8)	(6.8)
Leases	(4.2)	(3.9)	(4.9)	(3.4)	(3.4)
Deferred consideration	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(20.1)	(18.0)	(19.0)	(14.1)	(14.1)
Total liabilities	(62.7)	(66.9)	(73.9)	(74.5)	(78.8)
Net Assets	65.4	62.2	64.0	71.5	75.3
Capital & Reserves					
Share Capital	5.0	5.1	5.1	5.1	5.1
Share Premium	26.0	26.0	26.0	27.3	25.1
Capital Reserve	3.7	2.1	3.8	5.2	5.2
Retained earnings	30.7	29.0	29.1	34.0	40.0
Equity	65.4	62.2	64.0	71.5	75.3
Net debt / (Cash)	(13.6)	4.7	(2.1)	(4.1)	(6.1)

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

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

Equity Development, 2nd Floor, Park House, 16-18 Finsbury Circus, London, EC2M 7EB

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