

## Insolvency data underpins our fair value

26 April 2022

The latest UK government insolvency statistics data makes sobering reading, and suggests that BEG, which handles more corporate appointments by volume than any other UK insolvency practitioner, will find its services in increasing demand over the next 18 months.

The data confirmed 2,114 registered company insolvencies in March 2022, more than double the figure a year earlier (March '21: 999) and 34% above its pre-pandemic equivalent (March '19: 1,582). The majority (87%) comprised Creditors' Voluntary Liquidations (CVLs), twice March 2021 and 62% above March 2019. Other categories of company insolvencies such as compulsory liquidations are still below the pre-pandemic equivalents but approach four times the equivalent for March 2021. Administrations were 74% higher year-on-year. There were no receivership appointments.

### Company Data

EPIC	BEG
Price (last close)	108p
52 weeks Hi / Lo	150p / 97p
Market cap	£165m
ED Fair Value / share	165p

### Share Price, p



Source: ADVFN

### Description

Begbies Traynor is a leading UK business recovery, financial advisory and property services consultancy. It handles the largest number of corporate appointments in the UK, and principally serves the mid-market and smaller companies.

Its other services include corporate finance, valuation and sale of properties, businesses and other assets, and property consultancy, planning and management.

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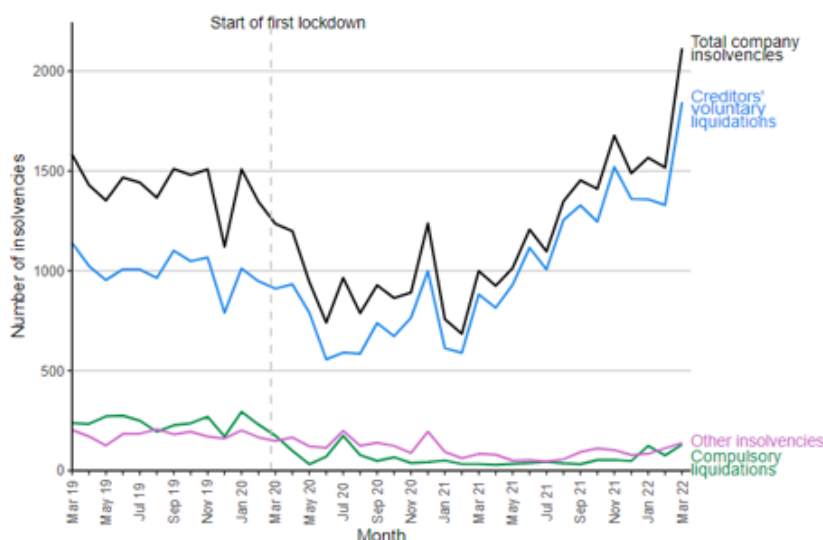
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### Number of registered company insolvencies in March 2022 above pre-pandemic levels

England and Wales, March 2019 to March 2022. Not seasonally adjusted



Sources: Insolvency Service (compulsory liquidations only); Companies House (all other insolvency types)

The latest data confirms that the underlying direction of travel is broadly as predicted. It reflects the gradual withdrawal of government measures designed to protect businesses against creditors during the pandemic, now exacerbated by rising inflation, staff shortages and falling retail sales. There has been an increase in insolvencies across all appointment types. Administrations and compulsory liquidations now follow previous rises in CVLs. All have picked up as UK courts reopen for business and allow creditors to bring actions for unpaid debts.

### Valuation: fair value backed by latest data

The shares have drifted in a nervous stock-market - possibly insolvency numbers have taken longer to pick up than some had anticipated - but BEG remains lowly rated and well below our retained 165p/share fair value estimate.

That view reflects the potential organic growth from an increasingly diversified financial advisory and property services group. The recovery in market insolvency volumes is certainly one component of the group's investment appeal, and the data is broadly in line with our expectations.

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