

## Strong H1 with double digit revenue & profit growth

17 November 2022

Another reliable performance keeps BEG well on track to meet our full year expectations.

Today's confident statement reflects a strong first half to end October 2022 (announcement scheduled for release on 13 December) expected to include c. 12% growth in H1 revenue to £58.5m and 13% higher adjusted PBT to £9m. Underlying operating cash flow has remained robust: £2.4m reported net debt at end October (H1 2021: £1.2m net cash) was post £7.2m of acquisition and deferred consideration payments in the period.

The group remains very well placed against a difficult economic backdrop and anticipates momentum behind demand for its insolvency and restructuring advice to build as corporate financial distress levels rise.

## Both divisions to report double digit growth

### Business Recovery and Financial Advisory 10% up

Divisional performance was underpinned by higher appointments, including some larger mid-market insolvency and restructuring cases. Growth reflects both market activity and the benefit of the division's expanded London office and offshore practice.

**This operation remains the largest UK insolvency practitioner by volume of appointments.**

It has a 14% share of the overall market and a 10% share of the administration market, respectively first and second ranked nationally. Other advisory services traded well, including finance brokerage Mantra Capital, acquired July 2022.

### Growth in Property Advisory and Transactional Services

**18% segmental revenue growth illustrates resilient income streams in a challenging economic environment.** The statement confirms that the most recent acquisition, Budworth Hardcastle (completed in June 2022), traded well during the period, in line with expectations.

## Valuation: projections enhanced by strategic acquisitions

The interims will include more detail on the market outlook and how recent acquisitions are performing, but we regard this latest update as an encouraging message.

The latest trading update underpins our 175p/share Fair Value assessment, equating to 17.5x FY23e PER, at a 2.1% prospective yield (with 2.7x cover).

### Company Data

EPIC	BEG
Price (last close)	136p
52 weeks Hi/Lo	150p/99p
Market cap	£211m
ED Fair Value/Share	175p

### Share Price, p



Source: ADVFN

### Description

Begbies Traynor (BEG) 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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### Summary forecasts

Year end 30 April	2020A	2021A	2022A	2023E
Revenue (£m)	70.5	83.7	110.0	117.7
Adjusted PBT £m)	9.2	11.5	17.8	19.7
Adjusted EPS (p)	5.7	6.9	9.1	10.0
Dividend per share (p)	2.8	3.0	3.5	3.7
Yield on distribution	1.9%	2.2%	2.6%	2.7%

Source: Group report & accounts and ED estimates



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