

Benchmark Holdings PLC



Q1 23 results: consistent growth continues

3 March 2023

For the three months to 31 December 2022, Benchmark Holdings reported revenue +36.2%YoY at £54.5m, and (adj.) EBITDA +47.7%YoY (excluding fair value adjustment for biological assets, +61%YoY), to £11.0m reflecting the combination of strong top line growth, capacity utilisation and cost control. As a result, (adj.) EBITDA profitability continued to improve, from an average of 19.7% through FY22, to 20.1%. The operating loss was £0.12m (Q122: £1.46m loss), on an adjusted basis, a £0.85m profit. The Q1 cash position was £42.8m and net debt (excluding leases) reduced from £47.5m at December 2022 to £37.9m¹. Cash at 24 February 2023 was £37.5m.

Business areas: Health delivers

Genetics delivered strong +41%YoY revenue growth (£21.4m, 39.3% of total) reflecting demand for salmon eggs (118m vs 76m in Q1 22) augmented by harvested salmon income. EBITDA (adj.) declined 21.5%YoY, principally due to continued development of the SPR shrimp revenue stream.

Advanced Nutrition revenue grew 19.1%YoY (£22.7m, 41.6% of total), with (adj.) EBITDA margin at 23.4% (Q1 22: 22.7%). Growth by product area was strong: Artemia, +23%YoY; Diets +10%YoY; and Health products, +27%YoY.

Health delivered stand-out performance. Benchmark's **proprietary** Ectosan[®] Vet and Clean Treat[®] (CT) treatment system delivered 79.8%YoY revenue growth (£10.39m, 19.1% of total), and a record (adj.) EBITDA contribution of £4.07m, a 39.2% margin, compared to £0.55m a year earlier. In line with its strategy of designing in its solutions, the Group entered agreements with well boat builder MMC First Process and marine architect SALT.

Progress towards Oslo Børs listing

The Group reports progress continues towards listing on the Oslo Børs, noting the presence of 27 aquaculture and seafood peers, and continues to consult with shareholders on its LSE AIM presence.

Outlook raised

The strength of Q1 23 performance, and in particular the contribution from the Health business area, gives substance to Benchmark's stated confidence in the outlook for FY23. We have raised our FY23 (adj.) EBITDA outlook **by 11%** to £36.5m, and for FY24 **by 9%** to £43.0m, equating to a FY24 EV/EBITDA of 8.0x.

Our fair value for Benchmark remains 63p/share.

Outlook to FY24					
Yr to 30 Sep.(£m)	2020	2021	2022	2023E	2024E
Revenue	105.6	125.1	158.3	174.4	198.3
EBITDA (adj)	14.5	19.4	31.2	36.5	43.0
Pre-Tax (adj)	(20.5)	(9.0)	(23.2)	(5.6)	1.6
EPS (adj, p)	(4.9)	(1.9)	(4.6)	(2.1)	(1.1)
Net debt/(cash)	37.6	80.9	73.7	69.1	59.6
EV/EBITDA	23.7x	17.7x	11.0x	9.4x	8.0x

Source: Company data, Equity Development estimates. PE N.M.

¹Currency adjusted revenue data: total revenue +29%YoY, Genetics +42%YoY, Advanced Nutrition +4%YoY, Health +80%. ¹ Net debt inclusive of lease liabilities: £61.4m (FY22: £73.7m).

Company Data

EPIC	AIM: BMK
Price (last close)	37p
52 weeks Hi/Lo	56p/33p
Market cap	£274m
ED Fair Value / share	63p
Proforma net debt / (cash)	£61m

Share Price, p



Source: Yahoo Finance

Description

Benchmark Holdings PLC develops products and biotechnology solutions for the aquaculture sector, to improve sustainability, animal quality and health and welfare, yields and profitability. The Group is focused on Genetics, to improve stocks and the resilience of species; Advanced Nutrition is specific to early stages of animal development; and Health for sea lice treatments.

The Group has operations in the UK, Norway, the US, Chile, Colombia, Iceland, Belgium, Thailand, Vietnam and China.

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Q1 23 performance highlights: outstanding Health

Revenue

Q1 23 revenue grew 36%YoY (currency-adjusted +29%YoY) to £54.495m. Against a background of strong performance in Genetics (+41%YoY) and Advanced Nutrition (+19.%YoY), **it was the contribution from Health, contributing almost 20% of revenue, which stands out.**

Gross contribution

Gross profit was £24.227m, 44.5% margin, compared to 48.7% in Q1 22 and 52.5% for FY22.

EBITDA

Q1 EBITDA (adj.) was £10.967m (net of corporate costs of £0.960m), 47.7% above Q1 22 of £7.425m; on a currency-adjusted basis, +44%YoY and adjusted for movement in the fair value of biological assets, +61%YoY (currency-adjusted +56%YoY).

EBIT

Whereas the contribution from gross profit added £4.728m compared to Q1 22, the increase in operating costs, excluding R&D and one-off items was £1.83m, boosting EBIT from an adjusted £1.458m loss in Q1 22 to an adjusted profit of £0.850m. R&D spend remained stable at £1.563m compared to £1.647m a year earlier (-5.1%YoY).

Business areas performance

- **Genetics** recorded revenue of £21.439m, +41%YoY (currency-adjusted, +42%YoY), with (adj.) EBITDA of £2.563m, -21.5%YoY (currency-adjusted, -10%YoY), a 12.0% margin compared to 21.5% a year earlier. Net of changes in the fair value of biological assets – fish stock in the process of development – adjusted EBITDA was £3.7m, +11%YoY (+19%YoY on a currency-adjusted basis).
- **Advanced Nutrition** revenue was £22.68m, +19.0%YoY (currency-adjusted, +4%YoY), with (adj.) EBITDA of 5.297m, +22.6%YoY (currency-adjusted +9%YoY), and margin improvement from 22.7% to 23.4%.
- **Health** revenue was £10.385m, +79.8%YoY, registering an (adj.) EBITDA contribution of £4.067m, a 39.2% margin, compared to £0.547m in Q1 22 and £0.108m for FY22.

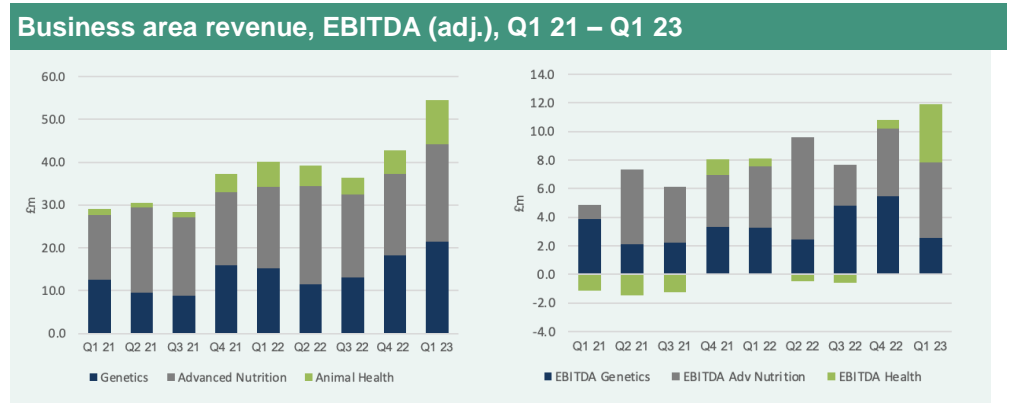
P&L summary, quarterly Q1 22 – Q1 23

£m	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	FY22
Genetics	15.195	11.408	13.091	18.314	21.439	58.008
Adv Nutrition	19.059	22.974	19.381	18.872	22.680	80.286
Animal Health	5.777	4.916	3.840	5.602	10.385	20.135
Inter segment	(0.017)	(0.065)	(0.040)	(0.030)	(0.009)	(0.152)
Revenue	40.014	39.233	36.272	42.758	54.495	158.277
Gross	19.499	20.023	19.473	24.133	24.227	83.128
Margin	48.7%	51.0%	53.7%	56.4%	44.5%	52.5%
EBITDA (adj.)	7.425	8.425	6.573	8.758	10.967	31.181
Margin	18.6%	21.5%	18.1%	20.5%	20.1%	19.7%

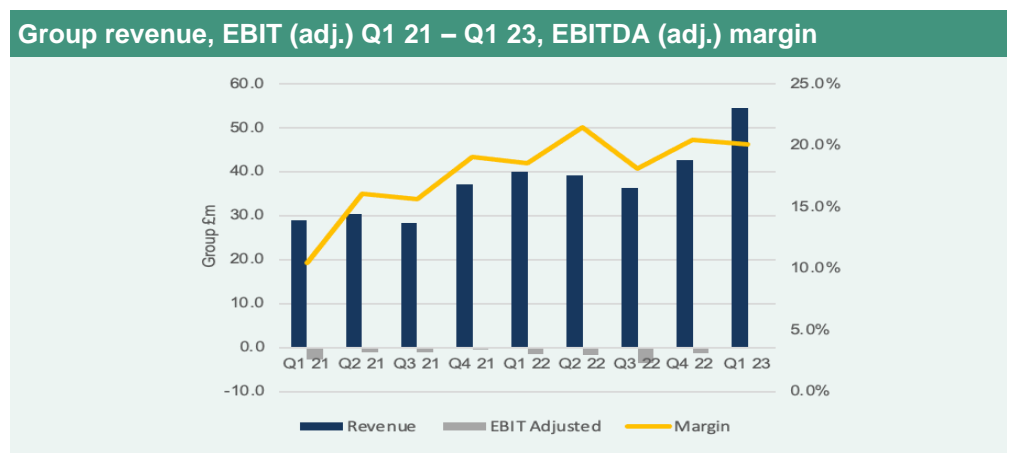
Source: Company data.

Q1 operational overview

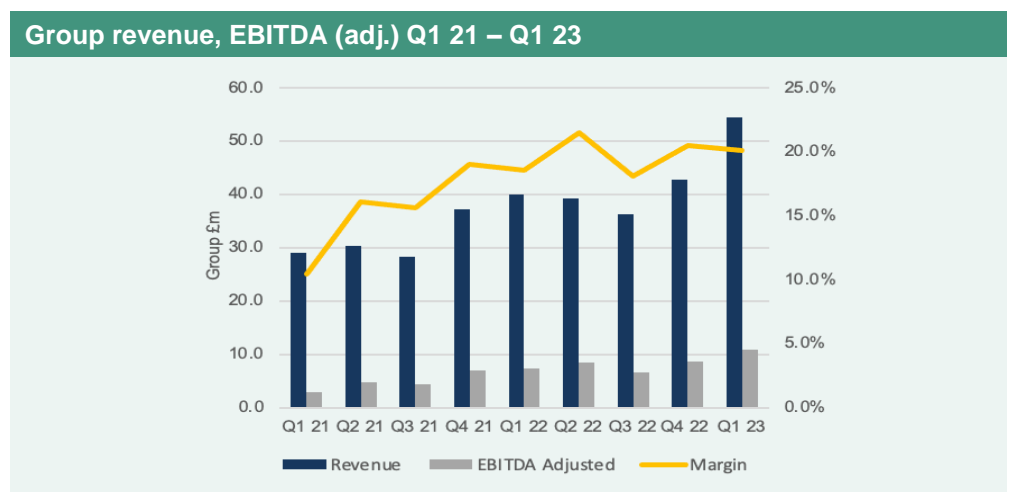
Divisional and Group revenue and profitability, summarised below, illustrates progress towards growth and profitability.



Source: Company data.



Source: Company data.



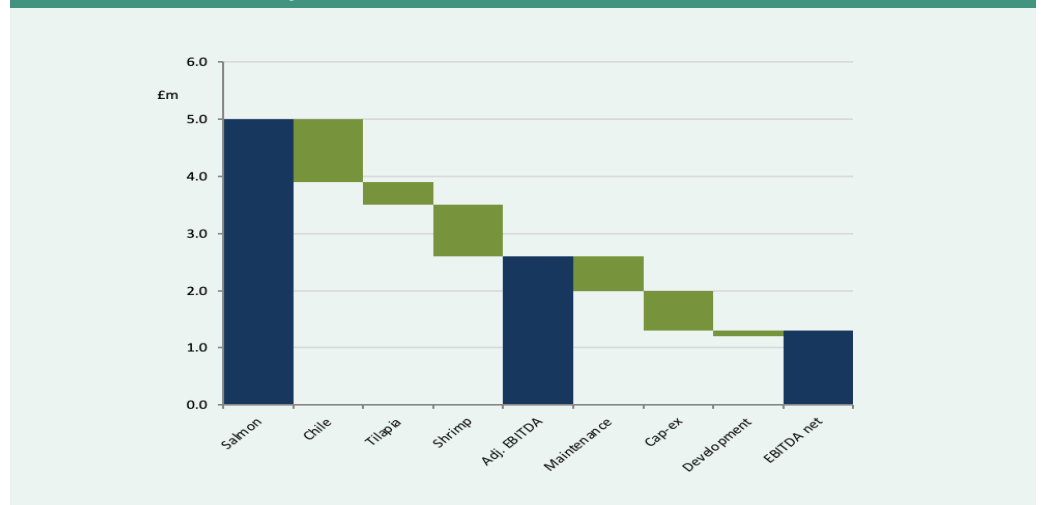
Source: Company data.

Genetics business area

Genetics recorded revenue of £21.4m +41%YoY, 39.3% of total (excluding £0.009m of overall Group inter-segment adjustment). As Benchmark reports, sales of salmon eggs increased 57%YoY, income from harvested fish rose 31%YoY, and the contribution from consultancy services increased +14%YoY. There was, however, a hiatus in the rollout of commercial SPR shrimp matching customer feedback to the product offering, which resulted in a 20%YoY decline in shrimp sales. In addition (excluding the fair value adjustment) start-up costs in the new Iceland facility contributed to a decline in gross profitability from 49% in Q1 22 to 36%.

As illustrated, margins also reflected increased investment in tilapia and salmon genetics in Chile and £0.7m allocated to increasing salmon egg capacity at the Salten facility to 150m eggs/year.

Genetics: Q1 23 components of EBITDA

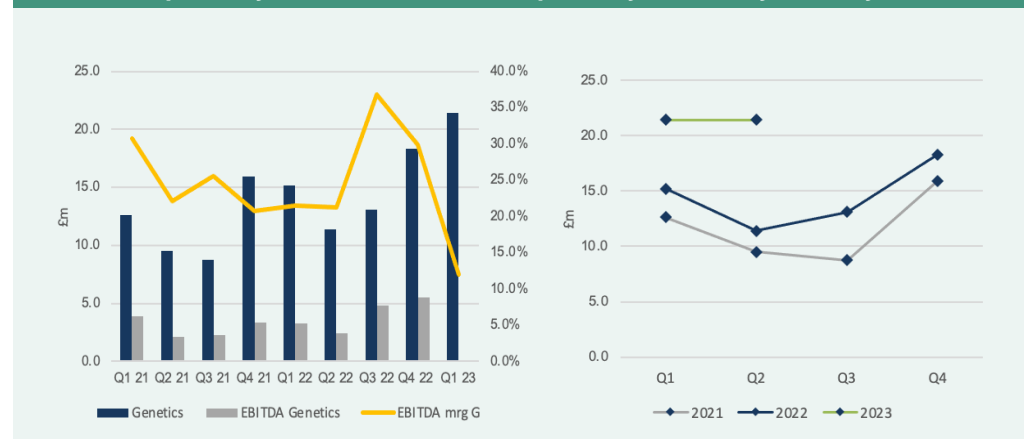


Source: Company data.

The resulting evolution of EBITDA was as follows:

- Adjusted EBITDA: £2.563m, (Q1 22: £3.263m) -21.5% YoY, 12.0% margin (Q1 22: 21.5% margin).
- Adjusted EBITDA excluding a £(1.1)m reduction in the fair value of biological assets, £3.7m +11%YoY.
- Adjusted EBITDA excluding fair value movement and at constant exchange rate, +19%YoY.

Genetics: quarterly revenue & EBITDA, quarterly revenue year-on-year



Source: Company data. Equity Development estimates. Data excludes currency effects. Year-on-year Q1 23 revenue denoted by a line for clarity.

Genetics outlook to FY24

For the remainder of FY 23, Benchmark expects Genetics profitability to revert towards EBITDA margins of recent quarters; for FY23 we estimate c24%. At the 20 September Capital Markets Day, Benchmark outlined its 3-5 year Genetics business area targets: a focus on organic growth and development of markets for salmon, shrimp and tilapia; revenue growth of 10% - 15% p.a.; and a target EBITDA (adj.) margin of 22% - 27%. Based on FY22 results, growth at 12.5% points to FY27 revenue of £105m and, at a 27% margin, EBITDA (adj.) of £28.0m.

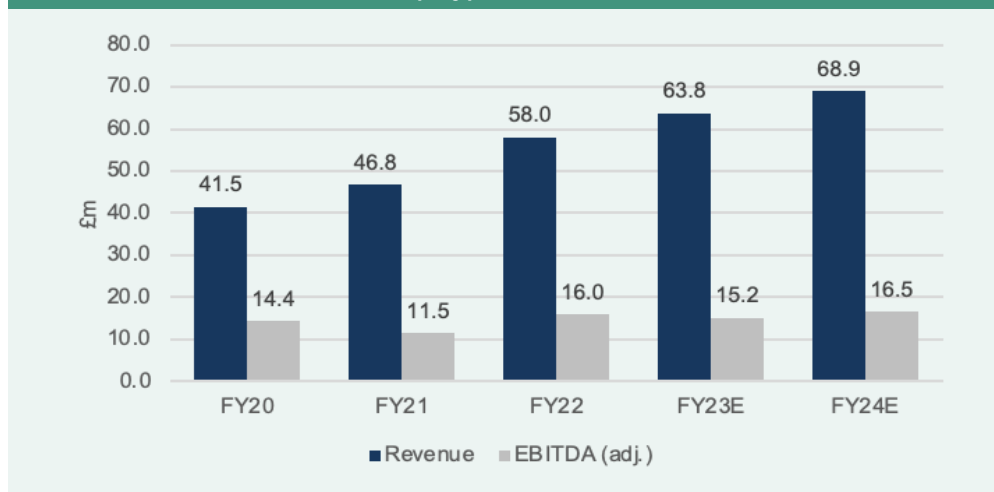
Our revised FY23 and FY24 estimates are as follows:

Divisional revenue, EBITDA (adj.) outlook to FY24

Yr to 30 Sep (£m)	FY20	FY21	FY22	FY23E	FY24E
Revenue	41.5	46.8	58.0	63.8	68.9
YoY		12.8%	24.0%	10.0%	8.0%
EBITDA (adj.)	14.4	11.5	16.0	15.2	16.5
Mrg	34.8%	24.6%	27.5%	23.8%	24.0%
YoY				-5.0%	8.9%
Prior E			Revenue	60.7	65.6
			beta	5.1%	5.1%
			EBITDA	15.2	16.4
			beta	-0.1%	0.8%

Source: Company data, Equity Development estimates.

Genetics revenue and EBITDA (adj.) outlook to FY24



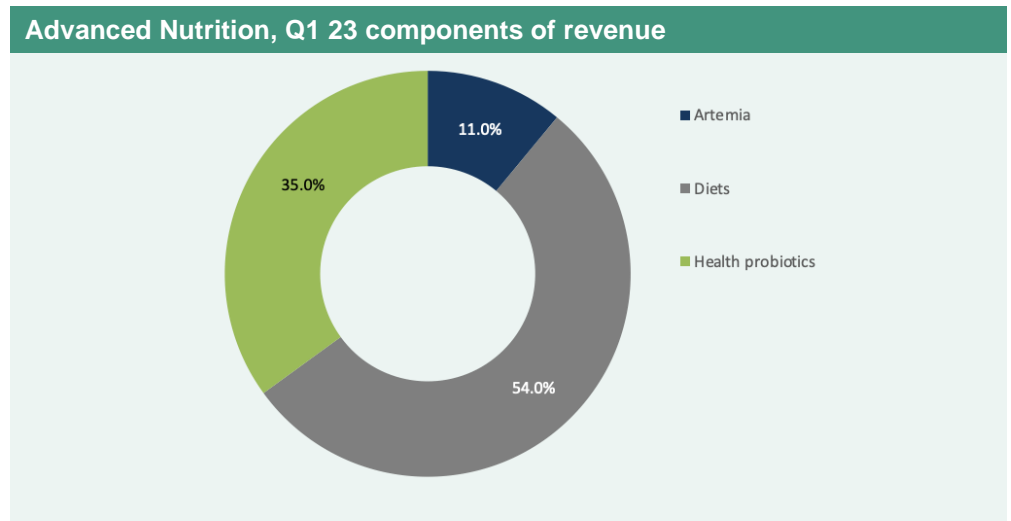
Source: Company data, Equity Development estimates.

Advanced Nutrition

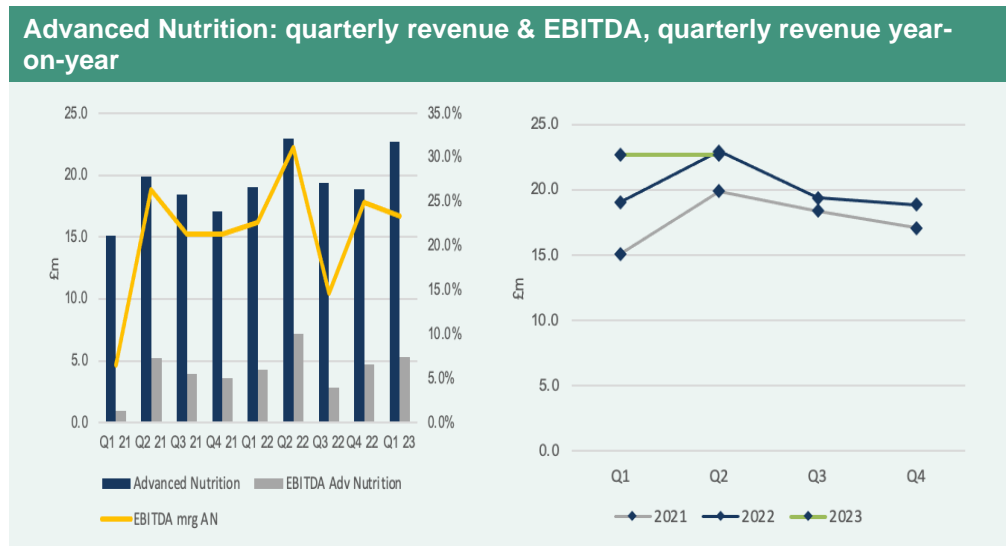
Advanced Nutrition recorded revenue of £22.7m +19%YoY, propelled by US\$ appreciation to 41.6% of total, and gross profitability stable at 50.0%. Currency-adjusted revenue growth was 4%YoY. Benchmark noted a number of headwinds: adverse weather conditions in Thailand, simian-human SHIV virus in Indonesia and increased (fuel) input costs in Latin America. The evolution of EBITDA was as follows:

- Adjusted EBITDA: £5.297m, (Q1 22: £4.320m) +22.6%% YoY, 23.4% margin (Q1 22: 22.7% margin).
- Adjusted EBITDA, constant currency-adjusted, +9%YoY.

Revenue by product area reflected the overall pattern: Artemia, +23%YoY; Diets +10%YoY; Health products, +27%YoY.



Source: Company data.



Source: Company data, Equity Development estimates. Data excludes currency effects. Year-on-year Q1 23 revenue denoted by a line for clarity.

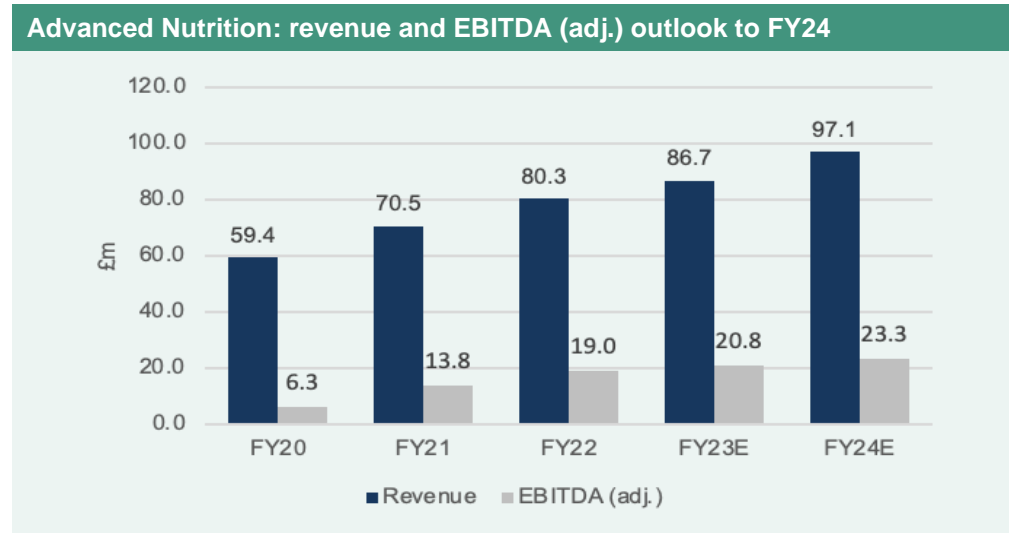
Advanced Nutrition outlook to FY24

Benchmark's 3 - 5 year outlook targets annual revenue growth of 7% - 10% and an EBITDA (adj.) margin of 20% - 25%. Based on FY22 performance 7.5% revenue CAGR and an EBITDA (adj.) margin rising towards 25% indicates FY27 revenue of £115m and EBITDA (adj.) of £29.0m.

Our FY23 and FY24 estimates are as follows, with prior estimates shown:

Divisional revenue, EBITDA (adj.) outlook to FY24					
Yr to 30 Sep (£m)	FY20	FY21	FY22	FY23E	FY24E
Revenue	59.4	70.5	80.3	86.7	97.1
YoY		18.8%	13.8%	8.0%	12.0%
EBITDA (adj.)	6.3	13.8	19.0	20.8	23.3
Mrg	10.6%	19.6%	23.7%	24.0%	24.0%
Prior E			Revenue	85.3	95.6
			beta	1.7%	1.6%
			EBITDA	19.6	22.9
			beta	6.2%	1.8%

Source: Company data, Equity Development estimates.

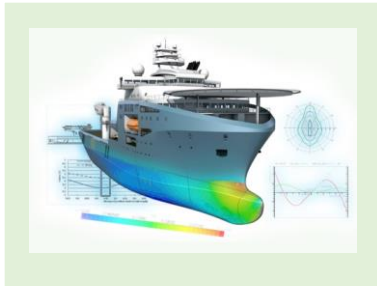


Source: Company data, Equity Development estimates.

Health

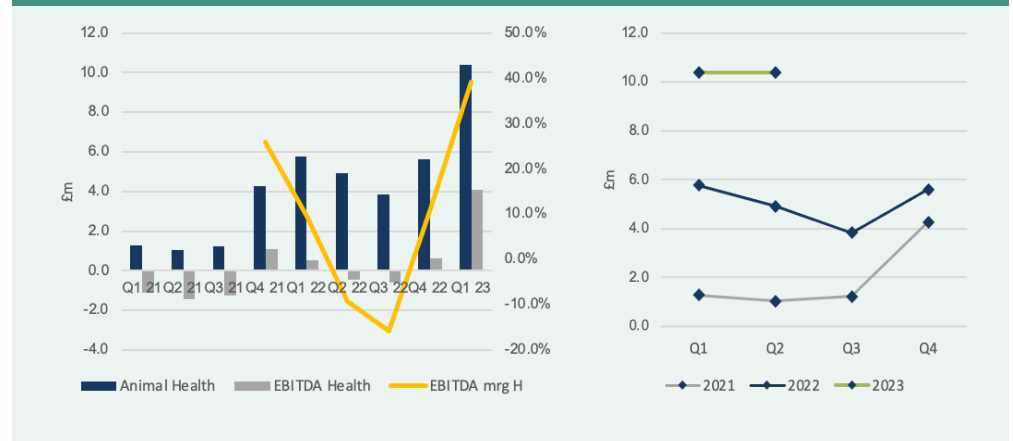
The **Health** business area delivered revenue of £10.385m, +80%YoY to just under 20% of Group total, and EBITDA of £4.067m, 34.1% of the total of the three divisions, with a 61% gross margin (£6.3m). Benchmark reported a significant increase in take-up by customers. Inclusive of cash lease costs (adj.) EBITDA was £2.0m, compared to a £(1.6)m loss a year earlier. During the quarter the Business Area operated two vessels and increased utilisation efficiency. The contribution from Health business products and services was:

- Ectosan[®]Vet and Clean Treat[®] salmon sea lice treatment, £5.3m.
- Ectosan[®]Vet and Clean Treat[®] customer vessel and fuel charges, £2.2m. Benchmark noted that the speed of water transfer between vessels doubled, significantly increasing efficiency and reducing overall treatment cycle times.
- Salmosan[®] Vet sea lice treatment, £2.9m (Q1 22: £1.3m), with demand from Canada Norway and the Faroe Islands.



Benchmark allocated capex of £0.2m and established partnerships with well boat manufacturers MMC First Process (www.mmcfirstprocess.com) and marine architects SALT (illustrated: www.saltship.com). Our outlook envisages a combination of the current inventory of Benchmark-owned vessels and collaboration with customers who have aligned their strategy with Ectosan[®]Vet and Clean Treat[®] solutions.

Health Q1 21 – Q1 23 revenue & EBITDA; year-on-year comparison



Source: Company data, Equity Development estimates. Data excludes currency effects. Year-on-year Q1 23 revenue denoted by a line for clarity.

Our FY23 Health Business Area outlook is shown below.

Divisional revenue, EBITDA (adj.) outlook to FY24

Yr to 30 Sep (£m)	FY20	FY21	FY22	FY23E	FY24E
Revenue	10.8	7.8	20.1	24.0	32.4
YoY		-27.5%	157.1%	19.3%	35.0%
EBITDA (adj.)	-12.9	-2.7	0.1	6.0	8.1
Mrg	-	-34.3%	0.5%	25.0%	25.0%
Prior E	119.3%				
			Revenue	24.0	32.4
			beta	0.1%	0.1%
			EBITDA	1.2	4.9
			beta	400%	65.5%

Source: Company data, Equity Development estimates.

Quarterly financial performance

Summary of Group quarterly performance, Q1 22 – Q1 23.

Quarterly performance Q1 22 to Q1 23					
£m	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Genetics	15.195	11.408	13.091	18.314	21.439
Advanced Nutrition	19.059	22.974	19.381	18.872	22.680
Animal Health	5.777	4.916	3.840	5.602	10.385
Inter segment	(0.017)	(0.065)	(0.040)	(0.030)	(0.009)
Revenue	40.014	39.233	36.272	42.758	54.495
Gross	19.499	20.023	19.473	24.133	24.227
<i>Margin</i>	<i>48.7%</i>	<i>51.0%</i>	<i>53.7%</i>	<i>56.4%</i>	<i>44.5%</i>
Sum Op-ex	(12.074)	(11.598)	(12.900)	(15.375)	(13.260)
One-off costs	0.000	0.908	(0.469)	(0.423)	(0.972)
EBIT Reported	(1.458)	(0.708)	(3.951)	(1.744)	(0.122)
EBIT Adjusted	(1.458)	(1.616)	(3.482)	(1.321)	0.850
<i>Margin</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>	<i>0.0%</i>	<i>1.6%</i>
Amortisation	(4.388)	(4.484)	(4.849)	(5.440)	(4.615)
Depreciation	(4.495)	(5.557)	(5.206)	(4.639)	(5.502)
EBITDA Genetics	3.263	2.428	4.816	5.473	2.563
EBITDA Adv Nutrition	4.320	7.154	2.837	4.706	5.297
EBITDA Health	0.547	(0.454)	(0.610)	0.625	4.067
Corp	(0.705)	(0.703)	(0.470)	(2.046)	(0.960)
EBITDA Reported	7.425	9.333	6.104	8.335	9.995
EBITDA Adjusted	7.425	8.425	6.573	8.758	10.967
<i>Margin</i>	<i>18.6%</i>	<i>21.5%</i>	<i>18.1%</i>	<i>20.5%</i>	<i>20.1%</i>
Financial income	0.119	1.930	0.122	2.570	7.508
Financial expense	(2.343)	(2.684)	(7.409)	(7.621)	(7.286)
PBT Reported	(3.682)	(1.462)	(11.238)	(6.795)	0.100
PBT Adjusted	(3.682)	(2.370)	(10.769)	(6.372)	1.072
Tax	(1.427)	(2.189)	(1.584)	(2.074)	(0.779)
PAT Reported	(5.109)	(3.651)	(12.822)	(8.869)	(0.679)
PAT Adjusted	(5.109)	(4.559)	(12.353)	(8.446)	0.293
Net rptd.	(5.109)	(3.651)	(12.822)	(8.869)	(0.679)
Net adj.	(5.109)	(4.559)	(12.353)	(8.446)	0.293
EPS rptd. basic (p)	(0.79)	(0.55)	(1.97)	(1.37)	(0.18)
EPS adj. basic (p)	(0.79)	(0.69)	(1.90)	(1.31)	(0.04)

Source: Company data, Equity Development estimates. EPS loss is not shown diluted.

Outlook to FY24

The table below summarises our divisional revenue and EBITDA (adj.) outlook to FY24, and comparison with the revenue trends which we estimate are needed to meet the 5-year average of company strategic targets.

- Our FY23 revenue outlook is raised by 0.5% and (adj.) EBITDA by 10.6%.
- Our FY24 revenue outlook is raised by 0.6%, and (adj.) EBITDA by 9.2%.

Divisional revenue, EBITDA (adj.) outlook to FY24							
Yr to 30 Sep (£m)	FY21	H1 22	H2 22	FY22	Q1 23	FY23E	FY24E
Revenue							
Genetics	46.8	26.6	31.4	58.0	21.4	63.8	68.9
Advanced Nutrition	70.5	42.0	38.3	80.3	22.7	86.7	97.1
Animal Health	7.8	10.7	9.4	20.1	10.4	24.0	32.4
Inter segment	(0.1)	(0.1)	(0.1)	(0.2)	(0.0)	(0.2)	(0.2)
Revenue	125.1	79.2	79.0	158.3	54.5	174.4	198.3
Year-on-year							
Genetics	12.8%	20.2%	27.3%	24.0%	41.1%	10.0%	8.0%
Advanced Nutrition	18.8%	20.0%	7.7%	13.8%	19.0%	8.0%	12.0%
Animal Health	-27.5%	357.6%	71.8%	157.1%	79.8%	19.3%	35.0%
Pct of total ex internal							
Genetics	37.4%	33.5%	39.7%	36.6%	39.3%	36.6%	34.7%
Advanced Nutrition	56.4%	53.0%	48.4%	50.7%	41.6%	49.7%	48.9%
Animal Health	6.3%	13.5%	11.9%	12.7%	19.1%	13.8%	16.3%
EBITDA (adj.)							
Genetics	11.5	5.7	10.3	16.0	2.6	15.2	16.5
Advanced Nutrition	13.8	11.5	7.5	19.0	5.3	20.8	23.3
Animal Health	(2.7)	0.1	0.0	0.1	4.1	6.0	8.1
EBITDA YoY							
Genetics		-4.9%	85.7%	38.6%	-21.5%	-5.0%	8.9%
Advanced Nutrition		83.9%	-0.3%	37.8%	22.6%	9.4%	12.0%
Animal Health		-104%	-112.3%	N.M	643.5%	N.M.	35.0%
EBITDA mrg							
Genetics	24.6%	21.4%	32.8%	27.5%	12.0%	23.8%	24.0%
Advanced Nutrition	19.6%	27.3%	19.7%	23.7%	23.4%	24.0%	24.0%
Animal Health	-34.3%	0.9%	0.2%	0.5%	39.2%	25.0%	25.0%
<i>Company target-based:</i>							
Revenue							
Genetics				58.0		65.3	73.4
Advanced Nutrition				80.3		86.3	92.8
Animal Health				20.1		28.6	37.1
Sum				158.4		180.2	203.3
ED estimate				158.3		174.4	198.3

Source: Company data, Equity Development estimates.

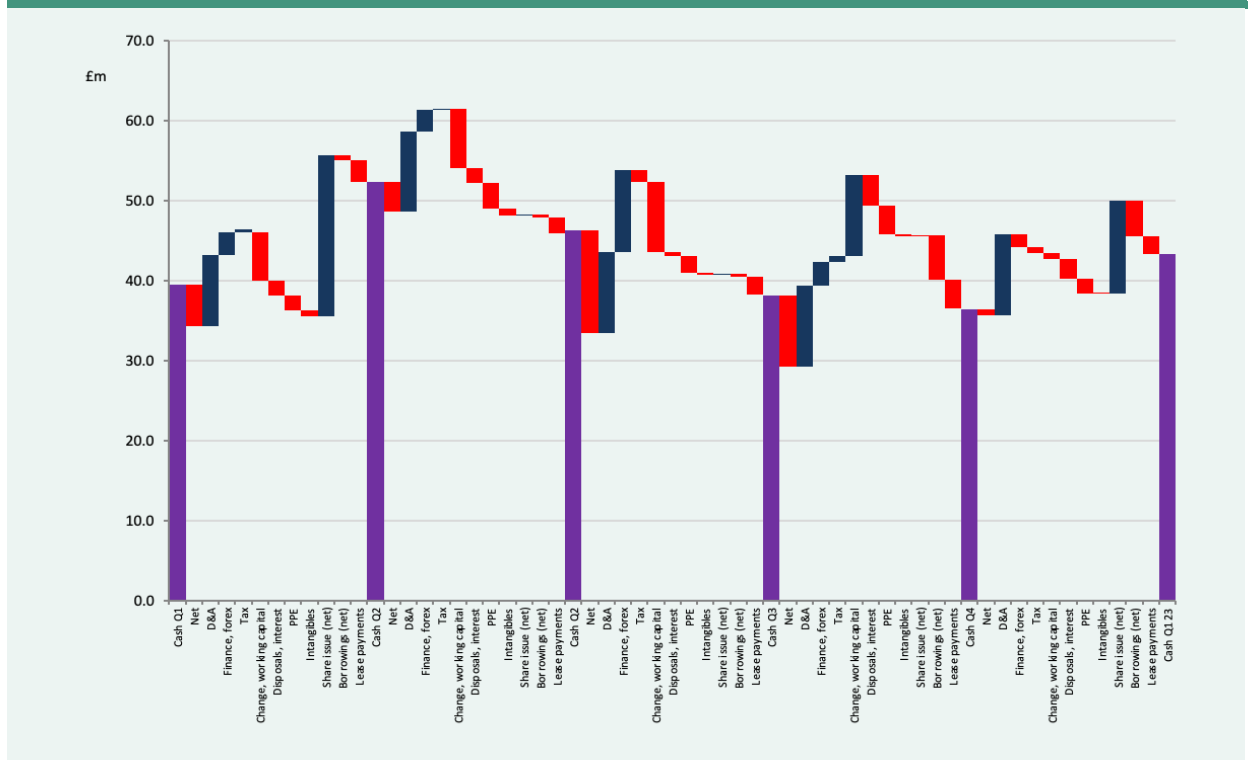
Quarterly cashflow: a sound grasp

As illustrated below, the Group maintained a healthy cash balance, with operating cashflow exhibiting sound working capital management. The ratio of EBITDA to net operating free cashflow was 73.6%, within the Group target of 70% - 80%; we estimate net free cashflow/revenue at 6.8% the Group medium-term target being 10% - 15%. The principal features of Q1 cashflow were:

- Improved operating cashflow, at £10.343m compared to £8.143m in Q1 22.
- A £(0.766)m movement in working capital, principally driven by a £9.633m decrease in accounts payable, resulting in **Net Operating Free Cashflow of £8.068m** (Q1 22: £1.134m).
- Investments totalled £2.156m (Q1 22: £2.575m) with investment in PPE of £1.829m (Q1 22: £1.914m).
- Refinancing adding £11.634m (net) from equity, with £4.397m of debt repaid.
- The resulting movement in cash (before forex) was £8.138m, with a period-end cash balance of £42.787m, which if augmented by access to funds indicates a total of £62.8m of available liquid resources.
- Net debt, inclusive of lease obligations, improved from £73.7m in Q4 22 to £61.4m.

In Q1 the Group incurred one-off exceptional restructuring costs totalling £0.948m, of which £0.863m comprised legal and professional fees relating to preparations for listing on the Oslo Børs.

Evolution of quarterly cashflow, Q1 22 – Q1 23



Source: Company data, Equity Development estimates.

Post period-end, on 15 February 2023, the Group purchased the minority interest's shareholding of 14,981,272 shares in Benchmark Genetics Iceland HF for €9.0m (£8.0m). As a result of which, the Benchmark subsidiary, Benchmark Genetics Limited, became the 100% owner of Benchmark Genetics Iceland HF.

Appendix I: Debt profile

As of 31 December 2022, Group debt totalled £104.185m, net £45.176m, comprising:

- Long-term liabilities of £61.866m (NOK £2025 NOK750m); £17.201 bank borrowings; £8.891m of leases.
- Short-term bank debt of £1.603m and lease liabilities of £14.624m.

Recent refinancing

- On 27 September 2022 Benchmark secured the NOK750m 2025 floating rate green unsecured bond, set at 6.50% above 3-month NIBOR, currently at 3.28% (illustrated below), i.e 9.78%, an estimated £6.23m p.a.
- On 1 November 2022 the NOK179.5m facility (15.01.2028) replaced the NOK165m term loan, and a NOK17.5m overdraft facility, in respect of Benchmark Genetics Salten AS.
- On 21 November 2022 the US\$15.0m RCF facility (was replaced by a secured £20.0m RCF (27 06 2025) at a margin of 2.75% to 3.25%.

We estimate that refinanced facilities total NOK990m (£103.4m) and carry annual interest of £7.39m.

Summary of refinanced debt, Q1 23							
Debt	NOKm	Rate NOK/£	£m	NIBOR	Plus	Rate	Interest £m
Bond	750	0.0798	59.9	3.28%	6.50%	9.78%	5.85
Salten	179.5	0.0798	14.3	3.28%	2.50%	5.78%	0.83
Salten	20.0	0.0798	1.6	undrawn			
Salten	40.1	0.0798	3.2		4.95%	4.95%	0.16
RCF			20.0	2.75%			0.55
Sum	989.6		99.0				7.39

Source: Company data, Equity Development estimates.

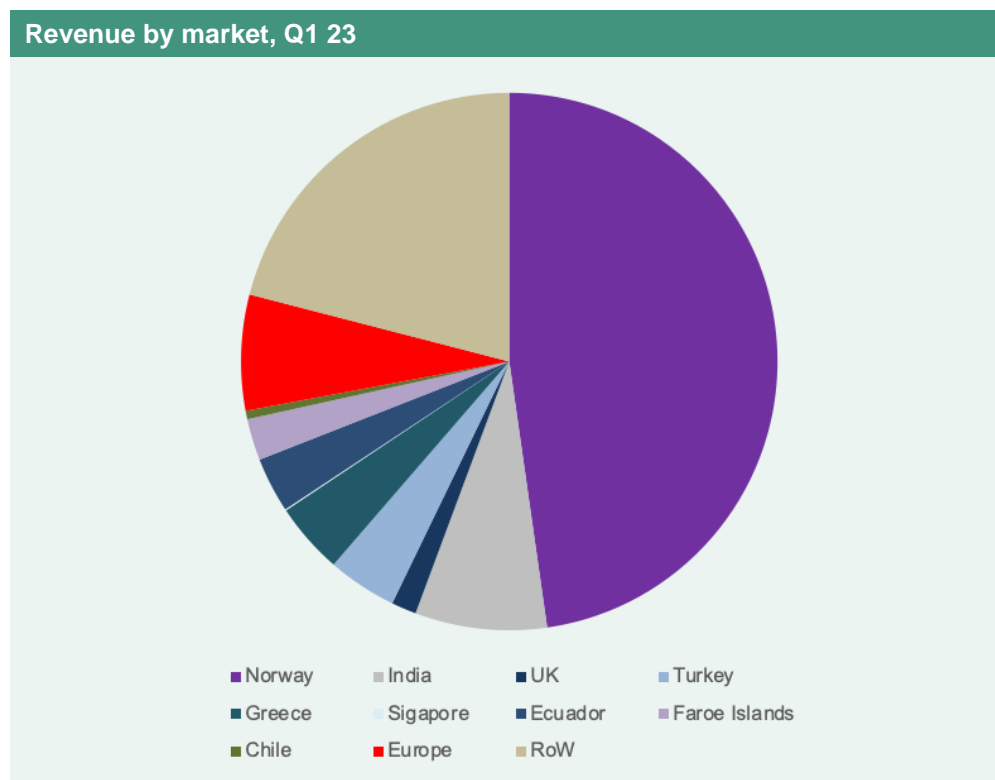
- On 15 December 2022 the Group raised £11.634m (net) via the issue of 35.18935m shares at 37.0p/share.

Appendix II: revenue by operation and market

Q1 23 distribution of revenue (pre inter-segment) shows a widely-distributed presence in a range of markets, albeit with a strong presence in Norway.

Revenue by segment and market, Q1 23				
Q1 23 (£m)	Genetics	AN	Health	Total
Norway	16.884	0.090	8.295	25.269
India		4.203		4.203
UK	0.737	0.019	0.042	0.798
Turkey	0.006	2.204		2.210
Greece		2.269		2.269
Singapore		0.039		0.039
Ecuador	0.020	1.740		1.760
Faroe Islands	1.095		0.229	1.324
Chile	0.012	0.002	0.254	0.268
Europe	2.062	1.622		3.684
RoW	0.622	10.484		11.106
Inter-segment	0.001	0.008	1.565	1.574
Corporate/inter-segment				(0.009)
Sum	21.439	22.680	10.385	54.495

Source: Company data.



Source: Company data.

FINANCIAL SUMMARY

Summary P&L: FY20 – FY24E

£m	FY20	FY21	FY22	FY23E	FY24E
Genetics	41.5	46.8	58.0	63.8	68.9
Advanced Nutrition	59.4	70.5	80.3	86.7	97.1
Animal Health	10.8	7.8	20.1	24.0	32.4
Inter segment	(6.1)	(0.1)	(0.2)	-0.2	-0.2
Revenue	105.6	125.1	158.3	174.4	198.3
Gross	55.0	65.6	83.1	88.9	103.1
<i>Margin</i>	<i>52.1%</i>	<i>52.4%</i>	<i>52.5%</i>	<i>51.0%</i>	<i>52.0%</i>
COGS	(50.6)	(59.5)	(75.1)	(85.4)	(95.2)
R&D	(7.3)	(7.0)	(6.7)	(6.8)	(7.7)
Other	(33.3)	(38.2)	(44.7)	(45.1)	(51.7)
Equity inv.	0.2	(0.9)	(0.6)	(0.6)	(0.7)
Sum operating costs	(40.5)	(46.1)	(51.9)	(52.4)	(60.2)
One-off costs	(2.1)	(0.2)	0.0	(1.0)	0.0
EBIT Reported	(10.9)	(5.4)	(7.9)	(3.5)	3.9
EBIT Adjusted	(8.8)	(5.2)	(7.9)	(2.6)	3.9
<i>Margin</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>	<i>2.0%</i>
Amortisation	(16.6)	(16.3)	(19.2)	(19.2)	(19.2)
Depreciation	(6.6)	(8.4)	(19.9)	(19.9)	(19.9)
EBITDA Reported	12.4	19.3	31.2	35.5	43.0
EBITDA Adjusted	14.5	19.4	31.2	36.5	43.0
<i>Margin</i>	<i>13.7%</i>	<i>15.6%</i>	<i>19.7%</i>	<i>20.9%</i>	<i>21.7%</i>
Financial income	1.1	4.2	4.7	5.0	5.5
Financial expense	(12.8)	(8.0)	(20.1)	(8.0)	(7.8)
PBT Reported	(22.6)	(9.2)	(23.2)	(6.5)	1.6
PBT Adjusted	(20.5)	(9.0)	(23.2)	(5.6)	1.6
Tax	(0.2)	(2.4)	(7.3)	(8.8)	(9.8)
PAT Reported	(22.8)	(11.6)	(30.5)	(15.4)	(8.2)
PAT Adjusted	(20.7)	(11.4)	(30.5)	(14.4)	(8.2)
Basic wtd. Av. shares (m)	625.5	669.5	698.2	733.4	733.4
Diluted wtd. av. shares (m)	626.9	674.1	704.5	739.7	739.7
EPS rptd basic (p)	(5.3)	(1.9)	(4.6)	(2.2)	(1.1)
EPS adj basic (p)	(4.9)	(1.9)	(4.6)	(2.1)	(1.1)

Source: Company data, Equity Development estimates.

Summary Cashflow FY20 – FY24E

£m	FY20	FY21	FY22	FY23E	FY24E
Net reported	(31.9)	(11.6)	(30.5)	(15.4)	(8.2)
PPE depreciation	7.0	5.0	8.6	8.9	8.9
RoU depreciation	2.1	3.3	11.3	11.0	11.0
Amortisation	19.4	16.3	19.2	19.2	19.2
Disposals net	(15.3)	0.0	(0.0)	(0.0)	0.0
Finance (net)	9.6	6.5	18.1	3.0	2.3
Forex, other	(0.1)	(0.9)	(4.9)	0.0	0.7
Share-based payments	1.7	0.8	1.2	1.0	1.0
Tax	0.3	2.4	7.3	8.8	9.8
Operating Cash Flow	(7.2)	22.0	30.3	36.5	44.6
Working capital					
(Increase)/Decrease inventories	3.7	(3.6)	(5.4)	(1.2)	(4.3)
(Increase)/Decrease in receivables	4.2	(8.2)	(8.5)	(3.3)	(0.0)
Increase/(Decrease) in payables	5.0	5.5	6.9	3.5	6.6
Increase/(Decrease) in bio/agri assets	(7.5)	(5.4)	(6.1)	(2.0)	(2.0)
Provisions	(0.3)	(0.0)	1.1	(0.0)	0.0
Change, working capital	5.2	(11.6)	(12.0)	(3.1)	0.3
Cash generated by operations	(2.0)	10.4	18.3	33.4	44.9
Tax (paid)/received	(2.1)	(4.6)	(7.4)	(7.3)	(8.8)
Net cash from operations	(4.1)	5.8	10.8	26.1	36.1
Investing activities	0.0	0.3	0.0	0.0	0.0
Disposals, invsts	41.4	(0.5)	1.4	(8.0)	0.0
PPE	(5.9)	(17.7)	(10.8)	(7.0)	(7.4)
Intangibles	(5.3)	(5.0)	(1.9)	(1.0)	(1.0)
Interest / Other	0.1	0.1	0.1	0.0	0.0
Net cash used in investing	30.4	(23.1)	(11.2)	(16.0)	(8.4)
Net OpFCF	26.3	(17.3)	(0.4)	10.1	27.7
Financing activities					
Share issue (net)	41.7	0.8	20.2	11.6	0.0
Borrowings (net)	(1.8)	(3.1)	(6.9)	(5.0)	(5.0)
Interest paid	(7.7)	(7.7)	(9.6)	(8.0)	(7.8)
Lease payments	(2.1)	(4.6)	(10.5)	(10.5)	(10.5)
Other	0.0	(0.0)	0.0	(0.6)	0.0
Net cash from financing	30.1	(14.7)	(6.9)	(12.5)	(23.3)
Net increase in cash / equivalents	56.5	(32.0)	(7.3)	(2.4)	4.4
Cash start	16.1	71.6	39.5	36.4	34.0
Forex	(0.9)	(0.2)	4.3	(1.8)	0.0
Cash end	71.6	39.5	36.4	34.0	38.4

Source: Company data, Equity Development estimates.

Summary Balance sheet: FY20 – FY24E

£m	FY20	FY21	FY22	FY23E	FY24E
Fixed Assets					
Intangible assets	247.0	229.0	245.3	227.1	208.9
PPE net	65.6	78.8	81.9	69.0	56.5
RoUse assets	10.3	25.5	27.0	27.0	27.0
Equity investees	3.7	3.4	3.1	3.1	3.1
Other invsts	0.0	0.0	0.0	0.0	0.0
Bio/agri assets	16.6	21.2	20.9	20.9	20.9
Sum Fixed Assets	343.3	358.0	378.2	347.1	316.4
Current Assets					
Inventories	18.9	20.9	29.8	31.1	35.3
Trade receivables	39.4	46.5	56.4	59.7	59.8
Bio/agri assets	15.8	17.1	25.8	25.8	25.8
Cash, Equivalents	71.6	39.5	36.4	34.0	38.4
Sum Current Assets	145.8	124.0	148.4	150.5	159.3
Total Assets	489.0	482.0	526.6	497.7	475.7
Current Liabilities					
Trade payables	(45.7)	(46.7)	(44.3)	(47.8)	(54.3)
Loans	(5.3)	(10.7)	(17.1)	(17.1)	(17.1)
Tax	(4.3)	(5.6)	(10.2)	(10.2)	(10.2)
Provisions	0.0	(0.6)	(1.6)	0.0	0.0
Sum Current Liabilities	(55.4)	(63.5)	(73.3)	(75.1)	(81.6)
Total Assets less Current Liabilities	433.7	418.5	453.3	422.6	394.1
Long-term Liabilities					
Borrowings	(103.8)	(109.7)	(93.0)	(88.0)	(83.0)
Other	(1.8)	(0.9)	(9.0)	0.0	0.0
Tax	(32.6)	(28.2)	(28.0)	(6.8)	(6.8)
Sum Long-term liabilities	(138.2)	(138.9)	(130.0)	(94.8)	(89.8)
Total liabilities	(193.6)	(202.4)	(203.3)	(169.9)	(171.5)
Net Assets	295.4	279.6	323.3	327.8	304.2
Capital & Reserves					
Share Capital	0.7	0.7	0.7	0.7	0.7
Additional paid-in capital	399.6	400.7	420.8	459.5	444.2
Capital Reserve	0.0	0.0	0.0	0.0	0.0
Retained earnings	(142.2)	(154.2)	(185.1)	(201.5)	(209.7)
Hedging reserve	(9.7)	(5.9)	(0.7)	(1.0)	(1.0)
Forex reserve	40.7	30.5	77.7	60.0	60.0
Non-controlling interest	6.3	7.9	9.9	10.0	10.0
Equity	295.4	279.6	323.3	327.8	304.2
Net debt / (cash), incl leases	37.6	80.9	73.7	69.1	59.6

Source: Company data, Equity Development estimates.



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