

ECO Animal Health Group



Strong FY24 results: 11% underlying growth

15th July 2024

For the year ended 31st March 2024 ECO Animal Health Group reported revenue +5%YoY at £89.4m, which on a currency-adjusted basis was +11%YoY, and (adj.) EBITDA of £8.0m, +11.2%YoY which was ahead of market consensus¹ on an improvement in margin from 8.5% to 9.0%. The impact of currency volatility was evident in gross profitability at 42.1% compared to 45.0% a year earlier; H2 recovered to 43.1%. (Adj.) EBIT was 14%YoY lower at £4.6m, a 5.1% margin compared to 6.3% in FY23.

Having rallied 30%YoY, EAH shares are trading 7% off its recent year high. We have derived a Fair Value per share range of 137p-146p based on the initial, medium-term, valuation of the pipeline of products under development.

Revenue growth was led by N. America and Latin America, contributing 43% of total, a combined increase of 15% YoY, whilst the patented swine and poultry antimicrobial Aivlosin[®] remained the product mainstay contributing £82.9m, +9%YoY, 92%, of total revenue. Despite pressure on gross margins, close cost control resulted in a 100 basis points reduction in operating costs as a proportion of revenue to 38.2%. The Group generated £7.7m in operating cashflow, (FY23: £7.2m) resulting in a cash contribution of £2.3m and a closing net cash balance of £22.4m (FY23: £21.7m)², of which 36% is held outside China, in addition to which the £10m RCF and £5m overdraft facilities remain unutilised.

Regional performance

As noted, N. America and LatAm led overall growth, North America: +21.8%YoY (21% of total), and Latin America, +9.9%YoY (similarly 22% of total). China & Japan contributed £24.7m, -6.5%YoY, 27.6% of total, where pork production in China remained under price pressure, whilst South and SE Asia revenue increased +4.1%YoY, 19.5% of total boosted by poultry-related demand in India. Europe: +6.2%YoY, 7.2% of total; RoW & UK: -11.5%YoY, 2.8% of total.

Focus on a strong product development pipeline

We introduce forecasts to FY26. Our focus remains the potential contribution to earnings, and implications for valuation, of the current pipeline of products under development with nine expected to receive US and EU approval in the coming 5-6 years.

Summary financial outlook

Yr to 31 March (£m)	2022	2023	2024	2025E	2026E
Revenue	82.2	85.3	89.4	90.4	92.1
EBITDA (adj.)	5.4	7.2	8.0	8.0	8.3
Pre-Tax Profit (adj.)	3.8	4.8	4.0	4.8	5.0
EPS (rptd. basic)	(1.01)	1.49	1.55	1.89	2.11
EPS (adj. dil. p)	2.47	1.66	2.32	2.08	2.28
Net debt (cash)	(14.3)	(21.7)	(22.4)	(22.5)	(19.1)
EV/EBITDA	11.7x	8.7x	7.8x	7.8x	7.5x
EV/Rev	0.77x	0.74x	0.70x	0.70x	0.68x

Source: Company data, Equity Development estimates. ¹At the 25 April Trading update the Group indicated revenue of c. £90m and (adj.) EBITDA in line with the market consensus estimate of £7.8m. ² Excludes lease obligations, inclusive of which FY24 net cash was £19.4m.

Company Data

EPIC	EAH
Price (last close)	127p
52 weeks Hi/Lo	135/82p
Market cap	£86m
ED Fair Value / share	137p-146p
Proforma net debt / (cash)	£(22.4)m

Share Price, p



Source: ADVFN

Description

Founded in 1995, ECO Animal Health specialises in the development, registration and distribution of pharmaceutical products for animal health markets worldwide, notably disease, bacterial infection and parasitic prevention for pigs, cattle, sheep and poultry (also horses and dogs).

The Group addresses markets in China and the Far East, SE Asia, North America, Latin America and Europe, and derives c.90% of revenue from its enteric and respiratory antibiotic Aivlosin[®], for the treatment of enteric and respiratory diseases in pigs and poultry.

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FY24 performance: currency headwinds

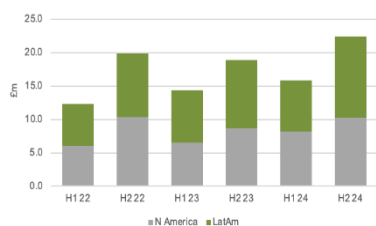
Overall revenue growth of 4.8%YoY included the impact of currency translation headwinds amounting to 5.4% of potential growth, i.e. adjusted revenue +10.8% YoY, with the impact greatest in China & Japan, at -8%, whilst the Americas suffered a -4.8% impact. The effect on gross profitability, with a loss of 2.8% margin, is evident. As highlighted in the summary below:

- Currency-adjusted revenue growth was +11%YoY. Of the overall currency impact on revenue, 42% was concentrated in China & Japan and 38% in N. America and Latin America.
- Gross margin of 42.1% vs 45.0% in FY23, primarily attributable to currency impact. We estimate that without this impact gross margin would have been £5.1m higher, an implied 45.3% margin, i.e. similar to FY23. H2 gross profitability improved due to the combination of geographic product mix and depreciation in Chinese facilities (included in COGS, prior Op-ex), from 40.8% in H1 to 43.1%. The Group also implemented forex hedges evident in a £0.6m reduction in op-ex (at H1 £(0.22)m, reverting in H2 to a £0.8m contribution).
- Operating costs, excluding one-off items totalling £0.65m, increased just 0.2%YoY.
- R&D (expensed £4.2m, capitalised £4.1m) totalling £8.3m was maintained at FY23 levels (-0.7%YoY).

FY24 results: revenue +11% in constant currency, opex flat

Year to 31 March (£m)	FY23	FY24E	FY24R	vs E	FY24YoY
Revenue	85.31	89.90	89.42	-0.5%	4.8%
Gross	38.38	38.12	37.68	-1.1%	-1.8%
<i>Margin</i>	45.0%	42.4%	42.1%	-0.3%	-2.8%
Admin	(27.87)	(28.50)	(29.39)	3.1%	5.5%
Sum Op-ex	(33.43)	(33.05)	(34.15)	3.3%	2.2%
Opex- excluding one-offs	(33.43)	(33.05)	(33.50)	1.4%	0.2%
EBIT (rptd.)	4.95	5.07	3.54	-30.2%	-28.5%
EBIT (adj.)	5.36	5.42	4.60	-15.1%	-14.1%
<i>Margin</i>	6.3%	6.0%	5.1%	-0.9%	-1.1%
EBITDA (rptd.)	6.83	7.42	6.90	-7.0%	1.1%
EBITDA (adj)	7.24	7.77	8.05	3.6%	11.2%
<i>Margin</i>	8.5%	8.6%	9.0%	0.4%	0.5%
PBT (rptd.)	4.44	4.62	2.97	-35.6%	-33.0%
PBT (adj.)	4.85	4.97	4.04	-18.7%	-16.7%
Tax	(1.35)	(1.39)	(0.97)		
PAT (rptd.)	3.09	3.23	2.01		
PAT (adj.)	3.50	3.58	3.07	-14.1%	-12.2%
EPS rptd. basic (p)	1.49	1.57	1.55	-1.4%	3.9%
EPS rptd. dil. (p)	1.47	1.55	1.52	-2.0%	3.3%
EPS adj. basic (p)	2.09	1.57	3.12	98.7%	49.1%
EPS adj. dil. (p)	2.06	1.55	3.06	97.5%	48.2%
Revenue currency-adj.	85.30		94.50	5.1%	10.8%
R&D sum	(8.34)	(8.20)	(8.29)		-0.6%

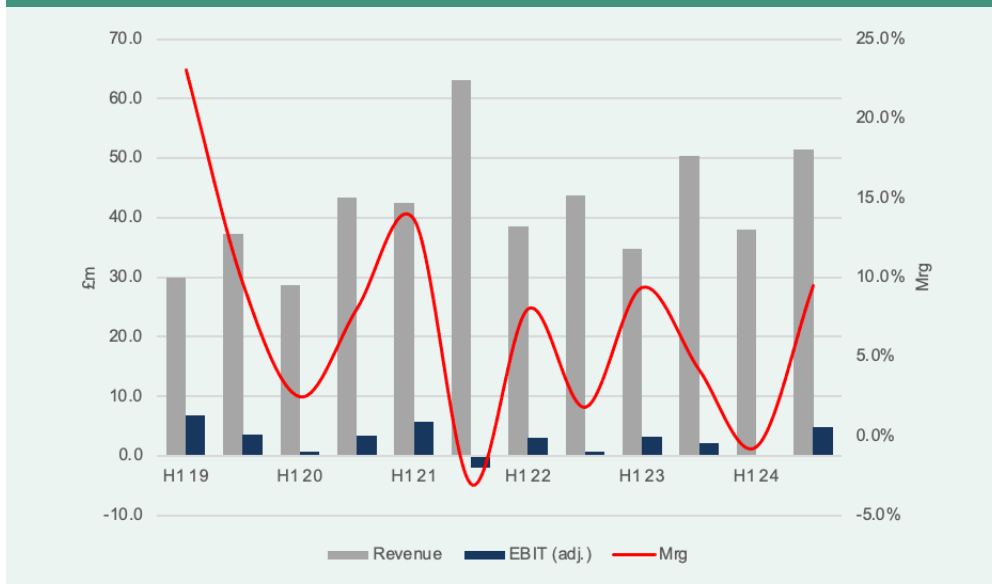
Source: Company data, Equity Development estimates.



FY24 in the context of semi-annual trends

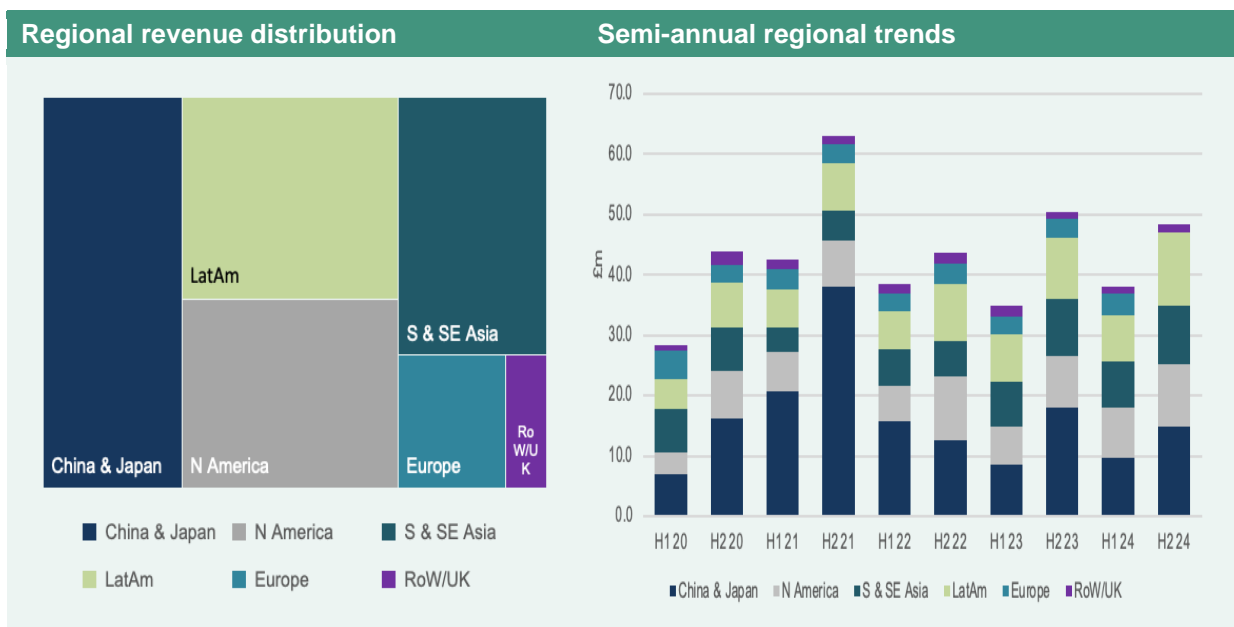
As illustrated (left) overall performance was underpinned by strength in N. America and Latin American markets, where growth on a constant currency basis was +28%YoY (reported basis, +22%YoY). Overall, the normal H2-weighted revenue trend predominated, at 57.5% of total compared 59.1% a year earlier.

Revenue and (adj.) EBIT H1 19 – H2 24



Source: Company data, Equity Development estimates.

Below shows the FY24 distribution of revenue by region and semi-annual trends.



Source: Company data, Equity Development estimates.

Outlook

We introduce estimates to FY26:

- Revenue growth of 1.8%YoY.
- Gross profit growth of 3.2%YoY, margin improvement from 43.9% in FY25E to 44.5%.
- (adj.) EBIT of £5.7m, 6.2% margin, with (adj.) EBITDA of £8.3m, 9.1% margin (FY25E: 8.9%).

Financial forecasts to FY26 E

Yr to 31 March (£m)	FY24	FY25OE	FY25E	delta	FY25EYoY	FY26E	FY26EYoY
China & Japan	24.7	27.8	25.0	-10.0%	1.5%	25.5	1.8%
N America	18.5	16.2	18.8	15.5%	1.5%	19.1	1.8%
S & SE Asia	17.4	18.7	17.6	-5.7%	1.0%	17.9	1.8%
LatAm	19.9	18.7	20.1	7.5%	1.0%	20.5	1.8%
Europe	6.5	6.6	6.5	-0.7%	1.0%	6.6	1.8%
RoW/UK	2.5	2.4	2.4	0.0%	-4.1%	2.4	1.8%
Revenue	89.4	90.4	90.4	0.0%	1.1%	92.1	1.8%
Gross	37.7	39.7	39.7	0.0%	5.3%	41.0	3.2%
<i>Margin</i>	<i>42.1%</i>	<i>43.9%</i>	<i>43.9%</i>	<i>0.0%</i>	<i>1.8%</i>	<i>44.5%</i>	<i>0.6%</i>
EBIT (rptd.)	3.5	5.1	5.1	-0.9%	43.9%	5.3	4.5%
EBIT (adj.)	4.6	5.5	5.5	-0.8%	19.3%	5.7	3.3%
<i>Margin</i>	<i>5.1%</i>	<i>6.1%</i>	<i>6.1%</i>	<i>-0.1%</i>	<i>0.9%</i>	<i>6.2%</i>	<i>1.4%</i>
EBITDA (rptd.)	6.9	7.4	7.6	3.4%	10.5%	8.0	4.9%
EBITDA (adj.)	8.0	7.8	8.0	3.2%	-0.3%	8.3	4.0%
<i>Margin</i>	<i>9.0%</i>	<i>8.6%</i>	<i>8.9%</i>	<i>0.3%</i>	<i>-0.1%</i>	<i>9.1%</i>	<i>0.2%</i>
Finance (net)	(0.6)	(0.5)	(0.7)	40.0%	14.0%	(0.7)	0.0%
Associate	0.1	0.1	0.1	0.0%	-5.7%	0.1	0.0%
PBT (rptd.)	3.0	4.7	4.4	-5.3%	49.2%	4.7	5.2%
PBT (adj.)	4.0	5.1	4.8	-4.8%	19.8%	5.0	3.7%
PAT (rptd.)	2.0	3.3	3.3	0.6%	63.4%	3.5	5.7%
PAT (adj.)	3.1	3.7	3.7	0.5%	19.8%	3.8	3.7%
PAT attributable rptd.	1.0	1.1	1.3	20.4%	22.1%	1.4	11.7%
EPS rptd. basic (p)	1.55	1.55	1.89	21.9%	22.1%	2.11	11.7%
EPS rptd. dil. (p)	1.52	1.57	1.85	18.0%	22.1%	2.07	11.7%

Source: Company data, Equity Development estimates.

R&D primes medium-term

The key driver for the medium-term outlook remains the pipeline of next generation products under development. We expect:

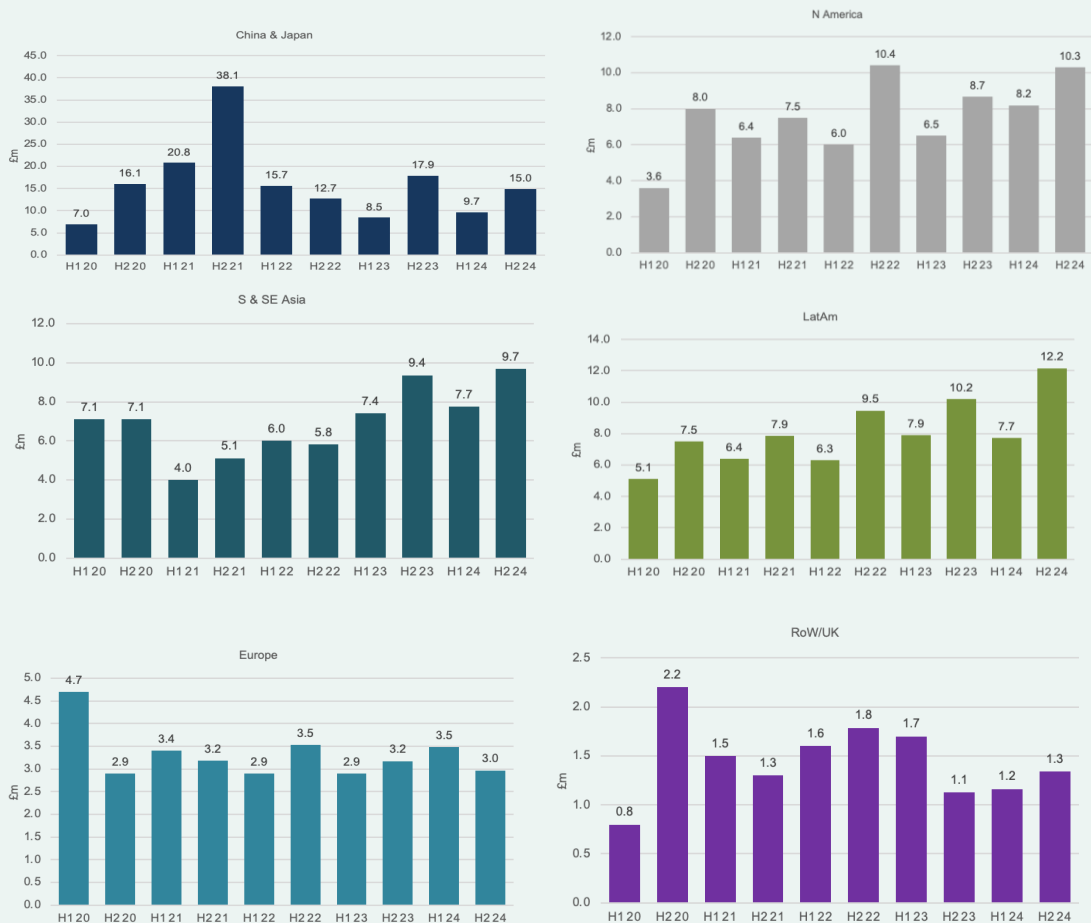
- FY25 total R&D spend of £8.70m, 9.6% of revenue (FY24: 9.3%) ,of which expensed comprises 54.0%.
- FY26 total R&D spend of £9.26m, 10.1% of revenue, with expensed R&D at 54.0% of total.

FY 24 regional revenue trends

Illustrated below are the semi-annual revenue trends for each of ECO's target markets, H1 20 - H2 24. FY24 full year revenue performance by market was:

- China & Japan: £24.7m (cc basis £26.8m), -6.5%YoY, 27.6% of total. Currency factor: -8.0%
- North America: £18.5m (£19.4m), +21.8%YoY, 20.7% of total. Currency factor: -4.7%.
- South and SE Asia: £17.4m (£18.2m), +4.1%YoY, 19.5% of total. Currency factor: -4.2%.
- Latin America: £19.9m (£20.9m), +9.9%YoY, 22.2% of total. Currency factor: -4.8%.
- Europe: £6.5m (£6.1m), +6.2%YoY, 7.2% of total. Currency factor: -3.7%
- RoW & UK: £2.5m (£2.5m), -11.5%YoY, 2.8% of total. Currency impact, +0.1%.

Semi-annual revenue H1 20 – H2 24 by region



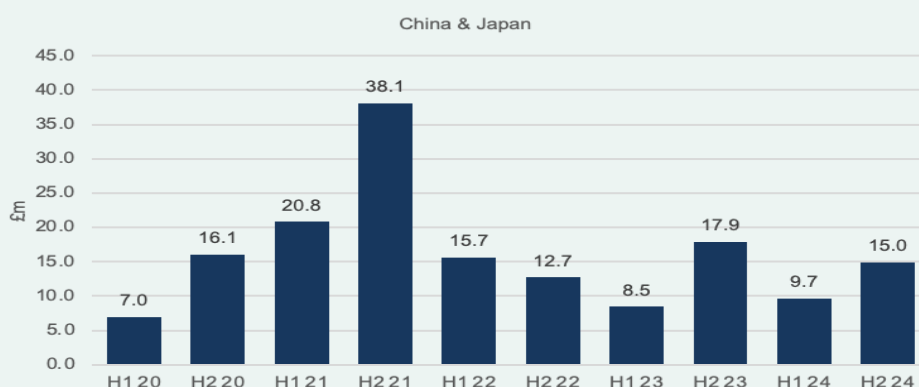
Source: Company data, Equity Development estimates.

China & Japan

- China & Japan: £24.7m (cc basis £26.8m), -6.5%YoY, 27.6% of total. Currency impact: -8.0%
- (adj.) EBITDA margin 28.4% compared to 35.4% in FY23. Excluding centralised costs, the contribution to total (adj.) EBITDA declined from 35% to 28%.

Weakness on China, -3%YoY on a constant currency basis was offset by strength in Japan, with £1.2m of additional revenue offsetting a £0.3m decline in China. EAH noted that the price of pork price effectively traded below production costs for ten months of the year (illustrated below). In Japan demand for Aivlosin® was boosted by increased utilisation by a major customer. Below illustrates the evolution of semi-annual revenue for the region.

Semi-annual revenue H1 20 – H2 24



Source: Company data, Equity Development estimates.

The price per kg as at June 26 2024 was CNY26.99.

China pig meat price trend, 2016 – June 2024, CNY/kg



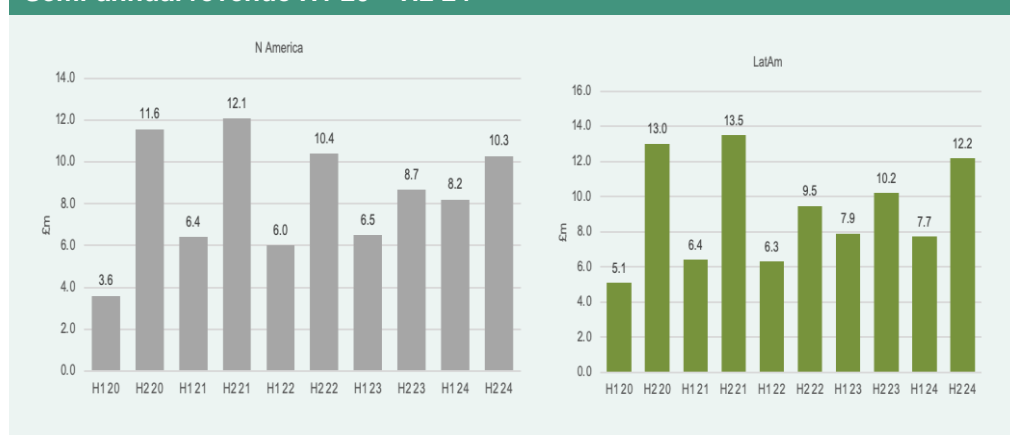
Source: https://www.pig333.com/markets_and_prices/china_106/

North America & Latin America

- North America: £18.5m (£19.4m), +21.8%YoY, 20.7% of total. Currency impact: -4.7%. (adj.) EBITDA margin was 39.1% compared to 36.0%.
- Latin America: £19.9m (£20.9m), +9.9%YoY, 22.2% of total. Currency impact: -4.8%. (adj.) EBITDA margin was 18.0% compared to 16.9% in FY23.

Revenue from N. America reached a high at £18.5m despite c£1.0m lost to currency fluctuations, attributed to market share gains against the backdrop of overall weakness (and volatility) in market prices (shown below). EAH's presence in Brazil showed 13%YoY growth, similarly in Mexico +11%YoY, with Argentina and Columbia, where the Group operates via intermediaries, recording growth of +5%YoY. Overall, revenue on a constant currency basis would have been 28%YoY and in Latin America, +16%YoY.

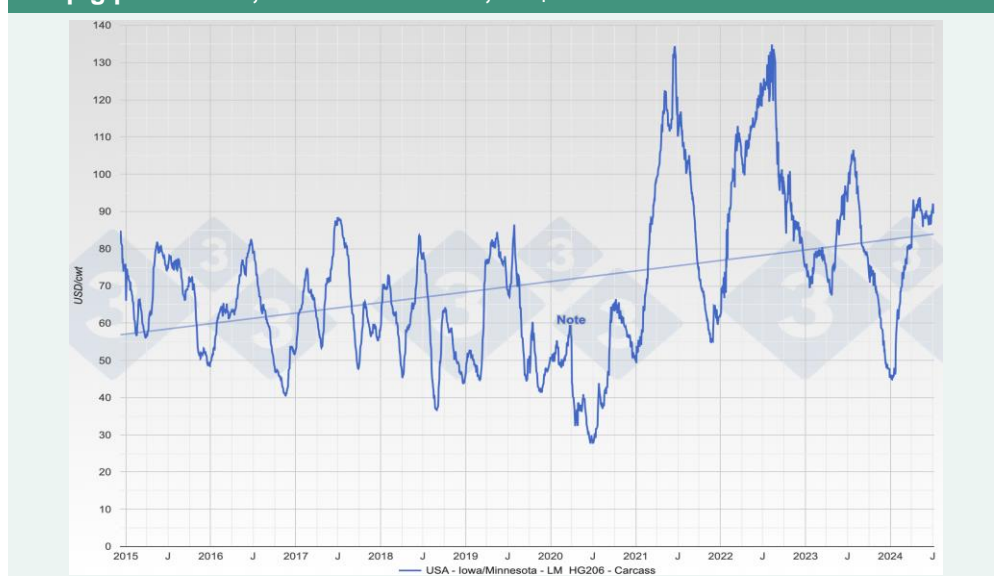
Semi-annual revenue H1 20 – H2 24



Source: Company data, Equity Development estimates.

US pig carcass prices recovered from a sharp dip in late 2023, towards the longer-term trend (2016 onwards), although evidence of volatility remains. The price/cwt as at July 2 2024 was US\$92.12.

US pig price trend, 2016 – June 2024, US\$/cwt



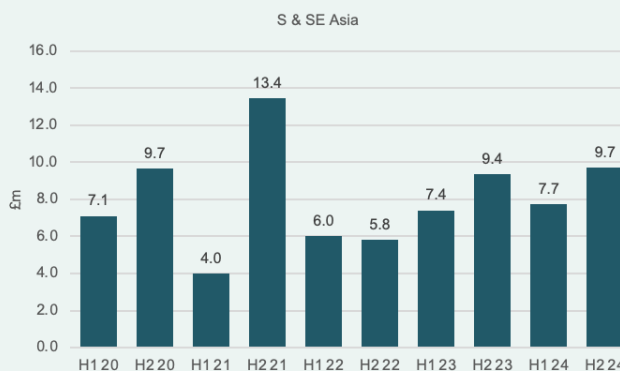
Source: https://www.pig333.com/markets_and_prices/usa-iowa-minnesota_93/. 'Note' indicates the inception of COVID-19.

South & SE Asia

- South and SE Asia: £17.4m (£18.2m), +4.1%YoY, 19.5% of total. Currency impact: -4.2%. The (adj.) EBITDA margin was 32.2% compared to 40.4% in FY23.

On a constant currency basis revenue growth in the region was +8.3%YoY, buoyed by demand from the growing poultry market in India for Aivlosin® and maintained demand in Thailand and Vietnam. EAH notes the “untapped opportunity” to meet similar demand trends in the Philippines and Indonesia.

Semi-annual revenue H1 20 – H2 24



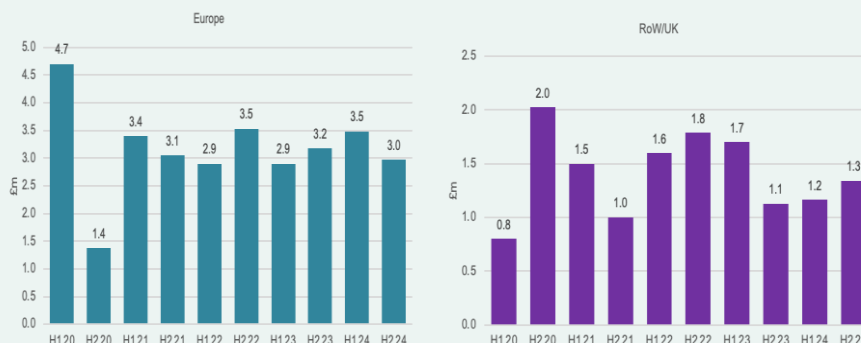
Source: Company data, Equity Development estimates.

Europe, UK and RoW

- Europe: £6.5m (£6.1m), +6.2%YoY, 7.2% of total. Currency impact: -3.7%
- RoW & UK: £2.5m (£2.5m), -11.5%YoY, 2.8% of total. Currency impact, +0.1%.

In Europe, revenue from Spain rose from £1.2m to £1.3m, with resumption of sales of Aivlosin® Pre-Mix formulation in the period, following a break in FY23 sales. The second major regional contributor, Poland, saw growth from £1.0m to £1.3m an market segment is dominated by sales into Spain - £1.8m (2023: £1.2m) and Poland - £1.3m (2023: £1.0m). EAH notes the termination in sales of Ecomectin® pour-on formulation in the UK, FY24 revenue £1.0m (FY23: £1.3m) due to unprofitability as manufacturing costs increased.

Semi-annual revenue H1 20 – H2 24



Source: Company data, Equity Development estimates.

Cashflow: strong cash maintained

As illustrated, the Group maintained a strong net cash position at £22.4m, +3% on FY23, £21.7m. Lease obligations of £3.4m indicate net cash under IFRS16 of £19.0m (FY23: £18.1m). We summarise the key features of FY24 cashflow:

- (adj.) EBITDA of £8.05m (FY23: £7.24m) included amortisation of £1.2m (FY23: £1.1m), depreciation of £1.0m (FY23: 0.8m) and an adjustment of (net) £0.65m comprising £(0.93)m from the cessation of sales of a third-party (on-core) product and £0.23m from the disposal of the former New Malden head office and investment property. Below indicates how (adj.) EBITDA (pre-centralised costs) changed.

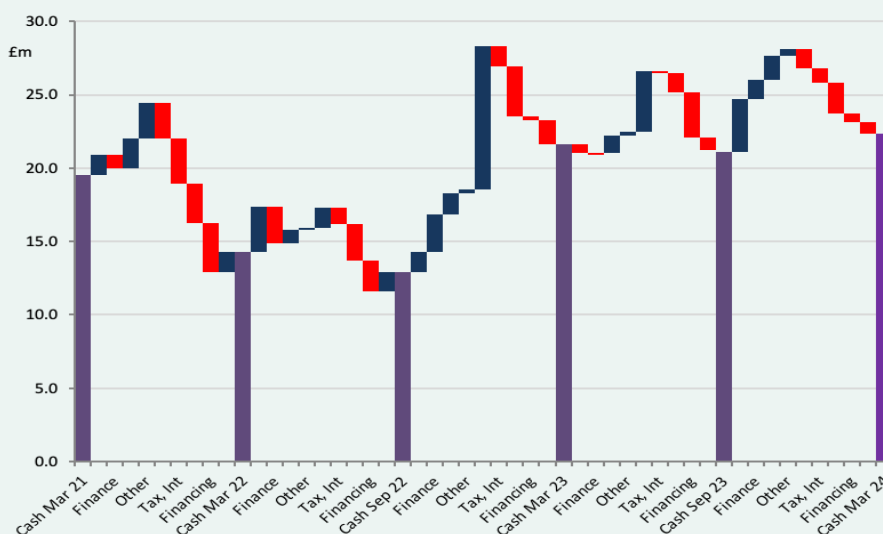
An indication of the shift in (adj.) EBITDA contribution

£m	FY23	% of	FY24	% of	change
China & Japan	9.3	34.8%	7.0	28.3%	-6.5%
N America	5.5	20.4%	7.2	29.2%	8.8%
S & SE Asia	6.8	25.2%	5.6	22.7%	-2.6%
LatAm	3.1	11.4%	3.6	14.5%	3.0%
Europe	1.5	5.5%	0.5	2.0%	-3.6%
RoW/UK	0.7	2.6%	0.8	3.4%	0.8%
Total	26.8	100.0%	24.8	100.0%	

Source: Company data, Equity Development estimates

- Operating cashflow, inclusive of movements in working capital (net £2.8m) of £10.5m (FY23: £18.4m, boosted by a £11.2m unwind in working capital).
- Of cash of £22.4m, £6.2m is held in the UK and a further £1.9m in subsidiaries outside China. Cash held in China (£14.3m, 64% of total) is repatriated via dividend (net of 5% withholding tax).
- R&D is funded from cash balances held outside China. Total spend on R&D was £8.3m (FY23: £8.3m), with the proportion capitalised increased from 29% to 50% due to the late stage phase of development of poultry mycoplasma projects and final stage EcoFlor project development.

Cashflow, FY21 - H2 24

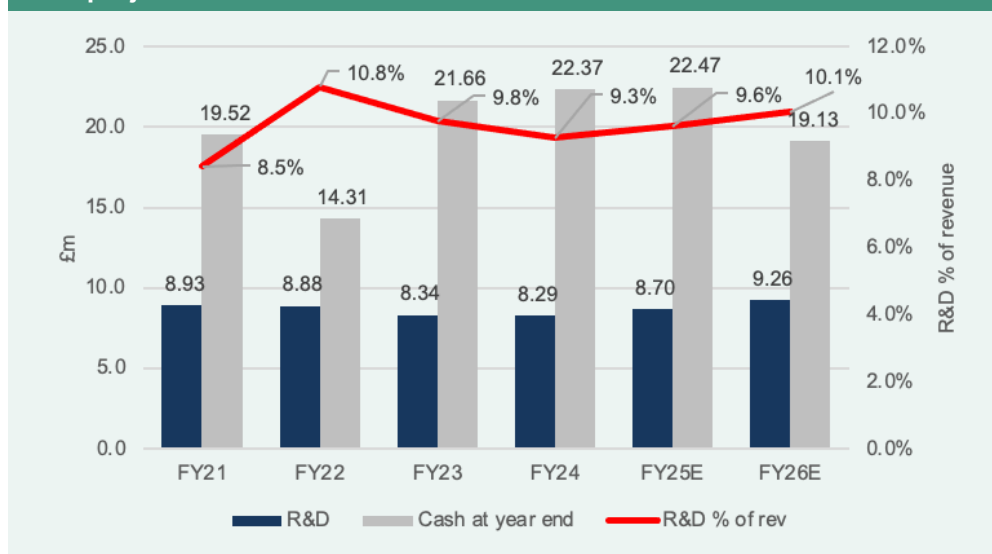


Source: Company data, Equity Development estimates

R&D

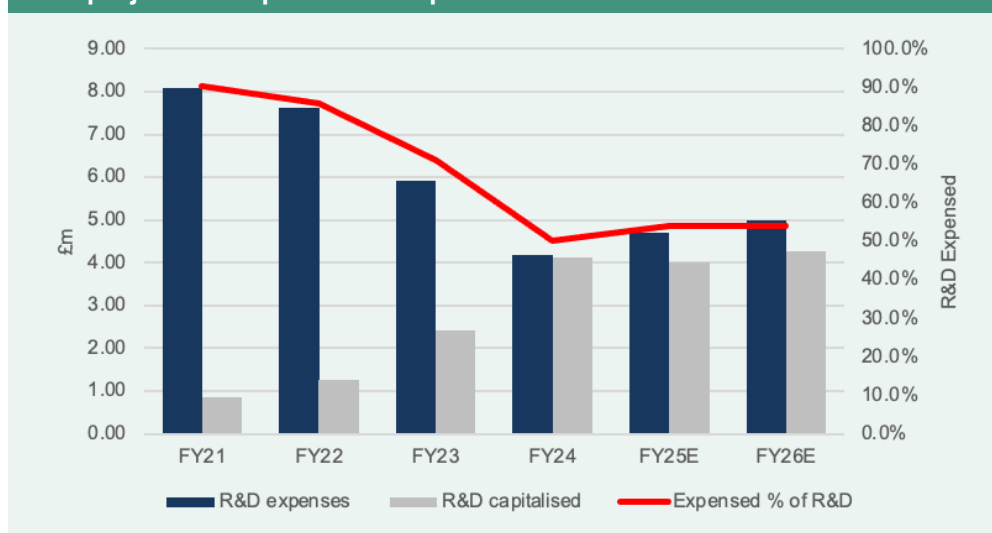
FY24 R&D spend was 9.3% of revenue compared to 9.8% in FY23.

R&D projection to FY26E



Source: Company data, Equity Development estimates

R&D projection: expensed vs capitalised



Source: Company data, Equity Development estimates

Valuation update

The updated average EV/EBITDA and EV/Revenue multiples of a group of peers, Anpario plc (ANP), Elanco Inc. (ELAN), Zoetis Inc. (ZTS) and Genus plc (GNS) provides a cross-check to our indicative Fair Value for Eco Animal Health of 137p – 146p. A market cap-weighted approach is less relevant given the market capitalisation of Zoetis (ZTS) in the sample.

On our FY25E (adj.) EBITDA this indicates a EAH Fair Value of **139p/share**:

- Peer group average EV/EBITDA multiple (source Koyfin): 14.5x.
- Eco Animal Health FY25E (adj.) EBITDA: £8.0m.

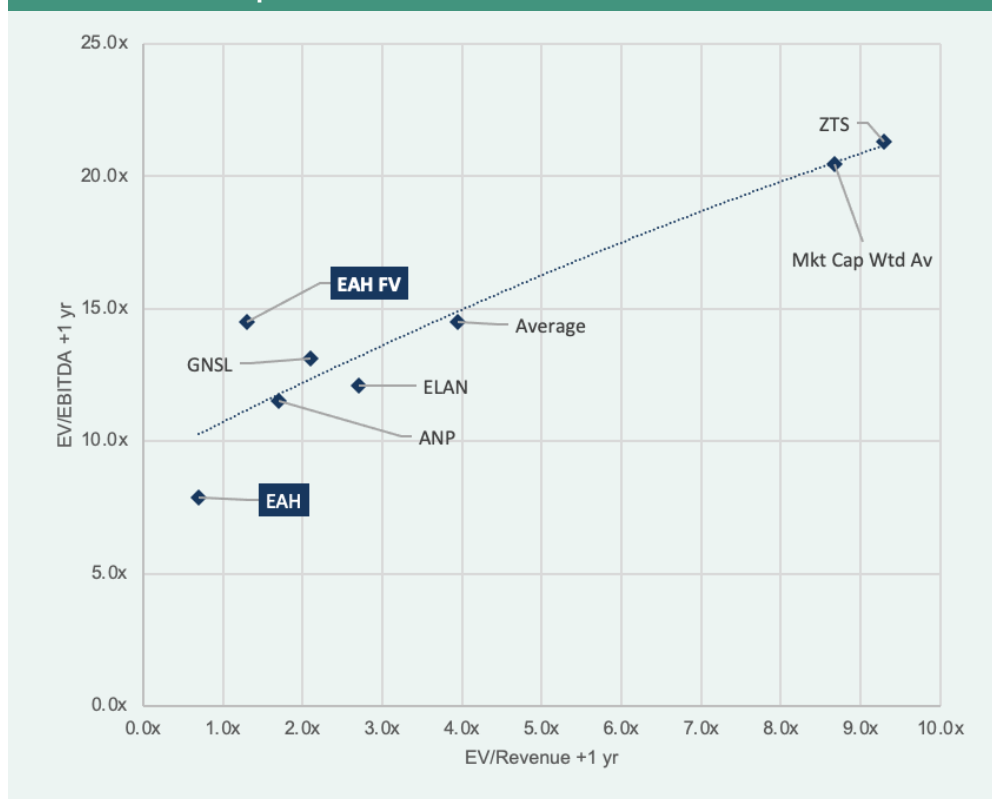
Relative valuation

Code	Company	Price (lcu)	Mkt cap (£m)	EV/Rev	EV/EBITDA	PE
ANP	Anpario plc	3.3	66	1.7x	11.5x	21.0x
ELAN	Elanco Inc	13.8	5,258	2.7x	12.1x	14.6x
ZTS	Zoetis Inc.	179.0	62,937	9.3x	21.3x	30.5x
GNSL	Genus plc	18.2	1,212	2.1x	13.1x	24.5x

Source: Company data, Koyfin, Equity Development estimates

Below illustrates the relative positioning of EAH within this group (EV/EBITDA / EV/Revenue).

Relative valuation plotted



Source: Company data, Koyfin, Equity Development estimates

Summary annual financial data

P&L						
Year to 31 March (£m)	FY21	FY22	FY23	FY24	FY25E	FY26E
China & Japan	58.9	28.4	26.4	24.7	25.0	25.5
N America	13.9	16.4	15.2	18.5	18.8	19.1
S & SE Asia	9.1	11.8	16.8	17.4	17.6	17.9
LatAm	14.3	15.8	18.1	19.9	20.1	20.5
Europe	6.6	6.4	6.1	6.5	6.5	6.6
RoW/UK	2.9	3.4	2.8	2.5	2.4	2.4
Revenue	105.6	82.2	85.3	89.4	90.4	92.1
Gross	52.7	35.1	38.4	37.7	39.7	41.0
<i>Margin</i>	49.9%	42.7%	45.0%	42.1%	43.9%	44.5%
COGS	(52.9)	(47.1)	(46.9)	(51.7)	(50.7)	(51.1)
Other income	0.3	0.1	0.4	0.1	0.0	0.0
R&D	(8.1)	(7.6)	(5.9)	(4.2)	(4.7)	(5.0)
Admin	(25.5)	(24.1)	(27.9)	(29.4)	(29.9)	(30.3)
Impairment/Other	0.0	(2.1)	0.0	(0.7)	0.0	0.0
Sum Op-ex	(33.3)	(33.7)	(33.4)	(34.1)	(34.6)	(35.7)
Share-based payments	(0.1)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
Forex	2.2	(1.0)	(0.5)	0.6	0.0	0.0
EBIT (rptd.)	19.4	1.4	4.9	3.5	5.1	5.3
EBIT (adj.)	19.6	3.9	5.4	4.6	5.5	5.7
<i>Margin</i>	18.5%	4.7%	6.3%	5.1%	6.1%	6.2%
Amortisation	(0.9)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)
Amortisation RoU	(0.4)	(0.4)	(0.5)	(0.7)	(0.7)	(0.7)
Depreciation	(0.4)	(0.5)	(0.8)	(1.0)	(0.7)	(0.8)
EBITDA (rptd.)	23.4	2.4	6.8	6.9	7.6	8.0
EBITDA (adj)	23.5	5.4	7.2	8.0	8.0	8.3
<i>Margin</i>	22.3%	6.6%	8.5%	9.0%	8.9%	9.1%
Financial income	0.1	0.2	0.1	0.2	0.1	0.1
Financial expense	(0.3)	(0.3)	(0.7)	(0.8)	(0.8)	(0.8)
Associate	0.0	0.0	0.0	0.1	0.1	0.1
PBT (rptd.)	19.3	1.4	4.4	3.0	4.4	4.7
PBT (adj.)	19.4	3.8	4.8	4.0	4.8	5.0
Tax	(3.5)	(2.1)	(1.3)	(1.0)	(1.2)	(1.2)
PAT (rptd.)	15.8	(0.7)	3.1	2.0	3.3	3.5
PAT (adj.)	16.0	1.7	3.5	3.1	3.7	3.8
Basic wtd. Av. shares (m)	67.6	67.7	67.7	67.7	67.7	67.7
Diluted wtd. av. shares (m)	67.6	67.7	68.6	69.1	69.1	69.1
EPS rptd. basic (p)	10.86	(1.01)	1.49	1.55	1.89	2.11
EPS rptd. dil. (p)	10.85	(1.01)	1.47	1.52	1.85	2.07
EPS adj. basic (p)	10.94	2.47	1.68	2.37	2.12	2.32
EPS adj. dil. (p)	10.94	2.47	1.66	2.32	2.08	2.28

Source: Company data, Equity Development estimates.

Summary annual financial data

Cashflow						
Year to 31 March (£m)	FY21	FY22	FY23	FY24	FY25E	FY26E
PBT (rptd.)	19.3	1.4	4.4	3.0	4.4	4.7
Finance (net)	0.2	0.1	0.6	0.6	0.7	0.7
Forex	0.6	(1.0)	(0.5)	0.6	0.0	0.0
Amortisation	0.9	1.1	1.1	1.2	1.2	1.2
Amortisation RoU	0.4	0.4	0.5	0.7	0.7	0.7
Depreciation	0.4	0.5	0.8	1.0	0.7	0.8
Impairment/Other	0.0	2.1	0.0	0.1	0.0	0.0
Associate	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
Share-based payments	0.1	0.3	0.4	0.4	0.4	0.4
Other	0.0	0.1	(0.0)	0.3	0.0	0.0
Operating Cash Flow	21.9	4.9	7.2	7.7	8.0	8.3
Working capital						
(Increase)/Decrease inventories	(3.7)	(8.6)	7.8	4.7	(5.3)	(0.4)
(Increase)/Decrease in receivables	(4.0)	7.6	(0.7)	(5.0)	6.2	0.8
Increase/(Decrease) in payables	0.8	(2.9)	2.7	2.5	0.2	0.3
Provisions	0.9	1.4	1.4	0.6	0.6	0.6
Movement in working capital	(6.0)	(2.4)	11.2	2.8	1.6	1.3
Cash generated by operations	15.8	2.5	18.4	10.5	9.6	9.6
Interest paid	(0.1)	(0.1)	(0.5)	(0.5)	(0.5)	0.0
Tax (paid)/received	(3.8)	(3.0)	(2.1)	(0.6)	(1.0)	(1.2)
Net cash from operations	12.0	(0.5)	15.9	9.4	8.2	8.5
Investing activities						
PPE	(0.2)	(1.6)	(3.6)	(0.5)	(0.6)	(0.6)
Sale of PPE	0.0	0.0	0.0	1.1	0.0	0.0
Capitalised R&D	(0.9)	(1.3)	(2.4)	(4.1)	(4.0)	(4.3)
Finance	0.1	0.2	0.1	0.2	0.2	0.2
Net cash used in investing	(0.9)	(2.7)	(5.9)	(3.4)	(4.4)	(4.7)
Net OpFCF	11.0	(3.2)	10.0	6.0	3.8	3.7
Financing activities						
Shares issued	0.4	0.1	0.0	0.0	0.0	0.0
Interest on leases	(0.1)	(0.1)	(0.2)	(0.3)	(0.1)	(0.1)
Leases	(0.4)	(0.4)	(0.4)	(0.6)	(0.4)	(0.4)
Dividends	(0.6)	(2.9)	(1.8)	(2.8)	(3.1)	(6.5)
Net cash from financing	(0.7)	(3.3)	(2.4)	(3.7)	(3.7)	(7.1)
Net increase in cash / equivalents	10.4	(6.5)	7.6	2.3	0.1	(3.3)
Cash at beginning of year	9.8	19.5	14.3	21.7	22.4	22.5
Forex	(0.7)	1.3	(0.3)	(1.6)	0.0	0.0
Cash at year end	19.5	14.3	21.7	22.4	22.5	19.1

Source: Company data, Equity Development estimates.

Summary annual financial data

Balance sheet

Year to 31 March (£m)	FY21	FY22	FY23	FY24	FY25E	FY26E
Fixed Assets						
Intangible Assets Net	36.1	34.3	35.6	38.4	41.2	44.2
PPE net	2.2	3.5	6.1	4.8	4.7	4.5
RoU Assets Net	1.4	1.8	4.3	3.7	6.7	13.1
Property Investments	0.3	0.2	0.0	0.0	0.0	0.0
Investments	0.2	0.2	0.3	0.3	0.3	0.3
Deferred Tax	0.3	0.5	0.6	1.4	1.4	1.4
Sum Fixed Assets	40.4	40.5	46.8	48.5	54.2	63.5
Current Assets						
Inventories	20.5	30.1	22.4	17.0	22.3	22.7
Trade receivables	32.5	26.0	26.9	32.2	26.0	25.2
Tax assets, other	4.0	2.7	3.6	3.2	0.0	0.0
Cash, Equivalents	19.5	14.3	21.7	22.4	22.5	19.1
Sum Current Assets	76.5	73.1	74.5	74.7	70.8	67.1
Total Assets	116.9	113.6	121.3	123.3	125.0	130.5
Current Liabilities						
Trade payables	(14.5)	(13.0)	(14.5)	(17.4)	(17.5)	(17.9)
Provisions	(1.8)	(3.9)	(5.2)	(5.9)	(5.9)	(5.9)
Tax, Other	(3.8)	(0.9)	(2.4)	(2.0)	(2.0)	(2.0)
Dividends	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.0
Sum Current Liabilities	(20.2)	(17.7)	(22.2)	(25.2)	(25.4)	(25.7)
Total Assets less Current Liabilities	96.7	95.9	99.1	98.0	99.6	104.8
Long-term Liabilities						
Deferred tax	(0.2)	0.0	0.0	(1.3)	(1.3)	(1.3)
Leases	(1.2)	(1.5)	(3.6)	(3.4)	(3.4)	(3.4)
Sum Long-term liabilities	(1.4)	(1.5)	(3.6)	(4.7)	(4.7)	(4.7)
Total liabilities	(21.6)	(19.3)	(25.8)	(29.9)	(30.0)	(30.4)
Net Assets	95.3	94.3	95.6	93.4	94.9	100.1
Capital & Reserves						
Share Capital	3.4	3.4	3.4	3.4	3.4	3.4
Share Premium	63.3	63.3	63.3	63.3	61.2	63.0
Reserves	1.9	3.0	2.6	1.6	1.6	1.6
Retained earnings	13.4	12.4	13.9	15.8	19.1	22.6
Non-controlling interests	13.4	12.3	12.3	9.7	9.7	9.7
Equity	95.3	94.3	95.6	93.4	94.9	100.1
Net debt / (cash) IFRS16	(18.3)	(12.8)	(18.1)	(19.0)	(19.1)	(15.7)
Net debt / (cash) excl leases	(19.5)	(14.3)	(21.7)	(22.4)	(22.5)	(19.1)

Source: Company data, Equity Development estimates.

Summary semi-annual financial data

P&L						
Year to 31 March (£m)	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24
China & Japan	15.7	12.7	8.5	17.9	9.7	15.0
N America	6.0	10.4	6.5	8.7	8.2	10.3
S & SE Asia	6.0	5.8	7.4	9.4	7.7	9.7
LatAm	6.3	9.5	7.9	10.2	7.7	12.2
Europe	2.9	3.5	2.9	3.2	3.5	3.0
RoW/UK	1.6	1.8	1.7	1.1	1.2	1.3
Revenue	38.5	43.7	34.9	50.5	38.0	51.4
Gross	17.1	18.0	15.8	22.6	15.5	22.2
<i>Margin</i>	<i>44.5%</i>	<i>41.2%</i>	<i>45.3%</i>	<i>44.8%</i>	<i>40.8%</i>	<i>43.1%</i>
COGS	(21.3)	(25.7)	(19.1)	(27.9)	(22.5)	(29.2)
Other income	0.0	0.0	0.2	0.1	0.0	0.0
R&D	(3.3)	(4.3)	(2.9)	(3.0)	(2.1)	(2.1)
Admin	(10.9)	(13.2)	(10.0)	(17.8)	(14.0)	(15.4)
Impairment/Other	(2.1)	0.0	0.0	0.0	0.0	(0.7)
Sum Op-ex	(16.2)	(17.5)	(12.7)	(20.7)	(16.1)	(18.1)
Share-based payments	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)	(0.1)
Forex	0.3	(1.3)	(2.6)	2.1	(0.2)	0.8
EBIT (rptd.)	0.9	0.5	3.1	1.9	(0.6)	4.1
EBIT (adj.)	3.1	0.8	3.3	2.1	(0.3)	4.9
<i>Margin</i>	<i>8.0%</i>	<i>1.8%</i>	<i>9.3%</i>	<i>4.2%</i>	<i>N.M.</i>	<i>9.5%</i>
Amortisation	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)
Amortisation RoU	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.5)
Depreciation	(0.2)	(0.2)	(0.2)	(0.6)	(0.5)	(0.5)
EBITDA (rptd.)	2.2	0.3	1.5	5.3	0.4	6.5
EBITDA (adj.)	4.3	1.1	1.7	5.6	0.7	7.3
<i>Margin</i>	<i>11.3%</i>	<i>2.4%</i>	<i>4.8%</i>	<i>11.0%</i>	<i>1.9%</i>	<i>14.1%</i>
Financial income	0.1	0.1	0.0	0.1	0.1	0.1
Financial expense	(0.2)	(0.1)	(0.1)	(0.5)	(0.2)	(0.6)
Associate	0.0	(0.0)	0.1	(0.0)	0.0	0.0
PBT (rptd.)	0.9	0.5	3.0	1.4	(0.6)	3.6
PBT (adj.)	3.0	0.8	3.2	1.6	(0.3)	4.3
Tax	(0.8)	(1.3)	(0.9)	(0.4)	(0.6)	(0.4)
PAT (rptd.)	0.0	(0.7)	2.1	1.0	(1.2)	3.2
PAT (adj.)	2.2	(0.5)	2.3	1.2	(0.9)	4.0

Source: Company data, Equity Development estimates.

Summary semi-annual financial data

Cashflow						
Year to 31 March (£m)	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24
PBT (rptd.)	0.9	0.5	3.0	1.4	(0.6)	3.6
Finance (net)	0.1	0.0	0.1	0.5	0.1	0.5
Forex	(0.7)	(0.3)	(2.6)	2.1	(0.2)	0.8
Amortisation	0.6	0.6	0.5	0.5	0.5	0.6
Amortisation RoU	0.2	0.2	0.2	0.3	0.2	0.5
Depreciation	0.2	0.2	0.2	0.7	0.5	0.5
Impairment/Other	2.1	0.0	0.0	0.0	0.0	0.1
Associate	(0.0)	0.0	(0.1)	0.0	(0.0)	(0.0)
Share-based payments	0.1	0.3	0.2	0.2	0.3	0.1
Other	0.0	0.1	(0.0)	0.0	0.0	0.3
Operating Cash Flow	3.4	1.5	1.6	5.6	0.7	7.0
Working capital						
(Increase)/Decrease inventories	(5.7)	(2.9)	(1.7)	9.4	2.5	2.2
(Increase)/Decrease in receivables	5.2	2.4	4.2	(4.9)	2.3	(7.3)
Increase/(Decrease) in payables	3.1	(6.0)	(1.6)	4.3	(0.8)	3.2
Provisions	0.4	1.0	0.5	0.9	0.0	0.5
Movement in working capital	3.0	(5.5)	1.4	9.8	4.1	(1.3)
Cash generated by operations	6.4	(3.9)	3.0	15.4	4.8	5.7
Interest paid	(0.1)	(0.0)	(0.1)	(0.4)	(0.0)	(0.5)
Tax (paid)/received	(2.3)	(0.7)	(1.0)	(1.0)	(0.1)	(0.5)
Net cash from operations	4.1	(4.6)	1.9	14.0	4.7	4.7
Investing activities						
PPE	(0.2)	(1.4)	(1.3)	(2.3)	(0.4)	(0.1)
Sale of PPE	0.0	0.0	0.0	0.0	0.5	0.5
Capitalised R&D	(0.7)	(0.6)	(1.3)	(1.1)	(1.5)	(2.6)
Finance	0.1	0.1	0.0	0.1	0.1	0.1
Net cash used in investing	(0.8)	(1.9)	(2.5)	(3.4)	(1.3)	(2.1)
Net OpFCF	3.3	(6.5)	(0.6)	10.7	3.4	2.6
Financing activities						
Shares issued	0.1	0.0	0.0	0.0	0.0	0.0
Interest on leases	(0.1)	(0.0)	(0.1)	(0.1)	(0.2)	(0.1)
Leases	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.5)
Dividends	0.0	(2.9)	(1.8)	0.0	(2.8)	0.0
Net cash from financing	(0.2)	(3.1)	(2.1)	(0.3)	(3.1)	(0.6)
Net increase in cash / equivalents	3.1	(9.6)	(2.7)	10.4	0.3	2.0
Cash at beginning of year	19.5	23.3	14.3	12.9	21.7	21.1
Forex	0.7	0.6	1.3	(1.6)	(0.8)	(0.8)
Cash at year end	23.3	14.3	12.9	21.7	21.1	22.4

Source: Company data, Equity Development estimates.

Summary semi-annual financial data

Balance sheet

Year to 31 March (£m)	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24
Fixed Assets						
Intangible Assets Net	34.1	34.3	35.1	35.6	36.6	38.4
PPE net	2.2	3.5	4.8	6.1	5.8	4.8
RoU Assets Net	1.3	1.8	1.6	4.3	3.9	3.7
Property Investments	0.3	0.2	0.2	0.0	0.0	0.0
Investments	0.2	0.2	0.3	0.3	0.3	0.3
Deferred Tax	0.4	0.5	0.5	0.6	0.6	1.4
Sum Fixed Assets	38.5	40.5	42.5	46.8	47.2	48.5
Current Assets						
Inventories	26.5	30.1	32.9	22.4	19.5	17.0
Trade receivables	27.3	26.0	24.8	26.9	25.7	32.2
Tax assets, other	4.1	2.7	2.4	3.6	2.3	3.2
Cash, Equivalents	23.3	14.3	12.9	21.7	21.1	22.4
Sum Current Assets	81.1	73.1	73.0	74.5	68.7	74.7
Total Assets	119.6	113.6	115.5	121.3	115.9	123.3
Current Liabilities						
Trade payables	(18.4)	(13.0)	(13.2)	(14.5)	(15.0)	(17.4)
Provisions	(2.3)	(3.9)	(4.5)	(5.2)	(5.3)	(5.9)
Tax, Other	(2.6)	(0.9)	(0.9)	(2.4)	(1.2)	(2.0)
Dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Sum Current Liabilities	(23.5)	(17.7)	(18.7)	(22.2)	(21.6)	(25.2)
Total Assets less Current Liabilities	96.2	95.9	96.8	99.1	94.3	98.0
Long-term Liabilities						
Deferred tax	0.0	0.0	0.0	0.0	(3.2)	(1.3)
Leases	(0.6)	(1.5)	(1.7)	(3.6)	0.0	(3.4)
Sum Long-term liabilities	(0.6)	(1.5)	(1.7)	(3.6)	(3.2)	(4.7)
Total liabilities	(24.0)	(19.3)	(20.4)	(25.8)	(24.8)	(29.9)
Net Assets	95.6	94.3	95.1	95.6	91.1	93.4
Capital & Reserves						
Share Capital	3.4	3.4	3.4	3.4	3.4	3.4
Share Premium	63.3	63.3	63.3	63.3	63.3	63.3
Reserves	1.9	3.0	3.1	2.6	1.9	1.6
Retained earnings	12.9	12.4	13.9	13.9	12.9	15.8
Non-controlling interests	13.8	12.3	11.4	12.3	9.0	9.7
Equity	95.2	94.3	95.1	95.6	90.6	93.4
Net debt / (cash) IFRS16	(22.7)	(12.8)	(11.2)	(18.1)	(21.1)	(19.0)
Net debt / (cash) excl leases	(23.3)	(14.3)	(12.9)	(21.7)	(21.1)	(22.4)

Source: Company data, Equity Development estimates.



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