

AUM surges | revenue, profit, cash & dividend jump

7 December 2020

AUM growth in 2020 has been far above expectations. In the FY to end-Sep it was up 34% from £15.1bn to £20.2bn. And this wasn't just because of buoyant stock markets. Average quarterly inflows jumped 149% from 0.35bn to 0.87bn. Post FY-end, Oct and Nov saw another 9.4% added to AUM leaving it at £23.4bn on 30 Nov. Equally impressive financial results for FY20 have now been delivered, with revenue and adjusted operating profits slightly ahead of our previous forecasts. We increase our fundamental per share valuation to 640p.

Revenue grew 19% from £73.7m to £87.5m. Adjusted operating profit grew 29% from £18.0m to £23.3m, adjusted diluted EPS 26% from 11.5p to 14.5p, while IFRS profit after tax fell 13% from £15.9m to £13.7m, primarily because of FY19 being boosted by the release of a £3.5m contingent consideration related to the Impax NH acquisition and a £3.0m FY20 mark-to-market charge on equity awards. **Net cash rose 43% to a healthy £38.8m (up from £27.2m) with no debt on the balance sheet. Full-year dividends jumped by 56% over FY19 from 5.5p to 8.6p, a yield of 1.3%.**

Our growth outlook for Impax remains bullish, with the shift of capital towards sustainable investing gaining even more momentum around the world. In Europe, flows into sustainable funds over Q1-Q3 2020 were 70% up y-o-y (EUR131bn v EUR77bn). These funds now attract 40% of all fund inflows with **sustainable equity funds attracting nearly double the inflows of conventional equity funds** (EUR31.9bn vs EUR17.6bn in Q3 2020)¹. In the US, Q1-Q3 2020 saw flows grow at an even faster pace (+130%), albeit off a smaller base (US\$30.7bn v US\$13.3bn)².

We also believe that investors are becoming more discerning about asset managers' sustainability credentials. And Impax's credentials are top drawer. In Nov 2020, Morningstar released its first 'ESG Commitment Level' assessment of a cohort of asset managers and placed Impax in a group of only six to achieve 'leader' status (the highest category), with 70% of the cohort - including some global giants - receiving a 'basic' or 'low' rating³.

Growth should translate into even more attractive profit levels as operational leverage kicks in. Indeed, Impax's adjusted operating margin rose from 24.4% to 26.6% in FY reported. This should increase even further (to around 30%) as capacity exists in the business to take on additional AUM without a proportional increase in costs.

Key Financials						
Year-end 30 Sep	2017A	2018A	2019A	2020A	2021E	2022E
AUM, £bn	7.3	12.5	15.1	20.2	24.9	28.6
Revenue, £m	32.7	65.7	73.7	87.5	107.3	125.6
Adjusted Op. Profit, £m	9.3	20.0	18.0	23.2	31.8	37.3
Adjusted EPS, diluted, p	6.2	12.4	11.5	14.5	19.5	23.0
PER	109.3	55.1	59.5	47.2	35.1	29.6
Dividend*, p	2.9	4.1	5.5	8.6	12.0	14.0
Yield	0.4%	0.6%	0.8%	1.3%	1.8%	2.1%
Net assets, £m	35.6	53.5	63.2	71.4	83.7	96.8
Net cash**, £m	20.7	16.8	27.2	38.8	54.6	71.1

Source: Group report & accounts and ED estimates * Excludes special dividend of 2.6p in FY18, **includes funds in money market & LT deposit accounts and 3rd-party interest on consolidated funds (therefore differs slightly from 'cash reserves' which excludes 3rd-party interest on cons. funds)
Adj. results eliminate non-recurring acquisition costs, on-going amortisation of intangibles acquired, one-off tax credits and mark-to-market charges on equity award schemes. PER, and Yield calculations based on a share price of 682p.

¹ Morningstar: European Sustainable Fund Flows: Q3 2020 in Review

² Morningstar: U.S. Investors Continue to Endorse Sustainable Investing; 29 Oct 2020

³ The Morningstar ESG Commitment Level. Our first assessment of 100-plus strategies and 40 asset managers

Company Data

EPIC	IPX
Price	682p
52 weeks Hi/Lo	682p/191p
Market cap	£889m
ED Fair Value/share	640p
Proforma net cash	£38.8m
Avg. daily volume	133k

Share Price, p



Source: ADFVN

Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy. Founded in 1998, it offers a range of thematic and unconstrained global equity strategies, real asset funds, as well as smart beta and fixed income strategies.

Aggregate AUM at end Nov 2020 was £23.4bn



Paul Bryant (Analyst)

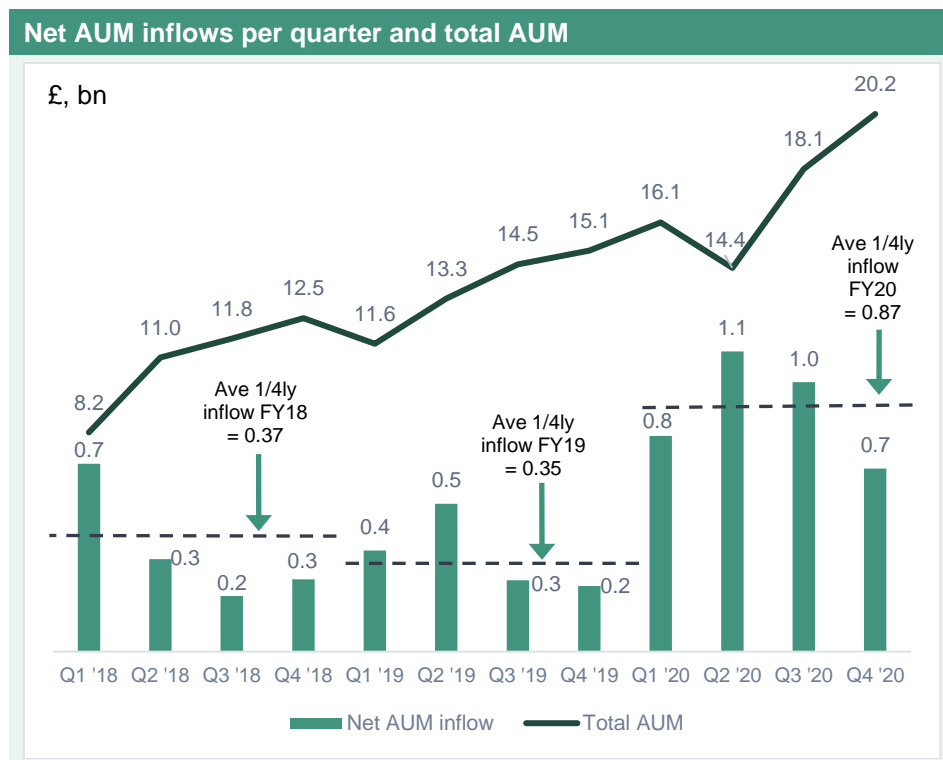
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AUM inflows surge

FY20 saw huge swings in financial markets which spilled over into top-line AUM volatility during the year. **But what stayed consistently positive and well above previous years' levels were Impax's net AUM inflows, where average quarterly flows jumped 149% from 0.35bn to 0.87bn.**



This demonstrates clients' continuing and increasing confidence in Impax, with notable developments on existing and new mandates and fund ranges including:

- the Global Opportunities mandate managed on behalf of St James's Place (inception December 2018), growing AUM by 130% from £381m to £877m;
- the Climate Impact strategy managed on behalf of BNP Paribas growing AUM by 278% from £123m to £465m;
- the Irish UCITS platform fund range growing AUM by 132% from £116m to £269m; and
- Impax Environmental Markets plc being admitted to the FTSE 250 index.

London-managed listed equities (82% of AUM, sourced mainly from institutional investors), attracted £3.4bn of net inflows, ending FY20 on £16.6bn AUM, up 43% year-on-year.

The US retail operation of Impax NH (16% of total AUM) attracted £171m of net inflows, ending FY20 on £3.2bn AUM, up 8% year-on-year. **Especially pleasing is the positive trajectory of net inflows into Impax NH during FY20, following a volatile FY19, as per the next table:**

Impax NH net client inflows / (outflows)				
£m	Q1	Q2	Q3	Q4
FY 19	(178)	(34)	(101)	6
FY 20	6	12	41	112

Source: Impax
 Note: Impax NH figures adjusted to remove double-counting from London-managed funds distributed through Impax NH in US.

London-managed private equity (2% of AUM), which focuses mainly on renewable energy, experienced a £79m net outflow, closing the year on £371m AUM, with no significant capital raises or exits. The third fund (NEF III) is expected to be fully invested by the end of 2021 (in alternative energy infrastructure around Europe). Impax has also indicated it is planning on raising additional capital in this area of the business.

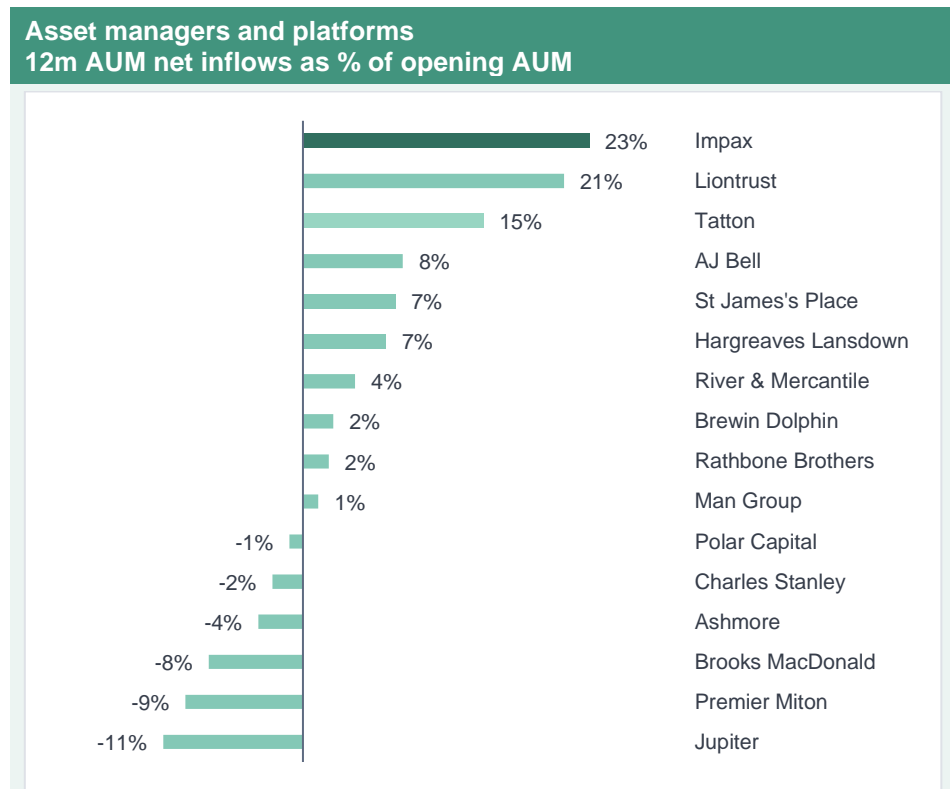
For the Group as a whole, these were the AUM changes vs prior year:

Summary AUM movement over FY 2020					
£m	Impax Asset Management Ltd, Impax Asset Management (AIFM) Ltd (London managed)		Impax Asset Management LLC (US managed)		Group total
	Listed equities	Real assets	Fixed income, smart beta, US equities	Recon*	
AUM, 30 Sep 2019	11,656	445	3,659	(709)	15,052
Net flows	3,371	(79)	332	(161)	3,463
Market moves, FX & performance	1,584	5	195	(116)	1,668
AUM, 30 Sep 2020	16,611	371	4,186	(986)	20,183

Source: Impax

* Avoidance of double count of Pax Global Environmental Markets Fund and Pax Global Opportunities Fund

Impax's ability to attract AUM has placed it at the **very top** of a UK-listed group of asset managers and platforms when it comes to growth from new assets:



Source: Company reports and trading updates, ED analysis

Covers 12m period from 1 Oct 2019 – 30 Sep 2020.

Net inflows exclude AUMs added through acquisitions.

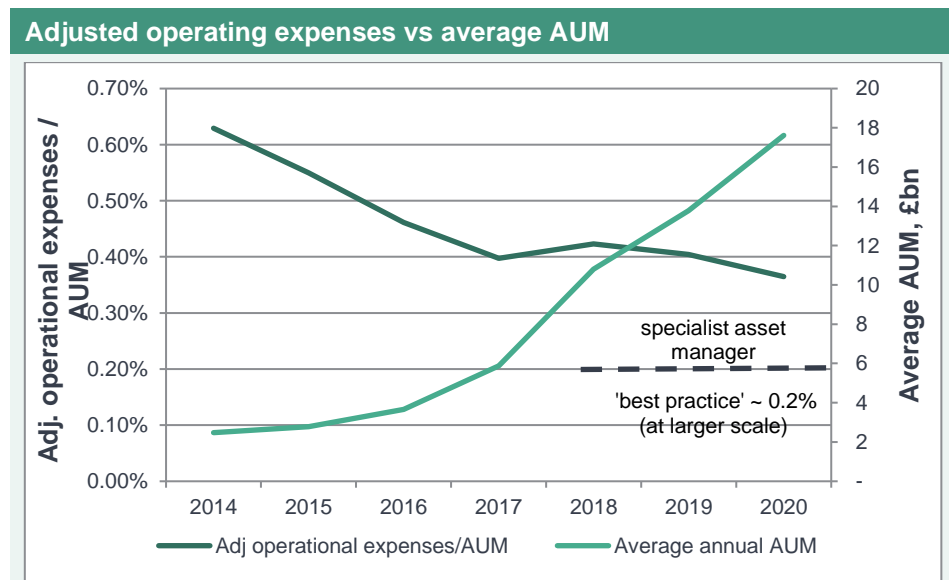
Revenue, profit, cash, and dividend all jump

Revenue grew 19% from £73.7m in FY19 to £87.5m in FY20, with run-rate revenue at the end of the period growing 23% from £78.3m in FY19 to £96.5m (run-rate is the Sep 20 result extrapolated for 12 months and adjusted to remove the effects of one-off transactions).

Adjusted operating profit grew 29% from £18.0m in FY19 to £23.3m in FY20 (this eliminates non-recurring acquisition costs, on-going amortisation of intangibles acquired, one-off tax credits and mark-to-market charges on equity award schemes and is probably the best measure of underlying operating performance). Adjusted operating margin increased from 24.4% to 26.6%, confirmation that operational leverage is being captured by Impax as the business scales. Impax has stated that it has capacity to take on more AUM without a proportional increase in costs. Fully diluted adjusted earnings per share grew 26% from 11.5p in FY19 to 14.5p in FY20.

Given the rapid growth of Impax, run rate adjusted operating profit is potentially the best indication of current profitability. At the end of FY20 period this had grown 38% to £28.3m compared to £20.5m at the end of FY19.

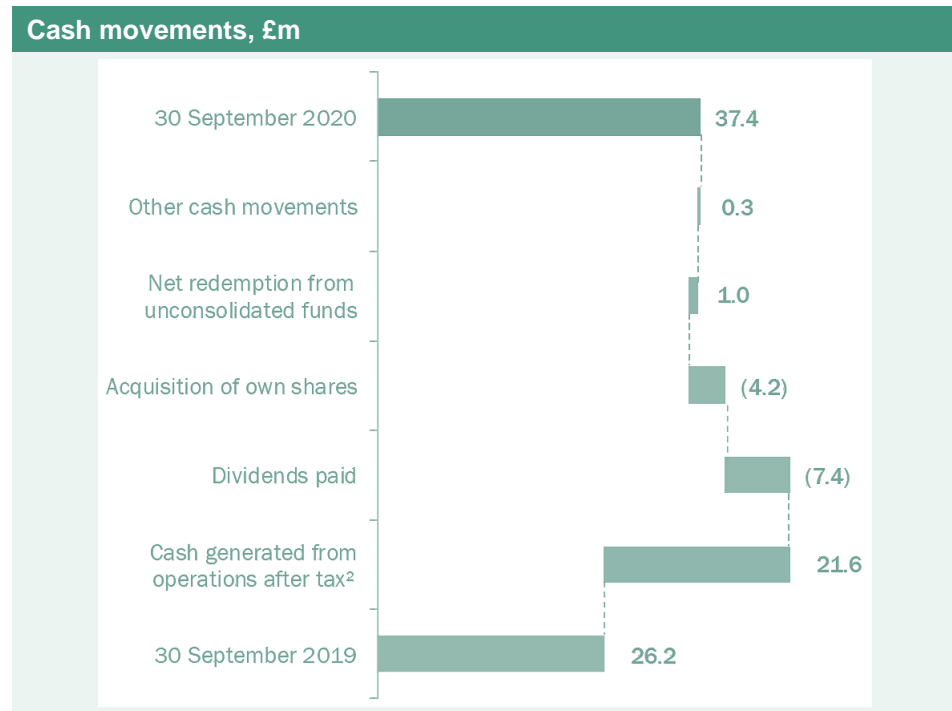
We also like to track operational leverage by comparing expenses to average AUM (thus eliminating the effects of any changes to fee pricing). Pleasingly, this is still showing a downwards trend towards levels achieved by larger scale specialist asset managers. For FY20, Impax had reduced its *adjusted operational expenses to average AUM* ratio to 0.36% from 0.61% in FY14. This makes it a leader among peers of a similar scale. Liontrust (£16.1bn AUM at FY-end 31 Mar 20) and Polar Capital (£12.2bn AUM at FY-end 31 Mar 20) had *operational expenses to average AUM* ratios of 0.6% and 0.7% respectively. Larger scale specialist asset managers have achieved lower ratios which are useful benchmark indicators for Impax over the longer term. Ashmore, the emerging markets specialist, with AUM of US\$83.6bn for the FY-end 30 Jun 20, achieved a ratio of just under 0.2%.



Source: Impax, ED analysis

IFRS operating profit fell 12% from £18.9m to £16.7m; profit after tax 14% from £15.9m to £13.7m; and basic EPS 13% from 12.2p to 10.6p. The primary differences between 'adjusted' and IFRS profits are that IFRS operating costs included a mark-to-market charge on equity awards (£3.0m) and the amortisation of intangible assets (management contracts) arising on the Impax NH acquisition (£2.5m). The drop in IFRS operating profit between FY19 and FY20 was mostly due to the release of a £3.5m contingent consideration in FY19 related to the Impax NH acquisition (which boosted FY19 profit), and to the above mark-to-market charge (a similar amortisation charge was applicable in both years).

The Balance sheet of the group also strengthened, with £23.8m (FY19 £20.3) of cash being generated from operating activities (after tax). **Net cash increased by 43% to £38.8m from £27.2m** (these net cash figures include investments in money market funds and long-term deposit accounts, and 3rd-party interest on consolidated funds, and therefore differ slightly from 'cash reserves' in the chart below which excludes 3rd-party interest on consolidated funds). **Net assets increased by 13% to £71.4m from £63.2m.**



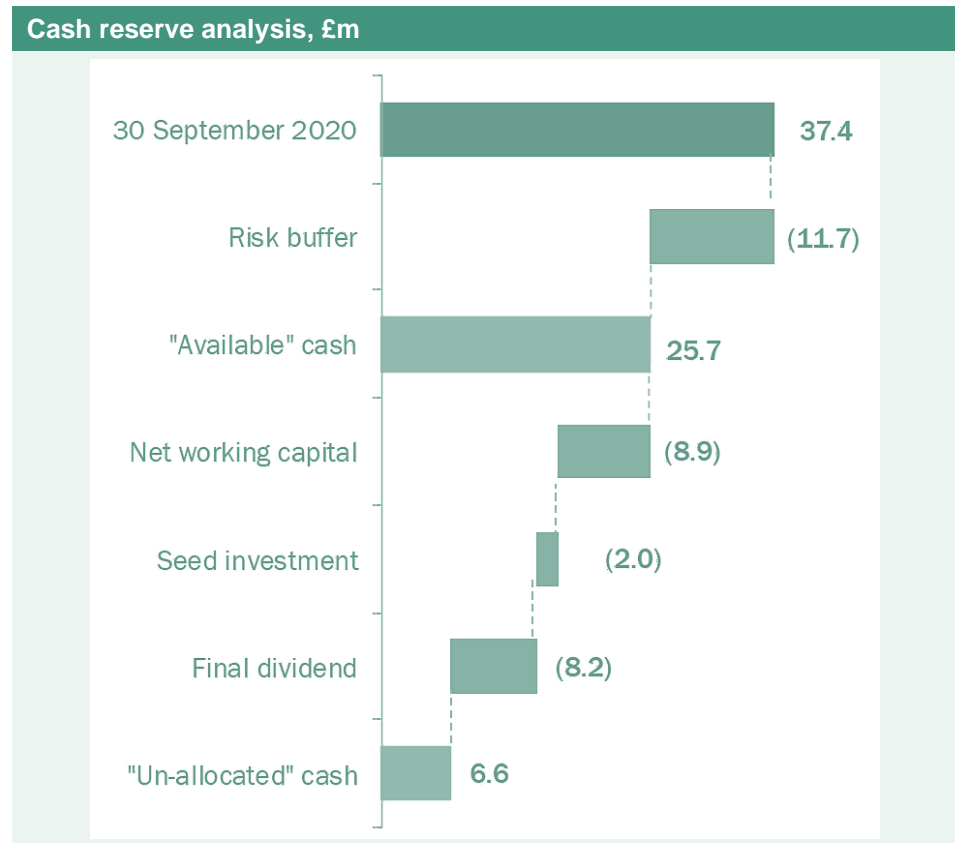
Source: Impax

Excludes third-party interest on consolidated funds and cash held in Research Payment Accounts.

²Cash generated from operations net of lease payments.

The group also provides a cash reserve analysis (see chart below) that takes into account minimum regulatory cash requirements and upcoming payments. This shows 'un-allocated cash' at £6.6m, which is essentially the cash available to fund growth initiatives (such as seeding new investment vehicles), share buybacks, or unforeseen expenses.

In addition to these cash reserves, Impax has a US\$13m revolving credit facility which was put in place at the time of the acquisition of Impax NH.



Source: Impax

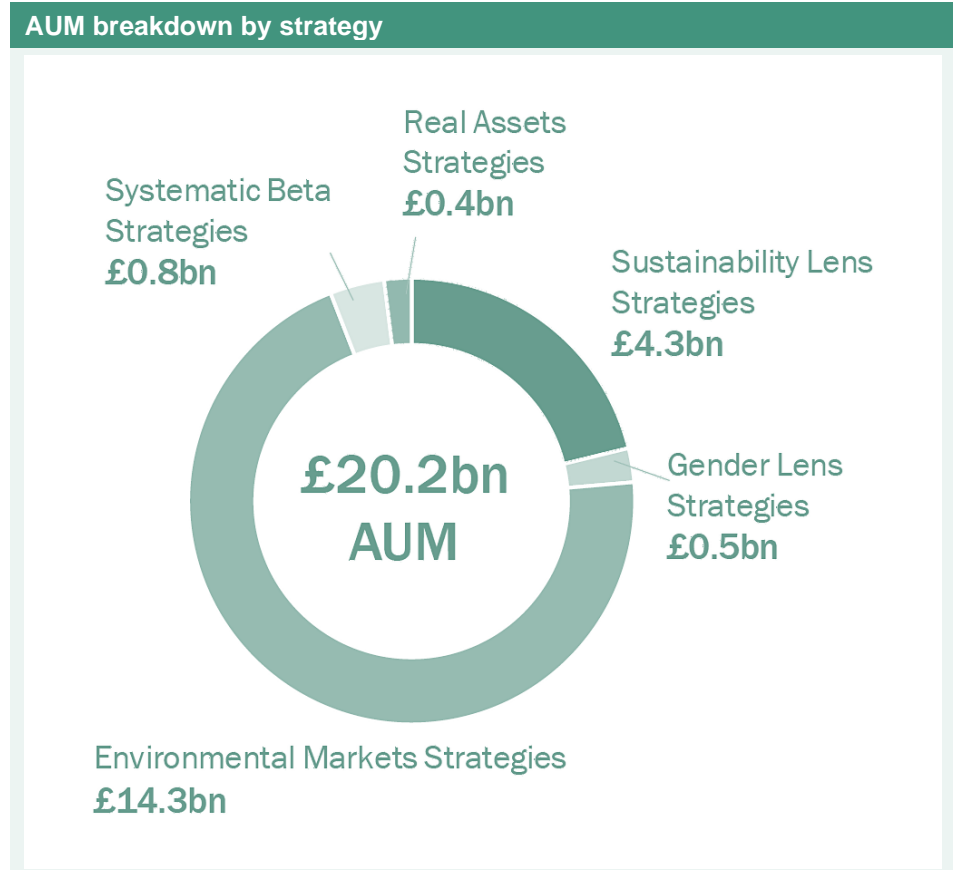
With the release of the FY19 results, Impax confirmed an increase to its target dividend payout ratio where, in 'normal' circumstances, an annual dividend within a range of 55%-80% of adjusted profit after tax will be paid out.

As such, for FY20, a final dividend of 6.8p per share (FY19 4.0p) has been declared in addition to the interim dividend of 1.8p (FY19 1.5p), bringing **the total dividend for the year to 8.6p** (FY19: 5.5p). This equates to 60% of adjusted profit after tax, is **a 56% jump in the full year dividend and produces a yield of 1.3%** on the closing share price of 682p on 4 December 2020.

Investment returns underpin sustainability propositions

Impax has constructed a diverse range of sustainable investing strategies to cater for a wide range of client needs.

Its London-managed equity strategies, distributed multi-nationally, make up the bulk of AUM (82% AUM). Meanwhile, Impax NH (US-managed) offers US equities, fixed income and smart beta strategies to US retail clients (16% of AUM). In addition, real asset strategies (also London-managed) are offered, which make up around 2% of AUM.



*Data as at 30 September 2020
 Source: Impax*

While these offerings are attractive from a sustainability perspective, they are also underpinned by delivering superior investment returns, consistently above benchmarks, as illustrated in the tables below (performance shown for largest two strategies - Environmental Markets Strategies and Sustainability Lens Strategies - above benchmark performance shaded in green, below benchmark in red).

Environmental Markets Strategies to 30 Sep 2020, % annual return

Specialists: AUM £2,517m; Universe market cap: US\$2.7tn			
Companies with majority of services, infrastructure and technology in environmental markets, alternative energy and efficiency, water treatment and pollution control, waste technology and resource management, sustainable food, agriculture and forestry.			
Investment period	1Y	3Y	5Y
Impax performance	13.9	10.2	17.4
Benchmark – MCSI All Country World Index	5.3	8.5	13.9
Leaders: AUM £ 3,956m; Universe market cap: US\$5.4tn			
Companies with >20% of revenue in Resource Efficiency and Environmental Markets addressing long-term macro-economic themes: growing populations, rising living standards, increasing urbanisation, rising consumption, depletion of natural resources.			
Investment period	1Y	3Y	5Y
Impax performance	14.8	10.7	17.1
Benchmark – MCSI All Country World Index	5.3	8.5	13.9
Asia-Pacific: AUM £607m; Universe market cap: US\$1.8tn			
Companies in Asia Pacific with services, infrastructure and technology in environmental markets, alternative energy and efficiency, water treatment and pollution control, waste technology and resource management, sustainable food, agriculture and forestry.			
Investment period	1Y	3Y	5Y
Impax performance	19.3	9.3	15.7
Benchmark – MCSI All Country World Index	5.3	8.5	13.9
Water: AUM £4,372m; Universe market cap: US\$1.1tn			
Companies that provide services, infrastructure and technology in the water-related sectors			
Investment period	1Y	3Y	5Y
Impax performance	9.6	10.4	17.5
Benchmark – MCSI All Country World Index	5.3	8.5	13.9
Sustainable Food: AUM £762m; Universe market cap: US\$2.8tn			
Companies involved in agriculture and food-related activities worldwide.			
Investment period	1Y	3Y	5Y
Impax performance	3.3	5.8	11.6
Benchmark – MCSI All Country World Index	5.3	8.5	13.9

Source: Impax, ED analysis
 All numbers show annualised returns. All returns shown in GBP as of 30 September 2020. AUM as at 30 September 2020.
 Composite figures are presented gross of management fees and include the reinvestment of all income.
 MSCI index is total net return (net dividend reinvested).

Sustainability Lens Strategies to 30 Sep 2020, % annual return

Global Opportunities: AUM £ 2,348m			
Companies involved in sustainable global equities.			
Investment period	1Y	3Y	5Y
Impax performance	12.9	15.9	18.5
Benchmark – MCSI All Country World Index	5.3	8.5	13.9
US Large Cap: AUM US\$ 894m			
A core strategy that fully integrates analysis of ESG risks and opportunities and invests in a portfolio of companies believed to have strong prospects and attractive valuations. The strategy uses a proprietary sustainability lens and ESG research to better manage sustainability risks and identify opportunities, and is fossil fuel free.			
Investment period	1Y	3Y	5Y
Impax performance	21.0	15.3	N/A
Benchmark – S&P 500 Index	15.2	12.3	
US Small Cap: AUM US\$ 363m			
A core strategy that fully integrates analysis of ESG risks and opportunities and focuses on high quality companies at reasonable prices. The strategy uses a proprietary sustainability lens and ESG research to better manage sustainability risks and identify opportunities, and it is fossil fuel free.			
Investment period	1Y	3Y	5Y
Impax performance	-6.2	-0.4	4.5
Benchmark – Russell 2000 Index	0.4	1.8	8.0
High yield: AUM US\$ 406m			
A high yield bond strategy leveraging proprietary sustainability tools and research to better identify opportunities and mitigate risks.			
Investment period	1Y	3Y	5Y
Impax performance	6.4	5.5	7.0
Benchmark – BofA Merrill Lynch US High Yield BB-B (Constrained 2%) Index	3.2	4.4	6.6
Core Bonds: AUM US\$ 742m			
An investment-grade strategy that allocates a significant portion of the portfolio to impact bonds that promote positive environmental and social outcomes.			
Investment period	1Y	3Y	5Y
Impax performance	7.1	5.4	4.1
Benchmark – Barclays Capital US Aggregate Index	7.0	5.3	4.2

Source: Impax, ED analysis

All numbers show annualised returns. AUM and returns as at 30 September 2020.

Global Opportunities and benchmark (MSCI Index) - returns shown in GBP. All other strategies and benchmark returns shown in US\$.

Composite figures are presented gross of management fees and include the reinvestment of all income.

In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee.

MSCI indices are total net return (net dividend re-invested).

S&P 500 Index is an unmanaged index of large capitalization common stocks.

The Russell 2000 Index ("Benchmark") is an unmanaged index and measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The ICE BofAMerrill Lynch U.S. High Yield BB-B (Constrained 2%) index ("Benchmark") tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or Eurobond markets, with total index allocation to an individual issuer limited to 2%.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities.

Credible shareholders plus management alignment

Impax has had a longstanding relationship with BNP Paribas, which is the largest shareholder in Impax as well as a provider of marketing, introduction and distribution services for Impax in Asia, and for selected European countries.

In October 2020, the distribution agreement with BNP Paribas (originally made in 2007) was renewed for a further term (minimum four years) with no material changes.

In November 2020, BNP Paribas reduced its shareholding in Impax from approximately 24.5% to 14.0%. Its original investment was made in 2007, so its return on this block of shares would have been substantial. **The bulk of the stake (8.1%) was bought by another highly credible investor, Liontrust Investment Partners, for their funds at a price of 510p per share. We view these events as a net positive for Impax, primarily because it further diversifies the shareholder base.**

We also highlight the quality of the largest institutional investors in Impax, and that management and staff have their interests strongly aligned with shareholders, with CEO Ian Simm holding 7.3%, Chairman Keith Falconer holding 5.1%, Co-Head of Listed Equities and Executive Director, Bruce Jenkyn-Jones holding 3.4%, and the Employee Benefit Trust holding 4.0%.

The list of shareholders with interests above 3% is shown in the table below.

Largest shareholders	
BNP Paribas Asset Management Holding	14.0%
Liontrust Investment Partners LLP	8.1%
Ian R Simm*	7.3%
Blackrock Investment Management	6.9%
Standard Life Aberdeen	6.4%
J Keith R Falconer	5.1%
Cannacord Genuity Group Inc	5.0%
Janus Henderson Investors	4.6%
Hargreaves Lansdown Asset Management	4.6%
Rathbone Investment Managers	4.5%
Impax Asset Management Group plc Employee Benefit Trust 2012	4.0%
Bruce Jenkyn-Jones*	3.4%

Source: Impax

**Includes vested shares within sub-funds of the EBT 2004 from which the individual and their families may benefit*

Outlook and valuation

For some time, we have been very optimistic about the scale of the sustainable investment opportunity for asset managers more generally; and more specifically, given its long track record and specialisation, for Impax. **But Impax has exceeded our growth and profitability expectations.**

This, coupled with an even more receptive global environment for sustainable investing, means that we have upgraded our forecasts and valuation.

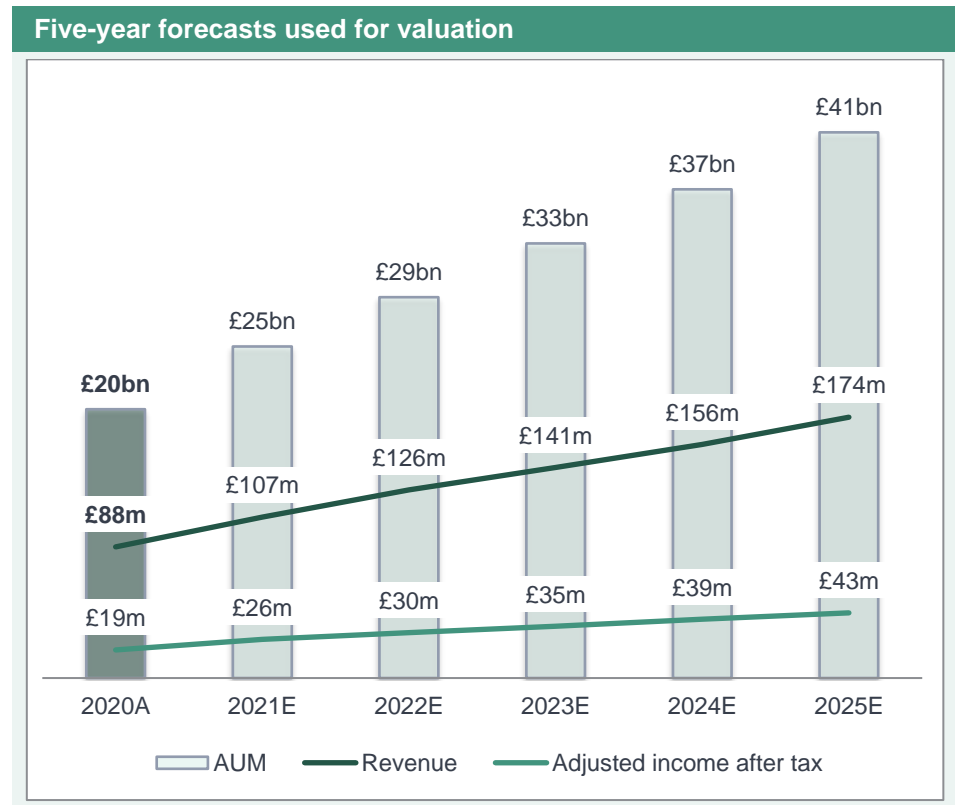
At a macro level, we see further tailwinds, with some significant examples being:

- The election of Joe Biden in the US which has come with a renewed focus on climate change that will undoubtedly spill over into the investment environment – he has already proposed a new position, US secretary for climate change, and committed to re-join the Paris Agreement.
- The 26th UN Climate Change Conference of the Parties (COP26) will be held in Glasgow in November 2021 which will also elevate the profile of sustainable investing.
- The Chinese government's 14th five-year plan revealed in November 2020 emphasises green investment and reducing carbon emissions and should help to accelerate momentum in Asia.
- Implementation of the EU's action plan on financing sustainable growth will proceed over the next few years and will include: a new taxonomy or classification system for sustainable investments; an EU Green Bond Standard and labels for green financial products; a renewed focus on investment in sustainable projects; and a requirement for financial advisers to consider sustainability when advising clients on where to invest.
- Strong investment performance by many sustainable and ESG funds through the Corona-virus-induced crash of 2020, which has continued through the market recovery.

We see Impax as being one of the more significant beneficiaries of these tailwinds. It has impeccable sustainability credentials, backed up by a track-record of delivering superior investment returns, and it has established and successful distribution channels in the major capital markets of the US, Europe and Asia.

Our valuation is based on a five-year forecast for Impax during which it attracts £2.5bn-£3bn of net AUM flows per year (less than the £3.5bn achieved in FY20), and market movements of around +4% per annum.

These growth projections imply that Impax achieves an AUM level of around £40bn and revenues of £174m by FY2025 (current run-rate revenue £97m per annum). The results of this forecast, along with with profitability estimates for Impax – which assume it gradually improves profit margins as it scales, are illustrated in the chart below:



Source: Impax, ED estimates

Core value

Based on these forecasts, our fundamental valuation of Impax increases to 640p per share. If Impax exceeds these forecasts, there is clearly scope for that to rise again.

Appendix – Historic and forecast financials

Consolidated Income Statement + Forecasts					
12 months to end Sept, £'000s	2018A	2019A	2020A	2021E	2022E
Revenue	65,683	73,695	87,511	107,332	125,579
<u>IFRS Income Statement</u>					
Operating costs	(50,200)	(54,883)	(69,928)	(78,021)	(90,772)
Operating profit	15,483	18,812	17,583	29,310	34,807
Fair value gain/(loss) on investments	(337)	842	-	-	-
Non-controlling interest	184	156	-	-	-
Finance cost	(670)	(912)	(1,921)	-	-
Investment income	-	-	1,020	-	-
Change in 3rd-party int. in cons. funds	(40)	-	-	-	-
IFRS profit before tax	14,620	18,898	16,682	29,310	34,807
Taxation	(3,219)	(3,028)	(2,944)	(5,569)	(6,613)
IFRS PAT	11,401	15,870	13,738	23,741	28,193
Basic EPS, p	9.0	12.2	10.6	18.3	21.6
Diluted EPS, p	8.9	12.1	10.5	17.9	21.4
<u>Adjusted Income Statement</u>					
Adjustments to operating costs:					
Acquisition equity incentive awards	236	(21)	135	-	-
Mark to market charge, equity awards	1,896	202	2,997	-	-
Exceptional acquisition costs	866	-	-	-	-
Amortisation of goodwill/intangibles	1,676	2,528	2,535	2,535	2,535
Credit from cont. consideration adj	(170)	(3,543)	-	-	-
Adjusted operating profit	19,987	17,978	23,250	31,845	37,342
Fair value gain/(loss) on investments	(253)	897	-	-	-
Non-controlling interest	184	156	-	-	-
Finance cost	(670)	(912)	(1,921)	-	-
Investment income	-	-	896	-	-
Change in 3rd-party int. in cons. funds	(40)	-	-	-	-
Adjusted profit before taxation	19,208	18,119	22,225	31,845	37,342
Tax credit on adjustments	(448)	-	0	0	0
Taxation	(3,667)	(3,037)	(3,490)	(6,051)	(7,095)
Adjusted PAT	15,541	15,082	18,735	25,795	30,247
Adjusted Basic EPS, p	12.5	11.6	14.6	19.9	23.3
Adjusted Diluted EPS, p	12.4	11.5	14.5	19.5	23.0
<u>Dividends</u>					
Interim dividend, p	1.1	1.5	1.8	3.0	3.5
Final dividend, p	3.0	4.0	6.8	9.0	10.5
FY dividends per share, p	4.1	5.5	8.6	12.0	14.0
Special dividends per share, p	2.6	-	-	-	-

Source: Group report & accounts and ED estimates

Consolidated Balance Sheet + Forecasts					
as at end Sept, £'000s	2017A	2018A	2019A	2020E	2021E
Assets					
Non-current assets					
Goodwill	12,171	12,804	12,306	12,306	12,306
Intangible assets	25,565	24,518	20,871	18,336	15,801
Property, plant and equipment	1,836	1,779	10,857	9,816	8,775
Deferred tax assets	4,450	3,757	5,492	5,492	5,492
Total non-current assets	44,022	42,858	49,526	45,950	42,374
Current assets					
Trade and other receivables	15,858	16,740	20,735	25,431	29,755
Investments	4,349	4,626	4,387	4,387	4,387
Current tax account	890	239	224	224	224
Cash: money mkt & LT deposits	11,211	15,235	18,516	18,516	18,516
Cash and cash equivalents	15,529	11,939	20,245	36,040	52,535
Total current assets	47,837	48,779	64,107	84,598	105,417
Total Assets	91,859	91,637	113,633	130,548	147,791
Equity and Liabilities					
Equity					
Ordinary shares	1,304	1,304	1,304	1,304	1,304
Share premium	9,291	9,291	9,291	9,291	9,291
Exchange translation reserve	1,014	1,936	1,449	1,449	1,449
Hedging reserve	(44)	(54)	(111)	(111)	(111)
Retained earnings	41,054	50,751	59,515	71,791	84,898
Equity attr. to owners of the co.	52,619	63,228	71,448	83,724	96,831
Non-controlling interests	898	-	-	-	-
Total equity	53,517	63,228	71,448	83,724	96,831
Current Liabilities					
Trade and other payables	24,755	23,581	27,984	34,322	40,157
Loans	3,326	-	-	-	-
3rd-party int. in cons. funds	87	-	-	-	-
Lease liability	-	-	1,410	1,198	986
Current tax liability	130	124	190	190	190
Total current liabilities	28,298	23,705	29,584	35,710	41,334
Non-current Liabilities					
Accruals	228	704	-	-	-
Debt facilities	6,652	-	-	-	-
Lease liability	-	-	9,261	7,774	6,287
Deferred tax liability	3,164	4,000	3,340	3,340	3,340
Total non-current liabilities	10,044	4,704	12,601	11,114	9,627
Total equity and liabilities	91,859	91,637	113,633	130,548	147,791

Source: Group report & accounts and ED estimates

Consolidated Cash Flow Statement + Forecasts					
12 months to end Sept, £'000s	2018A	2019A	2020A	2021E	2022E
Profit before taxation	14,620	18,898	16,682	29,310	34,807
Adjustment for:					
Investment income	(279)	(236)	(1,020)	-	-
Interest expense	670	912	1,921	-	-
Depreciation and amortisation	2,051	2,952	4,260	3,576	3,576
Fair value (gains)/losses	616	(606)	-	-	-
Non-controlling interests	(184)	(156)	-	-	-
Contingent consideration adjustment	-	(3,543)	-	-	-
Share-based payment charges	1,822	1,160	1,813	1,813	1,813
(Credit)/charges: legacy LT incentive schemes	-	-	-	-	-
Change in 3rd party int. in cons. funds	40	-	-	-	-
Op CF before movement in working capital	19,356	19,381	23,656	34,699	40,196
(Increase)/decrease in receivables	(2,011)	(1,135)	(3,995)	(4,696)	(4,323)
(Decrease)/increase in payables	6,091	2,602	4,721	6,338	5,835
Cash generated from operations	23,436	20,848	24,382	36,341	41,707
Corporation tax paid	1,583	(580)	(607)	(5,569)	(6,613)
Net cash generated from op.activities	25,019	20,268	23,775	30,772	35,094
Investing activities					
Acquisition of subsidiary, net of cash acquired	(23,893)	-	-	-	-
Deconsolidation of investment fund	(255)	(67)	-	-	-
Investment income received	279	236	222	-	-
Settlement of investment related hedges	(987)	258	(156)	-	-
Net redemptions: unconsolidated funds	3,938	(485)	1,191	-	-
Net investment disposals: consolidated funds	932	-	-	-	-
(Incr)/decr in money mkt & LT deposits	(3,431)	(4,024)	(3,281)	-	-
Acquisition of PPE & intangible assets	(1,690)	(402)	(182)	-	-
Net cash used in investing activities	(25,107)	(4,484)	(2,206)	-	-
Financing activities					
Acquisition of non-controlling interest	-	(201)	(201)	-	-
Proceeds from bank debt	17,616	-	-	-	-
Repayment of bank debt	(8,779)	(10,371)	-	-	-
Interest paid on bank debt	(464)	(670)	(136)	-	-
Dividends paid	(7,386)	(5,792)	(7,442)	(12,278)	(15,899)
Acquisition of own shares	(2,534)	(2,505)	(4,223)	(1,000)	(1,000)
Payment of lease liabilities	-	-	(1,699)	(1,699)	(1,699)
Cash received on exe. of share options	4,477	111	489	-	-
(Distr.)/inv's: 3rd party inv. cons funds	17	-	-	-	-
Net cash from /(used by) financing	2,947	(19,428)	(13,212)	(14,977)	(18,598)
Net (decr.)/incr. in cash & equivalents	2,859	(3,644)	8,357	15,795	16,495
Cash & equivalents at beginning of year	12,932	15,529	11,939	20,245	36,040
Effect of foreign exchange rate changes	(262)	54	(51)	-	-
Cash & equivalents at end of year	15,529	11,939	20,245	36,040	52,535

Source: Group report & accounts and ED estimates



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