# Wilmington PLC

## WIL | Small Cap | Media |114p |£100m

## Initiation of coverage: *Evolution, Interrupted*

*For many years, Wilmington has been a steady performer, driven largely by M&A. However, more recently the new management team has unveiled a significant shift in strategy and a focus on unlocking the underlying organic growth potential of an information business deeply embedded in its underlying professional markets.*

*Covid-19 has dramatically shifted the near-term goalposts. Wilmington has reacted quickly to unfolding events, not least through two recent updates to shareholders providing a clear picture of the likely impacts and management response. Events and training are bearing the brunt, with a range of events deferred or cancelled. The information and data businesses (c.45% of revenue) are better insulated and will underpin short term earnings. We explore the full range of cost reduction and cash preservation measures in more detail in this note.*

*Wilmington has, understandably, withdrawn guidance looking beyond FY20 and we will revisit our long-term financial model when visibility improves. The group has also taken the difficult decision to suspend the dividend, in line with many of its peers, as it secures the balance sheet.*

*At its heart, Wilmington is an information business providing high value content and information into a range of professional verticals. Despite short-term uncertainty, these verticals will not disappear. The organic growth strategy is based around the two key pillars of product innovation and a re-invigorated sales culture and have the potential to transform returns. The share price has, understandably, been hit hard by recent events but with a resumption of dividends to be expected and a fit for purpose long term growth strategy in place, the future beyond Covid-19 looks more promising.*

1 Year Chart


*Wilmington PLC is a research client of Radnor Capital Partners Ltd.*

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- **Near term impacts:** With 45% of group revenue relatively well insulated in the short term, the impacts will be felt in the Events and Training businesses. Management have guided to an FY20 £12m to £17m potential revenue impact with an adjusted PBT range of £8.5m to £12.0m.
- **Balance sheet headroom:** The group has available cash of £10m on top of £16m of facility headroom. Sensible actions have been taken on preserving cash. The interim dividend has been cancelled, which will save £3.5m.
- **Dividends will resume:** Historically, Wilmington has been a healthy dividend payer and the company has highlighted its desire to resume dividends as soon as the trading environment normalises.
- **Valuation:** Throughout 2019 we saw Wilmington steadily re-rate upwards as the market responded to the new CEO and growing clarity around the long-term organic growth strategy. Despite short term turbulence, this remains the core picture.

**1st April 2020**

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| YE – November | Revenue, £m | PBT adj, £m | EPS (p) | Div (p) | Net Cash, £m | PER x | Yield % |
|---|---|---|---|---|---|---|---|
| FY 2017A | 120.3 | 21.9 | 18.7 | 8.5 | -40.0 | 6.1 | 7.5 |
| FY 2018A | 121.3 | 22.5 | 19.6 | 8.8 | -39.6 | 5.8 | 7.7 |
| FY 2019A | 122.5 | 19.6 | 17.2 | 9.1 | -33.9 | 6.6 | 8.0 |
| *FY 2020E* | *108.0* | *8.5* | *7.7* | *0.0* | *-42.0* | *14.8* | *0.0* |

*Source: Radnor Capital Partners*

# Introduction

In the normal course of events, an initiation of coverage note would focus on a deep dive into a company's core investment case; operational and financial track record; competitive and peer group positioning and relative valuation characteristics. However, these are not normal times. The Covid-19 pandemic has hit the global economy like a perfect storm, and in a relatively short space of time, large swathes of the system have ground to a halt.

Wilmington, like almost every other listed UK PLC, is not immune from these impacts. The group has had to respond quickly and decisively to protect both its core business and people from the worst effects and ensure that it is in the best post position to be able to take advantage of any recovery when the trading and macro environment stabilises.

At any other time, this note would have focused on Wilmington's evolving growth strategy; the strength of its underlying niche information, training and business service verticals; and critically, the impact of the new management team. We would have explored how the successful execution of the organic growth strategy could transform what has, historically, been a solid but unspectacular performer. Critically, this initiation would have stepped investors through a forward-looking financial model and examine how Wilmington's financial returns could evolve and examine the valuation implications.

Instead, this initiation note will outline Wilmington's response to the current crisis in terms of cost mitigation and cash preservation. We will also look at how the different business models within the broader group are likely to be affected in different ways. We will also explore how the Wilmington share price and valuation has responded compared to others in the direct and broader media peer groups.

Wilmington has been quick to update shareholders; with two detailed updates in relatively short order. At the more recent update; Wilmington has made the understandable decision to suspend financial guidance beyond the current financial year. Although a sizeable portion of Wilmington's revenues are subscription based and therefore likely to prove resilient; other parts of the business are more directly affected.

Given the pace of the moving parts; forecasting beyond the next six months feels a foolhardy exercise and we see little benefit in publishing FY21 / FY22 estimates that will almost certainly have to be revised; up or down, multiple times before the situation stabilises.

We believe investors quite rightly, in the short term, will be primarily focused on understanding near term management actions; cost mitigations and cash preservation and this is the focus of this note. We will revisit the forward investment case and our forecasts as soon as the trading environment stabilises, and visibility improves.

# Covid-19 impacts

Wilmington has a June year end. That is to say, the near-term impacts outlined in recent updates will affect H2 FY20 and specifically fiscal Q4 (April – June 2020). The group is characteristically H2 weighted in terms of revenue and profit. This reflects low client activity in holiday months (eg July, August and December); it also reflects some of the bigger annual events taking place in H2.

We highlight this seasonality as clearly the impact of Covid-19 will be disproportionate in H2 FY20 and then into fiscal Q1 FY21 (Jul-Sept 2020). Helpfully, Q1 is already a 'light quarter' from an operating point of view.

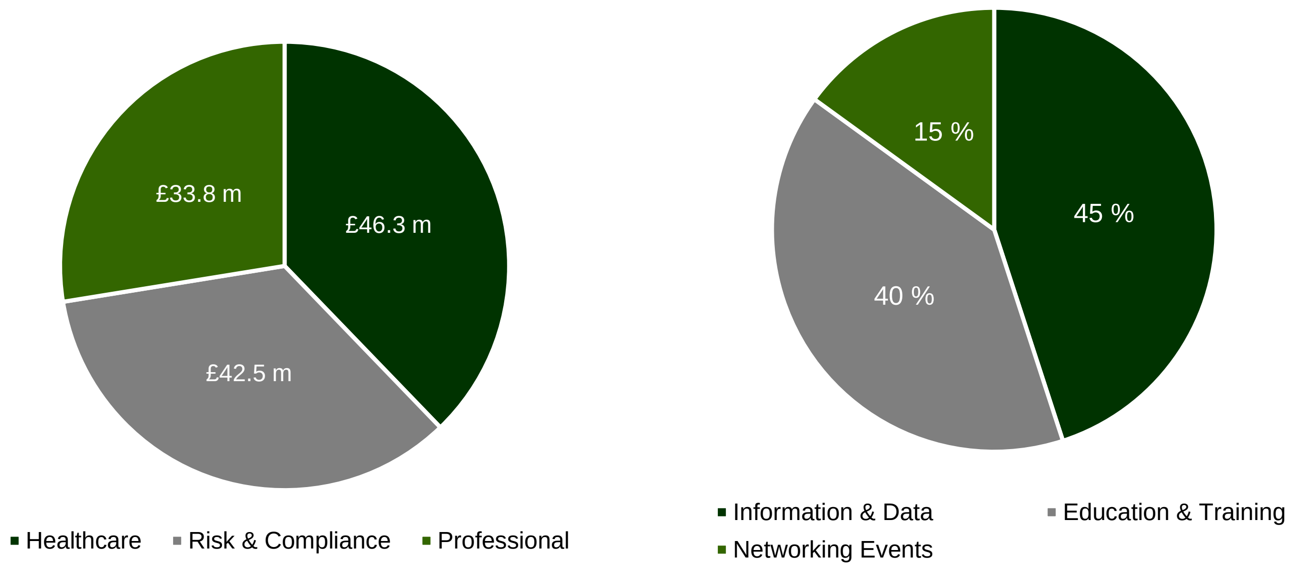
Beyond this seasonality, it is important to state that COVID 19 is a fast-developing situation and the group obviously takes advice and directives from governments, the World Health

Organisation and other relevant agencies. The health and safety of employees, customers and partners will continue to be a key priority.

In profile, Wilmington is a holding company whose underlying businesses serve a range of professional verticals. Wilmington is not a consumer facing business, nor is it reliant on above the line advertising. Wilmington is a provider of data, information, education and networking events in Risk & Compliance, Healthcare and Professional categories.

It is important to highlight that in each of these divisions there are also a number of discrete operating brands. For example, RISE in Healthcare and Axco in Risk & Compliance. These subsidiaries are the client-facing side of Wilmington.

**Fig 1: Wilmington – FY 19 divisional and revenue by type split**




*Source: FactSet, Radnor*

In figure 1 above, we show the broad revenue split for the group, which underscores the breadth of the group's professional verticals and revenue models. We note the 45% of group revenues from Information and Data (which we explore in more detail below), which is likely to prove more resilient through subscription and recurring revenue models.

The Education & Training and Networking Events segments are where the near-term Covid-19 impacts are most pronounced. However, the timing of events and whether they are cancelled or deferred are critical. The group has announced that all face to face events have been suspended, however H1 FY21 (July and beyond) could see a swift return to more normalised activity levels if restrictions are lifted.

The Education and Training businesses are further complicated by the ability to transition towards digital format alternatives, which will have a mitigating effect. This situation remains fluid. Wilmington have referred explicitly to this trend coming into play and we also note commentary from others in the sector also referring to a similar theme playing out for their training programmes.

Breaking this portfolio down further, Wilmington serves the following industries: Banking; Healthcare; Compliance; Insurance; Accountancy; Legal and Pensions.

However, each of these 'top down' industries will also be materially affected in turn by COVID-19. In simple terms we flag these points;

- Freedom of movement of individuals is now greatly curtailed and there is little visibility on when these restrictions will be eased. Our working case assumption is that disruption will remain significant through calendar Q2 but we remain hostage to everchanging news-flow;

- There is little evidence of a collaborative approach between governments and there remains the risk that relaxations in one territory will not be reflected in others;

- In terms of internal operations, we note all parts of Wilmington are working remotely, with full operational capabilities currently being maintained. The group has been investing heavily over the last few years in upgrading and installing new digital capacity and technology and the benefits of this investment are now being felt.

Wilmington has been ahead of the curve in providing detailed updates to investors. In the latest update (25th March, link here), Wilmington provided greater colour on the group revenue by type, rather than the more traditional professional vertical segmentation.

- **Networking events** (c.15% of annual Group revenues)

  The Group has suspended all face-to-face conferences and events until further notice. No more face-to-face events are planned prior to 1 July, other than a few specific events such as RISE Nashville. RISE was originally due to run in March and delegates and sponsors are already signed up. The intention has been to run in late June, though clearly the feasibility of this rescheduling is under review.

  Certain elements of postponed events can be run in an online format. In many cases, this is client led demand and Wilmington is actively seeking to support them at this time. The full, mitigating impact of these alternative digital formats is unclear at the current time but will clearly be a net positive.

- **Education and training** (c.40% of annual Group revenues)

  Similarly, to Networking events, Wilmington has suspended all face-to-face training in Europe and the US until further notice. Digital learning solutions are a core capability, with around a third of Group training already delivered digitally. Again, client-led demand for this has increased notably over recent weeks. The full impact of this and the extent to which it can mitigate effects elsewhere has yet to be seen.

  Encouragingly, despite the cancellation of short-term events, new sign-ups for training courses scheduled to be held later in the year (either digitally or face to face) are being maintained although at lower levels than in previous years.

  We have already highlighted the natural seasonality within Wilmington and much of is driven by the Training businesses which have their quieter months through July and August before ramping back up in the Autumn months. In this sense, the timing of Covid-19 could have been worse from Wilmington's perspective with the likely peak coinciding with the natural trough in training activity.

  Having said this, the summer is not completely quiet from a training perspective and question marks will remain over the investment bank graduate training programmes that Wilmington runs in July and August.

- **Information and Data** (c.45% of annual Group revenues)

  Reassuringly Wilmington states it is not currently seeing any material impacts on demand for data and information products. Overall, c.65% of data and information products are sold via subscription, typically on an annual basis.

There are a broad range of product types within this segment; ranging from access to data sets to more traditional published content (although primarily in digital form). Of the three business model pillars within Wilmington; Information and Data is the most likely to be resilient and offers the highest level of forward visibility.

Although there has yet to be any material impact on Information and Data client demand, it is almost inevitable that a more generalised economic slowdown will ultimately feed through. Our clear sense, however, is that this effect will be time lagged and any softening in Information and Data demand could well coincide with a sharp recovery in the Events and Training businesses.

## Revenue and Profit Guidance

Wilmington has provided good clarity in terms of the potential range of outcomes for FY20; perhaps more so than some of its peers.

At the headline level, Wilmington has identified between **£12m** and **£17m** of previously anticipated revenue for 2020 financial year being at risk.

As a point of reference, prior to the first Covid-19 update, consensus estimates for FY20 group revenue had been **£125m**, **+2%** organic growth vs FY19.

The low / high range will be dependent on;

- whether the June events run. Particular focus will be on RISE Nashville, the largest North American event in the portfolio and has already been rescheduled from March;
- the extent to which face-to-face events and training can be converted to digital variants. A third of training events already run in a digital format and these revenues will be unaffected;
- the low end of the revenue guidance also assumes a degree of Data and Information demand softening over the next two months.

Wilmington has identified direct and other cost mitigations totalling between £5.5m and £7m. In a similar fashion to revenue guidance, the breadth of the range is determined by whether the re-scheduled events do run in June.

Although Wilmington has not broken down these operational cost savings in detail, we would assume they are comprised of;

- Physical event costs (ie, venue hire and stand construction)
- Event trainer costs
- Reduced training materials and related publications
- Event related variable remuneration costs

Taking these adjustments together would result in an adjusted PBT range between **£8.5m** and **£12m**. Again, as a point of reference, market consensus prior to this update were: FY20 PBT of £19.3m and FY21 PBT of £21.0m. Hence at the midpoint of the revised COVID-19 guidance, this represents a c.45% reduction in profit expectations.

These revised expectations imply Wilmington will still be profitable in H2 20, after £6.9m adjusted PBT in H1.

Although we discuss the share price and valuation response to Covid-19 in more detail below, it is worth highlighting here that the Wilmington share price has fallen c.45% from its late February, pre Covid-19 high of 252p.

With regards financial guidance beyond FY20, Wilmington has made the following statement;

*'timescales for recovery and overall impacts are impossible to predict currently, and the Group is therefore suspending all other formal guidance at this time'.*

Given the pace of events unfolding and the considerable uncertainty as to the duration of this crisis, this suspension of forward guidance is both understandable and sensible. At the time of writing, this is now the announced approach of over half of the companies that have provided specific Covid-19 related updates to the market.

Given the various divisional mix effects, including event phasing, our crude assumption would be that Professional and Healthcare will remain marginally profitable in FY20, with Risk & Compliance least affected in terms of performance.

## Net Debt and Dividend Guidance

Sensibly the Board is reviewing all cash commitments at this stage. Hence, in light of exceptional circumstances, the interim dividend of 4.2p has been cancelled (due to be paid on 9 April 2020). This is an effective cash saving of £3.6m. We note however the following;

*'the Board remains committed to a resumption of dividends as soon as the trading environment normalises'.*

In terms of the current liquidity situation, Wilmington enjoys c£10m of cash and undrawn bank facilities of £16m. For context, net debt at 31 Dec 2019, £41.3m was up from £33.9m at 30 June 2019 but lower than the £43.8m at 31 Dec 2018.

Our initial modelling suggests FY 20 year-end net debt position of £42.0m as a realistic expectation. To get to this number we have taken into account the following as offsets to the reduced level of profitability:

- £3.6m immediate cash saving on the interim dividend;
- No immediate corporation tax and VAT payments;
- Likely reduction in discretionary capex. Wilmington has been investing heavily in internal systems and technology and has averaged c.£4.0m per annum over the last three years. This process has largely completed and expectations had been for a reduction in FY21 and beyond;

Prior to this exogenous shock, we would have been modelling for net debt/EBITDA of c1.3x at FY 20 period end. However, the 'lost' profit and cashflow will clearly have a material effect on the FY 20 and Q1 21 outcomes.

The company's own cashflow modelling, including scenarios which assume no face-to-face events or training from now until the end of August, indicates that the Group would remain within its facility limits.

We are encouraged by the reference in the 25th March update that the group is in early dialogue with its banks regarding facility headroom. Like most companies, Wilmington will have covenant limits. Our understanding is that Wilmington's covenants are based around 12m trailing EBITDA, Our initial model suggests that the group will be within covenants as at the end of June. However, it also clear that lenders are taking their own roles in this crisis seriously and are not policing covenant limits for those business that have, in more normalised conditions, traded comfortably within the tramlines.

We would also note that there are no legacy pension issues to contend with.

## Evolution, Interrupted

In context, Wilmington has been a mainstay of the FTSE SmallCap Media sector for many years. At its core Wilmington is professional information services businesses, serving the information, training and networking needs for a range of specific professional verticals.

Wilmington's own stockmarket cohort would comprise the following: Hyve Group; Informa; Euromoney; Centaur; Daily Mail and General Trust; Ascential and RELX. Note however, many of these companies are much larger than Wilmington, which is currently capitalised at £103m (although as recently as January 2020, Wilmington's market cap was £220m).

The broader Business to Business media peer group has been undergoing its own structural transformation over the last 20 years as the digital revolution has seen traditional analogue business publications (primarily funded through advertising) be disrupted out of existence or evolving themselves into new formats with new revenue models attached. Wilmington has been exposed, like its cohorts, to these trends and has evolved its portfolio of businesses accordingly.

However, two fundamental truths remain as relevant in the sector now as they were 20 years ago;

- **Content and brand / industry position remain critical.** The value of proprietary content has been amplified by the greater range of client delivery and pricing models that digitalisation has offered. Those companies that own and develop proprietary datasets that can be used as part of client workflows find themselves sitting at the top of the B2B value tree;

- **The internet has not eaten face to face events.** It feels somewhat ironic to be writing this during a time of social distancing and mass event cancellation but does remain a simple truth. Face to face professional interactions have retained and even strengthened their place in a digital world.

In our view, Wilmington has a high-quality revenue mix in the context of the wider B2B sector, with a number of good quality data products and training solutions. It also has established market niches in areas such as regulatory/compliance, pensions and insurance.

Over the last 5 years, the Wilmington share price high was 280p, and the low is unsurprisingly near current levels, 109p. EPS CAGR, 2014-19, has been 3%, organic top-line growth has averaged 1% over the same period. So what should be clear to investors is that Wilmington has historically delivered stable but unexciting performance.

In our view, the appointment of the new CEO, Mark Milner, and the focus on a clear and consistent organic growth strategy is a catalyst for a valuation re-rating over the medium term. We spell out the key details below:

Wilmington's executive management team comprises Mark Milner (CEO), Richard Amos (CFO). The non exec Chair is Martin Morgan. Mark Milner was appointed in July 2019. Both

Mark and Martin worked for many years at DMGT, which of course has been an active presence in B2B Media. Richard is a very experienced plc CFO. Overall, the background and experience of the senior management team should be reassuring to investors, both in terms of revamped growth potential and managing near term volatility.

Under this (fairly new) management team, Wilmington is investing across its business to drive better organic revenue growth. The portfolio is diverse, though not unwieldy in our view. We note a measured approach to enhancing portfolio focus, growth and financial returns.

## H1 20 results and strategy recap (period ending Dec 19):

All three operating divisions had organic revenue growth in H1, which we still see as an encouraging validation of the decision 18 months ago to focus on organic growth. Overall, group underlying revenue growth +2%, an acceleration on the prior full financial year growth of 1.5%. Adjusted PBT of £6.9m (2018: £6.7m) represented an increase of £0.2m or 4%, with some gearing benefit from improved revenue growth.

There have been 3 interlinked features of the 'new Wilmington story' prior to the disruptive impact of COVID19. Over time, we remain clear that they will benefit performance trends. We highlight them below.

**Sales and marketing -** the objective here is to accelerate organic growth through a combination of internal, cultural evolution and the adoption of new processes and platforms. Historically, many of the Wilmington businesses had traditionally concentrated on maintaining existing customer relationships, and not focussed enough on seeking out new opportunities and clients.

The implementation of a new CRM system is being rolled out, replacing many disjointed, legacy systems. A more unified approach to sales processes has included the physical relocation of sales teams to a new centralised location or 'sales hub' in the London Head Office building. The group has also launched a Sales Academy aimed at improving sales skills across the Group by adopting best practices that have had proven success elsewhere.

**Internal digital investment** – Capital expenditure over the last three years has been running at higher than normal levels as the group has upgraded its "plumbing", from which it is now seeing the clear benefits. Although the heavy lifting has been done in bringing Wilmington closer together and more efficient as an organisation; focus will now shift towards more growth-oriented measures. Below is an extract from the interim results announcement:

*"Looking beyond this financial year, it is becoming clear that in order to drive the growth aspirations for the medium term, the business needs to invest further in its technology and digital content to ensure that its product portfolio is positioned in growth areas. Those investments will include the integration of existing technologies to improve user experience, development of more structured data platforms to enhance the monetisation of existing data assets and acceleration of the on-going transition from face to face to online and blended learning."*

**External product development** – There is a dual approach to new product development. The first prong is to ensure that relevant products are identified quickly through existing customer interactions. The second prong is to focus on speed to market and then an iterative approach to product refinement and evolution. An example of new products successfully launched would be online student dashboards in the investment banking training business, which allows both students and tutors to track progress on their training programme in real time. In total five products were signed off by the group Investment Committee in H1 vs only two in the same period last year.

**Portfolio Management** - Following a thorough review of the business portfolio, Wilmington had identified two businesses, CLT (in Professional) and Inese (in Risk & Compliance), where the ability to add value appears limited. In combination, these businesses currently deliver annually around £7m of revenue and £0.5m of profit. Our understanding is that Covid-19 does not change the decisions made around these businesses. However, the timing of any potential transactions is likely to be disrupted, in line with the wider business community. The use of proceeds from any disposals will be applied to reduce indebtedness and/or support internal growth initiatives.

## Estimates

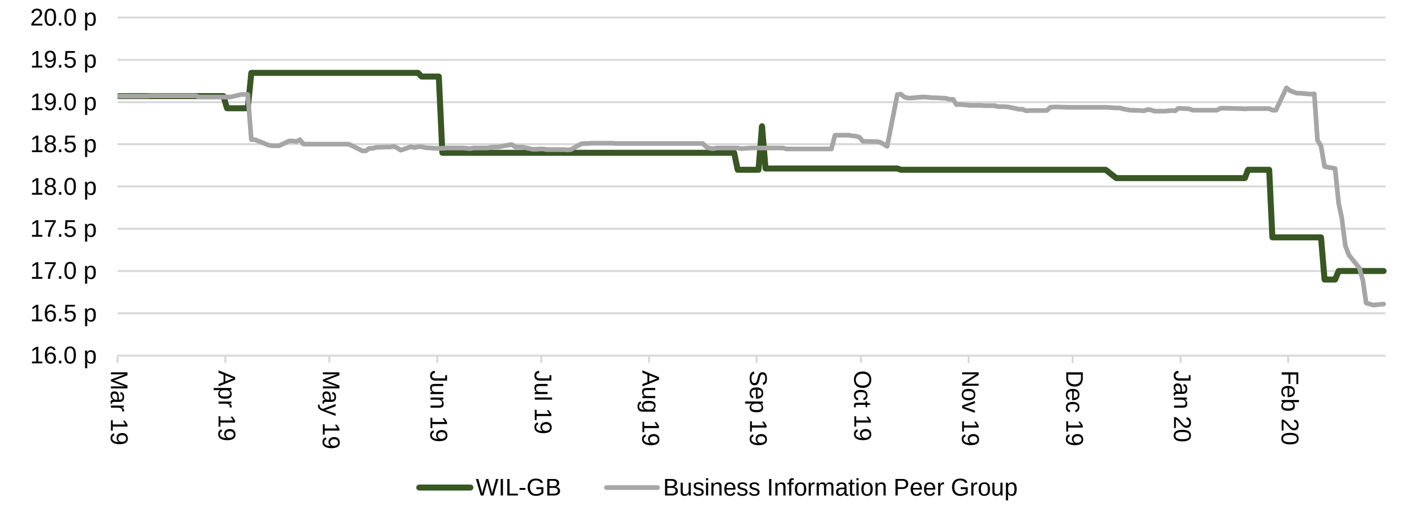
Wilmington has, understandably, withdrawn forward guidance for the time being. The steepness of the downward curve is likely to be matched by a relatively steep recovery curve once the worst of the Covid-19 crisis has passed. The critical issue is the timing of that inflection point and here, no-one can say with any degree of confidence.

We applaud management for providing investors the clarity they have on the likely range of outcomes for the current financial year and we have based our near-term estimates at the lower end of that guidance. We believe this is the prudent and most realistic approach to take at this stage.

We will keep our longer-term estimates under review, and we anticipate "re-initiating" coverage with a full, forward looking financial model as soon as is practicable under the circumstances. Until that point, we are limiting our forward estimates to the current financial year (30th June 2020) and are basing these very closely to management guidance.

We do however believe it is still relevant to look at how Wilmington had been performing prior to the latest guidance being issued.

**Figure 2: Evolution of Wilmington FY20 EPS estimates compared to B2B media peer group**




*Source: FactSet, Radnor*

What we can see from Figure 2 above is that prior to the 25th March update Wilmington had been tracking its strict peer group in terms of forward EPS estimate revisions over the last 12 months.

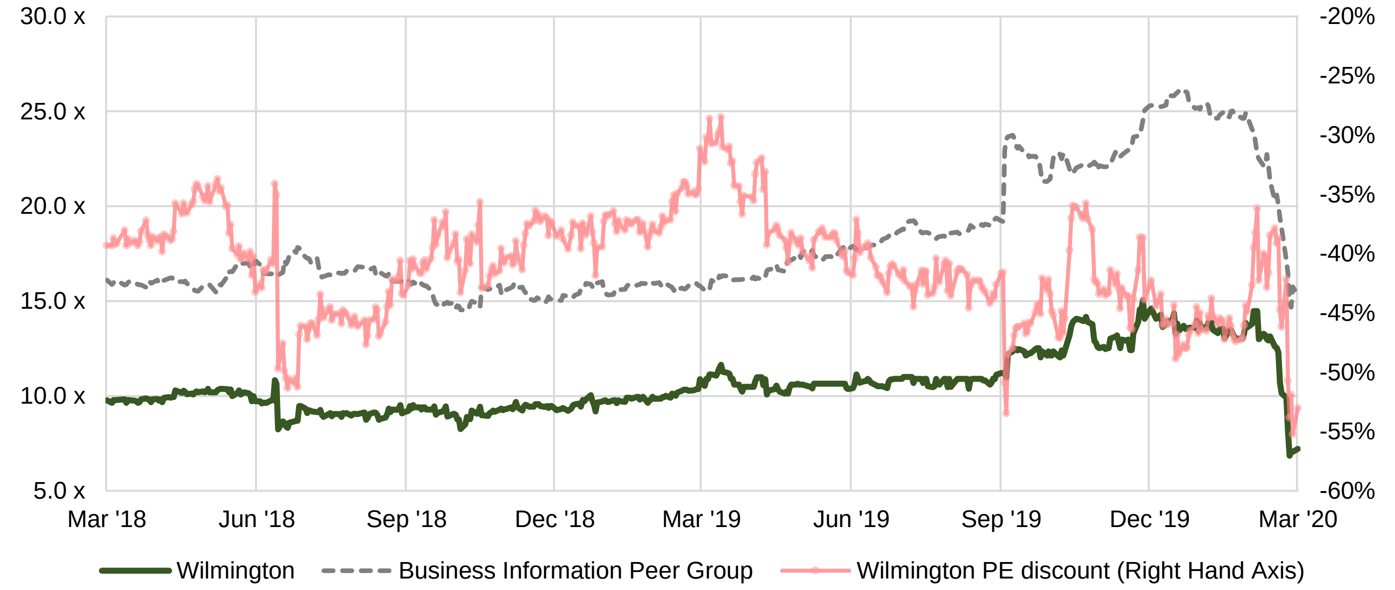
For the purposes of this analysis we have rebased the Business Information peer group ((Informa, Euromoney, Ascential, GlobalData, Hyve Group and Centaur) average EPS revisions to Wilmington's FY20 consensus EPS estimate over the last 12 months.

We can see clearly, the extent to which the peer group has seen downward pressure on earning estimates since the start of February. By our calculation, the peer group has seen their collective EPS downgraded by 14%.

In our view, we see Wilmington as being ahead of the curve in fully updating the market as to the likely impact from the current situation. Although we do not formally cover the other names in the peer group, our clear expectation is that downward pressure on earnings is likely to continue and has yet to fully feed through into estimates.

In Figure 3 below, we show Wilmington's prospective PE relative to the Business Information peer group average over the last 24 months.

**Figure 3: Wilmington prospective PE relative to Professional Information peer group – last 2 years**




*Source: FactSet, Radnor*

In a similar fashion to Figure 2, we have excluded the impact of the Wilmington EPS downgrade following the March 25th update. The effect of this downgrade is to see the Wilmington PE multiple expand to 14.7x, almost entirely closing the discount to the peer group that has existed for some time now.

We see this discount narrowing as being an artificial effect driven by timing differences between Wilmington and the peer group. As we have already stated, we believe further earnings downgrades are likely from the peer group and this likely to see the more normalised position re-assert itself.

What Figure 3 does show us though is that for the majority of 2019, Wilmington was seeing a steady, upward re-rating (sub 10x PE expanding to 15x PE) as the market responded to the new CEO and the organic growth strategy. Looking beyond Covid-19, this is the picture that best represents the medium to long term investment case for Wilmington.

# Key Estimates

## Wilmington PLC

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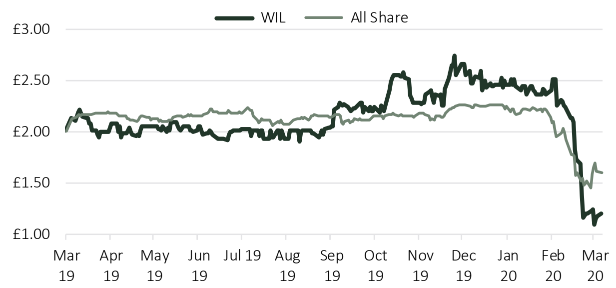
| | |
|---|---|
| Price (p): | **114 p** |
| Market Cap: | 100 m |
| EV: | 140 m |

### PROFIT & LOSS

| **Year to 30 June, £m** | **2016** | **2017** | **2018** | **2019** | **2020E** |
|---|---|---|---|---|---|
| *Risk & Compliance* | *38.8* | *42.3* | *42.1* | *42.5* | - |
| *Professsional* | *36.7* | *39.5* | *34.5* | *33.8* | - |
| *Healthcare* | *30.2* | *38.6* | *44.7* | *46.3* | - |
| **Group revenue** | **105.7** | **120.3** | **121.3** | **122.5** | **108.0** |
| Op. Exp. | (77.5) | (90.2) | (90.8) | (93.9) | (90.3) |
| Central costs | (3.5) | (3.9) | (3.8) | (4.2) | (4.3) |
| **EBITDA** | **24.7** | **26.2** | **26.7** | **24.5** | **13.4** |
| *- margin %* | *23.4%* | *21.8%* | *22.0%* | *20.0%* | *12.4%* |
| Depr & Amort | (2.1) | (2.3) | (2.2) | (2.8) | *(2.9)* |
| **EBITA - Adjusted** | **22.6** | **23.9** | **24.5** | **21.7** | **10.5** |
| Associates & JV's | - | - | - | - | - |
| Net Bank Interest | (1.9) | (2.0) | (2.0) | (2.1) | (2.0) |
| **PBT - Adjusted** | **20.7** | **21.9** | **22.5** | **19.6** | **8.5** |
| Goodwill | (5.5) | (6.0) | (6.4) | (5.0) | (5.0) |
| Share option costs | (0.6) | (0.6) | (0.6) | (0.2) | (0.7) |
| Exceptionals | (18.0) | 0.5 | (13.1) | 0.4 | - |
| Other Financial Items | - | - | - | - | - |
| **PBT - IFRS** | **(3.4)** | **15.9** | **2.3** | **14.7** | **2.8** |
| Tax - Adjusted | (4.3) | (4.8) | (4.5) | (4.1) | (1.7) |
| *Tax rate - Adjusted* | *21.0%* | *21.8%* | *20.2%* | *20.9%* | *20.0%* |
| Minority interests | - | - | - | - | - |
| No. shares m, diluted | 88.8 | 88.8 | 88.0 | 88.2 | 88.0 |
| **Adj EPS (p), diluted** | **17.6** | **18.7** | **19.6** | **17.2** | **7.7** |
| Total DPS (p) | 8.1 | 8.5 | 8.8 | 9.1 | - |

### PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE




*Source: FactSet*

### SHAREHOLDERS

| | **% of ord. Share capital** |
|---|---|
| Aberforth Partners | 15.5% |
| Artemis | 11.9% |
| GVQ Investment Mgmt | 9.6% |
| Premier Miton | 9.6% |
| NFU Mutual | 4.8% |
| Columbia Threadneedle | 4.3% |
| Burgundy Asset Mgmt | 4.3% |
| Chelverton Asset Mgmt | 4.3% |
| Schroder Inv Mgmt | 3.5% |
| Aberdeen Standard | 3.0% |
| | **70.8%** |

### CASH FLOW

| **Year to 30 June, £m** | **2016** | **2017** | **2018** | **2019** | **2020E** |
|---|---|---|---|---|---|
| EBITDA | 24.7 | 26.2 | 26.7 | 24.5 | - |
| Working Capital | (0.7) | 0.5 | (1.0) | 1.9 | - |
| Provisions / Exceptionals | (0.2) | (0.1) | (0.0) | 0.0 | - |
| **Gross Op Cashflow** | **23.9** | **26.7** | **25.7** | **26.4** | **-** |
| Cash Tax | (3.2) | (3.9) | (4.7) | (3.9) | - |
| Cash Intererest | (1.5) | (1.7) | (1.9) | (1.9) | - |
| Minority Divs | (0.0) | (0.1) | (0.1) | (0.5) | - |
| **Net Op Cashflow** | **19.1** | **21.0** | **18.9** | **20.1** | **-** |
| Capex | (1.5) | (2.9) | (5.0) | (3.7) | - |
| **Free Cashflow** | **17.6** | **18.1** | **13.9** | **16.4** | **-** |
| Dividends | (6.8) | (7.2) | (7.5) | (7.8) | - |
| M&A + Deferred | (14.8) | (20.3) | (1.8) | (1.6) | - |
| Other Non Operating | (2.1) | 4.0 | (4.2) | (1.3) | - |
| **Net Cashflow** | **(6.1)** | **(5.3)** | **0.4** | **5.7** | **-** |
| **Net Cash (Debt)** | **(34.7)** | **(40.0)** | **(39.6)** | **(33.9)** | **(42.0)** |

### Announcements

| **Date** | **Event** |
|---|---|
| March 2020 | Covid-19 Update & Dividend |
| March 2020 | Covid-19 Update |
| February 2020 | H1 results FY 2020 |
| November 2019 | Q1 trading update |
| September 2019 | Final results FY 2019 |
| June 2019 | Full year trading update |

### RATIOS

| | **2016** | **2017** | **2018** | **2019** | **2020E** |
|---|---|---|---|---|---|
| RoE | 38.0% | 34.3% | 45.7% | 36.1% | n/a |
| RoCE | 29.1% | 26.6% | 31.0% | 28.2% | n/a |
| Asset Turnover (x) | 1.0x | 1.0x | 0.9x | 0.9x | n/a |
| NWC % Revenue | 12.4% | 11.7% | 9.3% | 3.2% | n/a |
| Op Cash % EBITA | 96.6% | 101.7% | 96.2% | 107.9% | n/a |
| Net Debt / EBITDA | 1.4x | 1.5x | 1.5x | 1.4x | 3.1x |

### BALANCE SHEET

| **Year to 30 June, £m** | **2016** | **2017** | **2018** | **2019** | **2020E** |
|---|---|---|---|---|---|
| Intangibles | 99.8 | 117.9 | 104.4 | 100.7 | - |
| P,P+E | 4.6 | 4.4 | 6.5 | 6.0 | - |
| Tax Asset & Other | 0.9 | 0.8 | 1.1 | 2.8 | - |
| **Total Fixed Assets** | **105.4** | **123.2** | **112.0** | **109.5** | **-** |
| Trade Working Capital | (17.8) | (23.9) | (26.6) | (28.1) | - |
| Other assets / liabilities | (3.8) | (2.1) | (1.7) | (1.9) | - |
| **Net Current Assets** | **(21.6)** | **(26.0)** | **(28.3)** | **(30.0)** | **-** |
| Long Term Liabilities | (6.5) | (7.6) | (4.8) | (2.8) | - |
| Net Cash (Debt) | (34.3) | (39.6) | (39.6) | (33.9) | (42.0) |
| **Net Assets** | **43.0** | **50.0** | **39.3** | **42.8** | **-** |

### VALUATION

| **Fiscal** | **2016** | **2017** | **2018** | **2019** | **2020E** |
|---|---|---|---|---|---|
| P/E | 6.5x | 6.1x | 5.8x | 6.6x | 14.8x |
| EV/EBITDA | 5.7x | 5.4x | 5.3x | 5.7x | 10.5x |
| Div Yield | 7.1% | 7.5% | 7.7% | 8.0% | 0.0% |
| FCF Yield | 12.6% | 12.9% | 9.9% | 11.7% | 0.0% |
| Revenue growth | | 13.8% | 0.8% | 1.0% | -11.9% |
| EPS growth | | 5.9% | 5.0% | -12.0% | -55.2% |
| DPS growth | | 4.9% | 3.5% | 3.4% | -100.0% |

# REGULATORY DISCLOSURES

*Radnor Capital Partners Ltd is authorised and regulated by the Financial Conduct Authority.*

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