SThree PLC

STEM | Small Cap | Support Services |267p |£358m

1 Year Chart

SThree's H1 results have provided more colour on the net fee performance already announced to the market at the Q2 update earlier in June. With the rest of the peer group now reporting their quarter to June trading; the extent of SThree's net fee outperformance is now clear to see. SThree's May quarter saw a 12% YoY decline, compared to a mid-30s average for the peers in their quarter to June. Even factoring for the one month disparity still suggests a materially better SThree net fee outcome.

As we have discussed in previous research, this net fee outperformance does not come as a surprise. Unlike its peers, SThree is a specialist business whose underlying growth drivers (STEM specialism and flexible working focus), if anything, have been amplified by the current crisis. SThree also enjoys leading positions in a number of key markets outside the UK and has undoubtedly benefited in market share terms.

The flip side is the operating leverage impact from investments made over the last year. Heading into this crisis, SThree had been growing headcount in line with its strategic objectives. Tough cost actions have been taken in response to Covid-19 but it is also clear these strategic growth objectives have not been sacrificed. The hit to short term profitability should be set against strong cash-flow performance and a significantly de-risked balance sheet; laying the foundations for recovery in FY21 and beyond.

24th July 2020

Alex deGroote
Iain Daly

adg@radnorcp.com
id@radnorcp.com

+44 (0) 203 897 1832

SThree PLC is a research client of Radnor Capital Partners Ltd.

MiFID II – this research is deemed to be a minor non-monetary benefit

Standing out from the crowd

- **Net fee resilience:** In isolation, the Q2 net fee decline of 12%, would be of concern but we believe this is a remarkably resilient performance in what is generally perceived to be a highly cyclical and GDP sensitive sector. If current trends are maintained there is every chance that SThree could well outperform GDP across Europe, US and the UK. SThree entered this crisis in investment mode and this is impacting short term profitability but management are sticking to their strategic guns.

- **Clear water emerging**. Although there is a one-month mismatch between SThree's reporting and the peer group, it is clear that SThree has materially outperformed its peers thus far. We believe this reflects both SThree's STEM niche focus and a more considered management response to the immediate crisis. Costs have been managed and reduced yet this has varied significantly across different markets.

- **Balance sheet security:** With £136m of available liquidity (not including £88m of net working capital), SThree is in a secure financial position. The focus on working capital management has provided an added boost to a naturally defensive cash-flow profile. We believe investor attention will now be focused primarily on the shape of any net fees recovery and the extent of the outperformance relative to the peer group.

YE – November	Net Fees, £m	PBT adj, £m	EPS (p)	Div (p)	Net Cash, £m	PER x	Yield %
FY 2017A	287.7	44.5	24.7	14.0	5.6	10.7	5.2
FY 2018A	321.1	53.3	29.6	14.5	-4.1	9.0	5.4
FY 2019A	342.4	59.2	32.3	5.1	10.6	8.3	1.9
FY 2020E	*274.5*	*18.4*	*10.0*	-	*22.2*	*26.8*	-
FY 2020E	-	-	-	-	-	-	-

Source: Radnor Capital Partners

Net fee resilience; operational gearing coming into play

SThree has reported interim results for the six months ended 31st May 2020 (link to full announcement here). The key highlights were as follows:

- Gross revenue, £603m (HY 2019: £653m);
- Net fees, £151m (HY 2019: £163m);
- Operating profit, £13.3m (HY 2019: £24.6m);
- Adjusted PBT, £12.6m (HY 2019: £24.0m);
- EPS, 5.7p (HY 2019: 13.5p);
- DPS, nil (HY 2019: 5.1p);
- Net cash, £31m (HY 2019: £-8m, net debt)

- Resilient net fees performance, in the circumstances
  - Group net fees for H1 down 7% YoY, with Q2 down 12%
  - Contract H1 net fees down 5% (Q2 down 11%), Contract now represents 76% of Group net fees (vs HY 2019: 74%)
  - Geographically diversified with 88% of Group net fees generated from international markets (HY 2019: 87%)

- Overall net fees margin was 25.1% (HY 2019: 24.9%), driven by geographical mix and placing higher salary roles. Contract margin increased to 20.3% (HY 2019: 19.8%), with Contract now 76% of the Group net fees in the period (HY 2019: 74%).

- Contract NFDR (Net fee Day Rate) is up 2% YoY. The period ended with contractor numbers of 8,875, down 17% YoY.

- Conversion ratio, 8.8% (HY 2019: 15.1%). Operating expenses decreased by 1.6% YoY, reflecting headcount management, a decline in commissions/bonuses and a pause in advertising campaigns, a temporary reduction of 20% in senior executive remuneration, and the impact of Government support schemes in selected countries.

- Solid financial position
  - Net cash at period end higher at £31m (H1 19: net debt £8.0 million).
  - Access to £50m RCF (fully drawn down) and £50m CCFF (not yet drawn down)
  - £136m of accessible liquidity does not include the net working capital position representing client balances due. As at 31st May 2020, net working capital amounted to £88.3m, a decline of £9.7m from the £98.0m reported at FY19.
  - Net assets, £123.7m (H1 19: £116.8m)

- YoY movements in exchange rates between Sterling and the Euro and the US were a modest net headwind to the reported performance of the Group. Forex movements decreased reported HY 2020 net fees by c£1.0m and operating profit by £0.2m.

- H1 Reported PBT, £13.0m, down 43% YoY. Adjusted PBT was £12.6 million. Adjusted PBT excludes net exceptional income of £0.4m that was recognised in the current period in respect of the government grant income on the relocation of support functions to Glasgow.

Group net fees for H1 20 down 7% YoY. As we highlight later, this benchmarks well against the quoted peer group. Unsurprisingly however, given the phasing and impact of COVID-19, H1 2020 has been ‘a game of two halves’ for SThree.

Following a flat Q1 (period ending Feb), Group net fees in Q2 declined 12% YoY. COVID-19 of course became a very meaningful factor in the world economy from mid-March onwards. For example, US and UK GDP estimates for April show monthly falls of about 11% and 20% YoY respectively, with the pace of contraction in Q2 unlikely to improve materially until the fiscal and monetary stimulus being announced globally takes effect and visible progress is made in tackling the underlying health crisis.

As we have flagged in previous company research, SThree had a creditable Q1 20, with group net fees flat YoY, which was in line with our expectations. Contract net fees + 2% YoY; Permanent net fees -6% YoY, reflecting weaker performances in Japan and UK (Germany however was +4% YoY).

In this broader economic context, the Q2 12% YoY decline in SThree net fees should be no surprise and the (stock) market would have been anticipating a material step-down in net fees. However, our sense is that -12% is a better outcome than would have been anticipated originally. Likewise, the short-term increase in operating leverage should be no surprise to investors as this had been well flagged by the company at the FY19 results.

This rate of universal GDP % decline due to COIVD-19 is unprecedented, and of course reflects business ‘lockdown’ which is only now beginning to ease. At the time of going to print, the rate of lockdown relaxation (including office re-openings) still varies markedly by country. This is a factor which us likely to influence fee income trends for all recruiters going forward. SThree itself operates 47 offices across 16 countries.

As we highlight later, there are also important regional variations in Group performance. However, overall forward visibility remains poor given the challenging macro. And in this context, SThere itself is not yet reintroducing any formal earnings guidance.

H1 20: Response to COVID 19 and progress against strategic priorities

COVID-19 has posed a number of practical challenges in H1. In terms of SThree, we highlight the following ways in which the company has adapted to the challenges:

- Workforce moved rapidly to remote working, with a focus on adjusting and adapting to effective operation irrespective of location
- No staff furloughed in a number of key regions
- Management of headcount enabling market share gains in the Netherlands, Germany and USA
- Investment in technology and infrastructure enabling more effective operation in future
- Ongoing validation in Net Promoter Score ('NPS') across the business, from both clients (up 7 pts to a score of 37) and candidates (up 4 pts to 52)

In spite of COVID-19, SThree has also made positive progress against a number of its longer-term KPIs, namely market share of STEM, free cashflow conversion, learning and development spend as % of profit and the reduction of absolute CO_2 emissions.

Understandably, the group conversion ratio (operating margin %) has fallen in H1 (to 8.8% as disclosed above), but the long-term objective remains 21%-24% range.

By region

DACH (Germany, Austria, Switzerland) delivered a solid H1 fees performance, -1% YoY. There was significant growth in Q1, followed by a decline in Q2 due to Covid-19 impact and against a particularly strong prior year. Technology in H1 was up 1%, with a strong performance in Infrastructure and Software Development. Interestingly, in Germany, there was a strong performance in Permanent Technology sector, up 7% YoY.

EMEA excluding DACH, -12% YoY, reflects a more challenging performance, in particular the UK. At the same time, the Netherlands, for example, delivered a resilient performance in H1 with net fees declining 5%. Notable performances were delivered in Life Sciences, up 10% (Q2 flat) driven by increased placements across Quality Assurance and Medical Devices, and across Engineering, where the focus is on Manufacturing, High Tech and Chemicals.

USA; the H1 performance of the US business is again very creditable in our view, with net fees -1% YoY. There is resilience evident across both quarters, with strong growth across Life Sciences up 13% (Q2 up 11%) and Technology up 4% (Q2 up 5%). The region benefitted from increased activity in Quality Assurance, as more new drugs were manufactured, and seen good growth in tech skills that support digital transformation such as Mobile Applications and Software Development.

Net Fees per Day Rate ('NFDR') increased by 8% YoY, with a focus on higher margin and higher salary roles. And we understand SThree has taken overall market share in H1 20, with significant ongoing upside potential. This region remains a key area of focus.

APAC net fees declined in the half year as the region was impacted by both the Australian wildfires and the earlier impact of Covid-19.

Taking all of the above into account it should be seen that there is a wide range of performance outcomes in H1, by region. Importantly, however, three of the top four countries for SThree overall showed only modest H1 declines YoY: Germany, -2%; Netherlands, -5%; USA, -1%. It is too early to call Q2 a bottom in terms of trading, but in our view this ‘core’ performance is very encouraging.

Group average headcount was up 2% YoY, reflecting a 5% increase in Q1. Group headcount was down 5% sequentially Q2 vs Q1. As stated, group net fees in Q2 declined 12%. However, Contract, which now accounts for 76% of Group net fees, was down ‘only’ 11%.

Balance sheet and cashflow

With the duration of the COVID19 pandemic still unknown, investors are likely to remain focussed on corporate balance sheet strength. In this context, we highlight that SThree screens very well. Net cash of £31m at H1 period end (31 May 2020) compares with H1 19 net debt of £8m. Net assets strengthened YoY to £123.7m.

SThree proactively reallocated headcount to the Glasgow-based collections team, thereby enhancing credit risk processes and systems. During Q2 there was an in-quarter reduction in DSOs (Days Sales Outstanding) to 42 days, from 45 days in Q1). Beyond the substantial working capital ‘unwind’ of £14.6m, SThree H1 cashflow has also benefited from various Government assistance initiatives, including tax deferrals of £5.1m.

In H1 20, £13.3m operating profit was converted to £42.7m operating cashflow rate, a 321% conversion ratio and materially ahead of prior periods. £30.1m free cashflow was generated in the period, which is highly impressive. Uses of free cashflow include £2.1m capex, £0.7m of restructuring, £0.2m of LTIP purchases, £6.7m of prior year dividend payments. Interestingly, the majority of the capex was in relation to the roll-out of IT equipment to meet the needs of remote working.

This strong net cash position is not however the full picture in terms of overall company liquidity. In addition, the Group has a £50m revolving credit facility ("RCF"), committed out to 2023. This has now been fully drawn down. Covenants on the RCF are limited to a net debt to EBITDA ratio of 3:1 and a minimum of 4:1 on EBITDA to interest.

Separately, the Group has 'backstop' funding under the Bank of England's Covid Corporate Financing Facility ("CCFF") of £50m, and a £5m overdraft. Neither of these facilities are drawn down at present.

Therefore, in total, the Group has total accessible liquidity of £136m. In addition, SThree has a £20m accordion facility as well as a substantial working capital position reflecting net cash due to SThree for placements already undertaken.

As a reminder of these exceptional times, SThree did not ultimately propose the 2019 final dividend of 10.2 pence per share, detailed in the Final Results, thereby conserving a further £13.5m.

Looking further out in FY 2020, we would expect working capital release from the Contract heavy model, to offset any earnings decline during the year, notwithstanding the timing of any recovery. Note, SThree pays its contractors before it gets paid by the companies using those contractors.

Clearly, we would be mindful of any increase in credit risk (risk of default) for the Group book of trade debtors, as a result of COVID-19. Hence it is reassuring to note the credit control initiatives undertaken by the Group to preserve cash and identify any early signs of clients' credit deterioration. Overall, the Group recognised expected credit losses of £1.3m (HY 2019: £1.0m).

As an aside, we consider SThree's net cash balance sheet will also be noted by blue-chip industry clients looking to partner with financially secure recruitment providers.

Estimates

SThree's formal market guidance remains withdrawn and we would not anticipate any change to this until at least the Q3 trading update. Although many geographies are beginning to ease their respective lockdowns; there remains a material level of uncertainty around the underlying health crisis and government responses. Hence, at this stage, we are not re-instating our own FY21 forecasts.

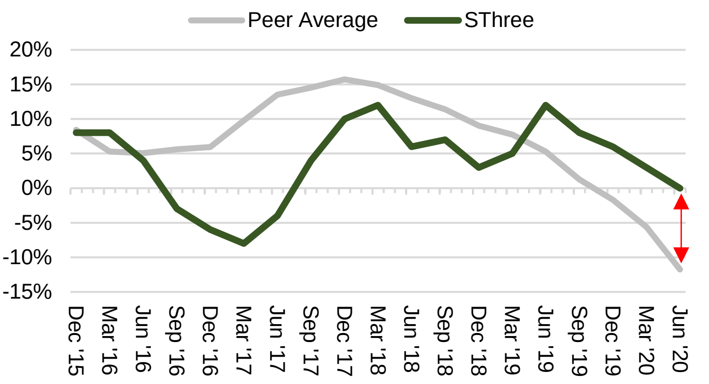
Strong performance relative to the peer group

As highlighted in our previous research; our working assumption heading into this crisis was that SThree had the clear potential to materially outperform the peer group. The evidence of this outperformance has been building for a while through SThree's emphasis on targeted investment in headcount and the secular trends that SThree's niche positioning play towards.

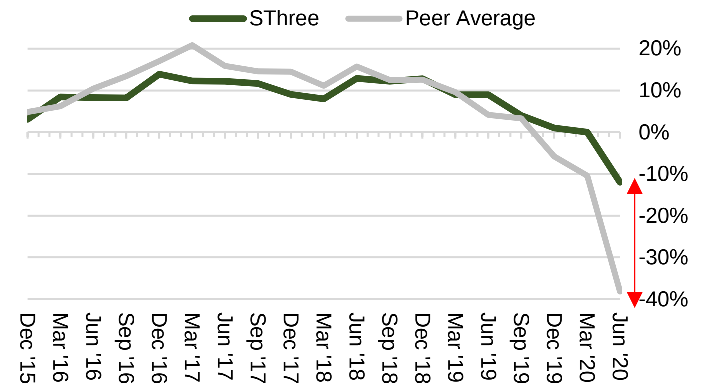
We now have fuller clarity on how the peer group have been performing through this crisis and it is clear that a distinct gap has opened up between SThree and its UK listed peers. There are two important caveats here; firstly, there is one month disconnect between the latest SThree data (to end May) and the others (to end June); and secondly, although a point of positive distinction, the short-term trend is still negative across the peer group.

Below, we update our peer group comparison charts looking at both headcount growth and YoY net fee trends.

Headcount growth relative to UK Staffing peer group



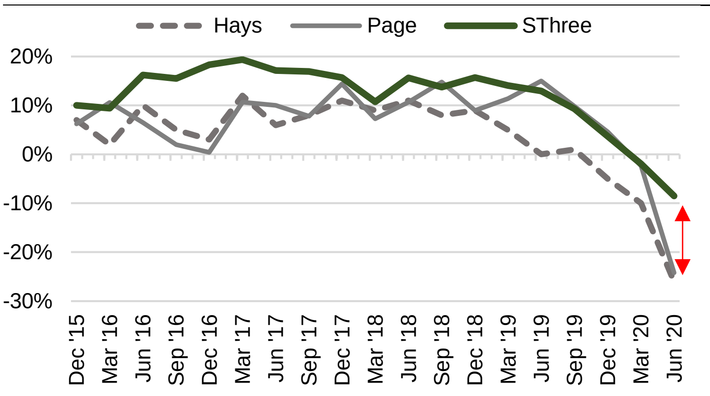
Net fee trends relative to UK Staffing peer Group



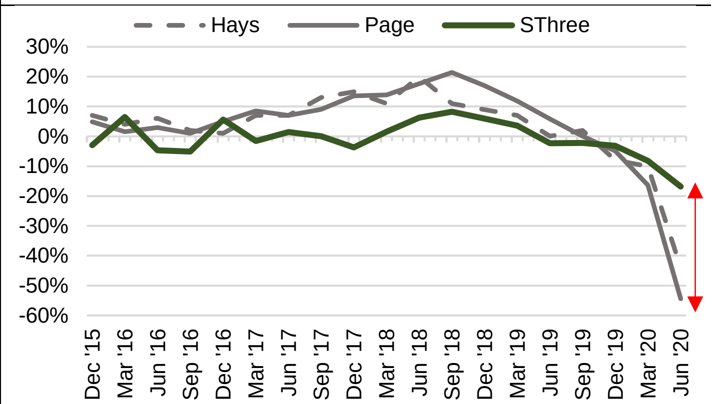
Source: FactSet, Radnor

The two charts below, compare SThree's contract and permanent YoY net fee trends with Hays and Page (for whom quarterly perm / temp splits are available).

Contract net fees relative to Hays and Page



Perm net fees relative to Hays and Page



Source: FactSet, Radnor

The relative outperformance of SThree's contract business is unsurprising; after all the contract model is particularly relevant in STEM based industries where SThree is a specialist operator. However, the extent of SThree's permanent outperformance is particularly notable.

We believe, that the specialist nature of SThree's positioning is the critical factor here. SThree is not run as a generalist staffing business but is instead a holding company for a stable of specialist brands. The primary focus is securing the appropriately skilled candidate for the client role; whether this role is a contract placement or a permanent position is largely determined by the client need and is not dictated by SThree. It so happens that contract placements are the more common model within STEM industries.

Peer Group trading commentary

We are now able to benchmark this H1 20 top-line trend against UK quoted industry peers (Page; Robert Walters; Hays). Each of these companies has now updated the market on current trading. Note, however, they all report to a June period-end, unlike SThree which has a May period end.

We highlight below the reported net fee growth rates, as now reported, together with relevant trading commentary for calendar H1 20, from each of the companies.

- **Page Group:** H1 20 NFI -31% YoY. '*All of the Group's regions were impacted by the COVID-19 pandemic during Q2, resulting in Group gross profit declining -47.6% in constant currencies, down from -11.7% in Q1. In constant currencies, Michael Page was down -46.0%, with Page Personnel declining -51.0% in the quarter.'*

- **Robert Walters:** H1 20 NFI -22% YoY (Q2 -33% YoY). '*We expected the second quarter to be more challenging as periods of prolonged lockdown were instigated across the globe, with the level of fee decline fairly uniform across all of our regions'***.**

- **Hays:** H1 20 NFI -20% YoY (Q4, -34% YoY). '*Conditions in all regions were extremely tough, although ANZ, the USA and Asia performed better than the Group average, as did IT, our largest global specialism. Overall, Temp outperformed Perm, illustrating the relative resilience of the business we have purposely built. Looking ahead, although the outlook remains highly uncertain there are tentative signs of stability.'*

We also note that Hays raised c.£196m through a 20% non pre-emptive placing in April.

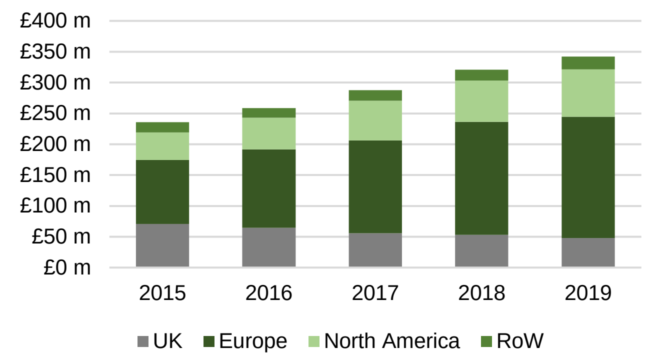
It has always been clear that the net effect of this investment in headcount was always going to challenge H1 FY20 profitability as FY 2019 investments fully annualise leading into H1 FY20. Clearly, the immediate challenges posed by Covid-19 will see this headcount growth reverse, and sequentially there was a 5% headcount decline Q2 vs Q1 2020, although the effects were not uniform across the group.

We believe this is likely to be one of the key differentiators between SThree and other UK listed staffers over the course of this pandemic. Although SThree has, quite rightly, taken active actions on operating costs and headcount, the message has been clear that these actions have been undertaken on a highly targeted basis and have been framed by the key strategic objectives outlined at last year's Capital Markets Day. Key long-term growth markets like the US and Germany, are unlikely to see the same level of cost actions as other areas where the structural growth opportunity is less pronounced.

Fundamentally, SThree has positioned itself squarely at the centre of two broad, long term trends around the growth of flexible working and growing demand for technical skills, which remain in short supply. Despite the severity of the short-term shock Covid-19 has created, these long-term trends will remain in place, or even accelerate. The key challenge for management is to strike the appropriate balance between protecting short term profitability and retaining the capacity to grow post crisis.

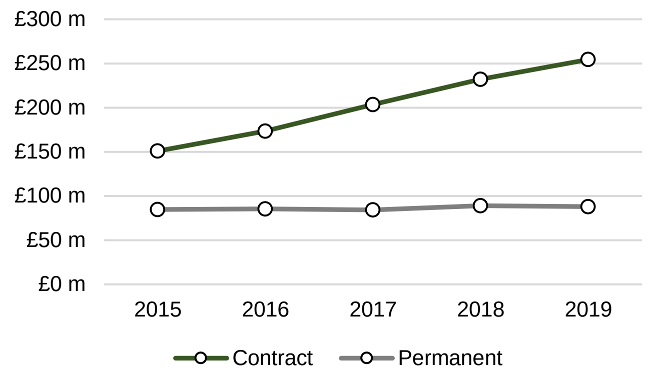
SThree - Key charts

Geographic Net Fees 5 year track record



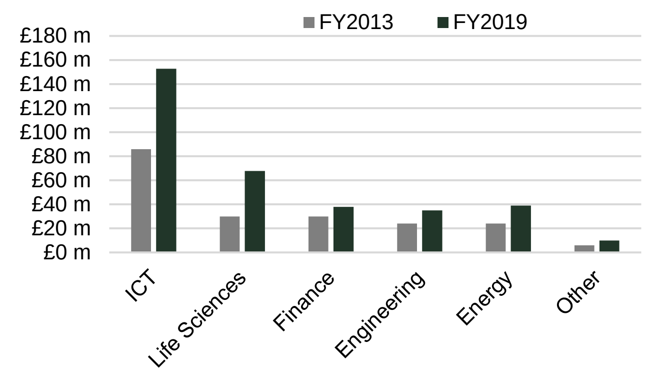
Source: FactSet, Radnor

Contract / Perm Net Fees 5 year track record



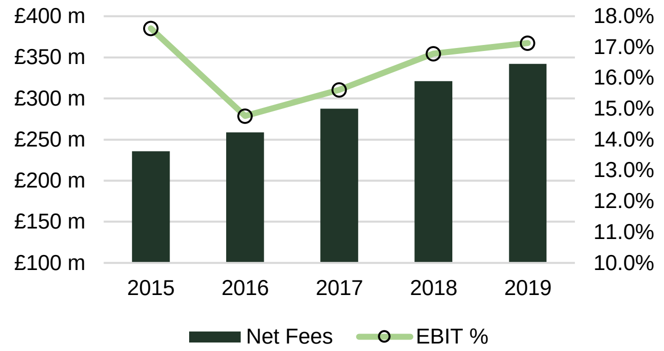
Source: FactSet, Radnor

STEM market Net Fees 2013 vs 2019



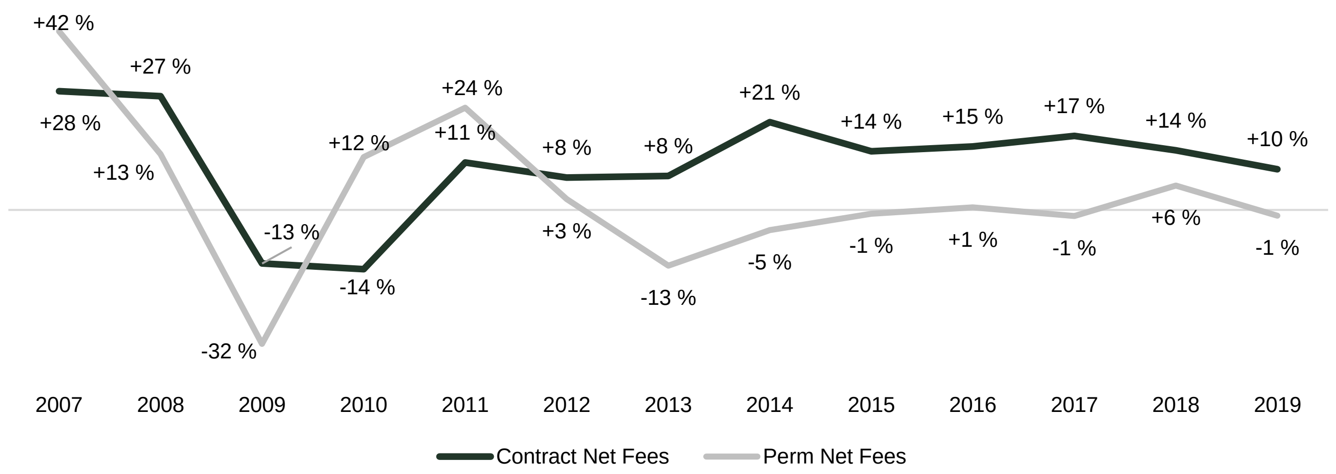
Source: FactSet, Radnor

Net Fees and EBIT margins 5 year track record



Source: FactSet, Radnor

SThree Net Fees YoY growth – Contract vs Permanent



Source: Radnor

Key Estimates

SThree PLC

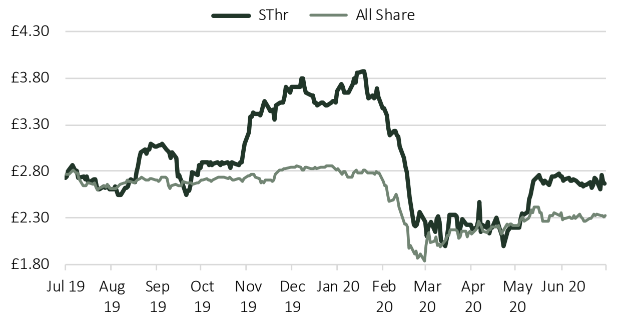
Alex deGroote / Iain Daly
+44 203 897 1832
id@radnorcp.com

Price (p): **267 p**
Market Cap: 356 m
EV: 360 m

PROFIT & LOSS

Year to 31 November, £m	2016	2017	2018	2019	2020E	2021E
Group Sales	**960.0**	**1,114.5**	**1,258.2**	**1,345.0**	**1,098.0**	**-**
Europe	*126.8*	*150.6*	*183.4*	*196.7*	*153.3*	-
UK	*64.7*	*55.7*	*53.1*	*48.2*	*38.6*	-
North America	*51.7*	*64.4*	*66.7*	*76.7*	*64.9*	-
Asia Pacific	*15.5*	*17.0*	*18.0*	*20.8*	*17.7*	-
Group Net Fees	**258.7**	**287.7**	**321.1**	**342.4**	**274.5**	**-**
Op. Exp.	(214.8)	(237.0)	(261.1)	(276.3)	(249.0)	-
EBITDA	**43.9**	**50.7**	**60.1**	**66.1**	**25.5**	**-**
Depr & Amort	(5.7)	(5.7)	(6.1)	(6.0)	(6.4)	-
EBITA - Adjusted	**38.2**	**44.9**	**53.9**	**60.1**	**19.1**	**-**
Associates & JV's	-	(0.1)	0.1	0.1	0.1	-
Net Bank Interest	(0.5)	(0.3)	(0.7)	(1.0)	(0.8)	-
PBT - Adjusted	**37.7**	**44.5**	**53.3**	**59.2**	**18.4**	**-**
Non Operating Items	-	(6.7)	(8.3)	-	-	-
Other Financial Items	-	-	-	-	-	-
PBT - IFRS	**37.7**	**37.8**	**45.0**	**59.2**	**18.4**	**-**
Tax - Adjusted	(9.9)	(11.4)	(13.9)	(15.9)	(5.1)	-
Tax rate - Adjusted	*26.3%*	*25.6%*	*26.0%*	*26.9%*	*27.8%*	*0.0%*
Minority interests	-	-	-	-	-	-
No. shares m, diluted	132.0	132.6	133.1	133.6	133.6	-
Adj EPS (p), diluted	**21.1**	**24.9**	**29.6**	**32.3**	**10.0**	**-**
Total DPS (p)	14.0	14.0	14.5	5.1	-	-

PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE



Source: FactSet

SHAREHOLDERS

	% of ord. Share capital
JO Hambro Cap Mgmt	10.4%
SThree Founders	5.0%
BlackRock	4.9%
Harris Assoc	4.9%
M&G	4.8%
Allianz	4.2%
Chelverton Asset Mgmt	4.0%
	38.2%

CASH FLOW

Year to 31 November, £m	2016	2017	2018	2019	2020E	2021E
EBITDA	43.9	50.7	60.1	66.1	25.5	-
Working Capital	(4.3)	(16.4)	(25.3)	(11.7)	15.6	-
Provisions / Exceptionals	2.6	5.8	(4.7)	(1.3)	(1.5)	-
Gross Op Cashflow	**42.2**	**40.1**	**30.1**	**53.1**	**39.7**	**-**
Cash Tax	(8.5)	(10.9)	(14.4)	(13.0)	(15.9)	-
Cash Intererest	(0.5)	(0.3)	(0.5)	(1.0)	(0.8)	-
Net Op Cashflow	**33.2**	**28.9**	**15.2**	**39.1**	**23.0**	**-**
Capex	(6.1)	(5.8)	(5.2)	(4.5)	(4.5)	-
Free Cashflow	**27.1**	**23.1**	**10.0**	**34.6**	**18.5**	**-**
Dividends	(18.0)	(18.0)	(18.0)	(18.8)	(6.8)	-
Acquisitions & Inv.	(0.7)	(1.2)	-	-	-	-
Other Non Operating	(4.6)	(8.3)	(0.2)	1.4	-	-
Net Cashflow	**3.8**	**(4.4)**	**(8.2)**	**17.2**	**11.7**	**-**
Net Cash (Debt)	**10.0**	**5.6**	**(4.1)**	**10.6**	**22.2**	**-**

Announcements

Date	Event
June 2020	H2 trading update
May 2020	CCFF access and Covid-19 update
April 2020	Covid-19 update
March 2020	Q1 trading update
Jan 2020	Final results FY19
November 2019	Capital Markets Day

RATIOS

	2017	2018	2019	2020E	2021E
RoE	41.0%	38.8%	37.1%	11.6%	-
RoCE	59.6%	51.1%	56.7%	20.8%	-
Asset Turnover (x)	0.1x	0.1x	0.1x	0.1x	-
NWC % Revenue	16.5%	28.1%	22.8%	18.5%	-
Op Cash % EBITA	89.2%	55.8%	88.4%	207.4%	-
Net Debt / EBITDA	0.2x	0.1x	-0.1x	0.2x	-

BALANCE SHEET

Year to 31 November, £m	2016	2017	2018	2019	2020E	2021E
Intangibles	11.6	11.4	9.6	8.0	8.0	-
P,P+E	7.1	6.7	6.9	6.8	8.7	-
Tax Asset & Other	3.2	6.0	4.7	4.2	4.2	-
Total Fixed Assets	**21.9**	**24.1**	**21.3**	**19.0**	**20.9**	**-**
Current Assets	193.9	228.1	288.4	271.0	225.7	-
Current Liabilities	(149.2)	(174.9)	(202.3)	(182.4)	(152.7)	-
Net Current Assets	**44.7**	**53.2**	**86.1**	**88.6**	**73.0**	**-**
Long Term Liabilities	(0.9)	(2.2)	(1.6)	(1.4)	(1.4)	-
Net Cash (Debt)	10.0	5.6	(4.1)	10.6	22.2	-
Net Assets	**75.7**	**80.7**	**101.6**	**116.8**	**114.7**	**-**

VALUATION

Fiscal	2017	2018	2019	2020E	2021E
P/E	10.7x	9.0x	8.3x	26.8x	-
EV/EBITDA	7.1x	6.0x	5.4x	14.1x	-
Div Yield	5.2%	5.4%	1.9%	0.0%	-
FCF Yield	6.4%	2.8%	9.6%	5.1%	-
Net Fees growth	11.2%	11.6%	6.6%	-19.8%	-
EPS growth	18.4%	18.9%	9.1%	-69.2%	-
DPS growth	0.0%	3.6%	-64.8%	-100.0%	-

REGULATORY DISCLOSURES

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

Radnor Capital Partners Ltd
1 King Street
London
EC2V 8AU

www.radnorcp.com

DISCLAIMER

This report is not intended as a solicitation or inducement to buy, sell, subscribe or underwrite any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. However, Radnor Capital Partners Ltd does have strict rules relating to personal dealings by individuals employed or instructed to help prepare investment research. A copy of these rules is available upon request. Radnor Capital Partners Ltd does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contracted persons or entities may have a position in any or related securities mentioned in this report. Radnor Capital Partners Ltd, or its affiliates, may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and can be subject to volatility. In addition, it may be difficult to or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. To the maximum extent permitted by law, Radnor Capital Partners Ltd, or its affiliates and their respective directors, officers and employees will not be held liable for any loss or damage as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication.