

ANEXO GROUP

BUSINESS SUPPORT SERVICES

18 January 2022

ANX.L

148p

Market Cap: £171.1m

SHARE PRICE (p)



12m high/low 148p/125p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£(30.4)m (at 30/06/21)
Enterprise value	£209.7m
Index/market	AIM
Next news	2021 results, 11 May
Shares in Issue (m)	116.0
Executive Chairman	Alan Sellers
CFO	Mark Bringleoe
Bond Turner MD	Samantha Moss

COMPANY DESCRIPTION

Anexo is a specialist integrated credit hire and legal services group.

www.anexo-group.com

ANEXO GROUP IS A RESEARCH CLIENT OF
PROGRESSIVE

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Strong trading update for 2021

PBT significantly ahead of market expectations

Anexo, the specialist integrated credit hire and legal services provider, has released a very upbeat 2021 trading statement, ahead of its 2021 full-year results announcement on 11 May 2022. Revenue growth has exceeded the company's forecasts and profit before tax will be ahead of market expectations. Anexo commented that sustained recovery in its core business in 2021 has been supported by the easing of the second national lockdown. We have made substantial uplifts to our 2021 and 2022 pre-tax profit forecasts.

- Record vehicle numbers in Credit Hire Division.** Vehicles on the road reached record numbers in H2 2021 and peaked at 2,500 during December 2021. This compares with our original year-end forecast of 2,100. Current vehicles on the road stand at 2,300.
- Improved performance in Anexo's Legal Division.** Anexo's legal division, Bond Turner, has benefitted from the easing of lockdown and reopening of the courts. This has enabled Bond Turner to increase case settlements and cash collection. Anexo has indicated that this trend is expected to continue as courts return to normal operation.
- Strong start from the 'Housing Disrepair Team'.** Further to Anexo's 7 December announcement regarding a new Housing Disrepair Team, the team has made a strong start. New cases and settlements are ahead of Anexo's internal projections and strong growth is expected for 2022.
- VW Emissions case.** Anexo is now engaged with some 15,000 claims against Volkswagen AG. All expenses associated with the claims have been expensed as incurred. Total case acquisition and development costs were £800k in 2021.
- Forecast revisions. 2021:** Our revenue forecast is increased by 6% to £109.8m (from £103.7m) reflecting higher average vehicles on the road. Combined with lower VW Emissions case costs than originally forecast, we now forecast reported profit before tax of £23.8m, some 23% above our previous forecast of £19.3m. **2022:** A higher average vehicle count, combined with an uplift in performance for Bond Turner and a strong start from the Housing Disrepair Team, underpins an 11% revenue forecast increase to £125.9m (from £113.9m) and a 29% uplift in reported profit before tax to £27.5m (from £21.4m).

FYE DEC (€M)	2018	2019	2020	2021E	2022E
Revenue	56.5	78.5	86.8	109.8	125.9
Adj EBITDA	18.7	31.9	25.6	34.1	38.4
Fully Adj PBT	16.1	23.0	16.1	24.5	28.2
Fully Adj EPS (p)	11.8	16.6	11.2	16.7	19.2
EV/Sales (x)	3.7x	2.7x	2.4x	1.9x	1.7x
EV/EBITDA (x)	11.2x	6.6x	8.2x	6.2x	5.5x
PER (x) adjusted EPS	12.5x	8.9x	13.2x	8.8x	7.7x

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Forecast revisions

£m unless stated	FY21E			FY22E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	103.7	109.8	6%	113.9	125.9	11%
Adj EBITDA	29.6	34.1	15%	32.3	38.4	19%
Reported PBT	19.3	23.8	23%	21.4	27.5	29%
Fully adj PBT	20.0	24.5	22%	22.1	28.2	28%
Reported EPS (p)	13.1	16.1	23%	14.5	18.6	29%
Fully adj EPS (p)	13.7	16.7	22%	15.1	19.2	28%

Source: Progressive Equity Research estimates

Financial Summary: Anexo Group

Year end: December (£m unless shown)

	2018	2019	2020	2021E	2022E
PROFIT & LOSS					
Revenue	56.5	78.5	86.8	109.8	125.9
Expenses	21.6	31.0	42.6	50.8	56.4
Adj EBITDA	18.7	31.9	25.6	34.1	38.4
Adj EBIT	17.2	25.3	18.7	27.2	30.7
Reported PBT	14.3	22.4	15.5	23.8	27.5
Fully Adj PBT	16.1	23.0	16.1	24.5	28.2
Reported EPS (p)	10.2	16.0	10.6	16.1	18.6
Fully Adj EPS (p)	11.8	16.6	11.2	16.7	19.2
Dividend per share (p)	1.5	1.5	1.5	1.7	1.9
CASH FLOW & BALANCE SHEET					
Operating cash flow	(2.1)	6.2	6.3	11.3	15.4
Free Cash flow	0.5	(3.3)	6.0	(12.4)	(0.1)
FCF per share (p)	0.4	(3.0)	5.2	(10.7)	(0.1)
Acquisitions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	9.2	0.0	6.9	0.0	0.0
Total assets	110.2	141.7	172.2	186.5	212.5
Overdrafts / borrowings/leases	(22.8)	(38.5)	(48.7)	(42.3)	(46.2)
Cash & equivalents	5.5	2.3	8.2	(4.2)	(4.3)
Net (Debt)/Cash	(17.3)	(36.2)	(40.5)	(46.6)	(50.5)
NAV AND RETURNS					
Net asset value	75.8	91.7	110.4	128.3	149.0
NAV/share (p)	68.9	83.4	95.2	110.6	128.4
Net Tangible Asset Value	75.8	91.5	110.2	128.1	148.7
NTAV/share (p)	68.9	83.2	95.0	110.4	128.2
Average equity	65.7	83.7	101.1	119.4	138.7
Post-tax ROE (%)	20.1%	22.3%	12.8%	16.6%	16.4%
METRICS					
Revenue growth	24.7%	38.9%	10.5%	26.5%	14.7%
Adj EBITDA growth	18.4%	70.5%	(19.8%)	33.1%	12.7%
Adj EBIT growth	14.0%	47.1%	(25.9%)	45.2%	13.0%
Adj PBT growth	10.3%	43.3%	(29.9%)	51.9%	15.0%
Adj EPS growth	5.7%	41.3%	(32.6%)	49.2%	14.9%
Dividend growth	N/A	0.0%	0.0%	13.3%	11.8%
Adj EBIT margins	30.4%	32.2%	21.6%	24.7%	24.4%
VALUATION					
EV/Sales (x)	3.7	2.7	2.4	1.9	1.7
EV/EBITDA (x)	11.2	6.6	8.2	6.2	5.5
PER (X) reported EPS	14.5	9.2	13.9	9.1	7.9
PER (x) adjusted EPS	12.5	8.9	13.2	8.8	7.7
Dividend yield	1.0%	1.0%	1.0%	1.2%	1.3%
FCF yield	0.3%	(2.0%)	3.6%	(7.3%)	0.0%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

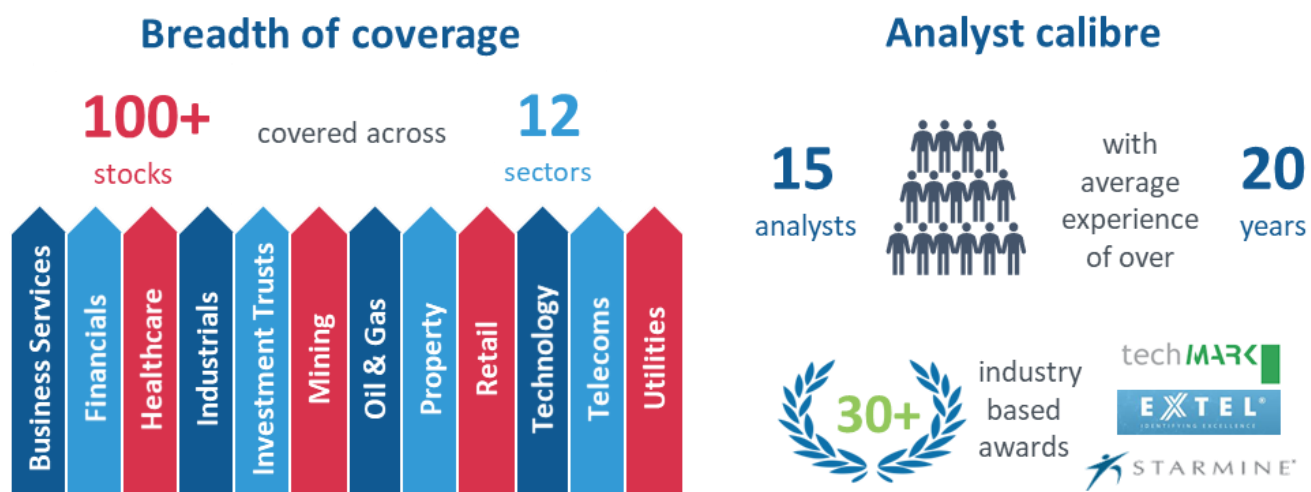
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