

GEAR4MUSIC

CONSUMER DISCRETIONARY

22 June 2021

G4M.L

920p

Market Cap: £192.7m

SHARE PRICE (p)



12m high/low

970p/280p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£2.7m (at 31/03/21)
Enterprise value	£190m
Index/market	AIM
Next news	AGM update - TBC
Shares in Issue (m)	21.0
Chairman	Ken Ford
Chief Executive	Andrew Wass
CFO	Chris Scott

COMPANY DESCRIPTION

Gear4music is a leading international online retailer of musical instruments and equipment.

www.gear4musicplc.com

GEAR4MUSIC IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

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Annus mirabilis...

...and flexed for future growth

Gear4music (G4M) has delivered a superlative set of results against the extraordinary backdrop of the past year. Profit measures are up at all levels, with the company swinging from a net debt to a net cash position at the year end. G4M has also announced plans to open two new European distribution centres and the strategic acquisition of two music brands to support its own brand offer. With a new £35m revolving credit facility (RCF) agreed, G4M is well placed to develop new complementary initiatives and make further acquisitions to strengthen its long-term growth prospects.

- Full year results:** G4M's full year results were in line with the shape outlined in its April post close trading update, with the final EBITDA figure coming in at £19.8m, notably exceeding the prior guidance of not less than £19m. EBITDA was some 154% higher than last year, driven by a 31% revenue increase, a 350bps increase in gross margin and the positive benefits of operational leverage. These very strong results have seen G4M pay down some debt and move to a net cash position of £2.7m from FY20's net debt position of £5.5m.
- New initiatives:** G4M has announced the acquisition of two music brands. It has acquired the heritage drums and percussion brand, Premier, and Eden, a bass guitar amplification brand, previously owned by Marshall Amplification. G4M also plans to open two new distribution hubs in Dublin and Barcelona to strengthen its European distribution network, delivering superior customer service levels in Ireland and Southern Europe. Strategic and complementary acquisitions are clearly on G4M's agenda, with further opportunities to be considered in FY22E and beyond.
- Current trading and forecast upgrades:** Against the toughest quarterly trading comparative of last year, current trading is stronger than the Board's expectations. We have upgraded our FY22E and FY23E forecasts and initiated our FY24E forecasts, all on an organic growth basis ie excluding possible future acquisitions. Our EBITDA forecasts increase to £13.9m (+20%) and £17.5m (+34%) for FY22E and FY23E respectively. We initiate FY24E with an EBITDA forecast of £20.5m. This translates into a 4-year compound annual growth rate (CAGR) of 38% against a base of FY20 ie before the exceptional events of FY21, which in our view gives a better reflection of the underlying long-term growth trend of the company.

FYE MAR (£M)	2020	2021	2022E	2023E	2024E
Revenue	120.3	157.5	157.5	180.1	200.2
Adj EBITDA	7.8	19.8	13.9	17.5	20.5
Fully Adj PBT	3.1	14.6	7.5	10.3	12.9
Fully Adj EPS (p)	12.2	59.7	29.0	39.9	49.9
EV/Sales (x)	1.6x	1.2x	1.2x	1.1x	0.9x
EV/EBITDA (x)	24.5x	9.6x	13.7x	10.9x	9.3x
PER (x)	75.2x	15.4x	31.7x	23.1x	18.4x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

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

Annus mirabilis....

....and beyond

G4M has been an undoubted beneficiary of the knock-on impacts of the global pandemic, which saw major changes to the way people worked, shopped and used their leisure time. With non-essential bricks-and-mortar retailers closed for substantial periods in many countries, the share of consumer spending through the e-commerce channel grew substantially. With many people having to work from home, reducing commuting time, or furloughed, there was considerably more time available for other leisure and hobby pursuits. Throw into the mix the need to keep children entertained when schools and nurseries were closed, and it is unsurprising that G4M enjoyed a bumper year and gained many new customers.

It is clear from the year-on-year growth of the numbers progressing down G4M's profit and loss account that G4M enjoyed a year of super-growth, well beyond the underlying trend trajectory of previous years. This pattern was most extreme in H1, with Q1 throwing up the toughest sales comparative for FY22E (and Q4 the least tough). At EBITDA, EBIT and PBT levels, the year-on-year growth is magnified further by the positive impact of operational gearing. The FY21 year sets a challenging comparative, with the company having delivered the equivalent of around two years of top line growth in a single year (and even more at profit levels).

Smoothing the impact of this annus mirabilis, looking at the longer-term, underlying growth trends over our forecast horizon, shows a company in fine fettle and in strong growth mode. Management has clearly signalled its intent to deliver further growth and increased shareholder value for its investors, with acquisitions and new initiatives complementing the organic growth of its existing business.

The former has been demonstrated with the acquisition of two musical instrument brands, Premier and Eden. These will be added to and strengthen the own brand (OB) offer – and specifically the Drums and Guitars categories respectively, which accounted together for 44% of product sales in FY21. Each brand has a worldwide distribution network in place, and combined they have the potential to add several million pounds to revenues at attractive OB gross margins. We anticipate further such legacy brand acquisitions, which will be accretive to both sales and gross margin in future years. In addition, G4M has said it will also consider the acquisition of online retailers in parallel and complementary markets. Such acquisitions would ideally already be profitable, with a scalable proposition that would benefit from migration to the larger G4M platform. The addition of complementary product categories would contribute to the expansion of G4M's addressable market. Having moved into a net cash position at the year end, and having secured a £35m RCF, G4M is in a strong financial position to explore acquisition opportunities of both brands and other retailers.

In terms of new initiatives, the company has announced two new distribution hubs in Dublin and Barcelona, which will be operational by September 2021, in time for the peak trading period. The Irish hub will primarily serve the total Irish market and greatly facilitate sales into the Northern Ireland, given ongoing import issues resulting from Brexit. The larger Barcelona hub will serve not only Spain but also Southern Europe, and also provides additional storage for the other European hubs. It will increase speed to market in these territories and increase overall customer service levels. The two new hubs will add around 27% extra capacity to the existing £33m stock capacity of the York, Stockholm and Mülheim hubs.

We would also expect to see further developments of the company's proprietary web platform. This will not only focus on upgrades and enhancements (with almost 1,400 deployments being made in FY21), but also new features and services for customers, looking to drive revenue growth. G4M has indicated it is already laying the foundations for several growth promoting features to be launched in FY22E. One such feature, already launched, is digital product sales, allowing consumers to download certain software products and sound libraries, which has the added benefit of reducing warehousing and fulfilment costs.

Smoothing the forecast growth prospects, by using FY20 rather than FY21 as the base year, shows impressive 4-year CAGR rates from the revenue line (+18.5%) through to PBT (+61%) up to FY24E. Further details can be seen below in the Forecast Changes section of this note. With its already proven historical track record as a scalable and profitable business, G4M is set to continue on this course over the longer-term. FY22E will provide tough comparatives, especially in H1 with the full year outturn back-end weighted, but these should be viewed in the context of the operationally leveraged results of the annus mirabilis that was FY21.

FY21 results

Many of the key features of the FY21 results were laid out in the company's post-close trading update in April, albeit with one notable point relating to the EBITDA delivered. In April, G4M said it expected this to be not less than £19.0m. The final figure delivered comfortably exceeded this at £19.8m, giving a 610bps improvement in the EBITDA margin to 12.6%.

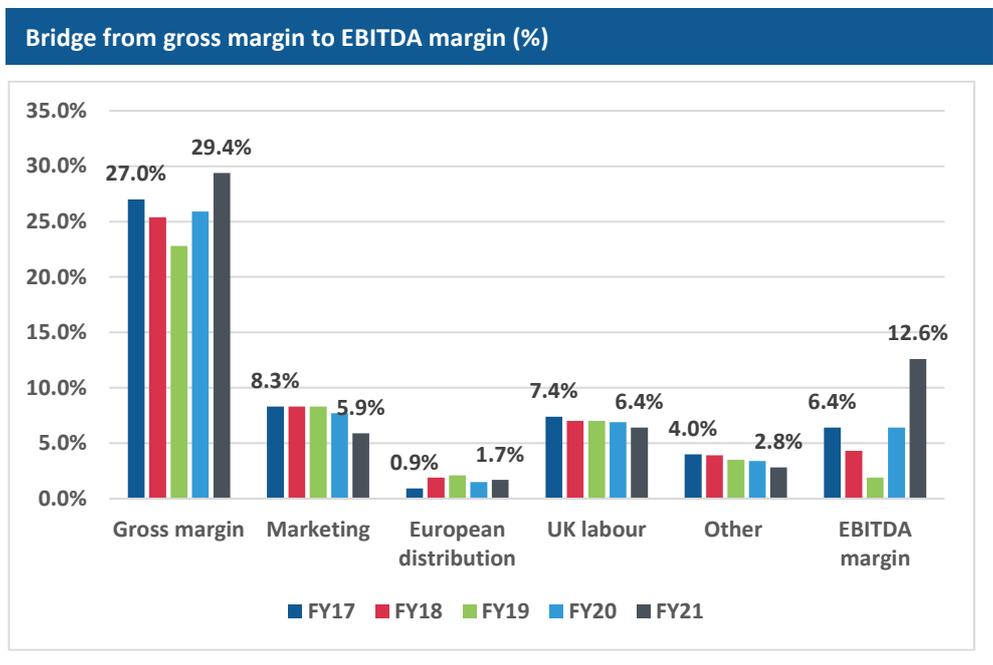
Overview of FY21 results

	FY20	FY21	Change
UK sales	61.8	78.7	27%
International sales	58.5	78.8	35%
Total sales	120.3	157.5	31%
Product sales	114.8	149.6	30%
Product gross profit	35.1	50.9	45%
<i>Product gross margin</i>	<i>30.5%</i>	<i>34.1%</i>	<i>+360bps</i>
Gross profit	31.2	46.4	48%
<i>Gross margin</i>	<i>25.9%</i>	<i>29.4%</i>	<i>+350bps</i>
Operating costs :			
Marketing	(9.3)	(9.2)	(1%)
Labour	(9.7)	(12.3)	27%
Europe/other	(4.4)	(5.1)	16%
Total opex	(23.4)	(26.6)	14%
EBITDA	7.8	19.8	154%
<i>EBITDA margin</i>	<i>6.5%</i>	<i>12.6%</i>	<i>+610bps</i>
Total DA	3.7	4.4	19%
Operating profit	4.1	15.4	275%
<i>Operating profit margin</i>	<i>3.4%</i>	<i>9.8%</i>	<i>+640bps</i>
Interest	(1.0)	(0.8)	
Pre tax profit	3.1	14.6	370%
Diluted EPS (p)	12.2	59.7	389%

Source: Gear4music; Progressive Equity Research

A substantial part of this increase derives directly from the increase achieved in the gross margin, which rose 360bps to 34.1% at the product sales level, and by 350bps to 29.4% at the reported gross margin level against total revenues, which also include carriage income, warranty income and finance commissions.

The benefits of operational leverage were also evident in most of the cost lines between gross margin and EBITDA margin levels. With the exception of European distribution, the other three main cost areas all declined as a percentage of sales – namely marketing, UK labour and other. Even total labour, which increased by 27% year-on-year (yoy), grew at a lower rate than the overall 31% sales increase. With the total finance charge decreasing, the greatest profit increase occurred at the PBT level. Marketing investment was held back as a means of managing demand, especially in Q1 when the distribution hubs were being made Covid-19 secure. Labour costs included an 11% increase in overall headcount, as well as some inefficiencies arising from Covid- related work practices.



Source: Gear4music; Progressive Equity Research

In terms of other notable figures, we would highlight International revenues accounting for more than half of G4M revenues for the first time, and the swing from a £5.5m net debt position at the end of FY20 to a net cash position of £2.7m at the end of FY21. The 27% increase in UK sales saw the company’s estimated share of the UK market rise to 8.9% (against 7.2% in FY20).

Website users and conversion rates

As can be seen from the following table, the majority of metrics relating to website usage and conversion rates moved in a positive direction in FY21.

Website utilisation and conversion rates

Website users:	FY20	FY21	Change
Unique website users (m)	28.4	36.0	27%
UK users (m)	11.0	14.4	31%
European users (m)	16.6	20.8	25%
Mobile traffic mix	56.0%	55.0%	-91bps
Organic traffic	39.0%	42.0%	+300bps
Conversion rates:			
UK	4.8%	5.5%	+72bps
Europe	2.4%	2.6%	+18bps
Mobile	2.4%	2.7%	+31bps
Total	3.3%	3.7%	+40bps

Source: Gear4music; Progressive Equity Research

Website users grew in both the UK and Europe, with overall unique users rising 27% to 36.0 million. Organic traffic accounted for 42% of traffic, an increase of 300bps. Mobile decreased by around 91bps to 55% of traffic, reflecting more people accessing the website from desktop devices while either working from or being furloughed at home.

The conversion rate for mobiles did see an increase, with rises seen also for both Europe and the UK. The overall conversion rate rose 40bps to 3.7%.

The customer base

G4M served 32% more customers in FY21, rising to almost 1.1m in number. New customers rose by 28% to 947K, with repeat customers (including new customers who made at least one further purchase in the year, increasing by 21% to 206K.

Customer metrics

	FY20	FY21	Change
Customers served ('000)	807	1,064	32%
New customers ('000)	704	947	28%
Repeat customers	170	206	21%
Email subscriber database ('000)	650	980	51%
Average order value	£117	£116	(1%)

Source: Gear4music; Progressive Equity Research

The email subscriber base resumed a strong growth trend following the slight dip (-1%) at the interim stage, caused by protocol changes around registering and opt-out on mobiles in the wake of the introduction of GDPR.

The average order value was basically flat at £116. The cost of new customer recruitment fell from £12 to £9, underlining the important point that G4M is profitable from the very first transaction, unlike many online retailers.

Product range development

The product range continues to evolve and grow for the business. The total number of lines offered rose by 7% to 57,900, with the number of brands listed rising by around 2%.

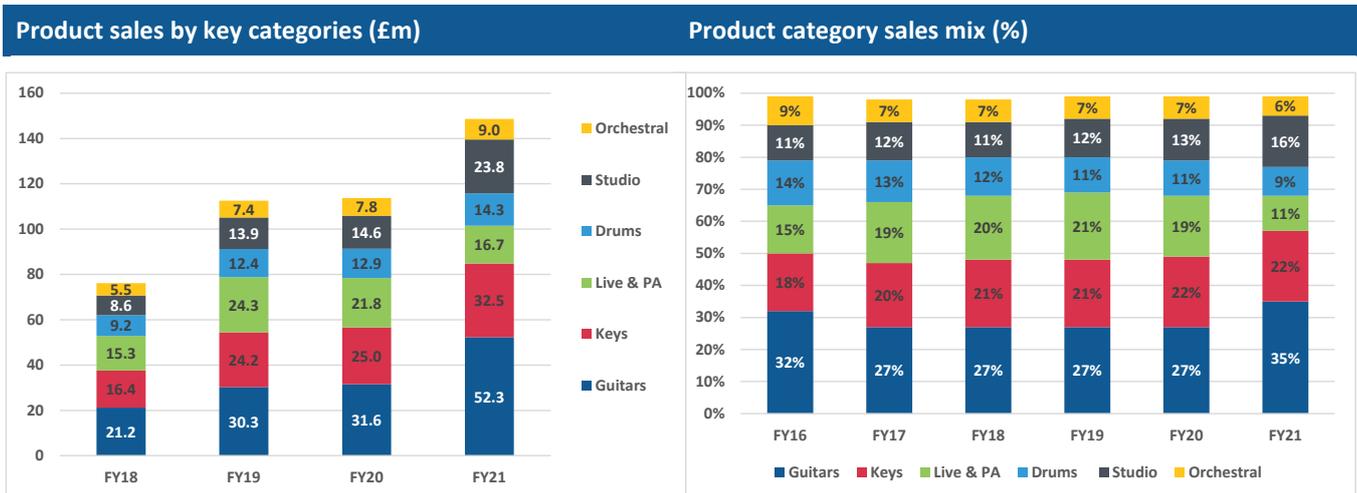
Product range expansion

Range development:	FY20	FY21	Change
Total number of SKU's	54,200	57,900	7%
Brands listed	880	900	2%
Own brand performance :			
Own brand SKU's	3,400	3,800	12%
Own brand SKU mix	6.3%	6.6%	+29bps
Own brand product sales mix	30.9%	30.3%	-52bps

Source: Gear4music; Progressive Equity Research

There was a greater increase in the number of OB lines, up 12% to 3,800, and thereby increasing their sales mix participation to 6.6%. Overall product sales increased by 30.2%, with third party brands rising by 31.2% and own brands by 28.0%. This slightly slower rate of growth for OB products saw the OB product mix nudge back some 52bps to 30.3%. OB products accounted for 28.8% of total sales revenue.

OB gross margin increased from 42.2% to 47.0%, in comparison with other brand gross margin, which rose from 25.3% to 28.4%. OB products therefore accounted for 41.8% of total product gross margin from just 6.6% of product lines. This underlines the importance of OB products, not just as a differentiator from and a barrier to entry to competitors, but as an important contributor of gross profit.



Source: Gear4music; Progressive Equity Research

Forecast changes

The table below summarises the changes to key elements of our forecasts for FY22E and FY23E, as well as the initiation of our FY24E forecasts. The forecast increases are more substantial at profit and EPS levels than at the revenue level, with greater increases in FY23E. We have for FY24E shown the increase over the FY23E revised forecast, which continue to show double-digit growth momentum. Net cash continues to accrue over the period, rising to a forecast £19.6m at the end of FY24E. This cash forecast excludes any potential acquisitions, which might occur within the forecast horizon. Further fuller details of our forecasts, including cash flow and balance sheet, as well as P&L forecasts, can be seen further on.

Summary of key forecast changes

£m unless stated	FY22E			FY23E			FY24E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Increase (%)
Revenue	151.3	157.5	4.1%	167.1	180.1	7.8%	n.a.	200.2	11%
Adj EBITDA	11.6	13.9	19.8%	13.1	17.5	33.9%	n.a.	20.5	17%
Fully adj PBT	6.7	7.5	12.6%	7.9	10.3	31.4%	n.a.	12.9	25%
Fully adj EPS (p)	26.4	29.0	9.9%	31.2	39.9	28.0%	n.a.	49.9	25%

Source: Gear4music; Progressive Equity Research

The following lists some of our key assumptions driving our forecast revisions:

- Turnover:** Our forecasts show continued top line growth from the elevated base of FY21's performance, with our new FY22E revenue forecast (up 4.1%) flat on the achievement of FY21. This equates to a two-year growth rate of 31% compared with FY20, a two-year CAGR of around 14.5%. We assume top line growth of 14% in FY23E and 11% in FY24E. It should be noted that these reflect organic growth, with no contribution assumed from acquisitions, beyond the Premier and Eden brands
- Gross margin:** G4M benefited from the broader market supply and demand situation in FY21, as well as applying discipline to deliver profitable growth, resulting in a substantial gross margin increase. We believe some though not all of this increase will be maintained, and have therefore assumed an unchanged gross margin of across our forecast horizon of 27.9% (compared with the 25.9% achieved in FY20. Our previous FY22E and FY23E gross margin assumptions were 26.3% and 26.5% respectively.
- Operating costs:** We are assuming some reversal of the exceptional benefits of operational gearing achieved in FY21 for FY22E, but further more gradual improvements thereafter. The operating and PBT margins decline in FY22E, but rise steadily across our forecast horizon.
- Capex and inventory:** In light of the new developments announced with regard to the new distribution hubs and targeted growth-oriented developments of the platform, we have increased our assumptions on both the level of inventories held and total capex (including platform additions) across our forecast horizon.

The following table reflects our new forecasts, with a view to highlighting the longer-term growth trends being delivered by G4M. This is effect requires smoothing of the extraordinary growth of FY21. To that end, we have calculated the four-year CAGR up to FY24E using FY20, rather than FY21, as the base year.

This shows strong double-digit CAGR rates from top line through to bottom line, with a magnified effect moving down the P&L account.

Forecast summary and 4-year CAGR to FY24E

	FY20	FY21	FY22E	FY23E	FY24E	4-yr CAGR
Turnover	120.3	157.5	157.5	180.1	200.2	18.5%
Gross profit	31.2	46.4	43.9	50.2	55.9	21.5%
<i>Gross margin (%)</i>	25.9%	29.4%	27.9%	27.9%	27.9%	
Operating costs (exc DA)	23.4	26.6	30.1	32.7	35.4	14.7%
<i>Opex as % of turnover</i>	19.4%	16.9%	19.1%	18.2%	17.7%	
EBITDA	7.8	19.8	13.9	17.5	20.5	38.3%
<i>EBITDA margin (%)</i>	6.4%	12.5%	8.8%	9.7%	10.2%	
Operating profit	4.1	15.4	8.4	11.2	13.8	50.3%
<i>Operating margin (%)</i>	3.4%	9.8%	5.3%	6.2%	6.9%	
Adjusted pre-tax profit	3.1	14.6	7.5	10.3	12.9	61.3%
Adjusted diluted EPS (p)	12.2	59.7	29.0	39.9	49.9	59.8%
Net cash/(debt)	(5.5)	2.7	6.8	11.4	19.6	

Source: Gear4music; Progressive Equity Research

Four-year CAGR rates of 38%, 50% and 61% at EBITDA, operating profit and PBT levels respectively clearly underpin G4M's credentials as a profitable, high growth online retailer.

The following tables give fuller details of our revised forecasts.

Summary of profit & loss account and cash flow forecasts

Profit and loss account	IAS17	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Year to March	FY19 (13 m)	FY20	FY21	FY22E	FY23E	FY24E
Turnover	118.2	120.3	157.5	157.5	180.1	200.2
Cost of sales	(91.2)	(89.2)	(111.1)	(113.6)	(129.8)	(144.4)
Gross profit	26.9	31.2	46.369	43.9	50.2	55.9
<i>Gross margin (GM) (%)</i>	<i>22.8%</i>	<i>25.9%</i>	<i>29.4%</i>	<i>27.9%</i>	<i>27.9%</i>	<i>27.9%</i>
Operating costs	(26.9)	(27.1)	(30.9)	(35.5)	(39.0)	(42.0)
Operating profit	(0.0)	4.1	15.4	8.4	11.2	13.8
<i>Operating profit margin (%)</i>	<i>0.0%</i>	<i>3.4%</i>	<i>9.8%</i>	<i>5.3%</i>	<i>6.2%</i>	<i>6.9%</i>
Depreciation and amortisation	(2.3)	(3.7)	(4.3)	(5.485)	(6.282)	(6.693)
EBITDA	2.3	7.8	19.8	13.9	17.5	20.5
<i>EBITDA margin (%)</i>	<i>1.9%</i>	<i>6.4%</i>	<i>12.5%</i>	<i>8.8%</i>	<i>9.7%</i>	<i>10.2%</i>
Interest charge	(0.6)	(1.0)	(0.8)	(0.9)	(0.9)	(0.9)
Adjusted PBT	(0.6)	3.1	14.6	7.5	10.3	12.9
Exceptional charges	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	(0.6)	3.1	14.6	7.5	10.3	12.9
Adjusted diluted EPS (p)	(0.8)	12.2	59.7	29.0	39.9	49.9
Diluted EPS (p)	(0.8)	12.2	59.7	29.0	39.9	49.9
Dividend (p)	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	FY19 (13 m)	FY20	FY21	FY22E	FY23E	FY24E
Operating profit	(0.0)	4.1	15.4	8.4	11.2	13.8
Depreciation and amortisation	2.3	3.7	4.3	5.5	6.3	6.7
Inventory (increase)/decrease	(1.6)	(3.4)	(6.4)	(2.0)	(1.3)	(2.3)
Debtors (increase)/decrease	1.0	(0.8)	(1.1)	(0.2)	(0.4)	(0.5)
Creditors increase/(decrease)	0.5	3.3	2.6	1.8	(0.6)	1.0
Other	(0.3)	0.4	0.0	0.0	0.0	0.0
Operating cash flow	2.0	7.2	14.9	13.5	15.2	18.7
Interest	(0.4)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)
Tax	0.6	0.5	(1.9)	(1.4)	(1.9)	(2.3)
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure	(4.5)	(3.6)	(4.4)	(6.0)	(6.8)	(6.3)
Trading cash flow	(2.3)	3.3	7.7	5.2	5.7	9.3
Acquisition of businesses	(0.4)	(0.4)	(0.2)	0.0	0.0	0.0
Disposal of businesses	0.0	0.0	0.0	0.0	0.0	0.0
Share issues	0.1	0.0	0.0	0.0	0.0	0.0
Currency effects, other	0.0	(1.0)	0.7	(1.1)	(1.1)	(1.0)
Net cash inflow/(outflow)	(2.5)	2.0	8.2	4.1	4.6	8.2
Net (debt)/cash	(7.5)	(5.5)	2.7	6.8	11.4	19.6

Source: Gear4music; Progressive Equity Research

Summary of balance sheet forecasts

Balance sheet	IAS17	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Year to March	FY19 (13 m)	FY20	FY21E	FY22E	FY23E	FY24E
Tangible fixed assets	10.8	20.2	19.1	18.3	17.0	15.4
Intangible fixed assets	7.8	9.1	10.4	11.7	13.4	14.6
Investments and other	0.0	0.0	0.0	0.0	0.0	0.0
Total fixed assets	18.6	29.3	29.5	30.0	30.5	30.0
Stock	18.7	22.0	28.4	30.4	31.7	34.0
Trade and other debtors	1.7	2.5	3.6	3.8	4.1	4.6
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0
Cash and short term deposits	5.3	7.8	6.2	9.3	13.4	21.2
Current assets	25.6	32.4	38.2	43.5	49.3	59.8
Total assets	44.2	61.6	67.7	73.5	79.7	89.8
Trade and other payables	(11.5)	(14.4)	(18.9)	(20.6)	(20.0)	(21.0)
Borrowings	(8.6)	(9.9)	(0.6)	(0.1)	(0.1)	(0.1)
Other current liabilities	0.0	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Current liabilities	(20.1)	(25.5)	(20.6)	(21.9)	(21.2)	(22.3)
Borrowings	(4.3)	(3.4)	(2.9)	(2.4)	(1.9)	(1.4)
Other non-current liabilities	(1.1)	(11.0)	(9.8)	(9.8)	(9.8)	(9.8)
Non-current liabilities	(5.4)	(14.5)	(12.8)	(12.3)	(11.8)	(11.3)
Total liabilities	(25.5)	(40.0)	(33.4)	(34.1)	(33.0)	(33.5)
Net assets	18.7	21.6	34.3	39.4	46.7	56.3

Source: Gear4music; Progressive Equity Research

Financial Summary: Gear4music

Year end: March (£m unless shown)

	2020	2021	2022E	2023E	2024E
PROFIT & LOSS					
Revenue	120.3	157.5	157.5	180.1	200.2
Adj EBITDA	7.8	19.8	13.9	17.5	20.5
Adj EBIT	4.1	15.5	8.5	11.2	13.8
Reported PBT	3.1	14.6	7.5	10.3	12.9
Fully Adj PBT	3.1	14.6	7.5	10.3	12.9
NOPAT	3.5	13.4	6.9	9.2	11.3
Reported EPS (p)	12.2	59.7	29.0	39.9	49.9
Fully Adj EPS (p)	12.2	59.7	29.0	39.9	49.9
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET					
Operating cash flow	7.2	14.9	13.5	15.2	18.7
Free Cash flow	3.3	7.7	5.2	5.7	9.3
FCF per share (p)	15.9	36.6	25.0	27.1	44.2
Acquisitions	(0.4)	(0.2)	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Net cash flow	2.0	8.2	4.1	4.6	8.2
Overdrafts / borrowings	(13.4)	(3.5)	(2.5)	(2.0)	(1.5)
Cash & equivalents	7.8	6.2	9.3	13.4	21.2
Net (Debt)/Cash	(5.5)	2.7	6.8	11.4	19.6
NAV AND RETURNS					
Net asset value	21.6	34.3	39.4	46.7	56.3
NAV/share (p)	103.2	163.7	187.7	222.8	268.5
Net Tangible Asset Value	20.2	19.1	18.3	17.0	15.4
NTAV/share (p)	96.4	91.2	87.2	81.2	73.4
Average equity	20.2	27.9	37.4	44.7	54.2
Post-tax ROE (%)	72.4%	26.8%	27.6%	28.9%	29.1%
METRICS					
Revenue growth	1.8%	30.9%	0.0%	14.3%	11.2%
Adj EBITDA growth	239.8%	154.9%	(29.7%)	26.0%	17.2%
Adj EBIT growth	8146.0%	275.3%	(45.3%)	32.6%	23.2%
Adj PBT growth	(605.4%)	373.9%	(48.6%)	37.5%	25.2%
Adj EPS growth	(1670.4%)	388.3%	(51.5%)	37.5%	25.2%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margins	3.4%	9.8%	5.4%	6.2%	6.9%
VALUATION					
EV/Sales (x)	1.6	1.2	1.2	1.1	0.9
EV/EBITDA (x)	24.5	9.6	13.7	10.9	9.3
EV/NOPAT (x)	54.8	14.1	27.4	20.7	16.8
PER (x)	75.2	15.4	31.7	23.1	18.4
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	1.7%	4.0%	2.7%	3.0%	4.8%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

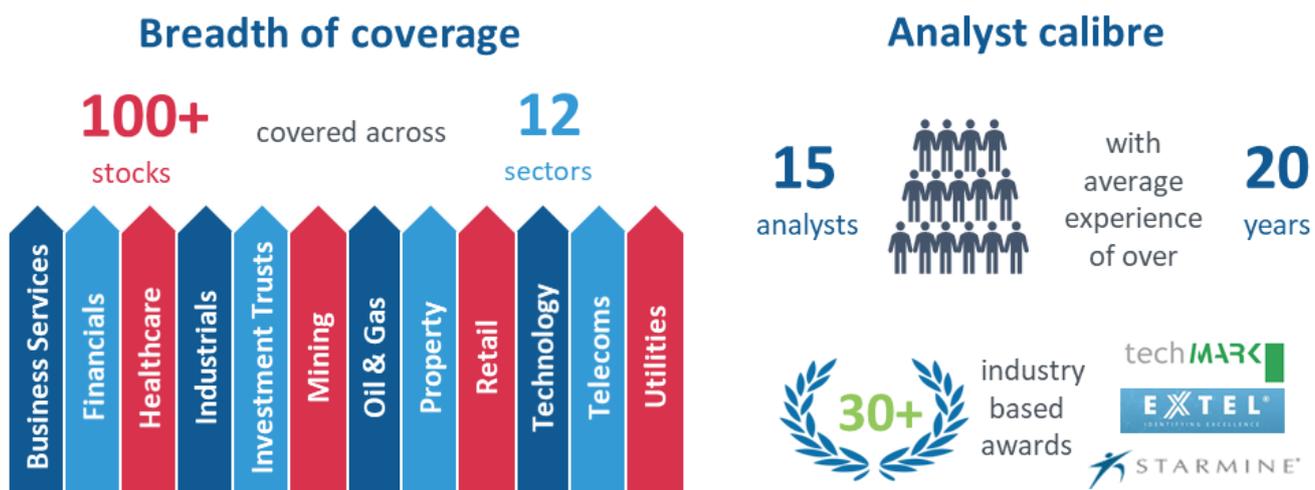
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