Stockdale

06 February 2017

Buy

Current price
25p

Target price
42p

Market cap
£43m

Enterprise value
£43m

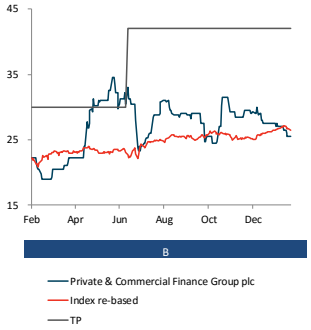
Private & Commercial Finance Group*

Banking licence increases opportunities

On 6 December 2016 PCFG received authorisation to become a bank, two days before delivering record results to end-September 2016. PCFG has already begun the banking mobilisation and expects to be taking first deposits during Q4 FY2017. We have factored in higher banking costs than previously forecast in our FY2017 and FY2018 forecasts but our newly-introduced FY2019 forecasts show that assuming PCFG can meet its medium/long-term targets on portfolio size and returns, then our 42p target price could prove conservative. Buy.

Price performance

	Stock	All-Share
1 month:	-8.2%	0.2%
3 month:	-13.7%	4.4%
12 month:	13.5%	19.1%



Last results
Finals, 08 Dec 16

Next results
Interims, Jun 17

Next event
AGM, 10 Mar 17

Reuters / BBG
PCF.L / PCF LN

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FTSE AIM

Priced at close
02 February 2017

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Key forecasts

Year to Sep	Sales £m	PBT £m	EPS p	EPS growth %	DPS p	Dividend yield %	P/E x	P/NAV x	ROE %
2016A*	55.8	4.0#	1.8#	40.5	0.1	0.4	13.7	1.7	12.7
2017E	64.1	4.4#	2.0#	6.5	0.2	0.8	12.8	1.3	10.3
2018E	80.2	5.2	2.0	0.2	0.3	1.2	12.8	1.3	10.1
2019E	100.2	8.0	3.0	54.8	0.4	1.6	8.4	1.1	13.7

Source: Stockdale estimates, *company data for pro forma 12 months, #Underlying PBT and fully-diluted EPS adding back banking costs of £0.4m in FY2016 and £1.5m in FY2017

Significant progress made in FY2016

On all fronts PCFG delivered excellent results for the 18-month period to end September 2016. The 18-month underlying PBT was £5.6m and on a pro forma 12-month period was £4.0m. A mark of management's confidence is the return to the dividend list for the first time in 13 years. For the 12 months to September there was a 14% increase in new business volumes to £68.4m and the total portfolio grew 13% to £122m. The return on average assets (RoAA) of 3.1% was ahead of our 2.9% forecast. This was also ahead of the company's internal 2.5% target as was the 13% return on equity (RoE) vs 12.5% target.

Financing in place to deliver shorter-term targets

PCFG was notified on 6 December 2016 that its banking licence application had been successful. PCFG believes that, once it starts to be able to use retail financing, it will have a much larger addressable market. While we do not assume that there will be a significant benefit to the revenue/portfolio in FY2017E, in our view there is plenty of shorter term financing headroom (£65m of committed facilities at end September 2016).

Reduced cost of capital will substantially increase addressable markets

PCFG has ambitious medium/long term targets with objectives in three years (by summer 2020) to have a portfolio of £350m and to have an ROAA of 2.5%, an RoE of 12.5% and a deposit base of £250m. After five years, its objectives are to have a portfolio of £750m, RoAA of 3.5% (implying PBT of over £25m), an RoE of 17.5% and a deposit base of £500m.

Valuation undemanding in our view

Despite reducing both our FY2017E and FY2018E adj. PBT forecasts by £0.8m, in our view, the banking licence will prove transformational for PCFG. We have higher banking costs for FY2017E (£1.5m vs £1.0m) and for FY2018E (£1.8m vs £1.3m) and also reduced our adj. PBT by £0.3m in each year to reflect the more competitive lending environment in business finance. The FY2019E forecasts start to show the profit potential from the lower cost of capital. We retain our 42p TP (derived from assuming a 0.6x multiple of our forecast £155m portfolio for FY2017E) and Buy rating.

*Stockdale acts as broker and/or advisor to this company and has agreed to publish research on it at least annually

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Overview

Company activities

Private & Commercial Finance Group (PCFG) specialises in the provision of finance through two divisions, Consumer Finance (providing finance to consumers mainly for used vehicles) and Business Finance (providing finance to SMEs for vehicles, plant and equipment). PCFG last reported it had c.12,000 agreements in place and a total loan portfolio of c.£122m. With a diverse customer base, no single customer accounts for more than 0.6% of the portfolio. From its offices in London, management operates an efficient and scalable business model, with scope for enhanced returns through the expansion of its receivables portfolio. With 55 employees, the company has short lines of communication that enable fast decision-making. This is bolstered further by its internet-based proposals system, eQuote. Focused on near-prime customers, PCFG generates attractive yields and has low bad debt charges.

Key issues on which investors must take a view

At the heart of PCFG's business model is the ability to generate a margin by borrowing from providers of finance at one rate and then lending this on to consumers and SMEs at a higher rate. A key issue in recent years had been the sourcing of new finance as banks cut lending. PCFG has, however, negotiated new and improved funding agreements and currently has committed facilities of £65m, which is adequate for its immediate growth plans. As a collateral-backed lender of good-quality liquid assets with new initiatives for growth, we believe PCFG is well-placed to grow its receivables portfolio and profitability. The award of a deposit-taking banking licence in December 2016 will involve significant mobilisation costs before PCFG gets access to cash at a much lower rate than provided by wholesale funders.

Likely direction of consensus revisions

PCFG's experienced and dedicated management team is now in a stronger position to deliver profit uplifts longer-term given its improved funding and initiatives for growth. However, due to increased banking costs and a tightening of margins, particularly in Business Finance, we have adjusted our PBT forecasts for FY2017E and FY2018E. While we expect a much-increased portfolio size following the attainment of the deposit-taking licence, it will be FY2019 before we forecast any significant earnings progression.

Valuation and reason behind target price

Historically, we have used an earnings-based multiple to derived our target price. While this was sensible given the strong earnings progression up to FY2016, our target price is now based on the market capitalisation as a percentage of receivables. Our 42p target price represents 0.6x the £155m portfolio we forecast PCFG will report for September 2017. Obviously, with our forecast of significant portfolio growth in the next two years there is scope to increase our target price further in due course. We view the re-introduction of a dividend as an additional attraction for investors.

Risks to our view

We believe that PCFG is well placed to deliver a strong rise in its receivables portfolio now it has secured additional funding and the banking licence. A significant increase in competitive pressures or economic upheaval could pose a risk to our positive view. Any problems or delays in the mobilising the banking licence could impact management's ability to grow the portfolio at the pace we forecast and/or the return on average assets in the medium-term.

Assumptions

We include the costs of becoming a bank and the benefits of future deposits in our forecasts from FY2018 onwards

Following moving its year-end to September (from March) to coincide with that of its 68% shareholder Bermuda Commercial Bank PCFG reported an 18-month period for FY2016. It also provided unaudited 12 month periods to September 2015 and 2016 as shown in Table 1 below. We have then shown our forecasts for each of the next three years. We have treated the costs of becoming a bank as exceptional in the years to September 2015, 2016 and now 2017E to try to show the underlying profit progress as in each of these years there are banking costs but no revenue. Our previous FY2017E adj. PBT forecast of £3.7m, however, was after our forecast of £1m of banking costs whereas now we are treating the £1.5m costs as exceptional. On a like-for-like basis our FY2017E basis our adj. PBT forecast would have been £4.7m, which we now forecast to be £03.m lower at £4.4m as a consequence of tighter margins in Business Finance. We have also increased our banking costs forecast for FY2018E to £1.8m vs £1.3m, but we are continuing to absorb the £1.8m into the two divisions and similarly the £1.9m of banking costs forecast for FY2019E. This is because from 2018E onwards the benefits of the reduced cost of capital will start to be reflected in growing the portfolio of receivables. Our £0.8m reduction in our FY2018E adj. PBT to £5.2m from £6.0m is due to a £0.5m increase in banking costs and £0.3m margin pressure. Our newly-introduced FY2019E forecasts show the initial benefits to PCFG of the lower cost of capital on revenues, margins and portfolio.

Table 1: Assumptions

Year-end September (£'000)	2015A	2016A	2017E	2018E	2019E
Consumer Finance					
Revenues	25,772	27,787	31,955	39,944	49,930
% increase	*10.3*	*7.8*	*15.0*	*25.0*	*25.0*
Reported PBT	1,785	1,795	1,598	2,580	3,994
PBT margin (%)	*6.9*	*6.5*	*5.0*	*6.5*	*8.0*
Add back half -banking costs	34	239	750	-	-
Adj.PBT	1,819	2,034	2,348	2,580	3,994
Adj. PBT margin (%)	***7.1***	***7.3***	***7.3***	***6.5***	***8.0***
Business Finance					
Revenues	22,636	27,981	32,178	40,223	50,278
% increase	*12.3*	*23.6*	*15.0*	*25.0*	*25.0*
PBT	1,004	1,807	1,287	2,599	4,022
PBT margin (%)	*4.4*	*6.5*	*4.0*	*6.5*	*8.0*
Add back half -banking costs	33	240	750	-	-
Adj.PBT	1,037	2,047	2,037	2,599	4,022
Adj.PBT margin (%)	***4.6***	***7.3***	***6.3***	***6.5***	***8.0***
Total					
Revenue	48,408	55,768	64,133	80,167	100,208
% increase	*11.2*	*15.2*	*15.0*	*25.0*	*25.0*
Reported segmental PBT	2,789	3,602	2,885	5,179	8,016
PBT margin (%)	*5.8*	*6.5*	*4.5*	*6.5*	*8.0*
Bank costs	(67)	(439)	(1,500)	0	0
Adjusted PBT	**2,856**	**4,041**	**4,385**	**5,179**	**8,016**
PBT margin (%)	*5.9*	*7.2*	*6.8*	*6.5*	*8.0*
Reported PBT	2,789	3,602	2,885	5,179	8,016
End year portfolio size	**108,000**	**121,959**	**155,006**	**230,230**	**300,122**
% return on average portfolio	*2.8*	*3.1*	*2.2*	*2.7*	*3.0*

Source: Company data, Stockdale estimates

Banking Licence

Table 2 below shows the timetable of events since PCFG considered applying for a deposit-taking licence at the beginning of 2015. The various consultation stages of the application process took place over 12 months or so before PCFG submitted its application on 13 May 2016. Coinciding with the appointment of Tim Franklin as non-executive chairman authorisation was granted on 6 December 2016. PCFG expects to complete its mobilisation phase during the fourth quarter of FY2017E although, as we highlighted earlier, we expect no meaningful benefit to revenues/receivables in FY2017E as the first deposits are only likely to occur in the latter part of this financial year.

Table 2: Timeline of banking application/licence

Date	(Calendar year)
2015	
Q1	Banking licence project starts with system selection, business plan production and exploratory conversations with the regulator
Q2	Business plan submitted for feedback sessions
Jul	First of three meetings with regulators occurred
2016	
Jan	Final feedback session meeting occurred
Mar	PRA/FCA invited PCFG to first challenge sessions to discuss the capital and liquidity regulatory reviews (termed the Technical Challenge Session)
Apr	PRA/FCA invited PCFG to second challenge sessions to discuss the Regulatory Business Plan
May	PRA/FCA invited PCFG to submit application, which was duly submitted on 13 May 2016
Dec	Approval from PRA/FCA
	The mobilisation of the business plan begins, including governance, systems, risks, compliance and controls, expected to take between 7–10 months
2017	
Q1	Stockdale forecasts PCFG will raise £10m of regulatory capital as part of the mobilisation process
Q3	First deposits will be taken

Source: Company data, Stockdale estimates

We have forecast that £10m of regulatory capital will be raised through issuing 37 million shares at 25p by end Q1 2017

One of the initial elements of the mobilisation process will be to raise sufficient regulatory capital. We believe that this will range from a minimum of £5m up to £20m. In order to build our forecasts for FY2017E onwards we have assumed that £10m of regulatory capital will be required. We have forecast that this will be achieved by issuing 40 million shares at 25p by the end of Q1 2017.On this basis there will a weighted average of an additional 23.3 million fully-diluted shares in FY2017E and the full 40 million from FY2018E onwards. As discussed earlier in this report we forecast there will be an additional £1.5m of banking costs (£1.0m forecast previously) in FY2017E.

The other key benefit which will flow through, in time, is the ability to improve the margin in the business it is currently funding through its wholesale funding providers

The main benefit from having a deposit-taking licence will be the ability for PCFG to obtain capital at a lower interest rate than it is currently achieving. Our forecasts have assumed that this lower cost of capital will primarily help PCFG grow its portfolio of receivables by focusing on the more prime segments of its markets, while broadly maintaining its net interest margin. The other key benefit which will flow through, in time, is the ability to improve the margin in the business it is currently funding through its wholesale funding providers.

Sensitivity analysis

The full benefit of the cheaper cost of capital will be felt in the years from FY2018E onwards. In Table 3 below, we show a sensitivity analysis on our FY2019E forecasts on a range of return on average assets around the target of 2.5% and on an average portfolio size of £230m to £320m as PCFG's target is to have a portfolio of £350m by summer 2020.

Table 3: 2019 PBT sensitivity analysis to portfolio size and return on average assets (£m)

	Return on average assets				
Average portfolio size (£m)	2.3%	2.5%	2.8%	3.0%	3.2%
230	5.3	5.8	6.4	6.9	7.4
265	6.1	6.6	7.4	**8.0**	8.5
300	6.9	7.5	8.4	9.0	9.6
320	7.4	8.0	9.0	9.6	10.2
350	8.1	8.8	9.8	10.5	11.2

Source: Stockdale estimates

Our central forecast of £8.0m adj.PBT for FY2019 is achieved by assuming a 3.0% RoAA on an average portfolio size of £265m

Our central forecast of £8.0m adj.PBT for FY2019 is achieved by assuming a 3.0% RoAA on an average portfolio size of £265m. Obviously, if PCFG can beat the 3.0% RoAA forecast and/or the portfolio grows ahead of our forecast, then there is upside potential to our FY2019 PBT forecast.

Asset finance market

Asset finance as an alternative source of funding has been a strong growth market

Asset finance as an alternative source of funding has achieved exceptional growth over the last three years and PCFG expects this growth to continue beyond 2016, hence its pursuit of a banking licence to access more of the market. The Finance & Leasing Association (FLA) reported £110bn of new finance was provided to UK businesses and households in 2015. £37bn of this finance helped consumers and businesses buy new and used cars, including over 80% of private new car registrations. FLA members provided £29bn of finance to the business sector and public services, representing almost 32% of UK investment in machinery, equipment and purchased software in the UK in 2015.

While Secure Trust and 1pm have highlighted an increase in competition and concerns about pricing in some areas, there have also been indications of withdrawal from some markets with General Asset Management Leasing Ltd not originating new business from January 1 2017. With PCFG currently having less than 0.5% share of both the Consumer Motor Finance and SME Asset & Vehicle Finance markets, there is plenty of opportunity to grow its portfolio. To date, PCFG's addressable markets have been constrained largely as a result of its current treasury model and pricing structure. These have meant that it is unable to compete on a significant number of transactions. Indeed, PCFG believes that its current pricing structure prevents it from accessing around 80% of each of its two target markets. This section of the market largely comprises customers with a better credit profile than those PCFG currently service, who, by definition, expect to pay a lower interest rate.

There should be opportunity to grow both the amount of new business and, thus, market share in each of its divisions

PCFG will be able to address this barrier issue when it secures lower-cost capital through retail deposits and its new treasury model and, therefore, be able compete in grades higher up the credit spectrum. There should be opportunity to grow both the amount of new business and, thus, market share in each of its divisions. Furthermore, the ability to offer lower rates should ensure that PCFG has better customer retention as currently it loses those customers which improve their credit profile sufficiently to access cheaper finance.

Table 4 below shows eight of the credit ratings in the motor finance market and a selection of companies that PCFG and Stockdale consider to be competitors in those segments. As highlighted above PCFG has, historically, not targeted the more prime elements (AA+) of the market. While the rates are lower than further down the credit ratings when PCFG can access a lower cost of capital it should be able to maintain its net interest margin over larger and better-quality covenants.

Table 4: Motor finance competitors

Credit rating						
AAA		Santander	Barclays	Lloyds Black Horse	Cambridge & Counties	
AA		Santander	Motonovo	Blue	Investec	
A	PCFG	Marsh Finance	Close	Blue		
B+	PCFG	Marsh Finance	Close	Blue		
B	PCFG	Advantage	Moneybarn	Marsh Finance	Close	Blue
B-	PCFG	Advantage	Moneybarn			
C		Advantage	Moneybarn			
D		Advantage	Moneybarn			

Source: Company data, Stockdale

Table 5 shows a similar analysis of the business finance market as shown in Table 4 for motor finance. In our assumptions analysis on page 3 we conservatively showed that we forecast both the motor finance and business finance divisions to grow at the same rate and maintain similar margins from the base in FY2016. However, with the potential for the average loan in business finance to be much larger in the future we would see more upside to our growth projections in this area, notwithstanding the likelihood of continuing fierce competition.

Table 5: Business finance competitors

Credit rating							
AAA		Lloyds Black Horse	Lombard	Hitachi			
AA		Hitachi	Aldermore	Shawbrook	Hampshire Trust	United Trust	Close
A	PCFG	Aldermore	Shawbrook	Close	Paragon	United Trust	
B+	PCFG	Haydock	Close				
B	PCFG	Haydock	Close				
B-	PCFG						
C	PCFG	Catfoss	Davenham	Ultimate			
D		Catfoss	Davenham	Ultimate			

Source: Company data, Stockdale

Valuation

We view the 0.6x ratio of market cap to receivables portfolio implied by our 42p target price as conservative in the light of some of the multiples paid in the last two/three years

Our target price is derived from assuming a ratio of 0.6x the £155m receivables portfolio that we forecast for PCFG to end-September 2017. We then divide the implied £88.4m market capitalisation by the forecast 210.4m fully-diluted shares in issue to derive our 42p per share. We view this multiple as realistic given Non-Standard Finance PLC has been consolidating in this market with the purchase of Every Day Loans from Secure Trust, for which it paid £235m (£107m cash, repaying £108m of debt and £20m of NSF shares), implying a 2.3x multiple relative to its last–reported £102m receivables. Its earlier purchase of the Home Credit business, Loansathome4u, from S&U for £82.5m implied a 2.4x multiple of the January 2015 loan book of £34.6m. Provident Financial Group bought Money Barn in August 2014 for £120m, implying a multiple of 0.9x the £133m receivables at that time; it has subsequently grown this to a £264m portfolio in sub-prime car finance.

Table 6: Ratio of market capitalisation to receivables

Company	Mkt Cap (£m)	Last reported receivables portfolio (£m)	Ratio (x)
PCFG	**43**	**122**	**0.4**
1pm	32	72	0.4
Manx Financial Group	9	112	0.1
Non-Standard Finance	201	165	1.2
Provident Financial	3904	2,056	1.9
S&U	249	174	1.4
Secure Trust Bank	409	1,128	0.4
Average			**0.8**

Source: Company data, Stockdale estimates

The return to the dividend list is positive in our view

Table 5 below shows the valuation metrics (where available) of the above companies. We have used the last reported Price/tangible book value from Factset as a guide but given the different year-ends it is not a like-for-like comparison. We view PCFG's intention to have a progressive dividend policy in place from FY2016 as an added attraction to investors.

Table 7: Peer group analysis

Calendarised data	Price	Market cap	P/E		Yield (net) (%)		P/NAV (X)
to September year end	(p)	(£m)	2017E#	2018E	2017E	2017E	Historic
PCFG	**25.3**	**43.0**	**12.8**	**12.8**	**0.8**	**1.2**	**1.7**
1pm	60.0	32.4	10.3	8.5	0.8	1.2	2.6
Manx Financial Group	9.0	9.2	na	na	na	na	1.3
Non-Standard Finance	64.0	201.3	17.9	10.8	1.5	4.4	2.9
Provident Financial	2642.0	3,904.2	15.4	14.1	4.9	5.4	8.8
S&U	2078.0	248.6	12.2	10.3	4.3	5.1	2.0
Secure Trust Bank	2215.0	409.2	15.6	13.5	3.2	3.6	4.5
Linear average			**14.0**	**11.7**	**2.6**	**3.5**	**3.4**

Source: Stockdale estimates # adding back banking costs. Factset. Priced at close: 02 February 2017

Financials

Table 8: Income statement

Year end September (£ 000)	2016A*	2017E	2018E	2019E
Revenues	55,768	64,133	80,167	100,208
% increase	*15.2*	*15.0*	*25.0*	*25.0*
Cost of sales	-40,105	-46,121	-57,651	-72,064
% group revenues	*71.9*	*71.9*	*71.9*	*71.9*
% increase	*18.1*	*15.0*	*25.0*	*25.0*
Gross profit	15,663	18,012	22,516	28,144
% group revenues	*28.1*	*28.1*	*28.1*	*28.1*
Operating expenses	-7,087	-7,214	-9,640	-11,109
% group revenues	*12.7*	*11.2*	*12.0*	*11.1*
Operating profit	8,576	9,298	12,875	17,035
% group revenues	*15.4*	*14.5*	*16.1*	*17.0*
Bank costs	**-439**	**-1,500**	**-**	**-**
% gross profit	*2.8*	*8.3*	-	-
Operating profit (pre-x)	**9,015**	**10,798**	**12,875**	**17,035**
% group revenues	*16.2*	*16.8*	*16.1*	*17.0*
Net interest inc/(chrg)	-4,974	-6,413	-7,696	-9,019
PBT	3,602	2,885	5,179	8,017
% group revenues	*6.5*	*4.5*	*6.5*	*8.0*
PBT (pre-x)	**4,041**	**4,385**	**5,179**	**8,017**
Tax	-801	-577	-1,036	-1,603
% PBT	*22.2*	*20.0*	*20.0*	*20.0*
% Pre-exceptional PBT	*20.0*	*20.0*	*20.0*	*20.0*
Total tax charge	-801	*-577*	*-1,036*	*-1,603*
Net profit	2,801	2,308	4,143	6,413
% group revenues	*5.0*	*3.6*	*5.2*	*6.4*
Net profit (pre-x)	3,144	3,808	4,143	6,413
% group revenues	*5.6*	*5.9*	*5.2*	*6.4*
RoE (%)	***12.7***	***10.3***	***10.1***	***13.7***
EPS (pre-x) (p)	**1.8**	**2.0**	**2.0**	**3.0**
% increase	*40.5*	*6.5*	*0.2*	*54.8*

Source: *Company data for pro forma 12 months, Stockdale estimates

Table 9: Cash flow

Year end September (£ 000)	2016A	2017E	2018E	2019E
PBT	**3,602**	**2,885**	**5,179**	**8,017**
Depreciation reversal	39	70	70	70
Amortisation	193	445	445	445
Amortisation -other	136	-	-	-
Non-recurring items	-	-	-	-
Change in core working capital	-13,353	-231	998	-5,044
(Profit)/loss on sale of FA	-	-	-	-
Cash tax (paid)/received	-463	-577	-1,036	-1,603
Share based payments	33	-	-	-
Other items	1	-	-	-
Gross cash flow (as stated)	-9,812	2,592	5,656	1,884
Net interest (paid)/received	-	-	-	-
Gross cash flow	**-9,812**	**2,592**	**5,656**	**1,884**
Gross TFA capex	-86	-500	-20	-20
Proceeds from TFA disposals	-	-	-	-
Net capex on TFA	-86	-500	-20	-20
% group revenues	0.2	0.8	0.0	0.0
Intangible fixed assets expenditure	-88.0	-1,500.0	-175.0	-175.0
Acquisitions of businesses	-	-	-	-
Hire purchases advances	-	-	-	-
Issue of ordinary shares	**-**	**10,000**	**-**	**-**
Issue of CULS	-	-	-	-
Debt	15,839	-6,800	-	-
Dividends paid	-	-	-194	-421
Balancing item	-	-	-	-
Change in cash	5,853	3,792	5,268	1,269
Net cash	**5,904**	**9,696**	**14,964**	**16,232**

Source: *Company data for pro forma 12 months, Stockdale estimates

Table 10: Balance sheet

Year end September (£ 000)	2016A	2017E	2018E	2019E
Assets				
Tangible fixed assets	147	577	527	477
Goodwill/intangibles	764	1,819	1,549	1,279
Loans & receivables	80,997	110,210	181,538	239,257
Deferred tax assets	1,424	1,424	1,424	1,424
Non-current assets	**83,332**	**114,030**	**185,038**	**242,437**
Trade and other receivables (debtors)	504	241	301	376
Loans & receivables	40,962	44,797	48,692	60,865
Gross cash (and equivalents)	5,904	9,696	14,964	16,232
Current assets	**47,370**	**54,733**	**63,956**	**77,473**
Total assets	**130,702**	**168,763**	**248,994**	**319,911**
Liabilities				
Debt LT	-89,811	-115,403	-190,092	-250,531
Non-current liabilities	**-89,811**	**-115,403**	**-190,092**	**-250,531**
Provisions	-	-	-	-
Gross debt (and equivalents)	-	-	-	-
Trade and other payables (creditors)	-2,198	-1,050	-1,313	-1,641
Interest-bearing loans and borrowings	-13,986	-15,295	-16,625	-20,782
Tax liabilities	-	-	-	-
Current liabilities	**-16,184**	**-16,346**	**-17,938**	**-22,423**
Total liabilities	**-105,995**	**-131,748**	**-208,030**	**-272,953**
Equity				
Share capital	7,956	17,956	17,956	17,956
Share premium	174	174	174	174
Other reserve	-678	-678	-678	-678
Retained earnings	17,255	19,563	23,513	29,505
Shareholders' funds	24,707	37,015	40,965	46,957
Minority interests	-	-	-	-
Equity capital	**24,707**	**37,015**	**40,965**	**46,957**

Source: Company data, Stockdale estimates

Explanation of recommendations

Each structure below is based on total shareholder return defined as the absolute rise in share price plus dividend payment over a 12-month period

Stockdale recommendation structure		Stockdale recommendation proportions in last quarter			
		All stocks excluding AIM		Corporate stocks excluding AIM	
Buy	+20% or more	Buy	76.7%	Buy	90.9%
Add	+10% to +20%	Add	6.7%	Add	9.1%
Neutral	(+/-) 10%	Neutral	16.6%	Neutral	0.0%
Sell	-10% or more	Sell	0.0%	Sell	0.0%

Source: Stockdale

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The company has seen this research but no material changes have been made as a result.

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