

20 October 2016

Buy

Current price
27p

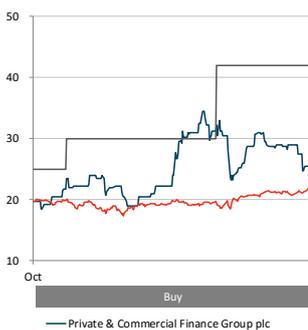
Target price
42p

Market cap
£46m

Enterprise value
£46m

Price performance

	Stock	All-Share
1 month:	-6.9%	2.6%
3 month:	-6.1%	5.2%
12 month:	36.7%	9.8%



Last results
Interims, 09 Jun 16

Next results
Finals, 8 Dec 16

Next event
Finals, 8 Dec 16

Reuters / BBG
PCF.L / PCF LN

Index
FTSE AIM

Priced at close
19 October 2016

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Private & Commercial Finance Group*

Positive trading update

PCFG has announced that it expects to report results for the 18 months to September slightly ahead of expectations. Contributory factors to this was the growing portfolio of receivables and a further reduction in the loan loss provisioning charge, while KPIs such as Return on Average Assets continued to outperform. We expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten and with the banking licence likely to prove transformational we retain our 42p TP and Buy rating.

Key forecasts

Year to	Sales	PBT	EPS	EPS	DPS	Dividend	P/E	ROE
Sep	£m	£m	p	growth %	p	yield %	x	%
2015A#	48.2	2.8	1.3	62.2	0.0	0.0	23.2	10.7
2016E#	54.5	3.6	1.6	21.2	0.1	0.3	16.9	11.0
2017E	62.7	3.7	1.4	-11.4	0.2	0.6	19.3	7.3
2018E	78.4	6.0	2.3	55.7	0.3	1.0	11.7	10.7

Source: Stockdale, # estimates for the 12 months to 2015 and 2016 as year-end changed to September from March

Business continues to show strong growth

£37.2m of new business was written in the six months to 30 September 2016 helping to increase the portfolio of receivables to £122m at end September 2016 (Stockdale had forecast £120m). To date there has been no impact on trading from the EU referendum result in June.

Banking licence to provide further growth prospects

We are encouraged that there is plenty of financing headroom (£65m of committed facilities) in the shorter term. As we flagged in our note "Strong results and banking licence in sight" on 9 June 2016 the granting of a banking licence will open up a much larger addressable market.

Potential for a significant increase in the share price

Ahead of the results being reported on 8 December 2016 we expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten. With the banking licence likely to prove transformational we are happy to retain our 42p target price and Buy rating.

NOTE...FLASH NOTE...FLA

Stockdale

Financials | Equity

Bloomberg
STOC<GO>

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	85.7%	Buy	93.3%
Add	+10% to +20%	Add	7.1%	Add	0.0%
Neutral	(+/-) 10%	Neutral	7.1%	Neutral	6.7%
Sell	-10% or more	Sell	0.0%	Sell	0.0%

Source: Stockdale

Stockdale acts as market maker or liquidity provider to this company.

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

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