

Science in Sport

Elite competitor

Following its acquisition of the complementary brand owner PhD Nutrition, Science in Sport (SIS) is in dynamic expansion in a market that is increasingly serious about sport. Positioned at a premium level, management has secured all the bases to drive scale and success.

Rapidly expanding performance nutrition market

The global sports nutrition market is worth £11.4bn, growing at 8% CAGR to 2023 (Euromonitor). SIS is positioned at elite market level at higher quality than GSK's Maximuscle, while other brands target the lower price and margin mainstream market. The increasing seriousness of non-professional sports and fitness is driving dimensional expansion in its markets for functional products.

Technical, professional-level products

SIS's gels, powders, tablets, shots and bars have functional ingredients such as collagen peptides, nitrates, creatine, proteins, low-dose caffeine and carbohydrates. Both technical content and structure differentiate them from popular alternatives.

Assured marketing

Across a range of sports SIS has elite ambassadorship. Partnerships include Team Sky, USA Triathlon and Manchester United. At the 2016 Olympics, 34 medal winners used its products, which were also used by Chris Froome in his 2018 Giro D'Italia victory. Andy Murray's cloudy water is a SIS product. SIS is the only brand globally holding both Informed-Sport's Site Certification and its Product Certification on banned substance status. Retail partners include Amazon, Tesco, Wiggle, Sports Direct and Goals Soccer. E-commerce was 55% of 2017 sales.

Financials: Set to break into profit

SIS has grown revenue at 24% CAGR over the last five years, accelerating to 34% in H218, and confirms the market forecast of EBITDA break-even in 2019. Its £32m acquisition of complementary brand owner PhD in December 2018 not only adds annual revenue of £20.8m (FY August 2018), but also incremental revenue of £4.0–7.5m over the next three years, as well as supply chain synergies of £2.6–2.9m.

Valuation: EV/Sales of 1.1x indicates value

As an early-stage enterprise, SIS has yet to generate meaningful earnings multiples. However, post the PhD acquisition, EV/Sales of 1.1x for FY19e indicates value.

Market estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	EV/Sales (x)	EV/EBITDA (x)	P/E (x)
12/17	15.6	(1.7)	(3.9)	(7.7)	3.6	N/A	N/A
12/18	21.3	(2.6)	(3.4)	(4.5)	2.6	N/A	N/A
12/19e	49.8	0.3	(1.0)	(0.8)	1.1	220.0	N/A
12/20e	60.2	2.6	1.4	0.9	0.9	21.3	63.5

Source: Liberum via Refinitiv

Food producers

4 March 2019

Price 54p
Market cap £67m

Share price graph



Share details

Code SIS
Listing AIM
Shares in issue 122.4m

Business description

Science in Sport is a leading sports nutrition company that develops, manufactures, and markets innovative sports supplements and nutrition products for use by professional athletes and sports enthusiasts. It has offices in London, San Francisco, Milan and Melbourne, and sells in over 80 countries.

Bull

- UK market leadership in technical sports nutrition with significant international potential.
- Fast increasing market connected to the growing seriousness of non-professional sport.
- Significant synergies and complementary scale through acquisition of PhD Nutrition.

Bear

- Still a small player in a market where majors could launch competing products.
- Products are aspirational and ultimately discretionary.
- Subject to step costs for growth, particularly internationally.

Analysts

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