

Numis Corporation

Keeping course in choppy water

AGM trading update

Financial services

5 February 2019

Price 273p
Market cap £293m

Net cash (£m) at end September 2018 111.7
Shares in issue 107.4m
Free float (AIM rule 26) 75%
Code NUM
Primary exchange AIM
Secondary exchange N/A

Share price performance



Business description

Numis is one of the UK's leading independent corporate advisory and stockbroking groups, offering a full range of research, execution, equity capital markets, corporate broking and advisory services. It employs over 270 staff in offices in London and New York, and at the end of September 2018 had 210 corporate clients.

Next event

Trading update End March 2019

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Unsurprisingly, Numis's AGM update highlights the difficult macro and equity market background in the first four months of the company's financial year. Corporate transactions, equity issuance and investor activity are all subdued. The trading book has also suffered in these conditions. A positive indicator of the continuing strength of the franchise is that research and sales income are on track to be maintained. Our estimates are unchanged, although we note this would require a stronger second half than we originally assumed.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
09/16	112.3	32.5	22.4	12.0	12.2	4.4
09/17	130.1	38.3	25.9	12.0	10.5	4.4
09/18	136.0	31.6	23.0	12.0	11.9	4.4
09/19e	124.9	25.4	18.0	12.0	15.2	4.4

Note: *PBT and EPS are diluted on a reported basis.

Details from update

Numis indicates that Corporate Broking and Advisory is performing in line with H218 (which was 26% below H118). Average deal fees have been in line with FY18 but the number of transactions is c 25% lower. Within the Equities business, lower trading activity by institutional investors means that institutional revenue is approximately 25% lower. The challenging conditions have also meant the trading book has generated a marginal loss in the period (for the whole of H118 there was a profit of £4.6m).

As noted, there is a positive indicator on research and sales revenue, which, based on current conversations with clients, is set to match the level of FY18. The pipeline of opportunities remains strong and it seems reasonable to expect a resurgence in activity once there is greater certainty on the political and economic background. Numis continues to focus on enhancing service levels to clients and securing the benefits of the investments it has made to build the franchise further (see our [outlook note](#) January 2019).

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