EDISON

Tungsten Corporation

FY17 results

Focus on delivery and growth

Financial services

Tungsten Corporation's FY17 results confirm it is making good progress in implementing its more focused strategy and reengineering its internal processes to create greater operational leverage as demand for its e-invoicing and related services grows. The sale of Tungsten Bank last year and the start made on internal repair measures were key steps in improving the business and management can now focus on delivering profit and exploiting the attractive growth opportunities it is addressing.

Year end	Revenue (£m)	EBITDA (£m)	EPS (p)	Net cash (£m)	Buyer numbers	Supplier numbers (000s)
04/15	22.5	(25.2)	(26.9)	32.6	173	181
04/16	25.9	(16.2)	(22.0)	27.0	175	203
04/17	31.3	(11.8)	(9.9)	17.5	183	251
04/18e	36.7	(6.0)	(9.3)	10.3	196	277

Note: FY15 includes Tungsten Bank. Tungsten does not currently pay a dividend.

Full year 2017 results demonstrate progress

The group's FY17 results showed revenue growth of 21% or 12% on a constant currency basis. Buyer revenue growth was particularly strong at 35%, partly reflecting successful contract renewal negotiations. The EBITDA loss reduced from £16.2m (restated to exclude Tungsten Bank) to £11.8m (-27%) or by 31% on a constant currency basis. Net cash at the year end stood at £17.5m or £21.7m including invoice financing carried out on balance sheet on a transitional basis. The cash position reflects the benefit of the December sale of Tungsten Bank effectively refinancing the group as it makes progress towards profitability and operating cash generation.

Outlook

The substantial potential savings available to companies adopting e-invoicing in place of paper- or email-based processes remains a key underlying driver of growth for Tungsten. The large price increases achieved in contract renewals in FY17 (49% on a weighted basis) are a tangible measure of the value the Tungsten Network delivers and an important contributor to its path to profitability and cash generation. Tungsten has reiterated that it targets run-rate EBITDA profit in calendar 2017. The invoice financing offering has only recently been relaunched, but this and other adjacent service offerings to network customers may also make contributions to profitable growth.

Valuation

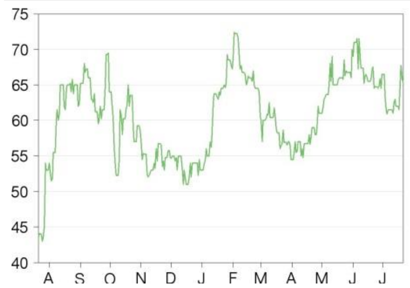
Tungsten is moving towards profitability, which makes valuation particularly sensitive to assumptions on the timing and pace of an expected move into profit and cash generation. Nevertheless, currently trading at an enterprise value of below 2x FY17 revenues, Tungsten appears modestly valued compared with two quoted peers and is in a sector that has already seen consolidation as larger players look to add scale or expertise.

24 July 2017

Price	**65.25p**
Market cap	**£82m**

Net cash (£m) at end April 2017	17.5
Shares in issue	126.1m
Free float	100%
Code	TUNG
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(3.3)	10.6	50.0
Rel (local)	(3.5)	6.1	33.6
52-week high/low		72.4p	43.0p

Business description

Tungsten Corporation operates a global e-invoicing network, as well as providing value-added services such as spend analytics to help buyers on its network save money, and invoice financing to suppliers to enable them to receive early payment on their invoices.

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Tungsten Corporation is a research client of Edison Investment Research Limited

Addressing e-invoicing and related opportunities

Cost saving for customers through e-invoicing

Tungsten Corporation was established in 2012 and listed on AIM in 2013. At flotation it had agreed the acquisition of an e-invoicing business, OB10, itself founded in 2000, and a bank. The aim was to develop the established, multinational e-invoicing business network and to offer additional services such as data analytics and, through the bank, invoice discounting to suppliers on the network. The business completed the acquisition of Tungsten Bank in 2014 and developed the Tungsten Network post-flotation, including the purchase of a business specialising in the automation of accounts payable (DocuSphere, now renamed Tungsten Workflow).

Tungsten operates in attractive markets providing process automation and data digitisation. The core e-invoicing business provides a network service for buyers and their suppliers that generates electronic invoices enabling automated straight-through processing. This is not possible with an emailed pdf, for example. E-invoicing can minimise processing errors, reduce buyer invoice processing costs by as much as 60% (Exhibit 1[1]), while suppliers also gain in terms of efficiency and improved visibility of the status of their invoices and the expected payment date, thereby helping to avoid friction between buyers and sellers. Fraud prevention is another important benefit of adoption as invoice validation is incorporated into Tungsten Network's process. Tungsten estimates invoice fraud costs UK SMEs £9bn a year or £1,658 per company.

Exhibit 1: Potential savings per invoice through e-invoicing (based on customer case)

$	Paper	e-invoice
Print, envelope, send	4.15	0.00
Payment reminders	0.53	0.43
Remittance and cash management	4.79	3.19
Archiving	2.34	0.85
Full cost per invoice	11.81	4.47

Source: Billentis/Tungsten Corporation

Tungsten Network generates its revenues through charging initial set-up fees, subscription fees and per transaction fees. The fixed element of fees accounts for 60-70% of revenue and with high customer retention rates is recurring in nature. At end April 2017 there were 183 public and private sector buyers (c 44% of revenue) and 251,000 suppliers (56% of revenue) on the network. Within the supplier population the number of larger, Integrated Solution suppliers is around 10,000 and they account for approximately 80% of supplier revenues. Smaller suppliers frequently use Tungsten's Web Form service (as the name suggests, they enter invoice details on a web form) and 80% of these suppliers generate no revenue for Tungsten. They are nevertheless strategically important for the company as they form part of the supplier universe, for which buyers pay Tungsten to provide a digital network and they are also a potential source of additional revenue if they can be recruited as Integrated Solution suppliers or buy other adjacent services.

Adapting to achieve profitability

Once Tungsten had moved beyond its start-up phase the board recognised the need to contain the rate of cash depletion and improve operational performance. To this end, Rick Hurwitz, previously head of Tungsten Network US, was appointed as chief executive (July 2015) and David Williams as chief financial officer (March 2015). The executive undertook a strategic review to help address the mismatch between delivery and stock market expectations.

[1] Another report published in June 2017, prepared by Aberdeen Group, cites survey data in which the top 20% scoring respondents had a straight through invoice processing penetration rate of 41% and an individual invoice cost of $3.37 compared with a penetration rate of 18% and cost of $5.42 for the remaining 80%, a 38% saving for the top 20%. (Invoice management: technology you need yesterday, today, and tomorrow.)

As part of the reappraisal, Tungsten decided to sell Tungsten Bank because its agreement with Insight Investment (part of Bank New York Mellon) provides sufficient funding for the invoice finance offering, so the cash tied up in the business and costs of running a regulated bank were not justified. The sale was completed in December 2016, effectively recapitalising the business by releasing nearly £30m of cash and providing a net annual cost saving of c £2m. The invoice financing offering (Tungsten Network Finance) has been relaunched under the leadership of Prabhat Vira, an experienced trade financing executive who joined Tungsten in 2016. The funding partnership with Insight Investment, initiated in 2014, was reaffirmed and expanded last year. Under the partnership agreement, Insight Investment provides funding for supplier finance, while Tungsten receives a share of the income generated. Two further partnerships have been added recently to enable a broader range of customers to access funding through Tungsten Network Finance. A partnership with BlueVine will provide Tungsten's US-based small and medium-sized customers with access to up to $100,000 in working capital finance with fees only charged on the outstanding balance. For the larger financing needs of buyer customers another partnership with Orbian will provide a source of supply chain finance. Orbian acts as an introducer to a panel of over 20 lenders including banks, corporate treasuries and institutional investors globally.

Much work has been undertaken and is still underway at Tungsten Network. The results already reflect improved operating efficiency and strengthened customer relationships. Contracts and pricing structures for buyers are now more standardised and substantial price increases have been negotiated on contract renewals that better reflect the value delivered. Steps are being taken to increase interaction with suppliers and, in addition to the revised invoice financing offering, Tungsten is focusing on offering additional adjacent services to customers. Recently added is a foreign exchange conversion service launched in partnership with Payoneer that simplifies administration and reduces costs for vendors when they receive payments in a foreign currency from international customers.

This year it has also launched its Invoice Data Capture (IDC) service which digitises paper invoices, validating and enriching the data. This allows buyer customers to achieve full digital conversion of their invoices for transmission to their accounts payable departments even where some suppliers have not signed up to the network. IDC is valuable as a way of giving time to onboard suppliers when new buyers are signed up. Three buyers have already adopted the service.

On technology, Tungsten is progressively updating its network technology to a modular system, enabling increased flexibility and facilitating greater automation. As part of this exercise Tungsten will move to a new IT provider during FY18. These measures are an important element of measures to contain costs and achieve greater operational leverage. As an example, the use of artificial intelligence and introducing the capability for suppliers to sign themselves up can reduce errors and manual intervention substantially in the process of supplier onboarding.

Key points from FY17 results

In its May trading update Tungsten signalled that FY17 revenues and cash would be higher than previously guided with a lower EBITDA loss. The full year result confirmed this outcome and set out guidance for FY18 for the first time including an indication that the group remains on track to reach monthly EBITDA breakeven by the end of the calendar year. Key financial points from the statement were as follows with Exhibit 2 below providing a summary comparison of the income statement.

- **Revenue** for the year was £31.3m which represented growth of 21% from FY16 or 12% on a constant currency basis. Within revenues buyer revenue increased by 35% reflecting a combination of successful negotiation of price increases on buyer contract renewals together with a modest increase in buyer numbers.

- The group now splits out the cost of sales figure (all relates to Tungsten Network) of £2.3m allowing us to monitor changes in **gross margin**. The level of gross margin for FY17 was little changed at 92.6%.
- The **EBITDA loss** (excludes the discontinued Tungsten Bank) was £11.8m. Reflecting the mix of revenue and costs, exchange rate moves only had a modest beneficial impact on this number and, on a constant currency basis, EBITDA would have been £11.2m (a reduction in loss of 31%).
- The discontinued line, with a loss of £0.2m, reflects a net loss of £2.1m at **Tungsten Bank** prior to disposal partly offset by a gain on disposal of £1.9m.
- **Cash** at the year end stood at £17.5m or £21.7m including self-funded invoice financing of £4.2m held on a transitional basis prior to financing by Tungsten's financing partners (see next section).

Exhibit 2: FY17 income statement summary comparison

£m	2016	2017	% change
Supplier revenue	15.8	17.4	10.6
Buyer revenue	10.1	13.7	35.2
Tungsten Network	25.9	31.1	20.7
Tungsten Network Finance	0.0	0.2	N/A
Revenue	**25.9**	**31.3**	**20.7**
Cost of sales	-1.9	-2.3	16.1
Gross profit	**24.0**	**29.0**	**21.2**
Operating expenses	-40.1	-40.8	1.7
EBITDA	**-16.2**	**-11.8**	**-27.1**
Depreciation, amortisation and impairment	-2.5	-2.8	11.2
Share-based payment	-0.5	-0.4	-15.3
Net finance income	0.4	2.3	525.6
Other income	0.3	0.0	-100.0
Loss before tax	**-18.5**	**-12.7**	**-31.4**
Taxation	0.7	0.4	-38.6
Loss from continuing operations	-17.8	-12.3	-31.1
Discontinued operations	-9.4	-0.2	-97.6
Loss for year	**-27.2**	**-12.5**	**-54.1**
Gross margin %	92.7	92.6	-0.1pp

Source: Tungsten Corporation, Edison Investment Research.

Our next exhibit shows a selection of performance indicators starting with the number of buyers and suppliers (up 5% and 24% respectively). During the year 10 new buyers were added for a net addition of 8 to 183 while 48,000 new suppliers were also connected to the system taking the total to 251,000. Although there is some erosion of buyers and suppliers it should be noted that those that drop out tend not to be large users of the network and therefore have a limited impact on revenues.

The company reported that 17.1m invoices were processed in FY17, an increase of 6% on the prior year. Tungsten notes that while this growth rate is somewhat below the level they would have hoped for it tends to be a lagging indicator reflecting the time it takes to sign up suppliers and generate flows through the network as they add new buyers. Prospectively, the launch of IDC may help to accelerate uptake and invoice processing levels.

Revenue per invoice increased 12% to 182p in part reflecting the price increases negotiated with buyers as noted above. The weighted average price increase on the 41 contracts renegotiated during the year was 49% and this contributed £0.6m to FY17 revenue with a further £0.4m to come in the current year, plus the benefit of any further increases on contract renewals. We see this as an encouraging indication of the value customers place on the service and the favourable balance of cost and benefit.

Exhibit 3: Selected key performance indicators

Year to April	2015	2016	2017	% change
Total buyers	173	175	183	4.6
Suppliers	181,000	203,000	251,000	23.6
Total invoice volume (m)	14.8	16.1	17.1	6.2
Revenue per invoice (p)	146	162	182	12.3
Adjusted operating expenses (£m)*	45.3	40.1	40.8	1.5
Tungsten Network Finance average invoice outstandings (£m)	2.9	11.1	13.7	23.4

Source: Tungsten Corporation, Edison Investment Research. * Adjusted operating expense for FY15 includes Tungsten Bank which is excluded from FY16 and FY17 figures.

A reduction of £2.5m in operating expenses was secured through the disposal of Tungsten Bank while, excluding the bank, adjusted operating expense was broadly stable at just over £40m (Exhibit 3). The underlying cost containment reflects the benefits of investment in processes and systems to ensure the operating base is lower, more stable and controllable, providing the opportunity to realise operational gearing as revenues grow.

Finally, the level of average invoice outstandings has continued to increase substantially but is still at an early stage and, as we show in the next section, we expect further strong expansion here supported by Tungsten's funding partners.

Outlook: Looking to move into profit in calendar 2017

In its results statement Tungsten set out **guidance for FY18** as follows:

- Constant currency revenue growth of more than 15% (we estimate 17%)
- Gross margin of at least 90% (compares with last year's 92.6%)
- Adjusted operating expenses of less than £40m (excluding one-off costs of c £2m and compared with £40.8m for FY17)
- The group remains on track to achieve monthly EBITDA breakeven before the end of the calendar year

The group comments that a key focus during the year will be the move to new IT infrastructure providers allowing greater flexibility, improving customer experience and containing costs for the future. This will involve costs of £1.5m while further measures to ensure effective deployment of resources will mean redundancy costs of £0.5m resulting in total one-off costs of c £2m that will be excluded from reported EBITDA. The payback period for this investment is expected to be less than 18 months and the costs are expected to be incurred in the first half of FY18, so will not impact the achievement of monthly profitability by the end of calendar 2017.

Examples of measures already undertaken that are having a beneficial effect on the cost base are cost reductions within the finance and human resources teams that are saving £1m per annum and work undertaken by the procurement team that resulted in a saving of £1m during FY17. With costs now under better control the group is in a stronger position to allocate costs to achieve the best return and as noted above is expecting to maintain operating costs at around £40m with savings enabling increased marketing spend, for example.

The current year has started well in terms of customer acquisition with four new buyers added since the end of April (above the level at the same point last year) and the pipeline of potential customers is reported to be strong. Tungsten expects that more new buyers will be added than in FY17.

Our current year estimates are set in line with group guidance and an overview of our forecasts is shown in Exhibit 9.

On a longer view the potential for strong growth in e-invoicing remains in place, with rising market penetration reflecting the substantial cost/efficiency savings available compared with paper- or email-based invoice handling processes. For Tungsten growth should generate significant operational leverage, although in the nearer term this will be tempered by investment in upgrading its own internal IT and processes. In addition to operational leverage in the network business, there will be contributions from adjacent product offerings including invoice financing and other services.

Exhibit 4 sets out our key expectations for **Tungsten Network**. We assume overall growth in revenue of 15% for FY18. Contributors to this are growth in the number of suppliers and buyers, the benefit of buyer price increases (including the significant increases agreed in FY17 and those in prospect as further renewals are negotiated). Moves in foreign exchange rates could influence the revenue outcome but any changes are likely to be more limited at the EBITDA level reflecting balancing cost exposures.

One-off costs aside, underlying cost reduction should contribute to a swing into profitability in FY18e. While there are downside risks to our assumptions, Tungsten notes that it will be better placed to pursue new business opportunities as it completes the main parts of its internal changes, so there could be positive surprises in buyer recruitment and in upgrading Workflow customers (which are software users rather than full network subscribers), for example.

Exhibit 4: Tungsten Network – key points from estimates

Year to end April (£m except where stated)	2015	2016	2017	2018e
Supplier revenue	13.8	15.8	17.4	19.0
Buyer revenue	8.6	10.1	13.7	17.0
Total revenue	22.4	25.9	31.1	35.9
Administrative expenses	(28.2)	(31.7)	(35.4)	(34.3)
EBITDA	(5.7)	(5.8)	(4.3)	1.6
Operating metrics				
Suppliers -end period	181,000	203,000	251,000	277,000
% change in average suppliers	13%	10%	15%	20%
Revenue per supplier (£)	79	82	79	72
Buyers - end period	173	175	183	196
% change in average buyers	27%	13%	1%	6%
Revenue per buyer (£)	55,246	57,224	76,751	89,410
Total number of invoices (m)	15.4	16.1	17.1	18.6
% change in no. Invoices	18%	5%	6%	9%
Revenue per average invoice (p)	146	161	182	193

Source: Tungsten Corporation, Edison Investment Research

Following the sale of Tungsten Bank, our revenue assumptions for **Tungsten Network Finance** (shown in Exhibit 3) primarily represent Tungsten's share of interest income on invoice financing funded by Insight Investment and other financing partners. The terms of the arrangement with Insight were revised, increasing the expected share of gross yield (9.5% gross yield and net yield to Tungsten 1.8% FY17) from invoice financing. Starting from a very low base, we assume a rapid build-up in the flow of invoice financing helped in part by the broadening of the offering through the additional partnerships with BlueVine and Orbian. Tungsten will generate additional revenues to the extent that it continues to provide temporary financing of invoices pending partner finance, but for the moment we have assumed that this will not be a significant feature following repayment of existing loans by the end of July. We would provisionally expect a continuation of the trends shown to allow the business to move to profitability in FY20e.

Exhibit 5: Tungsten Network Finance

Year to end April (£m except where stated)	2016	2017	2018e
Total revenue	**0.0**	**0.2**	**0.8**
Administrative expenses	(3.8)	(1.8)	(2.2)
EBITDA	**(3.8)**	**(1.7)**	**(1.4)**
Average lending balance	11.1	13.7	32.4
Average gross yield reported/estimate (%)	6.3	6.7	6.3

Source: Tungsten Corporation, Edison Investment Research. Note rounding means totals may not sum.

At the group level Tungsten has indicated that it is on track to reach EBITDA run-rate profitability in calendar 2017 and we believe this is a challenging target likely to be met at the end of the year. We estimate an EBITDA loss of £6m for the full year, close to half the level reported for FY17. While we do not publish a forecast for FY19 at this point we would look for a clear swing into EBITDA profitability followed by pre-tax profitability. In the next section we set out changes in our estimate for FY18, providing further detail on cash flow assumptions.

Financials: Bank sale releases cash

Changes in our estimates since our last note (October 2016) are shown in Exhibit 4, reflecting the treatment of Tungsten Bank as a discontinued activity and changes in assumptions following the intervening interim and final results. For FY18 our new assumptions mean little change in the revenue estimate but more realistic cost base estimates.

Exhibit 6: Estimate revisions

	Revenue (£m)			EBITDA (£m)			EPS (p)			Net cash (£m)		
	New	Old	% chg.	New	Old	% chg.	New	Old	% chg.	New	Old	% chg.
04/17	31.3	30.1	3.7	(11.8)	(13.9)	-14.8	(9.9)	(14.0)	-29.3	17.5	20.2	-13.3
04/18e	36.7	37.1	-1.2	(6.0)	2.4	-350.0	(9.3)	(1.2)	677.5	10.3	20.9	-50.4

Source: Edison Investment Research. Note: for FY17 old = estimate, new = actual reported.

At the end of FY17 Tungsten had net cash of £17.5m or £21.7m including £4.2m of self-funded invoice funding held on a transitional basis. The comparative cash figure for the end of FY16, excluding Tungsten bank was £9.3m. Exhibit 5 sets out a simplified cash flow analysis including our estimate for FY18. For FY17 the effect of the bank sale is a prominent feature, with an additional positive item of approaching £8m on top of the release of cash held within the bank (which is already included in the opening cash shown). On our estimates, Tungsten would see a substantial reduction in operating cash outflow in FY18, potentially moving close to neutral cash flow in FY19 and an inflow in FY20 on our provisional forecasts for those years (not shown).

Exhibit 7: Simplified cash flow analysis

Year end April (£m)	2016	2017	2018e
Net operating cash flow	(21.7)	(18.5)	(4.2)
Tungsten Bank disposal (£29.7m less the bank's cash and other items)	0.0	7.8	0.0
Equity issue	16.7	0.0	0.0
Other cash flows/fx movement	(0.7)	1.2	(3.0)
Change in net cash	(5.6)	(9.5)	(7.2)
Opening net cash	32.6	27.0	17.5
Closing net cash	27.0	17.5	10.3

Source: Edison Investment Research. Note: FY16 cash figure includes Tungsten Bank cash.

Valuation

As in previous notes, we use a DCF valuation model to give an indication of the discount rate implied by the current market price, given our cash flow assumptions. The next table shows the output from our DCF model, based on a range of long-term growth rate assumptions and discount rates. The central value, which is in line with a share price of 65p, implies a discount rate of 14.3%, assuming a long-term growth rate of 4%. This appears cautious, although the wide range of possible outcomes as Tungsten makes its expected move from cash consumption to cash generation must be remembered. Positively, factoring in faster growth (to allow for a more rapid medium-term acceleration in revenue) at 6% and a 10% discount rate would give a value of over 160p per share or £200m.

Exhibit 8: DCF output variations (value per share, p)

		Long-term growth rate				
		2.0%	3.0%	4.0%	5.0%	6.5%
Discount rate	10.5%	80	88	98	111	142
	13.0%	65	69	75	82	97
	14.3%	58	61	65	71	81
	15.0%	54	57	61	66	74
	16.0%	50	53	56	59	66

Source: Edison Investment Research

At £200m Tungsten would be valued at an EV/revenue multiple of 5.0x compared with peers Coupa (COUP) and Basware (BAS1V), which currently trade on 10.7x and 4.0x respectively. At the current share price Tungsten trades on an EV of 1.8x revenue using FY17 year-end cash and FY18e revenues.

Exhibit 9: Financial summary

30 April (IFRS) £m	2014	2015	2016	2017	2018e
PROFIT & LOSS					
Supplier revenue		13.8	15.8	17.4	19.0
Buyer revenue		8.6	10.1	13.7	17.0
Tungsten Network		22.4	25.9	31.1	35.9
Tungsten Network Finance		0.0	0.0	0.1	0.8
Tungsten Bank		0.1	0.0	0.0	0.0
Revenue	10.8	22.5	25.9	31.3	36.7
Tungsten Network (e invoicing)		(28.2)	(31.7)	(35.4)	(34.3)
Tungsten Network Finance		(10.6)	(3.8)	(1.8)	(2.2)
Tungsten Bank		(2.2)	0.0	0.0	0.0
Corporate centre		(6.8)	(6.6)	(5.9)	(6.2)
Group expenses	(20.9)	(47.8)	(42.1)	(43.1)	(42.7)
Tungsten Network		(5.7)	(5.8)	(4.3)	1.6
Tungsten Network Finance		(10.6)	(3.8)	(1.7)	(1.4)
Tungsten Bank		(2.1)	0.0	0.0	0.0
Corporate centre		(6.8)	(6.6)	(5.9)	(6.2)
EBITDA	(10.2)	(25.2)	(16.2)	(11.8)	(6.0)
Depreciation & amortisation	(0.8)	(2.3)	(2.5)	(2.8)	(3.0)
Share based payment	0.0	(0.2)	(0.5)	(0.4)	(0.5)
Other income	0.0	0.0	0.3	0.0	0.0
One-off costs (FY18e)					(2.0)
Intangible impairment	0.0	0.0	0.0	0.0	0.0
Operating Profit (before amort. and except.)	(10.9)	(27.7)	(28.3)	(15.0)	(11.5)
Net finance cost	(0.2)	(0.2)	0.4	2.3	(0.2)
Profit Before Tax (IFRS 3)	(11.1)	(27.9)	(18.5)	(12.7)	(11.7)
Tax	0.1	0.3	0.7	0.4	0.0
Profit from continuing operations	(11.0)	(27.6)	(17.8)	(12.3)	(11.7)
Discontinued operations			(9.4)	(0.2)	0.0
Profit After Tax (IFRS 3)	(11.0)	(27.6)	(27.2)	(12.5)	(11.7)
Average Number of Shares Outstanding (m)	59.2	102.6	123.7	126.1	126.1
EPS - continuing operations(p)			(14.4)	(9.7)	
EPS - reported (p)	(18.6)	(26.9)	(22.0)	(9.9)	(9.3)
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	-94.5	-111.9	-62.4	-37.8	-16.3
BALANCE SHEET					
Fixed Assets	115.9	131.0	119.2	120.8	120.8
Intangible Assets	114.2	128.1	116.8	118.5	118.5
Other	1.7	2.8	2.5	2.3	2.3
Current Assets	72.7	46.8	46.7	30.6	21.3
Trade and other receivables	6.0	14.2	8.7	13.1	11.0
Cash	62.6	32.6	9.3	17.5	10.3
Other	4.0	0.0	0.0	0.0	0.0
Assets held for sale	0.0	0.0	28.7	0.0	0.0
Current Liabilities	14.6	17.3	16.8	17.4	17.4
Trade and other payables	6.8	8.6	7.5	9.5	9.5
Borrowing	0.0	0.0	0.0	0.0	0.0
Deferred income	7.8	8.6	8.3	7.9	7.9
Liabilities held for sale	0.0	0.0	1.0	0.0	0.0
Long Term Liabilities	2.9	4.0	3.0	2.6	2.6
Long term borrowings	0	0	0	0	0
Other long term liabilities	2.9	4.0	3.0	2.6	2.6
Net Assets	171.1	156.5	146.1	131.3	122.1
CASH FLOW					
Operating Cash Flow	(8.1)	(31.6)	(21.7)	(15.2)	(4.2)
Capex	(2.3)	(1.1)	(1.2)	(4.3)	(3.0)
Acquisitions/disposals	(74.7)	(9.6)	0.0	0.0	0.0
Financing	149.2	11.8	16.7	0.0	0.0
Other	(4.8)	0.0	0.0	0.0	0.0
Exchange adjustment	0.0	0.4	0.5	(0.5)	0.0
Discontinued operations				9.1	
Change in net cash	59.2	(30.0)	(5.6)	(9.5)	(7.2)
Opening net (debt)/cash	3.4	62.6	32.6	27.0	17.5
Closing net (debt)/cash	62.6	32.6	27.0	17.5	10.3

Source: Tungsten Corporation, Edison Investment Research. Note: FY16 net cash in the cash flow table includes cash at Tungsten Bank that was classified as an asset held for sale in the balance sheet. FY17 cash flow includes a net positive item of £11.2m relating to cash released from the sale of Tungsten Bank after deducting £20.6m cash held in the disposal group. Total cash released was nearly £30m. FY16 figures restated to treat Tungsten Bank as a discontinued operation.

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