

Centaur Media

Final results

Resilient performance

Centaur's FY20 results are a shade ahead of our forecast and show a resilient performance considering the impact of the pandemic. Q1 trading to date is in line, in what is generally the quietest quarter for revenues with no scheduled events or Mini MBA courses, and cash at end February was £8.2m (IFRS liabilities only). The group is now reinstating dividend payments and will pay 0.5p for FY20, with a minimum payment of 1.0p set out for future years. Centaur's MAP23 strategy, laid out in January, gives the framework and impetus for revenue growth and improving profitability, which should in turn drive an increasing valuation.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	P/E (x)	EV/EBITDA (x)
12/19	39.6	(1.5)	(1.4)	N/A	8.7
12/20	32.4	(0.3)	0.2	170.0	10.4
12/21e	36.2	1.2	0.6	68.0	7.9
12/22e	41.5	3.6	2.0	17.2	5.1

Note: *PBT and EPS (diluted) are normalised, continuing operations excluding amortisation of acquired intangibles, exceptionals and share-based payments.

Resilient financial performance

FY20 revenues were down 16% on an underlying basis (-18% reported), with an adjusted EBITDA margin up at 12%, ahead of management's target. The closure of MarketMakers resulted in a non-cash impairment charge of £11.0m and exceptional costs of £0.9m but leaves the group with a more coherent commercial proposition at Xeim, its division supporting the marketing profession. Our forecasts are unchanged and are on track to meet management's ambitions under the MAP23 for revenue of over £45m and an EBITDA margin of 23%. More detail on this can be found in our [recent initiation report](#).

Leading with the flagships

Premium content, marketing services, training and advisory revenues accounted for 76% of group in FY20 and there is much more scope within Xeim to cross-sell the various offerings across the client base. The Mini MBA had a particularly good year, pivoting its marketing and delivery to suit lockdown. Econsultancy was also able to quickly shift its training online and, after initial disruption, has also benefited from the ability to support clients' programmes in digital transformation. Trading conditions for Influencer Intelligence were far from ideal, but it has focused on building scale and developing campaign-measurement tools that should stand it in good stead as the backdrop becomes more favourable. The Lawyer's strong positioning in its market is clearly shown by subscription renewal rates of 106%.

Valuation: Starting to build

The share price is up 13% year-to-date as confidence starts to build both for the market and for Centaur. However, the valuation remains at a discount to the quoted B2B media peers. If that differential on EV/EBITDA (averaged across FY20–22 to smooth out the pandemic impact) were to close, the shares would be priced at 57p, well above the current level. This is also notably higher than the 40p value derived at the time of our January initiation, due to the combined effects of good sector share price performance and the year rolling forward.

Media

17 March 2021

Price 34p
Market cap £50m

Net cash (£m) at end December 2020, excluding IFRS lease liabilities of £3.2m 8.3

Shares in issue 146.9m

Free float 88.1%

Code CAU

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (1.4) 13.1 4.6

Rel (local) (2.4) 8.1 (23.2)

52-week high/low 35p 19p

Business description

Centaur Media is an international provider of business information, training and specialist consultancy for the marketing and legal professions. Its Xeim and The Lawyer business units serve the marketing and legal sectors respectively and, across both, offer customers a wide range of products and services targeted at helping them add value.

Next events

AGM May 2021

Interim results July 2021

Analyst

Fiona Orford-Williams +44 (0)20 3077 5739

media@edisongroup.com

[Edison profile page](#)

Centaur Media is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

	£m	2019	2020	2021e	2022e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue		39.6	32.4	36.2	41.5
Other operating income		1.6	0.0	0.0	0.0
Cost of Sales		(9.4)	(7.3)	(10.0)	(11.8)
Gross Profit		30.2	25.1	26.2	29.7
EBITDA		4.0	3.8	5.1	7.6
Normalised operating profit/ loss		(1.2)	0.0	1.5	3.9
Amortisation of acquired intangibles		(2.5)	(1.5)	(1.1)	(0.5)
Exceptionals		(4.0)	(0.3)	0.0	0.0
Share-based payments		(0.1)	(0.5)	0.0	0.0
Reported operating profit/ loss		(7.8)	(2.3)	0.4	3.3
Net Interest		(0.3)	(0.3)	(0.3)	(0.3)
Joint ventures & associates (post tax)		0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	0.0	0.0
Profit/ Loss Before Tax (norm)		(1.5)	(0.3)	1.2	3.6
Profit/ Loss Before Tax (reported)		(8.1)	(2.6)	0.1	3.0
Reported tax		0.6	0.9	(0.4)	(0.7)
Profit After Tax (norm)		(2.0)	0.3	0.8	2.9
Profit After Tax (reported)		(7.5)	(1.7)	(0.2)	2.4
Discontinued operations		9.4	(12.7)	(0.0)	0.0
Net income (normalised)		0.4	0.4	0.8	2.9
Net income (reported)		1.9	(14.4)	(0.2)	2.4
Average Number of Shares Outstanding (m)		143	144	147	147
EPS - normalised, continuing (p)		(1.4)	0.2	0.6	2.0
EPS - normalised fully diluted, continuing (p)		(1.4)	0.2	0.5	1.9
EPS - basic reported, continuing (p)		(5.3)	(1.2)	(0.2)	1.6
Dividend per share (p)		1.5	0.5	1.0	1.0
Revenue growth (%)		(2.5)	(15.6)	11.7	14.4
Gross Margin (%)		76.3	77.5	72.4	71.5
EBITDA (IFRS) Margin (%)		10.1	11.7	14.0	18.3
Normalised Operating Margin (%)		(3.0)	0.0	4.2	9.3
BALANCE SHEET					
Fixed Assets		67.4	52.3	50.6	49.0
Intangible Assets		61.2	46.1	44.8	43.8
Tangible Assets		4.3	3.3	3.2	3.3
Deferred tax		1.4	2.4	2.0	1.4
Other receivables		0.5	0.5	0.5	0.5
Current Assets		19.7	14.3	15.5	18.9
Debtors		10.3	5.8	6.9	8.0
Cash & cash equivalents		9.3	8.3	8.4	10.8
Other		0.1	0.2	0.2	0.2
Current Liabilities		(23.3)	(17.8)	(19.0)	(19.9)
Creditors		(12.5)	(8.8)	(9.4)	(9.3)
Tax and social security		0.0	0.0	0.0	0.0
Short term borrowings		0.0	0.0	0.0	0.0
Other/ Lease liabilities		(10.8)	(9.0)	(9.6)	(10.6)
Long Term Liabilities		(2.7)	(1.6)	(1.6)	(1.6)
Long term borrowings		0.0	0.0	0.0	0.0
Other long term liabilities, including leases		(2.7)	(1.6)	(1.6)	(1.6)
Net Assets		61.1	47.2	45.5	46.4
Minority interests		0.0	0.0	0.0	0.0
Shareholders' equity		61.1	47.2	45.5	46.4
CASH FLOW					
Op Cash Flow before WC and tax		4.5	2.4	5.1	7.6
Working capital		2.1	(1.0)	0.1	(0.1)
Exceptional & other		(2.0)	0.7	0.0	0.0
Tax		0.1	0.0	0.0	0.0
Operating cash flow		4.7	2.1	5.2	7.5
Capex		(1.6)	(0.8)	(1.6)	(1.6)
Acquisitions/disposals		16.3	0.0	0.0	0.0
Net interest		(0.2)	(0.2)	(0.3)	(0.3)
Equity financing		(0.6)	0.0	0.0	0.0
Dividends		(7.1)	0.0	(1.5)	(1.5)
Other		(2.2)	(2.1)	(1.6)	(1.7)
Net Cash Flow		9.3	(1.0)	0.1	2.4
Opening net debt/(cash)		(0.1)	(9.3)	(8.3)	(8.4)
FX		0.0	0.0	0.0	0.0
Other non-cash movements		(0.1)	0.0	0.0	0.0
Closing net debt/(cash)		(9.3)	(8.3)	(8.4)	(10.8)

Source: Company accounts, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Centaur Media and prepared and issued by Edison, in consideration of a fee payable by Centaur Media. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2021 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia