

# CentralNic Group

M&amp;A update

## Acquisition of corporate registrar, SafeBrands

CentralNic has made a small acquisition of SafeBrands, an online brand protection software provider and corporate ISP based in Paris, for a cash consideration of up to €3.6m (0.9x FY19 revenue). €3m is payable upfront and €0.6m will be paid subject to meeting FY20 performance objectives. SafeBrands operated at close to break-even in FY19. Separately, CentralNic has also reorganised its Corporate division, rebranding it as the Enterprise division. Based on our estimates, the company trades on an FY21e P/E multiple of 15.8x and 9.8x FY21e EV/adjusted EBITDA. We expect earnings-accretive M&A to bring multiples down further as CentralNic consolidates a globally fragmented market of sub-scale, cash-generative businesses.

Year end	Revenue (US\$m)	Adj. EBITDA** (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)
12/18	56.0	9.1	7.4	5.83	0.0	23.5
12/19	109.2	17.9	12.8	8.16	0.0	16.8
12/20e	217.8	30.7	17.4	5.58	0.0	24.6
12/21e	295.3	40.3	27.7	8.67	0.0	15.8

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. \*\*Excludes impact of share-based payments, share option expense, foreign exchange charges and non-core operating costs.

SafeBrands is a leading French corporate registrar. It offers registration management for top-level domains (TLDs) and a wide range of value-added services for domain management and brand protection, including secure hosting, DNS optimisation and SSL management. Strategically, SafeBrands' base in France complements CentralNic's Germany-based brand services business, positioning the group as the leading European corporate domain portfolio management and online brand protection business, as well as one of the top three globally.

SafeBrands' closest listed peer is BrandShield Systems, which listed on AIM in November 2020. BrandShield reported US\$1.5m of recurring revenues for the six months to 30 June 2020, and is currently trading at c 20x LTM revenues.

Alongside the acquisition of SafeBrands, CentralNic announced that it is renaming its Corporate division, incorporating brand services, as the Enterprise division. As part of the reorganisation, CentralNic has sold its minority stake in Thomsen Trampedach, a Switzerland-based online brand protection service provider, to Novagraaf in return for a reciprocal reseller agreement for domain names and brand protection services. Novagraaf is one of the world's largest trademark and patent filers, managing more than one million IP assets on behalf of customers.

Software &amp; comp services

15 January 2021

**Price** 101p

**Market cap** £236m

Adj. net debt (US\$m) at 30 September 2020 80.9

Shares in issue 233.7m

Free float 69%

Code CNIC

Primary exchange AIM

Secondary exchange N/A

### Share price performance



### Business description

CentralNic is a leading provider of global domain name services, operating through three divisions: Indirect (wholesale, registry); Direct (SME, enterprise); and Monetisation. Services include domain name reselling, hosting, website building, security certification and website monetisation.

### Analysts

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