EDISON

# Epwin Group

Interims and M&A

## On course to hit full-year expectations

Construction and materials

**Epwin is well placed to leverage off a number of well-established growth trends that are set to continue to drive long-term demand for its energy efficient and low-maintenance building products. The recent interims highlighted how well management is coping with cost inflation, while the acquisition of Poly-Pure underscores the company's ambition and ability to self-finance accretive expansion. Epwin trades on a P/E of 8.2x for FY23e versus a long-term average of 10.2x with clear potential to be valued at a higher level if margins can be raised, and/or further M&A is evident.**

| Year end | Revenue (£m) | PBT* (£m) | EPS* (p) | DPS (p) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/20 | 241.0 | 5.0 | 4.0 | 1.0 | 18.3 | 1.4 |
| 12/21 | 329.6 | 13.7 | 9.2 | 4.1 | 8.0 | 5.6 |
| 12/22e | 349.5 | 14.6 | 8.2 | 4.2 | 8.9 | 5.8 |
| 12/23e | 356.0 | 16.3 | 8.9 | 4.5 | 8.2 | 6.2 |

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Solid trading points to a robust full-year outcome

The interim results highlighted well-known underlying market trends as well as the success of management action in difficult markets. Revenue increased largely due to raw material led price rises and M&A, and profits rose by a slightly greater proportion despite the sharp increase in input and labour costs, which led to the maintenance of the underlying operating margin. Furthermore, the balance sheet at the end of the period was in good shape, which gave Epwin the capacity to purchase PVC reprocessor Poly-Pure in September while still retaining substantial balance sheet headroom. Along with the results, management confirmed that it expected to achieve FY22 market expectations and we have revised our estimates accordingly.

## Key drivers intact despite near-term uncertainty

Despite the short-term market uncertainty, Epwin is well placed to benefit from numerous medium- and long-term growth drivers. These include a growing population and a declining residential occupancy rate that is driving an increase in the housing stock, underinvestment in the existing and ageing housing stock as well as an increasing demand for thermally efficient products that are capable of reducing carbon emissions. In addition to these drivers, Epwin has consistently made steady progress on strategic initiatives that contribute to additional growth.

## Valuation: FY23e P/E of 8.2x highlighting value

Epwin currently trades on FY23e P/E of just 8.2x, which is materially below its long-term average P/E of 10.2x. The company is acquisitive and has more than £50m of investment headroom on its balance sheet, which offers considerable potential for value enhancing M&A activity. Furthermore, even without M&A, Epwin is a cash generative company; we expect debt to fall rapidly over FY23–24e and note that the shares offer an attractive 6.2% yield from a dividend that is twice covered.

**22 November 2022**

| | |
|---|---|
| **Price** | **73p** |
| **Market cap** | **£106m** |
| Covenant net debt (£m) at 31 December 2022 (estimated) | 22.4 |
| Shares in issue | 144.9m |
| Free float | 67% |
| Code | EPWN |
| Primary exchange | AIM |
| Secondary exchange | N/A |

### Share price performance


| % | 1m | 3m | 12m |
|---|---|---|---|
| Abs | (4.7) | (8.4) | (37.2) |
| Rel (local) | (10.8) | (6.1) | (36.0) |
| 52-week high/low | | 113.0p | 68.0p |

### Business description

Epwin Group supplies functional low-maintenance exterior building products (including windows, doors, roofline and rainwater goods) into a number of UK market segments and is a modest exporter. It has a vertically integrated model in windows and doors and a leading market position in roofline products.

### Next events

| | |
|---|---|
| H2 update | December 2022 |
| 2022 preliminary results | March 2023 |

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Edison profile page


***Epwin Group is a research client of Edison Investment Research Limited***

## Epwin's investment case

Epwin has a near 50-year history since it began as the first PVC-U window fabrication business in 1976. It now sells a wide range of additional products, including doors and door frames, conservatories, cladding and rainwater systems, to name a few. It has developed a number of well-known brands in numerous product segments and fostered numerous routes to market that include selling direct to business customers such as the national housebuilders, social housing providers, builders merchants and general builders as well as specialist stockists, wholesalers and installers.

In support of Epwin's robust market position, it continues to invest in innovation and new products and systems. Its Stellar window range and Dekboard are two examples of this. It also continues to focus on operational efficiencies that will drive medium-term margin improvements, potentially to levels in excess of the long-term average. Finally, its cash-generative characteristics and low levels of gearing allow it to participate in M&A when the right opportunities arise. Poly-Pure, the PVC reprocessor recently acquired, is an example of this.

**Exhibit 1: Epwin's product range**


Source: Epwin Group

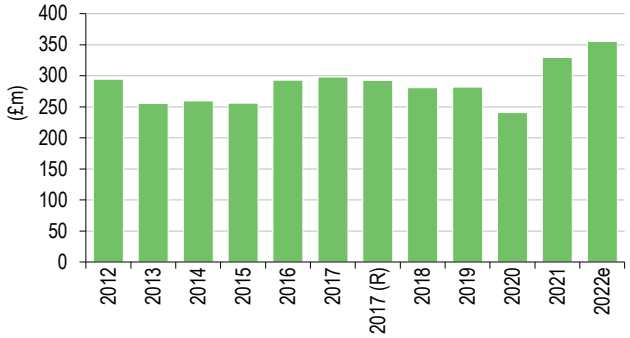
Over the last 10 years, Epwin has maintained a steady revenue stream despite the multiple headwinds that have been thrown at the sector including Brexit, COVID-19 and now the implications of a highly inflationary environment. During most of this extended period, both profits and margins were on an upward trend until 2020. Recovery was seen in 2021 and is expected again in 2022. Thereafter, short-term trends are less clear, but longer-term trends are arguably more encouraging when one considers Epwin's position in the market and other long-term drivers.

Firstly, Epwin is the largest UK manufacturer of PVC window profile systems, roofline and cladding products and glass reinforced plastic (GRP) mouldings used in housebuilding. It has around a 20% market share in the former, a c 40% share of the cellular roofline market and around a 50% share of the GRP market.

Secondly, the construction and repair, maintenance and improve (RMI) markets have positive long-term trends. For example, the UK has a growing population and an increasing tendency for people to live alone, so there is likely to be underlying demand for new homes to be built. An increasing

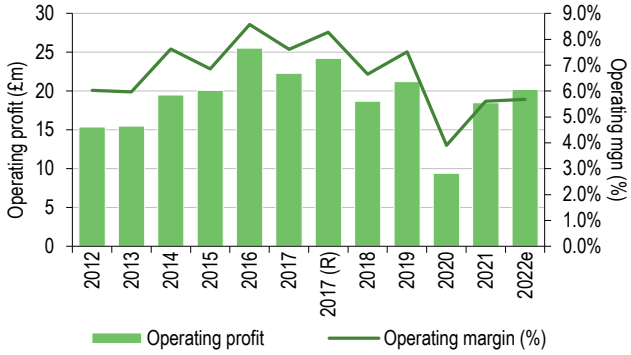
and ageing stock of housing also points towards increased requirements for building materials to address RMI demand.

**Exhibit 2: Epwin revenue 2012–22e**




Source: Epwin, Edison Investment Research. Note: R = restated.

**Exhibit 3: Epwin operating profit and margins**




Source: Epwin, Edison Investment Research. Note: R = restated.

Furthermore, political impetus to improve the thermal efficiency of both new and existing housing, driven by newer thermally efficient products and carbon reduction targets, suggests that those companies like Epwin that have value adding products should be able to take market share from others.

## Strategic initiatives progress steadily

Epwin has consistently made steady progress on its five strategic initiatives over the last few years. These include the introduction of new products and materials, a drive for greater operational efficiency and a drive to cross-sell products via a range of subsidiaries and channels. Furthermore, its active M&A pipeline has delivered success over the years since the flotation in 2014 and it has significantly contributed to the company's drive to reduce emissions and address other ESG targets. The initiatives are discussed in more detail below.

### Product and materials development continues

Epwin has a strategic aim to broaden its product portfolio, to widen its material and technical capabilities as well as to continuously improve its products and offerings. In 2019 and 2020 it launched new aluminium window and decking systems, and also launched a new PVC decking system that satisfied its strategic aim.

In 2021 and 2022, Epwin has continued to develop and grow these new systems and enhance the product offer. Stellar, its new aluminium window system, and Dekboard, its PVC decking system, accounted for c 1.5% of group revenue in H1 from a standing start three years ago.

The key selling points of the Stellar aluminium system are that it is the slimmest system on the market, has 'true' flush lines both inside and out (see Exhibit 4), is quicker to manufacture and is simpler to install. The advantages of Dekboard are that it is easier to clean than timber and does not promote the growth of mould compared to timber, it does not warp, has no sharp edges or splinters and is wear and impact resistant.

**Exhibit 4: Cross-section of Stellar window**

Source: Epwin Group

**Exhibit 5: Installed Dekboard**

Source: Epwin Group

## Drive for operational leverage and efficiency making progress

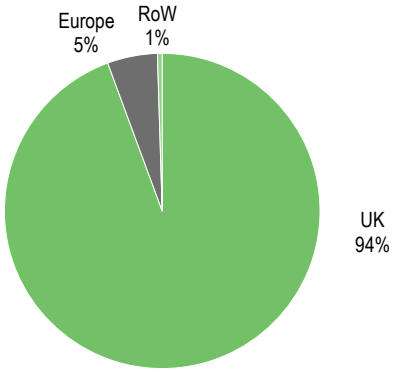
Epwin has been working on a major project to consolidate its Epwin Window Systems warehousing and finishing operations at its purpose-built facilities in Telford. Construction of the site was completed on time and on budget, with the final relocation of the inventories and logistics operations to be completed by the end of 2022. This would allow Epwin to extract the expected synergies as a far more streamlined operation; it was previously spread across seven sites in the UK, and will be down to just two. We estimate that there is around £0.5m of synergies to be realised from the final move. Following the consolidation, Epwin will enjoy around 20% spare capacity.

Furthermore, it also took the decision to phase out the production of a window system that had become uneconomic as input costs rose.

Epwin generates c 94% of its revenue in the UK and most of its cost base is accounted for in sterling, so the recent weakness of the currency versus the euro and the US dollar are of little direct concern. However, the rising cost of raw materials, which accounts for c 70% of the cost of goods sold, has been a far greater issue. The primary raw material is polyvinyl chloride (PVC). Its price rose from c £1,300/tonne at the start of 2021 to a peak (all-time high) of c £1,750/tonne in July 2022. The price of PVC has abated since but remains elevated.

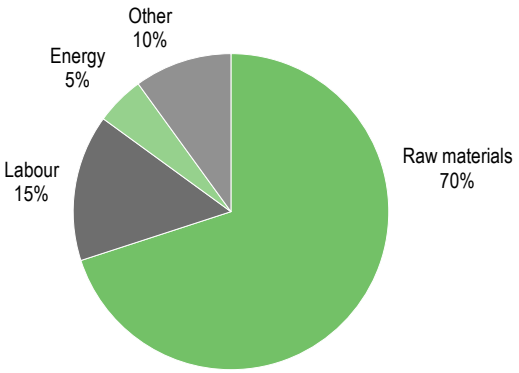
Epwin is usually able to pass on price increases to customers, but there is usually a lag of about two to three months, so as costs rise, margins tend to be squeezed. Labour and energy costs account for a further combined 20% of the cost base and these have both been under pressure, especially the latter in the absence of a price cap.

**Exhibit 6: Revenue destination FY21**




Source: Epwin Group, Edison Investment Research

**Exhibit 7: Breakdown of cost of goods sold; H122**




Source: Epwin Group, Edison Investment Research

## Cross-selling and business development drive

One of Epwin's key strategic drives is a push to sell more existing and new products to its current customers via differing channels and markets. It also wants to develop the use of existing brands to increase market coverage and penetration. In the last few years this has been achieved by supplying group decking products into PVS, which previously had a third-party supplier, by selling Stellar aluminium windows systems into existing and new fabricators and in 2021 by substituting Epwin products into the acquired SBS business. In 2022, Epwin plans to bring more supply in house.

## M&A set to remain a feature of growth

Just ahead of the interim results release, Epwin announced the acquisition of Poly-Pure for £15m. Poly-Pure is a leading materials reprocessor and recycler of used PVC building materials, notably UPVC window frames. It was established in 2018 in Norwich and has 25 employees. For the year to July 2022, Poly-Pure is expected to report revenue of £10m (2021: £4.7m) and an adjusted EBITDA of £2.5m (2021: £0.4m) implying a purchase multiple of 6x. There is an earn-out in place that could see the purchase price double to £30m, but, after synergies, Epwin believes that the implied purchase multiple in 2025 would fall to just 3x. The initial £15m of cash consideration will be funded from existing group facilities, where the company enjoyed headroom of c £65m as at 30 June.

The acquisition of Poly-Pure is immediately earnings enhancing and has a strong strategic fit with the existing business. The deal offers a good growth opportunity for Epwin, bringing a diverse range of customers and an expanding processing capacity. It brings cost synergy opportunities due to the supply of recycled PVC into the group, which also enhances the sustainability credentials of Epwin's products and aligns well with Epwin's ESG strategy. Finally, the supply of post-industrial and post-consumer materials enhances the robustness of the material supply chain, reducing risk.

Poly-Pure is the latest and second largest in a line of deals that have contributed to volume and revenue growth stretching back to 2015. We believe it will not be the last and that Epwin will continue to develop relationships with potential targets. Very often, opportunities arise due to succession issues and Epwin maintains a robust balance sheet, which enables it to take advantage when an opportunity arises.

**Exhibit 8: M&A since 2014**

| Date | Company | Country | Activity |
|---|---|---|---|
| November 2015 | Vannplastic, T/A Ecodek | UK | Manufacturer of building products |
| January 2016 | Stormking Plastics | UK | Supplier of building components |
| June 2016 | Specialist Plastics Distribution, T/A National Plastics | UK | Distributor |
| March 2016 | Amicus Building Products | UK | Distribution |
| April 2019 | Premier Distribution T/A PVS | UK | Decking installation |
| January 2021 | SBS (Cumbria) Limited | UK | Distributor |
| June 2021 | Plastic Building Supplies | UK | Distributor |
| November 2021 | Accrington Plastics Limited | UK | Distributor |
| September 2022 | Poly-Pure | UK | Reprocessor of PVC |

Source: Epwin Group data, Edison Investment Research

Epwin typically pays 3–6x EBITDA depending on the business and synergies. Often there is an earnout in the arrangements that is payable if profits hit or exceed targets, but again the resulting post-earnout multiple will fall between 3x and 6x EBITDA post synergies. Most senior managers will be retained in the business to maintain the status quo. Currently Epwin is trading on an EV/EBITDA of c 5x, versus a five-year average of c 6.5x.

We understand that Epwin maintains a good pipeline of potential M&A targets and that further deals are likely, although of course the timing and size of any deal is very unpredictable. Epwin currently has banking facilities totalling £75m and we estimate that it will end FY22 with net debt of c £22m,

implying a net bank debt to EBITDA ratio of 0.8x. It also implies over £50m of potential M&A headroom.

### Environmental, social and governance progress achieved

Epwin is making good progress on its ESG targets, which include promotion of the sustainability credentials of its products to customers, the creation of sustainable value and minimising its environmental impact. Furthermore, it prioritises the wellbeing of staff while maintaining high standards of governance and transparency for investors.

In 2021, Epwin was accredited the Fair Tax Mark, which is an award for companies that enter into the spirit of fair taxation, rather than adopting 'sharp' practices that may lead to lower taxation costs. It also commissioned a 'carbon balance sheet' to establish a baseline for its carbon footprint and reduced its greenhouse gas (GHG) emissions by 20% y-o-y as measured by GHG emissions per pound of revenue.

In September, Epwin bought Poly-Pure, a recycler and reprocessor of PVC. This means the company will be able to use more recycled product, which can be substituted for virgin material, thus reducing the group's GHG emissions.

Tangible initiatives to reduce emissions have been taken and include the introduction of a wider range of hybrid and electric vehicles to the employee vehicle offering and the installation of charging points at Epwin's main offices. It has also taken steps to increase energy efficiency via LED lighting and reducing maximum vehicle speeds, as well as reducing water usage.

## Reassuring interims point to unchanged FY22 outcome

The interim results highlighted well-known underlying market trends as well as the success of management action in difficult markets. Revenue increased largely due to raw material led price rises and M&A, and profits rose by a slightly greater proportion despite the sharp increase in input, energy and labour costs, which led to the maintenance of the underlying operating margin. Furthermore, the balance sheet at the end of the period was in good shape, which gave Epwin the capacity to purchase PVC reprocessor Poly-Pure in September while still retaining substantial balance sheet headroom. Along with the results, management confirmed that it expected to achieve FY22 market expectations.

### Robust interim results

Epwin recorded a good half year with revenue up 12.8% to £178m largely driven by M&A and input cost related price increases. Underlying operating profit increased 13.8% to £10.7m, implying a flat margin at 6.0%. Diluted adjusted EPS rose from 4.0p to 4.6p and the company declared a dividend of 1.90p (2021: 1.75p), which was more than 2x covered. It ended the period with 'covenant' net debt of £7.3m, implying a net debt to EBITDA ratio of 0.3x, down from 0.6x at the same point last year.

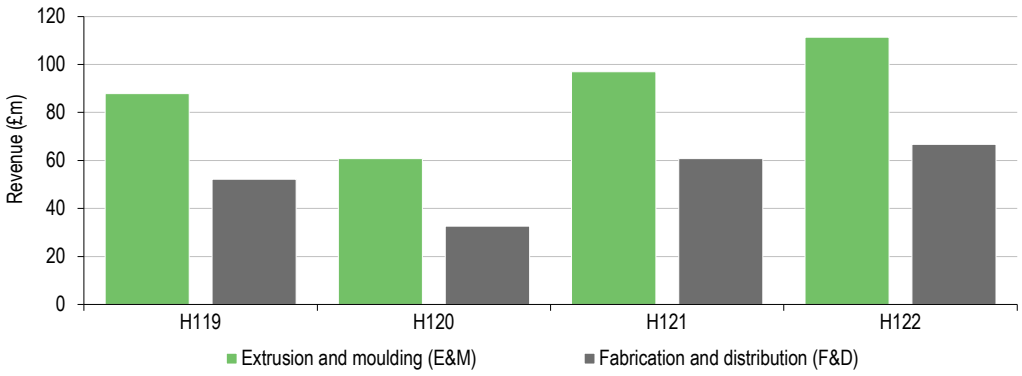
**Exhibit 9: Interim results summary**

| £m | H119 | H120 | H121 | H122 | Y-o-y % chg |
|---|---|---|---|---|---|
| Total revenues from external customers | 140.0 | 93.3 | 157.8 | 178.0 | 12.8% |
| Underlying operating profit | 9.4 | (1.8) | 9.4 | 10.7 | 13.8% |
| Underlying operating margin | 6.7% | -1.9% | 6.0% | 6.0% | - |
| Adjusted PBT (£m) | 7.3 | (4.1) | 7.1 | 8.3 | 16.9% |
| Profit before tax (post exceptionals and other) | 6.7 | (4.8) | 6.6 | 7.9 | 19.7% |
| EPS - diluted, adjusted (p) | 4.2 | (2.2) | 4.0 | 4.6 | 14.8% |
| Dividend per share (p) | 1.8 | 0.0 | 1.8 | 1.9 | 8.6% |
| Underlying net cash/(debt) | (29.2) | (21.3) | (15.8) | (7.3) | -53.8% |

Source: Epwin Group data, Edison Investment Research

The first half was typified by lower underlying volume demand and input cost inflation, which led to sales price rises. Overall revenue increased by £20.2m, which was a combination of price increases and surcharges of £26.2m and M&A revenue of £2.6m, offset by modest volume declines. In the period, PVC resin, Epwin's key input raw material, hit an all-time high having almost doubled in price since the start of 2021. The company also had to deal with other rising input costs including wage inflation.

**Exhibit 10: H1 divisional revenue, last four years**

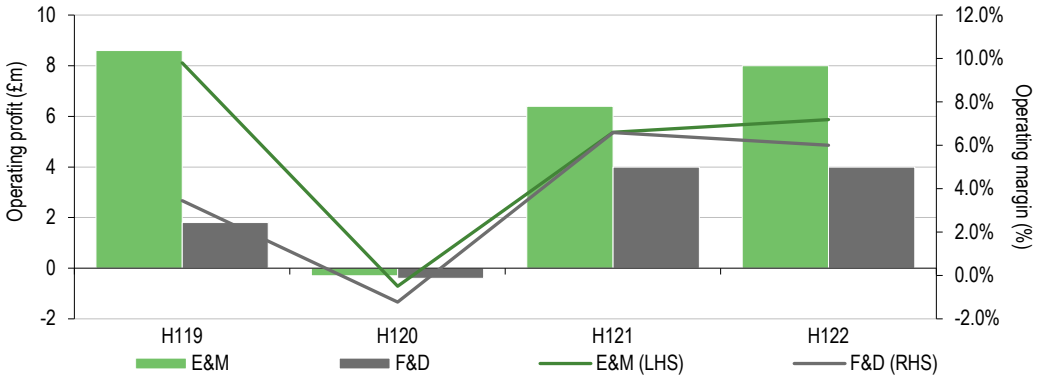



Source: Epwin Group data, Edison Investment Research

In Epwin's largest division, **Extrusion and Moulding**, revenue increased 15% to £111.3m, largely due to price increases passed on to recover cost inflation. Window Systems, which account for c 45% of divisional revenue, saw revenue increase 22%, while roofline, rainwater and decking, c 40% of revenue, increased 12%. There was no M&A-led revenue growth. Volumes were down c 5%, largely as a result of clients destocking and the deletion of a third window system. The price increases and other steps taken in the last 18 months led to a recovery in margin, from 6.6% to 7.2%, a level still some way below pre-pandemic levels of c 10%, which remain achievable provided there is a reduction in the price of PVC. Raw material input price rises usually have a lag of two to three months.

In **Fabrication and Distribution**, revenue increased 10% to £66.7m, of which 6% was accounted for by M&A. Price rises accounted for the rest, offset by c 5% lower volumes. In Fabrication (c 30% of divisional revenue), 'trade' revenue was up 10% in H1 while 'social' revenue was flat year-on-year, affected by the deferment of some contract start dates as there appears to be a lack of installers in this part of the market. In Distribution (c 55% of divisional revenue), revenue was flat benefiting from £3.6m of M&A income. Although the margin eased from 6.6% to 6.0%, it is in line with revised medium-term expectations, benefiting from efficiency gains as Epwin has consolidated activities.

**Exhibit 11: H1 operating profit and operating margins by division, last four years**




Source: Epwin Group, Edison Investment Research

Demand in June and July moderated in the RMI sector but August was in line with expectations. Current trading leads management to forecast that it will achieve FY22 expectations, though there are clearly some headwinds in the market. That said, there are structural trends that point towards underlying long-term demand, such as underinvestment in the housing stock and the shortage of new homes in general.

## Estimates raised post M&A; >£50m of headroom

Although underlying demand moderated in June and July, August was in line with management expectations. This led management to conclude that Epwin would achieve market profit estimates for the full year. We have revised 'underlying' operating profit estimates in both years, reflecting the acquisition of Poly-Pure and the potential for market headwinds, which seem likely. That said, the stock is trading at a very depressed multiple, which arguably is a result of a less certain outlook.

Our revised estimates are detailed in the table below and largely reflect the positive impact of the £15m acquisition of Poly-Pure in September, offset by a little more caution relating to the underlying markets in which Epwin operates. The net result is that our FY22 normalised operating profit estimate remains unchanged at £20.0m, and in FY23 it is lifted 3% to £22m.

The other notable change is to full-year net debt expectations where we were anticipating net debt would fall from £9.4m as at FY21, to £6.9m at the end of FY22e. Now, due to the M&A activity, we anticipate that net debt will rise to £22.4m at the end of the year, before falling again in FY23e. Epwin maintains a debt facility that runs to £75m, which implies that at the year-end it could have M&A headroom of more than £50m, some of which could be deployed if the right assets became available.

**Exhibit 12: Revised forecasts**

| | 2021 | 2022e | | | 2023e | | |
|---|---|---|---|---|---|---|---|
| | | Old | New | % chg | Old | New | % chg |
| Revenue | 329.6 | 349.4 | 349.5 | 0.0% | 356.4 | 356.0 | (0.1%) |
| Y-o-y % change | 36.8% | 6.0% | 6.0% | - | 2.0% | 1.9% | - |
| EBITDA - Edison basis | 36.3 | 38.0 | 38.1 | 0.2% | 39.5 | 40.5 | 2.6% |
| Y-o-y % change | 26.9% | 4.7% | 4.9% | - | 3.9% | 6.5% | - |
| EBITDA - Reported pre IFRS 16 | 22.7 | 28.0 | 28.1 | 0.3% | 29.5 | 27.0 | (8.3%) |
| Y-o-y % change | 59.9% | 23.3% | 23.7% | - | 5.4% | (3.7%) | - |
| Normalised operating profit | 18.5 | 20.0 | 20.0 | (0.1%) | 21.5 | 22.0 | 2.5% |
| Y-o-y % change | 96.8% | 8.1% | 8.0% | - | 7.5% | 10.3% | - |
| PBT (Reported, pre-exceptionals) | 12.9 | 14.5 | 13.9 | (4.3%) | 16.2 | 15.6 | (3.5%) |
| Y-o-y % change | 578.9% | 12.4% | 7.6% | - | 11.7% | 12.7% | - |
| EPS - Diluted, normalised | 9.1 | 8.5 | 8.1 | (4.3%) | 9.1 | 8.7 | (3.8%) |
| Y-o-y % change | 127.5% | -6.2% | (10.2%) | - | 7.1% | 7.6% | - |
| DPS | 4.1 | 4.2 | 4.2 | 0.0% | 4.5 | 4.5 | 0.0% |
| Y-o-y % change | 310.0% | 2.4% | 2.4% | - | 7.1% | 7.1% | - |
| Net (debt)/cash (pre IFRS 16) | (9.4) | (6.9) | (22.4) | 224.4% | (1.0) | (16.2) | 1,517.4% |
| Y-o-y % change | (49.2%) | (26.6%) | 138.1% | - | (85.5%) | (27.7%) | - |

Source: Epwin Group data, Edison Investment Research

The assumptions in our forecasts appear somewhat undemanding, in our opinion. For example, after 12.8% revenue growth in H1, we anticipate an H2 revenue decline of 0.2%, which is largely driven by some modest benefit from the acquisition and destocking. In FY23, the only notable growth anticipated is the full year contribution from Poly-Pure. Furthermore, we are anticipating only a very modest increase in the FY22e operating margin, from 5.6% to 5.7%, with a further increase in FY23e, to 6.2%, as price increases wash through. However, even at this level, margins are below the long-term average of c 7.5% (2014–19 range: 6.9% to 8.6%).

We expect that Epwin will remain a fundamentally cash-generative business throughout the forecast period, with debt only increasing in periods where M&A activity is significant, such as the current period. Assuming that no further deals are forthcoming, it is likely that the company would be close to a neutral net debt/net cash position by the end of FY25.

**Exhibit 13: Financial summary**

| £m | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---|---|---|---|---|---|---|
| Year end 31 March | IFRS | IFRS | IFRS | IFRS | IFRS | IFRS |
| **INCOME STATEMENT** | | | | | | |
| Revenue | 282.1 | 241.0 | 329.6 | 349.5 | 356.0 | 361.2 |
| Cost of Sales | (193.3) | (168.8) | (236.9) | (249.9) | (252.7) | (255.6) |
| Gross Profit | 88.8 | 72.2 | 92.7 | 99.6 | 103.2 | 105.7 |
| EBITDA | 40.4 | 28.6 | 36.3 | 38.1 | 40.5 | 41.5 |
| Normalised operating profit | 21.2 | 9.4 | 18.5 | 20.0 | 22.0 | 23.0 |
| Operating profit - Underlying | 21.2 | 9.4 | 18.5 | 20.0 | 22.0 | 23.0 |
| Amortisation of acquired intangibles | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) | (0.3) |
| Exceptionals | (2.3) | (2.8) | (0.1) | 0.0 | 0.0 | 0.0 |
| Other | (1.4) | 0.0 | (0.4) | (0.4) | (0.4) | (0.4) |
| Reported operating profit | 17.2 | 6.3 | 17.7 | 19.3 | 21.3 | 22.3 |
| Net Interest | (4.8) | (4.4) | (4.8) | (5.4) | (5.7) | (5.2) |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (norm) | 16.4 | 5.0 | 13.7 | 14.6 | 16.3 | 17.8 |
| PBT - Underlying | - | - | - | - | - | - |
| Profit Before Tax (reported) | 12.4 | 1.9 | 12.9 | 13.9 | 15.6 | 17.1 |
| Reported tax | (1.7) | 0.7 | (0.4) | (2.6) | (3.4) | (4.3) |
| Profit After Tax (norm) | 14.7 | 5.7 | 13.3 | 11.9 | 12.9 | 14.5 |
| Profit After Tax (reported) | 10.7 | 2.6 | 12.5 | 11.2 | 12.2 | 12.8 |
| Net income (normalised) | 14.7 | 5.7 | 13.3 | 11.9 | 12.9 | 14.5 |
| Net income (reported) | 10.7 | 2.6 | 12.5 | 11.2 | 12.2 | 12.8 |
| Basic average number of shares outstanding (m) | 143 | 143 | 145 | 145 | 145 | 145 |
| EPS - basic normalised (p) | 10.29 | 3.99 | 9.16 | 8.22 | 8.88 | 10.00 |
| EPS - diluted normalised (p) | 10.27 | 3.98 | 9.06 | 8.14 | 8.75 | 9.86 |
| EPS - Diluted, underlying | - | - | - | - | - | - |
| EPS - basic reported (p) | 7.49 | 1.82 | 8.61 | 7.74 | 8.39 | 8.83 |
| Dividend (p) | 1.75 | 1.00 | 4.10 | 4.20 | 4.50 | 4.80 |
| Revenue growth (%) | 0.4 | (-14.6) | 36.8 | 6.0 | 1.9 | 0.0 |
| Gross Margin (%) | 31.5 | 30.0 | 28.1 | 28.5 | 29.0 | 29.3 |
| EBITDA Margin (%) | 14.3 | 11.9 | 11.0 | 10.9 | 11.4 | 11.5 |
| Normalised Operating Margin | 7.5 | 3.9 | 5.6 | 5.7 | 6.2 | 6.4 |
| **BALANCE SHEET** | | | | | | |
| Fixed Assets | 182.3 | 176.9 | 177.0 | 180.4 | 170.3 | 160.1 |
| Intangible Assets | 75.7 | 75.0 | 77.9 | 77.6 | 77.3 | 77.0 |
| Tangible Assets | 46.1 | 29.5 | 28.5 | 35.4 | 28.8 | 22.1 |
| Investments & other | 60.5 | 72.4 | 70.6 | 67.4 | 64.2 | 61.0 |
| Current Assets | 91.5 | 87.2 | 94.6 | 101.1 | 99.0 | 96.7 |
| Stocks | 30.3 | 29.6 | 41.0 | 41.9 | 42.7 | 39.7 |
| Debtors | 43.6 | 44.3 | 43.6 | 49.2 | 46.3 | 47.0 |
| Cash & cash equivalents | 17.2 | 13.1 | 9.8 | 9.8 | 9.8 | 9.8 |
| Other | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Current Liabilities | (86.3) | (79.0) | (83.0) | (84.9) | (86.3) | (87.4) |
| Creditors | (75.2) | (57.6) | (71.5) | (73.4) | (74.8) | (75.9) |
| Tax and social security | (1.0) | 0.0 | (0.4) | (0.4) | (0.4) | (0.4) |
| Short term borrowings | 0.0 | (10.9) | (0.5) | (0.5) | (0.5) | (0.5) |
| Other | (10.1) | (10.5) | (10.6) | (10.6) | (10.6) | (10.6) |
| Long Term Liabilities | (98.7) | (96.3) | (90.3) | (96.5) | (76.8) | (56.9) |
| Long term borrowings | (32.3) | (17.3) | (14.6) | (27.6) | (21.4) | (15.0) |
| Other long term liabilities | (66.4) | (79.0) | (75.7) | (68.9) | (55.4) | (41.9) |
| Net Assets | 88.8 | 88.8 | 98.3 | 100.2 | 106.3 | 112.6 |
| Shareholders' equity | 88.8 | 88.8 | 98.3 | 100.2 | 106.3 | 112.6 |
| **CASH FLOW** | | | | | | |
| Op Cash Flow before WC and tax | 40.4 | 28.6 | 36.3 | 38.1 | 40.5 | 41.5 |
| Working capital | (1.8) | (1.8) | (1.4) | (5.6) | 2.6 | 2.5 |
| Exceptional & other | (3.8) | (3.1) | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax | (3.3) | (0.8) | (0.5) | (2.6) | (3.4) | (4.3) |
| Net operating cash flow | 31.5 | 22.9 | 34.4 | 29.9 | 39.7 | 39.7 |
| Capex | 1.6 | (8.0) | (0.6) | (10.0) | (11.9) | (11.8) |
| Acquisitions/disposals | (2.3) | 0.0 | (5.3) | (15.0) | 0.0 | 0.0 |
| Net interest | (1.6) | (1.4) | (1.5) | (1.7) | (2.0) | (1.5) |
| Equity financing | 0.0 | 0.0 | (0.4) | 0.0 | 0.0 | 0.0 |
| Dividends | (7.1) | 0.0 | (4.0) | (6.2) | (6.1) | (6.5) |
| Other | (13.7) | (15.6) | (13.5) | (10.0) | (13.5) | (13.5) |
| Net Cash Flow | 8.4 | (2.1) | 9.1 | (13.0) | 6.2 | 6.4 |
| Opening net debt/(cash) | 24.8 | 16.4 | 18.5 | 9.4 | 22.4 | 16.2 |
| FX | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-cash movements | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Closing net debt/(cash) | 16.4 | 18.5 | 9.4 | 22.4 | 16.2 | 9.8 |

Source: Epwin Group, Edison Investment Research

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