EDISON

Foxtons Group

Operational review

New CEO targets recurring income streams

Real estate

Foxtons' new CEO has identified historical failings that are expected to be addressed by upgrades to data infrastructure, investment in staff and a reinvigoration of the Foxtons brand. If successful, over the medium term Foxtons expects margins to expand 500bp and hopes that operating profit will more than double. Importantly, it aims to increase the proportion of recurring income from c 65% currently, thereby reducing cyclical income and increasing the quality of income. We have raised our FY23 EPS estimates by c 8%, reflecting the latest M&A. Our 'base' case valuation rises to 59p and our preferred 'bull' case valuation rises from 118p to 124p.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/21	126.5	10.0	2.0	0.5	20.1	1.2
12/22	140.3	13.7	3.0	0.9	13.4	2.2
12/23e	137.8	13.5	2.4	0.8	16.8	2.0
12/24e	146.5	17.8	3.3	1.2	12.2	3.0

Note: *PBT is normalised, excluding amortisation of acquired intangibles, exceptional items discontinued business and share-based payments. EPS is similar but after charging for share-based payments and excluding deferred tax re-measurement attributable to the corporate tax charge, ie diluted company definition.

New CEO, new plan to double medium-term profits

Foxtons' new CEO has conducted an operational review that has identified past failings and focused his mind on the upgrades and changes that are needed to rebuild the business by investing in data capability, recruitment, training and incentivising staff, and re-energising the Foxtons brand. If successful, the non-cyclical Lettings business should expand rapidly, Sales will take market share, particularly at the higher price points, and Financial Services will grow strongly. The target is to expand the margin by c 50% and to double operating profit.

FY22 results highlight steady progress

Despite a volatile market, Foxtons grew FY22 revenue by 10.9% to £140.3m, driven by growth in all three divisions. Adjusted operating profit grew 55.6%, driven largely by a c 65% drop-through rate in Lettings, offset by losses in Sales due to investment in future capacity. Overall, the operating margin expanded by 280bp to 9.9%, still some way short of its new 15% medium-term target. EPS increased c 50% to 3.0p and the total dividend was doubled to 0.9p/share. Despite investing £8.4m in acquisitions, £1.5m in dividends and £4.9m in share buybacks, Foxtons ended the year with net cash of £12m, comfortably ahead of its £8–10m target.

Valuation: 'Bull' valuation raised from 118p to 124p

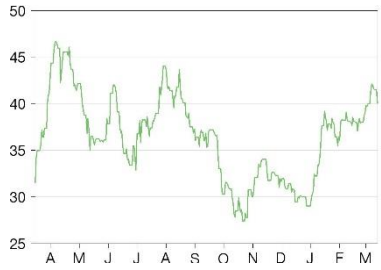
Our underlying estimates are unchanged post the prelims, bar for the inclusion of the March 2023 acquisition of Atkinson McLeod, which is earnings enhancing in FY23 but also sees net cash reduce, reflecting the £7.4m consideration. Our 'base' case valuation rises from 53p/share to 59p, and our preferred 'bull' case valuation, which attempts to reflect market share gains across all three divisions in line with the revised strategy, rises from 118p/share to 124p. It also attempts to reflect some value for yet-to-be-announced M&A and Build to Rent activity. M&A has been a strong feature of the group for the last three years and is likely to remain so given its strategy, its financial strength and the opportunities that exist.

15 March 2023

Price	**40p**
Market cap	**£128m**

Forecast net cash (£m) at 31 December 2023	8.1
Shares in issue	330.1m
Free float	100%
Code	FOXT
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	7.1	30.7	24.6
Rel (local)	11.6	28.6	20.0
52-week high/low		47p	27p

Business description

Foxtons Group is London's leading and most widely recognised estate agency. It operates from a network of 57 interconnected branches offering a range of residential-related services, which break down into three separate revenue streams: sales, lettings and mortgage broking.

Next events

AGM	May 2023
Interim results	August 2023

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Edison profile page

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Foxtons to finally 'get it done'

Foxtons' new CEO has returned to the business, via a successful period at a competitor, with a clear plan to reinvigorate a declining brand and turn it back into the estate agency powerhouse that it once was. An operational review has identified past failings and focused his mind on the upgrades and changes that are needed to rebuild the business by investing in data capability, recruitment, training and incentivising staff, and re-energising the Foxtons brand. If successful, the non-cyclical Lettings business should expand rapidly, the Sales business will take market share, particularly at the higher price points, and Financial Services will grow strongly. The target is to expand the margin by c 50%, double operating profit 'over the medium term' and to materially increase the proportion of non-cyclical revenue from the current level of c 65%.

Operational review identifies past failings and future growth path

Guy Gittins, the new CEO, has carried out a thorough operational review of Foxtons since his arrival in September 2022 and has not only identified what he sees as the company's medium-term growth ambitions, but has also, refreshingly, outlined what he sees as the company's core operational failings over the last six to seven years, which have resulted in loss of market share in Sales, a missed opportunity to aggressively grow the Lettings business and a lack of investment in Financial Services. In a nutshell, the Foxton brand name has been diminished and competitors have performed better.

The key operational failings identified are:

- **Poor data accessibility and usage**. Foxtons' data architecture is not fit for purpose, despite the company having the largest property and customer database in London, which has not been used to drive new revenue opportunities. Decision-making has therefore not been informed by data, leading to sub-optimal outcomes.
- **Outdated estate agency processes and diluted Foxtons culture**. In Lettings, poor efficiency has slowed the speed of new properties to market and the speed of deals. In Sales, the basic fundamentals of estate agency need rebuilding and a culture of self-generating lead opportunities is lacking. Furthermore, there is a total lack of cross-selling across the group.
- **Insufficient headcount capacity and experience**. There are too few fee-earners in the group, estate agent retention and a lack of experience is constraining productivity, and its once industry-leading training programme has been scaled back and is no longer fit for purpose.
- **No clear customer proposition and reduced brand visibility.** Foxtons has lost its way and no longer has a clear customer proposition, leading to brand invisibility and a loss of market share, particularly in the high-value markets.

The core operational upgrades largely reflect the four sets of failings listed above and include:

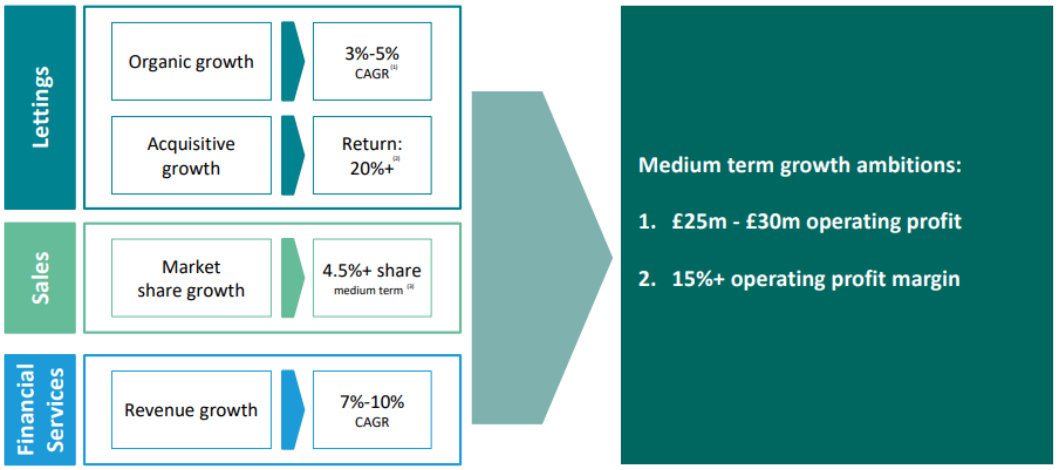
1. **Data accessibility and usage**
   a. Overhaul of data architecture, including implementing a modern data platform.
   b. Increase database mining to identify revenue opportunities.
   c. Implement a management information system to support decision-making.
2. **Estate agency processes and culture**
   a. Identify and overhaul inefficient front-end processes.
   b. Rebuild Foxtons' culture of delivering results.

c. Encourage and incentivise estate agents to self-generate opportunities and engage in cross-selling.

3. **Headcount capacity and experience**
   a. Resource the business with sufficient headcount, in line with market conditions.
   b. Drive salesforce tenure, experience and productivity.
   c. Deliver a comprehensive in-person training programme.
4. **Brand visibility and customer proposition**
   a. New purpose reflecting the business's core focus.
   b. Introduce a new brand messaging campaign: 'We get it done'.
   c. Increase brand visibility and focus on higher-value properties.

Foxtons expects the costs of the operational upgrades will be largely paid for by the cost savings generated by the removal of a layer of management and from an anticipated improved financial performance from the underlying divisions. Management hopes that the upgrades will have a material and long-term impact across the whole business. For example, in Lettings, it expects to improve organic revenue growth by 3–5% pa and to continue to execute M&A, which should target a return on capital of at least 20%. In Sales, Foxtons anticipates increasing its market share from 3.4%, back to where it was as recently as 2016, at c 4.5%, and in Financial Services, it anticipates leveraging on the Sales business to achieve compound revenue growth of c 7–10%.

Exhibit 1: Summary of medium-term growth ambitions

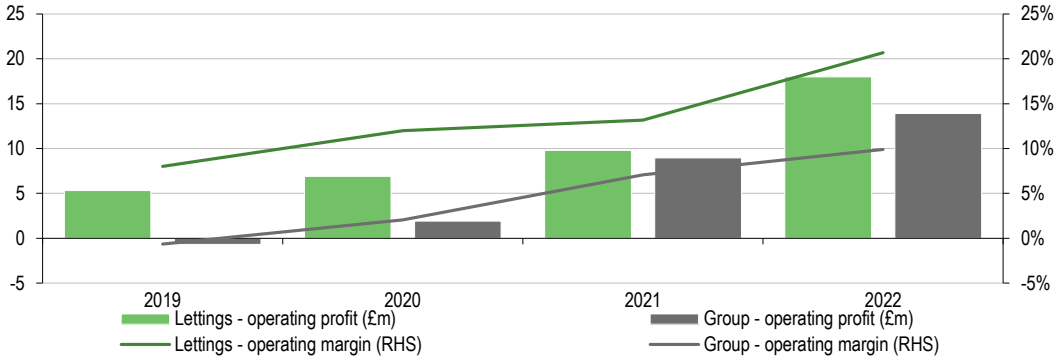


Source: Foxtons Group

Collectively, over the medium term Foxtons expects to achieve an operating margin of at least 15%, versus a reported 9.9% in FY22, and a total adjusted operating profit of £25–30m, compared to £13.9m in FY22. Although these targets may seem ambitious, they should be seen in the context of previous profits and margins. For example, in 2013, 2014 and 2015, Foxtons averaged an operating margin of c 30%, and generated an operating profit in excess of £40m in each year, so we believe these new targets are credible.

The chart below highlights the increasing operating profit generated from the non-cyclical Lettings division over the last four years. The number of tenancies and revenue have both grown at a 7.2% CAGR over the period, but operating profit has grown from £5.3m to £18.0m and, broadly speaking, has accounted for all of the growth in the group's operating profit. Financial Services, which is c 50% non-cyclical, has also grown progressively over the period, while the highly cyclical Sales business has roughly halved its operating losses which may continue to decline if it retakes market share, as planned under the operational review.

Exhibit 2: Lettings and group operating profit and margin, last four years



Source: Foxtons Group and Edison Investment Research

M&A continues to be a clear growth driver

On 6 March 2023 Foxtons announced its latest acquisition of an estate agency, which follows six other deals in the previous three years. In this move, Foxtons agreed to buy Atkinson McLeod for a total consideration of £7.4m in cash. Atkinson McLeod is described as a 'high-quality' estate agency operating out of a four-branch network in Central East London. In the year to March 2022, the business generated revenue of £3.1m and an operating profit of £0.9m, implying a historical sales multiple of 2.4x. The multiple is modestly higher than the 2x multiple paid for Gordon & Co in 2022, reflecting the relatively low proportion of cyclical sales revenue and the high proportion of non-cyclical letting revenue in the mix. Atkinson McLeod generated c 90% of revenue from lettings, versus c 65% for Foxtons Group.

The 1,100 tenancies in the portfolio bring the acquired number of tenancies since 2020 to c 8,100, and Foxtons' total tenancy portfolio to c 27,500. We expect Foxtons to be able to generate both revenue and cost synergies from the deal as it is integrated into existing business, suggesting like-for-like revenue of perhaps £3.5m and an operating profit in excess of £1.5m. It is worth noting that the pure lettings book of Douglas & Gordon (D&G), purchased in 2021, generated a revenue of £11.2m in FY22, an operating profit of £5.3m and an implied operating margin of 47%, supporting the expectation that Atkinson McLeod's operating profit will improve under Foxtons' ownership.

We believe that Foxtons will continue to comb the market for other suitable lettings books, though further deals in 2023 may be limited given the spend in 2023 to date. That said, we believe that Foxtons will end the current year with net cash of c £8.1m, which offers the potential to execute another deal of this size if the opportunity arose. The three 2020 deals and the 2021 purchase of D&G collectively generated a return of c 34% in 2022, after synergies. Foxtons anticipates similar returns from the latest three deals, as shown below.

Exhibit 3: M&A activity since January 2020

Target	Date	Consideration (£m)	Revenue (£m)	PBT (£m)	EBITDA (£m)	EBIT (£m)	Location	Sales multiple (x)	Tenancies acquired
London Stone	1 Mar '20	2.0	1.5	0.7	-	-	Woolwich	1.3	687
Pillars Estates	Oct '20	0.2	-	-	-	-	-	-	224
Aston Rowe	23 Nov '20	2.0	1.1	0.5	-	-	Acton and Brook Green	1.8	689
2020 total		**4.2**	**2.6**	**-**	**-**	**-**	**-**	**-**	**1,600**
Douglas & Gordon	1 Mar '21	15.3	16.5	-	0.6	-	Central, South and West	0.9	2,900
2021 total		**15.3**	**16.5**	**-**	**-**	**-**	**-**	**-**	**2,900**
Gordon & Co	May '22	8.4	4.0	-	-	0.1	South London	2.1	2,000
Stones Residential	May '22	2.2	1.3	-	-	-	Stanmore	1.7	500
2022 total		**10.6**	**5.3**	**-**	**-**	**-**	**-**	**-**	**2,500**
Atkinson McLeod	Mar '23	7.4	3.1			0.9	East London	2.4	1,100
Total since 1 January 2020		**37.4**	**27.5**	**-**	**-**	**-**	**-**	**1.4**	**8,100**

Source: Foxtons Group data, Edison Investment Research

FY22 results: Good revenue growth, very strong profit growth

Despite a volatile market, Foxtons grew FY22 revenue by 10.9% to £140.3m, driven by growth in all three divisions, modestly exceeding our revised expectations. Adjusted operating profit grew 55.6%, driven largely by a c 65% drop-through rate in Lettings, offset by losses in Sales due to investment in future capacity. Overall, the total adjusted operating margin expanded 280bp to 9.9%, still some way short of its 15% medium-term target. EPS increased c 50% to 3.0p and the total dividend was doubled to 0.9p/share. Despite investing £8.4m in acquisitions, £1.5m in dividends and £4.9m in share buybacks, Foxtons ended the year with net cash of £12m, comfortably ahead of it £8–10m net cash target.

Exhibit 4: Full year 2022 results summary

	FY19	FY20	FY21	FY22	FY22 vs FY19	FY22 vs FY21
Revenue						
Lettings	65.7	57.3	74.3	86.9	32.2%	16.9%
Sales	32.6	28.2	42.7	43.2	32.4%	1.2%
Financial Services	8.5	8.1	9.5	10.2	19.8%	8.0%
Total revenue (£m)	106.9	93.6	126.5	140.3	31.3%	10.9%
Adjusted operating profit						
Lettings	4.2	6.3	9.8	18.0	327.0%	83.6%
Sales	(6.3)	(5.8)	0.5	(3.2)	(48.4%)	-
Financial Services	1.4	1.4	1.5	1.8	29.4%	14.8%
Total adjusted operating profit (£m)	(0.7)	1.9	8.9	13.9	-	55.6%
PBT (ex exceptionals) (£m)	(3.2)	(0.3)	6.9	12.0	-	-
EPS – continuing, diluted and adjusted (p)	(1.1)	(0.2)	2.0	3.0	-	-
DPS (p)	0.0	0.0	0.5	0.9	-	-
Net cash (£m)	15.5	37.0	23.1	12.0	(22.3%)	(47.9%)

Source: Foxtons Group data, Edison Investment Research

Lettings growth accelerated by M&A

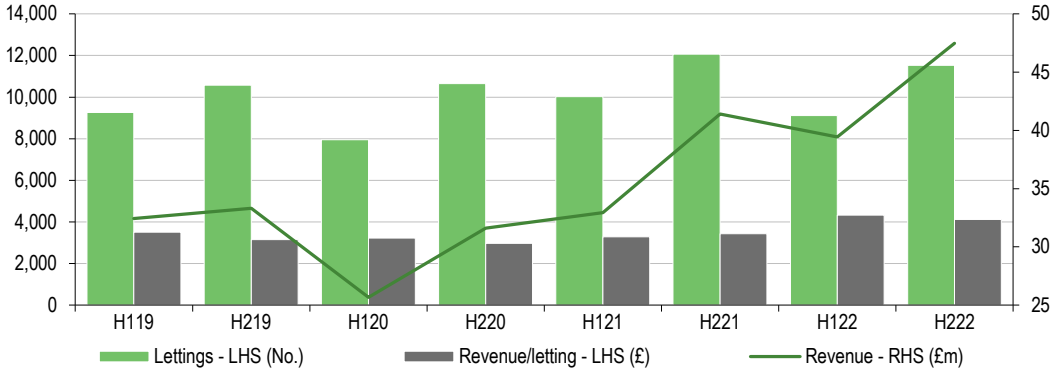
Total Lettings revenue increased 17% to £86.9m (2021: £74.3m) on the back of a 5% increase in the overall lettings book to c 26,500 tenancies. Revenue was boosted by a 25% increase in the average revenue per transaction to £4,211, offset by a 7% reduction in transactions to 20,640, reflecting tightness in availability.

Of the £12.6m increase in Lettings revenue, £7.6m was organic growth driven by a c 20% increase in average rental prices offset by longer agreed tenancies, £2m was the annualisation of the D&G lettings book, which was included for an additional two months in the year, and £3m was driven by the two lettings books purchased in May 2022. The latter will be included for an additional five months in 2023.

The Lettings operating margin expanded by 750bp, from 13.2% to 20.7%, benefiting from the operating leverage of growth, notably from the additional £11.2m of revenue and £5.3m of operating profit from the acquired D&G Lettings business. In the period, Foxtons disposed of the loss-making D&G Sales business and successfully integrated the D&G lettings book and the two businesses purchased in May 2022.

The chart below clearly shows that although the number of lettings in H122 and H222 was broadly similar to 2019, the average revenue per rental has risen by roughly a third as overall rates are now higher, and the quality of the portfolio has improved, driven in particular by the D&G portfolio.

Exhibit 5: Foxtons lettings activity, last eight half years



Source: Foxtons Group data, Edison Investment Research

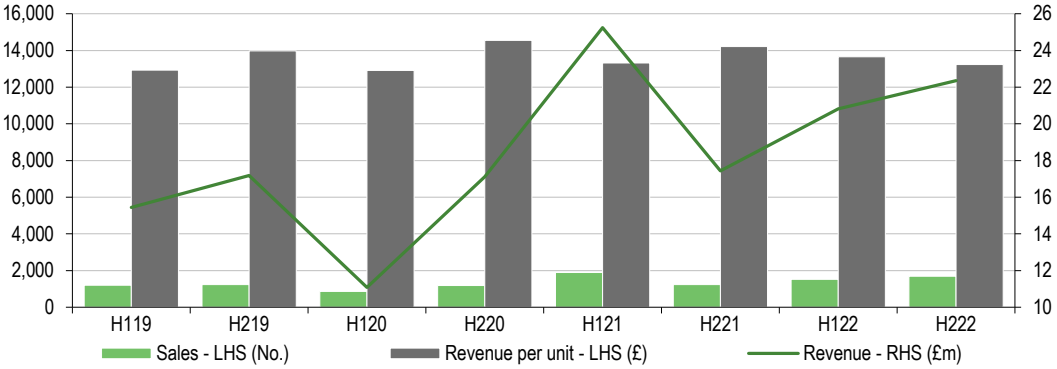
Sales revenue increased 1%

Sales revenue rose by 1% to £43.2m, benefiting from a 3% increase in transaction volumes to 3,215, offset by a 2% decline in the average revenue per transaction to £13,431 despite an increase in the average price of properties, from £577k to £590k. The decline in revenue per transaction reflects an increase in the proportion of properties sold under the government's Help to Buy scheme, which has now been closed. Trading in Q4 was particularly hit by the mini-budget but is now showing some signs of recovery.

Although revenue was up slightly, operating profit fell from £0.5m to a loss of £3.2m, reflecting investment in the business, including increased staff numbers, rebuilding costs and one-off property restructuring costs, plus inflation. The operating margin reversed from +1.3% to -7.5%.

The chart below shows the volume of sales, revenue and revenue per unit over the last eight half years. It shows half-yearly volumes in 2022 of c 1,500–1,700, up c a third versus c 1,200 in H119 and H219. Revenue per unit is broadly unchanged, implying that total revenue was also about a third higher in FY22 versus FY19.

Exhibit 6: Foxtons sales activity, last eight half years



Source: Foxtons Group data, Edison Investment Research

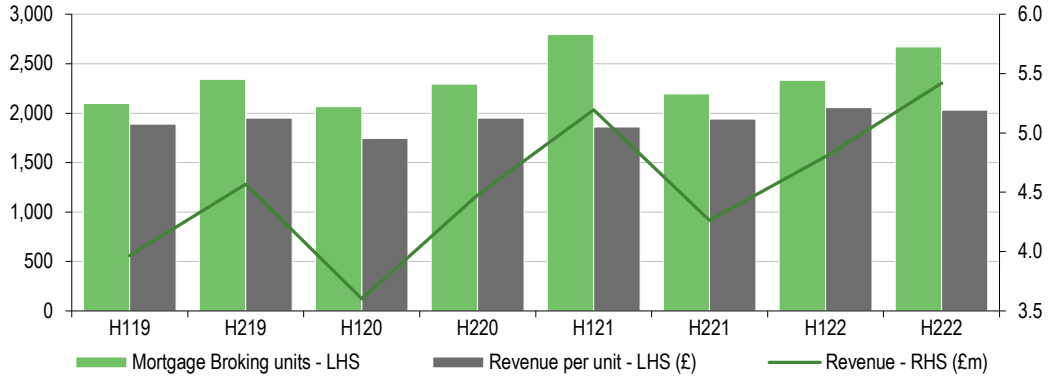
Financial Services showing steady growth

Foxtons' Financial Services division handled 5,003 units in the year, which was marginally up on FY21. Revenue and revenue per transaction were both up 8%, to £10.2m and £2,043 respectively, due to a 6% increase in mortgage activity from higher average fees and an increase in loan size, and a 2% increase in protection volumes. Of the £10.2m total revenue, £4.5m was from non-cyclical refinance activity and £5.7m was from more cyclical purchase activity.

Operating profit in the segment increased c 20% to £1.8m and the margin expanded by 100bp to 17.3%. Over the last eight half years, volumes and revenue per transaction have both trended

modestly higher, which has steadily pushed total revenue up. Financial Services remains the smallest division of the group by a long way, but it is a profitable and complementary component of Foxtons.

Exhibit 7: Foxtons Financial Services activity, last eight half years



Source: Foxtons Group data, Edison Investment Research

Estimates and valuation raised to reflect the latest M&A

Our underlying estimates are unchanged post the prelims, bar for the 10-month inclusion of the Atkinson McLeod acquisition in FY23, and a full 12-month inclusion in FY24. We assume revenue in both years increases by £2.1m and £3.0m respectively, and that operating profit benefits from a £0.5m contribution this year, including some integration costs, and by £1.2m in FY24, benefiting from a full year contribution and some synergies. Net cash declines in both years, reflecting the £7.4m total estimated cost of acquisition.

Exhibit 8: Revised forecasts

	FY22	FY23e (Old)	FY23e (New)	Chg (%)	FY24e (Old)	FY24e (New)	Chg (%)
Revenue (£m)	140.3	135.7	137.8	1.6%	143.5	146.5	2.1%
Y-o-y growth (%)	10.9%	-	(1.8%)	-	-	6.3%	-
Adjusted operating profit (£m)	13.9	11.4	11.9	4.1%	14.9	16.1	8.2%
Y-o-y growth (%)	55.6%	-	(14.7%)	-	-	35.9%	-
Reported PBT (£m)	11.9	9.1	9.7	6.3%	12.8	13.9	9.0%
Y-o-y growth (%)	115.1%	-	(19.0%)	-	-	44.2%	-
EPS (company definition) (p)	3.0	2.2	2.4	7.7%	3.1	3.3	8.0%
Y-o-y growth (%)	51.5%	-	(12.0%)	-	-	31.2%	-
DPS (p)	0.9	0.8	0.8	3.7%	1.1	1.2	6.5%
Y-o-y growth (%)	100.0%	-	(7.9%)	-	-	41.3%	-
Net cash (pre-IFRS 16, ie ex-lease liabilities) (£m)	12.0	15.2	8.1	(46.9%)	23.4	15.8	(32.6%)
Y-o-y growth (%)	(47.9%)	-	(32.8%)	-	-	95.2%	-

Source: Foxtons Group data, Edison Investment Research

Our 'base' case valuation rises from 53p/share to 59p/share with the inclusion of the latest acquisition. However, our preferred valuation methodology in our 'bull' case attempts to reflect market share gains across all three divisions in line with the revised strategy, which we believe is likely to result in an increased headcount. It also attempts to reflect some value for yet-to-be-announced M&A and an increase in the recurring, non-cyclical lettings and remortgage activity. M&A has been a strong feature of the group for the last three years and is likely to remain so given its strategy, its financial strength and the opportunities that exist. The additional c £24m of revenue assumed over and above the FY24 estimate of £146.5m is driven by market share gains, assumed M&A and growth from the Build to Rent sector. We have then assumed a c 65% drop-through rate to which we apply a 17.5x price to earnings ratio. The implied earnings lead us to our revised 124p/share 'bull' case valuation, up from 118p.

Exhibit 9: Financial summary

£m	2019	2020	2021	2022	2023e	2024e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue	106.9	93.6	126.5	140.3	137.8	146.5
Normalised operating profit	0.6	3.8	12.1	15.6	15.7	20.0
Amortisation of acquired intangibles	(0.6)	(0.8)	(1.7)	(1.6)	(1.8)	(1.9)
Share-based payments	(0.7)	(1.0)	(1.5)	(0.2)	(2.0)	(2.0)
Total adjusted operating profit	(0.7)	1.9	8.9	13.9	11.9	16.1
Exceptionals	(5.7)	(1.1)	(1.4)	(0.1)	0.0	0.0
Reported operating profit	(6.3)	0.8	7.6	13.8	11.9	16.1
Net Interest	(2.4)	(2.2)	(2.0)	(1.9)	(2.2)	(2.2)
Exceptionals	(0.1)	(0.0)	(0.0)	(0.0)	0.0	0.0
Profit Before Tax (norm)	(1.9)	1.6	10.0	13.7	13.5	17.8
Profit Before Tax (reported)	(8.8)	(1.4)	5.6	11.9	9.7	13.9
Reported tax	1.0	(1.8)	(6.9)	(2.4)	(2.3)	(3.5)
Discontinued operations	0.0	0.0	(4.8)	0.0	0.0	0.0
Net income (normalised)	(0.9)	(0.2)	(1.7)	11.4	11.2	14.4
Net income (reported)	(7.8)	(3.2)	(6.2)	9.6	7.4	10.5
Basic average number of shares outstanding (m)	275	314	324	308	308	308
EPS - basic normalised (p)	(0.32)	(0.08)	(0.52)	3.69	3.64	4.67
EPS - basic reported (p)	(2.83)	(1.02)	(1.90)	3.11	2.41	3.40
EPS - continuing, diluted, and adjusted. company definition (p)	(1.06)	(0.16)	1.98	3.00	2.37	3.35
Dividend (p)	0.00	0.00	0.45	0.90	0.83	1.17
Revenue growth (%)	-4.1	-12.5	35.2	10.9	-1.8	0.0
Normalised Operating Margin	0.5	4.1	9.5	11.1	11.4	13.7
BALANCE SHEET						
Fixed Assets	178.7	173.4	184.4	191.7	188.9	181.0
Intangible Assets	101.0	103.5	107.3	109.3	110.4	111.5
Goodwill	9.3	11.4	17.7	26.1	26.1	26.1
Tangible Assets	13.0	10.5	9.7	10.7	17.8	18.9
Right of use assets	51.4	44.4	43.8	42.6	31.6	21.6
Contract assets	0.6	0.4	0.9	1.7	1.7	1.7
Investments & other	3.3	3.1	5.1	1.4	1.3	1.3
Current Assets	30.2	52.6	39.3	34.5	32.4	41.2
Contract assets	1.0	1.7	3.7	5.7	5.7	5.7
Debtors	13.4	13.9	16.0	16.0	17.9	19.0
Cash & cash equivalents	15.5	37.0	19.4	12.0	8.1	15.8
Other	0.3	0.1	0.3	0.7	0.7	0.7
Current Liabilities	(27.9)	(29.2)	(31.9)	(38.7)	(37.1)	(38.0)
Creditors	(10.5)	(10.3)	(14.5)	(16.7)	(15.2)	(16.1)
Lease liabilities	(9.7)	(10.8)	(8.8)	(10.7)	(10.7)	(10.7)
Contract liabilities	(6.3)	(7.7)	(8.2)	(9.7)	(9.7)	(9.7)
Other	(1.4)	(0.4)	(0.3)	(1.5)	(1.5)	(1.4)
Long Term Liabilities	(65.2)	(62.4)	(68.4)	(64.9)	(54.1)	(43.3)
Lease liabilities	(46.2)	(40.7)	(39.3)	(35.8)	(25.0)	(14.2)
Contract liabilities	(1.3)	(1.1)	(1.1)	(0.3)	(0.3)	(0.3)
Other long term liabilities	(17.8)	(20.6)	(28.0)	(28.8)	(26.5)	(23.1)
Shareholders' equity	115.8	134.5	123.5	122.7	130.1	140.9
CASH FLOW						
Op Cash Flow before WC and tax	(2.6)	4.3	6.6	15.0	13.7	18.0
Depreciation - Right of use assets	9.8	9.4	10.6	12.2	11.0	10.0
Impairment of goodwill	0.0	0.0	3.2	0.0	0.0	0.0
Branch asset impairment	4.3	1.7	1.1	(0.3)	0.0	0.0
Gain on disposal of PPE etc	(0.4)	(0.5)	(1.4)	(0.3)	(0.5)	(0.5)
Working capital	(2.6)	(0.6)	1.7	(1.2)	(3.4)	(0.2)
Decrease in provisions	0.8	(0.8)	0.2	1.1	(1.0)	(1.0)
Share based payment charges	0.7	1.0	1.5	0.2	2.0	2.0
Cash settlement of share incentive plan	(0.4)	0.0	0.0	(0.0)	(0.5)	(0.5)
Tax	0.2	0.2	(0.2)	(2.7)	(2.3)	(3.5)
Net operating cash flow	9.8	14.7	23.5	23.9	19.0	24.4
Capex	(0.3)	(0.4)	(1.7)	(2.9)	(0.4)	(0.4)
Acquisitions/disposals	(0.2)	(3.9)	(14.5)	(9.6)	(6.8)	(0.8)
Dividends	0.0	0.0	(0.6)	(1.5)	(2.8)	(2.6)
Repayment of lease liabilities	(12.0)	(10.0)	(15.2)	(12.7)	(13.0)	(13.0)
Purchase of own shares	(0.1)	(0.3)	(5.7)	(4.9)	(0.3)	(0.3)
Net proceeds from issue of ord. Shares	0.0	21.1	0.0	0.0	0.0	0.0
Other	0.3	0.3	0.3	(3.4)	0.3	0.3
Net Cash Flow	(2.4)	21.5	(13.9)	(11.1)	(3.9)	7.7
Opening net debt/(cash)	(17.9)	(15.5)	(37.0)	(23.1)	(12.0)	(8.1)
Closing net debt/(cash) (ex-lease liabilities)	(15.5)	(37.0)	(23.1)	(12.0)	(8.1)	(15.8)

Source: company data, Edison Investment Research

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