

# Appreciate Group

Resilient H1 and well placed for recovery

Interim results update

Financial services

16 December 2020

**Price** 30p  
**Market cap** £56m

Net cash (£m) at 30 September 2020 24.9  
Shares in issue 186.3m  
Free float 100%  
Code APPS  
Primary exchange AIM  
Secondary exchange N/A

## Share price performance



%	1m	3m	12m
Abs	3.4	2.0	(37.0)
Rel (local)	0.2	(5.4)	(29.8)
52-week high/low	65p 24p		

## Business description

Appreciate Group is a specialised financial services business and is the UK's leading provider of multi-retailer redemption products to the corporate and consumer markets. Consumers can access these products directly through its market-leading Christmas Savings offering. Corporate customers use these products to supply a range of incentive and reward products, often tailor made.

## Next events

Post-Christmas trading update 12 January 2021  
Year-end trading update 29 April 2021

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H121 performance was resilient, ahead of management's mid-range scenario for the effect of COVID-19, and the steady recovery in customer activity from the April low continued into the seasonally significant Q3 period. With management increasingly confident of the H2 recovery, backed by a solid free cash position, dividends were reinstated. Accelerated digitalisation of the business has mitigated the effects of the pandemic and positions Appreciate Group well for recovery.

Year end	Billings* (£m)	Revenue (£m)	Adj. PBT** (£m)	EPS*** (p)	DPS (p)	P/E (x)	Yield (%)
03/19	426.9	110.4	12.5	4.8	3.20	6.3	10.7
03/20	419.9	112.7	11.4	4.9	0.00	6.1	N/A
03/21e	360.9	93.5	4.2	1.9	1.20	15.5	4.0
03/22e	392.3	101.0	7.1	3.1	1.50	9.7	5.0

Note: \*Billings is a non-statutory measure of sales defined as the face value of voucher sales and the amount of value loaded on prepaid cards, less any discount given to customers. \*\*PBT is adjusted for exceptional items. \*\*\*EPS is fully diluted on a statutory basis.

## Continuing recovery from April lows

With the pandemic lockdown measures introduced at the start of the current financial year, billings were 17.8% lower and the usual seasonal pre-tax loss was increased to £6.2m or £4.6m excluding exceptional/non-recurring items (H120: £1.2m loss) relating to the wind-down of the hamper and contract packaging operations, continuing the group's refocusing on its core activities. The monthly billings performance has been improving steadily since the April low (when it was -64% y-o-y), continuing into the seasonally important Q3 trading period despite the second lockdown measures. An interim DPS of 0.4p per share was declared. The free cash position remained solid at £24.9m. The pace of billings recovery leads us to increase our FY21 forecasts with further progress expected in FY22.

## Well placed to benefit from market recovery

The strategic business plan aims to build a more robust and scalable business model, capable of capitalising on growth opportunities in the large and fragmented market in which the group operates. Although ongoing, progress made to date in enhancing operating systems and processes and putting a greater focus on digital products and services, supported H121. As well as mitigating the impact of the pandemic, this positions the group well for post-pandemic recovery and better exploiting existing industry trends. We expect future growth to be focused on digital/card product, higher margin but less immediately cash generative compared with paper vouchers. We believe this near-term pressure on cash flow from the change in business mix is a one-time adjustment and the recently arranged £15.0m revolving credit facility (RCF) remains undrawn and ready to support growth.

## Valuation: Uncertainty has weighed on valuation

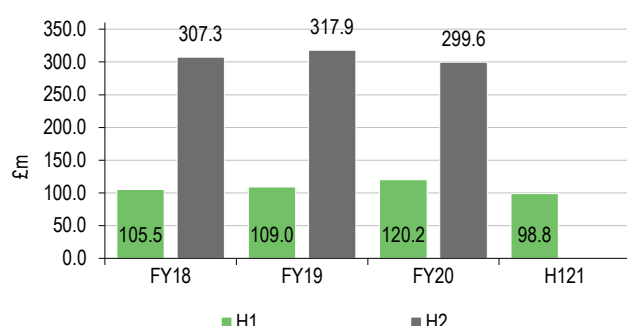
Our modified DCF valuation of 60p per share (unchanged) looks through the near-term suppression of earnings by the pandemic and 'one-time' cash flow adjustment from business mix changes (see page 8). It implies a calendar year 2021 P/E of c 21x and yield of 3.3%, reasonable in a 'peer group' context.

## Resilient H121 and well placed for recovery

### COVID-19 magnified the normal seasonal loss

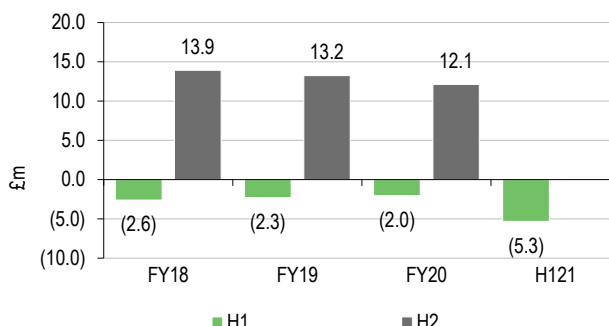
Appreciate's business is highly seasonal with most billings (typically more than 80%) generated in the second half of the year, which includes the Christmas trading period. This is true of both the Corporate and Consumer businesses although it is higher in Consumer, which is dominated by the Christmas savings business. With costs spread more evenly across the year, H1 is typically loss making with all profits generated in the second half of the year. We expect a similar trend in the current year, although with the significant effect of the pandemic lockdown and gradual ongoing recovery accelerating the trend in the current year.

**Exhibit 1: H1/H2 trend in billings**



Source: Appreciate Group data

**Exhibit 2: H1/H2 trend in operating profit\***



Source: Appreciate Group data. Note: Operating profit before exceptional and non-recurring items.

### Billings are continuing their steady recovery

Billings fell sharply as the lockdown was introduced but have been recovering month by month. Importantly, this positive trend continued into H221 and at the time of reporting interims the seasonally important Q3 trading period, through November, continued to reflect this trend, with no material effect from the second lockdown at that time.

**Exhibit 3: Steady recovery in billings from April lows**

Corporate and HSV billings (£m)	Apr	May	June	July	Aug	Sept	Oct	YTD*
FY21	5.0	7.4	8.6	11.8	10.2	14.9	24.0	81.9
FY20	14.0	13.7	13.8	14.4	12.4	13.0	26.4	107.6
% variance	-63.9%	-46.5%	-37.5%	-17.6%	-17.7%	+14.8%	-9.3%	-23.9%

Source: Appreciate Group. Note: \*Financial year to date (1 April to 31 October).

It is worth noting that Exhibit 3 refers only to billings through the corporate business and highstreetvouchers.com (HSV) and specifically does not include the Christmas savings business. Christmas savings is not included to provide a better indication of underlying trading. Christmas savings billings are driven by Christmas order despatches, primarily in the second half of the year, from an order book built primarily in the first half of the year. Positively, the Christmas 2020 order book has ended up c 8% lower year on year compared with earlier indications of c 10%.

### Continuing to reposition the business

The strategic business plan aims to build a more robust and scalable business model, capable of capitalising on growth opportunities in the large and fragmented market in which the group operates, which should position the group well for post-pandemic recovery. Although ongoing, the progress made in FY20 in the strategic business plan, enhancing operating systems and process

and putting a greater focus on digital products and services were a positive support in H121, mitigating the effect of the pandemic. Decisive action was taken to adapt to the new environment, with a further acceleration in digitalisation, in step with market developments, leaving the group in a better position to capitalise on market recovery and exploit growth opportunities. The group has also taken steps to increase its focus on the core offering of own branded multi-retailer product, putting in place plans to exit the hamper production and contract packaging and is in discussions for the sale of the brand engagement subsidiary FMI. The next stage of the new enterprise resource planning system is on track for implementation in summer 2021.

## H1 results in detail

With the pandemic lockdown measures introduced at the start of the current financial year, performance in the six months to 30 September 2020 (H121) was relatively resilient, and ahead of management's mid-range scenario for the effect of COVID-19 as detailed in the FY20 annual report.

### Exhibit 4: Summary of H121 financials

£m unless stated otherwise	H121	H120	Difference
Consumer billings	32.3	40.1	(7.8)
Corporate billings	66.6	80.1	(13.5)
<b>Total billings</b>	<b>98.8</b>	<b>120.2</b>	<b>(21.4)</b>
<b>Revenue</b>	<b>27.4</b>	<b>33.2</b>	<b>(5.8)</b>
Cost of sales	(22.4)	(25.0)	2.6
<b>Gross profit</b>	<b>5.0</b>	<b>8.2</b>	<b>(3.2)</b>
Distribution costs	(0.4)	(0.7)	0.3
Admin costs	(9.9)	(9.6)	(0.4)
<b>Operating profit (before exceptional/non-recurring items)</b>	<b>(5.3)</b>	<b>(2.0)</b>	<b>(3.3)</b>
Net finance income	0.1	0.8	(0.7)
<b>Profit before tax (before exceptional/non-recurring items)</b>	<b>(5.2)</b>	<b>(1.3)</b>	<b>(4.0)</b>
Exceptional & non-recurring*	(1.0)	0.0	(1.0)
<b>Reported PBT</b>	<b>(6.2)</b>	<b>(1.3)</b>	<b>(4.9)</b>
Tax	1.2	0.2	0.9
<b>Net profit after tax</b>	<b>(5.0)</b>	<b>(1.0)</b>	<b>(4.0)</b>
Basic EPS (p)	(2.71)	(0.56)	
Diluted EPS (p)	(2.71)	(0.56)	
DPS (P)	0.40	0.00	
Total cash - including monies held in trust	227.3	213.1	
Period end group cash (excluding overdraft)	24.9	6.3	

Source: Appreciate Group data. Note: \*H121 exceptional item/non-recurring relates to redundancy costs (£0.6m), impairment of obsolete stock (£0.4m) and small (£41k) profit on disposal.

## Brief overview of H121 results

The key drivers of the H121 financial results were:

- Group billings declined by 17.8% to £98.8m with a continuing recovery from the low point in April (-64%) at the height of the lockdown. This included a £10.3m contribution from the successful free summer school meals partnership with Iceland, one-off in nature and relatively low margin, and excluding this, billings were 27% lower than in H120.
- Revenues fell at a similar rate to billings, down 17.6% to £27.4m.
- Gross profit was 39.3% lower at £5.0m before the £0.4m effect of stock impairment resulting from the hamper and contract packaging business winddown. The gross margin on billings reduced to 5.1% from 6.9%, reflecting the mix of business and the maintenance during the period of promotional costs in respect of Christmas 2020.
- Distribution costs were lower, reflecting reduced billings and a mix switch towards digital product, and administrative costs were slightly higher by a similar amount. The increase in

administrative costs reflected professional fees in respect of the sale of the Valley Road site as well as costs in respect of the arrangement of the £15m five-year unsecured RCF.

- Net finance income was modest in period as result of sharply reduced deposit rates on cash balances and increased finance expense, primarily facility fees relating to the RCF, for now undrawn. The RCF will provide additional financial flexibility and support the expected future growth of card and digital product, higher margin than vouchers but less immediately cash generative than paper vouchers.
- The PBT loss, before c £1.0m of exceptional and non-recurring items, was £5.2m compared with £1.3m in H120. The exceptional/non-recurring items primarily relate to the hamper and contract packaging business wind-down, including the stock impairment and a £0.6m redundancy charge. The sale of its largely vacated Valley Road site for £3.2m generated a small £41k disposal gain. The company adjusted pre-tax loss measure was £4.6m and additionally excludes £0.6m of trading losses relating to the hamper and contract packaging wind-down. As the business is wound down, the loss is much greater than normal, primarily due to fixed premises costs and will continue through to the end of FY21.

#### Exhibit 5: Reconciliation to adjusted PBT

£m	H121	H120
Reported PBT	(6.2)	(1.3)
Adjusted for:		
Redundancy costs	0.6	
Impairment of obsolete stock	0.4	
Gain on disposal	(0.0)	
<b>PBT before exceptional &amp; non-recurring items</b>	<b>(5.2)</b>	<b>(1.3)</b>
Hamper business trading losses	0.6	0.1
<b>Adjusted PBT</b>	<b>(4.6)</b>	<b>(1.2)</b>

Source: Appreciate Group

- The statutory net loss after tax was £5.0m (H120: £1.0m loss) 2.71p. per share on both a basic and diluted basis.
- The interim DPS of 0.4p reflects the company's confidence at returning to profitability in H221, seasonally stronger and additionally benefiting from the continuing recovery in customer activity. Although there is no guidance in respect of a final dividend, the interim distribution has typically represented c one-third of the total.
- Free cash at year-end was just under £30m but, with the impact of the pandemic on current year trading still uncertain ahead of the peak Q3 trading period, no final dividend was declared (and no dividend paid for the year) to maintain financial flexibility. The board hopes to return to its existing dividend policy as soon as possible and this has typically seen a c 50% distribution of earnings weighted around one-thirds to H1 and around two-thirds to H2.
- Cash balances remained strong with free cash of £24.9m (H120: £7.7m) while customer balances held in trust represented an additional £227.3m, up from £213.1m in H120.

## More detail by product and business division

Looking more closely at the trends by business division and product, we note the following:

- Consumer billings were 19.5% lower at £32.3m and were affected by the timing of despatches for the Christmas savers business (for Christmas 2020). For the full year we expect billings to reflect the total order book, -8% and better than management previously expected. The Christmas 2020 order book was largely built before the pandemic but has proved resilient and the decline in orders mainly reflect the continued decline of agency distribution business. Appreciate Group has introduced new commission schedules and enhancements to the range of redemption partners to stimulate activity for Christmas 2021. The reduction in 'other consumer' reflects the effect of the pandemic while 'other income' was also affected by the wind down of the hamper and repackaging operations.

**Exhibit 6: Consumer billings**

£m	H121	H120	Change
Christmas savings	29.8	36.3	-17.8%
Other consumer	2.2	3.0	-24.4%
<b>Multi and single retailer sub-total</b>	<b>32.0</b>	<b>39.3</b>	<b>-18.6%</b>
Other income	0.3	0.8	-65.7%
<b>Total Consumer billings</b>	<b>32.3</b>	<b>40.1</b>	<b>-19.5%</b>

Source: Appreciate Group

- Corporate billings were 16.9% lower but management notes recent strong order trends and a good level of new business. Customer incentives performed better than the average due to increased marketing activities by some clients, particularly within financial services. Staff rewards were relatively weak compared with the average, but Appreciate Group expects a pick-up in H2 as companies seek to reward employees for their efforts during the lockdown and with alternatives to traditional Christmas parties. Intermediary business has been managed down in recent years but received a boost from the Iceland deal.

**Exhibit 7: Corporate billings**

£m	H121	H120	Change
Customer incentives	19.8	20.5	-3.6%
Intermediaries	19.2	17.2	11.6%
Staff rewards	19.8	30.4	-35.0%
Employee benefits	5.7	9.2	-37.9%
<b>Multi and single retailer sub-total</b>	<b>64.5</b>	<b>77.3</b>	<b>-16.6%</b>
Other income	2.1	2.8	-26.2%
<b>Total Corporate billings</b>	<b>66.6</b>	<b>80.1</b>	<b>-16.9%</b>

Source: Appreciate Group

- The group's own multi-retailer billings (cards, vouchers and digital) remained the main source of billings (86.7% compared with 83.0% in H120) while lower-margin, third-party single retailer product reduced (11.0% compared with 14.0% in H120).

**Exhibit 8: Increased focus on core own branded multi-retailer offering**

£m	H121	H120	Change
Multi-retailer	85.7	99.8	-14.1%
Single retailer	10.9	16.8	-25.3%
<b>Multi and single retailer sub-total</b>	<b>96.6</b>	<b>116.6</b>	<b>-17.2%</b>
Other income	2.3	3.6	-38.2%
<b>Total billings</b>	<b>98.8</b>	<b>120.1</b>	<b>-17.8%</b>

Source: Appreciate Group

- Further progress by product mix is reflected in strong growth in digital product and further decline paper vouchers. The growth in digital partly reflects the Iceland contract but the share of billings was still 8.8 percentage points ahead adjusting for this. The pandemic has accelerated existing trends in the market, which are reflected in the group's strategy to focus on higher margin cards and digital product.

**Exhibit 9: Billings mix by product**

% of multi and single retailer billings	H120	H220	Change
Paper	19.2%	38.8%	-19.6% pts
Card	55.8%	53.9%	+1.8% pts
e-Code	25.1%	7.3%	+17.8% pts

Source: Appreciate Group

## Financials

The positive trend in billings in recent months combined with the accelerated shift away towards higher-margin own branded multi-retailer product, particularly digital and card product, and away from vouchers led us to increase our FY21 forecasts. For FY22 we had already assumed a material

rebound and have increased our billings forecast slightly, although our PBT estimate is not materially changed. We have also introduced a tentative FY23 forecast for the first time.

Our forecast uplift for billings is driven by the Corporate business, while for the Consumer business we have taken a more cautious approach in respect of the headwind from the agency distribution channel.

#### Exhibit 10: Summary of billings forecast

	New		Old		Change	
£m	FY21	FY22	FY21	FY22	FY21	FY22
Consumer billings	194.4	192.5	195.7	203.6	-0.7%	-5.4%
Corporate billings	166.5	199.8	144.1	174.3	15.5%	14.6%
<b>Total billings</b>	<b>360.9</b>	<b>392.3</b>	<b>339.8</b>	<b>377.9</b>	<b>6.2%</b>	<b>3.8%</b>

Source: Edison Investment Research

For FY21 the billings forecast uplift feeds through into higher adjusted PBT, although for FY22 we have taken a slightly more cautious view on gross margin development despite the continuing positive shifts in product mix.

Our DPS forecast for FY21 is increased to 1.2p per share (was 1.0p) and we continue to expect further growth in FY22 and FY23, well covered by earnings.

#### Exhibit 11: Estimate revisions

	Billings (£m)			Revenues (£m)			Adj. PBT (£m)*			Diluted EPS (p)			DPS (p)		
	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
03/21e	360.9	339.8	6.2%	93.5	87.1	7.3%	4.2	3.9	6.7%	1.9	1.7	14.6%	1.20	1.00	20.0%
03/22e	392.3	377.9	3.8%	101.0	100.6	0.4%	7.1	7.1	0.3%	3.1	3.1	0.8%	1.50	1.50	0.0%
03/23e	417.2	N/A	N/A	107.4	N/A	N/A	9.4	N/A	N/A	4.1	N/A	N/A	2.10	N/A	N/A

Source: Edison Investment Research

## Valuation

Our analysis continues to identify significant value in Appreciate Group shares based on the return to more normal trading conditions reflected in our near-term forecasts and longer-term growth, enhanced by the strategic refocusing on card and digital products, the drivers of industry growth. We estimate a fair value of c 60p and the shares are trading at a c 50% discount to this value. We believe this discount reflects the uncertainty created by the pandemic in respect of near-term earnings and dividends as well as the distorting, negative effect of the shift from paper vouchers to digital/card product.

As discussed in detail in our [outlook note](#), we believe this is primarily a one-off, temporary adjustment to cash flow, which masks the long-term recurring cash flow potential of the business and is any case 'stripped out' of our valuation analysis. The continuing strong growth in the share of card/digital products and the relative decline in own voucher products, both as a share of the total and in absolute terms, is positive for profitability and to be welcomed. However, in the near term it has the effect of reducing operational cash flow. This is not because card/digital products consume cash to any significant extent; rather it is because the lower-margin voucher products are cash generative so long as sales are rising and cash negative when sales are falling.

### DCF valuation supported by 'peer' comparison

Given the lack of satisfactory direct valuation comparisons (see below), we continue to focus on an 'absolute' valuation determined by our modified discounted cashflow methodology, cross-referenced to a 'relative value' based on a comparison with a selected group of listed stocks that are engaged in activities providing at least some overlap with the group. There are no direct comparators for the Christmas savers business and competitor employee benefits and service

providers are either private companies or relatively small parts of larger groups, complicating any attempt at a relative valuation approach. In incentive and rewards products, Sodexo and Edenred are both much larger and more international and the overlap between Appreciate and Sodexo is limited (Sodexo Benefits and Rewards Services is only a minor part of Sodexo Group). We nevertheless include these in our quoted comparator group along with a selection of prepaid card and payments service providers (Euronet Worldwide, Fleetcor Technologies, Green Dot Corp and EML Payments).

Our DCF value is unchanged at 60p with the effect of higher near-term earnings offset by an increased long-term capex assumption. This DCF valuation implies a CY20 P/E multiple of 22x adjusted EPS and a CY21 P/E multiple of 21x. Although relatively high as a result of near-term earnings pressures, we believe these multiples are reasonable in the context of the comparator stocks, despite the relatively low market capitalisation and implied lower liquidity. Based on our FY23 forecast, the CY22 implied P/E is 15.6x.

**Exhibit 12: Comparator valuation summary**

	Share price (local)	Market cap (£m)	P/E (x) CY20	P/E (x) CY21	EV/EBITDA (x) CY20	EV/EBITDA (x) CY21	Dividend yield (%)
<b>Incentive</b>							
Edenred	46	10275.9	42.6	35.4	21.9	19.1	1.4
Sodexo	73	9570.5	38.1	23.5	14.3	11.6	0.0
<b>Incentive average</b>			<b>40.3</b>	<b>29.5</b>	<b>18.1</b>	<b>15.3</b>	<b>0.7</b>
FleetCor Technologies	276	17095.8	25.2	21.7	21.2	17.7	N/A
Green Dot	56	2231.2	27.6	24.4	15.8	13.7	N/A
EML Payments	4	862.3	47.4	35.9	14.9	9.9	N/A
Euronet Worldwide	138	5367.9	55.7	N/A	27.3	15.0	N/A
<b>Prepaid card and payment services average</b>			<b>39.0</b>	<b>27.3</b>	<b>19.8</b>	<b>14.1</b>	<b>N/A</b>
<b>Total group average</b>			<b>39.4</b>	<b>28.2</b>	<b>19.2</b>	<b>14.5</b>	<b>0.7</b>
Appreciate Group	30	55.9	11.3	10.8	8.1	7.2	4.0

Source: Edison estimates for Appreciate Group. Note: Earnings data on a calendar year basis, using adjusted EPS. Appreciate's enterprise value (EV) excludes voucher provision balance from cash. Prices at 16 December 2020.

## DCF value of 60p

Our modified DCF valuation differs from a standard DCF in that we include the interest earned on segregated customer cash balances (but not on the group cash balances), recognising this is an integral part of the returns the company generates. The customer cash is excluded from the overall valuation and we also exclude the voucher provisions balance, as this will eventually flow out in settlement of vouchers that have been issued but not yet redeemed. Our key assumptions have been held constant for an extended period, including an assumed 10% discount rate and 10x terminal multiple. Beyond the forecast period (now extended to FY23 from FY22) we use a two-stage growth assumption to allow for the potential medium-term benefits of the strategic business plan investment. For the first two years (previously three) beyond the forecast period (years four and five) we assume 10% growth in underlying free cash flows, followed by a reversion to a long-term growth rate of 5% up until year 10. We continue to assume an eventual 'normalisation' in interest rates and assume a stepped increase in market deposit rates to 1.5% in FY24 (was FY23) and 3% from FY25 (was FY24) and, as noted above, we deduct upfront from the DCF valuation the amount of voucher provisions (£30.2m at end-FY20) on the basis that the matching cash is only temporarily available to the group, albeit on a revolving basis. As a result, the expected further decline in the voucher provision balance, and the negative impact on near-term operating cash flow, has no effect on our DCF valuation.



**Exhibit 13: Financial summary**

Year end 31 March	£'000s	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PROFIT &amp; LOSS</b>										
Consumer billings		196,796	208,352	216,771	232,635	232,096	222,207	194,416	192,532	197,463
Corporate billings		176,091	176,679	187,741	180,151	194,805	197,650	166,500	199,800	219,720
Total Billings		372,887	385,031	404,512	412,786	426,901	419,857	360,916	392,332	417,183
Revenue		85,769	100,556	119,637	111,054	110,394	112,724	93,461	100,995	107,429
Cost of sales		(59,193)	(72,030)	(89,944)	(79,628)	(79,117)	(79,778)	(67,760)	(72,211)	(76,275)
Gross profit		26,576	28,526	29,693	31,426	31,277	32,946	25,702	28,784	31,155
Gross margin as % billings		7.1%	7.4%	7.3%	7.6%	7.3%	7.8%	7.1%	7.3%	7.5%
Distribution costs		(2,761)	(2,909)	(2,940)	(3,002)	(2,934)	(2,838)	(1,805)	(1,765)	(1,669)
Administrative expenses excluding depreciation & amortisation		(14,914)	(15,176)	(16,348)	(15,702)	(16,007)	(18,377)	(17,887)	(17,850)	(18,052)
EBITDA		8,901	10,441	10,405	12,722	12,336	11,731	6,010	9,168	11,434
Depreciation & amortisation		0	0	0	(1,405)	(1,394)	(1,659)	(2,113)	(2,350)	(2,350)
Operating profit before exceptional items		8,901	10,441	10,405	11,317	10,942	10,072	3,897	6,818	9,084
Exceptional items		0	0	0	0	(1,210)	(3,676)	(989)	0	0
Operating profit		8,901	10,441	10,405	11,317	9,732	6,396	2,908	6,818	9,084
Net Interest		1,245	1,457	1,470	1,270	1,572	1,304	263	296	322
Profit Before Tax & exceptional items		10,146	11,898	11,875	12,587	12,514	11,376	4,161	7,114	9,406
Profit before tax		10,146	11,898	11,875	12,587	11,304	7,700	3,172	7,114	9,406
Tax		(2,284)	(2,177)	(2,361)	(2,398)	(2,422)	(2,189)	(603)	(1,352)	(1,787)
Profit after tax (IFRS)		7,862	9,721	9,514	10,189	8,882	5,511	2,569	5,762	7,619
Average number of shares (m)		182.5	183.7	183.9	185.3	186.0	186.3	186.3	186.3	186.3
Fully diluted average number of shares (m)		184.7	187.2	187.2	185.9	186.1	186.3	186.3	186.3	186.3
Basic EPS - IFRS (p)		4.3	5.3	5.2	5.5	4.8	3.0	1.4	3.1	4.1
Fully diluted EPS - IFRS (p)		4.3	5.2	5.1	5.5	4.8	3.0	1.4	3.1	4.1
Adjusted EPS (excludes exceptional/nonrecurring items)		4.3	5.2	5.1	5.5	4.8	4.9	1.9	3.1	4.1
Dividend per share (p)		2.40	2.75	2.90	3.05	3.20	0.00	1.20	1.50	2.10
Pay-out ratio (Adj. earnings)		55.7%	52.0%	57.1%	55.5%	67.0%	0.0%	62.1%	48.5%	51.4%
<b>BALANCE SHEET</b>										
Non-current assets		13,924	13,749	14,399	14,868	12,606	16,224	18,974	19,924	20,874
Goodwill		1,320	1,320	2,202	2,185	2,168	800	800	800	800
Other intangible assets		3,168	3,036	2,682	2,278	2,295	4,757	7,017	7,767	8,517
Property, plant, & equipment		8,143	8,003	7,688	7,684	6,216	2,662	2,942	3,142	3,342
Retirement benefit asset		1,293	1,390	1,827	2,721	1,927	4,206	4,206	4,206	4,206
Other non-current assets		0	0	0	0	0	3,799	4,009	4,009	4,009
Current assets		107,095	119,496	129,322	142,423	153,475	148,041	130,760	138,187	147,636
Inventories		3,186	2,182	2,632	3,808	4,574	2,840	2,000	2,500	2,500
Trade & other receivables		11,309	8,860	9,236	10,917	12,582	9,457	9,023	9,808	10,430
Monies held in trust		65,728	75,219	83,018	86,992	99,251	102,693	96,131	106,196	116,078
Cash & equivalents		26,333	32,735	34,236	40,311	36,868	29,632	21,776	17,852	16,798
Other current assets		539	500	200	395	200	3,419	1,831	1,831	1,831
Current liabilities		(121,545)	(128,164)	(133,789)	(142,604)	(148,818)	(140,665)	(123,547)	(128,398)	(133,601)
Trade & other payables		(77,688)	(83,135)	(87,201)	(94,592)	(61,191)	(57,150)	(50,167)	(54,926)	(59,240)
Tax payable		(671)	(262)	(424)	0	(580)	0	0	0	0
Provisions		(43,186)	(44,767)	(46,164)	(48,012)	(58,286)	(53,802)	(46,644)	(45,548)	(45,530)
Non-current liabilities		(2,907)	(1,881)	(1,118)	(662)	(553)	(5,253)	(5,456)	(5,456)	(5,456)
Deferred tax liability		(273)	(181)	(194)	(662)	(553)	(1,121)	(1,011)	(1,011)	(1,011)
Retirement benefit obligation		(2,634)	(1,700)	(924)	0	0	0	0	0	0
Lease liabilities							(4,132)	(4,445)	(4,445)	(4,445)
Net assets		(3,433)	3,200	8,814	14,025	16,710	18,347	20,731	24,257	29,453
Minorities		0	0	0	0	0	0	0	0	0
Shareholders' equity		(3,433)	3,200	8,814	14,025	16,710	18,347	20,731	24,257	29,453
<b>CASH FLOW</b>										
Operating Cash Flow		14,106	12,184	9,603	10,540	6,874	6,866	(4,287)	2,668	6,134
Net interest		1,176	1,339	1,539	1,267	1,497	1,640	263	296	322
Tax paid		(2,132)	(2,490)	(2,258)	(2,537)	(1,576)	(2,864)	(2,184)	(1,352)	(1,787)
Capex		(597)	(1,126)	(717)	(1,020)	(1,152)	(5,030)	(4,619)	(3,300)	(3,300)
Acquisitions/disposals		41	52	(875)	1	0	1	3,047	0	0
Dividends paid		(4,198)	(4,380)	(5,052)	(5,370)	(5,668)	(5,963)	0	(2,236)	(2,423)
Other		0	0	305	0	345	419	(77)	0	0
Net cash flow		8,396	5,579	2,545	2,881	320	(4,931)	(7,856)	(3,924)	(1,054)
Opening net (debt)/cash		14,842	23,238	28,817	31,362	34,243	34,563	29,632	21,776	17,852
Closing net (debt)/cash		23,238	28,817	31,362	34,243	34,563	29,632	21,776	17,852	16,798
Overdraft		3,095	3,918	2,874	6,068	2,305	0	0	0	0
Closing net (debt)/cash as per balance sheet		26,333	32,735	34,236	40,311	36,868	29,632	21,776	17,852	16,798

Source: Appreciate Group, Edison Investment Research



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