SPRINGFIELD PROPERTIES

HOME CONSTRUCTION

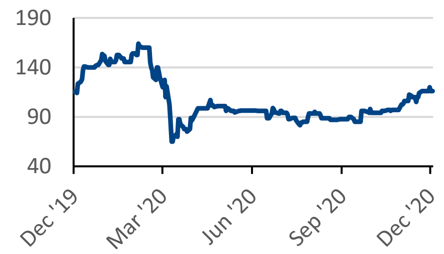
15 December 2020

SPR.L

116p

Market Cap: £113.5m

SHARE PRICE (p)



12m high/low	164p/65p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£(33.6)m *(at 30/11/20)*
Enterprise value	£147.1m
Index/market	AIM
Next news	HY results, 23 Feb 2021
Shares in Issue (m)	97.9
Chairman	Sandy Adam
Chief Executive	Innes Smith
Finance Director	Michelle Motion

COMPANY DESCRIPTION

Scotland's only quoted housebuilder, admitted to AIM in 2017, building over 1,000 private and affordable homes a year

www.springfield.co.uk

SPRINGFIELD PROPERTIES IS A RESEARCH CLIENT OF PROGRESSIVE

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Resurgent Scottish market fuels cash inflow

Scotland's only quoted housebuilder has issued a positive trading update for the six months to 30 November, highlighting sales activity that had "rebounded strongly" and, significantly, net debt falling by more than half since the May year end. The Group predicts further acceleration in growth in H2 "in line with market expectations", driven by pent-up demand after Scotland's extended lock-down and underpinned by a large contracted pipeline. We maintain all our estimates. We also examine Springfield's growing 'ESG' commitment, particularly its sustainability initiatives.

- **Strong performance for H1 and visibility for H2.** Total revenue rose by 17% Y/Y, primarily reflecting the completion of private homes that had been scheduled to be delivered in April and May, but were delayed by Scotland's closure of construction sites, which was longer and stricter than England's. The strong performance in Private Housing offset a reduction in revenue in Affordable Housing reflecting monthly payments on affordable contracts largely recommencing from July. We believe both situations are likely to reverse in H2, with Private Housing returning to more normal sales levels and Affordable Housing delivering a large increase in revenue.

- **Debt cut.** Net debt more than halved to £33.6m, from £68.8m at 31 May 2020, supported by: a surge in sales proceeds from homes that narrowly failed to complete in H2 FY2020 (which had artificially inflated the YE debt); reduced land expenditure and other cash controls; and the positive cashflow features of the Affordable Housing work that was undertaken.

- **Estimates maintained.** We are not changing P&L or balance sheet estimates and have retained our YE 2021 net debt estimate of £45.7m, based on the lower H1 level and a resumption of land buying in H2.

- **Scottish fundamentals remain strong.** We believe the Scottish housing market should offer significant growth in volumes and prices, due to relative undersupply. Springfield's proactive multi-tenure model was strengthened by last year's collaboration with a partnership with a PRS provider. (Springfield in brief, page 9).

- **Strong on sustainability.** On pages 6 - 8 we examine a range of aspects of Springfield's ongoing commitment to 'ESG', including innovative solutions in energy saving, biodiversity, water management and waste reduction and, on the social side, an active training programme in local communities.

FYE MAY (£M)	2019	2020	2021E	2022E	2023E
Revenue	190.8	144.4	178.0	228.5	248.4
Fully Adj PBT	16.5	10.2	15.1	19.6	23.9
Fully Adj EPS (p)	13.8	8.2	12.5	16.2	19.8
Dividend per share (p)	4.4	2.0	4.5	5.0	5.5
PER (x)	0.0x	14.1x	9.3x	7.2x	5.9x
Dividend yield (%)	3.8%	1.7%	3.9%	4.3%	4.7%
EV/EBITDA (x)	7.9x	10.8x	7.8x	6.3x	5.3x

Source: Company Information and Progressive Equity Research estimates

Forecasts: a differing tale of two halves for divisions

Different implications for Private Housing and Affordable Housing in balance of revenue between H1 and H2 2021E

We have not changed any of our P&L assumptions but in Figure 1, opposite, illustrate our assumptions for the contrasting H1:H2 performance likely between the two divisions, based on the statement.

- **Private Housing.** An abnormally low level of home completions in H2 FY2020, due to the loss of almost all site activity in April and May 2020, then a pronounced catch-up in H1 FY2021E, followed by a more level of delivery in the second half. For both divisions we have assumed first and second half for FY 2021E to be little changed compared with our existing FY 2021E forecasts.
- **Affordable Housing.** An opposite picture here. Because of a rescheduling in contracted work for local authorities and housing associations, we have assumed almost two-thirds of completions and revenue will occur in the second half.
- **Close balance overall.** The result of these two dynamics is a near 50:50 balance in total completions between the first and second half but, because of the higher value of the private homes a roughly 52:48 split in Group revenue.
- **Gross margins.** The update confirmed an increase in gross margin in the first half - in line with our existing view for FY 2021, 20.0% compared with 18.9% for FY 2020.
- **PBT assumptions.** No further guidance was given for H1 2021E in the update. But if we assumed the same 20.0% as in our FY forecast, this would imply gross profit of £18.7m. Assuming and even split between the half years of admin and interest costs points to EBIT of £9.2m (9.8% margin) and pre-exceptional PBT of £8.4m.
- **Net debt.** This fell from £68.8m at 31 May to £33.6m and comprises £32.5m of bank debt and £1.1m of traditional finance lease. The Group additionally has £2m of IFRS16 right of use lease liability. The main cause of the big fall in net debt was cash being received for homes that would have completed in H2 2020, where most of the build costs had already been expensed. In common with almost every other company in the sector, land and other expenditure was also curtailed in the initial phases of lockdown. Even although there was less Affordable Housing work undertaken in the first half, the division has positive cashflow characteristics relative to Private Housing. We understand that the Group has repaid all outstanding tax deferrals. For H2, we are assuming there could be a return to land buying and, thus, we have maintained our previous YE 2021 net debt estimate of £45.7m.

Figure 1: HY revenue split 2018 – 2021E

Year-end May (£m)	2019 H1	2019 H2	2019 FY	2020 H1	2020 H2	2020 FY	2021 H1E	2021 H2E	2021 FYE
Private Housing									
Completions	234	396	**630**	258	161	**419**	315	209	**524**
YoY change (%)	*27.2%*	*43.5%*	***37.0%***	*10.3%*	*-59.3%*	***-33.5%***	*22.0%*	*29.8%*	***25.0%***
ASP (£000)	227.2	227.5	**227.0**	221.2	260.0	**236.1**	235.5	236.7	**236.0**
YoY change (%)	*-2.7%*	*6.6%*	***2.5%***	*-2.7%*	*14.3%*	***4.0%***	*6.5%*	*-9.0%*	***0.0%***
Revenue	53.2	90.1	**143.3**	57.1	41.9	**98.9**	74.1	49.5	**123.6**
Change (%)	*23.7%*	*53.0%*	***40.6%***	*7.3%*	*-53.5%*	***-30.9%***	*29.9%*	*18.2%*	***24.9%***
Affordable Housing									
Completions	145	177	**322**	180	128	**308**	128	226	**354**
YoY change (%)	*51.0%*	*-17.3%*	***3.9%***	*24.1%*	*-27.7%*	***-4.3%***	*-28.9%*	*76.7%*	***15.0%***
ASP (£000)	132.0	134.3	**133.0**	123.1	166.3	**141.0**	147.7	148.3	**148.1**
YoY change (%)	*7.9%*	*12.5%*	***10.6%***	*-6.7%*	*23.8%*	***6.0%***	*20.0%*	*-10.8%*	***5.0%***
Revenue	19.1	23.8	**42.9**	22.2	21.3	**43.4**	18.9	33.5	**52.4**
YoY change (%)	*63.0%*	*-6.9%*	***15.1%***	*15.8%*	*-10.5%*	***1.2%***	*-14.7%*	*57.6%*	***20.7%***
Total completions	**379**	**573**	**952**	**438**	**289**	**727**	**443**	**435**	**878**
Change (%)	*35.4%*	*16.9%*	***23.6%***	*15.6%*	*-49.6%*	***-23.6%***	*1.1%*	*50.6%*	***20.8%***
H1:H2 split (%)	*39.8%*	*60.2%*		*60.2%*	*39.8%*		*50.4%*	*49.6%*	
Total ASP (£000)	190.8	198.7	**195.6**	180.8	218.5	**195.8**	210.1	190.7	**200.5**
YoY change (%)	*-2.4%*	*15.3%*	***8.2%***	*-5.2%*	*10.0%*	***0.1%***	*16.2%*	*-12.7%*	***2.4%***
Other revenue	3.4	1.2	**4.6**	0.6	1.5	**2.1**	0.4	1.6	**2.0**
Total revenue	**75.7**	**115.1**	**190.8**	**79.8**	**64.6**	**144.4**	**93.4**	**84.6**	**178.0**
YoY change (%)	*38.3%*	*33.9%*	***35.6%***	*5.4%*	*-43.9%*	***-24.3%***	*17.0%*	*31.0%*	***23.3%***

Source: Company Information and Progressive Equity Research estimates

Figure 2: P&L and per share data 2015 – 2023E

Year-end May (£m)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Total completions	478	495	620	770	952	727	878	1,159	1,204
Group revenue	**82.5**	**90.1**	**110.6**	**140.7**	**190.8**	**144.4**	**178.0**	**228.5**	**248.4**
COGS	(71.7)	(76.4)	(93.9)	(118.6)	(156.5)	(117.1)	(142.5)	(187.4)	(202.0)
Gross profit	**10.8**	**13.8**	**16.7**	**22.1**	**34.3**	**27.4**	**35.6**	**41.1**	**46.4**
Operating expenses	(7.0)	(7.7)	(8.9)	(11.5)	(17.3)	(16.1)	(19.0)	(20.0)	(21.0)
Share in JV net income	-	-	-	0.0	0.6	0.9	-	-	-
Operating profit	**3.8**	**6.1**	**7.8**	**10.7**	**17.6**	**12.1**	**16.6**	**21.1**	**25.4**
Exceptionals	(3.6)	-	-	(0.6)	(0.6)	(0.4)	(0.5)	-	-
Interest	(0.7)	(1.0)	(1.1)	(0.9)	(1.1)	(2.0)	(1.5)	(1.5)	(1.5)
PBT, reported	**(0.4)**	**5.1**	**6.7**	**9.2**	**16.0**	**9.7**	**14.6**	**19.6**	**23.9**
Underlying tax rate (%)	*17.5*	*20.3*	*19.1*	*19.0*	*18.8*	*20.6*	*19.0*	*19.0*	*19.0*
Reported tax	(0.5)	(1.0)	(1.3)	(1.9)	(3.1)	(2.1)	(2.9)	(3.7)	(4.5)
Net attrib. profit	**(1.0)**	**4.1**	**5.4**	**7.4**	**12.8**	**7.6**	**11.7**	**15.8**	**19.4**
PBT pre-exc, g/w	**3.1**	**5.1**	**6.7**	**9.8**	**16.5**	**10.2**	**15.1**	**19.6**	**23.9**
Period end shares (million)			7.3	96.3	96.3	97.9	97.9	97.9	97.9
Wtd. ave. shares (million)		7.1	58.4	73.4	96.3	96.9	96.9	96.9	96.9
Diluted shares (million)		7.1	58.4	73.6	97.3	97.9	97.9	97.9	97.9
EPS, basic (p)		57.1	9.2	10.0	13.3	7.9	12.1	16.4	20.0
EPS, pre-exceptionals (p)		57.1	9.2	10.8	13.9	8.3	12.6	16.4	20.0
EPS, diluted, pre-exc (p)		**57.1**	**9.2**	**10.7**	**13.8**	**8.2**	**12.5**	**16.2**	**19.8**
DPS - declared (p)			2.8	3.7	4.4	2.0	4.5	5.0	5.5
Dividend cover (x)			3.3	2.9	3.2	4.2	2.8	3.3	3.6
EBITDA	**4.4**	**6.8**	**8.6**	**11.7**	**18.6**	**13.6**	**18.9**	**23.4**	**27.8**
FCFPS (p)			1.0	14.8	11.2	(32.8)	27.4	13.9	14.4
TNAV (p)				81.4	90.2	96.3	104.7	116.3	130.9

Source: Company Information and Progressive Equity Research estimates

Figure 3: Cashflow and balance sheet 2015 – 2023E

Year-end May (£m)	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Adjusted cash flow statement									
Group op profit inc exc.	3.8	6.1	7.8	10.6	17.0	10.8	16.1	21.1	25.4
Depreciation	0.5	0.7	0.8	1.1	1.6	2.4	2.4	2.4	2.4
Intangible amortisation	-	-	-	-	-	0.0	-	-	-
Other	(3.7)	(2.6)	(0.1)	(0.4)	0.1	2.4	-	-	-
Working capital changes	(3.0)	(10.1)	(5.3)	3.1	(2.7)	(42.2)	13.0	(4.0)	(7.0)
Operating cash flow	**(2.4)**	**(5.9)**	**3.2**	**14.4**	**16.0**	**(26.6)**	**31.4**	**19.4**	**20.8**
Capex	(0.3)	(0.3)	(0.3)	(0.7)	(1.2)	(0.5)	(0.6)	(0.7)	(0.8)
Interest	(0.6)	(1.0)	(1.1)	(1.1)	(1.2)	(1.6)	(1.5)	(1.5)	(1.5)
Tax	(0.8)	(0.5)	(1.1)	(1.7)	(2.9)	(3.1)	(2.9)	(3.7)	(4.5)
Free cashflow	**(4.1)**	**(7.7)**	**0.6**	**10.9**	**10.7**	**(31.8)**	**26.5**	**13.5**	**13.9**
Acquisitions, investments	-	-	(0.0)	(15.3)	(20.9)	(3.2)	-	(2.0)	-
Dividends - paid	-	(2.1)	(2.3)	(0.8)	(3.8)	(3.1)	(3.4)	(4.6)	(5.1)
Financing	4.6	9.7	10.6	8.9	4.9	36.5	-	-	-
Change in cash	**0.5**	**(0.2)**	**8.8**	**3.7**	**(9.0)**	**(1.5)**	**23.1**	**6.9**	**8.9**
Summary balance sheet									
Intangible fixed assets	-	-	-	0.6	1.6	1.6	1.6	1.6	1.6
Tangible fixed assets	2.1	2.2	2.8	4.5	5.0	6.3	4.5	2.9	1.3
Investments	0.5	0.5	0.5	1.9	2.4	5.3	5.3	5.3	5.3
Working capital	45.2	57.9	63.2	90.8	125.1	162.6	149.6	153.6	160.6
Provisions, others	(0.2)	(0.8)	(0.9)	(3.5)	(16.0)	(11.2)	(11.2)	(9.2)	(9.2)
Net cash/(debt)[1]	(21.4)	(30.6)	(33.2)	(15.3)	(29.6)	(68.8)	(45.7)	(38.8)	(29.9)
Net assets	**26.2**	**29.2**	**32.4**	**79.0**	**88.6**	**95.9**	**104.2**	**115.4**	**129.7**

Source: Company Information and Progressive Equity Research estimates. [1] Net debt is defined as pre-IFRS 16 lease liabilities, latest £2m.

ESG credentials: delivering before it became fashionable

Not just 'box-ticking'

In a recent webcast investor seminar hosted by Progressive (link) Springfield's CEO Innes Smith referred, tellingly, to the importance it has attached to 'ESG', long before it became so prominent: "One of the things investors have all been asking us about is ESG. We had to quickly Google 'what is ESG?' … and we actually found we complied with almost every aspect". This is particularly visible in regards to the 'E' in ESG. For instance, the Group achieved a Gold Active Building sustainability certificate in an innovative show case for an environmentally friendly new home as far back as 2012.

Environmental: committed to low carbon homes and business

A strong commitment to energy efficiency across all developments

Springfield's sustainability credentials come against a backdrop of what is arguably a greater commitment to energy by the Scottish Government. New homes are built to some of the highest technical standards in Europe, with the new Scottish Government Building Standards in October 2015 resulting in a 75% reduction in carbon emissions compared to 1990 levels. Comparisons undertaken by Homes for Scotland suggest average 'u-values', a measure of how much heat escapes from homes, is 1.6 W/m²K in new Scottish homes, compared with the 2.0 W/m²K in England. The devolved parliament also aims to end fossil fuel heating in new homes by 2024 and has an ambitious insulation retro-fitting programme underway to tackle fuel poverty in an estimated 2.5 million existing homes.

Springfield initiatives either in home building or at corporate level include:

- All timber used in Springfield homes is from approved sustainable sources
- Vehicle charging infrastructure a standard feature since 2018 in all new-build properties
- A number of developments include solar PV panels and 'hybrid' boilers as standard
- Streamlined Energy and Carbon Reporting was established in 2020, with an average of 3.42 tonnes used per home built to be used as base level to assess future reductions
- PV solar panels and electric car charging points have been fitted at Springfield's offices in Larbert and Elgin; Dawn Homes working towards paperless offices with large reductions already achieved; cycle to work schemes have been established
- Creation of sustainable places, especially Villages (page 7), with expansive green spaces
- A Green Committee was established in 2020 to evaluate ideas proposed by employees

Waste plastic in roads: cutting land fill and oil exposure

Plastic waste that cannot be economically recycled, such as black plastic and milk bottles, which would otherwise end in land fill, is shredded and added to an asphalt mix made from bitumen and stone. This also reduces the requirement for bitumen, which is based on petroleum distillation. According to Springfield, each kilometre of road uses the equivalent weight of 684,000 bottles or 1.8 million one-time use plastic bags. An additional benefit is that the roads using this mix are 60% more durable than traditional asphalt roads, due to the flexible properties of plastic, offering less road working disruption in the future, and at a rate competitive with traditional road surfaces. It was first used at the Linkwood Steadings development in Elgin (right).

Picture source: Springfield Properties

Case study: biodiversity and water conservation showcased at Bertha Park

Bertha Park features innovative natural drainage centred on Bertha Loch

Sustainable drainage and biodiversity are emerging as important issues for developers

Springfield's sustainability agenda is most evident in its distinctive 'village' developments. Bertha Park - the most advanced of five planned villages - will ultimately consist of 3,000 homes on former farmland outside Perth and includes a high school and nurseries, shops, offices and medical facilities. The 333 ha site, bordered with woodlands, features innovative approaches to two emerging development issues: sustainable drainage systems (SuDS) and biodiversity, outlined in the report on its SuDS Award (link).

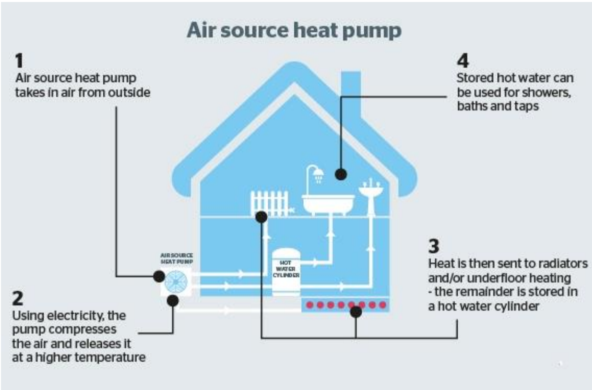
An early potential challenge that was turned to advantage was the overhead transmission line that cuts through the site. This constrained and limited the planting of trees, potentially splitting through the heart of the new settlement. However, the line was used to create a 'green infrastructure corridor' for habitat and forming a natural drainage network, with the large artificial pond, Bertha Loch (above), at its centre and criss-crossed with footpaths.

Bertha Loch receives drainage from the residential road network, passing first through permeable block paving or through filter drains, to provide initial control of pollution before entry to the pond. The pond has a surcharge capacity regulated by an orifice weir and is designed with vegetated marginal shelf to accommodate fluctuations in water level. The village includes allotments, fruiting hedges and orchards to allow growing and foraging.

Biodiversity will also feature prominently at Springfield's 3,042 home Durieshill village near Stirling. More than half will be woodland, landscaping, allotments and amenity space.

Air source heat pumps: using Boyles Law to capture outdoors heat even on chilly days

Air source heat pumps are used on 57 Group developments. They absorb heat from outside air even down to temperatures as low as -15C, and uses it to heat the home and the hot water. This is likely to reduce the running costs for the customer and limits the use of fossil fuels. The pump compresses the air and, by the principles of Boyles Law, releases it at a higher temperature. It uses electricity to run, yet the heat output is greater than the electricity input: 3kW of energy for every 1kW used. Maintenance is also claimed to be lower: heat pumps last on average 20 - 25 years with annual services, compared to typically 8 -10 years, since there are fewer moving parts. Although the upfront costs are higher than for combination boilers, the savings are more than made up over the lifespan of the system.



Picture source: SW Dart

Social: training a foundation for future growth

Training has been at the heart of business planning and local engagement

The Group currently has over 17% of staff in formal training. This includes construction apprentices, technical apprentices, modern apprentices and those in higher education. It actively takes on work experience students in the offices and on sites through direct contract from individuals at school, college or university or through structured engagement such as DYW or Career Ready. This commitment has continued through lockdown via ‘virtual work experience’. School visits were common in a pre-covid world, particularly in the North and the Group attends career fairs and have actively recruited apprentices through these local events.

Apprentice Painter, Sophia Massie, MSP Richard Lochhead and Apprentice Joiner James Colley

Governance: review of board functions underway

Chairman Sandy Adam has led a review of board functions to increase effectiveness and enhance stakeholder engagement. The review concluded in September 2020.

Springfield in brief: distinctive model in growth market

Scottish market underpinned by long-term growth prospects and a distinctive home buying model. Springfield offers a differentiated and lower risk model

Springfield was founded by current Chairman Sandy Adam, who began housebuilding in 1988, and the Group was admitted to AIM in October 2017. We continue to believe that economic and political dynamics are likely to support growth in housebuilding volumes and prices in Scotland, where values have lagged most of the UK. In our view, Springfield benefits from a distinctive business model and we believe strategically important acquisitions and an innovative rental partnership over the past three years are supportive of a return to growth once the logistical and economic hurdles of Covid-19 normalise. For more a more detailed introduction, see our initiation note of 12 February 2019, Local hero, featured within the Springfield research section on Progressive's website.

- **A more attractive market?** There is strong pressure in Scotland to build more private and affordable homes. Scotland lags England in the proportion of homes owned privately and the Scottish Government has pledged to build 50,000 affordable homes over five years to 2020-21. House prices in Scotland are more affordable in relation to household incomes than almost any other region of the UK's mainland.
- **A distinctive model.** Springfield has a differentiated business model which focuses on two differing markets, both of which have high demand and, arguably, a lower risk profile: family housing and affordable housing (the latter is provided both as part of planning requirements in the Private Housing division as well as in its own right in the Affordable Housing division, see over). The Group buys land 'off market' at more attractive prices, it argues, than in the mainstream market, preferring more complex long-term projects, demonstrated particularly in its Village sites.
- **Distinctive Village communities.** A cornerstone of Springfield's strategy is its focus on mid-sized Village communities. All of these are set in a rural context, but close to fast growing cities, located in Dundee, Perth, Stirling, Livingston and Elgin. A factor Springfield's success in securing these sites has been the close co-operation it has worked in with local councils and other stakeholders, a key differentiator for the company, in our view.
- **Smart deals.** The acquisitions of Dawn Homes in 2018 increased Springfield's presence in the West of Scotland, while Walker Group in 2019 strengthens its position in popular commuter areas around Edinburgh, with higher priced homes and stronger gross margins than Springfield's then existing Private Housing division. In September 2019 the Group announced a strategic partnership agreement to deliver private rented homes in Scotland. Under the agreement, Springfield and its partner will collaborate to acquire and develop sites for the private rental sector (PRS). A number of existing Springfield sites, primarily its Village developments, have been identified as potential sites for PRS development. Subject to certain criteria, the partner will purchase part of these sites from Springfield and will award Springfield construction contracts to deliver housing on the acquired land. On 30 November, planning consent was granted for the first 75 PRS homes at Bertha Park.

Financial Summary: Springfield Properties

Year end: May (£m unless shown)

PROFIT & LOSS	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Revenue	190.8	144.4	178.0	228.5	248.4
Adj EBITDA	18.6	13.6	18.9	23.4	27.8
Adj EBIT	17.0	11.3	16.6	21.1	0.0
Reported PBT	16.0	9.7	14.6	19.6	23.9
Fully Adj PBT	16.5	10.2	15.1	19.6	23.9
NOPAT	13.8	8.9	13.4	17.1	20.6
Reported EPS (p)	13.3	7.9	12.1	16.4	20.0
Fully Adj EPS (p)	13.8	8.2	12.5	16.2	19.8
Dividend per share (p)	4.4	2.0	4.5	5.0	5.5

CASH FLOW & BALANCE SHEET	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Operating cash flow	16.0	(26.6)	31.4	19.4	20.8
Free Cash flow	10.7	(31.8)	26.5	13.5	13.9
FCF per share (p)	11.2	(32.8)	27.4	13.9	14.4
Acquisitions	(20.9)	(3.2)	0.0	(2.0)	0.0
Disposals					
Shares issued					
Net cash flow	(9.0)	(1.5)	23.1	6.9	8.9
Overdrafts / borrowings	32.6	70.3	47.6	47.6	47.6
Cash & equivalents	3.1	1.5	1.9	8.8	17.7
Net (Debt)/Cash[1]	(29.6)	(68.8)	(45.7)	(38.8)	(29.9)

NAV AND RETURNS	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net asset value	88.5	95.9	104.2	115.4	129.7
NAV/share (p)	91.9	98.0	106.4	118.0	132.6
Net Tangible Asset Value	86.9	94.2	102.5	113.8	128.1
NTAV/share (p)	90.2	96.3	104.7	116.3	130.9
Average equity	83.8	92.2	100.0	109.8	122.6
Post-tax ROE (%)	15.3%	8.3%	11.7%	14.4%	15.8%

METRICS	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Revenue growth		(24.3%)	23.3%	28.3%	8.7%
Adj EBITDA growth		(26.9%)	39.0%	23.6%	18.5%
Adj EBIT growth		(33.9%)	47.3%	27.0%	(100.0%)
Adj PBT growth		(38.5%)	48.4%	29.7%	22.2%
Adj EPS growth			51.3%	29.7%	22.2%
Dividend growth		(54.5%)	125.0%	11.1%	10.0%
Adj EBIT margins	8.9%	7.8%	9.3%	9.2%	0.0%

VALUATION	**2019**	**2020**	**2021E**	**2022E**	**2023E**
EV/Sales (x)	0.8	1.0	0.8	0.6	0.6
EV/EBITDA (x)	7.9	10.8	7.8	6.3	5.3
EV/NOPAT (x)	10.6	16.5	11.0	8.6	7.2
PER (x)		14.1	9.3	7.2	5.9
Dividend yield (%)	3.8%	1.7%	3.9%	4.3%	4.7%
FCF yield		(28.3%)	23.6%	12.0%	12.4%

Source: Company information and Progressive Equity Research estimates. [1] *Net debt is defined as pre-IFRS 16 lease liabilities, latest £2m.*

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15 December 2020

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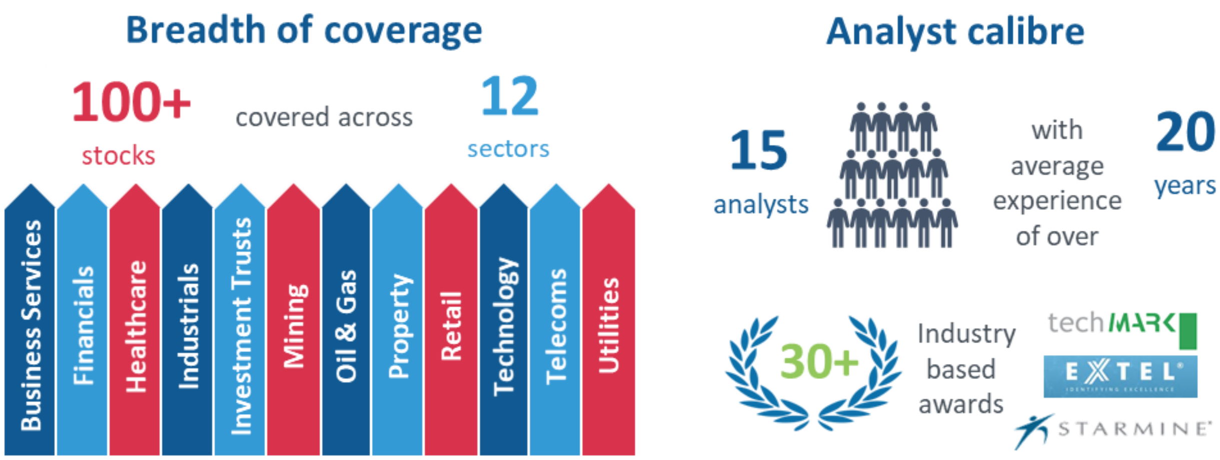

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