EDISON

Edison Insight

Strategic perspective | Company profiles

September 2020

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Contents

Prices at 18 September 2020	Published 24 September 2020
US$/£ exchange rate: 0.7640	*HUF/£ exchange rate: 0.0025*
€/£ exchange rate: 0.9049	*NOK/£ exchange rate: 0.0852*
C$/£ exchange rate: 0.5811	*CHF/£ exchange rate: 0.8395*
A$/£ exchange rate: 0.5564	*ZAR/£ exchange rate: 0.0458*
NZ$/£ exchange rate: 0.5110	*HKD/£ exchange rate: 0.0986*
SEK/£ exchange rate: 0.0873	*KZT/£ exchange rate: 0.0018*

Welcome to the September edition of Edison Insight. We now have c 400 companies under coverage, of which 113 are profiled in this edition. Healthcare companies are covered separately in Edison Healthcare Insight. Click here to view the latest edition.

We open with a strategy piece by Alastair George, who believes who believes that recent events in the UK appear to have triggered a global re-appraisal of the COVID-19 risk during Q4. In the event, UK PM Johnson announced relatively modest tweaks to social restrictions and the feared second lockdown proved wide of the mark, so far at least. The Bank of England statement has started to explore the technicalities of implementing a negative interest rate policy in the UK. We view this only as a risk insofar as it distracts from other policy initiatives. The recent increase in infections in Europe is a concern but the declines in European markets and a 25% decline in 2020 profits expectations to date largely discount these risks. We maintain a neutral view on global equities given the extent of the recovery of market valuations since the lows of March. For investors with relatively long-time horizons, equity valuations relative to ultra-low government bond yields and negative interest rates remain attractive for European non-financials, even if not at the opportunistic levels seen during March.

Readers wishing for more detail should visit our website, where reports are freely available for download (www.edisongroup.com). All profit and earnings figures shown are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

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We welcome any comments/suggestions our readers may have.

Neil Shah
Director of research

EDISON

Global perspectives: A two-wave hold down?

Analyst

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- **Recent events in the UK appear to have triggered a global re-appraisal of the COVID-19 risk during Q4.** A two-wave hold down for the economy would of course be highly damaging for businesses struggling to survive, following the first wave of cases earlier in the year. In the event, UK PM Johnson announced relatively modest tweaks to social restrictions and the feared second lockdown proved wide of the mark, so far at least.
- **Bank of England (BoE) considers negative interest rates.** The recent BoE statement contained the news that the bank was starting to explore the technicalities of implementing a negative interest rate policy (NIRP) in the UK. Due to the lack of transmission of NIRP to the real economy as mortgage and savings rates are unlikely to follow policy rates below zero, we view this only as a risk insofar as it distracts from other policy initiatives.
- **Consensus profits forecasts remain stable in Europe.** We understand that the recent increase in infections in Europe is a concern and further restrictions on gatherings in the UK (such as the rule of six) highlight the residual uncertainty in the evolution of the COVID-19 pandemic. Nevertheless, we believe the declines in European markets and a 25% decline in 2020 profits expectations to date largely discount these risks.
- **We maintain a neutral view on global equities given the extent of the recovery of market valuations since the lows of March.** We would not characterise tightening restrictions as a reintroduction of 'lockdown' measures. However, we acknowledge governments may feel compelled to take further action if hospital admissions continue to rise. Equity valuations in Europe are becoming increasingly attractive in the context of short- and long-term interest rates which appear set to remain very low for some time.

A two-wave hold down?

Recent events in the UK appear to have triggered a global re-appraisal of COVID-19 risk during Q4. This week has seen a significant rise in market volatility as investors digest a trend of tightening social restrictions in Europe. Markets clearly fear a second round of the most intrusive public health measures during the winter. Like a surfer struggling to the surface following a major wipeout, a two-wave hold down for the economy could be the tipping point for many smaller businesses on the brink, following the first wave of cases earlier in the year.

However, a rise in case numbers was always a possibility following the release of the initial lockdowns, informing our neutral rather than positive, view on global equities in recent months. The strength of the market recovery, aided by central bank stimulus, belied the underlying uncertainty in respect of the pandemic.

Nevertheless, while the negative direction of the market reaction to the prospect of increased social restrictions in recent days is clearly correct, the magnitude of these developments should not in our view be overstated. We also note that safe-haven assets such as gold and government bonds did not surge in tandem as equity markets declined.

There is a much greater understanding of COVID-19 than earlier in the year which spans the fields of epidemiology, clinical treatment and vaccines. Transmission mechanisms are better understood, and many businesses have been able to restart operations under protocols which minimise the risk of workplace infection. Data from vaccine trials should start to become available by the end of 2020, suggesting there is potential for a relatively wide availability of a vaccine for higher risk groups by the middle of next year.

What has proved unrealistic is a rapid return to 'normal' indoor or crowded social activities, prior to any vaccine becoming available. Nevertheless, after much speculation UK PM Johnson announced relatively modest tweaks to the current social restrictions and the feared second lockdown proved wide of the mark. We must acknowledge however that the situation is fluid and more extensive restrictions could yet be introduced.

For now, while there will be additional pressure on travel, entertainment and leisure sectors, this leaves the remainder of the economy to continue with business as COVID-usual. The rationale for whole-economy lockdowns would be even weaker with a better public understanding of the most likely sources of infection, which is data that could be obtained from an effective track and trace system.

UK creates world-beating drama

Global markets sold off aggressively at the start of this week, with concerns centred on the UK as press reports indicated that a second national lockdown was about to be announced. A sombre pair of government scientists on Monday dourly outlined what surely most members of the public already knew. COVID-19 infections were rising and not only that, quite hypothetically if they doubled every seven days the UK might face a crisis as severe as that seen earlier in the year.

The press conference appeared to be paving the way for significant further social restrictions which would be announced the following day. As a result, by the close the FTSE 100 was down by 3.8% and the mid-cap FTSE 250 fell by 4.2%, with other global markets also suffering significant one-day declines.

In the event, UK PM Johnson announced a requirement to work from home (WFH) where possible (which represents effectively little change to current corporate practice), while public houses will have to serve at tables only and shut at 10pm. We understand there was some tension between the healthcare professionals and the Treasury over the prior weekend, resulting in a significant watering-down of the proposed restrictions, based on their economic impact on an already weakened economy.

It was only a few weeks ago that UK government ministers instructed workers to return to the office or risk losing their jobs. Furthermore, the messaging from the 'eat out to help out' scheme now looks quite muddled. Younger members of the population have indicated they would have preferred to stay in, had they known they would face regional lockdowns as infections surged. There may be more wartime spirit in the general population than previously assumed.

We believe investors must be frustrated with national governments' vacillating leadership in respect of how to control the COVID-19 pandemic, which is only adding to the significant uncertainty in respect of the economic outlook.

However, politicians are likely to do the right thing in the end, even after trying everything else. Existing social protocols such as mask wearing, hand washing, Perspex screens and distancing are already leading to a lower virus reproduction rate than would otherwise be the case. In the UK, schools, universities and workplaces are now being prioritised over leisure activities.

Provided schools can remain open, we expect work-from-home (WFH) productivity will receive a significant boost over the autumn. The success of WFH has been a critical safety valve for the economy, due to the necessary disruption to public transport and otherwise crowded workplaces.

However, embedded within our expectations for relative stability for consensus profits forecasts is a continuation of government support schemes, mitigating a wave of small and medium-sized business failures and preventing a catastrophic rise in unemployment. In turn, as the cost of these schemes is borne by governments we are also counting on stable government bond markets, aided by the purchasing programmes of the world's major central banks.

BoE considers negative interest rates

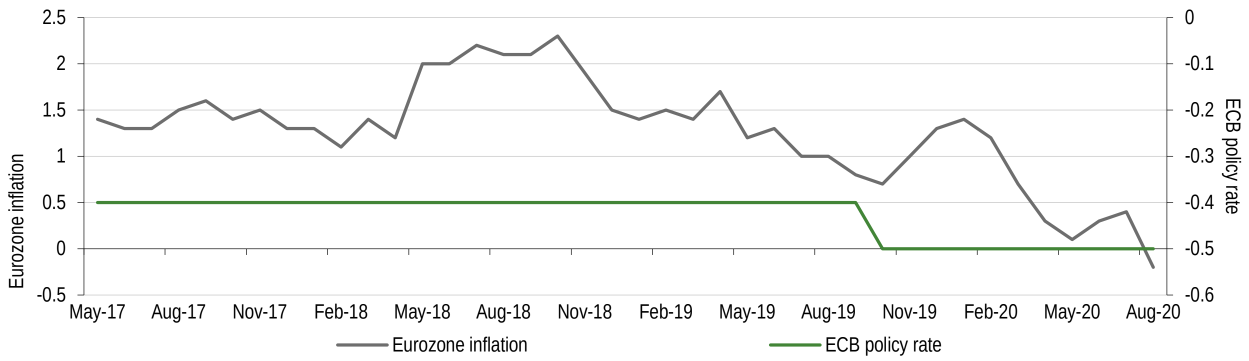
The recent BoE statement contained the news that the bank was starting to explore the technicalities of implementing NIRP in the UK. This overshadowed the accompanying monetary policy decision which was in-line with market expectations.

This development has caused significant discussion, despite the fact that in continental Europe NIRP has been in place for some time, and without any dramatic effect on the major parameters of inflation, asset prices or the pricing of retail financial products. Despite the excitement, in our view consumers will be largely insulated from the effects of negative interest rates, if the recent experience of Switzerland or Germany is a guide.

For example, despite a prolonged period of both negative rates and negative 10-year bond yields, mortgage rates remain stubbornly above zero in these nations. For savers, banks have often opted not to charge interest on positive balances, except for the very largest accounts. These real-world examples also demonstrate a lack of policy transmissibility at the retail level, a factor the BoE's MPC would need to consider very carefully. The adverse implications for lending margins could even reduce the supply of bank credit.

In future, UK lenders and borrowers may also be more concerned about future repayments than the cost of borrowing, as the BoE has already indicated NIRP would only be used if there was a sharp decline in economic activity or loss of consumer confidence.

Exhibit 1: ECB negative policy rate and eurozone inflation



Source: Refinitiv, Edison calculations

Although measurements of the effectiveness of NIRP are now difficult due to the impact of coronavirus, the impact of NIRP on eurozone activity and inflation remains moot, Exhibit 1. NIRP also appears to have a relatively modest effect on asset prices, at least compared to the large-scale asset purchase programmes such as those conducted by the US Fed.

Until relatively recently, asset purchases within the eurozone were politically contentious, which may in part explain why the balance between interest rate and asset purchase policy differed between the US and eurozone in the prior decade. Unhindered by notions of sovereign debt mutualisation, the US Fed has also arguably been more effective in maintaining its growth and inflation trajectory in the face of deflationary forces.

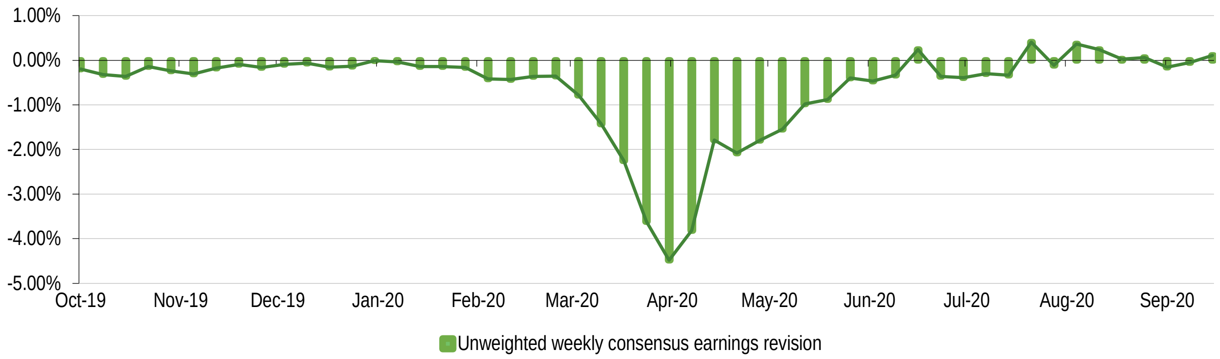
ECB policymakers in this cycle have routinely observed that while monetary policy can create the space for more expansionary fiscal policy, monetary policy cannot be a replacement for it. For the UK, we believe fiscal policy will become increasingly relevant in a time of high unemployment with interest rates already at very low levels.

The focus ultimately will turn to facilitating the government borrowing required to run large deficits in order to avoid a contraction in spending. This policy of financial repression, rather than increased taxation, has clear advantages politically. It also represents a wealth tax so stealthy few will notice, provided the resulting risk premium for UK financial stability, as measured by the currency and very long-term bond yields, remains modest.

After the storm: Estimates stabilise

Consensus 2020 earnings forecasts have remained stable over the past four weeks on a global basis. The COVID-19 downgrade cycle appears complete, despite rising cases numbers, Exhibit 2. We would emphasise that in our view the recent changes to UK social restrictions do not represent a return to national lockdown conditions, at least to date.

Exhibit 2: Is global COVID-19 downgrade cycle complete?



Source: Refinitiv, Edison calculations

In Europe including the UK, the hospitality sector clearly remains at risk from new initiatives to combat COVID-19 over the winter. However, we expect schools and businesses to remain open for now, provided precautions have been taken to avoid infections. We note that even in places where there are local lockdowns, travel outside the area for work is still permitted. Car usage within the UK for example has returned to pre-pandemic levels, even if public transport is being avoided.

As many office workers never returned to the office following the original lockdown and industry is expected to continue to function, we believe the economic impact of the most recent restrictions on consensus earnings forecasts is likely to be relatively minor.

Furthermore, while any transition away from national government COVID-19 employment subsidies would lead to challenging unemployment data during Q4, the implementation of new restrictions also gives political cover for new and extended fiscal support.

The new equity market picture in Europe is for both lower earnings and lower interest rates, which in combination has resulted in stable but modestly lower markets compared to the start of 2020. US estimates have held up better during 2020, explaining in part the relatively better US market performance observed year to date.

US equities have benefited from smaller downgrades and the remarkable market performance of the ‘digital defensive’ sector. Although a significant proportion of the US market performance can be attributed to the relatively high weighting of this sector, we note that despite the business interruption caused by COVID-19 the median US earnings forecast is now indicating a contraction of only 5% during 2020.

This compares favourably to Europe where consensus forecasts are now indicating a contraction of 25% for the year. Nevertheless, provided the imposition of second-wave ‘hard’ lockdowns can be avoided, the greater cyclicality of European equities may now count in their favour as investors look towards recovery in 2021.

Equity market volatility may be higher than during the exceptionally calm period prior to COVID-19, but as profit forecasts have stabilised volatility has fallen to a fraction of the peak levels seen earlier in the year. The combination of a degree of stability in the fundamental outlook, combined with relative market calm, may also incentivise increased capital markets activity, both in terms of IPO and merger and acquisition activity during Q4, if hard lockdowns can be avoided.

Valuations highlight the tension between long- and short-term investing

Ultra-low yields on government bonds highlight the demand for assets perceived as risk-free, even as the quality of government balance sheets are rapidly being eroded by the costs of underwriting the economy against COVID-19. There is clearly an underlying demand for such assets from institutional investors managing maturing pension assets which each year increase allocations to bonds over equities, to cover actual pension payments for retired investors, due to the increasing age of the baby boomer generation.

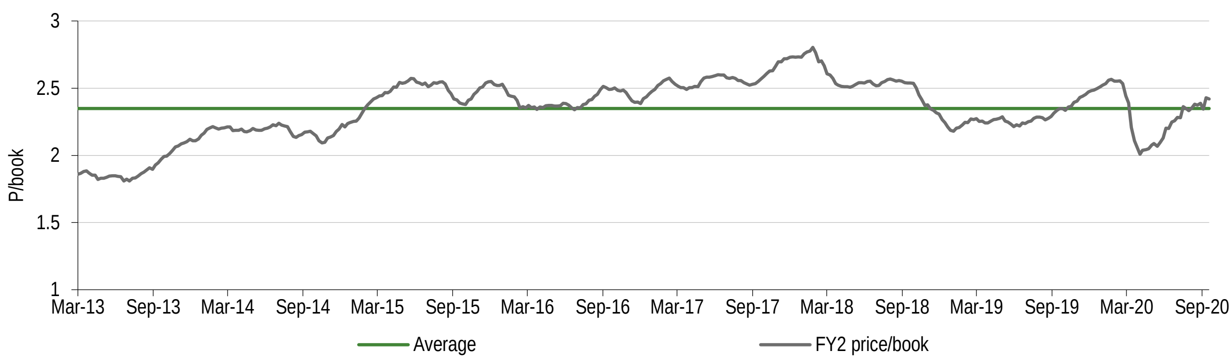
This liability matching exercise is relatively short-term in nature (life expectancy at retirement age is around 20 years), compared to the previous role of large pension funds as the natural buyer of equity risk and the longest duration assets. In the US (see Racing COVID's capital chasm), institutional pension funds have become net sellers of equities, with the corporate sector facilitating the retreat by engaging in a similar volume of share buybacks.

At current yields and on the assumption that central banks can engineer levels of inflation close to target over the next 10 years, the real return from many government bonds will be negative. For investors with longer time horizons who are not constrained by liability matching, European equities at current valuation levels are becoming increasingly attractive, in our view.

There is the quite valid counterpoint that there is no price which is cheap enough for poorly performing companies or those sectors with limited long-term prospects. The advent of the environmental age has cast doubt over the long-term future of large swathes of European business, notably in the energy and fossil fuel power generation sectors. Furthermore, the ongoing travails of the eurozone economy have not provided the tailwind of a strong domestic market, leaving the largest European companies reliant on overseas markets for growth.

The banks sector in particular has borne the brunt of weak demand for credit in combination with declining margins in part due to the flat eurozone yield curve. Furthermore, the disruption from COVID-19 may shortly be magnified by the disruption from a no-deal Brexit.

Exhibit 3: European non-financials FY2 consensus forward price/book



Source: Refinitiv, Edison calculations, median value shown.

Nevertheless, valuations for European non-financials in aggregate appear to be discounting many of these risks. Consensus estimates for return on equity in 2022 have fallen but modestly, from 15% to 13%. With careful stock and sector selection the more obvious value traps can be avoided. There are quality business franchises in Europe for those investors willing to undertake the search. The forecast median return on equity within the non-financial sector of 13% (in a year of still below average ROE) compares to a forward price/book valuation multiple of 2.4x, Exhibit 3, suggesting expected returns in the region of 6-7% per annum, significantly ahead of those on 10-year government bonds, albeit not at the more opportunistic levels seen during March.

We continue to view an extended re-imposition of the most extreme forms of lockdown in Europe as unlikely, even if restrictions on travel and leisure are likely to remain in place or even be tightened until infection rates can be stabilised. While the virus is said to be relatively unchanged in genetic terms, the cost/benefit arithmetic for non-pharmaceutical interventions has shifted significantly from February, when there was a significant degree of uncertainty in terms of the very basic parameters such as the case fatality rate and infectiousness. Furthermore, the extensive testing now in place should allow governments to pinpoint hotspots of infection. European equity valuations now appear to be at levels consistent with delivering returns significantly ahead of bonds over the longer-term, provided the most damaging effects of COVID-19 prove to be temporary.

Conclusion

Recent market volatility has highlighted that the world's economy is co-existing with a global pandemic. This is not exactly news for investors, who will have been attentive to the rising number of positive COVID-19 tests from as long ago as July. We believe the world economy will continue to transition to a new equilibrium which will involve significant sectoral shifts – notably in the move to extensive home working and an extended period of public transport and leisure underutilisation.

It remains the case in our view that widespread shuttering of business is likely to be the last resort for politicians motivated to return public finances towards a sustainable footing and minimise the loss of long-run productivity caused by rising unemployment and interruptions to education.

In tandem with willing central bankers and below-target inflation, governments are likely to continue to run fiscal deficits in preference to any rapid tightening of fiscal policy later in the year. We believe consensus earnings expectations for Europe have been lowered sufficiently and will remain stable, provided the most extreme forms of lockdown can avoided.

In view of ultra-low interest rates and historically low yields on long-term bonds we continue to believe investors should consider carefully the relative merits of European (including UK) non-financials, outside those sectors directly affected by ongoing social restrictions. We understand this this may be an unfashionable trade at present and also requires a long-term perspective.

The outlook for the world economy is in some respects less uncertain in the longer term than it may appear at present. Vaccine trials in progress suggest there is a clear prospect of an effective vaccine for COVID-19 becoming available as soon as H121. Investors should stay focused on the longer-term picture in our view and resist the market buffeting induced by vacillating government policy.

Sector: Technology

Price:	31.0p
Market cap:	£34m
Market	AIM

Share price graph (p)

Company description

1Spatial's core technology validates, rectifies and enhances customers' geospatial data. The combination of its software and advisory services reduces the need for costly manual checking and correcting of data.

Price performance

%	1m	3m	12m
Actual	21.6	21.6	(11.4)
Relative*	22.7	25.0	6.2

* % Relative to local index

Analyst

Dan Gardiner

1Spatial (SPA)

INVESTMENT SUMMARY

In FY20 1Spatial grew revenues and pre-IFRS 16 EBITDA by 33% and 83% respectively. It also achieved positive underlying cash flow and EBIT in H2. July's AGM statement confirms that trading has remained resilient into FY21. Ongoing projects have continued largely as planned and a healthy level of new business has been secured. It is too early to say that the company will emerge completely unscathed from a COVID-19 downturn (we are not reinstating forecasts at this stage), but 1Spatial remains confident in the long-term outlook, has ample cash on the balance sheet and scope to reduce costs if needed. The company has announced that it will report interim results on 30 September.

INDUSTRY OUTLOOK

The GIS industry is large and growing. P&S Market Research estimates the global GIS software, services and hardware market generates sales of US$9.0bn annually and will grow at a 10% CAGR to reach annual sales of US$17.5bn by 2023.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	17.6	1.2	(0.9)	(1.06)	N/A	N/A
2020	23.4	3.2	(0.1)	(0.05)	N/A	59.7
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	HUF614.00
Market cap:	HUF57716m
Market	Budapest stock exchange

Share price graph (HUF)

Company description

4iG is one of the leading IT services and systems integrators in Hungary, working with public sector clients, large corporates and SMEs. Management is focused on becoming the market leader in Hungary by FY22 as well as targeting expansion in Central and Eastern Europe.

Price performance

%	1m	3m	12m
Actual	(4.5)	(5.5)	(36.8)
Relative*	2.9	5.4	(23.0)

* % Relative to local index

Analyst

Richard Williamson

4iG (4IG)

INVESTMENT SUMMARY

In its H120 results, 4iG reported net revenues of HUF20.2bn, an increase of 39% on H119. EBITDA increased 35% to HUF1.4bn, with EBITDA margins falling slightly from 6.9% to 6.7%. H120 net income rose 34% from H119 to HUF0.8bn, with EPS of HUF8.5 (H119: HUF6.3). 4iG's H120 revenues, added to an FY20 order book of HUF20.8bn, mean management continues to hold its 20% revenue growth guidance for FY20 ahead of the seasonally stronger H2. We maintain our estimates.

INDUSTRY OUTLOOK

Management anticipates consolidation-driven growth of over 20% in the medium term, with organic growth supplemented by market share gains and accelerating market consolidation. Management is positioning the group for growth by offering high-demand new technologies including digitalisation, blockchain, deep learning, artificial intelligence, industry 4.0, cyber security and fintech.

Y/E Dec	Revenue (HUFm)	EBITDA (HUFm)	PBT (HUFm)	EPS (HUF)	P/E (x)	P/CF (x)
2018	14007.0	842.0	219.0	1.11	553.2	N/A
2019	41129.0	4075.0	3344.0	31.87	19.3	8.2
2020e	49083.0	4152.0	3358.0	31.84	19.3	16.8
2021e	58881.0	5631.0	4794.0	44.93	13.7	12.4

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Sector: Media

Price:	2000.0p
Market cap:	£562m
Market	LSE

Share price graph (p)

Company description

4imprint is the leading direct marketer of promotional products in the US, Canada, the UK and Ireland. In FY19, 97% of revenues were generated in the US and Canada.

Price performance

%	1m	3m	12m
Actual	(4.8)	(23.1)	(32.9)
Relative*	(3.9)	(20.9)	(19.5)

* % Relative to local index

Analyst

Fiona Orford-Williams

4imprint Group (FOUR)

INVESTMENT SUMMARY

4imprint's first half trading was heavily affected by the commercial repercussions of the COVID-19 pandemic as it spread across the US. With uncertainty over the speed and extent of the reopening of the US economy, projections for the remainder of the year (and for FY21) are more tentative than usual. Despite the difficult trading circumstances, 4imprint retains a strong, cash positive balance sheet, and has low fixed costs and capital requirements. We believe that it retains its long-term attractions in a large, fragmented market and should rebuild quickly as the economy recovers.

INDUSTRY OUTLOOK

The Advertising Specialty Institute (ASI), an industry body, estimated the value of the US promotional products distribution market in 2019 at US$25.8bn. 4imprint is the largest distributor, yet has an estimated market share of less than 3%. The market reportedly grew at around 4.5% for FY19, with a 10-year CAGR of 5.0%, but is currently estimated to retrench by 35% in 2020. However, this figure includes some distributors switching to supplying PPE.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	738.4	48.5	46.1	129.4	20.2	16.1
2019	860.8	59.1	55.6	157.2	16.7	12.7
2020e	535.0	3.9	0.5	0.3	8726.0	1221.6
2021e	600.0	18.8	15.0	40.6	64.5	35.4

Sector: General industrials

Price:	SEK3.02
Market cap:	SEK290m
Market	Nasdaq FN Premier

Share price graph (SEK)

Company description

Headquartered in Sweden, AAC Clyde Space is a world leader in nanosatellite end-to-end solutions, subsystems and platforms after merging with Clyde Space in Scotland. The company also supplies a range of technology components to other small satellite manufacturers globally.

Price performance

%	1m	3m	12m
Actual	0.5	(19.2)	(20.7)
Relative*	(4.1)	(27.9)	(31.7)

* % Relative to local index

Analyst

Andy Chambers

AAC Clyde Space (AAC)

INVESTMENT SUMMARY

AAC Clyde Space is at the forefront of the rapidly growing and revolutionary market for small satellites. As nanosatellite build rates and deployments rise sharply over the next decade, increasing systems supply and platform sales should be enhanced by operational and service revenues. Management is navigating the growth phase and targeting other opportunities in New Space. H120 saw 34% sales growth, a modest EBITDA loss reduction and a stable order backlog. On 18 September management stated it expects 50% growth in FY20 net sales to SEK100m, held back by COVID-19-related supplier and customer order delays. While noting a significant pick up in Q420 and Q121 activity levels, we are reviewing our estimates.

INDUSTRY OUTLOOK

Of over 1,000 nanosatellites launched since 1998, AAC Clyde Space is represented on 30–40%. Over the next five years around 3,000 nanosatellites should be launched as technology development extends the applications for low earth orbit (LEO) constellations, especially for communications. AAC Clyde Space has the capacity in Glasgow and Sweden to facilitate such expansion as well as develop its 'Satellite as a Service' offering, while increasing sales of subsystems to third-party satellite providers.

Y/E Dec	Net Sales (SEKm)	EBITDA (SEKm)	PBT (SEKm)	EPS (öre)	P/E (x)	P/CF (x)
2018	77.9	(28.5)	(38.3)	(0.50)	N/A	N/A
2019	66.4	(27.3)	(38.2)	(0.44)	N/A	N/A
2020e	113.9	(5.0)	(15.1)	(0.15)	N/A	N/A
2021e	147.6	(3.7)	(13.8)	(0.14)	N/A	N/A

Sector: General industrials

Price:	92.6p
Market cap:	£152m
Market	LSE

Share price graph (p)

Company description

Accsys Technologies is a chemical technology company focused on the development and commercialisation of a range of transformational technologies based on the acetylation of solid wood and wood elements for use as high performance, environmentally sustainable construction materials.

Price performance

%	1m	3m	12m
Actual	(0.5)	17.2	(9.1)
Relative*	0.4	20.5	9.1

* % Relative to local index

Analyst

Toby Thorrington

Accsys Technologies (AXS)

INVESTMENT SUMMARY

The 21% revenue uplift in FY20 demonstrated the benefit of adding Accoya capacity in the prior year, driving a manufacturing gross margin of 30%. This was achieved while still being capacity constrained and planning for a fourth Anhem reactor is advancing. Tricoya sales showed good growth, further developing this market ahead of the new Hull facility coming on stream (expected in Q421). Group operating profit of €1.6m represents another development milestone, while end FY20 net debt was c €20m (IAS17), plus c €5m lease liabilities. In FY21 trading to date, management noted that April sales volumes were 43% lower y-o-y and there was some recovery in May as distribution channels and end market projects began to reopen. Long-term market prospects, including significant potential partnerships in the US and Asia, look attractive. Our estimates are under review.

INDUSTRY OUTLOOK

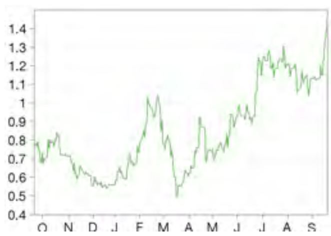
Accsys has a technically proven process and wide international market acceptance for its modified wood output. As well as successful capex execution, the sales and marketing challenge is to pull through demand to absorb newly available capacity and develop licence partners. Management has previously stated long-term market potential of 1m m3 pa of Accoya wood and 1.6m+ m3 of Tricoya panel products.

Y/E Mar	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2019	75.2	0.9	(6.2)	(0.38)	N/A	N/A
2020	90.9	7.0	(2.2)	(0.08)	N/A	61.4
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	A$1.48
Market cap:	A$878m
Market	ASX

Share price graph (A$)



Company description

Alkane Resources is an Australian production and development company. It previously produced 70,000oz of gold per year from the open-pit operations at its Tomingley gold mine, but is transitioning to underground operations and expects to produce c 47,500oz in FY21.

Price performance

%	1m	3m	12m
Actual	26.1	60.3	109.4
Relative*	30.5	60.2	134.8

* % Relative to local index

Analyst

Charles Gibson

Alkane Resources (ALK)

INVESTMENT SUMMARY

Alkane's FY20 production of 33.5koz (at an AISC of A$1,357/oz) was within guidance and is expected to increase to 45–50koz at A$1,450–1,600/oz in FY21. At the same time, exploration drilling has more than replenished reserves and resources as well as intersecting grades as high as 104g/t at Tomingley's San Antonio and Roswell extensions. Consequently, Alkane is expecting to announce upgraded resources and preliminary mine plans at both in Q4 CY20.

INDUSTRY OUTLOOK

With the de-merger of ASM now completed, our valuation of Alkane attributes 21c/share in value to Tomingley plus net cash (A$45.2m pro forma as at end-FY20). To this should then be added 29c for its investments and at least 5c for its maiden Roswell and San Antonio resources and up to a further 70c in value from contingent assets (mostly the Boda prospect in the Northern Molong Porphyry Project which is developing into a genuine Au-Cu alkalic porphyry target), the final valuation for which will depend on future exploration success.

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (c)	P/E (x)	P/CF (x)
2019	94.0	33.0	25.4	4.57	32.4	N/A
2020	72.5	29.4	20.6	2.56	57.8	N/A
2021e	105.7	35.4	23.5	2.96	50.0	N/A
2022e	126.5	42.6	27.5	3.46	42.8	N/A

Sector: Technology

Price:	34.9p
Market cap:	£85m
Market	LSE

Share price graph (p)

Company description

Allied Minds is a technology investment company with a concentrated portfolio focused on early-stage spin-outs from US federal government laboratories and universities.

Price performance

%	1m	3m	12m
Actual	(19.1)	(0.3)	(26.8)
Relative*	(18.4)	2.5	(12.2)

* % Relative to local index

Analyst

Richard Williamson

Allied Minds (ALM)

INVESTMENT SUMMARY

Allied Minds made significant progress in FY19, focusing on its slimmed down portfolio of seven investee companies. We estimate net cash at 4 June 2020 of $31.9m (adjusted for the 12.6p special dividend, investments and costs) and NAV of 90.9p/share (78.4p/share fully diluted). Based on seemingly conservative valuations, the shares trade at a material discount to our estimated NAV despite continuing positive newsflow post year end (Federated Wireless, Spin Memory and TableUp). H120 results are expected in October.

INDUSTRY OUTLOOK

After a difficult 2019 for patient capital, investors have been seeing real value in the widened discounts to NAV as COVID-19 fears ease. We expect investors to prefer stocks that demonstrate progress and offer the potential for meaningful exits in a realistic timeframe. Transparency, consistency of performance, capital preservation and investor returns are the key metrics by which to judge success.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	5.6	(77.5)	53.3	19.0	2.4	N/A
2019	2.7	(47.2)	49.5	21.0	2.2	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	34.5p
Market cap:	£17m
Market	AIM

Share price graph (p)

Company description

Applied Graphene Materials (AGM) develops graphene dispersions that customers use to enhance the properties of coatings, composites and functional materials. It also manufactures high purity graphene nanoplatelets using a proprietary process based on sustainable, readily available raw materials instead of graphite.

Price performance

%	1m	3m	12m
Actual	60.5	91.7	64.3
Relative*	62.0	97.0	97.0

* % Relative to local index

Analyst

Anne Margaret Crow

Applied Graphene Materials (AGM)

INVESTMENT SUMMARY

Applied Graphene (AGM) has announced that INFINITY WAX will launch a detailing spray polish enhanced with AGM's graphene dispersions during Q420. Detailing sprays are used to improve shine and enable car owners to wipe away dirt more easily.
The new detailing spray polish, QDX Graphene Detailing Spray, will be supplied to global retailers for use with all types of car.

INDUSTRY OUTLOOK

This is another significant milestone for AGM. It demonstrates the growing interest from the car care sector in using graphene nanoplatelet dispersions to create new products with enhanced performance. It also validates AGM's strategy of providing graphene dispersions which are easy for customers to incorporate into their existing formulations to create new products.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	0.2	(4.0)	(4.2)	(7.5)	N/A	N/A
2019	0.1	(4.6)	(4.8)	(7.9)	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

EDISON

Sector: Financials

Price:	29.0p
Market cap:	£54m
Market	AIM

Share price graph (p)

Company description

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

Price performance

%	1m	3m	12m
Actual	(14.2)	(14.7)	(47.0)
Relative*	(13.4)	(12.3)	(36.5)

* % Relative to local index

Analyst

Martyn King

Appreciate Group (APP)

INVESTMENT SUMMARY

Results for the year to 31 March 2020 (FY20) were in line with recent guidance, taking account of year-end COVID-19 impacts. Billings were slightly lower y-o-y (c £420m) but revenue increased slightly (c £113m), positively affected by business mix. Adjusted PBT was £11.4m excluding £3.7m of previously flagged, mainly non-cash, one-off charges, and free cash (not including customer cash balances) was £29.6m. The current year COVID-19 impact will be significant and given the remaining uncertainties, no final dividend was declared. Positively, the gradual improvement in customer trading activity since the April low is continuing, including an accelerated shift to card and digital. A £15m unsecured bank financing has been completed, providing additional flexibility to accelerate the medium- and long-term growth and ongoing digitalisation that is targeted by the continuing strategic business plan; this now includes a planned exit from hamper production. Meanwhile the £3.2m sale of the largely vacated Valley Road site has been completed.

INDUSTRY OUTLOOK

The market is estimated at c £6bn by the UK Gift Card & Voucher Association, and is fragmented, providing significant opportunities for market share growth.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	110.4	12.3	12.5	4.8	6.0	N/A
2020	112.7	11.7	11.4	3.0	9.7	N/A
2021e	87.1	5.7	3.9	1.7	17.1	N/A
2022e	100.6	8.9	7.1	3.1	9.4	N/A

Sector: General industrials

Price:	NZ$0.14
Market cap:	NZ$71m
Market	NZSX

Share price graph (NZ$)

Company description

ArborGen Holdings (formerly Rubicon) is an NZX-listed investment company. Its subsidiary ArborGen is the world's largest integrated developer, commercial manufacturer and supplier of advanced forestry seedlings with operations in the US, Brazil and Australasia.

Price performance

%	1m	3m	12m
Actual	(11.3)	(17.4)	(27.2)
Relative*	(9.1)	(19.7)	(30.6)

* % Relative to local index

Analyst

Toby Thorrington

ArborGen Holdings (ARB)

INVESTMENT SUMMARY

FY20 results included a 16% y-o-y increase in group revenue; all three regions served grew sales, most notably in Australasia (+c 50%). Gross margin also nudged up and the company reported EBITDA progress on both US GAAP and NZ IFRS bases. ArborGen ended FY20 with c US$32m net debt (IAS 17 basis) with some investment in working capital in addition to the US fixed asset acquisition being the key drivers of the y-o-y increase. At the ASM at the end of August, the company reiterated its expectation for FY21 US GAAP underlying earnings to be above their FY20 equivalent and, beyond this, for significant growth in MCP seedling sales from FY22 onwards. Our estimates are under review.

INDUSTRY OUTLOOK

Prior to the COVID-19 outbreak, the economic growth outlook in each of its core countries, the US, Brazil, New Zealand and Australia, was either good or improving, according to OECD data. At this point, the primary end-markets served by its plantation forestry customer base (ie construction and the pulp and paper industries) were in a positive cyclical phase.

Y/E Mar	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2019	49.1	4.6	4.7	1.1	8.5	11.3
2020	56.9	7.7	6.0	1.4	6.7	9.7
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: €0.18
Market cap: €83m
Market Athens Stock Exchange

Share price graph (€)

Company description

Attica is the fifth-largest bank in Greece, with assets of €3.45bn and 55 branches centred around Athens. It has a 2% market share of business banking and around 2% market share of most retail banking products.

Price performance

%	1m	3m	12m
Actual	(3.1)	(18.3)	(59.8)
Relative*	(5.3)	(17.8)	(46.7)

* % Relative to local index

Analyst

Pedro Fonseca

Attica Bank (TATT)

INVESTMENT SUMMARY

Attica's Q419 showed good progress with revenue sharply up and costs lower than expected. Impairment charges were higher, but underlying PBT was better than forecast. Uncertainty around COVID-19 complicates forecasting at this stage. Our new numbers have higher impairments, mostly in 2020-21. However, Attica's strategy of strong asset expansion and focus on the energy, infrastructure and green economy remains firm - just a time shift in achieving income targets. Successful execution would allow ROE to approach 6.8% (previously 7.4%) in 2022. This falls to 4.7–5.3% after factoring in needed rights issues and would provide upside to shares, now trading at a PBV of 0.23x. Attica is currently planning a third securitisation as it strives to cut legacy NPLs to zero by 2021.

INDUSTRY OUTLOOK

Attica intends to focus on its SME business banking activity to exploit attractive margins and an existing 2% market share. Rebuilding profitability will be achieved through voluntary retirement schemes; pricing leverage as the major Greek banks review their product offerings; and normalisation of impairments facilitated by reduced exposure to the collateral underpinning impaired loans.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	128.0	N/A	4.7	(0.51)	N/A	N/A
2019	71.6	N/A	(23.6)	1.08	16.7	N/A
2020e	80.7	N/A	(24.5)	0.01	1800.0	N/A
2021e	110.9	N/A	2.7	0.93	19.4	N/A

Sector: Industrial support services

Price: 190.0p
Market cap: £199m
Market AIM

Share price graph (p)

Company description

Augean is a UK-based specialist waste management business. The business operates via two divisions: Treatment & Disposal and North Sea Services.

Price performance

%	1m	3m	12m
Actual	10.1	0.0	86.3
Relative*	11.2	2.8	123.4

* % Relative to local index

Analyst

Andy Chambers

Augean (AUG)

INVESTMENT SUMMARY

Augean's H120 results were robust in the face of the pandemic. Adjusted revenue fell by 6% to £41.4m, as did adjusted EBITDA to £13.3m. Balance sheet strength was improved with adjusted net debt falling to £3.3m (excluding c £7m of leases). Augean filed a claim in May with HMRC for the repayment of £11.1m landfill tax (LFT) related to engineering materials (fluff layer). Some other waste operators have successfully argued with the Upper Tax Tribunal that they should be able to reclaim LFT associated with the fluff layer. Any rebate from HMRC could provide a meaningful reward for investors. Overall COVID-19 reduced sales by c £10m and PBT by c £4m. While markets remain challenging, especially for the North Sea business, growth continues in the energy for waste segment and activity is bouncing back elsewhere. Management expects to broadly meet market expectations for FY20.

INDUSTRY OUTLOOK

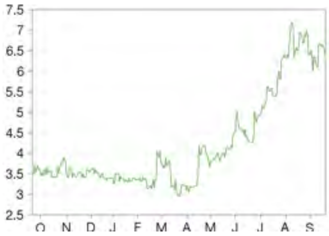
A growing trend towards treatment, recovery and recycling in the waste hierarchy supports Augean's specialist industry knowledge model.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	79.7	18.9	11.5	9.1	20.9	11.3
2019	107.1	28.8	19.3	21.0	9.0	N/A
2020e	120.8	33.2	22.8	17.9	10.6	6.5
2021e	131.5	37.2	26.4	20.7	9.2	5.7

Sector: Mining

Price: SEK6.30
Market cap: SEK621m
Market NASDAQ OMX First North

Share price graph (SEK)



Company description

Auriant Mining is a Swedish junior gold mining company focused on Russia. It has two producing mines (Tardan and Solcocon), one advanced exploration property (Kara-Beldyr) and one early stage exploration property (Uzhunzhul).

Price performance

%	1m	3m	12m
Actual	(9.2)	48.2	70.7
Relative*	(13.4)	32.3	47.0

* % Relative to local index

Analyst

Charles Gibson

Auriant Mining (AUR)

INVESTMENT SUMMARY

Auriant's Tardan plant has been remodelled to a single carbon-in-leach process. Relative to its earlier heap leach operation, metallurgical recoveries have increased by c 40pp to over 90%, driving an approximate doubling in production and an approximate halving in cash costs (to US$577/oz), which has resulted in a c 10x increase in EBITDA and a 545% increase in cash flows from operations in H120 cf H119. In the meantime, Auriant is completing a DFS on Kara-Beldyr and, combined, the two are expected to achieve management's goal of c 3t (96.5koz) of gold output pa from FY24.

INDUSTRY OUTLOOK

In the event that Auriant raises US$20m in equity (NB This is subject to the gold price and cash-flow and could be less) at SEK6.40/share, we estimate that it is capable of generating average cash flows of US$63.4m and EPS of 44.6c pa in the period FY25–33. Discounted at 10% pa, we value the resulting (maximum potential) stream of dividends to shareholders at US$1.76/share (cf US$0.83/share previously).

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	17.4	(1.7)	(10.2)	(10.8)	N/A	16.7
2019	29.8	7.2	(2.2)	(1.2)	N/A	7.7
2020e	57.4	32.9	19.0	15.3	4.7	2.6
2021e	53.9	32.9	24.6	15.6	4.6	2.7

Sector: Aerospace & defence

Price: 4170.0p
Market cap: £1294m
Market LSE

Share price graph (p)

Company description

Avon Rubber designs, develops and manufactures products in the protection (77% of H120 sales) and dairy (23%) sectors. Its major contracts are with national security organisations such as the US DOD. Over 75% of H120 sales were from the US.

Price performance

%	1m	3m	12m
Actual	21.6	36.5	141.3
Relative*	22.7	40.3	189.4

* % Relative to local index

Analyst

Andy Chambers

Avon Rubber (AVON)

INVESTMENT SUMMARY

Avon is delivering on its growth strategy focused on organically growing the core, supported by selective product development and value-enhancing M&A. H120 saw strong growth at Avon Protection with encouraging order intake. The £180m dairy disposal completes on 25 September leaving Avon Protection as the sole focus. The enhancing purchase of the Helmets & Armor division in Q220 extended Avon Protection's product portfolio and deepened customer engagement, as does the proposed £100m acquisition of Team Wendy helmet systems business in the US, expected to complete in Q121.

INDUSTRY OUTLOOK

Avon's long-standing, multi-level relationship with the US DoD is important to the group and the end market backdrop is supportive. The focus on higher-price sophisticated mask systems is proving successful, with M50 mask system replenishment and the addition of helmets and body armour providing further opportunities. We maintain our view that Avon has the market position, product portfolio and strategic ambition to further accelerate its growth through organic and inorganic means.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	165.5	35.3	27.2	76.6	54.4	38.1
2019	179.3	41.3	31.4	90.9	45.9	83.7
2020e	233.0	50.2	35.4	93.1	44.8	26.5
2021e	288.4	65.1	49.2	129.5	32.2	22.1

Sector: Travel & leisure

Price:	€36.75
Market cap:	€258m
Market	Xetra

Share price graph (€)

Company description

Founded in 1999, bet-at-home is an online sports betting and gaming company with c 300 employees. It is licensed in Malta and headquartered in Dusseldorf, Germany. Since 2009 bet-at-home has been part of Betclic Everest, a privately owned French online gaming company.

Price performance

%	1m	3m	12m
Actual	(0.9)	(7.9)	(24.1)
Relative*	(2.7)	(13.8)	(28.3)

* % Relative to local index

Analyst

Russell Pointon

bet-at-home (ACXX)

INVESTMENT SUMMARY

The H120 headline figures were ahead of consensus expectations, which was encouraging given the regulatory changes (Poland and Switzerland) and the impact of COVID-19. Comparatives become easier as the year progresses and management has acted quickly to reduce unnecessary costs, so the company's guidance for FY20 has been reiterated. Upcoming legislation in Germany will provide clarity but will likely result in responsible gambling restrictions and potentially higher taxes.

INDUSTRY OUTLOOK

According to H2 Gambling Capital, the European online sports betting and gaming market is expected to grow 6.5% CAGR between 2018 and 2023 to c €33bn (pre COVID-19 impact). BAH operates in 'grey' markets (no formal regulation but not illegal), which are characterised by strong cash flow, but also carry commensurately higher regulatory risks.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	143.4	36.2	35.0	464.67	7.9	10.4
2019	143.3	35.2	33.1	425.52	8.6	8.6
2020e	127.9	26.1	24.0	278.66	13.2	13.1
2021e	130.4	26.5	24.3	282.54	13.0	12.9

Sector: Technology

Price:	89.5p
Market cap:	£253m
Market	AIM

Share price graph (p)

Company description

Boku operates a billing and identity verification platform that connects merchants with mobile network operators in more than 50 countries. It has c 300 employees, with its main offices in the US, UK, Estonia, Germany and India.

Price performance

%	1m	3m	12m
Actual	1.1	(9.6)	(21.2)
Relative*	2.1	(7.1)	(5.4)

* % Relative to local index

Analyst

Katherine Thompson

Boku (BOKU)

INVESTMENT SUMMARY

Restrictions relating to COVID-19 have had a mixed effect on Boku's H120 performance, with the Payments business benefiting from increased demand for digital content, while some Identity customers saw weaker demand for their services. Despite this, Boku reported adjusted revenue growth of 9% y-o-y and, demonstrating the operational leverage of the business, adjusted EBITDA growth of 84% y-o-y. With guidance unchanged for FY20, we maintain our EBITDA forecasts.

INDUSTRY OUTLOOK

DCB is an alternative payment method that uses a consumer's mobile bill as the means to pay for digital content or services such as games, music or apps. Growth in the underlying digital content markets as well as the increasing penetration of smartphones is expected to drive growth in DCB transactions. Boku is the dominant DCB player serving the largest merchants such as Apple, Sony, Facebook, Spotify and Netflix. Boku's identity verification service enables merchants to sign up and transact with users while meeting regulatory requirements and avoiding fraud.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	35.3	6.3	4.3	1.55	75.6	N/A
2019	50.1	10.7	4.1	1.20	97.6	N/A
2020e	55.1	12.3	8.0	2.16	54.2	N/A
2021e	66.4	17.7	12.3	3.18	36.8	N/A

Sector: Travel & leisure

Price:	€6.06
Market cap:	€558m
Market	FRA

Share price graph (€)

Company description

The group operates Borussia Dortmund, a leading German football cub, Bundesliga runners-up in 2018/19, DFB Super Cup winners in 2019/20 and DFB Cup winners in 2016/17. The club has qualified for the Champions League in eight of the last nine seasons.

Price performance

%	1m	3m	12m
Actual	7.5	(1.7)	(39.1)
Relative*	5.6	(8.0)	(42.5)

* % Relative to local index

Analyst

Russell Pointon

Borussia Dortmund (BVB)

INVESTMENT SUMMARY

Borussia Dortmund's headline figures for FY20 highlighted that revenue was 2% below our recently revised forecasts, but EBITDA and net income were marginally ahead of management's recent guidance. Our forecasts will be reviewed when full financial statements are available. The team has qualified for the Champions League in the 2020/21 season. The share price looks well supported by asset valuations.

INDUSTRY OUTLOOK

Unsustainable spend on wages and transfers is increasingly being penalised by UEFA Financial Fair Play requirements. A 'break-even requirement' obliges clubs to spend no more than they generate over a rolling three-year period. Sanctions vary from a warning to a ban from UEFA competition, fines and a cap on wages and squad size.

Y/E Jun	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	313.3	137.3	121.8	121.16	5.0	3.2
2019	369.3	116.0	101.5	87.95	6.9	3.8
2020e	379.1	65.4	51.5	44.63	13.6	33.2
2021e	424.8	125.5	110.4	95.70	6.3	16.1

Sector: Technology

Price:	C$0.39
Market cap:	C$31m
Market	TSX-V

Share price graph (C$)

Company description

Bragg Gaming Group (formerly Breaking Data Corp) is a Toronto-based B2B online gaming holding company. The core asset is Oryx Gaming, a predominantly European B2B online gaming platform.

Price performance

%	1m	3m	12m
Actual	(15.2)	6.9	39.3
Relative*	(13.0)	2.1	44.5

* % Relative to local index

Analyst

Russell Pointon

Bragg Gaming Group (BRAG)

INVESTMENT SUMMARY

Bragg Gaming's core asset is Oryx Gaming, a fast-growing online B2B gaming solution provider. It has limited exposure to sports and therefore revenues should be relatively secure in the light of fixture cancellations. Bragg's Q120 results demonstrated strong revenue growth (44% y-o-y), adjusted EBITDA margin expansion (to 8.7%) and improved free cash flow generation. Operationally, it continues to win new customers in new geographies and enhance product functionality, which should continue to improve the customer offer, drive growth and de-risk the business. Management has reiterated FY20 guidance for revenue and EBITDA growth of at least c 32% and 349%, respectively, vs FY19.

INDUSTRY OUTLOOK

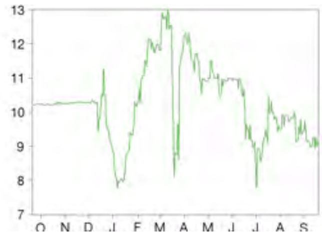
According to H2 Gambling Capital (H2GC), the global online gaming market has grown at a c 10% CAGR over the past 10 years and amounted to c £40bn gross gaming revenues in 2018. Driven largely by the opening of the US market, H2GC estimates online growth of 7% CAGR to 2023 (pre COVID-19 impact). As Oryx continues to gain market share, we would expect the business to grow significantly faster than the sector, across all its major markets, particularly from newly regulating markets such as the US and Latin America.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	0.8	(0.4)	(0.3)	(0.86)	N/A	N/A
2019	26.6	1.2	(1.0)	(2.04)	N/A	N/A
2020e	36.6	5.4	2.1	0.87	28.8	N/A
2021e	40.9	6.1	3.8	2.02	12.4	N/A

Sector: Oil & gas

Price:	US$9.39
Market cap:	US$1029m
Market	NASDAQ

Share price graph (US$)



Company description

Brooge Energy is an oil storage and service provider strategically located in the Port of Fujairah in the United Arab Emirates (UAE). Current storage capacity stands at 399,324m3 and will be increased by 602,064m3 once Phase II is completed.

Price performance

%	1m	3m	12m
Actual	(6.1)	(2.5)	(7.9)
Relative*	(4.1)	(8.5)	(16.6)

* % Relative to local index

Analyst

Carlos Gomes

Brooge Energy (BROG)

INVESTMENT SUMMARY

Brooge Energy (BROG) is an independent oil and refined oil products storage and service provider located in the Port of Fujairah, in the UAE. The company is initially developing its terminal's storage capacity in two phases and differentiates itself from competitors by providing fast order processing times and high accuracy blending services with low oil losses using the latest technology. Phase I has been operational since late 2017 and Phase II is expected to be completed by the end of 2020. The company is looking to develop a Phase III, which would increase its storage capacity by 3.5x. BROG recently completed the issuance of a $200m five-year senior secured bond in the Nordic bond market. The proceeds will be used to repay existing debt and to fund remaining capex ahead of the launch of Phase II. Our valuation currently stands at $11.00/share.

INDUSTRY OUTLOOK

The COVID-19 pandemic highlighted the importance of oil storage infrastructure and the vital role the business plays in the logistics and trading of crude oil and refined oil products, as oil demand slumped in H120.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	36.0	30.0	16.0	20.1	46.7	26.8
2019	44.0	(65.0)	25.0	28.6	32.8	15.6
2020e	45.0	38.0	17.0	15.5	60.6	44.7
2021e	123.0	113.0	86.0	78.9	11.9	10.0

Sector: Oil & gas

Price:	C$3.51
Market cap:	C$635m
Market	TSX

Share price graph (C$)

Company description

Canacol Energy is a natural gas exploration and production company primarily focused on Colombia.

Price performance

%	1m	3m	12m
Actual	(2.8)	(5.1)	(25.0)
Relative*	(0.2)	(9.4)	(22.2)

* % Relative to local index

Analyst

Carlos Gomes

Canacol Energy (CNE)

INVESTMENT SUMMARY

In Q220 Canacol saw a c 25% reduction in Q120 sales from 201mmscfd to 152mmscfd, as a consequence of the impact of COVID-19, recovering to average sales of c 162mmscfd for July and August. Canacol is also working with its partners on a new export pipeline to Medellin that would expand export capacity to 315mmscfd by the end of 2023. It strengthened its liquidity with two additional facilities of $46m and $75m. The $75m facility is a bridge term loan for Canacol to accelerate engineering and environment permitting of the Medellin pipeline. Ultimately, it expects to transfer majority ownership of this pipeline to a third party, but the loan will allow it to maintain its schedule with the pipeline in the meantime. Meanwhile, the Porro Norte 1 exploration well encountered 24ft of potential gas pay in the Cicuco limestone, a new play type on VIM-5. Four further wells are planned in 2020 with the Fresa-1 exploration well and the Pandereta-4 appraisal well due to spud next.

INDUSTRY OUTLOOK

The Colombian, Caribbean Coast gas market is expected to move into gas deficit in the absence of LNG imports, incremental piped gas or the development of recent deepwater discoveries. Canacol sells gas under long-term, fixed-price gas contracts, typically of five to 10 years' duration with inflation clauses to protect cash flows.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	204.5	138.6	7.3	(12.32)	N/A	5.0
2019	219.5	162.8	64.7	19.21	13.9	4.4
2020e	255.7	214.9	109.1	51.98	5.1	2.4
2021e	289.6	245.3	133.0	50.67	5.3	2.4

Sector: Alternative energy

Carbios (ALCRB)

Price:	€30.75
Market cap:	€245m
Market	Euronext Paris

Share price graph (€)

Company description

Carbios develops enzyme-based processes for biodegradation and bioproduction of plastics, with a long-term aim of displacing current recycling and production practices.

Price performance

%	1m	3m	12m
Actual	5.7	92.2	397.6
Relative*	4.8	90.7	460.0

* % Relative to local index

Analyst

Neil Shah

INVESTMENT SUMMARY

Carbios's technology and processes ensure that it is well placed to exploit the trend for the minimisation of plastic waste. Interim results highlighted progress on a number of fronts, but we would continue to pick out the the recent €27m capital increase (issue of 1.028m shares at a price of €26.25/share) and the company now expects to have sufficient financial resources to cover its investment and working capital requirements until Q223, The €2m of cash burn in H120 firms up the view that there is a long runway in place for the company to cover its cash requirements. The money raised will allow Carbios to fund its ongoing operating expenses, finance the second stage of the construction of the PET demonstration plant and to participate in a capital increase by its subsidiary Carbiolice. We anticipate that Carbios will also continue to reinforce its position in the PET recycling market by forging partnerships with collectors and producers of plastic, as well as strengthening its ties with research partners. Our forecasts are under review.

INDUSTRY OUTLOOK

Growing focus on sustainability provides an attractive market opportunity for Carbios's technology.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	1.1	(3.9)	(4.3)	(67.39)	N/A	N/A
2019	1.5	(4.3)	(4.6)	(64.87)	N/A	N/A
2020e	1.7	(6.4)	(6.7)	(79.79)	N/A	N/A
2021e	1.5	(6.8)	(7.1)	(84.45)	N/A	N/A

Sector: General industrials

Carr's Group (CARR)

Price:	113.0p
Market cap:	£104m
Market	LSE

Share price graph (p)

Company description

Carr's Group's Agriculture division serves farmers in the North of England, South Wales, the Welsh Borders and Scotland, the US, Germany and New Zealand. The Engineering division offers remote handling equipment and fabrications to the global nuclear and oil and gas industries.

Price performance

%	1m	3m	12m
Actual	(16.8)	2.7	(19.9)
Relative*	(16.0)	5.6	(3.9)

* % Relative to local index

Analyst

Anne Margaret Crow

INVESTMENT SUMMARY

Carr's Group's trading update for the 19 weeks ended 11 July 2020 notes that the company continues to trade in line with management expectations for FY20. The board is combining the two interim dividend payments this year into a single interim payment of 2.25p/share, equivalent to the two interim payments made in FY19. We leave our FY20 estimates unchanged but reduce our FY21 EPS estimate by 12% to reflect lower cattle prices in the US and weaker demand from the oil and gas industry, both related to the coronavirus pandemic.

INDUSTRY OUTLOOK

The UK agricultural businesses traded ahead of management expectations during the period because of marginally higher demand for feeds, feed supplements and fuels. However, the closure of large meat processing plants in the US because of COVID-19 outbreaks led to a drop in cattle prices which adversely affected supplement sales in the region. While the engineering businesses have been able to operate throughout the pandemic, there have been some temporary interruptions to nuclear and defence projects because personnel have not been able to visit customer sites. In addition, the low oil price has resulted in a reduction in investment from the oil and gas industry.

Y/E Aug	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	403.2	23.1	17.7	14.8	7.6	N/A
2019	403.9	24.7	18.9	15.2	7.4	N/A
2020e	372.0	21.3	15.2	11.7	9.7	N/A
2021e	382.5	22.7	16.6	13.0	8.7	N/A

Sector: Financials

Price:	47.0p
Market cap:	£27m
Market	AIM

Share price graph (p)

Company description

Cenkos is a leading UK securities business, which acts as nominated advisor, sponsor, broker and financial adviser to companies across all sectors and stages of growth. Since inception in 2005, it has raised more than £20bn in equity capital for corporate clients, which currently number c 100.

Price performance

%	1m	3m	12m
Actual	0.0	(5.1)	(3.1)
Relative*	0.9	(2.4)	16.2

* % Relative to local index

Analyst

Andrew Mitchell

Cenkos Securities (CNKS)

INVESTMENT SUMMARY

Cenkos's AGM statement at the end of June indicated that despite challenging market conditions the group has remained active in the current year. It carried out an AIM IPO for FRP Advisory in February and a number of placings, including 12 since the end of March listed on the company's website. Five-month revenues were ahead of the same period in 2019 (a relatively soft period) while fixed costs have been significantly reduced, which should benefit H220 in particular. The group is due to report H120 figures in mid-October.

INDUSTRY OUTLOOK

Given continuing uncertainty resulting from the pandemic we have removed estimates for the moment. Cenkos benefits from a flexible business model that rewards staff and shareholders in periods of strong activity and revenues but limits the downside when the level of transactions is depressed. Cenkos indicated in its statement that it was working on a number of transactions with a potential pipeline of further deals. The group was therefore cautiously optimistic. The strong balance sheet and surplus regulatory capital are additional supportive features for both clients and investors.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	45.0	3.4	3.2	4.4	10.7	7.7
2019	25.9	0.4	0.1	(0.2)	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	87.0p
Market cap:	£164m
Market	AIM

Share price graph (p)

Company description

CentralNic Group is a leading global domain name registry services provider, operating through three divisions: Reseller (number two globally); Corporate; and SME. Services include domain name reselling, hosting, website building, security certification and website monetisation.

Price performance

%	1m	3m	12m
Actual	1.8	1.2	70.6
Relative*	2.7	4.0	104.6

* % Relative to local index

Analyst

Richard Williamson

CentralNic Group (CNIC)

INVESTMENT SUMMARY

In September, CentralNic announced the conditional US$36m acquisition of Codewise, a Poland-based competitor to Team Internet. The deal valued Codewise at 0.6x historical sales (US$60.3m) and 4.9x adjusted EBITDA (US$7.4m). The deal is being funded by way of a share placing, with CentralNic having raised gross proceeds of £30m, placing 40m shares (21% of the equity) at 75p per share (a 6% discount to the closing price). We estimate that the deal will be materially (c 18%) EPS enhancing in FY21.

INDUSTRY OUTLOOK

CentralNic supplies the tools needed for businesses to develop their online presence, providing domain names, hosting, websites, email, website security, brand protection and monetisation services. It delivers services to c 40m domains, with cross-selling and upselling important drivers of future growth. Organic growth (estimated by management to be c 6%) is supported by M&A.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	56.0	9.1	7.4	5.83	19.5	N/A
2019	109.2	17.9	12.8	8.16	14.0	N/A
2020e	217.8	30.7	17.4	5.60	20.3	N/A
2021e	295.3	40.3	27.7	8.74	13.0	N/A

EDISON

Sector: General industrials

Price:	HK$6.15
Market cap:	HK$9790m
Market	HKSE

Share price graph (HK$)

Company description

China Water Affairs (CWA) is a pioneer in the privatisation of water supply assets in China. The company seeks to create growth via volume/price increases.

Price performance

%	1m	3m	12m
Actual	(6.1)	8.5	(1.6)
Relative*	(2.6)	8.5	7.6

* % Relative to local index

Analyst

Dan Gardiner

China Water Affairs Group (855)

INVESTMENT SUMMARY

Despite a challenging environment, CWA performed strongly in FY20, achieving growth in all key financial metrics. Revenue rose 4.7%, helped by a strong performance from the water business (c 90% of profits) and operating profit rose by 5.3%. Lower finance costs, a stronger than forecast associate line and a lower than expected tax rate delivered a 17.7% rise in net profits (2.8% ahead of forecast). A lower than forecast attribution to minorities and a small fall in the share count (buy-back) saw EPS rise 20%. The DPS of HK$0.30 was below our forecast (HK$0.33), but still up 7.1% y-o-y. Based on our updated forecasts CWA's share price rating appears modest despite requirements for significant environmental expenditure in the Chinese water sector presenting it with an opportunity to grow.

INDUSTRY OUTLOOK

Water supply in China remains fragmented. The central government encourages local governments to deleverage their own balance sheets with private–public partnerships. This trend remains positive for CWA.

Y/E Mar	Revenue (HK$m)	EBITDA (HK$m)	PBT (HK$m)	EPS (c)	P/E (x)	P/CF (x)
2019	8302.0	3536.0	2772.0	85.1	7.2	N/A
2020	8694.0	3781.0	3165.0	102.1	6.0	N/A
2021e	9731.0	4278.0	3374.0	108.0	5.7	N/A
2022e	10787.0	4725.0	3810.0	122.0	5.0	N/A

Sector: Financials

Price:	147.5p
Market cap:	£42m
Market	AIM

Share price graph (p)

Company description

Circle Property is an AIM-listed property investment company that actively manages its assets, placing an emphasis on total returns rather than maximising short-term income. It targets the acquisition of well-located regional office properties where it has identified a clear opportunity to add value.

Price performance

%	1m	3m	12m
Actual	(6.4)	(13.2)	(22.8)
Relative*	(5.5)	(10.8)	(7.4)

* % Relative to local index

Analyst

Martyn King

Circle Property (CRC)

INVESTMENT SUMMARY

Circle plans to release results for the year ended 31 March 2020 (FY20) in late September but has previously stated an increase in the end-FY20 property valuation to £139.5m, driven by continued leasing activity, and an estimated unaudited NAV per share of 290p. In common with peers, as a result of COVID-19, rent collection has since slowed while sector-wide valuation uncertainty has increased. As at 14 July, 91% of March quarter rents had been collected and 77% of June quarter rents (increasing to 91% of rents due including agreed monthly payments). Also at 14 July, drawn debt was £62.3m (£100m of facilities with £2.7m immediately available) with cash of £4.3m (gross LTV 44.7%). The board expects to pay a final dividend but no formal decision has yet been made.

INDUSTRY OUTLOOK

The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	5.5	N/A	14.0	9.0	16.4	N/A
2019	6.5	N/A	15.2	6.6	22.3	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 108.0p
Market cap: £671m
Market LSE

Share price graph (p)

Company description

Civitas is the leading listed UK social housing REIT. Its investment objective is to provide an attractive level of income, with the potential for capital growth, from investing in a diversified portfolio of fully developed social homes, particularly specialist supported housing (SSH) for vulnerable adults.

Price performance

%	1m	3m	12m
Actual	(1.8)	(0.7)	24.3
Relative*	(0.9)	2.0	49.1

* % Relative to local index

Analyst

Martyn King

Civitas Social Housing (CSH)

INVESTMENT SUMMARY

The strong FY20 financial performance, driven by continuing portfolio growth and CPI-linked rent increases, continued into Q121. With no impact on rent receipts from COVID-19, a Q121 DPS of 1.35p was declared in line with the target of 5.4p (1.9%) for the year while IFRS NAV per share edged ahead to 107.92p. Acquisitions continued in Q121 (£3.9m before costs) and since, including the new 65-bed purpose-built state of the art supported housing and healthcare facilities in Wales. With an extensive pipeline of potential investment opportunities, including those related to the broadened investment remit recently approved by shareholders, the company is considering further capital raising options, including up to £140m of additional debt as it moves towards its target 35% gearing.

INDUSTRY OUTLOOK

The chronic shortage of SSH is forecast to increase, yet compared with the alternatives of residential care or hospitals it is widely recognised to improve lives in a cost-effective manner. SSH leases are of long duration and rents are paid directly to housing association tenants by government via local authorities.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	35.7	26.1	19.9	3.63	29.8	N/A
2020	46.2	36.4	38.0	4.63	23.3	N/A
2021e	52.2	43.0	44.9	5.50	19.6	N/A
2022e	55.6	46.1	54.1	5.86	18.4	N/A

Sector: Technology

Price: €6.61
Market cap: €261m
Market Euronext Paris

Share price graph (€)

Company description

Claranova consists of three businesses focused on mobile and internet technologies: Printing & Gifting (digital photo printing; personalised gifts), Software and Internet of Things (IoT). Its headquarters are in Paris, and it has operations in Europe, the US and Canada.

Price performance

%	1m	3m	12m
Actual	3.1	15.9	(12.4)
Relative*	2.3	15.0	(1.4)

* % Relative to local index

Analyst

Katherine Thompson

Claranova (CLA)

INVESTMENT SUMMARY

Claranova has bolstered its position in the personalised product market with the acquisition of CafePress for an undisclosed amount. CafePress products are developed almost entirely by third-party content contributors and sold via CafePress websites in the US, the UK, Canada and Australia as well as via custom stores that can be set up by any user. The acquisition brings new product categories, a marketplace platform and licences from properties such as Marvel and Hasbro. We see scope for both cost and revenue synergies once integrated into the PlanetArt division; we will update our forecasts with FY20 results on 30 September.

INDUSTRY OUTLOOK

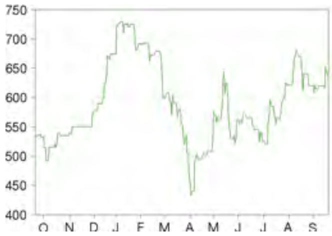
The digital photo printing business is benefiting from the growth in smartphone photography as well as geographical expansion. The consumer software business recently acquired a group of Canadian businesses to accelerate growth and is looking to leverage website traffic. The IoT business is targeting the SME space with its myDevices platform, which provides a simple and effective way to deploy IoT applications.

Y/E Jun	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	161.5	3.9	3.1	6.31	104.8	N/A
2019	262.3	16.0	12.0	24.66	26.8	N/A
2020e	408.6	19.2	11.1	19.74	33.5	N/A
2021e	459.3	32.5	24.1	35.08	18.8	N/A

Sector: Aerospace & defence

Price:	624.0p
Market cap:	£256m
Market	AIM

Share price graph (p)



Company description

Cohort is an AIM-listed defence and security company operating across five divisions: MASS (31% of FY20 sales), SEA (24%), MCL (11%), the 80%-owned Portuguese business EID (14%), and 81%-owned Chess Technologies based in the UK (19%).

Price performance

%	1m	3m	12m
Actual	2.3	13.5	22.4
Relative*	3.3	16.6	46.7

* % Relative to local index

Analyst

Andy Chambers

Cohort (CHRT)

INVESTMENT SUMMARY

Cohort delivered growth in FY20, despite disruption in the seasonally busy Q4. Q121 trading appears encouraging with the order book at 31 August 2020 of £210m providing cover of 83% for FY21 consensus sales. Guidance for FY21 performance to be in line with FY20 was reiterated. Healthy liquidity supports the growth strategy. The proposed €11.3m acquisition of ELAC remains subject to German regulatory approval; a meeting is planned before the end of September where it is hoped to clarify the completion timetable for a deal that should prove to be financially compelling.

INDUSTRY OUTLOOK

Cohort is heavily influenced by activities in defence and security (90% of FY20 sales). These markets require highly differentiated technologies and services with high barriers to entry based on customer relationships, regulation and high-level security clearances. Defence is generally quite resilient in periods of significant economic disruption but the current unprecedented pandemic could see renewed budget constraints in the medium term.

Y/E Apr	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	121.2	17.3	15.9	33.6	18.6	21.9
2020	131.1	20.9	17.5	37.1	16.8	19.5
2021e	137.1	21.1	17.6	35.4	17.6	16.9
2022e	143.9	22.2	18.8	37.7	16.6	12.4

Sector: Oil & gas

Price:	0.3p
Market cap:	£2m
Market	AIM

Share price graph (p)

Company description

Coro Energy is an upstream oil and gas company with a focus on South-East Asia. It targets discoveries that require commercialisation and have exploration upside, with a focus on gas assets.

Price performance

%	1m	3m	12m
Actual	5.2	(6.2)	(90.3)
Relative*	6.2	(3.5)	(88.4)

* % Relative to local index

Analyst

Carlos Gomes

Coro Energy (CORO)

INVESTMENT SUMMARY

Coro Energy's independent resource audit from Gaffney Cline and Associates in 2020 on the Mako gas field saw 2C recoverable resource estimates increase to 495bcf, c 79% higher vs the 2019 audit. Coro Energy holds 15% of the Duyung PSC containing the Mako field. Gas volumes will be upgraded to 2P reserves once the gas sales agreement is completed and a final investment decision is taken. The company has a heads of agreement already in place with a gas buyer in Singapore. In July, a sales and purchase agreement with Zenith Energy to dispose of Coro's Italian portfolio was terminated. Our valuation has been suspended since James Menzies, the company's CEO, saw his employment terminated.

INDUSTRY OUTLOOK

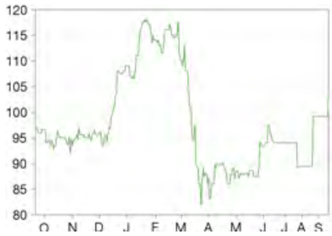
South-East Asia possesses some of the world's fastest-developing economies where demand for gas is increasing and already exceeds supply. It is also a mature hydrocarbon province, holding 57bnboe of discovered undeveloped resources and significant yet-to-find resources.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2017	N/A	N/A	N/A	N/A	N/A	N/A
2018	0.0	(3.5)	(3.5)	0.0	N/A	N/A
2019e	N/A	N/A	N/A	N/A	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: CHF103.50
Market cap: CHF145m
Market Swiss Stock Exchange

Share price graph (CHF)



Company description

CREALOGIX Group provides digital banking technology solutions to banks, wealth managers and other financial services companies. The company's suite of solutions includes online and mobile banking, digital payments, digital learning and security.

Price performance

%	1m	3m	12m
Actual	3.0	10.1	8.5
Relative*	(0.6)	6.4	3.1

* % Relative to local index

Analyst

Richard Williamson

CREALOGIX Group (CLXN)

INVESTMENT SUMMARY

In FY20, revenues grew 1.7% to CHF103.7m, with adjusted EBITDA rising to CHF2.4m, slightly below our estimates. Revenues grew 13.2% in H220 vs H120, with minimal impact from the COVID-19 pandemic. Recurring revenues continued to rise to 44%, with SaaS 17% of the mix, while international sales fell to 62%. The SaaS transition will be a drag in FY21 (although we expect stronger margins in H221) before a full year of benefit in FY22. We have lowered our forecasts slightly to reflect a more uncertain global economic outlook.

INDUSTRY OUTLOOK

CREALOGIX continues to pursue its goal to become a leading global SaaS digital banking software provider. Its solutions are most often used by traditional banks to enable their journey to digitalisation, through the provision of a sophisticated, modern omni-channel offering to clients. CREALOGIX has multi-award winning technology eg winning the 'Best of Show' award at FinovateEurope for the last three years in a row.

Y/E Jun	Revenue (CHFm)	EBITDA (CHFm)	PBT (CHFm)	EPS (CHFc)	P/E (x)	P/CF (x)
2019	101.9	1.9	(1.7)	(93.57)	N/A	286.2
2020	103.7	2.4	(0.9)	(14.79)	N/A	14.8
2021e	108.8	5.9	3.0	155.54	66.5	22.4
2022e	114.3	10.3	7.5	383.77	27.0	13.2

Sector: Property

Price: 90.2p
Market cap: £379m
Market LSE

Share price graph (p)

Company description

CREI is a London Main Market-listed REIT focused on commercial property in the UK outside London. It is income-focused, with a commitment to pay a high but sustainable and covered dividend.

Price performance

%	1m	3m	12m
Actual	4.9	(3.8)	(22.8)
Relative*	5.9	(1.2)	(7.4)

* % Relative to local index

Analyst

Martyn King

Custodian REIT (CREI)

INVESTMENT SUMMARY

The Q121 DPS of 0.95p was 27% ahead of the minimum level of 0.75p previously indicated for each of the first two quarters of FY21. It was fully covered by net cash receipts, reflecting better than expected rental collection, and was 140% covered by EPRA earnings, including accrued rents that are yet to be collected. Unrealised valuation losses weighed on NAV per share, down by 5.9p to 95.7p, and including DPS paid the Q121 NAV total return was -4.2%. Rent collection has been robust and should benefit from the continued general easing of the lockdown, albeit with remaining uncertainties. The portfolio is diversified and gearing is moderate with good liquidity, no short-term refinancing risk and borrowing headroom.

INDUSTRY OUTLOOK

The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	37.6	32.7	28.5	7.26	12.4	9.8
2020	38.1	33.4	28.7	7.00	12.9	11.9
2021e	35.5	29.3	24.3	5.79	15.6	12.8
2022e	35.4	30.7	25.7	6.12	14.7	12.5

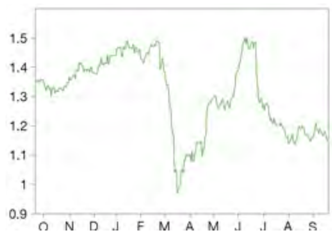
EDISON

Sector: Financials

DeA Capital (DEA)

Price: €1.14
Market cap: €305m
Market Borsa Italiana

Share price graph (€)



Company description

DeA Capital, a De Agostini group company, is Italy's leading alternative asset manager of real estate, private equity and NPLs, with combined AUM of more than €22bn at 30 June 2020. The portfolio, including co-investment in funds managed, investment in the asset management platform and direct investment, amounted to c €340m.

Price performance

%	1m	3m	12m
Actual	(4.2)	(21.9)	(14.1)
Relative*	(2.7)	(22.3)	(3.9)

* % Relative to local index

Analyst

Martyn King

INVESTMENT SUMMARY

During the past year DeA Capital has exploited its financial strength and leading Italian position in alternative asset management (AAM) to grow its AAM platform, extend its customer reach and enhance its product capability. Significantly this included the Quaestio transactions which saw DeA directly acquire the Quaestio NPL asset management business and a c 39% stake in Quaestio Asset Management (via its holding co), becoming its single largest shareholder and cementing a product and marketing partnership between the two companies. H120 performance was robust despite challenging markets with combined AUM of c €22.5bn up 91% y-o-y and at a similar level to end-FY19 (€22.6bn), including the €7.6bn of investment solutions managed by the Quaestio Capital Management associate. Group NAV per share was €1.63 (end-FY19: 1.64 adjusted for the June distribution of €0.12) and the holding company net financial position was €71.3m or c €0.27 per share.

INDUSTRY OUTLOOK

Despite a strong recovery in markets, economic uncertainty remains high as a result of the pandemic. This may affect DeA's ability to enhance portfolio values and continue to raise funds. On a longer view, the increasing breadth and strength of the AAM platform and balance sheet should leave it well placed to benefit once recovery takes hold.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	102.9	N/A	47.1	4.4	25.9	N/A
2019	72.7	N/A	16.1	4.7	24.3	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Electronics & elec eqpt

discoverIE Group (DSCV)

Price: 642.0p
Market cap: £574m
Market LSE

Share price graph (p)

Company description

discoverIE is a leading international designer and manufacturer of customised electronics to industry, supplying customer-specific electronic products and solutions to 25,000 industrial manufacturers.

Price performance

%	1m	3m	12m
Actual	13.4	29.4	44.6
Relative*	14.5	33.0	73.4

* % Relative to local index

Analyst

Katherine Thompson

INVESTMENT SUMMARY

discoverIE's trading update for the first four months of FY21 confirms that orders are moving in the right direction, with month-on-month increases in June and July. Revenues are down 8% y-o-y on a reported basis, in line with expectations. While COVID-19 is likely to present ongoing challenges in the short term, the company is confident it has the resources to manage the business through this and is well positioned to take advantage of growth opportunities post COVID-19, highlighting its intention to resume acquisitions in H2 as market conditions improve. We maintain our forecasts.

INDUSTRY OUTLOOK

discoverIE Group is a designer, manufacturer and supplier of customised electronics to industry with operations throughout Europe and increasingly outside Europe. The company is focused on growing the percentage of higher-margin specialist product through organic growth and acquisition. Its key markets (more than two-thirds of sales) are medical, renewables, transportation and industrial connectivity, all of which are good growth markets.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	438.9	37.0	28.4	28.4	22.6	N/A
2020	466.4	50.9	34.6	31.8	20.2	N/A
2021e	460.5	46.0	28.8	23.7	27.1	N/A
2022e	494.8	53.6	36.2	29.9	21.5	N/A

Sector: Oil & gas

Price: 105.0p
Market cap: £743m
Market AIM

Share price graph (p)

Company description

Diversified Gas & Oil is a conventional natural gas and oil producer with a main focus on the US onshore. The company possesses long-life, low operational cost, mature producing assets with slow decline profiles in the Appalachian region.

Price performance

%	1m	3m	12m
Actual	(4.0)	5.0	(9.5)
Relative*	(3.1)	7.9	8.6

* % Relative to local index

Analyst

Carlos Gomes

Diversified Gas & Oil (DGOC)

INVESTMENT SUMMARY

Diversified Gas & Oil (DGO) is a natural gas and oil producer with all its production in the US onshore. It possesses long-life, low operational cost, mature producing assets and is the largest conventional gas producer in Appalachia. Despite the current challenging environment, DGO has essentially remained unaffected by COVID-19, and has completed two acquisitions, and a record H120 exit rate of 109kboed. The company has maintained stable production, low operating costs and robust hedging, thus mitigating the impact of low commodity prices and underpinning steady cash flows and profitability, and it recently increased its quarterly dividend by c 7% on the back of H120 results. DGO was admitted to the FTSE 250 and the FTSE All-Share indices, effective from 21 September, increasing the company's market exposure and investor access. Our updated valuation stands at 139.8p/share.

INDUSTRY OUTLOOK

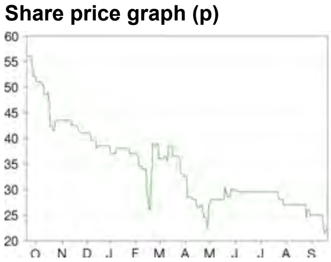
DGO's ability to maximise shareholder returns will be driven by its proficiency in maximising production, increasing cost efficiencies and extending the economic life of the assets.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	289.8	146.2	71.0	2.7	50.9	6.1
2019	462.3	273.3	126.1	14.6	9.4	3.2
2020e	400.0	298.4	147.3	15.2	9.0	3.5
2021e	651.1	299.6	143.2	14.8	9.3	4.1

Sector: Media

Price: 23.0p
Market cap: £18m
Market AIM

Share price graph (p)



Company description

Ebiquity is a leading independent marketing and media consultancy, working for 70 of the world's 100 leading brands to optimise their media investments.

Price performance

%	1m	3m	12m
Actual	(14.8)	(22.0)	(57.8)
Relative*	(14.0)	(19.9)	(49.4)

* % Relative to local index

Analyst

Fiona Orford-Williams

Ebiquity (EBQ)

INVESTMENT SUMMARY

Client deferments and cancellations have tipped Ebiquity into a first half loss, but prospects are better for the second half as brands and marketers steer their spend and look to EBQ for guidance on achieving the best ROI. Accenture's recent withdrawal from the market has also helped drive some very good new client wins, which should power revenue growth in FY21. Management expects H220 revenue to improve over H120, recouping the H1 loss. The balance sheet has been well protected, with net debt at end June of £5.1m, from £5.6m at the previous year-end. Banking covenants have been relaxed to a simple liquidity test until end FY21. Newly-installed CEO Nick Waters (ex Dentsu) will set out his roadmap in more detail at a CMD on 10 November. We will update our forecasts shortly.

INDUSTRY OUTLOOK

Accenture's withdrawal has increased the potential addressable market for EBQ for both regional and global consultancy accounts and accentuates its key advantage - its independence and absence of other sales-based agenda. The shift in overall media spend towards digital channels has been accelerated by the pandemic, increasing the risk to marketing return on investment through ad fraud and issues of viewability, wastage and brand safety.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	69.4	7.8	5.2	3.7	6.2	N/A
2019	68.7	9.2	5.3	3.6	6.4	4.2
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Oil & gas

Egdon Resources (EDR)

Price:	2.0p
Market cap:	£7m
Market	AIM

Share price graph (p)

Company description

Egdon Resources is an AIM-listed onshore oil and gas exploration company. The group has conventional and unconventional assets in the UK.

Price performance

%	1m	3m	12m
Actual	5.1	(4.7)	(59.0)
Relative*	6.1	(2.0)	(50.8)

* % Relative to local index

Analyst

Carlos Gomes

INVESTMENT SUMMARY

Egdon Resources retains several value catalysts that encompass both its conventional and unconventional assets and include exploration and appraisal. 2020 started with two important developments: the positive result of Egdon's appeal against the refusal of planning consent at Wressle, which will allow it to proceed with project development; and the farm-in agreement for the P1929 and P2304 licences with Shell. The cash position at 31 January 2020 was £0.78m and Egdon recently raised £500,000 in equity, before expenses, to be used to progress near-term cash-generative projects such as Wressle, where site reconfiguration works have commenced, and general working capital. Following on from the recent extension of the licence term for both the P1929 and P2304 licences to 31 May 2024, the Shell farm-in to these licences has also now been completed. In addition, permission to drill a well in North Kelsey has been extended to 2021, while settlement proceeds have been received from PEDL253 JV partner, Humber Oil & Gas.

INDUSTRY OUTLOOK

The UK government's stance towards shale varies by party. Current central government believes natural gas will play an important role in providing energy to the UK in the future.

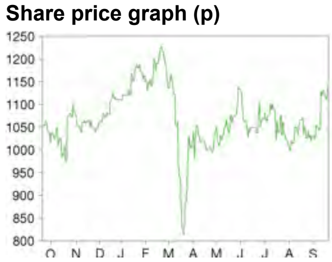
Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	1.2	(2.2)	(2.0)	(0.8)	N/A	N/A
2019	2.2	(0.6)	(1.7)	(0.2)	N/A	N/A
2020e	1.9	(0.6)	(0.9)	(0.8)	N/A	N/A
2021e	4.1	1.5	(1.5)	(0.8)	N/A	3.1

Sector: Technology

EMIS Group (EMIS)

Price:	1146.0p
Market cap:	£726m
Market	AIM

Share price graph (p)



Company description

EMIS is a software supplier with two divisions. EMIS Health supplies integrated care technology to the NHS, including primary, community, acute and social care. EMIS Enterprise is a B2B software provider to the UK healthcare market, including medicines management, partner businesses, patient-facing services and blockchain.

Price performance

%	1m	3m	12m
Actual	10.8	9.4	8.5
Relative*	11.9	12.4	30.2

* % Relative to local index

Analyst

Katherine Thompson

INVESTMENT SUMMARY

EMIS reported respectable results for H120 considering the uncertainty in the NHS and COVID-19 restrictions. As expected, it was tougher to sign new business and revenue declined 2.1% y-o-y; good cost control contained the decline in adjusted operating profit to 2.4% y-o-y. EMIS expects to meet consensus estimates for FY20 and announced an interim dividend of 16p (+3% y o y). We have made minor changes to forecasts. Work on the product roadmap is ongoing with the first new data analytics product due in Q4. In our view, the rapid shift to digital working during the pandemic supports and potentially accelerates the adoption of technology within healthcare in the longer term.

INDUSTRY OUTLOOK

EMIS is the leading software supplier to the UK GP market, with a greater than 50% market share. It has a strong position in community pharmacies, community health, A&E and hospital pharmacies. The EMIS-X platform is being developed to promote greater interoperability between NHS departments, in line with the NHS Long Term Strategy.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	149.7	48.9	33.4	40.4	28.4	14.5
2019	159.5	55.6	41.0	53.5	21.4	14.4
2020e	158.8	53.7	43.3	55.7	20.6	12.3
2021e	164.1	55.3	44.0	56.4	20.3	13.0

Endeavour Mining (EDV)

Sector: Mining

Price:	C$36.67
Market cap:	C$5979m
Market	Toronto

Share price graph (C$)

Company description

Following its acquisition of SEMAFO, Endeavour joins the ranks of the major gold producers, with two mines in Côte d'Ivoire and four in Burkina Faso plus three major development projects, all in the West African Birimian greenstone belt.

Price performance

%	1m	3m	12m
Actual	(1.0)	24.1	43.9
Relative*	1.6	18.6	49.3

* % Relative to local index

Analyst

Charles Gibson

INVESTMENT SUMMARY

EDV's acquisition of SEMAFO has now closed (including the injection of US$100m into the combined company by shareholder, La Mancha), creating a top 15 gold producer with output of c 995-1,095koz at an AISC of US$865-915/oz (FY20 pro forma guidance) and the realistic possibility of being net debt free and able to make dividend distributions from early in FY21. So far in FY20, both Q1 and Q2 adjusted EPS have been materially ahead of both our and consensus expectations with an even stronger performance anticipated in H2.

INDUSTRY OUTLOOK

To date, Endeavour's exploration programme has yielded 83% of its target of 10–15Moz Au over a five-year period at a cost of c US$45m pa, which is intended to extend and maintain near-term production rates at EDV's mines into the foreseeable future indefinitely. Discounting three years of forecast cash flows to shareholders and then applying an ex-growth multiple to terminal cash flows consistent with a 10% discount rate results in an updated valuation of US$43.34/share.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	1048.6	378.9	75.8	(10.4)	N/A	11.0
2019	1362.1	618.4	220.4	57.0	48.9	7.0
2020e	1816.0	1002.4	639.8	236.0	11.8	4.8
2021e	2034.0	1027.0	668.3	251.0	11.1	4.5

Epwin Group (EPWN)

Sector: Construction & blding mat

Price:	73.0p
Market cap:	£104m
Market	AIM

Share price graph (p)

Company description

Epwin 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.

Price performance

%	1m	3m	12m
Actual	4.3	5.2	(16.7)
Relative*	5.3	8.1	(0.1)

* % Relative to local index

Analyst

Toby Thorrington

INVESTMENT SUMMARY

Epwin's H120 revenues were down 33% (Extrusion & Moulding slightly less, Fabrication & Distribution slightly more) and both divisions generated a small underlying EBIT loss. Firmer RMI demand (70% of group sales) has benefitted E&M relatively speaking since the post UK lockdown restart with other sectors (newbuild, social housing) slower to do so but improving steadily. Core net debt (pre IFRS 16) rose by c £5m to £21.3m, partly attributable to spend relating to the new warehouse facility (Telford II). Management noted that the company operated within existing banking covenants at the end of H1 – with no variations anticipated going forward – and retained c £60m of facilities headroom. No interim dividend was declared. So far in H2, group sales have been +2-3% LFL, led by the E&M division. Our estimates are under review.

INDUSTRY OUTLOOK

Epwin is exposed to both RMI (c 70% revenue) and newbuild (c 30%) in the UK housing market. RMI activity is currently stronger that other sectors which are also recovering gradually. There is some caution associated with the potential impact of rising unemployment on consumer confidence.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	281.1	26.7	16.5	9.8	7.4	4.0
2019	282.1	26.4	15.0	8.5	8.6	3.1
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

EDISON

Sector: Technology

Price: €108.00
Market cap: €155m
Market Scale

Share price graph (€)

Company description

EQS is a leading international provider of regulatory technology in the fields of corporate compliance and investor relations. Its products enable corporate clients to fulfil complex national and international disclosure obligations, minimise risks and communicate transparently with stakeholders.

Price performance

%	1m	3m	12m
Actual	(1.8)	25.6	71.4
Relative*	(3.6)	17.6	61.9

* % Relative to local index

Analyst

Fiona Orford-Williams

EQS Group (EQS)

INVESTMENT SUMMARY

EQS delivered a good first half performance, boosted by companies' needs to adapt their communications strategies to the impact of the COVID-19 pandemic. Revenue guidance for the year was tilted to the higher end of the previous range and EBITDA guidance lifted by €0.5m to €4.0–5.0m. We lifted our forecast from €3.5m to €4.1m, rising to €8.5m for FY21e as the scalability of the platform helps improve margins. With the group now over the peak investment in its cloud-based COCKPIT software, free cash flow is on a clear improving trend. The share price has recovered well from the market setback in March but remains on a discount to peers.

INDUSTRY OUTLOOK

Virtual general meetings are now permitted across the DACH area, where voting is normally at the meeting, with questions also submitted ahead of time. Against this, the number of IPOs (which have been a useful source of group revenue historically) lined up for European markets has unsurprisingly dwindled. The length and severity of the economic impact will also affect the numbers of companies going out of business entirely, but this is not yet quantifiable. Gartner estimates the governance, risk and compliance segment at over US$5bn, growing at a CAGR of over 13%.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	36.2	0.2	0.7	30.62	352.7	N/A
2019	35.4	2.5	(0.3)	(31.32)	N/A	N/A
2020e	37.2	4.1	0.6	54.81	197.0	N/A
2021	43.5	8.5	4.7	215.26	50.2	N/A

Sector: Technology

Price: €139.20
Market cap: €807m
Market Euronext Growth

Share price graph (€)

Company description

Esker provides end-to-end document automation solutions, offering on-premise and on-demand delivery models. In FY19, the business generated 57% of revenues from Europe, 38% from the US and the remainder from Asia and Australia.

Price performance

%	1m	3m	12m
Actual	(3.5)	20.0	71.9
Relative*	(4.2)	19.0	93.4

* % Relative to local index

Analyst

Katherine Thompson

Esker (ALESK)

INVESTMENT SUMMARY

Esker reported 8% revenue growth for H120, despite COVID-19 disruption, and continued to invest in headcount during H1. While this resulted in a year-on-year decline in operating profit, Esker achieved a respectable 11.4% operating margin. We have trimmed our revenue forecasts for FY20/21 but this is outweighed by the positive effect of lower tax rates in both years. Esker's cloud delivery model has proven resilient during the pandemic and the company expects a resumption in 15%+ revenue growth rates from FY21 as the pipeline of new business converts and volumes transacted on Esker's platform return to more normal levels.

INDUSTRY OUTLOOK

Esker's DPA software operates across five areas: document delivery, accounts payable, accounts receivable, procurement and sales order processing. Competitors are different for each business process and consist of business process outsourcers and specialist DPA software companies. Customers move to using DPA software to reduce paper-related costs and errors in processing, to speed up the cash conversion cycle, to improve process visibility within the enterprise and to improve customer service.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	86.9	18.3	12.2	165.0	84.4	40.9
2019	104.2	20.1	13.6	179.0	77.8	37.0
2020e	113.9	22.2	14.1	176.0	79.1	37.4
2021e	131.8	26.2	18.0	221.0	63.0	31.9

Sector: Food & drink

Price:	CHF0.24
Market cap:	CHF197m
Market	Swiss Stock Exchange

Share price graph (CHF)

Company description

Evolva is a Swiss biotech company focused on the research, development and commercialisation of products based on nature. The company has leading businesses in Flavours and Fragrances, Health Ingredients and Health Protection.

Price performance

%	1m	3m	12m
Actual	(13.4)	(5.9)	29.7
Relative*	(16.4)	(9.0)	23.3

* % Relative to local index

Analyst

Sara Welford

Evolva (EVE)

INVESTMENT SUMMARY

In November 2019, commercial scale production of EverSweet commenced. Nootkatone has finally been registered for use in pest control. Evolva's overall geographical and product footprint continues to expand and the pipeline remains robust. The company's aim is to reach cash break-even by FY23. Beat In-Albon took over as chairman at the last AGM and the board of directors has changed materially in order to fully concentrate on Evolva's operational execution. Due to COVID-19, Evolva witnessed a temporary softening in demand for some of its flavour and fragrance products, but H1 results demonstrated Evolva's progress in transforming itself from an R&D-driven enterprise towards a commercial company with a product-based revenue model.

INDUSTRY OUTLOOK

Food and health ingredients continue to be in the sweet spot as consumers demand healthier products with cleaner labels without compromising on taste or convenience. Evolva's fermentation platform aims to deliver these benefits while reducing production costs.

Y/E Dec	Revenue (CHFm)	EBITDA (CHFm)	PBT (CHFm)	EPS (CHFc)	P/E (x)	P/CF (x)
2018	8.9	(23.4)	(25.4)	(3.0)	N/A	N/A
2019	11.6	(12.3)	(15.6)	(2.0)	N/A	N/A
2020e	10.0	(14.4)	(15.5)	(1.9)	N/A	N/A
2021e	17.3	(8.9)	(10.0)	(1.2)	N/A	N/A

Sector: Technology

Price:	€2.39
Market cap:	€120m
Market	Borsa Italiana

Share price graph (€)

Company description

Expert System has developed and patented an AI-based technology platform that extracts useful information from unstructured text using a unique mix of natural language understanding and machine learning algorithms and applies it to verticals such as enterprise search, customer experience management and big data analytics.

Price performance

%	1m	3m	12m
Actual	(15.1)	(21.5)	(28.5)
Relative*	(13.8)	(21.9)	(20.0)

* % Relative to local index

Analyst

Katherine Thompson

Expert System (EXSY)

INVESTMENT SUMMARY

Expert System has met two key milestones in the execution of its new five-year growth plan, raising €25m from the issue of 9.26m shares at €2.7 per share and launching expert.ai, its NL API (natural language application programming interface). The first supports the investment required to execute the plan and the second is the first stage in the development of the cloud platform. Since the funds were raised, the company has hired a chief revenue officer (Colin Matthews) and chief marketing officer (Keith C Lincoln) to help drive the US sales and marketing effort.

INDUSTRY OUTLOOK

Ever-increasing amounts of data are being produced, 80% of which are estimated to be unstructured. The need to derive useful insights from this growing body of data is driving the demand for cognitive computing and smarter artificial intelligence solutions, such as those offered by Expert System. ResearchAndMarkets estimates that the global text analytics market was worth $4bn in 2018 and is forecast to grow at a CAGR of 17.3% to 2023.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	30.5	4.6	(0.6)	(1.4)	N/A	33.1
2019	33.7	5.5	(0.5)	(1.6)	N/A	37.2
2020e	33.2	2.0	(5.2)	(10.6)	N/A	59.2
2021e	34.4	(5.0)	(12.7)	(22.7)	N/A	N/A

Sector: Property

Price: €11.70
Market cap: €107m
Market Scale

Share price graph (€)

Company description

FCR Immobilien is a German real estate investor primarily focused on small and mid-sized properties in tier two domestic locations. It looks for special situations translating into bargain purchases. Subsequent measures are aimed at improving rental income generation.

Price performance

%	1m	3m	12m
Actual	3.5	7.3	11.4
Relative*	1.7	0.5	5.3

* % Relative to local index

Analyst

Milosz Papst

FCR Immobilien (FC9)

INVESTMENT SUMMARY

FCR invests mainly in retail property, targeting total returns from recurring rental income and capital gains. It seeks to acquire properties at attractive prices and actively manages the assets to improve income by reducing voids and increasing rent levels and capital values with minimal or no capex. A key part of its strategy is to sell properties where asset management plans are mature, with capital recycled into new opportunities. High initial loan to value at property level and high loan amortisation rates are part of the strategy, with ECB's monetary easing providing relatively cheap debt funding. FCR's portfolio value reached c €309m at end-June 2020.

INDUSTRY OUTLOOK

The strength of the German property investment market was interrupted by COVID-19 as transaction volumes declined by over 47% q-o-q in Q220. This was reflected in FCR's transaction activity, with only three disposals of relatively small properties in H120. FCR is still focusing on portfolio expansion in FY20 (it acquired 10 properties in H120) and expects the property disposal volume of €30–40m planned for H220 will provide cash resources to conduct property acquisitions worth €100m. The initial COVID-19 impact on rental income is relatively limited so far, as FCR waived rents for its existing tenants amounting to €200k.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	37.3	7.6	2.8	35.1	33.3	N/A
2019	50.1	18.5	11.9	145.9	8.0	N/A
2020e	52.4	18.5	10.6	94.6	12.4	N/A
2021e	72.4	24.2	14.9	123.8	9.5	N/A

Sector: Consumer support services

Price: 10100.0p
Market cap: £3300m
Market LSE

Share price graph (p)

Company description

Games Workshop is a leading international specialist designer, manufacturer and multi-channel retailer of miniatures, scenery, artwork and fiction for tabletop miniature games set in its fantasy Warhammer worlds.

Price performance

%	1m	3m	12m
Actual	14.6	26.7	109.7
Relative*	15.7	30.3	151.5

* % Relative to local index

Analyst

Russell Pointon

Games Workshop Group (GAW)

INVESTMENT SUMMARY

Games Workshop's (GAW) Q121 trading update was well ahead of expectations (growth in revenue of 15% and operating profit pre royalties of 60%), indicating that the previously flagged strong post-lockdown demand has continued. This was helped by a major product re-release in the period and margin was helped by channel mix. We upgraded our FY21e PBT forecast by 37% to £115.9m, reflecting higher revenue growth, c 12% versus 2% previously, and a higher operating margin pre-royalties of c 35% versus 27% previously.

INDUSTRY OUTLOOK

Games Workshop is the global leader for tabletop miniature gaming, a market it created. Tabletop miniature gaming is the fastest-growing segment of the global non-digital games market, which is expected to grow at a CAGR of 9% between 2017 and 2023 and reach a value exceeding $12bn.

Y/E May	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	256.6	97.1	81.3	200.8	50.3	45.6
2020	269.7	115.6	89.4	217.8	46.4	31.7
2021e	302.5	143.7	115.9	282.4	35.8	30.2
2022e	322.2	154.5	125.1	304.9	33.1	25.7

Sector: Travel & leisure

Price:	1162.0p
Market cap:	£1264m
Market	LSE

Share price graph (p)

Company description

Gamesys is a leading online gaming operator, with two-thirds of revenues from the UK. The group was formed after JPJ Group acquired Gamesys for £490m in September 2019.

Price performance

%	1m	3m	12m
Actual	6.4	37.5	62.5
Relative*	7.4	41.3	94.9

* % Relative to local index

Analyst

Russell Pointon

Gamesys Group (GYS)

INVESTMENT SUMMARY

Gamesys Group's H120 pro forma revenue growth of 27% and adjusted EBITDA growth of 17% exceeded consensus expectations, demonstrating the strength of its strategy of growing the player base responsibly, while aiming for a high player retention rate. The improved financial position (net debt/adjusted EBITDA 2.27x) resulted in the introduction of a new dividend (company commentary implies 36p/share for FY20) earlier than anticipated by us and consensus. We increased our FY20 EBITDA forecast by 7.8%. Gamesys is not exposed to sports and therefore the business should be relatively unaffected by the coronavirus outbreak.

INDUSTRY OUTLOOK

Retail gambling and sports are currently faced with the impact of COVID-19, but we note that Gamesys is not exposed to either sector. Gaming companies have been subject to ongoing regulatory intervention in the UK, including a ban on the use of credit cards to gamble online from April 2020, and recent new guidance to protect consumers during the COVID-19 lockdown. Gaming companies must comply with a number of social responsibility measures, including ID checking, source of funds and AML checks.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	319.6	112.7	92.7	118.5	9.8	8.1
2019	565.3	158.9	119.5	100.4	11.6	12.5
2020e	680.7	189.5	147.5	122.0	9.5	7.7
2021e	725.0	208.7	169.7	140.2	8.3	6.9

Sector: Technology

Price:	722.0p
Market cap:	£1408m
Market	AIM

Share price graph (p)

Company description

GBG specialises in identity data intelligence. Its products/services enable customers to understand and verify clients and employees in fraud, risk management, compliance and customer on-boarding services. With headquarters in the UK, it operates across 16 countries.

Price performance

%	1m	3m	12m
Actual	(1.1)	5.6	28.7
Relative*	(0.2)	8.5	54.4

* % Relative to local index

Analyst

Katherine Thompson

GB Group (GBG)

INVESTMENT SUMMARY

At its recent AGM, GBG confirmed that the company had traded better than expected in Q121, with revenue growth y-o-y helped by a one-off project in the US. Underlying performance has been as expected. Certain figures in Q1 are still at pre-COVID-19 levels: customer churn, solvency and bad debt. GBG has also continued to win business from new customers, albeit at a slower pace. The company remains focused on effective cash management, with a recent $3m minority investment in a Singaporean bank-grade digital scorecard company, CredoLab, being undertaken via equity.

INDUSTRY OUTLOOK

Globalisation and the growth in internet trading have also resulted in the need for higher compliance standards in light of the rising scope and financial impact of cybercrime. This, in turn, is driving the demand for more complex and comprehensive solutions for the verification of personal data.

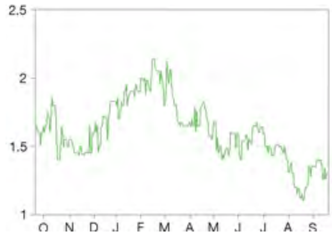
Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	143.5	34.1	31.3	15.4	46.9	41.1
2020	199.1	51.7	45.7	17.9	40.3	28.8
2021e	176.5	34.8	28.7	11.1	65.0	39.7
2022e	189.3	43.0	37.0	14.3	50.5	34.5

Gemfields Group (GML)

Sector: Mining

Price:	ZAR1.30
Market cap:	ZAR1522m
Market	JSE

Share price graph (ZAR)



Company description

Gemfields is a world-leading supplier of responsibly sourced coloured gemstones. It owns 75% of Montepuez Ruby Mining in Mozambique, 75% of the Kagem emerald mine in Zambia, the Fabergé jewellery business and an investment in Sedibelo Platinum.

Price performance

%	1m	3m	12m
Actual	18.2	(21.2)	(19.3)
Relative*	23.3	(22.3)	(17.0)

* % Relative to local index

Analyst

Alison Turner

INVESTMENT SUMMARY

Gemfields held just one auction in H1 (resulting in group revenue of US$15.0m, down 83% y-o-y). The company is unable to provide guidance as to when auctions will next be held but is working to develop alternative selling mechanisms. Mining operations were suspended at Kagem in March and at MRM in April and will not resume until auctions are held. Gemfields ended June in a strong balance sheet position with cash of US$53.6m and net cash of US$9.3m. However, if meaningful gemstones sales cannot take place this year, it will need to look at options to secure further funding.

INDUSTRY OUTLOOK

Gemfields generates more than 90% of its revenues from six emerald and ruby auctions annually. Auctions rely on customers travelling from multiple countries to inspect the stones and determine the value of their bids. For Gemfields to hold auctions thus requires the lifting of worldwide travel restrictions to allow movement of both stones and customers between countries.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	206.1	58.9	(22.5)	(2.6)	N/A	N/A
2019	216.2	80.9	55.9	1.3	6.0	N/A
2020e	62.1	(10.2)	(38.0)	(2.7)	N/A	N/A
2021e	212.4	54.8	27.4	0.0	N/A	N/A

Greggs (GRG)

Sector: Food & drink

Price:	1211.0p
Market cap:	£1227m
Market	LSE

Share price graph (p)

Company description

With 2,025 shops, eight manufacturing and distribution centres and 23,000 employees, Greggs is the leading ‘food-on-the-go’ retailer. It uses vertical integration to offer differentiated products at competitive prices.

Price performance

%	1m	3m	12m
Actual	(15.8)	(31.2)	(39.9)
Relative*	(15.1)	(29.3)	(28.0)

* % Relative to local index

Analyst

Russell Pointon

INVESTMENT SUMMARY

The H120 results were heavily affected by COVID-19 closures with a 45% decline in revenue and a first-ever loss before tax of £65m. After a few weeks of resumed trading, sales across the estate were at 72% of the level achieved in the prior year and the company is seeing weekly progress. Our forecasts reflect a gradual recovery in revenue through FY20 and FY21, albeit below the FY19 level. Greggs has many opportunities to accelerate growth in the medium term: more and larger stores; the shift from a single channel to multichannel; further product innovation; and more investment in its supply chain.

INDUSTRY OUTLOOK

Greggs enjoys an expanding market. The Project Café2017UK report (Allegra World Coffee portal) valued the UK coffee shop market in 2016 at £8.9bn, +12% y-o-y, with branded outlets accounting for £3.7bn. Allegra estimates it could reach £16bn by 2025. The squeezed consumer is a potential concern, although Greggs is well placed for the value switch after widespread refurbishments and extended customer options as it moves to widen its market.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	1029.3	145.7	89.8	70.3	17.2	8.0
2019	1167.9	231.9	114.2	89.7	13.5	5.0
2020e	765.4	50.9	(77.9)	(63.4)	N/A	29.1
2021e	1040.1	192.4	60.8	48.0	25.2	5.9

Sector: Oil & gas

Price:	€5.16
Market cap:	€1577m
Market	Athens Stock Exchange

Share price graph (€)

Company description

Hellenic Petroleum (ELPE) operates three refineries in Greece with a total capacity of 341kbd, and has sizeable marketing (domestic and international) and petrochemicals divisions.

Price performance

%	1m	3m	12m
Actual	(4.3)	(14.7)	(40.8)
Relative*	(6.4)	(14.2)	(21.6)

* % Relative to local index

Analyst

Carlos Gomes

Hellenic Petroleum (ELPE)

INVESTMENT SUMMARY

Hellenic Petroleum (ELPE) reported adjusted EBITDA coming in at €191m in H120 in a reversal of part of the losses in stocks from the fall of prices in the first quarter. Demand fell in Q220 due to the reduction in air traffic and tourism in the wake of the COVID-19 pandemic, leading to a decline in refining margins to historically low levels. We expect this pressure will continue for the next three to six months as economies around the world slowly recover and lockdown measures begin to ease. Hellenic's high complexity index and large storage capacity allow for flexibility in times of uncertainty and given the company's healthy balance sheet, we expect it to weather this period. The company paid a dividend of €0.25/share in July 2020 giving a total dividend of €0.50/share for 2019. Our updated valuation currently stands at €6.81/share.

INDUSTRY OUTLOOK

European refining will likely face continued challenges in the coming years as demand falls and refinery systems elsewhere (Asia/US) hold structural advantages. To offset this, changing regulations should put complex, middle distillate-orientated refineries such as ELPE's in a strong position.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	9769.0	730.0	388.0	95.2	5.4	3.1
2019	8857.0	570.0	205.0	54.8	9.4	3.2
2020e	6554.0	379.0	54.0	25.2	20.5	7.8
2021e	6556.0	604.0	275.0	67.4	7.7	3.6

Sector: Oil & gas

Price:	3.0p
Market cap:	£60m
Market	AIM

Share price graph (p)

Company description

Hurricane Energy is an E&P focused on fractured basement exploration and development in the West of Shetland region. The company's 100%-owned Lancaster oil discovery achieved first oil on target in H119.

Price performance

%	1m	3m	12m
Actual	(38.8)	(53.9)	(93.6)
Relative*	(38.2)	(52.6)	(92.4)

* % Relative to local index

Analyst

Carlos Gomes

Hurricane Energy (HUR)

INVESTMENT SUMMARY

Hurricane has cut its reserves and resources estimates for its Lancaster and Lincoln fields as its ongoing technical review confirmed significantly shallower oil water contacts (OWC) than previously estimated together with a more complex Lancaster reservoir system. Lancaster early production system (EPS) 2P reserves have been reduced from 37.3mmbbls to 16mmbbls with remaining reserves of 9.4mmbbls. 2C resources are now 58mmbbls, reduced from 486mmbbls. Lincoln 2C resources have been cut to 45mmbbls from 565mmbbls. Work is continuing to assess the contribution to production of onlapping sandstones and possible remediation options in Lancaster, including water injection. Current production of 15,000bopd is expected to decline slowly without further activity: guidance from 1 September to 31 December is 12,000–14,000bopd. Our valuation was suspended in August and we will review our forecasts and valuation based on these updated reserves and resources. We expect that our core NAV will be significantly reduced from our previous estimate of 13.6p/share.

INDUSTRY OUTLOOK

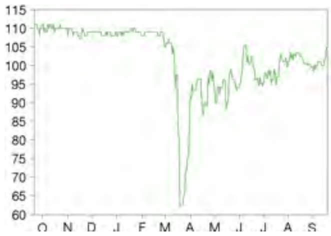
Hurricane's ability to maintain near-term production from Lancaster will depend on the outcome of the ongoing technical review.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	0.0	(12.6)	(18.5)	(2.2)	N/A	N/A
2019	170.3	(11.7)	30.0	(2.5)	N/A	0.7
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Property

Price:	104.0p
Market cap:	£332m
Market	LSE

Share price graph (p)



Company description

Impact Healthcare REIT invests in a diversified portfolio of UK healthcare assets, particularly residential and nursing care homes, let on long leases to high-quality operators. It aims to provide shareholders with attractive and sustainable returns, primarily in the form of dividends, underpinned by structural growth in demand for care.

Price performance

%	1m	3m	12m
Actual	2.5	5.3	(5.5)
Relative*	3.4	8.2	13.4

* % Relative to local index

Analyst

Martyn King

Impact Healthcare REIT (IHR)

INVESTMENT SUMMARY

H120 performance was strong despite COVID-19. EPRA earnings grew c 47% y-o-y, driven by acquisitions, RPI-linked rental growth and operational gearing. 100% of rents due were received, with no changes to agreed lease terms, supporting continuing quarterly DPS payments in line with the full year target DPS of 6.29p (+1.9%), well covered in H120 by EPRA EPS of 3.62p. EPRA NAV/share rose slightly to 107.12p and including DPS paid the H120 EPRA NAV total return was 3.3%. Impact's tenants performed robustly with average rent cover at 1.7x in the period as fee growth mitigated cost and near-term occupancy pressures. With low gearing (18.2% H120 LTV), good liquidity and significant access to undrawn debt, Impact has cautiously returned to acquisitions with a £7.4m acquisition at a yield of 7.5%, meanwhile completing a previously agreed portfolio acquisition.

INDUSTRY OUTLOOK

Care home demand is driven by demographics and care needs with a shortage of quality care homes suggesting strong investment demand in years to come. The pandemic presents a significant near-term challenge to the sector but does not change the underlying demographic-driven fundamentals while highlighting its critical role in supporting the NHS and the importance of long-term investment.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	17.3	N/A	12.4	6.5	16.0	N/A
2019	24.0	N/A	17.6	6.9	15.1	N/A
2020e	30.4	N/A	22.6	7.1	14.6	N/A
2021e	35.3	N/A	26.5	8.3	12.5	N/A

Sector: Technology

Price:	55.1p
Market cap:	£439m
Market	AIM

Share price graph (p)

Company description

IQE is the leading supplier of epitaxial compound semiconductor wafers globally. The principal applications include radio frequency semiconductors, devices for optical networks, vertical cavity lasers, infrared semiconductors and power electronics.

Price performance

%	1m	3m	12m
Actual	(6.8)	0.0	(11.8)
Relative*	(5.9)	2.8	5.7

* % Relative to local index

Analyst

Anne Margaret Crow

IQE (IQE)

INVESTMENT SUMMARY

IQE's revenues grew by 35% year-on-year during H120 to a record £89.9m, taking the group from a £1.9m adjusted operating loss in H119 to a £4.3m adjusted operating profit. We have upgraded our FY20 estimates in line with management's guidance. The resultant 15% revenue upgrade changes the outcome from a loss to £3.1m adjusted PBT.

INDUSTRY OUTLOOK

Given the strong performance for the year to date and positive trading updates and outlooks from key customers, management has provided guidance for FY20. This is for revenues of at least £165m, which is a year-on-year increase of over 18%, with an adjusted EBIT of at least mid-single digits. We have updated our FY20 and FY21 forecasts accordingly, while noting that this guidance assumes an atypically weaker second half performance, reflecting the uncertainty in the global economy.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	156.3	26.4	14.0	1.38	39.9	24.7
2019	140.0	16.2	(7.0)	(2.46)	N/A	48.5
2020e	165.6	28.7	3.1	0.28	196.8	18.9
2021e	178.2	36.8	10.9	1.05	52.5	14.8

Sector: General industrials

Price:	475.0p
Market cap:	£146m
Market	LSE

Share price graph (p)

Company description

Jersey Electricity is the monopoly supplier of electricity to the island of Jersey. It also operates businesses in retail, property and business services on the island.

Price performance

%	1m	3m	12m
Actual	3.7	1.7	8.9
Relative*	4.7	4.5	30.7

* % Relative to local index

Analyst

Carlos Gomes

Jersey Electricity (JEL)

INVESTMENT SUMMARY

JEL posted strong H120 results, with PBT +7.5% to £10.0m (H119 £9.3m) and operating profit +8.1% to £10.8m (H119 £10.0m). The principal driver of the increase in operating profits was the Energy business, helped by higher tariffs (+3.5% in April 2019) and volume increases +4%. EPS, of 25.95p, was +8.9% versus H119. The interim DPS was increased by 5.4% to 6.80p. With positive cash flow in H1, net debt fell to £2.9m (£5.1m in FY19). The outlook for H2 is likely to be tougher and JEL expects there to be a reduction in revenue as the result of rescheduled rental payments (property business), lower sales in the retail division and lower volumes of electricity sold. Despite the expectation of a more challenging second half, JEL remains a highly defensive company with a strong financial position. Our forecasts remain under review.

INDUSTRY OUTLOOK

Supplying secure, affordable and sustainable electricity, JEL is well positioned to withstand any changes to its regulatory regime.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	105.9	27.9	15.3	39.5	12.0	5.4
2019	110.3	27.7	14.8	38.4	12.4	5.2
2020e	109.2	26.8	14.0	35.9	13.2	5.8
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Investment companies

Price:	304.2p
Market cap:	£1500m
Market	LSE

Share price graph (p)

Company description

John Laing is an international originator, active investor and manager of infrastructure projects.

Price performance

%	1m	3m	12m
Actual	1.4	(14.3)	(14.8)
Relative*	2.3	(11.9)	2.1

* % Relative to local index

Analyst

Dan Gardiner

John Laing Group (JLG)

INVESTMENT SUMMARY

COVID-19 and a further cut to power price assumptions saw NAV per share fall to 309p in H120 (FY19: 337p) leading us to cut our FY20 NAV per share forecast. However, PPP performed well, bidding momentum has picked up and the recent disposal of IEP for a 26% premium to its valuation highlights the value within the group. New CEO Ben Loomes plans to set out further details of his strategy to invest in digital connectivity and energy transitions themes in November.

INDUSTRY OUTLOOK

Substantial boosts to infrastructure spending are expected as developed economies look to stimulate growth following the COVID-19 pandemic. Meeting the challenges of climate change will require a transformation of key parts of the energy system and is a key part of many countries investment plans.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	397.0	331.0	296.0	63.0	4.8	N/A
2019	179.0	111.0	100.0	20.4	14.9	N/A
2020e	6.0	(59.0)	(72.7)	(14.6)	N/A	N/A
2021e	106.3	40.0	29.3	5.9	51.6	N/A

Sector: Technology

Price:	US$6.15
Market cap:	US$1230m
Market	LSE

Share price graph (US$)

Company description

Kcell Joint Stock Company (Kcell) is a mobile operator in Kazakhstan and a listed subsidiary of Kazakhtelecom (KT), a state-owned incumbent with a 70% share of the market. Consolidation is delivering dramatic improvements in the market and as a subsidiary of the dominant operator, Kcell is well positioned to benefit.

Price performance

%	1m	3m	12m
Actual	2.5	4.2	32.8
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Dan Gardiner

Kcell Joint Stock Company (KCEL)

INVESTMENT SUMMARY

Kcell delivered both revenue and profit growth in Q2, despite the disruption caused by COVID-19. Impressive handset sales (up 62% y-o-y) offset the impact of a consumer spending slowdown and an exit from off-net bulk SMS. With Kazakhstan entering a new lockdown, the outlook remains uncertain. Yet Q2 clearly shows Kcell's resilience and longer term the scope for group synergies in a consolidated market should drive healthy profit growth.

INDUSTRY OUTLOOK

Kcell's prospects have been transformed following KT taking a 75% stake in the business. Consolidation is helping to sustain a recovery in the Kazakhstan mobile market, new management successfully introduced a strategy targeting higher margin segments and Kcell's major shareholder is now the dominant national telecom player. 2019 saw the company deliver its first growth in service revenues in five years. With little near-term risk of regulatory intervention or a resurgence in aggressive competition, the current market structure appears sustainable.

Y/E Dec	Revenue (KZTbn)	EBITDA (KZTbn)	PBT (KZTbn)	EPS (fd) (KZT)	P/E (x)	P/CF (x)
2018	149.7	50.9	15.6	59.0	44.2	0.1
2019	156.7	63.5	23.3	103.0	25.3	0.1
2020e	155.1	64.8	26.2	98.0	26.6	0.1
2021e	159.8	68.4	30.3	121.0	21.6	0.1

Sector: Mining

Price:	2.4p
Market cap:	£44m
Market	LSE

Share price graph (p)

Company description

KEFI Gold and Copper is an exploration and development company focused on gold and copper deposits in the highly prospective Arabian-Nubian Shield – principally the Tulu Kapi project in Ethiopia, as well as Hawiah Copper and Gold and Jibal Qutman Gold in Saudi Arabia.

Price performance

%	1m	3m	12m
Actual	24.2	153.0	120.6
Relative*	25.4	160.0	164.5

* % Relative to local index

Analyst

Charles Gibson

KEFI Gold and Copper (KEFI)

INVESTMENT SUMMARY

Following completion of its 2020 plan, KEFI is currently in the process of finalising the specifics of the remaining funding sources for Tulu Kapi. Community resettlement was authorised in mid-January, ahead of the start of the first phase of project development. Notwithstanding COVID-19, the Ethiopian central bank has approved the project's debt financing and KEFI is still targeting (unchanged) full financial closure ahead of major mine site works in October and commercial production in 2022.

INDUSTRY OUTLOOK

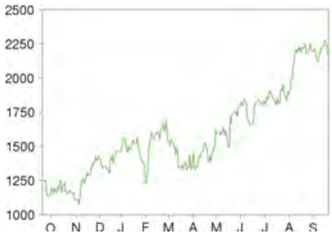
In our last note (and prior to our updated long-term gold prices), we calculated that KEFI was capable of generating free cash flow of c £49m pa, which we valued (prior to a small £3.7m interim financing) at 3.54p/share. In the meantime, it is accelerating progress at its Hawiah project in Saudi Arabia (34% owned), where it announced a maiden resource of 19.3Mt at a grade of 1.86% CuE (or 1.91g/t AuE) in August and on which it expects to produce a preliminary economic assessment (PEA) this month.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	0.0	(4.1)	(4.6)	(1.0)	N/A	N/A
2019	0.0	(2.4)	(3.5)	(0.6)	N/A	N/A
2020e	0.0	(1.0)	(0.3)	0.0	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	2184.0p
Market cap:	£1613m
Market	AIM

Share price graph (p)



Company description

Keywords Studios is the largest and most diverse supplier of outsourced services to the games industry. Through regular acquisitions, it is building its scale, geographic footprint and delivery capability. Its ambition is to become the 'go to' supplier across the industry.

Price performance

%	1m	3m	12m
Actual	(1.4)	21.1	80.1
Relative*	(0.4)	24.5	115.9

* % Relative to local index

Analyst

Richard Williamson

Keywords Studios (KWS)

INVESTMENT SUMMARY

Keywords again showed its resilience in H120, delivering 8% like-for-like revenue growth, 19% adjusted EBITDA growth and 17% adjusted EPS growth despite the impact of COVID-19. Looking ahead, we see sustained industry growth, led by the console transition in Q420. Keywords' strategy, which has delivered a five-year EPS CAGR of 42%, appears sustainable, with dividend payments to be resumed in FY21. We see management once more focusing on M&A with net cash of €101m and believe the shares remain set for continued appreciation.

INDUSTRY OUTLOOK

Keywords Studios operates in the global games sector, a net beneficiary from COVID-19-related lockdowns. Although Keywords has experienced some short-term business disruption (particularly Audio and QA), as lockdowns ease, it will quickly be business as usual, with potential catch-up from pent-up demand. Thereafter, we expect the industry to return to its long-term growth trends (Newzoo: 8.4% CAGR 2019–22e).

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	250.8	43.7	37.9	43.7	55.2	45.7
2019	326.5	57.6	40.9	47.2	51.1	34.1
2020e	365.1	64.1	46.2	49.6	48.7	27.7
2021e	412.5	77.6	53.4	54.5	44.3	26.4

Sector: Food & drink

Price:	€11.50
Market cap:	€357m
Market	Borsa Italiana

Share price graph (€)

Company description

La Doria is the leading manufacturer of private-label preserved vegetables and fruit for the Italian (18% FY19 revenues) and international (82%) market. It has leading market share positions across its product ranges in the UK, Italy, Germany and Australia.

Price performance

%	1m	3m	12m
Actual	6.1	3.2	22.5
Relative*	7.7	2.7	37.0

* % Relative to local index

Analyst

Sara Welford

La Doria (LD)

INVESTMENT SUMMARY

The ongoing COVID-19 pandemic has boosted demand as consumers eat more meals at home. The ongoing industrial plan is boosting capacity in the higher-margin products and structurally reducing costs in the longer term. H120 benefitted significantly from increased home consumption, and we expect the trend to continue throughout FY20, though consumption is slowly returning to more normal levels. The first phase of the seasonal tomato campaign went well, though agricultural yields in September are expected to be lower. While negotiations are not yet complete, we expect FY21 profitability in the segment to improve, with increased pricing and a more positive industry backdrop, due to lower stocks and higher demand.

INDUSTRY OUTLOOK

La Doria's strategic objectives, published as part of its three-year plan, are broadly unchanged: the priority is to expand the higher margin and less volatile parts of the business to reduce the dependence on the more unpredictable 'red line'.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	687.9	52.8	33.1	88.2	13.0	7.4
2019	717.7	56.0	32.7	64.0	18.0	9.2
2020e	803.8	65.1	46.6	115.9	9.9	10.1
2021e	779.7	65.5	45.0	111.8	10.3	6.2

Sector: Alternative energy

Price:	CHF0.57
Market cap:	CHF91m
Market	Swiss Stock Exchange

Share price graph (CHF)

Company description

Leclanché is a fully vertically integrated energy storage solution provider. It delivers a wide range of energy storage solutions for homes, small offices, large industries and electricity grids as well as hybridisation for mass transport systems such as bus fleets and ferries.

Price performance

%	1m	3m	12m
Actual	(3.4)	(6.6)	(64.4)
Relative*	(6.8)	(9.7)	(66.1)

* % Relative to local index

Analyst

Anne Margaret Crow

Leclanché (LECN)

INVESTMENT SUMMARY

Leclanché is not proceeding with the agreements with Eneris announced in June to create two JVs: one manufacturing battery cells, the other assembling battery modules. Instead it is in discussions with key customers as well as Eneris to form a JV manufacturing up to 2.4GWh of battery cells annually. Management is reorganising the group so that the eTransport Solutions and Stationary Storage Solutions business units become two standalone, independently investable operating companies. Our estimates remain under review.

INDUSTRY OUTLOOK

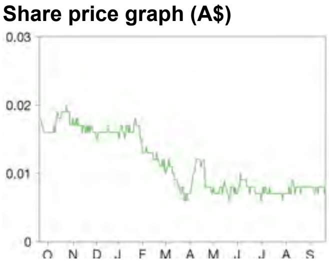
Leclanché's majority shareholder FEFAM has agreed to provide up to CHF34m in working capital as an interim measure and to convert CHF50.9m of debt to equity. Golden Partner will convert CHF10.7m of fees to equity. Collectively, these actions will reduce debt to c CHF15m but will result in the issue of around 97m additional shares (c 61% of outstanding capital), and raise FEFAM and related party Golden Partner's shareholdings from 68.2% to 79.4%.

Y/E Dec	Revenue (CHFm)	EBITDA (CHFm)	PBT (CHFm)	EPS (fd) (CHFc)	P/E (x)	P/CF (x)
2018	48.7	(36.9)	(47.8)	(61.5)	N/A	N/A
2019	16.3	(57.5)	(71.5)	(52.6)	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	A$0.01
Market cap:	A$47m
Market	ASX

Share price graph (A$)



Company description

Via its Karibib project in Namibia and unique IP, Lepidico is a vertically integrated lithium development business that has produced both lithium carbonate and lithium hydroxide from non-traditional hard rock lithium-bearing minerals using its registered L-Max and LOH-Max processes.

Price performance

%	1m	3m	12m
Actual	28.6	12.5	(49.4)
Relative*	33.1	12.4	(43.2)

* % Relative to local index

Analyst

Charles Gibson

Lepidico (LPD)

INVESTMENT SUMMARY

Lepidico's patented technologies produce lithium hydroxide plus a range of alkali (Group 1) metal by-products from less contested minerals such as lepidolite. The Karibib mine and concentrator in Namibia are fully permitted and permitting of the Abu Dhabi chemical conversion plant is progressing. Technically the project has been de-risked by a pilot plant that confirmed process viability and product qualities. In May, LPD announced the results of a definitive feasibility study (DFS) to produce c 4,900tpa of battery grade lithium hydroxide monohydrate (7,800tpa equivalent) over 14 years.

INDUSTRY OUTLOOK

The DFS calculated a project NPV of US$221m (US$0.043/share) at an 8% discount rate and a 31% IRR after initial capex of US$139m. Unit costs after by-product credits were close to the bottom of the cost curve. According to Edison, these results imply an immediate valuation of Lepidico of 1.8c/share (potentially ranging up to 8.2c/share). If it then raises equity at this price, we value the shares at 4.15c, or 4.82c if it raises equity at 2.9c/share (our 'base case').

Y/E Jun	Revenue (A$m)	EBITDA (A$m)	PBT (A$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	0.2	(5.1)	(7.2)	0.0	N/A	N/A
2019	0.0	(4.0)	(5.1)	0.0	N/A	N/A
2020e	0.0	(7.0)	(8.4)	0.0	N/A	N/A
2021e	0.0	(3.1)	(3.7)	0.0	N/A	N/A

Sector: Financials

Price: 8960.0p
Market cap: £31490m
Market LSE

Share price graph (p)

Company description

LSE is Europe's leading exchange group in cash equities. MTS is Europe's largest electronic government bond market, LCH and CC&G offer post-trade services and FTSE Russell provides benchmark indices and related data services.

Price performance

%	1m	3m	12m
Actual	3.3	11.1	23.5
Relative*	4.2	14.2	48.1

* % Relative to local index

Analyst

Andrew Mitchell

London Stock Exchange Group (LSE)

INVESTMENT SUMMARY

LSE announced its H120 results at the end of July. Total income was up 8% y-o-y including revenue for Information Services up 5%, Post Trade +9%, Capital Markets -4% (distorted by a one-off IFRS 15 benefit in H119) and Technology was flat. CCP net treasury income increased by 47%. Adjusted EBITDA was up 9% but amortisation, impairment and non-underlying items left reported PBT little changed at £362m. Adjusted EPS rose 11% to 112p (basic EPS -9% to 64.6p). Reflecting a good financial and operational performance with a strong financial position (leverage 1.4x net debt to pro forma EBITDA), the dividend was increased by 16% to 23.3p.

INDUSTRY OUTLOOK

Looking ahead, LSE reports good progress on the transformational acquisition of Refinitiv which is now expected to complete by end 2020 or early 2021. To facilitate regulatory clearance of the transaction, LSE has confirmed negotiations that might lead to the sale of the MTS bond trading platform or potentially the whole of Borsa Italiana. The group notes that despite the challenges posed by COVID-19 it is well-placed to make progress on its strategic plans, including the Refinitiv transaction.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	2135.0	1066.0	865.0	173.8	51.6	N/A
2019	2314.0	1265.0	994.0	200.3	44.7	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: General retailers

Price: 21.0p
Market cap: £82m
Market LSE

Share price graph (p)

Company description

Lookers is vying to be the largest UK motor vehicle retailer, with its new car operations supported by the strength of used and aftersales activities. It operates 155 franchises, representing 32 marques from 100 sites around the UK.

Price performance

%	1m	3m	12m
Actual	0.0	(13.8)	(60.2)
Relative*	0.9	(11.4)	(52.3)

* % Relative to local index

Analyst

Andy Chambers

Lookers (LOOK)

INVESTMENT SUMMARY

Lookers is the second largest UK new car retailer. The uncovering of fraud compounded trading issues even before COVID-19 disruption. FY19 results are again delayed beyond the end of August and the shares remain suspended until the release (suspended at 21.0p on 1 July 2020). Positive underlying FY19 PBT is expected after the initial £4m non-cash fraud charge together with any additional charges. No final dividend will be paid. Showrooms shut on 24 March but reopened in June and markets are improving. The focus on preserving cash and reducing overhead was apparent in the encouraging H120 update with adjusted net debt at 30 June of c £13m.

INDUSTRY OUTLOOK

Market dynamics favour larger motor dealership groups against smaller independent groups, which still command c 60% of the franchise market. Global manufacturing overcapacity still points to OEM support. However, the sector is normally rated for recessions economic shocks like these and survived a dramatic crisis for the sector in 2008/9. Lookers' problems are evident but the financial footing looks relatively sound compared to that period.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2017	4696.3	105.4	62.1	12.61	1.7	1.3
2018	4879.5	114.8	50.0	9.95	2.1	0.9
2019e	N/A	N/A	N/A	N/A	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: General retailers

Price:	127.5p
Market cap:	£100m
Market	AIM

Share price graph (p)

Company description

Marshall Motor is the seventh largest UK motor retailer, operating 117 franchises across 24 brands. It is one of six UK dealership groups that represent each of the top five volume and premium brands and has a strong presence in eastern and southern England.

Price performance

%	1m	3m	12m
Actual	2.0	4.1	(13.0)
Relative*	3.0	7.0	4.4

* % Relative to local index

Analyst

Andy Chambers

Marshall Motor Holdings (MMH)

INVESTMENT SUMMARY

Marshall Motor Holdings has grown to rank seventh amongst UK automotive retailers. Strong brand coverage, excellent relationships with major car brands and a strong balance sheet support continued strategic development. The 10-week COVID-19-related shutdown of all showrooms led to an underlying £8.9m loss before tax in H120 that would have been worse but for support from government and brand partners adding to its own mitigation efforts. The FY19 final dividend was cancelled and no interim was paid. H120 adjusted net cash of £27.4m provides a solid base from which to navigate recovery. In the near term pent up demand appears supportive, but the outlook through 2021 remains uncertain.

INDUSTRY OUTLOOK

Market dynamics favour larger motor dealership groups against smaller independent groups, which still command c 60% of the franchise market. The large rating discount to the General Retailers Index is generally a reflection of concerns about economic recession. Shocks like the current COVID-19 pandemic are more challenging, but may throw up opportunities in the future.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	2186.9	52.3	24.7	26.3	4.8	2.5
2019	2276.1	52.0	22.1	22.9	5.6	2.3
2020e	2022.8	34.0	(0.3)	(0.4)	N/A	2.9
2021e	2240.3	45.1	13.9	13.9	9.2	2.3

Sector: Investment companies

Price:	19.1p
Market cap:	£84m
Market	AIM

Share price graph (p)

Company description

Mercia Asset Management is a regionally focused specialist asset manager. Its stated intent is to become the leading regional provider of supportive balance sheet, venture, private equity and debt capital in transaction sizes typically below £10m.

Price performance

%	1m	3m	12m
Actual	(10.4)	(1.0)	(39.5)
Relative*	(9.5)	1.7	(27.5)

* % Relative to local index

Analyst

Richard Williamson

Mercia Asset Management (MERC)

INVESTMENT SUMMARY

Mercia's FY20 results reflect continued progress, delivering on management's three-year strategy. AUM climbed 58% to £800m, while FUM rose 73% to £658m. Following the acquisition of the NVM VCT fund management business, the company is operationally profitable on a monthly basis, with annual revenues exceeding operating costs for the first time in FY20. Net assets rose 12% to £141.5m. The group remains well-placed for a downturn with £30m of unrestricted balance sheet cash and £320m of group cash. Mercia's shares continue to trade at a material discount to NAV, even before considering the embedded value of the third-party fund management business (>4.5p at 3% of FUM).

INDUSTRY OUTLOOK

Mercia's management have set out a clear vision for the company, with the acquisition of NVM's VCT business accelerating Mercia's transition towards becoming a regionally focused specialist asset manager, managing fee-paying third-party funds and reducing its reliance on its own balance sheet. After a difficult 2019, investors have been seeing real value in the widened discounts to NAV in the sector as COVID-19 fears abate.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	10.7	(1.4)	3.0	1.00	19.1	N/A
2020	12.7	0.2	(15.5)	(4.55)	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Consumer support services

Price: €1.71
Market cap: €59m
Market Milan Stock Exchange

Share price graph (€)

Company description

Mondo TV is a global media group focused on the production, acquisition and exploitation of animated children's television series. It owns the rights to >1,600 TV episodes and films, which it distributes across 75 markets.

Price performance

%	1m	3m	12m
Actual	(8.5)	(17.8)	46.7
Relative*	(7.1)	(18.2)	64.1

* % Relative to local index

Analyst

Fiona Orford-Williams

Mondo TV (MTVI)

INVESTMENT SUMMARY

Mondo TV has announced a succession of distribution and licensing deals through H120, covering a wide range of properties and geographies. To fund the necessary investment and to build its in-house capabilities for 3D CGI animation, it has agreed further funding of up to €10.5m with Atlas Special Opportunities in the form of convertible bonds. Global appetite for children's TV content remains healthy, with animation benefiting from the reduced filming of live action, and we would expect the flow of deals to continue in H2. Our FY20 and FY21 forecasts are essentially unchanged.

INDUSTRY OUTLOOK

Global appetite for children's TV content remains good - if anything strengthened by the impact of COVID-19. With additional launches following on from Disney+, the appetite for quality content remains high. The pandemic has had a more serious impact on some less well-funded market participants, providing opportunities for acquisitions. In our view, these are more likely to be of properties or licences than of companies. Management is especially keen to build exposure to the US market and wants to increase market share in Northern Europe and in Russia to counter the traditional revenue bias to Asia and Southern Europe.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	18.9	11.2	(30.1)	(56.3)	N/A	3.3
2019	23.1	16.4	6.2	11.3	15.1	11.7
2020e	28.6	20.0	8.5	14.1	12.1	3.8
2021e	32.0	23.2	9.2	14.6	11.7	3.5

Sector: General industrials

Price: €8.91
Market cap: €1273m
Market Athens Stock Exchange

Share price graph (€)

Company description

Mytilineos operates three main businesses: metallurgy, power & gas and EPC and infrastructure. It operates in 29 countries across Europe, the Middle East and Africa and has 2,700 employees.

Price performance

%	1m	3m	12m
Actual	13.9	12.2	(11.8)
Relative*	11.4	12.8	16.9

* % Relative to local index

Analyst

Carlos Gomes

Mytilineos (MYTI)

INVESTMENT SUMMARY

H120 EBITDA fell by 17.2% versus H119, to €145.1m. The power & gas business unit was a key driver to offset the impacts of COVID-19 in the results, with EBITDA increasing from €50.3m in H119 to €71.0m in H120, mainly attributed to an increased spark spread (+36.5%). FY20 is proving to be a challenging year for the industry with the company posting a slight decrease in results compared to the respective period of 2019, while the majority of the metallurgy and energy companies globally have been severely affected. Beyond FY20, the further growth of the renewable and supply businesses, additional cost reductions and the commissioning of a new CCGT plant (Q421) should provide a boost to profits.

INDUSTRY OUTLOOK

Mytilineos possesses a portfolio of assets that enjoy low costs. CCGTs benefit from access to cheap natural gas and low production costs for both alumina/aluminium allow the metallurgy business to be strongly cash flow generative.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	1527.0	204.0	167.0	101.0	8.8	7.9
2019	2256.0	219.0	180.0	103.0	8.7	5.2
2020e	2124.0	192.0	161.0	93.0	9.6	7.7
2021e	2644.0	247.0	204.0	119.0	7.5	6.3

Sector: Technology

Price:	13.3p
Market cap:	£41m
Market	LSE

Share price graph (p)

Company description

Nanoco is a global leader in the development and manufacture of cadmium-free quantum dots and other nanomaterials. Its platform includes c 750 patents and specialist manufacturing lines. Focus applications are advanced electronics, displays, lighting and bio-imaging.

Price performance

%	1m	3m	12m
Actual	(20.0)	(6.8)	18.6
Relative*	(19.3)	(4.2)	42.2

* % Relative to local index

Analyst

Anne Margaret Crow

Nanoco (NANO1)

INVESTMENT SUMMARY

Since announcing the termination of the formal sale process in April, Nanoco has reshaped its activities while remaining focused on the commercialisation of its patented nano-material technology. Having defined the scope of the company's activities, management has reassigned costs to maintain a cash runway to at least the end of calendar year 2022. Although our estimates remain under review, we hope to see fresh guidance when the FY20 results are announced in October.

INDUSTRY OUTLOOK

The cost base has been realigned to ensure the £3.4m (gross) raised in July will be sufficient to support business development activity with existing and potential new customers in both display and sensing through to the commercial production phase. As part of the restructuring, Brian Tenner, who was formerly CFO and COO of Nanoco, has become CEO and is handing over most of his finance activities to the group financial controller. Former CEO Dr Michael Edelman has stepped down.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	3.3	(6.2)	(7.1)	(2.63)	N/A	N/A
2019	7.1	(3.8)	(5.0)	(1.75)	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: General industrials

Price:	153.0p
Market cap:	£123m
Market	LSE

Share price graph (p)

Company description

Norcros is a leading supplier of showers, enclosures and trays, tiles, taps and related fittings and accessories for bathrooms, kitchens, washrooms and other commercial environments. It has operations in the UK and South Africa, with some export activity from both countries.

Price performance

%	1m	3m	12m
Actual	(1.9)	(3.2)	(32.6)
Relative*	(1.0)	(0.5)	(19.2)

* % Relative to local index

Analyst

Toby Thorrington

Norcros (NXR)

INVESTMENT SUMMARY

Norcros's AGM comments quantified the initial impact COVID-19 has had on FY21 trading and the subsequent recovery trajectory to date. UK sales ytd were down 27% vs the prior year's 16-week equivalent, including a 50%+ dip in the first nine weeks followed by a sharp rebound in June; July was tracking ahead y-o-y. Sales channels with robust online customer-facing platforms have typically traded better than traditional retail and merchant outlets. In local currency, South Africa saw a sharper initial lockdown-related dip (c 70% down) but has recovered well in the last two months. A small profit was generated in Q1 trading overall and net debt has reduced slightly since March to c £35m at the end of June.

INDUSTRY OUTLOOK

RMI has been a stronger sub-sector during/exiting the UK COVID-19 lockdown phase while new residential new-build gathered momentum more gradually. The South African economy has faced a number of challenges; wider distribution of wealth and an emerging middle class should benefit consumer spending over time. Management's new (pre-COVID-19) 2023 financial targets are to attain £600m revenue with a balanced UK/overseas split and to sustain a ROCE of 15%+.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	331.0	42.2	30.9	29.6	5.2	3.5
2020	342.0	38.8	27.1	26.1	5.9	3.5
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

EDISON

Sector: Financials

Price:	297.0p
Market cap:	£313m
Market	LSE

Share price graph (p)

Company description

Numis Corporation is one of the UK's leading independent investment banking groups, offering a full range of research, execution, equity capital markets, corporate broking and advisory services. It employs c 280 staff in offices in London and New York.

Price performance

%	1m	3m	12m
Actual	(1.7)	(2.9)	26.4
Relative*	(0.7)	(0.2)	51.6

* % Relative to local index

Analyst

Andrew Mitchell

Numis Corporation (NUM)

INVESTMENT SUMMARY

In its update for the three months to end June (Q320) Numis reported that revenues were materially ahead of both Q120 and Q220. Within Investment Banking the driver has been an increased number of capital markets transactions as companies strengthen balance sheets with more than 100 transactions completed in the period. On the Equities side of the business trading volumes subsided from the peak seen with the onset of COVID-19 but this was more than offset by a continuation of the strong trading gains from the first half.

INDUSTRY OUTLOOK

Numis has adapted well to the rapid change in operating requirements, substantial market volatility and changes in the nature of its transaction pipeline, which remains strong. Subject to the market background in the final quarter, Numis looks for second half revenues and profits to be ahead of the first half. Following the update we put in place an FY20 estimate assuming revenues of £135m, noting the outcome could be higher if the pace of transactions is maintained. The outlook beyond this is less clear but the strength of the franchise and balance sheet is encouraging for the longer term.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	136.0	30.9	31.6	23.0	12.9	N/A
2019	111.6	15.3	12.4	8.1	36.7	N/A
2020e	135.0	29.4	24.6	17.5	17.0	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Investment companies

Price:	645.0p
Market cap:	£228m
Market	LSE

Share price graph (p)

Company description

Ocean Wilsons Holdings is an investment company based in Bermuda. It has a controlling shareholding in Wilson Sons, a quoted maritime services company in Brazil, and holds a portfolio of international investments.

Price performance

%	1m	3m	12m
Actual	(3.0)	(5.2)	(29.1)
Relative*	(2.1)	(2.5)	(15.0)

* % Relative to local index

Analyst

Pedro Fonseca

Ocean Wilsons Holdings (OCN)

INVESTMENT SUMMARY

Ocean Wilsons Holdings (OCN) reported FY19 earnings of $46.9m (our forecast $37.9m), up 252% y-o-y, driven by strong investment returns from its investment portfolio. Wilsons Sons' (WSON) EBITDA fell by 5% y-o-y and was in line with expectations. Although FY19 was not an easy year due to a sluggish Brazilian economy, competition and a slow Brazilian oil and gas sector, WSON still delivered a ROE of 6%. The firming up of prices in the under-pressure towage business was a key positive. The current 45% discount to a look-through valuation is above its long-term average in the mid-20s.

INDUSTRY OUTLOOK

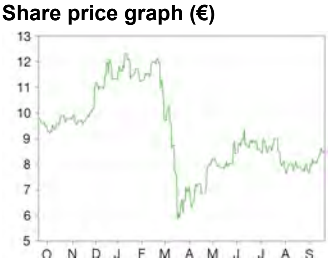
The current oil price slump means a postponement of the recovery of Brazil's deepwater pre-salt industry to 2021. This will affect businesses such as the offshore support companies as well as towage. The coronavirus crisis initially hurt China and Asian shipping, but the impact broadened as it became a pandemic. We have suspended our FY20 and FY21 forecasts until we get more clarity on the impact of COVID-19. OCN cut its final dividend (paid in June 2020) from $0.70 to $0.30.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	460.2	156.0	60.2	37.6	22.5	1.9
2019	406.1	147.9	82.5	132.6	6.4	1.9
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Travel & leisure

Price: €8.40
Market cap: €2868m
Market Athens Stock Exchange

Share price graph (€)



Company description

OPAP was founded in 1958 as the Greek national lottery and it is the exclusive licensed operator of all numerical lotteries, sports betting and horse racing. OPAP listed in 2001 and was fully privatised in 2013. Sazka Group has a 41.7% stake and significant board representation.

Price performance

%	1m	3m	12m
Actual	6.1	(4.6)	(15.2)
Relative*	3.8	(4.0)	12.4

* % Relative to local index

Analyst

Russell Pointon

OPAP (OPAP)

INVESTMENT SUMMARY

OPAP's Q220 results were heavily affected by the COVID-19 closures, with a revenue (GGR) decline of 53.2%. As expected, costs were well managed so that EBITDA profitability was restored by the end of the period and free cash flow generation improved on a relative basis. Post lockdown, the overall recovery was described as 'encouraging', but management reiterates a cautious outlook for the rest of the year given the macroeconomic uncertainties and re-emergence of COVID-19 in parts of the country. We make small changes to our assumptions, which result in similar EBITDA for FY20 to before and a modest downgrade of 3% in FY21. Our DCF continues to suggest a value of at least €9.5/share.

INDUSTRY OUTLOOK

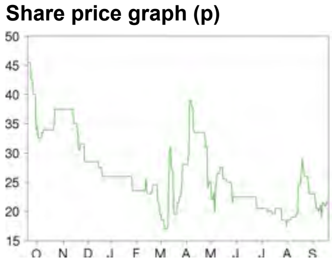
The Hellenic Gaming Commission estimates that the total legal Greek gaming market amounted to €2.2bn GGR in 2019, of which OPAP games comprised €1.36bn GGR. OPAP's other activities (lottery games and horse racing betting) took its total Greek GGR to €1.54bn. Revenue from land-based casinos comprised an estimated €247m and total legal online amounted to €437m for the overall market. Regulation of the online gaming market is currently underway.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	1547.0	353.6	235.0	51.90	16.2	N/A
2019	1619.9	411.2	278.0	64.92	12.9	N/A
2020e	1351.1	302.2	141.0	30.84	27.2	N/A
2021e	1729.2	426.5	256.5	53.73	15.6	N/A

Sector: Technology

Price: 21.5p
Market cap: £4m
Market AIM

Share price graph (p)



Company description

UK-based Osirium Technologies designs and supplies subscription-based cybersecurity software. Its PAM platform includes privileged access, task, session and behaviour management. It recently launched a secure process automation solution (PPA) and a privileged endpoint management (PEM) solution.

Price performance

%	1m	3m	12m
Actual	(25.9)	(4.4)	(55.7)
Relative*	(25.2)	(1.8)	(46.8)

* % Relative to local index

Analyst

Katherine Thompson

Osirium Technologies (OSI)

INVESTMENT SUMMARY

Osirium's FY19 results were broadly in line with forecasts. The company saw strong bookings growth in FY19 from a combination of new customers, renewals and expansion of existing contracts. The product suite was expanded to include privileged process automation and privileged endpoint management solutions. While COVID-19 disruption has not yet had a noticeable impact on demand, we are taking a more cautious approach to our bookings and revenue forecasts for FY20 before factoring in a reacceleration of growth in FY21. Interims are due to be published 29 September.

INDUSTRY OUTLOOK

The market for privileged account management (PAM) software was worth US$690m in 2015 and is forecast to grow to US$2.27bn by 2020 (source: Gartner), with demand driven by regulation, the shift to the cloud and adoption spreading to smaller organisations. The complexity of established solutions means fewer mid-market businesses use PAM software than enterprises, so this is a market ripe for development.

Y/E Oct / Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	1.0	(1.8)	(2.7)	(18.14)	N/A	N/A
2019	1.2	(2.2)	(3.5)	(19.45)	N/A	N/A
2020e	1.5	(2.2)	(4.0)	(17.35)	N/A	N/A
2021e	2.1	(1.8)	(3.7)	(16.33)	N/A	N/A

Sector: Financials

Price:	US$30.53
Market cap:	US$355m
Market	OTC QX

Share price graph (US$)

Company description

OTC Markets Group operates the OTCQX, OTCQB and Pink financial markets for over 10,000 US and global securities. OTC Link LLC, a member of FINRA, operates OTC Link ATS and OTC Link ECN, both SEC-registered Alternative Trading Systems. Over 80% of revenues are of a subscription-based recurring nature.

Price performance

%	1m	3m	12m
Actual	(1.8)	(0.6)	(15.2)
Relative*	0.2	(6.7)	(23.2)

* % Relative to local index

Analyst

Andrew Mitchell

OTC Markets Group (OTCM)

INVESTMENT SUMMARY

OTCM had a good second quarter delivering gross revenue growth of 9%, ahead of our expectation. This largely reflected continued high levels of transactions for the OTC Link business which reported revenue up 26% versus Q219 as equity market volatility remained high. Market Data Licensing revenue increased by 13% while Corporate Services revenue was down 2% as a result of lower numbers of OTCQB corporate clients. Operating costs were up 5% leaving PBT up by 8%. The tax rate was unexpectedly low at 12% as there was a reversal of earlier provisions. This meant diluted EPS (of $0.36) increased by 20% . A maintained $0.15 quarterly dividend was announced. Following the results we raised our EPS estimates by 9% and 2% for FY20 and FY21 respectively.

INDUSTRY OUTLOOK

So far COVID-19 has not had a material impact on OTCM’s revenues but the group remains wary of the potential for its macroeconomic effects to impact results in future. Positively, corporate client signings are showing tentative signs of improved momentum, while trading may benefit longer term from the increased number of ECN subscribers. Over 80% of revenues are of a subscription-based nature. On a longer view, the group keeps its focus on delivering better informed and more efficient markets.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	59.3	20.7	19.8	140.8	21.7	14.5
2019	62.8	19.4	18.0	128.4	23.8	15.5
2020e	66.9	20.2	18.6	134.2	22.7	18.0
2021e	67.2	20.0	18.4	128.2	23.8	15.8

Sector: Property

Price:	193.0p
Market cap:	£89m
Market	LSE

Share price graph (p)

Company description

Palace Capital is a UK property investment company. It is not sector-specific and looks for opportunities where it can enhance long-term income and capital value through asset management and strategic capital development in locations outside London.

Price performance

%	1m	3m	12m
Actual	1.1	9.7	(31.1)
Relative*	2.0	12.7	(17.3)

* % Relative to local index

Analyst

Martyn King

Palace Capital (PCA)

INVESTMENT SUMMARY

FY20 adjusted PBT of £8.0m was in line with expectations while COVID-19 contributed to end-year negative unrealised valuation movements and EPRA NAV per share fell to 364p. Underlying the performance was a positive property level total return of 1.1%, ahead of the MSCI UK Quarterly benchmark (-0.5%) for a third year running. With robust rent collection to date, DPS payments were reinstated for Q420 and a similar 2.5p has been declared for Q121. Management indicates this is the minimum quarterly DPS that it expects during FY21. While market conditions are challenging, PCA benefits from refurbished properties that are available to let and continued progress at Hudson Quarter where 25% of apartments have been pre-sold ahead of the expected March 2021 completion.

INDUSTRY OUTLOOK

The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	18.8	12.4	8.9	17.3	11.2	N/A
2020	21.1	14.6	8.0	17.5	11.0	N/A
2021e	16.8	9.9	6.6	14.4	13.4	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	24.8p
Market cap:	£478m
Market	AIM

Share price graph (p)

Company description

Pan African Resources has three major producing precious metals assets in South Africa: Barberton (target output 95koz Au pa), Barberton Tailings Retreatment Project (20koz) and Elikhulu (55koz), now incorporating Evander Tailings Retreatment Project (10koz).

Price performance

%	1m	3m	12m
Actual	(2.8)	50.3	104.1
Relative*	(1.8)	54.5	144.8

* % Relative to local index

Analyst

Charles Gibson

Pan African Resources (PAF)

INVESTMENT SUMMARY

Production of 179.6koz gold in FY20 was 4.1% higher than FY19, 2.0% higher than guidance and 2.1% higher than Edison's forecast, despite the South African lockdown. FY20 earnings were similarly within 5% of our forecast - albeit costs were US$9.9m (5.9%) lower such that its underlying performance was better than our expectations and only offset by debt service and compliance guarantee losses. At least as importantly, net debt declined by 49.9%, from US$123.7m to US$62.0m in the six months from December to June.

INDUSTRY OUTLOOK

With the 8 Shaft pillar project having achieved steady state in May, near-term development opportunities for PAF include Egoli (ZAR2.01bn NPV and 50.1% IRR), which has now been sanctioned by the board, the Prince Consort shaft pillar, the Fairview sub-vertical shaft (adding 7–10koz to production pa) and the Royal Sheba project (c 30koz pa). In July, we valued PAF at US$0.4214/share plus the value of c 19.2m underground Witwatersrand oz (which we estimated at 0.22–5.24c/share).

Y/E Jun	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2019	218.8	65.5	37.1	1.64	19.8	10.5
2020	274.1	115.2	80.8	3.78	8.6	8.5
2021e	325.0	161.6	137.8	6.47	5.0	4.4
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: General industrials

Price:	€9.45
Market cap:	€43m
Market	Xetra

Share price graph (€)

Company description

paragon designs and supplies automotive electronics and solutions, selling directly to OEMs, including sensors, interior, digital assistance and body kinematics. Production facilities are in Germany, the US and China. It retains 60% of Voltabox, which supplies battery power systems.

Price performance

%	1m	3m	12m
Actual	1.2	(5.5)	(33.7)
Relative*	(0.6)	(11.5)	(37.4)

* % Relative to local index

Analyst

Andy Chambers

paragon (PGN)

INVESTMENT SUMMARY

The market disruptions developed rapidly due to COVID-19 and management focused on mitigating its impact. paragon's sale process for all or part of its 60% stake in Voltabox is expected to conclude soon. In H120 paragon Automotive sales fell 22% to €50.0m which was better than expected with the six-week shutdown. Monthly revenues have now recovered to the prior year level. The reported EBIT loss was €5.6m with a sequential decline in Q220 that was contained by management's COVID-19 mitigation measures. Guidance for Automotive for FY20 has increased to sales of €110–120m with an EBITDA margin of 8–12%.

INDUSTRY OUTLOOK

We believe paragon's identification of, and investment in, solutions to address megatrends in global automotive and electromobility markets is understood by the capital markets. It is growing substantially faster than its markets due to innovative products that are driving changes in customer perceptions, creating new growth engines for the group. These should reassert themselves when the COVID-19 pandemic wanes.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	187.4	30.3	14.8	144.58	6.5	N/A
2019	192.2	17.2	(8.5)	(115.00)	N/A	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

EDISON

Sector: Financials

Price:	67.0p
Market cap:	£367m
Market	LSE

Share price graph (p)

Company description

Picton Property Income is an internally managed UK REIT that invests in a diversified portfolio of commercial property across the UK. It is total return driven with a strong income focus and aims to generate attractive returns through proactive management of the portfolio.

Price performance

%	1m	3m	12m
Actual	(2.9)	(2.2)	(23.0)
Relative*	(2.0)	0.5	(7.6)

* % Relative to local index

Analyst

Martyn King

Picton Property Income (PCTN)

INVESTMENT SUMMARY

Q121 DPS of 0.625p was 118% covered by EPRA earnings while EPRA NAV/share at 92.2p was supported by modest (c 22%) gearing and a relatively modest 0.8% underlying property valuation decrease (MSCI Monthly Digest -3.5%). Rent collection continued to be encouraging and while uncertainty remains the general easing of the lockdown should support a further improvement. The refurbished Rugby distribution unit has since been fully let, adding £0.6m to annualised rent (4% ahead of ERV), while the agreed sale of a high street retail asset for c £4.0m, ahead of the June valuation, and reconfiguration/reclassification of Stanford Building will see the overweight stance in the industrial and office sectors further increase.

INDUSTRY OUTLOOK

The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	38.3	32.5	31.4	4.25	15.8	10.4
2020	33.6	28.1	22.4	3.66	18.3	17.1
2021e	30.5	25.4	(15.2)	3.22	20.8	15.8
2022e	33.4	27.8	19.9	3.65	18.4	14.0

Sector: General industrials

Price:	€56.40
Market cap:	€1271m
Market	Swiss Stock Exchange

Share price graph (€)

Company description

PIERER Mobility (previously KTM Industries) is a leading manufacturer of powered two wheelers, focusing on premium motorcycles and two-wheeled electric vehicles. With its well-known brands – KTM, HUSQVARNA and GASGAS – it is the largest sports motorcycle manufacturer in Europe.

Price performance

%	1m	3m	12m
Actual	6.6	17.7	3.5
Relative*	2.9	13.8	(1.6)

* % Relative to local index

Analyst

Andy Chambers

PIERER Mobility (PMAG)

INVESTMENT SUMMARY

PIERER Mobility is a leading manufacturer of powered two wheelers (PTWs) focused on premium markets through the KTM, HUSQVARNA and GASGAS motorcycle brands. It has added e-bikes as a new organic growth stream as urban e-mobility markets continue to develop. H120 results confirmed strong increases in demand being seen for PTWs as lockdowns ended. Both motorcycle and e-bike segments are benefiting. PIERER returned to full production in May, and market demand requires higher H220 production. FY20 guidance remains at more than €1.4bn sales with an EBIT margin of 4–6%. Our estimates are unchanged.

INDUSTRY OUTLOOK

PIERER Mobility's historic target PTW market has been for motorcycles greater than 120cc that retail for over €2,500. The segment represents 6m units or around 11% of the global PTW market. PIERER had a market share of around 9.5% of this market in 2019 with a record 280.9k registrations, up 10% on 2018; 66.2k were through the Indian jv partner, Bajaj. The market for e-bikes and scooters has grown strongly in Europe, supported by structural long-term trends especially cleaner transport solutions.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	1462.0	211.0	112.0	182.0	31.0	14.9
2019	1520.0	241.0	118.0	242.0	23.3	4.9
2020e	1441.0	200.0	57.0	101.0	55.8	6.9
2021e	1710.0	272.0	121.0	211.0	26.7	6.4

EDISON

Sector: Technology

Price:	€7.52
Market cap:	€145m
Market	Borsa Italiana

Share price graph (€)

Company description

Piteco is Italy's leading company in the design, development and implementation of software for treasury, finance and financial planning management.

Price performance

%	1m	3m	12m
Actual	1.3	23.3	39.3
Relative*	2.9	22.7	55.8

* % Relative to local index

Analyst

Sara Welford

Piteco (PITE)

INVESTMENT SUMMARY

Piteco Spa generated solid organic revenue and EBITDA growth in FY19 of 7% and 9% respectively and continued to benefit strongly from recent acquisitions. At group level, revenues grew by 19% during FY19 and EBITDA was up 24%. FY20 started very well, although the COVID-19 pandemic is likely to affect growth. It is still early days and Piteco is not directly affected. Indeed, its products can help steer financial and treasury decision-making at times of crisis. A potential global recession would be likely to cause a softening in the demand for Piteco's products. The stock continues to trade at a discount to Italian and international software peers. H1 results are due on 29 September.

INDUSTRY OUTLOOK

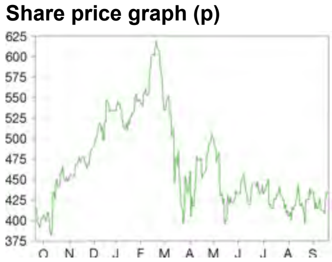
Piteco is the leading player in the Italian treasury management systems (TMS) market. TMS are software solutions used by corporate treasuries and finance departments to manage transactions and support decision-making. The software and ICT solutions market in Italy is valued at €6.3bn (Assinform 2016). A small slice of this (Piteco suggests c 5%) represents the treasury and financial planning software market. IDC forecasts the worldwide treasury and risk management applications market to grow by 4.9% to reach $2.7bn in 2022.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	20.2	8.3	6.1	31.5	23.9	18.7
2019	24.0	10.2	6.6	31.6	23.8	18.8
2020e	25.5	10.5	7.9	36.1	20.8	13.2
2021e	27.5	11.7	9.3	40.2	18.7	12.1

Sector: General industrials

Price:	437.0p
Market cap:	£996m
Market	LSE

Share price graph (p)



Company description

Polypipe is a leading supplier of largely plastic building products and systems. Operations in the UK (c 90% of revenue) address a broad range of sectors including residential, commercial and civil building demand and a number of subsectors within them.

Price performance

%	1m	3m	12m
Actual	5.6	(1.8)	9.7
Relative*	6.5	0.9	31.6

* % Relative to local index

Analyst

Toby Thorrington

Polypipe (PLP)

INVESTMENT SUMMARY

After a flat Q1 y-o-y, Polypipe's H120 revenue was down c 22% for the period as a whole (-25% like-for-like) and the associated c £50m reduction fed through into c £29m lower EBIT, illustrating significant operational gearing in the business. Commercial & Infrastructure was relatively more resilient in revenue terms (-14%) compared to Residential Systems (-28%) substantially reflecting the timing of returning/restoring non-residential site activity versus a slower process in residential newbuild. All main factories were operational at the period end. End H120 net debt of c £71m benefitted from the May equity funding (£120m gross, £116.4m net) and, otherwise, we believe that the underlying cash outflow from the end of March was very modest. No interim dividend was declared. Thus far in H2, y-o-y revenue trends (July -6%, August -3%) confirm a pick up from the -19% exit rate level in June. Our estimates are under review.

INDUSTRY OUTLOOK

The Construction Products Association's Spring outlook update was unsurprisingly more bearish than previously and included a number of different scenarios all of which involved sharp contractions in total construction activity in 2020 and material rebounds in 2021.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	433.2	90.6	67.1	28.1	15.6	9.7
2019	447.6	99.1	70.6	29.1	15.0	9.7
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Property

Price:	149.2p
Market cap:	£1962m
Market	LSE

Share price graph (p)

Company description

Primary Health Properties is a long-term investor in primary healthcare property in the UK and the Republic of Ireland. Assets are mainly long-let to GPs and the NHS or the HSE, organisations backed by the UK and Irish governments, respectively.

Price performance

%	1m	3m	12m
Actual	(1.8)	(6.5)	8.3
Relative*	(0.9)	(3.9)	29.9

* % Relative to local index

Analyst

Martyn King

Primary Health Properties (PHP)

INVESTMENT SUMMARY

Portfolio and rent growth, a full period contribution from MedicX, and operational and financial efficiencies drove a strong H120. Adjusted EPRA earnings increased 29% y-o-y and adjusted EPRA EPS of 3.0p was up 7.1%. With continuing strong rent collection, fully covered aggregate DPS of 2.95p (+5.4%) was paid in H120 and a Q320 DPS of 1.475p declared. Adjusted EPRA NAV per share increased by 1.1% to 109.1p and including DPS paid the H120 total return was 3.8%. Including the proceeds of the £140m (gross) equity placing in early July the pro forma H120 undrawn loan facilities and cash on deposit (£201m) totalled £403.6m, providing significant resources to pursue a strong pipeline of acquisition and asset management opportunities.

INDUSTRY OUTLOOK

The sector enjoys strong income visibility, with long leases and upwards-only rents, 90% backed directly or indirectly by government bodies, with little exposure to the economic cycle, or fluctuations in occupancy. Healthcare planning, with broad political support, already suggests strong underlying demand for modern healthcare properties in both the UK and the Republic of Ireland while the pandemic highlights existing pressures and may well lead to increased healthcare spending over the longer term.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	76.4	66.5	36.8	5.2	28.7	15.4
2019	115.7	103.4	59.7	5.4	27.6	17.3
2020e	131.7	118.6	73.2	5.7	26.2	15.9
2021e	138.6	124.8	77.5	5.8	25.7	15.9

Sector: Financials

Price:	€5.60
Market cap:	€330m
Market	FRA

Share price graph (€)

Company description

ProCredit Holding is a Germany-based group operating regional banks across Southeastern and Eastern Europe, as well as in Ecuador. The banks focus on Small and mid-size enterprises (SMEs) and private middle-income and high earners. At end-June 2020, the group's total assets stood at €6.8bn.

Price performance

%	1m	3m	12m
Actual	(7.4)	(7.4)	(24.8)
Relative*	(9.1)	(13.3)	(29.0)

* % Relative to local index

Analyst

Milosz Papst

ProCredit (PCZ)

INVESTMENT SUMMARY

ProCredit (PCB) has extensive experience in supporting SMEs in emerging economies (coupled with a strong ESG profile), with a focus on Southeastern (SEE) and Eastern Europe (EE) and banking operations in Ecuador. It has recently streamlined its business, involving a digital direct bank strategy for private clients and a reduced branch network and headcount. While lately PCB's return on equity has been below peers, we underline its relative stability throughout the cycle and believe that its mid-term ROE and CIR targets of 10% and below 60%, respectively, are achievable (close to our FY24 forecasts).

INDUSTRY OUTLOOK

While the SEE and EE region has benefited from secular GDP growth of 3–5% pa in the last five years, COVID-19 is expected to trigger a recession in 2020, as IMF forecasts a decline of 5.8% in Emerging and Developing Europe, with a rebound of c 4.3% forecast in 2021. PCB's in-depth, impact-oriented relationships with SME borrowers (94% of loan book at end-Q220), prudent credit risk management and solid capital base (CET-1 ratio of 14.1% at end-Q220) should help reduce the impact of macro headwinds. Longer term, PCB's business should be assisted by the low banking sector penetration in the region (with a loan book to GDP of 40–45% on average vs over 70% in Western Europe).

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	245.4	N/A	77.5	90.0	6.2	N/A
2019	252.6	N/A	76.9	89.0	6.3	N/A
2020e	205.8	N/A	38.5	53.5	10.5	N/A
2021e	222.1	N/A	50.0	67.5	8.3	N/A

Sector: Aerospace & defence

Price:	US$6.22
Market cap:	US$270m
Market	NASDAQ

Share price graph (US$)

Company description

RADA Electronic Industries develops, manufactures, markets and sells defence electronics to various armed forces and companies worldwide. It offers land-based tactical radars for defence forces, critical infrastructure protection solutions and military avionics systems.

Price performance

%	1m	3m	12m
Actual	(14.3)	(7.4)	20.3
Relative*	(12.5)	(13.1)	9.0

* % Relative to local index

Analyst

Will Manuel

RADA Electronic Industries (RADA)

INVESTMENT SUMMARY

As the threats from drones, unmanned aircrafts and Anti-Tank Guided Missiles (ATGMs) proliferate, so does the need to defend against them. Israel's RADA Electronic Industries (RADA) was the first mover in mini tactical radars that form part of defense systems tracking and neutralizing incoming threats. With combat experience, a successful track record and a presence in the US, RADA is well placed to transition from supplying the US and other militaries under urgent operational need programs, to longer-term and more sizeable production programs. RADA's PEG ratio of 0.88x is at a 44% discount to peers despite significantly higher growth expectations. In our view a PEG of 1.2x or $10 per share would better reflect the 32.1% CAGR in EPS from 2020–24e.

INDUSTRY OUTLOOK

While defense spending could be pressured due to a less hawkish incoming US administration and COVID-19-related factors, RADA's markets are deemed priorities and as such are likely to remain broadly unaffected. RADA's 14 September announcement that $10m of new orders have been received since mid-July illustrates the robustness of the business and year to date orders of $59m underpins our confidence in 2020 forecasts.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	28.0	1.8	1.1	1.08	575.9	N/A
2019	44.3	0.3	(1.1)	(1.08)	N/A	N/A
2020e	71.6	7.4	5.4	5.40	115.2	N/A
2021e	107.4	13.4	11.2	11.16	55.7	32.6

Sector: Property

Price:	31.1p
Market cap:	£152m
Market	LSE

Share price graph (p)

Company description

Raven Property Group (formerly Raven Russia) invests mainly in Class A warehouses in Russia. It also owns three office buildings in St Petersburg, a third-party logistics company in Russia and a residential development company in the UK.

Price performance

%	1m	3m	12m
Actual	(1.6)	(12.9)	(27.7)
Relative*	(0.7)	(10.5)	(13.3)

* % Relative to local index

Analyst

Martyn King

Raven Property Group (RAV)

INVESTMENT SUMMARY

The H120 underlying performance was very robust against the backdrop of a challenging operating environment, although headline figures were affected by FX movements. Occupancy increased to 93% from 90% at end FY19 and more than 99% of rents were collected. Rouble property valuations were stable despite the continuing decline in Russian interest rates, and with the key interest rate at 4.25%, prime yields of 11–12% look increasingly attractive. In sterling terms, underlying PBT before FX movements reduced and IFRS net earnings swung to a loss, with NAV per share at 58p (FY19: 76p). The company will now proceed with the final FY19 distribution of 2.25p by way of a tender offer on the basis of one in 16 shares at 36p a share. The re-designation of convertible preferred shares into new ordinary and preference shares is effective 30 September.

INDUSTRY OUTLOOK

Although the pandemic has negatively impacted the Russian economy it has accelerated structural distribution shifts. Agents indicate a continuing healthy positive demand-supply balance in the warehouse sector, with speculative development being deferred.

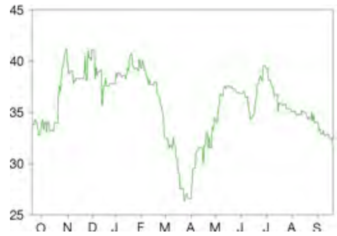
Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	118.3	N/A	26.2	3.1	10.0	N/A
2019	126.5	N/A	53.7	7.7	4.0	N/A
2020e	113.3	N/A	(10.7)	(4.0)	N/A	N/A
2021e	106.4	N/A	24.9	2.7	11.5	N/A

Record (REC)

Sector: Financials

Price:	31.7p
Market cap:	£63m
Market	LSE

Share price graph (p)



Company description

Record is a specialist independent currency manager that provides a number of products and services, including passive and dynamic hedging, and a range of currency for return strategies, including funds and customised segregated accounts.

Price performance

%	1m	3m	12m
Actual	(8.4)	(13.2)	(8.1)
Relative*	(7.5)	(10.7)	10.2

* % Relative to local index

Analyst

Andrew Mitchell

INVESTMENT SUMMARY

At the end of June (Q121) Record's AUME stood at $63.3bn, an increase of 8% in both dollar and sterling terms compared with the March year-end levels. Net flows were slightly negative($0.5bn). FX and mandate volatility targeting moves added $1.6bn while market moves were the main positive driver at $3.6bn. Fee rates were flat in the quarter and no performance fees were crystallised. Downward pressure on passive hedging remains a feature and, from the start of Q221, one large passive hedging client has switched from a management fee only to a lower management fee with the potential for performance fees. Taking all these factors into account our estimates were unchanged.

INDUSTRY OUTLOOK

Record is progressing with its initiatives to focus on growth. It has launched a new multi-asset product based on its dynamic macro strategy run by John Floyd and is also working on an Impact/ESG bond offering though the timing of this launch has yet to be determined. Work is also underway on IT enhancement projects as highlighted at the time of the full year results. A new, experienced, third party distributor has been appointed in the US (KPG Capital Partners) to extend the reach of Record's marketing efforts in this market. The Q221 trading update is due 19 October.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	25.0	8.2	8.0	3.25	9.8	8.9
2020	25.6	8.5	7.7	3.26	9.7	9.5
2021e	23.7	6.5	5.7	2.37	13.4	10.0
2022e	24.0	6.4	5.6	2.33	13.6	11.7

Regional REIT (RGL)

Sector: Property

Price:	67.7p
Market cap:	£292m
Market	LSE

Share price graph (p)

Company description

Regional REIT owns a highly diversified commercial property portfolio of predominantly offices and light industrial units located in the regional centres of the UK. It is actively managed and targets a total shareholder return of at least 10% with a strong focus on income.

Price performance

%	1m	3m	12m
Actual	(12.5)	(10.7)	(34.0)
Relative*	(11.7)	(8.2)	(20.9)

* % Relative to local index

Analyst

Martyn King

INVESTMENT SUMMARY

Robust interim results to 30 June 2020 (H120) included a good level of rent collection, both in absolute terms and relative to the broader sector, from the well-diversified portfolio of predominantly regional offices. Annualised gross contracted rental income and occupancy both reduced slightly, and EPRA earnings were £11.0m (H119: 14.2m) or 2.6p per share. EPRA NAV per share was 102.6p (FY19: 112.7p) including the impact of a 4.3% like-for-like decrease in portfolio value. A Q220 DPS of 1.5p was previously declared and the board targets quarterly DPS of at least this level for the remainder of the year, fully covered by EPRA earnings. The LTV of 39.7% is in line with previous guidance and the 40% target, with no near-term debt maturities and good liquidity.

INDUSTRY OUTLOOK

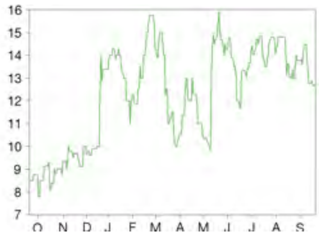
The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	54.4	36.8	67.9	7.5	9.0	N/A
2019	55.0	44.1	26.3	7.8	8.7	N/A
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Oil & gas

Price:	ZAR12.60
Market cap:	ZAR1480m
Market	JSE

Share price graph (ZAR)



Company description

Renergen is an emerging producer of helium and liquefied natural gas (LNG), with existing production and sales of compressed natural gas.

Price performance

%	1m	3m	12m
Actual	(3.2)	(5.6)	49.1
Relative*	0.9	(6.9)	53.3

* % Relative to local index

Analyst

Carlos Gomes

Renergen (RENJ)

INVESTMENT SUMMARY

Renergen secured final funding for Phase 1 of its Virginia Gas Project in H219. The project is now firmly in the development phase, major equipment orders have been placed and first liquid production of both LNG and helium is expected to start around July 2021 – with the latter a first for sub-Saharan Africa. Our risked NAV currently stands at ZAR23.9/share. A horizontal well targeting large fractures in an untested sandstone group at Virginia established a region of high helium concentration of 12% (compared with 2–3% in previous wells). An inclined well was spudded on 3 August 2020 to target 2–3% concentrations while proving the inclined well concept. Drilling issues have resulted in the well being abandoned (at no cost to Renergen), but an existing vertical well will now be utilised to intersect the gas-bearing fault using a more accurate and faster rotary drilling rig. An independent estimate from Sproule from 1 July 2020 estimates that the Virginia Project holds 2U (P50) prospective helium resources of 106bcf. Global helium demand is c 6 bcf/pa.

INDUSTRY OUTLOOK

Renergen is targeting the heavy-duty LNG truck market which is a rapidly evolving market globally. Meanwhile helium prices are likely to remain buoyant following the shutdown of the US strategic reserve in 2018.

Y/E Feb	Revenue (ZARm)	EBITDA (ZARm)	PBT (ZARm)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	2.9	(26.9)	(27.1)	(0.3)	N/A	N/A
2019	3.0	(43.2)	(46.9)	(0.5)	N/A	N/A
2020e	4.8	(50.6)	(49.9)	(0.5)	N/A	N/A
2021e	8.6	(30.4)	(30.9)	(0.3)	N/A	N/A

Sector: General industrials

Price:	20.6p
Market cap:	£165m
Market	LSE

Share price graph (p)

Company description

Renewi is a waste-to-product company with operations primarily in the Netherlands, Belgium and the UK. Its activities span the collection, processing and resale of industrial, hazardous and municipal waste.

Price performance

%	1m	3m	12m
Actual	(14.5)	(24.1)	(33.3)
Relative*	(13.7)	(22.0)	(20.1)

* % Relative to local index

Analyst

Toby Thorrington

Renewi (RWI)

INVESTMENT SUMMARY

The developing COVID-19 pandemic had a small effect on reported profitability at the end of FY20 and the Q1 update provided more detail on how this has played out in FY21 to date. Management assesses the EBIT impact to have been c €12m thus far, which is below the expected €20m previously flagged. (The high-level divisional updates are similar to those stated in May; implicitly volumes in Commercial Netherlands in particular have probably been stronger than expected.) Moreover, net debt adjusted for timing benefits from government support schemes was effectively unchanged from the year end – indicating a neutral underlying net cash flow performance.

INDUSTRY OUTLOOK

The Dutch waste market, accounting for the largest single business within Renewi, was growing as the economy recovered from cyclical lows ahead of the coronavirus outbreak.

Y/E Mar	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2019	1780.7	179.7	63.1	6.0	3.8	2.1
2020	1775.4	167.1	54.3	5.4	4.2	1.1
2021e	1532.9	122.5	6.6	0.6	37.9	1.6
2022e	1691.3	159.1	42.2	3.9	5.8	1.2

EDISON

Sector: Technology

Price:	€1.66
Market cap:	€35m
Market	Euronext Paris

Share price graph (€)

Company description

Riber designs and produces molecular beam epitaxy (MBE) systems and evaporator sources and cells for the semiconductor industry. This equipment is essential for the manufacturing of compound semiconductor materials that are used in numerous high-growth applications.

Price performance

%	1m	3m	12m
Actual	(0.6)	5.8	10.3
Relative*	(1.4)	4.9	24.2

* % Relative to local index

Analyst

Anne Margaret Crow

Riber (ALRIB)

INVESTMENT SUMMARY

Riber's order book at the end of June shows that potential customers are taking their time to place orders. While management is confident that customers will place orders for MBE systems during the second half, it is not clear that these will close in time for delivery during FY20. We have therefore cut our FY20 revenue estimate by 16% to €29.6m and our PBT estimate by 88% to €0.3m. We have left our FY21 estimates unchanged.

INDUSTRY OUTLOOK

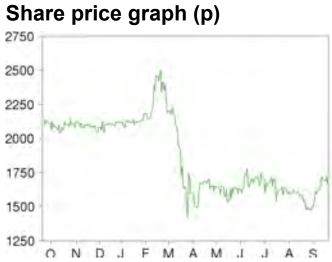
Riber's manufacturing facility has remained operational throughout the COVID-19 pandemic. Because Riber's MBE systems are used in research on new materials and for the production of electronic and optoelectronic devices used in communications networks, enquiry levels remain high. However the companywide order book at end Q220 (€18.2m) was 36% down compared with end Q219 because the coronavirus pandemic is making potential customers more cautious and because Riber was obliged to cancel orders for three R&D systems that it was not permitted to export to China. While the sales pipeline gives management confidence that order intake will pick up in Q420, this does not give much time for any additional orders for MBE systems to be fulfilled by the year end.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	31.3	3.3	2.0	7.0	23.7	N/A
2019	33.5	2.5	1.8	6.0	27.7	N/A
2020e	29.6	1.8	0.3	1.0	166.0	N/A
2021e	36.4	4.0	2.8	10.0	16.6	N/A

Sector: Financials

Price:	1715.0p
Market cap:	£208m
Market	LSE

Share price graph (p)



Company description

S&U's Advantage motor finance business lends on a simple HP basis to lower- and middle-income groups that may have impaired credit records restricting access to mainstream products. It has over c 63,500 customers. The Aspen property bridging business has been developing since its launch in 2017.

Price performance

%	1m	3m	12m
Actual	11.4	(0.3)	(19.1)
Relative*	12.4	2.5	(3.0)

* % Relative to local index

Analyst

Andrew Mitchell

S&U (SUS)

INVESTMENT SUMMARY

In its H121 update, S&U reported that Advantage motor finance had experienced record application levels, but tightened credit criteria moderated the recovery in sales, which were running at 80% of normal levels. FCA-mandated customer repayment holidays have involved 26% of Advantage customers resulting in collections at a level of just over 75% (vs normal 94%). With further repayment holidays proposed and the unwinding of the furlough scheme underway, the pace and degree to which repayments will resume is uncertain. S&U says early indications are encouraging. Also encouraging are the early repayment data from new customers pointing to potential medium-term benefits as the portfolio mix gradually changes. At Aspen (property bridging) there has also been an increase in both new transactions and loan redemptions leaving net receivables at £19m versus £15.5m in June.

INDUSTRY OUTLOOK

The unpredictable course of the pandemic means that S&U does not believe it is appropriate to provide specific guidance but current year results will be significantly affected by lower sales and higher arrears. Management indicates the group is still profitable, is maintaining its high customer service levels and has liquidity headroom to respond once it is sensible to target stronger growth. H120 results are due to be announced 30 September.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	83.0	39.5	34.6	232.0	7.4	19.7
2020	89.9	40.4	35.1	239.4	7.2	42.0
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Oil & gas

Price: 15.5p
Market cap: £32m
Market AIM, TSX-V

Share price graph (p)

Company description

SDX Energy is a North African E&P listed in Toronto and London. It has oil and gas production in Egypt and gas production in Morocco.

Price performance

%	1m	3m	12m
Actual	(4.6)	(13.9)	(29.6)
Relative*	(3.7)	(11.5)	(15.5)

* % Relative to local index

Analyst

Carlos Gomes

SDX Energy (SDX)

INVESTMENT SUMMARY

SDX Energy announced that despite the challenging environment the oil and gas industry is facing, its H120 results were positive with production of 6,980boed (H119 3,539boed). With c 90% of the company's cash flow resulting from fixed-price gas contracts management is confident it can meet its 2020 expectations. In Morocco, testing of the LMS-2 well is expected in late Q3/early Q4 with a view to de-risking 10.9bcf of prospective resources. In Egypt, the Sobhi discovery is estimated to hold c 24bcf and a potential further 96bcf across five prospects (all management estimates). We are currently reviewing our valuation.

INDUSTRY OUTLOOK

SDX remains open to adding to its portfolio and sees Egypt as a natural market for consolidation, given the large number of small players. Its acquisition of Circle Oil's Egyptian and Moroccan assets in early 2017 show that it is able to negotiate and complete transactions efficiently.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	53.7	35.5	7.1	3.8	5.3	1.0
2019	53.2	34.4	(12.3)	(1.5)	N/A	0.7
2020e	40.7	23.3	2.6	1.2	16.9	0.7
2021e	42.0	28.0	8.2	3.6	5.6	0.7

Sector: Financials

Price: 656.0p
Market cap: £122m
Market LSE

Share price graph (p)

Company description

Secure Trust Bank is a well-established specialist bank addressing niche markets within consumer and commercial banking. It is launching a non-standard mortgage business. Former parent Arbuthnot Banking Group's shareholding is now less than 20%.

Price performance

%	1m	3m	12m
Actual	(0.6)	(17.4)	(50.3)
Relative*	0.3	(15.1)	(40.4)

* % Relative to local index

Analyst

Pedro Fonseca

Secure Trust Bank (STB)

INVESTMENT SUMMARY

Secure Trust Bank (STB) reported H120 PBT of £5.1m (vs £18.1m a year ago) and a 3.0% ROE. Income grew 4% y-o-y, but impairments almost doubled, and payment holiday charges also hurt. STB notes that since the lockdown ended, business has been rebounding. Its robust capital (CET 13.5%), business model and proven agility allow it to react to the changing lending environment. STB currently trades on a P/BV of 0.49x, reflecting sentiment more than fundamentals given its profitability track record and successful model. Our fair value estimate is 1,704p per share, down from 2,428p.

INDUSTRY OUTLOOK

STB's relatively short loan book duration allows it to de-risk quicker and protect capital and maintain liquidity. But impairments will inevitably rise and loan book shrinkage also adversely affects results. The bank now is focused on managing the risks and supporting clients. Management believes merger and acquisition opportunities may exist as the economy emerges from the crisis. Operationally speaking, the bank can increase lending fairly quickly as the economy improves. The key challenge will be assessing the new lending conditions and risk parameters in the recovery phase.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	151.6	N/A	34.7	161.0	4.1	N/A
2019	165.5	N/A	38.7	177.3	3.7	N/A
2020e	168.1	N/A	6.5	26.9	24.4	N/A
2021e	176.0	N/A	31.4	133.7	4.9	N/A

Severfield (SFR)

Sector: Engineering

Price:	58.2p
Market cap:	£178m
Market	LSE

Share price graph (p)

Company description

Severfield is a leading UK structural steelwork fabricator operating across a broad range of market sectors. An Indian facility undertakes structural steelwork projects for the local market and is currently being expanded.

Price performance

%	1m	3m	12m
Actual	0.3	(18.0)	(18.0)
Relative*	1.3	(15.8)	(1.7)

* % Relative to local index

Analyst

Toby Thorrington

INVESTMENT SUMMARY

Severfield's AGM update noted that UK activity levels returned to pre-COVID-19 lockdown levels during Q2. Moreover, the UK and Europe order book is showing stability at £270m; this indicates that new business has picked up during the period and it appears to have been more UK-centric – and spread rather than any single major win – though European orders on hand are still significant. The Indian JV has operated under more restrictive lockdown conditions than in the UK and is yet to return to pre-lockdown levels. The order book position has reduced from £110m (1 June) to £94m (1 September). The payment of an unchanged 1.8p final dividend for FY20 (as announced on 30 July) was approved and management stated that it is cautiously optimistic regarding the FY21 outlook.

INDUSTRY OUTLOOK

The primary strategic aim is to maintain Severfield's position as the leading UK structural steelwork supplier. The Indian JV targets similar sectors to those served in the UK; management has valued the Indian construction market at c £100bn pa, with a very low penetration of steel structures currently and the JV has recently expanded capacity.

Y/E Dec / Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	274.9	29.0	25.1	6.80	8.6	9.8
2020	327.4	33.2	29.1	7.89	7.4	6.3
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Studio Retail Group (STU)

Sector: General retailers

Price:	226.0p
Market cap:	£195m
Market	LSE

Share price graph (p)

Company description

Studio Retail Group is a multi-channel retailer operating across the business-to-consumer and business-to-business market places. It is a market-leading online value retailer and educational resource supplier in the UK.

Price performance

%	1m	3m	12m
Actual	(7.6)	24.2	7.6
Relative*	(6.7)	27.6	29.1

* % Relative to local index

Analyst

Russell Pointon

INVESTMENT SUMMARY

Studio's online and value-based offer produced strong trading during lockdown, with 42% y-o-y product sales growth in the first 20 weeks of FY21, comparing very favourably with its online peers. Demand was driven by growth in active customers and spend per customer. It looks well placed, with tight stock management, as the high street re-commences trading, which is likely to be very competitive. The Phase 2 review of the proposed sale of Education will likely delay the process to 2021, adding to the uncertainty from COVID-19, making the provision of FY21 guidance difficult.

INDUSTRY OUTLOOK

The investment case is primarily centred on Studio, the main customer-facing business, which is making excellent progress in its digital transition. Against a challenging macroeconomic backdrop, Studio is outperforming much of the retail market through its unique digital-first value proposition, combined with the backing of flexible, and increasingly tailored, responsible consumer credit solutions.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	506.8	45.1	25.6	23.2	9.7	8.7
2020	434.9	35.0	11.0	12.0	18.8	11.8
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: General industrials

Price: 52.5p
Market cap: £84m
Market AIM

Share price graph (p)

Company description

Sureserve Group is engaged in the provision of Compliance and Energy Services through two divisions, focused on customers in the outsourced public and regulated services sectors in the UK. It is the market leader in social housing gas compliance.

Price performance

%	1m	3m	12m
Actual	25.0	19.3	81.0
Relative*	26.2	22.6	117.1

* % Relative to local index

Analyst

Neil Shah

Sureserve Group (SUR)

INVESTMENT SUMMARY

A mid August trading update confirmed that the business was trading well and is expected to meet expectations for the year to 30 September 2020. Since the interims announcement of 27 May 2020, a further 21 new contracts have been won with an annualised value of £16m adding a further £40m to the order book. The group has also paid down its net debt and maintains its access to a £25m revolving credit facility. Much of this performance is likely to have come from the compliance side of the business. With the September year-end approaching we anticipate a trading update towards the end of September which should continue to support the recent momentum in the share price.

INDUSTRY OUTLOOK

Growing corporate and government awareness around safety and energy efficiency creates an attractive backdrop to Sureserve's compliance and energy services business, where strong regulatory drivers have the potential to deliver substantial medium-term EBITA growth. The management team appointed in July 2016 to reverse the decline in performance is taking bold decisions.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	190.8	9.2	6.6	3.4	15.4	9.3
2019	212.1	10.5	8.3	4.5	11.7	8.1
2020e	209.8	15.2	9.1	4.6	11.4	5.5
2021e	229.5	15.6	9.8	5.0	10.5	5.4

Sector: Property

Price: 110.0p
Market cap: £503m
Market LSE

Share price graph (p)

Company description

Target Healthcare REIT invests in modern, purpose-built residential care homes in the UK let on long leases to high-quality care providers. It selects assets according to local demographics and intends to pay increasing dividends underpinned by structural growth in demand for care.

Price performance

%	1m	3m	12m
Actual	1.5	1.5	(1.6)
Relative*	2.4	4.3	18.0

* % Relative to local index

Analyst

Martyn King

Target Healthcare REIT (THRL)

INVESTMENT SUMMARY

Target's portfolio of high-quality, purpose-built care homes continued to generate positive returns during Q420, driven by RPI-linked rental uplifts, with quarterly dividend payments maintained at 1.67p, the main driver of a 1.5% NAV total return in the period. Rent collection remains robust with 96% of rent that has recently become payable received, after allowance for a limited number of agreed advance monthly rental payments. The number of confirmed or suspected COVID-19 cases reported by tenants has continued to fall and tenants are reporting an improvement in new resident enquiries while exploring ways to facilitate safe visiting practices. Against this improved backdrop the group has acquired a high quality new-build home in Oxfordshire for £15m (including costs), funded from existing cash resources. The LTV remains low at 20.6% with remaining uncommitted capital of £26m.

INDUSTRY OUTLOOK

Care home demand is driven by demographics and care needs with a shortage of quality care homes suggesting a strong investment demand in years to come. The pandemic has presented a significant near-term challenge to the sector but does not change the underlying demographic-driven fundamentals while highlighting its critical role in supporting the NHS and the importance of long-term investment.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	28.4	N/A	14.8	5.54	19.9	N/A
2019	34.3	N/A	18.1	5.45	20.2	N/A
2020e	43.8	N/A	22.3	5.65	19.5	N/A
2021e	47.6	N/A	27.9	6.25	17.6	N/A

Sector: Technology

Price: €2.50
Market cap: €315m
Market Euronext Paris

Share price graph (€)

Company description

Technicolor is a worldwide technology leader operating in the media and entertainment industry. Its activities are organised in three business segments, Production Services, DVD Services and Connected Home.

Price performance

%	1m	3m	12m
Actual	(4.2)	(36.1)	(88.1)
Relative*	(5.0)	(36.6)	(86.6)

* % Relative to local index

Analyst

Fiona Orford-Williams

Technicolor (TCH)

INVESTMENT SUMMARY

With its complex financial restructuring complete, Technicolor can now move forward secure in the knowledge of a supportive equity and debt holder base. The Chapter 15 proceedings in the US are now closed, which should also help improve commercial terms of trade. The rights issue was taken up by 18.1% of equity shareholders, at a price above the market price (€2.98), with previous debt holders now having swapped their debt for equity. The focus is now firmly on rebuilding profitability by leveraging Technicolor's leading market positions across its three operations.

INDUSTRY OUTLOOK

COVID-19 has highlighted the importance of reliable domestic broadband and high-quality wi-fi as homes increasingly act as devolved workplaces alongside greater content consumption. This is unlikely to change as the global economy reopens. In Production Services, the group is utilising government furlough schemes wherever it can to preserve its skill base for the live content industry, which is slowly re-emerging. Animation demand is still strong. Fresh, high-quality content will be crucial to reinforce the attractiveness of those platforms to subscribers and advertisers.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	3988.0	266.0	7.0	(306.94)	N/A	N/A
2019	3800.0	325.0	(73.0)	(492.18)	N/A	N/A
2020e	3100.0	169.0	(142.0)	(138.61)	N/A	N/A
2021e	3460.0	338.0	37.0	7.61	32.9	N/A

Sector: Media

Price: 64.0p
Market cap: £58m
Market AIM

Share price graph (p)

Company description

The MISSION Group is a collective of integrated and specialist creative agencies, employing 1,150 people in the UK, Europe, Asia and the US.

Price performance

%	1m	3m	12m
Actual	5.8	(9.9)	(21.0)
Relative*	6.8	(7.4)	(5.2)

* % Relative to local index

Analyst

Fiona Orford-Williams

The MISSION Group (TMG)

INVESTMENT SUMMARY

The MISSION's H120 results were as indicated at the trading update, with headline pre-tax loss of £2.2m. H220 looks stronger, with new clients and new business and the continuing benefit of a broad agency portfolio across verticals. It is adding central resource to service group agencies efficiently, setting up a digital production studio and using recently acquired Innovationbubble for behavioural consultancy. Careful cash management reduced net debt to £0.9m at end June, with annualised cost savings of £0.7m targeted. Our unchanged PBT and EPS forecasts leave the shares trading below peers.

INDUSTRY OUTLOOK

The IPA Bellwether report for Q220 was the worst in its 20-year history while the Advertising Association estimates UK advertising spend for FY20 will be down 16.7% vs 5.2% growth previously followed by a 13.6% bounce back in FY21. Q220 is anticipated to be down 39.1% with Q320 down 24.3%. However, the impact varies widely by advertising medium, sector and client. For some agencies and clients, the spur to creativity has boosted the impact of campaigns in a less crowded market.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	77.6	11.3	9.2	8.5	7.5	4.6
2019	81.0	12.2	10.2	9.0	7.1	5.1
2020e	62.7	2.0	0.6	0.7	91.4	17.1
2021e	76.1	10.5	9.1	7.7	8.3	6.4

Sector: General industrials

Price: €2.02
Market cap: €88m
Market Athens Stock Exchange

Share price graph (€)

Company description

Thrace Plastics is an established international producer of Technical Fabrics (FY19: 72% of net revenues) and Packaging (28%). Each division uses a number of manufacturing processes and produces a wide range of products from polymer materials, serving a diverse range of end-markets.

Price performance

%	1m	3m	12m
Actual	1.0	17.4	(4.3)
Relative*	(1.2)	18.1	26.9

* % Relative to local index

Analyst

Toby Thorrington

Thrace Plastics (PLAT)

INVESTMENT SUMMARY

Thrace's Q1 headline revenue reduction (-6.2%) and EBIT increase (+12.7%) reflected further progress from the Packaging operations and the exit from the unprofitable Technical Fabrics business. These trends were very much in evidence in H219. Thrace continues to invest in its growth sub-sectors and net bank debt was stable at c €74m at the period end. While the full implications of the COVID-19 pandemic on current trading are not yet visible, investment in the medical sector indicates that growth opportunities are present.

INDUSTRY OUTLOOK

Thrace manufactures a wide range of products that are used in a variety of sectors, ranging from construction/infrastructure to horticulture and food packaging primarily in Europe and the US. Management's high-level financial objective is to pursue profitable growth using two primary levers: increased capacity and value capture.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2018	322.7	29.0	11.5	21.0	9.6	3.8
2019	327.8	30.6	10.2	12.8	15.8	3.3
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Media

Price: €17.26
Market cap: €815m
Market Borsa Italiana STAR

Share price graph (€)

Company description

Tinexta has three business divisions: Digital Trust – solutions to improve digital security; Credit Information & Management – information services to help manage corporate credit; and Innovation & Marketing Services – consulting services to help clients develop and/or grow their businesses.

Price performance

%	1m	3m	12m
Actual	(1.8)	45.8	45.3
Relative*	(0.3)	45.0	62.5

* % Relative to local index

Analyst

Russell Pointon

Tinexta (TNXT)

INVESTMENT SUMMARY

Tinexta's Q220 results were much better than consensus expectations, as all business units produced improved organic growth trends versus Q120, in the face of the COVID-19 lockdown, and cost control helped improve profitability. Our FY20 revenue forecast increased by 6.3% to €266.6m and EBITDA increased by 7.6% to €76.7m, including upgrades for all business units. The upgrade places our forecasts 6.6% above management guidance of revenue above €250m and EBITDA of €72m.

INDUSTRY OUTLOOK

Tinexta is exposed to favourable growth trends including the transition to a digital world and the requirement for enhanced online security. Starting from a purely domestic Italian focus, the company is exploiting these trends internationally. In particular, given recent regulatory changes, in Digital Trust the group is leveraging its Italian expertise to expand on an EU-wide basis with a unified legal base across the region. At the same time, Tinexta is likely to make acquisitions in Italy and Europe that will further expand its addressable markets and seek cross-selling opportunities between the business units.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	238.7	66.0	52.3	77.36	22.3	18.5
2019	258.7	71.3	55.0	79.71	21.7	14.7
2020e	266.6	76.7	53.3	80.48	21.4	14.9
2021e	277.5	80.5	56.6	85.58	20.2	14.0

Sector: Financials

Price:	90.0p
Market cap:	£48m
Market	LSE

Share price graph (p)

Company description

Town Centre Securities is a UK REIT focused primarily on Leeds, Manchester, Scotland and (mainly suburban) London. It also has a car parking operation (CitiPark). The investment portfolio is intensively managed for income and capital growth.

Price performance

%	1m	3m	12m
Actual	(8.6)	(5.3)	(51.1)
Relative*	(7.8)	(2.6)	(41.3)

* % Relative to local index

Analyst

Martyn King

Town Centre Securities (TOWN)

INVESTMENT SUMMARY

Financial and strategic progress in FY20 was punctuated by COVID-19, with a negative impact of c £3.6m (£2.0m at CitiPark due to temporary closures, £0.4m due to lost hotel bookings and £1.2m in the property business, primarily due to bad debts). This reduced adjusted EPRA earnings to £2.6m (FY19: £6.4m) and EPS to 4.9p. Rent collection has been robust but the pandemic has forced TCS's first ever cut in annual DPS; a final DPS of 1.75p has been declared taking the total for the year to 5.0p (FY19: 11.75p). Revaluation losses (6.9% like for like) drove a 17.4% reduction in EPRA NAV per share (to 292p) and an increase in LTV to 53.2%. Subsequent disposals improve the pro forma LTV to 47.9% and further reduce retail and leisure exposure (to 42% compared with 47% at year-end).

INDUSTRY OUTLOOK

The commercial property market is cyclical, historically exhibiting substantial swings in valuation through cycles while income returns have been more stable, but still fluctuating according to tenant demand and rent terms. The extent and duration of impact of the global pandemic on the economic outlook remains uncertain. While the supply demand balance for regional office and industrial property has hitherto remained generally firm the weakness that was previously confined to the retail sector is likely to continue to broaden.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	19.6	N/A	6.4	12.0	7.5	4.3
2020	16.1	N/A	2.1	4.9	18.4	3.3
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Food & drink

Price:	588.0p
Market cap:	£349m
Market	LSE

Share price graph (p)

Company description

Treatt provides innovative ingredient solutions from its manufacturing bases in Europe and North America, principally for the flavours and fragrance industries and multinational consumer goods companies, particularly in the beverage sector.

Price performance

%	1m	3m	12m
Actual	1.4	19.5	37.4
Relative*	2.3	22.8	64.8

* % Relative to local index

Analyst

Sara Welford

Treatt (TET)

INVESTMENT SUMMARY

Treatt has transformed itself from a commodity-based ingredients trading house into a supplier of value-added ingredients and ingredient solutions. The business has demonstrated its resilience with a strong H1 despite the COVID-19 pandemic. Citrus pricing is starting to recover and in H2 will start to cycle weaker comparatives, so we expect citrus revenue growth to return. The UK relocation is likely to be delayed by three to six months as the COVID-19 pandemic slows down the building of the new site.

INDUSTRY OUTLOOK

Treatt is migrating its business from that of a pure supplier to the food and beverage industries to being a valued partner in the development of new ingredients. Citrus, tea, fruit and vegetable flavours and sugar reduction are core areas of focus, with the latter undergoing a structural growth trend.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	112.2	16.6	13.8	20.3	29.0	93.3
2019	112.7	15.8	14.0	19.2	30.6	16.9
2020e	115.0	16.9	14.7	18.9	31.1	22.0
2021e	119.6	20.6	15.8	20.2	29.1	18.9

EDISON

Sector: Financials

Price:	34.0p
Market cap:	£43m
Market	LSE

Share price graph (p)

Company description

Tungsten Corporation operates a transaction platform with services including e-invoicing, e-billing and purchase order handling. Spending analysis, invoice data capture and, through a partnership, supply chain finance are also offered, providing additional benefits to customers.

Price performance

%	1m	3m	12m
Actual	(11.6)	6.3	(23.2)
Relative*	(10.8)	9.2	(7.9)

* % Relative to local index

Analyst

Andrew Mitchell

Tungsten Corporation (TUNG)

INVESTMENT SUMMARY

Tungsten's FY20 revenue, EBITDA and cash flow matched expectations and the group is making progress in implementing its strategy. New products are gaining traction, a reshaped sales team is building a promising pipeline and partnerships are in place or under discussion to provide complementary services, broaden the reach of the network and create new channels to market. COVID-19 means there is some uncertainty over transaction-related revenues but may also act as a prompt for potential customers to digitise their invoice handling.

INDUSTRY OUTLOOK

Transaction-related revenues account for c 30% of the group total but the diversity of the customer mix and presence of over 50% of subscription and software maintenance revenues is supportive. Three new large international customers were won in Q121, a partnership with a large US bank was secured and the trade finance partnership with Orbian signed an agreement with a UK retailer to access their supplier base. Longer term the benefits of adopting e-invoicing provide an underlying driver of growth while the fact that on average Tungsten only processes 30% of its customers' invoices points to significant scope for increased penetration both for existing and potential customers.

Y/E Apr	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2019	36.0	0.6	(5.3)	(3.1)	N/A	N/A
2020	36.8	3.7	(26.0)	(20.6)	N/A	9.3
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	€7.61
Market cap:	€99m
Market	Borsa Italiana STAR

Share price graph (€)

Company description

TXT e-solutions provides IT, consulting and R&D services to aerospace, aviation, automotive, banking and finance customers.

Price performance

%	1m	3m	12m
Actual	(4.9)	(2.6)	(7.1)
Relative*	(3.4)	(3.1)	4.0

* % Relative to local index

Analyst

Katherine Thompson

TXT e-solutions (TXT)

INVESTMENT SUMMARY

TXT reported flat organic revenues in Q220 and 6% organic growth for H120, despite the disruption caused by COVID-19. Normalised EBIT was 44% higher y-o-y in Q220 and 51% higher for H120. The company took its first step to internationalise its fintech business with the €5m acquisition of a Swiss IT services business in July. We have revised our forecasts to reflect the acquisition and lower underlying operating costs, resulting in upgrades to our normalised EPS forecasts (+29% FY20, +6% FY21).

INDUSTRY OUTLOOK

TXT is a beneficiary of the trend to outsource elements of IT and engineering, which gives the customer greater flexibility on cost and better access to specialist skills. Its main focus is on the aerospace and aviation market, where the rapid pace of innovation, combined with increasing regulation, drives growth in R&D. It also serves the Italian banking market, where the emergence of fintech companies is driving innovation and regulation is increasing the need for software quality assurance.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	40.0	4.1	1.5	10.2	74.6	43.7
2019	59.1	7.0	7.6	45.6	16.7	N/A
2020e	66.8	7.8	5.9	33.8	22.5	17.2
2021e	73.0	8.5	6.8	39.1	19.5	12.5

Sector: Construction & blding mat

Price:	216.0p
Market cap:	£425m
Market	LSE

Share price graph (p)

Company description

Tyman's product portfolio substantially addresses the residential RMI and building markets with increasing commercial sector exposure following acquisitions. It manufactures and sources window and door hardware and seals, reporting in three divisions.

Price performance

%	1m	3m	12m
Actual	7.7	11.8	(10.7)
Relative*	8.7	14.9	7.0

* % Relative to local index

Analyst

Toby Thorrington

Tyman (TYMN)

INVESTMENT SUMMARY

H120 results – affected by COVID-19 from the end of Q1 – showed LFL revenue and EBIT reductions of 17% and 26% respectively; good cost control through self-help measures and government support schemes helped to mitigate the profit impact from the exogenous sales volume shock. AmesburyTruth (Tyman's largest division) navigated market conditions relatively well and successfully flexed production across its facilities. Lower seasonal stock build aided cash generation and, despite adverse FX translation, core net debt ended H1 below the end FY19 level. The company retains significant liquidity headroom with no major changes to banking facilities (save for a small increase in leverage covenant). No interim dividend was declared. All production facilities are now operational and are being aligned to current demand and order levels, with improving recent trends. Our estimates remain suspended.

INDUSTRY OUTLOOK

Prior to the COVID-19 outbreak, leading North American and European markets were expected to grow modestly and the new-build sector has generally been firmer than RMI spend which has been more patchy.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	591.5	98.5	72.7	27.5	7.9	4.9
2019	613.7	100.8	71.0	27.4	7.9	3.8
2020e	N/A	N/A	N/A	N/A	N/A	N/A
2021e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Oil & gas

Price:	C$4.02
Market cap:	C$636m
Market	TSX

Share price graph (C$)

Company description

Vermilion Energy is an international E&P with assets in Europe, North America and Australia. Management expects FY20 production to average 94–98kboed. Commodity price exposure is spread across global oil and gas benchmarks including Brent, WTI, Henry Hub, TTF and NBP.

Price performance

%	1m	3m	12m
Actual	(32.7)	(43.3)	(82.3)
Relative*	(30.9)	(45.8)	(81.6)

* % Relative to local index

Analyst

Carlos Gomes

Vermilion Energy (VET)

INVESTMENT SUMMARY

Following the departure of Anthony Marino as president and CEO of Vermilion (VET), the newly established executive committee announced its intent to maintain a strong balance sheet with low financial leverage, manage the total payout ratio at less than 100% and protect equity. The committee's near-term priorities include continuing to navigate the company through the COVID-19 pandemic with a primary focus on HSE (health, safety and environment) and business continuity; continuing to find additional operational efficiencies and cost reductions; pay down debt, target a debt-to-cash flow ratio of less than 1.5x; review projects to determine appropriate pace of development and capex allocation; strengthen the leadership role in ESG; and review the shareholders' return policy and determine the appropriate time to reinstate the dividend and/or share buyback. Our updated valuation stands at C$9.6/share.

INDUSTRY OUTLOOK

Vermilion's operations are in OECD countries and predominantly onshore; political, operational and subsurface risk is well spread. Vermilion benefits from realisations based on a number of regional commodity prices including Brent, WTI crude and Henry Hub, TTF, NBP and AECO gas.

Y/E Dec	Revenue (C$m)	EBITDA (C$m)	PBT (C$m)	EPS (c)	P/E (x)	P/CF (x)
2018	1526.0	1037.0	355.0	226.0	1.8	0.7
2019	1747.0	976.0	220.0	20.0	20.1	0.8
2020e	1094.0	569.0	(28.0)	214.0	1.9	1.2
2021e	1222.0	713.0	172.0	101.0	4.0	0.9

Sector: Pcare & household prd

Price:	56.5p
Market cap:	£40m
Market	AIM

Share price graph (p)

Company description

Walker Greenbank is a luxury interior furnishings group combining specialist design skills with high-quality upstream manufacturing facilities. Leading brands include Harlequin, Sanderson, Morris & Co, Scion, Anthology, Zoffany and Clarke & Clarke.

Price performance

%	1m	3m	12m
Actual	5.6	37.8	(30.3)
Relative*	6.6	41.6	(16.4)

* % Relative to local index

Analyst

Toby Thorrington

Walker Greenbank (WGB)

INVESTMENT SUMMARY

Having emerged from UK COVID-19 lockdown conditions and restarted manufacturing operations in May, Walker Greenbank's rolling four-weekly performance has improved and markedly so at the period end. For H120 as a whole, Brands product sales were down 28% y-o-y (having been -35% for the first five months); northern Europe was the best of the major sales regions. Despite lower headline sales, the company has sustained good cash control throughout the trading period, with accelerating inflows as the rate of recovery has improved. Specifically, inferred net cash was c £4.5m at the end of July versus c £2.8m a month earlier and £1.3m at the beginning of the year. As a result, the company retained almost £20m liquidity headroom at the period end.

INDUSTRY OUTLOOK

The UK interior furnishings industry has experienced uncertainty for many years. Many brands have failed to grow, while manufacture for the volume segment has largely moved overseas. Success continues to be delivered by businesses able to differentiate themselves from competition by consistently offering innovative and high-quality design and products.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2019	113.3	12.9	9.0	10.1	5.6	3.2
2020	111.5	11.0	6.6	7.9	7.2	4.2
2021e	N/A	N/A	N/A	N/A	N/A	N/A
2022e	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price:	410.0p
Market cap:	£215m
Market	AIM

Share price graph (p)

Company description

WANdisco's proprietary replication technology enables its customers to solve critical data management challenges created by the shift to cloud computing. It has established partner relationships with leading players in the cloud ecosystem including Amazon and Microsoft.

Price performance

%	1m	3m	12m
Actual	(31.7)	(37.8)	(28.1)
Relative*	(31.0)	(36.1)	(13.7)

* % Relative to local index

Analyst

Dan Gardiner

WANdisco (WAND)

INVESTMENT SUMMARY

The recent launch of LiveData Migrator with AWS represents another big step forward for WANdisco. Aside from diversifying the sales base, it suggests that the company's technology is becoming the established way to migrate large, active datasets to the cloud. Disappointing H1 financials and a delay in the ramp of Azure revenue from Q3 to Q4 led us to cut our FY20 forecasts but Q4 should see a big uplift in financial performance.

INDUSTRY OUTLOOK

WANdisco has set out its ambition to generate annual revenue of at least $100m in the next three to five years from a combination of 1) data migration; 2) hybrid cloud; and 3) multi-cloud. Ahead of a shift to recurring revenue visibility is limited but our updated analysis suggests that the Microsoft relationship alone could generate more than $80m in annual revenues by 2023 and highlighted that the data migration element alone could present a $1.4bn opportunity in total.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2018	17.0	(9.4)	(16.3)	(37.5)	N/A	N/A
2019	16.2	(11.7)	(18.4)	(38.8)	N/A	N/A
2020e	13.0	(19.2)	(26.3)	(55.1)	N/A	N/A
2021e	37.0	(0.4)	(7.4)	(15.0)	N/A	N/A

Sector: Mining

Price:	C$67.53
Market cap:	C$30318m
Market	TSX

Share price graph (C$)

Company description

Wheaton Precious Metals is the pre-eminent ostensibly precious metals streaming company, with 29 high-quality precious metals streaming and early deposit agreements relating to assets in Mexico, Peru, Canada, Brazil, Chile, Argentina, Sweden, Greece, Portugal and the US.

Price performance

%	1m	3m	12m
Actual	(3.0)	26.4	88.0
Relative*	(0.4)	20.8	95.0

* % Relative to local index

Analyst

Charles Gibson

Wheaton Precious Metals (WPM)

INVESTMENT SUMMARY

Production and sales of gold at WPM both reached record levels in FY19 and sales of gold equivalent ounces remained at record levels in H120. The six of WPM's partners' mines that had been on furlough in South America (accounting for c 36% of WPM's gold equivalent output) have now returned to production. In the meantime, WPM's streaming agreement with Caldas regarding Marmato shows that it is still able to conclude new business effectively in a COVID-19 world. In addition, WPM has confirmed that it is actively pursuing a London listing.

INDUSTRY OUTLOOK

Under normal circumstances, in the wake of Q220 results, we would have valued WPM at US$52.05/share, or C$68.71/share. In the current environment however, we believe that a valuation of US$74.10, or C$97.81, in FY21 is more appropriate. On a relative basis meanwhile, we estimate that WPM is cheaper than its peers on 70% of common valuation measures. This follows the settlement reached between WPM and the Canada Revenue Agency in December 2018 whereby income from WPM's international subsidiaries will remain exempt from Canadian tax.

Y/E Dec	Revenue (US$m)	EBITDA (US$m)	PBT (US$m)	EPS (c)	P/E (x)	P/CF (x)
2018	794.0	496.6	203.1	48.0	107.0	43.9
2019	861.3	548.3	242.7	56.0	91.7	41.8
2020e	1161.8	822.5	549.6	120.0	42.8	26.0
2021e	1478.6	1111.3	793.4	177.0	29.0	20.7

Sector: Technology

Price:	4450.0p
Market cap:	£874m
Market	LSE

Share price graph (p)

Company description

XP Power is a developer and designer of power control solutions with production facilities in China, Vietnam and the US, and design, service and sales teams across Europe, the US and Asia.

Price performance

%	1m	3m	12m
Actual	(1.1)	25.0	84.7
Relative*	(0.2)	28.5	121.5

* % Relative to local index

Analyst

Katherine Thompson

XP Power (XPP)

INVESTMENT SUMMARY

XP Power reported a strong performance in H1 considering the challenges presented by COVID-19 and a material uplift in orders provides a record backlog at the start of H2. With its diversified production capacity, a focus on higher complexity product targeted at growth markets and the ability to provide customer support globally, XP believes it will be in a stronger position post-COVID-19 than before. We have revised our forecasts to reflect the strong order intake, higher operating costs and higher share count.

INDUSTRY OUTLOOK

XP supplies four end-markets: healthcare, industrial electronics, semiconductors and technology, across Europe, North America and Asia. The industrial electronics segment is relatively fragmented, but the company sees demand across various applications. The healthcare business continues to gain market share, with corporate approvals from the major suppliers in place. The semiconductor segment is the most cyclical, tracking the capex requirements of semiconductor manufacturers.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2018	195.1	49.2	41.2	172.8	25.8	N/A
2019	199.9	45.4	33.2	145.5	30.6	N/A
2020e	220.0	51.1	37.7	150.9	29.5	N/A
2021e	227.9	55.5	41.7	167.0	26.6	N/A

EDISON

Sector: Media

Price:	840.0p
Market cap:	£905m
Market	AIM

Share price graph (p)

Company description

YouGov is a global research data and analytics group, with over 9.5m online panellists across 42 countries. It offers a complementary data-led suite of products and services including YouGov BrandIndex, YouGov Profiles, YouGov Omnibus and custom research.

Price performance

%	1m	3m	12m
Actual	(2.3)	5.5	54.1
Relative*	(1.4)	8.5	84.9

* % Relative to local index

Analyst

Fiona Orford-Williams

YouGov (YOU)

INVESTMENT SUMMARY

YouGov's year-end update (to July) indicated performance was in line with expectations and that it had yet to see any material impact from COVID-19. Our estimates were unchanged ahead of results on 6 October. Data Products remains the main driver, notably in the more established UK and US markets, as brands keep close track of their standing with customers. The group's wide spread of sector verticals will have been helpful, with strong tech and e-commerce offsetting weaker retail performance. YouGov's share price has recovered from the initial pandemic mark-down, although is off its recent highs. The rating reflects its premium growth and strong market positioning.

INDUSTRY OUTLOOK

The pandemic is offering some additional opportunities, both in COVID-19 and health-related work for governments and commercial entities, and in the competitive landscape, where others have been operating with legacy business models less suited to the circumstances. Advertising-related spend is under pressure, but news media and governments globally are closely monitoring the effects of the slow release from lockdown. The US presidential election campaigns should provide further opportunities for increased visibility, driving commercial opportunities.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2018	116.6	20.9	16.3	10.8	77.8	37.5
2019	136.5	31.7	20.4	13.8	60.9	25.1
2020e	147.0	32.0	23.1	15.4	54.5	32.3
2021e	159.0	36.1	26.9	17.2	48.8	28.4

Edison dividend list

Company name	FY0 period end	Currency	DPS FY0	DPS FY1	DPS FY2
4imprint Group	2019/12	USD	84	0	20
Appreciate Group	2020/03	GBP	0	1	1.5
Avon Rubber	2019/09	GBP	20.8	27.1	35.2
bet-at-home	2019/12	EUR	200	240	288
Cenkos Securities	2019/12	GBP	3		
China Water Affairs Group	2020/03	HKD	30	32	36
Circle Property	2019/03	GBP	6.3		
Cohort	2020/04	GBP	10.1	11.1	12.2
De La Rue	2019/03	GBP	25	0	0
DeA Capital	2019/12	EUR	0.12		
discoverIE Group	2020/03	GBP	3	10.4	10.7
Ebiquity	2019/12	GBP	0	0.71	
Epwin Group	2019/12	GBP	1.8		
Esker	2019/12	EUR	33	35	40
FCR Immobilien	2019/12	EUR	29.91	33.1	43.35
Games Workshop Group	2020/05	GBP	145	200	220
Gamesys Group	2019/12	GBP	0	36	37.8
GB Group	2020/03	GBP	0	2	2.6
Greggs	2019/12	GBP	46.9	0	15
Hellenic Petroleum	2019/12	EUR	50	50	50
Kcell Joint Stock Company Corp	2019/12	KZT	30	45	126
La Doria	2019/12	EUR	18	18	19
Lookers	2018/12	GBP	4.08		
Marshall Motor Holdings	2019/12	GBP	2.85	0	6
Medserv	2018/12	EUR	0	0	2
Norcros	2020/03	GBP	3.1		
Numis Corporation	2019/09	GBP	12	12	
Ocean Wilsons Holdings	2019/12	USD	70		
OTC Markets Group	2019/12	USD	125	125	125
Pan African Resources	2020/06	USD	0.54	2.33	
Piteco	2019/12	EUR	15	17.5	20
Polypipe	2019/12	GBP	4		
Primary Health Properties	2019/12	GBP	5.6	5.9	6.1
Record	2020/03	GBP	2.3	2.3	2.3
Regional REIT	2019/12	GBP	8.25		
S&U	2020/01	GBP	120		
Secure Trust Bank	2019/12	GBP	87.2	0	0
Severfield	2020/03	GBP	1.1		
Sureserve Group	2019/09	GBP	0.5	0.5	0.75
Target Healthcare REIT	2019/06	GBP	6.58	6.68	6.68
The MISSION Group	2019/12	GBP	0.8	0	1.8
Thrace Plastics	2019/12	EUR	4		
Treatt	2019/09	GBP	5.5	5.8	6.2
Tyman	2019/12	GBP	3.9		
Walker Greenbank	2020/01	GBP	0.5		
Wheaton Precious Metals	2019/12	USD	36	45	70
YouGov	2019/07	GBP	4	4	5

Company	Sector	Most recent note	Date published
1Spatial	Software & comp services	Flash	28/07/20
4iG	IT services	Update	02/09/20
4imprint Group	Media	Outlook	11/09/20
AAC Clyde Space	Aerospace & defence	Update	02/09/20
Aberdeen Asian Income Fund	Investment companies	Investment company review	12/03/20
Aberdeen Diversified Inc & Growth Trust	Investment companies	Investment company review	17/03/20
Aberdeen Latin American Income Fund	Investment companies	Investment company review	27/02/20
Aberdeen New Thai Investment Trust	Investment companies	Investment company review	13/05/20
Aberdeen Standard Equity Income Trust	Investment companies	Investment company review	07/02/19
Accsys Technologies	General industrials	Update	14/10/19
Acorn Income Fund	Investment companies	Investment company review	24/01/20
Alkane Resources	Metals & mining	Update	03/09/20
Allied Minds	Investment companies	Update	09/06/20
Appreciate Group	Financial services	Outlook	03/09/20
ArborGen	Basic materials	Update	16/04/20
Atlantis Japan Growth Fund	Investment companies	Investment company review	17/07/20
Attica Bank	Banks	Update	18/06/20
Augean	Industrial support services	Update	28/02/20
Auriant Mining	Metals & mining	Update	03/09/20
Avon Rubber	Aerospace & defence	Update	10/09/20
Baker Steel Resources Trust	Investment companies	Investment company review	10/08/20
BB Biotech	Investment companies	Investment company review	16/04/20
bet-at-home	Travel & leisure	Update	04/08/20
BioPharma Credit	Investment companies	Investment company review	17/02/20
Biotech Growth Trust (The)	Investment companies	Investment company review	10/08/20
BlackRock Greater Europe Inv. Trust	Investment companies	Investment company review	04/05/20
BlackRock Latin American Inv. Trust	Investment companies	Investment company review	26/02/20
Boku	Software & comp services	Update	16/09/20
Borussia Dortmund	Travel & leisure	Update	26/05/20
Bragg Gaming Group	Technology	Update	06/07/20
Brooge Energy	Oil & gas	Initiation	17/08/20
Brunner Investment Trust (The)	Investment companies	Investment company review	28/07/20
Canacol Energy	Oil & gas	Flash	17/08/20
Canadian General Investments	Investment companies	Investment company review	06/05/20
Carbios	Alternative energy	Update	27/03/20
Carclo	Technology	Flash	21/01/20
Carr's Group	Food & drink	Update	15/07/20
Cenkos Securities	Financial services	Update	14/05/20
CentralNic Group	Software & comp services	Update	14/09/20
China Water Affairs Group	Utilities	Outlook	23/07/20
Circle Property	Real estate	Outlook	12/11/19
Civitas Social Housing	Real estate	Update	20/05/20
Claranova	Software & comp services	Flash	03/09/20
Codere	Travel & leisure	Update	18/11/19
Cohort	Aerospace & Defence	Update	28/07/20
Coro Energy	Oil & gas	Flash	03/04/20
CREALOGIX Group	Software & comp services	Outlook	22/09/20
Custodian REIT	Property	Update	25/08/20
CVC Credit Partners European Opps	Investment companies	Investment company review	04/09/20
DeA Capital	Investment companies	Update	10/12/19
Deutsche Beteiligungs	Investment companies	Investment company review	20/08/20
discoverIE Group	Electronics & electrical equipment	Update	03/08/20
Diverse Income Trust (The)	Investment companies	Investment company review	21/05/20
Diversified Gas & Oil	Oil & gas	Update	09/09/20
Ebiquity	Media	Update	29/05/20
Egdon Resources	Oil & gas	Flash	31/03/20

Company	Sector	Most recent note	Date published
EJF Investments	Investment companies	Flash	27/04/20
EMIS Group	Software & comp services	Update	10/09/20
Endeavour Mining	Metals & mining	Update	21/08/20
Epwin Group	Industrials	Update	07/08/20
EQS Group	Media	Update	17/08/20
Esker	Technology	Outlook	15/09/20
European Assets Trust	Investment companies	Investment company review	28/08/20
European Investment Trust (The)	Investment companies	Investment company review	19/06/19
Evolva	Food & beverages	Update	28/08/20
Expert System	Technology	Update	06/08/20
FCR Immobilien	Real estate	Update	18/08/20
Fidelity Asian Values	Investment trusts	Investment company review	21/07/20
Fidelity China Special Situations	Investment companies	Investment company review	21/07/20
Fidelity European Values	Investment companies	Investment company review	19/05/20
Fidelity Japan Trust	Investment companies	Investment company review	26/08/20
Fidelity Special Values	Investment companies	Investment company review	21/04/20
FinLab	Investment companies	Initiation	27/08/19
Finsbury Growth & Income Trust	Investment companies	Investment company review	09/06/20
Games Workshop Group	Consumer goods	Update	11/09/20
Gamesys Group	Travel & leisure	Update	11/08/20
GB Group	Technology	Update	02/07/20
GCP Student Living	Real estate investment trusts	Update	05/02/20
Gemfields Group	Metals & mining	Update	03/08/20
Genesis Emerging Markets Fund	Investment companies	Investment company review	01/04/20
Greggs	Food & drink	Update	04/08/20
Gresham House Strategic	Investment companies	Initiation	24/02/20
Hansa Investment Company	Investment companies	Investment company review	12/07/19
HarbourVest Global Private Equity	Investment companies	Investment company review	19/06/20
HBM Healthcare Investments	Investment companies	Investment company review	25/03/20
Hellenic Petroleum	Oil & gas	Update	22/09/20
Henderson Far East Income	Investment companies	Investment company review	13/01/20
Henderson International Income Trust	Investment trusts	Investment company review	09/09/20
Henderson Opportunities Trust	Investment trusts	Initiation	07/02/20
HgCapital Trust	Investment companies	Investment company review	14/09/20
Hurricane Energy	Oil & gas	Update	18/08/20
ICG-Longbow SSUP	Investment companies	Investment company review	08/01/20
Impact Healthcare REIT	Real estate	Update	13/07/20
Invesco Asia Trust	Investment companies	Investment company review	02/09/20
IQE	Tech hardware & equipment	Update	08/09/20
Jersey Electricity	Industrials	Outlook	14/03/19
John Laing Group	Investment companies	Update	26/08/20
JPMorgan Global Growth & Income	Investment companies	Investment company review	17/09/20
Jupiter UK Growth Investment Trust	Investment trusts	Investment company review	13/05/19
Kcell Joint Stock Company	Telecoms	Update	05/08/20
KEFI Minerals	Mining	Update	04/03/20
Keywords Studios	Software & comp services	Update	21/09/20
La Doria	Food & drink	Update	17/09/20
Leclanché	Alternative energy	Update	15/09/20
Lepidico	Metals & mining	Update	20/07/20
Lookers	General retailers	Update	24/08/20
Lowland Investment Company	Investment companies	Investment company review	24/07/20
Marble Point Loan Financing	Investment companies	Flash	15/04/20
Marshall Motor Holdings	Automotive retailers	Update	19/08/20
Martin Currie Global Portfolio Trust	Investment companies	Investment company review	29/06/20
Media and Games Invest	Software & comp services	Update	20/08/20
Medserv	Industrial support services	Update	10/12/19

Company	Sector	Most recent note	Date published
Merchants Trust (The)	Investment companies	Investment company review	26/05/20
Mercia Asset Management	Investment companies	Update	20/07/20
Mirriad Advertising	Media	Update	11/09/20
Mondo TV	Media	Update	17/09/20
Murray Income Trust	Investment companies	Investment company review	07/05/20
Murray International Trust	Investment companies	Investment company review	16/04/20
Mytilineos	General industrials	Update	01/06/20
Nanoco Group	Tech hardware & equipment	Flash	01/09/20
Norcros	Construction & materials	Update	03/08/20
Numis Corporation	Financial services	Update	07/07/20
Ocean Wilsons Holdings	Investment companies	Outlook	11/09/19
OPAP	Travel & leisure	Update	16/09/20
Osirium Technologies	Software & comp services	Update	19/05/20
OTC Markets Group	Financial services	Update	19/08/20
Palace Capital	Real estate	Update	16/07/20
Pan African Resources	Metals & mining	Update	28/07/20
paragon	General industrials	Update	27/11/19
Picton Property Income	Property	Update	04/08/20
PIERER Mobility	Automobiles & parts	Update	23/07/20
Piteco	Software & comp services	Update	26/03/20
Polypipe	Construction & materials	Update	17/07/20
PowerHouse Energy Group	Alternative energy	Flash	15/07/20
Primary Health Properties	Property	Update	11/08/20
Princess Private Equity Holding	Investment companies	Investment company review	11/03/20
ProCredit	Banks	Update	21/08/20
Quadrise Fuels International	Alternative energy	Flash	18/08/20
RADA Electronic Industries	Industrials	Initiation	20/08/20
Raven Property Group	Property	Outlook	10/09/20
Record	Financials	Update	01/07/20
Regional REIT	Real estate	Update	24/04/20
Renergen	Oil & gas	Update	30/01/20
Renewi	Industrial support services	Update	23/07/20
Riber	Tech hardware & equipment	Update	05/08/20
Rock Tech Lithium	Metals & mining	Update	12/06/20
S&U	Financials	Update	12/08/20
S Immo	Real estate	Update	01/09/20
SDX Energy	Oil & gas	Update	04/05/20
Secure Trust Bank	Financials	Update	25/08/20
Securities Trust of Scotland	Investment companies	Investment company review	18/02/20
Severfield	Construction & materials	Update	04/09/20
Silver One Resources	Metals & mining	Initiation	28/08/20
Standard Life Private Equity Trust	Investment companies	Investment company review	08/09/20
Standard Life UK Smaller Cos Trust	Investment companies	Investment company review	01/05/20
Studio Retail Group	Retail	Flash	24/06/20
Supermarket Income REIT	Property	Update	24/02/20
Sureserve Group	Industrial support services	Update	27/05/20
Target Healthcare REIT	Property	Update	14/08/20
Technicolor	Media	Update	05/08/20
Templeton Emerging Markets Inv Trust	Investment companies	Investment company review	18/06/20
Tetragon Financial Group	Investment companies	Investment company review	01/06/20
The Bankers Investment Trust	Investment trusts	Investment company review	31/07/20
The Law Debenture Corporation	Investment trusts	Investment company review	05/08/20
The MISSION Group	Media	Update	23/09/20
The Scottish Investment Trust	Investment trusts	Investment company review	23/04/20
Thin Film Electronics	Technology	Flash	31/05/19
Thrace Plastics	General industrials	Initiation	14/06/19

Company	Sector	Most recent note	Date published
Tinexta	Professional services	Update	07/08/20
Town Centre Securities	Real estate	Update	27/01/20
Trackwise Designs	Tech hardware & equipment	Initiation	24/09/20
TR European Growth Trust	Investment trusts	Investment company review	18/05/20
Treatt	Basic industries	Outlook	26/05/20
Tungsten Corporation	e-invoicer & invoice financier	Update	20/07/20
TXT e-solutions	Technology	Update	11/08/20
Tyman	Construction & materials	Update	06/08/20
Utilico Emerging Markets Trust	Investment companies	Investment company review	23/09/20
Vermilion Energy	Oil & gas	Outlook	14/09/20
Vietnam Enterprise Investments	Investment companies	Investment company review	29/04/20
VietNam Holding	Investment companies	Investment company review	16/03/20
VinaCapital Vietnam Opportunity Fund	Investment companies	Investment company review	19/12/19
Walker Greenbank	General industrials	Update	12/08/20
WANdisco	Technology	Update	22/09/20
Wheaton Precious Metals	Metals & mining	Flash	22/09/20
Witan Investment Trust	Investment companies	Investment company review	16/04/20
Witan Pacific Investment Trust	Investment companies	Investment company review	16/12/19
Worldwide Healthcare Trust	Investment companies	Investment company review	30/07/20
XP Power	Electronic & electrical equipment	Update	03/08/20
YouGov	Media	Update	31/07/20

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