EDISON

Pan African Resources

H121 results

Record interim profitability

Metals & mining

Pan African Resources' (PAF) interim results to end-December 2020 were reported in the context of already known production and were well within the range indicated by its JSE paragraph 3.4(b) announcement of 8 February. EPS and HEPS almost doubled in the period to 2.11c/share, albeit this included an (effectively) exceptional loss from the last of PAF's hedge programme, which if excluded would have increased EPS and HEPS to (we estimate) 2.46c/share (see Exhibit 2). Moreover, this result was achieved despite a 21.7 percentage point increase in the effective tax rate as a result of a material deferred tax charge for the first time, which if excluded would have increased normalised HEPS still further, to 2.93c/share. Assuming a similar performance in H221 would imply a normalised P/E ratio for PAF of just 5.7x in FY21, well below the average of its peers (see Exhibit 6).

Year end	Revenue (US$m)	PBT* (US$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/19	218.8	37.1	1.64	0.15	14.7	0.6
06/20	274.1	80.8	3.78	0.84	6.4	3.5
06/21e	357.0	122.2	4.24	1.10	5.7	4.5
06/22e	336.2	151.4	5.43	1.09	4.4	4.5

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

Underground grades back to where they belong

Particularly notable within the detail of the results were the head grade mined from underground operations at Barberton, which we estimate to have been 11.25g/t (cf the 8.79g/t that we estimated in H220 – a 28.0% increase) and the head grade recorded at the BTRP and Elikhulu, which were also both above our expectations, albeit these were partially offset by early teething problems at the Evander 8 Shaft Pillar project (eg a ventilation shaft lining fracture), which have now been rectified. Subject to the unexpected therefore and given that it produced 98.4koz in H121, we regard it as extremely unlikely that PAF will fail to achieve its FY21 production target of 190koz for the current year (see Exhibit 1).

Valuation: 38.41–43.43c (27.62–31.23p) per share

Since our last major note on PAF, the rand has appreciated by 12.4% relative to the US dollar, from ZAR16.5113/US$ to ZAR14.4578/US$, which has contributed to an albeit lesser 5.7% reduction in our valuation of the company to 38.19c (27.46p) based on its four currently producing assets plus Egoli. To this must then be added the value of c 19.2m underground Witwatersrand ounces, which we estimate could lie anywhere in the range of 0.22–5.24c per share, plus PAF's other assets to take the total to 38.41–43.43c/share. As an alternative means of valuation, if PAF's historical average price to normalised EPS ratio of 9.1x in the period FY10–20 is applied to our FY21 and FY22 forecasts, then it implies a share price of 27.6p in FY21 followed by 35.4p in FY22. On the basis of its FY20 dividend and our forecast FY21e dividend, it is among the top 20 yielding precious metals companies globally. In the meantime, investors can buy the shares on a resource multiple of only US$13.86/oz and a reserve multiple of only US$47.79/oz.

3 March 2021

Price	**17.35p**
Market cap	**£388m**

ZAR20.1061/£, ZAR14.4578/US$, US$1.3906/£

Net debt (US$m) at end December 2020*	65.2
*Includes US$5.0m in IFRS 16 lease liabilities	
Shares in issue*	2,234.7m
*Effective 1,928.3m post-consolidation	
Free float	86%
Code	PAF
Primary exchange	AIM/JSE
Secondary exchange (pending)	OTCQX Best Market

Share price performance

%	1m	3m	12m
Abs	(25.2)	(21.9)	50.1
Rel (local)	(26.5)	(24.3)	47.5
52-week high/low		27.1p	9.0p

Business description

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

Next events

Egoli investment decision	Mid-CY21
FY21 results	September 2021
Mintails/Mogale due diligence	Until January 2022

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Edison profile page

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Investment summary

PAF's results for the half-year to end-December 2020 were reported within the context of already known production from its operational update released on 22 January 2021. These are summarised in Exhibit 1, below. Full details are available in its interim results statement. However, particularly notable within the detail of the results were the head grade mined from underground operations at Barberton, which we estimate to have been 11.25g/t (cf the 8.79g/t that we estimate was mined in H220 – a 28.0% increase), and also the head grade recorded at the BTRP and Elikhulu, which were also both above our expectations, albeit to a lesser extent. In addition, Exhibit 1 provides our estimates of production in H221 and therefore also FY21e.

Exhibit 1: PAF production, FY18–21 (oz)

Operation	H118	H218	FY18	H119	H219	FY19	H120	H220	FY20	H121	H221/H220 (%)	H221e	FY21e
Barberton UG	32,159	40,966	73,125	38,550	36,806	75,356	36,737	31,392	68,129	42,350	+34.9	41,551	83,901
BTRP	8,452	9,052	17,504	12,006	12,001	24,007	10,619	9,516	20,135	10,004	+5.1	9,393	19,397
Barberton	**40,611**	**50,018**	**90,629**	**50,556**	**48,807**	**99,363**	**47,356**	**40,908**	**88,264**	**52,354**	**+28.0**	**50,944**	**103,298**
Evander UG	32,734	15,831	48,565	8,821	8,058	16,879	11,553	9,117	20,670	12,607	+38.3	17,314	29,921
ETRP	11,937	9,313	21,250	6,345	3,654	9,999	4,731	6,176	10,907	6,560	+6.2	0	6,560
Evander	**44,671**	**25,144**	**69,815**	**15,166**	**11,712**	**26,878**	**16,284**	**15,293**	**31,577**	**19,169**	**+25.3**	**17,314**	**36,483**
Elikhulu	0	0	0	15,292	30,909	46,201	29,301	30,315	59,616	26,863	-11.4	27,582	54,445
Total	**85,282**	**75,139**	**160,444**	**81,014**	**91,428**	**172,442**	**92,941**	**86,516**	**179,457**	**98,386**	**+13.7**	**95,840**	**194,226**

Source: Edison Investment Research, Pan African Resources. Note: Numbers may not add up owing to rounding. UG = underground.

While production in H121 was 5.9% higher than in H120, it was 13.7% higher than H220, demonstrating an improving trend. In the case of Barberton underground, the improvement could be attributed to its three cycling production platforms. By contrast, while production at Evander underground exhibited a marked improvement over the previous four half-year periods, output was below expectations as production (now principally relating to the 8 Shaft Pillar project) was restrained by a ventilation shaft lining fracture as well as technical difficulties relating to the pseudo packs used for ground support (albeit these have now been overcome by filling the packs with a mixture dry tailings and fly ash rather than wet tailings). In addition, at 91%, metallurgical recoveries at Evander underground were below historical levels, although this was, to some extent counterbalanced by the head grade, which, at an estimated 8.51g/t, was 11.0% above our prior expectation of 7.67g/t.

H121 financial results and H221 forecasts

The table overleaf presents PAF's H121 results relative to historical results. Readers are reminded that production from Evander's 8 Shaft Pillar project was capitalised until June 2020, when steady-state production was achieved. Nevertheless, with that caveat, a number of features of PAF's financial results are noteworthy. In the first instance, it is apparent that earnings and headline earnings in the half year period are more akin to those typically earned within a full financial year – attributable, in part, to the relatively high gold price during the period (that is US$1,865/oz cf US$1,694/oz in H220). Within that however, there is some evidence of cost pressure in US dollar terms (not least as a result of the strengthening of the rand, which has now appreciated by some 24.2% against the US dollar since its nadir on 23 April 2020) in the form of costs of production rising by more in percentage terms than revenue. However, probably the main two features of the results are the dramatic decline in 'other' expenses (in this case principally relating to the rolling off of PAF's revenue protection hedges, which have now been settled in their entirety), partially offset by a 21.7 percentage point increase in the effective tax charge. In the latter case, it is notable that

47.3% of the entire tax charge in PAF's P&L was accounted for by a deferred tax charge and that actual cash taxes paid were considerably less, at US$6.7m (cf US$19.2m in the P&L statement – see below).

Exhibit 2: PAF P&L statement by half-year (H119–H221e)

US$000s (unless otherwise indicated)	H119 (restated)	H219	FY19	H120	H220	FY20	H121	H121/ H220 (%)	H221e	FY21e	FY21e (previous)
Revenue	97,531	121,287	218,818	132,849	141,258	274,107	183,751	30.1	173,216	356,967	307,883
Cost of production	(70,847)	(82,133)	(152,980)	(86,501)	(71,956)	(158,457)	(98,245)	36.5	(97,564)	(195,808)	(152,913)
Depreciation	(6,840)	(9,388)	(16,228)	(10,526)	(10,977)	(21,503)	(12,741)	16.1	(16,012)	(28,753)	(18,997)
Mining profit	19,844	29,767	49,611	35,821	58,325	94,146	72,766	24.8	59,640	132,406	135,972
Other income/(expenses)	(2,077)	(5,181)	(7,258)	(962)	(27,720)	(28,682)	(6,704)	-75.8	0	(6,704)	(8,905)
Loss in associate etc	0	0	0	0	0	0	0	N/A	0	0	
Loss on disposals	0	0	0	0	0	0	0	N/A	0	0	
Impairments	0	17,854	17,854	109	(20)	89	0	-100.0	0	0	
Royalty costs	(474)	120	(354)	(208)	(266)	(474)	(2,404)	803.8	(1,678)	(4,083)	(1,418)
Net income before finance	17,293	42,559	59,852	34,761	30,319	65,079	63,657	110.0	57,962	121,619	125,649
Finances income	443	407	850	207	258	465	300	16.3			
Finance costs	(5,699)	(7,343)	(13,042)	(7,760)	(5,587)	(13,346)	(3,946)	-29.4			
Net finance income	(5,256)	(6,936)	(12,192)	(7,553)	(5,329)	(12,881)	(3,646)	-31.6	(2,507)	(6,153)	(5,015)
Profit before taxation	12,037	35,623	47,660	27,208	24,990	52,198	60,011	140.1	55,455	115,466	120,635
Taxation	(2,325)	(5,850)	(8,174)	(5,303)	(2,602)	(7,905)	(19,239)	639.4	(21,224)	(40,462)	(5,709)
Effective tax rate (%)	19.3	16.4	17.2	19.5	10.4	15.1	32.1	208.7	38.3	35.0	4.7
PAT (continuing ops)	9,712	29,774	39,486	21,906	22,388	44,293	40,773	82.1	34,231	75,004	114,926
Loss from discontinued ops	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Profit after tax	9,712	29,774	39,486	21,906	22,388	44,293	40,773	82.1	34,231	75,004	114,926
Headline earnings	9,712	14,586	24,298	21,742	22,416	44,158	40,772	81.9	34,231	75,003	114,926
Est. normalised headline earnings	11,789	19,766	31,556	22,704	50,136	72,840	47,476	-5.3	34,231	81,708	123,831
EPS (c)	0.50	1.54	2.05	1.14	1.16	2.30	2.11	81.9	1.78	3.89	5.96
HEPS* (c)	0.50	0.76	1.26	1.13	1.16	2.29	2.11	81.9	1.78	3.89	5.96
Normalised HEPS (c)	0.61	1.03	1.64	1.18	2.60	3.78	2.46	-5.4	1.78	4.24	6.42
EPS from continuing ops (c)	0.50	1.54	2.05	1.14	1.16	2.30	2.11	81.9	1.78	3.89	5.96

Source: Pan African Resources, Edison Investment Research. Note: As reported basis. *HEPS = headline earnings per share (company adjusted basis).

From an operational perspective, cost pressures were most apparent at Evander underground, where the shortfall of tonnes milled relative to prior expectations, superimposed on a cost base that is largely (c 90%) fixed, resulted in a material increase in unit costs from ZAR5,671/t (H220e) to ZAR6,496/t, rather than the decline as had anticipated. Even so, in the six-month period, we note that EBITDA at Evander underground of ZAR49.0m was its second highest (half year) level since H216, which bodes well for the future. In addition, Elikhulu experienced an increase in unit cash costs from an estimated ZAR36.33/t in H220 to ZAR45.63/t in H121 as plant throughput was constrained by preventative maintenance and improvement work to sections of the lower Elikhulu tailings storage facility compartment and the installation of elevated drains in this area. This work is anticipated (by management) to be completed this month, whereafter throughput tonnage is expected to increase once again.

In the light of H121 results, we have amended our FY21 results to those shown in Exhibit 2, now forecast on a half yearly basis, rather than the full yearly basis previously. Included among a number of changes in our assumptions are the following:

- The gold price, after falling US$245/oz since its high of US$2,063/oz on 6 August 2020, remaining at US$1,818/oz for the remainder of the financial year.
- The rand (after appreciating from ZAR19.0857/US$ on 23 April 2020) remaining at ZAR14.4578/US$ for the remainder of the financial year.
- Elikhulu unit cash costs of ZAR38.13/t in H221 – lower than in H121, but higher than our prior FY21 forecast of ZAR34.76/t.

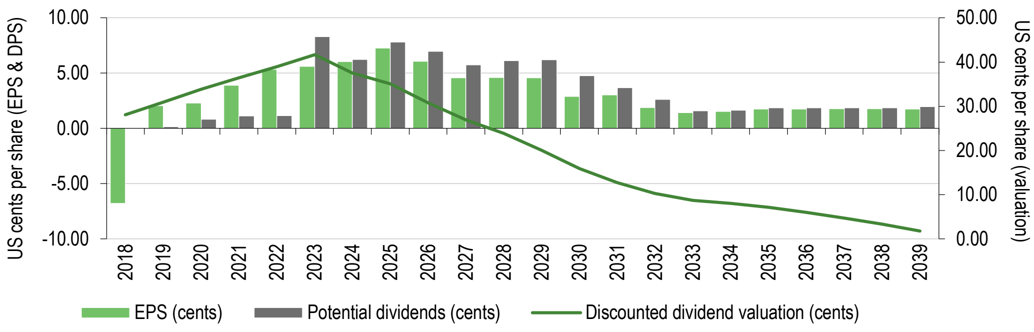
- Production of 29,921oz from Evander underground in FY21 (cf 35,667oz previously) and output of 17,314oz in H221 (cf 12,607oz in H121).
- The increase in the deferred tax charge in H121 could be attributed to 1) a change in the tax structure of the group's share incentive scheme (liabilities transferred to PAR Gold) and 2) an increase in the deferred tax rate at Evander Mines, from 15.66% to 23.02%, the utilisation of the assessed loss and the realisation of the previously unrealised gains arising from the group's cost collar derivatives. Whereas in the past Edison has not attempted to forecast deferred tax, in the light of H121 results, we have now started to attempt to do so (with appropriate caveats) for the remainder of FY21 along with FY22 and FY23, after which we assume that all unredeemed capital will have been recouped and all taxes payable will be cash taxes, rather than deferred. Note that while this treatment of deferred tax in H221, FY22 and FY23 adversely affects the appearance of EPS and headline earnings per share (HEPS) in those years, it has a negligible effect on cash flows (on which we base our absolute valuation of PAF).

On the basis of these assumptions, our updated normalised FY21 HEPS forecast of 4.24c/share compares with a consensus EPS forecast for FY21 of 1.89c/share, within a range 0.06–3.72c/share (source: Refinitiv, 3 March 2021).

Updated valuation

In the light of our revised assumptions, our absolute value of PAF (based on its existing four producing assets plus Egoli) has moderated to 36.42c/share ex-dividend (cf 39.03c/share cum-dividend previously), on the basis of the present value of our estimated maximum potential stream of dividends payable to shareholders over the life of its mining operations (applying a 10% discount rate):

Exhibit 3: PAF estimated life of operations' diluted EPS and (maximum potential) DPS*



Source: Pan African Resources, Edison Investment Research. Note: *From FY23. Excludes discretionary exploration investment.

Including its other potential growth projects (eg the Fairview sub-vertical shaft project) and assets (ie the residual Evander underground resource and its shareholding in MC Mining), our updated total valuation of PAF is as follows:

Exhibit 4: PAF absolute valuation summary

Project	Current valuation (cents/share)	Previous valuation (cents/share)
Existing producing assets (including Egoli)	36.42	38.19
FY20 dividend	N/A	0.84
Fairview Sub-Vertical Shaft project	1.13	1.00
Royal Sheba (resource-based valuation)	0.40	0.40
Mintails/Mogale	0.17	N/A
MC Mining shares	0.07	0.06
Sub-total	**38.19**	**40.48**
EGM underground resource	0.22–5.24	0.22–5.24
Total	**38.41–43.43**	**40.70–45.72**

Source: Edison Investment Research. Note: Numbers may not add up owing to rounding.

Note that the increase in the value of PAF's shareholding of 13.1m MC Mining shares relative to our previous valuation in October reflects the continued rise in the latter's share price from ZAR1.38/share to ZAR1.60/share currently (adjusted into US dollars at the appropriate forex rate).

Readers should note that the 5.7% decline in Edison's valuation of the company, to 38.19c/share (excluding the value of PAF's other underground Witwatersrand assets at Evander), should be seen within the context of a spot rand rate that is 12.4% stronger than that prevailing at the time of our last major note on the company (see *The sun rises over Egoli's city of gold*, published on 14 October 2020) and the geared effect that the rand rate has on PAF's mining operations' margins – that is, it represents fundamental outperformance on an underlying basis.

Mintails/Mogale

One of the assets with the most immediate optionality in the company's portfolio is Mintails/Mogale, which could yet prove very similar in nature to Elikhulu and into which PAF is currently conducting due diligence with a view to acquiring. By way of comparison, Mintails' and Mogale's aggregate resource of 2.36Moz compares favourably to Elikhulu's original resource of 1.7Moz and its initial reserve of 1.5Moz, but at a fractionally higher grade of 0.30g/t (cf Elikhulu's 0.29g/t). PAF announced the results of an independent definitive feasibility study (DFS) on Elikhulu on 5 December 2016, which demonstrated an NPV_9 of US$75.9m (or, then, 5.0c/share, or US$40.95 per resource oz) at a gold price of US$1,180/oz and a forex rate of ZAR14.50/US$. At the time, Edison estimated Elikhulu to be worth US$69.9m (or 4.6c/share) at a 10% discount rate and to be capable of adding 1.33p to EPS in the first eight years of its operation (albeit there are now 28.0% more shares in issue). Now however, with capex having been expended (but with not all associated debt repaid), we estimate a current valuation for Elikhulu of c US$151.32 per initial resource oz or US$184.08 per remaining resource oz. As such, and albeit with suitable caveats such as the Mintails/Mogale assets developing in a similar fashion to Elikhulu, PAF could be on the verge of acquiring for US$1.31/oz an asset that might be worth US$9.88/oz, could be worth US$40.95/oz (pre-production) and may be worth US$159.33/oz (post-debt repayment, albeit after c US$71/oz in initial capex). For more information, readers should see our note, Entailed, published on 17 November 2020).

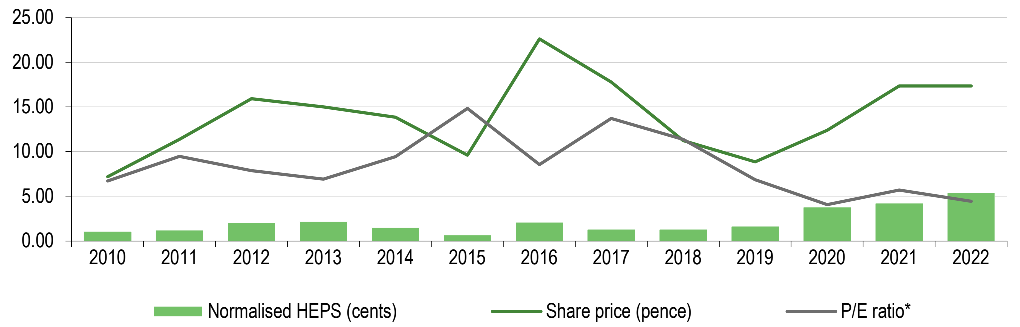
Historical relative and current peer group valuation

Historical relative valuation

Exhibit 5, below, depicts PAF's average share price in each of its financial years from FY10 to FY20, and compares this with normalised HEPS in the same year. For FY21 and FY22, the current share price (of 17.35p) is compared with our forecast normalised HEPS for FY21 to FY22. As is apparent from the graph, PAF's price to normalised HEPS ratio of 5.7x and 4.4x for FY21 and

FY22, respectively (based on our forecasts – see Exhibit 6, below) is very close to the bottom of its recent historical range of 4.1–14.8x for the period FY10–20:

Exhibit 5: PAF historical price to normalised HEPS ratio, FY10–FY22e**



Source: Edison Investment Research. Note: *Completed historical years calculated with respect to average share price within the year shown and normalised HEPS; zero normalisation assumed before 2016. **HEPS shown in pence prior to 2018 and US cents thereafter.

Stated alternatively, if PAF's average contemporary price to normalised EPS ratio of 9.1x in the period FY10–20 is applied to our normalised earnings forecasts, then it implies that PAF's share price could be expected to rise to c 27.6p in FY21 and 35.4p in FY22.

Note that, within this context, our normalised FY22 HEPS forecast of 5.43 US cents compares with a consensus forecast of 2.74c, within a range 0.05–5.42c (source: Refinitiv, 3 March 2021).

Relative peer group valuation

Over the next two years, PAF remains cheaper than its South Africa- and London-listed gold mining peers on 63% of comparable common valuation measures (19 out of 30 individual measures in the table below) if Edison forecasts are applied or 43% if consensus forecasts are applied. Note: in this case, readers should note that the consensus appears to be discounting negligible normalised HEPS in H221 (c 0.05c/share) as well as a cut in the dividend which, at the current juncture, would appear unduly pessimistic, in our view.

Exhibit 6: Comparative valuation of PAF with South African and London peers

	EV/EBITDA (x)		P/E (x)		Yield (%)	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
AngloGold Ashanti	3.2	3.4	6.0	6.9	3.0	2.8
Gold Fields	3.3	3.5	6.6	7.7	4.5	4.4
Sibanye	3.3	4.3	5.4	6.9	6.4	4.8
Harmony	2.4	2.0	4.5	3.7	2.7	4.2
Centamin	3.1	3.5	11.7	9.9	6.8	6.2
Average (excluding PAF)	**3.1**	**3.3**	**6.8**	**7.0**	**4.7**	**4.5**
PAF (Edison)	3.3	2.8	5.7	4.4	4.5	4.5
PAF (consensus)	2.7	2.4	9.6	6.8	2.3	2.3

Source: Edison Investment Research, Refinitiv. Note: Consensus and peers priced at 17 February 2021.

Note that applying PAF's peers' average year 2 P/E ratio of 7.0x to Edison's forecast normalised HEPS forecast of 5.43c/share for FY22 would similarly imply a share price for the company of 27.4p at prevailing forex rates.

Financials

Considering its liabilities to financial institutions, PAF had net debt of US$59.6m on its balance sheet as at 31 December 2020, which equates to a gearing ratio (net debt/equity) of 24.5% and a leverage ratio (net debt/[net debt+equity]) of 19.7% (cf 64.8% and 39.3% as at end December

2019, respectively). This figure includes gross debt and cash and is reflected in our financial summary (see Exhibit 11, below); however, it excludes a number of other items, which are summarised below.

Exhibit 7: Pan African net debt, by type (US$m)

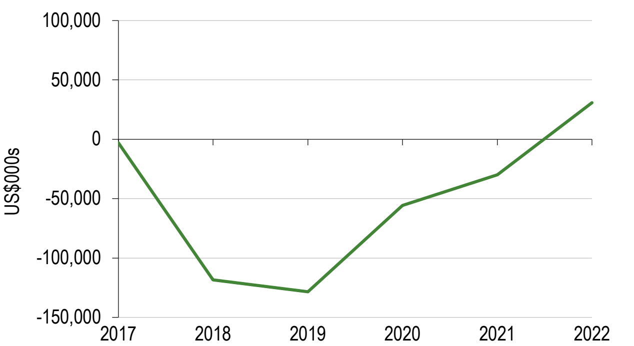
Type	H121	FY20
Gross debt	87.8	89.2
Cash & restricted cash	(28.0)	(33.5)
Net senior debt (sub-total)	**59.8**	**55.7**
Restricted cash	0.1	0.4
Gold loan	0	5.7
Less refinance adjustment	0	(0.3)
Arranging fees	0	0.5
Sub-total	**59.9**	**62.0**
Derivative financial liability	0	9.6
IFRS 16 lease	5.0	4.5
Instalment sale liability	0.2	0.3
Sub-total	**65.2**	**76.4**

Source: Pan African Resources. Note: Totals may not add up owing to rounding.

Most notable within the context of the above table is the extinction of the liabilities relating to PAF's gold loan and derivative financial instruments in H121, which represented the last vestiges of the company's revenue protection hedging contracts, which have now all been terminated.

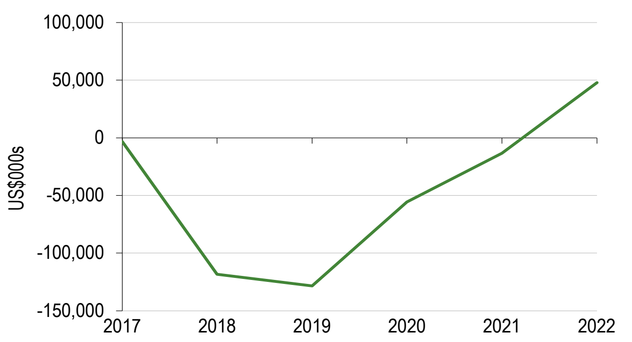
Notwithstanding the start of capex relating to the Egoli project, we continue to forecast that the company will achieve net debt free status during the FY22 financial year (NB on a post-FY21 dividend basis):

Exhibit 8: PAF current estimated net debt profile forecast, FY17 to FY22e (US$000)



Source: Edison Investment Research, Pan African Resources

Exhibit 9: PAF previous net debt profile forecast, FY17 to FY22e (US$000)



Source: Edison Investment Research, Pan African Resources

Debt is principally financed via a US$47.6m term loan facility plus a US$40.4m revolving credit facility and a general banking facility. Principal on the Elikhulu facility is payable in equal instalments until maturity in June 2024, while the revolving credit facility (RCF) has a maturity beyond mid-2024. The group's RCF debt covenants and their actual recorded levels within recent history are as follows:

Exhibit 10: PAF group debt covenants

Measurement	Constraint	H121	FY20	H120	FY19 (actual)	H119 (actual)	FY18* (actual)	H118 (actual)	FY17 (restated)
Net debt:equity	Must be less than 1:1	0.3	0.4	0.6	0.71	0.85	0.78	0.19	0.02
Net debt:EBITDA	Must be less than 2.5:1 falling to 1.5:1 by December 2022	0.5	0.7	1.6	2.2	3.24	3.73	2.25	0.08
Interest cover ratio	Must be greater than 4 times rising to 5.1 times by December 2022	17.7	10.1	5.8	4.1	3.64	4.61	4.62	19.32
Debt service cover ratio	Must be greater than 1.3:1	3.3	3.4	3.0	1.4	2.85	3.84	1.85	9.11

Source: Pan African Resources. Note: *Subsequently restated.

Exhibit 11: Financial summary

US$'000s	2018	2019	2020	2021e	2022e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	145,829	218,818	274,107	356,967	336,217
Cost of sales	(107,140)	(152,980)	(158,457)	(195,808)	(154,482)
Gross profit	38,689	65,838	115,650	161,159	181,735
EBITDA	38,131	65,484	115,176	157,076	177,075
Operating profit (before GW and except.)	31,506	49,256	93,673	128,323	154,043
Intangible amortisation	0	0	0	0	0
Exceptionals	(16,521)	10,596	(28,593)	(6,704)	(1,741)
Other	0	0	0	0	0
Operating profit	14,985	59,852	65,079	121,619	152,302
Net interest	(2,222)	(12,192)	(12,881)	(6,153)	(2,680)
Profit before tax (norm)	29,284	37,064	80,791	122,170	151,363
Profit before tax (FRS 3)	12,763	47,660	52,198	115,466	149,622
Tax	2,826	(8,174)	(7,905)	(40,462)	(46,705)
Profit after tax (norm)	32,110	28,890	72,887	81,708	104,658
Profit after tax (FRS 3)	15,589	39,486	44,293	75,004	102,917
Average number of shares outstanding (m)	1,809.7	1,928.3	1,928.3	1,928.3	1,928.3
EPS - normalised (c)	1.31	1.64	3.78	4.24	5.43
EPS - FRS 3 (c)	0.87	2.05	2.30	3.89	5.34
Dividend per share (c)	0.00	0.15	0.84	1.10	1.09
Gross margin (%)	26.5	30.1	42.2	45.1	54.1
EBITDA margin (%)	26.1	29.9	42.0	44.0	52.7
Operating margin (before GW and except.) (%)	21.6	22.5	34.2	35.9	45.8
BALANCE SHEET					
Fixed assets	315,279	361,529	314,968	353,978	396,879
Intangible assets	56,899	49,372	43,466	45,802	48,217
Tangible assets	254,247	305,355	270,286	306,960	347,445
Investments	4,134	6,802	1,216	1,216	1,216
Current assets	29,009	31,601	53,648	98,211	116,399
Stocks	4,310	6,323	7,626	11,952	11,216
Debtors	22,577	18,048	11,245	25,541	23,969
Cash	922	5,341	33,530	59,471	79,967
Current liabilities	(44,395)	(63,855)	(78,722)	(108,417)	(86,458)
Creditors	(37,968)	(39,707)	(62,806)	(92,501)	(110,542)
Short-term borrowings	(6,426)	(24,148)	(15,916)	(15,916)	24,084
Long-term liabilities	(152,906)	(145,693)	(106,276)	(106,297)	(107,415)
Long-term borrowings	(112,827)	(109,618)	(73,333)	(73,333)	(73,333)
Other long-term liabilities	(40,078)	(36,076)	(32,943)	(32,964)	(34,082)
Net assets	146,988	183,582	183,620	237,475	319,404
CASH FLOW					
Operating cash flow	5,345	59,822	73,399	136,267	169,264
Net Interest	(6,076)	(14,685)	(10,834)	(6,153)	(2,680)
Tax	(1,634)	(4,497)	(5,804)	(17,710)	(19,008)
Capex	(127,279)	(52,261)	(30,849)	(67,763)	(65,932)
Acquisitions/disposals	6,319	466	207	0	0
Financing	11,944	(0)	0	0	0
Dividends	(11,030)	(2,933)	(2,933)	(18,700)	(21,148)
Net cash flow	(122,411)	(14,088)	23,186	25,941	60,496
Opening net debt/(cash)	3,138	118,332	128,424	55,719	29,778
Exchange rate movements	(619)	537	1,663	0	0
Other	7,836	3,459	47,856	0	0
Closing net debt/(cash)	118,332	128,424	55,719	29,778	(30,718)

Source: Company sources, Edison Investment Research.

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