EDISON

Claranova

FY21 revenue update

Simplifying the corporate structure

Software & comp services

Claranova has raised new funds of €65m via an equity issue to two new institutional shareholders and a convertible bond and plans to use these to partially fund the buyout of the Avanquest minority shareholders. Taking full ownership of Avanquest simplifies the group's corporate structure and gives management full control over the future of the division. As well as adjusting our forecasts to reflect these transactions, we have reduced our FY21 revenue and EBITDA forecasts to reflect Q421 performance. Management reiterated its FY23 targets for revenue of €700m and an EBITDA margin of 10%.

Year end	Revenue (€m)	EBITDA* (€m)	PBT** (€m)	Diluted EPS** (€)	DPS (€)	P/E (x)
06/19	262.3	16.0	12.0	0.25	0.0	28.8
06/20	409.1	17.4	11.3	0.20	0.0	35.5
06/21e	471.9	34.6	27.6	0.44	0.0	16.1
06/22e	540.9	42.6	35.5	0.60	0.0	11.8

Note: *Pre-IFRS 16. **PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Buying out the Avanquest minority interests

Claranova recently issued 2.1m new shares at €7 to two institutional investors, equating to a 5.1% stake in the company, and issued €50m in convertible bonds to one of the investors. Using these funds, as well as issuing promissory notes and 4.1m shares, the company intends to buy out the minority interests in Avanquest (currently 64% of the division) for €98m.

Outlook: Short term cut; long term unchanged

Claranova reported y-o-y revenue growth of 15% for FY21 and a decline of 3% for Q421. On an organic, constant currency basis, revenue was up 14% for FY21 and down 5% for Q421. Management expects to report FY21 EBITDA of nearly double FY20, which was €17.4m. We have revised our forecasts to reflect the slower than expected growth of PlanetArt in Q4, slightly lower EBITDA in FY21 and the transactions described above. Management continues to target revenue of €700m and an EBITDA margin of 10% in FY23, which implies revenue growth of 22% per year in FY22 and FY23. Absent more acquisitions, this would require a reacceleration in demand from current levels.

Valuation: Trimmed slightly

Reflecting the different business models and minority interests for each division, we continue to use a sum-of-the-parts approach to valuation. Using EV/sales multiples that reflect our views on the growth and profitability of each division and are conservative compared to the peer group averages, we calculate a valuation of €12.9 per share (down from €13.9 when we last wrote). In our view, consistent growth in revenues and margins towards the company's FY23 targets will be key to reducing the discount to peers. Factors that could provide upside to our estimates include successful adoption of the FreePrints Gifts app in the US and Personal Creations in the UK, and returning recent PlanetArt acquisitions to profitability.

27 August 2021

Price	**€7.11**
Market cap	**€296m**
	$1.19/€
Net cash (€m) at end H121	46.7
Shares in issue	41.6m
Free float	93%
Code	CLA
Primary exchange	Euronext Paris
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(9.4)	(0.2)	12.0
Rel (local)	(10.7)	(4.3)	(14.3)
52-week high/low		€8.81	€5.03

Business description

Claranova consists of three businesses focused on mobile and internet technologies: PlanetArt (digital photo printing; personalised gifts), Avanquest (consumer-focused software) and myDevices (internet of things/IoT). Its headquarters are in Paris, and it has operations in Europe, the United States and Canada.

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Investment in new shares by two funds

On 13 August, Claranova issued 2.14m new shares to two investment funds at a share price of €7.0 (the closing price on 10 August) resulting in proceeds of €15m. Details on the two investors:

- **Heights Capital Management (HCM):** this US specialist in PIPEs (private investment in public equity) invested in 714,286 shares for a 1.71% stake in the company (post-investment) and 1.65% of voting rights.
- **Ophir Asset Management:** this Australian fund specialising in small and mid-cap growth opportunities invested in 1,428,571 shares for a 3.41% stake in the company (post-investment) and 3.29% of voting rights.

In addition, HCM has invested in a €50m convertible bond. Terms of the bond are:

- Par value of bond: €13
- Annual interest rate of 4.5% payable half-yearly in arrears, starting 30/1/2022. This equates to an interest charge of €2.25m per annum.
- Five-year term.
- Conversion ratio: one bond for one share ie maximum shares to be issued 3,846,154.
- Conversion premium: 85.7% (based on €7 share price on 10 August).

The table below shows the rights of the bond holders and the company to conversion or redemption of the bonds.

Exhibit 1: Terms of the convertible bonds

Options for redemption or conversion	Timing	Maximum value
Redeemable at par on Maturity Date	5th anniversary of issuance date	€50m
Holder conversion right	After 2nd anniversary until the 7th business day before the Maturity Date, at one share per bond	3.85m shares
Additional holder right - require redemption of all bonds	After 3rd anniversary until the 7th business day before the Maturity Date, max overall investment return of 2.00x ("Maximum return")	€100m less interest paid to date
Company right to force conversion of all bonds	From 3rd anniversary until Maturity Date, if closing share price for 30 consecutive trading days x conversion ratio is >€27	3.85m shares
Company right to redeem	Prior to 2nd anniversary: max of principal plus accrued & unpaid interest or 1.75x initial principal amount	€87.5m
Company right to redeem	From 2nd to 3rd anniversary: max of principal plus accrued & unpaid interest or 2.00x initial principal amount	€100m
Company right to redeem	After 3rd anniversary: max of principal plus accrued & unpaid interest or 2.25x initial principal amount	€112.5m

Source: Claranova

Prior to this share issue, the vast majority of shares were free float (92.8%), with a high ownership by retail investors. The remaining shareholders were executives, managers and directors of the company (6.6%) and the company (0.6%). Compared to similar sized companies, Claranova has much lower ownership by institutional investors, which has led to share price volatility. Adding two new institutional investors to the register should help bring some stability to the share price.

Proposed acquisition of Avanquest minority interest

At the same time as announcing the investment in the company, Claranova announced that it was planning to acquire the minority interest in Avanquest. Claranova had originally attempted to do this towards the end of 2019 but was unable to obtain a quorum at the EGM called to approve the deal.

Background to the minority interest

In July 2018, Avanquest SAS (100% owned by Claranova, holds all of Avanquest's software businesses) acquired a 50.01% stake in Avanquest Canada (AC). AC owns Adaware, SodaPDF and Upclick. Due to the performance of the Avanquest division since then, the minority shareholders in AC have the right to exchange their 49.99% stake in AC for a 64.1% stake in Avanquest SAS. This means that although Claranova owns 100% of Avanquest SAS, which in turn owns 50.01% of AC, in reality, the minority shareholders effectively own 64.1% of Avanquest SAS. Avanquest SAS continues to be treated as a subsidiary rather than associate as Claranova has control over the activities of the division.

Terms of the buyout

The buyout excludes the fintech operations held by AC (called Lastcard), these will continue to be owned jointly by Claranova and the AC minority shareholders. The deal is expected to complete on or before 30 September.

The buyout agreement values the equity of the Avanquest division at $180m/€153m, excluding Lastcard. Claranova will pay $115m (€98m) to acquire the minority interest broken down as follows:

- Equity: the issuance of 4.1m shares at €7 per share, worth €28.7m, which will be locked up for 12 months from the date of completion of the acquisition. This will equate to 9.79% of Claranova's share capital after the capital increase described above.
- Cash: $55m (€47m); and
- Promissory notes: totalling $27m (€23m) with maturities ranging from one to 10 years.

This values the Avanquest division at c 1.7x our FY21e revenue forecast and c 15.1x our FY21e EBITDA forecast, slightly below the 2x multiple we had been using in our sum-of-parts valuation.

We note that the equity value of $180m/€153m compares to a value of c $163m/€147m when Claranova originally tried to buy the minority interests in late 2019. At that point we estimated that the minority interests had a right to 60% of Avanquest compared to 64% now.

Our normalised diluted EPS forecasts will be reduced by the issue of 4.1m shares and increased by the removal of the minority interest deduction for Avanquest (which we were forecasting at €5.7m for FY22); we estimate 10% accretion of normalised EPS in FY22 taking into account all of the transactions described above.

From a strategic perspective, Claranova will now have full control over the division, and from a shareholder perspective, the structure of the group will be simplified.

New shareholder structure

The table below shows the expected shareholder structure after all transactions are completed.

Exhibit 2: Shareholder structure

	No. shares	% capital	% voting rights	% capital (fully diluted)	% voting rights (fully diluted)
Executives, managers and directors	2,636,773	5.7	7.6	6.1	7.8
New institutional funds	2,142,857	4.6	4.5	11.9*	11.6*
Avanquest minority shareholders	4,100,000	8.9	8.6	8.2	7.9
Free float	36,849,756	80.1	79.3	73.3	72.7
Treasury shares	242,125	0.5	0.0	0.5	0.0
Total	45,971,511	100.0	100.0	100.0	100.0

Source: Claranova. Note: *Assumes full conversion of €50m convertible bonds.

FY21 revenue update

Exhibit 3: FY21 revenue update

Revenues (€m)	Q421	Q420	y-o-y Reported	y-o-y Constant currency (cc)	y-o-y Organic	y-o-y cc organic
PlanetArt	75	78	(4%)	1%	(12%)	(7%)
Avanquest	23	22	3%	3%	3%	3%
myDevices	1	1	(35%)	(31%)	(35%)	(31%)
Total	98	102	(3%)	1%	(9%)	(5%)
	FY21	**FY20**				
PlanetArt	380	314	21%	28%	12%	18%
Avanquest	88	90	(3%)	0%	(3%)	0%
myDevices	4	5	(20%)	(14%)	(20%)	(14%)
Total	472	409	15%	21%	8%	14%

Source: Claranova

Exhibit 4: Actuals versus estimates, Q421 and FY21

€m	Q421a	Q421e	diff	FY21a	FY21e	diff
PlanetArt	75	85	-11%	380	390	-3%
Avanquest	23	24	-2%	88	88	-1%
myDevices	1	2	-33%	4	4	-11%
Total	98	110	-11%	472	483	-2%

Source: Claranova, Edison Investment Research

On 4 August, Claranova reported FY21 revenue of €472m, up 15% on a reported basis, 21% on a constant currency basis and 14% on an organic, constant currency basis. Organic growth includes Personal Creations for August to June in both years (it was acquired on 2 August 2019) and excludes any contribution from CafePress (acquired on 1 September 2020).

Q421 revenue was 11% below our forecast, which resulted in FY21 revenue 2% below our forecast. This was the result of several factors: a strong euro versus the dollar during the quarter and an easing in online commerce in Q421 compared to the high levels in Q420 when much of the world was in lockdown.

Divisional performance

PlanetArt sees demand slow in Q421 as lockdowns lift

PlanetArt reported a 4% decline in revenue y-o-y in Q421, with a 7% decline on an organic, constant currency basis. For FY21, it grew 21% with constant currency, organic growth of 18%. The company noted that Personal Creations saw like-for-like growth of 20% in FY21. We had not anticipated this slowdown in Q421, hence our forecasts were €10m higher for Q421/FY21.

As a reminder, in Q420, PlanetArt saw strong revenue growth (+80% y-o-y, +53% organic constant currency y-o-y, +57% q-o-q) boosted by the number of people stuck at home during lockdown. As lockdowns have been lifted through the course of CQ2, this has reduced slightly the propensity to spend online. The company noted that it had continued with its strategy of moderating marketing spend in order to preserve profitability. It expects a gradual return to more robust growth in H122, dependent on COVID.

In July, PlanetArt announced that it had acquired certain assets of Minneapolis-based *I See Me!* from the McEvoy Group (www.iseeme.com). *I See Me!* publishes more than 60 personalised children's books as well as other products for children such as colouring books, puzzles and growth charts. These can be customised via its website with information such as the child's name and birthday. *I See Me!* had previously worked with Personal Creations, and PlanetArt highlighted the potential to leverage its broader product catalogue to create other customisable products for *I See Me!* customers. Financial details of the transaction were not disclosed.

Avanquest returned to revenue growth in H221

Avanquest reported Q421 revenue growth of 3% y-o-y (reported and constant currency). For FY21, revenue declined 3% and was flat in constant currency. Q421 revenue was just 2% below our forecast. The division has now seen growth for the last two quarters, after three quarters of declines as it worked through the transition to subscription-based licensing. 78% of revenue from the three main software products in this division were from subscription licensing in FY21, up from 70% in FY20 and 50% in FY19. The company noted that SodaPDF and inPixio saw double-digit growth in the year. At the start of the year, the company changed its customer acquisition strategy for Adaware's security solutions, which suppressed growth in H121. However, it returned to double-digit growth in Q421.

Post year-end, the division has launched two innovations in its software range. In July, Avanquest announced a new solution called **SignPDF**, targeting the self-employed and SMEs. This is a standalone digital signature solution that competes with solutions from DocuSign, HelloSign and Yousign. The solution launched in the US in July and will be launched in Europe in September.

Avanquest notes the performance of its PDF software over the last 12 months:

- sales growth of over 35%;
- more than 60m visitors to Avanquest's PDF tool websites;
- more than 650,000 active users per month;
- more than 90% of sales via subscription;
- a renewal rate of more than 50% (after first year); and
- sales growth related to SOHO and SMEs of more than 25%.

Also in July, Avanquest announced the roll-out of **InPixio Photo Studio 11.5**, which integrates AI photo editing tools for the first time. The new AI tools fully automate image processing, 15 times faster than previously available technology. For example, the tool will allow a user to cut out, remove or replace the background or sky in an image with a single click in just a few seconds. Users also still have the option to use manual editing capabilities, providing a combination of speed and flexibility. The tool was trained on tens of thousands of photos prior to launch, and the algorithm will improve as the number of users increases. InPixio has more than 10 million users worldwide.

myDevices held back by COVID restrictions

The division saw a Q421 revenue decline of 35% y-o-y or 31% in constant currency. For FY21, revenue declined 20% or 14% in constant currency. FY20 included non-recurring revenue as part of the Sprint agreement; excluding this, revenue grew 24% in constant currency in FY21. The Sprint agreement has been extended to encompass the merger of Sprint and T-Mobile.

Outlook and changes to estimates

The company noted that it expects EBITDA (pre-IFRS 16) to nearly double for FY21 from €17.4m in FY20. It also noted that it has met the conditions to convert its $5m Paycheck Protection Program (PPP) loan to grant income. This will be recognised in H221 and is included in the EBITDA guidance. Management reiterated its target of achieving revenue of €700m and an EBITDA margin of 10% by FY23.

We have revised our forecasts to reflect the lower-than-expected Q421 revenues; this results in a reduction in revenue of 2.4% for FY21e. We have also reduced our FY21 EBITDA forecast as we were expecting it to more than double y-o-y (+109%). We assume a lower level of marketing spend for PlanetArt in FY22, resulting in lower revenue but higher EBITDA. We nudge up our Avanquest revenue forecast for FY22, reflecting reacceleration in growth now that the transition to the subscription model is complete; this drives slightly higher EBITDA. We have trimmed our myDevices revenue forecast for FY22 but maintain our EBITDA forecast as we assume costs will be managed in line with revenue. Our forecasts also reflect the recent investment in the company and the expected buyout of the Avanquest minority interests (assumed to complete on 30 September).

Exhibit 5: Changes to forecasts

€m	FY21e				FY22e			
	Old	New	Change	y-o-y	Old	New	Change	y-o-y
Revenues	**483.4**	**471.9**	**(2.4%)**	**15.3%**	569.9	540.9	(5.1%)	14.6%
EBITDA	40.1	38.2	(4.9%)	85.3%	45.5	46.2	1.5%	21.0%
EBITDA margin	*8.3%*	*8.1%*	*(0.2%)*	*3.1%*	8.0%	8.5%	0.6%	0.5%
EBITDA - pre IFRS 16	**36.5**	**34.6**	**(5.4%)**	**98.2%**	**41.9**	**42.6**	**1.7%**	**23.2%**
EBITDA margin - pre IFRS 16	*7.6%*	*7.3%*	*(0.2%)*	*3.1%*	7.4%	7.9%	0.5%	0.6%
Normalised operating profit	35.2	33.3	(5.5%)	110.6%	40.6	41.3	1.7%	24.1%
Normalised operating profit margin	*7.3%*	*7.1%*	*(0.2%)*	*3.2%*	7.1%	7.6%	0.5%	0.6%
Reported operating profit	26.6	24.7	(7.3%)	216.3%	37.3	38.0	1.9%	54.0%
Reported operating margin	*5.5%*	*5.2%*	*(0.3%)*	*3.3%*	6.5%	7.0%	0.5%	1.8%
Normalised PBT	29.6	27.6	(6.6%)	144.5%	35.9	35.5	(1.0%)	28.6%
Reported PBT	21.0	19.0	(9.3%)	476.7%	32.6	32.2	(1.1%)	69.3%
Normalised net income	18.6	17.6	(5.7%)	119.8%	21.4	25.2	17.7%	43.6%
Reported net income	11.7	10.7	(9.0%)	2036.5%	18.9	22.7	20.1%	112.5%
Normalised basic EPS (€)	0.47	0.45	(5.7%)	119.0%	0.54	0.61	12.4%	36.6%
Normalised diluted EPS (€)	**0.47**	**0.44**	**(5.7%)**	**119.8%**	**0.54**	**0.60**	**12.4%**	**37.2%**
Reported basic EPS (€)	0.30	0.27	(9.0%)	2028.7%	0.48	0.55	14.7%	102.2%
Net debt/(cash)	**(25.0)**	**(24.2)**	**(3.0%)**	**74.4%**	**(57.9)**	**(2.8)**	**(95.1%)**	**(88.3%)**
Divisional revenues								
PlanetArt	390.4	380.2	(2.6%)	21.1%	464.0	436.0	(6.0%)	14.7%
Avanquest	88.5	87.9	(0.7%)	(2.7%)	99.6	100.8	1.2%	14.7%
myDevices	4.5	3.8	(14.6%)	(20.4%)	6.3	4.0	(36.5%)	4.7%
Total	483.4	471.9	(2.4%)	15.3%	569.9	540.9	(5.1%)	14.6%
Divisional EBITDA								
PlanetArt	28.7	27.8	(3.1%)	96.9%	31.8	32.2	1.3%	15.8%
Avanquest	10.5	10.1	(3.8%)	41.1%	13.3	13.6	2.3%	34.7%
myDevices	(2.7)	(3.3)	24.5%	(13.3%)	(3.2)	(3.2)	0.0%	(3.9%)
Total EBITDA - pre IFRS 16	36.5	34.6	(5.4%)	98.2%	41.9	42.6	1.7%	23.2%

Source: Edison Investment Research

Valuation

We have updated our sum-of-parts valuation to reflect the recent investment in the company and the expected buyout of the Avanquest minority interests. We have used the valuation of Avanquest implied by the deal rather than our previous sales-based multiple of 2.0x. The per share valuation decreases from €13.9 to €12.9, reflecting our reduced revenue forecasts for FY21 and the slightly lower than previously estimated valuation of Avanquest.

Exhibit 6: Sum-of-parts valuation

	FY21e	FY22e	EV based on FY21e sales multiple (€m)	Minority interest	Value to shareholders (€m)
EV/Sales multiple (x)	1.4	1.2	662.4		618.3
PlanetArt	**1.3**	1.1	494.2	7.7%	456.0
Avanquest	**1.7**	1.5	152.9	0.0%	152.9
myDevices	**4.0**	3.8	15.3	38.7%	9.4
Implied EV/EBITDA multiple					
PlanetArt	17.8	15.3			
Avanquest	15.1	11.2			
myDevices	N/A	N/A			
	€m				Upside/(downside)
Net cash at end FY21e	24.2		Equity value (€m)	587.8	
Cost of acquisitions	(46.9)		Per share value (€)	12.85	81%
Fund raise	15.0				
Promissory notes	(22.9)				
Adjusted net debt	**(30.6)**				
No. shares (m)*	**45.7**				

Source: Edison Investment Research. Note: *Includes 4.1m to be issued as part of Avanquest deal.

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Exhibit 7: Financial summary

€m	2015	2016	2017	2018	2019	2020	2021e	2022e
30-June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	93.1	117.4	130.2	161.5	262.3	409.1	471.9	540.9
EBITDA	(6.8)	(9.2)	(5.0)	3.9	16.0	20.6	38.2	46.2
Normalised operating profit	(11.4)	(16.0)	(5.8)	3.4	15.5	15.8	33.3	41.3
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	(1.5)	(2.4)	(3.3)	(3.3)
Exceptionals	15.6	(10.0)	0.4	(2.4)	(2.9)	(5.6)	(5.3)	0.0
Share-based payments	(0.0)	(0.1)	(4.8)	(7.1)	0.3	0.0	0.0	0.0
Reported operating profit	4.2	(26.1)	(10.1)	(6.1)	11.4	7.8	24.7	38.0
Net Interest	1.1	(1.7)	(0.9)	(0.3)	(3.5)	(4.5)	(5.6)	(5.8)
Joint ventures & associates (post tax)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	(45.6)	0.0	0.0	0.0
Profit Before Tax (norm)	(10.3)	(17.7)	(6.6)	3.1	12.0	11.3	27.6	35.5
Profit Before Tax (reported)	5.3	(27.8)	(11.0)	(6.4)	(37.7)	3.3	19.0	32.2
Reported tax	(0.6)	(0.8)	(0.4)	(1.8)	(3.7)	(2.1)	(4.7)	(7.4)
Profit After Tax (norm)	(10.9)	(18.5)	(7.0)	2.4	9.2	8.7	21.3	27.4
Profit After Tax (reported)	4.7	(28.6)	(11.4)	(8.2)	(41.4)	1.2	14.4	24.8
Minority interests	(8.1)	0.0	0.3	0.2	0.6	(0.7)	(3.7)	(2.1)
Discontinued operations	(3.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	(18.9)	(18.5)	(6.7)	2.6	9.8	8.0	17.6	25.2
Net income (reported)	(6.5)	(28.6)	(11.0)	(7.9)	(40.8)	0.5	10.7	22.7
Basic ave. number of shares outstanding (m)	6	38	38	39	39	39	39	41
EPS - basic normalised (€)	(3.27)	(0.49)	(0.18)	0.07	0.25	0.20	0.45	0.61
EPS - diluted normalised (€)	(3.27)	(0.49)	(0.18)	0.06	0.25	0.20	0.44	0.60
EPS - basic reported (€)	(1.13)	(0.76)	(0.29)	(0.20)	(1.04)	0.01	0.27	0.55
Dividend (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	N/A	26.1	10.9	24.0	62.4	56.0	15.3	14.6
EBITDA Margin (%)	-7.3	-7.9	-3.8	2.4	6.1	5.0	8.1	8.5
Normalised Operating Margin	-12.3	-13.7	-4.4	2.1	5.9	3.9	7.1	7.6
BALANCE SHEET								
Fixed Assets	15.7	3.0	2.0	1.3	75.1	93.7	97.1	192.1
Intangible Assets	12.0	1.5	0.9	0.5	69.9	70.5	74.1	169.3
Tangible Assets	0.6	0.5	0.3	0.2	1.4	15.7	15.5	15.3
Investments & other	3.1	1.1	0.7	0.6	3.8	7.5	7.5	7.5
Current Assets	48.0	25.5	28.1	79.1	100.9	116.3	130.4	186.1
Stocks	5.9	5.0	3.7	3.7	4.8	14.4	16.6	19.0
Debtors	4.8	4.7	4.3	4.9	11.6	9.9	11.4	13.1
Cash & cash equivalents	30.5	11.1	17.1	65.7	75.4	82.8	93.1	144.7
Other	6.9	4.7	2.9	4.8	9.1	9.2	9.2	9.2
Current Liabilities	(32.0)	(25.3)	(28.1)	(37.2)	(60.5)	(74.6)	(76.2)	(85.4)
Creditors	(26.9)	(24.5)	(26.6)	(35.4)	(54.8)	(64.3)	(65.9)	(75.1)
Tax and social security	(0.3)	(0.0)	(0.3)	(1.7)	(3.0)	(1.2)	(1.2)	(1.2)
Short term borrowings	(4.8)	(0.7)	(1.1)	(0.1)	(2.7)	(6.1)	(6.1)	(6.1)
Other	0.0	0.0	0.0	0.0	0.0	(3.0)	(3.0)	(3.0)
Long Term Liabilities	(2.4)	(1.1)	(0.7)	(29.0)	(52.0)	(73.1)	(73.1)	(146.1)
Long term borrowings	(1.8)	(0.6)	0.0	(28.1)	(49.1)	(62.8)	(62.8)	(135.8)
Other long term liabilities	(0.7)	(0.5)	(0.7)	(0.9)	(2.9)	(10.3)	(10.3)	(10.3)
Net Assets	29.3	2.1	1.3	14.2	63.6	62.3	78.2	146.7
Minority interests	0.0	0.0	(0.1)	(1.8)	(11.0)	(11.7)	(15.4)	(17.5)
Shareholders' equity	29.3	2.1	1.2	12.5	52.6	50.6	62.8	129.2
CASH FLOW								
Op Cash Flow before WC and tax	(6.8)	(9.2)	(5.0)	3.9	16.0	20.6	38.2	46.2
Working capital	0.4	2.5	6.8	7.9	(4.1)	22.5	(2.1)	5.1
Exceptional & other	(3.8)	(4.3)	(2.2)	(5.7)	(5.2)	(6.3)	(5.3)	0.0
Tax	0.3	(0.3)	(0.0)	(1.2)	(3.8)	(6.8)	(4.7)	(7.4)
Net operating cash flow	(9.8)	(11.3)	(0.4)	5.0	3.0	30.0	26.1	43.9
Capex	(4.4)	(0.9)	(0.2)	(0.1)	(2.5)	(1.2)	(1.0)	(1.0)
Acquisitions/disposals	10.8	(0.4)	3.6	14.2	(13.3)	(31.9)	(7.0)	(46.9)
Net interest	(0.9)	(0.1)	(0.0)	(0.3)	0.0	(0.5)	(5.6)	(5.8)
Equity financing	33.2	(5.1)	1.9	2.0	(1.4)	0.0	1.5	15.0
Dividends	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	(0.6)	0.0	0.4	(3.6)	(3.6)
Net Cash Flow	29.0	(15.7)	5.0	20.1	(14.2)	(3.2)	10.3	1.6
Opening net debt/(cash)	18.0	(23.9)	(9.8)	(16.0)	(37.5)	(23.6)	(13.9)	(24.2)
FX	0.1	(0.1)	(0.6)	0.4	0.3	(0.8)	0.0	0.0
Other non-cash movements	12.6	1.7	1.8	1.1	0.0	(5.7)	0.0	(23.0)
Closing net debt/(cash)	(23.9)	(9.8)	(16.0)	(37.5)	(23.6)	(13.9)	(24.2)	(2.8)

Source: Claranova, Edison Investment Research

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