



# EDISON



## Edison Insight

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Strategic perspective | Company profiles

August 2016

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Prices at 19 August 2016

*US\$/£ exchange rate: 0.7634*

*€/£ exchange rate: 0.8527*

*C\$/£ exchange rate: 0.5859*

*A\$/£ exchange rate: 0.5813*

*NZ\$/£ exchange rate: 0.5485*

*TRY/£ exchange rate: 0.2563*

Published 25 August 2016

*RUB/£ exchange rate: 0.0117*

*NOK/£ exchange rate: 0.0912*

*HKD/£ exchange rate: 0.0984*

*CHF/£ exchange rate: 0.7847*

*SGD/£ exchange rate: 0.5670*

Welcome to the August edition of the Edison Insight. We now have over 400 companies under coverage, of which 171 are profiled in this edition. Healthcare companies are now covered separately in Edison Healthcare Insight. Click [here](#) to view the latest edition.

The book opens with a strategy piece from Alastair George, who believes that over the last six months, markets have been driven higher by easier than expected monetary policy in the US and UK. In the UK at least the anticipated economic slowdown has so far failed to materialise, leading to a short-term win-win for equity investors. Therefore, despite very high valuations, with global earnings estimates being revised upwards equity markets are likely to remain buoyant. However, looking towards 2017 and as central banks question the benefits of negative interest rates and the focus turns to fiscal policy, Alastair believes investors may wish to start taking take profits in government bonds. Having enjoyed the relief rally, he also believes equity investors should maintain discipline and look to take profits on positions in overvalued sectors which may represent bond proxies.

This month we have added Cradle Resources and Future to the company profiles.

Readers wishing more detail should visit our website, where reports are freely available for download ([www.edisongroup.com](http://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**

## Global perspectives: Long-term questions

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- **Are we allowed to talk about global equity market valuations?** The recent recovery in developed markets places equity valuations back at fully extended territory, with a number of median valuation metrics at similar levels to those seen at previous market peaks.
- **Earnings estimates – reassuringly stable for now.** Recent trends in consensus earnings forecasts highlight analysts' confidence in corporate performance for 2016, even as GDP forecasts continue to decline. There also remains no observable impact on aggregate UK earnings forecasts from Brexit to date. In the UK, recent actual economic data has proved much more encouraging than survey responses.
- **Bank of England's reintroduction of QE well received by markets.** This was in our view less to do with the prompt re-introduction of QE and more closely linked to the clarification that negative interest policy (NIRP) has, for now at least, been ruled out as a policy tool. However, the current lack of supply in the gilt market highlights the need for a fiscal policy response later in 2016.
- **Over the last six months, markets have been driven higher by easier than expected monetary policy in the US and UK.** In the UK at least the anticipated economic slowdown has so far failed to materialise, leading to a short-term win-win for equity investors. Therefore, despite very high valuations, with global earnings estimates being revised upwards equity markets are likely to remain well supported. However, looking towards 2017 and as central banks question the benefits of negative interest rates and the focus turns to fiscal policy, we believe investors may wish to start taking take profits in government bonds. Having enjoyed the relief rally, we also believe equity investors should maintain discipline and look to take profits on positions in overvalued sectors, which may represent bond proxies.

### Analyst

Alastair George

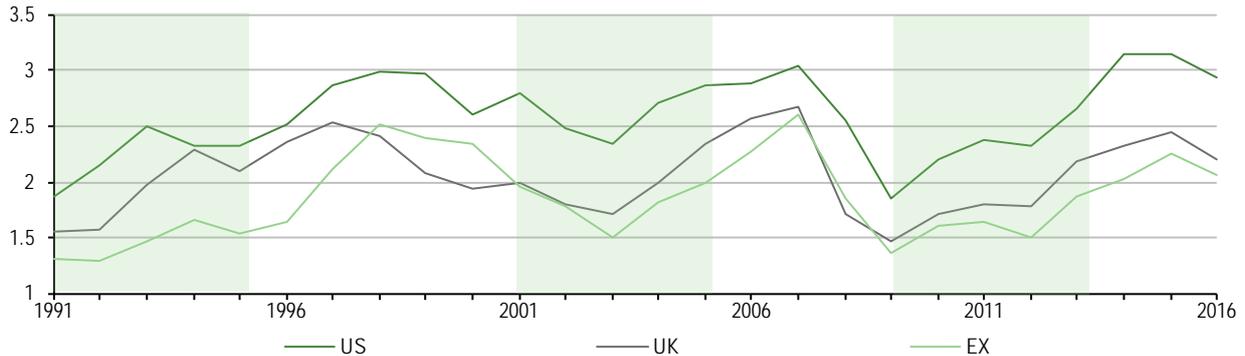
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## Equity valuations – party like it’s 1999... and 2007

Amidst something approaching a euphoric relief rally in global markets following the UK’s vote to leave the EU, investors should not overlook valuation metrics, which have historically provided an excellent guide to returns over the long term. As Exhibit 1 shows, relatively low valuations preceded the bull markets in 1994-1999, 2002-2007 and 2009-2013 but valuations rarely form part of a market narrative.

**Exhibit 1: Price/book valuations have correlated with three equity cycles since 1990s**



Source: Thomson Reuters Datastream, Edison calculations

Instead, the tendency amongst investors appears to be to “rationalise” the valuation data with whatever the current market narrative may be. In a rather clear example of behavioural finance the day-to-day information perhaps relevant for the short-term seems to take precedence over longer-term signals. In the 1990s, globalisation and technology narratives were offered a reason to ignore quite obvious signs of trouble ahead in equities. The reverse applied in 2002-2004 when the resulting stock market correction was mistaken for a long period of economic malaise.

At present the current consensus narrative is that as interest rates and bond yields are very low, equity valuations “should” be high as investors are forced to go out on the risk curve to secure yield. This argument may appear logical on the surface but in our view is mistaken both empirically and theoretically. Empirically, we can see that in Japan until 2014 (when the Central Bank started actively targeting equities under its QE programme) lower government bond yields were associated with lower price/book valuations.

**Exhibit 2: Japan – declining fixed income yields not always associated with rising valuations**



Source: Thomson Reuters Datastream, Edison calculations

Theoretically, the link between the bond yields and equities also appears moot. The market dividend yield should in theory represent the difference between the sum of the equity risk premium and nominal risk-free bond yield, less nominal dividend growth. Declines in bond yields due to falling inflation expectations should be offset by declines in nominal dividend growth, leading to no

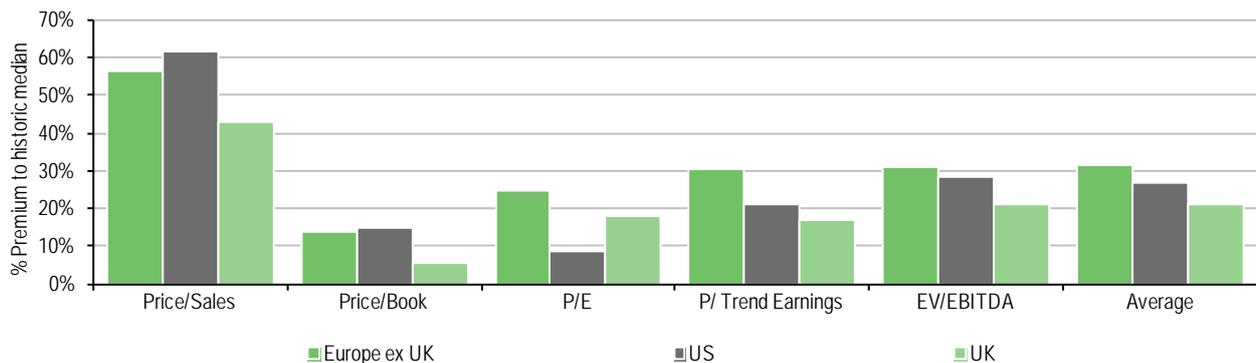
change in the dividend yield on equities. Similarly, declines in bond yields, which represent a fall in expected real economic growth, would logically lead to the same fall in expected dividend growth and no change in equity valuations.

In a period of financial repression, real returns on bonds may be artificially suppressed for a time by central banks wishing to stimulate the economy by providing a subsidy on the cost of capital. We would agree this would raise equity valuations but only modestly, and on the assumption this policy was guaranteed of success. For example, a 2% reduction in the risk-free cost of capital for five years would be expected to generate only a 10% uplift in equity valuations.

The only remaining parameter is the equity risk premium and for a time during the 1990s there was an active debate on whether a reduction in inflation uncertainty post-Volcker could be linked to a sustained reduction in the equity risk premium. That argument may have had some validity at least.

However, in this cycle it is difficult to argue that the combination of very slow economic growth and experimental monetary policy during the current cycle is a reason for a sustained fall in the equity risk premium. To the contrary, it could easily be argued that the growing body of evidence that the effect of ultra-loose monetary policy on the real economy is transient and modest should imply a relatively high equity risk premium, as prevailed in the 2009-2012 period.

**Exhibit 4: Current equity overvaluation compared to historic norms**



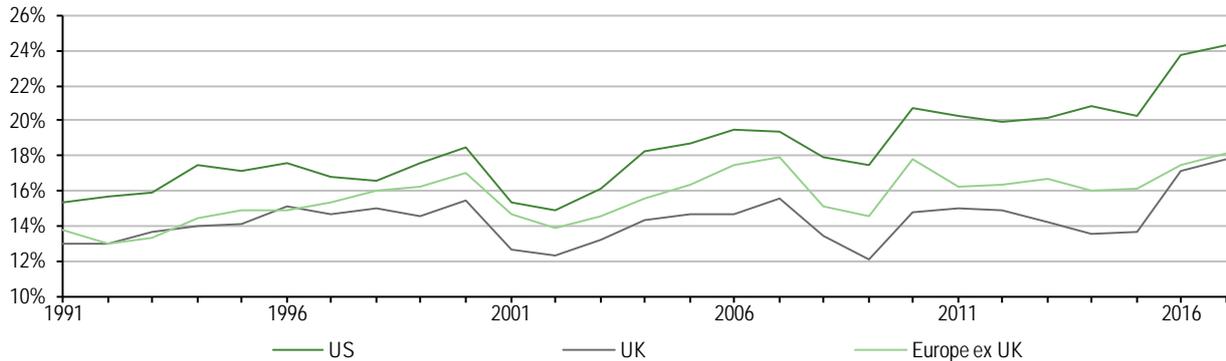
Source: Edison calculations, median values

At present, valuation metrics in the US, UK and continental Europe are at the top of their historical ranges, indicating a substantial lowering of the long-term return on developed market equities. Exhibit 4 shows the extent of overvaluation on a number of measures. While the temptation is to focus on the headline numbers – and it is certainly more dramatic to use such data to forecast a crash – we have no reliable model to forecast how valuation metrics might mean-revert in future. There is for example no reason why any mean-reversion would not be gradual rather than sudden. However, in our view, the key point is that investors should remain focused on what this low level of expected return may mean for equity portfolios on a timescale of five years, similar to the likely timescale of global interest rate normalisation.

Specifically, taking the average current premium to historical valuation metrics of 20-30%, equities in each of the US, UK and Europe appear priced to tread water until the end of the decade as the capital uplift from slowly growing revenues and profits may be offset by the renormalisation of valuation parameters to long-term averages. Furthermore, if not by definition, there is no reason why global equities cannot trade below their long-term valuation averages at some point over the next five years.

The medium-term risks lie not only in currently high valuations but also in the expectation embedded in earnings forecasts that non-financial listed equities will continue to generate record EBITDA margins and a significantly above average return on equity (ROE), Exhibit 5.

**Exhibit 5: Median EBITDA margins and forecasts**

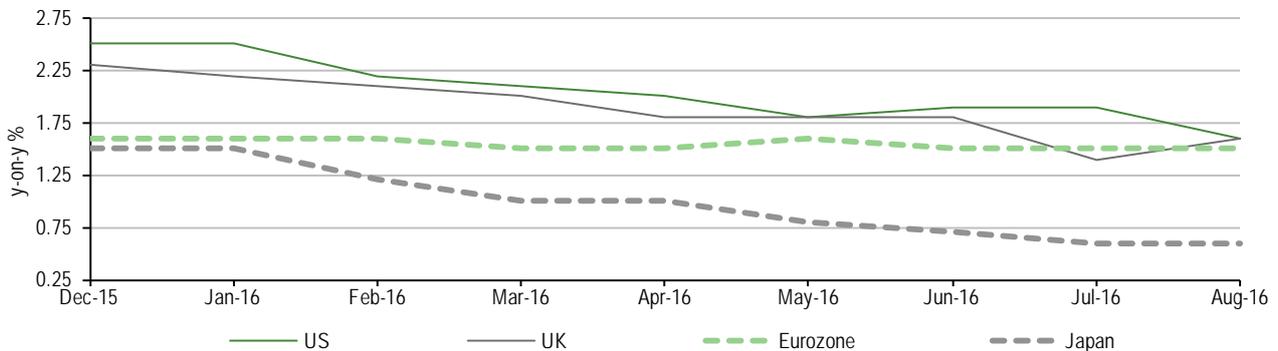


Source: Thomson Reuters Datastream, Edison calculations

### Earnings estimates – reassuringly stable?

Recent trends in consensus earnings forecasts highlight analysts' confidence in corporate performance for 2016, even as GDP forecasts continue to decline (Exhibit 6). For now, it appears that the global phenomenon of steadily declining earnings forecasts, a factor behind the relatively weak 2015 equity market performance, has receded. Exhibit 7 also shows there has been no observable impact on aggregate UK earnings forecasts from the UK's referendum on EU membership, although as we have previously noted FX benefits for UK exporters have offset modest downgrades to sectors focused on the domestic economy.

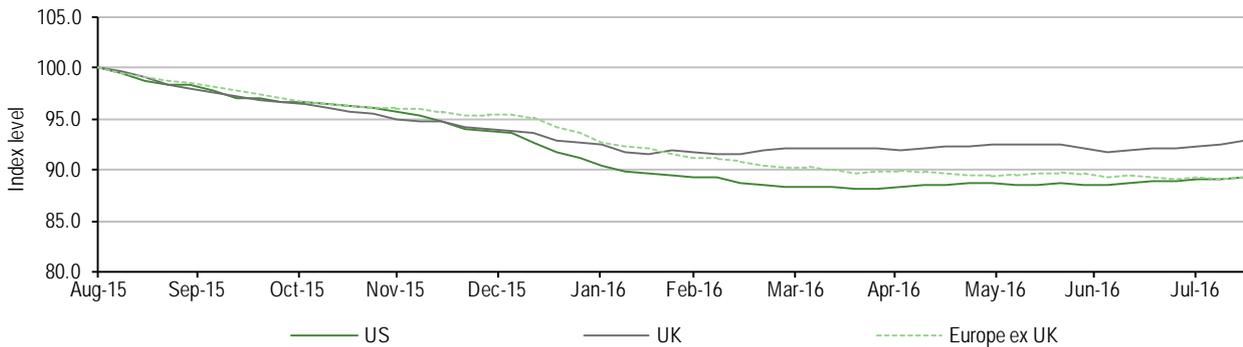
**Exhibit 6: Consensus global GDP forecasts**



Source: Thomson Reuters Datastream

Developed market equity valuations may appear extended at current levels, but the data suggest that at present at least, the specific risk of profit-warning led volatility appears modest, Exhibit 7. The stability in 2016 earnings forecasts has been directly supported by a significant recovery in major commodities markets including oil, iron ore and precious metals and indirectly by global monetary policy, notably in the US and UK, which has proved significantly easier compared to expectations at the start of the year.

**Exhibit 7: US, UK and Europe ex UK 2016 profits forecasts trends**



Source: Thomson Reuters Datastream, Edison calculations

During the last 18 months, equity markets have been closely tracking revisions in earnings forecasts. Now, the link is not so obvious, as shown in Exhibit 8. Markets have rallied over the last quarter while estimates have remained unchanged. The data in fact point to investors' willingness to accept lower returns (equivalently higher valuations) in an environment where monetary policy is expected to remain looser for longer, as exemplified by the market recovery following the UK's referendum vote to leave the EU.

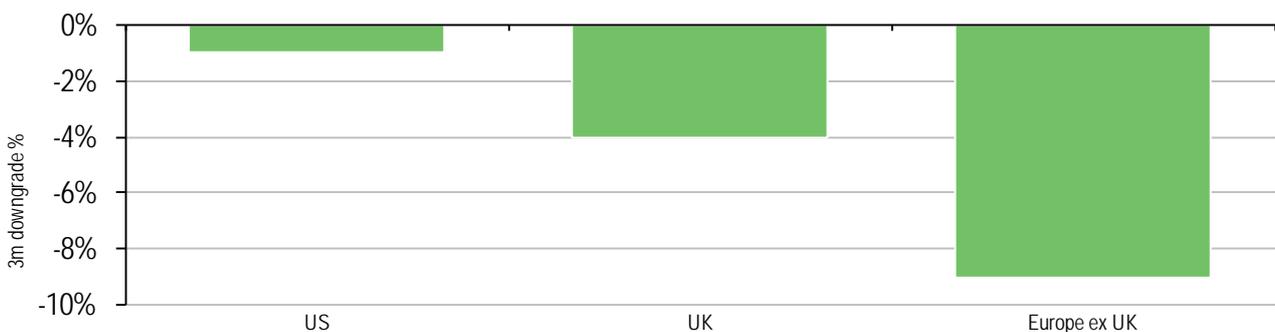
**Exhibit 8: S&P 500 – decoupling from earnings trends?**



Source: Thomson Reuters Datastream, Edison calculations

From a sector perspective, we note that over the last three months, 2016 bank sector earnings forecasts have only fallen modestly in the US (-1%) while declines in the UK (-4%) and Europe ex UK (-9%) have been more severe. We believe expectations are being crimped in the UK by the flattening of the yield curve and even more so in Europe where negative interest rates are being pursued and 10-year risk free rates continue to hover around 0%.

**Exhibit 9: Three-month bank EPS revisions – Europe and UK suffering from low or negative rate expectations**



Source: Thomson Reuters Datastream, Edison calculations

Following the 15% gain in world equities since February it is in our view key to avoid the temptation to only look at evidence which rationalises the rally. The focus should remain on the risks. In particular, declining bond yields point to falling longer-term growth expectations and many of the uncertainties in terms of the trajectory of the EU project or the sustainability of China's economic model, to take two examples, remain in place.

In contrast to profits expectations for companies, consensus GDP forecasts for 2016 have continued to decline. The divergence between corporate expectations and the outlook for the whole economy may yet be closed by a new found enthusiasm for expansionary fiscal policy, but at this time this remains highly speculative, at least except perhaps for the UK.

## **BOE QE: It takes two to tango**

The failure by the Bank of England (BOE) to fully cover its first bond purchase order following the re-introduction of QE is indicative of a lack of volume sellers in the UK's government bond market. This highlights a possible constraint on the BOE's QE policy, at least until a more expansive fiscal policy delivers a significant increase in the future supply of gilts or substitute securities.

The BOE's re-introduction of QE on 4 August has been remarkably well received by markets. This was in our view less to do with the prompt re-introduction of QE but is more closely linked to the clarification that negative interest policy (NIRP) has, for now at least, been ruled out as a policy tool.

Ruling out negative interest policy has several benefits. First and most significant, the economic benefits of NIRP remain uncertain. Second, ruling out NIRP will ease fears of declines in bank sector profitability and the resulting pressure on bank equity values. Third, the only remaining policy lever is now QE. Provided inflation expectations remain relatively well contained, market participants will form expectations that incremental shortfalls in UK GDP growth relative to forecasts will be met with more QE, thus stabilising asset prices.

As comforting as this may sound, there are some technical caveats. There have to be sufficient assets available for the BOE to buy, to maintain a credible position of being able to continue or expand the QE programme for as long as is necessary to support economic growth. However, we believe that given the current uncertainty following the UK's referendum vote to quit the EU, the private sector would seem unlikely to significantly increase the supply of QE-eligible assets such as corporate bonds or bank loans eligible for securitization, even as yields fall. The apparent shortage of gilts is therefore something of a concern.

We fear the new-found confidence in domestically-focused UK equities is at risk of proving unsustainable unless there is a meaningful expansion of fiscal policy later in the year. Such an expansionary fiscal policy would both support profits growth by providing profitable opportunities to provide services to the government sector and also enable the BOE to credibly assert that its QE programme can be expanded and remain in place for as long as necessary to maintain confidence in current asset prices.

The equity market seems therefore to be taking UK Chancellor Philip Hammond at his word that there will be a "reset" of fiscal policy in November's autumn statement, even as current yields in the bond market indicate some doubt. Such a fiscal reset, involving for example a fiscal stimulus of 2% of UK GDP, would largely offset the increase in gilt demand from the BOE's QE programme, taking account of the widening of the budget deficit that should be expected as the economy slows.

Provided there is a credible fiscal plan, the UK's resulting net debt position would by no means become exceptional in the context of other developed nations. Furthermore, as long as the BOE was willing to purchase and hold government debt, Japan's experience suggests that a surge in government borrowing costs would be unlikely in such circumstances.

At current market valuations, a fiscal stimulus of this magnitude appears to be investors' base case. A significant "reset" in UK fiscal policy would now appear necessary to meet investor expectations, to give the BOE room to continue with unimpeded QE and also to support profits growth in the UK corporate sector. The UK Treasury will have to deliver against these high expectations it has largely set for itself.

## **Conclusions**

For the longer-term, the concurrent rally in bonds, commodities, equities and precious metals is creating significant challenges for investors. As growth has fallen short in developed markets and unconventional monetary policy has remained in place for much longer than originally expected, the decline in long-term risk-free rates is a particular concern to pension fund managers, in addition to the lack of diversification due to such highly correlated moves in global asset classes.

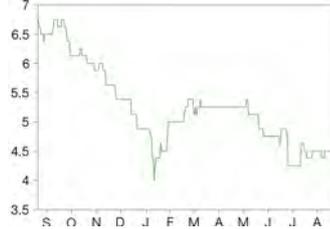
We believe we may be close to a peak in bond valuations as the appetite for driving interest rates below zero appears limited in the US and UK and may be close to practical limits in Europe. A tentative shift in focus towards expansionary fiscal policy over the course of the next 12 months may also prove unhelpful for bonds although supportive of equities.

Nevertheless, valuations in developed market equities are now as extended as 1999 or 2007 and we are dubious of any theoretical basis of a linkage to low bond yields. Having enjoyed the relief rally, we believe equity investors should maintain discipline and look to take profits in overvalued sectors which may represent bond proxies.

**Sector: Technology**

Price: 4.5p  
 Market cap: £33m  
 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 data.

**Price performance**

%	1m	3m	12m
Actual	2.9	(7.7)	(33.3)
Relative*	(0.2)	(17.6)	(37.3)

\* % Relative to local index

**Analyst**

Dan Ridsdale

# 1Spatial (SPA)

**INVESTMENT SUMMARY**

1Spatial took two notable steps forward over the summer. First, it announced that its 1Integrate product is being integrated into Esri's field worker solution, Collector for ArcGIS. This significantly expands 1Spatial's addressable user base within Esri and marks a further step forward in the company's open technology strategy. A \$1.7m contract with a US government bureau highlighted the progress the company is making in the US since its acquisition of LSI and provides support to our FY17 estimates, with the majority of the project expected to be delivered this year.

**INDUSTRY OUTLOOK**

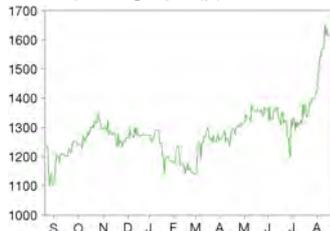
GIS is a multi-billion dollar market growing at a robust rate. Demand for GIS management solutions is being driven by the increased criticality of GIS information, the need to integrate data from multiple sources and the integration of spatial data with financial and operational databases.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	19.6	3.1	1.8	0.27	16.7	82.9
2016	20.7	3.7	2.5	0.29	15.5	N/A
2017e	27.4	3.9	1.9	0.23	19.6	18.0
2018e	28.1	4.7	2.3	0.28	16.1	7.0

**Sector: Media & entertainment**

Price: 1602.0p  
 Market cap: £450m  
 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. 96% of 2015 revenues were generated in the US and Canada.

**Price performance**

%	1m	3m	12m
Actual	19.3	17.8	26.2
Relative*	15.8	5.2	18.8

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

# 4imprint Group (FOUR)

**INVESTMENT SUMMARY**

4imprint continues to grow its top line well ahead of US GDP and market, driven by ongoing investment in marketing, people and systems. Like-for-like H116 revenues were up over 15%, compared with our unchanged FY16 forecast of +13%. The large but fragmented market, estimated at over US\$25bn, gives a substantial further opportunity, with organic growth the preferred (and proven) route. With the pension situation addressed and marketing spend well supported, the interim dividend has been lifted 35%. Numbers are stated pre-pension, share option and exceptional charges.

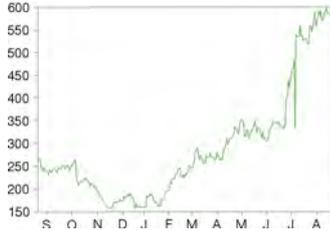
**INDUSTRY OUTLOOK**

Trade association ASI-listed 4imprint was the second-largest US distributor in 2015, up from number five in 2013. It is close behind Staples Promotional Products, which had estimated FY15 revenues of \$554m, up 24% on the prior year estimate and ahead of Proforma, the third largest with revenues of \$400m. The ASI estimates the proportion of online sales was 16% of the total distributor market, up 3.4% in CY15, with a continuing shift in share towards the larger distributors.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	415.8	29.5	27.9	71.5	29.3	21.1
2015	497.2	35.5	33.5	87.5	24.0	19.1
2016e	560.0	39.7	37.7	94.6	22.2	15.3
2017e	616.0	44.2	41.6	104.6	20.1	13.5

**Sector: Mining**

Price: 597.5p  
 Market cap: £2450m  
 Market: LSE

**Share price graph (p)**

**Company description**

Acacia Mining (previously African Barrick Gold) was historically the Tanzanian gold mining business of Barrick and is one of Africa's five largest gold producers with output from three mines: Bulyanhulu, Buzwagi and North Mara.

**Price performance**

%	1m	3m	12m
Actual	13.0	84.5	142.9
Relative*	9.6	64.7	128.5

\* % Relative to local index

**Analyst**

Charles Gibson

## Acacia Mining (ACA)

**INVESTMENT SUMMARY**

Acacia outperformed our expectations again in Q216, as all of its assets performed in tandem. Quarter-on-quarter, adjusted EPS increased 130.2%, to 9.9c/sh, driven by a 16.4% increase in the head grade as well as a rising gold price. Official management guidance is now "at or above the upper end of the full year production guidance of 750-780,000oz" (as predicted by Edison after Q1).

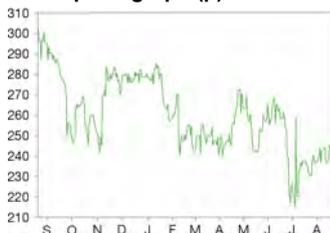
**INDUSTRY OUTLOOK**

Our FY16 EPS estimate of 35c (vs a 32c consensus, within the range 14-52c) assumes a gold price of US\$1,224/oz; it rises to 40c at a gold price of US\$1,300/oz. Note that ACA has put a zero-cost collar hedge in place over 136koz of production at Buzwagi at US\$1,150-1,290/oz in FY16. Prior to Q2, we estimated an NPV of potential dividends to investors in ACA of US\$5.24 (£3.58) per share (at a 10% discount rate and Edison's long-term gold price forecasts), excluding Nyanzaga. Since then, Acacia has been the object of takeover speculation; it has also increased its interest in the West Kenya JV to 100%.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	930.2	249.2	116.4	21.9	35.7	10.9
2015	868.1	166.6	22.0	(12.4)	N/A	19.6
2016e	1029.8	393.1	212.0	34.6	22.6	10.4
2017e	970.3	357.5	152.5	26.4	29.6	8.6

**Sector: Technology**

Price: 241.0p  
 Market cap: £155m  
 Market: LSE

**Share price graph (p)**

**Company description**

Acal is a leading international supplier of customised electronics to industry. It designs, manufactures and distributes customer-specific electronic products and solutions to 20,000 industrial manufacturers.

**Price performance**

%	1m	3m	12m
Actual	2.6	(1.0)	(21.4)
Relative*	(0.5)	(11.6)	(26.0)

\* % Relative to local index

**Analyst**

Katherine Thompson

## Acal (ACL)

**INVESTMENT SUMMARY**

Despite slower sales in Q1 (in line with comments in June that H117 trading conditions were challenging), the company saw Q1 profits in line with expectations, with the outlook for FY17 unchanged. Management has taken action to reduce manufacturing costs by closing three Nordic manufacturing facilities, which should support operating margins. The positive effect of the weaker pound on the translation of overseas results should outweigh any pressure on margins within the UK although we make no changes to our estimates at this stage.

**INDUSTRY OUTLOOK**

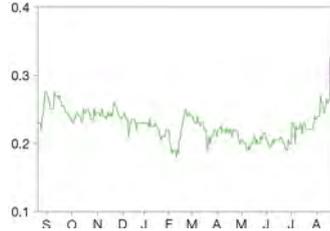
Acal is a supplier of customised electronics to industry with operations throughout Europe and increasingly outside Europe. Its solutions are used in both the design and production phases of a customer's product. Design activity tends to be technology driven, whereas production activity is more geared to general economic conditions. The company is focused on growing the percentage of higher-margin specialist product through organic growth and acquisition.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	271.1	16.6	12.4	16.4	14.7	21.0
2016	287.7	19.8	15.2	17.8	13.5	10.4
2017e	309.8	22.4	16.5	18.4	13.1	8.5
2018e	319.6	23.7	17.7	19.3	12.5	7.6

**Sector: Mining**

Price: A\$0.32  
 Market cap: A\$159m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Alkane Resources is a multi-commodity explorer and developer, with projects in the central west region of New South Wales in Australia. Alkane owns the Tomingley Gold Operation and DZP rare metal and rare earths projects (both 100%).

**Price performance**

%	1m	3m	12m
Actual	45.5	56.1	45.5
Relative*	43.1	49.4	39.1

\* % Relative to local index

**Analyst**

Tom Hayes

## Alkane Resources (ALK)

**INVESTMENT SUMMARY**

Alkane Resources has signed an exclusive worldwide marketing, sales and distribution agreement with UK based specialist chemicals firm, Minchem, for its entire annual DZP zirconium output. The agreement covers all of the DZP's planned annual zirconium production of 16,000t, which represents c A\$100m-120m in project revenues per year based on current spot prices for the DZP's suite of zirconium products (Alkane Resources price data). We consider this a major de-risking event that should provide key assurances for project financing.

**INDUSTRY OUTLOOK**

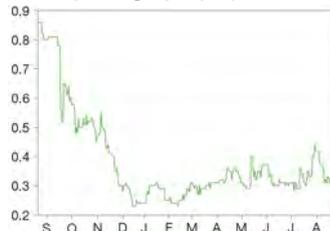
Minchem is a technical ceramics marketing and manufacturing business involved in zirconium chemicals and zirconium dioxide material. Its 40 years of experience and worldwide reach should give the DZP the technical and marketing expertise required to promote and sell its range of speciality zirconium and associated rare earth products. Stabilised zirconium dioxide products are higher value and Minchem will promote their sale to, and provide technical support for, future customers.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	35.5	3.9	3.4	(0.4)	N/A	N/A
2015	101.8	26.5	0.1	1.0	32.0	4.6
2016e	109.6	20.7	(6.4)	(1.5)	N/A	7.2
2017e	119.3	48.5	(7.3)	(0.6)	N/A	9.8

**Sector: Mining**

Price: C\$0.33  
 Market cap: C\$33m  
 Market: CV

**Share price graph (C\$)**



**Company description**

Almonty Industries is an independent tungsten producer, with operating mines in Spain, Australia and Portugal. It also has the large and low-cost development-stage flagship Sangdong (South Korea) and earlier stage Valtreixal (Spain) projects.

**Price performance**

%	1m	3m	12m
Actual	3.1	0.0	(60.7)
Relative*	2.0	(5.9)	(62.5)

\* % Relative to local index

**Analyst**

Tom Hayes

## Almonty Industries (All)

**INVESTMENT SUMMARY**

Almonty has announced a critical path debt-financing for its flagship Sang Dong (SD) tungsten project in South Korea. The six-year term loan facility of C\$57.9m constitutes c 64% of the total C\$90m in development capex required for the project, which is currently scheduled to start producing tungsten in mid-2018. This facility is conditional over All sourcing the remainder in capex as equity or equity-linked instruments, as well as getting an off-take agreement in place for SD product. Aside from this critical news-flow, All continues to consolidate and diversify and has notified the market of a slightly amended ATC Alloys takeover deal and on 17 August completed a C\$1.96m non-brokered financing via the issue of 5.6m All shares at C\$0.35 each.

**INDUSTRY OUTLOOK**

European APT continue to trade in the US\$200/mtu to US\$220/mtu range.

Y/E Sep	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	29.6	15.1	9.9	25.3	1.3	1.4
2015	36.1	(7.9)	(19.2)	(36.8)	N/A	21.4
2016e	63.4	15.6	6.2	0.6	55.0	N/A
2017e	111.5	31.0	20.1	4.3	7.7	3.8

**Sector: Mining**

Price: 3.7p  
 Market cap: £22m  
 Market: AIM

**Share price graph (p)**

**Company description**

Amur Minerals is an exploration and development company focused on base metal projects located in Russia's far east. Amur's flagship Kun-Manie Ni-Cu project has a current global resource of 740,100t contained nickel and 212,900t contained copper.

**Price performance**

%	1m	3m	12m
Actual	(5.1)	(22.5)	(76.1)
Relative*	(7.9)	(30.8)	(77.6)

\* % Relative to local index

**Analyst**

Charles Gibson

## Amur Minerals (AMC)

**INVESTMENT SUMMARY**

Amur's three resource updates in Q216 have increased the mineralised tonnage at Kun-Manie by 36.3% and contained nickel by 13.8% to 740.1kt (982.7kt NiE). This effectively completes the resource estimation phase of Amur's DFS and allows it to progress to reserves' definition, to which end its 2016 field programme (including a large-scale bulk sample) is proceeding at twice the rate expected.

**INDUSTRY OUTLOOK**

Based on the existing open cast operational blueprint (on which basis the DFS is currently being compiled), in our 24 May note we calculated values for concentrate, low-grade matte, high-grade matte and refined metal project options of 26c, 33c, 26c and 30c, respectively, fully diluted at a 4.58p share price using a 10% discount rate and US\$22,355/t Ni (assuming 80:20 debt:equity funding). Stated alternatively, AMC's shares offer investors a 28.6-34.2% IRR in US dollars over 18 years. However, this could increase if the mine plan is reconfigured to advance high-grade underground production.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.0	(2.4)	(2.5)	(0.6)	N/A	N/A
2015	0.0	(4.1)	(1.9)	(0.4)	N/A	N/A
2016e	0.0	(4.1)	(4.0)	(0.7)	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Financials**

Price: 1612.5p  
 Market cap: £240m  
 Market: AIM

**Share price graph (p)**

**Company description**

Following the sale of the majority of its stake in retail bank, Secure Trust (STB), Arbuthnot Banking Group comprises a private bank, Arbuthnot Latham, and an 18.9% investment in STB. It is developing commercial banking operations within Arbuthnot Latham.

**Price performance**

%	1m	3m	12m
Actual	11.0	11.2	3.9
Relative*	7.8	(0.7)	(2.3)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Arbuthnot Banking Group (ARBB)

**INVESTMENT SUMMARY**

Stripping out gains of over £200m on Everyday Loans Group (ELG) and Secure Trust (STB), H116 underlying pre-tax profit for ARBB increased from £1.4m to £2.0m. Private bank, Arbuthnot Latham, recorded growth of over 12% in its loan book and more than 13% in assets under management (to £657m and £739m, respectively). Bolstered by the disposal gains, net assets have grown more than sixfold in the period since 2011. The interim dividend was increased by a penny to 13p and the bank has paid a special dividend of 25p reflecting the gain on the ELG disposal.

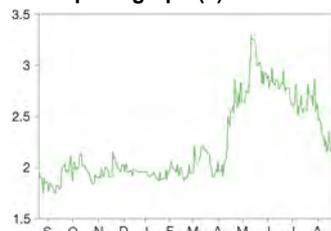
**INDUSTRY OUTLOOK**

Existing uncertainties in the macroeconomic and political background in the UK were accentuated by the result of the EU referendum. This could be seen as increasing the risks for a bank wishing to expand a new commercial loan book and reallocate capital. However, central bank and government measures may soften any downturn and tougher trading conditions and market volatility should create opportunities for a bank such as ARBB with a strong balance sheet, a long history and a seasoned management team.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	28.4	N/A	(3.8)	0.6	2687.5	N/A
2015	34.6	N/A	(2.6)	16.2	99.5	N/A
2016e	39.5	N/A	1.0	36.1	44.7	N/A
2017e	48.1	N/A	9.5	57.6	28.0	N/A

**Sector: Consumer support services**

Price: €2.17  
 Market cap: €12m  
 Market: FRA, Xetra

**Share price graph (€)**

**Company description**

artnet is an online business offering an integrated range of information and transaction services in the fine art, design and decorative art markets. It has four divisions: Price Database, Galleries, Auctions and News.

**Price performance**

%	1m	3m	12m
Actual	(22.8)	(27.7)	16.8
Relative*	(26.9)	(32.8)	18.4

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## artnet (ART)

**INVESTMENT SUMMARY**

Group revenues for H116 were slightly ahead of prior year in both US dollar and euro terms, helped by continued growth in artnet News, where revenues were up 17%, despite weaker Q2 advertising performance. Reduced losses from Auctions and the benefit of lower costs within the Price Database segment helped drive an 11% uplift in group contribution margin, partially offset by increased central expenses. Stronger operating cash flow drove higher net cash, which at end June was €0.9m, from €0.5m at the year-end. Our FY16e and FY17e forecasts are unchanged. artnet's valuation multiples remain well below peers.

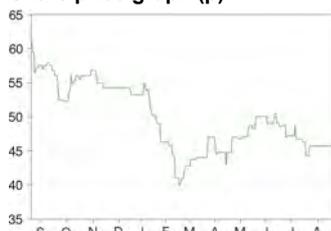
**INDUSTRY OUTLOOK**

The art market had a mixed start to 2016, with a resurgence in Chinese interest and activity but a sharp downturn in investment in the US. The latest survey from ArtTactic shows some recovery in expectations in the US and Europe, but with a wide divergence of views. The continuing positive trajectory of the online segment is not in doubt. While the overall art market declined in 2015, online sales grew 24% to US\$3.3bn as behavioural barriers kept coming down, with Hiscox/ArtTactic suggesting that this section of the market could grow to US\$9.6bn by 2020. This rate of growth is in line with projections for growth in other online luxury segments.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	13.9	0.3	(0.1)	(6.3)	N/A	N/A
2015	17.3	1.2	0.9	15.7	13.8	57.4
2016e	18.4	1.7	1.4	18.5	11.7	14.9
2017e	19.8	2.2	1.9	23.7	9.2	8.7

**Sector: Industrial support services**

Price: 46.2p  
 Market cap: £47m  
 Market: AIM

**Share price graph (p)**

**Company description**

Augean manages hazardous waste through five divisions: Radioactive Waste Services (3% of group revenues), Energy & Construction (37%), Industry & Infrastructure (21%), Augean Integrated Services – AIS (11%) and ANSS (27%).

**Price performance**

%	1m	3m	12m
Actual	4.5	(7.5)	(24.8)
Relative*	1.4	(17.4)	(29.3)

\* % Relative to local index

**Analyst**

Jamie Aitkenhead

## Augean (AUG)

**INVESTMENT SUMMARY**

We have updated our forecasts to reflect the Colt acquisition plus the addition of new contracts in the Energy and Construction business. We have also taken into account other smaller items, such as updates from the recent IMS, which do not move our forecasts significantly. The net effect of all of our changes is increased EBITDA and EPS across our earnings horizon. Our FY17 EBITDA forecast has moved from £14.2m to £16.5m. Meanwhile, positive underlying cash flow underpins a sound balance sheet.

**INDUSTRY OUTLOOK**

There is a growing trend towards treatment, recovery and recycling in the waste hierarchy, highlighted in the government's Strategy for Hazardous Waste Management. This increasingly more stringent environmental regulation supports Augean's specialist industry knowledge model and provides a platform for growth, in our view.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	55.2	10.0	5.4	4.13	11.2	4.9
2015	61.0	12.1	6.0	4.65	9.9	3.8
2016e	61.7	13.7	6.8	5.27	8.8	4.2
2017e	67.8	16.5	8.8	6.76	6.8	3.0

**Sector: Aerospace & defence**

Price: 39.2p  
Market cap: £58m  
Market: AIM

**Share price graph (p)**

**Company description**

Avanti Communications is a London-based fixed satellite services (FSS) provider. It sells satellite data communications services to service providers to key markets in Enterprise, Broadband, Carrier Services and Government. It has Ka-band capacity on four satellites, with two launches due in 2017.

**Price performance**

%	1m	3m	12m
Actual	61.9	(54.6)	(81.3)
Relative*	57.1	(59.5)	(82.4)

\* % Relative to local index

**Analyst**

Andy Chambers

## Avanti Communications Group (AVN)

**INVESTMENT SUMMARY**

Following a trading update on 7 July, Avanti announced a Strategic Review and the commencement of a "formal sale process" in accordance with Note 2 on Rule 2.6 of The City Code on Takeovers and Mergers.

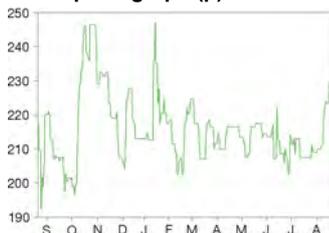
**INDUSTRY OUTLOOK**

Avanti is building a Ka-band satellite network to service broadband connectivity for underserved markets and remote locations in EMEA. In these markets it has been a first mover and it currently owns and operates three satellites in geostationary orbit. The company's increasing focus on Africa is a reflection of the expected rapid growth of demand for data transmission in the region. The potential in the market appears to be validated by recent competitor announcements of future deployment of Ka-band capacity servicing Africa.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	65.6	(5.8)	(93.0)	(85.2)	N/A	10.8
2015	85.2	13.9	(73.3)	(61.4)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Media & entertainment**

Price: 233.0p  
Market cap: £44m  
Market: AIM

**Share price graph (p)**

**Company description**

Avesco is a leading international provider of broadcast and audiovisual rental equipment and services to the corporate presentation, entertainment and broadcast industries worldwide.

**Price performance**

%	1m	3m	12m
Actual	12.3	7.1	5.4
Relative*	9.0	(4.4)	(0.8)

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## Avesco (AVS)

**INVESTMENT SUMMARY**

A good H116 from CT, particularly in the US, has underpinned our maintained profit forecast for the full year. CT continues to expand and has recently moved premises, made a small acquisition in wireless event comms and announced a partnership in video adjudication for sporting events. August is a key month for the group. Avesco's FY14 restructuring is clearly delivering on the promise to smooth results between odd and even years, while the sale of Fountain Studios realised cash to pay down debt and increase targeted investment in equipment. With a progressive dividend, a discount to net assets and a modest multiple, the group is an attractive and coherent investment proposition.

**INDUSTRY OUTLOOK**

With increased use of digital solutions, expectations are constantly being raised of just how 'spectacular' spectacular can be, as well as raising the base line for effective communication. AV is a key element in ensuring that the staging of live events meets or surpasses those requirements and consumers, corporates and individuals expect increasingly sophisticated delivery at both large and small gatherings across sporting, entertainment, corporate, education or government events. The AV industry is estimated to have been worth \$91bn in 2014 and to grow to \$114bn by 2016, a CAGR of over 10%.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	126.4	25.0	5.0	12.4	18.8	3.0
2015	133.7	27.0	5.7	25.3	9.2	1.7
2016e	145.0	27.0	6.6	22.5	10.4	1.6
2017e	138.0	27.1	7.1	23.6	9.9	2.0

**Sector: Aerospace & defence**

Price: 883.5p  
 Market cap: £274m  
 Market: LSE

**Share price graph (p)**

**Company description**

Avon Rubber designs, develops and manufactures products in the respiratory protection, defence (74% of 2015 sales) and dairy (26%) sectors. Its major contracts are with national security and safety organisations such as the DoD.

**Price performance**

%	1m	3m	12m
Actual	(0.8)	(3.1)	0.5
Relative*	(3.8)	(13.5)	(5.5)

\* % Relative to local index

**Analyst**

Roger Johnston

## Avon Rubber (AVON)

**INVESTMENT SUMMARY**

Avon Rubber's interim results show the group is able to deliver a robust performance even in a more challenging market environment. The group managed to progress on all fronts, gaining market share, and is well positioned to accelerate growth again as markets normalise. Revenues were up 5% to £66.3m, adjusted operating profit up 6% to £9.0m and adjusted PBT up 5% to £8.8m. With an effective tax rate of just 1% (2015: 20%), basic EPS was up 29% to 28.7p (2015: 22.3p). Operating cash conversion was high at 163% of operating profit enabling net debt to decrease to £8.4m (£13.2m at end FY15), after £3.5m was spent acquiring Argus in October 2015. The interim dividend (3.2p) continues its trend of increasing by 30% as anticipated. Following the Brexit vote, Avon stands to potentially benefit from the weakened sterling with a 5c swing in 2015 adding £700k to EBIT. If a mid 1.30 level vs the US dollar persists throughout 2017, results could benefit by c £2m or 10%.

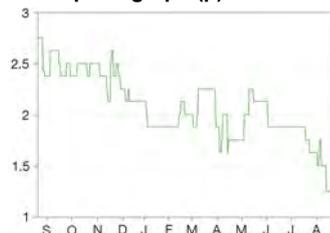
**INDUSTRY OUTLOOK**

Despite pressured budgets, the protective and consumable nature of Avon's products provides resilience. The emerging portfolio effect should enable continued growth, while dairy expansion in the BRICs and the sales synergies from the InterPuls acquisition provide further long-term opportunities.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	124.8	N/A	16.6	43.7	20.2	10.6
2015	134.3	N/A	19.8	56.1	15.7	13.0
2016e	150.6	N/A	20.5	67.2	13.1	9.9
2017e	157.4	N/A	21.7	56.5	15.6	9.5

**Sector: Mining**

Price: 1.2p  
 Market cap: £2m  
 Market: AIM

**Share price graph (p)**

**Company description**

BZT is developing a low-cost development rationale for Platinum in Columbia, as well as working on its Gold-Copper Mankayan project in the Philippines.

**Price performance**

%	1m	3m	12m
Actual	(28.6)	(41.2)	(54.6)
Relative*	(30.7)	(47.5)	(57.2)

\* % Relative to local index

**Analyst**

Tom Hayes

## Bezant Resources (BZT)

**INVESTMENT SUMMARY**

BZT's interim results highlighted that the company continues to conserve cash as it appraises options to develop its gold and platinum interests in Columbia (the Leeward Resources transaction) and pursue the sale of its Mankayan asset in the Philippines which has been affected by adverse mining law proposals. Group expenditures for H116 were £265k, a 19% fall from a year earlier (H115: £328k). The option entered into with Leeward Resources, relates to options held over certain interests in certain licences covering what is understood by management to be highly prospective platinum and gold bearing areas in the Choco region in Columbia. The 'Leeward' transaction included a US\$50k upfront payment and a US\$350k working capital loan facility to Leeward used under BZT's full supervision. BZT had cash of £1.5m at 31 December 2015.

**INDUSTRY OUTLOOK**

The current platinum price is c US\$1,094/oz, a m-o-m decrease of c 9%, and gold currently trades at c US\$1,320/oz, a 6.5% rise.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	0.0	(1.2)	(1.2)	(1.4)	N/A	N/A
2015	0.0	(0.6)	(0.6)	(0.7)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: 221.0p  
 Market cap: £129m  
 Market: AIM

**Share price graph (p)**

**Company description**

Blancco Technology Group provides a suite of lifecycle support services and technologies designed to help companies and their customers successfully deploy, protect, sustain, retire and re-use digital technology.

**Price performance**

%	1m	3m	12m
Actual	3.5	(2.4)	37.7
Relative*	0.5	(12.9)	29.5

\* % Relative to local index

**Analyst**

Katherine Thompson

## Blancco Technology Group (BLTG)

**INVESTMENT SUMMARY**

Blancco's year-end trading update confirmed that revenue growth reached 49% y-o-y (versus our forecast of 51%), of which 34% was organic. Revenues and operating profit should be in line with market expectations, hence we make no change to our forecasts. The company saw strong growth in its Mobile Erasure and Live Environment Erasure businesses (which we forecast will make up 28% of FY16e revenues) and geographically, in the Americas. Management is also confident of the company's prospects for FY17 and beyond. Blancco will report FY16 results on 20 September.

**INDUSTRY OUTLOOK**

The growing need for effective data erasure for enterprises and governments is driven both by legislation, the spectre of litigation and operational imperatives. Blancco's software offering is one of only a few that brings together the facilitation, management and recording of data erasure. However, while the potential market is considerable, the actual market remains nascent in form.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	N/A	N/A	N/A	N/A	N/A	19.8
2015	15.0	8.2	2.7	2.8	78.9	52.1
2016e	22.7	6.4	5.1	5.8	38.1	13.3
2017e	31.2	8.2	7.2	11.4	19.4	N/A

**Sector: Travel & leisure**

Price: €4.19  
 Market cap: €385m  
 Market: FRA

**Share price graph (€)**

**Company description**

The group operates Borussia Dortmund, a leading German football club, runners-up in the 2015/16 Bundesliga and competing in this season's UEFA Champions League (quarter-finalists in 2015/16 UEFA Europa League).

**Price performance**

%	1m	3m	12m
Actual	5.9	4.5	3.4
Relative*	0.2	(3.0)	4.8

\* % Relative to local index

**Analyst**

Richard Finch

## Borussia Dortmund (BVB)

**INVESTMENT SUMMARY**

While costs continue to be an issue (FY16 pre-transfer EBITDA was slightly below our expectations), Dortmund's finances (revenue +7% despite no Champions League and €30m net cash at year end) are impressively strong. The simultaneous loss of key players Hummels, Mkhitarjan and Gündogan necessarily invites caution, but coach Tuchel's record of player development and the availability of significant funds for reinvestment make for exciting opportunity. Understandably, given squad rebuilding, financial implications are uncertain. We are in the process of reviewing our forecasts.

**INDUSTRY OUTLOOK**

Unsustainable spend on wages and transfers is increasingly being penalised by new UEFA Financial Fair Play requirements. Notwithstanding a phased implementation, a 'break-even requirement' applied initially to 2012 financial statements, 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)
2015	263.6	48.0	44.2	42.7	9.8	15.0
2016	281.6	15.3	73.8	68.2	6.1	11.2
2017e	307.0	35.0	58.0	53.6	7.8	12.8
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Oil & gas**

Price: 26.0p  
 Market cap: £85m  
 Market: AIM

**Share price graph (p)**



**Company description**

Bowleven is an AIM-listed, Africa-focused E&P with assets in Cameroon and Kenya. Its main asset is its 20% net interest in the Etinde development, which holds 290mmbob of 2C contingent resource.

**Price performance**

%	1m	3m	12m
Actual	19.5	26.8	4.0
Relative*	16.0	13.2	(2.2)

\* % Relative to local index

**Analyst**

Will Forbes

## Bowleven (BLVN)

**INVESTMENT SUMMARY**

Bowleven's proposed \$10m buyback of its shares shows management's confidence in the value of its asset base and strength of balance sheet. With shares regularly trading near cash levels (and at a material discount to core NAV), the proposed \$10m buyback would be accretive for NAV/share while not reducing the company's cash position materially (given an additional \$15m cash injection is expected in September), or limiting its ability to execute on its strategy. We have made a number of changes to our valuation, with core NAV rising from 45p to 46p/share. Our RENAV moves to 61p/share (from 60p/share). We note that these valuations have the potential to move up by 6% if the shares are bought back at a price of 22p/share.

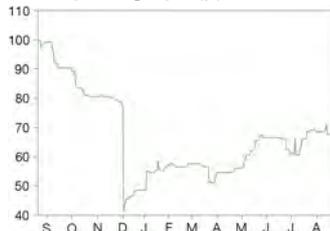
**INDUSTRY OUTLOOK**

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.0	(11.6)	(13.6)	(4.2)	N/A	N/A
2015	0.0	(11.5)	(14.1)	(4.3)	N/A	N/A
2016e	0.0	(10.2)	(4.5)	(1.4)	N/A	N/A
2017e	6.4	(6.8)	(10.9)	(3.3)	N/A	N/A

**Sector: Technology**

Price: 68.0p  
 Market cap: £56m  
 Market: AIM

**Share price graph (p)**



**Company description**

Brady provides a range of transaction and risk management software applications, which help producers, consumers, financial institutions and trading companies manage their commodity transactions in a single, integrated solution.

**Price performance**

%	1m	3m	12m
Actual	(0.7)	3.8	(32.0)
Relative*	(3.7)	(7.3)	(36.0)

\* % Relative to local index

**Analyst**

Richard Jeans

## Brady (BRY)

**INVESTMENT SUMMARY**

In an in-line July trading update, Brady reported that H1 revenues grew by 4%, including the impact from acquisitions (energycredit and ScrapRunner) and currency movements. New business was spread across the three divisions and seven of the nine new contracts signed were in the Americas. Brady's hosted cloud product is the default solution for new business and seven of the deals were cloud deployed. Brady says that the ability to offer cloud-deployed solutions is becoming a key differentiator from the competition. The update revealed that the group is continuing to stabilise in spite of a tough commodities-related backdrop. The outcome for the year will depend on the traditionally busy Q4. We maintained our forecasts and continue to believe the shares look attractive, trading on c 16x our cash-adjusted FY17e earnings.

**INDUSTRY OUTLOOK**

Brady provides trading, risk and connectivity software solutions to the global commodity, recycling and energy markets – mining and oil companies, fabricators, traders, banks, etc. Key operational drivers are that the target market is underinvested in IT, auditors and regulators are seeking increased reporting and accountability, and fundamental changes such as electronic trading and the EEGI.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	31.0	5.6	5.1	5.3	12.8	8.9
2015	27.4	1.5	1.0	1.0	68.0	23.8
2016e	30.5	4.0	3.5	3.5	19.4	15.2
2017e	32.2	4.6	4.1	3.9	17.4	9.2

**Sector: Industrial support services**

Price: 415.2p  
 Market cap: £125m  
 Market: LSE

**Share price graph (p)**



**Company description**

Braemar Shipping Services is a leading global shipping services group, with interests ranging from shipbroking to the supply of specialist technical and logistics support to the various parties involved in the transporting of goods by sea and the energy sector.

**Price performance**

%	1m	3m	12m
Actual	3.8	(6.8)	(8.5)
Relative*	0.8	(16.8)	(14.0)

\* % Relative to local index

**Analyst**

Nigel Harrison

## Braemar Shipping Services (BMS)

**INVESTMENT SUMMARY**

Acquisitions have transformed the medium-term potential for Braemar Shipping. Several deals since 2007 have established non-broking divisions where demand is related to the volume of seaborne trade and the oil & gas market, while the merger with ACM in 2014 rejuvenated the group's broking business. The shares offer a safe high yield, supported by a strong balance sheet and sound medium-term growth potential related to merger benefits and eventual recovery in the shipping cycle. The recent cautious trading statement from the broking market leader has obviously raised uncertainty levels about world trade, but we believe that the group's financial strength makes it more able than most to respond to opportunities.

**INDUSTRY OUTLOOK**

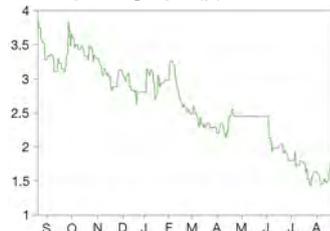
The shipping industry expanded to absorb the shift in global manufacturing capacity towards lower-cost territories, responding to the increased movement of raw materials, components and finished goods. Global recession in 2008/09 upset the supply/demand balance leading to sharply reduced charter rates; volumes of seaborne trade have recovered, but shipping overcapacity remains. Oil price weakness has lifted tanker demand, but other sectors remain under pressure, as reinforced by the recent Clarkson trading update.

Y/E Feb	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	145.6	13.6	11.2	29.5	14.1	14.7
2016	159.1	15.9	13.4	31.5	13.2	9.0
2017e	165.0	15.9	13.5	31.1	13.4	8.4
2018e	170.0	16.4	14.0	32.3	12.9	8.1

**Sector: Mining**

Price: 1.8p  
 Market cap: £10m  
 Market: AIM

**Share price graph (p)**



**Company description**

Bushveld Minerals is an AIM-listed junior diversified commodity explorer in the mineral-rich Bushveld Complex in South Africa. Other than the Vametco deal, projects include an iron-titanium-vanadium deposit on the Bushveld complex's northern limb.

**Price performance**

%	1m	3m	12m
Actual	6.0	(27.6)	(53.6)
Relative*	2.9	(35.3)	(56.4)

\* % Relative to local index

**Analyst**

Tom Hayes

## Bushveld Minerals (BMN)

**INVESTMENT SUMMARY**

Bushveld provided a market update on 25 July concerning its proposed acquisition of the 78.8% holding Strategic Minerals (SMC) has in Evraz Group's South African vanadium operation, Vametco. This acquisition will take place between BMN's 45% held (with Chinese strategic partner, Yellow Dragon owning the remaining 55%) Bushveld Vametco and SMC. The proposed deal, first announced on 9 May 2016, originally contemplated a two tranche acquisition by BMN, at a cost of US\$17.2m. These two tranches have now been combined with some additional cost savings resulting in a new deal price of US\$16.5m. Completion of the deal is subject to BMN and Yellow Dragon providing the necessary funds.

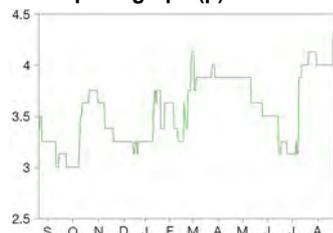
**INDUSTRY OUTLOOK**

BMN has already spent c US\$1m as security completion and exclusivity fees, which can be offset against the acquisition cost once all other financing has been sourced. We await further guidance from the company on both the financing of this deal and Vametco's operational performance and cost data before we revisit our valuation of the company's shares.

Y/E Feb	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	0.0	(1.3)	(1.4)	(0.4)	N/A	N/A
2015	0.0	(3.2)	(3.2)	(0.6)	N/A	N/A
2016e	0.0	(1.9)	(2.1)	(0.3)	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Basic industries**

Price: 4.4p  
Market cap: £12m  
Market: AIM

**Share price graph (p)**

**Company description**

Byotrol has developed and controls patents for a unique technology to facilitate the safe eradication of harmful microbes. These include several high-profile infections, such as MRSA and swine flu.

**Price performance**

%	1m	3m	12m
Actual	9.4	20.7	29.6
Relative*	6.2	7.7	21.9

\* % Relative to local index

**Analyst**

Nigel Harrison

## Byotrol (BYOT)

**INVESTMENT SUMMARY**

The continued challenging global consumer climate and demanding regulatory regimes in the US and the EU continues to slow down the introduction of new products employing Byotrol technology. However, management has indicated that the momentum of opportunities continues to increase and work to adapt to further regulatory changes continues, with encouraging progress reported. In its recent trading update, the chairman reported increased medium-term optimism, highlighting a number of new developments. The uncertainty created by the Brexit vote may add to the delays on new products, but the momentum remains firmly in the right direction.

**INDUSTRY OUTLOOK**

The global market for specialist antimicrobial technology is vast, as awareness of infection and diseases increases. While many products use chemicals (sometimes solving one problem to create another), a product that can damage the reproductive capacity of various bacteria offers considerable attractions to users. The challenge is convincing the major industry players of the efficacy of technology and seeing new products to market.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	3.1	(0.6)	(0.7)	(0.3)	N/A	N/A
2015	3.3	(0.5)	(0.6)	(0.3)	N/A	N/A
2016e	2.7	(0.4)	(0.5)	(0.2)	N/A	N/A
2017e	3.3	0.0	(0.1)	0.0	N/A	N/A

**Sector: Mining**

Price: 96.0p  
Market cap: £50m  
Market: AIM, TSE

**Share price graph (p)**

**Company description**

Caledonia Mining mines gold at its main operating asset, the 49%-owned Blanket gold mine in southern Zimbabwe. It is also progressing its understanding of a number of promising satellite projects close to Blanket.

**Price performance**

%	1m	3m	12m
Actual	11.0	46.6	131.3
Relative*	7.7	30.8	117.6

\* % Relative to local index

**Analyst**

Tom Hayes

## Caledonia Mining (CMCL)

**INVESTMENT SUMMARY**

CMCL released its interims on 11 August. Probably the most significant outcome from H116 was the first indication of higher gold grades below the 750m level – a watermark for the company's future growth prospects. The average gold grade improved 9.8% q-o-q (Q116: 3.16g/t Au vs Q216: 3.47g/t Au) and while the average grade is within range for the past two years of quarterly grade data, 19.5% of Q216 production came from Eroica (between 750m and 630m RL), where the trammed grade was 5.32g/t Au; a result of completing the 22 haulage level to this orebody. Furthermore, production occurred below the 750m level at the AR South ore body which resulted in a trammed grade of 4.76g/t Au. This confirms current expectations of higher than mine-average (historically 3.84g/t Au) gold grades below 750m RL. Further, as more ore comes from below the 750m level, so the mined grade is expected to increase to a sustainable long-term average of c 4.0g/t Au by 2018.

**INDUSTRY OUTLOOK**

Our previous £1.59 valuation improves 10% to £1.74 on adjustment for CMCL's H116 results and a post-Brexit US\$/£ forex rate of 1.30 (vs 1.41 previously).

Y/E Dec	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	53.5	14.7	11.0	10.4	15.8	5.5
2015	49.0	9.0	5.1	8.1	20.2	10.2
2016e	60.4	19.5	16.0	23.5	7.0	4.4
2017e	87.2	40.3	36.7	46.8	3.5	2.3

**Sector: Oil & gas**

Price: C\$0.13  
 Market cap: C\$74m  
 Market: LSE, Toronto

**Share price graph (C\$)**

**Company description**

Canadian Overseas Petroleum (COPL) is an Africa-focused E&P with exploration assets in Liberia and plans to expand into Nigeria through its ShoreCan JV. COPL is carried through a US\$120m gross exploration programme in Liberia by ExxonMobil.

**Price performance**

%	1m	3m	12m
Actual	58.8	107.7	107.7
Relative*	57.1	95.4	98.5

\* % Relative to local index

**Analyst**

Sanjeev Bahl

## Canadian Overseas Petroleum (XOP)

**INVESTMENT SUMMARY**

Canadian Overseas Petroleum's (COPL) Mesurado-1 prospect in Liberia is set to be drilled in late 2016 or early 2017 by operator ExxonMobil, targeting multiple Santonian deepwater channel sands. Interest in block LB-13 has increased in recent months following ExxonMobil's discovery of the prolific Liza oil field in the conjugate basin in Guyana. Mesurado-1 has been de-risked through the use of modern seismic techniques as well as the discovery of oil in offset wells. Mesurado-1's pre-drill gross P50 unrisks resource is estimated at c 400mmbbl, hence success could prove to be game changing for COPL. COPL remains funded through US\$120m of gross exploration costs by partner and operator ExxonMobil.

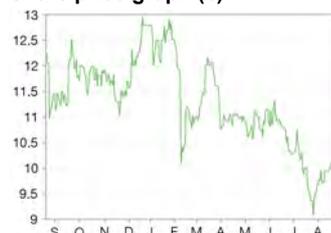
**INDUSTRY OUTLOOK**

Oil companies are attracted to Liberia given its location on the West African Transform Margin, where exploration success has been achieved in offshore Ghana and Sierra Leone/Senegal. Chevron, ENI, Exxon, Repsol and Anadarko are all active.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.0	(7.7)	(6.6)	(2.2)	N/A	N/A
2015	0.0	(6.5)	(7.8)	(1.7)	N/A	N/A
2016e	0.0	(4.2)	(4.2)	(0.7)	N/A	N/A
2017e	0.0	(4.4)	(4.4)	(0.7)	N/A	N/A

**Sector: Alternative energy**

Price: €9.63  
 Market cap: €36m  
 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	0.8	(10.4)	(20.6)
Relative*	(1.2)	(12.8)	(12.8)

\* % Relative to local index

**Analyst**

Catharina Hillenbrand-Saponar

## Carbios (ALCRB)

**INVESTMENT SUMMARY**

Carbios leverages proprietary and unique enzyme-based technology for self-destruction and recovery of plastics. It addresses the issue of plastics disposal in the face of growth in demand for plastics driven by major global trends, as well as environmental and sustainable solutions via break-through technologies for a circular plastics economy. Our fair value range is €23-37 per share, based on probability-weighted cash flows. Significantly, the company has recently announced the start of pilot production. FY15 results were characterised by faster than expected expansion towards industrialisation. Carbios reported an operating loss of €4.1m (vs €3.4m 2014). It needs to reach the industrialisation and commercialisation stage in 2017, which is when the Thanaplast project ends. The June announcement of the first JV, Carbiolice, is a big step in that direction.

**INDUSTRY OUTLOOK**

Growing volumes, environmental concerns and an increasing focus on sustainability are becoming ever more important challenges to conventional plastic market participants. Biological plastic production and recycling is the single most important aim of the industry as a response. The target is a circular economy whereby plastic is constantly reused and recycled.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.7	(3.3)	(3.3)	(59.3)	N/A	N/A
2015	0.8	(3.9)	(4.0)	(81.3)	N/A	N/A
2016e	0.6	(5.3)	(5.5)	(111.7)	N/A	N/A
2017e	0.7	(4.1)	(4.4)	(93.1)	N/A	N/A

**Sector: Technology**

Price: 150.0p  
 Market cap: £100m  
 Market: LSE

**Share price graph (p)**

**Company description**

Carclo is a specialist in high-precision plastic moulding principally for healthcare, optical and automotive applications. Its two main end-markets are high-volume medical consumables and low-volume, very high-value automotive lens components.

**Price performance**

%	1m	3m	12m
Actual	4.4	(1.3)	1.2
Relative*	1.3	(11.9)	(4.8)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Carclo (CAR)

**INVESTMENT SUMMARY**

Carclo's FY16 results showed that the core businesses of Technical Plastics and LED Technologies are continuing to grow revenues and expand margins. Management is taking Technical Plastics into exciting new production technologies such as micro-moulding and prototyping, with the prospect of both organic and acquisition driven growth. In LED Technologies the win of a medium volume sports car programme could lead to a significant increase in revenues and profits in the medium term. In our view, the relative earnings multiples still do not fully reflect the quality and potential of these two core businesses.

**INDUSTRY OUTLOOK**

The healthcare device markets that Carclo serves continue to grow and the underlying long-term story for this industry is, in our view, attractive. The supercar market is increasing, with volumes for Carclo driven by strong demand for end-products, developments in lighting technologies and initiatives by manufacturers to build an increasing variety of cars.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	107.5	11.4	7.1	7.9	19.0	28.0
2016	119.0	13.8	8.8	10.1	14.9	7.1
2017e	124.3	16.0	10.1	11.1	13.5	7.3
2018e	134.9	17.4	11.5	12.7	11.8	6.7

**Sector: General industrials**

Price: 145.0p  
 Market cap: £132m  
 Market: LSE

**Share price graph (p)**

**Company description**

Carr's Agriculture serves farmers in the UK, the US, Germany and New Zealand. The Food division mills flour in the UK and Engineering offers remote handling equipment and fabrications to the global nuclear and oil & gas industries.

**Price performance**

%	1m	3m	12m
Actual	4.3	0.7	(14.7)
Relative*	1.3	(10.1)	(19.8)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Carr's Group (CARR)

**INVESTMENT SUMMARY**

Carr's trading update confirms that management's strategy of innovation, investment and internationalisation is able to counter challenges in the UK dairy market. A new £48m framework agreement from Sellafeld underpins growth for the UK Engineering business despite continued weakness in the oil and gas sector. FY16 trading is in line with management expectations and we leave our estimates and indicative valuation of 197p unchanged.

**INDUSTRY OUTLOOK**

The Agriculture division is outperforming with excellent volume growth in US feedblock sales combatting continued weakness in the UK agriculture sector. Retail sales in the Country Store network are up vs FY15 as are the volumes of oil sold. Outperformance here balances underperformance in the Engineering division where utilisation levels in the UK manufacturing business were low because of weakness in the oil and gas sector and customer-triggered delays in starting some of the new nuclear projects. The Food division performed well.

Y/E Aug	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	429.0	20.9	17.0	12.8	11.3	7.5
2015	411.6	22.2	18.1	13.6	10.7	8.6
2016e	403.2	22.5	18.1	13.4	10.8	6.4
2017e	409.2	22.0	17.7	12.9	11.2	4.9

**Sector: Financials**

Price: 126.0p  
 Market cap: £71m  
 Market: AIM

**Share price graph (p)**

**Company description**

Cenkos is a specialist, UK institutional stockbroker, focused on growth companies and investment funds. Its principal activities are primary and secondary fund raising, corporate advisory, research, trade execution and market making activities.

**Price performance**

%	1m	3m	12m
Actual	1.6	(13.1)	(26.1)
Relative*	(1.4)	(22.4)	(30.5)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Cenkos Securities (CNKS)

**INVESTMENT SUMMARY**

While equity markets have been relatively buoyant year to date, the background for corporate transactions and equity issuance has proven less favourable. AIM new and further money raised was down 18% to end July while the Main Market figure was down 47%. At Cenkos itself we note a smaller number of announced transactions so far and a lower cumulative value, even if we exclude the headline BCA Marketplace fundraising (£1bn) from the 2015 figures. Reflecting this background, we have trimmed our central case assumptions for FY16e with revenue of £52m vs £55m previously resulting in c 14% lower profits and EPS estimates. We have also adjusted our dividend assumption from 10p to 9.5p. An FCA investigation into Cenkos' historical advisory work for the former Quindell concluded in August and Cenkos reached a settlement including a financial penalty of £0.53m. We have made an allowance for the potential net impact of this within our estimates.

**INDUSTRY OUTLOOK**

Uncertainty surrounding the form of Brexit may act as a drag on corporate activity for a period, but as the picture clarifies entrepreneurial companies are increasingly likely to take opportunities generating renewed deal flow.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	88.5	27.2	27.0	35.2	3.6	3.2
2015	76.5	20.0	19.9	27.2	4.6	4.6
2016e	52.0	6.8	6.6	9.9	12.7	9.6
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Food & drink**

Price: €2.87  
 Market cap: €29m  
 Market: STAR, Borsa Italiana STAR

**Share price graph (€)**

**Company description**

Centrale del Latte di Torino produces and distributes fresh and long-life milk (UHT and ESL), and dairy products such as cream, yoghurt and cheese. It has a leading position in milk in the Piedmont region of northern Italy, and it has expanded to the Veneto and Liguria regions.

**Price performance**

%	1m	3m	12m
Actual	6.4	(3.4)	(15.5)
Relative*	8.4	3.6	16.2

\* % Relative to local index

**Analyst**

Sara Welford

## Centrale del Latte di Torino (CLT)

**INVESTMENT SUMMARY**

The merger with Centrale del Latte di Firenze, Pistoia e Livorno (CLF) is set to complete at the end of September 2016: the businesses are highly complementary and the combination will add c 75% to sales, more than double EBITDA, and significantly enhance earnings. The 2016 outlook was subdued and the market in Northern Italy remains tough given the difficult consumer backdrop, hence management expects flat revenues (excl the merger) in 2016.

**INDUSTRY OUTLOOK**

The Italian fresh milk and ESL (extended shelf life) market was worth €574m in 2015 (source: IRI Infoscan Hypermarkets + Supermarkets), but is very localised, with different players in different regions. The market has steadily declined over the last few years, mainly as a result of volume declines caused by the economic crisis and also more recently a fashion for vegan and dairy-free diets. CLT has been gaining share in the regions in which it operates, and the Mukki brand acquired through CLF presents interesting opportunities for expansion.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	102.6	5.8	1.9	8.09	35.5	N/A
2015	98.3	4.9	0.5	0.30	956.7	N/A
2016e	118.1	6.4	1.0	6.10	47.0	N/A
2017e	183.0	10.9	3.0	13.97	20.5	N/A

**Sector: Alternative energy**

Price: 8.9p  
 Market cap: £69m  
 Market: AIM

**Share price graph (p)**



**Company description**

Ceres Power is a developer of low-cost, next generation fuel cell technology for use in decentralised energy products that reduce operating costs, lower CO2 emissions, increase efficiency and improve energy security.

**Price performance**

%	1m	3m	12m
Actual	(2.5)	0.9	0.3
Relative*	(5.3)	(10.0)	(5.7)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Ceres Power Holdings (CWR)

**INVESTMENT SUMMARY**

In March 2016 Ceres Power announced it was leading a UK government-backed consortium, including a global automotive company, to trial its Steel Cells with a view to extending the range of electric light commercial vehicles. In June it announced that the automotive company is Nissan, which has recently announced its intention to develop the world's first solid oxide fuel cell (SOFC) powered vehicle system running on bio-ethanol electric power. The programme takes Ceres into a new sector, complementing its activities in distributed power for residential and commercial properties and data centres.

**INDUSTRY OUTLOOK**

The immediate financial value of the programme is relatively small. Ceres has been allocated £0.6m of £0.8m in total, so we are leaving our estimates unchanged. However, the potential is very great, as Ceres's Steel Cell architecture is one of a small handful of SOFC technologies robust enough to withstand the high number of power cycles demanded by an automotive application. Moreover, the Steel Cell is made from relatively inexpensive materials commonly used in automotive manufacturing.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	1.2	(6.7)	(7.7)	(1.22)	N/A	N/A
2015	0.3	(9.7)	(10.5)	(1.19)	N/A	N/A
2016e	1.0	(11.2)	(12.4)	(1.40)	N/A	N/A
2017e	2.0	(10.8)	(12.0)	(1.35)	N/A	N/A

**Sector: Oil & gas**

Price: A\$0.03  
 Market cap: A\$10m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Challenger Energy is an ASX-listed E&P with a 95% interest in an application for an exploration permit in the Karoo basin, South Africa, which is prospective for shale gas. It is awaiting award of a permit to start drilling.

**Price performance**

%	1m	3m	12m
Actual	0.0	(19.4)	(39.0)
Relative*	(1.6)	(22.8)	(41.7)

\* % Relative to local index

**Analyst**

Peter Chilton

## Challenger Energy (CEL)

**INVESTMENT SUMMARY**

A gas statement by the South African Minister of Energy, Tina Joemat-Pettersson, on 17 May 2016, is supportive of natural gas as an additional source of energy for the country and includes the sourcing of natural gas from shale. Challenger Energy (CEL) has shale gas interests in South Africa's Karoo Basin. The US-based EIA has estimated 390tcf of risked, technically recoverable gas in the Lower Permian ECCA Group shales in the basin. South Africa already has a successful IPP programme for renewable energy. The South African Government is proposing a natural gas IPP Programme based initially on imported LNG which would be a catalyst for gas industry development in South Africa.

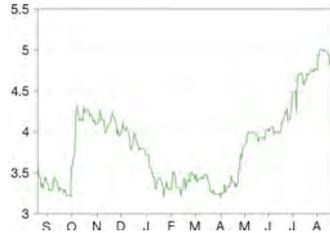
**INDUSTRY OUTLOOK**

Challenger's application area is proximate to major existing power transmission infrastructure. South Africa's National Development Plan (NDP) is arguing the case for natural gas as having a significant role to play in South Africa's energy mix. Currently, c 90% of South Africa's energy is generated from coal.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.1	(1.2)	(1.2)	(0.4)	N/A	N/A
2015	0.1	(1.2)	(1.3)	(0.2)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: General industrials**

Price: HK\$4.95  
 Market cap: HK\$7483m  
 Market: Hong Kong Stock Exchange

**Share price graph (HK\$)**

**Company description**

China Water Affairs Group owns and operates regulated water supply assets across 46 cities in mainland China, serving eight million customers in the residential, commercial and industrial sectors.

**Price performance**

%	1m	3m	12m
Actual	5.5	26.0	39.4
Relative*	(0.3)	8.1	40.8

\* % Relative to local index

**Analyst**

Jamie Aitkenhead

## China Water Affairs Group Limited (855)

**INVESTMENT SUMMARY**

On 27 June, China Water Affairs (CWA) announced strong FY16 results showing a 27% increase in profit from operation, a 40% increase in EPS and a 14% increase in DPS. Rapid growth through bringing new customers on board, privatising small water utilities and increasing tariffs has converted to 54.25% revenue CAGR since FY06. CWA continues to look for capacity growth through organic and inorganic means and a potential spin out of non-core assets could be a further driver of outperformance.

**INDUSTRY OUTLOOK**

Edison forecasts significant growth in Chinese water supply. Water supply lags behind wastewater treatment in terms of private operator penetration. CWA estimates that private enterprises account for only 20% of the water supply industry, whereas the same figure for wastewater treatment is more like 60%. The fact that privatised water supply has so far to catch up with water treatment offers another growth engine for CWA's addressable market.

Y/E Mar	Revenue (HK\$m)	EBITDA (HK\$m)	PBT (HK\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	2747.0	1076.0	730.0	15.7	31.5	12.7
2015	2859.0	1300.0	886.0	16.6	29.8	12.4
2016e	3351.0	1613.0	1130.0	30.4	16.3	6.0
2017e	4080.0	1908.0	1407.0	36.1	13.7	4.9

**Sector: Financials**

Price: 16.5p  
 Market cap: £39m  
 Market: AIM

**Share price graph (p)**

**Company description**

Circle Holdings plc is incorporated in Jersey and listed on the AIM market of the London Stock Exchange. It is an operator of both NHS and independent hospital facilities in the UK, and is extending its activities to the provision of other healthcare services.

**Price performance**

%	1m	3m	12m
Actual	(4.4)	(22.4)	(61.9)
Relative*	(7.2)	(30.7)	(64.1)

\* % Relative to local index

**Analyst**

Martyn King

## Circle Holdings (CIRC)

**INVESTMENT SUMMARY**

Circle will report FY16 interim results on 25 August. In FY15, growth continued across its existing operations with all business segments EBITDA positive. Progress continues to be made on a range of new initiatives that Circle is pursuing to enhance growth from the existing operations and create the scale necessary to cover group overheads. Having succeeded in making its initial entry into the large and fast growing Chinese healthcare market through a long-term management agreement that includes a partnership with a leading state hospital, Circle has been named preferred bidder to provide MSK services in Greenwich. In addition, a planned new hospital (CircleBirmingham) is expected to open in mid-2018, plans to pilot and introduce medical rehabilitation services in partnership with a major European provider are progressing, and the planned proton beam therapy treatment centre in London remains on track.

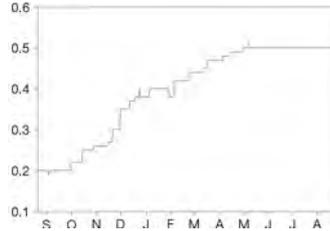
**INDUSTRY OUTLOOK**

Demographics and medical progress drive demand for healthcare services. Tight public finances create a need for efficient delivery which is likely to include more specialist services, integrated with the community. We see Circle's operations and planned rehabilitation offering as highly relevant in meeting this need.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	111.0	(10.4)	(20.2)	(4.3)	N/A	N/A
2015	127.8	(7.4)	(11.7)	(4.7)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Financials**

Price: S\$0.50  
 Market cap: S\$0m  
 Market: ASX

**Share price graph (S\$)**

**Company description**

CoAssets provides a 'facilitation platform' to connect funders with borrowers seeking finance. Crowdfunding to date has been primarily real estate focused with investors sourced mainly from Singapore. CoAssets has plans to extend its product by both geography and product type.

**Price performance**

%	1m	3m	12m
Actual	0.0	0.0	150.0
Relative*	(1.6)	(4.3)	139.1

\* % Relative to local index

**Analyst**

Moira Daw

## CoAssets (CAX)

**INVESTMENT SUMMARY**

CoAssets (CAX) listed on NSX in Australia in July 2015 and has over 50,000 users on its crowdfunding platform. It has financed in aggregate S\$44m of mainly real estate projects in Asia. It has first-mover advantage in South-East Asia; it targets the S\$0.1-5m funding gap with crowd-sourced, non-recourse funding for periods of up to 12 months. The opportunity is to build the business from its Singapore property base, and expand geographically and into the SME market. CAX announced in late July that it had successfully completed a A\$6.55m capital raise. It also announced it has been accepted by the ASX for official quotation on 5 September 2016.

**INDUSTRY OUTLOOK**

There are a wide range of estimates for growth in global marketplace lending. Morgan Stanley, in 'Global Marketplace Lending: Disruptive Innovation in Financials' 19 May 2015, estimated that this market could reach ~US\$290bn by 2020, implying a CAGR from 2015 to 2020 of 51%. Morgan Stanley also notes that Australia is a market to watch, given the high levels of household debt and the concentration of consumer finance with the 'big four' banks (75%).

Y/E Jun	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	1.1	0.0	0.0	(0.02)	N/A	N/A
2016e	3.5	0.4	0.4	0.29	172.4	N/A
2017e	4.5	(3.5)	(3.3)	(1.52)	N/A	N/A

**Sector: General industrials**

Price: 30.8p  
 Market cap: £433m  
 Market: LSE

**Share price graph (p)**

**Company description**

Coats Group is a leading producer of industrial thread and consumer craft textiles with over 70 manufacturing sites internationally. Its divisions are Industrial - Apparel & Footwear (c 64%) and Speciality (c 16%) - and Crafts (20%) based on FY14 revenue.

**Price performance**

%	1m	3m	12m
Actual	15.0	5.1	11.8
Relative*	11.6	(6.2)	5.2

\* % Relative to local index

**Analyst**

Toby Thorrington

## Coats Group (COA)

**INVESTMENT SUMMARY**

Operating performance was more in focus in H116 given relatively lower-level distractions from non-trading items. Underlying margin increases were achieved by both divisions with little overall assistance from markets. Coats' Industrial division delivered a solid H1 performance and although Crafts demand was relatively weak, underlying divisional profitability was maintained. Management continues to work through legacy, non-trading items which, together with a seasonal cash outflow, reduced period-end cash to US\$59.1m. Greater clarity on the group pension position – and the implications for future strategic investment and dividend payouts – is edging closer.

**INDUSTRY OUTLOOK**

Population growth is the ultimate trend driver for clothing and footwear demand. Increasing urbanisation, mobility and wealth are all features of this overall growth. Consumer consumption will generally track GDP growth over time. Economic and demographic differences at a country level mean that the local characteristics of demand vary. Coats is the world's leading industrial thread and consumer textile crafts business.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	1561.4	170.0	128.2	5.2	7.8	3.5
2015	1489.5	183.0	126.8	5.0	8.1	6.4
2016e	1484.2	189.8	127.8	5.3	7.6	5.4
2017e	1537.5	201.0	138.5	5.9	6.8	3.5

**Sector: Aerospace & defence**

Price: 323.5p  
 Market cap: £133m  
 Market: AIM

**Share price graph (p)**



**Company description**

Cohort is an AIM-listed defence and security company operating across four divisions: MASS (31% of FY15e sales); SEA (43%); SCS (16%); and MCL (9%).

**Price performance**

%	1m	3m	12m
Actual	(8.6)	(14.0)	(13.2)
Relative*	(11.3)	(23.2)	(18.3)

\* % Relative to local index

**Analyst**

Andy Chambers

## Cohort (CHRT)

**INVESTMENT SUMMARY**

Cohort reported FY16 sales in line with market expectations, although profits were slightly better than estimated. It also confirmed the initial purchase of the 57% stake in EID in Portugal, which looks set to produce better margins than previously anticipated, further enhanced by FX. Overall growth looks set to continue, and MCL awarded a contract for airborne tactical communications support by the MOD worth up to £7.7m. Balance sheet strength facilitates further appropriate M&A, as well as a growing dividend. In the current market turmoil, defence and security has distinct attractions.

**INDUSTRY OUTLOOK**

Cohort is heavily influenced by activities in defence and security (89% of FY15 sales). These markets require highly differentiated technologies and services with high barriers to entry based on customer relationships, regulation and high-level security clearances. The UK government's commitment to spend at least 2% of GDP on defence provides greater confidence, as does the parliamentary approval for the replacement of Trident.

Y/E Apr	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	99.9	11.0	10.2	20.5	15.8	6.3
2016	112.6	13.0	12.0	27.2	11.9	15.5
2017e	131.5	15.1	14.3	26.5	12.2	32.0
2018e	143.2	16.4	15.6	31.3	10.3	9.8

**Sector: Food & drink**

Price: NZ\$10.79  
 Market cap: NZ\$432m  
 Market: NZSX

**Share price graph (NZ\$)**



**Company description**

Comvita manufactures and markets manuka honey-based products and fresh olive leaf extract products. It sells honey and olive leaf extract products for health, skin care and medical uses.

**Price performance**

%	1m	3m	12m
Actual	(3.7)	(11.9)	82.3
Relative*	(6.9)	(17.5)	47.9

\* % Relative to local index

**Analyst**

Moira Daw

## Comvita (CVT)

**INVESTMENT SUMMARY**

Comvita (CVT) has reported NPAT of NZ\$18.5m for the 15-month period ending 30 June, reflecting its change of financial year from March to June. The March to June period is traditionally its slowest quarter; CVT earned NPAT of NZ\$1.3m on sales of NZ\$29m. The reported result, when adjusted for 'below the line' adjustments to the fair value of investments, was in line with guidance given in May 2016 of 'a similar result of around NZ\$17.1m.' An additional dividend of NZ\$0.02/share (total dividend for 15 months NZ\$0.18/share) was declared and the board confirmed that future dividends will be reduced from 50% to 40-45% of after tax operating profit to allow the company to pursue growth opportunities. Our forecasts are under review following the results.

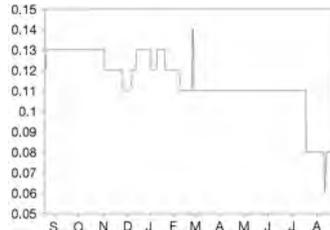
**INDUSTRY OUTLOOK**

Manuka honey has gained an international reputation for its medicinal qualities, both for wound care and general health. Comvita is the largest manuka manufacturer and exporter and has leading market positions in a number of countries including the US, UK, Australia and China. Investment in manuka honey continues apace in New Zealand to meet increasing demand for raw manuka honey and manuka honey-derived products.

Y/E Mar / Jun	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (c)	P/E (x)	P/CF (x)
2015	152.7	22.8	16.3	29.9	36.1	19.2
2016	230.7	39.4	29.6	52.9	20.4	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Food & drink**

Price: NZ\$0.09  
 Market cap: NZ\$37m  
 Market: NZSX

**Share price graph (NZ\$)**

**Company description**

Cooks Global Foods owns the global rights to the Esquires Coffee House brand, with 87 stores currently operating in the UK, Ireland, Canada, China and the Middle East via master franchise arrangements.

**Price performance**

%	1m	3m	12m
Actual	12.5	(18.2)	(25.0)
Relative*	8.7	(23.3)	(39.2)

\* % Relative to local index

**Analyst**

Finola Burke

## Cooks Global Foods (CGF)

**INVESTMENT SUMMARY**

Cooks Global Foods (CGF) announced on 18 July that its final audited loss after tax attributable to shareholders was NZ\$7.88m, compared with the unaudited preliminary loss after tax of NZ\$7.19m reported by the company on 15 June. The company also announced that the auditors could not form an opinion on whether the application of the going concern assumption in the preparation and presentation of the financial statements is appropriate and a disclaimer would be included in the sign off of the accounts. CGF also announced that two major shareholders, chairman Keith Jackson and China's Jiajiayue Group have provided a NZ\$2.0m loan facility in order to provide the company funding certainty as it works to secure its long-term funding requirements. Our forecasts are currently under review.

**INDUSTRY OUTLOOK**

The global market for branded coffee chains is experiencing widespread growth, with a number of leading companies such as Starbucks, Costa Coffee and Tim Hortons all looking to developing markets for growth, while at the same time seeing continued strong growth in their respective home markets. The branded coffee chain sector is growing at around 10% pa in many countries, providing numerous opportunities for the company to expand.

Y/E Mar	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2015	8.9	(3.3)	(3.7)	(1.40)	N/A	N/A
2016	12.4	(4.3)	(4.8)	(1.41)	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Mining**

Price: A\$0.27  
 Market cap: A\$44m  
 Market: ASX

**Share price graph (A\$)**

**Company description**

Cradle Resources has a 50% interest in the Panda Hill niobium project in Tanzania. This interest makes Cradle one of the few niobium explorers/developers; 90% of the world's metal supply originates from one country (Brazil) and just three companies.

**Price performance**

%	1m	3m	12m
Actual	(11.7)	(20.9)	3.9
Relative*	(13.1)	(24.3)	(0.6)

\* % Relative to local index

**Analyst**

Charles Gibson

## Cradle Resources (CXX)

**INVESTMENT SUMMARY**

In Panda Hill, Cradle has a 50% interest in a unique asset in Tanzania that is poised to become only the world's fourth niobium mine. Not only its geology, but also the majority of its metallurgy is entirely conventional. It has excellent nearby infrastructure in the form of the Dar es Salaam-Tunduma highway, the TAZARA (aka Tanzam) railway, Songwe airport, major power infrastructure in Mbeya (26km away) and three potential sources of plant water. Cradle has now advanced the project to DFS stage. In the meantime, its partner, Tremont, has been conducting off-take and financing talks, with a view to making a final investment decision (FID) in Q416.

**INDUSTRY OUTLOOK**

Assuming a long-term ferro-niobium price of US\$35.15/kg, Edison calculates a project value for Panda Hill of US\$365m (cf US\$404m in the DFS), or US\$1.11 per share for a 50% interest. This reduces to A\$0.70/sh assuming full dilution at a A\$0.26 share price, but could increase to A\$1.42/sh in the event of debt funding of its JV obligations.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.0	(3.3)	(3.3)	(3.7)	N/A	N/A
2015	0.0	(4.0)	(4.0)	(3.1)	N/A	N/A
2016e	0.0	(9.9)	(9.9)	(5.4)	N/A	210.7
2017e	0.0	(1.1)	(1.1)	(0.4)	N/A	N/A

**Sector: Technology**

Price: CHF109.50  
 Market cap: CHF117m  
 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	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

\* % Relative to local index

**Analyst**

Richard Jeans

# CREALOGIX Group (CLXN)

**INVESTMENT SUMMARY**

CREALOGIX's front-end banking applications have gained strong credence in the Swiss market, where the group's core online/ mobile applications are in exclusive use in 11 of the top 30 Swiss banks. CREALOGIX is now expanding the opportunity globally. The group returned to EBITDA profitability in H116 and in our view is well positioned to benefit from attractive business drivers as traditional banks are forced to update their technology to maintain competitiveness against nimble fintechs. In August, CREALOGIX announced that VZ Depotbank, an independent company belonging to VZ Group in Switzerland, had successfully gone live with the latest version of the Digital Banking Hub.

**INDUSTRY OUTLOOK**

CREALOGIX develops and implements software that enables digital banking for "the digital bank of tomorrow". The 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 their clients. The group's products are front-end solutions that integrate with the customers' back end systems. The technology has been winning awards, including Best Web Development at the Systems in the City Awards 2016, for its implementation of the Digital Banking Hub that includes new brokerage capabilities, as used by Tilney Bestinvest.

Y/E Jun	Revenue (CHFm)	EBITDA (CHFm)	PBT (CHFm)	EPS (fd) (CHFc)	P/E (x)	P/CF (x)
2014	50.1	1.7	(0.2)	8.0	1368.8	21.0
2015	49.3	(10.6)	(12.6)	(813.0)	N/A	N/A
2016e	61.2	1.4	0.3	13.0	842.3	N/A
2017e	73.7	5.2	3.6	231.0	47.4	21.0

**Sector: Media & entertainment**

Price: 96.5p  
 Market cap: £57m  
 Market: LSE

**Share price graph (p)**



**Company description**

Creston plc, incorporating the Creston Unlimited group offer, is a marketing communications group delivering a range of digital technology-based marketing solutions to blue-chip global clients.

**Price performance**

%	1m	3m	12m
Actual	9.0	2.1	(36.7)
Relative*	5.8	(8.9)	(40.5)

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

# Creston (CRE)

**INVESTMENT SUMMARY**

Creston's FY16 results to March exceeded the expectations set in January, with constant currency like-for-like revenues and headline PBT flat on the prior year. The group is making good progress in leveraging its Unlimited group branding, with an increasing number of clients working with several group agencies. Good cash conversion led to a higher year-end cash position – there is no debt, enabling a progressive dividend (up 5% year-on-year) on a yield well ahead of the sector and market. The group has growing revenues ex the UK, with c 10% euro-denominated, c 11% in US\$, which will give a translational benefit on continued sterling weakness.

**INDUSTRY OUTLOOK**

The initial uncertainty post the Brexit vote may have affected new business pitch activity and short-term timing decisions, although the worst fears do not seem to be being realised. UK ad spend forecasts have been reined in from +5.5% to +4.2% (WARC/AA) on lower forecast GDP growth. The requirement to deliver multi-channel, data-driven, integrated campaigns with high ROI, measurable in real time, with strong creative still must be taken as read.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	76.9	11.7	10.0	13.1	7.4	N/A
2016	82.6	11.7	9.9	12.0	8.0	N/A
2017e	85.0	12.0	10.5	12.1	8.0	N/A
2018e	87.5	12.6	11.0	12.3	7.8	N/A

**Sector: Financials**

Price: €1.01  
 Market cap: €310m  
 Market: Borsa Italiana

**Share price graph (€)**

**Company description**

DeA Capital, a De Agostini group company, is one of Italy's leading players in alternative investments. It is active in private equity investments and asset management. At 31 December 2015, it had an investment portfolio of €455m and €9.5bn AUM.

**Price performance**

%	1m	3m	12m
Actual	(4.2)	(11.2)	(27.3)
Relative*	(2.4)	(4.8)	(0.1)

\* % Relative to local index

**Analyst**

Martyn King

## DeA Capital (DEA)

**INVESTMENT SUMMARY**

DeA Capital is pursuing its strategy of exiting some of its direct private equity investments and disposed of 55% of the wholly-owned Innovation Real Estate for €5.7m on 10 June having received a €3.5m dividend from the company prior to the sale. It currently holds c 14.5% of its own shares and obtained approval at its AGM to buy back up to 20%. In alternative asset management, DeA is launching new initiatives which should lead to an increase in AuM in 2016-18. Q116 results saw NAV increase to €2.08 per share (€2.07 end December) and AuM at end Q1 was unchanged from the year end at €9.5bn with the net financial position at end Q116 of €137.1m vs €133.8m at the year end.

**INDUSTRY OUTLOOK**

While the economic and political background in Italy remains uncertain this tends to support the case for consideration of alternative assets, independent of banks and with absolute return objectives.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	28.3	N/A	(56.8)	(21.0)	N/A	N/A
2015	156.0	N/A	32.5	15.4	6.6	N/A
2016e	87.4	N/A	24.5	7.3	13.8	N/A
2017e	88.0	N/A	25.1	7.5	13.5	N/A

**Sector: Alternative energy**

Price: €3.65  
 Market cap: €31m  
 Market: Alternext Paris

**Share price graph (€)**

**Company description**

Deinove designs, develops and markets technologies in biofuels and biochemistry by harnessing the properties of the Deinococcus bacterium.

**Price performance**

%	1m	3m	12m
Actual	7.7	10.6	(47.4)
Relative*	5.5	7.6	(42.2)

\* % Relative to local index

**Analyst**

Graeme Moyse

## Deinove (DEINO)

**INVESTMENT SUMMARY**

Management believes that Deinove now has the necessary financial resources to continue with its work until the end of FY17 without recourse to further equity funding. During FY16 Deinove will continue to work towards commercialising its technology in both the Deinochem and Deinol projects. Evidence of success in this regard occurred in June with the Deinochem project passing its second key milestone (as expected), resulting in Deinove receiving €1.5m. Testing with industrial partners will continue and we expect the final selection of molecules for industrial production to be made in 2017 (accompanied by further scale up). The Deinol project will work on optimising yield and productivity and consistency of production in FY16. The first commercial revenues are expected by 2018. Based on the assumption that it can successfully deploy its technology, we believe Deinove could be worth c €8/share.

**INDUSTRY OUTLOOK**

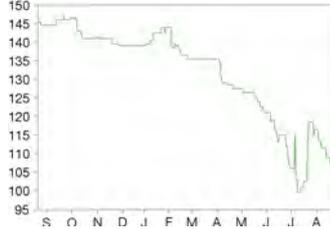
Environmental concerns/mandates will continue to underpin growth in green chemistry and biofuels.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.2	(6.5)	(6.6)	(94.9)	N/A	N/A
2015	0.5	(7.3)	(7.3)	(66.8)	N/A	N/A
2016e	0.5	(7.4)	(8.1)	(79.3)	N/A	N/A
2017e	0.5	(7.5)	(8.4)	(73.1)	N/A	N/A

**Sector: Media & entertainment**

Price: 106.5p  
 Market cap: £78m  
 Market: AIM

**Share price graph (p)**



**Company description**

Ebiquity is an independent marketing performance specialist and a leading provider of a range of business critical data, analysis and consultancy services to advertisers and media owners on an international basis.

**Price performance**

%	1m	3m	12m
Actual	3.9	(14.8)	(25.5)
Relative*	0.8	(24.0)	(29.9)

\* % Relative to local index

**Analyst**

Bridie Barrett

## Ebiquity (EBQ)

**INVESTMENT SUMMARY**

Ebiquity's trading update indicates that overall H116 growth is broadly in line with consensus expectations. MPO (14% FY16e revenues) is seeing strong growth across all markets and is delivering "record overall growth". MVM (55% FY16e revenues) continues to grow, although at a slower rate in the US, where some clients held back spend in anticipation of the ANA's Media Transparency Report. With this report and the subsequent ANA recommendations now published (in partnership with Ebiquity), H2 growth in MVM should pick up again. However, MI (31% FY16e revenues) continues to feel the pressure from squeezed client budgets in the US, with full year revenues now expected to contract. Two-thirds of revenues are non-sterling denominated and, assuming the current spot rates persist, there is likely to be a currency impact. While this should create some upside in terms of revenues, at the operating margin level the effect will be fairly neutral. Interims are on the 28 September.

**INDUSTRY OUTLOOK**

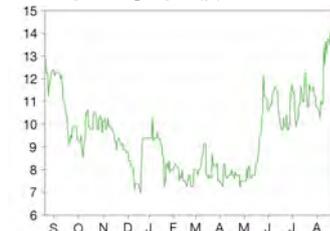
Advertisers continue to focus on achieving better returns on their marketing investment. The growing influence of social media is changing the way that marketing departments view the overall media arena, especially regarding non-paid social media.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	69.1	9.6	6.8	6.6	16.1	N/A
2015	76.6	14.2	11.2	10.8	9.9	N/A
2016e	82.0	15.7	12.5	11.0	9.7	N/A
2017e	88.5	17.0	13.9	11.7	9.1	N/A

**Sector: Oil & gas**

Price: 13.2p  
 Market cap: £29m  
 Market: AIM

**Share price graph (p)**



**Company description**

Egdon Resources is an AIM-listed onshore oil and gas exploration and production company. The group has conventional and unconventional assets in the UK and France, with its focus being the UK.

**Price performance**

%	1m	3m	12m
Actual	23.3	49.3	(2.8)
Relative*	19.6	33.3	(8.5)

\* % Relative to local index

**Analyst**

Sanjeev Bahl

## Egdon Resources (EDR)

**INVESTMENT SUMMARY**

Planning approval for the Kirby Misperton-8 well in the Cleveland Basin proved to be a positive development in May 2016. The read-across to Egdon was two-fold: first, planning success at KM-8 should help pave the way for planning approval at IGas-operated Springs Road where Egdon retains a 14.5% carried interest in a two-well exploration programme. Second, appraisal success could be a positive read-across for Egdon's unconventional gas potential at the Cloughton tight gas field to the North East of KM-8 as well as Teesside to the North. We expect further shale planning newsflow in October 2016. Our last published standalone 22p/share (RENAV) valuation of Egdon's conventional business sits considerably higher than the current share price.

**INDUSTRY OUTLOOK**

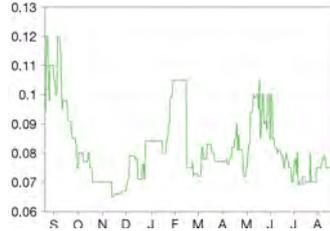
The supportive stance taken by the UK government towards shale provides a stable fiscal and regulatory environment for its development.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	3.0	0.3	(1.5)	(0.2)	N/A	51.0
2015	2.1	(2.9)	(4.5)	(2.0)	N/A	N/A
2016e	1.8	(1.2)	(3.1)	(1.4)	N/A	5834.4
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Oil & gas**

Price: A\$0.07  
 Market cap: A\$50m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Elk Petroleum is an enhanced oil recovery (EOR) company. This technology achieves low-cost tertiary recovery of residual oil. Elk's first project at Grieve in the US is targeted for first production in CY17. There is a significant opportunity to apply EOR in Australasia, Indonesia and Malaysia.

**Price performance**

%	1m	3m	12m
Actual	2.7	(7.0)	(7.0)
Relative*	1.1	(11.0)	(11.1)

\* % Relative to local index

**Analyst**

Peter Chilton

## Elk Petroleum (ELK)

**INVESTMENT SUMMARY**

Elk Petroleum has completed the restructuring of its JV agreement with Denbury Resources for its 12.3mmbbls 2P Grieve enhanced oil recovery (EOR) project. A substantial equity raise plus debt raised in June 2016 should now fund Elk to first production in late 2017 or early 2018, with Denbury covering any cost overruns. The agreement increases Elk's entitlement interest in the project from 35% to 49%. Elk will receive a higher 70% share for the first 2mmbbls of production, while enjoying the benefits of low cost CO2 feedstock (to cover the field 2P reserves) and additional income from Elk's 100% owned export pipeline.

**INDUSTRY OUTLOOK**

At current low oil prices, many fields suitable for EOR are uneconomic for conventional oil. EOR is a tertiary recovery method to target the substantial residual oil remaining in mature or life expired fields. The low oil price environment may assist ELK cost-effectively securing additional oil acreage.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.3	(4.1)	(5.3)	(2.9)	N/A	N/A
2015	0.0	(3.1)	(3.6)	(1.9)	N/A	N/A
2016e	0.0	(3.9)	(4.9)	(1.3)	N/A	N/A
2017e	0.0	(3.8)	(3.9)	(0.5)	N/A	N/A

**Sector: Media & entertainment**

Price: 251.0p  
 Market cap: £1077m  
 Market: LSE

**Share price graph (p)**



**Company description**

Entertainment One (eOne) is a leading international entertainment company that sources, selects and sells films and television content. Its library contains over 40,000 film and TV titles, 4,500 half-hours of TV programming and 45,000 music tracks.

**Price performance**

%	1m	3m	12m
Actual	27.8	44.4	(9.5)
Relative*	24.0	28.9	(14.9)

\* % Relative to local index

**Analyst**

Bridie Barrett

## Entertainment One (ETO)

**INVESTMENT SUMMARY**

eOne has diversified its earnings base towards the higher growth and margin Television and Family divisions, which have a lower risk profile and now account for approximately two-thirds of EBITDA. It is now better placed to drive organic growth and is on target to double EBITDA from FY15 levels by 2020. With a corporate net debt/EBITDA gearing ratio of 1.4x, forecast to decline further this year, it has the flexibility to continue to make bolt on acquisitions to support this strategy. eOne's growing position in the coveted market for premium film, television and Family content also makes it a potential target - it recently rejected a bid from ITV (at a price of 236p per share), and with the devaluation of the pound, press speculation is rife regarding potential offers in the pipeline from non UK media groups and private equity investors. Ahead of what should be a strong year across all its divisions, we continue to see scope for share price upside.

**INDUSTRY OUTLOOK**

OTT platforms are having a disruptive effect, helping to drive strong demand for content. Premium content companies like eOne, with a diversified portfolio of content across Television, Film and Family brands, are well placed to satisfy the strong global demand for entertainment content.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	785.8	107.3	88.8	20.8	12.1	3.1
2016	802.7	129.1	104.1	19.4	12.9	3.0
2017e	973.5	152.4	122.1	19.2	13.1	2.3
2018e	1071.7	175.1	146.4	23.2	10.8	1.9

**Sector: Construction & blding mat**

Price: 109.2p  
 Market cap: £155m  
 Market: AIM

**Share price graph (p)**



**Company description**

Epwin supplies functional low-maintenance exterior PVC building products into a number of UK market segments and is a modest exporter. It has a vertically integrated model in windows and doors and a leading market position in roofline products.

**Price performance**

%	1m	3m	12m
Actual	6.1	(6.6)	(22.5)
Relative*	3.0	(16.7)	(27.1)

\* % Relative to local index

**Analyst**

Toby Thorrington

## Epwin Group (EPWN)

**INVESTMENT SUMMARY**

Coming either side of the Brexit result, Epwin's H116 pre-close comments (12 August) were less clear about FY16 prospects than those made at the AGM (24 May). Focus on operational improvements and the integration of 2015 acquisitions is continuing and progress will be the key determinant of the full-year outcome. Our estimates are unchanged and we continue to expect a good step forward in FY16 earnings.

**INDUSTRY OUTLOOK**

Epwin is exposed to both RMI (c 70% revenue) and newbuild (c 30%) in the UK housing market. Newbuild activity is clearly ahead y-o-y, while RMI demand has been more patchy. Referencing potential post Brexit consumer confidence, industry commentators have expressed some caution in the short term.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	259.5	24.5	18.0	11.2	9.8	7.1
2015	256.0	25.6	19.2	11.8	9.3	6.2
2016e	291.7	33.3	24.2	13.9	7.9	5.4
2017e	302.5	34.5	25.4	14.5	7.5	4.7

**Sector: Technology**

Price: €39.50  
 Market cap: €47m  
 Market: Xetra

**Share price graph (€)**



**Company description**

The EQS Group is a leading international technology provider for Digital Investor Relations, headquartered in Munich.

**Price performance**

%	1m	3m	12m
Actual	9.7	25.4	27.4
Relative*	3.9	16.5	29.1

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## EQS Group (EQS)

**INVESTMENT SUMMARY**

EQS's increase of its shareholding in Ariva to a controlling stake looks well timed ahead of the expected changes to the PRIIPs regulation in January 2017. This regulatory change should drive demand for Ariva's newly launched PRIIP software, which has the potential to become a significant new product line for the enlarged group. As the acquisition is earnings accretive, we lifted our earnings estimates for both FY16 and FY17, although this is not visible at the EPS level in FY16 as we have revised our forecast tax rate for that year. Interim results are scheduled for 26 August.

**INDUSTRY OUTLOOK**

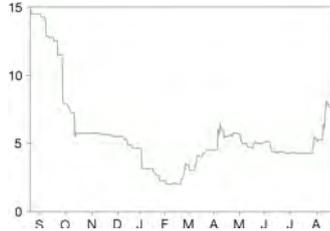
The scale of the Asian opportunity dwarves the potential for EQS in its existing geographies. It has already gained a foothold in HK, Singapore and Taiwan (and now in the UK). The number of listed companies in HK, Shenzhen, Shanghai, Taiwan and Taipei are up between 1.9% to 6.1% in the year to end June. Other major mature European and North American markets continue to retrench. Increasing regulation in APAC to meet international investors' transparency requirements means that listed companies will need to buy in the expertise or develop it internally.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	16.4	3.7	3.4	182.9	21.6	11.4
2015	18.4	3.5	3.1	115.2	34.3	9.3
2016e	23.6	4.0	3.6	168.2	23.5	10.9
2017e	28.9	4.9	4.3	226.0	17.5	9.5

**Sector: Technology**

Price: 7.6p  
 Market cap: £49m  
 Market: AIM

**Share price graph (p)**



**Company description**

eServGlobal develops mobile software solutions to support mobile financial services, with a focus on emerging markets. The company also has a share in the HomeSend international remittances hub, alongside MasterCard and BICS.

**Price performance**

%	1m	3m	12m
Actual	79.4	52.5	(47.0)
Relative*	74.1	36.1	(50.2)

\* % Relative to local index

**Analyst**

Katherine Thompson

## eServGlobal (ESG)

**INVESTMENT SUMMARY**

eServGlobal has completed its fundraising and debt restructuring. The issue of 374m shares at 4p/A\$0.08 per share has generated net cash proceeds of c £10.9m and reduced the company's debt position to a £7m term loan. With a strengthened balance sheet and funds to invest in the core business, the business is in a much improved position to drive growth and return to profitability. We are reviewing our estimates.

**INDUSTRY OUTLOOK**

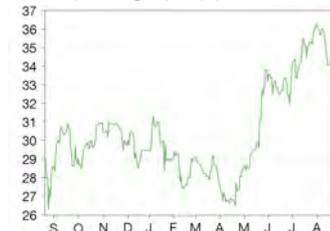
eServGlobal's core business is focused on developing markets, where there is a higher prevalence of pre-paid contracts and unbanked citizens. Growth drivers include the shift to using the mobile phone for financial services and the increasing popularity of mobile peer-to-peer payments. The international remittances market was worth \$583bn in 2014 and is forecast to grow to \$636bn by 2017 (source: World Bank). The HomeSend JV has the potential to reduce the cost of sending smaller sums of money cross border.

Y/E Oct	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	31.3	2.6	(0.5)	(0.20)	N/A	N/A
2015	25.9	(10.4)	(17.7)	(5.41)	N/A	N/A
2016e	29.9	0.1	(10.9)	(3.18)	N/A	N/A
2017e	32.0	2.0	(5.7)	(1.57)	N/A	26.7

**Sector: Technology**

Price: €35.60  
 Market cap: €189m  
 Market: Alternext Paris

**Share price graph (€)**



**Company description**

Esker provides end-to-end document automation solutions, offering on-premise and on-demand delivery models. The business generates 50% of revenues from Europe, 40% from the US and the remainder from Asia and Australia.

**Price performance**

%	1m	3m	12m
Actual	1.7	20.2	19.6
Relative*	(0.3)	17.0	31.3

\* % Relative to local index

**Analyst**

Katherine Thompson

## Esker (ALESK)

**INVESTMENT SUMMARY**

Esker's Q2 revenue update confirms that the company is on track to hit its revenue growth target for FY16 (ie organic revenue growth of 13-18%). Q216 y-o-y revenue growth of 14% and H116 organic growth of 15% underpin our forecast for FY16 revenue growth of 15% and consequently we maintain our forecasts. The company's strong balance sheet (net cash of €11.9m at the end of H116) supports its organic growth and acquisition plans.

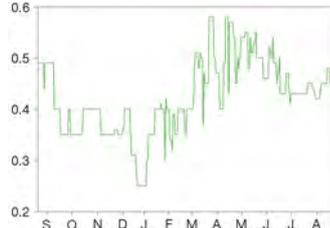
**INDUSTRY OUTLOOK**

Esker's DPA software operates across four areas: document delivery, accounts payable, accounts receivable 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)
2014	46.1	9.0	5.9	90.0	39.6	18.5
2015	58.5	13.4	9.3	131.0	27.2	12.4
2016e	67.4	16.3	11.7	163.0	21.8	10.8
2017e	74.4	18.9	14.1	189.0	18.8	10.1

**Sector: Mining**

Price: C\$0.48  
 Market cap: C\$56m  
 Market: Toronto

**Share price graph (C\$)**

**Company description**

Euromax Resources is a Canadian resource company that focuses on the acquisition and development of mineral-bearing assets in Southeast Europe. Its flagship asset, Ilovisa in Macedonia, is at the pre-feasibility stage.

**Price performance**

%	1m	3m	12m
Actual	5.5	(4.0)	(4.0)
Relative*	4.3	(9.7)	(8.3)

\* % Relative to local index

**Analyst**

Charles Gibson

## Euromax Resources (EOX)

**INVESTMENT SUMMARY**

A recently completed DFS on Ilovisa envisages a conventional 10Mtpa drill & blast, truck & shovel operation, followed by a consecutive flotation and cyanide leach process flow route. Since then, Euromax has announced a number of developments to further de-risk the project, including 1) the first tranche of convertible debt funding by CCC and similar financing by the EBRD; 2) submission of EIA to the Macedonian Environment Ministry as the first step for its International ESIA; 3) German government confirmation of UFK eligibility for the debt financiers of Ilovisa; and 4) moving its listing to the main board of the TSX.

**INDUSTRY OUTLOOK**

Ilovisa's resource comprises 2.9Moz Au plus 1.2bn lbs Cu (5.0Moz gold equivalent), which we estimate has an in-situ value of US\$52.0-78.8m (vs EOX's market cap of c US\$41.3m). On the basis of the DFS however, Edison's valuation of EOX is C\$1.05 (fully diluted). Note that the majority of Ilovisa's costs are denominated in euros, making it a beneficiary of euro weakness.

Y/E Dec	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	2.7	(6.4)	(6.6)	(5.7)	N/A	N/A
2015	4.7	(7.7)	(8.4)	(5.4)	N/A	N/A
2016e	0.1	(6.5)	(6.7)	(2.4)	N/A	N/A
2017e	0.0	(7.2)	(37.5)	(9.1)	N/A	N/A

**Sector: Media & entertainment**

Price: 1050.0p  
 Market cap: £1347m  
 Market: LSE

**Share price graph (p)**

**Company description**

Euromoney Institutional Investor is a leading international B2B media group focused primarily on the international finance, metals and commodities sectors.

**Price performance**

%	1m	3m	12m
Actual	6.3	7.6	1.9
Relative*	3.2	(4.0)	(4.1)

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## Euromoney Institutional Investor (ERM)

**INVESTMENT SUMMARY**

Euromoney's Q3 update indicated year-to-date financial performance in line with management expectations. As is usual, the full year outcome depends on September's trading performance which typically provides c 20% of annual profits. For 2016, September's prospects are hard to call. While sterling weakness boosts reported results, uncertainty in client markets has been exacerbated by the Brexit vote and it is prudent to leave forecasts where they are for now. Cash conversion remains very strong and is a key attraction of the stock, with £83m of net cash on the balance sheet at 30 June, ahead of the £13m acquisition of FastMarkets, which enhances Metal Bulletin's offer. The share price is likely to mark time until the market picture becomes clearer.

**INDUSTRY OUTLOOK**

Our forecasts are based on the assumption that there continues to be no sign of immediate recovery in underlying customers' markets. There is no let up in the difficult trading backdrop for investment banking, with the Q2 reporting season reaffirming the mood and with cost-cutting still the order of the day. Asset management may now also be under greater pressure. Commodity and energy markets are very obviously still in the doldrums with, perhaps, some patchy signs of life re-emerging.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	406.6	122.7	116.2	70.6	14.9	12.1
2015	403.4	109.4	107.8	70.1	15.0	12.1
2016e	390.0	102.7	101.0	64.5	16.3	12.9
2017e	397.5	108.2	106.5	68.0	15.4	12.7

**Sector: Food & drink**

Price: CHF0.71  
 Market cap: CHF283m  
 Market: Swiss Stock Exchange

**Share price graph (CHF)**

**Company description**

Evolva is Swiss high tech fermentation company. It has a proprietary yeast technology platform, which it uses to create and manufacture high-value speciality molecules for nutritional and consumer products.

**Price performance**

%	1m	3m	12m
Actual	(6.6)	22.4	(53.8)
Relative*	(6.8)	19.1	(47.4)

\* % Relative to local index

**Analyst**

Sara Welford

## Evolva (EVE)

**INVESTMENT SUMMARY**

Evolva has an innovative fermentation platform focused on developing new production methods for nutritional and consumer health products, which removes supply chain issues for existing natural ingredients. Evolva's key programme for stevia sweeteners is partnered with Cargill and we expect launch during 2018, although it could be sooner given progress during H116 to address current bottlenecks in the process. Recent news includes the grant of a European patent for the commercial production of stevia, and a US FDA no-objection letter for EverSweet. Evolva also has projects for resveratrol, nootkatone, valencene (all on market) and saffron. It has various alliances, including with L'Oreal, Ajinomoto and Valent BioSciences. Evolva had a cash position of CHF67m at June 2016.

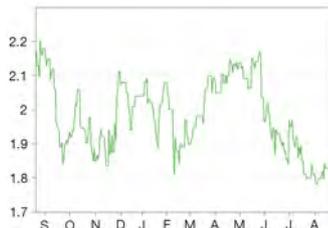
**INDUSTRY OUTLOOK**

The manufacturers of nutritional and consumer health products are always interested in cheaper production methods, especially if the product is natural and has health benefits. Evolva is primarily targeting this market.

Y/E Dec	Revenue (CHFm)	EBITDA (CHFm)	PBT (CHFm)	EPS (CHFc)	P/E (x)	P/CF (x)
2014	10.7	(19.4)	(21.2)	(6.4)	N/A	N/A
2015	13.4	(30.3)	(32.1)	(8.0)	N/A	N/A
2016e	12.8	(33.8)	(34.7)	(8.7)	N/A	N/A
2017e	20.8	(30.9)	(34.9)	(8.8)	N/A	N/A

**Sector: Technology**

Price: €1.80  
 Market cap: €49m  
 Market: Borsa Italiana

**Share price graph (€)**

**Company description**

Expert System's patented technology combines the best of both artificial intelligence algorithms for simulating the human ability to read and understand language (semantics) and deep learning techniques (machine learning) to help companies integrate, discover and leverage their data and unstructured information.

**Price performance**

%	1m	3m	12m
Actual	(0.7)	(14.9)	(18.0)
Relative*	1.2	(8.7)	12.8

\* % Relative to local index

**Analyst**

Katherine Thompson

## Expert System (EXSY)

**INVESTMENT SUMMARY**

Expert System has signed a deal with L'Argus de la presse, a French leader in Competitive Intelligence services. L'Argus de la presse has integrated Expert System's Cogito solution into LuQi, its Media intelligence 360° Suite. The integration of Cogito is designed to transform brand-oriented media mentions and conversations into actionable structured and smart information. We believe that this provides another practical example of the multitude of ways that Cogito can be integrated into existing solutions in order to create value for end users.

**INDUSTRY OUTLOOK**

Ever increasing amounts of data are being produced, 80% of which is 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. Allied Market Research estimates that the global text analytics market could be worth as much as \$6.5bn by 2020 growing at a CAGR of 25.2% from 2014, with North America expected to be the largest regional market.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	13.0	2.3	0.6	0.1	1800.0	53.7
2015	18.9	1.2	(0.8)	(3.3)	N/A	N/A
2016e	27.9	2.5	(0.7)	(1.8)	N/A	26.3
2017e	32.5	4.9	1.4	3.6	50.0	11.0

**Sector: General retailers**

Price: 180.0p  
 Market cap: £156m  
 Market: LSE

**Share price graph (p)**



**Company description**

Findel comprises two businesses focused on the UK: the home-shopping business, Express Gifts and education supplies business, Findel Education.

**Price performance**

%	1m	3m	12m
Actual	2.9	4.7	(11.1)
Relative*	(0.2)	(6.6)	(16.4)

\* % Relative to local index

**Analyst**

David Stoddart

## Findel (FDL)

**INVESTMENT SUMMARY**

Findel's largest business, Express, continues to make trading progress. The AGM trading statement showed that plans to invest to drive customer numbers, revenues and profits are working. The fall in £/\$ following the Brexit vote will hit PBT this year. Moreover, Education has endured a tougher-than-expected start to FY17. Hence, we trimmed FY17 estimates by c 4% in August. However, the outlook remains encouraging. Express is making good progress and Education is on track to deliver its major logistics and systems project. Sports Direct's interest complicates the situation but adds spice.

**INDUSTRY OUTLOOK**

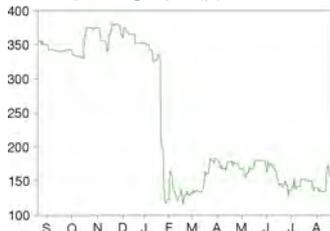
UK retail sales volumes increased by 5.9% y-o-y in July. Price deflation remains a headwind: the ONS measured it at 2% y-o-y in July. On the other hand, online sales increased 16.7% y-o-y in the same month, showing that the tailwind for Express continues to blow hard. The environment for Education is less supportive, with schools' budgets under pressure, which is why management is focusing on self-help measures.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	406.9	45.1	27.7	25.8	7.0	8.0
2016	410.6	41.8	24.8	23.0	7.8	17.4
2017e	435.9	43.7	25.9	25.0	7.2	8.8
2018e	462.4	49.1	31.2	29.8	6.0	7.5

**Sector: Technology**

Price: 155.0p  
 Market cap: £73m  
 Market: AIM

**Share price graph (p)**



**Company description**

Fusionex International is a software business providing data management, business intelligence and analytics products, including GIANT, a big data analytics software.

**Price performance**

%	1m	3m	12m
Actual	3.3	(13.9)	(56.3)
Relative*	0.3	(23.1)	(58.9)

\* % Relative to local index

**Analyst**

Bridie Barrett

## Fusionex International (FXI)

**INVESTMENT SUMMARY**

The June release of GIANT 2016 was followed by a second major contract win in mid July. The client, a Japan-based international travel, leisure and hospitality group, will use GIANT 2016 to support its operations in the Philippines, further expanding Fusionex's international reach. The win is particularly encouraging following so soon after the product's launch and earlier million dollar, multi-year contract win. Further commercial interest continues to be positive across a number of industries, particularly in retail, travel & hospitality and logistics.

**INDUSTRY OUTLOOK**

Enterprise adoption of big data solutions appears to be accelerating as solutions mature and as trials turn into larger scale deployments. The competitive landscape is crowded, but Fusionex's robust deal flow indicates that the company has an attractive offering. The launch of Giant 2016 should open up the SME market where competition from larger players is less of a factor.

Y/E Sep	Revenue (RMm)	EBITDA (RMm)	PBT (RMm)	EPS (fd) (sen)	P/E (x)	P/CF (x)
2014	57.1	25.8	21.4	42.08	19.5	13.6
2015	77.0	33.2	26.3	53.28	15.4	26.9
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Media & entertainment**

Price: 8.9p  
 Market cap: £33m  
 Market: LSE

**Share price graph (p)**



**Company description**

Future is an international media group and leading digital publisher. It operates two separately managed brand-led divisions: Media and Magazine.

**Price performance**

%	1m	3m	12m
Actual	(1.7)	0.0	(14.2)
Relative*	(4.6)	(10.7)	(19.3)

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## Future (FUTR)

**INVESTMENT SUMMARY**

Future has been through a significant transformation over the last two years, stripping out the complexities of its operating model, leaving a clear and focused business. The group has strong brands built around content, targeted at niche demographics, typically males 18-34. The purchase of Imagine Publishing will add scale and reach, with new verticals that can be developed, while the smaller acquisition of Next Commerce accelerates its e-Commerce revenue base in Australia and SE Asia. The balance sheet is repaired and the path to building margin and repeatable income set as Future grows its e-commerce, events and digital advertising revenues and reaps the benefits of scale in magazines.

**INDUSTRY OUTLOOK**

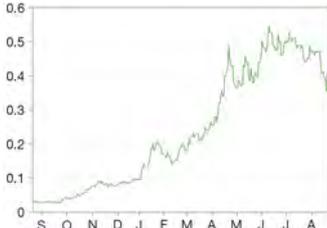
The UK newstrade market was worth £830m in 2015 (ABC), from £911m in 2014, but the pattern of decline is far from uniform. Where the content is more targeted, there is a greater resilience in the sales patterns. Future and Imagine's target markets are based on tighter demographics than the mass-circulation titles, on consumers more difficult to reach through other traditional media channels such as TV. They also often browse content close to the purchase decision making point, opening up e-Commerce revenue opportunities.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	66.0	(7.0)	(11.1)	(3.2)	N/A	N/A
2015	59.8	3.6	0.2	0.2	44.5	N/A
2016e	57.6	4.6	0.8	0.3	29.7	N/A
2017e	56.3	6.2	3.1	0.8	11.1	12.6

**Sector: Mining**

Price: A\$0.40  
 Market cap: A\$706m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Galaxy Resources (GXY) has substantial in-house IP in lithium and a 40+ battery-materials customer base. Its main focus is the development of its integrated Sal de Vida lithium and potash brine project in Argentina.

**Price performance**

%	1m	3m	12m
Actual	(19.4)	(1.3)	1262.1
Relative*	(20.7)	(5.5)	1202.6

\* % Relative to local index

**Analyst**

Peter Chilton

## Galaxy Resources (GXY)

**INVESTMENT SUMMARY**

Galaxy Resources (GXY) has announced that it has become the registered holder of 96.74% of General Mining Corporation's (GMM) fully paid ordinary shares following its off-market takeover offer for the company. GXY has now lodged a compulsory acquisition notice with ASIC. The company anticipates the compulsory acquisition of all remaining GMM shares by 30 September 2016. Upon completion of the acquisition, GXY will increase its interest in the producing Mt Cattlin mine (target production 200,000 tonnes pa spodumene concentrate) and the James Bay spodumene project to 100% from 50% prior to the takeover. Its 100% interest in the Sal de Vida lithium brine project is unchanged.

**INDUSTRY OUTLOOK**

Lithium ion battery demand from high growth sectors, such as consumer electronics, electric vehicles and mass storage applications are driving demand for lithium.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2013	32.2	(27.4)	(60.3)	(8.2)	N/A	N/A
2014	0.2	(5.2)	(13.9)	(1.3)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Travel & leisure**

Price: 20.0p  
 Market cap: £54m  
 Market: AIM

**Share price graph (p)**



**Company description**

Gaming Realms creates and publishes innovative real money and social games for mobile, with operations in the UK and US.

**Price performance**

%	1m	3m	12m
Actual	0.0	0.0	(25.2)
Relative*	(2.9)	(10.7)	(29.7)

\* % Relative to local index

**Analyst**

Jane Anscombe

## Gaming Realms (GMR)

**INVESTMENT SUMMARY**

In June, Gaming Realms announced a strategic partnership with the Ayima digital marketing agency to inject its QuickThink Media assets in return for a 10% stake valued at £540k, allowing Gaming Realms' management to focus on its core strengths of developing and publishing mobile optimised social and real money games. In July it raised c £2.5m (12.5m new shares at 20p) towards the \$4m first deferred consideration for RealNetworks (Slingo, acquired August 2015). Interims are due in late September.

**INDUSTRY OUTLOOK**

H2GC expects European online gambling to grow at a CAGR of 9.2% between 2015 and 2018 (to \$27.2bn). About 25% comes from online casino, 15% from lotteries, 35% from sports and 25% from poker/other games. Most of the growth is coming from the increased use of mobile devices, with mobile gambling growing at 21.5% (to €10.8bn) to account for 40% of all online gambling by 2018. The social casino industry is estimated to be worth \$3.46bn (source: Eilers), growing to \$4.44bn by 2017, a CAGR of 13.5%.

Y/E Sep / Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	11.2	(7.8)	(8.4)	(5.0)	N/A	N/A
2015	21.2	(4.1)	(5.1)	(2.2)	N/A	N/A
2016e	37.1	0.8	(0.4)	(0.1)	N/A	N/A
2017e	54.3	6.9	5.8	2.0	10.0	11.1

**Sector: Technology**

Price: 311.2p  
 Market cap: £416m  
 Market: AIM

**Share price graph (p)**



**Company description**

GB Group has complementary identity (ID) intelligence offerings of verification, capture, maintenance and analysis, enabling companies to identify and understand their customers.

**Price performance**

%	1m	3m	12m
Actual	12.4	5.5	41.1
Relative*	9.1	(5.8)	32.7

\* % Relative to local index

**Analyst**

Bridie Barrett

## GB Group (GBG)

**INVESTMENT SUMMARY**

Well positioned in a structural growth segment, with c 70% of revenues recurring, we see GBG as fairly resilient to Brexit uncertainty, and the AGM update indicated that the performance is in line with the board's expectations, highlighting a few new high profile contracts wins. Acquisitions play a key part in the strategy, enabling the group to leverage its international network to cross sell services - the recent acquisition of IDscan is a good example of this and we understand management has a good pipeline of opportunities. On a post-deal P/E of 32x FY17e, falling to 27x in FY18e, GBG's rating provides a strong currency for earnings-enhancing deals.

**INDUSTRY OUTLOOK**

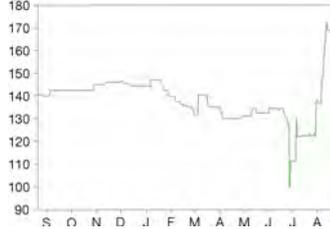
Growth in internet trading, regulatory pressure and the need for money laundering, age and anti-fraud checks are behind growing interest in increasingly complex and comprehensive verification of personal data. The scope and financial impact of global fraud and cyber crime is growing. The requirement of organisations and governments to invest in technologies and compliance solutions to combat these issues should also increase to outpace this threat.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	57.3	11.8	10.5	7.0	44.5	31.7
2016	73.4	14.8	13.2	8.5	36.6	28.5
2017e	94.1	18.9	16.0	9.8	31.8	26.6
2018e	110.2	23.3	20.0	11.6	26.8	19.9

**Sector: General retailers**

Price: 165.5p  
 Market cap: £33m  
 Market: LSE

**Share price graph (p)**



**Company description**

Gear4music is the largest dedicated, UK-based online retailer of musical instruments and music equipment. It sells branded instruments and equipment, alongside its own brand products, to customers ranging from beginners to professionals, in the UK and into Europe.

**Price performance**

%	1m	3m	12m
Actual	35.1	24.9	17.8
Relative*	31.1	11.5	10.8

\* % Relative to local index

**Analyst**

Paul Hickman

## Gear4music Holdings (G4M)

**INVESTMENT SUMMARY**

Gear4music (G4M) is a disruptive online retailer selling musical instruments and equipment. Traditional competition is fragmented and only partially online, so the market is wide open. Maiden prelims show the first year growth that was expected at the June 2015 IPO being realised. With sales growth of 46% in FY16, G4M now has 3.5% of the UK market and is focusing on the European market, which is six times larger. Sales growth to June 2016 was 66%, giving assurance to our FY17 forecast. In our view, G4M has scope for significant further revenue growth and, assuming undemanding economies of scale at operating margin level, we value the shares at 186p based on peer comparison and DCF modelling.

**INDUSTRY OUTLOOK**

The UK musical instrument and equipment market is worth approximately £750m in the UK at retail value, according to management estimates based on research by consultants in 2012. Of this, G4M management estimates that around £180m is online. The European market is estimated on the same basis to be worth £4.3bn. The UK market is highly fragmented and G4M is the biggest player. There is more organised competition in Europe, with three larger players. The musical instrument (only) market is forecast to grow by a compound 1.7% over the next five years, according to [ibisworld.co.uk](http://ibisworld.co.uk).

Y/E Feb	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	24.2	0.8	(0.6)	(4.1)	N/A	13.6
2016	35.5	1.7	0.6	3.1	53.4	N/A
2017e	48.7	2.5	1.6	6.5	25.5	21.9
2018e	60.3	3.8	2.7	10.8	15.3	14.2

**Sector: Technology**

Price: €19.00  
 Market cap: €500m  
 Market: FRA

**Share price graph (€)**



**Company description**

GFT is a global technology services and recruitment business primarily focused on banks and insurance companies.

**Price performance**

%	1m	3m	12m
Actual	8.0	(8.3)	(11.6)
Relative*	2.2	(14.8)	(10.4)

\* % Relative to local index

**Analyst**

Richard Jeans

## GFT (GFT)

**INVESTMENT SUMMARY**

Q2 revenue grew by 19.2% organically at constant currencies, or 17.1% after the sterling currency headwind, as strong demand for digitisation projects in the continental European commercial banking sector outweighed project deferrals in the Anglo Saxon investment banking markets. Revenue from the Adesis Netlife and Habber Tec acquisitions took Q2 group revenue to €110.6m. Q2 adjusted EBITDA rose by 11% to €11.4m, reflecting a 106bp decline in the margin. Net debt rose from €36.4m to €70.3m over H1, though we note that the group generates its strongest cash flows in H2. We edged up our revenue forecasts, while easing near-term profits, in line with management's new guidance. Our FY16 revenue forecast includes 5.4% H2 organic growth after the anticipated currency headwind. In our view, if management can continue to maintain the momentum, the stock looks attractive, trading on c 14x our FY17e earnings.

**INDUSTRY OUTLOOK**

GFT provides consulting and IT services, primarily to commercial and investment banks. It benefits from high levels of IT spending and complex business requirements in the financial services industry. It also benefits from favourable outsourcing trends in banking and has integrated near/farshore hubs in Spain, Poland and Brazil.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	279.2	32.8	30.9	96.5	19.7	21.4
2015	373.5	44.6	38.7	119.5	15.9	9.3
2016e	420.0	46.5	38.9	115.2	16.5	10.7
2017e	460.0	52.9	45.2	125.4	15.2	9.4

**Sector: Financials**

Price: 25.5p  
 Market cap: £78m  
 Market: LSE

**Share price graph (p)**

**Company description**

GLI Finance (GLIF) is a specialist provider of finance to small and medium sized enterprises. It is invested in a range of platforms including marketplace, balance sheet lenders, and aggregators.

**Price performance**

%	1m	3m	12m
Actual	(5.1)	(13.6)	(55.7)
Relative*	(7.9)	(22.8)	(58.3)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## GLI Finance (GLIF)

**INVESTMENT SUMMARY**

Within BMS Sancus, the unified operating company forming one of the three pillars of strategy, and composed of the profitable niche alternative lenders (BMS and Sancus) and Platform Black, the latter has received £50m in third-party loan funding commitments. £7.1m has been raised for general financing purposes in a share placing, underwritten and subscribed for by Somerston at 31p ( a premium to the share price), taking its holding to 21.9%. We estimate the unaudited Q2 NAV of 37.07p to be 36.6p on a pro-forma basis. It includes valuation adjustments to a number of platforms (£11m including Funding Knight) and the board notes increased confidence in the remaining carried values. Confirming its intention to pay quarterly dividends amounting to 2.5p in FY16, the board indicates that future payments will be made on a half-yearly basis and at a level fully covered by cash earnings. We will review our estimates with the interims in September.

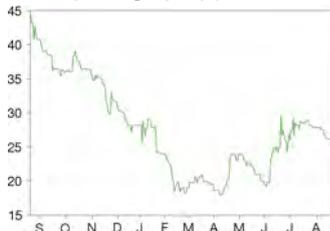
**INDUSTRY OUTLOOK**

Uncertainty around Brexit could affect the economy and hence loan demand, although traditional bank lending appetite remains subdued. Diverse, short duration lending mitigates any change in credit conditions.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	13.4	N/A	6.7	4.71	5.4	N/A
2015	0.2	N/A	(9.5)	(4.62)	N/A	N/A
2016e	15.4	N/A	7.5	1.42	18.0	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Alternative energy**

Price: €25.40  
 Market cap: €81m  
 Market: Alternext Paris

**Share price graph (€)**

**Company description**

Global Bioenergies is in the scale-up stage to convert renewable resources into isobutene, the first of a number of olefins that will be out-licensed to partners once the process is proved in an industrial pilot.

**Price performance**

%	1m	3m	12m
Actual	(11.8)	21.0	(40.7)
Relative*	(13.6)	17.7	(34.8)

\* % Relative to local index

**Analyst**

Catharina Hillenbrand-Saponar

## Global Bioenergies (ALGBE)

**INVESTMENT SUMMARY**

Global Bioenergies (GBE) has delivered impressive progress on its alternative olefins production technology. It is now entering the final phase of industrialisation and on the verge of commercialisation. Low oil prices make for a difficult business environment, but efforts by management to diversify away from the oil-related market could help to reduce the oil price dependence. Nevertheless, there is immediate commercial market potential for GBE. We see evidence from recent agreements: First, the recently secured €400k grant funding from the German government for a gasoline additives project at the Leuna plant. Second, the recent agreement with Aspen for isooctane for specialty fuels. Our core valuation range is €37-56 per share.

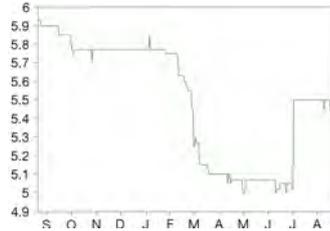
**INDUSTRY OUTLOOK**

Global Bioenergies is developing bioprocesses to convert renewable resources into some of the most widely used petrochemical building blocks. Its first successes have been in isobutene, butadiene and propylene, which it intends to replicate with other olefins, the key molecules for the petrochemical industry, currently derived exclusively from fossil fuels.

Y/E Jun / Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	3.2	(9.0)	(9.2)	(293.11)	N/A	N/A
2015	2.2	(11.0)	(12.2)	(395.61)	N/A	N/A
2016e	4.7	(9.4)	(10.9)	(292.97)	N/A	N/A
2017e	5.4	(8.1)	(9.8)	(230.71)	N/A	N/A

**Sector: Property**

Price: €5.40  
 Market cap: €346m  
 Market: AIM

**Share price graph (€)**

**Company description**

Globalworth Real Estate Investments is incorporated in Guernsey. It is a real estate investment company focused on opportunities in South-East Europe and the CEE, but primarily Romania, which accounts for the entire current portfolio.

**Price performance**

%	1m	3m	12m
Actual	(1.8)	6.4	(8.9)
Relative*	(4.7)	(5.0)	(14.3)

\* % Relative to local index

**Analyst**

Martyn King

# Globalworth Real Estate Investments (GWI)

**INVESTMENT SUMMARY**

Building on the operational and financial progress in 2015, leasing progress has continued with 50,300 sqm of space let year to date (up 78% year-on-year). EPRA net assets grew 31% during 2015 and by 12% to €9.08 per share (a similar level as at 31 March 2016) allowing for the new shares issued. The appraised value of the portfolio including developments increased 55% to €931m (€950.1m at 31 March), spread over 15 investments, all in Romania. The completed flagship development, Globalworth Tower in central Bucharest, is now 70.2% let and some existing leases with prime tenants have also been extended or expanded. In June the company announced a three-year €180m secured bond which was used to refinance the €100m corporate facility, lowering the weighted average all-in cost of debt 6.2% to 5.3%. Despite progress the shares remain on a substantial discount to NAV and are thinly traded despite its increasing scale.

**INDUSTRY OUTLOOK**

The IMF forecasts the Romanian economy to grow 4.2% in 2016, one of the strongest in Europe. Demand for quality, modern commercial property (GWI's focus) continues to outstrip supply, creating potential for NAV to benefit from a convergence of property yields towards those seen in more established CEE capitals.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	12.9	(1.7)	(9.4)	(21.0)	N/A	N/A
2015	28.4	16.7	(4.0)	(7.6)	N/A	16.3
2016e	40.7	29.5	4.9	7.7	70.1	10.8
2017e	60.0	48.6	25.2	39.0	13.8	6.9

**Sector: Technology**

Price: €1.85  
 Market cap: €11m  
 Market: Borsa Italiana

**Share price graph (€)**

**Company description**

GO internet provides internet and telephone services using 4G wireless technology. The service is currently offered in the Emilia-Romagna and Marche regions of Italy, where GO has an exclusive right of use for 42MHz in the 3.5GHz frequency band (4G).

**Price performance**

%	1m	3m	12m
Actual	25.3	15.6	(49.5)
Relative*	27.6	23.9	(30.5)

\* % Relative to local index

**Analyst**

Bridie Barrett

# GO internet (GO)

**INVESTMENT SUMMARY**

GO internet has continued to steadily grow its 4G network in Marche and Emilia Romagna to reach 35.5k subscribers, up 29% year-on-year. The recent announcement of a strategic agreement with Enel Open Fibre to market its planned FTTH network in Umbria also enables it to extend its footprint to new regions - starting in Perugia. The interim results are expected on 27 September.

**INDUSTRY OUTLOOK**

The Italian broadband market is relatively underpenetrated and with no cable alternative to incumbent TI, opportunities exist for niche providers. GO internet, with its low-cost wireless service, is targeting the one million 'mobile-only' homes in the Emilia-Romagna and Marche regions of Italy that are increasingly opting to relinquish their expensive fixed-line services.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	3.9	1.4	0.1	0.67	276.1	5.0
2015	5.1	2.0	0.3	5.07	36.5	5.4
2016e	6.8	3.0	0.5	6.07	30.5	3.7
2017e	8.4	3.9	0.8	9.30	19.9	2.9

**Sector: Oil & gas**

Price: 260.0p  
 Market cap: £406m  
 Market: LSE

**Share price graph (p)**



**Company description**

Green Dragon Gas is one of the largest independent companies involved in the production and sale of CBM gas in China.

**Price performance**

%	1m	3m	12m
Actual	(4.6)	2.0	(11.1)
Relative*	(7.4)	(9.0)	(16.4)

\* % Relative to local index

**Analyst**

Sanjeev Bahl

## Green Dragon Gas (GDG)

**INVESTMENT SUMMARY**

Green Dragon Gas's 2015 results demonstrate the company's continued strong revenue and cash performance and a maiden profit for the group. GDG's focus remains on capital discipline, operational efficiency and maximising the returns from the existing well stock. Discretionary capex could accelerate development and 1P reserves growth, although this will require funding. RBL debt remains the most likely long-term funding route for GDG although this is linked to ODP submission, likely in H216 for GSS and GCZ. GDG is also considering equity and farm-outs to accelerate development and increase stock liquidity. Our forecasts are under review.

**INDUSTRY OUTLOOK**

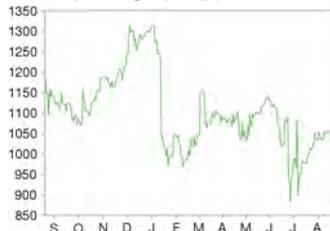
Despite medium-term pricing pressure in the downstream sector in China, domestic CBM is still likely to generate attractive returns.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	33.8	11.4	(6.2)	0.0	N/A	759.5
2015	32.7	20.1	(0.1)	0.0	N/A	42.9
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Food & drink**

Price: 1038.0p  
 Market cap: £1050m  
 Market: LSE

**Share price graph (p)**



**Company description**

With over 1,730 shops, nine regional bakeries and 19,500 employees, Greggs is the UK's leading 'bakery food-on-the-go' retailer. It utilises vertical integration to offer differentiated products at competitive prices.

**Price performance**

%	1m	3m	12m
Actual	4.3	(5.6)	(12.7)
Relative*	1.3	(15.7)	(17.9)

\* % Relative to local index

**Analyst**

David Stoddart

## Greggs (GRG)

**INVESTMENT SUMMARY**

Greggs' appeal lies in the combination of its relatively low-risk business model, its history of strong cash generation and its return to strong earnings growth in the past two years. It is in the middle of a strategic plan that has delivered impressive financial results so far and has the financial strength to complete that programme. H116 performance was strong with LFL sales growth of 3.8% against a tough comp of 5.8%. Input cost deflation is likely to ease in H2 and Greggs' response to the National Living Wage will increase opex. Nevertheless, our estimates remain broadly unchanged and we have increased our DCF valuation by c 2% to 1,179p per share.

**INDUSTRY OUTLOOK**

Greggs enjoys an expanding market. The Project Café2016 UK report (Allegra World Coffee Portal) valued the UK coffee shop market in 2015 at £7.9bn, 10% higher than in 2014. The branded segment that includes Greggs accounted for £3.3bn. Encouragingly, Allegra, which has studied this market for many years, estimates that it could reach £15bn by 2025.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	806.1	95.6	58.3	44.0	23.6	9.6
2015	835.7	113.3	73.0	57.3	18.1	8.7
2016e	877.8	120.2	77.2	60.2	17.2	8.4
2017e	932.8	132.0	84.0	65.4	15.9	7.7

**Sector: Travel & leisure**

Price: 702.5p  
 Market cap: £2052m  
 Market: AIM

**Share price graph (p)**



**Company description**

GVC Holdings is a leading e-gaming operator in both B2C and B2B markets. It has four main product verticals (sports, casino, poker, bingo) with a number of brands. It acquired bwin.party digital entertainment (bwin) on 1 February 2016 for €1.51bn.

**Price performance**

%	1m	3m	12m
Actual	14.0	31.7	64.5
Relative*	10.7	17.5	54.8

\* % Relative to local index

**Analyst**

Jane Anscombe

## GVC Holdings (GVC)

**INVESTMENT SUMMARY**

GVC's refinancing (announced 2 August) was a very positive surprise coming just after its move to the LSE Premium Segment (1 August) and a positive trading update (13 July). Nomura's initial 2% interest rate compares with 12.5% being paid on the Cerberus loan, a big vote of confidence in GVC's early progress integrating its transformational bwin acquisition and paving the way for a resumption in dividend payments in 2017. We increased our 2017e EPS by 6% and expect further positive newsflow with the interims on 20 September.

**INDUSTRY OUTLOOK**

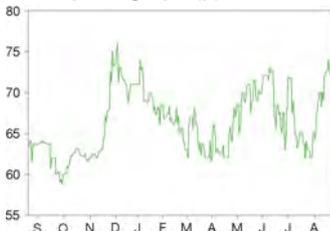
The global online gambling market continues to benefit from favourable industry dynamics and is forecast to grow at a CAGR of 8.7% (2014-2020) to \$53bn (H2 Gambling Capital). Sports betting is the largest segment and is forecast to grow at a CAGR of 6%, to \$23.3bn. M&A remains a feature, with the Ladbrokes/Coral merger expected to complete in Q416 (post the disposal of 350-400 shops) and a Rank/888 consortium bidding for William Hill (as this goes to press).

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	224.8	49.2	41.3	61.4	13.4	10.4
2015	247.7	54.1	50.0	76.4	10.8	8.1
2016e	850.0	196.5	81.2	25.2	32.7	119.1
2017e	878.5	250.0	177.6	53.0	15.5	11.2

**Sector: Support services**

Price: 72.5p  
 Market cap: £236m  
 Market: LSE

**Share price graph (p)**



**Company description**

Hogg Robinson is an international corporate services company, specialising in travel, expenses and data management.

**Price performance**

%	1m	3m	12m
Actual	13.7	5.1	14.2
Relative*	10.4	(6.2)	7.4

\* % Relative to local index

**Analyst**

Richard Finch

## Hogg Robinson Group (HRG)

**INVESTMENT SUMMARY**

Recent IMS confirmation that Hogg Robinson (HRG) is on course to meet market expectations for the current year is backed up by its reassurance that it is in good shape to weather potential Brexit uncertainty. Its development of software-as-a-service (Fraedom) is paying off impressively with "excellent" performance in the year to March, which more than made up for relative softness in travel management and looks set to continue to drive HRG's growth in addition to likely increasing benefits from corporate restructuring. Low net debt (FY16 net debt/EBITDA of just 0.6x) allows for profitable investment and returns to shareholders.

**INDUSTRY OUTLOOK**

While not correlating strictly with HRG's business, international trade is a useful market indicator in view of its influence on corporate travel and its reflection of business confidence. IATA expects limited growth owing to political and economic risks. Uncertainty, deriving from the UK's proposed exit from the EU, may affect business travel confidence. A structural move by clients to online channels and automated servicing tools to make their travel arrangements is viewed as positive over the long term by the major travel management companies as it gives clients what they want and should be cost-effective.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	330.1	53.4	30.5	6.57	11.0	5.9
2016	318.3	55.5	32.2	7.16	10.1	4.9
2017e	326.0	57.5	34.0	7.34	9.9	5.6
2018e	321.0	58.0	34.5	7.44	9.7	5.6

**Sector: Oil & gas**

Price: 27.8p  
 Market cap: £273m  
 Market: AIM

**Share price graph (p)**



**Company description**

Hurricane Energy is an E&P focused on UKCS fractured basement exploration. It owns 100% in three licences, including the 200mmbbl Lancaster discovery.

**Price performance**

%	1m	3m	12m
Actual	58.6	58.6	149.4
Relative*	53.9	41.6	134.6

\* % Relative to local index

**Analyst**

Sanjeev Bahl

## Hurricane Energy (HUR)

**INVESTMENT SUMMARY**

Hurricane's main asset is the 200mmbbl Lancaster basement oil field west of Shetlands. A key outcome of the company's funded 2016 well programme will be delineating the Lancaster resource base to be targeted for EPS development. Firming up of volumes, development concept and project economics should provide the basis for farm-out, taking the much anticipated Lancaster development through to EPS first-oil in 2019. A £52m fund raise, announced on 18 April, was carried out at a 46% premium to the market and will provide capital for the 'Lancaster 7 wells' drilling programme which is currently underway.

**INDUSTRY OUTLOOK**

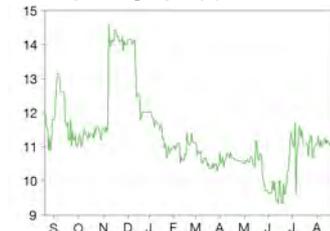
Fractured basement is seen as an 'unconventional' play in the UK, although basement reservoirs have been producing for decades, eg in Vietnam and Yemen. Hurricane has successfully de-risked Lancaster through a multi-well appraisal programme; further resource definition is expected by end 2016.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	0.0	(8.5)	(9.0)	(1.4)	N/A	N/A
2015	0.0	(5.4)	(5.5)	(0.9)	N/A	N/A
2016e	0.0	(4.6)	(4.5)	(0.5)	N/A	N/A
2017e	0.0	(4.6)	(4.6)	(0.5)	N/A	N/A

**Sector: Technology**

Price: €11.02  
 Market cap: €30m  
 Market: FRA

**Share price graph (€)**



**Company description**

As the leader in the German market, ifa systems has an established position in the expanding international market for ophthalmology software and clinical decision support systems.

**Price performance**

%	1m	3m	12m
Actual	(0.2)	3.8	(10.2)
Relative*	(5.5)	(3.6)	(9.0)

\* % Relative to local index

**Analyst**

Anna Bossong

## ifa systems (IS8)

**INVESTMENT SUMMARY**

As the leader in the German market, ifa systems has an established position in the expanding international market for ophthalmology software and clinical decision support systems. It is well placed to gain from the expected growth in this area in the US, Latin America, China and the Middle East. The group recently announced a highly prospective collaboration with IBM's tech platform Watson Health, which is expected to lead to the development of a clinical decision support system for health professionals using machine learning and artificial intelligence.

**INDUSTRY OUTLOOK**

The outlook for healthcare IT is strong and even though there may be some slippage in regulatory deadlines, the industry is set for continued solid growth. Specialist players with key market exposures could see growth significantly ahead of that of the industry as a whole.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	8.1	3.3	2.4	60.5	18.2	8.1
2015	8.3	3.4	2.7	75.0	14.7	13.2
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Financials**

Price: 184.0p  
 Market cap: £195m  
 Market Irish Stock Exchange, LSE

**Share price graph (p)**

**Company description**

IFG provides financial services, comprising a platform for retirement wealth planning and personal advisory business primarily operating in the UK. Through James Hay Partnership it is one of the largest UK platform providers.

**Price performance**

%	1m	3m	12m
Actual	(2.3)	(9.9)	2.9
Relative*	(6.1)	(8.1)	10.9

\* % Relative to local index

**Analyst**

Andrew Mitchell

## IFG Group (IFG)

**INVESTMENT SUMMARY**

Interim results will be announced on 25 August. The Q1 trading update showed both James Hay (JHP) and Saunderson House (SH) continuing to attract new clients and assets and maintain strong levels of retention. We increased our estimates and fair value following strong 2015 results and we make no changes at this stage. The trading statement confirmed our outlook for continued organic growth at JHP including benefits from the 2015 partnership agreements with Towry and Capita. 2016 will also see a full year benefit from the 2015 re-pricing of certain JHP products and a maturing of business written in 2015. We see less room for operational gearing at SH but anticipate continued steady growth in client numbers. With a strong balance sheet IFG has the resources to seize additional opportunities from the continuing consolidation amongst SIPP providers.

**INDUSTRY OUTLOOK**

The UK SIPP market is expected to deliver long-term, double-digit growth, driven by an ageing population, greater self-provision and higher tax rates. Regulatory costs continue to be a driver of consolidation.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	65.1	10.3	7.8	5.61	32.8	23.8
2015	71.3	14.0	11.5	8.26	22.3	14.0
2016e	79.5	16.8	13.3	9.77	18.8	11.5
2017e	85.2	18.8	14.8	11.11	16.6	10.2

**Sector: Pcare & household prd**

Price: 236.5p  
 Market cap: £147m  
 Market AIM

**Share price graph (p)**

**Company description**

IG Design Group plc (IGR) is one of the world's leading designers, innovators and manufacturers of gift packaging and greetings, social expression giftware, stationery and creative play products.

**Price performance**

%	1m	3m	12m
Actual	28.9	36.3	64.2
Relative*	25.1	21.7	54.5

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## IG Design Group (IGR)

**INVESTMENT SUMMARY**

IG Design delivered strong FY16 results, with constant currency revenue growth of 4.4%, gains at both gross and operating margin level and net debt reduced by more than expected. The new branding emphasises that it is more than an efficient, commodity business and that its skillsets can be leveraged across adjacent categories. The US opportunity is by far the largest and the new local management team is making a strong start. The acquisition of Lang Companies for \$3.6m in cash gives a further step up. The deal is earnings neutral in FY17e but accretive in FY18e as the synergistic benefits start to flow. The company raised £5.0m net to fund the additional working capital and other investment opportunities. The share price has started to grasp the changing proposition, but has yet to fully reflect it.

**INDUSTRY OUTLOOK**

IGR's core products are in the global gift packaging market, which it estimates at £10bn at retail value, equivalent to a trade value of c £3.2bn, giving it a c 7% share and making it the third largest participant after American Greetings and Hallmark. In some sectors, overall volumes show limited growth and the low unit cost, high-volume nature of the products makes maximising manufacturing efficiency key to building both margins and market share.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	229.0	16.9	9.6	11.8	20.0	7.7
2016	237.0	16.5	10.1	13.6	17.4	6.7
2017e	268.5	18.8	12.2	14.5	16.3	8.1
2018e	282.0	21.3	14.5	16.0	14.8	7.2

**Sector: Alternative energy**

Price: 8.4p  
 Market cap: £17m  
 Market: LSE

**Share price graph (p)**



**Company description**

Intelligent Energy develops efficient hydrogen fuel cell power systems for the distributed power and generation markets (DP&G division), global automotive (Motive division) and consumer electronics (CE division).

**Price performance**

%	1m	3m	12m
Actual	(6.4)	(23.4)	(91.0)
Relative*	(9.1)	(31.6)	(91.6)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

# Intelligent Energy Holdings (IEH)

**INVESTMENT SUMMARY**

Intelligent Energy (IEH) has raised £30.0m (gross) through the issue of convertible loan notes, primarily to the company's largest shareholder, Meditor. The loan notes may be converted at the option of the holders at a conversion price of 8p. IEH has secured shareholder approval for a Rule 9 Waiver so that Meditor is not obliged to make an offer for the company should it decide to convert all of its loan notes to shares. Our estimates and indicative valuation remain under review until there is clarity on the GTL transaction.

**INDUSTRY OUTLOOK**

Management has restructured the business to reduce costs and cash burn, focusing activity on the most immediate and material market opportunities. These are primarily based on its air cooled fuel cell technologies for deployment in distributed power and generation systems and in auxiliary power units and range extenders for drones and motive applications.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	13.6	(52.4)	(58.0)	(30.4)	N/A	N/A
2015	78.2	(48.8)	(52.1)	(21.5)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: 27.2p  
 Market cap: £183m  
 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, CPV solar cells and vertical cavity lasers.

**Price performance**

%	1m	3m	12m
Actual	53.5	43.4	11.2
Relative*	49.0	28.0	4.6

\* % Relative to local index

**Analyst**

Anne Margaret Crow

# IQE (IQE)

**INVESTMENT SUMMARY**

IQE's ability to apply its epitaxial IP to multiple market segments is expected to deliver y-o-y revenue growth of over 15% for H116. In the recent trading statement, management stated that IQE is on track to achieve full-year expectations. We leave our estimates unchanged, noting that this confirmation of growth through diversification should help catalyse an upward rerating of the shares.

**INDUSTRY OUTLOOK**

The key driver of the strong H116 revenue growth is the Photonics business, which is expected to show double-digit growth as multiple applications have started to transition to volume production. Growth is being driven by an increasing demand for VCSELs (vertical cavity lasers) in data communications, gesture recognition in consumer devices and industrial heating applications and for InP (indium phosphide) lasers in fibre optic communication systems. Photonics revenues are typically higher margin than those derived from wireless applications, so this trend is expected to benefit profits as well. Reassuringly, wireless revenues showed a small y-o-y increase, suggesting that the segment has stabilised. The move to leverage IP through involvement in JVs is also paying off, with licence income expected to total c £3.5m for the period.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	112.0	27.0	16.2	2.42	11.2	11.9
2015	114.0	29.0	17.6	2.60	10.5	8.6
2016e	122.0	31.2	19.0	2.75	9.9	9.7
2017e	127.8	34.5	21.9	3.16	8.6	5.6

**Sector: Financials**

Price: TRY1.04  
 Market cap: TRY369m  
 Market: BIST

**Share price graph (TRY)**



**Company description**

Is Yatirim Menkul Degerler (also known as Is Investment) offers brokerage, corporate finance, investment advisory services and portfolio management services. It also advises on IPOs.

**Price performance**

%	1m	3m	12m
Actual	6.1	6.1	1.0
Relative*	3.5	4.9	(2.7)

\* % Relative to local index

**Analyst**

Martyn King

## Is Yatirim (ISMEN)

**INVESTMENT SUMMARY**

Parent company net income, containing the investment banking operations, was 40% ahead in H116 at TRY47.8m, almost reaching the TRY48.3m earned in the whole of 2015. The subsidiary contribution was mixed, leaving consolidated net profit 13% ahead. Is Asset Management performed strongly (AUM +17% y-o-y to TRY23.2bn) but Efes NPL Asset Management was negatively affected by weaker economic conditions. The parent company revenues and costs both increased by 21% with a 20% increase in operating profit and higher financial income. Interest & trading income rose 4% while commissions were strong. The Turkish equity market and currency have been improving over recent weeks which if sustained should be supportive of H2 performance. Given the strength of H116 vs our full year expectations we expect to revise our estimates upwards.

**INDUSTRY OUTLOOK**

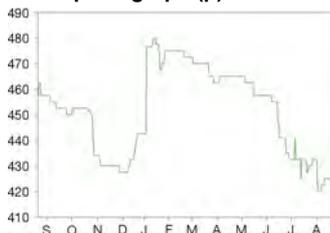
The long-term potential for above-average growth in Turkish capital markets and ISY's place in those markets remains; however, in the short term the markets will be affected by many uncertainties.

Y/E Dec	Revenue (TRYm)	EBITDA (TRYm)	PBT (TRYm)	EPS (fd) (Kr)	P/E (x)	P/CF (x)
2014	372.4	N/A	100.5	17.7	5.9	N/A
2015	377.5	N/A	33.7	11.4	9.1	N/A
2016e	401.7	N/A	44.5	12.9	8.1	N/A
2017e	428.6	N/A	60.0	15.2	6.8	N/A

**Sector: General industrials**

Price: 422.5p  
 Market cap: £130m  
 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	(1.2)	(7.7)	(7.7)
Relative*	(4.1)	(17.6)	(13.1)

\* % Relative to local index

**Analyst**

Graeme Moyse

## Jersey Electricity (JEL)

**INVESTMENT SUMMARY**

H116 results confirmed that returns at JEL remain at a satisfactory level and profitability is broadly stable (H116 EPS 20.7p vs 20.8p EPS H115). In our view, the H1 results demonstrate that JEL remains on track to meet our FY16 forecasts. We believe that JEL remains well hedged against sterling volatility in the short to medium term; however, should sterling weaken permanently following the UK's decision to leave the EU, then electricity purchase costs would rise. Given the rate of return regulation, JEL retains the ability to pass on these additional costs, but it would make achieving parity with EU-15 tariffs more difficult (JEL's tariffs are currently c 5% discount to average). Overall, we expect a period of continued stable returns on an asset base that will grow as JEL invests.

**INDUSTRY OUTLOOK**

We expect the current regulatory regime to continue, enabling Jersey to earn a return of 6-7% on the electricity business asset base.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	98.4	18.3	10.0	27.7	15.3	6.4
2015	100.5	23.8	12.4	32.5	13.0	5.2
2016e	101.7	23.9	12.1	31.5	13.4	5.4
2017e	103.4	26.3	13.3	34.9	12.1	4.8

**Sector: Technology**

Price: 317.5p  
 Market cap: £114m  
 Market: AIM

**Share price graph (p)**

**Company description**

K3 Business Technology provides Microsoft- and Sage-based ERP solutions and managed services to SMEs in the retail, distribution and manufacturing sectors.

**Price performance**

%	1m	3m	12m
Actual	2.8	(9.0)	16.9
Relative*	(0.3)	(18.8)	10.0

\* % Relative to local index

**Analyst**

Katherine Thompson

## K3 Business Technology Group (KBT)

**INVESTMENT SUMMARY**

K3 has reported that FY16 trading was encouraging, particularly in its core sectors. The crucial final months of the year saw a good level of contract wins across both the Retail and Manufacturing divisions and this, combined with renewals supported significant new business for K3 hosting. Results for the year should therefore be broadly in line with market expectations. Net debt has reduced over the year, although it is higher than we forecast, partly due to a major retail customer going into administration close to year-end. We make no changes to estimates, pending FY16 results on 13 September.

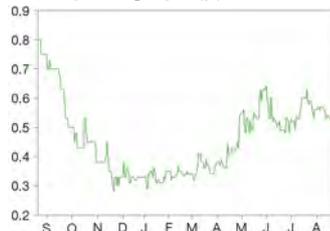
**INDUSTRY OUTLOOK**

K3 is Microsoft's biggest Dynamics partner in the UK, supplying the retail, distribution and manufacturing sectors. The company is seeing strong demand for its Retail AX solution (ax|is fashion), where it continues to invest in specialist product functionality. The Manufacturing & Distribution division is also seeing good demand for its SYSPRO and hosting/managed services offerings.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	72.0	9.9	6.6	18.5	17.2	18.6
2015	83.4	11.0	7.2	19.1	16.6	10.5
2016e	87.5	13.5	9.4	23.3	13.6	11.4
2017e	95.6	15.7	11.9	26.2	12.1	9.1

**Sector: Mining**

Price: 0.5p  
 Market cap: £21m  
 Market: LSE

**Share price graph (p)**

**Company description**

KEFI Minerals has acquired and developed seven gold and base metal projects from its 31 licences in Turkey. Artvin is its flagship gold project and initial drilling was completed in January 2009. It also operates a gold exploration JV in Saudi Arabia.

**Price performance**

%	1m	3m	12m
Actual	(14.3)	2.9	(30.3)
Relative*	(16.8)	(8.2)	(34.5)

\* % Relative to local index

**Analyst**

Charles Gibson

## KEFI Minerals (KEFI)

**INVESTMENT SUMMARY**

Since March, KEFI has reduced its capex estimate at Tulu Kapi; modified its funding requirement mix; replaced its construction contractor with Lycopodium; and strengthened its board. At the same time, the Ethiopian government has confirmed that it is to take a c 20% interest in Tulu Kapi in return for a US\$20m funding commitment.

**INDUSTRY OUTLOOK**

KEFI intends to present a syndicate-approved financing plan in H216. In the meantime, our valuation of the company is now 2.45p/sh (post-July's £3.8m equity raising), including underground mining to complement the initial open pit. This dilutes to 1.71p in the event of full conversion of a proposed convertible bond at the current equity price. Otherwise however, it rises to 3.94p/sh in FY21 (which equates to an EV of US\$123 per depleted resource ounce vs an average discovery cost of less than US\$10/oz overall). In the event that management can leverage cash flows into other value-enhancing exploration opportunities, it rises further to 5.85p/sh.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	0.0	(2.1)	(2.6)	(0.4)	N/A	N/A
2015	0.0	(1.6)	(2.0)	(0.2)	N/A	N/A
2016e	0.0	(2.0)	(2.0)	(0.1)	N/A	N/A
2017e	0.0	(2.0)	(6.6)	(0.2)	N/A	N/A

**Sector: Technology**

Price: 352.5p  
 Market cap: £190m  
 Market: AIM

**Share price graph (p)**



**Company description**

Keywords Studios provides localisation, testing, artwork and community support services exclusively to the video games industry. It provides services to 20 of the top 25 games developers.

**Price performance**

%	1m	3m	12m
Actual	20.5	27.7	121.7
Relative*	17.0	14.0	108.6

\* % Relative to local index

**Analyst**

Jane Anscombe

## Keywords Studios (kws)

**INVESTMENT SUMMARY**

Keywords' 2 August trading update stated that H116 trading was "comfortably ahead of expectations", with outperformance driven mainly by growth in its recently acquired Synthesis business. We left our underlying numbers unchanged (Update note, 4 August), but increased overall estimates slightly to include Volta, acquired on 29 July for C\$5.25m. The acquisition takes Keywords further upstream in the video games value chain into concept art production. Interims are due mid-September.

**INDUSTRY OUTLOOK**

The global video game market is estimated to be growing at a CAGR of 6.2% to 2018 and the market for outsourced services is growing ahead of this. Success is increasingly being driven by developers' ability to localise their content and external service providers, of which Keywords is the largest, offer cost-efficient solutions that broaden games' appeal. While VR and augmented reality are capturing the headlines, we do not expect them to benefit Keywords in the near term, although the medium-term potential is significant.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	37.3	6.0	5.1	8.5	48.6	77.3
2015	58.0	9.5	8.0	12.5	33.1	42.5
2016e	85.8	13.6	11.8	17.2	24.0	15.6
2017e	101.7	16.6	14.7	21.4	19.3	14.3

**Sector: General industrials**

Price: NOK6.12  
 Market cap: NOK2489m  
 Market: Oslo

**Share price graph (NOK)**



**Company description**

Kongsberg Automotive is a global manufacturer of interior components (30% 2014 sales), driveline systems (26%), driver controls (19%) and fluid transfer products (25%), supplying the automotive and commercial vehicle markets.

**Price performance**

%	1m	3m	12m
Actual	8.3	4.8	36.3
Relative*	11.8	3.1	42.1

\* % Relative to local index

**Analyst**

Roger Johnston

## Kongsberg Automotive (koA)

**INVESTMENT SUMMARY**

Kongsberg Automotive (KA) announced Q216 results following the appointment of new CEO Henning Jensen in June 2016. Sales were €252.1m, €2.9m below Q215 before negative currency effects of €11m. EBIT was €10.5m (margin 4.2%) vs an adjusted EBIT of €14.7m in Q215 (margin 5.5%) and the group has highlighted the need to drive an accelerated improvement in performance in respect of which it has initiated studies into both strategic and cost structures. New business wins continue to be booked with annualised wins at the end of Q216 of some €290m with particularly strong bookings in the Interior Comfort Systems, although these will only start in 2018/19. The previously announced divestiture activities are tracking to plan, while the group expects H216 revenues to be relatively flat compared to last year at €480m. Kongsberg Automotive's VP Finance Martin B. Hogganvik has subsequently been appointed interim CFO.

**INDUSTRY OUTLOOK**

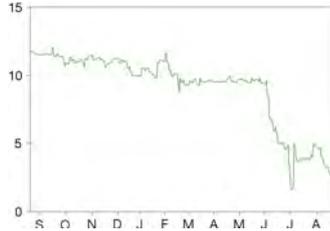
Kongsberg's exposure to the automotive and commercial vehicle markets is split 60% and 40%, respectively. With some divergence by market and geography, KA is focused on building a more global exposure, particularly towards BRIC countries.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	979.1	96.9	43.1	7.37	8.9	3.1
2015	1020.1	102.6	47.9	8.90	7.4	3.6
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Alternative energy**

Price: €2.50  
 Market cap: €18m  
 Market: FRA

**Share price graph (€)**



**Company description**

KTG Energie develops and operates biogas facilities. The output is sold under the German renewable energy law at subsidised rates.

**Price performance**

%	1m	3m	12m
Actual	(34.8)	(74.0)	(78.7)
Relative*	(38.2)	(75.8)	(78.4)

\* % Relative to local index

**Analyst**

Catharina Hillenbrand-Saponar

## KTG Energie (KB7)

**INVESTMENT SUMMARY**

KTG is a profitable biogas developer and operator with a sustainable competitive advantage. A strong track record of organic growth and execution is now being complemented with acquisitions. This should drive revenue growth and margin expansion, with financing requirements remaining high. The company reported solid FY14/15 results with 14% y-o-y EBITDA growth and an outlook in line with our expectations. The upcoming amendments to the German EEG could provide opportunities for KTG if the sector continues to consolidate as a result of peers struggling with incentives. The recent insolvency of parent KTG Agrar's entails feed stock supply and financing risk and shows investors need to consider parent risk. Our fair value is €18 per share.

**INDUSTRY OUTLOOK**

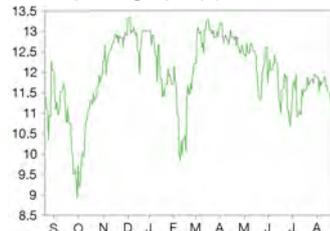
Biogas in Germany is regulated under the renewable energy law (EEG) of 2012 and 2014. The broader context is the target of renewable accounting for 80% of gross electricity consumption by 2050 and 40-45% by 2025. The legislation governs priority offtake for all renewable and feed-in tariffs, including biogas. It receives fixed feed-in tariffs for 20 years from commissioning. Output can also be fed directly into the gas grid or go into heating. Both are governed by the gas feed-in and combined heat and power laws.

Y/E Oct	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	73.3	22.0	4.0	40.3	6.2	1.1
2015	92.8	25.0	4.6	40.5	6.2	0.6
2016e	100.4	29.1	8.2	67.1	3.7	0.9
2017e	107.9	31.3	10.0	81.9	3.1	0.8

**Sector: Food & drink**

Price: €11.00  
 Market cap: €341m  
 Market: Borsa Italiana

**Share price graph (€)**



**Company description**

La Doria is the leading manufacturer of private-label preserved vegetables and fruit for the Italian (20% revenues) and international (80% revenues) market. It enjoys leading market share positions across its product ranges in the UK and Italy.

**Price performance**

%	1m	3m	12m
Actual	(7.3)	(3.2)	(7.6)
Relative*	(5.5)	3.8	27.1

\* % Relative to local index

**Analyst**

Sara Welford

## La Doria (LD)

**INVESTMENT SUMMARY**

La Doria is delivering on its overarching objective to reduce the volatility of the business and improve visibility. The updated three-year plan provides strategic continuity. In terms of Brexit, the UK is La Doria's biggest market by some margin (c 50% of sales). It will be some time before there is clarity on the long-term effect, but in the near term sterling weakness will be unhelpful. H1 results (due on 16 September) will update the market on the 2016 tomato campaign. Industry forecasts are for this to be more benign than the 2015 campaign.

**INDUSTRY OUTLOOK**

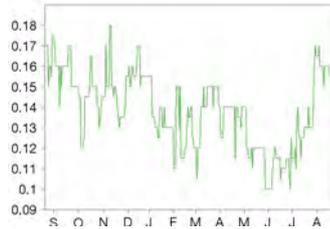
La Doria's strategic objectives, published as part of the updated three-year plan, remain broadly unchanged: the main priority is to expand the higher margin and less volatile parts of the business to reduce the dependence on the more unpredictable 'red line'. There is a new target to develop the US market, which is a natural evolution of the strategy given the company's presence in the US, albeit small. The financial targets represent a small upgrade at the net profit level in relation to the previous three-year rolling plan.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	631.4	60.0	44.0	80.5	13.7	6.3
2015	748.3	77.6	61.0	144.6	7.6	6.2
2016e	684.7	68.3	51.9	117.1	9.4	7.8
2017e	718.9	73.1	57.7	130.3	8.4	7.2

**Sector: Alternative energy**

Price: A\$0.13  
 Market cap: A\$19m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

The Glycell process, developed and owned by Leaf Resources, is an intermediate-stage process in the conversion of biomass to bio-based chemicals, plastics and fuel.

**Price performance**

%	1m	3m	12m
Actual	4.0	8.3	(21.2)
Relative*	2.3	3.7	(24.7)

\* % Relative to local index

**Analyst**

Peter Chilton

## Leaf Resources (LER)

**INVESTMENT SUMMARY**

Leaf Development (LER) has entered into binding agreements with Claeris, LLC of Dallas, Texas to establish a JV entity Leaf Development, LLC. Claeris will also invest US\$500,000 in LER. Leaf Development will develop up to five renewable chemical projects using LER's Glycell process. Claeris and LER will employ the develop, licence and own (DLO) model which leads to development and licence-related revenues and equity in each operating project. Under this ownership and structure, LER anticipates a greater ability to negotiate transactions and achieve favourable commercial terms. Claeris has already identified development opportunities using oil palm biomass in Asia and hardwood in the US.

**INDUSTRY OUTLOOK**

There is global support for the establishment of bio-based projects. Most chemicals produced from petroleum-based sources can also be produced from renewable sources.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.0	(1.6)	(1.6)	(2.4)	N/A	N/A
2015	0.0	(2.2)	(2.2)	(1.6)	N/A	N/A
2016e	0.1	(2.8)	(2.8)	(1.7)	N/A	N/A
2017e	0.2	(2.8)	(2.7)	(1.2)	N/A	N/A

**Sector: Oil & gas**

Price: A\$0.60  
 Market cap: A\$309m  
 Market: ASX, OTC Pink

**Share price graph (A\$)**



**Company description**

LNG Ltd is an ASX-listed company devoted to the development of LNG export terminals in North America (the Magnolia and Bear Head projects), which are progressing towards financial close in 2017.

**Price performance**

%	1m	3m	12m
Actual	(11.0)	16.3	(78.0)
Relative*	(12.5)	11.4	(79.0)

\* % Relative to local index

**Analyst**

Will Forbes

## Liquefied Natural Gas Limited (LNG)

**INVESTMENT SUMMARY**

Liquefied Natural Gas (LNG) continues to make progress, with recent milestones made in Bear Head (natural gas pipeline approvals, greenhouse gas management plan approved) and at Magnolia. The company is also reducing its staff levels to conserve capital while the projects move towards sanction. Signed EPC contracts put Magnolia on a much firmer footing and effectively fix costs for the development. Although the contracts call for a higher capital cost than previously guided, Magnolia should still be at the lower end of LNG development costs and have lower operating costs, encouraging investment by tolling partners. We expect tolling agreements to be signed in 2016 to enable financial close - which the company now believe will occur in mid 2017. Given the low costs and continued need for global LNG supply, we continue to believe that Magnolia should proceed, albeit in a tougher environment. We have a core NAV of A\$1.0/share (US\$2.8/ADR).

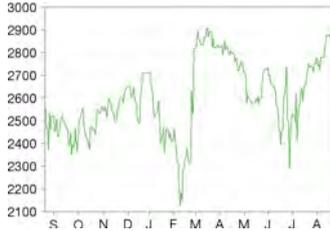
**INDUSTRY OUTLOOK**

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	0.0	(23.8)	(24.7)	(0.1)	N/A	N/A
2015	0.0	(86.8)	(86.3)	(0.2)	N/A	N/A
2016e	0.0	(111.3)	(110.9)	(0.2)	N/A	N/A
2017e	135.1	93.0	92.1	0.2	300.0	N/A

**Sector: Financials**

Price: 2889.0p  
 Market cap: £10120m  
 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.Clearnet and CC&G offer post-trade services and FTSE Russell provides benchmark indices and related data services.

**Price performance**

%	1m	3m	12m
Actual	6.2	12.3	11.3
Relative*	3.1	0.3	4.7

\* % Relative to local index

**Analyst**

Andrew Mitchell

# London Stock Exchange Group (LSE)

**INVESTMENT SUMMARY**

On 17 August, Deutsche Börse (DB1) announced that 89% of its shareholders had tendered their shares to the merger entity, meaning that both LSE and DB1 shareholders have approved the merger. The final date for its completion is 30 June 2017, allowing ten months to achieve the remaining anti-trust/regulatory approvals required. The merger would result in LSE shareholders owning 45.6% of the combined company. The merged company would be a leading Europe-based global financial infrastructure group and management plans to generate €450m of cost synergies by year three after the merger, 20% of the combined cost base, mostly in technology. Management also believes that revenue synergies of at least €160m pa will be possible by then.

**INDUSTRY OUTLOOK**

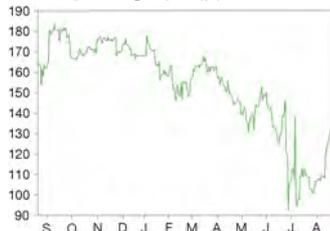
While the EU referendum result has increased political, regulatory and economic uncertainty, the LSE and DB1 boards have underlined that this does not change the rationale behind the proposed merger which is seen as significantly accelerating the companies' complementary growth strategies.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	1381.0	618.0	558.0	103.3	28.0	N/A
2015	1419.0	769.0	710.0	129.4	22.3	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: General retailers**

Price: 130.5p  
 Market cap: £517m  
 Market: LSE

**Share price graph (p)**



**Company description**

Lookers is a leading UK motor vehicle and specialist parts distributor. It operates more than 120 franchises, representing 31 marques spread across the UK.

**Price performance**

%	1m	3m	12m
Actual	19.7	(8.6)	(20.9)
Relative*	16.2	(18.4)	(25.6)

\* % Relative to local index

**Analyst**

Nigel Harrison

# Lookers (LOOK)

**INVESTMENT SUMMARY**

Lookers has a clear strategy, involving organic growth supplemented by a flow of acquisitions. It has grown consistently, delivering record profits in each of the past seven years. The Brexit result undermined sector share prices, but past experience demonstrates the company's ability to respond effectively to any new challenges. Recent announcements involving disposal of the group's specialist parts division and two key acquisitions have rejuvenated interest in the shares; the disposal will be earnings dilutive pending full reinvestment of the proceeds. Meanwhile, interim results reinforce the sound medium-term potential.

**INDUSTRY OUTLOOK**

Market dynamics suggest that larger motor dealership groups will continue to gain share in each of the key market segments (new cars, used cars, aftermarket), largely at the expense of the independents, which still command some 60% of the franchise market. Global manufacturing overcapacity point to continued support from OEMs. Confidence has been tempered by the Brexit vote, but a 45% discount rating relative to the FTSE All-share General Retailers index fails to recognise the defensive qualities of the sector.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	3043.0	87.0	65.0	13.21	9.9	9.2
2015	3649.0	99.6	72.1	14.88	8.8	8.9
2016e	4150.0	109.5	80.0	16.14	8.1	5.3
2017e	4300.0	112.5	83.0	16.71	7.8	5.1

**Sector: Basic industries**

Price: 63.2p  
Market cap: £208m  
Market: LSE

**Share price graph (p)**

**Company description**

Low & Bonar produces specialist performance materials for a variety of end-markets by combining polymers with specialty additives and pigments. It now reports as five global business units.

**Price performance**

%	1m	3m	12m
Actual	6.3	10.0	(7.3)
Relative*	3.2	(1.8)	(12.8)

\* % Relative to local index

**Analyst**

Toby Thorrington

## Low & Bonar (LWB)

**INVESTMENT SUMMARY**

Significant investment activity, business portfolio management and more favourable financing have all been prominent features in the year to date with group EBIT progress also delivered in H116. Three of Low & Bonar's four ongoing business units demonstrated good revenue and margin progression while the fourth was held back by internal production issues. Investment in these operations is starting to bear fruit and the intended exit from two Middle East-based businesses is a further affirmation of strategic execution under the new five-year plan. We expect Low & Bonar to deliver solid H2 performance and to continue its strategy of business improvement.

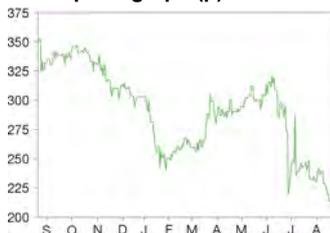
**INDUSTRY OUTLOOK**

Key strategic medium-term financial targets are currently for 10% operating margins and 12%+ return on capital employed. Organic group revenue growth may be supplemented by M&A. The onus is clearly on territories outside Europe to provide the growth engine.

Y/E Nov	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	410.6	45.0	25.2	5.4	11.7	6.1
2015	362.1	40.0	27.4	5.8	10.9	5.9
2016e	396.6	50.4	28.5	5.8	10.9	5.1
2017e	429.8	56.6	34.4	7.0	9.0	4.1

**Sector: Property**

Price: 225.0p  
Market cap: £231m  
Market: LSE

**Share price graph (p)**

**Company description**

LSL Property Services is one of the UK's leading residential property services companies. It owns and operates the second-largest UK estate agency network, and a range of services for corporate (mortgage lender) and retail clients.

**Price performance**

%	1m	3m	12m
Actual	(6.4)	(24.8)	(37.2)
Relative*	(9.1)	(32.8)	(40.9)

\* % Relative to local index

**Analyst**

Martyn King

## LSL Property Services (LSL)

**INVESTMENT SUMMARY**

LSL made good progress in H116 with revenues and profits in both divisions advancing on the previous year. H116 revenues and costs both grew by 8% year-on-year, including a first time impact from Group First, with underlying operating profit ahead by 10%. Lettings revenues grew 11% and Financial Services by 29%. LSL had earlier warned on the more uncertain industry outlook for H2, following the unexpected EU referendum vote, indicating that it does not expect market conditions to improve sufficiently to meet previous full year expectations. We will revise our forecasts to reflect this. Lettings and financial services are likely to remain the drivers of near-term revenue growth, with intended management action having a positive impact on costs and efficiency. LSL has a diversified, cash generative business model and a robust balance sheet, leaving it well placed to navigate the current market uncertainty.

**INDUSTRY OUTLOOK**

The impact of Brexit is weighing on sentiment and a clearer picture of market trends is unlikely to emerge until after the summer lull. Longer-term direction will be based on fundamental supply and demand factors that continue to be tight.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	287.5	39.4	39.8	30.5	7.4	9.5
2015	300.6	48.5	40.5	31.5	7.1	6.3
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Property**

Price: 91.5p  
 Market cap: £349m  
 Market: LSE

**Share price graph (p)**



**Company description**

MedicX Fund is a specialist investor in primary care infrastructure. Properties are let mainly to government-funded (NHS) tenants (87% of rent) and pharmacies on GP surgery sites (8%). It has three properties under development in the Republic of Ireland.

**Price performance**

%	1m	3m	12m
Actual	5.2	4.6	14.4
Relative*	2.1	(6.7)	7.6

\* % Relative to local index

**Analyst**

Martyn King

## MedicX Fund (MXF)

**INVESTMENT SUMMARY**

A further contraction in UK valuation yields during Q3 contributed to a net valuation gain of £7.4m, with the unaudited EPRA NAV per share increasing to 72.8p at 30 June from 71.2p at the end of March, and after payment of 1.4875p in dividends. The investment pipeline is strong and selective investment continues (MXF acquired a second primary healthcare centre in the Republic of Ireland for €8.6m in July) but the Q3 pace was slower than we had allowed for and we have deferred some expected investment into FY17. Our FY16 NAV estimate has increased with valuation gains and our FY16 earnings are slightly reduced by the investment deferral. As a long-term investor in a broad portfolio of modern primary care properties, MedicX Fund has very secure, long-term cash flows to support the c 6.7% progressive dividend yield, while portfolio growth is increasing dividend cover.

**INDUSTRY OUTLOOK**

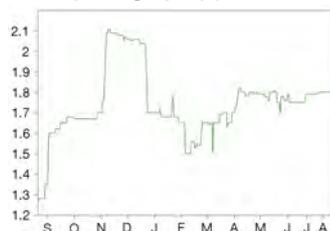
A recovery in NHS development approvals should support increasing rental growth, reflecting underlying demand for new premises and land and build cost inflation. Similar opportunities in the smaller Irish market offer a significantly higher rental yield.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	29.5	23.7	10.7	3.1	29.5	13.2
2015	33.7	27.3	13.5	3.7	24.7	14.2
2016e	35.9	29.1	13.6	3.6	25.4	12.6
2017e	39.9	33.1	14.8	3.9	23.5	10.1

**Sector: Industrial support services**

Price: €1.70  
 Market cap: €91m  
 Market: Maltese Stock Exchange

**Share price graph (€)**



**Company description**

Medserv is a Malta-based provider of integrated offshore logistics and services in support of drilling operations in the Mediterranean. The acquisition of the METS companies in February 2016 diversified the company into onshore steel tube stockholding and servicing for countries in the Middle East.

**Price performance**

%	1m	3m	12m
Actual	(7.6)	(2.9)	34.3
Relative*	(6.8)	(0.1)	28.0

\* % Relative to local index

**Analyst**

Andy Chambers

## Medserv (MDS)

**INVESTMENT SUMMARY**

Medserv is an ambitious oilfield support services provider seeking to expand geographically and diversify its markets and product offering. The company has announced its board meeting for 26 August. The market appears to be continuing to see increased activity with ENI planning to renew drilling offshore Cyprus and making a further gas discovery offshore Egypt in June. Our DCF-based fair value of €1.83 has upside potential should incremental projects that relate to customer activities like these come to fruition.

**INDUSTRY OUTLOOK**

Medserv operates in the upstream oil & gas segment providing onshore bases in the Mediterranean and Middle East for onshore and offshore exploration and production customers. The acquisition of METS in February adds onshore OCTG services to the historic integrated offshore services offered in Malta and Cyprus. Despite the weaker oil price, activity in its main geographies remains broadly strong as extraction costs are at the lower end of the curve.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	32.2	5.9	3.1	5.0	34.0	N/A
2015	42.2	10.3	6.1	9.7	17.5	7.5
2016e	43.9	11.3	4.3	8.5	20.0	7.6
2017e	48.7	14.3	6.6	11.0	15.5	7.6

**Sector: Technology**

Price: A\$0.47  
 Market cap: A\$110m  
 Market: ASX

**Share price graph (A\$)**

**Company description**

migme (MIG) is a social entertainment platform targeting the world's next wave of internet users – the 3.6 billion people in emerging markets. The service offers free chat, content and blogging services to acquire new users.

**Price performance**

%	1m	3m	12m
Actual	0.0	(19.0)	(62.4)
Relative*	(1.6)	(22.4)	(64.0)

\* % Relative to local index

**Analyst**

Moira Daw

## Migme (MIG)

**INVESTMENT SUMMARY**

migme (MIG) is a global social media company employing a freemium model to drive user engagement. It is focused on the emerging markets of Indonesia, the Philippines and India. On 19 August, the company announced it had completed a A\$10.226m capital raising at A\$0.40/share, and including a A\$2m placement with strategic investor Meitu Investments and A\$4.5m from FIH Mobile (FoxConn), PT Media Nusantara Citra (MNC) and Malcolm Steinberg (owner of LAI Group). CEO Steven Goh subscribed for 250,000 shares while sophisticated investors subscribed for the remainder of the issue. The company said the funds would be used to further consumer engagement and monetisation which in turn is expected to result in positive cash flows in FY17.

**INDUSTRY OUTLOOK**

MIG's investment case is based on the premise that there is room for more than one social media platform in the emerging markets of Indonesia and India. There is a precedent in China, where in large regions two or three exist in parallel. The large and fast-growing mobile markets in Indonesia and India have a high propensity to use social media, and there may be room for a new entrant. Given the size of the addressable market, if MIG succeeds in executing on strategy the rewards could be significant.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	2.0	(28.6)	(16.0)	(5.95)	N/A	N/A
2015	12.3	(21.0)	(21.0)	(7.33)	N/A	N/A
2016e	46.0	(16.3)	(16.5)	(3.77)	N/A	N/A
2017e	103.9	9.9	9.7	2.20	21.4	12.2

**Sector: Mining**

Price: A\$0.14  
 Market cap: A\$57m  
 Market: ASX

**Share price graph (A\$)**

**Company description**

Mineral Commodities is a growing producer of zircon/rutile non-magnetic concentrate and ilmenite and garnet by-products from its Tormin resource on the Atlantic coast of South Africa. It also owns a large ilmenite deposit, Xolobeni.

**Price performance**

%	1m	3m	12m
Actual	0.0	0.0	12.0
Relative*	(1.6)	(4.3)	7.1

\* % Relative to local index

**Analyst**

Peter Chilton

## Mineral Commodities (MRC)

**INVESTMENT SUMMARY**

The commissioning of the Garnet Separation Plant (GSP) at Tormin was completed on budget and within a week of the initial development schedule. MRC has reported that the non-magnetic zircon concentrate grade is exceeding budget. Operation of the GSP in conjunction with the earlier installed Tailings Scavenger Plants (TSP) is expected to improve the recovery of heavy minerals and lead to higher production and more valuable higher grade products. Production of zircon/rutile concentrates is expected to increase by c 25%, while the production of ilmenite concentrates is expected to increase by c 180%.

**INDUSTRY OUTLOOK**

Mineral sands producer Iluka Resources (ILU:ASX) recently commented that it had observed a recovery in zircon demand. It also noted that it was seeing the most positive combination of factors for the pigment sector and ultimately for high grade feedstock demand (which includes rutile), that it has seen since 2012.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	34.9	7.6	3.9	2.0	5.3	5.1
2015	46.4	17.7	13.1	2.6	4.1	4.7
2016e	39.4	20.5	15.4	2.7	3.9	10.6
2017e	89.7	47.5	41.3	7.1	1.5	1.0

**Sector: Technology**

Price: A\$1.00  
 Market cap: A\$209m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Mitula is a leading online classifieds aggregator with 79 vertical search websites in 49 countries and 19 languages across real estate, employment, motoring and, in some countries, vacation rentals. The sites operate under the Mitula, Nestoria or Nuroa brands.

**Price performance**

%	1m	3m	12m
Actual	8.7	17.0	0.0
Relative*	6.9	12.0	(4.4)

\* % Relative to local index

**Analyst**

Finola Burke

## Mitula Group (MUA)

**INVESTMENT SUMMARY**

Mitula Group (MUA), a leading aggregator of online classified listings globally, has delivered H116 normalised profit of A\$5.6m, a year-on-year increase of 94%. H116 normalised EBITDA of A\$7.14m was 3.4% below the company's guidance issued in May due to weaker currency and trading conditions in the South American markets. However, Mitula delivered a record EBITDA margin of 52.5%, up from 43.7% y-o-y, and this is superior to its peer group's median EBITDA margin of 32.8%. MUA is trading at a c 40% discount to our blended valuation of A\$1.3640/share.

**INDUSTRY OUTLOOK**

According to eMarketer, the global online advertising market is forecast to grow at a compound rate of 13% over the next four years and accounts for 39% of total advertising expenditure by 2019, up from 27% in 2014. Global search advertising is forecast to grow to US\$130bn by 2019, from an estimated US\$82bn in 2015. However, eMarketer forecasts growth rates in emerging markets to be higher and it is important to note that MUA's focus in Latin America and emerging markets such as Indonesia and India will expose it to higher growth rates than the global average.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	10.7	5.3	3.7	2.16	46.3	34.8
2015	20.6	9.5	7.5	3.02	33.1	21.5
2016e	30.1	16.8	17.0	6.42	15.6	12.8
2017e	39.6	21.0	21.8	7.73	12.9	10.1

**Sector: Oil & gas**

Price: 1.0p  
 Market cap: £2m  
 Market: LSE

**Share price graph (p)**



**Company description**

Mosman Oil & Gas (MSMN) invests in oil & gas and mining projects.

**Price performance**

%	1m	3m	12m
Actual	(4.8)	37.9	(61.9)
Relative*	(7.6)	23.1	(64.2)

\* % Relative to local index

**Analyst**

Will Forbes

## Mosman Oil and Gas (MSMN)

**INVESTMENT SUMMARY**

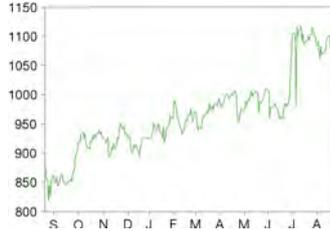
Mosman has moved to invest capital in mining and oil & gas projects. While it has retained interest in Petroleum Creek (and Taramakau), it is seeking to defer work obligations. It is spending A\$60k on an airborne survey on its Amadeus project (EP156). Investments in 2016 have been into GEM International Resource (\$425k) and Hemisphere Energy (A\$394k), both small-cap listed entities. Mosman holds A\$4.75m in cash.

**INDUSTRY OUTLOOK**

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2013	0.0	(0.7)	(0.7)	(9.8)	N/A	N/A
2014	0.0	(1.8)	(1.8)	(4.1)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: General industrials**

Price: 1080.5p  
 Market cap: £40677m  
 Market: LSE

**Share price graph (p)**

**Company description**

National Grid owns and operates regulated electricity and gas network assets in both the UK and US. Its unregulated assets consist of the Grain LNG import terminal, interconnectors, a metering business and a property business.

**Price performance**

%	1m	3m	12m
Actual	(1.1)	11.3	23.5
Relative*	(4.1)	(0.6)	16.2

\* % Relative to local index

**Analyst**

Roger Johnston

## National Grid (NG)

**INVESTMENT SUMMARY**

National Grid's last results demonstrated continued execution on incentive outperformance in the UK. US rate case filings are on track. The company has announced its intention to dispose of a majority stake in its UK gas distribution business, which should contribute to lifting asset growth to its targeted 5% pa. It has recently been mentioned in the press as one of the potential bidders for US transmission operator ITC group. UK energy policy having refocused on security of supply is a positive for long-term RAB growth. With a solid operational outlook in the UK and improving US ROE through rate filings, we believe that National Grid shares continue to offer investors an attractive combination of growth and yield.

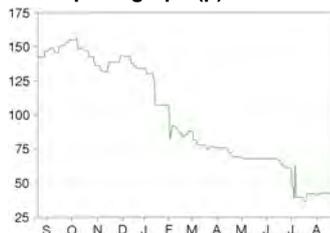
**INDUSTRY OUTLOOK**

With visibility on the allowed rate of returns by Ofgem in the UK until 2021 and potential capex upside from the UK government's Electricity Market Reform, National Grid is well positioned to play a key part to ensure security of supply and support the development of new renewable generation.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	15002.0	5080.0	2584.0	54.0	20.0	9.1
2015	15201.0	5345.0	2876.0	58.1	18.6	7.6
2016e	15668.0	5519.0	2970.0	59.8	18.1	8.7
2017e	16318.0	5888.0	3148.0	62.7	17.2	7.6

**Sector: Travel & leisure**

Price: 42.5p  
 Market cap: £10m  
 Market: AIM

**Share price graph (p)**

**Company description**

Nektan is a leading international B2B mobile gaming solutions and services provider, operating in the regulated, interactive real money gaming space. Its Respin JV provides US casinos with mobile-based in venue technology and products.

**Price performance**

%	1m	3m	12m
Actual	1.2	(37.0)	(69.6)
Relative*	(1.8)	(43.8)	(71.4)

\* % Relative to local index

**Analyst**

Jane Anscombe

## Nektan (NKTN)

**INVESTMENT SUMMARY**

Nektan's 1 July pre-close trading update reported that H2 NGR was expected to rise to £4.2m, up 160% over H1. During FY16 it launched 29 new gaming partners and in June its Respin JV received regulatory approval for its mobile in-venue gaming solution. Nektan's highly experienced new CEO Leigh Nissim (ex IGT) joined on 25 July. On 22 August Nektan announced the sale of three of its own brands for up to £1.95m cash, with a five-year licensing agreement. The brands will continue to operate on Nektan's Evolve platform and the deal provides funds to continue to develop its European business and Respin JV.

**INDUSTRY OUTLOOK**

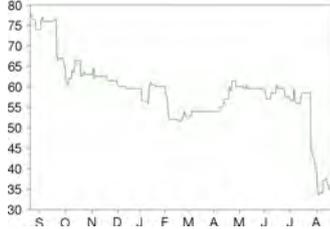
H2GC expects European online gambling to grow at a CAGR of 9.2% between 2015 and 2018 (to \$27.2bn). Most of the growth is coming from the increased use of mobile devices, with mobile gambling growing at 21.5% (to €10.8bn) to account for 40% of all online gambling by 2018. In the US, in-casino gaming on mobile devices is just beginning to win regulatory approval in states such as Nevada.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	1.9	(3.5)	(3.7)	(22.3)	N/A	N/A
2015	0.5	(5.1)	(6.9)	(33.4)	N/A	N/A
2016e	6.2	(5.6)	(9.7)	(41.6)	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: 34.5p  
 Market cap: £18m  
 Market: AIM

**Share price graph (p)**



**Company description**

NetDimensions provides talent and learning management systems to global enterprises. Its solutions allow organisations to deliver personalised learning, share knowledge, enhance performance, foster collaboration and manage compliance.

**Price performance**

%	1m	3m	12m
Actual	(41.0)	(42.0)	(55.5)
Relative*	(42.8)	(48.2)	(58.1)

\* % Relative to local index

**Analyst**

Richard Jeans

# NetDimensions (NETD)

**INVESTMENT SUMMARY**

In a short trading update in July, NetDimensions (AIM: NETD, OTCQX: NETDY) said that H1 revenues were lower than expected due to delays in deal rollouts. The delays are expected to continue into H2; hence we cut our FY16 revenue forecast by \$1.2m to \$27.0m. However, due to the better management of expenses, the adjusted EBITDA loss has significantly improved and we now forecast the group to trade at breakeven in FY16 (previously a \$0.6m loss). Our forecast for year-end net cash edges up to \$11.1m - we note that the group retains significant GBP deposits. We maintained our FY17 forecasts, but note that if the deal rollouts do materialise in this period, they could potentially result in FY17 upgrades. NETD's larger US peers continue to trade at significant EV/sales premiums and therefore we continue to believe NETD shares could warrant a significant re-rating.

**INDUSTRY OUTLOOK**

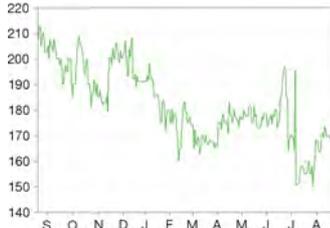
NETD's software helps deliver corporate training and develop talent. Its learning management system (LMS) is popular in regulated industries with stringent compliance requirements for employee training and NETD also offers Performance and Analytics modules. MarketsandMarkets, the market research firm, forecasts the global talent management systems market to grow 16.6% pa from \$5.3bn in 2014 to \$11.4bn in 2019.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	22.7	(3.3)	(3.5)	(9.4)	N/A	N/A
2015	25.4	(0.5)	(0.7)	(2.2)	N/A	N/A
2016e	27.0	0.2	0.0	0.0	N/A	N/A
2017e	32.0	1.7	1.4	2.0	22.6	11.8

**Sector: General industrials**

Price: 165.0p  
 Market cap: £101m  
 Market: LSE

**Share price graph (p)**



**Company description**

Norcros is a leading supplier of showers, tiles, taps and related fittings and accessories for bathrooms, 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	6.5	(4.6)	(19.0)
Relative*	3.3	(14.9)	(23.8)

\* % Relative to local index

**Analyst**

Toby Thorington

# Norcros (NXR)

**INVESTMENT SUMMARY**

FY16 PBT came in £1m (or c 5.7%) ahead of our estimate, further improved at the EPS level by a lower tax charge (enhanced by a credited item). The year saw a range of revenue performances across the constituent companies in the UK with trade sector exposure outperforming retail. All three South African operations grew revenue and profits. Croydex (acquired in June 2015) performed well during the year while Abode Home Products came in at the year-end only. Underlying cash flow improved; after taking acquisition effects into account net debt rose to £32.5m at the year end. AGM comments noted similar channel trends to before (UK trade progressing, retail tough and good South Africa momentum), with maintained full year expectations.

**INDUSTRY OUTLOOK**

In the UK, the residential new-build sector has rebounded well and there is impetus for this to continue or even step up. RMI spending has not recovered at the same rate. Sustained progress in real average incomes and confidence in asset prices would be supportive for RMI recovery also. The South African economy is struggling in the short term, but wider distribution of wealth and an emerging middle class should benefit consumer spending over time.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	222.1	24.3	14.0	17.9	9.2	N/A
2016	235.9	28.0	18.5	24.7	6.7	N/A
2017e	261.7	31.1	19.9	24.7	6.7	N/A
2018e	275.2	32.9	21.8	26.7	6.2	N/A

**Sector: Financials**

Price: 202.2p  
 Market cap: £230m  
 Market: LSE

**Share price graph (p)**

**Company description**

Numis has grown to become one of the UK's leading institutional stockbrokers and corporate advisors. It employs c 200 staff, and has 196 corporate clients. In 2015 it completed 38 equity issuance transactions and a further 31 separate advisory mandates.

**Price performance**

%	1m	3m	12m
Actual	9.3	(6.2)	(23.9)
Relative*	6.1	(16.2)	(28.4)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Numis Corporation (NUM)

**INVESTMENT SUMMARY**

Numis has continued to enlarge its franchise with its corporate client list now standing at 196 compared with 157 at the end of FY13. To help maintain momentum in the business, the group has been addressing management succession with founder Oliver Hemsley to be succeeded by joint CEOs Alex Ham and Ross Mitchinson later this year. After the strong first-half profit growth we left our estimates little changed, reflecting an uncertain market.

**INDUSTRY OUTLOOK**

While the vote to leave the EU prompted a spike in trading volumes on the LSE it increases uncertainties for businesses, which may restrain deal flow for a period. As the path to exit becomes clearer, greater confidence and activity should return.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	92.9	24.3	30.5	21.98	9.2	N/A
2015	98.0	28.9	32.7	23.49	8.6	N/A
2016e	102.8	30.1	34.2	23.83	8.5	N/A
2017e	105.9	32.2	36.4	24.89	8.1	N/A

**Sector: Mining**

Price: 19.8p  
 Market cap: £20m  
 Market: AIM, Toronto

**Share price graph (p)**

**Company description**

Orosur Mining owns (100%) and operates its San Gregorio gold mine in Uruguay. It explores for gold close to San Gregorio and in Chile at the Anillo gold property. It owns 100% of the highly prospective, high-grade Anzá gold property in Colombia.

**Price performance**

%	1m	3m	12m
Actual	16.2	71.7	182.1
Relative*	12.8	53.3	165.4

\* % Relative to local index

**Analyst**

Tom Hayes

## Orosur Mining (OMI)

**INVESTMENT SUMMARY**

In a gold market providing little support over FY16, Orosur successfully returned its operations to gross profitability by undertaking a comprehensive strategic review of costs, as well as adeptly handling a number of ore streams delivered to its processing plant. With operational confidence continually building, demonstrated by a second underground mine project in development (San Gregorio West), and aided by a higher gold price, Orosur has increased production guidance for FY17. The new guidance of 35-40koz Au (FY16: 30-35koz) at cash operating costs of US\$800-900/oz represents an improvement over FY16 guidance of 14% on production and 6% on costs.

**INDUSTRY OUTLOOK**

We adjust our financial model for the company's FY16 results and FY17 production and cost guidance and move our valuation forward one year to FY17. We retain our gold price forecasts as per our September 2015 note Safeguarding future production. We have adjusted our FY17 capex assumption for management guidance, from US\$3.5m to US\$7m, and held flat our assumption for exploration expenditure at US\$3m. On this basis and forex movement, our valuation increases 19% from £0.26 to £0.31 per share.

Y/E May	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2015	65.9	10.7	(6.2)	(56.3)	N/A	2.1
2016	42.9	9.1	3.2	(1.2)	N/A	3.9
2017e	51.0	20.6	9.4	7.1	3.7	1.4
2018e	55.6	20.2	12.0	9.1	2.9	1.5

**Sector: Financials**

Price: US\$16.66  
 Market cap: US\$188m  
 Market: OTC QX

**Share price graph (US\$)**



**Company description**

OTC Markets Group (OTCM) operates open, transparent and connected financial marketplaces for c 10,000 US and global securities. OTC Link ATS is operated by OTC Link LLC, a member of FINRA and is an SEC-regulated ATS.

**Price performance**

%	1m	3m	12m
Actual	(1.7)	1.0	14.9
Relative*	(2.6)	(5.6)	9.4

\* % Relative to local index

**Analyst**

Andrew Mitchell

## OTC Markets Group (OTCM)

**INVESTMENT SUMMARY**

OTC Markets Group (OTCM) provides regulated marketplaces offering a cost-effective solution for targeting US investors. Q216 revenues were 2% ahead and net income up 5% vs the same period last year. By business line, OTC Link ATS revenues were down 9% reflecting pricing changes made last year, while market data was modestly up and corporate services ahead by nearly 10% due to a higher number of corporate clients vs Q215. The quarterly dividend was maintained at \$0.14 (the 31st consecutive quarterly dividend payment).

**INDUSTRY OUTLOOK**

Signals on the near-term outlook for capital markets activity could be seen as mixed with uncertainty over the economic and political outlook in the US and Europe potentially acting as a brake on both on IPOs and the appetite of companies to sign up to OTCM's services. However, market levels have been surprisingly buoyant and, looking further ahead, there is a significant opportunity for OTCM to achieve greater market share both in terms of corporate clients and market data.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	42.2	14.4	12.9	68.58	24.3	N/A
2015	49.9	18.6	16.9	88.32	18.9	N/A
2016e	52.3	18.7	17.1	89.17	18.7	N/A
2017e	54.4	19.5	17.8	91.24	18.3	N/A

**Sector: Property**

Price: 2.55EGP  
 Market cap: EGP5888m  
 Market: EGX

**Share price graph (EGP)**



**Company description**

Palm Hills develops residential property in Greater Cairo and Egypt's Mediterranean and African Red Sea coasts. It has a 60% share in a JV with Accor, which owns three hotels in Egypt, a country club in West Cairo and an undeveloped land bank.

**Price performance**

%	1m	3m	12m
Actual	(0.4)	7.5	25.1
Relative*	7.1	2.5	18.5

\* % Relative to local index

**Analyst**

Julian Roberts

## Palm Hills Developments (PHDC)

**INVESTMENT SUMMARY**

H1 results announced on 9 August are broadly in line with our forecast for the year, which are struck on the old accounting basis. H1 saw a 32% y-o-y increase in new reservations to EGP3.4bn, a 36% increase in units delivered (825m vs 607m in H115) and a 45% increase in revenue to EGP2.3bn under the new revenue recognition method. This recognises all revenue from sales of houses by a % of completion method. Previously, sales of land were recognised immediately so some revenue recognition has been deferred but eventual profits, and cash flow, are unaffected. EBITDA fell 19% y-o-y to EGP333m but net PBT was still up 8% y-o-y to EGP 338m. Progress is being made toward securing more recurring income from the Palm Club and commercial projects (target is 25% of net profits by 2020), with a 14% contribution (not all recurring) in the half. PHDC expects to agree its largest project to date by the year end and reports that Q3 sales from existing projects are strong.

**INDUSTRY OUTLOOK**

Demographic trends still support demand for housing and it is reported that the Egyptian government is close to securing a \$12bn loan from the IMF. This is likely to be accompanied by fiscal and economic reforms which will benefit the economy in the long term. Anticipation of a currency devaluation may also increase investment demand for real estate.

Y/E Dec	Revenue (EGPm)	EBITDA (EGPm)	PBT (EGPm)	EPS (pia)	P/E (x)	P/CF (x)
2014	2126.1	423.5	382.1	25.69	9.9	N/A
2015	3602.5	634.8	1102.2	60.50	4.2	N/A
2016e	4280.0	1032.1	869.8	27.73	9.2	N/A
2017e	4318.3	980.0	648.7	20.68	12.3	N/A

**Sector: Mining**

Price: 21.2p  
 Market cap: £413m  
 Market: AIM

**Share price graph (p)**

**Company description**

Pan African Resources has five major assets in South Africa: Barberton Mines, the Barberton Tailings Retreatment Project, Evander Gold Mines, the Evander Tailings Retreatment Project and Phoenix Platinum.

**Price performance**

%	1m	3m	12m
Actual	(5.6)	51.8	185.2
Relative*	(8.3)	35.5	168.3

\* % Relative to local index

**Analyst**

Charles Gibson

## Pan African Resources (PAF)

**INVESTMENT SUMMARY**

PAF's H116 results were ahead of our expectations, with strong performances at the BTRP and the ETRP complementing a solid recovery in the underground grade at Evander (effectively portending its exit from the low grade mining cycle). Gold sold increased 17.4% to 101,797oz, while cash costs fell 25.7% to US\$740/oz, indicating good cost control as well as rand depreciation.

**INDUSTRY OUTLOOK**

In its August trading statement, PAF reported that production for the full year was 213,267oz precious metals cf Edison's expectation of 213,934oz and management's prior guidance of 209,000oz. As a result, it stated that FY16 headline EPS (HEPS) will be 114-134% higher than FY15 at 1.37-1.50p and that normalised HEPS (excluding financial instruments) will be 208-228% higher at 2.00-2.13p. Our valuation of PAF (excluding Uitkomst) is 23.6p at Edison's long-term gold prices. In the meantime, it continues to have the sector's third highest forecast dividend yield, globally. FY16 results are scheduled for 21 September.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	154.2	44.2	34.0	1.46	14.5	8.4
2015	140.4	28.4	16.0	0.64	33.1	14.7
2016e	164.5	56.9	44.7	1.97	10.8	8.3
2017e	211.5	80.1	68.8	3.10	6.8	4.3

**Sector: General industrials**

Price: €31.30  
 Market cap: €129m  
 Market: Xetra

**Share price graph (€)**

**Company description**

paragon designs and manufactures advanced automotive electronics solutions as a direct supplier to the automotive industry. Products include: sensors; acoustics; cockpit; electromobility, and body kinematics.

**Price performance**

%	1m	3m	12m
Actual	(9.3)	5.9	82.0
Relative*	(14.1)	(1.6)	84.4

\* % Relative to local index

**Analyst**

Roger Johnston

## paragon (PGN)

**INVESTMENT SUMMARY**

paragon's Q1 update highlighted the ongoing growth of the group with revenues up 9.4% to €23.2m, largely driven by the Electromobility and Acoustics businesses. EBITDA increased by 8.3% to €3.0m and, following an increase in personnel expenses following the expansion of the business and higher depreciation and amortisation, EBIT was flat at €1.4m. With Q1 results achieved, management maintained its expectations for 2016. The recent announcement of a new strategic partnership with Joy Global, a mining equipment manufacturer, to develop smart battery systems across a range of mining equipment was a further boost for the group's US Voltabox business, with first deliveries expected from 2017.

**INDUSTRY OUTLOOK**

paragon's core business has been built on a strategy of identifying emerging trends and developing systems ahead of, as opposed to in response to, requests from OEMs. This has led to significant success in automotive, accounting for 95% of 2014 revenues, 80% of which were derived from strong German OEMs. With the same R&D and systems approach being used to rapidly expand in electromobility, we forecast that 27% of revenue will come from non-automotive markets by 2017.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	79.0	10.5	4.3	67.0	46.7	12.5
2015	95.0	14.1	5.0	83.0	37.7	7.8
2016e	105.6	15.8	7.4	120.0	26.1	8.1
2017e	134.7	19.9	11.4	186.0	16.8	8.6

**Sector: Financials**

Price: 69.5p  
 Market cap: £128m  
 Market: AIM

**Share price graph (p)**



**Company description**

Park Group is a financial services business. It is one of the UK's leading multi-retailer gift voucher and prepaid gift card businesses, focused on the corporate gift and consumer markets. Sales are generated via e-commerce, a direct sales force and agents.

**Price performance**

%	1m	3m	12m
Actual	8.6	2.2	(4.5)
Relative*	5.4	(8.8)	(10.1)

\* % Relative to local index

**Analyst**

Martyn King

## Park Group (PKG)

**INVESTMENT SUMMARY**

Preliminary results for the year ended 31 March were in line with our forecasts with the exception of the final dividend which positively surprised with an increase of 18.8% to 1.90p, making 2.75p for the year. Excluding the known weakness in "credit", Corporate sales made solid progress and Consumer delivered yet another year of growth. Park continues to invest in e-commerce and innovate; the relationship with Mastercard makes good progress, as has the Combi card. EverydayBenefits, the employee voluntary benefit product enjoyed another strong year, up 36%. Despite post-Brexit economic uncertainty, we view the Consumer business as resilient and the Corporate business supported by innovation. EU sales are currently relatively small but a potential source of growth; with a foothold in Dublin we believe there is plenty of time to address any potential issues with future cross-border portability of the regulated flexecash card. Park may update on progress at its AGM on 22 September.

**INDUSTRY OUTLOOK**

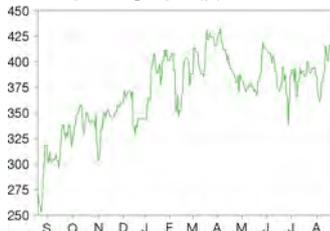
Supported by e-commerce initiatives, Park continues to expand its Corporate and Consumer offering into a recovering market.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	293.3	11.5	11.5	4.83	14.4	9.1
2016	302.5	12.4	12.6	5.61	12.4	10.5
2017e	315.8	13.5	13.9	6.06	11.5	10.4
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: 427.8p  
 Market cap: £2064m  
 Market: LSE

**Share price graph (p)**



**Company description**

Paysafe Group is a global payment solutions specialist operating in three areas: payment processing, eWallets and prepaid services.

**Price performance**

%	1m	3m	12m
Actual	7.0	16.5	50.4
Relative*	3.8	4.0	41.5

\* % Relative to local index

**Analyst**

Katherine Thompson

## Paysafe Group (PAYS)

**INVESTMENT SUMMARY**

Paysafe reported strong revenue growth in H116, + 118% y-o-y (reported) and +20% on a pro forma constant currency (PF CC) basis. Adjusted EBITDA margin increased to 29.6% from 26.3% in H215. On a PF CC basis, Payment Processing and Digital Wallets both grew 28% and Prepaid grew 11%. The company noted that the integration of Skrill was completed ahead of schedule, with cost synergies in excess of the original \$40m target likely to be achieved this year. The company raised guidance for FY16 - we are reviewing our forecasts.

**INDUSTRY OUTLOOK**

The payment processing business should continue to benefit from the growth in customer transactions. Online retail sales are forecast to continue to show strong growth, for example Forrester predicts US e-commerce revenue CAGR of 10% from 2014-19, as more retail sales shift from on premise, mail order or telephone to online. The Digital Wallet business continues to benefit from growth in online gambling and could further benefit from opportunities in the newly regulated US market.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	365.0	82.9	69.2	22.0	25.5	36.4
2015	613.4	152.6	118.8	25.6	21.9	24.4
2016e	954.2	272.2	218.0	36.5	15.4	10.7
2017e	1056.5	303.8	247.4	41.1	13.6	8.8

**Sector: Technology**

Price: €3.96  
 Market cap: €72m  
 Market: AIM Italia

**Share price graph (€)**



**Company description**

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

**Price performance**

%	1m	3m	12m
Actual	1.4	3.9	21.8
Relative*	3.3	11.4	67.6

\* % Relative to local index

**Analyst**

Richard Jeans

## Piteco (PITE)

**INVESTMENT SUMMARY**

Piteco is the leading player in the Italian treasury management systems (TMS) market. It has a strong track record of profitability, generates very healthy c 42% operating margins and has excellent cash generation. In July 2015 it raised c €11.5m (gross) in new money and listed on AIM Italia. It plans to use the funds to accelerate growth, both organically (boosting R&D eg it has introduced a hosted cloud offering) and through acquisitions (it made a small acquisition in Italy in late 2015 and is investigating other growth opportunities there and in the US). The stock looks attractive, trading on c 15x our earnings in FY16e, which falls to c 14x in FY17e and to c 13x in FY18e.

**INDUSTRY OUTLOOK**

Treasury management systems (TMS) are software solutions used by corporate treasuries and finance departments to manage transactions and support their decision making. A TMS typically covers front, middle and back-office processes. The application software market in Italy is valued at €3.8bn (Assinform/NetConsulting 2014). A small slice of this (Piteco suggests 5-10%) represents the market for treasury and financial planning software. According to IDC, the industry analysts, the worldwide revenue for the risk and treasury applications market was \$2.1bn in 2013, representing growth of 4.3% over 2012.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	11.6	5.2	4.1	0.0	N/A	N/A
2015	12.8	5.7	5.0	21.5	18.4	14.2
2016e	14.3	6.6	6.1	26.1	15.2	10.5
2017e	15.4	7.2	6.7	28.3	14.0	9.8

**Sector: General industrials**

Price: 80.5p  
 Market cap: £234m  
 Market: AIM

**Share price graph (p)**



**Company description**

Powerflute is a holding company established to acquire and improve underperforming businesses and assets in the broadly defined international paper and packaging sector.

**Price performance**

%	1m	3m	12m
Actual	20.6	9.2	3.5
Relative*	17.1	(2.6)	(2.6)

\* % Relative to local index

**Analyst**

Toby Thorrington

## Powerflute (POWR)

**INVESTMENT SUMMARY**

Underlying segment H116 EBITDA was comparable to the prior year with a higher contribution from Corenso (cores and coreboard) offset by a less strong performance at Savon Sellu (specialist packaging papers). In mixed market conditions, this was a solid overall performance from Powerflute. Business investment is ongoing, targeting improved operational performance in both divisions. Group cash generation characteristics are strong and together with an extended debt facility can support further organic and acquisitive capital spending as well as a rising dividend profile.

**INDUSTRY OUTLOOK**

Powerflute aims to build a portfolio of niche paper and packaging businesses. It has demonstrated financial and operational judgement in transactions and now needs to take the group to the next level. Typical target companies will have turnover of €150-200m and/or produce in excess of 300,000 tonnes of product. At any one time, the portfolio is unlikely to exceed five businesses to maintain the operational focus overseen by the executive board.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	150.1	22.3	13.3	3.8	24.8	14.2
2015	357.2	56.1	39.7	9.8	9.6	5.5
2016e	362.1	52.5	36.0	8.6	11.0	5.2
2017e	369.3	52.7	36.6	8.8	10.7	5.2

**Sector: Travel & leisure**

Price: 787.5p  
 Market cap: £332m  
 Market: LSE

**Share price graph (p)**



**Company description**

PPHE Hotel Group (formerly Park Plaza Hotels) is an integrated owner and operator of four-star, boutique and deluxe hotels in gateway cities and regional centres, predominantly in Europe.

**Price performance**

%	1m	3m	12m
Actual	(6.3)	(0.9)	18.7
Relative*	(9.0)	(11.6)	11.7

\* % Relative to local index

**Analyst**

Richard Finch

## PPHE Hotel Group (PPH)

**INVESTMENT SUMMARY**

Ahead of interim results on 31 August, the payment of a special dividend of £1 per share is further evidence of PPHE's strength following successful refinancings of the bulk of the estate. These have not only secured facilities substantially until 2026-28, but underline continued significant hidden value as completed in accordance with the company's established policy of c 55-65% LTV. This is reassuring, given headwinds, notably potential Brexit market uncertainty, renovations and the threat of terrorism. Meanwhile, encouragingly, transformative investment (over 1,000 new rooms this year) remains on track. We will adjust forecasts for recent consolidation of its Croatian resort businesses and the dividend payment after the interim results,

**INDUSTRY OUTLOOK**

Security and geopolitical developments are necessarily a concern. Post-Paris, according to STR, RevPAR in the London market, PPHE's principal profit source, is down 2% in the year to date, while GL, London's largest hotel owner-operator, and Millennium have confirmed a cautious outlook. Although supply additions and an economic downturn are an inherent risk, there is reassurance in the capital's long-term resilience, as recognised in its award as top destination for 2016, according to TripAdvisor users.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	217.0	76.1	28.6	68.9	11.4	4.3
2015	218.7	80.1	31.8	76.1	10.3	4.0
2016e	239.0	85.0	29.5	70.2	11.2	4.0
2017e	278.0	98.0	41.5	98.8	8.0	3.4

**Sector: Property**

Price: 112.5p  
 Market cap: £672m  
 Market: LSE

**Share price graph (p)**



**Company description**

Primary Health Properties is a long-term investor in primary healthcare property in the UK, principally let long term to GPs and NHS organisations backed by the UK government.

**Price performance**

%	1m	3m	12m
Actual	3.9	8.2	9.6
Relative*	0.9	(3.4)	3.1

\* % Relative to local index

**Analyst**

Martyn King

## Primary Health Properties (PHP)

**INVESTMENT SUMMARY**

H116 results show rental income up 5.2% to £32.2m (H115: £30.6m), EPRA earnings up 27.3% to £12.6m (H115: £9.9m) and EPRA EPS up 9.1% to 2.4p (H115: 2.2p). EPRA NAV per share rose 3.1% to 90.4p (31 December 2015: 87.7p) including a benefit from the May capital issue, which raised £145.3m of net new capital at a premium to NAV (£1 per share). £54m of the proceeds were invested in earnings enhancing acquisitions during H1 (and a first Irish acquisition has since been agreed subject to final approval by the Irish HSE). £14.5m was paid to "re-coupon" debt swaps with an advantageous reduction in future interest costs and PHP has paid down revolving debt facilities pending further acquisitions from a strong pipeline. H1 LTV was 53%, down from 62.7% at the year-end. Dividends paid increased 2.5% in H1 and PHP seeks to maintain a progressive dividend policy, fully covered by earnings.

**INDUSTRY OUTLOOK**

A recovery in NHS development approvals should support increasing rental growth, reflecting underlying demand for new premises and land and build cost inflation. Similar opportunities in the smaller Irish market offer a significantly higher rental yield.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	60.0	52.5	18.2	7.9	14.2	10.2
2015	63.1	55.5	21.7	11.2	10.0	8.8
2016e	67.2	59.1	27.1	7.4	15.2	10.8
2017e	72.9	64.2	32.3	7.6	14.8	10.4

**Sector: Technology**

Price: €6.54  
 Market cap: €54m  
 Market: Alternext Paris

**Share price graph (€)**



**Company description**

Prodware sells and integrates its own and third-party software to SMEs across Europe. Its software products mainly sit on top of ERP and CRM platforms from Microsoft. It also has networks, hosting and security operations.

**Price performance**

%	1m	3m	12m
Actual	0.0	3.8	0.2
Relative*	(2.0)	1.0	10.0

\* % Relative to local index

**Analyst**

Katherine Thompson

## Prodware (ALPRO)

**INVESTMENT SUMMARY**

Q2 revenues showed a like-for-like decline of 12.3%, after 2.6% growth in Q1. Several factors contributed to the decline: a very strong Q215, difficulty in closing deals in France due to floods and strikes, and more positively, strong growth in SaaS sales which generate lower up-front revenues but longer-term recurring revenues. The restructuring of the debt since the year end leaves Prodware well placed to finance its ambitious development programme, with its target of €300m revenues for 2020 and Prodware Academy. The shares trade at marked and, in our view, unjustified multiples discounts to Europe-listed comparators.

**INDUSTRY OUTLOOK**

Although the wider economic outlook across Europe remains uncertain, Prodware's exposure to the SME software markets and to the provision of hosted solutions should mean that it shows underlying growth in excess of the wider economy and software industry.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	174.8	27.7	9.9	112.1	5.8	4.0
2015	181.8	27.4	11.8	130.8	5.0	1.5
2016e	191.2	35.2	14.2	147.4	4.4	2.0
2017e	206.1	40.7	18.1	188.4	3.5	1.6

**Sector: Technology**

Price: €13.62  
 Market cap: €214m  
 Market: FRA

**Share price graph (€)**



**Company description**

PSI develops and integrates software control systems: electricity, gas, oil, water solutions; production planning, control, logistics software; monitoring and operating solutions for critical transport, public safety, environmental and disaster prevention.

**Price performance**

%	1m	3m	12m
Actual	(0.7)	3.8	15.0
Relative*	(6.0)	(3.6)	16.5

\* % Relative to local index

**Analyst**

Dan Ridsdale

## PSI (PSAN)

**INVESTMENT SUMMARY**

While group bookings performance moderated in Q2 from the very robust Q1, the pipeline for H2 looks positive and management's €11-13m FY EBIT guidance looks prudent. The recent reward of ISO 27001, info-security certification should strengthen credentials. Long term, we still believe that PSI's long-term margin expansion strategy remains intact, while the valuation only appears to be pricing in partial success on this front.

**INDUSTRY OUTLOOK**

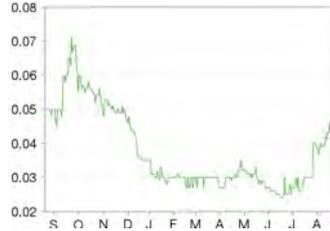
Structurally, we believe that PSI remains well placed across a range of industries. Cautious guidance reflects the volatile geopolitical and economic picture, as well as currency volatility. Business is currently being supported by domestic demand, particularly in Energy Management boosted by the energy tariff setting cycle, although demand from other industries/geographies will need to take up some slack as domestic energy demand moderates. The company is now starting to see demand strengthen from investment in next generation, Industry 4.0 projects.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	175.4	11.1	5.9	27.5	49.5	7.8
2015	183.7	15.3	9.6	49.1	27.7	12.3
2016e	192.8	16.4	11.2	58.6	23.2	15.6
2017e	201.4	19.4	14.2	74.3	18.3	12.8

**Sector: Oil & gas**

Price: A\$0.04  
 Market cap: A\$11m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

Pura Vida has a varied African exploration portfolio, with assets in Morocco and Madagascar. Drilling on a second well in Morocco is uncertain.

**Price performance**

%	1m	3m	12m
Actual	40.0	50.0	(19.2)
Relative*	37.7	43.6	(22.8)

\* % Relative to local index

**Analyst**

Will Forbes

## Pura Vida Energy (PVD)

**INVESTMENT SUMMARY**

Along with its international E&P peers, Pura Vida (PVD) is looking to preserve its cash reserves while progressing its exploration assets for possible future drilling. Discussions with Freeport McMoRan on resolution of the drilling obligation (under the farm-out agreement) are ongoing. Timing remains unknown, although we know that the farm-out agreement second well had to be drilled by September. Cash burn of \$1.5m per year compares favourably to cash resources of \$6m. Until the company can resolve the Moroccan drilling and/or re-set, we remove our estimates and valuation.

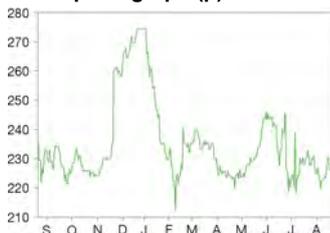
**INDUSTRY OUTLOOK**

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	14.8	1.0	(0.2)	(0.2)	N/A	N/A
2015	0.1	(18.6)	(16.2)	(10.6)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Aerospace & defence**

Price: 228.6p  
 Market cap: £1319m  
 Market: LSE

**Share price graph (p)**



**Company description**

QinetiQ provides technical support services to customers in the global aerospace, defence and security markets. The group operates through two divisions: EMEA Services (82% FY16 sales) and Global Products (18%).

**Price performance**

%	1m	3m	12m
Actual	(0.9)	(1.2)	(4.0)
Relative*	(3.8)	(11.8)	(9.7)

\* % Relative to local index

**Analyst**

Roger Johnston

## QinetiQ Group (QQ)

**INVESTMENT SUMMARY**

QinetiQ's AGM highlighted that conditions remain as at the full year results and the group continues to deliver sustainable cash generative growth. At the results CEO Steve Wadey revealed more about the group's strategy, providing further details about how the group was talking his previously identified immediate priorities. The vision is to be: "The chosen partner around the world for mission-critical solutions, innovating for our customers' advantage" and will be delivered through several strategic priorities focused on the UK and International markets as well as in driving Innovation. The recent announcement that CFO David Mellors will be joining Cobham is not wholly unexpected having completed eight years at QinetiQ, transformed the finance approach and supported the CEO transition. He remains until 31 December allowing an orderly succession.

**INDUSTRY OUTLOOK**

The UK business is underpinned by some good long-term contracts such as the LTPA. New non-DoD products in the Global Products division are not yet increasing at a high enough rate to fully offset conflict-related declines, although there are initial signs of stabilisation.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	763.8	135.6	107.8	15.2	15.0	10.4
2016	755.7	134.7	108.7	16.3	14.0	10.1
2017e	767.8	130.0	105.1	15.6	14.7	12.4
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Basic industries**

Price: 13.8p  
 Market cap: £111m  
 Market: AIM

**Share price graph (p)**

**Company description**

Quadrise Fuels International is the licensor of an oil-in-water emulsion fuel technology enabling refiners to manufacture and market MSAR for use as a low-cost substitute for heavy fuel oil in the marine bunker and power generation sectors.

**Price performance**

%	1m	3m	12m
Actual	27.9	0.0	34.2
Relative*	24.1	(10.7)	26.2

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Quadrise Fuels Int. (QFI)

**INVESTMENT SUMMARY**

In early August Quadrise achieved a major breakthrough with the announcement of the execution of a memorandum of understanding (MoU) to progress the Production to Combustion trial in Saudi Arabia. Project timescales are now likely to be extended beyond the spring of 2017, reflecting delays in decision-making caused by Saudi Arabia's economic reform plan (which makes MSAR adoption even more compelling). Management remains confident that the trial will demonstrate the value of adopting MSAR technology widely within the Saudi power generation industry.

**INDUSTRY OUTLOOK**

The first batch of Marine MSAR has been manufactured and transferred from the Gibraltar San Roque refinery to the vessel designated by Maersk for the LONO trial. This is expected to provide 4,000 hours of engine operation on MSAR, over a period of around nine months, followed by potential commercial roll-out during CY17.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	0.0	(2.3)	(2.4)	(0.3)	N/A	N/A
2015	0.1	(2.6)	(2.7)	(0.3)	N/A	N/A
2016e	1.2	(5.1)	(5.1)	(0.6)	N/A	N/A
2017e	10.1	(0.9)	(1.0)	(0.1)	N/A	N/A

**Sector: Media & entertainment**

Price: 276.0p  
 Market cap: £56m  
 Market: LSE

**Share price graph (p)**

**Company description**

The Quarto Group is the leading global illustrated non-fiction book publisher and distribution group. It sells books across 45 countries and in 35 languages. Founded in 1976, Quarto employs over 400 people.

**Price performance**

%	1m	3m	12m
Actual	6.4	17.7	35.3
Relative*	3.2	5.1	27.3

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## Quarto (QRT)

**INVESTMENT SUMMARY**

Quarto's \$9.8m acquisition of the becker&mayer publishing assets is in line with its strategy of expanding in the US and in children's publishing and should be usefully earnings enhancing in 2017e. Interim results showed positive progress, with revenue up 8%. We have increased our revenue and profit forecasts to reflect the acquisition (2017e EPS up 4%). The balance sheet continues to strengthen, with H116 net debt reduced by US\$8.5m to \$72.5m. Despite a strong relative share price performance over the past 12 months, the 2016e P/E is still undemanding at under 7.0x.

**INDUSTRY OUTLOOK**

US figures show that for 2015, overall publishers' book sales were up 0.8%, although revenues dipped 2.6% and eBook sales declined over 2014. Demand from the broader trade market, though, does not necessarily describe Quarto's trading environment, given its focus on high-quality illustrated titles. The book distribution and retail sectors remain in a state of upheaval, with non-traditional retail outlets becoming an increasing element of the mix, although overall US retail sales at US bookstores were up around 5% y-o-y in June 2016.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	171.3	17.0	11.9	44.1	8.2	1.5
2015	182.2	18.4	14.1	49.5	7.3	1.3
2016e	195.0	19.7	15.5	52.3	6.9	1.4
2017e	212.5	21.2	17.1	57.4	6.3	1.4

**Sector: Travel & leisure**

Price: 223.0p  
 Market cap: £871m  
 Market: LSE

**Share price graph (p)**



**Company description**

Rank is the UK's largest multi-channel casino operator with Grosvenor Casinos and the second largest multi-channel bingo operator with Mecca. It is also the fourth largest bingo operator in Spain and has two casinos in Belgium.

**Price performance**

%	1m	3m	12m
Actual	(3.8)	(8.6)	(10.8)
Relative*	(6.6)	(18.4)	(16.1)

\* % Relative to local index

**Analyst**

Jane Anscombe

## Rank Group (RNK)

**INVESTMENT SUMMARY**

A weak Q416 left final results (announced 23 August) a tad below our expectations despite good results in Mecca venues and Grosvenor digital. However cash generation was strong and the dividend was lifted by 16%. The organic growth strategy (focusing on multi-channel development) remains intact and while the failure to progress what would have been a transformational acquisition of William Hill (with 888) was a disappointment, it demonstrates the scale of management's ambitions. We suspect that future accretive opportunities will arise within the consolidating online gambling space.

**INDUSTRY OUTLOOK**

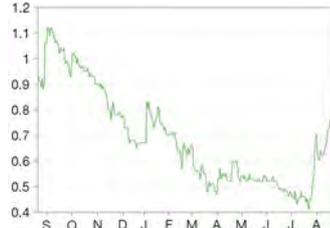
According to the Gambling Commission, the UK gambling industry is worth c £9.3bn excluding the National Lottery (another £7.3bn). Of this, land-based betting is c 35%, casino 12%, bingo 7%, other land-based 7% and remote gambling 39%. M&A has been a feature in 2015/16 eg Paddy Power Betfair, GVC/bwin and Ladbrokes/Coral; the Rank/888 consortium proposed bid for William Hill was withdrawn on 18 August.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	738.3	126.3	74.1	14.6	15.3	5.9
2016	753.0	128.2	77.4	15.4	14.5	7.9
2017e	782.7	133.0	81.5	16.2	13.8	7.0
2018e	809.4	141.5	90.0	17.9	12.5	6.3

**Sector: Mining**

Price: 0.9p  
 Market cap: £68m  
 Market: LSE

**Share price graph (p)**



**Company description**

Rare Earth Minerals (REM) is a minerals investment company with direct and indirect interests in lithium and rare earth projects. REM's primary value proposition is a 40.06% effective interest in the Sonora Lithium Project concessions in Northern Mexico.

**Price performance**

%	1m	3m	12m
Actual	103.3	77.7	(1.1)
Relative*	97.4	58.6	(7.0)

\* % Relative to local index

**Analyst**

Tom Hayes

## Rare Earth Minerals (REM)

**INVESTMENT SUMMARY**

REM has conditionally raised US\$15m with the issue of new loan notes, convertible into REM shares, with a Mexican specialist resource fund called the Iskander Mineral Asset Fund. The convertible loan is secured over the company's assets and bears interest at 5% and is convertible into REM shares at a price of 0.65 (at the time of writing 19% below its share price). REM intends to use this financing to fund its ongoing obligations at the Sonora Lithium Project, held in JV with Bacanora Minerals. We view this as a major milestone for the company as it looks to realise cash-flows from its portfolio of lithium interests, as well as expanding this portfolio further.

**INDUSTRY OUTLOOK**

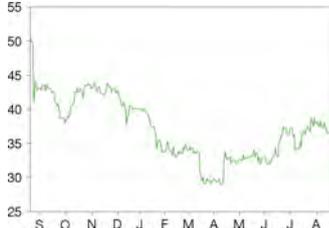
Rare Earth Minerals (REM) is a minerals investment company with direct and indirect interests in lithium and rare earth projects.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2013	0.0	1.5	1.5	0.05	18.0	N/A
2014	0.0	(3.1)	(3.5)	(0.07)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

## Sector: Property

Price: 37.2p  
Market cap: £250m  
Market: LSE

### Share price graph (p)



### Company description

Guernsey based Raven Russia is listed on the main market of the LSE and invests, for the long term, in modern, high quality warehouse properties in Russia, with the aim of delivering progressive distributions to shareholders.

### Price performance

%	1m	3m	12m
Actual	0.7	12.9	(26.8)
Relative*	(2.3)	0.8	(31.1)

\* % Relative to local index

### Analyst

Martyn King

## Raven Russia (RUS)

### INVESTMENT SUMMARY

On 6 July shareholders approved the issue of \$108.7m 10-year 6.5% coupon convertible bonds. The proceeds will be used to reduce current outstanding amortising debt, improve the amortisation profile, and allow existing cash resources to be made available for future opportunities and allow Raven to participate in market upside as and when conditions improve. Raven worked hard in 2015 to mitigate the impact of a harsh trading environment. Management focused on maintaining income at the best level achievable, in whatever currency the market will allow, while protecting cash balances. It ended the year with \$202m in cash, a significant share of the current market cap. The completion of the convertible bond issue provides additional financial flexibility at a lower cost than the existing bank debt. Interim results are due to be published on 30 August.

### INDUSTRY OUTLOOK

The Russian economy contracted 0.6% y-o-y in Q2, less than expected, supporting hopes for a return to growth in 2017. Demand/supply conditions in the Moscow warehouse market appear to be improving with new build falling away.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	257.6	N/A	75.1	8.94	5.5	2.1
2015	219.7	N/A	64.9	7.94	6.1	2.4
2016e	192.4	N/A	37.1	5.01	9.7	2.6
2017e	181.2	N/A	30.2	4.09	11.9	2.8

## Sector: Technology

Price: A\$0.04  
Market cap: A\$2m  
Market: ASX

### Share price graph (A\$)



### Company description

Real Estate Investar (REV) provides integrated online services to Australian and New Zealand property investors to assist them to identify and manage suitable properties.

### Price performance

%	1m	3m	12m
Actual	(27.1)	(14.0)	N/A
Relative*	(28.3)	(17.7)	N/A

\* % Relative to local index

### Analyst

Finola Burke

## Real Estate Investar Group (REV)

### INVESTMENT SUMMARY

Real Estate Investar (REV) floated on the ASX on 10 December 2015, raising A\$5m (25m shares at A\$0.20 per share) to fund market growth and product development. REV offers integrated online software tools for real estate investors in Australia and New Zealand on a software-as-a-service (SaaS) basis. The company announced in late July that it had passed its 200,000 membership milestone with 48% year-on-year growth in members. The company also announced it had generated A\$0.8m in commissions on direct real estate sales of \$17m in the year to 30 June.

### INDUSTRY OUTLOOK

REV is exposed to the key drivers of the property market, which include population, interest rates and taxation policies. The government's forecast CAGR for Australia's population to 2023 is 1.2% and NZ is expected to experience growth rates of ~1%. A sudden spike in interest rates could have a negative impact on demand for residential property. A favourable income tax policy is also an important driver of demand. Other factors such as FX, slower than-expected user growth and China's investment restriction may also dampen demand.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	4.0	(0.8)	(1.1)	(2.5)	N/A	N/A
2016e	5.2	(0.8)	(0.9)	(0.7)	N/A	2.3
2017e	9.6	0.5	0.5	0.2	20.0	N/A

**Sector: Financials**

Price: 25.0p  
Market cap: £55m  
Market: LSE

**Share price graph (p)**

**Company description**

Record is a specialist currency manager, providing currency hedging and return seeking mandates to institutional clients. Services include passive and dynamic hedging and return seeking currency strategies via funds or segregated accounts.

**Price performance**

%	1m	3m	12m
Actual	(1.0)	2.0	(35.5)
Relative*	(3.9)	(8.9)	(39.3)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Record (REC)

**INVESTMENT SUMMARY**

Post EU referendum FX volatility was evident in the Q1 AUME update to end June; a quarterly increase of 6.1% in sterling terms but 1.3% lower in dollar terms. Despite positive inflows to higher margin dynamic hedging and currency for return products, there was a small net outflow as passive hedging clients made modest changes in underlying allocations. The net positive impact on sterling revenues and profits is captured by our post FY16 updated results estimate. Broader trends from FY16 include the increasing number of clients (61 vs 55 at the beginning of FY16) and the increased share of Passive Hedging mandates (82% of the total). Passive mandates are lower margin but a relatively stable revenue source that now covers 85% of fixed costs before profit sharing. The forecast 1.65p dividend provides an attractive prospective yield while the board now considers the regulatory capital buffer sufficiently strong that it will consider the return of excess future earnings via special dividends.

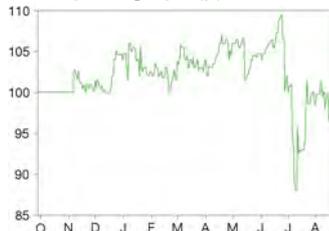
**INDUSTRY OUTLOOK**

EU legislation affecting Record's business is likely either to be retained or replicated in the negotiations over the UK's departure from the bloc. In the long term, currency volatility should support demand for currency management.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	21.1	7.7	7.5	2.65	9.4	N/A
2016	21.1	7.2	7.0	2.54	9.8	N/A
2017e	20.2	6.4	6.2	2.24	11.2	N/A
2018e	20.6	6.5	6.4	2.30	10.9	N/A

**Sector: Property**

Price: 100.0p  
Market cap: £274m  
Market: LSE

**Share price graph (p)**

**Company description**

Regional REIT owns a commercial property portfolio of, predominantly, offices and industrial units located in the regional centres of the UK. It is actively managed and targets a total shareholder return of 10-15% pa with a strong focus on income.

**Price performance**

%	1m	3m	12m
Actual	6.4	(2.9)	N/A
Relative*	3.3	(13.3)	N/A

\* % Relative to local index

**Analyst**

Martyn King

## Regional REIT (RGL)

**INVESTMENT SUMMARY**

Regional REIT provides a focused exposure to UK regional commercial real estate, predominantly secondary assets. It has an established and diversified high-yielding portfolio that supports the attractive 8.1% prospective yield. RGL's focus on underexploited properties provides additional internally driven potential from asset management initiatives, with potential for accretive asset growth. Brexit has raised uncertainty about the pace of UK economic growth, investor appetite and future occupier demand, but particularly for City of London offices, while sterling's devaluation may provide a boost to regionally focused industry. Meanwhile, interest rates have fallen further.

**INDUSTRY OUTLOOK**

While the result of the EU referendum has weighed on sentiment, it is likely to affect the London market most. Higher regional yields should cushion any downward revaluation and ex-London occupiers of industrial property may benefit from the weaker pound.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	4.6	3.3	2.4	0.9	111.1	8.8
2016e	38.1	30.3	21.9	8.0	12.5	8.1
2017e	40.9	32.8	23.7	8.6	11.6	N/A

**Sector: Support services**

Price: 26.5p  
 Market cap: £106m  
 Market: AIM

**Share price graph (p)**



**Company description**

RM2 is entering international pallet markets with an innovative glass fibre composite pallet designed and manufactured in house. The company is targeting the generation of pallet service revenues under three- to five-year contracts.

**Price performance**

%	1m	3m	12m
Actual	1.9	0.0	(56.9)
Relative*	(1.1)	(10.7)	(59.5)

\* % Relative to local index

**Analyst**

Toby Thorrington

## RM2 International (RM2)

**INVESTMENT SUMMARY**

FY15 results (announced 30 June) showed revenue of US\$8m – split broadly evenly between rental and sale - and a significant operating loss and were accompanied by the proposed issuance of up to US\$30m convertible preference shares. So far in FY16, RM2 has announced a pallet supply agreement with Loblaw (Canada’s largest retailer), a significant strategic pallet manufacturing agreement with Zhenshi Holding Group (a large fibreglass producer) and the appointment of a new COO, Kevin Mazula who brings a range of managerial experience to the group. Our estimates are under review.

**INDUSTRY OUTLOOK**

The investment proposition is for a significant outlay of capital in the next two or three years to build a large pallet pool generating recurring income flows from three to five-year contracts, primarily in North America. This is expected to form the platform for further international growth.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2013	0.1	(18.3)	(42.2)	(33.7)	N/A	N/A
2014	2.0	(33.7)	(42.7)	(13.3)	N/A	N/A
2015e	N/A	N/A	N/A	N/A	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Media & entertainment**

Price: €3.30  
 Market cap: €378m  
 Market: FRA

**Share price graph (€)**



**Company description**

RNTS Media’s mobile ad tech platforms *Fyber* and *Inneractive* help app developers and publishers overcome the challenges of a fragmented ecosystem by consolidating a wide range of advertising demand onto one platform.

**Price performance**

%	1m	3m	12m
Actual	62.2	66.4	(10.0)
Relative*	53.5	54.6	(8.8)

\* % Relative to local index

**Analyst**

Bridie Barrett

## RNTS Media (RNM)

**INVESTMENT SUMMARY**

Through acquisition and organic investment, RNTS Media has significantly expanded its publisher reach over the last two years. It is now focused on monetising an increasing share of this reach. Historically, *Fyber* mainly traded ‘offer wall’ formats, a small part of the overall market. However, by the end of FY16 it expects to have a near complete product range: ‘rewarded video’ was added in Q315 and additional formats are being rolled out, as is a private programmatic market place. This marks a step change in the addressable market. Management’s confidence was signalled in its 29 July trading update, where it increased pro forma revenue targets for FY16 to “over €185m” and introduced a target for FY17 revenues of “over €240m”.

**INDUSTRY OUTLOOK**

Programmatic buying is becoming the dominant way of buying advertising in the fast-growth segment of mobile advertising. *e-Marketer* forecasts a three-year CAGR of 122% to 2017 in programmatic buying of mobile advertising. By building out the client base for its mediation solution and expanding the range of products available on its ad exchange, management believes it will capture an increasing share of this growing market.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	64.0	0.7	(2.0)	(1.2)	N/A	N/A
2015	81.1	(13.7)	(18.6)	(13.6)	N/A	N/A
2016e	158.8	(13.4)	(24.6)	(18.8)	N/A	N/A
2017e	252.3	(4.2)	(17.3)	(12.8)	N/A	N/A

**Sector: Oil & gas**

Price: 32.5p  
 Market cap: £148m  
 Market: AIM

**Share price graph (p)**

**Company description**

Rockhopper is a London-listed E&P with fully funded development of Sea Lion, a 500+mmbbl field in the Falklands as well as the potential of a similar size discovery to the south. It also holds assets in the Mediterranean.

**Price performance**

%	1m	3m	12m
Actual	1.6	(9.7)	(27.8)
Relative*	(1.4)	(19.4)	(32.1)

\* % Relative to local index

**Analyst**

Will Forbes

## Rockhopper Exploration (RKH)

**INVESTMENT SUMMARY**

With the close of the acquisition of assets in Egypt from Beach, Rockhopper has added 1,100bbls/d of oil production and 4.5mmboe of net 2P reserves (RKH own 22% of Abu Sennan concession). This is increased with the recent success of an exploration well which is estimated to add a further 0.34mmboe net to RKH, making the deal even better value (and now \$2.4 per 2P bbl). Company production is now guided to be 1,500-1,800 bbls/d in 2016. Rockhopper's interest in the Sea Lion field remains one of the largest undeveloped fields in recent years, with contingent 2C resources of over 500mmboe. Isobel should add materially to this figure in time given 3C estimates of 619mmboe (though drilling issues meant auditors were only able to attribute 2C volumes of 20mmboe). We expect to update our valuation (of 93p/share) in the near term to reflect the acquisition and a number of other factors (not least the decline of GBP by c 10%).

**INDUSTRY OUTLOOK**

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	1.9	(7.8)	(7.6)	(2.6)	N/A	N/A
2015	4.0	(40.6)	(44.7)	3.6	11.8	N/A
2016e	11.7	(12.7)	(12.9)	(2.5)	N/A	N/A
2017e	14.8	(16.1)	(16.5)	(3.2)	N/A	N/A

**Sector: Financials**

Price: 2377.0p  
 Market cap: £284m  
 Market: LSE

**Share price graph (p)**

**Company description**

S&U's Advantage motor finance business lends on a simple hire purchase basis to lower and middle income groups who may have impaired credit records that restrict their access to mainstream products. It has over 38,000 customers currently.

**Price performance**

%	1m	3m	12m
Actual	1.2	6.1	(3.0)
Relative*	(1.7)	(5.3)	(8.7)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## S&U (SUS)

**INVESTMENT SUMMARY**

Following last year's profitable sale of its stable but relatively low-growth home credit activity, S&U is now focused on its well-established and fast-growing motor finance business, Advantage. A trading statement issued on 5 August noted that trading continued consistently and strongly with loan applications at a record high and customer numbers up 39% on 2015 at over 38,000. Collections and repayments have reached monthly record levels and credit quality remains high, in line with management expectations, albeit not at the record levels of 2015. Advantage net receivables are nearing £175m, having grown at more than £1m per week in the first half. Existing funding lines are deemed sufficient for growth at Advantage and for any new business developments over the next two years. To accommodate growth from 2018 onward, the company expects to extend its finance facilities in H2. S&U is due to announce interim results on 27 September.

**INDUSTRY OUTLOOK**

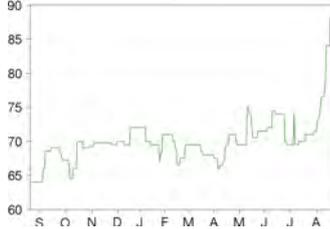
There is no sign of ill-effects on the market from the EU referendum and, while uncertainties will remain until the conditions of the UK's exit have been finalised, beyond this the opportunity in the non-standard auto market remains good, albeit with increased competition.

Y/E Jan	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	36.1	16.6	14.8	99.0	24.0	N/A
2016	45.2	21.5	19.5	132.4	18.0	N/A
2017e	58.3	27.7	25.7	171.4	13.9	N/A
2018e	71.7	33.9	30.4	202.8	11.7	N/A

**Sector: Technology**

Price: 89.5p  
 Market cap: £26m  
 Market: AIM

**Share price graph (p)**



**Company description**

SCISYS provides a range of professional services in support of the planning, development and use of computer systems in the space, media/broadcast and defence sectors, as well as to other public and private sector enterprises.

**Price performance**

%	1m	3m	12m
Actual	26.1	27.0	40.9
Relative*	22.4	13.3	32.6

\* % Relative to local index

**Analyst**

Richard Jeans

## SCISYS (SSY)

**INVESTMENT SUMMARY**

In an August trading update, SCISYS said it has maintained the encouraging start to the year, as reported at the AGM in June. Strong cash generation has continued, with net cash rising from £0.3m at end-April to £1.4m at end-June. As in previous years, the full year performance is expected to be H2 weighted. Around half of group revenues are in euros, and if the euro-sterling exchange rate remains around current levels throughout FY16, SCISYS has indicated that current FY16 consensus forecasts will be significantly exceeded even after allowing for hedging impacts. We will review our forecasts following the interims, when we will have more information. Given the scope for upgrades, in combination with a strong balance sheet, we believe the stock looks attractive on c 13x our FY17e earnings.

**INDUSTRY OUTLOOK**

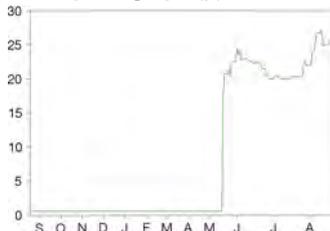
SCISYS is a specialist provider of high-value IT solutions, focusing on specialist markets of space, media and broadcast, and defence sectors, along with other public and private sector enterprises. In recent years, weakness across the group's significant public sector customer base, notably in the environment sector, has been offset by strong performances from space and defence. Management is keen to add critical mass to the Media & Broadcast division and expand the offering beyond radio play out systems.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	40.4	4.2	3.2	8.2	10.9	5.4
2015	36.1	1.5	0.6	1.3	68.8	16.5
2016e	38.0	3.3	2.3	6.2	14.4	8.5
2017e	39.9	3.7	2.7	7.0	12.8	7.7

**Sector: Oil & gas**

Price: 25.5p  
 Market cap: £20m  
 Market: AIM, TSX-V

**Share price graph (p)**



**Company description**

SDX Energy is an Egyptian onshore player listed in Toronto and London. It has plans to notably increase production in two fields, while a third should see a carried exploration well by year-end 2016.

**Price performance**

%	1m	3m	12m
Actual	25.9	41.7	N/A
Relative*	22.2	26.5	N/A

\* % Relative to local index

**Analyst**

Will Forbes

## SDX Energy (SDX)

**INVESTMENT SUMMARY**

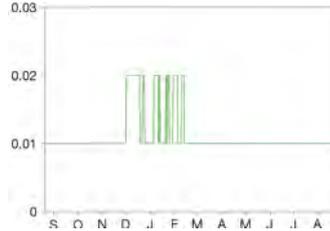
SDX Energy (SDX) is a London/Toronto-listed company with interests in two producing onshore fields in Egypt. Crucially for a small E&P, it will be cash flow positive in 2017 and is unlikely to return to the market for more equity to develop assets. The current work programme (of new wells, workovers and water flood) could see a more than doubling of recoverable volumes and is both cheap and relatively low risk. Once this work starts to bear fruit (later in 2016/17), the low-cost production will put SDX in the enviable position of being able to largely fund development of exploration prospects, while giving it resources and operational credibility to add further assets in Egypt. Our analysis indicates that the share price is more than supported by current operations, giving upside potential for the near-term production increases we see as likely and free exposure to exploration upside.

**INDUSTRY OUTLOOK**

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	24.5	19.1	16.5	3.2	10.4	4.9
2015	11.4	2.7	18.8	47.1	0.7	N/A
2016e	14.7	4.4	(0.1)	(1.0)	N/A	4.6
2017e	24.3	13.2	9.4	9.2	3.6	2.8

**Sector: Food & drink**

Price: NZ\$0.01  
 Market cap: NZ\$41m  
 Market: NZSX

**Share price graph (NZ\$)**

**Company description**

SeaDragon Marine Oils produces specialist fish oils including squalene and omega-3, which are supplied to manufacturers and marketers of dietary supplements in Australasia and worldwide.

**Price performance**

%	1m	3m	12m
Actual	8.3	0.0	85.7
Relative*	4.7	(6.3)	50.7

\* % Relative to local index

**Analyst**

Moira Daw

## SeaDragon (SEAZ)

**INVESTMENT SUMMARY**

SeaDragon (SEA) is a final-stage fish oil processor based in Nelson, New Zealand. On 11 August 2016, the company announced it was planning a one for two pro rata, renounceable rights issue to raise a minimum of NZ\$0.25m. This is in addition to the NZ\$3m convertible note secured from Comvita and which is subject to shareholder approval at the company's AGM on 31 August. SeaDragon said it was still finalising the rights issue but proposing that it be priced at NZ\$0.0008/share which is at a 38.5% discount to the closing price on 10 August and is the same as the conversion price of the Comvita convertible note.

**INDUSTRY OUTLOOK**

New Zealand-sourced fish oils are expected to occupy a high-value niche with demand for omega-3 oils remaining strong. Worldwide omega-3 production is c 110,000 tonnes, with market growth averaging 5-10% globally. New market opportunities for SeaDragon include the functional and fortified foods, beverages, cosmetics and pharmaceutical markets. SeaDragon is well placed with its focus on sustainable fisheries and New Zealand-sourced products.

Y/E Jun / Mar	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	3.1	1.0	0.4	0.0	N/A	N/A
2015	6.3	(2.2)	(2.8)	(0.2)	N/A	N/A
2016e	12.3	0.2	(0.7)	0.0	N/A	N/A
2017e	27.5	5.8	4.6	0.1	10.0	7.6

**Sector: Financials**

Price: 2195.0p  
 Market cap: £399m  
 Market: AIM

**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 in the process of launching a non-standard mortgage business.

**Price performance**

%	1m	3m	12m
Actual	10.8	(18.7)	(24.3)
Relative*	7.5	(27.4)	(28.8)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Secure Trust Bank (STB)

**INVESTMENT SUMMARY**

The main events in STB's first half were the completion of the Everyday Loans Group (ELG) sale and the announcement of the reduction in Arbutnot Banking Group's stake to 18.9%. The profit on the ELG sale helped boost profits after tax from £12.9m in H1 last year to £129.1m. Underlying profit before tax was £17.4m, up 54% (excluding ELG), driven by loan book growth of 51% to £1.1bn. EPS on the same basis was 78.5p (+57%). STB has substantial capital headroom with a CET1 ratio of 20.1% and is seeking a Premium Listing on the LSE, which should further increase its strategic flexibility.

**INDUSTRY OUTLOOK**

While the outcome of the EU referendum has added to the uncertainties surrounding the outlook for the UK economy, the argument for a significant market opportunity for specialist lenders such as STB remains intact. The large incumbent banks seem likely to remain focused on core activities and managing capital ratios. STB appears well placed to take opportunities as they emerge.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	63.7	N/A	17.5	155.8	14.1	N/A
2015	92.1	N/A	24.8	170.4	12.9	N/A
2016e	121.2	N/A	33.1	145.6	15.1	N/A
2017e	152.3	N/A	47.4	200.5	10.9	N/A

**Sector: Technology**

Price: 3.6p  
 Market cap: £39m  
 Market: AIM, ISDX

**Share price graph (p)**



**Company description**

Seeing Machines is a technology company focused on designing vision-based human machine interfaces.

**Price performance**

%	1m	3m	12m
Actual	0.0	(6.5)	(27.5)
Relative*	(2.9)	(16.5)	(31.8)

\* % Relative to local index

**Analyst**

Richard Jeans

## Seeing Machines (SEE)

**INVESTMENT SUMMARY**

Over the last four years, SEE has evolved from being focused on supplying fatigue and distraction monitoring systems to high value haul trucks. It is now in the advanced stages of moving into several new sectors - consumer automotive, fleet vehicles, rail and aerospace. Further, it has broadened the haul truck market opportunity via an alliance with Caterpillar. SEE expects FY16 revenues to be A\$33.6m, including A\$21.8m from the Caterpillar licencing deal. While sales of Guardian units into the retrofit vehicle fleet market have been slower than we anticipated, SEE has c 34 trials in place with fleets totalling more than 150k vehicles. A proposal to spin off the automotive business will transform the shape of the business. Hence, we have suspended our forecasts. We await for further news on this transaction, which could come with the FY16 results in early October.

**INDUSTRY OUTLOOK**

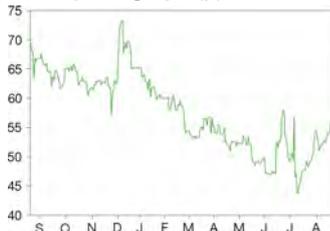
SEE specialises in operator performance and safety through real-time monitoring and intervention. The group's IP is based around three sets of algorithms – head tracking, eye aperture and eye gaze. SEE is focusing on five safety-related areas: mining, commercial road transport, consumer automotive, rail and simulators (including aviation). It is also seeking business in consumer electronics through licensing/royalty relationships.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	16.8	(2.4)	(2.5)	(0.4)	N/A	N/A
2015	19.0	(9.1)	(9.4)	(1.2)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Engineering**

Price: 55.2p  
 Market cap: £164m  
 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 currently undertakes structural steelwork projects for the local market and is fully operational.

**Price performance**

%	1m	3m	12m
Actual	12.2	13.9	(19.6)
Relative*	8.9	1.7	(24.4)

\* % Relative to local index

**Analyst**

Toby Thorrington

## Severfield (SFR)

**INVESTMENT SUMMARY**

Reported FY16 revenue and EBIT came in 3.1% and 10.4% ahead of our estimates respectively, with an achieved margin of 5.7%, towards the upper end of the target 5-6% range. Margin recovery has been a central focus over the last three years and has been unequivocally delivered, substantially generated through actions taken to improve business processes and operational performance. After a cash inflow of over £12m in the year, Severfield ended FY16 in an £18.4m net cash position. Management's new target is to double company underlying PBT to c £26.2m by 2020.

**INDUSTRY OUTLOOK**

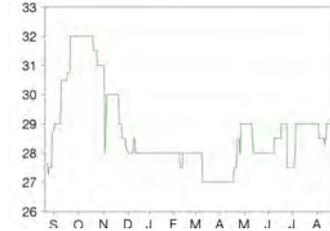
The primary strategic aim is to maintain Severfield's position as the leading UK structural steelwork supplier. An Indian JV (established in 2010) is fully operational and targeting similar sectors to those served in the UK. Management has valued the Indian construction market at c £100bn pa, with a very low penetration of steel structures currently.

Y/E Dec / Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	201.5	13.6	8.3	2.31	23.9	14.4
2016	239.4	18.9	13.2	3.67	15.0	6.6
2017e	244.1	21.8	16.3	4.56	12.1	9.4
2018e	256.1	25.7	20.0	5.61	9.8	7.0

**Sector: Financials**

Price: 29.0p  
 Market cap: £42m  
 Market: AIM

**Share price graph (p)**



**Company description**

Share plc owns the Share Centre and Sharefunds. The Share Centre is a self-select retail stockbroker that also offers share services for corporates and employees. A high proportion of income is from stable fee and interest income.

**Price performance**

%	1m	3m	12m
Actual	0.0	3.6	2.7
Relative*	(2.9)	(7.6)	(3.4)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Share plc (SHRE)

**INVESTMENT SUMMARY**

Lower interest income meant Share's H1 revenue was down by 2% but it recorded increases in fees and dealing commission and gained market share. Excluding interest income, its market share within a ComPeer collected peer group increased from 8.98% to 9.77%. IT investment costs were a significant contributor to the reduction in underlying pre-tax profits from £0.608m to £0.11m. Good progress is being made on the company's IT investment aimed at providing a digital transformation that will significantly improve the customer experience and enhance scalability. With the results Share revealed that one of its two most recently announced partnerships is with Computershare; the other is with a wealth manager and both are expected to make a significant contribution starting in 2017. The balance sheet remains strong with net cash at the end of July of £13.3m.

**INDUSTRY OUTLOOK**

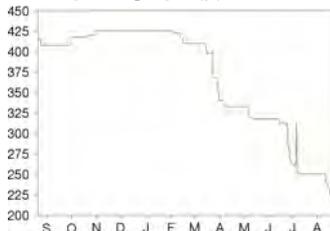
Near-term profits are set to be held back by the investment programme while uncertainty over Brexit negotiations could restrain retail trading at times. Nevertheless, we expect long-term market growth reflecting demographic, economic and social changes.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	15.0	0.5	1.6	0.99	29.3	N/A
2015	14.1	(0.8)	0.6	0.40	72.5	N/A
2016e	14.4	(1.9)	(0.9)	(0.49)	N/A	N/A
2017e	15.7	(0.8)	(0.2)	(0.06)	N/A	N/A

**Sector: Financials**

Price: 225.0p  
 Market cap: £49m  
 Market: AIM

**Share price graph (p)**



**Company description**

Shore Capital Group is an independent investment group active in Capital Markets, Asset Management and Principal Finance (on-balance sheet investments). Its offices in Guernsey, London, Liverpool, Edinburgh and Berlin serve >60 corporate broking clients.

**Price performance**

%	1m	3m	12m
Actual	(10.0)	(29.1)	(45.8)
Relative*	(12.7)	(36.7)	(49.0)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Shore Capital Group (SGR)

**INVESTMENT SUMMARY**

Shore Capital's diversified mix of activities has proved itself through a number of market cycles. An entrepreneurial approach and the long tenure of key staff has helped deepen and broaden its client network and hence revenue potential. Like a successful merchant bank, opportunistic investments have periodically provided supernormal profits, while asset management provides a growing stream of recurring earnings. Balance sheet strength dampens near-term returns on equity, but increases resilience and provides the means to seize further opportunities. Our central valuation of c 360p suggests significant upside.

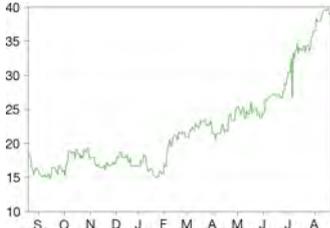
**INDUSTRY OUTLOOK**

Uncertainty surrounding Brexit negotiations may restrain activity levels for the Capital Markets business to some extent but, on a longer view, the capability and client relationships of the team should stand it in good stead. Chairman, Howard Shore, has expressed a clear positive view on the long-term economic benefits of the UK leaving the EU. In Asset Management, the generally sticky nature of assets managed provide stability with potential for good growth from products providing an inheritance tax shelter. Principal Finance could provide additional value at some point through further realisations.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	40.6	9.5	8.3	20.8	10.8	N/A
2015	42.0	12.9	11.7	26.1	8.6	69.2
2016e	35.6	6.1	4.9	11.2	20.1	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Mining**

Price: C\$37.61  
 Market cap: C\$16556m  
 Market: NYSE, TSX

**Share price graph (C\$)**

**Company description**

Silver Wheaton (SLW) is the world's pre-eminent pure precious metals streaming company with 24 precious metals streaming agreements relating to assets in Mexico, Peru, Canada, Brazil, Chile, Argentina, Sweden, Greece, Portugal, the US and Guyana.

**Price performance**

%	1m	3m	12m
Actual	9.5	50.4	106.7
Relative*	8.3	41.5	97.5

\* % Relative to local index

**Analyst**

Charles Gibson

## Silver Wheaton (SLW)

**INVESTMENT SUMMARY**

SLW's Q216 earnings were close to Edison's forecast, but were still almost 50% better than the previous quarter. Performance was buoyed by record gold sales, driven by the continued ramp up at Salobo, a record production performance at Sudbury, continued outperformance at Antamina and continued inventory drawdown. Our forecasts and valuation are under review.

**INDUSTRY OUTLOOK**

In the longer term, assuming no material purchases of additional streams (which is unlikely), we forecast a value per share for SLW of US\$37.62, or C\$49.32, in FY19 (at US\$26.57/oz Ag and US\$1,483/oz Au). SLW is trading on near-term financial ratios that are cheaper than those of its royalty/streaming peers and the miners themselves on a majority of valuation measures, despite being associated with materially less operating and cost risk.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	620.2	431.2	268.8	75.0	38.5	23.9
2015	648.7	426.2	223.6	53.0	54.5	26.2
2016e	809.5	530.7	239.0	55.0	52.5	23.0
2017e	1057.6	758.9	488.5	111.0	26.0	16.7

**Sector: Technology**

Price: €4.75  
 Market cap: €55m  
 Market: FRA, NYSE Euronext

**Share price graph (€)**

**Company description**

SinnerSchrader is a leading European independent digital agency that helps companies use the internet to sell and market goods and services.

**Price performance**

%	1m	3m	12m
Actual	(6.4)	7.1	54.4
Relative*	(11.4)	(0.5)	56.4

\* % Relative to local index

**Analyst**

Bridie Barrett

## SinnerSchrader (szz)

**INVESTMENT SUMMARY**

SinnerSchrader (SZZ) reported 25% underlying revenue growth in Q3 and, while staffing constraints are putting renewed pressure on margins, we are confident about the medium-term outlook for the group, which was recently selected by Audi as its worldwide digital lead agency, marking a gear change in SZZ's profile. The shares have performed well, yet the rating remains at a significant discount to digital agency peers – unwarranted in our view given the momentum and the outlook.

**INDUSTRY OUTLOOK**

As the largest e-commerce agency in Germany, SinnerSchrader has a strong franchise and is well positioned to capture its share of the expanding market for digital agency services.

Y/E Aug	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	48.6	5.4	4.6	27.8	17.1	19.9
2015	47.7	5.3	4.2	25.1	18.9	23.9
2016e	51.0	5.8	5.0	29.2	16.3	12.1
2017e	58.7	6.8	5.9	34.0	14.0	9.1

**Sector: Technology**

Price: NZ\$0.84  
 Market cap: NZ\$52m  
 Market: NZSX

**Share price graph (NZ\$)**



**Company description**

SLI Systems' core products are e-commerce site search and navigation tools that learn from customer behaviours to improve the relevance of search results and therefore increase sales conversion.

**Price performance**

%	1m	3m	12m
Actual	0.0	(16.0)	15.1
Relative*	(3.4)	(21.3)	(6.6)

\* % Relative to local index

**Analyst**

Finola Burke

## SLI Systems (SLIZ)

**INVESTMENT SUMMARY**

SLI Systems has announced a net loss after tax of NZ\$0.55m for FY16, compared with a net loss of NZ\$7.12m the year before. Revenues for the year increased 25% to NZ\$35.7m, but on a constant currency basis declined 3% to NZ\$31.2m. Gross margin for FY16 rose to 77.3% from 74.4% previously; the company's highest ever result. SLI also produced its first positive EBITDA in four years, reporting NZ\$1.14m versus an EBITDA loss of NZ\$6.68m a year ago. SLI ended FY16 with NZ\$6.77m cash on hand after net cash inflow of NZ\$1.18m. We are reviewing our forecasts following the results.

**INDUSTRY OUTLOOK**

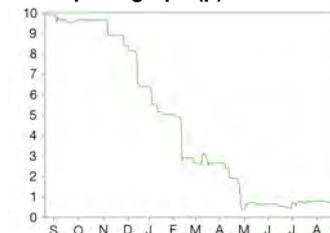
Mobile search and business analytics are becoming key industry drivers for SLI Systems. e-Retailers are increasingly aware that effective search and merchandising can have a significant impact on revenue and profitability and therefore deserve specialised focus. Mobile search is particularly difficult and it is the appreciation of this fact by retailers that should lead to growth in the independent site search industry.

Y/E Jun	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (c)	P/E (x)	P/CF (x)
2015	28.6	(6.7)	(7.0)	(11.1)	N/A	N/A
2016	35.7	1.1	0.7	1.1	76.4	69.3
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Consumer support services**

Price: 0.7p  
 Market cap: £2m  
 Market: AIM

**Share price graph (p)**



**Company description**

As the UK leader in portable hotel accommodation, Snoozebox serves high-spec en-suite bedrooms to the events market. A less sophisticated version is available for longer periods, typically for staff lodging in the public and private sectors.

**Price performance**

%	1m	3m	12m
Actual	(10.0)	8.0	(93.2)
Relative*	(12.7)	(3.6)	(93.6)

\* % Relative to local index

**Analyst**

Richard Finch

## Snoozebox (zzz)

**INVESTMENT SUMMARY**

Snoozebox has announced the outcome of a comprehensive review aimed at securing a more sustainable financial footing. Its conclusion is a focus on deployment of rooms on semi-permanent contracts rather than at events, given likely better returns. Management reported trading in the first four months of 2016 (EBITDA loss of £0.5m) was broadly as it expected, but is cautious about the rest of the year given the expiry of its largest semi-permanent contract (£3.2m revenue in 2015). It believes that there is sufficient working capital (net debt of £2.3m at April) for the next 12 months. Overheads are being reduced and an amendment to debt servicing obligations is being sought. We are reviewing forecasts.

**INDUSTRY OUTLOOK**

The Snoozebox product is well suited for semi-permanent deployments, notably in workforce accommodation, consumer hotels and temporary accommodation to meet local authority welfare requirements. Management reports enquiries from a spread of sectors, including construction, healthcare, and energy. Its other market, UK outdoor leisure, is large and visible with over 1,000 annual events of three days or more as well as significant one-off events. There is invariably no hotel accommodation at or near the event premises.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	2.8	(3.6)	(5.2)	(2.9)	N/A	N/A
2015	5.8	(6.0)	(8.9)	(4.2)	N/A	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: €30.01  
 Market cap: €149m  
 Market: FRA

**Share price graph (€)**

**Company description**

SNP Schneider-Neureither & Partner (SNP) is a software and consulting business focused on supporting customers in implementing change, and rapidly and economically tailoring IT landscapes to new situations.

**Price performance**

%	1m	3m	12m
Actual	0.7	10.4	112.3
Relative*	(4.7)	2.6	115.0

\* % Relative to local index

**Analyst**

Richard Jeans

## SNP AG (SHF)

**INVESTMENT SUMMARY**

SNP's accelerated growth strategy is bearing fruit, with Q2 revenue growth of 32% and the operating margin rising by 180bp to 9.2%. Management maintained its guidance. SNP has been experiencing strong demand for its products and services, particularly in the German and US markets, and earlier this year it significantly expanded its operations in Asia via two acquisitions. In July, the group raised c €31m (gross) in a rights issue to fund organic growth as well as acquisitions. We are reviewing our forecasts and expect to broadly maintain them. Given the group's strong position in the growing transformation markets, we believe the stock looks attractive trading on c 17x our cash-adjusted FY18 earnings.

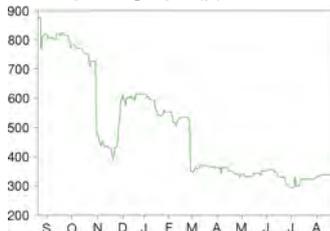
**INDUSTRY OUTLOOK**

SNP helps businesses tailor and improve their ERP landscapes. Its proprietary software includes the only off-the-shelf transformation product in SNP Transformation Backbone with SAP Landscape Transformation Software (T-B), which automates the process of combining, upgrading or carving out data from ERP systems. Activity remains brisk at SNP, with utilisation rates very high, as the company continues to benefit from favourable structural growth drivers, a partnership with SAP, along with its elevated profile in wake of the landmark Hewlett-Packard deal of 2015.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2014	30.5	0.9	(0.1)	(13.9)	N/A	43.1
2015	56.2	5.5	3.4	58.8	51.0	59.1
2016e	75.2	9.1	6.9	106.5	28.2	15.2
2017e	88.4	11.8	9.6	130.1	23.1	13.2

**Sector: Industrial support services**

Price: 337.5p  
 Market cap: £28m  
 Market: AIM

**Share price graph (p)**

**Company description**

Solid State is a high value-add manufacturer and specialist design-in distributor specialising in industrial/ruggedised computers, electronic components, antennas, microwave systems, secure comms systems and battery power solutions.

**Price performance**

%	1m	3m	12m
Actual	4.7	(1.5)	(61.5)
Relative*	1.6	(12.0)	(63.8)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Solid State (SOLI)

**INVESTMENT SUMMARY**

Solid State's FY16 results were flattered by an undisclosed sum in settlement of the terminated MoJ contract. This obscures the underlying performance of the rest of the business, which looks in a good position to deliver a modest improvement in underlying profit before tax in FY17 given the record order book at the year-end. Management expects the recent Creasefield acquisition to generate incremental profit from FY18 and is keen to execute one acquisition each year going forward.

**INDUSTRY OUTLOOK**

Investors still seem unable to look beyond the ups and downs of the MoJ contract. Increased confidence that the group is able to deliver the modest underlying profit growth in our estimates should help move the share price towards our indicative SOTP valuation of 505p/share.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	36.6	3.8	3.2	36.3	9.3	10.5
2016	44.1	5.1	4.4	51.2	6.6	15.6
2017e	43.6	3.7	3.2	32.4	10.4	4.3
2018e	45.1	3.9	3.5	34.9	9.7	7.0

**Sector: Technology**

Price: 102.0p  
 Market cap: £66m  
 Market: AIM

**Share price graph (p)**



**Company description**

StatPro Group provides cloud-based portfolio analytics solutions to the global investment community.

**Price performance**

%	1m	3m	12m
Actual	9.7	35.1	40.7
Relative*	6.5	20.6	32.3

\* % Relative to local index

**Analyst**

Richard Jeans

## StatPro Group (SOG)

**INVESTMENT SUMMARY**

Following eight years of development, StatPro is beginning to see the financial benefits of its cloud strategy, as it reported 19% growth in H1 adjusted EBITDA (13% at constant currencies). This included initial contributions from Investor Analytics and InfoVest Consulting, which were acquired early in the period. We increased our revenue and costs forecasts, largely due to the decline in sterling. However, if sterling remains depressed, we would expect further upgrades as the year progresses. StatPro has its strongest ever pipeline of new business and the final piece in the cloud strategy – Revolution Performance – is scheduled for commercial launch in September. Hence, with StatPro’s US-based financial software peers and SaaS companies trading on lofty multiples, we continue to believe there is significant upside in the shares.

**INDUSTRY OUTLOOK**

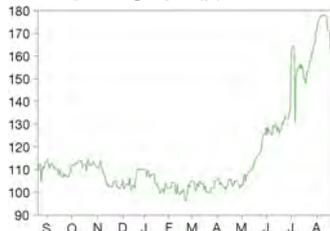
StatPro’s products are targeted at the global wealth management industry. There has been an improving outlook for fund managers with assets under management up 8% at a record \$74trn in 2014 according to Boston Consulting Group. In addition, competitive, cost and regulatory pressures all require asset managers to maintain and upgrade their reporting and risk management systems.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	32.0	4.4	2.6	2.7	37.8	8.9
2015	30.2	4.0	2.6	2.6	39.2	10.5
2016e	35.5	4.7	2.8	2.7	37.8	9.0
2017e	37.6	5.7	3.7	3.7	27.6	6.8

**Sector: Support services**

Price: 162.0p  
 Market cap: £558m  
 Market: LSE

**Share price graph (p)**



**Company description**

Stobart consists of two divisions: Infrastructure and Support Services operating across Aviation, Energy, Rail and Investments.

**Price performance**

%	1m	3m	12m
Actual	5.9	39.7	45.3
Relative*	2.8	24.7	36.7

\* % Relative to local index

**Analyst**

Jamie Aitkenhead

## Stobart Group (STOB)

**INVESTMENT SUMMARY**

Following the FY16 numbers in May, which showed good progress on the company’s transition to an airport and biomass business, Stobart announced changes to management in July. Ben Whawell, previously Group CFO, will leave his post to become CEO of the Energy business which is one key part of Stobart’s ambitious growth plan. Mr Whawell has played a central role in reshaping Stobart’s operations so his experience will be welcome as the Energy unit aims to hit its targets in the coming years.

**INDUSTRY OUTLOOK**

Stobart is exposed to the property, transport, aviation, energy and rail industries. Property valuation drives a high percentage of its book value. Stobart has exposure to transport, which is driven by GDP. Rail is driven by allowed rail capex spend, Energy depends on government incentives and Aviation relies on the interplay between capacity and GDP.

Y/E Feb	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	116.6	18.0	9.6	2.2	73.6	N/A
2016	126.7	30.0	20.6	5.9	27.5	156.3
2017e	153.1	31.3	20.4	5.2	31.2	24.2
2018e	208.4	42.3	31.6	8.1	20.0	46.4

**Sector: Travel & leisure**

Price: 251.0p  
 Market cap: £129m  
 Market: AIM

**Share price graph (p)**

**Company description**

Stride Gaming is an online gaming operator in the bingo-led and social gaming markets, using proprietary and purchased software to provide online bingo and related gaming and social activities to players. Stride Gaming only operates in regulated markets.

**Price performance**

%	1m	3m	12m
Actual	(6.5)	0.4	(10.7)
Relative*	(9.3)	(10.4)	(16.0)

\* % Relative to local index

**Analyst**

Jane Anscombe

## Stride Gaming (STR)

**INVESTMENT SUMMARY**

Consistent with its buy-and-build strategy, Stride has announced (29 July) the proposed acquisition of two online bingo operators, Tarco and 8Ball, which will add over 70 brands and double its share of the UK bingo-led online market from 5% to 10%. Initial consideration is £30m (£22m cash, £8m in shares), funded by a placing (@ 225p) to raise £27m. The acquisitions are expected to complete on 31 August (General Meeting 23 August) and our forecasts (as published on 23 May) will be updated post-completion.

**INDUSTRY OUTLOOK**

The UK online gambling market is set to pass £3bn in 2016, within which bingo-led gaming is £600m, growing at 8% (Gambling Compliance). The global social casino industry is estimated to be worth \$3.46bn (source: Eilers), growing to \$4.44bn by 2017, a CAGR of 13.5%. M&A has been a feature of the UK market since the 15% gaming tax (RGD) was introduced in December 2014: GVC/bwin, Paddy Power Betfair, Ladbrokes/Coral (due to complete in Q416) and the recent Rank/888 bid for William Hill.

Y/E Aug	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	8.5	1.2	1.2	4.0	62.8	N/A
2015	27.8	7.3	7.2	14.0	17.9	23.9
2016e	44.7	11.8	10.7	17.7	14.2	14.1
2017e	49.8	13.4	11.9	19.8	12.7	11.7

**Sector: Construction & blding mat**

Price: NZ\$2.55  
 Market cap: NZ\$165m  
 Market: NZAX

**Share price graph (NZ\$)**

**Company description**

Tenon is a leading mouldings and millwork manufacturer and distributor primarily for the North American housing market. It sources products and materials globally, including from its traditional New Zealand base, which serves Asia-Pacific and Europe.

**Price performance**

%	1m	3m	12m
Actual	0.4	1.2	27.5
Relative*	(3.0)	(5.2)	3.5

\* % Relative to local index

**Analyst**

Peter Chilton

## Tenon (TEN)

**INVESTMENT SUMMARY**

Tenon is undertaking a strategic business review to identify a path to increase shareholder value. Peer group comparisons suggest a valuation range in excess of NZ\$4.51 based on calendarised 2015 multiples, and higher still on estimates beyond this. Our analysis suggests a very positive outlook for its core US markets; the company is set to deliver faster earnings growth and H116 results (15 February) delivered EBITDA (excluding strategic review costs) almost double that in H115. Our estimates are under review.

**INDUSTRY OUTLOOK**

The decline in the US housing market is well documented, with peak-to-trough falls of around 70% in new housing starts (National Association of House Builders), 24% in remodelling activity (Harvard's Joint Center of Housing Studies) and c 40% in existing home transactions (National Association of Realtors). Activity levels have improved gradually over the last 18 months or so, but are still below historical averages or what might now be considered to be a steady or mid-cycle rate.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	396.0	11.0	4.0	4.2	43.6	17.2
2015	406.0	13.0	6.0	9.9	18.5	29.9
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: NOK4.40  
 Market cap: NOK2992m  
 Market: Oslo

**Share price graph (NOK)**



**Company description**

Thin Film Electronics (Thinfilm) commercialises printed electronics and owns key patents for printing rewritable, non-volatile memory and printable NFC circuits. It also licenses technology from others to develop complete printed systems.

**Price performance**

%	1m	3m	12m
Actual	(2.4)	(2.0)	37.5
Relative*	0.7	(3.6)	43.3

\* % Relative to local index

**Analyst**

Anna Bossong

## Thin Film Electronics (THIN)

**INVESTMENT SUMMARY**

We have cut our near-term earnings forecasts for THIN on delays in the translation of the high number of product partnerships into volume contracts. Despite this, the change to our DCF valuation is minimal and we remain positive on THIN's potential to leverage its expanded sales force, lower R2R production costs and burgeoning demand for NFC products into value-accretive growth.

**INDUSTRY OUTLOOK**

Thinfilm is the global leader in printed electronics, which is a low cost and highly scalable method of creating smart labels for the Internet of Things. The company is currently focused on three areas: NFC labels, most notably NFC OpenSense, which is on pilot trial with a number of major brands, memory labels, which are in production and sensor and display labels, where it has developed prototypes. The ability of printed electronics to add intelligence to low-cost, high-volume products opens a wide range of potential applications that could present an even greater market opportunity.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	4.5	(23.6)	(24.2)	(4.9)	N/A	N/A
2015	4.4	(29.2)	(28.3)	(5.3)	N/A	N/A
2016e	6.0	(33.8)	(35.6)	(5.8)	N/A	N/A
2017e	38.6	(29.2)	(33.7)	(4.9)	N/A	N/A

**Sector: General industrials**

Price: NZ\$3.04  
 Market cap: NZ\$352m  
 Market: NZSX

**Share price graph (NZ\$)**



**Company description**

Tourism Holdings listed on the NZX in 1986. It is the largest motorhome rental operator in the world with a fleet of c 3,700 motorhomes designed to meet the needs of the free independent traveller (FIT) market.

**Price performance**

%	1m	3m	12m
Actual	6.3	7.0	46.9
Relative*	2.7	0.3	19.2

\* % Relative to local index

**Analyst**

Moira Daw

## Tourism Holdings (THL)

**INVESTMENT SUMMARY**

Tourism Holdings (THL) delivered FY16 NPAT of NZ\$24.4m, which was in line with its guidance, 21% more than FY15 and 1.3% less than our forecasts. The company grew EPS by 20.5% and has restored ROCE to 15.1% (12.9% FY15) which compares with its targeted long-term average of 14%. The dividend of 19 cents per share (50% imputed) is a 26.7% increase on FY15. Our forecasts are under review following the results.

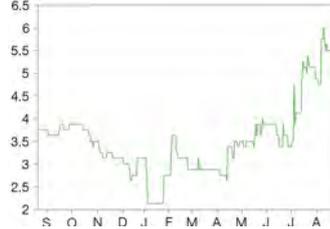
**INDUSTRY OUTLOOK**

THL rents its fleet of c 3,700 motorhomes to free independent travellers (FITs) in New Zealand, Australia, the UK and the US. Growth in the FIT component of the travel market is expected to remain strong and to grow quickly because technology is allowing a greater proportion of travellers to 'roam free'. The outlook for international arrivals into New Zealand remains strong with visitor arrivals up 12.1% year to date (CY16) compared with an increase for the same period last year of 9.7%.

Y/E Jun	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2015	237.3	65.6	31.4	17.0	17.9	10.2
2016	278.9	73.6	38.1	20.5	14.8	13.2
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Aerospace & defence**

Price: 5.5p  
 Market cap: £23m  
 Market: AIM

**Share price graph (p)**

**Company description**

TP Group is a specialist engineering, technical and managed services group, delivered by four capability-based divisions: Design & Technology (4% of FY15 sales), Engineering (35%), Maritime (54%) and Managed Solutions (7%).

**Price performance**

%	1m	3m	12m
Actual	10.0	51.7	46.7
Relative*	6.8	35.4	38.0

\* % Relative to local index

**Analyst**

Andy Chambers

## TP Group (TPG)

**INVESTMENT SUMMARY**

Having restored profitability, the proposed capital reduction should release constraints on future dividend payments, M&A financing activity and employee incentivisation. We regard these as positives as the reoriented strategy starts to improve shareholder value. Together with improving returns from a growing top line, a more accurate reflection of underlying economic value should ensue. With little concern over Brexit, we expect the upcoming interim results on 13 September to support FY16 expectations. Recent submarine contract news underpins 2017 prospects.

**INDUSTRY OUTLOOK**

TP Group has transitioned its structure to four capability-based divisions: TPG Maritime (54% of FY15 sales), Engineering (35%), Design & Technology (4%) and Managed Solutions (7%), primarily for the defence, energy and maritime markets. These provide the opportunity to grow revenues with existing blue-chip customers and through access to adjacencies in both the UK and export markets, including selective acquisitions.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	21.7	(2.1)	(3.4)	(0.8)	N/A	N/A
2015	20.4	0.0	(1.2)	(0.2)	N/A	N/A
2016e	22.7	0.9	(0.2)	0.0	N/A	77.2
2017e	24.6	1.9	0.8	0.1	55.0	23.1

**Sector: Technology**

Price: US\$7.00  
 Market cap: US\$72m  
 Market: OTC Bulletin Board

**Share price graph (US\$)**

**Company description**

Track Group develops and provides end-to-end tracking solutions that combine real-time tracking devices and monitoring services with advanced data analytics for the global criminal justice market.

**Price performance**

%	1m	3m	12m
Actual	55.6	48.9	(27.5)
Relative*	54.1	39.1	(30.9)

\* % Relative to local index

**Analyst**

Katherine Thompson

## Track Group (TRCK)

**INVESTMENT SUMMARY**

Track Group's Q3 results confirmed that the company continues to make progress towards its EBITDA targets. Q316 revenues of \$6.8m grew 24.1% y-o-y and 2.5% q-o-q, generating an adjusted EBITDA margin of 15.0%. Two major contracts in the US as well as the Chilean contract are generating revenue growth which combined with good control of operating costs, is driving EBITDA margin expansion. Management has refined revenue and EBITDA guidance for FY16/17 - we are reviewing our forecasts.

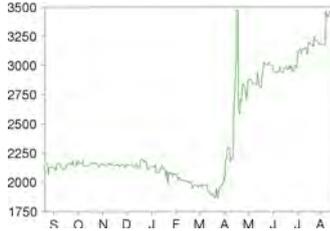
**INDUSTRY OUTLOOK**

There are over 300,000 offenders currently being electronically monitored in the US compared to just 4,914 in 2007 (CAGR 70%). The main adoption driver is recent prison reform legislation in the US and other countries intended to reduce prison overcrowding. Tighter budgets provide an incentive for governments to accept EM as an evidence-based alternative to incarceration, reducing recidivism and promoting the secure reintegration of offenders into society, rather than keeping them incarcerated at over 6x the annual cost.

Y/E Sep	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	12.3	(2.0)	(5.4)	(54.4)	N/A	N/A
2015	20.8	0.8	(6.1)	(59.8)	N/A	N/A
2016e	28.1	4.2	(3.6)	(35.2)	N/A	36.0
2017e	42.0	10.8	2.8	27.2	25.7	11.8

**Sector: Industrial services**

Price: RUB3465.00  
 Market cap: RUB48145bn  
 Market: MCIX

**Share price graph (RUB)**

**Company description**

TransContainer owns and operates rail freight assets across Russia. Its assets comprise rail flatcars, handling terminals and trucks, through which it provides integrated end-to-end freight forwarding services to its customers.

**Price performance**

%	1m	3m	12m
Actual	9.1	14.6	63.4
Relative*	6.7	10.6	39.6

\* % Relative to local index

**Analyst**

Jamie Aitkenhead

## TransContainer (TRCN)

**INVESTMENT SUMMARY**

TransContainer (TRC) delivered H116 results which showed a 13.2% increase in overall transportation volumes. Domestic volumes increased significantly by 20.7%. This leaves our investment case on TRC intact. Our forecast five-year EBITDA CAGR of 11% is driven by end-market growth, and by TRC capturing a bigger share of this with its higher-margin integrated freight forwarding business. In the 10 years since its foundation, management has invested RUB24bn enhancing its fleet and integrated client offering, thereby laying the foundations for earnings growth and margin expansion as markets recover.

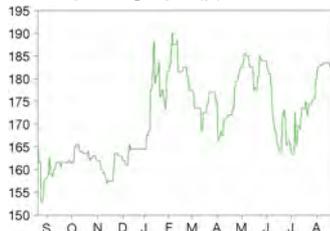
**INDUSTRY OUTLOOK**

The Russian rail-freight market has good long-term fundamentals as an increasing portion of goods are transported by rail at the expense of road-haulage. Current 'containerisation' levels of 5% are well below Europe and the US at 14% and 18% respectively. In recent years however, transport and logistics in Russia have suffered due to the decline in the oil price and economic sanctions.

Y/E Jan	Revenue (RUBm)	EBITDA (RUBm)	PBT (RUBm)	EPS (fd) (RUB)	P/E (x)	P/CF (x)
2014	20538.0	6544.0	3751.0	286.0	12.1	6.2
2015	20311.0	5744.0	3530.0	138.7	25.0	8.7
2016e	21849.0	6778.0	4582.0	264.4	13.1	7.1
2017e	23664.0	7826.0	5669.0	327.0	10.6	6.2

**Sector: Food & drink**

Price: 182.5p  
 Market cap: £94m  
 Market: LSE

**Share price graph (p)**

**Company description**

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

**Price performance**

%	1m	3m	12m
Actual	6.1	2.8	10.9
Relative*	3.0	(8.2)	4.4

\* % Relative to local index

**Analyst**

Sara Welford

## Treatt (TET)

**INVESTMENT SUMMARY**

Treatt's strategy to improve the quality of earnings is coming through and the move from commoditised sales to more value-added products is playing out. As management stated at the start of the year, it is confident of building "a successful, strong business for the long term." There will be a full site relocation for the UK business over the next three years or so. While c 25% of Treatt's sales are to the EU, China and the US are the areas of fastest growth so it will be some time before there is clarity on any effect from Brexit. We continue to view Treatt as a good-value opportunity in the highly rated and high-growth ingredients space.

**INDUSTRY OUTLOOK**

Annual growth rates for the global flavours, fragrance and ingredients sector are expected to be low single digits in 2013-18 (source: IAL Consultants). Craft beer in particular has proved to be a fast-growing new market for Treatt. This trend should continue for some time as the multinational beverage companies are now getting involved in the space.

Y/E Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	79.2	9.0	7.1	10.3	17.7	26.5
2015	85.9	10.1	8.1	12.3	14.8	10.8
2016e	85.9	10.6	8.5	12.4	14.7	9.0
2017e	89.4	11.5	9.1	13.3	13.7	9.8

**Sector: Industrial support services**

Price: 140.5p  
 Market cap: £167m  
 Market: LSE

**Share price graph (p)**

**Company description**

Trifast is a leading global designer, manufacturer and distributor of industrial fasteners. Principal operations are in the UK, South-East Asia and Continental Europe, while there is a modest, but growing, presence in North America.

**Price performance**

%	1m	3m	12m
Actual	4.9	3.7	17.1
Relative*	1.8	(7.4)	10.1

\* % Relative to local index

**Analyst**

Nigel Harrison

## Trifast (TRI)

**INVESTMENT SUMMARY**

Trifast has an impressive record since management restructuring seven years ago, restoring confidence both internally and across the group's supplier and customer base. Organic progress is being delivered without conceding margin, while acquisitions extend the product, geographical and customer spread, providing numerous cross-selling opportunities. Continental aspirations are greatly enhanced by recent acquisitions based in Italy and Germany. Recently announced full year figures confirmed another impressive performance and, although the Brexit vote will increase uncertainty levels, the immediate outlook remains positive.

**INDUSTRY OUTLOOK**

The global specialist industrial fasteners market is valued at around £25bn. Successful manufacturers and distributors responded to the shift in manufacturing to lower-cost regions by developing their own local facilities and/or supply routes. They have also created effective logistical services and shifted the emphasis towards more complex products to increase value. A recent increase in M&A activity in the sector looks set to continue in the immediate future.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	154.7	16.5	14.3	8.68	16.2	23.6
2016	161.4	18.2	16.0	9.99	14.1	10.3
2017e	170.0	19.4	16.9	10.45	13.4	11.1
2018e	178.0	20.4	17.9	11.07	12.7	10.4

**Sector: Financials**

Price: 65.0p  
 Market cap: £82m  
 Market: LSE

**Share price graph (p)**

**Company description**

Tungsten Corporation operates a global e-invoicing network. It also provides value-added services such as spend analytics to help buyers on its network save money and invoice financing to enable suppliers to receive early payment on their invoices.

**Price performance**

%	1m	3m	12m
Actual	52.1	14.0	(18.5)
Relative*	47.6	1.8	(23.3)

\* % Relative to local index

**Analyst**

Andrew Mitchell

## Tungsten Corporation (TUNG)

**INVESTMENT SUMMARY**

FY16 results show positive momentum under a significantly strengthened management team. Revenue, still predominantly from the Tungsten Network e-invoicing business, grew 26%, supported by increasing supplier numbers, new buyers and the roll-out of increased buyer pricing, and an increase in invoice volumes. The EBITDA loss declined to £18.7m from £25.2m, while year-end cash of £9.3m excludes £17.8m in Tungsten Bank, on track for its sale to complete by end October. Guidance for FY17 is directionally consistent with our forecasts although Tungsten has indicated that it sees good investment opportunities and will not cut these to meet shorter-term financial targets, implying that reduction in EBITDA losses, including investment costs, may be a little slower. Management looks for >£30m of revenue and to reach EBITDA break-even during the year (£12-14m loss for the year as a whole). Following the expected completion of the sale of Tungsten Bank, cash of more than £20m is expected for the FY17 year end.

**INDUSTRY OUTLOOK**

The potential to sell invoice financing to suppliers on its network remains. Tungsten faces competition for invoice financing - not just from the traditional suppliers but also from other e-invoicing organisations.

Y/E Apr	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2015	22.5	(25.2)	(27.9)	(26.9)	N/A	N/A
2016	26.1	(18.7)	(28.6)	(22.5)	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Technology**

Price: €7.21  
 Market cap: €94m  
 Market: Borsa Italiana STAR

**Share price graph (€)**



**Company description**

TXT e-solutions has two divisions: TXT Retail provides software solutions for supply chain management in the international retail and consumer-driven industrial sectors; and TXT Next provides IT, consulting and R&D services to Italian customers.

**Price performance**

%	1m	3m	12m
Actual	(2.0)	(3.1)	(10.0)
Relative*	(0.2)	3.9	23.8

\* % Relative to local index

**Analyst**

Katherine Thompson

## TXT e-solutions (TXT)

**INVESTMENT SUMMARY**

TXT's H1 results confirm that TXT Retail has seen a recovery in licensing after a weak Q1 and TXT Next continues to experience strong organic growth. H116 revenue grew 6.6%, or 0.2% once the €2m contributed by the PACE acquisition is excluded. With the inclusion of PACE from April, TXT Next is now more internationally focused and has a comprehensive solution suite to address the aerospace market. Key drivers of growth for the group are expansion into Asia Pacific in TXT Retail and growth of the aerospace business in TXT Next. Our forecasts are substantially unchanged.

**INDUSTRY OUTLOOK**

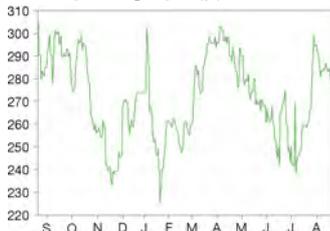
The supply chain management software market is growing at c 10% pa and splits into two broad areas: supply chain planning (SCP) and supply chain execution software. TXT Perform specialises in SCP software, a market that was worth c \$3.8bn in 2015 (source: Gartner). TXT Next is a beneficiary of the trend to outsource IT, which gives the customer greater flexibility on cost and better access to specialist skills.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	54.4	5.3	4.0	28.0	25.8	15.3
2015	61.5	6.7	5.7	40.0	18.0	35.0
2016e	70.2	7.9	7.0	47.0	15.3	13.2
2017e	74.5	8.5	7.6	51.0	14.1	10.9

**Sector: Construction & blding mat**

Price: 275.2p  
 Market cap: £490m  
 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	6.5	1.8	(11.4)
Relative*	3.4	(9.2)	(16.7)

\* % Relative to local index

**Analyst**

Toby Thorington

## Tyman (TYMN)

**INVESTMENT SUMMARY**

H116 results contained a very strong financial performance from AmesburyTruth, with margin progress also achieved by ERA and Schlegel International despite more mixed market conditions. Acquisition activity has supplemented headline reported results and update comments on Giesse, Response and, most recently Bilco (which will contribute from H2) were all positive. Note also a 12.8% increase in DPS. Free cash flow was positive in the period driven by stronger profitability and control of working capital; allowing for the wash through of new equity proceeds, Bilco consideration and seasonally strong H2 trading, net debt:EBITDA is expected to be back nearer to the company's 1.5-2.0x range by the year end.

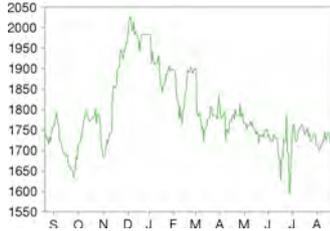
**INDUSTRY OUTLOOK**

US new-build growth has continued and rising housing transactions appear to be feeding into RMI spend now.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	350.9	54.6	39.3	17.1	16.1	11.5
2015	353.4	60.4	44.9	19.1	14.4	9.5
2016e	451.5	75.5	54.5	22.0	12.5	7.6
2017e	511.6	86.1	62.1	24.5	11.2	7.0

**Sector: Aerospace & defence**

Price: 1715.0p  
 Market cap: £1206m  
 Market: LSE

**Share price graph (p)**

**Company description**

Ultra Electronics is a global aerospace and defence electronics company, with operations across three divisions: Aerospace & Infrastructure (27% of 2015 sales); Communications & Security (33%); and Maritime & Land (40%).

**Price performance**

%	1m	3m	12m
Actual	(2.1)	(0.2)	(1.7)
Relative*	(5.0)	(10.9)	(7.6)

\* % Relative to local index

**Analyst**

Andy Chambers

## Ultra Electronics (ULE)

**INVESTMENT SUMMARY**

H1 results showed solid progression, boosted by FX and initial first half contributions from 2015's acquisitions partly diluted by the disposal of the ID printer business. Earnings should start growing again, despite maintained management guidance for broadly flat organic sales growth in FY16 and caution regarding market expectations of improving defence spending trends from 2017. Investment for growth remains at a high level, and the resultant increase in new products and contracts should enhance organic growth from 2017.

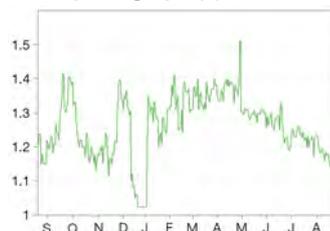
**INDUSTRY OUTLOOK**

With defence drivers moving towards greater demand for electronic equipment and information management, Ultra is well positioned to benefit from more frequent upgrade cycles. In addition, it appears that defence spending may have turned a corner in the Western world. Also, with civil airport infrastructure booming in emerging economies and an increasing civil aircraft build rate, Ultra stands to benefit from its diversified end-markets.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2014	713.7	128.9	112.0	123.1	13.9	12.3
2015	726.3	130.9	112.4	123.9	13.8	14.1
2016e	797.3	142.5	117.1	128.3	13.4	14.1
2017e	821.4	146.5	121.8	133.5	12.8	9.2

**Sector: Technology**

Price: €1.13  
 Market cap: €20m  
 Market: FRA, Xetra

**Share price graph (€)**

**Company description**

UMT is the operator of a proprietary mobile payments and loyalty platform. It has created an mPay platform in Germany for the loyalty scheme Payback and has preferred partner status for roll-out to other countries. UMT is also expanding into big data.

**Price performance**

%	1m	3m	12m
Actual	(5.8)	(11.0)	(5.8)
Relative*	(10.8)	(17.3)	(4.6)

\* % Relative to local index

**Analyst**

Anna Bossong

## UMT United Mobile Technology (UMD)

**INVESTMENT SUMMARY**

UMT continues to roll out its German white-label mobile payment and loyalty scheme for Germany's largest shopper loyalty scheme, Payback Deutschland. We expect a progress update on the rollout in the autumn by which time many of Germany's largest retailers should be using the UMT-designed system. Last month, UMT also entered the US market with the foundation of a US-subsiary UMT USA, headquartered in California.

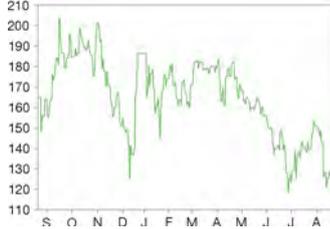
**INDUSTRY OUTLOOK**

UMT is a white-label operator of mobile payments and loyalty platform services with plans to grow a big data business. The mobile payments market is set to grow strongly in coming years as more consumers shop with smartphones and tablets and retailers expand their payments options. Business Insider forecasts a 116% CAGR in the US mPay market to 2019 and we expect similar trends in European markets. This growth should lead to rising demand for UMT's white-label solutions, from retailers, loyalty schemes and companies in the B2B sphere.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	1.3	0.1	0.1	0.89	127.0	N/A
2015	3.0	0.6	1.0	6.29	18.0	N/A
2016e	N/A	N/A	N/A	N/A	N/A	N/A
2017e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Industrial support services**

Price: 126.0p  
 Market cap: £98m  
 Market: AIM

**Share price graph (p)**

**Company description**

Utilitywise is an independent cost management consultancy offering energy procurement and management products to the business market in the UK.

**Price performance**

%	1m	3m	12m
Actual	(8.7)	(23.4)	(25.4)
Relative*	(11.4)	(31.6)	(29.9)

\* % Relative to local index

**Analyst**

Graeme Moyle

## Utilitywise (UTW)

**INVESTMENT SUMMARY**

UTW's trading update confirmed that it will continue to grow in FY16 but the year-on-year growth rate will be less than we had forecast. Guidance of revenues of at least £82m (FY15 £69.1m) and EBITDA in excess of £18m (FY15 £17.8m) compare to our published forecasts of £93.3m and £20.3m respectively. However, year-end net debt of £0.2m was lower than our forecast (£3.8m) thanks to improved cashflow (renegotiation of contract terms and a greater share of new business versus extensions). The cause of the shortfall in profitability was the high rate of employee attrition, so that although energy consultant headcount rose from 610 to 625, the year-end figure fell below our expectation of 740. UTW has taken actions to reduce staff attrition but this issue will clearly be an area of focus for the new CEO, Brendan Flattery, who joins UTW from Sage. Our forecasts remain under review.

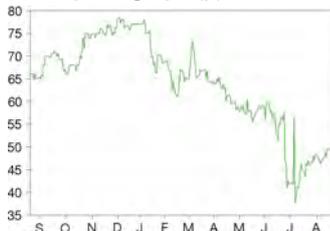
**INDUSTRY OUTLOOK**

We believe a fragmented UK TPI market provides an opportunity for Utilitywise to continue to grow.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	48.9	14.5	13.4	14.6	8.6	7.9
2015	69.1	17.8	16.7	17.9	7.0	N/A
2016e	93.3	20.7	19.2	18.9	6.7	8.0
2017e	104.9	23.9	22.4	23.3	5.4	6.0

**Sector: General retailers**

Price: 48.5p  
 Market cap: £193m  
 Market: AIM

**Share price graph (p)**

**Company description**

Vertu is the fifth largest UK motor vehicle retailer. Established in 2006, it is expanding through the completion and subsequent development of a series of acquisitions, initially in volume cars, but now including the premium segment of the market.

**Price performance**

%	1m	3m	12m
Actual	4.9	(14.5)	(26.0)
Relative*	1.8	(23.7)	(30.4)

\* % Relative to local index

**Analyst**

Nigel Harrison

## Vertu Motors (VTU)

**INVESTMENT SUMMARY**

Having initially specialised in volume cars, Vertu is now building a strong position in the premium segment. The strategy involving the development of a series of acquisitions, typically strengthening used car and aftermarket operations, has established the group as the fifth-largest UK motor dealer. Short-term dilution from a recent £35m fund raising is already being reduced following the successful deployment of the funds. Growth in economies of scale, especially used car marketing on the internet, are expected to lead to increasing numbers of quality acquisition opportunities. The recent AGM statement reinforced market estimates, with management again emphasising the strength of its used car and aftermarket operations.

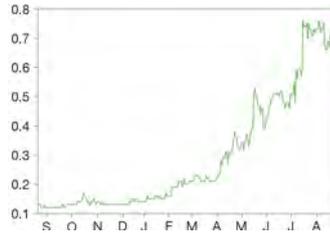
**INDUSTRY OUTLOOK**

Market dynamics suggest that larger motor dealership groups will continue to gain share in each of the key market segments (new cars, used cars, aftermarket), largely at the expense of the independents, which still command some 60% of the franchise market. Global manufacturing overcapacity point to continued support from OEMs. Confidence has been tempered by the Brexit vote, but a 45% discount rating relative to the FTSE All-share General Retailers index fails to recognise the defensive qualities of the sector.

Y/E Feb	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	2074.9	28.7	22.0	5.06	9.6	6.3
2016	2423.3	35.5	27.4	6.31	7.7	2.5
2017e	2700.0	38.4	30.5	6.07	8.0	4.5
2018e	2850.0	42.4	34.5	6.76	7.2	4.4

**Sector: Mining**

Price: C\$0.67  
 Market cap: C\$303m  
 Market CV

**Share price graph (C\$)**

**Company description**

Victoria Gold's flagship project, Eagle Gold, is located in the 100%-owned Dublin Gulch property in the Yukon Territory, Canada. Victoria Gold is looking to monetise its Santa Fe project in Nevada, US.

**Price performance**

%	1m	3m	12m
Actual	(10.7)	34.0	436.0
Relative*	(11.7)	26.1	412.3

\* % Relative to local index

**Analyst**

Tom Hayes

## Victoria Gold (VIT)

**INVESTMENT SUMMARY**

Victoria Gold (VIT) announced on 8 August that it had entered into an agreement with a syndicate of underwriters, led by Raymond James Ltd, pursuant to which the underwriters have agreed to purchase on a bought deal basis 38.5m shares at C\$0.65 each for gross proceeds of C\$25.025m. The agreement also provides for an over-allotment offer whereby the offering could be increased by 15%. The net proceeds will be used for general working capital and general corporate purposes as well as for development expenditures at its Eagle Gold Project.

**INDUSTRY OUTLOOK**

As VIT completes its resource extension and delineation programmes, it has opportunistically acquired a 200-dorm, 100 person all-weather camp, only 100km from its existing 100 person camp at Eagle. In doing so VIT states it will realise in the order of C\$6m in upfront capital savings.

Y/E Feb	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.0	(2.5)	(1.6)	(0.9)	N/A	N/A
2015	0.0	(2.0)	(1.7)	(0.3)	N/A	N/A
2016e	0.0	(2.1)	(2.1)	(0.6)	N/A	N/A
2017e	0.0	(2.1)	(1.9)	(0.5)	N/A	N/A

**Sector: Technology**

Price: 15.8p  
 Market cap: £20m  
 Market AIM

**Share price graph (p)**

**Company description**

Vislink is a global technology business specialising in solutions for the collection and delivery of high-quality video and associated data from the field to point of usage. These are used in the broadcast surveillance and public safety markets.

**Price performance**

%	1m	3m	12m
Actual	14.6	(58.8)	(71.1)
Relative*	11.2	(63.2)	(72.8)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Vislink (VLK)

**INVESTMENT SUMMARY**

Recognising structural changes in the global broadcast industry, Vislink's management had already prioritised investment on PBS and cut VCS costs. In response to VCS underperformance during H116, management is substantially accelerating this transformation, initiating a radical restructuring of the division and streamlining the hardware product portfolio. Management is also reviewing the dividend policy with a view to conserving cash.

**INDUSTRY OUTLOOK**

We expect the group to emerge in much better shape following the extensive VCS restructuring. With a greater proportion of revenues derived from the software division, the group should benefit from higher gross margins, better earnings visibility and better cash conversion. Crucially, investment will be focused on those sectors which are actually benefitting from the cost pressures affecting the global broadcast industry ie software for broadcast contribution and hardware for IP-based content transmission over private networks.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	61.9	10.7	7.6	5.1	3.1	2.3
2015	57.8	8.7	4.4	2.8	5.6	32.1
2016e	50.5	7.5	3.6	2.2	7.2	4.7
2017e	52.3	8.2	4.4	2.6	6.1	2.5

**Sector: Pcare & household prd**

Price: 215.5p  
 Market cap: £130m  
 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 and Zoffany.

**Price performance**

%	1m	3m	12m
Actual	25.3	14.3	(7.9)
Relative*	21.6	2.1	(13.4)

\* % Relative to local index

**Analyst**

Nigel Harrison

## Walker Greenbank (WGB)

**INVESTMENT SUMMARY**

Management continues to invest across the group's brand network and broaden manufacturing skills, notably in digital printing. The Scion and Sanderson Home brands extended the group's UK customer base in 2012, while the more recently introduced Anthology brand is becoming quickly established, especially in key overseas markets. Recent results confirmed the group's effective response to market conditions. Meanwhile, costs and loss of profits associated with major flooding at its fabric printing facility have been covered by the group's insurers. Conditions remain challenging, with the Brexit vote adding to uncertainties, but the upward momentum continues.

**INDUSTRY OUTLOOK**

The UK interior furnishings industry has experienced uncertainty for many years under the influence of economic shifts and fashion changes. Many brands have failed to grow, while significant production capacity has been closed down, with manufacture for the volume segment 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 (p)	P/E (x)	P/CF (x)
2015	83.4	10.7	8.1	11.64	18.5	36.8
2016	87.8	11.8	8.9	12.47	17.3	18.2
2017e	90.0	10.4	7.5	10.38	20.8	14.2
2018e	98.0	12.8	9.8	13.29	16.2	13.0

**Sector: Technology**

Price: 197.5p  
 Market cap: £73m  
 Market: AIM

**Share price graph (p)**



**Company description**

WANdisco has applied its proprietary replication technology to opensource tools to claim a strong position in the software version control market and is establishing a promising position in the cloud and Big Data infrastructure market.

**Price performance**

%	1m	3m	12m
Actual	21.5	5.3	7.6
Relative*	18.0	(6.0)	1.2

\* % Relative to local index

**Analyst**

Dan Ridsdale

## WANdisco (WAND)

**INVESTMENT SUMMARY**

H1 results and recent commercial progress provide stronger support for WANdisco's ability to deliver strong scalable growth. Notably, in Q2 the company secured its largest ever Big Data deal through a partner without ever having met the client directly. H1 bookings grew while costs reduced. The IBM OEM partnership should start delivering incremental bookings in H2. Growth drivers include accelerating enterprise of big data, particularly in hybrid and cloud environments, scale ups of existing deployments and further progress with key partners such as IBM, Amazon, Oracle, Google and Microsoft.

**INDUSTRY OUTLOOK**

While enterprise adoption of Big Data has been slower than anticipated, it does now appear to be accelerating, with the flexibility offered by cloud and hybrid deployments being a key factor behind this. WANdisco is both a key enabler and beneficiary of this trend. Key to WANdisco's success will be successfully leveraging its strong base of partners - Amazon, IBM, Microsoft, Oracle and Google.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	11.2	(17.9)	(25.9)	(103.3)	N/A	N/A
2015	11.0	(16.0)	(26.4)	(87.7)	N/A	N/A
2016e	11.9	(9.8)	(20.8)	(60.7)	N/A	N/A
2017e	13.3	(8.2)	(19.5)	(51.6)	N/A	31.3

**Sector: Industrial support services**

Price: 195.0p  
 Market cap: £238m  
 Market: LSE

**Share price graph (p)**

**Company description**

Wincanton's comprehensive warehousing and transport network allows a flexible logistics solution across a range of industries in the UK and Ireland. A new divisional structure has been implemented: Retail & Consumer; and Industrial & Transport.

**Price performance**

%	1m	3m	12m
Actual	10.2	17.5	0.1
Relative*	6.9	4.9	(5.8)

\* % Relative to local index

**Analyst**

Roger Johnston

## Wincanton (WIN)

**INVESTMENT SUMMARY**

The announcement of the renewal of the group's food logistics contract with The Co-op is the second significant five-year renewal since the results following June's renewal by Sainsbury's. These contracts highlight Wincanton's strong position with long-standing customers as both have been partners for over 25 years. They also demonstrate the company's ability to identify continuous cost improvements for its customers and highlight that Brexit is not having any immediate effect for the group. We believe it remains well positioned to grow profits above GDP growth rates and the restarting of a sustainable dividend was a clear signal of the confidence of the board and the transition of prospects to a progressive dividend yield play following disposal of the Records Management business.

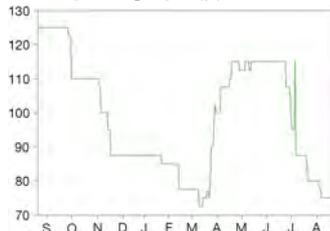
**INDUSTRY OUTLOOK**

The UK logistics market is estimated at £36bn and while it is directly linked to economic health and business activity, it has resilience and has consistently grown faster than GDP, helped by the complexity of supply chains and the evolution of multi-channel retailing. A specialist logistics company can deliver supply chain management and warehousing services to provide a flexible, cost-effective and efficient solution.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	1107.4	62.0	31.4	18.9	10.3	4.8
2016	1147.4	62.5	35.3	22.3	8.7	65.3
2017e	N/A	N/A	N/A	N/A	N/A	N/A
2018e	N/A	N/A	N/A	N/A	N/A	N/A

**Sector: Alternative energy**

Price: 75.0p  
 Market cap: £29m  
 Market: AIM

**Share price graph (p)**

**Company description**

Windar Photonics is a UK-registered, Copenhagen-based developer and manufacturer of an innovative low-cost light detection and ranging (LIDAR) system.

**Price performance**

%	1m	3m	12m
Actual	(11.8)	(34.8)	(40.0)
Relative*	(14.4)	(41.8)	(43.6)

\* % Relative to local index

**Analyst**

Anne Margaret Crow

## Windar Photonics (WPHO)

**INVESTMENT SUMMARY**

Windar's FY15 results were in line with our forecasts, but lower than the expectations at the time of the IPO in March 2015 because of issues with the distributor in China, which is a key market. These issues appear to have been resolved and we expect renewed activity in China to lead to a ramp-up in sales, beginning in H216. We made minor changes to our estimates to reflect the subscription and factoring facility arrangement announced in May.

**INDUSTRY OUTLOOK**

The subscription and factoring arrangement has eased investor concerns about the funding gap, while the announcement of the Chinese order has demonstrated that the new approach to winning sales in China is making progress. Receipt of further volume orders, especially from China, should give confidence that the ramp-up in sales modelled in our estimates is feasible and act as a catalyst towards our mid-case fair value of £58.5m or 150p/share.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2014	1.0	(1.5)	(2.0)	(5.1)	N/A	N/A
2015	0.9	(2.8)	(3.3)	(8.4)	N/A	N/A
2016e	6.4	0.1	(0.5)	(1.3)	N/A	N/A
2017e	27.1	10.2	9.5	24.2	3.6	4.1

**Sector: Industrial support services**

Price: 107.5p  
 Market cap: £74m  
 Market: AIM

**Share price graph (p)**

**Company description**

WYG is a multidiscipline, project management and management service consultancy. Over half of revenues are generated in the UK, with the remainder in a spread of international markets.

**Price performance**

%	1m	3m	12m
Actual	0.5	(15.0)	(8.9)
Relative*	(2.5)	(24.1)	(14.3)

\* % Relative to local index

**Analyst**

Toby Thorrington

## WYG (WYG)

**INVESTMENT SUMMARY**

WYG hit our FY16 expectations and ended the year strongly. All three regions are now profitable and have positive trading momentum and order books coming into FY17. We have maintained our recently raised EPS estimates with a 13% CAGR now to FY19. We see upside bias if the company successfully converts a good level of pipeline opportunities. The Brexit result is not expected to significantly alter prospects; WYG has in fact been awarded new contracts in August in Poland and Turkey with a combined value of up to €12.6m from the EU's Multiannual Financial Framework (MFF).

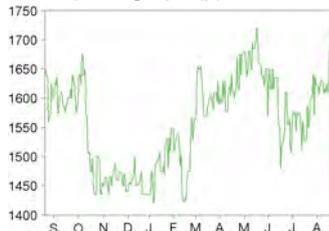
**INDUSTRY OUTLOOK**

Management is clearly focused on margin improvement predicated on the efficient delivery of high-quality consultancy services and rigorous operational and financial control. Extending the multi-discipline service offering, along seven identified sector lines, particularly in international markets, is a key component of this process. Market diversity offers both challenges and opportunities, requiring proactive and reactive approaches to business development.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2015	130.5	7.2	5.7	8.6	12.5	29.5
2016	133.5	9.0	7.0	10.6	10.1	N/A
2017e	156.5	12.0	9.7	12.1	8.9	8.0
2018e	170.6	13.4	11.0	13.6	7.9	7.3

**Sector: Electronics & elec eqpt**

Price: 1700.0p  
 Market cap: £323m  
 Market: LSE

**Share price graph (p)**

**Company description**

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

**Price performance**

%	1m	3m	12m
Actual	7.1	2.4	2.7
Relative*	4.0	(8.6)	(3.4)

\* % Relative to local index

**Analyst**

Katherine Thompson

## XP Power (XPP)

**INVESTMENT SUMMARY**

After a period of weaker demand from US customers in H215, XP saw good order growth in H116: +9% y-o-y/+14% h-o-h. Revenues grew 11.9% y-o-y (constant currency +7%), helped by the EMCO acquisition last November (£3.1m contribution in H16) and the weaker pound. Despite Brexit uncertainty, the higher backlog supports management confidence in H216 growth. We have revised our forecasts to reflect the significantly weaker pound versus the dollar, resulting in EPS upgrades of 1.8% in FY16e and 2.6% in FY17e.

**INDUSTRY OUTLOOK**

XP supplies three end-markets: Healthcare, Industrial and Technology, across Europe, North America and Asia. The Industrial 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 Technology segment is the most cyclical, although semi fab suppliers have returned to growth.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	101.1	27.6	24.3	101.07	16.8	14.8
2015	109.7	29.7	25.7	104.32	16.3	15.4
2016e	127.2	32.0	27.4	107.26	15.8	15.4
2017e	136.4	35.3	30.5	119.54	14.2	12.7

**Sector: Media & entertainment**

Price: 194.5p  
 Market cap: £203m  
 Market: AIM

**Share price graph (p)**



**Company description**

YouGov is an international, full service online market research agency offering custom research, omnibus, field and tab services, qualitative research, syndicated products and market intelligence reports.

**Price performance**

%	1m	3m	12m
Actual	10.8	13.7	60.7
Relative*	7.6	1.5	51.2

\* % Relative to local index

**Analyst**

Fiona Orford-Williams

## YouGov (YOU)

**INVESTMENT SUMMARY**

YouGov's brief year-end trading update indicates that figures will come in slightly ahead of consensus, with further strong progress in data products and services driving group revenue growth in double-digits, well above market levels. Our forecast assumes revenue growth of 9.7%. Key brands BrandIndex and Omnibus between them should account for over one-third of FY16 revenues. The US is the largest regional component of revenue, and with strong growth also seen in the Middle East, the short-term effect of weaker sterling should be an improvement in reported figures. With continuing market uncertainty, there should be a need for corporates to be looking for more information on markets and consumer attitudes.

**INDUSTRY OUTLOOK**

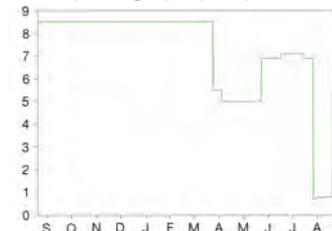
The last Bellwether Survey (July) shows MR budgets remaining in negative territory for budget planning. Overall expectations for UK FY16 adspend (AA/WARC) have been revised down post the Brexit vote from 5.5% to 4.2% and to +3.8% for FY17, but this is still well ahead of forecast GDP growth. The thirst for information and the industry's increasing ability to manipulate 'big data' into a value-adding and granular form, and in real time, presents a substantial opportunity.

Y/E Jul	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2014	67.4	8.0	7.6	5.8	33.5	22.2
2015	76.1	9.3	9.1	6.7	29.0	19.5
2016e	83.5	10.6	10.7	7.6	25.6	18.9
2017e	91.8	11.8	12.1	8.4	23.2	16.9

**Sector: Food & drink**

Price: US\$5.57  
 Market cap: US\$115m  
 Market: ASX

**Share price graph (US\$)**



**Company description**

Yowie Group is engaged in brand development of the Yowie chocolate confectionery product, digital platform, and licensed consumer products. Its brand vision includes distribution in North America, with further expansion planned into Australia, New Zealand and Asia.

**Price performance**

%	1m	3m	12m
Actual	(12.9)	(18.8)	(39.0)
Relative*	(14.3)	(22.3)	(41.6)

\* % Relative to local index

**Analyst**

Paul Hickman

## Yowie Group (YOW)

**INVESTMENT SUMMARY**

An investor day at Yowie's manufacturing facility in April revealed a smooth relocation and the successful production of its first in-licensed product – Angry Bird character Yowies – to coincide with the Angry Birds movie. Retail revenues rose 29% on a sequential basis in the March quarter, to an estimated US\$8m as the company filled reorders from existing customers and new customers including Walgreens. We will revisit our forecasts after the FY16 results in September. Note that EPS refers to earnings per ADR.

**INDUSTRY OUTLOOK**

Chocolate is a benchmark consumer product, with over half of US consumers eating it at least once a week. US consumer confidence is holding steady with a 97.3 score for July 2016 (Thomson Reuters). The most successful new confectionery products tend to come from major manufacturers where established brand loyalty, strong shelf positioning and large marketing budgets provide a competitive edge. However, there is potential for smaller brands to take share if they can establish individual appeal and prominent store placement. Walmart, Yowie's main customer, reported same store sales increase of 1% y-o-y for Q116 and 1.6% for Q216.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.0	(3.3)	(3.2)	(0.35)	N/A	N/A
2015	1.9	(2.6)	(2.4)	(0.19)	N/A	N/A
2016e	15.5	(0.8)	(0.7)	(0.04)	N/A	N/A
2017e	33.5	4.0	4.1	0.24	2320.8	N/A

Sector: Industrial support services

Price: A\$0.20  
 Market cap: A\$38m  
 Market: ASX

**Share price graph (A\$)**



**Company description**

YPB Group has developed a three-pronged strategy designed to detect and protect brands from counterfeiters. The company owns four Chinese patents over invisible tracers and has secured several contracts for its technology.

**Price performance**

%	1m	3m	12m
Actual	11.4	(33.9)	(11.4)
Relative*	9.6	(36.7)	(15.2)

\* % Relative to local index

**Analyst**

Finola Burke

## YPB Group (YPB)

**INVESTMENT SUMMARY**

YPB Group (YPB) is in the early stages of commercialising its patented, non-destructible, anti-counterfeiting technology used for brand protection and product authentication. The company recently completed an A\$4.54m share placement and provided guidance to the market for FY17 profit before tax of A\$5m. We incorporated this guidance and the effect of the share placement into our forecasts, which resulted in a 24% upgrade to our FY17e PBT to A\$5.4m. Our DCF valuation is A\$0.43/share (A\$0.44 previously) following the upgrade and after incorporating the additional 18.91m shares in issue. In the past month, the company has secured several new contracts for its anti-counterfeit technology including with Dan Murphy's, one of Australia's largest liquor merchants, and with a new art museum in Beijing.

**INDUSTRY OUTLOOK**

The counterfeit solutions market is a crowded one, with several multinationals offering a range of anti-counterfeiting products alongside smaller listed and private technology companies. Competitive advantage can be gained by being first to market either with product or certification.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2014	0.1	(1.8)	(1.9)	(1.8)	N/A	N/A
2015	1.6	(5.5)	(5.7)	(4.5)	N/A	N/A
2016e	10.8	(1.9)	(2.1)	(1.1)	N/A	N/A
2017e	26.9	5.5	5.4	2.6	7.7	7.1

## Edison dividend list

Company name	FY0 period end	Currency	DPSFY0	DPSFY1	DPSFY2
Acacia Mining	2015/12	USD	4.2	4.2	4.2
Acal	2016/03	GBP	8.1	8.3	8.5
Arbuthnot Banking Group	2015/12	GBP	29.0	31.0	33.0
Augean	2015/12	GBP	0.7	0.8	1.0
Avesco	2015/09	GBP	7.0	8.0	9.0
Banca IFIS	2015/12	EUR	76.0	80.0	85.0
Borussia Dortmund	2015/06	EUR	5.0	5.0	5.0
Brady	2015/12	GBP	0.0	1.7	1.9
Braemar Shipping Services	2016/02	GBP	26.0	26.0	26.0
Caledonia Mining	2015/12	CAD	4.8	5.5	5.5
Carclo	2016/03	GBP	2.9	3.0	3.1
Carr's Group	2015/08	GBP	3.7	3.8	3.9
Cenkos Securities	2015/12	GBP	14.0	9.5	
Centrale del Latte di Torino	2015/12	EUR	6.0	6.0	6.0
China Water Affairs Group	2015/03	HKD	7.0	8.1	
Cohort	2016/04	GBP	6.0	7.0	8.0
Comvita	2016/06	NZD	16.0	25.0	31.0
Creston	2016/03	GBP	4.4	4.6	4.8
DeA Capital	2015/12	EUR	12.0	12.0	12.0
Ebiquity	2015/12	GBP	0.4	0.5	0.6
Entertainment One	2016/03	GBP	1.2	1.3	1.4
Epwin Group	2015/12	GBP	6.4	6.6	6.7
Euromoney Institutional Investor	2015/09	GBP	23.4	23.4	23.4
Fair Value REIT	2015/12	EUR	25.0	25.0	25.0
GB Group	2016/03	GBP	2.1	2.2	2.5
GFT AG	2015/12	EUR	30.0	33.0	36.0
GLI Finance	2015/12	GBP	4.4	2.5	
Globalworth Real Estate Investments	2015/12	EUR	0.0	10.0	20.0
Greggs	2015/01	GBP	28.6	29.9	32.7
GVC Holdings	2015/12	EUR	56.0	0.0	25.0
Hogg Robinson Group	2016/03	GBP	2.5	2.7	2.8
ifa systems	2015/12	EUR	15.0		
IFG Group	2015/12	GBP	4.4	4.9	5.4
IG Design Group	2016/03	GBP	2.5	3.3	4.0
Is Private Equity	2013/12	TRY	50.2		
IS Solutions	2015/03	GBP	0.6	1.6	1.8
Is Yatirim Menkul Degerler	2015/12	TRY	10.0	10.0	10.0
Jersey Electricity	2015/09	GBP	12.8	13.4	14.4
K3 Business Technology Group	2015/06	GBP	1.5	1.7	1.8
Keywords Studios	2015/12	EUR	1.5	1.7	1.8
KTG Energie	2015/10	EUR	50.0	55.0	65.0
La Doria	2015/12	EUR	25.0	26.0	27.0
London Stock Exchange Group	2015/12	GBP	36.0		
Lookers	2015/12	GBP	3.1	3.3	3.4
Low & Bonar	2015/11	GBP	2.8	3.0	3.2
LSL Property Services	2015/12	GBP	12.6		
MedicX Fund	2015/09	GBP	5.9	6.0	6.0
Medserv	2015/12	EUR	4.3	3.4	4.4
National Grid	2015/03	GBP	42.9	43.7	44.8

NetDimensions	2015/12	USD	0.9	1.0	1.1
Newmark Security	2015/04	GBP	0.1	0.1	0.1
Norcros	2016/03	GBP	6.6	7.0	7.5
Numis Corporation	2015/09	GBP	11.5	12.0	12.5
Ocean Wilsons Holdings	2015/12	USD	63.0	63.0	64.0
OTC Markets Group	2015/12	USD	108.0	116.0	120.0
Palm Hills Developments	2015/12	EGP	0.2	0.0	0.0
Pan African Resources	2015/06	GBP	0.5	0.5	0.8
Park Group	2016/03	GBP	2.8	2.9	
Piteco	2015/12	EUR	10.0	11.0	12.0
Powerflute	2015/12	EUR	3.0	3.2	3.3
PPHE Hotel Group	2015/12	GBP	20.0	21.0	21.0
Primary Health Properties	2015/12	GBP	1.3		
PSI	2015/12	EUR	21.0	25.0	30.0
QinetiQ Group	2016/03	GBP	5.7	6.0	
Quarto Group (The)	2015/12	USD	14.5	15.3	15.8
Rank Group	2016/06	GBP	6.5	7.4	8.8
Raven Russia	2015/12	USD	2.0	1.0	1.0
Regional REIT	2015/12	GBP	1.0	8.0	8.2
S&U	2016/01	GBP	201.0	89.6	109.5
SCISYS	2015/12	GBP	1.8	1.9	2.1
Secure Trust Bank	2015/12	GBP	72.0	74.0	95.0
Severfield	2016/03	GBP	1.5	1.7	1.9
Share	2015/12	GBP	0.7	0.2	0.2
Shore Capital Group	2015/12	GBP	0.0	10.0	
Silver Wheaton	2015/12	USD	20.0	24.0	34.0
SinnerSchrader	2015/08	EUR	12.0	13.0	13.7
SNP Schneider-Neureither & Partner	2015/12	EUR	34.0	40.0	50.0
Solid State	2016/03	GBP	12.0	12.5	13.0
StatPro Group	2015/12	GBP	2.9	2.9	2.9
Stobart Group	2016/02	GBP	6.0	6.0	6.0
Stride Gaming	2015/08	GBP	0.0	2.4	2.6
STV Group	2015/12	GBP	10.0	12.0	14.0
Tenon LTD	2015/06	USD	4.0		
TransContainer	2015/01	RUB	51.7	66.1	81.8
Treatt	2015/09	GBP	4.6	4.7	5.0
Trifast	2016/03	GBP	2.8	3.0	3.1
TXT e-solutions	2015/12	EUR	25.0	26.0	27.0
Tyman	2015/12	GBP	8.8	9.3	10.3
Ultra Electronics Holdings	2015/12	GBP	46.1	47.6	49.5
Utilitywise	2015/07	GBP	5.0	6.0	7.0
Vertu Motors	2016/02	GBP	1.3	1.4	1.5
Vislink	2015/12	GBP	1.5	0.8	0.8
Walker Greenbank	2016/01	GBP	2.9	3.0	3.2
Wincanton	2016/03	GBP	5.5		
WYG	2016/03	GBP	1.5	1.7	1.9
YouGov	2015/07	GBP	1.0	1.2	1.4

## Results diary

Listed below are the expected dates of forthcoming results from Thursday, 01 September 2016.

<b>Thursday 01 September</b>	Hays CPL Resources Alumasc	Finals
	Stilo International International Public Partnerships	Interims
<b>Monday 05 September</b>	Dechra Pharmaceuticals Ashmore Group	Finals
	Hunting Randall & Quilter Investment Holdings Faron Pharmaceuticals Oy Vipera	Interims
<b>Tuesday 06 September</b>	Redrow Mattioli Woods A&J Mucklow Group Craneware	Finals
	Curtis Banks Group Hydro International Somero Enterprises Learning Technologies Group Stadium Group Dalata Hotel Group InterQuest Group Harworth Group Forbidden Technologies Johnson Service Group SQS Software Quality Systems Berkeley Group Holdings Applegreen	Interims
<b>Wednesday 07 September</b>	Joules Group Barratt Developments Hargreaves Lansdown McBride	Finals
	Forterra Sanne Group Servelec Group	Interims
<b>Thursday 08 September</b>	Go-Ahead Group Avation	Finals
<b>Friday 09 September</b>	Wetherspoon (J.D.)	Finals
	Deltex Medical Group	Interims
<b>Monday 12 September</b>	City of London Investment Group Green REIT	Finals
	Christie Group Restore John Laing Infrastructure Fund EKF Diagnostics Holdings	Interims

<b>Tuesday 13 September</b>	Hilton Food Group Attract Group Netplay TV Flowtech Fluidpower STM Group Corero Network Security TP Group Verona Pharma Manx Telecom Escher Group Holdings JD Sports Fashion Futura Medical	Interims
<b>Wednesday 14 September</b>	Wilmington Dunelm Group Empiric Student Property	Finals
	Everyman Media Group Alliance Pharma Epwin Group Accesso Technology Group Quixant Anpario Advanced Medical Solutions Group SafeCharge International Group MyCelx Technologies	Interims
<b>Thursday 15 September</b>	Ricardo	Finals
	Safestyle UK Fairpoint Group Proteome Sciences IndigoVision Group Premier Farnell	Interims
<b>Friday 16 September</b>	Finsbury Food Group	Finals
	BrainJuicer Group	Interims
<b>Monday 19 September</b>	Petra Diamonds	Finals
	DP Poland Dilistone Group	Interims
<b>Tuesday 20 September</b>	Purecircle Swallowfield Blanco Technology Group	Finals
	Augean Kingfisher Crossrider Personal Group Holdings Minds + Machines Group Judges Scientific Bango GVC Holdings Shield Therapeutics Yu Group	Interims
<b>Wednesday 21 September</b>	Pan African Resources Transense Technologies	Finals
	Mi-Pay Group NAHL Group 32Red	Interims
<b>Thursday 22 September</b>	Hansard Global Haynes Publishing Group	Finals
	Science in Sport Mission Marketing Group	Interims

<b>Friday 23 September</b>	CVS Group	Finals
<b>Monday 26 September</b>	MJ Gleeson	Finals
<b>Tuesday 27 September</b>	Close Brothers Group Time Out Group S&U Premier Technical Services Group	Finals Interims
<b>Wednesday 28 September</b>	Smiths Group Ebiquity AA	Finals Interims
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Aberdeen New Thai Investment Trust	Investment companies	Investment company review	16/09/15
Aberdeen Private Equity Fund	Investment companies	Investment company review	16/11/15
Aberdeen UK Tracker Trust	Investment companies	Investment company review	31/07/15
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Gear4music Holdings	Consumer support services	Update	29/07/16
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Global Resources Investment Trust	Investment companies	Initiation	06/05/14
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GO internet	Technology	Update	24/03/16
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ifa systems	Software & comp services	Update	03/12/14
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Imperial Innovations	Financials	Flash	20/06/16
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PSI	Technology	Update	15/04/16
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YPB Group	Industrial support services	Update	10/06/16
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