finnCap CAPITAL MARKETS

Company Note

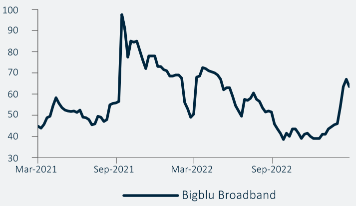
20 March 2023

Corp

Ticker	BBB:AIM
Technology & Telecoms	
Shares in issue (m)	58.5
Next results	H1 Aug
Price	**63.5p**
Target price	90.0p
Upside	42%
Market cap	**£37.1m**
Net debt/(cash)	-£4.2m
Other EV adjustments	-£5.6m
Enterprise value	£27.3m

What's changed?	From	To
Adjusted EPS	5.6	5.7
Target price	90.0	n/c

Share price performance



%	1M	3M	12M
Actual	38.0	58.8	32.3

Company description

Bigblu Broadband provides broadband to homes and businesses in predominantly rural areas

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BIGBLU BROADBAND*

Strong FY22 with EBITDA +2% ahead, focus on realising value

In today's FY22 results, BBB has reported organic revenue growth of +12% to £31.2m, adjusted EBITDA +2% ahead of the trading update at £5.1m, and net cash in line at £4.2m. Australasia's +14% organic growth to £26.5m has powered the group, while Nordic organic revenue growth was -13% due to the cyber-attack on ViaSat impacting BBB's satellite customers, and the lapping of the decommissioning of c100 fixed wireless towers in FY21. Management's focus on cost while selectively investing in growth has delivered £5.1m of adjusted EBITDA, which has converted to adjusted FCF of £3.7m. As BBB focuses on realising shareholder value, it has announced a cost-saving plan to reduce the size of the central operations by 75% and Nordics by 30%, and deliver annualised savings of £0.5m and £0.4m pa respectively. We include these in our upgraded forecasts, where Australasia powers FY23 group organic revenue growth to +11% from +7%, adjusted EBITDA conservatively increases by +1% to £5.7m, and net cash increases by £0.6m. As satellite capacity greatly expands over Australia in FY24, we introduce conservative FY24 forecasts for organic revenue growth of +8%, and EFCF including all exceptionals increasing to £2.5m from £1.2m in FY23. We look forward to further details on the plans to create and realise shareholder value, including further bolt-on acquisitions to complement organic growth, the potential listing of SkyMesh on ASX, and the full or partial disposal, partnership, or merger of the Nordics. At 64p, the operations are trading on just 5x 12-month forward EV/EBITDA with +9% NTM EBITDA growth, which compares to telecoms peers on 7-9x EV/EBITDA with +2-14% growth.

- **Strong progress in FY22 –** In Australasia, organic revenue growth of +14% reflects a focus on migrating c9k customers to optimise ARPU, and we expect new NBN Co products from June 2023 and complementary opportunities will enable expansion towards the group's target of 100k customers in 3 years, from 51.5k at FY22. In the Nordics, the 5G fixed wireless solution with Telenor is building strong momentum with excellent customer satisfaction, while the operations are being split into satellite and fixed wireless entities. We look forward to management's initiatives delivering strong growth to maximise shareholder value through FY23 and beyond.
- **Changes to forecasts –** As we highlight in more depth on p10, we upgrade FY23 organic revenue growth to +11% from +7%, upgrade FY23 adjusted EBITDA by +1%, and upgrade FY23 net cash by £0.6m. The FY23 yoy FX impact on revenue has changed by -£2.2m, from a +£1.5m benefit in our previous forecast to -£0.7m today, which offsets the organic upgrade with FY23 changing to £36.0m from £37.0m. Our conservative FY24 forecasts imply only +8% organic revenue growth.
- **BBB's hybrid investment case** – Following the disposal of Quickline and the £26m return of capital, BBB's management and board are focused on delivering shareholder value from its two continuing operations and the remaining stake in Quickline, through organic growth, complementary bolt-on acquisitions, and attractive opportunities to realise value.

Key estimates		**2020A**	**2021A**	**2022A**	**2023E**	**2024E**
Year end:		**Nov**	**Nov**	**Nov**	**Nov**	**Nov**
Revenue	£m	27.2	27.1	31.2	36.0	39.1
Adj EBITDA	£m	6.2	4.6	5.1	5.7	5.9
Adj EBIT	£m	3.4	3.2	3.1	4.3	4.4
Adj PBT	£m	1.9	2.4	2.9	4.0	4.1
Adj EPS	p	3.1	4.7	4.4	5.7	5.9
DPS	p	0.0	0.0	0.0	0.0	0.0
Key valuation metrics						
EV/EBIT (adj)	x	8.0	8.6	8.9	6.4	6.3
P/E (adj)	x	20.4	13.5	14.4	11.1	10.8
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-9.7%	3.1%	8.0%	3.3%	6.7%
Pre-tax ROCE	%	11.3%	18.4%	20.7%	22.4%	20.9%

Strong FY22 with EBITDA +2% ahead, focus on realising value

Income statement		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Sales	£m	27.1	31.2	36.0	39.1
Gross profit	£m	12.2	13.1	13.7	14.8
EBITDA (adjusted)	£m	4.6	5.1	5.7	5.9
EBIT (adjusted)	**£m**	**3.2**	**3.1**	**4.3**	**4.4**
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-0.8	-0.1	-0.3	-0.3
PBT (adjusted)	**£m**	**2.4**	**2.9**	**4.0**	**4.1**
Total adjustments	£m	-4.1	-4.7	-2.3	-1.8
PBT (stated)	£m	-1.7	-1.8	1.7	2.3
Tax charge	£m	0.1	-1.0	-0.6	-0.6
Minorities/Disc ops	£m	28.7	0.0	0.0	0.0
Reported earnings	£m	27.0	-2.8	1.1	1.7
Adjusted earnings	**£m**	**2.7**	**2.7**	**3.4**	**3.5**
Shares in issue (year end)	m	58.3	58.5	58.7	59.1
EPS (stated)	p	46.4	-5.0	1.9	2.9
EPS (adjusted, fully diluted)	**p**	**4.7**	**4.4**	**5.7**	**5.9**
DPS	**p**	**0.0**	**0.0**	**0.0**	**0.0**

Growth analysis		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Sales growth	%	-0.4%	15.3%	15.2%	8.8%
EBITDA growth	%	-26.6%	11.4%	11.2%	4.3%
EBIT growth	%	-6.8%	-4.0%	39.1%	2.7%
PBT growth	%	25.9%	22.9%	36.1%	3.1%
EPS growth	%	51.3%	-6.2%	29.5%	2.3%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Gross margin	%	45.0%	42.0%	38.1%	37.8%
EBITDA margin	%	16.9%	16.3%	15.8%	15.1%
EBIT margin	%	11.8%	9.8%	11.8%	11.2%
PBT margin	%	8.8%	9.4%	11.1%	10.5%
Net margin	%	10.2%	8.7%	9.5%	9.0%

Cash flow		**2021A**	**2022A**	**2023E**	**2024E**
Year end:		**Nov**	**Nov**	**Nov**	**Nov**
EBITDA	£m	4.6	5.1	5.7	5.9
Net change in working capital	£m	1.7	0.8	-0.2	-0.2
Other operating items	£m	-1.1	-0.1	-1.0	-0.2
Cash flow from op. activities	**£m**	**5.2**	**5.8**	**4.5**	**5.5**
Cash interest	£m	-0.4	-0.1	-0.3	-0.3
Cash tax	£m	-0.5	-0.5	-0.8	-0.6
Capex	£m	-2.2	-1.4	-1.5	-1.5
Other items	£m	-1.0	-0.7	-0.7	-0.7
Free cash flow	**£m**	**1.1**	**3.0**	**1.2**	**2.5**
Acquisitions / disposals	£m	28.7	1.6	-2.9	0.0
Dividends	£m	0.0	0.0	0.0	0.0
Shares issued	£m	-25.7	0.0	0.0	0.0
Other	£m	-6.3	-5.6	0.0	0.0
Net change in cash flow	**£m**	**-2.2**	**-1.0**	**-1.7**	**2.5**
Opening net cash (debt)	£m	7.4	5.2	4.2	2.5
Closing net cash (debt)	**£m**	**5.2**	**4.2**	**2.5**	**5.1**

Cash flow analysis		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Cash conv'n (op cash / EBITDA)	%	114.4%	113.0%	78.8%	93.2%
Cash conv'n (FCF / EBITDA)	%	25.1%	58.1%	21.3%	42.0%
U/lying FCF (capex = depn)	£m	2.0	2.4	1.3	2.4
Cash quality (u/l FCF / adj earn)	%	71.6%	86.3%	37.9%	68.9%
Investment rate (capex / depn)	x	1.6	0.7	1.1	1.0
Interest cash cover	x	12.7	46.5	17.0	21.6
Dividend cash cover	x	n/m	n/m	n/m	n/m

Working capital analysis		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Net working capital / sales	%	-14.5%	-17.2%	-14.3%	-12.7%
Net working capital / sales	days	-53	-63	-52	-46
Inventory (days)	days	9	13	13	13
Receivables (days)	days	65	27	27	20
Payables (days)	days	127	103	93	80

Balance sheet		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Tangible fixed assets	£m	4.1	2.9	3.5	3.9
Goodwill & other intangibles	£m	5.6	7.4	8.8	7.5
Other non current assets	£m	6.4	5.8	5.8	5.8
Net working capital	£m	-3.9	-5.4	-5.2	-5.0
Other assets	£m	0.1	0.0	1.1	1.1
Other liabilities	£m	-0.1	-0.2	-0.5	-0.5
Gross cash & cash equivs	£m	5.2	4.2	5.5	8.1
Capital employed	**£m**	**17.3**	**14.8**	**19.0**	**20.9**
Gross debt	£m	1.4	1.4	4.2	4.0
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	15.9	13.4	14.8	16.9
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	**£m**	**17.3**	**14.8**	**19.0**	**20.9**

Leverage analysis		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Net debt / equity	%	net cash	net cash	net cash	net cash
Net debt / EBITDA	x	net cash	net cash	net cash	net cash
Liabilities / capital employed	%	8.1%	9.5%	22.1%	19.1%

Capital efficiency & intrinsic value		2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov
Adjusted return on equity	%	17.3%	20.3%	23.0%	20.9%
RoCE (EBIT basis, pre-tax)	%	18.4%	20.7%	22.4%	20.9%
RoCE (u/lying FCF basis)	%	11.4%	15.9%	6.8%	11.7%
NAV per share	p	27.3	22.9	25.3	28.6
NTA per share	p	17.7	10.2	10.2	15.9

Investment case

Strong FY22 results with organic growth of +12% (p5)

- FY22 results follow a transformational 3 years for BBB, and there is an excellent foundation to create additional shareholder value from the two continuing operations and stake in Quickline.
- Organic revenue grew +12% in FY22 to £31.2m with 93% recurring airtime revenue, Australasia continued to drive the group with +14% organic growth, we upgrade FY23 organic growth to +11% from +7%, and we introduce FY24 organic growth of +8% to £39.1m.
- FY22 adjusted EBITDA growth of +11% to £5.1m is +2% ahead of the trading update, we upgrade our FY23 forecast by +1% to £5.7m, and we conservatively introduce FY24 growth of +4% to £5.9m.
- After returning £26.1m of capital to shareholders in October 2021 and the Australian acquisition in February 2023, we expect BBB will continue to add to its net cash through positive EFCF of £1.2m and £2.5m in FY23 and FY24, including all exceptionals.
- We summarise the changes to our forecasts, where we upgrade FY23 organic revenue growth to 11% from 7%, upgrade FY23 adjusted EBITDA by 1%, upgrade FY23 net cash by £0.6m, and introduce FY24 forecasts, in the table on p10.

Valuation (p11)

- We value BBB at 90p, including the continuing operations at 8x FY24 EV/EBITDA, and 9p from BBB's Quickline stake.
- At a price of 64p, BBB's continuing operations are trading on 5x 12-month forward EV/EBITDA with +9% NTM EBITDA growth.
- BBB's listed peers are currently trading on 7-9x EV/EBITDA with +2-14% NTM EBITDA growth, and average EFCF yields of 6-10%.

Investment Factor 1 – BBB's Australasian business will deliver organic revenue growth of +15% in FY23 and +7% in FY24, with OpFCF of over £4m pa, as robust growth in Australia is boosted by organic expansion into New Zealand

- Australia's government-backed NBN Co provides wholesale broadband access across Australia to Retail Service Providers (RSPs) with scope for c400k satellite broadband subscribers from c100k today, and in New Zealand BBB has entered into a distribution agreement with satellite operator Kacific.
- BBB's SkyMesh was awarded the Best Satellite NBN provider in 2019, 2020, 2021, and 2022, and BBB is leveraging its Australian hub and extensive experience launching satellite operations, to expand into New Zealand.
- In Australia, upgraded products have helped drive ARPU and subs growth, while in New Zealand BBB can scale with high ARPUs from high speed products.
- We expect organic revenue growth for Australasia of +15% in FY23 and +7% in FY24.
- Including investment into the New Zealand operation, we expect Australasia EBITDA and OpFCF of over £4m pa in FY23 and FY24.
- We watch for continued organic growth in Australia, the successful scaling of BBB's operations in New Zealand, organic or acquisitive expansion into neighbouring territories, and the potential IPO or disposal of BBB's Australasian asset.

Investment Factor 2 – Focused investment in BBB's Nordic business can enhance the subscriber base, deliver a return to organic growth, and create value as new satellites become operational from 2023

- BBB's Nordic business currently provides fixed wireless and satellite broadband in Norway, and BBB invested c£2m in FY21 to selectively upgrade its fixed wireless network.
- We expect the fixed wireless subscriber base will return to growth in FY23 as BBB scales across Norway with the Telenor fixed wireless agreement, and after the H1 22 impacts on its satellite subscriber base from the ViaSat cyber attack, we expect BBB's satellite business will deliver growth across the region in FY23.
- We expect upgraded fixed wireless solutions will drive higher ARPUs, and enable the Nordics to return to +2% organic revenue growth in FY23 and +18% in FY24.
- Our FY23 and FY24 EBITDA of £1.0m and £1.2m reflect selective investments to scale the business and create value from the refreshed operations.
- From 2023 BBB's Nordic operations will benefit from greater satellite capacity from both Eutelsat and ViaSat, and this could provide attractive opportunities for the division.
- We watch for growth in BBB's fixed wireless and satellite KPIs, a return to revenue growth, and the operational launch of new satellites.

Management, board, and major shareholders (p13)

- BBB's major shareholders include a mix of major UK fund managers and substantial management stakes.
- BBB's management and board demonstrate extensive experience in telecoms, technology, and public markets.
- Our BBB Need to Know table.

Strong FY22 results with organic growth of +12%

FY22 results follow a transformational 3 years for BBB, and there is an excellent foundation to create additional shareholder value from the two continuing operations and stake in Quickline

Over the past 3 years, BBB's board and management have successfully delivered two attractively valued disposals that have generated over £60m of cash proceeds, returned £26.1m of cash to shareholders, and transformed the group from net debt of £14.2m at FY19 to net cash of £4.2m at FY22:

- **July 2020** – BBB announced the sale of its UK and European satellite operations to Eutelsat for a maximum aggregate consideration of £39.3m, or a highly attractive 7x FY19 EBITDA compared to UK Telecoms and satellite peers on c6x EV/EBITDA.
- **October 2020 –** BBB completed the sale of its UK and European satellite operations to Eutelsat.
- **September-December 2020 –** Quickline won four BDUK Superfast Broadband contracts to provide fibre-backed network coverage to 32k premises in the next 2 years. To expand its network, Quickline planned to invest £33.5m with up to £27.4m of the investment funded by subsidies.
- **February 2021 –** BBB signed an exclusive agreement with satellite operator Kacific to launch operations in New Zealand from its highly successful Australian hub.
- **March 2021 –** Quickline strengthened its board with the appointment of Sean Royce as its new CEO, and its current CEO and founder Steve Jagger became Quickline CTO.
- **April 2021 –** BBB announced the sale of its 52.7% stake in Quickline to Northleaf for a maximum initial consideration to BBB of up to £48.6m, or a highly attractive valuation of 11x 12-month forward EV/Sales and 23x EV/EBITDA, which values Quickline on a comparable basis to established tower companies.
- **June 2021 –** BBB completed the sale of its stake in Quickline to Northleaf.
- **August 2021 –** BBB announces that it intends to return £26m of capital to shareholders by the end of October 2021, from its July 21 net cash position of £33m.
- **October 2021 –** BBB completes the 45p return of capital through a B share scheme, after receiving shareholder approval in September 21.
- **December 2021 –** To further strengthen its position within Australia, BBB announced the complementary acquisition of Clear Networks for up to AU$2.9m or less than 6x trailing EBITDA, which will add c2.2k subscribers, and an established B2B team to drive its initial progress selling B2B solutions in Australia.
- **December 2021 –** BBB signed a Distribution Partner Agreement with OneWeb to distribute Low Earth Orbit satellite broadband services as the constellation scales.
- **December 2022** – To further scale its Australian satellite base, BBB announced the accretive acquisition of the satellite operations of Harbour ISP, which has c5.7k satellite subscribers.
- **February 2023** – BBB completes the acquisition of the satellite operations of Harbour ISP, which drives upgrades of +6%, +8%, and +7% for FY23 revenue, adjusted EBITDA, and adjusted EPS. The cash consideration of up to £2.9m has been funded from existing resources, and the attractive acquisition multiples of 1.2x EV/Sales and 4.1x EV/EBITDA reflect the economies of scale that BBB expects to generate through integrating the operations into the SkyMesh platform.

BBB's management and board have continued to focus on creating shareholder value from the group's two continuing operations of Australasia and the Nordics, and have looked to strengthen its position through the Australian acquisitions, the reseller agreement with Telenor in the Nordics, and the relationship with OneWeb to provide satellite broadband speeds of over 100 Mbps with low latency.

BBB also retains exposure to the excellent prospects of Quickline within UK rural broadband through its 4% stake. Since the acquisition from BBB, Northleaf has been a very supportive partner for

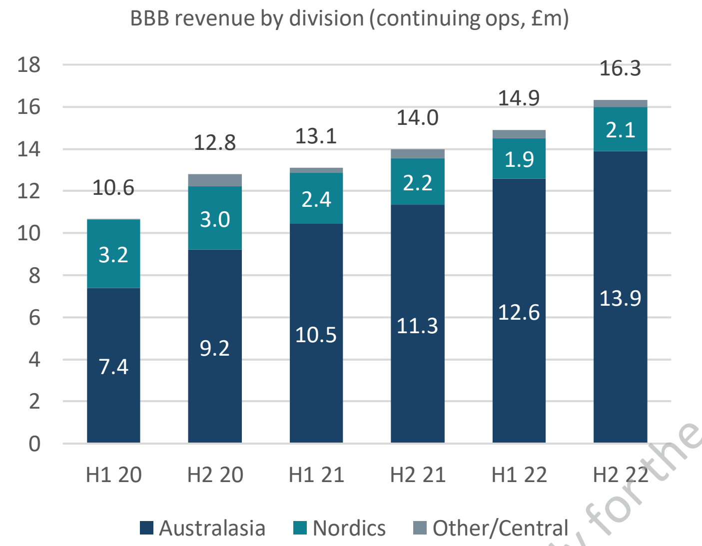
Quickline, and has invested an additional £70m of capital to accelerate the deployment of hybrid 5G and FTTP infrastructure, which now covers c300k premises.

Organic revenue grew +12% in FY22 to £31.2m with 93% recurring airtime revenue, Australasia continued to drive the group with +14% organic growth, we upgrade FY23 organic growth to +11% from +7%, and we introduce FY24 organic growth of +8% to £39.1m

Following the sale of Quickline in June 2021, BBB has reported FY22 organic revenue growth of +12% to £31.2m, which is in line with the December trading update.

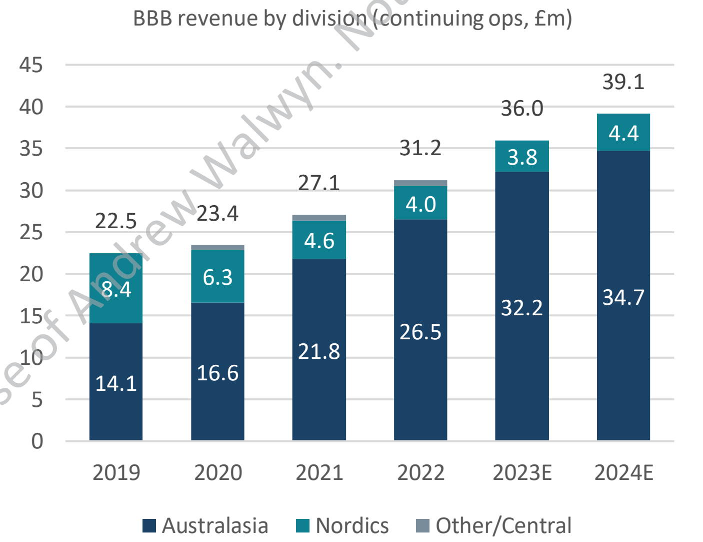
In our FY23 forecasts, the strengthening of GBP relative to AUD and NOK means that we now include a negative FX headwind of -£0.7m yoy, which was previously a FX benefit of +£1.5m yoy. We upgrade our FY23 organic revenue growth to +11% from +7%, and the FX impact leads to FY23 revenue of £36.0m vs £37.0m previously.

Figure 1: Australasia's +14% FY22 organic revenue growth has driven group organic revenue growth of +12%



Source: finnCap

Figure 2: We expect revenue of £36.0m in FY23 and introduce £39.1m in FY24, or +11% and +8% organic growth



Source: finnCap

For FY22, the +14% organic growth of BBB's Australasian business, SkyMesh, continues to drive the group's performance. Through FY22 it commanded c55% market share of net new NBN satellite adds, and in August 2022 it has further enhanced its reputation by being named as the [Best Satellite NBN provider for the fourth year in a row](). The organic growth and acquisitions of Clear and the satellite operations of Harbour ISP, have strengthened SkyMesh's market share to c45% of the NBN Co satellite market in Australia.

Following NBN Co moving to free up satellite capacity by removing unlimited data tariffs that it offered in response to COVID-19, SkyMesh has focused on selectively winning new subscribers and upselling customers onto the higher ARPU Sky Muster Plus products, with c9k customers migrated in FY22.

The emergence of Starlink in Australia has impacted SkyMesh's current churn rates, and we expect the introduction of new NBN Co tariffs in June 2023, with attractive pricing and larger data allowances, will enable NBN Co and SkyMesh to strongly respond.

To accelerate Australasian growth, the expansion into New Zealand has continued to sign up customers through FY22, and BBB is focused on driving scale through FY23 now that the country has fully opened its borders following COVID-19, and BBB has recruited a local, experienced sales executive in NZ.

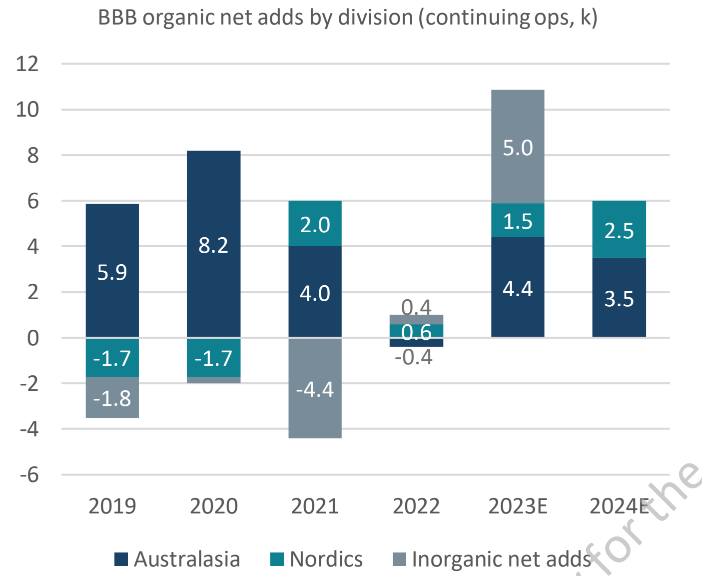
Looking ahead, we expect SkyMesh will focus on delivering the best broadband solution for each customer's location. The agreement with OneWeb will enable BBB to sell download speeds of over

100 Mbps with low latency as the constellation scales, while ViaSat's new satellite is likely to be operational in FY24, and offer high speeds and capacity. Meanwhile, NBN Co is continuing to evolve its fixed wireless offering, which presents SkyMesh with opportunities to combine satellite and fixed wireless technologies to offer high quality services to both residential and business customers.

As management focuses on maximising shareholder value and reaching 100k subscribers in the region in next three years, we expect it will continue to evaluate organic opportunities to strengthen the operations, complementary bolt-on acquisitions such as Clear and Harbour, and the potential listing of SkyMesh on ASX.

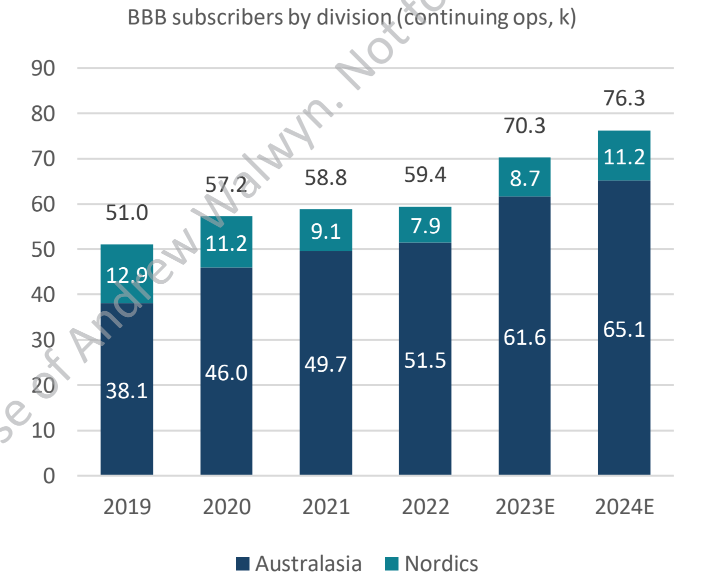
In our FY23 forecasts, we expect +15% organic revenue growth for Australasia in FY23, and introduce a FY24 forecast of +7% organic revenue growth to £34.7m.

Figure 3: We expect Australasia will drive group net adds, with FY23 organic growth of 4.4k, and 5.7k from acquiring Harbour



Source: finnCap

Figure 4: We expect growth in Australasia and a return to growth in the Nordics will drive FY23 subs of 70k and FY24 subs of 76k



Source: finnCap

In the Nordics, BBB faced a challenging FY22 due to the cyber-attack that impacted ViaSat satellite subscribers, but it is demonstrating strong, early momentum in KPIs from the Telenor FWA agreement:

- **Following the cyber-attack on ViaSat, BBB lost 1.6k of its 3k Nordic satellite subscribers –** The 24 February 2022 cyber attack on ViaSat, which supplies BBB's satellite capacity in the Nordics, led to its c3k customer base being unable to receive a satellite service for several months. Despite the length of the outage, BBB's efforts to support and retain its customers has led to only 1.6k of the 3k leaving, which highlights the importance and quality of its broadband solution relative to the alternatives for these customers.

- **The 5G fixed wireless solution has already reached c1k customers with annualised churn of c10% –** Despite equipment shortages causing a 6 month delay in BBB's plans for the Telenor fixed wireless agreement, the early KPIs are demonstrating its potential to deliver strong revenue growth in the region. The impressively low churn is based on customers that are currently taking monthly contracts, and BBB expects churn will settle in the high single digits.

The FY22 organic revenue decline of -13% yoy reflects the cyber attack and the successful completion of the Nordic infrastructure upgrade program through FY21, where BBB upgraded c55 towers and decommissioned c100 loss-making sites in areas where it was or expected to be competing with fibre.

After these challenges, our FY23 revenue implies a return to +2% organic growth or £3.8m, as the original decommissioning program stops impacting the yoy comp, and we expect a successful scaling of the 5G fixed wireless solution.

We then introduce FY24 organic growth forecasts of +18% to £4.4m, and we note the potential for the relationships with OneWeb and ViaSat to evolve and accelerate the division's growth.

FY22 adjusted EBITDA growth of +11% to £5.1m is +2% ahead of the trading update, we upgrade our FY23 forecast by +1% to £5.7m, and we conservatively introduce FY24 growth of +4% to £5.9m

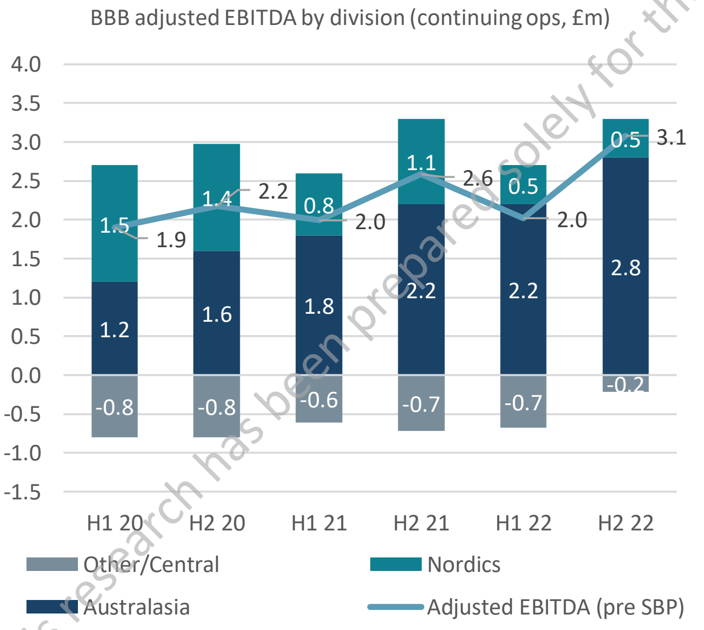
FY22 adjusted EBITDA growth of +11% to £5.1m is +2% ahead of the December trading update and our forecasts, and reflects management's focus on effectively managing the cost base while selectively investing to drive growth.

As the group focuses on realising shareholder value from the remaining operations, it has today announced that it has implemented a cost saving plan that will result in c75% of the central team being made redundant, and reduced the Norwegian operations headcount by c30%. These changes are expected to lead to annualised savings of c£0.5m and £0.4m respectively.

Through FY23 and FY24, we expect BBB will continue to selectively invest in scaling its operations in B2B and fixed wireless areas in Australia, scaling its presence in New Zealand, and delivering a return to growth in the Nordics.

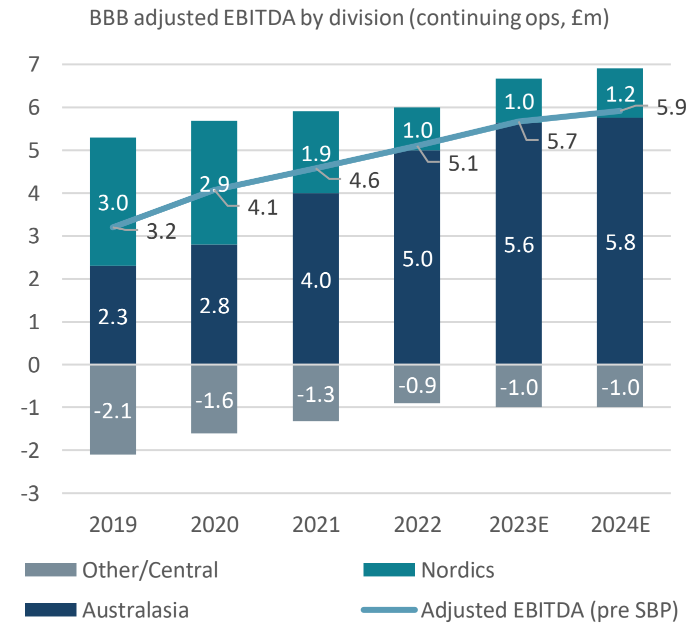
As it evaluates options to further accelerate growth, such as through the relationship with OneWeb, we expect it will focus on maintaining variability in the cost base, and the flexibility to offer customers the technology that will deliver the best broadband service for their location.

Figure 5: BBB's FY22 EBITDA of £5.1m is +2% ahead of our £5.0m forecast, with Australasia continuing to deliver strong growth



Source: finnCap

Figure 6: We upgrade FY23 EBITDA by +1% to £5.7m, and conservatively introduce FY24 EBITDA of £5.9m



Source: finnCap

After returning £26.1m of capital to shareholders in October 2021 and the Australian acquisition in February 2023, we expect BBB will continue to add to its net cash through positive EFCF of £1.2m and £2.5m in FY23 and FY24, including all exceptionals

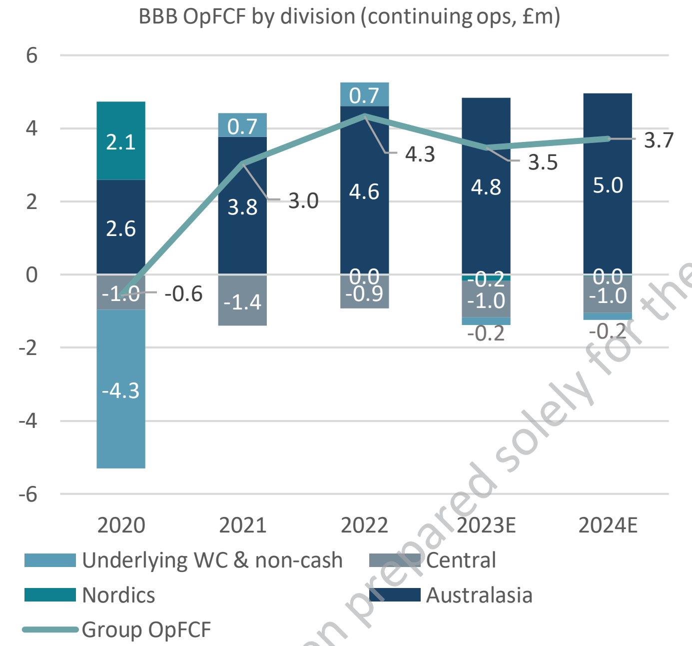
Following the cash return of £26.1m of capital to shareholders in October 2021, BBB has focused on effectively managing its cash position. FY22 underlying OpCF of £4.3m was driven by Australasia achieving £4.6m, and following capex, tax, and interest, it delivered underlying EFCF of £3.7m.

Exceptional items relating to M&A, financing, and restructuring of £2.7m, lease repayments, and the acquisition of Clear for £1.2m, then brought FY22 net cash to £4.2m from £5.2m at FY21.

In FY23, we include the February acquisition of the Harbour ISP satellite base for up to £2.9m in cash, and then expect positive EFCF including all exceptionals will drive FY23 net cash to £2.5m, then £5.1m in FY24.

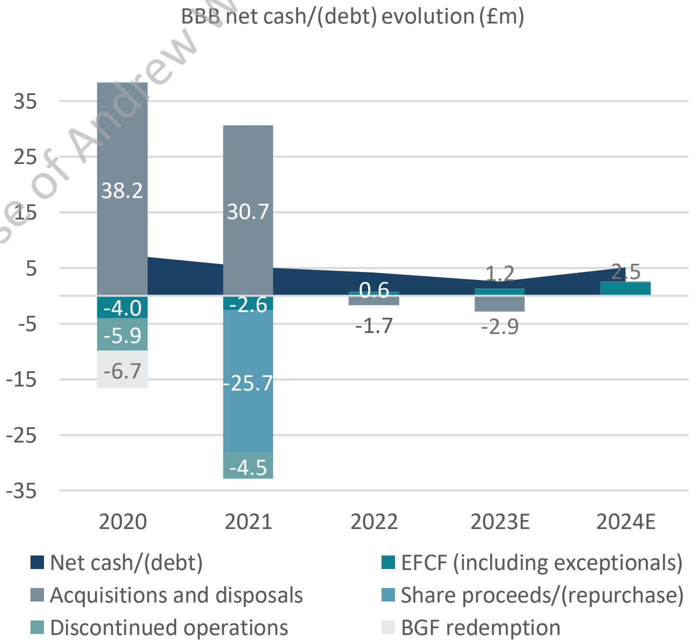
We expect the strong OpFCF generation of Australasia will continue to drive the group's cash generation, and that BBB will continue to evaluate bolt-on acquisitions that could strengthen its footprint and cash generation.

Figure 7: Including investment into new products and NZ, we expect Australasia OpFCF of over £4m pa will continue to drive group OpFCF



Source: finnCap

Figure 8: Including all exceptionals, we expect BBB will grow its net cash position following the acquisition of Harbour, with EFCF of £1.2m in FY23 then £2.5m in FY24



Source: finnCap

We summarise the changes to our forecasts, where we upgrade FY23 organic revenue growth to 11% from 7%, upgrade FY23 adjusted EBITDA by 1%, upgrade FY23 net cash by £0.6m, and introduce FY24 forecasts

Figure 9: Changes to our BBB forecasts (EC = Estimate Changes; NE = New Estimates; PE = Previous Estimates)

		EC			NE			PE		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Australasia	£m	0.0%	1.0%		26.5	32.2	34.7	26.5	31.9	
Nordics	£m	0.0%	-25.6%		4.0	3.8	4.4	4.0	5.1	
Other/Central	£m	2.9%			0.7	0.0	0.0	0.7	0.0	
Group revenue	**£m**	**0.1%**	**-2.7%**		**31.2**	**36.0**	**39.1**	**31.2**	**37.0**	
Organic growth	%				12.3%	10.6%	8.3%	13.3%	6.6%	
Group revenue growth	%				15.3%	15.2%	8.8%	15.3%	18.5%	
Australasia	£m	-0.1%	0.7%		5.0	5.6	5.8	5.0	5.6	
Nordics	£m	0.5%	-37.6%		1.0	1.0	1.2	1.0	1.6	
Other/Central	£m	-10.0%	-39.4%		-0.9	-1.0	-1.0	-1.0	-1.7	
Adj EBITDA (pre SBP)	**£m**	**2.0%**	**1.2%**		**5.1**	**5.7**	**5.9**	**5.0**	**5.6**	
Adjusted EBITDA margin	%				16.3%	15.8%	15.1%	16.0%	15.2%	
Reported EPS (diluted)	p	-478.5%	-47.8%		-5.0	1.9	2.9	1.3	3.6	
Adjusted EPS (diluted)	p	-1.4%	2.1%		4.4	5.7	5.9	4.5	5.6	
Net debt/(cash)	**£m**	**-0.1%**	**30.8%**		**-4.2**	**-2.5**	**-5.1**	**-4.2**	**-1.9**	
EFCF (including exceptionals)	£m	13.2%	99.7%		0.6	1.2	2.5	0.6	0.6	

Source: finnCap

Valuation

We value BBB at 90p, including the continuing operations at 8x FY24 EV/EBITDA, and 9p from BBB's Quickline stake

Following the £26m return of capital to shareholders in October 2021, we value BBB using a SOTP that includes its continuing operations and its Quickline stake.

Figure 10: We value BBB at 90p using a SOTP

		EV/EBITDA	CAGR	EV	Stake	Prop EV	Per share	% of EV
		2024	2022-2024	£m	%	£m	p	%
EV	£m	8.0	7.7%	47	100%	47	78	100%
Associates / JVs	£m					0	0	0%
Net cash inc leases (end FY23)	**£m**					**1**	**2**	**3%**
Quickline stake	£m					6	9	12%
Equity	**£m**					**54**	**90**	**115%**
Shares (end FY23)	m					60		
Equity value per share	**p**					**90**		

Source: finnCap

At a price of 64p, BBB's continuing operations are trading on 5x 12-month forward EV/EBITDA with +9% NTM EBITDA growth

In the table below, other EV adjustments includes BBB's stake in Quickline.

Figure 11: Bigblu Broadband multiples at the current and target price, and forecast growth of the relevant financials

		NTM	At current:	64p		At target:	90p	
		Growth	12m fwd	2023	2024	12m fwd	2023	2024
Diluted Shares outstanding	m			60.2	60.6		60.2	60.6
Market cap (diluted)	£m			38.6	38.8		54.2	54.5
FX adjustment	x			1.00	1.00		1.0	1.0
Market cap (diluted)	**£m**			**38.6**	**38.8**		**54.2**	**54.5**
Net debt/(cash) inc leases	£m			-1.3	-4.1		-1.3	-4.1
Other EV adjustments	£m			-5.6	-5.6		-5.6	-5.6
Rolling Group EV	**£m**			**31.6**	**29.1**		**47.3**	**44.8**
Adj net cash/(debt) /share	p			4.2	8.4		4.2	8.4
EV/Sales	x	13.1%	0.8	0.9	0.7	1.3	1.3	1.1
EV/EBITDA	**x**	**9.0%**	**5.4**	**5.6**	**4.9**	**8.1**	**8.3**	**7.6**
EV/EBIT	x	25.6%	7.2	7.4	6.7	10.9	11.1	10.3
EV/OpFCF (unadj cash)	x	nm	7.6	8.0	6.9	11.5	11.9	10.6
P/E (adjusted, diluted)	x	19.8%	11.1	11.2	10.9	15.6	15.7	15.4
P/E (reported, diluted)	x	nm	29.3	33.7	22.3	41.1	47.4	31.4
EFCF yield (unadj cash)	%	nm	4.1%	3.1%	6.4%	2.9%	2.2%	4.6%
Dividend yield	%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adj ND/EBITDA exc leases	x	9.0%	cash	cash	cash	cash	cash	cash

Source: finnCap

BBB's listed peers are currently trading on 7-9x EV/EBITDA with +2-14% NTM EBITDA growth, and average EFCF yields of 6-10%

Figure 12: Bigblu Broadband trades at a discount to peers with similar financial growth forecasts (table shows 12-month forward multiples and growth rates of 12-month forward estimates vs the last 12 months; index and peer figures are median averages)

	Sec Ccy	Mkt Cap (£m)	EV/ Sales	Sales Growth	EV/ EBITDA	EBITDA Growth	P/E	EPS Growth	FCF Yield
American Tower	$	78,835	13.2	2.7%	21.0	3.7%	43.9	17.0%	4.2%
Crown Castle	$	47,425	11.9	3.9%	19.2	3.6%	35.5	-1.4%	3.9%
SBA Communications	$	23,054	15.9	2.5%	23.1	4.9%	49.9	17.7%	4.7%
Cellnex	€	21,874	11.1	11.4%	14.8	11.2%	nm	nm	2.9%
Tower peers		**35,240**	**12.5**	**3.3%**	**20.1**	**4.3%**	**43.9**	**17.0%**	**4.0%**
BT	£	14,551	1.7	1.1%	4.4	1.7%	7.9	-7.5%	6.1%
LBTY / (VMED)	$	7,309	2.9	-0.8%	7.7	1.4%	nm	nm	15.5%
Telecom Plus	£	1,515	0.5	27.2%	12.0	21.0%	17.9	12.9%	3.6%
Vodafone	£	25,014	2.0	-0.6%	6.4	-2.7%	10.3	-5.6%	14.1%
UK Telecoms peers		**10,930**	**1.9**	**0.2%**	**7.1**	**1.6%**	**10.3**	**-5.6%**	**10.1%**
Gamma	£	1,116	2.0	7.5%	9.2	6.8%	15.5	2.4%	5.5%
iomart Group plc	£	151	1.7	4.7%			12.5	-1.5%	10.6%
NCC Group plc	£	502	1.6	8.5%	8.5	13.6%	13.4	13.6%	7.1%
Redcentric Plc	£	216	1.9	9.6%	7.8	34.2%	14.7	87.8%	8.7%
fC T40 & N50 peers		**359**	**1.8**	**8.0%**	**8.5**	**13.6%**	**14.0**	**8.0%**	**7.9%**
fC Tech 40		293	2.7	9.9%	12.5	9.8%	19.5	7.4%	4.5%
fC T40 MS & Telco		**696**	**2.0**	**9.0%**	**8.5**	**13.6%**	**15.1**	**10.5%**	**6.3%**
fC Next 50		53	1.4	11.4%	10.2	15.0%	21.9	11.3%	3.4%

Source: finnCap

Management, board, and major shareholders

- BBB's major shareholders include a mix of major UK fund managers and substantial management stakes.
- BBB's management and board demonstrate extensive experience in telecoms, technology, and public markets.
- Our BBB Need to Know table.

BBB's major shareholders include a mix of major UK fund managers and substantial management stakes

Figure 13: Major Bigblu Broadband shareholders

Shareholder	%
North Atlantic Smaller Cos Trust plc	13.7%
Oryx International Growth Fund	11.1%
Liontrust UK Micro Cap Fund	8.3%
BGF Investment Management Ltd	7.8%
Richard Griffiths	7.4%
Gresham House Asset Management	7.3%
Hargreaves Lansdown	5.7%
Andrew Walwyn (CEO)	5.6%
Other Directors	1.7%

Source: finnCap

BBB's management and board demonstrate extensive experience in telecoms, technology, and public markets

CEO – Andrew Walwyn

Andrew started on the shop floor at Carphone Warehouse, he was one of the very first members of staff. He quickly worked his way up the company and was then recruited into DX Communications in Glasgow where he was a Director and Shareholder. Having grown the company to 300 retail outlets and having been rewarded with a 2nd place in the Sunday Times Fast Track listing in 1997, DX Communications was sold to BT Cellnet in 1999. The retail footprint makes up much of what you see as the O2 chain of mobile phone stores today.

After a year's sabbatical, Andrew was appointed Managing Director of Tiny computers at a challenging time for the business and oversaw the sale of its ISP business to Tiscali, and the eventual sale of the business to Time Computers.

Andrew now felt he needed a new challenge away from traditional retail outlets focusing on the opportunity the internet offered. He set up the Flat TV Company in 2001 with a colleague Vince Tang, and by 2007 this had become the 7th Fastest Growing Company in the Sunday Times Fast Track listings. In 2008 Andrew returned to the Telecoms sector after discovering the Tooway offering from Skylogic. For the first time a consumer orientated satellite broadband solution had become available to help the many people living and working in the so-called "Not Spots", those outside the terrestrial ADSL footprint.

CFO – Frank Waters

Frank qualified as a Chartered Accountant (ICAS) with Ernst & Young in 1989. Frank has spent the last 20 years, primarily as finance director, in a number of fast-growing entrepreneurial companies in the mobile, consumer electronics and technology sectors. Frank has been actively involved in a number of corporate finance transactions and more recently responsible for the negotiation of substantial network contracts whilst at Redeem Limited, the mobile phone recycler. Frank was instrumental in the sale of DX Communications alongside Andrew Walwyn to what is now Telefonica.

Frank joined Bigblu Broadband in the autumn of 2013 and, as Chief Financial Officer, is responsible for all Group finance, commercial, legal, regulatory, HR, IT and M&A matters.

Chairman – Michael Tobin OBE

Michael joined the Board and became Chairman in September 2015. Michael chairs the Board's remuneration and nomination committees and is a member of the Audit and Risk Committee.

Michael is a highly successful serial technology entrepreneur & pioneer with over 30 years' experience in the telecoms & technology sector.

As Chief Executive, Michael Tobin OBE led Telecity Group plc, a leading FTSE250 Technology company from 2002 to 2015.

He joined Redbus in 2002 delisting it from the main market to AIM, & then took it private, winning the London Business Awards "Business Turnaround of the Year" award in 2005. After engineering the merger with Telecity he successfully re-listed Telecity Group in October 2007 winning the accolade of UK Innovation Awards IPO of the year 2008 & the techMARK Achievement of the year in the same year. Subsequently he grew the business from £6m market cap in 2002 to being a top performer in the FTSE250 worth over £2bn, being recognised as Britain's Most admired Tech Company in 2012.

Prior to joining Telecity Group, Michael headed-up Fujitsu's e-Commerce operations in Frankfurt, Germany. Before that, he ran ICL's Danish outsourcing subsidiary out of Copenhagen Denmark. He also held several senior positions based in Paris for over 11 years including Business Development Director at International Computer Group coordinating global distribution of IT infrastructure. As a Non Exec Director, Tobin was instrumental in transforming PACNET in Hong Kong from a Sub Sea Cable operator to a successful Datacenter operator culminating in its sale in 2015 to Telstra for $800m

Michael holds a number of non-executive and Chairmanship roles including EdgeConneX, Audioboom, Ultraleap, Pulsant, NorthC Datacenters, Everarc PLC, Sungard Availability Services, DC Byte, Instrumental, ScaleUp Group UK. LeaseWeb and The Lewis Moody Foundation where he is Ambassador.

He was named 'UK IT Services Entrepreneur of the Year' by Ernst & Young in 2009, 2010 & 2011; PWC Tech CEO of the Year 2007; London Chamber of Commerce 'Business Person of the Year' for 2009 and 2010; In 2009 was named techMARK 'Personality of the Year'; In 2007 and 2009 he was the winner of the DCE Outstanding Leader of the Year, and in 2008 won 'Data Centre Business Person of the Year' at the Data Centre Leaders awards. He was awarded 'Outstanding Contribution to the Industry' at the Data Centre Europe awards and in 2011 received a Lifetime Achievement Award for services to the industry. In 2005 he was named number 31 of Britain's Top 50 Entrepreneurs and in 2014 he was honoured in the Queens New Years Honours List with the Order of the British Empire medal for Services to the Digital Economy.

NED – Paul Howard

Paul joined the Board in September 2015 and serves on the Board's remuneration and Audit and Risk Committees. Paul is an advisor to Oakley Capital Corporate Finance and joined the business in April 2015. Paul spent over 15 years with Cazenove as a telecoms and media analyst and was one of Cazenove's youngest ever partners. He won numerous awards from Reuters and Starmine and was Head of the Number One ranked European telecoms research team as ranked by the Institutional Investor in 2011. Paul left J.P. Morgan Cazenove in 2011 and became an investor and non-executive director of various small telecoms companies. He also spent a year with Morgan Stanley in 2014 helping their Select Risk equity trading business.

NED – Christopher Mills

Christopher joined the Board in May 2019. Christopher founded Harwood Capital Management in 2011, a successor of the former parent company of Harwood, J O Hambro Capital Management which he co-founded in 1993. He is Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc and Chief Investment Officer of Harwood Capital LLP. He is a Non-Executive Director of several companies. Christopher was a Director of Invesco MIM, where he was head of North American Investments and Venture Capital, and of Samuel Montagu International.

NED – Philip Moses

Philip joined the Board in May 2020 and chairs the Board's Audit and Risk Committee. Phillip is a highly creative Finance Director with an extensive track record within the telco sector, having served in Executive positions at BT Group plc (where he spent 19 years) and Liquid Telecom. He has also worked for Arqiva, Legal and General plc and London City Airport (where he was Interim CFO). Philip has a successful track record of increasing the enterprise value of complex organisations, both plc and Private Equity, through expert leadership of the Finance function combined with strong commercial instincts and a deep understanding of how businesses make money. Experienced in all aspects of finance with a particular focus on financing, investor relations, strategy, operational efficiency, management information and cost control. Philip is a skilled negotiator with proven deal capabilities and is widely respected as a popular and supportive team builder and leader.

Our BBB Need to Know table

Figure 14: BBB Need to Know

Offices	UK (HQ); global offices including in Australia and Norway
Revenue model	>90% recurring revenue from contracts and monthly subscriptions for broadband and communications solutions
Staff	96 (FY21)
Number of customers	59.4k at FY22
IPO	19/12/2014 (AIM) as Cleeve Capital, which acquired Satellite Solutions Worldwide in May 2015, and changed its name to Bigblu Broadband in May 2018
Last equity activity	Returned £26.1m of cash to shareholders in October 2021
Prior M&A activity	Completed the acquisition of the satellite operations of Harbour ISP in Australia for a cash consideration of up to £2.9m
Year end	November
Website	https://bbb-plc.com/

Source: finnCap

Income statement		2020A	2021A	2022A	2023E	2024E
Year end:		Nov	Nov	Nov	Nov	Nov
Sales	**£m**	**27.2**	**27.1**	**31.2**	**36.0**	**39.1**
Cost of sales	£m	-13.6	-14.9	-18.1	-22.3	-24.3
Gross profit	**£m**	**13.6**	**12.2**	**13.1**	**13.7**	**14.8**
Operating expenses	£m	-7.3	-7.6	-8.0	-8.0	-8.9
EBITDA (adjusted)	**£m**	**6.2**	**4.6**	**5.1**	**5.7**	**5.9**
Depreciation	£m	-2.8	-1.4	-2.0	-1.4	-1.5
Amortisation	£m	0.0	0.0	0.0	0.0	0.0
EBIT (adjusted)	**£m**	**3.4**	**3.2**	**3.1**	**4.3**	**4.4**
Associates/other	£m	5.4	0.0	0.0	0.0	0.0
Net interest	£m	-7.0	-0.8	-0.1	-0.3	-0.3
PBT (adjusted)	**£m**	**1.9**	**2.4**	**2.9**	**4.0**	**4.1**
restructuring costs	*£m*	*-0.4*	*-3.9*	*-2.7*	*-0.5*	*-0.2*
share based payments	*£m*	*-0.3*	*-0.2*	*-0.3*	*-0.3*	*-0.3*
other adjustments	*£m*	*8.6*	*0.0*	*-1.7*	*-1.5*	*-1.3*
Total adjustments	£m	7.9	-4.1	-4.7	-2.3	-1.8
PBT (stated)	**£m**	**9.7**	**-1.7**	**-1.8**	**1.7**	**2.3**
Tax charge	£m	-0.3	0.1	-1.0	-0.6	-0.6
tax rate	*%*	*3.2*	*n/a*	*n/a*	*33.9*	*25.0*
Minorities	£m	0.2	28.7	0.0	0.0	0.0
Reported earnings	**£m**	**9.7**	**27.0**	**-2.8**	**1.1**	**1.7**
Tax effect of adjustments / other	£m	0.0	-28.4	0.8	0.0	0.0
Adjusted earnings	**£m**	**1.8**	**2.7**	**2.7**	**3.4**	**3.5**
shares in issue (year end)	*m*	*57.6*	*58.3*	*58.5*	*58.7*	*59.1*
shares in issue (weighted average)	*m*	*57.6*	*57.7*	*58.4*	*58.6*	*58.9*
shares in issue (fully diluted)	*m*	*58.0*	*58.9*	*58.9*	*60.2*	*60.6*
EPS (adjusted, fully diluted)	**p**	**3.1**	**4.7**	**4.4**	**5.7**	**5.9**
EPS (stated)	p	16.6	46.4	-5.0	1.9	2.9
DPS	**p**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Growth analysis (adjusted basis where applicable)						
Sales growth	%	-56.2%	-0.4%	15.3%	15.2%	8.8%
EBITDA growth	%	-46.7%	-26.6%	11.4%	11.2%	4.3%
EBIT growth	%	-51.7%	-6.8%	-4.0%	39.1%	2.7%
PBT growth	%	-57.5%	25.9%	22.9%	36.1%	3.1%
EPS growth	%	-62.9%	51.3%	-6.2%	29.5%	2.3%
DPS growth	%	n/m	n/m	n/m	n/m	n/m

Profitability analysis (adjusted basis where applicable)						
Gross margin	%	49.9%	45.0%	42.0%	38.1%	37.8%
EBITDA margin	%	23.0%	16.9%	16.3%	15.8%	15.1%
EBIT margin	%	12.6%	11.8%	9.8%	11.8%	11.2%
PBT margin	%	7.0%	8.8%	9.4%	11.1%	10.5%
Net margin	%	6.7%	10.2%	8.7%	9.5%	9.0%

Cash flow		2020A	2021A	2022A	2023E	2024E
Year end:		**Nov**	**Nov**	**Nov**	**Nov**	**Nov**
EBITDA	£m	6.2	4.6	5.1	5.7	5.9
Net change in working capital	£m	-0.5	1.7	0.8	-0.2	-0.2
Share based payments	£m	0.0	0.0	0.0	0.0	0.0
Profit/(loss) on sale of assets	£m	0.0	0.0	0.0	0.0	0.0
Net pensions charge	£m	0.0	0.0	0.0	0.0	0.0
Change in provision	£m	0.0	0.0	0.0	0.0	0.0
Other items	£m	-0.6	-1.1	-0.1	-1.0	-0.2
Cash flow from operating activities	**£m**	**5.1**	**5.2**	**5.8**	**4.5**	**5.5**
Cash interest	£m	-1.3	-0.4	-0.1	-0.3	-0.3
Tax paid	£m	-0.1	-0.5	-0.5	-0.8	-0.6
Capex	£m	-5.6	-2.2	-1.4	-1.5	-1.5
Other items	£m	-1.7	-1.0	-0.7	-0.7	-0.7
Free cash flow	**£m**	**-3.6**	**1.1**	**3.0**	**1.2**	**2.5**
Disposals	£m	36.2	28.7	1.6	0.0	0.0
Acquisitions	£m	0.0	0.0	0.0	-2.9	0.0
Dividends on ord shares	£m	0.0	0.0	0.0	0.0	0.0
Other cashflow items	£m	-11.0	-6.3	-5.6	0.0	0.0
Issue of share capital	£m	0.0	-25.7	0.0	0.0	0.0
Net change in cash flow	**£m**	**21.6**	**-2.2**	**-1.0**	**-1.7**	**2.5**
Opening net cash (debt)	£m	-14.2	7.4	5.2	4.2	2.5
Closing net cash (debt)	**£m**	**7.4**	**5.2**	**4.2**	**2.5**	**5.1**

Cash flow analysis						
Cash conversion (op cash flow / EBITDA)	%	81.2%	114.4%	113.0%	78.8%	93.2%
Cash conversion (free cash flow / EBITDA)	%	-57.6%	25.1%	58.1%	21.3%	42.0%
Underlying free cash flow (capex = depreciation)	£m	-0.8	2.0	2.4	1.3	2.4
Cash quality (underlying FCF / adjusted earnings)	%	-46.4%	71.6%	86.3%	37.9%	68.9%
Investment rate (capex / depn)	x	2.0	1.6	0.7	1.1	1.0
Interest cash cover	x	3.9	12.7	46.5	17.0	21.6
Dividend cash cover	x	n/a	n/m	n/m	n/m	n/m

Balance sheet		2020A	2021A	2022A	2023E	2024E
Year end:		**Nov**	**Nov**	**Nov**	**Nov**	**Nov**
Tangible fixed assets	£m	10.9	4.1	2.9	3.5	3.9
Goodwill	£m	11.8	5.5	6.2	6.2	6.2
Other intangibles	£m	0.1	0.1	1.2	2.6	1.3
Other non current assets	£m	0.5	6.4	5.8	5.8	5.8
inventories	*£m*	*0.9*	*0.7*	*1.1*	*1.3*	*1.4*
trade receivables	*£m*	*3.8*	*4.8*	*2.3*	*2.6*	*2.1*
trade payables	*£m*	*-12.5*	*-9.4*	*-8.8*	*-9.1*	*-8.5*
Net working capital	£m	-7.8	-3.9	-5.4	-5.2	-5.0
Other assets	£m	0.0	0.1	0.0	1.1	1.1
Other liabilities	£m	-0.7	-0.1	-0.2	-0.5	-0.5
Gross cash & cash equivalents	£m	15.3	5.2	4.2	5.5	8.1
Capital employed	**£m**	**30.2**	**17.3**	**14.8**	**19.0**	**20.9**
Gross debt	£m	11.4	1.4	1.4	4.2	4.0
Net pension liability	£m	0.0	0.0	0.0	0.0	0.0
Shareholders equity	£m	14.2	15.9	13.4	14.8	16.9
Minorities	£m	4.6	0.0	0.0	0.0	0.0
Capital employed	**£m**	**30.2**	**17.3**	**14.8**	**19.0**	**20.9**

Leverage analysis						
Net debt / equity	%	net cash	net cash	net cash	net cash	net cash
Net debt / EBITDA	x	net cash	net cash	net cash	net cash	net cash
Liabilities / capital employed	%	37.8%	8.1%	9.5%	22.1%	19.1%

Working capital analysis						
Net working capital / sales	%	-28.8%	-14.5%	-17.2%	-14.3%	-12.7%
Net working capital / sales	days	-105	-53	-63	-52	-46
Inventory (days)	days	12	9	13	13	13
Receivables (days)	days	51	65	27	27	20
Payables (days)	days	168	127	103	93	80

Capital efficiency & intrinsic value						
Adjusted return on equity	%	12.7%	17.3%	20.3%	23.0%	20.9%
RoCE (EBIT basis, pre-tax)	%	11.3%	18.4%	20.7%	22.4%	20.9%
RoCE (underlying free cash flow basis)	%	-2.8%	11.4%	15.9%	6.8%	11.7%
NAV per share	p	24.6	27.3	22.9	25.3	28.6
NTA per share	p	3.9	17.7	10.2	10.2	15.9

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