

## Corporate

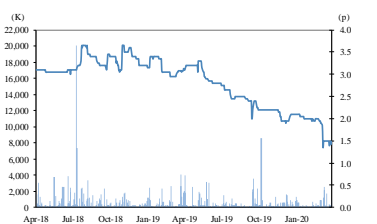
Current price 1.5p

Sector Financial Services

Code TAVI

AIM AIM

### Share Performance



1m -27% 3m -32% 12m -54%

Source: Thomson Reuters, Allenby Capital

### Share Data

Market Cap (£m) 9.1

Shares in issue (m) 607.8

52 weeks High Low

3.4 2.0

Financial year end March

Source: Company Data, Allenby Capital

### Key Shareholders

Brian Raven (CEO) 10.7%

Andrew Staley 9.2%

Lighthouse Group Plc 5.0%

Christopher Peel 4.9%

Oliver Cooker (Chairman) 4.6%

Source: Company Data, Allenby Capital

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## Tavistock Investments Plc (TAVI)

### Trading in line, Covid-19 creating uncertainty

Tavistock has confirmed that its trading result for the year ended 31 March 2020 is in line with market expectations, our forecasts are for underlying EBITDA of £1.8m. A particular highlight has been the outperformance of the protected portfolios which the Company provides to clients. Despite the strong performance Tavistock is not immune to the impact of Covid-19 which it states has made commercial conditions extremely challenging. A number of actions have been implemented to protect profitability and costs are being removed from the business. With the current level of uncertainty in the market we are withdrawing our forecast beyond the March 2020 year end.

- Results in line for year to March 31.** Despite the Covid-19 turmoil impacting the final month of the Company's financial year, Tavistock has announced that results are in line with market expectations which we take as our underlying EBITDA forecast of £1.8m, a 22.5% increase on the prior year figure.
- Strong performance from protected funds.** A key driver of FUM growth over the last 12 months has been the flow of funds into the Income Protection Portfolios. The funds, which help protect investors against a market crash, delivered strong outperformance in Q1 2020 (the two funds fell by less than 5% and 3% in the period against the wider market fall of c. 24%). We expect these funds to continue to remain popular especially as markets remain fragile.
- Timely balance sheet strengthening.** On 19 March the Company announced it had raised £650k by issuing shares at 2p, the majority of which (£600k) was placed with strategic investor Hugh Simon. The £50k balance from management. In addition to strengthening the balance sheet the investment brings a strategic investor onto the share register. Hugh Simon is the ultimate owner of the Hamon Investment Group. The release at the time of the investment stated that "Hugh's interest is to develop a meaningful stake in the UK Wealth Management sector and he has identified Tavistock as a cornerstone investment".
- Tavistock is not immune from the economic impact of Covid-19.** Despite the strong performance to date, the outperformance of the protected funds and the recent strengthening of the balance sheet the Company is still exposed to the negative impact to its working environment and the overall economic impact of Covid-19. Tavistock, not surprisingly, expects a detrimental effect on the Company's performance. Cost cutting measures are being implemented and the dividend is being suspended. Until greater economic and operational clarity occurs, we are withdrawing our forecasts beyond the year ended March 2020.

### Year End: March

(£'000)	2017	2018	2019	2020E	2021E
REVENUE	19,539	28,812	27,342	28,042	NA
ADJ. EBITDA	384	734	1,475	1,806	NA
GROWTH	273%	91%	101%	22%	NA
FUM (£M)	603	866	945	1,200	NA
NET DEBT/(CASH)	(2,308)	(777)	(782)	(695)	NA
EV/EBITDA	23.9x	12.5x	6.2x	5.1x	NA
DIVIDEND YIELD	NA	NA	0.45%	NA	NA

Allenby Capital acts as Broker to Tavistock Investments Plc (TAVI).

Please refer to the last page of this communication for all required disclosures and risk warnings.

**Exhibit 1: INCOME STATEMENT**

Year End March ('£000)	2017A	2018A	2019A	2020E	Comments
<b>Discretionary Funds Under Management (£m)</b>	<b>603</b>	<b>866</b>	<b>945</b>	<b>1,200</b>	
Investment Management (Wealth)	1,660	3,635	4,878	5,513	
as a % of average FUM		0.49%	0.54%	0.51%	Assumed rate of return on FUM
Advisory Support (Advisory)	17,879	25,177	22,464	22,529	
<b>Total Group Revenue</b>	<b>19,539</b>	<b>28,812</b>	<b>27,342</b>	<b>28,042</b>	
<i>Growth</i>	-34.5%	47.5%	-5.1%	2.6%	
Cost of Sales	(13,502)	(18,332)	(16,198)	(16,433)	
<b>Gross Profit/(loss)</b>	<b>6,037</b>	<b>10,480</b>	<b>11,144</b>	<b>11,608</b>	
<i>GP Margin</i>	30.9%	36.4%	40.8%	41.4%	Economies of scale driving margin expansion
Administrative expenses - continuing operations	(7,041)	(9,991)	(10,988)	(11,702)	
as a % of sales	36.04%	34.68%	40.19%	41.73%	
<b>Profit/(loss) from operations</b>	<b>(1,004)</b>	<b>489</b>	<b>156</b>	<b>(94)</b>	
<b>Adjusted EBITDA</b>	<b>384</b>	<b>734</b>	<b>1,475</b>	<b>1,806</b>	
Depreciation & amortisation	(774)	(971)	(1,053)	(1,650)	
Share based payments	(306)	(135)	(248)	(250)	
Acquisition related (costs)/gains	(308)	861	(2)	-	
<b>EBIT</b>	<b>(1,004)</b>	<b>489</b>	<b>156</b>	<b>(94)</b>	
Wealth	473	1,839	2,895	2,927	
Advisory	1,326	1,171	(188)	38	
Group	(2,803)	(2,521)	(2,551)	(3,058)	
Finance costs	(203.0)	(268.0)	(274.0)	(200.7)	
<b>Profit/(Loss) pre-taxation</b>	<b>(1,207)</b>	<b>221</b>	<b>(118)</b>	<b>(294)</b>	
Taxation	552	29	(4)	59	
<i>Tax rate</i>	45.7%	-13.1%	-3.4%	20.0%	
<b>Profit/(loss) from continuing operations</b>	<b>(655)</b>	<b>250</b>	<b>(122)</b>	<b>(236)</b>	
Discontinued operations	79	25	-	-	
<b>Total comprehensive income for the period</b>	<b>(576)</b>	<b>275</b>	<b>(122)</b>	<b>(236)</b>	
<b>EPS (continuing operations) (p)</b>	<b>(0.14)</b>	<b>0.05</b>	<b>(0.02)</b>	<b>(0.04)</b>	
Dividend per share (p)	-	-	0.010	0.014	
WTD Ave Number of shares (m)	418.7	537.0	551.0	575.3	

Source: Allenby Capital, Company data

**Exhibit 2: BALANCE SHEET**

Year End March ('£000)	2017A	2018A	2019A	2020E	Comments
<b>ASSETS</b>					
Tangible fixed assets	381	490	586	386	
IFRS 16 Right of use asset	-	-	-	779	IFRS 16 Impact from 2020
Intangible assets	19,954	19,136	19,897	20,967	
<b>Non-current assets</b>	<b>20,335</b>	<b>19,626</b>	<b>20,483</b>	<b>22,132</b>	
Trade receivables	748	2,018	1,391	1,683	
Prepayments and accrued income	942	1,180	1,339	1,400	
Other receivables	459	136	2,623	3,023	2019 increase by £2.45m being estimated amount recoverable
Cash and cash equivalents	4,558	3,111	3,116	2,569	from insurers in connection with provision noted below.
<b>Current Assets</b>	<b>6,707</b>	<b>6,445</b>	<b>8,469</b>	<b>8,674</b>	
<b>TOTAL ASSETS</b>	<b>27,042</b>	<b>26,071</b>	<b>28,952</b>	<b>30,806</b>	
<b>LIABILITIES</b>					
Deferred consideration	(2,002)	(1,100)	(655)	(655)	
Bank Loan & Financing	(250)	(101)	(517)	(517)	
Trade payables	(1,095)	(2,101)	(1,071)	(1,150)	
Other liabilities	(1,972)	(1,401)	(1,699)	(1,699)	
<b>Current Liabilities</b>	<b>(5,319)</b>	<b>(4,703)</b>	<b>(3,942)</b>	<b>(4,021)</b>	
Deferred consideration	(1,100)	-	(310)	(1,412)	
Bank loan & Financing	(2,000)	(2,233)	(1,817)	(1,357)	Nov-18, 5 year, £2m facility with NatWest Bank, c.4% pa.
IFRS 16 Lease liability	-	-	-	(576)	IFRS 16 Impact from 2020
Provisions	(46)	(40)	(2,465)	(2,465)	£2.45m taken Dec 2018 against actions of former adviser
Other payables	-	-	(13)	(13)	offset against insurance receivable.
Deferred taxation	(396)	(405)	(409)	(359)	
<b>Non-current Liabilities</b>	<b>(3,542)</b>	<b>(2,678)</b>	<b>(5,014)</b>	<b>(6,182)</b>	
<b>TOTAL LIABILITIES</b>	<b>(8,861)</b>	<b>(7,381)</b>	<b>(8,956)</b>	<b>(10,203)</b>	
<b>TOTAL NET ASSETS</b>	<b>18,181</b>	<b>18,690</b>	<b>19,996</b>	<b>20,603</b>	
<b>Capital &amp; reserves attributable to owners of parent</b>					
Share Capital	12,685	12,720	13,101	13,101	
Share premium	27,818	4,882	5,681	6,331	
Retained profit/(deficit)	(22,322)	1,088	1,214	1,171	
<b>TOTAL EQUITY</b>	<b>18,181</b>	<b>18,690</b>	<b>19,996</b>	<b>20,603</b>	
<b>Balance Sheet Ratios</b>					
Short term financial debts	250	101	517	517	
Long term financial debts	2,000	2,233	1,817	1,357	
<b>Gross debt</b>	<b>2,250</b>	<b>2,334</b>	<b>2,334</b>	<b>1,874</b>	
Cash and cash equivalents	4,558	3,111	3,116	2,569	
<b>Net debt / (cash)</b>	<b>(2,308)</b>	<b>(777)</b>	<b>(782)</b>	<b>(695)</b>	
Deferred consideration	3,102	1,100	965	2,067	
<b>Net debt / (cash) inc. deferred consideration</b>	<b>794</b>	<b>323</b>	<b>183</b>	<b>1,372</b>	

Source: Allenby Capital, Company data

**Exhibit 3: CASHFLOW STATEMENT**

Year End March ('£000)	2017A	2018A	2019A	2020E	Comments
<b>Profit/(loss) before tax</b>	<b>(1,128)</b>	<b>246</b>	<b>(118)</b>	<b>(294)</b>	
<b>Adjustments</b>					
Share based payments	306	135	248	250	
Depreciation on property plant and equipment	93	147	198	200	
IFRS 16 Finance cost	-	-	-	38	
Depreciation of IFRS 16 right of use asset	-	-	-	77	
Amortisation of intangible assets	681	824	855	1,450	
Impairment of intangible assets	-	-	-	133	
Gain on bargain purchase	-	(905)	-	-	
Net Finance (income)/costs	204	268	274	201	
<b>Cash flows from op. activities pre changes in working capital</b>	<b>156</b>	<b>715</b>	<b>1,457</b>	<b>2,054</b>	
Decrease/(increase) in trade and other receivables	2,068	(1,245)	417	(753)	
Decrease/(increase) in trade and other payables	(2,556)	552	(709)	79	
Corporation tax paid	(160)	(46)	-	59	
<b>Cash flows from operating activities</b>	<b>(492)</b>	<b>(24)</b>	<b>1,165</b>	<b>1,440</b>	
<b>Investing activities:</b>					
Finance income	1.0	-	-	-	
Development/Purchase of intangible assets	(199)	-	(1,646)	(2,661)	
Purchase of P,P&E	(180)	(291)	(279)	(856)	
Proceeds on disposals	50	965	-	-	2018 - Tavistock Financial £1m
Cash on acquisition	2,009	-	-	-	2017 - Abacus £1.341m, Price Bailey £0.667m
Cash on disposal	-	(164)	-	-	
Establishment of deferred consideration	-	-	-	1,622	
Payment of deferred considerations	(4,839)	(2,002)	(135)	(520)	
<b>Net cash generated from investing activities</b>	<b>(3,158)</b>	<b>(1,492)</b>	<b>(2,060)</b>	<b>(2,415)</b>	
<b>Financing activities</b>					
Finance costs	(205)	(276)	(274)	(201)	
IFRS 16 repayment of lease liability	-	-	-	(100)	
IFRS 16 lease liability interest	-	-	-	(80)	
Issue of new share capital (net of costs)	3,029	100	1,174	650	
Drawdown of debt facilities	2,000	495	2,173	676	
Repayment of debt facilities	-	(250)	(2,173)	(460)	
Dividend payment	-	-	-	(58)	
<b>Net cash from financing activities</b>	<b>4,824</b>	<b>69</b>	<b>900</b>	<b>428</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,174</b>	<b>(1,447)</b>	<b>5</b>	<b>(547)</b>	
Cash and cash equivalents at beginning of the period	3,385	4,559	3,112	3,117	
<b>Cash and cash equivalents at end of the period</b>	<b>4,559</b>	<b>3,112</b>	<b>3,117</b>	<b>2,570</b>	

Source: Company data, Allenby Capital

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