

## Corporate

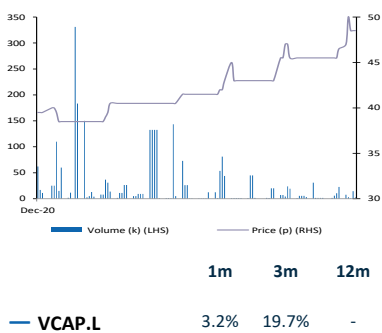
 Current price **48.5p**

 Sector **Financials/Financial Services**

 Code **VCAP**

 AIM **AIM**

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data

 Market Cap (£m) **20.40**

 Shares in issue (m) **42.05**

 52 weeks (p) **High** **Low**  
**51.00** **38.50**

 Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

 Vector Holdings **80.85%**

 Killik & Co LLP **4.07%**

 Helium Special Sits **3.22%**

Source: Company Data, Allenby Capital

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## Vector Capital plc (VCAP.L)

### Q1 growth on track, strong new business pipeline

The key takeaway from the recent Q1 trading update was that successful deployment of the IPO funds has underpinned a successful start to the year. The end March 2021 loan book at £38.6m is well on track to meet our £40m end FY21 target.

Growth isn't necessarily linear; that target also includes regular redemptions due over the remaining nine months, and quarter end data won't necessarily reflect the underlying trend. However, VCAP confirms a healthy new business pipeline which supports our projections. Indeed, reported demand for new facilities would fully commit the group's lending capacity.

### Loan Book Growth

As at:	31/03/2021	31/12/2020	31/12/2019
Loan book	£38.6m	£36.4m	£33.6m
No. of live loans	69	63	56
Average loan size	£559,000	£577,000	£600,485
Average loan to value	46.0%	44.2%	57.5%

Source: Company

- Initiatives underway to grow the loan book include enhanced engagement with the group's broker network and additional staff training programs to ensure that the existing team will be able to manage increased activity.
- VCAP's two wholesale lenders remain supportive and have indicated their readiness to increase the group's facilities, if requested. Other wholesale banking providers have also offered indicative terms on additional facilities.
- The Q1 update supports our maintained forecasts. The prospective 2.6p/share FY21 dividend is equivalent to a 5.4% yield, covered 1.9x times by forecast earnings, and reflects VCAP's intention to pay progressive distributions.

### Year End: 31 December

(£m)	2018	2019	2020	2021E	2022E
REVENUE	1.84	3.59	4.33	5.00	5.44
OPERATING PROFIT	1.42	2.76	3.37	3.73	4.14
OPERATING MARGIN	77%	77%	83%	82%	82%
PBT	1.24	1.97	2.35	2.57	2.68
YEAR END LOAN BOOK	21.1	33.6	36.4	40.0	43.5
EPS (p)			5.58	4.92	5.16
DIVIDEND (p)			2.40	2.60	2.80
YIELD			4.9%	5.4%	5.8%

Allenby Capital acts as Nomad &amp; Broker to Vector Capital plc (VCAP).

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David Johnson is the author of this research recommendation and is employed by Allenby Capital Limited as an Equity Analyst. Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com). Allenby Capital acts as Joint broker to Vector Capital plc.

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