

## Corporate

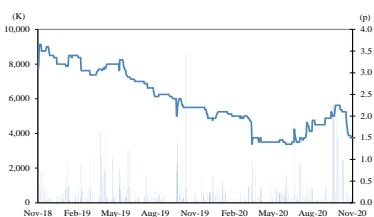
 Current price **1.50p**

 Sector **Financial Services**

 Code **TAVI**

 AIM **AIM**

### Share Performance



1m 3m 12m

— TAVI -30% -21% -32%

Source: Thomson Reuters, Allenby Capital

### Share Data

 Market Cap (£m) **9.1**

 Shares in issue (m) **607.8**

52 weeks High Low

**2.25 1.35**

 Financial year end **March**

Source: Company Data, Allenby Capital

### Key Shareholders

Brian Raven (CEO) 10.9%

Andrew Staley 9.2%

Lighthouse Group Plc 5.0%

Christopher Peel 4.9%

Oliver Cooke (Chairman) 4.6%

Source: Company Data, Allenby Capital

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# Tavistock Investments Plc (TAVI)

## Interims to Sept. 2020, growth in EBITDA

Covering a six-month period fully impacted by COVID-19, Tavistock's interims to the end of September 2020 showed remarkable resilience. Adjusted EBITDA grew 25% to £1.26m and in a positive announcement the Board has noted the likely return of the dividend. The Company has adapted well to the impact of COVID-19 with a relatively seamless move to working remotely, so much so that a cost cutting initiative will see the number of offices permanently reduced from eleven to six. The Group wide reorganisation is expected to result in savings of c.£750k per annum. Forecasts have not yet been reintroduced, but the outlook is positive and the Board is keen to accelerate growth both organically and through acquisitions.

- EBITDA growth despite slowdown in revenues.** Revenues fell 6.5% year on year to £13.4m. However, growth in adjusted EBITDA was maintained with the 25% growth achieved as margins expanded to 9.4% from 7.0%. Cashflow generation was also strong with operating cashflow of £1.24m pre movements in working capital and £785k post working capital movements. Tavistock ended the period with a cash position of £3.97m, after adjusting for debt of £3.59m (Term loan £1.46m, CBILS £2.13m) the net debt of the group was £0.38m at the period end.
- Investment Management business, revenues down just 1.5%, FUM steady at £1.1bn.** FUM held steady despite the market turmoil partly due to the continued attraction and positive performance of the Income Protection Portfolios which provide downside protection against a market crash. The Company's newest fund, the ACUMEN ESG Protection Portfolio, was a particular strong performer on a relative basis as its NAV fell just 1% in the year through to the end of October 2020 in a period when the wider market fell 17%. We expect portfolios with downside protection to remain popular in the current uncertain economic environment.
- Tavistock Advisory revenues down 7.7%.** The advisory business provides both private and corporate clients with a wide range of financial advice. Activity was initially impacted by the advisers' ability to meet with new clients but a swift adaption to working from home has meant the business has been relatively resilient.
- Restructuring initiated, £750k anticipated annual savings.** A comprehensive Group-wide reorganisation exercise has been initiated. The actions include a reduction in the number of offices from eleven to six, a reduction in headcount and an exit from less productive areas of business activity. A reorganisation reserve of £1.2 million to meet the one-off costs of the exercise has been taken and full payback is expected in less than two years.
- Directors ambitions for growth.** The Chairman's statement addresses the share price weakness and undervaluation of the Group. Initiatives to address this include the near-term recommencement of the dividend and an ambition to grow by an accelerated, acquisition-led growth strategy. This points to an exciting time ahead for the group.

Year End: March

(£'000)	2017A	2018A	2019A	2020A
REVENUE	19,539	28,812	27,342	28,803
ADJ. EBITDA	384	734	1,475	1,825
GROWTH	273%	91%	101%	24%
FUM (£M)	603	866	945	1,002
NET DEBT/(CASH)	(2,308)	(777)	(782)	(893)
EV/EBITDA	27.0x	14.1x	7.0x	5.7x
DIVIDEND YIELD	NA	NA	0.54%	0.00%

Allenby Capital acts as Nomad & 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	2020A	Comments
<b>Discretionary Funds Under Management (£m)</b>	<b>603</b>	<b>866</b>	<b>945</b>	<b>1,002</b>	
Investment Management (Wealth)	1,660	3,635	4,878	5,518	
as a % of average FUM		0.49%	0.54%	0.57%	Ave. rate of return on FUM
Advisory Support (Advisory)	17,879	25,177	22,464	23,285	
<b>Total Group Revenue</b>	<b>19,539</b>	<b>28,812</b>	<b>27,342</b>	<b>28,803</b>	
Growth	-34.5%	47.5%	-5.1%	5.3%	
Cost of Sales	(13,502)	(18,332)	(16,198)	(17,048)	
<b>Gross Profit/(loss)</b>	<b>6,037</b>	<b>10,480</b>	<b>11,144</b>	<b>11,755</b>	
GP Margin	30.9%	36.4%	40.8%	40.8%	Economies of scale driving margin expansion
Administrative expenses	(7,041)	(9,991)	(10,988)	(17,228)	
as a % of sales	36.04%	34.68%	40.19%	59.81%	
<b>Profit/(loss) from operations</b>	<b>(1,004)</b>	<b>489</b>	<b>156</b>	<b>(5,473)</b>	
<b>Adjusted EBITDA</b>	<b>384</b>	<b>734</b>	<b>1,475</b>	<b>1,825</b>	
Depreciation & amortisation	(774)	(971)	(1,053)	(1,570)	
Intangible asset impairment	-	-	(16)	(5,039)	
Share based payments	(306)	(135)	(248)	(229)	
Acquisition related (costs)/gains	(308)	861	(2)	(460)	
<b>EBIT</b>	<b>(1,004)</b>	<b>489</b>	<b>156</b>	<b>(5,473)</b>	
Wealth	473	1,839	2,895	2,122	
Advisory	1,326	1,171	(188)	(1,936)	
Group	(2,803)	(2,521)	(2,551)	(5,659)	
Finance costs	(203.0)	(268.0)	(274.0)	(241.0)	
Profit share due to fellow member of LLP				(25)	
<b>Profit/(Loss) pre-taxation</b>	<b>(1,207)</b>	<b>221</b>	<b>(118)</b>	<b>(5,739)</b>	
Taxation	552	29	(4)	274	
Tax rate	45.7%	-13.1%	-3.4%	4.8%	
<b>Profit/(loss) from continuing operations</b>	<b>(655)</b>	<b>250</b>	<b>(122)</b>	<b>(5,465)</b>	
Discontinued operations	79	25	-	-	
<b>Total comprehensive income for the period</b>	<b>(576)</b>	<b>275</b>	<b>(122)</b>	<b>(5,465)</b>	
EPS (continuing operations) (p)	(0.14)	0.05	(0.02)	(0.95)	
Dividend per share (p)	-	-	0.010	-	
WTD Ave Number of shares (m)	418.7	537.0	551.0	576.5	

Source: Allenby Capital, Company data

**Exhibit 2: BALANCE SHEET**

Year End March ('£000)	2017A	2018A	2019A	2020A	Comments
<b>ASSETS</b>					
Tangible fixed assets	381	490	586	915	
Intangible assets	19,954	19,136	19,897	16,907	
<b>Non-current assets</b>	<b>20,335</b>	<b>19,626</b>	<b>20,483</b>	<b>17,822</b>	
Trade receivables	748	2,018	1,391	96	
Prepayments and accrued income	942	1,180	1,339	2,486	
Other receivables	459	136	2,623	2,416	£2.1m being estimated amount recoverable from insurers in connection with provision noted below.
Cash and cash equivalents	4,558	3,111	3,116	2,416	
<b>Current Assets</b>	<b>6,707</b>	<b>6,445</b>	<b>8,469</b>	<b>7,414</b>	
<b>TOTAL ASSETS</b>	<b>27,042</b>	<b>26,071</b>	<b>28,952</b>	<b>25,236</b>	
<b>LIABILITIES</b>					
Deferred consideration	(2,002)	(1,100)	(655)	(696)	
Term loan	(250)	(101)	(517)	(457)	
Lease liability	-	-	-	(469)	
Trade payables	(1,095)	(2,101)	(1,071)	(1,151)	
Other liabilities	(1,972)	(1,401)	(1,699)	(2,221)	
<b>Current Liabilities</b>	<b>(5,319)</b>	<b>(4,703)</b>	<b>(3,942)</b>	<b>(4,994)</b>	
Deferred consideration	(1,100)	-	(310)	(1,234)	
Term loan	(2,000)	(2,233)	(1,817)	(1,066)	Nov-18, 5 yr, £2m facility with NatWest, 5.0% over base
Lease liability	-	-	-	(330)	
Provisions	(46)	(40)	(2,465)	(2,115)	£2.1m provision against actions of former adviser
Other payables	-	-	(13)	-	offset against insurance receivable.
Deferred taxation	(396)	(405)	(409)	(93)	
<b>Non-current Liabilities</b>	<b>(3,542)</b>	<b>(2,678)</b>	<b>(5,014)</b>	<b>(4,838)</b>	
<b>TOTAL LIABILITIES</b>	<b>(8,861)</b>	<b>(7,381)</b>	<b>(8,956)</b>	<b>(9,832)</b>	
<b>TOTAL NET ASSETS</b>	<b>18,181</b>	<b>18,690</b>	<b>19,996</b>	<b>15,404</b>	
<b>Capital and reserves attributable to owners of the parent</b>					
Share Capital	12,685	12,720	13,101	13,426	
Share premium	27,818	4,882	5,681	6,001	
Retained profit/(deficit)	(22,322)	1,088	1,214	(4,023)	
<b>TOTAL EQUITY</b>	<b>18,181</b>	<b>18,690</b>	<b>19,996</b>	<b>15,404</b>	
<b>Balance Sheet Ratios</b>					
	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	
Short term financial debts	250	101	517	457	
Long term financial debts	2,000	2,233	1,817	1,066	
<b>Gross debt</b>	<b>2,250</b>	<b>2,334</b>	<b>2,334</b>	<b>1,523</b>	
<b>Cash and cash equivalents</b>	<b>4,558</b>	<b>3,111</b>	<b>3,116</b>	<b>2,416</b>	
<b>Net debt / (cash)</b>	<b>(2,308)</b>	<b>(777)</b>	<b>(782)</b>	<b>(893)</b>	
Deferred consideration	3,102	1,100	965	1,930	
<b>Net debt / (cash) inc. deferred consideration</b>	<b>794</b>	<b>323</b>	<b>183</b>	<b>1,037</b>	

Source: Allenby Capital, Company data

**Exhibit 3: CASHFLOW STATEMENT**

Year End March (£000)	2017A	2018A	2019A	2020A	Comments
<b>Profit/(loss) before tax</b>	<b>(1,128)</b>	<b>246</b>	<b>(118)</b>	<b>(5,739)</b>	
<b>Adjustments</b>					
Share based payments	306	135	248	229	
Depreciation on property plant and equipment	93	147	198	506	
Amortisation of intangible assets	681	824	855	1,064	
Impairment of intangible assets	-	-	-	5,039	
Gain on bargain purchase	-	(905)	-	-	
Net Finance (income)/costs	204	268	274	241	
Acquisition related costs	-	-	-	460	
<b>Cash flows from op. activities pre changes in working capital</b>	<b>156</b>	<b>715</b>	<b>1,457</b>	<b>1,800</b>	
Decrease/(increase) in trade and other receivables	2,068	(1,245)	417	375	
Decrease/(increase) in trade and other payables	(2,556)	552	(709)	175	
Corporation tax paid	(160)	(46)	-	-	
<b>Cash flows from operating activities</b>	<b>(492)</b>	<b>(24)</b>	<b>1,165</b>	<b>2,350</b>	
<b>Investing activities</b>					
Finance income	1.0	-	-	-	
Development/Purchase of intangible assets	(199)	-	(1,646)	(3,112)	
Purchase of P,P&E	(180)	(291)	(279)	(114)	
Proceeds on disposals	50	965	-	-	
Cash on acquisition	2,009	-	-	-	
Cash on disposal	-	(164)	-	-	
Payments due regarding purchase of client lists	-	-	712	1,622	
Payment of deferred consideration	(4,839)	(2,002)	(847)	(1,095)	
<b>Net cash generated from investing activities</b>	<b>(3,158)</b>	<b>(1,492)</b>	<b>(2,060)</b>	<b>(2,699)</b>	
<b>Financing activities</b>					
Finance costs	(205)	(276)	(274)	(241)	
Leases	-	-	-	(241)	
Issue of new share capital (net of costs)	3,029	100	1,174	650	
Drawdown of debt facilities	2,000	495	2,173	-	
Repayment of debt facilities	-	(250)	(2,173)	(462)	
Dividend payment	-	-	-	(58)	
<b>Net cash from financing activities</b>	<b>4,824</b>	<b>69</b>	<b>900</b>	<b>(352)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,174</b>	<b>(1,447)</b>	<b>5</b>	<b>(701)</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>2,416</b>	

Source: Company data, Allenby Capital

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