

## Corporate

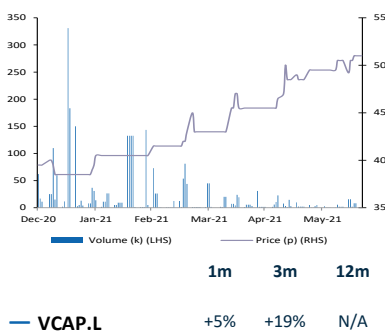
Current price **51.0p**

Sector **Financial/Financial Services**

Code **VCAP.L**

AIM **AIM**

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data (pro forma)

Market Cap (£m) **23.1**

Shares in issue (m) **45.24**

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

Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

Vector Holdings 75.15%

Killik & Co LLP 4.07%\*

Helium 3.22%\*

\* pre-placing

Source: Company Data, Allenby Capital

### Allenby Research

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## Vector Capital plc (VCAP.L)

### Fundraising to accelerate new lending & marketing

Vector Capital plc (VCAP.L) has raised £1.5m (gross) via an issue of c 3.19m new ordinary shares at 47p. The funds will be used to accelerate new marketing initiatives designed to build its profile in its target markets and add momentum to loan book growth.

The shares represent approximately 7.1% of the group's enlarged share capital and were placed with new and existing investors. Management sees an ongoing strategy to broaden the investor base and improve underlying equity liquidity as fundamental to its medium-term plans. Access to growth capital will underpin VCAP's ability to take advantage of positive market trends i.e., continuing strong demand for facilities on terms which have thus far and should continue to enable it to generate attractive returns from a proven lending template.

New facilities recently agreed by the group, and proposals under consideration continue to match its risk-controlled loan criteria. It intends to prioritise lending which enables it to make optimal use of its available capital, including the ability to draw on flexible facilities provided to it by third party wholesale lenders.

- The group previously confirmed successful deployment of the £2.6m (net) raised at its end 2020 IPO. Its latest announcement states that current trading is in line with expectations. Its new business pipeline underpins its projections and would fully commit its lending capacity. Plans to enhance its engagement with its broker network include staff training to add capacity to handle increased demand. VCAP's installed loan processing and IT infrastructure is readily scalable and would be able to manage a loan book of at least double its current size, without the need for any further investment.
- Management aims to build momentum behind its investor communications to bring its investment case to the attention of potential new audiences. Although the new money raised would enable it to enlarge its loan book, we see it as unlikely to make a material difference to this year's results. We have however increased the target end FY22e loan book by £2.5m to £46.0m, to reflect a full year of loan book growth equivalent to c. 1.5x any net new capital raised.
- The new shares will be eligible for the FY21e interim dividend. We expect the group's total dividend cost for the year to be maintained as the new capital will not materially affect earnings. That puts the shares on a 4.7% prospective yield, 2.0x times covered by forecast earnings, rising to 5.5% in FY22e.

### Year End: 31 December

(£m)	2018	2019	2020	2021E	2022E
REVENUE	1.84	3.59	4.33	5.00	5.69
OPERATING PROFIT	1.42	2.76	3.37	3.73	4.37
OPERATING MARGIN	77%	77%	83%	82%	82%
PBT	1.24	1.97	2.35	2.56	2.91
YEAR END LOAN BOOK	21.1	33.6	36.4	40.0	46.0
EPS (p)			5.58	4.76	5.21
DIVIDEND (p)			2.4	2.4	2.8

Allenby Capital acts as Nomad & Broker to Vector Capital (VCAP.L).

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