![Allenby Capital]

## Company Note

**Prelims**

6 July 2021

## Corporate

| | |
|---|---|
| Current price | **43p** |
| Sector | **Healthcare Equipment & Services** |
| Code | **TLY.L** |
| AIM | **AIM** |

**Share Performance**


| | 1m | 3m | 12m |
|---|---|---|---|
| — **TLY.L** | +8% | +40% | +143% |

Source: Thomson Reuters, Allenby Capital

| **Share Data** | | |
|---|---|---|
| Market Cap (£m) | | **78.4** |
| Shares in issue (m) | | **182.2** |
| 52 weeks | High | Low |
| | **43.25p** | **15.6p** |
| Financial year end | | **March** |

Source: Company Data, Allenby Capital

| **Key Shareholders** | |
|---|---|
| Richard Sneller | 11.10% |
| Stonehage Fleming IM | 10.09% |
| Premier Miton | 9.68% |
| Columbia Threadneedle Inv | 6.33% |
| Harwood Capital | 4.60% |
| Liontrust Inv | 4.47% |
| D & M Newlands | 3.96% |

Source: Company Data, Allenby Capital


**Ian Jermin**

0203 328 5664

i.jermin@allenbycapital.com

**www.allenbycapital.com**


**Equity Research**

# Totally plc (TLY.L)

## *A paradigm shift in health service delivery*

**In the face of unprecedented challenges to the NHS, brought on by the COVID-19 pandemic and the fundamental shift in the way services have had to be delivered, Totally was able to support front-line NHS services and deliver a set of full year results that were ahead of the comparative period. We believe that this speaks volumes to the professionalism of the Company and the high regard that it holds within the NHS. The legacy, as the COVID impact gradually reduces, is a paradigm shift in the way health services are delivered by the NHS and its partnership with the private sector. We believe Totally is well placed to prosper in this new environment and although uncertainty remains, we are pleased to be able to re-introduce earnings projections covering the next three years which, while necessarily cautious, forecast a continuation of growth.**

- **Revenue growth driven by Urgent Care and Insourcing** – For the year to March 2021, Totally reported revenue growth of 7% to £113.7m and underlying EBITDA growth of 25% to £5.0m. The Urgent Care and Insourcing divisions both contributed to revenue and gross profit growth while Planned Care (as elective care services were substantively halted) experienced a revenue and gross profit decline.

- **Profit grew strongly** - Underlying profit before tax (excluding the amortisation of acquired contracts and exceptionals) grew by 77% to £2.5m. Equally, on a statutory basis a pre-tax profit of £0.1m was generated compared to a £3.4m loss in FY2019/20. Year-end cash balances rose to £14.8m (£12.3m Sep 20) with no debt.

- **A change in the way services are commissioned** – In February 2021, the Department of Health and Social Care published a White Paper which set out a strategic shift away from the focus of competition which underpinned 2012 government reforms and removed some competition and procurement rules. In the future, contracts are expected to be commissioned less through competitive tendering and increasingly through partnerships with trusted and established private sector providers and we fully anticipate Totally being one of these.

- **Forecasts** – We are pleased to re-introduce forecasts which were withdrawn in July 2020. For the year to March 2022, 2023 and 2024, we are anticipating adjusted PBT growth of 24%, 32% and 49% respectively and on a statutory basis, 700%, 188% and 122%. This growth, which is all organic, is expected to be generated by relatively modest increases in the Urgent Care division, some recovery in Planned Care but significant increases in Insourcing as the NHS attempts to reduce record levels of patients awaiting elective surgery. The latter is also a higher margin service. Already healthy levels of cash are also forecast to increase. We believe Totally is exceptionally well positioned to grow under the changing commissioning structure and believe initial fair value of 65p is appropriate.

| Year End: March | 2020A | 2021A | 2022E | 2023E | 2024E |
|---|---|---|---|---|---|
| **REVENUE (£m)** | 96.5 | 105.4 | 105.5 | 111.0 | 118.0 |
| **ADJ. EBITDA (£m)** | 4.0 | 5.0 | 5.5 | 6.5 | 8.5 |
| **ADJ. PBT (£m)** | 1.4 | 2.5 | 3.1 | 4.1 | 6.1 |
| **ADJ. EPS (p)** | 1.19 | 1.49 | 1.81 | 2.29 | 3.29 |
| **NET CASH (£m)** | 8.9 | 14.8 | 16.0 | 16.9 | 19.0 |
| **DIVIDEND (p)** | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 |
| **PER (x)** | 36.4 | 29.0 | 24.0 | 18.9 | 13.1 |
| **YIELD** | 1.2% | 1.2% | 1.2% | 1.2% | 1.4% |

Source: Totally plc; Allenby Capital

*Adjusted PBT excludes amort. of acquired contracts (20: £2.8m, 21: £2.5m, 22: £2.3m, 23: £1.8m, 24: £1.0m)

Source: Totally plc, Allenby Capital. Allenby Capital acts as Nomad & Broker to Totally plc (TLY.L).

## Preliminary results summary

**EXHIBIT 1: PRELIMINARY RESULTS SNAPSHOT**

| | H1 20/21 £m | H2 20/21 £m | Year 20/21 £m | Year 19/20 £m | *Year yoy % change* |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 54.1 | 59.6 | **113.7** | 105.9 | *7.3%* |
| Gross profit | 10.2 | 10.7 | **20.8** | 19.2 | *8.6%* |
| *margin* | *18.8%* | *17.9%* | ***18.3%*** | *18.1%* | *1.2%* |
| EBITDA | 2.3 | 2.7 | **5.0** | 4.0 | *24.5%* |
| *EBITDA margin* | *4.3%* | *4.5%* | ***4.4%*** | *3.8%* | *16.0%* |
| Statutory PBT | 0.1 | 0.0 | **0.1** | -3.4 | |
| Add back amortisation of acquired contracts | 1.0 | 1.4 | **2.5** | 2.8 | *-12.2%* |
| Underlying PBT | 1.1 | 1.4 | **2.5** | 1.4 | *77.3%* |
| Cash (excluding lease liabilities) | 12.3 | | **14.8** | 8.9 | *66.0%* |
| Dividend (p) | 0.25 | 0.25 | **0.50** | 0.50 | *0.0%* |
| | | | | | |
| **SEGMENTATION** | | | | | |
| Urgent Care | | | **105.4** | 96.5 | *9.2%* |
| Planned Care | | | **5.2** | 8.4 | *-37.9%* |
| Insourcing | | | **3.1** | 1.0 | *205.3%* |
| **Total revenue** | | | **113.7** | **105.9** | *7.3%* |
| | | | | | |
| Urgent Care | | | **18.8** | 16.9 | *11.1%* |
| *Gross margin* | | | ***17.8%*** | *17.5%* | *1.7%* |
| Planned Care | | | **1.2** | 1.9 | *-34.9%* |
| *Gross margin* | | | ***23.7%*** | *22.6%* | *4.9%* |
| Insourcing | | | **0.8** | 0.3 | *185.1%* |
| *Gross margin* | | | ***26.8%*** | *28.7%* | *-6.6%* |
| **Total Gross profit** | | | **20.8** | **19.2** | *8.6%* |
| *margin* | | | ***18.3%*** | *18.1%* | *1.2%* |
| | | | | | |
| **BALANCE SHEET** | | | | | |
| Non-current assets | 43.7 | | **41.8** | 45.0 | *-7.1%* |
| Current assets (excluding cash) | 10.9 | | **8.9** | 11.4 | *-22.0%* |
| Cash | 12.3 | | **14.8** | 8.9 | *65.8%* |
| Total assets | 66.9 | | **65.5** | 65.3 | *0.3%* |
| Current liabilities | -28.2 | | **-27.1** | -26.1 | *3.9%* |
| Non-current liabilities | -4.4 | | **-4.4** | -4.8 | *-7.7%* |
| Total liabilities | -32.6 | | **-31.5** | -30.9 | *2.1%* |
| Net assets | 34.3 | | **34.0** | 34.4 | *-1.4%* |
| | | | | | |
| **CASH FLOW** | | | | | |
| Cash generated from operations | 2.4 | | **4.5** | 3.6 | *25.6%* |
| Working capital changes | 2.6 | | **4.7** | -0.6 | |
| Net cash flow from operating activities | 5.0 | | **9.2** | 2.9 | *217.9%* |
| Cash flow from investing activities | -0.9 | | **-0.7** | -8.6 | *-91.5%* |
| Cash flow from financing activities | -0.7 | | **-2.6** | 7.1 | |
| Cash at end of period | 12.3 | | **14.8** | 8.9 | *66.0%* |

Source: Totally plc

Revenues for the year ended March 2021 increased by 7% from £105.9m to £113.7m with the majority of the gain being generated by strong demand within the Urgent Care division, specifically around the ongoing support provided to the NHS over the COVID-19 pandemic in the field of NHS 111 services and supplemented by additional services over and above that originally contracted.

The results included a full 12-month contribution from Greenbrook Healthcare (part of the Urgent Care division), acquired in June 2019, whereas in the comparative period

Greenbrook was only consolidated for a 9-month period. Revenues from the Planned Care division fell by 38% from £8.4m to £5.2m reflecting the marked slowdown in elective care as front-line services concentrated on dealing with the pandemic.

Totally Healthcare, the Group's Insourcing division which was launched in September 2019 reported strong growth, albeit from low levels with revenue of £3.1m compared to £1.0 in the comparative period. Services were impacted in the first half as elective care was paused but activity gradually resumed in the second half.

Group gross profit increased by 9% from £19.2m to £20.8m, with the growth again being generated largely from the Urgent Care division where the gross profit rose by 11% from £16.9m to £18.8m and was supported by a strong improvement in gross profits from Insourcing which rose from £0.3m to £0.8m. Unsurprisingly, gross profit from the Planned Care division fell from £1.9m to £1.2m.

Gross margins for the Group rose slightly from 18.1% to 18.3%, towards the top end of management's targeted KPI. However, it is worth noting that the margin of 18.1% in the comparative period was flattered by a reduction in provisions relating to performance related incentives of £1m, consequently the underlying margin was 17.2%. There were no significant reductions in provisions in 2020/21.

Further down the P&L, administrative expenses (before depreciation and amortisation) rose by 9% to £16.5m representing 14.5% of revenues (2019/20: 14.3%). There was a £0.7m credit relating to the release of a provision which in turn led to an EBITDA of £5.0m, a rise of 25% against the comparative of £4.0m.

Statutory profit before tax was £0.1m, a much-improved performance against the £3.4m loss reported for the 2019/20 financial year. Although the Group chooses not to show the adjustment, we offer an underlying profit before tax which excludes the amortisation of contracts acquired from Vocare and Greenbrook and thus, in our view, provides a clearer indication of profits.

In 2020/21 this amortisation charge was £2.5m (2019/20: £2.8m). Going forward the charge will gradually decline as the acquired contracts are amortised on a straight-line basis over their finite lives and are due to complete in FY27. We estimate the charge declining to £2.3m in 2021/22, £1.8m in 2022/23 and £1m in 2023/24.

Cash balances strengthened from £8.9m to £14.8m at the year, a level required to satisfy the large swings in working capital that the Group typically experiences over the course of its financial year.

Overall, the Group generated cash from operating activities (before working capital changes) of £4.5m (2019/20: £3.6m), largely reflecting the statutory profit achieved during the year compared to a loss in the previous period. Net changes to working capital were a positive £4.7m (2019/20: negative £0.6m) with a £2.6m inflow from receivables and a £2.2m inflow from payables.

Capex increased to £0.8m (2019/20: £0.4m) as a consequence of investment in IT infrastructure, including upgrades to the telephone system to facilitate effective working from home for some staff.

The Board is proposing to pay a final dividend of 0.25p (2019/20: 0.25p) which, together with the interim dividend of 0.25p gives an unchanged total dividend of 0.5p at a cost of c.£0.9m.

## By Division

Totally operates through three business divisions: **Urgent Care** (Vocare and Greenbrook); **Planned Care** (Totally Health, My Clinical Coach, Premier Physical Healthcare, About Health and Optimum Sports Performance Centre) and **Insourcing** (Totally Healthcare).

**Urgent Care**
Totally's Urgent Care division encompasses the Group's two largest businesses, Vocare and Greenbrook Healthcare (the latter acquired in June 2019). These companies provide urgent care services across England which include NHS 111, Think 111 First, GP Out of Hours services, Clinical Assessment, Integrated Urgent Care, Urgent Treatment Centres and Walk-In Clinics.

These services are provided under contract with local Clinical Commissioning Groups (CCGs) and can be awarded for up to five years with an option to extend the services by a further two years. In the current COVID-19 situation few if any new contracts are being let and existing contracts are being extended as necessary.

Revenues increased by 9% to £105.4m over the comparative period (which included Greenbrook for 9 months), with additional services relating to the COVID-19 support provided to the NHS. Revenue growth was also generated by the extension of existing contracts and unprecedented demand for its NHS 111 services which compensated for the significant reduction in revenue allied to face-to-face patient activity due to the lockdown.

Over the year, the Group announced a number of contract renewals and new business models being delivered, many targeted to manage demand during the pandemic, which amounted to an aggregate contract value of c. £92.5m.

The Group was also chosen as a qualified provider to Yorkshire Ambulance Service NHS Trust, the first agreement that Totally has entered into under the new NHS Integrated Care System framework. The new framework agreement commenced on 1 April 2021 and runs to 31 March 2024 and is worth up to c. £2.7m over the framework term.

Totally also enjoyed positive movement in its Care Quality Commission (CQC) ratings, resulting in all of its registered services now being rated "Good".

These activities and successes have placed the Group in a strong position as a preferred partner of the NHS to deliver services under the new commissioning system which has been designed to allow and enable flexibility for geographical areas to work with trusted, respected partners to deliver targeted high-quality services without the need for lengthy procurement processes. This should result in a reduction in bureaucracy and recognise quality partnerships where cooperation delivers improved care.

Management makes the point that Totally is already working in areas that have used the new systems which means services can quickly be mobilised to deliver targeted local demand, something that has been demonstrated numerous times during the pandemic where all of its divisions responded proactively when asked to mobilise new services.

Throughout the period the division has been able to respond effectively delivering existing and new face to face and remote healthcare services including further innovation of NHS 111 service delivery in response to unprecedented demand while increasing capacity as a direct result of COVID-19. In addition, the division successfully deployed clinical resources into emergency departments to assist patient flow and protect the NHS through front door streaming of symptomatic patients.

**Planned Care**

The Group's Planned Care (also known as elective care) division provides services which include dermatology outpatient services, physiotherapy, podiatry and referral management services. These services are delivered in a variety of settings including GP surgeries, NHS prisons, health centres, police, fire services and private clients across England.

Due to the COVID-19 pandemic, activities in Planned Care were temporarily suspended during the first few months of the year but the Group began to remobilise the division in the latter months as local conditions allowed. The division remobilised some services during the second lockdown with all clinics working to new models of care in COVID safe environments.

In February 2020, Totally announced that its subsidiary, About Health, had been awarded a new contract to provide community dermatology services to Manchester & Trafford Clinical Commissioning Groups ("Manchester & Trafford CCGs"). The contract, which was expected to run for a period of three years, with an option to extend for a further two years is worth a total of circa £8.4m. Due to COVID-19 the mobilisation of this contract was delayed but has recently been resumed and will contribute to current year revenues.

**Insourcing**

The Insourcing division, Totally Healthcare, is a comparatively new division for Totally, having been launched in September 2019. Insourcing services are provided where hospitals subcontract medical services and procedures to providers who use the host hospitals' premises and equipment for service delivery. Totally Healthcare works across the UK and Ireland.

The service is usually provided after normal hours (i.e. weekends and bank holidays) when the premises and equipment are not being used and thus make efficient use of the hospital's infrastructure and equipment.

Totally utilises its own resources in terms of consultants and nurses and works across specialities such as endoscopy, ophthalmology, ear nose and throat, orthopaedics, urology and plastics while activities can include diagnostics, day-case surgery and outpatient activity. In this way Totally helps hospitals reduce long patient waiting lists where otherwise it would not be possible to bring down these lists in line with Government requirements.

Under the COVID-19 pandemic waiting lists have escalated and therefore the insourcing services that Totally offers will become more crucial to the ability of hospitals to manage patient waiting lists effectively.

As with Planned care, service delivery was paused as elective care services were suspended in response to the pandemic. Some services resumed in June in Northern Ireland and in August in parts of the UK as local conditions allowed. Insourcing revenues were maintained at 80% of the levels reported in the second half of the previous financial year and accelerated in the second half.

Given the growth in waiting lists across all clinical specialities which are thought to total over 5 million people in the UK alone, the backlog of work is healthy and ready to be delivered as and when hospitals and NHS Trusts are able to restart elective care.

## Outlook for the year to March 2022

**Urgent Care**
During the reporting period the activity profile within the Urgent Care division varied between the many different services provided.

NHS 111 saw unprecedented demand, with many surges during the period as people were asked to seek advice via the 111 services both on the telephone and online. Totally also continued to be involved in the rollout of new “Think 111 First” services which encourages members of the public needing to access health services to do so via the 111 service.

Urgent Treatment Centres and GP Out of Hours services saw a decrease in demand during the pandemic but demand has increased over recent months. All services have changed in order to deliver using COVID-safe practices and all staff provided with full Personal Protective Equipment (PPE).

Numerous new services were mobilised during the pandemic which were specifically targeted at managing COVID-19. These included using video technology to replace face to face consultations where it was safe to do so and many other COVID specific services, a number of which continue at this time.

What is clear is that services are very unlikely to return to pre-pandemic levels and we envisage a ‘new normal’ being established across the division. As national restrictions are lifted, as seasons change and new variants are managed we expect the demand for services to change as a response. Management expects some COVID-specific services to continue and will continue to respond proactively as required.

These opportunities are a direct result of the excellent relationships Totally has built with its existing partners and the reputation it has with commissioning bodies for providing high quality healthcare services. Management anticipates that this trend in the change of origination of revenue growth will continue in the near to medium term.

**Planned Care**
We anticipate Planned Care to increase its activity levels over the course of the financial year as elective care resumes and consequently we are forecasting revenues to return to the levels seen in 2019/20. We understand that revenues are already back to pre-COVID levels. In addition, the mobilisation of the delayed Manchester contract will also add to revenue growth in the current year.

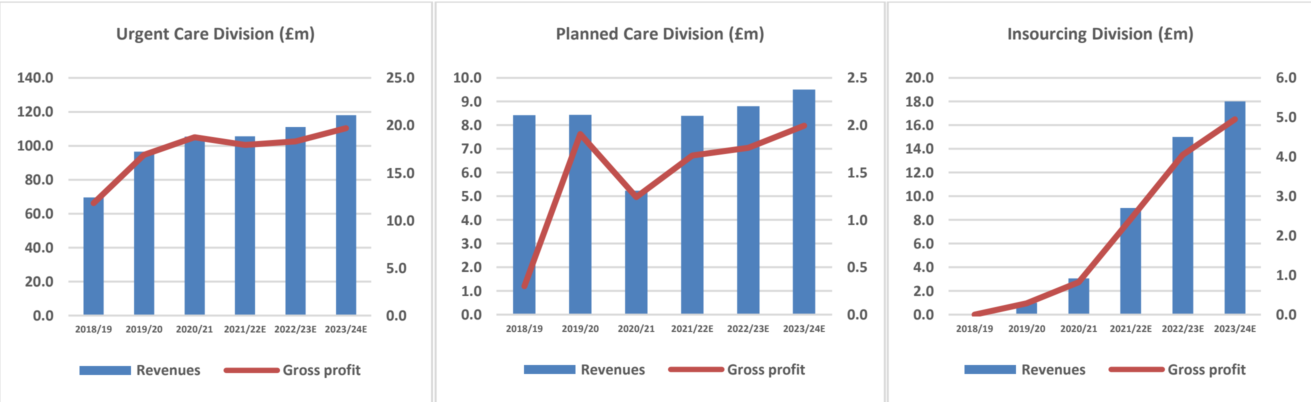
We see opportunities to extend the division’s activities into new areas such as mental health, wellness and long COVID, some of which may be generated organically but also through acquisitions.

**Insourcing**
We are forecasting Insourcing revenues in the current and future years to increase strongly as hospitals across the UK and Ireland reinstate elective surgery, previously halted due to COVID-19. The outlook here is particularly positive due to the increase in waiting lists caused by previous lockdowns.

Waiting lists and referrals for healthcare services have increased markedly and estimates from NHS England suggest that over 5 million people are now waiting for treatments. This figure excludes the waiting lists for Scotland, Northern Ireland and the Republic of Ireland. The utilisation of Totally Healthcare’s insourcing and planned care services will therefore be particularly important in supporting the NHS and other healthcare bodies in reducing these waiting lists.

## Forecasts and conclusion

**EXHIBIT 2: FORECASTS BY DIVISION**




Source: Totally plc; Allenby Capital

Given the previous high degree of uncertainty surrounding the likely activity levels within each of the Group's operations, we temporarily withdrew our forecasts in July 2020. Although a degree of uncertainty still exists as Totally will be operating in new ways across all of its service lines, we are now re-introducing forecasts. These are purposely positioned on a prudent basis firstly as COVID-19 cases are still rising due to the highly transmissible Delta variant and secondly due to the ongoing changes in the way services are commissioned and delivered, including the rollout of Think 111 First services.

That said, we are forecasting revenue and profit growth across all divisions for the next three forecasted years as well as increasing levels of cash. We believe that while challenges are still widespread, opportunities to gain additional business through the delivery of existing services to a wider number of commissioning bodies, an increase in the types of healthcare services offered to new and existing healthcare providers and the potential for earnings enhancing acquisitions, provides exceptionally fertile ground for Totally to excel over the short, medium and long term.

Our forecasts are based on a relatively modest growth in overall revenues but strong growth from the Insourcing division and to a lesser extent, Planned Care. These two activities are higher margin business. Urgent Care typically attracts gross margins of around 17-18% whereas Insourcing enjoys margins of around 28% and Planned care c.20%.

We therefore anticipate that the growth in these higher margin services, together with limited cost increases, will lead to EBITDA growth of 10% in 2021/22, 18% in 2022/23 and 30% in 2023/24. Similarly, on an adjusted EPS basis we are forecasting growth of 21%, 27% and 44% respectively. Growth in statutory EPS is even stronger.

The shares, which have risen four-fold over the past two years, are trading on 23.3x current year forecast adjusted earnings, 18.4x 23 forecasted earnings and 12.8x 2024 forecasted earnings. This may give the impression that the shares are fully valued.

However, we believe these forecasts are conservative and have the potential (although by no means the certainty) to be upgraded over the course of the forecasted period. In addition, the Board has built up a strong record of delivering organic growth and earnings enhancing acquisitions.

In summary, we believe that Totally has been highly successful in managing its business through the pandemic and adding new services such as Insourcing. In doing so it has built up a strong reputation and close relationship with many healthcare commissioning bodies that bodes well for the award of additional work and contract renewals under the new public/private partnership regime.

Consequently we believe the share price will continue to improve on the back of strong results, trading updates, contract extensions and new contract awards/partnerships. Consequently, we have now introduced a fair value on the shares of 65p which we believe can be achieved within the forecasted period.

# Income statement and forecasts

**EXHIBIT 3: INCOME STATEMENT AND FORECASTS**

| | £m | £m | £m | £m | £m |
|---|---|---|---|---|---|
| **Y/E March** | **FY 2020A** | **FY 2021A** | **FY 2022E** | **FY 2023E** | **FY 2024E** |
| **UNDERLYING RESULTS** | | | | | |
| Revenue: | | | | | |
| Urgent Care Centres | 96.5 | 105.4 | 105.5 | 111.0 | 118.0 |
| Planned Care | 8.4 | 5.2 | 8.4 | 8.8 | 9.5 |
| Insourcing | 1.0 | 3.1 | 9.0 | 15.0 | 18.0 |
| **Revenue** | **105.9** | **113.7** | **122.9** | **134.8** | **145.5** |
| Cost of sales | -86.8 | -92.9 | -100.9 | -110.7 | -118.8 |
| Gross Profit: | | | | | |
| Urgent Care Centres | 16.9 | 18.8 | 17.9 | 18.3 | 19.7 |
| *margin* | *17.5%* | *17.8%* | *17.0%* | *16.5%* | *16.7%* |
| Planned Care | 1.9 | 1.2 | 1.7 | 1.8 | 2.0 |
| *margin* | *22.6%* | *23.7%* | *20.0%* | *20.0%* | *21.0%* |
| Insourcing | 0.3 | 0.8 | 2.4 | 4.1 | 5.0 |
| *margin* | *28.7%* | *26.8%* | *27.0%* | *27.0%* | *27.5%* |
| **Gross profit** | **19.2** | **20.8** | **22.0** | **24.1** | **26.7** |
| *margin* | *18.1%* | *18.3%* | *17.9%* | *17.9%* | *18.3%* |
| Other operating income | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 |
| Admin costs | -15.1 | -16.5 | -16.5 | -17.6 | -18.2 |
| *as a % of revenue* | *14.3%* | *14.5%* | *13.4%* | *13.1%* | *12.5%* |
| Share option charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Underlying EBITDA** | **4.0** | **5.0** | **5.5** | **6.5** | **8.5** |
| *margin* | *3.8%* | *4.4%* | *4.5%* | *4.8%* | *5.8%* |
| Depreciation | -2.0 | -2.0 | -2.0 | -2.0 | -2.0 |
| Amortisation of computer software | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 |
| Underlying operating profit/(loss) | 1.7 | 2.7 | 3.2 | 4.2 | 6.2 |
| Finance income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Finance expense | -0.3 | -0.2 | -0.1 | -0.1 | -0.1 |
| **Underlying profit/(loss) before tax** | **1.4** | **2.5** | **3.1** | **4.1** | **6.1** |
| Tax | 0.6 | 0.3 | 0.2 | 0.1 | 0.0 |
| Tax adjustment on add backs | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Underlying post tax profit/(loss) | 1.9 | 2.8 | 3.3 | 4.2 | 6.1 |
| | | | | | |
| **STATUTORY RESULTS** | | | | | |
| Underlying operating profit/(loss) | 1.7 | 2.7 | 3.2 | 4.2 | 6.2 |
| Acquisition related costs | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gain on remeasurement of contingent consideration | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Impairment | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of acquired contracts | -2.8 | -2.5 | -2.3 | -1.8 | -1.0 |
| Other exceptional costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Statutory operating profit | -3.1 | 0.2 | 0.9 | 2.4 | 5.2 |
| Finance expense | -0.3 | -0.2 | -0.1 | -0.1 | -0.1 |
| **Statutory profit before tax** | **-3.4** | **0.1** | **0.8** | **2.3** | **5.1** |
| Tax | 0.6 | 0.3 | 0.2 | 0.1 | 0.0 |
| Statutory post tax profit/(loss) | -2.8 | 0.3 | 1.0 | 2.4 | 5.1 |
| WAS | 155.696 | 182.187 | 182.220 | 182.237 | 182.237 |
| Options | 0.000 | 2.552 | 2.552 | 2.552 | 2.552 |
| FD WAS | 155.696 | 184.739 | 184.772 | 184.789 | 184.789 |
| Year-end shares | 182.186 | 182.193 | 182.237 | 182.237 | 182.237 |
| **Underlying EPS (p)** | **1.19** | **1.49** | **1.81** | **2.29** | **3.29** |
| Statutory EPS (p) | -1.82 | 0.17 | 0.57 | 1.33 | 2.77 |
| Interim dividend (p) | 0.25 | 0.25 | 0.25 | 0.25 | 0.30 |
| Final dividend (p) | 0.25 | 0.25 | 0.25 | 0.25 | 0.30 |
| **Total dividend (p)** | **0.50** | **0.50** | **0.50** | **0.50** | **0.60** |

Source: Totally; Allenby

# Balance Sheet

EXHIBIT 4: BALANCE SHEET AND FORECASTS

| | £m | £m | £m | £m | £m |
|---|---|---|---|---|---|
| **Y/E March** | **FY 2020A** | **FY 2021A** | **FY 2022E** | **FY 2023E** | **FY 2024E** |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible value of acquired contracts | 8.7 | 6.3 | 4.0 | 2.2 | 1.2 |
| Goodwill | 30.5 | 30.5 | 30.5 | 30.5 | 30.5 |
| Computer software | 0.4 | 0.7 | 0.9 | 1.1 | 1.3 |
| PP&E | 0.8 | 1.1 | 1.2 | 1.2 | 1.3 |
| Deferred tax | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 |
| Right of use assets | 4.1 | 2.9 | 2.9 | 2.9 | 2.9 |
| **Total non-current assets** | **45.0** | **41.8** | **39.9** | **38.3** | **37.6** |
| **Current assets** | | | | | |
| Inventory | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Trade & other receivables | 11.4 | 8.8 | 6.8 | 5.8 | 5.3 |
| Cash | 8.9 | 14.8 | 16.0 | 16.9 | 19.0 |
| **Total current assets** | **20.4** | **23.7** | **22.8** | **22.7** | **24.3** |
| **Total assets** | **65.3** | **65.5** | **62.7** | **61.0** | **61.9** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade & other payables | -24.4 | -26.3 | -23.5 | -20.3 | -16.8 |
| Tax | 0.0 | -0.6 | -0.6 | -0.7 | -0.7 |
| Deferred acquisition consideration | -0.3 | -0.3 | 0.0 | 0.0 | 0.0 |
| Lease liabilities | -1.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total current liabilities** | **-26.1** | **-27.1** | **-24.1** | **-21.0** | **-17.5** |
| **Non-current liabilities** | | | | | |
| Trade & other payables | -0.8 | -1.1 | -1.1 | -1.1 | -1.1 |
| Deferred tax | -1.3 | -0.9 | -0.9 | -0.9 | -0.9 |
| Lease liabilities | -2.7 | -2.4 | -2.4 | -2.4 | -2.4 |
| **Total non-current liabilities** | **-4.8** | **-4.4** | **-4.4** | **-4.4** | **-4.4** |
| **Total liabilities** | **-30.9** | **-31.5** | **-28.5** | **-25.4** | **-21.9** |
| **Net assets** | **34.4** | **34.0** | **34.2** | **35.6** | **40.0** |
| **Total equity & liabilities** | **65.3** | **65.5** | **62.7** | **61.0** | **61.9** |

Source: Totally; Allenby

## Cash Flow

**EXHIBIT 5: CASH FLOW AND FORECASTS**

| | £m | £m | £m | £m | £m |
|---|---|---|---|---|---|
| **Y/E March** | **FY 2020A** | **FY 2021A** | **FY 2022E** | **FY 2023E** | **FY 2024E** |
| | | | | | |
| **Operating activities:** | | | | | |
| Loss for year | -2.8 | 0.3 | 1.0 | 2.4 | 5.1 |
| Option & warrant charges | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Amortisation and depreciation | 5.1 | 4.8 | 4.6 | 4.1 | 3.3 |
| Impairment | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax expense recognised in P&L | -0.6 | -0.3 | -0.2 | -0.1 | 0.0 |
| Finance income | 0.3 | 0.2 | 0.1 | 0.1 | 0.1 |
| Revaluation of contingent consideration | 0.0 | -0.7 | 0.0 | 0.0 | 0.0 |
| **Cash flows from operating activities before WC movements** | **3.6** | **4.5** | **5.6** | **6.6** | **8.6** |
| *Movement in trade & other receivables* | *1.9* | *2.6* | *2.0* | *1.0* | *0.5* |
| *Movement in trade & other payables* | *-2.5* | *2.2* | *-2.8* | *-3.2* | *-3.5* |
| ***Net movement in working capital*** | ***-0.6*** | ***4.7*** | ***-0.8*** | ***-2.2*** | ***-3.0*** |
| Net cash flow from operating activities | 3.0 | 9.2 | 4.8 | 4.4 | 5.6 |
| Income tax paid | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net cash flows from operating activities** | **2.9** | **9.2** | **4.8** | **4.4** | **5.6** |
| | | | | | |
| **Investing activities:** | | | | | |
| Purchase of PP&E | -0.4 | -0.8 | -0.7 | -0.6 | -0.5 |
| Development of intangible assets | -0.2 | -0.6 | -0.5 | -0.5 | -0.5 |
| Acquisition of subsidiaries net of cash | -8.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred consideration paid | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receipt from escrow relating to acquisitions | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 |
| **Net cash flows from investing activities** | **-8.6** | **-0.7** | **-1.2** | **-1.1** | **-1.0** |
| | | | | | |
| **Financing activities:** | | | | | |
| Issue of share capital (net) | 9.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest paid | -0.1 | -0.2 | 0.0 | 0.0 | 0.0 |
| Finance lease payments | -1.6 | -1.5 | -1.5 | -1.5 | -1.5 |
| Dividend | -0.5 | -0.9 | -0.9 | -0.9 | -1.0 |
| **Net cash flows from financing activities** | **7.1** | **-2.6** | **-2.4** | **-2.4** | **-2.5** |
| | | | | | |
| **Net increase in cash and cash equivalents** | **1.4** | **5.9** | **1.2** | **0.9** | **2.0** |
| Cash at beginning of year | 7.5 | 8.9 | 14.8 | 16.0 | 16.9 |
| **Cash and cash equivalents at end of period** | **8.9** | **14.8** | **16.0** | **16.9** | **19.0** |

Source: Totally; Allenby

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**Allenby Capital, 5 St Helen's Place London EC3A 6AB, +44 (0)20 3328 5656, www.allenbycapital.com**