

## Corporate

 Current price **4.50p**

 Sector **Financial Services**

 Code **TAVI**

 AIM **AIM**

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data

 Market Cap (£m) **27.4**

 Shares in issue (m) **607.8**

52 weeks High Low

**4.90 1.35**

 Financial year end **March**

Source: Company Data, Allenby Capital

### Key Shareholders

Brian Raven (CEO) 11.3%

Andrew Staley 9.21%

Lighthouse Group Plc 5.00%

Oliver Cooke 5.00%

Christopher Peel 4.94%

Source: Company Data, Allenby Capital

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## Tavistock Investments Plc (TAVI)

### FY 2021 Results – Cash rich and primed for growth

As guided in June, Tavistock has reported a strong set of results for the year ended 31 March 2021. Furthermore, the disposal of Tavistock Wealth has completed and the Company is significantly net cash rich (currently c.£17m). Exciting times lie ahead which we expect to include an accelerated programme of acquisitions within the Advisory business, resumption of dividend payments and share buy backs given the shares are trading at 4.5p against an NAV of around 14p.

- Strong results for the year to end March 2021.** On stable year on year revenues of £28.7m, Tavistock reported an impressive underlying EBITDA of £2.88 million, a 58% increase over the £1.83m reported in 2020. Given that Tavistock Wealth (the Investment Management business) has now been sold it was particularly encouraging to see that Tavistock Advisory (several financial advisory businesses) performed well. In a COVID impacted year when revenues fell 1.8%, the Advisory business swung from an EBIT loss of £1.94m to a profit of £1.25m with the business benefiting from the cost savings programme and a focus on more profitable business lines.
- Transformational post balance sheet event.** Whilst the results performance is impressive, of more relevance is the now completed sale of Tavistock Wealth for up to £40m or 6.6p per share. The business was sold to Titan Wealth Holdings Ltd (“Titan”), a discretionary fund management/wealth and asset management business. Titan paid £20m cash on completion (August 2021) with a further £20m to be paid in three equal annual instalments, linked to the maintenance of Tavistock Wealth's revenues. The two companies have also entered into a ten-year partnership where Tavistock will act as Titan's retail distribution partner and will receive further payments related to the increase in FUM driven by Tavistock.
- Tavistock post the disposal.** Tavistock is left with a substantial sized advisory business with annual revenues around the £25m-£30m level, furthermore it has the balance sheet to accelerate growth. With the initial £20m disposal proceeds Tavistock paid down the historic borrowings (£1.4m NatWest term loan and £2.1m CBILS facility) and we estimate the current net cash position to be c.£17m. Management has stated its intention to restart dividends with an interim dividend of 0.05p per share (1.1% yield at current 4.5p) and also to make market purchases of its own shares. The main strategic focus however is making acquisitions within the advisory business to turn it into a substantially larger and more profitable business.
- Sum of parts a conservative 13.7p per share.** We estimate the current net cash position to be c. £17m and we add in the £20m deferred payment discounted at 5% pa. Placing a value on the advisory business of 2x historic revenues (sector M&A is more often at c.3x revenues) creates a total group value of £83m or 13.7p per share. Clearly material upside from current levels.

### Year End: March

(£'000)	2017A	2018A	2019A	2020A	2021A
REVENUE	19,539	28,812	27,342	28,803	28,712
ADJ. EBITDA	384	734	1,475	1,825	2,876
GROWTH	273%	91%	101%	24%	58%
FUM (£M)	603	866	945	1,002	1,150
NET DEBT/(CASH)	(2,308)	(777)	(782)	(563)	(810)
EV/EBITDA	69.1x	36.2x	18.0x	14.5x	9.2x
DIVIDEND YIELD	NA	NA	0.22%	0.00%	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)	2018A	2019A	2020A	2021A	Comments
<b>Discretionary Funds Under Management (£m)</b>	<b>866</b>	<b>945</b>	<b>1,002</b>	<b>1,150</b>	
Investment Management (Wealth)	3,635	4,878	5,518	5,856	
as a % of average FUM	0.49%	0.54%	0.57%	0.54%	Ave. rate of return on FUM
Advisory Support (Advisory)	25,177	22,464	23,285	22,856	
<b>Total Group Revenue</b>	<b>28,812</b>	<b>27,342</b>	<b>28,803</b>	<b>28,712</b>	
Growth	47.5%	-5.1%	5.3%	-0.3%	
Cost of Sales	(18,332)	(16,198)	(17,048)	(16,546)	
<b>Gross Profit/(loss)</b>	<b>10,480</b>	<b>11,144</b>	<b>11,755</b>	<b>12,166</b>	
GP Margin	36.4%	40.8%	40.8%	42.4%	Economies of scale driving margin expansion
Administrative expenses	(9,991)	(10,988)	(17,228)	(10,935)	
as a % of sales	34.68%	40.19%	59.81%	38.09%	
<b>Profit/(loss) from operations</b>	<b>489</b>	<b>156</b>	<b>(5,473)</b>	<b>1,231</b>	
<b>Adjusted EBITDA</b>	<b>734</b>	<b>1,475</b>	<b>1,825</b>	<b>2,876</b>	
Depreciation & amortisation	(971)	(1,053)	(1,570)	(727)	
Intangible asset impairment	-	(16)	(5,039)	-	
Share based payments	(135)	(248)	(229)	282	
Acquisition related (costs)/gains	861	(2)	(460)	-	
<b>EBIT</b>	<b>489</b>	<b>156</b>	<b>(5,473)</b>	<b>1,231</b>	
Wealth	1,839	2,895	2,122	3,901	
Advisory	1,171	(188)	(1,936)	1,251	
Group	(2,521)	(2,551)	(5,659)	(3,921)	
Finance costs	(268.0)	(274.0)	(241.0)	(235.0)	
Profit share due to fellow member of LLP			(25)	(47)	
<b>Profit/(Loss) pre-taxation</b>	<b>221</b>	<b>(118)</b>	<b>(5,739)</b>	<b>949</b>	
Taxation	29	(4)	274	(156)	
Tax rate	-13.1%	-3.4%	4.8%	16.4%	
<b>Profit/(loss) from continuing operations</b>	<b>250</b>	<b>(122)</b>	<b>(5,465)</b>	<b>793</b>	
Discontinued operations	25	-	-	-	
<b>Total comprehensive income for the period</b>	<b>275</b>	<b>(122)</b>	<b>(5,465)</b>	<b>793</b>	
EPS (continuing operations) (p)	0.05	(0.02)	(0.95)	0.13	
Dividend per share (p)	-	0.010	-	-	
WTD Ave Number of shares (m)	537.0	551.0	576.5	607.8	

Source: Allenby Capital, Company data

**Exhibit 2: BALANCE SHEET**

Year End March ('£000)	2018A	2019A	2020A	2021A	Comments
<b>ASSETS</b>					
Tangible fixed assets	490	586	915	1,037	
Intangible assets	19,136	19,897	16,907	17,703	
<b>Non-current assets</b>	<b>19,626</b>	<b>20,483</b>	<b>17,822</b>	<b>18,740</b>	
Trade receivables	2,018	1,391	96	44	
Prepayments and accrued income	1,180	1,339	2,486	2,195	
Other receivables	136	2,623	2,416	988	
Cash and cash equivalents	3,111	3,116	2,416	4,457	
<b>Current Assets</b>	<b>6,445</b>	<b>8,469</b>	<b>7,414</b>	<b>7,684</b>	
<b>TOTAL ASSETS</b>	<b>26,071</b>	<b>28,952</b>	<b>25,236</b>	<b>26,424</b>	
<b>LIABILITIES</b>					
Deferred consideration	(1,100)	(655)	(696)	(890)	
Term loan	(101)	(517)	(457)	(607)	
Lease liability	-	-	(469)	(513)	
Trade payables	(2,101)	(1,071)	(1,151)	(1,200)	
Other liabilities	(1,401)	(1,699)	(2,221)	(2,177)	
<b>Current Liabilities</b>	<b>(4,703)</b>	<b>(3,942)</b>	<b>(4,994)</b>	<b>(5,387)</b>	
Deferred consideration	-	(310)	(1,234)	(929)	
Term loan	(2,233)	(1,817)	(1,396)	(3,297)	Now paid off post Tavistock Wealth disposal
Lease liability	-	-	-	-	
Provisions	(40)	(2,465)	(2,115)	(831)	
Other payables	-	(13)	-	-	
Deferred taxation	(405)	(409)	(93)	(249)	
<b>Non-current Liabilities</b>	<b>(2,678)</b>	<b>(5,014)</b>	<b>(4,838)</b>	<b>(5,306)</b>	
<b>TOTAL LIABILITIES</b>	<b>(7,381)</b>	<b>(8,956)</b>	<b>(9,832)</b>	<b>(10,693)</b>	
<b>TOTAL NET ASSETS</b>	<b>18,690</b>	<b>19,996</b>	<b>15,404</b>	<b>15,731</b>	
<b>Capital and reserves attributable to owners of the parent</b>					
Share Capital	12,720	13,101	13,426	6,080	
Share premium	4,882	5,681	6,001	1,541	
Retained profit/(deficit)	1,088	1,214	(4,023)	8,110	
<b>TOTAL EQUITY</b>	<b>18,690</b>	<b>19,996</b>	<b>15,404</b>	<b>15,731</b>	
<b>Balance Sheet Ratios</b>					
	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	
Short term financial debts	101	517	457	607	
Long term financial debts	2,233	1,817	1,396	3,297	
<b>Gross debt</b>	<b>2,334</b>	<b>2,334</b>	<b>1,853</b>	<b>3,904</b>	
<b>Cash and cash equivalents</b>	<b>3,111</b>	<b>3,116</b>	<b>2,416</b>	<b>4,457</b>	
<b>Net debt / (cash)</b>	<b>(777)</b>	<b>(782)</b>	<b>(563)</b>	<b>(553)</b>	
Deferred consideration	1,100	965	1,930	1,819	
<b>Net debt / (cash) inc. deferred consideration</b>	<b>323</b>	<b>183</b>	<b>1,367</b>	<b>1,266</b>	

Source: Allenby Capital, Company data

**Exhibit 3: CASHFLOW STATEMENT**

Year End March (£000)	2018A	2019A	2020A	2021A	Comments
<b>Profit/(loss) before tax</b>	<b>246</b>	<b>(118)</b>	<b>(5,739)</b>	<b>949</b>	
<b>Adjustments</b>					
Share based payments	135	248	229	(282)	
Depreciation on property plant and equipment	147	198	506	513	
Amortisation of intangible assets	824	855	1,064	214	
Impairment of intangible assets	-	-	5,039	207	
Gain on bargain purchase	(905)	-	-	-	
Net Finance (income)/costs	268	274	241	235	
Acquisition related costs	-	-	460	-	
<b>Cash flows from op. activities pre changes in working capital</b>	<b>715</b>	<b>1,457</b>	<b>1,800</b>	<b>3,036</b>	
Decrease/(increase) in trade and other receivables	(1,245)	417	375	487	
Decrease/(increase) in trade and other payables	552	(709)	175	(1,277)	
Corporation tax paid	(46)	-	-	-	
<b>Cash flows from operating activities</b>	<b>(24)</b>	<b>1,165</b>	<b>2,350</b>	<b>2,246</b>	
<b>Investing activities</b>					
Finance income	-	-	-	-	
Development/Purchase of intangible assets	-	(1,646)	(3,112)	(1,277)	
Purchase of P,P&E	(291)	(279)	(114)	(190)	
Proceeds on disposals	965	-	-	-	
Cash on acquisition	-	-	-	-	
Cash on disposal	(164)	-	-	-	
Payments due regarding purchase of client lists	-	712	1,622	650	
Payment of deferred consideration	(2,002)	(847)	(1,095)	(763)	
<b>Net cash generated from investing activities</b>	<b>(1,492)</b>	<b>(2,060)</b>	<b>(2,699)</b>	<b>(1,580)</b>	
<b>Financing activities</b>					
Finance costs	(276)	(274)	(241)	(235)	
Leases	-	-	(241)	(458)	
Issue of new share capital (net of costs)	100	1,174	650	-	
Drawdown of debt facilities	495	2,173	-	2,130	
Repayment of debt facilities	(250)	(2,173)	(462)	(62)	
Dividend payment	-	-	(58)	-	
<b>Net cash from financing activities</b>	<b>69</b>	<b>900</b>	<b>(352)</b>	<b>1,375</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,447)</b>	<b>5</b>	<b>(701)</b>	<b>2,041</b>	
Cash and cash equivalents at beginning of the period	4,559	3,112	3,117	2,416	
<b>Cash and cash equivalents at end of the period</b>	<b>3,112</b>	<b>3,117</b>	<b>2,416</b>	<b>4,457</b>	

Source: Company data, Allenby Capital

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