

CORPORATE

Current price 9.25p

Sector Health Care Equipment & Services

Code (TLY.L)

Listing AIM

SHARE PERFORMANCE


Source: Thomson Reuters, Allenby Capital

SHARE DATA

Market cap (£) 16.9m

Shares in issue (m) 182.2

52 weeks	High	Low
	24.6p	9.25p

Financial year end 31 March

Source: Company Data, Allenby Capital

KEY SHAREHOLDERS

Miton Asset Management 16.36%

Greenbrook Capital LLP 13.72%

Cavendish AM 8.23%

Columbia Threadneedle Inv 6.33%

David & Monique Newlands 4.67%

Legal & General IM 4.70%

Michael Steel 4.21%

Source: Thomson Reuters

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TOTALLY PLC (TLY.L)
Platform for strong organic growth established

Totally, the provider of a range of out of hospital healthcare services to the UK healthcare sector, has announced its full year results that include a full year of Vocare, the specialist in Unplanned Care and Urgent Care Centres (UCC). However, since the year end the Group has announced the complementary acquisition of Greenbrook Healthcare, a provider of UCC across the Greater London area. This has created a strong platform for future growth as both Vocare and Greenbrook are expected to participate in tender opportunities as new UCC contracts are let on a regular basis by Clinical Commissioning Groups (CCG). Forecasts remain unchanged and we look forward to organic growth being generated by new contract wins and existing contract renewals and extensions in Unplanned Care supported by growth from an expansion of the Group's smaller, Planned Care activities. We retain our short-term fair value of 20p which would put the shares on a FY2021 PER of 5.1x and a free cash flow yield of 5.2%.

- **Comparison with financial period to March 2018 not relevant** – The full year results to March 2019 are compared to a 15-month period to March 2018 which included just 5 months contribution from Vocare, thus comparisons between the two financial periods are relatively meaningless.
- **More relevant is the improved operational performance of the Group** – We would prefer to highlight operational improvements including the fact that 18 out of 20 registered services reviewed by the Care Quality Commission (CQC) were rated as good, that the CQC “in an almost unprecedented move” upgraded Vocare’s Royal Stoke UCC by two ratings within 6 months from Inadequate to Good, and that the Group had secured new and renewed contracts with a value in excess of £35m.
- **Strong platform for future growth** – The improvements in operational performance at Vocare, coupled with the recent acquisition of Greenbrook and expansion opportunities within the Planned Care businesses has established a platform for Totally to generate strong growth in the future as it bids for further UCC tenders alongside the renewal and extension of existing contracts.
- **Forecasts unchanged for FY2020 and 2021** – Following our recent notes relating to the acquisition of Greenbrook, we are making no changes to our forecasts for FY2020 and FY2021. For FY2020 these foresee underlying EBITDA of £3.4m, underlying PBT of £2.5m and underlying EPS of 0.85p, all of which include Greenbrook for approximately 40 weeks. These forecasts assume one major UCC contract win for both Vocare and Greenbrook in each financial year, well within the companies’ historic experience of contract awards.
- **Significant upside in the shares** – Selling on a prospective PER of just 5.1x FY2021 earnings we believe that there is the potential for the shares to double as the Group, enlarged by the acquisition of Greenbrook, successfully delivers on its clear potential.

EXHIBIT 1: SUMMARY OF FINANCIALS

Year End: March (£m)	2018A*	2019A	2020E**	2021E
REVENUE	42.5	78.0	120.0	141.4
UNDERLYING EBITDA#	0.2	1.1	3.4	5.4
UNDERLYING PBT#	0.2	0.0	1.3	3.5
UNDERLYING EPS (p)#	-0.26	0.53	0.85	1.93
PER		18.9	11.8	5.2
NET CASH/(DEBT)	10.2	7.5	5.9	7.8

Source: Totally plc; Allenby Capital Ltd. *15-month period. ** Greenbrook in for c.40 weeks. # adjusted for exceptional items and amortisation of acquired contracts.

FINANCIALS SUMMARY AND FORECASTS

EXHIBIT 2: FINANCIAL SUMMARY

<u>PROFIT & LOSS SUMMARY</u>				
Y/E March	£000	£000	£000	£000
	*2018A	FY 2019A	FY 2020E	FY 2021E
Revenue	42.5	78.0	120.0	141.4
Gross profit	7.0	12.1	18.2	21.5
<i>margin</i>	16.5%	15.5%	15.0%	15.0%
Total operating costs	-6.8	-11.0	-14.8	-16.1
<i>as a % of revenue</i>	16.1%	14.1%	12.4%	11.5%
EBITDA	0.2	1.1	3.4	5.4
<i>margin</i>	0.4%	1.4%	2.6%	3.5%
Depreciation	-0.3	-0.6	-0.6	-0.7
Amortisation	-0.2	-0.5	-0.3	-0.3
Amortisation of acquired contracts	-1.3	-1.7	-4.1	-3.6
Reported profit/(loss) before tax	2.1	-1.8	-3.7	0.8
Adjusted profit/(loss) before tax	0.2	0.0	2.5	4.4
Net Profit	1.8	-1.5	-3.7	0.6
Weighted Average Shares (fully diluted)	49.9	59.8	155.1	182.2
EPS adjusted (pence)	-0.26	0.53	0.85	1.93
<u>CASH FLOW</u>				
Y/E March	£000	£000	£000	£000
	*2018A	FY 2019A	FY 2020E	FY 2021E
Net movement in working capital	-2,207	-2,347	-2,700	-2,000
Net cash inflow/(outflow) from operating activities	-3,479	-1,814	-1,847	2,600
Net cash outflow from investing activities	-3,876	-886	-8,200	-700
Net cash inflow/(outflow) from financing activities	16,581	-4	8,440	0
Cash and cash equivalents at end of the year	10,224	7,520	5,913	7,813
<u>BALANCE SHEET</u>				
Y/E March	£000	£000	£000	£000
	*2018A	FY 2019A	FY 2020E	FY 2021E
Assets				
Non-current assets	32,888	29,581	36,564	33,454
Current assets (excluding cash)	9,784	8,674	14,427	14,200
Cash	10,224	7,520	5,913	7,813
Total Assets	52,896	45,775	56,904	55,467
Liabilities				
Current liabilities	-21,908	-19,111	-22,732	-20,200
Non-current liabilities	-3,650	-785	-25	0
Total Liabilities	-25,558	-19,896	-22,757	-20,200
Net Assets	27,338	25,879	34,147	34,288
Net (debt)/cash	10,210	7,512	5,913	7,813

* 15 month period

Source: Totally plc; Allenby Capital plc

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