

Centaur Media

Trading update

Strong Q421 shows MAP23 progress

Centaur's year-end trading update indicates the group had a good Q421 and FY21 results will show revenue and EBITDA margin ahead of consensus. We lift our FY21 revenue estimate by £1.0m to £38.5m, which represents 19% growth over FY20, and EBITDA by 5% to £5.9m (+55% y-o-y). Our increased FY22 projections reflect this higher base. Year-end cash of £13.1m (excluding lease liabilities) was also ahead of our previous forecast of £11.7m. We see management's MAP23 targets as demanding but achievable, with the valuation overstating the execution risk.

| Year end | Revenue (£m) | PBT* (£m) | EPS* (p) | P/E (x) | EV/EBITDA (x) | Yield (%) |
|----------|--------------|-----------|----------|---------|---------------|-----------|
| 12/19 | 39.6 | (1.5) | (1.4) | N/A | 15.3 | N/A |
| 12/20 | 32.4 | (0.3) | 0.2 | 280.0 | 18.2 | 0.9 |
| 12/21e | 38.5 | 2.3 | 1.1 | 52.6 | 11.8 | 1.8 |
| 12/22e | 43.9 | 4.5 | 2.4 | 23.6 | 8.5 | 1.8 |

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

EBITDA margins moving ahead

Centaur's MAP23 aims for group adjusted EBITDA margins of 23% by FY23, while increasing revenue to at least £45m. In October 2021, the group issued a trading update guiding to an FY21 adjusted EBITDA margin of c 15% (at H121 we expected 13.7%) and the new update points to this being exceeded, on revenues ahead of consensus. This indicates a more profitable mix of business coupled with good control of the cost base. Econsultancy, MW Mini MBA, The Lawyer and Marketing Week are all highlighted in the update as particularly strong performers (see our [November update note](#) for detailed business descriptions and videos).

Leveraging industry expertise

The underlying proposition behind Centaur's business, of enabling its clients to deliver the best service to their own clients in the marketing and legal sectors, remains highly pertinent. The group's brands are backed by industry expertise and extensive data resources, leveraged through digital, content-led platforms and events. Our estimates assume more of these events are delivered live or in hybrid form in FY22, with the Festival of Marketing scheduled for late March and The Lawyer Awards in June.

Valuation: Still overstating the execution risk

Centaur's share price increased by 87% from 30p to 56p over FY21 as the benefits of the refocusing of the group (and careful management during the COVID-19 pandemic) became more apparent. This was reflected in raised estimates, particularly on adjusted EBITDA margin, where our forecast increased from 13.6% on [initiation in January 2021](#) to our current figure of 15.2%. The shares nevertheless still trade at a discount to quoted B2B media peers on EV/EBITDA (averaged over FY21–22). If this discount were to close, the shares would be priced at 66p (November: 60p), 18% above the current level.

Media

19 January 2022

Price **56p**
Market cap **£82m**

Cash (£m) at 31 December 2021 13.1

Shares in issue 146.9m

Free float 88.9%

Code CAU

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 0.0 1.8 103.6

Rel (local) (3.1) (1.8) 81.4

52-week high/low 57p 28p

Business description

Centaur Media is an international provider of business information, training and a specialist consultancy for the marketing and legal professions. Its Xeim and The Lawyer business units serve the marketing and legal sectors respectively and, across both, offer customers a wide range of products and services targeted at helping them add value.

Next events

FY21 final results 16 March 2022

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Exhibit 1: Financial summary

| | £m | 2019 | 2020 | 2021e | 2022e |
|---|----|--------|--------|--------|--------|
| Year end 31 December | | IFRS | IFRS | IFRS | IFRS |
| INCOME STATEMENT | | | | | |
| Revenue | | 39.6 | 32.4 | 38.5 | 43.9 |
| Other operating income | | 1.6 | 0.0 | 0.0 | 0.0 |
| Cost of Sales | | (9.4) | (7.3) | (10.7) | (12.5) |
| Gross Profit | | 30.2 | 25.1 | 27.8 | 31.4 |
| EBITDA | | 4.0 | 3.8 | 5.9 | 8.1 |
| Operating profit (before amort. and excepts.) | | (1.2) | 0.0 | 2.7 | 4.8 |
| Amortisation of acquired intangibles | | (2.5) | (1.5) | (1.1) | (0.5) |
| Exceptionals | | (4.0) | (0.3) | 0.0 | 0.0 |
| Share-based payments | | (0.1) | (0.5) | (0.5) | (0.5) |
| Reported operating profit/ loss | | (7.8) | (2.3) | 1.1 | 3.7 |
| Net Interest | | (0.3) | (0.3) | (0.3) | (0.3) |
| Joint ventures & associates (post tax) | | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (norm) | | (1.5) | (0.3) | 2.3 | 4.5 |
| Profit/ Loss Before Tax (reported) | | (8.1) | (2.6) | 0.7 | 3.4 |
| Reported tax | | 0.6 | 0.9 | (0.7) | (0.7) |
| Profit After Tax (norm) | | (2.0) | 0.3 | 1.6 | 3.7 |
| Profit After Tax (reported) | | (7.5) | (1.7) | 0.0 | 2.7 |
| Minority interests | | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued operations | | 9.4 | (12.7) | (0.0) | 0.0 |
| Net income (normalised) | | 0.4 | 0.4 | 1.6 | 3.7 |
| Net income (reported) | | 1.9 | (14.4) | 0.0 | 2.7 |
| Average Number of Shares Outstanding (m) | | 143 | 144 | 145 | 147 |
| EPS - normalised (p) | | (1.4) | 0.2 | 1.1 | 2.5 |
| EPS - normalised fully diluted (p) | | (1.4) | 0.2 | 1.1 | 2.4 |
| EPS - basic reported, continuing (p) | | (5.3) | (1.2) | 0.0 | 1.8 |
| Dividend per share (p) | | 1.5 | 0.5 | 1.0 | 1.0 |
| Revenue growth (%) | | (2.5) | (15.6) | 18.6 | 14.2 |
| Gross Margin (%) | | 76.3 | 77.5 | 72.2 | 71.5 |
| EBITDA (IFRS) Margin (%) | | 10.1 | 11.7 | 15.2 | 18.5 |
| Normalised Operating Margin (%) | | (3.0) | 0.0 | 6.9 | 10.8 |
| BALANCE SHEET | | | | | |
| Fixed Assets | | 67.4 | 52.3 | 50.6 | 49.2 |
| Intangible Assets | | 61.2 | 46.1 | 45.1 | 44.5 |
| Tangible Assets | | 4.3 | 3.3 | 3.3 | 3.3 |
| Deferred tax | | 1.4 | 2.4 | 1.7 | 0.9 |
| Other receivables | | 0.5 | 0.5 | 0.5 | 0.5 |
| Current Assets | | 19.7 | 14.3 | 18.0 | 21.8 |
| Stocks | | 0.0 | 0.0 | 0.0 | 0.0 |
| Debtors | | 10.3 | 5.8 | 4.7 | 5.4 |
| Cash & cash equivalents | | 9.3 | 8.3 | 13.1 | 16.2 |
| Other | | 0.1 | 0.2 | 0.2 | 0.2 |
| Current Liabilities | | (23.3) | (17.8) | (20.3) | (20.8) |
| Creditors | | (12.5) | (8.8) | (10.3) | (9.8) |
| Tax and social security | | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term borrowings | | 0.0 | 0.0 | 0.0 | 0.0 |
| Other/ Lease liabilities | | (10.8) | (9.0) | (10.0) | (11.0) |
| Long Term Liabilities | | (2.7) | (1.6) | (0.7) | (0.7) |
| Long term borrowings | | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities, including leases | | (2.7) | (1.6) | (0.7) | (0.7) |
| Net Assets | | 61.1 | 47.2 | 47.6 | 49.5 |
| Minority interests | | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' equity | | 61.1 | 47.2 | 47.6 | 49.5 |
| CASH FLOW | | | | | |
| Op Cash Flow before WC and tax | | 4.5 | (0.0) | 5.9 | 8.1 |
| Working capital | | 2.1 | (1.0) | 3.6 | (0.1) |
| Exceptional & other | | (2.0) | 3.1 | 0.0 | 0.0 |
| Tax | | 0.1 | 0.0 | 0.0 | 0.0 |
| Operating Cash Flow | | 4.7 | 2.1 | 9.5 | 8.0 |
| Capex | | (1.6) | (0.8) | (0.9) | (1.1) |
| Acquisitions/disposals | | 16.3 | 0.0 | 0.0 | 0.0 |
| Net interest | | (0.2) | (0.2) | (0.3) | (0.3) |
| Equity financing | | (0.6) | 0.0 | (0.4) | (0.3) |
| Dividends | | (7.1) | 0.0 | (1.5) | (1.5) |
| Other | | (2.2) | (2.1) | (1.6) | (1.7) |
| Net Cash Flow | | 9.3 | (1.0) | 4.8 | 3.2 |
| Opening net debt/(cash) | | (0.1) | (9.3) | (8.3) | (13.1) |
| FX | | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-cash movements | | (0.1) | 0.0 | 0.0 | 0.0 |
| Closing net debt/(cash) | | (9.3) | (8.3) | (13.1) | (16.2) |

Source: Company accounts, Edison Investment Research

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