

Centaur Media

FY21 results

Targeted connectivity

Centaur's FY21 results are ahead of our forecasts, showing 21% revenue growth and adjusted EBITDA margin of 16.4%. This constitutes good progress towards management's MAP23 goals for FY23 revenues of £45m and adjusted EBITDA margins of 23%, both of which should be achieved under our modelled scenario, despite potential headwinds of rising costs. Iterative improvements in the client offering and a greater emphasis on cross-selling underpin the forecast top-line growth, funded from the cash-positive balance sheet. The valuation remains at a marked discount to peers.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	P/E (x)	EV/EBITDA (x)	Yield (%)
12/20	32.4	(0.3)	0.2	N/A	13.6	1.1
12/21	39.1	3.0	1.9	23.2	8.0	2.3
12/22e	43.9	4.5	2.4	18.3	6.3	2.3
12/23e	47.0	7.0	3.4	12.9	4.8	3.2

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

Encouraging signs at Flagship 4

The Flagship 4 brands within the group (Econsultancy, Influencer Intelligence, MW Mini MBA and The Lawyer) have all made progress in building their market position. Econsultancy's revenues were up 22% over FY20, outstripping pre-COVID-19 levels, with blended learning solutions the main new business driver. Influencer Intelligence had a difficult period as brands tempered their spend on influencer marketing, but this rebuilt as FY21 progressed, giving better momentum into FY22. The MW Mini MBA had a very strong year, with nearly 7k delegates taking courses, up 44% on the prior year. The Lawyer's financial performance was restrained by the transition of Market Reports to the subscription Signal product. Recovering recruitment and events revenues and good renewal rates give momentum into FY22 in both The Lawyer and the XEIM segments.

FY22 forecasts unchanged, new FY23

We have left our FY22 forecasts unchanged, as we see some previously expected progress being achieved ahead of schedule. We nevertheless anticipate double-digit revenue growth and an uplift in adjusted EBITDA margin from 16.4% to 18.5%, moving towards management's FY23 objective of 23.0%. Our new FY23 forecasts show revenue of £47m, a little over the original MAP23 target and representing 7% year-on-year growth. After a very strong year for cash conversion, we anticipate more moderate accumulation in FY22, with year-end forecast cash of £15.2m.

Valuation: Overstating the execution risk

In common with many peers, Centaur's share price has fallen since the start of the year, having performed very strongly in FY21. Despite the scale of the recovery in financial performance and good growth prospects, the shares continue to trade at a marked discount to quoted B2B media peers on EV/EBITDA (averaged over FY21–23). If this discount were to close, the shares would be priced at 76p (January: 66p, uplift from the roll-forward of year), 72% above the current level.

Media

16 March 2022

Price 44p
Market cap £65m

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	(7.4)	(21.4)	29.4
Rel (local)	(1.5)	(20.0)	24.5
52-week high/low		57.5p	34.5p

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

AGM 11 May 2022

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Centaur Media is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

	£m	2019	2020	2021	2022e	2023e
		IFRS	IFRS	IFRS	IFRS	IFRS
31-December						
INCOME STATEMENT						
Revenue		39.6	32.4	39.1	43.9	47.0
Other operating income		1.6	0.0	0.0	0.0	0.0
Cost of Sales		(9.4)	(7.3)	(10.9)	(12.5)	(12.3)
Gross Profit		30.2	25.1	28.3	31.4	34.7
EBITDA		4.0	3.8	6.4	8.1	10.8
Operating profit (before amort. and excepts.)		(1.2)	0.0	3.2	4.7	7.2
Amortisation of acquired intangibles		(2.5)	(1.5)	(1.1)	(0.5)	(0.1)
Exceptionals		(4.0)	(0.3)	0.0	0.0	0.0
Share-based payments		(0.1)	(0.5)	(0.5)	(0.7)	(1.0)
Reported operating profit/ loss		(7.8)	(2.3)	1.6	3.5	6.1
Net Interest		(0.3)	(0.3)	(0.3)	(0.3)	(0.2)
Joint ventures & associates (post tax)		0.0	0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		(1.5)	(0.3)	3.0	4.5	7.0
Profit/ Loss Before Tax (reported)		(8.1)	(2.6)	1.4	3.3	5.9
Reported tax		0.6	0.9	0.1	(0.7)	(1.5)
Profit After Tax (norm)		(2.0)	0.3	2.8	3.7	5.2
Profit After Tax (reported)		(7.5)	(1.7)	1.4	2.6	4.4
Minority interests		0.0	0.0	0.0	0.0	0.0
Discontinued operations		9.4	(12.7)	0.0	0.0	0.0
Net income (normalised)		0.4	0.4	2.8	3.7	5.2
Net income (reported)		1.9	(14.4)	1.4	2.6	4.4
Average Number of Shares Outstanding (m)		143	144	145	147	147
EPS - normalised (p)		(1.4)	0.2	2.0	2.5	3.6
EPS - normalised fully diluted (p)		(1.4)	0.2	1.9	2.4	3.4
EPS - basic reported, continuing (p)		(5.3)	(1.2)	1.0	1.7	3.0
Dividend per share (p)		1.5	0.5	1.0	1.0	1.4
Revenue growth (%)		(2.5)	(15.6)	20.6	12.2	7.1
Gross Margin (%)		76.3	77.5	72.2	71.5	73.8
EBITDA (IFRS) Margin (%)		10.1	11.7	16.4	18.5	23.0
Normalised Operating Margin (%)		(3.0)	0.0	8.2	10.8	15.3
BALANCE SHEET						
Fixed Assets		67.4	52.3	49.6	48.0	45.8
Intangible Assets		61.2	46.1	44.3	43.3	42.9
Tangible Assets		4.3	3.3	2.5	2.5	2.4
Deferred tax		1.4	2.4	2.5	1.7	(0.1)
Other receivables		0.5	0.5	0.3	0.5	0.5
Current Assets		19.7	14.3	19.3	21.8	25.6
Stocks		0.0	0.0	0.0	0.0	0.0
Debtors		10.3	5.8	6.1	6.5	6.4
Cash & cash equivalents		9.3	8.3	13.1	15.1	18.9
Other		0.1	0.2	0.2	0.2	0.2
Current Liabilities		(23.3)	(17.7)	(21.1)	(20.8)	(21.6)
Creditors		(12.5)	(8.7)	(11.4)	(9.8)	(9.9)
Tax and social security		0.0	0.0	0.0	0.0	0.0
Short term borrowings		0.0	0.0	(0.0)	(0.0)	(0.0)
Other/ Lease liabilities		(10.8)	(9.0)	(9.7)	(11.0)	(11.7)
Long Term Liabilities		(2.7)	(1.6)	(0.6)	(0.6)	(0.6)
Long term borrowings		0.0	0.0	0.0	0.0	0.0
Other long term liabilities, including leases		(2.7)	(1.6)	(0.6)	(0.6)	(0.6)
Net Assets		61.1	47.2	47.1	48.4	49.1
Minority interests		0.0	0.0	0.0	0.0	0.0
Shareholders' equity		61.1	47.2	47.1	48.4	49.1
CASH FLOW						
Op Cash Flow before WC and tax		4.5	(0.0)	6.4	8.1	10.8
Working capital		2.1	(1.0)	3.2	(0.8)	0.8
Exceptional & other		(2.0)	3.1	(0.1)	(0.4)	(0.6)
Tax		0.1	0.0	0.0	0.0	(1.5)
Operating Cash Flow		4.7	2.1	9.5	7.0	9.6
Capex		(1.6)	(0.8)	(0.8)	(1.3)	(1.5)
Acquisitions/disposals		16.3	0.1	0.0	0.0	0.0
Net interest		(0.2)	(0.1)	(0.1)	(0.3)	(0.2)
Equity financing		(0.6)	0.0	(0.3)	(0.3)	(0.3)
Dividends		(7.1)	0.0	(1.4)	(1.5)	(2.1)
Other		(2.2)	(2.2)	(2.1)	(1.7)	(1.7)
Net Cash Flow		9.3	(1.0)	4.8	2.0	3.8
Opening net debt/(cash)		(0.1)	(9.3)	(8.3)	(13.1)	(15.2)
FX		0.0	0.0	0.0	0.0	0.0
Other non-cash movements		(0.1)	0.0	0.0	0.0	0.0
Closing net debt/(cash)		(9.3)	(8.3)	(13.1)	(15.2)	(19.0)

Source: Company accounts, Edison Investment Research

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