

Growth initiatives progressing well

Industrial support services

10 February 2015

Acal's IMS confirms trading in line with expectations. Revenue growth over the period exceeded 30% on a reported basis and 40% on a constant currency basis. Underlying growth continues at a similar rate to H115 for both divisions, and internal sales initiatives and recent acquisitions are making good progress. The company expects to meet underlying EPS growth expectations for FY15, hence we make no change to our estimates.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/13**	177.4	5.6	11.3	6.18	22.6	2.4
03/14**	211.6	6.9	13.1	6.80	19.5	2.7
03/15e	272.0	11.7	15.0	7.55	17.0	3.0
03/16e	314.3	15.6	17.5	7.95	14.6	3.1

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

For the period from 1 October 2014 to 8 February 2015, the company saw revenue growth of over 30% on a reported basis and over 40% on a constant currency basis. On a divisional basis, Custom Distribution saw like-for-like sales growth consistent with H115 (which was flat) as did Design & Manufacturing (H115 +15% y-o-y). Recent acquisitions continue to make good progress: Noratel (acquired July 2014) saw constant currency sales in line with the same period a year ago and 6% growth in orders y-o-y; Foss (acquired on 7 January) has made a good start.

Internal sales initiatives are making good progress. The Acal BFi website has seen a doubling in the quarterly web-generated sales run rate compared to H115, and cumulative user registrations have increased 28% since the end of H115. Similarly, initiatives to increase cross-selling have resulted in a 30% increase in orders between group companies in Q315 compared to average levels in H115. The group order book stands at over £80m (end H115: £80m). Net debt/EBITDA stood at 1.6x at the end of January – we forecast this to reduce to 1.5x by the end of FY15.

Price	255p
Market cap	£161m
	€1.347/£
Net debt (£m) at end H115	14.0
Shares in issue	63.0m
Free float	99%
Code	ACL
Primary exchange	LSE
Other exchanges	N/A

Share price performance



Business description

Acal is a leading international supplier of customised electronics through two divisions – Custom Distribution and Design & Manufacturing.

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