

# The Mission Marketing Group

**Media**
**10 November 2014**

## Coming up to speed

The mission is continuing its acquisition programme to build up its capabilities and resource. It has today added to its PR activities with the purchase of Speed Communications. Although a small transaction, including the issue of 600,000 shares, this gives the group greater resource, a wider range of vertical speciality and further strengthens the client roster. After last month's share placing and acquisition in Singapore, the group is clearly confident and back in growth mode, and is back on the dividend list. The share price has yet to reflect this transition.

## Expansionary phase

The mission is clearly now in an expansionary phase, looking to improve the client offer by increasing both its scale and its service range. This is the third acquisition in H214 and further purchases may be in the pipeline. October's placing raised £2.4m gross at 42p and showed that shareholders are backing management, with the latter demonstrating their confidence through the return to the dividend list. In total, the group now has 14 individual agencies, with around 850 people, wrapped into seven agency management groups. These are a combination of generalist and specialist agencies and effectively form an entrepreneurial co-operative.

## Scaling up the PR offering

Speed is London based, while Bray Leino operates from Bristol and London. The acquisition adds 25 people (to Bray Leino's 40) and good clients including the FT, The Economist, adidas, GSK and Lucozade Sport. The combined agency will be branded Speed PR, with Bray Leino clearly identified with its core expertise in brand building. This is not a substantial transaction and the combined Speed PR has revenues of £5m, less than 10% of group. August's acquisition of Proof Communication was a specialist science and technology PR agency catering for a distinct market and now wrapped into April-Six, the group's technology channel marketing agency.

## Valuation: Still referring to history, not prospects

Consensus estimates, adjusted for last month's acquisition and placing, show 11% forecast current year growth in earnings per share, with 14% for FY15, well ahead of the 8.8% two-year average forecast for the smaller agency sector. Yet the shares are trading at a P/E of 8.7x against a current year agency sector average of 12.9x. This represents a substantial discount that should narrow as the group shows it can deliver shareholder value in this new growth phase.

### Consensus estimates

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/12	47.5	4.7	4.5	0.0	9.6	0.0
12/13	51.6	3.2	4.5	1.0	9.6	2.3
12/14e	54.4	5.5	5.0	1.1	8.7	2.5
12/15e	58.9	6.4	5.7	1.2	7.6	2.8

Source: Company accounts, Thomson Reuters

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**Price** 43.25p  
**Market cap** £36m

### Share price graph



### Share details

Code TMMG  
Listing AIM  
Shares in issue 82.8m

### Business description

The mission is a network of entrepreneurial marketing communications agencies in the UK, San Francisco and Singapore. The group provides national and international clients with marketing, advertising and business communications.

### Bull

- Improving balance sheet.
- Return to dividend list.
- Strong client list.

### Bear

- Difficult media-buying market.
- Bias to H2 limits visibility.
- Historic balance sheet issues, now addressed.

### Analysts

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