

Game Digital

Game on for BELONG

Final results

In a challenging market Game Digital (GMD) continues to make ground, meeting our 26% EBITDA growth forecast after achieving planned cost savings, despite the intensified swing to digital. In FY19 we expect the roll-out of BELONG to gather pace, as well as a continued fightback backed by the console industry. The value in our 67p valuation, other than cash of 33p, is in the BELONG roll-out, where continued momentum is crucial.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	EV/EBITDA (x)	Yield (%)
07/17	782.9	8.0	(4.3)	(3.7)	1.0	N/A	N/A	3.5
07/18	782.3	10.1	(3.5)	(3.7)	0.0	N/A	N/A	N/A
07/19e	778.4	12.2	(2.2)	(2.8)	0.0	N/A	N/A	N/A
07/20e	813.8	16.6	(1.2)	(2.1)	0.0	N/A	N/A	N/A

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

FY18 full-year results: Significant profit growth

GMD has performed well in a challenging market. EBITDA for the full year was £10.1m, a 26% rise against FY17, and in line with the pre-close guidance. The second half EBITDA delivered significant growth of £4.2m to more than negate the decline of £2.1m from the first half. Achievement of full-year cost savings initiatives of £11.4m was key to the result.

BELONG arena roll-out progresses

The BELONG initiative is designed to position the concept as a national market leader in e-sports. Since the February collaboration agreement, with its substantial £55m finance package, the roll-out has been management's key strategic objective. Detailed planning is complete and the first two arenas since the agreement are trading well. We project 20 openings in FY19 weighted to H2, achievement of which assumes continued engagement by Sports Direct (SPD) management.

We trim our forecast

We maintain our GTV forecast of a c 2% decline in core activities, largely mitigated by growth at BELONG. With a strong pipeline of classic games for peak season, we anticipate continued fightback against digital in general and Fortnite in particular, backed by manufacturers' huge resources. However, conscious of the generally soft retail market, we have shaded margin assumptions to remove y-o-y optimism. As a result we reduce our FY19e forecast EBITDA by 7% to £12.2m.

Valuation: Less than cash and 140% valuation upside

The market values GMD's shares at less than its net cash of 33p per share. We value them using peer comparison and DCF metrics. On a peer comparison referring to US peer Gamestop and UK special interest operators, we would price them at 75p. A prudent DCF valuation produces 59p. We therefore define a blended valuation of 67p. This is slightly lower than our previous 75p mainly as a result of peer derating, but still gives share price upside of c 140%.

Retail

8 November 2018

Price 28.80p
Market cap £50m

Net cash (£m) (net of financial liabilities) at 29 July 2018 56.8

Shares in issue 172.9m

Free float 73%

Code GMD

Primary exchange LSE

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(8.7)	7.1	(26.6)
Rel (local)	(5.9)	16.0	(22.5)
52-week high/low		61.5p	24.0p

Business description

Game Digital is the leading omni-channel specialist retailer of video games in the UK and Spain, with 276 stores in the UK, 267 stores in Spain and over 30% market share.

Next events

Trading statement January 2019

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Game Digital is a research client of Edison Investment Research Limited

Final results to July 2018

GMD has continued to perform well in a challenging market. EBITDA for the full year was £10.1m, a 26% rise against FY17, and in line with pre-close guidance. The second half, encompassing the spring and summer, is seasonally weaker. However, the EBITDA second-half loss was £4.2m better than in FY17, more than negating the £2.1m shortfall in the first half.

Exhibit 1: First, second half and full year results

£m	H117	H217	FY17	H118	H218	FY18
GTV	565.4	325.6	891.0	586.8	320.9	907.7
Gross profit	127.1	78.0	205.1	123.1	73.1	196.2
Operating expenses (ex D&A)	(103.8)	(93.3)	(197.1)	(101.9)	(84.2)	(186.1)
EBITDA	23.3	(15.3)	8.0	21.2	(11.1)	10.1
D&A	(5.6)	(5.4)	(11.0)	(6.4)	(5.9)	(12.3)
Operating profit	17.7	(20.7)	(3.0)	14.8	(17.0)	(2.2)
Net finance costs	(0.8)	(0.5)	(1.3)	(0.6)	(0.7)	(1.3)
PBT (normalised)	16.9	(21.2)	(4.3)	14.2	(17.7)	(3.5)

Source: GMD, Edison Investment Research. Note: all figures normalised.

GTV declined by 1.4% in H2, halving the growth of H1:

Exhibit 2: GTV by segment

£m	H117	H217	FY17	H118	H218	FY18
Content	262.1	133.9	396.0	265.3	139.9	405.2
Pre-owned	95.7	78.6	174.3	87.5	67.8	155.3
Accessories & Other	82.3	51.0	133.3	78.4	50.5	128.9
Hardware	117.6	56.6	174.2	146.7	57.8	204.5
Total	557.7	320.1	877.8	577.9	316.0	893.9
Total Events, E-sports & Digital	7.7	5.5	13.2	8.9	4.9	13.8
Total	565.4	325.6	891.0	586.8	320.9	907.7
Growth						
Content				1.2%	4.5%	2.3%
Pre-owned				-8.6%	-13.7%	-10.9%
Accessories & Other				-4.7%	-1.0%	-3.3%
Hardware				24.7%	2.1%	17.4%
Total				3.6%	-1.3%	1.8%
Total Events, E-sports & Digital				15.6%	-10.9%	4.5%
Total				3.8%	-1.4%	1.9%

Source: GMD, Edison Investment Research

Content GTV grew by 4.5% in H2, although the swing towards digital sales intensified, with digital console sales up 33% driving total digital growth of 23%, while physical sales declined in H2, eliminating their 3% first-half growth to end flat for the year. The swing has been led by the popularity of Fortnite, the cult battleground contest; although we assume the growth in digital content sales will not reverse. Within physical sales, a decline in Xbox product was replaced by increased demand for Nintendo Switch content.

Pre-owned sales were affected by the increasing age of Xbox One and 360, and Playstation 3 and even 4, and of personal budgets moving towards digital product, with a 13.7% decline in H2. Accessories and Other (excluding Events, E-sports & Digital) had a more balanced performance in H2 particularly attributable to the demand for headsets driven by Fortnite.

Hardware sales grew only 2% in the second half against 24% in the first, when Nintendo Switch, Xbox One X and Playstation 4 had combined to create a one-off increase.

Events & Esports grew annual GTV by 40.2% to £12.2m on an underlying basis.

Gross margin performance

Gross margin improved in H2, while continuing to lag FY17:

Exhibit 3: Gross margin						
	H117	H217	FY17	H118	H218	FY18
Content	23.0%	24.0%	23.4%	21.6%	24.3%	22.5%
Pre-owned	34.6%	31.9%	34.2%	30.5%	31.0%	30.8%
Accessories & Other	29.9%	30.0%	29.1%	32.9%	25.8%	30.1%
Hardware	5.7%	6.9%	6.1%	7.1%	7.3%	6.7%
Total	22.6%	24.0%	23.1%	20.8%	22.5%	21.4%
Events, Esports & Digital	16.9%	21.8%	18.9%	32.6%	36.9%	34.1%
Total	22.5%	24.0%	23.0%	21.0%	22.8%	21.6%

Source: GMD, Edison Investment Research

Content margin in the second half ran behind FY17 as it did in the first, reflecting the higher mix of digital, although pre-owned product, the highest margin category, held its margin. Accessories and Other (excluding Events, Esports & Digital) reversed its first-half improvement reflecting the changing product mix, while hardware improved slightly on an already strong H1 margin driven by the high mix of recent releases. Events, Esports & Digital, while still small, continued to strengthen reflecting the growing BELONG constituent.

Operating expenses

Net savings increased beyond the £1.9m of H1, to £9.5m in H2. Underlying UK cost savings banked £6m in H2 on top of the £5m in H1 as a result of lease negotiations, payroll and other efficiencies. That was augmented by a full period without Multiplay, which had only been absent for two months of H1. The translation of Spanish costs was less adverse in H2, increasing from a £1.0m effect in H1 to £1.3m for the full year.

Regional results

Full-year results exacerbated the tendency seen in FY17 whereby Spain has become the major earner of EBITDA for the group:

Exhibit 4: Results by region							
	H117	H217	FY17	H118	H218	FY18	
GTV							
Core Retail UK	366.7	195.3	562.0	365.5	190.5	555.8	
Core Retail Spain	191.0	124.8	315.8	212.4	125.5	338.1	
Core Retail Total	557.7	320.1	877.8	577.9	316.0	893.9	
Events, Esports and Digital	7.7	5.5	13.2	8.9	4.9	13.8	
Total GTV	565.4	325.6	891.0	586.8	320.9	907.7	
Gross Profit							
Core Retail UK	84.7	49.8	134.5	77.2	45.9	121.8	
Gross margin	23.1%	25.5%	23.9%	21.1%	24.1%	21.9%	
Core Retail Spain	41.1	27.0	68.1	43.0	25.4	69.6	
Gross margin	21.5%	21.7%	21.6%	20.2%	20.2%	20.6%	
Core Retail Total	125.8	76.8	202.6	120.2	71.3	191.5	
Gross margin	22.2%	23.6%	22.7%	20.5%	22.2%	21.1%	
Events, Esports and Digital	1.3	1.2	2.5	2.9	1.8	4.7	
Gross profit	127.1	78.0	205.1	123.1	73.1	196.2	
Gross margin	22.5%	24.0%	23.0%	21.0%	22.8%	21.6%	
EBITDA							
Core Retail UK	13.4	(11.6)	1.8	9.9	(9.4)	0.5	
Core Retail Spain	12.7	(0.5)	12.2	12.4	(0.7)	11.7	
Core Retail Total	26.1	(12.1)	14.0	22.3	(10.1)	12.2	
EE&D	(2.8)	(3.2)	(6.0)	(1.1)	(1.0)	(2.1)	
Total	23.3	(15.3)	8.0	21.2	(11.1)	10.1	

Source: GMD

UK retail GTV declined 1.1% year-on-year, although within that the swing to digital product and relative strength of hardware, at the expense of physical content and pre-owned product, led to a 2-point fall in gross margin. Nevertheless, UK margins recovered in the second half, reflecting strengthening margins in Pre-owned and Accessories & Other. Cost savings initiatives were focused in the UK and their effect was to reduce profit slippage in H2 to leave EBITDA down £1.3m at £0.5m for the year, compared with a £3.5m y-o-y shortfall at H1.

In Spain strength in sales of hardware and digital led to GTV growth of 7.1% in the full year, although second half growth was only marginal at 0.6%, reducing the first half's 11.2%. Lower margin category shift also resulted in a one-point gross margin reduction, spread more or less evenly across the year. Nevertheless, growth was sufficient to leave EBITDA only £0.5m behind FY17 at £11.7m.

Progress on BELONG roll-out

The BELONG esports arena concept (see <https://www.belong.gg/>) originated in GMD stores but is now the subject of a collaboration agreement with SPD. The initiative is designed to position BELONG as national market leader in local and regional e-sports. Since the collaboration agreement was signed in February, including a substantial £55m financing package, the roll-out of BELONG has been management's key strategic objective.

In its existing 21 sites the concept has demonstrated high occupancy, high margin and low capex contributing to year 3 ROI (GMD share) of 48%.

In our detailed September note, [Part of the retail answer](#), we set out our forecast for BELONG, which follows the business model described at the interim results in March 2018. In it, we assume 20 openings weighted to the second half of FY19, rising to 29 in subsequent years, at an average size of 35 desks per location (GMD's target is 40 desks). This results in the total number of stations rising from 368 at end FY18 to c 1,000 at FY19 and 2,000 at FY20.

The scope of the agreement, the scale of new SPD developments, the dynamics of the retail property market and the need to co-ordinate with SPD's process, together brought some initial inertia. However, detailed planning has now been completed and the first two arenas following the agreement opened in Westfield Stratford in August and Lakeside Thurrock in October.

Achievement of the forecast assumes continued engagement by SPD management and there is no change in our assumptions or GMD management's expectations in this regard. Clearly SPD management is occupied on several fronts. However, its development objectives have a large degree of commonality with GMD's.

Real estate momentum

GMD is able to take advantage of a flexible lease profile to renegotiate leases, relocate or close stores. Its UK store optimisation programme is focused on reducing fixed occupancy costs, lowering operating costs and capitalising on growth potential in major cities and towns. As a result of the formation of the UK company in 2014 and subsequent lease negotiations, there are over 200 potential lease events by the end of 2019. Savings of 42% have been realised from leases renegotiated in FY18 and at July 2018 there were 25 stores on zero rent and 99 on flexible arrangements, usually a three-month rolling break option. This real estate profile is clearly advantageous to the BELONG roll-out initiative.

The store estate in Spain is continually reviewed and a low average lease exit period of one year gives flexibility to move to better stores in existing locations and to open in new locations.

Current trading: A strong start

The first quarter has shown encouraging growth with retail GTV across the group up 4.5%. That was led by the UK (+6.6%) but Spain was also ahead (+1.7%), with trading in both geographies ahead on the back of new classic releases such as Spiderman and Red Dead Redemption 2.

Forecast: We remove optimism

In total we maintain our GTV forecast of a c 2% decline in core activities, largely mitigated by increasing momentum from BELONG. In content, we reflect continuation of the mix bias in favour of digital. However, with a strong pipeline release, the console industry has started a market fightback that we expect to continue through the first half of FY19. We are conscious of the generally soft retail market and reflect this mainly by shading margin assumptions to remove any optimism against rates actually achieved in FY18. We also increase early-stage overheads of BELONG. As a result we reduce our forecast EBITDA by 7% in FY19 and 9% in FY20. We also introduce FY21e with 7% EBITDA growth:

Exhibit 5: Forecast changes

	GTV (£m)			Revenue (£m)			EBITDA (£m)			PBT (£m)			EPS (p)		
	From	To	+/-	From	To	+/-	From	To	+/-	From	To	+/-	From	To	+/-
7/19e	903.4	903.0	-0.1%	778.8	778.4	-0.1%	13.2	12.2	-7.4%	(1.3)	(2.2)	N/A	(2.1)	(2.8)	N/A
7/20e	936.8	939.9	0.3%	811.1	813.8	0.3%	18.3	16.6	-9.2%	0.1	(1.2)	N/A	(1.3)	(2.1)	N/A
7/21e		951.6	N/A		828.0	N/A		17.8	N/A		(3.7)	N/A		(3.1)	N/A
Absolute change FY19			(0.5)			(0.4)			(1.0)			(0.9)			(0.6)
Absolute change FY20			3.2			2.7			(1.7)			0.1			(0.8)

Source: Edison Investment Research

Our current forecast is therefore as follows:

Exhibit 6: Forecast summary

						Growth			
£m		FY18	FY19e	FY20e	FY21e	FY18	FY19e	FY20e	FY21e
GTV									
Core Retail UK		555.8	530.2	531.9	505.9	-1.1%	-4.6%	0.3%	-4.9%
Core Retail Spain		338.1	348.0	358.5	369.2	7.1%	2.9%	3.0%	3.0%
Core Retail Total		893.9	878.2	890.4	875.1	1.8%	-1.8%	1.4%	-1.7%
Events, Esports & Digital		13.8	24.7	49.5	76.4	4.5%	79.3%	100.1%	54.4%
Total GTV		907.7	903.0	939.9	951.6	1.9%	-0.5%	4.1%	1.2%
Revenue									
Core Retail UK		471.9	449.9	451.4	429.3	-3.9%	-4.7%	0.3%	-4.9%
Core Retail Spain		296.6	303.7	312.8	322.2	6.5%	2.4%	3.0%	3.0%
Core Retail Total		768.5	753.6	764.3	751.5	-0.2%	-1.9%	1.4%	-1.7%
Events, Esports & Digital		13.8	24.7	49.5	76.4	4.5%	79.3%	100.1%	54.4%
Total revenue		782.3	778.4	813.8	828.0	-0.1%	-0.5%	4.5%	1.7%
Gross profit									
Core Retail UK		121.8	120.2	115.0	108.0	21.9%	22.7%	21.6%	21.4%
Core Retail Spain		69.6	70.5	72.6	74.8	20.6%	20.2%	20.2%	20.2%
Core Retail Total		191.5	190.7	187.5	182.8	21.4%	21.7%	21.1%	20.9%
Events, Esports & Digital		4.7	9.8	20.5	32.4	34.1%	39.5%	41.4%	42.4%
Total gross profit		196.2	200.5	208.0	215.2	21.6%	22.2%	22.1%	22.6%
EBITDA									
Core Retail UK		0.5	1.1	0.8	0.4	0.1%	0.2%	0.1%	0.1%
Core Retail Spain		11.7	10.1	9.8	6.4	3.5%	2.9%	2.7%	1.7%
Core Retail Total		12.2	11.3	10.6	6.8	1.4%	1.3%	1.2%	0.8%
Events, Esports & Digital		(2.1)	1.0	6.0	10.9	-15.2%	3.9%	12.2%	14.3%
Total EBITDA		10.1	12.2	16.6	17.8	1.1%	1.4%	1.8%	1.9%

Source: GMD, Edison Investment Research

Cash flow and balance sheet

Net cash at July 2018 (net of all financial liabilities) was £56.8m, a £14.2m increase year-on-year. The main elements were cash generated by operations of £12.1m, proceeds from the sale of Multiplay £14.9m and of the BELONG IP £3.2m, net interest and tax (£4.6m), gross capex (£10.1m) and the residual dividend payment of £1.7m. We forecast net cash above £50m for the next two years.

At July 2018 GMD had undrawn total facilities of £130m, increasing to £169m at peak. Its UK asset-backed revolving loan facility is £50m (extendable to £75m) and short-term Spanish facilities of €28m, are extendable to €44m at peak. In addition it has facilities from SDL consisting of a £20m unsecured working capital facility and a £35m unsecured capital expenditure facility expiring 31 January 2019 (with an option to extend) and 31 January 2023, respectively.

Valuation: BELONG and cash drive the value

We approach valuation on two metrics: peer comparison and DCF.

Peer comparison: Significant upside

There are no direct UK quoted peers. However, in the US GameStop (market cap c US\$1.5bn) which has some similarities to the core business (although not to BELONG), trades on year 1 and 2 EV/EBITDA of 3.2x and 3.4x, implying a GMD valuation of 55p (previously 59p). We also consider some UK operators that serve special interest groups: Games Workshop, Goals Soccer Centres, Focusrite and Everyman Cinemas. These have de-rated somewhat since our last note in August 2018, and now trade on an average year 1 and 2 EV/EBITDA of 10.2x and 8.9x respectively against 13.9x and 13.1x then. This implies a GMD value of 96p (previously 126p). Averaging the two peer comparisons results in 75p (previously 93p).

DCF valuation: Metric reflects both risk and opportunity

The BELONG roll-out is central to GMD's strategy and makes a DCF valuation especially appropriate. There is clear execution risk, which we recognise with a high 15% WACC. We model undemanding revenue growth peaking at 7.5% in FY21 before fading to a terminal 2%. We continue to assume a terminal EBITDA margin of 4.2% (FY18e: 1.3%, FY20e: 2.1%) and capex at 2% of revenue. As a result, we value the shares at 59p (previously 61p). That is c 10p sensitive to a 1% change in WACC and c 20p sensitive to a 1% change in the margin assumption.

Exhibit 7: Share price sensitivity to WACC and terminal growth

Pence per share	Terminal growth				
WACC	1.0%	2.0%	3.0%	4.0%	5.0%
20.0%	45.2	45.8	46.4	47.1	47.9
17.5%	50.4	51.3	52.3	53.5	54.8
15.0%	57.9	59.4	61.2	63.3	65.8
12.5%	69.4	72.2	75.6	79.8	85.1
10.0%	88.4	94.2	101.6	111.5	125.3

Source: Edison Investment Research

Analysis of DCF valuation

1. **BELONG roll-out.** We model BELONG as shown in our September note, assuming no further roll-out beyond FY22. Using a 15% WACC and 2% terminal growth rate, and maintenance capital only in the terminal period at 10% of the total investment, this produces a valuation of £37.0m or 21p per share (previously 23p).
2. **Net cash.** Net cash at July 2018 was £56.8m or 33p per share.

3. **The core business.** The core retail business remains substantially the source of GMD's FY18 EBITDA, although it faces challenge by the increasing market share of digital. On the other hand, the entire strategy and the collaboration agreement in particular should support the product business, and console manufacturers have enormous resources to support their model. FY19 retail EBITDA of £11.2m is equivalent to 6.5p per share, and our effective valuation of the core business is 5p (59p – 21p – 33p), less than one year's cash.

Summary: 140% share price upside

Averaging our peer group and DCF metrics, we define a blended valuation of 67p (previously 75p), the reduction mainly resulting from the derating of peer stocks. It still gives c 140% upside to the current share price.

Exhibit 8: Financial summary

Accounts: IFRS, Yr end: July, GBP: Millions	2015	2016	2017	2018	2019e	2020e	2021e
Profit and Loss statement							
Total revenues	866.6	821.9	782.9	782.3	778.4	813.8	828.0
Cost of sales	(652.9)	(612.7)	(577.8)	(586.1)	(577.9)	(605.7)	(612.8)
Gross profit	213.7	209.2	205.1	196.2	200.5	208.0	215.2
Other income/(expense)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals and adjustments	(12.2)	(12.9)	(5.7)	(3.9)	(9.2)	(9.2)	(1.9)
Depreciation and amortisation	(8.5)	(10.5)	(11.0)	(12.3)	(13.5)	(16.5)	(19.4)
Reported EBIT	26.2	3.0	(8.7)	(6.1)	(10.5)	(9.0)	(3.5)
Finance income/(expense)	(0.4)	(1.1)	(1.3)	(1.3)	(0.9)	(1.4)	(2.1)
Exceptionals and adjustments	(3.7)	(3.8)	3.9	5.3	0.0	0.0	0.0
Reported PBT	25.8	1.9	(10.0)	(7.4)	(11.4)	(10.4)	(5.6)
Income tax expense (includes exceptionals)	(4.4)	1.3	(2.1)	(2.8)	(2.5)	(2.5)	(1.6)
Reported net income	21.4	3.2	(12.1)	(10.2)	(14.0)	(12.9)	(7.2)
Basic average number of shares, m	168.3	168.9	169.7	170.8	172.9	172.9	172.9
Basic EPS, p	12.7	1.9	(7.1)	(6.0)	(8.1)	(7.5)	(4.2)
Dividend per share, p	14.7	3.4	1.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	46.9	26.4	8.0	10.1	12.2	16.6	17.8
Adjusted EBIT	38.4	15.9	(3.0)	(2.2)	(1.3)	0.2	(1.6)
Adjusted PBT	38.0	14.8	(4.3)	(3.5)	(2.2)	(1.2)	(3.7)
Adjusted diluted EPS, p	18.5	10.7	(3.7)	(3.7)	(2.8)	(2.1)	(3.1)
Balance sheet							
Property, plant and equipment	19.2	16.8	17.2	16.1	20.6	21.3	19.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible assets	61.0	56.7	47.5	24.0	15.6	1.9	0.0
Other non-current assets	0.2	2.2	2.5	1.7	1.7	1.7	1.7
Total non-current assets	80.4	75.7	67.2	41.8	37.9	24.9	21.0
Cash and equivalents	63.1	48.8	47.2	58.7	64.2	73.0	81.4
Inventories	66.8	76.1	81.2	78.0	76.9	79.0	79.9
Trade and other receivables	17.8	20.4	23.5	20.0	19.9	20.8	21.2
Other current assets	0.9	8.8	1.7	0.9	0.0	0.0	0.0
Total current assets	148.6	154.1	153.6	157.6	161.0	172.8	182.4
Non-current loans and borrowings	0.1	3.1	2.6	1.1	12.1	22.2	32.4
Other non-current liabilities	5.7	4.4	2.8	1.9	1.9	1.9	1.9
Total non-current liabilities	5.8	7.5	5.4	3.0	14.0	24.1	34.3
Trade and other payables	93.8	90.7	101.6	96.1	93.2	97.7	98.8
Current loans and borrowings	0.0	7.2	2.0	0.8	0.0	0.0	0.0
Other current liabilities	3.2	1.3	2.6	1.0	1.0	1.0	1.0
Total current liabilities	97.0	99.2	106.2	97.9	94.2	98.7	99.8
Equity attributable to company	126.2	123.1	109.2	98.5	90.8	75.0	69.4
Cashflow statement							
Cash from operations (CFO)	44.1	3.2	9.1	7.9	9.5	17.3	17.6
Capex	(11.3)	(13.3)	(11.6)	(6.9)	(17.0)	(17.2)	(17.3)
Acquisitions & disposals net	(12.4)	(1.5)	13.3	12.5	1.9	0.0	0.0
Other investing activities	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Cash used in investing activities (CFIA)	(23.9)	(14.8)	1.7	5.6	(15.1)	(17.2)	(17.3)
Net proceeds from issue of shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Movements in debt	(1.5)	1.5	0.0	0.0	0.0	0.0	0.0
Other financing activities	(37.8)	(13.9)	(4.3)	(1.8)	(0.9)	(1.4)	(2.1)
Cash from financing activities (CFF)	(39.3)	(12.4)	(4.3)	(1.8)	(0.9)	(1.4)	(2.1)
Increase/(decrease) in cash and equivalents	(19.1)	(24.0)	6.5	11.7	(6.5)	(1.3)	(1.8)
Currency translation differences and other	(3.1)	1.0	0.6	(0.2)	0.0	0.0	0.0
Cash and equivalents at end of period	63.1	40.1	47.2	58.7	52.1	50.8	49.1
Net (debt) cash	63.0	38.5	42.6	56.8	52.1	50.8	49.1
Movement in net (debt) cash over period	63.0	(24.5)	4.1	14.2	(4.7)	(1.3)	(1.8)

Source: GMD, Edison Investment Research

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