

# The Mission Group

## First green shoots

COVID-19 update

Media

21 May 2020

**Price** **56.5p**

**Market cap** **£51m**

Net debt (£m) at end December 2019 (non-IFRS 16) 4.9

Shares in issue 90.7m

Free float 57.5%

Code TMG

Primary exchange AIM

Secondary exchange N/A

### Share price performance



### Business description

The Mission Group is a marketing communications group employing 1,150 people in the UK, Europe, Asia and the US.

### Analyst

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The Mission's trading update indicates some early signs of increasing activity among clients in the technology, healthcare and property sectors. The overall trading background remains difficult, but the group has adapted its ways of working relatively smoothly, with the benefit of earlier moves to centralise IT and support functions. Group agencies have also been doing some COVID-19-specific work and community support, including a promising wearable proximity monitor from Pathfinder, developed within the group's business incubator, fuse. Cost savings, including reduced salaries and non-payment of the FY19 final dividend, are helping preserve cash. Guidance and our forecasts remain withdrawn.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/17	68.6	9.1	9.0	1.7	6.3	3.0
12/18	77.6	9.2	8.5	2.1	6.6	3.7
12/19	81.0	10.2	9.0	0.8	6.3	1.4

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

Mission has had a development hub (fuse) for a while, bringing forward practical commercial projects that have emerged from client work. One of these, Pathfinder, is a system originally developed to locate items precisely within warehouses. This has now been repurposed as a wearable that warns if workers get closer than 2m to colleagues (easily done in a work situation) that is picking up [press attention](#).

The marketing sector has been heavily affected by COVID-19 as clients have paused and reappraised their marketing strategies. The Advertising Association has published projections for the year that show UK advertising spend for FY20 will be down 16.7%, from a previous estimate of 5.2% growth. For FY21, it anticipates a 13.6% bounce back. Q220 is anticipated to be down 39.1%, with Q320 down 24.3%. However, the impact varies widely by advertising medium, sector and client. For some agencies and clients, the spur to creativity has boosted the impact of campaigns in a less crowded market.

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