Review

Edison investment research

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Consort Medical

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
04/09	120.3	17.9	45.1	19.1	10.7	4.0
04/10	118.6	16.9	42.5	19.1	11.5	4.0
04/11e	127.8	16.9	42.9	19.1	11.5	4.0
04/12e	133.8	18.9	46.8	19.1	10.5	4.0

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Launches to boost sales

Consort Medical has a strong market position in the development and manufacturing of disposable medical devices; this is a cash-generative business forming the foundation for future growth, which should be boosted by the company's product pipeline. Both Bespak and King Systems have recently launched the first of these pipeline products: the VAL410 MDI valve in Dulera, Merck & Co's inhaled asthma therapy, and King Vision, a low-cost, high-quality video laryngoscope. Consort Medical provides a defensive, and dividend paying, growth opportunity for investors; and while the share price has fallen from its recent 500p peaks, the investment case remains intact.

Double-digit profit growth on track

Management has reiterated its target of double-digit profit growth, which should be supported by new product launches and autoinjector device contracts, improved margins and potential M&A. Pipeline development could bring clarity and also prompt upgrades. However, regulatory timelines and FX movements could have a significant impact (each $0.01 move vs sterling has a £100k impact on the bottom line).

King Vision: King's most significant launch

King Vision should generate significant revenues, depending on uptake which could be increased though line extensions (eg lower cost disposables, specialist blades).

Financials: Good numbers, but still a product-driven story

Solid interims (revenues up 13% to £65.6m reflecting growth in both divisions) provide evidence of management execution on strategy. Consort has a strong balance sheet – H111 cash of £8.4m, and net debt of £32m – and remains strongly cash generative (it should become net cash flow positive in 2012). Near term, Consort remains a product/contract, rather than financially driven, story.

Valuation: Implied 510-26p share price based on multiples

A 2012 EV/EBITDA of 6.5x or a 2012 EV/sales multiple of 1.35x generates an implied share price of 510-526p. Consort trades at a discount to peers and has a more attractive dividend yield.

Price	480p
Market Cap	£139m

Share price graph

Share details

Code	CSRT
Listing	FULL
Sector	Health Care Equipment & Services
Shares in issue	28.9m

Price

	High	Low
52 week	500.0p	340.5p

Balance Sheet as at 31 October 2010

Debt/Equity (%)	54.4
NAV per share (p)	255
Net borrowings (£m)	31.8

Business

Consort Medical is an international medical devices company. It operates through two divisions: Bespak (drug delivery technologies) and King Systems (airway management products).

Valuation

	2010	2011e	2012e
P/E relative	109%	97%	103%
P/CF	6.6	6.9	5.7
EV/Sales	1.5	1.4	1.3
ROE	16%	15%	16%

Revenues by geography

UK	Europe	US	Other
16%	33%	41%	10%

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Consort Medical is a research client of Edison Investment Research Limited

Investment summary: Defensive growth in devices

Company description: Devising and delivering devices

Consort Medical plc is a UK-headquartered international medical devices company focused on the development and manufacturing of high-margin disposable drug delivery and anaesthesia devices. It operates through two divisions: Bespak (drug delivery technologies) and King Systems (airway management products). Bespak has two main UK facilities (Kings Lynn: manufacturing, and Sheffield: injectables development) in addition to a Cambridge innovations office, and a subsidiary, IAC Ltd (Nelson, Lancashire), which manufactures anodised aluminium ferrules. King Systems services the US market from its base in Noblesville, Indiana, and a second facility in Kent, Ohio.

Consort employs c 1,200 staff and originally listed on the London Stock Exchange in August 1983 as Bespak plc. The company name was changed to Consort Medical in October 2007 (with the Bespak brand retained for its inhaled drug delivery division) to reflect the broader business. King Systems was acquired in December 2005 for $95m (£55m), and this brand name has been retained for the airway management products. In November 2009, Consort completed the £16.9m acquisition of The Medical House, a company focused on delivery systems for injectable drugs, subsequently rebranding it as Bespak Injectables.

Valuation: Attractively priced growth opportunity, with dividend

On a P/E basis, Consort continues to look attractively priced, and it also has a better dividend yield compared to peers. Given differences between the capital structures of our comparator group[1], EV/EBITDA is the most relevant valuation metric. Assuming a 2012 EV/EBITDA of 6.5x (more in line with peers) generates an implied share price of 526p. Alternatively, a 2012 EV/sales multiple of 1.35x implies a price of 510p.

Sensitivities: Execution risk and reliance on key contracts

Consort Medical's business may be impacted by various sensitivities common to both drug device and manufacturing companies, on both the up and down side. In particular, reliance on large contracts and key customers (mitigated by long-term contracts and Consort's focus on diversifying its product and customer bases), product development, regulatory and commercialisation risk (ie clinical or regulatory failure or delay, new product uptake and supply chain rationalisation) and delivery on M&A strategy, which will be a key factor in future growth.

Financials: Strong order book and new launches drive revenues

H111 revenues (excluding tooling and equipment) of £65.6m reflected revenue growth in both divisions compared to a weak H110 (MDI destocking at Bespak and the temporary upheaval at King). Revenue growth should continue over the latter half of the financial year: we forecast FY11 revenue of £127.8m, and operating profit (before goodwill and exceptionals) of £20m.

Consort's balance sheet remains strong, and it is strongly cash generative at the operating line; however, over 2011-12 the company will be making capital investments to ensure capacity for upcoming product launches. We forecast FY11 net debt of £36m.

[1] UK-listed Smith & Nephew, Immunodiagnostic Systems Holdings, Optos and Advanced Medical Solutions Holdings; and internationally listed Aptargroup Inc, Gerresheimer AG and West Pharmaceuticals Services Inc.

Review: Growth pipeline delivers first launches

Consort Medical provides a defensive, and dividend paying, growth opportunity for investors. It has a strong market position in the development and manufacturing of disposable medical devices (Exhibit 1), which is a cash-generative business that forms the foundation for future growth. Consort's investment in operational improvements, coupled with pipeline expansion/progress mean the company is positioned for revenue growth. Both the Bespak and King Systems divisions have seen recent launches of new pipeline products: the VAL410 MDI valve in Merck & Co's inhaled asthma therapy Dulera, and King Vision, a low-cost, high-quality video laryngoscope. Consort's investment case remains intact and investors should take some reassurance from a solid set of interim results which provide evidence of management execution on strategy.

Exhibit 1: Consort Medical's business lines

	Bespak		King Systems
Business	Development and manufacture of drug delivery devices for inhalation or injection.		Manufacture of disposable airway management products for the operating and emergency rooms.
	Bespak Respiratory	Bespak Injectables	
Products	Metered dose inhaler components (ie valves, dose counters and actuators), dry powder inhalers (eg Diskus, GlaxoSmithKline), medical check valves and device services.	Self-injection devices (ie reusable needle-free jet injectors and disposable auto-injectors). Eg Needle-Free cool.click 2 human growth hormone for children (Merck Serono).	Circuits (eg Universal Flex2), masks (eg Big Blue – 35% US market share, scented/coloured masks for paediatric use), airway management devices (eg Laryngeal Airway Device, Laryngeal Tube Device), visualisation devices (eg King Vision, Airtraq) and other disposables (heat and moisture exchange [HME] filters and breathing bags).
Key clients/ partners	Armstrong, AstraZeneca, Beximco, Boehringer Ingelheim, Chiesi, Cipla, Covidien, GSK, Map Pharma, NovaDel, Sanofi-Aventis, Merck & Co, Sepracor, Square, Teleflex, Teva, Vectura.	Merck Serono, Dr Reddy's, Catalent and Stallergenes, in addition to an undisclosed large pharma partner.	N/A – direct sales force of c 40 reps in US, plus international network of c 40 distributors. Recent new distribution agreements in China (Gloryway), Egypt and Turkey.
Growth opportunities	Dose counters; 'Easifill' primeless valve; emerging market valve; device services.	ASI disposable auto-injectors; acute therapies.	Broadening of product portfolio (especially expansion of airway management portfolio) and geographic presence (into Europe and RoW).
Market opportunities	300m asthma or COPD sufferers; proprietary and contract manufactured MDI and DPI devices for both branded and generic markets.	Growth in number of approved biologics; growth in 'at home' therapies (cost and convenience benefits); ageing populations.	Estimated $600m global market for disposable anaesthesia devices; fastest growing segments are laryngeal tubes and visualisation devices; increased manufacturing efficiencies.
Market challenges	De-stocking; large pharma supply chain cost-cutting.	Securing new contracts with favourable terms.	Reduced number of procedures (especially in elective surgery); impact of US Healthcare Reform.
Competitors include	AptarPharma (Valois), Gerresheimer, Rexam, SHL Group, 3M.	Gerresheimer, Owen Mumford, SHL Group, Unilife, Ypsomed, West Pharmaceuticals Services.	Covidien, Draeger, GE Healthcare, Intersurgical, LMA International, Smiths Medical, Teleflex Medical.

Source: Edison Investment Research

Further new product launches, plus potential new autoinjector device contracts, improved margins and synergistic acquisitions should support Consort's target of double-digit profit growth in the medium term. However, near-term Consort is not a financially driven story. Stock catalysts should come from organic growth (increased volumes and new pipeline and geographic opportunities, with over 10 disclosed programmes due to launch before 2013) and from M&A, which is likely to include both general product acquisitions and what the company refers to as a 'third leg'. The third leg includes products/companies which either fit into one of the existing sales channels or could create a third business division, and which leverage Consort's know-how and proven high-volume, high-quality precision manufacturing capabilities and regulatory expertise. The criteria for a third leg acquisition are broadly products with high barriers to entry (technological and regulatory barriers as well as strong IP), in high growth markets and a disposable/consumable component; and which are commercially synergistic with Consort's existing business. As the rationale for M&A is to drive future revenue growth beyond anticipated new product launches in 2011-13, acquisitions are anticipated but their timing may be uncertain.

Consort currently trades at a discount to UK and international peers, with a 2012 prospective earnings multiple of 6x. The company also offers an attractive dividend yield of c 4%.

Bespak: Volume growth and pipeline progress

Bespak has a leading position in medical devices, with expertise in high-volume, high-quality manufacturing of regulated products. It is a 'one-stop shop' for partners seeking inhalation or injection delivery technologies. Bespak should secure further device contracts in future, whether these are for proprietary, bespoke or off-the shelf products, or for contract manufacture. The respiratory franchise has been the core of Consort's business, but the injectables side is expected to make an increasing contribution in the medium term, especially as the number of biologic drugs on the market is increasing and with increased pressure on healthcare costs making self-administration a more attractive option. More broadly, Bespak's devices have the potential to provide pharma companies with a competitive advantage with a differentiated device.

Steady progress has been made at the Bespak division, which posted ex-tooling and equipment revenues of £41.4m in H111 (vs £37.5m in H110). This was supported by the respiratory side of the business which saw a 33% volume increase on the back of strong valve sales (restocking, supply issues with competitors and new business) and a new product launch ahead of the original schedule (the VAL410 valve is a component of Merck & Co's Dulera metered-dose inhaler, MDI). Dulera is the third inhaled corticosteroid (ICS)/ long-acting beta-agonist (LABA) combination to reach the market, after GlaxoSmithKline's Advair (2009 global sales: £5bn) and AstraZeneca's Symbicort (2009 global sales: $2.3bn), which are mainstays of asthma and COPD therapy. Bespak is one of three manufacturers of the Advair Diskus device; this is its largest and longest-standing DPI manufacturing partnership, with a 14 year supply record and >500m devices supplied to date. Over the next five years, there is further potential for Consort's revenues to significantly increase as additional new products are launched (Exhibit 2), each representing £3-15m of peak revenue.

Exhibit 2: Bespak pipeline

Note: MDI = metered dose inhaler, DPI = dry powder inhaler

Expected launch	Project	Product (Customer)	Current status/notes
2010	VAL410	MDI valve: Dulera (Merck & Co)	Launched in US (FDA approval granted June 2010).
2011	INJ300	Autoinjector (Dr Reddy's)	Awaiting FDA approval. Supply chain validated; launch-ready.
2011	INJ570	Autoinjector (global pharma)	Awaiting FDA approval.
2011	INJ200	Autoinjector (Catalent)	Development ongoing; Stallergenes epinephrine collaboration.
2012	VAL310	Easifill valve[2] (US pharma)	NDA submission expected 2011. Targets systemic condition.
2012	VAL020	MDI valve (global pharma)	Pivotal trial batches shipped on schedule (H210).
2012	IDC220	Dose counter (global pharma)	Initiation of £7m investment programme in a fully automated production line. On track for 2012 launch.
2012	DEV750	Combination DPI device (European pharma)	Clinical trials complete. DVT (design verification testing) build complete.
2013/14	DEV610	Platform DPI device (global pharma)	Phase IIb; entering industrial phase, successful trial line scale up. 'Building 6' to provide capacity. Largest Bespak pipeline prospect.

Source: Edison Investment Research

Bespak made key advances in its pipeline, with important developments including the FDA filing of the INJ570 autoinjector (partnered with an undisclosed global pharma) and initiation of a £7m investment programmes in a fully automated production line for its integrated dose count inhalers (including IDC220). However, there has also been some slippage in one injectables programme; the

[2] Easifill is a 'primeless' valve that is designed to fill and drain quickly, ensuring that the metering chamber is fully emptied and can fully refill after actuation or storage. This encourages better patient compliance with treatment as 'priming' is not a requisite for delivery of a consistent dose.

INJ300 Dr Reddy's autoinjector is still under FDA review hence launch is now expected in 2011. This highlights the fact that regulatory timelines are a key sensitivity for pipeline programmes.

For commercial reasons, Bespak's pipeline projects and partners remain undisclosed until they are closer to market. With a number of programmes approaching commercialisation in the coming years, it is likely that increased clarity on the identity of pipeline projects should increase confidence in existing forecasts and prompt upgrades as the sources of revenue growth become more evident. In addition, Consort expects to add further projects to its pipeline in the near term. These include autoinjector[3] projects as new contracts are secured and new projects identified by the innovations team (which expects to add at least one project to the pipeline in the next 12 months). There also remains the potential for Bespak to diversify into related medical device markets and technologies, and to move into other parts of the value chain, such as drug handling and filling.

King Systems: Pivotal King Vision launch

King Systems manufactures and sells disposable airway management products to hospital anaesthetists and emergency medical practitioners globally, and is a market leader in the US (which represents over 50% of the global anaesthesia market). It has a US portfolio of over 2,500 products (including face masks, breathing circuits, laryngeal tubes and visualisation devices) which will be broadened through in-house development (King is doubling its R&D budget) and external sourcing.

Over H111, King maintained its market share, and grew revenues to £24.7m (vs £20.4m in H110), although this in part reflected restocking of the distribution channel following the temporary shutdown of some manufacturing lines during the Noblesville facility reorganisation last financial year. Progress is continuing with Kings' three-year manufacturing transformation programme, which remains on track to produce cost savings in excess of $5m pa by end-FY12. Importantly, King has also made further progress internationally, with ex-US revenues up 28%, now representing 12% of sales. Portfolio and international expansion should help offset the fragility in the end-user markets in the US, and future pipeline growth opportunities for King are presented in Exhibit 3.

Exhibit 3: King Systems growth opportunities

Note: King's medical devices are subject to the 510(k) regulatory route, and thus can be launched more quickly than Bespak's products.

Expected launch	Project	Opportunity	Status/notes
2010	KS1407	King Vision video laryngoscope	Launched
2011	KS1610	Offshore manufacturing	Final product trials
2011	KS2972	HME Filter range	Small and medium sizes launched, large to follow
2011	KS4521	New airway device	Development programme
2011	KS5410	Second generation Vision platform	Development programme
2012	KS3618	Vision platform extension	Development programme

Source: Edison Investment Research

At the American Society of Anesthesiologists' annual meeting in October 2010, King unveiled its most recent and also largest ever product launch: the King Vision video laryngoscope. King Vision is positioned as an affordable (c $895 vs $3-15k for competitor devices), yet high quality premium and portable visualisation device for indirect laryngoscopy. It represents a significant revenue opportunity for King. The marketing effort for this product will initially target difficult intubations (ie 10% of the 20m general anaesthetic procedures carried out annually in the US), although there is potential to grow its target market to 35% of procedures by penetrating into 'potentially difficult intubations' (including those in the neurosurgical and bariatric settings). King Vision addresses an

[3] These include the customisable ASI range and the off-the-shelf OTS disposable autoinjector.

unmet need for laryngoscopy by providing quality visualisation at an affordable price: while the disposable element of the device is more expensive that products with similar claims (Exhibit 4), the capital element is less expensive. As device availability is often the limiting factor in hospitals, the possibility of owning more laryngoscopes for a similar outlay may drive use in more procedures. In addition, King's market research has shown that anaesthetists would increasingly adopt visualisation in more routine procedures as the blade price drops, thus, there is further potential for revenue growth as planned line extensions, with lower cost disposables or more specialist laryngoscope blades are launched in future.

Exhibit 4: Comparison of disposable visualisation devices for indirect laryngoscopy

Product	King Vision	MacGrath MAC	Glidescope
Visual			
Cost of unit	+	++/+	+++
Cost of blade	++	+	+
Cost per use	++	++	+++
Quality of visuals	+++	++	+++

Source: Edison Investment Research, King Systems, Aircraft Medical, Verathon

Sensitivities

Consort Medical's business may be affected by various sensitivities common to both drug device and manufacturing companies, on both the up and down side. In particular, reliance on large contracts and key customers (mitigated by long-term contracts and a focus on diversifying its product and customer bases), product development, regulatory and commercialisation risk (ie clinical or regulatory failure or delay, new product uptake and supply chain rationalisation). Another important sensitivity for Consort is its ability to deliver on its M&A strategy, which is key to its additional future growth. M&A strategy is well defined and supported by new hires: management has also shown that it is unwilling to overpay for an acquisition. Nevertheless, investment in innovation and the potential near-term new product launches mean that Consort still has the ability to grow revenues organically. We also highlight that future FX movements could have a significant effect on Consort's profit growth: each $0.01 move in the £/$ exchange rate has an £100k impact on the bottom line. While Consort is hedged for FY11, there may be a potential FX impact in future.

Valuation

Consort's business is unique in the context of the UK healthcare sector; globally, its closest peers are subsidiaries/divisions of wider groups involved in the specialist manufacture of delivery systems or device components for pharma. Consort has a higher dividend yield than its peers, having consistently paid interim and full-year dividends of 7p and 12.1p per share respectively: we assume that this dividend policy will be maintained. Assuming a 2012 EV/EBITDA of 6.5x generates an implied share price of 526p; while a 2012 EV/sales multiple of 1.35x implies a price of 510p.

Consort is emerging from a transition phase, so this valuation does not adequately capture anticipated revenue growth from 2012 onwards when the development pipeline should start to meaningfully boost revenues. Potential announcement of new respiratory device and injectables projects, plus further M&A, could stimulate investor interest; as would disclosure of the identity of the drugs behind the upcoming Bespak launches, particularly if any of these are viewed as having blockbuster potential. Consort is understandably tight-lipped about the precise nature of these programmes, but the indicative peak revenue potential suggests that from 2013-14 onwards revenue growth could be significant.

Financials

Consort's H111 revenues (excluding tooling and equipment) of £65.6m (period ended 31 October 2010) was higher than the £57.8m reported in the prior period, reflecting revenue growth in both divisions in comparison with a weak H110 (MDI destocking at Bespak in H1 and the temporary upheaval at King). We expect this revenue growth to continue over the latter half of the financial year, and have upgraded our FY11 revenue expectations from £120.1m to £127.8m, due to a continuing strong order book and new product launches (Bespak: Dulera and King: King Vision). We expect operating profit (before goodwill and exceptionals) to reach £20m. Consort's H111 divisional revenue and profit split is outlined in Exhibit 5.

Exhibit 5: Consort Medical's divisional split (in £m)

	Bespak (excludes tooling and equipment)	King Systems
H111 revenue (continuing operations)	41.0	24.7
% change	9.3%	21.3%
H111 operating profit (excl. special items)	7.5	2.6
% change	10.7%	39.4%
H111 operating margin	18.3%	10.5%
Net assets at 31 October 2010	46.3	67.0
Return on net assets at 31 October 2010	16.2%	3.9%

Source: Edison Investment Research

Since the loss of the Exubera contract in 2007, Consort has sought to diversify revenues, cut costs and made significant investment in manufacturing to improve efficiency while maintaining quality. These initiatives have laid the foundations for future revenue and profit growth, and should also drive improved margins, bringing the high volume King business more in line with the c 18% margins traditionally enjoyed by Bespak.

Consort's balance sheet remains strong, and it is strongly cash generative at the operating line; however, over 2011-12 the company will be making capital investments to ensure capacity for upcoming product launches. We forecast FY11 net debt of £36m. During H111, Consort repaid the loan notes associated with its The Medical House acquisition, and outstanding debt now relates solely to the King Systems acquisition (including a $5m term loan which will be repaid by December 2010). Further draw down of its £81m RBS and HSBC revolving loan, expiring October 2013, is not expected in the absence of M&A.

The Consort Medical financial model is summarised in Exhibit 6.

Exhibit 6: Consort Medical Financial Model

Note: Revenues below exclude tooling and equipment which is a 'pass-through' item that, for accounting reasons, has historically been included in revenues. Consort has consistently paid interim and full-year dividends of 7p and 12.1p per share respectively: our forecasts assume that this dividend policy will be maintained.

£'000s	2008	2009	2010	2011e	2012e
Year ending 30 April	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue (ongoing goods and services)	126,917	120,343	118,592	127,814	133,850
EBITDA	22,086	25,380	25,434	26,660	28,587
Operating profit (before GW and except.)	15,948	18,856	18,673	20,320	22,387
Goodwill amortisation	(8,459)	(4,913)	(2,411)	(2,900)	(2,900)
Exceptionals/Special Items	(953)	(125)	(4,015)	(2,200)	0
Share-based payment	(858)	(860)	11	(750)	(750)
Operating profit	5,678	12,958	12,258	14,470	18,737
Net interest	(1,147)	(888)	(1,797)	(3,421)	(3,501)
Profit before tax (norm)	14,445	17,857	16,876	16,899	18,886
Profit before tax (FRS 3)	4,175	11,959	10,461	11,049	15,236
Tax	(1,546)	(4,381)	(2,409)	(3,000)	(4,550)
Profit after tax (norm)	12,899	13,026	12,290	12,419	13,536
Profit after tax (FRS3)	2,629	7,578	8,052	8,049	10,686
Average number of shares outstanding (m)	28.4	28.9	28.9	28.9	28.9
EPS - normalised (p)	45.5	45.1	42.5	42.9	46.8
EPS - FRS 3 (p)	9.3	26.2	27.8	27.8	36.9
Dividend per share (p)	19.1	19.1	19.1	19.1	19.1
EBITDA margin (%)	17.4%	21.1%	21.4%	20.9%	21.4%
Operating margin (before GW and except.) (%)	12.6%	15.7%	15.7%	15.9%	16.7%
BALANCE SHEET					
Fixed assets	98,003	109,654	127,605	128,255	127,155
Intangible assets	46,683	59,829	79,473	76,463	73,563
Tangible assets	47,947	49,758	48,132	51,792	53,592
Investment in associates	243	67	0	0	0
Trade investment & others	483	0	0	0	0
Associated with assets held for sale	2,647	0	0	0	0
Current assets	45,329	47,358	45,720	36,733	35,540
Stocks	8,694	12,107	11,962	12,892	13,501
Debtors	18,348	16,056	17,567	18,933	19,827
Cash	18,287	19,195	16,097	4,157	2,212
Other	0	0	94	750	0
Current liabilities	(53,538)	(60,398)	(34,551)	(30,165)	(31,264)
Creditors	(17,851)	(18,942)	(21,581)	(23,259)	(24,358)
Other creditors	(1,978)	(2,725)	(1,219)	(1,219)	(1,219)
Short-term borrowings	(25,825)	(34,545)	(9,064)	(3,000)	(3,000)
Provisions and other current liabilities	(5,737)	(4,186)	(2,687)	(2,687)	(2,687)
Associated with assets held for sale	(2,147)	0	0	0	0
Long-term liabilities	(18,290)	(20,894)	(60,106)	(53,500)	(49,000)
Long-term borrowings	(6,203)	(3,543)	(40,217)	(37,000)	(32,500)
Deferred taxation	(4,328)	(5,270)	(6,605)	(4,500)	(4,500)
Other long-term liabilities	(7,759)	(12,081)	(13,284)	(12,000)	(12,000)
Net assets	71,504	75,720	78,668	81,322	82,431
CASH FLOW					
Operating cash flow	25,264	23,117	21,057	20,192	24,533
Net interest	(1,001)	(620)	(1,152)	(2,300)	(2,400)
Tax	(3,129)	(3,520)	(3,709)	(3,000)	(4,550)
Capex	(8,624)	(8,433)	(5,893)	(10,000)	(8,000)
Purchase of intangibles	(136)	(444)	(165)	(110)	0
Acquisitions/disposals	(777)	384	(11,551)	16	0
Financing	428	1,795	0	0	0
Dividends	(5,451)	(5,528)	(5,528)	(5,528)	(5,528)
Other	(1,740)	(2,067)	(3,012)	(1,928)	(1,500)
Net cash flow	4,834	4,684	(9,953)	(2,659)	2,554
Opening net debt/(cash)	18,180	13,741	18,893	33,184	35,843
HP finance leases initiated	0	0	0	0	0
Other	(395)	(9,836)	(4,338)	0	(0)
Closing net debt/(cash)	13,741	18,893	33,184	35,843	33,288

Source: Edison Investment Research