

# MJ HUDSON FINANCIALS

12 July 2022

## MJH.L

34.5p

Market Cap: £59.6m

### SHARE PRICE (p)



12m high/low

59p/33p

Source: LSE Data (priced as at prior close)

### KEY DATA

Net (Debt)/Cash inc. leases	£(22.8)m (at 31/12/21)
Enterprise value	£82.4m
Index/market	AIM
Next news	FY22 Results Oct '22
Shares in Issue (m)	172.6
Chairman	Geoff Miller
Chief Executive	Matthew Hudson
Finance Director	Peter Connell

### COMPANY DESCRIPTION

MJ Hudson is a provider of services, advice and data to private markets fund managers

[www.mjhudson.com](http://www.mjhudson.com)

MJ HUDSON IS A RESEARCH CLIENT OF  
PROGRESSIVE

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## More good news on trading and progress

MJ Hudson's FY22 trading update, issued today, reaffirms the strong progress described in the Q3 update in May. The positive trading has continued and management expects to see a final outcome for FY22 'modestly ahead of prior guidance'. We make modest upgrades to our FY22 profit estimates. Whilst the May update highlighted the performance in ESG & Sustainability, the Irish Super ManCo and Luxembourg fund services, this is today augmented by strong final quarter performance from PERACS, the performance analytics business, and a strong recovery in the law firm.

- Data & Analytics** - The final quarter saw this unit win two specific ESG and Fund Performance Analytics contracts – expected together to be worth over \$1.2m on an annualised basis. Whilst we have grown accustomed to hearing about the progress in ESG, it is good to see the contribution that the PERACS performance analytics business is making to growth – not least because we believe that this business has significant potential as a 'foot in the door' product with new customers.
- Outsourcing** - Irish 'Super ManCo' leads the story and is still performing strongly at 'upper end of growth expectations set at the time of the deal'
- Advisory** - It is particularly heartening to hear of the strong recovery in the law firm in the second half, normalising in response to new partner hires. Demonstrating that MJH is not just able to buy and build rapidly growing businesses, but it can also restore them when challenges appear.
- Outlook and estimates** – May's guidance was for Adj EBITDA of 'at least' £8.3m and we upgraded our estimates for revenues, profits and cash for both FY22 and FY23. We note the positive impact of business mix on group margins and, as a result, today leave revenues as before but nudge up FY22 profitability and cash estimates – Adj EBITDA moves to £8.5m (from £8.3m) and y/e debt inc. leases to £24.6m from £24.8m; detail is shown in the table overleaf. The confident outlook statement gives additional comfort to our FY23 forecasts, and we look forward to introducing similarly positive figures for FY24 after the FY22 results due in October.

Today's statement provides encouraging evidence on the fundamental strength of MJ Hudson's end markets and the group's ability to deliver on both operational and strategic levels – with strong product and contract progress, and an improving revenue mix. The management refers to FY22 as a 'milestone year', but we suspect that more anni mirabili could well follow.

FYE JUN (£M)	2019	2020	2021	2022E	2023E
Revenue	16.7	20.3	25.5	40.5	48.4
Adj EBITDA	0.4	3.7	5.6	8.5	10.5
Fully Adj PBT	-0.7	1.0	2.4	4.8	6.4
Fully Adj Dil EPS (p)	-1.1	0.5	1.3	2.5	3.2
EV/Sales (x)	4.9x	4.1x	3.2x	2.0x	1.7x
EV/EBITDA (x)	232.0x	22.2x	14.7x	9.7x	7.9x
PER (x)	N/A	63.0x	26.0x	13.7x	10.9x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

**Adjustments to forecasts FY22**

£m unless stated	FY22E		
	Old	New	Change (%)
Revenue	40.5	40.5	0%
Adj EBITDA	8.3	8.5	2%
Fully adj PBT	4.6	4.8	4%
Net debt inc. leases	-24.8	-24.6	1%

*Source: Progressive Equity Research*

**Financial Summary: MJ Hudson**

Year end: June (£m unless shown)

	2019	2020	2021	2022E	2023E
<b>PROFIT &amp; LOSS</b>					
Revenue	16.7	20.3	25.5	40.5	48.4
Adj EBITDA	0.4	3.7	5.6	8.5	10.5
Adj EBIT	(0.7)	1.9	3.4	6.3	8.1
Reported PBT	(3.4)	(7.3)	(5.3)	2.4	4.9
Fully Adj PBT	(0.7)	1.0	2.4	4.8	6.4
NOPAT	(0.9)	0.7	2.3	4.4	5.5
Reported EPS (p)	(4.5)	(5.6)	(3.2)	1.1	2.3
Fully Adj Dil EPS (p)	(1.1)	0.5	1.3	2.5	3.2
Dividend per share (p)	0.0	0.0	0.1	0.3	0.3
<b>CASH FLOW &amp; BALANCE SHEET</b>					
Operating cash flow	(1.4)	(4.7)	(3.0)	8.7	9.8
Free Cash flow	(1.6)	(4.8)	(3.1)	8.2	8.9
FCF per share (p)	(1.9)	(3.6)	(1.8)	4.8	5.1
Acquisitions	(3.9)	(10.6)	(12.5)	(10.4)	(3.0)
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	5.9	28.1	0.5	0.0	0.0
Net cash flow	2.8	10.3	(3.6)	2.4	3.0
Overdrafts / borrowings	(16.2)	(18.0)	(31.2)	(36.8)	(35.4)
Cash & equivalents	3.1	13.4	9.8	12.2	15.2
Net (Debt)/Cash. inc. leases	(13.1)	(4.6)	(21.4)	(24.6)	(20.2)
<b>NAV AND RETURNS</b>					
Net asset value	7.8	40.7	37.2	39.5	43.6
NAV/share (p)	395.1	23.8	21.6	22.9	25.3
Net Tangible Asset Value	(14.9)	8.0	(9.7)	(8.9)	(3.3)
NTAV/share (p)	(758.6)	4.7	(5.6)	(5.1)	(1.9)
Average equity	3.9	24.2	39.0	38.4	41.6
Post-tax ROE (%)	(44.8%)	(24.1%)	(13.4%)	9.4%	14.0%
<b>METRICS</b>					
Revenue growth		21.5%	25.7%	58.6%	19.6%
Adj EBITDA growth		947.3%	50.6%	51.9%	23.1%
Adj EBIT growth		(384.8%)	78.7%	88.1%	28.3%
Adj PBT growth		(244.2%)	150.7%	101.9%	33.5%
Adj EPS growth		(151.4%)	142.2%	90.4%	25.8%
Dividend growth		N/A	N/A	- 124.0%	- 14.3%
Adj EBIT margins		9.2%	13.1%	15.6%	16.7%
<b>VALUATION</b>					
EV/Sales (x)	4.9	4.1	3.2	2.0	1.7
EV/EBITDA (x)	232.0	22.2	14.7	9.7	7.9
EV/NOPAT (x)	-95.1	111.9	36.4	18.9	15.0
PER (x)	N/A	63.0	26.0	13.7	10.9
Dividend yield	N/A	N/A	0.4%	0.8%	0.9%
FCF yield	(5.6%)	(10.4%)	(5.2%)	13.8%	14.9%

Source: Company information and Progressive Equity Research estimates

**Disclaimers and Disclosures**

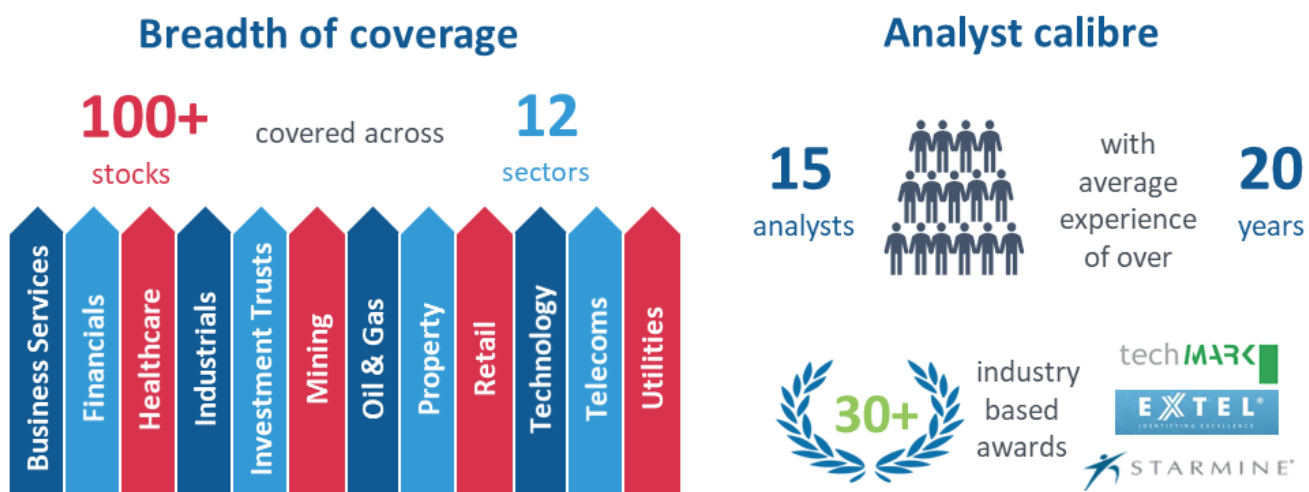
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