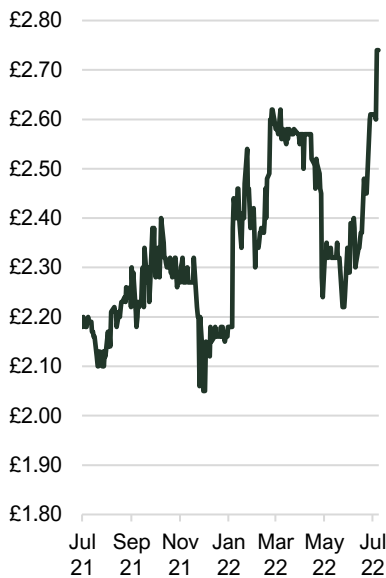


1 Year Chart



FY22 has been a good year for Wilmington. The recovery in the face-to-face business should not overshadow the solid organic performance from the information and data led core. Margins continue to be healthy with more to come as the heavy internal lift of the last three years as the group invested heavily in new platforms and commercial structure.

The first concrete evidence of the “new” Wilmington came during the pandemic as the group responded swiftly to a changed marketplace. The strength of Wilmington’s face-to-face recovery suggests a customer facing solution that carries real weight. This is a strong platform from which to build a broader range of commercial models and opportunities. The market, rightly in our view, is slowly beginning to recognise the quality of the organic growth proposition.

Although Wilmington has been one of the strongest share price performers so far this year (+27%) vs the Information peer group (-12%), the overall valuation remains undemanding. The Euromoney take out 2 year forward PE multiple of 21.8x compares to 13.4x for Wilmington, with others in the peer group still trading at high teen PE multiples. As Wilmington’s growth profile becomes clearer, we believe this valuation disconnect will become more difficult to justify. This is without factoring the potential or accretive M&A, nor Wilmington’s own attractiveness to a potential suitor at current levels.

Wilmington PLC is a research client of Radnor Capital Partners Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

2nd August 2022

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- **Full year trading update:** The organic momentum outlined at the H1 results has been maintained through H2, with full year organic growth +13%. The face-to-face recovery boosted organic growth but the underlying Information & Data core still delivered +5% organic revenue growth for the year. Net cash of £20.5m was materially ahead of our expectations; driven by strong cash generation and proceeds of the AMT disposal.
- **More than an organic story:** Although Wilmington has delivered consistently for a number of periods on underlying organic growth there is clearly appetite to do more. Post the AMT disposal, the balance sheet is in rude health and management enjoy a high degree of optionality around accretive M&A, consistent with the underpinning Regulatory and Compliance theme. .
- **Estimate upgrades:** We respond to the full year trading update by moving up our FY22E revenue (+1%) to £121.0m and adj. PBT (+4%) to £20.7m. We await the final results (due in September) where we will revisit our outer year estimates. Given the strength of current trading and the continuing progress being made within Information & Data in particular, the balance of risks remains on the upside.

June, £m	Sales	PBT adj	EPS (p)	Div (p)	Net Cash	Fiscal PER x	Yield %
FY 2020A	113.1	11.9	10.6	-	(27.7)	25.9	-
FY 2021A	113.0	15.0	13.6	6.0	(17.2)	20.2	2.2
FY 2022E	121.0	20.7	18.5	7.0	20.5	14.8	2.6
FY 2023E	125.6	21.5	19.2	7.5	28.1	14.3	2.7
FY 2024E	131.3	23.0	20.5	7.9	38.0	13.4	2.9

Source: Radnor Capital Partners

Full year trading update & Radnor estimate revisions

Wilmington has issued a full year trading update for the year ended 30th June 2022 (link to the announcement [here](#)). This update follows the H1 results announced back in February (link our research note post the H1 results [here](#)). Key headlines from the full year trading update are as follows:

- Both revenue and adjusted PBT for the year expected to be ahead of expectations
- Headline reported revenue growth **+7%** YoY to £121.0m (our estimate was £120.3m)
 - Organic revenue growth (excluding FX and M&A) was **+13%**
 - Organic revenue growth **excluding** face to face events was **+5%**
 - Both Information & Data and Education & Training divisions delivered 10% plus organic revenue growth and improved profitability
- Adjusted PBT expected to be £20.7m, +38% YoY (our estimate of £20.0m)
- Year end net cash position of £20.5m (H1 22: net cash £11m)

We await the full year results (which are expected in September) to provide fuller detail on the divisional performance and breakdown. We note the comments in the trading update which speak to 10% plus organic growth across both the two divisions and improving profitability.

Against that context, we are moving ahead our FY22 estimates in response to the trading update headlines.

1. FY22E revenue +1%
2. FY22E adjusted PBT +4%
3. FY22E net cash to £20.5m (previous estimate £15.0m)

The outperformance against our estimates looks to have been driven primarily from the Information & Data segment, where organic revenue growth has been maintained from H1. We had already been looking for a healthy face-to-face recovery, which has been delivered.

At this point, we are leaving our FY23E and FY24E estimates broadly unchanged but will revisit at the time of the fully year results. Assuming no material change in trading conditions in the intervening period, we anticipate making further upgrades with the Information & Data business likely to be leading the way.

The only material change to our outer year estimates relates to the net cash position, which has come in materially better than we had expected, and where we now roll this forward.

Comparative Valuation

The market has slowly begun to appreciate the strength of the Wilmington proposition, the track record of organic growth delivery and the relatively low starting valuation.

In Figures 1 and 2 below, we show Wilmington’s share price performance over the last two years (with the Information peer group and the FTSE All Share rebased).

Figure 1: Wilmington 2 year price performance

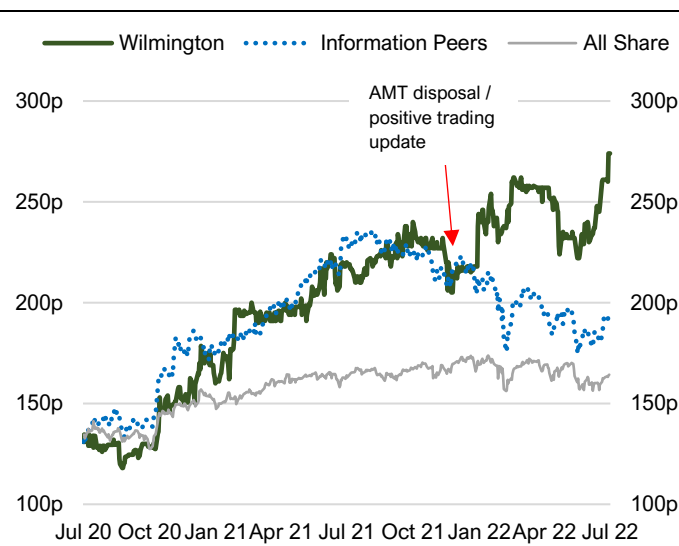
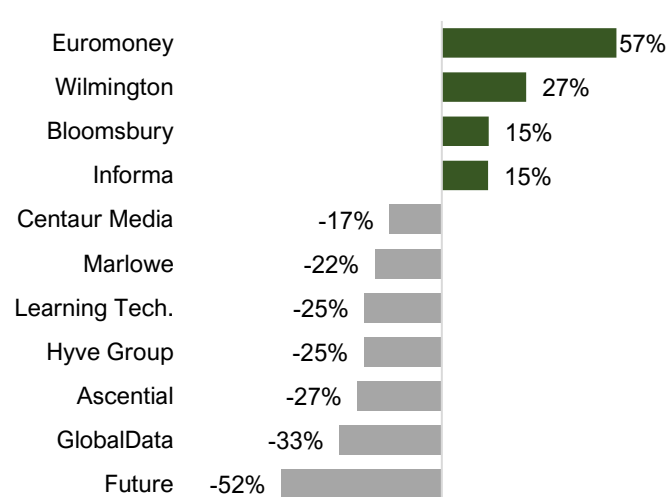


Figure 2: Information peer group year to date



Source: FactSet, Radnor

We can see from the above, the extent to which Wilmington has outperformed both the Information peer group and the broader market over the last two years.

Interestingly, Wilmington had been performing broadly in line with the Information peer group up until the January 2022 H1 trading update (which led to a round of earnings upgrades) and followed on from the AMT disposal (announced in December 2021) which resulted in a fully de-g geared balance sheet. The combination of these two pieces of materially positive news-flow have proven to be something of an inflection point.

In fact, only Euromoney has been a stronger price performer year to date (+57%), although this is largely due to the recommended cash offer by Astorg Asset Management for 1461p. This offer represents a 33.5% premium to the undisturbed Euromoney share price as at the middle of June.

The Euromoney offer is especially relevant for Wilmington (although the scale and spread of end market exposure is very different between the two). Both businesses offer a mix between recurring / data led revenue as well as a degree of face-to-face exposure (although Euromoney’s exposure is less training focused).

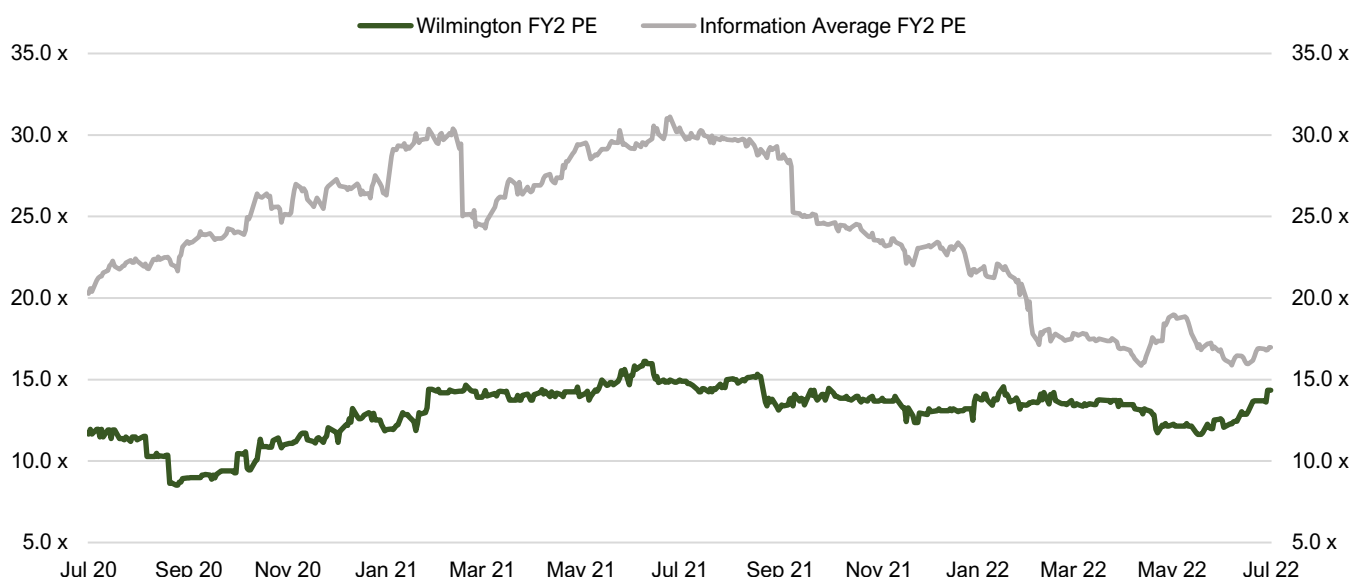
The take out PE multiple for Euromoney (1461p) is **26.8x** on FY22E basis (September year end) or **21.8x** on a FY23E basis. By way of illustration, if we apply the FY23E Euromoney take out multiple to Wilmington’s FY23E EPS, we would arrive at **420p**, or **+53%** upside from current levels.

On an EV/EBITDA basis, the difference is even starker. Euromoney is being acquired for an EV of £1.661bn, a multiple of **14.9x**. Applied to Wilmington’s FY23E forecast EBITDA of £27.7m, this implies an EV of **£407m**, or an equity market cap of **£428m** once we

adjust for net cash of £20.5m. Based on the current, fully diluted Wilmington share count this suggests a value of **484p** per share, **+76%** upside from current levels.

We are cautious about reading too much into comparative acquisition multiples (after all if is Euromoney being bid for and not Wilmington) however, it does serve to illustrate the latent value that still sits within the Wilmington business and a “live” reference point for where private equity pricing appetite exists.

Figure 3: Evolution of FY2 PE multiple – Wilmington vs Information peer group



Source: FactSet, Radnor

In Figures 3 above, we show the evolution of the 2 year forward PE for Wilmington and the Information peer group. In Figures 4 and 5 below, we plot PE vs EPS growth and EV/EBITDA vs Margins for both Wilmington and the Information peer group.

Figure 4: FY2 PE vs EPS growth

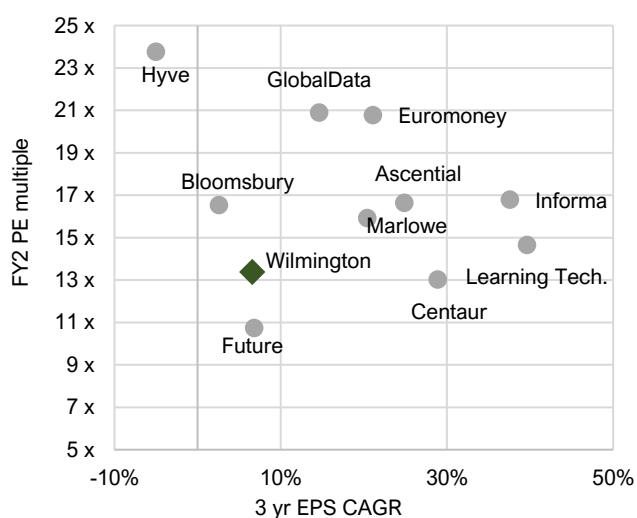
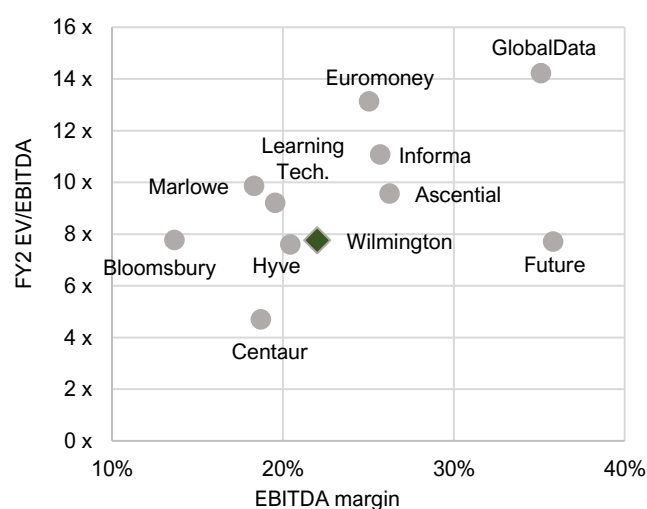


Figure 5: FY2 EV/EBITDA vs Margin



Source: FactSet, Radnor

Wilmington PLC

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Price (p): 274 p
Market Cap: 240 m
EV: 219 m

PROFIT & LOSS

Year to 30 June, £m	2020	2021	2022E	2023E	2024E
Information & Data	56.6	56.8	59.7	62.6	64.5
Education & Training	56.5	56.2	61.3	63.0	66.8
Group revenue	113.1	113.0	121.0	125.6	131.3
- growth %	-8%	0%	7%	4%	5%
Op. Exp.	(99.0)	(96.4)	(99.5)	(103.6)	(107.9)
Information & Data	11.1	9.3	11.8	12.5	13.2
Education & Training	7.9	12.2	14.8	14.9	16.0
Central costs	(5.0)	(4.9)	(5.1)	(5.4)	(5.7)
EBITA - Adjusted	14.0	16.6	21.5	22.0	23.5
EBITA margin %	12.4%	14.7%	17.8%	17.5%	17.9%
Associates & JV's	-	-	-	-	-
Net Bank Interest	(2.2)	(1.6)	(0.8)	(0.5)	(0.5)
PBT - Adjusted	11.9	15.0	20.7	21.5	23.0
Goodwill	(4.8)	(18.2)	(4.0)	(4.0)	(4.0)
Exceptionals	(0.6)	1.2	(0.4)	-	-
Other Financial Items	-	-	-	-	-
PBT - IFRS	6.4	(2.0)	16.4	17.5	19.0
Tax - Adjusted	(2.5)	(3.1)	(4.3)	(4.5)	(4.8)
Tax rate - Adjusted	20.9%	20.5%	20.0%	20.0%	20.0%
Minority interests	-	-	-	-	-
No. shares m, diluted	88.8	88.0	88.5	88.5	88.5
Adj EPS (p), diluted	10.6	13.6	18.5	19.2	20.5
- growth %	-39%	28%	36%	4%	7%
Total DPS (p)	-	6.0	7.0	7.5	7.9

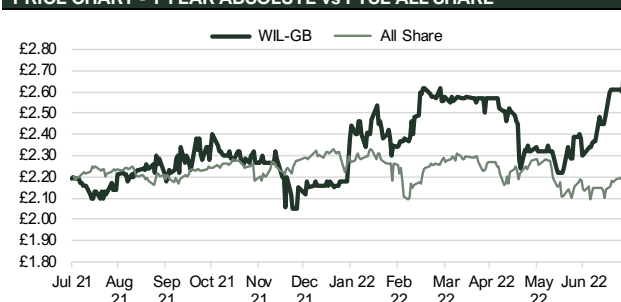
CASH FLOW

Year to 30 June, £m	2020	2021	2022E	2023E	2024E
EBITDA	20.0	23.0	27.1	27.7	29.1
Working Capital	6.5	(5.7)	4.2	(3.0)	(1.5)
Provisions / Exceptionals	(0.0)	(0.3)	-	-	-
Gross Op Cashflow	26.5	17.0	31.3	24.7	27.6
Cash Tax	(4.4)	(2.7)	(4.3)	(4.5)	(4.8)
Cash Interest	(1.6)	(1.2)	(0.8)	(0.5)	(0.5)
Minority Divs	-	-	-	-	-
Net Op Cashflow	20.5	13.1	26.2	19.6	22.3
Capex	(3.9)	(3.1)	(3.2)	(3.3)	(3.3)
Lease Liabilities	(2.4)	(2.5)	(2.4)	(2.4)	(2.4)
Free Cashflow	14.3	7.5	20.6	13.9	16.6
Dividends	(4.3)	(1.8)	(5.5)	(6.3)	(6.7)
M&A + Deferred	(2.0)	4.1	23.0	-	-
Other Non Operating	(1.8)	3.4	(0.4)	-	-
Net Cashflow	6.2	13.2	37.7	7.6	9.9
Net Cash (Debt)	(27.7)	(17.2)	20.5	28.1	38.0

BALANCE SHEET

Year to 30 June, £m	2020	2021	2022E	2023E	2024E
Intangibles	97.6	79.8	80.8	76.8	72.8
P,P+E	16.9	9.3	11.5	11.6	11.6
Tax Asset & Other	3.4	3.0	3.0	3.0	3.0
Total Fixed Assets	117.8	92.1	95.3	91.3	87.3
Net Working Capital	(47.7)	(38.7)	(32.2)	(32.2)	(32.2)
ST assets / liabilities	(16.2)	(8.6)	(2.1)	(2.1)	(2.1)
Net Current Assets	(64.0)	(47.3)	(34.2)	(34.2)	(34.2)
LT assets / liabilities	(17.2)	(9.4)	38.0	35.0	33.5
Net Cash (Debt)	(27.7)	(17.2)	20.5	28.1	38.0
Net Assets	43.4	37.0	43.5	50.2	57.6

PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE



SHAREHOLDERS

	% of ord. Share capital
Aberforth Partners	23.8%
Artemis	8.7%
Chelverton Asset Mgmt	8.6%
Gresham House	7.6%
Fidelity	7.4%
NFU Mutual	4.3%
Odyssean Capital	4.0%
Premier Miton	3.3%
Columbia Threadneedle	3.0%
Total	70.7%

Announcements

Date	Event
July 2022	Full year trading update
February 2022	H1 results FY22
December 2021	Disposal of AMT for £23.4m
September 2021	Final results FY21
July 2021	Full year trading update
June 2021	New operating model
February 2021	H1 results FY21

RATIOS

	2019	2020	2021	2022E	2023E
RoE	36%	22%	32%	38%	34%
RoCE	28%	20%	31%	93%	100%
Asset Turnover (x)	0.9x	1.0x	0.8x	0.8x	0.7x
NWC % Revenue	-1%	-32%	-27%	-45%	-50%
Op Cash % EBITA	93%	146%	78%	122%	89%
Net Debt / EBITDA	1.4x	1.4x	0.7x	-0.8x	-1.0x

VALUATION

Fiscal	2020	2021	2022E	2023E	2024E
P/E	25.9x	20.2x	14.8x	14.3x	13.4x
EV/EBITDA	11.0x	9.5x	8.1x	7.9x	7.5x
Div Yield	0.0%	2.2%	2.6%	2.7%	2.9%
FCF Yield	6.5%	3.4%	9.4%	6.4%	7.6%

Revenue growth	-8%	0%	7%	4%
PBT growth	-39%	27%	38%	4%
EPS growth	-39%	28%	36%	4%
DPS growth	-100%	-	17%	7%

REGULATORY DISCLOSURES

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