

# THE PANOPLY

## SOFTWARE AND COMPUTER SERVICES

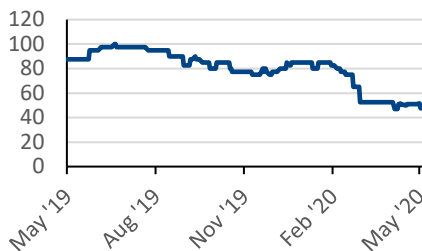
26 May 2020

TPX.L

47.5p

Market Cap: £26.1m

### SHARE PRICE (p)



12m high/low

100p/47p

Source: LSE Data

### KEY DATA

Net (Debt)/Cash	£(0.5)m (as at 31/3/20)
Enterprise value	£26.6m
Index/market	AIM
Next news	FY 20E results, Aug-20
Shares in Issue (m)	55.1
Chairman	Mark Smith
Chief Executive	Neal Gandhi
Finance Director	Oliver Rigby

### COMPANY DESCRIPTION

The Panoply is a digitally-native technology services company, focused on digital transformation.

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

THE PANOPLY IS A RESEARCH CLIENT OF  
PROGRESSIVE

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## Positive trading update and FutureGov contract win

The Panoply's trading update reveals the business entered FY 21E with a £15m order backlog and that the group expects to report a strong trading performance for Q1 21E, having recorded £9.5m of new contract wins since the start of the year. A further positive is confirmation of a \$5.2m contract win with a global philanthropic organisation by the group's FutureGov unit (included within the £9.5m total). Against an ongoing backdrop of COVID-19 driven uncertainty, this is a very positive announcement in our view. Noting that c70% of group turnover is now generated by public sector clients, we continue to believe The Panoply is well-placed to weather the COVID-19 pandemic and we maintain estimates following the release.

- **£15m order backlog entering FY 21E:** Today's announcement reveals that the group entered FY 21E with a confirmed order backlog deliverable in the year, including annualised recurring revenue of £15m. The business therefore commenced FY 21E with strong visibility on c40% of our revenue forecast for the year.
- **Strong trading performance expected for Q1 21E:** The group has secured over £9.5m of new contract wins since April 1st 2020, the majority of which will be delivered in the current financial year. The announcement heralds management's expectation of a "strong performance" in Q1 21E, with (proforma) year-on-year organic growth and margins expected at pre-COVID 19 levels. The group also expects to deliver continued profitability and strong cash generation for the current quarter.
- **Material contract win for FutureGov:** Within the £9.5m of new business secured over the past eight weeks, a highlight was a \$5.2m contract win by the FutureGov unit (*Digital services for public sector and healthcare verticals*) with a large global philanthropic organisation. The deal will see FutureGov support the client's teams across eight EU capital cities to improve key local government services.
- **Overall a very positive announcement:** We believe the announcement contains a number of positive messages. The business entered the current financial year strongly, and is winning new business despite the ongoing COVID-19 pandemic. The Panoply is therefore growing, profitable and cash generative, with a good visibility on current full-year financial performance.

\* Indicates pro forma figure, other data presented on a statutory basis. NB: EV calculations include forecast future share issuance

FYE MAR (£M)	2018	2019	2020E	2021E	2022E
Revenue	15.6*	22.1*	30.2	37.2	45.4
Adj EBITDA	2.7*	3.5*	3.3	3.1	4.6
Fully Adj PBT	-0.3	-0.1	3.0	3.0	4.5
Fully Adj EPS (p)	N/A	N/A	3.3	3.3	4.7
EV/Sales (x)	1.7x	0.9x	1.3x	0.9x	0.7x
EV/EBITDA (x)	9.6x	5.9x	11.7x	11.2x	7.0x
PER (x)	N/A	N/A	14.3x	14.6x	10.0x

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.

# Financial Summary: The Panoply

Year end: March (£m unless shown)

PROFIT & LOSS	2018	2019	2020E	2021E	2022E
Revenue	15.6*	22.1*	30.2	37.2	45.4
Adj EBITDA	2.7*	3.5*	3.3	3.1	4.6
Adj EBIT	(0.3)	0.4	3.1	3.0	4.6
Fully Adj PBT	(0.3)	(0.1)	3.0	3.0	4.5
Reported EPS (p)	N/A	N/A	1.1	1.5	2.9
Fully Adj EPS (p)	N/A	N/A	3.3	3.3	4.7
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
Avg shares outstanding (non-dil.)	0.0	18.2	58.8	76.9	76.9
Period-end Shares outstanding (Dil. m)	55.1	55.1	80.9	80.9	80.9
CASH FLOW & BALANCE SHEET	2018	2019	2020E	2021E	2022E
Operating cash flow	(0.4)	(1.5)	1.3	2.4	3.8
Free Cash flow	(0.4)	(1.6)	1.0	2.2	3.1
FCF per share (p)	(0.7)	(2.8)	1.8	4.0	5.6
Acquisitions	0.0	1.4	(6.0)	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	0.5	5.4	0.0	0.0	0.0
Net cash flow	0.1	5.2	(1.1)	(1.8)	3.1
Overdrafts / borrowings	0.0	0.0	(5.0)	0.0	0.0
Cash & equivalents	0.1	5.7	4.5	2.8	5.9
Net (Debt)/Cash	0.1	5.7	(0.5)	2.8	5.9
NAV AND RETURNS	2018	2019	2020E	2021E	2022E
Net asset value		19.3	16.9	19.5	22.0
NAV/share (p)		35.0	30.7	35.4	40.0
Net Tangible Asset Value		0.3	0.2	0.2	0.1
NTAV/share (p)		0.5	0.4	0.3	0.2
Average equity		9.6	18.1	18.2	20.8
Post-tax ROE (%)		(0.9%)	16.9%	16.7%	21.4%
METRICS	2018	2019	2020E	2021E	2022E
Revenue growth			36.9%	23.2%	21.9%
Adj EBITDA growth			(5.4%)	(4.3%)	45.5%
Adj EBIT growth			777.4%	(5.2%)	53.4%
Adj PBT growth			N/A	(0.4%)	46.9%
Adj EPS growth			N/A	(1.8%)	45.7%
Dividend growth			N/A	N/A	N/A
Adj EBIT margins			10.4%	8.0%	10.1%
VALUATION**	2018	2019	2020E	2021E	2022E
EV/Sales (x)	1.7	0.9	1.3	0.9	0.7
EV/EBITDA (x)	9.6	5.9	11.7	11.2	7.0
EV/EBIT (x)	N/A	57.3	12.3	11.8	7.0
PER (x)	N/A	N/A	14.3	14.6	10.0
Dividend yield	N/A	N/A	N/A	N/A	0.0%
FCF yield		N/A	3.7%	8.4%	11.8%

Source: Company information and Progressive Equity Research estimates

\* Indicates pro forma figure. Other data presented on a statutory basis

\*\* Our Enterprise valuation calculations include forecast future share issuance

## Disclaimers and Disclosures

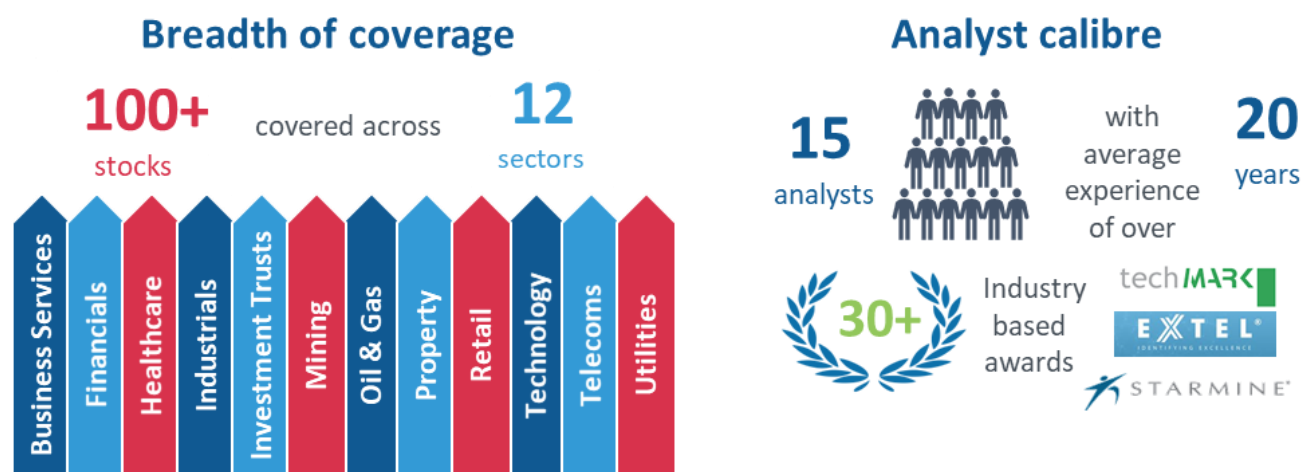
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