Viva Leisure Limited

Fitting in acquisitions, Fast

ORD MINNETT RESEARCH

Viva has agreed to acquire 13 Fit n Fast (FnF) health clubs across NSW (10 clubs), VIC (2) and ACT (1). The acquisition price of $13.5m implies a post-synergy EBITDA multiple of 2.9x, or a return on invested capital of ~34%. Combined with the QLD-focussed Healthworks acquisition in October, VVA now has "hubs" in the ACT, regional NSW and VIC as well as suburban Sydney, Brisbane and Melbourne. Having previously been focussed on the ACT and regional NSW, recent acquisitions provide fresh regions in which to ramp up the high-return greenfield rollout profile. VVA raised $20m to 1) fund the equity portion of the FnF investment, 2) provide support for a ramped up greenfield pipeline, 3) retain future acquisition flexibility and 4) improve liquidity in the stock. Our price target rises from $2.83 to $3.65 per share, representing a reasonable FY21 PE of ~18x considering VVA's three year EPS CAGR of 36% (FY20-23). Retain Buy.

FnF acquisition on 3.8x EBITDA pre-synergies, 2.9x post

VVA is acquiring 13 clubs out of the nine-year old Fit n Fast club network focused in suburban Sydney for $13.5m, representing a pre-synergy FY19 EBITDA of 3.8x, dropping to 2.9x post-synergies. The acquisition provides fresh hubs around which VVA can launch new greenfields in suburban Sydney and Melbourne, providing increased confidence in our roll-out profile which rises to a conservative 20-25 pa in FY22-27 as compared with 20 clubs in FY20 (OMLe 15 in FY21).

The hiits keep coming

With newly acquired "standard" club networks in suburban Brisbane, Melbourne and Sydney we expect Viva to ramp up its greenfield strategy to proliferate its hiit republic concept which is disrupting F45 on price, club quality and consistency.

EPS up 18% pa in FY21 and FY22, PT up 29%

Factoring in the capital raise, recent acquisitions, a ramped up greenfield profile, and a strong trading update sees our FY20/21/22 EPS change by -1/+18/+18%. This in turn drives our price target up from $2.83 to $3.65 per share, representing 18x FY21 PE which we consider reasonable in light of a three-year EPS CAGR of 36%. We see our forecasts as conservative on 1) future acquisitions, 2) the rollout profile and 3) synergies extracted from recent deals. Retain Buy.

Key Financials

Year-end June ($)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue ($m)	24.1	33.1	57.0	94.0	111.2
EBITDA ($m)	4.2	7.5	14.5	25.7	31.2
EBIT ($m)	2.6	5.3	9.6	18.4	21.7
Reported NPAT ($m)	2.2	3.2	2.6	6.7	9.0
Reported EPS (c)	-	6.0	4.5	11.1	15.0
Normalised NPAT ($m)	2.2	3.3	6.3	12.1	14.2
Normalised EPS (c)	-	6.2	11.0	20.0	23.6
EPS Growth (%)	-	-	77.2	82.6	17.9
Dividend (c)	-	-	-	8.0	10.0
Net Yield (%)	-	-	-	2.8	3.5
Franking (%)	-	-	-	100	100
EV/EBITDA (X)	1.5	19.4	11.7	6.8	5.6
Normalised P/E (x)	-	46.5	26.3	14.4	12.2
Normalised ROE (%)	-	25.3	17.1	24.2	26.4

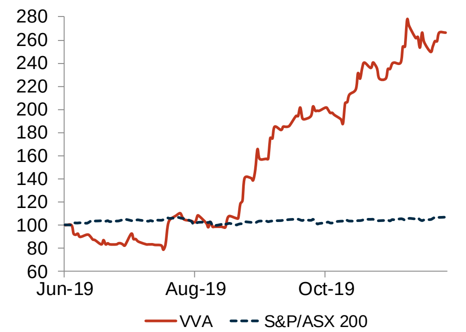
Source: OML, Iress, Viva Leisure Limited

Ord Minnett acted as Sole Lead Manager to the IPO of VVA in June 2019 and Lead Manager to the placement in December 2019 and received fees for acting in these capacities

Last Price
A$2.88
Target Price
A$3.65 *(Previously A$2.83)*
Recommendation
Buy
Risk
Higher

Leisure Facilities	
ASX Code	VVA
52 Week Range ($)	-
Market Cap ($m)	151.5
Shares Outstanding (m)	52.6
Av Daily Turnover ($m)	
3 Month Total Return (%)	89.5
12 Month Total Return (%)	-
Benchmark 12 Month Return (%)	21.1
NTA FY20E (¢ per share)	44.2
Net Debt FY20E ($m)	5.8

Relative Price Performance



Source: FactSet

Consensus Earnings

	FY20E	FY21E
NPAT (C) ($m)	-	-
NPAT (OM) ($m)	6.3	12.1
EPS (C) (c)	-	-
EPS (OM) (c)	11.0	20.0

Source: OML, Iress, Viva Leisure Limited

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FitnFast acquisition and cap raise

- VVA announced the acquisition of the FitnFast Health Club group (FnF) for cash consideration of $13.5m at a multiple of 3.8x FY19 EBITDA (pre-synergies) and ~2.9x (post anticipated synergies).
- VVA is acquiring 13 out of 17 locations operated by FnF within NSW, ACT & VIC. VVA elected not to acquire the remaining four clubs as they are inconsistent with VVA's strategy (location and financial metrics). The locations include:
  - Two clubs in Sydney CBD (Westfield CBD & Liverpool st)
  - Charlestown, NSW
  - Cheltenham, VIC
- FnF at acquisition date held ~21.5k members at the acquired locations (80% NSW), representing ~1,650 members per location. This also provides upside to Viva's two member per square metre ratio, with FnF operating at 1.38 members per sqm. FnF generates ~$14.80 per week per member with ~200 employees (~60% are casual).
- Expected synergies of $1.2m are anticipated to come in the form of increased revenue (+$750k) and cost savings ($0.4m).
  - Revenue synergies through membership uplift. VVA have been relatively conservative, forecasting ~4.5% growth, due to the mature attributes of the FnF sites.
  - Cost synergies largely achieved through direct debit (~1% improvement per member) and head office cost reductions.
- As part of the acquisition announcement, VVA have elected to raise $20m of additional equity. $15m of the proceeds will be utilised for this and other acquisitions, with the remaining $5m to be utilised for the Hiit Republic expansion.
- The $13.5m consideration attributable to the FnF acquisition is likely to be funded with a 50/50 split of debt and equity.

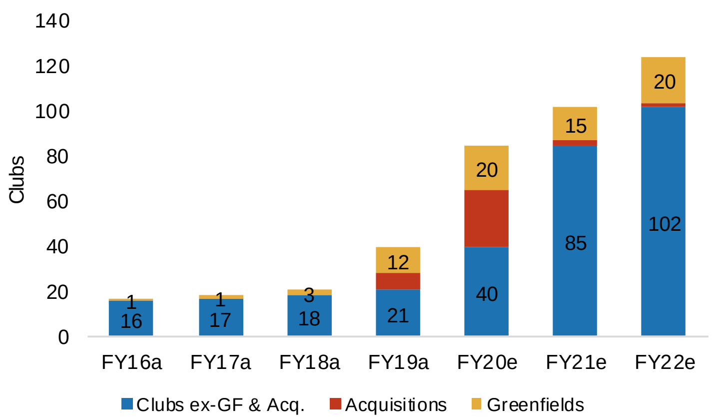
FY20 guidance

- VVA called out FY20 member numbers of 106.5k (+25% OMLe) and forecast clubs of >80. These numbers both represent significant growth considering there were 54k members spread amongst 40 locations as at 30 June 2019.
- VVA also provided guidance at the revenue and EBITDA lines which was ahead our forecasts.
  - Revenue guidance of $58.7m was 12% ahead of our forecasts. The June 2020 run-rate guidance of $85m was also provided, which significantly exceeded our FY21 forecast of $70.2m.
  - EBITDA guidance of $14.2m was 6.3% ahead of our prior forecast of $13.4m. VVA also provided EBITDA June 2020 run-rate guidance of $21m, which was similarly ahead of our FY21 forecast thanks to FnF and organic growth.
- We have upgraded our FY20 and FY21 EBITDA to $14.5m and $25.7m respectively. We expect the FnF acquisition to settle sooner than VVA's assumed end-March 2020 guidance.

Rise of Hiit

- VVA also announced their plans to reach 30 Hiit Republic locations by the end of FY20. This is a significant increase from the initial nine forecast in mid-October 2019, with the expansion funded through $5m out of the $20m raise.
- Having rolled out 12 clubs in FY19, we expect Viva to rollout 20 in FY20. We assume a drop to 15 as acquisitions are bedded down in FY21, but this rises to 20 in FY22 and one extra per annum out to FY27 to reach 25 pa in our terminal modelling year.
- We see significant upside to these esitmates now that Viva has acquired networks in new regions which are ripe for hiit republic clubs. Hiit republic offers a compelling alternative to F45 on price, club quality and consistency, with all evidence to date pointing to strong success where a club has opened in competition to an existing F45.
- We only assume 2 acquired clubs pa from FY21 onward, which is also highly conservative given 1) Viva's balance sheet firepower, 2) the long tail of single and small network clubs in Australia and 3) the 25 acquired clubs in FY20.

Figure 1 – Club growth profile



Source: OML and VVA

Geographical diversification

- Viva has traditionally been ACT focused with a significant portion of its members residing in and around Canberra.
- However, recent acquisitions (Healthworks & FnF) have assisted in diversifying its customer base. We now see a substantial presence in NSW and a burgeoning presence in QLD.

Figure 2 – Members by state (pre-acquisitions)

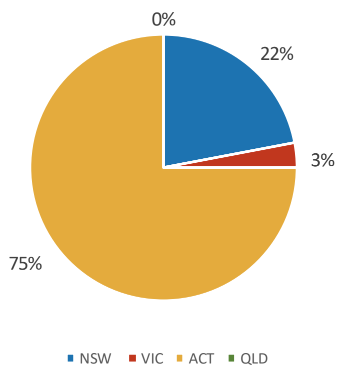
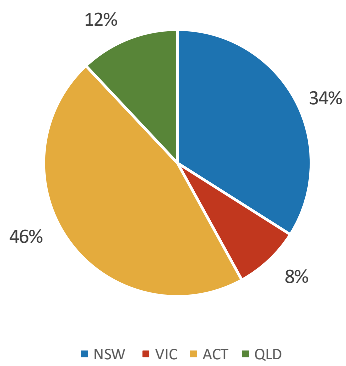


Figure 3 – Members by state (post-acquisitions)

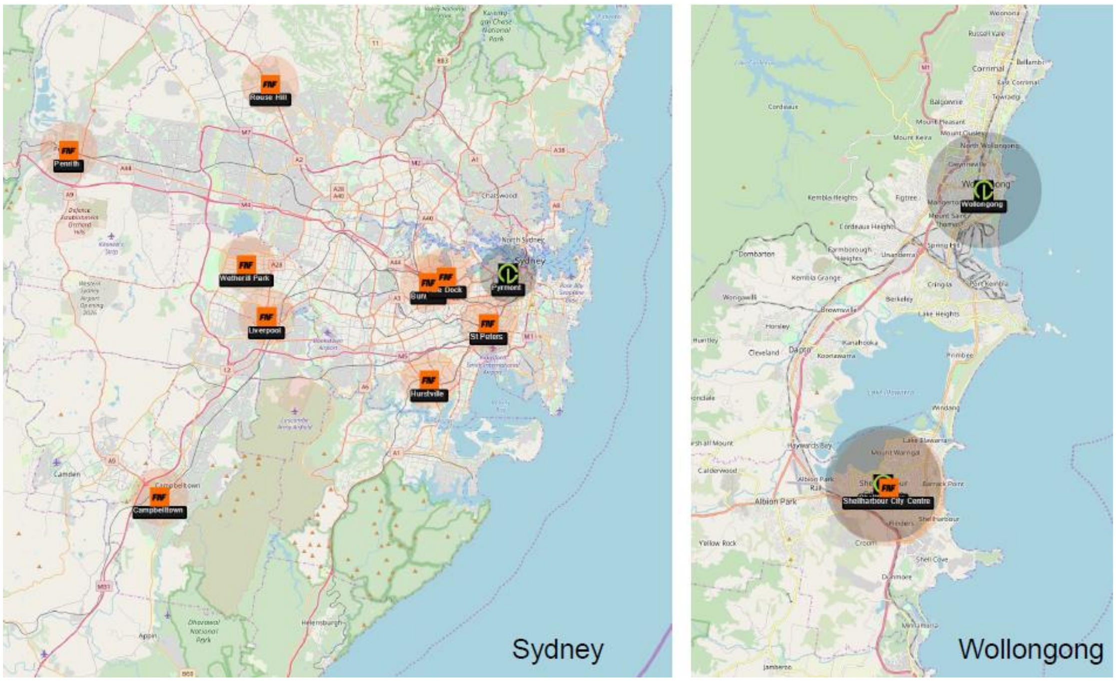


Source:VVA

About FitnFast

- FitnFast (FnF) were established in 2010 by Tony De Leede, former Fitness First Australia Chief Executive and prior to the acquisition had 17 gyms in operation across NSW, VIC and ACT – 13 of which are being acquired by VVA.
- The business was initially set up to target big box operators with a budget gym offering targeting 30-minute workouts.
- The membership offering price and inclusions differs per location, with the offerings broken into:
  - Gym – enables access to all strength and cardio areas
  - Gym + Hiit (QMAX) – as per above + unlimited Hiit instructor led classes
  - Gym + Hiit + Yoga (Yogabar) – as per above + unlimited yoga, yoga barre and Pilates
  - Access all clubs option
- The memberships vary in cost from $10 to $26 per week with full inclusions (e.g. multi-location & all classes).
- The acquired gyms currently have 13 locations in operation across NSW, ACT and VIC. These are:
- **NSW**
  - Five Dock, Burwood, St Peters, Hurstville, Liverpool, Campbelltown, Wetherill Park, Rouse Hill, Penrith and Shell Harbour.
- **ACT**
  - Belconnen
- **Victoria**
  - South Yarra and Forrest Hill

Figure 4 – overview of locations – NSW



Source: VVA

Figure 5 – overview of locations – VIC

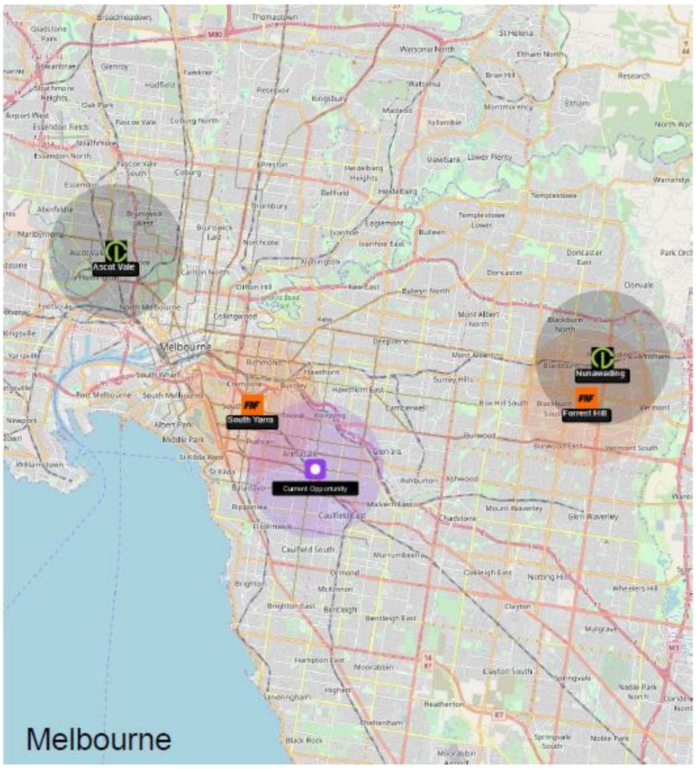
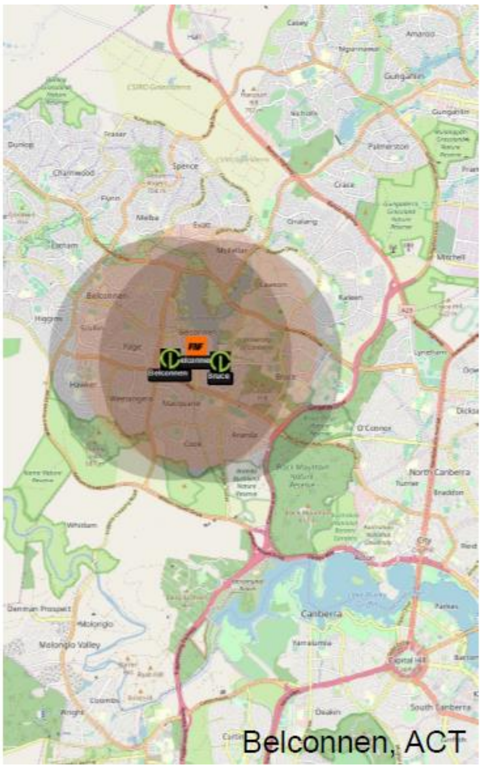


Figure 6 – overview of locations – ACT



Source: VVA

Changes to forecasts

- Acquired clubs: now 25 in FY20, 2pa thereafter
- Greenfield clubs: 15 in FY21, 20 rising to 25 pa FY22-27
- Adjustments to cost base to maintain margins at ~30% long-term
- Higher lease ups in line with greenfields and depreciation charges
- $20m capital raise
- Fit 'n' Fast (from end-March 2020) and HealthWorks (latest two clubs) acquisitions

Figure 7 – Changes to forecasts

	FY20 old	FY20 new	%∆	FY21 old	FY21 new	%∆	FY22 old	FY22 new	%∆
Sales revenue	**52.4**	**57.0**	**8.7%**	**70.2**	**94.0**	**34.0%**	**77.2**	**111.2**	**44.2%**
Opex	-39.0	-42.5	-8.9%	-50.9	-68.3	-34.0%	-55.5	-80.0	-44.2%
EBITDA	**13.4**	**14.5**	**8.4%**	**19.2**	**25.7**	**33.8%**	**21.6**	**31.2**	**44.1%**
D&A	-4.3	-4.9	-13.8%	-5.8	-7.4	-26.5%	-6.0	-9.5	-59.2%
Normalised EBIT	**9.1**	**9.6**	**5.8%**	**13.4**	**18.4**	**36.9%**	**15.7**	**21.7**	**38.4%**
Net interest	-0.8	-0.7	12.3%	-0.7	-1.2	-74.1%	-0.6	-1.4	-124.6%
PBT	**8.3**	**8.9**	**7.5%**	**12.8**	**17.2**	**35.0%**	**15.1**	**20.3**	**34.8%**
Tax	-2.5	-2.7	-7.5%	-3.8	-5.2	-35.0%	-4.5	-6.1	-34.8%
Normalised NPATA	**5.8**	**6.3**	**7.5%**	**8.9**	**12.1**	**35.0%**	**10.5**	**14.2**	**34.8%**
One-offs/Amort	-3.5	-3.7	-6.7%	-3.4	-5.4	-59.5%	-3.3	-5.2	-56.7%
Reported NPAT	**2.4**	**2.6**	**8.7%**	**5.5**	**6.7**	**20.0%**	**7.2**	**9.0**	**24.7%**
Normalised EPS (NPATA)	**11.1**	**11.0**	**-0.8%**	**17.0**	**20.0**	**18.0%**	**20.0**	**23.6**	**17.9%**
Members	**84,908**	**107,208**	**26.3%**	**93,888**	**127,628**	**35.9%**	**100,736**	**147,497**	**46.4%**
Average members	67,389	72,561	7.7%	89,398	117,418	31.3%	97,312	137,563	41.4%

Source: OML

Recommendation, valuation and price target

Recommendation

- We retain a Buy recommendation, as VVA continues to expand within the eastern states of Australia. We also find the entrance into the QLD and NSW markets as an attractive opportunities to ramp up the high-ROIC greenfield strategy.
- Despite a strong run, Viva maintains an attractive FY21 NPATA PE of 14x in light of its 36% CAGR FY20-23. Compared with other discretionary, leisure and health companies, VVA compares "cheap" as it offers both compelling organic and acquired growth.

Valuation

Discounted cash flow (DCF) – Captures the long-term nature of Viva's greenfield and acquisition plans, Viva's finance leases and strong cash flow conversion.

We capture all capex and finance lease payments in our free cash flow forecasts (and hence use gross cash to exclude finance leases), to appropriately account for all expenditures on maintenance and expansion capex.

Our assumed 15 greenfields in FY21 (20+ FY22 onward) and two acquisitions per annum are conservative assumptions in light of 1) VVA's expected 20 new clubs in FY20, 2) significant balance sheet capacity and 3) 25 acquired clubs in FY20.

Figure 8 – DCF valuation

DCF inputs	
Beta	1.20
Risk free rate	5.0%
Market risk premium	6.0%
Cost of equity	12.2%
Debt premium	4.0%
Cost of debt (after tax)	6.3%
D/E	0.0%
WACC	**12.2%**
Terminal growth rate	**2.0%**

DCF valuation	
Forecast cash flows ($m)	52.8
Terminal value ($m)	132.4
Enterprise value ($m)	**185.3**
add FY20e gross cash ($m)	13.6
Equity value ($m)	**198.8**
Equity value per share ($)	3.31
CAGR (FY18-26)	
Members	27.1%
Revenue	29.7%
EBITDA	39.1%
Normalised NPATA	36.7%
FY21PF metrics	
Implied FY21PF EV/EBITDA (x)	7.2
Implied FY21PF PE NPATA (x)	16.5
Implied FY21PF PE NPATA (ex-cash) (x)	15.4

Source: OML

FY21 PE comp – compares Viva to other domestic leisure and discretionary businesses, as well as international fitness centres. We apply an FY21 PE multiple of 16.0x implying a compelling discount to similar discretionary, leisure and healthcare names.

We see a discount to these already listed comps unwinding as VVA continues to prove out its growth model.

Figure 9 – FY21 PE valuation

FY21 PE valuation	
FY21PF NPATA	12.1
PE multiple (x)	16.00
Equity value ($m)	**192.8**
Equity value per share ($)	3.21
FY21PF metrics	
Implied FY21PF EV/EBITDA (x)	7.5
Implied FY21PF PE NPATA (x)	16.0

Source: OML

Price target

Price target – Based on the average of our DCF and EV/EBITDA valuations, rolled forward at our cost of equity, we derive a price target of $3.65 per share, implying 27% upside to the current price.

Our $3.65 target only implies a 16x ex-gross-cash PE on an FY21 basis.

Figure 10 – Price target derivation

Price target derivation	
DCF valuation ($ ps)	3.31
FY21 PE ($ ps)	3.21
Average	**3.26**
Cost of equity (%)	12.2%
Rolled-forward valuations ($ ps)	**3.65**
Less dividend ($ ps)	0.00
One-year forward price target ($ ps)	**3.65**
FY21PF metrics	
Implied FY21PF EV/EBITDA (x)	8.8
Implied FY21PF PE NPATA (x)	18.2

Source: OML

Comparables

- Looking at the higher-growing companies in the below leisure, discretionary and healthcare companies, we see a PE of 16-25x FY21 prevailing. At the mid-point of ~21x, our 16x comparable for VVA is a 22% discount.
- IN light of VVA's compelling EPS growth profile, we could see it trading more akin to a Lovisa than a Sealink in time, offering significant PE re-rating upside.
- If VVA were to re-rate to 20x FY21, it would be trading at $4 per share.

Figure 11 – Domestic and international comps

Domestic leisure										
		Mkt Cap	PE		EV/EBITDA		EPS Growth		PEG	
Code	Company	AUD	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21
EVT AU	EVENT Hospitality	2,109	18.6	17.4	10.0	9.5	1%	7%	12.91	2.45
VRL AU	Village Roadshow Ltd	630	22.4	18.2	6.3	5.9	n/a	23%	na	na
SLK AU	SeaLink Travel Group Ltd	749	20.4	16.3	10.8	6.7	5%	25%	4.00	0.67
ALG AU	Ardent Leisure Group Ltd	571	297.5	42.5	8.7	6.6	n/a	600%	na	na
THL NZ	Tourism Holdings Ltd	456	16.8	12.3	6.0	5.8	-38%	36%	-0.45	0.34
EXP AU	Experience Co Ltd	145	28.9	15.3	8.9	7.2	-48%	89%	-0.60	0.17
ATL AU	Apollo Tourism & Leisure Ltd	78	5.0	4.7	6.2	5.9	-23%	6%	-0.22	-
	Average (excl. EXP/ATL)		**75.1**	**21.4**	**8.4**	**6.9**	**-10%**	**138%**	**5.49**	**1.15**
	Median (excl. EXP/ATL)		**20.4**	**17.4**	**8.7**	**6.6**	**1%**	**25%**	**4.00**	**0.67**

Domestic discretionary and health										
		Mkt Cap	PE		EV/EBITDA		EPS Growth		PEG	
Code	Company	AUD	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21
BAP AU	Bapcor Ltd	1,963	19.2	17.1	12.7	11.2	7%	12%	2.68	1.40
LOV AU	Lovisa Holdings Ltd	1,271	31.5	25.0	17.4	13.8	9%	26%	3.56	0.98
AX1 AU	Accent Group Ltd	916	15.6	15.0	8.1	7.4	10%	5%	1.53	3.23
LIC AU	Lifestyle Communities Ltd	869	24.6	19.8	18.2	14.5	-12%	24%	-2.05	0.82
NCK AU	Nick Scali Ltd	514	14.9	13.3	9.2	8.5	-18%	12%	-0.85	1.09
IDX AU	Integral Diagnostics Ltd	708	21.0	18.6	12.4	10.5	4%	13%	4.99	1.40
ADH AU	Adairs Ltd	294	9.6	8.8	5.8	5.2	5%	10%	na	0.90
CAJ AU	Capitol Health Ltd	181	13.8	13.1	7.8	6.9	42%	6%	0.33	2.22
	Average		**18.8**	**16.3**	**11.4**	**9.8**	**6%**	**13%**	**1.46**	**1.50**
	Median		**17.4**	**16.0**	**10.8**	**9.5**	**6%**	**12%**	**1.53**	**1.24**

Source: OML and Bloomberg *prices as at market close 2 Dec 2019

Viva Leisure Overview

About Viva Leisure

Viva Leisure Pty Ltd (Viva) commenced operations in Canberra in January 2004. The aim was to facilitate the fitness goals of customers through the "Club Lime" brand. Over the last 15 years, Viva has expanded within the ACT, regional New South Wales, regional Victoria and now Queensland.

Viva has >58,000 members and through new clubs roll-outs and acquisitions we expect it to have close to 79,000 members and $51.8m of revenue in FY20. Viva has improved its utilisation rate (assuming a baseline of two members per square metre) to 75% currently, driven by strong visitation (~6 visits per month per member in FY18) effective new member sign-up and strong churn management.

Viva offers flexible membership options, including fortnightly direct debits, to suit a variety of target demographics. Viva operates under a "hub and spoke" model, whereby, larger clubs are surrounded by smaller clubs within specific catchments. This model is a point of differentiation and enhances Viva's operating efficiency.

Key brands

Figure 12 – Key brands in the Viva Leisure portfolio

- **CLUB LIME**
  - Core brand offering
- **CLUB LIME – LADIES ONLY**
  - Core brand offering but exclusively targeting the female market
- **CLUB LIME – SWIM SCHOOL**
  - Offers swimming lessons for a range of levels
- **CLUB LIME – ACQUATICS**
  - Pool access and lane bookings
- **CLUB LIME – PSYCLE LIFE**
  - Indoor cycle studio with a classes only offering
- **GYMMY PT**
  - Offers 1-on-1 personal training and group classes operating in CLUB LIME locations
- **HIIT REPUBLIC**
  - Indoor "High Intensity Interval Training (HIIT)" classes
- **CLUB MMM**
  - A day spa offering a variety of treatments
- **STUDIO BY CLUB LIME**
  - Group exercise in a boutique club

Source: OML and Viva Leisure

Viva Leisure Limited

Buy

PROFIT & LOSS (A$m)	2018A	2019A	2020E	2021E	2022E
Revenue	24.1	33.1	57.0	94.0	111.2
Operating costs	(20.0)	(25.6)	(42.5)	(68.3)	(80.0)
Operating EBITDA	**4.2**	**7.5**	**14.5**	**25.7**	**31.2**
D&A	(1.5)	(2.1)	(4.9)	(7.4)	(9.5)
EBIT	**2.6**	**5.3**	**9.6**	**18.4**	**21.7**
Net interest	(0.5)	(0.7)	(0.7)	(1.2)	(1.4)
Pre-tax profit	**2.1**	**4.7**	**8.9**	**17.2**	**20.3**
Net tax (expense) / benefit	0.1	(1.4)	(2.7)	(5.2)	(6.1)
Significant items/Adj.	-	(0.1)	(3.7)	(5.4)	(5.2)
Normalised NPAT	**2.2**	**3.3**	**6.3**	**12.1**	**14.2**
Reported NPAT	**2.2**	**3.2**	**2.6**	**6.7**	**9.0**
Normalised dil. EPS (cps)	-	6.2	11.0	20.0	23.6
Reported EPS (cps)	-	6.0	4.5	11.1	15.0
Effective tax rate (%)	(2.9)	30.0	30.0	30.0	30.0
DPS (cps)	-	-	-	8.0	10.0
Dividend yield (%)	-	-	-	2.8	3.5
Payout ratio (%)	-	-	-	40.0	42.5
Franking (%)	-	-	-	100.0	100.0
Diluted # of shares (m)	-	52.6	57.0	60.1	60.1

CASH FLOW (A$m)	2018A	2019A	2020E	2021E	2022E
EBITDA incl. adjustments	4.2	7.5	14.5	25.7	31.2
Change in working capital	(2.0)	0.9	1.7	2.6	1.2
Net Interest (paid)/received	(0.5)	(0.6)	(0.7)	(1.2)	(1.4)
Income tax paid	-	(0.5)	(2.7)	(5.2)	(6.1)
Other operating items	-	-	-	-	-
Operating Cash Flow	**1.7**	**7.3**	**12.8**	**22.0**	**24.9**
Capex	(1.8)	(3.9)	(18.0)	(4.3)	(5.5)
Acquisitions	(0.0)	(7.1)	(18.5)	(2.0)	(2.0)
Other investing items	-	(0.3)	-	-	-
Investing Cash Flow	**(1.8)**	**(11.2)**	**(36.5)**	**(6.3)**	**(7.5)**
Inc/(Dec) in equity	-	22.5	19.0	-	-
Inc/(Dec) in borrowings	0.6	(5.5)	3.8	(4.9)	(6.5)
Dividends paid	-	-	-	(1.9)	(5.3)
Other financing items	-	-	-	-	-
Financing Cash Flow	**0.6**	**17.1**	**22.8**	**(6.8)**	**(11.8)**
FX adjustment	-	0.6	-	-	-
Net Inc/(Dec) in Cash	0.4	13.2	(0.8)	9.0	5.6

BALANCE SHEET (A$m)	2018A	2019A	2020E	2021E	2022E
Cash	1.1	14.4	13.6	22.5	28.1
Receivables	0.1	0.2	0.4	0.6	0.7
Inventory	0.1	-	-	-	-
Other current assets	0.1	0.4	0.4	0.4	0.4
PP & E	9.6	19.2	41.9	47.7	55.2
Intangibles	0.0	6.6	22.2	22.3	22.6
Other non-current assets	0.3	3.5	3.5	3.5	3.5
Total Assets	**11.4**	**44.3**	**81.9**	**97.0**	**110.6**
Short term debt	4.9	2.3	11.6	13.2	15.1
Payables	2.0	2.5	4.4	7.2	8.6
Other current liabilities	2.1	4.0	4.0	4.0	4.0
Long term debt	2.5	5.7	7.7	10.2	13.3
Other non-current liabilities	0.0	1.4	4.2	7.7	11.2
Total Liabilities	**11.5**	**18.5**	**34.6**	**45.0**	**54.8**
Total Equity	**(0.1)**	**25.8**	**47.3**	**52.1**	**55.7**
Net debt (cash)	6.3	(6.4)	5.8	0.9	0.3

DIVISIONS	2018A	2019A	2020E	2021E	2022E

KEY METRICS (%)	2018A	2019A	2020E	2021E	2022E
Revenue growth	-	37.1	72.2	65.1	18.3
EBITDA growth	-	79.1	93.9	77.5	21.2
EBIT growth	-	102.1	79.9	91.6	18.1
Normalised EPS growth	-	-	77.2	82.6	17.9
EBITDA margin	17.3	22.6	25.5	27.4	28.0
OCF /EBITDA	53.0	112.4	111.6	110.1	103.9
EBIT margin	10.9	16.1	16.8	19.6	19.5
Return on assets	-	13.4	10.6	14.4	14.6
Return on equity	-	25.3	17.1	24.2	26.4

VALUATION RATIOS (x)	2018A	2019A	2020E	2021E	2022E
Reported P/E	-	48.0	63.9	26.0	19.2
Normalised P/E	-	46.5	26.3	14.4	12.2
Price To Free Cash Flow	-	42.3	-	9.8	8.9
Price To NTA	-	7.9	6.5	5.8	5.2
EV / EBITDA	1.5	19.4	11.7	6.8	5.6
EV / EBIT	2.4	27.2	17.7	9.5	8.0

LEVERAGE	2018A	2019A	2020E	2021E	2022E
ND / (ND + Equity) (%)	101.1	(33.3)	10.9	1.6	0.6
Net Debt / EBITDA (%)	151.8	(86.1)	39.9	3.3	1.0
EBIT Interest Cover (x)	5.0	7.8	14.5	15.8	15.5
EBITDA Interest Cover (x)	7.9	11.0	21.9	22.1	22.2

SUBSTANTIAL HOLDERS	m	%
Konstantinou Family	21.7	41.2%
Mark McConnell	4.5	8.6%
Harry Konstantinou	1.5	2.9%

VALUATION	
Cost of Equity (%)	12.2
Cost of debt (after tax) (%)	9.0
D / EV (%)	-
WACC (%)	**12.2**
Forecast cash flow ($m)	52.8
Terminal value ($m)	132.5
Franking credit value ($m)	-
Enterprise Value ($m)	198.9
Less net debt / add net cash & investments ($m)	(13.6)
Equity NPV ($m)	**185.3**
Equity NPV Per Share ($)	**3.31**
Multiples valuation method	FY20 EV/EBITDA
Multiples	16.0
Multiples valuation	3.21
Target Price Method	Rolled fwd DCF and EV/EBITDA
Target Price ($)	3.65
Valuation disc. / (prem.) to share price (%)	26.7

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