



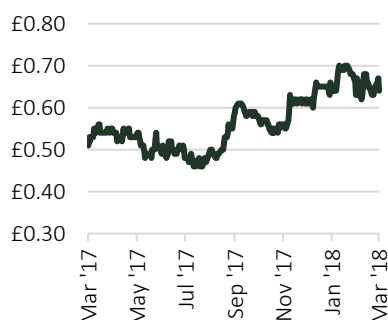
Communis plc

CMS | FTSE Small Cap | Media | 64p | £139m

Cross Channel Communications

Like its peers, Communis is managing a structural transition from the analogue to digital world. This process has not been without its challenges. However, the proof is in the pudding and the performance over the last four years has been impressive. Despite the headlines surrounding declines in traditional print marketing; revenue and profit have grown consistently as has cash generation. The net result is a balance sheet that is de-gearing and a clear path to further improving the overall business mix. Communis has a particularly strong track record when it comes to winning and retaining high value, multi-year contracts which speaks volumes for the credibility and the breadth of the proposition. The progress made has seen the shares re-rate significantly as investors have sharpened their focus on the returns latent within the business. An attractive, and well covered, dividend yield is the icing on the cake.

1 Year Chart



- FY2017 final results solid:** FY2017 results came in marginally ahead of expectations. Customer Experience, in particular, had a good year, with solid revenue and healthy margin growth. Brand Deployment had a more challenging year but looks well positioned for FY2018. FX took some of the gloss off the P&L but EPS was just ahead of consensus and net debt was also better than expected.
- Benefiting from a broad business mix:** A widely held view is that traditional print marketing is declining rapidly in the UK. However, this decline is proving to be much less pronounced. Communis has been successful in offsetting underlying volume declines with good client wins and retentions, coupled with growth in higher margin, non-print services. The outlook for FY2018 and FY2019 looks positive.
- Looking forward:** We sense a forward-looking focus to Communis that suggests the past is very much in the rear-view mirror. Structural drivers (regulation, client imperative to interact with consumers more precisely across fragmenting channels) still favour the outsourcing model and the group is well positioned to capture higher margin revenues through a combination of mix and pricing.
- Valuation:** The positive re-rating Communis has enjoyed has been sparked by a re-appraisal of the risks in the business set against the returns. Cash generation is strong and has sharpened investor focus on the return potential latent in both the de-gearing of the balance sheet, and the growing focus on improving the margin mix. Despite the re-rating, Communis still stands at a heavy PE and EV/EBITDA discount to the Small Cap Agency peer group, whilst offering a well-covered, dividend premium.

8th March 2018

Iain Daly

id@radnorcp.com

+44 (0) 203 897 1832

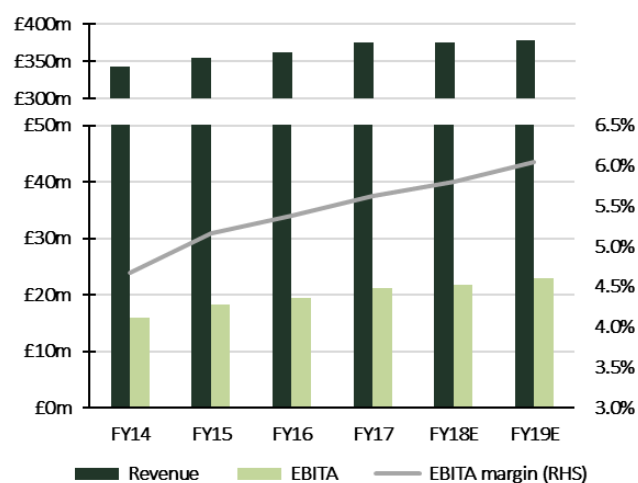
Year End December	Revenue, £m	PBT adj, £m	EPS (p)	Div (p)	Net Cash, £m	PER x	Yield %
FY 2015A	354.2	14.5	5.2	2.2	-39.4	12.4	3.4%
FY 2016A	361.9	16.7	6.1	2.4	-30.4	10.5	3.8%
FY 2017A	375.9	17.2	6.4	2.6	-24.3	10.0	4.1%
FY 2018E	375.9	18.8	6.8	2.9	-19.1	9.4	4.5%
FY 2019E	377.8	20.2	7.4	3.1	-13.9	8.8	4.9%

Source: Radnor Capital Partners

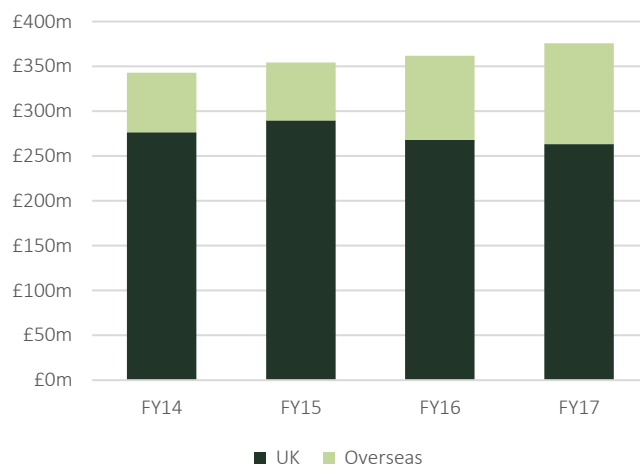
INVESTMENT CASE IN CHARTS

Source: Radnor Capital Partners, FactSet, Communis

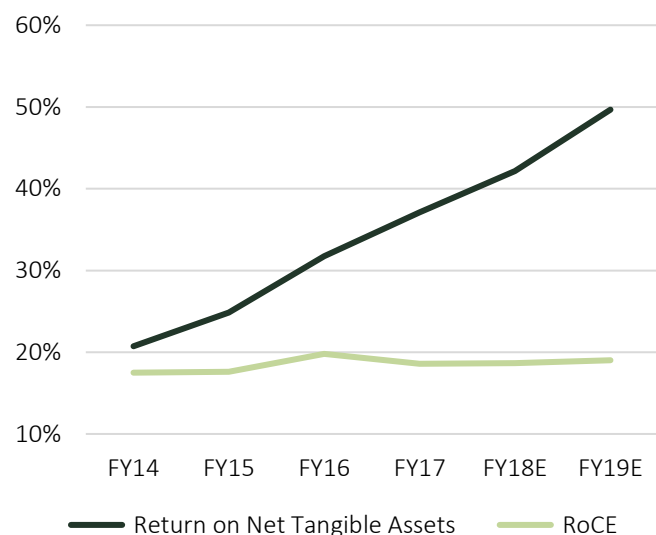
Revenue, EBITA & Margin



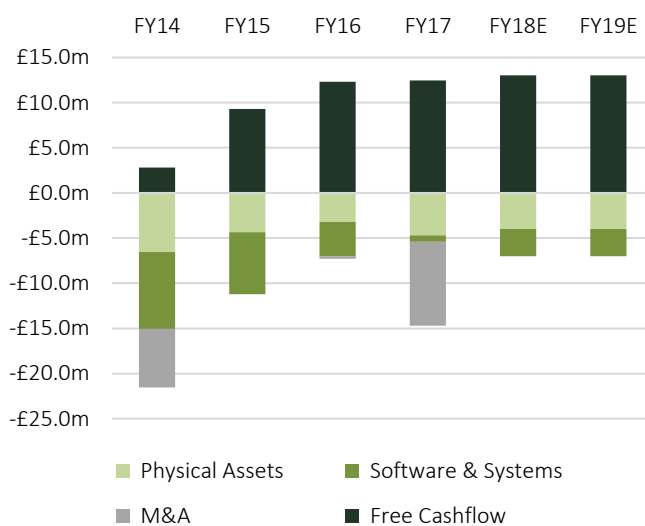
Geographic Revenue Split



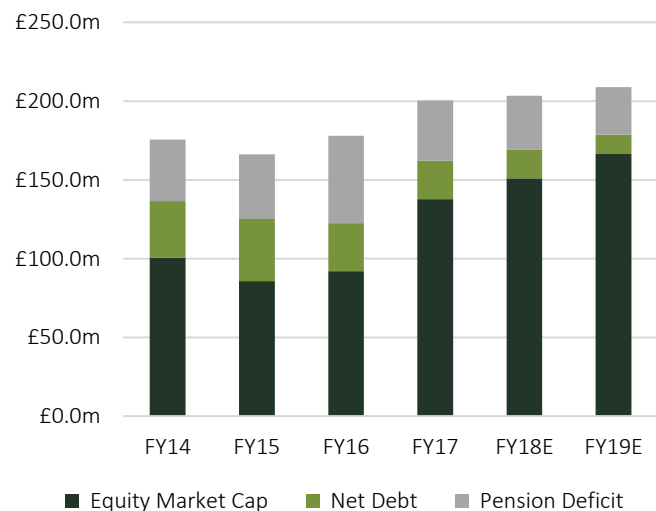
Returns on Net Tangible Assets & Capital Employed



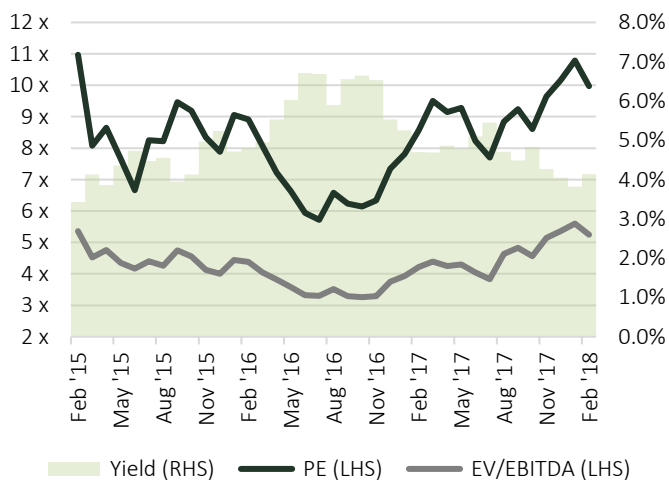
Capex, M&A and Free Cashflow



Evolution of Communis EV (constant 6.6x multiple)



Prospective PE, EV/EBITDA and Yield



INVESTMENT CASE

Communis fulfils a distinct need

Communis is much, much more than just a commercial printer.

Historically, Communis has suffered from the perception that the core transactional business is both mature and out of step with the secular trend for growing digitisation of business to consumer interactions. We believe the reality is more interesting. Yes, traditional direct mail is one of the visible Communis outputs, but firstly, this is only a one part of the group mix and, secondly, is only one symptom of a more profound set of client needs.

Communis combines analogue and digital skills within an outsource business model.

Communis is exposed to both the analogue and digital manifestations of the growing need for organisations to interact with individual consumers in as efficient, reliable, cost effective and compliant a manner as possible. The key to the Communis story going forward is the broader role it plays as a trusted consumer communications partner; advising, creating and implementing communication solutions on a high-volume scale.

Communis solutions are rooted in the real world.

Despite the physical production assets; Communis is at heart a communications business. However, whilst many marketing solutions can be highly aspirational (ie, advertising creative, web site design, corporate branding), Communis's solutions are rooted in the very real world of direct consumer communications, both analogue and digital.

We believe any assessment of Communis should be framed by the following questions;

1. Will large organisations still need to communicate directly with their consumers?
2. Should large organisations make the decision to outsource?
3. What are the key attributes of their chosen outsource partners?

Large organisations need to interact with their customers across a whole range of channels.

The answer to the first question is clearly, yes. Indeed, the evidence suggests this need is growing. Consumers are better educated, more issue and service aware. Consumers are also becoming more demanding and sophisticated in terms of how they want to interact with large organisations across an increasing range of channels.

The complexity and fragmentation of modern communication channels; the growing prominence of data analytics and expertise, and the increasing regulatory and compliance burdens all make a compelling case for outsourcing consumer communications. And this is without even considering the traditional outsource motive; cost.

The outsource business model de-risks and future proofs customer communications.

Consumer facing organisations cannot afford to get this wrong; especially so when considering the regulatory (financial services) and data privacy (everyone) minefield that currently exists. We believe an outsource partner who can demonstrate expertise, understanding and execution of best practice principles offers a compelling, and less risky, alternative to an in-house solution. This is the foundation of the Communis proposition and their track record of securing, and renewing, high value, long term contracts from large organisations suggests the proposition has a high degree of credibility.

Decline ... what decline? Does it really matter?

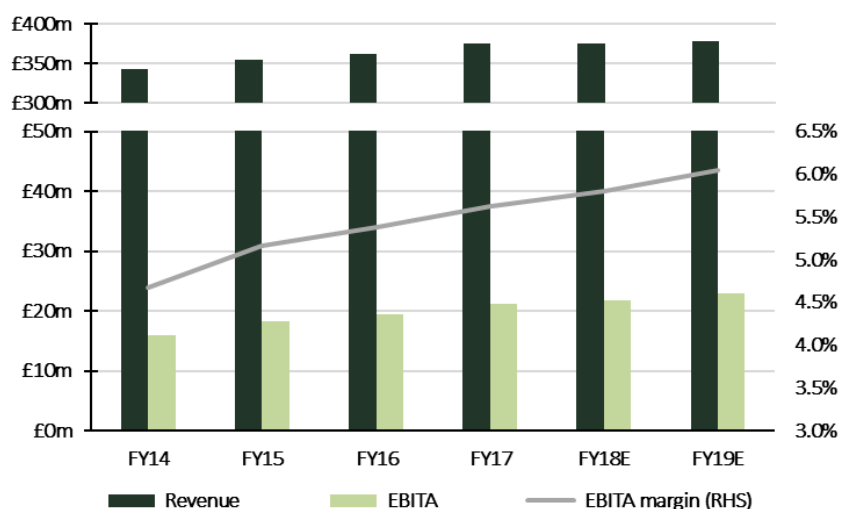
Is Communis a growth story? A very interesting question with no simple answer. Optically, the answer is not really. In FY2017, Communis reported revenue £33m higher than it did four years prior in FY2014, a compound annual growth rate of just over 3%. Solid but not spectacular. It has certainly lagged the revenue growth posted by the immediate small cap

marketing services peer group. In fact, given the well-trodden argument around structural decline for analogue direct marketing, the fact Communis has grown revenue at all suggests there is much more to the story than being just a commercial printer.

However, Communis is not like many others in the sector. Although it is often compared to other marketing agency businesses (it does drink from the same watering hole), Communis is not a pure agency business model. For more traditional agency businesses, the quantum and direction of profitability is driven explicitly by the quantum and direction of revenue. This is not the case for Communis.

The direction of profitability is not 100% driven by the direction of revenue

Figure 1: Revenue, EBITA and EBITA margin progression



Source: Radnor Capital Partners, Communis

In Figure 1 above, we show the revenue, EBITA and margin track record over the last four years and our estimates for the next two. We can see that operating profit has grown by a compound annual growth rate of 10% since FY2014. Over the same period, EPS has grown by 14% compound per annum. We are forecasting 6% EPS growth in FY2018e and 7% growth in FY2019e. We also anticipate, in the absence of any material acquisitions, a healthy progression in the dividend and a largely de-gearred balance sheet within three years. These are not the characteristics of an ex-growth business.

Absolute print volumes have been declining but CMS has still grown revenue, profit and returns

Headline revenue is a blunt measure for Communis (unlike most other media stocks) as it captures the cost of raw material inputs into a value added physical production process that is rare within the quoted marketing universe. A key point here is that the 3% annual revenue growth and 10% plus profit growth has been delivered during a time where there have been absolute declines in like for like print volumes.

Communis is a mix of different revenue & margin streams, all of which would struggle to exist independently.

The analogy we would use here is a meal at a restaurant. The price of the meal encompasses not just the cost of the ingredients but also the establishment and staff costs; the skill and reputation of the chef; the desirability of the venue; the breadth of the wine list and the price points of local competitors. It is intended to be consumed and judged in whole, not in part. A diner would not go to a restaurant that did not cook any food.

In our view, adjusting for “pass through” costs does not provide the answer either. The balance of revenue is not pure consultancy or project fee income. Communis is exposed to many different revenue streams, each of which offers a different dynamic in terms of margin and return. However, these differing revenue streams are inextricably linked for Communis. The gross revenue is in effect the “price” to the client of the end to end solution.

Production revenue

= Longer term + Higher visibility + Lower cost of acquisition + Platform for other service revenue – Lower intrinsic margin

Design, Consultancy & Service revenue

= Shorter term – Lower visibility – Higher cost of acquisition – Relies on production revenue + Higher intrinsic margin

Do we believe Communis can provide more services to a broader range of customers than they have done in the past? Yes. Do we believe Communis will be able to deliver a healthy rate of absolute profit growth? Yes. Do we believe that, in the absence of consistent headline revenue growth, profit growth can only be delivered through cost savings? No.

Low margin does not imply a lower quality of earnings

More than a third of Customer Experience revenue is at a 20% plus margin.

If Communis is not a pure agency business, how should investors assess the returns made by the business. Unhelpfully for Communis, the most significant metric for the marketing agency peer group is the operating margin. As a rule of thumb, an agency business that is growing, well-staffed and run efficiently should generate pre-central overhead margins of c.20%. It is worth noting here that c.38% of Customer Experience revenue contributes a 20% plus margin.

Margin volatility is the flip side of this coin. Agency businesses can lose accounts in a moment, with expensive staff (the bedrock of any agency business) taking longer to reduce. Pricing is dictated by an estimate of the time investment a project requires and the cost of the individuals associated. Where possible, pricing will build a margin of safety in the event of time or staff overruns but this is challenging in a competitive pitch process. The cost of acquiring new business can also be high given the time investment into competitive pitch preparation.

In a pure production model, margins are inherently lower but less variable. Material input costs are visible to all parties and, more importantly, can be hedged. Factory capacity is largely fixed and relatively easy to turn on and off. Staff costs tend to be a smaller part of the mix. There is less margin for error and much higher visibility on costs for all parties. Contracts, if correctly priced and structured at the outset, should lock in an appropriate level of return.

Lower margins = lower margin volatility = healthy cashflow

Communis, in effect, encompasses both models. It is an intrinsically lower margin business than its marketing peers, but also enjoys significantly lower margin volatility. It is also supported by a physical productive asset base, which when utilised properly will generate a healthy cash-flow return on capital. If pricing is realistic, and the physical plant remains well invested, then the cost of revenue acquisition is low for Communis relative to its peers. Yet, on top of physical production, Communis provides design, consultancy and branding services.

Margin dilution is offset by materially lower levels of client churn than a pure agency

Although exposure to the higher margin agency service revenue is diluted by the lower margin production revenue; the Communis customer churn rate is significantly lower than one would expect from a typical marketing services group. The long-term contract nature of the core Communis client relationships is a foundation stone that many in the sector would envy.

How is this borne out in the numbers? The pre-and post-central overhead EBITA margin for Communis in FY2017 was 10.3% and 5.6% respectively. Over the last four years, the all in the EBITA margin has increased steadily from 4.6% to 5.7%. Similarly, free cash-flow generation has been consistently positive. Returns on net tangible assets are high (37.1% in FY2017, 31% in FY2016), reflecting the low levels of capital expenditure required to support profitability.

What can change beyond revenue mix? The short answer here is pricing on the more transactional components of the Communis mix (ie, outbound communications and

Moving away from the traditional cost-plus pricing framework will be a major opportunity to drive

document management). Traditionally, Communis used a cost-plus pricing framework. This is a hangover from the old commercial printing approach, where there fewer value added services were on offer, and there was clear visibility on the cost inputs. Profit growth was achieved through a mix of volume growth and utilisation.

This is no longer an appropriate model and the clear opportunity is for Communis to target a value and outcome focused pricing strategy. Unfortunately, historic contract terms can only be revisited at renewal, so we would not expect a sudden transformation. However, the clear upside to our medium-term margin estimates would come from progress made on this front.

Revenue mix will be a key margin driver

Yes, we anticipate further margin gains over the medium term. The 90-basis point margin improvement delivered over the last four years forms the base case for our estimates. Given the high revenue base of the business, this equates to an extra £4m of profitability.

However, focusing on margin in isolation is not the right way to assess the progression of the business in our view. There are a broad range of margins already captured within the group, which makes revenue mix as, if not more, important than the absolute level of margin itself.

Margin is a function of mix – profits can grow even in revenue declines

For example, c.38% of Customer Experience revenue (the most agency like part of the group) is already generating 20% plus margins (c.£14m EBITA, £72m revenue). If this were to grow by an achievable 10%, this would imply £79m of revenue and £16m of EBITA. If we compare this to Brand Deployment where c.95% of revenue generates a margin between 5%-10%, the mix effect becomes stark. For every £1m of higher margin Customer Experience revenue gained, Brand Deployment could see £3m of revenue lost and group margins would be unaffected.

Put another way, 10% growth in the highest margin band within Customer Experience would see an extra £1m fall straight to the bottom line (equating to a 5% upgrade to EPS). We do not believe the current valuation (< 10x PE), has priced in any such probability.

Margins of 7.6% are factored into goodwill impairment tests ... if achieved this would imply a 25% earnings upgrade.

How realistic are these scenarios? It is worth noting that buried deep in the report and accounts (note 12 for those so inclined) is the goodwill note. Here certain assumptions are outlined for impairment testing and one of these is assumption that group margins will reach 7.6% although the time horizon is not specified. This is not meant as an explicit forecast, nor do we take it as such, but it does give a sense of what could be achievable. We currently are forecasting FY2019E margins of 6.1%, delivering EBITA £22.9m and EPS of 7.3p. EBITA margins of 7.6% would imply EBITA of £28.5m and EPS of 9.5p (an upgrade of 28%).

Value Enhancement Programme

Communis has also unveiled a Value Enhancement Programme; which is a formalised strategy to build sustainable profit growth over the next three years. Margin progression is a clear underlying theme. There are three strands to this strategy:

1. **Digital First.** Expanding digital and data analytics capacity; focused on broadening the range of services and future proofing the established offering. There are clear margin implications here from a mix perspective. It is also about working more efficiently across the broad organisation. Communis has a diversified footprint across multiple production sites and agency offices and there are gains to be made from simplifying intra-group communication, resource planning and client management functions.
2. **Global Reach.** Communis is an increasingly international business and recent initiatives to expand the global offering have proven successful. The aim here is to

accelerate and build upon this progress. Currently, c.30% of group revenue comes from outside the UK and although a formal target has not been published, this is expected to increase substantially.

3. **Empowered Organisation.** This is focused on improving the efficiency and flexibility of the group. It is not just about cost savings, although with a total cost base of c.£350m simple costs savings can be substantial. This strategy is more about the way in which the group is run. In the past, control has been centralised and this will change. Individual site and centre managers will take more direct local P&L responsibility with remuneration structures amended accordingly. The aim is to make the organisation more entrepreneurial and responsive to customers.

Of the three strands outlined above; two (Digital and Organisation) are aimed at improving margins by targeting mix and efficiency, whilst Global Reach is more about growing revenue. This emphasis gives a clear indication of where the latent value sits.

Balance Sheet & Strategic Optionality

Focus on revenue / margin ignores strategic value elsewhere

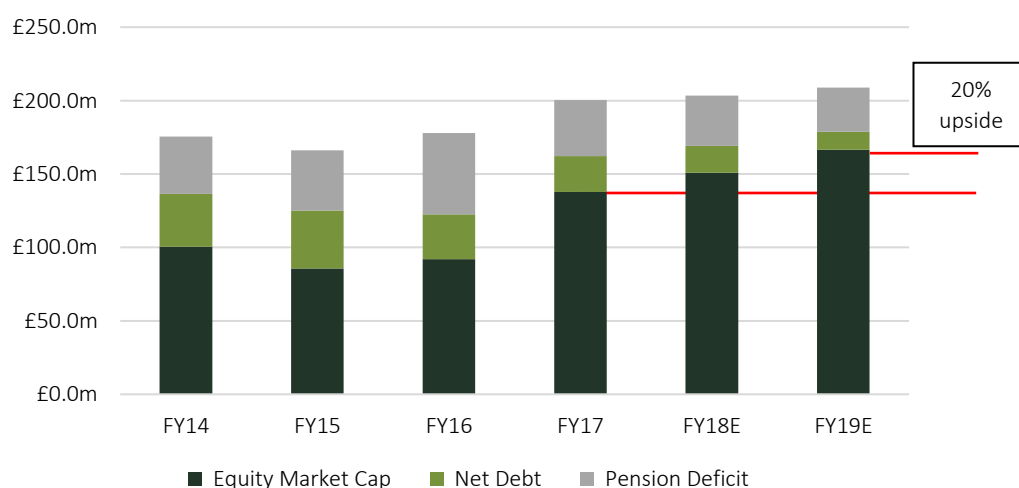
One of the less discussed attractions in the Communis investment case is the strategic flexibility the improving balance sheet and the robust cash generation provides. With investors focusing primarily on the revenue and margin side of the equation; we believe these attributes have not been factored fully into the price.

- Upside from de-risking the balance sheet
- Sector consolidation
- Growth re-investment
- Shareholder returns

De-risking the balance sheet

In Figure 2 below we show the evolution of the Communis EV over the last four years. We also show the next two years based on our estimates of net debt and the net pension deficit.

Figure 2: Evolution of Communis EV at constant EV/EBITDA multiple



Source: Radnor Capital Partners, FactSet, Communis

For FY2017, the fully loaded EV/EBITDA (incl. net pension deficit) multiple was 6.6x. If we assume a constant multiple running forward then this implies an equity market cap value of £166.5m in FY2019E, an increase of c.20% on the current share price.

Communis is a healthy cash generator

The foundation of the argument here is cash generation. We have already highlighted the high return on net tangible assets (where we adjust the balance sheet for acquired goodwill, net debt and the pension deficit). This was 20.7% in FY2014, rising to 37.1% in FY2017. We would also highlight the consistent short term working capital position. Since FY2014 net current assets have sat within a tight positive range; £11.5m in FY2014 and £19.9m in FY2017 and averaging less than 5% of overall revenue. It is therefore no surprise to see working capital movements not being a major line item in the cashflow statement. Over the last four years, working capital has absorbed less than £0.5m of operating cashflow, with FY2017 the worst year with a £1.3m working capital outflow.

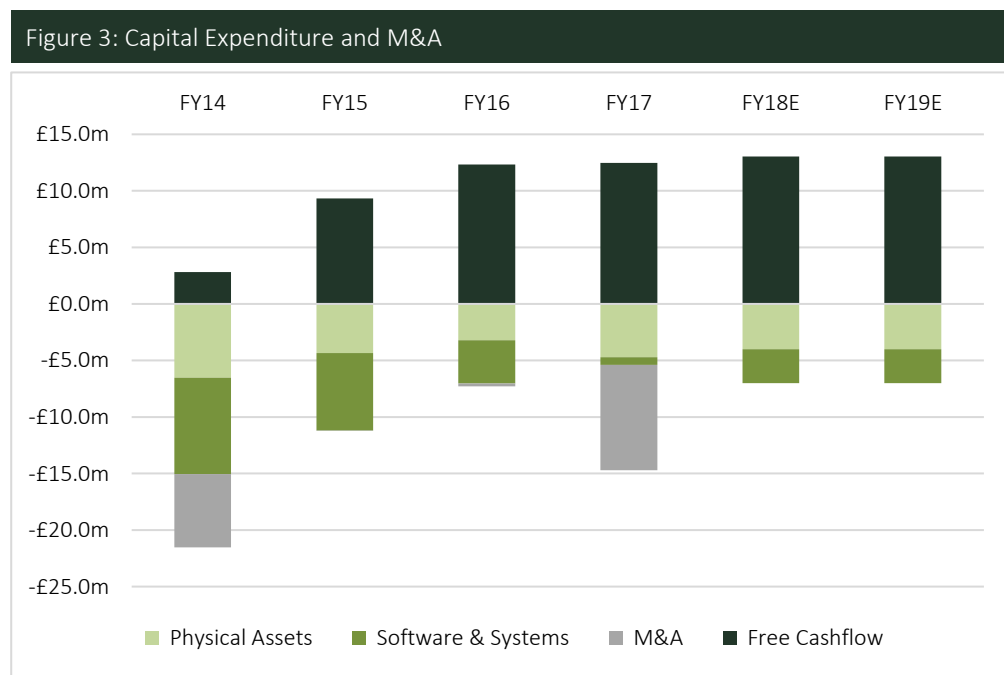
Capital expenditure is also not expected to be significant drain on cash resources. Capex (physical and intangible) peaked in FY2014 and FY2015 at £15m and £11m respectively. In FY2017 total capex was £5.4m and we assume a combined £7.5m per annum going forward.

In fact, the most material cash outflow outside of capex is expected to be the dividend, which at the current levels of EPS cover, is expected to be £6.2m in FY2019E.

This hypothetical scenario assumes a steady state; no M&A, no re-investment, no extra returns of capital to shareholders and no acceleration of dividend returns. Yet, these are all realistic options open to the company more so now, than at any point in the last four years.

Growth re-investment

Over the last four years, Communis has invested a cash total of £87m in physical assets; software and IT platforms, and finally, acquisitions. In Figure 3 below, we show the breakdown of this expenditure and how we see it moving forwards.



Source: Radnor Capital Partners, Communis

- We can see there has been a steady decline in physical and intangible capex over the last four years. We do not assume that this will continue to fall in a straight line going

forward and our base case assumption is between £7.0m and £7.5m per annum of cash invested going forward.

The outsourcing model brings new capacity into the group without the need for substantial capex.

- An interesting, and often overlooked, feature of the Communis business model is the acquisition of physical production capacity from winning large outsourcing contracts. In these situations, Communis will physically onboard the existing in-house solution under the TUPE framework. Over the last five years, Communis has undertaken 6 such TUPE transitions, with 31 TUPE transitions in total. Where that transition involves the transfer of physical production assets (such as the Copley site transitioned as part of the Lloyds Banking Group win) these assets can be used to service other group clients.

Technology investment reduces the need for the physical plant expansion.

- Communis has also invested substantially in IT software and systems over the last four years. A large focus here has been the more efficient management of the entire physical estate. Communis has developed a Site Inter-Operability solution, which enables the data driving print runs to be switched quickly and seamlessly between sites to enable more efficient use of the available capacity. A knock-on effect here is that work load planning across the estate becomes far more flexible and responsive to staffing / shift patterns and machine downtime. Although not quantified, we understand the capacity and utilisation gains are likely to be material.

- However, with no material M&A related cash outflows on the horizon and with a post-tax operating cash in-flow greater than £20m forecast, the group enjoys substantial headroom. The key question is how could this excess cashflow be deployed? The short answer is at both the top and bottom of the P&L.

- We have already highlighted the broad range of margins already captured within the group. There remains a clear opportunity to drive forward the higher margin service and data / digital elements of the group offering. This is not a new theme for the group but historically this has been addressed by M&A. The experience here has not been uniformly positive with acquired agency businesses proving hard to integrate fully. By and large, these issues have been resolved with the old “Design” segment being largely subsumed with the Customer Experience division.

At the current low valuation rating, Communis has greater flexibility to invest at the expense of margin.

- We believe the group is likely to emphasis organic investment through people, skills and technology to strengthen the existing business lines and to fill the remaining gaps. The healthy positive cashflow generated by the more traditional business lines provide a strong platform for organic re-investment. It is also worth pointing out that Communis is not in a position where it must defend every basis point of operating margin to sustain a premium valuation rating.

Shareholder Returns

In the absence of big ticket M&A; with a pension deficit repair plan in place and costed; and without the need for a material expansionary capital investment programme, the issue of surplus capital is likely to grow in prominence.

As we have highlighted in Figure 2 above, we estimate Communis will be largely debt free by FY2020 and will be generating c.£15m of surplus free cashflow.

For the last four years, dividend cover has ranged between 2.3x and 2.5x (FY2016 and FY2017). The company, quite rightly, has not given any specific guidance on this point but as the balance sheet continues to de-gear there is considerable scope for the either dividend cover to narrow,

a share buy-back programme to be put in place or for a one-off return of capital to shareholders.

Moving to 2.0x cover would see dividends increase by 25%.

The route offering the most flexibility is a narrowing of the dividend cover and moving it in step with earnings. At 2.5x, based on our FY2019E EPS estimate of 7.4p, this implies a dividend of 3.0p at a cash cost of £6.2m. Moving this dividend cover to 2.0x would imply a dividend of 3.7p (+23%) and a cash cost of £8.1m. Moving to 1.5x cover would imply a dividend of 4.9p (+60%) and a cash cost of £10.7m.

At the current 2.5x cover, we estimate Communis is currently yielding 4.8% looking out to FY2019E. At 2.0x cover this would rise to 5.6%.

Maintaining net debt / EBITDA at 1.0x could see a 15% return of cash within three years

In FY2019E, EBITDA is estimated to be £31.7m. Running net debt at a sustainable 1.0x EBITDA (FY2017 saw net debt at 0.8x EBITDA), implies surplus cash of c.£20m, equivalent to c.15% of the current equity market capitalisation.

Current valuation does not attribute any such probability

These are not explicit forecasts and have not been guided by management. Yet, they do demonstrate the degree of strategic flexibility the group currently enjoys. We do not believe the current valuation factors attributes any probability to the scenarios outlined above. At the very least, we believe the potential for these outcomes will provide a very solid floor to the valuation.

Sector Consolidation & Communis positioning

The Customer Experience segment alone, places Communis as one of the leading companies in the broad UK commercial printing sector and one of only a small number (certainly less than five) capable of delivering the largest transactional contracts (ie, national financial services, utilities, public sector and FMCG). This is before considering the breadth of offering outside pure volume printing fulfilment.

The decline in traditional print volumes has placed a great deal of stress on the analogue focused players and consolidation pressures have been mounting for some time. Communis has been more insulated than most as we have already highlighted.

Most recently; Advent International acquired Williams Lea Tag from Deutsche Post for an undisclosed sum. The latest available financials suggest WLT turned over c.£360m in the UK at a margin of less than 3.5% (considerably lower than Communis), following a long period of under-performance. Advent has indicated that sector consolidation played a key part in its thinking. Quoted peer, St Ives, has also been through a process of disposals as it exits from the pure volume market.

The Brand Deployment competitive landscape is far more fragmented and less exposed to volume decline. Growth is much more determined by geographical expansion and less by M&A.

What are the implications for Communis? Firstly, the company will have to choose whether they will be proactive or reactive participants in any further UK consolidation. Given the focus on driving overall mix away from pure traditional mail, we believe Communis will be less likely to be consolidators unless the initial deal pricing is compelling.

Secondly, successful consolidation elsewhere could result in excess capacity being taken out of the market. This may have a positive impact on underlying pricing although there is little visibility on this in the short term.

CUSTOMER EXPERIENCE – “One to One”

	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Revenue (£m)	261.6	209.8	185.1	189.3	188.4	189.3
EBITA (£m)	22.2	23.6	19.9	22.4	22.6	22.9
Margin	8.5%	11.2%	10.8%	11.8%	12.0%	12.1%

Source: Radnor Capital Partners, Communis

Customer Experience is the broadest of the two main segments in terms of breadth of customer offering. The term “One to One” captures the moment of communication between an organisation and the individual consumer or account holder. The critical challenge for Communis is to help their clients make these interactions and communications as personalised and impactful as possible and make sense of the responses generated.

This is where the broader marketing agency solutions reside, leveraging off the broader Customer Experience client base

- **Marketing and Agency Services.** Following the re-segmentation and restructuring of the PERSONA agency in FY2017, the majority of the old “Design” businesses fall into this classification. Key competencies include campaign strategy and planning; content creation and marketing; studio services and data analytics and insights. These services are marketed both on a standalone basis or as an up / cross sell to existing Customer Experience clients.

Communis is channel agnostic; traditional post is only part of the story

- **Customer Communications.** This is the best known of the Customer Experience segments and encompasses the traditional outbound direct mail business. However, the reality is that Communis is channel agnostic, handling the full range of channels (print, email, text, web and video). The entire communication chain is covered; from strategy and consultancy to template design, data aggregation and analysis, digital asset management, campaign delivery, material procurement and interaction analytics.
- **Enterprise Content Management.** This involves the physical handling of consumer data; capturing, converting, analysing, tagging and storing before integrating the data into existing customer CRM systems. This segment includes the Inbound transactional business, which handles incoming consumer interactions on behalf of the client.
- **Security Communications.** This segment is founded on the historic business of cheque printing but in more recent years has diversified into more specific fraud prevention applications and secure handling and distribution of high security items such as PIN numbers and payroll data.

As we have already highlighted, Customer Experience contains the broadest spread of margins in the group with c.38% of revenue generating at 20% plus margin with the majority of the remainder sitting below 10%.

The client list is built on well-known financial services and FMCG brands, reflecting the credibility of the CE offering

Key clients within Customer Experience include Centrica, AXA, HSBC, Barclays, HMRC, BBC, LV= and Lloyds Banking Group. The group extended their existing relationship with HSBC with a new 5 year marketing communications contract which will sit on top the existing content marketing and fulfilment relationship. The BBC / TV Licensing contract was renewed for another 6 years. Other contract renewals included Nationwide, Virgin Money and Co-Op.

Multi-year contracts are the norm and Communis has a very strong renewal track record

Typically, Customer Experience contracts are multi-year. For example; LV= commenced in March 2016 for a 6 year contract; HMRC commenced in July 2017 for a 5 year term. Overall, average contract length terms are c.5 years and Communis has a very good track record of renewing these major contracts. This reflects the ability of Communis to onboard clients quickly and to integrate back into client systems with minimal service disruption.

Regulatory tightening (not least GDPR) is likely to be a major

The broader regulatory environment (GDPR as well as financial services) continues to tighten, placing greater cost and risk burdens onto corporates. Communis has invested heavily to ensure that it is fully compliant with both the letter of the regulations but also the business process best practices that can be very costly for a client to implement on a standalone basis. This is a critical point as clients are placing greater emphasis on communications partners to be “trusted” to alleviate the growing risk burden. This is now a key purchase decision.

Evidence of a successful transition away from cost plus pricing could transform the market perception of the investment case

Key to the evolution of the Customer Experience division will be changing the approach to pricing. One of the reasons for the historically low margins in this segment has been the traditional use of cost plus pricing. This was a more appropriate model for a pure, commoditised commercial printing business but is no longer reflective of the range of services now provided by Communis. But old habits die hard and given existing multi-year contract terms this will not change the reported numbers overnight. However, visibility of progress on this front will be key to sustaining a material re-rating of the shares.

BRAND DEPLOYMENT – “One to Many”

	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Revenue (£m)	81.5	144.4	176.9	186.6	187.5	188.5
EBITA (£m)	13.8	14.1	16.2	16.5	16.9	17.5
Margin	17.5%	9.8%	9.2%	8.8%	9.0%	9.3%

Source: Radnor Capital Partners, Communis

Revenue and profit growth at a lower margin

Brand Deployment has been a key source of both revenue and profit growth for Communis, albeit at a lower margin than the Customer Experience segment. It is also the segment where the majority of the overseas business resides. The term “One to Many” signifies the in-retail audience that Communis managed brand activation and marketing solutions are targeting.

Brand Deployment is lower margin but is less capital intensive

Brand Deployment is a structurally lower margin business than Customer Experience, although it is far less capital intensive. Part of this margin differential is due to a lower proportion of higher value service and digital revenues and part is also due to a greater reliance on cost plus pricing models. This can negatively impact the group if contract pricing leaves Communis exposed to input cost pricing that cannot be passed through entirely. This was a factor in the decline in margin experienced in FY2017.

Two elements of the Value Enhancement Programme; Digital First and Empowered Organisation are intended to address these issues by increasing organisational efficiency and resource planning whilst devolving more P&L responsibility to local management teams.

Outsourcing is a powerful driver for Brand Deployment

Similarly, to Customer Experience, outsourcing is a powerful driver for Brand Deployment, perhaps more so. The key proposition is the provision of retail point of sale marketing services to FMCG clients across Europe and the Middle East. These functions were often undertaken in-house and Communis will transition these teams and assets in-house and then seek to deliver procurement and supply chain efficiencies as well as access to a broad geographic network as well as broad marketing consultancy services.

Key clients in this segment include Procter & Gamble, Johnson & Johnson, Nestle, Coty, Kellogg's and Barcardi.

As in Customer Experience, there are a range of services provided:

- **Agency Services.** The Shopper Marketing business is a key element here, focusing on the strategy behind retail placement and campaign management and the analytics of consumer retail buying patterns. This segment also offers physical design services and experiential and event management.
- **Supply Chain Management.** This focuses on the outsourcing and management of a complete procurement platform covering all the materials involved in rolling out a multi-territory retail campaign. Scale and volume are key selling points.
- **In-Store.** This is the end to end retail campaign management from initial concepts to in-store roll out, warehousing and fulfilment.

Communis is channel agnostic; traditional post is only part of the story

Brand Deployment is the where the FX risk resides

Brand Deployment is the prime source of overseas revenue and therefore FX exposure to Communis. The primary rate is £ : € and the main risk relates to translation as opposed to transactional. Product and material sourcing can be matched to the primary billing currency. FY2017 did see a negative FX impact (£1.3m negative swing relative to FY2016) due to Sterling weakness.

One of the key attractions of Brand Deployment is that, unlike Customer Experience, expansion is not capital intensive. The key is having the right team on the ground for managing and executing client campaigns. Sourcing and procurement, which are the key skills within the division, represent most of the material costs. Client account management and the design and consultancy services can be managed centrally.

Ultimately, geographical expansion is driven by client demand and is therefore, to a certain extent de-risked. Communis indicated at the FY2017 interim results that expansion into Russia and certain African territories were being considered. Currently, Brand Deployment has a presence in 17 countries.

FY2017 RESULTS - ESTIMATES & VALUATION

FY2017 final results

FY2017 final results showed another year of solid progress and came in ahead of expectations across a number of line items.

- **Customer Experience:** Revenue of £189.3m up 2% y/y. EBITA of £22.4m up 13% y/y with a 1% margin improvement to 11.8%
- **Brand Deployment:** Revenue of £186.6m up 5% y/y. EBITA of £16.5m up 2% with a 0.4% decrease in margin to 8.8%.
- Central and Corporate costs came in at £17.7m, up 6% y/y driven primarily by IT investment costs.
- Total group revenue of £375.9m (**+4% y/y** and marginally **ahead** of consensus).
- Adjusted EBITA of £21.2m (**+9% y/y** and 4% **ahead** of consensus). Overall group EBITA margin was 5.6%, up 0.2% on FY2016.
- Adjusted PBT of £17.2m (**+3% y/y** and in-line with consensus)
- Exceptional items were -£2.8m, a material decrease on FY2016 (£5.1m)
- Adjusted EPS of 6.4p (**+5% y/y** and marginally **ahead** of consensus)
- Net debt of £24.3m (FY2016 £30.4m) was **£0.7m** better than consensus.

FY2017 marked the fourth year of consistent revenue and profit growth, despite a continuing decline in underlying traditional print volumes. This has been driven by:

- Continuing growth of higher margin digital and service revenue versus traditional print in the UK, and
- Continued revenue and profit growth outside the UK, albeit at a reduced margin due to cost pressures.

The net interest line was negatively impacted by FX translation losses (-£0.4m in FY2017 vs. +£0.9m in FY2016).

The improved pension deficit position (£38.2m vs £55.5m) was driven by positive asset valuation movements and a reduction in assumed liabilities.

Despite a working capital outflow of £1.3m (large by Communis standards but still less than 0.5% of revenue), net debt was lower than expected at £24.3m, driven by a lower cash cost of exceptional items (-£2.7m vs -£3.7m) and capex (-£5.4m vs -£6.9m).

Radnor estimates

Below we highlight our key Income Statement estimates:

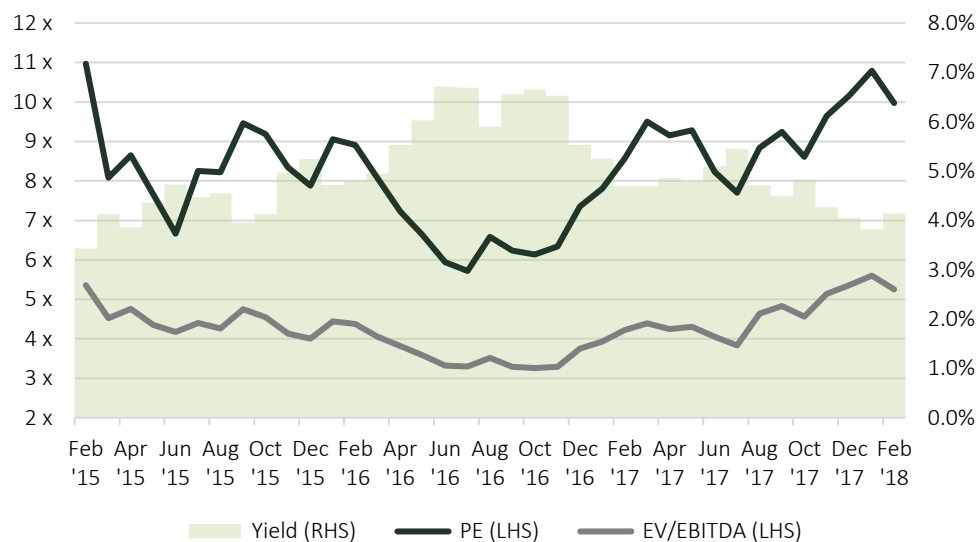
Income Statement Y/E Dec, £m	FY15	FY16	FY17		FY18E	y/y	FY19E	y/y
Customer Experience								
- Revenue	209.8	185.1	189.3	2%	188.4	-1%	189.3	0%
- EBITA	19.9	19.9	22.4	11%	22.9	2%	23.5	3%
- Margin	9.5%	10.8%	11.8%		12.2%		12.4%	
Brand Deployment								
- Revenue	144.4	176.9	186.6	5%	187.5	0%	188.5	0%
- EBITA	14.1	16.2	16.5	2%	16.9	2%	17.5	4%
- Margin	9.8%	9.2%	8.8%		9.0%		9.3%	
Revenue	354.2	361.9	375.9	4%	375.9	0%	377.8	1%
Contribution	34.0	36.1	38.9	8%	39.8	2%	41.0	3%
Central Costs	-13.0	-11.1	-11.8		-11.7		-11.5	
Corporate Costs	-6.4	-5.6	-5.9		-6.0		-6.0	
EBITA - Adj.	18.3	19.5	21.2	9%	21.8	3%	22.9	5%
- Margin	5.2%	5.4%	5.6%		5.8%		6.1%	
Net Finance Costs	-3.8	-2.8	-3.9		-2.8		-2.7	
PBT - Adj	14.5	16.7	17.2	3%	19.0	10%	20.2	6%
Goodwill	-1.2	-0.8	-0.7		-0.7		-0.7	
Non-Operating Items	4.0	-4.3	-2.1		-1.5		-1.5	
PBT - Reported	17.3	11.6	14.4	25%	16.8	16%	18.0	7%
Tax - Adjusted	-3.7	-4.0	-3.2		-4.2		-4.0	
Tax - Reported	-2.8	-3.0	-2.7		-4.2		-4.0	
EPS - Adj. Dil. (p)	5.2	6.1	6.4	6%	6.8	6%	7.4	9%
EPS - Basic (p)	7.0	4.1	5.4		5.8		6.4	
Dividend per share (p)	2.2	2.4	2.6	7%	2.9	10%	3.1	10%
Diluted Shares (m)	207.7	209.5	218.2		218.2		218.2	

- Overall, we assume flat revenues in Customer Experience due to the mix effect of growth in digital and services offsetting print volume decline. We also assume a net margin benefit throughout this period. If the Value Enhancement Programme proves successful the main benefit will be felt at the margin level, where our current estimates are most likely to be over cautious.
- Within Brand Deployment, we expect revenue growth to outstrip Customer Experience and we also anticipate a return to FY2016 margin levels within two years.
- We expect Central Costs to remain broadly in line in FY2017 (efficiency gains to be offset by continued IT investment).
- We expect future exceptional items to be materially lower in future years at £1.5m per annum to reflect further cost saving and restructuring items.
- We also assume a decreasing net interest charge to reflect lower net debt levels and the steady erosion of the net pension deficit through continuing cash contributions.

Valuation

In Figure 4 below, we show the evolution of the Communis 1 year forward PE and EV/EBITDA multiples and the forward dividend yield over the last three years. This is based on market consensus forecasts

Figure 4: Communis 1 year forward PE, EV/EBITDA and dividend yield history



Source: FactSet

- We can see that since August 2016, Communis has enjoyed a material upwards PE re-rating (+75%), albeit off a low base.
- This has only in part been driven partly by earnings upgrades (consensus for FY2017 has ticked up 2% over the last 18 months).

We believe the following have been likely catalysts:

1. The restructuring of the old Design segment has removed a number of under-performing assets, simplified the group structure and removed a source of management distraction. Group trading commentary has become increasingly forward looking throughout this period.
2. It has become increasingly clear that the UK traditional print business has performed better than many had expected. New client wins and retentions have more than offset underlying print volume declines, allowing a clearer focus on higher margin opportunities.
3. A steady re-appraisal of the underlying strength of cash generation and the balance sheet. The narrowing of the pension deficit has been of optical benefit as it has sharpened focus on how the balance sheet could look going forward.
4. Poor news-flow from elsewhere in the sector has not fed through into Communis numbers. This has underlined the relative strength of the Communis strategic positioning and robustness of the diversified business model.

How does the Communis valuation compare to other listed peers? The closest comparator is St Ives, which has been dealing with its own specific issues and corporate restructuring

process. Although not a perfect comparison, we do believe Communis should be viewed alongside the Small Cap Agency peer group.

- 60% of group revenue comes from digital and other agency services.
- Although much of the Communis offering revolves around a business process outsourcing model, client marketing budgets will be the primary source of revenue.

Figure 5 below shows the key valuation metrics across the Small Cap Agency peer group. We have highlighted St Ives (SIV), in particular.

Figure 5 - Peer Group Headline Valuation Metrics									
	Price	Market Cap		PE		EV/EBITDA		Div Yield	
		Price	Cap	EV	FY1	FY2	FY1	FY2	FY1	FY2
Cello	122 p	£127 m	£134 m	15.2 x	14.5 x	9.9 x	9.2 x	2.9%	3.1%
Ebiquity	78 p	£61 m	£88 m	8.0 x	8.9 x	11.3 x	11.3 x	0.9%	1.0%
Huntsworth	84 p	£278 m	£305 m	15.7 x	13.6 x	10.6 x	9.3 x	2.3%	2.4%
M&C Saatchi	406 p	£333 m	£347 m	17.3 x	16.2 x	11.5 x	10.3 x	2.3%	2.6%
Next Fifteen	446 p	£339 m	£360 m	16.3 x	14.2 x	10.3 x	8.8 x	1.4%	1.7%
YouGov	339 p	£356 m	£333 m	32.1 x	28.0 x	17.7 x	15.4 x	0.7%	0.8%
Small Cap Agencies				14.8 x	14.2 x	11.4 x	10.3 x	1.8%	1.9%
Tarsus	304 p	£344 m	£432 m	17.6 x	10.7 x	13.9 x	9.1 x	3.4%	3.6%
STV Group	370 p	£145 m	£179 m	8.6 x	7.6 x	7.3 x	6.7 x	5.0%	5.3%
ITE	166 p	£447 m	£519 m	20.2 x	18.1 x	17.3 x	15.6 x	2.4%	2.7%
Bloomsbury	172 p	£130 m	£113 m	13.4 x	13.0 x	7.6 x	7.1 x	4.1%	4.3%
Wilmington	249 p	£217 m	£263 m	11.9 x	11.0 x	9.3 x	8.7 x	3.6%	3.7%
Small Cap Media				13.1 x	11.2 x	9.9 x	8.6 x	3.7%	3.9%
St Ives	84 p	£119 m	£174 m	6.5 x	6.3 x	5.1 x	5.0 x	2.3%	2.3%
Communis	64 p	£139 m	£158 m	9.4 x	8.8 x	5.1 x	5.0 x	4.5%	4.9%

Source: Radnor Capital Partners, Communis

Figure # - Peer Group Headline Valuation Metrics

	Price	Market Cap		PE		EV/EBITDA		Div Yield	
		Cap	EV	FY1	FY2	FY1	FY2	FY1	FY2
Cello	122 p	£127 m	£134 m	15.2 x	14.5 x	9.9 x	9.2 x	2.9%	3.1%

	1	7	3	1	4	9	2	0
	p	m	m	x	x	x	x	%
	8	£	£	8	9	1	1	0
Ebiquity	4	6	9	.	.	1	1	.
	p	6	3	7	5	9	9	8
		m	m	x	x	x	x	%
	7	£	£	1	1	9	8	2
Huntsworth	8	2	2	4	2	.	.	.
	p	6	3	5	6	8	6	4
		m	m	x	x	x	x	%
	4	£	£	1	1	1	1	2
M&C Saatchi	0	3	3	7	6	1	0	.
	p	2	4	.	.	.	.	4
		6	0	3	1	2	1	%
		m	m	x	x	x	x	
	4	£	£	1	1	1	1	1
Next Fifteen	4	3	3	6	4	0	8	.
	p	3	6	.	.	.	.	4
		9	0	3	2	3	8	%
		m	m	x	x	x	x	
	3	£	£	3	2	1	1	0
YouGov	3	3	3	2	8	7	5	.
	p	5	3	.	.	.	.	7
		7	4	1	0	7	4	%
		m	m	x	x	x	x	
				1	1	1	1	1
Small Cap Agencies				5	4	1	0	8
				%
				0	2	3	2	8
				x	x	x	x	%
	3	£	£	1	1	1	9	3
Tarsus	1	3	4	7	0	4	.	.
	p	5	3	.	.	.	3	3
		1	9	9	9	1	x	%
		m	m	x	x	x	x	
	3	£	£	8	7	7	6	5
STV Group	6	4	7	.	.	.	.	.
	p	4	8	5	5	3	7	0
		m	m	x	x	x	x	%
	1	£	£	1	1	1	1	2
ITE	6	4	5	9	7	7	5	.
	p	3	0	.	.	.	.	5
		7	9	7	7	0	3	%
		m	m	x	x	x	x	
	1	£	£	1	1	7	7	4
Bloomsbury	7	1	1	3	3	.	.	.
	p	3	1	.	.	6	1	1
		0	3	4	0	x	x	%
		m	m	x	x	x	x	
	2	£	£	1	1	9	8	3
Wilmington	4	2	2	1	0	.	.	.
	p	1	5	.	.	1	6	7
				.	.	x	x	%

	3 9	7 8			
	m m	x x			
Small Cap Media		1 1	9 8	3	
		3 1	. .	. .	. .
		0 1	8 6	7	7
		x x	x x	x x	%
St Ives	£ £	5 5	4 4	2	
	7 1 1	. .	. .	. .	. .
	2 0 5	5 4	7 5	7	7
	p 3 7	x x	x x	x x	%
	m m				
Communis	£ £	9 8	5 5	4	
	6 1 1	. .	. .	. .	. .
	6 4 6	7 9	3 1	3	3
	p 4 2	x x	x x	x x	%
	m m				

- Communis currently trades at a 36% PE discount and a 150% dividend yield premium to the Small Cap Agency peer group.
- However, the earnings growth gap is not as steep as one might think. Underlying EPS growth for the peer group is c.12% per annum across the next two years compared to 7% for Communis without any near the same level of dividend support.
- There is a broad spread of capital structures in the peer group and even if we were to fully load the Communis EV for the net pension deficit (which takes the prospective EV/EBITDA multiple from 5.1x to 6.2x), Communis would still trade on a 43% discount to the Small Cap Agency peer group.

Communis plc

Iain Daly
+44 203 897 1832
id@radnorp.com

Price (p): 64 p
Market Cap: 139 m
EV: 159 m

PROFIT & LOSS

Year to 31 January, £m	2015	2016	2017	FY18e	FY19e
Customer Experience	209.8	185.1	189.3	188.4	189.3
Brand Deployment	144.4	176.9	186.6	187.5	188.5
Group Net Revenue	354.2	361.9	375.9	375.9	377.8
Customer Experience	23.6	19.9	22.4	22.6	22.9
Brand Deployment	14.1	16.2	16.5	16.9	17.5
Central Costs	(13.0)	(11.1)	(11.8)	(11.7)	(11.5)
Head Office	(6.4)	(5.6)	(5.9)	(6.0)	(6.0)
EBITA - Adjusted	18.3	19.5	21.2	21.8	22.9
Associates & JV's	-	-	-	-	-
Net Interest	(3.8)	(2.8)	(3.9)	(3.0)	(2.7)
PBT - Adjusted	14.5	16.7	17.2	18.8	20.2
Non Operating Items	2.8	(5.1)	(2.8)	(2.2)	(2.2)
PBT - IFRS	17.3	11.6	14.4	16.6	18.0
Tax	(2.8)	(3.0)	(2.7)	(4.1)	(4.2)
Tax - Adjusted	(3.7)	(4.0)	(3.2)	(4.1)	(4.2)
Tax rate - Adjusted	25.6%	23.7%	18.9%	21.6%	23.6%
Minority interests	-	-	-	-	-
No. shares m	207.3	209.2	218.0	218.0	218.0
No. shares m, diluted	207.7	209.5	218.2	218.2	218.2
IFRS EPS (p)	7.0	4.1	5.4	5.8	6.3
Adj EPS (p), diluted	5.2	6.1	6.4	6.8	7.3
Total DPS (p)	2.2	2.4	2.6	2.9	3.1

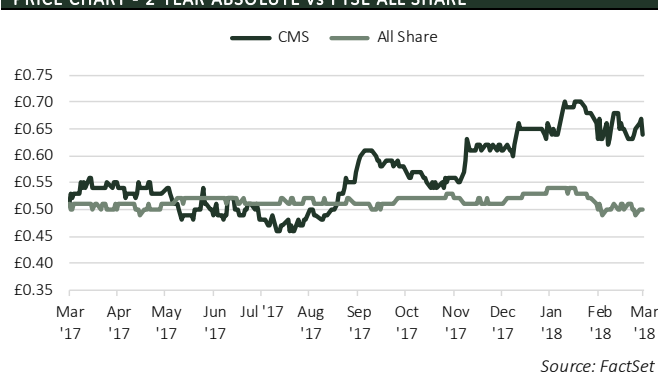
CASH FLOW

Year to 31 January, £m	2015	2016	2017	FY18e	FY19e
EBITDA	29.3	29.4	30.4	30.8	31.7
Pension Contribution	(2.9)	(2.8)	(4.0)	(4.0)	(4.0)
Working Capital	0.2	(0.5)	(1.1)	(1.4)	(0.8)
Other	(2.4)	(3.7)	(2.6)	(1.5)	(1.5)
Cash from Ops	24.2	22.3	22.6	23.9	25.4
Cash Interest	(2.3)	(2.0)	(1.8)	(1.8)	(1.6)
Cash Tax	(1.6)	(2.3)	(3.4)	(4.1)	(4.2)
Tangible Capex	(4.2)	(3.1)	(1.3)	(4.0)	(4.5)
Intangible Capex	(6.8)	(2.6)	(3.7)	(1.9)	(2.8)
Free Cashflow	9.3	12.3	12.5	12.1	12.2
Inv in new contracts	-	(1.2)	(0.7)	(1.1)	(0.2)
Dividends	(4.3)	(4.8)	(5.2)	(5.7)	(6.2)
Acquisitions & Inv.	(0.0)	(0.3)	(9.3)	-	-
Financing	(1.5)	(3.4)	(5.5)	(0.2)	(0.6)
Net Cashflow	3.5	2.7	(8.3)	5.2	5.2
Net Cash (Debt)	(39.4)	(30.4)	(24.3)	(19.1)	(13.9)

BALANCE SHEET

Year to 31 January, £m	2015	2016	2017	FY18e	FY19e
Intangibles	192.4	187.9	186.1	183.8	180.6
P,P+E	23.1	21.6	19.3	17.1	17.8
Tax Asset & Other	4.5	7.2	6.6	7.0	7.0
Total Fixed Assets	220.0	216.8	212.0	207.9	205.4
Net Working Capital	(12.7)	(12.7)	(10.4)	(8.7)	(8.7)
Capital Employed	207.3	204.1	201.7	199.2	196.7
Pension Deficit	(41.1)	(55.5)	(38.2)	(34.2)	(30.2)
Net Debt	(39.4)	(30.4)	(24.3)	(19.1)	(13.9)
Net Assets	126.8	118.2	139.1	145.9	152.5

PRICE CHART - 2 YEAR ABSOLUTE vs FTSE ALL SHARE



SHAREHOLDERS

	% of ord. Share capital
Richard Griffiths	19.6%
Janus Henderson	10.0%
Crux Asset Mgmt	5.7%
Majedie Asset Mgmt	5.1%
Axa Fram Inv Mgrs	3.5%
Slater Inv	3.0%
Dimensional	2.8%
Miton Asset Mgmt	2.8%
Total	52.5%

RATIOS

	2015	2016	2017	FY18e	FY19e
RoE	8.5%	10.8%	10.0%	10.1%	10.4%
RoCE	8.8%	9.5%	10.5%	11.0%	11.6%
Asset Turnover (x)	0.6x	0.6x	0.6x	0.6x	0.5x
NWC % Revenue	3.6%	3.5%	2.8%	2.3%	2.3%
Op Cash % EBITDA	82.5%	76.0%	74.5%	77.6%	80.1%
Net Debt / EBITDA	1.3x	1.0x	0.8x	0.6x	0.4x

VALUATION

Fiscal	2015	2016	2017	FY18e	FY19e
P/E	12.4x	10.5x	10.0x	9.5x	8.8x
EV/EBITDA	5.4x	5.4x	5.2x	5.1x	5.0x
Div Yield	3.4%	3.8%	4.1%	4.5%	4.9%
FCF Yield	5.9%	7.8%	7.9%	7.7%	7.7%
EPS growth		17.1%	5.5%	5.6%	8.0%
DPS growth		10.0%	7.4%	10.0%	10.0%

REGULATORY DISCLOSURES

Radnor Capital Partners Ltd is authorised and regulated by the Financial Conduct Authority.

*Radnor Capital Partners Ltd
27 Clements Lane
London
EC4N 7AE*

www.radnorcp.com

DISCLAIMER

*Copyright 2018, Radnor Capital Partners Ltd. All rights reserved. This report has been commissioned by **Communis PLC** and prepared and issued by **Radnor Capital Partners Ltd**. All information used in this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the analyst at the time of publication. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.*

This report is not intended as a solicitation or inducement to buy, sell, subscribe or underwrite any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. However, Radnor Capital Partners Ltd does have strict rules relating to personal dealings by individuals employed or instructed to help prepare investment research. A copy of these rules is available upon request. Radnor Capital Partners Ltd does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contracted persons or entities may have a position in any or related securities mentioned in this report. Radnor Capital Partners Ltd, or its affiliates, may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and can be subject to volatility. In addition, it may be difficult to or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. To the maximum extent permitted by law, Radnor Capital Partners Ltd, or its affiliates and their respective directors, officers and employees will not be held liable for any loss or damage as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication.