EDISON

CentralNic Group

A scaling player in online services

Company outlook

Software & comp services

CentralNic provides domain name services and online marketing, focused on consolidating a highly fragmented global market. It offers a broad range of internet services, including reseller services, to corporates and SMEs (Online Presence), as well as monetisation services (Online Marketing) to domain investors. The group strategy is to benefit from structural market growth, building its two segments and diversifying the group's revenues through cross-selling and upselling services. CentralNic has achieved a five-year revenue CAGR to FY20 of 78%. The company is valued on an FY21 EV/EBITDA multiple of 12.6x and a P/E of 17.4x, a material discount to its peer group, with our DCF underlining the discount to fair value. We would expect future M&A to bring CentralNic's multiples down further.

Year end	Revenue (US$m)	Adjusted EBITDA* (US$m)	PBT* (US$m)	EPS** (c)	DPS (c)	P/E (x)
12/19	109.2	17.9	16.1	9.24	0.0	21.8
12/20	241.2	30.6	19.8	10.57	0.0	19.0
12/21e	384.1	43.0	29.7	11.57	0.0	17.4
12/22e	420.2	48.0	33.6	12.24	0.0	16.4

Note: *Excludes impact of share-based payments, share option expense, foreign exchange charges and non-core operating costs. **FY21e and FY22e EPS figures reflect 228.8m voting shares in issue.

Recurring revenues with attractive cash dynamics

CentralNic's Online Presence division operates in a growing, subscription-based, technology-enabled global market (management estimates a US$30bn addressable market, 6% growth). Online Marketing operates in a US$400bn market, with 20%+ growth. Both divisions offer attractive cash dynamics, with operating cash conversion of c 100%. Customers tend to be sticky, becoming stickier the longer they remain (FY20: 99% recurring revenues). CentralNic operates a leveraged 'buy and build' model, with M&A adding to organic growth.

Resilient, M&A-driven business model

CentralNic completed one major acquisition in FY20, Codewise (Online Marketing), which follows four acquisitions in FY19: TPP Wholesale, Hexonet and Ideegeo (Online Presence) and Team Internet (Online Marketing). In FY21, CentralNic has completed the US$3.7m (plus a US$0.7m earn-out) acquisition of SafeBrands (Online Presence), a brand protection software provider, Wando Internet Solutions (Online Marketing), for US$13.0m in cash (including a US$6.5m earn-out) and a publishing network of revenue generating websites from White & Case (Online Marketing) for US$6.5m in cash. With 9M21 net debt of US$79m, leverage of 15% and net debt/EBITDA of 2.6x, CentralNic retains capacity for further M&A.

Valuation: Growth story, but discount remains

Based on Edison's estimated 59% sales growth in FY21 (estimates raised with the Q321 trading update), CentralNic offers some of the strongest growth among its peers, yet trades on an FY21 P/E multiple of 17.4x and 16.5x for FY22e. Whether we compare CentralNic to web services or online marketing, the shares continue to trade at a material discount to its global peers, with our NPV analysis underlining the significant discount to theoretical fair value.

22 November 2021

Price	**150p**
Market cap	**£343m**
	£1.34/US$
Net debt (US$m) at 30 September 2021	79
Shares in issue (excluding employee benefit trust)	228.8m
Free float	55.3%
Code	CNIC
Primary exchange	AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	19.5	57.9	78.0
Rel (local)	19.1	55.2	54.1
52-week high/low		150p	81p

Business description

CentralNic Group provides the essential tools for businesses to go online, operating through two divisions: Online Presence (Reseller, Corporate, and SME); and Online Marketing. Services include domain name reselling, hosting, website building, security certification and website monetisation.

Next events

Q421 trading update	31 January 2022
FY21 preliminary results	28 February 2022
FY21 annual report	4 April 2022

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Investment summary

Investment case: Consolidating fragmented markets

CentralNic Group is a leading global vendor of online services (management estimates that 12% of domains globally use at least one of CentralNic's platforms), supplying the tools needed for businesses to develop their online presence, providing domain names, hosting, websites, email, website security and brand protection, as well as providing domain monetisation services using its proprietary technology stack.

CentralNic operates through two divisions:

- **Online Presence:** CentralNic sells domain name subscriptions, a key element of the internet that is required for operating email and websites. Companies sometimes hold domain name portfolios for brand protection purposes. Domain investors, who buy and sell domains, also own domain name portfolios and monetise the traffic they generate.
- **Online Marketing:** internet traffic monetisation is the group's second core activity, established in 2019 with the acquisition of Team Internet, and growing to represent the majority (59%) of gross revenue in 9M21.

Both divisions share characteristics including high recurring revenues, c 100% operating cash conversion and attractive customer stickiness, with significant opportunities for upselling and cross-selling. Key investment characteristics include:

- **Low-priced, critical service:** domain names are low-cost acquisitions essential to an online presence for corporates and marketing and, as such, largely immune to economic downturns.
- **US$30bn market for Online Presence, US$400bn for Online Marketing:** management estimates the domain name registry market to be worth c US$5bn, with 3% growth, while it estimates that domain-related value-added services (website builders, website hosting, email software, etc) offer an additional US$25bn market, growing at c 6% annually. In 2020, online marketers spent c US$400bn to acquire internet traffic, with demand growing at over 20% pa. Both markets are highly fragmented, served by smaller independent companies, providing the opportunity for CentralNic to gain market share.
- **High-growth:** CentralNic has delivered a five-year FY15–20 revenue CAGR of 78%. In 2020, the group invested in new staff and systems to drive growth, delivering strengthening organic growth throughout 2021 (Q121: 16%, H121: 20%, 9M21: 29%). Edison is estimating current year FY21 growth of 59%. Future growth will be supplemented by cross-selling and upselling as well as M&A.
- **Subscription-based, recurring revenue model:** recurring revenue was 99% of total revenues in FY20. For Online Presence, clients pay an annual fee in advance for each domain owned and, once a brand has been built around a domain, it becomes increasingly unlikely over time that any given domain will be retired, meaning revenue becomes increasingly recurring. Online marketing services are billed regularly on utility-style rolling contracts.
- **Highly predictable renewal rates:** management estimates that 79% of .com domain names renew each year, increasing to over 95% for older, established domain names. Other domains, although not as well-established as .com, demonstrate similar renewal trends. Low churn, mature domains support a strategy focused on M&A over organic client acquisition.
- **High customer stickiness:** customer retention in Online Presence is high (>98% in any given year), with the benefit of swapping supplier marginal and the effort prohibitive for all but the heaviest users across the industry. The average Online Marketing customer has been using CentralNic's service for around five years.

- **Operating cash conversion of around 100%:** domain payments are annual in advance, with marketing campaigns also paid in advance, meaning that adjusted operating cash conversion was 113% in 9M21, and is expected to remain around 100% for FY21 and in the future.

Operating in highly fragmented global markets

In 2020, c US$400bn was spent acquiring internet traffic by online marketers, with demand growing at over 20% annually. Management estimates the size of the domain name market to be around US$5bn with 3% growth, while the value-added services related to and bundled with domains (website builders, website hosting, email software, etc) has annual revenues of an additional US$25bn, growing at 6% annually. Each of these markets is highly fragmented, with a large number of small and mid-sized companies addressing specific market niches or territories.

Strategy: Combining market growth, cross-selling and M&A

Operationally, management's strategy is to benefit from structural market growth, building its marketing business as well as on the group's underlying domain registry customer base, diversifying the group's revenues through the cross-selling and upselling of services. Growth is supplemented by an acquisition strategy focused on consolidating a fragmented market, particularly targeting secondary markets where competition is less intense and acquisition multiples are lower.

Outlook: Margins to improve as business scales

In the short term, management expects the strong organic growth seen in 9M21 to be sustained at least for the remainder of the year. In the medium term, as investment levels plateau, management expects that CentralNic's recurring revenue model and strong cash generation will provide operating leverage as the business scales. CentralNic has a full M&A pipeline and comfortable levels of net debt (30 September 2021: US$79m), with interest cover sustainable given the group's profitability and cash generation (9M21: 113% adjusted cash conversion).

Financials: 9M21 organic growth of 29%

Benefiting from its FY20 investment programme, CentralNic continued to trade strongly, both during lockdown and afterwards. The company delivered 9% y-o-y organic revenue growth in FY20, 16% in Q121, 20% in H121 and 29% in 9M21, with contributions from all business lines. In its Q321 trading statement, CentralNic reported a further acceleration of organic growth driven by investment. 9M21 revenue reached US$282m (67% y-o-y growth), with adjusted EBITDA of US$32m (46% y-o-y growth) versus 9M20 figures of US$168.5m and US$22.1m, respectively. The adjusted EBITDA margin of 11.5% was slightly below the 11.7% for H121, as growth continued to be led by the lower-margin Online Marketing segment. With adjusted operating cash conversion in excess of 100%, cash at period end rose to US$54m (H121: US$39.5m), with net debt falling to US$78.6m (H121: US$83.8m) despite US$12.8m spent on acquisitions during the period.

Valuation: Discount to global peers remains

After a slowdown in M&A activity in FY21, we believe that the share price's 50% rise over the last six months reflects a growing understanding of CentralNic's business, a belief in the group's underlying growth potential and reduced concerns over the level of debt-funded M&A. CentralNic has delivered a five-year FY15–20 revenue CAGR of 78%, with Edison estimating 59% revenue growth in FY21. As such, CentralNic offers some of the strongest growth among its peers, yet trades on P/E multiples of 17.4x in FY21e and 16.5x in FY22e. Whether we compare CentralNic to web services or online marketing, the shares continue to trade at a material discount to its global peers, with our net present value (NPV) analysis underlining the significant discount to theoretical fair value.

A global website services company

CentralNic was established in 2000, as a successor organisation to NomiNation, a company founded in 1995. CentralNic listed on AIM on 2 September 2013 and since listing has continued to grow through a combination of organic growth and M&A. Prior to the acquisition of Team Internet in December 2019, CentralNic's main business was the development and management of software platforms to allow businesses to buy internet domain names (Online Presence), essential for websites and email addresses. The acquisition of Team Internet brought domain monetisation (Online Marketing) into CentralNic's armoury. Supported by the acquisition of Codewise in December 2020, the Online Marketing segment now represents the majority of group revenues.

The company has been highly acquisitive, having bought 15 businesses since its initial public offering (IPO), including four in 2019, one in 2020 and three (to date) in 2021. In total, the group has spent c US$270m on acquisitions since IPO. As a result, revenue has increased from US$4.1m in FY13 to our estimate of US$384m for FY21, a CAGR of 76%.

In FY20, CentralNic employed c 405 staff.

International market leader

CentralNic has a global business, with hundreds of thousands of direct and indirect customers from countries around the world. CentralNic has built its market position steadily, with comprehensive rights to web address inventory secured over 20 years. Today, CentralNic touches tens of millions of websites and domains, including exclusive rights to revenue-generation from traffic from 20m domains. Management estimates that more than 45m domains use at least one of CentralNic's platforms (12% of domains globally). Not only does this highlight CentralNic's reach, but it also underlines the opportunity for upselling services to customers with only a single touchpoint today. In total, over 100 suppliers globally depend exclusively on CentralNic's technology, billing, cash collection and other services.

Customers include:

- 300+ direct enterprise clients, including 10 from the Global 1000,
- 4,500 online marketers/media buying platforms, which use CentralNic's customer acquisition tools,
- 20,000 reseller customers, including large global resellers (Alphabet, Amazon, Alibaba, etc), and
- 300,000+ direct SMEs.

CentralNic is the number two domain-name reseller globally and number one in the new top-level domain (nTLD) market, with over 40% market share of nTLDs by volume (ntldstats.com/backend).

Operating performance

CentralNic saw strong growth in both Online Marketing and Online Presence in 9M21, as the group's investment in new management, staff and systems accelerated organic growth, supported by acquisition-driven growth. Team Internet's PubTONIC media buying business was the principal driver of the Online Marketing segment's exceptional organic growth, together with strong traction for CentralNic's privacy-safe online marketing technologies amid tightening industry practices (eg the ban on third-party cookies in Google Chrome and Apple's App Tracking Transparency framework in iOS 14.5). New customer wins for the Registry business included JISC (March 2021) and Dot London (May 2021).

Given the difficulties of switching suppliers, customers in the domain industry tend to be very sticky, meaning client wins from other suppliers are relatively rare and customer losses are limited too.

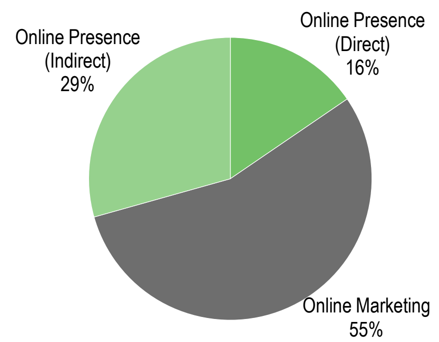
Despite this dynamic, CentralNic continued to win customers from its competitors due to a focus on expert service, close collaboration with clients, and feature rich, flexible and automated technology.

Significant customer wins in the Indirect segment (Online Presence) included Jisc and Intercap, as well as registry service contracts for the TLDs .auto, .beauty, .build, .car, .cars, .cfd, .cyou, .hair, .makeup, .quest, .skin and .uno. Major client wins in the Direct segment (Online Presence) in 2020 included Deutsche Telekom/T-Systems, Bauer Media, UNHCR, Ariston, Ferguson Plc, Argon Medical Devices, 1300 FLOWERS, ANZ Bank and Westpac Banking. In the Monetisation business (Online Marketing), notable new customer wins included Vodacom, the biggest carrier in South Africa, and Sovrn, a global player in e-commerce adtech.

In CentralNic's Corporate segment, domains under management increased from 137,000 to 154,000 in 2019 (+12%), with an increase in client demand as well as new client wins.

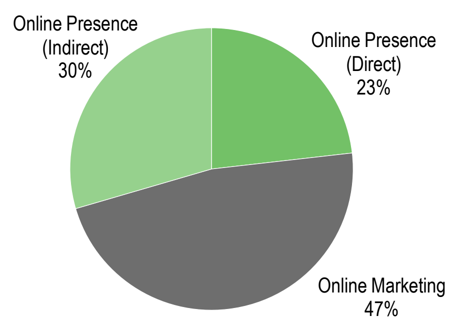
Segmental analysis: Online Presence, Online Marketing

Exhibit 1: H121 gross revenue split



Source: CentralNic

Exhibit 2: H121 net revenue split



Source: CentralNic. Note: Net revenues are taken after cost of sales, including revenue share and commissions.

Online Presence

CentralNic has combined the Direct and Indirect segments (domain name sales and value-added services) and henceforward will report on Online Presence, alongside Online Marketing, as its two divisions in the future.

CentralNic is a world leader in its Indirect segment, supplying domain names and other services to the largest and best known retailers of domains as well as a long tail of over 25,000 resellers. The segment includes CentralNic Registry Services, the world's premier distributor of nTLDs, and SK-NIC, operator of the official country code domain for Slovakia. The segment also includes the reseller business, which allows retailers to procure and resell virtually any domain name in the world, through a single API, with a single invoice.

The Direct segment includes the group's enterprise businesses, which service large corporations that view domain names as a form of intellectual property similar to trademarks. It also includes the group's SME and domain investor-focused retail businesses. Revenues in the enterprise division were negatively affected by COVID-19 (as a number of clients postponed spending in 2020). However, the performance of these enterprise customers has since recovered, returning the segment to growth. The SME and domain investor-focused retail businesses grew during 2020, but only enough to balance the decline experienced in the enterprise market.

For 9M21, growth in domain name sales accelerated, but value-added services performed even more strongly, with overall organic growth for Online Presence of 9%, primarily driven by the group's Wholesale and Enterprise businesses. In H121, the Indirect segment reported organic growth of 12% led by key Wholesale brands notably in North America. In the Direct segment, both Retail and the Enterprise businesses continued to grow, with 10% organic growth. The segment was also lifted by the acquisition of SafeBrands in January 2021.

Exhibit 3: Segmental breakdown

	Gross revenues (US$m)			Net revenues/gross profit (US$m)			Gross margins			Domains under management (m)
	FY20	H121	9M21	FY20	H121	9M21	FY20	H121	9M21	FY20
Direct	43	27	-	20.5	12.8	-	47%	47%	-	2.3
Indirect	86	51	-	25.8	16.3	-	30%	32%	-	26.5
Online Presence	129	78	115	46.3	29.1	42	36%	37%	37%	28.8
Online Marketing	112	96	167	30.0	26.1	43	27%	27%	26%	23.0
Total	241	175	282	76.3	55.2	85	32%	32%	30%	51.8

Source: CentralNic, Edison Investment Research

Online Marketing

CentralNic moved into internet traffic monetisation at the very end of 2019, with the acquisition of Team Internet, bringing proprietary technology that enables the sale of domain name traffic, as well as traffic from websites and apps. The acquisitions of Codewise (Zeropark, Voluum) in December 2020 and Wando Internet Solutions expanded the service offering to a full suite of online customer acquisition solutions, including data analytics. Supported by these acquisitions, Online Marketing now accounts for the majority of both gross (9M21: 59%) and net (9M21: 50%) revenues.

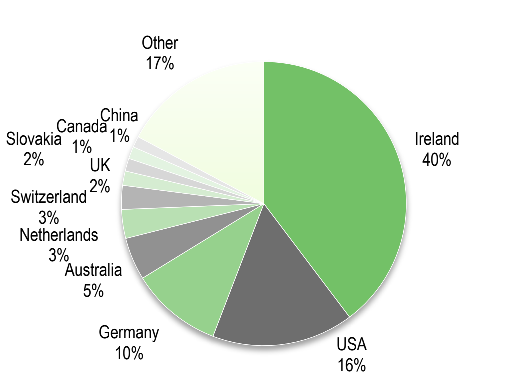
It is worth reiterating that none of CentralNic's marketing platforms rely on third-party cookies, collect personal data or rely on Google Search for website discovery. In this respect, CentralNic's marketing offering should be immune to changes in search algorithms, cookie regulation and privacy policies and, instead, expects to benefit from privacy restrictions implemented by Apple and Google Chrome, as traffic is displaced from other channels.

Online Marketing remained CentralNic's fastest growing segment, with 9M21 organic revenue growth of 47%, a further acceleration from 28% in H121. 9M21 gross revenues rose 129% y-o-y to US$167m (9M20: US$73m), with net revenues of US$43m and gross margins of 26%. Growth was driven particularly by PubTONIC, Team Internet's customer acquisition and media buying platform, as well as the acquisitions of Zeropark, Voluum and Wando.

Broad geographical footprint

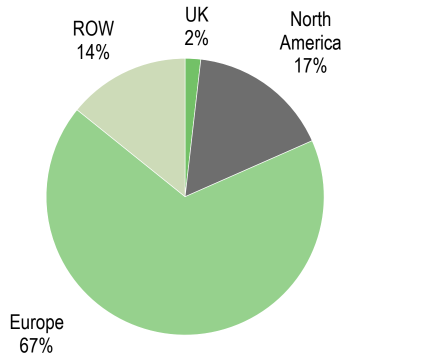
Regionally, Europe and North America together accounted for the lion's share of gross revenues (9M21: 84%). With the development of Online Marketing, Ireland has become the group's most important jurisdiction (40% of FY20 revenue) with many major global companies choosing to base their operations in the country, with Germany (KeyDrive, Hexonet, Team Internet, Wando) and Australia (TPP Wholesale, Instra) prominent as the home markets for group businesses. Conversely, the importance of the United States, the home market for GoDaddy, has reduced from 34% of revenues in FY16 to 16% in FY20. This reflects CentralNic's strategy of consolidating fragmented markets, rather than going head-to-head with the sector's market leaders.

Exhibit 4: FY20 revenue by client location



Source: CentralNic. Note: Ireland is the legal residence of a number of customers

Exhibit 5: 9M21 revenue by region



Source: CentralNic

M&A: Strong pipeline, debt headroom

CentralNic completed one major acquisition in FY20, Codewise (Online Marketing), which follows four acquisitions in FY19: TPP Wholesale, Hexonet and Ideegeo (Online Presence), and Team Internet (Online Marketing). In FY21, CentralNic has completed three acquisitions: the US$3.7m (plus a US$0.7m earn-out) acquisition of SafeBrands (Online Presence), a French-based brand protection software provider, Wando Internet Solutions (Online Marketing), for US$13.0m in cash (including a US$6.5m earn-out), and the acquisition of White & Case Ltd (Online Marketing), a publishing network of revenue generating websites, completed on 1 October 2021.

- **SafeBrands (January 2021)**: an online brand protection software provider and corporate registrar, based in Paris, acquired for up to €3.6m (0.9x FY19 revenue) in cash, with €3m payable upfront and €0.6m payable in FY20 subject to performance criteria. SafeBrands was approximately break-even in FY19. Strategically, SafeBrands' presence in France complements CentralNic's German-based brand services business and helps to position CentralNic as the European leader in corporate domain portfolio management and online brand protection.
- **Wando Internet Solutions (February 2021)**: a social marketing, display and SEM advertising company based in Berlin, acquired for up to US$13.0m in cash (2.2x revenues, 9.0x EBITDA), with 50% payable upfront and a 50% performance-based deferred cash consideration in H222. In FY20, Wando generated revenue of €4.9m and EBITDA of €1.2m, deriving more than half its revenues through CentralNic's network.
- **White & Case (October 2021)**: as part of a vertical integration strategy to provide exclusive traffic to Online Marketing, CentralNic acquired a publishing network of revenue generating websites from White & Case for US$6.5m in cash, a multiple of 4.3x FY22 EBITDA. As CentralNic is already monetising c 50% of the websites' traffic, the acquisition is expected to deliver additional revenue in FY22 of c US$1.0m and c US$1.5m of additional EBITDA (reflecting a US$0.5m fall in COGS). The acquisition will be immediately earnings accretive.

CentralNic remains acquisitive, with a pipeline of identified acquisition targets. In H121, management considered the group's M&A opportunities and, on review, intends to support both segments through further M&A, as well as considering acquisitions in potential new business areas.

Since IPO, the company has moved from a net cash position to a net debt position (Q321: US$79m), with growth largely funded by bonds (€105m raised between FY19 and FY21 through three tranches). Although CentralNic has received approval for a further €45m of bond issuance, which it has yet to draw down, management has indicated that it will consider the most appropriate funding at the time, be that cash (from the balance sheet or by way of a placing), share exchanges, equity or debt.

Long-term track record of value-adding transactions

At its IPO in 2013, CentralNic's main business was as a domain registry service provider, providing the Domain Name System (DNS) infrastructure and distributing domain names on behalf of registry operators, including two country codes, .LA and .PW. Since IPO, CentralNic has been highly acquisitive, completing 15 acquisitions worth c US$270m, at an average sales multiple of 1.0x and a 6.5x EV/adjusted EBITDA (Exhibit 6).

Exhibit 6: Proven M&A track record

Date	Target	Consideration (US$m)	Sales (US$m)	Historical sales multiple (x)	Adj EBITDA multiple (x)	Location	Description
Oct-21	White & Case (assets)	6.5	2.0	3.3	4.3	UK	Publishing network of websites
Feb-21	Wando	13.0	5.9	2.2	9.0	Germany	Social marketing, SEM advertising
Jan-21	SafeBrands	4.4	4.9	0.9	-	France	Corporate registrar
Sep-20	Codewise (Zeropark, Voluum)	36.0	60.3	0.6	4.9	Poland	Domain name monetisation
Dec-19	Team Internet	48.0	74.0	0.6	3.9	Germany	Domain name monetisation
Aug-19	Ideegeo	3.4	4.2	0.8	5.7	NZ	Domain name reseller (retail)
Aug-19	Hexonet	11.4	19.4	0.6	8.8	Germany	Domain name reseller
Aug-19	TPP Wholesale	16.6	12.7	1.3	5.7	Australia	Domain name reseller
Sep-18	GlobeHosting	3.0	1.0	3.0	6.1	Rom/Brazil	Hosting
Aug-18	KeyDrive	55.0	62.5	0.9	8.2	Germany	Domain name reseller
Aug-17	SK-NIC	34.7	5.5	6.3	9.9	Slovakia	ccTLD domain registry
Jan-16	Instra	26.9	14.8	1.8	8.5	Australia	Domain name registrar
Feb-15/Jul-15	dnsXperts	0.2	0.4	0.5	-	Germany	Domain name services
Jun-14	Internet.BS	7.5	4.3	1.7	-	Bahamas	Domain name registrar
Jan-14	DomiNIC (assets)	-	-	-	-	Germany	Workflow management software
		266.6	271.9	1.0	6.5		

Source: CentralNic, Edison Investment Research

CentralNic's M&A strategy has been to scale its existing businesses, adding domain names, new geographies and additional clients, as well as acquiring and then building the group's domain name monetisation capabilities with the acquisition of Team Internet in December 2019. Both of CentralNic's two businesses share similar characteristics, with high levels of recurring revenue and strong cash conversion, while complementing each other in terms of servicing online domains, with a broad range of underlying customers, SMEs, corporates, investors or publishers.

Significantly strengthened senior team

CentralNic has continued to strengthen its core management team, to ensure the business is able to scale and integrate future acquisitions successfully. Key members of the management team have joined CentralNic through acquisitions (eg Michael Riedl, CFO, ex-KeyDrive). Other notable recent appointments include Tracey Hickling as chief people officer, Robbie Birkner as head of the reseller division, Marc McCutcheon as head of retail and Dr. Pawel Rzeszucinski as head of the data and artificial intelligence (AI) group, established to improve customer service, optimise business operations reduce customer churn and automate detection of non-compliant customer activity.

Most recently, in September 2021, CentralNic appointed Carsten Sjoerup as chief technology & product officer to help CentralNic become a leading online services provider. Carsten is an industry expert in integrating companies and launching new products and joined CentralNic from GoDaddy where he was CIO, leading a team of 600+ across the US, EMEA and Asia. Prior to GoDaddy, he was CTO at Host Europe Group (HEG), acquired by GoDaddy in 2016, where he led the integration and consolidation of multiple acquisitions into HEG. At HEG, he was also in charge of modernising and automating the technologies and processes to ensure a unified platform.

In addition to building its team, CentralNic has strengthened its governance and oversight, with two new non-executive directors appointed in June 2021; Max Royde (managing partner at Kestrel Partners) and Horst Siffrin (partner at inter.services and ex-chairman of KeyDrive) were appointed to the board as shareholder representatives of Kestrel Partners and inter.services respectively.

Outlook: Continuing growth supported by M&A

In the short term, management expects the strong organic growth seen in 9M21 to be sustained at least for the remainder of the year. In the medium term, as investment levels plateau, management expects that CentralNic's recurring revenue model and strong cash generation will provide operating leverage as the business scales. CentralNic has a full M&A pipeline and comfortable levels of net debt (30 September 2021: US$79m), with interest cover sustainable given the group's profitability and cash generation (9M21: 113% adjusted cash conversion).

Environmental, social and governance (ESG)

CentralNic is committed to building and developing its ESG approach over time and has already taken meaningful steps across multiple areas of its business. In particular, management highlights the following steps taken:

- **Diversity:** CentralNic has a diverse global workforce and operates a policy of considering diversity priorities in all hiring and promotions.
- **Grants for worthy projects:** through its SK-NIC Fund, CentralNic has donated over €0.5m in grants to date to initiatives supporting education, cybersecurity and accessibility.
- **Inclusivity:** CentralNic's mission is 'making the internet everybody's domain'. The group supplies tools to people in countries worldwide and is committed to offering internet services in developing countries, contributing to the United Nations Broadband Commission's objective of connecting the 50% of the world that is still offline with affordable internet.
- **Carbon reduction/offset:** CentralNic considers carbon emissions in its strategic plan and practices Streamlined Energy and Carbon Reporting (SECR). The company has offset its identified 2020 GHG emissions by investing in Verified Carbon Standard certified clean energy projects. CentralNic is a certified carbon-neutral company.
- **Tree plantation programme:** in late 2020, CentralNic began a programme to plant a tree for every domain name under management. In 2020, it contributed funds to a global tree plantation programme, where over 15,000 trees were planted with the help of Eden Reforestation Projects (Eden. In this effort, CentralNic helped Eden to plant trees in Ethiopia, Madagascar, Nepal, Haiti, Indonesia, Mozambique, Kenya and Central America.

Further details on the group's ESG initiatives can be found on pages 14–17 of the 2020 Annual Report & Accounts.

Sensitivities

There are a number of factors that investors should bear in mind when considering investing in CentralNic:

- **Key person exposure:** we believe that CentralNic's share price and potentially its operations could be affected by the loss of key management, particularly Ben Crawford, CEO.
- **M&A:** CentralNic has a track record of earnings-enhancing acquisitions and future growth depends on continuing M&A. The success of its buy-and-build strategy hinges on the group's ability to select the right acquisitions, maintain price discipline and retain a reputation as an attractive acquiror. While an M&A strategy does bring inherent risk, each target further diversifies the group's revenue streams, reducing the risk of any single acquisition.

- **Scale/rating:** pressure on management to pursue a more aggressive M&A strategy could increase as the size of company required to 'move the needle' rises or multiples re-rate upwards. Although the relative M&A hiatus in 2021 provides reassurance on underlying trading, M&A can deliver accelerated upside but also increases risk.
- **Interest rates and stock market rating:** the macroeconomic environment has been supportive for CentralNic, with low interest rates and volatile stock market valuations. The environment would become more challenging if interest rates were to rise materially or if CentralNic's shares were de-rated or lost their attraction as an acquisition currency.
- **Leverage:** following its 2019, 2020 and 2021 bond issues (US$105m of bonds have been drawn, with outstanding approval for a further US$45m of issuance), CentralNic has net debt of US$79m (as at 30 September 2021). This leads to leverage of 15% for Q321 (FY20: 16%) and net debt/EBITDA of 2.5x (FY20: 2.8x). Although cash generation remains strong and CentralNic has demonstrated its capacity to pay down this debt, leverage may well increase to fund future M&A.
- **Foreign exchange risk:** CentralNic operates an international business and generates revenues in multiple currencies, principally USD, EUR, GBP and AUD. However, we understand that there is a high degree of natural hedging in the business, particularly between its two principal currencies, the US dollar and the euro. Management is also actively pursuing options to diminish the balance sheet risk resulting from its euro-denominated bond.

Financials

9M21: 29% organic growth, up from 20% for H121

In its Q321 results, CentralNic reported a further acceleration in organic growth to 29% for 9M21 (H121: 20% y-o-y organic growth), driven by investment in new management, staff and systems. As a result, the company reported 9M21 gross revenue of US$282m (67% y-o-y growth) and adjusted EBITDA of US$32m (46% y-o-y growth) versus 9M20 figures of US$168.5m and US$22.1m, respectively. This is an adjusted EBITDA margin of 11.5%, slightly below the 11.7% for H121, with growth continuing to be led by the lower-margin Online Marketing segment over Online Presence. With adjusted operating cash conversion in excess of 100%, cash at period end rose to US$54m (H121: US$39.5m), with net debt falling to US$78.6m (H121: US$83.8m).

Following the increasingly strong y-o-y organic growth that CentralNic has delivered in FY21 (Q121: 16% H121: 20%, 9M21: 29%), we upgraded our estimates following the Q321 trading update in October 2021, with our revised FY21 revenue estimates 28% higher than at the time of the SafeBrands acquisition in January 2021 (US$299.3m). Further details can be found in our Q321 trading update note, Organic growth continues to accelerate.

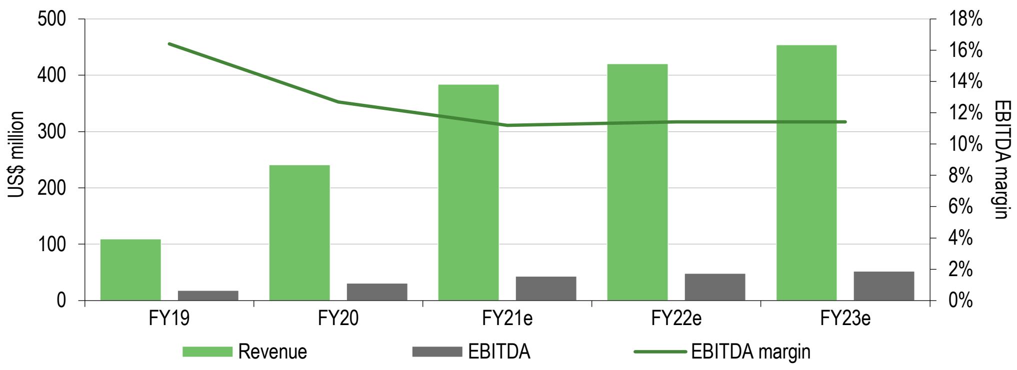
Income statement: Strong growth, margins stabilising

CentralNic delivered FY20 revenues of US$241.2m, a 121% y-o-y increase (FY19: US$109.2m). Net revenues increased by 78% y-o-y to US$76.3 (FY19: US$42.8m) and adjusted EBITDA rose 71% to US$30.6m (FY19: US$17.9m), supported by the four acquisitions completed in FY19 and the single acquisition in FY20 and led by the growth in Online Marketing. On a pro forma basis, adjusting for the acquisition of Codewise, the group delivered 9% organic growth in FY20, despite the impact of COVID-19.

The group's strong growth resulted in an adjusted EBITDA margin of 12.7% (FY19: 16.4%), lower-than our forecast of 14.1% as a result of the continuing growth and outperformance of the lower margin Online Marketing segment, together with the c US$9m investment in technology and personnel in FY20. Management has previously stated that it is not primarily focused on margin enhancement, but will consider acquisitions that deliver growth in absolute profitability even if this is at the cost of lower margins. The FY20 reported loss before tax increased to US$9.4m, from US$6.6m in FY19, a 38% rise largely due to a US$6.0m increase in financing costs to US$9.8m (FY19: US$3.9m), with the FY19 comparator benefiting from a US$3.9m gain from FX movements, resulting in a reported EPS loss of 4.28 cents, a 15% increase on the FY19 loss of 3.72 cents.

Recurring revenue increased to 99% in FY20 (typically 90%+), with adjusted cash conversion of 115% (typically c 100%), in line with the group's long-term trend.

Exhibit 7: Revenue, EBITDA and margin progression



Source: CentralNic accounts, Edison Investment Research

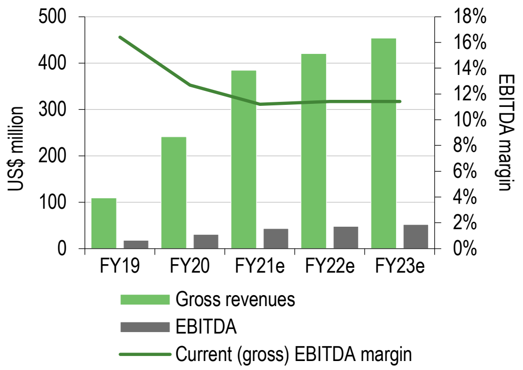
Following our recent upgrades, for FY21 we estimate revenues of US$384m (59% growth y-o-y), with FY22 revenues of US$420m (9% growth) and US$454m (8% growth) in FY23. We assume FY21 adjusted EBITDA margins of 11.2%, delivering adjusted EBITDA of US$43m, while for FY22 and FY23, we assume adjusted EBITDA of US$48m (11.4% margin) and US$52m (11.4% margin) respectively.

Following the share and option awards announced in June 2021, we assume that CentralNic has 228.8m voting shares, with 22.4m non-voting shares held by the employee benefit trust (EBT), together making 251.2m fully diluted shares in issue.

Gross versus net revenues and EBITDA margins

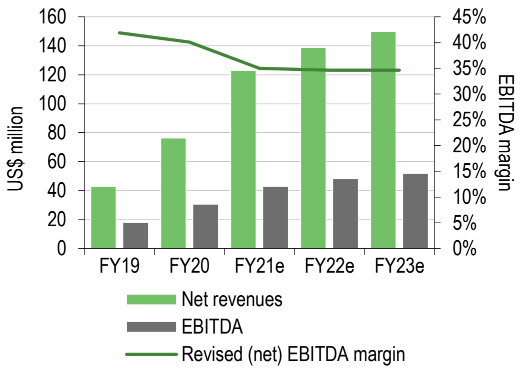
Since acquiring Team Internet in Q419, CentralNic has wrestled with the optics of falling group EBITDA margins as the growth of the (lower-margin) Online Marketing segment has outperformed the (higher-margin) Online Presence segment. This issue could be resolved if CentralNic were to report on a net revenue rather than gross revenue basis. As such, we would not be surprised if management chooses to focus on net revenues in future reporting to address this consideration. Such a change would have the effect of reducing headline revenues while enhancing margins, bringing CentralNic more into line with its peer group.

Exhibit 8: Current basis (gross revenues)



Source: CentralNic, Edison Investment Research

Exhibit 9: Margins based on net revenues



Source: CentralNic, Edison Investment Research

Cash flow: Strong cash flows, cash conversion above 100%

CentralNic is strongly cash generative, with net operating cash flow of US$18m in FY20, which we estimate to rise to US$33m in FY21, US$39m in FY22 and US$45m in FY23.

Underlying cash flows are strong, with customers typically pre-paying for services in Online Presence and regular payments in Online Marketing, resulting in positive working capital. This means that operating cash conversion (normalised operating profit/net operating cash flow) on an annualised basis is c 100% (FY20: 115%, FY19: 98%), although with some variance on a quarterly basis. Management expects adjusted cash conversion to remain above 100% in the future.

Balance sheet: Leverage to continue to fall as EBITDA rises

In terms of the balance sheet, at the end of Q321 CentralNic had gross cash of US$54m (FY20: US$29m) and net debt of US$79m (FY20: US$85m). This leads to leverage of 15% for Q321 (FY20: 16%) and net debt/EBITDA of 2.5x (FY20: 2.8x). We forecast net debt remaining at or around US$79m for FY21, falling to US$60m in FY22 and US$31m in FY23, with net debt/EBITDA of 1.8x in FY21, falling steadily to 1.2x in FY22 and 0.6x in FY23.

The majority of CentralNic's debt has been consolidated into a senior secured four-year bond, maturing in July 2023 offering a coupon of 7% pa above three-month Euribor (subject to a 0% floor), with quarterly interest. The latest €15m tap issue, in February 2021, was oversubscribed with the bonds placed at 104.5% of nominal value, offering a yield to maturity of 3.6%. A further €45m has been approved by shareholders but is as yet undrawn. Given its euro denomination, currency exposure on the bond is hedged at 3.3% below the level at 31 December 2020.

The proceeds from the bond have been used to provide financial flexibility over the medium term to enable management to pursue its strategic growth objectives, principally M&A. The bond is listed on the Frankfurt and Oslo stock exchanges.

Management stated along with its H121 results that it wishes to refinance the existing bonds (when they mature in July 2023), as this is expected to lead to a significant reduction in the interest rate payable. Management is committed to maintaining a net debt/EBITDA ratio below 2.5x, with interest cover above 4x.

Valuation

We have looked at CentralNic on the basis of peer valuations, cross-referenced against a more fundamental net present value basis.

Net present value (NPV)

Firstly, looking at the NPV of future cash flows, we have derived a value of 216p per share, 44% upside to the current share price of 150p. This is based on an explicit forecast period from 2021 to 2030, before adding a perpetuity calculation with a 2% terminal growth rate and using a WACC of 7.7%. We have assumed a cost of debt of 4%, slightly above the yield on CentralNic's bond issue of 3.6%. We show the sensitivity to different WACC assumptions in Exhibit 10.

Exhibit 10: Discounted cash flow sensitivity table (p/share)

		Terminal growth rate				
		1.00%	1.50%	2.00%	2.50%	3.00%
WACC	10.0%	127p	132p	138p	145p	153p
	9.0%	150p	158p	166p	176p	188p
	8.0%	181p	192p	204p	219p	237p
	7.8%	190p	202p	216p	233p	254p
	7.0%	222p	238p	258p	282p	311p
	6.0%	280p	306p	338p	380p	436p

Source: Edison Investment Research

Peer analysis: Continuing discount to peer group

Verisign (US), GoDaddy (US) and R22 (Pol) remain the core peers for Online Presence, but with the increasing sales out-performance of Online Marketing, which we expect to continue in the foreseeable future, we have also introduced an online marketing peer group, with a varied mix of companies from the UK, Europe and North America. It is worth noting that we have disregarded a number of the highest rated North American peers (Trade Desk, Applovin, IronSource, DoubleVerify and IAS), so as not to unduly skew the multiples.

Whether we compare the group to web services (Online Presence) or online marketing companies, CentralNic continues to trade at a material discount to its peers.

Exhibit 11: Peer group table – Online Presence

	Year end	Share price	Quoted Ccy	EV (US$m)	Sales growth FY1 (%)	Gross margin FY1 (%)	EBITDA margin FY1 (%)	EBIT margin FY1 (%)	EV/ sales FY1(x)	EV/ sales FY2 (x)	EV/ EBITDA FY1 (x)	EV/ EBITDA FY2 (x)	P/E 1FY (x)	P/E 2FY (x)
CentralNic Group	Dec-21	150	GBp	540.1	59.2	32.0	11.2	10.3	1.41	1.29	12.6	11.3	17.4	16.5
Peers														
Verisign	Dec-21	241.0	USD	27,359	4.9	85.7	70.2	66.1	20.6	19.1	29.3	27.0	44.3	38.9
GoDaddy	Dec-21	72.9	USD	14,891	13.6	64.6	21.1	9.5	4.0	3.6	18.7	16.7	55.8	39.1
Criteo	Dec-21	41.5	USD	2,014	11.3	75.6	34.7	23.2	2.2	1.7	6.3	5.7	14.2	13.1
Catena Media	Dec-21	57.8	SEK	564	31.1	74.0	52.5	46.8	3.6	3.3	6.8	6.3	11.5	9.7
iomart group	Mar-22	146.8	GBp	291	(5.8)	61.8	36.5	17.5	2.0	2.0	5.6	5.6	12.0	12.1
R22	Jun-21	52.0	PLN	208	NM	NULL	24.9	19.8	2.4	2.2	9.7	9.1	NM	NM
Mean					**11**	**72**	**40**	**30**	**6**	**5**	**13**	**12**	**28**	**23**
Mean (ex Verisign)					**13**	**69**	**34**	**23**	**3**	**3**	**9**	**9**	**23**	**18**
Median					**11**	**74**	**36**	**22**	**3**	**3**	**8**	**8**	**14**	**13**

Source: Refinitiv data as at 22 November 2021; CentralNic estimates are from Edison Investment Research.

Disregarding Verisign, which we show above for completeness, the web services peer group in Exhibit 11 trades at average EV/sales multiples of 3x FY1 and FY2, with EV/EBITDA multiples of 9x for FY1 and 8x for FY2. In terms of P/E, the peer group trades at 23x for FY1 and 18x for FY2. We estimate that CentralNic will deliver 59% sales growth in FY21, meaning it offers the strongest growth in the group and yet trades on P/E multiples of 17.4x in FY21 and 16.5x in FY22, a discount to the web services peer group averages of 26% and 11% respectively.

Exhibit 12: Peer group table – Online Marketing

	Year end	Share price	Quoted Ccy	EV (US$m)	Sales growth FY1 (%)	Gross margin FY1 (%)	EBITDA margin FY1 (%)	EBIT margin FY1 (%)	EV/ sales FY1(x)	EV/ sales FY2 (x)	EV/ EBITDA FY1 (x)	EV/ EBITDA FY2 (x)	P/E 1FY (x)	P/E 2FY (x)
CentralNic Group	Dec-21	150	GBp	540.1	59.2	32.0	11.2	10.3	1.41	1.29	12.6	11.3	17.4	16.5
Peers														
Stroeer SE & Co	Dec-21	72.5	EUR	6,540	11.1	38.2	31.6	13.2	3.6	3.2	11.4	10.0	26.7	20.5
Magnite	Dec-21	21.2	USD	3,327	93.5	68.3	33.1	24.8	7.8	6.0	23.4	18.6	39.4	33.7
Taboola.com	Dec-21	9.5	USD	1,606	NM	73.1	12.8	(1.1)	1.2	1.0	9.1	8.0	NM	NM
PubMatic	Dec-21	38.5	USD	1,839	52.5	72.9	38.4	22.2	8.1	6.5	21.1	19.9	49.6	55.7
Tremor International	Dec-21	612.0	GBp	949	45.0	80.9	43.0	26.6	3.1	2.7	7.2	6.5	22.9	21.4
Media and Games Invest	Dec-21	5.3	EUR	1,188	71.1	55.0	26.8	15.9	4.4	3.4	16.3	11.6	38.9	24.4
Quinstreet	Jun-22	16.5	USD	787	13.0	13.2	10.0	4.9	1.2	1.1	12.1	10.0	21.0	18.1
Viant Technology	Dec-21	11.2	USD	664	29.1	61.1	15.6	(25.0)	3.1	2.6	19.9	17.3	NM	NM
AcuityAds Holdings	Dec-21	4.8	CAD	160	16.0	51.6	17.4	9.6	1.7	1.4	9.6	9.3	24.9	33.0
Dianomi	Dec-21	424.0	GBp	161	NM	NULL	7.7	7.3	3.3	2.7	43.0	32.3	60.1	46.2
Ad Pepper Media Intnl	Dec-21	5.0	EUR	97	10.3	96.7	25.5	24.2	3.0	2.7	11.8	10.0	28.6	24.8
Mean					**38**	**61**	**24**	**11**	**4**	**3**	**17**	**14**	**35**	**31**
Median					**37**	**68**	**21**	**13**	**3**	**3**	**14**	**11**	**34**	**29**

Source: Refinitiv data as at 22 November 2021; CentralNic estimates are from Edison Investment Research.

With Online Marketing representing 59% of 9M21 of gross revenues and 50% of net revenues, we have introduced an online marketing peer group. In terms of peers, we have disregarded a number of the highest-rated North American peers (Trade Desk, AppLovin, IronSource, DoubleVerify and IAS), so as not to unduly skew the multiples, leaving a mix of European and North American companies, with a range of market caps and different business models. However, even after removing the most highly rated comparators, valuations remain above those for the web services peer group.

Average current year sales growth is 38%, with an EV/sales multiple of 4x in FY1 and 3x in FY2. Average EV/EBITDA multiples are 17x and 14x for FY1 and FY2, respectively, with P/E multiples of 35x for FY1 and 31x for FY2, approximately double CentralNic's current P/E multiples.

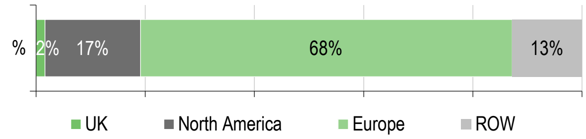
Conclusion: Continuing discount to peer group

Based on this analysis, despite a share price rise of more than 50% over the past six months, CentralNic still appears to offer a compelling blend of growth and value, with organic growth supported by continuing upside potential from management's proven buy-and-build strategy. After a slowdown in M&A activity in FY21, we believe the re-rating in 2021 reflects a growing understanding of CentralNic's business, a belief in the group's underlying growth potential and reduced concerns over the level of debt-funded M&A.

Exhibit 13: Financial summary

Year end 31 December	US$'000s	2019	2020	2021e	2022e	2023e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS
Gross revenue		109,194	241,212	384,127	420,183	453,797
Cost of Sales		(66,419)	(164,894)	(261,207)	(281,522)	(304,044)
Net revenue		42,775	76,318	122,921	138,660	149,753
Adj. EBITDA		17,921	30,594	43,022	48,006	51,846
Normalised operating profit		16,615	28,510	39,622	44,287	47,830
Amortisation of acquired intangibles		(8,299)	(12,508)	(14,424)	(15,511)	(15,768)
Exceptionals		(8,259)	(10,529)	(4,100)	-	-
Share-based payments		(2,878)	(5,113)	(1,700)	-	-
Reported operating profit		(2,821)	360	19,398	28,776	32,062
Net Interest		(471)	(8,693)	(9,927)	(10,652)	(10,649)
Joint ventures & associates (post tax)		74	79	-	-	-
Exceptionals		-	-	(1,000)	(3,950)	-
Profit Before Tax (norm)		16,144	19,817	29,696	33,635	37,181
Profit Before Tax (reported)		(6,616)	(9,395)	8,471	14,174	21,413
Reported tax		39	975	(3,315)	(5,437)	(6,424)
Profit After Tax (norm)		16,119	20,792	26,381	28,198	30,757
Profit After Tax (reported)		(6,577)	(8,420)	5,156	8,737	14,989
Minority interests		64	-	-	-	-
Discontinued operations		-	-	-	-	-
Net income (normalised)		16,183	20,792	26,381	28,198	30,757
Net income (reported)		(6,513)	(8,420)	5,156	8,737	14,989
Basic average number of shares outstanding (m)		175,084	196,680	228,080	230,381	230,381
EPS - basic normalised (c)		9.24	10.57	11.57	12.24	13.35
EPS - diluted normalised (c)		8.97	10.16	10.53	11.16	12.17
CNIC Adj EPS basic (c)		9.24	10.57	11.57	12.24	13.35
EPS - basic reported (c)		(3.72)	(4.28)	2.26	3.79	6.51
Dividend (c)		0.00	0.00	0.00	0.00	0.00
Revenue growth (%)		155.9	120.9	59.2	9.4	8.0
Gross Margin (%)		39.2	31.6	32.0	33.0	33.0
Adj. EBITDA Margin (%)		16.4	12.7	11.2	11.4	11.4
Normalised Operating Margin		15.2	11.8	10.3	10.5	10.5
BALANCE SHEET						
Fixed Assets		217,544	271,817	271,132	260,599	242,633
Intangible Assets		206,055	256,955	257,749	248,834	229,860
Tangible and Right-of-use Assets		6,427	8,677	7,198	5,579	7,250
Investments & other		5,062	6,185	6,185	6,185	5,524
Current Assets		67,433	77,606	101,447	120,718	150,365
Stocks		491	1,011	1,011	1,011	1,475
Debtors		40,760	47,941	47,941	47,941	47,941
Cash & cash equivalents		26,182	28,654	52,495	71,766	100,949
Other		-	-	-	-	-
Current Liabilities		(78,767)	(94,421)	(94,421)	(94,421)	(94,529)
Creditors		(75,683)	(87,256)	(87,256)	(87,256)	(87,256)
Tax and social security		-	-	-	-	-
Short term borrowings		(3,084)	(7,165)	(7,165)	(7,165)	(7,273)
Other		-	-	-	-	-
Long Term Liabilities		(129,206)	(137,867)	(155,867)	(155,867)	(155,867)
Long term borrowings		(102,799)	(113,024)	(131,024)	(131,024)	(131,024)
Other long term liabilities		(26,407)	(24,843)	(24,843)	(24,843)	(24,843)
Net Assets		77,004	117,135	122,291	131,028	142,603
Minority interests		69	-	-	-	-
Shareholders' equity		77,073	117,135	122,291	131,028	142,603
CASH FLOW						
PBT		(6,616)	(9,395)	8,471	14,174	21,413
Depreciation and amortisation		9,605	14,592	17,824	19,230	19,785
Share-based payments		2,878	5,113	-	-	-
Working capital		8,963	309	-	-	(464)
Exceptional & other		3,795	9,413	9,927	10,652	10,649
Tax		(2,309)	(1,957)	(3,315)	(5,437)	(6,424)
Net operating cash flow		16,316	18,075	32,907	38,619	44,959
Capex		(15,497)	(4,259)	(4,339)	(4,747)	(5,126)
Acquisitions/disposals		(63,840)	(42,532)	(12,800)	(3,950)	-
Net interest		(1,970)	(9,512)	(9,927)	(10,652)	(10,649)
Equity financing		2,133	37,287	-	-	-
Dividends		-	-	-	-	-
Other		-	1,814	-	-	-
Net Cash Flow		(62,858)	873	5,841	19,270	29,184
Opening net debt/(cash)		2,115	74,998	84,985	79,144	59,873
FX		(6,730)	1,117	-	-	-
Other non-cash movements		(3,295)	(11,977)	-	-	-
Closing net debt/(cash)		74,998	84,985	79,144	59,873	30,690

Source: Company accounts, Edison Investment Research

Contact details	Revenue by geography
44 Gutter Lane 4th Floor Saddlers House London, EC2V 6BR UK +44 203 435 7318 www.centralnic.com	

Management team

Chairman: Iain McDonald	CEO: Ben Crawford
Iain is the founder of Belerion Capital, an investor and investment adviser in technology and e-commerce companies. He is also a non-executive director of various of his investee companies, as well as other technology companies such as The Hut Group and Boohoo.com. Previously, Iain was a top-ranked retail and e-commerce analyst and held positions in a number of UK investment banks. He graduated from the London School of Economics and Political Science, with a BSc in Economics and Economic history.	Ben has a global business and corporate development background in complex internet-related businesses. Previous roles have included founding president of Louise Blouin Media, where he integrated 11 acquisitions in three countries, MD of SportBusiness Group and executive producer of the official website of the Sydney Olympic Games. Ben has an MBA from the Australian Graduate School of Management and a first-class honours degree from the University of Sydney.
CFO: Michael Riedl	**Group managing director: Don Baladasan**
Michael Riedl was CFO of KeyDrive from 2011 to 2018. Prior to joining KeyDrive, he held managing positions in the private equity and ICT industries. He started his career with Roland Berger Strategy Consultants, where he specialised in performance improvement programmes, before joining Groupe Saint-Paul in Luxembourg as its chief restructuring officer. Michael holds a Bachelor's degree in Computer Science from James Madison University, US, a Master's of Science degree in Business Administration from European Business School, Germany, and an LLM from Frankfurt School of Finance & Management. He is also a chartered management accountant.	Don is an experienced finance director. He has assisted AIM-listed businesses in raising £25m in equity, in addition to leading M&A transactions and integrating international companies from a finance, governance and commercial perspective. Prior to joining CentralNic, Don was head of accounting development at Stemcor, an international steel trader. He studied medicine at Guys Hospital before completing a BSc in economics from CASS Business School. He was then awarded a place on the Financial Times graduate scheme where he trained as a chartered management accountant.

Principal shareholders	(%)
Kestrel Investment Partners	22.52
inter.services	14.77
Employee Benefit Trust	7.71
Erin Invest & Finance	6.29
Marlborough Fund Managers	6.17
Chelverton Asset Management	5.81
Schroder Investment Management	5.00
Cavendish Asset Management	3.91
Herald Investment Management	3.81

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