

OXFORD METRICS TECHNOLOGY

9 February 2023

OMG.L

104p

Market Cap: £135m

SHARE PRICE (p)



12m high/low

117p/77p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£67.7m (at 30/09/22)
Enterprise value	£67.3m
Index/market	AIM
Next news	Interims, Jun '23
Shares in Issue (m)	129.8
Chairman	Roger Parry
Chief Executive	Nick Bolton
Finance Director	David Deacon

COMPANY DESCRIPTION

Oxford Metrics develops smart sensing software that enables the interface between the real world and its virtual twin.

www.oxfordmetrics.com

OXFORD METRICS IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

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Positive AGM statement – 100% visibility

Oxford Metrics has provided a trading update alongside its AGM to be held today. The group started the year with a record order book (previously disclosed as £24m) and today's update describes the current order book level as 'substantial' and underpinning '100% visibility' on FY23 revenue expectations. We make no changes to forecasts, but clearly this is positive news and risks to estimates (both ours and consensus) are likely to be on the upside.

- Order book remains strong.** At the time of its full-year results announcement in December, Oxford Metrics described the opening order book for FY23 as being at record levels, with a value of £24m. This clearly has driven a very strong start to the year, and today's news provides additional reassurance that the order book remains 'substantial'.
- 100% revenue visibility.** Combining sales already shipped, the ongoing strength in the order book and the current sales pipeline, the group describes its visibility on FY23 revenue as being '100%'. Clearly there is always risk around receipt of orders and physical deliveries, but the group has never achieved this level of visibility at such a relatively early stage in the financial year.
- Supply chain improving.** Today's update also describes an ongoing improvement in global supply chains, which is reassuring not just for Oxford Metrics but also more broadly. A steady and managed reopening of China (with both supply and demand rising) should further assist with this post-Covid normalisation of supply chain logistics and a return to more normal market-growth characteristics.
- No change to estimates – but risks to the upside.** We leave our forecasts unchanged at this point; the group will provide further information with half-year results in early June. Clearly the detail in today's update is a material positive surprise, and risks to estimates are likely to be very much to the upside. However, given the macroeconomic situation, the challenges of supply chain normalisation and the group's traditional H2 weighting, we feel it prudent to leave estimates unaltered at this point. We will revisit our estimates with the interim results once that additional detail is available. For now, we take significant comfort from the upbeat tone of the announcement, the strong order book and the full-year visibility.

FYE SEP (£M)	2020	2021	2022E	2023E	2024E
Revenue	30.3	27.6	28.8	36.9	41.6
Adj EBITDA	5.6	5.0	5.3	8.2	9.1
Fully Adj PBT	2.6	4.0	2.6	5.9	6.8
Fully Adj Dil EPS (p)	2.0	3.6	2.5	4.1	4.7
EV/Sales (x)	2.2x	2.4x	2.3x	1.8x	1.6x
EV/EBITDA (x)	11.9x	13.4x	12.7x	8.2x	7.4x
PER (x)	51.5x	29.2x	41.4x	25.2x	22.0x

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Financial Summary: Oxford Metrics

Year end: Sep (£m unless shown)

	2020	2021	2022E	2023E	2024E
PROFIT & LOSS					
Revenue	30.3	27.6	28.8	36.9	41.6
Adj EBITDA	5.6	5.0	5.3	8.2	9.1
Adj EBIT	2.7	4.1	2.4	5.1	6.0
Reported PBT	1.6	3.6	2.7	5.5	6.4
Fully Adj PBT	2.6	4.0	2.6	5.9	6.8
NOPAT	2.6	4.5	3.3	5.4	6.2
Reported EPS (p)	1.3	2.4	2.7	3.8	4.5
Fully Adj Dil EPS (p)	2.0	3.6	2.5	4.1	4.7
Dividend per share (p)	1.8	2.0	2.5	2.8	3.0
CASH FLOW & BALANCE SHEET					
Operating cash flow	7.0	14.5	3.7	7.9	7.9
Free Cash flow	6.9	14.4	3.4	7.4	7.3
FCF per share (p)	5.5	11.4	2.7	5.7	5.7
Investment / Acquisitions	(3.1)	(4.2)	(4.1)	(3.6)	(3.9)
Disposals	0.0	0.0	47.1	0.0	0.0
Shares issued	0.3	0.7	0.6	0.0	0.0
Net cash flow	1.1	8.0	43.9	0.1	(0.7)
Overdrafts / borrowings	(2.3)	(2.1)	(1.5)	(1.0)	(0.5)
Cash & equivalents	14.9	23.0	67.7	67.7	67.0
Net (Debt)/Cash	12.6	20.8	66.2	66.7	66.5
NAV AND RETURNS					
Net asset value	30.7	32.4	78.4	80.2	82.4
NAV/share (p)	24.4	25.6	60.4	61.8	63.5
Net Tangible Asset Value	18.2	18.9	68.3	68.5	69.0
NTAV/share (p)	14.5	14.9	52.6	52.8	53.1
Average equity	31.0	31.6	55.4	79.3	81.3
Post-tax ROE (%)	8.4%	14.0%	4.2%	6.8%	7.6%
METRICS					
Revenue growth	(14.3%)	(9.0%)	4.5%	28.1%	12.6%
Adj EBITDA growth	(31.3%)	(11.2%)	5.7%	54.8%	10.7%
Adj EBIT growth	(51.1%)	53.2%	(42.3%)	116.1%	17.2%
Adj PBT growth	(53.2%)	57.4%	(35.5%)	128.1%	14.8%
Adj EPS growth	(48.2%)	76.2%	(29.4%)	64.1%	14.7%
Dividend growth	0.0%	11.1%	25.0%	10.0%	9.1%
Adj EBIT margins	8.8%	14.8%	8.2%	13.8%	14.4%
VALUATION					
EV/Sales (x)	2.2	2.4	2.3	1.8	1.6
EV/EBITDA (x)	11.9	13.4	12.7	8.2	7.4
EV/NOPAT (x)	26.1	14.8	20.6	12.4	10.8
PER (x)	51.5	29.2	41.4	25.2	22.0
Dividend yield	1.7%	1.9%	2.4%	2.6%	2.9%
FCF yield	5.3%	10.9%	2.6%	5.5%	5.4%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

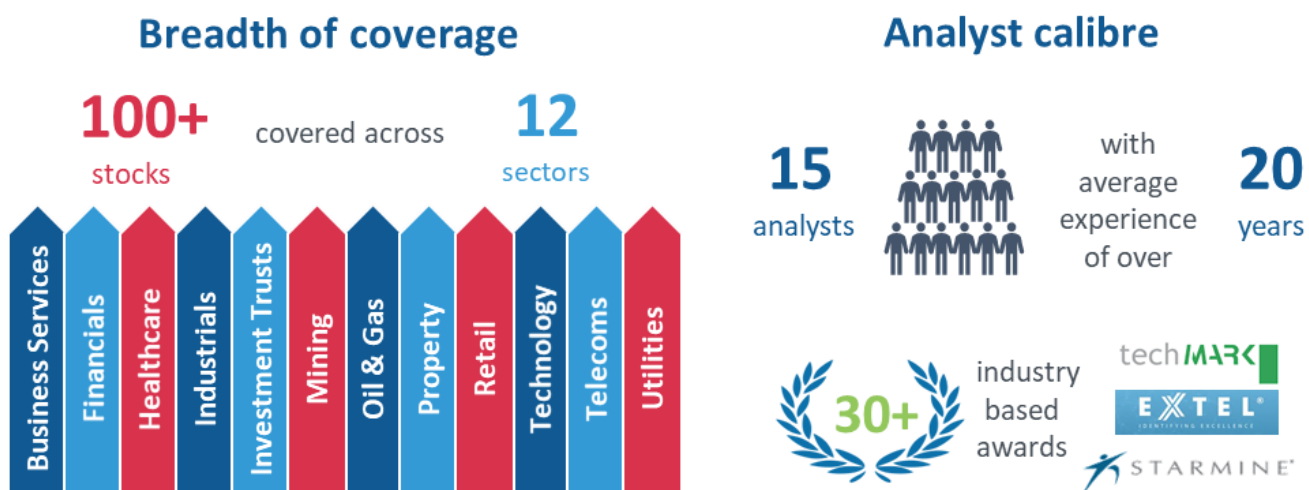
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