

OXFORD METRICS TECHNOLOGY

10 July 2023

OMG.L

113p

Market Cap: £147.2m

SHARE PRICE (p)



12m high/low 119p/81p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£63.6m (at 31/03/23)
Enterprise value	£83.6m
Index/market	AIM
Next news	Trading update, October
Shares in Issue (m)	130.2
Chairman	Roger Parry
Chief Executive	Nick Bolton
CFO	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

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Changing of the guard

Oxford Metrics has today announced a planned transition of the CEO role, with the twin luxuries of a three-month handover period and an incoming CEO, Imogen Moorhouse, who has been over 22 years in the business. We wish Nick Bolton well in his new role heading up Ordnance Survey, and take comfort that the business will be in safe hands led by Imogen while continuing to benefit from a broad and deep management team.

- Nick Bolton – moving to become CEO of Ordnance Survey.** Nick has, after 18 years at Oxford Metrics (and a separate, earlier stint with the business) decided to take the role of CEO at Ordnance Survey. Although we are sad to see Nick moving on, and although Oxford Metrics will miss his undoubted drive and determination, we can understand the attraction of a senior role at such a hallowed, arguably unique institution.
- Imogen Moorhouse – strong credentials for incoming CEO.** Imogen has been with Oxford Metrics' Vicon subsidiary for more than 22 years, the last 11 as CEO, having risen through the ranks in the business (sales, MD and COO roles). It is unusual to find such a natural successor for a CEO role, and Oxford Metrics as a group will benefit from a high degree of continuity and pre-existing knowledge of the business.
- Three-month handover period.** The transition appears to have been well-managed, and the business will also benefit from a three-month handover period before Nick's departure at the start of October.
- No change to Oxford Metrics' strategy or plans.** The statement makes clear that Imogen's appointment in no way changes the focus on the existing five-year plan (to double revenue and maintain a 15% margin). Imogen has been instrumental in the delivery so far achieved, as CEO of what is now (post the Yotta disposal) the entirety of the group's current trading business. We look forward to hearing more about Imogen's plans for delivering both organic and acquisition-based growth to deliver on the plan and evolve the business further over time. For the avoidance of doubt, we make no changes to estimates, and look forward to the group's trading update likely due in October 2023.

FYE SEP (£M)	2020	2021	2022	2023E	2024E
Revenue	30.3	27.6	28.8	38.9	41.6
Adj EBITDA	5.6	5.0	5.3	8.3	9.1
Fully Adj PBT	2.6	4.0	2.6	6.1	6.9
Fully Adj Dil EPS (p)	2.0	3.6	2.5	4.0	4.5
EV/Sales (x)	2.8x	3.0x	2.9x	2.1x	2.0x
EV/EBITDA (x)	14.8x	16.7x	15.8x	10.1x	9.2x
PER (x)	55.9x	31.7x	45.0x	28.4x	25.2x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

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

Financial Summary: Oxford Metrics

Year end: Sep (£m unless shown)

	2020	2021	2022	2023E	2024E
PROFIT & LOSS					
Revenue	30.3	27.6	28.8	38.9	41.6
Adj EBITDA	5.6	5.0	5.3	8.3	9.1
Adj EBIT	2.7	4.1	2.4	5.2	6.0
Reported PBT	1.6	3.6	2.7	5.7	6.4
Fully Adj PBT	2.6	4.0	2.6	6.1	6.9
NOPAT	2.6	4.5	3.3	5.3	5.9
Reported EPS (p)	1.3	2.4	2.7	3.7	4.2
Fully Adj Dil EPS (p)	2.0	3.6	2.5	4.0	4.5
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	6.8	8.1
Free Cash flow	6.9	14.4	3.4	5.9	7.1
FCF per share (p)	5.5	11.4	2.7	4.6	5.5
Investment / Acquisitions	(3.1)	(4.2)	(4.1)	(2.5)	(3.2)
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	(0.3)	(0.3)
Overdrafts / borrowings	(2.3)	(2.1)	(1.5)	(1.0)	(0.5)
Cash & equivalents	14.9	23.0	67.7	67.4	67.1
Net (Debt)/Cash (post leases)	12.6	20.8	66.2	66.4	66.6
NAV AND RETURNS					
Net asset value	30.7	32.4	78.4	80.0	81.9
NAV/share (p)	24.4	25.6	60.4	61.4	62.9
Net Tangible Asset Value	18.2	18.9	68.3	69.6	70.5
NTAV/share (p)	14.5	14.9	52.6	53.5	54.1
Average equity	31.0	31.6	55.4	79.2	80.9
Post-tax ROE (%)	8.4%	14.0%	4.2%	6.6%	7.2%
METRICS					
Revenue growth	(14.3%)	(9.0%)	4.5%	35.2%	6.7%
Adj EBITDA growth	(31.3%)	(11.2%)	5.7%	56.3%	9.3%
Adj EBIT growth	(51.1%)	53.2%	(42.3%)	119.6%	14.9%
Adj PBT growth	(53.2%)	57.4%	(35.5%)	135.1%	12.7%
Adj EPS growth	(48.2%)	76.2%	(29.4%)	58.6%	12.4%
Dividend growth	0.0%	11.1%	25.0%	10.0%	9.1%
Adj EBIT margins	8.8%	14.8%	8.2%	13.3%	14.3%
VALUATION					
EV/Sales (x)	2.8	3.0	2.9	2.1	2.0
EV/EBITDA (x)	14.8	16.7	15.8	10.1	9.2
EV/NOPAT (x)	32.5	18.4	25.6	15.9	14.1
PER (x)	55.9	31.7	45.0	28.4	25.2
Dividend yield	1.6%	1.8%	2.2%	2.4%	2.7%
FCF yield	4.8%	10.0%	2.4%	4.0%	4.8%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

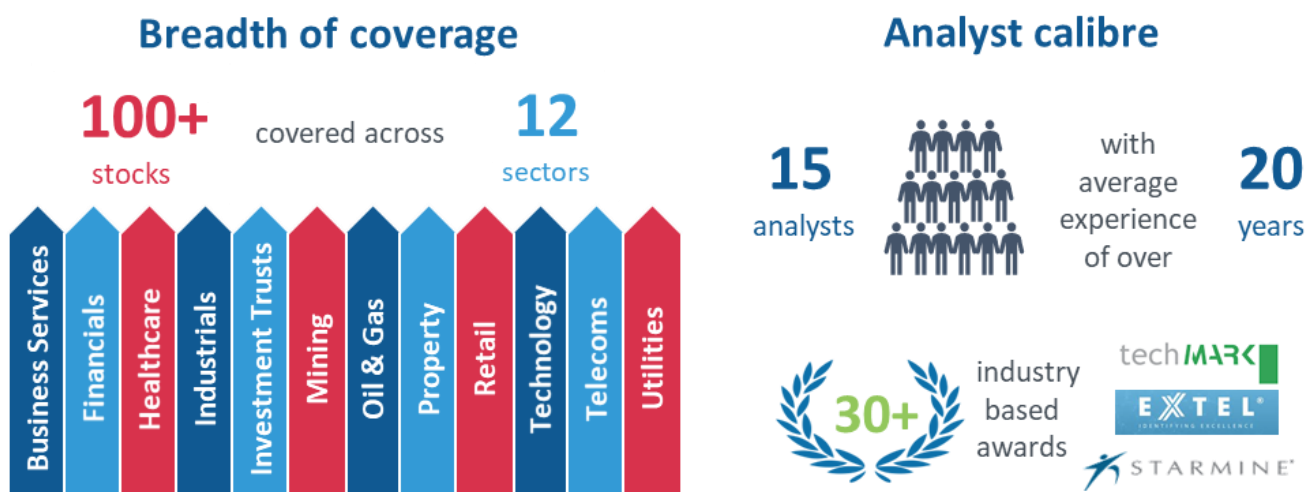
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