AVAX

H123 results

Record work-in-hand points to strong growth

Construction and materials

8 January 2024

In FY24 we expect a large proportion of AVAX's recently secured construction projects to commence and consequent substantial revenue to be recognised. We therefore forecast FY24 revenue and adjusted EBITDA increases of 112% and 76% y-o-y to €851m and €90m, respectively. As Greek infrastructure investment improves and AVAX executes on its backlog, it could secure an improved rating. It is currently trading on an FY24e P/E of 5.3x, a 60% discount to peers. With our valuation of AVAX's concessions portfolio at €433m, €138m above the recognised book value of €295m, and a record work-in-hand level exceeding €3.2bn, there appears to be significant potential for investors. Our fair value stands at €3.2/share, indicating 87% upside potential.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/21	592.2	15.7	0.12	0.00	14.3	N/A
12/22	402.7	25.1	0.13	0.07	13.2	4.1
12/23e	402.2	19.6	0.11	0.08	15.5	4.7
12/24e	850.9	61.4	0.32	0.08	5.3	4.7

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Positive outlook with resilient H123 results

A surge in H123 Greek revenue of 109% y-o-y to €175.3m, alongside record current work-in-hand exceeding €3.2bn (c 66% of backlog projects already started), paves the path for future earnings growth, reflected in the introduction of our forecasts. Despite continuing group revenue remaining broadly flat in H123 at €192.2m (H122: €194.3m), net income increased to €3.4m compared with a €20.2m loss in the comparative period, driven mainly by a surge in construction activity. Construction EBITDA increased to €12.2m versus a loss of €16.8m in H122, and income from associates increased by 10.8% y-o-y to €18.1m. Group cash flow remained positive with net debt (pre IFRS 16) reduced by €12.2m to €208.2m.

Robust Greek economy reflected in forecasts

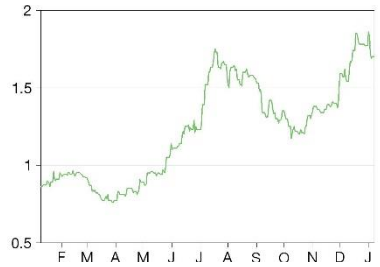
Greek economic growth should be stimulated up to 2026 by the National Recovery and Resilience Plan, worth over €30bn, boosting infrastructure investment. We believe that AVAX presents an attractive play on Greece's strong growth story over the next decade, underscored by continuing pipeline momentum as it is prequalified and participating in the bidding process for numerous tenders. We incorporate this growth, alongside a record order backlog and the recovery of project delays, in our FY24 revenue and adjusted EBITDA forecasts of €851m and €90m, respectively.

Valuation: Substantial upside potential

Based on a combination of a DCF enterprise value of €340m for subsidiaries (primarily construction) and a value for associates (mainly concessions) of €433m, we value AVAX at €3.2/share, implying significant upside. We note that AVAX's FY24e P/E of 5.3x is at a significant 60% discount to a peer group of companies with similar exposures, with a current 4.1% yield at the upper end.

Price	**€1.71**
Market cap	**€247m**
Net debt (€m) at 30 June 2023 (excluding lease liabilities)	208.2
Shares in issue	144.3m
Free float	35.6%
Code	AVAX
Primary exchange	Athens Exchange
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	8.0	31.3	98.6
Rel (local)	4.6	15.5	44.1
52-week high/low		€1.75	€0.70

Business description

AVAX is a Greek-based construction company that operates through three main segments: construction, concessions and real estate & marinas, with a large international footprint. The largest segment, construction, is involved in large-scale private and public works, with unique experience among its peers, in energy infrastructure (LNG terminals and pipelines) and subway construction sectors.

Next events

FY23 results	April 2024

Analysts

Natalya Davies	+44 (0)20 3077 5700
Andy Chambers	+44 (0)20 3077 5700
Andrew Keen	+44 (0)20 3077 5700

industrials@edisongroup.com

Edison profile page

AVAX is a research client of Edison Investment Research Limited

Gearing up for growth with robust H123

AVAX made good strategic progress in H123, notably by completing the sale of its 100% subsidiary, Volterra, marking its full divestment from energy sector operations. As mentioned, in our initiation note, in June 2022 it sold a 112MW capacity portfolio of Volterra's renewable energy source (RES) projects to PPC Group, generating a capital gain of €39.1m. The remaining retail segment was sold in August 2023 for initial cash proceeds of €6m, in addition to a further €7m advanced payment. Should certain medium- and long-term targets be met, the total transaction price has the potential to reach a maximum of €24m, which compares to disposal group net assets of €22.7m at end FY22, implying a €1.3m book profit.

H123 continuing operations saw revenues decline marginally by 1.1% to €192.2m, largely due to delays in starting new construction projects awarded during the year, mostly outside Greece. International revenues fell by 85% from €110.8m to €16.9m, which offset the notable increase in Greek revenues of 109.1% to €175.3m, reflecting a pick-up in newly secured projects.

Exhibit 1: AVAX income statement highlights (€m) (continuing operations)

€m	H122	H123	Y-o-y change
Group sales	**194.3**	**192.2**	**(2.1)**
Gross profit	(3.3)	9.8	13.1
Gross margin	(1.7%)	5.1%	-
EBITDA	**0.8**	**27.4**	**26.6**
EBITDA margin	*0.4%*	*14.3%*	-
Profit/(loss) before tax	**(18.5)**	**5.2**	**23.7**
Net income/(loss)	(20.2)	3.4	23.6
EPS (€)	**(0.15)**	**0.02**	**0.17**

Source: AVAX reports

Overall gross profit improved to €9.8m from a loss of €3.3m in H122, although this masked a substantial mix shift between domestic and international activity. Domestic activities generated a gross profit of €34m compared to €6.8m in H122, while international delivered an H123 loss of €24.2m compared to a loss of €10.0m in the prior year.

In terms of its reported EBITDA, AVAX includes the contribution from concession operations, although most of these are associates where only net income is reported at the pre-tax level in the group accounts. A minority of the concessions are fully consolidated and generate a few million euros in revenue. The presentation thus increases the group EBITDA margin, but, as we show in Exhibit 2 below, the construction segment generated a positive H123 EBITDA margin of 6.8% despite the international losses, a substantial improvement from the EBITDA loss witnessed in H122. Income from associates (mainly concessions in which AVAX holds a minority stake) stood at €18.1m, up 10.8% y-o-y.

Exhibit 2: AVAX revenue and EBITDA by segment (continuing operations)

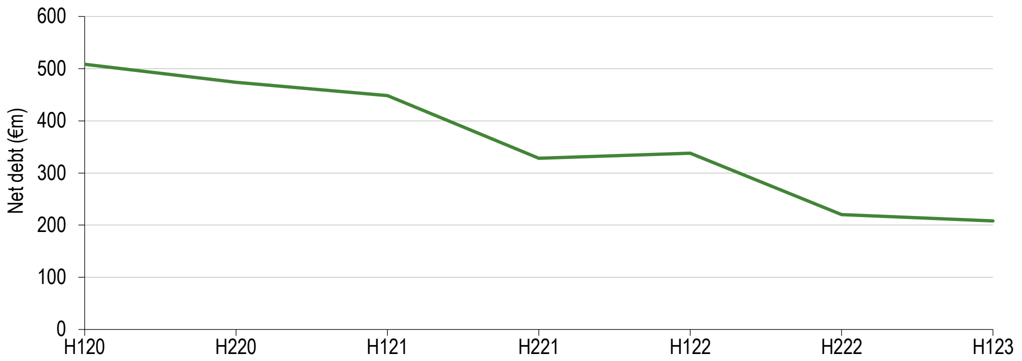
Year to June (€m)	H121	H122	H123	Y-o-y change
Turnover				
Construction	254.5	183.0	179.6	(3.5)
Concessions	1.9	2.2	2.6	0.4
Other activities	5.4	9.0	10.1	1.0
Group turnover	**261.7**	**194.3**	**192.2**	**(2.1)**
EBITDA				
Construction	18.0	(16.8)	12.2	29.0
Concessions	14.9	17.0	13.2	(3.8)
Other activities	0.6	0.5	2.0	1.5
EBITDA	**33.5**	**0.8**	**27.4**	**26.6**
Construction EBITDA margin	*7.1%*	*(9.2%)*	*6.8%*	*N/A*
EBITDA margin	*12.8%*	*0.4%*	*14.3%*	*N/A*

Source: AVAX reports. Note: Excludes contributions from disposed Volterra business (RES portfolio).

Progressing with long-term strategy of bank debt reduction

In the past three years, AVAX has aggressively reduced debt through the strategic sale of mature concessions (in line with its long-term strategy) and non-core assets (eg the Volterra and RES projects). In H123 the company reported net debt (excluding lease liabilities) of €208.2m, a record low for the past 15 years, representing a decrease of €12.2m compared to FY22 and a decrease of €130m compared to H122. This was largely attributable to positive operating cash flow of €32.2m (H122: -€51.1m), supported by favourable working capital movements of €25.4m. This more than offset the decrease in investing cash flows to €7.7m (H122: €58.4m), which suffered from the lack of €54.4m in income from the disposal of subsidiaries included last year. The anticipated acceleration of Greek construction activity should bolster future cash flow generation, aiding the continuing reduction of bank debt and easing the leverage ratio to a healthier level in the 2–3x range (FY22 net debt/EBITDA was 4.3x).

Exhibit 3: AVAX net debt H120–H123



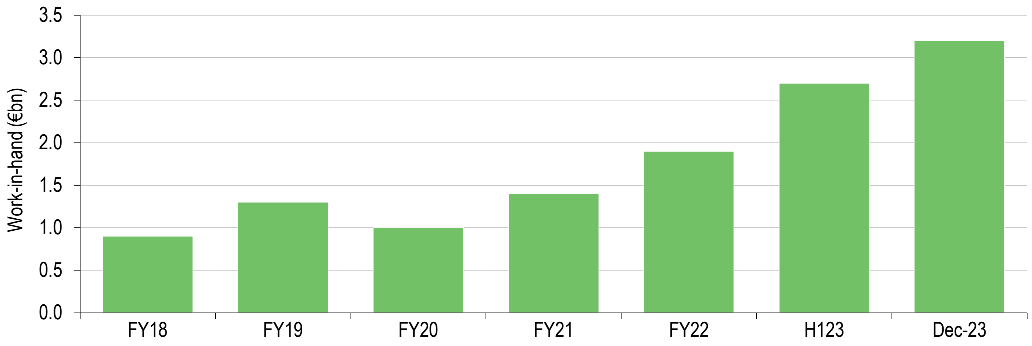
Source: AVAX reports

Record work-in-hand of c €3.2bn

AVAX boasts a current record work-in-hand level of c €3.2bn, with c 66% of backlog projects already commenced. Work-in-hand stood at €2.7bn at H123, a 45% increase compared to FY22, with an additional €478m signed in the third quarter. The largest new contract, signed in Q323 and awarded by Mass Group Holding, involves the construction and commissioning of a 1,750MW combined-cycle power plant in Romania, worth €673.5m. These additional secured projects pave the way for future free cash flow generation, with increased pipeline momentum set to continue as AVAX is prequalified and participating in the bidding process for numerous tenders for public-private partnerships (PPPs) and concessions.

The level of booked activity and burgeoning Greek construction project pipeline (four projects secured in Q323 with a combined value of c €300m) underpin our expectation that the group's financial performance should strengthen in the near future. We also expect these factors to continue to drive a significant shift towards domestic activity, although international market opportunities are likely to be pursued where appropriate.

Exhibit 4: Work-in-hand (€bn)



Source: AVAX reports

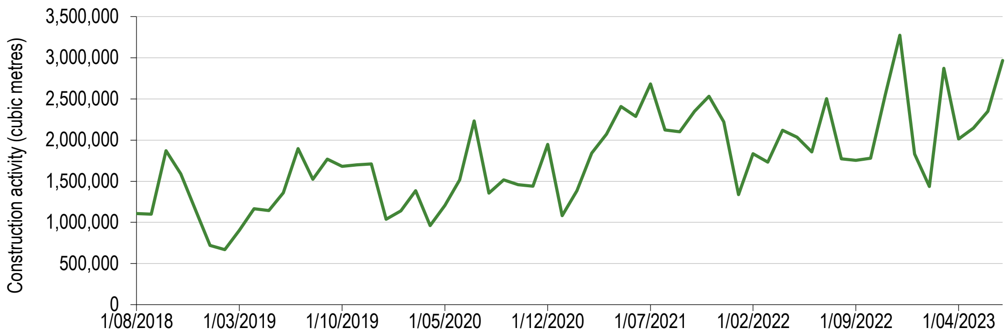
Management believes it is beginning a period where it can sustainably deliver improved profitability, which should allow for enhanced shareholder returns. The announcement of a €0.07 gross dividend for FY22 was the first for many years and reflects improved management confidence, with room for growth as the company secures additional cash flow streams.

Outlook appears positive

Despite challenging macroeconomic headwinds, characterised by a surge in interest rates and persistent inflation in essential goods, Greek real GDP continued to show sustained robust growth of 2.5% in H123, which is expected to continue through the latter half of the year and into H124. Significant private and foreign investments are progressing, alongside increased disbursements from the Greece 2.0 Recovery Fund, boding well for the domestic construction industry. In terms of government funding of projects, Greece ranks number two globally for its procurement of infrastructure projects using PPP finance as a percentage of GDP.

AVAX is poised to benefit from the anticipated surge in Greek infrastructure investment, with management expecting improved cash flow generation driven by heightened construction activity and a robust backlog of projects contracted from 2022. In addition, the Greek construction sector was hit hard in the decade following the debt crisis that began in late 2009, meaning few companies survived the downturn. This reduced competition, which should benefit AVAX's construction margins. The gradual reduction in benchmark interest rates by the European Central Bank (ECB) to more normalised levels (consensus forecasts the first cut in H224) should further catalyse the widening of these margins. In addition, the regained investment-grade status of Greece's credit rating for the first time since the eruption of the debt crisis will enable companies like AVAX to benefit from reduced and less volatile funding costs, which should help improve market perception and investor confidence.

Exhibit 5: Greek construction activity (m³)



Source: Refinitiv

As mentioned in our initiation note, AVAX opts for a more conservative approach to bidding in order to ensure stable cash inflow with reduced risk. It now bids for the majority of larger projects in the market, competing with its three main peers, and typically wins c 20–25% of the projects for which it bids, according to management. Combined with improvements in Greek infrastructure investment, this selective approach could secure an improved rating for the company.

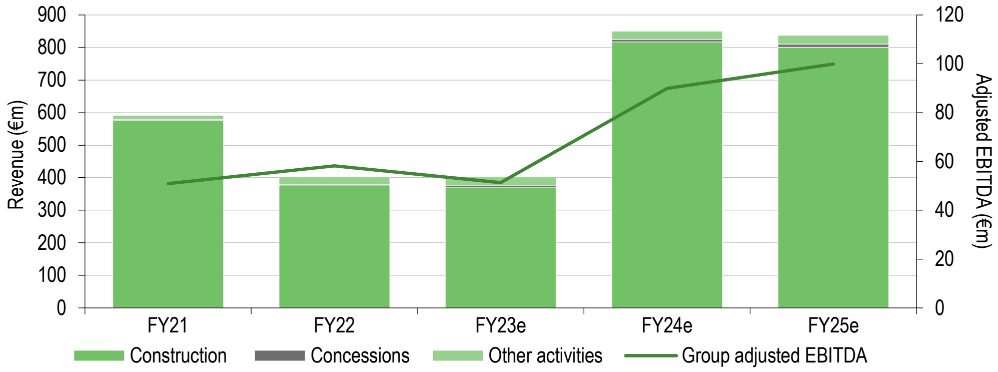
Introduction of forecasts

AVAX's current portfolio of projects is likely to result in very strong revenue growth, which will largely be recognised in FY24. Construction project delays have substantially affected FY23, leaving potential for strong year-on-year growth in future years as more projects are secured and revenue is subsequently recognised.

In FY23, we expect group revenue to remain broadly flat at €402.2m (FY22: €402.7m) with a 1% reduction in construction revenue to €371.7m, offsetting increases of 20% to €5.7m in concessions and 10% to €24.7m in other activities (real estate and marinas). Our FY23 adjusted EBITDA forecast of €51.3m is a 12.0% decrease compared to the previous year and reflects continuing construction project delays alongside the loss of the Rio Bridge concessions participation in FY22 (concessions EBITDA decrease of 19.9% from €38.7m in FY22 to €31.0m). The implied adjusted EBITDA margin of 12.7% is moderately lower than the 14.5% achieved in FY22. In FY24 we expect a large proportion of the recently secured construction projects to commence, bolstered by a current record order backlog, and consequent substantial revenue to be recognised. We anticipate FY24 revenue and adjusted EBITDA increases of 111.6% and 75.6% y-o-y to €850.9m and €90.0m, respectively.

AVAX's progressive net debt reduction should have a substantial impact on net finance costs, which we expect to reduce from €20.7m in FY22 to €17.1m in FY23 and €12.6m in FY24, despite this year's surge in interest rates. We expect this to be offset by the impact of continuing construction project delays in 2023e, reflected in our anticipated decrease in continuing, normalised PBT from €25.1m in FY22 to €19.6m in FY23. However, our 2024e forecast of €61.4m in FY24 incorporates the anticipated substantial recovery in project delays alongside a record work-in-hand level with a large influx of construction projects anticipated to commence. In FY23, we forecast continuing net income of €16.1m (FY22: €19.2m), yielding a diluted continuing EPS of €0.11/share, representing a 15.4% y-o-y decrease. Note that our diluted EPS calculation incorporates our assumption that the distribution of 4m bonus shares among staff, authorised at the AGM in June 2021, is likely to be exercised before expiry in June 2024.

Exhibit 6: Divisional revenue and adjusted EBITDA, FY21–25e



Source: AVAX accounts, Edison Investment Research

Our FY24 net income forecast of €47.4m, implying diluted EPS of €0.32/share, highlights the significant value of AVAX's work-in-hand that is yet to be unlocked. We expect the backlog to continue to increase at a more normalised, moderate pace in the long term, driven by the major infrastructure projects to be tendered in the coming years, which should play a large part in driving future revenue growth and cash generation.

Exhibit 7: Summary of forecasts (continuing operations)

€m	FY21	FY22	FY23e	FY24e	FY25e
Group revenue	**592.2**	**402.7**	**402.2**	**850.9**	**837.6**
Gross profit	**31.6**	**20.9**	**20.8**	**76.6**	**83.8**
Gross margin	5.3%	5.2%	5.2%	9.0%	10.0%
Adjusted EBITDA	**51.0**	**58.2**	**51.3**	**90.0**	**100.0**
Group adjusted EBITDA margin	8.6%	14.5%	12.7%	10.6%	11.9%
EBIT	**38.0**	**45.8**	**36.6**	**74.0**	**82.7**
EBIT margin	6.4%	11.4%	9.1%	8.7%	9.9%
Profit before tax	**15.7**	**25.1**	**19.6**	**61.4**	**71.7**
Net income	17.6	19.2	16.1	47.4	55.1
Diluted normalised EPS (€)	**0.12**	**0.13**	**0.11**	**0.32**	**0.37**
Net cash/(debt) excluding lease liabilities	(328.3)	(220.4)	(184.3)	(176.8)	(130.2)

Source: AVAX accounts, Edison Investment Research. Note: EBIT, PBT, net income and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Balance sheet and cash flow

With a visible track record and priority of deleveraging, we anticipate FY23 and FY24 net debt (excluding lease liabilities) of €184.3m and €176.8m, respectively, implying a healthier FY24 leverage ratio of 2.0x, underpinned by top-line growth and increased profitability. This compares to 3.8x in FY22. The company also demonstrates a positive sustained net asset position with expected continued growth. Net assets in FY22 stood at €154.9m. We expect this to increase consistently year-on-year, reaching €193.4m in FY24.

AVAX has a visible track record of positive continuing operating cash flows, which we expect to increase by 18% to €15.5m in FY23, largely due to more favourable working capital movements (positive compared to negative in FY22). We forecast reduced cash inflow from investing activities in FY23 of €60.8m (FY22: €158.8m), almost fully attributable to the lack of Volterra disposal income absorbed in FY22. Overall, we expect positive net cash flow for FY23 of €33.3m and a smaller €7.6m inflow in FY24, attributable to less favourable working capital movements and the exclusion of net disposal of group assets held for sale (we forecast €22.6m in FY23 from the disposal of the retail segment of Volterra).

Valuation: €3.2/share implies 87% upside potential

AVAX's stock price has rallied strongly recently, with the broader market also rallying and reflecting the wider rapid improvement in the Greek economy. As AVAX secures more construction projects at higher margins, we expect the share price to approach the potential value of the company. In this section we outline our combined three-stage tapered discounted cash flow (DCF) enterprise valuation for subsidiaries (primarily construction) and value for associates (mainly concessions), and look at how the company's multiples compare with its peers. On this basis, we value the stock at €3.2/share, which implies 87% upside from the current share price. We also note that the shares trade at an FY24e P/E discount to peers of 60%, with a current dividend yield of 4.1% at the upper end, which supports our valuation.

DCF-based valuation for construction and subsidiaries

We value the subsidiaries (mainly consisting of construction projects) at €339.8m (€2.3/share) using a three-stage tapered DCF, with the following key assumptions in the model:

- After the explicit forecast period (post FY25), revenue growth of 2% for years four to five, followed by 1% for the next four years, and a conservative 0% terminal growth rate.
- A weighted average cost of capital (WACC) of 9.4%, which incorporates a cost of equity of 14.2% and a cost of debt (after tax) of 6.2% with a risk-free interest rate of 3.7%.
- Debt is expected to account for 60% of enterprise value to reflect the anticipated long-term capital structure.

Free cash flow included in this DCF calculation includes the totality of the construction division and real estate, in addition to the Athens Marina (99.84% participation) (ie all of the subsidiaries). To put it in perspective, our valuation of €2.3/share for subsidiaries (excluding associates) alone represents 35% upside to the current share price. The current share price of €1.71 implies a WACC of more than 12%, which in our view looks unreasonably high considering the sustainable growth prospects and secured long-term cash flows with a record order backlog.

The sensitivity of our assumptions is reflected in the table below, indicating differing terminal value growth rates and WACCs. For example, raising our terminal value growth from 0% to 2% gives a value of €2.6/share, representing 52% upside to the current share price.

Exhibit 8: Subsidiaries valuation sensitivity table (€/share)

		Terminal growth rate (%)			
		0.0%	**1.0%**	**2.0%**	**3.0%**
WACC (%)	**11.0%**	1.9	2.0	2.1	2.2
	10.0%	2.1	2.2	2.4	2.6
	9.4%	**2.3**	2.4	2.6	2.8
	9.0%	2.4	2.6	2.8	3.0
	8.0%	2.7	3.0	3.3	3.7

Source: Edison Investment Research

Valuation of associates (primarily concessions)

We value the majority of AVAX's associates based on FY22 fair value, albeit for the near-expiring Athens Ring Road concession valuation we use dividend share for the remaining concession period (which expires in October 2024), alongside share of equity on liquidation with adjustments. Typical dividends for this concession are c €90m annually and the equity return to shareholders on liquidation of the concession amounted to €183m (for 100% participation) at mid-2023. We note that there is potential for additional income from this concession for foregone revenue due to elections (no tolls operating), the COVID-19 pandemic (traffic lockdown) and other externalities.

We obtain a total valuation for associates of €433m, €138m above the recognised book value of €295m. Operation of these critical assets provides the company with long-term and visible cash flow streams (up to 2061) with scope for contract renewals and additional PPP project adoption with c 12–13% targeted internal rates of return.

Exhibit 9: Associates valuation

	Cost (€m)	Investment (€m)	Expiry	Valuation method	Concession value (€m)	Participation	AVAX value (€m)
Athens Ring Road	1,600	2,000	2024	Dividend share up to expiry combined with share of equity on liquidation	348.0	34.2%	119.1
Aegean Motorway	1,258	1,758	2038	Fair value	425.7	23.6%	118.6
Olympia Motorway	1,800	2,613	2038	Fair value	601.4	19.1%	115.8
Salonica Flyover PPP	382	480	2052	Fair value	47.9	50.0%	23.9
Moreas Motorway	845	1,060	2038	Fair value	33.1	15.0%	5.0
Ilia Prefecture Waste Management PPP	29	40	2046	Fair value	12.0	50.0%	6.0
Limassol Marina	267	367	2061	Fair value	121.1	33.5%	40.6
Others (car parks)	-	-	-	Mixed	-	-	4.0
Total	**-**	**-**	**-**	**-**	**-**	**-**	**433.0**

Source: Edison Investment Research

Combined valuation of €3.2/share

Exhibit 10 shows our total valuation for AVAX of €3.2/share, implying 87% upside to the current share price of €1.71. As mentioned earlier, we use a diluted number of shares, incorporating our assumption of the likely distribution of 4m bonus shares to staff.

Exhibit 10: AVAX valuation

	€m
Present value of construction/subsidiaries	339.8
Other	0.0
less FY22 net debt (including lease liabilities)	(296.2)
Plus associates and JVs	433.0
Less minorities	(0.9)
Market value of equity	475.7
No of shares (m)	148.3
NPV per share (€)	3.2

Source: Edison Investment Research

Discount to peers with a dividend yield at the upper end

Exhibit 11 shows a selected list of AVAX's European peers, with the three in bold being its largest Greek competitors. AVAX currently trades at P/E multiples of 15.5x in FY23e and 5.3x in FY24e, representing a premium of 24% and a discount of 60% to European peers, respectively. Its gross dividend yield of 4.1% is at the upper end of its respective peer group. Our valuation of €3.2/share suggests significant upside potential.

In FY23, Greek construction companies responded well to the strengthening Greek economy, notably Intrakat and AVAX, which were up c 214% and 118%, respectively. It is important to note that AVAX's current order backlog, which exceeds €3.2bn, is significantly higher than those of its three Greek construction peers (averaging c €2.5bn). Given the record order book combined with an improving balance sheet, the discount to foreign peers appears unwarranted to us and should narrow in our view.

Exhibit 11: Peer valuation

Company	Market	Local ccy	Share price (local ccy)	Market cap (bn) (local ccy)	FY22 EV/sales (x)	FY23e P/E (x)	FY24e P/E (x)	Div yield (%)
AVAX	**Athens Exchange**	**€**	**1.71**	**0.25**	**1.01**	**15.5**	**5.3**	**4.1**
Ellaktor	Athens Exchange	€	2.63	0.92	1.02	-	-	N/A
GEK Terna	Athens Exchange	€	13.58	1.40	0.74	-	-	1.5
Intrakat	Athens Exchange	€	4.94	0.79	1.12	-	-	N/A
Balfour Beatty	LSE Main Market	£	3.39	1.84	0.20	9.8	9.4	3.1
Vinci	Euronext Paris	€	114.34	67.34	1.20	13.9	13.0	3.5
ACS	Madrid Exchange	€	39.92	11.11	0.24	16.7	16.9	4.9
Eiffage	Euronext Paris	€	97.48	9.55	1.01	9.2	8.9	3.7
Sacyr	Madrid Stock Exchange	€	3.29	2.25	1.74	12.7	16.8	4.7
Average (excluding AVAX)	**-**	**-**	**-**	**-**	**0.91**	**12.5**	**13.0**	**3.6**

Source: Refinitiv, Edison Investment Research. Note: Priced at 08 January 2024.

Exhibit 12: Financial summary

€m	2021	2022	2023e	2024e	2025e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	592.2	402.7	402.2	850.9	837.6
Cost of Sales	(560.6)	(381.8)	(381.3)	(774.3)	(753.8)
Gross Profit	31.6	20.9	20.8	76.6	83.8
EBITDA	51.0	58.2	51.3	90.0	100.0
Operating EBITA (reported)	22.7	39.6	30.4	67.8	76.5
Normalised operating profit (including JVs and sub debt)	38.0	45.8	36.6	74.0	82.7
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0
Exceptionals	(15.7)	(6.5)	(6.5)	(6.5)	(6.5)
Share-based payments	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Reported operating profit (including JVs and sub debt)	22.2	39.3	30.1	67.4	76.2
Net Interest	(22.3)	(20.7)	(17.1)	(12.6)	(11.0)
Joint ventures & associates (post tax)	31.2	47.4	39.0	39.0	39.0
Exceptionals and sub debt/other	5.3	6.6	6.6	8.2	10.3
Profit Before Tax (norm)	15.7	25.1	19.6	61.4	71.7
Profit Before Tax (reported)	(0.0)	18.5	13.0	54.8	65.1
Reported tax	2.0	(5.6)	(3.3)	(13.7)	(16.3)
Profit After Tax (norm)	17.7	19.5	16.3	47.7	55.4
Profit After Tax (reported)	2.0	12.9	9.8	41.1	48.8
Minority interests	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)
Net income (normalised, continuing)	17.6	19.2	16.1	47.4	55.1
Net income (reported, continuing)	1.9	12.7	9.5	40.9	48.6
Discontinued	(14.4)	27.0	4.0	0.0	0.0
Discontinued NCI	(1.5)	(1.6)	(0.2)	0.0	0.0
Reported group net income (continuing and discontinued)	(14.1)	38.1	13.3	40.9	48.6
Basic average number of shares outstanding (m)	144	144	144	144	144
EPS - basic normalised (€)	0.12	0.13	0.11	0.33	0.38
EPS - diluted normalised (€)	0.12	0.13	0.11	0.32	0.37
EPS - basic reported (€)	0.01	0.09	0.07	0.28	0.34
DPS (€)	0.00	0.07	0.08	0.08	0.08
Revenue growth (%)	-	-32.0	-0.1	111.6	-1.6
Gross Margin (%)	5.3	5.2	5.2	9.0	10.0
EBITDA Margin (%)	8.6	14.5	12.7	10.6	11.9
BALANCE SHEET					
Fixed Assets	487.1	464.3	474.6	468.0	458.7
Intangible Assets	0.6	0.5	0.6	0.8	0.9
Tangible Assets	61.3	53.2	46.7	40.3	32.6
Investments & other	425.2	410.6	427.3	427.0	425.1
Current Assets	709.3	612.2	563.2	716.7	726.0
Stocks	25.8	21.3	22.1	34.0	33.5
Debtors	253.2	270.5	261.4	425.4	418.8
Cash & cash equivalents	114.1	86.6	89.6	67.2	83.7
Other	316.3	233.7	190.0	190.0	190.0
Current Liabilities	647.2	576.7	559.2	704.8	695.8
Creditors	376.2	405.0	450.4	595.6	586.3
Tax and social security	6.9	12.0	12.0	12.0	12.0
Short term borrowings	107.5	78.1	75.0	75.0	75.0
Other	156.6	81.5	21.8	22.2	22.5
Long Term Liabilities	438.9	344.9	316.4	286.4	256.4
Long term borrowings	334.9	228.9	198.9	168.9	138.9
Other long term liabilities	104.0	116.0	117.4	117.4	117.4
Net Assets	110.4	154.9	162.2	193.4	232.5
Minority interests	(14.2)	(0.9)	(1.2)	(1.4)	(1.7)
Shareholders' equity	96.2	154.0	161.0	192.0	230.8
CASH FLOW					
Op Cash Flow before WC and tax	51.5	58.6	51.3	90.0	100.0
Working capital	48.9	(7.3)	12.4	(30.8)	(2.1)
Exceptional & other	(15.7)	(6.5)	(6.5)	(6.5)	(6.5)
Tax	2.4	3.2	(6.6)	0.2	0.2
Other	(33.5)	(34.9)	(35.0)	(52.8)	(55.3)
Net operating cash flow	53.5	13.1	15.5	0.1	36.1
Capex	(6.1)	(4.3)	(8.5)	(8.5)	(8.5)
Acquisitions/disposals	28.3	110.1	22.6	0.0	0.0
Net interest	(24.2)	(22.0)	(20.3)	(15.8)	(14.3)
Equity financing	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	(10.1)	(10.1)	(10.1)
Other	39.1	18.8	34.0	41.9	43.3
Net Cash Flow	90.7	115.7	33.3	7.6	46.5
Opening net debt/(cash)	453.8	328.3	220.4	184.3	176.8
FX	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	34.9	(7.9)	2.8	0.0	0.0
Closing net debt/(cash)	328.3	220.4	184.3	176.8	130.2

Source: AVAX accounts, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by AVAX and prepared and issued by Edison, in consideration of a fee payable by AVAX. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of 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 and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. 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.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group 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 contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in 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.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.