

Centaur Media

FY24 closes better than expected

Centaur's year-end trading update points to revenues of around £35m, which is ahead of our earlier modelling (and management guidance) of £34m. This is attributed to strong revenue performances from The Lawyer (+7%) and from the MW Mini MBA (+5%), a counter to continuing difficult trading conditions for the other brands servicing the marketing services sector within XEIM. This mix has helped boost the adjusted EBITDA margin to 16.0%, up from our forecast 14.7%. Year-end net cash was £8.9m, a tad ahead of our modelled £8.7m. The group's new executive chair has started a review of group brands and operations, and we would expect some news of his initial findings with the FY24 results in March.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/22e	38.4	4.9	2.49	1.10	10.4	4.2
12/23e	37.3	7.6	4.16	1.80	6.2	6.9
12/24e	35.0	3.6	1.86	1.80	14.0	6.9
12/25e	36.0	3.8	1.89	1.80	13.7	6.9
12/26e	39.0	5.1	2.54	1.80	10.2	6.9

Note: PBT and EPS are adjusted, excluding amortisation of acquired intangibles, exceptional items and share-based payments, and EPS are fully diluted. DPS excludes special dividend paid for FY23.

Steady performance in markets lacking confidence

We trimmed our FY24 estimates in October to reflect difficult trading conditions leading XEIM's blue-chip client base to continue to rein in its marketing spend. This trading update points to a slight improvement in the final weeks of the year, with some of the previous pull-back recovered. Full year 2024 revenues are indicated at £35m, ahead of our last published estimate of £34m. The guided FY24 adjusted EBITDA margin of 16.0% is clearly better than our modelled 14.7%, reflecting careful management of overheads and a more favourable business mix. For now, we remain relatively cautious on the outlook for Centaur's markets for the current year and into FY26 and have left these revenue and profit estimates unchanged.

Strategy review under way

Centaur's new executive chair, Martin Rowland, who took over on 1 January, has initiated a review of operations and strategy, which is expected to take a number of months. This will involve an evaluation of each brand's position and potential, with the objective of maximising shareholder value while ensuring that Centaur remains its customers' partner of choice for business intelligence and learning. The strength of the group's balance sheet, with net cash at the year-end of £8.9m (Centaur has lease debt only), means that the review can be done without undue time pressure and that the resources are in place to follow through on the conclusions.

Valuation: Reflecting industry issues

Centaur's share price is 37% down over the last 12 months, reflecting the continuing malaise in UK smaller stock valuations and across the wider media sector, as well as the company-specific issues. The valuation remains well below UK and global peers. Parity across FY24–26 (on P/E and EV/EBITDA) suggests a price of 40p, up from 39p in October 2024, and well above the current level. Closing that gap will require evidence that the strategic review can deliver value to shareholders.

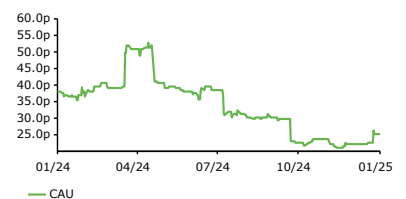
Year-end trading update

Media

22 January 2025

Price	26.00p
Market cap	£39m
Net cash/(debt) as at end	£8.9m
December 2024	
Shares in issue	151.4m
Code	CAU
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	13.0	10.6	(33.4)
52-week high/low		50.5p	21.0p

Business description

Centaur Media is an international provider of business intelligence, learning and specialist consultancy. Its Xeim and The Lawyer business units serve the marketing and legal sectors respectively and offer customers a wide range of products and services targeted at helping them add value.

Next events

Final results	Mid March 25
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Analyst

Fiona Orford-Williams +44 (0)20 3077 5700

tmt@edisongroup.com

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Exhibit 1: Financial summary

£m	2022	2023	2024e	2025e	2026e
	IFRS	IFRS	IFRS	IFRS	IFRS
Year end 31 December					
INCOME STATEMENT					
Revenue	38.4	37.3	35.0	36.0	39.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Cost of Sales	(14.1)	(13.7)	(13.4)	(13.3)	(14.0)
Gross Profit	24.2	23.6	21.6	22.8	25.0
Adjusted EBITDA	8.1	9.7	5.6	5.9	7.2
Operating profit (before amort. and excepts.)	4.9	7.6	3.5	3.7	5.0
Amortisation of acquired intangibles	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)
Exceptionals	(0.1)	(0.4)	(0.2)	0.0	0.0
Share-based payments	(0.8)	(1.1)	(0.3)	(1.1)	(1.1)
Reported operating profit/ loss	3.5	6.1	3.0	2.6	3.9
Net Interest	(0.1)	0.0	0.1	0.1	0.1
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	4.9	7.6	3.6	3.8	5.1
Profit/ Loss Before Tax (reported)	3.5	6.1	3.0	2.6	3.9
Reported tax	(0.9)	(0.8)	(0.8)	(0.8)	(1.1)
Profit After Tax (norm)	3.7	6.4	2.8	2.9	4.0
Profit After Tax (reported)	2.6	5.3	2.2	1.8	2.8
Minority interests	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.2	(0.5)	0.0	0.0	0.0
Net income (normalised)	3.7	6.3	2.8	2.9	4.0
Net income (reported)	2.8	4.9	2.2	1.8	2.8
Average Number of Shares Outstanding (m)	143.8	143.8	148.7	151.4	151.4
EPS - normalised (p)	2.6	4.4	1.9	1.9	2.6
EPS - normalised fully diluted (p)	2.5	4.2	1.9	1.9	2.5
EPS - basic reported, continuing (p)	1.8	3.7	1.5	1.2	1.8
Ordinary dividend per share (p)	1.1	1.8	1.8	1.8	1.8
Revenue growth (%)	(1.9)	(2.8)	(6.2)	3.0	8.2
Gross Margin (%)	63.1	63.3	61.6	63.1	64.2
Adjusted EBITDA Margin (%)	21.1	25.9	16.0	16.5	18.6
Normalised Operating Margin (%)	12.9	20.4	10.1	10.2	12.8
BALANCE SHEET					
Fixed Assets	45.9	49.3	49.0	49.2	49.6
Intangible Assets	43.8	44.7	44.9	45.1	45.3
Tangible Assets	0.4	2.2	2.9	3.4	3.8
Deferred tax	1.7	2.2	0.7	0.0	0.0
Other receivables	0.0	0.2	0.5	0.8	0.5
Current Assets	21.5	15.0	14.1	14.0	15.6
Stocks	0.0	0.0	0.0	0.0	0.0
Debtors	5.4	5.1	4.8	5.0	5.5
Cash & cash equivalents	16.0	9.5	8.9	8.6	9.8
Other	0.2	0.4	0.4	0.4	0.4
Current Liabilities	(18.5)	(17.9)	(17.2)	(17.6)	(18.9)
Creditors	(9.7)	(8.6)	(8.4)	(8.9)	(9.5)
Tax and social security	0.0	0.0	0.0	0.0	0.0
Short term borrowings	0.0	0.0	0.0	0.0	0.0
Other/ Lease liabilities	(8.9)	(9.3)	(8.9)	(8.7)	(9.3)
Long Term Liabilities	(0.0)	(1.3)	(0.7)	(0.7)	(0.5)
Long term borrowings	0.0	0.0	0.0	0.0	0.0
Other long term liabilities, including leases	(0.0)	(1.3)	(0.7)	(0.7)	(0.5)
Net Assets	48.8	45.1	45.1	44.9	45.8
Minority interests	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	48.8	45.1	45.1	44.9	45.8
CASH FLOW					
Operating Cash Flow	8.1	10.3	6.4	6.3	7.8
Working capital	0.1	(1.6)	(0.4)	0.2	0.6
Exceptional & other	0.2	(1.3)	(0.8)	(0.7)	(0.8)
Tax	0.0	(1.6)	0.1	(0.1)	(1.1)
Total Operating Cash Flow	8.4	5.8	5.4	5.7	6.7
Capex	(1.4)	(2.1)	(1.3)	(1.5)	(1.5)
Acquisitions/disposals	0.0	0.0	0.0	0.0	0.0
Net interest	(0.0)	0.1	0.1	0.1	0.1
Equity financing	(0.6)	(0.3)	(0.6)	(0.3)	(0.3)
Dividends	(1.4)	(8.9)	(2.6)	(2.7)	(2.7)
Other	(2.2)	(0.1)	(1.5)	(1.5)	(1.1)
Net Cash Flow	2.8	(5.5)	(0.6)	(0.3)	1.1
Opening net debt/(cash & short term deposits)	(13.1)	(16.0)	(9.5)	(8.9)	(8.6)
FX	0.0	(0.0)	0.0	0.0	0.0
Other non-cash movements	0.1	(1.0)	0.0	0.0	0.0
Closing net debt/(cash)	(16.0)	(9.5)	(8.9)	(8.6)	(9.8)

Source: Company accounts, Edison Investment Research

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