

Wilmington

Supporting clients in regulated markets

Wilmington's H125 results show its strong positioning in growing governance, risk and compliance (GRC) regulated markets. Revenues from ongoing business were 16% ahead (+3% organic), with a step up in adjusted PBT margin from 21% to 25%. The level of repeat revenues in the continuing business (including recurring revenues), edged up 1% to 72%. The October 2024 acquisition of Phoenix Health & Safety expanded the training and education offering in the substantial health, safety and environmental (HSE) regulated area. Net cash was £31.3m at 31 December, post the £29.2m spend on Phoenix, giving plenty of firepower for further M&A. Current trading is in line with full-year market expectations.

Underlying positive performance

Seven of the group's nine companies posted organic progress in the period. FRA in the US was disrupted by changes to the Medicare Advantage segment, which management expects to resolve with regulatory clarity in H225, while Bond Solon, which caters to the legal market, had tough comparatives with large one-off projects that did not repeat and had good underlying growth of c 11%. Elsewhere, the standout performance was at Mercia in financial services, where revenues were up 11%. Within HSE, both Astutis (bought November 2023) and Phoenix Health & Safety (October 2024) posted double-digit year-on-year revenue growth. There has been good progress with the continued roll-out of the digital hub platform, which builds in far greater flexibility, efficiency and scalability to the offering.

M&A remains clear focus

As well as the balance sheet cash (£31.3m at end-December 2024, now reportedly c £40m), the group has facilities of up to £60m available to pursue further M&A opportunities. It has strict criteria and will remain focused on businesses within GRC markets, although not necessarily restricted to the existing spheres of financial services, legal and HSE (including ESG). Wilmington has a very healthy pipeline of potential transactions, including some which may extend geographical reach.

Valuation reflects quality of earnings

Wilmington's share price has dipped on the impact on results of adjusting items that relate to the earn-outs, transaction costs and exit from an expensive lease and is now broadly at the same level of a year ago. Within the peer set, companies with a strong positioning in data, platform and technology have a clear rating premium. Wilmington's trajectory in this direction gives strong support to the current rating, with potential for further expansion, subject to future deal flow.

Consensus estimates						
Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
6/23	93.1	20.5	19.51	10.00	17.5	2.9
6/24	98.3	24.2	19.33	11.30	17.6	3.3
6/25e	107.9	27.0	22.20	11.30	15.4	3.3
6/26e	119.4	30.3	24.80	12.40	13.8	3.6
6/27e	126.4	32.3	26.40	13.20	12.9	3.9

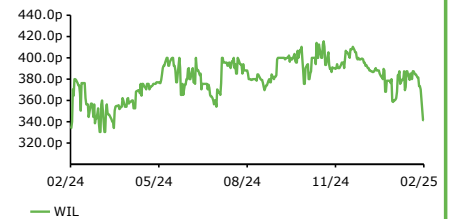
Source: Company accounts, LSEG Data & Analytics

Media

18 February 2025

Price 341.00p
Market cap £337m

Share price performance



Share details

Code	WIL
Listing	LSE
Shares in issue	90.2m
Net cash at 31 December	£31.3m

Business description

Wilmington provides data, information, education and training services in the global governance, risk and compliance markets.

Bull points

- Trusted player in growing, regulated markets with high levels of repeating revenues.
- Addition of health and safety gives broader base with strong prospects.
- Cash-rich balance sheet gives flexibility.

Bear points

- Risks from actions of external forces, such as regulators or government actions.
- Employee retention crucial for maintaining client relationships.
- Inefficient balance sheet.

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