Morning Wrap

Today's Newsflow

Select headline to navigate to article

Molten Ventures 4.2% H2 GPV uplift negates 3.7% H1 decline

Taylor Wimpey Sales rates encouraging in the ytd; FY guidance unchanged

tinyBuild FY23 results as bad as expected; cash remains a problem despite raise

Equity Research 23 Apr 2024 08:33

Upcoming Events

Company Events

23-Apr	Molten Ventures; Trading Update
	Taylor Wimpey; Q124 Trading Update
	tinyBuild; FY23 Results
25-Apr	AstraZeneca; Q124 Results
	Ibstock; Q124 Trading Update
	Travis Perkins; Q124 Trading Update
	WH Smith; Q224 Results
26-Apr	Kingspan; Q124 Trading Update
	Smurfit Kappa; Q124 Trading Update
30-Apr	Air France-KLM; Q124 Results
	Howden Joinery; Q124 Results
	Lufthansa; Q124 Results

Economic Events

	Retail Sales Mar
Ireland	
United Kingdom	
30-Apr	Nationwide House Price Apr
	BoE Mortgage Approvals Mar
	M4 Money Supply Mar
26-Apr	GfK Consumer Confidence
25-Apr	CBI Distributive Trade Survery
United States	
Europe	

Goodbody Capital Markets

Equity Research +353 1 6419221

Equity Sales +353 1 6670222

Bloomberg RESP GDSE<GO>

Molten Ventures 4.2% H2 GPV uplift negates 3.7% H1 decline

Recommendation: Buy
Closing Price: £2.26

Gerry Hennigan
+353-1-641 9274
gerry.f.hennigan@goodbody.ie

Molten Ventures issued a Trading Update this morning covering the year to March, in advance of Annual Results on June 12th, pointing to a "flat" annual outturn in Gross Portfolio Value (GPV). As such, a 4.2% constant currency increase in H2, served to counter the previously reported 3.7% decline in the first half of the year. The net result, despite an adverse currency movement in H2 (-£19m), is a year-end gross portfolio value of c.£1,377m driven by a £55m H2 uplift. That compares to the £1,371m reported for the year to March 2023 and a constant currency estimate in our model of £1,417m. Factoring in dealflow (Forward Partners, Seedcamp Fund III, etc), realisations and the Placing that raised £55m net of fees, NAV per share is anticipated to be c.661p, relative to the 780p reported for the same period the prior year and the 655p forecast in our model. Underpinning the relatively stable valuation trend was an indication that "value-weighted revenue growth in our Core portfolio was 63%" and that 90% of the core portfolio has more than twelve months of cash runway, with over 50% having sufficient funding to last two years.

PLC investment for the twelve months amounted to just £40m with a further £25m deployed (net of acquired cash) in the Forward Partners transaction. The PLC outlay matched cash proceeds of £39m from realisations for the year. Cash at period end stood at £57m on top of which Molten has access to an undrawn £60m RCF. On the assumption that the £90m debt facility is drawn, that would imply net debt as of September of £33m, down from £66m for the same period the prior year, and ahead of our year-end estimate of £43m.

Reflecting the outturn for FY24, the outlook statement from Molten this morning reinforces growing evidence of emerging technology valuation stability, amid stated commentary of "a more normalised realisations market with divestment proceeds expected to be meaningfully higher than the last two years". The outturn for FY24 reinforces our view that the historically conservative approach to asset valuation, allied to an enlarged portfolio (40+ assets from Forward Partners, Seedcamp value concentrated in six mature assets, c.120 direct holdings in total) has not been reflected in the share price given the current 66% discount applied by the market to Molten Ventures NAV per share.

Home…

Taylor Wimpey Sales rates encouraging in the ytd; FY guidance unchanged

Recommendation: Buy
Closing Price: £1.32

Shane Carberry
+353-1-6419118
shane.carberry@goodbody.ie

Taylor Wimpey has published a trading update ahead of its AGM later this morning.

The Group notes a "good" start to 2024 with the Spring selling season progressing as expected. Excluding bulk sales, the net private sales rate in the ytd is running at 0.69 (excl bulk impact of 0.04), a touch ahead of last year's 0.66. This also implies that sales rates (ex bulk) in the last 8 weeks since the FY results are running at 0.72, again a touch ahead of last year's outturn. Cancellation rates remain low at 13% and the Group also notes that website traffic is encouraging.

From a land perspective, the Group remains selective in its approach to new acquisitions. A key focus for the Group is on the conversion of plots from its strategic pipeline (successfully converted c.1.5k plots into the short term landbank in the period.) It currently has a short-term landbank of c.81k plots with a further c.140k potential plots in its strategic pipeline. From a dividend perspective, the Group's differentiated policy of returning c.7.5% of net assets annually in two equal instalments remains unchanged. This will equate to a FY dividend yield of c.7%.

In terms of the outlook, the Group has re-iterated its expectation to deliver 9,500 to 10,000 units with completions weighted 45% / 55% in favour of the second half of the year. It has also re-iterated its guidance for its first half operating margin to be lower sequentially. On balance, we see limited changes to consensus expectations for FY24. Consensus is currently forecasting an outturn of £418m, ahead of our c.£380m. We will adjust our forecast upwards to bring us in line with consensus.

We believe this is an encouraging update from Taylor Wimpey. It is positive to see the sales rate remaining resilient in recent weeks and we can take comfort in the FY guidance remaining unchanged.

Home…

tinyBuild FY23 results as bad as expected; cash remains a problem despite raise

FY23 results as bad as expected; cash remains a problem despite raise

Recommendation: Sell
Closing Price: £0.06

Patrick O'Donnell
+353-1-641 6013
patrick.odonnell@goodbody.ie

The group delivered Revenue of $44.7m (-29% y/y) which is a reflection of the lower subscription environment, less development partnerships and exclusivity agreements. The group posted Adjusted EBITDA of -$7.1m driven by lower subscription deals, higher amortisation of development costs and inflationary pressure. The group posted an operating loss of $63.8m impacted by $48.1m of impairment charges including $36.2m on development advances and $11.9m on Intangible Assets. Cash at year end amounted to $2.5m compared with $26.5m in 2022. The group raised $12.3m from existing and new shareholders in a January placing, and at the end of March 2024, it had cash in the high-single digit million level which is expected to reduce towards the half-year point as the companies invests in the near-term pipeline including Kingmakers which it says has attracted significant social media interest ahead of launch. On outlook, the group says it has several larger high potential titles for FY24 and that the board is confident it remains on track to deliver in line with expectations. TBLD continues to remain in a weak cash position post fundraise (high single digit millions and falling), and despite expectations remaining in line for FY24, it is also severely impacted by a fall in subscription models. Commentary with respect to new releases need better execution than we have seen historically from TBLD and further raise prospects will be on the horizon should these titles not release strongly.

Back Catalogue represented 92% of Revenue in FY23 aided by Hello Neighbor 2, Potion Craft 1.0, Graveyard Keeper and others. New releases in the calendar year included Rhythm Sprouts, Punch Club 2, but by virtue of the back catalogue revenue dominance, no major new release saw significant traction.

tinyBuild reference the strong indications for Kingmakers, pre-launch, a title that we see trending in a very strong position also on wishlists, and could be a positive release for TBLD. However, it is better to wait and see TBLD deliver upon expectations which they have not done on title launches in the last 12 months.

Home…

Issuer & Analyst Disclosure

Analyst Certification

The named Research Analyst certifies that: (1) All of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities and issuers. (2) No part of my remuneration was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this report.

Regulatory Information

Goodbody Stockbrokers UC, trading as Goodbody, is regulated by the Central Bank of Ireland. In the UK, Goodbody is also subject to regulation by the Financial Conduct Authority. Goodbody is a member of Euronext Dublin and the London Stock Exchange. Goodbody is a member of the group of companies headed by AIB Group plc. This publication has been approved by Goodbody. The information has been taken from sources we believe to be reliable, we do not guarantee their accuracy or completeness and any such information may be incomplete or condensed. All opinions and estimates constitute best judgement at the time of publication and are subject to change without notice. The information, tools and material presented in this document are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities.

Conflicts of Interest

Goodbody has procedures and policies in place to identify and manage any potential conflicts of interest that arise in connection with its research business. Goodbody analysts and other staff who are involved in the preparation and dissemination of research operate and have a management reporting line that is independent to its business. Information barriers are in place between the Corporate Finance arm and the Research arm to ensure that any confidential and or price sensitive information is handled in an appropriate manner.

Our Investment Research Conflicts of Interest Policy is available at Conflicts of Interest

Investors should be aware, that, where appropriate, research may be disclosed to the issuer(s) in advance of publication, in order to correct factual inaccuracies only and not to materially amend the research in any way. Goodbody is satisfied that it has operational procedures in place, which ensure that such disclosures will not compromise the report's objectivity.

Goodbody Stockbrokers acts as corporate broker to Molten Ventures
Goodbody has provided investment banking services in the past 12 months to Molten Ventures

The list of companies for which Goodbody acts as market maker and on which it provides research, is available at Regulatory Disclosures

Other disclosures

We would like to inform you that Gerry Hennigan holds shares in Molten Ventures

A description of this company is available at Company Descriptions

All prices used in this report are as at close of business of the previous working day unless otherwise indicated.

The time of publication of the report is Irish Standard Time (UTC +1), which accounts for transitions between IST and GMT (i.e. daylight saving time).

A summary of our standard valuation methods are available at Valuation Methodologies

A summary of share price recommendations and whether material investment banking services have been provided to these companies is available at Regulatory Disclosures

Other important disclosures are available at Regulatory Disclosures

Goodbody updates its recommendations on a regular basis. A breakdown of all recommendations provided by Goodbody is available at Regulatory Disclosures Where Goodbody has provided investment banking services to an issuer, details of the proportion of buys, holds and sells attributed to that issuer will also be included. This is updated on a quarterly basis.

Recommendation Definitions

Goodbody uses the terms "Buy", "Sell" and "Hold. The term "Buy" means that the analyst expects the security to appreciate in excess of 10% over a twelve month period. The term "Sell" means that the security is expected to decline in excess of 10% over the next twelve months. The term "Hold" means that the analyst expects the security to neither appreciate more than 10%, or depreciate more than 10% over the next twelve months.

On 26th November, 2012, the terms "Add" and "Reduce" were removed from the Recommendation Definitions and both were replaced with the "Hold" recommendation. Any Previous Recommendation that refers to either an "Add" means that the analyst expected the security to appreciate by up to 15% over a twelve month period. Any Previous Recommendation to "Reduce" means that the analyst expected the security to decline by up to 15% over the next twelve months.

In the event that a stock is delisted the firm will automatically cease coverage. If however the firm ceases to cover a stock for any other reason the firm will disclose this fact.

Distribution of research to clients of Goodbody Securities Inc (GSI) in the US

GSI distributes third-party research produced by its affiliate, Goodbody
GSI is a member of FINRA and SIPC
GSI does not act as a market-maker.

This information was current as of the last business day of the month preceding the date of the report.
An affiliate of GSI may have acted, in the past 12 months, as lead manager/co-lead manager of a publicly disclosed offer of the securities in this company. Investors should be aware that an affiliate of GSI may have provided investment banking or non-investment-banking services to, and received compensation from this company in the past 12 months or may provide such services in the next three months. The term investment banking services includes acting as broker as well as the provision of corporate finance services, such as underwriting and managing or advising on a public offer. All transactions by US persons involving securities of companies discussed in this report are to be effected through GSI.

Disclaimer

While all reasonable care has been taken in the production and dissemination of this report it is not to be relied upon in substitution for the exercise of independent judgement. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you.

Private customers having access, should not act upon it in anyway but should consult with their independent professional advisors.   The price, value and income of certain investments may rise or may be subject to sudden and large falls in value. You may not recover the total amount originally invested. Past performance should not be taken as an indication or guarantee of future performance; neither should simulated performance. The value of securities may be subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities.

Goodbody, Ballsbridge Park, Ballsbridge, Dublin 4, Ireland

T (+353 1) 6670400 **W** www.goodbody.ie **E** research@goodbody.ie