Expert System

Focus shifts to scaling up

The first year of Expert System's five-year plan 'Path to Lead' was essentially a year of investment, and despite the disruption caused by the pandemic, the company made good progress meeting key funding, product, marketing and hiring milestones. Management is maintaining its financial projections for the plan for FY21–24, which calls for modest growth this year, followed by accelerating growth in FY22–24, and positive EBITDA from FY23. We have made small changes to our forecasts for FY21 and FY22 and introduce forecasts for FY23.

Year end	Revenue (€m)	EBITDA* (€m)	EPS* (c)	DPS (€)	P/E (x)	EV/sales (x)
12/19	33.7	5.5	(1.6)	0.0	N/A	3.8
12/20	30.6	(1.9)	(20.2)	0.0	N/A	4.2
12/21e	32.2	(7.2)	(26.6)	0.0	N/A	4.0
12/22e	45.5	(1.3)	(17.8)	0.0	N/A	2.8
12/23e	64.5	7.6	(4.5)	0.0	N/A	2.0

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

FY20 a year of investment

FY20 revenue declined 9% y-o-y, as the pandemic depressed perpetual licence sales and consulting services, and was 2% below our forecast. However, subscription licence revenue grew 8%, slightly ahead of plan, and now makes up 89% of licence revenue. The EBITDA loss of €1.9m was wider than our €0.4m forecast due to lower revenue combined with higher staff costs. Year-end net cash was €20.8m. Expert is focused on driving growth in the US, which made up 20% of sales in FY20 versus 13% in FY19 as a result of strong enterprise demand.

Management maintains growth targets for FY21–24

In our view, Expert has made a good start in its quest to become the reference platform for AI-based natural language understanding (NLU). The focus for FY21 is on scaling up the business through a combination of direct sales of vertical solutions to enterprise customers and growing adoption of Expert's freemium NL API leading to conversions to commercial contracts. At this point, we continue to base our forecasts on the company's targets, albeit we are slightly more conservative. We have reduced slightly our FY21 and FY22 revenue forecasts and increased our EBITDA loss forecasts for both years, based on the higher level of costs incurred in FY20; we introduce FY23 forecasts.

Valuation: Considerable upside if executed well

Expert currently trades at a discount to peers on an EV/sales basis in FY21 and FY22. As the full SaaS platform has only just been launched, it is unlikely to drive material revenue growth until FY22. Based on a DCF valuation, we estimate that successful execution of the plan could see the stock valued in the region of €4.9 per share. To monitor progress towards the revenue inflection, we look to track the number of users signing up to use the platform, length and frequency of platform usage, conversion rates to paid subscriptions, net dollar retention and contribution from channel partners.

---

1 April 2021

Price	**€2.96**
Market cap	**€150m**

Net cash (€m) at end FY20	20.8
Shares in issue	50.8m
Free float	73.5%
Code	EXSY
Primary exchange	AIM Italia
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(8.6)	16.2	39.0
Rel (local)	(15.3)	4.9	(3.7)
52-week high/low	€3.39	€2.00	

Business description

Expert System has developed and patented an AI-based technology platform that extracts useful information from unstructured text using a unique mix of natural language understanding and machine learning algorithms and applies it to verticals such as enterprise search, customer experience management and big data analytics.

Next events

H121 results	28 September

Analyst

Katherine Thompson	+44 (0)20 3077 5730

tech@edisongroup.com

Edison profile page

Expert System is a research client of Edison Investment Research Limited

Review of FY20 results

Exhibit 1: FY20 results highlights

€m	FY19	FY20e	FY20	diff	y-o-y
Sales	31.65	29.69	28.10	-5.4%	-11.2%
Grants and other income	2.06	1.50	2.52	67.9%	22.4%
Total revenue	**33.71**	**31.19**	**30.62**	**-1.8%**	**-9.2%**
Capitalised development costs	6.07	6.52	6.88	5.5%	13.3%
Changes in WIP	-0.05	0.00	-0.05	N/A	-5.5%
Total production value	**39.73**	**37.71**	**37.45**	**-0.7%**	**-5.8%**
Staff costs	18.79	21.80	23.66	8.5%	25.9%
Other costs	15.48	16.34	15.70	-3.9%	1.4%
EBITDA	**5.46**	**(0.43)**	**(1.92)**	**350.7%**	**N/A**
EBITDA margin	*16.2%*	*-1.4%*	*-6.3%*	*-4.9%*	*N/A*
Depreciation & amortisation - in-house	5.82	6.44	6.69	3.9%	15.0%
Normalised EBIT	**(0.36)**	**(6.86)**	**(8.61)**	**25.4%**	**2303.5%**
Normalised EBIT margin	*-1.1%*	*-22.0%*	*-28.1%*	*-6.1%*	*-27.1%*
Depreciation & amortisation - acquired	2.52	0.90	0.90	0.0%	-64.2%
EBIT	**(2.88)**	**(7.77)**	**(9.51)**	**22.5%**	**230.5%**
Net income	(0.98)	(3.09)	(5.42)	75.4%	451.8%
Net debt/(cash)	**2.83**	**(21.30)**	**(20.83)**	**-2.2%**	**N/A**

Source: Expert System, Edison Investment Research

Expert reported FY20 revenue that was slightly below our forecast. Grants and other income were €1m ahead of our forecast whereas sales revenue was €1.6m below. Offsetting this, the company capitalised a slightly higher level of development costs and other costs were 4% below our expectations. Staff costs were 9% ahead of our forecast, resulting in an EBITDA loss of €1.9m versus our €0.4m forecast. Net finance costs were €1.2m higher than expected (mainly due to unrealised FX losses of €1.6m), partially offset by a tax credit that was €0.6m higher than expected. Net cash was marginally lower than expected at year-end.

Exhibit 2: Revenue metrics

€m	FY19	FY20	y-o-y
Subscription licences	10.5	11.3	8%
Services	11.3	10.7	-5%
Perpetual licences, maintenance & other	9.9	6.1	-38%
Total sales	**31.7**	**28.1**	**-11%**
Subscription licences/total licences	*76%*	*89%*	
Recurring revenues	*49%*	*55%*	
Partner channel sales	3.0	4.0	32%
As % of sales	*10%*	*14%*	

Source: Expert System

The table above shows the breakdown of sales by type. Subscription licence revenues increased 8% y-o-y to €11.3m, marginally ahead of the Path to Lead target for 7% growth. 44% of FY20 subscription revenues came from new customers. Services revenues declined 5% y-o-y, as implementation projects were delayed by the pandemic. The combination of perpetual licences, maintenance revenue and other revenue declined 38% y-o-y. The sale of perpetual licences declined by €2m y-o-y to €1.3m mainly because the company is focused on selling its solutions on a subscription basis as far as possible. In areas such as defence and intelligence, where perpetual licensing is preferred, the company saw spending drop off in the United States, Germany and Italy as governments focused their attention on dealing with the pandemic. Maintenance revenues declined by €0.7m to €4.2m, although some of this decline was due to shifting customers from maintenance to subscription contracts (c €0.4m of the decline). The combination of the growth in subscription licences and the fall in perpetual licences resulted in subscription licences making up

89% of licence revenues in the year, up from 76% in FY19. Recurring revenues (subscription licences plus maintenance revenues) moved over the 50% level in the year.

Revenues generated from partners (c 80 deals) increased 32% y-o-y, making up 14% of the total (FY19: 10%). This is an area of focus and the company has invested in training and certification of partners. Expert certified 85 partners as able to independently design and implement projects for clients. The company has strong partnerships with large partners such as Accenture, Deloitte, Capgemini and Atos as well as regional partners, and signed new deals with vertical BPOs[1] and VARs.[1]

The company noted that revenue from the US made up 20% of the total (FY19: 13%) and was flat year-on-year ; within that revenue from US corporates was up 39% y-o-y, new customers generated 52% of revenue and subscription revenue made up 60% of revenue. As part of its strategic plan, the company is targeting 60% of revenue to come from the US by FY24. As the majority of the investment in the US happened in H220 (headcount was up 58% over the year), we would expect this to have a bigger impact on growth from the US in FY21.

Contract wins highlight benefit of vertical specialism

The company continued to demonstrate its strength in the insurance sector, signing up Aegis and UTWIN in FY20 and HX, Le Conservateur, Patra and Reale Mutua since year-end. It also won a customer in another focus vertical, media, with the sign up of The Associated Press in the US post year-end.

Update on Path to Lead

In June last year, the company announced plans to accelerate growth with its Path to Lead strategy (see Five-year growth strategy unveiled). Since then, Expert has achieved the following milestones:

- July 2020: launched the expert.ai natural language API (NL API);

- August 2020: raised €25m from the issue of 9.26m shares; invested in the sales & marketing function in the US, including hiring a chief revenue officer, Colin Matthews, and a chief marketing officer, Keith C Lincoln;

- October 2020: rebranded from Expert System to expert.ai; added enhanced features to the API;

- November 2020: launched a new version of expert.ai Studio and launched the expert.ai Edge NL API, which enables developers and data scientists to run NLP applications built with Studio locally or on their private cloud;

- January 2021: launched commercial options for the API; and

- March 2021: launched a new NL user community and launched the full end-to-end SaaS platform in beta (early access programme). This platform will enable users to design, develop, test, deploy and monitor scalable NL-based solutions.

The next major milestone, due in June, will be the full launch of the SaaS platform.

The company is using the NL API freemium model for lead generation, giving developers and data scientists the opportunity to trial Expert's software at no cost while not requiring use of Expert's team of consultants. To date, more than 600 people have registered to use the API and there are 197 unique users. So far, one user has upgraded to a commercial contract with an annual contract value of €40k.

---

[1]   BPO: business process outsourcer; VAR: value-added reseller.

Outlook and changes to forecasts

Management is broadly maintaining its growth and profitability expectations as per the Path to Lead (see table below for original expectations). Management made the point that if growth starts to accelerate, it may take the opportunity to accelerate investment, which would have an impact on the EBITDA targets in the earlier years of the plan.

Exhibit 3: Path to Lead five-year growth targets

€m	FY20	FY21	FY22	FY23	FY24
Revenue	33.3	34.5	47.7	68.5	99.9
EBITDA	2.1	(4.8)	(0.5)	9.0	22.1

Source: Expert System

We have revised our forecasts to reflect FY20 results, with a small reduction in revenue for FY21 and FY22 and a slightly larger EBITDA loss in both years. We introduce FY23 forecasts, which are broadly in line with the company's targets. Key metrics to evidence that the company is on track to hit its growth targets will include:

■ number of free users of the platform;

■ duration and frequency of platform use by free users;

■ conversion rates – from free to paid;

■ expansion rates (net dollar retention – NDR) for paid users;

■ new enterprise customers for vertical solutions; and

■ channel partner contribution to revenues.

Exhibit 4: Changes to forecasts

€m	FY21e old	FY21e new	Change	y-o-y	FY22e old	FY22e new	Change	y-o-y	FY23e new	y-o-y
Sales	31.0	30.7	(0.8%)	9.4%	44.2	44.0	(0.3%)	43.3%	63.0	43.1%
Other income & grants	1.5	1.5	0.0%	(40.4%)	1.5	1.5	0.0%	0.0%	1.5	0.0%
Total revenues	**32.5**	**32.2**	**(0.8%)**	**5.3%**	**45.7**	**45.5**	**(0.3%)**	**41.3%**	**64.5**	**41.7%**
Capitalised development costs & changes in WIP	8.0	8.0	0.0%	16.7%	10.3	10.3	0.0%	29.6%	12.0	15.9%
Production value	40.5	40.2	(0.6%)	7.3%	56.0	55.9	(0.3%)	39.0%	76.5	36.9%
EBITDA	**(5.7)**	**(7.2)**	**26.9%**	**275.5%**	**(1.0)**	**(1.3)**	**32.2%**	**(82.3%)**	**7.6**	**N/A**
EBITDA margin	(17.5%)	(22.4%)	(4.9%)	(16.1%)	(2.1%)	(2.8%)	(0.7%)	19.6%	11.8%	14.6%
D&A	(6.9)	(7.1)	2.5%		(7.9)	(8.1)	2.2%		(9.5)	
Normalised operating profit	**(12.6)**	**(14.3)**	**13.5%**	**66.0%**	**(8.8)**	**(9.3)**	**5.4%**	**(34.7%)**	**(1.9)**	**(80.0%)**
Normalised operating margin	(38.8%)	(44.3%)	(5.6%)	(16.2%)	(19.4%)	(20.5%)	(1.1%)	23.9%	(2.9%)	17.6%
Amortisation of acquired intangibles	0.0	0.0	0.0%	N/A	0.0	0.0		N/A	0.0	N/A
Exceptional items	0.0	0.0	0.0%	N/A	0.0	0.0		N/A	0.0	N/A
Reported operating profit	(12.6)	(14.3)	13.5%	N/A	(8.8)	(9.3)	5.4%	N/A	(1.9)	N/A
Normalised net income	(12.1)	(13.5)	11.4%	49.1%	(8.7)	(9.0)		N/A	N/A	N/A
Reported net income	(12.1)	(13.5)	11.4%	(148.6%)	(8.7)	(9.0)		N/A	(2.3)	N/A
Diluted normalised EPS (c)	(24.0)	(26.6)	10.5%	(31.4%)	(17.3)	(17.8)	2.4%	N/A	(4.5)	N/A
Net debt/(cash)	**(7.1)**	**(5.3)**	**-26.1%**	**(74.8%)**	**4.0**	**6.6**	**67.0%**	**N/A**	**10.2**	**53.4%**

Source: Edison Investment Research

Valuation

Exhibit 5: Peer financial and valuation metrics

	Market cap (m)	Quoted ccy	EV/sales CY	EV/sales NY	EV/EBITDA CY	EV/EBITDA NY	P/E CY	P/E NY	EBIT margin CY	EBIT margin NY	EBITDA margin CY	EBITDA margin NY	Sales growth CY	Sales growth NY	EPS growth CY	EPS growth NY
Expert System	**150**	**EUR**	**4.0**	**2.8**	**N/A**	**N/A**	**N/A**	**N/A**	**-44.3%**	**-20.5%**	**-22.4%**	**-2.8%**	**5.3%**	**41.3%**	**N/A**	**N/A**
Natural Language Understanding, Big Data Analytics, Enterprise Search & Info Management																
C3Ai	6,530	USD	29.8	22.5	N/A	N/A	N/A	N/A	-27.5%	-45.9%	-25.0%	-43.6%	N/A	32.2%	N/A	84%
Commvault Systems	3,042	USD	3.7	3.5	18.2	15.5	32.2	26.8	18.1%	20.2%	20.4%	22.6%	6.5%	6.1%	39%	20%
Elastic	9,958	USD	16.2	12.9	N/A	N/A	N/A	N/A	-3.2%	-5.4%	-1.1%	-3.4%	37.9%	26.0%	-82%	183%
Livechat Software	3,044	PLN	17.1	14.4	25.3	21.7	29.0	24.9	62.3%	61.3%	67.6%	66.3%	33.6%	18.8%	38%	16%
Nuance Comms	12,292	USD	9.8	9.2	34.9	30.5	58.0	51.6	25.6%	26.5%	28.2%	30.0%	-7.3%	7.1%	-10%	12%
Open Text Corp	16,441	CAD	4.6	4.5	12.0	11.6	14.7	14.1	35.2%	31.6%	38.2%	38.6%	6.1%	2.4%	13%	4%
Splunk	21,863	USD	8.8	7.1	N/A	91.2	N/A	535.0	-5.2%	2.2%	-0.6%	7.8%	14.3%	22.9%	30%	-135%
Talend	2,033	USD	6.1	5.3	N/A	N/A	N/A	N/A	-7.4%	-2.8%	-5.6%	0.3%	14.6%	15.6%	35%	-74%
Teradata	4,385	USD	2.4	2.2	11.0	10.6	25.4	20.9	13.9%	15.3%	21.5%	21.1%	2.7%	5.1%	20%	21%
Veritone	759	USD	8.2	6.6	N/A	N/A	N/A	N/A	-20.3%	-13.7%	-32.5%	-23.3%	36.1%	24.1%	-33%	-21%
Average			**10.7**	**8.8**	**20.3**	**18.0**	**31.9**	**27.7**	**9.2%**	**8.9%**	**11.1%**	**11.6%**	**16.1%**	**16.0%**	**5%**	**11%**
SaaS/subscription software companies																
Adobe	224,847	USD	14.5	12.7	29.1	25.5	39.6	34.3	44.5%	45.0%	49.8%	49.6%	20.2%	14.4%	17%	15%
Atlassian	53,248	USD	14.5	12.7	124.6	100	190.3	154.6	21.1%	21.2%	21.7%	23.1%	20.5%	17.0%	-3%	23%
Salesforce.Com	192,572	USD	27.0	23.1	24.0	19.9	61.0	50.5	17.6%	18.6%	29.7%	30.1%	21.1%	18.7%	-30%	21%
Workday	60,667	USD	7.1	6.0	50.5	41.6	88.8	71.9	17.1%	18.4%	23.4%	24.1%	15.6%	18.1%	-4%	23%
Average			**15.8**	**13.6**	**57.0**	**46.7**	**94.9**	**77.8**	**25.1%**	**25.8%**	**31.1%**	**31.7%**	**19.4%**	**17.0%**	**-5%**	**21%**
Italian software & services																
TXT e solutions	100	EUR	0.9	0.9	7.4	6.6	16.7	14.4	8.7%	8.4%	12.4%	13.0%	0.5%	24.1%	21%	16%
Piteco	207	EUR	8.3	7.6	17.9	16.3	22.2	19.1	34.7%	36.1%	46.3%	46.8%	0.5%	34.4%	N/A	16%
Reply	4,015	EUR	2.7	2.5	16.5	15.0	30.4	27.3	13.0%	13.4%	16.2%	16.4%	3.9%	15.4%	7%	11%
Average			**4.0**	**3.6**	**13.9**	**12.6**	**23.1**	**20.3**	**18.8%**	**19.3%**	**25.0%**	**25.4%**	**1.7%**	**24.6%**	**14%**	**14%**

Source: Edison Investment Research, Refinitiv (as at 29 March)

The table above shows Expert's valuation and financial metrics compared to three different peer groups:

- software companies providing natural language understanding, big data analytics, enterprise search and/or information management applications;

- software companies selling on a SaaS or subscription basis; and

- Italy-listed companies providing software and/or IT services.

As Expert is a loss-making company, we look at EV/sales metrics and sales growth rates as the primary metrics for comparison. Based on the average EV/sales multiple for the first group (most relevant due to the applications), Expert is trading at a large discount to peers. Over the two-year forecast period, its average sales growth of 23% compares to 16% for the peer group. Expert also trades at a discount to subscription software companies, which are growing at an average of 18% over the next two years. Compared to Italian peers, it is trading in line for the current year and at a discount next year, with higher forecast revenue growth. As evidence emerges that the company is tracking the revenue growth and margins targeted in the five-year plan, we would expect the valuation to move more in the direction of the first two peer groups.

Fund-raising for AI platforms

Recent fund-raisings in the private market highlight the popularity of data analytics and AI-related software companies:

- DataRobot: raised $320m in November/December 2020, giving the company a valuation of $2.8bn. At that time, the company noted that it had well over $100m in annual recurring revenue and is seeing high double-digit growth.

- Databricks: not an AI platform, but a platform for data analytics that can be used for all data-driven use cases, including AI. Raised $1bn in February this year, giving a company valuation of $28bn. At that time, the company had more than $425m in annual recurring revenue, growing more than 75% y-o-y.
- H20.ai: raised $72.5m in August 2019, giving the company a valuation of $400m.

On a smaller scale, Almawave recently listed on AIM Italia (first day of trading 11 March) and has a market cap of €115m. Almawave is active in the natural language understanding market, offering speech recognition solutions and a platform for text analytics and customer interaction. In 2019, Almawave generated revenue of €21.3m and EBITDA of €6.2m, and revenues for 9M20 of €18.0m grew 33% y-o-y. Forecasts are not yet available, but annualising 9M20 revenues would imply a price/sales multiple of c 4.8x FY20e.

DCF valuation

We have performed a discounted cash flow analysis based on our forecasts to FY24 (which essentially follow the company's plan) and for the following six years, trending revenue growth down to 5% by FY30, trending EBITDA margins up to 30% (which results in an EBIT margin of 20%) and reducing capex/sales to 9% by FY30 (compared to 24% in FY20 and 15% in FY24). We have included the FY20–23 share grant and option grant plans, which add 5m additional shares to the existing 50.8m outstanding shares.

Using a WACC of 9% and a long-term growth rate of 3%, we arrive at a per share value of €4.93. We note that this valuation assumes perfect execution of the plan, and we would expect the share price to move towards this value as progress according to the plan becomes evident. This valuation would equate to an EV/sales multiple of 2.7x and an EV/EBITDA multiple of 12.3x in FY24.

A 1pp increase/decrease in the WACC results in a per share value of €4.01/€6.23.

Exhibit 6: Financial summary

€'000s	2017	2018	2019	2020	2021e	2022e	2023e
Year end 31 December	IT GAAP	IT GAAP	IT GAAP	IT GAAP	IT GAAP	IT GAAP	IT GAAP
PROFIT & LOSS							
Revenue	27,783	30,457	33,712	30,617	32,226	45,539	64,523
EBITDA	1,711	4,638	5,459	(1,919)	(7,206)	(1,273)	7,592
Operating Profit (before amort. and except.)	(3,189)	(662)	(358)	(8,610)	(14,291)	(9,329)	(1,864)
Intangible Amortisation	(2,608)	(2,567)	(2,520)	(902)	0	0	0
Exceptionals	(700)	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Operating Profit	(6,496)	(3,229)	(2,878)	(9,511)	(14,291)	(9,329)	(1,864)
Net Interest	(2,191)	97	(123)	(2,011)	(689)	(689)	(689)
Profit Before Tax (norm)	(5,380)	(565)	(481)	(10,621)	(14,981)	(10,019)	(2,553)
Profit Before Tax (reported)	(8,687)	(3,131)	(780)	(6,373)	(14,981)	(10,019)	(2,553)
Tax	348	(650)	(203)	948	1,498	1,002	255
Profit After Tax (norm)	(5,164)	(508)	(607)	(9,041)	(13,483)	(9,017)	(2,298)
Profit After Tax (reported)	(8,339)	(3,781)	(983)	(5,424)	(13,483)	(9,017)	(2,298)
Average Number of Shares Outstanding (m)	28.1	35.8	38.6	44.7	50.8	50.8	50.8
EPS - normalised (c)	(18.3)	(1.4)	(1.6)	(20.2)	(26.6)	(17.8)	(4.5)
EPS - normalised and fully diluted (c)	(18.3)	(1.4)	(1.6)	(20.2)	(26.6)	(17.8)	(4.5)
EPS - (IFRS) (c)	(29.6)	(10.6)	(2.5)	(12.1)	(26.6)	(17.8)	(4.5)
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	6.2	15.2	16.2	-6.3	-22.4	-2.8	11.8
Adj Operating Margin (%)	-11.5	-2.2	-1.1	-28.1	-44.3	-20.5	-2.9
BALANCE SHEET							
Fixed Assets	18,864	16,655	14,761	15,071	16,457	19,231	22,245
Intangible Assets	16,944	14,734	13,092	13,635	15,054	17,875	20,951
Tangible Assets	792	715	702	719	687	639	577
Investments	1,128	1,206	968	716	716	716	716
Current Assets	37,634	38,004	51,442	83,149	69,065	61,723	62,584
Stocks	99	109	59	11	11	11	11
Debtors	12,384	15,792	20,447	20,861	20,861	24,407	28,556
Cash	11,235	7,883	21,647	53,978	38,396	26,506	22,962
Other	13,916	14,220	9,289	8,299	9,797	10,799	11,054
Current Liabilities	(19,480)	(21,170)	(22,839)	(21,748)	(22,533)	(26,982)	(33,155)
Creditors	(14,104)	(15,511)	(16,945)	(16,280)	(17,065)	(21,513)	(27,686)
Short term borrowings	(5,376)	(5,659)	(5,893)	(5,469)	(5,469)	(5,469)	(5,469)
Long Term Liabilities	(17,742)	(18,411)	(22,464)	(31,902)	(31,902)	(31,902)	(31,902)
Long term borrowings	(14,683)	(14,811)	(18,588)	(27,675)	(27,675)	(27,675)	(27,675)
Other long term liabilities	(3,060)	(3,600)	(3,876)	(4,227)	(4,227)	(4,227)	(4,227)
Net Assets	19,276	15,077	20,901	44,570	31,087	22,070	19,772
CASH FLOW							
Operating Cash Flow	(1,921)	2,583	2,479	(1,045)	(6,421)	(371)	9,616
Net Interest	(626)	(441)	(558)	(501)	(689)	(689)	(689)
Tax	0	0	0	0	0	0	0
Capex	(6,321)	(5,830)	(6,749)	(7,378)	(8,472)	(10,830)	(12,470)
Acquisitions/disposals	1,275	(76)	7,496	5,492	0	0	0
Financing	11,178	0	7,084	27,100	0	0	0
Dividends	0	0	0	0	0	0	0
Net Cash Flow	3,585	(3,764)	9,753	23,669	(15,582)	(11,890)	(3,544)
Opening net debt/(cash)	12,408	8,824	12,587	2,834	(20,835)	(5,253)	6,637
HP finance leases initiated	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Closing net debt/(cash)	8,824	12,587	2,834	(20,835)	(5,253)	6,637	10,181

Source: Expert System accounts, Edison Investment Research