

## Reassuring AGM update, still attractively valued

1 June 2020

**Strix 2020 AGM trading update:** Strix last week issued a reassuring statement. 'Strix has continued to make a solid start to 2020, given the global macroeconomic disruption caused by COVID-19...We have successfully implemented a range of efficiency measures and strategic initiatives to limit the impact on the FY forecast and continue to monitor consumer demand carefully as lockdown restrictions are eased' CEO, Mark Bartlett

Accordingly, we leave our FY 20/21 P&L forecasts unchanged. As a reminder, Strix's final dividend will be paid shortly (3 June 2020). The Company's dividend intention is to increase the dividend in line with future underlying earnings, from a 2019 base of 7.7p. **This underlines the income attractions of this stock to investors, at a time when UK plc has been widely cutting dividend in response to COVID19 pressures.**

**Other important news:** The new factory is **on budget and set to be fully operational by Aug 2021 as planned.** Strix has also announced a refinancing of Group debt facilities with RBS and Bank of China, for the first time, providing a £60m RCF with improved financial flexibility. Elsewhere, **Strix remains on target to release 14 new products this year, mainly in H2,** across their appliance and water categories, as well as the core kettle controls business.

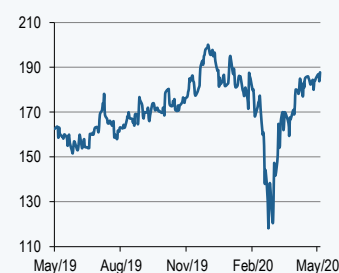
**The Strix share price has now rallied 60% from its March lows (a time of widespread market anxiety regarding the emerging pandemic). Strix has clearly reassured investors of its defensive qualities and remains a unique strategic asset on AIM, with industry leading margins and many organic growth initiatives underway.**

Current levels provide an attractively rated entry point. **Valuation multiples are 13.1x PER, 10.7x EV/EBITDA.** The dividend yield at the current price is a compelling **4%.** **We estimate that fair value for the shares lies in the 220p-240p price range.**

### Company Data

EPIC	KETL
Price (last close)	186p
52 weeks Hi/Lo	200p /118p
Market cap	£350m

### Share Price, p



Source: ADVFN

### Description

Strix Group Plc (Strix) is a global leader in the design, manufacture and supply of kettle safety controls and other components and devices involving water heating and temperature control, steam management and water filtration.

### Summary Key financials

	2017	2018	2019	2020E
Revenue (£000's)	91,263	93,769	96,876	98,597
y.o.y growth (%)	2.94%	2.75%	3.31%	1.78%
EBITDA (£000's)	35,117	36,351	36,904	37,260
EBIT. (£000's)	29,062	30,861	31,361	31,588
Adj. PBT (£000's)	28,304	29,206	30,199	30,323
Adj PAT (£000's)	27,517	28,259	28,863	28,959
EPS (p) basic adj.	14.48	14.87	15.19	15.24
EPS (p) ful dil. Adj	14.21	14.19	14.23	14.28
DPS (p)	2.90	7.00	7.70	7.90
Div yield (%)	1.55%	3.74%	4.12%	4.22%
Div cover	0.00	2.03	1.85	1.81
Net debt/cash	45,889	27,479	26,342	39,068
P/E	13.16	13.18	13.14	13.10
EV/EBITDA	11.40	11.01	10.85	10.74

Source: Company historic, ED estimates

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