

Centralnic Group PLC

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CentralNIC a 'strong buy' after transformational deal

Peel Hunt has released new forecasts for CentralNic (LON:CNIC) following the domain name specialist's transformational deal to acquire Aussie rival Instra Group.

The acquisition accelerates and de-risks CentralNIC's expansion of its existing retail business, adding value-added services and a presence in target emerging markets, according to its joint broker.

CentralNIC has indicated it expects revenue synergies of £1.2m from the acquisition from next year, and that's a conservative estimate, Peel Hunt asserts.

In its new forecasts, cost synergies are offset by integration and compliance costs related to the acquisition, with the upshot being that the broker is now forecasting adjusted underlying earnings (EBITDA) in 2016 of £5.9m, up from its previous forecast of £5.1m, on sales of £22.2m (up from the previous forecast of £13.7m).

For 2017, Peel Hunt sees adjusted EBITDA of £8.1m (vs £6.3m previously) on sales of £27.5m (previously £16.8m).

It is tipping CentralNIC to finish 2016 with net cash of £5.4m, rising to £12.5m at the end of 2017.

The broker rates the shares as a 'strong buy', with its 70p target price equating to a projected earnings multiple of 17.5, and an enterprise value of 10.5 times EBITDA.

Price: 79.25**Market Cap:** £183.9 m

1 Year Share Price Graph



Share Information

Code: CNIC**Listing:** LSE

| 52 week | High | Low |
|---------|---------|-----|
| | 97.9887 | 40 |

Sector: Software & services**Website:** www.centralnic.com

Company Synopsis:

CentralNic (AIM: CNIC) is the developer and operator of software platforms providing web presence services to customers in almost every country in the world. CentralNic is a leading provider of tools required to create websites, use email, and secure business online.

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