

Equals Group PLC

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FairFX off to a strong start in 2019 after transformational 2018

Shares in e-banking and international payments group FairFX Group Plc (LON:FFX) surged as the group said first-quarter revenue growth was ahead of expectations.

Group turnover, which represents money passing through the FairFX platform, rose by a third in the first quarter of 2019 to £620.5mln from £467.2mln in the same period of 2018.

READ: FairFX looks to continue "significant growth" into 2019 following 2018 performance

From this turnover, FairFX derived revenue of £7.0mln, up 43% from the £4.9mln recorded for the first quarter of last year and ahead of the board's expectations.

The strong first-quarter update was the icing on the cake in the announcement of the company's full-year results for 2018.

Group turnover in 2018 was in excess of £2.3bn, up 111% from £1.1bn the year before, boosted by the acquisition of the City Forex business in February 2018; even so, like-for-like (LFL) growth was 55%.

Revenue rose 69%, or 39% on a LFL basis, to £26.1mln from £15.5mln the previous year.

Reported profit before tax soared to £2.08mln from £229,449 in 2017. Adjusted profit before tax, which seeks to strip out one-off costs and amortisation of acquisition intangibles, shot up to £6.79mln from around £900,000.

Lower cash position

The group's cash position at year-end was £7.9mln, down from £17.8mln (re-stated from £52.0 million by no longer recognising cash held on behalf of customers) at the end of 2017.

The decline in cash reserves was primarily because of the £6mln paid for City Forex but also reflected an increase in capital expenditure and an increase in collateral requirements with financial institutions in the supply chain to £1.6 million (2017: £0.9 million).

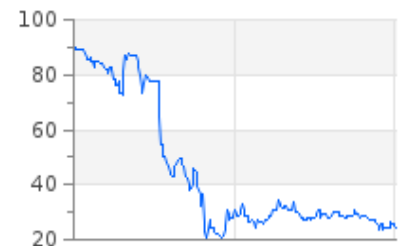
"2018 was a transformational year in the evolution of the group. We continued our strong growth, both organic and via acquisition, and combined this with significant investment in our people and technology to lay the foundations for our ongoing expansion. The addition of the City Forex business in February provided both an increase in revenues and a payments platform that combines a full front-to-back process which is now yielding efficiencies and capacity across the whole group," said Ian Strafford-Taylor, the chief executive officer of FairFX.

"The group has enjoyed a strong start to 2019, with the first quarter delivering a further jump in turnover along with improved margins helped by supply chain rationalisation and improved commercial terms. The investments in

Price: 24.7

Market Cap: £44.11 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: EQLS

Listing: AIM

52 week High Low
90.58 18.33

Sector: Financial Services

Website: equalsplc.com

Company Synopsis:

Equals Group PLC is a leading challenger in the financial services sector catering for both business and retail customers. Operating under an e-money licence, Equals provides high-quality products including international payments, corporate expenses, current accounts, credit facilities, currency cards and travel cash.

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technology we made in 2018 are already bearing fruit in 2019, just one example being the granting of Bank of England settlement accounts and direct access to the Faster Payments scheme," he added.

"Our technology platforms are now enabling us to iterate our product suites rapidly in terms of both improved customer experience and functionality. Against this backdrop, the board is confident in achieving expectations for the full year," he declared.

Shares in FairFX were up 7.4% at 102p.

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With a journey time of around two and a half hours for UK fliers, Iceland offers holidaymakers an extra £131 worth of currency compared to last year. pic.twitter.com/QSHIsMHgtK

— FairFX (@FairFX) April 25, 2019

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