Ashtead - A Value Investing Analysis

February 2018

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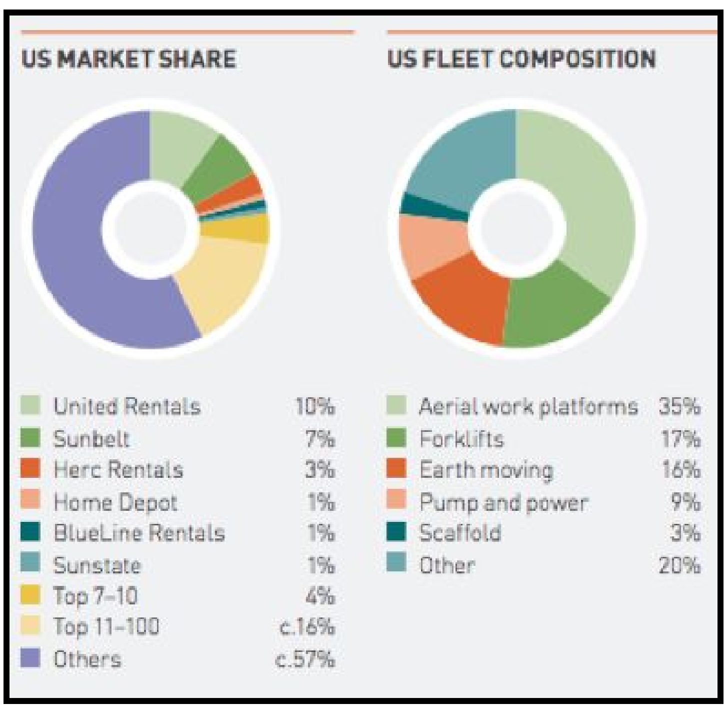
1) About The Company

Ashtead is the world's second largest equipment rental company, mainly focusing on construction and industrial equipment. Operating through a network of stores in North America and the UK, their rental fleet ranges from small hand-held tools to the largest construction equipment. Ashtead purchases its equipment from leading manufacturers and then rents it out on a short-term basis to a diverse range of customers, while selling their old equipment in the second-hand market.

Ashtead's operations are split into two business units, Sunbelt and A-Plant. Sunbelt operates in North America, making up about 87% of the company's sales, while A-Plant operates in the UK, making up 13% of sales.

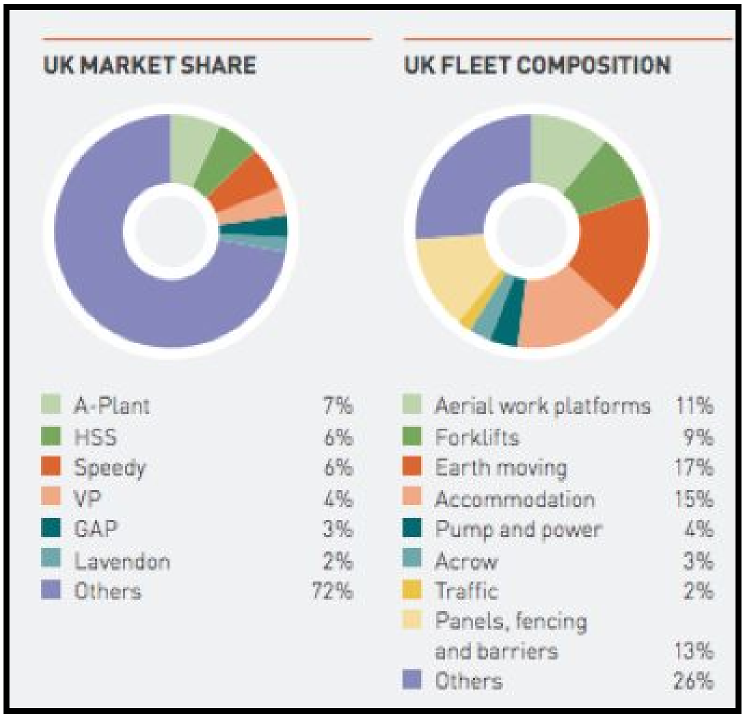
Below are two infographics showing the competitive landscape of the US and UK market, as well as Ashtead's fleet composition in both those markets.

US Market Share and Fleet Composition



Source: Ashtead reports

UK Market Share and Fleet Composition



Source: Ashtead reports

Markets they serve:

Ashtead serves a wide array of customers in different industries. We have included below an overview of the markets that Ashtead serves:

Markets that Ashtead Serves

MARKETS WE SERVE:

CONSTRUCTION
- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodel

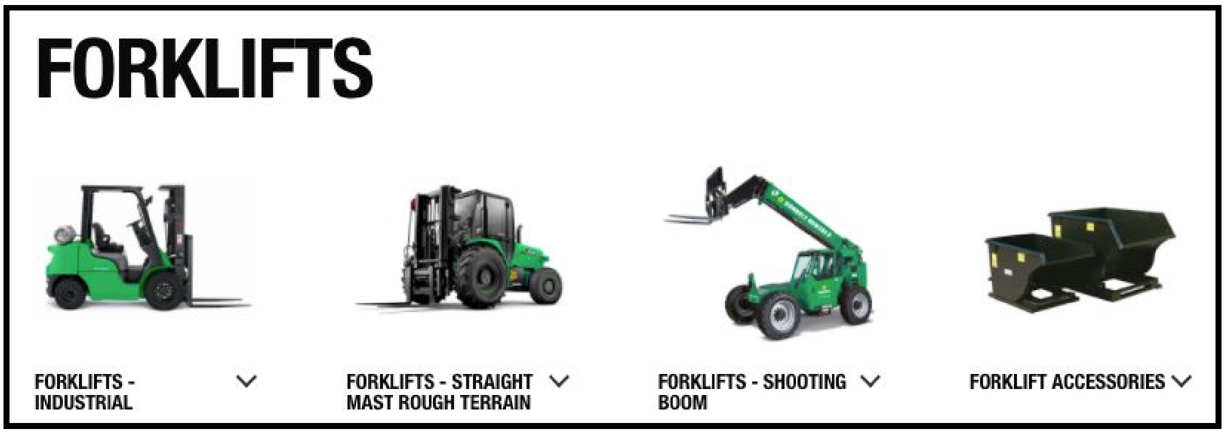
ENTERTAINMENT
- National events
- Concerts
- Sporting events
- Movies/TV production
- Theme parks
- Festivals
- Farmers' markets
- Local 5K runs

FACILITIES AND MUNICIPALITIES
- Office complexes
- Parks and recreation departments
- Schools and universities
- Shopping centres
- Apartment blocks
- Pavement/kerb repairs
- Golf Course maintenance
- Government

EMERGENCY RESPONSE
- Fire
- Hurricanes
- Flooding
- Tornados
- Winter storms
- Residential emergencies

Source: Ashtead website

Examples of Ashtead's equipment:



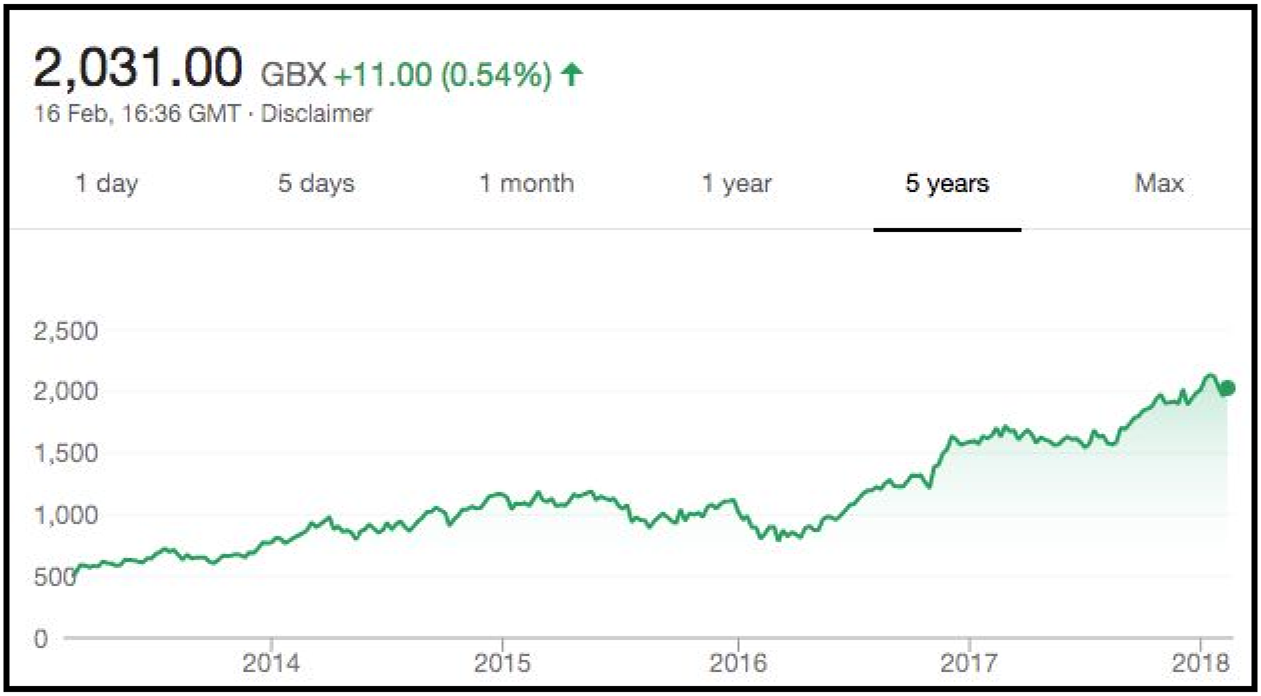
Source: Sunbeltrentals.com

2) Key Figures

P/E: 20
P/B: 5.1
P/S: 4.80
Current price: 2,031.00p
Market capitalisation: £9,9 billion
Shares Outstanding: 496m
Dividend yield: 1.4%
EV (Market cap plus net debt): £12,8 billion
EBITDA (TTM): £1681.5m

Source: http://investing.thisismoney.co.uk/fundamentals/AHT and Ashtead reports

Share price history:



Source: Google Finance

3) Investment Thesis

We believe Ashtead is currently undervalued.

Ashtead is one of the top operators in the equipment rental industry; revenues are growing fast, margins are high and they generate a lot of free cash.

Moreover, the company's CEO, Geoffrey Drabble, has proven himself to be a very capable CEO and he has generated tremendous value for the company over the last decade.

Additionally, the equipment rental industry is experiencing secular tailwinds and Ashtead is benefitting from this trend. Over the last ~15 years the company's market share in the US has grown from 2% to 7% today. They are aiming to reach 15% market share within a few years, which we believe is possible given their track record.

The company has several competitive advantages, one of which is its size. Economies of scale are important in this industry and the bigger Ashtead gets, the stronger it becomes. In the years ahead Ashtead is likely to further widen its moat as the company continues to grow.

Based on our free cash flow analysis we believe Ashtead is undervalued and therefore decide to go long.

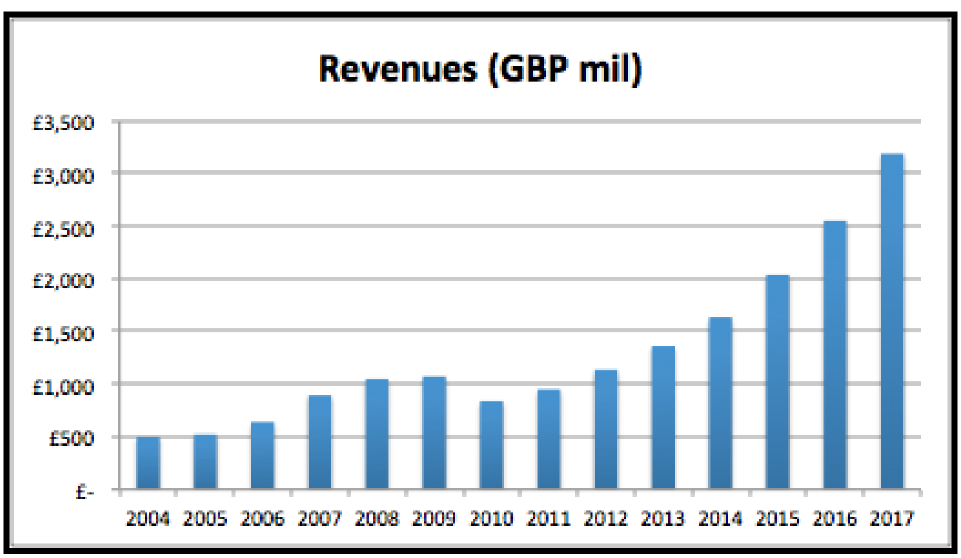
4) Management & Business Analysis

When we research a company's CEO we take a similar approach to Warren Buffett. He looks for managers who are good capital allocators, honest, and capable. We believe that Ashtead's CEO, Geoffrey Drabble, possesses all these traits.

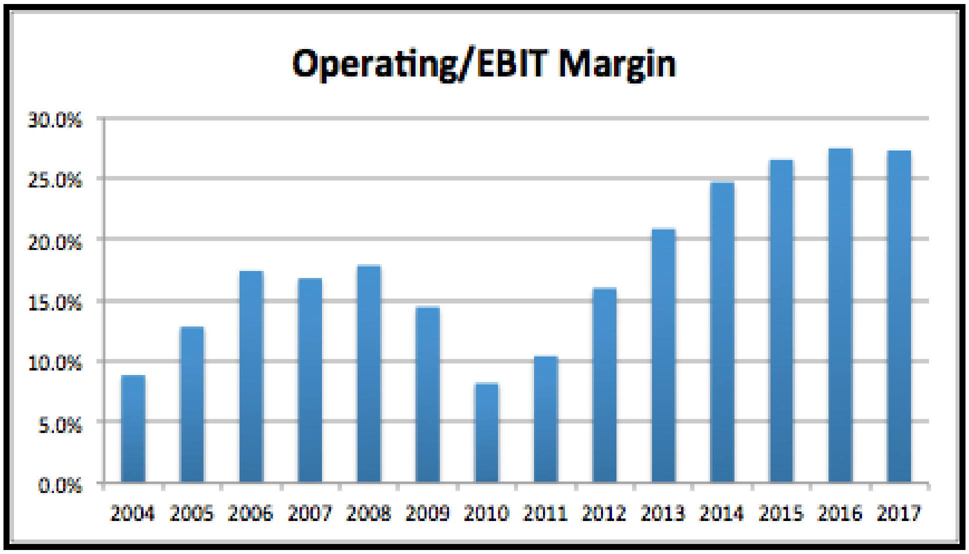
We believe the company's financial history paints a candid picture of Drabble's capabilities; in this case we look at:

1. Revenue growth,
2. Operating margin
3. Return on equity (ROE), and
4. Leverage

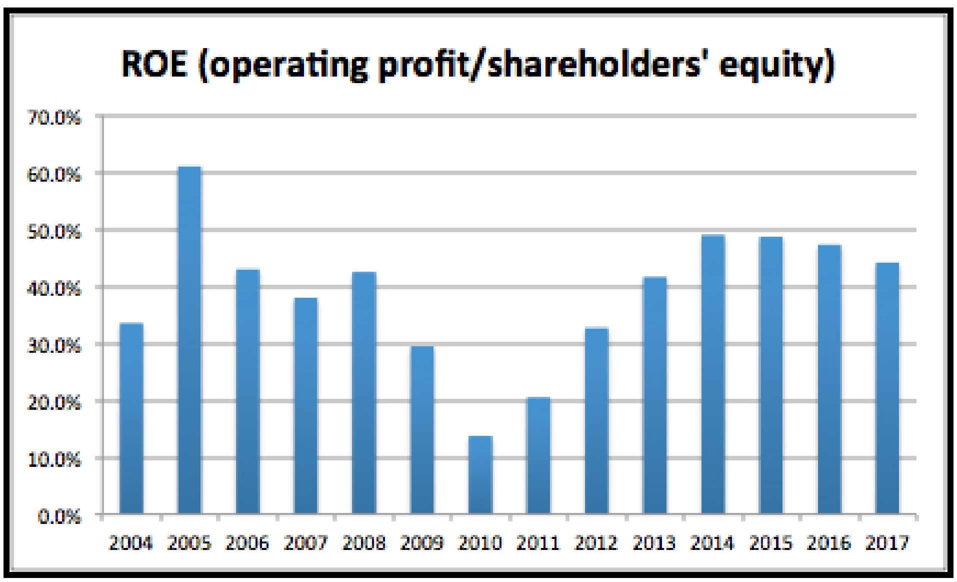
Since Drabble became CEO in 2006, revenues have increased fivefold (from £640m to £3,200m). In the same period operating margin increased from 17.4% to 27.3%. ROE is at more or less the same level as it was in 2006, and it has remained at a very high level over the entire period, except during the 2008 financial crisis. Leverage has decreased significantly, and the company is currently in a strong financial position.



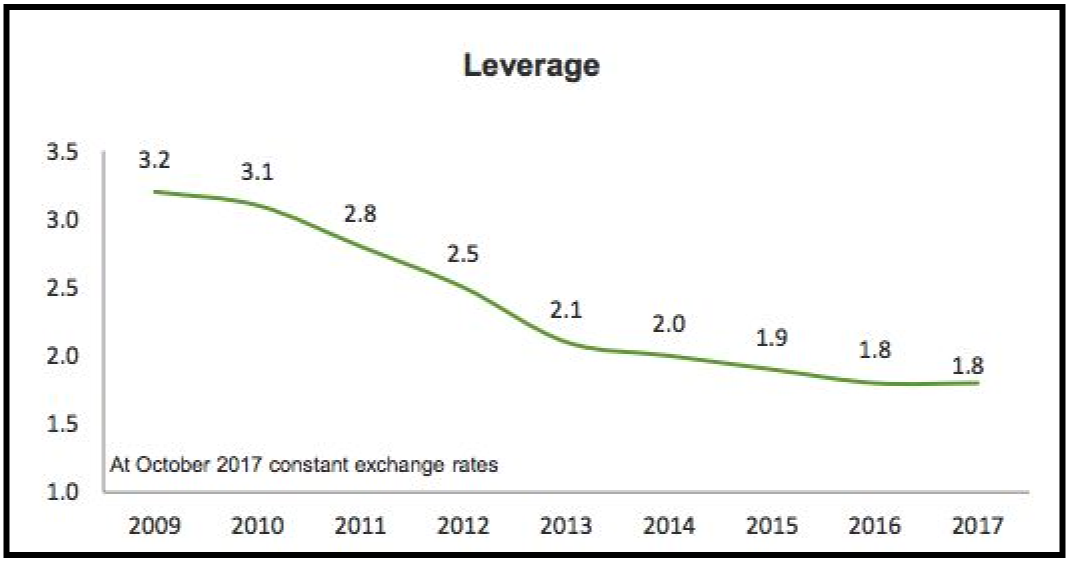
Source: Ashtead reports



Source: Ashtead reports



Source: Ashtead reports



Source: Ashtead Q2 2017/2018 results

Our opinion is that Drabble is a good capital allocator and a capable operator, which is evidenced by the persistently strong financial results during his tenure.

He also strikes us an honest CEO; somebody who is not afraid of admitting mistakes. In an interview with the Telegraph in May 2017 he admits that Ashtead lost its way on treating staff well, but that they are now changing. Specifically, he acknowledges that the growth of the company led to him taking his eye off the ball with respect to staff retention. He is now increasing the minimum wage of the client-facing employees at Ashtead, but he openly admits that "the move is motivated by a desire to lure customers who want top-level service". He is not doing it out of the kindness of his heart.

We are impressed by the focus on customer satisfaction, and the fact that Drabble backs it up by increasing wages. Seventy percent of Ashtead's business is delivered within 24 hours of receiving the order, i.e. their customers are people with an urgent need, rather than just a desire. Delivering the right equipment at the right time is therefore essential. This active management to improve customer satisfaction is a source competitive advantage for the company.

We like that Drabble is long-term focused, which aligns with our interests as long-term investors. For example he doesn't care much about how Trump's infrastructure plan might benefit the company; he thinks that is short-term thinking.

Moreover, the company is innovative in solving their customers' problems and anticipating future market demands; we believe this gives the company a competitive edge. Their innovation is exemplified by their new flooring business which was started in 2015. Until they began renting flooring equipment, there was no such market in the US.

Furthermore, Ashtead is developing its market for rental of smaller equipment, which has traditionally not been part of the rental mix. They launched a new program - ToolFlex - to make renting smaller equipment cost effective and easy. The program benefits customers because such equipment represents a significant cost when owned.

Ashtead says on its website that "Our attitude is to 'just say yes' and we delight in solving customers' problems and making things easy for them." In most cases we would see this as just "corporate speak", but in the case of Ashtead they back up their talk with actions.

5) Industry Analysis

US Market

The US is Ashtead's largest market (87% of sales vs. 13% in the UK). There are positive structural changes taking place in this market as customers adapt to renting equipment rather than owning it.

The market continues to broaden in terms of range of equipment rented and the applications for which Ashtead's equipment is used. Customers benefit from the opportunity to rent equipment because it gives them more flexibility without needing to make large capital outlays for equipment they may only use for a short period of time. Moreover, In the equipment rental market, Health & Safety requirements and meeting ethical standards are the responsibility of the provider/renter. Consequently, renting saves the customer time and money in maintenance and compliance with increasingly demanding environmental regulations.

Rental still only makes up around 50% of the US market compared to 75% in the UK, which suggests that there is a lot of potential growth in the US. However, this is a broad average with penetration levels ranging from single digit percentages all the way to 90%+ for certain equipment. Ashtead is putting a lot of focus on specialty products because they have low penetration rates, which provides greater scope for growth.

In the US, construction markets remain strong as a result of growing employment, lower energy prices and increased disposable income. Ashtead says it sees encouraging short-term trends and the consensus is that the market will experience steady longer term growth. Commercial and industrial starts continue to increase. Also, Ashtead is a "late cycle business", i.e. its main end market (non-residential construction) is usually affected by economic change later than other markets, so Ashtead has more visibility and time to react if there is a recession.

With 7% market share Ashtead is the second largest equipment rental company in the US, after United Rentals, which has 10% market share. Despite its size Ashtead continues to grow its market share in the US and the company says there is plenty of room to grow. The other major competitors in the US are:

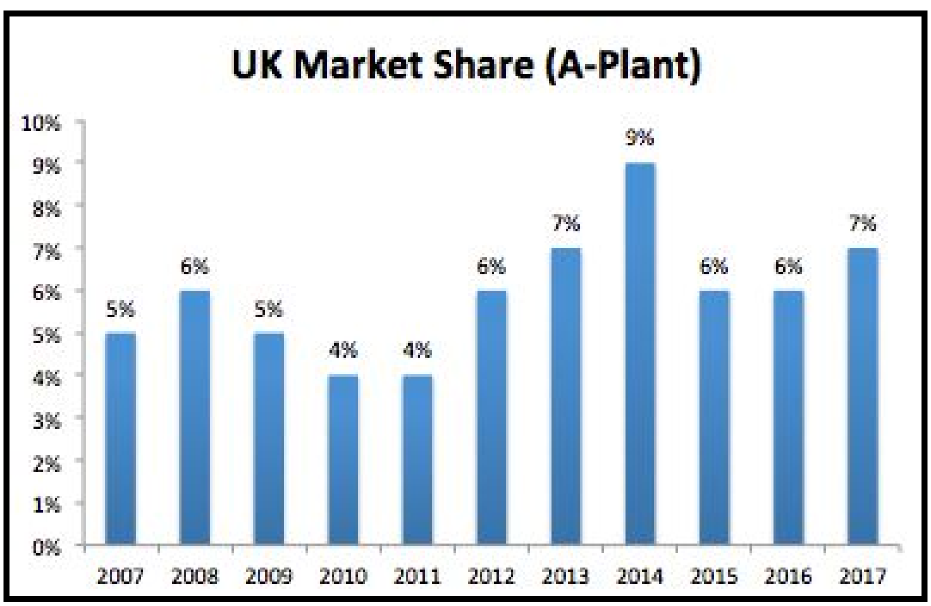
- Herc Rentals with 3% market share, and
- Home Depot, BlueLine and Sunstate, each with a market share of 2% or less.

Most of the remainder of the market is made up of small local independent tool shops, and much of Ashtead's market share gains come from these small independents, either through winning their customers, or through acquiring these companies. The equipment rental industry is capital intensive and Ashtead's size is a source of competitive advantage. Over the last five years the market has consolidated, and the proportion of the market enjoyed by the larger players has increased by 25%.

Ashtead says that whilst there will always be a place for strong local players, the market enjoyed by the larger players is likely to grow by a further 30 to 40% in the medium term.

UK Market

Ashtead is the largest equipment rental company in the UK (operating under the name A-Plant), with 7% market share. The market share is "only" 7% due to a greater number of major players in the UK compared to the US. However, the UK market (which makes up 13% of Ashtead's sales) is stronger than in recent years.



Source: Ashtead reports

Ashtead expects this market to continue to grow, however at a more moderate pace for the foreseeable future. The penetration level in the UK is high (75%) so there is not much opportunity for structural growth. Nonetheless, A-Plant continues to grow, making bolt-on acquisitions and also taking market share.

In summary, the equipment rental industry keeps growing and developing, and we therefore believe there exist a structural tailwind that will benefit Ashtead in the coming years.

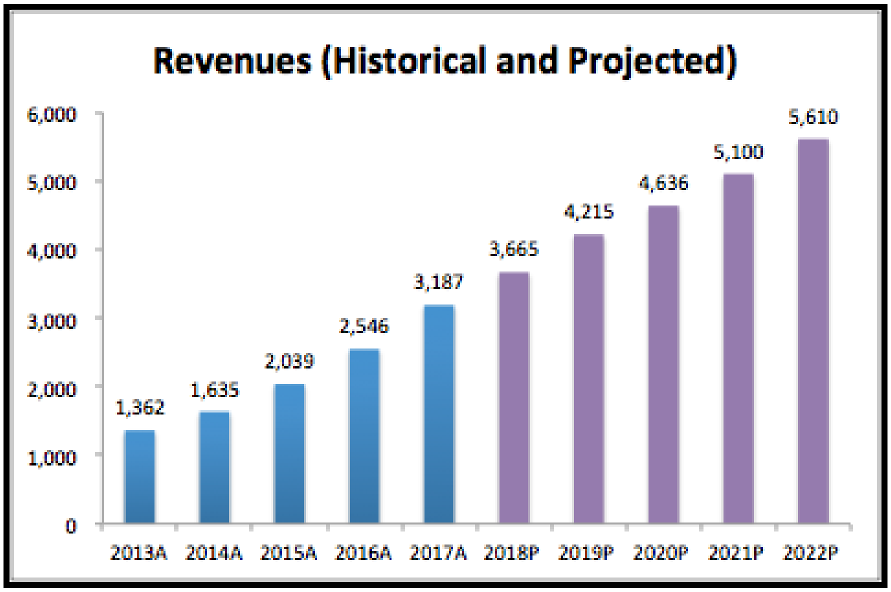
6) Valuation - What Is The Company Worth?

We are generally skeptical about making financial forecasts, and we are aware of all the assumptions that are required to perform a discounted cash flow analysis. We therefore put less emphasis on this section of the report compared to the other sections, which is contrary to what most analysts do. But we do recognize that a DCF analysis is a helpful tool to get a sense of what the company might be worth.

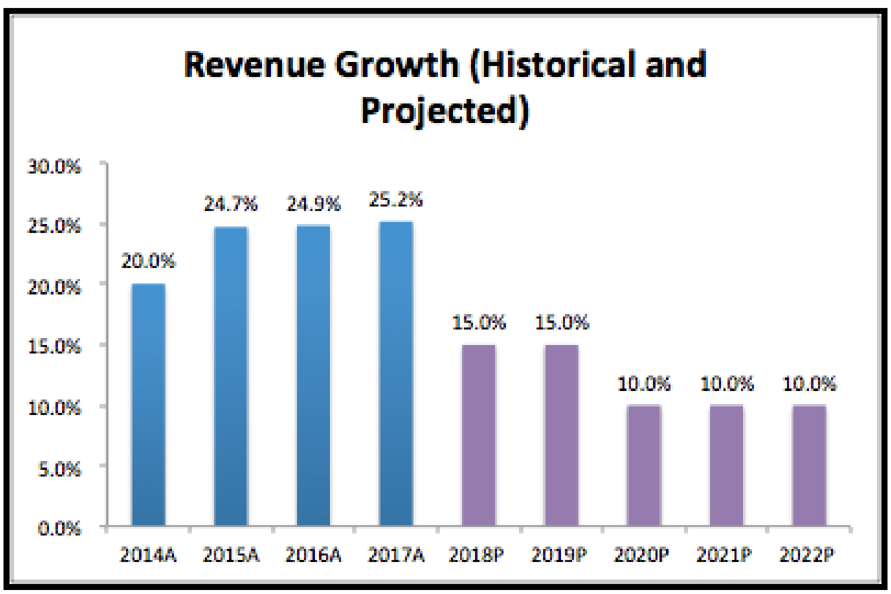
With that disclaimer out of the way, let’s dive into the analysis.

We built a financial model where we forecasted the income statement, balance sheet and cash flow statement five years out. Then we built a DCF model based on the numbers from the financial model. We forecasted the income statement to arrive at EBIT, which was the starting point of the DCF analysis.

The first step of our financial model was to forecast sales, which we did based on historical growth rates. In the last four years the company’s revenues grew by 20-25%. We believe it’s possible for them to continue growing at this clip because the company keeps gaining market share and the industry tailwinds are strong. However, we decided to exercise prudence and therefore assumed that over the next five years revenues would grow by 15%, 15%, 10%, 10% and 10%. These numbers are arbitrary and are based on what we feel comfortable with.



Source: company filings and our estimates



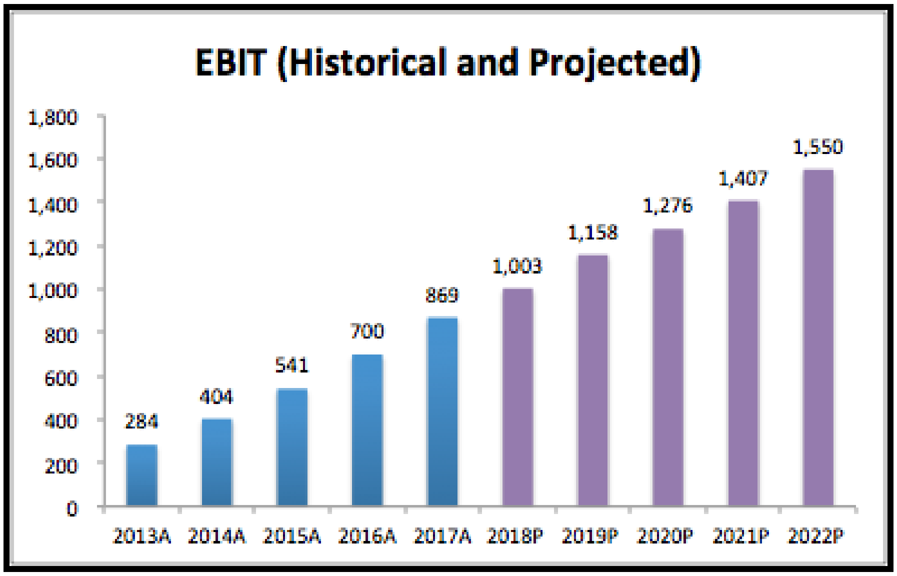
Source: company filings and our estimates

To arrive at EBITDA we forecasted operating costs. We simply straight-lined the 2017 margin (operating costs as a percentage of sales). This is a simple approach, but one we are comfortable with. There is an argument that operating costs will keep decreasing (which they have done over the last few years) as the company captures more market share and the overall market keeps growing, but we prefer being prudent.

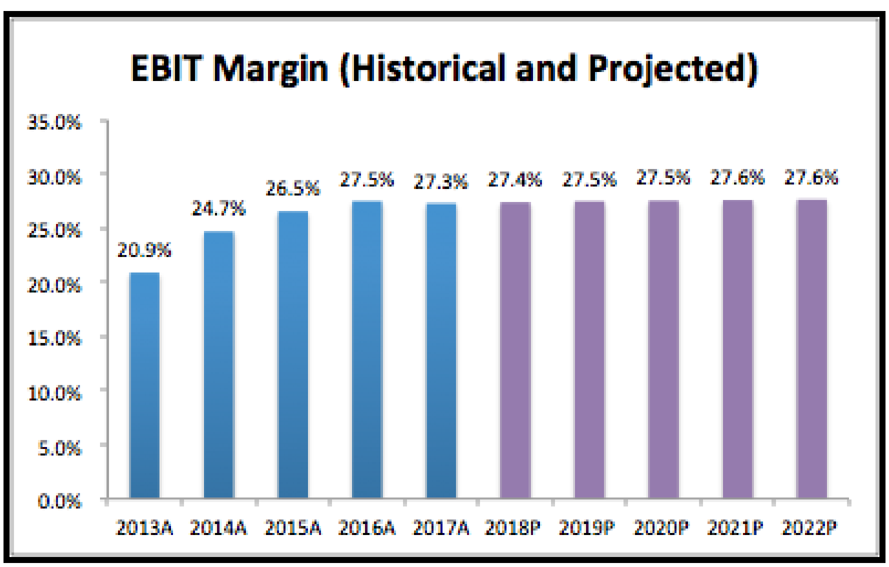
We forecasted depreciation and amortization by forecasting that capex would remain at the same ratio (as a percentage of sales) as in 2017, and that D&A would remain at the same ratio (as a percentage of capex) as in 2017.

Our assumptions resulted in an EBIT margin very similar to the last two years.

The historical and projected EBIT is presented below, along with the historical and projected EBIT margin.



Source: company filings and our estimates



Source: company filings and our estimates

The tax rate going forward was assumed to be the same as in 2017. The company recently said that group tax rate is likely to decrease to 23-25% due to new US tax reform, but since we practise prudence, we do not assume that taxes will decrease to that level. Tax reform is not our forte, by any stretch, and we therefore avoid making assumptions about new reforms.

We adjusted EBIT for tax rate, depreciation & amortization, changes in net working capital and capex to arrive at our forecasts for free cash flow to the firm.

Two Models - Perpetuity Approach and Exit EV/EBITDA Approach:

Perpetuity approach:
We forecasted free cash flow to the firm for the period 2018-2022. Then we normalized free cash flow in the last year by setting depreciation & amortization equal to capex. Ashtead currently invests a lot in growth capex, leading to a low free cash flow. Our normalization assumes that the company enters a more mature stage after the first five years, which consequently leads to a higher free cash flow in the last year of the forecast (2022), which we base our terminal value cash flow on.

We used a long-term growth rate of 3% and a discount rate of 10% to forecast terminal value and present value of cash flows. We tend to use these numbers for all our analyses. This allows us to compare all our investments on the same basis, and then adjust for risk by looking at qualitative factors (we don't do it through changing the discount rate). This approach is more in line with what Buffett does, who has been reported to use the 10-year Treasury rate, and does not calculate WACC. We are aware that this is "academically incorrect", but it provides us with a standard approach that serves us well.

After adjusting for net debt we found that the fair value per diluted share is £15.75. The share price at time of writing is about £19.6. We personally bought shares around £19.5.

Exit EV/EBITDA approach:
We used the forecasted EBITDA in 2022 as the basis for the analysis. We applied a multiple of 7.5 to the EBITDA figure. We chose 7.5 because it's the midpoint over the last five years, which is around 5.5-9.5.

After adjusting for net debt the fair value per diluted share is £22.63. This valuation is higher than the perpetuity approach because given the 7.5 exit multiple the implied perpetual growth rate is 4.73%, vs 3% for the perpetuity approach.

We have presented the numbers below. We have also attached the full DCF analysis in the appendix.

Perpetuity approach	
Normalized unlevered FCF in last forecast period	1,004
Normalized FCF (t+1)	1034
Long term growth rate	3%
Terminal value	14,767
Present value of terminal value	9,853.97
Present value of stage 1 CFs	561
Enterprise value	**10,415.44**
Implied TV exit EBITDA multiple	*5.56*

Net Debt	
Cash & equivalents ST & LT market. securities	6
Long term debt	2,531
Net debt	2,525

Exit EBITDA multiple approach	
Terminal year EBITDA	2,658
Terminal value EBITDA multiple	7.5
Terminal value	19,933
Present value of terminal value	13,301
Present value of stage 1 CFs	561
Enterprise value	**13,863**
Implied TV perpetual growth rate	*4.73%*

Fair value per share	Perpetuity	EBITDA
Enterprise value	10,415	13,863
Less: Net Debt	(2,525)	(2,525)
Equity Value	**7,890**	**11,338**
Diluted shares	501	501
Equity value per share	**£ 15.75**	**£ 22.63**

Worst Case and Best Case Scenarios

The analysis above presented the base case of our analysis. We also performed worst case and best case scenario analyses.

The worst case scenario assumed that revenues would only grow by 5% each year in the forecast period. We kept the other assumptions the same as under the base case scenario. The results are presented below. The fair value per share dropped to £10.13 under the perpetuity approach and £15.14 under the Exit EV/EBITDA approach.

Worst case:

Perpetuity approach	
Normalized unlevered FCF in last forecast period	727
Normalized FCF (t+1)	748
Long term growth rate	3%
Terminal value	10,692
Present value of terminal value	7,134.43
Present value of stage 1 CFs	464
Enterprise value	**7,598.41**
Implied TV exit EBITDA multiple	*5.55*

Net Debt	
Cash & equivalents ST & LT market. securities	6
Long term debt	2,531
Net debt	2,525

Exit EBITDA multiple approach	
Terminal year EBITDA	1,927
Terminal value EBITDA multiple	7.5
Terminal value	14,453
Present value of terminal value	9,644
Present value of stage 1 CFs	464
Enterprise value	**10,108**
Implied TV perpetual growth rate	*4.73%*

Fair value per share	Perpetuity	EBITDA
Enterprise value	7,598	10,108
Less: Net Debt	(2,525)	(2,525)
Equity Value	**5,073**	**7,583**
Diluted shares	501	501
Equity value per share	**£ 10.13**	**£ 15.14**

For the best case analysis we assumed revenues would be 20% each year in the forecast period. As before we kept all the other assumptions stable. The results are presented below.

The fair value per share increased to £23.95 under the perpetuity approach and £33.80 under the Exit EV/EBITDA approach.

Best case:

Perpetuity approach	
Normalized unlevered FCF in last forecast period	1,413
Normalized FCF (t+1)	1455
Long term growth rate	3%
Terminal value	20,785
Present value of terminal value	13,869.39
Present value of stage 1 CFs	657
Enterprise value	**14,526.35**
Implied TV exit EBITDA multiple	*5.53*

Exit EBITDA multiple approach	
Terminal year EBITDA	3,757
Terminal value EBITDA multiple	7.5
Terminal value	28,178
Present value of terminal value	18,803
Present value of stage 1 CFs	657
Enterprise value	**19,460**
Implied TV perpetual growth rate	*4.75%*

Net Debt	
Cash & equivalents ST & LT market. securities	6
Long term debt	2,531
Net debt	2,525

Fair value per share	Perpetuity	EBITDA
Enterprise value	14,526	19,460
Less: Net Debt	(2,525)	(2,525)
Equity Value	**12,001**	**16,935**
Diluted shares	501	501
Equity value per share	**£ 23.95**	**£ 33.80**

What is the real fair value per share?

Above we presented three different scenarios (worst, base, best) and two valuation approaches (perpetuity and exit EV/EBITDA), which gave us a fair value per share range of £10-£34 per share.

We believe that Ashtead's value is in the upper part of that range, if not higher, which is why we were comfortable buying shares around £19.50. We were quite prudent in our analysis, and believe that our base case scenario understates the actual value. But that was the point of the valuation, it gave us context and some grounding of our expectations. It also provided us with a possible floor for the share price, which was £10.13 (worst case, perpetuity approach). If the lower end fair value for the company is £10.13 per share it tells us that we have a potential 50% downside, which we are comfortable with.

7) Risks

Below are the key risks we have identified with regards to Ashtead:

- **Are we investing at the top?:** Ashtead has had an incredible run over the last few years. The company has grown tremendously. There is always a risk that we are investing at a cyclical top, or perhaps at the end of an incredible growth faze, and that future growth will disappoint. We are trying not to let the past dictate our investment thesis; we are trying to determine future cash flows based on future prospects, but we do realize that there is a chance that we have overestimated the company’s ability to produce future results similar to past results.

- **Recession**: The majority of Ashtead’s operations is in the non-residential construction industry, which is cyclical. During the last recession Ashtead’s share price fell around 88% from peak to trough (May 2006 to December 2008). While recession is a risk to all companies, we need to be aware that Ashtead might suffer more than the average due to the cyclical nature of the industry it operates in. However, it is worth pointing out that during recessions Ashtead can cut its capex and increase its free cash flow, and moreover it can acquire smaller competitors that are struggling and therefore capture market share.

- **Geoffrey Drabble leaves Ashtead**: If Drabble leaves then we would need to reconsider our investment in this company. Drabble is a deciding factor in our decision to invest in Ashtead.

8) Conclusion

In summary we think Ashtead is a strong company run by a very capable CEO. The company has several competitive advantages, and the equipment rental industry is experiencing strong tailwinds. The company has been growing at an impressive clip, and we believe the company has capacity to grow a lot more and generate substantial free cash in the future.

We are aware of the possible risks, and we believe the upside outweighs the downsides, and have therefore initiated a long position in this company.

9) Appendix

Income Statement (Historical and Forecasted):

INCOME STATEMENT ***(in GBP million)***										
Fiscal year	**2013A**	**2014A**	**2015A**	**2016A**	**2017A**	**2018P**	**2019P**	**2020P**	**2021P**	**2022P**
Fiscal year end date	*30/04/13*	*30/04/14*	*30/04/15*	*30/04/16*	*30/04/17*	*30/04/18*	*30/04/19*	*30/04/20*	*30/04/21*	*30/04/22*
Revenue	1,362	1,635	2,039	2,546	3,187	3,665	4,215	4,636	5,100	5,610
Cost of sales (enter as -)						0	0	0	0	0
Gross Profit	**1,362**	**1,635**	**2,039**	**2,546**	**3,187**	**3,665**	**4,215**	**4,636**	**5,100**	**5,610**
Staff costs	(366)	(417)	(486)	(594)	(737)	(847)	(974)	(1,071)	(1,178)	(1,296)
Used rental equipment sold	(81)	(73)	(86)	(144)	(127)	(147)	(169)	(185)	(204)	(224)
Other operating costs	(396)	(455)	(558)	(625)	(819)	(942)	(1,083)	(1,191)	(1,311)	(1,442)
EBITDA	**519**	**689**	**908**	**1,183**	**1,504**	**1,730**	**1,989**	**2,188**	**2,407**	**2,648**
Depreciation	(229)	(276)	(352)	(449)	(607)	(699)	(803)	(884)	(972)	(1,069)
Amortisation of intangibles	(6)	(10)	(16)	(22)	(28)	(28)	(28)	(28)	(28)	(28)
Impairment of intangibles	0	0	0	(12)	0	0	0	0	0	0
Operating profit (EBIT)	**284**	**404**	**541**	**700**	**869**	**1,003**	**1,158**	**1,276**	**1,407**	**1,550**
Investment income	0.2	0.0	0.2	0.1	0.1	0	0	0	0	0
Interest expense (enter as -)	(70)	(47)	(68)	(83)	(104)	(122)	(136)	(151)	(149)	(148)
Other expense (enter as -)						0	0	0	0	0
Pretax profit	**214**	**357**	**474**	**617**	**765**	**881**	**1,021**	**1,126**	**1,257**	**1,403**
Taxes (enter expense as -)	(76)	(125)	(170)	(209)	(264)	(304)	(352)	(388)	(434)	(484)
Net income	**138**	**231**	**303**	**408**	**501**	**577**	**669**	**737**	**824**	**919**
Basic shares outstanding (in million)	500	501	501	501	499	491	477	470	470	470
Impact of dilutive securities	8	3	3	2	3	3	3	3	3	3
Diluted shares outstanding	508	505	505	503	501	494	479	472	472	472
Basic EPS	$0.276	$0.461	$0.605	$0.813	$1.005	$1.18	$1.40	$1.57	$1.75	$1.96
Diluted EPS	**$0.271**	**$0.458**	**$0.601**	**$0.810**	**$1.000**	**$1.17**	**$1.40**	**$1.56**	**$1.74**	**$1.95**

Growth Rates and Margins (Historical and Forecasted):

Growth rates & margins										
Revenue growth	NA	20.0%	24.7%	24.9%	25.2%	15.0%	15.0%	10.0%	10.0%	10.0%
Gross profit as % of sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating profit/EBIT margin	20.9%	24.7%	26.5%	27.5%	27.3%	27.4%	27.5%	27.5%	27.6%	27.6%
Staff costs margin	26.9%	25.5%	23.9%	23.3%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%
Used rental equipment sold margin	5.9%	4.5%	4.2%	5.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Other operating costs margin	29.1%	27.8%	27.4%	24.5%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%
Tax rate	35.7%	35.1%	36.0%	33.9%	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%
Net profit margin	10.1%	14.1%	14.9%	16.0%	15.7%	15.8%	15.9%	15.9%	16.1%	16.4%

DCF Analysis:

General assumptions							
Share price as of last close	£ 20.00						
Latest closing share price date	02/02/18						
Latest dilutive share count	501						
Discount rate	10%						
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	
Fiscal year end	30/04/17	30/04/18	30/04/19	30/04/20	30/04/21	30/04/22	
EBIT growth		*15.4%*	*15.4%*	*10.2%*	*10.2%*	*10.2%*	
EBITDA	1,510	1,736	1,997	2,197	2,416	2,658	
EBIT	869	1,003	1,158	1,276	1,407	1,550	
Tax rate	34.5%	34.5%	34.5%	34.5%	34.5%	34.5%	
EBIAT/NOPAT	**569**	**657**	**758**	**836**	**921**	**1,015**	
D&A	641	733	839	920	1,010	1,108	
NWC	74	84	97	107	117	129	
Unlevered CFO		**1,380**	**1,585**	**1,747**	**1,920**	**2,111**	
Capex	(1,086)	(1,250)	(1,437)	(1,581)	(1,739)	(1,913)	
Unlevered FCF (FCF to firm)		**130**	**148**	**166**	**181**	**198**	
% growth			*13.3%*	*12.2%*	*9.4%*	*9.5%*	
Stub year FCF 2018		32					
Discount factor		*24%*	*124%*	*224%*	*324%*	*424%*	
Present value of unlevered FCF		31	131	134	133	132	

Valuation:

Perpetuity approach	
Normalized unlevered FCF in last forecast period	1,004
Normalized FCF (t+1)	1034
Long term growth rate	3%
Terminal value	14,767
Present value of terminal value	9,853.97
Present value of stage 1 CFs	561
Enterprise value	**10,415.44**
Implied TV exit EBITDA multiple	*5.56*

Exit EBITDA multiple approach	
Terminal year EBITDA	2,658
Terminal value EBITDA multiple	7.5
Terminal value	19,933
Present value of terminal value	13,301
Present value of stage 1 CFs	561
Enterprise value	**13,863**
Implied TV perpetual growth rate	*4.73%*

Net Debt	
Cash & equivalents ST & LT market. securities	6
Long term debt	2,531
Net debt	2,525

Fair value per share	Perpetuity	EBITDA
Enterprise value	10,415	13,863
Less: Net Debt	(2,525)	(2,525)
Equity Value	**7,890**	**11,338**
Diluted shares	501	501
Equity value per share	**£ 15.75**	**£ 22.63**