## Real Estate

*Source: Refinitiv*

## Market data

| | |
|---|---|
| EPIC/TKR | **PHP** |
| Price (p) | **150** |
| 12m High (p) | 161 |
| 12m Low (p) | 115 |
| Shares (m) | 1,220 |
| Mkt Cap (£m) | 1,830 |
| EV (£m) | 2,912 |
| Market | Premium, LSE |

## Description

Primary Health Properties (PHP) is a REIT acquiring and owning modern primary medical properties in the UK, and is expanding into the Republic of Ireland (RoI).

## Company information

| | |
|---|---|
| CEO | Harry Hyman |
| CFO | Richard Howell |
| Chairman | Steven Owen |

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www.phpgroup.co.uk

## Key shareholders

| | |
|---|---|
| Directors | 1.0% |
| Blackrock | 6.7% |
| CCLA | 5.3% |
| Investec Wealth | 5.0% |
| Vanguard Group | 2.7% |
| Troy Asset | 2.3% |

## Diary

| | |
|---|---|
| Apr'20 | AGM |
| July'20 | Interim results |

## Analyst

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# PRIMARY HEALTH PROPERTIES

## Final results show accelerating rental growth

**2019 results were announced on 12 February. 90% of PHP's income is backed by the UK or RoI governments. Occupancy consistently exceeds 99%. We are confident investors will still seek out REITs with a strong focus on categories that provide security of rising income. PHP's DPS growth rate is accelerating, in contrast to the wider real estate market. 2019's complementary MedicX merger was transformational, driving improvements that continue strongly in the short term, as well as being strategically beneficial. PHP has reduced costs of borrowing and overhead ratios, benefiting 2019, but also impacting 2020 and 2021 onwards.**

- **2019 sees step jump expansion**: There is a strong acquisition pipeline of £160m, including £44m in legals, with £356m undrawn bank facilities plus cash. Rental growth, which accelerated to 1.9% from 1.4%, and PHP's 24 years of unbroken dividend growth, highlight the REIT bears some similarity to index-linked gilts.

- **2019's good financial results**: The 3.7% dividend rise was above the prior year's 2.8%. 1Q'20 rose 5.4%. This was driven by the MedicX merger in 1Q'19, rental growth and lower cost of finance. Cost ratios are highly efficient. Administrative costs are captured in the EPRA cost ratio, which, at 12.0%, is the lowest in the UK.

- **Valuation:** The rating has risen, with a positive reaction to strategy execution. The MedicX merger was one of several factors driving raised DPS growth visibility. We note rent inflation and successful treasury management (blended new debt cost is 2.5%). Strong expansion in RoI raises blended returns.

- **Risks:** No development risk is taken. Investment is focused tightly on this one sector. Assets are rented to top-quality covenant tenants on long leases. Interest cover is 2.7x, and the average unexpired lease length is 12.8 years. We estimate a 46.8% end-2020 loan to value (LTV).

- **Investment summary: The rental trend is important.** Rents have seen modest growth in recent years, but are now set to move significantly ahead of UK real estate average rent inflation. Rental growth in the year drove the majority of the NAV uplift of £50m. There was a modest yield compression in RoI, which comprises 7% of the portfolio, and is growing. 1Q'20 dividends are fully covered.

## Financial summary and valuation

| Year-end Dec (£m) | 2017 | 2018 | 2019 | 2020E | 2021E |
|---|---|---|---|---|---|
| Income | 71.3 | 76.4 | 115.7 | 134.0 | 143.0 |
| Finance costs | -31.6 | -29.7 | -43.7 | -46.5 | -48.8 |
| Declared profit | 91.9 | 74.3 | -70.2 | 112.4 | 133.7 |
| EPRA PBT | 31.0 | 36.8 | 59.7 | 72.4 | 78.7 |
| EPS reported (p) | 15.3 | 10.5 | -6.4 | 9.2 | 10.9 |
| EPRA EPS (diluted, p) | 5.1 | 5.2 | 5.4 | 5.9 | 6.4 |
| DPS (p) | 5.25 | 5.40 | 5.60 | 5.90 | 6.12 |
| Net debt | -726.6 | -670.2 | -1,120.8 | -1,249.3 | -1,382.9 |
| Dividend yield | 3.3% | 3.4% | 3.5% | 3.7% | 3.8% |
| Price/EPRA NAV (x) | 1.50 | 1.43 | 1.39 | 1.36 | 1.31 |
| IFRS NAV per share (p) | 94.7 | 102.6 | 101.0 | 103.7 | 108.7 |
| EPRA NAV per share (p) | 100.7 | 105.1 | 107.9 | 110.3 | 115.3 |

*EPRA EPS and EPRA NAV adjusted as per PHP definition*
*Source: Hardman & Co Research*

# Investment objective and prospects

The company's investment objective is stated on its website: www.phpgroup.co.uk/investors/investment-case

## Investment case

- PHP invests entirely in a specific asset class, namely primary medical properties. These modern assets have over 99% occupancy, on long upwards-only leases.
- Pre-tax profit margin rises are set to continue. This supports a dividend that is progressive and increasingly well covered by cash-backed earnings.

## Rental growth

Growth has been held down in recent years and is starting to accelerate

Rents grew 1.4% in 2018 and 1.9% 2019. We estimate rental inflation of just over 2.0% in 2020 and sustained levels trending to over 2.5% subsequently. Note that rents are contractually upwards-only. This is in marked contrast to IPF's "All-property" consensus for +0.4% 2019E and +0.6% 2020E, after 0.9% rental growth in 2018.

## Republic of Ireland (RoI)

RoI has been, and remains, a strong driver to expansion in the PHP balance sheet, and has a positively geared beneficial effect on profitability.

RoI now comprises 7% of PHP's total assets held

There is a self-imposed cap of 15%. Most of PHP's RoI assets are in or near Dublin, or in other RoI cities. Two thirds of the current pipeline of acquisitions are in RoI, where PHP sees a significant opportunity and anticipates growth in the share of total assets from the current 7% to 15%. The table below sets out returns on incremental £100 and €100m UK and RoI assets. This is based on current NIYs and 10-year local debt costs.

In RoI, the cash-on-cash returns are approximately twice as high, and the risk is similar or the same

NIY for PHP portfolio and for MSCI All-property

| £m (UK), €m (RoI) | UK-based assets | RoI-based assets |
|---|---|---|
| Capital deployed on investment assets | 100.0 | 100.0 |
| Rent | 4.8 | 5.2 |
| Management fee (0.275% at marginal rate) | -0.3 | -0.3 |
| Other admin. overheads (excludes performance fee)* | -0.1 | -0.1 |
| Financing cost in local currency (assuming 100% debt-funded) | -2.4 | -1.5 |
| Net return on total capital deployed | 2.0 | 3.3 |

**PHP end-2019 presentation; Source: Hardman & Co estimates*

## Efficient fee structure

PHP is the REIT with the lowest EPRA cost ratio in the UK. PHP's assets bear an incremental fee cost of 0.275% on current acquisitions. We calculate that the average fees paid on the historical portfolio stand at 0.4% p.a., indicating a significant benefit for the incremental purchases.

## Cost of debt

3.9% average debt cost 2018; 3.5% at year- end 2019; Hardman & Co estimates 3.2% or below for 2020

The 2018 cost of debt averaged 3.9%. The former MedicX Fund's average interest cost was above PHP's; therefore, post the merger, the enlarged PHP's cost rose to 4.0%. This was brought down to 3.5% by the year-end. The merger resulted in reduced new funding costs, and the average debt margin of some 185bps (0.185%) should fall towards 160bps or even 150bps. As to new debt, UK 10-year swap rates stand at 0.8%; so, adding a lenders' margin, the cost of UK debt is anticipated at ca.2.4% incrementally. PHP is securing debt at below this cost, and we estimate ongoing debt cost reductions. € debt rates are below £ rates.

# FY19 results – 12 February

2019 was transformational for PHP. The completion of the all-share merger with MedicX took place in March 2019, bringing together two highly complementary portfolios in the UK and Ireland, crystallising a number of operating and finance cost-saving synergies.

2019 dividend rise of 3.7% is being exceeded in 2020 so far

- The 2019 full-year dividend was 3.7% above the 2018 level. PHP's policy is to pay quarterly dividends, covered fully by underlying earnings. The 1Q'20 dividend is 5.4% above the 2019 comparable.
- The rent roll is £127.7m, rising to £133.7m, including purchases in legals and outstanding rent reviews.
- Like-for-like rental growth was 1.9% (1.4% in 2018).
- EPRA NAV per share rose 2.7% to 107.9p (adjusted to exclude mark-to-market issues). Importantly, this figure bears MedicX merger costs of 1.4p per share NAV.
- Consummating such a large merger acquisition is never easy. Hard work and due diligence have paid off, as all has gone smoothly, including positive talks on debt finance and a subsequent growth equity issue.

Promised benefits of MedicX merger delivered, including visibility of capital deployment

- PHP delivered the promised £4.0m p.a. reduction in operating costs subsequent to the MedicX merger. The merger also adds to PHP's pipeline delivery partners, complements its footprint in RoI, as well as in the UK, and so gives shareholders strong visibility on growth. A September 2019 £100m equity raise is therefore being promptly deployed.

Cost of debt falling, with most of the benefit hitting 2020E

- Average cost of debt at the year-end was 3.5%. It had stood at 3.75% at the half-year-end, having been 4.0% immediately post the merger with MedicX. The average maturity length of debt at year-end was 7.2 (5.4 in 2018) years, against an average, weighted, unexpired lease length of 12.8 (13.1) years.
- LTV decreased to 44.2% (44.8% prior year-end). Note that the end-December 2017 figure was 52.9%. While we do not expect a rise to that level – at least not for the foreseeable future – the recent ratio offers some scope for cautious, modest ongoing re-gearing. Acquisitions are immediately EPS-positive, so the balance sheet gearing potential enables further EPS-enhancing acquisitions. We see LTV rising towards the 48%-50% range in the next few years. At end-December 2019, undrawn debt facilities plus cash held totalled £356.6m (end-June 2019: £209.9m). This is stated post capital commitments.

RoI is expanding strongly and generates premium returns

- Investment expenditure remains on track for £130m in full-year 2020. In the UK, the forward pipeline for asset acquisitions is stated at £160m – a useful increase. The RoI pipeline is a significant proportion of this, and the RoI government (and indeed opposition) has expressed strong public commitment for short- to medium-term development of €1bn stock. PHP's position in both markets is strong and we outline the yield pick-up in RoI on page 2.

# Risks and mitigation

Politically: strong and detailed support

Both the UK and the RoI governments are publicly committed to expanding provision of primary healthcare based around community hubs. The current model is well-established and delivering these intended benefits.

31% fixed or indexed uplifts

100% of the rents are effectively upwards-only; 31% are fixed uplifts or index-linked.

The nature of real estate is that tenants may default; however, 90% of PHP's income is state-backed, and the remainder derives from health services, which are of extremely high-covenant.

All RoI income is CPI index-linked, bar the ancillary services, which are in a strong position with the near-"captive" throughflow of visitors.

An established procedure for securing open market rent reviews

Open market rent review assessments are based on local comparables. However, underlying is that new development taking place (as the NHS steadily modernises its estate) needs to be remunerative. Build (and land) costs are rising, and are well ahead of pre-2008 levels. Indeed, recent data point to RoI build cost inflation running at over 5%.

Long leases on modern assets where tenants do not want to vacate

There is a risk at lease expiry, but weighted average lease term to expiry (or break) stood at 12.8 years at end-December. 7.6% of leases (only) have under five years to run. Residual values are strong, and tenants do not vacate, because PHP invests in assets that are modern, substantial local hubs. Lease expiry usually brings upside: from small physical extensions and the like. There are, indeed, 36 such small projects live.

Nearly all fixed debt

Debt: 98% is fixed or hedged (up from 93%).

EPS incrementally will benefit from a rising trend in LTVs from here

PHP's LTV, at 44.2% in 2019, is slightly above that of many other UK REITs (many of which will be seen in the 30%-40% bracket); however, it is difficult to overstate the importance of the upwards-only rental clauses. PHP's LTV stood at 52.9% in 2017 and 56.7% in 2016. We see some scope for ratios to increase slightly over the coming years, but they are unlikely to exceed these recent ratios. Thus, interest cover, standing at 2.7x, is robust. It is also robust due to i) the deployment of capital into RoI, where the cashflow ("yield gap") is higher than in the UK, ii) contractually rising rents, and iii) the current scope to pay down relatively expensive (4%-plus interest rates) debt and secure new debt at usefully lower rates.

Debt maturity drifting longer

Weighted average debt maturity is 7.2 years (5.4 in 2018). PHP is refinancing debt at lower levels and planning well for the relatively high levels of facility maturity in 2021 and 2022. Maturities to end-2022 now total £368m. Refinancing should be straightforward and at lower rates. The fact that this debt matures short term is a good thing in this environment of falling rates and falling PHP borrowing margins. A €70m 12-year senior secured loan was issued by PHP last year, at 1.509%.

Recent refinancing at 1.5%

Strong investment pipeline with good weighting to RoI

Another risk is that asset prices rise too far to make future acquisitions economically viable. PHP has strong connections and repeat business from a number of large developers, and so sourcing of assets does not rely on the second-hand market.

PHP has raised the target ceiling for RoI from 10% to 15%.

# Financial analysis

| Revenue account summary | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year-end Dec (£m)** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020E** | **2021E** |
| Rental income (net direct property expenses) | 62.2 | 66.5 | 71.3 | 76.4 | 115.7 | 134.0 | 143.0 |
| Admin. expenses | 6.8 | 7.3 | 8.2 | 8.6 | 10.5 | 13.2 | 13.5 |
| Performance incentive fee (PIF) | 0.0 | 0.0 | 0.5 | 1.3 | 1.8 | 1.9 | 2.0 |
| Total expenses | 6.8 | 7.3 | 8.7 | 9.9 | 12.3 | 15.1 | 15.5 |
| Operating profit | 55.4 | 59.2 | 62.6 | 66.5 | 103.4 | 118.9 | 127.5 |
| Net finance costs | -33.7 | -32.5 | -31.6 | -29.7 | -43.7 | -46.5 | -48.8 |
| EPRA PBT | 21.7 | 26.7 | 31.0 | 36.8 | 59.7 | 72.4 | 78.7 |
| Net revaluation and gain on portfolio | 39.8 | 20.7 | 64.5 | 36.0 | 48.4 | 40.0 | 55.0 |
| Gain on disposal | 0.0 | 0.0 | 0.0 | 0.1 | 1.4 | 0.0 | 0.0 |
| Fair value gain on derivatives | 1.0 | -2.2 | -0.3 | -1.8 | -5.4 | 0.0 | 0.0 |
| Fair value on convertible | -6.5 | -1.6 | -3.3 | 3.2 | -28.2 | 0.0 | 0.0 |
| MedicX-related exceptionals* | 0.0 | 0.0 | 0.0 | 0.0 | -146.1 | 0.0 | 0.0 |
| Reported PBT | 56.0 | 43.6 | 91.9 | 74.3 | -70.2 | 112.4 | 133.7 |
| EPRA EPS (diluted, post-performance fee, p) | 4.77 | 4.69 | 5.07 | 5.16 | 5.42 | 5.91 | 6.42 |
| Reported basic EPS (p) | 12.57 | 7.78 | 15.30 | 10.48 | -6.43 | 9.17 | 10.91 |
| DPS (p) | 5.000 | 5.125 | 5.250 | 5.400 | 5.600 | 5.900 | 6.125 |

**Including mark-to-market of debt acquired and costs of management contract termination*
*Source: PHP Report and Accounts, Hardman & Co Research estimates*

Below, we summarise the effect of the 1H'19 merger.

| 1H'19 summarised effect of merger on revenue | | | | | |
|---|---|---|---|---|---|
| **(£m)** | **PHP 6 months to June 2019** | **MedicX 3.5 months to June 2019** | **Six months ended 30 June 2019** | **Six months ended 30 June 2018** | **Year-ended 31 December 2018** |
| Net rental income | 40.3 | 13.5 | 53.8 | 37.4 | 76.4 |
| Administrative expenses | -4.5 | -0.5 | -5.0 | -4.2 | -8.6 |
| Performance incentive fee (PIF) | -0.9 | - | -0.9 | -0.6 | -1.3 |
| Operating profit before revaluation gain and net financing costs | 34.9 | 13.0 | 47.9 | 32.6 | 66.5 |
| Net financing costs | -14.6 | -5.4 | -20.0 | -15.5 | -29.7 |
| Adjusted EPRA earnings | 20.3 | 7.6 | 27.9 | 17.1 | 36.8 |
| Revaluation surplus and profit on sales | 14.5 | 3.2 | 17.7 | 21.3 | 36.1 |
| Fair value (loss)/gain on interest rate derivatives and convertible bond | -4.1 | - | -4.1 | 0.3 | 1.4 |
| Adjusted IFRS profit, excluding MedicX merger adjustments | 30.7 | 10.8 | 41.5 | 38.7 | 74.3 |
| Exceptional revaluation loss arising on merger with MedicX | - | -138.4 | -138.4 | - | - |
| Exceptional items – contract termination fee arising on MedicX merger | - | -10.2 | -10.2 | - | - |
| Amortisation of MedicX debt at acquisition | - | 1.0 | 1.0 | - | - |
| IFRS (loss)/profit before tax | 30.7 | -136.8 | -106.1 | 38.7 | 74.3 |
| Deferred tax provision | -0.4 | - | -0.4 | - | - |
| IFRS (loss)/profit before tax | 30.7 | -136.8 | -106.1 | 38.7 | 74.3 |
| EPRA EPS (diluted, p) | - | - | 1.9 | 2.5 | 5.2 |
| EPRA EPS (adjusted, p) | - | - | 2.8 | 2.5 | 5.2 |
| Reported IFRS EPS (p) | - | - | -10.7 | 5.7 | 10.5 |

*Source: PHP interim 2019 results announcement*

## Balance sheet

| @ 31 Dec (£m) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E |
|---|---|---|---|---|---|---|---|
| Investment properties, start of period | 1,026.2 | 1,100.6 | 1,220.1 | 1,361.9 | 1,503.5 | 2,413.6 | 2,583.6 |
| Currency translation effect | 0.0 | 0.0 | 1.8 | 3.7 | 0.0 | 0.0 | 0.0 |
| Additions to portfolio | 34.6 | 98.8 | 75.5 | 101.9 | 855.3 * | 130.0 | 140.0 |
| Revaluations | 39.8 | 20.7 | 64.5 | 36.0 | 48.4 | 40.0 | 55.0 |
| Non-current assets | | | | | | | |
| Investment properties, end of period | 1,100.6 | 1220.1 | 1,361.9 | 1,503.5 | 2,413.6 | 2,583.6 | 2,778.6 |
| Finance leases | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| Sub-total: non-current assets | 1,100.6 | 1220.1 | 1,361.9 | 1,503.8 | 2,413.6 | 2,583.6 | 2,778.6 |
| **Current assets** | | | | | | | |
| Receivables | 4.1 | 3.3 | 6.4 | 4.6 | 16.7 | 6.0 | 6.0 |
| Other | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash + short-term investments | 2.9 | 5.0 | 3.8 | 5.9 | 143.1 | 43.8 | 27.1 |
| Sub-total: current assets | 7.0 | 8.3 | 10.5 | 10.4 | 159.8 | 51.1 | 34.5 |
| Total assets | 1,107.6 | 1,228.4 | 1,372.4 | 1,514.2 | 2,573.4 | 2,633.4 | 2,812.8 |
| **Current liabilities** | | | | | | | |
| Deferred rental income | 13.2 | 14.1 | 15.0 | 16.0 | 25.2 | 25.0 | 25.0 |
| Trade and other payables | 16.1 | 13.6 | 15.4 | 16.1 | 34.7 | 25.0 | 25.0 |
| Term loans | 0.9 | 0.8 | 0.8 | 0.9 | 6.1 | 1.0 | 1.0 |
| Interest rate swaps | 4.7 | 3.8 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bond | 0.0 | 0.0 | 0.0 | 101.5 | 0.0 | 0.0 | 0.0 |
| Sub-total: current liabilities | 34.9 | 32.3 | 33.9 | 134.5 | 66.0 | 51.0 | 51.0 |
| Non-current liabilities | | | | | | | |
| Term loan over one year, bond | 696.7 | 667.4 | 729.6 | 573.7 | 1,257.8 | 1,292.1 | 1,409.0 |
| Interest rate swaps | 30.6 | 29.5 | 22.1 | 17.8 | 13.5 | 13.5 | 13.5 |
| Other (head leases and deferred tax) | 0.0 | 0.0 | 0.0 | 0.0 | 7.6 | 7.6 | 7.6 |
| Sub-total: non-current liabilities | 727.3 | 696.9 | 751.7 | 591.5 | 1,278.9 | 1,313.2 | 1,430.1 |
| Total liabilities | 762.2 | 729.2 | 785.6 | 726.0 | 1,344.9 | 1,364.2 | 1,481.1 |
| | | | | | | | |
| Shareholders' funds | 345.4 | 499.2 | 586.8 | 788.3 | 1,228.5 | 1,269.2 | 1,330.6 |
| EPRA shareholders' funds | 391.6 | 545.0 | 623.6 | 808.9 | 1,312.8 | 1,350.9 | 1,412.3 |
| Shares in issue at period-end, No. (m) | 446.3 | 598.2 | 619.4 | 769.1 | 1,216.3 | 1,225.0 | 1,225.0 |
| NAV per share (p) | 77.4 | 83.5 | 94.7 | 102.6 | 101.0 | 103.7 | 108.7 |
| EPRA NAV per share (p) | 87.7 | 91.1 | 100.7 | 105.1 | 104.2 | 106.6 | 111.6 |
| Adjusted EPRA NAV per share (p)** | 87.7 | 91.1 | 100.7 | 105.1 | 107.9 | 110.3 | 115.3 |
| Net debt per balance sheet | 694.7 | 663.2 | 726.6 | 670.2 | 1,120.8 | 1,249.3 | 1,382.9 |
| Net debt*** | 694.7 | 663.2 | 726.6 | 670.2 | 1,081.9 | 1,220.4 | 1,346.0 |
| LTV ratio | 62.7% | 53.7% | 52.9% | 44.8% | 44.2% | 46.9% | 48.4% |

** Includes MedicX and other acquisitions of assets*
*** Excludes mark-to-market of the former MedicX debt*
****Excludes mark-to-market on loans acquired*
*Source: PHP Report and Accounts, Hardman & Co Research estimates*

Note that the 2019 IFRS NAV is impacted by various costs of the MedicX merger. Indeed, the EPRA NAV for 2019 is impacted by a £45.5m net mark-to-market. We thus also state the adjusted EPRA NAV per share.

Note, net debt at end-2019 on the balance sheet was £1120.8m, which includes accounting-driven mark-to- market adjustments.

Hardman & Co also calculates LTV after a relatively minor adjustment related to mark-to-market, as compared with the face of the balance sheet.

## Cashflow

| Year-end Dec (£m) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E |
|---|---|---|---|---|---|---|---|
| Operating activities | | | | | | | |
| Profit before taxation (adjusted for fair value) | 49.9 | 43.0 | 91.9 | 73.4 | 100.1 | 112.4 | 133.7 |
| Adjustments for: | | | | | | | |
| Net valuation changes on investment property | -39.8 | -20.7 | -64.5 | -36.0 | -48.4 | -40.0 | -55.0 |
| Profit on disposals | 0.0 | 0.0 | 0.0 | 0.1 | 1.4 | 0.0 | 0.0 |
| Finance costs payable | 33.7 | 32.5 | 32.2 | 29.7 | 43.7 | 46.5 | 48.8 |
| Sub-total | 43.8 | 54.8 | 59.6 | 67.2 | 96.8 | 118.9 | 127.5 |
| | | | | | | | |
| Net (post-finance) cash inflow from operating activities | 11.2 | 8.3 | 22.6 | 35.6 | 55.5 | 72.3 | 77.6 |
| | | | | | | | |
| Investing activities | | | | | | | |
| Additions to investment assets | -29.5 | -97.4 | -75.4 | -102.0 | -47.4 | -130.0 | -140.0 |
| Debt acquired | 0.0 | 0.0 | 0.0 | 0.0 | -476.6 | 0.0 | 0.0 |
| Corporate transaction costs | 0.0 | 0.0 | 0.0 | 0.0 | -14.5 | 0.0 | 0.0 |
| Net cashflow, operating and investing | -18.3 | -89.1 | -52.8 | -65.6 | -483.0 | -57.7 | -61.4 |
| | | | | | | | |
| Financing activities | | | | | | | |
| Net proceeds from issue of share capital/conversion | -0.1 | 145.2 | 0.0 | 108.1 | 99.0 | 0.0 | 0.0 |
| Dividends paid | -21.1 | -24.7 | -29.8 | -34.7 | -54.4 | -70.8 | -73.5 |
| FX | 0.0 | 0.0 | 0.5 | 0.7 | -1.7 | 0.0 | 0.0 |
| Net cashflow (change in debt) | -39.5 | 31.4 | -82.6 | 7.8 | -438.4 | -128.5 | -134.9 |
| Net proceeds of long-term borrowings | 30.3 | -29.3 | 62.1 | -55.3 | 72.3 | 29.2 | 117.0 |
| Convertible redemption for shares | 9.1 | 91.2 | 32.8 | 48.9 | 591.8 | -41.6 | 43.5 |
| Net cash inflow from financing activities | 0.0 | 0.0 | 19.3 | 67.7 | 28.4 | 0.0 | 0.0 |
| Net debt | 694.7 | 663.3 | 726.6 | 670.2 | 1,081.9 | 1,220.4 | 1,346.0 |
| | | | | | | | |
| Increase in cash and cash equivalents | -9.4 | 2.1 | -1.2 | 2.1 | 137.2 | -99.3 | -16.6 |
| Opening cash and cash equivalents | 12.1 | 2.9 | 5.0 | 3.8 | 5.9 | 143.1 | 43.8 |
| Closing cash and cash equivalents | 2.9 | 5.0 | 3.8 | 5.9 | 143.1 | 43.8 | 27.1 |

*Source: PHP Report and Accounts, Hardman & Co presentational recategorisation, Hardman & Co Research estimates*

# Notes

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