

20 October 2016

**Buy**

Current price  
27p

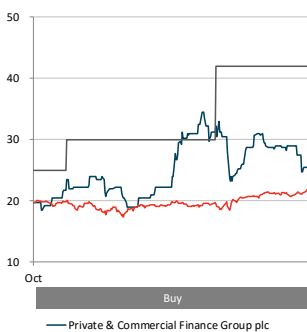
Target price  
42p

Market cap  
£46m

Enterprise value  
£46m

## Price performance

	Stock	All-Share
1 month:	-6.9%	2.6%
3 month:	-6.1%	5.2%
12 month:	36.7%	9.8%



Last results  
Interims, 09 Jun 16

Next results  
Finals, 8 Dec 16

Next event  
Finals, 8 Dec 16

Reuters / BBG  
PCF.L / PCF LN

Index  
FTSE AIM

Priced at close  
19 October 2016

Analysts  
Robert Sanders  
020 7601 6111  
robert.sanders@stockdalesecurities.com

## Private & Commercial Finance Group\*

### Positive trading update

**PCFG has announced that it expects to report results for the 18 months to September slightly ahead of expectations. Contributory factors to this was the growing portfolio of receivables and a further reduction in the loan loss provisioning charge, while KPIs such as Return on Average Assets continued to outperform. We expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten and with the banking licence likely to prove transformational we retain our 42p TP and Buy rating.**

#### Key forecasts

Year to	Sales	PBT	EPS	EPS	DPS	Dividend	P/E	ROE
Sep	£m	£m	p	growth %	p	yield %	x	%
2015A#	48.2	2.8	1.3	62.2	0.0	0.0	23.2	10.7
2016E#	54.5	3.6	1.6	21.2	0.1	0.3	16.9	11.0
2017E	62.7	3.7	1.4	-11.4	0.2	0.6	19.3	7.3
2018E	78.4	6.0	2.3	55.7	0.3	1.0	11.7	10.7

Source: Stockdale, # estimates for the 12 months to 2015 and 2016 as year-end changed to September from March

#### Business continues to show strong growth

£37.2m of new business was written in the six months to 30 September 2016 helping to increase the portfolio of receivables to £122m at end September 2016 (Stockdale had forecast £120m). To date there has been no impact on trading from the EU referendum result in June.

#### Banking licence to provide further growth prospects

We are encouraged that there is plenty of financing headroom (£65m of committed facilities) in the shorter term. As we flagged in our note "Strong results and banking licence in sight" on 9 June 2016 the granting of a banking licence will open up a much larger addressable market.

#### Potential for a significant increase in the share price

Ahead of the results being reported on 8 December 2016 we expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten. With the banking licence likely to prove transformational we are happy to retain our 42p target price and Buy rating.

NOTE...FLASH NOTE...FLA

Stockdale

Financials | Equity

Bloomberg  
STOC<GO>

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## Explanation of recommendations

Each structure below is based on total shareholder return defined as the absolute rise in share price plus dividend payment over a 12-month period

Stockdale recommendation structure		Stockdale recommendation proportions in last quarter			
		All stocks excluding AIM		Corporate stocks excluding AIM	
Buy	+20% or more	Buy	85.7%	Buy	93.3%
Add	+10% to +20%	Add	7.1%	Add	0.0%
Neutral	(+/-) 10%	Neutral	7.1%	Neutral	6.7%
Sell	-10% or more	Sell	0.0%	Sell	0.0%

### Source: Stockdale

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The company has seen this research but no material changes have been made as a result.

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Stockdale Securities, Beaufort House, 15 St. Botolph Street, London, EC3A 7BB

Email: [firstname.surname@stockdalesecurities.com](mailto:firstname.surname@stockdalesecurities.com)

### Research

#### Head of Research, Insurance & Financials

Joanna Parsons 020 7601 6133

#### Growth Companies

Robert Sanders 020 7601 6111

Peter Ashworth 020 7601 6112

#### Property & Support Services

Alastair Stewart 020 7601 6149

#### Investment Funds (IF)

Saumya Banerjee 020 7601 6629

#### Oil & Gas

Mark Henderson 020 7601 6100

#### Technology

Gareth Evans 020 7601 6132

#### Executive Chairman

Mark Brown 020 7601 6126

#### Sales

Richard Harris (IF) 020 7601 6107

Matthew Kinhead (IF) 020 7601 6626

Pauline Tribe (IF) 020 7601 6623

Joshua Nimmo 020 7601 6143

Simon Wickham, Head of Sales 020 7601 6141

Steve Yelland 020 7601 6142

#### Sales Trading

Michael Harrison 020 7601 6611

#### Trading

Helen Brown 020 7601 6603

Darren Papper (IF) 020 7601 6632

Calum Summers (IF) 020 7601 6631

#### Managing Director

Andy Crossley 020 7601 6108