

InnovaDerma PLC

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InnovaDerma shines as it forecasts doubling of full year profits

InnovaDerma PLC (LON:IDP) shares were brighter on Tuesday after predicting that its pre-tax profits would more than double after strong trading in its last financial year.

In a trading update for the 12 months ended 30 June, the maker of beauty and personal care products said revenues had increased by 21% to £13m, and, as a result, pre-tax profits were expected to have more than doubled from the £670,000 reported in 2018, in line with expectations.

READ: InnovaDerma reports strong start to second-half after navigating Facebook advertising changes

Gross margins had also "improved significantly", the firm said, rising around 500 basis points year-on-year as a result of what it said was the agility of its business model which enabled it to scale its brands without increasing its overhead costs.

InnovaDerma said all its brands, including its popular Skinny Tan spray tanning product, had performed well during the year delivering both revenue and profit growth.

Skinny Tan, in particular, had contributed strongly as new product launches and a "significant increase" in the retail footprint of the brand, which is sold in 2,300 stores including Boots, Superdrug and Asda, helped drive sales.

The strong retail performance had also boosted the company's cash generation over the year, meaning its cash balance for the period had come in at £1.7m, which executive chairman Haris Chaudhry said was "ahead of guidance".

Chaudhry added that going forward the group would be focusing on product innovation and launching new brands into new territories and categories, the combination of which would "further accelerate growth" in the new financial year.

The company's full results for the period are expected in September.

In a note, analysts at InnovaDerma's 'house' broker finnCap maintained their target price for the firm at 200p, saying the update provided a "strong platform" to develop the business further.

The broker added that the update should provide investors with "comfort" following a lack of newsflow since the company's interims in February.

In early deals, the shares were 3.3% higher at 110.5p.

Price: 73

Market Cap: £10.58 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: IDP

Listing: LSE

52 week **High** **Low**
116.88 47.5

Sector: Fashion & brands

Website: www.innovaderma.com

Company Synopsis:

InnovaDerma PLC is an emerging leader specializing in the research, manufacture and marketing of clinically proven products in life sciences, beauty and personal care products. InnovaDerma has presence in Europe, US, Australasia, Asia and Africa.

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--Adds broker comment and share price--

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