09:13 21 Sep 2010

HB Markets Daily Smallcap Newsflash including: Active Energy, Morson,Trifast, Plantic Technologies and others

Active Energy (AEG, 5.125p, £5.75m) Interims to June 2010 from the old CINPART group saw revenues soar to £2.80m (£0.80m) with gross profits of £0.58m (£0.25m), gross margins of 21% (30.65%) though higher admin expenses of £1.21m (£0.95m) limited the reduction in op losses with £0.63m (£0.70m) and a PBT loss of £0.63m (£0.71m). The group ended the period with period end net cash of £0.06m (£0.82m) reflecting £0.65m used in operations and has since the period end has raised £1.39m – giving is sufficient cash. We see a second half of further contract news, given the relationships established in H1 that include Scottish & Southern and the County Executives of America. The group saw a recovery in its traditional businesses of Gasignition (UK based) and Derlite (Thailand) with revenues of £1.14m (£0.80m) with the Active Energy contributing a maiden £1.66m of sales. We see a second half of further contract news, given the relationships established in H1 that include Scottish & Southern and the County Executives of America, indeed the group has highlighted it has trial installations in a number of large organisations. SPECULATIVE BUY (Julian Tolley)

Imaginatik (IMTK, 2.38p, £5.05m), has secured an annual contract renewal and extension with a world leading aerospace corporation. The value of the contract has not been disclosed due to the "commercially sensitive nature of the contract." The contract highlights the strength of the group's relationship with the client. The share price has risen by 36% since our last Speculative Buy recommendation at 1.75p – a good opportunity for investors to take some profit. We believe additional contract wins may act as a catalyst to drive the share price. However, the group's recent contract wins fail to provide us with the monetary value of the contracts. There are no forecasts in the market. The lack of viability encourages us to reduce our recommendation to a HOLD. (Amisha Chohan)

Morson (MRN, 101.5p, £46.02m), the provider of technical engineering personnel and project design solutions, reports interims to 30 June 2010. Morson has performed solidly across all sectors and is trading in line with management expectations. Revenues remained broadly flat at £221.8m (H109: £219.9m), but adjusted PBT fell by 22% to £4.2m (H109: £5.4m) and adjusted EPS by 19% to 7.05p (H109: 8.7p). Following the acquisition of Wynnwith Group, net debt increased to £18.8m (2009: £11.0m). The interim DPS has been maintained at 2p. The recent acquisitions of Wynnwith and AceTech Personnel will accelerate revenue growth in 2011 by cross selling a wider range of services to a broadened client base and extending its geographical reach. The market conditions in the current financial year will remain tough, especially with 30% of the group's revenue exposed to the public sector. The market forecasts 2010 PBT of £8.1m, EPS of 13p and DPS of 6p and in 2011 PBT of £8.3m, EPS of 13.3p and DPS of 6p. The stock is trading on 7.8x 2010 earnings and 7.6x 2011 earnings with a prospective yield of 5.9%. This is a yield play. The uncertainty surrounding the level of public spending cuts encourages us to reduce our recommendation to a HOLD. (Amisha Chohan)

Plantic Technologies (PLNT, 7.625p, £6.08m) Interims are immaterial as the group is under a takeover offer at 8p – which we recommend shareholders accept, so HOLD/ACCEPT THE OFFER. (Julian Tolley)

Stanley Gibbons (SGI, 138p, £34.74m) has acquired the trade and assets of Benham first day cover and collectibles business from Flying Brands. SG is paying £1.5m, half on completion and half one year later. In the year to January 2010 Benham contributed £2.96m with a PBT of £0.41m. A logical acquisition that should be EPS enhancing. The group is sitting on a heady rating of 25x falling to 13x next year – so it is a pity the group isn't able to use shares rather than cash o make the acquisition. SELL to 106p. (Julian Tolley)

Trifast (TRI, 34.25p, £29.20m), the manufacturer and distributor of industrial fastenings and category C components, reports the strong momentum in Q1 has continued into the traditionally quieter summer months. Demand and enquiries are increasing both TR's transactional and global sales. The Board is aware of external factors potentially slowing global and UK economic growth but remains committed to "sales-led" with margin improvement focus and during TR's 'rebuild' phase. As we had expected, the market has upgraded 2011 estimates to PBT of £2.9m and EPS of 2.5p. The stock is rated at 13.7x 2011 earnings and 11.0 x 2012 earnings, a premium to the industrial engineering sector (7.7x). We believe the group is fairly valued and reiterate our HOLD recommendation. (Amisha Chohan)

Wilmington (WIL, 141p, £116.52m) Finals to June 2010 saw revenues of £78.4m (£86.3m) with adjusted PBT of £13.1m (£13.3m) and underlying EPS of 10.59p (10.5p). However the figures mask a significant recovery into H2 with H1:H2 sales splitting £36.9m:£41.5m and adjusted EPS H1:H2 split of 4.4p:6.19p. The group ended the period with net debt of £16.82m (£17.83m) post a £2.19m spend on acquisitions, £6.77m on dividends. The group has moved to an equal distribution of DPS through the year, so the final DPS of 3.5p declared takes the year total to 7p – or a yield of 2.5% on the final alone or a year 5%. The group reports healthy booking levels in legal training and improving conditions in investment banking. The group is well positioned to make further acquisitions. With a strong balance sheet, forecasts around £14m with 11.5p EPS and 7.7p DPS putting the group on a 12.3x prospective PER with a 5.5% yield we see the group as offering excellent prospects. A continued BUY with a 174p increased price target. (Julian Tolley)