

Centralnic Group PLC

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CentralNic hails strong year of revenue growth

Internet domains firm CentralNic Group PLC (LON:CNIC) saw significant growth in its wholesale and retail divisions in 2017.

Revenues for the group as a whole rose by 10% to £24.35m from £22.13m in 2016, with the proportion of recurring revenues increasing to 84% (2016: 81%).

READ: CentralNic secures '.ooo' distribution contract from Indian e-commerce giant Infibeam

The wholesale division's revenues were up 48% and the retail side's up 9% year-on-year.

The increase of revenue in the wholesale division was driven predominately by the .xyz and radix top-level domains (TLDs), along with registry consultancy.

Adjusted underlying earnings (Ebitda) in 2017 rose 20% to £6.61m from £5.48m the previous year, with the Ebitda margin rising by two percentage points to 27%.

Profit before tax rose to £1.37m from £1.16m in 2016.

Cash flow was positive during the year with year-end cash balances of £10.9 million (2016: £9.9 million) and net debt (excluding prepaid costs) of £7.2m (2016: net cash £7.3m).

The board intends at some point in the future to recommend the payment of dividends but for now, believes the money is better off being ploughed back into the business.

"The group continued its strategy to build a diversified internet services business of size and scale through an acquisitive roll-up programme which delivers high-levels of recurring revenues, quality of earnings and strong cash generation," said Mike Turner, the chairman of CentralNic.

READ: Completion of SK-NIC acquisition

"SK-NIC, the manager of the exclusive country code top-level domain for Slovakia, was acquired in mid-December 2017 for a maximum cash consideration of €25.7 million (£22.6 million). The board anticipates SK-NIC to be earnings enhancing in line with expectations at the time of the acquisition, as well as providing access to a new international market with sustainable growth characteristics, a high renewal rate of over 86%, and the opportunity to leverage CentralNic's existing expertise and bespoke technical platforms in the domain management business," Turner added.

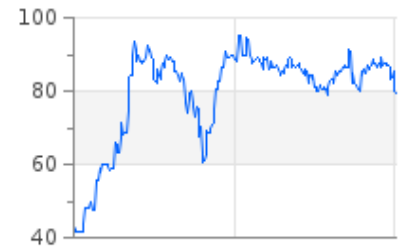
"Significant growth was delivered in the Wholesale and Retail divisions, which contributed to an increase in recurring revenues and an improvement in the quality of the Group's earnings.

"Whilst the Enterprise Division made a significant contribution to the group's profits in the year under review, its contribution through one-off domain name sales reduced when compared to the prior year," Turner explained.

Price: 79.25

Market Cap: £183.9 m

1 Year Share Price Graph



October 2019 April 2020 October 2022

Share Information

Code: CNIC

Listing: LSE

52 week	High	Low
	97.9887	40

Sector: Software & services

Website: www.centralnic.com

Company Synopsis:

CentralNic (AIM: CNIC) is the developer and operator of software platforms providing web presence services to customers in almost every country in the world. CentralNic is a leading provider of tools required to create websites, use email, and secure business online.

action@proactiveinvestors.com.au

"The directors are confident that the group will continue to deliver on its strategic goals in 2018, to deliver growth both organically and by expansion of the business, and further improve the percentage of recurring revenues and the group's quality of earnings," Turner said.

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