

Equiniti

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Equiniti shares jump as it expects full-year earnings to reach top end of market forecasts

Equiniti Group PLC (LON:EQN) shares jumped as the technology outsourcer said it expects full-year earnings to meet the top end of market expectations after delivering a stronger-than-expected first half.

In the six months ended June 30, underlying earnings (EBITDA) shot up 31.6% to £55m and revenue increased 30.4% to £254m, both ahead of expectations.

Organic revenue rose 7.7%, boosted by contract renewals and new client wins.

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Contract renewals included UK registration clients Carnival PLC (LON:CCL), easyJet PLC (LON:EZY), GlaxoSmithKline plc (LON:GSK) and Prudential PLC (LON:PRU).

The firm won new clients across all divisions, including CNPP, Persimmon and Ulster Bank.

In the UK, the company increased its market share as it secured business wins including Bodycote PLC (LON:BOY), Hiscox PLC (LON:HSX), and Low & Bonar PLC (LON:LWB).

In the US, the group secured contract renewals with CVS, General Electric, JP Morgan, 3M and MDU.

Around 70% of newly listed companies signed up to take Equiniti's services including Acacia Pharma, Avast, IntegraFin Holdings and KRM 22.

Equiniti buys Wells Fargo's share registration business and Boudicca Proxy Equiniti expanded the business during the period with two acquisitions.

In February, the company completed the acquisition of Wells Fargo's share registration business for US\$227.0m. In April, it bought Boudicca Proxy Limited, which specialises in proxy solicitation, shareholder communications, corporate governance advisory and share ownership.

"The first half of 2018 has been our strongest reporting period yet, with accelerating organic growth supplemented by the successful completion of the high-quality Shareowner Services business from Wells Fargo Bank," said chief executive Guy Wakeley.

"Our UK business remains the undisputed market leader for registration and share plans, with more new clients choosing Equiniti. The deployment of these core capabilities into the US, along with proprietary technologies for payments, pensions, credit and analytics, creates multiple opportunities for future growth."

Price: 217p

Market Cap: £791.04M

1 Year Share Price Graph



Share Information

Code: EQN

Listing: LSE

52 week High Low
267.00p 169.00p

Sector: Support Services

Website: investors.equiniti.com

Company Synopsis:

Equiniti provides complex administration and payment services supported by leading technology platforms to a wide range of organisations. It is the UK's leading provider of share registration and associated investor services, and also has market leading positions in administration of employee share plans, pension administration and software, and employee benefit schemes.

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Full-year earnings to reach top end of forecasts

The group expects to reach the upper end of analysts' forecasts for underlying EBITDA of £116.0m to £122.9m.

The interim dividend was lifted 11.6% to 1.83p.

Wakeley added: "We continue to make good progress against our long-term strategy with sustainable organic growth, progressive margin and dividend expansion, and the utilisation of strong cash flow to invest in new capabilities whilst strengthening the balance sheet. We remain committed to disciplined capital allocation into our best-performing assets to sustain continued earnings growth".

Shares gained 12.5% to 234p in morning trading.

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