

# Learning Technologies Group PLC

00:00 23 Jan 2019

## Learning Technologies raises profit guidance after sparkling end to 2018

Learning Technologies Group PLC (LON:LTG) said adjusted underlying earnings (EBIT) for the year just ended will be significantly ahead of expectations.

The integrated digital learning and talent management services and technologies provider said adjusted EBIT will be not less than £26.5m, up from £14.0m the year before.

### WATCH: Learning Technologies 'extremely pleased' with integration of PeopleFluent

The outperformance was primarily as a result of improved margins across the group and operational synergies being realised from the successful integration of PeopleFluent.

The board expects to report group revenues of around £94.0m, up from £52.1m in 2017, with recurring revenues increasing to around 68% of total revenues (2017: 39%), with the acquisition of PeopleFluent in May 2018 again cited as the main cause of the improvement. The board anticipates that recurring revenues will be around 71% on an annualised basis.

Continuing the good news, net debt at the end of 2018 was significantly better than the board's expectations at £11.5m; at the same stage of 2017 the group had net cash of £1m but that was before the US\$150m acquisition of PeopleFluent.

The group said it had a strong sales performance in the final quarter of 2018 that has translated into positive momentum in the new financial year across both the Content & Services and Software & Platforms divisions.

### Plenty of ammo left in the acquisitions war chest

Debt headroom combined with gross cash of £26.8m provides the group with plenty of firepower for further acquisitions and the group has a number of international acquisition prospects under review.

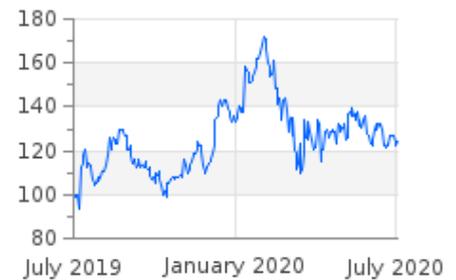
"2018 has been another exceptional year of growth and fundamental transition for LTG, as we evolve towards a high margin, recurring revenue model with the majority of our revenue derived from the US. This has been achieved by building a compelling offering in the corporate digital learning and talent market and our track record of improving the operating model and performance of recent acquisitions, such as PeopleFluent and NetDimensions," said Jonathan Satchell, the chief executive officer of Learning Technologies Group (LTG).

"In November 2018, LTG announced a new strategic goal to achieve run-rate revenues of £200 million and run-rate EBIT of at least £55 million by the end of 2021. It is encouraging to announce good early progress towards this strategic goal, alongside excellent cash generation, a strong balance sheet and an active pipeline of attractive acquisition opportunities," he added.

**Price:** 123.9

**Market Cap:** £913.44 m

#### 1 Year Share Price Graph



#### Share Information

**Code:** LTG

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	174.4	92.3

**Sector:** Hardware & electrical equipment

**Website:** [www.ltgplc.com](http://www.ltgplc.com)

#### Company Synopsis:

*Learning Technologies Group PLC (LTG) is a market-leader in the fast-growing workplace digital learning and talent management market. LTG offers large organisations a new approach to learning and talent in a business world driven by digital transformation.*

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## Peel Hunt keeps 'buy', 180p target

In a note to clients, analysts at Peel Hunt increased their full-year 2018/10 earnings per share estimate by 7% "to reflect the strong than expected margin expansion".

They added: "With the weakness in Content and Services, we trim our numbers for FY19/20 by c2% but keep our operating profit and EPS unchanged as the company continues to focus on profitability."

The analysts pointed out: "Since the start of the year, LTG's share price has recovered slightly; it is currently trading on an FY19 PER of 25.8x.

"However, we believe the shares are still undervalued for a company which is expected to deliver an EPS CAGR of 30% over three years."

Peel Hunt repeated a 'buy' rating and 180p price target on Learning Technology shares, which early afternoon were trading at 95p, down 2.3% on Monday's close.

-- Adds analyst comment, share price --

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