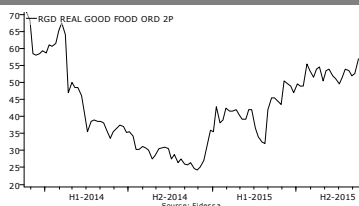


Food manufacturing



Market data

EPIC/TKR	RGD
Price (p)	57.0
12m High (p)	58.0
12m Low (p)	24.0
Shares (m)	69.5
Mkt Cap (£m)	39.6
EV (£m)	42.6
Free Float* (%)	63%
Market	AIM

*As defined by AIM Rule 26

Description

Food manufacturing with an emphasis on specialties and premium routes to market. Principally UK and an element of exports.

Company information

Exec Chair	Pieter Totte
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Next Event

June 2016	Full year results
Sept 2016	AGM
Nov 2016	Interim results

Analyst

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Real Good Food

Gross margin up 3.6% points at interim stage

Real Good Food has transformed its prospects through corporate action over the past nine months. The market has yet to catch up with this. Importantly, the mix of business is biased to higher margin and growth markets. For example, Renshaw (72% Group operating profits) reported H1 10.8% operating margins up from 9.3% through a focus on sales mix. We therefore see good margin expansion for FY16E and strong prospects thereafter. Trading in the seasonally important Q3 has seen “strong sales trends... at Haydens Bakery and Cake Decorating Businesses.”

- ▶ **H1 results 11th November:** Sales £46.6m (£45.6m); Gross margins 26.8% (23.2%); Operating profits £1.1m (£0.1m). Loss before tax £0.2m, breakeven adjusted profits (ex amortisation). Profits are always H2 weighted. Note, sales rise £1.6m from a successful acquisition, which contributed maiden £0.7m H1 EBITA.
- ▶ **Profit estimates unchanged:** We maintain our profit estimates for the Group for both FY16E and FY17E, following the £1.0m rise in operating profit reported H1. We estimate a £2.67m operating profit rise for the full year – very much on course, albeit November and December trading are always crucial.
- ▶ **Valuation:** Real Good Food is at 40% peer group PE discount (year two forecast, 2017E). See our 23rd September publication. Currently Real Good Food pays no dividend but has instigated capital restructure to facilitate payment which we would expect for FY17E. It has a selection of opportunities for organic and acquisitional investment, but dividends are coming. Net cash, so low EV ratings.
- ▶ **Risks:** The history of Real Good Food has been one of high financial gearing and we do not expect this to be replicated. Real Good Food is cautious on exposure to multiple grocers’ pricing pressure but some 15% (estimated) profits are derived from this area. Garrett Ingredients’ markets are commodity related.
- ▶ **Investment summary:** Many of the food manufacturing sectors in which Real Good Food operates offer attractive growth opportunities, through their premium pricing nature. Real Good Food has cemented its transition to these growing sales channels routes to growth markets. Its focus suggests more of the successful acquisitions which it recently achieved in Rainbow Dust Colours.

Financial summary and valuation

Year end March (£m) [1]	2012	2013	2014	2015	2016E	2017E
Sales	305.5	265.8	272.6	232.9	107.5	121.2
EBITDA	8.6	10.0	2.7	1.1	7.5	9.6
Underlying EBIT	6.2	8.0	0.5	-1.2	5.7	7.5
Underlying PTP	4.5	6.5	-1.2	-3.2	5.2	7.3
Statutory PTP	4.4	6.3	-1.5	-3.5	14.3	7.0
Underlying EPS (p)	5.3	7.0	-0.4	-4.1	5.1	7.4
Statutory EPS (p)	5.1	6.4	-1.0	-4.9	17.3	6.9
Net (debt)/cash	-28.7	-25.0	-31.1	-30.1	2.0	5.1
Dividend (p)	0.0	0.0	0.0	0.0	0.0	0.2
Ave Shares issued	65.0	68.4	69.5	69.6	69.6	69.6
P/E (x)	10.7	8.1	n.a.	n.a.	11.1	7.7
EV/sales (x)	0.22	0.24	0.26	0.29	0.34	0.28

[1] 15 months end December 2012. 2016 continuing businesses only
Source: Real Good Food Accounts, Hardman & Co Estimates

Overview of business and strategy

Focus a high proportion towards premium regarding products and or route to market via specialists

This drives margins

No organic sales growth FY16E but strong acceleration FY17E

Currently Renshaw is crucial to prospects. Recent investment in the brand is paying off – accelerating into FY17E

£3m debt set to turn into net cash at year end

Cashflow good, notwithstanding internal investment

Three key product 'pillars'....

..... currently overly dependent on one of those – which does give good scope for growth in all three including catch-up in pillars 2) and 3)

Acquisition opportunities, given Real Good Food's expertise

- ▶ **Strategy:** Real Good Food's focus is towards premium product segments and towards routes to market via specialists who bring premium pricing opportunities. This includes, for example, growth derived through social media marketing. With a cash rich balance sheet, the strategy includes judicious acquisitions, very likely of established businesses, in closely allied markets, maybe in £5-20m cost range. The operational key is enriching the route-to-market, through specialists.
- ▶ **Significant margin potential:** Margin rises are ongoing. At 2.9% (year to March 2015 continuing businesses), we estimate over 6% EBITA margin in 2017E but this should by no means prove to be a ceiling. The largest business, Renshaw, for example achieved 9.3% FY15 (pre central costs) and is on track to exceed 12% this year (on profits up and sales down through deliberate drive on mix). We thus see nil organic sales growth FY16. We anticipate 13% FY17 (all organic).
- ▶ **Renshaw:** This is the largest business in the Group. H1 features a significant long term industrial contract coming to an end. This was profitable business but it was significantly lower margins work, offered no significant growth opportunity and – useful at the time – it became less core in the new strategy. That strategy is to support branded sales whilst keeping an element of own label. Our estimates always featured modest sales growth allied to margin rises. This trend has been accentuated further.
- ▶ **Balance sheet and cashflow:** The end September position was £3.0m debt (£36.3m). £44.4m was received tax free from the sale of Napier Brown (a sum including significant release of working capital. Particularly as profitability increases further, Real Good Food generates good cashflow. H2 is always strongly positive and we are confident of £5.0m inflow H2 giving our net cash estimated of £2.0m for end March 2016 (an unchanged estimate). Free cash flow was 3.1p per share FY15 and we estimate this rises to 5.4p this year (albeit with the benefit of Napier Brown working capital unwind). We estimate 4.6p FY17E, a more sustainable benchmark. Even if some of this is used for accelerating expansion opportunities of an organic nature, the free cashflow itself is most supportive to the current share price. This is a management KPI.
- ▶ **Investment summary:** Real Good Food is strategically focused on 1) cake decoration (UK and overseas); 2) food ingredients (currently UK); and 3) premium bakery (UK). We would like to see the good expansion in numbers of premium clients in premium bakery translate to good profit expansion in FY18. We are confident it will. Certain parts of food ingredients operate in commodities of dairy and sugar but this remains profitable and is going more to added value. This division is on a journey in this respect.
- ▶ **Currently profits biased to one 'pillar', cake decoration:** We are confident 1) the other two pillars are strong and will expand profitability. 2) The cake decoration side will continue to see margin expansion and strong profit growth, expanding across the board, namely retail hobby/leisure/kitchenware, foodservice, export and indeed not neglecting manufacturing or multiple grocers. This strength (which has relied on past recent years' investment in sales, marketing and brand building) is the solid foundation for likely acquisitions.
- ▶ **Profit expansion:** 1) More of the same in terms of margin expansion in growth routes-to-market in cake decoration 2) Food ingredients and premium bakery profit expansion from lower levels 3) Selective acquisitions.

Interims reported 11 November

Trading in the early months of the new fiscal is encouraging

Dividend

Trimmed forward sales estimates solely as a function of ever more focus on higher margin revenue

FY16,17E PBT estimates unchanged

Napier Brown in for part year

Haydens at breakeven, with sales down

Renshaw sales reduction is good news, stemming from focus on higher margin work

Rainbow Dust Colours acquisition: bedded in well – all on track

Garrett doing well to avoid losses and prospects for small profits are robust

Europe: promising – as yet small

Note H1 EBITA £1.3m (vs headline £1.1m) and H1 interest charge and PBT distorted by disposal

Current Q3 trading is encouraging, as announced within the Interims results announcement. With this confident start and some important months coming in the last trading weeks of the calendar year, we are confident with our existing FY16 and FY17 estimates, both profits and cash. If anything, we are looking to the dividend estimate as being conservative. We currently expect a nominal sum to be announced in a year's time.

These interims have led us to trim FY16 sales estimates. The former £112m is trimmed to £107.5m. This £4.5m reduction is at Renshaw and Haydens Bakery. The former has seen a lower margin industrial contract come to an end, part of the strategy to promote the brand to the premium sectors. This sales downgrade does not affect our profit growth estimates. At Haydens, in contrast, we see H1 sales down 5% and extrapolate to our former FY estimates of +7% being ambitious. As with Renshaw, this business too is transitioning to higher margin (leisure/ 'eating out' related) sales, but from a much lower margin starting point. Our sales estimates for R&W Scott and RGFE may prove challenging but we are not revising these currently.

We maintain profit estimates for FY16E and FY17E.

Divisional details:

- ▶ Napier Brown £0.1m loss (£4.4m loss H1 prior year): Discontinued business
- ▶ Haydens Bakery: Sales –ve 5.1%. Profit (pre central costs) breakeven (unchanged). Q3 is important: "initial signs are promising".
- ▶ Renshaw: Sales –ve 7.0%. Profit (pre central costs) +10% at £2.2m. Q3 is important "Early signs are ... will be strong". Sales down due to a third party industrial contract ending. Volumes were meaningful. This had been planned for and is part of the Renshaw trend to raise margins.
- ▶ Rainbow Dust Colours: Maiden interim contribution (full period). Indicative sales circa +10%. Profit (pre central costs) £0.7m, which is a 45% margin but margins have been at this level before. One senior appointment was made. Integration has been a success. 500 new website accounts indicate sustained top line growth potential. Export is strong and set to expand under Real Good Food.
- ▶ R&W Scott small losses.
- ▶ Garrett Ingredients small profit which was expected but is a good outcome given severe price weakness in dairy and sugar. Small profits are sustainable.
- ▶ Real Good Food Europe still in start up phase. Further appointments have been made. Warehouse is doing well. Breakeven vs small losses.

Points to note include the effects of Napier Brown being sold during the Interim period. A Profit after tax of £9.3m was booked but this includes tax free £9.4m gain on the Napier Brown disposal. It also includes a £1.2m finance cost but this covers a period of debt much higher than the £3.0m level of end September. We focus on the £1.1m operating profit. Note also this is post a £0.2m amortisation charge on intangibles which we adjust back. Our Hardman adjusted EBITA is £1.3m.

FY16, FY17

Trading in the early months of the new fiscal is encouraging but no scope for upgrades ahead of important December trading

3% sales growth FY16E – nil organic sales growth

NB: ALL FIGURES ARE FOR CONTINUING BUSINESSES (ex Napier Brown)

Profit reconciliation back to FY15 as per table.....

13% sales growth FY17E, all of which organic

FY16E 55% EBITDA growth (from depressed FY15). 27% growth projection FY17E is – if anything – more impressive as it would be from a strong FY16E base level

It is important to understand the RGD philosophy to adding value to the businesses it owns

We maintain profit estimates for FY16E and FY17E. Haydens EBITA profit estimates are unchanged, namely £0.7m FY16E and £0.9m FY17E. Renshaw is growing margins. Changes in Divisional estimates are de minimis and the total is not changed.

FY16E sales estimates are reduced by £4.5m. FY17E sales are reduced by £4.0m.

Summary Group results			
March Year end (£m)	2015	2016E	2017E
Continuing Revenue	104.6	107.5	121.2
Stated operating profit pre central costs post amortisation	2.3	n.a.	n.a.
Add back Napier Brown loss	4.0	n.a.	n.a.
Continuing operating profit pre central costs post acquisition related amortisation (on Renshaw)	6.2	8.8	10.4
Central costs	-3.0	-3.1	-3.2
Restructuring items	-0.5	-0.3	0.0
Operating profit (post amort.)	2.7	5.4	7.2
Operating profit (pre amort.)	3.1	5.7	7.5
Interest (incl. pension finance)	-1.1	-0.5	-0.2
Pre-tax profit adjusted	1.9	5.2	7.3

Source: Hardman & Co, Real Good Food accounts

2017 forecasts show strong profit growth. This is driven by double digit % sales growth and EBITA margins rising from 5.3% to over 6.0%, following on from good growth in the current year. We see likely FY18E digit % sales growth and confidently see EBITA margins rising also. Our estimates of course take no account of one of the Board's stated objectives: namely to "look at potential bolt-on acquisitions which will help build our presence in our chosen markets, but only where there is a sensible financial and operational investment case." Given the estimated March 2016 absence of debt, any such acquisitions would be most likely to enhance EPS.

We estimate a 55% growth rate for Group EBITDA in 2016E and 27% for 2017E. 2016E EBITDA growth is generated by 31% growth at the level of the individual businesses. Group growth is ahead of this as a result of its expansion, which covers central overheads more efficiently. For 2017E, the businesses grow EBITDA 17%, again with gearing on central costs enhancing this to 27% at the level of Group total.

The group is cash positive and cash generative – steps towards considering dividend payments in the future. This Group strategy is dedicated to pursuit of customer sectors which offer a target-rich environment in both premium pricing and growth. Renshaw (67% Group profits) illustrates the benefits of securing specialist retail as principal routes to market. The strategy of biasing towards premium customers, customised for each business, is very much to the fore.

The Napier Brown story is an important one in order to understand Real Good Food's philosophy of creating shareholder value – and it worked. Under Real Good Food ownership, Napier Brown had made specific targeted investments to position itself to optimise its route to market. This made it attractive to buyers.

In summary: Real Good Food's strategic positioning is thus 1) to maximise premium priced products in order to 2) create businesses which are highly valued. Renshaw's 11.0% historic (and rising) operating margins support 1) whilst the disposal of Napier Brown illustrates and supports the premium valuations warranted in point 2).

Risks

Historic high gearing (in part due to high working capital). Now no longer the case

The history of Real Good Food has been one of high financial gearing and working capital. This stemmed from the ownership of Napier Brown. This business provided a profitable disposal: the £44m price was good (better than the market had expected, by some way). We do not expect this financial situation to be replicated, though we do not rule out the Group acquiring for debt. It owns its assets freehold.

The food industry is challenging regarding multiple grocers' margin pressure. 15% (only) of estimated profits derive from this area

Real Good Food is cautious on exposure to multiple grocers' pricing pressure but some 15% (estimated) profits derive from this area. Garrett Ingredients' markets are commodity related.

Renshaw is in a narrow market which has some fashion elements

Renshaw sells into a marketplace which is both discretionary and fashion conscious. Within FMCG categories this has been boosted by the prominence of baking and encouragingly 1) there is an age demographic from children to 'empty-nesters' 2) the 'Bake-off' phenomenon has been in place for many years and is an established market as opposed to a 'fashion trend'. Renshaw has a series of routes-to-market but the category is relatively narrow: cake decoration being dominant also it also provides specialist ingredients.

Haydens has exposure to Waitrose in its bakery and its Waitrose dedicated distribution centre. On multiple grounds the relationship is demonstrably strong

Haydens Bakery has its main exposure to Waitrose, whose sales growth has been moderating and may even reverse. Waitrose is expanding geographically and the Haydens distribution centre is important in embedding it with the client's expanding logistics. Margins are still in transition and we understand the benefits of rising efficiencies are still coming through. That said, the distribution centre is expanding and is used nationally for Waitrose to support its logistics and also to support its commitment to regional/ local producers

Rainbow Dust Colours very much is a fashion business

Rainbow Dust Colours is a high fashion market. It appears to be robust in its UK and export growth and gross margins are stable. Stocking risk is low, the main risk is the quantum of profit advances. It faces no systemic competition risk despite attractive margins. Social media 'excitement' is important and RDC is well placed.

Garrett operates in difficult commodity markets. It is doing well considering this

Garrett Ingredients sells milk and sugar related ingredients. Sugar prices have fallen over 20% and, whilst recently there have been rises, milk prices are under pressure. In summary the historic core is food commodity based. Nonetheless, a greater service element has prevented worse damage to the business' profits and is a positive for the near future too. A further material downturn in the cycle from its depressed level would not prove substantially embarrassing in the context of the Group as a whole

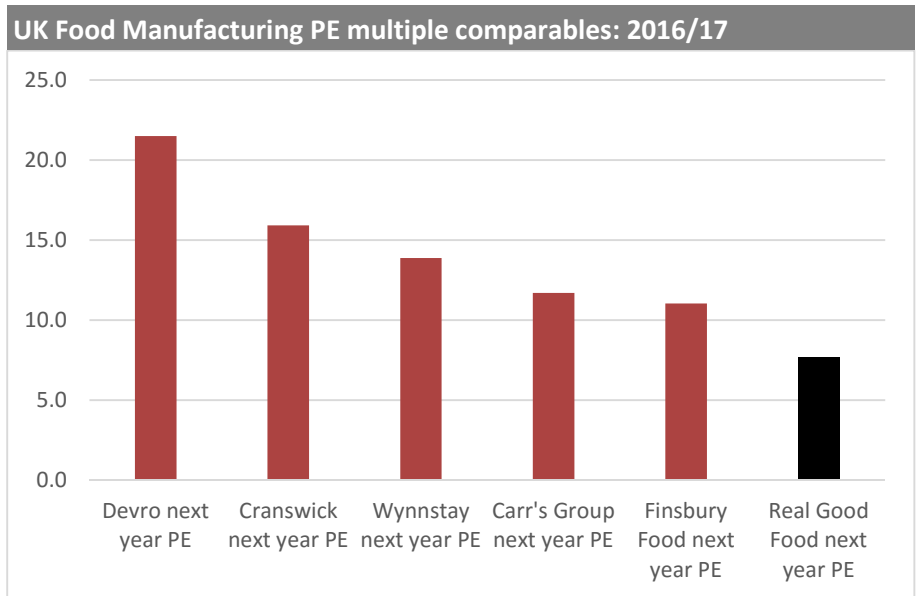
R&W Scott needs to increase its value added in order to step away from potential input price risks, not least cocoa. It has been moving this way for a number of years.

Real Good Food Europe is an early stage business though the presence and contacts the Group has had for some time on Continental Europe are extensive. This is not a new business start-up, it is a marketing channel for existing sales to be enlarged to a wider geographical footprint (indeed including outside Europe).

For a fuller analysis and description of each constituent business within Real Good Food, please refer to the Hardman & Co documents published on 20th July 2015 and 23rd September 2015.

Valuation

Comparators to Real Good Food 2017E



Source: Hardman & Co, Fidessa

Real Good Food end FY17E holds net cash so EV comparisons show it at the bottom end of valuations also.

Financials

2015 is stated in both forms, including Napier Brown and (under note 3) excluding Napier Brown as this is no longer part of the Group. FY16 will, when reported, include some weeks' Napier Brown trading but our figures exclude this business. 2016E includes £10.0m exceptional credit, resulting from the book profit on the disposal of Napier Brown. Note: "significant items" are itemised within the Real Good Food accounts and principally comprise management restructuring. In no year does this item exceed £0.85m. Our Adjusted profits are taken post these costs and pre modest costs of amortisation of acquisition related goodwill.

Profit & Loss account								
Year end March (£m)	2010[1]	2012[2]	2013	2014	2015	2015[3]	2016E[3]	2017E
Revenue	200.1	305.5	265.8	272.6	232.9	104.6	107.5	121.2
EBITDA (post significant items)	5.21	8.63	9.96	2.71	1.09	4.85	7.50	9.55
Operating profit pre amortisation	3.21	6.18	7.97	0.47	-1.23	3.03	5.70	7.50
Amortisation	0.24	0.17	0.23	0.35	0.35	0.35	0.35	0.35
Operating profit	2.97	6.01	7.74	0.12	-1.58	2.68	5.35	7.15
Exceptional	0.00	0.00	0.00	0.00	0.00	0.00	9.40	0.00
Interest net [4]	-1.37	-2.02	-1.67	-1.60	-1.71	-0.86	-0.30	0.00
Pension finance accounting	0.09	0.24	0.08	-0.06	-0.24	-0.24	-0.20	-0.20
Pretax profits PRE 'significant items'	2.34	4.91	6.77	-1.00	-2.68	2.10	14.55	6.95
Pretax profits stated	1.95	4.36	6.26	-1.54	-3.53	1.58	14.25	6.95
Pretax profits Adjusted [5]	2.19	4.53	6.49	-1.19	-3.18	1.93	5.20	7.30
Tax	-0.42	-0.75	-1.34	0.88	0.13	-0.95	-1.46	-1.83
EPS (p) diluted Adjusted [5]	2.59	5.30	6.95	-0.41	-4.11	1.32	5.06	7.40
EPS (p) diluted Stated	2.20	5.10	6.40	-0.95	-4.90	0.85	17.30	6.93
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Average shares in issue	65.01	65.02	68.41	69.57	69.60	69.60	69.57	69.57
Average shares in issue diluted	68.3	71.38	74.11	75.58	74.20	74.20	74.00	74.00

Source: Real Good Food accounts, Hardman & Co estimates

[1] December

[2] 15 months to March

[3] Excluding Napier Brown

[4] Excludes pension finance cost includes bank fees and break costs

[5] Pre exceptional credit and amortisation of goodwill

Profit & Loss account

Divisional analysis (pre-central costs)

Year end March (£m)	2010[1]	2012[2]	2012	2013	2014	2015	2016E	2017E
Napier Brown								
Revenue (external)	108.4	176.88	152.64	157.16	162.33	128.29	0.00[1]	0.00
EBITDA	0.41	4.38	3.91	4.72	-1.61	-3.35	0.00[1]	0.00
Operating profit	-0.08	3.71	3.35	4.35	-2.02	-3.95	0.00[1]	0.00
Operating margin%	-0.1	2.1	2.2	2.8	-1.2	-3.1	n.a	n.a
Haydens Bakery								
Revenue	23.33	29.66	24.48	25.34	27.26	28.37	28.50	30.50
EBITDA	0.42	-0.60	-0.46	0.34	0.92	1.25	1.50	1.80
Operating profit	-0.24	-1.33	-1.04	-0.42	0.11	0.44	0.70	0.90
Operating margin%	-1.0	-4.5	-4.2	-1.7	0.4	1.6	2.5	3.0
Renshaw								
Revenue	42.79	46.37	40.24	41.03	42.95	46.71	46.50	52.00
EBITDA	5.46	5.82	5.56	4.95	5.47	6.13	6.90	7.70
Operating profit	4.57	4.91	4.82	4.13	4.40	5.15	5.90	6.70
Operating margin%	10.7	10.6	12.0	10.1	10.2	11.0	12.7	12.9
Rainbow Dust Colours [2]								
Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	0.75	3.50	3.70
EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	0.43	1.65	1.80
Operating profit	n.a.	n.a.	n.a.	n.a.	n.a.	0.42	1.60	1.75
Operating margin%	n.a.	n.a.	n.a.	n.a.	n.a.	56.0	45.7	47.3
R&W Scott (incl Renshaw pre 2011)								
Revenue	n.a.	14.44	11.82	10.97	9.14	8.76	10.00	11.00
EBITDA	n.a.	-1.05	-1.19	0.42	0.33	-0.02	0.30	0.55
Operating profit	n.a.	-1.34	-1.43	0.17	0.07	-0.26	0.00	0.25
Operating margin%	n.a.	-9.3	-12.1	1.5	0.8	-3.0	0.0	2.3
Garrett Ingredients								
Revenue	25.58	38.18	29.78	31.26	30.41	18.23	16.00	20.00
EBITDA	1.18	3.23	2.68	2.15	1.21	0.54	0.40	0.50
Operating profit	1.18	3.23	2.68	2.15	1.17	0.52	0.40	0.50
Operating margin%	4.6	8.5	9.0	6.9	3.8	2.9	2.5	2.5
RGFE								
Revenue	n.a.	n.a.	n.a.	n.a.	0.48	1.75	3.00	4.00
EBITDA	n.a.	n.a.	n.a.	n.a.	-0.39	-0.04	0.15	0.40
Operating profit	n.a.	n.a.	n.a.	n.a.	-0.39	-0.05	0.15	0.25
Operating margin%	n.a.	n.a.	n.a.	n.a.	n.a.	-2.9	5.0	6.3

Source: Real Good Food accounts, Hardman & Co estimates
 [1] Continuing businesses only [2] 2015 Part year

Profit & Loss account by half year

Divisional analysis (pre-central costs)

Year end March (£m)	2014	1H15	2015	1H16	2016E	2017E
Napier Brown						
Revenue (external)	162.33	<i>n.a.</i>	128.29	0.00*	0.00*	0.00
Operating profit	-2.02	<i>n.a.</i>	-3.95	0.00*	0.00*	0.00
Haydens Bakery						
Revenue	27.26	13.50	28.37	12.84	28.50	30.50
Operating profit	0.11	0.00	0.44	0.55	0.70	0.90
Renshaw						
Revenue	42.95	21.40	46.71	19.91	46.50	52.00
Operating profit	4.40	2.00	5.15	2.16	5.90	6.70
Rainbow Dust Colours						
Revenue	<i>n.a.</i>	<i>n.a.</i>	0.75	1.61	3.50	3.70
Operating profit	<i>n.a.</i>	<i>n.a.</i>	0.42	0.69	1.60	1.75
R&W Scott						
Revenue	9.14	4.40	8.76	4.34	10.00	11.00
Operating margin%	10.2	-0.30	11.0	-0.17	12.7	12.9
Garrett Ingredients						
Revenue	30.41	10.70	18.23	7.32	16.00	20.00
Operating profit	1.17	0.20	0.52	0.23	0.40	0.50
RGFE						
Revenue	0.48	0.90	1.75	0.64	3.00	4.00
Operating profit	-0.39	-0.20	-0.05	0.02	0.15	0.25

Source: Real Good Food accounts, Hardman & Co estimates

* Continuing businesses only

Balance Sheet								
Year end March (£m)	2010[1]	2012[2]	2012	2013	2014	2015	2016E	2017E
Non current assets								
Goodwill, intangible	76.4	76.3	76.3	77.2	76.9	70.8	70.0	70.0
Deferred tax	0.4	0.9	0.9	1.4	1.4	1.9	1.9	1.9
Property plant equipment	15.6	17.1	17.1	17.7	22.3	13.6	17.0	17.6
Total	92.4	94.3	94.3	96.3	100.6	86.3	88.9	89.5
Current assets								
Trade	33.9	41.8	41.8	45.2	54.5	25.6	19.6	20.6
Net assets of discontinuing	0.0	0.0	0.0	0.0	0.0	14.4	0.0	0.0
Financial	3.2	2.5	2.5	7.1	8.6	6.7	5.0	5.1
Total	37.1	44.3	44.3	52.3	63.1	46.7	24.6	25.7
Current liabilities								
Trade & tax	-20.4	-20.6	-20.6	-22.0	-30.3	-19.0	-19.0	-19.0
Financial	-17.3	-24.4	-24.4	-23.0	-31.2	-17.3	-3.0	0.0
Total	-37.7	-45.0	-45.0	-45.0	-61.5	-36.3	-22.0	-19.0
Non current liabilities								
Tax	-3.2	-2.9	-2.9	-2.9	-2.7	-2.5	-2.7	-2.7
Pension	0.0	-1.1	-1.1	-3.5	-3.7	-5.7	-5.7	-5.7
Financial	-8.6	-6.8	-6.8	-9.1	-8.7	-6.6	0.0	0.0
Total	-11.8	-10.8	-10.8	-15.5	-15.1	-14.8	-8.4	-8.4
Net assets total	80.0	82.8	82.8	88.1	87.1	81.9	83.1	87.8
Cash total	-22.7	-28.7	-28.7	-25.0	-31.1	-30.1	2.0	5.1

Source: Real Good Food accounts, Hardman & Co estimates

Cashflow								
Year end March (£m)	2009[1]	2010[1]	2012[1]	2013	2014	2015	2016E	2017E
Operating cash flow	5.0	5.2	8.6	10.0	2.8	1.2	7.5	9.6
Working capital	4.5	0.0	-7.7	-2.3	0.6	4.1	4.0	-1.0
Pensions	0.0	0.0	-0.2	-0.2	-0.3	-0.5	-0.3	-0.3
Tax	1.0	0.0	-0.9	-1.0	-0.8	0.6	-1.4	-1.8
Interest	-1.9	-1.3	-1.9	-1.6	-1.6	-1.7	-0.3	0.0
<i>Net cash flow from operating activities</i>	<i>8.6</i>	<i>3.9</i>	<i>-2.1</i>	<i>4.9</i>	<i>0.7</i>	<i>3.8</i>	<i>9.5</i>	<i>6.4</i>
Net capex	-1.0	-2.4	-4.0	-3.8	-6.9	-1.5	-5.5	-3.0
Disposal and other	0.0	0.0	0.0	0.0	0.0	0.0	34.0	0.0
Acquisition	0.0	0.0	0.0	0.0	0.0	-1.2	-6.0	0.0
Share issues	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash change	7.6	1.5	-6.1	3.6	-6.2	1.0	32.0	3.4
Cash total	-24.1	-22.7	-28.7	-25.0	-31.1	-30.1	2.0	5.1
Free cash flow	7.6	1.5	-6.1	1.1	-6.2	2.3	4.0	3.4
Free cash flow pps	11.6	2.2	-8.5	1.5	-8.2	3.1	5.4	4.6

Source: Real Good Food accounts, Hardman & Co estimates

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