

# BREWIN DOLPHIN HOLDINGS PLC

## BRW.L Sector: Investment Management and Financial Planning

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### Business model

Brewin Dolphin Holdings Plc is a British based company and its main goal is to provide wealth management services which is personalised. The Company focuses on core services of discretionary investment management and financial advices, coupled with improving operational efficiency. It also offers investing money, pension and retirement, passing on wealth, protecting wealth and life events. The Company operates only in the United Kingdom. The Company operates approximately 30 branches in over 28 cities in the United Kingdom. The Company's investing money includes investing for growth, investing for income, investing tax efficiency, investing for goal and managing own investments. Its life events include family, divorce, later in life and selling of business. Its pension and retirement includes building retirement funds and options at retirement. Its services include Wealth Management, Investment Management, Financial Planning, Managed Portfolio Service (MPS), Brewin Portfolio Service (BPS) and Advisory. It offers Discretionary Management Service and Managed Portfolio Service.

### Investment rationale

Brewin Dolphin price earnings ratio is significantly cheaper in comparison to the industry which shows that they are in a good liquid position. They have a very good management effectiveness as their return on investment, asset and equity is a lot higher than the market and the industry. This gives the signs that investing in them will be very healthy as their performance level is astonishing. So it can be certain that we would ascertain profit from investing in them.

Also, they seem to be growing higher and higher every year and currently they have a EPS growth rate of 17.36% which is a lot higher than the industry and sector. This gives a green light, showing it is positive.

### Investment risks

There are a few risks we could ascertain from investing into Brewin Dolphin as there are uncertainties with the country such as Brexit coming up March 2019. Although Brewin Dolphin happen to be a British based firm, if Brexit takes place it might affect their exchange rates if they are to trade with countries outside of the United Kingdom.

By monitoring the market and its prices the Lincoln Student Management Investment Fund will adapt to any concerns or positive developments that may occur as a result of the Brexit which is likely to take place.

## RECOMMENDATION

**BUY**

Current Price

**303.80**

Our Valuation Range

**237.00-425.00**

Brewin Dolphin Holdings Plc is a wealth management company. It has over 30 branches in the UK across 28 cities.

## MARKET DATA

Revenue in GBP (TTM)	326.23m
Net income in GBP	53.50m
Incorporated in	1992
Employees	1.7k
52-week range	286.70-392.20
Average volume	542.00k
Shares outstanding	283.46m
Free float	252.41m
P/E (TTM)	15.75
Market cap	844.72m
EPS (TTM)	0.1892
Cash flow per share	0.2385
Price/Cash flow per share	12.53
Book value per share	0.9658
Tangible book value per share	0.6633
Net profit margin	16.26
Operating margin	20.63
Annual div (ADY)	18.58 GBX
Annual div yield (ADY)	0.16%
Return on assets	10.78
Return on equity	19.95
Return on investment	19.30

## Supporting Information

Income Statement	30-Sep-15	30-Sep-16	30-Sep-17	30-Sep-18	( £ m )
<b>Continuing Operations</b>					
Revenue	284.37	280.20	280.48	303.90	326.23
Operating Profit/(Loss)	7.64	50.81	49.74	57.67	67.88
Net Interest	1.05	0.87	0.45	0.15	0.73
Profit Before Tax	8.65	61.00	50.06	57.64	68.50
Profit After Tax	6.83	48.27	38.97	45.15	53.50
<b>Discontinued Operations</b>					
Profit After Tax	n/a	-7.23	11.40	n/a	n/a
PROFIT FOR THE PERIOD	6.83	41.04	50.36	45.15	53.50
<b>Attributable to:</b>					
Minority Interests	n/a	n/a	n/a	n/a	n/a
Equity Holders of Parent Company	6.83	41.04	50.36	45.15	53.50

<b>Continuing EPS</b>					
Earnings per Share - Basic	2.50p	17.70p	14.40p	16.50p	19.50p
Earnings per Share - Diluted	2.40p	17.10p	13.90p	16.00p	18.90p
Earnings per Share - Adjusted	n/a	n/a	n/a	n/a	n/a
<b>Continuing and Discontinued EPS</b>					
Earnings per Share - Basic	2.50p	15.00p	18.60p	16.50p	19.50p
Earnings per Share - Diluted	2.40p	14.50p	17.90p	16.00p	18.90p
Earnings per Share - Adjusted	n/a	n/a	n/a	n/a	n/a
Dividend per Share	9.90p	12.00p	13.00p	15.00p	16.40p

	<b>28-Sep-14</b>	<b>30-Sep-15</b>	<b>30-Sep-16</b>	<b>30-Sep-17</b>	<b>30-Sep-18</b>
<b>Balance Sheet</b>	<b>( £ m )</b>	<b>( £ m )</b>	<b>( £ m )</b>	<b>( £ m )</b>	<b>( £ m )</b>

<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	11.08	8.19	4.82	3.84	8.11

Intangible Assets	94.31	86.99	81.05	95.79	85.72
Investment Properties	n/a	n/a	n/a	n/a	n/a
Investments	10.00	n/a	n/a	n/a	n/a
Other Financial Assets	n/a	n/a	n/a	n/a	n/a
Other Non-Current Assets	0.00	0.00	0.00	4.49	11.41
	125.44	106.22	93.98	111.06	109.38
<b>Current Assets</b>					
Inventories	n/a	n/a	n/a	n/a	n/a
Trade & Other Receivables	297.32	245.72	209.53	235.51	162.66
Cash at Bank & in Hand	158.07	149.84	170.77	170.00	186.22
Current Asset Investments	0.91	1.08	1.93	0.77	1.03
Other Current Assets	0.00	0.00	0.00	0.00	0.00
	456.30	404.96	390.81	413.91	358.40
<b>Total Assets</b>					
	581.74	511.19	484.79	524.97	467.78
<b>Liabilities</b>					
<b>Current Liabilities</b>					

Borrowings	1.27	0.02	n/a	n/a	n/a
Other Current Liabilities	94.02	33.24	19.80	21.83	21.57
	347.41	274.90	228.43	254.06	184.88
Net Current Assets	108.90	130.07	162.38	159.85	173.52
<b>Non-Current Liabilities</b>					
Borrowings	0.00	0.00	0.00	0.00	0.00
Provisions	n/a	n/a	n/a	n/a	n/a
Other Non-Current Liabilities	14.62	14.27	6.60	8.34	9.16
	22.36	17.14	13.55	8.34	9.16
Other Liabilities	n/a	n/a	n/a	n/a	n/a
Total Liabilities	369.77	292.04	241.98	262.40	194.04
Net Assets	211.97	219.15	242.81	262.58	273.74
<b>Capital &amp; Reserves</b>					
Share Capital	2.74	2.79	2.83	2.83	n/a

Share Premium Account	139.42	142.14	151.84	152.32	152.48
Other Reserves	n/a	n/a	n/a	n/a	n/a
Retained Earnings	16.82	31.82	46.91	62.88	73.93
Shareholders Funds	211.97	219.15	242.81	262.58	273.74
Minority Interests/Other Equity	n/a	n/a	n/a	n/a	n/a
Total Equity *	211.97	219.15	242.81	262.58	273.7

<b>Fiscal data as of Sep 30 2018</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE AND GROSS PROFIT</b>			
Total revenue	329	304	282
<b>OPERATING EXPENSES</b>			
Cost of revenue total	--	--	--
Selling, general and admin. expenses, total	175	163	152
Depreciation/amortization	7.62	6.65	6.29

Unusual expense(income)	(0.12)	4.39	4.69
Other operating expenses, total	79	73	69
<b>Total operating expense</b>	<b>261</b>	<b>247</b>	<b>233</b>
<b>Operating income</b>	<b>68</b>	<b>58</b>	<b>50</b>
Other, net	0.05	(0.18 )	(0.13 )
<b>INCOME TAXES, MINORITY INTEREST AND EXTRA ITEMS</b>			
<b>Net income before taxes</b>	<b>69</b>	<b>58</b>	<b>50</b>
Provision for income taxes	15	12	11
<b>Net income after taxes</b>	<b>53</b>	<b>45</b>	<b>39</b>
Minority interest	--	--	--
<b>Net income before extra. Items</b>	<b>53</b>	<b>45</b>	<b>39</b>
Total extraordinary items	--	0	11
<b>Net income</b>	<b>53</b>	<b>45</b>	<b>50</b>
<b>Inc.avail. to common excl. extra. Items</b>	<b>53</b>	<b>45</b>	<b>39</b>

<b>Inc.avail. to common incl. extra. Items</b>	<b>53</b>	<b>45</b>	<b>50</b>
<b>EPS RECONCILIATION</b>			
Basic/primary weighted average shares	274	273	271
Basic/primary eps excl. extra items	0.19	0.17	0.14
Basic/primary eps incl. extra items	0.19	0.17	0.19
Dilution adjustment	0	--	0
Diluted weighted average shares	283	283	281
Diluted eps excl. extra items	0.19	0.16	0.14
Diluted eps incl. extra items	0.19	0.16	0.18
<b>COMMON STOCK DIVIDENDS</b>			
DPS - common stock primary issue	0.16	0.15	0.13
Gross dividend - common stock	45	41	33
<b>PRO FORMA INCOME</b>			
Pro forma net income	--	--	--



Interest expense, supplemental	0.02	0.01	0.07
<b>SUPPLEMENTAL INCOME</b>			
Depreciation, supplemental	2.47	1.92	3.51
Total special items	(0.1)	4.45	4.69
<b>NORMALISED INCOME</b>			
<b>Normalized income before taxes</b>	<b>68</b>	<b>62</b>	<b>55</b>
Effect of special items on income taxes	(0.02)	0.96	1.04
Income tax excluding impact of special items	15	13	12
<b>Normalized income after tax</b>	<b>53</b>	<b>49</b>	<b>43</b>
<b>Normalized income avail. to common</b>	<b>53</b>	<b>49</b>	<b>43</b>
Basic normalized EPS	0.19	0.18	0.16
Diluted normalized EPS	0.19	0.17	0.15

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## LINCOLN STUDEMENT MANAGED INVESTMENT FUND (LSMIF)

Founded in 2018, the Lincoln Student Managed Investment Fund (LSMIF) is exactly what it says on the tin, a fund which will analyse, determine upon, and purchase shares to create a portfolio. The only difference is we are students. No simulations, just our knowledge and ability vs the real market. The best test of our teachings and learnings.

The fund is set up with a structure similar to any other professionally run fund Management Company with students running every aspect of the fund, from CEO to analyst. It is designed to give any student involved the best experience of the financial world possible before getting a job.

The fund will be handed down to new students each year as those partake in this fund finish their studying. The fund aims to grow in the future, with more positions available to give the most number of students the chance to partake.

The ultimate goal of the fund is to raise the profile of each student involved to allow for them to get the best experience possible. We, however, set the following objectives to make the fund grow on sustainable basis:

- To generate long-term returns from investments using our stylized investment strategies.
- To raise funds through crowdfunding and donors to help increase the capital base.
- To increase the number of students involved in the fund with expanded capital base.
- To link the fund's activities with the related programmes and modules' assessments
- To get more outside sponsors who want to work directly with the fund as well, to further simulate the professional environment.

### Contact details

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