

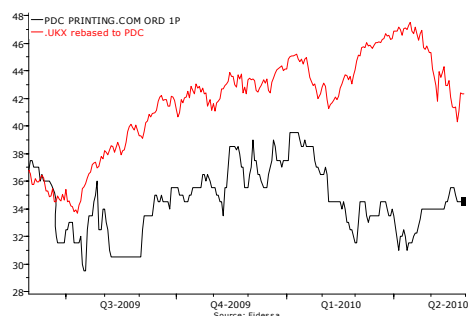
Printing.com

34.5p

1 June 2010

FLASH: Results in Line. 9.1% Yield

Share Price: 34.5p



12m High: 39.5p

12m Low: 29.5p

Market Cap: £15m

Shares in Issue: 44.6m fully diluted

NAV/Share: 13.6p inc intangibles 10.0p ex intangibles

Gearing: Nil. Net Cash £2.1m

Net Funds: (cash less lease creditor finance) £1.3m

Interest Cover: n.a.

EPIC Code: PDC

Sector: Support Services

Market: London AIM

Broker: Brewin Dolphin

PR: Cubitt Consulting

Website: www.printing.com

Description: Printing.com provides printing for small and medium size companies (business cards, letterheads, leaflets etc) via a network of 290 franchised outlets and a wholly owned printing hub in Trafford Park.

Analysts: Roger Hardman (Sonia Kaur is on maternity leave)

Tel: +44 (0)207 929 3399

Email: research@hardmanandco.com

Full year results from Printing.com this morning were slightly better than suggested by the Pre-Close Statement issued two months ago.

- Turnover was £14.45m vs our forecast of £14.0m.
- Pre-tax profit was £1.70m, precisely our forecast number.
- Earnings per share were 2.86p fully diluted, vs our forecast of 2.70p.
- The dividend is maintained at 3.15p/share, as we forecast.

Other key points include:

- There is net cash of £2.14m. This is down from the previous year's £3.39m, but slightly up on the H1 figure. It needs to be seen in the context of a doubling of capital expenditure. Net funds (cash less lease creditor finance) are also down on twelve months ago, but up on the H1 figure.
- Territory franchise numbers are down, but bolt-on and boutique franchise numbers are slightly up and the bolt-on franchise pipeline is 'at its most positive for some time'.
- There are no obvious signs of pressure on the franchise system within the accounts. There can be a risk in a recession is that the senior company will need to make financial concessions to its franchisees in order to keep them trading, as has happened with the pubcos, for example. Printing.com has clearly contained this issue to the marketing support supplied which impacts on Gross Profit.
- A new 'template' driven development should enable Printing.com's network to penetrate major national accounts and gain a share of their work.

We have slightly RAISED our eps forecast for the current year to take account of the lower (25%) tax charge and a small reduction in the fully diluted share capital

The chart top left is slightly unfair on Printing.com On a two year view the shares have tracked the market, on a three month view substantially outperformed, all the while paying an exceptionally good dividend.

A fuller research note will follow.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E	Divi	Yield
March	£m	£m	£m	p.	X	P	%
2009A	14.5	2.1	2.1	3.3	10.5	5.15*	14.9
2010E	14.5	1.7	1.7	2.9	12.1	3.15	9.1
2011E	14.0	1.8	1.8	3.0	11.5	3.15	9.1
2012E	No	Forecast					

*2009A Dividend included a special dividend of 2p/share

Management	Major Shareholders																		
<p>Chairman: George Hardie</p> <p>Chief Executive: Tony Rafferty</p> <p>Finance Director: Alan Roberts</p> <p>Operations Director: Peter Gunning</p> <p>Non-Executive Director: Les Wheatley</p>	<table> <tr> <td>Tony Rafferty:</td> <td>20.7%</td> </tr> <tr> <td>Brewin Dolphin:</td> <td>8.5%</td> </tr> <tr> <td>Williams de Broe:</td> <td>6.3%</td> </tr> <tr> <td>Barclays Investors:</td> <td>5.5%</td> </tr> <tr> <td>3G Capital Management</td> <td>4.1%</td> </tr> <tr> <td>George Hardie</td> <td>3.8%</td> </tr> <tr> <td>Rathbone Investment Mgt</td> <td>3.4%</td> </tr> <tr> <td>Collins Stewart</td> <td>3.2%</td> </tr> <tr> <td>Other Directors</td> <td>2.2%</td> </tr> </table>	Tony Rafferty:	20.7%	Brewin Dolphin:	8.5%	Williams de Broe:	6.3%	Barclays Investors:	5.5%	3G Capital Management	4.1%	George Hardie	3.8%	Rathbone Investment Mgt	3.4%	Collins Stewart	3.2%	Other Directors	2.2%
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Other Directors	2.2%																		
Key Dates	Key Milestones																		
<p>Interim Results: December 2010</p>	<p>1999: First store opened</p> <p>2002: First franchises granted</p> <p>2004: Total outlet numbers pass 100</p> <p>2007: Total outlet numbers pass 200. First international Master licence granted over New Zealand.</p> <p>2007: Launches Printing.com France and network partners initiative</p> <p>2008: Launches Printing.com USA</p> <p>2009: Announces special dividend of 2p/share</p>																		

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Hardman & Co
4-5 Castle Court
London
EC3V 9DL
United Kingdom

Tel: +44(0)20 7929 3399
Fax: 44(0)20 7929 3377

www.hardmanandco.com

