

MAY 2021



# ATLANTIC CAPITAL MARKETS



## ANGLING DIRECT

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## Introduction

As we see the UK come out of lockdown and retail start firing again it is easy to get caught up and chase the FTSE retail big guns like JD Sports, Next and Tesco but at the other end of the market we see a diamond glistening and largely overlooked.

As the UK market leader, Angling Direct is uniquely placed to deliver further profitable growth within the thriving European fishing tackle market as an increasing number of people discover the restorative pleasure, challenge and wellbeing benefits of angling,' chief executive Andy Torrance stated.

And with over 100,000 new fishing licenses taken out last year as the UK changed its view on socially distanced pursuits Angling Direct seems in a prime position to capitalise.

## The Backdrop

Angling Direct is the largest specialist fishing tackle retailer in the UK. The Company primarily sells fishing tackle and related products through a network of retail stores located in the UK and online. Angling Direct is also engaged in retail sale of sports goods, fishing gear, camping goods, boats and bicycles.

The Company places a big emphasis on creating a cultural environment of supporting anglers and the future of the sport. This is shown by various initiatives that the Company has undertaken, including employing in-store qualified coaches providing advice and lessons at local angling destinations.

The Angling Direct website has also been developed as not only a fishing tackle retail outlet but also as a hub to assist keen fishermen catch more fish and feel part of a community. Articles and videos published by the Company's online video channel ADTV are published on the website on a regular basis which offers instruction, advice on new products and reviews of rivers and lakes. All these add-ons are great for the consumer and give additional value for the members and are aimed at increasing the anglers' enjoyment and success.

Recent figures have also highlighted the growth seen and to such a degree the group even opened four new stores in England during the year. In just four weeks after angling restrictions were relaxed on May 13, 2020, more than 335,000 rod licences were issued in England, according to the Environment Agency - a 230% rise on the first three months of that year.





## Key Financials

Valuation	Operating Metrics
Market Capitalization <b>65.677M</b>	Return on Assets (TTM) <b>-0.0049</b>
Enterprise Value/EBITDA (TTM) <b>69.9338</b>	Return on Equity (TTM) <b>-0.0082</b>
Total Shares Outstanding (MRQ) <b>77.267M</b>	Return on Invested Capital (TTM) <b>-0.0064</b>
Number of Employees <b>425</b>	Revenue per Employee (TTM) <b>125131.7647</b>
Price to Book (FY) <b>2.1548</b>	Price History
Price to Sales (FY) <b>1.0329</b>	Average Volume (10 day) <b>273172.2000</b>
Balance Sheet	1-Year Beta <b>0.2592</b>
Current Ratio (MRQ) <b>2.3925</b>	52 Week High <b>90</b>
Debt to Equity Ratio (MRQ) <b>0.3287</b>	52 Week Low <b>47.1200</b>
Net Debt (MRQ) <b>-10.468M</b>	Income Statement
Total Debt (MRQ) <b>10.515M</b>	Basic EPS (FY) <b>-0.0203</b>
Total Assets (MRQ) <b>55.271M</b>	EPS Diluted (FY) <b>-0.0203</b>
	Net Income (FY) <b>-1.31M</b>
	Gross Profit (FY) <b>14.693M</b>
	Last Year Revenue (FY) <b>53.181M</b>
	Total Revenue (FY) <b>53.181M</b>

## Technical Chart





## Recent Announcements and figures for 2020

Recent figures have shown Angling Direct really did capitalise on the last 12 months and despite the lockdown shutting shops the online sales were up 40% and store sales still rose 15.5% to £32.3mn, all this despite losing over 30% of store trading days to closure.

It's been a real turn-around story seeing the £1.5mn pre-tax loss in the previous financial year turn to a £2.6mn profit last year, and it has led the firm to restore its guidance for the year ahead as being on track to meet current market expectations. They have also highlighted a great start to 2021 with first-quarter sales in the present fiscal year up over 50% on the previous year, with year-on-year store sales up 75% and digital sales up 42%.

The bullish tones continue as well as the firm also highlighted a potential expansion move into Europe and countries like France, the Netherlands, Belgium, Austria and Germany, which it estimates has a combined angling market worth up to £1.9bn.

Angling Direct's chairman Martyn Page: 'The large pent-up demand built up whilst fishing was prohibited released with a flood of business from mid-June when stores reopened.'

## Summary

Angling Direct have gone to prove that with dynamic management and a can-do attitude it is possible to not only survive but thrive during and post lockdown. Clearly a return to lockdowns could hit them but in turn could hit any retailers and as the sport is now falling into the wellness category and an outdoors sport it would need something heavy to halt the run. The growth figures are strong as is the expansion plans. To us Angling Direct has not only turned it around but also created more than just a simple retail outlet but a community hub for those keen anglers out there. Make no mistake as well, even if you know very little about fishing (like me) the network and community behind the sport is huge and inclusive.

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## About Atlantic Capital Markets

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