



This research is intended for UK institutional investors only. It is not intended for retail customers and any retail customer should seek professional, independent advice before investing.

HOLDERS TECHNOLOGY

CORPORATE*

Interim results – ahead of expectations

123p#

Year-end November	2009A	2010A	2011E old	2011E new	2012E old	2012E new
Revenue (£m)	16.3	16.3	19.8.8	20.8	21.9	22.8
EBITDA (£m)	(0.2)	0.6	0.8	0.8	0.9	0.9
Adj. Pre-tax Profit (£m)	(0.4)	0.5	0.7	0.7	0.8	0.8
Adj. EPS (p)	(9.5)	12.9	13.1	13.2	14.3	15.1
DPS (p)	5.35	5.35		5.35		5.35
Net Cash/(Debt) (£m)	2.1	0.8	0.7	0.3	0.6	0.3
P/E (x)	neg	9.6		9.3		8.2
Dividend yield (%)	4.3%	4.3%		4.3%		4.3%
EV/EBITDA (x)	(16.3)	5.9		4.6		4.1

Key Data	
Rating (12 month)	Corporate
Price Target	150p
Risk	Medium
Sentiment	n/a
Ticker	HDT.L
Shares in issue	3.9 m
Market cap	£4.8m
12-mth price range	88.5 p-123p
Net cash	£0.3m
Next event	Feb Prelims

SOURCE: Northland Capital Partners Limited estimates

#Priced at market close, 20 July 2011

*Northland Capital Partners Limited is the Nominated Advisor and Broker to Holders Technology and therefore this information should be viewed as Marketing Material. Northland Capital Partners Limited does not publish recommendations on all companies with which it has a corporate relationship

Revenue in H1FY11 grew faster than our forecast, up 42%, at £10.2m, driven by a steep ramp up in LED products and robust growth in PCBs. This combined with keeping admin and distribution costs tightly controlled has helped deliver a higher PBT of £0.3m (FY10: £0.1m) despite COGS increasing due to the lower margins on LEDs. This performance has led us to increase our revenue forecasts for FY11 and FY12 to £20.8m and £22.8m and for EPS to 14.2p and 15.1p respectively giving PERs of 9.3x and 8.2x. Holders is well placed to defend its position in PCBs and the LED market continues to expand. We believe the current valuation doesn't fully reflect this potential and a level of 150p is a realistic short term target.

- Revenue in H1 was driven both by a faster ramp of the LED business and a robust performance from the PCBs in Germany, especially large clients and new materials introduced in the last two years.
- The LED business has expanded faster in the UK than Europe but investment in its European activities should bear fruit in H2 and FY12.
- The growth in PCBs and building inventory to support LED sales has led to an increase in working capital but this has been funded by cash reserves and a modest level of bank borrowing.
- Profitability has improved through controlling admin and distribution costs as well as COGs in PCBs. In H2 and FY12 we expect tighter controls to bring down COGS in the LED business as well.

COMPANY DESCRIPTION

Distributor of specialised materials, equipment and services to the electronics and lighting industries.

CONTACTS

ANALYST

Simon Miller +44 (0)20 7796 8841
smiller@northlandcp.co.uk

GENERAL

T: +44 (0)20 7796 8800
F: +44 (0)20 7796 8802
STX: 72222
E: info@northlandcp.co.uk
Website: www.northlandcp.co.uk



y/e November Key Profit & Loss Data (£000)	2009A	2010A	2011E	2012E
Revenue	12,966	16,314	20,800	22,820
Cost of sales	(9,770)	(12,116)	(15,728)	(17,279)
Gross profit	3,196	4,198	5,072	5,541
Distribution costs	(301)	(390)	(459)	(497)
admin costs	(2,864)	(3,121)	(3,788)	(4,119)
Restructuring	(176)	-	-	-
Other	(90)	(44)	15	-
EBITDA	(235)	643	840	925
<i>EBITDA margin (%)</i>	<i>-1.8%</i>	<i>3.9%</i>	<i>4.0%</i>	<i>4.1%</i>
Depreciation	(180)	(152)	(140)	(113)
EBIT	(415)	491	700	812
Interest	7	(1)	3	1
PBT	(408)	490	703	813
tax paid	9	(59)	(232)	(268)
Tax rate (%)	<i>n/a</i>	<i>-12.0%</i>	<i>-33.0%</i>	<i>-33.0%</i>
PAT	(399)	431	471	544
y/e November Key Cash Flow Data (£m)	2009A	2010A	2011E	2012E
EBIT	(415)	491	700	812
Depreciation	180	152	140	113
Amortisation	-	57	-	-
Performance based shares	(10)	(4)	-	-
Change in Working Capital	835	(1,273)	(1,200)	(401)
P/L on disposal of fixed assets	13	16	-	-
Taxation paid	51	(75)	(59)	(232)
Dividend	(211)	(211)	(211)	(211)
Other	-	(56)	58	30
Net operating cash flow	1,467	(2314)	(1768)	(290)
Capital expenditure	(168)	(118)	(60)	(113)
Free cash flow	1299	(2432)	(1828)	(403)
Net increase (decrease) in cash	1299	(2432)	(1828)	(403)
y/e November Key Balance Sheet Data (£m)	2009A	2010A	2011E	2012E
PPE	655	582	502	502
Intangibles	207	318	318	319
Deferred tax	29	73	75	75
Non current assets	891	973	895	896
Receivables	2,301	2,721	3,469	3,805
Cash and equivalents	2,095	888	259	258
Inventory	1,866	3,826	4,428	4,686
Tax asset	69	56	56	56
Current Assets	6331	7491	8212	8805
Payables	(1,107)	(2,186)	(2,336)	(2,530)
Borrowings	-	(52)	(211)	(211)
Tax	(35)	(55)	(228)	(264)
Current liabilities	(1,142)	(2,293)	(2,775)	(3,005)
Net current assets	5,189	5,198	5,437	5,800
Other	(184)	(239)	(195)	(195)
Total Net Assets	5,896	5,932	6,137	6,501

SOURCE: Northland Capital Partners Limited estimates, company reports



DISCLOSURES

ISSUER

Holdings Technology

HDT.L

APPLICABLE DISCLOSURES

1, 5, 7, 9

1. Northland Capital Partners Limited ("Northland") acts as Nominated Advisor and/or broker to the company.
2. Northland and/or its affiliates companies do beneficially own 1% or more of any class of the issuer's equity securities, as of the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month.
3. The authoring analyst or any associate of the authoring analyst does maintain a long or short position in any of the issuer's securities directly or through derivatives, including options or futures positions.
4. Northland, its affiliated companies, partners, officers, directors or any authoring analyst of Northland has provided services to the issuer for remuneration during the preceding 12 months other than investment advisory or trading services.
5. Northland or any of its affiliated companies has performed investment banking services for the issuer during the 12 months preceding the date of issuance of the report.
6. A partner, director, officer, employee or agent of Northland or any of its affiliated companies is an officer, director, employee or advisor of the issuer. Disclosures are applicable for all companies
7. The authoring analyst, or any associate of the authoring analyst, has viewed the material operations of the issuer.
8. The authoring analyst, or any associate of the authoring analyst, received reimbursement for travel expenses.
9. Northland makes a market in the securities of this company.

DISCLAIMER

This document is provided solely to enable clients to make their own investment decisions. It may therefore not be suitable for all recipients and does not constitute a personal recommendation to invest. It does not constitute an offer or solicitation to buy or sell securities or instruments of any kind. If you have any doubts about the suitability of this service, you should seek advice from your investment adviser. This document is produced in accordance with UK laws and regulations. It is not intended for any person whose nationality or residential circumstances may render its receipt unlawful.

The past is not necessarily a guide to future performance. The value of shares and the income arising from them can fall as well as rise and investors may get back less than they originally invested. The information contained in this document has been obtained from sources which Northland Capital Partners Limited believes to be reliable. The Company does not warrant that such information is accurate or complete. All estimates and prospective figures quoted in this report are forecasts and not guaranteed. Opinions included in this report reflect the Company's judgement at the date of publication and are subject to change without notice. If the investment(s) mentioned in this report are denominated in a currency different from the currency of the country in which the recipient is a resident, the recipient should be aware that fluctuations in exchange rates may have an adverse effect on the value of the investment(s). The listing requirements for securities listed on AIM or PLUS markets are less demanding, also trading in them may be less liquid than main markets.

Northland Capital Partners Limited and/or its officers, associated entities or clients may have a position, or other material interest, in any securities mentioned in this report. Northland Capital Partners Limited does not provide recommendations on securities of firms with which it has a corporate relationship. More information about our management of Conflicts of Interest, Investment Research Methodology & Definition of Recommendations can be found at www.northlandcp.co.uk

Northland Capital Partners Limited is authorised and regulated by the FSA and a Member of the London Stock Exchange.

Published by/copyright: Northland Capital Partners Limited, 2011. All rights reserved



CONTACTS

RESEARCH

Building materials	Simon Brown	+44 (0)20 7796 8891	sbrown@northlandcp.co.uk
Clean Tech	Simon Miller	+44 (0)20 7796 8841	smiller@northlandcp.co.uk
Engineering	Simon Miller	+44 (0)20 7796 8841	smiller@northlandcp.co.uk
Hardware, Software & IT Services	David Johnson	+44 (0)20 7796 8840	djohnson@northlandcp.co.uk
Housebuilders	Simon Brown	+44 (0)20 7796 8891	sbrown@northlandcp.co.uk
Infrastructure	Andy Hanson	+44 (0)20 7796 8842	ahanson@northlandcp.co.uk
Media	David Johnson	+44 (0)20 7796 8840	djohnson@northlandcp.co.uk
Mining	Andrew McGeary	+44 (0)20 7796 8843	amcgeary@northlandcp.co.uk
Oil & Gas	Andrew McGeary	+44 (0)20 7796 8843	amcgeary@northlandcp.co.uk
Special Sits	Simon Miller	+44 (0)20 7796 8841	smiller@northlandcp.co.uk
Support Services	Andy Hanson	+44 (0)20 7796 8842	ahanson@northlandcp.co.uk
Telecoms	David Johnson	+44 (0)20 7796 8840	djohnson@northlandcp.co.uk

SALES

John Howes	+44 (0)20 7796 8870	jhowes@northlandcp.co.uk
Hugh Rich	+44 (0)20 7796 8871	hrich@northlandcp.co.uk
Charles Vaughan	+44 (0)20 7796 8897	cvaughan@northlandcp.co.uk

TRADING

Zeg Choudhry	+44 (0)20 7796 8863	zchoudry@northlandcp.co.uk
Deborah Finnegan	+44 (0)20 7796 8861	dfinnegan@northlandcp.co.uk
Bernie Leaver	+44 (0)20 7796 8860	bleaver@northlandcp.co.uk

CORPORATE BROKING

Alice Lane	+44 (0)20 7796 8899	alane@northlandcp.co.uk
Katie Shelton	+44 (0)20 7796 8896	kshelton@northlandcp.co.uk

CORPORATE FINANCE

Stuart Lane	+44 (0)20 7796 8800	slane@northlandcp.co.uk
Tim Metcalfe	+44 (0)20 7796 8824	tmetcalfe@northlandcp.co.uk
Luke Cairns	+44 (0)20 7796 8820	lcairns@northlandcp.co.uk
Louis Castro	+44 (0)20 7796 8821	lcastro@northlandcp.co.uk
Gavin Burnell	+44 (0)20 7796 8826	gburnell@northlandcp.co.uk
Shane Gallwey	+44 (0)20 7796 8823	sgallwey@northlandcp.co.uk
Taryn Jones	+44 (0)20 7796 8818	tjones@northlandcp.co.uk
Rod Venables	+44 (0)20 7796 8827	rvenables@northlandcp.co.uk
Edward Hutton	+44 (0)20 7796 8828	ehutton@northlandcp.co.uk
William Vandyk	+44 (0)20 7796 8822	wvandyk@northlandcp.co.uk

Northland Capital Partners Ltd research is available on Bloomberg, Capital IQ, FactSet, & ThomsonReuters on-line platforms
Please contact an Northland Capital Partners Ltd sales representative for entitlement through these channels