

MORNING COMMENTS

Tuesday, 14 May 2013

Company	Reason
Belgravium* (BUY)	Acquisition of Feedback Data
Jarvis Securities* (BUY)	Trading ahead of expectations, upgrading numbers
Nature Group* (BUY)	Prelims slightly below but substantial progress made since year end

Forthcoming Results and Meetings

Company	Event	Date	Location
Nature Group*	Company meetings	Tue/Wed, 14/15 May	WHI London
Crawshaw Group*	Company meetings	Wed, 15 May	WHI London
Journey Group	Company meetings	Thur, 16 May	
AEC Education*	Preliminary results	Fri, 17 May	
Caledonia Mining*	Investor meetings	Wed, 22 May	
Caledonia Mining*	Investor meetings	Fri, 24 May	
GoldStone Resources*	Preliminary results (TBC)	Fri, 24 May	
Petards*	Preliminary results (TBC)	Mon, 3 Jun	
Henry Boot	Regional roadshow	Thur, 6 Jun	Leeds/Manchester
William Sinclair*	Investor site visit	Tue, 11 Jun	Ellesmere Port

*WH Ireland act as NOMAD and/or Broker

Marketing Communication

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14 May 2013

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Buy

Unchanged

Price 42p
Price Target 50p (42p)

Reuters/BBG NGR.L / NGR LN
Index FTSE AIM
Sector Support Services
Market Cap £33.7m

Nature Group*#

Prelims slightly below but substantial progress made since year end

Nature Group has this morning released prelims £0.2m below our revised PBT expectation. However, FY 2013E has begun well following the four CTU contract wins announced to date and discussions with the Gibraltar government are reported to be continuing positively. The necessity for customers to comply with environmental legislation, combined with Nature's proprietary technology, are leading to increased customer orders and the Group's growth potential over the next few years remains sizeable. Whilst FY 2012A was without doubt disappointing, we maintain our Buy recommendation and raise our share price target to 50p (42p), reflecting our increased confidence in the recovery of the business from here.

- FY 2012A was clearly a challenging year for Nature Group. Revenue declined by 5.0% to £14.3m (WHI est. £15.8m), resulting in underlying PBT of £0.5m (WHI est. £0.7m) and EPS of 0.5p (WHI est. 0.7p), the differential driven by the final outcome for O&G and Engineering. Net cash was £0.8m (WHI est. £1.0m). No final dividend has been declared but management's target of a 25% payout ratio remains.
- In Maritime, revenue declined by 3.7% to £11.3m and divisional EBITA of £1.9m was down 15%, suffering from both the incident in Gibraltar and resultant additional costs of shipment to Portugal, as well as margin pressure in Rotterdam (volumes +20%) as a result of depressed shipping volumes. Negotiations with the Gibraltar Government and the insurers remain ongoing with positive progress made being. The JV has been signed and further opportunities are being seen for additional locations worldwide.
- In Oil & Gas, revenue in the year increased by 21.6% to £2.3m with a divisional operating loss of £0.1m (excluding SART) as a result of the additional investment being put in ahead of orders being received. Two CTUs were built in the year, taking the total to four, and a further three are under construction, in addition to the two units being built for IKM.
- Engineering revenue declined by over 50% to £0.7m, resulting in a divisional operating loss of £0.3m. Nature is currently working on a waste treatment solution for the MoD, which is expected to be completed by the end of 2013. Ecoscrub has also made good progress, with a further unit having been built to meet demand.
- FY 2013E has clearly begun very well for Nature. Given the challenges experienced over the course of the last 24 months, for the time being we have left our forecasts unchanged but see scope for these to be raised in due course should the current positive momentum continue. We maintain our Buy recommendation and raise our share price target to 50p (42p), based on an FY 2014E recovery PER of 18x, reflecting our increased confidence in the pipeline and the business recovery.

Y/E Dec	2011A	2012A	2013E	2014E
Revenue (£m)	15.1	14.3	18.2	19.6
PTP (£m)	2.2	0.5	1.8	2.8
EPS (p)	2.3	0.5	1.9	2.8
P/E (x)	18.3	81.9	22.3	15.3
DPS (p)	0.5	0.0	0.2	0.3
Dividend Yield (%)	1.2	0.0	0.4	0.7

Source: WH Ireland estimates

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*WH Ireland acts as Broker and Nomad
#WH Ireland makes markets in this company

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Disclosures

WH Ireland Recommendation Definitions

Buy

Expected to outperform the FTSE All Share by 15% or more over the next 12 months.

Outperform

Expected to outperform the FTSE All Share by 5/15% over the next 12 months.

Market Perform

Expected to perform in line with the FTSE All Share over the next 12 months.

Underperform

Expected to underperform the FTSE All Share by 5/15% or more over the next 12 months.

Sell

Expected to underperform the FTSE All Share by 15% or more over the next 12 months.

Speculative Buy

The stock has considerable level of upside but there is a higher than average degree of risk.

Disclaimer

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Share Price Target

The share price target is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon.

Stock Rating Distribution

As at the quarter ending 31 March 2013 the distribution of all our published recommendations is as follows:

Recommendation	Total Stocks	Percentage %	Corporate
Buy	71	76	54
Speculative Buy	14	15	14
Outperform	3	3	3
Market Perform	5	6	2
Underperform	0	0	0
Sell	0	0	0
Total	93	100	73

This table demonstrates the distribution of WH Ireland recommendations. The first column illustrates the distribution in absolute terms with the second showing the percentages.

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The research analyst or analysts attest that the views expressed in this research report accurately reflect his or her personal views about the subject security and issuer.

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