



20 October 2016

Buy

Current price
27p

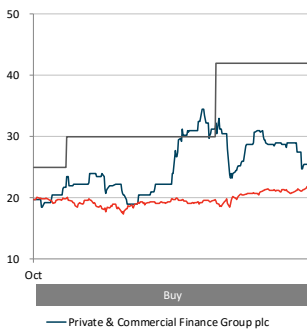
Target price
42p

Market cap
£46m

Enterprise value
£46m

Price performance

	Stock	All-Share
1 month:	-6.9%	2.6%
3 month:	-6.1%	5.2%
12 month:	36.7%	9.8%



Last results
Interims, 09 Jun 16

Next results
Finals, 8 Dec 16

Next event
Finals, 8 Dec 16

Reuters / BBG
PCF.L / PCF LN

Index
FTSE AIM

Priced at close
19 October 2016

Analysts
Robert Sanders
020 7601 6111
robert.sanders@stockdalesecurities.com

Private & Commercial Finance Group*

Positive trading update

PCFG has announced that it expects to report results for the 18 months to September slightly ahead of expectations. Contributory factors to this was the growing portfolio of receivables and a further reduction in the loan loss provisioning charge, while KPIs such as Return on Average Assets continued to outperform. We expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten and with the banking licence likely to prove transformational we retain our 42p TP and Buy rating.

Key forecasts

Year to	Sales	PBT	EPS	EPS	DPS	Dividend	P/E	ROE
Sep	£m	£m	p	growth %	p	yield %	x	%
2015A#	48.2	2.8	1.3	62.2	0.0	0.0	23.2	10.7
2016E#	54.5	3.6	1.6	21.2	0.1	0.3	16.9	11.0
2017E	62.7	3.7	1.4	-11.4	0.2	0.6	19.3	7.3
2018E	78.4	6.0	2.3	55.7	0.3	1.0	11.7	10.7

Source: Stockdale, # estimates for the 12 months to 2015 and 2016 as year-end changed to September from March

Business continues to show strong growth

£37.2m of new business was written in the six months to 30 September 2016 helping to increase the portfolio of receivables to £122m at end September 2016 (Stockdale had forecast £120m). To date there has been no impact on trading from the EU referendum result in June.

Banking licence to provide further growth prospects

We are encouraged that there is plenty of financing headroom (£65m of committed facilities) in the shorter term. As we flagged in our note "Strong results and banking licence in sight" on 9 June 2016 the granting of a banking licence will open up a much larger addressable market.

Potential for a significant increase in the share price

Ahead of the results being reported on 8 December 2016 we expect our adj. PBT forecast of £3.6m for the pro forma 12 months to September 2016 to be marginally beaten. With the banking licence likely to prove transformational we are happy to retain our 42p target price and Buy rating.

NOTE...FLASH NOTE...FLA

Stockdale

Financials | Equity

Bloomberg
STOC<GO>

*Stockdale acts as broker and/or advisor to this company and has agreed to publish research on it at least annually.

Stockdale Securities is authorised and regulated by The Financial Conduct Authority and is a member of The London Stock Exchange. Registered Office: Beaufort House, 15 St. Botolph Street, London, EC3A 7BB. Registered in England Number: 762818

Explanation of recommendations

Each structure below is based on total shareholder return defined as the absolute rise in share price plus dividend payment over a 12-month period

Stockdale recommendation structure		Stockdale recommendation proportions in last quarter			
		All stocks excluding AIM		Corporate stocks excluding AIM	
Buy	+20% or more	Buy	85.7%	Buy	93.3%
Add	+10% to +20%	Add	7.1%	Add	0.0%
Neutral	(+/-) 10%	Neutral	7.1%	Neutral	6.7%
Sell	-10% or more	Sell	0.0%	Sell	0.0%

Source: Stockdale

Stockdale acts as market maker or liquidity provider to this company.

Stockdale acts as broker and/or advisor to this company.

The company has seen this research but no material changes have been made as a result.

Unless otherwise stated, the author of this research is the first analyst listed on the front cover of this document. Analysts' remuneration is based on a number of factors, including the overall results of Stockdale Securities Limited ("Stockdale"), to which a contribution is made by investment banking activities. Analysts' remuneration is not based on expressing a specific view or recommendation on an issuer, security or industry.

This research is classified as being a "marketing communication" as defined by the FCA's Handbook. This is principally because analysts at Stockdale are involved in investment banking activities and pitches for new business and consequently this research has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Therefore, the research is not subject to any prohibition on dealing ahead of the dissemination of investment research. Nevertheless, the Firm's Conflict of Interest Management Policy prohibits dealing ahead of research, except in the normal course of market making and to satisfy unsolicited client orders. Please refer to www.stockdalesecurities.com for a summary of our conflict of interest management policy in relation to research. This includes organisational controls (departmental structure, a Chinese wall between corporate finance and other departments, etc), procedures on the supervision and remuneration of analysts, a prohibition on analysts receiving inducements for favourable research, editorial controls and review procedures over research recommendations and a prohibition on analysts undertaking personal account dealings in companies covered by them.

This document has been approved by Stockdale for communication to professional clients (as defined in the FCA Handbook) and to persons who, if they were clients of Stockdale, would be professional clients. Any recommendations contained in this document are intended solely for such persons. This document is not intended for use by persons who are retail clients of Stockdale or, who would if they were clients of Stockdale, be retail clients, who should consult their investment adviser before following any recommendations contained herein. In any event this document should not be regarded by the person to whom it is communicated as a substitute by the recipient of the recipient's own judgement and does not constitute investment advice (as defined in the FCA Handbook) and is not a personal recommendation. This document is based on information obtained from sources which we believe to be reliable; however, it is not guaranteed as to accuracy or completeness by Stockdale, and is not to be construed as a representation by Stockdale. Expressions of opinion herein are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to buy or sell any securities. Past performance is not necessarily a guide to future performance. The value of the financial instruments referred to in this research may go down as well as up. Stockdale and its associated companies and/or their officers, directors and employees may from time to time purchase, subscribe for, or add to or dispose of any shares or other securities (or interests) discussed herein. Recipients must not pass this research document on to any other person except with the prior written permission of Stockdale. Stockdale is authorised and regulated by The Financial Conduct Authority (Registered Number 114265) and is a member of The London Stock Exchange. Stockdale Bryan Garnier, Bryan Garnier Stockdale and Stockdale are trading names of Stockdale Securities Limited. Registered Office: Beaufort House, 15 St. Botolph Street, London, EC3A 7BB. Registered in England Number: 762818. The Financial Conduct Authority address is 25 The North Colonnade, Canary Wharf, London E14 5HS. Alastair Stewart, Gareth Evans and Mark Henderson have contracts for services with Stockdale to write research.

U.S Disclosures

This research report was prepared by Stockdale Securities Limited. Stockdale and its research analysts are not members of the Financial Industry Regulatory Authority, Inc. As a result, Bryan Garnier Securities LLC is distributing this research in the United States of America on behalf of Stockdale in accordance with SEC Rule 15a-6. Bryan Garnier Securities LLC, a broker-dealer registered with the U.S. Securities and Exchange Commission, has assumed responsibility for this research for purposes of U.S. law. All transactions arising from this research with U.S. Counterparties should be effected by Bryan Garnier Securities LLC unless an exemption exists under SEC Rule 15a6.

No	Disclosure	Response
1	At the end of the month immediately preceding the date of publication of this research report (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), does Bryan Garnier Securities LLC or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company(ies)?	NO
2	Has Bryan Garnier Securities LLC or affiliate: (a) managed or co-managed a public offering of securities for the subject company in the past 12 months, or (b) received compensation for investment banking services from the subject company(ies) in the past 12 months; or (c) expects to receive or intends to seek compensation for investment banking services from the subject company(ies) in the next 3 months?	NO
3	Was Bryan Garnier Securities LLC making a market in the subject company's securities at the time that the research report was published?	NO
4	Do all the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers?	YES
5	Is any part of analyst compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report?	NO
6	Are there any other actual, material conflicts of interest of the research analyst or member of which the research analyst knows or has reason to know at the time of publication of the research report?	NO

Stockdale Securities, Beaufort House, 15 St. Botolph Street, London, EC3A 7BB

Email: firstname.surname@stockdalesecurities.com

Research

Head of Research, Insurance & Financials

Joanna Parsons 020 7601 6133

Growth Companies

Robert Sanders 020 7601 6111

Peter Ashworth 020 7601 6112

Property & Support Services

Alastair Stewart 020 7601 6149

Investment Funds (IF)

Saumya Banerjee 020 7601 6629

Oil & Gas

Mark Henderson 020 7601 6100

Technology

Gareth Evans 020 7601 6132

Executive Chairman

Mark Brown 020 7601 6126

Sales

Richard Harris (IF) 020 7601 6107

Matthew Kinhead (IF) 020 7601 6626

Pauline Tribe (IF) 020 7601 6623

Joshua Nimmo 020 7601 6143

Simon Wickham, Head of Sales 020 7601 6141

Steve Yelland 020 7601 6142

Sales Trading

Michael Harrison 020 7601 6611

Trading

Helen Brown 020 7601 6603

Darren Papper (IF) 020 7601 6632

Calum Summers (IF) 020 7601 6631

Managing Director

Andy Crossley 020 7601 6108