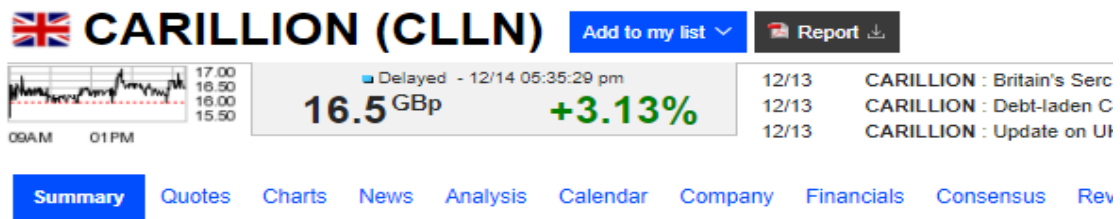


SUMMARY- CARILLION IN REVIEW (Year End 2017)

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Quotes 5-day view Delayed London Stock Exchange

12/08/2017	12/11/2017	12/12/2017	12/13/2017	12/14/2017	Date
15.75(c)	16.5(c)	17.5(c)	16(c)	16.5	Last
4 458 128	6 236 138	12 934 990	11 913 859	4 530 561	Volume
+5.00%	+4.76%	+6.06%	-8.57%	+3.13%	Change

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Financials (GBP)

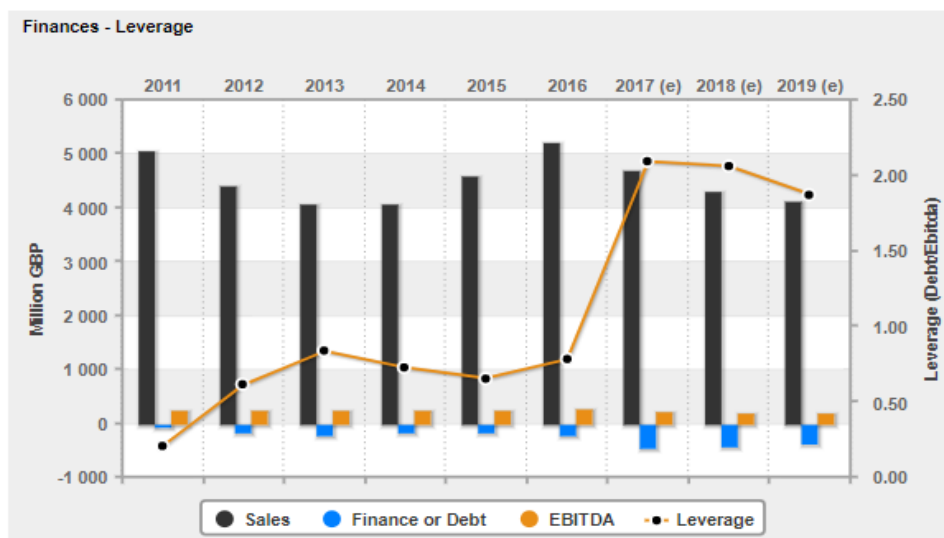
Sales 2017	4 696 M	Sales 2018	4 309 M	P/E ratio 2017	-
EBIT 2017	181 M	EBIT 2018	174 M	P/E ratio 2018	1,06
Net income 2017	-732 M	Net income 2018	51,6 M	EV / Sales2017	0,11x
Debt 2017	452 M	Debt 2018	432 M	EV / Sales2018	0,12x
Yield 2017	-	Yield 2018	-	Capitalization	68,8 M

Carillion's share price has fallen over 90% in last year, due to loss in confidence linked to profit warnings and write downs on several large projects, high debt levels and pension deficit, and likely bank covenant breaches by year end 2017. Debt levels at year end are however expected to be higher than the £432m shown above. Including Pension Deficit reported debt is forecast as £1.5bn. The company is in crisis and needs new funding or debt forgiveness/ equity conversion. Such action will dilute existing shareholder value and put further pressure on share prices.

However, there is a \$200m dispute in Qatar which has been provided for, but might be retrievable. Debt levels are falling with sale of health business, and possible sales in Canada. EBIT and cash flow forecasts remain quite strong at £174m in 2018 and return to EBT profit.

Annual Income Statement Data

Fiscal Period December	Actuals in M GBP			Estimates in M GBP		
	2014	2015	2016	2017	2018	2019
Sales	4 072	4 587	5 214	4 696	4 309	4 138
EBITDA	245	260	281	216	210	200
Operating profit (EBIT)	217	234	236	181	174	162
Pre-Tax Profit (EBT)	-	155	147	18,8	112	105
Net income	-	133	124	-732	51,6	72,4
P/E ratio	13,2	10,7	9,12	-0,10	1,06	0,84
EPS (GBP)	25,4	28,2	25,9	-155	15,1	19,0
Dividend per Share (GBP)	17,8	18,3	18,5	-	-	1,36
Yield	5,29%	6,03%	7,81%	-	-	8,47%
Reference price (GBP)	335.8	302.9	236.1	16	16	16
Announcement Date	03/04/2015 07:39am	03/03/2016 07:01am	03/01/2017 07:30am	-	-	-



Carillion's Financial Leverage of 2.9x has proven to be its key problem, and falling share price has drastically hit its market capitalisation.

However, expected EBIT margins at 4% are above industry average, "Enterprise Value" (as reported) at over £500m and the longer-term strength of the business considered to be probably sound- there may be some residual value in the business in January 2018. It is UK's number 2 construction company, employs 40,000 and has many long-term Government contracts, including being short-listed for H2S.

The best outcome for Carillion would be an overseas cash rich investor who can buy all the equity for a relative nominal sum, and guarantee the debt going forward. With operating cash flow recovering, and debt reducing, and sale of subsidiary non-core business, it is unlikely that the buyer would need to inject a large amount of working capital. If the company was taken private, it could be re-listed after a turn-around, or if the acquirer had other investors along-side, or a similar business that it wanted to back into the PLC it's possible that the listing could be maintained. Potential investors are being sought, and further analysis of the opportunity is recommended.

Financial Ratios		
Size	2017e	2018e
Capitalization	68,8 M GBP	-
Enterprise Value (EV)	520 M GBP	501 M GBP
Valuation	2017e	2018e
P/E ratio (Price / EPS)		1,06x
Capitalization / Revenue	0,01x	0,02x
EV / Revenue	0,11x	0,12x
EV / EBITDA	2,41x	2,39x
Yield (DPS / Price)	-	-
Price to book (Price / BVPS)	-0,27x	-0,39x
Profitability	2017e	2018e
Operating Margin (EBIT / Sales)	3,86%	4,04%
operating Leverage (Delta EBIT / Delta Sales)	-2,32x	-0,48x
Net Margin (Net Profit / Revenue)	-15,6%	1,20%
ROA (Net Profit / Asset)	2,10%	1,70%
ROE (Net Profit / Equities)	79,1%	-19,0%
Rate of Dividend	-	-
Balance Sheet Analysis	2017e	2018e
CAPEX / CA	0,64%	0,68%
Cash Flow / Sales	-5,28%	-1,85%
Capital Intensity (Assets / Sales)	-7,42x	0,70x
Financial Leverage (Net Debt / EBITDA)	2,09x	2,06x