Phil Oakley's Weekly Roundup

Exclusively for SharePad and ShareScope users

29th September 2017

Market overview

Name	Price	%chg 1w	%chg 1m	%chg 1y	1y high	1y low	Date 1y high	Date 1y low
FTSE 100	7319.53	▲0.766	▼-1.11	▲6.86	7547.63	6693.26	2/6/17	4/11/16
FTSE 250	19665.9	▲1.28	▼-0.0275	▲10.5	20024.9	17271.2	26/5/17	4/11/16
FTSE SmallCap	5690.96	▲0.841	▲0.316	▲14.5	5742.98	4862.64	8/8/17	11/11/16
FTSE AIM 100	5081.14	▲1.21	▼-0.798	▲29.9	5188.4	3817.03	1/9/17	4/11/16
FTSE All-Share	4018.89	▲0.849	▼-0.881	▲7.73	4130.15	3641.91	26/5/17	4/11/16
S&P 500	2507.26	▲0.266	▲2.58	▲15.5	2508.24	2085.18	20/9/17	4/11/16
Brent Oil Spot $	$57.765	▲2.29	▲11.1	▲18.2	$59.135	$44.565	25/9/17	11/11/16
Gold Spot $ per oz	$1284.95	▼-0.545	▼-2.48	▼-2.92	$1349.10	$1128.22	7/9/17	15/12/16
GBP/USD - US Dollar per British Pound	1.3446	▼-0.99	▲4.02	▲3.14	1.3591	1.20401	15/9/17	16/1/17
GBP/EUR - Euros per British Pound	1.14075	▲0.347	▲5.59	▼-1.8	1.1972	1.0795	18/4/17	29/8/17

Top 10 FTSE All-Share winners

No.	TIDM	Name	%chg 1w
1	CLLN	Carillion PLC	▲46.9
2	IMG	Imagination Technologies Gro...	▲26.9
3	PDL	Petra Diamonds Ltd	▲20.6
4	KMR	Kenmare Resources PLC	▲15.1
5	POG	Petropavlovsk PLC	▲11.8
6	PETS	Pets at Home Group PLC	▲11.4
7	TLW	Tullow Oil PLC	▲10.4
8	ENQ	EnQuest PLC	▲10.1
9	PMO	Premier Oil PLC	▲9.68
10	PURE	PureCircle Ltd	▲9.28

Top 10 FTSE All-Share losers

No.	TIDM	Name	%chg 1w
1	ALM	Allied Minds PLC	▼-16.1
2	CARD	Card Factory PLC	▼-15.6
3	CWD	Countrywide PLC	▼-12
4	LAM	Lamprell PLC	▼-10.8
5	FOXT	Foxtons Group PLC	▼-7.32
6	HNT	Huntsworth PLC	▼-6.11
7	STOB	Stobart Group Ltd	▼-5.61
8	LAND	Land Securities Group PLC	▼-5.57
9	TPT	Topps Tiles PLC	▼-5.45
10	HOC	Hochschild Mining PLC	▼-5.3

Share Discussion: Card Factory (LSE:CARD)

Card Factory is the UK's largest specialist retailer of greetings cards. It also sells other related goods such as toys, gift bags, balloons and badges. It sells cards through a network of 895 stores as well as over the internet. It also offers a specialist, bespoke online card service.

The company has positioned itself as a value retailer. It has put itself in a good position to do this by investing heavily in designing and making most of its own cards itself. This vertically integrated approach gives it a cost advantage over competitors as well as control of card designs. The

business is seasonal with most of its profits being made in the second half of its financial year which includes the all important Christmas period.

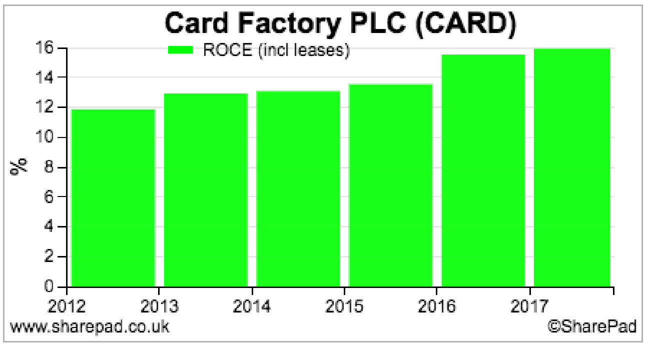
Card Factory has been in business since 1997 and listed on the stock exchange in 2014. Since then its shareholders have experienced a rollercoaster ride as the share price has been extremely volatile. To compensate them, they have been able to pocket some very chunky special dividends in the meantime. The shares have taken another dive this week following the release of its half year results.

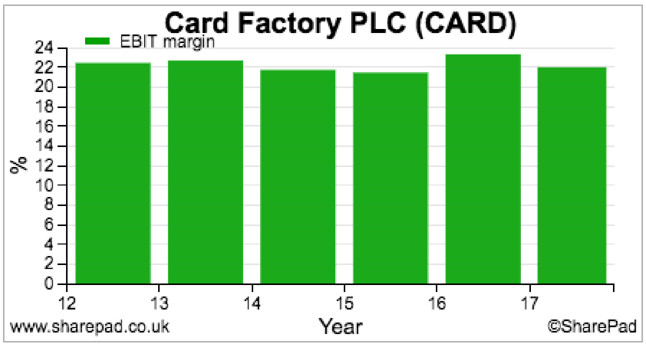
If you were to ask me if I was interested in investing in a greetings card business I'd probably not be too enthusiastic. You can buy cards from loads of different places and you have to compete with the big supermarkets. My gut feeling would be that it must be very hard to make lots of money from selling cards.

Personally, I think the price of greetings cards are generally ridiculous for what they are. However, if someone comes along and starts selling them for 99p like Card Factory does I'd be happy to concede that many people would be interested in buying cards from them.

Taking a quick glance at some key financial performance numbers, it seems that Card Factory looks to be doing a pretty good job making reasonable profits from selling them.

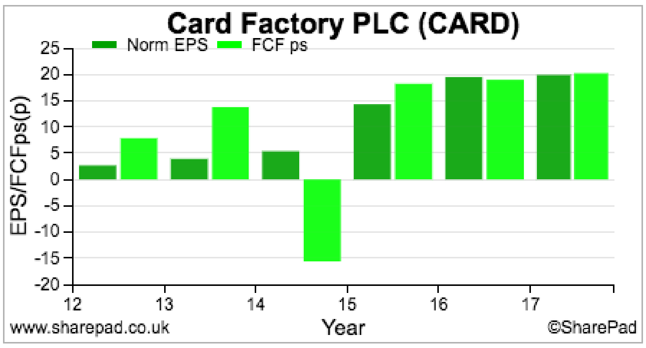
ROCE including the effect of rented shops is good and has been on a rising trend.





Its profit margins have been impressive too. Many retailers would love to have these levels of profitability.

Apart from a blip in 2015, the company has turned its EPS into a growing amount of free cash flow.

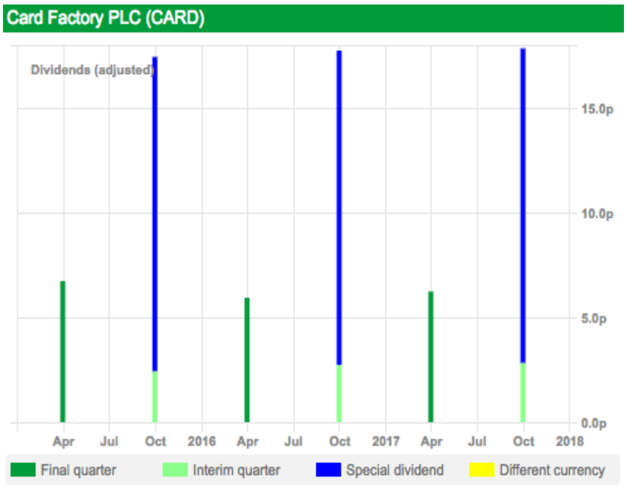


That free cash flow along with a reasonable financial position (fixed charge cover is nearly 3 times on a TTM basis which is very strong for a high street retailer) has seen the company pay out some very chunky dividends to shareholders.

So why the sharp sell-off in the shares following the half year results?

One word: growth. Or should I say the lack of profits growth.

Selling more doesn't seem to be a problem as revenues were up by just over 6%. This included a very encouraging 3% like-for-like sales from the store estate and growth of nearly 30% from online.



The problem is rising costs. Half of Card Factory's cost of sales is billed in US dollars. Despite hedging the exposure, the weaker pound over the last year or so has seen costs go up. Staff costs are increasing too and this is squeezing profit margins. The one bit of good news on costs is that the company is negotiating lower rents when its existing leases expire. Rents as a percentage of sales is falling and this trend is likely to continue as shop owners don't want empty shops.

Trading profits fell by 4.4% in the first half despite efficiency gains. TTM pre-tax profit is £80.7m compared with £84.8m for the year to January 2017. Hitting consensus estimates of £86.9m for 2018 now looks like a challenge and it seems that this is the likely reason for the share price fall.

Card Factory PLC (CARD)

← Prev Next →	2016	2017	2018	2018	2019	2020
Fiscal period ending	31/1/16	31/1/17	31/7/17	1/1/18	1/1/19	1/1/20
£ millions unless stated	Q4	Q4	TTM	Forecast	Forecast	Forecast
KEY FORECASTS						
Turnover	381.6	398.2	408.6	426.2	455.0	480.6
Norm EBITDA	98.6	98.4	94.3	101.9	108.6	113.8
EBIT	88.9	87.5	83.5	-	-	-
EBIT margin	23.3	22.0	20.4	-	-	-
Norm Pre-tax	83.8	84.8	80.7	86.9	93.5	97.5
EPS(p)	19.5	19.9	19.0	20.1	21.6	22.9
EPS % chg	▲36.8	▲2.0	▼-6.6	▲0.9	▲7.5	▲6.0
Dividend per share Adj	8.5	9.1	9.2	24.6	25.3	25.4
Dividend per share %chg Adj	▲25.0	▲7.1	▲4.5	▲170.3	▲2.8	▲0.4
Dividend cover	2.3	2.2	2.1	0.8	0.9	0.9

The other thing to keep an eye on is operating cash flow. This fell by 20% before working capital and by just over 27% after.

The cash outflow from increased receivables was lower than last year and there was a helpful increase in payables. But it is the huge swing in cash flow from inventories that is the issue. The company has said that this is due to a stock build up on popular products and the impact of currency:

17 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

	31 July 2017	31 July 2016	31 January 2017
	£'m	£'m	£'m
Profit before tax	**23.2**	27.0	82.8
Net finance expense	**1.4**	1.6	2.9
Operating profit	**24.6**	28.6	85.7
Adjusted for:			
Depreciation and amortisation	**5.1**	5.2	10.9
Loss on disposal of fixed assets	**0.1**	0.1	1.1
Cash flow hedging foreign currency movements	**(2.6)**	(0.2)	(0.2)
Share based payments charge	**-**	0.3	0.2
Operating cash flows before changes in working capital	**27.2**	34.0	97.7
(Increase)/decrease in receivables	**(8.1)**	(11.9)	1.1
(Increase)/decrease in inventories	**(8.5)**	4.0	(1.0)
Increase in payables	**17.0**	11.8	1.6
Cash inflow from operating activities	**27.6**	37.9	99.4

> *"Cash generation in the half year reduced due to an increase in stock value - in part due to the impact of foreign exchange on unit costs, and in part due to a planned build-up of stocks of popular lines"*

Big increases in stock can be unnerving as it raises the prospect that they might have to be discounted in order to sell them and lower profits in the process. The trend needs to be closely watched but I'm not sure that there is anything too untoward going on here. A look back at previous half year cash flow statements shows that stock build ups and cash outflows are quite a regular occurrence.

Card Factory PLC (CARD)

← Prev Next →		2014		2015		2016		2017	
Fiscal period ending	31/7/13	31/1/14	31/7/14	31/1/15	31/7/15	31/1/16	31/7/16	31/1/17	31/7/17
£ millions unless stated	Q2 Prelim	Q4 IFRS	Q2 IFRS	Q4 IFRS	Q2 IFRS	Q4 IFRS	Q2 IFRS	Q4 IFRS	Q2 IFRS
CASH FLOWS									
Operating profit	25.8	71.0	11.0	64.3	27.9	88.9	28.6	85.7	24.6
Depreciation & amortisation	3.6	7.5	4.1	8.8	4.7	9.7	5.2	10.9	5.1
Profit on disposals	-	-	-	-	-	0.1	0.1	1.1	0.1
Change in stock	(5.1)	(4.7)	(0.6)	(2.2)	(5.3)	(8.9)	4.0	(1.0)	(8.5)
Change in debtors	(12.6)	0.5	(8.7)	0.7	(9.3)	(3.0)	(11.9)	1.1	(8.1)
Change in creditors	16.6	4.8	15.5	2.6	13.6	1.7	11.8	1.6	17.0
Change in provisions	-	-	-	-	-	-	-	-	-
Change in working capital	(1.1)	0.6	6.2	1.1	(1.0)	(10.2)	3.9	1.7	0.4
Other (operating)	(0.0)	-	9.2	10.7	1.2	3.7	0.10	-	(2.6)
Operating cash flow	28.3	79.1	30.5	84.9	32.8	92.2	37.9	99.4	27.6
Tax paid	(6.3)	(12.1)	(5.1)	(9.6)	(5.4)	(13.0)	(8.8)	(17.6)	(8.8)
Net cash from operations	22.0	67.0	25.4	75.3	27.4	79.2	29.1	81.8	18.8

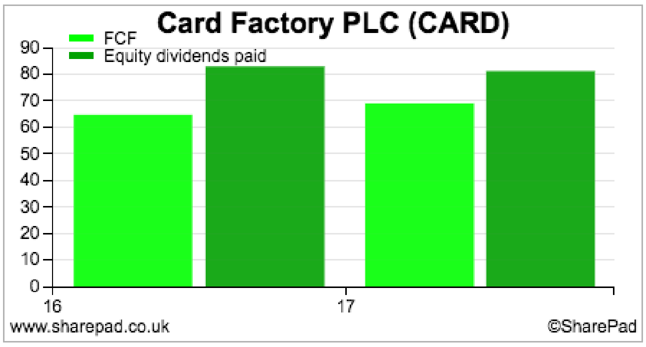
Whilst the annual reports do not disclose any significant stock losses in previous years, the trend in profit margins suggests that this has not been an issue.

A 15p special dividend was announced but it is possible that these may not be as big going forward given the company's comments:

> *"The Board intends to retain its progressive ordinary dividend policy and to continue to return any surplus funds to shareholders by way of special dividend or other form of distribution. It also retains its previously stated objective of maintaining leverage at a level of 1.0x - 2.0x last twelve months underlying EBITDA.* ***Therefore, mindful of the increase in leverage noted above, as well as the margin and cost headwinds which may limit profit growth in the short to medium term, the Board plans to review the amount and timing of future special dividends****. The review will take into account anticipated trading performance together with likely reinvestment requirements, and* ***may result in a deviation from the pattern of annual special dividends which has been established over recent years.****"*

Whilst Card Factory's free cash flow performance has been good, it has been adding to borrowings to pay some of the special dividends in the last couple of years as cash dividends paid have been greater than free cash flow.

If profits growth is going to be hard to come by then this cannot continue without the net debt to EBITDA ratio increasing and getting closer to the company's maximum targeted level.



Name	Close	Market Cap. (m)	fc PE	fc Yield	EPV ps (7%)	EBIT yield
Card Factory PLC	290p	£990.2	14.4	8.5	251.3p	7.8

The 3.6% increase in underlying interim dividend implies a full year dividend of about 9.4p per share which gives an underlying dividend yield of about 3.2%. Assuming underlying free cash flow of just under £70m can be maintained gives a free cash flow yield of 7% of which most will probably find its way into shareholders' pockets.

I think Card Factory is a reasonable business but not one that should command a high valuation without the prospect of profits growth. With the income attractions slightly diminished and forecasts likely to come down a bit, the shares look like they could struggle to go up for a while.

Share Discussion: JD Wetherspoon (LSE:JDW)

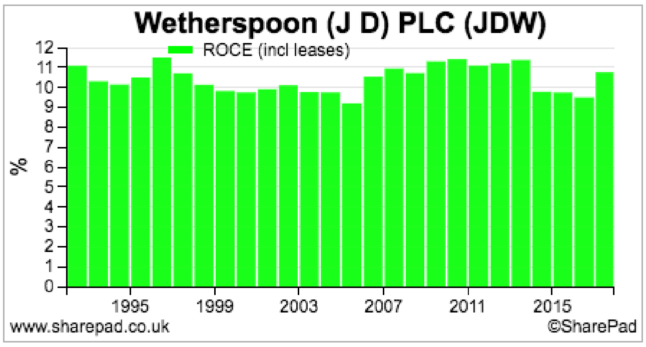
If you ask anyone who runs a pub they will probably tell you that it can be a very hard way to earn a living. The same has been true for shareholders in some pub companies. Of the major pub companies still listed on the stock exchange, only three have made meaningful money for their shareholders during the last decade as measured by total shareholder returns - the change in share price plus dividends received.

TIDM	Name	Market Cap. (intraday) (m)	Price	%TR 1y	%TR 3y	%TR 5y	**%TR 10y**
JDW	Wetherspoon (J D) PLC	£1321.8	£12.505	▲35	▲60	▲170	▲155
YNGA	Young & Co's Brewery PLC	£601.0	£13.57	▲8.09	▲45.7	▲117	▲110
FSTA	Fuller Smith & Turner PLC	£328.7	£10.15	▼-1.54	▲17.3	▲51.4	▲62.6
GNK	Greene King PLC	£1755.2	566.25p	▼-21.6	▼-14.5	▲19.9	▲14.7
MARS	Marston's PLC	£713.2	108p	▼-19.1	▼-12	▲23.7	▼-27
MAB	Mitchells & Butlers PLC	£1070.1	253.25p	▼-4.28	▼-27	▼-6.6	▼-53.6
EIG	EI Group PLC	£668.7	138.75p	▲50.8	▲16.4	▲119	▼-72.4
RBG	Revolution Bars Group PLC	£104.1	208.125p	▲38.4			

JD Wetherspoon has been the pick of the bunch. Founded by the very forthright and interesting Tim Martin, the company's success has been based on a simple business model of offering food and drink at cheap prices in pleasant surroundings - by that I mean well maintained pubs that are kept in good condition rather than scruffy back street boozers.

Its annual reports are a great read and are very candid about the company's prospects and the issues facing the pub trade.

Competition and cost pressures make it difficult for pubs to make high returns on the money they invest, but Wetherspoon has chugged away consistently earning a ROCE of between 9% and 11% for the last quarter of a century. That's the sign of a fairly decent business but does fall short of being outstanding.



That 9-11% when combined with building up the estate of pubs has allowed Wetherspoon to build up a very creditable record of turnover, profits and free cash flow. The company proudly presents this information in its annual report every year.

Summary accounts for the years ended July 1984 to 2017

Financial year	Revenue GBP000	Profit/(loss) before tax and exceptional items GBP000	Earnings per share before exceptional items pence	Free cash flow GBP000	Free cash flow per share pence
1984	818	(7)	0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	34.1	78,818	57.7
2012	1,197,129	72,363	39.8	91,542	70.4
2013	1,280,929	76,943	44.8	65,349	51.8
2014	1,409,333	79,362	47.0	92,850	74.1
2015	1,513,923	77,798	47.0	109,778	89.8
2016	1,595,197	80,610	48.3	90,485	76.7
2017	1,660,750	102,830	69.2	107,936	97.0

After struggling to grow profits for the last few years, Wetherspoon has had a stellar year in 2017. Pre-tax profits were up by 27.6%. This was driven by an extremely impressive rate of 4% like-for-like sales growth as shown below.

This has subsequently increased to over 6% in the first few weeks of its new financial year but the company has said this is unlikely to last as last year's performance makes it tougher to keep on growing.

Cost pressures remain fierce and the company reiterated its view that like-for-like sales growth will need to be in the order of 3-4% this year just to maintain the level of profits. This is what City analysts seem to be expecting.

wetherspoon

Like-for-like Performance

%	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bar	**+3.1**	+3.3	+1.2	+2.7	+3.8	+2.8	+1.7	-0.8	+2.5	-4.3
Food	**+5.7**	+3.5	+7.3	+12.0	+10.9	+4.8	+4.2	+0.1	-0.4	+7.9
Machines	**-1.2**	-2.2	-2.8	-3.1	+0.4	-2.8	-3.9	+12.1	-7.5	-5.8
Hotels	**+9.9**	+9.7	+24.2	+6.3	–	–	–	–	–	–
LFL sales	**+4.0**	+3.4	+3.3	+5.5	+5.8	+3.2	+2.1	+0.1	+1.2	-1.1
LFL Pub profit*	**+8.4**	-0.3	-1.1	+2.0	+4.4	-2.2	-1.2	-2.0	-1.7	-6.6

Wetherspoon (J D) PLC (JDW)

← Prev Next →	2015	2016	2017	2018	2019	2020
Fiscal period ending	26/7/15	24/7/16	30/7/17	1/7/18	1/7/19	1/7/20
£ millions unless stated	Q4	Q4	Q4	Forecast	Forecast	Forecast
KEY FORECASTS						
Turnover	1,513.9	1,595.2	1,660.8	1,668.5	1,744.2	1,809.1
Norm EBITDA	173.9	181.0	202.0	201.5	207.8	211.9
EBIT	107.3	109.7	128.5	123.9	127.8	129.0
EBIT margin	7.1	6.9	7.7	7.4	7.3	7.1
Norm Pre-tax	73.3	75.3	100.4	97.6	99.7	102.1
EPS(p)	48.6	44.1	68.3	67.2	67.2	74.2
EPS % chg	▲43.1	▼-9.2	▲54.7	▼-1.6	▼0.0	▲10.4
Dividend per share Adj	12.0	12.0	12.0	12.0	12.0	12.0
Dividend per share %chg Adj	▼0.0	▼0.0	▼0.0	▼0.0	▼0.0	▼0.0
Dividend cover	4.0	3.7	5.7	5.6	5.6	6.2

One of the most interesting analysis points about Wetherspoon is its definition of free cash flow. Like most definitions it starts off with the cash flow from trading and then takes away tax paid, interest paid, the money spent on maintaining existing pubs and the cost of buying shares for employees.

In many ways, this is a fair estimate of the cash profits of a business. However, it needs to be treated with caution, especially if you want to value the company using it.

I think the expensing of shares for employees is commendable as it does reduce the amount of cash available for shareholders. The cash spent on existing pubs is more controversial as it is unlikely to be money that it spent on all pubs in the estate.

Full year Depreciation - a crude estimate of replacement capex - has been £72-73m during the last couple of years according to the company and is a better number to use in estimating underlying free cash flow or cash profits in my view.

Free cash flow can also be distorted by swings in working capital, so these are often best adjusted for as well. The great thing about Wetherspoon's disclosure as it gives the investor all the information they need to have a go at working out its cash earnings.

I've taken SharePad's estimate of free cash flow (which deducts all capex spending) and adjusted for working capital, the excess of depreciation over spending on existing pubs, spending on new pubs, freehold site purchases and employee shares.

As you can see, on this basis Wetherspoon is good at converting its profits into free cash flow and has seen considerable underlying free cash flow growth during 2017.

As with retailing, site selection plays a key part in determining whether you end up with a good result or not. Wetherspoon has admitted to some mistakes and has sold or terminated leasehold agreements on 76 pubs during the last two years at a cost of £45m.

At the same time, it has been spending quite a bit of money on buying out the freeholds on its pubs (converting them from leaseholds). You can see from the slide below that the company's pub estate has significantly increased its proportion of freehold sites over the last decade.

wetherspoon

Property Update

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Trading pubs at start of FY	**926**	951	927	886	860	823	775	731	694	671
Freehold pubs opened	**9**	10	24	31	14	18	34	15	13	13
Leasehold pubs opened	**1**	6	6	15	15	22	16	32	26	10
Closures/disposals	**(41)**	(41)	(6)	(5)	(3)	(3)	(2)	(3)	(2)	–
Total trading pubs	**895**	926	951	927	886	860	823	775	731	694
New hotels in period	**7**	7	9	4	2	2	–	6	3	2
Total number of hotels	**53**	46	39	30	26	24	22	22	16	13
Pubs in Republic of Ireland	**5**	5	4	1	–	–	–	–	–	–
Average cost of development (£k)	**2,299**	2,459	2,070	1,643	1,552	1,420	1,207	857	851	1,498
Freehold average cost (£k)	**721**	907	843	559	589	639	825	857	765	958
Average Size (sq.ft.) – Openings	**4,379**	4,264	4,321	3,585	3,643	3,325	3,572	3,781	3,359	3,618
Freehold (%)	**57.0**	51.4	49.2	46.6	44.2	43.8	43.4	41.3	41.7	42.1
Leasehold (%)	**43.0**	48.6	50.8	53.4	55.8	56.2	56.6	58.7	58.3	57.9

57% of the estate is now freehold. I like pubs to be freehold. Not only does it gives some decent asset backing to the business but it also gives the company the flexibility to churn its estate more and get out of poorly performing sites whilst realising cash for reinvestment as well.

This is what Wetherspoon is doing. Its number of trading pubs is down by 55 over the last couple of years but the profit performance is telling us that the quality of them is clearly improving. The company is also quietly building up the size of its hotel portfolio which is making an increasing contribution to LFL sales growth.

In my view, Wetherspoon is a top quality pub operator and that is reflected in the value of its shares which have been on a storming run. They trade on just over 15 times adjusted historical free cash flow or just over 18 times earnings. Without another year of significant profit growth I wouldn't be too sure that the shares will command a higher valuation for a while.

Share Discussion: Morrisons (LSE:MRW)

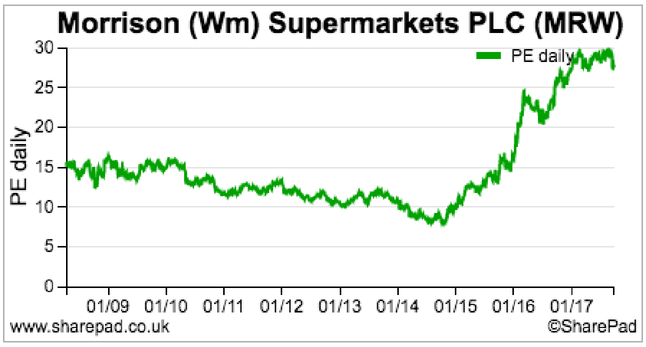
Morrisons' shares are one of the most heavily shorted shares on the London stock exchange with 13.4% of its shares out on loan at the time of writing. It's not difficult to understand why professional investors are betting on the shares taking a tumble.

The simplified version is this:

The supermarket sector is currently embroiled in a savage price war which is cutting profit margins to the bone and producing miserly returns on capital employed. This week, Aldi - responsible for a lot of the disruption in the sector - reported that its sales growth had come at a cost of falling profits.

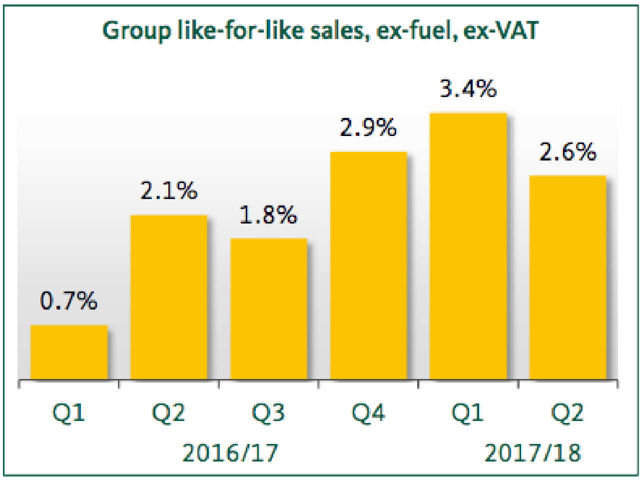
This could mean that more pain could be on the way, especially for the likes of Morrisons which is continuing to lose market share to the German discounter.

On top of this, Morrisons shares are not cheap and trade on over 19 times forecast earnings and have seen a sharp upwards rerating over the last couple of years.



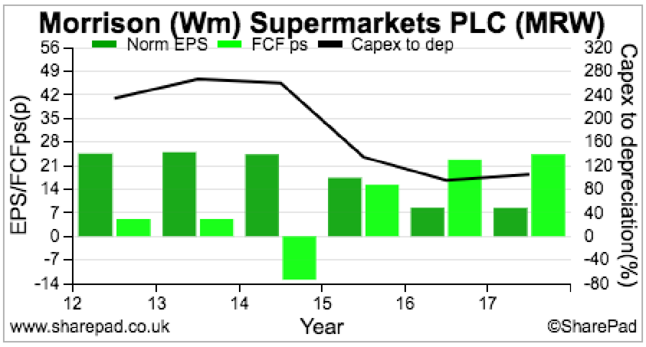
The combination of a poor trading environment and an expensive valuation is the stuff of dreams for hedge fund managers. But betting against Morrisons shares has been a painful experience as the shares have performed well.

I have spent a lot of time in my local Morrisons store over the last few months and I have to say I like what I see and increasingly buy. It knocks spots off the local Sainsbury's where the weekly grocery shop is a lot more expensive and it takes ages to get out of the store because virtually none of the tills are open.



Morrisons - with the exception of its fruit - based on my local experience is much better run and offers cheaper prices and good quality produce to boot. It seems as if I'm not alone in thinking this as Morrisons' LFL sales performance has been pretty solid for some time now.

Profits are nudging up and debt is coming down. Even better news is that the company has stopped spending money on opening new stores and free cash flow has surged as a result.



The chairman and chief executive used to work in senior positions at Tesco in its heyday and knows how to run a good supermarket. They have done a good job in fighting off the shorters for now.

Morrison (Wm) Supermarkets PLC (MRW)

Prev Next	2016	2017	2018	2018	2019	2020
Fiscal period ending	31/1/16	29/1/17	30/7/17	1/2/18	1/2/19	1/2/20
£ millions unless stated	Q4	Q4	TTM	Forecast	Forecast	Forecast
KEY FORECASTS						
Turnover	16,122.0	16,317.0	16,706.0	16,889.6	17,117.2	17,452.0
Norm EBITDA	720.0	783.0	795.0	873.6	890.9	921.7
EBIT	338.0	385.0	395.0	452.0	463.5	476.7
EBIT margin	2.1	2.4	2.4	2.7	2.7	2.7
Norm Pre-tax	239.0	240.0	309.0	401.3	413.2	-
EPS(p)	8.5	8.5	11.1	12.1	12.6	13.0
EPS % chg	▼-50.9	▼-0.9	▲17.8	▲43.2	▲4.1	▲3.2
Dividend per share Adj	5.0	5.4	5.5	5.5	6.0	6.5
Dividend per share %chg Adj	▼-63.4	▲8.6	▲8.5	▲1.3	▲9.1	▲8.3
Dividend cover	1.7	1.6	2.0	2.2	2.1	2.0

But can they keep doing so? Self help can only take a business so far. Morrisons needs a step change in profitability and analysts don't seem to be predicting that this will happen.

Aldi and Lidl have turned UK food retailing into a low margin journey of attrition and they probably hold the key to ending the current madness. This does not look like happening any time soon which means that the shorters of Morrisons shares may well have their patience rewarded.