

# Manx Financial Group

## Payment Assist acquisition

Acquisition

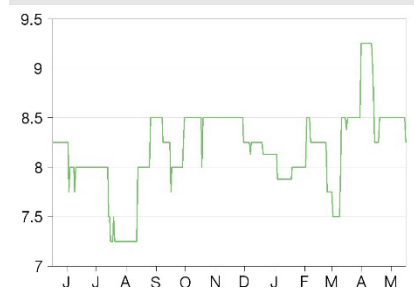
Banking

17 May 2022

**Price** 8.00p  
**Market cap** £9m

Last reported total capital ratio 19.1%  
Shares in issue 114.1m  
Free float 62%  
Code MFX  
Primary exchange AIM

### Share price performance



### Business description

Manx Financial Group is an independent banking group founded in 1935, domiciled in the Isle of Man. Its 100%-owned bank, Conister Bank, is regulated by the UK's Financial Conduct Authority (FCA) as well as the Isle of Man Financial Services Authority. MFX also owns Edgewater Associates, the largest independent financial advisory services company in the Isle of Man.

### Analyst

Pedro Fonseca +44 (0)20 3077 5700

[financials@edisongroup.com](mailto:financials@edisongroup.com)

[Edison profile page](#)

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Manx Financial Group (MFG) has announced it is buying 50.1% of Payment Assist, a UK point-of-sale lender, for £4m. Through Conister Bank, MFG has provided Payment Assist with wholesale funding over seven years and seen the company grow. This acquisition continues MFG's strategy of acquiring interests in high-quality specialist lenders. Payment Assist, which started business as an automotive repair point-of-sale finance provider, has been expanding and diversifying its lending business. Payment Assist management will remain on board, including the CEO and COO. The deal has an estimated price/book value of 1.8x but the goodwill (estimated at £1.75m) is readily absorbable by MFG's capital (FY21 total capital ratio of 19.1%, tangible equity of £17.3m). Payment Assist had a £1.1m operating profit in FY21, which suggests the deal should be earnings enhancing from day one and backs MFG's statement that no shareholder dilution is expected.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/18	13.2	2.7	1.5	0.00	5.2	N/A
12/19	16.5	3.0	1.5	0.00	5.2	N/A
12/20	16.4	2.0	1.2	0.00	6.4	N/A
12/21	20.0	3.0	2.1	0.17	3.8	2.1

Source: Manx Financial Group

Payment Assist is being bought on a cash-free/debt-free basis with £2m paid by 90 days after completion (subject to FCA approval) and the remaining £2m after publication of Payment Assist's audited 2022 (December year end) accounts. MFG also has an option to buy the remaining 49.9% currently held by Payment Assist management for £5m for a period of two years following the publication of the audited 2024 accounts.

Payment Assist is a leading automotive repair point-of-sale finance provider in the UK, working with leading national chains such as National Tyres, Halfords and Formula One. Payment Assist has now diversified its lending into insured products and retail. In FY21 it grew its loan book by 72% to £21.3m (MFG: £229m), revenue increased by 69% to £6.6m (MFG: £20.0m) and EBITDA rose 108% to £2.5m. Adjusting for the 50.1% stake, Payment Assist's FY21 pro forma ordinary operations profit is about 18% of MFG's £3m earnings.

Payment Assist served 170,000 customers in 2021, up 43% since 2019. MFG expects Payment Assist 'to be a high margin and profitable business now and in the future'.

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