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Source: AIM & Plus Newsletter {Main}
Edition:
Country: UK
Date: Sunday 1, March 2009
Page: 3,4
Area: 108 sq. cm
Circulation: PS 1500 Monthly
BRAD info: page rate £750.00, scc rate £0.00
Phone: 0207 562 3370
Keyword: Norcon plc

NORCON PLC

NORCON

NCON £29.2m 71p BUY

TRADING UPDATE AIM

A brief but positive trading update from telecoms focused project management company, Norcon, has confirmed that trading in the year to 31st December 2008 was in line with expectations. Encouragingly, the company has retained all of its 2008 clients in the current year and expects there to be good opportunities to grow in both the telecoms and defence sectors. Norcon expects to maintain its record of paying out healthy dividends by recommending a payment for the 2008 financial year of at least 50% of net income.

● COMMENT

Since listing on AIM in July last year Norcon has performed well operationally, winning a number of new deals in its core Middle Eastern markets. The shares have also held up well, currently trading 2p above the 69p IPO price. Forecasts from the house broker for 2008 see the company posting pre-tax profits of $9.7 million, with earnings of 18.2 cents (12.6p). We believe that the historic price earnings ratio of 5.6, which has been flattered by the recent strengthening of the dollar, looks good value for a business which is expected to grow earnings by 15% in the current year, has net cash ($3 million as at end June 2008) and is a dominant player in the telecoms consultancy sector. The 9.4% 2008 dividend yield is also highly attractive. **BUY**.