

Q5 Sales Below Expectations**Trading Update**

An update from IndigoVision reports that sales for the 15 months ending 31 October (of the 17m period to Dec 14) were £43.4m, 9% ahead of the same period last year. In Q5 of this period, sales growth remained strong in North America and EMEA, but was offset by lower sales in Latin America and Asia, leading to group sales being below expectations in Q5. Gross margins were in line with expectations, whilst forex remained negative, with an impact of £0.33m in the 15m period.

Management believes that double digit sales growth will still be achieved in the 17m to Dec 14 and that the medium term outlook remains favourable.

Impact on Earnings & Valuation

We are reducing our FY14 forecast PBT (17 month period) from £4.0m to £3.0m (EPS from 48.9p to 36.7p) reflecting the issues outlined above. In FY15 and FY16 we have reined in our expectations of sales and overhead growth, and have slightly reduced PBT in both years. We expect more visibility on these years' forecasts as we head into calendar year 2015.

It was also announced in September that IND will present its results in US Dollars by the period end, so in due course our forecasts will be translated.

N+1 Singer View

Despite the current issues in Latin America and Asia, management continues to believe that the foundations have been laid for strong sustained progress in exciting growth markets. We would note that growth in EMEA and North America remains strong and that the global market opportunities are significant, but also recognise that coming periods will be important to rebuild confidence in the Group's prospects.

Year End Dec.	2012	2013	2014E	2015E	2016E
Revenue (£m)	30.3	32.0	51.5	40.0	45.0
EBITDA (Adj.) (£m)	3.0	2.4	3.8	3.9	5.1
PBT (Adj.) (£m)	2.7	2.1	3.0	3.3	4.4
EPS (Adj., FD) (p)	25.0	23.1	36.7	40.0	53.4
Consensus EPS (p)	-	-	48.9	43.6	57.7
DPS (p)	80.0	11.0	18.0	13.2	14.5
Net Cash/(Debt) (£m)	6.0	0.8	1.5	3.1	4.8
EV/EBITDA (x)	9.4	13.9	8.7	8.1	5.8
P/E (x)	18.1	19.6	12.3	11.3	8.5
Dividend Yield (%)	17.7	2.4	4.0	2.9	3.2
FCF Yield (%)	4.8	2.4	5.5	7.4	8.0

Source: N+1 Singer, Company Accounts and FactSet Estimates

** FY12 and FY13 are 12 mth periods to July; FY14 is a 17 mth period to Dec 14; FY15 & FY16 are 12 mth periods to December

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