Edison investment research

26 January 2009

Westminster Group

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/06	2.0	(0.3)	(2.5)	0.0	N/A	N/A
12/07	2.7	(0.4)	(3.2)	0.0	N/A	N/A
12/08e	5.4	0.0	0.2	0.0	N/A	N/A
12/09e	8.9	0.5	3.6	0.0	12.1	N/A

Note: *PBT and EPS are normalised, excluding amortisation and exceptional items.

Investment summary: Defensive growth

Westminster operates in two distinct security and surveillance markets: an international business centred on the protection of key assets and a domestic model focused on the property sector. Supported by a net cash position, the group is moving into profitability and should only a fractional proportion of the current quote bank be converted to sales, there is potential to generate significant value.

Business model: Security driven

The majority of Westminster's revenues are generated by the international security and surveillance division via a distribution network of 75 locally based agents in 45 countries. Activities are best summarised as 'niche products for niche markets' and include fibre optic based pipeline protection, border security and specialist scanning. The balance of revenues derives from RMS – a UK-based systems integrator of low voltage fire and security systems.

Outlook: Improving visibility for FY09

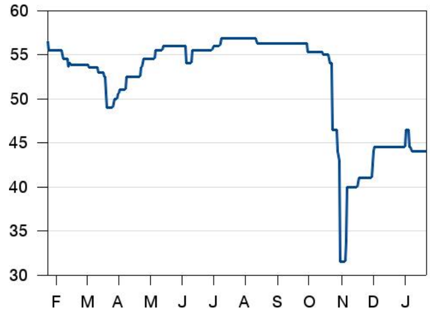
New business wins are the key determinant of sales growth although the company is keen to boost 'recurring revenues'. As at 1 December, the order book already stood at £4.3m which lends good confidence to estimates in FY09. A cumulative quote bank of around £300m over the last 12 months highlights the potential of the business while a major contract win underpins the trading outcome in FY08. The group is on track to move into more meaningful profitability in the current year.

Valuation: Attractive long-term case

Since listing on AIM in mid 2007, Westminster has shown significant top-line growth and we would expect a first time profit in H208. Although forecast earnings estimates are only just turning positive, a P/E of 12x in FY09 is already starting to offer a meaningful valuation metric. The investment case is further reinforced given a DCF of c 100p and should the company manage to convert even a small proportion of the existing quote bank, there is significant upside beyond this.

Price	43.5p
Market Cap	£6m

Share price graph



Share details

Code	WSG
Listing	AIM
Sector	Support Services
Shares in issue	14.02m

Price

52 week	High	Low
	56.0p	31.0p

Balance Sheet as at 30 June 2008

Debt/Equity (%)	N/A
NAV per share (p)	20.2
Net cash (£m)	1.4

Business

Westminster is predominantly an established niche player in the provision of advanced technical security solutions. Additional activities comprise the supply of low voltage systems to the property sector.

Valuation

	2007	2008e	2009e
P/E relative	N/A	N/A	138%
P/CF	N/A	N/A	N/A
EV/Sales	1.2	1.0	0.6
ROE	N/A	1%	13%

Geography based on revenues FY07

UK	Asia	Africa	Europe
55%	31%	9%	5%

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Westminster Group is a research client of Edison Investment Research Limited

Investment summary: Defensive growth

Company description: Niche player in security and surveillance

Westminster is an established niche player in the provision of advanced technical security solutions to a customer base in the UK and overseas, a core activity that represents approximately two-thirds of turnover. The balance of sales comprises the supply of various low voltage systems to the commercial and residential property sectors in the UK and although clearly cyclical, there have been some encouraging new contract wins. Regulatory requirements in this business – associated with new building requirements etc – are a powerful driver.

Valuation

The group should move into more meaningful profitability during FY09 and a P/E of 12x is not unattractive in its own right. The cumulative quote bank has been fairly consistent at around £300m and converting just 5% of this would deliver £15m of sales. Given a realistic assumption of 7% operating margins, this translates into EPS of 7.1p and therefore a valuation of 71p based on a 10x multiple. The analysis above is supported by our DCF valuation of c 100p per share, even assuming a WACC of 15%, and would be consistent with a 2.0x sales multiple, based on FY08.

Sensitivities

There are a range of factors that need to be considered when assessing the merits of the investment case and we highlight below four topics of particular relevance. A more extensive range of sensitivities is considered later in the note.

- Despite the implications of a global recession, the business or national security critical nature of Westminster's products make the company more resilient than most.
- The depreciation of sterling against the US dollar has a major positive effect given how some significant contracts have been priced. To mitigate risk, the company does try and source costs in the same currency as revenues.
- The broad geographic spread reduces over dependence on one particular region. However, although the customer base is biased towards state enterprises, the history of political instability in some of the key markets lends unpredictability to future revenues.
- The company needs to continue to scale up revenues in order to cover the cost base. In the medium term, net cash on the balance sheet provides something of a bulwark and visibility over top-line prospects in 2009 has improved.

Financials

The performance in H208 should reveal an operating profit for the first time since the group listed in 2007. Assuming momentum can be maintained in the top-line during FY09, Westminster is capable of covering its overheads and returning a full year positive profit contribution. Given the inherently cash generative nature of the business model, we would then expect the net cash position to stabilise during the current year and thereafter to increase. As the group focuses on the provision of larger scale system solutions there is also good potential for higher recurring revenues.

Company description: Defensively biased

The provision of advanced technical security solutions in the UK and overseas is a core activity that currently accounts for approximately two-thirds of turnover. Driven by the need to enhance both national security and preserve the integrity of key assets, the business is very resilient relative to the wider economy, albeit shrinking global GDP would still have an impact. The balance of sales comprises the supply of various low voltage systems to the commercial and residential property sectors and although clearly cyclical, there have been some encouraging new contract wins.

Background

The group began as Westminster Security Systems in 1988 providing security solutions to domestic and corporate customers and the present CEO, Peter Fowler, subsequently led an MBO in 1996. Chubb bought the original UK security division in 2000 for £3.1m and the retained business focused on international security. The loss making manufacturing arm was sold in 2006 and during the same year Westminster acquired RMS – a UK-based systems integrator of fire and security systems in high rise buildings. The group listed on AIM in June 2007 via a £2.5m placing.

Management

As the management biographies detailed later reveal, Westminster has a heavyweight board for what is currently a small business. The CEO, Peter Fowler, has almost 40 years of experience in the Security industry and the FD, Nicholas Mearing-Smith, has been CFO of a FTSE-100 company. The chairman, Lieutenant Colonel Sir Malcolm Ross, also has an impressive CV, while non-exec Sir Michael Pakenham was previously chairman of the Joint Intelligence Committee.

Key drivers

Westminster's core activity is the design and supply of advanced security solutions to a geographically diverse customer base largely made up of governments and state defence agencies. In addition, the RMS business acquired in 2006 supplies integrated low voltage systems covering fire, safety and security systems in high story residential and corporate buildings. The key driver to the international business is the network of 75 agents in 45 countries that act on behalf of Westminster in the overseas territories. These handle all the local labour issues and provide an ongoing service and maintenance to the customer. The agents are only paid on a commission basis, which mitigates the bad debt risk.

- Advanced technological (2007: 72% of revenue). The ongoing and ever increasing need to maintain the security and integrity of national borders, for instance, is to a significant degree non-cyclical. However, defence expenditure in general would eventually suffer in circumstances where global GDP was shrinking, although we would still argue that it would be far more resilient than many other areas in the wider economy.

- Low voltage systems (2007: 28% of revenue). There are powerful regulatory drivers that could see the RMS business gaining market share with its fire and security systems. However, a slowdown in residential and corporate property new-build will eventually have an impact, although the pipeline given ongoing projects is strong into FY10.

Last published results: Interims 2008

Revenue growth and a building order book were the highlights of H1, and with a number of significant client wins in H2 maintaining the traditional seasonal bias, the group is making progress towards achieving profitability. In the meantime, net cash lends support to the balance sheet while management continues to scale up the business.

Exhibit 1: Interim results for the six months to 30 June 2008

£m	2008	2007	%
	6 months to 30 June	6 months to 30 June	
Turnover	1.4	0.7	+100
Operating profit (norm)	-0.4	-0.2	+100
Profit/(loss) before tax (norm)	-0.4	-0.2	+100
Order book	4.3	1.5	+286
Net cash	1.4	2.1	-33

Source: Westminster Group

Financial and operating highlights

The group had a stronger first half, as evidenced by a doubling of revenues, a continued growth in the number of overseas agents to a total of 75 and significant progress in the order book. In fact by the end of August the order book had expanded further to a cumulative £5.7m compared to £3.3m received for the whole of 2007. Two new offices in Dubai and Kuala Lumpur opened in H1 also helped drive an increased level of enquiries over the first half of the previous year.

As highlighted in the Financials section later, gross margins slipped a little from 32% to 28% largely due to a shift in the mix between product sales and system solutions. Overheads have increased substantially over the period from £0.4m to £0.8m and largely reflect the implications of being a listed company – something that not only lends visibility to the value of the equity, but also reinforces credentials in the marketplace.

Contract highlights in H1 included a $900k deal with a state in Sub-Saharan Africa to supply GSM interception equipment, as well as perimeter detection systems in Kuwait and Yemen. The RMS business in the UK also demonstrated progress in H1 with a number of new orders including the installation of fire and security systems in multi-storey buildings at two locations in London with contracts worth £100k and £270k. The latter will last into 2009 and is at the Castle House development in Southwark – the contract includes CCTV, intruder detection, video entry systems and the installation of a voice and data network.

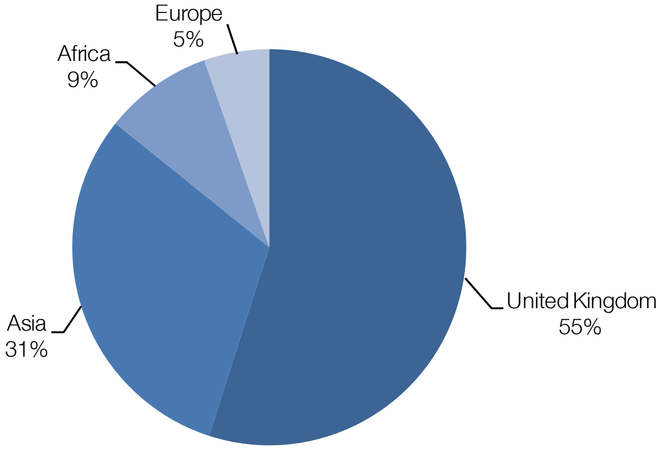
Outlook

The performance in H2 of 2008 was largely underpinned by the award of a $4.7m contract at the end of H1 which was the driving force behind the expansion of the order book. The majority of the revenues for the installation of the high security perimeter fence at Juba airport in Southern Sudan will come through in the latter part of FY08. This maintains a traditional seasonal bias towards H2 perhaps influenced by the lead times from spending decisions generally taken by governments in the first half of the calendar year.

Geographic overview and growth in customer base

Westminster operates across a very broad geographic base, but with the exception of offices in Dubai and Kuala Lumpur, relationships with a network of agents mitigate the operational costs of doing so. The key drivers behind the growth in the market for security and surveillance should mean that the group's activities are relatively resilient in the face of a global economic slowdown. The geographic split in FY08 is likely to see a major proportionate increase from Africa to c 50%.

Exhibit 2: Geographic split of group revenues 2007



Source: Company accounts/Edison Investment Research

Market backdrop

There is no doubting the vast scale of the security market in which Westminster operates while its focus for growth on developing economies also has the potential to deliver significant progress. The macro backdrop to the prospects for the overall market has a number of drivers, but includes the necessity of protecting the integrity of national borders and with it the security of both infrastructure and personnel. The ever present and growing threat of international terrorism only serves to heighten these issues.

With respect to the developing economies, the prospects for above average long-term GDP growth and an increasing exposure to international trade holds out the potential for significant increases in security expenditure to combat crime and terrorism and protect national borders. The scope of Westminster's existing geographic reach leaves it well placed to take advantage of these opportunities and the potential to extend the network is also significant. In terms of the current breadth of geographic coverage, the four regions below form the basis for reporting annual segmented figures.

Geographic overview

The UK represented 55% of group turnover in 2007, of which, approximately half came from the supply of low voltage systems by RMS. In the same year, Asia generated 31% of sales boosted by additional agents in, among other countries, Malaysia and Singapore. The network of agents in Africa increased during 2007 to reach a number of new areas including Francophone Africa (eg

Cameroon and Angola), Nigeria, Kenya and Southern Sudan. In FY08 the Juba contract is likely to mean a contribution of c 50% from this region, with the UK closer to 25%.

In Europe, the United Nations continues to be a significant customer with demand from various entities for security systems to cover issues such as baggage handling and personal security. Although the nascent South American and Australasian businesses did not generate any revenues during 2007, a number of orders were won that will translate into sales in FY08.

Business model: Agents key to success

Westminster is currently a small company with customers located across vast geographic territories and typically such a spread could be an impediment to both operating capability and to some extent credibility. However, the nature of the group's business model mitigates the risks associated with being thinly spread geographically, since locally based agents provide a focal point. In fact the business is highly scalable since, with an extensive network of agents already in place, additional business wins are likely to generate higher margins.

There are currently over 70 agents working with Westminster and although their characteristics vary by region, they essentially provide local labour and ongoing service and maintenance once a contract has been secured. These agents are only paid on a commission basis and given the company does not usually extend credit lines – exceptions might be organisations such as the United Nations – there is little risk of bad debts.

During implementation, Westminster will usually have a designated project manager on site to oversee the process and these could either be existing group staff or contractors. The agents themselves do vary by region and in Africa, for example, they tend to be smaller companies than some of the other territories. To promote better liaison and improve communication, the company has recently appointed an African advisor based in West Africa. In most cases the relationship with the customer is directly with Westminster with the agents acting in very much a support role.

The model works slightly differently in the Middle East where the agents tend to be larger companies which directly interface with customers and then sub-contract work to Westminster. The opening of a Dubai office – with a P&L cost of £350k in FY08 – is unlikely to significantly alter the basic model, but should be capable of supplementing it with orders derived directly from customers. There have been no orders as yet although the level of enquiries has been encouraging.

Recent contract wins

The award of the contract for a complete security solution at Juba airport in the Southern Sudan worth approximately $4.7m is the largest of recent contract wins. The contract includes baggage screening, camera surveillance and the installation of the high security perimeter fence to be protected by Westminster's FOSS fibre detection system. This technology is perfectly suited to border security and also oil and gas pipeline protection in remote regions particularly since there are no additional power requirements beyond the base installation.

Other recent contract wins include $0.9m order to provide a specialist GSM interception system for a government in Sub-Saharan Africa and a perimeter protection facility contract for $200k at a petrochemical plant in Kuwait. In December, several new contracts for specialist explosive detection and scanning systems were secured in the Middle East, Asia and Africa with a combined value over $1.4m.

RMS in the UK has also been successful with a number of new contract wins including a £0.3m order to supply low voltage systems in a 12 storey apartment block in London.

Quote bank and order book

The order book at the end of 2007 stood at £1.5m and as already mentioned, cumulative orders during the year totalled £3.3m. Westminster has kicked on again in 2008 receiving cumulative orders worth £5.7m and as of 1 December there were £4.3m of outstanding commitments.

However, while the order book represents a fairly concrete measure of revenue generating capacity, it is also interesting to look at the quote bank which reflects a wider level of interest and a potential indication of future activity. In the last 12 months the cumulative quote bank stands at around £300m, which is staggering relative to the size of the company and does indicate the massive upside potential given firm orders over the same period represent less than 2% of this.

The table below includes a selection of outstanding quotes, most noteworthy is the massive $50m pipeline security tender for an oil company in the Ukraine. This would cover 4,000km of pipeline with the customer motivated by the loss of some $60m of crude oil to theft on an annual basis. Discussions are ongoing and while it may seem unlikely that a company of Westminster's scale could secure such a contract, if nothing else it does reflect the credibility the company has in its niche market space.

Exhibit 3: Selection of outstanding quotations

Customer	Region	Project	Value
Oil Company	Eastern Europe	Pipeline security	$50m
Government	Africa	Interception systems	$8m
Government	Middle East	Pipeline security	$20m
Government	South Asia	Armoured personnel carriers	$4m
Oil Company	South America	Pipeline security	$2m

Source: Westminster Group

Strategy

Westminster is generally seeking to provide specialist products across niche markets in its core areas of expertise where competition is often limited. The strategy of both organic and acquisitive growth will underpin this and ideally the client base will continue to evolve to one that produces higher value repeat orders.

Organically-led, but potential for acquisitions

Although the network of agents has expanded substantially over the last two years, core strategy is still to increase the number of representatives and therefore opportunities going forward. The company's track record and specialised local knowledge also serve as a barrier to new entrants. The process will be helped by the appointment of an African advisor based in West Africa who has 20 years' experience in legal and transaction work in the field of project financing in the continent.

The establishment of regional offices in Dubai and Kuala Lumpur to serve the Middle East and Far East, respectively, does represent a significant investment. However, the level of enquiries is encouraging and management is optimistic of producing a good order pipeline in FY09. As indicated in the interim statement, the company is also perusing a number of strategic initiatives that could advance the organic growth prospects.

Finally, the ongoing restructuring of the company's website to increase the multi-lingual capability and enhance the performance via search engine rankings is nearing completion. Given the extent and diversity of the group's international client base, this should help both client retention and new business wins.

Although a low current value for Westminster's equity is likely to inhibit the acquisition element of the growth strategy, the company is keen to advance its scale and potentially use its paper for suitable acquisitions. As part of the strategy for growing the equity base, the company would also be interested in attracting strategic investors.

Sensitivities

Clearly future prospects are dependent on a wide variety of sensitivities, but as well as the uncertainties presented by the current macro-economic backdrop, it is also worth highlighting characteristics that make Westminster relatively resilient.

- A global GDP slowdown and recession will clearly impact demand in both the private and state sectors – in the latter case via the implications of widening budget deficits and falling tax revenues. Despite this, the security critical nature of Westminster's products are likely to make the company more resilient than most.
- The broad geographic spread also mitigates the risk of over-dependence on one particular region. However, although the customer base is biased towards state enterprises, the history of political instability in some of the key markets lends some unpredictability to the flow of future revenues.
- The company is only just reaching profitability and needs to continue to scale up revenues in order to satisfy the cost base. In the medium term, net cash on the balance sheet provides something of a bulwark.
- With an order book of £4.3m as at 1 December, visibility over prospects for 2009 are encouraging and the quote bank offers significant potential upside.

Financials

Following its flotation in mid 2007, Westminster is still building the scale required to meet the demands of its cost base as a public company. However, the size of the quote bank demonstrates the potential, and the contract at Juba airport is an important step towards group profitability.

Forecasts

As Exhibit 4 below demonstrates, after recording a small operating loss in its first year as a public company in 2007, we are expecting Westminster to tip into profitability in H208. This is largely driven by the impact of the Juba airport contract and the low voltage business continuing to trade in the black. Going forward we would expect top-line growth in both divisions during 2009 to reflect the ongoing strength of the quote book and a first time full-year positive EBITA.

Exhibit 4: Summary of results and forecasts by business activity 2007-2009e

Year end 31 December	2007		H108		H208		2008e		2009e	
Revenue	Yr	*Change*					Yr	*Change*	Yr	*Change*
Advanced tech	1,976	*70%*	845	*172%*	3,250	*95%*	4,095	*107%*	7,166	*75%*
Low voltage	762	*(8%)*	555	*41%*	750	*104%*	1,305	*71%*	1,762	*35%*
Unallocated	6	*(57%)*	0		0	*(100%)*	0	*(100%)*	0	*0%*
Total	2,744	*36%*	1,400	*98%*	4,000	*96%*	5,400	*97%*	8,928	*65%*
Group Gross Margins	36%		28%		29%		29%		27%	
Group Gross Profit	979		387		1,179		1,566		2,411	
EBITA										
Advanced tech	(70)	*(800%)*	(43)		878		835		1,362	*63%*
Low voltage	(3)	*(88%)*	84		75		159		211	*33%*
Unallocated	(363)	*61%*	(470)		(530)		(1,000)	*175%*	(1,100)	*10%*
Total	(436)	*82%*	(429)		423		(6)	*(99%)*	473	
EBITA Contribution Margin										
Advanced tech	(4%)		0%		27%		20%		19%	
Low voltage	0%		15%		10%		12%		12%	
Unallocated										
Total	(16%)		(31%)		11%		(0%)		5%	
Unallocated Costs	0		0				0		0	
EBITA	(436)	*82%*	(429)				(6)	*(99%)*	473	
Central assets - goodwill	0		0				0		0	
Share options	0		0				0		0	
EBIT	(436)		(429)				(6)		473	
Exceptional Items	0		0				0		0	
Goodwill	0		0				0		0	
Net Interest	12		17				34		30	
PBT	(424)		(412)				28		503	

Source: Edison Investment Research

Cash generative capability

Given that Westminster buys in the bulk of its technology – albeit there is investment in customising and adapting the hardware and software – cap-ex requirements are pretty minimal. In addition, since agents are only paid on a commission basis once revenue has been generated and given that there is little bad debt risk, the business model should soon start to generate cash as turnover expands. While the group has been loss making given the level of current overheads, net cash on the balance sheet has been able to absorb operating losses and should start to stabilise in FY09.

Margins

In H108 gross margins slipped year-on-year from 32% to 28% reflecting a shift in mix towards product supplied by third parties as opposed to system solutions. Longer term, this trend should reverse as the group focuses on the larger scale and higher margin provision of system solutions with a greater proportion of recurring revenues.

Valuation and conclusion

As the group moves into profitability, typical earnings-based valuation metrics are now starting to appear more meaningful. In addition, should the group convert even a small proportion of the existing quote book there is significant upside potential and the longer-term outlook is reinforced by a DCF roughly double the current share price.

Earnings upside

The group is now moving into profitability and consequently there is now a meaningful P/E forecast of 12x for FY09. As the cumulative quote bank has been fairly consistent at around £300m, converting just 5% of this would deliver £15m of sales. Given the vast majority of turnover would be in the 'Advanced Technological' division and assuming a realistic group EBITA margin of 7%, would deliver a pre-tax number of c £1m. Assuming the utilisation of previous years' losses results in a zero tax charge gives EPS of 7.1p and therefore a valuation of 71p based on a 10x multiple.

DCF

The analysis above is supported by our DCF valuation in Exhibit 5, which generates a value of 109p per share even assuming a WACC of 15%. The break even WACC – ie to justify the current share price – would actually have to rise to above 20% at perpetuity growth rates at either 3% or 5%. Finally, a 2.0x sales multiple – even based on FY08 numbers – would still suggest a value per share north of 80p.

Exhibit 5: Summary of DCF and valuation metrics

DCF valuation	% owned	£m	Per share	EV/EBITDA	EV/Sales	Assumptions		
Westminster	100.0%	15	104	434.9x	2.7x	WACC: 15%	No of shares	14.0m
							Shr price	43.50p
							Mkt cap	£6.1m
Group Enterprise Value		15	104					
Add: Net Cash		1	7					
Group Equity Value £m		**16**	**111**		**Up / (down)side from current price**			**155%**

Ratio Analysis	2008f	2009f
EV/Sales	0.9	0.6
EV/EBITDA	152.8	10.6
EV/EBIT	(787.3)	11.5
Price/Book	0.7	0.6
Price/Earnings	221.8	12.1
Price/Op Cash Flow	(12.8)	(29.4)
ROE	1%	13%

Grp DCF Scenario's	-----------------Terminal growth rate-----------------	
WACC	3.00%	5.00%
14.00%	128p	143p
13.00%	153p	174p
12.00%	185p	216p
11.00%	227p	275p
10.00%	284p	361p
Breakeven WACC	22.0%	

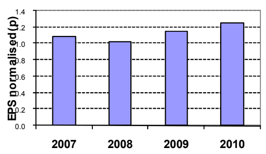
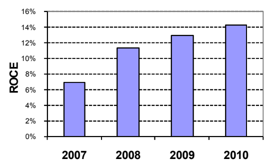
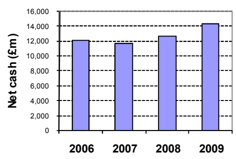
	Revenue sensitivity			
Multiple	0.5x	1.0x	1.5x	2.0x
Revenue Y1 £m	5.4	5.4	5.4	5.4
Implied EV £m	2.7	5.4	8.1	10.8
Net (debt)/cash £m	.98	.98	.98	.98
Group equity value £m	3.7	6.4	9.1	11.8
Per share (p)	**26**	**46**	**65**	**84**

Source: Edison Investment Research

Exhibit 6: Financials

£'000s	2006	2007	2008e	2009e
Year end 31 December	IAS	IAS	IAS	IAS
PROFIT & LOSS				
Revenue	2,011	2,744	5,400	8,928
Cost of Sales	(1,404)	(1,765)	(3,834)	(6,517)
Gross Profit	607	979	1,566	2,411
EBITDA	(200)	(399)	34	513
Operating Profit (before GW and except.)	(240)	(436)	(6)	473
Goodwill Amortisation	0	0	0	0
IFRS 2 charges	(343)	0	0	0
Other	0	0	0	0
Operating Profit	(583)	(436)	(6)	473
Net Interest	(46)	12	34	30
Profit Before Tax (norm)	(286)	(424)	28	503
Profit Before Tax (FRS 3)	(629)	(424)	28	503
Tax	107	71	0	0
Profit After Tax (norm)	(179)	(353)	28	503
Profit After Tax (FRS 3)	(522)	(353)	28	503
Average Number of Shares Outstanding (m)	7.1	11.2	14.0	14.0
EPS - normalised (p)	(2.5)	(3.2)	0.2	3.6
EPS - normalised fully diluted (p)	(2.5)	(3.2)	0.2	3.6
EPS - FRS 3 (p)	(7.4)	(3.2)	0.2	3.6
Dividend per share (p)	0.0	0.0	0.0	0.0
Gross Margin (%)	30.2	35.7	29.0	27.0
EBITDA Margin (%)	(9.9)	(14.5)	0.6	5.7
Operating Margin (before GW and except.) (%)	(11.9)	(15.9)	(.1)	5.3
BALANCE SHEET				
Fixed Assets	1,092	1,241	1,351	1,351
Intangible Assets	0	0	0	0
Tangible Assets	1,092	1,241	1,351	1,351
Goodwill	0	0	0	0
Other	0	0	0	0
Current Assets	427	2,533	2,821	3,695
Stocks	86	61	100	165
Debtors	340	884	1,740	2,876
Cash	1	1,588	981	654
Current Liabilities	(794)	(324)	(610)	(971)
Creditors	(188)	(310)	(610)	(971)
Short term borrowings	(606)	(14)	0	0
Long Term Liabilities	(80)	(52)	(52)	(52)
Long term borrowings	(16)	0	0	0
Other long term liabilities	(64)	(52)	(52)	(52)
Net Assets	645	3,398	3,510	4,023
CASH FLOW				
Operating Cash Flow	(230)	(683)	(477)	(208)
Net Interest	0	(2)	34	30
Tax	(2)	0	0	0
Capex	(60)	(112)	(150)	(150)
Acquisitions/disposals	(13)	0	0	0
Financing	0	2,802	0	0
Dividends	0	0	0	0
Net Cash Flow	(305)	2,005	(593)	(328)
Opening net debt/(cash)	323	621	(1,574)	(981)
HP finance leases initiated	0	0	0	0
Other	7	190	0	0
Closing net debt/(cash)	621	(1,574)	(981)	(654)

Source: Company accounts/Edison Investment Research

Growth	Profitability	Balance sheet strength
		

Sensitivities evaluation	
Litigation/regulatory	◖
Pensions	○
Currency	●
Stock overhang	●
Interest rates	◖
Oil/commodity prices	○

Growth metrics	%
EPS CAGR 06-10e	7.2
EPS CAGR 08-10e	7.2
EBITDA CAGR 06-10e	10.5
EBITDA CAGR 08-10e	7.2
Sales CAGR 06-10e	7.7
Sales CAGR 08-10e	4.0

Profitability metrics	%
ROCE 09e	13.0
Avg ROCE 06-10e	14.7
ROE 09e	10.2
Gross margin 09e	59.0
Operating margin 09e	12.1
Gr mgn/Op mgn 09e	4.9

Balance sheet metrics	
Gearing 09e	N/A
Interest cover 09e	N/A
CA/CL 09e	3.0
Stock turn 09e	N/A
Debtor days 09e	178
Creditor days 09e	165

Company details	
Address:	
Westminster House Blacklocks Hill, Banbury Oxfordshire, OX17 2BS	
Phone	01295 756300
Fax	01295 756302
www.wg-plc.com	

Principal shareholders	%
Peter Fowler	44.8
Roger Worrall	15.2
Stuart Fowler	3.9

Forthcoming announcements/catalysts	Date
Annual Results	April 2009*
AGM	May 2009*
Note: * = estimated	

Management team

Chairman: Lieutenant Colonel Sir Malcolm Ross GCVO, OBE

A former member of the Royal Household of the Sovereign of the United Kingdom, and since 2006, of the Prince of Wales (retired March 2008). He was made an OBE in 1988, and knighted as a KCVO in 1999, and advanced to GCVO in 2005. Sir Malcolm is chairman of the Remuneration Committee and is also a member of the Audit Committee.

CEO: Peter Fowler

Peter has over 36 years' experience operating within the security industry, with particular reference to the electronic protection sector. He has been CEO of the Westminster Group of companies since leading a management buy-out of the business in 1996. In 2000, Peter reorganised the business and disposed of the UK alarms business to Chubb. Since that time he has developed Westminster into a global group.

FD: Nicholas Mearing-Smith

Nicholas is a chartered accountant, a former partner of a major stockbroking firm and an ex-investment banker. In 1989 he founded a cable television business, which became part of NYNEX CableComms plc. When NYNEX CableComms merged into Cable & Wireless Communications plc, he became finance director of the operation, which had a £2.3bn turnover. Nicholas joined Westminster as finance director in February 2007.

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