



Have Your Cake, *before its eaten*

Fancy cake maker Patisserie Valerie was founded in 1926 by Belgian-born Madame Valerie, whose vision was to introduce continental patisserie products to the UK. In 2006, entrepreneurs' Luke Johnson and Ben Redmond acquired it and expanded the brand, before listing it as Patisserie Holdings PLC in 2014 on the UK Aim market.

Unfortunately for its investors' and the company's 2,800 employees it collapsed into insolvency this week after an accounting scandal discovered in October 2018 left it unable to secure new funding.

Investors' are naturally alarmed as to how this has happened, particularly as the company's financials looked sound when the share price was suspended last October as the shock news broke:

Patisserie Holdings Ltd Travel & Leisure AIM UK 50, AIM 100, AIM All-Share https://www.patisserie-valerie.co.uk Patisserie Holdings PLC operates a chain of cafes and casual diners in the United Kingdom. Its product offering			Key metrics						
			30/9/13	30/9/14	30/9/15	30/9/16	30/9/17	30/9/18	
			IFRS	IFRS	IFRS	IFRS	IFRS	Forecast	
21/1/19 £4.29½			8.23	10.41	14.56	17.20	20.15	23.33	
Capital (£m) 501.2 % Change			6.80	10.12	11.32	13.60	16.20	18.66	
EPS 16.20 10 trading days			60.11	76.64	91.93	104.1	114.2	124.4	
EPS Growth 19.12% 1 month			60.11	87.17	91.27	103.11	113.07		
Yield 0.84 3 months			0	0	1.6700	3.0000	3.0000		
PE 26.5 1 year 11.70			0.00	0.00	0.53	0.97	1.04	4.3600	
PEG 1.74 3 years 21.07			2.46	3.19	4.18	4.95	5.49		
Next AGM 30/1/19 A High - last 100 trading days			26.7	1.4	-6.1	-13.3	-21.5		
Year End 30/9/17 High value £4.57½			-1.36	-0.86	-0.03	-0.01	0.01		
Finals ex-div 11/1/18 Days since 140			7.07	13.14	540.15	2,866.33	10,077.50		
Gearing incl. intang excl. Low - last 100 trading days			1.43	1.51	3.15	3.47	3.79		
Net 0.0 0.0			Op. margin	15.9	14.7	15.9	16.5	17.6	
Gross 0.0 0.0			ROCE	26.6	22.9	22.9	23.1	23.2	
Gross <5y 0.0 0.0			ROE	79.0	26.6	18.8	19.0	19.2	
Gross <1y 0.0 0.0			Norm EPS (p)	6.8020	10.120	11.320	13.600	16.200	
Dividend			Pre-tax profit ps (p)	8.2290	11.944	14.453	17.034	19.954	
Turnover			Cash flow ps (p)	-1.041	-0.3355	7.460	7.107	8.171	
Dividend % change			Cash ps (p)	0.13	0.55	6.05	13.14	21.31	
Turnover % change			CAPEX ps (p)	6.14	8.00	7.95	8.64	8.64	
Rank in Market			R&D ps (p)	0.00	0.00	0.00	0.00	0.00	
In Sector			Quick ratio	0.85	2.18	4.35	5.15	6.87	
Turnover			Current ratio	1.26	2.96	5.44	6.11	9.03	
EPS Growth			Net gear inc	222.0	2.6	0.0	0.0	0.0	
Dividend Yield			Gross gear inc	223.1	3.5	0.0	0.0	0.0	
PE			Gross gear ex	18.8	3.5	0.0	0.0	0.0	
ROCE			Gross gear <1yr inc	-1.8	37.0	48.9	60.4	74.6	
ROE			NTM (£m)	12.0	54.9	66.7	78.2	92.3	
EMS			NAV (£m)						
Operating Margin									

In fact, a glance at the key financial metrics within one of the charting software programmes used, showed rising turnover, earnings and profits; zero borrowing, decent cash-flow and return on equity. **What wasn't to like?**

Enter charting, known as technical analysis:



This chart is a 1-year history of the daily share price of Patisserie Holdings plc, kept simple by only showing the rising trend-channel and two moving averages, the 50 and the 200, which smooth out the price move whilst providing support and resistance. Also overlaid is our **Buy**, **Neutral** and **Sell** indicator panels.

The **first clue of a possible trend change** was at June 2018, when the share price moved out of the trend-channel, appeared to have completed a 5-wave move higher thereby suggesting a 3-wave correction, plus the colour-coded signal changed from **Buy** to **Neutral**, the first warning to exit any Patisserie investment, not that any was held by owners of this site.

A final warning was given in September 2018, weeks before the scandal was announced, as the signal turned to **Sell** plus price broke the 50 MA support.

Ironically it was also announced this week that the UK Serious Fraud Office had dropped its criminal case against Ex-Tesco PLC directors, who were tried over its 2014 accounting scandal that wiped £2BN off Tesco Plc's market value. A recent update on that "**shock**" was provided within "[Forget Fundamentals, Technicals Win](#)," penned last October. Check it out.

The moral of both examples of investor loss, and many others within our history of free knowledge-shares, is that "**charts do not lie**," price is what it is and the signals can predict likely moves.

In what is a difficult, confusing time for investors, it is worth signing up for the free analysis. **You** have nothing to lose whereas these folk did.

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