AG BARR plc

Brand-led, cash-generative and acquisitive

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2 March 2026

Brand-led, cash-generative and acquisitive

AG Barr is a leading UK beverage producer with a clear strategy for growth across its multi-brand portfolio including IRN-BRU, Rubicon and Boost. Revenue growth has reaccelerated to 5% in H226 and, with high operating margins of c.15% and excellent cash conversion, the group is well placed to grow organically and through acquisition. As recently announced, the group has acquired the complementary brands Fentimans and Frobishers for a combined £51m, adding potentially c.10% to group revenues. In this detailed report we review the attractive investment thesis for AG Barr and conclude that successful execution of management's strategy will drive a further rerating. We initiate coverage with an 800p Fair Value estimate, equating to 1.7x EV / Revenues, c.16x PER and a c.4.5% FCF yield (cal 2027).

An increased pace of innovation and marketing driving organic growth

AG Barr's expanded management team has outlined brand strategies focused on doubling the pace of new product development and expanding into healthier categories whilst increasing distribution and marketing. IRN-BRU is rebranding IRN-BRU Xtra as IRN-BRU Zero in 2026, whilst Rubicon and Boost are both seeing good growth, driven by a high level of innovation. Arguably these two versatile brands have the potential to be bigger than IRN-BRU one day.

Complemented by acquisitions into high-growth categories

Following the acquisition last summer of Innate-Essence, a functional drinks business, AG Barr has recently announced its expansion into the adult soft drinks category with the acquisitions of Fentimans for £38m and Frobishers Juices for £13m. Paying around 1x EV / Revenues, these acquisitions bring growth and synergies, enabling profitability to improve under AG Barr's ownership.

800p Fair Value per share estimate, 4.5% cal 2027 FCF yield

Management's attractive financial model is 4%-6% revenue growth p/a, 14%-16% operating margins and a high 20% ROCE, with excellent cash conversion for dividends and M&A. Trading on only 14x cal 2027 PER, a discount to peers and AG Barr's historic multiples, we see scope for a rerating as confidence in management's execution grows.

Key financials & valuation metrics

Year to 31 January (£m)	2024	2025	2026E	2027E	2028E
Revenue	400.0	420.4	437.3	456.2	480.7
Revenue growth (%)	*25.9*	*5.1*	*4.0*	*4.3*	*5.4*
Adj. PBT	50.4	58.5	65.7	69.5	74.6
Adj. PBT margin (%)	*12.6*	*13.9*	*15.0*	*15.2*	*15.5*
Adj. diluted EPS (p)	33.4	39.4	44.5	47.1	50.5
Dividend per share (p)	15.1	16.9	19.1	20.2	21.6
Net cashflow from operations	48.5	48.3	61.1	65.4	71.1
Net cash / (debt) /Adj. EBITDA (x)	0.8	0.9	0.5	0.5	0.7
EV / Sales (x, calendarised)		1.7	1.6	1.5	1.4
PER (x, calendarised)		15.8	14.9	13.9	12.9
Dividend yield (%, calendarised)		2.7	2.9	3.1	3.3
Free cashflow yield (%, calendarised)		0.9	2.9	5.2	6.0

Note: forecasts pre Feb-26 acquisitions; Source: Company data, Equity Development, Priced as at 26/2/26

Company data

EPIC	BAG
Price (last close)	696p
52 weeks Hi/Lo	728p/586p
Market cap	£772m
ED Fair Value / share	800p
Net cash / (debt) 2026E	£56m
Avg. daily volume (3m)	210k

Share price, p

Source: Investing.com

Description

A.G. Barr p.l.c. ("AG Barr") is a UK-focused multi-beverage business with a portfolio of market-leading brands including IRN-BRU, Rubicon, Boost and FUNKIN (these four comprising c.75% of revenues in FY26).

Established in 1875, AG Barr has grown to £437m revenues with adj. operating margin of c.15% (FY26). In 2025/2026 AG Barr has further extended its range in functional wellness and adult soft drinks with the acquisitions of Fentimans Ltd, Frobishers Juices Ltd and Innate-Essence Limited (50.1%), producer of The Turmeric Co. and Raw Hydrate.

Next event

FY26 results - 31 March 2026

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AG Barr: Investment attractions overview

Investment Highlights

- AG Barr is a UK focused beverage brand builder with an impressive track record of consistent, profitable and cashflow generative growth over the past 20 years: driving 6% CAGR in revenues from £127m to £420m and 7% CAGR in Adj. PBT from £15.6m to £58.5m (FY05-FY25).
- Key to AG Barr's success is its differentiated business model offering 1) a diversified range of drinks brands and ability to acquire brands; 2) a track record of building those brands; 3) an integrated supply chain and 4) a UK focus.
- Experienced consumer leader Euan Sutherland joined as CEO in 2024 and has expanded the senior leadership team, bringing in talent from other consumer companies to work with established leaders within the group to increase the pace of innovation, expand distribution, grow market share and drive even greater efficiencies in its manufacturing processes.
- The group's financial model commitment is 5% revenue growth (4%-6%), 14%-16% operating margin and 20% ROCE, with an ambition to double in size. This model enables strong brand reinvestment, capacity expansion and consistent cash generation to fund acquisitions and dividends.

Risk Factors

- Price competition from larger, global competitors that would mean AG Barr would need to invest in gross margin to protect its price differential.
- Cost inflation, particularly in sugar, packaging and energy costs, lasting for longer or at a higher rate than expected, impacting profit margins if not able to pass on to consumers as higher prices (there has been significant food and beverage inflation already).
- Supply chain disruption.
- Regulation changes, especially around sugar taxes, and any potential regulation around use of sweeteners, although AG Barr has already successfully adapted to higher sugar taxes with a c.50% reduction in sugar in (reformulated) products.
- Changing consumer trends towards healthier products and risks to perceptions of any brands in the portfolio, along with brand concentration risk, though brand diversification, new product development and acquisitions help offset this.
- Technology disruption and other risks to brand reputation.

Forecast Drivers

- We forecast 4.6% Revenue CAGR FY25-FY28E (pre recent acquisitions) led by the rebrand of IRN-BRU Zero, product innovation across brands, particularly in healthier and functional drinks, increased marketing and greater distribution.
- We assume the savings from increased manufacturing insourcing and production efficiencies are reinvested back into marketing, leading to stable operating margins of c.15% and Adj. PBT CAGR of 9% FY25-FY28.
- We expect c.80% of Adj. PBT to convert to post-tax cashflow from operations yielding £135m of cumulative free cashflow FY26E-FY28E to pay dividends and invest in M&A (including £13m for Frobishers and £38m for Fentimans).

Valuation Overview

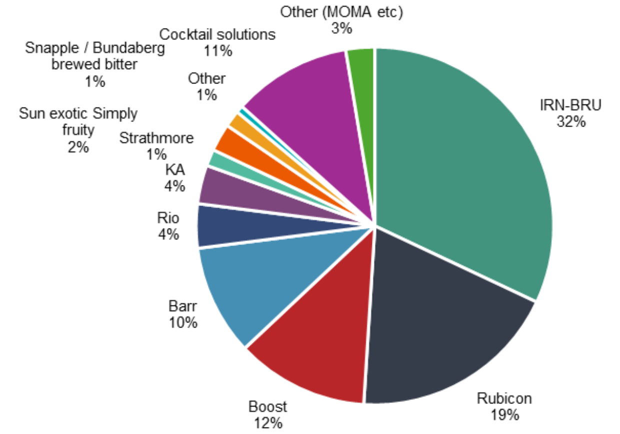
- AG Barr is trading on 1.5x 2027 EV / Revenues, c.8x 2027 EV / Adj. EBITDA, c.14x 2027 PER, and offers a c.3% dividend yield and a c.5% FCF yield.
- This is significantly below its historic average valuation multiples of c.2x EV / Revenues, 11x EV / EBITDA, just under 20x PER and a c.5% FCF yield. It also trades at a discount to the average of our peer group of 7 beverage groups.
- With two recent acquisitions and a reacceleration in revenue growth in H226 we anticipate AG Barr to continue to rerate as investor confidence in growth increases. **We initiate coverage with a Fair value estimate of 800p per share, equating to c.16x 2027 PER, c.9x 2027 EV / EBITDA and a c.4.5% FCF yield.**

Accelerating innovation driving diversified brand growth

Strategy to reaccelerate growth across multiple brands

- AG Barr's history dates back 150 years to 1875 with its iconic brand IRN-BRU launched in 1901. However, following the acquisition of Rubicon in 2008 and Boost in 2022, IRN-BRU, whilst still central, has fallen from 45% of revenues in FY21 to less than a third of group revenues in FY26E.
- The group has a proven ability to build brands and has expanded into fast-growing functional wellness, sports and adult soft drinks (most recently through the acquisitions of Innate-Essence, Fentimans and Frobishers).
- Led by CEO Euan Sutherland who joined in 2024, AG Barr has expanded its management team and set out to double the pace of innovation and new product development across all its brands, leading to its financial commitment of 4%-6% revenue growth p/a, 14%-16% operating margin and 20% ROCE.

An increasingly diversified portfolio of brands

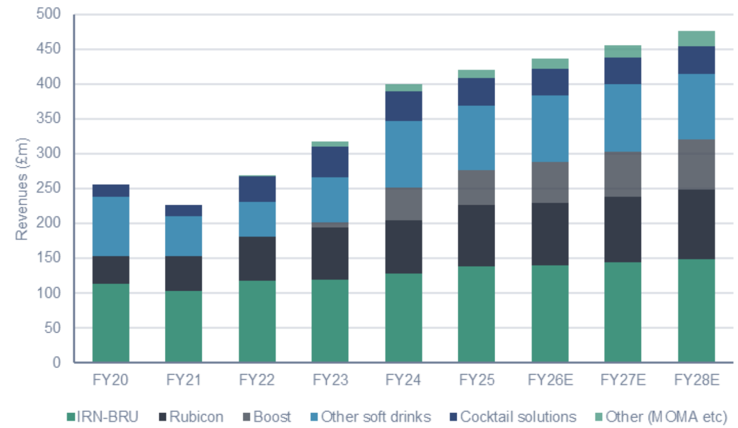


Source: Company data (split of FY24 revenue), Equity Development

Pace of new product launches doubling 2023-2026

Source: Company data

Revenue growth to reaccelerate to 4%-6% after 3% in H126



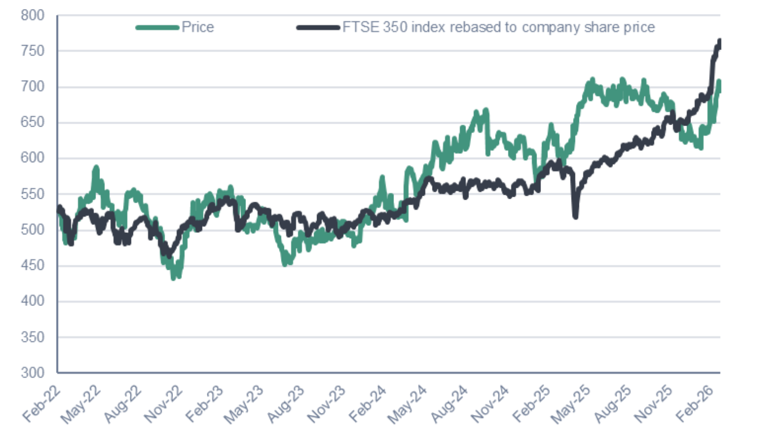
Note: excluding Fentimans and Frobishers; Source: Company data, Equity Development

A well invested, highly cash generative and acquisitive business

A strong balance sheet and ability to invest for growth

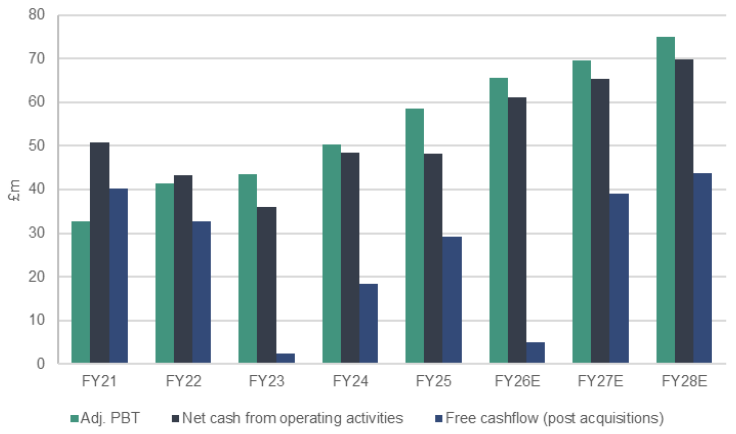
- AG Barr's attractive business model not only drives high margins and ROCE but excellent cashflow generation. With net cash post leases of c.£40m (FY26E, after spending £57m on capex and M&A) and annual cash generation from operations of c.£65m+ (from FY27E), management can invest in the group's production capabilities and technology (c.£40m in FY27E and £25m-£30m p/a from FY28E), return c.£20m in dividends (a 2026 yield of c.3%) and continue to make acquisitions which fit the group's criteria.
- In our opinion, AG Barr can be rerated as investor confidence in revenue growth increases. **We initiate coverage with a fair value estimate of 800p per share, equating to c.16x 2027 PER, c.9.5x 2027 EV / EBITDA and a c. 4.5% FCF yield.**

Recent acquisitions drive AG Barr's share price back up



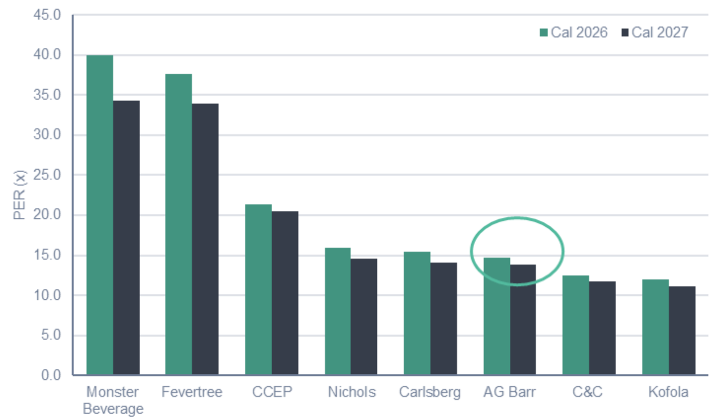
Source: Investing.com; Equity Development

High cash conversion - flexibility for dividends and M&A



Source: Company data, Equity Development

Trading on <15x 2027 PER, below historic average of 20x



Source: Company data, Equity Development

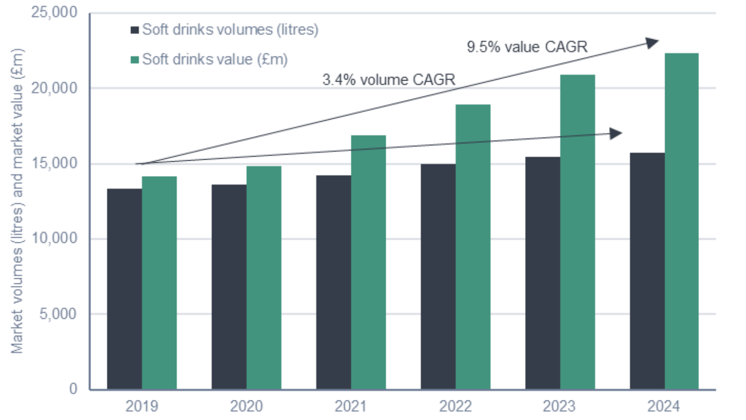
Why invest?

An increasingly diversified range of drinks brands, operating in a large and thriving industry

Well-placed to win further market share

- AG Barr's purpose is to "build great brands, for everyone", with a vision to "be loved for our brands and trusted for our behaviours".
- Operating across the UK's large and growing £22bn soft drinks sector, AG Barr's total market share is less than 2%, giving plenty of scope to grow.
- Management's ambition is to double in size and then grow again from there, using the five-point strategy described below.
- As we detail in the growth by brand section below, management's focus is on accelerating the pace of new product development ("NPD"), particularly in healthier and wellness drinks, increasing marketing to support NPD and brand relaunches, investing its manufacturing processes across its end-to-end supply chain for increased efficiencies, and using the significant cashflow generated from operations to reinvest in the business and bolt-on acquisitions whilst also paying progressive dividends.

A large and growing £22bn soft drinks industry in the UK



Source: British Soft Drinks Association 2025 Annual Report, Equity Development

AG Barr's five strategic priorities to drive growth

1. More from the core soft drinks brands (IRN-BRU, Rubicon and Boost).
2. Excellence in sales & marketing – growth through increasing distribution and using more data, AI and digital media to improve marketing effectiveness.
3. Supply chain leverage – increasing capacity and capabilities from existing sites and driving efficiencies.
4. Accelerate customer-centric innovation – in channels, categories, brands and technology.
5. M&A – disciplined, value creating, M&A across brands and sectors.

Multiple distribution channels, with opportunity for growth

Source: Company data, Equity Development

Acquisition strategy to "buy & build" brands

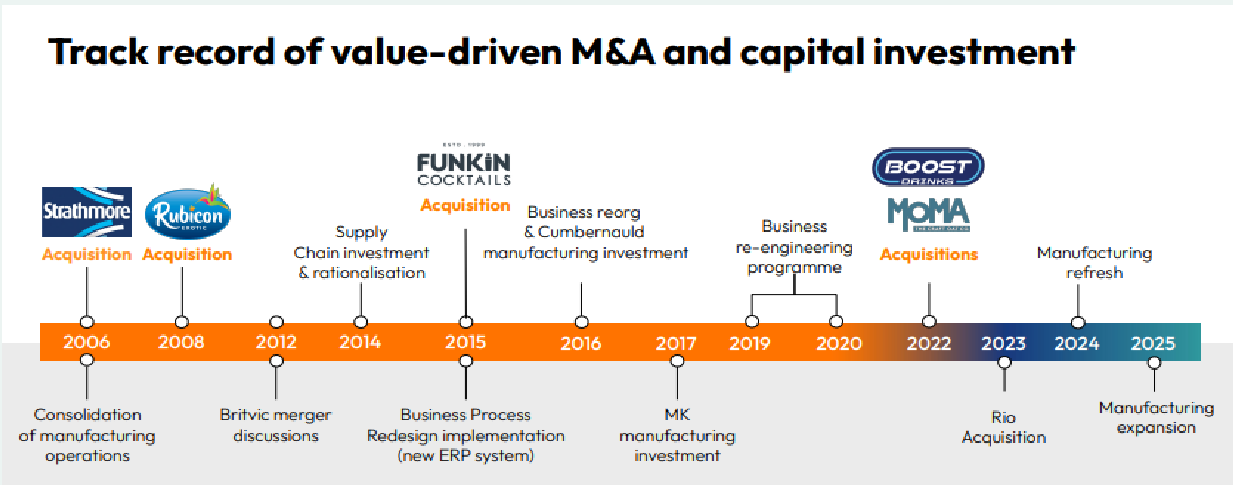
Nine select brand acquisitions since 2006

- Before discussing AG Barr's core brand growth strategies, we focus on the group's strong track record of buying small brands and building them – from the acquisition of Rubicon in 2008 to Boost and MOMA in 2022.
- These acquisitions have typically extended the group's reach into faster growing segments, such as sports & energy drinks and plant-based milks and reduced the group's reliance on IRN-BRU.
- In July 2025 the group made a £16.7m investment (£14.7m + £2m earn-out, for 50.1% stake) in Innate-Essence, makers of "The Turmeric Co." shots and "Raw Hydrate", extending the group's presence in functional wellness drinks.

What management looks for in bolt-on acquisitions

- M&A target characteristics: 1) FMCG branded; 2) beverage focus; 3) bolt-on; and 4) UK bias.
- M&A drivers: 1) significant growth potential; 2) synergies and 3) operational leverage.
- **We do not expect the pace of acquisitions to be smooth but, in theory, we anticipate that AG Barr could generate c.£20m+ free cashflow after c.£25m capex and c.£20m dividends from FY27E which if used for bolt-on acquisitions, bought at c. 1x EV/Revenues, could add c.4% p/a to revenue and ultimately adj. PBT.**

AG Barr's timeline of acquisitions and capital investment (up until June 2025)



Source: Company data

2026 complementary acquisitions of Fentimans and Frobishers

AG Barr pays c. 1x EV / Revenues for c.£40m-£50m sales

- Continuing this track-record, on 3rd February AG Barr announced two more acquisitions. Both acquisitions take AG Barr into the fast-growing adult soft drink category that is benefitting from the consumer trend of reduced alcohol consumption (for a variety of reasons).
- The group has paid £38m cash for Fentimans Ltd ("Fentimans", deal completed 2 February), makers of premium "botanically-brewed" soft drinks and mixers, paying c.1x EV / Revenues, though a minority of revenues are in loss-making international markets that AG Barr may discontinue. Key products include flavoured tonic waters, ginger beer and rose lemonade (attracting a high 75% 5* ratings on Amazon from over 7,500 reviews).
- We estimate that Fentimans could be AG Barr's 6th largest brand (for comparison, competitor Fever-Tree made £108m revenues in the UK, FY25).

Fentimans' "botanically-brewed" adult soft drink range

Source: Company website Fentimans | Home of Botanically Brewed Beverages

Adj. PBT likely to build under AG Barr's ownership

- In addition, AG Barr has paid £13m for Frobishers Juices Ltd ("Frobishers", deal completed January 2026). Frobishers makes premium fruit juices and soft drinks and, like Fentimans, attracts high ratings on Amazon. Their range of drinks is complementary to Fentimans with limited overlap.
- We estimate that AG Barr has also paid around 1x EV / Revenues for Frobishers. We understand both companies made around £1m PBT but we anticipate that adj. operating margins are likely to trend towards the group average of c.15% under AG Barr's ownership.
- Management will give guidance on their expectations for revenue and margin build at their FY26 results on 31 March 2026.

Frobishers' premium fruit juices and soft drinks

Source: Company website Frobishers | Fruit Juices, Sparklers & Fusion Soft Drinks

IRN-BRU rebrand to accelerate growth in 2026

Market leader in Scotland and huge opportunity in England

- IRN-BRU is AG Barr's original (since 1901), iconic brand with a unique taste made up of 32 flavours. IRN-BRU has 1.3% market share of the total UK soft drinks market and in 2024 became a top 5 national carbonate brand (for volume growth).
- An "other-flavoured carbonate" ("OFC", i.e. not cola, lemonade or a mixer), it accounts for 51% of the OFC market in Scotland but only has 5% market share of the OFC market in England & Wales.
- Hence, IRN-BRU's ambition is to scale the brand nationally, winning share from competitors such as Tango, Dr Pepper, Fanta, Monster and Red Bull.

IRN-BRU ambition is to be a top 10 UK soft drinks brand

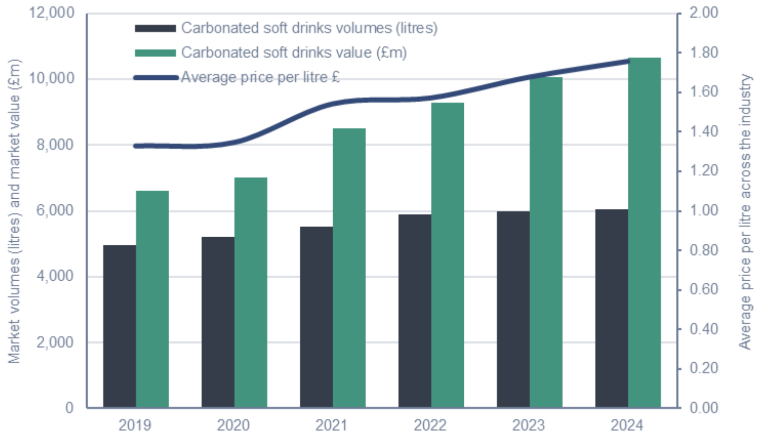
Source: Company data, Equity Development

"Great taste, great value" proposition

- OFC make up nearly 40% of the carbonate market, itself a large c.£11bn market that has been growing volumes at a CAGR of 4% (2019-2024) and value by 10%, driven by cost inflation being passed on to consumers.
- The average price per litre across the carbonate category has risen to £1.76 per litre, across different packaging formats and sizes.
- IRN-BRU increased prices in Q126 which had a short-term impact on volumes, but revenue growth improved during the rest of FY26E.
- The price architecture (before promotions) for IRN-BRU in, for example, Tesco, is £1.95 for a 500ml bottle (i.e. a single convenience serving, though often sold as part of a "meal deal") through to £4.20 for 8 x 330ml cans, equivalent to £1.59 per litre through to £2.10 for a 2-litre bottle (£1.05 per litre, the best value format).

Source: Tesco website 31 January 2026

Operating in the large and resilient carbonated category



Source: British Soft Drinks Association 2025 Annual Report, Equity Development

Strategy: "Challenger mentality" and increased innovation

IRN-BRU's 4-part strategy involves:

1. Driving desire for the brand through a UK wide trial (1 million samples a year, 50% of 16-34s who try the sample then become drinkers – in FY25 40% of IRN-BRU was sold in England after another year of 10%+ growth).
2. Renaming its low-calorie version from Xtra to Zero (Xtra proved to be confusing; Zero has more clarity and is aligned with the market); rebrand in 2026.
3. Stretching the brand with new flavours – have had success with limited editions on sale such as Raspberry Ripple IRN-BRU Zero and Wild Berry Slush; looking to add permanent new flavours in 2026 with a £3m+ revenue opportunity per new flavour in Year 1.

A full range and rebrand from Xtra to Zero

Source: Company data

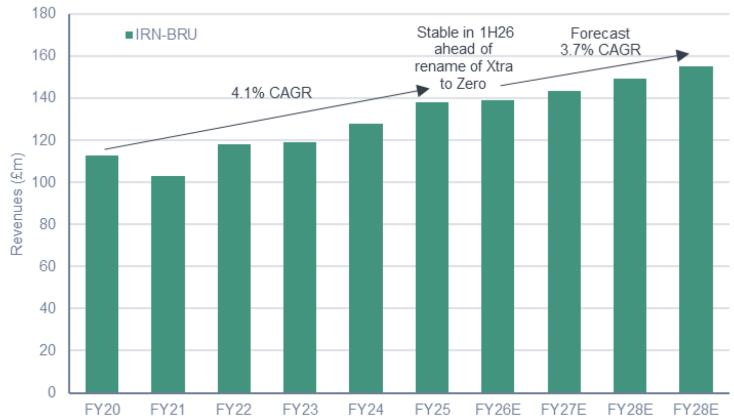
Increased social media marketing too

4. Winning the hearts and minds of Gen Z with more social media engagement, e.g. 100k followers on TikTok and 10m views on TikTok content, 114k followers on Instagram and some innovative campaigns, e.g. new product development for Burns night - a collaboration for IRN-BRU ice-cream - see IRN-BRU ice-cream, served with deep-fried mars bar of course!

- Taking the 4 pillars of the strategy together, we anticipate that after flat growth in H126 and "modest" growth in H226 (we estimate 1%-2%) growth will return to 3%-4% p/a from FY27E as the strategy delivers results and market share wins across England & Wales.

Source: Company data, Instagram

Ambition for IRN-BRU is 4%-6% sales growth p/a to £180m



Source: Company data, Equity Development

Rubicon innovation and versatility driving growth

The "unboring" exotic flavour brand with huge potential

- Rubicon (0.8% market share) also operates in the £4bn+ OFC market but also spans the £2bn+ "Still & juice drinks" category, the £2bn+ "Fruit juice" category and the fast-growing £4bn+ "Sports and energy drinks" market…
- …as the brand offers a full range of sparkling and still juice based drinks as well as flavoured waters and energy drinks "RAW".
- Rubicon's differentiated position is its high juice content and "big bold exotic flavours" (e.g. mango, passion fruit and lychee), whilst new product development is also adding some more mainstream flavours.
- AG Barr's strategy is to accelerate Rubicon's visibility and drive brand awareness as 1 in 3 flavoured carbonate drinkers are yet to discover the brand.

Source: Company data from Kantar

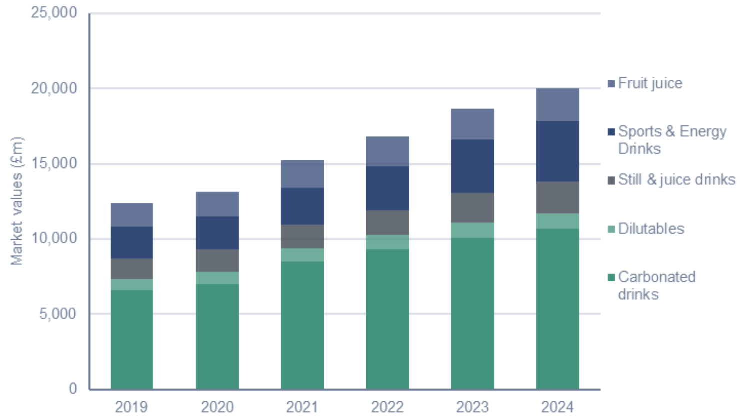
The fastest growing OFC in the UK (17% CAGR)

Source: Company data, Equity Development

Lots of product innovation: e.g. into clear flavoured waters

Source: Company data

Rubicon is a versatile brand spanning a £20bn+ market



Source: British Soft Drinks Association 2025 Annual Report, Equity Development

Increased marketing and distribution to reaccelerate growth

- Having grown revenues 17% in FY25, and at a CAGR of 17% since FY19, Rubicon's growth slowed in H126 to 1% as price increases led to a reduction in volumes but picked up in H226 to report good growth for the year.
- As a high fruit juice brand, the sugar tax had considerable impact. Products have been reformulated, and NPD has focussed on healthier options such as flavoured waters (Spring Vits and Rubicon Twist) and dilutable squash (competition to Robinsons).
- More Rubicon products are now available in more supermarkets (Tesco, ASDA, Morrisons, Sainsburys, Waitrose), and in some cases have increased share by moving from the World Foods aisle to the core drinks aisle. With greater visibility and marketing support we expect growth of 5%-6% p/a.

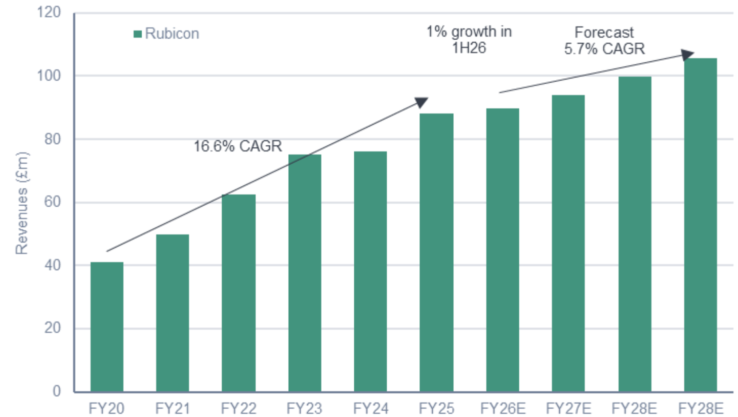
Rubicon has potential to be the biggest brand in the group

Source: Company data

A dilutable real fruit squash coming in early 2026

Source: Company data, Equity Development

Rubicon's impressive 17% CAGR; next ambition £120m



Source: Company data, Equity Development

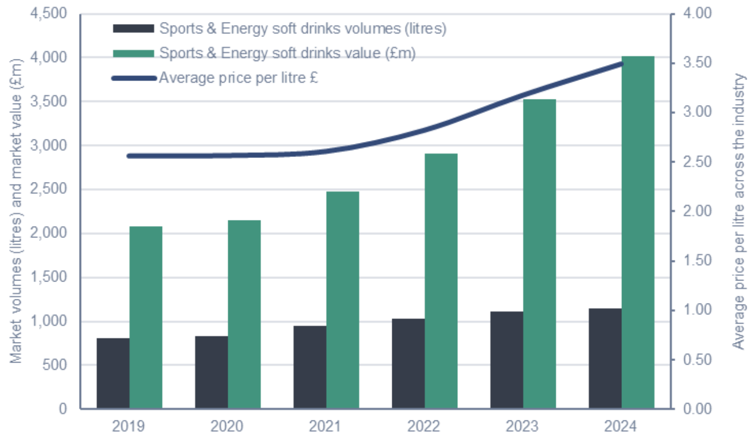
Boost value and innovation in the fast-growing sports & energy sector

Buy & build a brand strategy in action

- Boost is AG Barr's third largest brand with c£55m revenues. Having acquired Boost in December 2022, this is a strong example of AG Barr's buy & build a brand strategy as revenues have grown rapidly since pre-acquisition.
- Boost is a great value functional drinks brand competing in the fast-growing "Energy & Sports" £4bn+ category. The brand, which competes against Lucozade, Powerade and others, grew 22% in FY24 but growth paused in FY25 to review prices and increase profitability.
- Growth resumed at 17% in H126 and has been very good for FY26E as the brand has started expanding into grocery (e.g. at Morrisons) becoming the UK's no 2 sports drink and no 3 energy stimulation drinks brand[1].

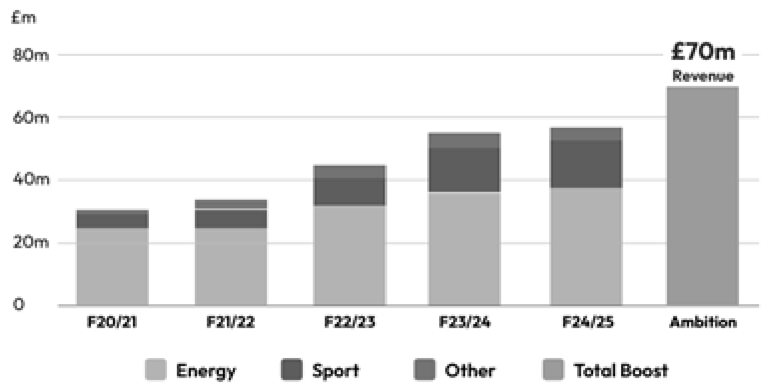
Source: [1] Company data from Circana Total Market Unit Sales

Operates in the fast growing £4bn+ energy drinks sector



Source: British Soft Drinks Association 2025 Annual Report, Equity Development

From c.£30m revenues pre-acquisition to c.£60m in FY26E



Source: Company data

Much more new product development to come

Source: Company data

Boost offers great value in a premium, high-price category

- Boost has also expanded its multipack offerings as well as adding new pack designs, supported by the ""There's a Boost for that!" marketing campaign.
- The brand's price architecture, at Morrisons, is £1 for a 500ml bottle, significantly below Lucozade at £1.75-£1.85 depending upon product. Boost is also sold in a 4 x 250ml can pack for £2.50 (equivalent to £2.50 per litre), and in a 24 x 250ml can pack for £11 (equivalent to £1.83 per litre), significantly below the average £3.50 per litre for sports and energy drinks across the category.
- For H226 and into FY27 Boost is adding new products such as Boost Water + Electrolytes and new hydration powders. It is an attractive and thus competitive segment of the market, but AG Barr is increasing distribution.

Source: Morrisons website 1st February 2026

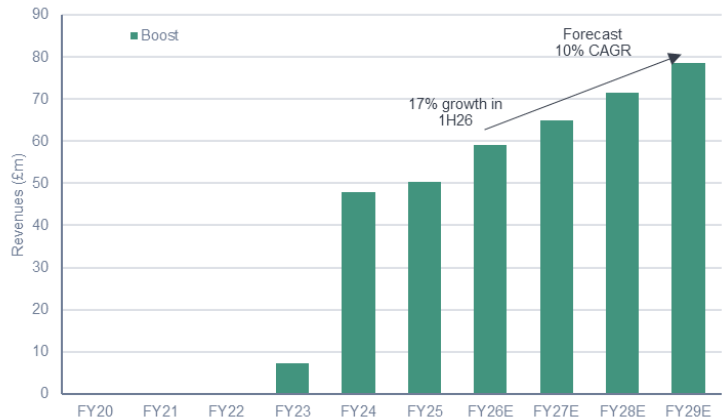
New water & electrolyte products and powders

Source: Company data

£70m medium-term ambition, potential for more than that

- At AG Barr's Capital Markets event in June 2025, management gave a medium-term aim of £70m revenues for Boost.
- We anticipate the insourcing of manufacturing Boost will complete in FY27E and together with the NPD and increased brand awareness (through marketing and greater distribution channels) we expect Boost to continue its high growth path.
- Hence, we are forecasting 10% CAGR in revenues to £70m in FY28E and more growth to come after that.

Forecasting 10% revenue growth p/a



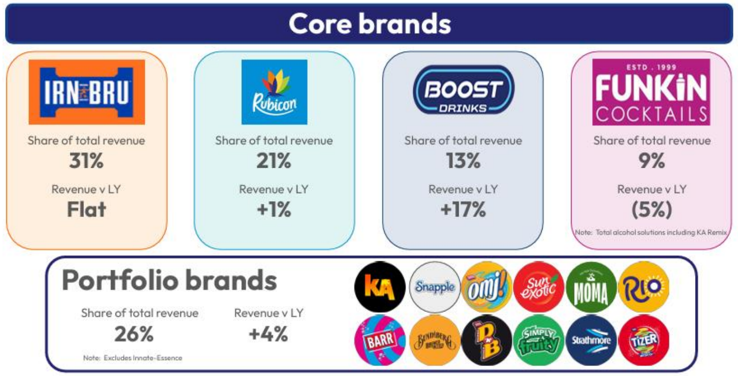
Source: Company data, Equity Development

FUNKIN RTD cocktails and other brands

Leveraging group skills across smaller brands too

- FUNKIN cocktails is AG Barr's fourth largest brand, accounting for 9% of group revenues and it has grown to be the UK's no.1 cocktail brand in the ready-to-drink ("RTD") sector within grocery channels. However, on-trade sales (c. 50% of FUNKIN's revenue) declined in FY26 due to ongoing weakness in the pubs sector, leading to a decline in FUNKIN's revenues in FY26 (we assume similar to the -5% reported for H126).
- The group's other brands balance innovation (such as the KA Remix launch, MOMA's new oat-based products) with financial discipline.
- The sale of Strathmore was completed in July 2025 for £1.75m.

FUNKIN Cocktails and Portfolio brands comprise 35%

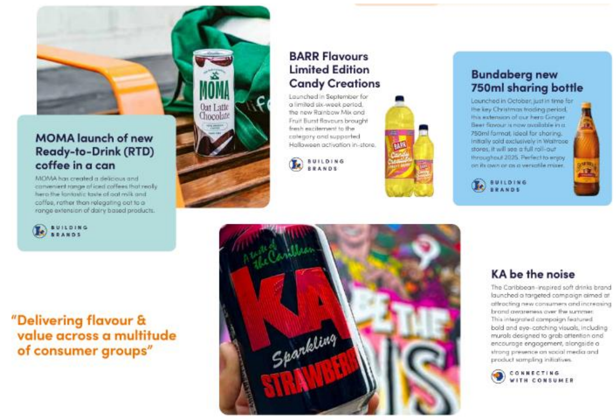


Source: Company data

FUNKIN targeting growth through wider distribution

Source: Company data

Innovation across other portfolio brands too



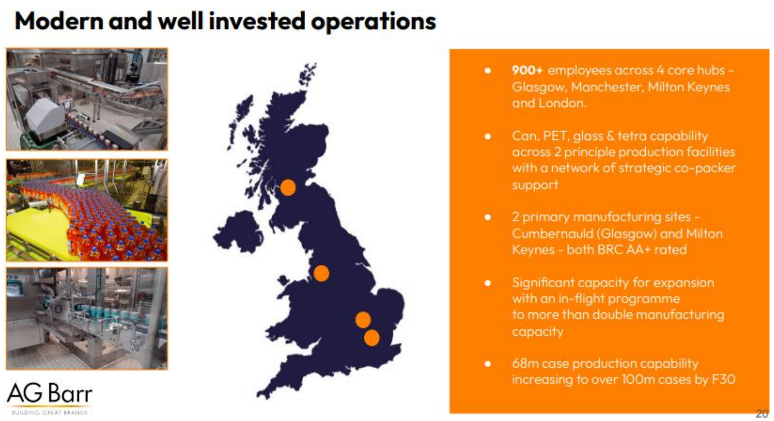
Source: Company data, Equity Development

Supply chain in "better shape than ever"; driving manufacturing leverage to support growth

A sophisticated end-to-end supply chain

- From buying in 4,000 tonnes of mangoes a year from India to producing 120,000 cans per hour, AG Barr's integrated supply chain is complex.
- Led by Chief Supply Chain Officer Karl Donnan, who joined AG Barr in 2020 having spent over 20 years at Unilever (finally as Global Supply Chain Director for their €4bn savoury category), management has stepped up investment in its two manufacturing sites in Cumbernauld and Milton Keynes since the drop during the COVID pandemic (FY21/ FY22).
- For example, the new high speed can line is due to complete at Cumbernauld in early 2026 and plans for expanding capacity at Milton Keynes in H227 are well underway.

2 primary manufacturing sites with capacity to expand



Source: Company data

A planned program of capex investment…

Source: Company data

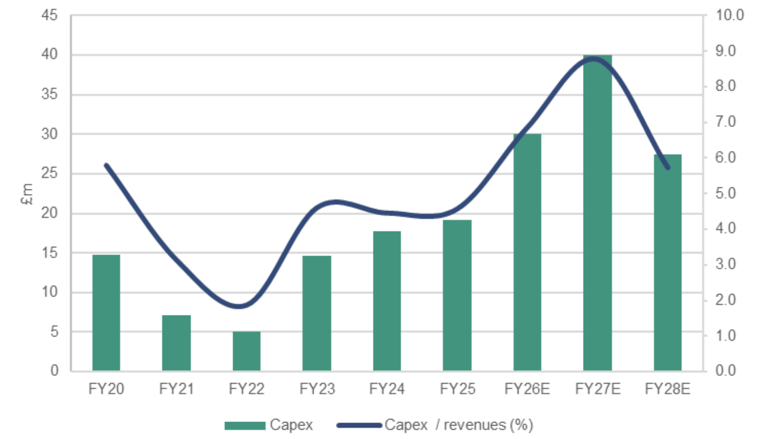
…which also supports the group's sustainability ambitions

Source: Company data

Achieving double-digit OEE improvements

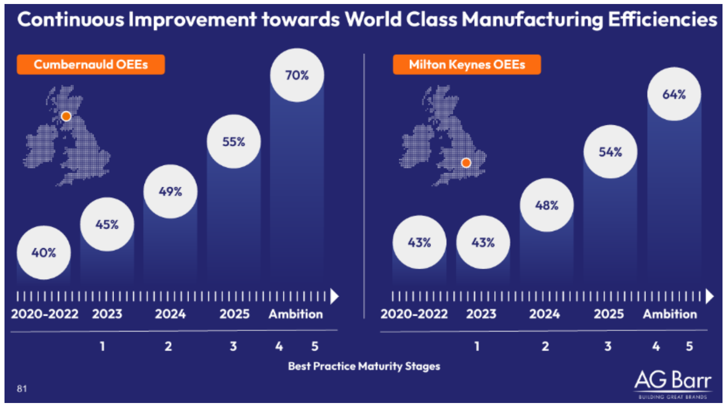
- AG Barr reported a further 10% improvement in manufacturing performance in H126 ("OEE" – overall equipment effectiveness) and gross margin improved 190bps (due to a combination of factors).
- It is also encouraging to note the improvements in several non-financial KPIs including:
    1. the accident incident rate (number of accidents (RIDDOR) per 1,000 employees) has fallen from a peak of 9.0% in FY21 to 2.0% in FY25; and
    2. an improvement in water usage (water being a key ingredient) – FY25 saw a 12.2% improvement in water usage versus the FY21 baseline and achieved a ratio of 1.72 litres of water per litre of product produced, exceeding their target.

c.£100m p/a capital investment program (FY26E-FY28E)



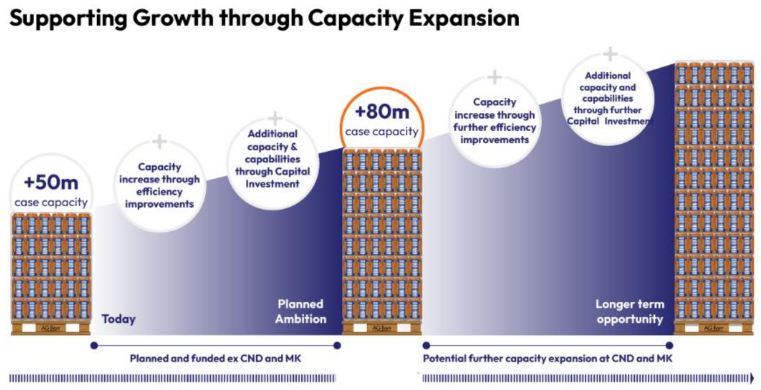
Source: Company data, Equity Development

…to drive efficiency improvements…



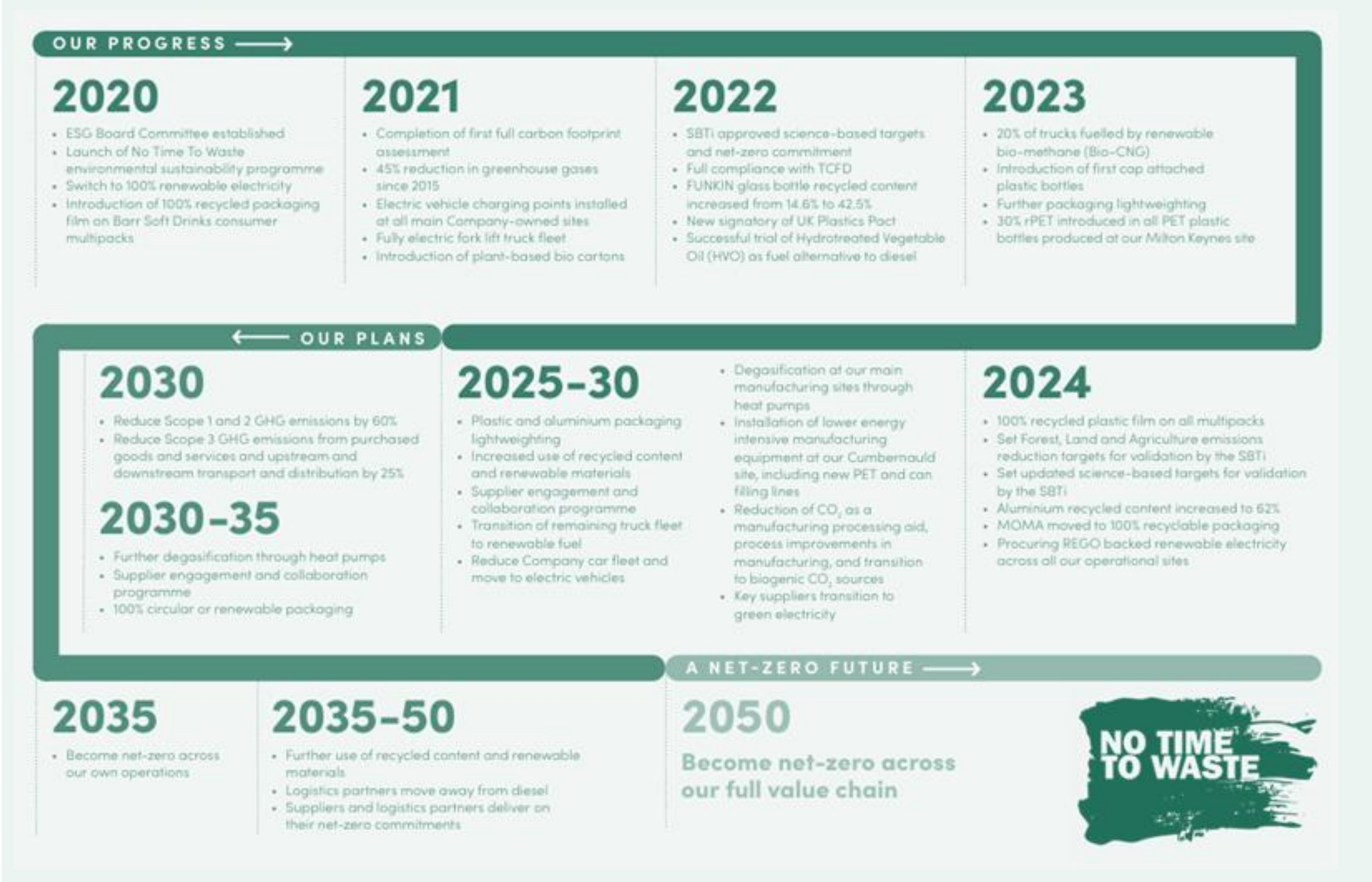
Source: Company data

…and increase capacity to support revenue growth



Source: Company data

Summary of AG Barr's Sustainability progress and plans



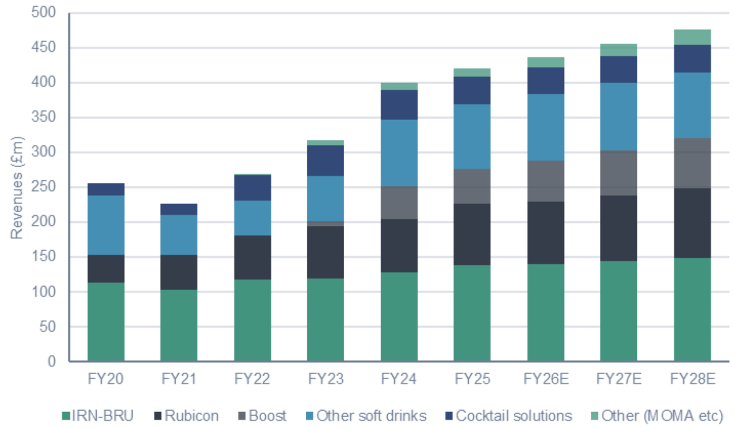
Source: Company data

Revenue growth and strong profit margins drives 9% CAGR in Adj. PBT and 20%+ ROCE

Operating efficiencies mostly reinvested into growth

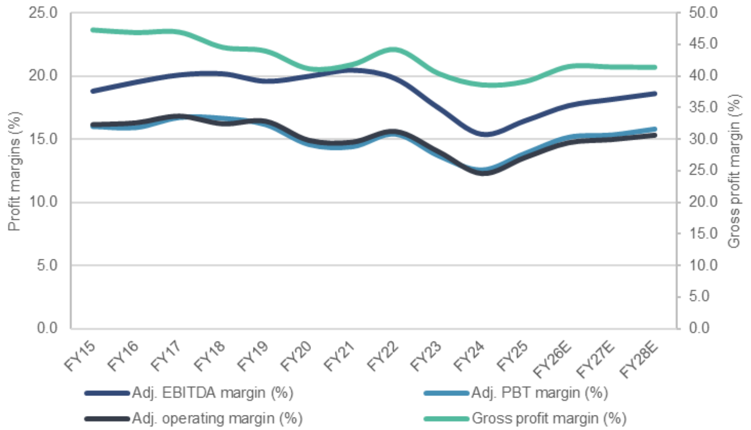
- The cumulative impact of our revenue growth assumptions by brand leads us to forecast 4%-4.5% p/a to reach c.£480m in FY28E with higher growth at Boost and Rubicon offset by stable revenues for FUNKIN.
- We assume adj. operating margin rises c.30bps p/a to 15.3% in FY28E as production and administration efficiencies come through, though this could be fully reinvested into marketing to drive revenue growth.
- As a result, we forecast c.9% CAGR in adj. operating profit to £73.5m in FY28E and c.8.5% CAGR in adj. PBT to c.£75m in FY28E.
- We also forecast Adj. ROCE (on the company's definition) staying around 20% (FY25-FY28E).
- NB our forecasts are before the benefit of Fentimans and Frobishers.

Forecasting 4.6% revenue CAGR…



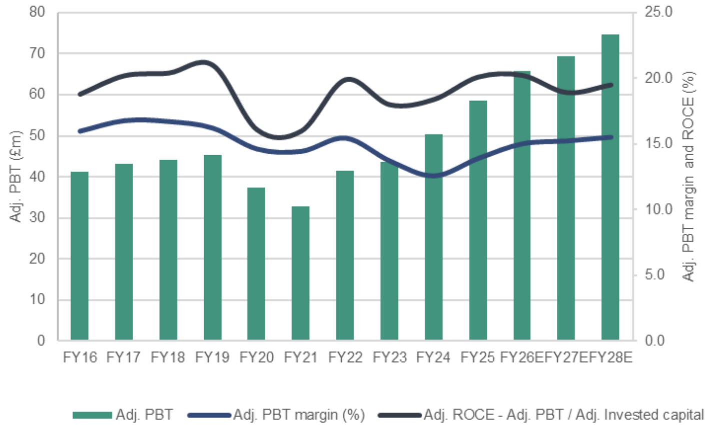
Source: Company data, Equity Development

…and c.15% adjusted operating margin…



Source: Company data, Equity Development

…driving c.8.5% CAGR in Adj. PBT (FY25-FY28E) and ROCE



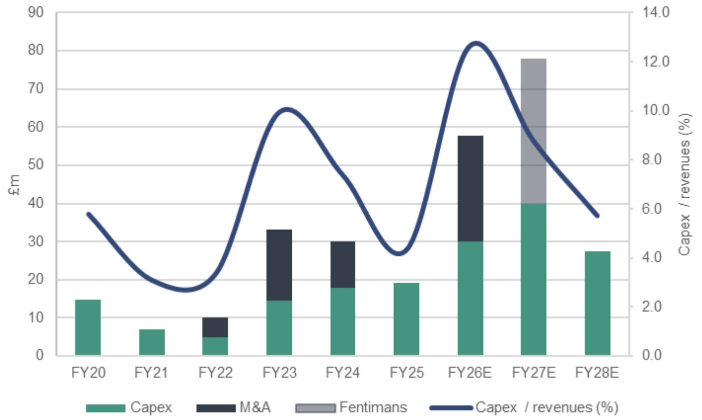
Source: Company data, Equity Development

High profit to cash conversion driving dividends and cash available for M&A

Excellent profit to cash conversion allows for investment

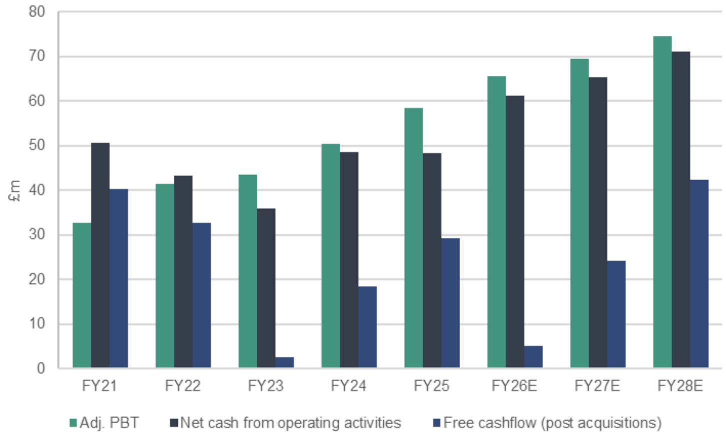
- As already mentioned, investing in the business – in people, in manufacturing capacity and processes, and in technology (inter alia) has been management's priority, and capital expenditure has risen to £30m in FY26E.
- However, given typically 80%-100% of Adj PBT converts to net cash from operating activities (estimated at c.£60m+ from FY26E), this leaves room for capex (expected to be £40m in FY27E and £25m-£30m p/a from FY28E)
- ...and a progressive dividend (c.£20m p/a)
- ...leaving c.£20m of net cashflow from FY27E which could be used for value-accretive M&A, as already discussed, and noting again we do not expect the pace of bolt-on acquisitions to be smooth (e.g. Fentimans for £38m in FY27E).

£25m-£30m capex from FY28E; track record of acquisitions



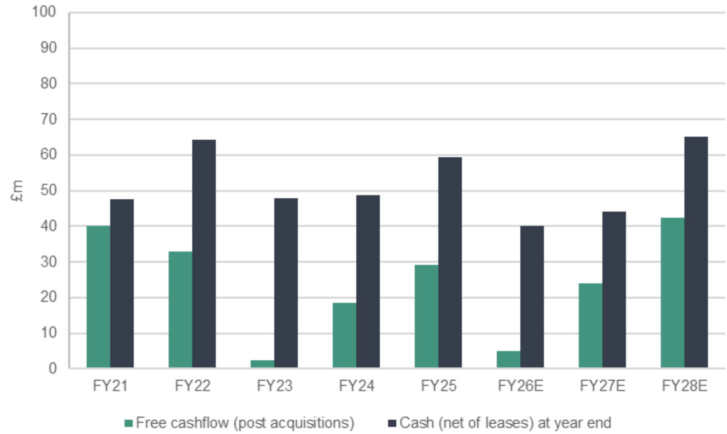
Source: Company data, Equity Development

Almost 100% of Adj. PBT converts to operating cashflow…



Source: Company data, Equity Development

…leading to net cash building



Source: Company data, Equity Development

Led by an expanded Executive team

AG Barr's Board and Executive Leadership team

- **Euan Sutherland** was appointed CEO of AG Barr in May 2024. He is an experienced leader having been CEO of Saga plc, Superdry plc and The Co-op Group and Group COO of Kingfisher plc. Euan has a background in global FMCG brands including at Mars and Coca-Cola and has been a non-executive director ("NED") of Britvic plc. Euan is also a Director of the British Soft Drinks Association and a NED of B&M European Value Retail SA.

- **Stuart Lorimer, Chief Finance and Operating Officer** joined AG Barr in January 2015 as Finance Director. A chartered accountant, Stuart spent 22 years at Diageo, latterly as the Finance Director for Diageo's Global Supply Chain. Stuart is also NED of Fevara plc.

- **Susan Barratt, Interim Chair**, was appointed a NED in January 2018 and Senior Independent Non-Executive Director in May 2020, before being appointed Interim Non-Executive Chair in January 2026. Susan is a Chartered Accountant with considerable operational and commercial experience within the FMCG industry having spent the early part of her career in senior finance roles at Geest plc, Whitbread plc and Laurel Pub Company. Subsequently Susan was CEO at Eldridge Pope plc, Natures Way Foods Limited and the IGD and was also Non-Executive Chair of Higgidy Limited. Susan is Non-Executive Chair of Plant-Ex Ingredients Ltd.

- For details of AG Barr's other Non-executive Directors: **Louise Smalley, Nick Wharton, Zoe Hanworth, Julie Barr** and **Rohit Dhawan**, please see: Our Board - AG Barr.

- In addition to the CEO and CFO, the Executive leadership team comprises **Karl Donnan**, Chief Supply Chain Officer, who joined in January 2020 (ex-Unilever), **Dino Labbate**, Chief Commercial Officer, who joined in 2024 (ex-Britvic and others), **Alison Gowen**, Chief People Officer and **Julie Barr** as Chief Legal and Sustainability Officer. For more detail please see: Barr Soft Drinks Exec Team - AG Barr

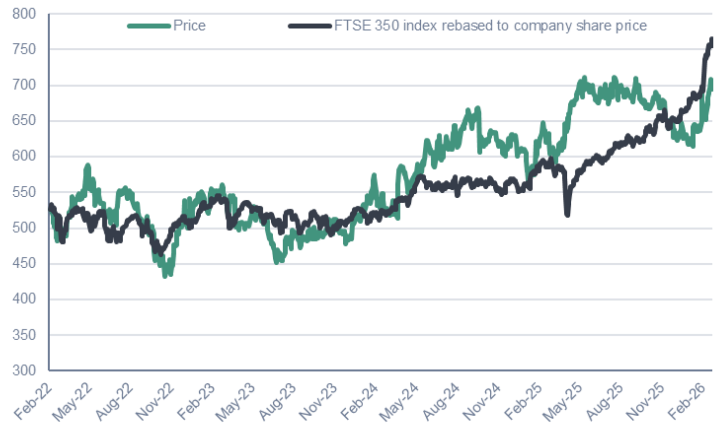
Source: Company data

Valuation considerations – trading at discount to historic multiples

Comparable beverage companies – UK and international

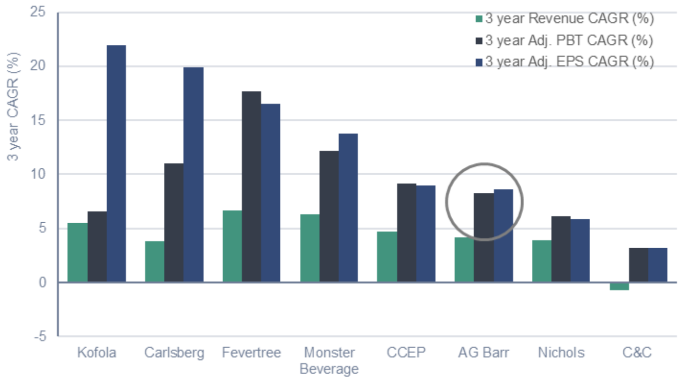
- In our view, investors tend to value consumer stocks on peer group multiples looking out 1-2 years to account for different growth rates.
- However, peer group valuations move around through an economic cycle, as do DCF valuations which are sensitive to the assumed discount rate. It can also be difficult to accurately reflect the probability of unpredictable events that can particularly impact consumer stocks (such as COVID, wars inducing high inflation, supply chain disruption, budget changes etc).
- Our peer group for AG Barr includes seven competitor drinks brands manufacturers and distributors, some UK focused and others international. They have in common (mostly) good revenue and earnings CAGR (average 4% and 13%), mid-teens operating margins and strong balance sheets.

Recent acquisitions drive AG Barr's share price back up



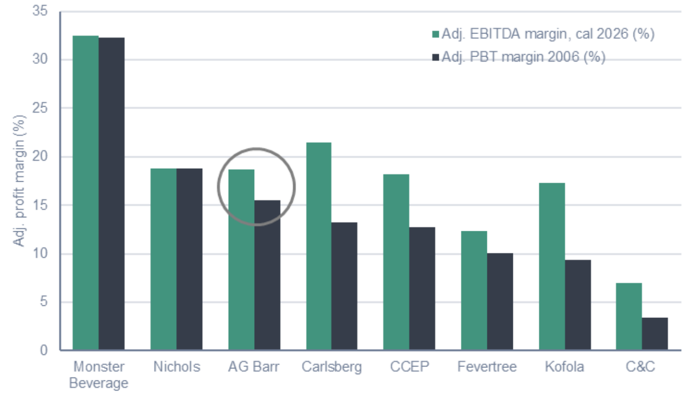
Source: Investing.com, Equity Development

AG Barr and peers offer good revenue and profit growth…



Source: Koyfin for consensus forecasts, Equity Development

…and high profit margins



Source: Koyfin for consensus forecasts, Equity Development

- UK listed comparators include:
  1. Fevertree, producer of premium tonic water and mixers;
  2. Nichols, producer of Vimto and other drinks brands;
  3. C&C Group, producers of alcoholic drinks such as Bulmers, Tenants, Magners and others; and
  4. Coca-Cola Europacific Partners, who manufacture and distribute Coa-Cola, Fanta and Sprite in 31 markets outside of the US.
- International listed comparators include:
  1. Czech Republic-based Kofola CeskoSlovensko, a leading producer of non-alcoholic drinks in Central and Eastern Europe;
  2. Monster Beverage Corporation, the US-based owner of Monster Energy and other sports and energy drinks; and
  3. Denmark-based Carlsberg, which we include, though primarily a beer brand, because it acquired Britvic soft drinks in January 2025 for £3.3bn and hence now produces competitor brands such as Tango, J20, Fruit Shoot and Robinsons, among others.

Selected Beverage Company Growth and Margin Metrics

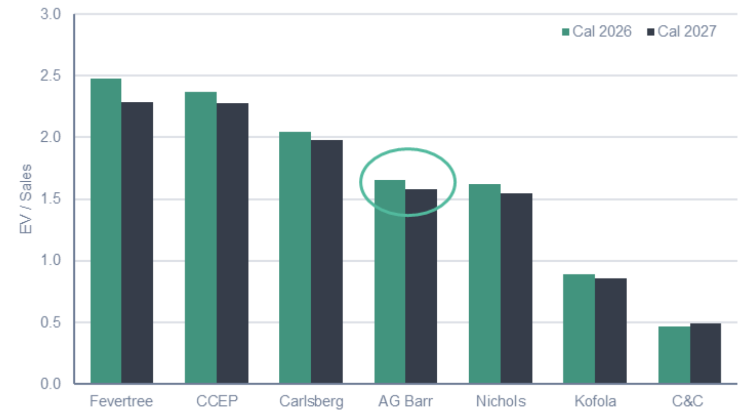
Company	Share price	Market cap	Enterprise Value	3-year CAGR (%)				EBITDA margin	PBT margin	FCF / revenues	Net debt / EBITDA	ROCE
	p / local currency	£m	£m	Sales	EBITDA	PBT	EPS	Cal 26, %	Cal 26, %	Cal 26, %	FY+1, x	Last FY
C&C	116.6	429	636	-2.4	1.2	0.5	0.0	7.0	3.4	2.9	2.2	5.2%
CCEP	7990	35,778	44,456	3.6	6.1	8.7	7.3	18.2	12.7	8.6	2.5	8.5%
Fevertree	953	1,099	1,003	6.2	8.7	16.6	16.6	12.3	10.1	9.5	-2.2	7.9%
Nichols	954	349	290	3.9	6.8	6.1	5.9	18.8	18.8	13.3	-1.9	19.1%
Carlsberg	984	15,327	22,073	3.9	5.9	10.9	19.7	21.5	13.3	9.2	2.9	9.2%
Kofola	478	367	367	5.7	7.6	6.8	22.3	17.3	9.4	8.2	0.0	9.6%
Monster Beverage	86.7	62,756	60,445	6.6	14.0	12.3	13.6	32.5	32.3	22.4	-0.9	20.7%
Average (all)				**3.9**	**7.2**	**8.9**	**12.2**	**18.2**	**14.3**	**10.6**	**0.4**	**11.5%**
AG Barr	694	770	720	**4.2**	**9.5**	**8.2**	**8.6**	**18.6**	**15.5**	**9.1**	**-0.6**	**12.3%**

Note: All profits are adjusted for exceptionals; Source: KoyFin, Equity Development (share prices at 26th February 2026)

Trading at a discount to historic multiples; Fair value 800p

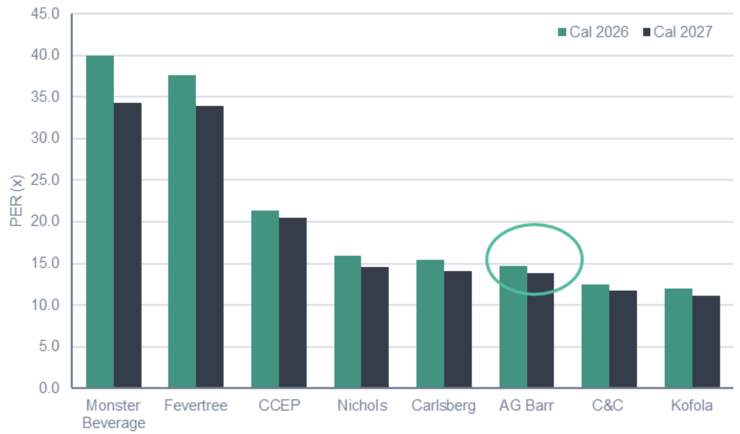
- AG Barr has historically traded at higher average valuation multiples: e.g. EV / Revenues has averaged 2x; EV / EBITDA has averaged 11x and PER has averaged just under 20x (all averages for 2015-2025).
- With the announcement of two more brand acquisitions in the fast-growing adult soft drinks category (Fentimans and Frobishers) and the reacceleration of organic sales growth in H226 and into FY27E, we believe AG Barr's growth prospects are not fully reflected in its current rating.
- **Hence our 800p fair value estimate per share is based on a combination of valuation metrics: 16x cal 2027 PER, still a discount to historic multiples, and a c. 4.5% 2027 FCF yield (similar to historic average).**

AG Barr's 1.6x 2027 EV/Sales less than peers…



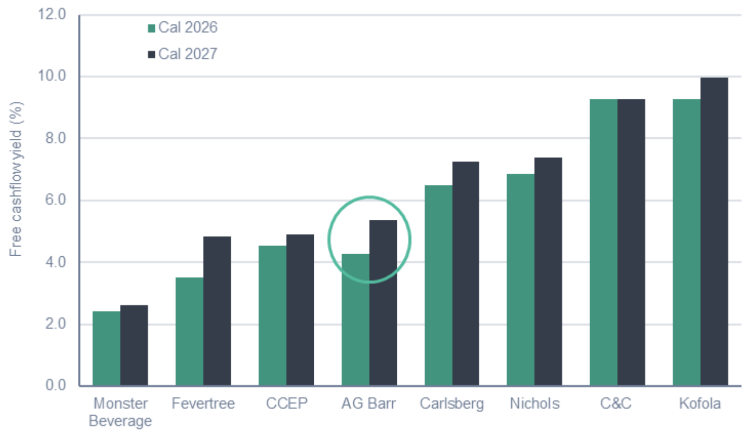
Source: Koyfin for consensus forecasts, Equity Development

…and under 15x 2027 PER…



Source: Koyfin for consensus forecasts, Equity Development

…whilst offering good cashflow and dividends



Source: Koyfin for consensus forecasts, Equity Development

- The valuation multiples below show that higher profit margins, growth rates and ROCE are typically rewarded with higher valuation multiples, as you would expect.
- Monster Beverage's much higher multiples reflect its US listing, its particularly high adj. PBT margin of over 30% and high 21% ROCE, as well as its net cash position, and historic high growth rate (12% CAGR in revenues 2015-2024), reflecting its focus on the fast-growing energy and sports drinks sub-sector. In contrast, C&C Group's lower valuation multiples reflect its lower growth rate and lower profit margins, as well as its net debt position.
- **Our 800p fair value estimate per share for AG Barr reflects its growth prospects, high margins and net cash. It is based on a combination of valuation metrics, noting that our forecasts are pre the benefit of the Fentimans and Frobishers acquisitions which we estimate could add c.10% to group revenues and Adj. PBT, post synergy benefits:**
    1. c.16x cal 2027 PER, still a discount to historic multiples;
    2. 1.7x cal 2027 EV / Revenues, also still a discount to historic multiples and some peers;
    3. c.9.5x cal 2027 EV / EBITDA, also still discount to historic multiples and some peers;
    4. and a c.4.5% 2027 FCF yield (our forecast, similar to historic average).

Selected Consumer Company Valuation Metrics

Company	EV/Sales (x)		EV/ EBITDA (x)		Mkt cap / PBT (x)		PER (x)		PEG	DPS yield (%)	FCF yield (%)	
	2026	2027	2026	2027	2026	2027	2026	2027	2026	2026	2026	2027
C&C	0.5	0.5	6.7	6.7	9.4	9.3	12.5	11.7	3.6	4.3	9.3	9.3
CCEP	2.4	2.3	13.8	13.0	16.7	14.9	21.4	20.5	2.2	2.2	4.5	4.9
Fevertree	2.5	2.3	22.6	20.1	31.0	26.9	40.0	34.3	2.3	1.8	3.5	4.8
Nichols	1.6	1.6	9.5	8.6	10.9	10.3	14.7	13.8	2.6	3.5	6.9	7.4
Carlsberg	2.0	2.0	10.1	9.5	12.2	10.7	15.5	14.0	0.8	2.9	6.5	7.3
Kofola	0.9	0.9	5.7	5.1	11.6	9.5	12.0	11.1	0.5	4.4	9.3	10.0
Monster Beverage	9.0	8.3	30.9	27.7	32.3	28.8	37.6	33.9	2.6	0.0	2.4	2.6
Average (excl. Monster)	**1.6**	**1.6**	**11.4**	**10.5**	**15.3**	**13.6**	**19.4**	**17.6**	**2.0**	**3.2**	**6.6**	**7.3**
Average (all)	**2.6**	**2.5**	**14.2**	**13.0**	**17.7**	**15.8**	**22.0**	**19.9**	**2.1**	**2.7**	**6.0**	**6.6**
AG Barr	**1.7**	**1.6**	**9.3**	**8.5**	**11.9**	**10.9**	**15.9**	**14.6**	**1.8**	**2.6**	**4.3**	**5.4**
AG Barr at FV	**1.9**	**1.8**	**10.8**	**9.9**	**13.7**	**12.6**	**18.4**	**16.8**	**2.1**	**2.2**	**3.7**	**4.6**

Note: All profits are adjusted for exceptionals; all estimates are calendarised to a December year-end unless stated; Source: KoyFin, Equity Development (share prices at 26th February 2026)

Financial forecast tables and assumptions

- On 3rd February AG Barr announced a strong FY26 trading update. FY26 group revenue growth of 4% to £437m inferred H226 group revenue growth accelerated to 5% from 3.1% in H126. H126 volumes were affected by price realignment, though this eased in H226. IRN-BRU returned to modest revenue growth (with the benefits of the relaunch of IRN-BRU Zero still to come in FY27E). Meanwhile, Rubicon had a "good" performance after 1% growth in H126, and Boost continued its standout performance after 17% growth in H126. These offset the continued decline in FUNKIN cocktails as the on-trade still suffered from reduced footfall.
- **Our forecasts below currently exclude the impact of the recent acquisitions of Fentimans and Frobishers.** Management is reviewing the likely impact and will give guidance with its FY26 results on 31 March 2026. From last reported revenues, we estimate that the two acquisitions could together add £35m-£40m to revenues, in time.

Brand / divisional analysis

Year-end 31 January (£m)	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
IRN-BRU	103	118	119	128	138	139	143	149
Rubicon	50	63	75	76	88	90	95	100
Boost			7	48	50	57	63	69
Other soft drinks	57	50	65	95	92	97	98	101
Soft drinks	210	231	267	347	369	384	399	419
Cocktail solutions	17	37	43	43	40	39	39	39
Other (MOMA etc)	0	1	8	11	11	14	18	22
Total revenue	**227**	**269**	**318**	**400**	**420**	**437**	**455**	**480**
IRN-BRU	(9)	15	1	8	6	1	3	4
Rubicon	22	25	20	15	17	2	5	6
Boost				22	0	14	10	10
Other soft drinks	(33)	(12)	30	45	(3)	6	1	2
Soft drinks	(12)	10	16	30	6	4	4	5
Cocktail solutions	(5)	117	16	0	(6)	(4)	0	0
Other (MOMA etc)				28	8	27	25	25
Total revenue growth (%)	**(11.3)**	**18.3**	**18.2**	**25.9**	**5.1**	**3.9**	**4.3**	**5.4**
LFL revenue growth (ex-acquisitions)				**8.0**				

Source: Company data, Equity Development

- For FY26E we forecast a c.240bps improvement in gross margin underpinning the reported 110bps improvement in adj. operating margin to 14.7%.
- This includes the benefit of greater manufacturing insourcing which reduces the need for external manufacturing, and some reduction in raw materials costs such as sugar costs and rPET (Recycled Polyethylene Terephthalate used in packaging), which have moved past their cycle peaks.

Divisional analysis

Year-end 31 January (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Soft drinks	210.0	230.6	266.6	346.6	368.8	384.3	399.5	419.5
Cocktail solutions	17.0	36.9	42.8	42.9	40.3	38.7	38.7	38.7
Other (MOMA etc)	0.0	1.1	8.2	10.5	11.3	14.4	17.9	22.4
Total revenue	**227.0**	**268.6**	**317.6**	**400.0**	**420.4**	**437.3**	**456.2**	**480.7**
Soft drinks	88.7	103.5	109.6	135.6	145.9	161.4	169.0	178.3
Cocktail solutions	6.1	14.7	16.2	15.4	14.8	15.1	15.1	15.1
Other (MOMA etc)		0.4	2.3	3.2	3.6	4.7	6.0	7.7
Gross profit	**94.8**	**118.6**	**128.1**	**154.2**	**164.3**	**181.2**	**190.1**	**201.1**
Soft drinks	42.2	44.9	41.1	39.1	39.6	42.0	42.3	42.5
Cocktail solutions	35.9	39.8	37.9	35.9	36.7	39.0	39.0	39.0
Other (MOMA etc)		36.4	28.0	30.5	31.9	33.0	33.5	34.5
Gross profit margin (%)	**41.8**	**44.2**	**40.3**	**38.6**	**39.1**	**41.4**	**41.7**	**41.8**
Change in gross margin (bps)		239	-382	-178	53	236	23	17

Source: Company data, Equity Development

- Our forecasts below currently exclude impact of the recent acquisitions of Fentimans and Frobishers. Management is reviewing the likely impact and will give guidance with its FY26 results on 31 March 2026. From last reported revenues, we estimate that the two acquisitions could together add £35m-£40m to revenues, in time, i.e. c.9%. We estimate that both acquisitions made adj. PBT of only c.£1m, however under AG Barr's ownership we would expect average operating margins to trend towards the group average of c.15% over time (manufacturing in-sourcing, shared administration costs etc), thus potentially adding c.9% to group Adj. PBT over time.

Key group growth and margin metrics

Year-end 31 January	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Revenue growth (%)		18.3	18.2	25.9	5.1	4.0	4.3	5.4
Gross profit growth (%)		25.1	8.0	20.4	6.5	10.3	4.9	5.8
Adj. EBITDA growth (%)		14.4	4.3	10.8	12.5	11.4	7.7	7.5
Adj. Operating profit (%)		25.1	6.2	10.6	15.8	12.8	6.7	7.3
Adj. PBT growth (%)		26.5	5.1	15.6	16.1	12.3	5.8	7.3
Adj. diluted EPS growth (%)		8.8	21.8	13.3	17.7	13.0	5.8	7.3
DPS growth (%)		n/a	9.2	14.9	12.0	13.0	5.8	7.3
Gross profit margin (%)	41.8	44.2	40.3	38.6	39.1	41.4	41.7	41.8
Adj. EBITDA margin (%)	20.5	19.8	17.5	15.4	16.5	17.6	18.2	18.8
Adj. Operating margin (%)	14.8	15.6	14.0	12.3	13.6	14.7	15.0	15.3
Adj. PBT margin (%)	14.4	15.5	13.7	12.6	13.9	15.0	15.2	15.5
Distribution & selling costs / revenues (%)	15.7	15.5	15.3	13.3	12.2	13.2	13.3	13.3
Administration costs / revenues (%)	11.2	13.0	11.4	12.9	13.4	13.6	13.4	13.3
Op costs incl D&A / revenues (%)	30.0	28.3	26.5	26.0	26.8	26.7	26.6	26.5
Depreciation of PPE / sales (%)	3.9	3.1	2.6	2.4	2.1	2.2	2.5	2.8
Depreciation of ROUA / sales (%)	1.3	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Tax rate (adj.) (%)	24.4	34.7	24.1	25.4	24.6	24.6	24.6	24.6
Adj. ROCE - Adj. PBT / Adj. Inv. cap (%)	16.0	19.9	18.0	18.4	20.1	20.2	18.9	19.5
Adj PBT / net operating cash conversion (%)	*155*	*105*	*82*	*96*	*83*	*93*	*94*	*93*

Source: Company data, Equity Development

- We assume employee costs and marketing costs continued to rise in FY26E after talent investment and wage inflation (partly due to national insurance increases) and investment in several successful marketing campaigns, with more to come to support brand relaunches and new product development.
- We assume dividends rise in-line with adj. EPS growth.

Income statement

Year-end 31 January (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Group revenue	**227.0**	**268.6**	**317.6**	**400.0**	**420.4**	**437.3**	**456.2**	**480.7**
Cost of sales	(132.2)	(150.0)	(189.5)	(245.8)	(256.1)	(256.1)	(266.1)	(279.5)
Gross profit	**94.8**	**118.6**	**128.1**	**154.2**	**164.3**	**181.2**	**190.1**	**201.1**
Distribution & selling costs	(35.7)	(41.7)	(48.7)	(53.2)	(51.1)	(57.5)	(60.5)	(63.7)
Administration costs	(25.5)	(34.9)	(36.2)	(51.8)	(56.2)	(59.4)	(61.1)	(63.9)
Add back: D&A	12.9	11.2	11.0	12.3	12.2	12.8	14.5	17.0
Operating costs, Adj. ex D&A	**(48.3)**	**(65.4)**	**(73.9)**	**(92.7)**	**(95.1)**	**(104.1)**	**(107.0)**	**(110.6)**
Adj. EBITDA	**46.5**	**53.2**	**55.5**	**61.5**	**69.2**	**77.1**	**83.1**	**90.5**
Depreciation & amortisation	(12.9)	(11.2)	(11.0)	(12.3)	(12.2)	(12.8)	(14.5)	(17.0)
Adj. Operating profit	**33.5**	**41.9**	**44.5**	**49.2**	**57.0**	**64.3**	**68.6**	**73.5**
Finance costs	(0.7)	(0.4)	(0.9)	1.2	1.5	1.4	0.9	1.0
Adj. PBT	**32.8**	**41.5**	**43.6**	**50.4**	**58.5**	**65.7**	**69.5**	**74.6**
Exceptional costs	(6.8)	0.7	0.8	0.9	(5.3)	0.0	0.0	0.0
PBT	**26.0**	**42.2**	**44.4**	**51.3**	**53.2**	**65.7**	**69.5**	**74.6**
Tax	(6.9)	(14.4)	(10.5)	(12.8)	(13.5)	(16.2)	(17.1)	(18.4)
Adj. PAT	**24.8**	**27.1**	**33.1**	**37.6**	**44.1**	**49.5**	**52.4**	**56.2**
Reported PAT	19.1	27.8	33.9	38.5	39.7	49.5	52.4	56.2
No of fully diluted shares (m)	111.3	111.8	112.2	112.4	112.1	111.3	111.3	111.3
Adjusted diluted EPS (p)	**22.3**	**24.2**	**29.5**	**33.4**	**39.4**	**44.5**	**47.1**	**50.5**
DPS - ordinary (p)	0.0	12.0	13.10	15.05	16.86	19.1	20.2	21.6

Source: Company data, Equity Development

- Management has guided to £30m of capex in FY26E and we anticipate £40m in FY27E and £25m-£30m p/a thereafter. Acquisition spend includes £14.2m for Innate-Essence in July 2025 and £13m for Frobishers in January 2026. We do not yet include the £38m cash AG Barr is spending on Fentimans in FY27E as we do not include the revenues or profits.

Cashflow statement

Year-end 31 January (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Adj. EBITDA	**46.5**	**53.2**	**55.5**	**61.5**	**69.2**	**77.1**	**83.1**	**90.5**
Add back Share based payments charge	0.7	1.2	2.0	2.1	2.4	2.6	2.9	3.2
Change in inventories	(1.2)	(4.3)	(4.5)	(1.8)	4.8	0.0	(1.2)	(1.7)
Change in trade receivables*	19.8	(5.6)	(7.6)	(3.4)	(13.0)	(3.1)	(3.4)	(4.5)
Change in trade payables*	(7.1)	7.7	4.3	0.0	1.5	2.0	2.8	3.8
Change in post-employment benefits	(2.2)	(2.3)	(4.9)	0.0	(3.3)	(1.4)	(1.6)	(2.0)
Working capital movement	**9.3**	**(4.5)**	**(12.7)**	**(5.2)**	**(10.0)**	**(2.5)**	**(3.5)**	**(4.2)**
Tax paid	(10.3)	(6.5)	(6.8)	(11.7)	(9.3)	(16.2)	(17.1)	(18.4)
Exceptionals (cash)			(2.7)	(0.4)	(3.6)	0.0	0.0	0.0
Other	4.5	0.0	0.6	2.2	(0.4)			
Net cash from operating activities	**50.7**	**43.4**	**35.9**	**48.5**	**48.3**	**61.1**	**65.4**	**71.1**
Net financial interest paid	(0.3)	(0.1)	(0.1)	1.3	1.2	1.6	1.1	1.2
Interest paid on lease liabilities						(0.2)	(0.2)	(0.2)
Lease payments (principal)	(3.2)	(1.5)	(1.7)	(1.9)	(2.1)	(2.1)	(2.2)	(2.3)
Capex	(7.1)	(5.0)	(14.6)	(17.8)	(19.2)	(30.0)	(40.0)	(27.5)
Acquisitions	0.0	(5.1)	(18.6)	(12.3)		(27.7)		
Disposals	0.1	1.1	1.6	0.6	1.0	2.3		
Total capex and M&A	(7.0)	(9.0)	(31.6)	(29.5)	(18.2)	(55.4)	(40.0)	(27.5)
Free cashflow	**40.2**	**32.8**	**2.5**	**18.4**	**29.2**	**5.0**	**24.1**	**42.3**
Dividends	0.0	(13.4)	(13.9)	(14.7)	(17.2)	(19.1)	(20.1)	(21.1)
Share buy backs / equity issues	(0.1)	(0.2)	(0.7)	(2.3)	(1.7)	(5.0)		
Other								
Net cashflow	**40.1**	**19.2**	**(12.1)**	**1.4**	**10.3**	**(19.1)**	**4.0**	**21.2**

Source: Company data, Equity Development

- We forecast net financial cash of c.£45m in FY26E, post Frobishers acquisition. FY27E net cash will reduce by the £38m Fentimans acquisition.

Net debt metrics

Year-end 31 January (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Gross financial debt	(2.9)	(0.3)	(0.7)	0.0	0.0	0.0	0.0	0.0
Net cash	52.9	68.7	53.6	53.6	63.9	44.8	48.8	70.0
Net financial cash / (debt)	**50.0**	**68.4**	**52.9**	**53.6**	**63.9**	**44.8**	**48.8**	**70.0**
Leases	(2.5)	(4.1)	(5.1)	(4.9)	(4.6)	(4.6)	(4.7)	(4.7)
Total net cash /(debt) incl leases	**47.5**	**64.3**	**47.8**	**48.7**	**59.3**	**40.1**	**44.1**	**65.3**
Net financial cash / (debt) / Adj. EBITDA (x)	1.1	1.3	1.0	0.9	0.9	0.6	0.6	0.8
Total net cash / (debt) / Adj. EBITDA (x)	**1.0**	**1.2**	**0.9**	**0.8**	**0.9**	**0.5**	**0.5**	**0.7**

Source: Company data, Equity Development

- We forecast net working capital at around 8%-9% of revenues.
- After £30m of capex in FY26 we forecast £40m of capex in FY27E and £25m-£30m from FY28E, equating to c.5.7% of revenues.

Net working capital and capex metrics

Year-end 31 January (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Stock	19.3	24.2	34.7	36.5	31.7	31.7	32.9	34.6
Trade and other receivables	37.6	44.3	60.4	63.8	76.8	79.9	83.3	87.8
Trade payables and other liabilities	(43.4)	(54.0)	(72.3)	(70.3)	(73.2)	(73.2)	(76.0)	(79.9)
Net working capital	**13.5**	**14.5**	**22.8**	**30.0**	**35.3**	**38.4**	**40.2**	**42.5**
Net working capital as a % of revenue	**5.9**	**5.4**	**7.2**	**7.5**	**8.4**	**8.8**	**8.8**	**8.8**
Capex ex M&A / revenues (%)	3.1	1.9	4.6	4.5	4.6	6.9	8.8	5.7
Capex incl M&A / revenues (%)	3.1	3.4	9.9	7.4	4.3	12.7	8.8	5.7

Source: Company data, Equity Development

Balance sheet: Assets								
Year-end 31 January (£m)	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Property, plant and equipment	96.4	93.8	102.5	109.0	118.0	136.0	164.7	178.6
Right of use assets	2.5	4.2	5.4	5.2	5.0	5.2	5.5	5.7
Goodwill	35.4	36.4	38.3	41.6	41.6	63.3	63.3	63.3
Other Intangible assets	55.1	62.2	77.9	88.8	87.6	94.4	93.1	91.9
Investment in jv's and associates	0.8	0.7	0.7					
Retirement benefit surplus			2.4	3.2	6.8	8.2	9.8	11.8
Trade and other receivables	1.0	1.5	1.5					
Non-current assets	**191.2**	**198.8**	**228.7**	**247.8**	**259.0**	**307.1**	**336.5**	**351.3**
Inventories	19.3	24.2	34.7	36.5	31.7	31.7	32.9	34.6
Trade and other receivables	37.6	44.3	60.4	63.8	76.8	79.9	83.3	87.8
Other financial (derivative) assets			0.1	0.0	0.2	0.2	0.2	0.2
Current tax assets	0.7	0.3		0.0	0.4	0.4	0.4	0.4
Cash & cash equivalents & s/t investments	52.9	68.7	53.6	53.6	63.9	44.8	48.8	70.0
Assets held for resale	0.4			0.0	0.9	0.9	0.9	0.9
Current assets	**110.9**	**137.5**	**148.8**	**153.9**	**173.9**	**157.9**	**166.6**	**193.9**
Total assets	**302.1**	**336.3**	**377.5**	**401.7**	**432.9**	**465.0**	**503.0**	**545.2**

Source: Company data, Equity Development

Balance sheet: Liabilities								
Year-end 31 January (£m)	**2021A**	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Bank overdraft & s/t loans	(2.9)	(0.3)	(0.7)	0.0	0.0	0.0	0.0	0.0
Trade payables and other liabilities	(43.4)	(54.0)	(72.3)	(70.3)	(73.2)	(73.2)	(76.0)	(79.9)
Lease liabilities	(1.1)	(1.3)	(1.5)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Current tax liabilities			(0.7)	(0.7)	0.0	0.0	0.0	0.0
Provisions	(1.9)	(2.0)	(0.8)	(0.5)	(1.1)	(1.1)	(1.1)	(1.1)
Other financial liabilities	(0.1)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Current liabilities	**(49.4)**	**(57.8)**	**(76.1)**	**(73.6)**	**(76.4)**	**(76.4)**	**(79.2)**	**(83.1)**
Capital employed	**252.7**	**278.5**	**301.4**	**328.1**	**356.5**	**388.6**	**423.8**	**462.1**
Bank borrowings						0.0	0.0	0.0
Lease liabilities	(1.4)	(2.8)	(3.6)	(3.1)	(2.8)	(2.8)	(2.9)	(2.9)
Deferred tax liabilities	(14.6)	(21.5)	(28.2)	(32.3)	(36.0)	(36.0)	(36.0)	(36.0)
Post employment benefits	(7.9)	(1.0)				0.0	0.0	0.0
Other financial (derivative) liabilities				0.0	(0.1)	(0.1)	(0.1)	(0.1)
Contingent consideration		(5.0)	(0.8)			(2.0)	(2.0)	(2.0)
Non-current liabilities	**(23.9)**	**(25.3)**	**(31.8)**	**(35.4)**	**(38.9)**	**(40.9)**	**(41.0)**	**(41.0)**
Non-controlling interest in equity						(7.8)	(7.8)	(7.8)
Net assets	**228.8**	**253.2**	**269.6**	**292.7**	**317.6**	**339.8**	**375.0**	**413.3**
Shareholders' funds	**228.8**	**248.2**	**268.8**	**292.7**	**317.6**	**339.8**	**375.0**	**413.3**

Source: Company data, Equity Development

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