

Mobile momentum builds; shares look underrated

AO has announced a UK-wide partnership with Timpson whereby customers can trade-in their old smartphones to one of Timpson's 1,300 stores and receive the trade-in value within 15 minutes. This exciting initiative follows a successful 4-month trial and marks another significant step forward in AO's mobile strategy, following its recent launch of "Switch24". Offering 13% CAGR in Adj. EPS (FY25-FY28E) and trading on only c.15x cal 2027 PER, we believe AO is still materially underrated.

musicMagpie launches "Take it to Timpson" national partnership

AO's acquisition of musicMagpie in December 2024, for just £10m equity, extended AO's mobile proposition into refurbished smartphones, catering for customers wanting value and, importantly, a sustainable choice. Hence, making it easier for customers to trade-in their old phones makes strategic sense, particularly when consumer research shows 73% of UK adults have at least one unused smartphone at home, worth £250 on average. We anticipate musicMagpie's new partnership with Timpson will be a win for consumers, particularly the 68% of consumers preferring to trade-in their devices in person, a win for musicMagpie as their stock of smartphones increases, and a win for AO.

AO driving innovation, value and improved profitability in mobile

The c.£10bn UK mobile market is highly competitive but strategically important for AO. [As reported in November](#), AO has renegotiated its contracts with the MNOs and accelerated the turnaround of musicMagpie, leading to improved profitability. In addition, AO launched "Switch24", a market-first proposition enabling 5* members the opportunity to buy the latest iPhones, from £17 per month, interest-free for 24 months, and upgrade every two years with a "value-lock" on the trade-in value. In our view, these initiatives collectively add choice, value and sustainability to AO's evolving mobile offer that will lead to more 5* members and greater share of wallet.

Trading on only c.15x cal 2027 PER; Fair Value 170p

On adjusted estimates (detailed on page 9) we forecast that AO will generate over £140m cumulative FCF FY26E-FY28E and a 13% CAGR in Adj. EPS FY25-FY28E. Yet it trades on only c.15x cal 2027 PER, which we believe significantly undervalues AO's growth prospects. Our unchanged 170p Fair Value per share equates to c.5% cal 2027 FCF yield.

Key financials & valuation metrics

Year to 31 Mar (£m)	2024A	2025A	2026E	2027E	2028E
Revenue	1,039.4	1,137.6	1,260.2	1,332.8	1,419.5
Revenue growth (%)	-8.7	9.4	10.8	5.8	6.5
Adj. PBT	34.4	43.5	49.6	53.3	62.8
Adj. PBT margin (%)	3.3	3.8	3.9	4.0	4.4
Adj. diluted EPS (p)	4.1	5.3	6.0	6.4	7.6
Adj. EPS growth (%)	111	27	14	8	18
Free cashflow*	31.8	23.2	49.7	42.9	50.1
Net cash / (debt) ^ /Adj. EBITDA (x)	(0.5)	(0.5)	(0.0)	0.3	0.7
EV / Sales (x, calendarised)	0.6	0.5	0.5		
EV / Adj. EBITDA (x, calendarised)	8.9	8.1	7.1		
PER (x, calendarised)	18.8	17.2	14.9		
Free cashflow* yield (%, calendarised)	6.7	6.9	7.5		

* pre-acquisitions; ^ including leases; Source: Company data, Equity Development, Priced as at 29/1/26

Company data	
EPIC	LSE: AO
Price (last close)	109p
52 weeks Hi/Lo	117p/83p
Market cap	£611m
ED Fair Value / share	170p
Net cash / (debt) 2026E	£(2m)
Avg. daily volume (3m)	426k

Share price, p


Source: Investing.com

Description

Founded in 2000 by CEO John Roberts, AO World ("AO") is the leading online retailer of major domestic appliances ("MDA") such as washing machines and fridges with 16% market share.

The company also sells a wide variety of small domestic appliances ("SDA"), televisions ("AV"), mobile phones, consumer electricals and laptops. With a focus on brilliant service and two-person delivery, installation and recycling, the group has received over 930,000 Trustpilot reviews with an impressively high average score of 4.9/5. The group has also invested in its own recycling centre.

Next event

FY26 trading update, Mar 2026 tbc
FY26 results 17 June 2026

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The musicMagpie / Timpson partnership

7 in 10 consumers prefer to trade-in their smartphone in person...so now customers can trade-in at 1,300 Timpson stores

- AO has announced that its subsidiary musicMagpie (one of the UK's leading recommerce operators which it bought in December 2024 for c.0.2x EV / Revenues and c.3.5x LTM EV / EBITDA) is partnering with Timpson to give customers a faster and more convenient way to trade-in their old smartphones.
- Research from Censuswide (nationally representative survey conducted 28 Nov - 1 Dec 2025) shows that 73% of UK adults have at least one unused smartphone at home (and we suspect many have more than that). Based on an average trade-in value of £250 per phone, that implies c.£10bn worth of smartphones are sitting in homes unused.
- The research also shows that 68% of consumers prefer to trade in their devices in person, whilst c.25% say that receiving payment immediately is very important – a key factor of the new proposition.
- Hence, following a successful 4-month trial, the new offer is now available in over 1,300 Timpson stores across the UK, enabling customers to hand over their device in-store, have it assessed in front of them and have funds transferred within minutes.

“Take it to Timpson” new proposition



TIMPSON
Great Service by Great People



musicMagpie

How our phone trade-in works

No posting, no fuss. Start your order on musicMagpie, bring your phone to a Timpson shop, and get paid for your device instantly!



Get your quote online
Visit musicMagpie to get an instant price for your phone and complete your trade-in.
[Sell Your Phone >](#)



Choose a Timpson drop-off location
At checkout, simply select the Timpson option and find your nearest participating shop.
[Sell Your Phone >](#)



Bring your phone to us
Our in-store colleague will confirm your details and carry out a few quick checks on your phone.
[Sell Your Phone >](#)



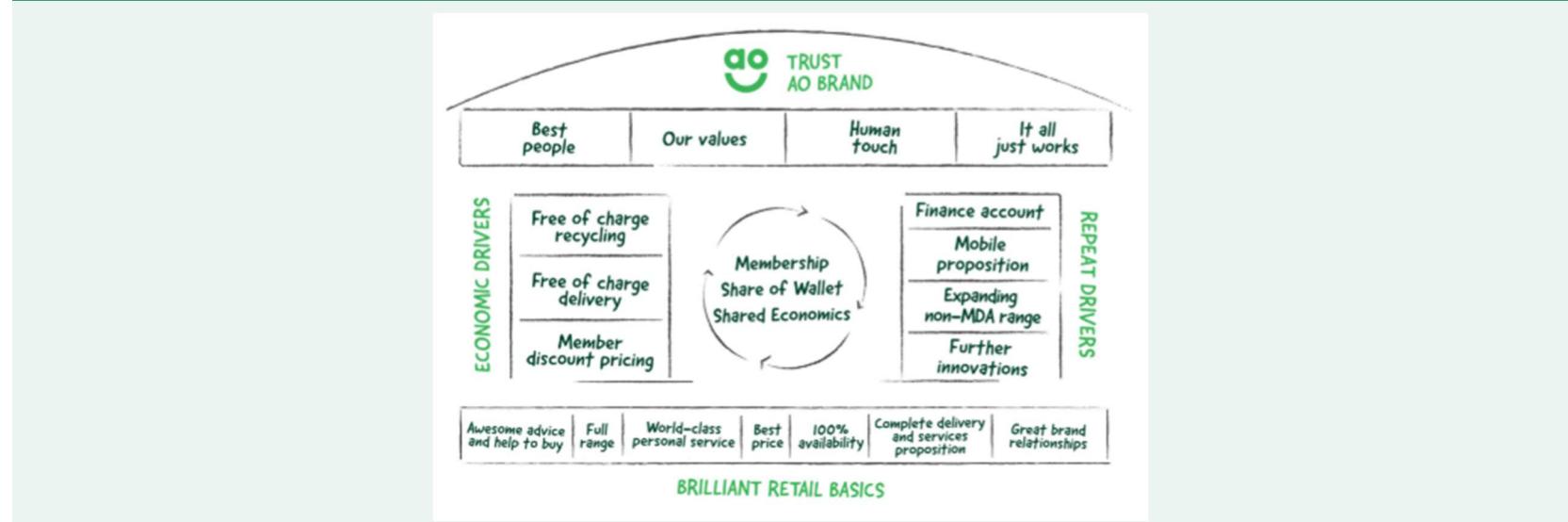
Get paid fast
Once we've accepted your trade-in, musicMagpie will send payment within just 15 minutes!
[Sell Your Phone >](#)

Source: Company data

Benefits for consumers, Timpson, musicMagpie and AO

- The new proposition gives consumers more choice on how to trade-in their smartphones, augmenting musicMagpie's existing SMARTDrop Kiosk trade-in points, many in Asda stores, but critically giving customers face-to-face interaction.
- Timpson staff have been trained on the process and the musicMagpie system guides both staff and customer through the process for assessing the phone and receiving the appropriate trade-in value, thereby taking some of the risk out of the process (making it "safe, simple, secure", with the trade-in phone fully insured for its quoted value).
- At present, the service is available for a wide range of Apple and Samsung models, including iPhone 14, 15 and 16 and Samsung Galaxy S23, S24 and S25 (and more may be added, if they can support an IOS security update).
- The result should be a win for consumers – with an easier, more convenient, less risky way to trade-in their unused smartphones for immediate payment, particularly at a time when many are feeling the seasonal financial squeeze...
- ...and a win for Timpson, who benefit from greater footfall and a service fee...
- ...and a win for musicMagpie, as they attract more smartphones they can refurbish and resell, and thus a win for AO as they generate more customer touch points.
- Importantly, the partnership deepens AO's circular economy offering, including reuse, refurbishment and recycling across all electricals categories.

AO's group strategy centred around excellent customer service, increasing customer touch points and driving share of wallet



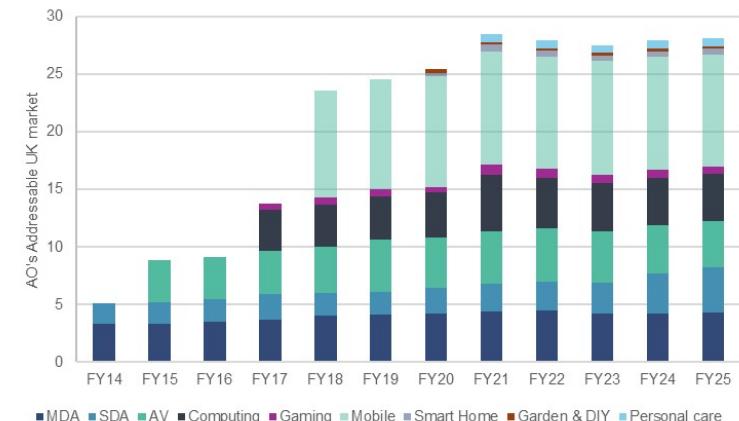
Source: Company data

AO's mobile strategy – key to customers and growing in profitability

A large and strategically important, but competitive, market

- Customers know AO for its market leadership (16% share) in major domestic appliances ("MDA", i.e. washing machines, dishwashers and the like), but AO has extended its range and since 2018 AO has operated in the mobile market which accounts for c.35% of AO's £28bn addressable market.
- Not only is mobile the largest sub-sector of the consumer electricals market, it is strategically important as the product consumers change most frequently and are most emotionally attached to.
- Yet this very competitive market is changing with the contract handset market down 11% in H126 as the difference in newer models has become less marked and new phones are expensive (the basic iPhone 17 starts at £799). In addition, Consumers are increasingly shifting away from buying phones with network contracts to SIM-Only deals.

Mobile c.£10bn of AO's £28bn addressable market...



Source: Company data, Equity Development

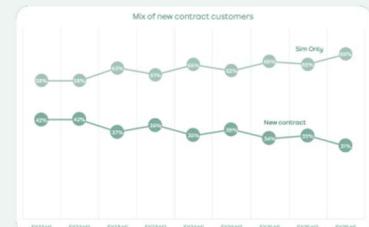
Contracts with Mobile Network Operators renegotiated

- AO operates as an MVNO (Mobile Virtual Network Operator), and this business generated network commission revenue of £94m in FY25.
- However, volume targets in a very competitive market meant this was loss-making. So AO launched a business review resulting in the strategic reengineering of its partnerships with Mobile Network Operators ("MNOs").
- This has led to a 26% year-on-year reduction in network commission revenues in H126 but an improvement in unit gross margin and customer acquisition costs, leading to a return to profitability.
- Thus, AO will continue with its MVNO business, selling phones with network contracts as well as SIM-only phones, as part of its wider mobile strategy.

...but the industry is changing as Sim-Only contracts grow

What's the latest on mobile?

- Mobile is the most important electricals category for customers
- Shifting market dynamics from contract to SIM free
- New principles agreed with networks
- Post-pay business expected to continue
- Switch24 and MVNO are key drivers of membership flywheel



Source: Company data, Equity Development

AO's evolving mobile strategy offers consumers choice, value and sustainability

musicMagpie offers a sustainable choice...

- Following the success of its recycling plant for MDA products, AO acquired musicMagpie in December 2024 for c.£10m in shares, valuing the business at c.0.2x EV / Revenues and c.3.5x LTM EV / EBITDA.
- For more details on musicMagpie's background and the rationale for the deal please see our report "[Synergistic acquisition of musicMagpie](#)".
- Still led by founder Steve Oliver, AO reported at H126 that musicMagpie had accelerated its progress and achieved a PBT break even run rate...
- ...whilst also winning eBay's first ever lifetime achievement award for being its most successful seller ever (and generating 20 million positive reviews).

...driving 5* membership growth and customers...

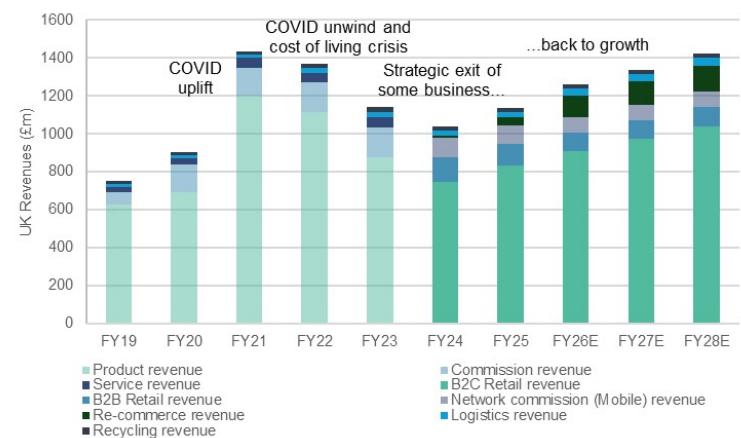
- The partnership with Timpson will lead to increased stock of trade-in phones for refurbishment and resale by musicMagpie, offering consumers choice and circular economy credentials for those preferring to buy more sustainably.
- For customers wishing to purchase new smartphones, AO has recently launched "Switch24" its market-first proposition enabling 5* members the opportunity to buy the latest iPhones, from £17 per month, interest-free for 24 months, and upgrade every two years with a "value-lock" on the trade-in value.
- For more details on this please see our report "[5* strategy delivers another profit upgrade](#)". Ultimately, we expect AO's initiatives to drive customer loyalty, share of wallet and revenues, underpinning our forecasts.

...and Switch24 offers value on new smartphones...



Source: Company website

...and group revenues



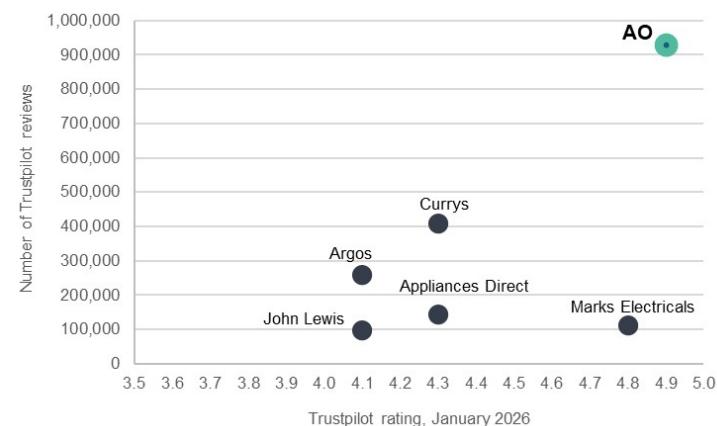
Source: Company data, Equity Development

Conclusion: customer-led strategy, innovation and cost discipline drives sustainable growth

5* strategy driving double-digit profit growth

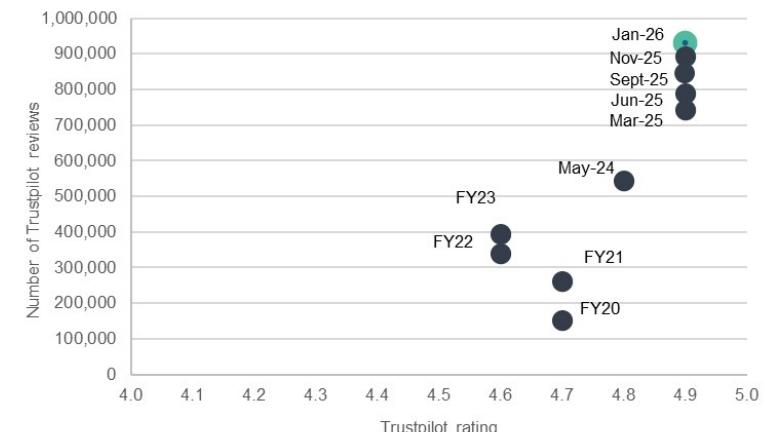
- musicMagpie's partnership with Timpson is another example of AO's customer-focussed strategy, following on from AO's "Switch24" launch.
- We anticipate both will lead to AO winning a greater share of the large and strategically important c.£10bn mobile market; whilst also attracting customers to its 5* membership program.
- In the last two months alone AO has added 35,000 more 5* customer reviews on Trustpilot, continuing to outperform competitors, which together with the return to profitability for the MVNO business and musicMagpie bodes well for AO's profitable growth.
- In November 2025 AO raised FY26E Adj. PBT guidance for the second time to "the upper end of £45m-£50m", despite NI cost headwinds.

AO rated Excellent with 4.9/5 stars by 930k customers



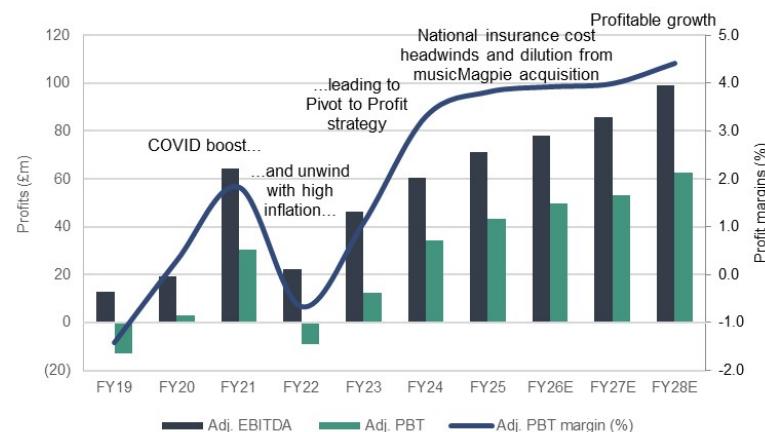
Source: Trustpilot, Equity Development

AO gains another 35,000 5* reviews over peak trading



Source: Trustpilot, Equity Development

Driving 13% CAGR in Adj PBT FY25-FY28E



Source: Company data, Equity Development

AO World: Investment AtTRACTIONS Overview

Investment Highlights	Risk Factors
<ul style="list-style-type: none"> An excellent track record of UK revenue growth: 21% CAGR FY11-FY20 (pre-COVID); return to 12% B2C Retail revenue growth in FY25 and in H126. 5m additional customers shopped during COVID, experiencing AO's excellent customer service and total UK customer base is now c.12.6m (650k new customers in FY25). 930,000 Trustpilot reviews (as at mid-January) with an impressively high average score of 4.9/5, the highest in the sector. Plenty of scope to increase both major domestic appliances ("MDA") market share of 16% and market share in the wider £28bn Electricals market. "Pivot to profit" strategy successful with FY25 LFL Adj. PBT margin of 4.1%. An experienced, founder-led, management team that has been with the business through both high growth years and more challenging times. 	<ul style="list-style-type: none"> Macro-economic pressures on disposable income. Irrational competitive pricing behaviour. Cost inflation, particularly wage inflation, impacting margin expansion potential. Supply chain disruption.
Forecast Drivers	Valuation Overview
<ul style="list-style-type: none"> A broadly stable or favourable macro-economic backdrop of improving UK consumer confidence (-16 in January 2026), increasing mortgage approvals (65k in November 2025) and lower interest rates (3.75% in January 2026, cut in December 2025), albeit inflation is still high at 3.6% (December 2025). Increasing repeat AO customers, continuing the trend of the past decade, as AO extends its wider electricals product range, and more customers join AO's Five Star membership club (which costs £39.99 per year). We assume revenue CAGR of 8% FY25-FY28E. Operating leverage of fixed costs driving, and synergies at musicMagpie driving a c.45% increase in Adj. PBT to £63m in FY28E, an Adj. PBT margin of 4.4%, below management's medium-term ambition of 5%. Improving profitability and low capex requirements driving over £140m of cumulative free cashflow (FY26E-FY28E). 	<ul style="list-style-type: none"> Trading on only 0.5x EV/Sales, c.7x EV/EBITDA and c.15x PER (our forecasts, all Calendar 2027E – "cal 2027E"). Offers higher 2-year revenue and profit growth than most peers (on our forecasts) and a strong balance sheet with financial net cash of c.£61m (FY26E). The undrawn revolving credit facility of £120m was recently extended (from £80m) with existing lenders until October 2028, providing plenty of liquidity. Our blue-sky scenario, modelling 15% CAGR in Revenues and a 5.1% Adj. PBT margin in FY28E, suggests PBT could exceed £87m by FY28E (>35% above our forecast). Our Fair Value of 170p equates to a c.5% cal 2027E FCF yield, equivalent to c.11x cal 2027E EV/EBITDA and c.23x cal 2027E PER, c.1.8x our EPS CAGR FY25-FY28E.

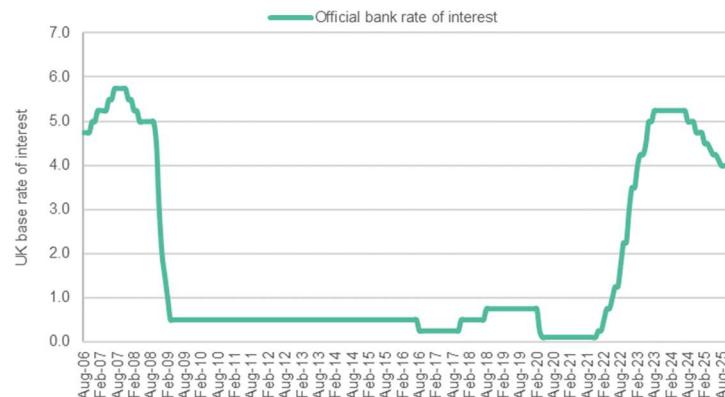
Macro-economic background: AO ready to leverage any economic recovery

A more positive medium-term macro-outlook

- Although c.65% of AO's sales are considered "distressed purchases" (i.e. replacement for broken machines), these are large items and consumers can trade down as well as up. Meanwhile c.35% of sales are more discretionary.
- UK consumer confidence and major purchase intentions have recovered since 2022 lows and whilst improvements were tempered by the 2024 UK Budget and 2025 UK Budget measures, overall confidence has picked up in January 2026, along with confidence in making major purchases.
- Meanwhile, inflation has moderated to 3.6% in December 2025 and the Bank of England base interest rate was cut to 3.75% in December 2025.

Source: HM Treasury, Equity Development

UK interest rates fell 100bps in 2025 (Dec 2025 cut to 3.75%)



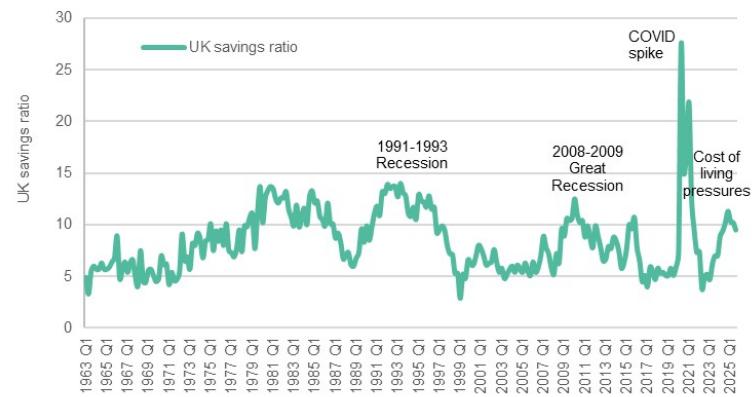
Source: Bank of England, ED analysis

UK consumer confidence and major purchase intentions up



Source: GFK UK Consumer Confidence Barometer, powered by NIM, ED analysis

High savings rates elevated implying spending power



Source: GFK UK Consumer Confidence Barometer, powered by NIM, ED analysis

Financial forecast tables

- AO will report FY26 results on 17 June 2026 and at the interim results in November 2025 guided to Adj. PBT being at the upper-end of guidance of £45m-£50m.
- Although we are positive on AO's strategy and the macro-economic outlook looks encouraging, inflation in staple items has continued and so we have cautiously moderated our sales forecasts which, given a reasonably high degree of operating leverage in the business, has led us to reduce our FY27E and FY28E adj. PBT margin growth to 50bps rather than 100bps over the next 2 years (4.4% est for FY28E rather than 4.9%).
- This in turn brings our FY27E and FY28E Adj. PBT forecasts down by 14%-19%, and just below current consensus expectations. Even on our new, more cautious, estimates AO offers 13% CAGR in Adj. EPS (FY25-FY28E).

Changes to group forecasts											
	2025A	New forecasts			Old forecasts			% change			
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	
Year-end 31 Jan (£m)											
Group Revenue	1,138	1,260	1,333	1,419	1,288	1,414	1,561	(2.1)	(5.8)	(9.0)	
Revenue growth (%)	9.4	10.8	5.8	6.5	13.2	9.8	10.3				
Adj. EBITDA	71.1	78.1	85.8	99.0	78.8	94.4	113.2	(0.9)	(9.1)	(12.6)	
Adj. EBITDA margin (%)	6.3	6.2	6.4	7.0	6.1	6.7	7.3				
Adj. PBT	43.5	49.6	53.3	62.8	50.3	61.9	76.9	(1.4)	(13.8)	(18.3)	
Adj. PBT margin (%)	3.8	3.9	4.0	4.4	3.9	4.4	4.9				
Adjusted diluted EPS (p)	5.3	6.0	6.4	7.6	6.1	7.5	9.3	(1.5)	(14.0)	(18.5)	
Adj. EPS growth (%)	27.0	13.8	7.6	17.8	15.6	23.2	24.3				
Capex (incl M&A)	33.5	11.8	12.5	13.3	12.1	13.3	14.7	(2)	(6)	(9)	
Free cashflow pre acquisitions	23.2	49.7	42.9	50.1	50.4	49.8	60.8	(1)	(14)	(18)	
Net financial (debt) / cash	25.5	61.2	100.0	146.1	61.9	107.7	164.5				
Total net (debt) / cash incl leases	(35.9)	(2.2)	26.7	70.4	(1.5)	34.3	88.8				
Net financial (debt) / cash / Adj. EBITDA (x)	0.4	0.8	1.2	1.5	0.8	1.1	1.5				
Total net (debt) / cash / Adj. EBITDA (x)	-0.5	0.0	0.3	0.7	0.0	0.4	0.8				

Source: Company data, Equity Development

Key growth and margin metrics								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
UK customers cumulative (m)	9.2	10.5	11.3	11.9	12.6	13.1	13.6	14.1
New UK customers (m)	1.9	1.3	0.8	0.6	0.65	0.5	0.5	0.5
Annual customers (m)	3.5	2.8	1.9	1.6	1.7	1.4	1.6	1.7
Repeat UK customers (m)	1.6	1.5	1.1	1.0	1.1	0.9	1.1	1.2
% repeat customers	47	54	58	61	62	65	68	71
% repeat customers of cumulative customer base	22	16	11	9	9	7	8	9
Revenue growth (%)	58.8	-17.6	-16.8	-8.7	9.4	10.8	5.8	6.5
Gross profit growth (%)	64.5	-9.9	-9.5	2.1	13.4	14.7	5.8	6.5
Adj. EBITDA growth (%)	236.0	-65.3	106.3	31.2	17.5	9.7	9.8	15.4
Adj. Operating profit (%)	-2200.5	-115.5	-375.8	112.3	21.5	12.0	13.9	17.4
Adj. PBT growth (%)	913.7	-130.3	-233.7	179.7	26.5	13.9	7.6	17.8
Adj. EPS growth (%)			-577.5	110.8	26.8	13.8	7.6	17.8
Gross profit margin (%)	17.6	19.3	20.9	23.4	24.3	25.1	25.1	25.1
Adj. EBITDA margin (%)	3.9	1.6	4.1	5.8	6.3	6.2	6.4	7.0
Adj. Operating margin (%)	2.4	-0.5	1.5	3.5	3.9	3.9	4.2	4.7
Adj. PBT margin (%)	1.8	-0.7	1.1	3.3	3.8	3.9	4.0	4.4
Marketing costs / sales (%)	3.0	3.4	3.3	3.9	3.9	4.1	4.0	4.0
Warehousing / sales (%)	3.9	5.1	5.3	5.0	5.5	6.0	6.1	6.0
Admin / sales (%)	8.0	11.4	10.9	11.1	11.0	11.1	10.8	10.5
Op. costs incl D&A /sales (%)	15.9	19.9	19.9	20.0	22.4	21.2	20.9	20.5
Op costs excl D&A /sales (%)	13.8	17.7	16.9	17.7	18.0	18.9	18.7	18.1

Source: Company data, Equity Development

Income statement: Revenue to operating profit								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Group revenue	1660.9	1,368.3	1,138.6	1,039.3	1,137.6	1,260.2	1,332.8	1,419.5
Cost of sales	(1,368.4)	(1,104.9)	(900.3)	(796.0)	(855.4)	(943.6)	(998.0)	(1,062.9)
Gross profit	292.5	263.4	238.3	243.3	276.1	316.6	334.8	356.6
Other income	0.8	1.8	0.7	0.6	0.1			
Marketing expenses	(50.4)	(46.1)	(38.0)	(40.5)	(44.4)	(51.7)	(53.3)	(56.8)
Warehousing expenses	(65.6)	(69.6)	(59.8)	(52.2)	(62.0)	(75.0)	(80.6)	(84.5)
Research & development	(15.4)							
Admin costs	(132.2)	(156.1)	(124.1)	(115.0)	(125.7)	(140.5)	(144.5)	(149.3)
Adjusting items		(0.9)	(4.5)		(22.9)			
Total operating expenses	(263.6)	(272.7)	(226.4)	(207.7)	(255.0)	(267.2)	(278.5)	(290.5)
Add back D&A	24.6	28.6	29.1	24.2	27.0	28.8	29.5	32.9
Add back Adjusting items	10.3	1.3	4.5	0.0	22.9	0.0	0.0	0.0
Operating costs, Adj. ex D&A	(228.7)	(242.8)	(192.8)	(183.5)	(205.1)	(238.4)	(249.0)	(257.6)
Adj. EBITDA	64.5	22.4	46.2	60.4	71.1	78.1	85.8	99.0
Depreciation of PPE	(7.6)	(8.1)	(8.5)	(5.9)	(6.6)	(8.9)	(9.9)	(10.8)
Depreciation of ROUA	(14.2)	(16.7)	(18.0)	(16.0)	(18.0)	(16.5)	(17.1)	(20.3)
Amortisation	(2.8)	(3.8)	(2.6)	(2.4)	(2.4)	(3.3)	(2.5)	(1.9)
Depreciation & amortisation	(24.6)	(28.6)	(29.1)	(24.2)	(27.0)	(28.8)	(29.5)	(32.9)
Adj. Operating profit	39.9	(6.2)	17.1	36.2	44.1	49.4	56.3	66.0

Source: Company data, Equity Development

Income statement: Operating profit to EPS								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Adj. Operating profit	39.9	(6.2)	17.1	36.2	44.1	49.4	56.3	66.0
Interest on financial debt	(9.8)	(0.6)	(2.3)	(0.9)	(0.2)	(0.2)	(0.2)	(0.2)
Interest on lease liabilities	(4.0)	(4.3)	(4.2)	(3.8)	(3.1)	(2.8)	(2.8)	(3.3)
Other finance costs		(0.7)	(1.2)	(1.7)	(2.0)	(1.8)	(1.8)	(1.8)
Interest receivable & other	4.3	2.6	2.9	4.5	4.8	4.9	1.9	2.0
Finance costs	(9.5)	(3.0)	(4.8)	(1.9)	(0.6)	0.2	(2.9)	(3.2)
Adj. PBT	30.4	(9.2)	12.3	34.3	43.5	49.6	53.3	62.8
Exceptional costs	(10.3)	(1.3)	(4.5)		(22.9)			
PBT	20.1	(10.5)	7.8	43.0	20.6	49.6	53.3	62.8
Tax	(3.1)	7.2	(1.2)	(10.7)	(10.9)	(14.6)	(15.7)	(18.5)
Adj. PAT	27.3	(2.0)	11.1	24.7	31.2	34.9	37.6	44.3
Reported PAT	17.0	-3.3	6.6	24.7	9.7	34.9	37.6	44.3
No of f/d shares (m)	482.0	485.6	564.5	598.2	593.3	584.2	584.2	584.2
Adjusted diluted EPS (p)	5.7	-0.4	2.0	4.1	5.3	6.0	6.4	7.6
DPS (p)	0	0	0	0	0	0	0	0

Source: Company data, Equity Development

Cashflow statement								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Adj. EBITDA	64.6	8.5	46.2	60.4	71.1	78.1	85.8	99.0
Add back SBP charge	3.3	5.8	5.3	6.7	7.3	8.0	8.8	10.1
Change in inventories	(67.6)	41.2	9.0	(6.4)	(4.2)	(3.6)	(5.3)	(6.3)
Change in trade receivables	(35.9)	(8.3)	14.7	28.8	18.3	(5.4)	(6.2)	(7.4)
Change in trade payables	162.0	(101.8)	(43.0)	(25.6)	(23.5)	15.3	8.1	10.1
Change in provisions	0.9	0.6	2.7	(0.6)	0.4	0.0	0.0	0.0
Working capital movement	59.4	(68.3)	(16.6)	(3.8)	(9.0)	6.3	(3.4)	(3.6)
Exceptionals (cash)	(10.3)	(0.3)			(2.1)			
Tax paid	(2.4)	1.7	2.2	(1.2)	(9.3)	(14.6)	(15.7)	(18.5)
Net cash from operating activities (pre leases)	114.6	(52.6)	37.1	60.7	58.0	77.8	75.4	87.0
Net financial interest paid	(2.3)	(1.6)	(3.5)	(2.4)	(1.3)	3.0	(0.1)	0.1
Interest paid on lease liabilities	(4.0)	(4.8)	(4.2)	(3.8)	(3.4)	(2.8)	(2.8)	(3.3)
Lease payments (principal)	(17.6)	(24.3)	(17.7)	(18.4)	(21.2)	(16.5)	(17.1)	(20.3)
Capex	(6.3)	(8.6)	(2.1)	(5.9)	(8.9)	(11.8)	(12.5)	(13.3)
M&A	(2.8)	(1.0)	(0.1)	(2.4)	(24.7)			
Disposals			0.1		0.1			
Capex	(9.1)	(9.6)	(2.1)	(8.3)	(33.5)	(11.8)	(12.5)	(13.3)
Discontinued ops cashflow			(7.6)	(0.1)	(0.1)			
Free cashflow	81.6	(92.9)	2.0	29.2	(1.4)	49.7	42.9	50.1
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share buybacks / equity issues	0.6	0.1	39.1	0.3	(11.1)	(14.0)	(4.0)	(4.0)
Other	(0.1)		(2.5)					
Net cashflow	82.1	(92.8)	38.6	29.5	(12.5)	35.7	38.9	46.1

Source: Company data, Equity Development

Net debt metrics								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Gross financial debt	0.0	(45.0)	(10.0)	(2.1)	(1.9)	(1.9)	(1.9)	(1.9)
Net cash	67.1	19.5	19.1	40.1	27.4	63.1	101.9	148.0
Net financial (debt) / cash	67.1	(25.5)	9.1	38.0	25.5	61.2	100.0	146.1
Leases	(95.3)	(108.6)	(85.3)	(68.8)	(61.4)	(63.3)	(73.3)	(75.7)
Net (debt) / cash incl leases	(28.2)	(134.1)	(76.2)	(30.8)	(35.9)	(2.2)	26.7	70.4
Net financial (debt) /cash / Adj. EBITDA (x)	1.0	(1.1)	0.2	0.6	0.4	0.8	1.2	1.5
Total net (debt) / cash / Adj. EBITDA (x)	(0.4)	(6.0)	(1.6)	(0.5)	(0.5)	(0.0)	0.3	0.7

Source: Company data, Equity Development

Balance sheet: Assets								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Property, plant and equipment	32.8	32.7	20.9	20.1	27.1	30.0	32.6	35.2
Right of use assets	74.3	86.6	69.4	56.2	51.6	53.5	63.5	65.9
Intangible assets (Goodwill)	28.2	28.2	28.2	28.2	25.6	25.6	25.6	25.6
Other intangible assets	15.6	12.2	9.6	9.6	13.2	9.9	7.4	5.6
Other financial assets				0.0	0.0	0.0	0.0	0.0
Trade and other receivables	85.3	92.4	93.3	90.0	88.5	88.5	88.5	88.5
Deferred tax assets	5.6	9.0	8.3	2.9	2.2	2.2	2.2	2.2
Non-current assets	241.8	261.1	229.7	207.1	208.2	209.7	219.8	222.9
Inventories	139.6	97.0	73.1	79.5	88.5	92.1	97.4	103.7
Trade and other receivables	166.2	169.7	137.8	115.1	102.5	107.9	114.1	121.5
Current tax assets	1.0	1.9	0.6	0.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	67.1	19.5	19.1	40.1	27.4	63.1	101.9	148.0
Current assets	373.9	288.1	230.6	234.7	218.4	263.0	313.4	373.2

Source: Company data, Equity Development

Balance sheet: Liabilities								
Year-end 31 Mar, £m	2021	2022	2023	2024	2025	2026E	2027E	2028E
Bank overdraft & s/t loans	0.0	(45.0)	(10.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Trade payables and other liabilities	(411.4)	(313.9)	(249.5)	(225.6)	(207.7)	(223.0)	(231.1)	(241.2)
Lease liabilities	(21.4)	(20.3)	(17.8)	(16.9)	(18.5)	(18.5)	(18.5)	(18.5)
Other tax liabilities				(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Provisions	(0.1)	(0.4)	(1.2)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)
Other financial liabilities								
Current liabilities	(432.9)	(379.6)	(278.5)	(243.9)	(227.6)	(242.9)	(251.0)	(261.1)
Capital employed	182.8	169.6	181.8	197.9	199.0	229.9	282.3	335.1
Bank borrowings				(1.9)	(1.7)	(44.8)	(54.8)	(57.2)
Lease liabilities	(73.9)	(88.3)	(67.5)	(51.9)	(42.9)	0.0	0.0	0.0
Deferred tax liabilities	(2.3)	0.0		0.0	0.0	(4.7)	(4.7)	(4.7)
Provisions	(2.3)	(2.5)	(3.8)	(3.9)	(4.7)	(5.2)	(5.2)	(5.2)
Trade and other payables	(7.9)	(6.4)	(4.8)	(2.5)	(5.2)			
Other financial liabilities						(56.4)	(66.4)	(68.8)
Non-current liabilities	(86.4)	(97.2)	(76.1)	(60.1)	(54.5)	173.5	215.8	266.3
Net assets	96.4	72.4	105.7	137.8	144.5		173.5	215.8
Shareholders' funds	96.4	72.4	105.7	137.8	144.5	(44.8)	(54.8)	(57.2)

Source: Company data, Equity Development



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