

Further EBITDA progress, FY25 guidance narrowed

23 October 2025

In a Q3 update, Hunting has narrowed FY25 EBITDA guidance towards the lower end of the existing U\$135m-145m range, noting that this remains slightly above our existing FY25 estimate. This broadly-based group has performed substantially in line with management expectations, though EMEA re-structuring has perhaps been a modest drag. Underlying cash flow/year-end net cash looks to be slightly better than we anticipated. Hunting retains significant headroom to pursue further M&A and execute the previously announced share buyback programme. Our 400p per share fair value is unchanged.

Hunting has generated c. U\$100m EBITDA with a c.13% margin in YTD trading (compared to c. U\$87m and 12% in the first nine months of FY24). Themes consistent with those reported in H1 prevailed during Q3, with revenue and EBITDA margins at similar levels to Q2, we believe. Notably, profitability at North America businesses most exposed to US onshore drilling (especially Titan and OCTG) have remained robust, while the Subsea Technologies and Asia Pacific divisions also performed in line with management expectations. Understandably, there has been some trading drag in EMEA while executing a significant restructuring and opening a new, enlarged Dubai facility. Expected cost benefits from actions taken here and elsewhere remain intact. The Group order book has trimmed (to c. U\$416m from c. U\$451m at the H1 stage) reflecting shipment activity; significant scale prospects remain encouraging – especially in OCTG and Subsea product groups – albeit not translating into orders at present.

Hunting ended Q3 with a c. U\$47m net cash position. The net movement (from end H1 U\$75m) chiefly reflects working capital investment and share buyback activity. Year-end guidance is now U\$40m-45m, after an additional U\$15m share buyback outflow that we had not included (taking the total to U\$30m for the year). This is better than our underlying estimate, substantially due to a better prospective working capital performance (but also slightly lower guided FY capex). Plenty of headroom exists under existing funding facilities, with further bolt-on acquisitions under consideration. We have adjusted our FY25 cash flow projection to reflect the above, with no other estimate changes.

Valuation: potential upside to unchanged 400p fair value

Hunting's share price is at a similar level to that in our post-H1 25 results note and there has been no material change in overall peer group valuations since this time. With unchanged estimates, our 400p per share fair value (which was raised at the Interim stage) is also maintained. The company's share price has risen by c.10% YTD with further possible upside towards our fair value estimate.

Company Data

EPIC	HTG.L
Price (last close)	327p
52 weeks Hi/Lo	455p/245p
Market cap	£539m
ED Fair Value / share	400p
Q325 Net cash (debt)	US\$47m
Avg. daily volume	809k
NB: All at £/US\$1.34	

Share Price, p



Source: Investing.com

Description

Hunting is a global engineering group that provides precision-manufactured equipment and premium services with a diverse product portfolio. The company has a global footprint from operations in 11 countries including 26 production locations and 14 distribution centres. The energy industry accounted for c.93% of FY24 revenue while also serving non-oil & gas customers in the medical, aerospace, defence and space sectors. Hunting is seeking to grow rapidly in adjacent Energy Transition product sub-sectors as well as deepening its presence in other non-oil & gas ones.

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Summary financials

Yr to December (US\$m)	2023	2024	2025E	2026E	2027E
Revenue	929.1	1048.9	1061.7	1121.4	1140.2
EBITDA* (inc JV/Associates)	102.4	126.3	130.0	151.6	155.8
PTP	50.0	75.6	77.5	97.3	104.0
EPS (US c)	20.3	31.4	33.3	40.8	43.5
DPS (US c)	10.0	11.5	13.0	14.7	16.6
Net cash / (debt)	(4.7)	100.8	39.8	82.9	136.6
P/E (x)	21.6	13.9	13.2	10.7	10.1
EV/EBITDA (x)	7.1	4.9	5.4	4.3	3.9
Dividend yield	2.3%	2.6%	3.0%	3.4%	3.8%

Source: Company Annual Reports, Equity Development. £/US\$1.34, *company basis

Financials

Hunting plc: Income Statement

Year End: December	US\$m	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue		960.0	626.0	521.6	725.8	929.1	1,048.9	1,061.7	1,121.4	1,140.2
Gross Profit		266.4	124.8	100.6	171.4	227.7	271.9	281.4	308.4	313.6
EBITDA - HTG (100% owned)		139.7	26.1	3.1	52.0	103.0	126.4	127.1	147.7	150.9
EBITDA - HTG (inc JV/Associates)		139.7	26.1	(0.4)	49.3	102.4	126.3	130.0	151.6	155.8
EBIT (100% owned)		94.3	(16.4)	(35.1)	14.6	61.0	88.1	88.2	108.3	111.0
Associates/JVs		0.0	0.0	(3.5)	(2.7)	(0.6)	(0.1)	2.9	3.9	4.9
EBIT - HTG norm		94.3	(16.4)	(38.6)	11.9	60.4	88.0	91.1	112.2	115.9
Net Bank Interest		(0.9)	(1.1)	0.3	0.4	(5.0)	(4.4)	(6.5)	(7.8)	(4.8)
IFRS16 Interest		(2.2)	(1.9)	(1.5)	(1.2)	(1.3)	(1.4)	(1.5)	(1.5)	(1.5)
Other financial		1.9	0.0	(0.8)	(0.9)	(4.1)	(6.6)	(5.6)	(5.6)	(5.6)
Profit Before Tax - HTG norm		93.1	(19.4)	(40.6)	10.2	50.0	75.6	77.5	97.3	104.0
Intangible Amortisation		(28.5)	(17.3)	(7.0)	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Underlying Items		(19.0)	(186.3)	(37.9)	(12.6)	0.0	(109.1)	(16.1)	0.0	0.0
Profit Before Tax (reported)		45.6	(223.0)	(85.5)	(2.4)	50.0	(33.5)	61.4	97.3	104.0
Tax		(4.2)	(15.2)	(4.2)	(1.3)	69.0	8.0	(18.1)	(25.2)	(26.8)
Other		(1.7)	3.5	3.9	(0.9)	(1.9)	(2.5)	(2.5)	(3.0)	(3.5)
Profit After Tax (reported)		39.7	(234.7)	(85.8)	(4.6)	117.1	(28.0)	40.9	69.1	73.7
EPS FD - HTG norm (US c)		43.9	(10.0)	(27.1)	4.7	20.3	31.4	33.3	40.8	43.5
EPS FD - reported (US c)		23.5	(143.1)	(53.2)	(2.8)	70.0	(16.5)	24.1	40.8	43.5
Dividend per share (US c)		5.0	9.0	8.0	9.0	10.0	11.5	13.0	14.7	16.6
Shares - Basic Weighted Average (m)		165.2	163.9	161.2	160.3	158.6	159.5	159.5	159.5	159.5
Shares - Period End (m)		166.9	164.9	164.9	164.9	164.9	164.9	164.9	164.9	164.9
Margins (%)										
Gross Profit		27.8	19.9	19.3	23.6	24.5	25.9	26.5	27.5	27.5
EBITDA - HTG (100% owned)		14.6	4.2	0.6	7.2	11.1	12.1	12.0	13.2	13.2
EBIT (100% owned)		9.8	(2.6)	(6.7)	2.0	6.6	8.4	8.3	9.7	9.7

Source: Company, Equity Development

Hunting plc: Cash Flow Statement

Year End: December	US\$m	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA – HTG		139.7	26.1	3.1	52.0	103.0	126.4	127.1	147.7	150.9
SBP		9.1	9.0	9.2	9.9	13.5	14.1	15.0	15.0	15.0
Change in working capital		7.6	38.8	22.8	(86.6)	(55.0)	53.3	0.0	(28.8)	(26.4)
Other		(11.5)	(17.9)	(7.1)	(8.2)	(3.1)	(1.8)	(13.5)	(2.5)	0.0
Operating Cash Flow		144.9	56.0	28.0	(32.9)	58.4	192.0	128.7	131.4	139.5
Tax paid		(7.7)	(5.0)	0.6	(3.9)	(9.1)	(3.5)	(9.6)	(8.8)	(9.4)
Investing Activities		(46.6)	(46.6)	9.2	(11.7)	(33.1)	(28.1)	(106.3)	(40.0)	(40.0)
Associates & JV income		0.0	(0.9)	0.0	0.0	0.6	0.0	0.0	0.0	0.0
Tangible Fixed Assets purchased		(30.4)	(11.7)	(5.7)	(15.9)	(23.1)	(23.6)	(32.0)	(35.0)	(35.0)
Tangible Fixed Assets disposed		0.9	2.0	2.2	6.6	1.9	1.2	1.5	0.0	0.0
Intangibles		(10.2)	(4.3)	(2.7)	(5.6)	(10.9)	(4.8)	(8.0)	(5.0)	(5.0)
Acquisition consideration		(12.5)	(32.8)	0.0	0.0	0.0	0.0	(80.0)	0.0	0.0
Disposal proceeds		3.0	0.6	31.5	0.0	0.0	0.0	13.0	0.0	0.0
Other business investments		2.6	0.5	(16.1)	3.2	(1.6)	(0.9)	(0.8)	0.0	0.0
Financing Activities		(31.2)	(33.2)	(31.4)	(30.0)	(41.4)	(52.4)	(88.3)	(39.6)	(39.3)
Net finance income (cost)		0.1	(0.3)	(0.4)	(2.9)	(7.3)	(12.9)	(12.5)	(7.8)	(4.8)
IFRS16 lease payments		(10.6)	(10.4)	(10.6)	(8.0)	(10.4)	(8.9)	(9.1)	(9.1)	(9.1)
Equity		(4.1)	(14.3)	(7.6)	(7.7)	(8.7)	(13.9)	(47.6)	0.0	0.0
Dividends paid		(16.6)	(8.2)	(12.8)	(13.6)	(15.0)	(16.7)	(19.1)	(22.8)	(25.5)
Other		0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0
Net Cash Flow		59.4	(28.8)	6.4	(78.5)	(25.2)	108.0	(75.6)	43.0	50.8
Opening net cash/(debt) - pre IFRS16*		61.3	123.1	97.8	103.5	20.6	(4.7)	100.8	39.8	82.9
Change in Net Cash		59.4	(28.8)	6.4	(78.5)	(25.2)	108.0	(75.6)	43.0	50.8
Other		2.4	3.5	(0.7)	(4.4)	(0.1)	(2.5)	14.6	0.0	2.9
Closing net cash/(debt) - pre IFRS16*		123.1	97.8	103.5	20.6	(4.7)	100.8	39.8	82.9	136.6
IFRS16 lease liabilities		(45.2)	(40.3)	(31.8)	(30.6)	(28.7)	(30.1)	(30.7)	(30.7)	(30.7)

Source: Company, Equity Development *NB includes £3.9m shareholder loan, company definition excludes this.

Hunting plc: Balance Sheet

Year End: December	US\$m	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		735.0	581.1	535.7	515.3	595.7	493.5	581.3	593.0	605.1
Intangible Assets – Goodwill		230.2	164.2	164.1	155.5	154.4	45.1	65.5	65.5	65.5
Intangible Assets – Other		78.5	42.9	36.2	35.7	40.8	39.4	105.4	104.5	103.6
Tangible Assets – Owned		354.7	307.1	274.4	256.7	254.5	252.8	260.4	269.1	277.3
Tangible Assets – RoU		36.7	29.8	24.7	26.0	26.2	28.3	28.0	28.0	28.0
Other Fixed Assets		34.9	37.1	36.3	41.4	119.8	127.9	122.0	125.9	130.7
Current Assets		682.1	532.4	475.9	534.0	626.6	785.7	672.5	721.0	763.6
Inventory		350.8	288.4	204.4	272.1	328.4	303.3	254.6	276.3	291.9
Trade Receivables		176.1	119.9	137.2	190.2	221.2	194.5	202.4	221.8	233.5
Other Debtors		26.6	21.2	25.9	42.3	31.5	81.3	70.8	70.8	70.8
Cash		128.6	102.9	108.4	29.4	45.5	206.6	144.7	152.2	167.4
Current Liabilities		(145.3)	(84.7)	(99.0)	(163.8)	(225.8)	(248.8)	(234.0)	(263.9)	(280.3)
Trade Payables		(56.3)	(26.4)	(40.5)	(66.8)	(62.5)	(41.4)	(53.6)	(55.8)	(56.8)
Other Creditors		(77.6)	(46.9)	(48.6)	(83.0)	(109.0)	(189.2)	(134.0)	(161.7)	(184.9)
IFRS16 Lease Liabilities		(9.8)	(10.2)	(8.9)	(9.1)	(8.0)	(6.9)	(7.9)	(7.9)	(7.9)
Short-term Borrowings		(1.6)	(1.2)	(1.0)	(4.9)	(46.3)	(11.3)	(38.5)	(38.5)	(30.8)
Non-Current Liabilities		(48.0)	(52.2)	(41.3)	(39.3)	(39.4)	(128.1)	(110.1)	(90.9)	(77.5)
Long-term Borrowings*		(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(94.5)	(66.4)	(30.8)	0.0
IFRS16 Lease Liabilities		(35.4)	(30.1)	(22.9)	(21.5)	(20.7)	(22.7)	(22.8)	(22.8)	(22.8)
Other Long-term Liabilities		(8.7)	(18.2)	(14.5)	(13.9)	(14.8)	(10.9)	(20.9)	(37.3)	(54.7)
Net Assets		1,223.8	976.6	871.3	846.2	957.1	902.3	909.7	959.1	1,010.9

Source: Company, Equity Development *NB includes £3.9m shareholder loan, company definition excludes this.

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