

28 October 2026

FY26E EBITDA trimmed by 6% to revised guidance

While below earlier expectations, Hunting still looks to be ending FY26 on a firm trading note overall. Beyond FY26, our estimates are unchanged at this stage, other than the knock-on effect of lower end FY26 net cash guidance. The outcome of the large KOC re-tender is still anticipated before the year end and this is likely to be a key sentiment driver in our view.

Hunting's Q3 trading update points to EBITDA of c.US\$89m for the first nine months of FY26, with a c.12% margin. Year-on-year, this equates to lower revenue and EBITDA of c.3% and c.11% respectively, substantially due to stronger H1 25 OCTG deliveries. Implied Q3 EBITDA of c.US\$27m was up on Q1 but below a strong Q2.

Subsea Technologies is trading robustly as expected and the nascent Organic Oil Recovery (OOR) business is continuing to develop encouragingly across several geographies. However, both Hunting Titan and North American operations now anticipate a slowing in delivery rates to the year end. In the former case, ongoing Middle East disruption has impacted higher-margin export volume. In the latter, delivery call-offs have been at a lower rate for US-based Advanced Manufacturing operations owing to OEM third-party supply chain issues. Lastly, the EMEA and Asia-Pacific divisions are broadly trading as expected though both have been impacted at the margin by Middle East exposure. We see these effects as substantially market related. Other comments also note softer supply trends for Titan and OCTG in North America. As a result, we have trimmed our below consensus FY26E EBITDA by US\$8m to the lower end of revised guidance (US\$128m-133m, from US\$145m-155m).

Management remains positive on the company's outlook. This includes a firm Q4 overall (ie EBITDA of c.US\$39m+ to attain FY26 US\$128m+) despite the above revision. This feeds through into end FY26E net cash guidance of US\$40m-45m (previously US\$50m-60m), implying a Q4 net inflow in excess of US\$50m. With a group order book understood to be in line with the H1 level, Hunting is awaiting a decision on the large KOC re-tender which is anticipated by the year end. With Subsea performing well and OOR moving toward full field validation, grounds for optimism are visible.

Valuation: Shares still below fair value, pending order book momentum

After an adverse reaction to KOC order delays with the H1 results, Hunting's share price stabilised around the 400p level before moving up latterly mirroring firmer oil prices. Our unchanged 502p per share fair value (average of a slightly lower DCF and firmer peer multiples) remains comfortably above the current share price, and we see positive order book development as a likely catalyst for upward share price momentum.

Company Data

EPIC	HTG.L
Price (last close)	425.5p
52 weeks Hi/Lo	553p/332p
Market cap	£625m
ED Fair Value / share	502p
End H1 26 Net debt	(US\$19m)
Avg. daily volume	399k
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 9 countries including 25 production locations and 14 distribution centres. The energy industry accounted for c.92% of FY25 revenue while also serving non-oil & gas customers (eg medical, aerospace, defence, space and power generation). 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.

Next event: FY26 update – 19 Jan

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Summary financials

Yr to December (US\$m)	2024	2025	2026E	2027E	2028E
Revenue	1048.9	1018.8	996.9	1086.9	1159.5
EBITDA (inc JV/Associates)	126.3	135.7	128.1	150.4	159.6
PTP	75.6	79.7	71.9	97.7	108.4
EPS (US c)	31.4	34.1	32.3	44.5	49.4
DPS (US c)	11.5	13.0	14.7	16.6	18.8
Net cash / (debt)	100.8	59.0	41.6	54.2	91.0
P/E (x)	18.1	16.7	17.6	12.8	11.5
EV/EBITDA* (x)	5.8	5.9	6.2	5.3	4.8
Dividend yield	2.0%	2.3%	2.6%	2.9%	3.3%

Source: Company Annual Reports, Equity Development. *ex JV/Assocs **inc shareholder loan £/US\$1.34

Financials

Hunting Plc: Income Statement

Year End: December US\$m	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue	626.0	521.6	725.8	929.1	1,048.9	1,018.8	996.9	1,086.9	1,159.5
Gross Profit	124.8	100.6	171.4	227.7	271.9	279.8	274.1	298.9	318.9
EBITDA - HTG (100% owned)	26.1	3.1	52.0	103.0	126.4	132.2	128.1	147.9	156.1
EBITDA - HTG (inc JV/Assoc)	26.1	(0.4)	49.3	102.4	126.3	135.7	128.1	150.4	159.6
EBIT (100% owned)	(16.4)	(35.1)	14.6	61.0	88.1	87.0	82.4	101.7	109.4
Associates/JVs	0.0	(3.5)	(2.7)	(0.6)	(0.1)	3.5	0.0	2.5	3.5
EBIT - HTG norm	(16.4)	(38.6)	11.9	60.4	88.0	90.5	82.4	104.2	112.9
Net Bank Interest	(1.1)	0.3	0.4	(5.0)	(4.4)	(3.9)	(4.6)	(3.0)	(1.0)
IFRS16 Interest	(1.9)	(1.5)	(1.2)	(1.3)	(1.4)	(1.5)	(1.5)	(1.5)	(1.5)
Other financial	0.0	(0.8)	(0.9)	(4.1)	(6.6)	(5.4)	(4.4)	(2.0)	(2.0)
Profit Before Tax - HTG norm	(19.4)	(40.6)	10.2	50.0	75.6	79.7	71.9	97.7	108.4
Intangible Amortisation	(17.3)	(7.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Underlying Items	(186.3)	(37.9)	(12.6)	0.0	(109.1)	(14.2)	(7.5)	(7.5)	0.0
Profit Before Tax (reported)	(223.0)	(85.5)	(2.4)	50.0	(33.5)	65.5	64.4	90.2	108.4
Tax	(15.2)	(4.2)	(1.3)	69.0	8.0	(22.7)	(19.4)	(25.7)	(28.3)
Other	3.5	3.9	(0.9)	(1.9)	(2.5)	(1.7)	(2.2)	(2.7)	(3.2)
Profit After Tax (reported)	(234.7)	(85.8)	(4.6)	117.1	(28.0)	41.1	42.8	61.8	76.9
EPS FD - HTG norm (US c)	(10.0)	(27.1)	4.7	20.3	31.4	34.1	32.3	44.5	49.4
EPS FD - reported (US c)	(143.1)	(53.2)	(2.8)	70.0	(16.5)	24.6	27.5	39.7	49.4
Dividend per share (US c)	9.0	8.0	9.0	10.0	11.5	13.0	14.7	16.6	18.8
Shares - Basic W Avge (m)	163.9	161.2	160.3	158.6	159.5	156.8	147.0	147.0	147.0
Shares - Period End (m)	164.9	164.9	164.9	164.9	164.9	157.7	152.6	152.6	152.6
Margins (%)									
Gross Profit	19.9	19.3	23.6	24.5	25.9	27.5	27.5	27.5	27.5
EBITDA - HTG (100% owned)	4.2	0.6	7.2	11.1	12.1	13.0	12.9	13.6	13.5
EBIT (100% owned)	(2.6)	(6.7)	2.0	6.6	8.4	8.5	8.3	9.4	9.4

Source: Company, Equity Development

Hunting Plc: Cash Flow Statement

Year End: December US\$m	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA - HTG (100% owned)	26.1	3.1	52.0	103.0	126.4	132.2	128.1	147.9	156.1
SBP	9.0	9.2	9.9	13.5	14.1	12.7	12.0	12.0	12.0
Change in working capital	38.8	22.8	(86.6)	(55.0)	53.3	18.0	(2.4)	(23.6)	(34.4)
Other	(17.9)	(7.1)	(8.2)	(3.1)	(1.8)	(15.3)	(15.4)	(7.5)	0.0
Operating Cash Flow	56.0	28.0	(32.9)	58.4	192.0	147.6	122.3	128.8	133.7
Tax paid	(5.0)	0.6	(3.9)	(9.1)	(3.5)	(8.7)	(7.5)	(9.9)	(10.9)
Investing Activities	(46.6)	9.2	(11.7)	(33.1)	(28.1)	(96.8)	(39.3)	(40.0)	(40.0)
Associates & JV income	(0.9)	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Tangible Fixed Assets purchased	(11.7)	(5.7)	(15.9)	(23.1)	(23.6)	(26.9)	(35.0)	(35.0)	(35.0)
Tangible Fixed Assets disposed	2.0	2.2	6.6	1.9	1.2	9.6	0.7	0.0	0.0
Intangibles	(4.3)	(2.7)	(5.6)	(10.9)	(4.8)	(11.1)	(5.0)	(5.0)	(5.0)
Acquisition consideration	(32.8)	0.0	0.0	0.0	0.0	(81.3)	(0.2)	0.0	0.0
Disposal proceeds	0.6	31.5	0.0	0.0	0.0	13.0	0.0	0.0	0.0
Other business investments	0.5	(16.1)	3.2	(1.6)	(0.9)	(0.1)	0.2	0.0	0.0
Financing Activities	(33.2)	(31.4)	(30.0)	(41.4)	(52.4)	(90.2)	(93.5)	(66.2)	(46.0)
Net finance income (cost)	(0.3)	(0.4)	(2.9)	(7.3)	(12.9)	(9.3)	(6.1)	(3.0)	(1.0)
IFRS16 lease payments	(10.4)	(10.6)	(8.0)	(10.4)	(8.9)	(9.7)	(9.7)	(9.7)	(9.7)
Equity	(14.3)	(7.6)	(7.7)	(8.7)	(13.9)	(52.1)	(56.7)	(30.0)	(10.0)
Dividends paid	(8.2)	(12.8)	(13.6)	(15.0)	(16.7)	(19.1)	(21.0)	(23.5)	(25.3)
Other	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	(28.8)	6.4	(78.5)	(25.2)	108.0	(48.1)	(18.0)	12.7	36.8
Opening net cash/(debt) - pre IFRS16*	123.1	97.8	103.5	20.6	(4.7)	100.8	59.0	41.6	54.2
Change in Net Cash	(28.8)	6.4	(78.5)	(25.2)	108.0	(48.1)	(18.0)	12.7	36.8
Other	3.5	(0.7)	(4.4)	(0.1)	(2.5)	6.3	0.6	0.0	0.0
Closing net cash/(debt) - pre IFRS16*	97.8	103.5	20.6	(4.7)	100.8	59.0	41.6	54.2	91.0
IFRS16 lease liabilities	(40.3)	(31.8)	(30.6)	(28.7)	(30.1)	(30.9)	(28.5)	(28.5)	(28.5)

Source: Company, Equity Development *includes US\$3.9m shareholder loan

Hunting Plc: Balance Sheet

Year End: December US\$m	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets	581.1	535.7	515.3	595.7	493.5	555.3	547.6	551.7	556.3
Intangible Assets - Goodwill	164.2	164.1	155.5	154.4	45.1	65.1	64.7	64.7	64.7
Intangible Assets - Other	42.9	36.2	35.7	40.8	39.4	100.6	91.9	85.4	78.9
Tangible Assets - Owned	307.1	274.4	256.7	254.5	252.8	250.9	262.4	270.5	278.1
Tangible Assets - RoU	29.8	24.7	26.0	26.2	28.3	28.9	26.5	26.5	26.5
Other Fixed Assets	37.1	36.3	41.4	119.8	127.9	109.8	102.1	104.6	108.1
Current Assets	532.4	475.9	534.0	626.6	785.7	623.5	614.5	619.4	655.5
Inventory	288.4	204.4	272.1	328.4	303.3	237.5	233.3	252.3	275.2
Trade Receivables	119.9	137.2	190.2	221.2	194.5	183.9	185.9	194.7	209.7
Other Debtors	21.2	25.9	42.3	31.5	81.3	56.6	58.2	58.2	58.2
Cash	102.9	108.4	29.4	45.5	206.6	145.5	137.1	114.1	112.4
Current Liabilities	(84.7)	(99.0)	(163.8)	(225.8)	(248.8)	(210.1)	(205.2)	(223.1)	(223.0)
Trade Payables	(26.4)	(40.5)	(66.8)	(62.5)	(41.4)	(48.4)	(47.3)	(51.6)	(55.1)
Other Creditors	(46.9)	(48.6)	(83.0)	(109.0)	(189.2)	(114.9)	(111.6)	(125.2)	(138.8)
IFRS16 Lease Liabilities	(10.2)	(8.9)	(9.1)	(8.0)	(6.9)	(7.9)	(7.8)	(7.8)	(7.8)
Short-term Borrowings	(1.2)	(1.0)	(4.9)	(46.3)	(11.3)	(38.9)	(38.5)	(38.5)	(21.4)
Non-Current Liabilities	(52.2)	(41.3)	(39.3)	(39.4)	(128.1)	(83.4)	(96.7)	(76.9)	(72.9)
Long-term Borrowings*	(3.9)	(3.9)	(3.9)	(3.9)	(94.5)	(47.6)	(57.0)	(21.4)	0.0
IFRS16 Lease Liabilities	(30.1)	(22.9)	(21.5)	(20.7)	(22.7)	(23.0)	(20.7)	(20.7)	(20.7)
Other Long-term Liabilities	(18.2)	(14.5)	(13.9)	(14.8)	(10.9)	(12.8)	(19.0)	(34.8)	(52.2)
Net Assets	976.6	871.3	846.2	957.1	902.3	885.3	860.1	871.1	915.8

Source: Company, Equity Development *includes US\$3.9m shareholder loan

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