

7 April 2026

## A strategic, earnings-accretive acquisition

McBride has announced its proposed acquisition of the complementary Eurotab unit dosing business. The anticipated acquisition price of c.€40m is just 3.1x EBITDA, post significant synergies, and the compelling deal could add c. 6% to FY27E revenues and FY27E Adj. EPS, rising to c.17% in FY29E. Management has also confirmed that it intends to pass on rising supply chain inflation. As a defensive, cash-generative, private-label household cleaning group, we reiterate our 245p Fair Value per share, equating to under 9x cal 2027 PER.

### €40m Proposed acquisition of Eurotab adds c. 17% to Adj EPS

McBride has announced a binding offer for Eurotab Group ("Eurotab"), a leading manufacturer of cleaning tablets including dishwashing tablets. Operating from two factories in France and one in Turkey, Eurotab has free production capacity that will help address McBride's capacity constraints, as well as adding product lines, deepening customer relationships and accessing new markets. The acquisition price is only c. 3.1x EBITDA (post synergies) and we estimate this margin and earnings accretive deal will add c.6% to group revenues and Adj. EPS in FY27E, rising to c.17% to Adj. EPS in FY29E as synergies are realised (also adding c.50bps to FY29E group EBITDA margin).

### Rising input costs resulting from the Middle East conflict to be passed on

The conflict in the Middle East has had a relatively small impact on McBride's trading activities so far, with only haulage costs rising from higher fuel prices. However, conditions are changing with the first signs of possible supply chain shortages and with chemical and packaging suppliers now passing on higher prices. Hence McBride also intends to pass on these temporarily higher prices to clients, noting that 'better value' private label products typically gain share during macro-economic weakness.

### Defensive, whilst acquisition adds synergies and growth: Fair Value 245p

In our view, the proposed acquisition is strategically aligned and offers compelling synergies and incremental value for shareholders. The recent share price weakness reflects market concerns over rising inflation, but we maintain the view that the group's high 30% ROCE is at odds with its low valuation; **now only c.5x our increased Adj. EPS estimate for cal 2027.**

#### Key financials (including the proposed acquisition) & valuation metrics

Year to 30 June (£m)	2024	2025	2026E	2027E	2028E
Revenue	934.8	926.5	932.7	1,008.9	1,029.3
Revenue growth (%)	5.2	-0.9	0.7	8.2	2.0
Adj. PBT	53.1	54.9	54.8	58.7	63.7
Adj. PBT margin (%)	5.7	5.9	5.9	5.8	6.2
Adj. diluted EPS (p)	21.7	21.1	24.2	26.4	29.0
Dividend per share (p)	0.0	3.0	3.4	3.8	4.1
Adj. operating free cashflow	81.7	93.9	81.0	85.2	96.7
Free cashflow	36.3	28.9	22.3	(12.3)	35.2
Net cash / (debt) /Adj. EBITDA (x)	(1.5)	(1.2)	(1.4)	(1.5)	(1.1)
EV / Sales (x, calendarised)			0.4	0.3	0.3
PER (x, calendarised)			5.8	5.3	4.9
Dividend yield (% , calendarised)			2.5	2.7	2.9
Free cashflow yield (% , calendarised)			2.0	4.7	15.3

Source: Company data, Equity Development, Priced as at 2 April 2026

#### Company data

EPIC	MCB
Price (last close)	146p
52 weeks Hi/Lo	170p/106p
Market cap	£259m
ED Fair Value / share	245p
Net cash / (debt) 2026E	£(114m)
Avg. daily volume (3m)	375k

#### Share price, p



Source: Investing.com

#### Description

McBride plc ("McBride") is the European market leader in private label household cleaning products.

It currently manufactures from 14 factories, 12 across Europe and one each in Malaysia and Vietnam and supplies 90% of the top 50 European grocery retailers, generating £927m revenues in FY25.

#### Next event

FY26 trading update July 2026

#### Caroline Gulliver (Analyst)

0207 065 2690  
caroline.gulliver@equitydevelopment.co.uk

#### Andy Edmond

0207 065 2691  
andy@equitydevelopment.co.uk

## Strategically important acquisition of Eurotab group

### A complementary and strategically aligned acquisition...

- In line with its growth strategy, McBride has announced a binding offer for [Eurotab Group](#) (“Eurotab”), a leading privately-owned manufacturer of cleaning “solid-format” tablets including dishwashing tablets, using precision powder compaction technology. The group also manufactures moisture absorbing solutions and disinfecting bleach tablets.
- Operating its two main specialised factories in France and a smaller one in Turkey, Eurotab will strengthen McBride’s position as a leading European detergent producer by expanding product lines, deepening customer relationships and adding new markets.
- In addition, Eurotab has free production capacity that will help address McBride’s capacity constraints within McBride’s highly profitable unit dosing division. This will support future growth (with lower capex requirements) and enhance security of supply and customer service levels.

### ...at an attractive €40m price, just 0.6x EV/Revenues...

- The anticipated purchase price is €38.2m, dependent on Eurotab’s closing 12-month EBITDA at completion, plus €1.8m for acquired tax losses (which are much higher).
- For the year-ended 30 June 2026, Eurotab is expected to report €65m revenue implying an EV/Revenue multiple of 0.6x.

Source: Company data, Equity Development

### A market leader in cleaning tablets

THE FACILITIES OF EUROTAB OPERATIONS

#### PRODUCTION CAPACITY & FEASIBILITIES



**200 TONNES**  
OF POWDER HANDLED  
PER DAY



**3 BILLION**  
OF TABLETS IN OVERALL  
PRODUCTION CAPACITY



**568 000**  
TABLETS  
PER HOUR



#### VARIOUS TABLET FORMATS

- Single, double and triple layer tablets
- Tablets from 3g to 500g, depending on the category (detergents, disinfectants and moisture absorbers)
- Round and rectangular shapes without inserts
- Octagonal shape with insert
- Exclusive partnership with a manufacturer of high-speed rotary presses: proximity, responsiveness and specific developments in line with requirements

[DISCOVER OUR 100% SOLID RANGE >>](#)

Source: Company data, Equity Development

### ...and 3.1x EBITDA post synergies

- The expected purchase price (€38.2m) also represents an underlying EBITDA multiple of 5.2x (implying EBITDA of c.€7.3m and EBITDA margin of 11.2%) or 4.6x net of the value of acquired tax losses which the Group expects to use over time.
- What’s more, the total acquisition price is only c. 3.1x EBITDA post synergies, suggesting EBITDA of up to €13m or £11m by FY29E. We estimate the synergies will accrue over 3 years, with more in FY28E and FY29E.

Source: Company data, Equity Development

## Deal consolidation impact – significantly margin and earnings accretive

- The following table shows the illustrative impact of the integration of Eurotab in simple terms. Note it is very similar but not identical to the change in our group forecasts which are shown elsewhere in this report.
- We assume Eurotab is acquired on 30 June 2026 and consolidated from 1 July 2026, in line with McBride's year end. The proposed acquisition is anticipated to close between June 2026 and the end of McBride's Q1, i.e. September 2026.
- In £m, we estimate Eurotab will add c.£56m of revenues (and will likely grow but for simplicity in this table we assume stable revenues) and that EBITDA including cost synergies will grow from c.£6.5m in Y1 (FY27E) to £11m in Y3 (FY29E).
- We estimate that some of these cost synergies come from saving central costs, and Eurotab's management fee, and some come from utilising Eurotab's spare capacity. We note that McBride's own unit dosing division is its most profitable, estimated to generate an 11.4% operating margin in FY26E.
- The net impact is that the proposed acquisition is anticipated by management to add c. 50bps to group EBITDA margin by year 3/FY29E and drive the group closer to its 10% Adj. EBITDA margin target.
- We further assume:
  1. depreciation and amortisation accounts for c.3.5% of revenues;
  2. exceptional transaction costs are c.£2m;
  3. the interest on the acquisition price adds c. £1.7m to finance costs; and
  4. that the significant tax losses acquired can be offset against tax on profits thereby temporarily lowering the group's effective tax rate by up to 300bps by FY29E.
- As a result, subject to completion, we forecast the acquisition of Eurotab will add c.6% to group revenues, and that the unit dosing division will rise from 24% of group revenues to c.28%.
- We also assume that EBITDA, EBIT and PBT will rise by c.6% in FY27E, by c.10% in FY28E and by c.12% in FY29E following the full realisation of synergies.
- After accounting for the tax credit from prior losses, we assume Adj. EPS increases by c.7% in FY27E, 13% in FY27E and 17% in FY29E, increasing shareholder value.
- We forecast net debt / Adj. EBITDA rising to 1.5x in FY27E (in-line with guidance) before falling to 1.1x in FY29E.

**Illustrative deal impact - adding around 6% to revenues and up to 17% to Adj. EPS**

£m, unless stated	McBride pre-acquisition				Eurotab			Combined group			% change		
	FY26E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Year-end 30 Jun, £m													
<b>Group revenue</b>	<b>932.7</b>	<b>952.8</b>	<b>972.6</b>	<b>993.5</b>	<b>56.1</b>	<b>56.1</b>	<b>56.1</b>	<b>1,008.9</b>	<b>1,028.7</b>	<b>1,049.6</b>	<b>5.9</b>	<b>5.8</b>	<b>5.6</b>
Revenue growth (%)	0.7	2.2	2.1	2.1				8.2	2.0	2.0			
<b>Adj. EBITDA*</b>	<b>85.2</b>	<b>87.7</b>	<b>89.2</b>	<b>91.4</b>	<b>6.5</b>	<b>9.0</b>	<b>11.0</b>	<b>94.2</b>	<b>98.2</b>	<b>102.4</b>	<b>7.4</b>	<b>10.1</b>	<b>12.0</b>
Adj. EBITDA margin (%)	9.1	9.2	9.2	9.2	11.6	16.1	19.6	9.3	9.5	9.8	13bps	38bps	56bps
<b>Adj. EBIT</b>	<b>64.7</b>	<b>66.5</b>	<b>67.5</b>	<b>69.0</b>	<b>4.5</b>	<b>7.0</b>	<b>9.0</b>	<b>71.0</b>	<b>74.5</b>	<b>78.0</b>	<b>6.8</b>	<b>10.4</b>	<b>13.0</b>
Adj. EBIT margin (%)	6.9	7.0	6.9	6.9	8.0	12.5	16.1	7.0	7.2	7.4	6bps	30bps	49bps
<b>Adj. PBT</b>	<b>54.8</b>	<b>56.6</b>	<b>58.1</b>	<b>60.2</b>	<b>2.8</b>	<b>5.3</b>	<b>7.3</b>	<b>59.3</b>	<b>63.3</b>	<b>67.5</b>	<b>4.9</b>	<b>9.1</b>	<b>12.1</b>
Adj. PBT margin (%)	5.9	5.9	6.0	6.1	4.9	9.4	13.0	5.9	6.2	6.4	-5bps	19bps	37bps
Effective tax rate (%)	27.5	27.5	27.5	27.5	0.0	0.0	0.0	26.2	25.2	24.5			
<b>Adj. PAT</b>	<b>39.7</b>	<b>41.0</b>	<b>42.1</b>	<b>43.7</b>	<b>2.8</b>	<b>5.3</b>	<b>7.3</b>	<b>43.8</b>	<b>47.4</b>	<b>51.0</b>	<b>6.8</b>	<b>12.5</b>	<b>16.7</b>
					0.8	1.5	2.0						
No. of f/d shares	164.4	164.4	164.4	164.4				164.4	164.4	164.4			
<b>Adjusted diluted EPS (p)</b>	<b>24.2</b>	<b>24.9</b>	<b>25.6</b>	<b>26.6</b>				<b>26.6</b>	<b>28.8</b>	<b>31.0</b>	<b>6.8</b>	<b>12.5</b>	<b>16.7</b>
Adj. EPS growth (%)	14.7	3.3	2.7	3.8				10.3	8.2	7.6			
Total net (debt) incl leases	(115.9)	(103.5)	(89.6)	(73.7)	(34.5)	(34.5)	(34.5)	(138.0)	(124.1)	(108.2)			
Net (debt) / Adj. EBITDA (x)	(1.4)	(1.2)	(1.0)	(0.8)				(1.5)	(1.3)	(1.1)			

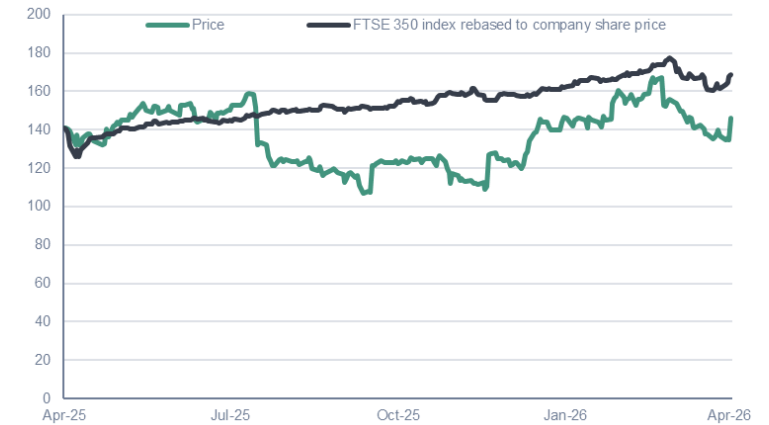
Source: Company data, Equity Development

## Inflation impact from the Middle East conflict coming and being passed on

### Input cost inflation is back, at least temporarily...

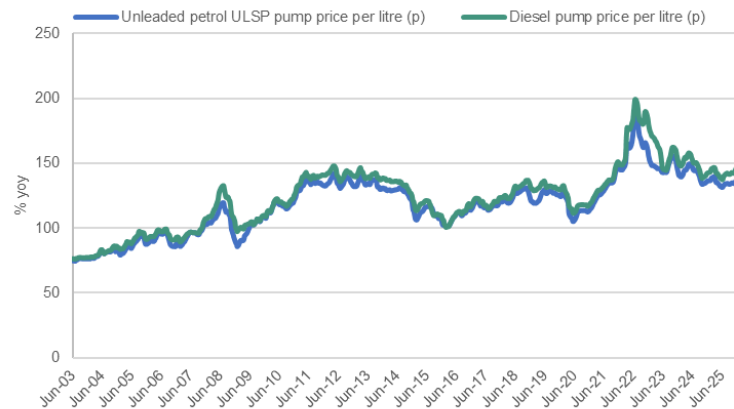
- The conflict in the Middle East has had a relatively small impact on McBride's trading activities so far, mostly limited to haulage costs rising from higher fuel prices.
- Average petrol prices in the UK have risen c.13% from c. 132p per litre at the end of February to c.149p at the end of March with diesel prices up 25% from c.141p to 177p per litre (source: UK Government data).
- However, conditions are changing with the first signs of possible supply chain shortages and with chemical and packaging suppliers now passing on higher prices to recover higher petrochemical derived feedstocks and / or the impact of higher energy costs in chemical and packaging production.

### ...leading to McBride's share price falling over 10%\*



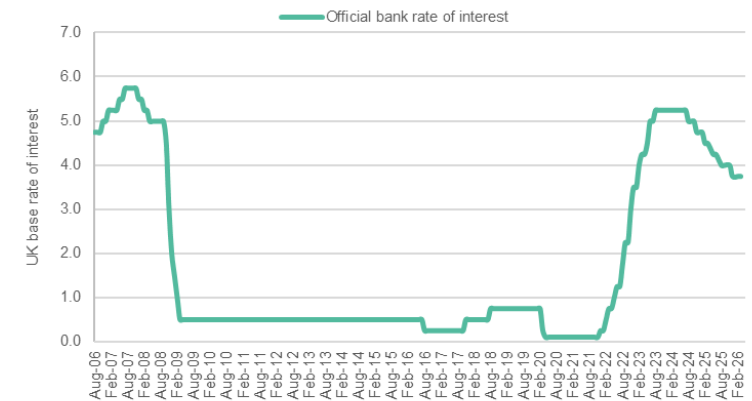
Note\* fall was pre acquisition announcement; Source: Company data, Equity Development

### UK petrol pump prices rise 13% in 4 weeks



Source: [UK Government](#), Equity Development

### Market now expects UK interest rates (3.75%) to rise in 2026



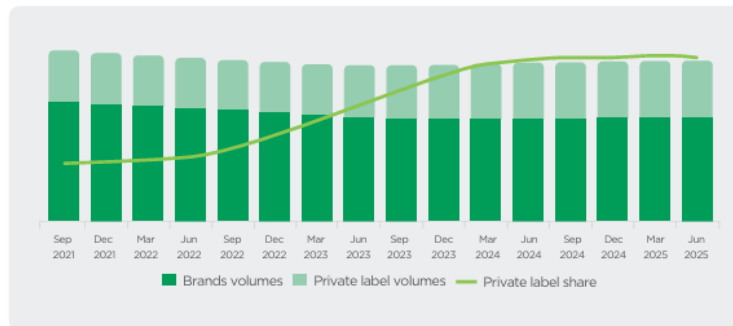
Source: Company data, Equity Development

### McBride passing on price rises to clients; defensive

- McBride has responded by informing all its customers about temporary price adjustments, or surcharges to current pricing, with a clear focus on maintaining gross margin discipline (after the decreases in FY22).
- During the recent cost-of-living crisis private-label household cleaning products rose from c. 30% volume share in June 2022 to c.35% by June 2024 (in a European market worth over £12bn). It has since stabilised at c.35.5% as brands have increased promotions, but, in our view, private label will gain further market share during another prolonged period of inflation.
- These defensive characteristics, combined with McBride's leading position in private label, should help it maintain gross margins.

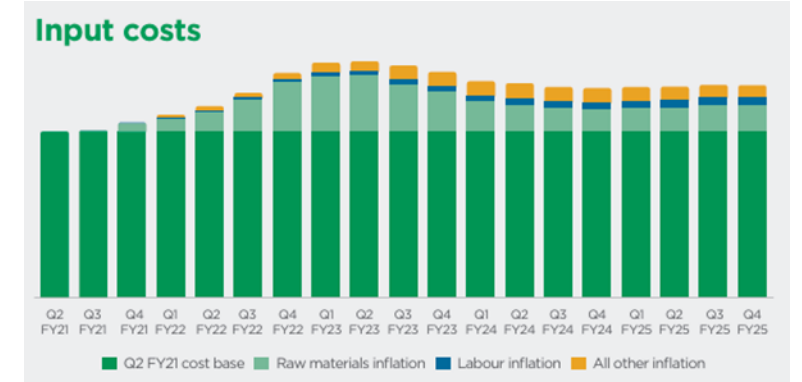
### European private label share rose from c.30% to c.35.5%

#### Market volume and private label share progression



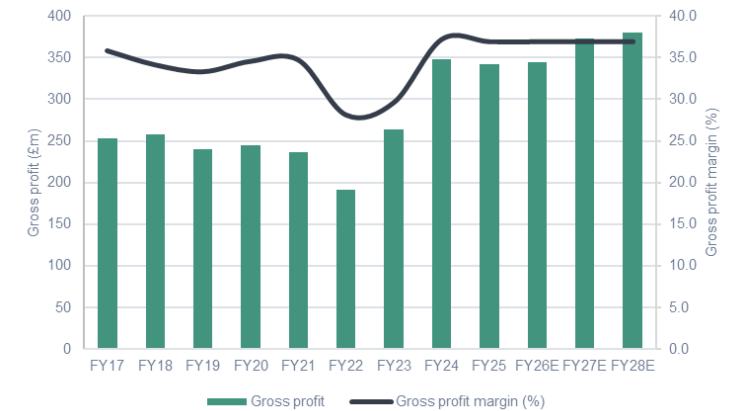
Source: Company data ('Europanel with Worldpanel by Numerator and YouGov' data for the twelve months ended 30 June 2025)

### McBride has traded through periods of high-cost inflation...



Source: Company data, Equity Development

### ...and has a clear focus on maintaining gross margin now



Source: Company data, Equity Development

## Changes to group forecasts – acquisition increases Adj. EPS by c.6% in FY27E, rising to c.17% in FY29E

- At this stage we therefore make no changes to our underlying McBride FY26E forecasts and assume price increases offset cost increases. But we do increase our FY27E-FY29E forecasts for the proposed acquisition, assuming it completes on 30 June 2026, as discussed earlier. Our detailed forecasts are shown at the end of this report. We next review McBride's attractive investment thesis.

### Proposed acquisition could add c.6% to group revenues and c.17% to Adj EPS after 3 years

	Same FY26E	New forecasts			Old forecasts			% Change		
		2027E	2028E	2029E	2027E	2028E	2029E	2027E	2028E	2029E
<b>Year-end 30 Jun (£m)</b>										
Group Revenue	932.7	1,008.9	1,029.3	1,050.7	952.8	972.6	993.5	5.9	5.8	5.8
<i>Revenue growth (%)</i>	0.7	8.2	2.0	2.1	2.2	2.1	2.1			
Adj. EBITDA	85.2	91.8	101.0	104.0	87.7	89.2	91.4	4.7	13.2	13.8
<i>Adj. EBITDA margin (%)</i>	9.1	9.1	9.8	9.9	9.2	9.2	9.2			
Adj. EBIT	64.7	70.7	74.5	77.6	66.5	67.5	69.0	6.2	10.4	12.4
<i>Adj. EBIT margin (%)</i>	6.9	7.0	7.2	7.4	7.0	6.9	6.9			
Adj. PBT	54.8	58.7	63.7	67.4	56.6	58.1	60.2	3.8	9.7	11.8
<i>Adj. PBT margin (%)</i>	5.9	5.8	6.2	6.4	5.9	6.0	6.1			
Adjusted diluted EPS (p)	24.2	26.4	29.0	31.0	24.9	25.6	26.6	5.8	13.3	16.5
<i>Adj. EPS growth (%)</i>	14.7	9.2	10.0	6.7	3.3	2.7	3.8			
DPS (p)	3.4	3.8	4.1	4.4	3.6	3.6	3.8	5.8	13.3	16.5
Capex	30.0	30.0	30.0	30.0	30.0	30.0	30.0	0	0	0
Free cashflow	22.3	(12.5)	35.2	38.2	22.3	23.2	24.8	-154	42	42
Net financial cash / (debt)	(107.5)	(130.7)	(106.6)	(80.2)	(95.0)	(81.0)	(65.0)	38	32	23
Total net cash /(debt) incl leases	(115.9)	(139.1)	(115.2)	(88.9)	(103.5)	(89.6)	(73.7)	34	29	21
Net financial cash / (debt) / Adj. EBITDA (x)	(1.3)	(1.4)	(1.1)	(0.8)	(1.1)	(0.9)	(0.7)			
Total net cash / (debt) / Adj. EBITDA (x)	(1.4)	(1.5)	(1.1)	(0.9)	(1.2)	(1.0)	(0.8)			

Note: Revised forecasts assume the proposed acquisition is completed on 30 June 2026 and consolidated from 1 July 2026; Source: Company data, Equity Development

## Overview of McBride’s investment attractions

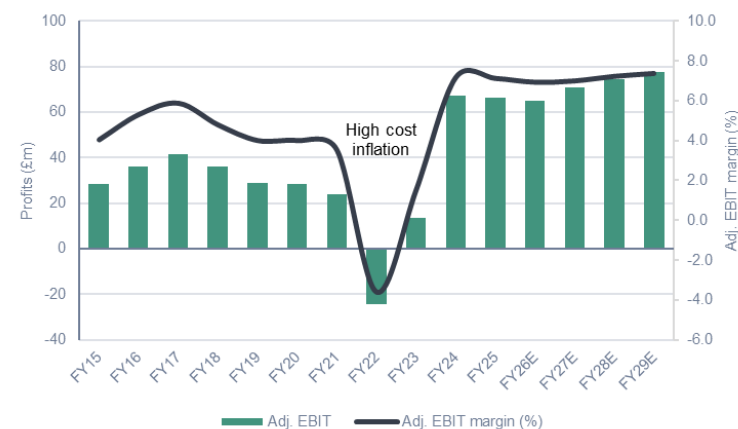
Investment Highlights	Risk Factors
<ul style="list-style-type: none"> <li>McBride is the European market leader in private label household cleaning products with a c.30% market share, c. 2x its nearest competitor. The company is proud of its reputation for expertly making everyday value cleaning products.</li> <li>The group has recovered from unprecedented high-cost inflation in 2022 and grown revenues to over £900m and adj. operating profits to over £65m in both FY24 and FY25 (a c.7% operating margin).</li> <li>Private-label penetration of the European market has stabilised at c.35% of volumes but there are growth opportunities for McBride from product innovation, winning new contracts and building share in certain product markets (e.g. Laundry) and geographies (e.g. Germany and Spain).</li> <li>McBride has a strong focus on sustainability and innovation to reduce carbon and non-recyclable packaging. As such, McBride is the only major private label players signed up to science-based targets (“SBT”).</li> </ul>	<ul style="list-style-type: none"> <li>Rapid high-cost inflation, though having been through this in 2022 and introduced input cost hedges and quarterly pricing reviews there would be less of a time lag between passing cost inflation on in prices now.</li> <li>Irrational competitive pricing behaviour, from either branded producers or smaller private label producers.</li> <li>Loss of a major contract with a large supermarket chain (though McBride has over 150 customers and the top 10 customers account for only 53% of revenues).</li> <li>Supply chain disruption, leading to a drop in customer service levels (“CSL”) though having 14 factories across Europe and Asia diversifies this risk.</li> <li>Technology disruption, though the roll out of the latest ERP software is progressing to plan.</li> <li>Brand reputation risk, for product health or sustainability issues or other reasons.</li> </ul>
Forecast Drivers	Valuation Overview
<ul style="list-style-type: none"> <li>The group’s tailored divisional strategies and investment plans underpin our group organic revenue growth of 1%-2% FY26E-FY28E which is a mix of volume growth and price investment/product mix. Eurotab adds c.6% in FY27E.</li> <li>Management’s Transformation and Excellence programme to save £50m over 5 years, leading to annualised £17m cost savings, is back-end weighted to FY27E/FY28E. We forecast this will offset cost headwinds and lead to a stable c.7% operating margin FY26E-FY28E. Each £1m of cost savings retained could boost operating profit by c.1.5%.</li> <li>We forecast almost 100% conversion of Adj. EBITDA to adj. operating free cashflow of £80m-£100m (FY26E-FY28E). This funds capex of c.£30m, the reinstated dividend, a £20m share buy-back and the acquisition of Eurotab (£34.5m).</li> </ul>	<ul style="list-style-type: none"> <li>McBride is trading on only 0.3x EV/Revenues, 3.6x EV / Adj. EBITDA and c.5.3x Adj. PER and offers a c.5% FCF yield (our forecasts, all Calendar 2027E – “cal 2027E”) despite offering a high ROCE.</li> <li>This is at the low end of McBride’s historic trading range (average PER 13.6x for 2019-2024 excluding 2021/2022 losses) and is significantly lower than other consumer stocks. We expect McBride to re-rate as investor confidence in sustaining and growing Adj. EBITDA margins increases.</li> <li>As McBride has no direct comparable companies we take a wide basket of 16 consumer stocks, split into three groups, and conclude McBride’s fair value should at least equate to c.5x EV/EBITDA and 9x PER (cal 2027), arguably more.</li> </ul> <p><b>Hence, we reaffirm our recently raised Fair Value of 245p per share.</b></p>

## A profitable and cashflow generative market leader in private label household cleaning

### Over 9% Adj. EBITDA margin driving cashflow

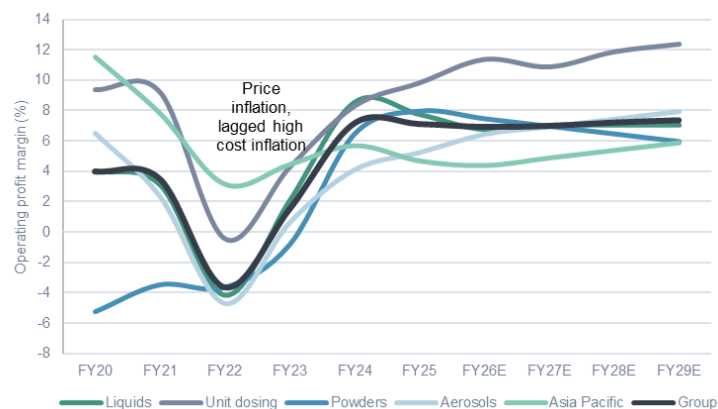
- McBride's robust business model, generating revenues of c.£700m and adj. operating profits of c.£24m-£42m FY15-FY21, faltered in 2022 as high cost-inflation led to temporary operating losses.
- However, from that difficult period has grown a bigger, more profitable business with revenues of over £900m and adj. operating profits of over £65m in FY24 and FY25 (and on track for c.£65m in FY26E).
- The company's "Compass" strategy for each of its five divisions and its Transformation and Excellence cost saving plans, backed by investment in technology and data, have already yielded results, with more to come.
- We forecast c.95% conversion from Adj. EBITDA to adj. operating cashflow of over £80m p/a (FY26E-FY28E) allowing for c.£30m capex investment p/a, the return of dividends, share buy-backs and acquisitions.

### A new level of c.£65m Adj. operating profit and growth



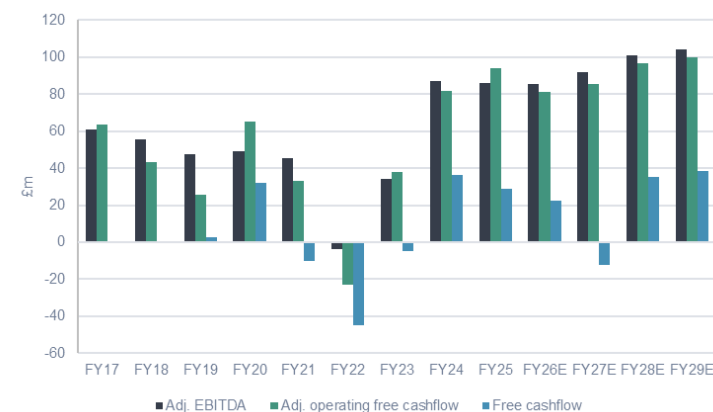
Source: Company data, Equity Development

### Tailored divisional strategies driving higher profit margins



Source: Company data, Equity Development

### Very high conversion of profits to cash



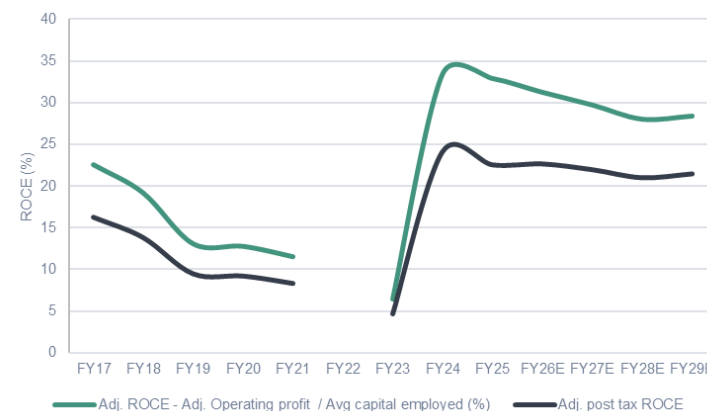
Source: Company data, Equity Development

## An undervalued business with high returns

### Trading significantly below our 245p/share fair value

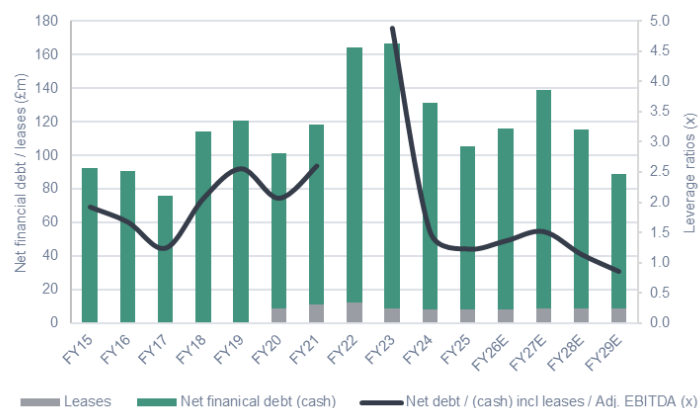
- With the recovery in profits, alongside strategic investment in facilities, technology and acquisitions, has come a step change in return on capital employed (“ROCE”) to 30%+ (adj. operating profits / adj. capital employed) in FY24 and FY25, above management’s internal target of 25%.
- Net debt which had fallen to only 1.2x Adj. EBITDA in FY25 will rise to 1.5x in FY27E given the acquisition of Eurotab, and then we expect to fall.
- Yet despite improving profitability, deleveraging, reinstating a dividend and announcing a £20m share buy-back, McBride only trades on 0.3x cal 2027 EV/Revenues and c.5.3x cal 2027 PER.
- Our Fair Value of 245p per share equates to 0.5x EV/Revenues, c.5x EV/Adj. EBITDA, c.9x PER (all cal 2027) and c.9% FCF yield in cal 2028.

### Adj. ROCE has leapt to over 30%, above 25% target



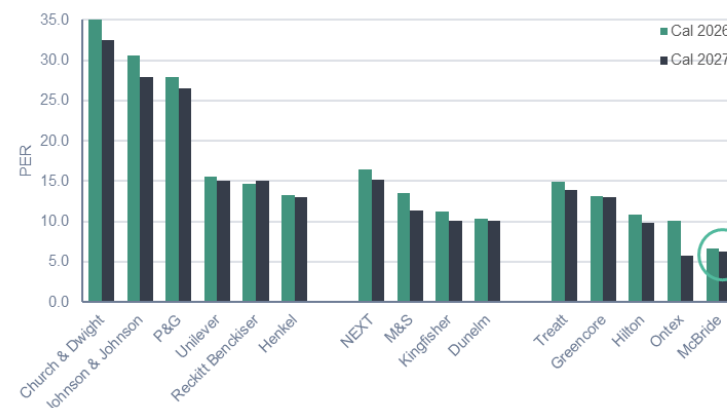
FY22 was loss-making; Source: Company data, Equity Development

### Net debt / Adj. EBITDA 1.5x in FY27E then forecast to fall



Source: Company data, Equity Development

### Undervalued versus a wide range of consumer stocks



Source: Koyfin for consensus estimates, Equity Development

## Financial Forecast tables

Divisional revenue analysis								
Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Liquids	376.1	383.9	497.9	532.8	529.6	531.2	540.6	551.4
Unit dosing	181.5	171.5	234.2	233.6	228.9	223.7	283.8	286.6
Powders	66.3	68.6	85.9	92.8	85.5	86.6	83.8	82.1
Aerosols	34.0	31.9	46.2	50.9	58.9	68.1	76.9	84.6
Asia Pacific	24.4	22.4	24.8	24.7	23.6	22.9	23.8	24.5
<b>Total revenue</b>	<b>682.3</b>	<b>678.3</b>	<b>889.0</b>	<b>934.8</b>	<b>926.5</b>	<b>932.7</b>	<b>1,008.9</b>	<b>1,029.3</b>
Group revenue growth (%)	(3.4)	(0.6)	31.1	5.2	(0.9)	0.7	8.2	2.0
Group FX impact (%)	0.6	(3.5)	2.7	(1.0)	(1.6)	2.4	0.8	0.0
Liquids	(2.5)	5.6	27.3	7.7	0.9	(2.0)	1.0	2.0
Unit dosing (organic)	(1.8)	(1.9)	33.9	0.7	(0.3)	(4.5)	1.0	1.0
Powders	(15.9)	7.2	22.7	9.2	(6.0)	(1.0)	(4.0)	(2.0)
Aerosols	(4.2)	(2.1)	40.8	11.6	18.3	13.0	12.0	10.0
Asia Pacific	(5.4)	(6.7)	6.9	8.3	(5.6)	(5.0)	3.0	3.0
<b>Organic revenue growth, ex FX (%)</b>	<b>(4.0)</b>	<b>2.9</b>	<b>28.4</b>	<b>6.2</b>	<b>0.7</b>	<b>(1.6)</b>	<b>1.4</b>	<b>2.0</b>
Liquids			5.0	6.6	3.5	0.5	3.0	4.0
Unit dosing			13.2	6.2	2.4	(3.0)	3.0	3.0
Powders			(9.5)	(3.9)	(4.4)	2.0	(2.0)	0.0
Aerosols				6.6	21.4	15.0	10.0	10.0
Asia Pacific				9.0	6.3	0.0	5.0	5.0
<b>Organic sales volume growth (%)</b>			<b>5.6</b>	<b>5.7</b>	<b>4.3</b>	<b>0.7</b>	<b>3.1</b>	<b>3.9</b>
Implied group price/mix effect (%)			<b>22.8</b>	0.5	(3.6)	(2.3)	(1.7)	(1.8)

Source: Company data, Equity Development

- We forecast the £17m p/a cost saving programme underpins at least a stabilisation of group margin at c. 7%, though management's medium term margin ambitions are higher. At the group's 2024 capital markets event, management set out medium term operating margin targets of: 7%-10% for Liquids; 8%-11% for Unit dosing; 4%-7% for Powders; 7%-10% for Aerosols and 9%-12% for Asia-Pacific. FY26E is the third year of the 5-year cost savings programme with the savings back-end weighted to years 4 / 5 (i.e. FY27E / FY28E). For every £1m of cost saving that is retained to profit, operating profit increases by 1.5%.

### Divisional operating profit analysis

Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Liquids	11.7	(15.9)	10.5	45.6	41.0	35.8	38.1	38.8
Unit dosing	16.7	(0.8)	10.0	19.4	22.5	25.5	30.9	34.1
Powders	(2.3)	(2.5)	(0.7)	6	6.8	6.5	5.8	5.3
Aerosols	0.8	(1.5)	0.3	2.1	3.1	4.4	5.4	6.3
Asia Pacific	1.9	0.7	1.1	1.4	1.1	1.0	1.2	1.3
Corporate costs	(4.7)	(4.5)	(7.7)	(7.4)	(8.4)	(8.4)	(10.6)	(11.3)
<b>Total operating profit</b>	<b>24.1</b>	<b>(24.5)</b>	<b>13.5</b>	<b>67.1</b>	<b>66.1</b>	<b>64.7</b>	<b>70.7</b>	<b>74.5</b>
Liquids	3.1	(4.1)	2.1	8.6	7.7	6.7	7.0	7.0
Unit dosing	9.2	(0.5)	4.3	8.3	9.8	11.4	10.9	11.9
Powders	(3.5)	(3.6)	(0.8)	6.5	8.0	7.5	7.0	6.5
Aerosols	2.4	(4.7)	0.6	4.1	5.3	6.5	7.0	7.5
Asia Pacific	7.8	3.1	4.4	5.7	4.7	4.4	4.9	5.4
Corporate	(0.7)	(0.7)	(0.9)	(0.8)	(0.9)	(0.9)	(1.1)	(1.1)
<b>Total operating profit margin (%)</b>	<b>3.5</b>	<b>(3.6)</b>	<b>1.5</b>	<b>7.2</b>	<b>7.1</b>	<b>6.9</b>	<b>7.0</b>	<b>7.2</b>
Liquids				37.8	40.5			
Unit dosing				32.8	35.4			
Powders				21.5	30.0			
Aerosols				17.7	23.1			
Asia Pacific				15.9	15.1			
<b>Adjusted ROCE*</b>	<b>11.5</b>	<b>(11.5)</b>	<b>6.4</b>	<b>33.5</b>	<b>33.0</b>	<b>31.3</b>	<b>29.8</b>	<b>28.1</b>

Note: \* Adj. Operating profit / Average capital employed (%); Source: Company data, Equity Development

- We forecast 0% - 2% organic revenue growth FY26E-FY28E comprising 1%-4% volume growth offset by pricing investment/mix of c.2% (this may change depending upon how long temporary price increases last). Management's ambition is 2% organic revenue growth p/a with medium term volume growth of 4% in Liquids; 3%-4% in Unit dosing; flat volumes in Powders, over 10% volume growth in Aerosols and 8% volume growth in Asia-Pacific.
- Our estimate is for a c.2% decline in FY26E operating profit followed by c.9% operating profit growth in FY27E, mostly from the acquisition of Eurotab, with upside if costs savings are not reinvested in the business. We anticipate £2m of exceptional costs in FY27E resulting from the proposed acquisition of Eurotab.
- We forecast stable Adj. PBT in FY26E and growth in FY27E and thereafter from acquisition, organic operating profit growth and financial deleveraging. Our estimate for Adj. EPS growth is c.15% in FY26E due to a lower tax rate and the £20m share buy back, and c.9%-10% p/a thereafter from the acquisition and utilisation of tax losses.

### Key group growth and margin metrics

Year-end 30 June	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Revenue growth (%)	(3.4)	(0.6)	31.1	5.2	(0.9)	0.7	8.2	2.0
Gross profit growth (%)	(2.9)	(19.5)	38.2	32.0	(1.7)	0.7	8.2	2.0
Adj. EBITDA growth (%)	(7.3)	n/m	n/m	155	(1.5)	(0.7)	7.8	10.0
Adj. Operating profit (%)	(14.8)	n/m	n/m	397	(1.5)	(2.1)	9.2	5.4
Adj. PBT growth (%)	(17.8)	n/m	n/m	n/m	3.4	(0.3)	7.2	8.4
Adj. EPS growth (%)	23.0	n/m	n/m	n/m	(2.7)	14.7	9.2	10.0
DPS growth (%)						14.7	9.2	10.0
Gross profit margin (%)	34.7	28.1	29.7	37.2	36.9	<b>36.9</b>	<b>36.9</b>	<b>36.9</b>
Adj. EBITDA margin (%)	6.7	(0.5)	3.8	9.3	9.3	<b>9.1</b>	<b>9.1</b>	<b>9.8</b>
Adj. Operating margin (%)	3.5	(3.6)	1.5	7.2	7.1	6.9	7.0	7.2
Adj. PBT margin (%)	2.9	(4.4)	0.0	5.7	5.9	<b>5.9</b>	<b>5.8</b>	<b>6.2</b>
Distribution costs / revenues (%)	8.2	9.5	8.8	8.7	9.2	9.0	9.0	9.0
Administrative costs / revenues (%)	23.0	21.9	18.9	21.0	20.6	21.0	20.9	20.7
Op costs incl D&A / revenues (%)	32.5	32.1	28.5	30.3	30.2	30.0	30.1	29.7
D&A / revenues (%)	3.1	3.1	2.3	2.1	2.1	2.2	2.1	2.6
Op costs excl D&A / revenues (%)	28.1	28.7	25.8	27.9	27.7	27.8	27.8	27.1
Tax rate (adj.) (%)	-5.5	31.4	n/m	27.9	31.5	27.5	26.1	25.1

Source: Company data, Equity Development

- We see Group Adj. PBT rising to c.£64m by FY28E, a CAGR of 5%, and Adj. EPS rising to c.29p in FY28E, a CAGR of 11%.

Income statement								
Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
<b>Group revenue</b>	<b>682.3</b>	<b>678.3</b>	<b>889.0</b>	<b>934.8</b>	<b>926.5</b>	<b>932.7</b>	<b>1,008.9</b>	<b>1,029.3</b>
Cost of sales	(445.3)	(487.5)	(625.4)	(586.9)	(584.4)	(588.3)	(636.4)	(649.2)
Gross profit	237.0	190.8	263.6	347.9	342.1	<b>344.4</b>	<b>372.5</b>	<b>380.1</b>
Distribution costs	(56.0)	(64.3)	(77.9)	(81.3)	(85.5)	(84.2)	(91.1)	(92.9)
Administrative costs	(156.6)	(148.8)	(168.4)	(196.3)	(190.5)	(195.4)	(210.8)	(212.6)
Impairment losses / losses on PPE disposal	(0.3)	(2.2)	(3.8)	(3.2)	0.0	0.0	0.0	0.0
Add back: D&A	21.4	20.9	20.6	20.0	19.7	20.4	21.1	26.5
Operating costs, Adj. ex D&A	(191.5)	(194.4)	(229.5)	(260.8)	(256.3)	(259.2)	(280.7)	(279.1)
<b>Adj. EBITDA</b>	<b>45.5</b>	<b>(3.6)</b>	<b>34.1</b>	<b>87.1</b>	<b>85.8</b>	<b>85.2</b>	<b>91.8</b>	<b>101.0</b>
Depreciation & amortisation	(21.4)	(20.9)	(20.6)	(20.0)	(19.7)	(20.4)	(21.1)	(26.5)
<b>Adj. Operating profit</b>	<b>24.1</b>	<b>(24.5)</b>	<b>13.5</b>	<b>67.1</b>	<b>66.1</b>	<b>64.7</b>	<b>70.7</b>	<b>74.5</b>
Finance costs	(4.2)	(5.1)	(13.2)	(14.0)	(11.2)	(10.0)	(12.0)	(10.8)
<b>Adj. PBT</b>	<b>19.9</b>	<b>(29.6)</b>	<b>0.3</b>	<b>53.1</b>	<b>54.9</b>	<b>54.8</b>	<b>58.7</b>	<b>63.7</b>
Amortisation of acquired intangible assets	(2.4)	(2.6)	(2.4)	(2.0)	(1.9)	(1.9)	(1.9)	(1.9)
Exceptional operating costs	(6.2)	(2.4)	(0.8)	(0.8)	(4.0)	0.0	(2.0)	0.0
Exceptional finance costs		(3.5)	(12.2)	(3.8)	0.0	0.0	0.0	0.0
PBT	11.3	(35.3)	(15.1)	46.5	49.0	<b>52.9</b>	<b>54.8</b>	<b>61.8</b>
Tax	2.7	11.3	3.6	(13.2)	(15.8)	(15.1)	(14.8)	(16.0)
Adj. PAT	21.0	(20.3)	(0.0)	38.3	37.6	<b>39.7</b>	<b>43.4</b>	<b>47.7</b>
Reported PAT	14.0	(24.0)	(11.5)	33.3	33.2	37.8	40.0	45.8
No of f/d shares (m)	179.4	174.0	174.1	176.9	178.5	164.4	164.4	164.4
<b>Adjusted diluted EPS (p)</b>	<b>11.7</b>	<b>-11.7</b>	<b>0.0</b>	<b>21.7</b>	<b>21.1</b>	<b>24.2</b>	<b>26.4</b>	<b>29.0</b>
DPS (p)					3.0	3.4	<b>3.8</b>	<b>4.1</b>

Source: Company data, Equity Development

- Our forecast is for a minimal net working capital outflow, but a £5.7m contribution to the pension scheme to reduce the deficit, as announced.
- After capex of c.£30m, dividend payments of c.£5m-£6m and c.£5m+ on share buybacks for the employee benefit trust (“EBT”) we forecast £24m of net cashflow p/a from FY28E, to reduce net debt or fund acquisitions (after the £34.5m in FY27E), or further shareholder returns (after the anticipated £20m buy-back in FY26E).

Cashflow statement								
Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
<b>Adj. EBITDA, pre SBP</b>	<b>45.5</b>	<b>(3.6)</b>	<b>34.1</b>	<b>87.1</b>	<b>85.8</b>	<b>85.2</b>	<b>91.8</b>	<b>101.0</b>
Add back: Share based payments charge	0.3	0.0	0.5	1.6	1.6	1.8	1.9	2.1
Change in inventories	(0.4)	(25.7)	(2.7)	0.6	(2.4)	(0.8)	(10.2)	(2.7)
Change in trade receivables*	13.2	(27.4)	(1.3)	(5.2)	9.9	(0.9)	(11.4)	(3.1)
Change in trade payables*	(22.2)	37.8	11.1	0.0	6.2	1.5	18.8	5.0
Working capital movement	(9.4)	(15.3)	7.1	(4.6)	13.7	<b>(0.2)</b>	<b>(2.8)</b>	<b>(0.8)</b>
Pension scheme funding	(4.0)	(4.0)	(4.0)	(4.0)	(7.0)	(5.7)	(5.7)	(5.7)
Other	0.7		0.3	1.6	(0.2)			
<b>Adj. free operating cashflow</b>	<b>33.1</b>	<b>(22.9)</b>	<b>38.0</b>	<b>81.7</b>	<b>93.9</b>	<b>81.0</b>	<b>85.2</b>	<b>96.7</b>
Net financial interest paid	(2.7)	(2.7)	(11.1)	(10.5)	(7.5)	(9.0)	(11.6)	(10.5)
Interest paid on lease liabilities	(0.3)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
Lease payments (principal)	(4.9)	(5.0)	(4.3)	(4.5)	(4.2)	(4.2)	(4.4)	(4.7)
Tax paid	(7.3)	(0.1)	(1.8)	(5.1)	(17.9)	(15.1)	(14.8)	(16.0)
Exceptionals (cash)	(8.0)	(4.1)	(1.4)	(1.0)	(3.2)	0.0	(2.0)	0.0
Other incl refinancing costs	0.0	(1.8)	(12.3)	(5.5)	(1.8)			
Capex incl M&A (net)	(19.8)	(7.8)	(11.6)	(18.5)	(30.0)	(30.0)	(64.5)	(30.0)
<b>Free cashflow</b>	<b>(9.9)</b>	<b>(44.8)</b>	<b>(4.8)</b>	<b>36.3</b>	<b>28.9</b>	<b>22.3</b>	<b>(12.5)</b>	<b>35.2</b>
Dividends						(5.4)	(5.7)	(6.2)
Share buy backs / equity issues	(9.1)	(0.2)	0.0	(2.8)	(2.4)	(27.0)	(5.0)	(5.0)
Other (incl. FX)	(1.2)	(0.5)	(0.7)	0.2	(0.2)			
<b>Net cashflow</b>	<b>(20.2)</b>	<b>(45.5)</b>	<b>(5.5)</b>	<b>33.7</b>	<b>26.3</b>	<b>(10.0)</b>	<b>(23.2)</b>	<b>24.0</b>

Source: Company data, Equity Development

### Net debt metrics

Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Gross financial debt	(132.0)	(156.9)	(159.1)	(132.4)	(131.1)	(131.7)	(131.7)	(131.7)
Net cash	24.9	4.5	1.6	9.3	34.2	24.2	1.0	25.0
<b>Net financial cash / (debt)</b>	<b>(107.1)</b>	<b>(152.4)</b>	<b>(157.5)</b>	<b>(123.1)</b>	<b>(96.9)</b>	<b>(107.5)</b>	<b>(130.7)</b>	<b>(106.6)</b>
Leases	(11.3)	(12.0)	(9.0)	(8.4)	(8.3)	(8.4)	(8.5)	(8.6)
<b>Total net cash /(debt) incl leases</b>	<b>(118.4)</b>	<b>(164.4)</b>	<b>(166.5)</b>	<b>(131.5)</b>	<b>(105.2)</b>	<b>(115.9)</b>	<b>(139.1)</b>	<b>(115.2)</b>
Net financial (cash) / debt / Adj. EBITDA (x)	2.4	(42.3)	4.6	1.4	1.1	1.3	1.4	1.1
<b>Total net (cash) / debt / Adj. EBITDA (x)</b>	<b>2.6</b>	<b>(45.7)</b>	<b>4.9</b>	<b>1.5</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>	<b>1.1</b>

Source: Company data, Equity Development

### Balance sheet: Assets

Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Property, plant and equipment	129.8	122.9	117.8	114.4	120.3	123.7	161.1	158.9
Right of use assets	10.0	11.3	8.5	8.1	7.9	8.4	8.9	9.4
Goodwill	19.7	19.7	19.7	19.7	19.8	19.8	19.8	19.8
Intangible assets	8.2	7.3	6.5	9.8	18.3	26.4	34.5	42.6
Derivative financial instruments	0.1	1.9	4.5	1.7	0.3	0.3	0.3	0.3
Deferred tax assets & other tax assets	22.8	29.7	41.6	42.8	38.2	38.2	38.2	38.2
<b>Non-current assets</b>	<b>190.6</b>	<b>192.8</b>	<b>198.6</b>	<b>196.5</b>	<b>204.8</b>	<b>216.8</b>	<b>262.8</b>	<b>269.2</b>
Inventories	92.9	118.9	121.5	119.6	123.4	124.2	134.4	137.1
Trade and other receivables	117.9	145.4	145.7	148.8	139.1	140.0	151.5	154.5
Current tax assets	3.7	3.9	2.3	2.1	3.6	3.6	3.6	3.6
Other financial (derivative) assets	0.2	0.6	0.6	0.3	0.2	0.2	0.2	0.2
Cash & cash equivalents	24.9	4.5	1.6	9.3	34.2	24.2	1.0	25.0
<b>Current assets</b>	<b>241.2</b>	<b>273.3</b>	<b>271.7</b>	<b>280.1</b>	<b>300.5</b>	<b>292.2</b>	<b>290.7</b>	<b>320.5</b>

Source: Company data, Equity Development

<b>Balance sheet: Liabilities</b>								
<b>Year-end 30 June (£m)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Bank overdraft & s/t loans	(53.7)	(60.5)	(49.3)	(67.4)	(69.8)	(69.8)	(69.8)	(69.8)
Trade payables and other liabilities	(169.2)	(206.9)	(219.6)	(220.1)	(228.0)	(229.5)	(248.3)	(253.3)
Lease liabilities	(3.4)	(3.9)	(3.5)	(3.1)	(3.7)	(3.7)	(3.7)	(3.7)
Current tax liabilities	(4.2)	(5.3)	(6.7)	(12.9)	(7.2)	(7.2)	(7.2)	(7.2)
Provisions	(2.7)	(3.4)	(2.7)	(2.2)	(2.7)	(2.7)	(2.7)	(2.7)
Other financial liabilities	(0.3)	0.0	(1.8)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
<b>Current liabilities</b>	<b>(233.5)</b>	<b>(280.0)</b>	<b>(283.6)</b>	<b>(306.1)</b>	<b>(311.8)</b>	<b>(313.3)</b>	<b>(332.1)</b>	<b>(337.1)</b>
<b>Capital employed</b>	<b>209.3</b>	<b>218.6</b>	<b>200.1</b>	<b>200.3</b>	<b>200.8</b>	<b>195.7</b>	<b>221.4</b>	<b>252.5</b>
Bank borrowings	(78.3)	(96.4)	(109.8)	(65.0)	(61.3)	(61.9)	(61.9)	(61.9)
Lease liabilities	(7.9)	(8.1)	(5.5)	(5.3)	(4.6)	(4.7)	(4.8)	(4.9)
Deferred tax liabilities	(6.7)	(4.7)	(5.1)	(6.0)	(6.7)	(6.7)	(6.7)	(6.7)
Provisions	(3.7)	(3.8)	(2.6)	(1.4)	(1.6)	(1.6)	(1.6)	(1.6)
Post employment benefits	(31.9)	(16.1)	(26.6)	(29.4)	(24.9)	(19.2)	(13.5)	(7.8)
Other financial liabilities					(0.1)	(0.1)	(0.1)	(0.1)
<b>Non-current liabilities</b>	<b>(128.5)</b>	<b>(129.1)</b>	<b>(149.6)</b>	<b>(107.1)</b>	<b>(99.2)</b>	<b>(94.2)</b>	<b>(88.6)</b>	<b>(83.0)</b>
<b>Net assets</b>	<b>69.8</b>	<b>57.0</b>	<b>37.1</b>	<b>63.4</b>	<b>94.3</b>	<b>101.5</b>	<b>132.8</b>	<b>169.6</b>
<b>Shareholders' funds</b>	<b>69.8</b>	<b>57.0</b>	<b>37.1</b>	<b>63.4</b>	<b>94.3</b>	<b>101.5</b>	<b>132.8</b>	<b>169.6</b>

Source: Company data, Equity Development

## Contacts

### Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

### Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

**Equity Development Limited is regulated by the Financial Conduct Authority**

## Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website [www.equitydevelopment.co.uk](http://www.equitydevelopment.co.uk)

Contact: [info@equitydevelopment.co.uk](mailto:info@equitydevelopment.co.uk) | 020 7065 2690