

Market-leader strength but temporary pricing lag

12 June 2026

As the Middle East conflict has continued, McBride has seen sustained cost inflation. However, as the leading European manufacturer of private label household cleaning products, McBride has negotiated a second phase of price recovery actions that is expected to fully cover the cost increases. In the interim period there is a c. £5m hit to profits in FY26E and FY27E, with a recovery expected from Q227. More holistically, private-label products typically gain market share during inflationary periods and the group's [strategic acquisition of Eurotab Group](#) is on track. So, as a defensive, cash-generative, private-label household cleaning group, we make no change to our 245p Fair Value per share, equating to 9.5x cal 2027 PER.

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

The conflict in the Middle East has continued longer than anticipated when McBride last reported in [early April](#). As such McBride has seen sustained cost increases in some petro-chemical derived and energy-intensive materials. Management has been working closely with customers on a second phase of price recovery actions, and whilst the duration of the conflict is uncertain, management believes costs have broadly stabilised now.

5%-10% temporary impact to Adj. EBITA in FY26E and FY27E

Given the c. 2-3 months' time lag between rising input costs and price recovery actions, management estimates that 4Q26E / 1Q27E will see a hit, leading to a c.5%-10% decline in consensus EBITA estimates for FY26E and FY27E (c.£3.5m-£6.5m; we have reduced our forecasts by 8.6%). However, management expects no lasting impact from Q227 with gross margin recovered in FY28E.

Value-accretive Eurotab acquisition on track: reiterate Fair Value 245p

Management has also confirmed that its offer for Eurotab Group ("Eurotab"), is due to complete around 1st July. This strategic acquisition adds production capacity, as well as new product lines and customer relationships, leading to compelling synergies and incremental value for shareholders. Hence, although we have reduced our forecasts to reflect the temporary lower gross margin, we believe the group's high ROCE is not reflected in its low rating of 6.3x cal 2027 PER.

Company data

EPIC	MCB
Price (last close)	166p
52 weeks Hi/Lo	170p/106p
Market cap	£266m
ED Fair Value / share	245p
Net cash / (debt) 2026E	£(116m)
Avg. daily volume (3m)	334k

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

Eurotab completion update July 2026

Key financials & 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	49.2	52.4	62.5
Adj. PBT margin (%)	5.7	5.9	5.3	5.2	6.1
Adj. diluted EPS (p)	21.7	21.1	21.7	23.6	28.6
Dividend per share (p)	0.0	3.0	3.1	3.4	4.1
Adj. operating free cashflow	81.7	93.9	76.1	74.2	95.6
Free cashflow	36.3	28.9	13.9	(28.0)	27.1
Net cash / (debt) /Adj. EBITDA (x)	(1.5)	(1.2)	(1.6)	(1.9)	(1.5)
EV / Sales (x, calendarised)			0.4	0.4	0.4
PER (x, calendarised)			7.8	7.3	6.3
Dividend yield (% , calendarised)			1.8	1.9	2.2
Free cashflow yield (% , calendarised)			7.8	-2.6	-0.2

Source: Company data, Equity Development, Priced as at 11 Jun 2026

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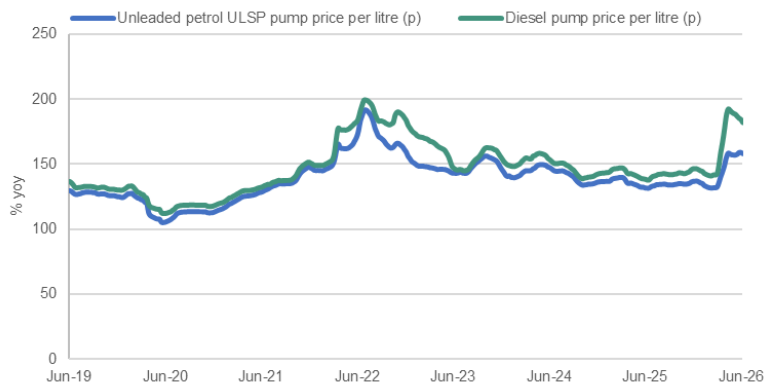
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Inflation impact from the Middle East conflict being passed on to customers

Input cost inflation is back, at least temporarily

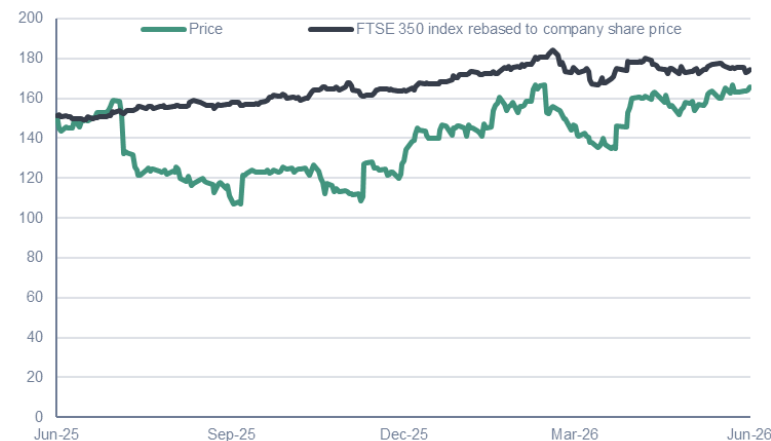
- McBride noted the potential impact of cost inflation resulting from the Middle East conflict in its trading statement on 2 April 2026. At the time it had had minimal impact (some rising haulage costs), however as the conflict has lasted longer than anticipated in April, there has been sustained cost increases in petro-chemical and energy-intensive materials, impacting McBride's raw material costs.
- However, management believes direct cost pressures are unlikely to rise considerably further or experience meaningful near-term decline.
- As an example, average petrol prices in the UK rose c.20% from c.132p per litre at the end of February to c.158p in April and have since stabilised.

UK petrol prices jumped in April and have consolidated



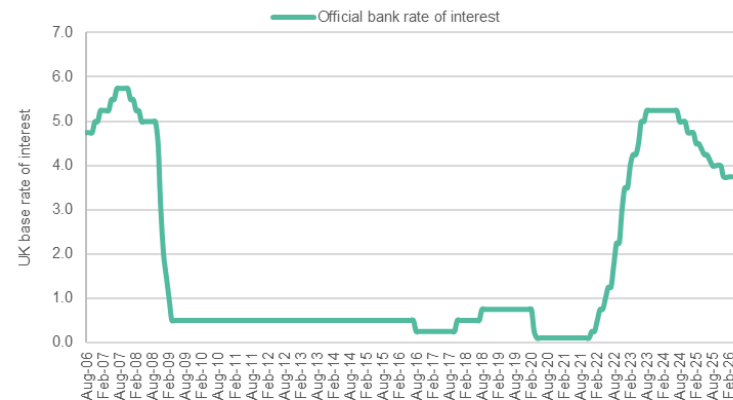
Source: [UK Government](#), Equity Development

McBride's share price fell on Iran conflict but rose on M&A



Source: [Investing.com](#), Equity Development

Market now expects UK interest rates (3.75%) to stabilise



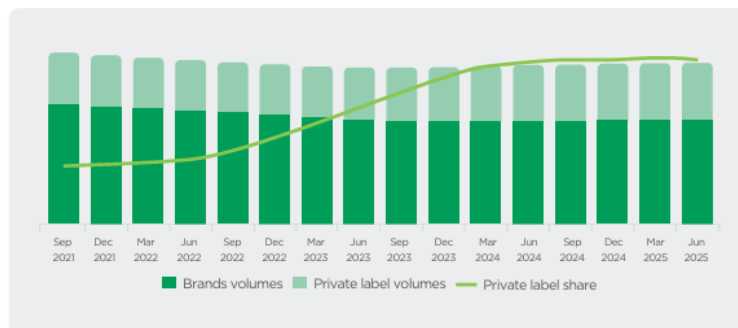
Source: [Bank of England](#), Equity Development

McBride passing on price rises; defensive resilience

- McBride has responded by working with its customers on price recovery actions in two phases, within its 3-month pricing approach. The group expects to fully offset cost increases, but with a time-lag impacting Q426E and Q127E (April-Sept 2026). We estimate this will cost c.40bps-50bps of gross margin in FY26E and FY27E, yet gross margins will remain c.36%+, reflecting McBride’s strong negotiating power as private-label market leader.
- 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.

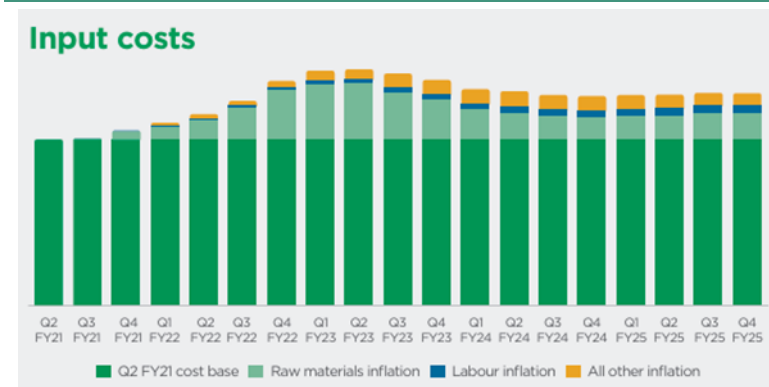
European private label share rose from c.30% to c.35.5%

Market volume and private label share progression



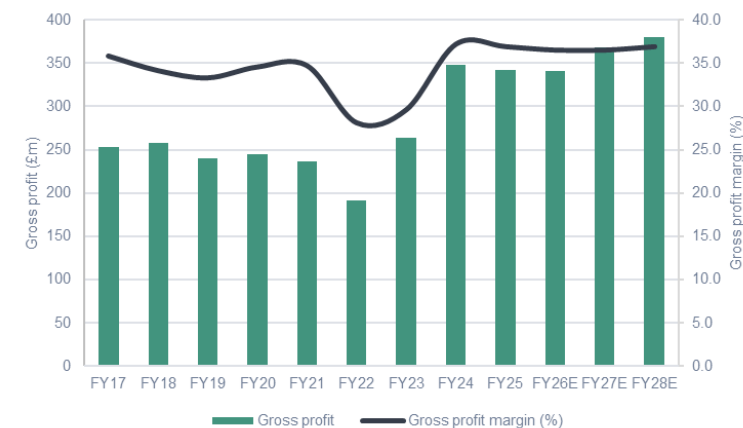
Source: Company data ('Europanel with Worldpanel by Numerator and YouGov' data for the twelve months ended 30 June 2025)

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



Source: Company data, Equity Development

...and has a clear focus on sustaining gross margin now



Source: Company data, Equity Development

Overview of McBride’s investment attractions

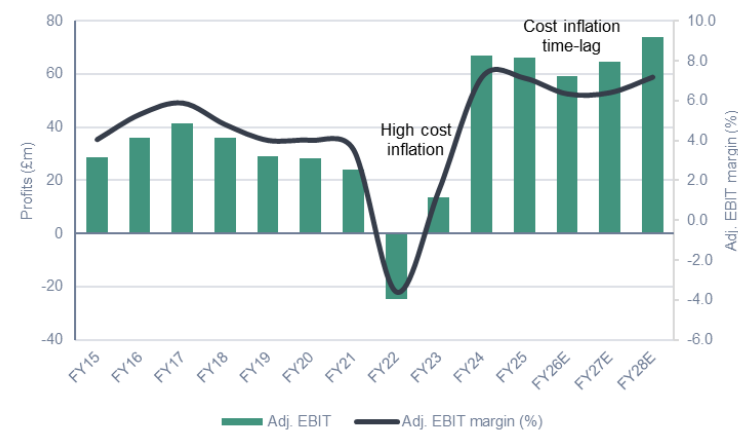
Investment Highlights	Risk Factors
<ul style="list-style-type: none"> McBride is the European market leader in private label household cleaning products with a c.30% market share, c. 2x its nearest competitor. The company is proud of its reputation for expertly making everyday value cleaning products. 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). 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). 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”). 	<ul style="list-style-type: none"> 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 (i.e. 3 months). Irrational competitive pricing behaviour, from either branded producers or smaller private label producers. 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). Supply chain disruption, leading to a drop in customer service levels (“CSL”) though having 14 factories across Europe and Asia diversifies this risk. Technology disruption, though the roll out of the latest ERP software is progressing to plan. Brand reputation risk, for product health or sustainability issues or other reasons.
Forecast Drivers	Valuation Overview
<ul style="list-style-type: none"> 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. 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 help offset cost headwinds and lead to a 6%-7% operating margin FY26E-FY28E. Each £1m of cost savings retained could boost operating profit by c.1.5%. We forecast almost 100% conversion of Adj. EBITDA to adj. operating free cashflow of £70m-£100m (FY26E-FY28E). This funds capex of c.£30m, the reinstated dividend, a £20m share buy-back and the acquisition of Eurotab (£34.5m). 	<ul style="list-style-type: none"> McBride is trading on only 0.4x EV/Revenues, 4.1 x EV / Adj. EBITDA and c.6.3x Adj. PER and offers a c.6% FCF yield, ex M&A (our forecasts, all Calendar 2027E – “cal 2027E”) despite offering a high ROCE. 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. 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. <p>Hence, despite the temporary profit impact, we reiterate our Fair Value of 245p per share.</p>

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

Over 8% Adj. EBITDA margin driving cashflow

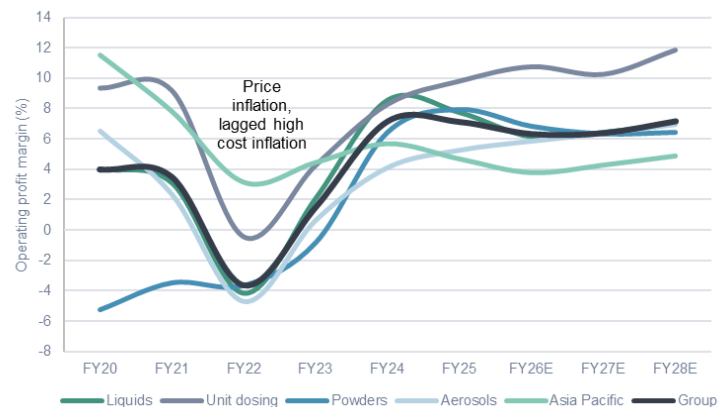
- McBride's robust business model, generating revenues of c.£700m and adj. operating profits of c.£24m-£42m FY15-FY21, faltered in 2022 as high cost-inflation led to temporary operating losses.
- However, from that difficult period has grown a bigger, more profitable business with revenues of over £900m and adj. operating profits of over £65m in FY24 and FY25 (and on track for nearly £60m in FY26E despite cost rises).
- 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 £70m-£100m 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.£60m Adj. operating profit and growth



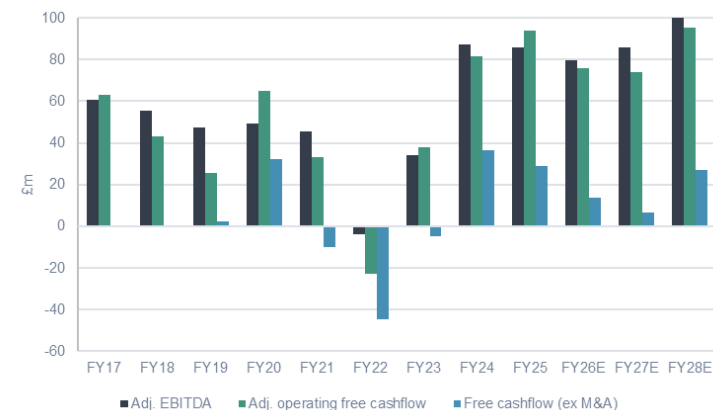
Source: Company data, Equity Development

Tailored divisional strategies driving higher profit margins



Source: Company data, Equity Development

Very high conversion of profits to adj. operating cash



Source: Company data, Equity Development

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

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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.

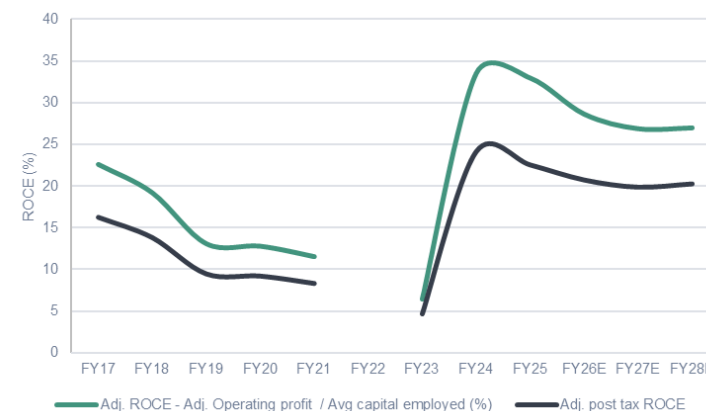
Source: Company data, Equity Development

An underrated business with high returns

Rating significantly below our 245p/share fair value

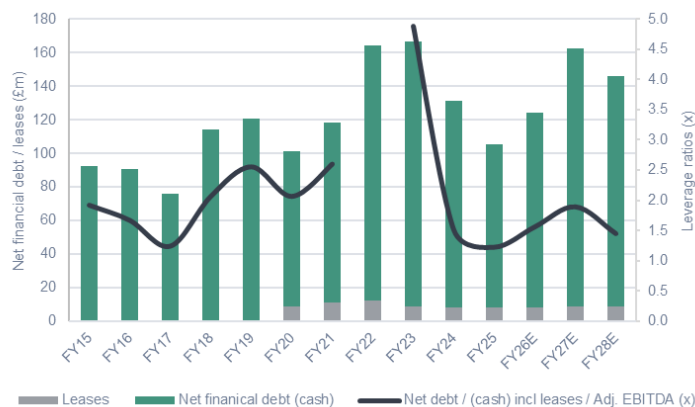
- With the recovery in profits, alongside strategic investment in facilities, technology and acquisitions, has come a step change in return on capital employed (“ROCE”) to 30%+ (adj. operating profits / adj. capital employed) in FY24 and FY25, above management’s internal target of 25%. Even with the cost increases and time-lag we forecast 27% ROCE.
- Yet despite improving profitability, reinstating a dividend and announcing a £20m share buy-back, McBride only trades on 0.4x cal 2027 EV/Revenues and c.6.3x cal 2027 PER.
- Our Fair Value of 245p per share equates to 0.5x EV/Revenues, c.5.5x EV/Adj. EBITDA, c.9.5x PER (all cal 2027) and c.7% FCF yield in cal 2028.

Adj. ROCE forecast c. 27%, above 25% target



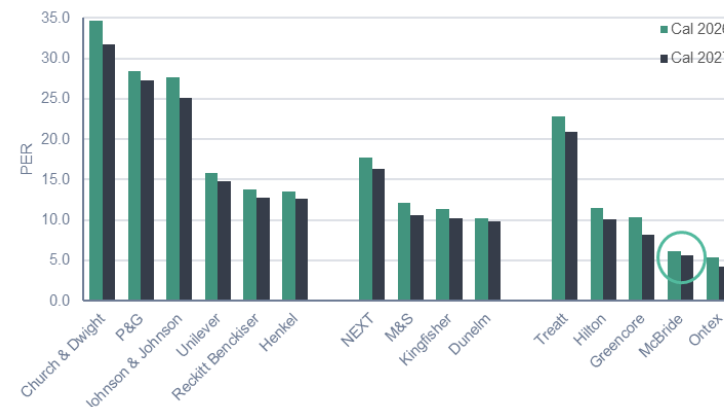
FY22 was loss-making; Source: Company data, Equity Development

Net debt / Adj. EBITDA under 2x in FY27E



Source: Company data, Equity Development

Undervalued versus a wide range of consumer stocks



Source: Koyfin for consensus estimates, Equity Development

Financial Forecast tables

Changes to group forecasts resulting from Middle East conflict driven temporary cost increases										
	New forecasts			Old forecasts			% Change			
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	
Year-end 30 Jun (£m)										
Group Revenue	932.7	1,008.9	1,029.3	932.7	1,008.9	1,029.3	0	0.0	0.0	
<i>Revenue growth (%)</i>	0.7	8.2	2.0	0.7	8.2	2.0				
Adj. EBITDA	79.6	85.7	100.7	85.2	91.8	101.0	-6.6	-6.6	-0.3	
<i>Adj. EBITDA margin (%)</i>	8.5	8.5	9.8	9.1	9.1	9.8				
Adj. EBIT	59.1	64.6	73.9	64.7	70.7	74.5	-8.6	-8.6	-0.7	
<i>Adj. EBIT margin (%)</i>	6.3	6.4	7.2	6.9	7.0	7.2				
Adj. PBT	49.2	52.4	62.5	54.8	58.7	63.7	-10.2	-10.7	-1.8	
<i>Adj. PBT margin (%)</i>	5.3	5.2	6.1	5.9	5.8	6.2				
Adjusted diluted EPS (p)	21.7	23.6	28.6	24.2	26.4	29.0	-10.2	-10.5	-1.4	
<i>Adj. EPS growth (%)</i>	3.0	8.9	21.1	14.7	9.2	10.0	0	0.0	0.0	
DPS (p)	3.1	3.4	4.1	3.4	3.8	4.1				
Capex	30.0	32.5	33.1	30.0	30.0	30.0	0	0	0	
Free cashflow	13.9	6.5	27.1	22.3	(12.3)	35.2				
Net financial cash / (debt)	(116.0)	(154.0)	(137.4)	(107.5)	(130.5)	(106.4)				
Total net cash /(debt) incl leases	(124.3)	(162.5)	(146.0)	(115.9)	(139.0)	(115.0)				
Net financial cash / (debt) / Adj. EBITDA (x)	(1.5)	(1.8)	(1.4)	(1.3)	(1.4)	(1.1)				
Total net cash / (debt) / Adj. EBITDA (x)	(1.6)	(1.9)	(1.5)	(1.4)	(1.5)	(1.1)				

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

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
Total revenue	682.3	678.3	889.0	934.8	926.5	932.7	1,008.9	1,029.3
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
Organic revenue growth, ex FX (%)	(4.0)	2.9	28.4	6.2	0.7	(1.6)	1.4	2.0
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
Organic sales volume growth (%)			5.6	5.7	4.3	0.7	3.1	3.9
Implied group price/mix effect (%)			22.8	0.5	(3.6)	(2.3)	(1.7)	(1.8)

Source: Company data, Equity Development

- We forecast the £17m p/a cost saving programme helps to offset the time-lag impact of rising input costs, leading to a group operating profit margin of 6%-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, 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	32.6	34.8	38.8
Unit dosing	16.7	(0.8)	10.0	19.4	22.5	24.1	29.2	34.1
Powders	(2.3)	(2.5)	(0.7)	6	6.8	5.9	5.3	5.3
Aerosols	0.8	(1.5)	0.3	2.1	3.1	4.0	4.9	5.9
Asia Pacific	1.9	0.7	1.1	1.4	1.1	0.9	1.0	1.2
Corporate costs	(4.7)	(4.5)	(7.7)	(7.4)	(8.4)	(8.4)	(10.6)	(11.3)
Total operating profit	24.1	(24.5)	13.5	67.1	66.1	59.1	64.6	73.9
Liquids	3.1	(4.1)	2.1	8.6	7.7	6.1	6.4	7.0
Unit dosing	9.2	(0.5)	4.3	8.3	9.8	10.8	10.3	11.9
Powders	(3.5)	(3.6)	(0.8)	6.5	8.0	6.9	6.4	6.5
Aerosols	2.4	(4.7)	0.6	4.1	5.3	5.9	6.4	7.0
Asia Pacific	7.8	3.1	4.4	5.7	4.7	3.8	4.3	4.9
Corporate	(0.7)	(0.7)	(0.9)	(0.8)	(0.9)	(0.9)	(1.1)	(1.1)
Total operating profit margin (%)	3.5	(3.6)	1.5	7.2	7.1	6.3	6.4	7.2
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			
Adjusted ROCE*	11.5	(11.5)	6.4	33.5	33.0	28.6	26.9	27.0

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.
- We estimate a c.10% 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 £7m of exceptional costs in FY26E and FY27E (some from the proposed acquisition of Eurotab).
- We forecast a 10% decline in Adj. PBT in FY26E and growth in FY27E and thereafter from acquisition, organic operating profit growth and financial deleveraging. We forecast Adj. EPS growth is c.3% in FY26E due to a lower tax rate and the £20m share buy back, and c.9% in FY27E and c.21% in FY28E from 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)	(0.4)	8.2	3.1
Adj. EBITDA growth (%)	(7.3)	n/m	n/m	155	(1.5)	(7.3)	7.8	17.4
Adj. Operating profit (%)	(14.8)	n/m	n/m	397	(1.5)	(10.5)	9.3	14.4
Adj. PBT growth (%)	(17.8)	n/m	n/m	n/m	3.4	(10.4)	6.7	19.2
Adj. EPS growth (%)	23.0	n/m	n/m	n/m	(2.7)	3.0	8.9	21.1
DPS growth (%)						3.0	8.9	21.1
Gross profit margin (%)	34.7	28.1	29.7	37.2	36.9	36.5	36.5	36.9
Adj. EBITDA margin (%)	6.7	(0.5)	3.8	9.3	9.3	8.5	8.5	9.8
Adj. Operating margin (%)	3.5	(3.6)	1.5	7.2	7.1	6.3	6.4	7.2
Adj. PBT margin (%)	2.9	(4.4)	0.0	5.7	5.9	5.3	5.2	6.1
Distribution costs / revenues (%)	8.2	9.5	8.8	8.7	9.2	9.1	9.1	9.0
Administrative costs / revenues (%)	23.0	21.9	18.9	21.0	20.6	21.1	21.0	20.7
Op costs incl D&A / revenues (%)	32.5	32.1	28.5	30.3	30.2	30.9	30.8	30.2
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	28.0	28.0	27.1
Tax rate (adj.) (%)	-5.5	31.4	n/m	27.9	31.5	27.5	26.0	24.8

Source: Company data, Equity Development

- We see Group Adj. PBT rising to c.£63m by FY28E, after the temporary profit impact in FY26E and FY27E, 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
Group revenue	682.3	678.3	889.0	934.8	926.5	932.7	1,008.9	1,029.3
Cost of sales	(445.3)	(487.5)	(625.4)	(586.9)	(584.4)	(592.0)	(640.4)	(649.2)
Gross profit	237.0	190.8	263.6	347.9	342.1	340.6	368.5	380.1
Distribution costs	(56.0)	(64.3)	(77.9)	(81.3)	(85.5)	(85.1)	(92.1)	(92.9)
Administrative costs	(156.6)	(148.8)	(168.4)	(196.3)	(190.5)	(196.4)	(211.8)	(213.2)
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	26.7
Operating costs, Adj. ex D&A	(191.5)	(194.4)	(229.5)	(260.8)	(256.3)	(261.1)	(282.7)	(279.4)
Adj. EBITDA	45.5	(3.6)	34.1	87.1	85.8	79.6	85.7	100.7
Depreciation & amortisation	(21.4)	(20.9)	(20.6)	(20.0)	(19.7)	(20.4)	(21.1)	(26.7)
Adj. Operating profit	24.1	(24.5)	13.5	67.1	66.1	59.1	64.6	73.9
Finance costs	(4.2)	(5.1)	(13.2)	(14.0)	(11.2)	(10.0)	(12.2)	(11.4)
Adj. PBT	19.9	(29.6)	0.3	53.1	54.9	49.2	52.4	62.5
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)	(7.0)	(6.7)	(5.0)
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	40.3	43.8	55.6
Tax	2.7	11.3	3.6	(13.2)	(15.8)	(11.6)	(11.9)	(14.3)
Adj. PAT	21.0	(20.3)	(0.0)	38.3	37.6	35.6	38.8	47.0
Reported PAT	14.0	(24.0)	(11.5)	33.3	33.2	28.7	31.9	41.4
No of f/d shares (m)	179.4	174.0	174.1	176.9	178.5	164.4	164.4	164.4
Adjusted diluted EPS (p)	11.7	-11.7	0.0	21.7	21.1	21.7	23.6	28.6
DPS (p)					3.0	3.1	3.4	4.1

Source: Company data, Equity Development

- Our forecast is for a small 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 £27m 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
Adj. EBITDA, pre SBP	45.5	(3.6)	34.1	87.1	85.8	79.6	85.7	100.7
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)	(1.6)	(10.2)	(1.9)
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	3.0	13.9	3.4
Working capital movement	(9.4)	(15.3)	7.1	(4.6)	13.7	0.4	(7.8)	(1.5)
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)			
Adj. free operating cashflow	33.1	(22.9)	38.0	81.7	93.9	76.1	74.2	95.6
Net financial interest paid	(2.7)	(2.7)	(11.1)	(10.5)	(7.5)	(9.0)	(11.8)	(11.0)
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)	(11.6)	(11.9)	(14.3)
Exceptionals (cash)	(8.0)	(4.1)	(1.4)	(1.0)	(3.2)	(7.0)	(6.7)	(5.0)
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)	(67.0)	(33.1)
Free cashflow	(9.9)	(44.8)	(4.8)	36.3	28.9	13.9	(28.0)	27.1
Dividends						(5.4)	(5.1)	(5.5)
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)			
Net cashflow	(20.2)	(45.5)	(5.5)	33.7	26.3	(18.5)	(38.0)	16.6

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	15.7	(22.3)	(5.8)
Net financial cash / (debt)	(107.1)	(152.4)	(157.5)	(123.1)	(96.9)	(116.0)	(154.0)	(137.4)
Leases	(11.3)	(12.0)	(9.0)	(8.4)	(8.3)	(8.4)	(8.5)	(8.6)
Total net cash /(debt) incl leases	(118.4)	(164.4)	(166.5)	(131.5)	(105.2)	(124.3)	(162.5)	(146.0)
Net financial (cash) / debt / Adj. EBITDA (x)	2.4	(42.3)	4.6	1.4	1.1	1.5	1.8	1.4
Total net (cash) / debt / Adj. EBITDA (x)	2.6	(45.7)	4.9	1.5	1.2	1.6	1.9	1.5

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	162.7	162.3
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	35.3	44.5
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
Non-current assets	190.6	192.8	198.6	196.5	204.8	216.8	265.2	274.5
Inventories	92.9	118.9	121.5	119.6	123.4	125.0	135.2	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	15.7	(22.3)	(5.8)
Current assets	241.2	273.3	271.7	280.1	300.5	284.6	268.2	289.7

Source: Company data, Equity Development

Balance sheet: Liabilities								
Year-end 30 June (£m)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
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)	(231.0)	(244.9)	(248.2)
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)
Current liabilities	(233.5)	(280.0)	(283.6)	(306.1)	(311.8)	(314.8)	(328.7)	(332.0)
Capital employed	209.3	218.6	200.1	200.3	200.8	186.5	204.7	232.1
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)
Non-current liabilities	(128.5)	(129.1)	(149.6)	(107.1)	(99.2)	(94.2)	(88.6)	(83.0)
Net assets	69.8	57.0	37.1	63.4	94.3	92.4	116.2	149.1
Shareholders' funds	69.8	57.0	37.1	63.4	94.3	92.4	116.2	149.1

Source: Company data, Equity Development

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