# Restore plc

## Harrow Green disposal and forecast upgrades

9 December 2025

**Restore has released a positive trading update this morning, upgrading underlying profit forecasts alongside the sale of the underperforming Harrow Green business to Pickfords for up to £5.5m. Organic growth prospects for Restore's continuing businesses are increasingly positive, the recent Synertec acquisition is trading well and underlying operating margins are already running ahead of the Group's 20% medium term target. On our upgraded FY26 forecasts, Restore is trading on a P/E rating of just 10x, which in our view, fails to reflect the quality of the Group and its growth prospects. We reiterate our 400p Fair Value estimate.**

### Harrow Green divestment addresses lack of strategic fit

Harrow Green is the UK's leading commercial relocations business. The business has faced challenging market conditions for the past two years, revenue growth has been trending at negative double digits and operating margins have been in the low single digits. With no sign of a near term recovery in market conditions, we consider the divestment a sensible strategic outcome, particularly in the context of Restore's stated 20% medium term operating margin target.

### Positive trends across continuing businesses

The trading update for the 11 months ended 30th November 2025 strikes a positive tone, highlighting improving trends in the three continuing businesses, supported by ongoing investment in new capacity and bolt-on acquisitions in Datashred and Information Management.

### Underlying operating margins already meeting 20% medium term target

Harrow Green was dilutive to the overall Group operating margin and the sale of the business, in addition to ongoing management actions (e.g. property consolidation, Digital integration), will see the 20% medium term margin target achieved this year, much earlier than planned.

### Upgrades reflect organic growth prospects and strength of margins

Underlying trading (continuing basis) for FY25 is ahead of expectations. With improving prospects across Information Management, Datashred and Technology, FY26 expectations have also been upgraded, overcoming the lost contribution from Harrow Green and a c.£1m headwind from business rate increases in the recent Budget. The net impact is a slight decrease (-2%) to our FY25 PBT forecast and modest increases to our FY26 and FY27 forecasts (+2%).

### Key financials & valuation metrics

| Year to 31 Dec (£m) | 2023A | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Sales | 237.1 | 240.0 | 308.3 | 338.3 | 347.6 |
| EBITDA | 72.6 | 80.5 | 88.5 | 94.1 | 97.3 |
| Adjusted PBT | 25.8 | 32.5 | 38.8 | 44.1 | 47.5 |
| FD EPS (p) | 14.4 | 17.7 | 20.9 | 23.6 | 25.4 |
| DPS (p) | 5.2 | 5.5 | 5.8 | 6.0 | 6.2 |
| Net Cash/(Debt)* | (201.3) | (229.0) | (264.3) | (241.8) | (214.4) |
| Net Cash/(Debt)** | (97.8) | (89.0) | (124.3) | (101.8) | (74.4) |
| P/E | 16.7x | 13.6x | 11.5x | 10.2x | 9.4x |
| EV/EBITDA* | 7.3x | 6.9x | 6.7x | 6.0x | 5.6x |
| Dividend yield | 2.2% | 2.3% | 2.4% | 2.5% | 2.6% |

*Source: ED analysis, IFRS 16 basis * including leases ** excluding leases, Shares priced at COB 08/12/25*

**Company data**

| | |
|---|---|
| EPIC | RST.L |
| Price (last close) | 238p |
| 52 weeks Hi/Lo | 280p/211p |
| Market cap | £327m |
| ED Fair Value / share | 400p |
| Net cash / (debt) 2024A | £89m |
| Avg. daily volume (3m) | 276k |

**Share price, p**


*Source: investing.com*

**Description**

Restore is a leading provider of records management (physical document archiving), digitisation and secure recycling of paper and technology assets. In all these areas, it has a strong market position (either number 1 or 2 in the UK) and an excellent reputation across a customer base of blue-chip businesses and government/ public sector organisations.

**Next event**

FY25 prelim results - March 2026


**James Tetley (Analyst)**
0207 065 2690
james.tetley@equitydevelopment.co.uk

**Hannah Crowe**
0207 065 2692
hannah@equitydevelopment.co.uk

# Positive trading update and disposal of Harrow Green

Restore has released a trading update for the 11 months ended 30th November 2025. The tenor of the update is positive, highlighting improving trends in the three core businesses, ongoing investments in new capacity and bolt-on acquisitions.

At the same time, it has announced the disposal of Harrow Green to Pickfords for £5.5m, of which £2.5m is contingent on FY26 performance.

In our view, this is a positive outcome. Harrow Green was increasingly non-core for Restore given few clear synergies with the rest of the Group and structurally lower operating margins. By contrast, the business is a strong strategic fit for Pickfords, the UK market leader in domestic relocations.

The disposal is expected to result in a non-cash loss of c.£3m and there will be additional cash costs of c.£2m, primarily relating to the exit of Harrow Green's head office site in Silvertown, London.

Cash generation remains strong with cash conversion of >80%. Net debt at the year end is expected to be in line with current expectations, after adjusting for recent M&A in the second half of the year. Restore has also successfully completed a refinancing, entering a new five year £150m RCF, with an accordion of £50m, providing significant additional balance sheet flexibility at improved pricing.

## Information Management

Storage revenue continued to increase in the period, with inflation linked pricing in place on most contracts.

The property consolidation programme is almost complete with two new leases recently signed for a combined 0.7 million box capacity near existing facilities. Boxes will start to be moved to the new sites early next year.

The integration of the Digital scanning business into Information Management is also largely complete with annualised cost savings in excess of £5m, nearly double the original target.

The recently acquired Synertec business continues to trade in line with expectations and has excellent growth prospects, as highlighted at October's site visit (Site visit underscores growth ambitions).

The outlook for 2026 is encouraging, supported by recent contract wins for scanning (North-West London GP Practices) and Synertec (new four-year NHS Notify framework), as well as a recent bolt-on acquisition of a scanning business from NEC Software.

## Datashred

Datashred is building on a strong first half performance with increased visit numbers and largely stable paper prices (c.50% hedged). The business has delivered strong revenue growth in the period and profitability has improved in the second half. The integration of Shred-on-Site and three smaller bolt-on acquisitions is now substantially complete with synergy gains expected to enhance profitability further in 2026.

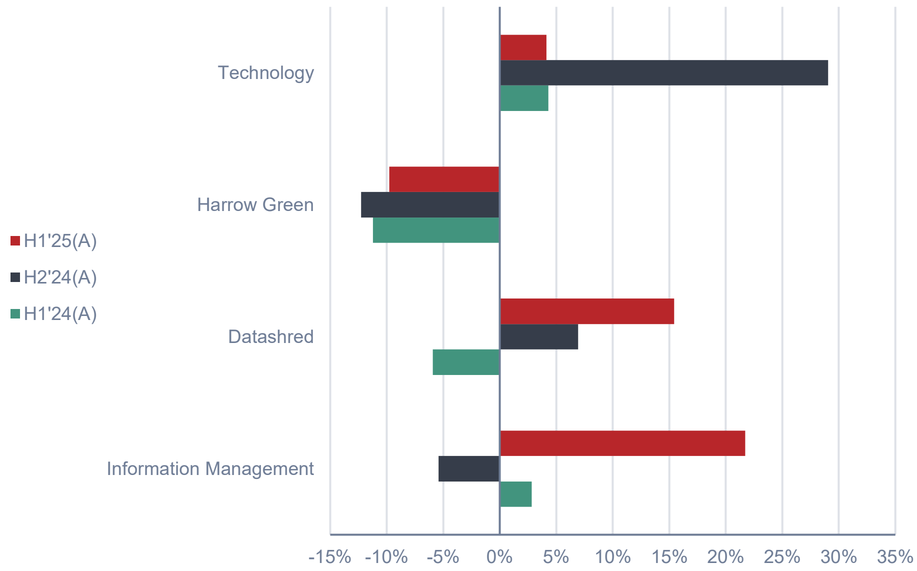
## Technology

Restore Technology is also continuing to deliver growth as a result of a more normalised hardware refresh cycle, particularly through value-added resellers. Divisional profitability is making progress towards a medium term 15% operating margin target.

## Disposal of Restore Harrow Green

Harrow Green is the UK's leading commercial relocations business. As market leader, it has a strong presence in London as well as a national branch network. The business has faced challenging market conditions over the past two years. The business is expected to deliver FY25 revenue of c.£30m and adjusted operating profit of £0.3m, significantly lower than the prior year (£35.3m and £1.9m respectively).

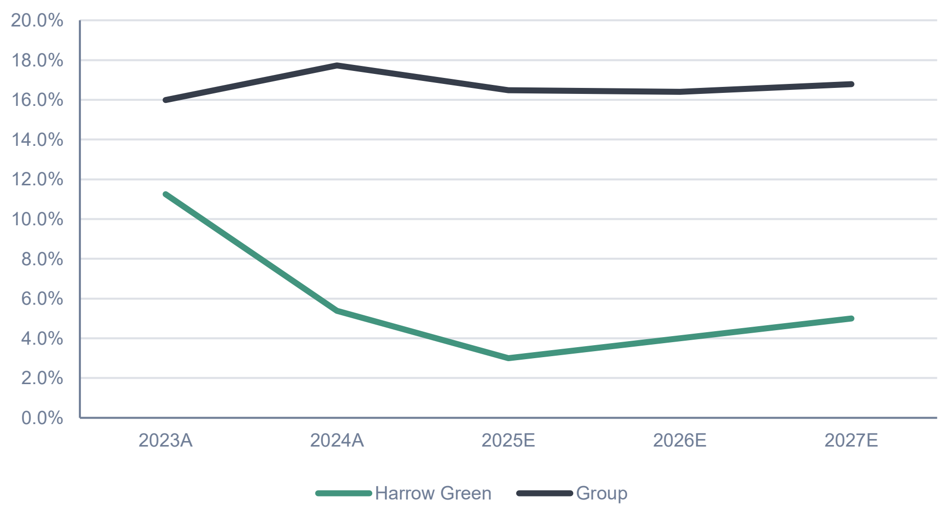
### Revenue growth by division




*Source: Equity Development analysis*

As a result, the divisional operating margin has been in the low single digits, reflecting lower activity levels across the industry and a competitive pricing environment.

### Harrow Green operating margin cf. Restore Group (inc Harrow Green)




*Source: Equity Development analysis (previous forecasts)*

With no sign of a near term recovery in market conditions, we consider the divestment a sensible strategic outcome, particularly in the context of Restore's stated 20% medium term operating margin target. The divestment will significantly increase Group margins, as we highlight on the following page.

# Momentum in continuing businesses drives upgrades

## Underlying upgrades to FY25

The strong performance of the three remaining divisions supports an upgrade to Restore's continuing operations, as highlighted below. Harrow Green will be treated as a discontinued operation in the 2025 accounts. Note that the table below is intended to be a like-for like comparison and therefore excludes Harrow Green in the "Revised" and "Old" columns. The principal difference in the net debt forecast is acquisition consideration for the acquisitions since the half year (e.g. NEC Software announced within today's trading update).

**Forecast changes (continuing operations only)**

| Year End Dec, £m | 2025(E) Revised | 2025(E) Old | Change | 2026(E) Revised | 2026(E) Old | Change | 2027(E) Revised | 2027(E) Old | Change |
|---|---|---|---|---|---|---|---|---|---|
| Revenue £m | 308.3 | 308.3 | 0% | 338.3 | 331.5 | 2% | 347.6 | 340.5 | 2% |
| Operating profit £m | 55.7 | 55.3 | 1% | 61.1 | 58.7 | 4% | 64.3 | 61.5 | 5% |
| PBT (underlying) £m | 38.8 | 38.4 | 1% | 44.1 | 41.7 | 6% | 47.5 | 44.7 | 6% |
| EPS fully diluted p | 20.9 | 20.7 | 1% | 23.6 | 22.3 | 6% | 25.4 | 23.8 | 7% |
| Net cash/ (debt) £m | -124.3 | -117.1 | 6% | -101.8 | -95.2 | 7% | -74.4 | -68.6 | 8% |
| Net cash/ (debt) ex. leases £m | -264.3 | -257.1 | 3% | -241.8 | -235.2 | 3% | -214.4 | -208.6 | 3% |

*Source: Equity Development estimates*

## Divestment increases Group operating margin by c.150bps

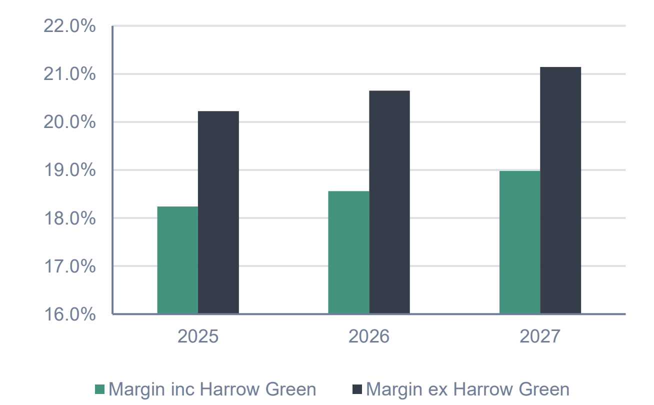
As illustrated earlier in the note, Harrow Green was dilutive to the overall Group operating margin. The divestment of the business supports a step forward, which will see the 20% medium term margin target achieved this year.

As a reminder, reported revenue includes the "pass-through" of postage costs by Synertec. We strip this out in the charts on the right hand side below to show a truer reflection of underlying performance (this is consistent with management's presentation of adjusted operating margin). On this basis, we forecast operating margin in excess of 20% from the current year (previously c.18%),

**Operating margin (reported basis)**


*Source: Equity Development analysis*

**Operating margin (adjusted for pass-through)**




*Source: Source: Equity Development analysis*

## FY26 upgrades despite increase to business rates in the Budget

The significant increase in business rates in the Budget, which takes effect from April 2025, will increase Restore's property costs by c.£1m per annum. This will partially offset the benefit of the Group's property consolidation strategy.

Despite this, the outlook for FY26 has improved and profit expectations are being upgraded as a result of the strong performance of the core businesses and ongoing progress with other margin improvement actions.

Note that this upgrade absorbs the impact of the lost contribution from Harrow Green. We were forecasting that Harrow Green would contribute £1.4m operating profit in FY26 and consensus was looking for £2.2m.

The table below simply shows our previous forecasts (including Harrow Green) compared to our new forecasts (excluding Harrow Green).

To summarise the upgrade to FY26, we reflect the impact of the Harrow Green disposal on profits (-£1.4m operating profit in FY26), the increase in business rates Group (-£1m) and an improvement in trading expectations within the continuing businesses (+£3.4m) to give a new Adjusted PBT forecast of £44.1m. The 8% to 10% reduction in our revenue forecasts reflects the impact of the disposal.

**Forecast changes (reported basis)**

| Year End Dec, £m | 2025(E) Revised | 2025(E) Old | Change | 2026(E) Revised | 2026(E) Old | Change | 2027(E) Revised | 2027(E) Old | Change |
|---|---|---|---|---|---|---|---|---|---|
| Revenue £m | 308.3 | 342.0 | -10% | 338.3 | 366.7 | -8% | 347.6 | 377.1 | -8% |
| Operating profit £m | 55.7 | 56.4 | -1% | 61.1 | 60.1 | 2% | 64.3 | 63.3 | 2% |
| PBT (underlying) £m | 38.8 | 39.5 | -2% | 44.1 | 43.1 | 2% | 47.5 | 46.5 | 2% |
| EPS fully diluted p | 20.9 | 21.2 | -2% | 23.6 | 23.1 | 2% | 25.4 | 24.9 | 2% |
| Net cash/ (debt) £m | (124.3) | (117.1) | 6% | (101.8) | (95.2) | 7% | (74.4) | (68.6) | 8% |
| Net cash/ (debt) ex. leases £m | (264.3) | (257.1) | 3% | (241.8) | (235.2) | 3% | (214.4) | (208.6) | 3% |

*Source: Equity Development estimates*

## Contacts


**Andy Edmond**
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

**Hannah Crowe**
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk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