Strix Group

Debt free reset: Strix to sell Billi

19 December 2025

The proposed disposal of Billi, conditional on shareholder approval, is transformational for the Group. Ahead of any movement in capital allocation, net cash would amount to c. £39m on the repayment of all indebtedness. The net consideration of £107m equates to 45p / share, representing a premium to the current share price. Accordingly, we estimate the retained operating business is currently trading on EV/Sales and EV/EBITDA multiples of less than 0.7x and 3x-4x, respectively.

A transformational disposal

- Strix Group has received an unsolicited approach for Billi, its multi-function tap business serving commercial and residential markets in Australasia, APAC and Europe. The bidder, Birmingham Bidco Pty. Ltd. (a company formed by Crescent Capital Partners), was one of several bidders in the original process leading to Strix's successful purchase. The proposed deal values Billi at a consideration of £110m, which represents a significant uplift (2.9x) on the cash-and-debt-free price paid by Strix in early 2023 (£38m).

- Strix's debt profile (net debt/EBITDA covenant ratio of 2.5x as of 30 September 2025) has meant the focus of management has been on the conservation of cash and cost reduction programmes, with limited resources steered towards growth investment. Should investors ratify the transaction the focus should return to the cash generative ability of Controls and the Group's potential growth and yield attributes.

- Post-deal we expect the Board to focus on continued investment in IP; a leveraging of its industrial design and application engineering strengths; a broadening of the applications of its IP into related appliance markets, and a return to a reliable dividend stream at the appropriate time.

Potentially the focus changes

With no change to current estimates and the outcome of the conditional on a shareholder's vote, we retain our previous fair value / share at 89p. This represents a marked premium to the closing share price. **With investor's focus likely to be modified to favour growth and yield considerations, from debt-related risks, we anticipate a re-rating of the shares.**

Forecasts

Yr. to Dec, £m	FY22A	FY23A	FY24A	15 mths to Mar '26
Revenue	108.6	143.8	144.0	163.0
Adj. PBT	22.2	22.3	18.5	14.7
Adj. EPS (p)	10.8	9.2	6.6	5.4
DPS (p)	6.0	0.9	0.0	0.0
Net debt	-87.4	-83.7	-63.7	-64.0
EV/EBITDA	5.5	4.4	4.3	4.6
PER	3.8	4.4	6.2	7.5
Yield %	14.8	2.2	0.0	0.0
Net debt/EBITDA	2.2	2.2	1.9	1.9

Source: Company historics, ED estimates

Company data

EPIC	KETL.L
Price (last close)	41p
52 weeks Hi/Lo	53p/33p
Market cap	£94.3m
ED Fair Value / share	89p
Net (debt) 9/2025A	£70.3m

Share price, p

Source: Investing.com

Description

Strix Group ("Strix") is a global leader in the design, manufacture and supply of kettle controls, heating and temperature controls, steam management and water filtration technologies. The Group is backed by extensive and patented IP. It continues to innovate within the small domestic appliance and water filtration segments, with a focus on safety, design and sustainability. It has a majority share of its largest market, kettle controls and leading positions within the faster growing personal, domestic and corporate water filtration markets.

Next event

Year-end update 30th January 2025

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An attractive proposal

The proposed disposal of Billi is conditional on shareholder approval and compares favourably to recent deals within the commercial and residential multi-function tap market. Should shareholders vote in favour of the disposal at the General Meeting on 8 January 2026, **we anticipate completion with funds received by the end of January.**

Billi was purchased by Strix in late 2022, completing in January 2023. The consideration amounted to £38m on a cash-and-debt-free basis. Billi had generated revenues and EBITDA of £43.7m and £10.2m respectively on a historic basis in the last full financial year prior to its acquisition. On this basis, Billi was acquired on an EV/Revenue multiple of 0.87x and an EV/EBITDA multiple of 3.7x. The debt associated with the purchase of Billi was repaid in full in November 2025.

The purchase price contrasts markedly from the proposed exit consideration. Birmingham Bidco Pty Ltd ("Birmingham"), a new company formed by Crescent Capital Partners ("Crescent CP", a Sydney based private equity management firm), is paying £110m. With costs pertaining to the transaction of approximately £3m, the net consideration is anticipated to be £107m. In the 12-months to 31 December 2025, management anticipates that Billi will generate revenues of c.£47m and EBITDA of c.£10m. Sterling strengthened against the Australian dollar by 11.5% over the same period, impacting the level of revenues and EBITDA on translation, as most of the revenues are generated in Australia and New Zealand. The consideration is on a cash-and-debt-free basis.

On this basis, the proposed exit consideration has increased by a factor of 2.9x compared to the original purchase transaction, with the exit multiples as follows:

- Historic FY25 EV/Revenue of 2.3x, and
- Historic FY25 EV/EBITDA multiple of 11x.

The deals and related figures in the table below include those with undisclosed financials, reflecting a combination of financial owners and private companies. Estimates of valuation multiples where the consideration is undisclosed reflects available public information.

Deal activity within the commercial and rsidential multi-function tap market

Buyer	Target	Date	Consideration	EV/Sales multiple	EV/EBITDA multiple
Whirlpool	InSinkErator	Aug-Oct 2022	US$3.0bn	4.5-4.8x	17-19x
Zurn Water Solutions	Elkay Water Solutions	Feb-Jun 2022	US$1.56bn	2.7-3.0x	12-14x
Middleby	Macro beverage Systems	Dec-22	Undisclosed	0.9-1.4x	10-16x
Culligan	Zip Water	2022	Undisclosed	n/a	n/a
Britvic	The Boiling Tap Company	Jun-20	Undisclosed	n/a	n/a
NPM Capital	Quooker (minority stake)	2020	Undisclosed	n/a	n/a
Culligan	Waterlogic	2020-24	Undisclosed	1.0-2.0x	8-12x

Source: Numerous

What appears very clear from the above is that Billi was acquired cheaply, as part of Culligan fulfilling competition considerations in its merger with Waterlogic. Equally, **the exit consideration represents a significant uplift on its acquisition price and is comfortably within the multiples paid by its industry peers.**

Benefit of the proposed disposal

In view of the indebtedness of Strix currently, moving the Group to a net cash position is a primary benefit of the deal. We highlight the main drivers behind the decision to dispose of Billi:

- The transformation of the balance sheet, shifting from c.£68m of net debt to £39m of net cash, pre-capital allocation preferences,
- A de-risking of the business, which currently sits on a net debt/EBITDA covenant ratio of 2.5x (as of September 2025),
- An interest saving of c. £9m per annum,
- Cash will be available for selective re-investment across both the Controls and Consumer Goods divisions,
- The new owners of Billi will have the option to accelerate its growth post-acquisition, slightly curtailed recently by the indebtedness of the wider Strix Group, and
- Strix expects to provide ongoing engineering and R&D support to Billi, potentially resulting in a longer-term manufacturing partnership and resulting in a financial benefit to Strix Group.

Notwithstanding the loss of a cash generative stream of EBITDA, much of this is likely to be regained in the move to a net cash position following the completion of the transaction (as the interest charge reduces significantly).

Proposed use of proceeds

The net consideration, after associated costs of £3m, equates to £107m. Initial indications of the use of the proceeds include:

- Repayment of Group indebtedness in full, amounting to c.£68m
- Share buy-back of £10m
- Further potential returns of capital to shareholders (update to be announced within the FY26 results in mid-2026), and
- Investment in growth and working capital across the Controls and Consumer Goods divisions.

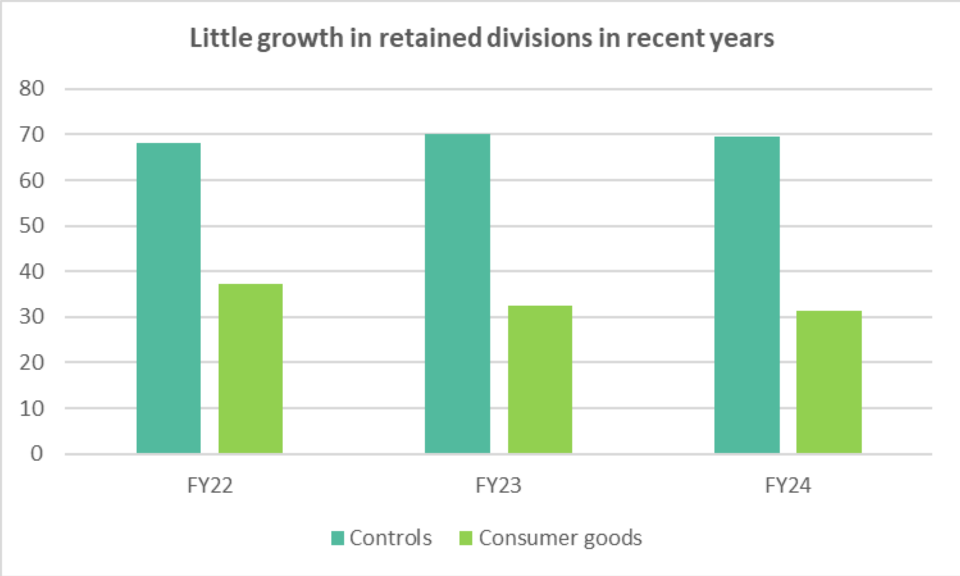
On this basis, net cash of c. £29m will be available for the Group following the completion of the proposed share buyback scheme. We do not anticipate the investment in growth to form a significant portion of the retained proceeds. The £29m figure excludes some of the positive impact of the current focus on cash, whereby up to £8m will be removed from inventory in the six months to March 2026 and a further £2m reflecting the debt factoring exercise undertaken at LAICA.

We note that the proposed share buy-back of £10m represents c. 77% of the £13m placing to part-fund the acquisition of Billi. The Board retains the option to further consider its capital allocation policy over the short-to-medium term.

Strategy excluding Billi

While growth has slowed across the retained divisions in recent years, investment that was previously directed towards Billi can now be potentially utilised elsewhere across the Controls and Consumer Goods divisions. Stalled growth was down to a combination of geopolitical (sanctions), macroeconomic, tariff-related and input cost issues in recent years, with Consumer Goods also suffering from rising development and launch costs of new products.

Growth stalled



Source: Source: Company data

During the recent past the Group has retained strong OEM relationships, high service levels and a strong market position. The higher gross margins generated within the Controls division has resulted in reliable underlying cash flow. The benefit of the cash proceeds should include:

- Continued investment in IP, to support the strong gross margins and defend the market-leading brands
- A return to a reliable dividend stream in due course
- A widening of the use of controls and filters beyond kettles, in turn widening the markets accessible to the Group
- A broadening of applications of the heating and safety control technologies on behalf of its OEM and branded customers
- A focusing of LAICA on filtration and 'wellness at home' applications
- Defending market share via increased actions to deter copyist activity, particularly in relation to the US market, and
- Leveraging industrial design and application engineering strengths to secure and retain customers and to maintain higher margins/prices.

In addition, we expect the Group structure will be further simplified following the disposal of Billi, with further costs removed, and the level of the ongoing business investment to be streamlined accordingly.

Valuation

We note that the valuation multiples were heavily discounted as indebtedness rose following the acquisition of Billi. We would expect this process to reverse as the Group moves to a much stronger financial position.

The cash proceeds of £107m equate to 45p / share, representing a 10.7% premium to the closing price on 18/12/2025.

Our financial estimates are unchanged as the deal is conditional on approval by shareholders at a general meeting on 8 January 2026. Should approval for the disposal be obtained, we will look to revise financial expectations accordingly.

The current EV of the Group is £162.3m (including an assumption of c.£68m of debt). The EV reduces to £55.3m immediately following the disposal and assuming that all indebtedness is repaid. **On this basis, the retained divisions will trade on an estimated 12-month EV/Sales multiple of below 0.7x and an estimated EV/EBITDA rating of 3x-4x, in our view.** We consider those multiples to be undemanding and hence why we believe the disposal should result in a re-rating of the shares.

With no change to current estimates and the outcome of the conditional proposal uncertain, we retain our previous fair value / share at 89p. This represents a marked premium to the closing share price as at 18/12/2025.

Financials

Summary Profit & Loss

Year to Dec/15 months, £m	2022A	2023A	2024A	03/2026F
Controls	68.2	70.1	69.5	68.6
Billi	3.2	41.3	43.1	55.5
Consumer Goods	37.1	32.4	31.5	38.8
Revenue	108.6	143.8	144.0	163.0
CoGS	-67.1	-86.5	-90.0	-104.7
Gross profit	41.5	57.3	54.0	58.3
Gross margin (%)	*38.2%*	*39.8%*	*37.5%*	*35.8%*
Op costs	-16.4	-25.2	-26.9	-34.6
Other Op. income	0.8	0.4	0.4	0.5
Operating profit	25.9	32.5	27.5	24.2
Op margin (%)	*23.8%*	*22.6%*	*19.1%*	*14.9%*
Net Interest	-3.7	-10.2	-9.0	-9.5
Associates	0.0	0.1	0.0	0.0
PBT (Adjusted)	22.2	22.3	18.5	14.7
Exceptionals	-5.9	-4.2	-13.5	-2.9
PBT (Reported)	16.2	18.2	5.0	11.8
Tax	0.8	-1.5	-3.0	-1.9
Adj. PAT	23.0	20.8	15.5	12.8
Minority interests	-0.1	0.0	0.0	0.0
Adj. Earnings	22.9	20.5	15.5	12.8
Reported PAT	17.0	16.7	2.0	9.9
Ordinary Dividends	-13.1	-2.0	0.0	0.0
EPS (Adjusted) (p)	10.8	9.2	6.6	5.4
DPS (p)	6.0	0.9	0.0	0.0
Ave no of shares (FD) (m)	212.5	222.1	229.8	237.0

Source: Company historics, Equity Development estimates

Summary Cash Flow

Year to Dec/15 months, £m	2022A	2023A	2024A	03/2026F
Operating profit	25.9	32.5	27.5	24.2
Depn. & Amortn.	6.3	8.7	9.5	10.3
Working capital movement	-2.6	2.3	4.4	-6.7
Other	-6.3	-7.4	-8.9	-4.1
Operating cash flow	23.2	36.2	32.5	23.7
Net Interest	-3.2	-7.4	-8.5	-9.5
Taxation	-1.2	-1.3	-3.7	-2.5
Net capex	-8.6	-8.0	-8.1	-12.0
Operating FCF	10.3	19.4	12.2	-0.2
Net (Acquisitions)/Disposals	-39.3	-6.5	-0.6	0.0
Dividends	-17.3	-9.1	0.0	0.0
Share Issues	10.7	-0.2	8.4	0.0
Minority payment	0.0	0.0	0.0	0.0
Other financial	-0.6	0.0	0.0	0.0
Increase Cash/(Debt)	-36.2	3.7	20.0	-0.2
Opening Net Cash/(Debt)	-51.2	-87.4	-83.7	-63.7
Closing Net Cash/(Debt)	-87.4	-83.7	-63.7	-64.0

Source: Company historics, Equity Development estimates

Abbreviated Balance Sheet

Year to Dec/15 months, £m	2022A	2023A	2024A	03/2026F
Intangible Assets	73.4	71.6	63.0	59.1
Tangible Assets	43.7	46.2	44.1	49.7
Investments/other	3.7	1.0	1.5	1.5
Net Working Capital	19.0	20.9	12.9	19.6
Capital Employed	139.8	139.7	121.6	130.0
Other	-2.8	-3.6	-2.5	-2.5
Net Cash/(Debt)	-87.4	-83.7	-63.7	-64.0
Provisions Liabilities/Charges	-12.3	-10.8	-9.7	-9.7
Net Assets	37.2	41.6	45.6	53.7

Source: Company historics, Equity Development estimates

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