Strix Group plc

Update reports some early positive signs

7 May 2026

Strix's latest trading update highlights the encouraging YoY improvement in Controls volumes and successful product launches within the fast-growing water filtration markets. Importantly, price increases will help to offset the cost pressures within Controls, while uncertainty remains due to the conflict in the Middle East and the impact on the cost of plastics. Should the disruption there continue, this may well affect discretionary consumer spending. We have left our financial estimates largely unchanged, save for the adjustments to cash and fully diluted shares following the share buybacks. We believe the shares are underrated with the current share price at a 33% discount to our fair value / share of 62p.

- The Controls division is demonstrating progress. In Q1 CY26, volumes were ahead YoY in the quietest season, despite a slower recovery within China. The Group re-entered lower cost and less-regulated markets following the release of the new low-cost control, enabling it to rebuild market share in what are price competitive markets. Encouragingly, several OEMs are in the process of adopting the next generation control, which should enable the Group to enter affiliated market segments, and provides the potential to protect and increase revenues.
- The focus on water filtration should deliver the potential to enhance profitability via higher margins. Since water filtration markets typically grow at 2.5x-3x normalised GDP, with LAICA targeting the exclusion of additional chemicals and bacteria or through the provision of essential minerals, and benefitting from its strong design capabilities, the outlook here remains positive.
- Commodity prices remain an issue, with the previous inflation in copper and silver costs now spreading to plastics following the Iran conflict. Price increases were initiated by Strix during January, helping to offset the increase in metal prices, with discussions ongoing with its larger OEMs during Q1'27. Plastics are used extensively in the manufacture of both Controls and filters, any prolonged conflict in the Middle East could result in rising costs due to the higher oil price. The Group implemented a further cost reduction plan during Q1 CY26 aimed at removing a gross £2m per annum by mid-CY27, before investments.
- The recruitment of a new CEO is progressing well with notification expected soon. In the interim period, the Chairman Gary Lamb will support the Executive team ahead of any appointment.
- The tender offer to purchase £10m of shares at 43p or 10.1% of the Company's share capital was oversubscribed. As such, 23.26m shares were purchased and transferred to treasury, with payment on or before 14 May. Following the completion of the tender offer, the issued share capital equates to 229.93m, of which 31.61m are held in treasury. The share buyback programme resumes on 14 May, with an aggregate of £3.4m of the £10m target spent, purchased at an average price of 41.2p / share.

Fair value equates to the NAV

The only changes to financial estimates centre around the tender offer for shares and the ongoing share buyback programme, reducing net cash to £18m by the end of FY27 and improving adj. EPS to 2.5p (previously 2.2p.

Our fair value of 62p is unchanged and underpinned by a combination of a range of valuation methods, such as peer group analyses and discounted cash flow (DCF) models.

Company data

EPIC	KETL.L
Price (last close)	41p
52 weeks Hi/Lo	52p/33p
Market cap	£90.2m
ED Fair Value / share	62p
Net cash 02/2026A	£35m

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

Preliminary results, June/July 2026

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Positive movement in trading

Estimates					
Yr. to Dec/Mar from FY26, £m	FY22	FY23	FY24	FY26	FY27
Revenue	108.6	143.8	144.0	148.5	93.5
Adj. PBT	22.2	22.3	18.5	9.8	6.0
Adj. EPS (p)	10.8	9.2	6.6	3.6	2.5
DPS (p)	6.0	0.9	0.0	0.0	0.7
Net (debt)/cash	-87.4	-83.7	-63.7	29.2	18.0
EV/EBITDA	5.5	4.4	4.3	2.3	4.6
PER	3.8	4.5	6.2	11.4	16.5
Yield %	14.6%	2.2%	0.0%	0.0%	1.8%
Net debt/EBITDA	2.7	2.0	1.7	-1.0	-1.4

Source: Company historics/ED estimates

We are encouraged by the uptick in trading in the final quarter with growth witnessed across both divisions on a YoY basis compared to Q1 CY25, excluding China. While the recovery to date is modest, market share gains are being made in lower cost and less-regulated markets following the introduction of the new low-cost control.

Within the regulated markets, the next generation control continues to pique the interest of the OEMs, resulting in its inclusion at the design stage of new products.

Consumer Goods continues to make progress, with enhanced filter technologies further driving revenue uplift in a fast-growing market. Additional product introductions within the smaller appliance segment are likely to focus on the higher margin LAICA brand or further contract manufacturing including infant formula products in the short term.

Notwithstanding the recent price increases passed on to the customers within the Controls division, commodity prices remain an issue in the short term. However, for now we retain our financial estimates.

Update on the new CEO recruitment process

The Board has provided an update in respect of the process to replace the outgoing CEO, Mark Bartlett, who retires at the end of May. Ahead of the new CEO joining the Board the current Chairman, Gary Lamb, will support the current Executive team in running the Group. The recruitment process is progressing well and once complete, an announcement will be made.

Valuation

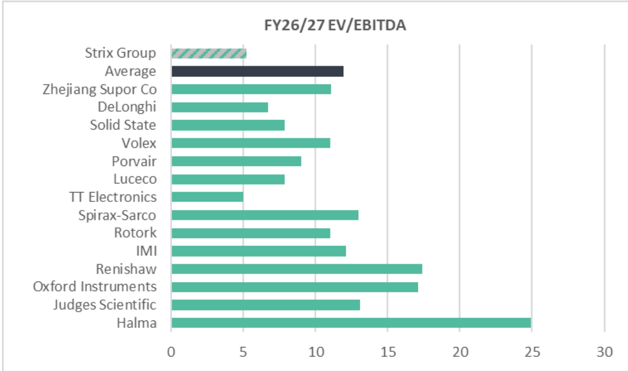
The only changes to financial estimates centre around the tender offer for shares and the ongoing share buyback programme, reducing net cash to £18m by the end of FY27 and improving adj. EPS to 2.5p (previously 2.2p. In the absence of upgrades to adj. PBT **we maintain our fair value at 62p per share. This conclusion is underpinned by various valuation methodologies at our disposal, including the average of the comparative peer group valuation, a DCF model and the NAV.** Our DCF model utilises conservative assumptions, such as a discount rate of 8.75% and a terminal growth rate of 2.5%. The peer group comparison models assume a 10% size-related discount to the valuation of its peer group.

Strix Group currently trades at a marked discount to its peer group on an EV/EBITDA, EV/Sales, with the yield and PER at more modest discounts. Unlike many of its peers we anticipate that Strix will be cash rich at the end of FY27, at a level equating to c. 8p / share.

Peer group comparison: FY3/27 PER (x)

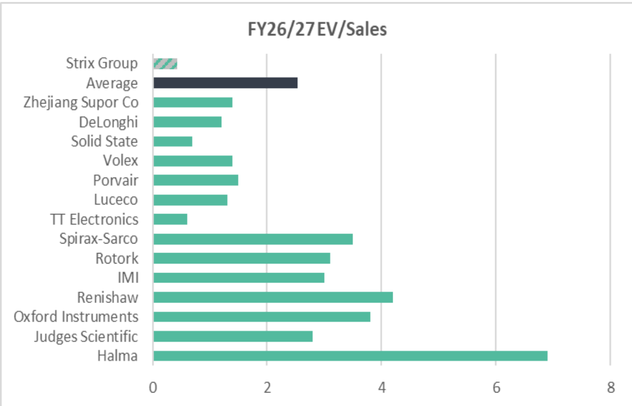
Source: Koyfin

Peer group comps: FY3/27 EV/EBITDA (x)



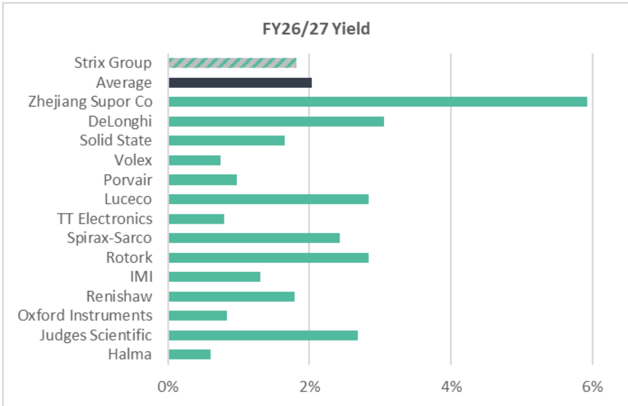
Source: Koyfin

Peer group comparison: FY3/27 EV/Sales (x)



Source: Koyfin

Peer group comparison: FY3/27 Yield (%)



Source: Koyfin

Strix Group DCF calculation

£m, year to March	*2025/26 F*	*2026/27 F*	*2027/28 F*	*2028/29 F*	*2029/30 F*	*2030/31 F*	*2031/32 F*	*2032/33 F*	*2033/34 F*	*2034/35 F*
Free cash flow	0.5	6.6	6.8	7.0	7.1	7.3	7.5	7.7	7.9	8.1
WACC (%)	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
Timing factor	0.08	1.08	2.08	3.08	4.08	5.08	6.08	7.08	8.08	9.08
Discount rate	0.99	0.91	0.84	0.77	0.71	0.65	0.60	0.55	0.51	0.47
Present value	0.5	6.1	5.7	5.4	5.1	4.8	4.5	4.2	4.0	3.8
Sum of discounted cash flows	44.1									
Terminal growth rate (%)	2.50									
Terminal value	60.4									
Net debt	29.2									
Equity value	133.7									
No. of shares (m)	205.2									
Value per share (p)	65.1									

Source: Equity Development

We summarise our position in the table below and as a result, retain our fair value expectation of 62p / share.

Fair value

	FY26/27 Fair value
PER (x)	46
EV/EBITDA (x)	61
EV/Sales (x)	96
DCF	65
NAV (p)	53
Average	***64.2***

Source: Koyfin, ED

Financials

Summary Profit & Loss					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Controls	68.2	70.1	69.5	63.1	58.2
Billi	3.2	41.3	43.1	46.5	0.0
Consumer Goods	37.1	32.4	31.5	38.8	35.3
Revenue	108.6	143.8	144.0	148.5	93.5
CoGS	-67.1	-86.5	-90.0	-97.6	-70.7
Gross profit	41.5	57.3	54.0	50.9	22.8
Gross margin (%)	*38.2%*	*39.8%*	*37.5%*	*34.3%*	*24.4%*
Op costs	-16.4	-25.2	-26.9	-33.0	-16.6
Other Op. income	0.8	0.4	0.4	0.4	0.3
Operating profit	25.9	32.5	27.5	18.3	6.5
Op margin (%)	*23.8%*	*22.6%*	*19.1%*	*12.3%*	*7.0%*
Net Interest	-3.7	-10.2	-9.0	-8.5	-0.5
Associates	0.0	0.1	0.0	0.0	0.0
PBT (Adjusted)	22.2	22.3	18.5	9.8	6.0
Exceptionals	-5.9	-4.2	-13.5	-2.9	0.0
PBT (Reported)	16.2	18.2	5.0	6.9	6.0
Tax	0.8	-1.5	-3.0	-1.3	-0.9
Adj. PAT	23.0	20.8	15.5	8.5	5.1
Minority interests	-0.1	0.0	0.0	0.0	0.0
Adj. Earnings	22.9	20.5	15.5	8.5	5.1
Reported PAT	17.0	16.7	2.0	5.6	5.1
Ordinary Dividends	-13.1	-2.0	0.0	0.0	-1.5
EPS (Adjusted) (p)	10.8	9.2	6.6	3.6	2.5
DPS (p)	6.0	0.9	0.0	0.0	0.7
Ave no of shares (FD) (m)	212.5	222.1	229.8	237.0	205.2

Source: Company historics, Equity Development estimates

Summary Cash Flow					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Operating profit	25.9	32.5	27.5	18.3	6.5
Depn. & Amortn.	6.3	8.7	9.5	9.5	5.9
Working capital movement	-2.6	2.3	4.4	-10.1	5.5
Other	-6.3	-7.4	-8.9	-4.1	-1.0
Operating cash flow	23.2	36.2	32.5	13.6	16.9
Net Interest	-3.2	-7.4	-8.5	-8.5	-0.5
Taxation	-1.2	-1.3	-3.7	-2.1	-1.1
Net capex	-8.6	-8.0	-8.1	-12.0	-9.0
Operating FCF	10.3	19.4	12.2	-9.1	6.3
Net (Acquisitions)/Disposals	-39.3	-6.5	-0.6	105.0	0.0
Dividends	-17.3	-9.1	0.0	0.0	-0.5
Share Issues	10.7	-0.2	8.4	-3.0	-17.0
Minority payment	0.0	0.0	0.0	0.0	0.0
Other financial	-0.6	0.0	0.0	0.0	0.0
Increase Cash/(Debt)	-36.2	3.7	20.0	92.9	-11.2
Opening Net Cash/(Debt)	-51.2	-87.4	-83.7	-63.7	29.2
Closing Net Cash/(Debt)	-87.4	-83.7	-63.7	29.2	18.0

Source: Company historics, Equity Development estimates

Abbreviated Balance Sheet					
Year to Dec/15 months, £m	**2022A**	**2023A**	**2024A**	**03/2026F**	**03/2027F**
Intangible Assets	73.4	71.6	63.0	30.0	27.8
Tangible Assets	43.7	46.2	44.1	50.3	55.6
Investments/other	3.7	1.0	1.5	1.5	1.5
Net Working Capital	19.0	20.9	12.9	23.0	17.6
Capital Employed	139.8	139.7	121.6	104.9	102.5
Other	-2.8	-3.6	-2.5	-2.5	-2.5
Net Cash/(Debt)	-87.4	-83.7	-63.7	29.2	18.0
Provisions Liabilities/Charges	-12.3	-10.8	-9.7	-9.7	-9.7
Net Assets	37.2	41.6	45.6	121.8	108.3

Source: Company historics, Equity Development estimates

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