

Beldray re-brand – Ultimate Products has “got this!”

13 June 2024

Ultimate Products hosted a Capital Markets presentation at the Exclusively Housewares Exhibition in London on Tuesday this week, where the company showcased its re-brand for Beldray®, having engaged in a similar process for Salter at the same event in 2023. Regarding trading, despite some sales and profit disruption so far in FY2024, we continue to expect above trend organic growth in FY2025. We retain our 200p fair value for the shares.

UP's Brand Director Tracy Carroll presented key features of the [Beldray \(est 1872\)](#) re-brand. The overarching message was one of “collaboration” between UP and the product user with the simple tagline – “between us we've got this.” The company not only looks to have beautiful, affordable products for every home but also to inject humour into the experience of household chores such as laundry and cleaning. The Beldray – be beldray® - re-brand appears well positioned to achieve this.

Aside from the challenging task of making housework more “fun,” the Beldray re-brand seeks to bring all of UP's legacy Beldray housewares products under a simple, unified umbrella. Within cleaning products, the company plans to use colour coding to break its product portfolio into discrete sub-categories, all of which will embrace the re-branded Beldray's 6 key new messages.

These key 6 Beldray messages will aim to make the brand softer, friendlier and more fun while still being dependable for UP's value seeking customer base. UP will use the “be” from Beldray as a prefix to “**be** achievable, **be** inclusive, **be** affordable, **be** fun, **be** present” and “**be** dependable” with the summary message to “**be more Beldray.**” As Beldray, like Salter, behaves increasingly like a unified, strong brand the implications for UP's intrinsic equity value look positive.

UP's core values and investor attractions remain intact despite recent sales disruption. The company generates around two thirds of sales from Salter and Beldray. While the focus remains on value for money rather than using the re-branding to push into premium price positions, their ability to retain market share and broaden their “competitive moat” should be enhanced by the increased vigour behind the brands illustrated above.

As a company which owns increasingly powerful consumer brands, UP's valuation relative to peers continues to look attractive. The company's yield is above its peers and the prospect of ongoing share buybacks should also be supportive, in our view. We retain our view that fair value for the shares is 200p and base this on **1.2x EV/sales, 10.2 EV/EBITDA and a 16.4x P/E**. Moreover, the dividend yield at 3.1% would be superior to peers even with a 200p share price.

Key Financials					
Year to 31st July	2021A	2022A	2023A	2024E	2025E
Revenue (£m)	136.4	154.2	166.3	157.4	172.0
Revenue growth	17.9%	13.1%	7.9%	-5.4%	9.3%
EBITDA adjusted (£m)	10.6	18.8	20.2	18.0	21.1
EPS adjusted (p)	9.8	14.7	15.4	12.2	14.9
DPS (p)	5.0	7.1	7.4	6.1	7.5
EV/EBITDA (x)	12.7	7.2	6.7	7.5	6.4
P/E ratio (x)	14.6	9.7	9.3	11.7	9.6
Yield	3.5%	5.0%	5.2%	4.3%	5.2%

Source: Equity Development estimates, Company historic data

Company Data

EPIC	ULTP
Price (last close)	143p
52 weeks Hi/Lo	186p/113p
Market cap	£123m
ED Fair Value / share	200p

Share Price, p



Source: ADVFN

Description

Ultimate Products plc (ULTP) develops new, innovative concepts and brings professional, sought-after products to the mass market.

Their offices span two continents, with headquarters in the UK, a sourcing office and showroom in China and a further showroom in Continental Europe.

Key owned brands include **Salter, Beldray, Progress, Kleeneze, Petra and Intempo**. The company also markets non-electrical Russell Hobbs products under licence, now on a rolling four-year basis.

The company changed its name to Ultimate Products plc on 31 October 2023 and its stock ticker to ULTP.

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Valuation and financials

The Beldray and Salter re-brands send an important message for Ultimate Products' overall valuation in our view. Well managed, widely recognized affordable brand names, which deliver clear and consistent messages about product quality, create significant embedded equity value for the business.

UP's strategic history has been to pivot away from being a sourcing company into a brand manager. The Salter and Beldray re-brands arguably represent the next stage of that process with scope for other brands – for example, Progress and Petra – to undergo similar treatment. **We argue, UP has “got this!”**

Relative valuation

Our fair value assessment for UP remains at 200p, which is comfortably above the current share price. At this price UP would trade on 1.2x EV/sales, close to the average of the peer group we choose for relative valuation. EV/EBITDA would be 10.2x and the P/E ratio would be 16.4x with an above sector average 3.1% yield. We summarise relative valuation in Figure 1.

Clearly, there is scope both from free cash flow and retained earnings perspectives to drive dividends higher were the company to wish to break from its stated policy. Moreover, the company remains committed to rewarding shareholders through its proposed share buyback programme.

Figure 1 - Relative valuation

	Share price (p)	Mkt cap (£m)	Net debt (£m)	EV (£m)	Sales 2024 (£m)	EV/ sales (x)	EBITDA 2024 (£m)	EV/ EBITDA (x)	EPS 2024 (p)	P/E (x)	DPS 2024 (p)	YLD %
Gear4Music (G4M)	125	26	28	55	144	0.4	9.8	5.6	3.6	34.6		
Luceco (LUCE)	190	298	20	318	230	1.4	33.6	9.5	11.9	16.0	4.8	2.5
Portmeirion (PMP)	228	32	16	48	100	0.5	10.7	4.4	24.8	9.2	7.3	3.2
Procook (PROC)	22	24	33	57	63	0.9	7.9	7.3	0.5	43.5		
Ultimate Products (ULTP)	143	123	12	137	157	0.9	18.0	7.6	12.2	11.7	6.1	4.3
Warpaint (W7L)	590	454	-4	451	106	4.3	26.0	17.4	22.8	25.9	11.1	1.9
Average						1.4		8.6		23.5		3.0

Source: ADVFN (prices), MarketScreener (EBITDA), Stockopedia (Debt, EPS, dividends) and Equity Development estimates (UPGS forecasts)

Financial forecasts

We leave our financial forecasts, which appeared in full detail in our 10th May report [Near term disruption but growth case remains strong](#), unchanged. While FY2024 is expected to see a 5% drop in sales revenue, we expect a strong 9% recovery in FY2025, which reflects the current strength of UP's order books. Our view that underlying sales growth for the business should be of the order of 6% remains in place.

Growth should benefit domestically from the increased energy and focus behind the Salter and Beldray brands while there is substantial headroom for Continental Europe to enjoy sustained growth. The relatively new Paris showroom and the ability to uplift the Petra brands are key components of UP's international expansion strategy.

On the margin side we note that that shipping costs continue to be unfavourable due to elevated freight rates. However, we see no immediate threat to our EBITDA forecasts – which were revised downwards in May 2024 – at this stage as any unexpected reduction in gross margins in FY2025 would more than likely to be offset by higher sales growth. UP remains committed to growing sales through volume, **driven by its strengthening brands**, rather than inflationary pricing.



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