

## Headwinds offset brand relaunch benefits, for now

25 June 2025

Ultimate Products announced a trading update today which prompts us to reduce our sales and profit expectations for FY2025. Furthermore, caution about a recent fall in order books causes us to reduce sales numbers for FY2026. However, we note that management highlights a more intense focus on its sales function and both Salter and Beldray are in the relatively early stages of their re-brands.

Despite progress in headline sales, which increased by 4% from a year earlier between February and May 2025, ULTP expects FY2025 H2 revenues to be flat and thus down for the year in FY2025. The company experienced some deferral in orders to the tune of £4m. Meanwhile, gross margins contracted due to some shifts in both product category and retail channel mix. This explains expectations of a flat EBITDA number in FY2025 H2 and a full year decline. **It is clear that overall market trading conditions in homewares remain tough.**

We revise down our expectations for ULTP in both FY2025 and FY2026 in this report. Salient changes are a reduction in our FY2025 sales forecast from £156m to £149m and in FY2026 from £165m to £138m. We reduce our FY2025 EBITDA forecast from £14.4m to £12.5m and FY2026 from £18.0m to £10.0m. Our caution on FY2026 reflects an 8% decline in the current order book from a year earlier. Any subsequent uptick in orders will therefore benefit the FY2026 outlook.

However, a combination of the impact of the Salter and Beldray re-brands as well as scope to grow the European business, in our view, implies good grounds for optimism further down the track. Salter and Beldray are only in the relatively early stages of their post re-brand trading phases. Europe continues to offer scope for like-for-like sales growth, benefiting both from being a “prize with size” and organisational change – notably the relocation of the company’s European showroom to Paris.

In addition, the promise of a more intense focus on the group’s selling function and key customer engagement offers potential to exploit more effectively both the re-brands and the European opportunity. ULTP has a strong track record in critical business implementation as demonstrated by the re-brands, new product development and key technologies which include AI and RPA. **Upping ULTP’s selling strength might therefore be expected to have a positive impact on financial performance.**

We still argue that ULTP’s valuation should reflect the embedded value of its critical owned brands – i.e. Salter (the UK’s oldest houseware brand) and Beldray. Hence, we consider a fair value for the company’s shares at around a 1.0x EV/sales ratio. Based on FY2026E, this implies an adjustment to our fair value / share from 165p to 135p, still well above the current price.

### Company data

EPIC	ULTP.L
Price (last close)	74p
52 weeks Hi/Lo	150p/60p
Market cap	£64m
ED Fair Value / share	135p
End FY25 net debt	£18m
Avg. daily volume	124,113

### Share price, p



Source: [www.investing.com](http://www.investing.com)

### Description

Ultimate Products plc (ULTP) develops new, innovative concepts and brings professional, sought-after products to the mass market. The group aims to provide “beautiful products” for every home.

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.

### Trading Update

FY Results October 2025

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### Key financials

Year to 31st July	2022A	2023A	2024A	2025E	2026E
Revenue (£m)	154.2	166.3	155.5	149.3	138.0
Revenue growth (%)	13.1%	7.9%	-6.5%	-4.0%	-7.6%
EBITDA (£m) (adj)	18.8	20.2	18.0	12.5	10.0
EPS adjusted (p)	14.7	15.4	12.3	7.9	5.8
DPS (p)	7.1	7.4	7.4	4.0	2.9
EV/EBITDA (x)	4.3	4.0	4.4	6.4	8.0
P/E ratio (x)	5.0	4.8	6.0	9.4	12.7
Yield	9.6%	9.9%	9.9%	5.4%	3.9%

Source: Company data and Equity Development estimates

## Changes to forecasts

Tough and uncertain trading conditions have clearly been a headwind for ULTP in recent months, as well as for several companies which operate in the consumer durables space. This has been reflected in the homewares market being very challenging and subject to gross margin pressures arising from shifts in both product category and distribution channel mix.

As a result, we reduce our sales and EBITDA forecasts for ULTP in both FY2025 and FY2026. In addition to several well publicised general adverse economic influences, these also reflect the specific impact of around £4m of order deferrals from the current year into next year – i.e. post year-end July 2025. Our revised sales forecast in FY2026 considers the recent 8% decline in order flow and thus might be seen as an overly prudent measure. The forecast revisions are summarised in Figure 1.

**Figure 1 – Changes to forecasts in FY2025 and FY2026**

All figures in £m	FY2025			FY2026		
	Old	New	Change	Old	New	Change
<b>Sales</b>	156	149	-4%	165	138	-16%
<b>EBITDA</b>	14.4	12.5	-13%	18.0	10.0	-44%

Source: Equity Development estimates

## Embracing change for the future

ULTP's track record in handling adverse external influences has been strong. Highlights include the effective management of COVID and disruptions to shipping freight in the Red Sea. Moreover, it should be emphasised that the company successfully diversified its core operating activity from being largely a sourcing company to that of an active brand manager.

The re-brands of Salter and Beldray were discussed in our June 2023 report [Innovating for growth](#) and our June 2024 report [Beldray re-brand - Ultimate Products has got this](#). It is clear from these timings that only Salter has had the benefit of a full year of being re-branded. Going forward, we expect a positive impact for both brands which, combined, represent around two thirds of group sales.

The European opportunity was discussed most recently in our March 2025 report [Europe well poised to enhance growth](#). There is no doubt that the upside, given the size of the key populations and economies, is substantial. ULTP has already taken an important step towards growth by relocating its sales showroom from Cologne to Paris to create greater traction in a more convenient location for international travel.

A renewed focus on the company's sales function should be welcomed by investors, in our view. In particular, ULTP's implementation track record is sufficiently strong, given the items mentioned above, that such focus appears likely to generate a positive impact in terms of reported revenue growth.

Today's statement includes a clear message from CEO Andy Gossage that ULTP is in the process of making several investments within the company's sales function to enhance its systems and processes and thus improve future performance. The sales function is a key priority for ULTP, with a range of initiatives already underway. We support the view that the stronger the sales team, the bigger the business!

## Valuation and financials

### Relative valuation

We include a relative valuation in Figure 2. Despite the downgrades to financial forecasts included in this report, the company's shares continue to trade on an EV/sales discount to the selected peer group and look more attractively valued given the average P/E ratio and boasting a superior dividend yield.

In our view, a more holistic valuation is to look at EV/sales where this peer group trades on an average of 1.0x. Using this metric we derive our downwardly revised fair value of 135 pence for ULTP's shares; suggesting substantial potential upside from the current share price.

Figure 2 – Relative valuation

	Share price	Mkt cap	Net	EV	Sales	EV/sales	EBITDA	EV/EBITDA	EPS	P/E	DPS	YLD
		£m	debt £m	£m	2025 (£m)	(x)	2025 (£m)	(x)	2025 (p)	(x)	2025 (p)	(%)
<b>Gear4Music (G4M)</b>	206	40	23	63	147	0.4	10.0	6.3	5.4	35.3		
<b>Luceco (LUCE) *</b>	149	225	71	296	264	1.1	41.2	7.2	13.1	11.2	4.9	3.3%
<b>Portmeirion (PMP) *</b>	145	20	19	39	81	0.5	11.9	3.3	29.8	4.9	8.6	5.9%
<b>Procook (PROC)</b>	40	43	27	70	69	1.0	9.0	7.7	1.5	26.7		
<b>Ultimate Products (ULTP)</b>	<b>74</b>	<b>62</b>	<b>18</b>	<b>80</b>	<b>149</b>	<b>0.5</b>	<b>12.5</b>	<b>6.4</b>	<b>7.9</b>	<b>9.4</b>	<b>4.0</b>	<b>5.4%</b>
<b>Warpaint (W7L) *</b>	437	332	-4	328	123	2.7	31.5	10.4	26.5	16.0	11.4	2.7%
<b>Average</b>						<b>1.0</b>		<b>6.9</b>		<b>17.3</b>		<b>4.3%</b>

Source: Investing.com (prices), MarketScreener (EBITDA), Stockopedia (Debt, EPS, dividends) and Equity Development estimates (Ultimate Products forecasts)

## Financial forecasts

Equity Development's revised financial forecasts for ULTP appear in Figures 3 to 6. The basis for the changes to forecasts appears in the narrative on page 2 of this report and significantly reflects comments and quantifications made by the company itself about near term trading conditions in today's release.

We base our sales assumptions on sustained growth in Europe while the UK is expected to remain in negative territory. In Figure 5 we reduce our assumed share buybacks from £8m to £4m in FY2025 to reflect our lower EBITDA expectations and currently assume none in FY2026.

**Figure 3 – Income statement**

All figures in £'000s	2023A	2024A	2025E	2026E
<b>31st July year end</b>				
<b>Revenue</b>	<b>166,315</b>	<b>155,497</b>	<b>149,300</b>	<b>138,000</b>
% increase in revenue	7.9%	-6.5%	-4.0%	-7.6%
<b>Cost of sales</b>	<b>-123,568</b>	<b>-115,043</b>	<b>-114,662</b>	<b>-105,984</b>
<b>Gross profit</b>	<b>42,747</b>	<b>40,454</b>	<b>34,638</b>	<b>32,016</b>
<b>Gross margin (%)</b>	<b>25.7%</b>	<b>26.0%</b>	<b>23.2%</b>	<b>23.2%</b>
<b>Administrative expenses</b>	<b>-22,534</b>	<b>-22,432</b>	<b>-22,100</b>	<b>-22,000</b>
<b>EBITDA – adjusted</b>	<b>20,213</b>	<b>18,022</b>	<b>12,538</b>	<b>10,016</b>
<b>EBITDA margin - adjusted (%)</b>	<b>12.2%</b>	<b>11.6%</b>	<b>8.4%</b>	<b>7.3%</b>
<b>Depreciation &amp; amortisation – total</b>	<b>-2,260</b>	<b>-2,191</b>	<b>-2,222</b>	<b>-2,222</b>
<b>EBIT – adjusted</b>	<b>17,953</b>	<b>15,831</b>	<b>10,316</b>	<b>7,794</b>
<b>EBIT margin – adjusted</b>	<b>10.8%</b>	<b>10.2%</b>	<b>6.9%</b>	<b>5.6%</b>
<b>Net financial expense</b>	<b>-1,132</b>	<b>-1,381</b>	<b>-1,305</b>	<b>-1,272</b>
<b>Pre-tax profit - adjusted</b>	<b>16,821</b>	<b>14,450</b>	<b>9,011</b>	<b>6,522</b>
<b>Taxation</b>	<b>-3,560</b>	<b>-3,820</b>	<b>-2,388</b>	<b>-1,728</b>
<b>Tax rate (%) – adjusted</b>	<b>21.2%</b>	<b>26.4%</b>	<b>26.5%</b>	<b>26.5%</b>
<b>After tax income - adjusted</b>	<b>13,261</b>	<b>10,630</b>	<b>6,623</b>	<b>4,794</b>
<b>Share based payment charges</b>	<b>-837</b>	<b>-137</b>	<b>-137</b>	<b>-137</b>
<b>Statutory profit after tax (attributable)</b>	<b>12,586</b>	<b>10,527</b>	<b>6,686</b>	<b>4,857</b>
<b>EPS - basic adjusted (p)</b>	<b>15.4</b>	<b>12.3</b>	<b>7.9</b>	<b>5.8</b>
<b>Dividend per share (pence)</b>	<b>7.4</b>	<b>7.4</b>	<b>4.0</b>	<b>2.9</b>

Source: Company historic data and ED estimates

**Figure 4 – Balance Sheet**

All figures in £'000s	2023A	2024A	2025E	2026E
31st July year end				
<b>Assets</b>				
Intangible assets	37,003	36,981	36,981	36,981
Property, plant and equipment	8,443	7,574	6,726	5,932
<b>Total non-current assets</b>	<b>45,446</b>	<b>44,555</b>	<b>43,707</b>	<b>42,913</b>
Inventories	28,071	36,578	43,120	39,857
Trade and other receivables	29,890	29,710	27,026	23,480
Cash and cash equivalents	5,086	4,733	4,733	4,733
<b>Total current assets</b>	<b>64,280</b>	<b>71,688</b>	<b>74,879</b>	<b>68,070</b>
<b>Total assets</b>	<b>109,726</b>	<b>116,243</b>	<b>118,586</b>	<b>110,983</b>
<b>Liabilities</b>				
Trade and other payables	30,005	39,084	37,526	34,686
Derivative financial instruments	1,806			
Current tax				
Borrowings	15,891	15,151	22,383	15,658
Lease liabilities	836	811	811	811
Deferred consideration				
<b>Total current liabilities</b>	<b>48,538</b>	<b>56,147</b>	<b>60,720</b>	<b>51,155</b>
Borrowings (negative => cash)	3,990	-	-	-
Deferred tax	6,797	6,898	6,000	6,000
Lease liabilities	4,262	3,436	2,686	1,936
<b>Total non-current liabilities</b>	<b>15,049</b>	<b>10,334</b>	<b>8,686</b>	<b>7,936</b>
<b>Equity</b>				
Share capital	223	221	221	221
Share premium account	14,334	14,334	14,334	14,334
Employee benefit trust reserve	-1,989	-1,946	-1,946	-1,946
Share-based payment reserve	1,817	1,431	1,568	1,705
Hedging reserve and other reserves	-660	-286	-6,670	-8,914
Retained earnings	32,414	36,006	41,673	46,492
<b>Total equity</b>	<b>46,139</b>	<b>49,762</b>	<b>49,180</b>	<b>51,892</b>
<b>Total equity and liabilities</b>	<b>109,726</b>	<b>116,243</b>	<b>118,586</b>	<b>110,983</b>
<b>Closing net debt</b>	<b>14,795</b>	<b>10,418</b>	<b>17,650</b>	<b>10,925</b>

Source: Company historic data and ED estimates

**Figure 5 – Free cash flow**

All figures in £'000s 31st July year-end	2023A	2024A	2025E	2026E
<b>Profit for the period</b>	12,586	10,527	6,686	4,857
<b>Adjustments for:</b>				
Finance costs (net)	1,132	1,382	1,305	1,272
Income tax expense	3,399	3,786	2,388	1,728
Depreciation and impairment	2,218	2,165	2,200	2,200
Amortisation	22	22	22	22
Loss on disposal of a current asset				
Derivative financial instruments				
Share based payments	837	136	137	137
Income taxes paid	-3,957	-3,176	-2,493	-1,728
<b>Working capital adjustments</b>				
(Increase)/decrease in inventories	1,090	-8,507	-6,542	3,264
Decrease/(increase) in receivables	2,691	-207	2,684	3,546
(Decrease)/increase in payables	559	9,048	-1,558	-2,840
<b>Cash generated from operations</b>	<b>20,399</b>	<b>15,370</b>	<b>4,829</b>	<b>12,457</b>
<b>Cash flows used in investing activities</b>				
Acquisition of a business	-987			
Purchase of intangible assets				
PP&E	-999	-1,300	-1,352	-1,406
Proceeds from P, P & E disposals				
Finance income				
Repayment of lease liabilities				
<b>Total</b>	<b>-1,986</b>	<b>-1,300</b>	<b>-1,352</b>	<b>-1,406</b>
<b>Free cash flow before financing</b>	<b>18,413</b>	<b>14,070</b>	<b>3,477</b>	<b>11,050</b>
Interest paid	-1,147	-1,186	-1,305	-1,272
<b>Free cash flow before dividends etc</b>	<b>16,734</b>	<b>12,740</b>	<b>2,172</b>	<b>9,778</b>
Dividends paid	-6,255	-6,411	-5,404	-3,054
Purchase of shares for cancellation			-4,000	
Principal paid on lease obligations	-840			
Debt issue costs paid	-94			
<b>Free cash flow after dividends etc</b>	<b>9,545</b>	<b>4,354</b>	<b>-7,232</b>	<b>6,725</b>

Source: Company historic data and ED estimates



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