Restore plc

Positive momentum with scope for outperformance

17 November 2026

Restore has released a positive update for the 10 months to 31st October, confirming a continuation of the strong H1 performance. As a result, the Board expects the full year outturn to be at least in line with consensus expectations. With forecast risk to the upside, the shares trade on attractive multiples and a c.30% discount to the Group's 10-year average ratings. In our view, Restore is a high quality, well managed business, with defensive characteristics and significant growth ambitions. We reiterate our 400p/ share Fair Value estimate, based on a 16x current year P/E ratio, falling to 14.5x based on conservative forecasts.

Well on track for a year of double-digit earnings growth

With trading at least in line with expectations, Restore is well on track to deliver a year of double-digit earnings growth, with continuing momentum on the approach to FY27. Cash conversion remains strong at >80% and year end net debt is also expected to be in line with consensus expectations.

Strong progress in all divisions

Information Management is performing well, with stable box numbers and inflation-linked pricing driving cash generation. At the same time, customer demand for digitisation and related services is increasing and has benefited from a significant contract with MOD. The property consolidation programme is substantially complete, with 3m boxes now moved into larger out-of-town warehouses, increasing efficiency and offsetting rising rents and rates. Digital Services are running smoothly, and the Outbound Communications business (Synertec) is delivering strong growth. **Datashred** is trading well in terms of paper tonnage and number of visits, whilst the paper price is starting to return to normalised levels from the weaker H1 position. Three acquisitions this year have supported divisional profitability. **Technology** recorded double-digit growth and double-digit margins in the period, reflecting positive market dynamics, as well as strong Value Added Reseller relationships.

Share buybacks and CFO succession

The £20m share buyback programme is well underway, with £8.9m deployed at an average price of 268p in the period. As Dan Baker steps up from CFO to CEO (and Charles Skinner moves to Chair), Restore recently announced the appointment of Ian Melling as Group CFO from January '27. Ian was previously CFO of Victrex plc from 2022 to 2026 and, before that, held various commercial and group finance roles at Smith & Nephew plc.

Key financials & valuation metrics

Year to 31 Dec (£m)	2024A	2025A	2026E	2027E	2028E
Sales	240.0	304.7	344.5	358.6	370.7
EBITDA	80.5	88.8	94.7	98.5	100.4
Adjusted PBT	32.5	40.6	44.9	48.3	50.3
FD EPS (p)	17.7	22.0	24.6	27.5	28.7
DPS (p)	5.8	6.9	7.6	7.6	8.0
Net Cash/(Debt)*	(229.0)	(256.7)	(259.1)	(241.0)	(216.8)
Net Cash/(Debt)**	(89.0)	(123.8)	(126.2)	(108.1)	(83.9)
P/E	16.9x	13.6x	12.2x	10.9x	10.4x
EV/EBITDA*	7.8x	7.4x	7.0x	6.5x	6.1x
Dividend yield	1.9%	2.3%	2.5%	2.5%	2.7%

*Source: ED analysis, IFRS 16 basis * including leases ** excluding leases, Shares priced at COB 13/11/26*

Company data

EPIC	RST.L
Price (last close)	299p
52 weeks Hi/Lo	320p/222p
Market cap	£400m
ED Fair Value / share	400p
Net cash / (debt) 2025A	(£124m)
Avg. daily volume (3m)	265k

Share price, p



Source: Koyfin

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

FY26 results – 11th March 2027

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Attractive ratings, well below historic trend

Over the long term, Restore's share price has traded on a mid to high teens P/E rating, closely tracking earnings. Our 400p/ share Fair Value estimate represents an FY26 P/E rating of 16x, based on conservative forecasts (our forecasts are prudently at the bottom of the analyst range).

Restore's adjusted PBT is on track to reach a new record high this year (beating the £41.0m reported in FY22A), but the share price remains c.40% below the high point of August 2021 (508p). The shares also continue to trade at a c.30% discount to the Group's 10-year average ratings.

Consensus EV/EBITDA versus long term trend



Source: Koyfin

Consensus P/E versus long term trend



Source: Koyfin

With today's guidance suggesting scope for outperformance as the Group closes out FY26, we note the positive earnings trajectory over the past three years under the current management team, which has not yet translated into a meaningful share price response. In particular, since the current period of earnings upgrades began in July '24, the share price is broadly unchanged, whilst consensus EPS forecasts for the Next Twelve Months have increased by nearly 50%.

Share price and EPS trend



Source: Koyfin

Income statement

Year to 31 Dec (£m)	2023A	2024A	2025A	2026E	2027E	2028E
Group revenue	237.1	240.0	304.7	344.5	358.6	370.7
% growth	-2%	1%	27%	13%	4%	3%
COGS	-120.7	-128.3	-172.6	-204.4	-212.8	-220.0
% of revenue	51%	53%	57%	59%	59%	59%
Gross profit	**116.4**	**111.7**	**132.1**	**140.1**	**145.8**	**150.7**
% margin	49%	47%	43%	41%	41%	41%
Segmental admin expenses	-73.8	-60.4	-71.2	-73.0	-74.3	-76.7
% of revenue	31%	25%	23%	21%	21%	21%
Central admin expenses	-2.8	-4.4	-5.4	-5.8	-6.5	-7.0
% of revenue	1%	2%	2%	2%	2%	2%
Adj. Operating profit	**39.8**	**46.9**	**55.5**	**61.3**	**65.1**	**67.0**
% margin	16.8%	19.5%	18.2%	17.8%	18.1%	18.1%
Depreciation	32.8	33.6	33.1	33.0	33.0	33.0
Amortisation	0.0	0.0	0.2	0.4	0.4	0.4
Adj. EBITDA	**72.6**	**80.5**	**88.8**	**94.7**	**98.5**	**100.4**
% margin	31%	34%	29%	27%	27%	27%
Net interest	-14.0	-14.4	-14.9	-16.4	-16.8	-16.7
Adj. PBT	**25.8**	**32.5**	**40.6**	**44.9**	**48.3**	**50.3**
% margin	11%	14%	13%	13%	13%	14%
Impairments	-36.3	0.0	0.0	0.0	0.0	0.0
Amortisation	-12.2	-12.1	-14.2	-17.0	-17.0	-17.0
Acquisition transaction costs	-0.2	0.0	-13.1	-5.0	0.0	0.0
Restructuring and redundancy	-5.9	-2.1	-2.1	0.0	0.0	0.0
Property related costs	-3.1	-1.5	-3.5	-3.0	-1.0	-1.0
Strategic IT reorganisation	-1.6	-0.8	0.0	0.0	0.0	0.0
Reported PBT	**-33.5**	**16.0**	**7.7**	**19.9**	**30.3**	**32.3**
Tax	-1.7	-5.0	-6.3	-5.0	-7.6	-8.1
Adjusted tax	-4.4	-3.1	-3.9	-6.3	-4.5	-4.5
Underlying tax rate (%)	24%	25%	25%	25%	25%	25%
Adj. PAT	**19.7**	**24.4**	**30.5**	**33.7**	**36.2**	**37.7**
PAT	**-35.2**	**11.0**	**1.4**	**14.9**	**22.7**	**24.2**
Discontinued operations (Harrow Green)	4.5	1.9	-7.7	0.0	0.0	0.0
PAT after discontinued operations	**-30.7**	**12.9**	**-6.3**	**14.9**	**22.7**	**24.2**

Source: Company historic data, Equity Development forecasts

Cashflow statement

Year to 31 Dec (£m)	2023A	2024A	2025A	2026E	2027E	2028E
Adj. EBITA	**44.3**	**48.8**	**55.5**	**61.3**	**65.1**	**67.0**
Depreciation	32.8	33.6	33.1	33.0	33.0	33.0
Amortisation of Software	0.0	0.0	0.2	0.4	0.4	0.4
Gain on disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	-10.8	-4.1	-6.5	-5.0	-1.0	-1.0
Other non-cash	-0.5	1.8	2.8	1.0	1.0	1.0
Working Capital Movement	1.1	-2.0	-6.5	-6.0	-5.0	-5.0
Operating Cash Flow	**66.9**	**78.1**	**78.6**	**84.7**	**93.5**	**95.4**
Net Interest	-12.8	-14.5	-17.3	-16.4	-16.8	-16.7
Tax	-6.3	-5.1	-8.1	-5.5	-8.1	-8.6
Net Operating Cash Flow	**47.8**	**58.5**	**53.2**	**62.8**	**68.6**	**70.1**
Purchase of PPE	-10.3	-15.1	-12.9	-14.0	-15.0	-15.0
Total Net Capex	-10.3	-15.1	-12.9	-14.0	-15.0	-15.0
Leases	-20.7	-23.9	-21.4	-21.0	-21.0	-21.0
Equity Free Cash Flow	**16.8**	**19.5**	**18.9**	**27.8**	**32.6**	**34.1**
M&A	-1.7	-0.5	-44.1	-5.0	0.0	0.0
Dividend	-9.1	-7.3	-8.1	-9.8	-9.5	-9.9
Share Issue	-0.5	-2.6	-2.2	-15.0	-5.0	0.0
Other	0.2	-0.3	0.7	-0.4	0.0	0.0
Net Change in Net Debt	**5.7**	**8.8**	**-34.8**	**-2.4**	**18.1**	**24.2**
Net Debt – Start of period	-103.5	-97.8	-89.0	-123.8	-126.2	-108.1
Net Debt – End of period	**-97.8**	**-89.0**	**-123.8**	**-126.2**	**-108.1**	**-83.9**
Net Debt including leases	-201.3	-229.0	-256.7	-259.1	-241.0	-216.8

Source: Company historic data, Equity Development forecasts

Balance sheet

Year to 31 Dec (£m)	2023A	2024A	2025A	2026E	2027E	2028E
Non-Current assets						
Intangible assets	284.7	274.4	310.0	293.0	276.0	259.0
Property, Plant & Equipment	79.4	83.1	84.9	86.9	89.9	92.9
Right of use assets	91.6	125.6	118.6	118.6	118.6	118.6
Other receivables	5.2	4.6	6.0	6.0	6.0	6.0
Sub-total NCAs	460.9	487.7	519.5	504.5	490.5	476.5
Current Assets						
Inventories	1.5	1.3	3.2	4.2	5.2	6.2
Trade and other receivables	63.1	56.5	61.1	71.1	72.1	73.1
Cash and cash equivalents	22.7	8.0	3.4	3.4	3.4	3.4
Current tax assets	1.2	0.2	0.0	0.0	0.0	0.0
Sub-total Cas	88.5	66.0	67.7	78.7	80.7	82.7
Total Assets	549.4	553.7	587.2	583.2	571.2	559.2
Current liabilities						
Trade and other payables	-44.9	-40.5	-46.0	-51.0	-48.0	-45.0
Financial liabilities-borrowings	0.0	-3.2	-3.7	-6.1	-6.1	-6.1
Financial liabilities-lease liabilities	-18.6	-19.3	-19.3	-19.3	-19.3	-19.3
Derivative liability	-0.1	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	0.0	0.0	-0.7	-0.7	-0.7	-0.7
Provisions	-4.4	-3.9	-2.8	-2.8	-2.8	-2.8
Sub-total CLs	-68.0	-66.9	-72.5	-79.9	-76.9	-73.9
Non-Current liabilities						
Financial liabilities-borrowings	-120.5	-93.8	-123.5	-123.5	-105.4	-81.2
Financial liabilities-lease liabilities	-84.9	-120.7	-113.6	-113.6	-113.6	-113.6
Deferred tax liability	-29.3	-28.7	-34.2	-34.2	-34.2	-34.2
Provisions	-14.2	-9.6	-7.7	-7.7	-7.7	-7.7
Other payables	-0.4	-0.2	-16.0	-16.0	-16.0	-16.0
Sub-total NCLs	-249.3	-253.0	-295.0	-295.0	-276.9	-252.7
Total Liabilities	-317.3	-319.9	-367.5	-374.9	-353.8	-326.6
NET ASSETS	232.1	233.8	219.7	208.3	217.4	232.6

Source: Company historic data, Equity Development forecasts

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