

Proprietary brands deliver 5% growth in first half

While UP's sales fell 6% in the first half of FY2026, performance in its proprietary brands was strong, delivering a valuable 5% increase that was offset by a sharp decline in third party clearance sales. Furthermore, despite still challenging trading conditions for consumer durables, the company confirms it is on track to meet full year expectations. We maintain our 165p/ share Fair Value estimate.

In today's H126 trading update, proprietary brand sales, of which Beldray and Salter are comfortably the most important in the UK, grew by 5%. Branded sales as a whole – i.e. including licensed brands – advanced by 2%. In future, we infer that the more volatile third-party clearance sales will be less important, and these sales declined by 68% in the six-month period. EBITDA was £5m in H126 and we expect a similar level of profitability in the second half. Net debt was £9.7m, an improvement on £14.1m at end-July 2025, and represented 0.9x EBITDA.

Following today's release, we leave our full year forecasts unchanged. Our current FY2026 sales estimate of £138m implies a full year 8% decline and a 10% drop in H2. With owned brand sales becoming even more important and delivering growth, consensus expectations appear on track to being met.

Proprietary brand sales were equivalent to 88% of sales in H126 compared with 79% a year earlier. While spearheaded in the UK by Beldray and Salter - a combined 60% of sales in FY2025 - it is important to note the appeal of George Wilkinson and Petra within the company's growing European customer base. In addition, proprietary brand sales recorded their fastest H1 growth rate for 3 years – i.e. close to the record levels enjoyed during the surge in air fryer demand.

In our view, today's announcement is a strong vindication of UP not only prioritising its proprietary brands but also its major management reorganisation last year. As we highlighted in our August 2025 report [Promoting top talent to accelerate growth](#), UP's proprietary brand sales growth stood to benefit from establishing five C-suite positions to place key individuals in not only designated but also co-ordinated key roles. 5% branded growth tends to vindicate that decision.

On valuation, we highlight the company's intensified focus on its proprietary and growing brands. Indeed, the company itself states that these remain a key differentiator for UP and its strategic focus on them will "drive long-term value creation." For a branded operator, UP's stock market valuation appears unusually low. At 165p, FY2027 EV/sales would be 1.1x, which is arguably more appropriate given the growth status of UP's dominant proprietary brands.

Key financials

Year to 31st July	2023A	2024A	2025A	2026E	2027E
Revenue (£m)	166.3	155.5	150.1	138.0	146.3
Revenue growth (%)	7.9%	-6.5%	-3.4%	-8.1%	6.0%
EBITDA (£m) (adj)	20.2	18.0	12.5	10.0	11.9
EPS adjusted (p)	15.4	12.3	7.4	5.4	8.1
DPS (p)	7.4	7.4	3.8	2.7	4.1
EV/EBITDA (x)	3.0	3.4	4.8	6.1	5.1
P/E ratio (x)	3.5	4.4	7.3	9.9	6.6
Yield (%)	13.8%	13.8%	7.0%	5.0%	7.6%

Source: Company historic data and Equity Development estimates

11 February 2026

Company data

EPIC	ULTP.L
Price (last close)	54p
52 weeks Hi/Lo	93p/44p
Market cap	£46m
ED Fair Value / share	165p
Net cash/(debt) 2026H1 A	(£10m)
Avg. daily volume (3m)	148k

Share price, p



Source: www.investing.com

Description

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

ULTP's offices span two continents, with headquarters in the UK, a sourcing office and showroom in China and a further showroom in Continental Europe. Key proprietary brands include Beldray, Salter, George Wilkinson, Intempo, Kleeneze, Petra and Progress.

Next event

FY2026 Interim results - 24 March

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Owned brands deliver 5% growth in first half

First half trading update in more detail

Ultimate Products' trading update includes sales, profits and net bank debt data for the first six months of FY2026. Importantly, the company discloses 5% growth in the company's proprietary brands. Licensed brands, which include Russell Hobbs branded non-electrical products on a 4-year rolling basis, fell by 24%. However, that still implies that brands overall grew by 2% in the six months.

Third party clearance and white label sales fell by 68% in FY2026 H1. This category of business appears likely to be de-prioritised by the company. While at times a useful source of incremental revenue and margin, this revenue source is not, in our view, central to UP's value proposition. Rather, what matters is emphasis on the company's proprietary brands, working alongside licensed brand Russell Hobbs.

A primary benefit of proprietary brand focus is that it puts the company in greater control over its growth outlook. Proprietary owned brands benefit from control over sourcing, marketing and promotion. In contrast, lines of available third-party clearance and white label products are not fully under the company's control.

Furthermore, it is the strength of owned and proprietary brands, both in terms of their market share and growth, which generates the largest component of shareholder value for a consumer goods company. As a result, UP being valued increasingly as the owner of its top two brands, Beldray and Salter, as well as George Wilkinson, Petra and Progress, augurs positively for shareholders. Sales figures from today's release are summarised in Figure 1.

Figure 1 – Ultimate Products first half sales by category

	FY2025 H1	FY2026 H1	Change
UP proprietary brands	62.6	65.8	5%
Licensed brands	7.5	5.7	-24%
Third-party clearance & white label	9.4	3.0	-68%
Total	79.5	74.5	-6%

Source: Company data

Net bank debt/EBITDA was 0.9x at end January 2026 while 12-month rolling net debt was 1.4x EBITDA, a slight increase from 1.3x six months earlier. We expect that a rolling net debt number beneath 1.0x EBITDA would be the trigger point for any further share buybacks under UP's current capital allocation policy.

Meeting full year expectations

Today's release has positive implications for our full year forecasts, which match the current consensus at sales revenue and EBITDA levels, being met. The implied change in second half sales, based on our estimates, is a 10% decline – i.e. a larger percentage drop than in the first half of the year, which arguably points to our numbers being conservative, rather than aggressive.

UP announced H126 EBITDA of £5.0m, compared with our current £10.0m FY2026 expectation. We expect some improvement in margins in H226 given an easier backdrop for shipping costs.

Hence, at this stage we are confident that our full year profit forecasts should also be met. The second half implications of our key income statement forecasts for FY2026 are summarised in Figure 2.

Figure 2 - Ultimate Products - estimated FY2026 H2 changes

	FY26H1A	FY26H2E	FY26E	Change		
				H1A	H2E	FY26E
Sales revenue	74.5	63.5	138.0	-6%	-10%	-8%
EBITDA	5.0	5.0	10.0	-29%	-9%	-20%
EBITDA margin	7%	8%	7%	-2ppts	unch	-1ppt

Source: Company historic data and Equity Development estimates

Note – FY2025 H1 sales and EBITDA figures were reported as £79.5m and £7.0m respectively. Corresponding inferred FY2025 H2 figures were £70.7m for sales and £5.5m for EBITDA.

C-suite reorganisation delivering early benefits

The H126 trading update is the first trading period announcement since UP made five important promotions into C-suite roles on 28th August 2025, which we commented on in our report [Promoting top talent to accelerate growth](#). In our view, this organisational change was a catalyst for the company to deliver a consistently stronger performance from its proprietary brands.

The headline changes arising from the announcement was the creation of **Chief Commercial Officer**, **Chief Supply Chain Officer**, **Chief Operating Officer**, **Chief Product Officer** and **Chief Marketing Officer** C-suite roles.

The critical impact of these changes should be a more cohesive approach to promotion of the company's proprietary and licensed brand portfolio, with all five processes of the brands' offerings being managed on a co-operative and co-ordinated basis. **Product portfolio structure, sourcing, distribution, selling and brand building** are now able to function on a fully synchronized basis and thus on a basis which fully benefits the brands.

The early efficacy of this C-suite reorganisation tends to be confirmed in our view by the first six-month trading announcement since its implementation – i.e. the **achievement of mid-single digit growth in the company's proprietary brands** and having these brands represent 88% of sales revenue in a half-yearly trading period.

Valuation and financials

Relative valuation

With no change to our FY2026 and FY2027 forecasts, we leave our fair value assumption of 165p/ share unchanged. We summarise relative valuation in Figure 3.

Our overarching argument remains that the **valuation of the company's shares appears to be unusually low** for a business whose sales growth and profitability outlook is driven by a tightly focused portfolio of **well managed brands**, and which demonstrated a useful pace of growth in the most recent reporting period.

The portfolio approach is also important to mention in the context of UP's expanded geographical reach. While Beldray and Salter are strong UK brands, the company also benefits from having brands which can be used discretely to drive its European business. Notable examples include George Wilkinson and Petra.

Other noteworthy valuation points include the company's prospective 4.9% dividend yield, which reflects a sustained 50% pay-out policy relative to adjusted EPS, and is supported by a strong financial performance in the context of UP's net debt position. At 165p, EV/sales would be 1.1x, EV/EBITDA, which in our view is a salient measure.

Financial forecasts

As stated above, we leave our financial forecasts unchanged. However, the shape of the first half numbers and UP's confirmation of market consensus gives us confidence in our estimates being matched. Moreover, the shape of the H126 sales outcome is encouraging – i.e. growth coming from the proprietary brands.

Our expectations for income statement, balance sheet and free cash flow appear in Figures 4, 5 and 6. We expect free cash flow before dividends to be positive in both FY2026 and FY2027.

Figure 3 – Relative valuation

	Share price	Mkt cap	Net debt	EV	Sales 2026	EV/sales	EBITDA 2026	EV/EBITDA	EPS 2026	P/E	DPS 2026	YLD
	p	£m	£m	£m	£m	X	£m	X	p	x	p	%
Gear4Music (G4M)	290	64	23	87	186	0.5	17.7	4.9	31.8	9.1		
Luceco (LUCE) *	164	251	70	321	270	1.2	44.6	7.2	12.9	11.8	5.4	3.3
Portmeirion (PMP) *	95	13	20	34	65	0.5	11.9	2.8	29.8	3.2	8.6	9.1
Procook (PROC)	33	36	29	65	82	0.8	11.7	5.5	2.1	15.2		
Ultimate Products (ULTP)	54	46	14	60	138	0.4	10.0	6.1	5.4	9.9	2.7	5.0
Warpaint (W7L) *	223	176	-7	169	109	1.6	24.5	6.9	19.5	11.4	11.2	5.0
Average						0.8		5.6		10.1		5.6

Share prices are as 10 February close. * FY2025.

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

Figure 4 – Income statement

All figures in £'000s	2024A	2025A	2026E	2027E
31st July year end				
Revenue	155,497	150,135	138,000	146,280
% increase in revenue	-6.5%	-3.4%	-8.1%	6.0%
Cost of sales	-115,043	-115,288	-105,984	-112,343
Gross profit	40,454	34,847	32,016	33,937
Gross margin (%)	26.0%	23.2%	23.2%	23.2%
Administrative expenses	-22,432	-22,342	-22,046	-22,000
EBITDA – adjusted	18,022	12,505	9,970	11,937
EBITDA margin - adjusted (%)	11.6%	8.3%	7.2%	8.2%
Depreciation & amortisation – total	-2,191	-2,149	-2,172	-2,172
EBIT – adjusted	15,831	10,356	7,798	9,765
EBIT margin – adjusted	10.2%	6.9%	5.7%	6.7%
Net financial expense	-1,381	-1,651	-1,443	-625
Pre-tax profit - adjusted	14,450	8,705	6,355	9,140
Taxation	-3,820	-2,424	-1,767	-2,422
Tax rate (%) – adjusted	26.4%	27.8%	27.8%	26.5%
After tax income - adjusted	10,630	6,281	4,588	6,718
Share based payment charges	-137	-16	-16	-16
Statutory profit after tax (attributable)	10,527	5,807	4,772	6,902
EPS - basic adjusted (p)	12.3	7.4	5.4	8.1
Dividend per share (pence)	7.4	3.8	2.7	4.1

Source: Company historic data and Equity Development forecasts

Figure 5 – Balance sheet and closing net debt

All figures in £'000s	2024A	2025A	2026E	2027E
31st July year end				
Assets				
Intangible assets	36,981	37,072	37,072	37,072
Property, plant and equipment	7,574	5,800	3,993	2,200
Total non-current assets	44,555	42,872	41,065	39,272
Inventories	36,578	32,452	29,829	31,619
Trade and other receivables	29,710	26,779	23,115	23,001
Derivatives	667	47		
Current tax		20		
Cash and cash equivalents	4,733	4,063	4,063	4,063
Total current assets	71,688	63,361	57,007	58,683
Total assets	116,243	106,233	98,072	97,955
Liabilities				
Trade and other payables	39,084	29,735	27,332	28,971
Derivative financial instruments	996	1,828		
Current tax	105			
Borrowings	15,151	18,174	11,333	6,059
Lease liabilities	811	821	821	821
Total current liabilities	56,147	50,558	39,486	35,852
Deferred tax	6,898	6,678	6,000	6,000
Lease liabilities	3,436	2,601	1,851	1,101
Total non-current liabilities	10,334	9,279	7,851	7,101
Equity				
Share capital	221	216	216	216
Share premium account	14,334	14,334	14,334	14,334
Capital redemption reserve	2	7	7	7
Employee benefit trust reserve	-1,946	-2,071	-2,071	-2,071
Share-based payment reserve	1,431	1,376	1,392	1,408
Hedging reserve and other reserves	-286	-1,297	-1,640	-3,120
Retained earnings	36,006	33,831	38,497	44,228
Total equity	49,762	46,396	50,735	55,002
Total equity and liabilities	116,243	106,233	98,072	97,955
Closing net debt	10,418	14,111	7,270	1,996

Source: Company historic data and Equity Development forecasts

Figure 6 – Free cash flow

All figures in £'000s 31st July year-end	2024A	2025A	2026E	2027E
Profit for the period	10,527	5,807	4,772	6,902
Adjustments for:				
Finance costs (net)	1,381	1,651	1,443	625
Income tax expense	3,786	2,242	1,767	2,422
Depreciation and impairment	2,165	2,101	2,150	2,150
Amortisation	22	45	45	45
Loss on disposal of a current asset	4	3		
Derivative financial instruments	190	118		
Share based payments	137	16	16	16
Working capital adjustments				
(Increase)/decrease in inventories	-8,507	4,126	2,623	-1,790
Decrease/(increase) in receivables	-207	2,931	3,664	113
(Decrease)/increase in payables	9,048	-9,398	-2,403	1,640
Net cash from operations	18,546	9,642	14,077	12,123
Income taxes paid	-3,176	-2,341	-1,747	-2,422
Cash generated from operations	15,370	7,301	12,330	9,701
Cash flows used in investing activities				
Purchase of intangible assets		-136		
PP&E	-1,300	-330	-343	-357
Total	-1,300	-466	-343	-357
Free cash flow before financing	14,070	6,835	11,987	9,344
Interest paid	-1,186	-1,527	-1,443	-625
Free cash flow before dividends etc	12,740	5,039	10,544	8,719
Dividends paid	-6,411	-5,513	-2,903	-2,646
Principal paid on lease obligations	-840	-838	-822	-800
Debt issue costs paid	-137	-74		
Share buyback	-1,000	-2,309		
Free cash flow after dividends etc	4,354	-3,679	6,841	5,274

Source: Company historic data and Equity Development forecasts

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