Ultimate Products plc

Owned brands accelerate in H2

19 August 2026

Ultimate Products trading matched both market and our own expectations in FY2026. Sales growth for the company's owned brands accelerated in the second half of FY2026 to generate a 5.3% overall increase. Trading conditions for general merchandise providers remain tough. However, the company's ongoing focus on brands should be seen as positive, in our view, for future growth and shareholder value creation. We maintain our 165p/share fair value estimate.

UP issued an FY2026 trading update which reported that sales revenue was £144.9m and adjusted EBITDA £10.0m, despite a reduction in gross margins from 23.2% to 22.6% which reflected a strategic reduction in third party clearance & white label. Year-end net debt was £8.6m, a £5.5m decrease from a year earlier. Looking ahead to FY2027, the company expects the outlook to be broadly flat. We adjust our FY2027 forecasts accordingly in this report (see page 3).

Detailed figures show a 5.3% increase in sales of proprietary owned brands in FY2026. Importantly, these branded sales, which include Salter and Beldray, accelerated in H2 to show 5.6% growth in the six months compared with 5.1% in H1. Licensed brand sales fell by 23.6% in FY2026 while third party clearance & white label sales, which are being de-prioritised, fell by 60.0%.

The faster growth of UP's proprietary brands is important. The acceleration lends support to both the rationale of the Salter and Beldray re-brands (announced in 2023 and 2024 respectively) as well as the formation of a six-strong C-suite of senior executives announced in August 2025. Moreover, in the past two years the portion of business generated by owned brands has increased from 75% to 89%. The company's stated mission to be the "Home of Brands" appears on track.

Today's statement reiterates the company's view that trading conditions in general merchandise are "soft" both domestically and in Europe. UP cites headwinds arising from a combination of weak consumer demand and an unpredictable geopolitical environment. Hence, we reduce our FY2027 sales, EBITDA and EPS forecasts, which are projected to be similar to FY2026.

UP's growth and valuation should increasingly reflect the strength of the company's brands. In particular, we reiterate the benefits to both UP's growth prospects and valuation of operating as a focused brand manager with a corporate structure designed to maximise the value of its proprietary brand portfolio. Against this backdrop, the current valuation of c.0.4x EV/sales appears disproportionately low. Hence, as discussed on page 4, we maintain that a 1.1x valuation is appropriate, which implies a fair value of 165p per share.

Key financials

Year to 31 July	2023A	2024A	2025A	2026E	2027E
Revenue (£m)	**166.3**	**155.5**	**150.1**	**144.9**	**145.0**
Revenue growth (%)	7.9%	-6.5%	-3.4%	-3.5%	0.1%
EBITDA (£m) (adj)	20.2	18.0	12.5	10.0	10.1
EPS adjusted (p)	**15.4**	**12.3**	**7.4**	**5.4**	**5.4**
DPS (p)	7.4	7.4	3.8	2.7	2.7
EV/EBITDA (x)	3.1	3.5	5.0	6.2	6.2
P/E ratio (x)	**3.6**	**4.5**	**7.5**	**10.4**	**10.4**
Yield (%)	13.2%	13.2%	6.8%	4.8%	4.8%

Source: Company historic data and ED estimates

Company data

EPIC	ULTP.L
Price (last close)	56p
52 weeks Hi/Lo	68p/40p
Market cap	£48m
ED Fair Value / share	165p
Net cash / (debt) 2026A	(£8.6m)
Avg. daily volume (3m)	164k

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 as "The House of Brands." 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 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.

Next event

FY results - 27 October 2026

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Trading update – key figures

Sales revenue was in line with market expectations at £144.9m and was £1m above our own forecast. EBITDA at £10.0m was in line with both our own forecasts and the consensus. Key figures are summarised in Figure 1.

Figure 1 – FY2026 trading update – key figures

All figures in £m	FY25	FY26	Change in £m	Change in %
Sales revenue	150.1	144.9	-5.2	-3.5%
Gross margin	23.2%	22.6%		-0.6 ppts
EBITDA – adjusted	12.5	10.0	-2.5	-20.0%
Net debt	14.1	8.6	-5.5	
Net debt/EBITDA (x) - end-year	1.1	0.9		-0.2x
Net debt/EBITDA (x) - rolling average	1.3	1.4		0.1x

Source: Company data

UP's year end net debt was £8.6m which represented an improvement on £14.1m at the end of the previous financial year. The ratio of net debt to EBITDA similarly improved from 1.1x to 0.9x, marginally beneath the company's stated capital allocation policy level of 1.0x, which might trigger further share buybacks. However, on a rolling 12-month basis, the ratio was 1.4x compared with 1.3x in FY2025.

Sales revenue by brand category

UP's increasing emphasis on its proprietary brands – led by Salter and Beldray – was reflected in this category's growth relative to overall performance. Owned proprietary brands as a whole accelerated in the second half to generate 5.6% growth compared with 5.1% in the first six months of the year.

Elsewhere, there was a notable reduction in third party clearance & white label sales as the company continues to shift focus markedly in favour of its owned proprietary brands. In our view, this makes sense given that ownership of strong, well managed and well invested brands represents the optimal route towards the company consistently gaining market share within its household goods and general merchandise categories. FY2026 H1 and H2 sales performances by category are shown in Figure 2.

Figure 2 – Sales revenue by brand category in FY2026 H1, H2 and full year

All figures in £m	FY 2025 H1	FY 2025 H2	Total	FY 2026 H1	FY2026 H2	Total	Change - H1	Change - H2	Total
UP proprietary brands	62.6	59.3	121.9	65.8	62.6	128.4	5.1%	5.6%	5.3%
Licensed brands	7.5	6.9	14.4	5.7	5.3	11.0	-24.0%	-23.2%	-23.6%
3P clearance & white label	9.4	4.4	13.8	3.0	2.5	5.5	-68.1%	-43.2%	-60.0%
Total	**79.5**	**70.6**	**150.1**	**74.5**	**70.4**	**144.9**	**-6.3%**	**-0.3%**	**-3.5%**

Source: Company data

Changes to FY2027 forecasts

The trading update states clearly that the company expects trading conditions in both the UK and Europe to remain “soft” in FY2027 with the likelihood, as things stand, that financial performance in terms of sales revenue, EBITDA and EPS will be flat relative to FY2026. We adjust our forecasts accordingly in Figure 3.

However, it should be noted that the adjustment to the FY2027 sales forecast is marginal at only around £1m – i.e. 0.9% – because FY2026 sales beat our forecast by a similar amount. Our revised EBITDA forecast assumes that gross margins will be unchanged in FY2027.

A more cautious view of working capital prompts us to increase our FY2027 finance charge expectations and reduce our EPS forecasts accordingly. Ahead of today’s release, our FY2027 EPS forecast had been 7.3p compared with the company’s assessment of consensus for the year at 6.9p. A flat figure for FY2027 implies 5.4p based on both our own and consensus expectations for FY2026.

Figure 3 - FY2027 forecast revisions

All figures in £m		FY2027	
Forecasts	**Old**	**New**	**Revision**
Sales revenue	146.3	145.0	-0.9%
EBITDA – adjusted	11.4	10.1	-11.7%
EPS - adjusted (pence)	7.6	5.4	-28.3%

Source: Equity Development estimates

Shaping UP’s future

UP’s proprietary owned brands should remain central to its ability to grow market share and thus volume within the household goods / homewares component of the general merchandise sector. We believe this dynamic applies not only in the UK but across Europe.

The company’s commitment to being the “Home of Brands” therefore makes strategic sense. This was reflected in FY2026 trading, where owned proprietary brands delivered all of the growth.

Moreover, this branded growth appears to validate both the rebranding of Salter and Beldray and the strategic changes introduced in August 2025, including a radically changed management structure and focused C-suite. Together, these initiatives have reinforced the company’s commitment to its ‘Home of Brands’ strategy.

UP’s new CEO Simon Harrison, who boasts a strong track record in brand development, having served at Princes and Coca-Cola Europe, is due to assume his role on 26 October 2026, ahead of the company’s Full Year results announcement.

Please refer to the embedded hyperlinks in the paragraphs above for the relevant Equity Development historic reports.

Relative valuation

We include a relative valuation for UP in Figure 4. Central to our view that the company's fair value is well in excess of the current share price is the EV/sales measure. In our view, a company focussed on a tightly managed portfolio of proprietary owned brands, and demonstrating the ability to gain market share and deliver organic growth, as evidenced over the past two six-month trading periods, should command an EV/sales multiple close to 1x, if not higher.

This view is supported by the peer group that we use for UP. Even including UP itself, the group trades on an unweighted average EV/sales multiple of 0.9x. Our fair value estimate of 165p/share implies an EV/sales multiple of 1.1x which we believe is justified given that around 90% of sales are generated by owned proprietary brands, with growth led by the Group's two flagship brands, Salter and Beldray.

Figure 4 – Relative valuation

	Share price	Mkt cap £m	Net debt £m	EV £m	Sales 2026 (£m)	EV/sales (x)	EBITDA 2026 (£m)	EV/EBITDA (x)	EPS 2026 (p)	P/E (x)	DPS 2026 (p)	YLD (%)
Dunelm	870	1,775	241	2016	1,824	1.1	303.7	6.6	76.7	11.3	59.3	6.8%
Gear4Music *	265	56	11	67	200	0.3	16.0	4.2	21.1	12.6		
Luceco	222	335	60	395	310	1.3	50.3	7.9	17.5	12.7	6.5	2.9%
Procook *	53	57	26	83	95	0.9	14.7	5.7	3.2	16.5	0.8	1.5%
Ultimate Products	**56**	**48**	**14**	**62**	**145**	**0.4**	**10.0**	**6.2**	**5.4**	**10.4**	**2.7**	**4.8%**
Warpaint	220	178	-6	172	108	1.6	23.0	7.5	18.9	11.6	13.1	6.0%
Average						**0.9**		**6.3**		**12.5**		**4.4%**

Share prices are as at 18 August 2026 close

** FY2027 forecasts*

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

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