

Q3 trading statement prompts FY26 sales upgrade

28 May 2026

Ultimate Products released a FY2026 Q3 trading update this morning reporting flat revenues versus the prior year period. The announcement prompts us again to upgrade our FY2026 sales forecast by £3m, from £141m to £144m, as our original forecast now looks too conservative after a flat Q3. Profit expectations for the fiscal year are unchanged, whilst noting strong growth in proprietary brand sales. We maintain our fair value estimate of 165p per share.

UP reports FY2026 Q3 sales of £38.4m, unchanged from the same period last year, reflecting ongoing subdued consumer demand for general merchandise. UP has strategically de-emphasised non-core third-party clearance sales. Sales of UP proprietary brands rose 9% in the period to £31.5m, and branded sales as a whole rose by 3%.

We take this opportunity to upgrade our FY2026 sales forecast from £141m to £144m, implying a c.4% decline versus FY2025. However, the underlying performance appears to be improving, with smaller sales declines. If our assessment is correct, the company's FY2026 Q4 decline will be 3% compared to the 12% Q4 decline implied by our previous forecast. Moreover, we have not changed our FY2027 sales forecast, which now suggests a more achievable 2% FY2027 sales increase compared with 4% previously.

On current trading and outlook, UP's Board notes a subdued macroeconomic backdrop and geopolitical uncertainty and expects the flat trading trends seen in Q3 to continue throughout the balance of the year. As a result, despite a softer general merchandise market - particularly in the UK - UP's overall sales are expected to be marginally ahead of market expectations, supporting our upgrade and implying only a 3% decline in FY2026 Q4.

Increasingly brand-led nature of business not reflected in rating

Our fair value estimate is based on 1.1x FY2027 sales, which implies 165p per share. In our view, this assessment is reasonable given UP's peer group. Moreover, the increasingly brand-led nature of UP's business does not appear to be reflected in its rating, notably with regards EV/EBITDA and dividend yield.

Company data

EPIC	ULTP.L
Price (last close)	52p
52 weeks Hi/Lo	79p/42p
Market cap	£45m
ED Fair Value / share	165p
Net cash / (debt) 2025A	(£14m)
Avg. daily volume (3m)	200k

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 owned brands include Salter, Beldray, Progress, Kleeneze, Petra and Intempo.

Next event

FY2026 pre-close August 2026

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Key financials

Year to 31st July	2023A	2024A	2025A	2026E	2027E
Revenue (£m)	166.3	155.5	150.1	144.0	146.3
Revenue growth (%)	7.9%	-6.5%	-3.4%	-4.1%	1.6%
EBITDA (£m) (adj)	20.2	18.0	12.5	10.0	11.4
EPS adjusted (p)	15.4	12.3	7.4	5.4	7.6
DPS (p)	7.4	7.4	3.8	2.7	3.8
EV/EBITDA (x)	2.9	3.3	4.7	5.9	5.1
P/E ratio (x)	3.4	4.2	7.0	9.6	6.8
Yield (%)	14.3%	14.3%	7.3%	5.2%	7.4%

Source: Company historic data and ED estimates

Q3 trading statement prompts FY2026 sales upgrade

Ultimate Products' brief trading statement prompts us to raise our FY2026 sales forecast, with changes highlighted in Figure 1. However, we leave FY2027 sales unaltered and take this opportunity to trim FY2027 EBITDA to reflect some loss of margin as the more volatile third-party clearance sales are replaced by proprietary brands.

Overall, the rates of decline appear to be smaller, with the company arguably better placed than at any other time in the past two years to return to growth. The implications of our forecast changes to FY2026 sales and FY2027 EBITDA are detailed in Figure 1.

Figure 1 – Forecast revisions and implied year-on-year changes for FY2027

All figures in '000s	FY2026			FY2027		
	Old	New	Revision	Old	New	Revision
Forecasts						
Sales revenue	141,000	144,000	2.1%	146,300	146,300	0.0%
EBITDA - adjusted	9,970	9,970	-	11,937	11,425	-4.3%
Implied y-o-y changes						
Sales revenue				4%	2%	-2 ppts
EBITDA - adjusted				20%	15%	-5 ppts

Source: ED estimates

Overall, UP appears to be on track in both brand focus and the execution of distributing its rejuvenated flagship Salter and Beldray brands across its end markets and wider portfolio. Such brands include George Wilkinson, Intempo, Kleeneze, Petra and Progress as well as non-electrical Russell Hobbs products under licence.

Valuation and financials

Relative valuation

We include a relative valuation in Figure 2. Importantly, UP is a branded goods company which generated more than 90% of its sales revenue from owned proprietary brands in its most recent quarter. Overall, UP appears to be on track both in terms of its focus on brands and the execution of how it distributes its rejuvenated flagship Salter and Beldray brands into its end-markets as well as other key portfolio brands. The company's EV/sales ratio is c.0.4x, a valuation which might be associated with a predominantly white label product supplier or a commoditised producer. UP is neither of these.

A full review of UP's relative valuation appeared in our 24 March 2026 report [Ultimate Products - FY26 sales upgraded - brand strategy improving](#). The key investor-oriented conclusions, which we drew regarding valuation at that time, still stand.

In addition, we amend UP's peer group to include Dunelm and remove Portmeirion due to the latter's lack of availability of up-to-date forecasts. Dunelm is a flagship UK homewares company with a strong and recognisable brand. Moreover, it trades on a similar valuation to that which we use to derive our fair value for Ultimate Products.

Financial forecasts

Our updated financial forecasts appear in Figures 3, 4 and 5. The salient changes are the sales upgrade in FY2026 and the EBITDA trim for FY2027. **It should also be reemphasised, in our view, that UP is increasingly focused on its proprietary brands and that these grew by 9% in FY2026 Q3.**

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	2026 (£m)	(x)	2026 (£m)	(x)	2026 (p)	(x)	2026 (p)	(%)
Dunelm (DNLM)	809	1,649	241	1,890	1,823	1.0	304.2	6.2	76.9	10.5	57.6	7.1%
Gear4Music (G4M)	232	51	23	74	191	0.4	17.7	4.2	33.3	7.0		
Luceco (LUCE) *	276	417	60	477	294	1.6	44.6	10.7	48.2	5.7	6.4	2.3%
ProCook (PROC)	35	38	29	67	86	0.8	11.7	5.7	12.2	2.9		
Ultimate Products (ULTP)	52	45	14	59	144	0.4	10.0	5.9	5.4	9.6	2.7	5.2%
Warpaint (W7L) *	199	162	-6	155	109	1.4	22.0	7.1	23.5	8.5	13.0	6.5%
Average						0.9		6.6		7.4		5.3%

Share prices are as at 27 May 2026 close

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

Figure 3 – Income statement

All figures in £'000s	2024A	2025A	2026E	2027E
31st July year end				
Revenue	155,497	150,135	144,000	146,300
% increase in revenue	-6.5%	-3.4%	-4.1%	1.6%
Cost of sales	-115,043	-115,288	-111,168	-112,871
Gross profit	40,454	34,847	32,832	33,430
Gross margin (%)	26.0%	23.2%	22.8%	22.9%
Administrative expenses	-22,432	-22,342	-22,862	-22,005
EBITDA - adjusted	18,022	12,505	9,970	11,425
EBITDA margin - adjusted (%)	11.6%	8.3%	6.9%	7.8%
Depreciation & amortisation - total	-2,191	-2,149	-2,172	-2,172
EBIT - adjusted	15,831	10,356	7,798	9,253
EBIT margin - adjusted	10.2%	6.9%	5.4%	6.3%
Net financial expense	-1,381	-1,651	-1,483	-689
Pre-tax profit - adjusted	14,450	8,705	6,315	8,564
Taxation	-3,820	-2,424	-1,756	-2,269
Tax rate (%) - adjusted	26.4%	27.8%	27.8%	26.5%
After tax income - adjusted	10,630	6,281	4,559	6,294
Share based payment charges	-137	-16	-16	-16
Statutory profit after tax (attributable)	10,527	5,807	4,743	6,478
EPS - basic adjusted (p)	12.3	7.4	5.4	7.6
Dividend per share (pence)	7.4	3.8	2.7	3.8

Source: Company historic data and ED estimates

Figure 4 – Balance sheet

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	31,126	31,623
Trade and other receivables	29,710	26,779	24,185	23,071
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	59,374	58,757
Total assets	116,243	106,233	100,439	98,029
Liabilities				
Trade and other payables	39,084	29,735	28,520	28,975
Derivative financial instruments	996	1,828		
Current tax	105			
Borrowings	15,151	18,174	12,536	6,498
Lease liabilities	811	821	821	821
Total current liabilities	56,147	50,558	41,877	36,294
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	-1,650	-3,262
Retained earnings	36,006	33,831	38,483	44,002
Total equity	49,762	46,396	50,711	54,634
Total equity and liabilities	116,243	106,233	100,439	98,029
Closing net debt	10,418	14,111	8,473	2,435

Source: Company historic data and ED estimates

Figure 5 – Free cash flow

All figures in £'000s 31st July year-end	2024A	2025A	2026E	2027E
Profit for the period	10,527	5,807	4,743	6,478
Adjustments for:				
Finance costs (net)	1,381	1,651	1,483	689
Income tax expense	3,786	2,242	1,756	2,269
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	1,326	-497
Decrease/(increase) in receivables	-207	2,931	2,594	1,114
(Decrease)/increase in payables	9,048	-9,398	-1,215	456
Net cash from operations	18,546	9,642	12,898	12,720
Income taxes paid	-3,176	-2,341	-1,736	-2,269
Cash generated from operations	15,370	7,301	11,163	10,450
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	10,820	10,093
Interest paid	-1,186	-1,527	-1,483	-689
Free cash flow before dividends etc	12,740	5,039	9,337	9,404
Dividends paid	-6,411	-5,513	-2,899	-2,566
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	5,638	6,038

Source: Company historic data and ED estimates

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