

3 September 2024

New Board appointments support growth potential

Strong relations with UK retailers and the potential to build on European expansion are salient components of the value proposition and growth case for Ultimate Products plc. The owner of the Beldray and Salter brands today announced two important Board appointments that are consistent with those objectives. As a brand manager with clearly prioritised distribution channels, we retain our 200p Fair Value for UP's shares.

UP is to appoint two new Non-Executive Directors, both of which have pertinent experience and strong track records, to its Board with effect from 28th October this year: Andrew Milne, the current CEO of diversified and international soft drinks group Nichols plc, and José Carlos González-Hurtado, who holds Senior Advisor roles at global private equity firm Advent International and Roland Berger, an international management consultancy. We view these appointments positively.

As CEO of Northwest of England based Nichols plc, which owns the Vimto brand, Andrew Milne boasts significant expertise in developing and sustaining strong relationships for branded goods with mainstream retailers. In previous reports we have highlighted that UP's emphasis on managing a focused portfolio of strategically positioned brands has been an important game changer in growing its sales in both the supermarket and online business channels. Andrew's experience prior to Nichols plc included roles at Coca-Cola, GSK and Marks & Spencer.

With around one third of sales now generated by UP in Europe, José Carlos González-Hurtado is well placed to support overseas growth objectives. José Carlos' background includes roles at retailer Carrefour and branded goods producer Procter & Gamble, which are consistent with both UP's brand owner and supermarket distribution ambitions. Other senior roles include those with market intelligence provider Mintec Ltd and technology and data company Information Resources

Brands and channels strategy supports valuation

Today's announcement is consistent with UP's growth strategy, which is driven by a twin commitment to its brands and distribution channels. In our 14th August 2024 report "[Sales growth still expected to resume in FY2025](#)", we highlighted UP's superior yield and relatively attractive 0.8x EV/sales ratio. We reiterate the case for a 200p fair value, at which the company's FY2025 EV/EBITDA would be 8.9x and its prospective P/E ratio an undemanding 13.8x.

Key Financials					
Year to 31st July	2021A	2022A	2023A	2024E	2025E
Revenue (£m)	136.4	154.2	166.3	155.5	172.0
Revenue growth	17.9%	13.1%	7.9%	-6.5%	10.6%
EBITDA adjusted (£m)	10.6	18.8	20.2	18.0	20.6
EPS adjusted (p)	9.8	14.7	15.4	12.3	14.5
DPS (p)	5.0	7.1	7.4	6.1	7.2
EV/EBITDA (x)	12.8	7.3	6.7	7.6	6.6
P/E ratio (x)	14.9	9.9	9.5	11.9	10.1
Yield	3.4%	4.8%	5.1%	4.2%	5.0%

Source: Equity Development estimates, Company historic data

Company Data

EPIC	ULTP
Price (last close)	146p
52 weeks Hi/Lo	181p/114p
Market cap	£126m
ED Fair Value / share	200p

Share Price, p



Source: ADVFN

Description

Ultimate Products plc (ULTP) develops new, innovative concepts and brings professional, sought-after products to the mass market.

Their 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 in Europe 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.

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