Ultimate Products plc

Premier brands retain growth momentum

13 August 2025

Ultimate Products plc issued a FY2025 pre-close trading update today which confirmed market expectations of a 3.4% sales decline in the period and £12.5m EBITDA. However, the company's owned and licensed brands combined recorded a resilient 5.7% increase while net debt at £14.1m and 1.1x EBITDA was close to the stated 1.0x target. UP is also reviewing its listing venue with a potential move to AIM. We retain our 165p fair value target, with emphasis on the embedded value of its two largest brands, Salter and Beldray, underpinning the investment case.

Ultimate Products' 3.4% sales decline in FY2025 mostly reflected subdued UK demand for consumer products. However, the £150.1m outcome was c. £2m above what we envisaged in our 25 June report Headwinds offset brand relaunch benefits for now. Profitability benefited from stable operating costs while there was a £3.1m negative impact from higher shipping costs. The EBITDA outcome matched our expectations.

The strength of UP's premier and other proprietorial brands in FY2025 was offset by a sharp 48.0% decline in third party clearance and own label sales. That said, we continue to stress the importance of growing the group's premier brands - notably Salter and Beldray - in terms of overall business quality and value. Net debt was less than envisaged in our June report. Current year trading is in line with expectations.

Salter and Beldray represent around two thirds of UP's group sales and remain in the relatively early stages of their re-brands. That the group's owned and licensed brands grew by 5.7% in a challenging FY2025 vindicates the company's prioritisation and re-brand of these two product families. Moreover, Salter and Beldray - as clear focus areas – should both benefit from and facilitate the company's recently stated intention to enhance its sales function.

UP announced that it is in the process of reviewing its listing location, based on both the current market capitalisation and the ability to attract new investors with a potential to move to an AIM listing. The exchange might be considered to be a more "natural home" for UP in terms of benchmarking and relative valuation.

We retain our 165p fair value for UP shares. Central to our valuation case remains the view that as the company's emphasis on Salter and Beldray increases, so too will the intrinsic value of the business. Currently, UP's EV/sales value at 0.4x appears unusually low for a business dominated by two strong, established brands which prove capable of gaining market share.

Key financials

Year to 31st July	2022A	2023A	2024A	2025E	2026E
Revenue (£m)	**154.2**	**166.3**	**155.5**	**150.1**	**138.0**
Revenue growth	13.1%	7.9%	-6.5%	-3.4%	-8.1%
EBITDA (£m) (adj)	18.8	20.2	18.0	12.5	10.0
EPS adjusted (p)	**14.7**	**15.4**	**12.3**	**7.8**	**5.8**
DPS (p)	7.1	7.4	7.4	4.0	2.9
EV/EBITDA (x)	3.3	3.0	3.4	4.9	6.1
P/E ratio (x)	**3.7**	**3.5**	**4.4**	**7.0**	**9.5**
Yield	13.1%	13.6%	13.6%	7.3%	5.4%

Source: ED estimates, company historic data

Company data

EPIC	ULTP.L
Price (last close)	55p
52 weeks Hi/Lo	150p/44p
Market cap	£47m
ED Fair Value / share	165p
Net debt FY2025A	£14.1m
Avg. daily volume (3m)	471k

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. The company also markets non-electrical Russell Hobbs products under licence, now on a rolling four-year basis.

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Trading update

Combined, Ultimate Products' owned and licensed brands reported a useful 5.7% growth in FY2025 as UP's owned brands increased by 4.3% and licensed brands (Russell Hobbs non-electrical) increased sales by 19.2%. Indeed, it was only a sizable fall in third party clearance and own label that pushed FY2025 sales into negative territory.

We summarise the sales movements from today's pre-close trading update in Figure 1.

Figure 1 - FY2025 trading update overview

All figures in £m	FY2024	FY2025	Change
UP brands	**116.9**	**121.9**	**4.3%**
Licensed brands **	12.1	14.4	19.2%
Third party clearance and own label	26.6	13.8	-48.0%
Total sales	**155.5**	**150.1**	**-3.4%**
EBITDA	**18.0**	**12.5**	**-£5.5m**
Net debt	**10.4**	**14.1**	**£3.7m**
Net debt: EBITDA	0.6x	1.1x	0.5x

** Note UP sells non-electrical Russell Hobbs goods under licence and is not the ultimate brand owner

Source: Company press release data

Favourable cash movements towards the end of FY2025 have resulted in closing net debt being beneath our initial expectations and equate to a 1.1x end-period net debt: EBITDA ratio, which compares with a 1.0x targeted figure. Any reduction in this ratio beneath 1.0x would be expected to trigger a fresh round of share buybacks in accordance with the company's capital allocation policy. The rolling 12-month average figure in FY2025 was higher than the end-period at 1.3x. EBITDA and net debt data are also shown in Figure 1.

Consideration of AIM listing

Today's trading update includes an announcement that UP is considering a change in the company's listing venue from The London Stock Exchange's Official list and Main Market to the Alternative Investment Market (AIM). The stated argument for such a switch is the potential to access new investors at the company's current market capitalisation. Clearly, such new shareholders might include private investors given the current inheritance tax advantages associated with an AIM listing.

Based on the London Stock Exchange data for 26 June 2024 the 1,025 issuers on the main market had an aggregate £4.4tn market capitalisation, which implied an average £4.3bn per listed entity. By contrast, the end-year AIM data reported an average market capitalisation of £105m per issuer. As a result, the company's market capitalisation argument would be consistent with AIM being a natural listing venue for UP's shares.

Valuation and financials

Financial forecasts

We leave our financial forecasts unchanged from our 25 June report. We base our longer-term growth view on 6% underlying annual sales expansion, which is a similar rate to that achieved by the group's owned and licensed brands in FY2025, despite the various commercial headwinds.

Relative valuation

An updated relative valuation for UP and the peer group appears in Figure 2. What is striking is that the relative weakness in UP's share price, which followed the company's trading update nearly two months ago, leaves the company's EV/sales ratio valuation at a marked discount to average of the chosen comparators.

This sizable EV/sales discount, in our view, seems inappropriate given the concentration of UP's sales into the re-branded Salter, re-branded Beldray and the other premier brands. We also note UP's superior dividend yield. We reiterate our 165p fair value for the shares, which implies an EV/sales ratio of around 1.0x sales.

Figure 2 – Relative valuation

	Share price p	Mkt Cap £m	Net debt £m	EV £m	Sales 2025 £m	EV/ Sales (x)	EBITDA 2025 (x)	EV/ EBITDA (x)	EPS 2025 p	P/E (x)	DPS 2025 p	YLD (%)
Gear4Music (G4M)	206	54	14	69	156	0.4	11.3	6.1	10.2	24.3		
Luceco (LUCE)	149	196	71	266	264	1.0	40.1	6.6	13.0	9.8	5.1	4.0%
Portmeirion (PMP)	145	19	19	38	81	0.5	11.9	3.2	29.8	4.5	8.6	6.4%
Procook (PROC) *	40	54	22	76	77	1.0	10.3	7.4	2.2	21.2		
Ultimate Products (ULTP)	**55**	**47**	**14**	**61**	**150**	**0.4**	**12.5**	**4.9**	**7.8**	**7.0**	**4.0**	**7.3%**
Warpaint (W7L)	437	254	-4	250	121	2.1	31.5	7.9	26.7	12.2	12.3	3.8%
Average						**0.9**		**6.0**		**13.1**		**5.4%**

Sources: Investing.com (prices), MarketScreener (EBITDA), Stockopedia (Debt, EPS, dividends) and Equity Development estimates (Ultimate Products forecasts) NB Share prices are at 12 August 2025 close

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