Ultimate Products plc

29 October 2024

European growth prospects rise in importance

Ultimate Products (ULTP) released full year FY2024 results today which confirmed the company's August trading statement at the sales, EBITDA, pre-tax profits and EPS levels. After a down year in FY2024, sales growth is expected to resume in FY2025, albeit backloaded into the second half of the financial year, as markedly higher sales into European discounters kick into the revenue numbers. We retain our 200p Fair Value for ULTP shares.

Today's release reconfirmed the 6% sales revenue drop to £155.5m announced in the company's 14th August trading update. As mentioned in our report Sales growth still expected to resume in FY2025, supermarkets reduced inventory levels, overall consumer demand was weaker, and ULTP had challenging comparisons with unusually strong air fryer sales in FY2023. The statement's adjusted EBITDA (-11%) and pre-tax profit (-14%) numbers were also reconfirmed.

Detailed figures for sales by geographic region, brand, distribution channel and product category were published today. Importantly, European sales advanced by 7%, moving to 34% of group sales from 30% in FY2023 as the company made significant advances with French and German discounters. This offset the negative impact of overstocking in the latter's supermarket channels. The UK continued to lap challenging comparisons as a result of FY2023's spike in air-fryer demand.

ULTP's sales outlook for FY2025 is a return to growth. First, we expect a home market rebound as the company no longer faces the air fryers comparison issue. Second, there are clear signs that the Salter re-brand is working well and there will probably be some early benefits from a similar uplift for Beldray. Third, Europe should see further advances arising from the Paris showroom's stronger sales into European discounters and more normal German supermarkets trading. However, the pattern of order flows suggests growth will pivot significantly towards the second half of the year.

Key operating developments in FY2024 were consistent with positive momentum. Productivity improvements delivered a **4.4% advance in gross profit per employee.** Meanwhile, the group's re-location of the European showroom to Paris helped deliver a **78% increase in French sales to £12m** – i.e. to 8% of overall revenue. ULTP's new Capital Allocation Framework will enable share buybacks while the higher dividend pay-out ratio in FY2024 implies confidence about future cash generation.

Based on a select group of comparable consumer goods companies we reiterate our estimated 200p Fair Value for ULTP shares. We highlight the superior yield and attractive FY2025 0.8x EV/sales ratio. At a 200p share price, the company's FY2025 EV/sales would be 1.1x, EV/EBITDA 9.4x and its prospective P/E ratio an undemanding 13.9x. We continue to highlight potential for a material re-rating of the shares, driven partly by a return to positive sales momentum this year.

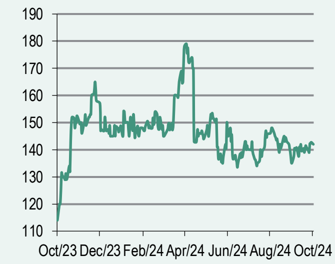
Key Financials					
Year to 31st July	2022A	2023A	2024A	2025E	2026E
Revenue (£m)	**154.2**	**166.3**	**155.5**	**172.0**	**182.3**
Revenue growth	13.1%	7.9%	-6.5%	10.6%	6.0%
EBITDA adjusted (£m)	**18.8**	**20.2**	**18.0**	**20.6**	**23.2**
EPS adjusted (p)	14.7	15.4	12.3	14.4	16.3
DPS (p)	**7.1**	**7.4**	**7.4**	**7.4**	**8.1**
EV/EBITDA (x)	7.6	7.1	8.0	7.0	6.2
P/E ratio (x)	**9.6**	**9.2**	**11.5**	**9.8**	**8.7**
Yield	5.0%	5.2%	5.2%	5.2%	5.7%

Source: Equity Development estimates, Company historic data

Company Data

EPIC	ULTP
Price (last close)	142p
52 weeks Hi/Lo	186p/117p
Market cap	£123m
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. 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.

Chris Wickham (Analyst)
0207 065 2690
chris@equitydevelopment.co.uk

Hannah Crowe
0207 065 2692
hannah@equitydevelopment.co.uk

European growth prospects rise in importance

Key sales revenue and profit data in ULTP's FY2025 results release reconfirmed the company's 14th August trading update. Since then, the company announced two important board changes, commented on in our 3rd September report ("New board appointments support growth potential") as well as Christine Adshead becoming non-executive chair in August.

Meanwhile, the higher shipping rates experienced so far in FY2025 are seen as easing in FY2025 H2 with a favourable outcome likely in the whole of the financial year. In addition, FY2025 H2 is when the benefits from increased sales to European discounters and any recovery in UK consumer spending are most likely to be enjoyed. The growth backdrop in H1 is expected to be more challenging.

Our valuation and financials section includes updated forecasts for FY2025 – largely unchanged – and our expectations for FY2026. **We retain our 200p fair value for the shares.**

FY2024 Results highlights

Highlights from today's FY2024 results release are summarised in Figure 1. While the results themselves reflect a negative year for sales revenue, albeit a drop which arguably did not reflect a loss of underlying demand for the company's key brands, investors should note both the cash conversion potential of the group and a clear foundation for growth in FY2025 and beyond. UK sales will face easier comparisons and France and Germany appear poised to kick start growth and return to growth respectively, notably in H2.

Figure 1 – FY2024 results highlights

All figures in £m	FY2023	FY2024	Change
Revenue	**166.3**	**155.5**	**-6.5%**
Gross profit	42.7	40.5	5%
Gross margin	25.7%	26.0%	steady
EBITDA – adjusted	**20.2**	**18.0**	**-11%**
Pre-tax profit – adjusted	16.8	14.4	-14%
Adjusted EPS (pence)	15.4	12.3	-20%
Full year dividend per share (pence)	7.38	7.38	steady
Dividend pay-out ratio	**48%**	**60%**	**steady**
Net bank debt/adjusted EBITDA	0.7x	0.6x	-0.1x
Operating cash generation	24.4	18.5	-5.9m
Operating cash conversion	**120%**	**103%**	**-17ppts**

Source: Company data

Despite a down year, ULTP maintained gross margin at around 26%. The company highlights in its results commentary that ULTP continues to increase gross profit per employee, with the measure rising by 4.4% to £118,000 in FY2024 from £113,000 a year earlier. The improvement reflected the success of efficiency initiatives such as robotic automation, AI and process changes which we have discussed in previous reports.

Cash conversion, which is the chief enabler for both a generous dividend pay-out policy and the prospect of further share buybacks, was again above 100% in FY2024. The company's end period net debt/adjusted EBITDA position remained robust at 0.6x and was an improvement on the position at end-FY2023. The company's Capital Allocation Framework allows for the ratio to increase to 1.0x which implies around £12m headroom for further share buybacks. Despite a lower EPS, the dividend was maintained in FY2024 and we expect a similar outcome in FY2025. ULTP appears confident about its future cash generation ability.

FY2024 sales revenue outcome in more detail

The sales revenue breakdown between regions, brands, distribution channels and product categories significantly reflects the impact of the tough UK comparisons, a sharp increase in French sales, and German supermarket overstocking which led to an overall 6.5% sales decline in FY2024. We look at the four category breakdowns in turn.

FY2024 sales by region

Figure 2 shows the divergent fortunes of the UK and Europe as a whole in FY2024. The UK's tough comparisons in the financial year – i.e. lapping strong demand for air fryers – are well documented as is overstocking within German supermarkets. These setbacks were encouragingly offset by a strong French performance, driven by both the new Paris showroom and underlying traction in the country.

Looking ahead, Europe represents a sizable opportunity, both in terms of population and economic strength. We emphasised European potential (i.e. outside UK) in our 25th September 2023 report Beautiful products for every European home which focused on the Paris showroom opening as well as the scope for upside.

Figure 2 - FY2023 H1 and FY2024 H1 sales by geographical location

All figures in £'000s	**FY2023**	**FY2024**	**change**
United Kingdom	115,580	101,152	-12.5%
Germany	15,198	11,142	-26.7%
Rest of Europe	34,447	41,848	21.5%
Rest of the World	1,090	1,355	24.3%
Total	**166,315**	**155,497**	**-6.5%**
Europe	49,645	52,990	6.7%
Europe as a portion of total	**29.8%**	**34.1%**	**4.3 ppts**
International sales	50,735	54,345	7.1%
International as a portion of total	**30.5%**	**34.9%**	**4.4 ppts**

Source: Company data

FY2024 sales by brand

Beldray was the least affected brand by the headwinds in FY2024 with sales barely down on the previous year. Meanwhile, Salter bore the brunt of the setback in air fryers. Russell Hobbs, which is a licensed brand and importantly has no electrical products for ULTP, was negatively affected by the overstocking issue in German supermarkets. As a result, the premier brands overall experienced a 13.5% sales revenue decline.

Regardless, the portfolio as a whole remains in good shape with a strong concentration of around 60% of sales revenue into the two largest brands, Salter and Beldray, both of which should reap the benefits of their re-brands. The company launched its Salter re-brand to the investment analyst community at the Exclusively Homewares exhibition in June 2023 with a follow-up for Beldray at the same event this calendar year. Performance by brand is summarised in Figure 3.

Figure 3 - FY2023 and FY2024 sales by brand

All figures in £'000s	FY2023	FY2024	change	FY2023 split	FY2024 split
Salter	66,599	56,354	-15.4%	40.0%	36.2%
Beldray	35,031	34,184	-2.4%	21.1%	22.0%
Russell Hobbs (licensed)	16,458	12,059	-26.7%	9.9%	7.8%
Progress	7,425	5,871	-20.9%	4.5%	3.8%
Petra	3,194	3,188	-0.2%	1.9%	2.1%
Kleeneze	3,378	2,576	-23.7%	2.0%	1.7%
Premier brands	**132,085**	**114,232**	**-13.5%**	**79.4%**	**73.5%**
Other proprietorial brands	16,036	14,709	-8.3%	9.6%	9.5%
Own label and other	18,194	26,556	46.0%	10.9%	17.1%
Total	**166,315**	**155,497**	**-6.5%**	**100.0%**	**100.0%**

Source: Company data

FY2024 sales by distribution channel

Discount retailers, which includes the likes of Action, experienced strong sales growth into these channels in France and Germany and were the standout distribution channel in FY2024 as a whole. In addition, sales into some of the key UK discounters outperformed the other domestic channels, even in a period which included the much-publicised demise of Wilko. The position is summarised in Figure 4.

In contrast, online channels, which were adversely affected by the unfavourable air fryer comparisons, saw the largest setback. As a portion of overall sales, online slipped to 22% from 25% the previous year. Both were beneath the longer-term stated target of 30%. Given our belief that online - similar to supermarkets - is arguably a bellwether for brand strength, the channel's importance may well increase as the full effects of the Beldray and Salter re-brands are felt.

The fall in supermarkets sales largely reflects overstocking in this channel in Germany, which should be expected to ease in FY2025, notably in the second half of the financial year.

Figure 4 - FY2023 and FY2024 by sales channel

All figures in £'000s	FY2024	FY2024	change
Supermarkets	49,116	45,409	-7.5%
Discount retailers	44,593	44,994	0.9%
Online channels	41,449	33,974	-18.0%
Multiple-store retailers	22,178	19,891	-10.3%
Other	8,979	11,229	25.1%
Total	**166,315**	**155,497**	**-6.5%**

Source: Company data

FY2024 sales by product category

Sales by product category in FY2024 are summarised in Figure 5. The pattern reflects the combined negative impacts of the tough prior year comparisons for air fryers on small domestic appliances and the effect of supermarket overstocking and some consumer weakness in the UK on housewares. Heating and cooling clearly saw the largest percentage decrease but is the company's smallest category.

Figure 5 - FY2023 and FY2024 sales by product category

All figures in £'000s	FY2023	FY2024	change
Small domestic appliances	66,813	58,119	-13.0%
Housewares	48,008	40,603	-15.4%
Laundry	18,163	18,630	2.6%
Audio	15,545	15,160	-2.5%
Heating and cooling	6,214	3,028	-51.3%
Others	11,572	19,957	72.5%
Total	166,315	155,497	-6.5%

Source: Company data

A positive outlook for FY2025 and beyond

FY2025 is expected to see useful return to sales growth driven by ongoing traction with the European discounters and some recovery in consumer confidence to drive more normal spending patterns. However, it seems likely that such a rebound in sales will be confined to the second half of the financial year.

We remain confident too in our expectations for ULTP's longer-term sales growth to be volume driven at a sustainable rate of 6%. The main drivers for this sales revenue optimism are the company's increasingly focused and intense management of its key brands, and the European opportunity.

For profitability, the main benefit is expected to be some easing in shipping costs in the second half of the year with some adverse gross margin impact in the first six months of FY2025 trading. Further ahead investors should focus on the impact of some of the productivity improvements which the company refers to in today's release – notably, efficiency initiatives such as robotic automation, artificial intelligence (AI) and process change. We look at the sales growth catalysts first.

Sales growth catalysts

Brand management

Early indications from Salter are that, despite the air fryer setback in FY2024, underlying brand strength (distribution channel reach and additional products) is benefiting from the re-brand. With one successful re-brand now completed, this augurs positively for Beldray despite the brands differing markedly in terms of both price positioning and reach.

Salter, the UK's oldest housewares brand established in 1760, traditionally focused on measuring devices such as bathroom and kitchen scales. The brand is also applied to electrical goods. Being relatively premium, the Salter is tailored more towards online, multiple store formats and supermarkets. As a result, Salter naturally fell as a portion of overall sales due to the FY2024 sales channel shift in favour of discounters.

Beldray, established in 1872, focuses largely on cleaning products that tend to a lower price point. As a result, its product portfolio more easily addresses all four of ULTP's targeted distribution channels, referred to as the company's strategic pillars. The central message of the re-brand will be to make cleaning more fun when using Beldray products as well as to establish an element of collaboration between the supplier and end user with the catchline, "We've got this!"

Both re-brands were covered in more detail in our 14th June 2023 report for Salter: Innovating for growth and our 13th June 2024 report for Beldray: Beldray re-brand - Ultimate Products has "got-this!

Europe

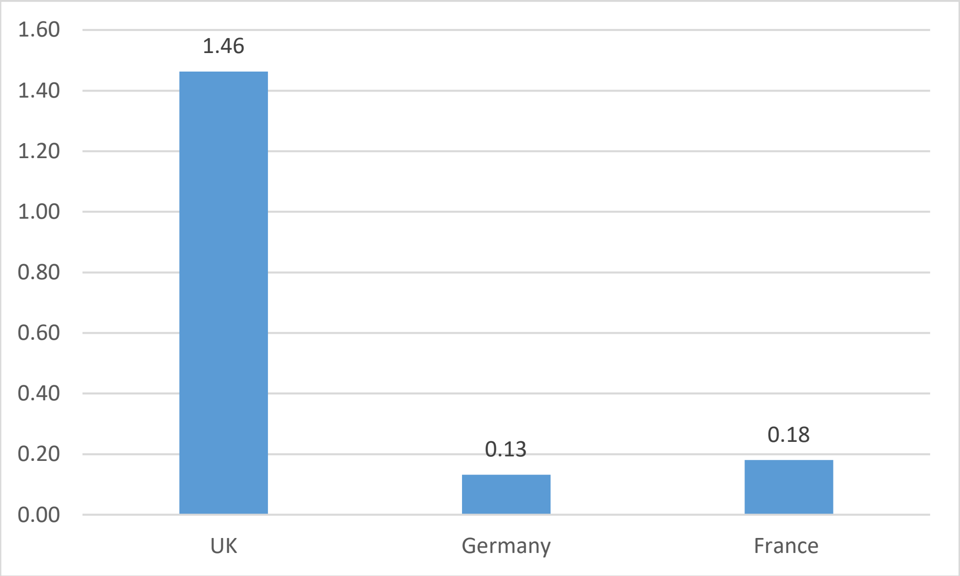
In today's release, ULTP itself refers to a population market size of 477m people in Europe, relative to 67m in the UK. We also note that the combined GDP of the larger population markets – France, Germany, Italy and Spain – is €10.6tn, based on www.statista.com data, compared with €3.2tn in the UK. But despite a material increase in European sales as a portion of the total in FY2024 the region is still, at 34%, only around half of domestically generated revenues.

The population data for France and Germany, for which ULTP discloses discrete sales revenue numbers, highlight the European headroom relative to the UK. Based on Worldometers population data, UK sales penetration was £1.46 per capita in FY2024 (£101.1m/69.1m) compared with £0.18 in France (£12.0m/66.5m) and £0.13 (£11.1m/84.6m) in Germany.

As Figure 6 illustrates, Europe is clearly a sizable opportunity which, with the relocation of the region's showroom to Paris and untapped potential with the German legacy Petra brand, the company is in a strong position to address.

Importantly, Europe is already a source of growth. In particular, the company is currently experiencing unusually strong growth with the region's discounters. There are no near-term reasons, given our comments about the scale of the opportunity above, why that should abate.

Figure 6 – ULTP sales per capita of population – European comparisons



Sources: Company data, Worldometers, Statista

Profitability catalysts

Shipping costs easing

In FY 2024 EBITDA margins fell from 12.2% to 11.6% despite a slight increase in gross margins, largely due to the negative economies of scale impact of lower sales revenue. It is encouraging that today's release highlights the easing of the current margin headwind to freight rates, with the impact of this shipping rate easing markedly stronger in the second half. With three months already passed in the current financial year, it seems likely that higher shipping costs will have an impact on the whole of FY2025 H1. We assume around a 2 percentage point hit to gross margin in the first six months.

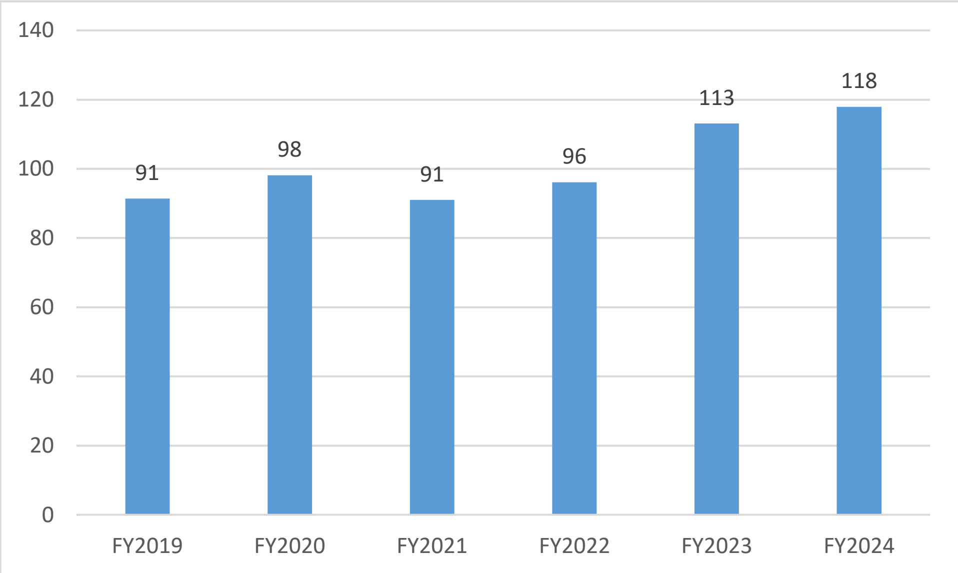
Efficiency improvements

Efficiency initiatives such as robotic automation, artificial intelligence (AI) and process change have been an important feature of ULTP's profitability initiatives for some time. The company itself cites gross profits per employee as in indicator of the financial benefits of these kinds of initiatives.

We illustrate the five-year progress of gross profit per employee in Figure 7. Not only has there been a near uninterrupted improvement in the measure during this period but also the compound annual growth showed material progress at 5.2%.

Furthermore, EBITDA growth per employee in the same period was even stronger. It expanded at an 11% compound annual growth rate from £30,900 (£9.2m EBITDA/298 employees) to £52,500 (£18.0m/343).

Figure 7 – Gross profit per employee FY2019 to FY2024 (£'000s)



Source: Company accounts data

Operational highlights

Operational highlights in FY2024 included the company's productivity improvement measures, the new European showroom in Paris and the re-brandings of both Beldray and Salter. Financially, the company implemented the Capital Allocation Framework to maintain a net debt/EBITDA ratio of 1.0x and achieve this through ongoing dividend pay-outs and share buybacks.

Elsewhere, the group made two significant operational and governance changes. These included the promotion of Andrew Gossage, formerly Group Managing Director, to Chief Executive Officer and two important Non-Executive Director appointments which refer directly to the company's ability to drive relationships positively between the company's brands and its retail customers.

These were 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. In addition, former non-executive director Christine Adshead was announced as non-executive chair in August 2024.

Financials and valuation

Relative valuation

We include an updated relative valuation in Figure 8. Importantly, ULTP not only **owns its key brands outright** in priority trading areas – i.e. Beldray and Salter - but has also engaged in **major re-branding programmes** for these important, heritage housewares brand families that comprise around **60% of the overall group portfolio** in terms of sales revenue.

Furthermore, aside from its underlying organic sales growth which we assume to be around 6%, ULTP remains structured to convert both sales revenue and profits into cash on a structurally underlying basis even in the context of a financial year in which sales revenue expansion seems likely to be markedly second half driven.

ULTP continues to trade at a discount to the average of its peer group of companies on all three of the EV/sales, EV/EBITDA and P/E multiple measures as well as having a materially better dividend yield. In our view, a resumption to sales growth in FY2025, as well as the potential for further share buybacks, should be useful catalysts for eroding this discount.

We maintain our fair value at 200p per share, which is equivalent to 1.1x EV/sales, 9.4x EV/EBITDA and a 13.9x FY2025 P/E ratio. Expected yield would be **above peer group average at 3.7%.**

Figure 8 - Relative valuation

	Share price (p)	Mkt cap (£m)	Net debt (£m)	EV (£m)	Sales 2025 (£m)	EV/ sales (x)	EBITDA 2025 (£m)	EV/ EBITDA (x)	EPS 2025 (p)	P/E (x)	DPS 2025 (p)	YLD %
Gear4Music (G4M)	167	37	17	53	155	0.3	11.7	4.6	9.4	17.7		
Luceco (LUCE)	141	221	46	266	231	1.2	34.1	7.8	11.6	12.2	4.8	3.4
Portmeirion (PMP)	216	30	21	51	100	0.5	10.6	4.8	24.8	8.7	7.3	3.4
Procook (PROC)	30	35	23	58	68	0.9	9.6	6.0	1.7	18.0		
Ultimate Products (ULTP)	**142**	**123**	**21**	**143**	**172**	**0.8**	**20.6**	**7.0**	**14.4**	**9.8**	**7.4**	**5.2**
Warpaint (W7L)	489	377	-1	376	106	3.5	26.4	14.2	23.5	20.8	11.1	2.3
Average						**1.2**		**7.4**		**14.5**		**3.5**

Source: ADVFN (prices), MarketScreener (EBITDA), Stockopedia (Debt, EPS, dividends) and Equity Development estimates (ULTP forecasts).

Note - All forecasts are prospective. Financial years shown refer to Ultimate Products. Forecasts are as at 21 October 2024.

Financial forecasts

Following the release of figures which confirmed the August trading statement we make no changes to either our sales revenue or EBITDA forecasts for FY2025, and adjust EPS very slightly downwards from 14.5p to 14.4p.

The salient feature of FY2025 is a sizable jump in sales revenue after the adverse effects of the supermarkets de-stocking in FY2024. There should also be a better EBITDA experience as efficiency improvements offset a distribution channel mix related fall in gross margins.

The impact of a larger portion of business being executed through customers with a higher working capital demand may be expected to have an impact on net debt. We now assume around £15m average net debt in FY2025, compared with £13m based on the average of opening and closing net debt in FY2024.

However, these kinds of levels remain beneath the benchmark for implementing share buybacks. Our estimate for end-financial year – i.e.closing – net debt appears at the foot of Figure 10.

Our longer-term expectation for sales growth remains around 6% and is where we assume FY2026 will be. We include forecasts for income statement, balance sheet and free cash flow in Figures 9, 10 and 11.

Figure 9 - Income statement

All figures in £'000s	**2023A**	**2024A**	**2025E**	**2026E**
31st July year end				
Revenue	**166,315**	**155,497**	**172,000**	**182,300**
% increase in revenue	7.9%	-6.5%	10.6%	6.0%
Cost of sales	-123,568	-115,043	-128,600	-136,301
Gross profit	42747	40454	43400	45999
Gross margin (%)	25.7%	26.0%	25.2%	25.2%
Administrative expenses	-22,534	-22,432	-22,800	-22,800
EBITDA – adjusted	**20,213**	**18,022**	**20,600**	**23,199**
EBITDA margin - adjusted (%)	12.2%	11.6%	12.0%	12.7%
Depreciation & amortisation – total	-2,260	-2,191	-2,222	-2,222
EBIT – adjusted	17,953	15,831	18,378	20,977
EBIT margin – adjusted	10.8%	10.2%	10.7%	11.5%
Net financial expense	-1,132	-1,381	-1,451	-1,858
Pre-tax profit - adjusted	**16,821**	**14,450**	**16,927**	**19,119**
Taxation	-3,560	-3,820	-4,486	-5,067
Tax rate (%) – adjusted	21.2%	26.4%	26.5%	26.5%
After tax income - adjusted	13,261	10,630	12,442	14,053
Share based payment charges	-837	-137	-137	-137
Statutory profit after tax (attributable)	12,586	10,527	12,505	14,116
EPS - basic adjusted (p)	**15.4**	**12.3**	**14.4**	**16.3**
Dividend per share (pence)	7.4	7.4	7.4	8.1

Source: ED estimates, Company historic data

Figure 10 - Balance sheet

All figures in £'000s	2023A	2024A	2025E	2026E
31st July year end				
Assets				
Intangible assets	37,003	36,981	36,981	36,981
Property, plant and equipment	8,443	7,574	6,726	5,932
Total non-current assets	45,446	44,555	43,707	42,913
Inventories	28,071	36,578	48,460	51,362
Trade and other receivables	29,890	29,710	31,363	31,741
Cash and cash equivalents	5,086	4,733	4,733	4,733
Total current assets	**64,280**	**71,688**	**84,556**	**87,836**
Total assets	**109,726**	**116,243**	**128,263**	**130,749**
Liabilities				
Trade and other payables	30,005	39,084	43,232	45,821
Derivative financial instruments	1,806			
Current tax				
Borrowings	15,891	15,151	25,515	25,707
Lease liabilities	836	811	811	811
Deferred consideration				
Total current liabilities	48,538	56,147	69,558	72,339
Borrowings (negative => cash)	3,990	-	-	-
Deferred tax	6,797	6,898	6,000	6,000
Lease liabilities	4,262	3,436	2,686	1,936
Total non-current liabilities	**15,049**	**10,334**	**8,686**	**7,936**
Equity				
Share capital	223	221	221	221
Share premium account	14,334	14,334	14,334	14,334
Employee benefit trust reserve	-1,989	-1,946	-1,946	-1,946
Share-based payment reserve	1,817	1,431	1,568	1,705
Hedging reserve and other reserves	-660	-286	-8,682	-17,812
Retained earnings	32,414	36,006	44,524	53,973
Total equity	**46,139**	**49,762**	**50,020**	**50,474**
Total equity and liabilities	**109,726**	**116,243**	**128,263**	**130,749**
Closing net debt	**14,795**	**10,418**	**20,782**	**20,974**

Source: ED estimates, Company historic data

Figure 11 - Free cash flow

All figures in £'000s	2023A	2024A	2025E	2026E
31st July year-end				
Profit for the period	**12,586**	**10,527**	**12,505**	**14,116**
Adjustments for:-				
Finance costs (net)	1,132	1,382	1,451	1,858
Income tax expense	3,399	3,786	4,486	5,067
Depreciation and impairment	2,218	2,165	2,200	2,200
Amortisation	22	22	22	22
Loss on disposal of a current asset				
Derivative financial instruments				
Share based payments	837	136	137	137
Income taxes paid	-3,957	-3,176	-4,591	-5,067
Working capital adjustments				
(Increase)/decrease in inventories	1,090	-8,507	-11,882	-2,902
Decrease/(increase) in receivables	2,691	-207	-1,653	-378
(Decrease)/increase in payables	559	9,048	4,148	2,589
Cash generated from operations	**20,399**	**15,370**	**6,822**	**17,641**
Cash flows used in investing activities				
Acquisition of a business	-987			
PP&E	-999	-1,300	-1,352	-1,406
Repayment of lease liabilities				
Total	**-1,986**	**-1,300**	**-1,352**	**-1,406**
Free cash flow before financing	**18,413**	**14,070**	**5,470**	**16,235**
Interest paid	-1,147	-1,186	-1,451	-1,858
Free cash flow before dividends etc	**16,734**	**12,740**	**4,019**	**14,377**
Dividends paid	-6,255	-6,411	-6,383	-6,570
Purchase of shares for cancellation			-8,000	-8,000
Principal paid on lease obligations	-840			
Debt issue costs paid	-94			
Free cash flow after dividends etc	**9,545**	**4,354**	**-10,364**	**-193**

Source: ED estimates, company historic data

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

More information is available on our website www.equitydevelopment.co.uk

Equity Development, 2nd Floor, Park House, 16-18 Finsbury Circus, London EC2M 7EB

Contact: info@equitydevelopment.co.uk | 020 7065 2690