

Topps Tiles

Strategy and self-help supporting profit

H126 results

Topps Tiles' (TPT's) H126 results show good progress on all strategic initiatives, which have contributed to further market outperformance, as well as on improving profitability. Trade revenue growth continues to outpace retail, driven by continued strong growth by Pro Tiler Tools, and new initiatives such as the credit offering have been well received. Digital growth has been boosted by new customer relationship management capabilities. Category extensions and a focus on better sales conversion have helped deliver market outperformance. With respect to acquisitions, Fired Earth is performing ahead of expectations and is already profitable, and CTD Tiles is on track to be profitable in H226. In response to the weaker-than-expected Q226 revenue, management has implemented three self-help cost initiatives: network rationalisation; a more flexible labour model in stores; and reducing head office and central functions. These initiatives support our estimates.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
9/24	251.8	6.3	2.39	2.40	14.2	7.1
9/25	295.8	9.2	3.43	2.90	9.9	8.5
9/26e	299.0	9.0	3.61	2.90	9.4	8.5
9/27e	310.0	11.9	4.39	3.00	7.8	8.8

Note: Profit and earnings are company's adjusted definition. FY24 and FY25 PBT and EPS exclude CTD Tiles.

Good profit progress in a challenging market

To give a better indication of underlying performance following the acquisition of CTD, TPT has provided pro forma figures, which we focus on here, as well as the typical adjusted and statutory numbers. There is a clear message of good progress, with adjusted pro forma gross profit increasing 2.9% to £75.6m and adjusted pro forma operating profit increasing 17.3% to £6.1m despite the marginal 0.2% decline in revenue. In absolute terms, gross profit increased by £2.1m and adjusted operating profit increased by £0.9m, highlighting good management of operating costs despite inflationary headwinds. The closing adjusted net debt position of £3.1m is a decline of £10.5m from the end FY25 net cash position of £7.4m, and compares with H125 net debt of £1.2m. This reflects the typical seasonal working capital outflow as well as the payment for the acquisition of Fired Earth.

No changes to estimates

Following the relatively weaker trading in Q226, Topps Tiles stores have seen a more positive trend with like-for-like sales growth of 0.6% in the first seven weeks of H226, and CTD has made good progress with 3% like-for-like growth. Online continues to see good growth. In addition to the typical H2 weighting of profitability and the continuation of the positive drivers delivered in H126, TPT should begin to see the benefits of the trade app that was launched in May 2026, as well as the three self-help cost initiatives, which management expects will contribute c £3m of savings and c £6m on an annualised basis.

Valuation

TPT's prospective EV/sales multiple of 0.23x remains at the low end of its [historical](#) multiples.

Retail

19 May 2026

Price 34.00p

Market cap £67m

Net cash/(debt) at 28 March 2026 £(3.1)m
(excluding IFRS 16 liabilities of £99.1m)

Shares in issue 196.7m

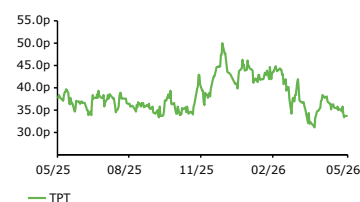
Free float 70.2%

Code TPT

Primary exchange LSE

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(8.8)	(23.6)	9.8
52-week high/low		48.0p	31.0p

Business description

Topps Tiles is the market-leading specialist retailer/distributor of wall and floor tiles, and associated products such as tools, grouts and adhesives, to its retail, trade and commercial customers in the UK.

Next events

Q326 trading update	1 July 2026
FY26 trading update	1 October 2026

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Topps Tiles is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

	£m	2022	2023	2024	2025	2026e	2027e
Year end 30 September		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue		247.2	262.7	251.8	295.8	299.0	310.0
Adjusted revenue		248.5	265.4	248.5	265.4	299.0	310.0
Cost of Sales	(111.8)	(123.5)	(117.4)	(141.4)	(143.4)	(149.8)	
Gross Profit	135.4	139.2	134.3	154.3	155.6	160.2	
EBITDA	44.3	42.2	35.0	39.9	38.9	41.2	
Operating profit (before amort. and excepts.)	20.0	18.2	12.0	17.0	17.1	20.2	
Amortisation of acquired intangibles	0.0	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	
Exceptionals	(4.7)	(5.7)	(22.6)	(0.9)	4.2	3.2	
Share-based payments	(0.5)	(0.9)	(0.3)	(0.2)	(0.9)	(0.9)	
Reported operating profit	14.8	11.1	(11.4)	15.3	19.8	21.9	
Net Interest	(3.9)	(4.3)	(4.8)	(7.0)	(6.8)	(6.8)	
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	
Adjusted Profit Before Tax (company)	15.6	12.5	6.3	9.2	9.0	11.9	
Profit Before Tax (norm)	16.1	13.9	7.2	10.0	10.3	13.4	
Profit Before Tax (reported)	10.9	6.8	(16.2)	8.3	13.0	15.1	
Reported tax	(1.8)	(2.9)	3.4	(2.3)	(3.6)	(4.2)	
Profit After Tax (norm)	12.5	10.2	5.5	7.6	7.5	9.7	
Profit After Tax (reported)	9.2	3.9	(12.8)	6.0	9.4	10.9	
Minority interests	(0.2)	(0.7)	(0.2)	0.0	0.0	0.0	
Net income (normalised)	12.3	9.5	5.3	7.6	7.5	9.7	
Net income (reported)	9.0	3.2	(13.0)	6.0	9.4	10.9	
Average Number of Shares Outstanding (m)	195.6	196.3	196.6	196.5	196.7	196.7	
EPS - normalised (p)	6.3	4.8	2.7	3.8	3.8	4.9	
EPS - normalised fully diluted (p)	6.2	4.8	2.7	3.8	3.7	4.9	
EPS - basic reported (p)	4.6	1.6	(6.6)	3.0	4.8	5.6	
EPS - adjusted (company) (p)	6.1	4.5	2.4	3.4	3.6	4.4	
Dividend (p)	3.6	3.6	2.4	2.9	2.9	3.0	
Revenue growth (%)	8	6	(4)	17	1	4	
Gross Margin (%)	54.8	53.0	53.4	52.2	52.0	51.7	
Normalised Operating Margin	8.1	6.9	4.8	5.8	5.7	6.5	
BALANCE SHEET							
Fixed Assets	119.0	109.0	91.3	108.6	109.8	110.8	
Intangible Assets	7.5	6.9	12.5	11.2	10.8	10.3	
Tangible Assets	109.4	100.2	72.7	94.7	96.4	97.8	
Investments & other	2.1	1.9	6.1	2.6	2.6	2.6	
Current Assets	61.8	65.4	76.1	79.3	79.8	78.2	
Stocks	38.6	36.4	37.9	40.6	43.6	45.2	
Debtors	6.4	5.3	13.4	18.0	18.2	18.9	
Cash & cash equivalents	16.2	23.4	23.7	18.4	15.8	11.8	
Other	0.5	0.4	1.2	2.2	2.2	2.2	
Current Liabilities	(63.3)	(66.9)	(73.1)	(81.4)	(81.8)	(78.4)	
Creditors	(43.7)	(45.1)	(57.5)	(64.4)	(65.1)	(61.6)	
Tax and social security	(1.2)	(0.4)	0.0	0.0	0.0	0.0	
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	0.0	
Leases	(18.2)	(15.6)	(14.6)	(16.8)	(16.8)	(16.8)	
Other	(0.4)	(5.9)	(1.1)	(0.2)	0.1	(0.1)	
Long-Term Liabilities	(88.4)	(81.1)	(88.7)	(98.8)	(95.5)	(92.2)	
Long-term borrowings	0.0	0.0	(15.0)	(11.0)	(11.0)	(11.0)	
Leases	(84.7)	(78.9)	(71.4)	(83.0)	(79.7)	(76.5)	
Other long-term liabilities	(3.7)	(2.2)	(2.3)	(4.8)	(4.8)	(4.8)	
Net Assets	29.0	26.4	5.6	7.7	12.3	18.3	
Minority interests	2.5	3.2	0.0	0.0	0.0	0.0	
Shareholders' equity	31.5	29.6	5.6	7.7	12.3	18.3	
CASH FLOW							
Operating Cash Flow	44.3	42.2	35.0	39.9	38.9	41.2	
Working capital	(11.0)	4.1	4.9	(0.6)	0.5	(5.8)	
Exceptional & other	(3.1)	(1.7)	(9.0)	(8.5)	(4.2)	(4.8)	
Tax	(3.5)	(3.3)	(2.3)	(0.3)	0.0	0.0	
Net operating cash flow	26.8	41.3	28.6	30.5	35.2	30.7	
Capex	(3.0)	(4.2)	(4.3)	(4.5)	(6.0)	(6.0)	
Acquisitions/disposals	(4.0)	0.0	(9.0)	0.0	(3.0)	0.0	
Net interest	(3.9)	(4.0)	(4.7)	(6.8)	(6.8)	(6.8)	
Equity financing	0.1	0.0	(0.1)	(0.1)	0.0	0.0	
Dividends	(8.0)	(7.5)	(8.2)	(3.9)	(6.0)	(5.8)	
Other	(19.6)	(18.5)	(1.9)	(20.4)	(16.0)	(16.0)	
Net Cash Flow	(11.5)	7.1	0.3	(5.2)	(2.7)	(3.9)	
Opening net debt/(cash)	(27.8)	(16.2)	(23.4)	(8.7)	(7.4)	(4.8)	
FX	0.0	0.0	0.0	0.0	0.0	0.0	
Other non-cash movements	(0.1)	0.1	(15.0)	4.0	0.0	0.0	
Closing net debt/(cash)	(16.2)	(23.4)	(8.7)	(7.4)	(4.8)	(0.8)	
Closing net debt/(cash) including leases	86.7	71.1	77.3	92.4	91.8	92.4	

Source: Topps Tiles accounts, Edison Investment Research

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