Hunting Plc

Moving in the right direction

29 April 2025

Hunting's AGM update signifies that FY25 has started well and our expectation of growth in all three estimate years is unchanged. The company's share price has been hit by wider market sentiment; its valuation looks attractive against a range of comparator benchmarks.

Forward momentum continues into Q1

Following strong group progress in FY24 (with revenues and EBITDA norm ahead by 13% and 23% y-o-y respectively), FY25 has also started well. Further revenue growth and margin expansion – up c.200bp to 14% - in Q1 has driven a 34% EBITDA uplift (to U$38.7m). We believe that ongoing delivery of significant OCTG contract awards will have been the primary driver behind this outturn. Hunting has also been in an active portfolio management phase during the period, disposing of a legacy investment, acquiring technology partner Organic Oil Recovery and continuing restructuring actions in EMEA (all previously announced). Further corporate activity is considered likely.

Planning to grow

After the FY24 results announcement, we re-balanced estimates (lowering FY25E EBITDA and raising FY26E by similar mid, single-digit percentages) chiefly to reflect expected phasing of the next larger OCTG orders. At that time, management anticipated an acceleration in activity in H225. To date, turbulence in commodity prices from international trade newsflow have not resulted in direct demand changes and Hunting does not expect to be impacted by tariff changes as things stand. While remaining vigilant to potential secondary effects, management is continuing to focus on executing its 2030 strategy, targeting a significant uplift in group profitability over this period.

Valuation: multiple discounts

Significant recent global equity market volatility has also been reflected in companies exposed to the oil and gas industry. After a good start to the year, Hunting's share price is now down c.11% YTD (versus +1% for the FTSE All-Share Index). As a result, the company is trading on discounts to peers, our central DCF analysis and the company's last published NAV. Using a blended current year peer rating and DCF approach suggests a **fair value of 347p per share**. With previous estimate changes balancing out overall, lower peer multiples together with FX movements and a higher WACC have been the primary drivers behind our reduced fair value estimate. Nevertheless, Hunting's share price currently sits on a 24% discount to this revised fair value.

Summary financials

Yr to December (US$m)	2023	2024	2025E	2026E	2027E
Revenue	929.1	1048.9	1068.7	1092.2	1107.8
EBITDA	103.0	126.4	141.5	150.0	152.5
EBITDA* (inc JV/Associates)	102.4	126.3	144.4	153.9	157.4
PTP	50.0	75.6	92.1	104.1	110.1
EPS (US c)	20.3	31.4	38.7	43.7	46.1
DPS (US c)	10.0	11.5	12.7	13.9	15.3
Net cash / (debt)	(4.7)	100.8	108.7	159.9	217.1
P/E (x)	*17.3*	*11.2*	*9.1*	*8.0*	*7.6*
EV/EBITDA (x)	*5.7*	*3.8*	*3.3*	*2.8*	*2.4*
Dividend yield (%)	*2.8%*	*3.3%*	*3.6%*	*4.0%*	*4.4%*

*Source: Company Annual Reports, Equity Development. £/US$1.33, *company basis*

Company Data

EPIC	HTG.L
Price (last close)	264p
52 weeks Hi/Lo	465p/245p
Market cap	£435m
ED Fair Value / share	347p
FY24 Net cash (debt)	US$104.7m
Avg. daily volume	322k

NB: All at £/US$1.33

Share Price, p

Source: Investing.com

Description

Hunting is a global engineering group that provides precision-manufactured equipment and premium services with a diverse product portfolio. The company has a global footprint from operations in 11 countries including 25 production locations and 14 distribution centres. The energy industry accounted for c.93% of FY24 revenue while also serving non-oil & gas customers in the medical, aerospace, defence and space sectors. Hunting is seeking to grow rapidly in adjacent Energy Transition product sub-sectors as well as deepening its presence in other non-oil & gas ones.

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AGM update: good progress, remaining vigilant

Broadly speaking, equity market volatility increased midway through Q1'25 but it appears that there have been no knee jerk reactions to global tariff newsflow in Hunting's areas of operation during this period. It is noteworthy that 'all product groups have traded in line with management's expectations in the quarter'.

Encouraging trading in Q1

Management notes that Q125 EBITDA of c. U$38.7m was in line with its expectations and represented a margin of 14%. This infers revenue generated in the U$250m-275m range (depending on the contribution of JVs/associates to EBITDA, which is not disclosed). In context, this performance represents:

- **Good progress against Q124**, with revenue up by a high single percentage (our estimate) and EBITDA up c.34% y-o-y. EBITDA margin was up c.200bp against both Q1 and FY25.
- **Tracking well against our FY25E**, representing around one quarter of our revenue and c.27% of our EBITDA estimates for the year.

We would expect that a continuation of the delivery programme for OCTG products against the significant KOC order backlog at the end of FY24 will have been beneficial to Q1 (and indeed H1) performance. (The comparative period also included elevated Subsea project deliveries which represent a tougher comparator effect.)

Reflecting this progress, the group order book has settled back at U$439m, from U$507m at the beginning of the year. Around 77% of this for delivery in the current year and taken together with booked Q1 revenues and assuming a Perforating Systems' top line consistent with the prior year, we estimate that around three quarters of our projected FY25E revenue is visible. As noted at the FY24 results announcement at the beginning of March, further OCTG order intake is anticipated in the second half of the year.

Busy period of corporate activity

Q1 has seen an active portfolio management period for Hunting including the announced sale of its Rival Downhole Tools investment, acquisition of Organic Oil Recovery (OOR) and progress with a proposed restructuring of EMEA region operations. The net cash outflow associated with these actions is likely to be in the region of U$15m we believe. Having put in place new banking arrangements in September 2024 (ie a U$200m RCF and a U$100m term loan, for four and three-year terms respectively), Hunting is well-placed for further potential M&A activity with discussions understood to be ongoing with a number of parties.

At the end of Q1, Hunting held c. U$58m net cash (pre-IFRS16 basis). By inference, this represented a c. U$47m net outflow in the period including an expected unwind of year-end working capital positions.

No immediate impact seen from tariff and commodity price moves

High-level commentary on potential impacts from global tariff changes indicates that management does not consider direct trading risks to be material. This is based on substantially local manufacture/local market sales (for Hunting Titan and North American operations), no exports to North America (from EMEA or Asia Pacific) and, in the case of Subsea Technologies, US exports being largely to non/low-tariffed countries.

Firmer oil and gas commodity prices at the beginning of the year have more than reversed in recent weeks with markets interpreting trade wars as being unhelpful for global growth prospects. While the US onshore rig count remains down y-o-y, it has been stable over the last three quarters. Hence, there does not appear to have been any direct impact here to date from lower commodity prices, but management remains vigilant to market developments. Hunting's product and customer portfolio covers a spectrum of larger long-term project activity through to short order/from stock low visibility so can be expected to respond differently.

2030 Strategy: making progress, work to do

FY24 was effectively the first full year of execution of Hunting's 2030 strategy (launched at a CMD in September 2023). As discussed later in this note, good progress was made in the year albeit without all parts of the group contributing to this. **Hunting management has not changed its target 2030 metrics,** and we now review the current position, entering the third year of an eight-year programme.

Hunting: Profiling the pathway from 2024 to 2030 target

	2022	2023	2024	2030 Target	2024-2030 CAGRs
Group revenue U$m	**726**	**929**	**1,049**	**2,000**	***11.4%***
Oil & Gas	678	853	974	1,500	*7.5%*
Non Oil & Gas	48	76	75	500	*37.2%*
Energy Transition			15	250	*59.8%*
Other			60	250	*26.9%*
Group EBITDA U$m	**49.3**	**102.4**	**126.3**	**300.0**	**+U$174m**
EBITDA margin %	*6.8%*	*11.0%*	*12.0%*	*15.0%*	*+300bp*

Source: Company, Equity Development. EBITDA includes JV/Associate contributions (FY22, FY23 restated)

M&A activity forms part of Hunting's growth strategy (as referenced below); excluding this a revenue CAGR of 8.4% is required to achieve the company's organic target. In crude terms, assuming a 15% margin for each component, just under 20% of the targeted EBITDA uplift in the table above comes from increased efficiency from current operations at FY24 levels of activity, just over half from organic revenue growth (which could include new businesses, post-acquisition) and around one quarter from M&A directly.

2030 target: U$2bn revenue

Progress anticipated across all five product groups – especially OCTG – plus c. U$300m from M&A.

Oil & gas: Both OCTG and Subsea had very strong trading years in FY24 following significant order intake in both product groups (and this drove a 60:40 offshore:onshore split for the group). Implicitly, this will need to be sustained and even extended over the strategic horizon. The medium-term outlook for North American LNG exports and offshore activity in international markets (including South America, Asia-Pacific and west Africa) on large oilfield developments remains encouraging. Over the strategic time horizon, we would also anticipate some recovery from Perforating Systems/Hunting Titan from the lower levels seen in FY24.

Among the currently smaller activities, faster growth might reasonably be expected from value-added well telemetry applications and intervention tools in Advanced Manufacturing (FY24 revenue £126m: c.60% non-oil and gas, 40% oil & gas) and Other Manufacturing respectively. In the latter product group, the recently acquired Organic Oil Recovery business should enhance revenue growth over time with geographical expansion.

Non-oil and gas: It is clear that this Hunting segment faces the steepest challenge to reach 2030 targets. FY24 combined revenues declined by 1.1% which was implicitly the net result of softer in-year revenues from Advanced Manufacturing operations, being substantially made up elsewhere (most likely OCTG/geothermal). Revenue in several geothermal markets has been flagged – including orders in the US, Europe and Asia-Pacific - while CCUS is progressing at a slower rate.

Energy Transition spend in focus segments (ie geothermal, hydrogen and carbon capture) was always likely to be more back-end loaded in Hunting's strategic time period with Other executing a progressive programme build strategy in high-entry barrier segments that have already been penetrated (eg medical, defence, aviation, space). It may also be the case that the sharp intended uplift in non-oil and gas revenue could be facilitated by M&A activity.

Sentiment towards spending on renewables projects among Oil majors appears to have softened recently and similar noises have been made by the new US Administration. At face value, this is unhelpful to a strategy targeting significant non-oil and gas revenue growth. The other side of the same coin suggests that support for the oil and gas segment will be stronger for longer. Consequently, the balance of growth could differ from the original targeted split with sustained political and industry shifts such as these.

2030 target: 14-16% EBITDA margin (including JV/Associates).

To some extent, the targeted margin accretion follows revenue growth with positive scale economies from higher volumes, though company expectations here are not explicitly quantified.

One clear example from FY24 comes from **OCTG**, where minimal additional investment was required to deliver the 17% y-o-y revenue uplift (including +51% in H2) driving the product group EBITDA margin up by 500bp to 16.8% from wholly owned operations. In addition, the Jindal JV maiden profit after tax contribution added a further 50bp to the company reported margin. The **Subsea** product group saw an even larger EBITDA margin uplift (up 650bp to 20.3%) on a 49% revenue increase. We consider that mix as well as higher volumes contributed to this outturn so that is an important consideration here also.

Note that **OCTG and Subsea both generated EBITDA margins above the upper end of the 2030 target** range in FY24. The remaining portfolio obviously diluted this at group level, especially Perforating Systems 0.6% and Other Manufacturing at 4.4% (with Advanced Manufacturing at 10.5% also).

The two lowest EBITDA margin product groups in FY24 have both been subject to business reviews with restructuring activity subsequently. As mentioned earlier, **Perforating Systems** undertook some site consolidation and further steps may be taken depending on commodity prices and North American onshore drilling activity. The current rig count is clearly lower than anticipated by the industry in H223. Based on this and the related Hunting Titan goodwill write-down inputs, we estimate that Perforating Systems' prospective contribution to Hunting's 2030 EBITDA is reduced by c. U$45m (to c. U$26m, applying a 10% margin).

Full details of a re-shaping of **EMEA** operations are pending. FY24 revenue was flat at U$87m, slipping from a small EBITDA profit in the prior year to a U$7.9m loss (including some inventory write-downs). Other Manufacturing accounted for just over half of revenues for this region (boosted by OOR we believe) with OCTG around one third (and sharply lower y-o-y), with a small Perforating Systems component also. It is fair to assume that operating losses were not part of the 2030 plan and, a now weaker UK North Sea outlook is an adverse development. Cost savings of U$10m per annum are anticipated, FY26 being the first full year to benefit. Any associated revenue impact is unclear but, by illustration, ensuing EBITDA in the U$5m-10m range would equate to a margin in the 6-12% range on FY24 revenues.

Taken together, this increases the heavy-lifting required across the other existing operations – particularly OCTG and Subsea – in order to achieve the illustrative 2030 oil and gas revenue target. As noted above, market growth prospects and achieved margins are both supportive of further progress for these product groups. Further momentum from the Indian JV would enhance reported margins while Subsea is thought to be a particular focus for M&A to build-out the company's offer in this product group. Subject to continuing to win sizeable OCTG project packages, we consider that the oil and gas component of the 2030 strategy remains achievable, despite the likely lower trajectory for Perforating Systems.

As a final P&L observation, looking at our new FY27E estimates (see later section) – which represents the halfway point of the remaining 2030 delivery period – the inferred group-level requirements to deliver the organic component of Hunting's 2030 strategy are:

- **FY27E-2030 target revenue CAGR c.15%** (from our FY27E U$1,108m)
- **EBITDA uplift of 80bp** (versus our FY27E, 14.2% margin and U$157m EBITDA)

In other words, with all product groups/regional operations running efficiently, faster top line growth can quickly result in significantly higher profitability for Hunting. Lastly, we consider that Hunting has the funding capacity to add a further U$300m of revenues through M&A activity[1] in line with indicative plans subject to appropriate opportunities arising.

2030 target: ROCE >15% (FY24: c.9%)

Hunting did improve its ROCE metric in FY24 (to c.9% from c.6% in the prior year)[2] but, as with the other targets above, has some way to go to reach its minimum 15% 2030 ambition.

Looking at the **FY24 outturn** firstly. We would expect the positive product group contributors to the y-o-y ROCE improvement to have been OCTG (from a significant profit uplift and minimal incremental fixed capital required, plus the maiden Indian JV profit contribution) and Subsea (also from elevated order deliveries across a mostly fixed capital base). These effects will have been partly countered by the sharp reverse in Perforating Systems profitability (noting also that inventory levels were also reduced by c.U$30m and some site consolidation occurred).

Hunting's average capital employed in FY24 was U$993m (FY23: U$933m). Other things being equal, the year-end write-down of Hunting Titan goodwill (U$109m) obviously benefits the accounting capital base though some reversal in the favourable end FY24 working capital position should also be expected.

Looking forward, for illustration, taking the **2030 target** U$300m EBITDA and, say, U$80m depreciation and amortisation (broadly double the FY24 level) would yield an **adjusted EBIT of U$220m**. Reverse engineering the ROCE calculation suggests that the **capital base required to deliver** this would be in the order of:

- **Approaching U$1,500m for a 15% ROCE, or**
- **c.U$1,100m for a 20% ROCE**

The above illustration does not explicitly take M&A activity into account. Using the same methodology on the **organic-only revenue component of the 2030 strategy** (ie c. U$1,700m) and applying a 15% margin yields U$255m EBITDA. Taking a U$60m depreciation/amortisation mid-point then equates to **U$195m adjusted EBIT**. For this to generate 15% ROCE suggests average capital employed of U$1,300m.

Most obviously, tight control of capital employed and a faster recovery in profitability from existing operations can potentially have the biggest impact on Hunting's progress towards 15%+ ROCE target. It seems likely that some organic investment in the capital base will be made, and we estimate that the current WACC (based on the end FY24 balance sheet) is c.11%. This, of course, is also the minimum benchmark for any inorganic investment.

In the above context, it is worth re-visiting Hunting's stated capital allocation policy.

Capital allocation - a reminder

Hunting's capital priorities in support of its 2030 strategy are unchanged from the September 2023 CMD:

- **Organic investment** in the business, with an indicated rate of 1.0-1.25x depreciation.
- **Progressive dividend policy** targeting 10% annual growth to 2030.

[1] Illustration: Aggregate U$300m revenue, generating 15% EBITDA acquired on 6x multiple, represents total consideration of U$270m. End FY24 balance sheet and RCF funding capacity was c. U$350m.
[2] FY24: adjusted EBIT U$88m / average capital employed U$992.8m = 8.9% (FY23: U$60.4m / U$932.8m = 6.5%)

The first two points clearly relate to growing the existing business resulting in increased profitability and cash generation. While not strictly investment in the conventional sense, incurring costs to right-size existing operations and increase efficiencies (eg Perforating Systems North America, EMEA) has a similar objective. **Increasing cash flow raises capacity for further reinvestment and can support healthy growth in normal distributions to shareholders.** We note that the latter point occurs before M&A and, therefore, should not considered to be dependent on acquisitive growth in our view.

- **Value accretive M&A**

- **Additional shareholder distributions**

As previously mentioned, c.U$300m of inorganic revenue is included in the 2030 U$2bn revenue target and Hunting has the balance sheet capacity to fund this. The timing of any transactions is obviously indeterminate; several bolt-on deals rather than a single larger one is the most likely scenario in our view and **Hunting has stated that leverage is to remain below 1.5x.**

Hunting has flagged sector diversification into non-oil and gas segments but also an intention to expand into well-understood adjacencies as is the case in oil and gas also. Consequently, **fit with the existing portfolio will be a consideration**. Our sense is that OCTG and Advanced Manufacturing are most likely to grow organically. That said, we would not rule out the acquisition of companies with complementary manufacturing process and/or sub-sector customer exposure. Existing Subsea operations are more diverse and so potentially offer more opportunities for in-fill deals. International offshore markets are widely forecast to grow faster than the oil and gas market in general and this reinforces the point.

The **likelihood of additional shareholder distributions will obviously depend on how Hunting progresses with its other capital allocation priorities** and, in particular, success in finding and executing profitable return-enhancing acquisitions. Making material consideration payments while maintaining prudent leverage will impact headroom for additional distributions in any near-term post-acquisition periods. Also, the perceived pipeline and judgement on the prospects for conversion (both quantum and timing) will influence company decision-making.

In summary, the Hunting management team has clearly set out medium term targets through the communicated 2030 strategy along with a financial framework to achieve this. As a result, investors will be able to track progress versus the 2022 base year – as well as usual y-o-y comparisons – against an explicit plan. As each trading year and the strategic plan moves forward it also informative to assess and quantify what progress is required to successfully deliver the strategy as we have done above.

In our view, 2030 targets remain achievable. Organic revenue growth will partly depend on developments in underlying market segments and this may or may not place an additional onus on enriching the EBITDA margin mix above the 15% mid-point that we have used in earlier illustrations. We believe that contributions from acquisitions will be necessary to achieve the ultimate U$2bn revenue and c.U$300m EBITDA targets. To some extent, success here will influence the ability and inclination to make additional returns to shareholders. Capital allocation preferences have been made clear and so the level of execution will be a key determinant in this decision.

FY24 results overview: strong progress overall

Hunting delivered headline increases in Group revenues and EBITDA norm of 13% and 23% respectively, generated chiefly by strong y-o-y progress in the OCTG and Subsea product groups which was partly offset elsewhere by exposure to weaker drilling markets. EPS norm rose by 55% with a 15% dividend increase for FY24 as a whole. Hunting also ended the year in a U$104m positive net funds position (pre IFRS16, following a similar level of net cash inflow over the twelve-month period.

Hunting: FY24 splits by Product Group

Year end: Dec US$m	H123	H223	2023	H124	H224	2024	% chg yoy H124	% chg yoy H224	% chg yoy 2024
Group Revenue	**477.8**	**451.3**	**929.1**	**493.8**	**555.1**	**1048.9**	*3%*	*23%*	*13%*
Perforating Systems	126.8	117.0	**243.8**	119.4	103.3	**222.7**	*-6%*	*-12%*	*-9%*
OCTG	213.4	182.4	**395.8**	188.6	275.1	**463.7**	*-12%*	*51%*	*17%*
Advanced Manufacturing	53.1	59.0	**112.1**	61.7	65.2	**126.9**	*16%*	*11%*	*13%*
Subsea	42.5	56.1	**98.6**	78.7	68.4	**147.1**	*85%*	*22%*	*49%*
Other Manufacturing	42.0	36.8	**78.8**	45.4	43.1	**88.5**	*8%*	*17%*	*12%*
Group EBITDA	**49.1**	**53.3**	**102.4**	**60.3**	**66.0**	**126.3**	*23%*	*24%*	*23%*
Perforating Systems	13.7	11.4	**25.1**	3.2	-1.8	**1.4**	*-77%*	*-116%*	*-94%*
OCTG	24.1	22.4	**46.5**	32.5	47.7	**80.2**	*35%*	*113%*	*72%*
Wholly owned	24.1	22.6	46.7	32.1	45.8	77.9	*33%*	*103%*	*67%*
JV - Jindal	0.0	-0.2	-0.2	0.4	1.9	2.3	*n/m*	*n/m*	*n/m*
Advanced Manufacturing	4.5	6.2	**10.7**	5.5	6.3	**11.8**	*22%*	*2%*	*10%*
Wholly owned	4.5	7.7	12.2	5.4	7.8	13.2	*20%*	*1%*	*8%*
Assoc - Cumberland Additives	0.0	-1.5	-1.5	0.1	-1.5	-1.4	*n/m*	*n/m*	*n/m*
Subsea	3.2	10.5	**13.7**	17.8	12.2	**30.0**	*456%*	*16%*	*119%*
Other Manufacturing	3.6	2.8	**6.4**	1.3	1.6	**2.9**	*-64%*	*-43%*	*-55%*
Wholly owned	3.2	2.1	5.3	2.0	1.9	3.9	*-38%*	*-10%*	*-26%*
Assoc - Rival Downhole Tools*	0.4	0.7	1.1	-0.7	-0.3	-1.0	*n/m*	*n/m*	*n/m*
								chg bp	
EBITDA Margins (inc JV/Assocs) %	***10.3%***	***11.8%***	***11.0%***	***12.2%***	***11.9%***	***12.0%***	**+190**	**+10**	**+100**
EBITDA Margins (wholly owned) %	***10.2%***	***12.0%***	***11.1%***	***12.3%***	***11.9%***	***12.1%***	**+210**	**-10**	**+100**
Perforating Systems	*10.8%*	*9.7%*	***10.3%***	*2.7%*	*-1.7%*	***0.6%***	-810	-1140	**-970**
OCTG (100% owned)	*11.3%*	*12.4%*	***11.8%***	*17.0%*	*16.6%*	***16.8%***	+570	+420	**+500**
Advanced Manufacturing (100% owned)	*8.5%*	*13.1%*	*10.9%*	*8.8%*	*12.0%*	*10.4%*	+30	-110	**-50**
Subsea	*7.5%*	*18.7%*	***13.9%***	*22.6%*	*17.8%*	***20.4%***	+1510	-90	**+650**
Other Manufacturing (100% owned)	*7.6%*	*5.7%*	***6.7%***	*4.4%*	*4.4%*	***4.4%***	-320	-130	**-230**

*Source: Company, Equity Development. *Hunting's 23% equity stake in Rival Downhole Tools was sold in March 2025*

Four of Hunting's product groups increased revenues by double-digit percentages in FY24. The award and delivery of large project orders boosted **OCTG** (H1: Cairn/Vedanta and H2 Kuwait Oil Company) and **Subsea** (Exxon/offshore Guyana) and resulted in significant EBITDA margin expansion. **Advanced Manufacturing's** EBITDA uplift substantially came in H1, with H2 in line with the prior year. Profitability in **Other Manufacturing** experienced revenue weakness in both North American and European market, resulting in sharply lower EBITDA in FY24 but did progress its organic oil recovery offering. **Perforating Systems** was the performance outlier, with revenues 9% lower and EBITDA only just above break-even with subdued activity levels in the key North American onshore drilling market in the year.

JV/**Associates:** the Indian JV start-up with Jindal (established in FY23 and only secured its API licence in April 2024) has quickly moved into profitability. Cumberland Additives (now 30.7% owned) made a similar sized loss contribution to FY23 while Rival Downhole Drilling (stake now sold) saw a U$2.1m y-o-y reverse in its contribution in FY24.

Further commentary on each of the above product groups follows in later sections in this report.

Hunting: FY24 splits by Division

Year end: Dec US$m	H123	H223	2023	H124	H224	2024	H124	H224	2024
							% chg yoy		
Group Revenue	**477.8**	**451.3**	**929.1**	**493.8**	**555.1**	**1048.9**	***3%***	***23%***	***13%***
Hunting Titan	134.5	124.7	**259.2**	122.9	107.4	**230.3**	*-9%*	*-14%*	***-11%***
North America	191.3	183.4	**374.7**	192.7	195.7	**388.4**	*1%*	*7%*	***4%***
Subsea Technologies	42.5	56.1	**98.6**	78.7	68.4	**147.1**	*85%*	*22%*	***49%***
EMEA	46.5	41.7	**88.2**	46.7	41.0	**87.7**	*0%*	*-2%*	***-1%***
Asia Pacific	86.9	70.7	**157.6**	79.6	161.0	**240.6**	*-8%*	*128%*	***53%***
Inter company	-23.9	-25.3	**-49.2**	-26.8	-18.4	**-45.2**			
Group EBIT	**26.6**	**33.8**	**60.4**	**40.1**	**47.9**	**88.0**	***51%***	***42%***	***46%***
Hunting Titan	7.5	5.2	**12.7**	-2.6	-5.7	**-8.276**	*-135%*	*-210%*	***-165%***
North America	18.3	15.4	**33.7**	19.9	25.6	**45.5**	*8.7%*	*66.2%*	***35%***
Wholly owned	17.9	16.2	34.1	20.5	27.4	47.9	*14.5%*	*68.8%*	***40%***
Assoc - Cumberland Additives, Rival*	0.4	-0.8	-0.4	-0.6	-1.8	-2.4	*n/m*	*n/m*	*n/m*
Subsea Technologies	-0.4	8.4	**8.0**	15.5	10.1	**25.6**	*n/m*	*20.2%*	***220%***
EMEA	-1.1	-1.2	**-2.3**	-3.4	-9.0	**-12.4**	*n/m*	*n/m*	*n/m*
Asia Pacific	2.3	6.0	**8.3**	10.7	26.9	**37.6**	*365%*	*349%*	***353%***
Wholly owned	2.3	6.2	8.5	10.3	25.0	35.3	*348%*	*303%*	***315%***
JV - Jindal	0.0	-0.2	-0.2	0.4	1.9	2.3	*n/m*	*n/m*	*n/m*
								chg bp	
EBIT margins (Wholly owned) %	***5.5%***	***7.7%***	***6.6%***	***8.2%***	***8.3%***	***8.2%***	**+270**	**+60**	**+160**
Hunting Titan	*5.6%*	*4.1%*	***4.9%***	*-2.1%*	*-5.3%*	***-3.6%***	-770	-940	**-850**
North America (100% owned)	*9.4%*	*8.8%*	***9.1%***	*10.6%*	*14.0%*	***12.3%***	+120	+520	**+320**
Subsea Technologies	*-0.9%*	*15.0%*	***8.1%***	*19.7%*	*14.8%*	***17.4%***	+2060	-20	**+930**
EMEA	*-2.4%*	*-2.9%*	***-2.6%***	*-7.3%*	*-22.0%*	***-14.2%***	-490	-1910	**-1180**
Asia Pacific (100% owned)	*2.6%*	*8.8%*	***5.4%***	*12.9%*	*15.5%*	***14.7%***	+1030	+680	**+930**

*Source: Company, Equity Development. *Hunting's 23% equity stake in Rival Downhole Tools was sold in March 2025*

Divisional reporting has historically been on regional lines though Hunting Titan does sell outside North America (both through exports and to other Group regions) and Subsea Technologies has an international profile.

The **Subsea Technologies** performance is as noted on the preceding page. Perforating Systems account for c.95% of **Hunting Titan** sales so that observed domestic North American market weakness was the predominant performance driver in FY24, though component sales into the smaller OCTG and Advanced Manufacturing product groups were also down.

North America – Advanced Manufacturing revenues grew well in both half year periods, while OCTG sales gained momentum as the year progressed and we believe that this was the primary driver behind the strengthening divisional margin in H2 (through a combination of favourable mix and underlying improvement perspectives), excluding Cumberland Additives.

EMEA revenue broadly held up overall; behind this an increase in Other Manufacturing sales was offset by a similar reduction from OCTG. Consequently, the adverse mix resulted in widening losses (including c. U$4m of inventory write-downs in H2).

Asia-Pacific was the best performing division both in terms of revenue and EBITDA progress with a sharp uplift in OCTG machine shop activity as KOC order fulfilment got underway in the second half of the year.

The following page presents a dynamic matrix showing the inter-sections between the revenues generated across the divisions in each product group, their absolute importance to the group and y-o-y movement. (Profitability and the y-o-y margin changes are also included to complete the picture.)

Hunting: Product Group and Divisional matrix analysis FY24 performance

U$m	Hunting Titan	North America	Subsea Tech	EMEA	APAC	Revenue	EBITDA	*EBITDA margin %*	Margin chg bps
Perforating Systems	211.1			11.6		**222.7**	**1.4**	*0.6%*	-970
OCTG	2.7	199.8		27.5	233.7	**463.7**	**77.9**	*16.8%*	+500
Advanced Manufacturing	6.7	120.2				**126.9**	13.2	*10.4%*	-50
Subsea			147.1			**147.1**	**30.0**	*20.4%*	+650
Other Manufacturing		37.3		47.5	3.7	**88.5**	3.9	*4.4%*	-230
Group:									
Revenue (net)	**220.5**	**357.3**	**147.1**	**86.6**	**237.4**	**1048.9**			
EBITDA	**0.6**	**64.6**	**30.0**	**-7.9**	**39.1**	**126.4**			
EBIT	**-8.3**	**47.9**	**25.6**	**-12.4**	**35.3**	**88.1**			
EBITDA margin %	***0.3%***	***18.1%***	***20.4%***	***-9.1%***	***16.5%***	***12.1%***			
Change - basis points	-850	+190	+650	-1040	+910	+100			
EBIT margin %	***-3.8%***	***13.4%***	***17.4%***	***-14.3%***	***14.9%***	***8.4%***			
Change - basis points	-890	+320	+930	-1100	+940	+180			

Percentage change key:

	Increase	Decrease
0-10%		
11-20%		
21-50%		
>50%		

Percentage change and margin analysis is based on net revenue so differs slightly from earlier Divisional analysis (which uses gross revenues, as shown).

All Divisions apart from Subsea Tech have some inter-company revenue; this was 8% or less in all cases and c.4% overall.

Note: EBITDA, EBIT and the associated margins are all derived from wholly-owned operations (and exclude JV/associate contributions)

Source: Company, Equity Development

- **LEADING** performances from: **OCTG**/**Asia-Pacific** (KOC orders), **Subsea** (offshore Guyana projects) and **Other Manufacturing**/**EMEA** (OOR contracts building)
- **WEAK** performances from: **Perforating Systems**/**Hunting Titan** and **Other Manufacturing**/**North America** (lower domestic market activity levels) and **OCTG**/**EMEA** (declining North Sea drilling activity)

Strong cash inflow and net funds position

Cash inflow guidance strengthened as FY24 progressed and **net funds ended the year at U$104.7m**[3]. Behind this, year-end gross cash stood at U$206.6m, with gross debt of U$101.9m, the vast majority of which was non-current. (A year earlier, gross cash and debt balances were broadly matched at c. U$46m.) IFRS16 lease liabilities on the balance sheet were U$30.1m at the end of FY24, modestly up y-o-y.

The y-o-y net funds position followed resulted from a **c. U$108m net cash inflow** and a c. U$3m adverse FX translation effect. **Increased profitability and a very strong H224 working capital inflow** were the key drivers of this performance.

EBITDA of U$126.4m (excluding net JV/Associate contributions) was U$23.4m higher than reported for FY23[4]. We have covered EBITDA composition and progression on preceding pages, but the mix was an important driver of favourable net **working capital movements, specifically a significant inflow of c. U$53m for the year** as a whole.

As noted at the interim stage, there was actually a c. U$40m outflow in H124 (reflecting a receivables uplift from Subsea project deliveries and a payables investment relating to known requirements for a sharp scheduled increase in OCTG activity). Hence, Hunting generated a c. U$93m working capital inflow in H224, as follows:

- **U$24m Inventory:** a structural reduction in PS/Hunting Titan more than accounted for this (with some additional stock writedown to bridge the c. U$32m balance sheet inventory movement). We note significant moves elsewhere also though including inflows from North America and Subsea Technologies (working down order backlogs in each case) and EMEA also (some non-cash inventory writedown here also) partly offset by build in Asia-Pacific relating to ongoing KOC programme delivery. (FY24 inflow U$21m.)

- **U$2m Receivables:** a modest net inflow in the second half, substantially we presume due to successfully collecting end H1 Subsea project invoices and an increase in OCTG contract assets. (FY24 outflow U$11m.)

- **U$67m Payables:** the key component behind this movement was a US$95m increase in Other Payables, substantially concerning tubular product purchases to fulfil KOC orders. Hunting had previously flagged the use of bank acceptance drafts to facilitate prompt supplier payment in this product group and, at the end of FY24, U$92m was recorded as a current liability to financial institutions under this arrangement. (FY24 inflow U$44m)

There are no other particular points of interest that we wish to draw out in the cash flow statement, save for noting an increase in finance costs, which partly reflected fees associated with the payables noted above and re-financing (see below) we believe.

Group **free cash flow (FCF) for FY24 of U$140m** (FY23: marginal outflow) was applied to treasury share purchases (U$14m), cash dividends (c. U$17m) with a small incremental investment in Cumberland Additives.

Cash flow outlook: End FY25E company guidance was for a U$135-145m net cash position, prior to the U$17.5m OOR acquisition announcement. An underlying net cash uplift of c. U$35m infers free cash flow around the mid U$50m level which would be less than the targeted 50% FCF conversion level. Our model is at the lower end of the guided range, and we have assumed that FY24's working capital inflow unwinds in FY25. (As before, the timing of additional large project deliveries and the associated Payables and

[3] company definition; pre-IFRS16 basis, excluding U$3.9m long-term shareholder loan
[4] Alternative cash definition (after lease costs but before SBP) equivalent was U$130.4m +U$25.6m

Receivables profiles can impact the outturn if they run across the year end.) As things stand, we have factored in a further c. U$40m net cash inflow in FY26.

We believe that Hunting is unlikely to accumulate a net cash position as high as our modelled FY26 c. U$175m as acquisitions currently appear to be an active area for management, as seen with the recent OOR deal.

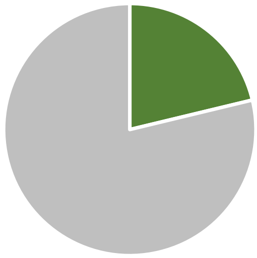
While maintaining balance sheet liquidity, Hunting also refinanced its banking facilities in September 2024, replacing an ABL arrangement with a U$200m RCF (to October 2028, with an option to extend) and U$100m term loan (with quarterly repayments and a final one in September 2027). Hence, Hunting is in a very strong financial position to pursue acquisition targets subject to usual execution and completion caveats.

On the following pages, we re-visit each of the Product Groups individually to provide more detail behind their FY24 performance in a group and historic trading record context.

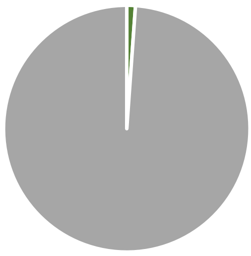
Perforating Systems: Impacted by weak North American rig activity

Design and manufacture of components, products and systems which are mainly used in the completion stage of a hydrocarbon well (both conventional/vertical and, more typically, unconventional/horizontal). Perforating Systems generated 44% of FY24 revenue, energetics 31% and instrumentation and associated hardware 25%.Since acquiring Titan in 2011, Hunting has innovated and developed the product portfolio offering. The business mainly manufactures to stock for the North American market, operating a network of 12 distribution centres) for proximity to customer operations and to provide technical sales and service support.

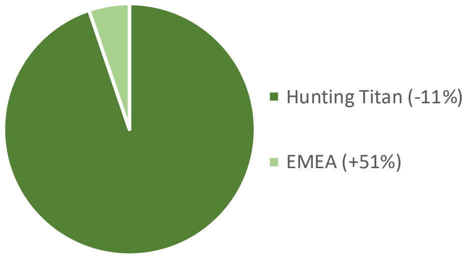
% Group revenue FY24



% Group EBITDA FY24



Divisional split (U$ % chg)



US$m	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	143.0	305.6	404.1	363.0	154.5	181.7	251.9	243.8	222.7
EBITDA	N/A	N/A	N/A	N/A	6.4	8.5	27.3	25.1	1.4
EBITDA margin %					*4.1%*	*4.7%*	*10.8%*	*10.3%*	*0.6%*

Primary production facilities		
Pampa, TX	335.7	Wireline perforating gun systems & instrumentation, Select-fire switches
Milford, TX	2225.8	Energetics, charges, assemblies & perforating gun systems
Monterrey, Mexico	6.8	Perforating gun systems
*Wuxi City, China	30.0	Perforating gun systems
000 sq m	**2598.3**	
*shared site		Plus 12 distribution centres

Source: Company, Equity Development

Weakness in the key US onshore drilling market was well-trailed (FY24 averages: rig count -13%, Henry Hub gas price -9%). While exports were up modestly to U$45.7m, (including EMEA/Middle East +50% and some uplift in South America, largely offset elsewhere), domestic North America revenue fell by just over 10% (comprising a decline of over 20% in the USA and Canada +10%) and still accounted for c.80% of total product group revenue in the year.

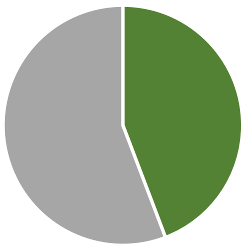
In Q224, Hunting announced the closure of three sites (2 distribution centres and consolidating select-fire switches into another production facility) with associated costs all absorbed in the trading result, with benefits to accrue from FY25 onwards. A new management team was also put in place in H2, and further potential closures have been flagged in FY25, depending on commodity prices and activity levels. Among other things, revising medium term revenue CAGR expectations from 8% to 3% under a business review resulted in a material/almost full write-down of goodwill (ie US$109.1m of US$114.9m carried at the end of FY23) associated with Titan (acquired 2011).

Industry-typical short order visibility provides few clues for FY25 trading. Gas prices were initially well ahead y-o-y in 2025 but currently remain above levels a year earlier despite recent reverses. Together with an increasingly sophisticated Hunting Titan system offer plus industry investment in LNG export capability (doubling capacity by 2028) some recovery is likely over time.

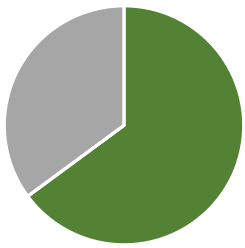
OCTG & Premium Connections: Large orders boost revenue and profit

Design & manufacture of a range of high performance connectors using proprietary and licensed technologies. Machining of threads to connect OCTG (casing, tubing for the construction & completion of wellbores) sourced from major steel producers & specialist pipe mills globally. Hunting's premium connection technology has evolved into product families (SEAL-LOCK, WEDGE--LOCK, WEDGE-LOCK, TEC-LOCK) and high margin accessories & precision parts. Oil & gas is the traditional sector served with growing opportunities in piping systems for carbon capture, utilisation & storage (CCUS) and geothermal markets. A new JV facility with Jindal SAW opened in India in October 2023 and was profitable in 2024.

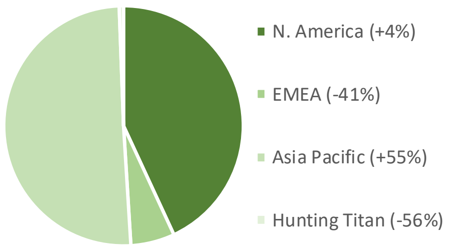
% Group revenue FY24



% Group EBITDA FY24



Divisional split (U$ % chg)



US$m	2016	2017	2018	2019	2020	2021	2022	2023*	2024*
Revenue	189.6	254.8	277.4	357.0	264.7	172.5	258.8	395.8	463.7
EBITDA	N/A	N/A	N/A	N/A	12.8	(7.4)	16.2	46.7	77.9
EBITDA margin %					*4.8%*	*-4.3%*	*6.3%*	*11.8%*	*16.8%*

Primary production facilities (all OCTG & accessories)				
Ameriport, Baytown TX	159.7	Fordoun, UK	161.8	
Houston (Rankin Road), TX	27.1	*Velsen Noord, Neth.	27.0	
Houston (Beaumont Hy), TX	9.0	*Dharan, Saudi Arabia	2.0	
Houston (4400 NSHPW), TX	7.5			*shared site
Ramsey Road, Crosby TX	37.6	*Tuas Avenue, Sing.	5.4	
Schriever/Houma, LA	229.9	*Wuxi City, China	30.0	
River Road, Marrero LA	12.5	Batam, Indonesia	10.0	
000 sq m	**483.4**	**000 sq m**	**236.2**	

*Source: Company, Equity Development. *shown for wholly-owned operations; EBITDA margin including Jindal JV 2023 11.7%, 2024 17.3%*

OCTG saw a strong sustained increase in underlying profitability throughout 2024, supplemented by a growing profit contribution from the Indian JV with Jindal SAW.

Even prior to the KOC order shipments starting at the end of Q3, profitability showed a sharp increase in H1 with a 460bp EBITDA margin uplift (to 17.0% for wholly owned operations) versus H223 on comparable revenues. Starting H2 in good order then, North American revenues were modestly higher sequentially in the second half (and 43% of OCTG revenue overall). Hence, the KOC shipments drove revenues significantly higher fulfilled from Asia-Pacific facilities (c.50%) of product group sales for the year as a whole. Half of the announced U$231m KOC orders were completed in FY24, ahead of the originally anticipated one third:two thirds split with FY25. Interestingly, no further EBITDA margin uplift occurred (H2 16.6%, FY16.8%) but with only minimal incremental capex to accommodate this very significant volume uplift in a highly automated, precision machining facility should have contributed meaningfully to an uplift in ROCE

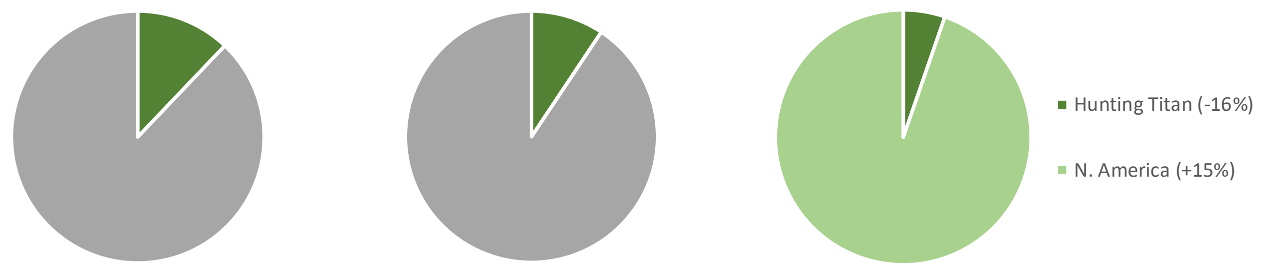
The end FY24 order book stood at c. U$250m, just under half of which was implicitly attributable to the remaining KOC orders for delivery in H125.

Lastly, we should mention progress at the Jindal JV which moved from a modest start-up loss in FY23 to a U$2.3m share of profit contribution in FY24; the majority of this came in H2 as momentum gathered following API licence approval in May. We believe that a second threading site in the east of the country is under consideration

Advanced Manufacturing: Record revenue and profitability, order book normalising

This product group comprises four separate entities with specialist design and manufacturing capabilities in precision machining, deephole drilling & milling and electronics PCBs & circuitry for high temperature uses. Oil & gas sector products (59% sales) range from components to whole MWD/LWD tools, combining precision machining, electrical manufacturing and assembly capabilites. Non-oil & gas revenues (41% including medical, aerospace, defence and space) are other specialist parts and assemblies, both machined & electronic. Hunting also owns 30.7% of Cumberland Additives, a US-based additive/3D manufacturer in metal & polymer materials.

% Group revenue FY24 | % Group EBITDA FY24 | Divisional split (U$ % chg)



US$m	2016	2017	2018	2019	2020	2021	2022	2023*	2024*
Revenue	45.2	61.1	98.5	104.5	74.3	59.6	75.1	112.1	126.9
EBITDA	N/A	N/A	N/A	N/A	1.9	0.7	0.9	12.2	13.2
EBITDA margin %					*2.6%*	*1.2%*	*1.2%*	*10.9%*	*10.4%*

Primary production facilities		
Fryeburg, ME	197.9	Precision, highly advanced CNC machined components
Houston (8383 NSHPW), TX	30.4	Harsh environment PCBs for downhole logging tools
Houston (4400 NSHPW), TX	7.5	Precision machining for downhole tools
000 sq m	**235.8**	

*shared sites

MWD/LWD = Measurement/Logging While Drilling

*Source: Company, Equity Development. *shown for wholly-owned operations; EBITDA margin including Cumberland Additives associate 2023 9.5%, 2024 9.3%*

A further year of progress from the Advanced Manufacturing product grouping reached record levels of revenue (+13%) and profitability (EBITDA +8% from wholly owned operations). Revenue continued to grow sequentially in H2'24 but EBITDA margin dipped compared to the prior year most likely reflecting mix.

The largest two operations both grew modestly. Contrastingly, Electronics grew non-oil and gas exposure (maintaining oil and gas sector revenue) while Dearborn saw strong progress in oil and gas which was partly offset by a small dip from non-oil and gas. Overall, oil and gas sector revenue increased by c.10%, while non-oil and gas sectors collectively saw a c.8% decline.

The EBITDA margin pattern was similar to the prior year (ie notably stronger in H2 than H1). Although revenues continued to grow in H224, the EBITDA margin from wholly owned operations at 12.0% was below that achieved in H223 (13.1%). This outturn was still very respectable; the margin difference was probably mix-related from both a softer H2 in Electronics and a stronger comparative project mix in H223.

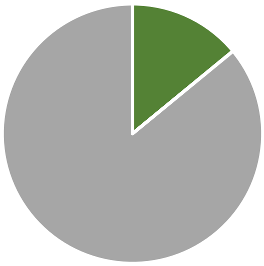
The product group order book worked down to U$130m at the end of FY24 from elevated levels previously (which were partly due to electronics supply chain challenges in addition to good order intake). The aspiration remains to continue to grow faster in non-oil and gas sub-sectors including aviation, medical, space and defence.

Lastly, a small incremental investment in Cumberland Additives took place, taking the equity stake to 30.7%. It contributed a similar associate loss after tax contribution (ie U$1.4m versus U$1.5m in FY23).

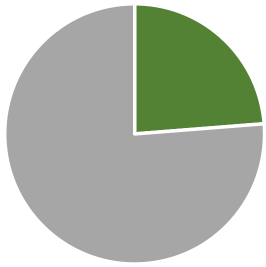
Subsea: Strong performance in FY24, lower order book at the start of FY25

Leading solutions provider of products located at wellhead & production system interfaces for the global offshore industry. These include 1.hydraulic (metal & elastomer) couplings used in control, injection and metering systems, 2.titanium stress joints which connect riser pipelines to offshore Floating, Production, Storage & Offloading (FPSO) platforms and 3.retrievable Flow Access Modules that provide design & production flexibility to enhance operator efficiency. This Product Group is formed from three acquisitions: National Couplings (2011), RTI Energy (2019) and Enpro Subsea (2020). Split out and reported separately from FY23, for the first time.

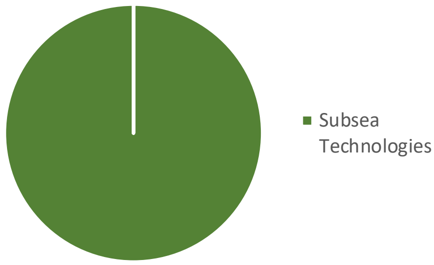
% Group revenue FY24



% Group EBITDA FY24



Divisional split



US$m	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	21.5	20.8	30.5	44.5	69.8	58.8	69.0	98.6	147.1
EBITDA	N/A	N/A	N/A	N/A	4.8	4.7	3.4	13.7	30.0
EBITDA margin %					*6.9%*	*8.0%*	*4.9%*	*13.9%*	*20.4%*

Primary production facilities		
Stafford, TX	57.9	Hydraulic couplings, metering valves & pumping equipment (NCC)
Spring, TX	11.6	Titanium stress joints & specialist components & services (RTI)
Westhill, Scotland	0.5	Flow Access Modules (FAM), design & supply chain management
000 sq m	**70.0**	

Source: Company, Equity Development

As a stand-alone specialist product group focused on offshore oil and gas activity, the sharp uptick in financial performance seen in FY23 clearly accelerated in FY24, reflecting order book development in 2022 and 2023 (peaking at U$152m at the end of that year).

Through its exposure to Exxon's offshore Guyana projects (specifically Yellowtail), Spring's delivery of titanium stress joint packages made this business the largest revenue contributor to Hunting's Subsea product group, accounting for just over half of the total. Progress was also made by Stafford's hydraulic coupling range, while the smaller Enpro portfolio delivered the largest percentage revenue uplift through a combination of increased sales and rental income. Management referenced that sister company relationships with Exxon led to new Enpro business – on a different project to Yellowtail – indicating that closer co-operation is now occurring in the Subsea product group.

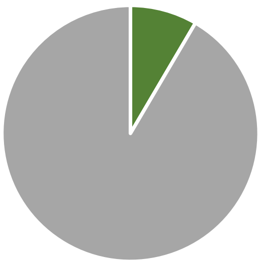
Revenue was slightly higher in H1 (53:47 split) but EBITDA showed a greater skew (59:41) with margins hitting 22.6% in the first six months and 20.4% for the year as a whole (up 730bp y-o-y). A completion of major project deliveries and rising Enpro revenues were the likely mix drivers behind the below peak margin performance in H2.

Hunting has secured new contracts already in FY25 with U$38m wins announced in March but the order book is still currently tracking below the elevated U$152m level seen at the end of FY23. Hence, lower FY25 revenue and EBITDA contributions are expected as things stand. That said, further stress-joint orders are anticipated on existing projects in H225 and offshore is seen as a faster growing segment within the oil and gas industry. It is also likely to be an area of focus for Hunting M&A subject to opportunities arising.

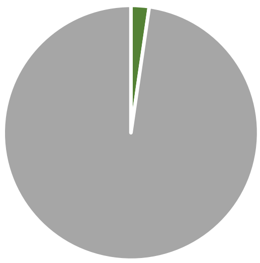
Other Manufacturing: Restructuring reflects adverse regional mix

Manufacturing, rental and servicing of tools & equipment used in downhole well intervention activities, including maintenance, repairs and upgrades for optimal well performance. MWD tools include mechanical (on slickline) and electro-mechanical (on wireline) attachments and accessories. Operations also supply pressure control equipment and portable control, pressure testing and chemical injection units. Hunting sold its 23% equity interest in Rival Downhole Tools (a provider of drilling and through tubing tools & motors to the upstream oil & gas industry) in March 2025.

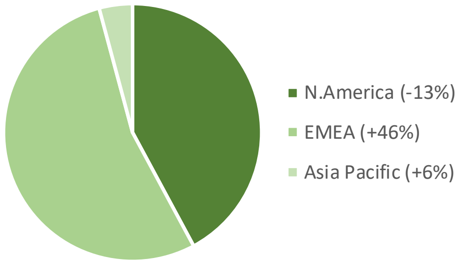
% Group revenue FY24



% Group EBITDA FY24



Divisional split (U$ % chg)



US$m	2016	2017	2018	2019	2020	2021	2022	2023*	2024*
Revenue	56.5	82.6	100.9	91.0	62.7	49.0	71.0	78.8	88.5
EBITDA	N/A	N/A	N/A	N/A	0.2	(3.4)	4.2	5.3	3.9
EBITDA margin %					*0.3%*	*-6.9%*	*5.9%*	*6.7%*	*4.4%*

Primary production facilities		
*Broussard, LA	116.6	Trenchless equipment - drill stem, tooling & ancillary accessories
*Velsen Noord, Neth.	27.0	Well Intervention tool manufacturing (to be moved to Dubai)
*Dubai, UAE	1.4	Well Intervention equipment production & Organic oil recovery
*Tuas Avenue, Singapore	5.4	Well Intervention tool manufacturing
000 sq m	**150.4**	
*shared sites		MWD = Measurement While Drilling

*Source: Company, Equity Development. . *shown for wholly-owned operations; EBITDA margin including Rival Drilling associate 2023 8.1%, 2024 3.3%*

Revenues rose by 12% in FY24 with a broadly even sales pattern between the first and second half periods. Profitability was down around one quarter overall against the prior year; this was effectively all due to an above average performance in H123. EBITDA has been c. U$2m for the last three half year periods, albeit with a lower EBITDA margin across FY24 versus H223.

Sales in the North America and EMEA regions were also both evenly spread in H1 and H2, but y-o-y performances diverged being down 13% and up 46% respectively. As noted at the interim stage, demand for traditional well intervention equipment and services in North America declined with onshore rig activity with some impact from exited non-core activities also. EMEA sustained the revenue uplift seen in H1 and this has been attributed to rising interest in Organic Oil Recovery (OOR) services. The actual OOR revenue generated in the period has not been disclosed, though an order intake of U$60m has been announced. This is understood to be for North Sea customer operations, though interest is also growing in the Middle East.

The contribution from associate business Rival Downhole Tools moved from a £1.1m profit to a £1m share of loss after tax in FY24 but this equity stake has now been sold (in March 2025). More significantly, Hunting announced the full acquisition of the Organic Oil Recovery business (previously an exclusive European royalty arrangement) for U$17.5m on 7 March.

Growth aspirations intact; expected 16.6% EPS CAGR

Our estimate changes following the FY24 results and the (subsequent) OOR acquisition and EMEA restructuring announcements are discussed and summarised below. In headline terms, we have made minor adjustments to our expected EBITDA (FY25E -4%, FY26E +5%) which are modestly amplified at the pre-tax and EPS levels. We now assume a 10% annual DPS increase and from a slightly higher FY24 base. Lastly, we have added FY27E estimates for the first time, and which currently show moderate growth compared to FY26E. In short, our modest revenue growth together with EBITDA margin expansion and good cash generation contribute to:

- **FY24-FY27E EPS CAGR of 16.6%**
- **Net cash more than doubling** from U$100.8m at the end of FY24 by the end of FY27E (absent any further acquisitions.)

At the group revenue line, we have re-phased our OCTG expectations to reflect the likely timing of and confidence in follow-on orders in H225 as well as lower prospective EMEA activity for this product group. We have also aligned Perforating Systems and Advanced Manufacturing with their respective FY25 run rates which lowers our revenue expectations by around 10% for these product groups.

Following on from the above revenue adjustments, we have **trimmed our FY25E EBITDA contribution by c. U$5m, while increasing FY26E by c. U$8m.** The former chiefly reflects more conservative EBITDA margin expectations in both Advanced and Other Manufacturing product groups (recognising run rates in H224) partly offset by recovering Perforating Systems profitability. Of the U$5m net adjustment, U$2m is attributable to Associates (including a sustained Cumberland Additives loss assumption and absence of an expected profit contribution from the now sold Rival equity stake.) These features largely repeat in our FY26E modelling but the net uplift to our expectations is due to a stronger OCTG performance where had previously taken a cautious view on large project orders recurring. Adding FY27E expectations for the first time, we have again maintained a cautionary stance on OCTG order expectations – pending FY25 and FY26 developments – with overall y-o-y group progess driven by the other product groups in our estimates.

These effects are summarised at group level in the following table.

Hunting: Estimate changes

Year to December (U$m)	FY25E Was	FY25E New	%chg	FY26E Was	FY26E New	%chg	FY27E Was	FY27E New	%chg
Revenue	1173.8	1068.7	*-9%*	1134.5	1092.2	*-4%*	n/m	1107.8	*n/m*
EBITDA*	149.7	144.4	*-4%*	146.0	153.9	*5%*	n/m	157.4	*n/m*
Pre-Tax Profit - company norm	99.4	92.1	*-7%*	96.2	104.1	*8%*	n/m	110.1	*n/m*
EPS FD - company norm (US c)	42.1	38.7	*-8%*	40.6	43.7	*8%*	n/m	46.1	*n/m*
DPS (US c)	12.0	12.7	*5%*	13.0	13.9	*7%*	n/m	15.3	*n/m*
Net cash / (debt) pre-IFRS16 basis	134.3	108.7	*-19%*	199.1	159.9	*-20%*	n/m	217.1	*n/m*

*Source: Equity Development * includes JV/Associate share of PAT*

Compared to company pre-tax profit guidance, we are at the upper end of the unchanged U$135m-145m range for FY25. No guidance has yet been issued for FY26,

Note that the OOR acquisition and proposed EMEA restructuring are factored into our model with a U$27.5m cash cost, with expected interest costs adjusted accordingly. At the time of announcing FY24 results, guidance for end FY25E net cash was U$135m-145m; our updated model and balance sheet is consistent with this, allowing for those two subsequent announcements.

Valuation: trading on discounts to peers, DCF and NAV

Global equity markets have seen significant volatility since mid-February, with the US VIX reaching a post-COVID high at the end of March following disruptive international trade and other geo-political newsflow. An associated weakening in energy commodity prices has also taken place over this period after a relatively firmer start to 2025. Unsurprisingly, these **market uncertainties have weighed down on listed companies exposed to the oil and gas industry**.

As noted above, **our Hunting estimates** were trimmed for FY25E but also increased for FY26E, broadly by the same percentage amounts at the PBT/EPS levels. Our estimates show y-o-y growth in both of these years and in the newly introduced FY27E, **summarised in three-year CAGRs of +7.6% for EBITDA and +13.6% for EPS**.

Having started the year well – reaching a high of 371p – Hunting's YTD share price performance is down c.11% (and compares to a c.1% rise in the FTSE-All Share Index).

Low P/E and EV/EBITDA multiples

At a 264p share price (and £/U$ 1.33), the company is currently trading on:

- **Single-digit P/E multiples** of 9.1x FY25E declining to 7.6x FY27E,
- **Very low EV/EBITDA multiples** of 3.3x FY25E declining to 2.4x FY27E and a
- **Prospective dividend yield of 3.6%** (covered more than 3x by EPS)

Discounts to peer group

As shown in the table below, compared to a selected group of listed oil services peers, Hunting is trading on a 20% P/E discount for the current year, though this narrows to 8% by FY27E given the earnings prospects referred to above. On an EV/EBITDA basis, the discount to peers is in excess of 40% for both years shown.

Hunting: Peer group valuation table

	Market Cap		P/E x		EV/EBITDA x		Div Yield %
	U$m	FY1	FY2	FY3	FY1	FY2	FY1
Hunting PLC	**557**	**9.1**	**8.0**	**7.6**	**3.3**	**2.8**	**3.6%**
Sector average (ex Hunting)		11.4	9.2	8.2	5.8	5.3	2.6%
Schlumberger Limited	46387	10.5	9.5	8.3	6.5	6.1	3.4%
Baker Hughes Company	35860	15.0	12.9	11.8	8.2	7.5	2.5%
Tenaris S.A.	18053	9.6	9.4	9.1	5.5	5.3	2.5%
Halliburton Company	17748	8.5	7.5	6.6	5.6	5.3	3.4%
TechnipFMC plc	12047	14.1	11.6	10.3	7.4	6.6	0.7%
NOV Inc.	4634	9.1	8.1	7.2	5.2	5.0	2.4%
Vallourec S.A.	4389	9.2	7.4	6.1	4.7	4.2	8.3%
Subsea 7 S.A.	4349	11.0	7.9	7.8	3.7	3.3	6.4%
Oceaneering International Inc.	1805	11.0	10.0	8.2	6.0	5.5	0.0%
Expro Group Holdings N.V.	931	8.0	6.4	5.5	2.7	2.4	
Schoeller-Bleckmann Oilfield Equipment	564	10.8	9.8	8.3	5.6	5.2	5.8%
Ashtead Technology Holdings Plc	528	10.8	9.2	8.1	6.0	5.4	0.3%
Core Laboratories Inc.	528	14.3	12.6	9.9	9.2	8.3	0.4%
Oil States International Inc.	224	9.9	6.2		3.6	3.2	0.0%
Forum Energy Technologies Inc.	188	12.1	10.1		4.4	4.2	0.0%
DMC Global Inc.	141	18.5	9.3		8.4	7.0	

Source: Koyfin, Equity Development (Hunting)

DCF fair value of 365p per share

Our DCF approach uses our three published estimate year inputs and then assumes flat EBITDA from years four to ten beyond that. No prospective acquisition activity is incorporated.

Our analysis suggests that investors are anticipating no organic growth in medium-term profitability. Specifically - after factoring in our FY25E-FY27E estimates - using c. U$134m EBITDA for the ensuing years generates the current share price. Note 1) this is in line with the reported FY24 and 2) it represents profitability below the c. U$160m EBITDA that we are projecting for FY27E. This is clearly at odds with management's 2030 ambitions for existing operations, even prior to potential acquisition activity.

Repeating a sensitivity analysis approach that we have used previously, with a range of WACC and EBITDA primary inputs, generates the following table.

Hunting: DCF sensitivity analysis

Table body = p/share		EBITDA US$m					
		120	**140**	**160**	**180**	**200**	**220**
	9.0%	290	345	400	455	510	565
WACC	**10.0%**	261	309	357	405	453	501
	11.0%	237	280	322	**365**	407	450
	12.0%	218	256	293	331	369	407
	13.0%	201	235	269	304	337	371

Source: Equity Development

We have consistently used U$180m EBITDA as our long-term DCF input as a midpoint average for existing operations towards the 2030 targets. On this basis, **our DCF analysis generates a 362p indicative value per share**. In broad terms, a US10c adverse £/U$ rate impacts value per share by c.30p, while a 100bp increase in WACC has a larger c.40p per share impact.

Trading on a 37% discount to NAV

Hunting's end FY24 reported net assets were U$902m. Translating this at £/U$1.33 and on a per share basis, this is equivalent to 411p.

Hence, the current share price represents a 36% discount to NAV.

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