Restore plc

Site visit underscores growth ambitions

28 October 2025

Restore hosted an investor and analyst site visit last week, with a focus on two of the Group's growth engines: Restore Technology and Synertec, the recent £33m acquisition. At its core, Restore is a high quality, cash generative business with a significant proportion of recurring revenues. Whilst these are key tenets of the investment case, the site visit provided a reminder of management's ambition to deliver significant earnings growth over the medium term through a combination of revenue growth and margin accretion. We were left with an increased conviction that the Technology business has been stabilised and refocused to create a platform for profitable growth, whilst Synertec has added a highly complementary offering, under the leadership of an ambitious and dynamic team.

Key Takeaways

For Restore Technology, our key takeaway is that **this is a business that has been stabilised and is now poised for a period of revenue growth and margin appreciation**. Restore now has an established offering across the whole IT lifecycle and is proving itself to be a trusted partner to Value Added Resellers as the industry matures and focuses more on service levels than price.

As for Synertec, the site visit represented the first opportunity for investors to meet the largest acquisition to date since Charles Skinner's return as CEO in 2023. The key takeaway for us is that **this is a highly successful business with an excellent track record of growth led by a dynamic management team with a plan to double its revenue over the medium term**. The success of the business has been built on the back of a unique, proprietary software platform, Prism, which provides the flexibility and responsiveness to meet complex customer needs (e.g. on behalf of the NHS). Restore's ownership of the business should open up new growth areas, through cross-selling, whilst supporting the existing strategy.

Valuation attractive relative to historic trends and growth prospects

Restore's share price has dipped noticeably in recent weeks for no apparent reason and the shares now trade on just 10x P/E for FY26, which is very low by Restore's historic standards. **Our 400p Fair Value estimate represents an FY26 P/E rating of c.17x**, slightly above the Group's ten-year average rating (16.5x). On FY25 forecasts, a 400p share price equates to a P/E rating of c.19x, falling to c.17x. **We remain of the view that Restore is a high-quality business with an excellent management team and significant medium term growth prospects.**

Key financials & valuation metrics

Year to 31 Dec (£m)	2023A	2024A	2025E	2026E	2027E
Sales	277.1	275.3	342.0	366.7	377.1
EBITDA	77.1	82.4	89.2	93.1	96.3
Adjusted PBT	30.3	34.4	39.5	43.1	46.5
FD EPS (p)	16.9	18.7	21.2	23.1	24.9
DPS (p)	5.2	5.5	5.8	6.0	6.2
Net Cash/(Debt)*	(201.3)	(229.0)	(257.1)	(235.2)	(208.6)
Net Cash/(Debt)**	(97.8)	(89.0)	(117.1)	(95.2)	(68.6)
P/E	14.2x	12.8x	11.3x	10.4x	9.6x
EV/EBITDA*	6.8x	6.7x	6.5x	6.0x	5.5x
Dividend yield	2.2%	2.3%	2.4%	2.5%	2.6%

*Source: ED analysis, IFRS 16 basis * including leases ** excluding leases, Shares priced at COB 27/10/25*

Company data

EPIC	RST.L
Price (last close)	240p
52 weeks Hi/Lo	280p/213p
Market cap	£325m
ED Fair Value / share	400p
Net cash / (debt) 2024A	£89m
Avg. daily volume (3m)	255k

Share price, p

Source: investing.com

Description

Restore is a leading provider of records management (physical document archiving), digitisation and secure recycling of paper and technology assets. In all these areas, it has a strong market position (either number 1 or 2 in the UK) and an excellent reputation across a customer base of blue-chip businesses and government/ public sector organisations. Restore is also the UK market leader in commercial relocations.

Next event

Trading update - early December

James Tetley (Analyst)
0207 065 2690
james.tetley@equitydevelopment.co.uk

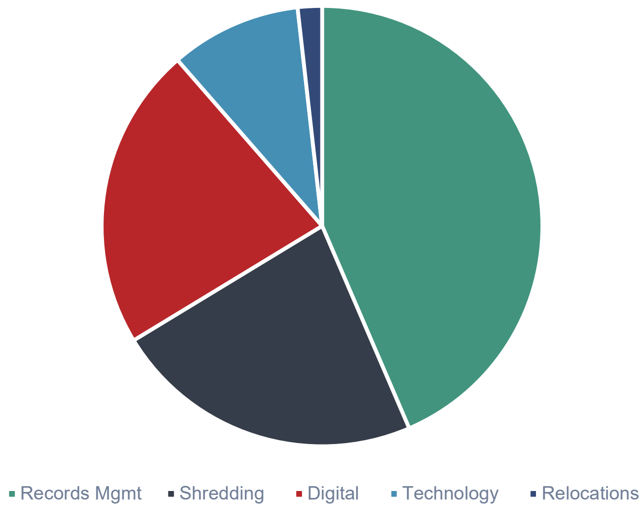
Hannah Crowe
0207 065 2692
hannah@equitydevelopment.co.uk

Site visit to Restore Technology

Recent history of Restore Technology

Restore Technology has been part of the Group since the acquisition of IT Efficient in 2013 and last week's site visit took place at the former IT Efficient site in Cardington. The business has evolved significantly since 2013, through seven further acquisitions in IT Asset Disposal (ITAD) and related areas, alongside a more recent shift away from lower margin ITAD towards a partnership model with Value Added Resellers.

Restore acquisitions by business area (estimated)



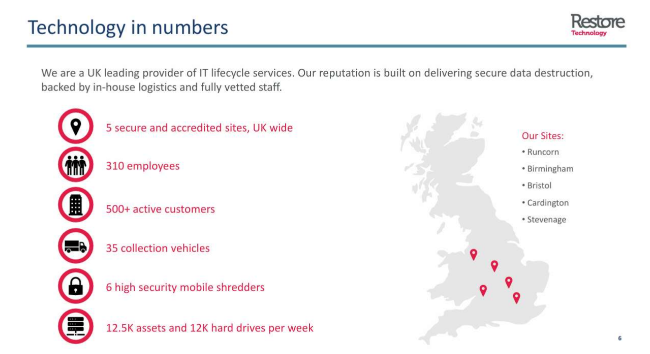
Source: Company, Equity Development analysis

Half of Restore's eight Technology acquisitions were clustered in an eighteen-month period between 2021 and 2022 under previous CEO Charles Blighe. These businesses suffered from a lack of differentiation and then, a lack of integration, which quickly undermined the profitability of the division, resulting in a £1.4m operating loss in 2023. The division turned the corner in 2024, and the aim now is to improve operating margins from mid-single digits to double digits over the medium term.

Business stabilised, now focusing on growth

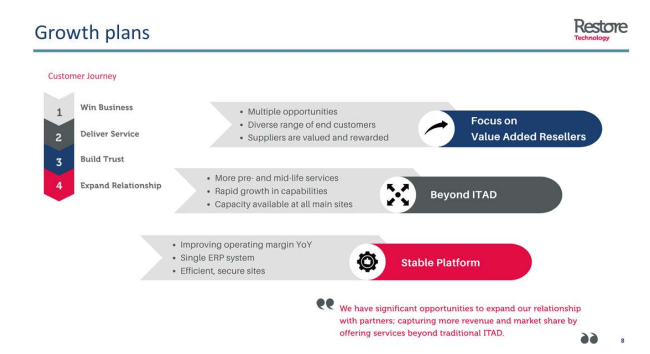
Managing Director Iain Hulmes joined the business in March 2024 and his initial priorities were to stabilise the business, integrate historic acquisitions (consolidating five ERP systems to one) and restore profitability.

Overview of Restore Technology



Source: Company

Clear growth ambitions



Source: Company

It has been clear for some time that IT lifecycle services represent an area of significant opportunity, given the proliferation of technology and the fragmentation of the market. As we highlighted in our initiation note (Refocused strategy underpins re-rating potential), this is an area that global peer Iron Mountain is targeting aggressively in the US in particular, with organic revenue growth of 20%+.

Restore has previously estimated that its Technology business is the leading operator in a c.£530m UK market (implying <7% market share) but this probably now understates the scale of the opportunity.

A key takeaway from the site visit is that Restore Technology is now embedded across the full IT lifecycle (whereas its earlier focus was on end-of-life/ asset destruction and recycling). The business is increasingly working closely with Value Added Resellers to configure IT assets (laptops/ tablets) on behalf of large private and public sector organisations (Pre-life), collecting, testing and repairing/ repurposing used IT assets (Mid-life) and then finally collecting old assets, testing and erasing data and then recycling. As this market has matured, end users and VARs increasingly want to work with partners who can demonstrate consistently high service levels, provide full asset traceability, protect client data and meet sustainability demands. Restore is well placed to capitalise on these trends and respond to an increasing emphasis on service rather than price.

The focus now is on improving operating margins, driving long term relationships and repeat business

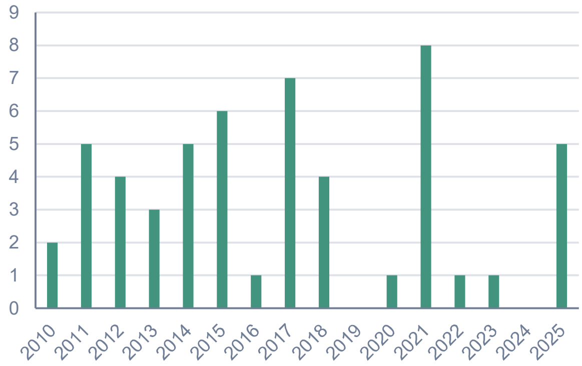
Restore is now focused on driving activity through the platform that has been created, prioritising improved operating margins, long term relationships and repeat business, which are the hallmarks of the wider Restore Group.

Site visit to Synertec

Recap of Synertec acquisition (March 2025)

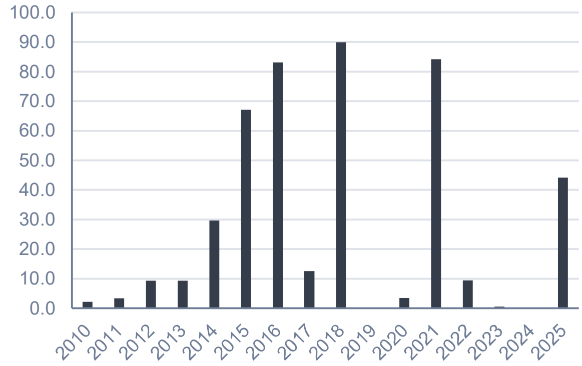
Synertec marked a significant return to the acquisition trail for Restore, a £33m initial investment representing the most significant deal carried out since the senior management change in 2023.

Number of acquisitions by year



Source: Company, ED analysis

Value of acquisitions by year (£m)



Source: Company, ED analysis

Restore paid an initial cash consideration of £22m plus £11m of acquired debt for Synertec. Deferred consideration will also be payable based on Synertec's future profits in 2028 and 2029.

The significant growth driver is digital communications, which are growing at 37% year on year

Synertec is a **well-established market leader in document solutions and processes**. Synertec sends communications both electronically and physically on behalf of major public sector and commercial organisations, including around 75% of NHS Trusts. It sends 100m physical documents per annum and 5m+ digital documents per month. Physical documents (e.g. NHS appointment reminders) remain a growth area, but the more significant growth driver is digital communications (growing at 37% year on year).

A proprietary software platform captures data, transforms it into the required format, and delivers it to the end recipient either electronically or via print and mail. The company operates from four sites in the UK: leasehold print facilities in Bristol, Milton Keynes and Warrington, and a freehold site near Taunton.

Synertec's revenue for the year to 31st March '25 was c.£70m, of which around 60% relates to postage costs for physical communications. Excluding the pass-through of these postage costs, operating margins are expected to be c.20% and therefore consistent with Group targets.

Differentiated offering, growth capacity and dynamism

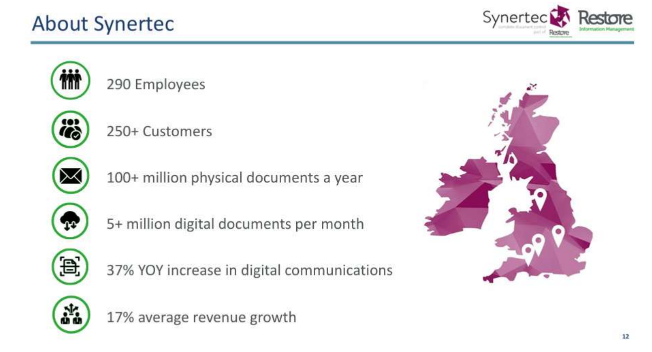
The Synertec tour and presentation highlighted the strong underlying growth delivered by this business over a sustained period of time. Revenue growth has averaged 17% over the past three years.

Activity and profits were boosted by a COVID communications contract (contact/ testing/ vaccinations etc), which proved the business' ability to respond nimbly to a surge in demand from its existing footprint.

Synertec's proprietary software system, Prism, is a key differentiator

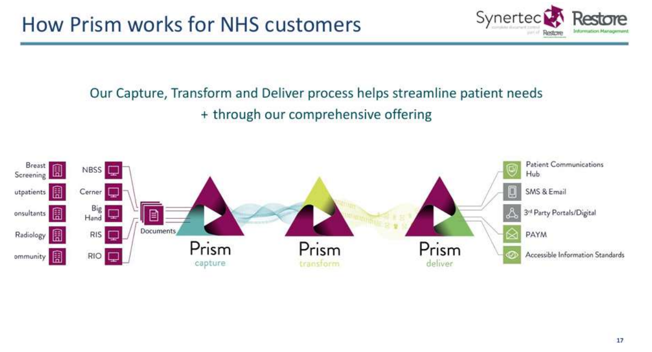
Synertec's proprietary software system, Prism, is a key differentiator for the business. This was developed in house and drives the workflow through three distinct phases of Capture > Transform > Deliver. One clear strength of the system is its ability to ingest any data format and interact with multiple customer IT systems, giving flexibility and responsiveness to meet complex customer needs.

Overview of Synertec



Source: Company

Comprehensive offering to NHS



Source: Company

Given the momentum in the business, the strength of Synertec's systems and the dynamism of the management team, Restore is supporting the established Synertec strategy and growth plan.

There is scope for the business to double in size by increasing penetration of existing customers alone

There is a clear opportunity for cross-selling (e.g. where Restore already works with an NHS trust that Synertec doesn't cover or vice versa) but this will not be rushed, as there is no shortage of opportunity within the existing customer base. Indeed, **Synertec's management believes that there is scope for the business to double in size by increasing penetration of existing customers alone**. In terms of capacity, this increase in activity could be absorbed by the existing footprint, by implementing additional shift patterns and modular investment in additional printing and folding capacity etc.

The NHS is an important case study. Whilst Synertec touches 75% of NHS trusts, it only handles c.30% of their communications, suggesting significant potential for expansion.

In terms of customer concentration, the NHS accounts for a significant proportion of Synertec's revenue but across c.150 individual customers, which significantly reduces the concentration risk, whilst firmly embedding Synertec as a trusted partner across the NHS.

Other growth opportunities include the development of a new Cloud SaaS product (currently Prism requires use of customer servers), as well as expansion into under-penetrated or new markets (Local Government, Banks, broader commercial sector).

The full presentation from both site visits is available here: [Investor reports and presentations].

Divisional overview

Year to 31 Dec (£m)	H1'24(A)	H2'24(A)	2024A	H1'25(A)	H2'25(E)	2025E	2026E	2027E
Revenue								
Information Management	87.5	80.4	167.9	106.5	121.9	228.4	248.0	253.2
Datashred	17.5	18.5	36.0	20.2	21.8	42.0	43.7	45.4
Harrow Green	17.4	17.9	35.3	15.7	18.0	33.7	35.1	36.6
Technology	17.0	19.1	36.1	17.7	20.2	37.9	39.8	41.8
	139.4	135.9	275.3	160.1	181.9	342.0	366.7	377.1
Revenue growth								
Information Management	*3%*	*-5%*	*-1%*	*22%*	*51.6%*	*36.0%*	*8.6%*	*2.1%*
Datashred	*-6%*	*7%*	*0%*	*15%*	*18%*	*16.7%*	*4.0%*	*4.0%*
Harrow Green	*-11%*	*-12%*	*-12%*	*-10%*	*1%*	*-4.5%*	*4.2%*	*4.1%*
Technology	*4%*	*29%*	*16%*	*4%*	*6%*	*5.0%*	*5.0%*	*5.0%*
Group	*0%*	*-1%*	*-1%*	*15%*	*34%*	*24.2%*	*7.2%*	*2.8%*
Operating profit								
Information Management	24.6	21.2	45.8	25.5	28.2	53.7	56.6	58.6
Datashred	1.2	2.5	3.7	2.1	2.3	4.4	4.6	5.0
Harrow Green	1.2	0.7	1.9	0.3	0.7	1.0	1.4	1.8
Technology	0.0	1.8	1.8	1.2	1.3	2.5	3.0	3.6
Central Costs	-3.4	-1.0	-4.4	-3.6	-1.6	-5.2	-5.4	-5.7
	23.6	25.2	48.8	25.5	30.9	56.4	60.1	63.3
Operating margin								
Information Management	*28.1%*	*26.4%*	*27.3%*	*25.0%*	*23.1%*	*23.5%*	*22.8%*	*23.2%*
IM (adjusted for postage)	28.1%	26.4%	27.3%	28.1%	26.9%	27.5%	27.5%	28.0%
Datashred	*6.9%*	*13.5%*	*10.3%*	*10.4%*	*10.6%*	*10.5%*	*10.5%*	*11.0%*
Harrow Green	*6.9%*	*3.9%*	*5.4%*	*1.9%*	*3.9%*	*3.0%*	*4.0%*	*5.0%*
Technology	*0.0%*	*9.4%*	*5.0%*	*6.8%*	*6.3%*	*6.5%*	*7.5%*	*8.5%*
Group	*16.9%*	*18.5%*	*17.7%*	*15.9%*	*17.0%*	*16.5%*	*16.4%*	*16.8%*
Group (adjusted for postage)	*16.9%*	*18.5%*	*17.7%*	*17.7%*	*18.7%*	*18.2%*	*18.6%*	*19.0%*

Source: Company actuals, Equity Development forecasts

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

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