# McBride plc

Proudly, profitably, private label

Caroline Gulliver **October 2025** Andy Edmond

# McBride plc

## Proudly, profitably, private label

6 October 2025

**McBride is the European market leader for private label household cleaning and has emerged from a period of unprecedented cost inflation as a stronger, leaner, more profitable business. Adj. EBITDA margins have risen above 9%, and been sustained, driving excellent 30%+ ROCE and cash generation. In this detailed report we review the attractive investment thesis for McBride and conclude its current low valuation is an anomaly. We initiate coverage with a 235p Fair Value equating to 10x PER, 6x EV/EBITDA and a c.6% FCF yield (cal 2026).**

### European market leadership delivering £65m+ operating profit

McBride's FY25 results confirmed its ability to generate over £65m of adj. operating profits from the group's extensive private label household cleaning and contract manufacturing operations. Although market private label penetration has stabilised at just over 35% in the past 18 months, McBride has focus areas for growth in Laundry, Germany and Spain and consistent innovation and improved customer service levels have seen its rate of new contract wins increase, which bodes well for FY26E.

### Transformation programme supports 7%+ operating profit margins

McBride is two years through a 5-year programme to drive operational, service and commercial excellence and yield a net £50m benefit. The annualised £17m of productivity improvements and costs savings, equivalent to c.180bps of margin, supports our forecast stable operating margin, offsetting cost headwinds. If retained, each £1m of benefit increases operating profit by c.1.5%.

### High 30%+ ROCE at odds with low valuation; Fair Value 235p

As a result of the group's improved profitability, ROCE has jumped to 32%-33% and net debt has fallen to just 1.2x EBITDA. In addition, dividends have been reinstated, starting at 3p for FY25. Yet despite this, McBride is trading on only c.5x PER. This is at odds with the wider consumer sector where we see stocks with similar metrics trading on at least 10x PER. Hence we believe that as confidence in the sustainability of McBride's profits grows, its shares will re-rate significantly.

**Key financials & valuation metrics**

| Year to 30 June (£m) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Revenue | 934.8 | 926.5 | 928.7 | 941.7 | 961.3 |
| *Revenue growth (%)* | *5.2* | *-0.9* | *0.2* | *1.4* | *2.1* |
| Adj. EBITDA | 87.1 | 85.8 | 87.0 | 89.3 | 90.9 |
| Adj. EBIT | 67.1 | 66.1 | 66.6 | 68.2 | 69.1 |
| Adj. PBT | 53.1 | 54.9 | 56.6 | 58.8 | 60.5 |
| *Adj. PBT margin (%)* | *5.7* | *5.9* | *6.1* | *6.2* | *6.3* |
| Adj. diluted EPS (p) | 21.7 | 21.1 | 23.1 | 24.0 | 24.7 |
| Dividend per share (p) | 0.0 | 3.0 | 3.3 | 3.4 | 3.5 |
| Adj. operating free cashflow | 81.7 | 93.9 | 82.9 | 85.0 | 86.6 |
| Free cashflow | 36.3 | 28.9 | 23.8 | 25.1 | 26.6 |
| Net cash / (debt) /Adj. EBITDA (x) | (1.5) | (1.2) | (1.0) | (0.8) | (0.6) |
| EV / Sales (x, calendarised) | | 0.4 | 0.3 | 0.3 | |
| PER (x, calendarised) | | 5.6 | 5.3 | 5.1 | |
| Dividend yield (%, calendarised) | | 2.5 | 2.7 | 2.8 | |
| Free cashflow yield (%, calendarised) | | 11.9 | 11.0 | 11.7 | |

*Source: Company data, Equity Development, Priced as at 3 October 2025*

**Company data**

| | |
|---|---|
| EPIC | MCB |
| Price (last close) | 124p |
| 52 weeks Hi/Lo | 161p / 93p |
| Market cap | £216m |
| ED Fair Value / share | 235p |
| Net cash / (debt) 2025A | £105m |
| Avg. daily volume (3m) | 437k |

**Share price, p**


*Source: Investing.com*

**Description**

McBride plc ("McBride") is the European market leader in private label household cleaning products. It manufactures from 14 factories, 12 across Europe and one each in Malaysia and Vietnam, and supplies 90% of the top 50 European grocery retailers, generating £927m revenues in FY25.

**Next event**

H126 Trading update January 2026 (date tbc)


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## McBride: Overview of investment attractions

### Investment Highlights

- McBride is the European market leader in private label household cleaning products with a c.30% market share, c. 2x its nearest competitor. The company is justifiably proud of its reputation for expertly making everyday value cleaning products.
- The group has recovered from unprecedented high cost inflation in 2022 and grown revenues to over £900m and adj. operating profits to over £65m in both FY24 and FY25 (a c.7% operating margin).
- Private-label penetration of the European market has stabilised at c.35% of volumes but there are growth opportunities for McBride from product innovation, winning new contracts and building share in certain product markets (e.g. Laundry) and geographies (e.g. Germany and Spain).
- McBride has a strong focus on sustainability and innovation to reduce carbon and non-recyclable packaging. As such, McBride is the only major private label players signed up to science-based targets ("SBT").

### Risk Factors

- Rapid high cost inflation, though having been through this in 2022 and introduced input cost hedges and quarterly pricing reviews there would be less of a time lag between passing cost inflation on in prices now.
- Irrational competitive pricing behaviour, from either branded producers or smaller private label producers.
- Loss of a major contract with a large supermarket chain (though McBride has over 150 customers and the top 10 customers account for only 53% of revenues).
- Supply chain disruption, leading to a drop in customer service levels ("CSL") though having 14 factories across Europe and Asia diversifies this risk.
- Technology disruption, though the roll out of the latest ERP software is progressing to plan.
- Brand reputation risk, for product health or sustainability issues or other reasons.

### Forecast Drivers

- The group's tailored divisional strategies and investment plans underpin our group revenue growth of 1%-2% FY26E-FY28E which is a mix of volume growth and price investment/product mix. Management's aim is 2% revenue growth p/a.
- Management's Transformation and Excellence programme to save £50m over 5 years, leading to annualised £17m cost savings, is back-end weighted to FY27E/FY28E. We forecast this will offset cost headwinds and lead to a stable 7.2% operating margin FY26E-FY28E. Each £1m of cost savings retained could boost operating profit by c.1.5%.
- We forecast almost 100% conversion of Adj. EBITDA to adj. operating free cashflow of c.£85m (FY26E-FY28E). This funds capex of c.£30m, the reinstated dividend and a further fall in net debt to < 1x Adj. EBITDA (pre acquisitions).

### Valuation Overview

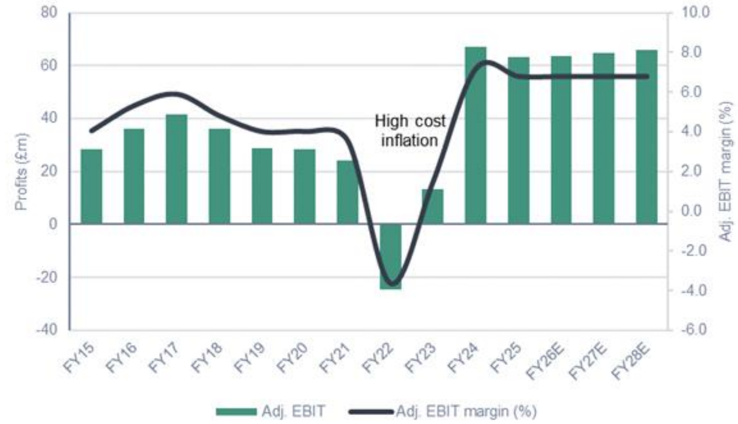
- McBride is trading on only 0.3x EV/Revenues, 3.7x EV / Adj. EBITDA and c.5x Adj. PER and offers a 11% FCF yield (our forecasts, all Calendar 2026E – "cal 2026E") despite offering a high ROCE.
- This is the very low end of McBride's historic trading range (average PER 13.6x for 2019-2024 excluding 2021/2022 losses) and is significantly lower than other consumer stocks. We expect McBride to rerate as investor confidence in maintaining existing profitability grows.
- As McBride has no direct comparable companies we take a wide basket of 16 consumer stocks, split into three groups, and conclude McBride's fair value should at least equate to 10x PER, 6x EV/EBITDA and a 6% FCF yield (all cal 2026). Hence we initiate coverage with a Fair Value of 235p per share.

## A profitable and cashflow generative market leader in private label household cleaning

### Over 9% Adj. EBITDA margin driving cashflow

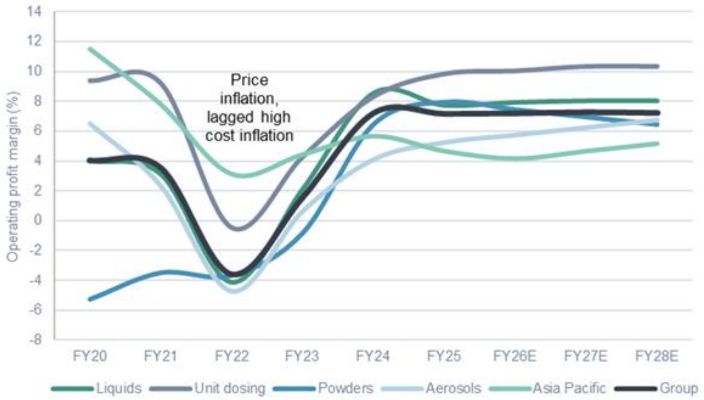
- McBride's robust business model, generating revenues of c.£700m and adj. operating profits of c.£24m-£42m FY15-FY21, faltered in 2022 as high cost-inflation led to temporary operating losses.
- However, from that difficult period has grown a bigger, more profitable business with revenues of over £900m and adj. operating profits of over £65m in FY24 and FY25.
- The company's "Compass" strategy for each of its five divisions and its Transformation and Excellence cost saving plans, backed by investment in technology and data, have already yielded results, with more to come.
- We forecast nearly 100% conversion from Adj. EBITDA to adj. operating cashflow of over £80m p/a (FY26E-FY28E) allowing for c.£30m capex investment p/a, the return of dividends, and a continued reduction in net debt.

### A new level of c.£65m Adj. operating profit



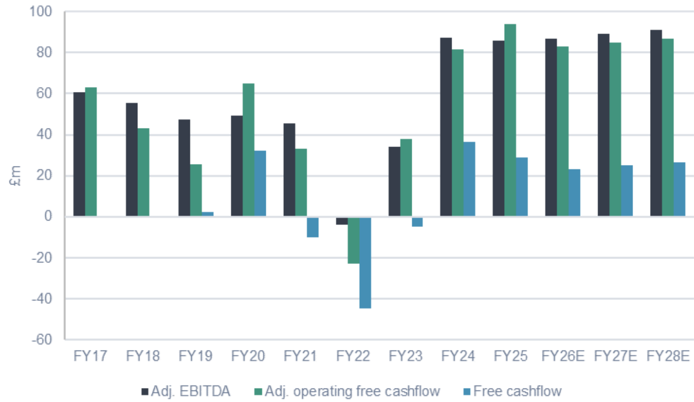

*Source: Company data, Equity Development*

### Tailored divisional strategies driving higher profit margins




*Source: Company data, Equity Development*

### Very high conversion of profits to cash




*Source: Company data, Equity Development*

## A high-returning and undervalued business

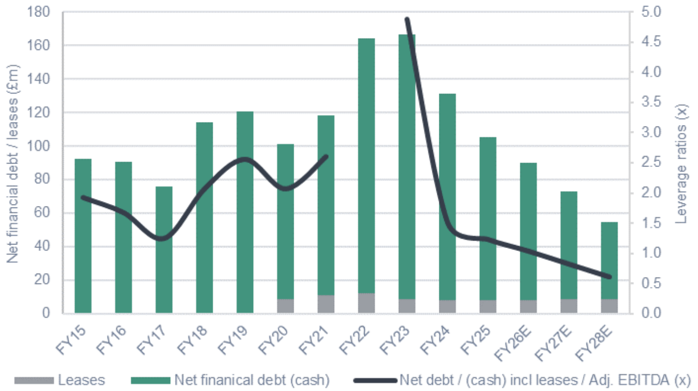
### Trading significantly below our 235p fair value

- With the recovery in profits, alongside strategic investment in facilities and technology, has come a step change in return on capital employed ("ROCE") to c.32%-33% (adj. operating profits / adj. capital employed) in FY24 and FY25, above management's internal target of 25%.
- Adj. return on equity ("ROE") is also very high (at 40% in FY24 and 32% in FY25), coming down because equity has risen as net debt has fallen significantly – to only 1.2x Adj. EBITDA in FY25.
- Yet despite improving profitability, deleveraging and reinstating a dividend, McBride only trades on 0.3x cal 2026 EV/Revenues and c.5x cal 2026 PER.
- We believe McBride should trade on at least 10x cal 2026 PER and hence our fair value of 235p equates to 0.6x EV/Revenues, c.6x EV/Adj. EBITDA, c.10x PER and c. 6% FCF yield (all cal 2026).

### Adj. ROCE has leapt to over 30%, above 25% target

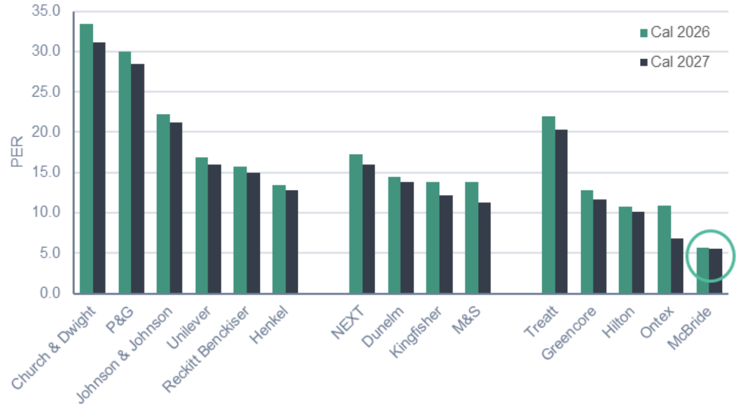

*FY22 was loss-making; Source: Company data, Equity Development*

### Net debt / Adj. EBITDA only 1.2x and forecast to fall further




*Source: Company data, Equity Development*

### Undervalued versus a wide range of consumer stocks




*Source: Koyfin for consensus estimates, Equity Development*

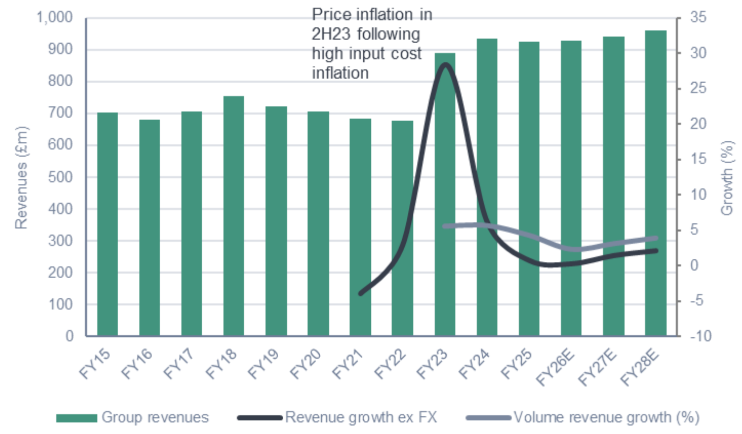
## Why invest?

## Proud to be a market leader in private label household laundry

### A scale European market leader

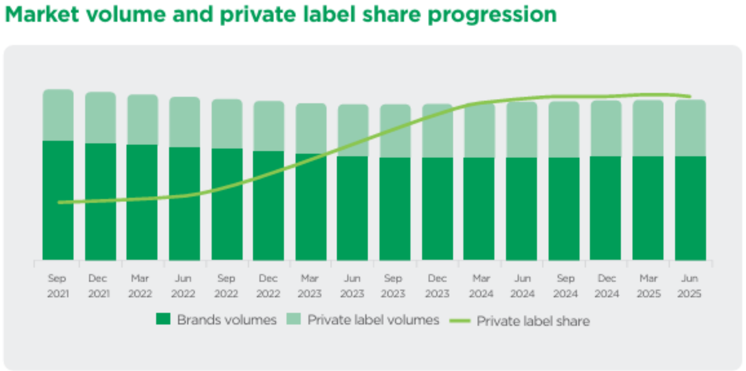
- McBride is the leading manufacturer of private label household cleaning products across Europe with c.30% market share, c.2x its nearest competitor.
- From 14 factories across Europe, Malaysia and Vietnam, McBride manufactures c.1bn products a year and generated revenues of £927m in FY25.
- The total European household cleaning market is worth over £12bn and private label has grown through the cost-of-living crisis from c. 30% volume share in June 2022 to c.35% of volumes by June 2024. Private label share has now stabilised at that level for the past 18 months (35.5% in FY25).
- McBride supplies over 90% of the top 50 leading European supermarket chains with affordable laundry, dishwashing and other cleaning products, costing c.50% less than leading brands.

### Revenues approaching £1bn



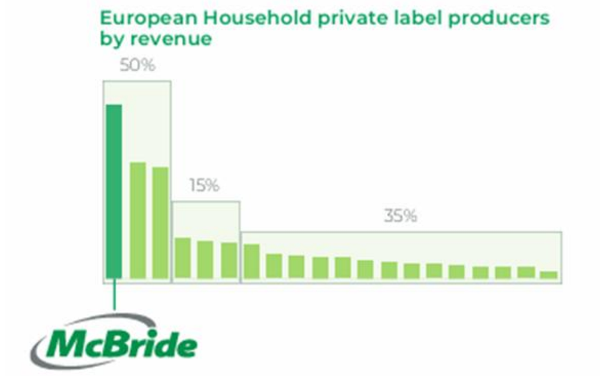

*Source: Company data, Equity Development*

### European private label share stable at c.35.5%




*Source: Company data ('Europanel with Worldpanel by Numerator and YouGov' data for the twelve months ended 30 June 2025)*

### McBride's c.30% market share is c.2x bigger than peers




*Source: Company data*

## Diversified by product category, type and country

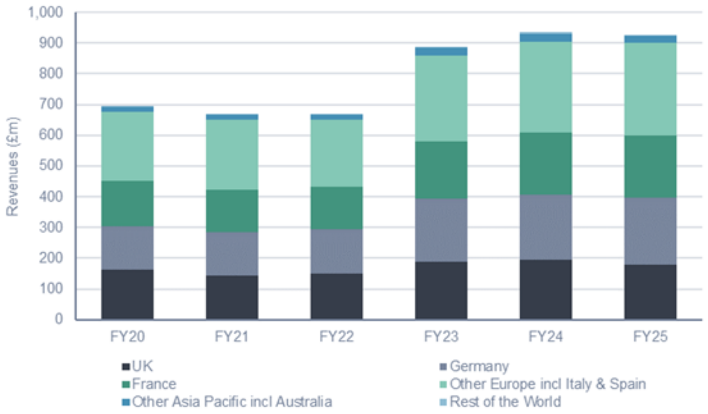
### McBride offers a complete range of products…

- There is consumer demand for private label household cleaning products in all European markets, with Germany and Spain leading the way for highest penetration (c. 40%-50% of volumes).
- By product category, Laundry is the largest market but has the lowest private label penetration at c.25% of volumes whilst dishwashing and cleaning products have around 40% private label share of volumes.
- McBride reflects this as a multi-product, pan-European business. The UK, France and Germany (the three largest markets) account for 19%-23% of FY25 revenues each, with the rest of Europe accounting for 32%.
- McBride's scale and ability to invest in innovation, technology and sustainability gives it a competitive advantage over smaller, local suppliers.

### …from dishwash to laundry to cleaners…

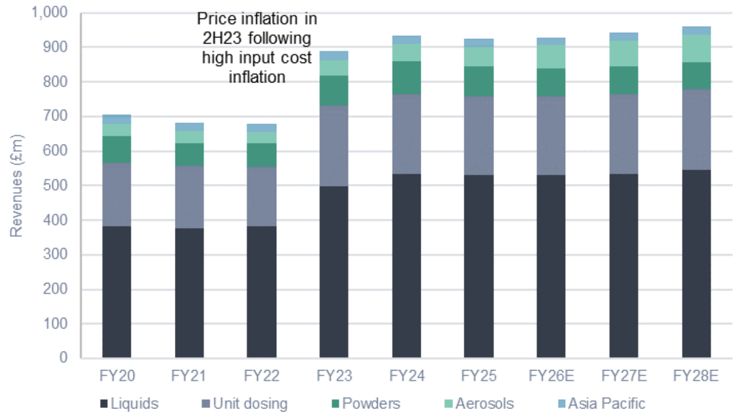
Source: Company data

### …to over 40 European countries…




Source: Company data, Equity Development

### …manufactured in a variety of formulations



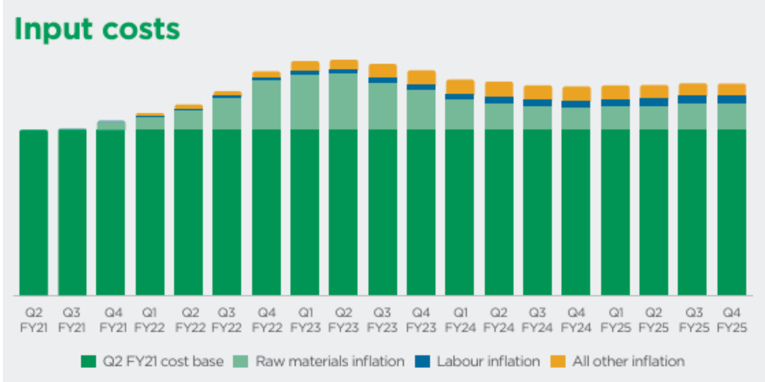

Source: Company data, Equity Development

## A much more stable and profitable business after a period of high inflation

### Lessons learnt and now a higher, stable profit base

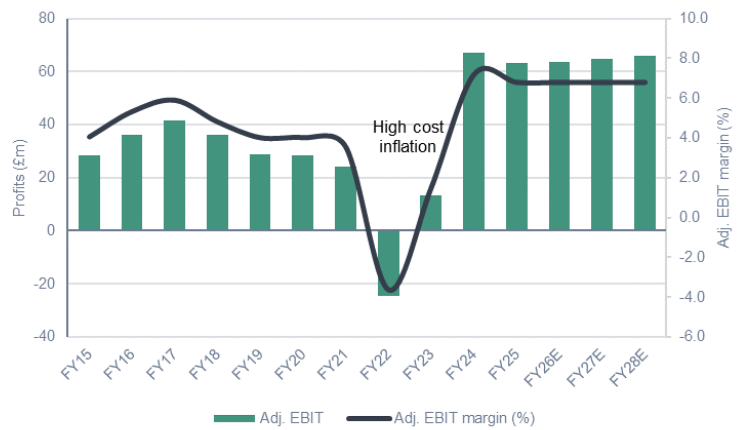
- McBride's purpose is to make "everyday value cleaning products, so every home can be clean and hygienic". So the exceptionally high period of cost inflation in FY22-FY23 was a problem. As price inflation lagged cost inflation, operating profits collapsed to a loss of £25m. For more details see McBride's FY22 results presentation.
- Price increases were negotiated in 2H23 and adj. operating profits have recovered, and grown, to a new base of c.£65m in FY24 and FY25. At the same time the price gap with brands has been maintained or widened and the group now has quarterly pricing reviews.
- All divisions suffered from the abnormally high input cost inflation in FY22-FY23, but group adj. operating margin has recovered and stabilised at c.7%.

### An exceptional period of high input cost inflation in FY22-23



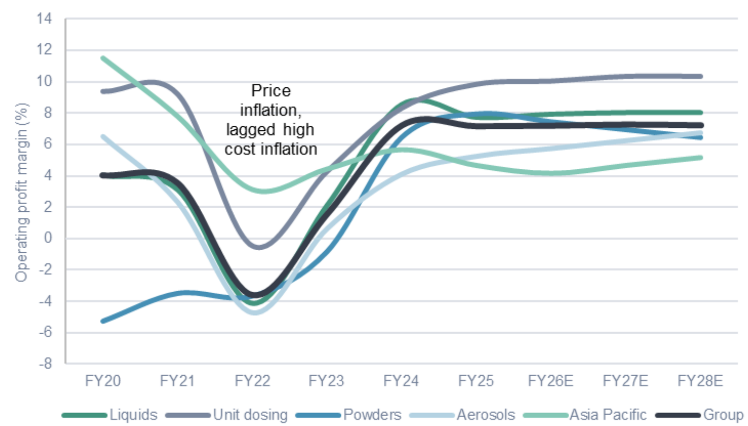

*Source: Company data, Equity Development*

### But profits have now recovered to a new level of c.£65m




*Source: Company data, Equity Development*

### …with all divisions seeing margin improvements



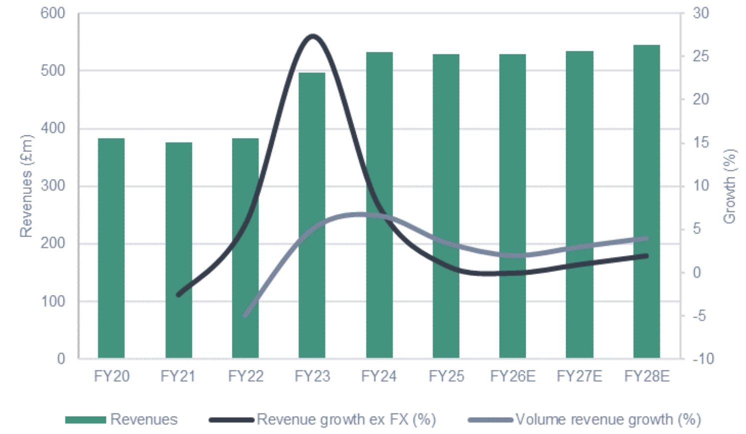

*Source: Company data, Equity Development*

## Divisional focus: Liquids is over 40% ROCE

### Profitable and high returning core of the business

- Liquid products account for c.70% of the European market and, led by Managing Director Peter Ingelse, McBride manufactures c.715m litres of liquid cleaning products a year from 7 European factories, situated close to its 150 customers (it is not cost effective to transport bulky liquids far).
- Hence Liquids is McBride's largest division, accounting for 57% of FY25 revenues (£530m) and 62% of FY25 adj. operating profit (£41m). With an adj. operating margin of 7.7% Liquids made an exceptionally high Adj. ROCE of 40.5% (up from 37.8% in FY24 despite margin -90bps).
- As market leader with scale manufacturing operations, McBride can flex product formulation and packaging sizes to meet customer demands for price points, thereby maintaining a high margin (FY25 still c.8% despite cost inflation and adverse mix effect).

### Volume growth partly offset by adverse price mix

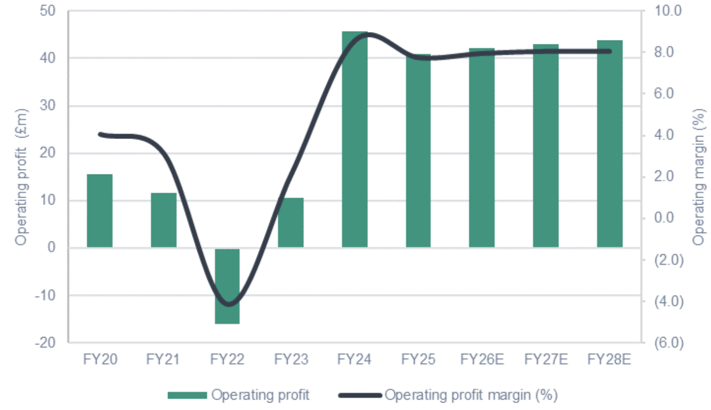



*Source: Company data, Equity Development*

### Focus on cost leadership to help consumers

- Management's aspiration is to grow Liquids volumes by 4% a year by winning new contracts (one significant new long-term contract was won in FY25, volume growth was 3.5%), and flex costs to maintain a margin of 7%-10%.
- To support this, management is investing in its "Operational Excellence" programme and factory automation.
- Encouragingly, FY25 saw a 60% reduction in accident rates and an improvement in customer service levels.
- Hence for FY26E-FY28E we forecast 2%-4% volume growth, with c.2% adverse price/mix but a steady c.8% adj. operating margin.

### Strong cost control and margin underpins profitability



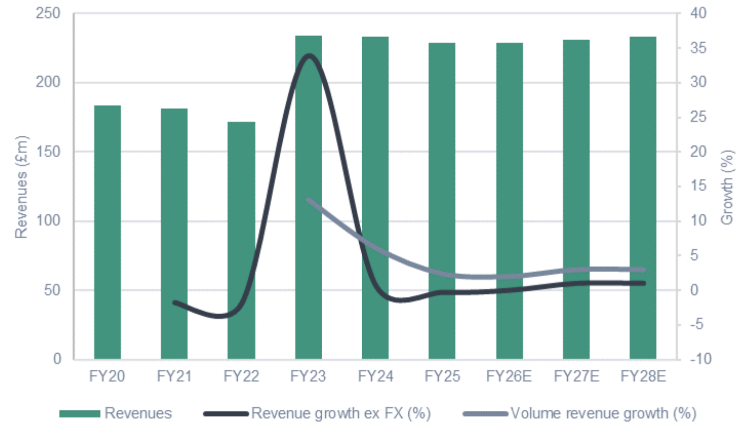

*Source: Company data, Equity Development*

## Divisional focus: Unit dosing is driving innovation and margin

### Highly profitable, single unit products

- Led by Managing Director Lennard Markestein, the Unit dosing division produces cleaning products in convenient and sustainable, single dose measures, including dishwasher tablets and laundry capsules.
- Single measure products make up c.20% of the European market and hence is McBride's second largest division accounting for 25% of FY25 revenues (c.£230m) and 34% of FY25 adj. operating profit (£22.5m). With a high adj. operating margin of 9.8% Unit dosing made a very high Adj. ROCE of 35.4%.
- Manufactured from three factories in Belgium, Denmark and Luxembourg, McBride sells into 40 countries and to over 100 customers. 85% of revenues are private label products and 15% is contract manufacturing. In FY25 McBride launched another major contract manufacturing agreement.

### Also assuming volume growth is partly offset by price mix



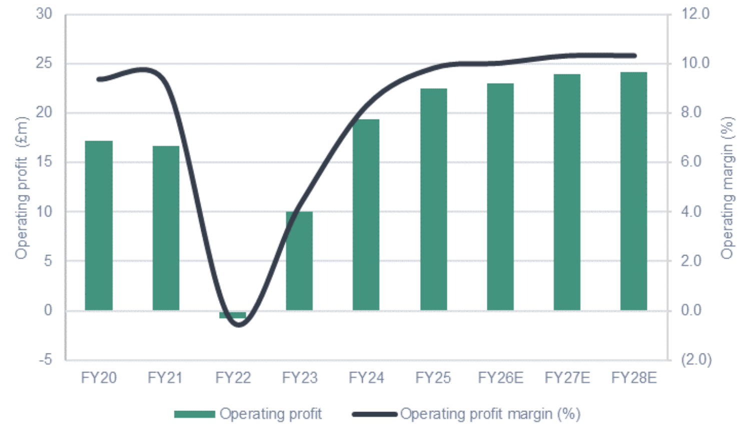

*Source: Company data, Equity Development*

### Innovation and product leadership driving success

- Innovation is critical with 30% of products being new in the last 12 months and sustainability is important with 70% of products now being sold in recyclable cartons (switched from plastic packaging).
- As for Liquids, volume growth of 2.4% in FY25 was offset by adverse mix effect, however excellent cost control in unit dosing has seen margins increase 150bps to 9.8%, within management's target 8%-11% margin for this division.
- We forecast 2% volume growth rising to 3%, towards management's ambition of 3%-4%, partly offset by price/mix but with adj. operating margin gently rising to 10.3% as the "FleXellence" program yields results (this seems reasonable given 2H25 margin already reached 10.6%).

*Source: Company data, Equity Development*

### Divisional operating margin over 10% in 2H25



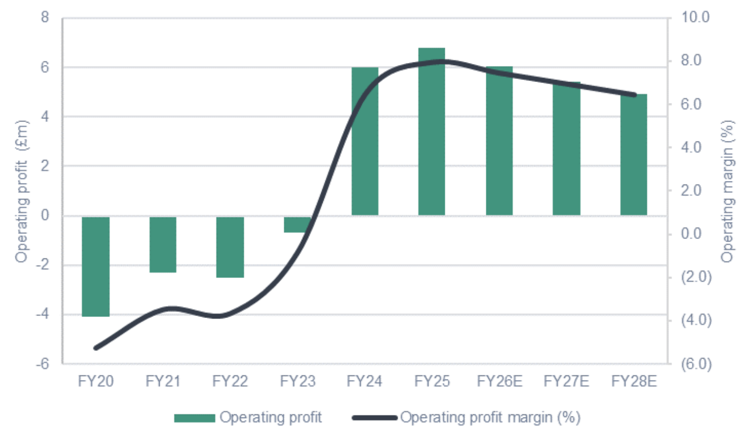

*Source: Company data, Equity Development*

## Smaller divisions improving profitability too

### Controlling costs and investing where appropriate

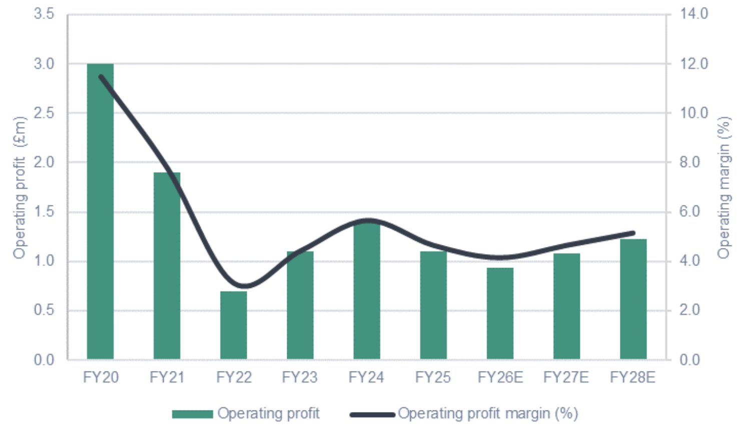
- McBride's smaller divisions of Powders (9.2% of group revenues in FY25), Aerosols (6.4%) and Asia-Pacific (2.5%) have all significantly improved their profitability since FY22.
- The Powders division has seen improved operational performance and cost control, leading to an 8% operating margin in FY25 (despite volume declines). A robust pipeline of contract wins into FY26E gives confidence.
- From its French base, the Aerosols division has had great success, nearly doubling revenues from £32m in FY22 to £59m in FY25 and achieving a 5.3% margin. We expect double-digit growth to continue, supported by investments in capacity, and leverage to drive further margin gains (target is 7%-10%).
- Asia-Pacific has been impacted by subdued demand but is profitable.

### Powders: from loss making to 8% operating margins




*Source: Company data, Equity Development*

### Asia-Pacific: focussed on cost management and profitable




*Source: Company data, Equity Development*

### Aerosols: a growth opportunity with investment

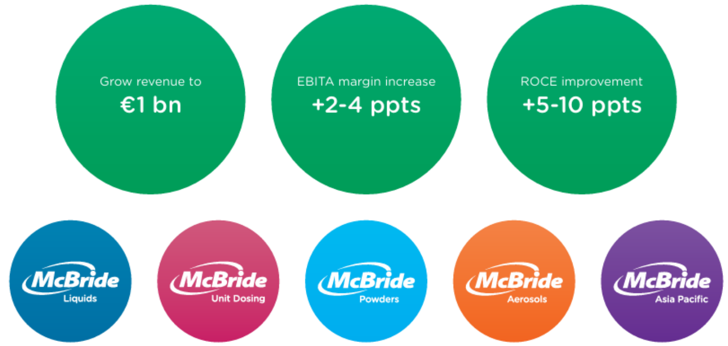

*Source: Company data, Equity Development*

## "Compass" cost efficiency plan on track to save £17m a year by FY28, offsetting cost headwinds…

### 2021 decentralisation plan to drive growth, margins, ROCE

- A theme running throughout the divisional strategies and successful turnaround in profits is the focus on cost control that has been a key part of the group's "Compass" strategy.
- CEO Chris Smith became CEO in June 2020 and in September 2020 announced McBride's "Compass" strategy to decentralise and restructure the divisions from January 2021, giving divisional MDs tailored strategies.
- The plan was to 1) grow revenues to €1bn within 5 years (from £706m in FY20), 2) increase operating margins by 2-4 ppts (from 4.0% in FY20) and 3) improve ROCE by 5-10 ppts (from 12.8% in FY20). Overall, the target was £20m annualised cost savings by FY23, with average capex of £21m-£24m p/a.

### McBride's "Compass" vision, as set out in 2021




*Source: Company data, Equity Development*

### Excellence and Transformation agenda: £50m over 5 years

- McBride then faced exceptionally high cost inflation in FY22 (£200m annualised cost inflation) which masked underlying progress on costs.
- In September 2022, McBride confirmed it was on track for £20m cost savings (which it then met in FY23) and planned to save a further cumulative £50m over 5 years through its Excellence and Transformation agenda, which ran alongside its Sustainability targets (including decarbonisation against science-based targets ("SBT")).
- This programme included the new Enterprise Resource Platform (SAP S/4HANA), a digital re-platforming of core HR processes, reducing waste, cost duplication and non-value-added activity whilst improving commercial, operations and service excellence (including improved planning processes).

*Source: Company data, Equity Development*

### Creating a stronger, more profitable, business

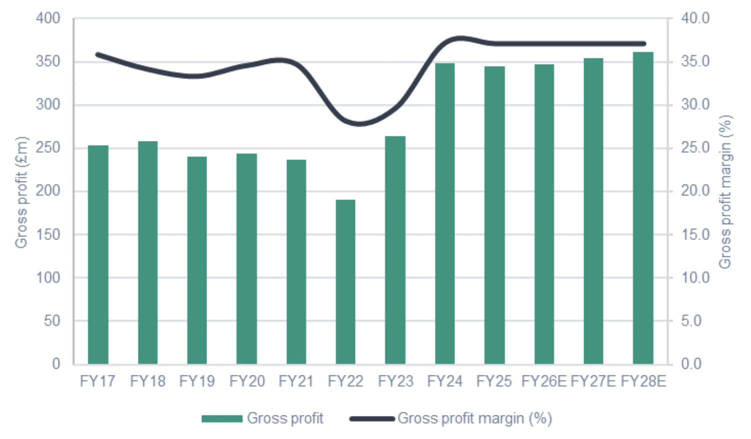

*Source: Company data, Equity Development*

## …and on a path towards management's target of above 10% Adj. EBITDA margin

### Group Adj. EBITDA margin rises c.260bps FY21-FY25

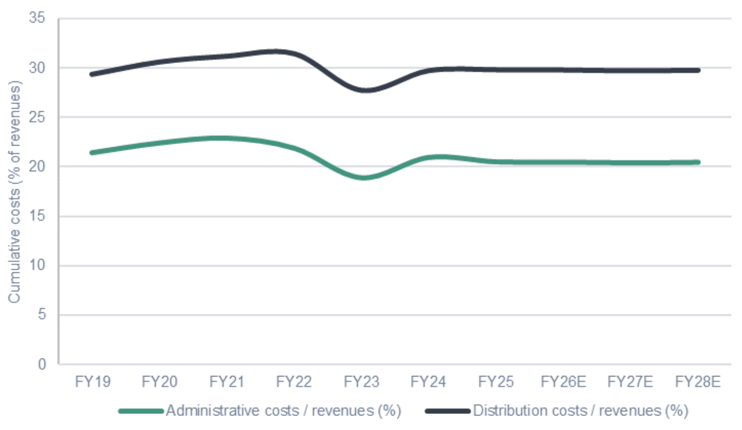
- The cumulative impact of the divisional pricing and cost saving programmes, together with the improvements in customer service levels (now 94%, the highest level in 6 years) has led to:
  1. gross margin recovering from a low of 28% in FY22 to 37% in FY25;
  2. administration costs falling from a peak of 23% of revenues in FY21 to 20.6% in FY25;
  3. whilst maintaining distribution costs at c.9% of revenues (9.2% in FY25 as a result of higher volumes at lower selling prices);
- …resulting in total operating costs falling to under c.30% of revenues in FY25, c. 2ppts lower than FY20-FY22. Overall group EBITDA margin has risen from 6.7% in FY21 to 9.3% in FY25. We conservatively forecast margins stable at this level, however management's aspiration is above 10%.

### Group gross margin has risen to 37%…



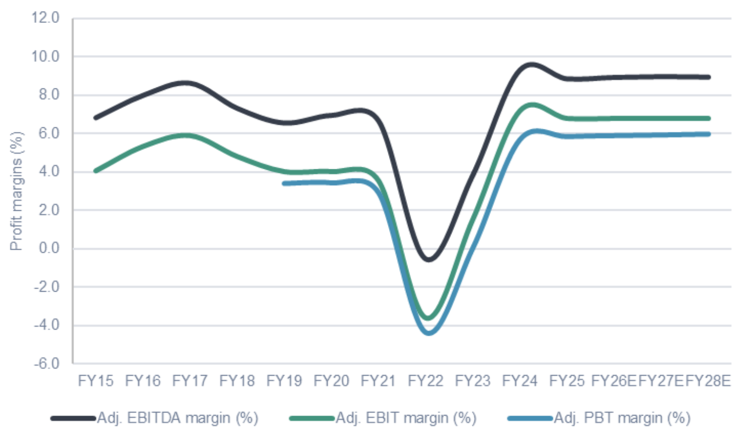

*Source: Company data, Equity Development*

### …and operating costs improved to c.30% of revenues…




*Source: Company data, Equity Development*

### …leading to a high 9.3% Adj. EBITDA margin



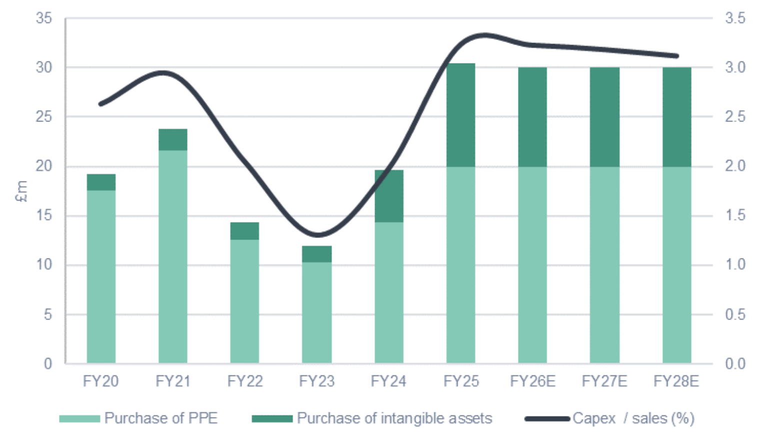

*Source: Company data, Equity Development*

## Capital investment supports growth and cost savings

### EBITDA funds investment, including new technology

- A key part of McBride's profit transformation programme has been investment in processes and technology.
- In addition to £13m P&L investment, McBride has spent £15m in FY24/FY25 on new Enterprise Resource Planning ("ERP") software, SAP S/4HANA.
- On average, over FY20-FY25, McBride has spent £16m p/a on capex for factories and facilities ("PPE") while spend on intangible assets, including technology, recently stepped up, to £10m in FY25. In total, capex was 3.2% of revenues in FY25.
- For FY26E+ we forecast £30m of capex to support the roll out of SAP S/4HANA, expansion in Liquids and innovation in Unit Dosing.

### Capital investments to support growth (c. 3% of revenues)




*Source: Company data, Equity Development*

### Almost 100% of Adj. EBITDA converts to op. cashflow…


*Source: Company data, Equity Development*

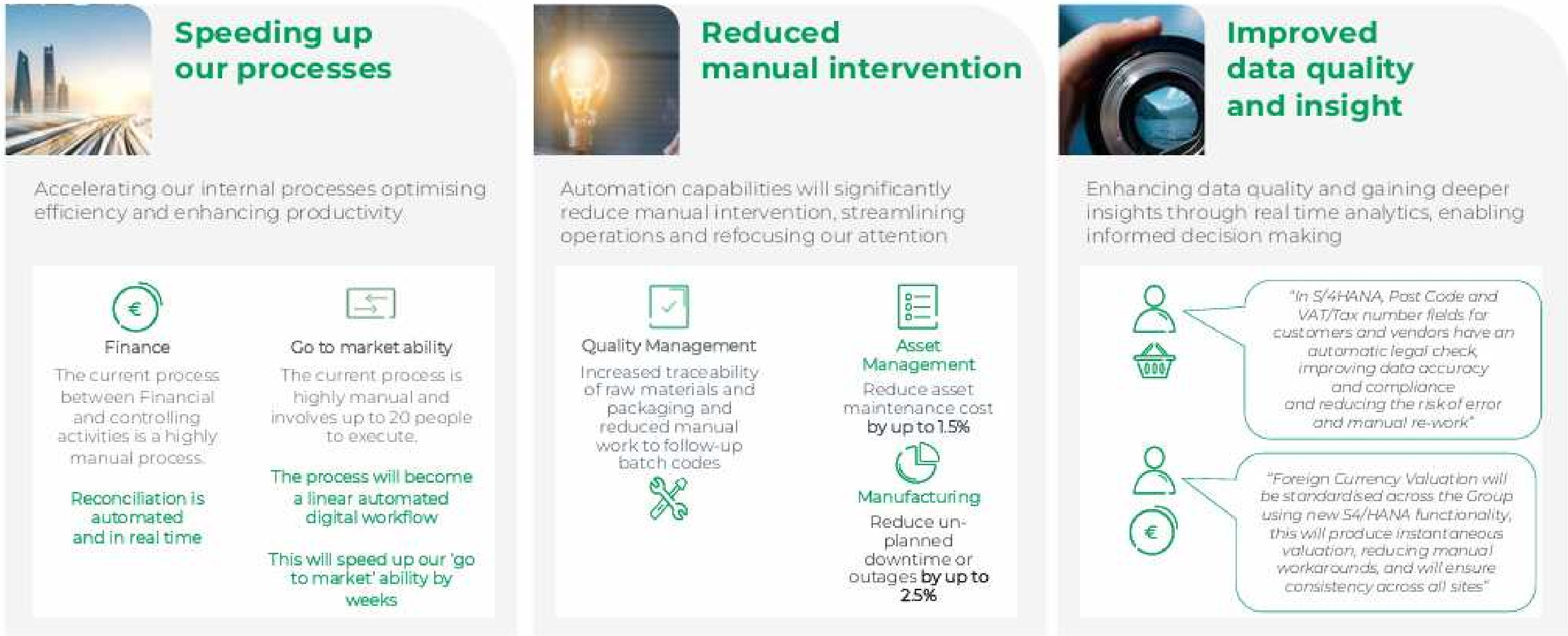
### …and comfortably funds £30m capex


*Source: Company data, Equity Development*

## McBride has been investing in "best-in-class" processes and technology

- SAP S/4HANA is often cited as one of the best ERP systems on the market.
- This next-generation ERP allows for faster real-time processing and enhanced data insights, allowing businesses to become more agile with simplified data management. It also offers integrated artificial intelligence and machine learning (AI/ML) tools for better forecasting, among other things.
- Given the success McBride has had to date, we assume this level of technology capex and investment in data analytics continues, though it is possible that following the roll out of SAP S/4HANA, technology capex reduces.

### Benefits of implementing a world class ERP platform across Europe




*Source: Company data*

## A strong balance sheet with net debt / Adj. EBITDA only 1.2x and dividends reinstated

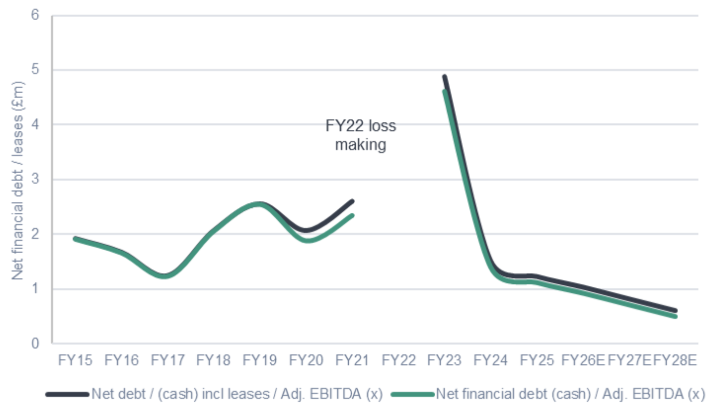
### Financing normalised and dividend reinstated

- At the same time as investing for growth, McBride has been able to reduce its net debt. From a peak of £167m net debt including leases in FY23, the recovery in profits and free cashflow has reduced net debt to £105m in FY25.
- In November 2024 McBride completed its refinancing with a normalisation of banking arrangements. McBride now has a €200m unsecured sustainability-linked RCF with a 4-year maturity and an option to extend for 2 more years. Margin is 1.6%-2.7% over SONIA/EURIBOR on a sliding scale and covenants have normalised. Importantly, the restriction on shareholder distributions has gone, leading McBride to declare a FY25 dividend of 3.0p.
- The dividend is at the discretion of the Board and will be reviewed annually; in March 2024 management guided that if net debt was under 1.5x EBITDA additional or special distributions would also be considered,

### Net debt including leases has fallen £60m or 37% in 2 years

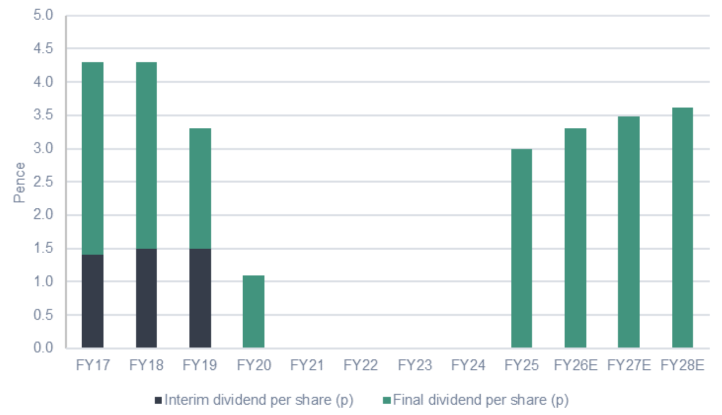

*Source: Company data, Equity Development*

### Net debt / Adj. EBITDA has fallen to just 1.2x




*Source: Company data, Equity Development*

### Dividend reinstated starting at 3p, reviewed annually



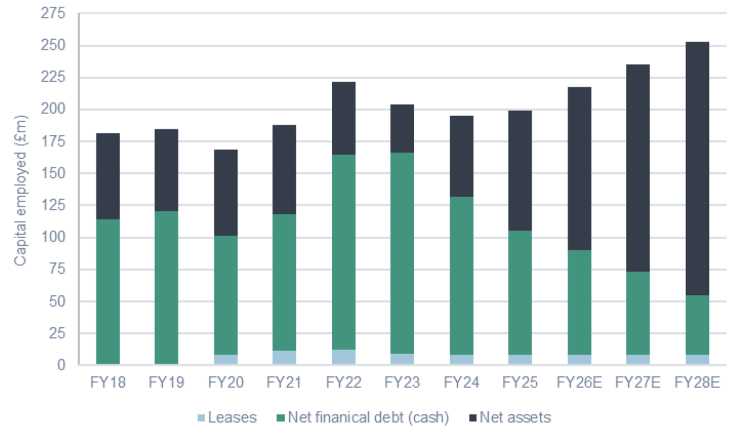

*Source: Company data, Equity Development*

## An impressively high Adj. ROCE above 30% and a buy & build strategy to double Adj. EBITDA

### Higher profits leading to >30% Adj. ROCE

- With the recovery in profits, alongside strategic investment in facilities and technology, has come a step change in return on capital employed ("ROCE") to c.32%-33% (adj. operating profits / adj. capital employed) in FY24 and FY25, above management's internal target of 25%, proving the strength of the business model.
- Capital employed has remained consistent at around £200m, however we forecast it will grow with profits and cash, leading to a reduction in net debt and increase in net assets/shareholder funds (FY26E-FY28E).
- In the medium-term, management would like to grow the business and double Adj. EBITDA again. To do so, management is considering bolt-on acquisitions and strategic consolidation.

### Steady capital employed; forecast to grow with profits



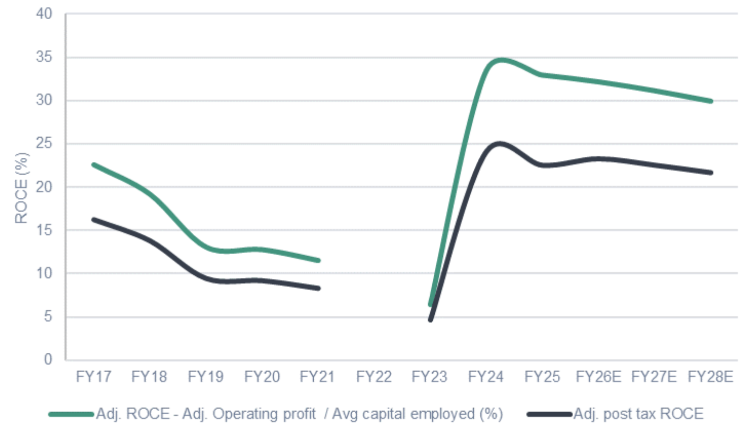

*Source: Company data, Equity Development*

### Strategic acquisitions considered at the right price

- At end FY25 McBride had £141m of facility headroom plus a €75m uncommitted accordion facility, so plenty of capacity for potential future acquisitions or other needs.
- Acquisitions will only be for "exceptional value enhancing initiatives" and will have to fit with McBride's expansion strategy (particularly in Laundry, Germany or Spain) and be at an appropriate valuation.
- In the European private label market, the top 6 companies have c.66% market share, leaving one-third of the market as typically local, often family owned, private label and/or contract manufacturing businesses.
- It is more effective to buy capacity rather than add capacity to the sector, however the lead time for acquisitions can be long given family ownership.

*Source: Company data, Equity Development*

### Impressively high Adj. ROCE > 25% target




*FY22 excluded as loss-making; Source: Company data, Equity Development*

## Group led by an established and experienced leadership management team and Board

- **Chris Smith, CEO,** joined McBride in 2015 as CFO, having previously been Group FD at AIM-listed API Group (2008-2014), European FD at Scapa (2000-2008) and Regional Financial Controller and other finance roles at Courtaulds (1990-2000). Hence, he has over 30 years' experience of international leadership experience at listed manufacturing businesses in highly competitive global industries. Chris was appointed interim CEO of McBride in July 2019 and promoted to CEO in June 2020.

- **Mark Strickland, CFO,** was appointed in May 2021. Mark had previously held CFO and other senior roles at a range of businesses spanning chemicals, logistics, retail/own label food businesses, B2B/B2C services, insurance and financial services. These included Interim CFO at The AA plc (2016-2020), CFO at SpeedLoan Finance (private equity exit, 2015-2016), CFO at Warwick Chemicals (another PE exit, 2014-2015) and CFO at Yodel (2011-2014), among other roles. Mark has an MBA from Manchester Business School and is a Fellow member of CIMA.

- **Jeffrey Nodland, Chairman,** was appointed in June 2019. He has significant experience in consumer chemicals manufacturing businesses, including both private label and contract manufacturing activities (including at Hexion Speciality Chemicals). He was President and CEO of North American consumer-packaged goods company KIK Custom Products (2008-2019) where he led the financial turnaround and growth of the business, both organically and via acquisition. Jeff is Non-Executive Chair of EcoSynthetix Inc and also a partner of Brenton Point Capital Partners, and a board member of Trademark Cosmetics Inc.

- **Elizabeth McMeikan, Senior Independent NED,** was appointed in November 2019 and is a very experienced NED. Her commercial experience was at Tesco (1989-2000) where she was Stores Board Director.

- **Alistair Murray, NED,** was appointed in August 2021 and is also an experienced NED (including at Greencore plc). Alistair was CFO of Premier Foods plc (2013-2019), Group FD at Dairy Crest Group PLC (2003-2013) and Group FD at The Body Shop International plc (1999-2003).

- **Regi Aalstad, NED**, was appointed in March 2022 and is also an experienced NED (including at Swedish packaging company, Billerud). Regi held several senior roles, in different countries and divisions, at Proctor & Gamble (1988-2014).

# Valuation considerations – low valuation unjustified

### No direct peers to McBride, so consumer peer group is wide

- In our view, investors tend to value consumer stocks on peer group multiples looking out 18-24 months to account for different growth rates and margins.
- However, there are no direct quoted peers for McBride in the private label household cleaning sector. In addition, peer group valuations move around through an economic cycle, as do DCF valuations which are sensitive to the assumed discount rate.
- So, in our analysis we have chosen consumer goods companies that typically manufacture and market their own products and are subject to consumer demand and raw material cost inflation. We also look for those that offer similar growth, margin, FCF and/or ROCE attractions as McBride.
- Thus, in our valuation analysis we have looked at three groups of companies.

### 1) Private-label consumer companies

- Our first group includes private label consumer companies such as:
  1. Greencore Group (food),
  2. Bakkavor Group (also food, noting that Greencore and Bakkavor agreed a £1.2bn merger in May 2025 that is currently subject to CMA approval);
  3. Hilton Food Group (a food group that had a profit warning in September, citing cost inflation and weak seafood sales);
  4. Treatt plc (an ingredients manufacturer, noting it has agreed a c.£150m (260p per share) offer from Natara Global after a profit warning in July, citing competitive pressures); and
  5. Ontex Group NV (baby-care, feminine and adult care products), which has similar profit margins to McBride.

### 2) Global, branded consumer goods: high margin, high cash

- Our second group, for reference, is the large global branded consumers goods companies that often compete with McBride in the European household cleaning market. They include Proctor & Gamble, Unilever, Henkel, Reckitt Benckinser, Johnson & Johnson and Church & Dwight.
- This group of large and liquid, global stocks trades on high valuation multiples of an average 4x EV/Revenues, 15.5x EV/EBITDA and 22x PER (all cal 2026E), reflecting this group's branded pricing power, high margins and high cashflow generation (average cal 2026 EBITDA margin of 26%, PBT margin of 22% and FCF / revenues of 15%).
- However, average ROCE is c.12%, lower than for McBride, and average revenue and PBT CAGR are modest (2% and 5%), like McBride's.

### 3) Market leading own-label clothing and home retailers

- Our third group, comprises some sector-leading, good margin and cash-generative own-label retailers including: ABF, Dunelm, Kingfisher, M&S and NEXT.
- These established companies average modest sales CAGR (3%), good profit margins (average cal 2026 EBITDA margin of 14.5%, PBT margin of 9.3%) and good cashflow generation (FCF / revenues of 6.3%).
- NEXT and Dunelm lead this group for margins, cashflow and valuation multiples whilst Kingfisher, M&S and ABF have similar profit margins and FCF / revenues to McBride.
- For average ROCE however, McBride is closer to NEXT and Dunelm.

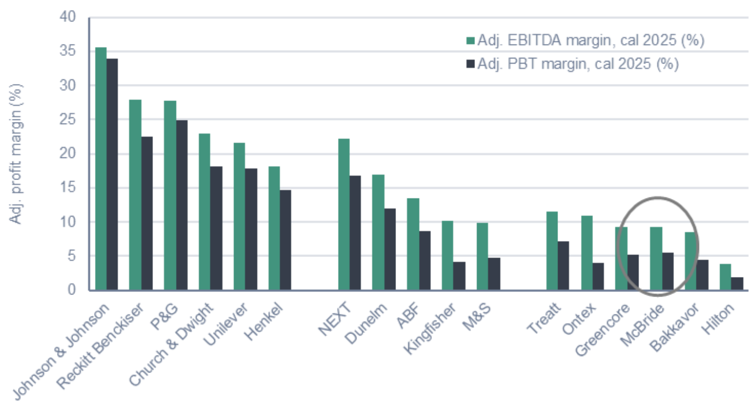
## Average growth metrics are similar, profit margins vary

- Looking across all three groups and the 16 consumer stocks, the average growth metrics (consensus forecasts) are similar to McBride's: c.2.5% average 3-year CAGR in Revenues (McBride 1.5%), 6.5% 3-year CAGR in Adj. PBT (McBride 5.3%) and 5.7% 3-year CAGR in Adj. EPS (McBride 3.1% consensus, Equity Development estimate 5.4%). Forecast Net debt/EBITDA is also similar, averaging 1.2x (McBride 1.0x).
- However, across all three groups we note that higher profit margins (either adj. EBITDA or Adj. PBT) attract typically higher valuation multiples.
- McBride's current very low valuation multiples of less than 4x cal 2026 EV/EBITDA and around 5x cal 2026 PER stand out as an anomaly.

## All of these consumer stocks offer modest sales growth…

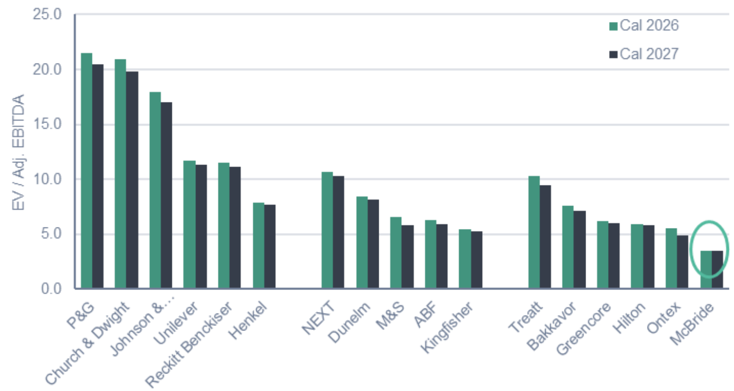

*Source: Koyfin for consensus forecasts, Equity Development*

## …but good profit margins…




*Source: Koyfin for consensus forecasts, Equity Development*

## …and higher profit margins attract higher valuations




*Source: Koyfin for consensus forecasts, Equity Development*

**Selected Consumer Company Growth and Margin Metrics**

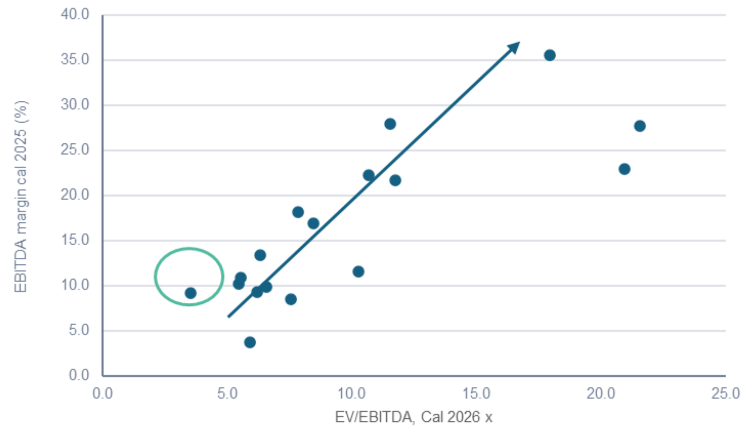
| Company | Share price | Market cap | Enterprise Value | 3 year CAGR (%) | | | | EBITDA margin | PBT margin | FCF / revenues | Net debt / EBITDA | ROCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | p / local currency | Local curr m | Local curr m | Sales | EBITDA | PBT | EPS | Cal 25, % | Cal 25, % | Cal 25, % | FY+1, x | Last FY |
| Bakkavor | 208 | 1,203 | 1,452 | 1.4 | 4.9 | 11.0 | 7.7 | 8.5 | 4.4 | 2.8 | 1.3 | 8.1% |
| Greencore | 223 | 966 | 1,124 | 4.8 | 8.4 | 15.6 | 15.4 | 9.3 | 5.1 | 4.6 | 0.9 | 9.3% |
| Hilton | 666 | 599 | 948 | 3.6 | 5.5 | 14.0 | 5.3 | 3.9 | 1.8 | 0.4 | 2.1 | 7.6% |
| Treatt | 273 | 162 | 159 | -2.3 | -11.0 | -16.5 | -14.5 | 11.6 | 7.2 | 6.6 | -0.2 | 6.7% |
| Ontex | 626 | 502 | 962 | 2.6 | 2.7 | 11.0 | 9.1 | 10.9 | 4.0 | 2.8 | 2.7 | 5.0% |
| **Average private label consumer** | | | | **2.1** | **2.2** | **2.0** | **2.1** | **8.8** | **4.5** | **3.4** | **1.3** | **7.3%** |
| | | | | | | | | | | | | |
| Church & Dwight | 87.9 | 21,413 | 22,422 | 0.5 | 1.5 | 1.7 | 2.6 | 23.0 | 18.1 | 14.5 | 1.0 | 10.4% |
| Henkel | 63.8 | 26,272 | 25,923 | 1.5 | 3.1 | 5.2 | 9.0 | 18.1 | 14.6 | 10.1 | -0.1 | 7.6% |
| J&J | 188.64 | 454,309 | 460,999 | 2.4 | 6.0 | 11.1 | 4.3 | 35.6 | 33.9 | 21.6 | 0.3 | 11.8% |
| P&G | 152.27 | 356,386 | 373,869 | 3.8 | 5.1 | 4.5 | 5.2 | 27.7 | 24.9 | 17.3 | 1.0 | 15.6% |
| Reckitt Benckiser | 56.64 | 38,296 | 46,585 | 2.0 | 3.5 | 4.2 | 4.2 | 28.0 | 22.2 | 14.0 | 2.1 | 12.4% |
| Unilever | 43.92 | 109,344 | 131,035 | 2.4 | 4.1 | 4.3 | 8.1 | 21.5 | 17.9 | 11.2 | 2.0 | 12.7% |
| **Average branded consumer staples** | | | | **2.2** | **4.1** | **5.4** | **2.1** | **25.7** | **21.9** | **14.8** | **1.0** | **11.7%** |
| | | | | | | | | | | | | |
| ABF | 2099 | 14,935 | 17,524 | 1.4 | 0.6 | 0.0 | 1.5 | 13.4 | 8.7 | 3.4 | 1.0 | 7.6% |
| Dunelm | 1136 | 2,287 | 2,630 | 2.9 | 3.6 | 3.2 | 4.7 | 16.9 | 11.9 | 10.0 | 1.1 | 28.9% |
| Kingfisher | 307.7 | 5,342 | 7,239 | 0.9 | 2.3 | 6.9 | 13.2 | 10.2 | 4.3 | 4.0 | 1.5 | 4.8% |
| M&S | 370.5 | 7,471 | 9,456 | 4.4 | 4.2 | 21.0 | 5.1 | 9.7 | 4.7 | 2.6 | 1.5 | 7.8% |
| NEXT | 12430 | 14,443 | 15,891 | 5.9 | 4.4 | 7.0 | 10.2 | 22.2 | 16.8 | 11.4 | 1.0 | 20.2% |
| **Average own-label retailers** | | | | **3.7** | **3.8** | **3.1** | **3.0** | **14.5** | **9.3** | **6.3** | **1.2** | **13.8%** |
| **Average all** | | | | **2.4** | **3.1** | **6.5** | **5.7** | **16.9** | **12.5** | **8.6** | **1.2** | **11.0%** |
| **McBride** | **124** | **216** | **304** | **1.5** | **-0.1** | **5.3** | **3.1** | **9.2** | **5.5** | **3.6** | **1.0** | **16.7%** |

*Note: All profits are adjusted for exceptionals; Source: KoyFin, Equity Development (share prices at 3rd October 2025)*

## 235p Fair value = 10x cal 26 PER, 6x cal 26 EV/EBITDA

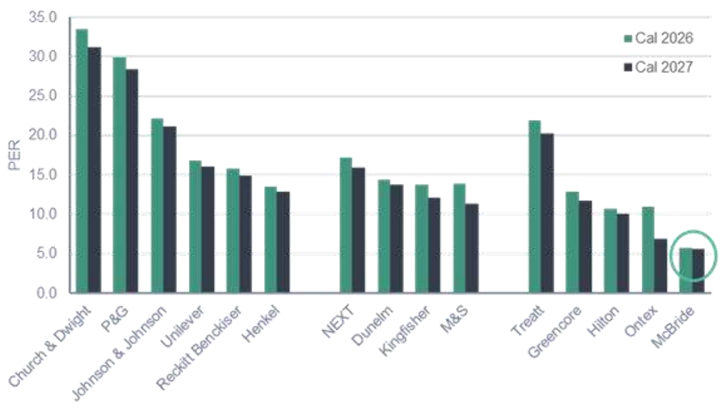
- As the charts show, EV/EBITDA multiples are typically correlated with EBITDA margins (as well as ROCE) and PER multiples reflect PBT margins (and also FCF / revenues).
- In addition, at the low end of the margin range there tends to be minimum valuation – i.e. for companies with PBT margins of around 5%, PER multiples arrange from 10x-15x.
- McBride is the lowest rated of all 16 stocks, suggesting that investors need confidence that FY25 profits and margins can be maintained.
- We forecast that they can be, hence we believe McBride should at least be trading in line with the low end of this consumer peer group, with potential for a premium given its high ROCE. Thus, our fair value of 235p equates to 10x cal 2026 PER, 6x cal 2026 EV/EBITDA and a 6% FCF yield.

## McBride's low 3.5x cal 2026 EV/EBITDA an anomaly…



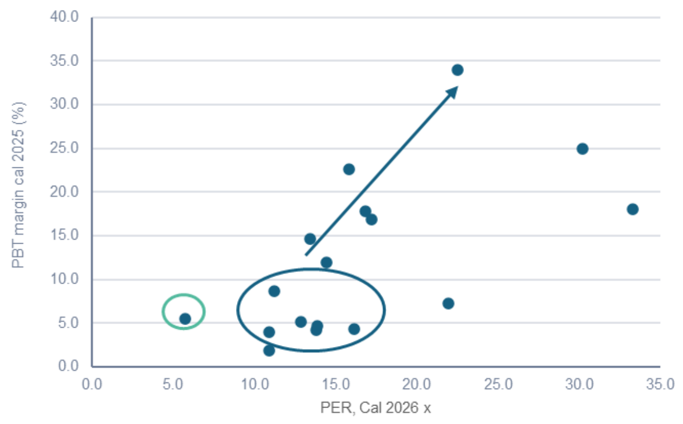

*Source: Koyfin for consensus forecasts, Equity Development*

## McBride's c.5x PER is only half that of its lowest rated peers




*Source: Koyfin for consensus forecasts, Equity Development*

## …and looks like another anomaly




*Source: Koyfin for consensus forecasts, Equity Development*

| Selected Consumer Company Valuation Metrics | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **EV/Sales (x)** | | **EV/ EBITDA (x)** | | **Mkt cap / PBT (x)** | | **PER (x)** | | **PEG** | **DPS yield (%)** | **FCF yield (%)** | |
| | **2026** | **2027** | **2026** | **2027** | **2026** | **2027** | **2026** | **2027** | **2026** | **2026** | **2026** | **2027** |
| Bakkavor | 0.6 | 0.6 | 7.5 | 7.1 | 12.1 | 10.8 | 16.0 | 14.9 | 2.1 | 3.4 | 5.2 | 6.2 |
| Greencore | 0.6 | 0.6 | 6.2 | 5.9 | 9.6 | 8.9 | 12.7 | 11.6 | 0.8 | 1.5 | 9.4 | 10.1 |
| Hilton | 0.2 | 0.2 | 5.7 | 5.7 | 7.7 | 7.3 | 11.1 | 10.4 | 2.1 | 5.4 | 2.8 | 7.4 |
| Treatt | 1.2 | 1.1 | 10.4 | 9.6 | 17.0 | 15.7 | 22.3 | 20.2 | -1.5 | 2.6 | 5.4 | 4.1 |
| Ontex | 0.6 | 0.6 | 5.6 | 4.9 | 8.0 | 5.2 | 12.3 | 6.9 | 1.3 | 0.0 | 8.7 | 14.2 |
| **Average private label consumer** | **0.7** | **0.6** | **7.1** | **6.6** | **10.9** | **9.6** | **14.9** | **12.8** | **1.0** | **2.6** | **6.3** | **8.4** |
| Church & Dwight | 4.9 | 4.7 | 21.3 | 20.2 | 25.9 | 24.1 | 33.9 | 31.7 | 13.1 | 1.0 | 3.1 | 3.4 |
| Henkel | 1.4 | 1.4 | 7.9 | 7.8 | 10.0 | 9.8 | 13.6 | 13.0 | 1.5 | 2.9 | 6.9 | 7.1 |
| Johnson & Johnson | 6.7 | 6.4 | 18.7 | 17.7 | 19.3 | 18.3 | 23.4 | 22.3 | 5.4 | 2.0 | 3.3 | 3.7 |
| P&G | 5.9 | 5.7 | 21.4 | 20.4 | 22.7 | 21.8 | 30.0 | 28.6 | 5.8 | 2.0 | 3.1 | 3.3 |
| Reckitt Benckiser | 3.3 | 3.2 | 11.7 | 11.3 | 12.2 | 11.6 | 16.2 | 15.3 | 3.8 | 3.7 | 5.2 | 6.2 |
| Unilever | 2.5 | 2.5 | 11.8 | 11.5 | 11.9 | 11.4 | 16.9 | 16.1 | 2.1 | 3.6 | 5.3 | 6.0 |
| **Average branded consumer** | **4.1** | **4.0** | **15.5** | **14.8** | **17.0** | **16.2** | **22.3** | **21.2** | **5.3** | **2.5** | **4.5** | **4.9** |
| ABF | 0.9 | 0.9 | 6.5 | 6.1 | 8.6 | 8.1 | 11.7 | 10.7 | 7.8 | 3.1 | 4.6 | 5.5 |
| Dunelm | 1.5 | 1.5 | 8.8 | 8.5 | 10.8 | 10.6 | 15.0 | 14.4 | 3.2 | 4.0 | 7.7 | 6.4 |
| Kingfisher | 0.6 | 0.6 | 5.6 | 5.5 | 9.8 | 9.0 | 13.5 | 11.9 | 1.0 | 3.9 | 9.5 | 7.8 |
| M&S | 0.7 | 0.6 | 6.9 | 6.1 | 11.2 | 8.3 | 14.4 | 11.8 | 2.8 | 1.3 | 5.0 | 5.5 |
| NEXT | 2.4 | 2.3 | 10.9 | 10.5 | 13.1 | 12.4 | 17.6 | 16.3 | 1.7 | 2.6 | 5.2 | 5.7 |
| **Average own-label retail** | **1.2** | **1.2** | **7.7** | **7.3** | **10.7** | **9.7** | **14.4** | **13.0** | **3.3** | **3.0** | **6.4** | **6.2** |
| **Average** | **2.1** | **2.1** | **10.4** | **9.9** | **13.1** | **12.1** | **17.5** | **16.0** | **3.3** | **2.7** | **5.6** | **6.4** |
| **McBride** | **0.3** | **0.3** | **3.5** | **3.5** | **4.2** | **4.0** | **5.8** | **5.6** | **1.9** | **2.4** | **15.7** | **11.6** |

*Note: All profits are adjusted for exceptionals; all estimates are calendarised to a December year-end unless stated; Source: KoyFin, Equity Development (share prices at 26th Sept. 2025)*

## Financial Forecast tables

| Divisional revenue analysis | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Year-end 30 June (£m)** | **2021A** | **2022A** | **2023A** | **2024A** | **2025A** | **2026E** | **2027E** | **2028E** |
| Liquids | 376.1 | 383.9 | 497.9 | 532.8 | 529.6 | 529.6 | 534.9 | 545.6 |
| Unit dosing | 181.5 | 171.5 | 234.2 | 233.6 | 228.9 | 228.9 | 231.2 | 233.5 |
| Powders | 66.3 | 68.6 | 85.9 | 92.8 | 85.5 | 81.2 | 78.0 | 76.4 |
| Aerosols | 34.0 | 31.9 | 46.2 | 50.9 | 58.9 | 66.6 | 74.5 | 82.0 |
| Asia Pacific | 24.4 | 22.4 | 24.8 | 24.7 | 23.6 | 22.4 | 23.1 | 23.8 |
| **Total revenue** | **682.3** | **678.3** | **889.0** | **934.8** | **926.5** | **928.7** | **941.7** | **961.3** |
| | | | | | | | | |
| Group revenue growth (%) | (3.4) | (0.6) | 31.1 | 5.2 | (0.9) | *0.2* | *1.4* | *2.1* |
| Group FX impact (%) | 0.6 | (3.5) | 2.7 | (1.0) | (1.6) | 0 | 0 | 0 |
| | | | | | | | | |
| Liquids | (2.5) | 5.6 | 27.3 | 7.7 | 0.9 | 0.0 | 1.0 | 2.0 |
| Unit dosing | (1.8) | (1.9) | 33.9 | 0.7 | (0.3) | 0.0 | 1.0 | 1.0 |
| Powders | (15.9) | 7.2 | 22.7 | 9.2 | (6.0) | (5.0) | (4.0) | (2.0) |
| Aerosols | (4.2) | (2.1) | 40.8 | 11.6 | 18.3 | 13.0 | 12.0 | 10.0 |
| Asia Pacific | (5.4) | (6.7) | 6.9 | 8.3 | (5.6) | (5.0) | 3.0 | 3.0 |
| **Total revenue growth, ex FX (%)** | **(4.0)** | **2.9** | **28.4** | **6.2** | **0.7** | **0.2** | **1.4** | **2.1** |
| | | | | | | | | |
| Liquids | | | 5.0 | 6.6 | 3.5 | 2.0 | 3.0 | 4.0 |
| Unit dosing | | | 13.2 | 6.2 | 2.4 | 2.0 | 3.0 | 3.0 |
| Powders | | | (9.5) | (3.9) | (4.4) | (3.0) | (2.0) | 0.0 |
| Aerosols | | | | 6.6 | 21.4 | 15.0 | 10.0 | 10.0 |
| Asia Pacific | | | | 9.0 | 6.3 | 0.0 | 5.0 | 5.0 |
| **Sales volume growth (%)** | | | **5.6** | **5.7** | **4.3** | **2.3** | **3.1** | **3.9** |
| Implied group price/mix effect (%) | | | **22.8** | 0.5 | (3.6) | (2.1) | (1.7) | (1.8) |

*Source: Company data, Equity Development*

- We forecast the £17m p/a cost saving programme underpins at least a stabilisation of group margin at c. 7%, though management's medium term margin ambitions are higher. At the group's 2024 capital markets event, management set out medium term operating margin targets of: 7%-10% for Liquids; 8%-11% for Unit dosing; 4%-7% for Powders; 7%-10% for Aerosols and 9%-12% for Asia-Pacific. FY26E is the third year of the 5-year cost savings programme with the savings back-end weighted to years 4 / 5 (i.e. FY27E / FY28E). For every £1m of cost saving that is retained to profit, operating profit increases by 1.5%.

**Divisional operating profit analysis**

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Liquids | 11.7 | (15.9) | 10.5 | 45.6 | 41.0 | 42.1 | 43.0 | 43.9 |
| Unit dosing | 16.7 | (0.8) | 10.0 | 19.4 | 22.5 | 23.0 | 23.9 | 24.1 |
| Powders | (2.3) | (2.5) | (0.7) | 6 | 6.8 | 6.1 | 5.4 | 4.9 |
| Aerosols | 0.8 | (1.5) | 0.3 | 2.1 | 3.1 | 3.8 | 4.7 | 5.5 |
| Asia Pacific | 1.9 | 0.7 | 1.1 | 1.4 | 1.1 | 0.9 | 1.1 | 1.2 |
| Corporate costs | (4.7) | (4.5) | (7.7) | (7.4) | (8.4) | (9.3) | (9.9) | (10.6) |
| **Total operating profit** | **24.1** | **(24.5)** | **13.5** | **67.1** | **66.1** | **66.6** | **68.2** | **69.1** |
| | | | | | | | | |
| Liquids | 3.1 | (4.1) | 2.1 | 8.6 | 7.7 | 7.9 | 8.0 | 8.0 |
| Unit dosing | 9.2 | (0.5) | 4.3 | 8.3 | 9.8 | 10.0 | 10.3 | 10.3 |
| Powders | (3.5) | (3.6) | (0.8) | 6.5 | 8.0 | 7.5 | 7.0 | 6.5 |
| Aerosols | 2.4 | (4.7) | 0.6 | 4.1 | 5.3 | 5.8 | 6.3 | 6.8 |
| Asia Pacific | 7.8 | 3.1 | 4.4 | 5.7 | 4.7 | 4.2 | 4.7 | 5.2 |
| Corporate | (0.7) | (0.7) | (0.9) | (0.8) | (0.9) | (1.0) | (1.1) | (1.1) |
| **Total operating profit margin (%)** | **3.5** | **(3.6)** | **1.5** | **7.2** | **7.1** | **7.2** | **7.2** | **7.2** |
| | | | | | | | | |
| Liquids | | | | 37.8 | 40.5 | | | |
| Unit dosing | | | | 32.8 | 35.4 | | | |
| Powders | | | | 21.5 | 30.0 | | | |
| Aerosols | | | | 17.7 | 23.1 | | | |
| Asia Pacific | | | | 15.9 | 15.1 | | | |
| **Adjusted ROCE*** | **11.5** | **(11.5)** | **6.4** | **33.5** | **33.0** | **32.2** | **31.2** | **30.0** |

*Note: * Adj. Operating profit / Average capital employed (%); Source: Company data, Equity Development*

- We forecast 0%-2% revenue growth FY26E-FY28E comprising 2%-4% volume growth offset by pricing investment/mix of c.2%. Management's ambition is 2% organic revenue growth p/a with medium term volume growth of 4% in Liquids; 3%-4% in Unit dosing; flat volumes in Powders, over 10% volume growth in Aerosols and 8% volume growth in Asia-Pacific.
- We forecast c.1%-2% p/a operating profit growth, with upside if costs savings are not reinvested in the business. We do not anticipate exceptional costs, though some may occur from further transformation activities.
- We forecast 3%-4% p/a Adj. PBT growth from operating profit growth and financial deleveraging. We forecast Adj. EPS growth is c.10% in FY26E due to a lower tax rate, and 3%-4% p/a thereafter.

**Key group growth and margin metrics**

| Year-end 30 June | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Revenue growth (%) | (3.4) | (0.6) | 31.1 | 5.2 | (0.9) | 0.2 | 1.4 | 2.1 |
| Gross profit growth (%) | (2.9) | (19.5) | 38.2 | 32.0 | (1.7) | 0.2 | 1.4 | 2.1 |
| Adj. EBITDA growth (%) | (7.3) | n/m | n/m | 155 | (1.5) | 1.4 | 2.7 | 1.8 |
| Adj. Operating profit (%) | (14.8) | n/m | n/m | 397 | (1.5) | 0.7 | 2.4 | 1.4 |
| Adj. PBT growth (%) | (17.8) | n/m | n/m | n/m | 3.4 | 3.0 | 4.0 | 2.8 |
| Adj. EPS growth (%) | 23.0 | n/m | n/m | n/m | (2.7) | 9.6 | 4.0 | 2.8 |
| DPS growth (%) | | | | | | 9.6 | 4.0 | 2.8 |
| | | | | | | | | |
| Gross profit margin (%) | 34.7 | 28.1 | 29.7 | 37.2 | 36.9 | 36.9 | 36.9 | 36.9 |
| Adj. EBITDA margin (%) | 6.7 | (0.5) | 3.8 | 9.3 | 9.3 | 9.4 | 9.5 | 9.5 |
| Adj. Operating margin (%) | 3.5 | (3.6) | 1.5 | 7.2 | 7.1 | 7.2 | 7.2 | 7.2 |
| Adj. PBT margin (%) | 2.9 | (4.4) | 0.0 | 5.7 | 5.9 | 6.1 | 6.2 | 6.3 |
| | | | | | | | | |
| Distribution costs / revenues (%) | 8.2 | 9.5 | 8.8 | 8.7 | 9.2 | 9.2 | 9.2 | 9.2 |
| Administrative costs / revenues (%) | 23.0 | 21.9 | 18.9 | 21.0 | 20.6 | 20.5 | 20.5 | 20.5 |
| Op costs incl D&A / revenues (%) | 32.5 | 32.1 | 28.5 | 30.3 | 30.2 | 29.8 | 29.7 | 29.7 |
| D&A / revenues (%) | 3.1 | 3.1 | 2.3 | 2.1 | 2.1 | 2.2 | 2.2 | 2.3 |
| Op costs excl D&A / revenues (%) | 28.1 | 28.7 | 25.8 | 27.9 | 27.7 | 27.6 | 27.4 | 27.5 |
| Tax rate (adj.) (%) | -5.5 | 31.4 | n/m | 27.9 | 31.5 | 27.5 | 27.5 | 27.5 |

*Source: Company data, Equity Development*

- We forecast Group Adj. PBT rising to over £60m by FY28E, a CAGR of 3.3%, and Adj. EPS rising to 24.7p in FY28E, a CAGR of 5.3%, in part due to a lower tax rate.

## Income statement

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| **Group revenue** | **682.3** | **678.3** | **889.0** | **934.8** | **926.5** | **928.7** | **941.7** | **961.3** |
| Cost of sales | (445.3) | (487.5) | (625.4) | (586.9) | (584.4) | (585.8) | (594.0) | (606.3) |
| Gross profit | 237.0 | 190.8 | 263.6 | 347.9 | 342.1 | **342.9** | **347.7** | **354.9** |
| Distribution costs | (56.0) | (64.3) | (77.9) | (81.3) | (85.5) | (85.7) | (86.9) | (88.7) |
| Administrative costs | (156.6) | (148.8) | (168.4) | (196.3) | (190.5) | (190.7) | (192.6) | (197.1) |
| Impairment losses / losses on PPE disposal | (0.3) | (2.2) | (3.8) | (3.2) | 0.0 | 0.0 | 0.0 | 0.0 |
| Add back: D&A | 21.4 | 20.9 | 20.6 | 20.0 | 19.7 | 20.4 | 21.1 | 21.8 |
| Operating costs, Adj. ex D&A | (191.5) | (194.4) | (229.5) | (260.8) | (256.3) | (255.9) | (258.4) | (264.1) |
| **Adj. EBITDA** | **45.5** | **(3.6)** | **34.1** | **87.1** | **85.8** | **87.0** | **89.3** | **90.9** |
| Depreciation & amortisation | (21.4) | (20.9) | (20.6) | (20.0) | (19.7) | (20.4) | (21.2) | (21.8) |
| **Adj. Operating profit** | **24.1** | **(24.5)** | **13.5** | **67.1** | **66.1** | **66.6** | **68.2** | **69.1** |
| Finance costs | (4.2) | (5.1) | (13.2) | (14.0) | (11.2) | (10.0) | (9.3) | (8.6) |
| **Adj. PBT** | **19.9** | **(29.6)** | **0.3** | **53.1** | **54.9** | **56.6** | **58.8** | **60.5** |
| Amortisation of acquired intangible assets | (2.4) | (2.6) | (2.4) | (2.0) | (1.9) | (1.9) | (1.9) | (1.9) |
| Impairment losses / losses on PPE disposal | | 2.8 | | | | | | |
| Exceptional operating costs | (6.2) | (2.4) | (0.8) | (0.8) | (4.0) | 0.0 | 0.0 | 0.0 |
| Exceptional finance costs | | (3.5) | (12.2) | (3.8) | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT | 11.3 | (35.3) | (15.1) | 46.5 | 49.0 | 54.7 | 56.9 | 58.6 |
| Tax | 2.7 | 11.3 | 3.6 | (13.2) | (15.8) | (15.6) | (16.2) | (16.6) |
| Adj. PAT | 21.0 | (20.3) | (0.0) | 38.3 | 37.6 | 41.0 | 42.7 | 43.9 |
| Reported PAT | 14.0 | (24.0) | (11.5) | 33.3 | 33.2 | 39.1 | 40.8 | 42.0 |
| | | | | | | | | |
| No of f/d shares (m) | 179.4 | 174.0 | 174.1 | 176.9 | 178.5 | 177.7 | 177.7 | 177.7 |
| **Adjusted diluted EPS (p)** | **11.7** | **-11.7** | **0.0** | **21.7** | **21.1** | **23.1** | **24.0** | **24.7** |
| DPS (p) | | | | | 3.0 | **3.3** | **3.4** | **3.5** |

*Source: Company data, Equity Development*

- We forecast a minimal net working capital outflow but a £5.7m contribution to the pension scheme to reduce the deficit, as announced.
- After capex of c.£30m, dividend payments of c.£5m-£6m and c.£2.5m on share buybacks for the employee benefit trust ("EBT") we forecast over £15m of net cashflow p/a, to reduce net debt or fund acquisitions, or further shareholder returns.

**Cashflow statement**

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| **Adj. EBITDA, pre SBP** | **45.5** | **(3.6)** | **34.1** | **87.1** | **85.8** | **87.0** | **89.3** | **90.9** |
| Add back: Share based payments charge | 0.3 | 0.0 | 0.5 | 1.6 | 1.6 | 1.8 | 1.9 | 2.1 |
| Change in inventories | (0.4) | (25.7) | (2.7) | 0.6 | (2.4) | (0.3) | (1.7) | (2.6) |
| Change in trade receivables* | 13.2 | (27.4) | (1.3) | (5.2) | 9.9 | (0.3) | (2.0) | (2.9) |
| Change in trade payables* | (22.2) | 37.8 | 11.1 | 0.0 | 6.2 | 0.5 | 3.2 | 4.8 |
| Working capital movement | (9.4) | (15.3) | 7.1 | (4.6) | 13.7 | (0.1) | (0.5) | (0.7) |
| Pension scheme funding | (4.0) | (4.0) | (4.0) | (4.0) | (7.0) | (5.7) | (5.7) | (5.7) |
| Other | 0.7 | | 0.3 | 1.6 | (0.2) | | | |
| **Adj. free operating cashflow** | **33.1** | **(22.9)** | **38.0** | **81.7** | **93.9** | **82.9** | **85.0** | **86.6** |
| Net financial interest paid | (2.7) | (2.7) | (11.1) | (10.5) | (7.5) | (9.0) | (9.0) | (8.3) |
| Interest paid on lease liabilities | (0.3) | (0.4) | (0.3) | (0.3) | (0.4) | (0.4) | (0.4) | (0.4) |
| Lease payments (principal) | (4.9) | (5.0) | (4.3) | (4.5) | (4.2) | (4.2) | (4.4) | (4.7) |
| Tax paid | (7.3) | (0.1) | (1.8) | (5.1) | (17.9) | (15.6) | (16.2) | (16.6) |
| Exceptionals (cash) | (8.0) | (4.1) | (1.4) | (1.0) | (3.2) | 0.0 | 0.0 | 0.0 |
| Other incl refinancing costs | 0.0 | (1.8) | (12.3) | (5.5) | (1.8) | | | |
| Capex (net) | (19.8) | (7.8) | (11.6) | (18.5) | (30.0) | (30.0) | (30.0) | (30.0) |
| **Free cashflow** | **(9.9)** | **(44.8)** | **(4.8)** | **36.3** | **28.9** | **23.8** | **25.1** | **26.6** |
| Dividends | | | | | | (5.3) | (5.8) | (6.1) |
| Share buy backs / equity issues | (9.1) | (0.2) | 0.0 | (2.8) | (2.4) | (2.4) | (2.4) | (2.4) |
| Other (incl. FX) | (1.2) | (0.5) | (0.7) | 0.2 | (0.2) | | | |
| **Net cashflow** | **(20.2)** | **(45.5)** | **(5.5)** | **33.7** | **26.3** | **16.1** | **16.9** | **18.1** |

*Source: Company data, Equity Development*

## Net debt metrics

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Gross financial debt | (132.0) | (156.9) | (159.1) | (132.4) | (131.1) | (131.7) | (131.7) | (131.7) |
| Net cash | 24.9 | 4.5 | 1.6 | 9.3 | 34.2 | 50.3 | 67.1 | 85.3 |
| **Net financial cash / (debt)** | **(107.1)** | **(152.4)** | **(157.5)** | **(123.1)** | **(96.9)** | **(81.4)** | **(64.6)** | **(46.4)** |
| Leases | (11.3) | (12.0) | (9.0) | (8.4) | (8.3) | (8.4) | (8.5) | (8.6) |
| **Total net cash /(debt) incl leases** | **(118.4)** | **(164.4)** | **(166.5)** | **(131.5)** | **(105.2)** | **(89.8)** | **(73.0)** | **(55.0)** |
| | | | | | | | | |
| Net financial cash / (debt) / Adj. EBITDA (x) | 2.4 | (42.3) | 4.6 | 1.4 | 1.1 | 0.9 | 0.7 | 0.5 |
| Total net cash / (debt) / Adj. EBITDA (x) | **2.6** | **(45.7)** | **4.9** | **1.5** | **1.2** | **1.0** | **0.8** | **0.6** |

*Source: Company data, Equity Development*

## Balance sheet: Assets

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Property, plant and equipment | 129.8 | 122.9 | 117.8 | 114.4 | 120.3 | 123.7 | 126.6 | 129.1 |
| Right of use assets | 10.0 | 11.3 | 8.5 | 8.1 | 7.9 | 8.4 | 8.9 | 9.4 |
| Goodwill | 19.7 | 19.7 | 19.7 | 19.7 | 19.8 | 19.8 | 19.8 | 19.8 |
| Intangible assets | 8.2 | 7.3 | 6.5 | 9.8 | 18.3 | 26.4 | 34.5 | 42.6 |
| Derivative financial instruments | 0.1 | 1.9 | 4.5 | 1.7 | 0.3 | 0.3 | 0.3 | 0.3 |
| Deferred tax assets & other tax assets | 22.8 | 29.7 | 41.6 | 42.8 | 38.2 | 38.2 | 38.2 | 38.2 |
| **Non-current assets** | **190.6** | **192.8** | **198.6** | **196.5** | **204.8** | **216.8** | **228.3** | **239.4** |
| Inventories | 92.9 | 118.9 | 121.5 | 119.6 | 123.4 | 123.7 | 125.4 | 128.0 |
| Trade and other receivables | 117.9 | 145.4 | 145.7 | 148.8 | 139.1 | 139.4 | 141.4 | 144.3 |
| Current tax assets | 3.7 | 3.9 | 2.3 | 2.1 | 3.6 | 3.6 | 3.6 | 3.6 |
| Other financial (derivative) assets | 0.2 | 0.6 | 0.6 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Cash & cash equivalents | 24.9 | 4.5 | 1.6 | 9.3 | 34.2 | 50.3 | 67.1 | 85.3 |
| **Current assets** | **241.2** | **273.3** | **271.7** | **280.1** | **300.5** | **317.2** | **337.7** | **361.4** |

*Source: Company data, Equity Development*

## Balance sheet: Liabilities

| Year-end 30 June (£m) | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|
| Bank overdraft & s/t loans | (53.7) | (60.5) | (49.3) | (67.4) | (69.8) | (69.8) | (69.8) | (69.8) |
| Trade payables and other liabilities | (169.2) | (206.9) | (219.6) | (220.1) | (228.0) | (228.5) | (231.7) | (236.6) |
| Lease liabilities | (3.4) | (3.9) | (3.5) | (3.1) | (3.7) | (3.7) | (3.7) | (3.7) |
| Current tax liabilities | (4.2) | (5.3) | (6.7) | (12.9) | (7.2) | (7.2) | (7.2) | (7.2) |
| Provisions | (2.7) | (3.4) | (2.7) | (2.2) | (2.7) | (2.7) | (2.7) | (2.7) |
| Other financial liabilities | (0.3) | 0.0 | (1.8) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| **Current liabilities** | **(233.5)** | **(280.0)** | **(283.6)** | **(306.1)** | **(311.8)** | **(312.3)** | **(315.5)** | **(320.4)** |
| **Capital employed** | **209.3** | **218.6** | **200.1** | **200.3** | **200.8** | **221.0** | **249.9** | **279.9** |
| Bank borrowings | (78.3) | (96.4) | (109.8) | (65.0) | (61.3) | (61.9) | (61.9) | (61.9) |
| Lease liabilities | (7.9) | (8.1) | (5.5) | (5.3) | (4.6) | (4.7) | (4.8) | (4.9) |
| Deferred tax liabilities | (6.7) | (4.7) | (5.1) | (6.0) | (6.7) | (6.7) | (6.7) | (6.7) |
| Provisions | (3.7) | (3.8) | (2.6) | (1.4) | (1.6) | (1.6) | (1.6) | (1.6) |
| Post employment benefits | (31.9) | (16.1) | (26.6) | (29.4) | (24.9) | (19.2) | (13.5) | (7.8) |
| Other financial liabilities | | | | | (0.1) | (0.1) | (0.1) | (0.1) |
| **Non-current liabilities** | **(128.5)** | **(129.1)** | **(149.6)** | **(107.1)** | **(99.2)** | **(94.2)** | **(88.6)** | **(83.0)** |
| **Net assets** | **69.8** | **57.0** | **37.1** | **63.4** | **94.3** | **127.4** | **161.9** | **197.5** |
| **Shareholders' funds** | **69.8** | **57.0** | **37.1** | **63.4** | **94.3** | **127.4** | **161.9** | **197.5** |

*Source: Company data, Equity Development*

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