RNS Number : 5501V
Ultimate Products PLC
03 February 2025

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Ultimate Products plc
"Ultimate Products" or "the Group"

H1 2025 TRADING UPDATE AND NOTICE OF RESULTS

H1 performance impacted by challenging market conditions, albeit trading improved in Q2 - with cautiously encouraging momentum going into H2

Ultimate Products, the owner of a number of leading homeware brands including Salter (the UK's oldest houseware brand, est.1760) and Beldray (est.1872), announces its trading update for the six months ended 31 January 2025 ("H1 2025").

Overview
During the period, unaudited Group revenues decreased 5.7% (£4.8m) to £79.4m (H1 2024: £84.2m). Market conditions in the UK remained subdued due to weaker consumer demand for general merchandise, while international sales grew by 12% to £29.1m over the same period. As anticipated, the impact of air fryer comparatives continued to weigh on like-for-like performance, with sales in this category down 46% (£4.5m) to £5.2m. This effect was most notable in Q1, when Group sales were down 9.3% year-on-year. However, trading improved in Q2, with sales down by a more moderate 2.2%.

The Group entered the calendar year 2025 with the H2 order book up an encouraging 24% year-on-year, led by strong forward orders from our larger customers. However, since the start of January 2025, the current challenging trading conditions faced by some of the Group's retail customers have impacted short-term sentiment and has led to a moderating in the pace of new orders. As a result, the Group's H2 2025 order book is currently up 13% year-on-year, driven by strong forward orders from international customers (up 20% YoY) and a 7% increase in the UK. Therefore, the Board believes that the Group's full year revenues will now be broadly flat compared with the prior year.

The Group has maintained its focus on productivity through continuous improvement, which helped to keep operating expenses flat in the period despite continuing cost pressures. Investment in robotic process automation and AI will also help mitigate upcoming cost impacts, including the increases in employers' National Insurance contributions (£100k for the current year, with a full-year effect of £300k) as well as the impact of Extended Producer Responsibility ("EPR") legislation (expected to have a full year effect of £300-£500k).

The Group also incurred c£2.0m in additional shipping costs during H1 due to elevated freight rates over the summer. As a result, adjusted EBITDA for H1 is expected to be in the region of £7.0m. With H2 expected to see a return to top-line growth and freight rates having settled at more normal levels, the Board now expects adjusted EBITDA for the full year to be in the range of £14m-£16m.

Capital Allocation Policy

The Board reiterates its capital allocation policy of maintaining the net bank debt/adjusted EBITDA ratio at around 1.0x, with the debt being used to fund the Group's working capital. It is the Board's intention to continue to invest in the business for growth, whilst returning around 50% of post-tax profits to shareholders through dividends. This will continue to be supplemented by share buy-backs, pursuant to a policy of maintaining net bank debt at a 1.0x adjusted EBITDA ratio. As such, the Board will carefully consider the level of the dividend in the current year to ensure it aligns with the Group's capital allocation policy and supports its focus on both growth and shareholder returns.

Commenting on the performance, Andrew Gossage, Chief Executive of Ultimate Products, said:

"As expected, the first quarter of FY25 proved challenging, driven by subdued consumer spending, global shipping disruption, and the fact that we were lapping the tail end of the spike in air fryer sales last year. However, trading conditions in Q2 showed some improvement, resulting in a more stable top-line performance for the quarter. Looking ahead, we are cautiously encouraged by both the improved shipping rate environment and by the healthy order book that we have in place for the rest of the year, led by our international business. We therefore anticipate a stronger performance in H2. While upcoming cost pressures and the ongoing challenges faced by some of our retail customers inevitably create some near-term uncertainty, we remain confident in our medium-term strategy, particularly given the growing appeal of our brands to shoppers across mainland Europe."

Financial summary, including consensus market expectations immediately prior to this announcement

	FY24 (Actual)	*FY25 (Consensus)*
Revenue	*£155.5m*	*£169.3m*
Adjusted EBITDA	*£18.0m*	*£20.6m*
Adjusted PBT	*£14.5m*	*£17.5m*
Adjusted EPS	*12.3p*	*15.0p*

Notice of Results

The Group intends to announce its interim financial results on Tuesday 25 March 2025.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement via a Regulatory Information Service, this inside information is considered to be in the public domain.

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Notes to Editors

Ultimate Products is the owner of a number of leading homeware brands including Salter (the UK's oldest houseware brand, established in 1760) and Beldray (a laundry, floor care, heating and cooling brand that was established in 1872). According to its market research, nearly 80% of UK households own at least one of the Group's products.

Ultimate Products sells to over 300 retailers across 38 countries, and specialises in five product categories: Small Domestic Appliances; Housewares; Laundry; Audio; and Heating and Cooling. Other brands include Progress (cookware and bakeware), Kleeneze (laundry and floorcare), Petra (small domestic appliances) and Intempo (audio).

The Group's products are sold to a broad cross-section of both large national and international multi-channel retailers as well as smaller national retail chains, incorporating discount retailers, supermarkets, general retailers and online retailers.

Founded in 1997, Ultimate Products employs over 370 staff, a significant number of whom have joined via the Group's graduate development scheme, and is headquartered in Oldham, Greater Manchester, where it has design, sales, marketing, buying, quality assurance, support functions and warehouse facilities across two sites. Manor Mill, the Group's head office, includes a spectacular 20,000 sq ft showroom that showcases each of its brands. In addition, the Group has an office and showroom in Guangzhou, China and in Paris, France.

Please note that Ultimate Products is not the owner of Russell Hobbs. The company currently has licence agreements in place granting it an exclusive licence to use the "Russell Hobbs" trademark for cookware and laundry (NB this does not include Russell Hobbs electrical appliances).

For further information, please visit www.upplc.com .

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