

26 February 2026

BuyTicker **HDD:AIM****Speciality Chemicals**

Shares in issue (m) 78.7

Next results H1 May

Price **24.0p**

Target price 45.0p

Upside 88%

Enterprise value **£20.5m**

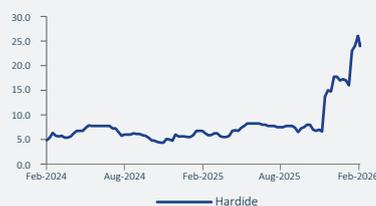
Net cash/(debt) £0.8m

Other EV adjustments -£2.4m

Market cap **£18.9m****What's changed?** **From** **To**

Adjusted EPS 1.9 3.0

Target price 30.0 45.0

Share price performance

%	1M	3M	12M
Actual	41.2	242.9	255.6

Company description

A provider of advanced coatings for internal and external surfaces

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Hardide***Further North American orders: FY26 EPS upgraded 58%**

Hardide has announced further new orders worth £1.8m, awarded by the same North American energy company following contracts announced on 1 December and 3 February. The Board now expects a further material improvement in performance versus previous forecasts, driving a £0.9m increase in EBITDA, resulting in a 58% uplift to our FY26 EPS forecast. This increases year-end gross cash to £2.8m. With this additional award and the hint of a possible framework agreement, we have raised our price target from 30p to 45p, which would place the shares on a P/E of 15x, which we do not consider demanding. We anticipate a strong reaction to this further award, boosting the positive momentum seen recently and reinforcing our renewed Buy rating.

— **Further contract wins:** The company has demonstrated success in securing additional new business, with further new contracts worth £1.8m from the same energy company in North America that has previously awarded Hardide contracts over recent months. Hardide is also in discussion with this customer over forming a new framework agreement and schedule for the future that would assist the customer's supply chain fulfilment needs. The Board expects a further material improvement in performance in the current year. It also comments that this at least doubles the revenue achieved in FY24, ahead of target and further improving capacity utilisation.

— **Forecasts:** We have increased our FY26 forecasts, with revenue up £1.3m to £10.3m, with a strong operational drop-through to adj EBITDA of £0.9m to £3.2m, driving adj PBT to £2.3m, an increase of 67% and EPS up from 1.9p to 3.0p, an increase of 58%. Gross cash is expected to rise from £2.1m to £2.8m.

— **Valuation:** The shares have been remarkable outperformers, driven by the recent spate of new contract wins and results. This is another excellent order with a large-scale North American energy company. It shows that Hardide now has strong momentum, with significant drop-through of the incremental revenue to earnings and, after an increase in working capital, to an increase in gross cash. On the back of the substantial increase in EPS, we are raising our target price from 30p to 45p, which would imply a FY26E target P/E of 15x, which appears an undemanding target but still offers significant upside to current levels.

Key estimates		2022A	2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep	Sep
Revenue	£m	5.0	5.5	4.7	6.0	10.3
Adj EBITDA	£m	-1.0	-0.1	0.0	1.0	3.2
Adj EBIT	£m	-2.2	-1.0	-0.8	0.3	2.5
Adj PBT	£m	-2.3	-1.1	-0.9	0.1	2.3
Adj EPS	p	-3.9	-1.8	-1.3	0.23	3.0
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2022A	2023A	2024A	2025A	2026E
EV/sales	x	4.1	3.7	4.3	3.4	2.0
EV/EBIT (adj)	x	-9.5	-21.3	-25.9	78.7	8.2
P/E (adj)	x	-6.1	-13.5	-18.5	106.1	8.0
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-7.0%	0.3%	-2.6%	3.1%	12.6%

Further North American orders: FY26 EPS upgraded 58%

Income statement		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales	£m	5.5	4.7	6.0	10.3
Gross profit	£m	2.6	2.3	3.5	6.1
EBITDA (adjusted)	£m	-0.1	0.0	1.0	3.2
EBIT (adjusted)	£m	-1.0	-0.8	0.3	2.5
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-0.2	-0.2	-0.1	-0.2
PBT (adjusted)	£m	-1.1	-0.9	0.1	2.3
Total adjustments	£m	-0.1	-0.4	0.0	0.0
PBT (reported)	£m	-1.2	-1.3	0.1	2.3
Tax charge	£m	0.1	0.0	0.1	0.0
Minorities/Disc ops	£m	0.0	0.0	0.0	0.0
Earnings (reported)	£m	-1.1	-1.3	0.2	2.4
Earnings (adjusted)	£m	-1.0	-0.9	0.2	2.4
EPS (basic)	p	-1.9	-1.9	0.23	3.0
EPS (adjusted, fully diluted)	p	-1.8	-1.3	0.23	3.0
DPS	p	0.00	0.00	0.00	0.00

Cash flow		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
EBITDA (adjusted)	£m	-0.1	0.0	1.0	3.2
Net change in working capital	£m	0.4	0.1	-0.3	-0.1
Other operating items	£m	-0.1	-0.4	0.0	0.0
Cash flow from op. activities	£m	0.2	-0.3	0.7	3.1
Cash interest	£m	-0.2	-0.2	-0.1	-0.2
Cash tax	£m	0.2	0.0	0.1	0.0
Capex	£m	-0.1	-0.1	-0.1	-0.6
Other items	£m				
Free cash flow	£m	0.1	-0.5	0.6	2.4
Acquisitions / disposals	£m	0.0	0.0	0.0	0.0
Dividends	£m	0.0	0.0	0.0	0.0
Shares issued	£m	0.0	0.7	0.0	0.0
Other	£m	0.4	-0.2	-0.3	-0.2
Net change in cash flow	£m	0.4	0.0	0.3	2.2
Opening net cash (debt)	£m	-0.4	-0.0	-0.0	0.3
Closing net cash (debt)	£m	-0.0	-0.0	0.3	2.5

Balance sheet		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Tangible fixed assets	£m	4.6	4.0	3.5	3.6
Goodwill & other intangibles	£m	0.0	0.0	0.0	0.0
Other non current assets	£m	1.7	1.5	1.4	1.2
Net working capital	£m	0.1	0.4	0.3	0.5
Other assets	£m	0.3	0.4	0.3	0.3
Other liabilities	£m	-2.4	-2.6	-2.0	-1.8
Gross cash & cash equivs	£m	0.7	0.7	0.8	2.8
Capital employed	£m	5.1	4.4	4.4	6.5
Gross debt	£m	0.8	0.7	0.5	0.3
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	4.3	3.7	3.9	6.2
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	£m	5.1	4.4	4.4	6.5

Growth analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales growth	%	9.7%	-14.0%	27.5%	70.8%
EBITDA growth	%	89.6%	132.3%	n/m	213.4%
EBIT growth	%	55.4%	17.8%	132.9%	861.5%
PBT growth	%	50.8%	16.0%	113.2%	n/m
EPS growth	%	54.6%	27.0%	117.4%	n/m
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Gross margin	%	47.5%	48.1%	57.3%	58.7%
EBITDA margin	%	-1.8%	0.7%	16.9%	31.1%
EBIT margin	%	-17.5%	-16.7%	4.3%	24.3%
PBT margin	%	-20.4%	-20.0%	2.1%	22.7%
Net margin	%	-19.1%	-19.5%	3.0%	22.9%

Valuation analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
EV/EBITDA (adjusted)	x	-206.7	639.4	20.0	6.4
EV/EBIT (adjusted)	x	-21.3	-25.9	78.7	8.2
P/E (adjusted)	x	-13.5	-18.5	106.1	8.0

Cash flow analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Cash conv'n (op cash / adj EBITDA)	%	n/m	n/m	73.3%	95.7%
Cash conv'n (FCF / adj EBITDA)	%	-56.6%	n/m	58.2%	74.2%
U/lying FCF	£m	-0.7	-1.2	-0.1	2.2
Cash quality (u/l FCF / adj earn)	%	66.4%	135.2%	-55.1%	94.2%
Investment rate (capex / depn)	x	0.1	0.1	0.1	0.8
Interest cash cover	x	1.0	n/a	5.5	19.1
Dividend cash cover	x	n/m	n/a	n/m	n/m

Working capital analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Net working capital / sales	%	1.1%	7.4%	5.7%	4.7%
Net working capital / sales	days	4	27	21	17
Inventory (days)	days	16	13	10	10
Receivables (days)	days	49	76	85	67
Payables (days)	days	61	61	75	60

Leverage analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Net bank debt / equity	%	0.5%	0.4%	net cash	net cash
Net bank debt / EBITDA	x	n/a	0.4	net cash	net cash
Liabilities / capital employed	%	15.1%	16.3%	11.0%	4.3%

Capital efficiency & intrinsic value		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-24.4%	-25.2%	4.6%	37.8%
RoCE (EBIT basis, pre-tax)	%	-19.0%	-18.1%	6.0%	38.4%
RoCE (u/lying FCF basis)	%	-13.8%	-28.5%	-2.2%	34.1%
NAV per share	p	7.3	4.7	4.9	7.9
NTA per share	p	7.3	4.7	4.9	7.9

Summary of forecast changes

Figure 1: Summary of forecast changes

		2026E		
Year to September		Old	New	Delta
Revenue	£m	9.0	10.3	1.3
EBITDA (adjusted)	£m	2.3	3.2	0.9
PBT (adjusted)	£m	1.4	2.3	67.1%
EPS (adjusted)	p	1.9	3.0	57.8%
Dividend	p	0.0	0.0	0.0
Gross Cash	£m	2.1	2.8	0.7
Net cash	£m	1.8	2.5	0.7
Change in target price	p	30.0	45.0	15

Source: Cavendish estimates

Valuation

Figure 2: Current and target valuations

		Current	Target
Share price	p	24.0	45.0
Issued share capital	m	78.7	78.7
Mkt cap (full dil)	£m	18.9	35.4
Net cash/(debt)	£m	2.5	2.5
other EV adjustment	£m	-1.7	-1.7
Rolling EV	£m	18.1	34.6
EV/Sales	x	1.8	3.4
EV/EBITDA	x	5.7	10.8
EV/EBIT	x	7.2	13.8
P/E	x	8.0	15.0

Source: Cavendish estimates

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Hardide	2,6,8,9,10,11	22 January 26	Buy	17.5p	30.0p

Source: Cavendish

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