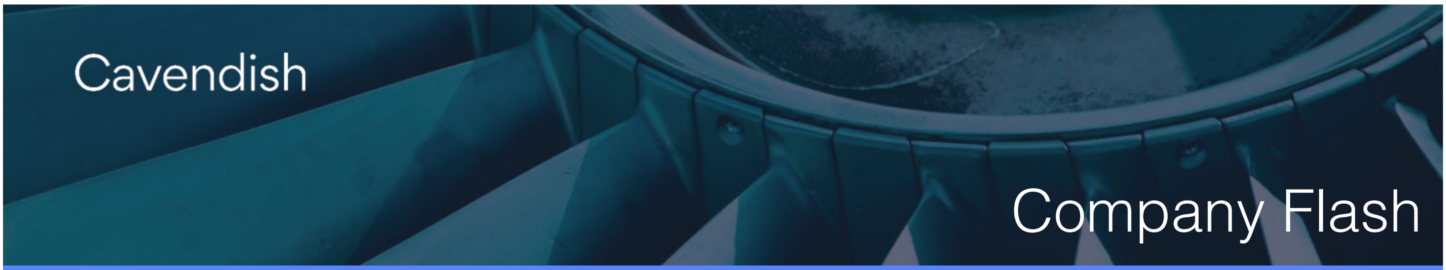

3 February 2026

Hardide*

New order win – 26% EPS upgrade for FY26

Buy

Ticker	HDD:AIM
Speciality Chemicals	
Shares in issue (m)	78.7
Next results	H1 May
Price	**16.0p**
Target price	30.0p
Upside	88%
Enterprise value	**£14.2m**
Net cash/(debt)	£0.8m
Other EV adjustments	-£2.4m
Market cap	**£12.6m**

What's changed?	From	To
Adjusted EPS	1.5	1.9
Target price	30.0	n/c

Share price performance

%	1M	3M	12M
Actual	-9.9	100.0	171.2

Company description

A provider of advanced coatings for internal and external surfaces

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Hardide has announced a further order win with a major North American energy company; it is worth $1.0m and expected to be delivered within the current financial year from the company's Martinsville facilities. Given Hardide's recent positive commercial momentum and visible order flow, management will be investing in some additional opex and capex resources to add to operational capabilities. This investment will be funded from existing cash resources. As a result of the new order, the group expects FY26 to be ahead of expectations. This additional commercial momentum should be taken well by the shares, which have recently lifted off low levels, with greater confidence in sustainable profits and cash generation.

— **Order win:** Following recent order announcements, the group has announced an additional order with a major North American energy company worth $1.0m. The order is expected to be delivered in 2H. As a result of this additional demand, management is starting a programme to upgrade infrastructure at its Martinsville plant to improve operational efficiency with some additional investment in operational support. All the additional opex and capex is expected to be funded by this additional order and the group's existing cash resources.

— **Forecasts:** Due to the delivery of the order expected in 2H, management now anticipates trading to be ahead of expectations. We upgrade revenues by £1.0m to £9.0m representing this order, coupled with further expected UK workflow. With some additional opex envisaged, we raise our FY26E adj EBITDA forecast by £0.3m to £2.3m. This increases EPS by 25.9% to 1.9p. Cash balances are expected to remain at £2.1m, with net cash unchanged at £1.8m.

— **Valuation:** The business continues to show strong commercial traction and a significant turnaround. The contract win is clearly good news and places the group more firmly into profit and cash generation, which we believe is sustainable. The shares have seen a significant uplift from earlier low levels, but we believe this is the start of a more significant re-rating, with our forecasts indicating the shares currently looking good value on a P/E of just 8.6x for FY26E with an attractive FCF yield of 13.2%. As revenues and profits build, we see strong scope for the shares to outperform. We maintain a price target of 30p, which would imply a FY26E EV/EBITDA of 10.2x and P/E of 16.2x. This offers substantial upside, highlighting a strong investment case and our Buy rating.

Key estimates		2022A	2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep	Sep
Revenue	£m	5.0	5.5	4.7	6.0	9.0
Adj EBITDA	£m	-1.0	-0.1	0.0	1.0	2.3
Adj EBIT	£m	-2.2	-1.0	-0.8	0.3	1.6
Adj PBT	£m	-2.3	-1.1	-0.9	0.1	1.4
Adj EPS	p	-3.9	-1.8	-1.3	0.23	1.9
DPS	p	0.00	0.00	0.00	0.00	0.00
Key valuation metrics						
EV/sales	x	2.8	2.6	3.0	2.3	1.6
EV/EBIT (adj)	x	-6.6	-14.7	-17.9	54.5	8.9
P/E (adj)	x	-4.1	-9.0	-12.3	70.7	8.6
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-10.4%	0.4%	-3.9%	4.7%	13.2%

Income statement		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales	£m	5.5	4.7	6.0	9.0
Gross profit	£m	2.6	2.3	3.5	5.2
EBITDA (adjusted)	£m	-0.1	0.0	1.0	2.3
EBIT (adjusted)	**£m**	**-1.0**	**-0.8**	**0.3**	**1.6**
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**	**1.4**
Total adjustments	£m	-0.1	-0.4	0.0	0.0
PBT (reported)	£m	-1.2	-1.3	0.1	1.4
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	1.5
Earnings (adjusted)	**£m**	**-1.0**	**-0.9**	**0.2**	**1.5**
EPS (basic)	p	-1.9	-1.9	0.23	1.9
EPS (adjusted, fully diluted)	**p**	**-1.8**	**-1.3**	**0.23**	**1.9**
DPS	**p**	**0.00**	**0.00**	**0.00**	**0.00**

Growth analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales growth	%	9.7%	-14.0%	27.5%	49.3%
EBITDA growth	%	89.6%	132.3%	n/m	125.3%
EBIT growth	%	55.4%	17.8%	132.9%	515.4%
PBT growth	%	50.8%	16.0%	113.2%	n/m
EPS growth	%	54.6%	27.0%	117.4%	720.2%
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%	57.2%
EBITDA margin	%	-1.8%	0.7%	16.9%	25.6%
EBIT margin	%	-17.5%	-16.7%	4.3%	17.8%
PBT margin	%	-20.4%	-20.0%	2.1%	16.0%
Net margin	%	-19.1%	-19.5%	3.0%	16.2%

Valuation analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
EV/EBITDA (adjusted)	x	-143.1	442.7	13.9	6.2
EV/EBIT (adjusted)	x	-14.7	-17.9	54.5	8.9
P/E (adjusted)	x	-9.0	-12.3	70.7	8.6

Cash flow		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
EBITDA (adjusted)	£m	-0.1	0.0	1.0	2.3
Net change in working capital	£m	0.4	0.1	-0.3	0.0
Other operating items	£m	-0.1	-0.4	0.0	0.0
Cash flow from op. activities	**£m**	**0.2**	**-0.3**	**0.7**	**2.3**
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**	**1.7**
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**	**1.5**
Opening net cash (debt)	£m	-0.4	-0.0	-0.0	0.3
Closing net cash (debt)	**£m**	**-0.0**	**-0.0**	**0.3**	**1.8**

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%	102.0%
Cash conv'n (FCF / adj EBITDA)	%	-56.6%	n/m	58.2%	72.0%
U/lying FCF	£m	-0.7	-1.2	-0.1	1.5
Cash quality (u/l FCF / adj earn)	%	66.4%	135.2%	-55.1%	103.2%
Investment rate (capex / depn)	x	0.1	0.1	0.1	0.8
Interest cash cover	x	1.0	n/a	5.5	14.7
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%	3.3%
Net working capital / sales	days	4	27	21	12
Inventory (days)	days	16	13	10	9
Receivables (days)	days	49	76	85	63
Payables (days)	days	61	61	75	60

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	0.3
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	2.1
Capital employed	**£m**	**5.1**	**4.4**	**4.4**	**5.6**
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	5.3
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	**£m**	**5.1**	**4.4**	**4.4**	**5.6**

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%	4.9%

Capital efficiency & intrinsic value		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-24.4%	-25.2%	4.6%	27.3%
RoCE (EBIT basis, pre-tax)	%	-19.0%	-18.1%	6.0%	28.5%
RoCE (u/lying FCF basis)	%	-13.8%	-28.5%	-2.2%	26.8%
NAV per share	p	7.3	4.7	4.9	6.8
NTA per share	p	7.3	4.7	4.9	6.8

Summary of forecast changes

Figure 1: Summary of forecast changes

		2026E		
Year to September		Old	New	Delta
Revenue	£m	8.0	9.0	1.0
EBITDA (adjusted)	£m	2.0	2.3	0.3
PBT (adjusted)	£m	1.1	1.4	26.3%
EPS (adjusted)	p	1.5	1.9	25.9%
Dividend	p	0.0	0.0	0.0
Gross cash	£m	2.1	2.1	0.0
Net cash	£m	1.8	1.8	0.0
Change in target price	p	30.0	30.0	

Source: Cavendish estimates

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Definition of research recommendations
Expected absolute returns
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HOLD is an expected return -10% - +10%
SELL is an expected return less than -10%
UNDER REVIEW: recommendation and/or forecasts are under review pending further clarity as to the company's financial and/or operational position
CORP: denotes corporate client of Cavendish Securities plc, Cavendish Capital Markets Limited and Cavendish Corporate Finance LLP

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Hold	0	0.0%	3	1.8%
Sell	0	0.0%	0	0.0%
Under Review	1	0.8%	2	1.2%
Corp	64	52.5%	66	39.5%

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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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