

28 April 2026

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

Shares in issue (m) 78.7

Next results H1 May

Price 35.0p

Target price 52.0p

Upside 49%

Enterprise value £29.1m

Net cash/(debt) £0.8m

Other EV adjustments -£2.4m

Market cap £27.5m**What's changed? From To**

Adjusted EPS 3.0 3.4

Target price 45.0 52.0

Share price performance

%	1M	3M	12M
Actual	4.5	105.9	508.7

Company description

A provider of advanced coatings for internal and external surfaces

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Hardide***Further new orders boost FY26 EPS forecast by 14.8%**

Hardide has announced a further contract win worth £1.8m, following on from the recent spate of orders from the same North American energy sector customer. Since its AGM in March, the company has also seen an increase in certain input costs, estimated to cost £0.7m in 2H26. Management is implementing mitigating actions including customer price surcharges and internal efficiencies and, as a result, indicates it expects revenue and profit to be materially ahead of existing expectations. We therefore increase our FY26 revenue forecast by £2.1m to £12.4m and adj PBT forecast by £0.6m to £2.9m, with a 14.8% increase in EPS to 3.4p. We raise our target price from 45p to 52p in line with the EPS upgrade, indicating a target P/E of 15.1x. This further significant increase in prospects bodes well for ongoing momentum into FY27, with plenty of upside scope to the shares on the back of this further order.

- **New contract wins:** Following on from recent contract award announcements, Hardide has received further orders from its significant North American energy sector customer worth £1.8m, which is expected to be delivered by the end of September FY26. The order will be fulfilled from the UK facility in Bicester, while previous orders from this customer are being fulfilled at its US facility in Martinsville and will be supplied concurrently. This helps even out production and also highlights the customer's confidence in process specifications being identical between both sites.
- **Trading update:** The Company has announced that trading continues to be strong. Since Hardide's AGM in March it has experienced an increase in the cost of tungsten gas, its main raw material used in production of its coatings. The increase has been due to rising defence sector demand coupled with export restrictions imposed by China. Energy costs remain modest at around 3% of revenues, with around half fixed through to the calendar year-end. Management estimates the increase cost in inputs to be around £0.7m in 2H26. It is putting in place a number of mitigating actions, including selling price surcharges and internal operating efficiencies such as diversifying its gas sourcing.
- **Forecasts:** As a result of these additional orders and actions taken to manage recent input cost increases, management expects FY26 revenues and performance to be materially ahead of previous expectations. As such we increase our FY26 revenue forecast by £2.1m to £12.4m, with adj PBT rising by £0.6m to £2.9m, with adj dil EPS up 14.8% to 3.4p, due to the inclusion of executive share options. This also results in year-end net cash increasing by £0.45m to £3.0m.
- **Valuation:** The shares have been strong outperformers over the past year on the back of progressive order announcements and the move into sustained profitability and increasing financial health. They remain at compelling value trading on a current P/E of 10.2x. We raise our target price from 45p to 52p, an increase in line with the EPS increase, placing them on a target P/E of 15.1x. We see strong upside potential with further order momentum anticipated. The repeated orders from the US energy sector customer provides a growing bedrock of potential business for FY27.

Key estimates		2022A	2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep	Sep
Revenue	£m	5.0	5.5	4.7	6.0	12.4
Adj EBITDA	£m	-1.0	-0.1	0.0	1.0	3.8
Adj EBIT	£m	-2.2	-1.0	-0.8	0.3	3.1
Adj PBT	£m	-2.3	-1.1	-0.9	0.1	2.9
Adj EPS	p	-3.9	-1.8	-1.3	0.21	3.4
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2022A	2023A	2024A	2025A	2026E
EV/sales	x	5.8	5.3	6.2	4.8	2.3
EV/EBIT (adj)	x	-13.5	-30.3	-36.8	112.0	9.4
P/E (adj)	x	-8.9	-19.7	-26.9	164.6	10.2
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-4.8%	0.2%	-1.8%	2.2%	10.3%

Further new orders boost FY26 EPS forecast by 14.8%

Income statement		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales	£m	5.5	4.7	6.0	12.4
Gross profit	£m	2.6	2.3	3.5	6.7
EBITDA (adjusted)	£m	-0.1	0.0	1.0	3.8
EBIT (adjusted)	£m	-1.0	-0.8	0.3	3.1
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	2.9
Total adjustments	£m	-0.1	-0.4	0.0	0.0
PBT (reported)	£m	-1.2	-1.3	0.1	2.9
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	3.0
Earnings (adjusted)	£m	-1.0	-0.9	0.2	3.0
EPS (basic)	p	-1.9	-1.9	0.23	3.8
EPS (adjusted, fully diluted)	p	-1.8	-1.3	0.21	3.4
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	3.8
Net change in working capital	£m	0.4	0.1	-0.3	-0.3
Other operating items	£m	-0.1	-0.4	0.0	0.0
Cash flow from op. activities	£m	0.2	-0.3	0.7	3.5
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	2.8
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	0.4	2.6
Opening net cash (debt)	£m	-0.4	-0.0	-0.0	0.4
Closing net cash (debt)	£m	-0.0	-0.0	0.4	3.0

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	0.6
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	3.3
Capital employed	£m	5.1	4.4	4.4	7.1
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	6.8
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	£m	5.1	4.4	4.4	7.1

Growth analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Sales growth	%	9.7%	-14.0%	27.5%	105.6%
EBITDA growth	%	89.6%	132.3%	n/m	272.2%
EBIT growth	%	55.4%	17.8%	132.9%	n/m
PBT growth	%	50.8%	16.0%	113.2%	n/m
EPS growth	%	54.6%	27.0%	116.4%	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%	53.6%
EBITDA margin	%	-1.8%	0.7%	16.9%	30.6%
EBIT margin	%	-17.5%	-16.7%	4.3%	25.0%
PBT margin	%	-20.4%	-20.0%	2.1%	23.7%
Net margin	%	-19.1%	-19.5%	3.0%	23.9%

Valuation analysis		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
EV/EBITDA (adjusted)	x	-294.1	910.0	28.5	7.7
EV/EBIT (adjusted)	x	-30.3	-36.8	112.0	9.4
P/E (adjusted)	x	-19.7	-26.9	164.6	10.2

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%	92.9%
Cash conv'n (FCF / adj EBITDA)	%	-56.6%	n/m	58.2%	74.8%
U/lying FCF	£m	-0.7	-1.2	-0.1	2.7
Cash quality (u/l FCF / adj earn)	%	66.4%	135.2%	-55.1%	90.9%
Investment rate (capex / depn)	x	0.1	0.1	0.1	0.8
Interest cash cover	x	1.0	n/a	5.5	22.1
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%	4.9%
Net working capital / sales	days	4	27	21	18
Inventory (days)	days	16	13	10	11
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%	3.9%

Capital efficiency & intrinsic value		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-24.4%	-25.2%	4.6%	43.3%
RoCE (EBIT basis, pre-tax)	%	-19.0%	-18.1%	6.0%	43.6%
RoCE (u/lying FCF basis)	%	-13.8%	-28.5%	-2.2%	37.8%
NAV per share	p	7.3	4.7	4.9	8.7
NTA per share	p	7.3	4.7	4.9	8.7

Summary of forecast changes

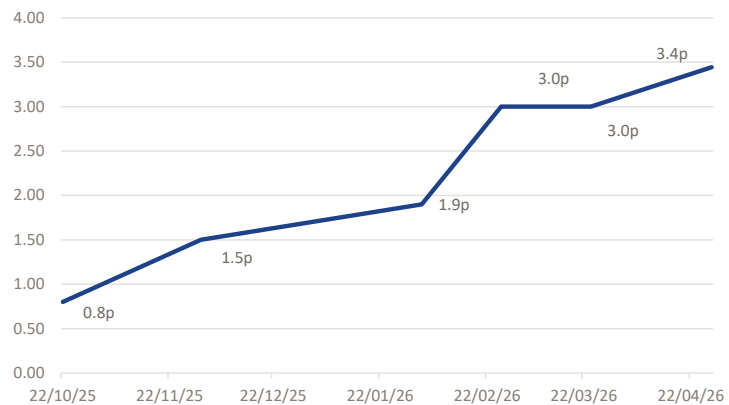
Figure 1: Summary of forecast changes

		2026E		
Year to September		Old	New	Delta
Revenue	£m	10.3	12.4	2.1
EBITDA (adjusted)	£m	3.2	3.8	0.6
PBT (adjusted)	£m	2.3	2.9	25.6%
EPS (adjusted dil)	p	3.0	3.4	14.8%
Dividend	p	0.0	0.0	0.0
Gross cash	£m	2.8	3.3	0.45
Net cash	£m	2.5	3.0	0.45

Source: Cavendish estimates

- The new order is expected to be fulfilled through the summer and before the FY26 year end. We increase our revenue expectation to £12.4m to incorporate the new order and the expected increment from the price surcharges.
- Our adj EBITDA factors in the operational drop through of the new order and price surcharge with the mentioned increase in input costs. This results in adj EBITDA increasing £0.6m to £3.8m, which results in adj PBT of £2.9m and adj dil EPS rising 14.8% to 3.4p, after inclusion of executive share options.
- Most of the increase in profit should feed through to year-end net cash, which we increase by slightly less than £0.5m to £3.0m.

Figure 2: Strong upgrade momentum continues



Source: Cavendish estimates

The chart above highlights a significant progressive increase in expectations, collectively totalling 330% since October 2025.

Valuation

Figure 3: Rolling EV based valuation using current and target prices

		Current price	Target price
Share price	p	35.0	52.0
Issued share capital	m	78.7	78.7
Mkt cap (full dil)	£m	27.5	40.9
Net cash/(debt)	£m	3.0	3.0
Other EV adjustment	£m	-1.7	-1.7
Rolling EV	£m	26.3	39.7
EV/Sales	x	2.1	3.2
EV/EBITDA	x	6.9	10.4
EV/EBIT	x	8.5	12.8
P/E	x	10.2	15.1

Source: Cavendish estimates

The shares have been strong outperformers over the past year and have accelerated with each contract win announcement. On revised forecasts, the rating clearly has good upside and given its momentum looking very compelling value on FY26E P/E of 10.2x.

On the back of raised forecasts, we increase our target price from 45p to 52p, an increase of c16% in line with the increase in EPS. This would therefore keep our near-term target P/E at 15.1x, which looks undemanding given the dramatic transformation in order momentum, sustainable profitability and increasing financial strength over the past year.

Figure 4: Company overview

Company activities & operations

Hardide has developed a specialist range of advanced Chemical Vapour Deposition coating technologies using tungsten carbide/tungsten metal matrix composites coatings. These have exceptional characteristics including enhanced wear, abrasion and corrosion resistance with toughness and ductility.

Divisions

% of sales

Energy	47%
Industrial	23%
Aerospace	30%

Name

Description

Andrew Magson	Non-Executive Chairman
Matt Hamblin	Chief Executive Officer
Simon Hallam	Finance Director
Dr Yuri Zhuk	Technical Director
Dr Bryan Allcock	Non-Executive Director
Andrew Boyce	Non-Executive Director

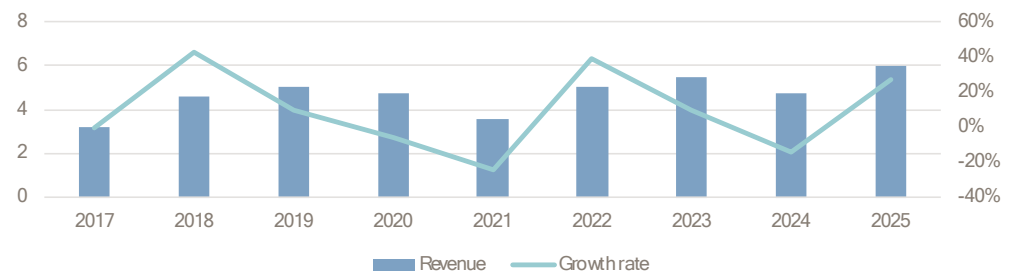
Major shareholders

A Boyce & Assocs	12.8%
Hargreave Hale AIM VCT	7.5%
A Badenoch Assocs	7.1%
Interactive Investor	5.2%
Amati Global Investors	5.0%
P Evershed	4.8%
Unicorn AM	4.1%
Marlborough Nanocap Growth Fund	4.6%

Other information

Company HQ	Bicester, UK
Company website	www.hardide.com

Revenue growth rate



Significant acquisitions

Source: Company data

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Definition of research recommendations

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Hold	0	0.0%	5	2.7%
Sell	0	0.0%	1	0.5%
Under Review	1	0.8%	2	1.1%
Corp	54	42.5%	55	29.7%

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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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