

21 May 2026

**Buy**Ticker **HDD:AIM****Speciality Chemicals**

Shares in issue (m) 78.7

Next results H1 May

**Price 38.5p**

Target price 52.0p

Upside 35%

**Enterprise value £31.9m**

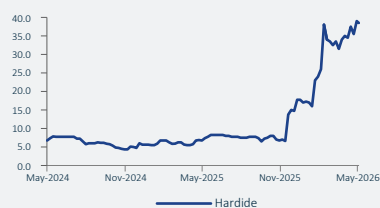
Net cash/(debt) £0.8m

Other EV adjustments -£2.4m

**Market cap £30.3m****What's changed? From To**

Adjusted EPS 3.4 n/c

Target price 52.0 n/c

**Share price performance**

%	1M	3M	12M
Actual	10.0	48.1	388.9

**Company description**

A provider of advanced coatings for internal and external surfaces

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**Hardide\*****Record interims – FY26 on track with strong 2H expected**

Hardide has reported a record 1H representing a step change in commercial traction, particularly driven by significant orders by a North American energy sector customer, which is showing strong momentum and could provide a strong level of annualised revenues. Performance has been strong with a 71% increase in revenue delivering an EBIT margin of 26.8% and a ROIC of 45.2%. Management indicates a stronger 2H and are on track to achieve recently upgraded expectations. The shares have reflected the move into sustainable profit and cash generation but still look compelling value on a FY26E P/E of 11.2x and with FY27E expected to show further strong momentum. In our view, there is plenty of scope for further share price outperformance, with a maintained target price of 52p fully justifiable.

- **Interims:** Revenues have seen a step change, with a 71% increase to £4.8m driven by the addition of the new North American Energy sector customer. Gross profit increased 108% to £3.1m, with gross margins improving by 11 pts to 65.2%. EBITDA moved from a profit of £0.4m to a profit of £1.6m. EBIT from breakeven to a profit of £1.3m, with creditable margins of 26.8%. PBT at £1.2m versus a loss of £0.1m and diluted EPS of 1.4p compared with LPS of 0.1p. There were no adjusting items. Cash generation of £0.7m increased the cash balance to £1.5m.
- **Operations:** The additional orders from the North American energy sector customer reflected in the increase in revenue at its Martinsville facility in the US, increased by 393% to £2.4m, with profit increasing from breakeven to £1.3m, giving margins of 54% and a revenue drop through to profit of 70%. UK revenues slightly increased by 3% to £2.4m, with profit up 34% to £0.7m and margins of 29%, up from 22%. The Energy sector now generates 64% of company revenue, an increase of 144% in the period. Aerospace slipped 17% to £0.8m, due to the absence of the prior period non-repeat development revenues and some slippage in the transition of a programme from development to production, due to external issues. Industrial revenue increased 66% to £0.9m, representing 19% of revenues, with recovery in some end customer demand after weakness in the prior period.
- **Outlook:** Management indicate a stronger 2H is expected, and trading is on track to achieve recently upgraded forecasts. As previously announced mitigating actions are being taken on input cost increases, largely securing process gas supplies at known prices for the remainder of the year.
- **Forecasts:** We maintain our recently upgraded FY26 forecasts.
- **Valuation:** The shares have seen a substantial uplift over the past six months on the back of stronger trading and a series of positive order announcements, that have helped to propel the company into sustainable profit and positive cash flow. We recently increased our target price to 52p, reflecting the latest order win and ongoing commercial traction. We believe there is significant upside scope potential for FY27E and thereafter. The shares continue to look compelling value trading on a FY26E P/E of 11.2x and EV/EBITDA of 7.6x. The move into cash generation provides an attractive FCF yield of 9.4%. Our maintained 52p target price indicates a conservative P/E target of 15.1x, fully justifiable given the commercial momentum now evident and its anticipated strong drop through to earnings.

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	6.4	5.8	6.7	5.3	2.6
EV/EBIT (adj)	x	-14.8	-33.1	-40.3	122.6	10.3
P/E (adj)	x	-9.8	-21.6	-29.6	181.0	11.2
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-4.3%	0.2%	-1.6%	2.0%	9.4%

## Record interims – FY26 on track with strong 2H expected

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
<b>EBIT (adjusted)</b>	<b>£m</b>	<b>-1.0</b>	<b>-0.8</b>	<b>0.3</b>	<b>3.1</b>
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-0.2	-0.2	-0.1	-0.2
<b>PBT (adjusted)</b>	<b>£m</b>	<b>-1.1</b>	<b>-0.9</b>	<b>0.1</b>	<b>2.9</b>
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
<b>Earnings (adjusted)</b>	<b>£m</b>	<b>-1.0</b>	<b>-0.9</b>	<b>0.2</b>	<b>3.0</b>
EPS (basic)	p	-1.9	-1.9	0.23	3.8
<b>EPS (adjusted, fully diluted)</b>	<b>p</b>	<b>-1.8</b>	<b>-1.3</b>	<b>0.21</b>	<b>3.4</b>
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
<b>Cash flow from op. activities</b>	<b>£m</b>	<b>0.2</b>	<b>-0.3</b>	<b>0.7</b>	<b>3.5</b>
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				
<b>Free cash flow</b>	<b>£m</b>	<b>0.1</b>	<b>-0.5</b>	<b>0.6</b>	<b>2.8</b>
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
<b>Net change in cash flow</b>	<b>£m</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>2.6</b>
Opening net cash (debt)	£m	-0.4	-0.0	-0.0	0.4
<b>Closing net cash (debt)</b>	<b>£m</b>	<b>-0.0</b>	<b>-0.0</b>	<b>0.4</b>	<b>3.0</b>

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
<b>Capital employed</b>	<b>£m</b>	<b>5.1</b>	<b>4.4</b>	<b>4.4</b>	<b>7.1</b>
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
<b>Capital employed</b>	<b>£m</b>	<b>5.1</b>	<b>4.4</b>	<b>4.4</b>	<b>7.1</b>

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	-322.0	996.0	31.2	8.4
EV/EBIT (adjusted)	x	-33.1	-40.3	122.6	10.3
P/E (adjusted)	x	-21.6	-29.6	181.0	11.2

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%

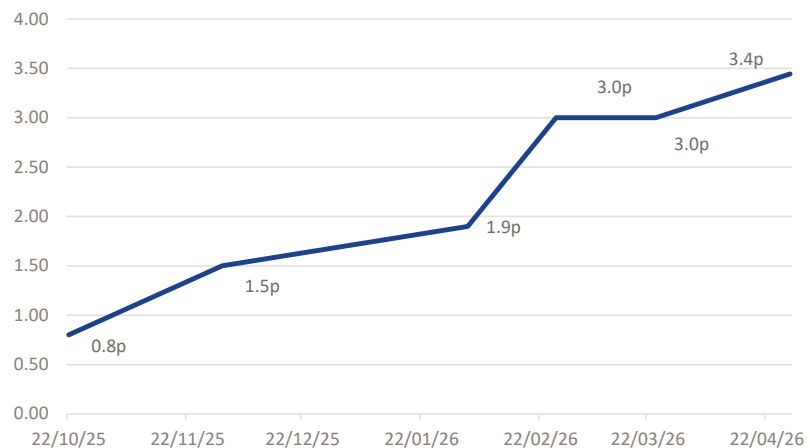
Capital efficiency & intrinsic value		2023A	2024A	2025A	2026E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-24.4%	-25.2%	4.6%	43.3%
RoCE (EBIT basis, pre-tax)	%	-19.0%	-18.1%	6.0%	43.6%
RoCE (u/lying FCF basis)	%	-13.8%	-28.5%	-2.2%	37.8%
NAV per share	p	7.3	4.7	4.9	8.7
NTA per share	p	7.3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

## Performance remains on track for upgraded forecasts

Management indicates the company continues to trade strongly with a 2H weighting in revenues and is on track to achieve forecasts upgraded in April for its latest North American energy customer contract win and previously announced aerospace contract in December 2025, which help provide strong 2H visibility.

Close attention continues on macroeconomic pressures. Mitigating actions are being pursued to help offset the £0.7m increase in 2H input costs.

**Figure 1: Strong upgrade momentum continues**



Source: Cavendish estimates

The chart illustrates strong momentum throughout the past year for FY26 EPS, delivered by a combination of contract wins and positive trading updates. We anticipate this momentum will continue and will benefit FY27 expectations.

## Interim results analysis – A record performance

A record half year performance to 31 March reflects a step-change in commercial traction and trading driven by robust new order placement over the past year. This has propelled the business into sustainable profitability, generating a healthy 26.8% operating margin, with positive net cash generation strengthening financial flexibility. It also demonstrates that the company can scale-up with the additional plant loading favouring operational efficiency.

### Results highlights

#### Six months to 30 March (£m)

- Revenue saw strong growth of 71% to £4.8m. Excluding development revenues, underlying production revenues grew 25%.
- Gross profit increased 108% to £3.1m, with gross margins rising by 11 ppts to 65.2% reflecting higher capacity utilisation and further operational efficiencies.
- After a focused 33.5% increase in overhead costs to £1.5m, adj EBITDA increased to £1.6m, up 320%.
- Depreciation charges decreased slightly to £0.36m resulting in adj EBIT at £1.3m, which increased from breakeven, with operating margins rising to 26.8%.
- Adj PBT at £1.2m increased from a loss of £0.1m.
- Adj EPS increased from 0.1p to 1.6p.
- With no adjusting items, Reported PBT at £1.23m versus a loss of £0.065m last year.
- Cash balance increased by £0.7m to £1.5m reflecting the increase in profit and a £0.6m increase in working capital.
- Net cash (pre IFRS16) increased to £1.1m, a £0.76m increase.
- Return on Invested Capital 45.2%.

Through 1H significant additional revenue has progressively been delivered, propelled by the new customer based in the North American energy sector. This has increased the proportion of revenue from the energy sector to 64% of Hardide's revenue (from 44%) driven by growth of 158%, or an additional £1.9m in revenue. Industrial sector revenues have grown by 50% to 19% of company revenue. Aerospace saw a slight dip of £0.2m in revenues down 20%, contributing 17% of company revenues.

## Record interims – FY26 on track with strong 2H expected

Much of this new business flow has been through its facility in the US, which was reflected in revenue growth of nearly 400% at Martinsville to £2.4m, with profit increasing from breakeven to £1.3m and margins rising to 54%. The UK site in Bicester saw slight revenue growth of 3% to £2.4m, with profit increasing 34% to £0.7m, with margins rising from 22% to 29%. After £0.2m increase in central charges, the operational drop though remained robust at 64% of the revenue increase.

The outlook remains strong, with expectations for the year on track to achieve recently upgraded FY26 forecasts. The upgrade reflects the latest £1.8m order placed in April by the significant North American energy sector customer (this customer has now placed a series of orders over recent months). This is expected to give a much stronger 2H performance, with a 1H:2H revenue split of 39:61%. Management considers this energy customer to have strong repeatable volume demand that has potential to provide a strong bedrock of annualised revenue going into FY27E and beyond, with Bicester also now expected to gain volume from this customer helping to balance of capacity utilisation.

Recent geopolitical events and macroeconomics have provided some manageable short-term headwinds, as flagged in April. These include an increase in the price of tungsten gas (its main raw material) driven by increased demand in the defence sector and export restrictions imposed by China. Energy costs remain modest, at c.3% of revenue, with around half fixed through to the end of the calendar year. Management estimates the increased cost of inputs to be c.£0.7m in 2H26. It is putting in place mitigating actions including selling price surcharges, internal operating efficiencies and diversifying its gas sourcing. Since April management have secured supplies of Tungsten gas at known costs covering the majority of its needs to the end of the financial year.

Hardide has seen a notable improvement in cash performance, mirroring the profit improvement, with net cash generation in the period of £0.6m, increasing the gross cash balance to £1.5m. The company should demonstrate a fundamentally strong cash generative business model, driven by sustainably high gross margins, low working capital needs and modest maintenance capex requirements. The increase in demand has significantly improved capacity utilisation, with the need for additional capacity now looking more likely in the coming years.

Figure 2: Results in context

		Six-month results				FY results		Momentum		
		1H 25	2H25	1H26	2H26E	FY25	FY26E	1H 26	2H26E	FY26E
Revenue	£m	2.8	3.2	4.8	7.6	6.0	12.4	71%	136%	106%
Gross profit	£m	1.5	2.0	3.1	3.5	3.5	6.7	108%	80%	92%
Gross margin	%	54%	61%	65%	46%	57%	54%			
adj opex	£m	-1.1	-1.3	-1.5	-1.4	-2.4	-2.9	34%	3%	17%
Adj EBITDA	£m	0.4	0.6	1.64	2.16	1.0	3.8	321%	242%	272%
EBITDA margin	%	13.9%	19.5%	34.3%	28.4%	16.9%	30.6%			
Adj EBIT	£m	0.0	0.3	1.3	1.8	0.3	3.1	25560%	613%	1092%
EBIT margin	%	0.2%	7.9%	26.8%	23.9%	4.3%	25.0%			
Adj PBT	£m	-0.1	0.2	1.2	1.7	0.1	2.9	-1986%	802%	2252%
Adj EPS	p	-0.1	0.3	1.4	2.0	0.2	3.4	-1826%	583%	1519%
Dividend	p	0.0	0.0	0.0	0.0	0.0	0.0			
Net operating cash flow	£m	0.5	0.1	1.0	2.4	0.7	3.4	83%	1810%	412%
Net cash/(debt)	£m	1.0	0.8	1.5	3.3	0.8	3.3	51%	295%	295%

Source: Cavendish estimates

## Capacity and operations

There has been a focus on the development of thinner coatings for certain applications. Technical and engineering effort has also been put into improving reactor loadings and seeking to reduce cycle times and improving outputs from investment in new capacity.

Planning and design work has been completed to enable the infrastructure at Martinsville to be upgraded, which would enhance capacity. This project is expected to complete later this year costing £0.7m.

Once in place, the Martinsville and other enhancements to operational capacity are expected to increase capacity to £20m of annual revenue. Adding coating reactors to both sites would increase capacity further, with each reactor costing c£1.3m. Efforts are focused on improving the potential revenue capacity from each reactor, with a goal of enhancing the revenue to capital cost ratio from 1-2x to 3-4x, which would substantially accelerate returns and scalability.

This means that no significant investment in additional reactors is envisaged until FY28.

## Operational analysis

Figure 3: Operational performance by geographic location

	Revenue			EBIT			Margin	
	1H26	1H25	% change	1H26	1H25	% change	1H26	1H25
UK	2.4	2.3	3%	0.7	0.5	34%	29%	22%
US	2.4	0.5	393%	1.3	0.0	~	54%	-8%
Corporate				-0.7	-0.5	50%		
	4.8	2.8	71%	1.3	0.0	~	27%	0%

Source: Company data

The increase in trading activity from the new North American energy sector customer is evident in the step increase in revenues generated at Martinsville, with an additional £1.9m in revenues dropping through to an additional £1.3m in regional profit. The Bicester facility saw a 3% rise in revenue and profit increasing £0.2m.

After a £0.2m increase in corporate changes, drop through remained robust at 64% of the increase in revenue. Overall margins gained from continuing internal efficiency measures combined with improved reactor loading and more efficient process gas usage.

### Focused routes to market gain commercial traction

- Developing coating as a service working on existing and new applications in traditional markets. Significant traction has been generated with a strong rise in production related volumes.
- Development work for unique CVD coating solutions for engineering problems, with its market pull digital marketing strategy, which has seen strong engagement with commercial and engineering partners on technical and commercial qualification. New opportunities have been pursued in Industrial and semi-conductor markets, with customer testing ongoing.

Figure 4: Trading by end market

	Revenue			Proportion	
	1H 26	1H 25	Growth	1H 26	1H 25
Energy	3.1	1.2	144%	64%	44%
Industrial	0.9	0.6	66%	19%	20%
Aerospace	0.8	1.0	-17%	17%	36%
	4.8	2.8	71%	100%	100%

Source: Company data

### Energy (64% of sales)

There has been a robust 144% increase in sector revenues, a revenue increase of £1.9m, driven by the new North American customer orders, with increased demand across its customer base.

An increase in 2H is expected with the timing of the recent £1.8m order plus an additional part number being awarded with initial production volumes expected in 2H.

In the US two additional energy customers have matured into low volume repeat production, strengthening base load business. A noteworthy gain has been winning its first development orders for their Additional Services with its electroless nickel plating offering.

Testing continues with its Middle East customer, but given the circumstances in the Arabian Gulf, management anticipates a 3–6-month delay, remaining confident that this will progress into production volumes.

### Industrial (19% of sales)

Industrial revenues increased by 66% to £0.9m, with demand recovering from its main customers in this market segment, with an end to the earlier customer destocking in the early part of the prior year. As noted earlier, there are a number of potential opportunities being developed with a number of customers in the industrial and semi-conductor sectors.

### Aerospace (17% of sales)

Revenue has seen a £0.2m slip to £0.8m mainly as a result of the absence of non-repeat development revenues booked in the prior period relating to the development of the cargo door coating contract. Transition from development phase to production volumes has taken longer than anticipated, due to external delays.

## Cash flow & finances

Hardide's finances have improved significantly in the past year, reflecting the move into sustainable profitability and the doubling of revenues ahead of original plan.

EBITDA increased from £0.4m to £1.6m in 1H. The depreciation charge was slightly lower than the prior period at £0.25m, with depreciation of right of use assets unchanged at £0.1m. Share based payments charge increased from £17k to £27k.

There has been a modest increase in working capital of £0.7m being mainly related to the increase in volume throughput but also to a degree the timing of customer receipts. Inventories have increased by £0.1m predominantly reflecting stocks of tungsten gas (as a raw material). Trade debtors increased by £0.5m while trade creditors saw a £0.05m increase. As the business is not a manufacturer; in general, it has low working capital needs with small stock requirements, illustrated by an NWC/sales of just 5.7% in FY25.

A low level of net interest was paid at £57k, while it gained a tax credit of £65k, generating net cash from operating activities of £1.0m, significantly stronger than £0.5m in the prior first half.

Capex in the period increased but overall remained at a low level of just £0.15m. Lease repayments cost £0.1m, similar to the prior period and loan repayments were £0.09m, lower than £0.14m previously.

This resulted in cash and cash equivalents increasing by £0.7m to £1.5m in the period. The group has borrowings of £0.4m, giving net cash of £1.1m, versus £0.35m as at the September year-end. It also has IFRS16 lease debt of £1.8m.

By the current year-end we forecast the company will have cash equivalents of £3.3m and net cash of £3.0m. Some additional investment in gas stocks may occur reflecting the addition of a second gas supplier.

### Proposed capital reduction

Hardide intends to seek shareholder and court approval for a proposed capital reduction. The intention is to eliminate the current deficit in its retained earnings by converting around £20.9m of its capital reserves into revenue reserves.

This would enable the company to have flexibility in the future to use distributable reserves to settle the exercise of share options through market-based purchases, rather than issuing new shares. Profit and cash flows are expected to be invested in the company's growth and do not intend to declare dividends for the time being.

## Investment case

Hardide has transformed itself over recent years from loss-making and cash consuming to sustainably profitable and cash generative. This has been delivered by a refreshed management strategy to focus on gaining near-term and repeatable purchases, while also continuing to gain longer gestation programmes, typically in the aerospace sector. Aerospace is still anticipating a good volume ramp -up on known Airbus programmes, with the potential for use in additional components. New customers gained should also broaden market diversity.

The recent North American energy customer pilot volume successes offer a scale opportunity of repeatable business that could propel the business into the mid-teens of millions revenue. With a sustainable GP% margin at around 60% and relatively predictable overheads around £3m pa shows a significant drop through to profit, with significant historic accumulated tax losses giving tax-free EPS for the foreseeable future.

The longer-term investment thesis remains valid and exciting. Product specifications and commercial advantages offer a good prospect for wider take up in niche market areas, especially as a replacement for some alternative coatings/solutions that are more toxic and regulated. Hardide is a premium-priced coating, and we believe applications will be specification led and not priced as a commodity coating.

We believe strong cash flow characteristics will start to come to the fore. With no manufacturing and as a service provider it has little inventory and has low working capital intensity overall. We anticipate the need for a periodic increase in incremental capacity in the medium-term, providing a good growth story.

## Valuation

Figure 5: Valuation using rolling EV at current and target prices

		Current price 2026E	Target price 2026E
Share price	p	38.5	52.0
Issued share capital	m	78.7	78.7
Mkt cap (full dil)	£m	30.3	40.9
Net cash/(debt)	£m	3.0	3.0
other EV adjustment	£m	-1.7	-1.7
Rolling EV	£m	29.0	39.7
EV/Sales	x	2.3	3.2
EV/EBITDA	x	7.6	10.4
EV/EBIT	x	9.4	12.8
P/E	x	11.2	15.1
FCF yield	%	9.4%	6.9%

Source: Cavendish estimates

Hardide have been strong outperformers over recent months (up 388% over 1 year), reflecting the series of positive trading updates and order awards. On our recently upgraded forecasts the shares still remain very compelling value on a FY26E P/E of 11.2x, with an EV/EBITDA of 7.6x and a compelling FCF yield of 9.4%. This FCF yield is a noteworthy point as earnings track quite closely with cash generation and this FCF yield looks too high given the strong order and trading momentum over the past year.

Our 52p target price was recently increased on the back of the new orders announcement in April. Our FY26E P/E valuation of 15.1x and an EV/EBITDA of 10.4x looks fully justifiable given the progression in earnings and commercial traction, which is expected to build further in FY27E and beyond.

Figure 6: 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%
Canaccord Genuity Group	10.5%
Interactive investor	9.8%
Hargreaves Lansdown	6.3%
Hargreaves Lansdown	5.3%
T Simpkin	4.4%
Maven Capital Partners	4.3%
P Evershed	4.2%
Other information	
Company HQ	Bicester, UK
Company website	<a href="http://www.hardide.com">www.hardide.com</a>
Revenue growth rate	
Significant acquisitions	

Source: Company data

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Definition of research recommendations

Expected absolute returns

BUY is an expected return greater than 10%

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

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	Corporate client no.	Corporate client %	Total no.	Total %
Buy	76	59.8%	127	66.5%
Hold	0	0.0%	9	4.7%
Sell	0	0.0%	2	1.0%
Under Review	2	1.6%	3	1.6%
Corp	49	38.6%	50	26.2%

Temporary movements by stocks across the boundaries of these categories due to share price volatility will not necessarily trigger a recommendation change. All recommendations are based on 12-month time horizon unless otherwise stated.

### 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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