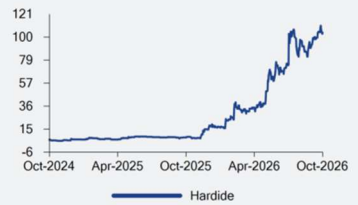
Buy

Ticker	**HDD:AIM**
Speciality Chemicals	
Shares in issue (m)	78.8
Next results	FY Dec
Price	**104.0p**
Target price	123.0p
Upside	18%
Enterprise value	**£79.2m**
Net cash/(debt)	£2.7m
Other EV adjustments	£0.0m
Market cap	**£81.9m**

What's changed?	From	To
Adjusted EPS	5.4	5.8
Target price	115.0	123.0

Share price performance



%	1M	3M	12M
Actual	15.6	40.5	1,286.7

Company description

A provider of advanced coatings for internal and external surfaces

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Hardide*

Positive FY26E trading update, raising EPS +6.5%

Hardide has announced a positive trading update for the year-end 30 September 2026, highlighting strong trading momentum and ongoing benefits from disciplined cost management. We are raising our FY26E EPS by 6.5%. This follows upgrades during the year which led us to raise our FY26E EPS five times in the past 12-months, reflecting successful commencement of delivery for the company's major North American energy industry customer and positive performance across the whole customer base. We increase our target price from 115p to 123p and maintain our Buy rating.

— Trading update: Commercial momentum has remained positive with production orders in the aerospace sector together with new customer wins in the energy and industrials sectors which will contribute revenue in FY27E. Testing programmes are ongoing with a major potential customer in the energy sector in the Middle East and also with potential customers in the semi-conductor sector. The major US energy customer that was announced in December 2025 progressed to production revenue as planned, leading to an additional $1.9m purchase order as announced on 14 September 2026.

— Forecasts: Hardide expects to report FY26 revenue of £13.5m (FY25: £6.0m) in-line with our previous forecast, and EBITDA of £5.8m (FY25: £1.0m) which is £0.3m ahead of our previous forecast. We are increasing our FY26E EPS from 5.4p to 5.8p. Year-end gross cash of £3.2m is £0.7m ahead of our previous forecast. The company reports that the year ended strongly with revenue of £4.6m in the final quarter and with this commercial momentum continuing into FY27E. This is supportive of our FY27E P&L, which are unchanged. We also make no change to our FY27E year-end cash forecast, allowing for some additional absorption working capital as revenue continues to accelerate. The following table summarises the upgrade to our forecasts.

Figure 1: Changes to our forecasts

Y/E Sep £m	FY25	FY26 new	FY26 old	+/-	FY27 new	FY27 old	+/-
Revenue	6.0	13.5	13.5	0.0	18.8	18.8	0.0
EBITDA	1.0	5.8	5.5	0.3	8.0	8.0	0.0
PBT	0.1	4.9	4.6	0.3	6.6	6.6	0.0
EPS	0.2	5.8	5.4	0.4	7.7	7.7	0.0
Gross cash	0.8	3.2	2.5	0.7	5.0	5.0	0.0
Net cash/(debt)	0.4	2.7	2.0	0.7	4.5	4.5	0.0

Source: Cavendish estimates, Company data

— Valuation and conclusion: Hardide reports that performance is consistent with its strategic objective of doubling revenue in two to three years versus the FY26E baseline, based on increasing order intake and a growing pipeline. We are raising our target price to reflect our increasing confidence in the company's growth trajectory. We apply a target FY27E P/E of 16x with a target price of 123p representing 18% upside to the current level.

Key estimates		**2023A**	**2024A**	**2025A**	**2026E**	**2027E**
Year end:		**Sep**	**Sep**	**Sep**	**Sep**	**Sep**
Revenue	£m	5.5	4.7	6.0	13.5	18.8
Adj EBITDA	£m	-0.1	0.0	1.0	5.8	8.0
Adj EBIT	£m	-1.0	-0.8	0.3	5.1	6.9
Adj PBT	£m	-1.1	-0.9	0.1	4.9	6.6
Adj EPS	p	-1.8	-1.3	0.21	5.8	7.7
DPS	p	0.0	0.0	0.0	0.0	0.0
Key valuation metrics						
EV/sales	x	14.4	16.7	13.1	5.9	4.2
EV/EBIT (adj)	x	-82.3	-100.1	304.5	15.7	11.6
P/E (adj)	x	-58.4	-80.0	489.0	18.1	13.5
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	0.1%	-0.6%	0.7%	3.2%	2.3%

Source: Cavendish estimates, Company data

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Income statement		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Sales	£m	4.7	6.0	13.5	18.8
Gross profit	£m	2.3	3.5	8.5	11.8
EBITDA (adjusted)	£m	0.0	1.0	5.8	8.0
EBIT (adjusted)	**£m**	**-0.8**	**0.3**	**5.1**	**6.9**
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-0.2	-0.1	-0.2	-0.3
PBT (adjusted)	**£m**	**-0.9**	**0.1**	**4.9**	**6.6**
Total adjustments	£m	-0.4	0.0	0.0	0.0
PBT (reported)	£m	-1.3	0.1	4.9	6.6
Tax charge	£m	0.0	0.1	0.0	0.0
Minorities/Disc ops	£m	0.0	0.0	0.0	0.0
Earnings (reported)	£m	-1.3	0.2	4.9	6.6
Earnings (adjusted)	**£m**	**-1.3**	**0.2**	**4.9**	**6.6**
EPS (basic)	p	-1.9	0.23	6.2	8.4
EPS (adjusted, fully diluted)	**p**	**-1.3**	**0.21**	**5.8**	**7.7**
DPS	**p**	**0.0**	**0.0**	**0.0**	**0.0**

Growth analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Sales growth	%	-14.0%	27.5%	123.9%	39.3%
EBITDA growth	%	132.3%	3,090.6%	468.1%	37.9%
EBIT growth	%	17.8%	132.9%	1,842.3%	35.6%
PBT growth	%	16.0%	113.2%	3,812.0%	35.0%
EPS growth	%	27.0%	116.4%	2,604.4%	34.4%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Gross margin	%	48.1%	57.3%	62.6%	62.8%
EBITDA margin	%	0.7%	16.9%	43.0%	42.6%
EBIT margin	%	-16.7%	4.3%	37.4%	36.4%
PBT margin	%	-20.0%	2.1%	36.2%	35.1%
Net margin	%	-27.9%	3.0%	36.4%	35.1%

Valuation analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
EV/EBITDA (adjusted)	x	2,474.0	77.5	13.6	9.9
EV/EBIT (adjusted)	x	-100.1	304.5	15.7	11.6
P/E (adjusted)	x	-80.0	489.0	18.1	13.5

Cash flow		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
EBITDA (adjusted)	£m	0.0	1.0	5.8	8.0
Net change in working capital	£m	0.1	-0.3	-1.5	-2.3
Other operating items	£m	-0.4	0.0	0.0	0.0
Cash flow from op. activities	**£m**	**-0.3**	**0.7**	**4.3**	**5.7**
Cash interest	£m	-0.2	-0.1	-0.2	-0.3
Cash tax	£m	0.0	0.1	0.0	0.0
Capex	£m	-0.1	-0.1	-1.6	-3.6
Other items	£m				
Free cash flow	**£m**	**-0.5**	**0.6**	**2.6**	**1.9**
Acquisitions / disposals	£m	0.0	0.0	0.0	0.0
Dividends	£m	0.0	0.0	0.0	0.0
Shares issued	£m	0.7	0.0	0.0	0.0
Other	£m	-0.2	-0.3	-0.2	-0.1
Net change in cash flow	**£m**	**0.0**	**0.4**	**2.4**	**1.8**
Opening net cash (debt)	£m	0.0	0.0	0.4	2.7
Closing net cash (debt)	**£m**	**0.0**	**0.4**	**2.7**	**4.5**

Cash flow analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Cash conv'n (op cash / adj EBITDA)	%	-840.6%	73.3%	74.6%	71.5%
Cash conv'n (FCF / adj EBITDA)	%	-1,518.8%	58.2%	44.6%	23.4%
U/lying FCF	£m	-0.5	0.6	2.6	1.9
Cash quality (u/l FCF / adj earn)	%	n/m	333.7%	52.6%	28.3%
Investment rate (capex / depn)	x	0.1	0.1	2.1	3.1
Interest cash cover	x	n/m	5.5	27.0	22.9
Dividend cash cover	x	n/m	n/m	n/m	n/m

Working capital analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Net working capital / sales	%	7.4%	5.7%	13.5%	21.8%
Net working capital / sales	days	27	21	49	80
Inventory (days)	days	13	10	49	66
Receivables (days)	days	76	85	59	72
Payables (days)	days	61	75	59	58

Balance sheet		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Tangible fixed assets	£m	4.0	3.5	5.9	8.6
Goodwill & other intangibles	£m	0.0	0.0	0.0	0.0
Other non current assets	£m	1.5	1.4	0.0	0.0
Net working capital	£m	0.4	0.3	1.8	4.1
Other assets	£m	0.4	0.3	0.3	0.3
Other liabilities	£m	-2.6	-2.0	-2.0	-2.1
Gross cash & cash equivs	£m	0.7	0.8	3.2	5.0
Capital employed	**£m**	**4.4**	**4.4**	**9.3**	**15.9**
Gross debt	£m	0.7	0.5	0.5	0.5
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	3.7	3.9	8.8	15.4
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	**£m**	**4.4**	**4.4**	**9.3**	**15.9**

Leverage analysis		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Net bank debt / equity	%	0.4%	net cash	net cash	net cash
Net bank debt / EBITDA	x	0.4	net cash	net cash	net cash
Liabilities / capital employed	%	16.3%	11.0%	5.1%	3.0%

Capital efficiency & intrinsic value		2024A	2025A	2026E	2027E
Year end:		Sep	Sep	Sep	Sep
Adjusted return on equity	%	-36.1%	4.6%	55.9%	42.9%
RoCE (EBIT basis, pre-tax)	%	-18.1%	6.0%	54.5%	43.2%
RoCE (u/lying FCF basis)	%	-11.1%	13.6%	27.9%	11.8%
NAV per share	p	4.7	4.9	11.2	19.5
NTA per share	p	4.7	4.9	11.2	19.5

Source: Cavendish estimates, Company data

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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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Hold	0	0.0%	9	4.5%
Sell	0	0.0%	1	0.5%
Under Review	0	0.0%	1	0.5%
Corp	31	24.8%	34	16.9%

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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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