

cityconfidential

sorting the bulls from the bears

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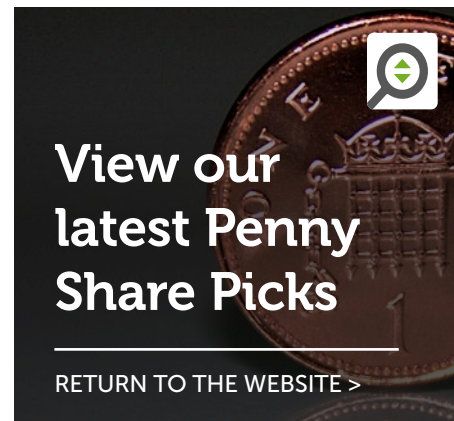
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Jobs for the boys??

We tipped shares in the labour supply company **Hercules (38.5p)** back in November 2023 when the shares were 25.5p and earlier this year the shares reached a high of 55p. The share price has fallen back since then to stand some 30% below the peak although the most recent results showed that the group is making excellent progress. The group announced the acquisition of another specialist labour supply company, Advantage NRG Ltd in June, whilst it has also recently revealed a number of new contracts in the water sector for clients including Costain, Galliford Try and Thames Water.

Hercules is a leading tech enabled labour supply company for the UK infrastructure sector and the company has established itself as a supplier of workers to companies such as Balfour Beatty

and Kier Group. The company has provided labour to work on projects in different sectors including rail, highways, utilities, power and energy and there are around 1,600 operatives across all sites compared to 1,200 a year ago. The company has developed a recruitment app and this attracted 17,400 downloads from prospective employees in the first half year, up from just over 13,000 in the same period in 2024.

In the six months to 31 March, the group reported record revenues of £54.6m, up 18% on the previous year, with adjusted pre-tax profits rising 47% to £1.7m. Earnings per share on the same basis were 19% higher at 2.11p. The third quarter started well and the company is expecting another record year of financial performance. Net cash at the end of the period

was £9.8m.

The significant investment in the UK infrastructure sector promised by the government will see £750bn spent over the next 10 years in different sectors. Hercules is well-placed to benefit from this as a major supplier of operatives and the fact that the company supplies its workers to blue chip companies is a clear endorsement of the group. The acquisition of Advantage NRG has expanded the group's operations and acquisitions are set to play a major factor in the group's growth over the coming years.

Shares in the company have drifted lower over the last few months and we think that has presented investors with a useful entry point. **BUY.**



Put some wind in your sails!

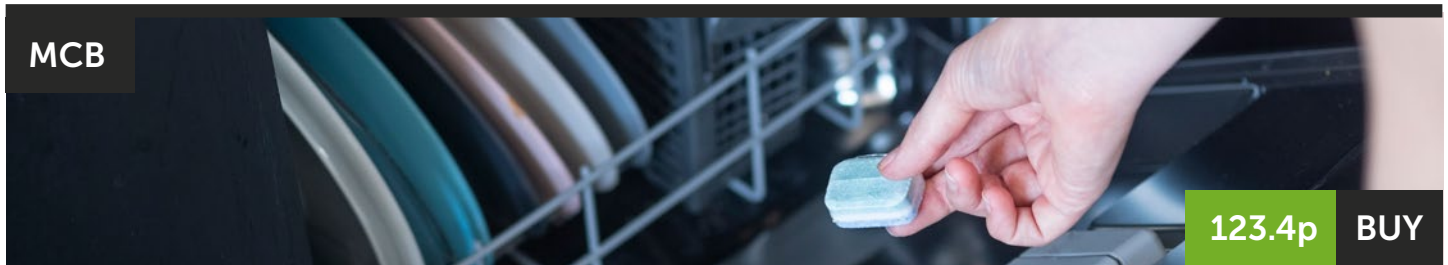
Some readers may question why we are suggesting that they buy shares in **Greencoat UK Wind (106.3p)** as this is not the type of stock that we normally recommend. Historically, the company has been quite a dull stock market performer with the main attraction being the generous dividends paid by the company. However, a fall in the share price of the company over the last couple of months has provided a buying opportunity in our view.

Greencoat UK Wind is the UK's leading listed renewable infrastructure fund, invested in UK wind farms. The company aims to provide investors with an annual dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio. The

company has an investment portfolio which comprises interests in 49 operating wind farms across the UK. These are spread mainly between England (49%) and Scotland (41%) with other interests in Wales and Northern Ireland. The company provides renewable electricity to 2.2m homes per annum.

In the six-month period to 30 June, the portfolio generated 14% less electricity than expected due to the low winds experienced in the first half of the year. This has been the experience across the whole industry. In fact, the period between March and May saw the least windy conditions in those months since records began in 2001, although June saw a return to normal wind speeds.

The company is aiming to pay a dividend of 10.35p for 2025, which would put the shares on a yield of 9.7%. The net asset value at the end of June was 143.4p per share and so the share price stands at a discount of over 25% to this and, taking both of these factors into consideration, we believe that the shares could easily rebound to the level of 127.3p seen in July. That is an increase in the share price of almost 20%, which we think is a very attractive return especially when combined with the high level of dividend. The latter is paid quarterly, with the next payment due in November, and so anyone buying now will qualify to receive this. The shares should be bought for income and a bounce in the price. **BUY.**



MCB

123.4p BUY

MCBRIDE – 123.4P

SECTOR - PERSONAL CARE, DRUG AND GROCERY STORES
RECOMMENDATION - BUY

The rehabilitation of **McBride** continues with the most recent results, which cover the year to 30 June, showing further progress. The company was loss-making in 2022 and 2023 and the share price fell to 16p in the summer of 2022 although since then there has obviously been a dramatic recovery as the company has returned to profitability. Despite this, the shares still only stand on a very modest rating, whilst debt has also been reduced significantly. Even though the growth in profit going forward is likely to be relatively modest, the fact that the shares are only on a prospective p/e ratio of just 5.6x provides scope for a re-rating. We believe that a p/e ratio of 8x 2026 earnings can be justified and therefore rate the shares as a BUY with a share price target of 182p.

Activities

McBride is a leading European manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets. The company operates 14 factories in Belgium, Denmark, France, Italy, Malaysia, Poland, Spain, Vietnam and the UK as well as four offices. The company manufactures the broadest portfolio of products in the industry and supplies over 90% of Europe's leading retailers – the group sells over 1bn products per year. Its brands include Surcare, Oven Pride, Clean n Fresh, Actiff and Hospec.

The group operates through five divisions as follows:- McBride Liquids (57% of revenue, 55% of operating profit) – this produces an extensive range of household cleaning solutions sold in a bottle, pouch or carton including laundry detergent, dish washing liquids and surface cleaners. McBride Unit Dosing (25% of revenue, 30% of operating profit) – this produces cleaning products in convenient, sustainable, single dose measures including dishwasher tablets and laundry capsules. McBride Powders (9% of revenue, 9% of operating profit) – this manufactures powdered cleaning products for laundry, dishwashers and water softeners. McBride Aerosols (6% of revenue, 4% of operating profit) – this manufactures a range of innovative household, insecticide and personal care products discharged from a pressurised can. McBride Asia Pacific (3% of revenue, 2% of operating profit) – this produces a range of products in personal care and household segments for key retailers across the region.

Financial

After enduring two challenging years in 2022 and 2023, the company returned to profit in 2024 helped by an increase in revenues, with all five divisions of the group growing profitability. The results were helped by the cost-of-living pressure on consumers in the various markets in which it operates, which had the effect of driving them towards value products and private label. The company also benefitted from its strategic efforts to develop closer relationships with its customers, which provided increased knowledge about the end markets which it is supplying.

These factors have also helped the latest results covering the year to 30 June 2025, which were released recently. Revenue for the year actually declined slightly, falling by 0.9% to £926.5m (2024: £934.8m), although it is worth pointing out that in constant currency revenue actually rose by 0.7%. Adjusted pre-tax profit increased to £54.9m (2024: £53.1m) with earnings per share on the same basis declining slightly to 22.1p (2024: 22.2p) due to a higher tax charge. The company also reinstated the dividend, declaring a dividend of 3p per share, the first payment

since 2020. Net debt at the company fell sharply to £105.2m (2024: £131.5m) with the group's borrowings being refinanced last November on significantly improved terms.

The group's five divisions all reported positive adjusted operating profits, although these were lower than the previous year in Liquids and in Asia Pacific. In Liquids, adjusted operating profit fell to £41.0m (2024: £45.6m) due to higher sales of lower-value products and some increases in certain raw material costs. In Asia Pacific, the decline was due to lower demand in Malaysia and Vietnam, and delays to certain contract launches in Australia.

Outlook

The new financial year has seen trading so far in line with expectations with market share for private label holding firm at just over 35% of the market. Growth in private label is at a faster pace than branded products and this seems unlikely to change given the persistent pressure on consumers. The company continues to make good progress with customer partnerships and there is a robust pipeline of new launches.

Following the difficult period in 2022 and 2023, the group has now produced five consecutive half years of operating at these materially improved profit levels thus marking a sustained recovery from the challenges of that time. The group is now operating with more stability and it has also strengthened its financial position with net debt falling sharply over the last two years, whilst the refinancing of the debt facilities on better terms is another positive. The fact that the company has restored a dividend payment is also a sign of confidence in the future.

The company's share price has moved up significantly from its low point of 2022, but back then there was some doubt about the ability of the company to survive. Now that the company is back on track, as demonstrated by the most recent results, we are somewhat surprised that the shares have fallen back from the recent high of 159p. As more evidence of the group's recovery becomes apparent, we would expect the shares to move back up once again. The introduction of new products will also help to boost sales and profits going forward and yet the shares languish on a prospective p/e ratio of just 5.4x, which looks far too low. Even a relatively miserly rating of 8x earnings for 2026 suggests a share price of 182p and so we believe the shares are a **BUY**.



	Year Ending 30 June	Turnover (£m)	Adjusted Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 123.4p	2024	934.8	53.1	22.2	5.6	-	-
Market Capitalisation: £215m	2025	926.5	54.9	22.1	5.6	3.0	2.4
2024/25 Share Price Range: 159p/32p	2026 (est)	930.0	55.0	22.8	5.4	3.2	2.6
Website: www.mcbride.co.uk							



Aggressive Growth Portfolio IX

A slightly better performance from the Portfolio over the last month with an increase in value of 0.9% being reported. Although this means that it has underperformed the FTSE AIM All-Share Index, it has outperformed the other two benchmark indices which have both shown a decline in value as can be seen from the table..

We have decided to sell two of the holdings in the portfolio this month after they both made announcements. Firstly, we have decided to take our profit in **Vertu Motors** as we feel that the prospects for the company are relatively unexciting, especially given the pressure on new car sales, where demand has not been as high as expected. The sale of 7,000 shares at 60.1p has raised net proceeds of £4,165 for a gain of £397. And then, despite the good performance of the company, the strong run in the share price and some large share sales by the directors have led us

to also sell the holding of **Kier Group**. The disposal of 2,500 shares at 214p has raised net proceeds of £5,297 for a gain of £2,242.

There have not been any stand-out performances from the portfolio this month, although both **Future** and **Speedy Hire** have fallen back by 9.2% and 19.7% respectively. We believe the decline in value of the shares has presented a useful buying opportunity in each case.

Announcements have been made this month by **Supreme**, **Luceco**, **Vertu Motors**, **Kier Group** and **Speedy Hire** and these are covered in News Highlights or on the website as usual.

Dividends were received during the month from **Supreme** (£85) and **Speedy Hire** (£225) and following the investment into the two main features this month there is £5,714 on deposit pending investment.

Performance summary

	23 September 2025	26 August 2025	Gain/(Loss) %
Portfolio Value	£59,849	£59,202	1.1
FTSE 100 Share Index	9,223.32	9,265.80	(0.5)
FTSE All Share Index	4,993.00	5,107.13	(2.2)
FTSE AIM All Share Index	781.25	765.11	2.1

Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
1,500 Ramsdens Holdings*	190	2,878	355	5,325	300
2,500 Supreme	162	4,091	182.5	4,563	165
2,625 Luceco	133	3,543	124	3,255	110
2,250 Tandem Group	185	4,204	202	4,545	140
7,500 Smiths News	54	4,110	60	4,500	48
600 Future	696.5	4,242	692	4,152	550
2,500 Stelrad Group	142	3,586	162.5	4,063	120
5,000 Card Factory	88	4,466	110.4	5,520	68
12,500 Speedy Hire	29.2	3,704	23.7	2,963	22
3,300 Costain Group	129.8	3,347	131.6	4,343	100
2,875 Rank Group	132	3,852	138.8	3,991	105
3,075 McBride	123.4	3,852	123.4	3,795	97
1,000 Mears Group	312	3,167	312	3,120	275
£5,714 Cash				5,714	
			TOTAL	£59,849	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £2,608. *after part disposal

MER

MEARS GROUP

312p

SECTOR - INDUSTRIAL SUPPORT SERVICES
RECOMMENDATION - BUY

The support services group **Mears** is a leading provider of services to the affordable housing sector working mainly with both Central and Local Government. The group is seeing increased demand for its services and this business looks set to grow going forward, especially as a number of Government contracts have been renewed recently. The shares have fallen from 418p since the end of May and they now stand at the lowest level since the start of last year. On a low rating and offering an attractive dividend yield the shares are a **BUY**.

The group provides a range of property management and maintenance services to the affordable housing sector, including rewiring, roof repairs, boiler installation and kitchen and bathroom improvements. The group manages and maintains around 450,000 homes across the UK, working with both local and central government on long-term contracts.

In the six months to 30 June 2025, revenues fell 4% to £559m, although pre-tax profit increased to £32.0m. Diluted earnings per share rose by 20% to 27.68p and the interim dividend was raised 18% to 5.6p per share. The group's maintenance led activities saw revenues rise by 8% to £302m, helped by regulatory market drivers, whilst the management led activities saw revenues decline by 14% to £257m due to a reduction in revenues related to asylum seekers. Adjusted net cash at the end of the period was £81.1m.

As business to help with asylum seekers falls away, so revenues will fall, whilst the second half will see the full impact of the changes to National Insurance. The company may therefore see a short-term decline in profitability although this is expected to reverse going forward. We therefore think that the shares offer solid value on a p/e ratio of just 6.9 and yield of 5.4%.

	Year Ending 31 December	Turnover (£bn)	Adjusted Pre-tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 312p	2024	1.13	64.1	48.9	6.4	16.0	5.1
Market Capitalisation: £270m	2025 (est)	1.06	59.0	45.0	6.9	17.0	5.4
2024/25 Share Price Range: 418/310p	2026 (est)	1.00	52.0	42.0	7.4	18.0	5.8
Website: www.mearsgroup.co.uk							

News Highlights



As subscribers will know, we update the website with news that involves the companies that we follow, but we have highlighted what we regard as the most important news here.

Smiths News – 60p

The wholesaler and distributor of newspapers and magazines has issued a trading update for the financial year to 30 August, which has revealed that strong second half trading should mean that adjusted profits will come in slightly ahead of expectations. This performance has been driven by the core newspaper and magazine business bolstered by strong demand for collectables such as stickers and albums. The group has also focused on improving its efficiency delivering cost-savings in line with expectations. The company is continuing to perform well and we therefore nudge up our pre-tax profit forecast for the year to £33.5m for earnings per share of 10.5p. This puts the shares on a modest p/e ratio of just 5.7x and assuming a slightly increased dividend of 5.2p per share the yield will be 8.7%. The shares look too cheap and we therefore maintain our recommendation of **BUY**.

Kier Group – 214p

In the year to 30 June, the infrastructure services, construction and property group saw revenues increase by 3% to £4.1bn, whilst adjusted pre-tax profit rose by 6% to £125.4m. Earnings per share on the same basis were 5% higher at 21.6p and the dividend was raised 38% to 7.2p per share. Net cash at the year end was £204.1m (2024: £167.2m) and the average monthly net debt figure had fallen to £49.2m from £116.1m in the previous year. The group ended the year with an order book of £11bn, compared with £10.8bn the year before, and this provides visibility of revenues and earnings going forward. The new financial year has started well and expectations are for earnings per share in the current year to increase again to 22.6p to put the shares on a p/e ratio of 9.5x. However, the shares have risen by 78% since we tipped them at 120.4p in March and there have been significant share sales by directors and senior employees who have sold almost 800,000 shares. With further progress

in the share price likely to be at a more sedate pace we reduce our recommendation to **SELL**.

Supreme – 182.5p

The supplier and distributor of fast-moving consumer goods issued a trading update at its AGM confirming that the momentum seen in the year to 31 March has continued into this year. The company continues to successfully navigate the rapidly changing UK vaping market, including the ban on disposal vapes which came into effect on 1 June. To help diversify away from vapes, the company has acquired 1001, the well-known carpet care brand for initial consideration of £1.65m although another £3m may be due depending on future revenue growth. This adds another household name to the group's portfolio with scope for 1001 to expand its sales through Supreme's customer portfolio of 40,000 retail outlets. The group remains on target to report revenues of £235m in the current financial year for adjusted pre-tax profits of £27m and earnings per share of 17p. The shares remain a **BUY**.

Vertu Motors – 60.1p

The leading automotive retailer has issued a trading update covering the five months to 31 July. This has confirmed that strong used car sales and a solid performance by the after sales business (servicing, repairs etc) has been offset by pressure on new car sales. Although the company maintains it is on track to meet full year forecasts, the outlook is unexciting and so we reduce our recommendation to **SELL**.

Luceco – 124p

The designer and manufacturer of wiring accessories to the residential market in the UK has announced its interim results to 30 June and these have shown an increase in revenues of almost 15% to £125.7m (2024: £109.6m). Revenue growth was boosted by acquisitions which contributed £15.5m with like-for-like organic growth up 2.0%. Adjusted operating profit rose to £13.8m (2024: £12.6m) but an increase in the finance charges due to funding acquisitions meant that adjusted

pre-tax profit fell to £10.8m (2024: £11.2m). Earnings per share on the same basis rose to 5.9p (2024: 5.7p) thanks to a lower tax charge and reduction in the number of shares in issue and the interim dividend was raised to 1.8p per share (2024: 1.7p). Net debt at the period end was £68.0m, a slight reduction during the period. The company will benefit from the increase in electric vehicles with revenues from EV charging products rising by 93% during the period. Further growth in revenues is expected in the second half although we reduce our adjusted pre-tax profit forecast to £25m from £26m for earnings per share of 12.7p. A p/e ratio of under 10x looks too low given prospects and we re-iterate our recommendation of **BUY**.

Speedy Hire – 23.7p

The leading plant hire group has released a trading statement to coincide with its AGM and this has confirmed that trading conditions remain subdued. Rental revenues are slightly behind last year although the company is expecting a stronger second half as usual. The UK Government's commitment to growth has yet to result in any meaningful activity although if this does materialise the company is well-placed to benefit. The company is encouraged by recent contract wins and therefore expects to achieve full year forecasts of adjusted pre-tax profits of £15m for earnings per share of 2.4p. With further significant growth expected next year the shares are a **BUY**.



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