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sorting the bulls from the bears



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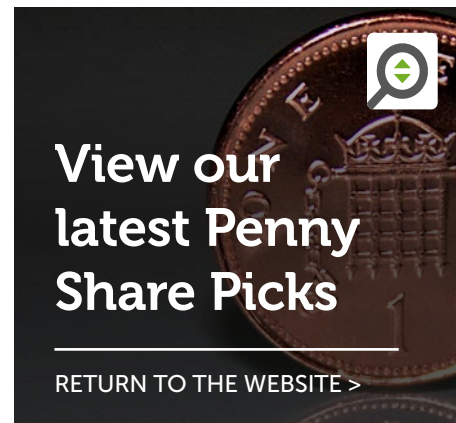
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Is there value here?

It was very disappointing to read the latest trading update from **B&M European Value Retail (172p)** which obviously took the market completely by surprise. The update was unscheduled, but the company had discovered an accounting error that is going to have severe implications for this year's profits.

It appears that some £7m of overseas freight costs had not been correctly treated following an operating system update earlier this year and although the underlying system issue has since been resolved there will be a material impact on the results for the current financial year to 31 March 2026. The group has therefore reduced its expectations for the year with adjusted EBITDA now expected to be in

the range of £470m - £520m. This compares with previous expectations of between £510m - £560m. The company intends to commission a comprehensive independent review into the event and the CFO, Mike Schmidt, has resigned. The share price fell on the news to another all-time low of 167.7p, but the question for investors is whether there is any value in the stock at this level.

There are clearly a number of issues here as the company had only issued a trading update a fortnight before this warning and the shares were already trading at record low levels. There is now clearly a lack of credibility at the group, but has the negativity been overdone? The company operates in a competitive market as shown by the fact that in the year to 31 March

2025 adjusted pre-tax profits fell to £455m from £501m a year earlier. Nevertheless, revenues at the group are increasing as the store portfolio expands and this should continue going forward.

The company is due to issue its interim results on 13 November and these should provide further guidance on the issues at the company. Clearly there could be significant value here if the warning is a one off, but it appears that margins are under significant pressure judging from the group's guidance for the year as a whole. We are therefore cautious on the stock in the short-term and will review our position after the interim results are published. **HOLD**.



Fancy a short-term punt?

Regular readers may recall that we recommended shares in the betting and gaming company **Evoke (41.3p)** back in April when the share price was 48.8p. At the time we suggested that the shares were a speculative buy as the share price had just fallen sharply from over 70p and we were proved right with the share price running up to 72.8p at the end of July. Any investor who bought on our tip therefore could have made a profit of over 49% in just over three months!

Evoke was formerly known as 888 Holdings and is one of the world's leading betting and gaming companies. The group operates through a number of brands including William Hill, 888 Holdings and Mr Green and has operations in five core markets, the

UK, Denmark, Italy, Spain and Romania. The group also has a significant online presence, including sports betting and online poker as well as a range of casino and slot games.

The purchase of William Hill in 2022 for £2.2bn left the group saddled with debt and this remains a major issue for the group. At the end of June the group had net debt of £1.8bn and reducing this is a clear priority for the group. In the year to 31 December 2024, the group was only just profitable, but the first half of 2025 has seen a much improved performance with adjusted EBITDA increasing by 44% to £166m. Adjusted earnings per share for the period emerged at 1.2p. The interim results saw the fourth consecutive quarter of growth and significantly improved profitability

and this has continued into the third quarter of the year with momentum accelerating. Revenue continues to increase and further improvements in profitability are expected in the second half of the year.

The share price has fallen back over recent weeks although there has been no news from the company. Clearly there has been speculation in the media about increases in taxation on gambling companies and this has had a negative impact on the share price. However, even if taxes are increased we would expect the group to be able to cope. The company is due to issue a trading update on 28 October and we believe this could spark a rally in the share price. **SPECULATIVE BUY**.



REACH – 60.2P

SECTOR - MEDIA
RECOMMENDATION - BUY

The recent third quarter trading statement confirmed that the group is on track with its strategy of introducing more revenue streams as it looks to diversify away from its declining newspaper revenues. The latter still make up a significant part of the business, but the decline in revenues is being well-managed and the introduction of new digital business is going well. Historic issues surrounding the pension fund and legal disputes have overshadowed the shares for years, but these matters are now close to being resolved. Despite the progress that is being made, the shares languish on a very low rating and sport a very attractive dividend yield of 12.2%. The group has a manageable level of debt and as the digital part of the business grows we would expect a significant re-rating of the shares.

Activities

Reach is the UK and Ireland's largest commercial news publisher and was previously known as Trinity Mirror Group. The company has over 120 brands and connects with its audience both online and through printed copy. Within its portfolio there are national titles such as The Mirror, The Express, Daily Star and Daily Record, but there are also regional brands including the Manchester Evening News, Liverpool Echo, Hull Daily Mail and Bristol Post. In addition to the various news titles, the company also publishes OK! Magazine, whilst it also operates various online websites such as football.london and WalesOnline. The group also operates the local websites under the 'Live' brand such as LeedsLive, BirminghamLive and so on. The group also has some exposure to the US market through brands such as Irish Star. Every month the group reaches 70% of the UK online population and 10% of the US population.

The group sells hundreds of thousands of copies of its publications daily, although as one might expect volumes are in gradual decline. This rate of decline is around 17% per year on a like-for-like basis, and the group aims to mitigate this with increases in the cover price and in 2024 cover prices increased by an average of 15% per title. The average age of a print customer is 52 and this older demographic has a high degree of loyalty and is of high value to advertisers. Newspaper sales account for around 55% of total revenue although the company also generates revenues from advertising and printing for third parties. The company therefore generates significant print cash flows.

As well as print, the group has a growing digital proposition and every day the UK audience views approximately 37m pages. The digital audience benefits from a broad demographic and the company continues to increase its audience by developing new formats across areas such as sport and entertainment. Although digital revenue is driven mainly by advertising, the company has also been diversifying its income streams into other areas such as ecommerce and affiliates. The group has launched an ecommerce site, Yimbly, whilst it also sold over 235,000 OK! Beauty Boxes last year.

Financial

The most recent results from the company are the interim results which cover the six months to 30 June and revenue for the period declined by 3.4% to £256m. Print revenue declined by 4.8% to £194.1m, with digital revenues increasing by 1.8% to £61.1m. Print revenues suffered from lower circulation, but also lower advertising revenues compared to 2024 which benefited from the men's Euros. An increase in operating profit margin to 17.5% (2024: 16.8%) meant that adjusted operating profit for

the period was 0.6% higher at £44.8m (2024: £44.5m). Adjusted pre-tax profit was marginally higher than the previous year at £42.4m (2024: £42.3m), although a lower tax charge led to adjusted earnings per share rising to 10.7p (2024: 10.1p). The interim dividend was maintained at 2.88p per share. Net debt had risen to £26.0m at the end of the period from £14.2m at the end of 2024, although during the period the group spent £6.9m on capital expenditure and £14.1m on dividend payments.

In a trading statement covering the three months to 30 September, the trend seen in the first half of the year has continued with print revenues declining by 3.9% whilst digital revenues rose by 2.1%. For the quarter, overall revenues fell by 2.5%. However, progress was made by the group with the creation of new video teams in the newsrooms, new video launches such as Daily Expresso, the YouTube channel of the Daily and Sunday Express, and All Out Football, a football channel launched in conjunction with SkyBet. Sales of OK! Beauty Box also continue to do well.

Outlook

At the time of the interim results' announcement the company launched new priorities that it believes will fuel its growth going forward. These include initiatives to reach new audiences, increase the amount of video content and accelerate the group's technology and AI capabilities. Diversifying the revenues at the group is a core part of the programme with a serious focus on adding subscription revenues to the mix. The group has undergone some restructuring to achieve these aims, with new teams focusing on increasing video production, new commercial propositions being formulated and driving growth in non-platform audiences. Some people may also leave the business, and the full year cost of the restructuring is expected to be around £20m, well within the group's financial capability.

The share price of the company has been on a steady downtrend for over a year and is now close to a five-year low – and that was the lowest point since 2012! The weakness in the share price has largely been due to concerns over historic legal issues and pension funding which caused considerable uncertainty. The end of both of these issues is now in sight with significantly reduced financial implications, and the group can now focus on building the business. Although the share price may remain a little volatile as some investors remain cautious, those who are prepared to invest now could be handsomely rewarded. **BUY.**



	Year Ending 31 December	Turnover (£m)	Adjusted Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 60.2p	2024	539	97.2	24.9	2.4	7.34	12.2
Market Capitalisation: £194m	2025 (est)	515	94.1	23.0	2.6	7.34	12.2
2024/25 Share Price Range: 107.5p/59.5p	2026 (est)	495	89.0	22.0	2.7	7.34	12.2
Website: www.reachplc.com							



Aggressive Growth Portfolio IX

The Portfolio has recorded a loss over the last month, falling in value by 1.7%. It has, however, outperformed the FTSE AIM All-Share Index even though it has underperformed the other two benchmark indices as can be seen from the table below. Given the fact that we have some AIM stocks in the portfolio, it is no surprise that this has been the case.

There have been a number of share price performances worthy of note over the last month. In terms of positive movement, shares in **Speedy Hire** have risen by 15.0%, with **Costain Group** close behind, posting a rise of 14.1%. The fallers were led by **Card Factory** (down 11.1%), closely followed by **Rank Group** (down 10.4%) and **Future** (down 10.0%). Interestingly enough, all of these companies have made announcements during the month which will have influenced the share price.

Back in June, we increased the stop-loss limit on **Supreme** from 125p to

165p as the share price at the time was 198p. This has come back to bite us as the shares have now fallen back to this level and so we have had to sell the holding of 2,500 shares. The disposal at 165p has raised net proceeds of £4,084 for a loss of £7. The latest announcements from the group have been promising though and we believe the shares should rally going forward.

Apart from the companies already referenced above, announcements have also been made this month by **Ramsdens Holdings**, **Supreme** and **Tandem Group** and these are covered in News Highlights or on the website as usual.

Dividends were received during the month from **Ramsdens Holdings** (£75) and **Costain Group** (£33) and following the investment into the two main features this month there is £3,237 on deposit pending investment.

Performance summary

	21 October 2025	23 September 2025	Gain/(Loss) %
Portfolio Value	£58,825	£59,849	(1.7)
FTSE 100 Share Index	9,426.99	9,223.32	2.2
FTSE All Share Index	5,094.85	4,993.00	2.0
FTSE AIM All Share Index	765.86	781.25	(2.0)

Quantity	Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
1,500	Ramsdens Holdings*	190	2,878	340	5,100	300
2,625	Luceco	133	3,543	130	3,413	110
2,250	Tandem Group	185	4,204	187.5	4,219	140
7,500	Smiths News	54	4,110	60.6	4,545	48
600	Future	696.5	4,242	623	3,738	550
2,500	Stelrad Group	142	3,586	158	3,950	120
5,000	Card Factory	88	4,466	98.2	4,910	68
12,500	Speedy Hire	29.2	3,704	27.25	3,406	22
3,300	Costain Group	129.8	3,347	150.2	4,957	100
2,875	Rank Group	132	3,852	124.4	3,577	105
3,075	McBride	123.4	3,852	123	3,782	97
1,000	Mears Group	312	3,167	340.5	3,405	275
5,500	Reach	60.2	3,361	60.2	3,311	48
250	Jet2	1310	3,308	1310	3,275	1100
£3,237	Cash				3,237	
				TOTAL	£58,825	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £2,716. *after part disposal

JET2

JET2 GROUP

1310p

SECTOR - AIM - TRAVEL AND LEISURE
RECOMMENDATION - BUY

The leisure travel group has performed well over recent years, expanding rapidly with increasing numbers of consumers booking flights or holidays. The shares hit a peak in June of 1945p, but the share price then saw some profit taking, having risen from 1159p at the beginning of April. This decline has been exacerbated by a disappointing statement at the AGM last month with the shares now at the lowest level for six months. However, with the shares now on a very low p/e ratio we feel the fall has been overdone and rate the shares as a **BUY**.

Jet2 is the UK's number one tour operator and the third largest airline. The company operates from 13 airports in the UK, flying to over 75 destinations in Europe and beyond, offering sun, city and ski destinations. The company has an excellent reputation with its customers, as can be

demonstrated by the fact that over 60% of Jet2holidays bookings are with repeat customers.

In the year to 31 March, revenues rose 15% to £7.17bn, with adjusted pre-tax profit increasing by 11% to £577m. Diluted earnings per share on the same basis rose by 22% to 207.2p and the dividend for the year was raised 12% to 16.5p per share. The group continued to have a strong balance sheet with cash of over £1bn.

The recent trading statement confirmed that although summer 2025 was a successful period for the group, consumers were only booking flights and holidays close to the date of departure thus reducing the visibility of future revenues. As a matter of prudence, the company has therefore reduced the number of flight seats on sale to 5.6m from 5.8m for winter 2025/26. This has unnerved investors although the reduced figure is still 9% ahead of last year. We believe the market has overreacted and hopefully the interim results' announcement on 19 November will provide reassurance.

	Year Ending 31 March	Turnover (£bn)	Adjusted Pre-tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 1310p	2024	6.25	520	170.4	7.7	14.7	1.1
Market Capitalisation: £2.64bn	2025	7.17	577	207.2	6.3	16.5	1.3
2024/25 Share Price Range: 1945/1159p	2026 (est)	7.68	550	202.0	6.5	18.0	1.4
Website: www.jet2plc.com							

News Highlights

Tandem Group



187.5p BUY

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.

Speedy Hire – 27.25p

The UK's leading tools and equipment hire business has entered into a number of agreements with HSS Hire. These include an agreement giving Speedy Hire the right to supply hire equipment to HSS ProService, which is expected to generate revenues of between £50m and £55m per annum, whilst the company has also acquired all the equipment currently on hire at HSS ProService customers. The group will also subscribe for over 79m new shares in HSS Hire which will give it a shareholding of 9.99% and the total consideration for all of the above is £35m and this will be paid in cash. This is a transformational deal for Speedy Hire and is expected to be immediately earnings enhancing. We now forecast adjusted pre-tax profits for the year to 31 March 2026 of £16.5m for earnings per share of 2.7p although the dividend will be cut to 1p per share to help fund the acquisition. The following year should see a significant uplift in profits and earnings per share and four directors have purchased a total of 600,000 shares in the company. We suggest that readers follow the directors and BUY.

Tandem Group – 187.5p

The AIM-listed toys and leisure group has announced interim results for the six months to 30 June with revenues up 14.3% to £11.2m (2024: £9.8m), although the group has recorded an adjusted pre-tax loss of £291k (2024: loss of £606k). Net debt at the end of the period was £3.2m, down from £4.3m at the start of the period. Operating expenses increased to £3.5m (2024: £3.2m) due to additional expenditure on advertising and extra employment costs due to the increase in National Insurance. Trading conditions remain difficult although a better performance is expected in the second half as last year. Although our forecast of full year profits of £1.5m may be optimistic, the group recovered strongly in the second half last year and we expect the same sort of performance again. Non-executive director Simon Bragg has picked up another 37,500 shares at around the current price and they remain a BUY.

Card Factory – 98.2p

In the six-month period to 31 July, revenue rose by 5.9% to £247.6m, with adjusted pre-tax profit falling by 9.0% to £13.2m. Earnings per share on the same basis were down 9.7% at 2.8p, although the interim dividend was raised by 8.3% to 1.3p per share. Net debt at the end of the period excluding leases rose slightly to £78.9m up from £58.9m at the beginning of the period, but this was after spending £7.6m on capital expenditure and £12.6m on dividend payments. The company is well-prepared for the peak Christmas selling season with new ranges and an expanded range for Halloween and the company is therefore confident of meeting full year expectations. We are happy to maintain our forecast for the current financial year of adjusted pre-tax profits of £70.6m for earnings per share of 15.3p. On a prospective p/e ratio of just 6.4x we believe the shares are too cheap and retain our recommendation of BUY with a share price target of 153p.

Supreme – 167.5p

The manufacturer and supplier of well-known branded consumer goods has added to its portfolio of brands with the acquisition of Slimfast, the market leader in meal replacement products. The acquisition will cost around £20.1m, including £9.0m due in 15 months' time, and this will be funded by the group's cash resources and borrowings. In the year to 31 December 2024, Slimfast generated revenue of £25.5m and gross profit of £9.7m. The acquisition is in line with the group's expansion strategy and is expected to be earnings enhancing immediately. We have increased our forecast of adjusted pre-tax profit for the year to 31 March 2026 to £28m for earnings per share of 17.6p and maintain our recommendation of BUY.

Future – 623p

The specialist media group has announced a trading update covering the year to 30 September confirming that the company is on track to meet market expectations for the year. The largest division, business to consumer, has seen growth in direct digital advertising in both the US and UK and magazine revenues remained resilient delivering a robust performance. After an excellent year last year, GoCompare has seen a more moderate performance whilst the

smallest division, business to business, has seen a weaker performance although it was better in the second half. We therefore expect revenues of £745m for the year with adjusted pre-tax profits of £175m on the cards. Earnings per share of 114.5p leave the shares on an undemanding rating and we continue to rate the shares as a BUY.

Ramsdens Holdings – 340p

The AIM-listed financial services group has issued a trading update covering the financial year to 30 September and this has confirmed that since the announcement of the interim results in June, the company has continued to trade well. As a result, the group expects adjusted pre-tax profits for the year to be slightly ahead of market expectations of £15.4m and, if these reach £15.8m, then earnings per share could emerge at 35.8p. Although the group has not made any comment on its net cash position, this was £7.4m at the end of March and we expect this to have increased during the second half. We reduced our recommendation to hold after the interim results following a sharp rise in the share price to 351p, but this statement is very positive and we upgrade our recommendation to BUY.



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