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sorting the bulls from the bears



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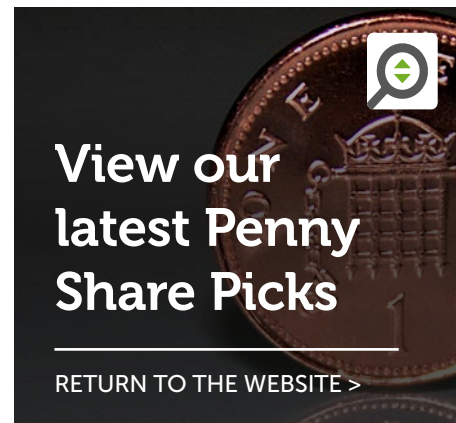
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Focus on growth with Kelso

We have recently come across **Kelso Group Holdings (3.03p)** and feel that this is a potentially interesting situation that is worth bringing to the attention of our readers. The company was only established in November 2022 with the intention of investing in undervalued companies on the stock market. These will be small and mid-cap companies where Kelso believes there is value which is not recognised by the market.

The company is now backed by over 65 individuals known to the directors as well as a small number of institutions. The directors own close to 20% of the equity of the company and between them have approaching 150 years of experience in UK listed companies through a mixture of fund management, corporate

broking, M&A, private equity and law. The senior management team have held positions at Zeus, the company's broker, as well as other leading financial institutions.

The company will aim to have less than ten core investments and it seeks to actively help its investee companies by offering constructive advice, support and ideas predominantly around investor relations and strategy in order to unlock trapped value. The company has just announced details of its latest investment which is in the travel group Saga plc. Kelso has purchased 400,000 shares in the company at an average price of 386.5p and believes that despite the rise in Saga's share price in 2025, there remains significant upside. Apart from Saga, the company also has investments in

NCC Group, THG, The Works.co.uk, Selkirk and Angling Direct.

The company achieved an increase in net asset value per share of 55.8% from inception in January 2023 to 30 June 2025 which is clearly an impressive return. Nevertheless, the company and its directors continue to believe that the small and mid-cap sector of the UK stock market remains undervalued and the company therefore expects to make further investments in 2026. The company raised around £2m in December 2025 through an equity issue at 3p per share to provide funds for investment although it is still only capitalised at around £13.5m. The shares are an interesting and rather different proposition but we feel they are worthy of a recommendation of **BUY**.



Image credit: Mountain Ash Studio - stock.adobe.com

Let's drink to that!

So, here we go again with another threat of tariffs from Donald Trump on goods imported to the US. This has had a negative impact on the share prices of companies who export to the US and **Diageo (1630.5p)** has suffered accordingly. However, shares in the company have been weak for some time following disappointing trading which resulted in the departure of the chief executive Debra Crew last July. The company has recently appointed Dave Lewis as its new Chief Executive – he had an excellent record as CEO of Tesco and before that at Unilever.

Diageo is one of the leading drinks companies in the world boasting an impressive array of brands which include Guinness, Johnnie

Walker, Smirnoff, Captain Morgan, Don Julio and Tanqueray. The group sells its products in nearly 180 countries around the world and so it is a truly global company.

The company has not had the best of times in recent years as consumers have moved away from premium brands and the Chinese market in particular has experienced a slowdown. Over the last five years adjusted earnings per share have effectively flatlined, moving from 158.8 US cents in 2021 to just 164.2 US cents in the year to 30 June 2025. It is therefore hardly surprising that the share price has fallen back from over £41 at the start of 2022 to the current level.

In the first quarter of the current financial year to 30 September net sales declined by 2.2% to \$4.9bn although this was largely due to disposals with the level of organic sales being flat. The interim results to 31 December are due out in early February and these will provide some guidance on current trading. The current year is likely to see results at a similar level to 2025 and this would give earnings per share of around 123p. This would put the shares on a p/e ratio of just 13.2x which is not excessive for a global group such as this. If the new CEO can stimulate some growth over the next year or two there is clearly scope for the shares to rally. **LONG TERM BUY**.



ASHTEAD TECHNOLOGY

SECTOR - OIL EQUIPMENT & SERVICES
RECOMMENDATION - BUY

The recent trading statement from the supplier of subsea technology solutions, covering the year to 31 December, has confirmed that it was another successful year for the group. Revenue in the second half of the year was around 5% higher than the first half and this momentum is expected to continue going into 2026. The group operates on a global basis and in a growing market and looks set for further expansion going forward with £35m earmarked for capital expenditure in the current year. The share price of the company peaked at 880p in 2024 and although it has rallied from the low of 302p at the end of December, we believe that the shares have much further to recover.

Activities

Ashtead Technology was established in 1985 to provide customers in the North Sea and beyond with high-specification survey and ROV (remotely operated vehicles) equipment on a rental or for sale basis. Since then, the company has expanded both organically and through acquisition and is now a world-leading subsea equipment rental and solutions business serving the global offshore energy sector. The company has three service lines, Survey and Robotics, Mechanical Solutions and Asset Integrity and these support the installation, IMR (inspection, maintenance and repair) and decommissioning of offshore energy infrastructure.

The company supplies a wide range of equipment including survey and robotics equipment and sensors, cutting and dredging equipment, winches, pumps, thermal imaging cameras and asset integrity monitoring equipment. The company now has over 30,000 assets of this nature available to its customers. This equipment is used on oil rigs and windfarms based at sea.

The company operates on a global basis with activities in over 80 countries and it has 13 facilities around the world in key offshore energy hubs in Europe, North America, the Middle East and Asia Pacific.

Financial

The most recent results from the group are the interim results covering the six months to 30 June last year. Revenue for the period increased by 23.2% to £99.1m (2024: £80.5m) with revenue growth across all regions supported by the acquisitions of Seatronics and J2 Subsea in November 2024. Although revenues in the US business rose by 15% this was less than expected due to lower levels of work on US offshore wind projects and delays to investment decisions caused by the introduction of tariffs. Adjusted pre-tax profit increased by 10% to £21.6m (2024: £19.6m) with earnings per share on the same basis rising by 14.5% to 21.9p (2024: 19.1p). Net debt at the end of the period was £131.9m, a slight increase on the level of £128.4m at 31 December.

The oil and gas market generated £73.7m of revenues during the period with renewables markets generating £25.4m. After a strong start to the year the second quarter was rather disappointing with external factors having a negative impact. These included the imposition of tariffs in the US, a change in US policy on offshore wind development, military activity in the Middle East and US dollar FX movements. As expected, the group has reduced its exposure to lower margin activities such as third party equipment sales which were particularly prevalent in the Seatronics business acquired in November 2024. The integration of this business and J2 Subsea delivered higher operational synergies more quickly than expected.

During the period the group continued to invest in its fleet and strengthen its geographic presence – it invested £19.4m into its fleet adding cutting edge technologies to its Survey and Robotics service line as well as expanding the technology development programmes in the Mechanical Solutions and Asset Integrity lines. The group opened a new Mechanical Solutions facility in Houston, Texas whilst the group has also gained traction in Norway with revenue more than doubling.

The recent trading statement which covers the full year to 31 December, has revealed an improvement in trading in the second half of the year with revenues for the period 5% higher than in the first half. Key projects which were delayed by customers in the first half were mobilised in the second half of the year. The acquisitions of Seatronics and J2 Subsea have now been successfully integrated achieving synergies ahead of expectations whilst lower margin activities in these businesses have been reduced. Helped by a continued focus on operating efficiencies across the rest of the group, operating profit margins are expected to be towards the top of the group's medium term target.

Outlook

Despite the fact that the group has been operating in an uncertain geopolitical and business environment, it has made excellent progress in 2025 with the second half of the year seeing an improvement on the first half. The group operates in growing markets with its addressable market forecast to grow by 8% per year from 2024 to 2028. The company is well-placed to benefit from this growth given its geographic footprint and its extensive rental fleet.

The progress made in the second half of last year is expected to continue into 2026 with momentum at the business improving. Strong cash conversion meant that group leverage declined in the second half of the year and further debt reduction is expected in the current financial year. Nevertheless, the group expects capital expenditure of some £35m during the year as it looks to support its customers and drive further growth.

Although the share price has risen on the back of the trading statement, the shares are still only on a very modest rating and are a long way from the high of 880p reached in 2024. The shares moved from AIM onto the main market of the London Stock Exchange in October as the company tries to attract more international investors and this should eventually prove beneficial. Standing on a very modest p/e ratio and with momentum at the company improving we think that the shares are too cheap and rate them as a **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: 392.5p	2024	168	43.6	45.0	8.7	1.2	0.3
Market Capitalisation: £316m	2025 (est)	203	47.8	45.5	8.6	1.3	0.3
2024/26 Share Price Range: 880p/302p	2026 (est)	218	52.5	48.0	8.2	1.4	0.4
Website: www.ashtead-technology.com							



Aggressive Growth Portfolio IX

Although the portfolio has increased in value over the last month, it is disappointing to report that it has underperformed all of the indices in the table below. As readers will be aware, the UK stockmarket has performed well during the month, with the FTSE 100 Share Index setting new record highs on a number of days. However, even that has underperformed the FTSE AIM All Share Index, with the latter rising by 6.9%.

The best performing share during the month was **Ramsdens Holdings**, with the shares rising almost 22%, whilst the worst performer was **ME Group International**, which saw a decline of over 15%. The former rose on excellent results, but there was no significant news from the latter.

During the month we lost the holding of **Card Factory** as the share price fell through the stop-loss limit of 68p. The sale of our holding of 5,000 shares resulted in net proceeds of £3,366 and a loss of £1,100. Despite this, we continue to believe that the shares offer solid value. In order

to raise additional liquidity, we have also decided to sell the holding of **Stelrad Group**. We are a little frustrated that we are having to sell these shares as they have fallen back from over 175p just six months ago. The sale of our holding of 2,500 shares at 137p has raised net proceeds of £3,391 for a loss of £195. Maybe the moral of the story is to be more active in managing the portfolio and consider taking profits if shares have risen by over 20% as these had!

It has been a relatively quiet month for the portfolio in terms of company announcements and these were made by **Ramsdens Holdings**, **Speedy Hire**, **McBride** and **Reach**. These are covered in News Highlights or on the website as usual.

No dividends were received during the month and following the investment into the two main features this month there is £624 on deposit pending investment.

Performance summary

	20 January 2026	16 December 2025	Gain/(Loss) %
Portfolio Value	£57,483	£57,395	0.2
FTSE 100 Share Index	10,126.78	9,684.79	4.6
FTSE All Share Index	5,456.67	5,220.98	4.5
FTSE AIM All Share Index	801.14	749.41	6.9

Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
1,500 Ramsdens Holdings*	190	2,878	432.5	6,488	300
2,625 Luceco	133	3,543	134	3,518	110
2,250 Tandem Group	185	4,204	173.5	3,904	140
7,500 Smiths News	54	4,110	66	4,950	48
12,500 Speedy Hire	29.2	3,704	25.1	3,138	22
3,075 McBride	123.4	3,852	142.4	4,379	97
1,000 Mears Group	312	3,167	340	3,400	275
5,500 Reach	60.2	3,361	58.2	3,201	48
250 Jet2	1310	3,308	1265	3,163	1100
2,000 ME Group International	156.4p	3,175	133.2	2,664	125
4,500 SDI Group	68.5	3,114	78.4	3,528	54
1,400 One Health Group	251	3,549	249	3,486	200
6,500 Carclo	52.3	3,450	56	3,640	41
1,000 Ashtead Technology	392.5	3,984	392.5	3,925	310
1,000 Mpac Group	347.5	3,510	347.5	3,475	270
£624 Cash				624	
			TOTAL	£57,483	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £3,052. *after part disposal

MPAC

MPAC GROUP

347.5p

SECTOR - AIM - INDUSTRIAL ENGINEERING
RECOMMENDATION - BUY

The recent trading statement from the packaging machinery group has revealed a much-improved performance in the second half of the year and this progress is expected to continue in 2026 despite some uncertainty in the group's end markets. The share price of the company has rallied from its low of 270p last September, but remains a long way off the high of 585p reached a year ago. The shares now stand on a very modest multiple and although borrowings are higher than expected due to lower customer deposits, these are expected to reduce this year.

Mpac Group is a global leader in the design and manufacture of packaging machinery with its main areas of operation being the growing sectors of healthcare, food and beverages. The group has operations in the USA, Canada, Singapore, the Netherlands and Romania as well as the UK and it supplies leading blue-chip customers including Pepsico, Mondelez International and Unilever.

The most recent results were the interim results to 30 June, and these revealed a 41% increase in revenue to £84.7m and a 25% increase in underlying pre-tax profit to £5.0m. These results benefitted significantly from acquisitions made in 2024. Earnings per share for the period fell 20% to 12.1p due to the additional shares in issue following the issue of equity to fund the acquisitions. Net debt at the end of the period was £43.2m.

The recent trading statement has confirmed that revenues for the year will be around £170m with underlying pre-tax profits in line with expectations at £13.5m. Profits in the second half of the year showed a significant improvement helped by improving margins and operational efficiencies. The order book at the year end was £92m, a similar level to last June. Net debt had risen to £47.7m at the end of the year due to lower than expected customer deposits with some orders expected in Q4 2025 being deferred into the current year.

The company operates in growing markets and although some of these remain challenging, we believe this is reflected in the share price. The low p/e ratio provides scope for the shares to increase in value and we therefore rate them as a **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: 347.5p	2024	122	10.5	35.3	9.8	-	-
Market Capitalisation: £103m	2025 (est)	170	13.5	33.1	10.5	-	-
2024/26 Share Price Range: 585p/270p	2026 (est)	175	15.5	37.5	9.3	-	-
Website: www.mpac-group.com							

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.

Ramsdens Holdings – 432.5p

The financial services group has announced its results for the year to 30 September and these have revealed record levels of both revenue and pre-tax profit. Revenue for the year has risen by 22% to £116.8m (2024: £95.6m) with pre-tax profits rising by 43% to £16.2m (2024: £11.4m). Earnings per share rose by 42% to 37.0p (2024: 26.1p) and the total dividend for the year was raised by 43% to 16.0p (2024: 11.2p). Net cash at the end of the year declined slightly to £6.9m (2024: £7.4m). These results have benefited from progress in all four of its key income streams as well as the strong gold price. The latter led to a strong performance from the precious metals business with gross profits up by 52% to £17.9m. The group has maintained the number of stores at 168 although two new stores were opened in the year with one being closed and two stores in Glasgow being merged. The new financial year has continued the strong momentum seen last year, whilst a new store has been opened in Wakefield and there are three new stores due to open in the coming weeks. The company expects to make pre-tax profits in the current financial year of at least £18m which would generate earnings per share of around 40p. Given the strong balance sheet and scope for further expansion we re-iterate our recommendation of **BUY**.

Flowtech Fluidpower – 53p

Our tip to buy shares in the fluid power product group last month at 49.65p proved timely with the shares subsequently moving up to 61p for a gain of over 22% in just a matter of days. The company has now announced a trading update for the year to 31 December and this has revealed that pre-tax profits for the year will be slightly below expectations as some projects have slipped into 2026 from 2025. Nevertheless, adjusted pre-tax profits for the year are still expected to be around £3.1m for earnings per share of 4.0p, with significant growth expected this year. The group has also announced the acquisition of Q Plus, pneumatic and compressed air specialists in

the Netherlands, which will strengthen the group's activities in Benelux. The acquisition is costing €5.87m and this will be satisfied in cash. To help fund this the group is raising £10m through a placing and retail offer of shares at 53p. The acquisition will expand the group's activities on the continent, broaden its customer base and also enhance the group's capabilities. The shares may consolidate at current levels whilst the acquisition goes through, but we continue to believe they are a **LONG-TERM BUY**.

McBride – 142.4p

The leading European manufacturer and supplier of private label and contract manufactured products has issued a trading update covering the six months to 31 December. This has revealed that revenues for the period have increased by just under 1%, although first half adjusted operating profits are likely to be slightly lower than last year which was particularly strong. The full year is still expected to produce results in line with expectations as a better performance is expected in the second half. We therefore maintain our forecast for adjusted pre-tax profits for the year to 30 June at £55.0m for earnings per share of 22.8p. This puts the shares on a very modest p/e ratio of just 6.2x thus providing scope for a re-rating going forward. With further progress expected we believe that the shares are a **BUY**.

Reach – 58.2p

The media group, formerly known as Trinity Mirror, has issued a trading statement for the year to 31 December, and this has revealed that trading at the company has been resilient with adjusted operating profit for the year now expected to be above expectations. Although digital revenues are expected to be down 1% on the previous year, the print business has performed well and tight control of costs has resulted in this improved performance. At this stage we are happy to maintain our forecast for adjusted pre-tax profits for 2025 of £94.1m and this would give earnings per share of 23.0p. Thus, the shares stand on an extremely low p/e ratio of just 2.5x and with the deficit regarding the pension getting closer to being resolved there is clearly scope for a re-rating of the shares. We continue to rate them as a **BUY**.

Anpario – 495p

The supplier of animal feed additives has issued a trading update covering the year to 31 December and this has confirmed that the group has had another good year. Revenues for the year have risen by 23% to £47.1m with adjusted EBITDA expected to be at least £9.4m compared with £7.0m in 2024. This is a better performance than expected and we believe that adjusted pre-tax profits are therefore likely to be around £8.1m for earnings per share of 36.6p. This compares to our previous forecast of £7.2m and earnings per share of 34p. The results have benefited from a strong second half performance as well as a full year contribution from Bio-Vet, acquired in 2024. The group also has a strong balance sheet with net cash at the year-end of £12.4m, up from £10.5m at the end of 2024. These are clearly excellent results and with further progress expected in the current financial year we upgrade our recommendation to **BUY**.



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