

cityconfidential

sorting the bulls from the bears

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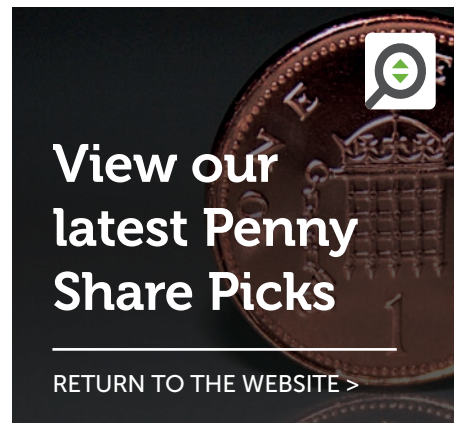
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Time to join the journey!

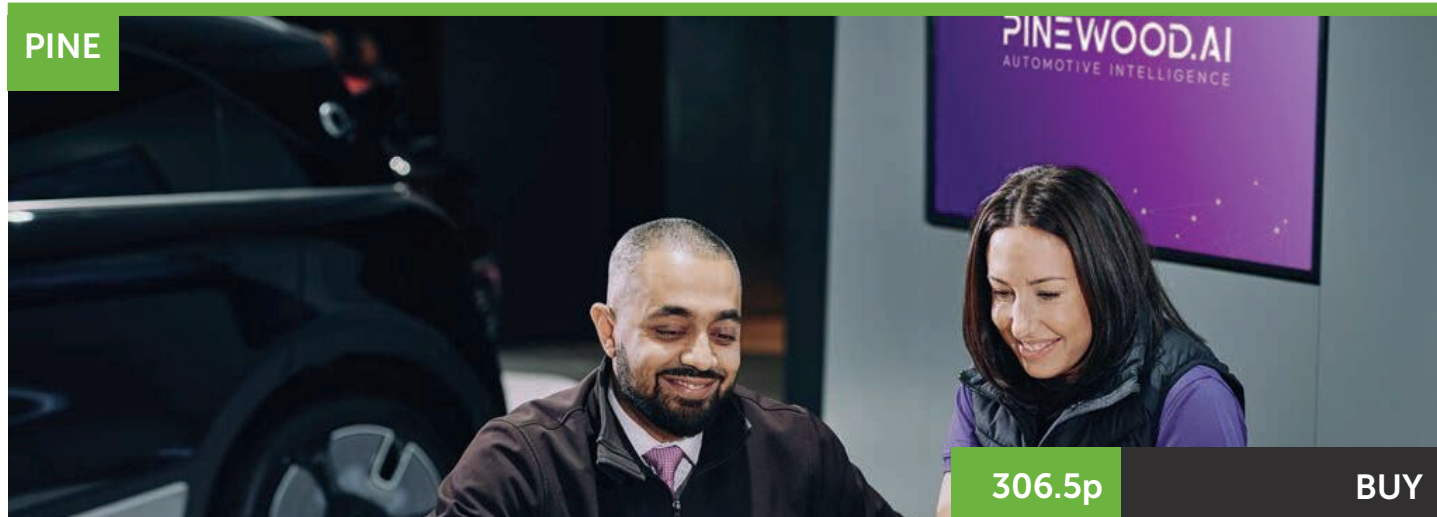
Regular readers will know that we have followed AIM-quoted **Journeo (438.5p)** for many years. The company has done well for us, with the share price performing very well as the company has grown significantly in size. The share price peaked at 538p last October, but has since fallen back, and we believe that this has presented investors with a useful buying opportunity.

Journeo is a provider of information systems and technical services to the transport sector and local authorities. The company has six operating businesses and these supply CCTV video surveillance on public transport to improve driver and passenger safety as well as telematics for driver and vehicle performance monitoring. It supplies traffic information

systems at stations, airports and ferry terminals and also supplies security systems to protect high security locations. The company has expanded into Scandinavia as it has operations in Denmark and Sweden.

The company has seen revenues and profits increase significantly over the last few years and in 2020 the group generated revenue of £13.6m and adjusted pre-tax profits of £0.3m. In the year to 31 December 2025, these figures are expected to have increased to £55m and £5.7m respectively according to a trading statement from the company last month. Net cash at the year end was £12m which provides further re-assurance to investors. If these figures are achieved, then adjusted earnings per share for the year will be around 26.7p.

The company continues to make solid progress with a record of announcing new contracts on a regular basis. The company expects 2026 to be another year of growth helped by the strong order book and we expect revenues to increase to over £70m with adjusted pre-tax profits likely to rise to over £7.0m. The company has a medium-term target of generating annual revenues of over £100m and the large cash balance will help in this regard as it will facilitate acquisitions to help achieve this goal. We believe that the shares are likely to move back up towards last October's high as new orders are received and investors see the growth potential at the group. **BUY.**



Being better off feeling AI!

There has been a lot of press and media comment over recent weeks about the effect that AI is going to have on various companies on the market. Many of these companies have seen their share prices fall back significantly as there are fears that their businesses could be seriously disrupted by the emergence of this technology. In reality, whilst some companies may indeed suffer from the impact of AI, it is probably too early to decide who will be the winners or losers, but many companies appear to have been punished rather harshly looking at the decline in share prices.

One such company is **Pinewood Technologies Group (306.5p)**, which used to be better known as the motor vehicle retailer Pendragon. The company sold off its UK motor dealership

business in 2024 leaving it with its software business, Pinewood, the company's dealer management software business. In March 2025, the company expanded its operations with the acquisition of US company Seez, the market-leading automotive AI company for US\$42m. This significantly enhanced the capabilities of the group to such an extent that last month the company was forced admit that that it had entered into discussions with private equity group Apax Partners regarding a possible cash offer of 500p per share for the company. This offer followed a number of previous offers from Apax.

The recent market turmoil with regard to AI has now led to Apax stating that it will not be making an offer for the company after all. As

a result, the share price of the company has collapsed to its lowest level since October 2024. However, as we have said above, it is too early to be sure what the impact of AI will be and, with Pinewood's software well-established in the industry, the impact may be less than feared, especially following the acquisition of the AI company Seez.

The directors of the company clearly feel the share price fall has been overdone with four of them buying shares at around the 300p level. Apax clearly thought the shares were worth 500p until getting cold feet and although they cannot bid again for six months unless certain conditions are met, they clearly saw value in the shares. We believe they are a **BUY.**

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



ULTIMATE PRODUCTS

SECTOR - AIM - HOUSEHOLD GOODS & HOME CONSTRUCTION
RECOMMENDATION – BUY

As readers will no doubt be aware, the economic situation in the UK remains difficult with many retailers suffering as a result. This obviously has a knock-on effect on those companies that supply them and one such company is Ultimate Products, which sells homeware brands to the retail sector. The company has seen its revenues and profits fall as a result, although there are signs that the worst of the decline may be over and the group's continued investment in the business should allow it to benefit significantly when the economy picks up. The shares stand on a prospective p/e ratio of 9.8x and dividend yield of 5.1% for the current financial year, with better results expected next year.

Activities

Ultimate Products is the owner of a number of leading homeware brands including Salter (the UK's oldest houseware brand, established in 1760) and Beldray (a laundry, floor care, heating and cooling brand that was established in 1872). According to its market research, nearly 80% of UK households own at least one of the Group's products. Other brands owned by the group include Progress (cookware and bakeware), Kleeneze (laundry and floorcare), Petra (small domestic appliances) and Intempo (audio). The company also sells laundry and cookware products under the Russell Hobbs brand, although these are sold under licence as it does not own the brand, nor does it sell electrical products under that name. The company sells to more than 300 retailers in over 30 countries, including supermarkets, discount retailers, general stores and major third-party online marketplaces.

The company is based in Oldham, Greater Manchester where it has design, sales, marketing, buying, quality assurance, support functions and warehouse facilities across two sites. The group's head office includes a 20,000 sq. ft. showroom that showcases each of the group's brands. In addition to this, the group has an office and showroom in Guangzhou, China and in Paris, France.

Overall, Ultimate Products acts as a comprehensive branded housewares supplier – blending product innovation, global sourcing, brand stewardship and multi-channel distribution to serve homes worldwide.

Financial

The most recent results from the company are the annual results for the year to 31 July 2025. These revealed that group revenue had fallen 3% compared with the previous year at £150.1m (2024: £155.5m), with adjusted pre-tax profits falling by 40% to £8.7m (2024: £14.4m). Lower revenues had been expected due to the challenging trading conditions and an anticipated reduction in air-fryer sales which had experienced a surge in the previous couple of years. There was also a sharp fall in third party clearance sales, which had been elevated previously due to overstocking in previous years. However, own-brand sales showed a modest recovery during the year.

The significant fall in profits was due to lower gross margins caused by a change in product mix and higher shipping costs. This resulted in adjusted earnings per share also falling by 40% to 7.4p (2024: 12.3p) whilst the dividend for the year was reduced to 3.70p (2024: 7.38p). At the end of the year the group had net debt of £14.1m (2024: £10.4m) due to an increase in working capital.

The group has recently issued a trading update covering the six-month period to 31 January and this has revealed that revenue for the period declined by 6% to £74.5m (2025: £79.5m), although it is pleasing to note that the group's proprietary brands actually increased sales to £65.8m (2024: £62.6m). This reflects the group's strategy of concentrating its focus on its own-brand products and these accounted for 88% of total sales compared with 79% in the previous first half. The decline in overall revenues was due to lower sales of licensed brands and third-party clearance and white label products. Adjusted EBITDA is expected to be £5.0m (2024: £7.0m) reflecting the operational gearing impact of lower sales. Net debt at the end of the period had reduced to £9.7m from £14.1m at the end of July. These figures demonstrate the fact that the group continues to operate in a challenging market.

Outlook

The company has confirmed that trading is continuing as expected with no change in the economic environment meaning that end markets remain soft. However, it is encouraging that own-brand sales continue to increase as this is a key differentiator for the group and one that will benefit the company when the economy picks up. One advantage of own-brands is the fact that the group has control over the sourcing, pricing and marketing of the products whereas with third party and white label products this is not the case. We would therefore expect the proportion of own brand sales to increase going forward.

Last year the company re-organised its senior management teams in five key areas, thus strengthening the operating board and putting key individuals in charge of commercial activities, supply chain, operations, products and marketing. Although it remains early days, the company is confident that these appointments will give the group greater focus and improved efficiency going forward.

We believe that this year will prove transformational for the group with a revised focus on its own brand portfolio and a strengthened management team helping to counter the difficult markets in which it operates. The company moved its share listing from the main market to AIM last month and we believe that this will also be of benefit in time. The shares stand on a modest p/e ratio and attractive dividend yield and are now at around the lowest level since the pandemic in 2020. As the economy begins to improve, helped by lower interest rates and a pick-up in consumer confidence, so the actions taken by the group will begin to prove of benefit. The shares are a **BUY**.



	Year Ending 31 July	Turnover (£m)	Adjusted Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 52.8p	2025	150	8.7	7.4	7.1	3.7	7.0
Market Capitalisation: £45.6m	2026 (est)	137	6.3	5.4	9.8	2.7	5.1
2024/26 Share Price Range: 179p/52.2p	2027 (est)	145	8.0	6.8	7.8	3.4	6.4
Website: www.upplc.com							



Aggressive Growth Portfolio IX

The portfolio has produced an excellent performance over the last four weeks as it has increased in value by 6.1%, and, as can be seen from the table below, it has outperformed all the benchmark indices. A number of companies have contributed to this solid performance with Luceco rising by 28.8%, Reach by 22.1%, McBride by 15.6% and Smiths News by 10.9%.

Last month we stated that perhaps we should be a little more active in taking profits when they are there and so we have taken advantage of the rise in the price of Luceco to sell the holding. The disposal of 2,625 shares at 172.6p has raised net proceeds of £4,486 and realised a gain of £943. We actually think the shares have further to go in the medium term as mentioned in News Highlights, but as we want to be more aggressive in our approach we feel a sale at this point is justified. We have then also sold the holding of 7,500 Smiths News at 73.2p. This has

raised net proceeds of £5,435 for a gain of £1,325, although it is worth pointing out that we received a dividend of £510 from the company this month, making the overall return even greater.

It has been a busy month in terms of company announcements and these have been made by Ramsdens Holdings, Luceco, Tandem Group, Smiths News, Mears Group, SDI Group and One Health Group. As usual, these are covered on the website with those we deem most important also covered in News Highlights.

Following some useful share price increases we have increased some of the stop-loss limits with Ramsdens Holdings being raised to 350p, McBride to 125p, Reach to 58p and SDI Group to 70p.

Following the investment into the two main features this month there is £3,680 on deposit pending investment.

Performance summary

	17 February 2026	20 January 2026	Gain/(Loss) %
Portfolio Value	£60,980	£57,483	6.1
FTSE 100 Share Index	10,556.17	10,126.78	4.2
FTSE All Share Index	5,677.65	5,456.67	4.0
FTSE AIM All Share Index	806.61	801.14	0.7

	Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
1,500	Ramsdens Holdings*	190	2,878	400	6,000	350
2,250	Tandem Group	185	4,204	172.5	3,881	140
12,500	Speedy Hire	29.2	3,704	25.1	3,138	22
3,075	McBride	123.4	3,852	164.6	5,061	125
1,000	Mears Group	312	3,167	351.5	3,515	275
5,500	Reach	60.2	3,361	71.1	3,910	58
250	Jet2	1310	3,308	1301	3,253	1100
2,000	ME Group International	156.4p	3,175	142.8	2,856	125
4,500	SDI Group	68.5	3,114	84	3,780	70
1,400	One Health Group	251	3,549	230	3,220	200
6,500	Carclo	52.3	3,450	53.6	3,484	41
1,000	Ashtead Technology	392.5	3,984	426.5	4,265	310
1,000	Mpac Group	347.5	3,510	357.5	3,575	270
7,500	Ultimate Products	52.8	4,000	52.8	3,960	40
4,200	Trifast	81	3,453	81	3,402	62
£3,680	Cash				3,680	
				TOTAL	£60,980	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £3,640. *after part disposal

TRI

81p

TRIFAST

SECTOR – INDUSTRIAL SUPPORT SERVICES

RECOMMENDATION – BUY

A confident trading statement confirming that the company was on track to meet forecasts for the year to 31 March, followed by a significant purchase of shares by the CEO, has brought shares in Trifast to our attention. Although the company has been operating in challenging trading conditions, adjusted pre-tax profits for the year to 31 March are set to increase with even further growth forecast for next year. Despite this, the shares only trade on a modest rating assuming our forecasts can be achieved.

Trifast is a global leader in the design, engineering, manufacture and supply of high-quality engineered fastenings and Category 'C' components, which are low-cost items such as nuts, screws and washers. The company supplies components to over 5,000 companies globally across a wide range of industries and it operates from locations in 18 countries in Europe, Asia and North America. Major markets for the group include automotive (including electric vehicles), medical, aerospace and defence.

The most recent results cover the six-month period to 30 September when revenue fell by 7.1% to £105.8m, although underlying pre-tax profit was maintained at £4.6m. Earnings per share on the same basis declined by 19% to 2.38p due to an increase in the tax charge. Net debt at the end of the period had increased slightly to £17.4m from £15.4m at the start of the period. These results reflect the challenging market conditions, although the group's business in the UK automotive sector was also affected by a cyber-attack on a leading customer and a slowdown in production due to US tariffs. These were partly offset by better performances in the medical and smart infrastructure sectors.

The recent trading statement covering the period to 31 December confirmed that the company is on track to meet full year expectations. Although trading remains difficult, the company continues to rebalance its business away from the automotive sector into other sectors such as medical and smart infrastructure including data centres. The company is making progress with its self-help initiatives to improve operational and administrative efficiency and these should bear fruit going forward. CEO Iain Percival purchased 123,757 shares at 80p on 16 February and we suggest readers follow his example and BUY.

	Year Ending 31 March	Turnover (£m)	Adjusted Pre-tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
Share Price: 81p	2025	223	10.4	4.31	18.8	1.80	2.2
Market Capitalisation: £110m	2026 (est)	214	11.8	6.55	12.4	1.90	2.3
2024/26 Share Price Range: 87.5p/59p	2027 (est)	222	16.0	8.80	9.2	2.05	2.5
Website: www.trfastenings.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.

Mears – 351.5p

The leading provider of housing services to the public and regulated sectors has announced a positive trading update covering the year to 31 December. Although the company is seeing revenues in its asylum accommodation business reduce as expected, this is taking longer to materialise than expected, and other parts of the business are seeing increases in revenues and this is helping the group. Last September's acquisition of Pennington Choices Limited, a provider of compliance services for the social housing market, has proved a highlight with this business being successfully integrated into the group. We therefore maintain our forecasts for the year of adjusted pre-tax profits of £59.0m for earnings per share of 45p. With a dividend for the year of 17p per share on the cards for a yield of 4.8% the shares remain a **BUY**.

SDI Group – 84p

The supplier of specialist technology and scientific equipment has announced another acquisition with the purchase of PRP Optoelectronics Ltd for £9.3m in cash. The latter designs and manufactures custom made high performance microLEDs and LED devices for a range of applications in the avionics, defence and electrical sectors. PRP is a profitable and growing business serving a critical and technical niche, especially within the aerospace and defence markets, where its products are used in the Eurofighter Typhoon, F - 16 and F - 22 Raptor. The company benefits from long-term contracts with a stable, blue-chip customer base and international revenues and the acquisition extends the group's activities in the aerospace and defence sectors. In the year to 31 December 2025, PRP generated revenues of £5.99m and reported EBIT of £1.54m. The acquisition is in line with the group's strategy of expanding into complementary areas of business. We maintain our forecast of adjusted pre-tax profits of £9.8m for the year to 30 April for earnings per share of 7.1p. However, with further growth expected going forward we maintain our recommendation of **BUY**.

Luceco – 172.6p

The electrical products group has issued a trading update for the year to 31 December 2025 which has confirmed that trading has been better than expectations. Like-for-like revenue growth in the second half of the year was over 6% compared with 2% in the first half. As a result, revenue for the year was up 12% on 2024 at £271m with adjusted operating profit expected to be at least £33.5m which is better than the most optimistic forecast. Adjusted pre-tax profits for 2025 are therefore likely to be better than previously forecast at £27m for earnings per share of 14p. The strong trading has continued into 2026 and we therefore expect adjusted pre-tax profits of £29.5m this year for earnings per share of 14.7p. Putting the shares on a p/e ratio of 14x this year's earnings gives a share price target of 205p. Previously we had a price target of 175p when we tipped the shares at 125p and although they have risen by 38% since then they have further to go. **BUY**.

Ramsdens Holdings – 400p

The diversified financial services provider has issued a trading update on its current financial year to 30 September only a month after releasing its financial results for the year to 30 September 2025. At that time, in mid-January, we expected the current financial year to produce adjusted pre-tax profits of around £18m for earnings per share of 40p, but the high price of gold means that the precious metals business will produce profits significantly above expectations. The group's jewellery business continues to perform well both in store and online and the company's new stores in Wakefield and Hull are trading well. The company remains on track to open between 8 and 12 new stores in this financial year. Pawnbroking income has been maintained with lending at record levels in January although the FX business is seeing lower volumes. As a result of these factors, the company now expects pre-tax profits for the current financial year to be over £21m which is clearly well ahead of expectations and compares with £16.2m last year. Assuming a figure of £21m for profits for the year would give earnings per share of around 46.6p - although the shares have risen on the announcement they still look cheap and remain a **BUY**.

One Health Group – 230p

The AIM-quoted provider of NHS-funded surgical procedures has confirmed that trading in the second half of the year to 31 March is in line with expectations. Revenues for the year are expected to be around £29.6m with adjusted pre-tax profits of £2.3m for earnings per share on the same basis of 12.4p. The company continues to make progress with its first surgical hub in Scunthorpe with the last planning consents hoping to be signed off in the next few weeks. With contractors ready to start immediately once this happens the group expects the project to complete within the one-year timetable. This will provide significant additional surgical operating capacity at a higher margin and will therefore provide additional revenue and profits for the group. Profits in the financial year to 31 March 2027 could be £2.5m for earnings per share of 13.5p, but the following year will then see a notable increase once the hub is on stream. The shares remain a **BUY**.



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