

cityconfidential

sorting the bulls from the bears

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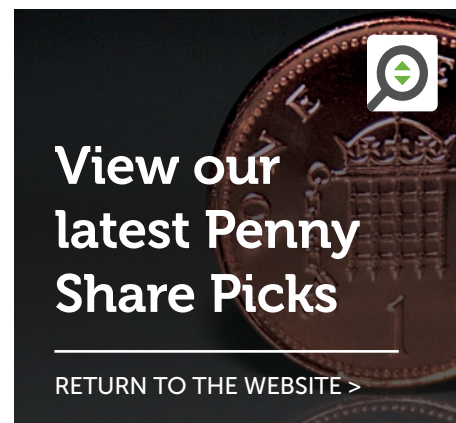
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ROSE

335p LONG TERM BUY

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From Melrose to Rosebank!

Most readers will be familiar with the success enjoyed by Melrose Industries over the years. The company created significant value for shareholders over a near 20-year period, generating a total return of 3,396% between May 2005 and March 2024, compared with a total return from the FTSE 100 during the period of 209%. The company achieved this through its policy of 'buy, improve, sell' which involved buying underperforming companies, improving their performance and then selling them on. These companies included McKechnie, FKI, Nortek and GKN.

In 2024, Melrose changed its strategy to focus on its GKN Aerospace business and both Christopher Miller and Simon Peckham,

founding directors of the company resigned. They have since emerged at **Rosebank Industries (335p)**, a small company which joined AIM in July 2024. The company intends to attempt to replicate the success of Melrose and made a start with the acquisition of Electrical Components International last August for around £1.5bn. The purchase was funded by an equity issue at 330p per share which raised £1.14bn with the balance funded by debt. It has recently announced two more acquisitions in the US for around £2.28bn. The companies being acquired, MW Components and CPM Holdings, are market-leading industrial businesses operating in the engineering sector. To fund these, the group

has raised £1.9bn through an equity issue at 330p per share and taken on new debt facilities.

Clearly, it is very early days in the development of the group and forecasts for the enlarged group are hard to find. So, a lot must be taken on trust. The intention of the directors is to create significant shareholder value over a three to five year timescale and so the shares are not for short-term investors. Nevertheless, the directors have a proven track record of creating value and buying now means that investors are getting in on the ground floor. We therefore believe that the shares are due a recommendation of **LONG TERM BUY**.



SALT

52.5p SPECULATIVE BUY

Take this with a grain of salt!

With consumers seemingly becoming ever more health conscious, we are somewhat surprised that more attention has not been given to **Microsalt (52.5p)**. The company has been operational since 2018 and joined AIM in 2024 at a price of 43p. Although the share price has been very volatile at times, reaching 142p in May 2024, it has now come back to a more realistic level and the shares now look an interesting investment.

The company has developed a patent-protected low sodium salt which delivers the same taste as traditional salt but with only 50% of the sodium which is therefore a more healthy alternative to the real thing. Excess sodium consumption is a leading contributor to cardiovascular disease, the world's

leading cause of death and the World Health Organisation is targeting a reduction in global sodium consumption to help combat this.

The company remains in the early stages of development although it has started to sell its product and it expects sales to ramp up quite quickly. However, it is starting from a low base and revenues for 2025 were just \$2.14m. Clearly, at this stage the company remains loss-making but it is making progress in developing its revenue streams and finding new customers. Often, the salt is used in the products of food and snack manufacturers who are looking to produce a more healthy product.

In January, the company entered into an agreement with one of the world's largest food, soft drink and snack manufacturers to jointly develop new food solutions in a four year collaboration. At the beginning of March, the company received a purchase order from a new customer, being the UK subsidiary of a leading European group specialising in natural flavours, colours and ingredients. Although not significant in size, further orders are expected and the contract represents the first B2B commercial sale in the UK.

Shares in the company are clearly not for the faint-hearted but if the group can capitalise on its early progress then there is significant scope for capital growth. We believe they are a **SPECULATIVE BUY**.



JAMES HALSTEAD

SECTOR – AIM – CONSTRUCTION AND MATERIALS
RECOMMENDATION – BUY

Shares in **James Halstead** have fallen to the lowest level since 2013 recently, which seems harsh given the resilience shown by the company. Trading conditions have been challenging in some of the group's markets and yet it has only seen modest reductions in revenues and profits. Although growth at the company is more likely to be steady than spectacular, it looks a solid defensive play with net cash balances at the last year end of £68.4m. These are expected to have increased since then, whilst the company also paid a dividend of 8.8p per share last year for a dividend yield of 7.4%. The company has now increased its dividend for 49 years in a row which is clearly an impressive record. The shares look undervalued in our view and even a return to the level of 143p seen last month would represent a gain of 20%. **BUY**.

Activities

James Halstead is a leading UK manufacturer of commercial flooring with its headquarters in Manchester. The company specialises in high-quality and sustainable vinyl flooring solutions under its flagship brand, Polyflor. This manufactures commercial and residential floor coverings that are sold to distributors and stockists to satisfy local demand. The company supplies various commercial markets including schools, hospitals, health centres, hotels, the leisure and hospitality sector, retail stores and offices. The company has two manufacturing sites in Manchester and Teesside with a 20,000 sq. metre facility in Oldham which is Polyflor's main global distribution centre. The group operates on a global basis though and has sales offices in Europe, Canada, Colombia, Australia, New Zealand, Dubai, Malaysia and China.

In Germany, the group's subsidiary objectflor is one of Europe's leading suppliers of elastic floor coverings. The business supplies top quality innovative floor coverings in the product sectors of LVT (Luxury Vinyl Tiles) Design Flooring, Technical Vinyl Flooring and Rubber Flooring.

Financial

In the year to 30 June 2025, group revenue declined by 4.7% to £262.0m (2024: £274.9m) largely due to headwinds in the businesses in Europe and the Asia Pacific regions. During the year the group sold to more than 60 countries. The UK is the group's largest market accounting for 43% of revenues, with Europe and Scandinavia accounting for 35% and Australia/Asia and the Rest of the World both accounting for 11%. Sales in the UK and the Rest of the World rose by 1% during the year, although revenues from Europe and Scandinavia declined by 9% and those from Australia and Asia fell by 15%. In Europe, activity remained subdued with the French market being particularly weak with sales down 20%. The businesses in Australia and Asia suffered from the weakness of the Australian economy, whilst in New Zealand the end of the government's social housing building programme has come to an end which has reduced demand for the group's products.

Pretax profits at the group fell by 1.9% to £55.1m (2024: £56.2m) which was a satisfactory result in the circumstances and earnings per share fell to 9.7p (2024: 10.0p). The dividend for the year was increased to 8.8p per share (2024: 8.5p) and, at the end of the year, the group had net cash balances of £68.4m (2024: £74.3m). This demonstrates the strong cash flow generated by the group as it paid tax of £14.3m and dividends of £36.5m during the year.

In January, the group issued a trading statement covering the six-month period to 31 December and this revealed that revenues in the first half of the financial year were slightly lower than in the previous year. The markets in Central Europe and the Asia Pacific region remain challenging and have had a negative impact on sales. Sales in the group's largest market, the UK, have remained robust and are slightly higher than the previous year whilst there has also been growth in the markets in North America and the Middle East. The group has made changes to senior management in the Asia Pacific businesses and it is hoped that these will result in improvements in both revenues and profits in the second half of the year. Overall, the group believes that pre-tax profits for the period will be lower than the previous year although the group's cash balances have continued to increase during the period. The interim results for the group are expected to be announced on 31 March and a further update on trading will be given then.

Outlook

Despite the difficult trading conditions that are being experienced in some of the group's markets, the company believes that new and updated product ranges produced in the UK factories will result in higher revenues and there is sufficient spare capacity at these factories to handle any significant increase in volumes. The company has also updated its commercial flooring collection in Germany and this has been relaunched to favourable reviews. On the other hand, the company has taken the decision to impose tighter credit controls on its customers and this may have a negative impact on sales and profits.

Although the interim results will show a decline in revenues and profits compared with the previous year, we believe that this is reflected in the share price which is now at a multi-year low. The company is managing the challenging trading conditions well in the circumstances and, as and when trading conditions improve, the group is well-placed to take advantage of this. In addition, the group should benefit from further international expansion. In the meantime, shareholders have the compensation of a prospective dividend yield of 7.6%, with this increasing to 7.9% next year. Given the fact that the company has increased its dividend for the last 49 years, and has large cash balances, we are confident that the dividend will be increased going forward.

We believe that there is considerable recovery potential for the shares and it is worth pointing out that the share price reached 315p in 2022. We think that it is unlikely that the shares will reach anything like that level but do believe that a share price target of 150p should be more than achievable.



	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: 119.5p	2025	262	55.1	9.7	12.3	8.8	7.4
Market Capitalisation: £498m	2026 (est)	270	56.8	10.2	11.7	9.1	7.6
2025/26 Share Price Range: 182p/119p	2027 (est)	280	58.6	10.6	11.3	9.4	7.9
Website: www.jameshalstead.com							

Aggressive Growth Portfolio IX

After increasing in value for three consecutive months, it is perhaps hardly surprising that the portfolio has fallen back this month, although we are surprised at the scale of the fall. As can be seen from the table below, the portfolio has fallen by 10.8% in value over the last four weeks and has therefore significantly underperformed all the benchmark indices.

The decline in value has been spread pretty evenly throughout the various holdings in the portfolio although that is of little comfort. Obviously, the portfolio has a bias towards AIM and this market has fallen more than the others. However, many share prices seem to have fallen for no real reason other than investors looking to move into more defensive assets such as cash. Even a company which would benefit from weak consumer sentiment such as **Ramsdens Holdings** has seen its shares fall by almost 10%. We therefore feel that many share prices are now very cheap.

The fall in the market overall has meant that we have lost three companies which have fallen through the stop-loss limits. The sale of 5,500 shares in **Reach** at 58p raised £3,158 for a loss of £203; that of 250 **Jet2** at 1100p raised £2,723 for a loss of £585 and the sale of 2,000 **ME Group** at 125p raised £2,475 for a loss of £700.

It has been another busy month in terms of company announcements and these have been made by **McBride**, **Mears Group**, **Reach**, **Jet2**, **ME Group**, **SDI Group**, **One Health Group** and **Ashtead Technology**. As usual, these are covered on the website with those we deem most important also covered in News Highlights.

We have received a dividend of £11 from Jet2 and following the investment into the two main features this month there is £4,778 on deposit pending investment.

Performance summary

	17 March 2026	17 February 2026	Gain/(Loss) %
Portfolio Value	£54,371	£60,980	(10.8)
FTSE 100 Share Index	10,403.60	10,556.17	(1.4)
FTSE All Share Index	5,566.18	5,677.65	(2.0)
FTSE AIM All Share Index	760.14	806.61	(5.8)

Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
1,500 Ramsdens Holdings*	190	2,878	365	5,475	350
2,250 Tandem Group	185	4,204	167.5	3,769	140
12,500 Speedy Hire	29.2	3,704	22	2,750	22
3,075 McBride	123.4	3,852	141.2	4,342	125
1,000 Mears Group	312	3,167	340.5	3,405	275
4,500 SDI Group	68.5	3,114	71.4	3,213	70
1,400 One Health Group	251	3,549	243	3,402	200
6,500 Carclo	52.3	3,450	46.8	3,042	41
1,000 Ashtead Technology	392.5	3,984	393	3,930	310
1,000 Mpac Group	347.5	3,510	282.5	2,825	270
7,500 Ultimate Products	52.8	4,000	45.6	3,420	40
4,200 Trifast	81	3,453	67.6	2,839	62
3,250 James Halstead	119.5	3,923	119.5	3,884	95
7,000 Foxtons Group	47.1	3,346	47.1	3,297	40
£4,778 Cash				4,778	
TOTAL				£54,371	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £3,651. *after part disposal

FOXT
47.1p

FOXTONS GROUP

SECTOR – REAL ESTATE INVESTMENT AND SERVICES

RECOMMENDATION – BUY

Shares in London's leading estate agent have fallen back to the lowest level in over two years and, following the publication of solid 2025 results, now look attractive. The group is looking to increase its focus on recurring income streams such as lettings and financial services, although it will also look to increase revenues from the traditional house sales activities. Although the London sales market remains challenging, the Renters' Rights Act is expected to create growth opportunities over the medium term.

Foxtons Group is London's leading estate agent, operating from a network of branches across the city and the Home Counties. It offers a range of residential property services across three business segments: Lettings, Sales and Financial Services. The Lettings business is the largest, generating almost 65% of revenues, with the company managing over 32,000 tenancies.

The annual results for 2025 saw a 5% increase in revenue to £172.5m, with adjusted pre-tax profit the same as the previous year at £19.8m. Adjusted earnings per share emerged at 5.0p and the dividend for the year was 1.17p per share. Net debt at the year-end was £16.9m (2024: £12.7m) with the increase due to spending £14.4m on acquisitions and returns to shareholders. Although revenues increased, adjusted operating profit was flat due to increases in the National Living Wage and NI. It was pleasing to see that all three divisions increased revenues.

Looking ahead, the lettings and financial services businesses are expected to remain resilient although the sales business remains challenging. Nevertheless, the company should make further progress this year and it operates in a highly fragmented market with over 3,600 lettings agents in London alone providing scope for growth by acquisition. With the shares at a relatively low level and on a modest rating we believe they are 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: 47.1p	2025	173	19.8	5.0	9.4	1.17	2.5
Market Capitalisation: £139m	2026 (est)	181	20.2	5.1	9.2	1.20	2.5
2025/26 Share Price Range: 69p/45.7p	2027 (est)	192	23.9	5.9	8.0	1.23	2.6
Website: www.foxtongroup.co.uk							

News Highlights

JET2



1093p

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.

Synectics - 167.5p

In the year to 30 November, the advanced security and surveillance group saw revenues rise 22% to £68.1m although this included a large one-off contract in the gaming sector worth some £12m. Underlying pre-tax profits increased to £6.1m (2024: £4.7m) and earnings per share on the same basis were 28.3p (2024: 22.3p). The dividend for the year was raised by 11% to 5.0p (2024: 4.5p) and net cash at the end of the year was a record £14.1m (2024: £9.6m). The order book at the end of the year was £26.5m, down from £38.5m in 2024, although the latter figure includes the large one-off contract referred to earlier. The current year is going to be one of transition for the group as it looks to reposition the business into one with sustainable and scalable growth potential. This investment and the lack of the large gaming contract implies a sharp reduction in profits, but the balance sheet remains very strong and growth is expected to resume next year. Given the fall in the share price we believe the shares are back to buying territory. **BUY.**

McBride - 141.2p

In the six months to 31 December, the private label and contract manufacturing group saw revenue rise by 0.8% to £475m with adjusted pre-tax profit falling by £0.5m to £26.2m. Earnings per share on the same basis declined to 10.8p from 11.9p and, like last year, there was no interim dividend. Net debt at the period end was £120.6m compared with £105.2m at the start of the period, although £27.2m was spent on its own shares or on capital expenditure. These are encouraging results, continuing the positive progress made in the last couple of years, and this trend is continuing in the second half with the progress expected to continue into the next financial year. We maintain our full year forecast for adjusted pre-tax profits of £55m for earnings per share of 22.8p. We believe that the shares can justify a multiple of at least 10x earnings which gives a share price target of 228p. **BUY.**

Reach - 61.2p

The UK and Ireland's largest commercial news publisher has announced its annual results for 2025 with revenues for the year down to £518.4m (2024: £538.6m) although adjusted pre-tax profits rose to £99.7m (2024: £97.2m) for earnings per share of 26.8p (2024: 25.3p). The annual dividend was maintained at 7.34p per share. The new financial year has started in much the same way as last year with trading conditions remaining challenging, but the company is accelerating the use of technology and AI to support its activities. The pension scheme deficit is also reducing significantly which is another positive. The shares continue to languish on a p/e ratio of just 2.3x and yield 12%. Fundamentally they are very cheap but there are concerns that the group is operating in a declining print market and many investors are worried about the impact of AI on companies such as this. Given these concerns the shares may continue to mark time but for those investors who are prepared to be patient we rate them a **BUY.**

Ashtead Technology - 393p

In 2025, the leading provider of subsea technology solutions to the global offshore energy sector saw revenues rise by 21% to £203.2m with adjusted pre-tax profits increasing by 12% to £48.8m. Earnings per share on the same basis rose by 9.8% to 49.4p and the dividend for the year was raised by 8.3% to 1.3p per share. The growth in revenue was largely due to the acquisitions of Seatronics and J2 Subsea in the previous year and these have now been successfully integrated into the group. These have realised synergies ahead of schedule and have added depth and scale to the group's international locations. The group has expanded its international service offering with 33% of revenues last year coming from outside Europe. Strong cash flow resulted in net debt at the end of the year falling to £108.9m (2024: £128.4m) despite capital expenditure of £37.2m during the year. The current financial year has started in line with expectations, although recent developments in the Middle East have caused some uncertainty. However, the group is optimistic that the current year will show further progress. The company operates in a growing market and looks to have excellent prospects. The shares are a **BUY.**

Jet2 - 1093p

The UK's leading provider of package holidays and third largest airline has issued an update on trading for the year to 31 March 2026. This has confirmed that trading has continued to be satisfactory with adjusted pre-tax profits for the year expected to be in line with expectations - we therefore maintain our forecast of £550m for the year for earnings per share of 202p. The company is excited about the prospects for Gatwick, with the first flights from this new hub expected to depart on 26 March. The company has increased its capacity for summer 2026 by 8% to 20m seats with the group keen to increase load factor and so far the company has recorded a 7.9% increase in total bookings for the summer. There could well be pressure on pricing next year as the group looks to remain competitive and thus pre-tax profits are expected to fall to around £450m. Nevertheless, the shares trade on a p/e ratio for the current year of 5.4x and although this may increase to 6.6x next year the shares remain a **BUY.**



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