cityconfidential

sorting the bulls from the bears

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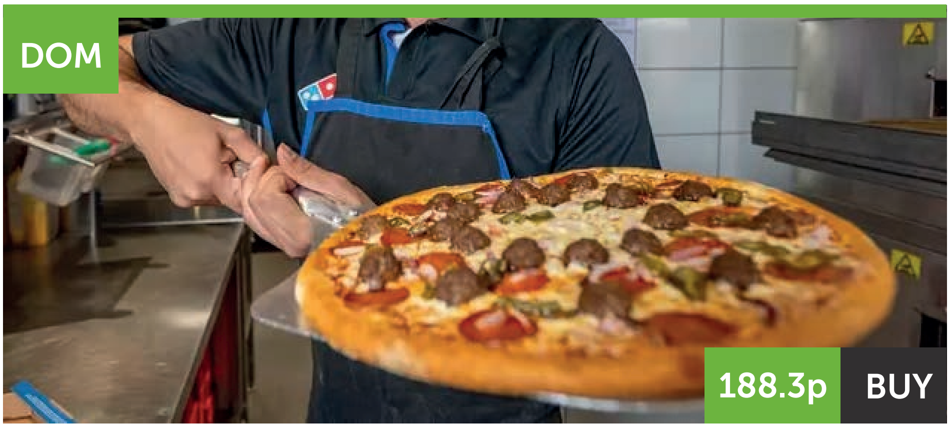
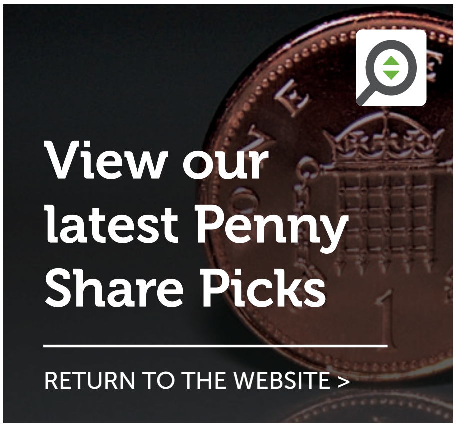
ISSUE JUNE 2026





Get a pizza the action!

As readers will no doubt be aware, the 2026 World Cup kicked off last week in the US and a company that may benefit from this is Domino's Pizza Group (188.3p). Given the fact that the matches are being played in three countries with a considerable time difference to the UK, there are some very different kick-off times for those supporters in the UK who are watching on television. With many of these matches being in the evening, it seems very likely that there will be groups of friends gathering to watch who may be looking for some sustenance and we would therefore expect pizza to be high up the list.

As readers may be aware, the company is the UK's leading pizza brand and also a major player in the Irish market. The company owns the master franchise to own, operate and franchise Domino's stores in the UK and the Republic of Ireland and it operates around 1,400 stores whilst also owning a 12% stake in Domino's Pizza Poland.

In 2025, group revenues increased by 3.1% to £685m although underlying pre-tax profits declined 15.0% to £91.2m with the fall being due to a fall in gross profit margin due to product mix whilst overheads also increased due to investment in the group's operations. As a result, underlying earnings per share declined by 13.7% to 17.6p, although the full year dividend was increased by 2.7% to11.3p per share. During the year, the company opened 31 new stores whilst it also gained market share with it now responsible for over 52% of the UK pizza takeaway market. The new year has started well with trading in line with expectations.

The current year is expected to see underlying pre-tax profits at a similar level to last year which would put the shares on a relatively low multiple of earnings. However, the World Cup could result in more favourable trading than expected which could result in upgrades from analysts. This would obviously be of benefit to the share price which stands just above its five-year low and well below last year's high of over 300p. We believe that the shares are a BUY.

On a mission.

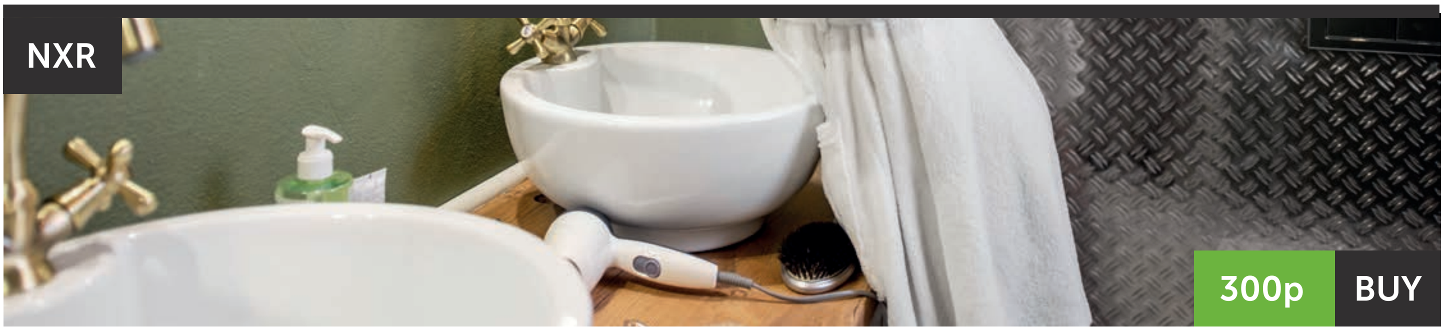
The recent AGM trading statement from marketing company The Mission Group (18.45p) should help to allay fears about the prospects of the company. The group's last financial year to 31 December saw a reduction in both revenue (down from £74.1m to £68.5m) and headline pre-tax profit on continuing operations (down to £3.0m from £4.8m) as the company coped with challenging trading conditions.

The company also had to deal with the actions that it had initiated in 2025 to improve profitability with the benefits of this reorganisation expected to benefit the results from this year. We therefore believe that 2025 will be seen as the low point in the group's fortunes with recovery now expected to take place – despite this the shares stand on a very modest p/e ratio with adjusted earnings per share expected to double this year to 4p.

The group is an advertising and marketing group with operations in the UK, USA and Singapore. It also has affiliates in another countries around the world. The company operates in many different industries, including sports and entertainment, property, healthcare, finance and the consumer sector. Clients include Barclays, England Rugby, Bensons for Beds and Barratt Redrow. No one client accounts for more than 3% of revenues proving the group has a diverse client base.

The company issued a trading update with its AGM on 15 June and this confirmed that trading in the period 1 January to 15 June 2026 had been in line with management's expectations. Although the market has been adversely impacted by the ongoing geopolitical situation, the company has a strong level of customer retention and has had a number of new client wins during the period. These included Puma, PwC and Westminster Council. The company is making good progress against the strategic priorities for 2026 which include further cost savings and expansion in the US.

The company's share price was over 50p three years ago although concerns over prospects led it to fall to 12.5p in April. Although the price has recovered strongly since then, it does seem that there should be further to go and a move up to last autumn's high of 26p looks very possible. That would represent a gain of 40% although it should be borne in mind that there is no dividend. With net debt expected to fall from the current £9m we rate the shares as a BUY.



NORCROS

SECTOR - CONSTRUCTION AND MATERIALS

RECOMMENDATION – BUY

The recently announced results from the supplier of bathroom products has confirmed that the group is continuing to make positive progress. The company increased its revenues, adjusted pre-tax profits and earnings per share in its latest financial year, whilst the new financial year has also started well. The company is looking to dispose of its remaining operations in South Africa and whilst this is expected to take between 12 and 18 months the sale will allow the group to focus on its core operations in the UK and Europe. Although market conditions are likely to remain subdued, the company continues to gain market share and yet the shares trade on a very modest multiple of earnings. As the company continues to make further progress we believe that they should be valued on 12x current year earnings and that gives a share price target of 470p.

Activities

Norcros is the leading branded bathroom products group in the UK and Ireland and it has achieved this market leading position through a combination of organic growth and acquisition. Each of the company's brands offers mid-premium product ranges distinguished by in-house design, a strong and growing commitment to sustainability and industry-leading service for trade and retail customers.

The group's brands include Triton, a market leader in the manufacture of showers; Merlyn, the UK and Ireland's leading supplier of shower trays and enclosures for residential, commercial and hospitality sectors; Grant Westfield, a supplier of high-end bathroom panelling solutions; VADO, a leading manufacturer of bathroom brassware and furniture including taps, mixer showers and accessories; Croydex, the UK's leading bathroom accessory brand supplying products ranging from toilet seats to cabinets and Abode, a supplier of kitchen taps, sinks and other accessories. Last October, the company completed the acquisition of the Norwegian company Fibo, a leading supplier of high-quality waterproof, decorative wall panels. The wall panels are easy to install, are durable and sustainable and are an increasingly attractive alternative to tiles and other wall coverings.

The company also has activities in South Africa with Tile Africa being a leading retailer of tiles and associated kitchen and bathroom products. This operates from 36 showrooms across South Africa, Botswana and Namibia. House of Plumbing is a market-leading supplier of specialist plumbing materials to both the trade and retail markets. Finally, TAL is a leading manufacturer of tile and construction adhesives, pourable floor coverings and specialised tools.

Financial

The company has recently announced its results for the 53 weeks to 5 April 2026 with comparable figures covering the 52 weeks to 30 March 2025. Group revenue for the year was up 10.6% at £393.4m (2025: £355.8m) with the increase due to gains in market share and the acquisition of Fibo during the period. The latter contributed £32.7m of revenue in the period post-acquisition. The group reported a rise of 8.2% in adjusted pre-tax profits as these rose to £40.9m (2025: £37.8m) with a lower operating profit margin of 12.2% (2025: 12.5%) due to the fact that margins at Fibo are lower than the rest of the business. Adjusted earnings per share increased by 8% to 36.3p (2025: 33.6p) due to a higher tax rate. The dividend for the year was increased by 8.7% to 11.3p per share (2025: 10.4p). Underlying net debt at the year end was £65.8m (2025; £36.8m) after spending £46m on the Fibo acquisition.

These are good results given the challenging trading conditions with a strong performance from the group's operations in the UK and Ireland. The results also benefited from the acquisition of Fibo which completed last October. The company has seen organic revenue growth driven by new product launches as well as taking advantage of cross-selling opportunities. The company has benefited from its strong market positions and its strong customer relationships which have provided a degree of resilience in what have been difficult times.

The South African businesses, which account for 26% of sales but just 8% of underlying operating profit, did not do as well although these increased revenues for the year by 0.3% on a constant currency basis. Both TAL and Tile Africa performed relatively well although House of Plumbing delivered a weaker performance due to subdued end markets and price competition. Last June, the group announced the closure of the Johnson Tiles business and it has now announced plans to evaluate options to sell the remaining South African operations.

Outlook

The new financial year has started well with group revenues in April and May up 3.1% on the prior year. The group believes that market conditions remain unchanged and are likely to remain subdued in the short-term at least. The new-build sector remains under pressure although this only accounts for 20% of group revenues with the RMI (Repair, Maintenance and Improvement) sector performing more strongly. The company's market position in the mid-premium sector should provide some support too.

The move to dispose of the South African operations makes sense as the group looks to focus on the large and fragmented European market. Although the company will aim to generate growth organically there will also be scope going forward to make selective acquisitions. The group has a target of achieving group operating margins of 15% (compared with 12.2% last year) and this should be achievable once Fibo margins increase and the group can dispose of the South African activities.

Although the shares have rallied post the results, the share price remains well below the high of earlier this year and any improvement in the economy at large will be of benefit. The shares are only lowly rated and offer a reasonable dividend yield and we believe this provides scope for a re-rating. The shares are a BUY.

Share Price: 300p
Market Capitalisation: £270m
2025/26 Share Price Range: 365p/195p
Website: www.norcros.com

Year Ending 31 March	Turnover (£m)	Underlying Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2025	356	37.8	33.6	8.9	10.4	3.5
2026	393	40.9	36.3	8.3	11.3	3.8
2027 (est)	440	44.8	39.2	7.7	11.7	3.9

Aggressive Growth Portfolio IX

The portfolio has done little over the last five weeks, falling in value by 0.7%, although given the overall move in the market this is hardly surprising. The ongoing situation in the Middle East continues to cause uncertainty and this is reflected both in company announcements and also in movements in share prices. The situation is not helped by the fact that there have been a number of false dawns with announcements from Donald Trump causing confusion in many cases.

It is interesting to see that the portfolio has underperformed the two main market benchmarks although it has performed pretty much in line with the AIM All-Share Index which has declined by 0.8%. With many of the companies in the portfolio quoted on AIM, it may seem logical that its value performs in line with the index although we are trying to outperform this.

There have been few performances of note during the period although it is pleasing to see that last month's tip of Brave Bison has moved up by over 14%. On the other hand, shares in Gateley Holdings have fallen by over 20% over the period and this follows the disappointing trading statement which is covered in News Highlights.

A number of the companies in the portfolio have made announcements during the month and, apart from Gateley Holdings, these were Tandem Group, McBride, Ashtead Technology, Ultimate Products, LPA Group and Brave Bison. As usual these are either covered in News Highlights or on the website.

We have received dividends this month from Ashtead Technology (£13), James Halstead (£93) and Foxtons (£65). Following the investment into the two main features this month there is £664 on deposit pending investment.

Performance summary

	16 June 2026	12 May 2026	Gain/(Loss) %
Portfolio Value	£55,638	£56,032	(0.7)
FTSE 100 Share Index	10,494.21	10,265.32	2.2
FTSE All Share Index	5641.63	5,509.65	2.4
FTSE AIM All Share Index	803.93	810.66	(0.8)

	Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
2,250	Tandem Group	185	4,204	170	3,825	140
3,075	McBride	123.4	3,852	146.8	4,514	125
1,000	Mears Group	312	3,167	409	4,090	275
1,400	One Health Group	251	3,549	247	3,458	200
1,000	Ashtead Technology	392.5	3,984	445.5	4,455	310
7,500	Ultimate Products	52.8	4,000	44.4	3,330	40
3,250	James Halstead	119.5	3,923	126	4,095	95
7,000	Foxtons Group	47.1	3,346	47	3,290	40
5,500	Gateley (Holdings)	70	3,888	55.5	3,053	55
7,000	LPA Group	52	3,676	63.5	4,445	40
5,000	Brave Bison	84	4,242	96	4,800	66
8,500	Marston's	47	4,055	49.05	4,169	39
1,250	Norcros	300	3,806	300	3,750	250
800	Audioboom	462.5	3,737	462.5	3,700	400
£664	Cash				664	
				TOTAL	**£55,638**	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £4,012.

BOOM

462.5p

AUDIOBOOM

SECTOR – AIM – SOFTWARE & COMPUTER SERVICES

RECOMMENDATION – BUY

Regular readers will know that we have covered the global podcast company before and our last comment was in January when we rated the shares a hold. At the time the company was still undertaking a strategic review which made an investment decision very difficult. The company has now announced the end of this review having received three indicative offers for the company in excess of 540p per share which is deemed inadequate. The company has revealed that the results for the six months to 30 June are expected to be a record and with the shares having dropped some way below the 540p level we rate them as a BUY.

Audioboom is a global leader in podcasting with its shows being downloaded 170 million times each month by 50 million unique listeners around the world. The company is ranked as the fifth largest podcast publisher in the US which is the group's largest market. The company connects podcast providers with advertisers and then distributes these to a global audience. The company operates internationally with global partnerships across North America, Europe, Asia and Australia and it distributes its content through a number of channels including YouTube, Spotify, Apple Podcasts and Google Podcasts.

Last October, the company revealed a strategic review and this only ended recently. The company received three indicative offers for the company, all worth at least 540p per share, but the company has turned them all down as undervaluing the company. The group has also revealed that trading in the first half of the year has been strong with revenues expected to be at least $45m.for the period which would be a record. The company will benefit from its operational gearing going forward which will benefit the bottom line and we believe that the shares have further to go.

Note: £1/US$1.34

Share Price: 462.5p
Market Capitalisation: £84m
2025/26 Share Price Range: 800p/275p
Website: www.audioboomplc.com

Year Ending 31 December	Turnover (£m)	Adjusted Pre-tax Profit ($m)	Adjusted Earnings Per Share (c)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2024	73.4	2.9	13.9	44.5	-	-
2025	80.4	4.4	21.1	29.5	-	-
2026 (est)	95.0	6.5	31.2	19.8	-	-

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.

Gateley Holdings – 55.5p

The professional services group has issued a trading update for the year to 30 April with group revenues expected to be around £193m, ahead of expectations. A change in business mix and the deferral of some transactions in Q4 due to the uncertainty caused by the actions in the Middle East means that operating margins are lower than the previous year at 11.1% (2025: 11.7%). As a result, adjusted pre-tax profits are likely to be lower than expected at around £21.5m for earnings per share of 12.2p. Net debt increased during the year to £25.3m from £6.6m a year earlier, although this was largely due to payments for acquisitions and share purchases for the Employee Benefit Trust. Around 65% of staff at the company are either shareholders or have an interest in the shares through share plans and this leads us to believe that the dividend will be maintained at 9.5p per share. This would put the shares on a yield of around 17% which is clearly an exceptional return. The group will clearly be a beneficiary of increased transactional activity as and when this happens and we therefore continue to rate the shares a BUY.

LPA Group – 63.5p

The AIM-listed specialist engineering group has issued its interim results covering the six months to 31 March 2026 and these have revealed that the company made significant progress during the period. Revenues for the six months rose to £13.8m (2025: £9.5m) with the group returning to profitability, recording a pre-tax profit of £0.4m compared with a loss of £0.5m in the comparable period last year. Earnings per share were 2.89p and there is no dividend as usual. The company's restructuring appears to be paying off and the company enters the second half with confidence in prospects. The group is actively looking to grow the business through the addition of new products and businesses notably in aerospace and defence. It is also looking to have a more balanced order book by combining larger contract wins with shorter-cycle recurring income streams so that the order book becomes less lumpy. The group is confident that it is on track to meet market forecasts of pre-tax profits of £0.5m for earnings per share of 4.6p, although we expect both of these to increase significantly in the year to 30 September 2027. Although the shares have increased by over 22% since we tipped them in the newsletter in April, they remain a BUY.

McBride – 146.8p

In April's trading update, the company stated that it had only seen a modest impact on its business from the conflict in the Middle East, but since then the group has suffered from sustained cost increases in petrochemical derived and energy intensive products and this has had a negative impact on margins. Although the group is increasing its prices to compensate there is clearly a time lag before these take effect and this will therefore have a short-term impact on profits. As a result, adjusted pre-tax profits for the financial year that ends this month are likely to be between 5% and 10% lower than expected, with these likely to be £48m for earnings per share of 19.5p. This puts the shares on a low p/e ratio and so despite the fact that this news is disappointing we believe the company will successfully navigate this period. The share price has fallen slightly on the news, but now offers good value. BUY.

Tandem Group – 170p

The company has issued a reassuring trading update ahead of its AGM with group revenues to 31 May up 2% on last year meaning that the group remains on track to meet full year expectations. The group's Bicycle business has performed well with sales up by 8%, outperforming industry trends, with electric bikes doing particularly well. Despite the poor weather, Home and Garden sales are up 37% with growth in outdoor living, garden storage and cooling products with new product groups expanding the customer base. Although sales in the Toys and Sports business are down 17%, that is largely due to large product clearance sales last year, whilst the fall in sales of 2% at the Golf business is expected to reverse in the second half. Full year revenues should increase to £27m with adjusted pre-tax profits rising to £0.8m for earnings per share of 10.4p. The shares have been very disappointing to date, although we believe that at some point all of the group's businesses will be showing positive progress, which will then be reflected in much improved profits and a rise in share price. We therefore rate the shares as a BUY.

Brave Bison – 96p

The marketing group has issued a positive trading update for the first half of the year with revenues up by at least 92% to £23m, with profits in line with expectations. The standout performer has been MiniMBA, which recorded organic growth of 18%, complemented by new client wins including Campari and Nike. As usual, trading will be weighted towards the second half of the year, but the directors are looking ahead with considerable optimism and we therefore increase full year forecasts of adjusted pre-tax profits to £9.7m for earnings per share of 8.3p. The shares remain a BUY.

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