cityconfidential

sorting the bulls from the beards

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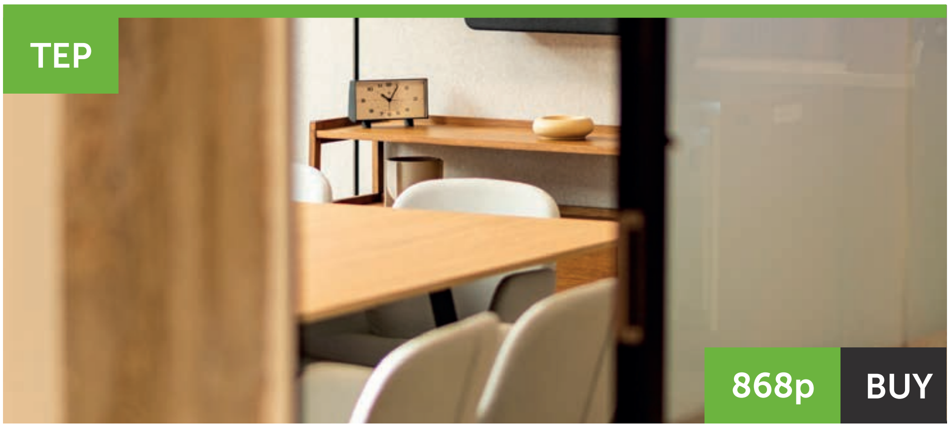
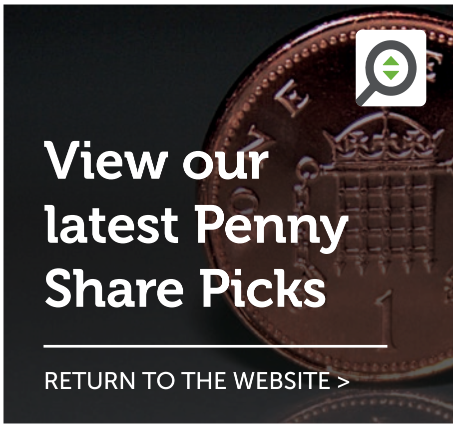




Dial in to Telecom Plus!

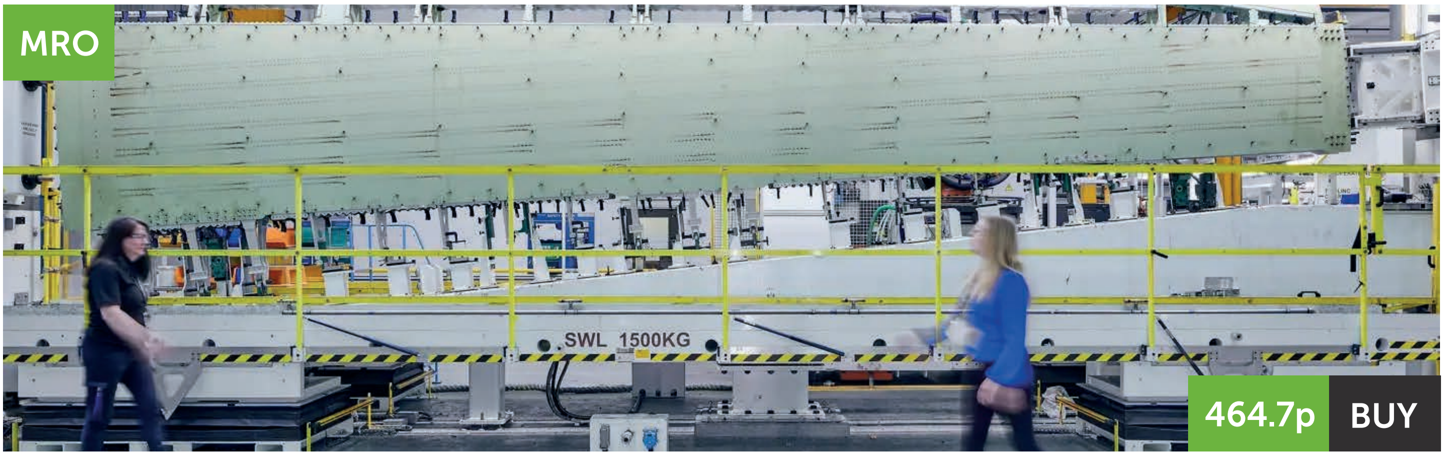
Shares in the utility provider Telecom Plus (868p) have been excellent performers over recent years as the company grew rapidly with revenues and profits increasing. The company was regarded as a stock market darling with the shares attracting a very high rating. Adjusted pre-tax profits rose from £56.1m in 2021 to £132.2m in the year to 31 March 2026 and adjusted earnings per share in the latest year emerged at 122.8p. However, despite this, the share price fell back from its peak of 2085p in June last year to around 1400p in April when the company issued a disappointing trading statement. That caused another decline in the share price which gradually fell to a low of 710p on 23 June when the company announced its results.

Since then, there has been some recovery although given the scale of the share price fall we believe the recovery could go further.

The company is a provider of multi-utility services in the UK trading under the name Utility Warehouse. It supplies subscription-style essential household services such as gas and electricity, broadband, mobile and insurance. These have similar characteristics with revenues and profits being highly predictable and with low levels of customer churn. Customers sign up through a national network of local Utility Partners who recommend the company's services to friends and family.

When the company announced its results last month it also revealed a new five-year plan with the aim of doubling the number of customers from around 500k to over 1m by 2031. The company will also look to optimise its multi-service offering through cross-selling its services and building out insurance into the fourth core service – it will also relaunch its small business offering. This plan is expected to cost £55m per year with the result that profits will be adversely affected in the short term although by 2031 adjusted pre-tax profits should be £175m.

As a result of the new strategy, adjusted pre-tax profits in the current financial year are expected to fall to between £80m and £90m. This is likely to produce earnings per share of around 80p and if this is the case the shares would be on a p/e ratio of just 10.9x. With further growth likely going forward we believe the share price recovery could go further and rate the shares as a **BUY**.



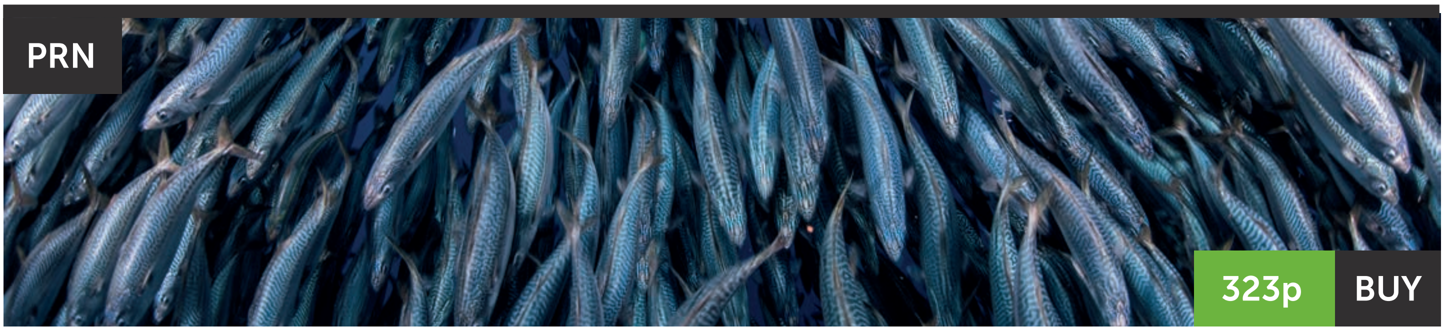
Fly away with Melrose

Shares in the aerospace and defence business Melrose (464.7p) have been disappointing performers over recent months, having fallen back from over 680p in February. This decline of over 30% has taken the shares back into what we regard as buying territory and the forthcoming interim results, which are due on 31 July, may prove to be the catalyst for a rally. We believe that a move back up to the 560p level over the next few weeks is very possible and this would represent a gain of 20%.

As readers may be aware, Melrose is a global aerospace and defence business which operates through two divisions. In Engines, the company is a trusted partner to global aircraft engine manufacturers supplying a range of products including engine mount structures and fan and turbine cases – customers include Rolls-Royce and Pratt & Whitney. In Airframes, the company supplies fuselage, wing structures, landing gear and other products to companies including Airbus and Boeing. The company has 32 manufacturing sites and operates in 12 countries around the world.

Last year, the company saw its revenues increase by 8% to £3.59bn with adjusted pre-tax profits rising 21% to £515m. Earnings per share on the same basis rose by 25% to 32.1p and the dividend was raised by 20% to 7.2p per share. These were clearly very good results and this progress has continued into 2026 with the company issuing a positive trading update in April at the time of the AGM. Group revenue rose by 11% during the first quarter of the year, with strong growth seen in the Engines business where revenues rose by 20%. Higher margins led to operating profit being well ahead of the same period in 2025. Although the company has no operating footprint in the Middle East, and minimal direct supply chain exposure, the company is seeing some inflationary pressure in the form of higher freight costs although it has some protection from higher energy costs from its hedging strategy.

The group expects revenues and profits to increase this year and earnings per share are expected to rise to 37.7p. If this can be achieved then the shares stand on a modest p/e ratio of just 12.2x. We think subscribers should buy ahead of the results. **BUY**.



PRINCES GROUP

SECTOR - FOOD PRODUCERS

RECOMMENDATION – BUY

The food group Princes Group has a rather odd history, having been owned by Japan's Mitsubishi Corporation for 25 years before it was acquired by the Italian Group Newlat in 2024. The company then joined the stockmarket last October when its shares were listed at 475p each. Unfortunately, since then the share price has moved steadily down with the low point of 298.5p hit last month. We believe that this decline has now presented investors with a useful buying opportunity with the shares now standing on a very modest p/e ratio. Clearly the fact that the controlling shareholder retains a stake of around 87% in the company will put off some investors but it has to be assumed that this stake will be reduced over time. The company has a very impressive portfolio of food brands with established markets and the prospects for the company are clearly very solid.

Activities

Princes Group is a leading operator in the food and beverage markets of the UK and Europe with strong market positions across both branded and own-label products. The company operates 23 manufacturing sites in six countries across the UK, Europe and Mauritius, and products are exported to over 60 countries and serve some 8,000 customers globally.

The group operates its business through five product categories as follows. a) Foods – (33% of revenues) – the group supplies a range of food products including baked beans, soups, ready meals, canned fruit, peas and pulses. Brands owned by the group include Branston, Crosse & Blackwell and Batchelors. b) Fish – (19% of revenues) – the group supplies ambient tuna, mackerel, salmon and other fish with the unit supplied primarily from its production facilities in Mauritius. Brands include Princes and Vier Diamanten. c) Italian – (17% of revenue) – products supplied in this category include canned tomatoes, branded pasta, pulses and bakery products. These are primarily manufactured at the group's production facilities in Italy. Key brands include Napolina, Delverde and Corticella. d) Drinks – (16% of revenues) – the drinks business supplies a range of customer own brand juices, squash and carbonated drinks. These are produced at the group's three production facilities in the UK. Brands include Princes and Jucee with the group also co-packing for leading brands including Vimto, Ribena and Cawston Press. e) Oils – (15% of revenues) – the group's oils unit is a joint arrangement with Archer Daniels Midland (UK) called Edible Oils Ltd. This primarily operates out of the group's production facilities in the UK and supplies seed, olive and speciality oils. Brands include Crisp'N'Dry, Trex and Cookeen.

The group is a leading supplier to the large supermarket groups in the UK although it also sells to convenience stores, high street discounters such as B&M and cash and carry outlets.

Financial

The company joined the stockmarket in October 2025 when the shares were priced at the lower end of the expected price range of 475p to 500p. The company issued 84.2m shares at the issue price of 475p to raise £400m before expenses. This has provided the group with what it calls a fortress balance sheet and will provide funds for future acquisitions if and when they are identified.

The first results to be released by the group since flotation were the annual results for the year to 31 December 2025. These showed revenues of £1.87bn and pre-tax profits of £55.4m. These were good results from the group with an increase in gross margins due to the fact that the company exited low-margin business to focus on profitability rather than volume. Comparative figures for 2024 are distorted by the corporate activity that has taken place during the year and so we have not included these as we feel they will just cause confusion. Although all parts of the business performed well, the standout performer was the Italian business which increased its margins by 414 basis points to 10%. This provides an operational blueprint for operational excellence across the group. The group ended the year with net cash of £395m (excluding leases), clearly helped by the funds raised in the flotation and these funds will be important if the group is to realise its growth ambitions.

In May, the group issued a trading update covering the three-month period to 31 March. Revenue increased to £506m, a 6% increase compared with the same period in 2025, and adjusted EBITDA rose by 17% to £38.2m. This was due to another increase in margins, largely driven by the Italian business which continued the strong performance seen in 2025. Strong cash flow helped the group to increase its net cash position (excluding leases) to £433m. The company started the second quarter in positive fashion with trading in April ahead of last year.

Outlook

The company looks to have very solid prospects going forward. We expect the strong trading in the first quarter to have continued in the second quarter with the group expecting increasing levels of profitability throughout the rest of the year as it benefits from efficiency measures instigated last year. The company is introducing new products to its portfolio including the launch of new ready sauces and pestos under the Napolina and Delverde brands.

The group continues to evaluate potential acquisition opportunities and it is optimistic of concluding a deal in the short-term. This is clearly an avenue for further growth and we would expect a deal to generate some positive sentiment for the shares.

The decline in the share price now seems to have come to an end and standing on such a modest multiple we believe that the company has largely gone under the radar of investors. As the company becomes more established on the market and more investors become aware of it we would expect the shares to recover further and believe that they are a buy with a 425p price target. **BUY**.

Share Price: 323p
Market Capitalisation: £790m
2025/26 Share Price Range: 480p/298.5p
Website: www.princesgroup.com

Year Ending 31 December	Turnover (£bn)	Underlying Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2025	1.87	55.4	37.0	8.7	-	-
2026 (est)	2.02	103.0	31.2	10.4	-	-
2027 (est)	2.08	120.5	36.2	8.9	-	-

Aggressive Growth Portfolio IX

A slightly better performance from the portfolio over the last month as it has risen in value by 2.4%. This means that it has outperformed all of the benchmark indices as can be seen from the table below. What is particularly noticeable is the poor performance of the AIM All Share Index during the period as this declined by 4.8%.

It has been a relatively dull month in terms of individual share price performance. This can be demonstrated by the fact that the best performance has come from Marston's, with shares in the company rising by 13.1%. As we stated when we tipped the shares in May, the company seems to have benefitted from the hot weather and also the World Cup which has boosted footfall to pubs across the UK.

We commented on the disappointing trading at Gateley (Holdings) last month and although the shares had fallen by over 20% over the month they had remained just above the stop-loss limit. Unfortunately, the shares have gone through the limit this month and we have therefore had to sell the holding of 5,500 shares at 55p. This has resulted in net proceeds of £2,995 and realised a loss of £893.

In order to raise some liquidity we have also taken our profit on Mears Group. The sale of 1,000 shares at 431.5p has realised net proceeds of £4,272 and generated a gain of £1,105. Although the share price has done well we believe that further progress may prove more difficult and so are happy to sell the shares at this level.

A number of the companies in the portfolio have made announcements during the month and these were Tandem Group, Mears Group, One Health Group and Brave Bison. As usual these are either covered in News Highlights or on the website.

We have received dividends this month from Tandem Group (£68), Mears Group (£119), Ultimate Products (£68) and Brave Bison (£22). Following the investment into the two main features this month there is £833 on deposit pending investment.

Performance summary

	14 July 2026	16 June 2026	Gain/(Loss) %
Portfolio Value	£56,988	£55,638	2.4
FTSE 100 Share Index	10,529.39	10,494.21	0.3
FTSE All Share Index	5,661.11	5,641.63	0.3
FTSE AIM All Share Index	765.58	803.93	(4.8)

	Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
2,250	Tandem Group	185	4,204	175	3,938	140
3,075	McBride	123.4	3,852	164.4	5,055	125
1,400	One Health Group	251	3,549	248.5	3,479	200
1,000	Ashtead Technology	392.5	3,984	410	4,100	310
7,500	Ultimate Products	52.8	4,000	48.7	3,653	40
3,250	James Halstead	119.5	3,923	125	4,063	95
7,000	Foxtons Group	47.1	3,346	43.5	3,045	40
7,000	LPA Group	52	3,676	67.5	4,725	40
5,000	Brave Bison	84	4,242	86	4,300	66
8,500	Marston's	47	4,055	55.5	4,718	39
1,250	Norcros	300	3,806	305	3,813	250
800	Audioboom	462.5	3,737	500	4,000	400
1,175	Princes Group	323	3,852	323	3,795	275
650	Mortgage Advice Bureau	534	3,523	534	3,471	450
£833	Cash				833	
				TOTAL	£56,988	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £4,289.

MAB1

534p

MORTGAGE ADVICE BUREAU

SECTOR – FINANCE AND CREDIT SERVICES

RECOMMENDATION – BUY

It is perhaps not surprising that shares in this mortgage broker stand at their lowest level for around three years given the slowdown in the housing market and fears over higher interest rates. However, although in the short-term there may be some uncertainty, this can often result in increased activity at the group as borrowers look to lock in deals that are available ahead of their existing mortgages coming to an end. As the housing market recovers so there should be a recovery in the mortgage market and, as a leading mortgage advisory group, the company should benefit accordingly. The shares stand on a modest p/e ratio and attractive yield and we believe they merit a rating of BUY.

Mortgage Advice Bureau is a leading UK property finance platform that connects customers, advisers, lenders and insurers. The group has a scalable, technology-driven intermediary model which delivers personalised mortgage and protection advice. Through its partner firms, known as Appointed Representatives, the group has over 2,100 advisers providing expert advice across mortgages, specialist lending and protection and general insurance products. The group supports its partner firms with its proprietary technology and services, including adviser recruitment and lead generation whilst also providing compliance and marketing services.

In the last financial year revenues rose 20% to £318.8m with adjusted pre-tax profits rising by 13% to £36.3m. The group increased its mortgage completions during the year by 23% to £32bn with adviser numbers rising by 10%. At the group's AGM in May, the company confirmed that the positive momentum of last year has continued into the current year with March and April seeing accelerated refinancing activity due to macroeconomic and interest rate uncertainty. The group expects to see this positive momentum continue during the rest of the year and so we believe that the shares are a buy and we believe a share price target of 660p is reasonable.

Note: £1/US$1.34

Share Price: 534p
Market Capitalisation: £307m
2025/26 Share Price Range: 908p/499.5p
Website: www.mortgageadvicebureau.com

Year Ending 31 December	Turnover (£m)	Adjusted Pre-tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2025	318.8	36.3	44.5	12.0	22.5	4.2
2026 (est)	356.7	43.4	52.6	10.2	25.8	4.8
2027 (est)	397.0	51.6	62.8	8.5	28.9	5.4

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.

One Health Group - 248.5p

The independent provider of surgical procedures for NHS patients has announced its results for the year to 31 March and these have come in ahead of expectations. Revenue for the year rose 11% to £31.6m with adjusted EBITDA increasing 28% to £2.6m. Underlying earnings per share rose 10% to 14.98p and the dividend for the year was raised by 2% to 6.3p. Net cash at the end of the year had fallen slightly to £11.1m although most of this is due to be spent on the group's own surgical hub which is currently under construction near Scunthorpe. This is expected to come on stream at the start of the 2027/28 financial year. The company enjoyed another successful year, with the number of consultations rising 20% to over 50,000 with almost 19,000 new NHS patient referrals. The group undertook over 8,000 surgical procedures during the year, an increase of 15% over the previous year and the group now has 88 consultants, a rise of 10% over the previous year. It is clear that demand for the group's services continues to be strong with NHS waiting lists remaining high at 7.1m at the end of March. With further growth expected going forward we believe that the shares remain **ATTRACTIVE**.

Ramsdens Holdings - 594p

The financial group has announced details of a recommended offer for the group from FirstCash Holdings Inc., a leading international pawnbroking group with over 3,300 locations in the US, Latin America and the UK. It entered the UK market last year with the acquisition of H&T. The acquisition of Ramsdens will significantly increase the group's operations in the UK. The offer values the shares at 609p in cash and has been recommended by the board. As such readers should accept the offer. **ACCEPT THE OFFER**.

Brave Bison - 86p

Since our tip in May at 84p, shares in the marketing group Brave Bison have been to 100p although they have recently dropped back to just above the level when tipped. The company has issued a trading update for the six-month period to 30 June and this has shown revenue growth of 97% over the same period in 2025, whilst adjusted EBITDA has risen by 87%. Net cash at the end of the period was £4.7m up from £3.9m a year earlier. The increase in revenues and EBITDA was due to acquisitions and some organic growth. The company has also announced that it is in talks with System1 where it owns a 28% stake about a possible takeover for the latter. System1 has rejected the Brave Bison proposal as it feels the prospective offer is not enough and it remains to be seen if any improved offer will be made. Clearly Brave Bison is making strong progress even without any contribution from System1 and following the recent weakness in the share price we re-iterate our recommendation of **BUY**.

Trifast – 80.2p

The specialist engineering group has announced its results for the year to 31 March and these have come in pretty much as expected following the trading statement in April. Revenue for the year declined by almost 7% to £208.4m although underlying pre-tax profit increased by over 18% to £12.3m. Earnings per share on the same basis were 50% higher at 6.46p, helped by a lower tax charge. The dividend for the year was raised by just over 5% to 1.9p per share. These were clearly excellent results and these have benefitted from the decision to focus on higher margin operations which is why profits have increased despite the fall in turnover. Adjusted net debt at the year-end had fallen to £16.0m (2025: £17.4m) helped by strong cash conversion. EBIT margin increased to 7.8% from 6.7% and the group is on its way to achieving the medium-term target of an EBIT margin of 10%. The new financial year has started well although at this stage we leave our forecasts for the current financial year unchanged with pre-tax profits set to increase to £14m for earnings per share of 7.8p. The shares remain a **BUY**.

ME Group – 110.6p

Shares in ME Group International plunged at the beginning of June after a disappointing trading statement which revealed a sharp slowdown in sales in April. The company has now issued its interim results for the six months to 30 April and these have revealed that revenues for the period rose marginally to £154.3m although pre-tax profits declined to £32.7m (2025: £34.0m). Diluted earnings per share fell to 6.48p (2025: 6.74p) and the interim dividend was reduced to 3.60p per share (2025: 3.85p). These are very creditable results in our view given the sharp fall in revenues in April which was primarily due to a slowdown in photobooth activity in a small number of countries. The laundry operations are the main driver of growth with revenues up over 16% at £54.8m and the company installed a net 499 laundry machines during the period, with another 800 machines expected to be installed in the second half. After the blip in April, trading in May recovered to more normal levels, with total vending revenue up 11.1% over the same month last year with the positive revenue trend continuing into June. The company believes that pre-tax profits for the year will be between £69m and £74m with earnings per share likely to fall to around 13.3p. We believe that growth prospects at the group remain intact and therefore rate the shares as a **BUY**..

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