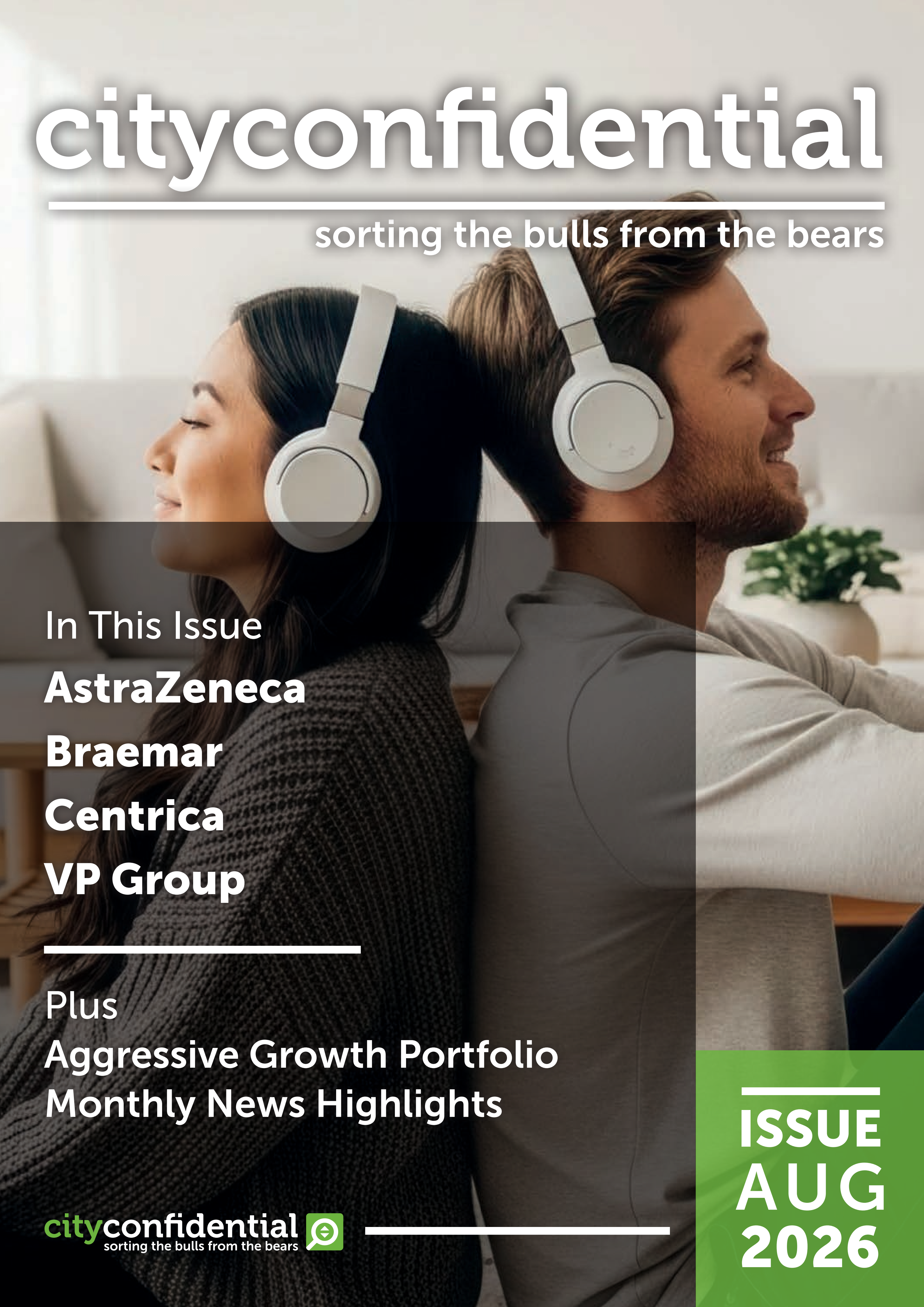

# cityconfidential

sorting the bulls from the bears

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**ISSUE AUG 2026**




## Turn up the gas at Centrica!

**The recently-announced interim results from British Gas owner Centrica (154.4p) did not go down well with investors with the shares falling to their lowest level in over a year. Whilst it is true to say that the figures were uninspiring, we feel that this fall has presented investors with a useful buying opportunity. Although the long-term prospects for the company are solid rather than spectacular, we think that long-term investors will be rewarded in time whilst there is every chance of a bounce in the price in the short-term.**

As most readers will probably be aware, Centrica is the owner of British Gas and is the largest supplier of gas to domestic customers in the UK. The group also has interests in other assets and these include nuclear assets including Sizewell C, as well as other flexible and renewable assets. The group is also involved in electricity generation and in May it acquired the Severn Combined-Cycle Gas Turbine power station in Wales and this increased the group's power generation capacity. Through its subsidiary Spirit Energy, the group also has interests in gas fields, mainly in the Irish Sea.

In the six months to 30 June, adjusted pre-tax profits declined to £481m from £608m the year before with earnings per share on the same basis falling to 6.8p per share from 7.0p. The interim dividend was raised to 2.0p per share (2025: 1.83p) and the group ended the period with adjusted net cash of £0.7bn (31 December 2025: £1.5bn). The fall in profits was largely due to disposals of some assets from Spirit Energy and production outages. The decline in cash was due to the acquisition of the Severn power station and further capital investment.

Centrica is a long-term player in the energy supply market and it is investing for this. The shares have fallen back from 218.7p at the beginning of April and although in the short-term the company's results may not inspire, investors should focus on the long-term outlook for the group. It has ambitious growth targets over the next few years and we believe the shares are a **LONG TERM BUY**.


## AstraZeneca forced to take medicine

**Regular readers may recall that we tipped shares in AstraZeneca (11844p) back in February 2024 when the share price was 9600p. The shares had fallen from a high of 12300p following the announcement of relatively disappointing results for 2023 and we felt that this had created a useful buying opportunity in a leading blue-chip stock. The shares recovered strongly after this, reaching a peak of 15542p in February this year, although the share price has fallen back recently. Although some of the share price fall is due to concerns about the group's drug portfolio, a recent report suggesting that the group was set to merge with US drug group Bristol Myers Squibb has caused the shares to fall further.**

Although neither company has commented on the story, analysts have poured cold water over the idea stating that it was very unlikely. It is very difficult for large mergers like this to create value and there are considerable hurdles to overcome. Regulatory and competition issues are clearly a potential problem, whilst integrating research and development departments and other parts of the respective businesses would also cause difficulties. The fact that the story has now gone quiet following this negative response from market participants suggests to us that the merger is off the table.

The shares have not recovered the ground lost over recent weeks and stand at close to the lowest level since last autumn. Maybe the talk of the potential merger has made investors look at the company's drug portfolio. There are a number of leading drugs supplied by the group which are due to come off patent in the early years of the next decade and these will need replacing. However, the group has an excellent record in bringing new drugs to market and we feel these fears are overdone.

The fall in the share price now means that the share rating has fallen to a relatively low level with it standing on a prospective p/e ratio of 15.5x. This is the lowest for some time and we believe that the shares therefore have recovery potential. Although any rise in the share price is unlikely to be substantial, an increase to the 14550 level seen last month would represent a gain of almost 23%. **BUY**.


# VP GROUP

SECTOR – INDUSTRIAL TRANSPORTATION

**RECOMMENDATION – BUY**

**In line with many companies involved in the construction and infrastructure sectors, shares in VP have suffered over the last few months, falling back from 560p in February. The company has reported that trading has been difficult and yet it continues to make good profits and there are signs that the overall trend at the group is upwards. Although the company does not expect market conditions to improve much in the second half, it should benefit from actions that it has taken and pre-tax profits should therefore increase by a useful margin this year. Further growth seems likely as market conditions improve and in the meantime the shares yield 8.5% assuming that the dividend is maintained which we believe will happen. Given these factors we believe that the shares are undervalued and therefore rate them a BUY.**

### Activities

Vp is a specialist equipment rental business providing equipment, people, services and support for specialist projects. It focuses on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets in the UK and overseas. The group operates through a number of subsidiary companies as follows:- Groundforce – this supplies shoring and piling solutions; TPA – this provides temporary access solutions such as roads and walkways; Torrent Trackside – this hires out specialist rail equipment; Brandon Tool Hire – a nationwide suppler of tool and small plant to hire; ESS – a supplier of electronic and security services; MEP Hire – this supplies specialist tool hire and access equipment rental; CPH – a supplier of powered access equipment in Ireland; UK Forks – a supplier of fork lift trucks; Airpac Rentals – a supplier of compressed air and steam rental equipment and Tech Rentals – this is Australasia's leading technical equipment testing group providing test and measurement equipment in Australia, New Zealand and South East Asia.

The group operates in four different sectors as noted above. In Infrastructure, the group has a broad presence in rail, highways, utilities and other key infrastructure projects. Examples include the upgrade to the Transpennine rail link between York and Manchester and working with the major water companies on AMP8. In Construction, the company supports non-residential construction projects, including offices, warehousing and distribution. The company also operates in the commercial fit out sector including work on offices, retail units and data centres. The Housebuilding sector includes both private and public housing and the company supplies support to housebuilders with a range of equipment whilst there is also a dedicated helpdesk which provides Watkins Jones, a leading developer of residential homes and student accommodation, with access to all the equipment that they need across the UK. In Energy, the company supports both onshore and offshore energy applications and this operates in 60 countries across six continents. The group supports pipeline testing and rig maintenance for example.

### Financial

In the year to 31 March, group revenue declined by 5.8% to £358.3m (2025: £380.0m) with adjusted pre-tax profits falling to £27.0m (2025: £36.7m). Earnings per share on the same basis fell to 54.5p (2025: 66.8p) although the annual dividend was maintained at 39.5p per share. Net debt (excluding leases) at the year-end had increased to £148.9m (2025: £138.5m) although this was after spending a net £26.5m on the rental fleet. Given the difficult trading conditions, these were pretty resilient results and the fact that the company maintained the dividend is a vote of confidence in the future.

In the UK, the company saw revenue decline by around 10% to £287.1m with adjusted operating profit falling by 35% to £24.6m - this decline was primarily due to challenging trading conditions in the general construction market. On the other hand, it was pleasing to see that the international business performed well with revenues up by over 14% to £71.2m, whilst adjusted operating profit increased by over 31% to £12.6m. These results benefited from a full year contribution from CPH which was acquired in October 2024.

At the company's AGM last month, the group revealed that trading in the first quarter of the current financial year had been resilient helped by the diversified business model and the varying conditions in each of its end markets. Activity in the UK infrastructure market has been lower than expected, although as AMP8 investment programmes mobilise, the second half should see an improvement. The group continues to perform well in electricity transmission, specialist construction and international markets. The group is also benefiting from moves made to improve operational efficiency and these actions will be reflected in the results for the year.

### Outlook

The company started the current financial year well with steady progress being made across the business. The UK Infrastructure business will see its performance improve once the water companies implement AMP8, whilst there is also likely to be more improvement from the International business. On the domestic front, it would seem that conditions in the Housebuilding market are likely to remain difficult for some time as the major housebuilding companies are seeing. However, the group operates in diversified markets and has strong relationships with many of its customers, and these factors will stand it in good stead going forward.

The share price has fallen from 720p in the summer of 2024 and reached a low of 424p in March this year. The stock is now starting to recover and yet we feel that there is much further to go. Most UK companies are out of favour with investors, particularly those in the lower reaches of the market and this provides scope for a significant re-rating. Putting the shares on a prospective p/e ratio of 12x for the current financial year gives a share price target of 702p. If that could be reached then that would represent a gain of almost 50% from the current price. With a yield of 8.5% as well we think the shares are cheap.


Share Price: 464p
Market Capitalisation: £186m
2025/26 Share Price Range: 650p/424p
Website: www.vpplc.com

| Year Ending 31 March | Turnover (£bn) | Underlying Pre-Tax Profit (£m) | Adjusted Earnings Per Share (p) | P/E Ratio | Net Dividend (p) | Net Yield (%) |
|---|---|---|---|---|---|---|
| 2026 | 358 | 27.0 | 54.5 | 8.5 | 39.5 | 8.5 |
| 2027 (est) | 351 | 32.5 | 58.5 | 7.9 | 39.5 | 8.5 |
| 2028 (est) | 370 | 34.0 | 61.7 | 7.5 | 39.5 | 8.5 |

# Aggressive Growth Portfolio IX

It is pleasing to see that the portfolio has increased in value once again this month with a rise of 3.7% meaning that it has outperformed all of the benchmark indices shown in the table below. Given the poor performance of the FTSE AIM All Share Index this is a very impressive result as the portfolio contains a number of AIM stocks.

There have been a number of good performances from constituent companies with LPA Group leading the way with a gain of 22.2% with One Health Group being the second-best performer rising by 16.7% to 290p. This has taken the shares to a new all-time high and we now feel that further upside in the short-term will be difficult. We have therefore decided to sell the holding and the sale of 1,400 shares at 290p has raised net proceeds of £4,019 for a gain of £470. Apart from Foxtons (see below) the worst performer in the portfolio over the month was Audioboom whose shares fell 13%.

Unfortunately, the difficult property market has led to disappointing results from leading estate agency Foxtons and the share price has fallen as a result, taking it below the stop-loss limit of 40p. We have therefore had to sell our holding of 7,000 shares for net proceeds of £2,772 and a loss of £574.

A number of companies have made announcements during the last month and these include Ashtead Technology, James Halstead, Foxtons Group, LPA Group, Marston's, Norcros, Audioboom and Mortgage Advice Bureau. As usual these are covered either in News Highlights or on the website.

We have received a dividend of £95 from Norcros during the month and after investing in the two main features this month there is £807 on deposit pending investment.

**Performance summary**

| | 11 August 2026 | 14 July 2026 | Gain/(Loss) % |
|---|---|---|---|
| Portfolio Value | £59,118 | £56,988 | 3.7 |
| FTSE 100 Share Index | 10,844.19 | 10,529.39 | 3.0 |
| FTSE All Share Index | 5,847.90 | 5,661.63 | 3.3 |
| FTSE AIM All Share Index | 799.57 | 803.93 | (0.5) |

| | Security | Buying Price (p) | Total Cost (£) | Current Price (p) | Value (£) | Stop-Loss Limit (p) |
|---|---|---|---|---|---|---|
| 2,250 | Tandem Group | 185 | 4,204 | 188.5 | 4,241 | 140 |
| 3,075 | McBride | 123.4 | 3,852 | 163.6 | 5,031 | 125 |
| 1,000 | Ashtead Technology | 392.5 | 3,984 | 428 | 4,280 | 310 |
| 7,500 | Ultimate Products | 52.8 | 4,000 | 54.6 | 4,095 | 40 |
| 3,250 | James Halstead | 119.5 | 3,923 | 131.6 | 4,277 | 95 |
| 7,000 | LPA Group | 52 | 3,676 | 82.5 | 5,775 | 40 |
| 5,000 | Brave Bison | 84 | 4,242 | 89 | 4,450 | 66 |
| 8,500 | Marston's | 47 | 4,055 | 51.7 | 4,395 | 39 |
| 1,250 | Norcros | 300 | 3,806 | 328 | 4,100 | 250 |
| 800 | Audioboom | 462.5 | 3,737 | 435 | 3,480 | 400 |
| 1,175 | Princes Group | 323 | 3,852 | 333.5 | 3,919 | 275 |
| 650 | Mortgage Advice Bureau | 534 | 3,523 | 532 | 3,458 | 450 |
| 750 | Vp | 464 | 3,532 | 464 | 3,480 | 375 |
| 1,500 | Braemar | 222 | 3,380 | 222 | 3,330 | 180 |
| £807 | Cash | | | | 807 | |
| | | | | TOTAL | £59,118 | |

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £4,384.

## BMS 222p BRAEMAR

SECTOR – INDUSTRIAL TRANSPORTATION

RECOMMENDATION – BUY

**Last month's positive trading update should provide some reassurance for investors with the company confirming that the positive momentum seen in the second half of the last financial year has continued into this year. As a result, the company is confident that it can deliver profitable growth this year and achieve current market expectations. The senior management team has recently been strengthened, and the group remains on track to hit its target of revenues of over £200m by 2030. The shares stand on a relatively modest p/e ratio whilst there is also a useful dividend yield of 3.2%. We believe the shares are a BUY.**

Braemar is a leading provider of ship chartering, employing specialist teams who have deep sector knowledge and experience. These teams build long-term relationships with both ship charterers and ship owners, enabling them to offer the best solutions to the company's clients. The company also provides other services, including advice on the sale or purchase of vessels and also providing risk management solutions across commodity markets. It operates from 19 offices across 14 countries around the world.

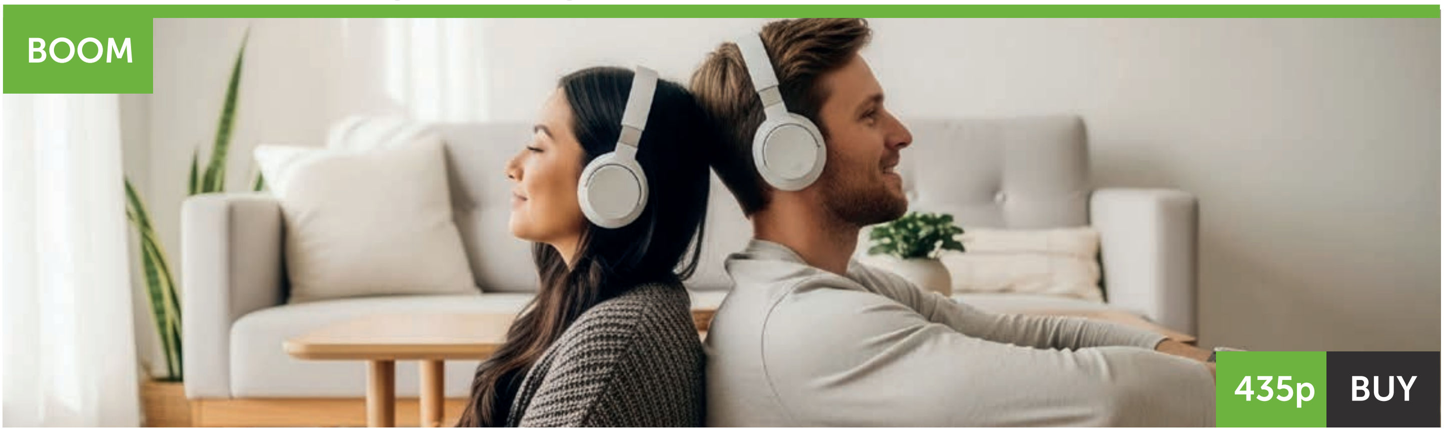
In the year to 31 March, group revenue fell to £135.6m (2025: £141.9m) with adjusted pre-tax profit declining to £10.1m (2025: £13.4m). Earnings per share on the same basis fell to 24.2p (2025: 31.3p) and the annual dividend was maintained at 7.0p per share. Net debt at the end of the year was £2.9m (2025: 2.5m). The decline in revenue was due to weaker charter rates in the first half although these recovered in the second half.

The current year has seen this positive momentum continue whilst the conflict in the Middle East provides both uncertainty and opportunities for the group. The long term prospects for the global shipping industry are positive and Braemar should benefit from this growth. Assuming a prospective p/e ratio of 12x, the share price should be around 295p and that is our share price target.

Share Price: 222p
Market Capitalisation: £73m
2025/26 Share Price Range: 278p/201p
Website: www.braemar.com

| Year Ending 28 February | Turnover (£m) | Adjusted Pre-tax Profit (£m) | Adjusted Earnings Per Share (p) | P/E Ratio | Net Dividend (p) | Net Yield (%) |
|---|---|---|---|---|---|---|
| 2026 | 135.6 | 10.1 | 24.2 | 9.2 | 7.0 | 3.2 |
| 2027 (est) | 139.7 | 11.8 | 24.6 | 9.0 | 7.2 | 3.2 |
| 2028 (est) | 150.0 | 16.3 | 33.8 | 6.6 | 7.5 | 3.4 |

# 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.

## Ashtead Technology - 428p

The leading provider of subsea solutions to the offshore global energy sector, has issued a trading statement covering the six months to 30 June. Despite challenging market conditions, the group managed to increase revenues to just over £100m, albeit a rise of only 1%, although margins have declined slightly due to more lower margin business during the period. The second half is expected to see a recovery in margins as usual during the busier part of the year. The company has also announced that it has acquired Seadraulics, a small business based in Perth, Australia and this is expected to serve as a platform to expand the group's operations in the area. The company has seen some impact from the situation in the Middle East and profit forecasts for the full year have been reduced accordingly. We now believe that full year adjusted pre-tax profits for 2026 will decline slightly from last year to £47.5m with earnings per share falling to 47.5p. This leaves the shares on a p/e ratio of just 9x and we re-iterate our recommendation of **BUY**.

## James Halstead - 131.6p

The commercial flooring group has issued a trading update covering the financial year to 30 June and this has confirmed that trading has been difficult although the company has navigated its way through these challenges. Input costs rose sharply after the commencement of the troubles in the Middle East, although the company initially decided to absorb some of these costs rather than pass them on to customers. There was growth in markets in North America, South Africa and the Middle East. The company believes that adjusted pre-tax profits for the year will be between 10% and 15% lower than last year and so we reduce our forecast to £48m for earnings per share of 8.6p. Although the dividend would not be covered, we believe that the company will not wish to break its record of 49 consecutive years of increases in the payout, and we believe this will therefore increase to 9p per share to give a yield of 6.8%. It is also worth bearing in mind that at 31 December, the group had net cash of £70.8m and this provides further re-assurance to investors. **BUY**.

## Mortgage Advice Bureau - 532p

The UK property finance group has issued a positive trading update covering the six-month period to 30 June despite challenging market conditions. Subdued consumer confidence and uncertainty about interest rates ensured that the mortgage market was more complex than normal, although the company increased its mortgage completions by 16% to £16.5bn. Group revenue for the period therefore increased by 8% to £160m and the company increased its market share of new mortgage lending to 8.3% from 8.2% over the five months to 31 May. Adjusted pre-tax profits for the first half are expected to rise to £14.6m from £14.5m last year and full year profits are expected to be in line with expectations at £43.4m for earnings per share of 52.6p. We tipped the shares last month at 534p and now standing on a p/e ratio of 10.1x we believe they remain a **BUY**.

## Audioboom - 435p

The global podcast group has issued its interim results for the six months to 30 June and these have revealed a 30% increase in revenue to $45.7m during the period. This strong performance has been reflected in profitability with gross profits increasing by 33% to $9.9m. Pre-tax profit for the period grew strongly to $3.1m (2025: $1.3m) helped by the gearing effect of higher revenue and gross profit, combined with tight control over the cost base. Earnings per share for the period rose to 17.3 US cents (H1 2025: 7.7 US cents). The group has seen significant growth in the number of monthly podcast downloads, with these averaging 183m in the second quarter of the year compared with 100m in the same period last year. The group ended the period with net cash of US$5.4m. At 14 July, the group had 2026 booked revenue of $81.0m which is higher than total 2025 revenues of US$ 80.4m and this demonstrates the strong growth at the group. As regular readers will be aware, the company has rejected takeover offers of at least 540p from three potential suitors and these results help to demonstrate why. With such strong growth continuing at the company, we re-iterate our recommendation of **BUY**.

## Foxtons - 37.3p

The group has issued disappointing interim results to 30 June, with revenues falling by 8% to £83.7m compared with last year, although adjusted pre-tax profits fell by 36% to £7.3m. Earnings per share on the same basis were down the same amount at 1.8p although the interim dividend was maintained at 0.24p per share. Revenue from property sales was down 13%, although lettings revenues were flat. This shows the benefit of the lettings business which is relatively resilient despite the uncertain market. The Renters' Rights Act has caused some uncertainty in the market although this is expected to generate an increase in revenue going forward. We believe that full year adjusted pre-tax profits could be £14.7m for earnings per share of 3.7p. We believe that this year will be the nadir for the group and that strong recovery will be seen going forward.. We therefore re-iterate our recommendation of **BUY**.

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