

FY 24 results generate doubled profit, record cash

2 July 2024

For the year to 31 March 2024 Supreme reported revenue of £221.2m, +42%YoY, (adj.) EBITDA of £38.1m, +97%YoY and (rptd). PBT of £30.1m, +109%YoY. Net cash from operations grew 40%YoY to £27.1m, with year-end net cash¹ of £11.6m (FY23: £3.2m). (adj.) diluted EPS was 18.19p/share (ED E, 20.2p). We see strong performance at gross level, +55%YoY with margin improvement from 26.3% to 28.7%. Supreme trades on a FY25E (adj.) EV/EBITDA 5.5x and PE of 9.1x, offers a dividend yielding 2.6% and remains highly cash-generative, as evident in the recent cash-based acquisition of Clearly Drinks for £15.0m.

Strong performance across all Business Categories

The **Vaping Business Category** recorded revenue of £82.8m, +8.8%YoY (ED E £83.0m), with the addition of £57.0m of revenue from disposable vapes in the Branded Distribution segment taking the total to £140m, 63% of Group total. **Batteries** revenue was £40.5m, +2.5%YoY (ED E £41.1m), with a marked improvement in gross margin at 13.7% compared to 9.9% in FY23. **Lighting** recorded revenue of £16.5m, +6.9%YoY (ED E £17.1m), with gross profitability at 39.3%, up on 26.7% in FY23. **Sports Nutrition & Wellness** revenue matched our estimate at £18.0m, +7.2%YoY, with a gross margin of 28.6%, compared to 15.9% in FY23. **Branded Distribution** category revenue was £63.5m, +7xYoY, (ED E £66.0m) of which £57.0m was derived from Elf Bar and Lost Mary disposable vapes.

We note the recent addition of **Soft Drinks** to the Group range of household and consumer products, via the acquisition of Clearly Drinks Ltd., apart from being immediately earnings-accretive, serves as a reminder of the underlying strength, and demonstrable success, of Supreme's business strategy. The acquisition of a significant market presence, combined with practised, efficient distribution and marketing systems, offers the opportunity to both expand the soft drinks Business Category and augment other operations such as Sports Nutrition & Wellness.

Outlook to FY26

The Group has made timely preparation for the transition to traditional refillable, rechargeable e-cigarettes, allowing it to further scale its c.60 m bottle annual production volumes, or to newer pod devices. Supported by strong cash generation, Supreme has maintained its strategy of acquisition in a new product area – Soft Drinks, where we expect a full year of contribution in FY26.

Valuation

Our Fair Value remains at 225p/share, still well above current levels despite recent strength.

Financial outlook to FY26

Yr to March 31 (£m)	2022	2023	2024	2025E	2026E
Revenue	130.8	155.6	221.2	239.7	231.3
EBITDA (adj)	21.1	19.4	38.1	37.0	36.2
EPS (adj, p)	12.4	11.2	20.2	19.5	19.6
DPS (p)	2.2	4.6	3.7	4.9	4.6
Net debt / (cash)	4.0	(3.2)	(11.6)	(18.2)	(37.2)
EV/EBITDA	9.7x	10.5x	5.4x	5.5x	5.6x
P/E	14.3x	15.8x	8.7x	9.1x	9.0x
Div yield	1.2%	2.6%	2.1%	2.8%	2.6%

Source: Company data, Equity Development estimates. ¹Net debt / (cash) is pre IFRS 16.

Company Data

EPIC	SUP
Price (last close)	177p
52 week Hi/Lo	180p/87p
Market cap	£208m
ED Fair Value / share	225p
Net debt / (cash)	£(11.6)m

Share Price, p



Source: ADVFN

Description

Formed in 1975, Supreme Imports is a leading European and UK manufacturer, supplier and brand owner of fast-moving consumer products. It supplies six key categories of consumer spending: Vaping, Sports Nutrition & Wellness, Batteries, Lighting, Branded Distribution (household goods) and Soft Drinks.

The customer base includes leading brands such as, amazon, ASDA, b&m, BOOKER, home bargains, Iceland, Londis, Morrisons, One Below, Poundland, The Range, Sainsbury's, SPAR, Tesco and, in addition, HM Prison & Probation Service. The Group has over 3,300 active business accounts with over 10,000 branded retail outlets.

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FY24 performance – robust gross contribution

The stand-out feature of overall performance was the strong recovery in gross profitability in Batteries (13.7% margin vs 9.9% a year earlier), Lighting (39.3% vs 26.7%) and Sports Nutrition & Wellness (28.6% vs 15.9%). Revenue in these three segments, totalling £75m, grew 4.6%YoY; however at gross level aggregate growth was an impressive 61%YoY (from £10.7m to £17.2m), with combined margin improvement from 14.9% to 22.9%.

Group revenue growth of 42%YoY was boosted by addition of the agreement to distribute Elf Bar and Lost Mary branded disposable vapes, which added £57m addition to the top line. Excluding this contribution indicates revenue of £164m, +5.6%YoY. The driver of gross profitability, however, remains Supreme's own-brand vaping products, principally eliquid and 10ml units, where the Vaping Business Category recorded £36.1m in gross profit, a 43.5% margin and 57.8% of gross total. In this category, we estimate the contribution from Supreme's own disposable vapes at £13m, taking the Group disposables total to £70m and the contribution from vaping product revenues as a whole to £140m.

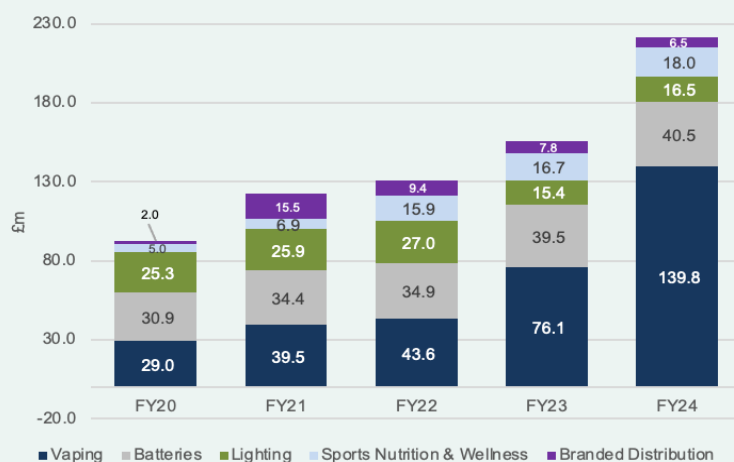
Gross (including £1.1m from foreign exchange movement) was £63.5m (28.7% margin: FY23, 26.3% margin): operating costs of £31.5m were equivalent to 14.2% of revenue compared to £28.2m, 18.1% of revenue in FY23. The Group Consequently (adj.) EBIT of £31.6m, a 14.7% margin in contrast to 10.5% in FY23, with growth of 100%YoY. Accordingly (adj.) EBITDA grew 97%YoY to £38.1m.

FY 24 Business Category results versus Equity Development estimates

Year to 31 March (£m)	FY23	FY24E	FY24R	YoY	delta
Batteries	39.5	41.1	40.5	2.5%	-1.4%
Lighting	15.4	17.1	16.5	6.9%	-3.5%
Vaping	76.1	83.0	82.8	8.8%	-0.3%
Sports Nutrition & Wellness	16.7	18.0	18.0	7.2%	-0.3%
Branded Distribution	7.8	66.0	63.5	7.1x	-3.8%
Revenue	155.6	225.2	221.2	42.2%	-1.8%

Source: Company data, Equity Development estimates.

Business Category revenue FY20 - FY24



Source: Company data. Equity Development estimates. Note: Vaping revenue includes the contribution from the Branded Distribution Business Category.

Revenue: FY24 performance and FY25/26 outlook

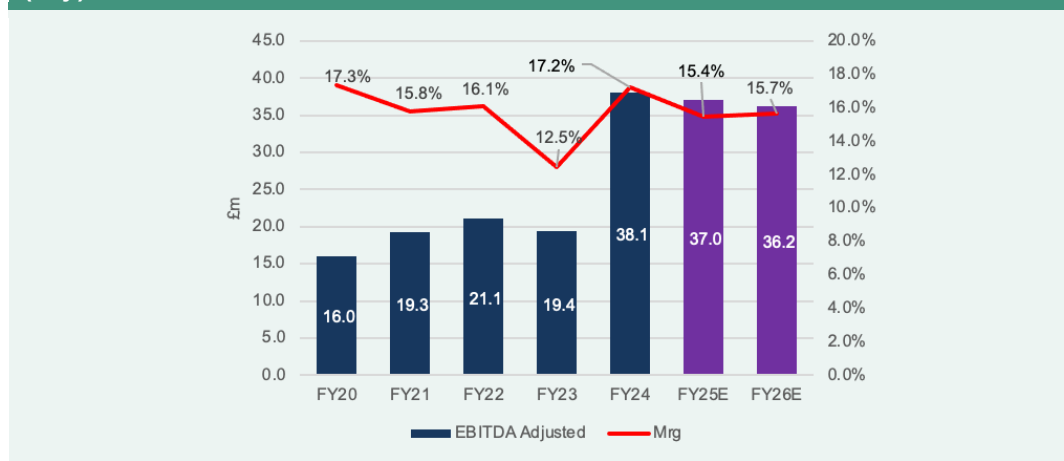
As shown below, FY24 performance matched our estimates: revenue -1.8% below, (adj) EBIT, EBITDA and PBT all within 0.2%. We note a £3.9m increase in op-ex, principally comprising £2.3m in wages as part of a cost-of-living initiative (and reinstatement of CEO salary sacrificed in FY23), £1.0m to meet business rates at the new 'Ark' warehouse and distribution centre and £0.5m in utilities and professional expenses. One-off costs comprised £1.2m in share-based payments, a £0.6m forex credit and £0.7m credit in respect of contingent consideration for Liberty Flights and £0.7m integration costs on acquired operations. **Our FY25 revenue outlook remains unchanged.**

The principal features of our **FY26 outlook** are the winding-down on disposable vape products and revenue contribution, and the contribution from the recently acquired Clearly Drinks of a full year of revenue, based on a 5%YoY underlying growth rate.

FY 24 performance and outlook to FY26							
Yr to 31 March (£m)	FY23	FY24E	FY24R	delta	FY25E	FY26E	FY26YoY
Revenue	155.6	225.2	221.2	-1.8%	239.7	231.3	-3.5%
Gross inc forex	40.9	63.0	63.5	0.9%	65.2	66.9	2.6%
<i>Mrg</i>	26.3%	28.0%	28.7%	0.8%	27.2%	28.9%	6.4%
EBIT Reported	15.4	31.9	32.0	0.5%	30.0	29.0	-3.3%
EBIT Adjusted	16.3	32.7	32.6	-0.2%	31.5	29.5	-6.3%
<i>Mrg</i>	10.5%	14.5%	14.7%	0.2%	13.2%	12.8%	-2.9%
EBITDA Reported	18.6	37.3	37.5	0.7%	35.5	35.7	0.6%
EBITDA Adjusted	19.4	38.1	38.1	0.1%	37.0	36.2	-2.1%
<i>Mrg</i>	12.5%	16.9%	17.2%	0.3%	15.4%	15.7%	1.5%
PBT Reported	14.4	30.0	30.1	0.5%	28.9	27.9	-3.4%
PBT Adjusted	15.3	30.8	30.7	-0.2%	30.4	28.4	-6.5%
PAT Reported	12.1	22.5	22.4	-0.2%	21.7	21.0	-3.4%
PAT Adjusted	13.8	25.1	25.0	-0.2%	24.1	24.3	0.7%
EPS adj. dil. (p)	11.2	20.2	20.2	0.1%	19.5	19.6	0.7%

Source: Company data, Equity Development estimates.

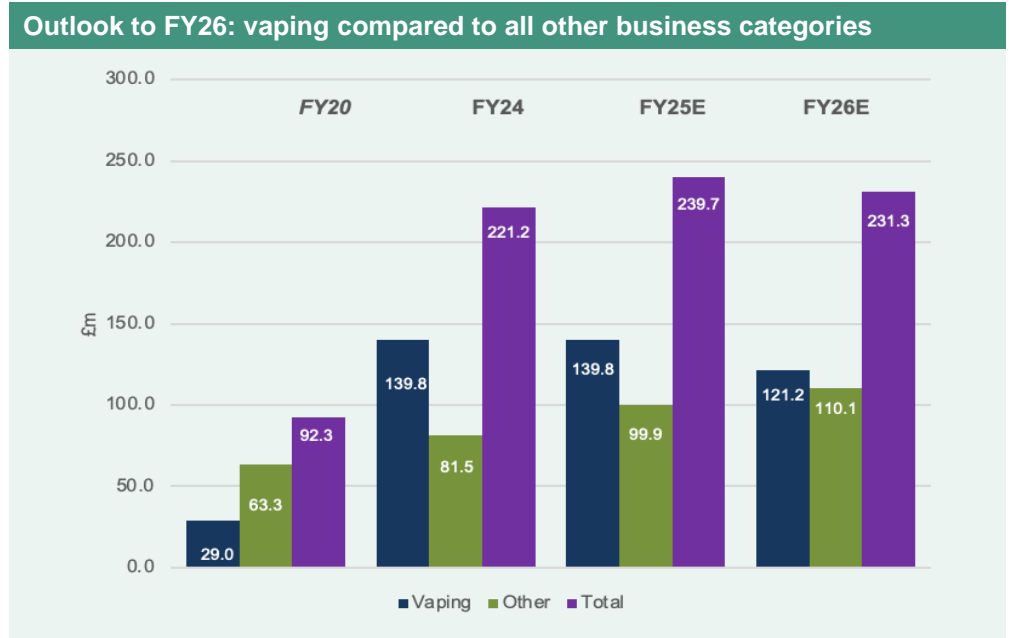
(adj.) EBITDA outlook to FY26



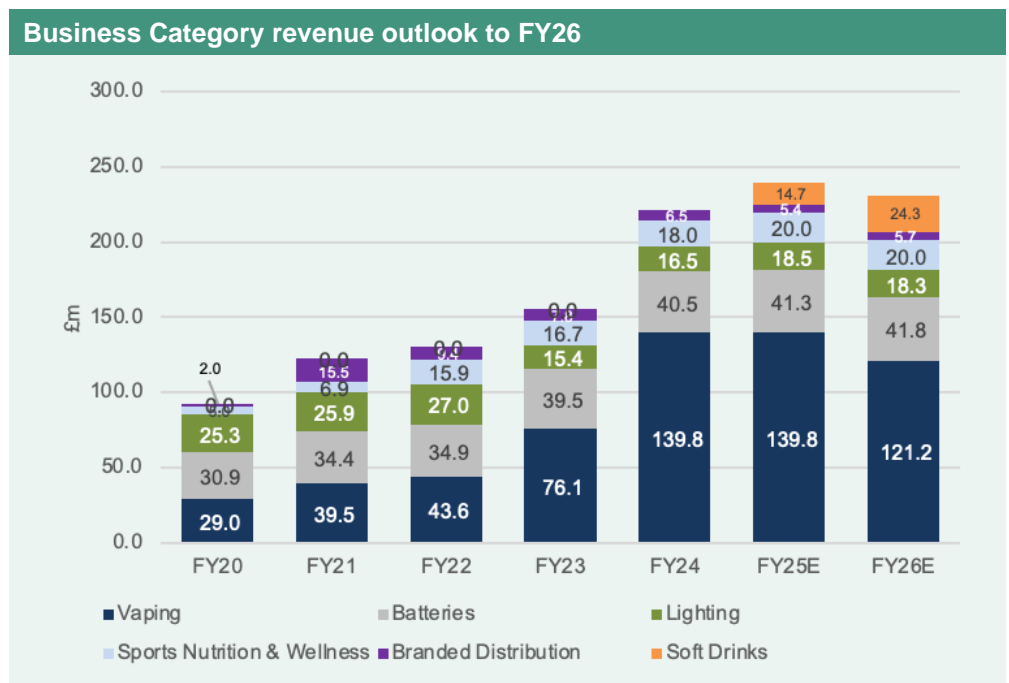
Source: Company data, Equity Development estimates.

Business Category revenue outlook to FY26

With FY24 results we introduce our Business Category outlook to FY26. Below illustrates the scale of transformation in both Group Vaping and other Business Categories since FY20.



Source: Company data, Equity Development estimates



Source: Company data, Equity Development estimates

Signs of improvement in UK consumer confidence

The latest UK GDP data (Office of National Statistics data released on 24 May 2024 <https://commonslibrary.parliament.uk/research-briefings/sn02784>) indicate Q1 24 UK GDP growth of +0.6%Q/Q (+0.2%YoY), against the background of an OECD UK forecast for the year of +0.4%YoY (OECD "An unfolding recovery": <https://www.oecd.org/economic-outlook/may-2024/>: US +2.6%, Canada +1.0%, France, Eurozone and Italy +0.7%, Japan +0.5%, Germany +0.2%).

"Optimism about UK economy"¹

In its June latest survey, consumer market observer GfK Group¹ reports a three-point uptick in confidence, although still in negative territory at -14. The 'personal finance' score was also improved at -10, compared to -15 a year earlier. GfK noted:

"Once again, we have an improved reading for the Overall Index Score with June showing a three-point improvement bolstered by consumers' more sympathetic view of the economy for the last year and the 12 months to come... While June's reading of -14 is the third month in a row that confidence has increased, the headline score remains negative owing to the difficulties so many have experienced as the unrelenting cost-of-living crisis batters household budgets. Nevertheless, consumer confidence continues its robust long-term upward trend this month and has recovered significantly since the record low of -49 reached in September 2022. Consumers like financial certainty, and this has to be the cornerstone if we are to see confidence break out into positive territory."

However, post July 4th ...

June economic indicators including the slight quarterly uptick in unemployment from 4.3% to 4.4% are likely to be 'lost' in the flurry of election manifesto promises and counter-arguments ahead of the General Election on 4th July, so that a clear picture of the economic outlook for the remainder of CY24 is unlikely to emerge until the new parliamentary arrangements are finalised.

¹ 21.06.2024: <https://www.gfk.com/press/uk-consumer-confidence-up-three-points-in-june-to-14> .

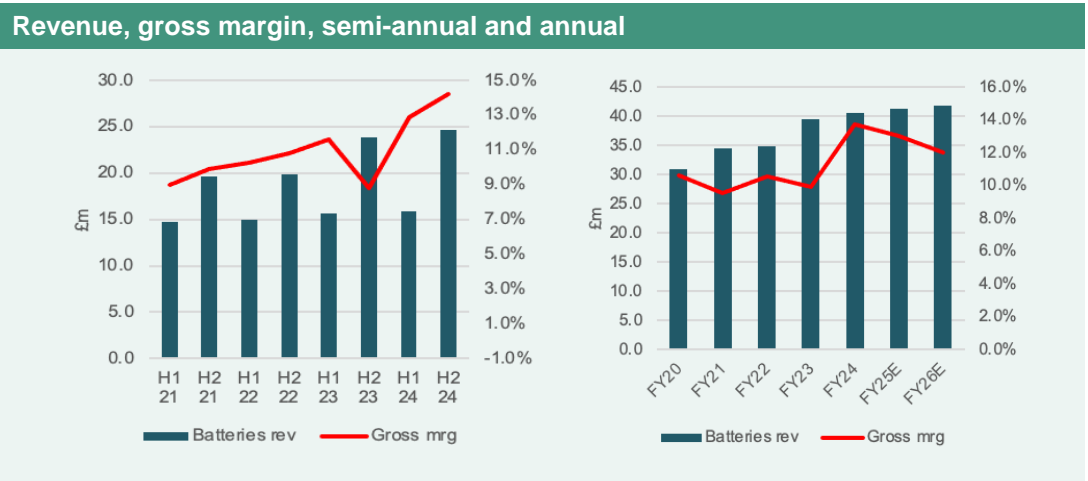
Batteries Business Category

At year-end FY24 the Business Category segment comprised 18.3% of Group revenue and 8.9% of gross profits.

- Revenue grew 2.5%YoY to £40.5m, backed by inflation-related price increases and volume demand, a reminder of the breadth of Supreme's distribution network, from discounters and supermarkets to convenience stores, toy shops, garages and hardware retailers.
- Gross contribution was £5.6m, a 13.7% margin (FY23: 9.9%), reaching 14.2% in H2 (H1: 12.9%) in contrast to 8.8% in H2 23.
- For FY25 we expect 1.9% revenue growth and in FY26, 1.2%.

Revenue, gross FY20 – FY26E							
£m	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	30.9	34.4	34.9	39.5	40.5	41.3	41.8
YoY			1.3%	13.4%	2.5%	1.9%	1.2%
% of	33.5%	28.2%	26.7%	25.4%	18.3%	17.2%	18.1%
Gross	3.3	3.3	3.7	3.9	5.6	5.4	5.0
% of	12.7%	10.3%	10.0%	9.9%	8.9%	8.2%	7.5%
Gross mrg	10.6%	9.5%	10.6%	9.9%	13.7%	13.0%	12.0%

Source: Company data, Equity Development estimates.



Source: Company data, Equity Development estimates.

Lighting Business Category

At year-end FY24 the Business Category segment comprised 7.5% of Group revenue and 10.4% of gross profits. Supreme noted the resilience of its position with its retail customers, licence agreements with Energizer and Eveready, exclusive supplier agreement with Black+Decker and the addition of Duracell torches to the portfolio.

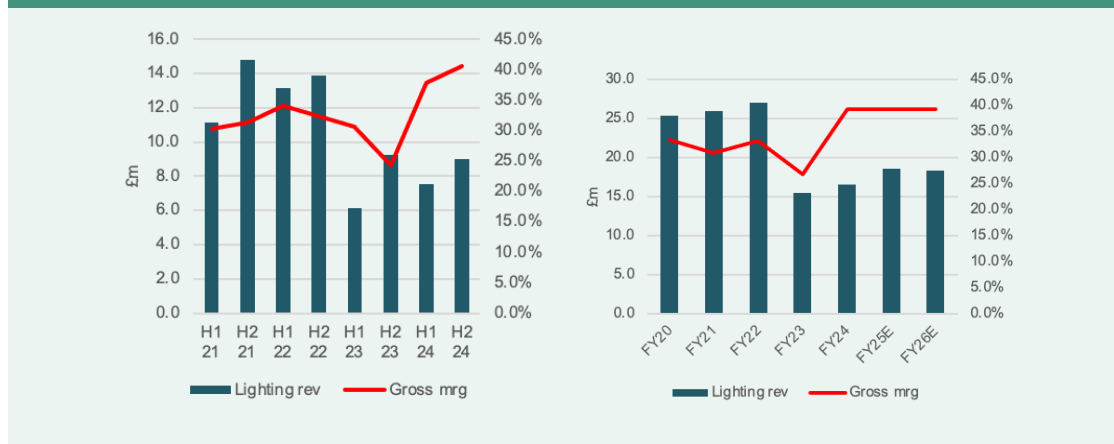
- Revenue grew 6.9%YoY to £16.5m.
- Gross contribution was £6.5m, a 39.3% margin, compared to 26.7% in FY23, with a strong semi-annual rebound evident from H2 23.
- For FY25 we expect revenue of £18.5m +12%YoY backed by the addition of a B2B e-commerce platform established to drive sales across the UK and Europe.

Revenue, gross FY20 – FY26E

£m	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	25.3	25.9	27.0	15.4	16.5	18.5	18.3
YoY			4.3%	-42.9%	6.9%	12.1%	-1.1%
% of	27.5%	21.2%	20.7%	9.9%	7.5%	7.7%	7.9%
Gross	8.5	8.0	9.0	4.1	6.5	7.3	7.2
% of	32.8%	25.0%	24.3%	10.4%	10.4%	11.1%	10.8%
Gross mrg	33.4%	30.9%	33.1%	26.7%	39.3%	39.3%	39.3%

Source: Company data, Equity Development estimates.

Revenue, gross margin, semi-annual and annual



Source: Company data, Equity Development estimates.

Vaping Business Category

At year-end FY24 the Business Category segment comprised 37.4% of Group revenue and 57.8% of gross profits, excluding the contribution from disposable vapes in the Branded Distribution segment, with revenue of £57.0m and an estimated £8.5m contribution to gross profits.

The Group noted the continued impact of its HM Prison and Probation Service contract, and integration of the acquired Liberty Flights manufacturing operations. As outlined in detail from October 2023 onwards, the Group continues to implement restrictions and marketing measures designed to deter underage vaping, through appropriate packaging and branding and relationships with vendors who adhere to strict age verification rules. The Group is also a principal supplier in the Government's 'Swap to Stop' anti-smoking scheme.

- Revenue grew 8.8%YoY to £82.8m, with an estimated total Group contribution, inclusive of Elf Bar and Lost Mary disposable vapes, of £140m.
- Gross contribution from the Vaping Business Category was £36.0m, 43.5% margin, maintaining the level of recent years (FY44.7%) following a dip in FY23 (36.9%).

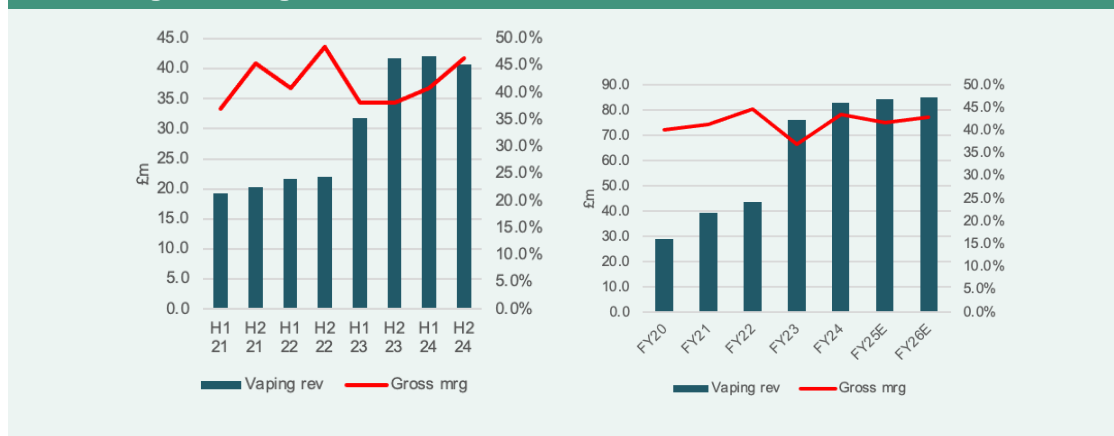
Supreme reported FY24 revenue from disposable vapes totalling £70.7m (32% of total). For FY25 we expect the transition to rechargeable pod systems to continue, with capacity to produce 60m 10ml units annually.

Revenue, gross FY20 – FY26E

£m	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	29.0	39.5	43.6	76.1	82.8	84.2	85.2
YoY			10.2%	74.6%	8.8%	1.7%	1.2%
% of	31.4%	32.3%	33.3%	48.9%	37.4%	35.1%	36.8%
Gross	11.7	16.4	19.5	28.1	36.1	35.1	36.6
% of	45.1%	51.2%	52.9%	70.9%	57.8%	53.5%	54.6%
Gross mrg	40.2%	41.4%	44.7%	36.9%	43.5%	41.6%	42.9%

Source: Company data, Equity Development estimates.

Revenue, gross margin, semi-annual and annual



Source: Company data, Equity Development estimates.

Branded Distribution Business Category

At year-end FY24 the Business Category segment comprised 28.7% of Group revenue and 14.7% of gross profits.

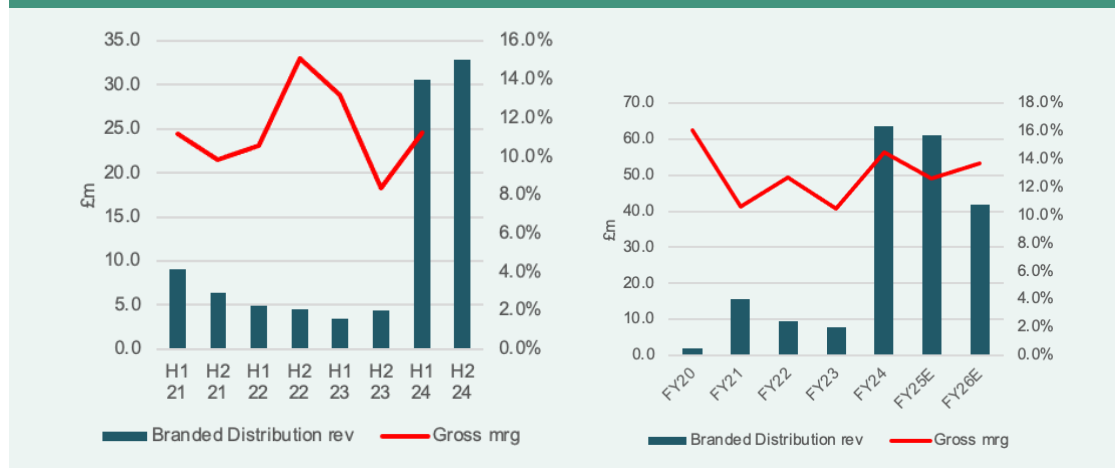
- Revenue of £63.5m principally comprised £57.0m from the distribution of the Elf Bar and Lost Mary range of disposable vapes, with £6.5m from branded household goods; laundry and cleaning brands.
- The contribution to gross profits was £9.2m, an overall 14.5% margin which, given the scale of vaping product sales, illustrates the contrast with Supreme's mainstream rechargeable vaping products where the segment margin is 2.6x greater.
- For FY25 we expect the contribution from disposable vapes to decline to £55.6m, reflecting the final phase of (first-half) addition to stocks before the ban on disposables takes effect.

Revenue, gross FY20 – FY26E

£m	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	2.0	15.5	9.4	7.8	63.5	61.0	41.7
YoY			-39.3%	-17.1%	713.1%	-3.9%	-31.6%
% of	2.2%	12.7%	7.2%	5.0%	28.7%	25.4%	18.0%
Gross	0.3	1.6	1.2	0.8	9.2	7.7	5.7
% of	1.3%	5.2%	3.2%	2.1%	14.7%	11.7%	8.5%
Gross mrg	16.1%	10.6%	12.7%	10.4%	14.5%	12.6%	13.7%

Source: Company data, Equity Development estimates.

Revenue, gross margin, semi-annual and annual



Source: Company data, Equity Development estimates.

Sports Nutrition & Wellness Business Category

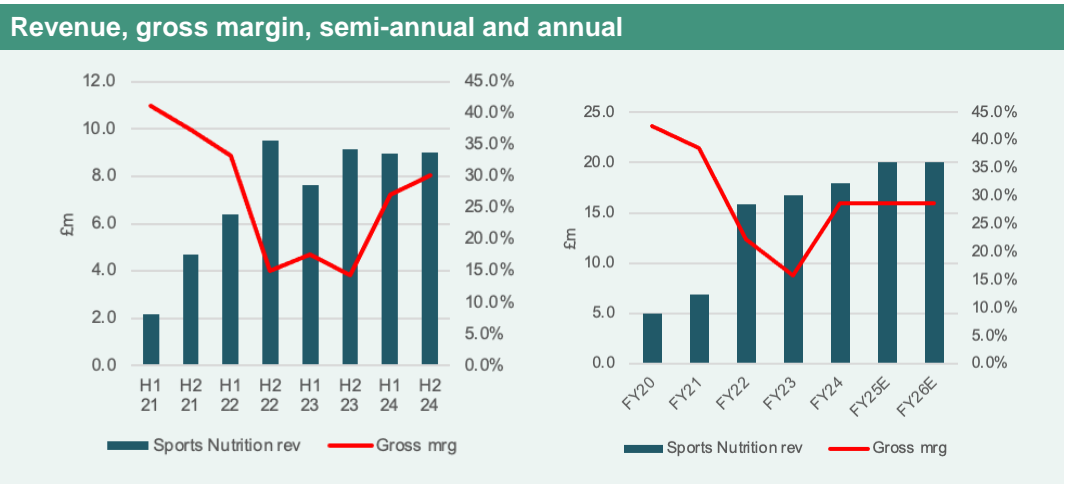
At year-end FY24 the Business Category segment comprised 8.1% of Group revenue and 8.2% of gross profits.



- Revenue grew 7.2%YoY to £18.0m, driven by a combination of increased volume of powder products on lower prices, with a decline in protein snack bar sales.
- Gross contribution was £5.1m, 28.6% margin compared to 15.9% a year earlier, reflecting normalisation of key raw materials such as whey, which also impacted end product (lower) pricing. The latest June price of Whey Protein Concentrate (WPC¹), which we follow as an indicator of material inputs (see inset chart) in the Sports Nutrition & Wellness business category, declined slightly from 2.032€/tonne in May to 1.993€/tonne, 51% below the 2022 peak and -23% Jan-Jun 2024 YoY.

Revenue, gross FY20 – FY26E							
£m	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	5.0	6.9	15.9	16.7	18.0	20.0	21.0
YoY			131.8%	5.4%	7.2%	11.4%	4.0%
% of	5.4%	5.6%	12.2%	10.8%	8.1%	8.3%	8.6%
Gross	2.1	2.6	3.5	2.7	5.1	5.7	5.2
% of	8.2%	8.3%	9.6%	6.7%	8.2%	8.7%	7.8%
Gross mrg	42.5%	38.6%	22.3%	15.9%	28.6%	28.6%	28.6%

Source: Company data, Equity Development estimates.



Source: Company data, Equity Development estimates.

¹ CLAL.it

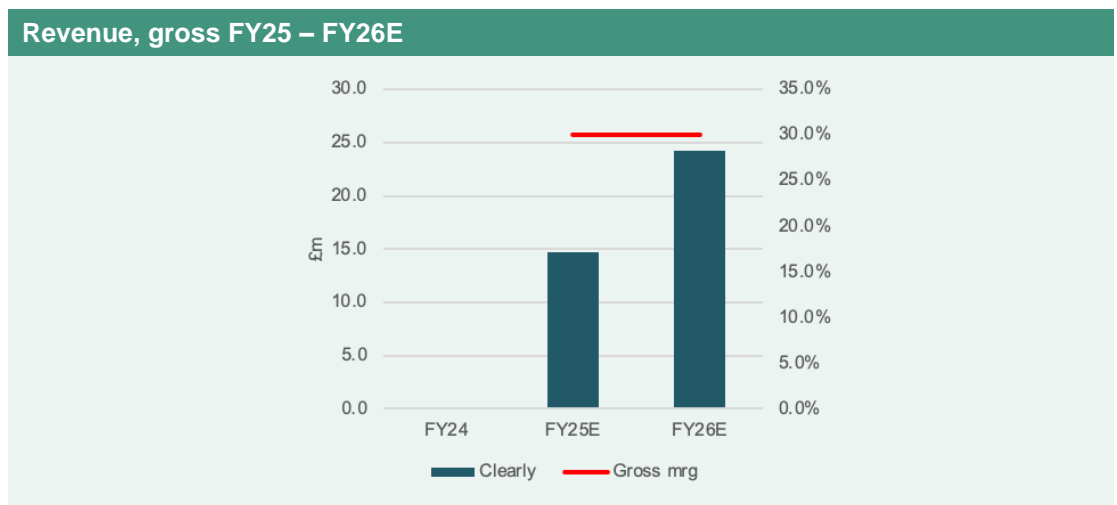
Clearly Drinks – Soft Drinks Business Category

Supreme announced the acquisition of Clearly Drinks Ltd., (<https://www.clearlydrinks.co.uk/>) from North Edge Capital Ltd., (<https://northedge.com>) on 24 June (Equity Development report Acquisition of Clearly Drinks 24.06.2024). Clearly reported FY23 revenue of £22.0m and EBITDA of £3.0m (unaudited).

We base our FY25 Business Category outlook on assumed 5%YoY underlying annualised growth, pro-rata for a 9-month contribution to Group total, also inclusive of seasonality in Clearly's earnings pattern. This results in FY25 estimated revenue of £14.7m and, based on Clearly's 13.6% historical EBITDA margin, (adj.) EBITDA of £2.0m. Our estimates are based on an assumed 30% gross margin on Clearly revenues and, on an annualised basis, an initial £3.0m of overheads (FY25E, pro rata £2.4m).

For FY26, a full year contribution based on estimated 5%YoY growth indicates revenue of £24.3m, a gross contribution of £7.3m, and (adj.) EBITDA of £4.3m, a 17.6% margin. Although we expect Clearly to continue to operate at its Sunderland Wearside site, complete with three spring water boreholes, the introduction of the distribution processes developed by Supreme should contribute to improved profitability. In summary we expect:

- FY25E: revenue of £14.7m (pro rata), (adj.) EBITDA of £2.0m.
- FY26E: revenue of £24.3m, (adj.) EBITDA of £4.3m.



Source: Company data, Equity Development estimates.

Cashflow underpinned by strong performance

Cashflow performance was particularly strong in the second half, with operating cashflow of £23.4m compared to £14.8m in H1, full year £38.2m, boosted by £22.4m profit after tax. Key items were:

- Working capital expanded by £11.8m in H1, partially reversed by a £6.0m contribution in H2 to bring the full year figure to £(5.8)m (shown semi-annual below).
- Cash from operations totalled £32.4m (FY23: £20.5m), boosted by a £14.7m increase in receivables, net of tax, £27.1m.
- Cap-ex of £5.3m was principally related to the 'Ark' 167,000 sq.ft. warehouse and distribution facility in Trafford Park which the Group estimates is capable of processing revenue streams of £350m - £450m.

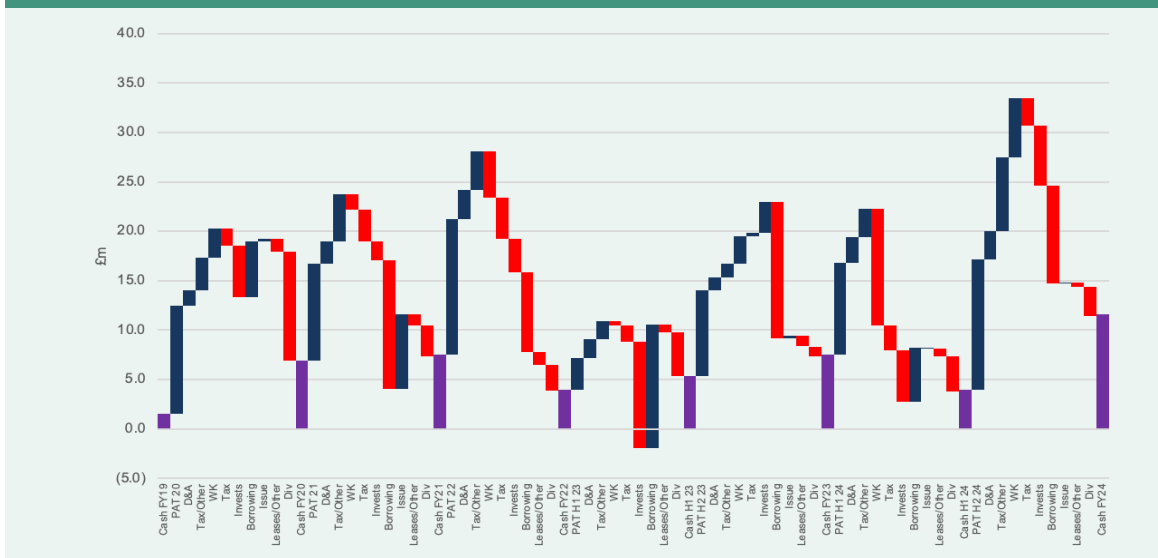
Ark Trafford Park manufacturing and distribution facility



Source: Company data, Equity Development estimates.

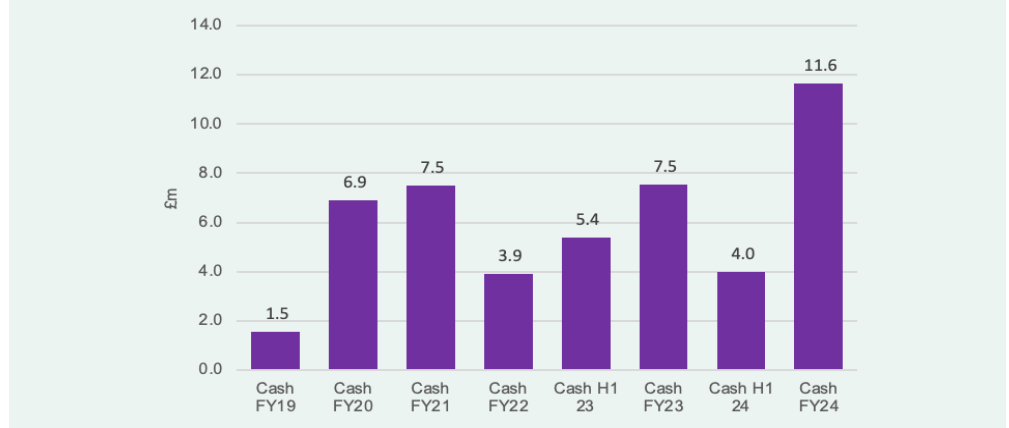
- Spending of £6.1m related to the acquisition of Superdragon (£2.7m), and Liberty Flights deferred consideration (£3.4m). The buy-back and subsequent cancellation of 828,000 shares cost £1.0m.

Cashflow bridge FY19 – H2 Y24



Source: Company data, Equity Development estimates

Cash position FY19 – FY24



Source: Company data, Equity Development estimates.

As shown, the Group has maintained a healthy cash position:

- FY23: £7.5m with £4.3m in borrowings (IFRS 16 lease obligations totalling £15.0m: IFRS 16 net debt £11.8m).
- FY24: £11.6m with no debt (IFRS 16 lease obligations totalling £14.7: IFRS 16 net debt £3.1m)5.0m)., at year-end £11.6m.

The Group retains £55m in facilities, a £35m RCF and £20m invoice financing facility, with which to take advantage of M&A opportunities which may arise.

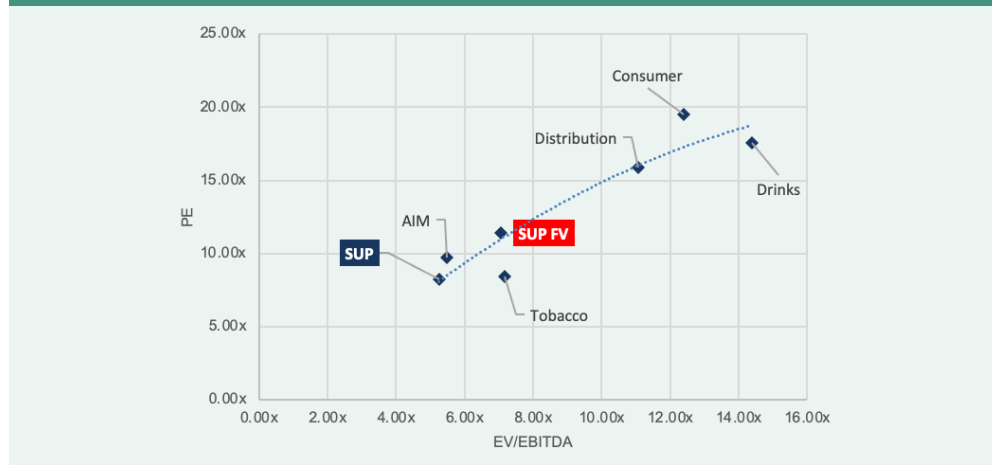
Dividend policy maintained at 25% of net profits

In line with Group policy Supreme paid an interim dividend of 1.5p/share and will recommend at the 19 September AGM a final dividend of 3.2p/share.

Valuation considerations

Supreme trades on a FY25 (E) EV/EBITDA of 5.5x and PE of 9.1x, representing a significant discount to market cap-weighted averages amongst peers in Supreme's product segment range: **Distributors** - Diploma, Bunzl, Ferguson, Travis Perkins, 11.1x / 15.9x; **Consumer Staples** - Unilever, P&G, Nestle, Walmart, PepsiCo, Reckitt, 12.4x / 19.5x; **Tobacco** - BATS, Philip Morris, Altria, Imperial Brands, 7.2x / 8.4x; **Soft Drinks** – PepsiCo Inc., The Coca-Cola Company, Britvic plc, Fevertree plc, A.G. Barr plc, 14.4x / 17.5x; **AIM classification peers** - IG Design, Kitwave, Uniphar, 5.5x / 9.7x.

Comparative valuation, EV/EBITDA and PE +1 year (E)



Source: Koyfin, Equity Development estimates. Updated 28.06.24.

Comparative valuation, EV/EBITDA, PE, EV/Revenue

Ticker	Name	Mkt cap (£m)	Price (£/\$)	EV/Rev	EV/EBITDA	PE
DPLM	Diploma PLC	5,729	33.8	3.5x	15.2x	23.2x
BNZL	Bunzl plc	10,424	24.5	0.8x	8.2x	13.0x
FERG	Ferguson plc	31,840	124.2	1.2x	11.8x	16.4x
TPK	Travis Perkins plc	1,671	6.3	0.4x	6.0x	14.6x
UL	Unilever PLC	111,753	44.8	2.0x	10.4x	15.2x
PG	The Procter & Gamble Company	317,318	134.4	4.0x	14.7x	20.5x
NSRGY	Nestlé S.A.	218,188	83.5	2.5x	11.8x	15.0x
WMT	Walmart Inc.	444,001	55.2	0.7x	11.8x	22.7x
RKT	Reckitt Benckiser Group plc	30,829	34.9	2.0x	7.8x	10.8x
BATS	British American Tobacco p.l.c.	55,480	19.8	2.7x	5.6x	5.5x
PM	Philip Morris International Inc.	128,419	82.6	4.5x	10.8x	13.0x
MO	Altria Group Inc.	63,782	37.1	3.9x	6.5x	7.3x
IMBBY	Imperial Brands PLC	17,686	20.9	2.4x	5.5x	5.6x
IGR	IG Design Group plc	214	1.8	0.2x	2.9x	9.7x
KITW	Kitwave Group plc	244	2.8	0.3x	5.4x	9.3x
UPR	Uniphar plc	578	1.7	0.3x	6.4x	9.9x
PEP	PepsiCo Inc.	184,850	134.5	2.3x	12.1x	16.5x
FEVR	Fevertree Drinks PLC	1,304	8.8	2.5x	16.8x	28.2x
BVIC	Britvic plc	3,003	9.6	1.5x	9.8x	14.4x
BAG	A.G. BARR p.l.c.	686	4.9	1.2x	7.3x	12.8x
KO	The Coca-Cola Company	223,539	51.9	5.4x	16.4x	18.4x

Source: Koyfin, Equity Development estimates.

Peer group-based sum-of-parts valuation

The sum-of-parts indicative valuation shown below is based on the market cap-weighted average valuations for each of the three most representative product groups - Consumer Staples, Tobacco and, with the acquisition of Clearly Drinks, Soft Drinks – applied according to the pro-rata contribution to gross profitability of each of Supreme's Business Categories. The inputs are:

- Supreme FY25 and FY26 ED estimated (adj.) EBITDA.
- Contribution to gross of each Business Category (company-reported and ED estimated).
- Peer group market cap-weighted EV/EBITDA multiples.
- For the Branded Distribution BU we use a pro-rata revenue of vaping revenue and other to reallocate vaping-related value to the Vaping segment (i.e. Tobacco).
- Latest year-end Group net debt (cash).
- Group shares in issue.

Peer group-based sum-of-parts valuation				
FY25E EBITDA	% of gross	Peer	EV/EBITDA	EV £m
Batteries	8.2%	Consumer	12.4x	37.6
Lighting	11.1%	Consumer	12.4x	50.9
Vaping	64.0%	Tobacco	7.2x	170.2
Sports Nutrition	8.7%	Consumer	12.4x	40.1
Branded Distribution	1.2%	Consumer	12.4x	5.5
Soft Drinks	6.7%	Drinks	14.4x	35.9
EV indicated (£m)				340.2
Indicated EV/EBITDA multiple				9.2x
Net debt (£m)				7.54
FY25 E indicated equity (£m)				347.7
Per share value indicated (p)				296.4
FY26E EBITDA	% of gross	Peer	EV/EBITDA	EV £m
Batteries	7.5%	Consumer	12.4x	33.6
Lighting	10.8%	Consumer	12.4x	48.2
Vaping	62.4%	Tobacco	7.2x	162.3
Sports Nutrition	7.8%	Consumer	12.4x	34.9
Branded Distribution	0.8%	Consumer	12.4x	3.4
Soft Drinks	10.9%	Drinks	14.4x	56.7
EV indicated (£m)				339.1
Indicated EV/EBITDA multiple				9.4x
Net debt (£m)				7.54
FY26 E indicated equity (£m)				346.60
Per share value indicated (p)				295.4
Average of FY24 - FY25 EV per share (p)				295.9

Source: Koyfin, Equity Development estimates.

The sum-of-parts exercise indicates a **blended FY25-26 equity value per share of 296p**.

Financial data

P&L outlook to FY26 E						
£m	FY21	FY22	FY23	FY24	FY25E	FY26E
Batteries	34.4	34.9	39.5	40.5	41.3	41.8
Lighting	25.9	27.0	15.4	16.5	18.5	18.3
Vaping	39.5	43.6	76.1	82.8	84.2	85.2
Sports Nutrition & Wellness	6.9	15.9	16.7	18.0	20.0	21.0
Branded Distribution	15.5	9.4	7.8	63.5	61.0	41.7
Clearly	0.0	0.0	0.0	0.0	14.7	24.3
Revenue	122.3	130.8	155.6	221.2	239.7	231.3
Gross Sum	31.9	36.9	39.6	62.4	65.5	66.9
<i>Mrg</i>	26.1%	28.2%	25.4%	28.2%	27.3%	28.9%
COGS	(90.3)	(93.9)	(116.0)	(158.8)	(174.2)	(164.3)
Forex	1.1	1.6	1.3	1.1	(0.3)	0.0
Gross inc forex	33.0	38.5	40.9	63.5	65.2	66.9
<i>Mrg</i>	27.0%	29.4%	26.3%	28.7%	27.2%	28.9%
Sum Op-ex	(19.4)	(21.5)	(28.2)	(31.5)	(35.2)	(37.9)
One-off costs	(3.4)	(1.1)	(0.8)	(0.6)	(1.5)	(0.5)
One off gain		0.0	2.8	0.0	0.0	0.0
EBIT Reported	13.6	17.0	15.4	32.0	30.0	29.0
EBIT Adjusted	17.0	18.1	16.3	32.6	31.5	29.5
<i>Mrg</i>	13.9%	13.8%	10.5%	14.7%	13.2%	12.8%
Depreciation	(2.0)	(2.6)	(2.2)	(3.8)	(3.8)	(5.0)
Amortisation	(0.2)	(0.4)	(0.9)	(1.7)	(1.7)	(1.7)
EBITDA Reported	15.8	20.0	18.6	37.5	35.5	35.7
EBITDA Adjusted	19.3	21.1	19.4	38.1	37.0	36.2
<i>Mrg</i>	16%	16.1%	12.5%	17.2%	15.4%	15.7%
Financial income	0.0	0.00	0.03	0.15	0.00	0.00
Financial expense	(0.7)	(0.7)	(1.0)	(2.0)	(1.1)	(1.1)
PBT Reported	13.0	16.3	14.4	30.1	28.9	27.9
PBT Adjusted	16.4	17.4	15.3	30.7	30.4	28.4
Tax	(3.1)	(2.6)	(2.5)	(7.7)	(7.2)	(7.0)
Reported tax rate	24.1%	15.8%	20.0%	25.5%	25.0%	25.0%
<i>Tax rate adjusted</i>	19.0%	14.8%	16.2%	25.1%	23.8%	24.6%
PAT Reported	9.8	13.7	12.1	22.4	21.7	21.0
PAT Adjusted	13.3	14.8	12.9	23.0	23.2	21.5
Amortisation & tax items	0.1	1.3	1.8	2.6	2.4	3.3
PAT Adjusted	13.4	15.0	13.8	25.0	24.1	24.3
Basic wtd. av. shares (m)	111.1	116.6	116.7	117.2	117.2	117.2
Diluted wtd. av. shares (m)	113.2	121.1	123.5	123.7	123.7	123.7
EPS rptd. basic (p)	8.9	11.8	10.3	19.1	18.5	17.9
EPS rptd. dil. (p)	8.7	11.3	9.8	18.1	17.5	16.9
EPS adj. basic (p)	12.0	12.8	11.8	21.3	20.6	20.7
EPS adj. dil. (p)	11.8	12.4	11.2	20.2	19.5	19.6

Source: Company data, Equity Development estimates.

Cashflow outlook to FY26 E

Yr to March 31 (£m)	FY21	FY22	FY23	FY24	FY25E	FY26E
PAT Reported	9.8	13.7	12.0	22.4	21.7	21.0
One-off items	3.4	1.1	0.8	0.2	1.5	0.5
Depreciation	2.0	2.6	2.2	3.8	3.8	5.0
Amortisation	0.2	0.4	0.9	1.7	1.7	1.7
Tax	3.1	2.6	2.5	7.7	7.2	7.0
Finance/other	(1.7)	0.2	(0.0)	2.4	0.0	1.1
Operating Cash Flow	16.9	20.6	18.4	38.2	35.9	36.2
(Increase)/Decrease inventories	(5.3)	(4.9)	2.9	1.2	(5.1)	1.0
(Increase)/Decrease in receivables	1.0	(2.2)	(0.7)	(14.7)	6.1	1.0
Increase/(Decrease) in payables	2.7	2.5	(0.0)	7.7	2.3	(2.3)
Movement in working capital	(1.6)	(4.7)	2.2	(5.8)	3.2	(0.2)
Cash generated by operations	15.3	15.9	20.6	32.4	39.1	36.0
Tax (paid)/received	(3.0)	(4.2)	(1.3)	(5.3)	(7.2)	(7.0)
Net cash from operations	12.3	11.8	19.3	27.1	31.9	29.0
Interest received	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles	(0.1)	(1.5)	0.0	(0.1)	0.0	0.0
PPE	(1.7)	(1.3)	(1.3)	(5.3)	(2.0)	(2.2)
Acquisition	(1.0)	(1.0)	(10.1)	(2.5)	(15.0)	0.0
Sale of PPE	0.9	0.4	4.0	0.1	0.0	0.0
Net cash used in investing	(1.9)	(3.4)	(7.6)	(11.3)	(17.0)	(2.2)
Net OpFCF	10.4	8.4	11.7	15.8	14.9	26.8
Borrowings (net)	(13.0)	(8.1)	(1.3)	(4.4)	0.0	0.0
Share issue	7.5	0.0	0.3	(1.0)	0.0	0.0
Interest paid	(0.6)	(0.3)	(0.8)	0.0	0.0	0.0
Leases	(0.6)	(1.0)	(1.0)	(1.2)	(2.5)	(2.5)
Dividend	(3.0)	(2.6)	(5.4)	(4.3)	(5.8)	(5.4)
Net cash from financing	(9.6)	(11.9)	(8.2)	(11.6)	(8.3)	(7.9)
Net increase in cash / equivalents	0.8	(3.5)	3.5	4.2	6.6	19.0
Cash start	6.7	7.5	3.9	7.5	11.6	18.2
Forex	0.0	(0.0)	0.1	(0.1)	0.0	0.0
Cash end	7.5	3.9	7.5	11.6	18.2	37.2

Source: Company data, Equity Development estimates.

Balance sheet outlook to FY26 E

Yr to March 31 (£m)	FY21	FY22	FY23	FY24	FY25E	FY26E
Intangible assets	2.6	3.7	15.3	13.7	11.9	10.2
PPE net	2.8	2.6	5.2	7.5	14.7	12.0
RoU	1.5	2.1	15.6	13.9	13.9	13.9
Investments	0.0	1.3	0.0	0.0	0.0	0.0
Sum Fixed Assets	6.9	9.7	36.1	35.1	40.6	36.1
Inventories	19.9	25.9	25.6	24.4	29.6	28.5
Trade receivables	16.1	19.0	20.9	35.6	29.6	28.5
Tax assets	0.0	0.0	0.0	0.0	0.0	0.0
Financial insts	0.0	0.5	0.0	0.0	0.0	0.0
Cash, Equivalents	7.5	3.9	7.5	11.6	18.2	37.2
Sum Current Assets	43.4	49.3	54.0	71.7	77.3	94.2
Total Assets	50.3	59.0	90.1	106.8	117.9	130.3
Trade payables	(13.3)	(17.3)	(26.1)	(27.3)	(29.6)	(27.2)
Borrowings	(10.5)	(6.7)	(4.3)	(1.3)	(1.3)	(1.3)
Tax, Other	(2.9)	(1.3)	(3.9)	(5.5)	(5.5)	(5.5)
Sum Current Liabilities	(26.7)	(25.3)	(34.3)	(34.0)	(36.3)	(34.0)
Total Assets less Current Liabilities	23.6	33.8	55.8	72.7	81.6	96.3
Borrowings/ lease liabilities	(4.7)	(1.3)	(14.3)	(13.4)	(13.4)	(13.4)
Tax/Provisions	(0.1)	(0.2)	(1.6)	(1.3)	(1.3)	(1.3)
Sum Long-term liabilities	(4.8)	(1.5)	(15.9)	(14.8)	(14.8)	(14.8)
Total liabilities	(31.5)	(26.7)	(50.2)	(48.8)	(51.0)	(48.7)
Net Assets	18.8	32.3	40.0	58.0	66.9	81.6
Share Capital	11.7	11.7	11.7	11.7	11.7	11.7
Share Premium	7.2	7.2	7.4	7.4	(3.7)	(13.3)
Capital Reserve	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	(22.0)
Retained earnings	21.9	33.1	39.8	56.8	80.9	105.2
Equity	18.8	32.3	40.0	58.0	66.9	81.6
Net debt / (cash)	7.6	4.0	(3.2)	(11.6)	(18.2)	(37.2)

Source: Company data, Equity Development estimates.



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