AVON XLON Avon Technologies Plc

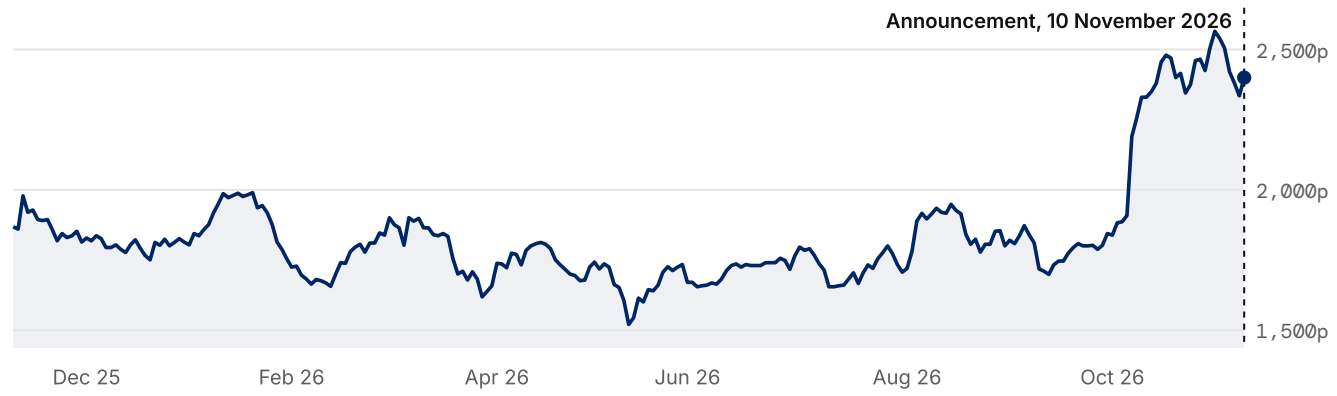
Preliminary Results · RNS 4356C · 10 November 2026

Avon Technologies beats every medium-term target a year early and guides FY27 free cash flow to $50-60m

Share price	2,385p
Market cap	£722m
52-week range	1,458p - 2,620p
Shares in issue	30.3m
12-month change	+28.5%

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SUMMARY

Avon Technologies' preliminary results today showed revenue up 12.7% to $353.7m and adjusted operating profit up 50.6% to $60.7m for the year to 30 September 2026, with the adjusted margin rising to 17.2%. Free cash flow more than doubled to $30.9m and net debt excluding leases fell to $33.7m. For FY27 the company expects mid-single-digit revenue growth, a 16-18% margin and free cash flow of $50-60m. The figures closely match the 7 October trading update, so most of this was already public. Over the longer term, the case turns on two points: whether flat order intake ($353.6m, up 0.6%) starts to grow again, and whether cash steps up as guided now that the STAR transformation programme is finished.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Revenue	$353.7m	FY to 30 Sep 2026	+12.7% (FY25: $313.9m)
Adjusted operating profit	$60.7m	FY to 30 Sep 2026	+50.6% (FY25: $40.3m)
Adjusted operating profit margin	17.2%	FY to 30 Sep 2026	+440bps (FY25: 12.8%)
Team Wendy adjusted operating margin	11.0%	FY to 30 Sep 2026	FY25: 4.6%
Orders received	$353.6m	FY to 30 Sep 2026	+0.6% (FY25: $351.5m)
Closing order book	$262.7m	30 Sep 2026	FY25: $262.8m
Free cash flow	$30.9m	FY to 30 Sep 2026	+145.2% (FY25: $12.6m)
Net debt excluding lease liabilities	$33.7m	30 Sep 2026	FY25: $50.1m
FY27 free cash flow guidance	$50-60m	FY27	
Total dividend per share	26.8c	FY to 30 Sep 2026	+8.9% (FY25: 24.6c)

Sources: Preliminary Results RNS, 10 Nov 2026

THE ANNOUNCEMENT

- Revenue rose 12.7% to $353.7m and adjusted operating profit rose 50.6% to $60.7m. The adjusted margin of 17.2% compares with 12.8% a year earlier and includes some beneficial one-offs, among them US tariff refunds. Statutory profit for the year was $31.8m, against $10.3m.
- Team Wendy, the helmet business, drove the improvement. Its adjusted margin went from 4.6% to 11.0% on record output of more than 200,000 helmets, and Avon Protection's margin reached 22.5%.
- Orders were flat at $353.6m and the closing order book was $262.7m, against $262.8m. Team Wendy orders rose 23.1% to $169.5m, while Avon Protection orders fell to $184.1m from $213.8m, a year that had included Ukraine-related system orders.
- Free cash flow rose to $30.9m from $12.6m. Leverage fell to 0.43x, and the total dividend rises 8.9% to 26.8c.
- FY27 guidance is mid-single-digit revenue growth, an adjusted operating margin of 16-18% and free cash flow of about $50-60m. That sits within October's medium-term targets of more than 5% annual revenue growth, more than 10% annual adjusted EPS growth and more than $175m of free cash flow over three years.
- The company warns that political stalemate after the US mid-term elections could slow new contract awards and lot acceptance in the short term.

AGAINST GUIDANCE

The results land on, or slightly above, the 7 October trading update. That update guided to revenue growth of about 12.5% (delivered 12.7%), a margin comfortably above the 14-16% range (delivered 17.2%), net debt excluding leases of about $34m (delivered $33.7m) and cash conversion above 85% (delivered 92.7%). Every 2027 target set in 2023, covering revenue growth, margin, leverage, ROIC and cash conversion, was met a year early. The one shortfall is inventory turns, which reached 3.19x against a goal of more than 5x. FY27 guidance falls within the medium-term ranges published in October, so the results confirm news the market already had.

BULL CASE

- The turnaround shows up in cash. Free cash flow rose from $12.6m to $30.9m, and the $6.8m of transformation cash costs paid in FY26 should not recur now that STAR is complete. That alone would have taken FY26 free cash flow to $37.7m, part of the way to the $50-60m guided for FY27.
- Team Wendy has moved from barely profitable to an 11.0% margin at record volumes. Capacity is about 230,000 helmets a year, and two ACH Gen II orders took the current option year to its maximum volume. International revenue rose from $14.5m to $20.9m, helped by a new Australian contract of up to seven years and a first European military order.
- Second-half demand was firmer than the full-year order total suggests. The order book rebuilt from $220m at the half-year to $262.7m at year-end, and a further $10.5m of US Air Force EXFIL orders arrived after year-end.
- At 0.43x leverage, with $83.0m of undrawn committed facilities, the balance sheet can fund the acquisitions central to the new Improve. Grow. Compound. strategy and the ambition of more than $600m of revenue within five years.

BEAR CASE

- Demand is not yet growing. Orders rose just 0.6%, the order book was flat, and Avon Protection orders fell from $213.8m to $184.1m. Large opportunities such as the CBRN suits programme (protection against chemical, biological, radiological and nuclear threats) and the voice projection unit pipeline of more than $100m remain competitive or, in the company's words, longer dated.
- The FY27 cash target leans on items not yet delivered. Working capital absorbed $13.1m in FY26 despite better inventory turns. Cash tax paid was only $0.5m against a $10.2m tax charge, and pension deficit payments continue at £4.0m a year from April 2027, rising 3% annually to 2031.
- Execution risk sits at Team Wendy. Scrap rose from 1.2% to 1.4% of revenue during the ramp-up, and the company itself is focusing on right-first-time quality. A failed government lot acceptance would hold up shipments and cash. US DoW revenue at Team Wendy is $109.8m.
- Part of the 17.2% margin came from one-offs, including US tariff refunds and tax incentives. The underlying starting point for FY27 is therefore below the headline. The largest shareholder, Alantra EQMC, also cut its stake from 15.54% to 13.98% in October, with the shares at 2,385p on 10 November.

WHAT TO WATCH

- The next trading update, expected around the end of January 2027, should show whether order intake is growing again, especially at Avon Protection, and whether US DoW awards and lot acceptances are slipping after the mid-terms.
- Progress on cash during FY27, against the $50-60m free cash flow guidance. Look for working capital release, with inventory turns moving from 3.19x towards the more than 5x target, and for the level of cash tax.
- Team Wendy quality and output: whether scrap comes back down from 1.4% of revenue while volumes stay near record levels.
- The full annual report on 2 December 2026 may give more detail on the FY26 one-offs. The 18.7c final dividend goes ex on 4 February 2027 and is paid on 26 February 2027.

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