PRV XLON Porvair PLC

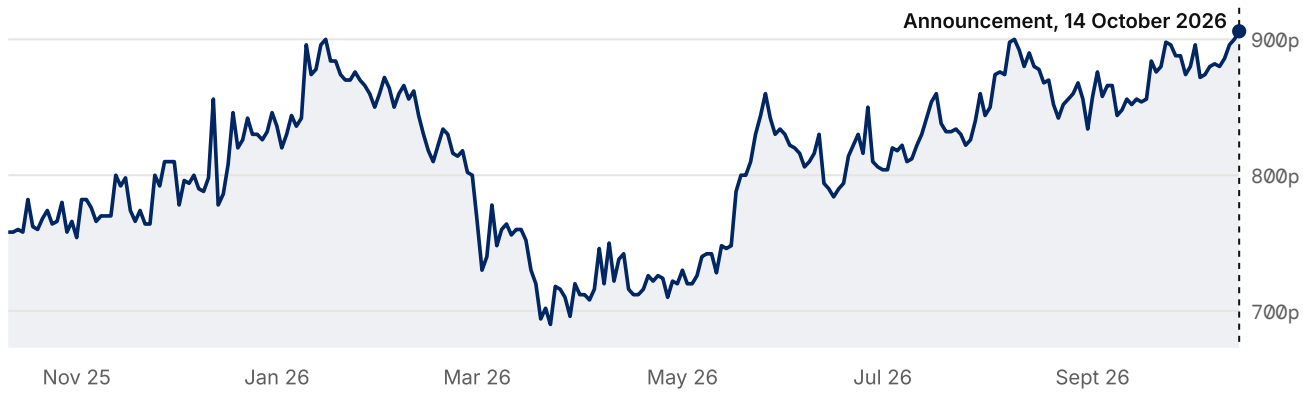
CME, new financial framework and trading update · RNS 8203Y · 14 October 2026

Porvair sets 16–18% margin target for FY31 as trading runs slightly ahead

Share price	896p
Market cap	£418m
52-week range	678.8p - 920p
Shares in issue	46.6m
12-month change	+19.5%

Ticker Data API, as at 13 Oct 2026, 16:29

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SUMMARY

Porvair used today's Capital Markets Event to set a new medium-term framework: total revenue growth of 10%+, mid-single-digit organic growth, adjusted operating margins of 16–18% by FY31 and adjusted EPS growth of 10–20%. Alongside it, a ten-month trading update to 30 September showed organic revenue growth in all three divisions, an adjusted operating margin slightly ahead of the prior period and a modest net cash position excluding leases after three acquisitions. The Board expects the full year to come in slightly ahead of market expectations, which repeats the outlook given on 22 September without extending it. The targets sit well above recent delivery: the adjusted margin was 13% in the first half, and nine-month organic growth was 5%. The framework is new, and the evidence that it can be met will come with the year-end figures.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Adjusted operating margin target	16 – 18%	FY31	
Adjusted EPS growth target	10 – 20%	Medium term	
Total revenue growth target	10%+	Medium term	
Return on invested capital target	18%+	Medium term	
Constant currency revenue growth	14%	Nine months to 31 Aug 2026	5% organic constant currency
Adjusted operating margin	13%	H1 FY26	prior 12.9%
Adjusted return on capital employed	14%	H1 FY26	prior 13.8%
Cash generated from operations	£9.70m	H1 FY26	prior £10.2m
Operating cash flow	£23.8m	Year to 30 Nov 2025	against profit after tax of £18.2m
G.G.G. S.p.A holding	29.00%	Threshold crossed 22 Apr 2026	from 28.05%

Sources: CME, new financial framework and trading update RNS, 14 Oct 2026; Nine Month Trading Update RNS, 22 Sep 2026; Interim Results RNS, 29 Jun 2026; Annual Report & Accounts 2025, primary statements; Holding(s) in Company RNS, 24 Apr 2026

THE ANNOUNCEMENT

- The Board expects full-year trading to be slightly ahead of market expectations, after a strong start to the final quarter. No figure is put on the beat, and no further trading detail will be given at the CME.
- All three divisions (Aerospace & Industrial, Laboratory and Metal Melt Quality) are growing revenue organically, and the adjusted operating profit margin for the ten months is slightly ahead of the prior ten-month period.
- The Group remains in a modest net cash position, excluding lease liabilities, despite completing the acquisitions of Drache Umwelttechnik, Carekem and GV Filtri Industriali during the period.
- A new medium-term framework targets total revenue growth of 10%+, mid-single-digit organic constant currency growth, adjusted operating margins of 16–18% (an FY31 range), adjusted EPS growth of 10–20%, operating cash conversion of 85%+ and return on invested capital of 18%+.

AGAINST GUIDANCE

The near-term message has firmed through the year. In December 2025 the company pointed to adjusted EPS marginally ahead of market expectations. In April 2026 it said trading was in line, and on 22 September it moved to full-year trading slightly ahead of expectations. Today's update reaffirms slightly ahead, with organic growth in every division and a margin slightly above the prior period, but gives no number, so it confirms the September upgrade and adds no second one. The medium-term framework is new and has no prior guidance to compare with. Its 16–18% margin target is three to five points above the 13% adjusted margin of the first half, and the 18%+ ROIC target uses a different measure from the 14% adjusted ROCE reported at the interims.

BULL CASE

- The record supports trust in near-term guidance: operating profit rose every year on file, from £19.8m in FY2022 to £24.5m in FY2025, and the 2026 outlook has moved from in line to slightly ahead.
- Cash has backed up profit. FY2025 operating cash flow of £23.8m exceeded profit after tax of £18.2m, and the group stayed modestly net cash excluding leases after buying Drache (€20.5m), Carekem (£1.1m) and GV Filtri (€6.7m), so further bolt-ons can be funded without stretching the balance sheet.
- The register adds a corporate-event option: G.G.G. S.p.A holds 29.00%, Long Path Partners about 12%, and ShareCast reported in May that activist Richard Bernstein was calling for a sale. This is a possibility, not something the numbers can underwrite.

BEAR CASE

- The targets outrun recent delivery. Nine-month organic growth was 5%, so the 10%+ total revenue target depends on acquisitions, and the H1 adjusted margin edged up only to 13% from 12.9% while the statutory margin slipped.
- Cash conversion is untested on the new basis: H1 cash generated from operations fell to £9.70m from £10.2m while adjusted operating profit rose to £13.8m from £12.6m, and the 85%+ measure is not defined in the announcement. Net cash is also stated excluding leases, which stood at £29.9m at November 2024.
- The backdrop is less friendly to paying up for a UK small-cap: the 10-year gilt yield was 5.75% on 9 October, up 0.37 points in three months, and Brent was $104.73 on 13 October, up 23.3%, adding to input-cost risk.

WHAT TO WATCH

- The year-end trading update (last year's came on 15 December) and full-year results (last year on 9 February): whether 'slightly ahead' is quantified, and how much of growth is organic rather than acquired.
- The full-year cash flow statement, for a working-capital bridge that explains the H1 fall in cash from operations, a defined formula for the 85%+ conversion target and lease-inclusive net debt.
- Divisional margins and returns on the Drache, Carekem and GV Filtri acquisitions, which will show whether the adjusted margin is moving meaningfully above 13% and how ROIC compares with the reported 14% ROCE.
- Any change on the register, with G.G.G. S.p.A at 29.00%, just below the 30% level at which the Takeover Code requires a mandatory offer.

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