SNWS XLON Smiths News PLC

Post Year-End Trading Update · RNS 6464W · 29 September 2026

Smiths News expects FY2026 profit ahead of expectations after record World Cup boost

Share price	81.93p
Market cap	£203m
52-week range	0.74p - 84.4p
Shares in issue	247.7m
12-month change	+33.7%

Ticker Data API, as at 29 Oct 2026, 13:15

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SUMMARY

Smiths News said today that it expects results for the year to 29 August 2026 to be ahead of market expectations, with adjusted operating profit consensus at £37.2m. A record contribution of over £3m from the Men's FIFA World Cup lifted collectables in the second half. FY2027 has started positively, and work has begun on a national distribution network to serve the new publisher contracts, with the first go-live in July 2027. The company gave no revised profit figure and deferred guidance on the cost of the expansion to its 4 November results. The beat clears a bar set below FY2025's £39.1m, and the tournament effect will not recur next year. The investment case now turns on what the network build costs and how it is funded.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
FY2026 adjusted operating profit market expectation	£37.2m	FY2026	Results now expected to be ahead
Men's FIFA World Cup contribution	over £3m	H2 FY2026	Record contribution
Adjusted operating profit	£39.1m	FY2025	FY2024: £39.1m
Adjusted operating profit	£18.3m	H1 FY2026	Prior: £19.4m
Bank net cash	£7.8m	28 Feb 2026	
Free cash flow	£36.1m	FY2025	FY2024: £7.3m
News UK incremental revenue uplift	approximately £125 million per annum	From July 2027	
Ordinary dividend guidance	at or above 5.2p per share	FY2026 and FY2027	
Tuffnells scheme Section 75 debt (estimated)	£3,467,000		
Equity	£9.50m	2025-08-30	

Sources: Post Year-End Trading Update RNS, 29 Sep 2026; Preliminary Results, 4 Nov 2025; Interim Results, 6 May 2026; Contract Win - National Distribution RNS, 17 Jun 2026; Statement re Tuffnells Parcels Express Pension RNS, 23 Feb 2026; Balance sheet (tagged accounts), 2025-08-30

THE ANNOUNCEMENT

- FY2026 results are now expected to be ahead of market expectations. Company-compiled consensus for adjusted operating profit is £37.2m, but no revised figure was given.
- Second-half demand for collectables was stronger than expected, including a record Men's FIFA World Cup contribution of over £3m. The company notes that international football tournaments typically boost performance in alternate years.
- FY2027 trading has started positively. The company has begun a 'transformational programme' to build a national distribution footprint for the contract wins announced in H2 FY2026, ahead of the first go-live in July 2027.
- Guidance on the financial effects of the network expansion will be given with the FY2026 results on Wednesday 4 November 2026.
- The chief executive cited the national contract awards with News UK, Associated Newspapers, Frontline and Seymour, and growth areas such as recycling, as positioning the group for growth.

AGAINST GUIDANCE

Smiths News had said FY2026 trading was in line with market expectations in November 2025, January 2026 and May 2026. It now expects results ahead of the £37.2m adjusted operating profit consensus. With H1 adjusted operating profit of £18.3m, the second half needed only a little over £18.9m to beat that figure. The consensus itself sits below the £39.1m delivered in FY2025, so a beat could still mean flat or lower profit year on year. The company flagged FY2025 as 'slightly ahead' in September 2025 and then delivered, which lends the statement credibility. Ticker's earnings surprise model, an estimate, had only narrowly favoured an 'ahead' outcome.

BULL CASE

- Management has a record of flagging and then delivering modest beats. The upgrade confirms FY2026 resilience, and FY2027 has started positively.
- The national contracts extend the revenue base to 2037. They bring uplifts of approximately £125m a year from July 2027 (News UK), approximately £105m from January 2028 (Associated Newspapers) and approximately £105m from April 2030 (Frontline and Seymour).
- Cash generation has been strong. FY2025 operating cash flow was £49.4m against £28.3m profit after tax, and company-defined free cash flow was £36.1m. The dividend is guided at or above 5.2p for FY2026 and FY2027.
- Brokers remain positive: Canaccord Genuity has a 95p target and Berenberg 85p. On an optimistic view, the dense early-morning network could support growth in recycling and final-mile services.

BEAR CASE

- The over £3m World Cup contribution is a tournament effect that will not recur in FY2027. Excluding it, the core business is still declining: H1 revenue fell to £515.7m from £536m and adjusted operating profit fell to £18.3m from £19.4m.
- The cost of the national build is unquantified. One-off implementation costs are expected during FY2027, while most of the new revenue starts in 2028 and 2030. The contract figures are revenue, not profit.
- The balance sheet is thin. FY2025 equity was £9.50m and current liabilities of £133m exceeded current assets of £125m. H1 bank net cash was £7.8m, against a possible Tuffnells pension claim estimated at £3,467,000.
- The backdrop is unhelpful for a delivery network. Brent crude is at $104.32 after a 44.9% three-month rise and CPIH inflation is 3.10%. The wider footprint could also dilute route density.

WHAT TO WATCH

- The 4 November FY2026 results: the size and timing of implementation costs, capital spending and working-capital needs for the national build, plus facility and covenant headroom.
- A breakdown separating the World Cup contribution from underlying profit, and whether the new contracts let fuel and wage increases be passed on to customers.
- Whether the dividend commitment of at least 5.2p is reaffirmed with forecast cash cover after the build.
- The outcome of the Pensions Regulator's consideration of a Financial Support Direction over the Tuffnells scheme.

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