

AVON Avon Technologies plc

Avon Technologies flags FY26 results ahead of expectations and sets \$600m revenue goal

Following the Strategy Teach-in and FY26 Trading Update · 7 October 2026

FY26 REVENUE GROWTH c.12.5% ▲ FY25: 13.8%	YEAR-END NET DEBT c.\$34m ▼ excluding leases, against \$58m at the half year	THREE-YEAR FREE CASH FLOW >\$175m ▲ target, helped by inventory turns above 5x	FIVE-YEAR REVENUE TARGET >\$600m against FY25 revenue of \$314m
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Share price, past 12 months

Daily close; latest price as at 09:16 on 7 October 2026 · Ticker Data API



Avon Technologies told the market today that results for the year to 30 September 2026 will be ahead of market expectations. Revenue growth was approximately 12.5% and the adjusted operating margin finished comfortably above the guided 14-16% range, against 12.8% in FY25, although the company says beneficial one-offs helped. Net debt excluding leases should be approximately \$34m, down from \$58m at the half year, and the order book has risen significantly since March. Alongside the trading update, the group set out a new strategy, Improve. Grow. Compound., with an organic plan of more than 5% annual revenue growth, 16-18% margins, more than 10% annual EPS growth and over \$175m of free cash flow across three years, plus a five-year revenue target of over \$600m.

The news matters because it answers the worry that sent the shares to a 52-week low of 1,458p in May, when first-half orders fell to \$118m from \$171m. The present management, in place since early 2023, has met or beaten the targets of its previous plan, which lends the organic numbers some weight. The harder questions concern the size of the one-offs, how much of the cash target comes from a single release of stock, and the gap between 5% organic growth and \$600m of revenue, which implies acquisitions not yet identified. The full-year results on 10 November, with the first FY27 guidance, are the first test of all three.

“Over the past three years, Avon has transformed its operational and financial performance, delivered on its commitments and established a repeatable Business Improvement System.”

Jos Sclater, Chief Executive Officer · Strategy Teach-in and FY26 Trading Update, 7 October 2026

Second-half orders repaired the first-half gap

NG IHPS delivery orders, 26 Jun 2026

over \$40m

ACH Gen II delivery order, 29 Jul 2026

\$20.1m

ACH Gen II delivery order, 2 Sep 2026

\$20.3m

Avon makes protective equipment for military and law enforcement customers through two units. Avon Protection supplies respirators and integrated protective systems, and Team Wendy makes ballistic and impact helmets. Its main customers include the US Department of Defense and NATO buyers, so the order book moves with government procurement rather than with any consumer cycle.

Today's update says the order book has risen significantly since the half year. That matters because at the half year orders received had fallen to \$118m from \$171m and the closing order book stood at \$220m against \$247m a year earlier, which the shares marked down to a 52-week low in May. The second half brought a run of announced contracts. Team Wendy received NG IHPS delivery orders of over \$40m in June, the largest share of the recent award according to the company, and two ACH Gen II orders of \$20.1m and \$20.3m in July and September. The September order filled the maximum authorised volume for the current option year, so further ACH Gen II volume in that year depends on the next option period. Team Wendy also won new US Air Force orders and renewed the Australian Defence Force programme with its first annual order.

Avon Protection continued to draw orders from European NATO nations through the NSPA (NATO Support and Procurement Agency) framework, including a \$10.8m respirator order in July and an order of approximately \$12m in August. The company says North American commercial demand held up and that both businesses enter FY27 with very good visibility. In Team Wendy, production has stabilised at target levels, the operational point behind the second-half margin improvement.

H1 FY26 against the prior period

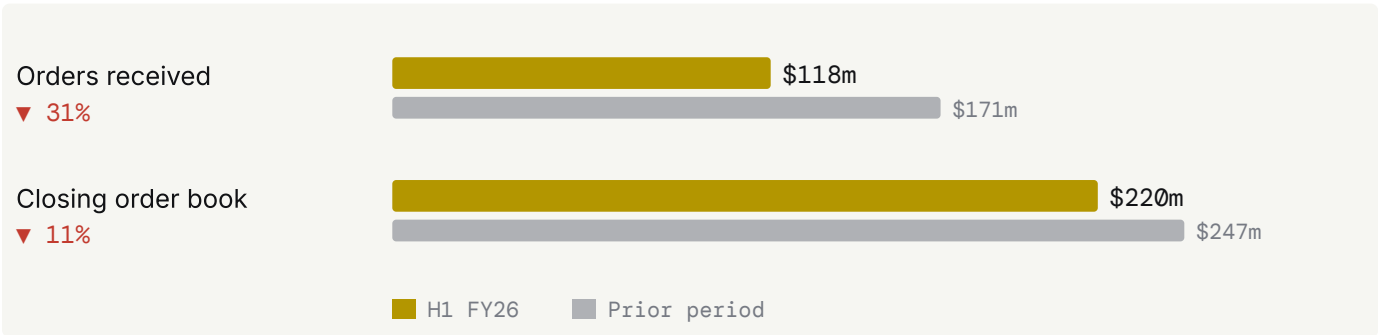


FIGURE	VALUE	CHANGE
Orders received H1 FY26	\$118m	-31% prior \$171m
Closing order book H1 FY26	\$220m	-11% prior \$247m

FIGURE	VALUE	CHANGE
European NATO respirator order 6 Jul 2026	\$10.8m	
European respiratory system upgrade order 5 Aug 2026	c. \$12m	

Sources: Interim Results, 13 May 2026; European NATO Respirator Order RNS, 6 Jul 2026; European NATO Respiratory System Upgrade Order RNS, 5 Aug 2026; NG IHPS Delivery Orders RNS, 26 Jun 2026; \$20.1M ACH GEN II Delivery Order RNS, 29 Jul 2026; \$20.3M ACH GEN II Delivery Order RNS, 2 Sep 2026

A stronger second half, with one-offs in the mix

FY26 revenue grew approximately 12.5%, against 13.8% in FY25, and the adjusted operating margin finished comfortably above the 14-16% range the company had guided. The board describes both, together with return on invested capital (ROIC) significantly above the greater-than-17% guidance, as ahead of current market expectations. Applied to FY25 revenue of \$314m, 12.5% growth points to roughly \$353m of sales, and a margin above 16% would put adjusted operating profit above \$56m.

The first half had already shown the direction. Revenue rose 6.8% at constant currency to \$160.8m, adjusted operating profit rose 39.4% to \$24.4m and the adjusted margin reached 15.2%. The split between the units was wide. Avon Protection earned 22.3%, helped by what the company called a particularly favourable sales mix, while Team Wendy managed 5.4%. A full-year adjusted profit above \$56m implies more than \$32m in the second half, so the exit rate is materially higher than the first-half margin.

The qualification sits in the announcement itself, which says the margin includes the effect of some beneficial one-offs. They are not quantified. The gap between adjusted and statutory profit also deserves attention: first-half statutory operating profit was \$16.5m against \$24.4m adjusted, and the FY25 accounts show a reported operating loss of \$46.5. Until the 10 November results reconcile the two measures and size the one-offs, the FY26 margin cannot be treated as a clean base for FY27.

FIGURE	VALUE	CHANGE
Revenue growth FY26	approximately 12.5%	FY25: 13.8%
Adjusted operating margin FY26	comfortably above 14-16% guided range	+16% FY25
ROIC FY26	significantly above >17% guidance	+17% FY25
Revenue FY25	\$314m	+14% prior \$275m
Revenue H1 FY26	\$160.8m	+6.8% at constant currency
Adjusted operating profit H1 FY26	\$24.4m	+39%
Statutory operating profit H1 FY26	\$16.5m	+166% prior \$6.20m

FIGURE	VALUE	CHANGE
Avon Protection adjusted operating margin H1 FY26	22.3%	
Team Wendy operating margin H1 FY26	5.4%	
Adjusted basic EPS H1 FY26	56.4 cents	 +45%

Sources: Strategy Teach-in and FY26 Trading Update RNS, 7 Oct 2026; Preliminary Results, 12 Nov 2025; Interim Results, 13 May 2026

Debt fell \$24m in six months

Net debt excluding lease liabilities should be approximately \$34m at the September year end, down from \$58m at the half year, with leverage below 0.5 times and full-year cash conversion above 85%. That sits inside the 80-100% conversion target of the previous plan. The lease distinction matters: at the half year, net debt including leases was \$74.2m, so the headline measure flatters total obligations by a meaningful sum.

Solvency is comfortable on any reading of the figures given, and the company's history is less alarming than it is sometimes painted. In May 2022, when debt last ran high after shareholder returns, leverage was 2.6 times EBITDA on the bank covenant basis against a 3.0 times limit, uncomfortable but not a breach. No covenant definition or facility terms are disclosed now, so headroom cannot be calculated.

The new free cash flow target is demanding. Over \$175m across three years, defined as operating cash flow less net interest and capital expenditure, averages more than \$58m a year, while FY25 operating cash flow was \$33.4m before those deductions. The company names inventory turns above 5x as a contributor, which means part of the cash will come from carrying less stock. That release can happen only once, so the share of the target that rests on recurring profit, and on what is left for acquisitions afterwards, is one of the main disclosures to look for in the November accounts.

FIGURE	VALUE	CHANGE
Net debt excluding leases FY26 year end	c. \$34m	 -41% from \$58m at H1 FY26
Leverage FY26 year end	below 0.5x	
Cash conversion FY26	above 85%	 +100% target 80
Net debt including leases H1 FY26	\$74.2m	 -0.7% prior \$74.7m
Operating cash flow FY25	\$33.4	
Free cash flow target next three years	over \$175m	
Leverage on bank covenant basis H1 FY22	2.6x	against 3.0x covenant

Sources: Strategy Teach-in and FY26 Trading Update RNS, 7 Oct 2026; Interim Results, 13 May 2026; Annual Report and Accounts (to 2025-09-30), primary statements; Interim Results, 24 May 2022

“Over time, we also see an opportunity to create additional shareholder value by selectively acquiring, improving and growing protection technology businesses where Avon has a genuine ownership advantage.”

Jos Sclater, Chief Executive Officer · Strategy Teach-in and FY26 Trading Update, 7 October 2026

The organic plan reaches 5%, the target needs about 11%

The new plan has two layers. The standalone organic plan targets annual revenue growth above 5%, adjusted operating margins of 16-18% and annual EPS growth above 10%. The five-year layer adds revenue of over \$600m, further EPS accretion from capital deployment and ROIC above 18%. FY27 guidance will come with the full-year results on 10 November, and no further trading detail was to be given at the teach-in.

The organic targets carry the credibility of the last plan. The STAR strategy launched three years ago set at least 5% revenue growth, 14-16% margins, ROIC above 17% and 80-100% cash conversion, and FY26 meets or beats each. The new margin range starts where the FY26 headline finished, which means FY27 needs to replace the one-offs with underlying improvement just to stand still.

The five-year revenue figure is a different kind of target. From roughly \$353m in FY26, reaching \$600m in five years requires growth of about 11% a year, roughly twice the organic floor, so the difference rests on acquisitions the company has not named, priced or funded. The chief executive frames this as buying businesses where Avon has a genuine ownership advantage. The last attempt to broaden the group ended in the 2021 strategic review and wind-down of the body and flat armour business, before the present chief executive joined the board in January 2023.

Timing risks sit close at hand. The US federal government is running on a continuing resolution, a stopgap budget that ClearanceJobs reported on 1 October runs to 11 December and can restrict production-rate increases and new programmes. Existing helmet orders are not cancelled by it, but the pace of follow-on US orders in FY27 could slow. The UK Budget on 28 October is a secondary marker for British defence spending.

FIGURE	VALUE	CHANGE
Organic revenue growth target	greater than 5% CAGR	
Adjusted operating margin target	16-18%	
Annual EPS growth target	greater than 10%	
Five-year revenue target	over \$600m	
ROIC target five years	over 18%	
Inventory turns target	more than 5x	
Full-year results date FY26	10 November	

Sources: Strategy Teach-in and FY26 Trading Update RNS, 7 Oct 2026

Shares recovered from May but sit below last year’s high

The shares closed at 1,908p on 6 October, the session before the announcement, near the top of a 52-week range of 1,458p to 2,145p and almost flat for the year to date. The low followed the interim results on 13 May, when Proactive Investors reported the shares fell over 7% to their lowest in over a year after US government shutdowns hit orders. No market capitalisation is given in the material, so no earnings multiple can be stated with confidence, and the reaction to today's update had not been priced into that close.

Avon reports in dollars and trades in pence, so movements in the pound against the dollar change the sterling value of dollar earnings. The interim dividend of 8.1 US cents was paid as 5.99p in September at a rate of 1.3525. Ticker's earnings surprise model had leaned, with low confidence, towards an ahead-of-expectations outcome before the update. That is an estimate, and the announcement confirmed the direction.

Shareholder disclosures show a concentrated register, with Alantra EQMC at 16.11% and FIL crossing 5% in June while Aberdeen fell below that level. Disclosed short positions total 19.90% across 10 positions, but that figure adds together positions reported on different dates. The recent dated series sits around 2%, at 2.07% on 30 September. Director buying has been small and mostly through the share incentive plan, apart from a purchase of 1,478 shares at 1,681p by Steve Elwell in February.

FIGURE	VALUE	CHANGE
Share price 6 Oct 2026 close	1908p	
52-week range	1,458.00p - 2,145.00p	
Year-to-date performance	-0.1%	
Interim dividend H1 FY26	8.1 US cents (5.99p)	-21% prior 7.6 US cents
Alantra EQMC holding disclosed 16 Dec 2025	16.11%	
FIL Limited holding 18 Jun 2026	5.027200%	
Disclosed short positions latest 30 Sep 2026	19.90% across 10 positions	
Most recent disclosed short position 30 Sep 2026	2.07%	

Sources: Ticker price data; Interim Dividend Currency Exchange Rate RNS, 13 Aug 2026; Major shareholder disclosures; Holding(s) in Company RNS, 23 Jun 2026; Disclosed short positions

A gentle uptrend running into well-tested resistance

52-week high 2,145.00p	52-week low 1,458.00p	Day range, 6 Oct 2026 1,876.00p - 1,912.00p
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Going into the announcement, the shares were in a mild medium-term uptrend. At the 1,908p close on 6 October they sat above all the main moving averages, including the 50-day at 1,822p and the 200-day at 1,774p, and the 50-day crossed above the 200-day on 27 August. The trend is weak by the usual measure. The ADX, an index of trend strength where readings above 25 indicate a firm trend, stood at 13.2, so the move reads as a drift higher.

The rally into the update came on thin turnover, with the last session at 0.69 times the 20-day average and the five-day average at 0.78 times. Short-term oscillators were stretched, with the stochastic at 92.7 and Williams %R at -1.6, both deep in overbought territory, while slower momentum measures were improving without divergence. The close sat almost exactly on the 61.8% retracement of the fall from 2,145p to 1,458p, at 1,882p, a level chart readers watch for a stall.

Resistance sits at 1,989p, a level touched ten times and last on 8 September, with the 2,145p high above it. Support is at 1,804p, touched nine times and last on 24 August, about 5.5% below the 6 October close. With an average daily range of 75p, close to 4% of the price, a few percent either way on the day is noise. A close above 1,989p on volume clearly above the roughly £1.38m daily average would show buyers backing the upgrade, while a close below 1,804p after the results would show the reverse.

Sources: Ticker price data

The case for and against

FOR

The case for rests on delivery. The present team set a revenue, margin, return and cash plan three years ago and FY26 beats every element of it, with revenue growth of approximately 12.5%, a margin comfortably above 14-16% and net debt falling to approximately \$34m. The order book has risen significantly since the half year, the specific weakness that drove the shares down in May, and both units claim very good visibility for FY27. European demand through the NSPA framework keeps producing orders, Team Wendy holds the largest share of the latest NG IHPS award and its factory is now running at target levels. On that reading, a margin range of 16-18% is a continuation of work already done, and leverage below 0.5 times leaves room to invest.

AGAINST

The case against starts with the margin. The company itself says FY26 benefited from beneficial one-offs, unquantified, and first-half statutory profit was a third below the adjusted figure. If the one-offs are material, the true base may sit nearer the old range and FY27 guidance could disappoint against estimates that rise after today. The cash target needs more than \$58m a year after interest and capital spending, against FY25 operating cash flow of \$33.4m, and part of it comes from a one-time reduction in stock. Team Wendy's margin depends on steady volumes, and the US continuing resolution to 11 December can cap production-rate increases, while the ACH Gen II option year is already filled. The \$600m target leans on acquisitions, an area where the group's earlier attempt at a broader protection platform ended in a wind-down.

WHAT TO WATCH

The evidence arrives quickly. On 10 November the full-year results should quantify the one-offs, reconcile adjusted to statutory profit, show inventory and receivables movements and lease-inclusive debt, and give FY27 guidance. A clean FY27 margin at or above 16% with EPS growth above 10% would support the organic plan, and a guide back towards 14-16% would undercut it. After 11 December, the shape of US defence funding will show whether helmet deliveries keep their pace. Any first acquisition, its price and its effect on leverage and ROIC will test the Compound pillar directly.

Risks

- ! The FY26 margin includes unquantified beneficial one-offs, so the underlying base for FY27 may be lower than the headline suggests.
- ! The US continuing resolution, reported to run to 11 December, can restrict production-rate increases and new programmes, which could slow follow-on helmet orders and hurt Team Wendy's margin through lower factory utilisation.
- ! Part of the over \$175m three-year free cash flow target depends on inventory turns above 5x, a one-time release that cannot fund acquisitions repeatedly.
- ! The five-year \$600m revenue target implies acquisitions not yet identified, and a poorly priced deal could dilute ROIC and raise leverage.
- ! Revenue is concentrated on the US Department of Defense and NATO frameworks, so a delay at a single large buyer moves group results.
- ! Avon reports in dollars and trades in pence, so a stronger pound would reduce the sterling value of its earnings and dividends.

THE OTHER VIEW

A more sceptical reading treats the FY26 beat as a high-water mark. The adjusted margin was lifted by one-offs the company has chosen not to size, Avon Protection's first-half margin of 22.3% relied on what management called a particularly favourable sales mix, and statutory profit has trailed adjusted profit by a wide margin. On that view, the new 16-18% range has been set from an inflated starting point, and the free cash flow target depends heavily on shrinking stock rather than on earning more. The order book has recovered, but it is tied to a small number of government buyers whose US budget is on a stopgap until December, and the ACH Gen II option year is already full. Add a five-year target that needs roughly double the organic growth rate and therefore acquisitions, and the plan asks investors to credit a deal strategy that has no deal attached and a group history in which diversification ended in a wind-down. The improvement in operations is real, but the targets layered on top of it carry more risk than the record of the last three years implies.

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