SRAD Stelrad Group PLC

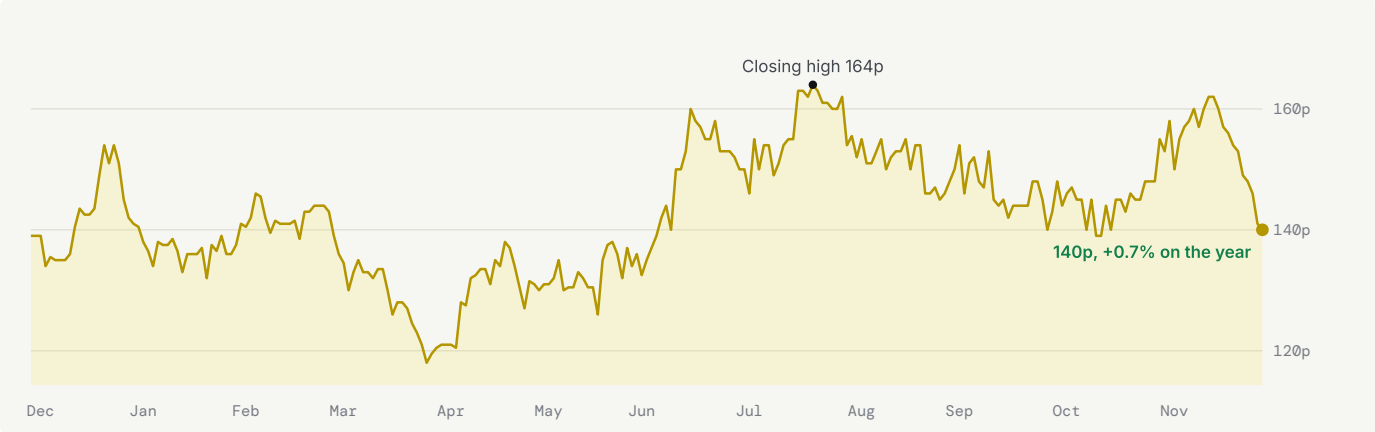
Stelrad cuts 2026 profit outlook as weak radiator demand persists

Following the Trading Update · 27 November 2026

2026 PROFIT OUTLOOK	UK DELIVERY RATE	EXPECTED YEAR-END LEVERAGE	FIRST-HALF CASH FLOW
£28-29m	98%	c.1.3x	-£200k
▼ against £33.9m consensus	for the ten months to 31 October	within the 1.0-1.5x target range; excludes lease liabilities	adjusted free cash flow for the first half of 2026

Share price, past 12 months

Daily close; latest price as at 16:27 on 26 November 2026 · Ticker Data API



Stelrad's trading update today cuts expected 2026 adjusted operating profit to £28-29m, against the £33.9m consensus cited in the announcement. Repair, maintenance and improvement work and new-build activity remain subdued, while competition has increased. The company expects difficult conditions to persist during 2027 and will give further guidance with its full-year results in March 2027. Lower interest and tax charges should soften the effect on adjusted earnings, but cannot restore the lost operating profit.

Stelrad still reports a 98% UK on-time, in-full delivery rate and expects year-end leverage of c.1.3x after the downgrade. Its service and cost position support the longer-term case for market-share gains. Against that, first-half adjusted free cash flow was negative and the company has not quantified next year's profit. The March results need to show whether weaker volumes and pricing pressure are temporary, and whether cash generation can continue to support the dividend.

> **“Stelrad continues to deliver exceptional operational performance despite the headwinds presented by a persistently weak volume environment.”**
>
> **Trevor Harvey**, Chief Executive of Stelrad · Trading Update, 27 November 2026

Service holds up while radiator orders weaken

Stelrad's Trading Update of 27 November 2026 covers the ten months to 31 October. The group makes and distributes radiators across the UK, Europe and Turkey, selling to more than 500 customers in over 40 countries. Repair, maintenance and improvement work and new-build activity remain subdued, particularly against a more uncertain UK backdrop. Stelrad says its volumes have outperformed the market in recent years, but gives no ten-month volume or market-share figure with which to test that claim.

The UK on-time, in-full rate was 98%. That measures whether customers received complete orders when promised, a practical advantage for distributors and installers whose work depends on availability. Stelrad says contribution per radiator, the amount each unit contributes towards overheads and profit, remained strong but fell from the exceptional £24.32 achieved in the first half. The size of that fall is undisclosed, so the service figure cannot establish that pricing or unit profitability is holding steady.

FIGURE	VALUE	CHANGE
UK on-time, in-full delivery Ten months to 31 October 2026	98%	
First-half contribution per radiator First half of 2026	£24.32 per radiator	The trading update reports some reduction during the subsequent period
European steel panel radiator market share 2025	23.7%	

Sources: Trading Update RNS, 27 November 2026; Trading Update RNS, 27 November 2026, citing BRG Building Solutions

The second half must be markedly weaker

Full-year adjusted operating profit is now expected at £28-29m, below the announcement's £33.9m consensus. First-half adjusted operating profit was £16.7m, so the new range implies £11.3-12.3m for the second half. That is a substantial step down even though only two months of the year remain after the period covered by today's update. Lower expected interest and tax charges reduce the effect on adjusted earnings, not the decline in operating profit.

The warning follows a first half in which revenue fell to £124m from £137m but adjusted operating profit rose to £16.7m from £15.9m. That earlier result showed Stelrad could offset some lost sales through its product mix and costs. The new guidance shows those defences have limits when volumes remain weak and competitors press on price. No ten-month revenue or volume total is provided to separate those effects.

First half of 2026 against the prior period

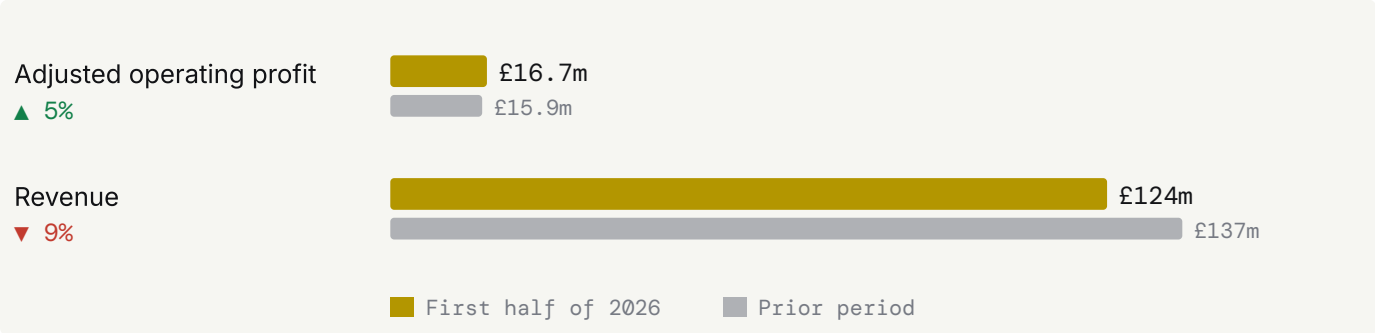


FIGURE	VALUE	CHANGE	
Expected adjusted operating profit Full year 2026	£28-29m		Against £33.9m current consensus
Current profit consensus Full year 2026	£33.9m		
Adjusted operating profit First half of 2026	£16.7m		+5% Prior period £15.9m
Revenue First half of 2026	£124m		−9.5% Prior period £137m

Sources: Trading Update RNS, 27 November 2026; Interim Results, 7 August 2026

Leverage offers room; cash cover needs proving

Stelrad expects year-end leverage of c.1.3x, within its target range of 1.0-1.5x even after lowering profit guidance. Leverage here is a debt-to-earnings measure, and the stated ratio excludes lease liabilities. The target range is not a disclosed loan covenant. First-half net debt was £57.5m, compared with £64.8m a year earlier, so the available figures do not establish an immediate debt squeeze. Today's update gives neither a year-end net-debt forecast nor covenant headroom.

Cash generation is less settled. In 2025, operating cash flow was £34.1m, capital expenditure £5.21m and dividends paid £10.00m. First-half 2026 adjusted free cash flow was negative £200k despite adjusted operating profit of £16.7m. Those cash measures cover different periods and use different definitions: one weak half does not prove a sustained shortfall, while last year's cash flow does not prove future dividend cover. The full-year working-capital movement, cash flow and debt including leases will matter at the March results.

First half of 2026 against the prior period

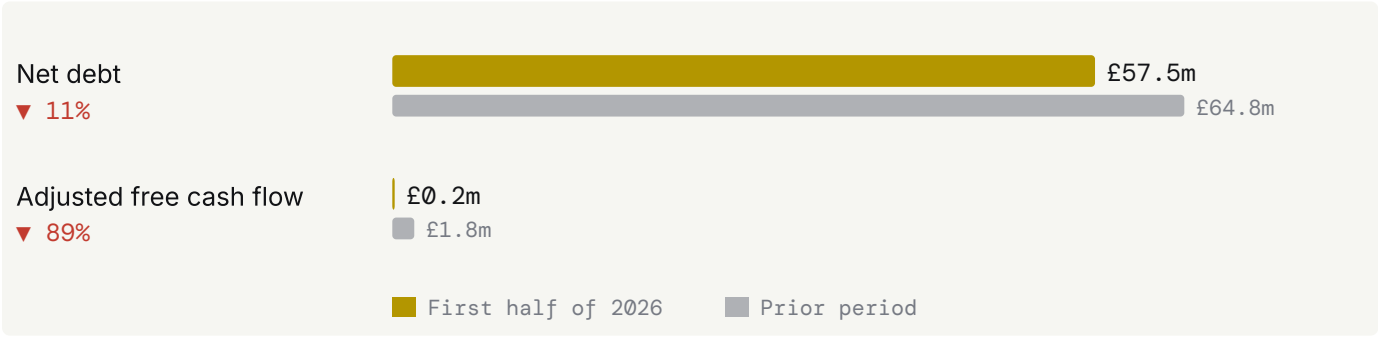


FIGURE	VALUE	CHANGE	
Expected year-end leverage Year-end 2026	c.1.3x		Within the 1.0-1.5x target range
Net debt First half of 2026	£57.5m		−11% Prior period £64.8m
Adjusted free cash flow First half of 2026	-£200k		−89% Prior period £1.80m
Operating cash flow Year ended 31 December 2025	£34.1m		

FIGURE	VALUE	CHANGE
Dividends paid Year ended 31 December 2025	£10m	

Sources: Trading Update RNS, 27 November 2026; Interim Results, 7 August 2026; Cash flow (tagged accounts), 2025-12-31

No volume recovery is assumed for 2027

Challenging market conditions are expected to persist during 2027. Stelrad identifies no clear catalyst for better volumes and has deferred further guidance until its full-year results in March 2027. That matters more than a possible short-term easing of the 2026 earnings impact through lower interest and tax: the profit level from which next year begins is now weaker.

The longer-term opportunity rests on Stelrad's low-cost manufacturing, established distribution and products suited to different heating systems. The August interim guidance put its sustainable medium-term contribution target at more than £21 per radiator. Today's update does not give a new contribution figure or evidence that heating upgrades are producing enough orders to offset weak renovation and new-build markets. March's volume, contribution and 2027 profit guidance will put firmer numbers around that opportunity.

SUSTAINABLE MEDIUM-TERM TARGET STATED IN AUGUST 2026	VALUE	CHANGE
Medium-term contribution target	>£21	

Sources: Interim Results guidance, 7 August 2026

A lower profit base complicates comparisons

At the 140p close on 26 November 2026, the shares had already fallen before this warning. The decline could reflect concern about housing demand, but it cannot establish that the new 2026 range or an unquantified 2027 outlook was fully reflected in the price. A valuation based on first-half margins would also lean heavily on the £24.32 contribution per radiator that Stelrad now describes as exceptional.

The dividend adds another consideration. Stelrad declared a 3.19p interim dividend for 2026, following a 5.05p final dividend for 2025. Historical payouts and 2025 cash generation provide context, but neither establishes a prospective yield or cover while full-year cash flow and the 2027 profit outlook remain unknown. The March results should allow a comparison using the revised earnings base and a full year's cash generation.

FIGURE	VALUE	CHANGE
Interim dividend First half of 2026	3.19 GBp	Prior period 3.04 GBp
Final dividend Year ended 31 December 2025	5.05 GBp	

Sources: Interim Results, 7 August 2026; Final results announcement, 13 March 2026

The pre-warning slide was no established base

The shares closed at 140p on 26 November 2026, after reaching 165p intraday on 12 November. Selling had accelerated before today's announcement, and short-term momentum readings were stretched. An oversold reading describes how far a price has fallen; it does not show that selling has ended.

A sustained move back above the roughly 144p area would support a stabilisation reading, while a break below the 137-134p area would put the lower shelf near 129p in view. Those levels describe trading before the warning, not a response to it. Price and volume after today's announcement will show whether the prior fall absorbed some of the disappointment or whether investors are still resetting expectations.

The case for and against

FOR

The case for Stelrad is that its manufacturing costs, distribution and reliable delivery allow it to retain customers through a weak market and win share when demand returns. The 98% UK delivery rate and expected c.1.3x year-end leverage support that argument. A recovery in renovation or new-build volumes could then benefit a business that maintained its service while competitors were under pressure. Demand for heating-system upgrades offers a further possibility, though today's figures do not quantify radiator sales from it.

AGAINST

The case against starts with the profit cut. The £28-29m full-year range implies a much weaker second half than the first, contribution per radiator has slipped from its exceptional first-half level, and Stelrad expects difficult conditions throughout 2027. Negative first-half adjusted free cash flow makes it unsafe to assume that the dividend will remain covered by cash if profit weakens again. Equally, the disclosed debt figures and leverage forecast do not establish a covenant breach or an unavoidable dividend cut.

WHAT TO WATCH

The March 2027 results will distinguish the two readings more clearly. Volumes and contribution per radiator will show whether service and cost advantages are preserving unit economics; full-year cash flow, debt including leases and covenant headroom will test financial resilience. Quantified 2027 guidance will show whether the second-half slowdown is a trough or the start of a lower profit base.

Risks

- Further weakness in renovation and new-build demand could keep volumes below the level needed to support Stelrad's recent operating profit.
- More aggressive competitor pricing could reduce contribution per radiator even if Stelrad maintains its delivery service.
- Weak cash conversion through the second half could put pressure on dividend cover; the update does not disclose covenant headroom.
- The absence of quantified 2027 guidance leaves the scale and duration of the earnings slowdown uncertain.

THE OTHER VIEW

The stronger positive reading is that the warning reflects a prolonged downturn in customers' building and renovation activity, not damage to Stelrad's competitive position. Delivery service remains high, expected leverage is within the company's target range after the downgrade, and weaker rivals could struggle to match its costs and availability. If volumes recover while contribution per radiator remains above the medium-term target, current second-half weakness would give a poor indication of longer-term profit.

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