

## Coronavirus disrupts H2 sales revenue

19th March 2020

**Ultimate Products (UP Global Sourcing Holdings PLC), which in recent half-years significantly accelerated its trading momentum, looks set to suffer from coronavirus related disruption to its business in the second half. The company has made a trading update announcement this morning and as a result we are withdrawing our financial forecasts until there is greater certainty.**

UP Global Sourcing Holdings PLC is a consumer goods company with a strong, well invested portfolio of household durable goods brands. Uniquely, the company offers these brands at attractive prices and in categories which expand the overall footprint of the brand names.

While the company sources its products significantly from China – the original source of coronavirus - it is pleased on the supply side to announce that **over 90%** of its factories are now back up to full production. The disruption already experienced is expected to have a negative impact of around £0.8m on full year FY2020 revenue.

On the demand side of the business, the company states that in the last 24 hours it has received indications from a small, but growing, number of its customers in both the UK and Europe that they intend to review, defer or put on hold orders that have already been placed. In addition, some customers are delaying intake into their warehouses as they reallocate storage space for food and household essentials.

As a result, the Board is anticipating a significant drop in revenue in H2 FY20 compared to expectations, which will inevitably impact profitability for FY20. However, it is too early to predict the exact quantum of the impact.

Regarding FY2020 H1, underlying EBITDA is expected to be £7.2m on an IFRS16 basis (H1 F19 - £7.0m), and £6.9m on a pre-IFRS16 basis (H1 FY19 - £6.6m). Underlying PBT for the same period is expected to be £6.2m (both on a pre and post IFRS16 basis) (H1 FY19 - £5.9m). In FY2019, UPGS generated £123m of net sales revenue with an adjusted EBITDA of £10m and free cash flow before dividends of £2m.

Looking immediately at coronavirus related interruptions to business, investors may wish to note that, looking further ahead, UPGS's board is confident that the business has sufficient financial strength to trade its way through the current disruption, which is expected to be temporary.

Furthermore, the Group has a strong balance sheet and maintains substantial levels of financial headroom, having recently extended its banking facilities with HSBC through to 2024. Interim financial results are due to be announced on 30<sup>th</sup> April 2020.

### Company Data

EPIC	UPGS
Price (last close)	31p
52 weeks Hi/Lo	98p/31p
Market cap	£25.5m

### Share Price, p



Source: ADVFN

### Description

UP Global Sourcing Holding (UPGS) develops new, innovative concepts and brings professional, sought-after products to the mass market. Their offices span two continents, with headquarters in the UK, offices plus a showroom in Guangzhou, and a showroom in Germany.

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