Smiths News

Contract win

Industrial support services

29 June 2026

You've got Mail – ANL contract win

Following the recent transformational contract win with News UK, Smiths News (SNWS) has announced that it has won a second transformational long-term national contract with Associated Newspapers Limited (ANL), publisher of major titles including the *Daily Mail*, *The Mail on Sunday* and *The i Paper*. Like the News UK contract, the ANL contract is on enhanced commercial terms and includes national distribution from January 2028 with an extension in the contract term through to July 2037. SNWS expects an incremental uplift to revenue of c £105m per year from 2028. The two recent contract wins provide enhanced revenue visibility for the group, with the ANL win further supporting the establishment of an expanded national footprint by SNWS given that the two contracts represent c 36% of the national newspapers and magazines market from January 2028.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
8/24	1,103.7	39.1	10.28	7.15	6.6	10.6
8/25	1,064.0	39.1	11.14	8.55	6.1	12.6
8/26e	1,032.1	37.1	10.76	5.25	6.3	7.8
8/27e	1,000.6	35.9	10.49	5.25	6.4	7.8

Note: PBT is equivalent to adjusted operating profit, EPS are on a company reported, adjusted basis.

By 2028 the combined incremental uplift (c £105m from ANL from January 2028, plus c £125m from News UK from July 2027) would be c £230m, which represents 23% of our FY27 revenue forecast of £1bn. Both contracts run into the second half of the 2030s, providing healthy long-term revenue visibility. That SNWS has secured this second contract in short succession after the 17 June win raises the question whether other publishers may follow the moves made by News UK and ANL, further expanding SNWS's national distribution footprint.

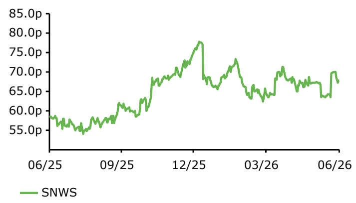
As we have written previously, national coverage enables SNWS to be a single provider and supports the development of other verticals in the group, including recycling, with opportunities such as the UK Deposit Return Scheme (see our May 2026 note), additional categories such as books and hearing/optical care, and final mile deliveries.

Further guidance on the financial effects of both contracts is expected before or with the preliminary results on 4 November 2026, which is consistent with the recent News UK contract win announcement. In the 17 June announcement, SNWS stated that it expects to incur one-off implementation costs during FY27 as well as early-life transition costs; deliver the network expansion within existing resources and financing arrangements; and make a return on invested capital above the company's hurdle rate to see earnings accretion from FY28 onwards. We expect the addition of a second contract to support all of these factors, and we see the ANL contract win as further positive news given the implications for revenue, national footprint establishment and potential synergies with other group activities. Investment in existing activities represents sensible capital allocation in our view.

Our estimates and 96p/share discounted cash flow valuation are unchanged pending further guidance on the financial effects of the contract. We continue to believe that improving the top-line growth profile could help the shares re-rate to a higher multiple.

Price	**67.60p**
Market cap	**£166m**
Net cash/(debt) as at 28 February 2026	£7.8m
Shares in issue	247.7m
Code	SNWS
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Smiths News is the UK's largest newspaper and magazine distributor with a c 55% market share covering over 22,000 outlets in England and Wales. It has a range of long-term exclusive distribution contracts with major publishers, supplying a mix of supermarkets and independent retailers.

Analyst

Jonathan Day +44 (0)20 3077 5700

industrials@edisongroup.com

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom