

# Topps Tiles

## More challenging outlook

Topps Tiles has continued its market outperformance but saw a softening of trading in Q226, notably in the Topps Tiles stores. As the conflict in the Middle East, which began towards the period end, is likely to suppress consumer confidence and raise existing inflationary cost pressures even further, management is undertaking a series of self-help measures to mitigate what is likely to be a more challenging environment. One such initiative is the closure of 23 underperforming Topps Tiles stores, about 8% of the FY25 base, over the next 12 months, which management expects will improve overall profitability. With the more challenging environment apparent, we take a more cautious stance on the outlook for revenue growth in FY26, which leads to a 21% reduction in our PBT forecast, and a reduction of our FY27 estimate.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
9/24	251.8	6.3	2.39	2.40	13.6	7.4
9/25	295.8	9.2	3.43	2.90	9.5	9.0
9/26e	299.0	9.0	3.61	2.90	9.0	9.0
9/27e	310.0	11.9	4.39	3.00	7.4	9.3

Note: Profit and earnings are company's adjusted definition. FY24 and FY25 PBT and EPS exclude CTD Tiles.

## Broadly flat H126 revenue indicates weaker Q226

H126 group revenue growth excluding CTD Tiles of 2.1% (including CTD: -0.1%) indicates weaker momentum in Q226 following the 3.7% (1.6% including CTD) growth rate reported for Q126. The H126 growth compares with a 2.5% market decline. Excluding CTD, revenue grew by 0.6% in Q226, however this includes a notable move into negative territory for the Topps Tiles stores in Q226 with a like-for-like decline of c 2% following 2% growth in Q126. Outside the Topps Tiles stores, the trends are more favourable, with Pro Tiler and group online revenue including CTD growing by 21%. Fired Earth has performed well with a profit in H126 and even higher profit expected in H226. Management remains positive about the outlook for profit growth at CTD, which enjoyed 1% like-for-like growth in H126, albeit revenue was lower due to the required store disposals following the CMA review.

## Self-help measures to counter tougher environment

To address what is likely to be a more challenging operating environment management has introduced a number of cost-saving measures, such that it targets profit growth in FY26 and the medium term. Management is optimistic a good proportion of existing sales from the stores to be closed will be retained by the group, and the lost low or negative contribution from the underperforming stores will support profit. In light of the more challenging operating environment we take a more cautious stance on the outlook for revenue growth at the Topps Tiles stores in FY26, assuming limited like-for-like growth versus mid-single-digit growth previously. Our new FY26 PBT estimate is modestly below FY25's reported figure, so we are slightly more cautious than management.

## Valuation: Share price has led the downgrade

The conflict in the Middle East has led to Topps Tiles' share price declining by 21% year-to-date, which is in line with the downgrade to our FY26 PBT forecast.

## H126 trading update

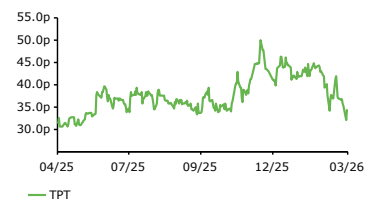
Retail

1 April 2026

**Price** **32.40p**  
**Market cap** **£64m**

Net cash at 30 September 2025 £7.4m  
(excluding IFRS 16 liabilities of £99.8m)  
Shares in issue 196.3m  
Free float 70.2%  
Code TPT  
Primary exchange LSE  
Secondary exchange N/A

### Share price performance



%	1m	3m	12m
Abs	(22.9)	(21.2)	5.0
52-week high/low		48.0p	28.2p

### Business description

Topps Tiles is the market-leading specialist retailer/distributor of wall and floor tiles, and associated products such as tools, grouts and adhesives, to its retail, trade and commercial customers in the UK.

### Next events

H126 results 19 May 2026

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**Exhibit 1: Financial summary**

	£m	2022	2023	2024	2025	2026e	2027e
Year end 30 September		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>							
<b>Revenue</b>		<b>247.2</b>	<b>262.7</b>	<b>251.8</b>	<b>295.8</b>	<b>299.0</b>	<b>310.0</b>
<b>Adjusted revenue</b>		<b>248.5</b>	<b>265.4</b>	<b>248.5</b>	<b>265.4</b>	<b>299.0</b>	<b>310.0</b>
Cost of Sales	(111.8)	(123.5)	(117.4)	(141.4)	(143.4)	(149.8)	(149.8)
Gross Profit	135.4	139.2	134.3	154.3	155.6	160.2	160.2
<b>EBITDA</b>	<b>44.3</b>	<b>42.2</b>	<b>35.0</b>	<b>39.9</b>	<b>38.9</b>	<b>41.2</b>	<b>41.2</b>
<b>Operating profit (before amort. and excepts.)</b>	<b>20.0</b>	<b>18.2</b>	<b>12.0</b>	<b>17.0</b>	<b>17.1</b>	<b>20.2</b>	<b>20.2</b>
Amortisation of acquired intangibles	0.0	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Exceptionals	(4.7)	(5.7)	(22.6)	(0.9)	4.2	3.2	3.2
Share-based payments	(0.5)	(0.9)	(0.3)	(0.2)	(0.9)	(0.9)	(0.9)
<b>Reported operating profit</b>	<b>14.8</b>	<b>11.1</b>	<b>(11.4)</b>	<b>15.3</b>	<b>19.8</b>	<b>21.9</b>	<b>21.9</b>
Net Interest	(3.9)	(4.3)	(4.8)	(7.0)	(6.8)	(6.8)	(6.8)
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adjusted Profit Before Tax (company)</b>	<b>15.6</b>	<b>12.5</b>	<b>6.3</b>	<b>9.2</b>	<b>9.0</b>	<b>11.9</b>	<b>11.9</b>
<b>Profit Before Tax (norm)</b>	<b>16.1</b>	<b>13.9</b>	<b>7.2</b>	<b>10.0</b>	<b>10.3</b>	<b>13.4</b>	<b>13.4</b>
<b>Profit Before Tax (reported)</b>	<b>10.9</b>	<b>6.8</b>	<b>(16.2)</b>	<b>8.3</b>	<b>13.0</b>	<b>15.1</b>	<b>15.1</b>
Reported tax	(1.8)	(2.9)	3.4	(2.3)	(3.6)	(4.2)	(4.2)
<b>Profit After Tax (norm)</b>	<b>12.5</b>	<b>10.2</b>	<b>5.5</b>	<b>7.6</b>	<b>7.5</b>	<b>9.7</b>	<b>9.7</b>
<b>Profit After Tax (reported)</b>	<b>9.2</b>	<b>3.9</b>	<b>(12.8)</b>	<b>6.0</b>	<b>9.4</b>	<b>10.9</b>	<b>10.9</b>
Minority interests	(0.2)	(0.7)	(0.2)	0.0	0.0	0.0	0.0
<b>Net income (normalised)</b>	<b>12.3</b>	<b>9.5</b>	<b>5.3</b>	<b>7.6</b>	<b>7.5</b>	<b>9.7</b>	<b>9.7</b>
<b>Net income (reported)</b>	<b>9.0</b>	<b>3.2</b>	<b>(13.0)</b>	<b>6.0</b>	<b>9.4</b>	<b>10.9</b>	<b>10.9</b>
Average Number of Shares Outstanding (m)	195.6	196.3	196.6	196.5	196.7	196.7	196.7
EPS - normalised (p)	6.3	4.8	2.7	3.8	3.8	4.9	4.9
EPS - normalised fully diluted (p)	6.2	4.8	2.7	3.8	3.7	4.9	4.9
EPS - basic reported (p)	4.6	1.6	(6.6)	3.0	4.8	5.6	5.6
EPS - adjusted (company) (p)	6.1	4.5	2.4	3.4	3.6	4.4	4.4
Dividend (p)	3.6	3.6	2.4	2.9	2.9	3.0	3.0
Revenue growth (%)	8	6	(4)	17	1	4	4
Gross Margin (%)	54.8	53.0	53.4	52.2	52.0	51.7	51.7
Normalised Operating Margin	8.1	6.9	4.8	5.8	5.7	6.5	6.5
<b>BALANCE SHEET</b>							
<b>Fixed Assets</b>	<b>119.0</b>	<b>109.0</b>	<b>91.3</b>	<b>108.6</b>	<b>109.8</b>	<b>110.8</b>	<b>110.8</b>
Intangible Assets	7.5	6.9	12.5	11.2	10.8	10.3	10.3
Tangible Assets	109.4	100.2	72.7	94.7	96.4	97.8	97.8
Investments & other	2.1	1.9	6.1	2.6	2.6	2.6	2.6
<b>Current Assets</b>	<b>61.8</b>	<b>65.4</b>	<b>76.1</b>	<b>79.3</b>	<b>79.8</b>	<b>78.2</b>	<b>78.2</b>
Stocks	38.6	36.4	37.9	40.6	43.6	45.2	45.2
Debtors	6.4	5.3	13.4	18.0	18.2	18.9	18.9
Cash & cash equivalents	16.2	23.4	23.7	18.4	15.8	11.8	11.8
Other	0.5	0.4	1.2	2.2	2.2	2.2	2.2
<b>Current Liabilities</b>	<b>(63.3)</b>	<b>(66.9)</b>	<b>(73.1)</b>	<b>(81.4)</b>	<b>(81.8)</b>	<b>(78.4)</b>	<b>(78.4)</b>
Creditors	(43.7)	(45.1)	(57.5)	(64.4)	(65.1)	(61.6)	(61.6)
Tax and social security	(1.2)	(0.4)	0.0	0.0	0.0	0.0	0.0
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leases	(18.2)	(15.6)	(14.6)	(16.8)	(16.8)	(16.8)	(16.8)
Other	(0.4)	(5.9)	(1.1)	(0.2)	0.1	(0.1)	(0.1)
<b>Long-Term Liabilities</b>	<b>(88.4)</b>	<b>(81.1)</b>	<b>(88.7)</b>	<b>(98.8)</b>	<b>(95.5)</b>	<b>(92.2)</b>	<b>(92.2)</b>
Long-term borrowings	0.0	0.0	(15.0)	(11.0)	(11.0)	(11.0)	(11.0)
Leases	(84.7)	(78.9)	(71.4)	(83.0)	(79.7)	(76.5)	(76.5)
Other long-term liabilities	(3.7)	(2.2)	(2.3)	(4.8)	(4.8)	(4.8)	(4.8)
<b>Net Assets</b>	<b>29.0</b>	<b>26.4</b>	<b>5.6</b>	<b>7.7</b>	<b>12.3</b>	<b>18.3</b>	<b>18.3</b>
Minority interests	2.5	3.2	0.0	0.0	0.0	0.0	0.0
<b>Shareholders' equity</b>	<b>31.5</b>	<b>29.6</b>	<b>5.6</b>	<b>7.7</b>	<b>12.3</b>	<b>18.3</b>	<b>18.3</b>
<b>CASH FLOW</b>							
Operating Cash Flow	44.3	42.2	35.0	39.9	38.9	41.2	41.2
Working capital	(11.0)	4.1	4.9	(0.6)	0.5	(5.8)	(5.8)
Exceptional & other	(3.1)	(1.7)	(9.0)	(8.5)	(4.2)	(4.8)	(4.8)
Tax	(3.5)	(3.3)	(2.3)	(0.3)	0.0	0.0	0.0
<b>Net operating cash flow</b>	<b>26.8</b>	<b>41.3</b>	<b>28.6</b>	<b>30.5</b>	<b>35.2</b>	<b>30.7</b>	<b>30.7</b>
Capex	(3.0)	(4.2)	(4.3)	(4.5)	(6.0)	(6.0)	(6.0)
Acquisitions/disposals	(4.0)	0.0	(9.0)	0.0	(3.0)	0.0	0.0
Net interest	(3.9)	(4.0)	(4.7)	(6.8)	(6.8)	(6.8)	(6.8)
Equity financing	0.1	0.0	(0.1)	(0.1)	0.0	0.0	0.0
Dividends	(8.0)	(7.5)	(8.2)	(3.9)	(6.0)	(5.8)	(5.8)
Other	(19.6)	(18.5)	(1.9)	(20.4)	(16.0)	(16.0)	(16.0)
Net Cash Flow	(11.5)	7.1	0.3	(5.2)	(2.7)	(3.9)	(3.9)
<b>Opening net debt/(cash)</b>	<b>(27.8)</b>	<b>(16.2)</b>	<b>(23.4)</b>	<b>(8.7)</b>	<b>(7.4)</b>	<b>(4.8)</b>	<b>(4.8)</b>
FX	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	(0.1)	0.1	(15.0)	4.0	0.0	0.0	0.0
<b>Closing net debt/(cash)</b>	<b>(16.2)</b>	<b>(23.4)</b>	<b>(8.7)</b>	<b>(7.4)</b>	<b>(4.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Closing net debt/(cash) including leases</b>	<b>86.7</b>	<b>71.1</b>	<b>77.3</b>	<b>92.4</b>	<b>91.8</b>	<b>92.4</b>	<b>92.4</b>

Source: Topps Tiles, Edison Investment Research

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