EDISON

Smiths News

Contract win

Industrial support services

Now we can Seymour revenue in 2030

17 July 2026

This morning Smiths News (SNWS) announced that it has won new long-term contracts for national distribution with the UK's largest magazine distributor, Frontline Limited, and Seymour Distribution Limited, part of the Frontline Group and the UK's largest independent magazine distributor. The agreements are for exclusive national distribution and build on similar recent contract wins. Effective from 2030, with the contract term extended to 2037, these awards provide additional long-term visibility over volumes as well as improved commercial certainty with an expected incremental revenue uplift of c £105m per year from April 2030. Taken together, the four recent awards mean SNWS has successfully secured a substantial long-term volume base of the national newspapers and magazines market.

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	6.5	10.7
8/25	1,064.0	39.1	11.14	8.55	6.0	12.8
8/26e	1,032.1	37.1	10.76	5.25	6.2	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.

Recent contract awards raise national footprint...

In Exhibit 1 below we summarise the recent contract wins from SNWS, beginning with the first transformational win with News UK announced on 17 June 2026 giving the SNWS national distribution, followed by the second win from Associated Newspapers (ANL) and today's announced awards from Frontline and Seymour. According to SNWS, News UK and ANL together will represent c 36% of the national newspaper and magazines market from 2028 and based on data in previous SNWS RNS announcements, we believe that today's win likely raises that figure to somewhere around 50% in 2030.

...with a significant incremental revenue uplift

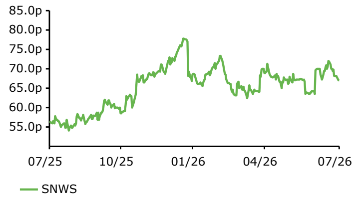
The combined incremental revenue uplift is significant. While the full £335m aggregate effect of the contracts should have an impact from 2030 and equates to c 33% of our 2027 revenue forecast, the incremental uplift from the combined News UK and ANL contracts should be around £230m in 2028. Consistent with previous announcements, further guidance on the financial effects of the contract awards is expected before or with the preliminary results on 4 November. We believe it logical to assume that the addition of another contract should improve the economics of establishing a national footprint. The company stated with its ANL win announcement that it expects to make a return on invested capital above the company's hurdle rate to see earnings accretion from FY28 onwards, and we would expect these contracts to build on that expectation once they begin in 2030.

Valuation: Estimates and 96p DCF unchanged

Investment in existing activities represents sensible capital allocation and our estimates and 96p/share discounted cash flow valuation are unchanged pending further guidance. The improved top-line visibility could help the shares rerate to a higher multiple.

Price	**67.00p**
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



%	1m	3m	12m
Abs	5.7	(0.6)	36.4
52-week high/low		74.2p	48.0p

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.

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Establishing a national footprint supports development of other verticals

Once again, today's win strengthens SNWS's position in the market and potential remains for other publishers to follow suit. It should also further strengthen 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.

Exhibit 1: Smiths News national contract wins

Publisher / distributor	Key titles / distribution activity	Announcement date	Coverage	Est. incremental revenue p.a.	Contract start	Contract end	Comments
News UK & Ireland Limited (News UK)	The Times, The Sunday Times, The Sun	17 June 2026	National	£125m	July 2027	July 2037	Transformational contract requiring establishment of a national footprint
Associated Newspapers Limited (ANL)	The Daily Mail, The Mail on Sunday, The i Paper	29 June 2026	National	£105m	Jan 2028	July 2037	News UK plus ANL contracts represent c 36% of the UK market from January 2028
Frontline Limited, Seymour Distribution Limited	Magazines	17 July 2026	National	£105m	April 2030	April 2037	'Taking all four contract awards together, Smiths News has now successfully secured a substantial long-term volume base of the national newspapers and magazines market.'

Source: Edison Investment Research and company data

Exhibit 2: Financial summary

£'m	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
31-August	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT									
Revenue	**1,303.5**	**1,164.5**	**1,109.6**	**1,089.3**	**1,091.9**	**1,103.7**	**1,037.5**	**1,006.4**	**976.2**
Cost of Sales	(1,217.5)	(1,091.4)	(1,036.2)	(1,016.6)	(1,019.4)	(1,030.5)	(967.5)	(937.6)	(907.8)
Gross Profit	86.0	73.1	73.4	72.7	72.5	73.2	70.0	68.8	68.4
EBITDA	**60.1**	**40.4**	**44.9**	**42.9**	**42.7**	**42.6**	**40.9**	**40.0**	**39.9**
Normalised operating profit	**44.0**	**35.4**	**40.6**	**39.3**	**39.9**	**40.0**	**37.9**	**37.0**	**36.9**
Share-based payments	(0.4)	(0.3)	(1.0)	(1.2)	(1.1)	(0.9)	(0.9)	(0.9)	(0.9)
Total adjusted operating profit	**43.6**	**35.1**	**39.6**	**38.1**	**38.8**	**39.1**	**37.0**	**36.1**	**36.0**
Amortisation of acquired intangibles	(0.1)	(0.2)	0.0	(4.4)	0.0	0.0	0.0	0.0	0.0
Exceptionals	(7.2)	(7.8)	(1.9)	(2.5)	0.1	0.0	(1.1)	(1.0)	(1.0)
Impairment	0.0	(6.0)	(1.6)	1.2	0.0	0.9	3.4	0.0	0.0
Other financial costs	0.0	0.9	3.5	2.5	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	(0.3)	0.0	(0.6)	0.0	(2.0)	(2.0)	0.0
Reported operating profit	**36.3**	**22.0**	**39.3**	**34.9**	**38.3**	**40.0**	**37.3**	**33.1**	**35.0**
Net Interest	(6.0)	(7.2)	(8.7)	(7.0)	(6.5)	(5.9)	(3.8)	(3.0)	(1.5)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	**38.0**	**28.2**	**31.9**	**32.3**	**33.4**	**34.1**	**34.1**	**34.0**	**35.4**
Profit Before Tax (reported)	**30.3**	**14.8**	**30.6**	**27.9**	**31.8**	**34.1**	**33.5**	**30.1**	**33.5**
Reported tax	(8.4)	(2.8)	(4.3)	(4.5)	(6.7)	(8.6)	(8.4)	(7.5)	(8.4)
Profit After Tax (norm)	**29.6**	**25.4**	**27.6**	**27.8**	**26.7**	**25.5**	**25.7**	**26.5**	**27.0**
Profit After Tax (reported)	**21.9**	**12.0**	**26.3**	**23.4**	**25.1**	**25.5**	**25.1**	**22.6**	**25.1**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Discontinued operations	(53.4)	(18.7)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	**29.6**	**25.4**	**27.6**	**27.8**	**26.7**	**25.5**	**25.7**	**26.5**	**27.0**
Net income (reported)	**(31.5)**	**(6.7)**	**26.2**	**23.4**	**25.1**	**25.5**	**25.1**	**22.6**	**25.1**
Basic average number of shares outstanding (	246.4	244.5	243.5	238.5	237.3	240.3	240.3	240.3	240.3
EPS - basic normalised (p)	12.01	10.39	11.33	11.66	11.25	10.61	10.71	11.01	11.25
EPS - diluted normalised (p)	11.98	10.28	10.83	11.03	10.68	10.16	10.22	10.52	10.75
EPS - basic reported (p)	(12.78)	(2.74)	10.76	9.81	10.58	10.61	10.46	9.39	10.46
Dividend (p)	1.00	0.00	1.50	4.15	4.15	7.15	5.15	7.15	5.15
Revenue growth (%)	N/A	-10.7%	-4.7%	-1.8%	0.2%	1.1%	-6.0%	-3.0%	-3.0%
Gross Margin (%)	6.6%	6.3%	6.6%	6.7%	6.6%	6.6%	6.7%	6.8%	7.0%
EBITDA Margin (%)	4.6%	3.5%	4.0%	3.9%	3.9%	3.9%	3.9%	4.0%	4.1%
Normalised Operating Margin	3.4%	3.0%	3.7%	3.6%	3.7%	3.6%	3.7%	3.7%	3.8%
BALANCE SHEET									
Fixed Assets	**31.5**	**66.5**	**47.1**	**41.9**	**38.6**	**47.5**	**41.0**	**34.5**	**28.5**
Intangible Assets	10.1	4.0	2.3	1.7	1.9	2.4	2.4	2.4	2.4
Tangible Assets	10.9	9.4	9.4	8.6	8.8	9.7	9.6	9.5	9.9
Investments & other	10.5	53.1	35.4	31.6	27.9	35.4	29.0	22.6	16.2
Current Assets	**181.2**	**165.9**	**139.1**	**147.5**	**156.7**	**132.1**	**125.1**	**121.6**	**118.2**
Stocks	16.2	14.1	13.2	15.6	17.7	22.1	20.7	20.1	19.5
Debtors	124.2	101.2	106.6	95.7	101.1	102.1	96.5	93.6	90.8
Cash & cash equivalents	24.0	50.6	19.3	35.3	37.3	7.0	7.0	7.0	7.0
Other	16.8	0.0	0.0	0.9	0.6	0.9	0.9	0.9	0.9
Current Liabilities	**(229.7)**	**(283.9)**	**(167.5)**	**(157.2)**	**(158.9)**	**(135.3)**	**(127.1)**	**(123.5)**	**(133.7)**
Creditors	(173.7)	(139.5)	(136.5)	(140.3)	(141.5)	(128.5)	(120.3)	(116.7)	(126.9)
Tax and social security	0.0	(1.7)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Short term borrowings	(46.1)	(130.1)	(21.2)	(8.0)	(10.0)	0.0	0.0	0.0	0.0
Other	(9.9)	(12.6)	(9.5)	(8.9)	(7.4)	(6.8)	(6.8)	(6.8)	(6.8)
Long Term Liabilities	**(57.3)**	**(30.1)**	**(76.4)**	**(64.2)**	**(52.7)**	**(47.6)**	**(33.9)**	**(16.9)**	**11.0**
Long term borrowings	(49.3)	0.0	(50.1)	(39.1)	(30.2)	(17.6)	(9.9)	1.1	23.0
Other long term liabilities	(8.0)	(30.1)	(26.3)	(25.1)	(22.5)	(30.0)	(24.0)	(18.0)	(12.0)
Net Assets	**(74.3)**	**(81.6)**	**(57.7)**	**(32.0)**	**(16.3)**	**(3.3)**	**5.0**	**15.6**	**24.0**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	**(74.3)**	**(81.6)**	**(57.7)**	**(32.0)**	**(16.3)**	**(3.3)**	**5.0**	**15.6**	**24.0**
CASH FLOW									
Op Cash Flow before WC and tax	60.1	40.4	44.9	42.9	42.7	42.6	40.9	40.0	39.9
Working capital	(3.9)	(5.3)	(1.8)	2.8	(5.5)	(18.4)	(1.2)	(0.1)	13.6
Exceptional & other	(7.7)	(13.4)	(1.3)	(4.4)	(1.6)	(0.0)	(0.6)	(3.9)	(1.9)
Tax	(2.6)	0.0	(6.3)	(5.3)	(6.6)	(8.5)	(8.4)	(7.5)	(8.4)
Other	(22.9)	1.7	5.9	13.8	7.4	6.7	7.7	7.7	7.7
Net operating cash flow	**23.0**	**23.4**	**41.4**	**49.8**	**36.4**	**22.4**	**38.4**	**36.2**	**50.9**
Capex	(8.1)	5.3	(2.4)	(1.9)	(3.4)	(4.4)	(4.2)	(4.2)	(4.7)
Acquisitions/disposals	0.0	(10.2)	6.5	14.0	(0.3)	0.0	0.0	0.0	0.0
Net interest	(5.1)	(8.0)	(9.4)	(8.0)	(5.3)	(4.5)	(2.4)	(1.6)	(0.1)
Equity financing	0.0	(0.7)	(2.6)	(2.6)	(1.7)	(3.3)	(1.1)	(1.1)	(1.1)
Dividends	0.1	(2.2)	(1.0)	(5.9)	(9.6)	(10.6)	(17.1)	(12.3)	(17.1)
Other	(2.8)	(15.6)	(5.9)	(6.4)	(6.1)	(5.9)	(6.0)	(6.0)	(6.0)
Net Cash Flow	7.1	(8.0)	26.6	39.0	10.0	(6.3)	7.7	11.0	21.9
Opening net debt/(cash)	**79.3**	**72.1**	**79.7**	**53.2**	**14.2**	**4.2**	**10.6**	**2.9**	**(8.1)**
FX	0.1	(0.1)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	0.0	0.5	0.1	0.0	0.0	(0.1)	0.0	0.0	0.0
Closing net debt/(cash)	**72.1**	**79.7**	**53.2**	**14.2**	**4.2**	**10.6**	**2.9**	**(8.1)**	**(30.0)**

Source: Edison Investment Research and company data

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