EDISON

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ME Group

Consumer

24 July 2026

Recovery on track after April's setback

ME Group is a highly cash-generative business by design: revenue from a machine installed in a high-footfall location is relatively predictable, the marginal cost of each additional transaction is minimal and maintenance is serviced by the same engineers. Despite weaker trading in April, which management attributes to a temporary shift in consumer sentiment rather than any loss of competitive position, trading has since recovered, with total vending revenue up 11.1% y-o-y in May, the improvement continuing through June and management reiterating its full-year guidance.

Continued focus on expansion

The cash-generative Photo.ME estate, the group's largest single revenue contributor despite regulatory pressure in Germany, remains its main source of funding, with that cash reinvested into the faster-growing, higher-margin laundry expansion plan, alongside dividends and buybacks. Management is confident that it is on track to install c 1,300 laundry machines in FY26, supported by the ASDA partnership, its largest-ever laundry partnership deal with an ambition of up to 700 machines, and an Aldi Austria trial for both laundry and photo booths. Separately, the group renewed multi-year photo booth contracts with SNCF and RATP spanning five and seven years.

Lessening macroeconomic pressure

The slowdown that triggered June's profit warning was concentrated in April, when Photo.ME revenue fell 17% y-o-y on reduced demand for official photo ID amid travel uncertainty linked to the Middle East conflict, and Wash.ME growth slowed sharply to 3%. Management points to the swift recovery already evident in May and June, with Wash.ME revenue growth back above 25%, as evidence that the episode was temporary. Management is taking a cautious view of the full-year outlook given the conflict remains unresolved.

Valuation

The shares trade on an attractive FY26e P/E of 8.1x, falling to 7.2x in FY27e, with a prospective yield of 7.0% rising to 7.7%, underpinned by a policy of paying out more than 55% of earnings.

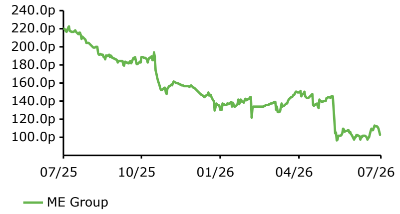
Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)	EV/EBITDA (x)
10/24	307.9	114.2	73.4	14.27	7.90	7.8	7.1	3.6
10/25	315.4	120.4	78.2	14.91	8.64	7.4	7.8	3.5
10/26e	319.8	117.2	69.8	13.65	7.70	8.1	7.0	3.5
10/27e	342.2	126.7	78.2	15.45	8.50	7.2	7.7	3.3

Source: ME Group, LSEG Data & Analytics

Price	**110.60p**
Market cap	**£423m**

Share price performance



Share details

Code	MEGP
Listing	LSE
Shares in issue	374.6m
Net cash/(debt) at 30 April 2026	£7.5m

Business description

ME Group operates, sells and services instant-service vending equipment, principally Photo.ME photo booths and integrated biometric ID solutions and Wash.ME unattended laundry services, across Continental Europe, the UK and Republic of Ireland, and Asia-Pacific.

Bull points

- High-quality vending model with recurring, cash-generative revenue
- Long-term contracts with major high-footfall site owners (eg SNCF, RATP, Shell, Morrisons).
- High growth potential from high-margin laundry estate expansion, supported by new partnerships (ASDA and Aldi).

Bear points

- Vulnerable to changes in consumer discretionary spending, travel activity and geopolitical uncertainty.
- Structural and regulatory risk to photo booth ID revenue from government changes to passport photo requirements (eg Germany, Japan).
- Majority of revenue and profit earned in euro and yen, so exposed to sterling FX translation swings.

Analysts

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