

Company Summary

Investment Profile

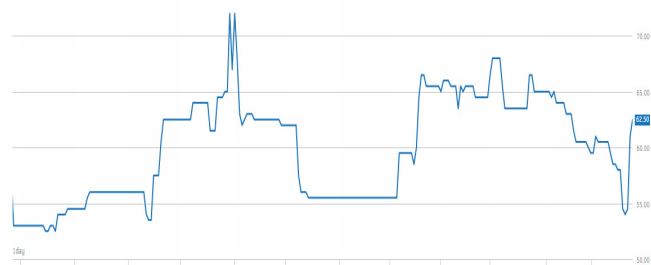
1. Well established, highly respected core market position
2. Technically advanced innovator; continuous product development key to growth
3. Significant recent investment in new target segments to meet increasing demand
4. Significant discount to NAV set to narrow as revenues and profitability increase
5. Reintroduction of dividend signals management confidence in improving performance & outlook

Share Information

Ticker	AIM: PTD
Share Price (GBX)	61
Shares in issue (m)	13
Market Cap (£m)	8
12m Hi/Low (GBX)	74/50

(Source: The London Stock Exchange, May 2022)

12-Month Share Price



(Source: The London Stock Exchange, May 2022)

Major Shareholders (as of May 2022)

Name	%
Mr John A Rendell	26.20
Downing Corporate Finance	13.75
Ruffer IM	8.76
Directors & Employees	7.60
Pension Protection Fund	6.12
Rath Dhu	4.26
Armstrong Investments Ltd	3.68
Denton Pension Mgt	3.36

(Source: [company website](#))

Company Overview

Pittards plc is a UK and Ethiopia based specialist producer of premium, technically-advanced and high performance leathers for retailers, manufacturers and distributors. Established in 1826, it is headquartered in Yeovil, Somerset, where its manufacturing cycle spans from R&D conception through to on-site testing and manufacturing.

Pittards has operated its tannery in Edjersa, Ethiopia, since 2005, where it manufactures leather for gloves, footwear and footwear linings. The work at the tannery goes further and serves to contribute and enrich the local community. This is actioned through many initiatives including the provision of an on-site clinic for workers and their families and the construction of new classrooms, while also supplying new books to its library.



The Company runs a safe, compliant manufacturing environment, it is ISO 14001 certified across both divisions and ISO 9000 certified and LWG bronze medal rated in the UK. Its Ethiopian division has been independently audited and certified against environmental and quality management standards by major brands.

Pittards has been a pioneer in partnering with brands to establish MRSL compliance and has maintained its own in-house testing laboratory for over fifty years, ensuring delivery against technical standards and test criteria as well as being a proving ground for innovation and new technology.



What's New?

In March, Pittards announced Final Results for the year ended 31 December 2021, highlighting a return to full-year profitability, a proposed final dividend and improved order book for 2022.

Despite logistic and input cost challenges, the Group's recovery was characterised by a 30% increase in revenues to £19.7m (FY'20: £15.2m), gross margin of 28%, positive EBITDA of £1.4m (£1.2m loss), and a proposed final dividend of 0.5p per share.

Pittards' Order Book opened 2022 stronger than at the start of each of the previous three years. The Company signed a collaboration with Vivobarefoot, a key international shoe customer, and has continued its focus and investment in innovation to deliver better technical performance, creating sustainable products across a broader range of markets including big shoe, interiors, military and equestrian. There is a reduced risk in Ethiopia, while shoe production has grown as its key development business.

Market Outlook

In accordance with strategic priorities, Pittards is delivering a broader range (including finished shoes and packs for automotive) of products to more market segments (including outdoor endurance, interiors and automotive) therefore creating a more balanced portfolio. The Company continues to invest in new leading-edge technology, having invested £0.8m in 2021, and has planned further capital investments in 2022/23. Its focus continues on growth, driven by innovation and sustainable development.

Pittards has entered 2022 with a much stronger order book than previous years. Whilst it remains too early to judge how strong the recovery will be, given the heightened uncertainty caused by the conflict in Ukraine, inflationary pressures, and continued supply chain challenges, the Company remains committed to a more balanced, agile business and it continues to believe that opportunities outweigh risks to build on the 2021 full year performance.

Commitment to Sustainability

Pittards employs a system of continuous improvement in the reduction of waste and stringent control of materials, energy and water, managing their own effluent in both the UK and Ethiopia, reducing their reliance on natural water supply and thus, in the UK, returning cleaner water to the town system.

Pittards' work in Ethiopia extends beyond the commercial and deep into the local community in both Addis Ababa and at its tannery site in Edjersa. The Company demonstrates social responsibility here through employment for the disadvantaged and extended care for staff and families.

Following the introduction of the COVID 19 outbreak in 2020, Pittards pivoted production to the manufacturing of masks in both the UK and Ethiopia, for local supply as well as its own teams. The Yeovil HQ launched an initiative to raise money for its local NHS hospital.



Opening of a new classroom in Ethiopia



CEO Reg Hankey presents a cheque raised through the sale of leather heart keepsakes to the local NHS Hospital

Key Newsflow

May: Pittards to Present at Mello22

Apr: Senior Appointment

Mar: Final Results

Feb 2022: Trading Update & Board Change

Dec 2021: Statement re Ethiopia Developments



Pittards' HQ in Yeovil, UK

Management Team

Stephen Yapp, Non-Executive Chairman

Stephen (64) joined Pittards in June 2015 and was appointed Chairman in May 2016. Stephen has 25 years' experience as a Director of public and private companies over the course of his career. He is also a former director of Downing Strategic Micro-Cap Investment Trust Plc, as well as several private companies, having held similar roles in other listed companies over recent years. Stephen is also a Fellow Chartered Management Accountant and holds an MBA.

Reg Hankey, CEO

Reg (65) was appointed to the board in January 1998 having joined the Group as Technical Director of the Yeovil Division in 1990. He was appointed Chief Executive on 19 July 2007. Reg is additionally a director of UK Leather Federation (formerly BLC Research).

Alan Burgess, Group Finance Director & Company Secretary

Alan (51) joined from Tetra Pak on 28 March, this year. A chartered management accountant, Alan holds a PhD & MBA, and brings extensive experience from several industries. Prior to this he spent 25 years in the Army, with roles across Nato and the Ministry of Defence.

Forecasts (Source: WH Ireland)

	DEC'20 (Actual)	DEC'21 (Actual)	DEC'22 (Est.)	Dec'23 (Est.)
Revenue (£m)	15.2	19.7	21.5	22.3
EBITDA (£m)	(1.2)	1.4	1.4	1.5
PBT (£m)	(2.3)	0.5	0.5	0.6
EPS (p)	(17.7)	2.1	2.9	3.4