



Restore plc

CONVICTION
● ● ○ ○ ○
2/5

London Stock Exchange / AIM, ticker: RST · Long — we expect the price to rise · Priced 27 Jun 2026

Insider buying + cheap valuation — but a balance-sheet flag

WHAT YOU'D BE BUYING

Restore is a UK business that stores and manages companies' physical records and data, securely shreds documents, and runs digital/data services. The revenue is sticky and repeats year after year (customers don't move their archives easily), which is the attractive part.

PRICE

£2.64

TIME FRAME

12–18 months

VALUATION

~48x earnings

EXCHANGE

LSE



Daily price over the last four years with our entry, stop and target marked. Priced 27 Jun 2026. Not advice.

ENTRY —	STOP £225	TARGET £350	REWARD vs RISK 1.6 : 1
------------	---------------------	-----------------------	----------------------------------

How we would trade it, in plain terms

We are **not buying this yet**. On the surface it looks like a cheap, good-quality recovery with a director buying — but a look at the accounts found a debt problem big enough that we want to check the loan terms before risking money. So it's held back, not bought.

What the company does

Restore is a UK business that stores and manages companies' physical records and data, securely shreds documents, and runs digital/data services. The revenue is sticky and repeats year after year (customers don't move their archives easily), which is the attractive part.

The idea — and why it's held

It looks cheap and is recovering: it trades around **9–10 times next year's earnings**, a director bought shares at 273p, half-year revenue grew about 15%, and it hit its 20% profit-margin target. Against its closest



peers that looks very cheap — **Iron Mountain, the big records-management company, trades at around 48 times earnings**, and Rentokil (business services) around 19 times.

What we think the market is missing — and the catch

The bull case is that the market is too focused on a past stumble and on how messy the accounts look at first glance, and is under-pricing the sticky, recurring revenue and the margin recovery. **The catch — found in the accounts — is debt.** Restore owes roughly **five times its annual profits** in borrowings, its short-term bills slightly exceed its readily-available cash, and it made an accounting loss last year. Crucially, that cheap "9–10 times earnings" is **flattered by the debt**: on a measure that includes the borrowings, it isn't cheap at all. The leverage is *why* the shares are low, and it directly contradicts the "high-quality" part of the story.

The signal we are acting on

The genuine positive is a **director buying shares at 273p** — money where their mouth is. But a single insider buy isn't enough to offset a balance-sheet we haven't yet de-risked.

The investor checklist (the proven-investor tests)

- **Returns on capital / moat** — sticky, recurring revenue (a moat), but last year showed an accounting loss. (*mixed*)
- **Capital allocation** — acquisitive (it grows by buying others), which is what built the debt. (*a concern*)
- **Margin of safety** — the cheap earnings multiple is flattered by leverage; on a debt-inclusive basis it isn't cheap. (*fails this test*)
- **Cash quality** — it does generate real cash that covers its interest. (*pass*)
- **Balance sheet** — **about 5 times debt-to-profit and tight short-term liquidity. This is the blocker.** (*fails this test*)
- **Variant perception + "how could we lose?"** — recovery underpriced, but an integration stumble or refinancing squeeze would hurt. (*a concern*)
- **Insider alignment** — a director bought at 273p. (*pass*)

What would make us reconsider

A clean check of the debt: when the loans fall due, what the loan conditions ("covenants") allow, and whether the cash comfortably services them through a downturn. If that all looks safe, this becomes a genuine cheap-recovery candidate. Until then, it's held.

Sources: Restore half-year and full-year results; the director's share purchase; valuation vs Iron Mountain and Rentokil.