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SIX STOCKS POISED FOR UPSIDE

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Six Stocks Positioned for Upside

March 2026 | Equity Research Overview

Recent volatility driven by geopolitical tensions and macroeconomic uncertainty has created selective opportunities in high-quality UK equities. Following the recent market pullback, we have identified **six companies with strong market positions, resilient earnings profiles, and attractive valuations relative to historical averages and sector peers.**

The companies highlighted in this report combine **market leadership, strong balance sheets, and supportive analyst sentiment**, positioning them well for potential recovery as market conditions stabilise.

Key Investment Calls

Company	Sector	Investment Theme	Upside
easyJet plc	Airlines	Travel recovery	+25%
Barratt Redrow plc	Housebuilding	Interest-rate recovery	+23%
Reckitt	Consumer Health	Defensive growth	+19%
Whitbread plc	Hotels	Market leader in budget accommodation	+11%
Smith & Nephew	Medical Devices	Structural healthcare demand	+6%
Unilever	Consumer Staples	Defensive income	+2%

Investment Themes

Cyclical Recovery

Travel and housing sectors have experienced significant pressure from higher interest rates and economic uncertainty. As conditions stabilise, companies such as easyJet and Barratt Redrow could benefit from improving demand.

Defensive Cash Flow

Consumer staples and healthcare companies including Unilever, Reckitt, and Smith & Nephew provide stable earnings profiles and consistent dividend payments.

Market Leadership

Whitbread's dominant position in the UK budget hotel sector provides structural advantages in occupancy rates, pricing power, and long-term growth potential.

Valuation Snapshot

Company	P/E	EV / EBITDA	Dividend Yield
easyJet	~9x	~6–7x	~2.5%
Barratt Redrow	~13x	~8x	~4.6%
Reckitt	~17x	~11x	~3.4%
Whitbread	~17x	~10x	~3.4%
Smith & Nephew	~20x	~12x	~2.2%
Unilever	~19x	~13x	~3.1%

Market Outlook

Despite ongoing geopolitical and macroeconomic uncertainty, valuations across several sectors remain **below long-term averages**, presenting opportunities for investors with a medium-term outlook.

Selective exposure to high-quality companies with strong fundamentals may allow investors to **capture potential upside as markets stabilise and earnings visibility improves**.

1. Whitbread plc

Investment Thesis

Whitbread is the **dominant operator in the UK budget hotel market** through its flagship brand **Premier Inn**, which continues to gain market share from independent operators and smaller chains. The company benefits from a **property-backed business model**, strong domestic travel demand, and a growing international expansion strategy in Germany.

Premier Inn's scale advantages allow Whitbread to maintain strong occupancy rates while controlling operating costs, supporting long-term profitability.

Business Overview

Whitbread's operations are primarily focused on budget hotels.

Core brand

- Premier Inn (largest hotel brand in the UK)

Supporting hospitality brands

- Beefeater
- Brewers Fayre
- Bar + Block

The company operates **800+ hotels and more than 80,000 rooms**, with ongoing expansion in Germany expected to provide an additional growth driver over the medium term.

Financial Highlights

- Revenue (FY2025): ~£2.9bn
- Adjusted pre-tax profit: ~£483m
- First half FY2026 revenue: ~£1.57bn

Valuation Metrics

Metric	Estimate
P/E	~17x
EV / EBITDA	~10x
Dividend Yield	~3.4%

Broker Consensus

- Consensus rating: **Moderate Buy**
- Analysts covering stock: ~15–17
- Average target price: **~3,000p**

Key Catalysts

- Continued Premier Inn expansion in Germany
- Margin improvement from hotel conversions
- Recovery in UK business travel demand

Key Risks

- Consumer spending weakness
- Rising operating costs
- Slower than expected international expansion

2. easyJet plc

Investment Thesis

easyJet remains one of Europe's **leading low-cost airlines**, benefiting from strong brand recognition and a large short-haul network across Europe. The airline has successfully rebuilt profitability following the pandemic and continues to expand its higher-margin **easyJet holidays** division.

As travel demand remains resilient, easyJet is well positioned to benefit from continued recovery in leisure travel.

Business Overview

Core airline operations

- Short-haul European flights
- Large network of bases across the UK and Europe

Growth segment

- easyJet holidays (package travel division)

The holiday segment has become one of the fastest-growing parts of the business, with strong customer demand for bundled travel packages.

Financial Highlights

- Revenue: ~£10bn
- Operating profit: ~£703m
- Passengers carried annually: ~80 million+

Valuation Metrics

Metric	Estimate
P/E	8–10x
EV / EBITDA	6–7x
Dividend Yield	2.5%

Broker Consensus

- Consensus rating: **Buy / Outperform**
- Average target price: **~600p**
- Analysts covering stock: ~20

Key Catalysts

- Continued recovery in European travel demand
- Expansion of easyJet holidays
- Improving load factors and yield management

Key Risks

- Fuel price volatility
- Air traffic control disruptions
- Economic slowdown affecting discretionary travel

3. Unilever

Investment Thesis

Unilever is a **defensive consumer staples company** with a global portfolio of well-established brands and strong pricing power. The company's restructuring strategy, including the planned separation of its ice-cream division, is designed to simplify operations and improve profitability.

Unilever's diversified global revenue base and strong cash generation support **consistent dividend payments and long-term shareholder returns.**

Business Overview

Core operating segments include:

Beauty & Personal Care

- Dove
- Axe
- Sunsilk

Home Care

- Domestos
- Cif
- Surf

Food & Nutrition

- Hellmann's
- Knorr

Ice Cream

- Magnum
- Ben & Jerry's

The company sells products in **over 190 countries**, reaching billions of consumers daily.

Financial Highlights

- Annual revenue: ~€60bn
- Operating margin: ~16–17%

Valuation Metrics

Metric	Estimate
P/E	19x
EV / EBITDA	13x
Dividend Yield	3.1%

Broker Consensus

- Consensus rating: **Hold / Moderate Buy**
- Average target price: ~5,300–5,500p

Key Catalysts

- Portfolio restructuring
- Emerging market demand growth
- Margin expansion initiatives

Key Risks

- Commodity price inflation
- Private-label competition
- Slower organic growth relative to peers

4. Smith & Nephew

Investment Thesis

Smith & Nephew is a global medical technology leader focused on orthopaedics, sports medicine, and advanced wound care. Structural healthcare trends, including ageing populations and increased demand for surgical procedures, provide long-term growth opportunities.

Recent restructuring initiatives aim to improve operating margins and drive sustainable earnings growth.

Financial Highlights

- Revenue: ~\$6bn
- Operating margin: ~18–20%

Valuation Metrics

Metric	Estimate
P/E	~20x
EV / EBITDA	~12x
Dividend Yield	~2.2%

Broker Consensus

- Consensus rating: **Moderate Buy**
- Average price target: ~1,380p

Key Risks

- Competitive pressure in orthopaedics
 - Healthcare spending constraints
 - Supply chain disruptions
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5. Reckitt

Investment Thesis

Reckitt is a global leader in consumer health and hygiene products with a portfolio of high-margin brands. The company continues to focus on its strongest “Powerbrands” while simplifying its business structure.

Demand for health and hygiene products remains resilient, supporting stable revenue growth and strong cash flow generation.

Financial Highlights

- Revenue: ~£15bn
- Operating margin: ~25%

Valuation Metrics

Metric	Estimate
P/E	17x
EV / EBITDA	11x
Dividend Yield	3.4%

Broker Consensus

- Consensus rating: **Buy**
- Average target price: ~6,600p

Key Risks

- Litigation exposure
 - Consumer spending slowdown
 - Competitive pricing pressure
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6. Barratt Redrow plc

Investment Thesis

Barratt Redrow is the **largest residential housebuilder in the UK**, following the merger of Barratt Developments and Redrow. The combined group benefits from a substantial land bank, strong brand portfolio, and scale advantages in procurement and development.

As mortgage rates stabilise, the company could benefit from a recovery in UK housing demand.

Financial Highlights

- Revenue: ~£5.9bn
- Homes delivered annually: ~16,500

Valuation Metrics

Metric	Estimate
P/E	12–15x
EV / EBITDA	8x
Dividend Yield	4.6%

Broker Consensus

- Consensus rating: **Buy**
- Average price target: ~480p

Key Risks

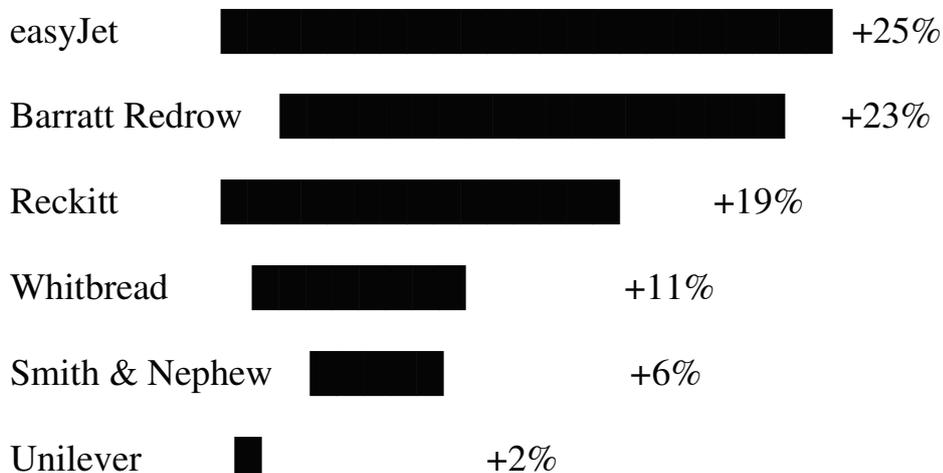
- Mortgage affordability pressures
- Construction cost inflation
- Housing market slowdown

Target Price Upside Summary

Based on current consensus estimates from major equity analysts, several of the companies highlighted in this report trade at **meaningful discounts to their average 12-month target prices**, suggesting potential upside if market conditions stabilise.

Company	Current Price	Avg Target	Implied Upside
Whitbread	~2700p	~3000p	+11 %
easyJet	~480p	~600p	+25 %
Unilever	~5400p	~5500p	+2 %
Smith & Nephew	~1300p	~1380p	+6 %
Reckitt	~5580p	~6650p	+19 %
Barratt Redrow	~390p	~480p	+23 %

Analyst Target Price Upside Chart



The chart illustrates **potential upside relative to consensus target prices**, highlighting the strongest expected returns among the stocks reviewed.

Sector Comparison

Sector	Highest Upside Stock
Travel & Leisure	easyJet
Consumer Health	Reckitt
Housebuilding	Barratt Redrow
Healthcare	Smith & Nephew
Consumer Staples	Unilever

Cyclical sectors such as **airlines and housebuilders** currently show the highest upside potential, reflecting the sector's sensitivity to economic recovery and interest rate expectations.

Institutional Investor Interpretation

The valuation dispersion across these stocks highlights three investment themes:

1. Cyclical Recovery

Travel and housing stocks such as easyJet and Barratt Redrow could benefit most if macroeconomic conditions improve.

2. Defensive Income

Companies such as Unilever and Reckitt offer stable earnings profiles and reliable dividend yields.

3. Structural Growth

Healthcare exposure through Smith & Nephew provides long-term demand driven by demographic trends.

Valuation Snapshot — Six Selected UK Equities

(Consensus estimates and broker targets)

Company	Sector	Price	Market Cap	P/E	EV/EB ITDA	Dividend Yield	Avg Target	Upside
Whitbread plc	Hotels	~2700p	~£4.5B	~17x	~10x	~3.4%	~3000p	+11%
easyJet plc	Airlines	~480p	~£3.8B	~9x	~6-7x	~2.5%	~600p	+25%
Unilever	Consumer Staples	~5400p	~£135B	~19x	~13x	~3.1%	~5500p	+2%
Smith & Nephew	Medical Devices	~1300p	~£11B	~20x	~12x	~2.2%	~1380p	+6%
Reckitt	Consumer Health	~5580p	~£39B	~17x	~11x	~3.4%	~6650p	+19%
Barratt Redrow plc	Housebuilding	~390p	~£5.4B	~13x	~8x	~4.6%	~480p	+23%

Upside Potential Ranking

Rank	Company	Upside
1	easyJet	+25%
2	Barratt Redrow	+23%
3	Reckitt	+19%
4	Whitbread	+11%
5	Smith & Nephew	+6%
6	Unilever	+2%

Valuation Positioning vs Market

Stock	Valuation View
easyJet	Deep cyclical discount
Barratt Redrow	Below historical sector average
Whitbread	Fair value with moderate growth
Reckitt	Discount to global consumer peers
Smith & Nephew	Healthcare premium multiple
Unilever	Defensive staple valuation

Conclusion

Despite recent market volatility, these six companies demonstrate **strong fundamentals, resilient earnings, and supportive analyst sentiment.**

Across sectors including **hospitality, aviation, consumer goods, healthcare, and housebuilding**, these businesses provide diversified exposure to companies with **potential upside as macroeconomic conditions stabilise.**

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